

Quarterly Securities Report

(The Second Quarter of the 35th Fiscal Year)

JINS HOLDINGS INC.

This document was prepared based on the Company's Quarterly Securities Report in Japanese.

In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

[Cover Page]

[Document title]	Quarterly Securities Report
[Article of the applicable law requiring submission of this document]	Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act
[Filed to]	Director-General of the Kanto Local Finance Bureau
[Filing date]	April 8, 2022
[Fiscal year]	Second quarter of the 35th term (from December 1, 2021 to February 28, 2022)
[Company name]	JINS HOLDINGS Inc.
[Company name in English]	JINS HOLDINGS Inc.
[Title and name of representative]	Hitoshi Tanaka, CEO and Representative Director
[Address of registered headquarter]	26-4 Kawaharamachi 2-chome, Maebashi-shi, Gunma (This is the address of the registered head office, but the actual business is conducted at the nearest place of contact.)
[Telephone number]	Not applicable.
[Name of contact person]	Not applicable.
[Nearest place of contact]	Iidabashi Grand Bloom 30th Flr., 10-2 Fujimi 2-chome, Chiyoda-ku, Tokyo
[Telephone number]	+81-3-5275-7001 (main number)
[Name of contact person]	Yukinori Arakawa, Executive Officer and General Manager of Administration Division
[Place for public inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

Part I Company Information

I. Overview of Company

1. Key financial data

Term	34th term Six months ended February 28, 2021	35th term Six months ended February 28, 2022	34th term
Accounting period	From September 1, 2020 to February 28, 2021	From September 1, 2021 to February 28, 2022	From September 1, 2020 to August 31, 2021
Net sales (millions of yen)	31,643	32,704	63,898
Ordinary profit (millions of yen)	2,584	2,172	5,020
Profit attributable to owners of parent (millions of yen)	1,913	1,170	3,292
Comprehensive income (millions of yen)	2,084	1,289	3,623
Net assets (millions of yen)	19,264	21,030	20,219
Total assets (millions of yen)	53,188	53,993	53,007
Earnings per share (yen)	81.99	50.14	141.07
Diluted earnings per share (yen)	74.35	44.86	127.35
Equity ratio (%)	36.2	38.9	38.1
Net cash provided by (used in) operating activities (millions of yen)	638	2,731	5,058
Net cash provided by (used in) investing activities (millions of yen)	(659)	(1,988)	(3,175)
Net cash provided by (used in) financing activities (millions of yen)	(1,238)	(1,214)	(3,758)
Cash and cash equivalents at the end of period (millions of yen)	23,555	23,016	23,206

Term	34th term 2nd quarter	35th term 2nd quarter
Accounting period	From December 1, 2020 To February 28, 2021	From December 1, 2021 To February 28, 2022
Earnings per share (yen)	66.17	31.58

(Notes) 1. As the Company prepares the quarterly consolidated financial statements, the description of key financial data of the submitting company is omitted.

2. The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc., from the beginning of the first quarter and the key financial data for the six months ended February 28, 2022 and the second quarter under review are data after the said accounting standard have been applied.

2. Description of business

There are no significant changes in the description of business which the Company group (the Company and the Company's affiliates. Hereinafter, the "Group") operates during the six months ended February 28, 2022.

In addition, there are no changes in major affiliates.

II. Overview of Business

1. Business risks

In the six months ended February 28, 2022, there were no matters that may have a significant impact on the judgment of investors in the overview of business, financial information and other matters stated in this Quarterly Securities Report or no significant changes in “Business Risks” stated in the Annual Securities Report for the previous fiscal year.

The impact of COVID-19 is as stated in “2. Management analysis of financial position, operating results and cash flows” and we will continue to monitor the situation.

In addition, there were no material events.

2. Management analysis of financial position, operating results and cash flows

Forward-looking statements in this document are based on the Group’s judgments as of the end of this quarter of the fiscal year under review.

(1) Financial position and operating results

During the six months ended February 28, 2022 (September 1, 2021 to February 28, 2022), the Japanese economy experienced the continued seesawing impact of the novel coronavirus disease (COVID-19) on personal consumption, as semi-emergency coronavirus measures were declared again in mid-January due to the prevalence of variants, despite the complete lifting from October onward of the state of emergency, etc., which had been declared due to the spread of COVID-19, mainly in urban areas. Looking at the global economy, infection prevention measures, including travel restrictions, remain in place in many regions partly owing to the impact of COVID-19 variants. Particularly in China, urban areas have been intermittently locked down under the zero-Covid policy, leading to concerns about the impact on economic conditions. In addition, there are concerns about a possible worsening of economic conditions as the economic impact of the Russian invasion of Ukraine should be carefully watched and global inflation has become more apparent due to the rising price of crude oil and raw materials.

The domestic retail eyewear market (eyeglasses for vision correction) continues to experience ups and downs versus the same period of the previous year, owing to the impact of COVID-19.

