

Quarterly Securities Report

(The Third 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.

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[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]	July 14, 2022
[Fiscal year]	Third quarter of the 35th term (from March 1, 2022 to May 31, 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 Nine months ended May 31, 2021	35th term Nine months ended May 31, 2022	34th term
Accounting period	From September 1, 2020 to May 31, 2022	From September 1, 2021 to May 31, 2022	From September 1, 2020 to August 31, 2021
Net sales (millions of yen)	47,741	49,916	63,898
Ordinary profit (millions of yen)	3,976	3,141	5,020
Profit attributable to owners of parent (millions of yen)	2,744	1,026	3,292
Comprehensive income (millions of yen)	3,019	1,238	3,623
Net assets (millions of yen)	19,615	20,581	20,219
Total assets (millions of yen)	51,995	54,331	53,007
Earnings per share (yen)	117.61	43.97	141.07
Diluted earnings per share (yen)	106.43	38.69	127.35
Equity ratio (%)	37.7	37.9	38.1

Term	34th term 3rd quarter	35th term 3rd quarter
Accounting period	From March 1, 2021 To May 31, 2021	From March 1, 2022 To May 31, 2022
Earnings (loss) per share (yen)	35.62	(6.17)

(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 nine months ended May 31, 2022 and the third 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 nine months ended May 31, 2022.

In addition, there are no changes in major affiliates.

II. Overview of Business

1. Business risks

In the nine months ended May 31, 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 nine months ended May 31, 2022 (September 1, 2021 to May 31, 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. Currently, as the number of persons infected by COVID-19 has decreased, the impact on personal consumption is on a recovery trend. There are also concerns about impact on the economic conditions due to inflation caused by a surge in crude oil price and currency movement. Looking at the global economy, infection prevention measures, including travel restrictions, remain in place in some 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. We have been working to offer consumers a more convenient purchasing experience, including introducing “JINS BRAIN2,” a service that uses AI to assess the extent to which pairs of glasses will suit customers with an enhanced level of accuracy, as an initiative to seamlessly connect online and in-store experiences, making it easier for customers to select glasses and creating a more convenient purchasing experience. 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 ¥155 million for the nine months ended May 31, 2022.

In terms of store development, the number of eyewear stores as of May 31, 2022, was 696, including 463 stores in Japan and 233 stores overseas (172 in China, 49 in Taiwan, 6 in Hong Kong, and 6 in the United States).

As a result, for the nine months ended May 31, 2022, the Company posted net sales of ¥49,916 million (up 4.6% year-on-year) partly thanks to the impact of new store openings despite the impact of COVID-19. Operating profit was ¥2,758 million (down 30.9% year-on-year) partly owing to a rise in the cost of goods ratio with an increase in the number of sales. Ordinary profit was ¥3,141 million (down 21.0% year-on-year), and profit attributable to owners of parent was ¥1,026 million (down 62.6% year-on-year), partly due to the recording of provision of allowance for business structure reform expenses in the United States and 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 10.71 million people as of the end of May 2022, up 2.01 million people from the end of the previous fiscal year. Also, sales of contact lenses, which provide JINS 1DAY, have grown as planned, thanks to an increase in regular purchases. Regarding the impact of COVID-19, customer traffic decreased as semi-emergency coronavirus measures were declared mainly in urban areas in mid-January due to the prevalence of COVID-19 variants and since April in which the measures were lifted, it has been on a recovery trend. However, footfall has not yet returned to the pre-COVID-19 level.

In terms of store development, the number of stores in Japan was 463 (34 openings and 5 closures) as of the end of the period under review.

As a result, net sales of the domestic eyewear business were ¥39,319 million (up 3.2% year-on-year), and segment operating profit was ¥2,959 million (down 19.2% 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 number of persons infected by COVID-19 rapidly increased, reaching the peak in early March and customer traffic decreased, which adversely affected operating results.

