Annual Securities Report

(The 36th 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, 2023
[Fiscal year]	36th term (from September 1, 2022 to August 31, 2023)
[Company name]	JINS HOLDINGS Inc.
[Company name in English]	JINS HOLDINGS Inc.
[Title and name of representative]	Hitoshi Tanaka, President and CEO
[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.)
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[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		32nd term	33rd term	34th term	35th term	36th term
Fiscal year ended		August 31, 2019	August 31, 2020	August 31, 2021	August 31, 2022	August 31, 2023
Net sales	(millions of yen)	61,893	60,258	63,898	66,901	73,264
Ordinary profit	(millions of yen)	7,015	5,827	5,020	3,789	3,739
Profit attributable to owners of parent	(millions of yen)	3,869	1,687	3,292	750	1,762
Comprehensive income	(millions of yen)	3,827	1,542	3,623	1,063	1,676
Net assets	(millions of yen)	22,370	17,763	20,219	20,406	21,779
Total assets	(millions of yen)	36,628	53,392	53,007	54,721	44,863
Net assets per share	(yen)	933.01	761.05	866.29	874.33	933.14
Earnings per share	(yen)	161.40	71.49	141.07	32.17	75.50
Diluted earnings per share	(yen)	–	67.40	127.35	27.37	69.42
Equity ratio	(%)	61.1	33.3	38.1	37.3	48.5
Rate of return on equity	(%)	18.4	8.4	17.3	3.7	8.4
Price-earnings ratio	(times)	36.37	102.40	50.90	132.56	45.57
Net cash provided by (used in) operating activities	(millions of yen)	6,877	7,749	5,058	4,391	6,054
Net cash provided by (used in) investing activities	(millions of yen)	(2,836)	(3,878)	(3,175)	(3,853)	(3,849)
Net cash provided by (used in) financing activities	(millions of yen)	(1,724)	12,438	(3,758)	(2,769)	(11,502)
Cash and cash equivalents at the end of period	(millions of yen)	8,479	24,667	23,206	21,430	12,202
Number of employees [In addition, average number of temporary employees]	(persons)	3,538 [973]	3,707 [1,251]	3,641 [1,205]	3,599 [1,434]	3,486 [1,628]

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

2. The Company has applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the 35th term. The key financial data for the 35th term onward reflect the application of the said accounting standard, etc.

(2) Key financial data of the reporting company

Term		32nd term	33rd term	34th term	35th term	36th term
Fiscal year ended		August 31, 2019	August 31, 2020	August 31, 2021	August 31, 2022	August 31, 2023
Net sales and operating revenue	(millions of yen)	40,209	3,761	4,037	4,462	4,874
Ordinary profit (loss)	(millions of yen)	5,485	(1,792)	(559)	989	773
Profit (loss)	(millions of yen)	3,225	(1,844)	(227)	(1,349)	(811)
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)	21,684	13,640	12,245	10,221	9,011
Total assets	(millions of yen)	25,998	36,784	34,202	32,444	20,286
Net assets per share	(yen)	904.40	584.40	524.65	437.94	386.09
Dividends per share [Interim dividend per share]	(yen)	50.00 [–]	25.00 [–]	45.00 [25.00]	17.00 [17.00]	38.00 [13.00]
Earnings (loss) per share	(yen)	134.52	(78.14)	(9.74)	(57.82)	(34.75)
Diluted earnings per share	(yen)	–	–	–	–	–
Equity ratio	(%)	83.4	37.1	35.8	31.5	44.4
Rate of return on equity	(%)	15.6	(10.4)	(1.8)	(12.0)	(8.4)
Price-earnings ratio	(times)	43.64	–	–	–	–
Payout ratio	(%)	37.2	–	–	–	–
Number of employees [In addition, average number of temporary employees]	(persons)	52 [5]	53 [5]	64 [5]	70 [7]	69 [8]
Total shareholder return [Index compared: TOPIX Total Return Index]	(%) (%)	103.7 [89.2]	129.5 [97.9]	127.8 [121.2]	77.1 [124.3]	63.3 [151.7]
Highest stock price	(yen)	7,120	8,040	8,890	8,310	5,090
Lowest stock price	(yen)	5,040	4,960	6,330	3,480	2,909

(Notes) 1. Diluted earnings per share for the 32nd term are not stated because there were no dilutive shares. Diluted earnings per share for the 33rd term to 36th 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 36th 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) on and before April 3, 2022, and prices on the Tokyo Stock Exchange (Prime Market) on and after April 4, 2022.
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 35th term. The key financial data for the 35th term onward 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 32nd term.

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 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

Year / month	Outline
April 2023	Merged JINS BEIJING CO., LTD. into JINS SHANGHAI CO., LTD. through an absorption-type merger
May 2023	Relocated the Tokyo head office to Kanda Nishiki-cho, Chiyoda-ku
June 2023	Made Yamato Technical Co., Ltd. a wholly-owned subsidiary
September 2023	Dissolved Think Lab Inc. and withdrew from its business

