



ANNUAL REPORT 2022

Year Ended December 31, 2022

To Our Shareholders



Kazuhiro Tada
President and Representative
Director

Adhering to its corporate philosophy that the “Customer Comes First,” the LOOK Group is committed to creating new lifestyles and values to help enhance people’s everyday lives. Our basic policy is to meet the expectations of customers and all other stakeholders who support us, and thus improve their quality of life.

As reflected in our corporate philosophy, it gives us great pleasure to satisfy and impress our customers. Our mission is to provide products and services that bring satisfaction and joy to them. We will help create a diverse, affluent society by consistently generating values that resonate in people’s hearts while responding appropriately to the changing times and business environment.

With 13 consolidated subsidiaries in Japan and overseas, the LOOK Group is building a solid business foundation domestically while expanding its business globally, including in South Korea, Europe, and the United States.

Going forward, we will establish a solid earnings foundation, expand our e-commerce business, and aggressively develop new businesses. We will also pursue business strategies and efficient management aimed at establishing a stable profit structure for renewed growth.

Under our “Customer Comes First” corporate philosophy, we will continue delivering sustainable growth and stable earnings and thus further enhance corporate value.

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Financial Highlights

LOOK HOLDINGS INC. and Subsidiaries
Years ended December 31, 2021 and 2022

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
At year-end:			
Total current assets	¥ 25,413	¥ 28,035	\$ 211,250
Total current liabilities	11,489	12,219	92,080
Short-term loans	3,375	2,530	19,064
Total shareholders' equity	24,834	26,741	201,503
For the year:			
Net sales	¥ 41,065	¥ 54,687	\$ 412,086
Operating income	2,472	3,703	27,908
Ordinary income	2,720	4,005	30,185
Net income attributable to owners of parent	1,815	2,665	20,082

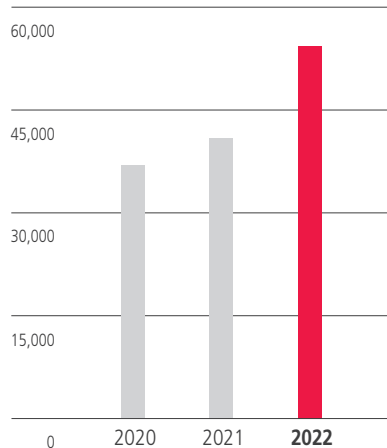
			U.S. dollars
	2021	2022	2022
Per share data:			
Net income	¥236.66	¥ 355.24	\$ 2.68
Cash dividends	40.00	60.00	0.45

Financial indicators:		
Return on equity (ROE)	7.2%	9.5%
Operating income margin	5.2	6.8

Note: U.S. dollar amounts are translated from Japanese yen, for convenience only, at the rate of ¥132.71 to US\$1, the approximate rate of exchange at December 30, 2022.

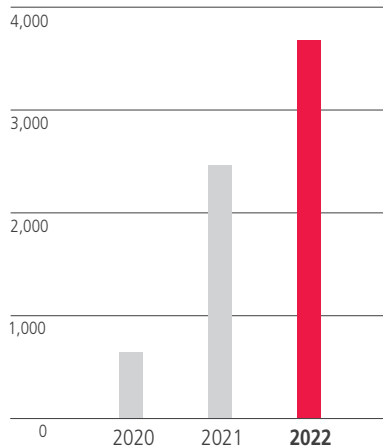
Net Sales

(Millions of yen)



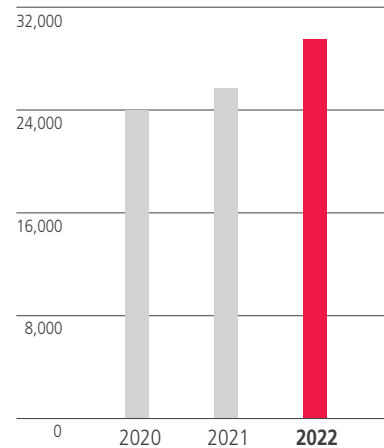
Operating Income

(Millions of yen)



Total Net Assets

(Millions of yen)



Review of Operations

Performance Overview

Consolidated Results

Net sales	¥54,687 million
Operating income	¥3,703 million
Ordinary income	¥4,005 million
Net income attributable to owners of parent	¥2,665 million

Notes: The Group has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter the "Revenue Recognition Accounting Standard"), etc. effective from the beginning of the fiscal year ended December 31, 2022. As a result, the explanation of operating results as mentioned below has omitted year-on-year changes in terms of amount and percentage because the accounting treatment of revenue for the fiscal year ended December 31, 2022 differs from that for the fiscal year ended December 31, 2021. In addition, effective from the fiscal year ended December 31, 2022, the Group has changed the accounting policy of the method for calculating retirement benefit obligations, and accordingly performed the year-on-year comparison and analysis based on the figures that reflect the retrospective application of the change in accounting policy.

The Group focused on sales in stores while strengthening its e-commerce business to respond to changes in the business environment. In Japan, we strived to improve profitability by undertaking measures such as the discontinuation of unprofitable businesses and closure of unprofitable stores, while overseas where COVID-19 restrictions were eased, we expanded our business aggressively to increase sales.

As a result, consolidated results for the fiscal year ended December 31, 2022 were as follows: net sales were ¥54,687 million (¥41,065 million for the previous fiscal year), operating income was ¥3,703 million (¥2,472 million for the previous fiscal year), ordinary income was ¥4,005 million (¥2,720 million for the previous fiscal year), and net income attributable to owners of parent was ¥2,665 million (¥1,815 million for the previous fiscal year). Notably, ordinary income exceeded the targeted amount of ¥3,000 million set in the medium-term business plan formulated in February 2019.

Performance by Business Segment

Apparel Business

In "Japan," sales of our mainstay brands, Marimekko and A.P.C. remained strong, while KEITH and SCAPA, apparel brands mainly sold through department stores, enjoyed steady sales of summer and fall items as customers had more opportunities to go out. Besides, we launched new businesses: starting from September 2022, IL BISONTE JEWELRY, a new business category under IL BISONTE brand, kicked off while the sales of A.P.C. GOLF began under A.P.C. brand. In the e-commerce business, we worked to improve customer convenience by strengthening data linkage between physical and online store inventories, resulting in exceeding 1 million in the number of members of "LOOK MEMBERSHIP," a point service for members. Thus, the Group's sales in Japan were ¥23,994 million (¥21,074 million for the previous fiscal year). In addition, as a result of streamlining by discontinuing unprofitable brands and closing unprofitable stores, operating income amounted to ¥1,772 million (operating income of ¥1,133 million for the previous fiscal year).

