Annual Securities Report

(The 35th Fiscal Year)

JINS HOLDINGS INC.

[Cover Page]

[Document title]	Annual Securities Report
[Article of the applicable law requiring submission of this document]	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act
[Filed to]	Director-General of the Kanto Local Finance Bureau
[Filing date]	November 29, 2022
[Fiscal year]	35th term (from September 1, 2021 to August 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

(1) Key financial data of the group

Term		31st term	32nd term	33rd term	34th term	35th term
Fiscal year ended		August 31, 2018	August 31, 2019	August 31, 2020	August 31, 2021	August 31, 2022
Net sales	(millions of yen)	54,872	61,893	60,258	63,898	66,901
Ordinary profit	(millions of yen)	5,627	7,015	5,827	5,020	3,789
Profit attributable to owners of parent	(millions of yen)	3,097	3,869	1,687	3,292	750
Comprehensive income	(millions of yen)	3,055	3,827	1,542	3,623	1,063
Net assets	(millions of yen)	19,707	22,370	17,763	20,219	20,406
Total assets	(millions of yen)	31,499	36,628	53,392	53,007	54,721
Net assets per share	(yen)	821.95	933.01	761.05	866.29	874.33
Earnings per share	(yen)	129.17	161.40	71.49	141.07	32.17
Diluted earnings per share	(yen)	–	–	67.40	127.35	27.37
Equity ratio	(%)	62.6	61.1	33.3	38.1	37.3
Rate of return on equity	(%)	16.6	18.4	8.4	17.3	3.7
Price-earnings ratio	(times)	44.20	36.37	102.40	50.90	132.56
Net cash provided by (used in) operating activities	(millions of yen)	4,742	6,877	7,749	5,058	4,391
Net cash provided by (used in) investing activities	(millions of yen)	(3,064)	(2,836)	(3,878)	(3,175)	(3,853)
Net cash provided by (used in) financing activities	(millions of yen)	(2,996)	(1,724)	12,438	(3,758)	(2,769)
Cash and cash equivalents at the end of period	(millions of yen)	5,531	8,479	24,667	23,206	21,430
Number of employees [In addition, average number of temporary employees]	(persons)	3,084 [843]	3,538 [973]	3,707 [1,251]	3,641 [1,205]	3,599 [1,434]

(Notes) 1. Diluted earnings per share for the 31st term and 32nd term are not stated because there were no dilutive shares.

2. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the fiscal year under review. The key financial data for the fiscal year under review reflect the application of the said accounting standard, etc.

(2) Key financial data of the reporting company

Term		31st term	32nd term	33rd term	34th term	35th term
Fiscal year ended		August 31, 2018	August 31, 2019	August 31, 2020	August 31, 2021	August 31, 2022
Net sales and operating revenue	(millions of yen)	45,232	40,209	3,761	4,037	4,462
Ordinary profit (loss)	(millions of yen)	5,785	5,485	(1,792)	(559)	989
Profit (loss)	(millions of yen)	3,459	3,225	(1,844)	(227)	(1,349)
Common stock	(millions of yen)	3,202	3,202	3,202	3,202	3,202
Total number of issued shares	(shares)	23,980,000	23,980,000	23,980,000	23,980,000	23,980,000
Net assets	(millions of yen)	19,609	21,684	13,640	12,245	10,221
Total assets	(millions of yen)	28,040	25,998	36,784	34,202	32,444
Net assets per share	(yen)	817.87	904.40	584.40	524.65	437.94
Dividends per share [Interim dividend per share]	(yen)	48.00 [–]	50.00 [–]	25.00 [–]	45.00 [25.00]	17.00 [17.00]
Earnings (loss) per share	(yen)	144.30	134.52	(78.14)	(9.74)	(57.82)
Diluted earnings per share	(yen)	–	–	–	–	–
Equity ratio	(%)	69.9	83.4	37.1	35.8	31.5
Rate of return on equity	(%)	18.9	15.6	(10.4)	(1.8)	(12.0)
Price-earnings ratio	(times)	39.57	43.64	–	–	–
Payout ratio	(%)	33.3	37.2	–	–	–
Number of employees [In addition, average number of temporary employees]	(persons)	2,047 [758]	52 [5]	53 [5]	64 [5]	70 [7]
Total shareholder return [Index compared: TOPIX Total Return Index]	(%) (%)	89.3 [109.6]	92.5 [97.8]	115.4 [107.3]	113.9 [132.8]	69.0 [136.2]
Highest stock price	(yen)	7,090	7,120	8,040	8,890	8,310
Lowest stock price	(yen)	4,730	5,040	4,960	6,330	3,480

(Notes) 1. Diluted earnings per share for the 31st term and 32nd term are not stated because there were no dilutive shares. Diluted earnings per share for the 33rd term to 35th term are not stated because losses per share were recorded, even though there were dilutive shares.

2. Price-earnings ratio and payout ratio for the 33rd term to 35th term are not stated because losses were recorded.

3. Highest stock price and lowest stock price are prices on the Tokyo Stock Exchange (the first section). Highest stock price and lowest stock price on and after April 4, 2022 are prices on the Tokyo Stock Exchange (Prime Market).

4. The Company has applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the fiscal year under review. The key financial data for the fiscal year under review reflect the application of the said accounting standard, etc.

5. As of July 1, 2019, the Company conducted a company split to transition into a holding company structure. Due to this transition, key financial data for the 33rd term onward are markedly different from those for the 31st and 32nd terms.

2. History

History of the Company up to the present is as follows.

Year / month	Outline
July 1988	Established JIN Ltd. (currently JINS HOLDINGS Inc.) in Maebashi-shi, Gunma with common stock of 5 million yen for the purpose of planning, manufacture, and wholesale of fashion accessories and lifestyle accessories, and began its operations
July 1991	Reorganized JIN Ltd. into JIN CO., LTD., and increased common stock to 10 million yen
April 2001	Opened JINS Tenjin Store inside TENJIN VIVRE in Fukuoka-shi, Fukuoka, marking entry into the eyewear business
August 2006	Listed shares on the Hercules market of the Osaka Stock Exchange
	Increased common stock to 518 million yen through a public offering
August 2008	Relocated the head office function from Maebashi-shi, Gunma to Kita-Aoyama, Minato-ku to establish the Tokyo head office
September 2010	Established JINS SHENYANG CO., LTD. in Shenyang, Liaoning Province, China with 100% of its capital contributed by the Company, marking entry into China
June 2011	Established Brand New Day Inc., engaged in sales of women's accessories, as a wholly-owned subsidiary through an incorporation-type company split
October 2011	Established JINS SHANGHAI CO., LTD. in Shanghai, China with 100% of its capital contributed by the Company
August 2012	Increased common stock to 3,202 million yen through a public offering
December 2012	Established JINS BEIJING CO., LTD. in Beijing, China with 100% of its capital contributed by the Company
May 2013	Listed shares on the first section of the Tokyo Stock Exchange
December 2013	Established JINS US Holdings, Inc. in Delaware, U.S. with 100% of its capital contributed by the Company
	Established JINS Eyewear US, Inc. in San Francisco, California, U.S. with 100% of its capital contributed by JINS US Holdings, Inc.
July 2014	Relocated the Tokyo head office to its current location in Fujimi, Chiyoda-ku
June 2015	Established JINS TAIWAN CO., LTD. in Taipei, Taiwan with 100% of its capital contributed by the Company
December 2015	Established JINS CAYMAN Limited in the British territory of Cayman Islands with 100% of its capital contributed by the Company
February 2016	Established JINS ASIA HOLDINGS Limited in Hong Kong SAR, China with 100% of its capital contributed by JINS CAYMAN Limited
August 2016	Reorganized the businesses in China with JINS ASIA HOLDINGS Limited as an intermediate holding company
September 2016	Transferred the Company's men's accessories business to Brand New Day Inc. (whose name was changed to Feel Good Inc. as of the same date), a wholly-owned subsidiary of the Company, through a company split
May 2018	Established JINS JAPAN Inc. (currently JINS Inc.) in Maebashi-shi, Gunma with 100% of its capital contributed by the Company
June 2018	Established JINS Hong Kong Limited in Hong Kong SAR, China with 100% of its capital contributed by JINS ASIA HOLDINGS Limited
December 2018	Established Think Lab. Inc. in Chiyoda-ku, Tokyo with 100% of its capital contributed by the Company
July 2019	Transferred all businesses conducted by the Company (except for the business related to the control and management of business activities of the Company and companies whose shares are held by the Company, and the business related to Group operations) to JINS JAPAN Inc. (whose name was changed to JINS Inc. as of the same date) through a company split
	Changed the name to JINS HOLDINGS Inc. and transitioned into a holding company structure
February 2020	Issued euro yen denominated convertible bond-type bonds with share acquisition rights due 2023 and euro yen denominated convertible bond-type bonds with share acquisition rights due 2025 totaling 20 billion yen
March 2020	Reorganized JINS SHANGHAI CO., LTD. into a management company
August 2020	Withdrew from the women's accessories business and the men's accessories business operated by Feel Good Inc.
February 2021	Liquidation of Feel Good Inc. was completed
July 2021	Concluded a capital and business alliance agreement with Fittingbox S.A. and made it into an affiliate accounted for using the equity method
April 2022	Moved to the Prime Market of the Tokyo Stock Exchange
October 2022	Made Yamato Technical Co., Ltd. a subsidiary by subscribing for shares in the capital increase through third-party allotment

3. Description of business

(1) Description of business

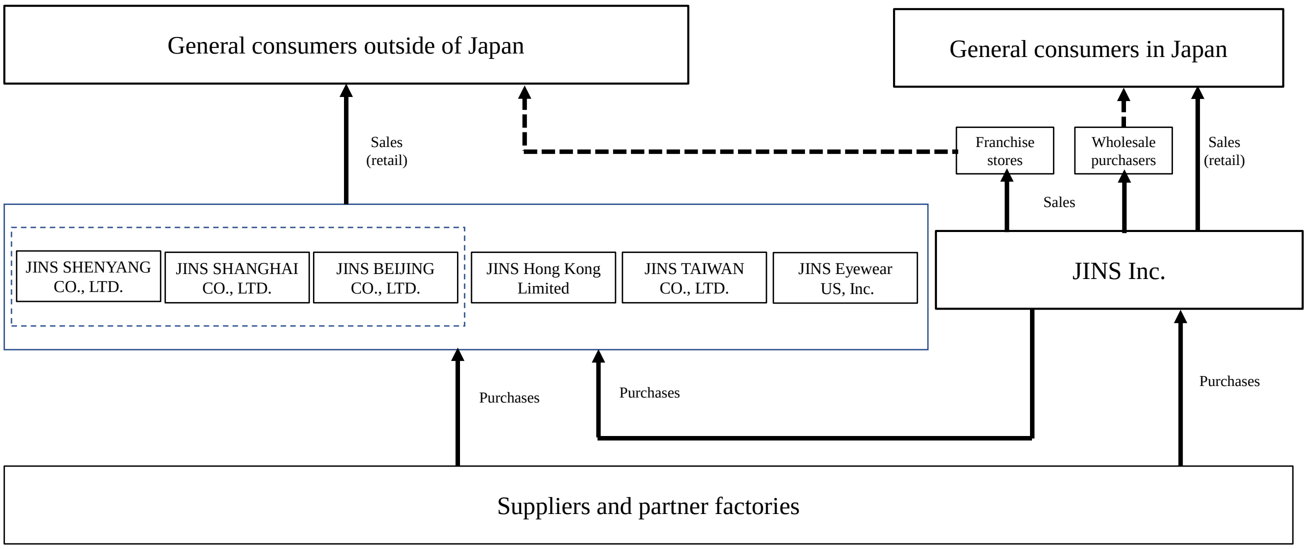
The Group is comprised of JINS HOLDINGS Inc. (the Company), 11 consolidated subsidiaries, one affiliate accounted for using the equity method, and one unconsolidated subsidiary.

As the Company is considered a specified listed company, etc., a numerical standard to be defined in relation to the size of the listed company is determined based on figures on a consolidated basis with respect to the criteria for considering a material fact to be of minor importance under the insider trading regulations.

The positioning of each company in relation to the Group's businesses and relations with segments are as follows.

Reportable segment	Company name	Classification
Domestic eyewear business	JINS Inc.	Consolidated subsidiary
Overseas eyewear business	JINS SHENYANG CO., LTD.	Consolidated subsidiary
	JINS SHANGHAI CO., LTD.	Consolidated subsidiary
	JINS BEIJING CO., LTD.	Consolidated subsidiary
	JINS US Holdings, Inc.	Consolidated subsidiary
	JINS Eyewear US, Inc.	Consolidated subsidiary
	JINS TAIWAN CO., LTD.	Consolidated subsidiary
	JINS CAYMAN Limited	Consolidated subsidiary
	JINS ASIA HOLDINGS Limited	Consolidated subsidiary
	JINS Hong Kong Limited	Consolidated subsidiary
Other	JINS HOLDINGS Inc.	The Company
	Think Lab. Inc.	Consolidated subsidiary
	JINS norma CO., LTD.	Unconsolidated subsidiary
	Fittingbox S.A.	Affiliate accounted for using the equity method

The Group’s business structure is shown in the following chart.



* In addition to the companies shown in the above chart, the Group is comprised of the Company, four consolidated subsidiaries, one affiliate accounted for using the equity method, and one unconsolidated subsidiary.

4. Subsidiaries and other affiliated entities

(Consolidated subsidiaries)

Name	Address	Paid-in capital	Description of main businesses	Ratio of voting rights held (or indirectly held) (%)	Relationships
JINS Inc. (Note 2, 3)	Maebashi-shi, Gunma	¥110 million	Planning, manufacture, distribution, and sales of eyewear in Japan	100.0	Management guidance Lending funds, etc.
JINS SHENYANG CO., LTD.	Shenyang, Liaoning Province, China	USD 1,000 thousand	Sales of eyewear in China	100.0 (100.0)	–
JINS SHANGHAI CO., LTD. (Note 2, 3)	Shanghai, China	USD 21,570 thousand	Management of the eyewear business and sales of eyewear in China	100.0 (100.0)	Lending funds, etc.
JINS BEIJING CO., LTD.	Beijing, China	USD 700 thousand	Sales of eyewear in China	100.0 (100.0)	–
JINS US Holdings, Inc. (Note 2)	Delaware, U.S.	USD 48,500 thousand	Management of the eyewear business in the U.S.	100.0	–
JINS Eyewear US, Inc. (Note 2)	California, U.S.	USD 48,480 thousand	Sales of eyewear in the U.S.	100.0 (100.0)	–
JINS CAYMAN Limited	The British territory of Cayman Islands	USD 3.76	Management of the eyewear business in Asia	100.0	–
JINS ASIA HOLDINGS Limited (Note 2)	Hong Kong SAR, China	HKD 220,432 thousand	Management of the eyewear business in Asia	100.0 (100.0)	–
JINS TAIWAN CO., LTD.	Taipei, Taiwan	TWD 81,000 thousand	Sales of eyewear in Taiwan	100.0	–
JINS Hong Kong Limited	Hong Kong SAR, China	HKD 45,000 thousand	Sales of eyewear in Hong Kong	100.0 (100.0)	–
Think Lab. Inc.	Chiyoda-ku, Tokyo	¥100 million	Planning of, operation of, management of, and consulting for office spaces	98.4	Lending funds, etc.

(Affiliate accounted for using the equity method)

Name	Address	Paid-in capital	Description of main businesses	Ratio of voting rights held (or indirectly held) (%)	Relationships
Fittingbox S.A.	Toulouse, France	EUR 348 thousand	Research and studies on information processing, development of packaged software and websites, and marketing of advertisement spaces on websites	21.3	–

(Notes) 1. Figures in parentheses under the ratio of voting rights held (or indirectly held) (%) column are the ratio of voting rights held by the Company's subsidiaries, etc., which are included in the figures directly above.

2. These companies are specified subsidiaries.

3. Net sales of JINS Inc. and JINS SHANGHAI CO., LTD., excluding internal net sales between consolidated companies, each comprises more than 10% of consolidated net sales.

(JINS Inc.)

Key profit and loss information	1)	Net sales	¥53,903 million
	2)	Ordinary profit	¥4,001 million
	3)	Profit	¥2,476 million
	4)	Net assets	¥10,192 million
	5)	Total assets	¥26,100 million

(JINS SHANGHAI CO., LTD.)

Key profit and loss information	1)	Net sales	¥7,050 million
	2)	Ordinary loss	¥(440) million
	3)	Loss	¥(789) million
	4)	Net assets	¥2,187 million
	5)	Total assets	¥6,261 million

5. Employees

(1) Information about the group

As of August 31, 2022

Name of segment	Number of employees (persons)
Domestic eyewear business	2,118 [1,337]
Overseas eyewear business	1,411 [90]
Other	70 [7]
Total	3,599 [1,434]

(Notes) 1. The number of employees is the number of people in employment and excludes those seconded from the Group to outside the Group and includes those seconded from outside the Group to the Group.

2. The figure in brackets under the number of employees column is the number of temporary employees (associate employees who are on fixed-term employment contracts with terms up to one year, contract employees, and part-time employees (converted to 8.0 hours per working day)) in employment averaged over the year, and is not included in the figure directly above.

3. The number of temporary employees in brackets under the number of employees column increased by 229 persons compared with the end of the previous fiscal year. This is mainly due to an increase in the number of stores.

(2) Information about the reporting company

As of August 31, 2022

Number of employees (persons)	Average age (years old)	Average years in employment (years)	Average annual salary (yen)
70 [7]	40.3	6.1	7,688,602

(Notes) 1. The number of employees is the number of people in employment and excludes those seconded from the Company to other companies and includes those seconded from other companies to the Company.

2. The figure in brackets under the number of employees column is the number of temporary employees (associate employees who are on fixed-term employment contracts with terms up to one year, contract employees, and part-time employees (converted to 8.0 hours per working day)) in employment averaged over the year, and is not included in the figure directly above.

3. Only the total number of employees is stated because all employees of the reporting company are included in the Other segment.

4. Average annual salary includes supplements and bonuses.

(3) Information about labor unions

While no labor unions have been established at the Company, the Company has maintained a smooth worker-employer relationship.

II. Overview of Business

1. Management policy, business environment, issues to address

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

(1) Basic policies on corporate management

The brand vision of the Group is to Magnify Life, or to enrich people's lives. We have established Progressive, Inspiring, and Honest as our guiding principles, known as attitudes, for realizing the brand vision, so that we can systematically adapt to changes in the market environment and ensure global growth.

The Group will strive to instill the brand vision by sharing the idea of Magnify Life within the Group and with our customers, and by offering customer experience based on Magnify Life, to achieve sustainable growth.

(2) Medium- to long-term corporate management strategies

Through its SPA structure, in which we handle all stages of planning, manufacture, and sales of glasses and other eyewear, the Group has offered top-quality glasses with enhanced functions to all those who need glasses at affordable prices, often at the lowest prices in the market. As we drive the eyewear business forward, we will develop business models that increase customer value and work on continuous improvement of corporate value, such as by developing innovative products and introducing services that meet a variety of needs, while striving to improve our products and customer service.

1) Market environment

In the domestic retail eyewear market, the increased risk of myopia has become a social issue with the spread of myopia among younger generations stemming from a decrease in children playing outdoor and increased use of smartphones and tablet devices, as well as an increase in the number of seniors with higher risk of vision deterioration. However, in terms of the current overall size of the market, demand has decreased due to the impact of the novel coronavirus disease (COVID-19), among others. As for the competitive environment in Japan, the overall market trend is heading toward lower prices, with operators whose business model is based on a single affordable price increasing their market share.

In the overseas retail eyewear market, the number of people who need vision correction is increasing similarly to Japan, mainly due to increased use of smartphones and computers. The population with myopia is growing in China and other Asian countries, prompting the expansion of the market for glasses. Furthermore, many franchise eyewear stores imitating the Company have opened, causing the competitive environment to further intensify. In the United States, where sales at ophthalmologists, eyewear stores in partnership with ophthalmologists, and large national retail chains are the mainstream, e-commerce sales have seen growth in recent years.

2) Product strategies

As for product strategies, we will continue developing products that provide new value, such as Airframe and JINS Pollen Cut, with the basic policy to offer top-quality glasses with enhanced functions at affordable prices or the lowest prices in the market. In addition, we will develop innovative products that offer better value to customers, represented by an eyeglass-shaped, violet-light-emitting medical device designed to suppress progress of myopia.

As for lenses, all of our glasses feature thin aspheric lenses made by major lens manufacturers, which are provided at no additional cost regardless of the diopter. We also offer a wide variety of optional lenses at reasonable prices, including JINS SCREEN lenses, which block blue light emitted by computers and smartphones, and JINS VIOLET +, which allows violet light needed for eyes, especially among children, to pass through.

3) Store strategies

As for store strategies, we will keep striving to expand our store network while promoting sales at e-commerce websites, because there are still some services that can only be offered at stores, such as diopter test and fitting adjustment, and because we have not entered or are not widely recognized in certain regions.

In the domestic eyewear business, we are focusing our store opening efforts in those rooted in local communities, such as "JINS PARK" opened in Maebashi, and are strengthening the opening of roadside stores and stores in small shopping centers. In addition, we will advance our initiatives to provide new purchasing experience, including a service that enables customers to select and pay for products on our mobile app and collect glasses at stores without waiting, as well as the introduction of automatic eye exam machines operable by customers on their own with the support of our staff.

In the overseas eyewear business, we will work on improving profitability by steadily increasing revenue from existing stores, appropriately opening new stores and enhancing e-commerce sales that can be operated at lower costs, while striving to further expand our global network.

4) Digitalization strategies

Consumer values and purchasing behaviors are changing significantly in the social environment surrounding the Group, chiefly due to new lifestyles and working from home taking hold due to the impact of COVID-19.

Amid these changes in the management environment, the Group plans to accelerate digital transformation and work on improving customer value and streamlining operations, which are identified as the most important issues, in order to achieve further growth. In each country and region where we operate, we will further push sales through e-commerce websites and the use of mobile apps which we have promoted for some time, providing highly convenient purchasing experience through improvements in usability and functions as well as introduction of new services. In addition to store operations, we aim to turn product management and performance management operations at headquarters into advanced digitalized forms as we strive to reduce costs through optimization and increased efficiency.

(3) Target management indicators

The Group aims to increase its corporate value through continuous expansion of its businesses in the future. To achieve this goal, we will enhance the growth potential of our businesses while prioritizing the profitability of the domestic eyewear business and the overseas eyewear business. As for management indicators, we will strive to improve operating profit and the ratio of operating profit to net sales in our consolidated financial results, as well as return on equity (ROE).

(4) Priority business issues to be addressed

1) Enhancing innovative product development

While the Group has worked on developing products that provide new value to eyewear such as the Airframe series and JINS SCREEN, these products are quickly commoditized in the highly competitive market environment, and we recognize our products losing competitive advantage as an issue.

Despite such an environment, we are developing JINS MEME, eyewear that captures mental and physical conditions with sensors using proprietary technology to visualize those conditions on a connected mobile app. We are also promoting a joint project to develop an eyeglass-shaped, violet-light-emitting medical device designed to suppress progress of myopia, as part of our initiatives to realize a "world free from myopia." We will work on stably and continuously developing and offering products that fit the needs of our customers by maintaining two-way communication with them.

2) Rebuilding supply chains

The design and planning of products available at stores are conducted internally by the Group, while manufacturing is mainly outsourced to partner factories in China. Concentration of production at a single manufacturing base overseas is exposed to such risks as global economic trends and exchange rate fluctuations, and we recognize that this situation presents issues in the continuous and stable procurement of products in the future.

To address this situation, we are exploring product manufacturing bases in Japan, where we have a principal sales network, to diversify our manufacturing bases while working to shorten the lead time for delivery to storefronts.

3) Promoting sustainable store development

In terms of store development in Japan, the Group has opened stores mainly in city centers, major regional cities and surrounding neighborhoods, regional shopping centers, department stores, and station buildings while opening some roadside stores in suburbs to promote diversification of our locations. However, we recognize that developing stores in tune with the diversification in locations and merchandising is an important issue, because we previously developed stores using a single format.

Therefore, as in the past, we will continue to open stores in areas where we have not yet opened stores or on roadsides in suburbs. At the same time, we will scrap and build stores, by which small stores narrow in size are rebuilt into highly productive establishments with enough floor space to offer sufficient services and product lineups and an optimal buying experience to customers in order to further reinforce our store base.

4) Promoting digital transformation

While the Group has promoted sales through e-commerce websites and the use of mobile apps for some time, in the social environment surrounding the Group, non-face-to-face commercial transactions such as online stores and delivery businesses are expanding.

Amid this environment, we are working on efforts to combine the benefits of both brick-and-mortar stores and online stores by making use of the strengths of brick-and-mortar stores such as customer service and inviting atmospheres while also further pushing sales through e-commerce websites and the use of mobile apps. The Company also formed a capital and business alliance with Fittingbox S.A., a French digital eyewear company, and we will offer a highly convenient purchasing experience that incorporates state-of-the-art digital technologies, including Fittingbox S.A.'s technology for virtually trying on glasses and augmented reality ("AR") solutions, to meet the needs of our customers. In addition to interaction with our customers, we aim to turn product management and performance management operations at headquarters into advanced digitalized forms as we strive to reduce costs through optimization and increased efficiency.

5) Promoting global development

While promoting global development is important for the Group to continue achieving sustainable growth, we recognize that we do not have sufficient human resources to expand our overseas business.

Going forward, we will actively secure personnel who are well-versed in overseas business, hire employees outside of Japan, and enhance market environment surveys and management control. In addition to this, we will build new business models for post overseas development that are not bound by existing business development in an effort to strengthen our management foundation to enable efficient overseas development.

6) Promoting sustainability activities

The Group has established its new Sustainability Statement, Changing the Future Landscape Through Eyewear. We aim to create a sustainable society and enhance our corporate value by achieving our vision, Magnify Life, through our business activities.

Looking back on our previous initiatives, we recognize they were certainly insufficient in light of external assessments. Under the new Sustainability Statement, we have established six focus areas for our future efforts: consideration for the environment, dependable products and services, improvement of working environments in the supply chain, healthcare innovation, contribution to society, and sound governance. We will fulfill our social responsibilities and make sustained contributions to society.

2. Business risks

Among matters related to the overview of business and financial information stated in the Annual Securities Report, primary risks recognized by the management as those that may have a significant impact on the financial position, operating results, and cash flows of the consolidated companies are as follows.