3. Description of business

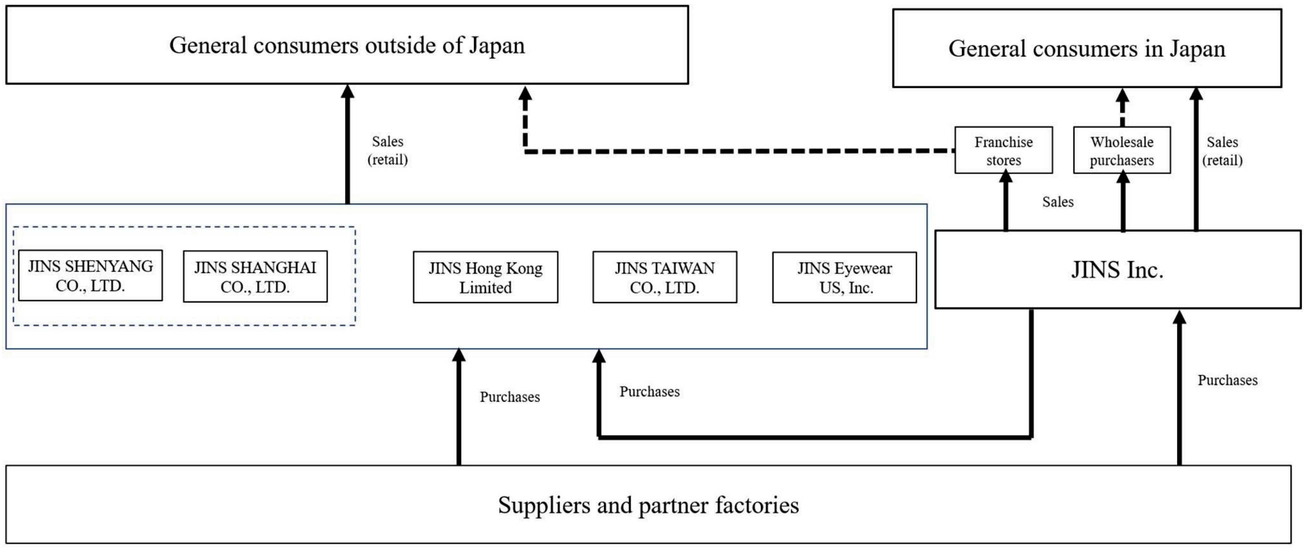
The Group is comprised of JINS HOLDINGS Inc. (the Company), ten consolidated subsidiaries, one affiliate accounted for using the equity method, and two unconsolidated subsidiaries, with the main business being eyewear retailing.

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
	Yamato Technical Co., Ltd.	Unconsolidated subsidiary
Overseas eyewear business	JINS SHENYANG CO., LTD.	Consolidated subsidiary
	JINS SHANGHAI 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
	Fittingbox S.A.	Affiliate accounted for using the equity method
	JINS norma CO., LTD.	Unconsolidated subsidiary

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 two unconsolidated subsidiaries.

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 22,270 thousand	Management of the eyewear business and sales of eyewear in China	100.0 (100.0)	Lending funds, etc.
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)	Lending funds, etc.
JINS CAYMAN Limited (Note 2)	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 (Note 2)	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	100.0	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 349 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	¥56,946 million
	2)	Ordinary profit	¥4,076 million
	3)	Profit	¥2,543 million
	4)	Net assets	¥12,736 million
	5)	Total assets	¥28,325 million

(JINS SHANGHAI CO., LTD.)

Key profit and loss information	1)	Net sales	¥9,008 million
	2)	Ordinary loss	¥(41 million)
	3)	Loss	¥(274 million)
	4)	Net assets	¥1,887 million
	5)	Total assets	¥5,675 million

5. Employees

(1) Information about the group

As of August 31, 2023

Name of segment	Number of employees (persons)
Domestic eyewear business	1,999 [1,500]
Overseas eyewear business	1,418 [120]
Other	69 [8]
Total	3,486 [1,628]

(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.

(2) Information about the reporting company

As of August 31, 2023

Number of employees (persons)	Average age (years old)	Average years in employment (years)	Average annual salary (yen)
69 [8]	42.4	5.8	8,476,582

(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.

(4) Ratio of female workers who are managers, ratio of male workers who have taken childcare leave, and difference in pay between male and female workers

1) Reporting company

The submitting company is not subject to make the information public as defined in the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015) and the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991), and has been omitted.

2) Consolidated subsidiaries

Current fiscal year					
Name	Ratio of female workers who are managers (%) (Note 1, 3)	Ratio of male workers who have taken childcare leave (%) (Note 2, 3)	Difference in pay between male and female workers (%) (Note 1, 3)		
			All workers	Regular permanent workers	Non-regular workers
JINS Inc.	17.4	34.4	68.3	77.0	81.2

(Notes) 1. Calculated pursuant to provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).

2. The ratio of workers taking childcare leave, etc., is calculated under Article 71-4, Item 1 of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991) pursuant to provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991).

3. The figures for the consolidated subsidiaries that are not made public as defined in the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015) and the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991) have been omitted.

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 number of people who need vision correction is increasing as 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 outdoors and increased use of smartphones and tablet devices, and an increase in the number of seniors with higher risk of vision deterioration. In terms of the overall size of the market, although demand had temporarily decreased due to the impact of the novel coronavirus disease (COVID-19), currently there are signs of recovery. 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 the Airframe series, which uses lightweight materials, and JINS PROTECT, to protect eyes from pollen and splashes, 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 optional lenses with diverse functionality at reasonable prices, including JINS SCREEN lenses, which block blue light emitted by computers and smartphones, visible-light photochromic lenses that change color density depending on ultraviolet rays and visible light, and FASHION COLOR LENS, available in a wide variety of colors.

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 highly convenient purchasing experience for customers, such as the introduction of automatic eye exam machines operable by customers on their own with the support of our staff, and installations of PICK UP LOCKERS where customers can collect finished glasses at their own convenience.

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 working from home taking hold and the expansion of non-face-to-face commercial transactions such as delivery businesses since the start of COVID-19.

Amid these changes in the management environment, the Group plans to promote initiatives that incorporate the latest digital technologies and strengthen measures to aimed at 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 improve productivity 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 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 of frames 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 have made Yamato Technical a subsidiary, and aim to expand product manufacturing bases in Japan, the Group's main sales base, 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 digitization

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 will offer a highly convenient purchasing experience that incorporates state-of-the-art digital technologies, including technology from Fittingbox S.A., a French digital eyewear company with which we have a capital and business alliance, 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 improve productivity 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 hire personnel who are well-versed in overseas business and enhance market environment surveys and management control. In addition to this, we will promote hiring global personnel possessing diverse knowledge and skills, and will build new business models tailored to the conditions of each country that are not bound by existing business development 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.