In the United States, although we have reopened all of our brick-and-mortar stores, which had been closed due to the impact of COVID-19, footfall significantly decreased partly due to the impact of the deteriorated environment surrounding our flagship store in San Francisco. In accordance with this, we have decided to promote business structure reform aimed at expanding the scale of business, centered on the EC business.

In terms of store development, the total number of stores overseas was 233 as of the end of the period under review, including 172 stores in China (11 openings and 9 closures), 49 in Taiwan (11 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 ¥10,596 million (up 10.1% year-on-year), and segment operating loss was ¥200 million (segment operating profit was ¥329 million for the same period of the previous year).

2) Analysis of financial position

(a) Assets

Current assets decreased ¥400 million from the end of the previous fiscal year to ¥32,804 million.

This was mainly due to a decrease of ¥1,432 million in cash and deposits, despite an increase of ¥547 million in notes and accounts receivable - trade.

Non-current assets increased ¥1,725 million from the end of the previous fiscal year to ¥21,527 million.

This was mainly due to an increase of ¥1,163 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 ¥341 million in leasehold and guarantee deposits.

As a result, total assets increased ¥1,324 million from the end of the previous fiscal year to ¥54,331 million.

(b) Liabilities

Current liabilities increased ¥11,018 million from the end of the previous fiscal year to ¥21,520 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 and an increase of ¥756 million in accounts payable - trade.

Non-current liabilities decreased ¥10,056 million from the end of the previous fiscal year to ¥12,229 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 ¥961 million from the end of the previous fiscal year to ¥33,749 million.

(c) Net Assets

Net assets increased ¥362 million from the end of the previous fiscal year to ¥20,581 million.

This was mainly due to the recording of ¥1,026 million in profit attributable to owners of parent, despite a decrease of ¥863 million due to the payment of dividends.

(3) Research and development activities

Total research and development expenses were ¥155 million for the nine months ended May 31, 2022.

There was no material change in the Group's research and development activities during the nine months ended May 31, 2022.

3. Material contracts, etc.

There was no decision or conclusion of material management contracts, etc. during the third 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 3rd quarter of the fiscal year (shares) (May 31, 2022)	As of the submission date (shares) (July 14, 2022)	Stock exchange on which the Company is listed	Details
Common stock	23,980,000	23,980,000	Tokyo Stock Exchange (Prime Market)	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 March 1, 2022 to May 31, 2022	—	23,980,000	—	3,202	—	3,157

(5) Status of Major Shareholders

There are no matters to be stated as the period under review is the third quarter.

(6) Status of Voting Rights

1) Issued Shares

As of May 31, 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 23,333,700	233,337	Number of shares per unit: 100 shares
Odd-lot shares	Common stock 6,600	—	—
Total number of shares issued	23,980,000	—	—
Total voting rights held by shareholders	—	233,337	—

2) Treasury Stock, etc.

As of May 31, 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 third quarter of the fiscal year under review (from March 1, 2022 to May 31, 2022) and the nine months ended May 31, 2022 (from September 1, 2021 to May 31, 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 May 31, 2022
Assets		
Current assets		
Cash and deposits	23,206	21,773
Notes and accounts receivable – trade	3,794	4,342
Merchandise and finished goods	4,515	4,961
Raw materials and supplies	359	488
Other	1,328	1,238
Total current assets	33,205	32,804
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,139	7,819
Other, net	1,753	2,236
Total property, plant and equipment	8,892	10,055
Intangible assets	2,244	2,184
Investments and other assets		
Leasehold and guarantee deposits	4,514	4,855
Other	4,150	4,431
Total investments and other assets	8,664	9,286
Total non-current assets	19,801	21,527
Total assets	53,007	54,331

(Millions of yen)

