

Consolidated Financial Results for the Fiscal Year Ended August 31, 2023 [Japanese GAAP]



October 13, 2023

Company name: JINS HOLDINGS Inc.

Stock exchange listing: Tokyo Stock Exchange

Code number: 3046

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Scheduled date of Annual General Meeting of Shareholders: November 29, 2023

Scheduled date of commencing dividend payments: November 30, 2023

Scheduled date of filing annual securities report: November 29, 2023

Availability of supplementary briefing material on annual financial results: Available

Schedule of annual financial results briefing session: Scheduled (for analysts and institutional investors)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended August 31, 2023 (September 1, 2022 to August 31, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended August 31, 2023	73,264	9.5	4,847	46.2	3,739	(1.3)	1,762	134.6
August 31, 2022	66,901	4.7	3,315	(34.3)	3,789	(24.5)	750	(77.2)

(Note) Comprehensive income: Fiscal year ended August 31, 2023: ¥1,676 million [57.6%]

Fiscal year ended August 31, 2022: ¥1,063 million [(70.7)%]

	Earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended August 31, 2023	75.50	69.42	8.4	7.5	6.6
August 31, 2022	32.17	27.37	3.7	7.0	5.0

(Note) Share of gain (loss) of entities accounted for using equity method:

Fiscal year ended August 31, 2023: ¥(1,107) million Fiscal year ended August 31, 2022: ¥(71) million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of August 31, 2023	44,863	21,779	48.5	933.14
As of August 31, 2022	54,721	20,406	37.3	874.33

(Reference) Equity: As of August 31, 2023: ¥21,779 million

As of August 31, 2022: ¥20,406 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended August 31, 2023	6,054	(3,849)	(11,502)	12,202
August 31, 2022	4,391	(3,853)	(2,769)	21,430

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
August 31, 2022	–	17.00	–	0.00	17.00	396	52.8	2.0
August 31, 2023	–	13.00	–	25.00	38.00	886	50.3	4.2
Fiscal year ending August 31, 2024 (Forecast)	–	15.00	–	26.00	41.00		30.9	

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending August 31, 2024 (September 1, 2023 to August 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Half year	38,500	11.4	1,840	21.9	1,751	16.3	1,108	43.4	47.47
Full year	80,730	10.2	5,500	13.5	5,320	42.3	3,100	75.9	132.82

* Notes:

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: Yes
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: Yes
 - 4) Retrospective restatement: None
- (3) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury stock):
 - August 31, 2023: 23,980,000 shares
 - August 31, 2022: 23,980,000 shares
 - 2) Total number of treasury stock at the end of the period:
 - August 31, 2023: 639,866 shares
 - August 31, 2022: 639,815 shares
 - 3) Average number of shares during the period:
 - Fiscal year ended August 31, 2023: 23,340,152 shares
 - Fiscal year ended August 31, 2022: 23,340,211 shares

*This financial report is outside the scope of audit by Certified Public Accountants or an Audit firm.

*Explanation of the proper use of financial results forecast and other notes

Forward-looking statements in this document, such as the financial results forecast, are based on information currently available to the Group and certain assumptions that the Group has deemed reasonable. These statements are not intended as the Group's commitment to achieve them, and actual performance may differ significantly due to various factors. For the assumptions for financial results forecast and precautions for using financial results forecast, please refer to "(4) Future Outlook" on page 6 of the attached document.

The Company plans to hold a financial results briefing for analysts and institutional investors on October 13, 2023. Financial results materials to be used at the briefing will be available on the Company's website immediately after the session.

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1. Overview of Business Results, etc.

