



ANNUAL REPORT 2020

Year Ended December 31, 2020

LOOK HOLDINGS INCORPORATED

LOOK Group Corporate Profile

Adhering to its philosophy that the “Customer Comes First,” the LOOK Group is committed to increasing customer satisfaction through fashion. Reflecting this commitment, since the establishment of LOOK INCORPORATED in 1962, we have been engaged in the planning, manufacturing, and sales of mainly women’s apparel. Through these integrated business activities, we have sought to create new lifestyles and values and enhance people’s everyday lives.

The LOOK Group has been striving to improve convenience for customers, including by bringing its e-commerce logistics functions in-house in March 2020 and strengthening data linkage between physical and online store inventories.

Going forward, we will continue implementing measures to enhance the efficiency of Group operations and, guided by our corporate philosophy of the “Customer Comes First,” we will deliver sustained growth and stable earnings to further strengthen our corporate value.

The LOOK Group now encompasses 14 consolidated subsidiaries in Japan and overseas. In addition to building a robust business foundation domestically, we are expanding our operations globally, including in South Korea, Europe, China, and Hong Kong.

Going forward, we will establish a solid earnings foundation while expanding our e-commerce business and actively developing new businesses. We will also pursue business strategies and efficient management aimed at establishing a stable profit structure for further growth.

Contents

Financial Highlights.....	2
To Our Shareholders	3
Special Topics.....	5
Brand Profile	9
Management’s Discussion and Analysis	15
Consolidated Financial Statements	17
Notes to Consolidated Financial Statements.....	23
Corporate Data.....	53

Financial Highlights

LOOK HOLDINGS INCORPORATED and Subsidiaries
For the years ended December 31, 2020 and 2019

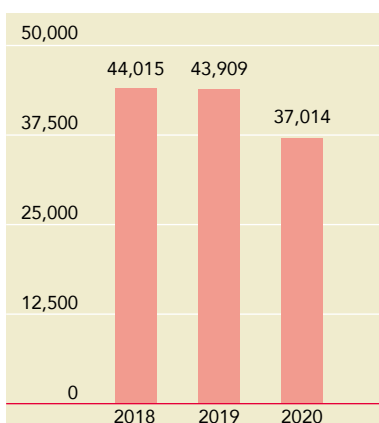
	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
At year-end:			
Total current assets	¥21,878	¥23,164	\$211,389
Total current liabilities	10,254	17,699	99,080
Short-term loans	2,480	10,890	23,961
Total shareholders' equity	23,721	23,508	229,189
For the year:			
Net sales	37,014	43,909	357,626
Operating income	636	1,662	6,151
Ordinary income	848	1,784	8,195
Net income attributable to owners of parent	431	2,022	4,174
	Yen		U.S. dollars
Per share:			
Net income	¥56.19	¥263.75	\$0.54
Cash dividends	30.00	30.00	0.29
	%		
Ratios:			
ROE	1.8	8.6	
Operating income margin	1.7	3.8	

Notes: U.S. dollar amounts are translated from Japanese yen, for convenience only, at the rate of ¥103.50 to US\$1, the approximate rate of exchange at December 30, 2020.

In the fiscal year ended December 31, 2020, the Company finalized the provisional accounting treatment for the business combination. The figures for the fiscal year ended December 31, 2019 reflect the finalized provisional accounting treatment.

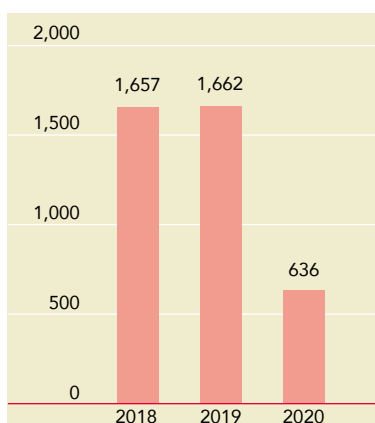
Net Sales

(Millions of yen)



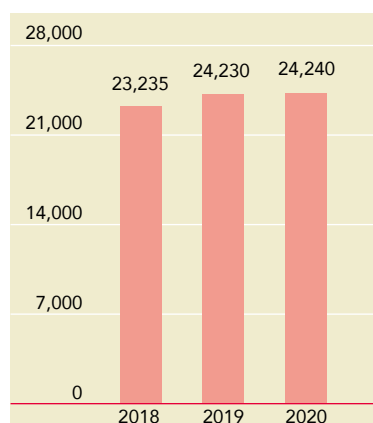
Operating Income

(Millions of yen)



Total Net Assets

(Millions of yen)



To Our Shareholders

First of all, I would like to express my deepest condolences to the families of those who have been lost due to the COVID-19 pandemic and convey my heartfelt sympathy to all those affected.

The LOOK Group contributed to improved lifestyles and values guided by a corporate philosophy that ensures the “Customer Comes First.” At the same time, we addressed the expectations of customers and all other stakeholders who support the Group by pursuing our basic policy of enriching people’s lives.

Going forward, we will continue generating value that resonates in people’s hearts while responding appropriately to the changing times and business environment, to help create a diverse, affluent society.



Kazuhiro Tada
President and Representative
Director

Performance Overview

Consolidated Results

Net sales	¥37,014 million (down 15.7% year on year)
Operating income	¥636 million (down 61.7%)
Ordinary income	¥848 million (down 52.5%)
Net income attributable to owners of parent	¥431 million (down 78.6%)

To address changes in the business environment, the Group has worked to strengthen its e-commerce business and respond flexibly to changes in consumer purchasing behavior. At the same time, we have pursued rigorous efficiency management measures that include purchasing restraint and cost reductions.

As a result, consolidated net sales for the year totaled ¥37,014 million, down 15.7% from fiscal 2019. Operating income declined 61.7% year on year, to ¥636 million, and ordinary income decreased 52.5%, to ¥848 million, for an ordinary margin of 2.3%. Net income attributable to owners of parent fell 78.6%, to ¥431 million.

Performance by Business Segment

Apparel Business

In Japan, we brought our e-commerce logistics functions in-house in March 2020 and strengthened the data linkage between physical and online store inventories. While stores were closed due to the government’s declaration of a state of emergency, we implemented a number of our own measures, such as consolidating

merchandise for sale online. We also made efforts to improve convenience for customers, such as sequentially increasing the number of smartphone applications and brands introducing social media. As a result, domestic e-commerce sales increased significantly from the previous year. With respect to physical stores, we pushed ahead with new-store openings for our main brands—Il Bisonte and A.P.C.—leading to year-on-year growth in Il Bisonte sales even during the pandemic. For the year under review, Group’s sales in Japan declined 20.4%, to ¥20,086 million, and operating income fell 57.4%, to ¥457 million.

In South Korea, stores operated by I.D. LOOK LTD. continued facing extremely difficult conditions due to COVID-19. On the other hand, we stepped up digital marketing (live streaming, Instagram, and the like), resulting in higher e-commerce sales. In new businesses, we started the distribution of two imported brands—Essentiel and Eleventy. Meanwhile, sales at stores operated by I.D. JOY LTD. declined due to changing market conditions and other factors. Accordingly, sales in South Korea decreased 10.3%, to ¥15,030 million, and operating income fell 36.1%, to ¥697 million.

In Europe, sales at directly managed stores faced extremely difficult conditions due to restrictions on travel and outings caused by the

spread of COVID-19 in Italy and France. On the other hand, our core wholesale business performed steadily. As a result, sales in Europe rose 45.8%, to ¥3,188 million, and operating income jumped 71.7%, to ¥428 million. (“Europe” was newly added as a geographical segment in the third quarter of fiscal 2019. Accordingly, figures for fiscal 2019 are for the six-month period from July 1 to December 31, 2019.)

In “Other abroad” (Hong Kong, China, and the United States), LOOK (H.K.) LTD. (based in Hong Kong) posted a decline in store sales due to ordinances restricting activities stemming from COVID-19. LOOK CHINA CO., LTD. (based in Shanghai) reported a year-on-year increase in sales thanks to healthy e-commerce sales in existing businesses, which also benefited from live streaming on social media platforms. In the United States, as in Europe, our directly managed stores were closed for extended periods due to COVID-19, resulting in very difficult sales conditions. As a result, sales in “Other abroad” slipped 3.1%, to ¥394 million, and the operating loss was ¥127 million (from ¥45 million in the previous fiscal year).

Consequently, the Group’s Apparel Business segment posted a 13.2% decline in sales, to ¥38,700 million, and a 38.6% decrease in operating income, to ¥1,455 million.

Production and OEM Business

LOOK MODE INC., which handles the Group’s Production and OEM Business segment, reported a year-on-year sales decline as the COVID-19 pandemic forced LOOK INCORPORATED to adjust production of its original brands, leading to a decrease in orders received. As a result, sales in this segment declined 13.8%, to ¥2,440 million, and the segment posted an operating loss of ¥65 million (compared with operating income of ¥30 million in the previous year).

Logistics Business

L. LOGISTICS INC., which is responsible for the Group’s Logistics Business segment, posted an increase in sales because it brought its e-commerce logistics functions in-house.

Consequently, segment sales climbed 14.0%, to ¥1,197 million, and segment operating income jumped 249.6%, to ¥43 million.

Food & Beverage Business

FFI INC. (FASHIONABLE FOODS International), which represents the Group’s Food & Beverage Business segment, sells Italian gelato under the Gelateria Marghera brand. In the year under review, it reported a decrease in sales due to shortened store operating hours and temporary store closures stemming from COVID-19. This was despite an increase in sales from home delivery services. As a result, sales in this segment fell 25.2%, to ¥44 million, and the operating loss was ¥30 million (from ¥24 million in the previous year).

Outlook for Fiscal 2021 and Consolidated Forecasts

The COVID-19 pandemic has brought about changes in lifestyles and consumer values in the apparel and fashion industry, and we expect consumer needs to become even more diversified in the future. To address these changing business conditions, the Group will work to further increase sales by establishing brand values that are not affected by economic fluctuations. At the same time, we will effectively invest our management resources in profitable brand businesses that can generate profits sustainably even in severe business environments. We believe these actions will play an important role in returning the Group’s performance to a growth trajectory.

We are targeting the following consolidated results for fiscal 2021: Net sales of ¥40,000 million (up 8.1% year on year), operating income of ¥1,100 million (up 72.8%), ordinary income of ¥1,200 million (up 41.5%), and net income attributable to owners of parent of ¥900 million (up 108.3%).

Consolidated Forecasts

Net sales	¥40,000 million (up 8.1% year on year)
Operating income	¥1,100 million (up 72.8%)
Ordinary income	¥1,200 million (up 41.5%)
Net income attributable to owners of parent	¥900 million (up 108.3%)

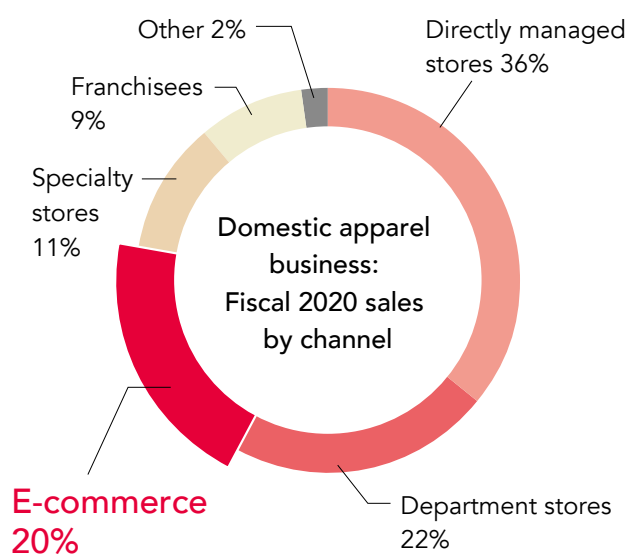
Strengthening our e-commerce business

Strengthening data linkage between physical and online store inventories

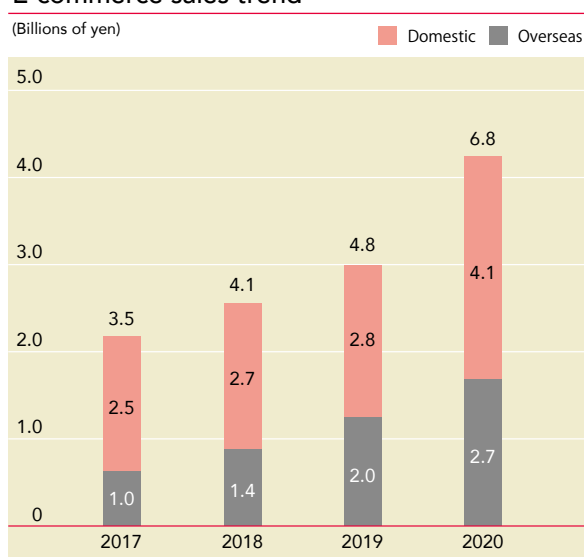
To promote our omnichannel strategy, we have strengthened the data linkage between our physical and online store inventories, enabling us to reduce product shortages and thus respond to customer demand more effectively than ever before.