	As of August 31, 2021	As of May 31, 2022
Liabilities		
Current liabilities		
Accounts payable – trade	1,506	2,263
Current portion of convertible bond-type bonds with share acquisition rights	-	10,050
Short-term borrowings	2,121	1,951
Current portion of long-term borrowings	53	41
Accounts payable - other, and accrued expenses	4,410	4,749
Provision for bonuses	49	88
Provision for product warranties	-	169
Allowance for business structure reform expenses	-	563
Income taxes payable	657	637
Other	1,702	1,006
Total current liabilities	10,501	21,520
Non-current liabilities		
Convertible bond-type bonds with share acquisition rights	20,135	10,027
Long-term borrowings	217	167
Asset retirement obligations	528	554
Allowance for office relocation expenses	-	235
Other	1,404	1,243
Total non-current liabilities	22,285	12,229
Total liabilities	32,787	33,749
Net assets		
Shareholders' equity		
Common stock	3,202	3,202
Capital surplus	3,228	3,228
Retained earnings	18,747	18,898
Treasury stock	(5,002)	(5,002)
Total shareholders' equity	20,176	20,326
Accumulated other comprehensive income		
Foreign currency translation adjustment	43	255
Total accumulated other comprehensive income	43	255
Total net assets	20,219	20,581
Total liabilities and net assets	53,007	54,331

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statements of income

Nine months ended May 31, 2021 and May 31, 2022

(Millions of yen)

	For the nine months ended May 31, 2021	For the nine months ended May 31, 2022
Net sales	47,741	49,916
Cost of sales	9,850	10,790
Gross profit	37,890	39,125
Selling, general and administrative expenses	*1 33,900	*1 36,367
Operating profit	3,990	2,758
Non-operating income		
Interest income	63	64
Commission income	42	17
Rental income	6	6
Foreign exchange gains	235	379
Subsidy income	-	144
Compensation income	-	110
Other	41	24
Total non-operating income	388	748
Non-operating expenses		
Interest expenses	122	114
Share of loss of investments accounted for using equity method	-	65
Commission expenses	4	3
Rental expenses on real estate	251	160
Other	24	21
Total non-operating expenses	402	365
Ordinary profit	3,976	3,141
Extraordinary losses		
Loss on retirement of non-current assets	28	122
Impairment loss	209	77
Loss on store closings	51	29
Loss due to temporary store closures	*2 58	*2 49
Provision of allowance for office relocation expenses	-	*3 235
Provision of allowance for business structure reform expenses	-	*4 521
Other	-	7
Total extraordinary losses	348	1,043
Profit before income taxes	3,627	2,097
Income taxes – current	1,059	1,079
Income taxes – deferred	(176)	(8)
Total income taxes	882	1,071
Profit	2,744	1,026
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	2,744	1,026

Quarterly consolidated statements of comprehensive income
 Nine months ended May 31, 2021 and May 31, 2022

(Millions of yen)

	For the nine months ended May 31, 2021	For the nine months ended May 31, 2022
Profit	2,744	1,026
Other comprehensive income		
Foreign currency translation adjustment	274	170
Share of other comprehensive income of entities accounted for using equity method	-	41
Total other comprehensive income	274	211
Comprehensive income	3,019	1,238
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	3,019	1,238
Comprehensive income attributable to non-controlling interests	-	-

[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 nine months ended May 31, 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 nine months ended May 31, 2021.

(Application of Accounting Standard and the Like 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 nine months ended May 31, 2022, is not significant.

(Quarterly consolidated balance sheet)

I. Liability on guarantees

The Company 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 Company guaranteed the obligations of the lessors to refund the leasehold and guarantee deposits to the financial institutions.

Previous consolidated fiscal year (August 31, 2021)	3rd quarter of consolidated fiscal year under review (May 31, 2022)
¥274 million	¥227 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.

Third quarter of the consolidated fiscal year under review (May 31, 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:

	Nine months ended May 31, 2021	Nine months ended May 31, 2022
Salaries and allowances	¥10,090 million	¥10,933 million
Rent expenses on land and buildings	¥8,165 million	¥8,663 million
Advertising expenses	¥2,399 million	¥2,459 million
Research and development expenses	¥272 million	¥155 million

*2. Loss due to temporary store closures

For the nine months ended May 31, 2021

National and local governments issued requests including voluntarily closure due to the spread of COVID-19. In response, the Group had to shut down its stores including the temporary closing of up to 84 stores in the domestic eyewear business.

