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April 12, 2022

Consolidated Financial Results for the Fiscal Year Ended February 28, 2022 (Under Japanese GAAP)

Company name: STUDIO ALICE Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 2305
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 Scheduled date of annual general meeting of shareholders: May 26, 2022
 Scheduled date to commence dividend payments: May 27, 2022
 Scheduled date to file annual securities report: May 27, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended February 28, 2022 (from March 1, 2021 to February 28, 2022)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended February 28, 2022	40,672	11.9	6,015	27.1	6,032	21.5	3,614	48.5
February 28, 2021	36,352	(6.5)	4,731	45.8	4,963	49.0	2,434	101.2

Note: Comprehensive income For the fiscal year ended February 28, 2022: ¥3,896 million [48.7%]
 For the fiscal year ended February 28, 2021: ¥2,620 million [108.2%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
February 28, 2022	212.79	–	13.5	15.0	14.8
February 28, 2021	143.31	–	10.0	13.8	13.0

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended February 28, 2022: ¥– million
 For the fiscal year ended February 28, 2021: ¥– million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
February 28, 2022	43,170	29,568	65.6	1,666.38
February 28, 2021	37,295	26,520	67.9	1,490.73

Reference: Equity
 As of February 28, 2022: ¥28,301 million
 As of February 28, 2021: ¥25,318 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
February 28, 2022	9,374	(4,743)	881	18,705
February 28, 2021	6,667	(3,651)	(456)	13,181

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended February 28, 2021	–	0.00	–	50.00	50.00	849	34.9	3.5
Fiscal year ended February 28, 2022	–	0.00	–	70.00	70.00	1,188	32.9	4.6
Fiscal year ending February 28, 2023 (Forecast)	–	0.00	–	70.00	70.00		31.7	

3. Consolidated earnings forecasts for the fiscal year ending February 28, 2023 (from March 1, 2022 to February 28, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending February 28, 2023	45,000	10.6	6,600	9.7	6,600	9.4	3,750	3.8	220.80

Note: As the consolidated net sales are concentrated at the time of the Shichi-Go-San festival day (a festival day for boys aged three and five, and girls aged three and seven) around November, they are weighted in the latter half of the fiscal year, and it is extremely difficult to provide earnings forecasts for the first half of the fiscal year. Therefore, the Company does not announce earnings forecasts for the six months ending August 31 of each year.

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

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

As of February 28, 2022	17,185,650 shares
As of February 28, 2021	17,185,650 shares

(ii) Number of treasury shares at the end of the period

As of February 28, 2022	201,657 shares
As of February 28, 2021	201,636 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended February 28, 2022	16,983,996 shares
Fiscal year ended February 28, 2021	16,984,083 shares

[Reference] Overview of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended February 28, 2022 (from March 1, 2021 to February 28, 2022)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
February 28, 2022	38,281	10.6	5,258	33.4	5,262	29.6	3,207	72.3
February 28, 2021	34,617	(6.4)	3,942	83.6	4,061	81.8	1,861	238.1

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
February 28, 2022	188.83	—
February 28, 2021	109.57	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
February 28, 2022	31,152	18,775	60.3	1,105.48
February 28, 2021	26,180	16,258	62.1	957.28

Reference: Equity

As of February 28, 2022: ¥18,775 million

As of February 28, 2021: ¥16,258 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Explanation regarding appropriate use of earnings forecasts, and other special matters

Caution regarding forward-looking statements

The above earnings forecasts are based on information currently available. Actual results, etc. may differ substantially from these forecasts due to various factors occurring in the future. For matters regarding the aforementioned earnings forecasts, please refer to “(iii) Future outlook” on page 3.

How to obtain supplementary material on financial results

Supplementary material on financial results will be provided on the Company’s website on Tuesday, April 12, 2022.

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1. Overview of operating results and others

(1) Analysis of operating results

(i) Operating results for the fiscal year under review

During the fiscal year under review, states of emergency were declared on a continuous basis following the spread of new variants of COVID-19, resulting in the suppression of activity in the Japanese economy. The recent outlook remains uncertain, with the spread of new variants resulting in requests from prefectural governments around the country for the implementation of strict infection control measures to prevent further spread of infection.

Under these circumstances, in the core Photography Business of STUDIO ALICE Co., Ltd. (the “Company”) and its subsidiaries (collectively, the “Group”), we have put the highest priority on the health of our customers and employees and continued to take measures to prevent the spread of COVID-19, while working on initiatives to make Studio Alice the preferred store of customers.

As a result, net sales for the fiscal year under review amounted to ¥40,672 million (up 11.9% year on year), operating profit was ¥6,015 million (up 27.1%), ordinary profit was ¥6,032 million (up 21.5%), and profit attributable to owners of parent was ¥3,614 million (up 48.5%).

Operating results of each segment are as follows:

Photography Business

In the Photography Business, we implemented thorough measures to prevent the spread of COVID-19 in a continuation of the policy of the previous fiscal year, while working strenuously to win bookings for our “Furiho” coming-of-age ceremony photography and long-sleeved kimono rental service, and also strongly promoting measures for photographic sessions before the coming-of-age ceremony for those who booked “Furiho.” In each category of photography, we practiced sales operations with a focus on per-customer spending, and worked to enhance product appeal in order to raise the average per-customer spending. As well as continuing from the previous fiscal year to promote measures such as relocating stores to optimal locations and consolidating stores in order to strengthen the profitability of existing stores and improve management efficiency, we made efforts to normalize disbursements of various expenses, including personnel expenses. In addition, in the Photo Service business we rebuilt the business platform through the introduction of new systems and other measures, and worked to improve profits.

With regard to the status of photo studios in Japan, we relocated 11 stores, withdrew from ten stores, and conducted renovations, including expanding floor area and relocating plots within shopping centers, at 30 others.

