



The Twenty-Seventh Issue

SHAREHOLDER NEWSLETTER

(January 1, 2021 through December 31, 2021)

Stock Code: 4840

Trils Incorporated

Toward a more resilient organization – Now is the time for change –

In September 2021, former CEO Hitoshi Ikeda, who had led our firm for 17 years, passed away at the young age of 64, while taking pains to ensure the shareholder return policy of stock buy-backs and dividends (11th consecutive period for paying dividends) based on the proposition of increasing shareholder value. I have taken over the decision to continue with bold initiatives in our core business of corporate acquisitions and management of group companies. I am prepared to go down the difficult path in our four-wheel drive as a construction consultant business, fashion business, licensing business, and overseas investment business.

To achieve this, we will power up the engine of the parent company Trils to maximize the driving force of subsidiaries.

The COVID-19 pandemic presents a good opportunity to revise our past business model and to promote change towards a more resilient organization.

As an organization that flexibly adapts to change (uncertainty) in the business environment and harnesses creativity and innovative power that link difficulties to growth, we admire

diverse experience and knowledge and “courage to dare to be different” which will feed the next growth and development.

As for Environmental, Social and Governance (ESG) activities, we have continued to enhance our actions to create a virtuous social cycle together with our group company Crearia which has been making effort to contribute to the interdependence of humanity and earth for more than half a century. This includes collaborations with Miyota in Nagano prefecture through hometown tax system (getting gifts and tax deductions) and our investment in high quality bean to bar chocolate that purchases ingredients from developing countries at fair and equitable prices.

Yukiko Ikeda

Representative Director and CEO
Trils Incorporated



Corporate Philosophy

We are committed to accomplishing the following three “Is” and to create a new corporate value:

Insight

We, with sharpened insight, apprehend needs of our time clearly and precisely, to be always ready to contrive visionary plan for new business development for you.

Integrity

We, every single member of us, diligently mold corporate culture of dignity, integrity and honor.

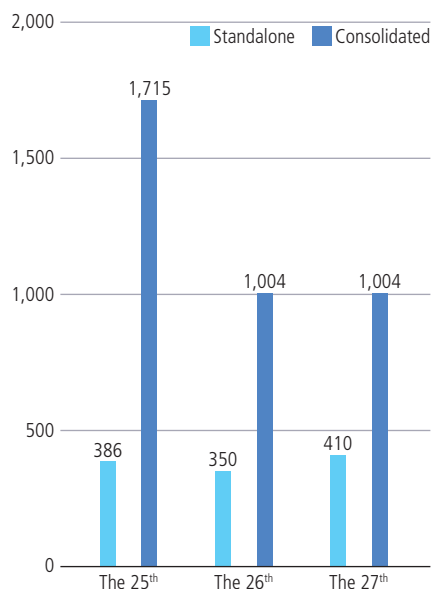
Initiative

We take initiative and act proactively whenever we conduct business.

Financial Highlights

Net sales

(Millions of yen)



Ordinary profit / Profit attributable to owners of parent

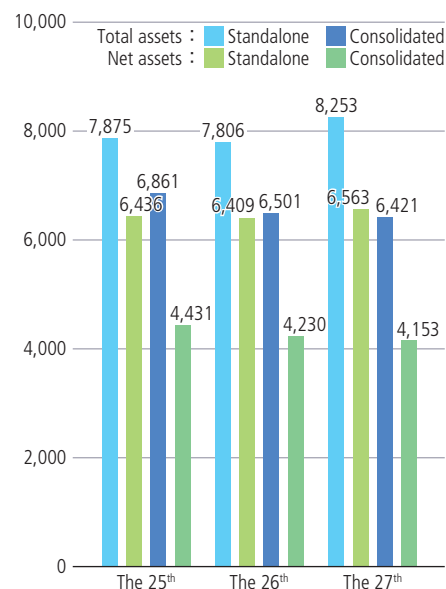
(Millions of yen)