In South Korea, the number of new COVID-19 cases has been on a downward trend. Under such an environment, both sales and profit at I.D. LOOK LTD. increased due to robust sales at stores and via its IDLOOKMALL e-commerce site. Especially our main imported brands, Sandro and Maje as well as A.P.C. which started selling A.P.C. GOLF in February recorded healthy sales. I.D. JOY LTD. also enjoyed increased sales as more customers visited stores in conjunction with eased restrictions. As a result, net sales in South Korea posted ¥28,381 million (¥17,756 million for the previous fiscal year) and operating income was ¥2,753 million (operating income of ¥1,893 million for the previous fiscal year).

In Europe, sales in directly managed stores in Italy and France increased with more tourists returning to the EU and the mainstay wholesale business going well, resulting in net sales of ¥4,391 million (¥3,932 million for the

previous fiscal year). However, operating income was ¥127 million (operating income of ¥168 million for the previous fiscal year) due to increased cost including spiraling material prices resulting from the lingering situation in Ukraine.

In “Other Abroad” (Hong Kong, China, and the United States), sales of both the retail and wholesale businesses of Il Bisonte increased, amid the ongoing lifting of movement restrictions for COVID-19 in the United States. Accordingly, net sales in “Other Abroad” were ¥452 million (¥416 million for the previous fiscal year) and operating loss was ¥99 million (operating loss of ¥177 million for the previous fiscal year).

Consequently, the Group’s Apparel Business segment posted net sales of ¥57,219 million (¥43,179 million for the previous fiscal year) and operating income of ¥4,554 million (operating income of ¥3,017 million for the previous fiscal year).

Production and OEM Business

LOOK MODE INC., which handles the Group’s Production and OEM Business segment, recorded net sales of ¥2,347 million (¥2,235 million for the previous fiscal year) and operating income of ¥24 million (operating loss of ¥20 million for the previous fiscal year) mainly due to increased orders received from outside customers.

Logistics Business

L. LOGISTICS INC., which is responsible for the Group’s Logistics Business segment, reported net sales of ¥1,194 million (¥1,248 million for the previous fiscal year) and operating income of ¥47 million (operating income of ¥81 million for the previous fiscal year) mainly due to decreased sales to outside customers.

Food & Beverage Business

FASHIONABLE FOODS INTERNATIONAL INC., which represents the Group’s Food & Beverage Business segment, sells Italian gelato under the Gelateria Marghera brand. While

it reported increased sales at stores as movement restrictions were eased, sales of home delivery services and other services declined, resulting in net sales of ¥53 million (¥56 million for the previous fiscal year) and operating loss of ¥27 million (operating loss of ¥25 million for the previous fiscal year).

Outlook for Fiscal 2023 and Consolidated Forecasts

The COVID-19 pandemic has brought about changes in lifestyles and consumer values in the apparel and fashion industry, and consumer needs are becoming even more diversified.

To address these changing business conditions, the Group will work to further increase sales by establishing brand value that is 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.

For fiscal 2023, the final year of the medium-term business plan (2019–2023), we expect consolidated net sales of ¥55,000 million, up 0.6% year on year, consolidated operating income of ¥3,800 million, up 2.6% year on year, consolidated ordinary income of ¥4,100 million, up 2.3% year on year, and consolidated net income attributable to owners of parent of ¥2,800 million, up 5.1% year on year. Notably, we expect consolidated ordinary income to exceed ¥3,000 million, which is the performance target set in the medium-term business plan.

Consolidated Forecasts

Net sales	¥55,000 million
Operating income	¥3,800 million
Ordinary income	¥4,100 million
Net income attributable to owners of parent	¥2,800 million

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 for fiscal 2022.

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

As of December 31, 2022, total assets amounted to ¥54,459 million, up ¥3,857 million from a year earlier. This was mainly due to a ¥1,866 million increase in merchandise and finished goods, a ¥508 million increase in notes and accounts receivable - trade, and an ¥896 million increase in investment securities, respectively.

(2) Liabilities

Total liabilities amounted to ¥24,545 million, up ¥25 million from a year earlier. This was mainly due to a ¥595 million increase in notes and accounts payable - trade and a ¥547 million increase in income taxes payable, despite a ¥1,552 million decrease in loans.

(3) Net assets

Total net assets were up ¥3,831 million from a year earlier to ¥29,913 million. This was due primarily to a ¥2,332 million increase in retained earnings and a ¥1,800 million rise in foreign currency translation adjustments, despite a ¥458 million decrease owing to an increase in treasury stock. As a result, the equity ratio was 54.9%.

Cash Flows

Net cash provided by operating activities amounted to ¥2,840 million (¥4,047 million provided for the previous fiscal year). This was mainly attributable to cash inflows due to income before income taxes of ¥4,048 million and depreciation and amortization (non-cash item) of ¥1,434 million, partially offset by an increase in inventories of ¥1,847 million and income

taxes paid of ¥983 million.

Net cash used in investing activities totaled ¥884 million (¥1,095 million used for the previous fiscal year). The main factors included ¥640 million in payments for purchase of property, plant and equipment and ¥197 million in payments for purchase of intangible assets.

Net cash used in financing activities was ¥2,480 million (¥256 million provided for the previous fiscal year). This was mainly attributable to a ¥1,643 million net decrease in loans, ¥308 million in cash dividends paid, and ¥499 million in purchase of treasury stock.

As of December 31, 2022, the balance of cash and cash equivalents totaled ¥9,243 million, down ¥122 million from a year earlier as a result of a ¥402 million increase in foreign currency translation adjustments on cash and cash equivalents as well as the aforementioned cash flow items.

Business Risks

Among the risks and variables that may affect the Group's business and accounting status, those that could have a major influence on the decisions of investors are discussed below. 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 for fiscal 2022.

(1) Economic and consumer trends

Domestic sales account for approximately 45% of the LOOK Group's consolidated net sales. The overall level of personal consumption in the Japanese market—the Group's main market—is expected to have a material impact on the Group's revenue and earnings. The Group endeavors to grasp customer needs appropriately and offer products that reflect the demands of the times. It also focuses on developing and fostering new brands that propose new value to the market. However, unforeseeable changes in external circumstances, 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) 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 affect 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 rules, appointed a person in charge, and built a management system in accordance with those rules.

As preventive measures against COVID-19, our staff at shop-in-shops in commercial facilities and directly managed stores continue to wear masks and are vigilant about washing hands. We also continue to take measures within the company such as by encouraging teleworking arrangements and staggered work hours while utilizing web conferencing.

(3) Overseas business and production

Overseas subsidiaries generate approximately 55% of the Group's consolidated net sales. Around 85% of products sold in the domestic market are either manufactured overseas or procured from overseas. Therefore, 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. As such, we are working to reduce risks by expanding our businesses abroad without relying on specific countries or regions and employing forward exchange contracts to hedge against foreign exchange risk, among other measures.

(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 import and distribution or 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, 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 using 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 means such as using authentication and encryption to protect communication pathways between information terminals.