(1) Overview of Business Results for the Fiscal Year Under Review

During the fiscal year ended August 31, 2023 (September 1, 2022 to August 31, 2023), the Japanese economy experienced continued periodic increases and decreases in the number of infected people with the novel coronavirus disease (COVID-19). However, since May, with the recent trend of a decrease in the number of cases, the impact from the pandemic has been diminishing following the reclassification of COVID-19 under the Infectious Diseases Act. In addition, personal consumption such as traveling and eating out is gradually recovering in spite of continuous inflation caused by a surge in raw material prices and currency movement due to the situation in Ukraine and other factors. Looking at the global economy, the response to COVID-19 has varied from country to country and region to region, and particularly in China, as urban blockades under the zero-Covid policy were implemented intermittently until early December, economic activities have been affected. In addition, the economic impact of Russia's invasion of Ukraine has been prolonged, and there are concerns about increasing downward risks to the economy due to global inflation caused by rising prices of raw materials and others, 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 and 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 rebuilding the supply chain and strengthening development of innovative products, which they identified as management issues. In terms of rebuilding of the supply chain, we have started to strengthen our manufacturing bases in Japan by making Yamato Technical Co., Ltd. a subsidiary, with the aim of eliminating concentration of production at a single manufacturing base overseas and shortening the lead time for delivery to storefronts. With regard to product development, we have worked on 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," and total research and development expenses were ¥60 million for the fiscal year ended August 31, 2023.

In terms of store development, the number of eyewear stores as of August 31, 2023, was 713, including 473 stores in Japan and 240 stores overseas (172 in China, 55 in Taiwan, 9 in Hong Kong, and 4 in the United States).

As a result, for the fiscal year ended August 31, 2023, the Company posted net sales of ¥73,264 million (up 9.5% year-on-year) partly thanks to a rebound from the previous year affected by COVID-19 and the impact of new store openings. Operating profit was ¥4,847 million (up 46.2% year-on-year) due to an increase in net sales and a reduction in SG&A expenses including advertising expenses, ordinary profit was ¥3,739 million (down 1.3% year-on-year) due to the recording of loss on investments in an equity-method affiliate, and profit attributable to owners of parent was ¥1,762 million (up 134.6% year-on-year).

Business results by segment are as follows.

Net sales by business segment

Segment	For the fiscal year ended August 31, 2023 (September 1, 2022 to August 31, 2023)	Percentage to the Company's net sales	Year-on-year change
Domestic eyewear business	¥56,144 million	76.6%	5.3%
Overseas eyewear business	¥17,119 million	23.4%	25.9%
Total	¥73,264 million	100.0%	9.5%

<Domestic Eyewear Business>

In the domestic eyewear business, we revised selling prices starting from standard products including the

“JINS CLASSIC” series and “STANDARD” series which were renewed for the first time in approximately seven years and, after mid-November, changed selling prices of existing products to the same price zone, which raised unit prices of a complete set of glasses in a steady manner. In addition, as opportunities to go out have increased, we saw strong sales of optional lens suitable for outdoor use including color lenses with increased variations and visible-light photochromic lenses that change color density depending on ultraviolet rays and visible light. Thanks mainly to these factors, net sales remained steady. Meanwhile, membership of the JINS app reached approximately 13.72 million people as of the end of August 2023. Regarding the impact of COVID-19, the impact due to the increase and decrease in the number of infected persons gradually diminished, and recently there was almost no impact.

In terms of store development, the number of stores in Japan was 473 (31 openings and 22 closures).

As a result, net sales of the domestic eyewear business were ¥56,144 million (up 5.3% year-on-year), and segment operating profit was ¥ 4,464 million (up 12.5% year-on-year).

<Overseas Eyewear Business>

In the overseas eyewear business, in China, business performance temporarily recovered immediately after the zero-Covid policy was essentially lifted in early December. However, the economic slowdown due to the sluggish real estate market and worsening employment conditions had a significant impact on the recent business performance.

In Taiwan, the impact of COVID-19 was minimal and business performance was strong mainly due to favorable feedback of the Japan-made lenses that are available as an option.

In Hong Kong, the impact of COVID-19 was limited and business performance expanded mainly through new store openings. However, the recent business performance was affected by the economic slowdown in China.

In the United States, we closed an unprofitable store at the end of the previous fiscal year, and promoted business structure reform aimed at expanding the scale of business, centered on the EC business.

In terms of store development, the total number of stores overseas was 240 as of the end of the period under review, including 172 stores in China (5 openings and 7 closures), 55 in Taiwan (8 openings and 2 closures), 9 in Hong Kong (2 openings and no closures), and 4 in the United States (no openings and 2 closures).

As a result, net sales of the overseas eyewear business were ¥17,119 million (up 25.9% year-on-year), and segment operating profit was ¥382 million (segment operating loss was ¥651 million for the same period of the previous year).