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. Stance and initiatives on sustainability

The Group's stance on sustainability and our initiatives 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) Stance on sustainability

The Group's vision of "Magnify Life" expresses our strong desire to enrich the lives of all people and to provide opportunities for them to do so. In order to realize this vision, we believe that it is necessary to contribute to solving various social issues through our business activities while creating a sustainable society and increasing corporate value. Thus, we have established the sustainability vision, Changing the Future Landscape Through Eyewear, and are proceeding with sustainability as an important management issue.

(2) Governance

The Group's sustainability promotion system is as follows.

The Group is promoting sustainability related initiatives centered on the Sustainability Committee and the Task Force under the Sustainability Committee.

With the CEO as Chairperson and Executive Officers, the Sustainability Committee holds discussions approximately twice a year on formulating corporate strategy with climate change as a major theme over the medium- to long-term and the state of managing the implementation of sustainability measures. In addition, one internal Director has been appointed as the director in charge of sustainability initiatives promotion.

The Board of Directors supervises the Sustainability Committee and monitors the state of progress of targets. During Sustainability Committee discussions, climate change related risks and opportunities, evaluations and countermeasures, targets and the state of progress of the targets are reported approximately twice a year to the Board of Directors, where they are taken into consideration in formulating management policies and business plans.

Meanwhile, the Task Force under the Sustainability Committee, where members from each business have a role, implements practical measures aimed at sustainability promotion and necessary activities, promotes and manages sustainability measures based on material factors decided by the Sustainability Committee and the Board of Directors, and reports to the Sustainability Committee.

(3) Risk management

For the Group's risk management system as a whole, please reference, Item c. in "4. Status of Corporate Governance, etc., (1) Overview of Corporate Governance, 3) Other matters concerning corporate governance."

The Sustainability Committee collects, analyzes, and evaluates information on sustainability-related risks. The Sustainability Committee evaluates the financial impacts and scope of impacts of manifested risks and risks expected to occur in the future, based on worldviews and laws and regulations for each scenario. In addition, climate change related risks and opportunities have been identified as transitional risks (policies, reputation, technology, and market), physical risks (acute and chronic), opportunities (products and services, market, energy source, resource efficiency, and resilience), and the priorities and plans of response (such as mitigation, transfer, control, and acceptance) considering the establishment, magnitude, and period when the financial impacts will occur have been decided. This identification and evaluation process will be periodically reviewed by the Sustainability Committee.

(4) Strategy

As the Group will very likely be impacted by climate change and associated measures from other countries, we have implemented scenario analysis, and are considering countermeasures for any discovered risks and opportunities. With all Executive Officers and members of the Sustainability Task Force playing a central role, this scenario analysis was implemented by working with the Board of Directors and each business department.

The analysis covers the domestic eyewear business (involving the Product Development department, Distribution and Procurement department, and Store Operations department). We have made considerations including the financial impact for 2030 on some items, specifying risks and opportunities that have a likelihood of impacting the Company's businesses for each of the two temperature range scenarios, 1.5/2.0°C and 4°C, considering the characteristics of the regions in which the Company's businesses are located and involved. The worldview and reference scenarios that form the premise for each temperature range of the considerations are as follows.

For countermeasures considered at this time, under the multiple scenarios to minimize risks and maximize opportunities, we strive to strengthen management resilience by incorporating them into the strategy of the whole Company together while aiming to reduce risks and expand opportunities associated with climate change by applying them into the business plans of each business department.

We will take measures such as consideration for climate change and initiatives for the circulation of natural resources, including financial allowances as priority matters, especially since occurrence is expected within a short period of time and the risks and opportunities will have a significant impact. In the future, together with promoting the expansion and refinement of the scope of disclosure of quantitative analysis results, responding to the trends of society, we will periodically review the scenario analysis.

		Evaluation Item	Timeline	1.5°C/2.0°C	Impact	4°C	Impact	JINS Measures
Risks	Transitional	Carbon tax introduction/tighter regulations	Medium term	Increasing costs due to payment of carbon tax for stores, product production factories, and the Head office	Big	No new increasing costs as introducing carbon tax will barely progress	Small	Set Scope 1+2 CO_2 emissions targets
		Tighter regulations on renewable energy and saving energy	Medium term	Increasing costs such as capital investment and operations management aimed at introducing renewable energy in stores and the Head office and promoting saving energy	Medium	No new increasing costs as tightening regulations on renewable energy and saving energy will not progress	Small	•Reduce medium-to long-term energy costs by introducing energy generating equipment such as solar panels •Use subsidies for reductions in greenhouse gas (GHG) emissions from the Ministry of the Environment and the Ministry of Economy, Trade and Industry
		Rising costs to procure raw materials	Medium term	Increasing costs due to the movement from fossil-derived materials to sustainable materials	Medium	Increasing product manufacturing costs due to increasing procurement costs due to increasing demand in fossil-derived materials and surging crude oil prices	Medium	Reduce the amount of fossil-derived materials used
		Alienating ethical consumers	Medium term	Decreasing sales due to delayed ethical product development and risk of a decline in reputation	Big	Demand for ethical products will not grow	Small	Develop products from sustainable materials
	Physical	Extreme weather events	Short term	Negative impacts on store operations due to increasing frequency of damages	Small	Stores suffering from extreme weather events and risking inventory loss due to supply chain interruptions and floods	Small	Evaluate disaster risks where the Company is located and formulate and strengthen BCP based on this evaluation
		Water shortages	Medium to long term	Stop or delay in product manufacturing due to water shortages near outsourced factories	Small	Stop or delay in product manufacturing due to water shortages near outsourced factories	Small	Evaluate water shortage risks of outsourced manufacturing factories and change outsourced sites or support reviewing outsourced sites' BCP based on this evaluation
		Increasing temperature	Short term	Increasing electricity charges due to increased amount of electricity used for air conditioning	Small	Increasing electricity charges due to increased amount of electricity used for air conditioning	Small	Promote saving energy at stores and the Head office
Opportunities		Gaining ethical consumers	Medium term	Increasing sales due to gaining ethical consumers by developing and selling decarbonized products	Big	Demand for ethical products will not grow	Small	Develop products from sustainable materials
		Increasing product demand due to weather change	Short term	Expanding sales due to demand in sunglasses due to increasing daylight hours	Small	Expanding sales due to demand in sunglasses due to increasing daylight hours	Medium	Strengthen product development of frames and lenses