With respect to LOOK MEMBERSHIP, our shopping point-sharing program, we have completed the process of integrating membership information between our physical and online stores. This will enable us to formulate efficient sales strategies, leading to an increase in website user numbers and sales growth.

Going forward, we will strengthen our e-commerce logistics functions, which we brought in-house in March 2020, while embracing digital marketing and other new challenges. In these ways, we will strive to improve convenience for customers, whether they use our own site or the sites of other companies.



E-commerce sales trend



E-commerce sales in FY2020

E-commerce sales	FY2020 (Billions of yen)	Year on year (%)
Domestic	4.1	147%
Overseas	2.7	135%
Group total	6.8	142%

Reinforcing digital marketing

The LOOK Group has been working on “mobile-first” initiatives to improve customer convenience. In 2020, for example, we launched an official smartphone app for the Repetto brand and an official LINE app for the A.P.C. brand.

Among new initiatives during the coronavirus pandemic, we promoted the LAISSÉ PASSÉ brand in various ways. For example, we started a live streaming service using the official LAISSÉ PASSÉ account on Instagram, as well as a customer service using the LINE communication app. As part of our overseas digital marketing efforts, we also started live-streaming to our customers in China.

Going forward, we aim to strengthen our e-commerce business and improve customer convenience by increasing the number of brands introducing social media and continually expanding our new digital marketing efforts.



Repetto
Official app

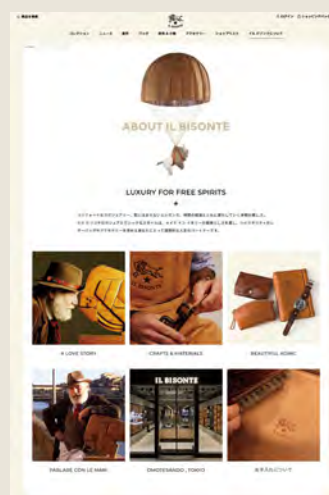


IL BISONTE official website Complete renewal of ILBISONTE.JP

The new site contains expanded content and offers not only new product information, but also spotlights the diverse appeal of the brand.

Viewers can experience the worldview of the brand, which typifies craftsmanship, through articles on the 50-year history of the company and an interview with the founder, Wanny di Fillipo. Moreover, we have modified the main specifications of the shopping site so users can enjoy shopping comfortably on any device, such as a personal computer, tablet, and smartphone.

Official website IL BISONTE.JP



Brand Topics

Improving brand value through new store-opening policy



IL BISONTE

Opened new store in Stellar Place Sapporo in March 2020.



Stellar Place Sapporo Store

marimekko

MARIMEKKO

Opened new store in Grand Front Osaka in June 2020.



Grand Front Osaka Store

A.P.C.

A.P.C.

Opened new store in NEWoMan Yokohama in June 2020.



NEWoMan Yokohama Store

Overseas development

I.D. LOOK LTD. took measures to expand sales of the Il Bisonte and Marimekko brands.



IL BISONTE



Hyundai Department Store - Pangyo Store

marimekko

marimekko



50th anniversary of founding

IL BISONTE

Founded by Wanny di Fillipo and his wife in 1970, Il Bisonte continues to be loved by customers and celebrated its 50th anniversary in 2020.

To commemorate the anniversary, we launched a limited-edition anniversary collection in Japan, including a design printed with the handwritten signature of founder and designer Wanny Di Fillipo, as well as a design with "IL BISONTE 50" stamped on vegetable-tanned leather, reminiscent of a clock face.



Brand Profile

LOOK INC.



A handbag and leather goods brand designed by Wanny Di Filippo, from Florence, Italy.



Brand Profile

LOOK INC.

marimekko

Marimekko is a Finnish lifestyle design company renowned for its original prints and colors. The company's product portfolio includes high-quality clothing, bags and accessories as well as home décor items ranging from textiles to tableware.



LOOK INC.

Repetto

PARIS

A brand tracing back to 1947 when Rose Repetto started designing ballet shoes. Its shoes, which are hand-made using traditional techniques, promise reliable quality and beauty.



SCAPA

A brand from the fashion capital of Antwerp offering quality, elegance, and timeless fashion, with a focus on silhouettes and coordinates.



LOOK INC.

KEITH

A brand that is continuously evolving while maintaining its British tradition, KEITH is a favorite among women who are especially aware of their individual qualities.



KORET

A coordinated fashion brand allowing mature women to enjoy their time in their own special way.



LOOK INC.

CLAUS PORTO

A Portuguese body care and fragrance brand with a history of over 130 years. The brand offers a wide range of products based on fragrances inspired by the scents and landscapes of Portugal.



Established in Denmark in 2012, Rains is a rainwear brand mixing function with fashion. Influenced by Nordic aesthetics, Rains offers minimal and sophisticated rainwear along with bags and accessories in the same fabric.



LAISSÉ PASSÉ

LAISSÉ PASSÉ is for mature women wishing to embrace general fashion trends while retaining the DNA of elegance and cuteness. The brand features items that will satisfy such women according to their particular situation.



Début de Fiore

Based on the themes of elegant and feminine styling, the brand suggests dressing of various occasions for working women with a good sense of fashion.



A.P.C. JAPAN LTD.

A.P.C.

A modern French-style brand pursuing essential elegance with minimal yet radical elements.



Management's Discussion and Analysis

Future-related statements contained in the following section are based on the LOOK Group's judgments at the time of submission of the annual securities report.

Major Accounting Policies and Estimates

The LOOK Group's consolidated financial statements are based on accounting standards generally accepted in Japan as fair and appropriate.

Financial Position

(1) Assets

At December 31, 2020, total assets amounted to ¥46,722 million, down ¥492 million from a year earlier. This was mainly due to a ¥514 million decrease in notes and accounts receivable-trade, due to decline in net sales caused by COVID-19, as well as a ¥637 million decrease in investments in securities, due to sales of such securities. By contrast, there was a ¥1,120 million increase in buildings and structures, due mainly to the expansion of a distribution center operated by I.D. LOOK LTD. (based in South Korea).

(2) Liabilities

Total liabilities declined ¥502 million from a year earlier, to ¥22,481 million. This was due mainly to a ¥434 million decrease in accrued expenses stemming from a decline in selling, general and administrative expenses.

(3) Net assets

Total net assets were up ¥10 million from a year earlier, to ¥24,240 million. This was due primarily to increases in foreign currency translation adjustments and retained earnings. By contrast, there was a decrease in the valuation difference on available-for-sale securities due to sales of investments in securities.

As a result, the equity ratio was 51.7%.

Cash Flows

Net cash provided by operating activities amounted to ¥1,950 million (compared with ¥998 million in the previous year). In addition to ¥760 million in income before income taxes, the main factors boosting cash flows were a ¥499 million decrease in notes and accounts receivable and ¥1,153 million in depreciation and amortization. Contrasting

factors included ¥524 million in income taxes paid.

Net cash used in investing activities totaled ¥1,927 million (compared with ¥9,827 million in the previous year). Main factors included ¥1,970 million in payments for purchase of property, plant, and equipment, primarily for the expansion of a distribution center operated by I.D. LOOK LTD.

Net cash used in financing activities was ¥215 million (compared with ¥9,314 million provided by financing activities in the previous year). Main factors included ¥229 million in cash dividends paid.

Cash and cash equivalents at fiscal year-end totaled ¥6,059 million, down ¥172 million from a year earlier. In addition to the aforementioned cash flow items, the main factor was a ¥19 million increase in foreign currency translation adjustments on cash and cash equivalents.

Business Risks

The LOOK Group's business performance and financial position described in its financial reports are subject to a number of factors, discussed below, that could have a major influence on the decisions of investors.

Future-related statements contained in the following section are based on the LOOK Group's judgments at the time of submission of the annual securities report.

(1) Economic and consumer trends

Domestic sales account for approximately 55% of the LOOK Group's consolidated net sales. As a result, the overall level of personal consumption in the Japanese market—the Group's main market—has a material impact on the Group's revenue and earnings. The Group endeavors to accurately grasp customer needs and takes care to offer products that reflect the demands of the times. It also focuses on developing and fostering new brands for the market based on innovative proposals. However, changes in external circumstances that the Group cannot foresee, such as sharp changes in fashion trends, could have an impact on the Group's business performance.

Accordingly, we are working to reduce risk by expanding the development of miscellaneous goods (leather products and the like) that are less susceptible to sudden changes in trends than clothing.

(2) Unseasonal weather and natural disasters, etc.

The Group's business performance is impacted by unseasonal weather. Abnormal weather, such as a cold summer or warm winter, discourages consumers from purchasing seasonal products, which could have an impact on the Group's business performance. Natural disasters (including typhoons, earthquakes, and floods) and the outbreak of infectious diseases caused by unknown viruses (such as new types of influenza and pneumonia) can impact the sales activities of business partners and the production activities of affiliated factories, as well as reduce consumption in affected regions, which could have an impact on the Group's business performance.

Accordingly, the Group formulated crisis management regulations and is building a management system in accordance with those regulations, assisted by the appointment of management officers.

To address the COVID-19 pandemic, we have implemented various measures that include temporary closures and shortened business hours for shop-in-shops in commercial facilities and directly managed stores. We have also taken internal measures, such as refraining from domestic and international business trips, introducing teleworking arrangements and staggered working hours, and promoting web conferencing.

(3) Overseas business and production

Overseas subsidiaries generate approximately 45% of the Group's consolidated net sales. Around 85% of products sold in the domestic market are either manufactured overseas or procured from overseas sources. Accordingly, significant exchange rate fluctuations affecting the Group's main overseas markets and procurement and manufacturing bases, political or economic turmoil, unforeseen changes in laws and regulations, and the unforeseen outbreak of an epidemic, terrorism, war, or other acts of social upheaval could have an impact on the Group's business performance.

Accordingly, we are working to reduce risk by developing our business overseas in a broad range of areas without excessive reliance on specific countries or regions, and by using forward exchange contracts to hedge against foreign exchange risk.

(4) Product quality

If an unforeseen quality problem or product liability incident were to occur related to products sold by the Group, it could tarnish the reputation of the Group or its brands, which could have an impact on the Group's business performance.

Accordingly, we work to reduce risk by engaging in rigorous quality control in accordance with our "Quality Control Manual," "Inspection Control Regulations," "Quality Labeling Control Regulations," and other protocols established as part of our quality control system.

(5) Exclusive distribution agreements and license agreements

In addition to its original brands, the LOOK Group develops brands under exclusive distribution and license agreements.

If such agreements cannot be continued due to an unforeseen factor, there could be an impact on the Group's business performance.

Accordingly, we are working to reduce risk by developing multiple core brands without excessive reliance on specific imported or licensed brands.

(6) Information management

The LOOK Group possesses a large amount of personal information on the customers of its shop-in-shops in commercial facilities, directly managed stores, and online. However, the leaking of information due to an unforeseen incident could result in a loss of customer trust or damage to the Group's image. This could lead to a decline in sales or claims for compensation, which in turn could have an impact on the Group's business performance.

Accordingly, we are working to reduce risk by appointing information management officers to oversee the handling of personal information and rigorously observing rules based on internal regulations and management manuals.

In addition, we are encouraging teleworking and other arrangements to combat the spread of COVID-19. In line with this, we are working to reduce the risk of internal information leaks by using authentication and encryption to protect communication pathways between information terminals.

LOOK HOLDINGS INCORPORATED

Consolidated Balance Sheets (Unaudited)

December 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020	2019	2020
ASSETS			
Current assets:			
Cash and time deposits (Note 4)	¥ 6,260	¥ 6,444	\$ 60,489
Notes and accounts receivable-trade	4,625	5,140	44,692
Less: allowance for bad debts	(40)	(46)	(391)
Inventories (Note 5)	10,488	10,645	101,336
Other current assets	544	981	5,263
Total current assets	21,878	23,164	211,389
Investments and other assets:			
Investments in securities (Note 6,7)	1,901	2,539	18,376
Deferred tax assets (Note 9)	1,685	1,440	16,280
Lease deposit (Note 17)	2,351	2,429	22,719
Assets for retirement benefits (Note 10)	536	358	5,181
Marketing related assets	10,603	10,591	102,447
Goodwill	3,280	3,337	31,699
Other assets (Note 8)	836	611	8,086
Less: allowance for bad debts	(173)	(175)	(1,672)
Total investments and other assets	21,022	21,133	203,116
Property, plant and equipment :			
Buildings and structures (Note 8, 17)	4,435	3,955	42,852
Machinery and equipment (Note 17)	173	195	1,674
Tools, furniture and fixtures (Note 17)	4,072	3,862	39,349
Other	189	482	1,829
Land (Note 8,17)	515	540	4,982
	9,386	9,037	90,686
Less: Accumulated depreciation	(5,565)	(6,121)	(53,770)
Total property, plant and equipment	3,820	2,915	36,916
Total assets	¥ 46,722	¥ 47,214	\$ 451,421

The accompanying notes are an integral part of these statements.