(2) Overview of Financial Position for the Fiscal Year Under Review
(Status of Assets, Liabilities and Net Assets)

Assets, liabilities and net assets at the end of the fiscal year under review are as follows.

(Millions of yen)

	End of the previous fiscal year	End of the fiscal year under review	Change	Change (%)
Total assets	54,721	44,863	(9,858)	(18.0)
Liabilities	34,314	23,083	(11,230)	(32.7)
Net assets	20,406	21,779	1,372	6.7

(a) Assets

Current assets decreased ¥9,416 million from the end of the previous fiscal year to ¥23,757 million.

This was mainly due to a decrease of ¥9,227 million in cash and deposits as a result of redemption of convertible bond-type bonds with share acquisition rights and other factors.

Non-current assets decreased ¥441 million from the end of the previous fiscal year to ¥21,105 million.

This was mainly due to a decrease of ¥1,153 million in investment securities and a decrease of ¥809 million in leasehold and guarantee deposits as a result of the relocation of the Tokyo head office, despite an increase of ¥1,372 million in property, plant and equipment such as buildings and structures as a result of the Group's expansion of retail stores.

As a result, total assets decreased ¥9,858 million from the end of the previous fiscal year to ¥ 44,863 million.

(b) Liabilities

Current liabilities decreased ¥11,428 million from the end of the previous fiscal year to ¥11,270 million.

This was mainly due to decreases of ¥10,033 million in current portion of convertible bond-type bonds with share acquisition rights and ¥790 million in accounts payable - trade.

Non-current liabilities increased ¥198 million from the end of the previous fiscal year to ¥11,813 million.

This was mainly due to an increase of ¥804 million in asset retirement obligations, despite decreases of ¥284 million in long-term accounts payable - other and ¥120 million in long-term borrowings.

As a result, total liabilities decreased ¥11,230 million from the end of the previous fiscal year to ¥23,083 million.

(c) Net Assets

Net assets increased ¥1,372 million from the end of the previous fiscal year to ¥21,779 million.

This was mainly due to the recording of ¥1,762 million in profit attributable to owners of parent, despite a decrease of ¥303 million due to the payment of dividends.

(3) Overview of Cash Flows for the Fiscal Year Under Review

Cash flows in the fiscal year under review are as follows.

Cash and cash equivalents as of the end of the fiscal year under review was ¥12,202 million.

(Millions of yen)

	Previous fiscal year	Fiscal year under review	Change
Cash flows from operating activities	4,391	6,054	1,663
Cash flows from investing activities	(3,853)	(3,849)	4
Cash flows from financing activities	(2,769)	(11,502)	(8,733)

(a) Cash flows from operating activities

Net cash provided by operating activities increased ¥1,663 million year on year to ¥6,054 million.

This was mainly due to an increase in funds resulting from the recording of ¥2,884 million in profit before income taxes, ¥2,918 million in depreciation, and ¥1,272 million in decrease in inventories, despite a decrease in funds due to ¥1,437 million of income taxes paid.

(b) Cash flows from investing activities

Net cash used in investing activities decreased ¥4 million year on year to ¥3,849 million.

This was mainly due to the use of ¥2,916 million in purchase of property, plant and equipment in line with the opening and refurbishing of stores and ¥678 million in purchase of intangible assets.

(c) Cash flows from financing activities

Net cash used in financing activities increased ¥8,733 million year on year to ¥11,502 million.

This was mainly due to ¥10,000 million in redemption of convertible bond-type bonds with share acquisition rights and ¥689 million in repayments of installment payables.

(d) Trends in Cash Flow-Related Indicators

The trends in cash flow-related indicators of the Group are as follows.

	Fiscal year ended August 31, 2019	Fiscal year ended August 31, 2020	Fiscal year ended August 31, 2021	Fiscal year ended August 31, 2022	Fiscal year ended August 31, 2023
Equity ratio (%)	61.1	33.3	38.1	37.3	48.5
Equity ratio on market value basis (%)	384.3	328.8	324.8	186.9	183.9
Cash flows to interest-bearing liabilities ratio (%)	69.8	316.4	461.7	519.6	206.7
Interest coverage ratio (times)	40.9	53.7	28.6	30.0	43.3

Equity ratio: Equity/Total assets

Equity ratio on market value basis: Market capitalization/Total assets

Cash flows to interest-bearing liabilities ratio: Interest-bearing liabilities/Cash flows

Interest coverage ratio: Cash flows/Interest payments

(Notes) 1. Market capitalization is calculated by multiplying the final value of the share price at the end of the fiscal year by the total number of outstanding shares.