Under this market environment, in the eyewear business, the Company and its consolidated subsidiaries (collectively, the “Group”) took such initiatives as promoting digital transformation, and strengthening development of innovative products, which they identified as management issues. In the domestic eyewear business, we worked to improve management efficiency and offer consumers a more convenient purchasing experience, including introducing a solution to improve supply and demand management with an eye on globalization using AI without relying on prior experience alone. With regard to product development, as part of our initiatives to realize “the world free from myopia,” we conducted a joint project to develop an eyeglass-shaped, violet-light-emitting medical device designed to suppress progress of myopia, and total research and development expenses were ¥110 million for the six months ended February 28, 2022.

In terms of store development, the number of eyewear stores as of February 28, 2022, was 680, including 451 stores in Japan and 229 stores overseas (173 in China, 44 in Taiwan, 6 in Hong Kong, and 6 in the United States).

As a result, for the six months ended February 28, 2022, the Company posted net sales of ¥32,704 million (up 3.4% year-on-year) partly thanks to the impact of new store openings despite the impact of COVID-19. Operating profit was ¥1,902 million (down 28.5% year-on-year) partly owing to the effect of changes to revenue recognition standards, etc. Ordinary profit was ¥2,172 million (down 15.9% year-on-year), and profit attributable to owners of parent was ¥1,170 million (down 38.8% year-on-year), partly due to the recording of provision of allowance for office relocation expenses related to relocation of the Tokyo head office in extraordinary losses.

(2) Analysis and examination of operating results, etc. from management perspective

1) Business results by segment

<Domestic Eyewear Business>

In the domestic eyewear business, the second release of the JINS Pokémon model, in which we incorporated Pokémon to eyewear designs through JINS’ unique point of view, was well-received. Sales were also driven by high-value-added products, including “Airframe Hingeless,” for which we eliminated the hinges connecting the front of the frame with the temples, creating

a unique new fit and comfort for users. In addition, membership of the JINS app reached approximately 10.14 million people as of the end of February 2022 and e-commerce sales continued to grow at a steady pace. Also, sales of contact lenses, which provide JINS 1DAY, have grown as planned. Regarding the impact of COVID-19, although there were signs of a recovery in footfall to levels prior to the outbreak of the pandemic from October onward, when the declaration of a state of emergency, etc., was lifted, customer traffic has decreased as semi-emergency coronavirus measures were declared mainly in urban areas in mid-January due to the prevalence of COVID-19 variants. As such, the situation is still seesawing.

In terms of store development, the number of stores in Japan was 451 (21 openings and 4 closures) as of the end of the period under review.

As a result, net sales of the domestic eyewear business were ¥25,630 million (up 0.7% year-on-year), and segment operating profit was ¥1,921 million (down 22.2% year-on-year).

<Overseas Eyewear Business>

In the overseas eyewear business, profit significantly decreased in China as personal consumption stalled, owing partly to intermittent lockdowns of cities amid the continued strengthening of restrictions on individual movement imposed by the government as a measure to combat COVID-19, in addition to the impact of factors such as a fallback from the previous year, when there were exemptions to social security fees.

In Taiwan, profit increased as performance recovered steadily from the impact of COVID-19 infections, though our business was impacted by factors such as an increase in personnel expenses to secure opticians as required by the Optometric Personnel Act.

In Hong Kong, the slump in consumption due to the effects of protests resulting from political unrest and COVID-19 is on a recovery track, and business performance is also recovering steadily.

In the United States, we have reopened all of our brick-and-mortar stores, which had been closed due to the impact of COVID-19, and business performance is on a recovery track.

In terms of store development, the total number of stores overseas was 229 as of the end of the period under review, including 173 stores in China (9 openings and 6 closures), 44 in Taiwan (6 openings and no closures), 6 in Hong Kong (no openings or closures), and 6 in the United States (no openings or closures).

As a result, net sales of the overseas eyewear business were ¥7,074 million (up 14.3% year-on-year), and segment operating loss was ¥18 million (segment operating profit was ¥191 million for the same period of the previous year).

2) Analysis of financial position

(a) Assets

Current assets decreased ¥65 million from the end of the previous fiscal year to ¥33,139 million.

This was mainly due to a decrease of ¥190 million in cash and deposits.

Non-current assets increased ¥1,052 million from the end of the previous fiscal year to ¥20,854 million.

This was mainly due to an increase of ¥459 million in property, plant and equipment such as buildings and structures as a result of the Group's expansion of retail stores and an increase of ¥289 million in leasehold and guarantee deposits.

As a result, total assets increased ¥986 million from the end of the previous fiscal year to ¥53,993 million.

(b) Liabilities

Current liabilities increased ¥10,153 million from the end of the previous fiscal year to ¥20,655 million.

This was mainly due to a transfer of ¥10,066 million of convertible bond-type bonds with share acquisition rights with due date within one year from non-current liabilities.