As a result, the number of stores at the end of the fiscal year under review was 470 kids photo studios in Japan (461 directly operated and nine franchise stores), and two kids photo studios at our Korean subsidiary, for a total of 472 stores.

As a result of the above, net sales in the Photography Business amounted to ¥40,628 million (up 11.9% year on year) and segment profit was ¥6,303 million (up 30.6%).

Clothes Manufacturing & Wholesale Business

In the Clothes Manufacturing & Wholesale Business, at our consolidated subsidiary KyotoHosho. Co., Ltd. and its subsidiary Shanghai Hosho Apparel Co., Ltd., we continued efforts to further improve production efficiency for clothes for the Company in order to reduce costs, while also focusing on reducing procurement costs for clothing and accessories related to the “Furiho” initiative, which is being promoted strongly by the Group.

As a result of the above, net sales in the Clothes Manufacturing & Wholesale Business amounted to ¥3,903 million (up 87.9% year on year) and segment profit was ¥375 million (up 268.9%).

(ii) Seasonal fluctuation in net sales

In terms of the earning structure of the kids photo industry, sales tend to be weighted in the latter half of the fiscal year because taking commemorative photos for the Shichi-Go-San festival day (a festival day for boys aged three and five, and girls aged three and seven) is concentrated in October and November, and these sales account for approximately one quarter of annual net sales.

In order to rectify this, the Company is attempting to smooth its sales by promoting “Happy Birthday Shichi-Go-San,” whereby Shichi-Go-San photos are taken on the child’s birthday, as well as promoting maternity photos taken on the occasion of visits to shrines by pregnant women, and using this to link to photos taken to commemorate the 100th day after the birth of the baby. These efforts are having a clear impact.

(iii) Future outlook

The Group began the management policy for the next fiscal year under the slogan “Kaizen.” In the Photo Studio business, we will further increase the number of concluded contracts for the “Furiho” plan, in which rental of long-sleeved kimono for the coming-of-age ceremony is sold as a set along with photographs taken before the event, and capture new demand for maternity and baby photography. At the same time, we will work to boost net sales and gross profit by increasing the average per-customer spending through kaizen, which means continuous improvement, of technological and customer support capabilities, etc. On the other hand, in order to maximize our profits, we will continue to promote the consolidation of stores and the development of human resources capable of fulfilling multiple functions so as to optimize our expenses structure. In the Photo Service business, we will work to further increase profits by expanding the number of contracted facilities and increasing operational efficiency.

With respect to the consolidated earnings forecasts for the next fiscal year, we expect net sales of ¥45,000 million, operating profit of ¥6,600 million, ordinary profit of ¥6,600 million, and profit attributable to owners of parent of ¥3,750 million.

Trends in operating results

(Millions of yen)

	Fiscal year ended February 28, 2019	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Net sales	39,643	38,879	36,352	40,672
Ordinary profit	4,122	3,330	4,963	6,032
Profit attributable to owners of parent	2,036	1,209	2,434	3,614

(2) Analysis of financial position

(i) Status of assets, liabilities and net assets

Total assets as of February 28, 2022 amounted to ¥43,170 million, an increase of ¥5,875 million from the end of the previous fiscal year. Liabilities amounted to ¥13,602 million, and net assets (excluding non-controlling interests) amounted to ¥28,301 million. Equity-to-asset ratio was 65.6%.

(ii) Status of cash flows

Cash and cash equivalents (hereinafter, “cash”) as of February 28, 2022 amounted to ¥18,705 million, an increase of ¥5,523 million from the end of the previous fiscal year.

The respective statuses of cash flows and their contributing factors during the fiscal year under review are as follows:

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥9,374 million, an increase of ¥2,706 million from the previous fiscal year, mainly due to the recording of ¥5,669 million in profit before income taxes, ¥3,591 million in depreciation, and ¥1,623 million in income taxes paid.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥4,743 million, an increase of ¥1,092 million from the previous fiscal year. This was mainly due to disbursements of ¥4,105 million related to new photo studio openings, and relocations, renovations and equipment additions in existing photo studios, as well as disbursements of ¥674 million related to photography production facilities, machinery, and equipment, and ¥13 million related to clothes factories, machinery and equipment.

Cash flows from financing activities

Net cash provided by financing activities amounted to ¥881 million (¥456 million of net cash used in the previous fiscal year), mainly due to the recording of ¥3,602 million in proceeds from sale and leaseback transactions, ¥1,870 million in repayments of finance lease obligations, and ¥849 million in dividends paid.

Trends in cash flow-related indicators

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Equity-to-asset ratio (%)	68.2	67.9	65.6
Equity-to-asset ratio based on market value (%)	76.1	92.4	85.8
Interest-bearing debt to cash flow ratio (Years)	0.5	0.4	0.5
Interest coverage ratio (Times)	286.7	227.4	403.7

Equity-to-asset ratio: Equity / Total assets

Equity-to-asset ratio based on market value: Market capitalization / Total assets

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

Interest coverage ratio: Operating cash flow / Interest payments

- Notes: 1. Market capitalization is calculated by multiplying the closing share price at the end of the period by the number of issued shares at the end of the period (excluding treasury shares).
2. The figure used for operating cash flow is “net cash provided by (used in) operating activities” on the statement of cash flows. Interest-bearing debt refers to all debt posted on the balance sheet for which interest is paid. Furthermore, the figure used for interest payments is “interest paid” on the statement of cash flows.

(3) Basic policy on profit distribution, and dividend payments for the fiscal year under review and the next fiscal year

The Company recognizes the return of profits to shareholders as an important management issue, and its basic policy is the stable return of profits commensurate with operating results. The target dividend payout ratio is 33.3% of consolidated profit for the fiscal year, and the Company aims to achieve this consistently.