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

(1) Statutory regulations

	Description of risks	Measures to mitigate risks
Regulations related to the provisions of Article 17 of the Medical Practitioners' Act	While Japanese laws do not clearly define whether diopter tests for sales of glasses performed by those who do not have a medical practitioner's license are classified as a medical practice, assistance for selecting glasses that has almost no risk of harming a human body is generally not considered a medical practice. Assistance in diopter tests conducted by the Group is within the scope that does not cause any harm to the health and safety of a human body, and there are no cases of causing a serious effect on a human body in the past. Furthermore, the Group believes that even these acts of assistance must be backed by sufficient technique and knowledge, and focuses on enhancing the internal training system. However, if assistance in diopter tests mentioned above is deemed to be classified as a medical practice due to amendments to laws and regulations or changes in interpretation thereof, a decline in net sales associated with changes to the business model and other factors may have a significant impact on the business results and financial position of the Group.	When selling glasses at eyewear stores in Japan, we provide assistance in diopter tests for selecting lenses with diopters appropriate for customers' vision. However, we do not provide ophthalmologic diagnoses or medical examinations that would be classified as a medical practice. We also make sure not to perform acts that could be considered a medical practice during regular sales activities, so that we do not violate the Medical Practitioners' Act.
Regulations related to the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices	In its domestic eyewear business, the Group imports some of its lenses for glasses and ready-made reading glasses directly from manufacturers outside of Japan and procures contact lenses from companies in Japan for sales. Lenses for glasses and ready-made reading glasses are categorized as general medical devices under the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices (the PMD Act) and contact lenses are categorized as specially-controlled medical devices under the PMD Act, which regulates the acts of importing or selling these devices. While the Group strives to properly manage the quality of lenses and other devices in compliance with the PMD Act, related laws, and various orders, in an unlikely event that the Group violates these regulations and applicable licenses are revoked, subsequent issues with product supply may have a significant impact on the business results and financial position of the Group.	The Tokyo head office of JINS Inc., which oversees the import and sales of lenses for glasses, has acquired a third-class marketing license for medical devices as stipulated in Article 23-2, Paragraph 1 of the PMD Act. In addition, the Logistics Center of JINS Inc., which stores lenses for glasses, has obtained a registration of medical device manufacturing business as stipulated in Article 23-2-3, Paragraph 1 of the PMD Act. Furthermore, all of the stores, Tokyo head office, and Logistics Center of JINS Inc., which engage in sales of contact lenses, have acquired a license for selling specially-controlled medical devices, etc. as stipulated in Article 39, Paragraph 1 of the PMD Act. Moreover, the Group has established specialized departments for each category and strives to properly manage the quality of lenses, contact lenses, and other devices in accordance with the regulations of the PMD Act and related laws, to make sure we do not violate various regulations.

	Description of risks	Measures to mitigate risks
The Act on the Protection of Personal Information (the Personal Information Protection Act)	The Group is considered a personal information handling business operator as stipulated in the Personal Information Protection Act, because it receives personal information such as customers' names and addresses in its business activities. Accordingly, the Group has established an internal management system and thoroughly educated its employees, in addition to painstakingly taking measures to prevent personal information leaks. However, in an unlikely event of a personal information leak to external parties, a decline in net sales following the loss of trust and other factors may have a significant impact on the business results and financial position of the Group.	The Group has established Privacy Policy, Personal Information Protection Regulations, Information Security Policy, and Information Security Regulations, etc. for appropriate management according to the importance of each piece of information, and carefully manages personal information. In addition, the Group holds meetings of the Personal Information Committee and Information Security Committee once a month to monitor the operation and management and to work on continuous improvements.
The Product Liability Act (the PL Act)	If a defect in glasses, contact lenses, or another product sold by the Group causes damage to a customer's body or property, significant costs that would be incurred, such as the payment of compensation for damages, cost of product recalls, and cost of providing replacement products, as well as the loss of trust from society, may have a significant impact on the business results and financial position of the Group.	The Group has established a quality control department, and takes extreme care to prevent safety defects in products it sells, including glasses and contact lenses. The Group has also established a contact point for inquiries from customers to address any complaints after the sales of products. Moreover, the Group has taken out a liability insurance policy in case the Group is held liable by customers for product-related incidents.

(2) Risks related to the industry environment

	Description of risks	Measures to mitigate risks
Maturing of the market for eyeglasses for vision correction in Japan	Within the domestic retail eyewear market, which is the business domain of the domestic eyewear business of the Group, the market for eyeglasses for vision correction is maturing. Should a significant contraction of the overall market occur due to changes in the competitive environment or other structural changes, it may have a significant impact on the business results and financial position of the Group.	The market has a strong need for eyewear products of the Group, and the Group believes that there is still room for improving revenue from the domestic market by reviewing and restructuring store and sales formats. Regardless, the Group is simultaneously working on expanding its business in overseas markets and starting new businesses.
Spread and advent of alternative products and services	Should a significant contraction of the overall retail eyewear market occur due to a spread of alternative products and services, such as vision correction surgeries using laser equipment, or the advent of new means of vision correction driven by technological advancements that exceed the Group's expectations, it may have a significant impact on the business results and financial position of the Group.	The Group is working to expand the lineup of products with functions other than vision correction, such as blocking blue light and pollens. At the same time, the Group is constantly exploring the development of new businesses in addition to the retail eyewear business, including the JINS MEME business and business pursuing coexistence with local communities.
Natural disasters	If a large-scale disaster such as an earthquake or tsunami occurs near the Group's store facility or logistics base and causes a serious damage to such facility, should the Group become unable to engage in business activities for an extended period of time, including selling products and supplying products to stores, it may have a significant impact on the business results and financial position of the Group.	In order to minimize damages to business assets and continue or quickly recover the operation of the core business in case of an emergency such as a natural disaster, a large fire, or an act of terrorism, the Group has established logistics bases at two locations in Kanto and Kansai regions. It also designated activities to be conducted at ordinary times and methods and means for continuing business in an emergency.

	Description of risks	Measures to mitigate risks
Epidemics	If an infectious disease such as COVID-19 spreads rapidly and causes a pandemic, the Group's manufacturing bases and offices may be forced to suspend their operations, and its stores may be forced to close temporarily, which may have a significant impact on the business results and financial position of the Group.	Based on its business continuity plan, the Group has established a system to minimize the impact even if an outbreak of an infectious disease occurs at one of its manufacturing bases, logistics bases, or other facilities. For our head office departments, we have developed an environment that enables working from home. In addition, we are recommending staggered work hours, ensuring all employees wear masks at workplaces, and switching internal meetings over to online meetings or streaming. To address the possibility of store closures, the entire Group is working to transform its business model and reduce the impact, including our efforts to lead customers to e-commerce sales.
Information security	While the Group is promoting the use of IT in an effort to streamline back-office operations and improve productivity, the progress of digitalization is accompanied by an increased information security risk. Should an incident such as a leak of important corporate information asset, suspension of information systems, or loss or falsification of data occur, it may have a significant impact on the business results and financial position of the Group.	The Group considers cyberattacks and information leaks by people within the Group to be the biggest information security-related risks. The Group has established a department that specializes in IT governance to take security measures against each cause of risk, thereby reducing information security risk and enhancing measures against security incidents.

(3) Changes in the financial environment

	Description of risks	Measures to mitigate risks
Fluctuations in interest rate trends	The Group has procured some of the funds for new store openings and other capital investment, as well as a portion of its working capital, through bank loans, and may procure funds through bank loans and similar means going forward according to future fund requirements. Should the level of interest rates rise due to an increased reliance on interest-bearing liabilities in the future or changes in the financial environment, it may have a significant impact on the business results and financial position of the Group.	The Group strives to reduce its reliance on interest-bearing liabilities while flexibly procuring funds to nimbly adapt to interest rate trends.
Changes in the financing environment	The Group has 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. Should there be difficulties in necessary financing due to future changes in the financial market and trends in the state of profit or loss and net assets of the Group, it may have a significant impact on the business results and financial position of the Group. In addition, on February 12, 2020, the Company issued euro yen denominated convertible bond-type bonds with share acquisition rights due 2023 and euro yen denominated convertible bond-type bonds with share acquisition rights due 2025. If the Company's stock price remains at a level lower than the conversion values and these convertible bonds are not converted to shares as expected, the Company would have to redeem all of the remaining convertible bonds at face value on each maturity date. Should this happen, the Company may have to take measures such as refinancing, which may include other means of financing.	The Group has entered into loan commitment agreements with counterparty banks to flexibly and stably procure funding for capital investments and working capital, and the Group maintains good relationships with counterparty banks so as not to hinder necessary financing.

	Description of risks	Measures to mitigate risks
Impact of exchange rate fluctuations	Because the Group imports most of the glasses frames and some of the lenses, which are the Group's main products, directly from China and other foreign countries, purchase costs are affected by exchange rate fluctuations. In addition, the Group holds nine overseas consolidated subsidiaries, six of which are operating companies, and one overseas affiliate accounted for using the equity method (hereinafter the "overseas subsidiaries and affiliates") as of the end of the fiscal year under review. Because the amounts denominated in foreign currencies in financial statements of overseas subsidiaries and affiliates are converted to Japanese yen in consolidated financial statements of the Company, the Company's consolidated financial statements are affected by exchange rate fluctuations between Japanese yen and each currency. Should exchange rates fluctuate drastically, factors including a sharp increase in import purchase costs and fluctuations of yen-denominated figures in financial statements of overseas consolidated subsidiaries may have a significant impact on the business results and financial position of the Group.	Regarding purchase costs, the Group pays close attention to exchange rate fluctuations and controls the exchange rate fluctuation risk to minimize its impact on the Group's business results and financial position, such as by securing payment currencies when the yen is strong. Also, the Group will build a manufacturing system in Japan to mitigate the impact of exchange rate fluctuations on purchase costs.

(4) Risks related to the Group's business model

	Description of risks	Measures to mitigate risks
Advent of competitors	In the domestic eyewear business and the overseas eyewear business, the Group has succeeded in gaining support of consumers and operators managing commercial facilities as a result of differentiating itself from other retail eyewear companies by setting clear and reasonable prices and offering new products on an ongoing basis through active product development. However, should a competitor that offers higher added-value than the Group appear due to another company in the industry converting its business model or a company from a different industry or from overseas entering the market and the Group's competitive advantage decline, a decline in net sales and other factors may have a significant impact on the business results and financial position of the Group.	The Group will continue differentiating itself such as by setting clear and reasonable prices, offering new products on an ongoing basis through active product development, and increasing contact with customers through revisions of the sales format that make use of digital transformation. Through these efforts, the Group will offer high added-value and maintain its competitive advantage.
Significant changes in the society, economy, and political situation in China	While the Group designs and plans its products internally, we outsource manufacturing to external companies, many of which are partner factories and companies (trading companies) in China. Because imports from China make up a substantial portion of the Group's product purchases and wield a significant impact, the Group diversifies risks such as by contracting multiple factories within China and exploring outsourcing partners in countries other than China. Regardless, should manufacturing be hindered by changes in the society, economy, or political situation in China or statutory regulations and restrictions imposed by Chinese authorities, or if personnel expenses in China increase rapidly or exchange rates fluctuate drastically, factors including the loss of sales opportunities and a sharp increase in import purchase costs may have a significant impact on the business results and financial position of the Group.	Because the Group outsources manufacturing of glasses to partner factories and companies in China and its impact may be significant, the Group has contracted partners in different regions with multiple bases within China. Also, the Group will build a manufacturing system in Japan to mitigate the impact of situations in China on the manufacturing of products.
Sharp increase in material prices	The Group outsources manufacturing of its products to partner factories and companies, designs and constructs on its own roadside stores in suburbs as places to sell these products, and implements interior finish work in-house when opening stores in shopping centers, etc. However, if prices of raw materials and other materials increase sharply due to disasters, climate change, and trends in social, economic or political situations in and outside of Japan, purchase costs and store opening expenses could soar, which may have a significant impact on the business results and financial position of the Group.	The Group changes product mix and sales prices, and reviews store designs, etc. to make sure the business results and financial position of the Group are not adversely affected.

	Description of risks	Measures to mitigate risks
Store opening policies	The Group has deployed its stores mainly in city centers, major regional cities and surrounding neighborhoods, regional shopping centers, department stores, and station buildings. Accordingly, the Group strives to increase net sales per store by enhancing the ability to attract customers and maintain close communication with the leasing divisions of commercial facilities, in order to induce more solicitations from commercial facilities. However, should the number of commercial facilities in development and turnover of tenants in existing commercial facilities decrease significantly, the Group may be unable to open new stores as planned, which may have a significant impact on the business results and financial position of the Group.	The Group strives to increase net sales per store by enhancing the ability to attract customers and maintain close communication with the leasing divisions of commercial facilities, in order to induce more solicitations from commercial facilities. In addition, we are making progress in opening roadside stores in addition to locations within commercial facilities.
Leasehold, guarantee deposits, etc.	The basic policy of the Group is to open stores by leasing locations. The Group provides leasehold, guarantee deposits, construction assistance fund receivables, and other payments to landowners and business operators of shopping centers and other commercial facilities, in accordance with lease agreements. If a landowner or operator goes bankrupt, or if the Group withdraws from a location before the term of the contract expires, it may become difficult to collect all or part of the abovementioned leasehold, guarantee deposits, etc. Should this happen, it may have a significant impact on the business results and financial position of the Group.	When opening new stores based on lease agreements, the Group sufficiently examines the credit status and matters related to rights of landowners and commercial facilities such as shopping centers. The Group also keeps an eye on the collection and management of receivables such as leasehold and guarantee deposits after the stores are open. When a landowner or a business operator of a commercial facility, such as a shopping center, is not a listed company, the Group takes out a credit insurance policy against receivables to be collected.
Securing and developing human resources	While the Group plans to expand its business by actively opening new specialty eyewear stores, our ability to open new stores depends on securing and developing human resources including excellent store employees and store managers. Moreover, the Group believes that it is important to strengthen the management execution structure and enhance the planning, development, and production management departments for promoting differentiation from our competitors. Should we experience difficulties in securing human resources commensurate with the Group's plans for expansion of the number of stores and enhancement of the planning, development, and production management departments, our inability to open new stores as planned and differentiate ourselves from competitors may have a significant impact on the business results and financial position of the Group.	The Group secures human resources by actively employing mid-career hires who can be an immediate asset while hiring new graduates on an ongoing basis. In addition, the Group revised the base hourly wage of associate employees who are on fixed-term employment and part-time employees (the minimum hourly wage before allowances added according to their skills) to equal the standard level of Tokyo and eliminated regional differences. By doing so, the Group aims to achieve an environment where employees can work to the fullest in local regions. The Group also conducts ongoing group training at the Maebashi head office and several locations nationwide, as well as online training, for store employees in an effort to develop human resources. In addition, we established an educational system in-house, including JINS Academy, an internal educational institute established for the purpose of helping employees obtain the national license of eyeglass manufacturing engineer. The Group also provides assistance to employees who are in charge of in-house training and development, and encourages them to attend optometry schools outside the Company.

	Description of risks	Measures to mitigate risks
Intellectual property rights	Should the Group lose its market share as a result of being unable to effectively stop a third party imitating the Group's products due to an issue with the protection of its intellectual property or exercise of its rights, or if the Group receives a claim for damages or cease and desist for alleged infringement of intellectual property rights of a third party, it may have a significant impact on the business results and financial position of the Group.	In order to keep proposing cutting-edge products to the market, the Group continuously develops new products and technologies not only through in-house development but also through cooperation with partner companies and research institutions including universities, while respecting the intellectual property rights of third parties. During the process, the Group works to protect particularly important technology, idea, knowhow and design by obtaining intellectual property rights such as patents or classifying them as trade secrets. In addition, because the Group designs, plans, and sells its products under its in-house brands including JINS, the Group has obtained trademark rights to its key brand names and product names to protect its brands.
Overseas expansion	In the overseas eyewear business, the Group expanded to China in 2010, to the United States and Taiwan in 2015, and to the Philippines and Hong Kong in 2018. The Group is also considering entry to other overseas markets in the future. Operating business overseas contains several risks including those listed below, and should these risks materialize, it may have a significant impact on the business results and financial position of the Group. - Violation of and infringement on various laws and regulations - Unexpected revisions to laws and tightening of regulations - Changes in government policies that are detrimental to business activities - Sharp increase in personnel expenses and difficulties in hiring - Underdeveloped infrastructure - Potential international taxation risk - Social or economic turmoil due to an act of terrorism, war, disease, disaster, or other factors	When entering an overseas market, the Group sufficiently studies and considers various conditions of the target country in advance, including its market size, competitive environment, and statutory regulations. In addition, the Group keeps an eye on any changes in the environment related to business operations even after the entry to make sure the business results and financial position of the Group are not adversely affected.
Impairment loss of non-current assets	When opening a new store, the Group either constructs a building for the store on a piece of leased land or installs decorations and fixtures inside a leased building or a part of a building, and these buildings, decorations, and fixtures are recorded as non-current assets. Should a need to record an impairment loss of non-current assets related to a particular store arise due to significant deterioration in the profitability of the store, it may have a significant impact on the business results and financial position of the Group.	The Group pays close attention to the profitability of each store, and if there is a sign of deterioration in profitability, the Group appropriately determines recoverability and records impairment losses as needed to minimize the impact on the business results and financial position of the Group.

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

(1) Overview of operating results, etc.

1) Financial position and operating results

During the fiscal year ended August 31, 2022 (September 1, 2021 to August 31, 2022), the Japanese economy experienced the continued seesawing impact of the novel coronavirus disease (COVID-19) on personal consumption with the number of infected people periodically increasing and decreasing as semi-emergency coronavirus measures were declared again in mid-January 2022 due to the epidemic of mutant strains despite the complete lifting from October 2021 onward of the state of emergency, etc., which had been declared due to the spread of COVID-19, mainly in urban areas at the beginning of the fiscal year under review. There are also concerns about impact on the economic conditions due to continuous inflation caused by a surge in crude oil price and currency movement. Looking at the global economy, the response to COVID-19 has varied from country to country and region to region, and while some countries have stopped counting the total number of infected people and have resumed economic activities, in China, urban blockades under the zero-Covid policy have been implemented intermittently, and economic activities have been affected by the policies and responses of each country and region. In addition, the economic impact of Russi"s invasion of Ukraine has been prolonged, and there are concerns about future economic deterioration due to global inflation caused by rising prices of crude oil and raw materials, and widening interest rate disparities among countries.

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. Although there are signs of recovery, the situation has not yet recovered to the level before the outbreak 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 digitization, and strengthening development of innovative products, which they identified as management issues. However, product development based on sales results has resulted in the homogenization of products, causing a decline in their appeal. Therefore, we have decided to review our product lineup, and we have sequentially renewed our regular product lineup from August. Total research and development expenses for a joint project to develop an eyeglass-shaped, violet-light-emitting medical device designed to suppress the progress of myopia, conducted as part of our initiatives to realize "the world free from myopia," were ¥167 million for the fiscal year ended August 31, 2022.

In terms of store development, the number of eyewear stores as of August 31, 2022, was 700, including 464 stores in Japan and 236 stores overseas (174 in China, 49 in Taiwan, 7 in Hong Kong, and 6 in the United States).

As a result, the operating results and financial position for the fiscal year under review were as follows.

(a) Operating results

For the fiscal year under review, the Company posted net sales of ¥66,901 million (up 4.7% year-on-year), operating profit of ¥3,315 million (down 34.3% year-on-year), ordinary profit of ¥3,789 million (down 24.5% year-on-year), and profit attributable to owners of parent of ¥750 million (down 77.2% year-on-year).

Operating results by segment are as follows.

Net sales of the domestic eyewear business were ¥53,303 million (up 4.2% year-on-year), and segment operating profit was ¥3,967 million (down 18.8% year-on-year).

Net sales of the overseas eyewear business were ¥13,597 million (up 6.8% year-on-year), and segment operating loss was ¥651 million (segment operating profit was ¥162 million for the same period of the previous year).

(b) Financial position

Total assets at the end of the fiscal year under review increased ¥1,714 million from the end of the previous fiscal year to ¥54,721 million.

Total liabilities at the end of the fiscal year under review increased ¥1,527 million from the end of the previous fiscal year to ¥34,314 million.

Net assets at the end of the fiscal year under review increased ¥187 million from the end of the previous fiscal year to ¥20,406 million.

2) Cash flows

Cash and cash equivalents as of the end of the fiscal year under review decreased ¥1,775 million from the end of the previous fiscal year to ¥21,430 million. State of each cash flow and factors thereof are as follows.

(a) Cash flows from operating activities

Net cash provided by operating activities decreased ¥667 million year on year to ¥4,391 million.

This was mainly due to a decrease in funds due to ¥1,149 million of income taxes paid, despite an increase in funds resulting from the recording of ¥2,105 million in profit before income taxes and ¥2,879 million in depreciation.

(b) Cash flows from investing activities

Net cash used in investing activities increased ¥678 million year on year to ¥3,853 million.

This was mainly due to the use of ¥2,661 million in purchase of property, plant and equipment in line with the opening and refurnishing of stores and ¥549 million in purchase of intangible assets.

(c) Cash flows from financing activities

Net cash used in financing activities decreased ¥988 million year on year to ¥2,769 million.

This was mainly due to ¥727 million in repayments of installment payables and ¥863 million in dividends paid.

3) Production, orders received, and sales

Because the Company engages in wholesale and retail businesses and does not conduct manufacturing activities, results of production and orders received are not applicable.

Sales results are shown in relation to the operating results of each reportable segment in “(2) Analysis and examination of operating results, etc. from management perspective, 2) Understanding, analysis, and examination of operating results, etc. for the fiscal year under review.”

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

Understanding, analysis, and examination of the Group's operating results, etc. from management perspective are as follows. Forward-looking statements in this document are based on judgments as of the end of the fiscal year under revie

1) Significant accounting policies and estimates

Consolidated financial statements of the Group are prepared based on important accounting policies and estimates in accordance with accounting principles generally accepted in Japan.

In preparing consolidated financial statements, the Company makes estimates and judgments according to past results and circumstances, based on various factors that are deemed reasonable. Estimated items have an impact on reported figures of assets and liabilities and disclosure of contingent liabilities as of the fiscal year-end, as well as reported figures of revenue and expenses for the accounting period. The actual results may differ from these estimates due to inherent uncertainties of the estimates.

These important matters forming the basis of preparation of consolidated financial statements are stated in "Significant accounting estimates" of "V. Financial Information, 1. Consolidated financial statements, etc., (1) Notes to consolidated financial statements."

2) Understanding, analysis, and examination of operating results, etc. for the fiscal year under review

Analysis of operating results

(Net sales)

Net sales for the fiscal year under review were ¥66,901 million (up 4.7% year-on-year).

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, and "JINS CLASSIC," the first of 166 standard products to be renewed for the first time in approximately seven years sequentially launched in August has been developed. However, along with the decline in product appeal, an increase in promotions and a rise in cost of goods sold due to the depreciation of the yen combined to cause a decline in gross profit margins. In addition, membership of the JINS app reached approximately 11.27 million people as of the end of August 2022, up 2.57 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, the number of customers has been fluctuating throughout the fiscal year due to the increase and decrease in the number of infected persons, and although the impact is gradually diminishing, business performance has not reached the level before the outbreak of COVID-19. In terms of store development, the number of directly-managed stores in Japan rose to 464, with a net increase of 30 stores from the previous fiscal year. The increase was the result of store openings with a consistent focus on roadsides in suburbs.

As a result, net sales of the domestic eyewear business increased by 4.2% year-on-year.

In the overseas eyewear business, in China, the government's tightening of behavioral restrictions on individual movement to combat COVID-19 infections and the implementation of intermittent urban blockades, including those in major cities such as Shanghai and Beijing in April 2022, caused stagnation in personal consumption.

In Taiwan and Hong Kong, although the number of customers was affected by the increase and decrease in the number of COVID-19 infections, the drop was not as large as in the previous fiscal year, and net sales were strong.

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. Although customer footfall varied from store to store, revenue increased due in part to a rebound from the closure in the previous year.

As a result, net sales of the overseas eyewear business increased by 6.8% year-on-year.

(Operating profit)

Operating profit for the fiscal year under review were ¥3,315 million (down 34.3% year-on-year).

In the domestic eyewear business, the cost ratio rose with an increase in the number of sales and rapid depreciation of the yen, etc. As for SG&A expenses, the ratio of SG&A expenses to net sales increased partly owing to increased recruitment costs associated with new store openings, increased cost of consumable goods due to rising prices, and the recording of accelerated depreciation of interior equipment, etc. in depreciation, related to the relocation of the Tokyo head office, resulting in a decline in profit.

In the overseas eyewear business, in China, the implementation of local and intermittent urban blockades had a significant impact on our business performance.

In Taiwan, although the number of customers was affected by the increase in the number of COVID-19 infections from May to June, the drop was not as large as in the previous fiscal year, and business performance was strong.

In Hong Kong, although the number of customers was affected by the increase in the number of COVID-19 infections from February to March, business results remained strong and achieved profitability for the full year.

In the United States, combined with a significant increase in store costs due to rising prices and labor costs, we have decided to close unprofitable stores and promote business structure reform aimed at expanding the scale of business, centered on the EC business.

(Ordinary profit)

Ordinary profit for the fiscal year under review were ¥3,789 million (down 24.5% year-on-year).

This was mainly due to a decrease in operating profit, despite an increase in foreign exchange gains due to rapid depreciation of the yen over the fiscal year-end.

(Profit before income taxes)

Profit before income taxes for the fiscal year under review were ¥2,105 million (down 51.8% year-on-year).

This was mainly due to a decrease in ordinary profit, and 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.

(Profit attributable to owners of parent)

Profit attributable to owners of parent for the fiscal year under review were ¥750 million (down 77.2% year-on-year).

This was mainly due to a decrease in profit before income taxes.

Analysis of financial position and cash flows

(Assets)

Current assets decreased ¥30 million from the end of the previous fiscal year to ¥33,174 million.

This was mainly due to a decrease of ¥1,775 million in cash and deposits, despite increases of ¥890 million in merchandise and finished goods and ¥720 million in accounts receivable – trade.

Non-current assets increased ¥1,745 million from the end of the previous fiscal year to ¥21,547 million.

This was mainly due to increases of ¥857 million in buildings and structures and ¥396 million in leasehold and guarantee deposits as a result of the Group's expansion of retail stores and an increase of ¥326 million in investment securities.

As a result, total assets increased ¥1,714 million from the end of the previous fiscal year to ¥54,721 million.

(Liabilities)

Current liabilities increased ¥12,197 million from the end of the previous fiscal year to ¥22,699 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 ¥1,029 million in accounts payable - trade.

Non-current liabilities decreased ¥10,670 million from the end of the previous fiscal year to ¥11,615 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 ¥1,527 million from the end of the previous fiscal year to ¥34,314 million.

(Net assets)

Net assets increased ¥187 million from the end of the previous fiscal year to ¥20,406 million.

This was mainly due to the recording of ¥750 million in profit attributable to owners of parent and an increase of ¥312 million in accumulated other comprehensive income, despite a decrease of ¥863 million due to the payment of dividends.

Analysis of cash flows is as stated in “(1) Overview of operating results, etc., 2) Cash flows.”

Analysis of sources of capital and funding liquidity

Major working capital requirements of the Group arise from purchase of products and operating expenses including selling, general and administrative expenses. Fund requirements for investing purposes arise from capital investment including new store openings.

Although the Group raises its working capital and funds for opening new stores primarily through equity capital, we may use bank loans and lease contracts for procuring funds for capital investment and long-term working capital as necessary.

In the fiscal year under review, the Group has entered into overdraft agreements with five counterparty banks, with overdraft limits of ¥10,800 million, 120 million Chinese yuan, 25 million Hong Kong dollars, and 13 million New Taiwan dollars, as well as loan commitment agreements totaling ¥8,000 million with four counterparty banks to flexibly and stably procure funding for capital investments.

In addition, the Group issued euro yen denominated convertible bond-type bonds with share acquisition rights totaling ¥20,000 million in February 2020, mainly for the purpose of investments that enable further expansion of the eyewear business, development of new businesses, and sustainable growth.

As of the end of the fiscal year under review, short-term borrowings amounted to ¥1,869 million, current portion of long-term borrowings amounted to ¥70 million, long-term borrowings amounted to ¥131 million, and lease obligations amounted to ¥688 million.

4. Material contracts, etc.

Not applicable.

5. Research and development activities

Most of the research and development activities conducted by the Group pertain to the domestic eyewear business and the overseas eyewear business.

During the fiscal year under review, 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.

As a result, total research and development expenses were ¥167 million for the fiscal year under review.