Non-current liabilities decreased ¥9,978 million from the end of the previous fiscal year to ¥12,307 million.

This was mainly due to a transfer of ¥10,066 million of convertible bond-type bonds with share acquisition rights with due date within one year to current liabilities.

As a result, total liabilities increased ¥175 million from the end of the previous fiscal year to ¥32,963 million.

(c) Net assets

Net assets increased ¥810 million from the end of the previous fiscal year to ¥21,030 million.

This was mainly due to the recording of ¥1,170 million in profit attributable to owners of parent, despite a decrease of ¥466 million due to the payment of dividends.

3) State of cash flows

Cash and cash equivalents as of the end of the second quarter of the fiscal year under review decreased ¥190 million from the end of the previous fiscal year to ¥23,016 million. State of each cash flow and factors thereof are as follows.

(a) Cash flows from operating activities

Net cash provided by operating activities increased ¥2,093 million year on year to ¥2,731 million.

This was mainly due to an increase in funds resulting from the recording of ¥1,829 million in profit before income taxes and ¥1,407 million in depreciation, despite a decrease in funds due to ¥437 million of income taxes paid.

(b) Cash flows from investing activities

Net cash used in investing activities increased ¥1,329 million year on year to ¥1,988 million.

This was mainly due to a decrease in funds resulting from the use of ¥1,237 million in purchase of property, plant and equipment in line with the opening and refurbishing of stores.

(c) Cash flows from financing activities

Net cash used by financing activities decreased ¥24 million year on year to ¥1,214 million.

This was mainly due to a decrease in funds resulting from ¥466 million in dividends paid, ¥247 million in repayments of lease obligations and ¥353 million repayments of installment payables.

(3) Research and development activities

Total research and development expenses were ¥110 million for the six months ended February 28, 2022.

There was no material change in the Group's research and development activities during the six months ended February 28, 2022.

3. Material contracts, etc.

There was no decision or conclusion of material management contracts, etc. during the second quarter of the fiscal year under review.

III. Status of the Submitting Company

1. Status of Shares, etc.

(1) Total number of shares, etc.

1) Total Number of Shares

Class	Total number of authorized shares (shares)
Common stock	73,920,000
Total	73,920,000

2) Issued Shares

Class	As of the end of 2nd quarter of the fiscal year (shares) (February 28, 2022)	As of the submission date (shares) (April 8, 2022)	Stock exchange on which the Company is listed	Details
Common stock	23,980,000	23,980,000	Tokyo Stock Exchange (First Section) (as of the end of the second quarter) Prime Market (as of the filing date)	The number of shares constituting one unit: 100 shares
Total	23,980,000	23,980,000	—	—

(2) Status of Share Acquisition Rights, etc.

1) Details of the Stock Option Plan

Not applicable.

2) Status of Other Share Acquisition Rights, etc.

Not applicable.

(3) Status of Exercises of Moving Strike Convertible Bonds, etc.

Not applicable.

(4) Changes in the Total Number of Shares Issued and the Amount of Common Stock, etc.

Date	Changes in the total number of shares issued (shares)	Balance of the total number of shares issued (shares)	Changes in common stock (millions of yen)	Balance of common stock (millions of yen)	Changes in legal capital surplus (millions of yen)	Balance of legal capital surplus (millions of yen)
From December 1, 2021 to February 28, 2022	—	23,980,000	—	3,202	—	3,157

(5) Status of Major Shareholders

As of February 28, 2022

Name	Address	Number of shares held (shares)	Percentage of the number of shares held in the total number of shares issued (excluding treasury stock) (%)
Hitoshi Tanaka	Maebashi-shi, Gunma	8,074,000	34.59
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3 Hamamatsucho 2-chome, Minato-ku, Tokyo	3,189,100	13.66
MARS G.K.	10-2 Fujimi 2-chome, Chiyoda-ku, Tokyo	1,200,000	5.14
Custody Bank of Japan, Ltd. (Trust Account)	8-12 Harumi 1-chome, Chuo-ku, Tokyo	1,051,900	4.51
BNYM TREATY DTT 15 (Standing Proxy: Transaction Services Division, MUFG Bank, Ltd.)	240 GREENWICH STREET, NEW YORK, 10286 U.S.A.	688,400	2.95
TAIYO FUND, L.P. (Standing Proxy: Transaction Services Division, MUFG Bank, Ltd.)	5300 CARILLON POINT KIRKLAND, WA 98033, USA	687,800	2.95
Jupiter Corporation	10-2 Fujimi 2-chome, Chiyoda-ku, Tokyo	600,000	2.57
Venus Corporation	10-2 Fujimi 2-chome, Chiyoda-ku, Tokyo	600,000	2.57
Yutaka Nakamura	Minato-ku, Tokyo	480,000	2.06
Total	—	16,571,200	71.00

(Notes) 1. The number of shares held by The Master Trust Bank of Japan, Ltd. of 3,189,100 shares relates to trust operations. These shares include 102,100 shares held in pension trusts, 1,218,700 shares held in investment trusts, and 1,868,300 shares held in other trusts.