LOOK HOLDINGS INCORPORATED

Consolidated Balance Sheets (Unaudited) December 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020	2019	2020
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term loans (Note 8)	¥ 2,480	¥ 10,890	\$ 23,961
Current installments of long-term loans (Note 8)	1,967	120	19,010
Notes and accounts payable - trade	2,810	2,651	27,157
Accounts payable - other	117	274	1,134
Accrued expenses	2,054	2,474	19,848
Income taxes payable (Note 9)	144	327	1,393
Reserve for sales returns	20	16	199
Reserve for point service	43	45	423
Asset retirement obligations (Note 11)	48	80	467
Other current liabilities	568	817	5,488
Total current liabilities	10,254	17,699	99,080
Long-term liabilities:			
Long-term loans (Note 8)	8,071	1,239	77,988
Liabilities for retirement benefits (Note 10)	331	310	3,198
Deferred tax liabilities (Note 9)	3,211	3,198	31,029
Asset retirement obligations (Note 11)	249	220	2,410
Other liabilities	363	315	3,508
Total long-term liabilities	12,226	5,284	118,133
Total liabilities	22,481	22,984	217,213
Net assets (Note 12):			
Shareholders' equity :			
Common stock	6,380	6,374	61,650
-Authorized : 24,000,000 shares			
-Issued : 7,704,613 shares and 7,689,413 shares at December 31, 2020 and 2019, respectively			
Capital surplus	1,661	1,655	16,055
Retained earnings	15,691	15,490	151,611
Treasury stock, at cost, 10,677 shares and 10,367 shares at December 31, 2020 and 2019, respectively	(13)	(12)	(127)
Total shareholders' equity	23,721	23,508	229,189
Accumulated other comprehensive income:			
Net unrealized gain on available-for-sale securities, net of tax (Note 6)	426	1,023	4,123
Deferred gain (loss) on derivatives under hedge accounting	1	2	9
Foreign currency translation adjustments	(7)	(396)	(75)
Total accumulated other comprehensive income	419	628	4,057
Non-controlling interests in consolidated subsidiaries	99	93	962
Total net assets	24,240	24,230	234,208
Commitments and contingencies			
Total liabilities and net assets	¥ 46,722	¥ 47,214	\$ 451,421

The accompanying notes are an integral part of these statements.

LOOK HOLDINGS INCORPORATED

Consolidated Statements of Income (Unaudited)
For the years ended December 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020	2019	2020
Net sales	¥ 37,014	¥ 43,909	\$ 357,626
Cost of sales (Note 5)	18,412	21,484	177,902
Gross profit	18,601	22,425	179,724
Selling, general and administrative expenses	17,964	20,762	173,573
Operating income	636	1,662	6,151
Other income (expenses)			
Interest and dividend income	91	174	885
Interest expenses	(96)	(100)	(932)
Rent income	10	13	103
Foreign currency exchange gain (loss), net	39	(47)	386
Loss on disposal of property, plant and equipment	(9)	(22)	(93)
Subsidy income (Note 18)	510	—	4,928
Gain on sales of investments in securities	352	—	3,403
Loss on temporary closure of stores etc. (Note 19)	(674)	—	(6,521)
Impairment loss on long-lived assets (Note 17)	(192)	(134)	(1,859)
Income from sale of prototypes	21	31	208
Gain on reversal of asset retirement obligations	19	7	192
Warehouse relocation expenses	(15)	—	(146)
Provision for doubtful receivables from associated companies	(1)	(40)	(9)
Loss on withdrawal from the brand	(30)	(24)	(297)
Gain on sales of property, plant and equipment	—	2,093	—
Gain on sales of shares of associated companies	—	99	—
Head office relocation expenses	—	(530)	—
Other, net	98	24	950
Income before income taxes and non-controlling interests	760	3,206	7,349
Income taxes (Note 9)			
Current	381	491	3,684
Deferred	(58)	688	(567)
	322	1,180	3,117
Net income	438	2,026	4,232
Net income attributable to non-controlling interests	6	3	58
Net income attributable to owners of parent	¥ 431	¥ 2,022	\$ 4,174
	Yen		U.S. dollars (Note 3)
	2020	2019	2020
Per share (Note 22):			
Basic net income	¥ 56.19	¥ 263.75	\$ 0.54
Diluted net income	—	—	—
Cash dividends applicable to the year	30.00	30.00	0.29

The accompanying notes are an integral part of these statements.

LOOK HOLDINGS INCORPORATED

Consolidated Statements of Comprehensive Income (Unaudited) For the years ended December 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020	2019	2020
Net income	¥ 438	¥ 2,026	\$ 4,232
Other comprehensive income (loss) (Note 13):			
Net unrealized income (loss) on available-for-sale	(596)	(157)	(5,762)
Deferred gain (loss) on derivatives under hedge accounting	(1)	12	(11)
Foreign currency translation adjustments	389	(409)	3,762
Total other comprehensive income (loss)	(208)	(555)	(2,011)
Comprehensive income	<u>¥ 229</u>	<u>¥ 1,470</u>	<u>\$ 2,221</u>
			Thousands of U.S. dollars (Note 3)
	2020	2019	2020
Comprehensive income attributable to:			
Owners of parent	¥ 223	¥ 1,455	\$ 2,157
Non-controlling interests	6	14	64

The accompanying notes are an integral part of these statements.

LOOK HOLDINGS INCORPORATED
Consolidated Statements of Changes in Net Assets (Unaudited)
For the years ended December 31, 2020 and 2019

	Millions of yen												
	Number of shares of Common stock	Shareholders' equity					Accumulated other comprehensive income						
		Common stock	Capital surplus	Retained earnings	Treasury stock	Sub-total	Net unrealized gain on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Sub-total	Non-controlling interests in consolidated subsidiaries	Total net assets	
Balance at December 31, 2018	7,670,613	¥ 6,361	¥ 1,637	¥ 13,696	¥ (20)	¥ 21,675	¥ 1,180	¥ (10)	¥ 25	¥ 1,195	¥ 363	¥ 23,235	
Issuance of new shares	18,800	13	—	—	—	27	—	—	—	—	—	27	
Dividends	—	—	—	(229)	—	(229)	—	—	—	—	—	(229)	
Net income attributable owners of parent	—	—	—	2,022	—	2,022	—	—	—	—	—	2,022	
Treasury stock acquired (1,212 shares)	—	—	—	—	(0)	(0)	—	—	—	—	—	(0)	
Increase arising from the share exchange	—	—	4	—	8	12	—	—	—	—	—	12	
Net changes other than shareholders' equity	—	—	—	—	—	—	(156)	12	(422)	(567)	(270)	(837)	
Total changes during the year	18,800	13	18	1,793	7	1,832	(156)	12	(422)	(567)	(270)	994	
Balance at December 31, 2019	7,689,413	¥ 6,374	¥ 1,655	¥ 15,490	¥ (12)	¥ 23,508	¥ 1,023	¥ 2	¥ (396)	¥ 628	¥ 93	¥ 24,230	
Issuance of new shares	15,200	5	5	—	—	11	—	—	—	—	—	11	
Dividends	—	—	—	(230)	—	(230)	—	—	—	—	—	(230)	
Net income attributable owners of parent	—	—	—	431	—	431	—	—	—	—	—	431	
Treasury stock acquired (310 shares)	—	—	—	—	(0)	(0)	—	—	—	—	—	(0)	
Increase arising from the share exchange	—	—	—	—	—	—	—	—	—	—	—	—	
Net changes other than shareholders' equity	—	—	—	—	—	—	(596)	(1)	388	(208)	6	(202)	
Total changes during the year	15,200	5	5	201	(0)	213	(596)	(1)	388	(208)	6	10	
Balance at December 31, 2020	7,704,613	¥ 6,380	¥ 1,661	¥ 15,691	¥ (13)	¥ 23,721	¥ 426	¥ 1	¥ (7)	¥ 419	¥ 99	¥ 24,240	

	Thousands of U.S. dollars (Note 3)												
	Number of shares of Common stock	Shareholders' equity					Accumulated other comprehensive income						
		Common stock	Capital surplus	Retained earnings	Treasury stock	Sub-total	Net unrealized gain on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Sub-total	Non-controlling interests in consolidated subsidiaries	Total net assets	
Balance at December 31, 2019	7,689,413	\$ 61,593	\$ 15,999	\$ 149,663	\$ (127)	\$ 227,128	\$ 9,886	\$ 20	\$ (3,832)	\$ 6,074	\$ 902	\$ 234,104	
Issuance of new shares	15,200	57	56	—	—	113	—	—	—	—	—	113	
Dividends	—	—	—	(2,226)	—	(2,226)	—	—	—	—	—	(2,226)	
Net income attributable owners of parent	—	—	—	4,174	—	4,174	—	—	—	—	—	4,174	
Treasury stock acquired (310 shares)	—	—	—	—	(0)	(0)	—	—	—	—	—	(0)	
Increase arising from the share exchange	—	—	—	—	—	—	—	—	—	—	—	—	
Net changes other than shareholders' equity	—	—	—	—	—	—	(5,763)	(11)	3,757	(2,017)	60	(1,957)	
Total changes during the year	15,200	57	56	1,948	(0)	2,061	(5,763)	(11)	3,757	(2,017)	60	104	
Balance at December 31, 2020	7,704,613	\$ 61,650	\$ 16,055	\$ 151,611	\$ (127)	\$ 229,189	\$ 4,123	\$ 9	\$ (75)	\$ 4,057	\$ 962	\$ 234,208	

The accompanying notes are an integral part of these statements.

LOOK HOLDINGS INCORPORATED
Consolidated Statements of Cash Flows (Unaudited)
For the years ended December 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020	2019	2020
Cash flows from operating activities:			
Income before income taxes and non-controlling interests	¥ 760	¥ 3,206	\$ 7,349
Adjustments for:			
Depreciation	1,153	1,064	11,140
Amortization of goodwill	170	84	1,646
Impairment loss on long-lived assets	192	134	1,859
Loss on disposal of property, plant and equipment	10	42	100
Gain on sales of property, plant and equipment	(0)	(2,093)	(0)
Gain on sales of shares of associated companies	—	(99)	—
Loss on withdrawal from the brand	30	24	297
Interest and dividend income	(91)	(174)	(885)
Interest expenses	96	100	932
Gain on sales of investments in securities	(329)	—	(3,183)
Subsidy income	(510)	—	(4,928)
Change in assets and liabilities:			
Decrease in notes and accounts receivables	499	271	4,825
Decrease (increase) in inventories	186	(229)	1,805
Increase (decrease) in notes and account payables	157	(628)	1,517
Increase (decrease) in accrued expenses	(440)	186	(4,254)
Increase (decrease) in allowance for bad debts	(11)	44	(108)
Increase (decrease) in reserve for sales returns	3	(10)	35
Increase (decrease) in reserve for point service	(2)	1	(22)
Increase in assets for retirement benefits	(177)	(358)	(1,713)
Increase (decrease) in liabilities for retirement benefits	14	(70)	143
Others	287	26	2,781
Subtotal	2,001	1,522	19,336
Interest and dividend income received	92	172	896
Interest expenses paid	(85)	(100)	(824)
Income taxes paid	(524)	(596)	(5,065)
Subsidy income received	465	—	4,498
Net cash provided by operating activities	1,950	998	18,841
Cash flows from investing activities:			
Payments into time deposits	(830)	(210)	(8,024)
Proceeds from time deposits	830	361	8,024
Payments for purchase of property, plant and equipment	(1,970)	(842)	(19,037)
Proceeds from sales of property, plant and equipment	34	3,341	330
Payments for purchase of intangible assets	(165)	(41)	(1,595)
Payments for purchase of investments in securities	(405)	(2)	(3,922)
Proceeds from sales of investments in securities	490	97	4,742
Payment for acquisition of subsidiaries' interests that result in change in scope of consolidation	—	(11,660)	—
Payment for sales of subsidiaries' interests that result in changes in the scope of consolidation	—	(94)	—
Payments for long-term loans receivable made	(15)	(52)	(147)
Proceeds from collection of long-term loans receivable	27	23	264
Payments for lease deposit	(125)	(778)	(1,212)
Proceeds from lease deposit	222	96	2,152
Payments for asset retirement obligations	(15)	(34)	(151)
Payments for investments in capital	(4)	(23)	(44)
Other, net	0	(5)	0
Net cash used in investing activities	(1,927)	(9,827)	(18,620)
Cash flows from financing activities:			
Proceeds from short-term loans	1,472	12,637	14,221
Repayment of short-term loans	(9,880)	(2,952)	(95,467)
Proceeds from long-term loans	9,218	1,093	89,067
Repayment of long-term loans	(771)	(934)	(7,454)
Cash dividends paid	(229)	(228)	(2,216)
Cash dividends paid to non-controlling interests	(0)	(232)	(0)
Repayment to non-controlling interests	—	(7)	—
Purchase of treasury stock	(0)	(1)	(0)
Repayment of lease obligations	(23)	(61)	(230)
Net cash provided by (used in) financing activities	(215)	9,314	(2,079)
Foreign currency translation adjustments on cash and cash equivalents	19	(84)	188
Net increase (decrease) in cash and cash equivalents	(172)	401	(1,670)
Cash and cash equivalents at beginning of year	6,231	5,830	60,212
Cash and cash equivalents at end of year (Note 4)	¥ 6,059	¥ 6,231	\$ 58,542

The accompanying notes are an integral part of these statements.