III. Status of Equipment and Facilities

1. Summary of Capital Investment, etc.

Capital investment, etc. for the current consolidated fiscal year included new store openings and store renovations, and the total amount of capital investment including leasehold and guarantee deposits amounted to ¥4,850 million.

The breakdown by segment is as follows.

(Domestic eyewear business)

The Group conducted investments totaling ¥3,662 million including leasehold and guarantee deposits for opening 37 new stores and renovating 11 stores, namely JINS Aizu Wakamatsu Store and other eyewear specialty stores.

(Overseas eyewear business)

The Group conducted investments totaling ¥1,187 million including leasehold and guarantee deposits for opening 28 new stores and renovating 17 stores, namely eyewear specialty stores outside of Japan.

2. Status of Major Equipment and Facilities

(1) Submitting company

As of August 31, 2022

Region (location)	Name of segment	Sales floor area (m^2)	Details of facilities	Book value (millions of yen)						Number of employees (persons)
				Buildings and structures	Tools, furniture and fixtures	Land (area m^2)	Leased assets	Other	Total	
Head office, etc. (Maebashi-shi, Gunma)	Other	1,253.67	Office	139	0	- (2,589.81)	-	0	140	-
Tokyo head office (Chiyoda-ku, Tokyo)	Other	5,319.80	Office	118	14	-	-	968	1,101	70
Total		6,573.47	–	258	14	(2,589.81)	-	968	1,241	70

(Notes) 1. "Other" in the book value refers to software, etc.
2. The book value does not include the amount of construction in progress and software in progress.
3. The number of employees above is the number of people in employment and excludes those seconded from the Company to other companies and includes those seconded from other companies to the Company.
4. Of the above land, the figures in parentheses indicate the land area under lease (including land for parking lots).
5. There are no facilities that are currently inactive.
6. In addition to the above, major rented and leased facilities and equipment include the following.

Name	Number of units	Lease period (years)	Annual lease payment (millions of yen)	Balance of lease contracts (millions of yen)
Copiers and office equipment, etc.	2	5	0	2
Information equipment and software	1	5	0	0

(2) Domestic subsidiaries

JINS Inc.

As of August 31, 2022

Region (location)		Name of segment	Sales floor area (m^2)	Details of facilities	Book value (millions of yen)						Number of employees (persons)
					Buildings and structures	Tools, furniture and fixtures	Land (area m^2)	Leased assets	Other	Total	
Tokyo head office (Chiyoda-ku, Tokyo)		Domestic eyewear business	–	Office	1	12	-	1	978	994	273
Kashiwa warehouse (Kashiwa-shi, Chiba)		Domestic eyewear business	1,448.60	Plant and office	28	5	-	47	29	110	14
Hokkaido region	13 stores	Domestic eyewear business	1,733.03	Store	185	11	-	-	-	197	54
Tohoku region	31 stores	Domestic eyewear business	4,368.33	Store	455	27	- (546.00)	-	-	483	99
Kanto region	200 stores	Domestic eyewear business	24,820.07	Store, etc.	2,994	137	- (8,431.18)	3	299	3,433	846
Chubu region	70 stores	Domestic eyewear business	9,660.72	Store Office	862	48	- (388.00)	-	-	911	253
Kinki region	67 stores	Domestic eyewear business	8,456.47	Store Office	779	41	- (397.00)	-	4	825	266
Chugoku-Shikoku region	35 stores	Domestic eyewear business	5,135.08	Store	520	34	- (439.43)	-	-	554	133
Kyushu-Okinawa region	48 stores	Domestic eyewear business	6,129.19	Store Office	665	46	-	2	0	715	180
Total			61,751.49	–	6,492	367	- (10,201.61)	54	1,311	8,225	2,118

(Notes) 1. “Other” in the book value refers to machinery and equipment, software, etc.
2. The book value does not include the amount of construction in progress and software in progress.
3. The book value is the amount after impairment loss is recognized.
4. Of the above land, the figures in parentheses indicate the land area under lease (including land for parking lots).
5. The number of employees above is the number of people in employment and excludes those seconded from the Company to other companies and includes those seconded from other companies to the Company.
6. There are no facilities that are currently inactive.
7. In addition to the above, major rented and leased facilities and equipment include the following.

Name	Number of units	Lease period (years)	Annual lease payment (millions of yen)	Balance of lease contracts (millions of yen)
Eye exam machine, Lens edging machine and other ophthalmic equipment	3,568	5	735	2,063
Interior, furniture, etc.	138	5	17	44
Copiers and office equipment, etc.	3	5	0	2
Information equipment and software	1	5	0	0
Vehicles	1	5	0	0

(3) Overseas subsidiaries

As of August 31, 2022

Company name	Office name (location)	Name of segment	Sales floor area (m^2)	Details of facilities	Book value (millions of yen)					Number of employees (persons)
					Buildings and structures	Tools, furniture and fixtures	Leased assets	Other	Total	
JINS SHENYANG CO., LTD.	Shenyang, Liaoning Province, China	Overseas eyewear business	447.80	Store Office	14	3	20	0	39	27
JINS SHANGHAI CO., LTD.	Shanghai, China	Overseas eyewear business	17,164.04	Store Office	567	134	644	67	1,414	949
JINS Hong Kong Limited	Hong Kong SAR, China	Overseas eyewear business	824.70	Store Office	-	2	-	-	2	57
JINS TAIWAN CO., LTD.	Taipei, Taiwan	Overseas eyewear business	4,655.57	Store Office	276	192	134	-	604	335
JINS Eyewear US, Inc.	California, U.S.	Overseas eyewear business	1,458.81	Store Office	0	14	65	7	87	43
Total			24,550.92	–	859	347	865	74	2,147	1,411

(Notes) 1. “Other” in the book value refers to software.
2. The book value does not include the amount of construction in progress and software in progress.
3. The book value is the amount after impairment loss is recognized.
4. The number of employees above is the number of people in employment.
5. There are no facilities that are currently inactive.

3. Plan for New Installation, Disposal, etc. of Facilities

(1) New installation of major facilities, etc.

Office name (location)	Name of segment	Details of facilities	Planned investment amount Total amount (millions of yen)	Planned investment amount Amount already paid (millions of yen)	Funding method	Start date	Scheduled completion date	Capacity to be increased after completion
JINS Fuji Iriyamase Store (Fuji-shi, Shizuoka)	Domestic eyewear business	Store	88	26	Self-funding	August 2022	September 2022	Increase in net sales
rim of jins Sapporo Stellar Place Store (Chuo-ku, Sapporo-shi, Hokkaido)	Domestic eyewear business	Store	32	6	Self-funding	September 2022	October 2022	Increase in net sales
JINS AEON Tenno-cho Store (Hodogaya-ku, Yokohama-shi, Kanagawa)	Domestic eyewear business	Store	42	0	Self-funding	September 2022	October 2022	Increase in net sales
JINS Colette Mare Store (Naka-ku, Yokohama-shi, Kanagawa)	Domestic eyewear business	Store	50	18	Self-funding	September 2022	October 2022	Increase in net sales
JINS Kamisu Store (Kamisu-shi, Ibaraki)	Domestic eyewear business	Store	78	18	Self-funding	September 2022	October 2022	Increase in net sales
JINS Ito-Yokado Kobuchi Store (Minami-ku, Sagamihara-shi, Kanagawa)	Domestic eyewear business	Store	33	—	Self-funding	October 2022	November 2022	Increase in net sales
JINS LaLaport Sakai Store (Mihara-ku, Sakai-shi, Osaka)	Domestic eyewear business	Store	64	26	Self-funding	October 2022	November 2022	Increase in net sales
JINS Saijo Store (Saijo-shi, Ehime)	Domestic eyewear business	Store	84	31	Self-funding	October 2022	November 2022	Increase in net sales
JINS Lake Walk Okaya Store (Okaya-shi, Nagano)	Domestic eyewear business	Store	37	—	Self-funding	October 2022	November 2022	Increase in net sales
JINS Kashihara Tokiwa Store (Kashihara-shi, Nara)	Domestic eyewear business	Store	78	17	Self-funding	October 2022	November 2022	Increase in net sales
Three other stores	Domestic eyewear business	Store	244	52	Self-funding	November 2022	December 2022	Increase in net sales
JINS Bauhinia Square Store (Shanghai, China)	Overseas eyewear business	Store	23	23	Self-funding	June 2022	July 2022	Increase in net sales
JINS Chengdu Magic Center Store (Chengdu, Sichuan province, China)	Overseas eyewear business	Store	21	1	Self-funding	September 2022	October 2022	Increase in net sales
JINS Shanghai CENTURY Link Mall Store (Shanghai, China)	Overseas eyewear business	Store	21	—	Self-funding	October 2022	November 2022	Increase in net sales
JINS Hong Kong Plaza Hollywood Store (Hong Kong SAR, China)	Overseas eyewear business	Store	65	8	Self-funding	November 2022	December 2022	Increase in net sales
Tokyo head office (Chiyoda-ku, Tokyo)	Domestic eyewear business	System	456	59	Self-funding	–	–	Improvement of operational efficiency, etc.
Tokyo head office (Chiyoda-ku, Tokyo)	Other	Office System	407	247	Self-funding	–	–	Improvement of operational efficiency, etc.
Total		–	1,830	539	–	–	–	–

(Note) Planned investment amount includes leasehold and guarantee deposits.

(2) Renovation of major facilities

Office name (location)	Name of segment	Details of facilities	Planned investment amount		Funding method	Start date	Scheduled completion date	Capacity to be increased after completion
			Total amount (millions of yen)	Amount already paid (millions of yen)				
JINS youme Town Tokuyama Store (Shunan-shi, Yamaguchi)	Domestic eyewear business	Store	29	2	Self-funding	August 2022	September 2022	Increase in net sales
JINS piole AKASHI Store (Akashi-shi, Hyogo)	Domestic eyewear business	Store	44	–	Self-funding	September 2022	October 2022	Increase in net sales
14 other stores	Overseas eyewear business	Store	239	96	Self-funding	June 2022	November 2022	Increase in net sales
Total		–	313	98	–	–	–	–

(3) Disposal of major facilities, etc.

The plan to dispose of equipment and facilities as of August 31, 2022 is mainly related to the renovation of stores to be implemented in the domestic eyewear business for the purpose of improving the efficiency of store operations.

In line with the relocation of the Tokyo head office scheduled for February 2023, the Company plans to dispose of non-current assets. As the useful lives of non-current assets that it does not expect to use after the relocation were moved up to the date of relocation, impact on profit and loss resulting from the disposal is immaterial.

IV. 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 the fiscal year (shares) (August 31, 2022)	As of the submission date (shares) (November 29, 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 is 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) Details of the Rights Plan

Not applicable.

3) Status of Other Share Acquisition Rights, etc.

The Company has issued bonds with share acquisition rights in accordance with the Companies Act.

Euro yen denominated convertible bond-type bonds with share acquisition rights due 2023 of JINS HOLDINGS Inc.	
Date of resolution	February 12, 2020
Number of share acquisition rights (units)*	1,000
Number of treasury share acquisition rights among share acquisition rights (units)*	—
Class, details, and number of shares subject to share acquisition rights (shares)*	Common stock 1,177,995 (Note 1)
Amount to be paid in upon exercise of share acquisition rights (yen)*	8,489 (Note 2)
Exercise period of share acquisition rights*	From March 13, 2020 to February 14, 2023 (Note 3)
Issue price of shares and capitalization amount when shares are issued upon exercise of share acquisition rights (yen)*	Issue price: 8,489 Capitalization amount: 4,244 (Note 4)
Conditions for the exercise of share acquisition rights*	(Note 5)
Matters concerning the transfer of share acquisition rights*	—
Matters concerning the issuance of share acquisition rights in connection with organizational restructuring*	(Note 6)
Details and value of assets to be contributed upon exercise of share acquisition rights*	— (Note 7)
Balance of bonds with share acquisition rights (millions of yen)*	10,033

* The contents as of the end of the current fiscal year (August 31, 2022) are stated. There are no changes from the end of the current fiscal year to the end of the month prior to the submission date (October 31, 2022).

(Notes) 1. The number of shares of the Company's common stock to be issued by the Company upon exercise of the share acquisition rights described above (hereinafter, the "Share Acquisition Rights") shall be the number obtained by dividing the total face value of the bonds described above (hereinafter, the "Bonds") pertaining to the request by the conversion price set forth in (Note 2) below. However, fractions less than one share shall be rounded down, and no adjustment in cash shall be made.

2. The initial conversion price shall be ¥9,432.

The conversion price shall be adjusted in accordance with the following formula in the event that the Company issues the Company's common stock at a price lower than the market price of the Company's common stock or disposes of the Company's common stock held by the Company after the issuance of the bonds with share acquisition rights described above (hereinafter, the "Bonds with Share Acquisition Rights"). In the following formula, "number of shares already issued" means the total number of shares of the Company's common stock issued (excluding those held by the Company).

$$\text{Conversion price after adjustment} = \text{Conversion price before adjustment} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of shares issued or disposed of} \times \text{Amount to be paid in per share}}{\text{Market value}}}{\text{Number of shares already issued} + \text{Number of shares issued or disposed of}}$$

The conversion price shall also be adjusted from time to time in the event of a split or consolidation of the Company's common stock, the issuance of share acquisition rights (including those attached to bonds with share acquisition rights) that allow the request to issue shares of the Company's common stock at a price lower than the market price of the Company's common stock, or other certain events.

3. Exercise period of the Share Acquisition Rights shall be from March 13, 2020 to February 14, 2023 (local time at the place where the exercise request is accepted). However, the exercise period shall be, (i) in the case of early redemption of the Bonds, until the date that is three business days prior to the redemption date in Tokyo (excluding, however, the Share

Acquisition Rights pertaining to the Bonds that are elected not to be early redeemed in the case of early redemption due to a change in the taxation system as set forth in the terms and conditions of the Bonds with Share Acquisition Rights), (ii) in the case of retirement by the purchase of the Bonds, until the time of retirement of the Bonds, and (iii) in the case of a forfeiture of the benefit of the term of the Bonds, until the time of a forfeiture of the benefit of the term. In any of the above cases, the Share Acquisition Rights may not be exercised after February 14, 2023 (local time at the place where the exercise request is accepted).

Notwithstanding the foregoing, if the Company reasonably determines that it is necessary in order to carry out organizational restructuring, etc. of the Company as set forth in the terms and conditions of the Bonds with Share Acquisition Rights, the Share Acquisition Rights may not be exercised during a period within 30 days designated by the Company that ends within 14 days from the day following the effective date of the organizational restructuring, etc. In addition, if the day on which the exercise of the Share Acquisition Rights takes effect (or the next business day in Tokyo if such day is not a business day in Tokyo) is a record date determined by the Company or falls within the period from the day two business days prior in Tokyo (or the day three business days prior in Tokyo if the Shareholder Confirmation Date explained below is not a business day in Tokyo) to any other date determined for the purpose of determining shareholders in connection with Article 151, Paragraph 1 of the Act on Book-Entry Transfer of Corporate Bonds and Shares (hereinafter, collectively referred to as the "Shareholder Confirmation Date") to the Shareholder Confirmation Date (or the next business day in Tokyo if the Shareholder Confirmation Date is not a business day in Tokyo), the Share Acquisition Rights may not be exercised. However, if any law or practice relating to the issuance of shares upon exercise of share acquisition rights through the book-entry transfer system under the Act on Book-Entry Transfer of Company Bonds and Shares is changed, the Company may revise the limitation on the period during which the Share Acquisition Rights may be exercised under this paragraph to reflect such change.

4. The amount of share capital to be increased in the event of the issuance of shares upon the exercise of the Share Acquisition Rights shall be the amount obtained by multiplying the maximum amount of increase in share capital, etc. calculated in accordance with the provisions of Article 17 of the Regulation on Corporate Accounting by 0.5, with any fraction less than one yen resulting from the calculation being rounded up to the nearest yen.
5. Partial exercise of each of the Share Acquisition Rights shall not be permitted.
6. If the Company reasonably determines that it is necessary in order to carry out organizational restructuring, etc. of the Company as set forth in the terms and conditions of the Bonds with Share Acquisition Rights, the Share Acquisition Rights may not be exercised during a period within 30 days designated by the Company that ends within 14 days from the day following the effective date of the organizational restructuring, etc.

(a) In the event of organizational restructuring, etc., the Company shall make its best efforts to have the Succeeding Company, etc. (as defined below) succeed to the position as the principal debtor of the Bonds with Share Acquisition Rights in accordance with the terms and conditions of the Bonds with Share Acquisition Rights and issue new share acquisition rights in place of the Share Acquisition Rights. However, such succession and issuance shall not take place unless (i) it is feasible under the laws applicable at the time, (ii) a mechanism for such succession and issuance has already been established or can be established, and (iii) the Company or the Succeeding Company, etc. can implement such succession and issuance without incurring unreasonable costs (including taxes; unreasonableness of the costs shall be determined by the Company) in view of the entirety of the organizational restructuring, etc. In such a case, the Company shall also make its best efforts to ensure that the Succeeding Company, etc. is a listed company in Japan as of the effective date of the organizational restructuring, etc. The obligation of the Company to make efforts described in this item (a) shall not apply to the case where the Company delivers a certificate to a trustee company.

The "Succeeding Company, etc." means the counterparty in the organizational restructuring, etc., which assumes the obligations of the Company with respect to the Bonds with Share Acquisition Rights and/or the Share Acquisition Rights.

(b) The details of the share acquisition rights of the Succeeding Company, etc. to be issued pursuant to the provisions of the item (a) above shall be as follows.

1) Number of the share acquisition rights

The number of the share acquisition rights shall be the same as the number of the Share Acquisition Rights pertaining to the Bonds with Share Acquisition Rights remaining immediately before the effective date of the organizational restructuring, etc.

2) Class of shares subject to the share acquisition rights

The shares shall be common stock of the Succeeding Company, etc.

3) Number of shares subject to the share acquisition rights

The number of shares of common stock of the Succeeding Company, etc. to be issued upon exercise of the share acquisition rights of the Succeeding Company, etc. shall be determined by reference to the terms and conditions of the Bonds with Share Acquisition Rights, taking into consideration the conditions, etc. of the organizational restructuring, etc., and shall also be subject to (i) or (ii) below. The conversion price shall be subject to the same adjustment as in 2 above.

(i) In the case of a merger, share exchange, or share transfer, the conversion price shall be set so that the number of shares of common stock of the Succeeding Company, etc. that the holders of the number of shares of common stock of the Company that would be obtained if the Share Acquisition Rights were exercised immediately prior to the effective date of the organizational restructuring, etc. receive in the organizational restructuring, etc. shall be received when the share acquisition rights of the Succeeding Company, etc. are exercised immediately after the effective date of the organizational restructuring, etc. If securities other than common stock or other property of the Succeeding Company, etc. are delivered upon the organizational restructuring, etc., the number of shares of common stock of the Succeeding Company, etc. equal to the number obtained by dividing the value of such securities or property by the market value of the common stock of the Succeeding Company, etc. shall be received together.

(ii) In the event of organizational restructuring, etc. other than the above, the conversion price shall be set so that the same economic benefits as holders of the Bonds with Share Acquisition Rights would receive if they exercised the Share Acquisition Rights immediately prior to the effective date of the organizational restructuring, etc. shall be received when the share acquisition rights of the Succeeding Company, etc. are exercised immediately after the effective date of the organizational restructuring, etc.

4) Details and amount of assets to be contributed upon exercise of the share acquisition rights

Upon exercise of the share acquisition rights of the Succeeding Company, etc., the succeeded Bonds shall be contributed, and the value of such Bonds shall be the same as the face value of the succeeded Bonds.

5) Period during which the share acquisition rights may be exercised

The period during which the share acquisition rights may be exercised shall be from the effective date of the organizational restructuring, etc. (or, if applicable, a date within 14 days after the effective date) until the expiration date of the exercise period of the Share Acquisition Rights as set forth in (6) above.

6) Other conditions for the exercise of the share acquisition rights

Partial exercise of each share acquisition right of the Succeeding Company, etc. shall not be permitted.

7) Share capital and legal capital surplus to be increased in the event of the issuance of shares upon the exercise of the share acquisition rights

The amount of share capital to be increased in the event of the issuance of shares upon the exercise of the share acquisition rights of the Succeeding Company, etc. shall be the amount obtained by multiplying the maximum amount of increase in share capital, etc. calculated in accordance with the provisions of Article 17 of the Regulation on Corporate Accounting by 0.5, with any fraction less than one yen resulting from the calculation being rounded up to the nearest yen. The amount of legal capital surplus to be increased shall be the amount obtained by subtracting the amount of share capital to be increased from the maximum amount of increase in share capital, etc.

8) In the event of organizational restructuring, etc.

In the event of organizational restructuring, etc. of the Succeeding Company, etc., the same treatment as for the Bonds with Share Acquisition Rights shall be applied.

9) Fractions less than one share resulting from the exercise of share acquisition rights of the Succeeding Company, etc. shall be rounded down, and no adjustment in cash shall be made. The share acquisition rights of the Succeeding Company, etc. cannot be transferred separately from the succeeded Bonds.

(c) In the event that the Company's obligations under the Bonds and the trust deed are assumed or succeeded to by the Succeeding Company, etc. in accordance with the provisions of the item (a) above, the Company shall, in addition to attaching a guarantee in certain cases as set forth in the terms and conditions of the Bonds with Share Acquisition Rights, comply with the terms and conditions of the Bonds with Share Acquisition Rights.

7. Upon exercise of each of the Share Acquisition Rights, the Bonds pertaining to the Share Acquisition Rights shall be contributed, and the value of the Bonds shall be the same as the face value thereof.

Euro yen denominated convertible bond-type bonds with share acquisition rights due 2025 of JINS HOLDINGS Inc.	
Date of resolution	February 12, 2020
Number of share acquisition rights (units)*	1,000
Number of treasury share acquisition rights among share acquisition rights (units)*	—
Class, details, and number of shares subject to share acquisition rights (shares)*	Common stock 978,665 (Note 1)
Amount to be paid in upon exercise of share acquisition rights (yen)*	10,218 (Note 2)
Exercise period of share acquisition rights*	From March 13, 2020 to February 14, 2025 (Note 3)
Issue price of shares and capitalization amount when shares are issued upon exercise of share acquisition rights (yen)*	Issue price: 10,218 Capitalization amount: 5,109 (Note 4)
Conditions for the exercise of share acquisition rights*	(Note 5)
Matters concerning the transfer of share acquisition rights*	—
Matters concerning the issuance of share acquisition rights in connection with organizational restructuring*	(Note 6)
Details and value of assets to be contributed upon exercise of share acquisition rights*	— (Note 7)
Balance of bonds with share acquisition rights (millions of yen)*	10,025

* The contents as of the end of the current fiscal year (August 31, 2022) are stated. There are no changes from the end of the current fiscal year to the end of the month prior to the submission date (October 31, 2022).

(Notes) 1. The number of shares of the Company's common stock to be issued by the Company upon exercise of the share acquisition rights described above (hereinafter, the "Share Acquisition Rights") shall be the number obtained by dividing the total face value of the bonds described above (hereinafter, the "Bonds") pertaining to the request by the conversion price set forth in (Note 2) below. However, fractions less than one share shall be rounded down, and no adjustment in cash shall be made.

2. The initial conversion price shall be ¥10,218.

The conversion price shall be adjusted in accordance with the following formula in the event that the Company issues the Company's common stock at a price lower than the market price of the Company's common stock or disposes of the Company's common stock held by the Company after the issuance of the bonds with share acquisition rights described above (hereinafter, the "Bonds with Share Acquisition Rights"). In the following formula, "number of shares already issued" means the total number of shares of the Company's common stock issued (excluding those held by the Company).

$$\text{Conversion price after adjustment} = \text{Conversion price before adjustment} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of shares issued or disposed of} \times \text{Amount to be paid in per share}}{\text{Market value}}}{\text{Number of shares already issued} + \text{Number of shares issued or disposed of}}$$

The conversion price shall also be adjusted from time to time in the event of a split or consolidation of the Company's common stock, the issuance of share acquisition rights (including those attached to bonds with share acquisition rights) that allow the request to issue shares of the Company's common stock at a price lower than the market price of the Company's common stock, or other certain events.

3. Exercise period of the Share Acquisition Rights shall be from March 13, 2020 to February 14, 2025 (local time at the place where the exercise request is accepted). However, the exercise period shall be, (i) in the case of early redemption of the Bonds, until the date that is three business days prior to the redemption date in Tokyo (excluding, however, the Share Acquisition Rights pertaining to the Bonds that are elected not to be early redeemed in the case of early redemption due to a change in the taxation system as set forth in the terms and conditions of the Bonds with Share Acquisition Rights), (ii) in the case of retirement by the purchase of the Bonds, until the time of retirement of the Bonds, and (iii) in the case of a forfeiture of the benefit of the term of the Bonds, until the time of a forfeiture of the benefit of the term. In any of the above cases, the Share Acquisition Rights may not be exercised after February 14, 2025 (local time at the place where the exercise request is accepted).

   Notwithstanding the foregoing, if the Company reasonably determines that it is necessary in order to carry out organizational restructuring, etc. of the Company as set forth in the terms and conditions of the Bonds with Share Acquisition Rights, the Share Acquisition Rights may not be exercised during a period within 30 days designated by the Company that ends within 14 days from the day following the effective date of the organizational restructuring, etc. In addition, if the day on which the exercise of the Share Acquisition Rights takes effect (or the next business day in Tokyo if such day is not a business day in Tokyo) is a record date determined by the Company or falls within the period from the day two business days prior in Tokyo (or the day three business days prior in Tokyo if the Shareholder Confirmation Date explained below is not a business day in Tokyo) to any other date determined for the purpose of determining shareholders in connection with Article 151, Paragraph 1 of the Act on Book-Entry Transfer of Corporate Bonds and Shares (hereinafter, collectively referred to as the "Shareholder Confirmation Date") to the Shareholder Confirmation Date (or the next business day in Tokyo if the Shareholder Confirmation Date is not a business day in Tokyo), the Share Acquisition Rights may not be exercised. However, if any law or practice relating to the issuance of shares upon exercise of share acquisition rights through the book-entry transfer system under the Act on Book-Entry Transfer of Company Bonds and Shares is changed, the Company may revise the limitation on the period during which the Share Acquisition Rights may be exercised under this paragraph to reflect such change.

4. The amount of share capital to be increased in the event of the issuance of shares upon the exercise of the Share Acquisition Rights shall be the amount obtained by multiplying the maximum amount of increase in share capital, etc. calculated in accordance with the provisions of Article 17 of the Regulation on Corporate Accounting by 0.5, with any fraction less than one yen resulting from the calculation being rounded up to the nearest yen.

5. Partial exercise of each of the Share Acquisition Rights shall not be permitted.

6. If the Company reasonably determines that it is necessary in order to carry out organizational restructuring, etc. of the Company as set forth in the terms and conditions of the Bonds with Share Acquisition Rights, the Share Acquisition Rights may not be exercised during a period within 30 days designated by the Company that ends within 14 days from the day following the effective date of the organizational restructuring, etc.

(a) In the event of organizational restructuring, etc., the Company shall make its best efforts to have the Succeeding Company, etc. (as defined below) succeed to the position as the principal debtor of the Bonds with Share Acquisition Rights in accordance with the terms and conditions of the Bonds with Share Acquisition Rights and issue new share acquisition rights in place of the Share Acquisition Rights. However, such succession and issuance shall not take place unless (i) it is feasible under the laws applicable at the time, (ii) a mechanism for such succession and issuance has already been established or can be established, and (iii) the Company or the Succeeding Company, etc. can implement such succession and issuance without incurring unreasonable costs (including taxes; unreasonableness of the costs shall be determined by the Company) in view of the entirety of the organizational restructuring, etc. In such a case, the Company shall also make its best efforts to ensure that the Succeeding Company, etc. is a listed company in Japan as of the effective date of the organizational restructuring, etc. The obligation of the Company to make efforts described in this item (a) shall not apply to the case where the Company delivers a certificate to a trustee company.