2. The number of shares held by Custody Bank of Japan, Ltd. of 1,051,900 shares relates to trust operations. These shares include 145,800 shares held in pension trusts, 775,800 shares held in investment trusts, and 130,300 shares held in other trusts.

3. In the statement of large-volume holdings (change report) made available for public inspection on October 21, 2021, it is stated that Nomura Securities Co., Ltd. and its joint holders Nomura International plc and Nomura Asset Management Co., Ltd. hold the following shares as of October 15, 2021. However, since the Company is unable to confirm the actual number of shares held by them as of February 28, 2022, they are not included in the above status of major shareholders.

The details of the statement of large-volume holdings are as follows.

Name	Address	Number of shares held (shares)	Shareholding ratio (%)
Nomura Securities Co., Ltd.	13-1 Nihonbashi, 1-chome, Chuo-ku, Tokyo	249,137	1.03
Nomura International plc	1 Angel Lane London EC4R 3AB United Kingdom	125,739	0.52
Nomura Asset Management Co., Ltd.	2-1 Toyosu 2-chome, Koto-ku, Tokyo	689,000	2.87
Total	—	1,063,876	4.35

(Note) The number of shares held by Nomura Securities Co., Ltd. and Nomura International plc includes the number of latent shares held as a result of holding bonds with share acquisition rights.

4. In the statement of large-volume holdings (change report) made available for public inspection on December 22, 2021, it is stated that Mizuho Securities Co., Ltd. and its joint holders Asset Management One Co., Ltd. and Mizuho International plc hold the following shares as of December 15, 2021. However, since the Company is unable to confirm the actual number of shares held by them as of February 28, 2022, they are not included in the above status of major shareholders.

The details of the statement of large-volume holdings are as follows.

Name	Address	Number of shares held (shares)	Shareholding ratio (%)
Mizuho Securities Co., Ltd.	5-1 Otemachi 1-chome, Chiyoda-ku, Tokyo	1,217,706	4.68
Asset Management One Co., Ltd.	8-2 Marunouchi 1-chome, Chiyoda-ku, Tokyo	345,700	1.33
Mizuho International plc	30 Old Bailey, London, EC4M 7AU, United Kingdom	—	—
Total	—	1,563,406	6.01

(Note) The number of shares held by Mizuho Securities Co., Ltd. and Mizuho International plc includes the number of latent shares held as a result of holding bonds with share acquisition rights.

5. In the statement of large-volume holdings made available for public inspection on January 5, 2022, it is stated that TAIYO PACIFIC PARTNERS LP and its joint holder TAIYO FUND, L.P. hold the following shares as of December 23, 2021. However, since the Company is unable to confirm the actual number of shares held by them as of February 28, 2022, they are not included in the above status of major shareholders.

The details of the statement of large-volume holdings are as follows.

Name	Address	Number of shares held (shares)	Shareholding ratio (%)
TAIYO PACIFIC PARTNERS LP	5300 CARILLON POINT KIRKLAND, WA 98033, USA	776,200	3.24
TAIYO FUND, L.P.	5300 CARILLON POINT KIRKLAND, WA 98033, USA	700,200	2.92
Total	—	1,476,400	6.16

(6) Status of Voting Rights

1) Issued Shares

As of February 28, 2022

Classification	Number of shares (shares)	Number of voting rights (units)	Details
Shares without voting rights	—	—	—
Shares with restricted voting rights (treasury stock, etc.)	—	—	—
Shares with restricted voting rights (others)	—	—	—
Shares with full voting rights (treasury stock, etc.)	Common stock 639,700	—	—
Shares with full voting rights (others)	Common stock 23,334,700	233,347	Number of shares per unit: 100 shares
Odd-lot shares	Common stock 5,600	—	—
Total number of shares issued	23,980,000	—	—
Total voting rights held by shareholders	—	233,347	—

2) Treasury Stock, etc.

As of February 28, 2022

Name of shareholder	Address of shareholder	Number of shares held under own name (shares)	Number of shares held under the names of others (shares)	Total number of shares held (shares)	Percentage of the number of shares held in the total number of shares issued (%)
JINS HOLDINGS Inc.	26-4 Kawaharamachi 2-chome, Maebashi-shi, Gunma	639,700	—	639,700	2.66
Total	—	639,700	—	639,700	2.66

2. Status of Officers

Not applicable.

IV. Financial Information

1. Preparation methods of quarterly consolidated financial statements

The quarterly consolidated financial statements of the Company are prepared based on the Regulation on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Order No. 64 of 2007).