LOOK HOLDINGS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
December 31, 2020 and 2019

1. Basis of Presenting the Financial Statements

The accompanying unaudited consolidated financial statements of LOOK HOLDINGS INCORPORATED (the "Company") have been prepared based on the consolidated financial statements filed with the Financial Service Agency as required by the Financial Instruments and Exchange Act of Japan, and in accordance with accounting principles generally accepted in Japan ("Japan GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards ("IFRSs"). In the case of the foreign subsidiary, its financial statements are prepared in conformity with accounting principles prevailing in the countries of domicile.

The "Practical Solution on unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements" (Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force ("PITF") No. 18, May 17, 2006; final revision, March 29, 2017) requires that for the preparation of consolidated financial statements, the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should be unified, in principle, and financial statements prepared by foreign subsidiaries in accordance with IFRSs or the generally accepted accounting principles in the United States ("U.S. GAAP") tentatively may be used for the consolidation process, however, the items listed in the PITF should be adjusted in the consolidation process so that net income is accounted for in accordance with Japan GAAP unless they are not material. According to the PITF, for the preparation of consolidated financial statements, the Company made necessary modification to the consolidated financial statements.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, the notes to the consolidated financial statements include information which is not required under Japan GAAP but is presented herein as additional information.

Certain reclassifications of previously reported amounts have been made to conform with classifications for the year ended December 31, 2020.

2. Summary of Significant Accounting Policies

(1) Consolidation and investments in affiliates

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Company has the ability to exercise significant influence are accounted for by the equity method.

The consolidated financial statements at December 31, 2020 include the accounts of the Company and its fourteen significant subsidiaries (collectively the "Group"), LOOK INCORPORATED, A.P.C. JAPAN LTD., LOOK MODE INC., L. LOGISTICS INC., FASHIONABLE FOODS INTERNATIONAL INC., Bisonte Italia Holding S.r.l., Il Bisonte S.p.A., Il Bisonte USA Inc., Il Bisonte Asia Limited, Il Bisonte France S.a.r.l., I.D. LOOK LTD., I.D. JOY LTD., LOOK (H.K.) LTD. and LOOK CHINA CO., LTD. and the consolidated financial statements at December 31, 2019 include the accounts of the Company and its sixteen significant subsidiaries (collectively the "Group"), LOOK INCORPORATED, A.P.C. JAPAN LTD., LAISSE PASSE CO., LTD., LOOK MODE INC., L. LOGISTICS INC., FASHIONABLE FOODS INTERNATIONAL INC., Bisonte Italia Holding S.r.l., Il Bisonte S.p.A., Il Bisonte USA Inc., Il Bisonte UK Limited, Il Bisonte Asia Limited, Il Bisonte France S.a.r.l., I.D. LOOK LTD., I.D. JOY LTD., LOOK (H.K.) LTD. and LOOK CHINA CO., LTD. For the year ended December 31, 2020, LAISSE PASSE CO., LTD. is excluded from consolidation because it was merged by LOOK INCORPORATED and Il Bisonte UK Limited is excluded from consolidation because it was dissolved, and its liquidation was completed. The profit and loss of Il Bisonte UK

LOOK HOLDINGS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
December 31, 2020 and 2019

Limited is consolidated until the liquidation was completed. Consolidation of the remaining unconsolidated subsidiaries would not have had a material effect on the accompanying consolidated financial statements. The fiscal year-end of the consolidated subsidiaries is in conformity with that of the Company.

There are no investments in non-consolidated subsidiaries at December 31, 2020, which should be accounted for by the equity method since the effect on the accompanying consolidated financial statements would not have been material. There were no investments in non-consolidated subsidiaries and affiliate companies at December 31, 2019, which should be accounted for by the equity method since the effect on the accompanying consolidated financial statements would not have been material. Investment in non-consolidated subsidiaries is stated at cost (Please see Note 7).

All significant inter-company balances and transactions have been eliminated in consolidation. All material unrealized gains resulting from inter-company transactions have been eliminated.

(2) Cash and cash equivalents

Cash and cash equivalents are composed of cash on hand, bank deposits which can be withdrawn on demand, and short-term investments which are readily convertible into cash and with an original maturity of three months or less, which represent insignificant risk of changes in value.

(3) Foreign currency transactions/ Foreign currency financial statements

All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income.

All assets and liabilities of foreign consolidated subsidiary are translated into Japanese yen at the exchange rate at balance sheet date. All revenue and expense accounts are translated at average exchange rate for the year. The resulting translation adjustments are reported as a separate component of accumulated other comprehensive income and non-controlling interests.

(4) Inventories

Inventories are stated at the lower of cost or net selling value. Cost is determined mainly by the first-in first-out method.

(5) Securities

Securities are classified as held-to-maturity debt securities or available-for-sale securities, depending on management's holding intent. Held-to-maturity debt securities are reported at amortized cost. Available-for-sale securities, for which market quotations are available, are stated at fair value, with unrealized gains or losses, net of taxes, reported in a separate component of accumulated other comprehensive income. Available-for-sale securities, for which market quotations are unavailable, are stated at cost. The cost of available-for-sale security sold is determined based on the moving-average method. In cases where the fair value of held-to-maturity debt securities, available-for-sale securities and equity securities issued by subsidiaries and affiliates has declined significantly and such impairment of the value is not deemed temporary, those securities are written down to the fair value and the resulting losses are charged to income for the period.

(6) Derivatives and hedging activities

All derivatives are recognized as assets or liabilities and measured at fair value. Valuation gains or losses on hedging instruments are deferred until the gains or losses on underlying hedged items are realized as a separate component of accumulated other comprehensive income. The Group has

LOOK HOLDINGS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
December 31, 2020 and 2019

entered into forward exchange contracts for hedging future fluctuation of a forecasted transaction denominated in foreign currency. The Group employs derivatives within estimated volume of transactions denominated in foreign currency based on internal rules which includes authorization regulation. The Group does not enter into derivatives for trading or speculative purposes.

Hedge effectiveness is assessed by comparing the accumulated change in the cash flow of the hedging instruments to the accumulated change in the cash flow of the hedged items from the inception of the hedge to the date of measurements performed.

In the event that critical terms in the hedging instruments and the hedged items can be regarded as the same and this can be assumed to establish a complete offset of cash flow movement at the time of the inception of the hedge and thereafter continuously, the assessment of effectiveness is not performed.

(7) Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is mainly computed on the declining-balance method, while the straight-line method is applied to leasehold improvements and structures purchased after April 1, 2016, at rates based on the estimated useful lives of assets, mainly which are prescribed by the Japanese corporate tax laws.

When property, plant or equipment is retired or disposed of, the difference between the net book value and sales proceeds, if any, is charged or credited to income.

Normal repair and maintenance, including minor renewals and improvements, are charged to income as incurred.

(8) Amortization

Amortization of intangible assets is computed on the straight-line method over service lives of assets, which are prescribed by the Japanese corporate tax laws. The expenses for internal use computer software are deferred and amortized by the straight-line method over the estimated useful lives of 5 years.

Marketing related assets are deferred and amortized by the straight-line method over the economic useful lives of 30 years.

The difference between the acquisition cost and net assets acquired is shown as goodwill and amortized over its estimated effective period (within 20 years) on a straight-line basis.

(9) Income taxes

Income taxes consist of corporate income taxes, local inhabitant taxes and enterprise taxes.

The asset and liability approach is used to recognize deferred income tax assets and liabilities for the future tax consequence of temporary differences between the tax basis of assets and liabilities and those as reported in the financial statements.

The Company and its domestic subsidiaries have adopted the consolidated taxation system, with the Company as the taxable parent company.

The Company and its domestic consolidated subsidiaries calculated the amounts of deferred tax assets and deferred tax liabilities according to tax acts prior to amendment based on the treatment of Paragraph 3 of “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (ASBJ Practical Issues Task Force No. 39, March 31, 2020), without applying the provision of Paragraph 44 of “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018), regarding the transition to the group tax sharing system established in “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 8 of 2020), and regarding items for which the

LOOK HOLDINGS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
December 31, 2020 and 2019

non-consolidated taxation system has been reviewed in line with the transition to the group tax sharing system.

(10) Accounting for leases

Leased assets related to finance lease transactions are depreciated on a straight-line method, with the lease periods as their useful lives and no residual value.

(11) Reserve for sales returns

Reserve for sales returns has been provided by certain consolidated subsidiaries in an amount equivalent to the gross margin of merchandise sold, which is estimated to be returned subsequent to year-end dates in order to exclude profits on such possible sales returns. In estimating the sales returns, the formula prescribed by the Japanese tax laws is applied which is primarily based on past experience.

(12) Liabilities for retirement benefits

The Company and two domestic consolidated subsidiaries have a defined contribution pension plan and a prepaid termination allowance plan as defined contribution plans as well as a corporate pension plan and a termination allowance plan as defined benefit plans. One domestic and three foreign subsidiaries have a termination allowance plan as defined benefit plans. One foreign subsidiary has a defined contribution plan and a termination allowance plan as a defined benefit plan.

The Company and certain consolidated subsidiaries use a simplified method for the calculation of liabilities for retirement benefits and retirement benefit expenses. The simplified method assumes the retirement benefit obligation to be equal to the amount required for voluntary retirement at the balance sheet date for termination allowance plans and to be equal to the projected benefit obligations for corporate pension plans.

(13) Allowance for bad debts

Allowance for bad debts is provided for future losses on defaults and computed on the past experiences and other factors after considering estimated uncollectible amounts on an individual customer bases.

(14) Reserve for point service

Reserve for point service is provided for future cost generating from the utilization of points based on its past experience.

(15) Appropriation of retained earnings

Appropriations of retained earnings are reflected in the consolidated financial statements for the following year upon shareholders' approval.

(16) Per share information

Net income per share of common stock is computed based upon the weighted-average number of shares of common stock outstanding during each year. Cash dividends per share shown for each year in the accompanying consolidated statements of income represent dividends declared as applicable to the respective years rather than those paid during the years.

(17) Accounting estimates associated with the effects of COVID-19 pandemic

The business of the Group has been heavily influenced by the spread of COVID-19, for example, the Group temporarily closed the stores in the commercial facilities or directly managed stores and shortened their business hours. The government declared second state of emergency in January 2021. While it is difficult to accurately predict when it will be under control, the Group made the accounting

LOOK HOLDINGS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
December 31, 2020 and 2019

estimates for the recoverability of deferred tax assets and impairment of property, plant and equipment based on the assumption that the impact will continue roughly until the end of second quarter ended June 30, 2021 and after that the economy will gradually recover along with promoting COVID-19 vaccination.

(18) Accounting standards issued but not yet applied

1. Accounting Standards for Revenue Recognition etc.

- Accounting Standards for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020)
- Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 31, 2020)

(1) Overview

These are comprehensive accounting standards for revenue recognition and revenues are recognized based on the following five step approach:

Step 1: Identify the contracts with customers

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when or as the entity satisfies a performance obligation

(2) Planned applicable date

The accounting standards are to be applied from the beginning of the year ending December 31, 2022.

(3) Impact of application on these accounting standards

The Company is currently evaluating the impact of application of these accounting standards to the consolidated financial statements.

2. Accounting Standard for Fair Value Measurement etc.

- Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019)
- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, July 4, 2019)
- Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, July 4, 2019)
- Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019)
- Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, March 31, 2020)

(1) Overview

In order to enhance comparability with internationally recognized accounting standards, “Accounting Standard for Fair Value Measurement” and “Implementation Guidance on Accounting Standard for Fair Value Measurement” (together, hereinafter referred as “Fair Value Accounting Standards”) were developed and guidance on methods measuring fair value was issued. Fair Value Accounting Standards are applicable to the fair value measurement of the following items:

- Financial instruments in “Accounting Standard for Financial Instruments” and
- Inventories held for trading purposes in “Accounting Standard for Measurement of Inventories”

In addition, “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” was revised to include notes regarding the breakdown by level of fair values of financial instruments.