2. Among the liabilities recorded on the Consolidated Balance Sheets, interest-bearing liabilities refer to all liabilities for which interest is paid.

3. Figures used for cash flows and interest payments are the figures of “Cash flows from operating activities” and “Interest paid” recorded on the Consolidated Statements of Cash Flows.

(4) Future Outlook

Regarding the future outlook, in the social environment surrounding the Group, the impact of COVID-19 has fundamentally diminished, and the Japanese economy is gradually recovering. However, there are concerns about the impact on consumer spending of high prices due to the global inflationary trend triggered by rising prices of raw materials and others, as well as the depreciation of the yen in foreign exchange.

Amid these changes in the business environment, the Group is committed to building new customer journeys and enhancing management efficiency to achieve further growth. While we have been advancing the expansion of the purchasing experience through the utilization of apps and other means, in order to create new customer journeys, we will actively recruit global talent, incorporate fresh insights, and advance the development of innovative customer journeys through attractive products, effective promotions, and in-store purchasing experiences.

On the other hand, the factors leading to increased costs, such as rising labor costs due to revision of minimum wages and rising prices of consumer goods, have become evident. In addition to ongoing efforts to improve store operations, we will strive to further reduce costs by promoting optimization and efficiency through more advanced digitalization of operations such as product management and performance management at the headquarters.

In terms of store strategies, we will continue to strengthen new store openings in areas where we have not yet opened stores and in suburban roadside areas, while promoting the establishment of stores that not only have high profitability and productivity but also can provide customers with an optimal purchasing experience.

Regarding product strategy, we will focus on our standard products, which were completely renewed last year, and work to strengthen planning and proposals for optional lenses that cater to customers' usage scenarios. In addition, we will pursue a pricing strategy with a balanced approach to improve gross profit margins.

We will also continue to develop innovative products and promote the development of eyewear that can provide new value to our customers, such as an eyeglass-shaped, violet-light-emitting medical device designed to suppress the progress of myopia.

Regarding the overseas eyewear business, the impact of COVID-19 has fundamentally diminished. However, in China, we are closely monitoring the impact of the economic slowdown on consumer spending. Furthermore, in other countries and regions where we have stores, we will strive to improve profitability, not only by opening new stores, but also by starting a structural shift to a new business model.

For the fiscal year ending August 31, 2024, our forecast of the full-year consolidated financial results is as follows: net sales of ¥80,730 million, operating profit of ¥5,500 million, ordinary profit of ¥5,320 million, and profit attributable to owners of parent of ¥3,100 million.

2. Basic Stance on Selection of Accounting Standards

In consideration of the comparability of consolidated financial statements between periods as well as the comparability between corporations, the Group has decided to continue preparing its consolidated financial statements based on Japanese accounting standards for the time being.

Regarding the application of IFRS, the Group will take appropriate actions by considering various circumstances both in Japan and overseas.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of August 31, 2022	As of August 31, 2023
Assets		
Current assets		
Cash and deposits	21,430	12,202
Accounts receivable - trade	4,514	5,059
Merchandise and finished goods	5,406	4,107
Raw materials and supplies	446	474
Other	1,376	1,912
Total current assets	33,174	23,757
Non-current assets		
Property, plant and equipment		
Buildings and structures	17,344	18,622
Accumulated depreciation	(9,734)	(9,600)
Buildings and structures, net	7,610	9,022
Machinery, equipment and vehicles	169	193
Accumulated depreciation	(83)	(107)
Machinery, equipment and vehicles, net	85	86
Tools, furniture and fixtures	2,833	3,035
Accumulated depreciation	(2,104)	(2,250)
Tools, furniture and fixtures, net	729	785
Leased assets	3,836	3,433
Accumulated depreciation	(2,924)	(2,744)
Leased assets, net	911	688
Construction in progress	125	250
Other	287	287
Total property, plant and equipment	9,750	11,122
Intangible assets		
Other	2,196	1,991
Total intangible assets	2,196	1,991
Investments and other assets		
Investment securities	2,166	1,012
Long-term loans receivable	1,098	1,265
Deferred tax assets	1,337	1,520
Leasehold and guarantee deposits	4,910	4,101
Other	88	91
Total investments and other assets	9,601	7,991
Total non-current assets	21,547	21,105
Total assets	54,721	44,863