   The "Succeeding Company, etc." means the counterparty in the organizational restructuring, etc., which assumes the obligations of the Company with respect to the Bonds with Share Acquisition Rights and/or the Share Acquisition

Rights.

(b) The details of the share acquisition rights of the Succeeding Company, etc. to be issued pursuant to the provisions of the item (a) above shall be as follows.

1) Number of the share acquisition rights

The number of the share acquisition rights shall be the same as the number of the Share Acquisition Rights pertaining to the Bonds with Share Acquisition Rights remaining immediately before the effective date of the organizational restructuring, etc.

2) Class of shares subject to the share acquisition rights

The shares shall be common stock of the Succeeding Company, etc.

3) Number of shares subject to the share acquisition rights

The number of shares of common stock of the Succeeding Company, etc. to be issued upon exercise of the share acquisition rights of the Succeeding Company, etc. shall be determined by reference to the terms and conditions of the Bonds with Share Acquisition Rights, taking into consideration the conditions, etc. of the organizational restructuring, etc., and shall also be subject to (i) or (ii) below. The conversion price shall be subject to the same adjustment as in 2 above.

(i) In the case of a merger, share exchange, or share transfer, the conversion price shall be set so that the number of shares of common stock of the Succeeding Company, etc. that the holders of the number of shares of common stock of the Company that would be obtained if the Share Acquisition Rights were exercised immediately prior to the effective date of the organizational restructuring, etc. receive in the organizational restructuring, etc. shall be received when the share acquisition rights of the Succeeding Company, etc. are exercised immediately after the effective date of the organizational restructuring, etc. If securities other than common stock or other property of the Succeeding Company, etc. are delivered upon the organizational restructuring, etc., the number of shares of common stock of the Succeeding Company, etc. equal to the number obtained by dividing the value of such securities or property by the market value of the common stock of the Succeeding Company, etc. shall be received together.

(ii) In the event of organizational restructuring, etc. other than the above, the conversion price shall be set so that the same economic benefits as holders of the Bonds with Share Acquisition Rights would receive if they exercised the Share Acquisition Rights immediately prior to the effective date of the organizational restructuring, etc. shall be received when the share acquisition rights of the Succeeding Company, etc. are exercised immediately after the effective date of the organizational restructuring, etc.

4) Details and amount of assets to be contributed upon exercise of the share acquisition rights

Upon exercise of the share acquisition rights of the Succeeding Company, etc., the succeeded Bonds shall be contributed, and the value of such Bonds shall be the same as the face value of the succeeded Bonds.

5) Period during which the share acquisition rights may be exercised

The period during which the share acquisition rights may be exercised shall be from the effective date of the organizational restructuring, etc. (or, if applicable, a date within 14 days after the effective date) until the expiration date of the exercise period of the Share Acquisition Rights as set forth in (6) above.

6) Other conditions for the exercise of the share acquisition rights

Partial exercise of each share acquisition right of the Succeeding Company, etc. shall not be permitted.

7) Share capital and legal capital surplus to be increased in the event of the issuance of shares upon the exercise of the share acquisition rights

The amount of share capital to be increased in the event of the issuance of shares upon the exercise of the share acquisition rights of the Succeeding Company, etc. shall be the amount obtained by multiplying the maximum amount of increase in share capital, etc. calculated in accordance with the provisions of Article 17 of the Regulation on Corporate Accounting by 0.5, with any fraction less than one yen resulting from the calculation being rounded up to the nearest yen. The amount of legal capital surplus to be increased shall be the amount obtained by subtracting the amount of share capital to be increased from the maximum amount of increase in share capital, etc.

8) In the event of organizational restructuring, etc.

In the event of organizational restructuring, etc. of the Succeeding Company, etc., the same treatment as for the Bonds with Share Acquisition Rights shall be applied.

9) Fractions less than one share resulting from the exercise of share acquisition rights of the Succeeding Company, etc. shall be rounded down, and no adjustment in cash shall be made. The share acquisition rights of the Succeeding Company, etc. cannot be transferred separately from the succeeded Bonds.

(c) In the event that the Company's obligations under the Bonds and the trust deed are assumed or succeeded to by the Succeeding Company, etc. in accordance with the provisions of the item (a) above, the Company shall, in addition to attaching a guarantee in certain cases as set forth in the terms and conditions of the Bonds with Share Acquisition Rights, comply with the terms and conditions of the Bonds with Share Acquisition Rights.

7. Upon exercise of each of the Share Acquisition Rights, the Bonds pertaining to the Share Acquisition Rights shall be contributed, and the value of the Bonds shall be the same as the face value thereof.

(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)
August 8, 2012 (Note 1)	3,000,000	23,480,000	2,300	2,819	2,300	2,774
August 30, 2012 (Note 2)	500,000	23,980,000	383	3,202	383	3,157

(Notes) 1. Paid-in public offering (book-building method offering)
Issue price ¥1,618
Issue par ¥1,533.70
Capitalization amount ¥766.85
2. Paid-in third-party allotment (third-party allotment in connection with the secondary offering by way of over-allotment)
Issue price ¥1,618
Issue par ¥1,533.70
Capitalization amount ¥766.85
Allottee Mizuho Securities Co., Ltd.

(5) Status by Type of Shareholders

As of August 31, 2022

Classification	Status of shares (the number of shares per unit: 100 shares)								Status of odd-lot shares (shares)
	Government and local municipalities	Domestic financial institutions	Financial instruments business operators	Other domestic corporations	Foreign corporations, etc.		Individuals and others	Total	
					Other than individuals	Individuals			
Number of shareholders (persons)	-	13	19	154	159	69	19,029	19,443	–
Number of shares held (units)	-	34,906	2,969	27,475	44,460	392	129,522	239,724	7,600
Percentage of shares held (%)	-	14.6	1.2	11.5	18.5	0.2	54.0	100	–

(Note) 639,815 shares of treasury stock are included as 6,398 units in the item of "Individuals and others" and as 15 shares in the "Status of odd-lot shares."

(6) Status of Major Shareholders

As of August 31, 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	8,104,000	34.72
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3 Hamamatsucho 2-chome, Minato-ku, Tokyo	2,725,400	11.68
MARS G.K.	10-2 Fujimi 2-chome, Chiyoda-ku, Tokyo	1,200,000	5.14
TAIYO FUND, L.P. (Standing Proxy: Transaction Services Division, MUFG Bank, Ltd.)	5300 CARILLON POINT KIRKLAND, WA 98033, USA	810,500	3.47
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
NORTHERN TRUST CO.(AVFC) RE THE HIGHCLERE INTERNATIONAL INVESTORS SMALLER COMPANIES FUND (Standing Proxy: Custody Services Division, Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited)	50 BANK STREET CANARY WHARF LONDON E14 5NT, UK	431,500	1.85
Custody Bank of Japan, Ltd. (Trust Account)	8-12 Harumi 1-chome, Chuo-ku, Tokyo	363,000	1.56
TAIYO HANEI FUND, L.P. (Standing Proxy: Transaction Services Division, MUFG Bank, Ltd.)	5300 CARILLON POINT KIRKLAND, WA 98033, USA	356,900	1.53
Total	–	15,671,300	67.14

(Notes) 1. The number of shares held by The Master Trust Bank of Japan, Ltd. of 2,725,400 shares relates to trust operations. These shares include 114,800 shares held in pension trusts, 857,300 shares held in investment trusts, and 1,753,300 shares held in other trusts.

2. The number of shares held by Custody Bank of Japan, Ltd. of 363,000 shares relates to trust operations. These shares include 147,500 shares held in pension trusts, 187,300 shares held in investment trusts, and 28,200 shares held in other trusts.

3. In the change report (share certificates, etc. subject to special rules) 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 August 31, 2022, they are not included in the above status of major shareholders. The details of the change report (share certificates, etc. subject to special rules) 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 and shareholding ratio shown above include the number of latent shares held as a result of holding bonds with share acquisition rights.

4. In the change report (share certificates, etc. subject to special rules) 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 August 31, 2022, they are not included in the above status of major shareholders. The details of the change report (share certificates, etc. subject to special rules) 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 and the shareholding ratio shown above include the number of latent shares held as a result of holding bonds with share acquisition rights.

5. In the amendment report (statement of large-volume holdings and change report) made available for public inspection on April 15, 2022, it is stated that Taiyo Pacific Partners LP holds 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 August 31, 2022, they are not included in the above status of major shareholders. The details of the amendment report (statement of large-volume holdings and change report) are as follows.

Name	Address	Number of shares held (shares)	Shareholding ratio (%)
Taiyo Pacific Partners LP	5300 CARILLON POINT KIRKLAND, WA 98033, USA	1,476,500	6.16

(7) Status of Voting Rights

1) Issued Shares

As of August 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 639,800	—	—
Shares with full voting rights (others)	Common stock 23,332,600	233,326	Number of shares per unit: 100 shares
Odd-lot shares	Common stock 7,600	—	—
Total number of shares issued	23,980,000	—	—
Total voting rights held by shareholders	—	233,326	—

2) Treasury Stock, etc.

As of August 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	639,800	—	639,800	2.67
Total	—	639,800	—	639,800	2.67

2. Status of Acquisition of Treasury Stock, etc.

Class of Shares, etc. Acquisition of common stock as stipulated in Article 155, Item 7 of the Companies Act

(1) Status of Acquisition by Resolution at the General Meeting of Shareholders

Not applicable.

(2) Status of Acquisition by Resolution of the Board of Directors

Not applicable.

(3) Details of the Acquisition not Based on Resolution of the General Meeting of Shareholders or the Board of Directors

Classification	Number of shares (shares)	Total amount of value (millions of yen)
Acquired treasury stock during the current fiscal year	31	0
Acquired treasury stock during the current period	31	0

(Note) Acquired treasury stock during the current period does not include the number of shares acquired through the purchase of odd-lot shares from November 1, 2022 to the date of submission of the Annual Securities Report.

(4) Status of the Disposition and Holding of Acquired Treasury Stock

Classification	Current fiscal year		Current period	
	Number of shares (shares)	Total amount of disposal value (millions of yen)	Number of shares (shares)	Total amount of disposal value (millions of yen)
Acquired treasury stock for which subscribers were solicited	—	—	—	—
Acquired treasury stock disposed of for retirement	—	—	—	—
Acquired treasury stock transferred in connection with a merger, share exchange, share issuance, or company split	—	—	—	—
Other (－)	—	—	—	—
Number of treasury stock held	639,815	—	639,846	—

(Note) The number of treasury stock held during the current period does not include the number of shares acquired through the purchase of odd-lot shares from November 1, 2022 to the date of submission of this Annual Securities Report.

3. Dividend Policy

Recognizing that a mid- to long-term increase of shareholder value is its most important mandate, the Company pays out an interim dividend and a year-end dividend according to the performance of the first-half period and the second-half period, respectively, aiming for a consolidated dividend payout ratio of 30%, with a basic policy to maintain sufficient retained earnings for supporting future business development as well as to provide continuous and stable dividend payouts for its shareholders.

Dividends from surplus of the Company are paid twice a year as an interim dividend and a year-end dividend as its basic policy. The decision-making body for these dividends is the Board of Directors for interim dividends and the General Meeting of Shareholders for year-end dividends. The Company's Articles of Incorporation stipulate that "the Company may, by resolution of the Board of Directors, pay an interim dividend to shareholders or registered pledgees whose names appear or are recorded in the latest register of shareholders as of the last day of February each year."

(Note) Dividends from surplus whose record date belongs to the current fiscal year are as follows.

Date of resolution	Total amount of dividends (millions of yen)	Dividend per share (yen)
Resolution by the Board of Directors on April 8, 2022	396	17.00

4. Status of Corporate Governance, etc.

(1) Overview of Corporate Governance

1) Fundamental thought process related to Corporate Governance

Driven by its desire to enrich people's lives and unlock new experiences, the Company has upheld its vision, Magnify Life, and strived to generate new corporate value for contributing to society. While the environment surrounding the Company is changing rapidly, we intend to capture these changes and promote a sustainable business in international and local societies to fulfill our corporate social responsibility. To this end, it is essential for the Company to earn the trust of shareholders, customers, and other stakeholders, as well as local society. We believe that strengthening corporate governance is the most important and crucial means of building trustful relationships. That is why we are proactively carrying out such initiatives as the establishment of supervisory functions to ensure promptness in our decision-making as well as appropriateness and efficiency in the execution of our operations, and the enhancement of internal conformity systems to minimize risks which could cause damage to our corporate value. In order to achieve creation of corporate value over the medium to long term, we will ensure more effective corporate governance by developing an organizational governance system rather than a system supported solely by individual ethics, and establish a sound and transparent management structure.

We also focus on creating an environment for generating new value by implementing efforts to develop human resources with a focus on human capital.

2) Overview of the corporate governance system and reasons for adopting such system

The Company is a company with a Board of Auditors and Accounting Auditor, and is operated by a governance structure centered around the Board of Directors with cooperation of the Board of Auditors, the Accounting Auditor, and other relevant departments, as it strives to enhance the corporate governance system.

As of the date of submission of the Annual Securities Report, the Company has five Directors (including three Outside Directors) and three Auditors (including three Outside Auditors). Outside Directors and Outside Auditors, while well versed in internal affairs of the Company, make proposals based on their broad knowledge and experience from the neutral and independent standpoint of being outside the Company.

Meetings of the Board of Directors are generally held once a month, and extraordinary meetings of the Board of Directors are held as needed. At meetings of the Board of Directors, important managerial decisions are made, and the state of business execution is reported, with each Director actively participating in discussions. In addition, Auditors also attend meetings of the Board of Directors to state their opinions, demonstrating an appropriate oversight function on the state of execution of duties by Directors.

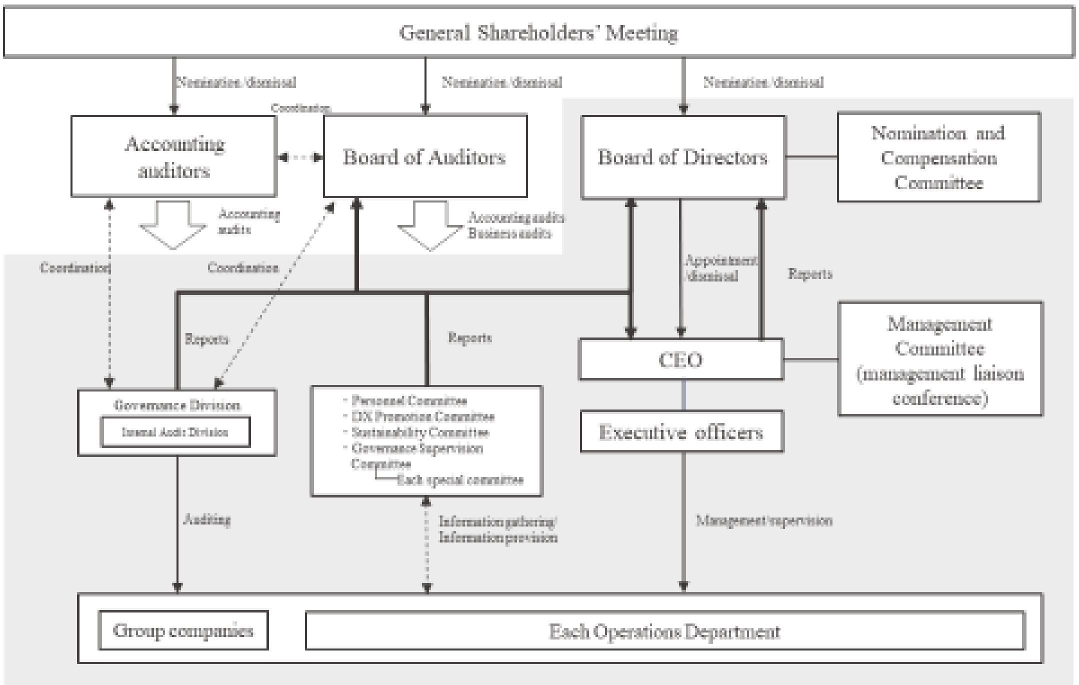
The Company has established the Nomination and Compensation Committee as a discretionary advisory body to the Board of Directors in order to ensure fairness, transparency, and objectivity in the determination of remuneration policies, systems, and remuneration for Directors, as well as the nomination of Directors and Auditors, and to enhance the corporate governance system. The Nomination and Compensation Committee is chaired by the Representative Director and consists of Independent Outside Directors as members. In order to ensure the independence and neutrality of the Nomination and Compensation Committee, the majority of its members are Independent Outside Directors.

In addition, the Company has established the Management Committee as a decision-making body, which makes final decisions in accordance with the Business Authority Regulations. The Management Committee deliberates on all important business execution matters, including those to be discussed at the Board of Directors meetings, in order to ensure prompt and appropriate business execution.

The Company has adopted the Board of Auditors system to have a Full-time Auditor conduct daily audits, and developed a system in which three Outside Auditors including the Full-time Auditor cooperate with the Accounting Auditor and the department in charge of auditing to audit the execution of duties by Directors.

Meetings of the Board of Auditors are generally held once a month, at which Auditors exchange their opinions. The Company strives to enhance audits by improving communication among Auditors, such as by sharing management information and the state of conducting audits based on audit plans.

The Company has adopted the current system as shown in the diagram below because we believe that the above system ensures appropriate corporate governance.



3) Other matters concerning corporate governance

Status of internal control system

The Company's Board of Directors has made a resolution regarding a system for ensuring that Directors perform their duties in compliance with applicable laws and the Articles of Incorporation and other systems for ensuring the appropriateness of the company's operations. A summary of its details is as follows.

a. System for ensuring that Directors and employees perform their duties in compliance with applicable laws and the Articles of Incorporation

The Company's concept of compliance is based on the JINS Group Code of Ethical Conduct, which has been established to ensure that all officers and employees working at the Company are proactively refining and improving their organizations, as well as proactively resolving issues from the perspectives of ethics and compliance with laws. This will enable the Company to build trust and obtain high evaluation from the market.

For the purpose of developing and promoting a company-wide compliance system, the Company has established a Compliance Group as a dedicated department for handling compliance-related issues within the Legal Section of the Administration Division. The Compliance Group deals with a wide variety of issues related to compliance, develops an organizational system and regulations, and collects information from across the Company. Consolidation of compliance-related matters occurring at each department to this Group enables a system to be developed for taking prompt and appropriate responses.

In addition, a Compliance Committee chaired by the General Manager of the Administration Division has been established as a standing committee, at which each department periodically reports on compliance-related events and efforts. The Compliance Group serves as the Committee's secretariat to help further consolidate information.

The Compliance Group provides compliance training to executives and employees on a regular basis. Through compliance training, the Company has executives and employees deepen their understanding of compliance in an effort to instill the JINS Group Code of Ethical Conduct.

Within the Compliance Group, a public-interest whistleblowing contact point has been established as a compliance hotline. Such a system enables the Company to collect information directly from whistleblowers. The Compliance Hotline consists of two internal contact points, namely, the one established within the Compliance Group, and another reporting contact point where no personal information is stored, assuring anonymity of whistleblowers. In addition to these, an independent legal firm has been designated as another contact point outside the Company, which ensures the anonymity of whistleblowers further.

Based on internal rules, a department in charge of auditing periodically conducts internal audits on the overall status of operations; specifically, the status of compliance with laws and regulations, the Articles of Incorporation, and internal rules, as well as the appropriateness of procedures for executing duties and of business contents. The department in charge of auditing then reports the results of said audits to the Board of Directors, the Board of Auditors and the Representative Director.

As measures for eliminating anti-social forces, all executives and employees must comply with the Guidelines for Code of Ethics. In the Guidelines for Code of Ethics, the Company declares its resolute response to anti-social forces which threaten social order, its disassociation with illegal acts and anti-social acts, and its prohibition of all benefits for anti-social forces. The Company works to eliminate all relationships with anti-social forces.

b. System for storing and managing information related to the execution of duties by Directors

In accordance with the "Document Management Regulations," the Company records, stores, and manages information related to the execution of duties by Directors in documents or electromagnetic media (hereinafter, "Documents, etc."). The "Document Management Regulations" define the scope of documents to be stored, the storage period, the storage location, and other elements of the system for storing and managing Documents, etc. Directors and Auditors shall be able to view these Documents, etc., at any time.

c. Regulations and other systems for managing the risk of loss

The Company established the "Risk Management Regulations" for the purpose of developing a management system for preventing risk manifestation, and for responding to manifested risks, thereby contributing to the smooth business operations of the JINS Group. The "Risk Management Regulations" explicitly stipulate departments in charge of each type of risks, including social-related risks, labor risks, compliance risks, risks on products and services, information-related risks, administrative risks, credit risks, system risks, and other risks designated by the General Manager of the Governance Division. The Company shall develop and construct a risk management system in accordance with the Regulations.

The Company established a Risk Management Group as a dedicated department tasked with managing risks within the Governance Promotion Section in the Governance Division. In addition, the Company has the Compliance Committee, Risk Management Committee, Information Management Committee, Information Security Committee, and Personal Information Committee established as special committees, and to supervise these special committees, a Governance Supervision Committee chaired by the CEO has been established. Each special committee shall periodically report the contents of its agenda items to the Governance Supervision Committee, and the Governance Supervision Committee is required to report the contents of its agenda items periodically to the Board of Directors and the Board of Auditors. The Risk Management Committee also receives reports from risk management committees established within overseas group companies and various departments, which facilitates the consolidation of risk-related information from across the Group.

In addition, the Company formulated an "Information Security Policy" as an information security guideline for the entire JINS Group. Based on the Policy, the Company works to maintain and increase the confidentiality, integrity and availability of the information assets it possesses, thereby ensuring a system that lives up to the trust of stakeholders. Within the Governance Division, IT Governance Section has been established as an organ specialized for information security. The Section develops an internal IT security system, takes countermeasures against unauthorized access and hacking, and oversees information security at outsourcing partners as appropriate. To protect personal information in particular, a Privacy Governance Group has been established within the Governance Division as a dedicated team for protecting personal information. The Privacy Governance Group constructs an internal system for protecting personal information, and ensures thorough compliance of laws and regulations regarding the protection of personal information and proper handling of personal information.

In addition, a department in charge of auditing conducts an audit of the management status of risks reported to the Risk Management Committee and thereby risk management which is integrated with internal controls is implemented. Also in the future, in the event that a serious situation occurs in business activities, the Company shall continue to respond promptly and establish a system to minimize loss and damage.

In addition, to ensure business continuity in the event of a management crisis due to the following risks, the Company shall establish Management Risk Response Guidelines and develop a risk management system.

1) Risk of serious losses due to disasters and accidents such as earthquakes, floods, and fires

2) Risk of serious interference with production and sales activities due to improper execution of business by officers and

employees

3) Risk of serious damage due to incorrect functioning of core IT systems

4) Other risks deemed as critical by the Board of Directors

d. System to ensure that Directors execute their duties efficiently

The Company will formulate a medium-term business plan and a single-year business plan in order to define a company-wide future vision in response to changes in the business environment. In order to achieve these plans, the Company shall clarify the authority and duties of Directors, and shall improve the efficiency of execution of duties.

In addition, by implementing an executive officer system, the Company shall strive to strengthen the supervisory function of Directors through delegation of authority for executing certain business operations. Furthermore, the Management Committee, which consists of executive and other officers and is chaired by the Representative Director, shall be held under the Board of Directors. The Management Committee shall engage in advance deliberations for enhancing discussions at the Board of Directors. Also, within the extent of authority delegated by the Board of Directors, the Management Committee shall deliberate and make decisions on the execution of the Company's business and implementation of measures.

e. System to ensure the appropriateness of business in the corporate group consisting of the Company and affiliates

The Company strives to grow and prosper the overall business of the Group. Accordingly, the Company has defined the "Affiliates Management Regulations" for developing and constructing systems for efficient execution of business at its affiliates.

In accordance with the "Affiliates Management Regulations," the person in charge and the supervisory department shall manage and provide guidance to the affiliates through prior consultation, reporting, and meetings.

Affiliates with a high degree of importance for the Group's business performance give periodic reports on management results and other important matters, at a management liaison conference which is attended by the Company's full-time Directors, full-time Auditors, Executive Officers, and management team from the applicable affiliates.

In accordance with the Risk Management Regulations, the Company develops and constructs a risk management system implemented throughout the Group. Furthermore, in the event of disasters and accidents, at the affiliates as stipulated in the "Management Risk Response Guidelines," the Company promptly establishes a countermeasure headquarters and takes necessary actions.

In addition, the Company shall apply the "JINS Group Code of Ethical Conduct" and the "Guidelines for Code of Ethics" to all officers and employees of the Company and its affiliates, and shall ensure that all applicable individuals are aware of the ethical codes.

The department in charge of auditing periodically audits the status of operations at the affiliates.

f. Matters relating to employees in the event that an Auditor requests assignment of that employee for assistance in duties

If an Auditor requests the assignment of an employee for assisting in the operation of the Board of Auditors or in the execution of other duties (hereinafter, "Assistant to Corporate Auditor"), an Assistant to Corporate Auditor shall be promptly assigned after consulting with the Auditor.

g. Matters related to the independence of Assistant to Corporate Auditor from Directors and matters related to ensuring the effectiveness of instructions from Auditors

Consent shall be obtained in advance from the Auditor in regards to the transfer or personnel evaluation of an Assistant to Corporate Auditor. In addition, an Assistant to Corporate Auditor who has received an order necessary for auditing work from an Auditor shall possess the authority to view documents, enter the audit site, etc., within the scope necessary to perform the duties of the Assistant to Corporate Auditor.

h. System for Directors, Executive Officers and other employees to report to Auditors and other systems related to reporting to Auditors

Directors and Executive Officers shall periodically report the status for execution of their duties to Auditors. In addition to legal matters, Directors shall immediately report to Auditors on the details of decisions that may have a significant impact on finance and business.

An employee shall be able to report directly to Auditors in regards to facts, etc., that may cause significant damage to the

Company.

From among matters communicated to the whistleblowing contact point, the person in charge of the Compliance Hotline shall communicate with Auditors in regards to matters related to the duties of Directors.

Auditors shall attend meetings of the Compliance Committee, which deliberates and reviews the contents of reports to the whistleblowing contact point, reports on the status of response, and measures for preventing reoccurrence; meetings of the Risk Management Committee, which reports on the promotion of risk management for the entire JINS Group; meetings of the Governance Supervision Committee, which deliberates and reviews measures for preventing reoccurrence; and meetings of a Rewards and Punishments Committee engaged in factual finding regarding compliance violations, among others.

i. System for Directors and employees of affiliates to report to Auditors

Similar to the Directors and employees of the Company, the Directors, Auditors and employees of the affiliates promptly report to Auditors of the Company if any facts that have a significant impact on each company occur or are likely to occur.

As necessary, Auditors of the Company shall be able to request reports on the contents of business execution from Directors and employees of the affiliates, and reports on the status of audits from Auditors of the affiliates.