2. Audit certification

The Company's quarterly consolidated financial statements for the second quarter of the fiscal year under review (from December 1, 2021 to February 28, 2022) and the six months ended February 28, 2022 (from September 1, 2021 to February 28, 2022) have received a quarterly review by Ernst & Young ShinNihon LLC, pursuant to provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

1. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of August 31, 2021	As of February 28, 2022
Assets		
Current assets		
Cash and deposits	23,206	23,016
Notes and accounts receivable – trade	3,794	3,773
Merchandise and finished goods	4,515	4,427
Raw materials and supplies	359	438
Other	1,328	1,483
Total current assets	33,205	33,139
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,139	7,347
Other, net	1,753	2,004
Total property, plant and equipment	8,892	9,351
Intangible assets	2,244	2,294
Investments and other assets		
Leasehold and guarantee deposits	4,514	4,803
Other	4,150	4,404
Total investments and other assets	8,664	9,207
Total non-current assets	19,801	20,854
Total assets	53,007	53,993

(Millions of yen)

	As of August 31, 2021	As of February 28, 2022
Liabilities		
Current liabilities		
Accounts payable – trade	1,506	1,446
Current portion of convertible bond-type bonds with share acquisition rights	-	10,066
Short-term borrowings	2,121	2,140
Current portion of long-term borrowings	53	44
Accounts payable - other, and accrued expenses	4,410	4,533
Provision for bonuses	49	45
Provision for product warranties	-	153
Income taxes payable	657	1,016
Other	1,702	1,208
Total current liabilities	10,501	20,655
Non-current liabilities		
Convertible bond-type bonds with share acquisition rights	20,135	10,030
Long-term borrowings	217	180
Asset retirement obligations	528	541
Allowance for office relocation expenses	-	235
Other	1,404	1,320
Total non-current liabilities	22,285	12,307
Total liabilities	32,787	32,963
Net assets		
Shareholders' equity		
Common stock	3,202	3,202
Capital surplus	3,228	3,228
Retained earnings	18,747	19,439
Treasury stock	(5,002)	(5,002)
Total shareholders' equity	20,176	20,867
Accumulated other comprehensive income		
Foreign currency translation adjustment	43	162
Total accumulated other comprehensive income	43	162
Total net assets	20,219	21,030
Total liabilities and net assets	53,007	53,993

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statements of income

Six months ended February 28, 2021 and February 28, 2022

(Millions of yen)

	For the six months ended February 28, 2021	For the six months ended February 28, 2022
Net sales	31,643	32,704
Cost of sales	6,585	7,148
Gross profit	25,057	25,555
Selling, general and administrative expenses	*1 22,394	*1 23,653
Operating profit	2,662	1,902
Non-operating income		
Interest income	42	43
Commission income	31	11
Rental income	4	3
Foreign exchange gains	93	182
Subsidy income	19	133
Compensation income	-	110
Other	15	8
Total non-operating income	206	494
Non-operating expenses		
Interest expenses	82	77
Share of loss of investments accounted for using equity method	-	27
Commission expenses	0	0
Rental expenses on real estate	181	110
Other	20	8
Total non-operating expenses	285	224
Ordinary profit	2,584	2,172
Extraordinary losses		
Loss on retirement of non-current assets	17	94
Impairment loss	209	-
Loss on store closings	1	12
Provision of allowance for office relocation expenses	*2 -	*2 235
Total extraordinary losses	228	342
Profit before income taxes	2,355	1,829
Income taxes – current	758	754
Income taxes – deferred	(316)	(95)
Total income taxes	441	659
Profit	1,913	1,170
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	1,913	1,170

Quarterly consolidated statements of comprehensive income
Six months ended February 28, 2021 and February 28, 2022

(Millions of yen)

	For the six months ended February 28, 2021	For the six months ended February 28, 2022
Profit	1,913	1,170
Other comprehensive income		
Foreign currency translation adjustment	171	119
Total other comprehensive income	171	119
Comprehensive income	2,084	1,289
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	2,084	1,289
Comprehensive income attributable to non-controlling interests	-	-