(Millions of yen)

	As of August 31, 2022	As of August 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	2,535	1,745
Current portion of convertible bond-type bonds with share acquisition rights	10,033	–
Short-term borrowings	1,869	1,887
Current portion of long-term borrowings	70	33
Lease obligations	370	353
Accounts payable - other, and accrued expenses	4,676	4,986
Income taxes payable	912	793
Accrued consumption taxes	245	525
Contract liabilities	350	514
Provision for bonuses	67	85
Provision for product warranties	168	190
Allowance for office relocation expenses	235	–
Allowance for business structure reform expenses	628	–
Asset retirement obligations	356	–
Other	179	152
Total current liabilities	22,699	11,270
Non-current liabilities		
Convertible bond-type bonds with share acquisition rights	10,025	10,015
Long-term borrowings	131	11
Lease obligations	317	215
Asset retirement obligations	265	1,070
Other	875	501
Total non-current liabilities	11,615	11,813
Total liabilities	34,314	23,083
Net assets		
Shareholders' equity		
Common stock	3,202	3,202
Capital surplus	3,228	3,228
Retained earnings	18,623	20,081
Treasury stock	(5,003)	(5,003)
Total shareholders' equity	20,051	21,509
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	189	93
Foreign currency translation adjustment	166	175
Total accumulated other comprehensive income	355	269
Total net assets	20,406	21,779
Total liabilities and net assets	54,721	44,863

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended August 31, 2022	For the fiscal year ended August 31, 2023
Net sales	66,901	73,264
Cost of sales	14,770	17,001
Gross profit	52,131	56,263
Selling, general and administrative expenses	48,815	51,416
Operating profit	3,315	4,847
Non-operating income		
Interest income	86	52
Foreign exchange gains	524	–
Subsidy income	160	179
Compensation income	110	–
Reversal of allowance for business structure reform expenses	–	60
Other	68	67
Total non-operating income	950	360
Non-operating expenses		
Interest expenses	149	141
Share of loss of entities accounted for using equity method	71	1,107
Rental expenses on real estate	213	116
Foreign exchange losses	–	17
Other	42	85
Total non-operating expenses	476	1,468
Ordinary profit	3,789	3,739
Extraordinary losses		
Loss on retirement of non-current assets	177	217
Impairment loss	355	511
Loss on store closings	57	45
Loss due to temporary store closures	298	73
Provision of allowance for office relocation expenses	235	–
Provision of allowance for business structure reform expenses	539	–
Other	19	6
Total extraordinary losses	1,683	854
Profit before income taxes	2,105	2,884
Income taxes - current	1,354	1,280
Income taxes - deferred	0	(157)
Total income taxes	1,354	1,122
Profit	750	1,762
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	750	1,762

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended August 31, 2022	For the fiscal year ended August 31, 2023
Profit	750	1,762
Other comprehensive income		
Valuation difference on available-for-sale securities	189	(95)
Foreign currency translation adjustment	32	(4)
Share of other comprehensive income of entities accounted for using equity method	90	13
Total other comprehensive income	312	(85)
Comprehensive income	1,063	1,676
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,063	1,676
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Net Assets
For the fiscal year ended August 31, 2022

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	3,202	3,228	18,747	(5,002)	20,176
Cumulative effects of changes in accounting policies			(12)		(12)
Restated balance	3,202	3,228	18,735	(5,002)	20,164
Changes during period					
Dividends of surplus			(863)		(863)
Profit attributable to owners of parent			750		750
Purchase of treasury stock				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests					–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	(112)	(0)	(112)
Balance at end of period	3,202	3,228	18,623	(5,003)	20,051