* Profit on non-consolidated bases



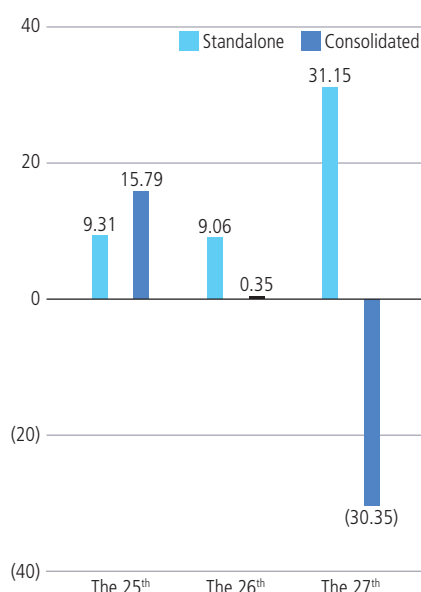
Total assets / Net assets

(Millions of yen)



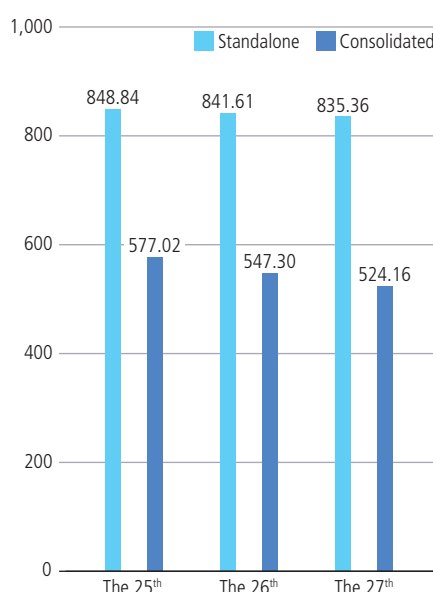
Earnings per share (EPS)

(Yen)



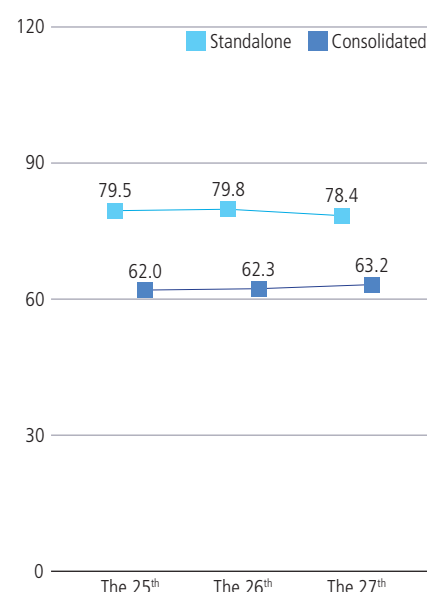
Book-value per share (BPS)

(Yen)



Capital ratio

(%)



The 27th Shareholder Newsletter Financial Highlights

Net sales came to 1,004 million yen, which was virtually the same as the previous fiscal year.

However, the profitability of each business deteriorated, resulting in a large increase in the cost of sales ratio compared to the previous fiscal year.

Selling, general and administrative expenses came to 423 million yen, which was on a par with the level in the previous fiscal year, so unlike the previous fiscal year, the Company recorded an operating loss of 150 million yen (operating profit of 98 million yen in the previous fiscal year). Since there was no major change in operating profit or loss from the

previous fiscal year, the Company recorded an ordinary loss of 222 million yen (ordinary profit of 35 million yen in the previous fiscal year). As a result of recording 93 million yen of extraordinary income including insurance claim income and 47 million yen of extraordinary losses including allowance for doubtful account, unlike the previous fiscal year, the Company recorded a loss of 224 million yen for loss attributable to owners of parent.

Consolidated loss per share was 30.35 yen, while standalone profit per share was 31.15 yen. The book-value per share (BPS) for consolidated and standalone was 524.16 yen and 835.36 yen, respectively.