In this way we seek to meet the expectations of long-term holders of our shares, but on the other hand we believe it is also necessary to secure internal reserves to improve financial stability and to prepare for investments for future growth. Internal reserves are important for further strengthening management capabilities, and developing future businesses.

In accordance with this basic policy, the Company plans to pay a year-end dividend for the fiscal year under review of ¥70 per share.

2. Basic rationale for selecting the accounting standard

Many of the Group's stakeholders are shareholders, creditors, business partners, etc. located in Japan and the Group has only minimal need for capital procurement from overseas sources. Accordingly, the Group applies the accounting principles generally accepted in Japan (Japanese GAAP).

With respect to the adoption of International Financial Reporting Standards (IFRS), the Group follows a policy of responding in a suitable manner after giving consideration to various circumstances in Japan and overseas.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Thousands of yen)

	As of February 28, 2021	As of February 28, 2022
Assets		
Current assets		
Cash and deposits	13,641,832	19,165,761
Notes and accounts receivable - trade	834,835	844,434
Merchandise and finished goods	386,049	248,616
Work in process	232,123	212,166
Raw materials and supplies	1,693,934	1,146,550
Other	1,403,433	1,312,754
Allowance for doubtful accounts	(22,352)	(11,351)
Total current assets	18,169,855	22,918,932
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,930,983	15,942,425
Accumulated depreciation	(8,382,586)	(8,740,786)
Buildings and structures, net	7,548,397	7,201,638
Machinery, equipment and vehicles	2,385,497	2,474,325
Accumulated depreciation	(1,604,284)	(1,710,062)
Machinery, equipment and vehicles, net	781,212	764,263
Tools, furniture and fixtures	4,491,048	4,195,900
Accumulated depreciation	(3,542,111)	(3,368,226)
Tools, furniture and fixtures, net	948,936	827,674
Land	1,100,887	1,108,687
Leased assets	3,690,350	5,432,970
Accumulated depreciation	(1,730,904)	(2,126,496)
Leased assets, net	1,959,445	3,306,473
Construction in progress	17,888	126,590
Total property, plant and equipment	12,356,768	13,335,327
Intangible assets		
Goodwill	1,933	2,600
Other	971,766	995,020
Total intangible assets	973,700	997,620
Investments and other assets		
Investment securities	1,188,654	1,422,956
Long-term loans receivable	258,062	257,712
Deferred tax assets	1,269,473	1,249,287
Leasehold and guarantee deposits	3,283,891	3,192,218
Other	14,992	21,149
Allowance for doubtful accounts	(220,062)	(224,712)
Total investments and other assets	5,795,010	5,918,611
Total non-current assets	19,125,479	20,251,559
Total assets	37,295,334	43,170,491

(Thousands of yen)

	As of February 28, 2021	As of February 28, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	285,908	300,462
Lease obligations	1,365,980	2,076,176
Income taxes payable	1,035,928	1,484,335
Provision for bonuses	163,435	205,794
Provision for point card certificates	107,210	107,260
Accrued expenses	982,714	960,874
Other	2,581,006	2,967,601
Total current liabilities	6,522,183	8,102,506
Non-current liabilities		
Lease obligations	1,304,737	2,412,270
Asset retirement obligations	1,642,026	1,654,160
Retirement benefit liability	1,171,942	1,203,656
Other	133,671	229,605
Total non-current liabilities	4,252,378	5,499,692
Total liabilities	10,774,561	13,602,199
Net assets		
Shareholders' equity		
Share capital	1,885,950	1,885,950
Capital surplus	2,055,449	2,055,449
Retained earnings	21,451,013	24,215,835
Treasury shares	(276,416)	(276,464)
Total shareholders' equity	25,115,996	27,880,770
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	107,183	266,180
Foreign currency translation adjustment	95,332	154,772
Total accumulated other comprehensive income	202,515	420,952
Non-controlling interests	1,202,261	1,266,569
Total net assets	26,520,773	29,568,292
Total liabilities and net assets	37,295,334	43,170,491

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

(Thousands of yen)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Net sales	36,352,519	40,672,291
Cost of sales	25,642,401	28,054,659
Gross profit	10,710,117	12,617,632
Selling, general and administrative expenses	5,978,658	6,602,228
Operating profit	4,731,459	6,015,403
Non-operating income		
Interest income	2,214	1,491
Dividend income	18,259	20,661
Rental income from buildings	22,797	22,913
Compensation income	1,736	18,593
Reversal of allowance for doubtful accounts	5,000	–
Foreign exchange gains	6,340	–
Subsidy income related to COVID-19	205,096	35,332
Miscellaneous income	58,750	34,824
Total non-operating income	320,193	133,816
Non-operating expenses		
Interest expenses	29,320	23,219
Loss on cancellation of store rent contracts	57,645	68,344
Foreign exchange losses	–	10,913
Provision of allowance for doubtful accounts	–	5,000
Miscellaneous losses	1,096	9,691
Total non-operating expenses	88,062	117,168
Ordinary profit	4,963,591	6,032,051
Extraordinary income		
Gain on sale of non-current assets	2,301	173
Total extraordinary income	2,301	173
Extraordinary losses		
Loss on abandonment of non-current assets	170,748	152,852
Loss on sale of non-current assets	69	236
Impairment losses	413,517	165,023
Loss related to COVID-19	496,685	44,638
Total extraordinary losses	1,081,020	362,751
Profit before income taxes	3,884,872	5,669,473
Income taxes - current	1,407,648	2,041,062
Income taxes - deferred	(15,116)	(49,919)
Total income taxes	1,392,532	1,991,143
Profit	2,492,340	3,678,330
Profit attributable to non-controlling interests	58,317	64,307
Profit attributable to owners of parent	2,434,022	3,614,022

Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Profit	2,492,340	3,678,330
Other comprehensive income		
Valuation difference on available-for-sale securities	105,775	158,997
Foreign currency translation adjustment	22,273	59,440
Total other comprehensive income	128,049	218,437
Comprehensive income	2,620,390	3,896,767
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,562,072	3,832,459
Comprehensive income attributable to non-controlling interests	58,317	64,307

(3) Consolidated statement of changes in equity

Fiscal year ended February 28, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,885,950	2,055,449	19,866,198	(276,159)	23,531,438
Changes during period					
Dividends of surplus			(849,208)		(849,208)
Profit attributable to owners of parent			2,434,022		2,434,022
Purchase of treasury shares				(257)	(257)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,584,814	(257)	1,584,557
Balance at end of period	1,885,950	2,055,449	21,451,013	(276,416)	25,115,996

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	1,407	73,058	74,465	1,143,944	24,749,848
Changes during period					
Dividends of surplus					(849,208)
Profit attributable to owners of parent					2,434,022
Purchase of treasury shares					(257)
Net changes in items other than shareholders' equity	105,775	22,273	128,049	58,317	186,367
Total changes during period	105,775	22,273	128,049	58,317	1,770,924
Balance at end of period	107,183	95,332	202,515	1,202,261	26,520,773

Fiscal year ended February 28, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,885,950	2,055,449	21,451,013	(276,416)	25,115,996
Changes during period					
Dividends of surplus			(849,200)		(849,200)
Profit attributable to owners of parent			3,614,022		3,614,022
Purchase of treasury shares				(47)	(47)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	2,764,821	(47)	2,764,774
Balance at end of period	1,885,950	2,055,449	24,215,835	(276,464)	27,880,770

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	107,183	95,332	202,515	1,202,261	26,520,773
Changes during period					
Dividends of surplus					(849,200)
Profit attributable to owners of parent					3,614,022
Purchase of treasury shares					(47)
Net changes in items other than shareholders' equity	158,997	59,440	218,437	64,307	282,745
Total changes during period	158,997	59,440	218,437	64,307	3,047,519
Balance at end of period	266,180	154,772	420,952	1,266,569	29,568,292

(4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Cash flows from operating activities		
Profit before income taxes	3,884,872	5,669,473
Depreciation	3,349,063	3,591,606
Impairment losses	413,517	165,023
Amortization of goodwill	800	933
Increase (decrease) in allowance for doubtful accounts	(9,585)	(6,350)
Interest and dividend income	(20,473)	(22,152)
Interest expenses	29,320	23,219
Foreign exchange losses (gains)	(752)	99
Increase (decrease) in provision for bonuses	(18,896)	42,358
Increase (decrease) in provision for point card certificates	14,710	50
Increase (decrease) in retirement benefit liability	69,031	31,713
Loss on abandonment of non-current assets	170,748	152,852
Loss (gain) on sale of non-current assets	(2,232)	63
Decrease (increase) in trade receivables	7,201	9,288
Decrease (increase) in inventories	(498,228)	734,204
Increase (decrease) in trade payables	45,163	11,749
Increase (decrease) in accrued consumption taxes	64,138	31,754
Increase (decrease) in advances received	63,558	66,669
Decrease (increase) in other current assets	73,373	138,589
Increase (decrease) in other current liabilities	(80,874)	216,812
Other, net	70,226	140,787
Subtotal	7,624,682	10,998,748
Interest and dividends received	20,601	22,152
Interest paid	(29,320)	(23,219)
Income taxes paid	(953,036)	(1,623,603)
Income taxes refund	4,605	-
Net cash provided by (used in) operating activities	6,667,532	9,374,078
Cash flows from investing activities		
Payments into time deposits	(16)	(3)
Purchase of property, plant and equipment	(3,244,434)	(4,332,730)
Proceeds from sale of property, plant and equipment	3,122	2,291
Proceeds from collection of loans receivable	87	349
Purchase of intangible assets	(407,769)	(375,715)
Payments of leasehold and guarantee deposits	(144,114)	(85,150)
Proceeds from refund of leasehold and guarantee deposits	230,382	165,454
Purchase of investment securities	-	(5,200)
Other, net	(88,595)	(113,265)
Net cash provided by (used in) investing activities	(3,651,339)	(4,743,969)

(Thousands of yen)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Cash flows from financing activities		
Proceeds from sale and leaseback transactions	1,934,351	3,602,074
Repayments of finance lease obligations	(1,541,098)	(1,870,860)
Purchase of treasury shares	(257)	(47)
Dividends paid	(849,208)	(849,200)
Net cash provided by (used in) financing activities	(456,212)	881,965
Effect of exchange rate change on cash and cash equivalents	9,183	11,851
Net increase (decrease) in cash and cash equivalents	2,569,164	5,523,926
Cash and cash equivalents at beginning of period	10,612,152	13,181,317
Cash and cash equivalents at end of period	13,181,317	18,705,243

(5) Notes to consolidated financial statements**Notes on premise of going concern**

Not applicable

Additional information

Accounting estimates associated with the spread of COVID-19

In a continuation of conditions in the previous fiscal year, COVID-19 remained widespread, and the Group suspended business at certain stores in response to requests from various local governments during periods in which states of emergency had been declared. However, the majority of stores continued to operate after scrupulously implementing measures to prevent the spread of infection, and operating results were not significantly affected. Going forward, the Group assumes that operating results will be maintained at levels of a typical year, and the Group makes accounting estimates in relation to impairment losses associated with non-current assets, the recoverability of deferred tax assets, and other issues.

Future results based on actual figures may differ from these estimates and assumptions.