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	–	43	43	20,219
Cumulative effects of changes in accounting policies				(12)
Restated balance	–	43	43	20,207
Changes during period				
Dividends of surplus				(863)
Profit attributable to owners of parent				750
Purchase of treasury stock				(0)
Change in ownership interest of parent due to transactions with non-controlling interests				–
Net changes in items other than shareholders' equity	189	122	312	312
Total changes during period	189	122	312	199
Balance at end of period	189	166	355	20,406

For the fiscal year ended August 31, 2023

(Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance at beginning of period	3,202	3,228	18,623	(5,003)	20,051
Changes during period					
Dividends of surplus			(303)		(303)
Profit attributable to owners of parent			1,762		1,762
Purchase of treasury stock				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		(0)			(0)
Net changes in items other than shareholders' equity					
Total changes during period	—	(0)	1,458	(0)	1,458
Balance at end of period	3,202	3,228	20,081	(5,003)	21,509

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	189	166	355	20,406
Changes during period				
Dividends of surplus				(303)
Profit attributable to owners of parent				1,762
Purchase of treasury stock				(0)
Change in ownership interest of parent due to transactions with non-controlling interests				(0)
Net changes in items other than shareholders' equity	(95)	9	(85)	(85)
Total changes during period	(95)	9	(85)	1,372
Balance at end of period	93	175	269	21,779

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended August 31, 2022	For the fiscal year ended August 31, 2023
Cash flows from operating activities		
Profit before income taxes	2,105	2,884
Depreciation	2,879	2,918
Impairment loss	355	511
Amortization of goodwill	71	–
Increase (decrease) in provision for product warranties	166	22
Increase (decrease) in allowance for office relocation expenses	235	(235)
Increase (decrease) in allowance for business structure reform expenses	539	(631)
Interest and dividend income	(86)	(52)
Interest expenses	149	141
Foreign exchange losses (gains)	(550)	(74)
Share of loss (gain) of entities accounted for using equity method	71	1,113
Loss on retirement of non-current assets	177	217
Loss on store closings	57	45
Decrease (increase) in trade receivables	(591)	(537)
Decrease (increase) in inventories	(684)	1,272
Decrease (increase) in other assets	46	(97)
Increase (decrease) in trade payables	965	(786)
Increase (decrease) in accrued consumption taxes	(837)	291
Increase (decrease) in accounts payable - other	55	(33)
Increase (decrease) in accrued expenses	136	187
Increase (decrease) in other liabilities	221	280
Other, net	195	184
Subtotal	5,679	7,623
Interest and dividends received	9	9
Interest paid	(146)	(139)
Income taxes paid	(1,149)	(1,437)
Other	(1)	–
Net cash provided by (used in) operating activities	4,391	6,054
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,661)	(2,916)
Purchase of intangible assets	(549)	(678)
Loan advances	(339)	(569)
Collection of loans receivable	59	74
Payments of leasehold and guarantee deposits	(541)	(386)
Proceeds from refund of leasehold and guarantee deposits	258	683
Purchase of investment securities	(80)	(56)
Net cash provided by (used in) investing activities	(3,853)	(3,849)

	For the fiscal year ended August 31, 2022	For the fiscal year ended August 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(586)	53
Repayments of long-term borrowings	(105)	(159)
Redemption of convertible bond-type bonds with share acquisition rights	–	(10,000)
Repayments of installment payables	(727)	(689)
Purchase of treasury stock	(0)	(0)
Repayments of lease obligations	(487)	(403)
Dividends paid	(863)	(303)
Net cash provided by (used in) financing activities	(2,769)	(11,502)
Effect of exchange rate change on cash and cash equivalents	456	69
Net increase (decrease) in cash and cash equivalents	(1,775)	(9,227)
Cash and cash equivalents at beginning of period	23,206	21,430
Cash and cash equivalents at end of period	21,430	12,202

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021; hereinafter the “Fair Value Measurement Guidance”) from the beginning of the fiscal year ended August 31, 2023. Accordingly, the Company will apply new accounting policies prescribed in the Fair Value Measurement Guidance in the future in accordance with the provisional treatment stipulated in Paragraph 27-2 of the same Guidance. The application of the Guidance has no impact on the consolidated financial statements.