(2) Planned applicable date

The accounting standards are to be applied from the beginning of the year ending December 31, 2022.

LOOK HOLDINGS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
December 31, 2020 and 2019

(3) Impact of application on these accounting standards

The Company is currently evaluating the impact of application of these accounting standards to the consolidated financial statements.

3. Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections

- Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections” (ASBJ Statement No. 24, March 31, 2020)

(1) Overview

The purpose of this accounting standard is to show the overview of accounting principles and procedures adopted in cases where the provisions of the relevant accounting standards are not clear.

(2) Planned applicable date

The accounting standards are to be applied from the end of the year ending December 31, 2021.

4. Accounting Standard for Disclosure of Accounting Estimates

- Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020)

(1) Overview

The purpose of this accounting standard is to disclose information that will facilitate the understanding of the users of the financial statements, regarding accounting estimates recorded in the financial statements for the current year that have the risk of significantly impacting the financial statements for the following fiscal year.

(2) Planned applicable date

The accounting standards will be applied from the end of the year ending December 31, 2021.

3. United States Dollar Amounts

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and principally operates. The translation of Japanese yen amounts into U.S. dollar amounts for the year ended December 31, 2020 is included solely for the convenience of readers outside Japan and has been made at the rate of ¥103.50=U.S.\$1, the rate of exchange on December 30, 2020. The translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at the above or any other rate.

4. Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2020 and 2019 on the consolidated statements of cash flows consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020	2019	2020
Cash and time deposits	¥ 6,260	¥ 6,444	\$ 60,489
Time deposits that have maturities of over three months when acquired	(201)	(212)	(1,947)
Cash and cash equivalents	¥ 6,059	¥ 6,231	\$ 58,542

LOOK HOLDINGS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
December 31, 2020 and 2019

5. Inventories

Inventories at December 31, 2020 and 2019 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020	2019	2020
Finished goods and merchandise	¥ 9,189	¥ 9,043	\$ 88,791
Work-in-process	659	1,044	6,367
Raw materials	639	557	6,178
Total	¥ 10,488	¥ 10,645	\$101,336

Write-down of finished goods and merchandise to net realizable value are charged to cost of sales. The amount of such write-down for the years ended December 31, 2020 and 2019 were ¥4,477 million (\$43,264 thousand) and ¥4,126 million, respectively.

6. Investments in Securities

At December 31, 2020 and 2019, book values (fair values), acquisition costs and difference of available-for-sale securities with available fair values are as follows:

	Millions of yen		
	2020		
	Book values	Acquisition costs	Difference
Securities with book values (fair values) exceeding acquisition costs:			
Equity securities	¥ 1,524	¥ 851	¥ 673
Total	¥ 1,524	¥ 851	¥ 673
Securities with book values (fair values) not exceeding acquisition costs:			
Equity securities	¥ 260	¥ 338	¥ (77)
Total	¥ 260	¥ 338	¥ (77)

	Thousands of U.S. dollars (Note 3)		
	2020		
	Book values	Acquisition costs	Difference
Securities with book values (fair values) exceeding acquisition costs:			
Equity securities	\$ 14,731	\$ 8,225	\$ 6,506
Total	\$ 14,731	\$ 8,225	\$ 6,506
Securities with book values (fair values) not exceeding acquisition costs:			
Equity securities	\$ 2,514	\$ 3,267	\$ (753)
Total	\$ 2,514	\$ 3,267	\$ (753)

LOOK HOLDINGS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
December 31, 2020 and 2019

	Millions of yen		
	2019		
	Book values	Acquisition costs	Difference
Securities with book values (fair values) exceeding acquisition costs:			
Equity securities	¥ 2,312	¥ 834	¥ 1,477
Total	¥ 2,312	¥ 834	¥ 1,477
Securities with book values (fair values) not exceeding acquisition costs:			
Equity securities	¥ 213	¥ 235	¥ (21)
Total	¥ 213	¥ 235	¥ (21)

Securities classified as available-for-sale securities for which fair values are not available at December 31, 2020 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020	2019	2020
Non-listed equity securities	¥ 102	¥ 0	\$ 994
Bonds	14	14	136

Available-for-sale securities sold during the year ended December 31, 2020 are as follows:

	Millions of yen	Thousands of U.S. dollars (Note 3)
Amount sold	¥ 492	\$ 4,760
Net gain on sale	352	3,403
Net loss on sale	22	220

7. Investments in Non-consolidated Subsidiaries

Investments in non-consolidated subsidiaries at December 31, 2020 and 2019 are ¥0 million (\$0 thousand) and ¥0 million, respectively.

8. Short-term and Long-term Loans

Short-term loans at December 31, 2020 and 2019 represented bank loan, bearing average interest of 0.74 % and 1.28% per annum, respectively.

LOOK HOLDINGS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
December 31, 2020 and 2019

Long-term loans at December 31, 2020 and 2019 consist of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020	2019	2020
Loans, maturing in installments through 2033; bearing weighted average interest of 0.75% at December 31, 2020	¥ 10,039	¥ —	\$ 96,998
Loans, maturing in installments through 2033; bearing weighted average interest of 0.96% at December 31, 2019	—	1,360	—
Less current installments	1,967	120	19,010
	<u>¥ 8,071</u>	<u>¥ 1,239</u>	<u>\$ 77,988</u>

The annual maturities of the long-term loans (except for current installments) at December 31, 2020 are as follows:

	Millions of yen	Thousands of U.S. dollars (Note 3)
Year ending December 31,		
2022	¥ 1,518	\$ 14,672
2023	1,397	13,506
2024	814	7,874
2025	815	7,875

The annual maturities of the lease obligations (except for current installments) at December 31, 2020 are as follows:

	Millions of yen	Thousands of U.S. dollars (Note 3)
Year ending December 31,		
2022	¥ 5	\$ 49
2023	4	46
2024	3	36
2025	1	9

At December 31, 2020 and 2019, assets pledged as collateral for short-term loans and long-term loans are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020	2019	2020
Buildings and structures	¥ 1,389	¥ 442	\$ 13,427
Land	491	441	4,744
Intangible assets - other	—	18	—
Total	<u>¥ 1,880</u>	<u>¥ 901</u>	<u>\$ 18,171</u>

LOOK HOLDINGS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
December 31, 2020 and 2019

Secured loans at December 31, 2020 and 2019 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020	2019	2020
Long-term loans (includes current portion of long-term loans)	¥ 910	¥ 389	\$ 8,798
Total	¥ 910	¥ 389	\$ 8,798

9. Income Taxes

Significant components of deferred tax assets and deferred tax liabilities at December 31, 2020 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020	2019	2020
Deferred tax assets:			
Tax loss carryforward	¥ 1,096	¥ 1,250	\$ 10,598
Impairment loss on long-lived assets	83	109	808
Loss on write-down of inventories	1,136	988	10,980
Retirement benefit expenses	62	62	600
Asset retirement obligations	99	98	965
Allowance for bad debts	68	67	658
Inventories	64	55	624
Others	454	385	4,388
Gross deferred tax assets	3,065	3,017	29,621
Valuation allowance for tax loss carryforwards	(605)	(665)	(5,848)
Valuation allowance for total deductible temporary differences	(497)	(446)	(4,809)
Total valuation allowance	(1,102)	(1,112)	(10,657)
Total deferred tax assets	1,962	1,904	18,964
Offset with deferred tax liabilities	(277)	(464)	(2,684)
Deferred tax assets, net	1,685	1,440	16,280
Deferred tax liabilities:			
Marketing related assets	(2,958)	(2,955)	(28,583)
Net unrealized gains on available-for-sale securities	(144)	(408)	(1,398)
Undistributed earnings of foreign subsidiaries	(160)	(152)	(1,549)
Asset retirement obligations	(28)	(28)	(276)
Assets for retirement benefits	(131)	(80)	(1,274)
Others	(65)	(38)	(633)
Gross deferred tax liabilities	(3,489)	(3,662)	(33,713)
Offset with deferred tax assets	277	464	2,684
Deferred tax liabilities, net	¥ (3,211)	¥ (3,198)	\$ (31,029)
Tax loss carryforwards will expire as follows:			

LOOK HOLDINGS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
December 31, 2020 and 2019

Millions of yen							
2020							
	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	Total
Tax loss carryforwards	¥ 165	¥ 62	¥ 148	¥ 73	¥ 134	¥ 511	¥ 1,096
Valuation allowance	(39)	(39)	(43)	(19)	(21)	(440)	(605)
Deferred tax assets	<u>¥ 126</u>	<u>¥ 23</u>	<u>¥ 104</u>	<u>¥ 54</u>	<u>¥ 112</u>	<u>¥ 71</u>	<u>¥ 491</u>

Thousands of U.S. dollars (Note 3)							
2020							
	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	Total
Tax loss carryforwards	\$ 1,603	\$ 606	\$ 1,432	\$ 714	\$ 1,297	\$ 4,946	\$ 10,598
Valuation allowance	(382)	(379)	(425)	(190)	(213)	(4,259)	(5,848)
Deferred tax assets	<u>\$ 1,221</u>	<u>\$ 227</u>	<u>\$ 1,007</u>	<u>\$ 524</u>	<u>\$ 1,084</u>	<u>\$ 687</u>	<u>\$ 4,750</u>

The amount of tax loss carryforwards shown in the table above is the amount obtained by multiplying the effective statutory tax rate.

The Company recognized deferred tax assets of ¥491 million (\$4,750 thousand) for tax loss carryforwards of ¥1,096 million (\$10,598 thousand) (the amount obtained by multiplying the effective statutory tax rate). The Company does not establish a valuation allowance for the tax loss carryforwards of the Company that is recoverable due to expected future taxable income.

Millions of yen							
2019							
	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	Total
Tax loss carryforwards	¥ 117	¥ 192	¥ 64	¥ 148	¥ 73	¥ 653	¥ 1,250
Valuation allowance	(50)	(65)	(20)	(43)	(19)	(465)	(665)
Deferred tax assets	<u>¥ 66</u>	<u>¥ 127</u>	<u>¥ 43</u>	<u>¥ 104</u>	<u>¥ 54</u>	<u>¥ 188</u>	<u>¥ 584</u>

The amount of tax loss carryforwards shown in the table above is the amount obtained by multiplying the effective statutory tax rate.

The Company recognized deferred tax assets of ¥584 million for tax loss carryforwards of ¥1,250 million (the amount obtained by multiplying the effective statutory tax rate). The Company does not establish a valuation allowance for the tax loss carryforwards of the Company that is recoverable due to expected future taxable income.

LOOK HOLDINGS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
December 31, 2020 and 2019

The reconciliation of the statutory income tax rate and the tax rate reflected in the consolidated statements of income for the years ended December 31, 2020 and 2019 is follows:

	2020	2019
Statutory income tax rate	30.62%	30.62%
Expenses not deducted for tax purposes	0.75	0.34
Income not credited for tax purposes	(0.53)	(0.11)
Per capita tax	5.03	1.11
Difference in statutory tax rates of subsidiaries	(8.76)	(1.85)
Special exemption of consolidated subsidiaries	(3.50)	(0.78)
Acquisition cost for associated companies' shares	—	3.19
Amortization of goodwill	6.86	0.80
Undistributed earnings	1.05	1.14
Reduced tax rate	(0.52)	0.98
Increase / decrease in valuation allowance	2.13	(1.09)
Expiration of tax loss carryforward	8.41	2.17
Other	0.88	0.28
Tax rate reflected in the consolidated statements of income	<u>42.42%</u>	<u>36.80%</u>

10. Employees' Pension and Retirement Benefits

1. Followings are the information of defined benefit plans at December 31, 2020 and 2019 and for the years then ended.

(1) Reconciliation of changes in liabilities or assets for retirement benefits calculated by a simplified method

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020	2019	2020
Liabilities for retirement benefits at beginning of year	¥ (47)	¥ 252	\$ (460)
Retirement benefit expenses	191	22	1,847
Benefits paid	(72)	(68)	(701)
Contribution	(291)	(384)	(2,819)
Other	15	130	150
Liabilities for retirement benefits at end of year	<u>¥ (205)</u>	<u>¥ (47)</u>	<u>\$ (1,983)</u>

(Note) The liabilities for retirement benefits and assets for retirement benefits are reported on a net basis.

LOOK HOLDINGS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
December 31, 2020 and 2019

- (2) Reconciliation between net of retirement benefit obligation and plan assets, and liabilities or assets for retirement benefits recognized in consolidated balance sheets

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020	2019	2020
Funded retirement benefit obligation	¥ 2,909	¥ 2,902	\$ 28,114
Plan assets	(3,174)	(2,987)	(30,675)
	(265)	(85)	(2,561)
Unfunded retirement benefit obligation	59	37	578
Net of liabilities and assets for retirement benefits	¥ (205)	¥ (47)	\$ (1,983)
Liabilities for retirement benefits	¥ 331	¥ 310	\$ 3,198
Assets for retirement benefits	(536)	(358)	(5,181)
Net of liabilities and assets for retirement benefits	¥ (205)	¥ (47)	\$ (1,983)

- (3) Retirement benefit expenses calculated by a simplified method is ¥191 million (\$1,847 thousand) and ¥22 million for the years ended December 31, 2020 and 2019, respectively.