The Company shall establish a system to ensure that persons who have reported to Auditors as stipulated in “h” and “i” do not incur unfavorable treatment at the Company or the affiliates because of the report.

j. Matters related to the procedures for prepaying or redeeming expenses arising from execution of duties by Auditors, as well as policies related to the processing of expenses or obligations arising from the performance of such duties

When an Auditor requests advance payment of expenses for the execution of duties per Article 388 of the Companies Act, the Company shall promptly process the request.

k. Other systems to ensure that audits by Auditors are conducted effectively

Directors and employees of the Company and Directors, Auditors, and employees of the affiliates shall actively cooperate with audits by Auditors of the Company, report on the status of business operations, and disclose materials related to their duties. In addition, Auditors shall periodically exchange opinions with the Representative Director in order to exchange information and confirm the status of business execution. Furthermore, based on necessary consultation with Accounting Auditors, lawyers, or other external experts, Auditors shall propose important improvements to the Board of Directors.

l. System to ensure the reliability of financial reports

In order to ensure the reliability of financial reports and to effectively and appropriately submit internal control reports as stipulated in the Financial Instruments and Exchange Act, the Company shall act under the direction of the Representative Director to maintain and operate an internal control system for financial reports, and shall work to evaluate and improve said system.

Status of risk management system

With regard to the Company’s risk management system, the Company has established basic policies and systems for business risk management in accordance with the Risk Management Regulations and has established the Risk Management Committee in accordance with the Regulations. The Company has a system in place to report to the Governance Supervision Committee upon receiving reports on risk events in Japan and overseas, and promote risk management integrated with internal control, as well as to minimize loss and damage by taking prompt action in the event of a serious incident in its business activities.

4) Overview of liability limitation agreements

The Company and its Directors (excluding executive Directors), Auditors, and Accounting Auditor have concluded agreements to limit the liability for damages under Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act. The maximum amount of liability under the agreements is the minimum amount of liability provided for in Article 425, Paragraph 1 of the Companies Act.

This limitation on liability is granted only when the relevant Directors (excluding executive Directors), Auditors, and Accounting Auditor have executed his or her duties that caused such liability in good faith and without gross negligence.

5) Other

a) Number of Directors

The Company's Articles of Incorporation stipulate that the Company shall have no more than eight Directors.

b) Requirements for resolution on election of Directors

The Company stipulates in its Articles of Incorporation that resolutions for the election of Directors shall be adopted by a majority of the voting rights of shareholders present at the meeting where shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present, and that resolutions for the election of Directors shall not be adopted by cumulative voting.

c) Resolution matters of the General Meeting of Shareholders that can be resolved by the Board of Directors

a. Acquisition of treasury stock

The Company's Articles of Incorporation stipulate that the Company may acquire its treasury stock through market transactions, etc. by resolution of the Board of Directors in accordance with the provisions of Article 165, Paragraph 2 of the Companies Act. The purpose of this is to enable the Company to implement a flexible capital policy.

b. Interim dividend

The Company's Articles of Incorporation stipulate that the Company may pay dividends from surplus (interim dividends) by resolution of the Board of Directors in accordance with the provisions of Article 454, Paragraph 5 of the Companies Act. The purpose of this is to enable the Company to return profits to shareholders flexibly.

c. Exemption from liability of Directors and Auditors

In order to ensure that Directors and Auditors can sufficiently fulfill their expected roles, the Company stipulates in its Articles of Incorporation that the liability of Directors (including those who were Directors) and Auditors (including those who were Auditors) under Article 423, Paragraph 1 of the Companies Act may be exempted by resolution of the Board of Directors to the extent permitted by laws and regulations.

d) Requirements for special resolutions at the General Meeting of Shareholders

The Company stipulates in its Articles of Incorporation that the requirements for special resolutions at the General Meeting of Shareholders stipulated in Article 309, Paragraph 2 of the Companies Act shall be met by two-thirds or more of the voting rights of the shareholders present at the meeting where shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present. The purpose of this is to ensure the smooth operation of the General Meeting of Shareholders by relaxing the quorum for special resolutions at the General Meeting of Shareholders.

(2) Status of Officers

1) List of officers

7 male, 1 female (Percentage of female: 12.5%)

Title and position	Name	Date of birth	Career summary		Term	Number of shares held (shares)
CEO and Representative Director	Hitoshi Tanaka	January 25, 1963	April 1981 April 1986 April 1987 July 1988 June 2011 September 2012 February 2013 February 2013 December 2013 June 2015 June 2015 May 2018 December 2018 December 2018 March 2019 June 2021 October 2022	Joined Maebashi Shinkin Bank (currently Shinonome Shinkin Bank) Joined Studio Clip Co., Ltd. Established Jin Products, a manufacturer and wholesaler of clothing and accessories Established JIN Ltd. (currently JINS HOLDINGS Inc.) and assumed the position of President and Representative Director (incumbent) CEO and Representative Director, Brand New Day Co., Ltd. Chairman, JINS SHENYANG CO., LTD. (incumbent) Chairman, JINS SHANGHAI CO., LTD. (incumbent) Chairman, JINS BEIJING CO., LTD. (incumbent) CEO, JINS US Holdings, Inc. (incumbent) Director, JINS TAIWAN CO., LTD. Outside Director, Oisix Inc. (currently Oisix ra daichi Inc.) (incumbent) CEO and Representative Director, JINS Japan Co., Ltd. (currently JINS Inc.) (incumbent) CEO and Representative Director, Think Lab.Inc. (incumbent) Chairman, JINS TAIWAN CO., LTD. (incumbent) Outside Director, BALMUDA Inc. Outside Director, Japan Communications Inc. (incumbent) Director, Mebuku Ground Inc. (incumbent)	(Note 5)	8,104,000
Director	Ryo Tanaka	August 6, 1985	April 2008 March 2011 September 2012 April 2017 September 2017 December 2020 November 2021	Joined Mizuho Bank, Ltd. Joined Brand New Day Inc. Division Director, Brand New Day Inc. Joined the Company General Manager, Brand Management Office, the Company Executive Officer (in charge of the domestic eyewear business), the Company (incumbent) Director, the Company (incumbent)	(Note 5)	200,000

Title and position	Name	Date of birth	Career summary		Term	Number of shares held (shares)
Director	Noboru Kotani	November 13, 1956	April 1981 June 2000 March 2005 June 2005 November 2006 March 2013 March 2018 June 2022	Joined Boston Consulting Group K.K. Representative Director, Dream Incubator Inc. Representative Director, Vehicle Inc. (incumbent) Outside Director, Combi Corporation (incumbent) Outside Director, the Company (incumbent) Outside Director, SanBio, Inc. (incumbent) Outside Director, Medley, Inc. (incumbent) Outside Director, Santen Pharmaceutical Co., Ltd. (incumbent)	(Note 5)	20,000
Director	Jiro Kokuryo	July 19, 1959	April 1982 June 1992 April 1993 April 2000 April 2003 May 2005 April 2006 April 2009 May 2013 November 2017 October 2022	Joined Nippon Telegraph and Telephone Public Corporation (currently Nippon Telegraph and Telephone Corporation) Doctor of Business Administration, Harvard University Associate Professor, Graduate School of Business Administration, Keio University Professor, Graduate School of Business Administration, Keio University Professor, Faculty of Environmental Information, Keio University Executive Director, Keio Research Institute at SFC Professor, Faculty of Policy Management, Keio University (incumbent) Dean, Faculty of Policy Management, Keio University Vice-President, Keio University Outside Director, the Company (incumbent) Director, Mebuku Ground Inc. (incumbent)	(Note 5)	1,300
Director	Chiaki Hayashi	August 8, 1971	April 1994 June 1999 February 2000 April 2012 April 2014 April 2019 March 2020 October 2020 February 2021 November 2021 August 2022 September 2022	Joined Kao Corporation Joined New York Bureau, K.K. Kyodo News Established Loftwork Inc.; Co-founder, Loftwork Inc. Assistant Director, MIT Media Lab Chief Executive Officer, Hidakuma Co., ltd Chairperson, Hidakuma Co., ltd (incumbent) Outside Director, Pigeon Corporation (incumbent) Outside Director, Yayoi Co., Ltd. (incumbent) Chairperson, Loftwork Inc. Outside Director, the Company (incumbent) Established Hachi Hachi Inc. as Representative Director (incumbent) Established Q0 Inc. as Representative Director (incumbent)	(Note 5)	–

Title and position	Name	Date of birth	Career summary		Term	Number of shares held (shares)
Auditor	Masatoshi Arimura	January 13, 1958	April 1982 January 2009 June 2013 June 2014 June 2019 November 2020	Joined Mitsui Bank (currently Sumitomo Mitsui Banking Corporation) Director, SMBC Loan Advisor Co., Ltd. Director, SMBC Guarantee Co., Ltd. Outside Auditor, SMBC Green Service Co., Ltd. Senior Managing Director, SMBC Guarantee Co., Ltd. Outside Auditor, the Company (incumbent)	(Note 6)	–
Auditor (part-time)	Tetsuya Oi	January 5, 1972	October 2001 August 2007 January 2011 November 2013 July 2014 September 2016 December 2019 July 2022	Registered as Attorney-at-law, joined TMI Associates Trainee at Carlsmith Ball LLP (U.S.A.) Partner, TMI Associates (incumbent) Outside Auditor, the Company (incumbent) External Audit & Supervisory Board Member, MarketEnterprise Co., Ltd. (incumbent) Director of Audit and Supervisory Committee, Techfirm Holdings Inc. (incumbent) Representative Director, TMI PRIVACY AND SECURITY Co., Ltd. (incumbent) Outside Director (audit and supervisory committee member), IMAGE MAGIC Inc.) (incumbent)	(Note 7)	–
Auditor (part-time)	Tsuguya Ota	December 16, 1975	April 1998 October 2001 February 2005 March 2005 March 2006 June 2006 October 2015 November 2017	Joined Yasuda Trust & Banking Co., Ltd. (currently Mizuho Trust & Banking Co., Ltd.) Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC.) President, Spiralll & Company Y.K. (currently Spiralll & Company K.K.) (incumbent) Registered as a certified public accountant Opened Ota Tsuguya Certified Public Accountants Office Registered as a certified public tax accountant Senior Partner, Certified Public Tax Accountants Firm Spiralll (incumbent) Auditor, Estore Corporation Outside Auditor, the Company (incumbent)	(Note 7)	200
						8,325,500

(Notes) 1. Directors Mr. Noboru Kotani, Mr. Jiro Kokuryo, and Ms. Chiaki Hayashi are Outside Directors.

2. Auditors Mr. Masatoshi Arimura, Mr. Tetsuya Oi, and Mr. Tsuguya Ota are Outside Auditors.

3. Mr. Ryo Tanaka, Director, is a relative within the second degree of kinship of Mr. Hitoshi Tanaka, CEO and Representative Director.

4. The Company introduced the executive officer system on December 1, 2006.
As of the date of submission of this document, there are ten Executive Officers: Mr. Hitoshi Tanaka and Mr. Ryo Tanaka, who are Directors, and Mr. Maki Ube (Managing Executive Officer, Chief Director of China Business), Mr. Katsumi Kubota (Managing Executive Officer, Chief Director of U.S. Business), Ms. Ming-Chi Chiou (Executive Officer, Chief Director of Taiwan Business), Mr. Mikiya Yamawaki (Executive Officer, General Manager of the Governance Division), Mr. Yukinori Arakawa (Executive Officer, General Manager of Administration Division), Mr. Shingo Kobayashi (Executive Officer, General Manager of Human Resources Strategy Division), Mr. Shinichiro Matsuda (Executive Officer, General Manager of Technology Strategy Division), and Mr. Hiroyuki Kondo (Executive Officer, General

Manager of Corporate Planning Division) who are not Directors.

5. Two years from the conclusion of the Annual General Meeting of Shareholders held on November 29, 2022.
6. Four years from the conclusion of the Annual General Meeting of Shareholders held on November 26, 2020.
7. Four years from the conclusion of the Annual General Meeting of Shareholders held on November 25, 2021.

2) Outside Directors and Outside Auditors

As of the date of submission of the Annual Securities Report, the Company has three Outside Directors and three Outside Auditors. Mr. Noboru Kotani, an Outside Director, holds 20,000 shares, Mr. Jiro Kokuryo, an Outside Director, holds 1,300 shares, and Mr. Tsuguya Ota, an Outside Auditor, holds 200 shares of the Company's stock, but there are no other personal, capital, business, or other interests between the Company and the Outside Directors and Outside Auditors.

In addition, the Company has entered into a legal advisory agreement with TMI Associates, to which Mr. Tetsuya Oi, an Outside Auditor, belongs, and the Company pays remuneration to TMI Associates based on the legal advisory agreement, but the total amount of the remuneration for the current consolidated fiscal year is small, less than 1.0% of total selling, general and administrative expenses, and therefore not material. There are no other personal, capital, business, or other interests between the Company and Mr. Tetsuya Oi.

As stated above, there are no special interests between the Company and the Outside Directors and Outside Auditors.

The Company expects the check and balance function to enhance the appropriateness and efficiency of the execution of duties by Directors, as the functions and roles of the Outside Directors and Outside Auditors in corporate governance. The Company has designated Mr. Noboru Kotani, Outside Director, Mr. Jiro Kokuryo, Outside Director, Ms. Chiaki Hayashi, Outside Director, Mr. Tetsuya Oi, Outside Auditor, and Mr. Tsuguya Ota, Outside Auditor, as independent officers in accordance with the provisions of the Tokyo Stock Exchange and notified the Exchange of their designation, as they are highly independent and there is no risk of conflict of interest with general shareholders.

Each Outside Director and Outside Auditor has a wealth of experience, insight, and expertise, and through his or her attendance at meetings of the Board of Directors, he or she makes points and proposals to the Company's management from an objective standpoint, and supervises, advises, and audits decision-making regarding the execution of the Company's business.

Outside Directors strive to improve the efficiency and effectiveness of operations by exchanging information with internal Directors and Auditors at Board of Directors meetings.

Outside Auditors strive to improve the efficiency and effectiveness of audits by regularly exchanging information with the Company's Internal Audit Division and Accounting Auditor and collaborating with them.

The Internal Audit Division regularly exchanges opinions with the Auditors and Accounting Auditor, and reports on the results of internal audits, the status of internal controls, and other necessary information in response to requests from the Outside Auditors.

Although there are no criteria for independence or selection policy for the appointment of Outside Directors, the Company refers to the judgment criteria stipulated by the Tokyo Stock Exchange in its "Guidelines concerning Listed Company Compliance, etc." as one of the conditions for selecting candidates.

(3) Status of Audit

1) Status of audits by Auditors

The Board of Auditors convened regular monthly meetings and extraordinary meetings as necessary, with a total of 14 meetings convened during the current fiscal year. The Board of Auditors consists of three members, one full-time and two part-time Auditors, all of whom are Outside Auditors. The attendance of each Auditor at the meetings of the Board of Auditors and the Board of Directors is as follows. Of the following, Mr. Tetsuya Oi, a part-time Auditor, has considerable knowledge of legal affairs and IT based on his long years of experience as a lawyer. Mr. Tsuguya Ota, also a part-time Auditor, has considerable knowledge of finance and accounting based on his long years of experience as a certified public accountant.

Title and position	Name	Attendance at meetings of the Board of Auditors	Attendance at meetings of the Board of Directors
Full-time Auditor (Outside)	Masatoshi Arimura	14/14 (100%)	15/15 (100%)
Part-time Auditor (Outside)	Tetsuya Oi	14/14 (100%)	15/15 (100%)
Part-time Auditor (Outside)	Tsuguya Ota	14/14 (100%)	15/15 (100%)

The main matters to be discussed by the Board of Auditors are the formulation of audit policies and plans, determination of the division of duties for each Auditor, formulation of audit reports, evaluation of the Accounting Auditor and determination of reappointment of the Accounting Auditor, determination of the appropriateness of consenting to the amount of remuneration for the Accounting Auditor, determination of the appropriateness of the business report, determination of the appropriateness of the proposals for the General Meeting of Shareholders, and determination of the appropriateness of the execution of duties by the Directors.

Full-time Auditors attend important meetings, such as meetings of the Holdings Management Committee, regular meetings of the Representative Director, head office staff meetings, internal audit reporting meetings, the Governance Supervision Committee meetings and meetings at various committees. In addition, full-time Auditors hold regular monthly meetings with the Governance Division to understand the details of the execution of duties by the business execution line and the establishment and operation of the internal control system. Full-time Auditors then report these to the Board of Auditors and hold discussions on the existence of management problems and issues.

In addition to participating in discussions at the Board of Auditors' meetings related to the above, each Auditor attends meetings of the Board of Directors and expresses his or her opinions as necessary, scrutinizes the decision-making process and results, and directly confirms the management's views on important issues at regular meetings of the Representative Director. In addition, each Auditor hears an accounting audit plan from the Accounting Auditor at the beginning of the fiscal year, receives review reports during the fiscal year and an audit report at the end of the fiscal year, and judges the appropriateness of the method and results of the accounting audit.

2) Status of internal audits

The Internal Audit Division has been established under the Governance Division, which oversees the improvement of corporate governance for the entire Group, and conducts audits of the status of business execution at stores and other organizations based on audit plans.

The Governance Division, Auditors, and the Accounting Auditor regularly exchange information and opinions on audit plans, the status of development and operation of internal controls, audit issues, and other important matters in an effort to share information and strengthen cooperation among the three parties.

3) Status of accounting audit

a. Name of auditing firm

Ernst & Young ShinNihon LLC

b. Continuous audit period

19 years

The above continuous audit period is the period within the scope of the Company's investigation, and the actual continuous audit period may be longer than the above period.

c. Certified public accountants

Naohiko Kataoka

Rentaro Miki

d. Composition of assistants for audit work

4 certified public accountants and 16 others

e. Selection policy and reasons for the selection of the auditing firm

The Board of Auditors of the Company confirms the independence, the audit system, and the implementation and quality of the audit of the Accounting Auditor. As a result, the Company has determined that it is appropriate to appoint Ernst & Young ShinNihon LLC, taking into consideration the evaluation of independence, expertise, and appropriateness, etc. comprehensively. If the Board of Auditors determines that it is necessary to do so, such as when there is a hindrance to the execution of duties by the Accounting Auditor, the Board of Auditors determines the details of the proposal for dismissal or non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders. In the event that the Accounting Auditor is found to fall under any of the items set forth in Article 340, Paragraph 1 of the Companies Act, the Accounting Auditor shall be dismissed with the unanimous consent of the Auditors. In this case, the Auditor selected by the Board of Auditors shall report the dismissal of the Accounting Auditor and the reasons thereof at the first General Meeting of Shareholders to be convened after the dismissal.

f. Evaluation of the auditing firm by the Auditors and the Board of Auditors

The Auditors and the Board of Auditors evaluate the auditing firm, have effective communication with it, exchange opinions, and understand the audit status in a timely and appropriate manner. As a result, it has been confirmed that the accounting audit by the auditing firm is functioning effectively and is being conducted appropriately.

4) Details of audit remuneration, etc.

a. Details of remuneration to auditing certified public accountants, etc.

Classification	Previous consolidated fiscal year		Current consolidated fiscal year	
	Remuneration for audit certification services (millions of yen)	Remuneration for non-audit services (millions of yen)	Remuneration for audit certification services (millions of yen)	Remuneration for non-audit services (millions of yen)
Submitting company	29	–	51	–
Consolidated subsidiaries	21	–	–	–
Total	50	–	51	–

b. Remuneration to Ernst & Young, which belongs to the same network as the Company's auditing certified public accountants, etc. (excluding a. above)

Classification	Previous consolidated fiscal year		Current consolidated fiscal year	
	Remuneration for audit certification services (millions of yen)	Remuneration for non-audit services (millions of yen)	Remuneration for audit certification services (millions of yen)	Remuneration for non-audit services (millions of yen)
Submitting company	–	–	–	8
Consolidated subsidiaries	–	–	3	–
Total	–	–	3	8

Non-audit services at the Company includes the advisory service for responding to the Task Force on Climate-related Financial Disclosures (TCFD).

c. Details of other important remuneration

Not applicable.

d. Policy for determining audit remuneration

Audit remuneration is determined by taking into consideration the number of days of audits, the scale of the Company's business, and the nature of its operations.

e. Reasons for the Board of Auditors' consent to the remuneration, etc. of the Accounting Auditor

With respect to the remuneration to the Accounting Auditor considered by the Board of Directors, after confirming the basis for calculation of the audit hours and unit price of remuneration, etc., based on the status of execution of the audit, the Board of Auditors of the Company has determined that it is appropriate for the maintenance and improvement of audit quality, and has given its consent in accordance with Article 399, Paragraph 1 of the Companies Act.

(4) Remuneration, etc. of Officers

1) Matters pertaining to the policy for determining the amount of remuneration, etc. of officers and the method of calculation thereof

(Policy on remuneration for officers)

At a meeting of the Board of Directors held on February 24, 2021, the Company resolved on a policy for determining the details of individual remuneration, etc. for Directors.

The Board of Directors has delegated the determination of the allocation of basic remuneration amount for each Director to Hitoshi Tanaka, CEO and Representative Director, within the scope of recommendations by the Nomination and Compensation Committee (comprised of the Representative Director and Outside Directors). The reason for the delegation is because the Board of Directors has determined that the CEO and Representative Director is best suited to assess the Company's overall business results and each Director.

Contents of individual remuneration, etc. for Directors for the current fiscal year is determined based on the officer remuneration system stated in the following. Therefore, the Board of Directors has determined that the contents of remuneration, etc. are in line with the decision-making policies for contents of individual remuneration, etc. for Directors.

The details of the policy for determining individual remuneration, etc. for Directors are as follows.

a. Basic policy

As a basic policy, remuneration for the Company's Directors shall be set at an appropriate level in light of each Director's responsibilities and level of contribution in order to ensure transparency and objectivity. Specifically, only basic remuneration shall be paid, as a fixed remuneration that comprehensively takes into account of the scope of responsibilities, business results, level of contribution, and other factors, within the scope of the maximum amount of remuneration determined by resolution of the General Meeting of Shareholders.

b. Policy on determination of the amount of individual remuneration, etc. within basic remuneration (monetary remuneration) (Including policy on determination of the timing of providing remuneration, etc. or other conditions)

Basic remuneration for the Company's Directors shall be monthly fixed remuneration. The amount shall be determined according to factors such as the position, responsibilities, and tenure, upon comprehensively taking into account of levels at other companies, the Company's business results, and levels of employee salaries.

c. Matters regarding the determination of the contents of individual remuneration, etc. for Directors

With regard to the amounts of individual remuneration, the CEO and Representative Director shall be delegated the determination of their specific contents, based on a resolution of the Board of Directors. The delegated authority pertains to the determination of the amount of basic remuneration for each Director within the scope of recommendations by the Nomination and Compensation Committee (comprised of the Representative Director and Outside Directors), which is a discretionary committee established by the Board of Directors as an advisory body.

The amount of remuneration for each Auditor is determined through discussions among the Auditors.

(Resolution by the General Meeting of Shareholders)

At the 34th Annual General Meeting of Shareholders held on November 25, 2021, it was resolved that the maximum amount of remuneration for Directors shall be ¥500 million per year (including ¥120 million for Outside Directors). The number of Directors as of the conclusion of the Annual General Meeting of Shareholders is six.

At the 34th Annual General Meeting of Shareholders held on November 25, 2021, it was resolved that the maximum amount of remuneration for Auditors shall be ¥300 million per year. The number of Auditors as of the conclusion of the Annual General Meeting of Shareholders is three.

2) Total amount of remuneration, etc. by classification of officer, total amount of remuneration, etc. by type of remuneration, etc., and number of eligible officers

Classification of officer	Number of eligible officers (persons)	Total amount of remuneration, etc. (millions of yen)	Total amount of remuneration, etc. by type of remuneration, etc. (millions of yen)		
			Fixed remuneration	Performance-linked remuneration	Non-monetary remuneration, etc.
Directors (excluding Outside Directors)	3	88	88	–	–
Outside officers	6	46	46	–	–

3) Total amount of consolidated remuneration, etc. for each officer

This information is not provided because there is no person whose total amount of remuneration, etc. for officers is ¥100 million or more.

4) Important employee salaries of officers who concurrently serve as employees

Not applicable.

(5) Status of Shareholdings

1) Criteria and approaches for classification of investment shares

The Company classifies investment shares for pure investment purposes and investment shares for purposes other than pure investment as follows.

- Shares for pure investment purposes: Shares held for the purpose of benefiting from changes in the value of the shares or dividends on the shares.
- Shares for purposes other than pure investment: Shares held for the purpose of maintaining and strengthening transactions, such as the supply of products and financing, in order to contribute to the sustainable growth and medium- to long-term enhancement of the corporate value of the Group.

2) Investment shares held for purposes other than pure investment

a. Method of verifying holding policy and reasonableness of holding, and details of verification by the Board of Directors, etc. of the appropriateness of holding individual issues

In order to achieve effective corporate governance and to contribute to the sustainable growth and medium- to long-term enhancement of the corporate value of the Group, the Company may hold shares in companies that it deems necessary for the purpose of maintaining and strengthening transactions such as product development.

b. Number of issues and amount on the balance sheet

	Number of issues (issues)	Total amount on the balance sheet (millions of yen)
Unlisted stocks	2	448
Stocks other than unlisted stocks	1	258

(Issues whose number of shares increased during the current fiscal year)

Not applicable.

(Issues whose number of shares decreased during the current fiscal year)

Not applicable.

c. Number of shares and amount on the balance sheet, etc. of specified equity securities and deemed holdings of equity securities by issue

Specified equity securities

Issue	Current fiscal year	Previous fiscal year	Purpose of holding, quantitative effect of holding, and the reason for the increase in the number of shares	Whether the Company’s shares are held
	Number of shares	Number of shares		
	Amount on the balance sheet (millions of yen)	Amount on the balance sheet (millions of yen)		
Tsubota Laboratory, Inc.	220,000	–	To stabilize the relationship of joint development Increase resulting from the new listing	None
	258	–		

Note: It is difficult to describe the quantitative effect of the shareholdings. The Company assesses and judges the rationality of shareholdings in view of the benefit and risk of the holdings and other factors, in addition to the nature and scale of transactions from a medium- to long-term perspective.

Deemed holdings of equity securities

Not applicable.

3) Investment shares held for pure investment purposes

	Current fiscal year		Previous fiscal year	
	Number of issues (issues)	Total amount on the balance sheet (millions of yen)	Number of issues (issues)	Total amount on the balance sheet (millions of yen)
Unlisted stocks	4	103	4	103
Other than unlisted stocks	—	—	—	—

	Current fiscal year		
	Total of dividends received (millions of yen)	Total of gain (loss) on sale (millions of yen)	Total of valuation gain (loss) (millions of yen)
Unlisted stocks	—	—	—
Other than unlisted stocks	—	—	—

V. Financial Information

1. Preparation methods of consolidated financial statements and non-consolidated financial statements

(1) The consolidated financial statements of the Company are prepared based on the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976).

(2) The non-consolidated financial statements of the Company are prepared based on the Ordinance on the Terminology, Forms, and Preparation Methods of Financial Statements, etc. (Ordinance of the Ministry of Finance No. 59 of 1963. Hereinafter, “Ordinance on Financial Statement”).

In addition, the Company, which falls under Special Companies Submitting Financial Statements, prepares non-consolidated financial statements based on provisions of Article 127 of the Ordinance on Financial Statement.

2. Audit certification

The Company’s consolidated financial statements for the consolidated fiscal year (from September 1, 2021 to August 31, 2022) and non-consolidated financial statements for the fiscal year (from September 1, 2021 to August 31, 2022) have been audited by Ernst & Young ShinNihon LLC, pursuant to provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

3. Special measures for ensuring appropriateness of consolidated financial statements, etc.

The Company takes special measures for ensuring the appropriateness of consolidated financial statements. Specifically, the Company became a member of the Financial Accounting Standards Foundation in order to build a system to accurately understand contents of accounting standards, etc. or appropriately respond to changes in accounting standards, etc.