Consolidated Financial Statements

Consolidated Balance Sheet

(Thousands of yen)

Item	Current term (as of Dec.31,2021)	Previous term (as of Dec.31, 2020)	Item	Current term (as of Dec.31, 2021)	Previous term (as of Dec.31, 2020)
Assets			Liabilities		
Cash and deposits	848,323	1,611,553	Notes and accounts payable - trade	9,947	23,486
Notes and accounts receivable - trade	42,094	53,940	Current portion of long-term loans payable	38,422	33,529
Merchandise and finished goods	107,510	147,431	Income taxes payable	19,298	32,363
Work in process	46,521	214,767	Provision for sales returns	494	1,195
Raw materials and supplies	25,330	30,808	Advances received	84,048	198,464
Other	82,506	177,329	Other	57,940	48,123
Total current assets	1,152,287	2,235,831	Total current liabilities	210,152	337,162
Buildings and structures	1,833,781	1,514,277	Long-term loans payable	1,995,678	1,871,795
Land	3,154,599	2,441,662	Asset retirement obligations	22,835	22,831
Other	23,650	24,862	Other	40,000	40,000
Total property, plant and equipment	5,012,030	3,980,802	Total non-current liabilities	2,058,513	1,934,626
Software	1,856	3,861	Total liabilities	2,268,666	2,271,789
Other	7,270	10,619	Net assets		
Total intangible assets	9,126	14,480	Capital stock	5,000,000	5,000,000
Investment securities	83,618	76,946	Capital surplus	589,751	632,572
Deferred tax assets	7,715	21,734	Retained earnings	(1,379,774)	(1,065,924)
Other	217,779	188,057	Treasury shares	(225,178)	(362,293)
Allowance for doubtful accounts	(60,631)	(15,935)	Total shareholders' equity	3,984,798	4,204,354
Total investments and other assets	248,481	270,802	Foreign currency translation adjustment	74,357	(151,162)
Total non-current assets	5,269,638	4,266,086	Total accumulated other comprehensive income	74,357	(151,162)
Total assets	6,421,925	6,501,917	Share acquisition rights	94,102	176,935
			Total net assets	4,153,258	4,230,127
			Total liabilities and net assets	6,421,925	6,501,917

Consolidated Balance Sheet

- ① Notes and accounts receivable - trade of 42 million yen includes 25 million yen for Hamano and 10 million yen for TRIIS INTERNATIONAL AMERICA.
- ② Merchandise and finished goods of 107 million yen includes 107 million yen for Hamano.

- ③ Buildings and structures of 1,833 million yen includes 243 million yen for Trils and 1,537 million yen for TRIIS INTERNATIONAL AMERICA.
- ④ Land of 3,154 million yen includes 612 million yen for Trils and 2,421 million yen for TRIIS INTERNATIONAL AMERICA.
- ⑤ Advances received of 84 million yen includes 26 million yen for Trils and 57 million yen for Crearia.

Consolidated Financial Statements (Summary)

Consolidated Statement of Income (Thousands of yen)			Consolidated Statement of Cash Flow (Thousands of yen)		
Item	Current term (January 1, 2021 through December 31, 2021)	Previous term (January 1, 2020 through December 31, 2020)	Item	Current term (January 1, 2021 through December 31, 2021)	Previous term (January 1, 2020 through December 31, 2020)
Net sales	1,004,730	1,004,281	Cash flows from operating activities	(77,823)	(103,895)
Cost of sales	731,767	483,187	Cash flows from investing activities	(757,323)	(113,230)
Gross profit	272,963	521,094	Cash flows from financing activities	(124,866)	(143,369)
Selling, general and administrative expenses	423,441	422,683	Effect of exchange rate change on cash and cash equivalents	66,903	(42,055)
Operating profit (loss)	(150,478)	98,410	Net increase (decrease) in cash and cash equivalents	(893,109)	(402,550)
Non-operating income	18,531	26,892	Cash and cash equivalents at beginning of period	1,492,725	1,895,275
Non-operating expenses	90,511	89,453	Cash and cash equivalents at end of period	599,615	1,492,725
Ordinary profit (loss)	(222,457)	35,849			
Extraordinary income	93,340	37,940			
Extraordinary losses	47,465	1,484			
Profit (loss) before income taxes	(176,583)	72,305			
Income taxes	48,397	69,731			
Profit (loss)	(224,980)	2,573			
Profit (loss) attributable to owners of parent	(224,980)	2,573			