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	For the six months ended February 28, 2021	For the six months ended February 28, 2022
Cash flows from operating activities:		
Profit before income taxes	2,355	1,829
Depreciation	1,294	1,407
Impairment loss	209	-
Amortization of goodwill	35	17
Increase (decrease) in provision for bonuses	(5)	(3)
Increase (decrease) in provision for product warranties	-	152
Increase (decrease) in allowance for office relocation expenses	-	235
Interest and dividend income	(42)	(43)
Subsidy income	-	(133)
Interest expenses	82	77
Commission expenses	0	0
Foreign exchange losses (gains)	(65)	(195)
Share of loss (profit) of investments accounted for using equity method	-	27
Loss on retirement of non-current assets	17	94
Loss on store closings	1	12
Decrease (increase) in trade receivables	158	63
Decrease (increase) in inventories	(1,099)	88
Decrease (increase) in other assets	(44)	(109)
Increase (decrease) in trade payables	42	(74)
Increase (decrease) in accrued consumption taxes	(286)	(760)
Increase (decrease) in accounts payable - other	(203)	70
Increase (decrease) in accrued expenses	(32)	(47)
Increase (decrease) in other liabilities	(5)	286
Other, net	41	78
Subtotal	2,454	3,075
Interest and dividends received	4	4
Interest paid	(84)	(65)
Commission paid	(0)	(0)
Income taxes paid	(1,735)	(437)
Proceeds from subsidy income	-	133
Other, net	-	21
Net cash provided by (used in) operating activities	638	2,731
Cash flows from investing activities:		
Purchase of property, plant and equipment	(821)	(1,237)
Purchase of intangible assets	(72)	(250)
Loan advances	(30)	(202)
Collection of loans receivable	23	26
Proceeds from sale of businesses	159	-
Payments of leasehold and guarantee deposits	(155)	(399)
Proceeds from refund of leasehold and guarantee deposits	236	94
Purchase of investment securities	-	(20)
Net cash provided by (used in) investing activities	(659)	(1,988)

(Millions of yen)

	For the six months ended February 28, 2021	For the six months ended February 28, 2022
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	154	(92)
Repayments of long-term borrowings	(69)	(53)
Repayments of installment payables	(328)	(353)
Purchase of treasury stock	(0)	-
Repayments of lease obligations	(411)	(247)
Dividends paid	(583)	(466)
Net cash provided by (used in) financing activities	(1,238)	(1,214)
Effect of exchange rate changes on cash and cash equivalents	147	281
Net increase (decrease) in cash and cash equivalents	(1,112)	(190)
Cash and cash equivalents at the beginning of period	24,667	23,206
Cash and cash equivalents at the end of period	* 23,555	* 23,016

[Notes]

(Changes in accounting policies, etc.)

(Application of Accounting Standard for Revenue Recognition and other standards)

The Company has decided to apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter the “Revenue Recognition Accounting Standard”), etc., from the beginning of the first quarter and recognize revenue from goods or services which the Company promised to provide at an amount expected to be received in exchange for the goods or services at the time when control over the promised goods or services has been transferred to a customer.

Major changes due to the application of Revenue Recognition Accounting Standard, etc., are shown below.

(1) Sales with right of return

The Company has changed the accounting treatment of sales with a right of return to the method of recognizing revenue and cost of sales after excluding amounts equivalent to revenue and cost of sales for products expected to be returned. Accordingly, any consideration for products expected to be returned is included in “Other” under “Current liabilities” as refund liabilities, and any assets for which the Company recognizes the right to recover products from customers on settling refund liabilities are included in “Other” under “Current assets” as return assets.

(2) Revenue recognition for points from other companies

Previously the Company recorded amounts equivalent to points granted to customers in accordance with the sale of products based on points programs operated by other companies as selling, general and administrative expenses. However, the Company has changed to the method of recognizing revenue after subtracting an amount equivalent to points granted from the transaction price.

The application of the Revenue Recognition Accounting Standard, etc., follows the provisional treatment stipulated in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative effects in the case of retroactively applying the new accounting policy to before the beginning of the first quarter of the fiscal year were adjusted in retained earnings at the beginning of the first quarter of the fiscal year, and the new accounting policy is applied from this initial balance.

As the impacts on profit and loss for the six months ended February 28, 2022, and retained earnings at the beginning of the period are not significant, this information has been omitted.

Furthermore, in accordance with the provisional treatment stipulated in Paragraph 89-2 of the Revenue Recognition Accounting Standard, information for previous consolidated fiscal years has not been reclassified based on the new method of presentation. In addition, in accordance with the provisional treatment stipulated in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), the disaggregation of revenue from contracts with customers is not provided for the six months ended February 28, 2021.

(Application of Accounting Standard for Fair Value Measurement)

The Company has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, hereinafter the “Fair Value Measurement Accounting Standard”) from the beginning of the first quarter of the fiscal year. Accordingly, the Company will apply new accounting policies prescribed in the Fair Value Measurement Accounting Standard and the like in the future in accordance with the provisional treatment stipulated in Paragraph 19 of the same Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). The application of the accounting standard has no impact on the quarterly consolidated financial statements.

(Changes in accounting estimates)

As announced in the “Notice of Relocation of the Tokyo Head Office” on January 14, 2022, we plan to relocate the Tokyo head office in February 2023. In accordance with this, the Company has shortened the useful lives of non-current assets that it does not expect to use after the relocation. This change will be applied going forward.

In addition, the Company has made changes to asset retirement obligations for restoration costs in accordance with fixed-term building lease contracts such that the recording of expenses associated with asset retirement obligations will end by the planned relocation date.

Furthermore, the impact of this change on profit and loss for the six months ended February 28, 2022, is not significant.