1. Consolidated financial statements, etc.

(1) Consolidated financial statements

1) Consolidated balance sheets

(Millions of yen)

	Previous consolidated fiscal year (August 31, 2021)	Consolidated fiscal year under review (August 31, 2022)
Assets		
Current assets		
Cash and deposits	23,206	21,430
Notes and accounts receivable – trade	3,794	-
Accounts receivable - trade	-	4,514
Merchandise and finished goods	4,515	5,406
Raw materials and supplies	359	446
Other	1,328	1,376
Total current assets	33,205	33,174
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,570	17,344
Accumulated depreciation	(8,431)	(9,734)
Buildings and structures, net	7,139	7,610
Machinery, equipment and vehicles	166	169
Accumulated depreciation	(64)	(83)
Machinery, equipment and vehicles, net	102	85
Tools, furniture and fixtures	2,295	2,833
Accumulated depreciation	(1,777)	(2,104)
Tools, furniture and fixtures, net.	518	729
Leased assets	3,435	3,836
Accumulated depreciation	(2,357)	(2,924)
Leased assets, net	1,078	911
Construction in progress	54	125
Other	-	287
Total property, plant and equipment	8,892	9,750
Intangible assets		
Other	2,244	2,196
Total intangible assets	2,244	2,196
Investments and other assets		
Investment securities	*1 1,840	*1 2,166
Long-term loans receivable	838	1,098
Deferred tax assets	1,403	1,337
Leasehold and guarantee deposits	4,514	4,910
Other	67	88
Total investments and other assets	8,664	9,601
Total non-current assets	19,801	21,547
Total assets	53,007	54,721

(Millions of yen)

	Previous consolidated fiscal year (August 31, 2021)	Consolidated fiscal year under review (August 31, 2022)
Liabilities		
Current liabilities		
Accounts payable – trade	1,506	2,535
Current portion of convertible bond-type bonds with share acquisition rights	-	10,033
Short-term borrowings	2,121	1,869
Current portion of long-term borrowings	53	70
Lease obligations	444	370
Accounts payable - other, and accrued expenses	4,410	4,676
Income taxes payable	657	912
Accrued consumption taxes	1,075	245
Contract liabilities	-	350
Provision for bonuses	49	67
Provision for product warranties	-	168
Allowance for office relocation expenses	-	235
Allowance for business structure reform expenses	-	628
Asset retirement obligations	-	356
Other	181	179
Total current liabilities	10,501	22,699
Non-current liabilities		
Convertible bond-type bonds with share acquisition rights	20,135	10,025
Long-term borrowings	217	131
Lease obligations	380	317
Asset retirement obligations	528	265
Other	1,024	875
Total non-current liabilities	22,285	11,615
Total liabilities	32,787	34,314
Net assets		
Shareholders’ equity		
Common stock	3,202	3,202
Capital surplus	3,228	3,228
Retained earnings	18,747	18,623
Treasury stock	(5,002)	(5,003)
Total shareholders’ equity	20,176	20,051
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-	189
Foreign currency translation adjustment	43	166
Total accumulated other comprehensive income	43	355
Total net assets	20,219	20,406
Total liabilities and net assets	53,007	54,721

2) Consolidated statements of income and consolidated statements of comprehensive income

[Consolidated statements of income]

(Millions of yen)

	Previous consolidated fiscal year (from September 1, 2020 to August 31, 2021)	Consolidated fiscal year under review (from September 1, 2021 to August 31, 2022)
Net sales	63,898	*1 66,901
Cost of sales	*2 13,487	*2 14,770
Gross profit	50,410	52,131
Selling, general and administrative expenses	*3, *4 45,361	*3, *4 48,815
Operating profit	5,049	3,315
Non-operating income		
Interest income	85	86
Commission income	49	20
Rental income	7	9
Foreign exchange gains	222	524
Subsidy income	90	160
Compensation income	-	110
Other	28	38
Total non-operating income	483	950
Non-operating expenses		
Interest expenses	162	149
Share of loss of entities accounted for using equity method	-	71
Commission expenses	5	23
Rental expenses on real estate	312	213
Other	31	19
Total non-operating expenses	511	476
Ordinary profit	5,020	3,789
Extraordinary losses		
Loss on retirement of non-current assets	*5 47	*5 177
Impairment loss	*6 390	*6 355
Loss on store closings	*7 94	*7 57
Loss due to temporary store closures	*8 71	*8 298
Provision of allowance for office relocation expenses	-	*9 235
Provision of allowance for business structure reform expenses	-	*10 539
Other	43	19
Total extraordinary losses	647	1,683
Profit before income taxes	4,372	2,105
Income taxes – current	1,427	1,354
Income taxes – deferred	(347)	0
Total income taxes	1,079	1,354
Profit	3,292	750
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	3,292	750

[Consolidated statements of comprehensive income]

(Millions of yen)

	Previous consolidated fiscal year (from September 1, 2020 to August 31, 2021)	Consolidated fiscal year under review (from September 1, 2021 to August 31, 2022)
Profit	3,292	750
Other comprehensive income		
Valuation difference on available-for-sale securities	-	189
Foreign currency translation adjustment	331	32
Share of other comprehensive income of entities accounted for using equity method	-	90
Total other comprehensive income	*1 331	*1 312
Comprehensive income	3,623	1,063
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	3,623	1,063
Comprehensive income attributable to non-controlling interests	-	-

3) Consolidated statements of changes in net assets

Previous consolidated fiscal year (from September 1, 2020 to August 31, 2021)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income			Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
BALANCE, SEPTEMBER 1, 2020	3,202	3,228	16,622	(5,002)	18,050	-	(287)	(287)	17,763
Cumulative effects of changes in accounting policies					-				-
Restated balance	3,202	3,228	16,622	(5,002)	18,050	-	(287)	(287)	17,763
Changes during period									
Dividends of surplus			(1,167)		(1,167)				(1,167)
Profit attributable to owners of parent			3,292		3,292				3,292
Purchase of treasury stock				(0)	(0)				(0)
Net changes in items other than shareholders' equity						-	331	331	331
Total changes during period	-	-	2,125	(0)	2,125	-	331	331	2,456
BALANCE, AUGUST 31, 2021	3,202	3,228	18,747	(5,002)	20,176	-	43	43	20,219

Consolidated fiscal year under review (from September 1, 2021 to August 31, 2022)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income			Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
BALANCE, SEPTEMBER 1, 2021	3,202	3,228	18,747	(5,002)	20,176	-	43	43	20,219
Cumulative effects of changes in accounting policies			(12)		(12)				(12)
Restated balance	3,202	3,228	18,735	(5,002)	20,164	-	43	43	20,207
Changes during period									
Dividends of surplus			(863)		(863)				(863)
Profit attributable to owners of parent			750		750				750
Purchase of treasury stock				(0)	(0)				(0)
Net changes in items other than shareholders' equity						189	122	312	312
Total changes during period	-	-	(112)	(0)	(112)	189	122	312	199
BALANCE, AUGUST 31, 2022	3,202	3,228	18,623	(5,003)	20,051	189	166	355	20,406

4) Consolidated statements of cash flows

(Millions of yen)

	Previous consolidated fiscal year (from September 1, 2020 to August 31, 2021)	Consolidated fiscal year under review (from September 1, 2021 to August 31, 2022)
Cash flows from operating activities:		
Profit before income taxes	4,372	2,105
Depreciation	2,624	2,879
Impairment loss	390	355
Amortization of goodwill	71	71
Increase (decrease) in provision for product warranties	-	166
Increase (decrease) in allowance for office relocation expenses	-	235
Increase (decrease) in allowance for business structure reform expenses	-	539
Interest and dividend income	(85)	(86)
Interest expenses	162	149
Foreign exchange losses (gains)	(217)	(550)
Share of loss (gain) of entities accounted for using equity method	-	71
Loss on retirement of non-current assets	47	177
Loss on store closings	94	57
Decrease (increase) in trade receivables	735	(591)
Decrease (increase) in inventories	(260)	(684)
Decrease (increase) in other assets	37	46
Increase (decrease) in trade payables	(272)	965
Increase (decrease) in accrued consumption taxes	227	(837)
Increase (decrease) in accounts payable - other	77	55
Increase (decrease) in accrued expenses	(11)	136
Increase (decrease) in other liabilities	(126)	221
Other, net	103	195
Subtotal	7,968	5,679
Interest and dividends received	8	9
Interest paid	(176)	(146)
Income taxes paid	(2,813)	(1,149)
Proceeds from subsidy income	71	-
Other	-	(1)
Net cash provided by (used in) operating activities	5,058	4,391
Cash flows from investing activities:		
Payments for acquisition of businesses	159	-
Purchase of property, plant and equipment	(1,588)	(2,661)
Purchase of intangible assets	(343)	(549)
Loan advances	(127)	(339)
Collection of loans receivable	47	59
Payments of leasehold and guarantee deposits	(420)	(541)
Proceeds from refund of leasehold and guarantee deposits	294	258
Purchase of investment securities	(1,196)	(80)
Net cash provided by (used in) investing activities	(3,175)	(3,853)

(Millions of yen)

	Previous consolidated fiscal year (from September 1, 2020 to August 31, 2021)	Consolidated fiscal year under review (from September 1, 2021 to August 31, 2022)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	149	(586)
Proceeds from long-term borrowings	68	-
Repayments of long-term borrowings	(1,175)	(105)
Repayments of installment payables	(884)	(727)
Purchase of treasury stock	(0)	(0)
Repayments of lease obligations	(749)	(487)
Dividends paid	(1,166)	(863)
Net cash provided by (used in) financing activities	(3,758)	(2,769)
Effect of exchange rate changes on cash and cash equivalents	413	456
Net increase (decrease) in cash and cash equivalents	(1,461)	(1,775)
Cash and cash equivalents at the beginning of period	24,667	23,206
Cash and cash equivalents at the end of period	*1 23,206	*1 21,430

[Notes]

(Important matters forming the basis of preparation of consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries 11

Name of consolidated subsidiaries

JINS Inc.

Think Lab Inc.

JINS SHENYANG CO., LTD.

JINS SHANGHAI CO., LTD.

JINS BEIJING CO., LTD.

JINS US Holdings, Inc.

JINS Eyewear US, Inc.

JINS CAYMAN Limited

JINS ASIA HOLDINGS Limited

JINS TAIWAN CO., LTD.

JINS Hong Kong Limited

(2) Name of unconsolidated subsidiary

JINS norma CO., LTD.

(Reason for excluding from the scope of consolidation)

An unconsolidated subsidiary which is a small-scale subsidiary is excluded from the scope of consolidation due to its immateriality in terms of total assets, revenue, profit (loss), and retained earnings in the consolidated financial statements.

2. Equity method accounting

(1) Number of affiliates accounted for using the equity method 1

Name of the company

FITTINGBOX S.A.

(2) Name of a major unconsolidated subsidiary not accounted for using the equity method

JINS norma CO., LTD.

The unconsolidated subsidiary not accounted for using the equity method is excluded from the scope of application of the equity method due to its minor influence in terms of profit (loss) and retained earnings on the consolidated financial statements even if it is excluded from the scope, and its immateriality as a whole.

(3) Information deemed necessary about procedures for the application of the equity method

The companies accounted for using the equity method have fiscal year-ends that are different from the consolidated fiscal year-end. The Company therefore uses the provisional settlement of accounting based on their most recent quarterly financial statements for consolidation.

3. Fiscal year-ends of consolidated subsidiaries

The Company's consolidated subsidiaries whose fiscal year-ends differ from the consolidated fiscal year-end are as follows:

Company name	Fiscal year-end	
JINS SHENYANG CO., LTD.	December 31	(Note 1)
JINS SHANGHAI CO., LTD.	December 31	(Note 1)
JINS BEIJING CO., LTD.	December 31	(Note 1)
JINS US Holdings, Inc.	June 30	(Note 2)
JINS Eyewear US, Inc.	June 30	(Note 2)
JINS CAYMAN Limited	December 31	(Note 1)
JINS ASIA HOLDINGS Limited	December 31	(Note 1)
JINS TAIWAN CO., LTD.	December 31	(Note 1)
JINS Hong Kong Limited	December 31	(Note 1)

Notes: 1. These consolidated subsidiaries are consolidated using provisional financial statements prepared as of June 30 according to the full-year settlement, and necessary adjustments are made to their financial statements to reflect any significant transactions that occurred from July 1 to August 31.

2. These consolidated subsidiaries are consolidated using their financial statements as of their respective fiscal year-ends, and necessary adjustments are made to their financial statements to reflect any significant transactions that occurred from July 1 to August 31.

4. Accounting policies

(1) Basis and method of valuation of important assets

1) Securities

Available-for-sale securities

Securities other than shares, etc. that do not have a market price

Securities other than shares, etc. that do not have a market price are measured at fair value based on the market price, etc. as of the fiscal year-end. (Any valuation differences are directly charged or credited to net assets and cost of securities sold is calculated by the moving average method.)

Shares, etc. that do not have a market price

Shares, etc. that do not have a market price are measured at cost determined by the moving-average method.

2) Inventories

Inventories of the Company and its consolidated subsidiaries are stated at cost determined principally by the first-in first-out method (the balance sheet values are measured with the method of devaluing book value based on declining profitability).

(2) Method of depreciation and amortization of important depreciable and amortizable assets

1) Property, plant and equipment (excluding leased assets)

Property, plant and equipment are depreciated principally using the straight line method.

The declining-balance method is used for tools, furniture and fixtures.

The range of useful lives is as follows:

Buildings	4 years	to	50 years
Structures	10 years	to	20 years
Tools, furniture and fixtures	3 years	to	15 years

2) Intangible assets (excluding leased assets)

Intangible assets are amortized by the straight-line method.

Software for internal use is amortized using the straight-line method over the expected useful life in the Company (five years).

3) Leased assets

Leased assets are amortized principally using the straight-line method based on the assumption that the useful lives are equivalent to the lease terms and the residual value is zero.

(3) Basis for recording important provisions

1) Provision for bonuses

Provision for bonuses is recorded at an estimated amount attributable to the consolidated fiscal year to provide for future bonus payments to employees.

2) Provision for product warranties

To provide for the occurrence of replacement costs related to the warranty period of the products sold, provision for product warranties is recorded at an amount projected to be incurred in the future, based on the past warranty replacement results.

3) Allowance for office relocation expenses

In line with the decision to relocate the Tokyo head office, we recorded an amount equivalent to rental expenses for a period during which a work to restore the former Tokyo head office to an original state is expected to be performed after moving into a new Tokyo head office.

4) Allowance for business structure reform expenses

Unexpired rent expenses on land and buildings associated with the structure reform of the U.S. business are recorded.

(4) Basis for recording important revenue and expenses

The main business of the Group is eyewear retailing. In the sales of a product, a customer obtains control over the product when the product is delivered to the customer, and our performance obligations are satisfied. We therefore recognize revenue when the product is delivered to a customer.

Revenue is measured at an amount of consideration promised in the contract with a customer, less the amount of returns, discounts, and other. Amounts equivalent to points granted to customers in accordance with the sale of products based on points programs operated by other companies are subtracted in the calculation of the transaction price and revenue is recognized in net amount, deeming that the points are collected on behalf of third parties.

(5) Basis for converting important foreign currency-denominated assets and liabilities into Japanese yen

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate as of the balance sheet date. The foreign exchange gains and losses from such translation are recognized in the consolidated statements of income. Assets and liabilities mainly of foreign subsidiaries are translated into Japanese yen at the spot exchange rate as of the balance sheet date, and all revenue and expense accounts are translated into Japanese yen at the average exchange rate for the year. Differences arising from such translation are shown as “foreign currency translation adjustment” under net assets.

(6) Amortization method and period of goodwill

Goodwill is equally amortized over three years.

(7) Scope of funds in consolidated statements of cash flows

Cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with high liquidity that are readily convertible into cash and have insignificant risk of changes in value, all of which mature or become due within three months of the date of acquisition.

(Significant accounting estimates)

1. Recoverability of deferred tax assets

(1) Amount recorded in the consolidated financial statements for the consolidated fiscal year under review

(Millions of yen)

	Previous consolidated fiscal year (August 31, 2021)	Consolidated fiscal year under review (August 31, 2022)
Deferred tax assets	1,403	1,337

(2) Information on details of the significant accounting estimates for the identified item

Deferred tax assets are recorded to the extent that the future tax payment is reduced for deductible temporary differences and tax loss carryforwards as of the end of the fiscal year ended August 31, 2022, based on classification of companies under the Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26).

For recording deferred tax assets, the Company estimates taxable income before adjusting temporary differences based on business plans. Also, the Company uses business plans for calculating estimated taxable income and the key assumption in the business plan includes revenue growth rates. Revenue growth rates are determined based on historical performance at each store and in consideration of the market environment and industry trends.

The Group judges the key assumption in business plans that is the basis for estimating taxable income to be the best estimates based on available information. Regarding the impact of COVID-19, the Group has made accounting estimates, based on an assumption that economies will generally trend toward recovery throughout the fiscal year ending August 31, 2023. There are many uncertainties regarding the impact of the spread of COVID-19, and if there is any change in the above assumptions, a reversal of deferred tax assets may arise in and after the following fiscal year.

2. Impairment loss of non-current assets

(1) Amount recorded in the consolidated financial statements for the consolidated fiscal year under review

Previous consolidated fiscal year (from September 1, 2020 to August 31, 2021)

(Millions of yen)

	Domestic eyewear business	Overseas eyewear business	Total
Property, plant and equipment	6,682	1,797	8,480
Intangible assets	1,134	106	1,240
Impairment loss	320	69	390

Consolidated fiscal year under review (from September 1, 2021 to August 31, 2022)

(Millions of yen)

	Domestic eyewear business	Overseas eyewear business	Total
Property, plant and equipment	7,407	2,063	9,471
Intangible assets	997	165	1,163
Impairment loss	191	164	355

(2) Information on details of the significant accounting estimates for the identified item

In recognizing impairment loss, the Group groups its assets using operating stores and other minimum largely independent cash-generating units as the basic unit, and groups the head office and other offices as corporate assets.

For stores showing signs of impairment, the book value and recoverable amounts are compared. When determining that an impairment loss be recognized, the Group records an impairment loss by writing down the book value to the recoverable amounts. The recoverable amounts are measured at their value in use or net selling prices, whichever is higher. Future undiscounted cash flows for calculating the value in use are based on the business plans of each store.

The key assumption in future business plans of the stores includes revenue growth rates. Revenue growth rates are determined based on historical performance at each store and in consideration of the market environment and industry trends.

The Group judges the key assumption used for calculating future cash flows to be the best estimates based on available information. Regarding the impact of COVID-19, the Group has made accounting estimates, based on an assumption that economies will generally trend toward recovery throughout the fiscal year ending August 31, 2023. There are many uncertainties regarding the impact of the spread of COVID-19, and if there is any change in the above assumptions, the estimated future cash flows may be affected, resulting in recognition of an impairment loss in and after the following fiscal year.

(Changes in accounting policies)

(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 fiscal year ended August 31, 2022 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 fiscal year ended August 31, 2022 were adjusted in retained earnings at the beginning of the fiscal year ended August 31, 2022, and the new accounting policy is applied from this initial balance.

Furthermore, "Other," which was presented under "Current liabilities" on the Consolidated Balance Sheets of the previous fiscal year, has been included in "Contract liabilities" and "Other" from the fiscal year ended August 31, 2022. However, 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.

The impact of this change on the consolidated financial statements is not significant.

In accordance with the transitional treatment set forth in Paragraph 89-3 of the Revenue Recognition Accounting Standard, notes on revenue recognition for the previous fiscal year are not presented.

(Application of Accounting Standards 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 fiscal year ended August 31, 2022. 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 consolidated financial statements.

In addition, the Company will include notes on fair value information by level within the fair value hierarchy in the notes on financial instruments. However, in accordance with the transitional treatment provided in Paragraph 7-4 of the Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, July 4, 2019), notes pertaining to the previous consolidated fiscal year are not presented.

(Changes in presentation method)

(Consolidated balance sheet)

"Leased assets," which was presented separately under "Intangible assets" in the previous consolidated fiscal year, has been included in "Other" from the consolidated fiscal year under review due to its decreased monetary importance. To reflect this change in the presentation method, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result, in the consolidated balance sheet for the previous consolidated fiscal year, ¥24 million of "Leased assets" presented under "Intangible assets" was reclassified as ¥24 million of "Other."

(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 made a change to the estimated amount of asset retirement obligations for head office relocation, etc., in line with the new information it obtained, and also made other changes so that the recording of expenses associated with asset retirement obligations will end by the planned relocation date.

Furthermore, the impact of this change on the consolidated financial statements for the fiscal year ended August 31, 2022, is not significant.

(Consolidated balance sheet)

*1. Items related to unconsolidated subsidiaries and affiliates were as follows:

	Previous consolidated fiscal year (August 31, 2021)	Consolidated fiscal year under review (August 31, 2022)
Investment securities (equity securities)	¥90 million	¥1,245 million

2. Contingent liabilities

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

	Previous consolidated fiscal year (August 31, 2021)	Consolidated fiscal year under review (August 31, 2022)
	¥274 million	¥227 million

3. Overdraft agreements

The Group entered into overdraft agreements with five counterparty banks to efficiently procure working capital.

The outstanding borrowings and the unused balances under these agreements as of August 31, 2022 and 2021 were as follows:

(1) Yen-denominated transactions

	Previous consolidated fiscal year (August 31, 2021)	Consolidated fiscal year under review (August 31, 2022)
Total amount of overdraft limit	¥15,800 million	¥10,800 million
Outstanding borrowings	-	-
Unused balance	¥15,800 million	¥10,800 million

(2) Foreign currency-denominated transactions

Chinese Yuan

	Previous consolidated fiscal year (August 31, 2021)		Consolidated fiscal year under review (August 31, 2022)	
Total amount of overdraft limit	¥2,040 million	(CH¥ 120 million)	¥2,404 million	(CH¥ 120 million)
Outstanding borrowings	¥2,010 million	(CH¥ 118 million)	¥2,014 million	(CH¥ 100 million)
Unused balance	¥29 million	(CH¥ 1 million)	¥389 million	(CH¥ 19 million)

HK Dollar

	Previous consolidated fiscal year (August 31, 2021)		Consolidated fiscal year under review (August 31, 2022)	
Total amount of overdraft limit	¥352 million	(HKD 25 million)	¥441 million	(HKD 25 million)
Outstanding borrowings	¥217 million	(HKD 15 million)	¥72 million	(HKD 4 million)
Unused balance	¥135 million	(HKD 9 million)	¥369 million	(HKD 20 million)

New Taiwan Dollar

	Previous consolidated fiscal year (August 31, 2021)		Consolidated fiscal year under review (August 31, 2022)	
Total amount of overdraft limit	¥51 million	(NTD 13 million)	¥59 million	(NTD 13 million)
Outstanding borrowings	-	(NTD -)	-	(NTD -)
Unused balance	¥51 million	(NTD 13 million)	¥59 million	(NTD 13 million)

4. Commitment agreements

Loan commitment agreements

On August 29, 2017, 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.

	Previous consolidated fiscal year (August 31, 2021)	Consolidated fiscal year under review (August 31, 2022)
Total amount of loan commitments	¥8,000 million	¥8,000 million
Available amount at the year-end	¥4,000 million	¥4,000 million
Outstanding borrowings	-	-
Unused balance	¥4,000 million	¥4,000 million

As the commitment period of the loan commitment agreements expired on August 31, 2022, the Company entered into an agreement with September 1, 2022 being the commencement date of the commitment period on August 26, 2022. There is no change in the total amount of loan commitments and available amount under the new agreement.

5. 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.

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	-
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.

Consolidated fiscal year under review (August 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.

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	-
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.

As the commitment period of the loan commitment agreements expired on August 31, 2022, the Company entered into an agreement with September 1, 2022 being the commencement date of the commitment period on August 26, 2022. There is no change in the financial covenants under the new agreement.

(Consolidated statements of income)

*1. Revenue from contracts with customers

The Company does not disaggregate revenue from contracts with customers and other sources of revenue. The amount of revenue from contracts with customers is presented in "Notes (Segment information, etc.)."

*2. The year-end inventory balances represent the book value after write-downs due to a decline in profitability. Loss on valuation of inventories, included in cost of sales was as follows:

Previous consolidated fiscal year (from September 1, 2020 to August 31, 2021)	Consolidated fiscal year under review (from September 1, 2021 to August 31, 2022)
¥411 million	¥403 million

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

	Previous consolidated fiscal year (from September 1, 2020 to August 31, 2021)	Consolidated fiscal year under review (from September 1, 2021 to August 31, 2022)
Salaries and allowances	¥13,495 million	¥14,707 million
Rent expenses on land and buildings	¥10,877 million	¥11,492 million
Advertising expenses	¥3,123 million	¥3,176 million
Depreciation and amortization	¥2,695 million	¥2,950 million
Research and development expenses	¥373 million	¥167 million

*4. Total amount of research and development expenses included in general and administrative expenses were as follows:

	Previous consolidated fiscal year (from September 1, 2020 to August 31, 2021)	Consolidated fiscal year under review (from September 1, 2021 to August 31, 2022)
	¥373 million	¥167 million

*5. Loss on retirement of non-current assets

	Previous consolidated fiscal year (from September 1, 2020 to August 31, 2021)	Consolidated fiscal year under review (from September 1, 2021 to August 31, 2022)
Buildings and structures	¥24 million	¥83 million
Tools, furniture and fixtures	¥5 million	¥2 million
Software	¥- million	¥57 million
Demolition and removal expenses, etc.	¥18 million	¥34 million
Total	¥47 million	¥177 million

*6. Impairment loss

The Group recorded impairment loss as follows:

Previous fiscal year (from September 1, 2020 to August 31, 2021)

Usage	Type of asset	Location	Impairment loss (Millions of yen)
Stores, etc.	Buildings and other assets	Kanto region	279
Stores	Buildings and other assets	Kinki region	27
Stores	Buildings and other assets	Kyushu and Okinawa region	13
Stores	Buildings and other assets	China	48
Stores	Buildings and other assets	Taiwan	17
Stores	Furniture, fixtures and others	United States	3
Total			390

The Group groups its assets using stores and other minimum cash-generating units as the basic unit, and groups the head office and other offices as corporate assets.

The Group wrote down the book value of stores showing signs of a decline in profitability or deciding to close to their recoverable amounts and recorded the reductions as impairment loss in extraordinary losses. The recoverable amounts of these assets were measured at the value in use or their net selling prices whichever is higher.

The details of impairment loss were as follows:

Buildings and structures	¥292	million
Other	¥97	million
Total	¥390	million

Consolidated fiscal year under review (from September 1, 2021 to August 31, 2022)

Usage	Type of asset	Location	Impairment loss (Millions of yen)
Stores, etc.	Buildings and other assets	Kanto region	109
Stores	Buildings and other assets	Chubu region	21
Stores	Buildings and other assets	Kinki region	20
Stores	Buildings and other assets	Kyushu and Okinawa region	39
Stores	Buildings and other assets	China	55
Stores	Buildings and other assets	Taiwan	19
Stores, etc.	Software and others	United States	89
Total			355

The Group groups its assets using stores and other minimum cash-generating units as the basic unit, and groups the head office and other offices as corporate assets.

The Group wrote down the book value of stores showing signs of a decline in profitability or deciding to close to their recoverable amounts and recorded the reductions as impairment loss in extraordinary losses. The recoverable amounts of these assets were measured at the value in use or their net selling prices whichever is higher.