Consolidated Statement of Cash Flow

Cash and cash equivalents from operating activities resulted in expenditures of 77 million yen. Cash and cash equivalents from investing activities primarily consisted of the purchase of property, plant and equipment (768 million yen), the purchase of investment securities (102 million yen) and proceeds from sale of investment securities (102 million yen) which resulted in expenditures of 757 million yen. Cash and cash

equivalents from financing activities mainly consisted of the repayment of long-term borrowings (37 million yen) and dividend payouts (90 million yen), and resulted in expenditures of 124 million yen. The effect of exchange rate change was 66 million yen. As a result, cash and cash equivalents at end of period were 599 million yen.

Consolidated Statement of Changes in Equity (January 1, 2021 through December 31, 2021) (Thousands of yen)									
	Shareholders' equity					Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	5,000,000	632,572	(1,065,924)	(362,293)	4,204,354	(151,162)	(151,162)	176,935	4,230,127
Changes of items during period									
Dividends of surplus	—	—	(88,869)	—	(88,869)	—	—	—	(88,869)
Profit (loss) attributable to owners of parent	—	—	(224,980)	—	(224,980)	—	—	—	(224,980)
Purchase of treasury shares	—	—	—	(775)	(775)	—	—	—	(775)
Disposal of treasury shares	—	(42,821)	—	137,890	95,069	—	—	—	95,069
Net changes of items other than shareholders' equity	—	—	—	—	—	225,520	225,520	(82,832)	142,687
Total changes of items during period	—	(42,821)	(313,849)	137,115	(219,556)	225,520	225,520	(82,832)	(76,868)
Balance at end of current period	5,000,000	589,751	(1,379,774)	(225,178)	3,984,798	74,357	74,357	94,102	4,153,258

In Japan, which is frequently hit by natural disasters, the deterioration of social infrastructure built up during periods of high economic growth is becoming increasingly serious, meaning renewing and prolonging the life of facilities and making effective use of existing stock is an urgent issue.

Meanwhile, environmental issues such as global warming have come to the fore, making the conservation of the global environment and creation of a recycling-oriented society important issues.

Crearia has been involved in the design and development of social infrastructure related to rivers since it was founded.

We will leverage our accumulated expertise to constantly improve our water-related technologies and respond to ever-changing social demands.

In addition, we will focus on the peripheral and upstream areas of existing fields and strive to evolve into a company that actively works to preserve and renew the environment.

We aim to be a company that has a unique presence in the construction consultant* industry, boasting strong technological prowess and Customer-centricity, even if we are small in scale.

Projects with involvement of Crearia Inc. have received numerous awards from academic societies and local governments, etc.

Some of these are presented below.

* A construction consultant provides consulting services on technical matters such as the planning, research, and design of public infrastructure including roads, bridges, dams, weirs, harbors, airports, and water and sewer services.

Onna Village Afuso Dam Project

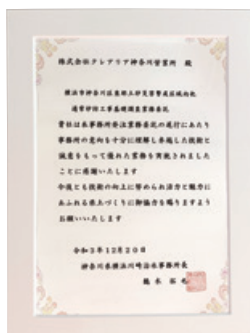
We have been presented with certificates of gratitude and commemorative items for our efforts in completing the project, bringing together many years of experience and outstanding technologies for the Onna Village Afuso Dam Construction Project.