(5) Metrics & targets

The Group has set a target of carbon neutrality by 2050, and has set targets aiming to reduce greenhouse gas emissions (GHG) across the entire value chain in Japan by 30% by 2030 (compared with 2020/SCOPE 1+2), 100% renewable energy at roughly a half of stores in Japan by 2030, and concerning targets to reduce waste, reduce waste at the Head office by 30% (compared with the fiscal year ended August 31, 2019) by 2030, reduce operational waste per store by 30% (compared with the fiscal year ended August 31, 2022), and reuse 30% of fixtures when renovating stores. Especially in the eyewear business, we have set targets of 50% of eyewear sold from sustainable materials and recycling 100% of demo lenses by 2030, and will promote steady initiatives while confirming progress every year. To achieve the targets, for opportunities caused by climate change, financial impacts that bring opportunities have been calculated with proactive initiatives such as preferentially allocating management resources. Past greenhouse gas emissions and data for each target is as follows.

	1.5/2.0°C	4°C
Timeline	2030	2030
Worldview	Bold policies and technological innovations are progressing to restrain an increase in temperature and will keep the increase to within approximately 1.5/2.0°C compared to the Industrial Revolution.	Prioritizing economic activity, without mitigating global warming, there will be a 4°C increase by 2100 compared to the Industrial Revolution.
Reference scenario	IEA: NZE, SDS IPCC: RCP1.9, 2.6, 4.5	IEA: STEPS IPCC: RCP8.5

(6) Human capital and diversity

The Group believes improvement of working environments for employees working at headquarters and stores as well as in the supply chain in planning, manufacture, and sales is an important theme. The Group respects the human rights of all employees, and as we believe that we have a responsibility to ensure their physical and mental health, safety, and security, we are proceeding with initiatives.

With a belief that creating an environment in which diverse employees feel comfortable to work leads to responding to the various eyewear needs, we are implementing various initiatives to promote diversity. Also, the Company revised the base wage for regular employees and in the previous year, the base hourly wage for associate employees (mainly, hourly full-time employees) and part-time employees across the nation to equal the standard level of Tokyo, thereby improving employee treatment and contributing to local economies. We focus on creating an organization and environment for generating new value by internalizing diverse values and ways of thinking through these initiatives and by implementing various efforts with a focus on human capital.

In human resource development, we actively hire mid-career employees as immediate assets and hire new graduates on an ongoing basis, while striving to enhance training systems of all kinds for store staff and headquarter employees according to their capabilities and careers.

We also focus on developing human resources. The efforts include JINS Academy, an internal educational institute established for the purpose of helping employees obtain the qualification of eyeglass manufacturing engineer, a new national license launched in 2022. We also provide assistance to employees who are in charge of training and development, and encourage them to attend optometry schools outside the Company.

	Measure	2030 Target	Results as of August 2023
1	Ratio of female managers	30.0%	18.2%
2	Ratio of foreign national employees in Japan	10.0%	2.3%
3	Ratio of childcare leave taken	100.0% (including males and females)	Male 35.4% / Female 100.0%
4	Ratio of employment of workers with disabilities	150.0% of the statutory minimum	97.4% of the statutory minimum

(Note) The applicable corporations are JINS HOLDINGS Inc. and JINS Inc. for 1 through 3, and JINS HOLDINGS Inc., JINS Inc., and JINS norma CO., LTD. for 4.

3. 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 (the PMD Act)	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 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 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 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. 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.	A BCP plan has been formulated in case of an emergency such as a natural disaster, a large fire, or an act of terrorism, and we have made thorough preparations to quickly collect information and to be ready for a company-wide response in the event of an emergency. In order to minimize damages to business assets and continue or quickly recover the operation of the core business, logistics bases at two locations in Kanto and Kansai regions have been established.

	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. The entire Group is working to transform its business model and reduce the impact in the event of a pandemic. For our head office departments, we have introduced a system for internal and external online meetings and working from home, and have enabled flexible work styles such as staggered work hours.
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 2025. If the Company’s stock price remains at a level lower than the conversion values and the 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 eight overseas consolidated subsidiaries, five 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 monitors 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 appropriately reviewing selling prices while considering the movements of competitors for foreign exchange impacts that cannot be absorbed. 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., along with striving to reduce manufacturing losses and logistics expenses in the supply chain 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. In addition, the Group conducts ongoing group training at the Tokyo head office, 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 closely monitors any changes in the environment related to business operations even after the entry, striving to control risks.
Impairment loss of non-current assets and investment securities	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 there be significant deterioration in the profitability of the store, a need to record an impairment loss of non-current assets related to a particular store will arise. In addition, although we hold investment securities such as contributions to expand business or develop new business, an impairment loss will be recorded in the event of not achieving the profitability expected when the decision to contribute was made, or if profitability or results are not expected. These recordings may have a significant impact on the business results and financial position of the Group.	The Group monitors 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. For investment securities, we work to reduce the risks by continuously monitoring the progress of results, etc., after the contribution.

4. 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, 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 Group took such initiatives as promoting digitization, 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, 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 ¥73,264 million (up 9.5% year-on-year), operating profit of ¥4,847 million (up 46.2% year-on-year), ordinary profit of ¥3,739 million (down 1.3% year-on-year), and profit attributable to owners of parent of ¥1,762 million (up 134.6% year-on-year).