The details of impairment loss were as follows:

Buildings and structures	¥203	million
Other	¥152	million
Total	¥355	million

*7. Loss on store closings

Loss on store closings, which comprises loss on retirement of non-current assets and demolition and removal expenses for stores closed during the year, were as follows:

	Previous consolidated fiscal year (from September 1, 2020 to August 31, 2021)	Consolidated fiscal year under review (from September 1, 2021 to August 31, 2022)
Loss on retirement of non-current assets	¥92 million	¥56 million
Demolition and removal expenses, etc.	¥2 million	¥0 million
Total	¥94 million	¥57 million

*8. Loss due to temporary store closures

Previous consolidated fiscal year (from September 1, 2020 to August 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 up to 84 stores in the domestic eyewear business.

The Group recorded a loss due to temporary store closures of ¥71 million, which includes rent expenses on land and buildings during the store closing periods for the fiscal year ended August 31, 2021.

Consolidated fiscal year under review (from September 1, 2021 to August 31, 2022)

Urban blockades were implemented intermittently in China due to the spread of COVID-19. In response, the Group had to shut down up to 126 stores.

The Group recorded a loss due to temporary store closures of ¥298 million, which includes rent expenses on land and buildings during the store closing periods for the fiscal year ended August 31, 2022.

*9. Provision of allowance for office relocation expenses

Previous consolidated fiscal year (from September 1, 2020 to August 31, 2021)

Not applicable.

Consolidated fiscal year under review (from September 1, 2021 to August 31, 2022)

In line with the decision to relocate the Tokyo head office, the Group recorded an amount equivalent to rental expenses for a period during which a work to restore the former Tokyo head office to an original state is expected to be performed after moving into a new Tokyo head office as provision of allowance of ¥235 million.

*10. Provision of allowance for business structure reform expenses

Previous consolidated fiscal year (from September 1, 2020 to August 31, 2021)

Not applicable.

Consolidated fiscal year under review (from September 1, 2021 to August 31, 2022)

The Group recorded unexpired rent expenses on land and buildings associated with the structure reform of the U.S. business as provision of allowance of ¥539 million.

(Consolidated statements of comprehensive income)

*1. Reclassification adjustments relating to other comprehensive income

	Previous consolidated fiscal year (from September 1, 2020 to August 31, 2021)	Consolidated fiscal year under review (from September 1, 2021 to August 31, 2022)
Valuation difference on available-for-sale securities:		
Gains (losses) arising during the year	¥- million	¥256 million
Reclassification adjustments	¥- million	¥- million
Before tax effect adjustment	¥- million	¥256 million
Amount of tax effect	¥- million	(¥67 million)
Valuation difference on available-for-sale securities	¥- million	¥189 million
Foreign currency translation adjustment:		
Gains (losses) arising during the year	¥331 million	¥32 million
Share of other comprehensive income of entities accounted for using equity method:		
Gains (losses) arising during the year	¥- million	¥90 million
Total other comprehensive income	¥331 million	¥312 million

(Consolidated statements of changes in net assets)

Previous consolidated fiscal year (from September 1, 2020 to August 31, 2021)

1. Class and number of shares issued and class and number of shares of treasury stock

Class of shares	September 1, 2020	Increase	Decrease	August 31, 2021
Shares issued: Common stock (shares)	23,980,000	-	-	23,980,000
Treasury stock Common stock (shares)	639,745	39	-	639,784

(Outline of the cause for changes)

Increase due to buybacks of odd-lot shares 39 shares

2. Information on dividends

(1) Dividends paid

Resolution	Class of shares	Total amount (Millions of Yen)	Per share amount (Yen)	Record date	Effective date
Annual General Meeting of Shareholders held on November 26, 2020	Common stock	583	25.00	August 31, 2020	November 27, 2020
Board of Directors meeting held on April 9, 2021	Common stock	583	25.00	February 28, 2021	May 14, 2021

(2) Dividends with effective dates falling after the end of the year

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

Consolidated fiscal year under review (from September 1, 2021 to August 31, 2022)

1. Class and number of shares issued and class and number of shares of treasury stock

Class of shares	September 1, 2021	Increase	Decrease	August 31, 2022
Shares issued: Common stock (shares)	23,980,000	-	-	23,980,000
Treasury stock Common stock (shares)	639,784	31	-	639,815

(Outline of the cause for changes)

Increase due to buybacks of odd-lot shares 31 shares

2. Information on dividends

(1) Dividends paid

Resolution	Class of shares	Total amount (Millions of Yen)	Per share amount (Yen)	Record date	Effective date
Annual General Meeting of Shareholders held on November 25, 2021	Common stock	466	20.00	August 31, 2021	November 26, 2021
Board of Directors meeting held on April 8, 2022	Common stock	396	17.00	February 28, 2022	May 13, 2022

(2) Dividends with effective dates falling after the end of the year

Not applicable.

(Consolidated statements of cash flows)

*1. Reconciliation of cash and cash equivalents in the consolidated statements of cash flows and cash and deposits in the consolidated balance sheets as of August 31, 2022 and 2021 was as follows:

	Previous consolidated fiscal year (from September 1, 2020 to August 31, 2021)	Consolidated fiscal year under review (from September 1, 2021 to August 31, 2022)
Cash and deposits	¥23,206 million	¥21,430 million
Time deposits with maturities over three months, etc.	-	-
Cash and cash equivalents	¥23,206 million	¥21,430 million

(Leases)

1. Finance leases

(Lessee contracts)

Finance leases without transfer of ownership

1) Details of leased assets

- Property, plant and equipment

The Group primarily leases lens edging machines, etc.

- Intangible assets

The Group primarily leases software.

2) Method of depreciation for leased assets

The method of depreciation for leased assets is disclosed in “4. Accounting policies, (2) Method of depreciation and amortization of important depreciable and amortizable assets” in Important matters forming the basis of preparation of consolidated financial statements.

2. Operating leases

(Lessee contracts)

Future minimum lease payments under non-cancelable operating leases:

	Previous consolidated fiscal year (August 31, 2021)	Consolidated fiscal year under review (August 31, 2022)
Due within one year	¥3,151 million	¥3,528 million
Due over one year	¥3,850 million	¥3,125 million
Total	¥7,001 million	¥6,654 million

(Financial instruments)

1. Status of financial instruments

(1) Group policy for financial instruments

The Group carries out fund management by investing in highly secure financial assets such as deposits, and in principle, raises required funds primarily through equity capital based on its capital investment plan. In addition, the Group uses bank loans and lease contracts as necessary.

(2) Nature and extent of risks arising from financial instruments, and their risk management

Accounts receivable - trade are exposed to customer credit risk. The Company manages this risk by monitoring the financial position of major counterparties based on the Company's credit management rules and confirming the maturity dates and balances of each counterparty. The Company also hedges the risk of some operating receivables by using trade credit insurance.

Investment securities are the stocks of companies with which the Group has business relationships, and are exposed to market price fluctuation risk. The Company manages this fluctuation risk by monitoring periodically their fair value and the financial standing of issuers (counterparties), among others.

Leasehold and guarantee deposits based on lease agreements for stores, etc. and loans receivables (construction assistance fund receivables) are exposed to counterparty credit risk. The Company manages this risk by monitoring the financial position of major counterparties based on the Company's credit management rules and confirming the balances of each counterparty. The Company also hedges the risk pertaining to some leasehold and guarantee deposits and loans receivables (construction assistance fund receivables) by using trade credit insurance.

Payment terms of almost all accounts payable—trade, accounts payable—other, and accrued expenses are within two months.

Income taxes payable are unpaid corporate taxes, local inhabitant taxes and enterprise taxes, almost all of which are due within three months.

Convertible bond-type bonds with share acquisition rights are issued mainly to raise funds for investments for further expanding the eyewear business, developing new business and ensuring sustainable growth. The bonds are exposed to liquidity risk (risk of inability to meet payment deadlines), which the Group manages by preparing and updating cash flow plans in a timely manner.

Borrowings and lease obligations are incurred for raising funds needed as working capital and capital investments.

(3) Supplementary explanation about fair value of financial instruments

Since variable factors are reflected in estimating the fair value of financial instruments, different assumptions and factors could result in a different fair value.

2. Fair value of financial instruments

The book value and fair value of financial instruments and their difference were as follows:

Previous consolidated fiscal year (August 31, 2021)

	Book value (Millions of Yen)	Fair value (Millions of Yen)	Difference (Millions of Yen)
(1) Leasehold and guarantee deposits (Note 2)	4,148	3,912	(236)
Total	4,148	3,912	(236)
(1) Convertible bond-type bonds with share acquisition rights	20,135	20,404	269
(2) Long-term borrowings	271	271	0
(3) Lease obligations	825	847	22
Total	21,231	21,522	291

Notes: 1. "Cash and deposits," "Notes and accounts receivable – trade," "Accounts payable – trade," "Short-term borrowings," "Accounts payable - other, and accrued expenses," and "Income taxes payable" are omitted, because they comprise cash and short-term instruments whose carrying amount approximates their fair value.

2. The differences between the amounts of leasehold and guarantee deposits recorded in the consolidated balance sheets and the book value above are unamortized balances of the amounts recognized to be ultimately irrecoverable, namely, estimated restoration costs for leased buildings, at the end of the year.

Consolidated fiscal year under review (August 31, 2022)

	Book value (Millions of Yen)	Fair value (Millions of Yen)	Difference (Millions of Yen)
(1) Investment securities	258	258	-
Available-for-sale securities	258	258	-
(2) Leasehold and guarantee deposits (Note 2)	4,522	4,274	(248)
Total	4,781	4,532	(248)
(1) Convertible bond-type bonds with share acquisition rights	20,058	19,750	(308)
(2) Long-term borrowings	202	201	(0)
(3) Lease obligations	688	688	0
Total	20,948	20,640	(308)

Notes: 1. "Cash and deposits," "Accounts receivable – trade," "Accounts payable – trade," "Short-term borrowings," "Accounts payable - other, and accrued expenses," and "Income taxes payable" are omitted, because they comprise cash and short-term instruments whose carrying amount approximates their fair value.

2. The differences between the amounts of leasehold and guarantee deposits recorded in the consolidated balance sheets and the book value above are unamortized balances of the amounts recognized to be ultimately irrecoverable, namely, estimated restoration costs for leased buildings, at the end of the year.

3. Shares, etc. that do not have a market price are not included in "Available-for-sale securities." The amount of such financial instruments recorded in the consolidated balance sheet is as follows.

Category	Consolidated fiscal year under review (Millions of Yen)
Unlisted stocks, etc.	1,908

3. Scheduled redemption of monetary claims and securities with maturities after the balance sheet date.

Previous consolidated fiscal year (August 31, 2021)

	Due in one year or less (Millions of Yen)	Due after one year through five years (Millions of Yen)	Due after five years through 10 years (Millions of Yen)	Due after 10 years (Millions of Yen)
Cash and deposits	23,052	-	-	-
Notes and accounts receivable – trade	3,794	-	-	-
Leasehold and guarantee deposits	367	2,363	1,340	76
Total	27,214	2,363	1,340	76

Consolidated fiscal year under review (August 31, 2022)

	Due in one year or less (Millions of Yen)	Due after one year through five years (Millions of Yen)	Due after five years through 10 years (Millions of Yen)	Due after 10 years (Millions of Yen)
Cash and deposits	21,260	-	-	-
Accounts receivable – trade	4,514	-	-	-
Leasehold and guarantee deposits	563	2,912	623	423
Total	26,339	2,912	623	423

4. Scheduled repayment of bonds, long-term borrowings, lease obligations and interest-bearing debt after the balance sheet date.

Previous consolidated fiscal year (August 31, 2021)

Please refer to "Annexed consolidated detailed schedule of corporate bonds" and “Annexed consolidated detailed schedule of borrowings” under Annexed consolidated detailed schedules.

Consolidated fiscal year under review (August 31, 2022)

Please refer to "Annexed consolidated detailed schedule of corporate bonds" and “Annexed consolidated detailed schedule of borrowings” under Annexed consolidated detailed schedules.

5. Fair value information by category within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using observable inputs, i.e., quoted prices in active markets for assets or liabilities that are the subject of the measurement.
Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.
Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Financial instruments recorded on the consolidated balance sheets at fair value

Consolidated fiscal year under review (August 31, 2022)

Category	Fair value (Millions of Yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Stocks	258	-	-	258
Total assets	258	-	-	258

(2) Financial instruments other than those recorded on the consolidated balance sheets at fair value

Consolidated fiscal year under review (August 31, 2022)

Category	Fair value (Millions of Yen)			
	Level 1	Level 2	Level 3	Total
Leasehold and guarantee deposits	-	4,274	-	4,274
Total assets	-	4,274	-	4,274
Convertible bond-type bonds with share acquisition rights	-	19,750	-	19,750
Long-term borrowings	-	201	-	201
Lease obligations	-	688	-	688
Total liabilities	-	20,640	-	20,640

Note: A description of the valuation technique(s) and inputs used in the fair value measurements

Investment securities

Listed shares are valued using quoted prices. As listed shares are traded in active markets, their fair value is classified as Level 1.

Leasehold and guarantee deposits

Leasehold and guarantee deposits are stated at present value calculated by discounting future cash flows using interest rates derived by adding credit spreads to yields of government bonds, for each specified period, and their fair value is classified as Level 2.

Convertible bond-type bonds with share acquisition rights

Convertible bond-type bonds with share acquisition rights are stated based on market prices, but as they are not traded in active markets, their fair value is classified as Level 2.

Long-term borrowings (including current portion) and lease obligations (including current portion)

Fair value of long-term borrowings and lease obligations are calculated by discounting the total amount of principal and interests using expected interest rates if the similar new borrowings or lease transactions took place at present, and their fair value is classified as Level 2.

(Securities)

Available-for-sale securities

Previous consolidated fiscal year (from September 1, 2020 to August 31, 2021)

Not applicable.

Consolidated fiscal year under review (from September 1, 2021 to August 31, 2022)

	Book value (Millions of Yen)	Acquisition cost (Millions of Yen)	Difference (Millions of Yen)
Securities whose book value exceeds the acquisition cost Stocks	258	2	255
Subtotal	258	2	255
Securities whose book value does not exceed the acquisition cost Stocks	-	-	-
Subtotal	-	-	-
Total	258	2	255

(Derivatives)

Not applicable.

(Employees' severance and retirement benefits)

Previous consolidated fiscal year (from September 1, 2020 to August 31, 2021)

1. Outline of employees' severance and retirement benefits

The Company and certain consolidated subsidiaries provide employees a choice of a defined contribution plan or a prepaid retirement benefit plan.

2. Retirement benefit expenses

Amounts paid to defined contribution plans ¥28 million

Consolidated fiscal year under review (from September 1, 2021 to August 31, 2022)

1. Outline of employees' severance and retirement benefits

The Company and certain consolidated subsidiaries provide employees a choice of a defined contribution plan or a prepaid retirement benefit plan.

2. Retirement benefit expenses

Amounts paid to defined contribution plans ¥33 million

(Stock options)

Not applicable.

(Tax effect accounting)

1. The significant components of deferred tax assets and liabilities

	Previous consolidated fiscal year (August 31, 2021)	Consolidated fiscal year under review (August 31, 2022)
Deferred tax assets		
Tax loss carryforwards (Note 2)	¥1,510 million	¥1,991 million
Accrued enterprise taxes, not deducted	¥58 million	¥73 million
Loss on valuation of inventories, not deducted	¥264 million	¥143 million
Impairment loss	¥437 million	¥444 million
Asset retirement obligations	¥377 million	¥395 million
Other	¥208 million	¥376 million
Subtotal	¥2,856 million	¥3,425 million
Valuation allowance for tax loss carryforwards (Note 2)	¥(975 million)	¥(1,508 million)
Valuation allowance for deductible temporary differences	¥(314 million)	¥(353 million)
Valuation allowance subtotal (Note 1)	¥(1,289 million)	¥(1,862 million)
Total deferred tax assets	¥1,566 million	¥1,563 million
Deferred tax liabilities		
Asset retirement obligations	¥(58 million)	¥(43 million)
Valuation difference on available-for-sale securities	¥- million	¥(67 million)
Other	¥(104 million)	¥(115 million)
Total deferred tax liabilities	¥(163 million)	¥(225 million)
Net deferred tax assets	¥1,403 million	¥1,337 million

Notes: 1. Valuation allowance increased by ¥573 million. The main reason for this increase was an increase in valuation allowance for tax loss carryforwards.

2. Tax loss carryforwards and related deferred tax assets by expiration period were as follows:

Previous consolidated fiscal year (August 31, 2021)

Classification	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	Total
Tax loss carryforwards (a)	-	-	-	3	1	1,505	¥1,510 million
Valuation allowance	-	-	-	-	-	(975)	¥(975 million)
Deferred tax assets	-	-	-	3	1	530	(b) ¥535 million

(a) Tax loss carryforwards represent the amount multiplied by the statutory tax rate.

(b) Deferred tax assets of ¥535 million were recorded on tax loss carryforwards of ¥1,510 million (amount multiplied by the statutory tax rate). This is because they are expected to be recoverable based on the estimated future taxable income.

Consolidated fiscal year under review (August 31, 2022)

Classification	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	Total
Tax loss carryforwards (a)	-	-	4	1	234	1,750	¥1,991 million
Valuation allowance	-	-	(4)	(1)	(146)	(1,355)	¥(1,508 million)
Deferred tax assets	-	-	-	-	88	394	(b) ¥483 million

(a) Tax loss carryforwards represent the amount multiplied by the statutory tax rate.

(b) Deferred tax assets of ¥483 million were recorded on tax loss carryforwards of ¥1,991 million (amount multiplied by the statutory tax rate). This is because they are expected to be recoverable based on the estimated future taxable income.

2. Reconciliation between the statutory tax rates and the effective tax rates after tax effect was as follows:

	Previous consolidated fiscal year (August 31, 2021)	Consolidated fiscal year under review (August 31, 2022)
Statutory tax rate	30.62%	30.62%
(Reconciliation)		
Inhabitant tax on per capita basis	1.49%	3.24%
Permanent difference due to non-deductible expenses such as entertainment expenses	0.33%	0.59%
Difference in tax rates of consolidated subsidiaries	(0.01)%	3.02%
Valuation allowance	(6.90)%	27.19%
Other, net	(0.83)%	(0.33)%
Effective tax rate after tax effect	24.70%	64.33%

(Changes in presentation method)

"Difference in tax rates of consolidated subsidiaries," which was included in "Other, net" in the previous consolidated fiscal year, has been presented separately from the consolidated fiscal year under review due to its increased importance. To reflect this change in the presentation method, notes on the previous consolidated fiscal year have been reclassified.

As a result, (0.84)%, which was presented as "Other, net" in the previous consolidated fiscal year, has been reclassified as (0.01)% of "Difference in tax rates of consolidated subsidiaries" and (0.83)% of "Other, net."

(Asset retirement obligations)

Asset retirement obligations which are recorded in the consolidated balance sheets

(1) Outline of asset retirement obligations

Asset retirement obligations with respect to restoration costs based on lease agreements for stores and other properties.

(2) Calculation method of asset retirement obligations

The Group calculates the present value of asset retirement obligations by discounting them over the estimated usage period primarily of 10 years since acquisition mainly using the yields of the corresponding government bonds.

(3) Changes in asset retirement obligations

	Previous consolidated fiscal year (from September 1, 2020 to August 31, 2021)	Consolidated fiscal year under review (from September 1, 2021 to August 31, 2022)
Balance at the beginning of the year	¥565 million	¥528 million
Increase due to acquisition of property, plant and equipment, etc.	¥15 million	¥54 million
Unwind of discounts	¥5 million	¥5 million
Increase/decrease due to changes in estimates	-	¥59 million
Decrease due to settlement of asset retirement obligations	¥(57 million)	¥(26 million)
Balance at the end of the year	¥528 million	¥621 million

(Real estate for rent)

Previous consolidated fiscal year (from September 1, 2020 to August 31, 2021)

Omitted due to immateriality.

Consolidated fiscal year under review (from September 1, 2021 to August 31, 2022)

Omitted due to immateriality.

(Notes on revenue recognition)

1. Information on the disaggregation of revenue from contracts with customers

Information on the disaggregation of revenue from contracts with customers is as presented in “Notes (Segment information, etc.).”

2. Useful information in understanding revenue from contracts with customers

Useful information in understanding revenue is as presented in “4. Accounting policies (4) Basis for recording important revenue and expenses” under “Notes (Important matters forming the basis of preparation of consolidated financial statements)”

3. Reconciliation of satisfaction of performance obligations within contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue arising from customers existing at the end of the consolidated fiscal year under review expected to be recognized in and after the following consolidated fiscal year

(1) Balance of contract liabilities, etc.

(Millions of Yen)

	Consolidated fiscal year under review
Contract liabilities (beginning balance)	252
Contract liabilities (ending balance)	350

Contract liabilities are mainly related to advances received from customers based on the payment terms of sales contracts for eyewear and other products for which revenue is recognized at the time of delivery to customers. Contract liabilities are reversed upon recognition of revenue.

Revenue recognized in the fiscal year ended August 31, 2022 that was included in the contract liability balance at the beginning of the fiscal year was ¥252 million.

(2) Transaction price allocated to the remaining performance obligations

The Group has applied the practical expedient and omits notes to the remaining performance obligations as there is no significant transaction whose contracts are with an expected duration of over one year.

Consideration promised in contracts with customers does not have any significant amounts of consideration not included in the transaction price.

(Segment information, etc.)

[Segment information]

1. General information of reportable segments

(1) Method of classifying reportable segments

The Group's reportable segments are components for which separate financial information is available and whose operating results are regularly reviewed by the Board of Directors to decide on the allocation of management resources and assess their performance.

The Group consists of segments by business based on operating companies and regions under the Company which is the holding company that controls the entire Group. The Group has two reportable segments: domestic eyewear business and overseas eyewear business.

(2) Type of products and services under reportable segments

The domestic eyewear business and overseas eyewear business engage in sales mainly of eyewear and overseas subsidiaries are in charge of sales of eyewear via stores, online, and other channels.

2. Measurement method of net sales, profit (loss), assets, and other items by reportable segment

The accounting policies of reportable segments are generally consistent with those disclosed in "Important matters forming the basis of preparation of consolidated financial statements."

Segment profit represents operating profit for the segment. Intersegment sales and transfers are determined primarily based on prevailing market prices.

As described in "Changes in accounting policies," the Company has changed its accounting method for revenue recognition by applying the Revenue Recognition Accounting Standard, etc., from the beginning of the fiscal year ended August 31, 2022. Accordingly, the Company also changed the method for calculating segment profit or loss for operating segments.

The impact of this change on segment information is not significant.

3. Information about net sales, profit (loss), assets, and other items, and information on disaggregation of revenue by reportable segment

Previous fiscal year (from September 1, 2020 to August 31, 2021)

(Millions of yen)

	Reportable segment			Adjustments (Note 1)	Consolidated (Note 2)
	Domestic eyewear business	Overseas eyewear business	Subtotal		
Net sales:					
Sales to outside customers	51,160	12,737	63,898	-	63,898
Intersegment sales or transfers	584	7	592	(592)	-
Total	51,745	12,745	64,490	(592)	63,898
Segment profit	4,886	162	5,049	-	5,049
Segment assets	25,126	11,918	37,045	15,962	53,007
Other:					
Depreciation and amortization	1,945	695	2,640	-	2,640
Increase in property, plant and equipment, and intangible assets	1,855	612	2,468	-	2,468

Notes: 1. Adjustments of segment assets of ¥15,962 million mainly includes elimination of investments and capital of ¥(5,802) million, elimination of intercompany receivables and payables of ¥(14,311) million, adjustments to allowance for doubtful accounts of ¥1,993 million, and corporate assets that are not attributable to any reportable segments of ¥34,186 million.

2. Segment profit is reconciled to operating profit in the consolidated statements of income.

Consolidated fiscal year under review (from September 1, 2021 to August 31, 2022)

(Millions of yen)

	Reportable segment			Adjustments (Note 1)	Consolidated (Note 2)
	Domestic eyewear business	Overseas eyewear business	Subtotal		
Net sales:					
Revenue from contracts with customers	53,303	13,597	66,901	-	66,901
Sales to outside customers	53,303	13,597	66,901	-	66,901
Intersegment sales or transfers	569	5	575	(575)	-
Total	53,873	13,603	67,476	(575)	66,901
Segment profit (loss)	3,967	(651)	3,315	-	3,315
Segment assets	26,169	14,185	40,355	14,366	54,721
Other:					
Depreciation and amortization	2,170	812	2,982	-	2,982
Increase in property, plant and equipment, and intangible assets	2,842	1,014	3,856	-	3,856

Notes: 1. Adjustments of segment assets of ¥14,366 million mainly includes elimination of investments and capital of ¥(7,375) million, elimination of intercompany receivables and payables of ¥(10,974) million, adjustments to allowance for doubtful accounts of ¥385 million, and corporate assets that are not attributable to any reportable segments of ¥32,511 million.

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

[Related information]

Previous consolidated fiscal year (from September 1, 2020 to August 31, 2021)

1. Information by product and service

This information is omitted because sales to outside customers under a single category by product and service exceeded 90% of net sales in the consolidated statements of income.

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	China	Other	Total
51,180	8,128	4,589	63,898

Note: Net sales are presented based on the location of customers and classified into countries or regions.

(2) Property, plant and equipment

(Millions of yen)

Japan	China	Other	Total
7,094	1,274	523	8,892

3. Information by major customer

This information is omitted because the Company does not have any major customers that account for 10% or more of net sales in the consolidated statements of income.

Consolidated fiscal year under review (from September 1, 2021 to August 31, 2022)

1. Information by product and service

This information is omitted because sales to outside customers under a single category by product and service exceeded 90% of net sales in the consolidated statements of income.

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	China	Other	Total
53,303	7,361	6,235	66,901

Note: Net sales are presented based on the location of customers and classified into countries or regions.

(2) Property, plant and equipment

(Millions of yen)

Japan	China	Other	Total
7,686	1,386	677	9,750

3. Information by major customer

This information is omitted because the Company does not have any major customers that account for 10% or more of net sales in the consolidated statements of income.

[Information about impairment loss by reportable segment]

Previous consolidated fiscal year (from September 1, 2020 to August 31, 2021)

(Millions of yen)

	Reportable segment			Corporate/ Elimination	Total
	Domestic eyewear business	Overseas eyewear business	Total		
Impairment loss	320	69	390	-	390

Consolidated fiscal year under review (from September 1, 2021 to August 31, 2022)

(Millions of yen)

	Reportable segment			Corporate/ Elimination	Total
	Domestic eyewear business	Overseas eyewear business	Total		
Impairment loss	191	164	355	-	355

[Information about amortization of goodwill and unamortized balance by reportable segment]

Previous consolidated fiscal year (from September 1, 2020 to August 31, 2021)

(Millions of yen)

	Reportable segment			Corporate/ Elimination	Total
	Domestic eyewear business	Overseas eyewear business	Total		
Amortization of goodwill	71	-	71	-	71
Unamortized balance	71	-	71	-	71

Consolidated fiscal year under review (from September 1, 2021 to August 31, 2022)

(Millions of yen)

	Reportable segment			Corporate/ Elimination	Total
	Domestic eyewear business	Overseas eyewear business	Total		
Amortization of goodwill	71	-	71	-	71
Unamortized balance	-	-	-	-	-

[Information about gain on negative goodwill by reportable segment]

Not applicable.

[Related party transactions]

Previous consolidated fiscal year (from September 1, 2020 to August 31, 2021)

Not applicable.

Consolidated fiscal year under review (from September 1, 2021 to August 31, 2022)

Omitted due to immateriality.