2. The amount to be paid by the Company and consolidated subsidiaries to the defined contribution plans is ¥18 million (\$178 thousand) and ¥17 million and the paid amounts by a prepaid termination allowance plan is ¥15 million (\$152 thousand) and ¥16 million for the years ended December 31, 2020 and 2019, respectively.

11. Asset Retirement Obligations

- (1) Asset retirement obligations recognized on the consolidated balance sheets

Asset retirement obligations are associated with restoration expenses for sales shops and offices according to leasehold contracts.

The obligations are calculated by using the lease terms as estimated period of use for restoration expenses and by using the useful lives as estimated period of use for legal disposal cost, and the yield rate of Japanese government bonds corresponding to each life time as discounted rate.

The following table provides a total asset retirement obligation for the years ended December 31, 2020 and 2019:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020	2019	2020
Balance, beginning of year	¥ 300	¥ 279	\$ 2,902
Increase by fixed assets acquisition	37	84	366
Accretion expenses	(0)	(0)	(0)
Liabilities settled	(19)	(22)	(192)
Other	(20)	(40)	(199)
Balance, end of year	¥ 297	¥ 300	\$ 2,877

LOOK HOLDINGS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
December 31, 2020 and 2019

(2) Asset retirement obligations not recognized on the consolidated balance sheets

The Group does not recognize the liabilities for asset retirement obligations for certain restoration expenses for its offices and sales shops because it is difficult to estimate the obligations reasonably since the period of use is not clear and there is no plan to movement.

12. Net Assets

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividend-in-kind) if the company has prescribed so in its articles of incorporation.

The Companies Act permits companies to distribute dividend-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. Under the Companies Act, certain limitations are imposed on the amount of capital surplus and retained earnings available for dividends.

The Companies Act provides certain limitations on the amounts available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥ 3 million.

The following dividends were paid during the year ended December 31, 2019 which was approved by the general meeting of shareholders held on March 28, 2019.

(a) Total dividends	¥229 million
(b) Cash dividends per common share	¥30
(c) Record date	December 31, 2018
(d) Effective date	March 29, 2019

The following dividends were paid during the year ended December 31, 2020 which was approved by the general meeting of shareholders held on March 27, 2020.

(a) Total dividends	¥230 million (\$2,226 thousand)
(b) Cash dividends per common share	¥30 (\$0.29)
(c) Record date	December 31, 2019
(d) Effective date	March 30, 2020

The following dividends were approved by the general meeting of shareholders held on March 30, 2021 and paid after the balance sheet date but the record date for the payment belongs to the year ended December 31, 2020.

(a) Total dividends	¥230 million (\$2,230 thousand)
(b) Dividend source	Retained earnings
(c) Cash dividends per common share	¥30 (\$0.29)
(d) Record date	December 31, 2020
(e) Effective date	March 31, 2021

LOOK HOLDINGS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
December 31, 2020 and 2019

(b) Increases / decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the aggregate amount of additional paid-in capital and legal reserve that exceeds 25% of the common stock may be made available for dividends by resolution of the shareholders. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation of such threshold.

The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by specific formula. Under the Companies Act, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of shareholders' equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of shareholders' equity or deducted directly from stock acquisition rights.

LOOK HOLDINGS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
December 31, 2020 and 2019

13. Other Comprehensive Income (Loss)

The reclassification adjustment and the related income tax effects allocated to each component of other comprehensive income (loss) for the years ended December 31, 2020 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020	2019	2020
Net unrealized gain on available-for-sale securities:			
Arising during the year	¥ (551)	¥ (211)	\$ (5,326)
Reclassification adjustment	(309)	—	(2,987)
Before tax amount	(860)	(211)	(8,313)
Tax benefit (expense)	264	53	2,551
Net-of-tax amount	(596)	(157)	(5,762)
Deferred loss on derivatives under hedge accounting:			
Arising during the year	19	(57)	189
Reclassification adjustment	(21)	75	(206)
Before tax amount	(1)	18	(17)
Tax benefit (expense)	1	(6)	6
Net-of-tax amount	(1)	12	(11)
Foreign currency translation adjustments:			
Arising during the year	389	(409)	3,762
Reclassification adjustment	—	—	—
Before tax amount	389	(409)	3,762
Tax benefit (expense)	—	—	—
Net-of-tax amount	389	(409)	3,762
Total other comprehensive income (loss)	¥ (208)	¥ (555)	\$ (2,011)

14. Leases

The Company and consolidated subsidiaries lease mainly information equipment, vehicles and software under finance leases.

Future lease payments for non-cancelable operating leases at December 31, 2020 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020	2019	2020
Due within one year	¥ 1,005	¥ 1,009	\$ 9,717
Due after one year	4,505	5,490	43,531
Total	¥ 5,511	¥ 6,499	\$ 53,248

LOOK HOLDINGS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
December 31, 2020 and 2019

15. Financial Instruments

(1) Conditions of financial instruments

(a) Management policy

The Group raises some funds through bank borrowings, and surplus funds are invested in highly safe financial instruments. The Group uses derivatives to avoid risks mentioned below and does not enter into derivatives for speculative purposes.

(b) Financial instruments and risks

Trade notes and accounts receivable are exposed to customer's credit risk.

Investments in securities are mainly available-for-sale securities and equity securities held for business relations and are exposed to market fluctuation risk.

Lease deposits are deposits for leased properties and are exposed to counterparty's credit risk.

Maturities of trade notes and accounts payable are mostly within one year. Trade notes and accounts payable are exposed to liquidity risk. Part of trade payables are denominated in foreign currency and are exposed to fluctuation risk of foreign exchange rates, and the Group uses foreign exchange contracts to hedge the risk.

Loans are mainly for financing of operating funds and loans with variable interest rate are exposed to fluctuation risk of interests.

Derivative transactions employed by the Group are foreign exchange contracts to hedge future fluctuation of foreign exchange rates of trade payables denominated in foreign currency mainly (Please see Note 2 (6)).

(c) Financial instruments risk management

a) Credit risk

To mitigate and quickly capture the collectability issues due to bad financial condition and so on, in-charge of each operating division monitors major customers' credit status, and performs due date controls and balance controls by each customer in accordance with credit control rules for controlling customer credit risk. The counterparties to derivative transactions are limited to financial institutions with high credit ratings.

b) Market risk

The Group uses a foreign exchange contract for hedging the cash flow fluctuation risk associated with trade payables and firm commitments denominated in foreign currencies, depending on foreign exchange rates.

For investments in securities, the Group regularly monitors a price and an issuer's financial condition, and continuously considers whether the Group holds the securities other than held-to-maturity bonds.

Derivative transactions are executed and controlled by the accounting department in accordance with internal rules which includes authorization regulation and transaction records are reported to the Board of Directors regularly.

c) Liquidity risk

To mitigate the liquidity risk, responsible department prepares and updates a funds management plan based on the report from each department, and maintains an appropriate level of liquidity.

LOOK HOLDINGS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
December 31, 2020 and 2019

(d) Supplemental explanation regarding fair value of financial instruments

Fair value of financial instruments are measured based on the quoted market price, if available, or reasonably assessed value if a quoted market price is not available. Fair value of financial instruments which quoted market price is not available is calculated based on certain assumptions, and the fair value might differ if different assumptions are used.

(2) Fair value of financial instruments

The carrying amounts on the consolidated balance sheets, fair value, and differences at December 31, 2020 and 2019 are as follows. Financial instruments, of which it is extremely difficult to measure the fair value, are not included. (Please see “(b) Financial instruments of which the fair value is extremely difficult to measure”)

December 31, 2020	Millions of yen			Thousands of U.S. dollars (Note 3)		
	Carrying amount	Fair value	Differences	Carrying amount	Fair value	Differences
Assets:						
(1) Cash and time deposits	¥ 6,260	¥ 6,260	¥ —	\$ 60,489	\$ 60,489	\$ —
(2) Notes and accounts receivable-trade	4,625			44,692		
Less: allowance for bad debts *1	(1)			(11)		
	4,624	4,624	—	44,681	44,681	—
(3) Investments in securities:						
Available-for-sale securities	1,784	1,784	—	17,246	17,246	—
(4) Lease deposit	1,803	1,811	7	17,428	17,501	73
Total	¥ 14,473	¥ 14,481	¥ 7	\$ 139,844	\$ 139,917	\$ 73
Liabilities:						
(1) Notes and accounts payable - trade	¥ 2,810	¥ 2,810	¥ —	\$ 27,157	\$ 27,157	\$ —
(2) Short-term loans	2,480	2,480	—	23,961	23,961	—
(3) Long-term loans *2	10,039	10,070	31	96,998	97,299	301
Total	¥ 15,330	¥ 15,361	¥ 31	\$ 148,116	\$ 148,417	\$ 301
Derivative transactions *3	¥ 1	¥ 1	¥ —	\$ 13	\$ 13	\$ —

LOOK HOLDINGS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
December 31, 2020 and 2019

December 31, 2019	Millions of yen		
	Carrying amount	Fair value	Differences
Assets:			
(1) Cash and time deposits	¥ 6,444	¥ 6,444	¥ —
(2) Notes and accounts receivable-trade	5,140		
Less: allowance for bad debts *1	(1)		
	5,138	5,138	—
(3) Investments in securities:			
Available-for-sale securities	2,525	2,525	—
(4) Lease deposit	1,810	1,818	7
Total	¥ 15,918	¥ 15,926	¥ 7
Liabilities:			
(1) Notes and accounts payable - trade	¥ 2,651	¥ 2,651	¥ —
(2) Short-term loans	10,890	10,890	—
(3) Long-term loans *2	1,360	1,364	3
Total	¥ 14,902	¥ 14,906	¥ 3
Derivative transactions *3	¥ 4	¥ 4	¥ —

*1 Allowance for bad debts provided individually for notes and accounts receivable-trade are deducted.

*2 Long-term loans includes current portion of long-term loans.

*3 Derivative receivables and payables are on net basis.

(a) Fair value measurement of financial instruments

Assets:

(1) Cash and time deposits and (2) Notes and accounts receivable-trade

The fair value approximates the carrying amount because of the short maturity of these instruments.

(3) Investments in securities

The fair value of equity securities is calculated by quoted market prices and the fair value of debt securities is estimated based on quoted market prices or quotes from counterparties (Please see Note **6. Investments in Securities** for information by holding purpose).

(4) Lease deposit

The fair value is based on the present value calculated using a reasonably estimated time of refund of lease deposits and a reasonable discount rate.

Liabilities:

(1) Notes and accounts payable-trade and (2) Short-term loans

The fair value approximates the carrying amount because of the short maturity of these instruments.

(3) Long-term loans

The fair value is based on the present value of future cash flows of interests and principal payments discounted using the expected rate for similar loans.

Derivative transactions:

Please see note **16. Derivative Transactions** for details of derivative transactions.

LOOK HOLDINGS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
December 31, 2020 and 2019

(b) Financial instruments of which the fair value is extremely difficult to measure at December 31, 2020 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020	2019	2020
Unlisted equity securities *1	¥ 116	¥ 14	\$ 1,130
Lease deposit *2	547	619	5,291

*1 Because no quoted market prices are available and the fair value is extremely difficult to measure, these are not included in above (3) Investments in securities.

*2 Because it is extremely difficult to estimate substantive deposit terms of these lease deposits and the fair value is extremely difficult to measure, these are not included in above (4) Lease deposit.