Basis of preparation of consolidated financial statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 3 companies

Names of consolidated subsidiaries

JVIS Co., Ltd.

KyotoHosho. Co., Ltd.

Shanghai Hosho Apparel Co., Ltd.

(2) Names of unconsolidated subsidiaries

Names of unconsolidated subsidiaries

Alice Career Service Company

Studio Alice Korea Co., Ltd.

MONOLITHIC DESIGN Co., Ltd.

Reasons for exclusion from scope of consolidation

Unconsolidated subsidiaries are all small in scale, and any total amount in terms of their total assets, net sales and profit or loss (amount corresponding to the Company's ownership interest) as well as retained earnings (amount corresponding to the Company's ownership interest) and others does not significantly affect the consolidated financial statements.

2. Application of equity method

Unconsolidated subsidiaries not accounted for using the equity method (Alice Career Service Company, Studio Alice Korea Co., Ltd. and MONOLITHIC DESIGN Co., Ltd.) are excluded from the scope of application of the equity method, because such exclusion has only an immaterial effect on the consolidated financial statements in terms of each company's profit or loss (amount corresponding to the Company's ownership interest), retained earnings (amount corresponding to the Company's ownership interest) and others, and they have no significance as a whole.

3. Fiscal year of consolidated subsidiaries

Fiscal year-ends for all consolidated subsidiaries, other than Shanghai Hosho Apparel Co., Ltd. whose balance sheet date is December 31, are the same as the consolidated balance sheet date. For Shanghai Hosho Apparel Co., Ltd., the Group uses financial statements based on a provisional closing of the accounts in accordance with regular year-end closing procedures as of the consolidated balance sheet date.

4. Accounting policies

(1) Valuation basis and methods for significant assets

a. Securities

(a) Shares of subsidiaries and associates

Stated at cost determined by the moving average method.

(b) Available-for-sale securities

Securities with market value

Stated at fair value based on the market price on the balance sheet date (valuation differences are booked directly in a separate component of net assets, and cost of securities sold is determined by the moving average method).

Securities without market value

Stated at cost determined by the moving average method.

b. Inventories

(a) Imported materials

Stated at cost based on the first-in first-out method (balance sheet amounts are determined by writing down the book value according to the decrease in profitability).

(b) Merchandise

Stated at cost based on the periodic average method (balance sheet amounts are determined by writing down the book value according to the decrease in profitability).

(c) Finished goods

Mainly stated at cost based on the periodic average method (balance sheet amounts are determined by writing down the book value according to the decrease in profitability).

(d) Work in process

Mainly stated at cost determined by the identified cost method (balance sheet amounts are determined by writing down the book value according to the decrease in profitability).

(e) Inventories other than the above

Stated at cost based on the last purchase price method (balance sheet amounts are determined by writing down the book value according to the decrease in profitability).

(2) Accounting methods for depreciation of significant depreciable assets

a. Property, plant and equipment (excluding leased assets)

The declining-balance method is applied for the Company and its domestic consolidated subsidiaries. However, buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated by the straight-line method.

The straight-line method is applied for the overseas consolidated subsidiaries.

Major useful lives are as follows:

Buildings and structures: 3 to 50 years

Machinery, equipment and vehicles: 2 to 12 years

Tools, furniture and fixtures: 2 to 20 years

b. Intangible assets (excluding leased assets)

The straight-line method is applied.

Software for internal use is amortized over its estimated useful life of internal use (five years).

c. Long-term prepaid expenses

Amortization is computed on a straight-line basis.

d. Leased assets

The straight-line method is applied assuming the lease period as the useful life without residual value.

(3) Recognition criteria of significant allowances and provisions

a. Allowance for doubtful accounts

To prepare for credit losses on trade receivables, loans receivable and others, an estimated uncollectable amount is provided at the amount estimated by either using the historical rate of credit loss for general receivables, or based on individual consideration of collectability for specific receivables such as highly doubtful receivables.

b. Provision for bonuses

To cover bonus payments to employees, the Group provides a provision for bonuses based on the estimated amount of bonus payments attributed to the fiscal year.

c. Provision for point card certificates

To make provision for the usage of points awarded to customers, a future expected usage amount at the end of the fiscal year is recorded.

(4) Accounting methods for retirement benefits

a. Method of attributing expected retirement benefits to periods

In calculating retirement benefit obligations, expected retirement benefits are attributed to the period up to the end of the fiscal year on a benefit formula basis.

b. Method of amortizing actuarial gains and losses and past service cost

Actuarial gains and losses and past service costs are expensed in the fiscal year in which they occur.

c. Application of simplified accounting method by small-size enterprises

In calculating the retirement benefit liability and retirement benefit expenses, certain consolidated subsidiaries apply a simplified accounting method in which retirement benefit obligations are determined based on the amount of retirement benefits required to pay if all eligible employees retired voluntarily at the end of the fiscal year.

- (5) Accounting policy for translation of significant foreign currency assets or liabilities into Japanese yen

Monetary receivables and payables in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing as of the consolidated balance sheet date, and translation differences are accounted for as profit or loss.

- (6) Accounting method and period for amortization of goodwill

Goodwill is amortized by the straight-line method over the period of the future economic benefits (five to ten years).

- (7) Scope of cash and cash equivalents in consolidated statement of cash flows

Cash and cash equivalents consist of cash on hand, readily available deposits, and highly liquid short-term investments with original maturities of three months or less that are subject to an insignificant risk of changes in value.

- (8) Other significant matters for preparing consolidated financial statements

Accounting for consumption taxes

The tax-exclusion method is used in accounting for consumption tax and local consumption tax.

Segment information, etc.

Segment information

1. Overview of reportable segments

The reportable segments of the Company are components of the Company for which discrete financial information is available and regularly reviewed by the Board of Directors to make decisions about allocation of managerial resources and to assess their performance.