(Per Share Information)

Items	Previous consolidated fiscal year (from September 1, 2020 to August 31, 2021)	Consolidated fiscal year under review (from September 1, 2021 to August 31, 2022)
Net assets per share	¥866.29	¥874.33
Basic earnings per share	¥141.07	¥32.17
Diluted earnings per share	¥127.35	¥27.37

Note: Basic and diluted earnings per share are calculated as follows:

Items	Previous consolidated fiscal year (from September 1, 2020 to August 31, 2021)	Consolidated fiscal year under review (from September 1, 2021 to August 31, 2022)
Basic earnings per share	¥141.07	¥32.17
Profit attributable to owners of parent (millions of yen)	3,292	750
Profit not attributable to common shareholders (millions of yen)	-	-
Profit attributable to owners of parent related to common stock (millions of yen)	3,292	750
Weighted-average number of shares of common stock outstanding during the year (shares)	23,340,216	23,340,211
Diluted earnings per share	¥127.35	¥27.37
Adjustments to profit attributable to owners of parent (millions of yen)	(53)	(53)
[of which, interest income (after tax effect)] (millions of yen)	[(53)]	[(53)]
Increase in number of shares of common stock (shares)	2,095,676	2,156,660
[of which, convertible bond-type bonds with share acquisition rights]	[2,095,676]	[2,156,660]
Summary of potential shares not included in calculation of diluted earnings per share due to lack of dilutive effect	-	

(Subsequent events)

Not applicable.

(v) Annexed consolidated detailed schedules

[Annexed consolidated detailed schedule of corporate bonds]

Issuer	Description	Issue date	September 1, 2021 (Millions of yen)	August 31, 2022 (Millions of yen)	Average interest rate (%)	Collateral	Due date
JINS HOLDINGS Inc.	Euro yen denominated convertible bond-type bonds with share acquisition rights due 2023	February 28, 2020	10,100	10,033 [10,033]	-	None	February 28, 2023
JINS HOLDINGS Inc.	Euro yen denominated convertible bond-type bonds with share acquisition rights due 2025	February 28, 2020	10,035	10,025	-	None	February 28, 2025
Total	-	-	20,135	20,058 [10,033]	-	-	-

Notes: 1. Figures in brackets under the August 31, 2022 column are the amounts of current portion of redemption.

2. The details of convertible bond-type bonds with share acquisition rights were as follows:

	Euro yen denominated convertible bond-type bonds with share acquisition rights due 2023	Euro yen denominated convertible bond-type bonds with share acquisition rights due 2025
Details of shares to be issued	Common stock	Common stock
Issue price of share acquisition rights (yen)	Nil	Nil
Issue price of shares (yen)	8,489	10,218
Total issue amount (millions of yen)	10,200	10,050
Total amount of shares issued by exercise of share acquisition rights (millions of yen)	-	-
Grant ratio of share acquisition rights (%)	100	100
Exercise period of share acquisition rights	From March 13, 2020 to February 14, 2023	From March 13, 2020 to February 14, 2025

Note: The assets to be contributed at the exercise of the share acquisition rights shall be the convertible bonds subject to the related share acquisition rights at an amount equivalent to the face value of the convertible bonds.

3. Annual maturities, excluding current portion, of bonds as of August 31, 2022:

Due in one year or less (Millions of yen)	Due after one year through two years (Millions of yen)	Due after two years through three years (Millions of yen)	Due after three years through four years (Millions of yen)	Due after four years through five years (Millions of yen)
10,000	-	10,000	-	-

[Annexed consolidated detailed schedule of borrowings]

Classification	September 1, 2021 (Millions of yen)	August 31, 2022 (Millions of yen)	Average interest rate (%)	Due date
Short-term borrowings	2,121	1,869	4.17	-
Current portion of long-term borrowings	53	70	2.57	-
Current portion of lease obligations	444	370	3.34	-
Current portion of interest-bearing debt: Installment payables (due in one year or less)	622	575	2.92	-
Long-term borrowings (excluding current portion)	217	131	1.68	September 2023 to March 2026
Lease obligations (excluding current portion)	380	317	3.59	September 2023 to August 2027
Interest-bearing debt (excluding current portion): Installment payables (due after one year)	899	752	1.90	September 2023 to June 2027
Total	4,740	4,087	-	-

Notes: 1. The average interest rates above are calculated using the weighted-average method applicable to the respective year-end balances of short-term and long-term borrowings.

2. Annual maturities, excluding current portion, of long-term borrowings and lease obligations, and interest-bearing debt as of August 31, 2022 were as follows:

(Millions of yen)

Classification	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
Long-term borrowings	32	10	88	-
Lease obligations	202	89	17	8
Interest-bearing debt (installment payables)	410	216	104	20

[Annexed consolidated detailed schedule of asset retirement obligations]

The disclosure is omitted as the items to be disclosed in this schedule are disclosed as notes provided for in Article 15-23 of the Ordinance on Consolidated Financial Statements.

(2) Other

Quarterly information for the consolidated fiscal year under review

(Cumulative period)		First quarter	Second quarter	Third quarter	Consolidated fiscal year under review
Net sales	(Millions of yen)	15,275	32,704	49,916	66,901
Profit before income taxes	(Millions of yen)	650	1,829	2,097	2,105
Profit attributable to owners of parent	(Millions of yen)	433	1,170	1,026	750
Earnings per share	(Yen)	18.56	50.14	43.97	32.17

(Accounting period)		First quarter	Second quarter	Third quarter	Fourth quarter
Earnings (loss) per share	(Yen)	18.56	31.58	(6.17)	(11.80)

2. Non-consolidated financial statements, etc.

(1) Non-consolidated financial statements

1) Non-consolidated balance sheets

(Millions of yen)

	Previous fiscal year (as of August 31, 2021)	Fiscal year under review (as of August 31, 2022)
Assets		
Current assets		
Cash and deposits	14,524	13,377
Prepaid expenses	173	190
Short-term loans receivable from subsidiaries and associates	*1 4,156	*1 1,880
Other	*1 636	*1 543
Allowance for doubtful accounts	(1,993)	(385)
Total current assets	17,497	15,606
Non-current assets		
Property, plant and equipment		
Buildings	394	257
Structures	0	0
Tools, furniture and fixtures	17	14
Construction in progress	-	5
Total property, plant and equipment	412	278
Intangible assets		
Software	950	968
Software in progress	52	64
Other	0	-
Total intangible assets	1,003	1,032
Investments and other assets		
Investment securities	594	921
Shares of subsidiaries and associates	4,159	5,068
Long-term loans receivable from subsidiaries and associates	*1 8,982	*1 7,860
Long-term prepaid expenses	5	5
Deferred tax assets	873	809
Leasehold and guarantee deposits	673	860
Total investments and other assets	15,289	15,526
Total non-current assets	16,705	16,837
Total assets	34,202	32,444

(Millions of yen)

	Previous fiscal year (August 31, 2021)	Fiscal year under review (August 31, 2022)
Liabilities		
Current liabilities		
Current portion of convertible bond-type bonds with share acquisition rights	-	10,033
Current portion of long-term borrowings	38	21
Accounts payable – other	*1 848	*1 845
Accrued expenses	105	133
Income taxes payable	20	170
Accrued consumption taxes	18	17
Provision for bonuses	14	13
Allowance for office relocation expenses	-	235
Asset retirement obligations	-	263
Other	34	20
Total current liabilities	1,080	11,754
Non-current liabilities		
Convertible bond-type bonds with share acquisition rights	20,135	10,025
Long-term borrowings	32	11
Long-term accounts payable – other	474	422
Other	233	9
Total non-current liabilities	20,876	10,467
Total liabilities	21,956	22,222
Net assets		
Shareholders' equity		
Common stock	3,202	3,202
Capital surplus		
Legal capital surplus	3,157	3,157
Other capital surplus	22	22
Total capital surplus	3,179	3,179
Retained earnings		
Legal retained earnings	8	8
Other retained earnings		
General reserve	60	60
Retained earnings brought forward	10,798	8,585
Total retained earnings	10,866	8,653
Treasury stock	(5,002)	(5,003)
Total shareholders' equity	12,245	10,032
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	-	189
Total valuation and translation adjustments	-	189
Total net assets	12,245	10,221
Total liabilities and net assets	34,202	32,444

2) Non-consolidated statements of income

(Millions of yen)

	Previous fiscal year (from September 1, 2020 to August 31, 2021)	Fiscal year under review (from September 1, 2021 to August 31, 2022)
Operating revenue	*1 4,037	*1 4,462
Operating expenses	*1, *2 4,043	*1, *2 4,238
Operating profit (loss)	(5)	223
Non-operating income		
Interest income	*1 190	*1 184
Foreign exchange gains	130	664
Other	*1 0	*1 7
Total non-operating income	321	856
Non-operating expenses		
Interest expenses	9	6
Commission expenses	3	20
Provision of allowance for doubtful accounts	850	53
Other	11	8
Total non-operating expenses	875	89
Ordinary profit (loss)	(559)	989
Extraordinary losses		
Loss on retirement of non-current assets	-	17
Loss on valuation of shares of subsidiaries and associates	100	1,915
Provision of allowance for office relocation expenses	-	*3 235
Other	43	-
Total extraordinary losses	143	2,168
Loss before income taxes	(703)	(1,179)
Income taxes – current	14	174
Income taxes – deferred	(490)	(3)
Total income taxes	(476)	170
Loss	(227)	(1,349)

3) Non-consolidated statements of changes in net assets

Previous fiscal year (from September 1, 2020 to August 31, 2021)

(Millions of yen)

	Shareholders' equity			
	Common stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
BALANCE, SEPTEMBER 1, 2020	3,202	3,157	22	3,179
Changes during period				
Dividends of surplus				
Loss				
Purchase of treasury stock				
Net changes in items other than shareholders' equity				
Total changes during period	-	-	-	-
BALANCE, AUGUST 31, 2021	3,202	3,157	22	3,179

(Millions of yen)

	Shareholders' equity						Valuation and translation adjustments		Total net assets
	Retained earnings				Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation difference on available-for-sale securities	
	Legal retained earnings	Other retained earnings		Retained earnings Total					
		General reserve	Retained earnings brought forward						
BALANCE, SEPTEMBER 1, 2020	8	60	12,192	12,260	(5,002)	13,640	-	-	13,640
Changes during period									
Dividends of surplus			(1,167)	(1,167)		(1,167)			(1,167)
Loss			(227)	(227)		(227)			(227)
Purchase of treasury stock					(0)	(0)			(0)
Net changes in items other than shareholders' equity							-	-	-
Total changes during period	-	-	(1,394)	(1,394)	(0)	(1,394)	-	-	(1,394)
BALANCE, AUGUST 31, 2021	8	60	10,798	10,866	(5,002)	12,245	-	-	12,245

Fiscal year under review (from September 1, 2021 to August 31, 2022)

(Millions of yen)

	Shareholders' equity			
	Common stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
BALANCE, SEPTEMBER 1, 2021	3,202	3,157	22	3,179
Changes during period				
Dividends of surplus				
Loss				
Purchase of treasury stock				
Net changes in items other than shareholders' equity				
Total changes during period	-	-	-	-
BALANCE, AUGUST 31, 2022	3,202	3,157	22	3,179

(Millions of yen)

	Shareholders' equity						Valuation and translation adjustments		Total net assets
	Retained earnings				Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation difference on available-for-sale securities	
	Legal retained earnings	Other retained earnings		Retained earnings Total					
		General reserve	Retained earnings brought forward						
BALANCE, SEPTEMBER 1, 2021	8	60	10,798	10,866	(5,002)	12,245	-	-	12,245
Changes during period									
Dividends of surplus			(863)	(863)		(863)			(863)
Loss			(1,349)	(1,349)		(1,349)			(1,349)
Purchase of treasury stock					(0)	(0)			(0)
Net changes in items other than shareholders' equity							189	189	189
Total changes during period	-	-	(2,213)	(2,213)	(0)	(2,213)	189	189	(2,023)
BALANCE, AUGUST 31, 2022	8	60	8,585	8,653	(5,003)	10,032	189	189	10,221

[Notes]

(Important accounting policies)

1. Basis and method of valuation of securities

(1) Shares in subsidiaries and affiliates

Shares in subsidiaries and affiliates are measured at cost determined by the moving-average method.

(2) Available-for-sale securities

Securities other than shares, etc. that do not have a market price

Securities other than shares, etc. that do not have a market price are measured at fair value based on the market price, etc. as of the fiscal year-end. (Any valuation differences are directly charged or credited to net assets and cost of securities sold is calculated by the moving average method.)

Shares, etc. that do not have a market price

Shares, etc. that do not have a market price are measured at cost determined by the moving-average method.

2. Method of depreciation and amortization of non-current assets

(1) Property, plant and equipment (excluding leased assets)

Property, plant and equipment are depreciated principally using the straight line method.

The declining-balance method is used for tools, furniture and fixtures.

The range of useful lives is as follows:

Buildings	9 to 50 years
Tools, furniture and fixtures	3 to 15 years

(2) Intangible assets (excluding leased assets)

Intangible assets are amortized by the straight-line method.

Software for internal use is amortized using the straight-line method over the expected useful life in the Company (five years).

(3) Leased assets

Leased assets are amortized using the straight-line method based on the assumption that the useful lives are equivalent to the lease terms and the residual value is zero.

3. Basis for recording provisions

(1) Allowance for doubtful accounts

Allowance for doubtful accounts is provided for possible losses arising from bad debts at an amount determined based on the historical default rates for general receivables, and an individual estimate of uncollectible amounts for specific doubtful receivables from customers experiencing financial difficulties.

(2) Provision for bonuses

Provision for bonuses is recorded at an estimated amount attributable to the fiscal year to provide for future bonus payments to employees.

(3) Allowance for office relocation expenses

In line with the decision to relocate the Tokyo head office, we recorded an amount equivalent to rental expenses for a period during which a work to restore the former Tokyo head office to an original state is expected to be performed after moving into a new Tokyo head office.

4. Basis for recording revenue and expenses

As a holding company, the Company is engaged in the supervision of the business subsidiaries within the Group. The Company collects and receives from subsidiaries management instruction fee, system usage fee and real estate rent fee based on contracts with them, and as its performance obligations are satisfied when the Company provides supervision of the business subsidiaries within the Group, the Company recognizes revenue as it provides the supervision.

5. Basis for converting important foreign currency-denominated assets and liabilities into Japanese yen

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

(Significant accounting estimates)

Recoverability of deferred tax assets

(1) Amount recorded in the financial statements for the fiscal year under review

(Millions of yen)

	Previous fiscal year (August 31, 2021)	Fiscal year under review (August 31, 2022)
Deferred tax assets	873	809

(2) Information on details of the significant accounting estimates for the identified item

This is consistent with those disclosed in "Notes (Significant accounting estimates) under the consolidated financial statements.

(Changes in accounting policies)

(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 fiscal year ended August 31, 2022 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.

The application of the accounting standard has no impact on the non-consolidated financial statements.

(Application of Accounting Standards 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 fiscal year ended August 31, 2022. 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 non-consolidated financial statements.

(Changes in presentation method)

(Non-consolidated balance sheet)

"Leased assets," which was presented separately under "Intangible assets" in the previous fiscal year, has been included in "Other" from the fiscal year under review due to its decreased monetary importance. To reflect this change in the presentation method, the non-consolidated financial statements for the previous fiscal year have been reclassified.

As a result, in the non-consolidated balance sheet for the previous fiscal year, ¥0 million of "Leased assets" presented under "Intangible assets" was reclassified as ¥0 million of "Other."

"Lease obligations," which was presented separately under "Current liabilities" in the previous fiscal year, has been included in "Other" from the fiscal year under review due to its decreased monetary importance. To reflect this change in the presentation method, the non-consolidated financial statements for the previous fiscal year have been reclassified.

As a result, in the non-consolidated balance sheet for the previous fiscal year, ¥0 million of "Lease obligations" presented under "Current liabilities" was reclassified as ¥0 million of "Other."

"Lease obligations" and "Asset retirement obligations," which were presented separately under "Non-current liabilities" in the previous fiscal year, have been included in "Other" from the fiscal year under review due to their decreased monetary importance. To reflect this change in the presentation method, the non-consolidated financial statements for the previous fiscal year have been reclassified.

As a result, in the non-consolidated balance sheet for the previous fiscal year, ¥0 million of "Lease obligations" and ¥233 million of "Asset retirement obligations" presented under "Non-current liabilities" were reclassified as ¥233 million of "Other."

(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 made a change to the estimated amount of asset retirement obligations for head office relocation, etc., in line with new information it obtained, and also made other changes so that the recording of expenses associated with asset retirement obligations will end by the planned relocation date.

Furthermore, the impact of this change on the non-consolidated financial statements for the fiscal year ended August 31, 2022, is not significant.

(Non-consolidated balance sheet)

*1. Monetary claims and obligations to affiliates

	Previous fiscal year (August 31, 2021)	Fiscal year under review (August 31, 2022)
Short-term monetary claims	¥4,746 million	¥2,421 million
Long-term monetary claims	¥8,982 million	¥7,860 million
Short-term monetary obligations	¥52 million	¥69 million

2. Liability on guarantees

The Company guarantees liabilities on loans from financial institutions and lease transactions for affiliates.

	Previous fiscal year (August 31, 2021)	Fiscal year under review (August 31, 2022)
JINS SHANGHAI CO., LTD.	¥2,561 million	¥2,625 million
JINS Hong Kong Limited	¥302 million	¥104 million
JINS Eyewear US, Inc.	¥251 million	¥228 million
JINS TAIWAN CO., LTD.	¥177 million	¥112 million
JINS SHENYANG CO., LTD.	¥12 million	¥6 million
JINS BEIJING CO., LTD.	¥1 million	¥- million
Total	¥3,306 million	¥3,076 million

3. Overdraft agreements

The Company entered into overdraft agreements with five counterparty banks to efficiently procure working capital.

The outstanding borrowings and the unused balances under these agreements as of August 31, 2022 and 2021 were as follows:

	Previous fiscal year (August 31, 2021)	Fiscal year under review (August 31, 2022)
Total amount of overdraft limit	¥15,800 million	¥10,800 million
Outstanding borrowings	-	-
Unused balance	¥15,800 million	¥10,800 million

4. Commitment agreements

Loan commitment agreements

On August 29, 2017, 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.

	Previous fiscal year (August 31, 2021)	Fiscal year under review (August 31, 2022)
Total amount of loan commitments	¥8,000 million	¥8,000 million
Available amount at the year-end	¥4,000 million	¥4,000 million
Outstanding borrowings	-	-
Unused balance	¥4,000 million	¥4,000 million

As the commitment period of the loan commitment agreements expired on August 31, 2022, the Company entered into an agreement with September 1, 2022 being the commencement date of the commitment period on August 26, 2022. There is no change in the total amount of loan commitments and available amount under the new agreement.

5. Financial covenants

Previous 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.

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	-
Unused balance	¥4,000 million

Financial covenants on the loan commitment agreements above

(i) 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.

(ii) 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.

Fiscal year under review (August 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.

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	-
Unused balance	¥4,000 million

Financial covenants on the loan commitment agreements above

(i) 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.

(ii) 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.

As the commitment period of the loan commitment agreements expired on August 31, 2022, the Company entered into an agreement with September 1, 2022 being the commencement date of the commitment period on August 26, 2022. There is no change in the financial covenants under the new agreement.

(Non-consolidated statements of income)

*1. Transactions with affiliates

	Previous fiscal year (from September 1, 2020 to August 31, 2021)	Fiscal year under review (from September 1, 2021 to August 31, 2022)
Operating revenue	¥4,037 million	¥4,462 million
Operating expenses	¥30 million	¥30 million
Transactions other than business transactions	¥113 million	¥107 million

*2. Out of expenses that belong to operating expenses, the ratio of expenses that belong to general and administrative expenses is 100% for both the previous fiscal year and the fiscal year under review.

Major components and amounts were as follows:

	Previous fiscal year (from September 1, 2020 to August 31, 2021)	Fiscal year under review (from September 1, 2021 to August 31, 2022)
Salaries and allowances	¥419 million	¥483 million
Rent expenses on land and buildings	¥721 million	¥790 million
Advertising expenses	¥66 million	¥54 million
Depreciation and amortization	¥421 million	¥542 million
Commission expenses	¥1,778 million	¥1,642 million

*3. Provision of allowance for office relocation expenses

Previous fiscal year (from September 1, 2020 to August 31, 2021)

Not applicable.

Fiscal year under review (from September 1, 2021 to August 31, 2022)

In line with the decision to relocate the Tokyo head office, the Company recorded an amount equivalent to rental expenses for a period during which a work to restore the former Tokyo head office to an original state is expected to be performed after moving into a new Tokyo head office as provision of allowance of ¥235 million.

(Securities)

Fair value of shares in subsidiaries and affiliates (the amount recorded in the balance sheet was ¥5,068 million of shares of subsidiaries and associates for the fiscal year under review and ¥4,159 million of shares of subsidiaries and associates for the previous fiscal year) is not stated as they are shares, etc. that do not have a market price.

(Tax effect accounting)

1. The significant components of deferred tax assets and liabilities

	Previous fiscal year (August 31, 2021)	Fiscal year under review (August 31, 2022)
Deferred tax assets		
Accrued enterprise taxes, not deducted	¥2 million	¥15 million
Allowance for doubtful accounts	¥614 million	¥117 million
Asset retirement obligations	¥71 million	¥83 million
Loss on valuation of shares of subsidiaries and associates	¥678 million	¥1,773 million
Shares of subsidiaries and associates	¥297 million	¥297 million
Tax loss carryforwards	¥530 million	¥389 million
Other	¥79 million	¥182 million
Subtotal	¥2,273 million	¥2,860 million
Valuation allowance	¥(1,359 million)	¥(1,958 million)
Total deferred tax assets	¥913 million	¥901 million
Deferred tax liabilities		
Asset retirement obligations	¥40 million	(¥24 million)
Valuation difference on available-for-sale securities	-	(¥67 million)
Total deferred tax liabilities	¥40 million	(¥91 million)
Net deferred tax assets	¥873 million	¥809 million

2. Reconciliation between the statutory tax rates and the effective tax rates after tax effect was as follows:

The reconciliation is omitted as loss before income taxes was recorded.

(Notes on revenue recognition)

Useful information in understanding revenue from contracts with customers is as presented in “[Notes] (Significant accounting policies) 4. Basis for recording revenue and expenses.”

(Subsequent events)

Not applicable.

iv. Annexed detailed schedules

[Annexed detailed schedule of property, plant and equipment, etc.]

(Millions of yen)

Class of assets	Balance at the beginning of the year	Increase during the year	Decrease during the year	Balance at the end of the year	Accumulated depreciation or amortization at the end of the year	Amortization during the year	Balance at the end of the year
Property, plant and equipment							
Buildings	1,012	39	—	1,052	794	176	257
Structures	4	—	—	4	4	0	0
Tools, furniture and fixtures	136	4	19	121	106	7	14
Leased assets	53	—	—	53	53	—	—
Construction in progress	—	10	5	5	—	—	5
Total	1,206	55	24	1,236	958	183	278
Intangible assets							
Trademark right	8	—	0	8	8	—	—
Software	1,690	394	88	1,996	1,027	358	968
Software in progress	52	444	433	64	—	—	64
Patent right	0	—	—	0	0	—	—
Leased assets	101	—	14	87	87	0	—
Total	1,854	838	536	2,156	1,123	358	1,032

Notes: 1. Main components of increase during the year are as follows:

Software	Development of a business system, etc.	¥394 million
Software in progress	Preparation for introducing a system, etc.	¥444 million

2. Main components of decrease during the year are as follows:

Software in progress	Development of a business system, etc.	¥433 million

[Annexed detailed schedule of provisions]

(Millions of yen)

Item	Balance at the beginning of the year	Increase during the year	Decrease during the year	Balance at the end of the year
Allowance for doubtful accounts	1,993	53	1,661	385
Provision for bonuses	14	13	14	13
Allowance for office relocation expenses	-	235	—	235

(2) Components of major assets and liabilities

This information is omitted as the consolidated financial statements are prepared.

(3) Other

Not applicable.

VI. Overview of the Submitting Company's Share Administration

Fiscal year	From September 1 to August 31
Annual General Meeting of Shareholders	During November
Record date	August 31
Record date for dividends from surplus	Last day of February August 31
Number of shares per unit	100 shares
Purchase of odd-lot shares	
Handling location	(Special account) 3-3 Marunouchi 1-chome, Chiyoda-ku, Tokyo Stock Transfer Agency Department at Head Office, Mizuho Trust & Banking Co., Ltd.
Administrator of shareholder registry	(Special account) 3-3 Marunouchi 1-chome, Chiyoda-ku, Tokyo Mizuho Trust & Banking Co., Ltd.
Intermediary agency	–
Purchase fee	Amount to be separately determined as the amount equivalent to fees pertaining to the entrustment of stock transactions
Method of public notice	The Company's method of public notices shall be electronic public notice. However, in the event that electronic public notices cannot be made due to an accident or other unavoidable circumstances, public notices shall be made by publication in the Nihon Keizai Shimbun. Electronic public notices are posted on the Company's website, and its address is as follows. URL for public notice: https://jinsholdings.com
Special benefit for shareholders	Shareholders who own at least one unit (100 shares) of stock as of the last day of August each year will be presented with one "Shareholder Benefit Voucher" worth ¥9,000, which can be used at the Group's domestic directly managed stores and the Company's designated online store.

(Note) The following was stipulated in the Articles of Incorporation as an amendment to the Articles of Incorporation by resolution of the Annual General Meeting of Shareholders held on November 28, 2007.

Shareholders of the Company who hold less than one unit of shares may not exercise any rights other than those listed below.

(1) Rights set forth in Article 189, Paragraph 2 of the Companies Act
(2) Right to request the acquisition of shares with a put option
(3) Right to receive an allotment of offered shares or offered share acquisition rights

VII. Reference Information of the Submitting Company

1. Information on Parent Company, etc. of the Submitting Company

The Company does not have a parent company, etc. as defined in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

2. Other Reference Information

The following documents were submitted during the period from the start of the current fiscal year to the date of submission of the Annual Securities Report.

(1) Annual Securities Report, its attached documents, and a confirmation letter

Fiscal year (34th term) (From September 1, 2020 to August 31, 2021) Submitted to the Director-General of the Kanto Local Finance Bureau on November 25, 2021.

(2) Internal control report and its attached documents

Submitted to the Director-General of the Kanto Local Finance Bureau on November 25, 2021.

(3) Quarterly report and a confirmation letter

(First quarter of the 35th term) (From September 1, 2021 to November 30, 2021) Submitted to the Director-General of the Kanto Local Finance Bureau on January 14, 2022.

(Second quarter of the 35th term) (From December 1, 2021 to February 28, 2022) Submitted to the Director-General of the Kanto Local Finance Bureau on April 8, 2022.

(Third quarter of the 35th term) (From March 1, 2022 to Mary 31, 2022) Submitted to the Director-General of the Kanto Local Finance Bureau on July 14, 2022.

(4) Amendment report for Annual Securities Report and a confirmation letter

Submitted to the Director-General of the Kanto Local Finance Bureau on January 27, 2022.

These are an amendment report for the Annual Securities Report for the fiscal year (34th term) (From September 1, 2020 to August 31, 2021) and a confirmation letter thereof.

Submitted to the Director-General of the Kanto Local Finance Bureau on November 21, 2022.

These are an amendment report for the Annual Securities Report for the fiscal year (34th term) (From September 1, 2020 to August 31, 2021) and a confirmation letter thereof.

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

Not applicable.