Consolidated Balance Sheets

LOOK HOLDINGS INC. and Subsidiaries

December 31, 2021 and 2022

ASSETS	Millions of Yen		Thousands of U.S. Dollars
	2021	2022	2022
CURRENT ASSETS:			
Cash and time deposits	¥ 9,588	¥ 9,240	\$ 69,626
Notes and accounts receivable - trade	5,303	5,811	43,793
Merchandise and finished goods	8,834	10,701	80,635
Work-in-process	715	1,129	8,509
Raw materials and supplies	400	462	3,483
Other	617	735	5,539
Allowance for bad debts	(46)	(44)	(335)
Total current assets	25,413	28,035	211,250
NON-CURRENT ASSETS:			
PROPERTY, PLANT AND EQUIPMENT:			
Buildings and structures	4,418	4,436	33,431
Accumulated depreciation	(2,101)	(2,183)	(16,450)
Buildings and structures, net	2,317	2,253	16,981
Machinery and equipment	163	180	1,356
Accumulated depreciation	(144)	(164)	(1,240)
Machinery and equipment, net	18	15	116
Tools, furniture and fixtures	4,010	4,481	33,765
Accumulated depreciation	(3,059)	(3,581)	(26,990)
Tools, furniture and fixtures, net	950	899	6,775
Land	532	576	4,349
Other	254	129	973
Accumulated depreciation	(176)	(50)	(383)
Other, net	77	78	590
Total property, plant and equipment	3,896	3,823	28,811
INTANGIBLE ASSETS:			
Marketing related assets	10,516	10,981	82,752
Goodwill	3,190	3,259	24,561
Other	691	714	5,383
Total intangible assets	14,398	14,955	112,696
INVESTMENTS AND OTHER ASSETS:			
Investment securities	2,244	3,140	23,666
Deferred tax assets	1,609	1,689	12,733
Lease deposit	2,254	2,167	16,335
Assets for retirement benefits	388	270	2,040
Other	585	569	4,288
Allowance for bad debts	(188)	(193)	(1,456)
Total investments and other assets	6,893	7,644	57,606
Total non-current assets	25,188	26,424	199,113
TOTAL ASSETS	¥ 50,602	¥ 54,459	\$ 410,363

LIABILITIES AND NET ASSETS	Millions of Yen		Thousands of U.S. Dollars
	2021	2022	2022
CURRENT LIABILITIES:			
Notes and accounts payable - trade	¥ 2,721	¥ 3,317	\$ 24,999
Short-term loans	3,375	2,530	19,064
Current portion of long-term loans	1,435	1,686	12,711
Accounts payable - other	193	102	776
Accrued expenses	1,983	2,267	17,090
Income taxes payable	496	1,043	7,867
Accrued consumption taxes	463	333	2,512
Provision for sales returns	30	—	—
Provision for bonuses	159	177	1,336
Provision for point service	64	8	66
Provision for business restructuring	28	20	152
Asset retirement obligations	67	78	588
Other	467	652	4,919
Total current liabilities	11,489	12,219	92,080
NON-CURRENT LIABILITIES:	8,628	7,669	57,794
Long-term loans	3,289	3,505	26,417
Deferred tax liabilities	224	253	1,912
Liabilities for retirement benefits	—	14	106
Provision for share awards	252	235	1,777
Asset retirement obligations	636	646	4,869
Other	13,031	12,325	92,875
Total non-current liabilities	24,520	24,545	184,955
Total liabilities			
NET ASSETS:			
SHAREHOLDERS' EQUITY:			
Common stock	6,389	6,406	48,272
Capital surplus	1,658	1,675	12,625
Retained earnings	17,005	19,337	145,710
Treasury stock	(218)	(677)	(5,104)
Total shareholders' equity	24,834	26,741	201,503
ACCUMULATED OTHER COMPREHENSIVE INCOME:			
Valuation difference on available-for-sale securities	607	915	6,902
Deferred gain (loss) on derivatives under hedge accounting	1	(17)	(129)
Foreign currency translation adjustments	432	2,232	16,820
Remeasurements of defined benefit plans	205	41	312
Total accumulated other comprehensive income	1,247	3,172	23,905
Total net assets	26,081	29,913	225,408
TOTAL LIABILITIES AND NET ASSETS	¥ 50,602	¥ 54,459	\$ 410,363

Note: U.S. dollar amounts are translated from Japanese yen, for convenience only, at the rate of ¥132.71 to US\$1, the approximate rate of exchange at December 30, 2022.

Consolidated Statements of Income

LOOK HOLDINGS INC. and Subsidiaries

Years ended December 31, 2021 and 2022

	Millions of Yen		Thousands of U.S. Dollars
	2021	2022	2022
NET SALES	¥ 41,065	¥ 54,687	\$ 412,086
COST OF SALES	19,313	21,076	158,816
Gross profit	21,752	33,611	253,270
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	19,280	29,907	225,362
Operating income	2,472	3,703	27,908
NON-OPERATING INCOME:			
Interest income	13	53	404
Dividend income	55	66	497
Foreign currency exchange gain (loss), net	127	233	1,760
Rent income	8	8	62
Income from sale of prototypes	21	22	170
Outsourcing service income	43	5	40
Other	159	136	1,032
Total non-operating income	429	526	3,965
NON-OPERATING EXPENSES:			
Interest expenses	93	89	676
Loss on retirement of non-current assets	25	20	154
Loss on accidental damage	—	41	316
Other	63	71	542
Total non-operating expenses	181	223	1,688
Ordinary income	2,720	4,005	30,185
EXTRAORDINARY INCOME:			
Subsidy income	353	14	107
Gain on sale of investment securities	—	187	1,417
Gain on reversal of asset retirement obligations	3	1	15
Gain on sale of non-current assets	1	—	—
Other	5	—	—
Total extraordinary income	363	204	1,539
EXTRAORDINARY LOSSES:			
Loss on temporary closure of stores etc.	331	8	61
Impairment loss on long-lived assets	122	136	1,028
Provision for doubtful receivables from associated companies	19	9	69
Business restructuring expenses	27	7	59
Loss on withdrawal from the brand	40	—	—
Other	19	—	—
Total extraordinary losses	560	161	1,217
Income before income taxes	2,523	4,048	30,507
INCOME TAXES:			
Income taxes - current	715	1,463	11,027
Income taxes - deferred	(12)	(79)	(602)
Total income taxes	703	1,383	10,425
NET INCOME	1,820	2,665	20,082
NET INCOME ATTRIBUTABLE TO:			
Non-controlling interests	5	—	—
Owners of parent	¥ 1,815	¥ 2,665	\$ 20,082

Note: U.S. dollar amounts are translated from Japanese yen, for convenience only, at the rate of ¥132.71 to US\$1, the approximate rate of exchange at December 30, 2022.