Operating results by segment are as follows.

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).

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).

(b) Financial position

Total assets at the end of the fiscal year under review decreased ¥9,858 million from the end of the previous fiscal year to ¥44,863 million.

Total liabilities at the end of the fiscal year under review decreased ¥11,230 million from the end of the previous fiscal year to ¥23,083 million.

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

2) Cash flows

Cash and cash equivalents as of the end of the fiscal year under review decreased ¥9,227 million from the end of the previous fiscal year to ¥12,202 million. State of each cash flow and factors thereof are as follows.

(a) Cash flows from operating activities

Net cash provided by operating activities increased ¥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 refurnishing 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.

3) Production, orders received, and sales

Because the Group 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 review.

1) Significant accounting policies and estimates

Consolidated financial statements of the Group are prepared based on significant 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 significant 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 ¥73,264 million (up 9.5% year-on-year).

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 directly-managed stores in Japan rose to 473, with a net increase of 9 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 5.3% year-on-year.

In the overseas eyewear business, in China, business performance temporarily recovered immediately after the zero-Covid policy was essentially lifted in early December. Although there was an economic slowdown due to the sluggish real estate market and worsening employment conditions, revenue increased due to a rebound from the impact of COVID-19 in the previous year.

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.

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.

As a result, net sales of the overseas eyewear business increased by 25.9% year-on-year.

(Operating profit)

Operating profit for the fiscal year under review were ¥4,847 million (up 46.2% year-on-year).

In the domestic eyewear business, the cost ratio rose due to recording a loss on valuation of merchandise at the end of the fiscal year, although there was limited impact to the cost of sales as selling prices were changed with the increase in purchase costs due to the depreciation of the yen. As for SG&A expenses, the ratio of SG&A expenses to net sales improved due to reducing advertising expenses, etc., although personnel expenses increased due factors such as the increased number of store openings and revised hourly wages.

In the overseas eyewear business, revenue increased in every country and region due to a rebound from the impact of COVID-

19 in the previous year, and although costs increased, operating profit was significantly improved, and the loss of the previous year improved to profitability.

(Ordinary profit)

Ordinary profit for the fiscal year under review were ¥3,739 million (down 1.3% year-on-year).

This was mainly due to the recording of loss on investments in an equity-method affiliate.

(Profit before income taxes)

Profit before income taxes for the fiscal year under review were ¥2,884 million (up 37.0% year-on-year).

This was mainly due to the recording of impairment loss, etc. The change from the previous year was due to a rebound in extraordinary losses incurred during the previous year.

(Profit attributable to owners of parent)

Profit attributable to owners of parent for the fiscal year under review were ¥1,762 million (up 134.6% year-on-year).

This was mainly due to an increase in profit before income taxes.

Analysis of financial position and cash flows

(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.

(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.

(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.

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, 15 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 ¥1,887 million, long-term borrowings amounted to ¥45 million, and lease obligations amounted to ¥569 million.

5. Material contracts, etc.

Not applicable.

6. 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 ¥60 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 ¥4,985 million.

The breakdown by segment is as follows.

(Domestic eyewear business)

The Group conducted investments totaling ¥3,388 million including leasehold and guarantee deposits for opening 31 new stores and renovating 14 stores, namely JINS mina tenjin Store.

(Overseas eyewear business)

The Group conducted overseas investments totaling ¥1,596 million including leasehold and guarantee deposits for opening 15 new stores and renovating 15 stores.

2. Status of Major Equipment and Facilities

(1) Submitting company

As of August 31, 2023

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	1,121.36	Office	136	0	- (1,806.96)	-	-	137	-
Tokyo head office (Chiyoda-ku, Tokyo)	Other	3,160.83	Office	90	12	-	-	864	967	69
Total		4,282.19	-	227	13	(1,806.96)	-	864	1,104	69

(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.	3	5	1	4

(2) Domestic subsidiaries

JINS Inc.

As of August 31, 2023

Region (location)		Name of segment	Sales floor area (m²)	Details of facilities	Book value (millions of yen)						Number of employees (persons)
					Buildings and structures	Tools, furniture and fixtures	Land (area m²)	Leased assets	Other	Total	
Tokyo head office (Chiyoda-ku, Tokyo)		Domestic eyewear business	–	Office	2	17	-	13	762	795	262
Kashiwa warehouse (Kashiwa-shi, Chiba)		Domestic eyewear business	1,448.60	Plant and office	25	10	-	47	23	106	10
Hokkaido region	15 stores	Domestic eyewear business	2,058.06	Store	313	17	-	-	-	331	51
Tohoku region	33 stores	Domestic eyewear business	4,792.86	Store	562	24	(546.00)	-	-	587	92
Kanto region	204 stores	Domestic eyewear business	25,763.88	Store, etc.	3,396	178	(9,638.52)	29	319	3,923	824
Chubu region	70 stores	Domestic eyewear business	10,152.45	Store Office	1,120	59	(1,040.50)	5	-	1,185	236
Kinki region	67 stores	Domestic eyewear business	8,612.36	Store Office	813	36	(397.00)	-	17	867	251
Chugoku-Shikoku region	36 stores	Domestic eyewear business	5,321.38	Store	588	27	(439.43)	-	-	616	106
Kyushu-Okinawa region	48 stores	Domestic eyewear business	6,816.43	Store Office	875	55	-	3	0	934	167
Total			64,966.02	–	7,699	428	(12,061.45)	98	1,122	9,349	1,999

(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	3,995	5	793	2,251
Interior, furniture, etc.	118	5	14	35
Copiers and office equipment, etc.	2	5	0	1