The Group categorizes its services and products into different segments, with the two reportable segments being the Photography Business, which mainly consists of taking, producing, processing, displaying, and printing studio photographs, and the Clothes Manufacturing & Wholesale Business, which is mainly involved in the manufacture and sale of clothing for photography.

2. Explanation of measurements of net sales, profit or loss, assets and other items for each reportable segment

The accounting method for the operating segments that are reportable is almost the same as described in “Basis of preparation of consolidated financial statements.”

Segment profit is calculated on an operating profit basis. Intersegment sales or transfers are based on actual market price, etc.

3. Information on amounts of net sales, profit or loss, assets and other items for each reportable segment

Fiscal year ended February 28, 2021

(Thousands of yen)

	Reportable segment			Adjustments (Note 1)	Amount recorded on the consolidated financial statements (Note 2)
	Photography Business	Clothes Manufacturing & Wholesale Business	Total		
Net sales					
Sales to external customers	36,275,042	77,477	36,352,519	–	36,352,519
Intersegment sales or transfers	27,485	2,000,178	2,027,663	(2,027,663)	–
Total	36,302,527	2,077,655	38,380,183	(2,027,663)	36,352,519
Segment profit	4,826,321	101,755	4,928,077	(196,617)	4,731,459
Segment assets	36,220,768	2,112,076	38,332,845	(1,037,511)	37,295,334
Other items					
Depreciation	3,721,643	21,256	3,742,899	(393,836)	3,349,063
Impairment losses	413,517	–	413,517	–	413,517
Amortization of goodwill	800	–	800	–	800
Unamortized balance of goodwill	1,933	–	1,933	–	1,933
Increase in property, plant and equipment and intangible assets	4,154,505	69,635	4,224,141	(384,058)	3,840,083

Notes: 1. Adjustments are as follows:

- (1) The net sales adjustment of ¥(2,027,663) thousand represents inter-segment eliminations.
 - (2) The segment profit adjustment of ¥(196,617) thousand includes adjustments for non-current assets, etc. of ¥22,138 thousand and corporate expenses not allocated to either reportable segment of ¥(218,755) thousand.
 - (3) The segment asset adjustment of ¥(1,037,511) thousand includes adjustments related to inter-segment eliminations of ¥(1,503,909) thousand and corporate assets not allocated to either reportable segment of ¥466,398 thousand.
 - (4) The depreciation adjustment of ¥(393,836) thousand represents inter-segment eliminations.
 - (5) The adjustment of the increase in property, plant and equipment and intangible assets of ¥(384,058) thousand represents inter-segment eliminations.
2. Segment profit is adjusted to operating profit in the consolidated financial statements.

Fiscal year ended February 28, 2022

(Thousands of yen)

	Reportable segment			Adjustments (Note 1)	Amount recorded on the consolidated financial statements (Note 2)
	Photography Business	Clothes Manufacturing & Wholesale Business	Total		
Net sales					
Sales to external customers	40,601,670	70,621	40,672,291	–	40,672,291
Intersegment sales or transfers	26,885	3,833,074	3,859,960	(3,859,960)	–
Total	40,628,556	3,903,695	44,532,252	(3,859,960)	40,672,291
Segment profit	6,303,274	375,386	6,678,661	(663,257)	6,015,403
Segment assets	41,925,290	1,708,522	43,633,813	(463,321)	43,170,491
Other items					
Depreciation	4,017,866	22,951	4,040,818	(449,211)	3,591,606
Impairment losses	165,023	–	165,023	–	165,023
Amortization of goodwill	933	–	933	–	933
Unamortized balance of goodwill	2,600	–	2,600	–	2,600
Increase in property, plant and equipment and intangible assets	6,022,633	49,037	6,071,671	(905,839)	5,165,831

Notes: 1. Adjustments are as follows:

- (1) The net sales adjustment of ¥(3,859,960) thousand represents inter-segment eliminations.
 - (2) The segment profit adjustment of ¥(663,257) thousand includes adjustments for non-current assets, etc. of ¥(428,881) thousand and corporate expenses not allocated to either reportable segment of ¥(234,375) thousand.
 - (3) The segment asset adjustment of ¥(463,321) thousand includes adjustments related to inter-segment eliminations of ¥(938,274) thousand and corporate assets not allocated to either reportable segment of ¥474,952 thousand.
 - (4) The depreciation adjustment of ¥(449,211) thousand represents inter-segment eliminations.
 - (5) The adjustment of the increase in property, plant and equipment and intangible assets of ¥(905,839) thousand represents inter-segment eliminations.
2. Segment profit is adjusted to operating profit in the consolidated financial statements.

Related information

Fiscal year ended February 28, 2021

1. Information about products and services

This information is omitted because the sales to external customers in a single product or service category account for more than 90% of net sales in the consolidated statement of income.

2. Information about geographical areas

(1) Net sales

This information is omitted because sales to external customers in Japan accounted for more than 90% of net sales in the consolidated statement of income.

(2) Property, plant and equipment

This information is omitted because the amount of property, plant and equipment located in Japan accounted for more than 90% of total property, plant and equipment in the consolidated balance sheet.

3. Information about main customers

The information about main customers is omitted because there is no major external customer who accounts for 10% or more of the net sales in the consolidated statement of income.

Fiscal year ended February 28, 2022

1. Information about products and services

This information is omitted because the sales to external customers in a single product or service category account for more than 90% of net sales in the consolidated statement of income.

2. Information about geographical areas

(1) Net sales

This information is omitted because sales to external customers in Japan accounted for more than 90% of net sales in the consolidated statement of income.

(2) Property, plant and equipment

This information is omitted because the amount of property, plant and equipment located in Japan accounted for more than 90% of total property, plant and equipment in the consolidated balance sheet.