Consolidated Statement of Comprehensive Income

LOOK HOLDINGS INC. and Subsidiaries

Years ended December 31, 2021 and 2022

	Millions of Yen		Thousands of U.S. Dollars	
	2021	2022	2022	
NET INCOME	¥ 1,820	¥ 2,665	\$ 20,082	
OTHER COMPREHENSIVE INCOME :				
Valuation difference on available-for-sale securities	157	308	2,322	
Deferred gain (loss) on derivatives under hedge accounting	0	(18)	(143)	
Foreign currency translation adjustments	489	1,800	13,563	
Remeasurements of defined benefit plans	205	(164)	(1,236)	
Total other comprehensive income	852	1,925	14,506	
COMPREHENSIVE INCOME	¥ 2,673	¥ 4,590	\$ 34,588	
COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of parent	¥ 2,642	¥ 4,590	\$ 34,588	
Non-controlling interests	30	—	—	

Note: U.S. dollar amounts are translated from Japanese yen, for convenience only, at the rate of ¥132.71 to US\$1, the approximate rate of exchange at December 30, 2022.

Consolidated Statements of Changes in Net Assets

LOOK HOLDINGS INC. and Subsidiaries

Year ended December 31, 2021

	Millions of Yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
BALANCE AT BEGINNING OF PERIOD	¥6,380	¥1,661	¥15,691	¥ (13)	¥23,721
Cumulative effects of changes in accounting policies			(271)		(271)
Restated balance	6,380	1,661	15,420	(13)	23,449
Changes during period:					
Issuance of new shares	8	8			17
Dividends of surplus			(230)		(230)
Net income attributable to owners of parent			1,815		1,815
Purchase of treasury stock				(205)	(205)
Change in equity due to transactions with non-controlling interests		(11)			(11)
Net changes other than shareholders' equity					
Total changes during period	8	(3)	1,584	(205)	1,384
BALANCE AT END OF PERIOD	¥6,389	¥1,658	¥17,005	¥(218)	¥24,834

	Millions of Yen						
	Accumulated Other Comprehensive Income						
	Valuation difference on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests in consolidated subsidiaries	Total net assets
BALANCE AT BEGINNING OF PERIOD	¥426	¥0	¥ (7)	¥ —	¥ 419	¥ 99	¥24,240
Cumulative effects of changes in accounting policies							(271)
Restated balance	426	0	(7)	—	419	99	23,969
Changes during period:							
Issuance of new shares							17
Dividends of surplus							(230)
Net income attributable to owners of parent							1,815
Purchase of treasury stock							(205)
Change in equity due to transactions with non-controlling interests							(11)
Net changes other than shareholders' equity	181	0	439	205	827	(99)	727
Total changes during period	181	0	439	205	827	(99)	2,112
BALANCE AT END OF PERIOD	¥607	¥1	¥432	¥205	¥1,247	¥ —	¥26,081

Year ended December 31, 2022

	Millions of Yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
BALANCE AT BEGINNING OF PERIOD	¥6,389	¥1,658	¥17,005	¥(218)	¥24,834
Cumulative effects of changes in accounting policies			(24)		(24)
Restated balance	6,389	1,658	16,980	(218)	24,809
Changes during period:					
Issuance of new shares	16	16			33
Dividends of surplus			(308)		(308)
Net income attributable to owners of parent			2,665		2,665
Purchase of treasury stock				(499)	(499)
Disposal of treasury stock				40	40
Net changes other than shareholders' equity					
Total changes during period	16	16	2,356	(458)	1,931
BALANCE AT END OF PERIOD	¥6,406	¥1,675	¥19,337	¥(677)	¥26,741

	Millions of Yen						
	Accumulated Other Comprehensive Income						
	Valuation difference on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests in consolidated subsidiaries	Total net assets
BALANCE AT BEGINNING OF PERIOD	¥607	¥ 1	¥ 432	¥ 205	¥1,247	—	¥26,081
Cumulative effects of changes in accounting policies							(24)
Restated balance	607	1	432	205	1,247	—	26,057
Changes during period:							
Issuance of new shares							33
Dividends of surplus							(308)
Net income attributable to owners of parent							2,665
Purchase of treasury stock							(499)
Disposal of treasury stock							40
Net changes other than shareholders' equity	308	(18)	1,800	(164)	1,925	—	1,925
Total changes during period	308	(18)	1,800	(164)	1,925	—	3,856
BALANCE AT END OF PERIOD	¥915	¥(17)	¥2,232	¥ 41	¥3,172	—	¥29,913

Consolidated Statements of Changes in Net Assets

LOOK HOLDINGS INC. and Subsidiaries

Year ended December 31, 2022

Thousands of U.S. dollars					
Shareholders' equity					
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
BALANCE AT BEGINNING OF PERIOD	\$48,146	\$12,499	\$128,137	\$(1,648)	\$187,134
Cumulative effects of changes in accounting policies			(186)		(186)
Restated balance	48,146	12,499	127,951	(1,648)	186,948
Changes during period:					
Issuance of new shares	126	126			252
Dividends of surplus			(2,323)		(2,323)
Net income attributable to owners of parent			20,082		20,082
Purchase of treasury stock				(3,764)	(3,764)
Disposal of treasury stock				308	308
Net changes other than shareholders' equity					—
Total changes during period	126	126	17,759	(3,456)	14,555
BALANCE AT END OF PERIOD	\$48,272	\$12,625	\$145,710	\$(5,104)	\$201,503

Thousands of U.S. dollars							
Accumulated Other Comprehensive Income							
	Valuation difference on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests in consolidated subsidiaries	Total net assets
BALANCE AT BEGINNING OF PERIOD	\$4,580	\$ 14	\$ 3,257	\$ 1,548	\$ 9,399	\$—	\$196,533
Cumulative effects of changes in accounting policies							(186)
Restated balance	4,580	14	3,257	1,548	9,399	—	196,347
Changes during period:							
Issuance of new shares							252
Dividends of surplus							(2,323)
Net income attributable to owners of parent							20,082
Purchase of treasury stock							(3,764)
Disposal of treasury stock							308
Net changes other than shareholders' equity	2,322	(143)	13,563	(1,236)	14,506	—	14,506
Total changes during period	2,322	(143)	13,563	(1,236)	14,506	—	29,061
BALANCE AT END OF PERIOD	\$6,902	\$(129)	\$16,820	\$ 312	\$23,905	\$—	\$225,408

Note: U.S. dollar amounts are translated from Japanese yen, for convenience only, at the rate of ¥132.71 to US\$1, the approximate rate of exchange at December 30, 2022.