(3) Overseas subsidiaries

As of August 31, 2023

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 SHANGHAI CO., LTD.	Shanghai, China	Overseas eyewear business	17,284.60	Store Office	550	97	565	81	1,295	945
JINS Hong Kong Limited	Hong Kong SAR, China	Overseas eyewear business	992.51	Store Office	66	31	-	-	97	68
JINS TAIWAN CO., LTD.	Taipei, Taiwan	Overseas eyewear business	5,476.09	Store Office	466	207	-	12	686	352
JINS Eyewear US, Inc.	California, U.S.	Overseas eyewear business	702.42	Store Office	7	7	30	79	125	53
Total			24,455.62	–	1,090	344	596	174	2,205	1,418

(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		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 Soyora Higashi-Kishiwada Store (Kishiwada-shi, Osaka)	Domestic eyewear business	Store	110	99	Self-funding	August 2023	September 2023	Increase in net sales
JINS Yaizu Store (Yaizu-shi, Shizuoka)	Domestic eyewear business	Store	84	30	Self-funding	September 2023	October 2023	Increase in net sales
JINS AEON Kitami Store (Kitami-shi, Hokkaido)	Domestic eyewear business	Store	37	-	Self-funding	September 2023	October 2023	Increase in net sales
JINS Kawajima IC Store (Kawajima-machi, Hiki-gun, Saitama)	Domestic eyewear business	Store	119	36	Self-funding	September 2023	October 2023	Increase in net sales
JINS Soyora Hamamatsu Nishi Iba Store (Naka-ku, Hamamatsu-shi, Shizuoka)	Domestic eyewear business	Store	129	86	Self-funding	September 2023	October 2023	Increase in net sales
JINS AEON Kushiro Store (Kushiro-cho, Kushiro-gun, Hokkaido)	Domestic eyewear business	Store	45	-	Self-funding	October 2023	November 2023	Increase in net sales
JINS S-PULSE DREAM PLAZA Store (Shimizu-ku, Shizuoka-shi, Shizuoka)	Domestic eyewear business	Store	39	5	Self-funding	October 2023	November 2023	Increase in net sales
JINS Tsukuba Miraidaira Store (Tsukuba Mirai-shi, Ibaraki)	Domestic eyewear business	Store	74	6	Self-funding	October 2023	November 2023	Increase in net sales
Three other stores	Domestic eyewear business	Store	111	-	Self-funding	November 2023	December 2023	Increase in net sales
JINS Shanghai Xintiandi Store (Shanghai, China)	Overseas eyewear business	Store	5	5	Self-funding	June 2023	July 2023	Increase in net sales
JINS Beijing Longfor Beiyuan Tianjie Street Store (Beijing, China)	Overseas eyewear business	Store	23	2	Self-funding	August 2023	September 2023	Increase in net sales
JINS Suzhou Izumiya Store (Suzhou, Jiangsu province, China)	Overseas eyewear business	Store	23	0	Self-funding	September 2023	October 2023	Increase in net sales
JINS AEON MALL Wuhan Jiangxia Store (Wuhan, Hubei province, China)	Overseas eyewear business	Store	23	3	Self-funding	October 2023	November 2023	Increase in net sales
JINS AEON MALL Suzhou Wuzhong Store (Suzhou, Jiangsu province, China)	Overseas eyewear business	Store	23	3	Self-funding	October 2023	November 2023	Increase in net sales
JINS Shanghai Zhonghai Universal City MAX Store (Shanghai, China)	Overseas eyewear business	Store	23	2	Self-funding	October 2023	November 2023	Increase in net sales
JINS Xinying Tainan Store (Tainan, Taiwan)	Overseas eyewear business	Store	13	10	Self-funding	June 2023	July 2023	Increase in net sales
JINS Yunlin Douliu Store (Douliu, Yunlin, Taiwan)	Overseas eyewear business	Store	13	11	Self-funding	June 2023	July 2023	Increase in net sales
JINS eslite spectrum Xinban Store (New Taipei City, Taiwan)	Overseas eyewear business	Store	28	25	Self-funding	August 2023	September 2023	Increase in net sales

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 Guangsan SOGO Store (Taichung City, Taiwan)	Overseas eyewear business	Store	29	25	Self-funding	August 2023	September 2023	Increase in net sales
JINS Hanshin Dome Shopping Plaza Store (Kaohsiung, Taiwan)	Overseas eyewear business	Store	28	24	Self-funding	August 2023	September 2023	Increase in net sales
Tokyo head office (Chiyoda-ku, Tokyo)	Domestic eyewear business	System	123	12	Self-funding	–	–	Improvement of operational efficiency, etc.
Tokyo head office (Chiyoda-ku, Tokyo)	Other	Office System	90	15	Self-funding	–	–	Improvement of operational efficiency, etc.
Total		–	1,202	408	–	–	–	–

(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 atre UENO Store (Taito-ku, Tokyo)	Domestic eyewear business	Store	15	-	Self-funding	August 2023	September 2023	Increase in net sales
JINS Ario Fukaya Store (Fukaya-shi, Saitama)	Domestic eyewear business	Store	17	-	Self-funding	August 2023	September 2023	Increase in net sales
JINS Shinjuku SUBNADE Store (Shinjuku-ku, Tokyo)	Domestic eyewear business	Store	5	-	Self-funding	August 2023	September 2023	Increase in net sales
JINS AEON Chitose Store (Chitose-shi, Hokkaido)	Domestic eyewear business	Store	22	-	Self-funding	September 2023	October 2023	Increase in net sales
JINS AEON MALL Kakamigahara Store (Kakamigahara-shi, Gifu)	Domestic eyewear business	Store	45	-	Self-funding	September 2023	October 2023	Increase in net sales
JINS AMU PLAZA KAGOSHIMA Store (Kagoshima-shi, Kagoshima)	Domestic eyewear business	Store	21	-	Self-funding	September 2023	October 2023	Increase in net sales
JINS Shimachu Home’s Sengawa Store (Chofu-shi, Tokyo)	Domestic eyewear business	Store	28	-	Self-funding	October 2023	November 2023	Increase in net sales
JINS SakaeChika Store (Naka-ku, Nagoya-shi, Aichi)	Domestic eyewear business	Store	9	-	Self-funding	November 2023	December 2023	Increase in net sales
Four other stores	Overseas eyewear business	Store	55	7	Self-funding	June 2023	December 2023	Increase in net sales
Total		–	220	7	–	–	–	–

(3) Disposal of major facilities, etc.