The Group recorded a loss due to temporary store closures of ¥58 million, which includes rent expenses on land and buildings during the store closing periods, in extraordinary losses.

For the nine months ended May 31, 2022

In response to intermittent lockdowns of Chinese cities due to the spread of COVID-19, the Group had to shut down up to 86 stores.

The Group recorded a loss due to temporary store closures of ¥49 million, which includes rent expenses on land and buildings during the store closing periods, in extraordinary losses.

*3. Provision of allowance for office relocation expenses

For the nine months ended May 31, 2021

Not applicable.

For the nine months ended May 31, 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.

*4. Provision of allowance for business structure reform expenses

For the nine months ended May 31, 2021

Not applicable.

For the nine months ended May 31, 2022

Future rent expenses on land and buildings in relating to structure reform of the U.S. Business were recorded as provision of allowance.

(Quarterly consolidated statements of cash flows)

The quarterly consolidated statements of cash flows for the nine months ended May 31, 2022 were not prepared.

Depreciation (including amortization of intangible assets) for the nine months ended May 31, 2021 and 2022 is as follows:

	Nine months ended May 31, 2021	Nine months ended May 31, 2022
Depreciation	¥1,943 million	¥2,124 million

(Shareholders' equity)

For the nine months ended May 31, 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
Board of Directors meeting held on April 9, 2021	Common stock	583	25.00	February 28, 2021	May 14, 2021	Retained earnings

2. Of dividends for which the record date is during the nine months ended May 31, 2021, dividends with effective dates falling after the end of the third quarter of the fiscal year

Not applicable.

3. Significant changes in shareholders' equity

Not applicable.

For the nine months ended May 31, 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
Board of Directors meeting held on April 8, 2022	Common stock	396	17.00	February 28, 2022	May 13, 2022	Retained earnings

2. Of dividends for which the record date is during the nine months ended May 31, 2022, dividends with effective dates falling after the end of the third quarter of the fiscal year

Not applicable.

3. Significant changes in shareholders' equity

Not applicable.

(Segment information, etc.)

[Segment information]

I. For the nine months ended May 31, 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	38,114	9,626	47,741	-	47,741
Intersegment sales or transfers	372	7	380	(380)	-
Total	38,487	9,633	48,121	(380)	47,741
Segment profit	3,661	329	3,990	-	3,990

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 nine months ended May 31, 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	39,319	10,596	49,916	-	49,916
Sales to outside customers	39,319	10,596	49,916	-	49,916
Intersegment sales or transfers	363	5	369	(369)	-
Total	39,683	10,602	50,285	(369)	49,916
Segment profit (loss)	2,959	(200)	2,758	-	2,758

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)

An impairment loss of ¥77 million was recorded in the “overseas eyewear business” segment.

(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 has seesawed in Japan, 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 some 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. 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	Nine months ended May 31, 2021	Nine months ended May 31, 2022
(1) Basic earnings per share	¥117.61	¥43.97
(Basis for calculation)		
Profit attributable to owners of parent (millions of yen)	2,744	1,026
Profit not attributable to common shareholders (millions of yen)	-	-
Profit attributable to owners of parent related to common stock (millions of yen)	2,744	1,026
Weighted-average number of shares of common stock outstanding during the year (shares)	23,340,216	23,340,216
(2) Diluted earnings per share	¥106.43	¥38.69
(Basis for calculation)		
Adjustments to profit attributable to owners of parent (millions of yen)	(39)	(39)
[of which, other (after tax effect)] (millions of yen)	[(39)]	[(39)]
Increase in number of shares of common stock (shares)	2,075,124	2,156,660
[of which, convertible bond-type bonds with share acquisition rights]	[2,075,124]	[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.