3. Information about main customers

The information about main customers is omitted because there is no major external customer who accounts for 10% or more of the net sales in the consolidated statement of income.

Information about impairment losses of non-current assets by reportable segment

Fiscal year ended February 28, 2021

This information is omitted because the same information is disclosed in “Segment information.”

Fiscal year ended February 28, 2022

This information is omitted because the same information is disclosed in “Segment information.”

Information about amortization and unamortized balance of goodwill by reportable segment

Fiscal year ended February 28, 2021

This information is omitted because the same information is disclosed in “Segment information.”

Fiscal year ended February 28, 2022

This information is omitted because the same information is disclosed in “Segment information.”

Information about gain on bargain purchase by reportable segment

Fiscal year ended February 28, 2021

Not applicable

Fiscal year ended February 28, 2022

Not applicable

Related party information

Transactions with related parties

Transactions between the company filing consolidated financial statements and related parties

Unconsolidated subsidiaries and associates, etc. of the company filing consolidated financial statements

Fiscal year ended February 28, 2021

Category	Name	Location	Share capital or investments in capital	Type of business or occupation	Percentage of voting rights the Company is holding (or percentage of the Company's voting rights held) (%)	Relationship with related party	Transaction details	Transaction amount (Thousands of yen)	Account title	Balance at end of period (Thousands of yen)
Unconsolidated subsidiary	Studio Alice Korea Co., Ltd.	Seoul Special City, Republic of Korea	₩1,000 million	Photography Business	(Holding) Direct 100.0	Franchisee	Loan of funds (Note 1)	-	Long-term loans receivable (Note 2)	255,000
							Receipt of interest	1,911	-	-

Transaction terms, policies for determining transaction terms, etc.

- Notes: 1. The loan of funds is determined by taking into account the market interest rates.
 2. An allowance for doubtful accounts of ¥217,000 thousand related to loans to the subsidiary has been recorded.

Fiscal year ended February 28, 2022

Category	Name	Location	Share capital or investments in capital	Type of business or occupation	Percentage of voting rights the Company is holding (or percentage of the Company's voting rights held) (%)	Relationship with related party	Transaction details	Transaction amount (Thousands of yen)	Account title	Balance at end of period (Thousands of yen)
Unconsolidated subsidiary	Studio Alice Korea Co., Ltd.	Seoul Special City, Republic of Korea	₩1,000 million	Photography Business	(Holding) Direct 100.0	Franchisee	Loan of funds (Note 1)	-	Long-term loans receivable (Note 2)	255,000
							Receipt of interest	1,275	-	-

Transaction terms, policies for determining transaction terms, etc.

- Notes: 1. The loan of funds is determined by taking into account the market interest rates.
 2. An allowance for doubtful accounts of ¥222,000 thousand related to loans to the subsidiary has been recorded.

Per share information

(Yen)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Net assets per share	1,490.73	1,666.38
Basic earnings per share	143.31	212.79

Notes: 1. The amount of diluted earnings per share is not provided because there are no potential shares.

2. The basis for calculating basic earnings per share is as follows:

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Profit attributable to owners of parent (Thousands of yen)	2,434,022	3,614,022
Amount not attributable to common shareholders (Thousands of yen)	–	–
Profit attributable to owners of parent related to common shares (Thousands of yen)	2,434,022	3,614,022
Average number of outstanding common shares during the period (Shares)	16,984,083	16,983,996

3. The basis for calculating net assets per share is as follows:

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Total net assets (Thousands of yen)	26,520,773	29,568,292
Amount subtracted from total net assets (Thousands of yen)	1,202,261	1,266,569
(Of which non-controlling interests) (Thousands of yen)	(1,202,261)	(1,266,569)
Net assets at the end of period related to common shares (Thousands of yen)	25,318,511	28,301,722
Number of common shares at the end of period used to calculate net assets per share (Shares)	16,984,014	16,983,993

Significant subsequent events

Not applicable

4. Non-consolidated financial statements and significant notes thereto

(1) Balance sheet

(Thousands of yen)

	As of February 28, 2021	As of February 28, 2022
Assets		
Current assets		
Cash and deposits	8,686,742	12,469,796
Accounts receivable - trade	587,722	561,666
Raw materials and supplies	102,862	76,741
Prepaid expenses	159,812	173,515
Deposits paid	844,040	673,380
Accounts receivable - other	65,436	78,510
Other	20,871	32,595
Allowance for doubtful accounts	(22,000)	(11,000)
Total current assets	10,445,487	14,055,207
Non-current assets		
Property, plant and equipment		
Buildings	5,359,530	5,082,913
Tools, furniture and fixtures	748,711	643,895
Land	73,577	73,577
Leased assets	2,526,795	4,326,387
Construction in progress	15,248	1,693
Total property, plant and equipment	8,723,863	10,128,467
Intangible assets		
Goodwill	1,933	1,133
Software	565,282	532,092
Other	79	15
Total intangible assets	567,295	533,241
Investments and other assets		
Shares of subsidiaries and associates	814,024	814,024
Investment securities	1,166,654	1,395,756
Long-term loans receivable	255,000	255,000
Leasehold and guarantee deposits	3,270,004	3,174,809
Deferred tax assets	1,153,422	1,014,949
Other	1,473	2,768
Allowance for doubtful accounts	(217,000)	(222,000)
Total investments and other assets	6,443,578	6,435,307
Total non-current assets	15,734,737	17,097,016
Total assets	26,180,224	31,152,223

(Thousands of yen)