(Changes in accounting estimates)

(Changes in estimates of asset retirement obligations)

Following the acquisition of new information on restoration work, etc. related to store closures, the Company has changed the estimates for the cost and timing of the restoration work required at the time of store closure. The increase in the estimates, amounting to ¥759 million, has been added to the previous balance of asset retirement obligations that were recorded as those with respect to restoration costs based on real estate lease agreements for stores. Furthermore, the impact of this change on profit and loss is not significant.

(Segment information)

I. 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 each subsidiary is in charge of sales of eyewear via stores, online, and other channels.

II. 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 followed in the preparation of the consolidated financial statements.

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

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

For the fiscal year ended 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	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, etc. 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.

For the fiscal year ended August 31, 2023

(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	56,144	17,119	73,264	–	73,264
Sales to outside customers	56,144	17,119	73,264	–	73,264
Intersegment sales or transfers	741	3	745	(745)	–
Total	56,886	17,123	74,009	(745)	73,264
Segment profit	4,464	382	4,847	–	4,847
Segment assets	28,353	12,866	41,220	3,643	44,863
Other:					
Depreciation	2,076	841	2,918	–	2,918
Increase in property, plant and equipment and intangible assets	2,834	1,458	4,293	–	4,293

(Notes) 1. Adjustments of segment assets of ¥3,643 million mainly includes elimination of investments and capital of ¥(6,729) million, elimination of intercompany receivables and payables of ¥(10,259) million, adjustments to allowance for doubtful accounts of ¥449 million, and corporate assets, etc.

that are not attributable to any reportable segments of ¥20,311 million.

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

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

For the fiscal year ended August 31, 2022

(Significant loss on impairment of non-current assets)

Impairment loss amounted to ¥191 million in the “domestic eyewear business” segment and ¥164 million in the “overseas eyewear business” segment.

(Significant changes in goodwill)

Not applicable.

(Significant gain on negative goodwill)

Not applicable.

For the fiscal year ended August 31, 2023

(Significant loss on impairment of non-current assets)

Impairment loss amounted to ¥415 million in the “domestic eyewear business” segment and ¥96 million in the “overseas eyewear business” segment.

(Significant changes in goodwill)

Not applicable.

(Significant gain on negative goodwill)

Not applicable.

(Per share information)

Item	For the fiscal year ended August 31, 2022	For the fiscal year ended August 31, 2023
Net assets per share	¥874.33	¥933.14
Earnings per share	¥32.17	¥75.50
Diluted earnings per share	¥27.37	¥69.42

(Notes) 1. Earnings per share and diluted earnings per share are calculated as follows:

Item	For the fiscal year ended August 31, 2022	For the fiscal year ended August 31, 2023
Earnings per share	¥32.17	¥75.50
Profit attributable to owners of parent (millions of yen)	750	1,762
Profit not attributable to common shareholders (millions of yen)	–	–
Profit attributable to owners of parent related to common stock (millions of yen)	750	1,762
Weighted-average number of shares of common stock outstanding during the year (shares)	23,340,211	23,340,152
Diluted earnings per share	¥27.37	¥69.42
Adjustment for profit attributable to owners of parent (millions of yen)	(53)	(30)
[Out of the above: Interest income (after deducting tax) (millions of yen)]	[(53)]	[(30)]
Increase in number of shares of common stock (shares)	2,156,660	1,610,792
[Out of the above: Convertible bond-type bonds with share acquisition rights (shares)]	[2,156,660]	[1,610,792]
Overview of dilutive shares not included in calculation of diluted earnings per share due to lack of dilutive effect		–

2. Net assets per share is calculated as follows.

Item	End of the previous fiscal year (August 31, 2022)	End of the fiscal year under review (August 31, 2023)
Net assets (millions of yen)	20,406	21,779
Amount deducted from net assets (millions of yen)	–	–
Net assets at the year-end related to common stock (millions of yen)	20,406	21,779
Number of shares of common stock at the year-end used for the calculation of net assets per share (shares)	23,340,185	23,340,134

(Significant subsequent events)

Not applicable.

4. Other Notes

(1) Transfers of Officers

(i) Transfers of Representative Directors
Not applicable.

(ii) Transfers of Other Officers

This information will be disclosed once the disclosure details are finalized.