(Quarterly consolidated balance sheet)

I. Liability on guarantees

Certain subsidiaries entered into proxy deposit agreements with lessors and financial institutions regarding leasehold and guarantee deposits on some leasehold properties.

Based on the agreements, the financial institutions have deposited the amounts equivalent to leasehold and guarantee deposits to the lessors, and the subsidiaries guaranteed the obligations of the lessors to refund the leasehold and guarantee deposits to the financial institutions.

Previous consolidated fiscal year (August 31, 2021)	2nd quarter of consolidated fiscal year under review (February 28, 2022)
¥274 million	¥274 million

II. Financial covenants

Previous consolidated fiscal year (August 31, 2021)

The Company entered into loan commitment agreements with counterparty banks to flexibly and stably procure working capital and funding for capital investments mainly for new store openings, and the said loan commitment agreements are subject to financial covenants.

(1) Loan commitment agreements entered into on August 29, 2017

Total amount of loan commitments	¥8,000 million
Available amount at the year-end	¥4,000 million
Outstanding borrowings at the year-end	-
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Unused balance	¥4,000 million

Financial covenants on the loan commitment agreements above

- 1) Total net assets in the consolidated balance sheets at each year-end after the effective date of the agreement must be at least 75% of those at the year-end immediately before the effective date of the agreement or at least 75% of those at the most recent year-end, whichever is higher.
- 2) The Company shall not record ordinary loss for two consecutive years in the consolidated statement of income at each fiscal year-end after the effective date of the agreement.

Second quarter of the consolidated fiscal year under review (February 28, 2022)

The Company entered into loan commitment agreements with counterparty banks to flexibly and stably procure working capital and funding for capital investments mainly for new store openings, and the said loan commitment agreements are subject to financial covenants.

(1) Loan commitment agreements entered into on August 29, 2017

Total amount of loan commitments	¥8,000 million
Available amount at the period-end	¥4,000 million
Outstanding borrowings at the period-end	-
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Unused balance	¥4,000 million

Financial covenants on the loan commitment agreements above

- 1) Total net assets in the consolidated balance sheets at each year-end after the effective date of the agreement must be at least 75% of those at the year-end immediately before the effective date of the agreement or at least 75% of those at the most recent year-end, whichever is higher.
- 2) The Company shall not record ordinary loss for two consecutive years in the consolidated statement of income at each fiscal year-end after the effective date of the agreement.

(Quarterly consolidated statements of income)

*1. Major components and amounts of selling, general and administrative expenses were as follows:

	Six months ended February 28, 2021	Six months ended February 28, 2022
Salaries and allowances	¥6,628 million	¥7,166 million
Rent expenses on land and buildings	¥5,427 million	¥5,694 million
Advertising expenses	¥1,482 million	¥1,331 million
Research and development expenses	¥216 million	¥110 million

*2. Provision of allowance for office relocation expenses

For the six months ended February 28, 2021

Not applicable.

For the six months ended February 28, 2022

Relating to the decision on relocating the Tokyo head office, after relocating to the new Tokyo head office, the amount equivalent to rent expenses for the estimated period of restoration work of the former Tokyo head office was recorded as provision of allowance.

(Quarterly consolidated statements of cash flows)

* Reconciliation of cash and cash equivalents in the quarterly consolidated statements of cash flows and cash and deposits in the quarterly consolidated balance sheets as of February 28, 2021 and 2022 was as follows:

	Six months ended February 28, 2021	Six months ended February 28, 2022
Cash and deposits	¥23,555 million	¥23,016 million
Time deposits with maturities over three months, etc.	—	—
Cash and deposits	¥23,555 million	¥23,016 million

(Shareholders' equity)

For the six months ended February 28, 2021

1. Dividends paid

Resolution	Class of shares	Total amount (Millions of Yen)	Per share amount (Yen)	Record date	Effective date	Source of dividends
Annual General Meeting of Shareholders held on November 26, 2020	Common stock	583	25.00	August 31, 2020	November 27, 2020	Retained earnings

2. Of dividends for which the record date is during the six months ended February 28, 2021, dividends with effective dates falling after the end of the second quarter of the fiscal year

Resolution	Class of shares	Total amount (Millions of Yen)	Per share amount (Yen)	Record date	Effective date	Source of dividends
Board of Directors meeting held on April 9, 2021	Common stock	583	25.00	February 28, 2021	May 14, 2021	Retained earnings

For the six months ended February 28, 2022

1. Dividends paid

Resolution	Class of shares	Total amount (Millions of Yen)	Per share amount (Yen)	Record date	Effective date	Source of dividends
Annual General Meeting of Shareholders held on November 25, 2021	Common stock	466	20.00	August 31, 2021	November 26, 2021	Retained earnings

2. Of dividends for which the record date is during the six months ended February 28, 2022, dividends with effective dates falling after the end of the second quarter of the fiscal year

Resolution	Class of shares	Total amount (Millions of Yen)	Per share amount (Yen)	Record date	Effective date	Source of dividends
Board of Directors meeting held on April 8, 2022	Common stock	396	17.00	February 28, 2022	May 13, 2022	Retained earnings

(Segment information, etc.)