(c) Projected future redemption of monetary claim and securities with maturities at December 31, 2020 and 2019

	Millions of yen			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
<u>December 31, 2020</u>				
Cash and time deposits	¥ 6,260	¥ —	¥ —	¥ —
Notes and accounts receivable - trade	4,625	—	—	—
Investments in securities:				
Available-for-sale securities with maturities:				
Debt securities	—	14	—	—
Lease deposit	169	964	670	—
	¥ 11,055	¥ 978	¥ 670	¥ —

	Thousands of U.S. dollars (Note 3)			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
<u>December 31, 2020</u>				
Cash and time deposits	\$ 60,489	\$ —	\$ —	\$ —
Notes and accounts receivable - trade	44,692	—	—	—
Investments in securities:				
Available-for-sale securities with maturities:				
Debt securities	—	136	—	—
Lease deposit	1,634	9,319	6,475	—
	\$ 106,815	\$ 9,455	\$ 6,475	\$ —

LOOK HOLDINGS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
December 31, 2020 and 2019

Millions of yen					
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years	
<u>December 31, 2019</u>					
Cash and time deposits	¥ 6,444	¥ —	¥ —	¥ —	
Notes and accounts receivable - trade	5,140	—	—	—	
Investments in securities:					
Available-for-sale securities with maturities:					
Debt securities	—	12	1	—	
Lease deposit	213	882	714	—	
	¥ 11,797	¥ 894	¥ 716	¥ —	

(d) The annual maturities of the long-term loans at December 31, 2020 and 2019

Millions of yen						
	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
<u>December 31, 2020</u>						
Short-term loans	¥ 2,480	¥ —	¥ —	¥ —	¥ —	¥ —
Long-term loans	1,967	1,518	1,397	814	815	3,525
	¥ 4,447	¥ 1,518	¥ 1,397	¥ 814	¥ 815	¥ 3,525

Thousands of U.S. dollars (Note 3)						
	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
<u>December 31, 2020</u>						
Short-term loans	\$ 23,962	\$ —	\$ —	\$ —	\$ —	\$ —
Long-term loans	19,010	14,672	13,506	7,874	7,875	34,061
	\$ 42,972	\$ 14,672	\$ 13,506	\$ 7,874	\$ 7,875	\$ 34,061

LOOK HOLDINGS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
December 31, 2020 and 2019

		Millions of yen					
		Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
<u>December 31, 2019</u>							
Short-term loans	¥ 10,890	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Long-term loans	120	833	232	31	14	128	
	¥ 11,010	¥ 833	¥ 232	¥ 31	¥ 14	¥ 128	

16. Derivative Transactions

(1) Derivative financial instruments to which hedge accounting is not applied

		Millions of yen			
		2019			
		Contract/ Notional amount			
		Total	Settled over one year	Fair value	Unrealized gain (loss)
Forward exchange contracts					
Buying:					
U.S. dollars	¥ —	¥ —	¥ —	¥ —	¥ —
EUR	91	—	1	1	
Total	¥ 91	¥ —	¥ 1	¥ 1	

Fair value is calculated based on the prices, which are provided by the financial institution.

The Company has no derivative financial instruments to which hedge accounting is not applied at December 31, 2020.

(2) Derivative financial instruments to which hedge accounting is applied

Currency transaction

		Millions of yen			
		2020			
		Contract/ Notional amount			
		Hedged item	Total	Settled over one year	Fair value
Forward exchange contracts					
Buying:					
		Accounts payable			
U.S. dollars		¥ —	¥ —	¥ —	
EUR		198	—	1	
Total		¥ 198	¥ —	¥ 1	

LOOK HOLDINGS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
December 31, 2020 and 2019

Thousands of U.S. dollars (Note 3)				
2020				
Contract/ Notional amount				
	Hedged item	Total	Settled over one year	Fair value
Forward exchange contracts				
Buying:	Accounts payable			
U.S. dollars		\$ —	\$ —	\$ —
EUR		1,914	—	13
Total		\$ 1,914	\$ —	\$ 13
Millions of yen				
2019				
Contract/ Notional amount				
	Hedged item	Total	Settled over one year	Fair value
Forward exchange contracts				
Buying:	Accounts payable			
U.S. dollars		¥ 1	¥ —	¥ (0)
EUR		293	—	3
Total		¥ 294	¥ —	¥ 3

Fair value is calculated based on the prices, which are provided by the financial institution.

17. Impairment Loss on Long-lived Assets

Impairment loss on long-lived assets for the years ended December 31, 2020 and 2019 consisted as follows:

2020:

Location	Use	Balance sheet item
Chuo-ward, Tokyo and other locations	Assets for business use	Buildings and structures Machinery and equipment Tools, furniture and equipment
Hanamaki-city, Iwate	Idle assets	Buildings and structures Land

2019:

Location	Use	Balance sheet item
Chuo-ward, Osaka-city, Osaka and other locations	Assets for business use	Buildings and structures Tools, furniture and equipment

The Group identifies groups of assets on a store basis as the minimum independent cash-flow-generating unit.

Due to continuous losses in its operation or estimated losses in the future, impairment loss of ¥120 million (\$1,167 thousand) and ¥134 million are recognized for the above assets for business use from the book value to the recoverable value, with the difference reported as other expenses, for the years ended December 31, 2020 and 2019, respectively. Because the Board of directors decided to sell

LOOK HOLDINGS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
December 31, 2020 and 2019

former Osako Plant located at Hanamaki-city, Iwate on April 28, 2020, impairment loss of ¥71 million (\$692 thousand) is recognized for the above idle assets from the book value to the estimated net sales values, with the difference reported as other expenses, for the year ended December 31, 2020. Recoverable values are calculated according to estimated net sales values, which are mainly based on real estate appraisal values.

18. Subsidy income

The Company recorded the “Subsidy income” in the accompanying consolidated statements of income which consisted of the employment adjustment subsidy and the sustainability subsidy, etc. regarding COVID-19.

19. Loss on temporary closure of stores etc.

The Company recorded the “Loss on temporary closure of stores etc.” in the accompanying consolidated statements of income which consisted of fixed costs (labor costs, rental fees, and depreciation, etc.) that arose during the period of the temporary closure of stores in the commercial facilities or directly managed stores due to the requests from the national and local government because of the spread of COVID-19.

20. Segment Information

The reported segments of the Group are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic investigation to determine distribution of management resources and evaluate their business results.

The Group engaged in planning, producing, importing and selling apparel and its related accessories and the Company is a holding company of the Group. Two domestic consolidated subsidiaries manage the apparel related business in Japan and nine foreign subsidiaries manage the apparel related business abroad. One domestic subsidiary manages the apparel production and OEM business for the Group and other than for the Group. One domestic subsidiary manages the apparel logistics business for the Group. One domestic subsidiary manages the food and beverage business, which manufactures and sells gelatos. The Company established local business base in Japan, Korea, Europe, Hong Kong, China and U.S.A, and each base plans overall strategy for each brand and runs the business.

The Group’s reported segments are seven segments which are four geographical segments of “Japan,” “Korea,” “Europe” and “Other abroad” (Hong Kong, China and U.S.A) which are based on its sales system for the apparel related business, and “Production and OEM business,” “Logistics business” and “Food and beverage business.”

Segment sales, income or loss, assets, liabilities and others are calculated by accounting methods similar to those employed to prepare the accompanying consolidated financial statements. Segment income is calculated based on operating income disclosed in the consolidated statements of income. Intersegment revenue and transfer are based on arms-length transactions or manufacturing costs.

LOOK HOLDINGS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
December 31, 2020 and 2019

The reported segment information for the years ended December 31, 2020 and 2019 is summarized as follows:

	Millions of yen										
	2020										
	Apparel										
	Japan	Korea	Europe	Other abroad	Total	Production and OEM	Logistics	Food and beverage	Total	Adjustments	Consolidated
Net sales:											
Outside customers	¥ 20,052	¥ 14,977	¥ 967	¥ 394	¥ 36,392	¥ 487	¥ 90	¥ 44	¥ 37,014	¥ —	¥ 37,014
Intersegment	34	53	2,220	—	2,308	1,952	1,107	—	5,368	(5,368)	—
Total	<u>¥ 20,086</u>	<u>¥ 15,030</u>	<u>¥ 3,188</u>	<u>¥ 394</u>	<u>¥ 38,700</u>	<u>¥ 2,440</u>	<u>¥ 1,197</u>	<u>¥ 44</u>	<u>¥ 42,383</u>	<u>¥ (5,368)</u>	<u>¥ 37,014</u>
Segment income (loss)	<u>¥ 457</u>	<u>¥ 697</u>	<u>¥ 428</u>	<u>¥ (127)</u>	<u>¥ 1,455</u>	<u>¥ (65)</u>	<u>¥ 43</u>	<u>¥ (30)</u>	<u>¥ 1,403</u>	<u>¥ (766)</u>	<u>¥ 636</u>
Segment assets	<u>¥ 11,966</u>	<u>¥ 12,465</u>	<u>¥ 2,274</u>	<u>¥ 533</u>	<u>¥ 27,239</u>	<u>¥ 908</u>	<u>¥ 597</u>	<u>¥ 36</u>	<u>¥ 28,781</u>	<u>¥ 17,940</u>	<u>¥ 46,722</u>
Others:											
Depreciation	¥ 149	¥ 426	¥ 80	¥ 15	¥ 671	¥ 2	¥ 15	¥ —	¥ 688	¥ 464	¥ 1,153
Impairment loss	79	28	2	9	120	—	—	—	120	71	192
Amortization of goodwill	—	—	—	—	—	—	—	—	—	170	170
Capital expenditures	392	1,305	148	1	1,847	—	151	—	1,999	25	2,024

	Thousands of U.S. dollars (Note 3)										
	2020										
	Apparel										
	Japan	Korea	Europe	Other abroad	Total	Production and OEM	Logistics	Food and beverage	Total	Adjustments	Consolidated
Net sales:											
Outside customers	\$ 193,741	\$ 144,713	\$ 9,350	\$ 3,813	\$ 351,617	\$ 4,709	\$ 871	\$ 429	\$ 357,626	\$ —	\$ 357,626
Intersegment	335	514	21,455	—	22,304	18,869	10,699	—	51,872	(51,872)	—
Total	<u>\$ 194,076</u>	<u>\$ 145,227</u>	<u>\$ 30,805</u>	<u>\$ 3,813</u>	<u>\$ 373,921</u>	<u>\$ 23,578</u>	<u>\$ 11,570</u>	<u>\$ 429</u>	<u>\$ 409,498</u>	<u>\$ (51,872)</u>	<u>\$ 357,626</u>
Segment income (loss)	<u>\$ 4,417</u>	<u>\$ 6,743</u>	<u>\$ 4,139</u>	<u>\$ (1,232)</u>	<u>\$ 14,067</u>	<u>\$ (630)</u>	<u>\$ 418</u>	<u>\$ (297)</u>	<u>\$ 13,558</u>	<u>\$ (7,407)</u>	<u>\$ 6,151</u>
Segment assets	<u>\$ 115,614</u>	<u>\$ 120,439</u>	<u>\$ 21,976</u>	<u>\$ 5,158</u>	<u>\$ 263,187</u>	<u>\$ 8,779</u>	<u>\$ 5,769</u>	<u>\$ 349</u>	<u>\$ 278,084</u>	<u>\$ 173,337</u>	<u>\$ 451,421</u>
Others:											
Depreciation	\$ 1,444	\$ 4,117	\$ 778	\$ 146	\$ 6,485	\$ 25	\$ 146	\$ —	\$ 6,656	\$ 4,484	\$ 11,140
Impairment loss	773	276	25	93	1,167	—	—	—	1,167	692	1,859
Amortization of goodwill	—	—	—	—	—	—	—	—	—	1,646	1,646
Capital expenditures	3,796	12,610	1,430	19	17,855	—	1,460	—	19,315	250	19,565

LOOK HOLDINGS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
December 31, 2020 and 2019

	Millions of yen										
	2019										
	Apparel										
	Japan	Korea	Europe	Other abroad	Total	Production and OEM	Logistics	Food and beverage	Total	Adjustments	Consolidated
Net sales:											
Outside customers	¥ 25,192	¥ 16,730	¥ 907	¥ 407	¥43,237	¥ 585	¥ 26	¥ 59	¥43,909	¥ —	¥43,909
Intersegment	35	32	1,279	—	1,347	2,246	1,023	—	4,617	(4,617)	—
Total	<u>¥25,228</u>	<u>¥16,762</u>	<u>¥ 2,186</u>	<u>¥ 407</u>	<u>¥44,585</u>	<u>¥ 2,832</u>	<u>¥ 1,050</u>	<u>¥ 59</u>	<u>¥48,527</u>	<u>¥ (4,617)</u>	<u>¥43,909</u>
Segment income (loss)	<u>¥ 1,073</u>	<u>¥ 1,092</u>	<u>¥ 249</u>	<u>¥ (45)</u>	<u>¥ 2,369</u>	<u>¥ 30</u>	<u>¥ 12</u>	<u>¥ (24)</u>	<u>¥ 2,388</u>	<u>¥ (725)</u>	<u>¥ 1,662</u>
Segment assets	<u>¥12,418</u>	<u>¥11,424</u>	<u>¥ 2,257</u>	<u>¥ 565</u>	<u>¥26,665</u>	<u>¥ 758</u>	<u>¥ 491</u>	<u>¥ 45</u>	<u>¥27,962</u>	<u>¥ 19,252</u>	<u>¥47,214</u>
Others:											
Depreciation	¥ 185	¥ 372	¥ 57	¥ 9	¥ 624	¥ 4	¥ 26	¥ —	¥ 655	¥ 408	¥ 1,064
Impairment loss	123	3	7	—	134	—	—	—	134	—	134
Amortization of goodwill	—	—	—	—	—	—	—	—	—	84	84
Capital expenditures	263	557	16	10	848	5	32	—	886	14,673	15,560

1. (1) Adjustments in segment income (loss) are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020	2019	2020
Amortization of marketing related assets and goodwill	¥ (527)	¥ (260)	\$ (5,100)
Intersegment eliminations	1,703	1,825	16,463
Unallocated company-wide expenses	<u>(1,942)</u>	<u>(2,290)</u>	<u>(18,770)</u>
	<u>¥ (766)</u>	<u>¥ (725)</u>	<u>\$ (7,407)</u>

(2) Adjustments in segment assets are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020	2019	2020
Intersegment eliminations	¥ 12,684	¥ 12,443	\$ 122,557
Unallocated company-wide assets	<u>5,255</u>	<u>6,808</u>	<u>50,780</u>
	<u>¥ 17,940</u>	<u>¥ 19,252</u>	<u>\$ 173,337</u>

Company-wide assets are holding company's assets.