Consolidated Statements of Cash Flows

LOOK HOLDINGS INC. and Subsidiaries

Years ended December 31, 2021 and 2022

	Millions of Yen		Thousands of U.S. Dollars
	2021	2022	2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income before income taxes	¥ 2,523	¥ 4,048	\$ 30,507
Depreciation	1,283	1,434	10,811
Amortization of goodwill	181	192	1,451
Impairment loss on long-lived assets	122	136	1,028
Increase (decrease) in allowance for bad debts	20	(0)	(2)
Increase (decrease) in provision for bonuses	9	10	81
Increase (decrease) in provision for sales returns	10	(31)	(241)
Increase (decrease) in provision for point service	19	1	10
Increase (decrease) in provision for share awards	—	14	106
Decrease (increase) in assets for retirement benefits	(55)	(123)	(933)
Increase (decrease) in liabilities for retirement benefits	27	25	196
Interest and dividend income	(68)	(119)	(901)
Interest expenses	93	89	676
Loss on retirement of non-current assets	25	20	154
Loss (gain) on sale of non-current assets	(1)	(0)	(0)
Loss on withdrawal from the brand	40	—	—
Foreign exchange losses (gains)	(60)	(121)	(915)
Decrease (increase) in trade notes and accounts receivable	(624)	(248)	(1,870)
Decrease (increase) in inventories	626	(1,847)	(13,920)
Increase (decrease) in trade notes and accounts payable	(127)	444	3,346
Decrease (increase) in advance payments to suppliers	18	4	36
Decrease (increase) in prepaid expenses	19	15	119
Loss (gain) on sale of investment securities	—	(187)	(1,417)
Subsidy income	(353)	(14)	(107)
Decrease (increase) in accounts receivable - other	(46)	10	76
Increase (decrease) in accrued expenses	54	209	1,578
Increase (decrease) in accrued consumption taxes	209	(195)	(1,472)
Other, net	81	(6)	(52)
Subtotal	4,030	3,761	28,345
Interest and dividend income received	63	115	873
Interest expenses paid	(89)	(97)	(737)
Income taxes paid	(325)	(983)	(7,414)
Subsidy income received	368	44	335
Net cash provided by operating activities	4,047	2,840	21,402

Note: U.S. dollar amounts are translated from Japanese yen, for convenience only, at the rate of ¥132.71 to US\$1, the approximate rate of exchange at December 30, 2022.

Consolidated Statements of Cash Flows

LOOK HOLDINGS INC. and Subsidiaries

Years ended December 31, 2021 and 2022

	Millions of Yen		Thousands of U.S. Dollars
	2021	2022	2022
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments into time deposits	(854)	—	—
Proceeds from time deposits	854	252	1,900
Payments for purchase of property, plant and equipment	(765)	(640)	(4,826)
Proceeds from sale of property, plant and equipment	1	0	0
Payments for purchase of intangible assets	(229)	(197)	(1,488)
Payments for purchase of investment securities	(103)	(503)	(3,792)
Proceeds from sale of investment securities	—	238	1,796
Payments for long-term loans receivable made	(34)	(22)	(172)
Proceeds from collection of long-term loans receivable	15	13	103
Payments for lease deposit	(95)	(71)	(535)
Proceeds from lease deposit	197	140	1,057
Payments for asset retirement obligations	(22)	(96)	(729)
Payments for investments in capital	(9)	—	—
Other, net	(50)	2	19
Net cash used in investing activities	¥ (1,095)	¥ (884)	\$ (6,667)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from short-term loans	¥ 1,945	¥ 165	\$ 1,247
Repayment of short-term loans	(1,050)	(1,022)	(7,704)
Proceeds from long-term loans	1,408	1,213	9,146
Repayment of long-term loans	(1,419)	(2,000)	(15,071)
Cash dividends paid	(232)	(308)	(2,324)
Cash dividends paid to non-controlling interests	(0)	—	—
Purchase of treasury stock	(205)	(499)	(3,764)
Purchase of shares of subsidiaries	(138)	—	—
Proceeds from sale of treasury stock	—	51	388
Repayments of lease obligations	(49)	(80)	(608)
Net cash provided by (used in) financing activities	256	(2,480)	(18,690)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	98	402	3,030
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,306	(122)	(925)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6,059	9,365	70,575
CASH AND CASH EQUIVALENTS AT END OF YEAR	¥ 9,365	¥ 9,243	\$ 69,650

Note: U.S. dollar amounts are translated from Japanese yen, for convenience only, at the rate of ¥132.71 to US\$1, the approximate rate of exchange at December 30, 2022.

Notes to Consolidated Financial Statements

NOTE REGARDING THE PREMISES OF A GOING CONCERN

Not applicable.

CHANGES IN ACCOUNTING POLICIES

Application of accounting standard for revenue recognition and other standards

The Group has applied the Accounting Standard for Revenue Recognition and other standards from the beginning of the fiscal year ended December 31, 2022. Under the new accounting standards, revenue is recognized when control of promised goods or services is transferred to customers in an amount of consideration to which an entity expects to be entitled in exchange for the transfer.

In line with this, the following changes have been made:

- **Revenue recognition for transactions where the Group acts as a principal or agent**

The Group had previously recognized revenue on some transactions in which we acted as a principal in providing merchandise to customers in an amount received from the customers less an amount equivalent to the distributor's commission. For such transactions, the Group has changed to recognize revenue in the gross amount received from customers.

- **Revenue recognition for customer loyalty program**

For sales of goods under the customer loyalty program in which points are awarded at the time of sale, the Group had previously recognized revenue at the time of sale and the amount of points awarded that is expected to be used in the future was recorded as "Provision for point service." For the points granted that are identified as performance obligations, the Group has changed to recognize revenue by allocating the transaction price to performance obligations on a stand-alone selling price for those goods, calculated by considering the expected future expiration of the points. Based on the above, the Group recognizes the points granted as contract liabilities and records them in "Other" under "Current liabilities" on the consolidated balance sheets.

- **Revenue recognition for sales returns**

"Provision for sales returns" previously recorded under "Current liabilities" based on the amount equivalent to gross profit, is now recognized as revenue and cost of sales, excluding the amount equivalent to revenue and cost of sales of merchandise and finished goods expected to be returned. Accordingly, the Group records the consideration of merchandise and finished goods that are expected to be returned as refund liabilities in "Other" under "Current liabilities." We also record the assets recognized as the right to recover merchandise and finished goods from customers on settling the refund liabilities as returned assets in "Other" under "Current assets."

The Group has applied the Accounting Standard for Revenue Recognition in accordance with the transitional treatment prescribed in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application of the new accounting policy prior to the beginning of the fiscal year ended December 31, 2022 is added to or deducted from retained earnings at the beginning of the fiscal year ended December 31, 2022, and the new accounting policy is applied from such beginning balance. However, the new accounting policy was not applied retrospectively to contracts for which almost all revenue amounts had been recognized in accordance with the previous treatment prior to the beginning of the fiscal year ended December 31, 2022, in accordance with the method prescribed in Paragraph 86 of the Accounting Standard for Revenue Recognition.