[Segment information]

I. For the six months ended February 28, 2021

1. Information about net sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable segment			Adjustments	Consolidated (Note)
	Domestic eyewear business	Overseas eyewear business	Subtotal		
Net sales:					
Sales to outside customers	25,451	6,191	31,643	-	31,643
Intersegment sales or transfers	281	6	288	(288)	-
Total	25,733	6,198	31,931	(288)	31,643
Segment profit	2,471	191	2,662	-	2,662

Notes: Segment profit is reconciled to operating profit in the quarterly consolidated statements of income.

2. Information about loss on impairment of non-current assets and goodwill by reportable segment

(Significant loss on impairment of non-current assets)

An impairment loss of ¥209 million was recorded in the “domestic eyewear business” segment.

(Significant changes in goodwill)

Not applicable.

(Significant gain on negative goodwill)

Not applicable.

II. For the six months ended February 28, 2022

1. Information about net sales and profit (loss) by reportable segment and information about revenue breakdown

(Millions of yen)

	Reportable segment			Adjustments	Consolidated (Note)
	Domestic eyewear business	Overseas eyewear business	Subtotal		
Net sales:					
Revenue from contracts with customers	25,630	7,074	32,704	-	32,704
Sales to outside customers	25,630	7,074	32,704	-	32,704
Intersegment sales or transfers	233	5	239	(239)	-
Total	25,864	7,080	32,944	(239)	32,704
Segment profit (loss)	1,921	(18)	1,902	-	1,902

Notes: Segment profit (loss) is reconciled to operating profit in the quarterly consolidated statements of income.

2. Information about loss on impairment of non-current assets and goodwill by reportable segment

(Significant loss on impairment of non-current assets)

Not applicable.

(Significant changes in goodwill)

Not applicable.

(Significant gain on negative goodwill)

Not applicable.

3. Change in reportable segments

As described in Changes in accounting policies, etc., the Company has changed its accounting treatment methods in relation to revenue recognition with the application of the Accounting Standard for Revenue Recognition and other standards from the beginning of the first quarter of the fiscal year. Accordingly, the Company has made similar changes to methods of calculating business segment profit and loss.

Furthermore, the impact of these changes on segment information is not significant.

(Revenue recognition)

Information about breakdown of revenue from contracts with customers is as stated in “Notes (Segment information, etc.)”

(Additional information)

(Accounting estimates pertaining to the novel coronavirus disease (COVID-19))

Regarding the impact of COVID-19, the impact on personal consumption is seesawing, as semi-emergency coronavirus measures were declared again in mid-January due to the prevalence of variants, despite the complete lifting from October onward of the state of emergency, etc., which had been declared due to the spread of COVID-19, mainly in urban areas, and therefore, we believe that it is still impossible to predict future developments.

Although it is difficult to forecast accurately factors including the timing when the disease is brought under control, the Group has made accounting estimates such as impairment of non-current assets and the recoverability of deferred tax assets, based on an assumption that the impact will continue for a certain period in the fiscal year ending August 31, 2022.

(Per Share Information)

Basic and diluted earnings per share are calculated as follows:

Items	Six months ended February 28, 2021	Six months ended February 28, 2022
(1) Basic earnings per share	¥81.99	¥50.14
(Basis for calculation)		
Profit attributable to owners of parent (millions of yen)	1,913	1,170
Profit not attributable to common shareholders (millions of yen)	-	-
Profit attributable to owners of parent related to common stock (millions of yen)	1,913	1,170
Weighted-average number of shares of common stock outstanding during the year (shares)	23,340,217	23,340,216
(2) Diluted earnings per share	¥74.35	¥44.86
(Basis for calculation)		
Adjustments to profit attributable to owners of parent (millions of yen)	(26)	(26)
[of which, other (after tax effect)] (millions of yen)	[(26)]	[(26)]
Increase in number of shares of common stock (shares)	2,038,886	2,156,660
[of which, convertible bond-type bonds with share acquisition rights]	[2,038,886]	[2,156,660]
Summary of potential shares not included in calculation of diluted earnings per share due to lack of dilutive effect, which were subject to significant change from the end of the previous fiscal year	-	-

(Subsequent events)

Not applicable.

2. Other

Regarding the interim dividend for the 35th term (from September 1, 2021 to August 31, 2022), at the Board of Directors meeting held on April 8, 2022, it was resolved to pay an interim dividend to shareholders who were recorded in the shareholder registry as of February 28, 2022.

- 1) Total amount: ¥396 million
- 2) Per share amount: ¥17.00
- 3) Effective date of claim for payment and payment commencement date: May 13, 2022

Part II Information on Guarantor Companies, etc. for the Submitting Company

Not applicable.