Technology Awards of the Japan Society of Dam Engineers

"Mogami-guni-gawa River Flood Detention Basin Construction Project"

Awards have been granted to individuals and groups that implemented the operations and ground-breaking business in recognition of the remarkable contribution made to the development of dam technology in areas including dam planning, design, and construction and maintenance management. Yamagata prefecture, Maeda-Tobishima-Oba Special Construction Work Joint Venture, Crearia and others received an award.



Commendation of the Head of the Kanagawa Prefectural (Yokohama-Kawasaki) Flood Control Office

We have more than amply demonstrated our technological capabilities in basic research project for ordinary erosion and sediment control work within the Eastern Landslide Disaster Warning Zone of Kanagawa-ku, Yokohama-shi and received a letter of appreciation from the head of the office for our exemplary efforts.



Hamano Inc.

At HAMANO, products are individually made by craftsmen under the motto "A bag that beautifully complements Japanese women." Hamano design' its handle and the shoulder strap to ensure that there is no strain on the arm or shoulder, with a focus not only on the look but also on the "ease of carrying" and "ease of use."

❖ New 2021 Collection

★ Opera Series

Devising Foil transfer printing method are crafted. Stylish and elegant tote bags

📱 The merchandise page is here →



★ Dignita Series

The launch of tote bags & mini tote bags emerging from Hamano formal styles

📱 The merchandise page is here →



★ Pouch

In bright colors that make you feel bright!
Brightness to enjoy in various life situations with extensive color variations.
Created with distinctive technology that is not only applied to bags but also to pouches.



Featuring Imperial family

-Article in the weekly magazine Josei 7-

Featured in the February 3 edition of Josei 7, published by Shogakukan Inc.
The article presents the appeal of the HAMANO Royal Model bag that is favored by Empress Dowager Michiko and loved by various members of the Imperial Household.



| HAMANO's history with the Imperial Household

The third generation president, was a professional polo player who was active in Hawaii.

While conducting the core business, he was also an expert horse rider and served as director of the Keio University Equestrian Club for 24 years. He was also professional level at polo.

Noriyuki introduced horse riding and polo to the Emperor Emeritus when he was the Crown Prince.

From then until he ascended the imperial throne, then Crown Prince enjoyed polo on a weekly basis on a field within the Togu Palace.

Through this personal connection, Empress Dowager Michiko favored the merchandise, which naturally flowed onto Empress Masako when she married into the Imperial Family and placed orders.



The Royal Model (white) favored by Empress Masako was designed and sold by Hamano in 1984.

The merchandise has gentle curved lines with high levels of craftsmanship. Empress Masako is said to have been using this around 1990.

Dividend Policy & Historical Share Price/Stock Information

Dividend Policy

We regard the enhancement of corporate value through the growth and expansion of the business to be the most important task, as well as returning profits to shareholders as one of our management priorities.

Our basic policy is to continue paying a stable dividend, specifically an annual ordinary dividend of 12 yen per share, while taking into consideration the enhancement of internal reserves needed to further expand our operations and stabilize our business base.

	The 23 rd	The 24 th	The 25 th	The 26 th	The 27 th
Total dividend payment (Million yen)	125	98	110	88	92
Dividend per share (yen)	15	12	15	12	12

Historical Share Price

Highest and lowest stock price during the last five years

Business Year	The 23 rd	The 24 th	The 25 th	The 26 th	The 27 th
Account closing date	December 2017	December 2018	December 2019	December 2020	December 2021
Highest (yen)	435	402	663	547	429
Lowest (yen)	305	253	257	229	305

Highest and lowest stock price during the last 6 months

Month	July	August	September	October	November	December
Highest (yen)	361	353	340	336	335	340
Lowest (yen)	340	322	320	317	319	305

Stock Information

(as of December 31, 2021)