- Segment income (loss) is adjustment of operating income disclosed in the consolidated statements of income.
- In the year ended December 31, 2020, the Company finalized the provisional accounting treatment for the business combination. The above amount for the year ended December 31, 2019 reflects the finalization.

LOOK HOLDINGS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
December 31, 2020 and 2019

Related information

(1) Information by products and services

Disclosures are omitted because the classification of products and services are same as the classification of the reported segments.

(2) Geographical information

(a) Sales

Millions of yen							
2020							
<u>Japan</u>	<u>Korea</u>	<u>Europe</u>	<u>Hong Kong</u>	<u>China</u>	<u>U.S.A</u>	<u>Total</u>	
¥ 20,674	¥ 14,977	¥ 967	¥ 207	¥ 133	¥ 53	¥ 37,014	
Thousands of U.S. dollars (Note 3)							
2020							
<u>Japan</u>	<u>Korea</u>	<u>Europe</u>	<u>Hong Kong</u>	<u>China</u>	<u>U.S.A</u>	<u>Total</u>	
\$ 199,751	\$ 144,713	\$ 9,350	\$ 2,006	\$ 1,286	\$ 520	\$ 357,626	
Millions of yen							
2019							
<u>Japan</u>	<u>Korea</u>	<u>Europe</u>	<u>Hong Kong</u>	<u>China</u>	<u>U.S.A</u>	<u>Total</u>	
¥ 25,864	¥ 16,730	¥ 907	¥ 247	¥ 94	¥ 66	¥ 43,909	

1. Geographical sales are classified by customer's location.
2. Major countries and regions belonging to "Europe" are Italy and France for the year ended December 31, 2020 and Italy, the United Kingdom and France for the year ended December 31, 2019.

(b) Property, plant and equipment

Millions of yen							
2020							
<u>Japan</u>	<u>Korea</u>	<u>Europe</u>	<u>Hong Kong</u>	<u>China</u>	<u>U.S.A</u>	<u>Total</u>	
¥ 1,282	¥ 2,139	¥ 373	¥ 8	¥ 1	¥ 14	¥ 3,820	
Thousands of U.S. dollars (Note 3)							
2020							
<u>Japan</u>	<u>Korea</u>	<u>Europe</u>	<u>Hong Kong</u>	<u>China</u>	<u>U.S.A</u>	<u>Total</u>	
\$ 12,394	\$ 20,672	\$ 3,610	\$ 83	\$ 17	\$ 140	\$ 36,916	
Millions of yen							
2019							
<u>Japan</u>	<u>Korea</u>	<u>Europe</u>	<u>Hong Kong</u>	<u>China</u>	<u>U.S.A</u>	<u>Total</u>	
¥ 1,159	¥ 1,310	¥ 394	¥ 32	¥ 0	¥ 19	¥ 2,915	

(c) Information by major customers

Disclosures are omitted because no particular customer whose sales are over 10% of sales in the consolidated statements of income exists.

Information of impairment loss on fixed assets by reported segments

Disclosures are omitted because the information is disclosed in the reported segment information.

LOOK HOLDINGS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
December 31, 2020 and 2019

Information of balance of goodwill and negative goodwill by reported segments

Balance of goodwill is as follows:

Millions of yen

2020										
Apparel										
Japan	Korea	Europe	Other abroad	Total	Production and OEM	Logistics	Food and beverage	Total	Adjustments	Consolidated
¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 3,280	¥ 3,280

Balance

Thousands of U.S. dollars (Note 3)

2020										
Apparel										
Japan	Korea	Europe	Other abroad	Total	Production and OEM	Logistics	Food and beverage	Total	Adjustments	Consolidated
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 31,699	\$ 31,699

Balance

Millions of yen

2019										
Apparel										
Japan	Korea	Europe	Other abroad	Total	Production and OEM	Logistics	Food and beverage	Total	Adjustments	Consolidated
¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 3,337	¥ 3,337

Balance

1. Disclosures of goodwill amortization are omitted because the information is disclosed in the reported segment information.
2. As a result of acquisition of Bisonte Italia Holdings S.r.l., goodwill of ¥3,434 million had arisen, and amortization of goodwill of ¥84 million was recorded for the year ended December 31, 2019. Because the goodwill is related to the whole apparel business, the balance of goodwill and amortization of goodwill are included in “Adjustments”.

Negative goodwill incurred by reported segments

No negative goodwill is incurred for both the years ended December 31, 2020 and 2019.

21. Business Combinations

The revision of the initially allocated amounts of acquisition price as the Company finalized the provisional accounting treatment

In the year ended December 31, 2020, the Company finalized the provisional accounting treatment for the business combination with Bisonte Italia Holding S.r.l. on July 1, 2019.

The comparative data contained in the consolidated financial statements for the year ended December 31, 2020 reflect the revision of the initially allocated amounts of acquisition price because of the finalization of the provisional accounting treatment.

As a result, at December 31, 2019, goodwill decreased by ¥7,605 million, foreign currency translation adjustments decreased by ¥38 million, marketing related assets increased by ¥10,591 million, deferred tax liabilities increased by ¥2,955 million and retained earnings increased by ¥69 million, and for the year ended then, both of operating income and income before income taxes and non-controlling interests increased by ¥19 million and net income attributable to owners of parent increased by ¥69 million.

LOOK HOLDINGS INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
December 31, 2020 and 2019

22. Per Share Information

The basis for the calculation of net income per share for the years ended December 31, 2020 and 2019 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020	2019	2020
Income attributable owners of the parent	¥ 431	¥ 2,022	\$ 4,174
Less: Components not pertaining to common shareholders	—	—	—
Income attributable owners of the parent pertaining to common stock	¥ 431	¥ 2,022	\$ 4,174
Average outstanding shares of common stock during the year (shares)	7,688,206	7,669,805	7,688,206

The basis for the calculation of diluted net income per share is not disclosed because there are no potentially dilutive common shares that are outstanding for the years ended December 31, 2020 and 2019.

In the year ended December 31, 2020, the Company finalized the provisional accounting treatment for the business combination. The above per share amount is calculated based on the amount reflects the finalization.

23. Supplemental Cash Flow Information

Assets and liabilities of Bisonte Italia Holdings S.r.l. and its subsidiaries, the newly consolidated subsidiaries in 2019 by acquisition at the inception of consolidation, and net payment from the acquisition are as follows:

	Millions of yen
Current assets	¥ 2,160
Non-current assets	673
Marketing related assets	10,807
Goodwill	3,434
Current liabilities	(2,980)
Non-current liabilities	(3,572)
Acquisition cost of stocks	10,523
Payment for purchase of loans receivable	1,368
Foreign currency exchange loss	21
Cash and cash equivalents held by acquired subsidiaries	(252)
Net payment for acquisition of the subsidiaries	¥ 11,660

In the year ended December 31, 2020, the Company finalized the provisional accounting treatment for the business combination. The above amount reflects the finalization.

[THIS PAGE INTENTIONALLY LEFT BLANK]

Corporate Data

(As of December 31, 2020)

Company Name	LOOK HOLDINGS INCORPORATED
Date of Establishment	October 29, 1962
Tokyo Head Office	8-5-30 Akasaka, Minato-ku, Tokyo, 107-0052 Japan Tel: +81-3-6439-1700
Paid-in Capital	6,380.72 million yen
Major Business Activities	Business management of group companies and others
Number of Employees	1,415 employees (Consolidated)
Common Stock	Authorized 24,000,000 shares Issued 7,704,613 shares
Number of Shareholders	6,193
Stock Listing	Tokyo Stock Exchange, First Section
Fiscal Year-End	December
Main Financing Banks	Sumitomo Mitsui Banking Corporation MUFG Bank, Ltd.

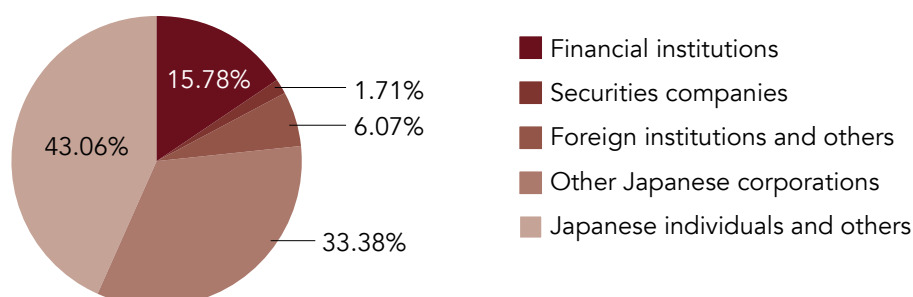
Major Shareholders

(As of December 31, 2020)

Name	Number of shares held (Thousands)	Percentage of total outstanding shares
YAGI TSUSHO LIMITED	1,239	16.11
Freesia Macross Corporation	368	4.79
Mizuno Corporation	345	4.49
The Master Trust Bank of Japan, Ltd. (Trust account)	224	2.92
SUMITOMO LIFE INSURANCE COMPANY	154	2.00
DFA INTL SMALL CAP VALUE PORTFOLIO	149	1.95
LOOK HOLDINGS Employees' Shareholding Association	135	1.76
Isetan Mitsukoshi Ltd.	134	1.75
Sumitomo Mitsui Banking Corporation	130	1.70
Diamond head Co., Ltd.	124	1.61

Note: Shareholding ratios are calculated after eliminating treasury stock (10,677 shares).

Distribution of Ownership among Shareholders



Directors, Operating Officers, and Auditors

(As of March 30, 2021)

President and Representative Director	Kazuhiro Tada
Managing Director	Haruo Shibuya
Director and Senior Operating Officer (Accounting & Finance)	Masaaki Saito
Director (External Director)	Kazuhiko Fukuchi
Director (External Director)	Kazunori Inoue
Standing Statutory Auditor	Eiji Takayama
Standing Statutory Auditor	Hirofumi Unosawa
Auditor (External Statutory Auditor)	Nobuhisa Yamazaki
Auditor (External Statutory Auditor)	Shigeta Hattori
Senior Operating Officer, President of I.D. LOOK LTD.	Jae Poong Kim
Operating Officer, General Manager of Management Planning Department	Masayuki Koyama
Operating Officer, General Manager of Personnel & General Affairs Division	Nobuyuki Mizuno

Consolidated Subsidiaries

(As of June 30, 2021)

■ LOOK INC.

8-5-30 Akasaka, Minato-ku,
Tokyo, 107-0052 Japan
Tel: +81-3-6439-1650

■ FFI INC.

1F 2-5-1 Azabujuban, Minato-ku,
Tokyo, 106-0045 Japan
Tel: +81-3-5772-3283

■ LOOK CHINA CO., LTD.

Unit D Room 305, No.55,
Jinyu Rd, Minhang district,
Shanghai, China
Tel: +86-21-5039-1533

■ A.P.C. JAPAN LTD.

8-5-30 Akasaka, Minato-ku,
Tokyo, 107-0052 Japan
Tel: +81-3-5413-8300

■ I.D. LOOK LTD.

580, Gangnam-Daero,
Gangnam-gu, Seoul, 06043, Korea
Tel: +82-2-3438-9100

■ Il Bisonte S.p.A.

Via del Parione 11,
50123 Florence, Italy
Tel: +39-055-211976

■ LOOK MODE INC.

8-5-30 Akasaka, Minato-ku,
Tokyo, 107-0052 Japan
Tel: +81-3-6439-1630

■ I.D. JOY LTD.

25, Gangnam-Daero, 132-gil,
Gangnam-gu, Seoul, 06044, Korea
Tel: +82-70-7729-6008

■ L. LOGISTICS INC.

7F MFLP FUNABASHI II,
2-6-25 Hamacho, Funabashi-shi,
Chiba, 273-0012 Japan
Tel: +81-47-435-2622

■ LOOK (H.K.) LTD.

Rm 2211-2212 Metro Centre II,
21 Lam Hing Street, Kowloon Bay,
Kowloon, Hong Kong
Tel: +852-2751-8773