	As of February 28, 2021	As of February 28, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	251,443	213,491
Accounts payable - other	991,067	1,299,142
Accrued expenses	802,491	782,307
Lease obligations	1,348,243	2,071,882
Income taxes payable	908,851	1,183,938
Advances received	777,202	862,709
Provision for bonuses	163,435	149,193
Provision for point card certificates	136,000	136,000
Other	396,877	318,599
Total current liabilities	5,775,613	7,017,265
Non-current liabilities		
Provision for retirement benefits	1,067,594	1,077,360
Lease obligations	1,299,283	2,403,016
Asset retirement obligations	1,648,050	1,652,465
Other	131,203	226,726
Total non-current liabilities	4,146,133	5,359,568
Total liabilities	9,921,746	12,376,833
Net assets		
Shareholders' equity		
Share capital	1,885,950	1,885,950
Capital surplus		
Legal capital surplus	2,055,449	2,055,449
Total capital surplus	2,055,449	2,055,449
Retained earnings		
Legal retained earnings	24,750	24,750
Other retained earnings		
General reserve	2,345,000	2,345,000
Retained earnings brought forward	10,116,562	12,474,524
Total retained earnings	12,486,312	14,844,274
Treasury shares	(276,416)	(276,464)
Total shareholders' equity	16,151,294	18,509,209
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	107,183	266,180
Total valuation and translation adjustments	107,183	266,180
Total net assets	16,258,478	18,775,389
Total liabilities and net assets	26,180,224	31,152,223

(2) Statement of income

(Thousands of yen)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Net sales	34,617,114	38,281,898
Cost of sales	25,644,640	27,563,479
Gross profit	8,972,474	10,718,419
Selling, general and administrative expenses	5,030,412	5,459,428
Operating profit	3,942,061	5,258,991
Non-operating income		
Interest income	1,961	1,293
Dividend income	18,259	20,661
Rental income from buildings	15,314	15,314
Compensation income	1,736	18,593
Commission income	4,347	4,295
Reversal of allowance for doubtful accounts	5,000	–
Subsidy income related to COVID-19	140,782	35,332
Miscellaneous income	18,936	12,601
Total non-operating income	206,338	108,092
Non-operating expenses		
Interest expenses	28,277	21,330
Loss on cancellation of store rent contracts	57,645	68,344
Provision of allowance for doubtful accounts	–	5,000
Miscellaneous losses	756	9,501
Total non-operating expenses	86,678	104,176
Ordinary profit	4,061,720	5,262,907
Extraordinary income		
Gain on sale of non-current assets	2,301	–
Total extraordinary income	2,301	–
Extraordinary losses		
Loss on abandonment of non-current assets	171,473	139,585
Loss on sale and retirement of non-current assets	69	–
Impairment losses	416,084	165,054
Loss related to COVID-19	496,685	44,638
Total extraordinary losses	1,084,311	349,277
Profit before income taxes	2,979,710	4,913,630
Income taxes - current	1,155,000	1,638,100
Income taxes - deferred	(36,307)	68,367
Total income taxes	1,118,692	1,706,467
Profit	1,861,018	3,207,162

(3) Statement of changes in equity

Fiscal year ended February 28, 2021

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus	Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Legal retained earnings	Other retained earnings			
				General reserve	Retained earnings brought forward		
Balance at beginning of period	1,885,950	2,055,449	24,750	2,345,000	9,104,752	(276,159)	15,139,741
Changes during period							
Dividends of surplus					(849,208)		(849,208)
Profit					1,861,018		1,861,018
Purchase of treasury shares						(257)	(257)
Net changes in items other than shareholders' equity							
Total changes during period	–	–	–	–	1,011,810	(257)	1,011,553
Balance at end of period	1,885,950	2,055,449	24,750	2,345,000	10,116,562	(276,416)	16,151,294

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	1,407	1,407	15,141,149
Changes during period			
Dividends of surplus			(849,208)
Profit			1,861,018
Purchase of treasury shares			(257)
Net changes in items other than shareholders' equity	105,775	105,775	105,775
Total changes during period	105,775	105,775	1,117,328
Balance at end of period	107,183	107,183	16,258,478

Fiscal year ended February 28, 2022

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Legal retained earnings	Other retained earnings			
				General reserve	Retained earnings brought forward		
Balance at beginning of period	1,885,950	2,055,449	24,750	2,345,000	10,116,562	(276,416)	16,151,294
Changes during period							
Dividends of surplus					(849,200)		(849,200)
Profit					3,207,162		3,207,162
Purchase of treasury shares						(47)	(47)
Net changes in items other than shareholders' equity							
Total changes during period	–	–	–	–	2,357,962	(47)	2,357,914
Balance at end of period	1,885,950	2,055,449	24,750	2,345,000	12,474,524	(276,464)	18,509,209

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	107,183	107,183	16,258,478
Changes during period			
Dividends of surplus			(849,200)
Profit			3,207,162
Purchase of treasury shares			(47)
Net changes in items other than shareholders' equity	158,997	158,997	158,997
Total changes during period	158,997	158,997	2,516,911
Balance at end of period	266,180	266,180	18,775,389

(4) Notes to non-consolidated financial statements

Notes on premise of going concern

Not applicable

Additional information

Accounting estimates associated with the spread of COVID-19

In a continuation of conditions in the previous fiscal year, COVID-19 remained widespread, and the Company suspended business at certain stores in response to requests from various local governments during periods in which states of emergency had been declared. However, the majority of stores continued to operate after scrupulously implementing measures to prevent the spread of infection, and operating results were not significantly affected. Going forward, the Company assumes that operating results will be maintained at levels of a typical year, and the Company makes accounting estimates in relation to impairment losses associated with non-current assets, the recoverability of deferred tax assets, and other issues.

Future results based on actual figures may differ from these estimates and assumptions.

5. Other

Change of officers

For change of officers, please refer to “Notice Concerning Change of Officers” (in Japanese only) released today.