Notes to Consolidated Financial Statements

As a result, the impacts on the consolidated financial statements for the fiscal year ended December 31, 2022 compared to those before application of the Accounting Standard for Revenue Recognition are as follows: for the consolidated balance sheets, returned assets (“Other” under “Current assets”) increased by ¥19 million (\$150 thousand), returned liabilities (“Other” under “Current liabilities”) increased by ¥43 million (\$328 thousand), provision for sales returns decreased by ¥23 million (\$178 thousand), contract liabilities (“Other” in “Current liabilities”) increased by ¥87 million (\$656 thousand), and provision for point service decreased by ¥91 million (\$689 thousand).

For the consolidated statement of income, net sales increased by ¥9,119 million (\$68,714 thousand), cost of sales increased by ¥0 million (\$7 thousand), selling, general and administrative expenses increased by ¥9,097 million (\$68,552 thousand), and operating income, ordinary income, and income before income taxes increased by ¥20 million (\$155 thousand), respectively.

For the consolidated statements of cash flows, income before income taxes increased by ¥20 million (\$155 thousand).

The reflection of the cumulative effect of retrospective application to net assets as of January 1, 2022 decreased the beginning balance of retained earnings of the consolidated statements of changes in net assets for the fiscal year ended December 31, 2022 by ¥24 million (\$186 thousand).

The impact on per-share information is reported in “Per Share Information.”

Application of accounting standard for fair value measurement and other standards

The Group has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter “Accounting Standard for Fair Value Measurement”) and other standards from the beginning of fiscal year ended December 31, 2022, and will prospectively apply the new accounting policies prescribed by the Accounting Standard for Fair Value Measurement, etc., in accordance with the transitional treatment stipulated in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no impact on the consolidated financial statements.

Changes in calculation method of retirement benefit obligations

Starting from the fiscal year ended December 31, 2022, LOOK HOLDINGS INC. (the “Company”) and some of its domestic consolidated subsidiaries changed the calculation method of retirement benefit obligations from the simplified method to the principle method. This is because we determined that retirement benefit obligations would be calculated more appropriately by using the principle method to reflect periodic benefit calculations, as the composition of employee service periods has stabilized and we are able to calculate them reliably. The changes in the accounting policy have been applied retrospectively; therefore, the consolidated financial statements for the fiscal year ended December 31, 2021 have been prepared on a retrospective basis.

As a result, for the fiscal year ended December 31, 2021, operating income, ordinary income, and income before income taxes declined by ¥253 million (\$1,909 thousand), respectively, while net income attributable to owners of parent declined by ¥176 million (\$1,330 thousand), compared with the amounts before retrospective application.

The reflection of the cumulative effect of retrospective application to net assets as of January 1, 2021 decreased the beginning balance of retained earnings for the fiscal year ended December 31, 2021 by ¥271 million (\$2,043 thousand). As of December

31, 2021, assets for retirement benefits and deferred tax liabilities declined by ¥319 million (\$2,411 thousand) and ¥32 million (\$248 thousand), respectively, while deferred tax asset and remeasurements of defined benefit plans increased by ¥44 million (\$338 thousand) and ¥205 million (\$1,548 thousand), respectively.

The impact on per-share information is reported in "Per Share Information."

ADDITIONAL INFORMATION

Accounting estimates associated with the effects of COVID-19 pandemic

In fiscal 2022, COVID-19 continued to affect the Group's operating activities as in the previous year, as quasi-emergency coronavirus measures due to the spread of Omicron strain were issued in January 2022, primarily resulting in a decrease in the number of customers visiting commercial facilities and directly managed stores. As to an outlook for fiscal 2023, we assumed again that the impact relating to COVID-19 would remain to certain extent, although we see restrictions due to COVID-19 measures are relaxed overseas and the movement restrictions in Japan are also easing. Therefore, the Group made accounting estimates for recoverability of deferred tax assets and impairment loss on long-lived assets and others.

Employee Stock Benefit Trust (J-ESOP)

Starting from the fiscal year ended December 31, 2022, the Company introduced an employee stock benefit trust (J-ESOP; hereinafter the "Plan"), an incentive plan in which the Group provides its employees (the "Employees") with the shares of the Company stock. The Plan aims to improve Employee's motivation and raise their morale by aligning the share price and performance of the Company more closely with the treatment of the Group's Employees while sharing economic interests with shareholders.

(1) Overview of the Plan

The Plan is a trust-type scheme established by reference to the Employee Stock Ownership Plan (ESOP) in the U.S., under which the Company's shares are granted to eligible Employees who meet certain requirements in accordance with the share benefit rules the Company set in advance.

The Company grants points to the Employees based on their positions, etc., and when they acquire the right to receive benefits under certain conditions, the Company's shares equivalent to the points granted will be delivered. Shares to be delivered to the Employees shall be acquired by means of money set up in a trust in advance, including future portions, and shall be segregated and managed as trust assets.

(2) The Company's shares remaining in the trust

The Company's shares remaining in the trust are recorded as treasury stock under net assets at their carrying amount in the trust (excluding the amount of incidental expenses). The carrying amount and the number of shares of such treasury stock are ¥499 million (\$3,761 thousand) and 254 thousand shares for the fiscal year ended December 31, 2022.

Notes to Consolidated Financial Statements

SEGMENT INFORMATION, ETC.

Segment information

1. Overview of reportable segments

(1) Methods of determining reportable segments

The reportable 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 investigations to determine the distribution of management resources and evaluate their business results.

(2) Types of products and services in each reportable segment

The Group engages in planning, producing, importing and selling apparel and related accessories, and the Company is a pure holding company of the Group. In the apparel related business, two domestic consolidated subsidiaries in Japan and nine foreign consolidated subsidiaries abroad manage the business activities. In the Production and OEM Business, one domestic consolidated subsidiary manages the business activities, engaging in the production and OEM of apparel related accessories for the Group companies and other companies outside the Group. In the Logistics Business, one domestic consolidated subsidiary manages the business activities, receiving, shipping and storing apparel related accessories mainly for the Group companies. In the Food & Beverage Business, one domestic consolidated subsidiary manages the business activities, manufacturing and selling gelatos. In the apparel related business, the Company established local business bases in Japan, Korea, Europe, Hong Kong, China and the U.S.A., and individual bases plan the overall strategy for each brand and run their business.

Thus, the Group has a total of seven reportable segments. These comprise four geographical segments of "Japan," "Korea," "Europe" and "Other Abroad" (Hong Kong, China and the U.S.A.), which are based on its sales system for the apparel related business, and other reportable segments of "Production and OEM Business," "Logistics Business" and "Food & Beverage Business."

2. Methods of calculating the amounts of net sales, income or loss, assets, liabilities and others by reportable segment

The accounting methods for reportable business segments are generally the same as the statements in "Significant matters of basis of preparing consolidated financial statements."

Reportable segment income is based on operating income.

Intersegment income and transfers are based on prevailing market prices or manufacturing costs.