Total number of authorized shares 47,000,000 shares

Total number of shares issued and outstanding 8,300,000 shares

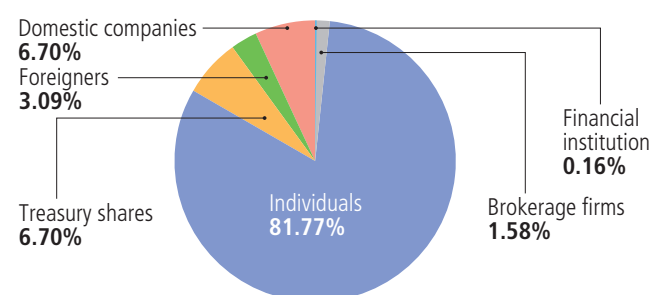
Number of shareholders 15,345

Major 10 shareholders

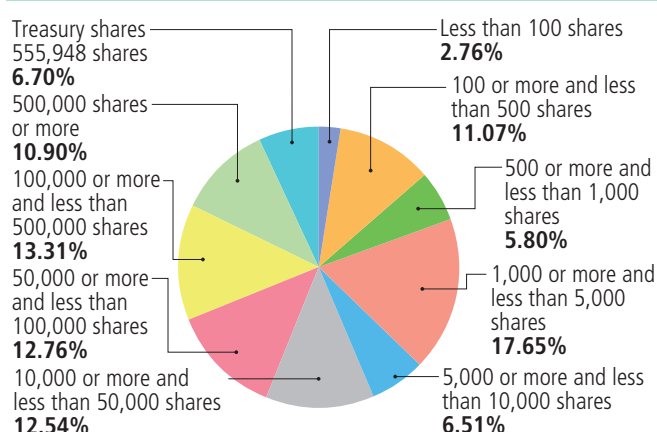
Name	Shares Held	% Total Shares Held
Yukiko Ikeda	904,500	11.67
Challenge II Investment Partnership	299,400	3.86
Yoshinori Takebayasi	252,800	3.26
Sunshine H Investment Partnership	228,000	2.94
BANK JULIUS BAER AND CO.LTD. SINGAPORE CLIENTS	213,860	2.76
Toyoharu Shimizu	111,000	1.43
Miki Koide	99,300	1.28
Shoji Nagai	91,300	1.17
Satoshi Hasegawa	90,300	1.16
Etsuo Uwajima	87,100	1.12

Note: 1. Trils holds its own shares as treasury shares (555,948 shares) and those shares are excluded from the above list of major shareholders.
2. Percentage of total shares held is calculated after subtracting the number of shares of treasury shares.

Breakdown of shareholding by investor type (as of December 31, 2021)



Breakdown of shareholding by the number of shares owned (as of December 31, 2021)



Corporate Profile & Business Structure/Shareholder Information

Corporate Profile

(as of December 31, 2021)

Company name:	Trils Incorporated
Head office:	New Otani Garden Court 8F, 4-1, Kioi-Cho, Chiyoda-ku, Tokyo 102-8578
Date of establishment:	March 16, 1995
Paid-in capital:	5,000 million yen
Number of employees (consolidated):	31 Permanent: 28 Contingent: 3 (Contingent staff includes contract employees, along with temporary employees and occasional employees.)
Principal business:	Control and management of group companies as a pure holding company

Board of Directors

(as of March 24, 2022)

Representative Director and CEO	Yukiko Ikeda
Director	Miki Koide
Director	Etsuo Uwajima
Outside Directors (Audit and Supervisory Committee Members)	Shogo Takai Toshiyuki Nishimura Yasufumi Sakurai