The plan to dispose of equipment and facilities as of August 31, 2023 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.

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, 2023)	As of the submission date (shares) (November 29, 2023)	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 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 1,087,311 (Note 1)
Amount to be paid in upon exercise of share acquisition rights (yen)*	9,197 (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: 9,197 Capitalization amount: 4,599 (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)*	10,015

* The contents as of the end of the current fiscal year (August 31, 2023) 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, 2023).

(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, 2023

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)	-	18	23	246	150	107	33,259	33,803	-
Number of shares held (units)	-	24,728	4,283	28,017	34,283	457	147,908	239,676	12,400
Percentage of shares held (%)	-	10.32	1.79	11.69	14.30	0.19	61.71	100.00	-

(Note) 639,866 shares of treasury stock are included as 6,398 units in the item of "Individuals and others" and as 66 shares in the "Status of odd-lot shares."

(6) Status of Major Shareholders

As of August 31, 2023

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	1,470,000	6.30
MARS G.K.	3-1, Kanda Nishiki-cho, Chiyoda-ku, Tokyo	1,200,000	5.14
Jupiter Corporation	3-1, Kanda Nishiki-cho, Chiyoda-ku, Tokyo	600,000	2.57
Venus Corporation	3-1, Kanda Nishiki-cho, Chiyoda-ku, Tokyo	600,000	2.57
Custody Bank of Japan, Ltd. (Trust Account)	8-12 Harumi 1-chome, Chuo-ku, Tokyo	595,500	2.55
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	501,000	2.15
Yutaka Nakamura	Minato-ku, Tokyo	480,000	2.06
Shunichi Katono	Iwaki-shi, Fukushima	346,600	1.48
JP JPMSE LUX RE CITIGROUP GLOBAL MARKETS L EQ CO (Standing Proxy: Transaction Services Division, MUFG Bank, Ltd.)	CITIGROUP CENTRE CANADA SQUARE LONDON - NORTH OF THE THAMES UNITED KINGDOM E14 5LB	333,695	1.43
Total	–	14,230,795	60.97

(Notes) 1. The number of shares held by The Master Trust Bank of Japan, Ltd. of 1,470,000 shares relates to trust operations. These shares include 25,700 shares held in pension trusts, 249,300 shares held in investment trusts, and 1,195,000 shares held in other trusts.

2. The number of shares held by Custody Bank of Japan, Ltd. of 595,500 shares relates to trust operations. These shares include 37,400 shares held in pension trusts, 486,200 shares held in investment trusts, and 71,900 shares held in other trusts.

3. In the change report (share certificates, etc. subject to special rules) made available for public inspection on December 7, 2022, it is stated that FIL Investments (Japan) Limited holds the following shares as of November 30, 2022. However, since the Company is unable to confirm the actual number of shares held by them as of August 31, 2023, 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 (%)
FIL Investments (Japan) Limited	7-7-7 Roppongi, Minato-ku, Tokyo	1,033,500	4.31

4. In the change report (share certificates, etc. subject to special rules) made available for public inspection on February 22, 2023, 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 February 15, 2023. However, since the Company is unable to confirm the actual number of shares held by them as of August 31, 2023, 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	407,645	1.66
Asset Management One Co., Ltd.	8-2 Marunouchi 1-chome, Chiyoda-ku, Tokyo	329,800	1.34
Mizuho International plc	30 Old Bailey, London, EC4M 7AU, United Kingdom	0	0.00
Total	—	737,445	3.00

(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.

5. In the change report (share certificates, etc. subject to special rules) made available for public inspection on May 8, 2023, 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 April 28, 2023. However, since the Company is unable to confirm the actual number of shares held by them as of August 31, 2023, 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	209,855	0.87
Nomura International plc	1 Angel Lane London EC4R 3AB United Kingdom	99,891	0.41
Nomura Asset Management Co., Ltd.	2-1 Toyosu 2-chome, Koto-ku, Tokyo	688,900	2.87
Total	—	998,646	4.10

(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.

6. In the change report made available for public inspection on July 13, 2023, it is stated that Taiyo Pacific Partners LP holds the following shares as of July 6, 2023. However, since the Company is unable to confirm the actual number of shares held by them as of August 31, 2023, they are not included in the above status of major shareholders. The details of the 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	992,400	4.14

(7) Status of Voting Rights

1) Issued Shares

As of August 31, 2023

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 23,327,800	233,278	Number of shares per unit: 100 shares
Odd-lot shares	Common stock 12,400	—	—
Total number of shares issued	23,980,000	—	—
Total voting rights held by shareholders	—	233,278	—

2) Treasury Stock, etc.

As of August 31, 2023

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	51	0
Acquired treasury stock during the current period	—	—

(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, 2023 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	639,866	—	639,866	—

(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, 2023 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 14, 2023	303	13.00
Resolution at the Annual General Meeting of Shareholders on November 29, 2023	583	25.00

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 department in charge of auditing, 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.