As stated in "Changes in Accounting Policies," the Group adopted the Accounting Standard for Revenue Recognition and other standards and changed accounting methods for recognizing revenue in the consolidated financial statements starting from the fiscal year ended December 31, 2022. The calculation method of segment income or loss was changed accordingly.

Such change increased net sales and segment income for the Apparel Business related to Japan by ¥2,689 million (\$20,263 thousand) and ¥20 million (\$156 thousand), respectively, while it increased net sales related to Korea by ¥6,430 million (\$48,452 thousand) and decreased segment income related to Korea by ¥0 million (\$1 thousand).

The Group also changed a calculation method of retirement benefit obligations in the consolidated financial statement starting from the fiscal year ended December 31, 2022, and the calculation method of segment income or loss was changed accordingly.

The segment information for the fiscal year ended December 31, 2021 was prepared based on the calculation method of segment income or loss after the change.

3. Information regarding amounts of net sales, income or loss, assets, liabilities and others by reportable segment

Year ended December 31, 2021

	Millions of yen										Amounts recorded in consolidated financial statements (Note 2)
	Apparel related					Production and OEM	Logistics	Food & Beverage	Total	Adjustments (Note 1)	
	Japan	Korea	Europe	Other Abroad	Total						
Net Sales											
Net sales to outside customers	¥21,045	¥17,729	¥1,368	¥ 416	¥40,559	¥ 402	¥ 47	¥ 56	¥41,065	¥ —	¥41,065
Intersegment net sales or transfers	29	26	2,563	—	2,619	1,833	1,201	—	5,653	¥(5,653)	¥ —
Total	¥21,074	¥17,756	¥3,932	¥ 416	¥43,179	¥2,235	¥1,248	¥ 56	¥46,719	(5,653)	41,065
Segment income (loss)											
	¥ 1,133	¥ 1,893	¥ 168	¥(177)	¥ 3,017	¥ (20)	¥ 81	¥(25)	¥ 3,053	¥ (580)	¥ 2,472
Segment assets											
	12,376	14,713	2,372	632	30,095	721	567	44	31,428	19,173	50,602
Others:											
Depreciation	161	496	111	16	785	1	15	0	803	479	1,283
Impairment loss on long-lived assets	86	5	—	3	96	—	—	—	96	25	122
Amortization of goodwill	—	—	—	—	—	—	—	—	—	181	181
Increase in property, plant and equipment and intangible assets	247	625	239	9	1,121	0	34	—	1,156	323	1,479

Notes: 1. Adjustments in segment income (loss) consist of ¥(562) million of amortization of marketing related assets and goodwill, ¥2,007 million of adjustments for intersegment transactions and ¥(2,025) million of company-wide expenses not allocated to each reportable segment. Company-wide expenses primarily consist of expenses related to a holding company that are not attributable to reportable segments. Adjustments in segment assets consist of ¥12,713 million of intersegment eliminations and ¥6,459 million of company-wide assets not allocated to each reportable segment. Company-wide assets consist of assets of the Company, as a pure holding company.

2. Segment income (loss) is adjusted with operating income in the consolidated statements of income.

Notes to Consolidated Financial Statements

Year ended December 31, 2022

	Millions of yen										Amounts recorded in consolidated financial statements (Note 2)
	Apparel related					Production and OEM	Logistics	Food & Beverage	Total	Adjustments (Note 1)	
	Japan	Korea	Europe	Other Abroad	Total						
Net Sales											
Net sales to outside customers	¥23,975	¥28,346	¥1,385	¥452	¥54,159	¥ 471	¥ 4	¥ 52	¥54,687	¥ —	¥54,687
Intersegment net sales or transfers	19	35	3,006	—	3,060	1,875	1,190	1	6,127	(6,127)	—
Total	¥23,994	¥28,381	¥4,391	¥452	¥57,219	¥2,347	¥1,194	¥ 53	¥60,815	¥(6,127)	¥54,687
Segment income (loss)	1,772	2,753	127	(99)	4,554	24	47	¥(27)	4,598	(894)	3,703
Segment assets	¥12,443	¥17,836	¥2,826	¥336	¥33,443	¥ 872	¥ 529	—	¥34,845	¥19,613	¥54,459
Others:											
Depreciation	146	598	128	9	882	0	25	—	908	525	1,434
Impairment loss on long-lived assets	131	5	—	—	136	—	—	—	136	—	136
Amortization of goodwill	—	—	—	—	—	—	—	—	—	192	192
Increase in property, plant and equipment and intangible assets	184	631	104	0	921	—	15	—	936	53	990

Notes: 1. Adjustments in segment income (loss) consist of ¥(596) million of amortization of marketing related assets and goodwill, ¥1,752 million of adjustments for intersegment transactions and ¥(2,050) million of company-wide expenses not allocated to each reportable segment. Company-wide expenses primarily consist of expenses related to a holding company that are not attributable to reportable segments. Adjustments in segment assets consist of ¥12,570 million of intersegment eliminations and ¥7,043 million of company-wide assets not allocated to each reportable segment. Company-wide assets consist of assets of the Company, as a pure holding company.

2. Segment income (loss) is adjusted with operating income in the consolidated statements of income.

Year ended December 31, 2022

Thousands of U.S. Dollars

	Apparel related					Production and OEM	Logistics	Food & Beverage	Total	Adjustments (Note 1)	Amounts recorded in consolidated financial statements (Note 2)
	Japan	Korea	Europe	Other Abroad	Total						
Net Sales											
Net sales to outside customers	\$180,658	\$213,595	\$10,440	\$3,411	\$408,104	\$ 3,556	\$ 33	\$ 393	\$412,086	\$ —	\$412,086
Intersegment net sales or transfers	143	264	22,653	—	23,060	14,130	8,967	12	46,169	(46,169)	—
Total	\$180,801	\$213,859	\$33,093	\$3,411	\$431,164	\$17,686	\$9,000	\$ 405	\$458,255	\$(46,169)	\$412,086
Segment income (loss)	13,358	20,751	961	(752)	34,318	186	355	\$(209)	34,650	(6,742)	27,908
Segment assets	\$ 93,768	\$134,402	\$21,301	\$2,534	\$252,005	\$ 6,575	\$3,990	—	\$262,570	\$147,793	\$410,363
Others:											
Depreciation	1,108	4,507	967	70	6,652	7	189	—	6,848	3,963	10,811
Impairment loss on long-lived assets	987	41	—	—	1,028	—	—	—	1,028	—	1,028
Amortization of goodwill	—	—	—	—	—	—	—	—	—	1,451	1,451
Increase in property, plant and equipment and intangible assets	1,391	4,758	790	5	6,944	—	116	—	7,060	402	7,462

Notes: 1. Adjustments in segment income (loss) consist of \$(4,497) thousand of amortization of marketing related assets and goodwill, \$13,208 thousand of adjustments for intersegment transactions and \$(15,453) thousand of company-wide expenses not allocated to each reportable segment. Company-wide expenses primarily consist of expenses related to a holding company that are not attributable to reportable segments. Adjustments in segment assets consist of \$94,720 thousand of intersegment eliminations and \$53,073 thousand of company-wide assets not allocated to each reportable segment. Company-wide assets consist of assets of the Company, as a pure holding company.