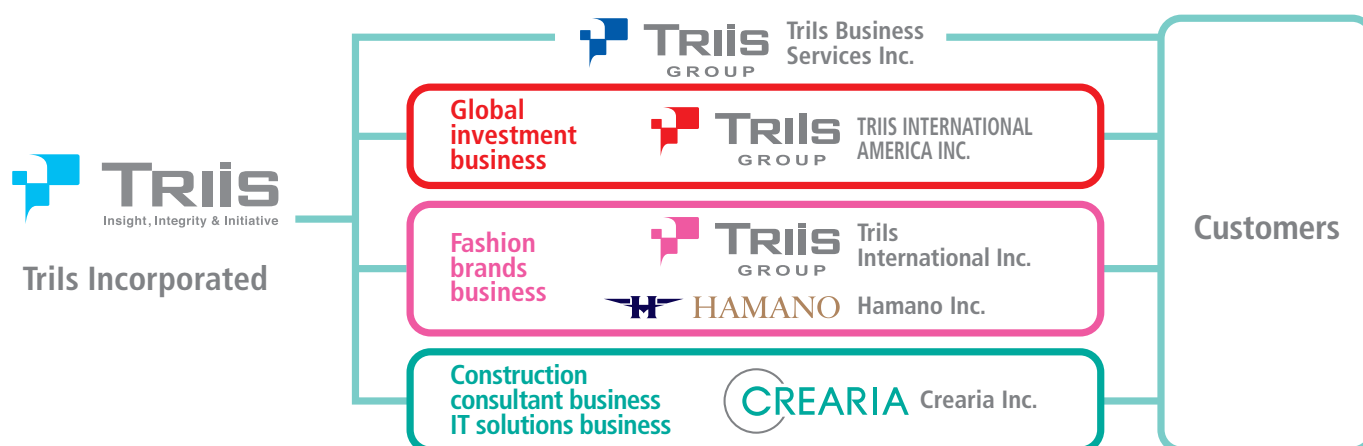
Trils Group Companies

(as of December 31, 2021)

TRIIS INTERNATIONAL AMERICA INC.
Trils International Inc.
Trils Business Services Inc.
Hamano Inc.
Crearia Inc.

Trils Business Structure

(as of March 24, 2022)



Shareholder Information

Business year:	January 1 through December 31
General meeting of shareholders:	Every year in March
Record date:	Every year on December 31
Record date for dividend payment:	
Year-end dividend record date:	December 31
Interim dividend record date:	June 30
Public notice:	Trils has adopted the electronic public notice system. Our public notices are posted on the public notice page of the Trils website at http://www.trils.co.jp . In the event electronic public notices are not available due to unavoidable reasons, they will be published in the Nikkei.
Share trading unit:	100 shares
Stock code:	4840
Transfer agent and account managing institution of the special account:	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Transfer agent contact office:	Stock Transfer Agency Business Planning Department, Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo

(Mailing address)	Stock Transfer Agency Business Planning Department, Sumitomo Mitsui Trust Bank, Limited 2-8-4, Izumi, Suginami-ku, Tokyo 168-0063
(Phone inquiries)	Toll-free: 0120-782-031 (Open from 9:00-17:00 except for Saturdays, Sundays, and national holidays)

* This toll-free telephone number is available only in Japan.

Share-related Procedures

- 1. Notifications and Inquiries, such as notifications of change of address**
For shareholders with a trading account with a brokerage firm, please send all notifications and inquiries to your brokerage firm; for shareholders with no trading account with a brokerage firm, please call the number above.
- 2. Payment of Unclaimed Dividends**
Please give payment instructions to our transfer agent, Sumitomo Mitsui Trust Bank, Limited.
- 3. Special Account**
For those shareholders who have not used the "Hofuri" (the Japan Securities Dealers Association) before the introduction of the electronic share certificate system, an account (known as the "special account") has been opened with our transfer agent mentioned above, Sumitomo Mitsui Trust Bank, Limited. For inquiries such as notifications of change of address and notifications for the special account, please call the number above.

Shareholder Benefit

Triis uses its shareholder benefit program to show appreciation of shareholders' trust and loyalty and offer opportunities for utilizing Triis services to wider audiences.

Please take advantage of this opportunity to try Triis Group services.

The 27th Shareholder Benefit Program: Accommodation Vouchers

Applicable shareholders

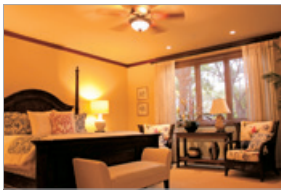
Shareholders who own more than 1,000 shares (10 unit) and are recorded in the shareholder register as of December 31, 2021.

Shareholder Benefit

One night's free vacation rental at our Wailea Beach Villas Resort if you stay more than two nights.

Use by: December 31, 2022 (Saturday)

Usable at: Wailea Beach Villas



In view of travel restrictions to the area due to the spread of the COVID-19 pandemic, we will post details of the provision methods and other items on our website once the travel restrictions have been eased or lifted.

The 27th Shareholder Benefit Program: Shopping Vouchers

Applicable shareholders

Shareholders who own more than 100 shares (1 unit) and are recorded in the shareholder register as of December 31, 2021.

Shareholder Benefit

Purchase of 5,000 yen or more (tax/shipping separate) of the Group's products are entitled to a 2,000 yen discount.

(* One time only offer)

Use by: December 31, 2022 (Saturday)

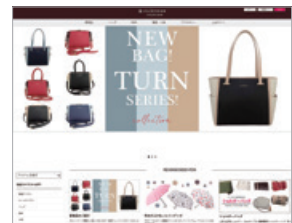
**Available stores: CLATHAS Online Shop
HAMANO Online Shop**

Shareholders of 2,000 shares or more

You can purchase the Group's products at the discount rates on the right as many times as you desire during the period in accordance with the number of shares owned as shown right.

(* The above 2,000-yen benefit can be used at the same time.)

Number of shares owned	Discount rate
2,000 shares or more	20%OFF
5,000 shares or more	30%OFF
10,000 shares or more	40%OFF



<https://www.clathas-online.jp/>



<https://shop.hamanobag.com/>

For more information, please visit the shareholder benefit page of our website at:
(<https://www.triis.co.jp/en/stock/return.html>)

Purchase and Sale Programs for Odd-Lot Shares

Trils has Purchase and Sale Programs for Odd-Lot Shares (1 to 99 shares).

Odd-Lot shares are limited in that they may not be traded on the stock exchange and do not add to voting rights.

To solve such inconveniences, Trils has programs in place that allow you to request odd-lot shares to be purchased or sold.

1. Overview of the Programs

Purchase Program: allows you to request Trils to purchase your odd-lot shares at market price.

(Example) If you have 10 shares of Trils, we will purchase those 10 shares.

Sale Program: allows you to request Trils to sell the number of shares constituting one share unit together with your odd lot shares at market price.

(Example) If you have 10 shares of Trils, you purchase 90 shares from us to combine them into one share unit (100 shares).



2. Procedures (Please note that the procedures do not involve direct requests to Trils.)

■ Odd-Lot shares recorded in a brokerage firm account

Contact the brokerage firm of the trading account for information.

* If you own Trils shares across multiple brokerage firms, contact each brokerage firm for information.

■ Odd-Lot shares recorded in the special account

[Contact Information]

Stock Transfer Agency Business Planning Department, Sumitomo Mitsui Trust Bank, Limited

2-8-4 Izumi, Suginami-Ku, Tokyo 168-0063

Toll-free: 0120-782-031 (Open from 9:00-17:00 except for Saturdays, Sundays, and national holidays)

* This toll-free telephone number is available only in Japan.

3. Commissions (commissions that arise when using the Purchase and Sale Programs)

Account in which odd lot shares are recorded	Commissions to Trils	Commissions for the account managing institution
Brokerage firm account	Free of charge	Varies depending on the brokerage firm. Contact the brokerage firm of the trading account for information.
Special account		Free of charge

* Shareholders with a special account may not sell shares in the special account even after their odd-lot shares have been combined into share units using the Purchase Program.

These shares need to be transferred to a trading account before being sold. Contact Sumitomo Mitsui Trust Bank for details.



Trils corporate symbol was created by world-renowned designer Mr. Masanori Shinozuka who also designed the logo for the Nagano Winter Olympic Games in 1998. His superb design sense produced the visionary symbol of Trils that represents our corporate philosophy consisting of three elements.



New Otani Garden Court 8F, 4-1, Kioi-cho, Chiyoda-ku, Tokyo 102-8578
+81-3-3221-0211