2. Segment income (loss) is adjusted with operating income in the consolidated statements of income.

Notes to Consolidated Financial Statements

RELATED INFORMATION

Year ended December 31, 2021

1. Information by products and services

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

2. Geographical information

(1) Net sales

						Millions of yen
Japan	Korea	Europe	Hong Kong	China	U.S.A.	Total
¥21,551	¥17,729	¥1,368	¥209	¥84	¥123	¥41,065

Notes: 1. Net sales are classified by country or region based on customers' location.

2. Major countries and regions belonging to "Europe" are Italy and France.

(2) Property, plant and equipment

						Millions of yen
Japan	Korea	Europe	Hong Kong	China	U.S.A.	Total
¥1,269	¥2,244	¥362	¥5	¥1	¥12	¥3,896

3. Information by major customers

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

Year ended December 31, 2022

1. Information by products and services

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

2. Geographical information

(1) Net sales

						Millions of yen
Japan	Korea	Europe	Hong Kong	China	U.S.A.	Total
¥24,503	¥28,346	¥1,385	¥122	¥25	¥304	¥54,687

						Thousands of U.S. Dollars
Japan	Korea	Europe	Hong Kong	China	U.S.A.	Total
\$184,639	\$213,595	\$10,440	\$922	\$195	\$2,295	\$412,086

Notes: 1. Net sales are classified by country or region based on customers' location.

2. Major countries and regions belonging to "Europe" are Italy and France.

(2) Property, plant and equipment

Millions of yen

Japan	Korea	Europe	Hong Kong	China	U.S.A.	Total
¥1,148	¥2,319	¥345	¥—	¥0	¥9	¥3,823

Thousands of U.S. Dollars

Japan	Korea	Europe	Hong Kong	China	U.S.A.	Total
\$8,657	\$17,479	\$2,603	\$—	\$1	\$71	\$28,811

3. Information by major customers

Disclosures by major customer 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 LONG-LIVED ASSETS BY REPORTABLE SEGMENT

Year ended December 31, 2021

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

Year ended December 31, 2022

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

INFORMATION OF AMORTIZATION AND UNAMORTIZED BALANCE OF GOODWILL BY REPORTABLE SEGMENT

Year ended December 31, 2021

Millions of yen

	Apparel related					Production and OEM	Logistics	Food & Beverage	Total	Adjustments (Note 1)	Amounts recorded in consolidated financial statements (Note 2)
	Japan	Korea	Europe	Other Abroad	Total						
Balance at end of period	—	—	—	—	—	—	—	—	—	¥3,190	¥3,190

Notes: 1. Disclosures of goodwill amortization are omitted because the information is disclosed in the reportable segment information.

2. Goodwill incurred in association with the purchase of interests in Bisonte Italia Holding S.r.l. in the fiscal year ended December 31, 2019 was included in "Adjustments" since it is relevant to the apparel related business as a whole.

Notes to Consolidated Financial Statements

Year ended December 31, 2022

	Millions of yen										Amounts recorded in consolidated financial statements (Note 2)	
	Apparel related					Production and OEM	Logistics	Food & Beverage	Total	Adjustments (Note 1)		
	Japan	Korea	Europe	Other Abroad	Total							
Balance at end of period	—	—	—	—	—	—	—	—	—	—	¥3,259	¥3,259

	Thousands of U.S. Dollars										Amounts recorded in consolidated financial statements (Note 2)	
	Apparel related					Production and OEM	Logistics	Food & Beverage	Total	Adjustments (Note 1)		
	Japan	Korea	Europe	Other Abroad	Total							
Balance at end of period	—	—	—	—	—	—	—	—	—	—	\$24,561	\$24,561

- Notes: 1. Disclosures of goodwill amortization are omitted because the information is disclosed in the reportable segment information.
 2. Goodwill incurred in association with the purchase of interests in Bisonte Italia Holding S.r.l. in the fiscal year ended December 31, 2019 was included in "Adjustments" since it is relevant to the apparel related business as a whole.

INFORMATION OF GAIN ON NEGATIVE GOODWILL BY REPORTABLE SEGMENT

Year ended December 31, 2021

Not applicable.

Year ended December 31, 2022

Not applicable.

PER SHARE INFORMATION

	Yen		U.S. dollars
	2021	2022	2022
Net assets per share	¥3,451.22	¥4,067.50	\$30.65
Net income per share	¥236.66	¥355.24	\$2.68

- Notes: 1. Diluted net income per share is not disclosed because there are no potentially dilutive common shares.
 2. As stated in the "Changes in Accounting Policies," the Group has applied the Accounting Standards for Revenue Recognition and other standards. As a result, net assets per share and net income per share for the fiscal year ended December 31, 2022 increased by ¥0.58 (\$0.00) and ¥2.75 (\$0.02), respectively.
 The Group also has changed in the "calculation method of retirement benefit obligations." As a result, net assets per share and net income per share for the fiscal year ended December 31, 2021 decreased by ¥32.05 and ¥23.01, respectively, compared with those before retrospective application.
 3. The Company has introduced a "Trust-type Employees' Shareholding Incentive Plan" starting from the fiscal year ended December 31, 2021 as well as an "Employee Stock Benefit Trust (J-ESOP)" starting from the fiscal year ended December 31, 2022. The Company's shares remaining in the trusts, which are recorded as treasury stock in shareholders' equity, are included in treasury stock deducted from the total number of shares issued at the end of the period for the calculation of net assets per share, and are included in treasury stock deducted in calculating the average number of shares outstanding during the period for the calculation of net income per share.
 The number of shares of treasury stock deducted as of the end of period and average number thereof during the period are as follows:

Trust-type Employees' Shareholding Incentive Plan

	2021	2022
Number of shares	150,500	120,500
	2021	2022
Average number of shares during the period	31,756	135,055

Employee Stock Benefit Trust (J-ESOP)

	2021	2022
Number of shares	—	254,800
	2021	2022
Average number of shares during the period	—	83,640

4. The basis for the calculation of net income per share is as follows:

	Millions of yen		Thousands of U.S. Dollars
	2021	2022	2022
Net income attributable to owners of parent	¥1,815	¥2,665	\$20,082
Amounts not attributable to common shareholders	—	—	—
Net income attributable to owners of parent pertaining to common stock	1,815	2,665	20,082
Average number of outstanding shares of common stock during the period (shares)	7,670,510	7,502,194	7,502,194

SIGNIFICANT SUBSEQUENT EVENTS

Not applicable.

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