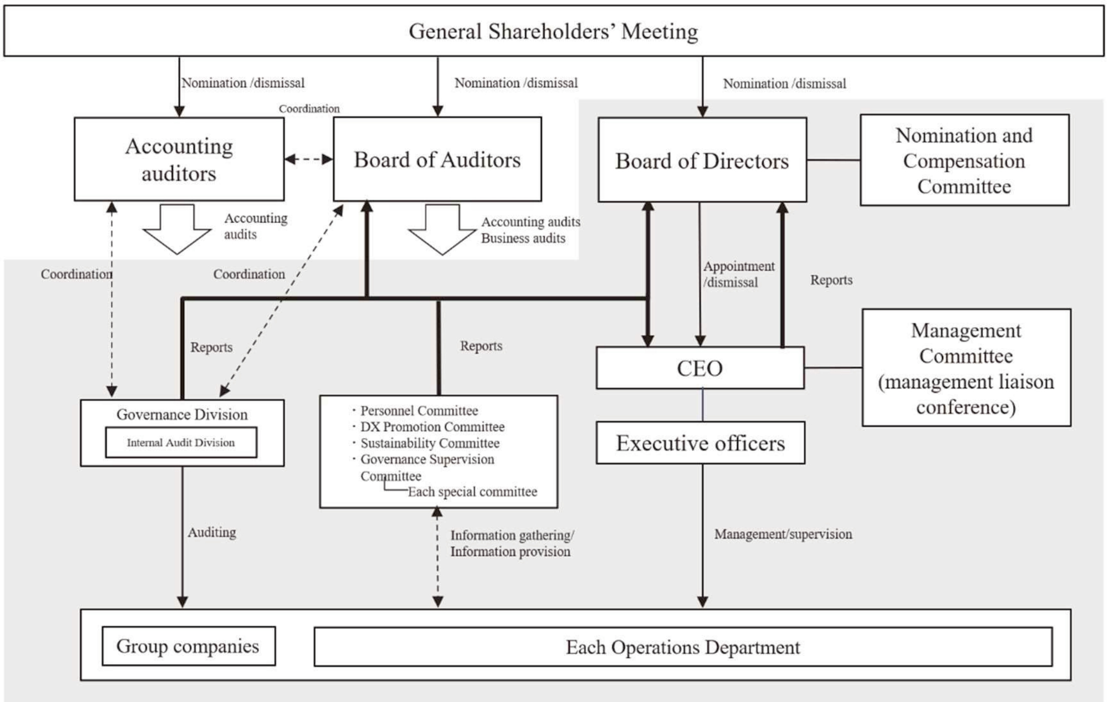
The Company has established the Nomination and Compensation Committee as a discretionary advisory body to the Board of Directors in order to ensure fairness, transparency, and objectivity in the determination of remuneration policies, systems, and remuneration for Directors, as well as the nomination 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.

6) Status of activities of the Board of Directors

Board of Directors meetings were held 15 times in the current fiscal year, and attendance are as follows.

Title and position	Name	Attendance at meetings of the Board of Directors
President and CEO	Hitoshi Tanaka	15/15 (100%)
Director	Yutaka Nakamura	5/5 (100%)
Director	Ryo Tanaka	15/15 (100%)
Outside Director	Noboru Kotani	15/15 (100%)
Outside Director	Jiro Kokuryo	15/15 (100%)
Outside Director	Chiaki Hayashi	15/15 (100%)
Outside Full-time Auditor	Masatoshi Arimura	15/15 (100%)
Outside Auditor	Tsuguya Ota	15/15 (100%)
Outside Auditor	Tetsuya Oi	15/15 (100%)

(Note) Board of Directors meetings were held five times during the tenure of Director Mr. Yutaka Nakamura.

The main matters for discussion at Board of Directors meetings include the business plan, investment to open stores, contributions, reorganization within the Group, revising work regulations, and consideration of donations.

7) Status of activities of the Nomination and Compensation Committee

One Nomination and Compensation Committee meeting was held in the current fiscal year, and attendance are as follows.

Title and position	Name	Attendance at meetings of the Board of Directors
President and CEO	Hitoshi Tanaka	1/1 (100%)
Outside Director	Noboru Kotani	1/1 (100%)
Outside Director	Jiro Kokuryo	1/1 (100%)
Outside Director	Chiaki Hayashi	1/1 (100%)

The main matters for discussion at the Nomination and Compensation Committee meeting include the division of duties for Directors and remuneration, etc. for Directors.

8) Status of meetings of other committees

In the current fiscal year, the Management Committee met 26 times, the Personnel Committee and Sustainability Committee twice, the DX Promotion Committee three times, and the Governance Supervision Committee four times. In addition, the special committees under the Governance Supervision Committee (Compliance Committee, Risk Management Committee, Information Management Committee, Information Security Committee, and Personal Information Committee) each met 12 times.

(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)
President and CEO	Hitoshi Tanaka	January 25, 1963	April 1981	Joined Maebashi Shinkin Bank (currently Shinonome Shinkin Bank)	(Note 5)	8,104,000
			April 1986	Joined Studio Clip Co., Ltd.		
			April 1987	Established Jin Products, a manufacturer and wholesaler of clothing and accessories		
			July 1988	Established JIN Ltd. (currently JINS HOLDINGS Inc.) and assumed the position of President and Representative Director (incumbent)		
			June 2011	President and CEO, Brand New Day Co., Ltd.		
			September 2012	Chairman, JINS SHENYANG CO., LTD. (incumbent)		
			February 2013	Chairman, JINS SHANGHAI CO., LTD. (incumbent)		
			February 2013	Chairman, JINS BEIJING CO., LTD.		
			December 2013	CEO, JINS US Holdings, Inc. (incumbent)		
			May 2015	Representative Director, JINS norma CO., LTD. (incumbent)		
			June 2015	Director, JINS TAIWAN CO., LTD.		
			June 2015	Outside Director, Oisix Inc. (currently Oisix ra daichi Inc.) (incumbent)		
			May 2018	President and CEO, JINS Japan Co., Ltd. (currently JINS Inc.) (incumbent)		
			December 2018	President and CEO, Think Lab Inc.		
			December 2018	Chairman, JINS TAIWAN CO., LTD. (incumbent)		
			March 2019	Outside Director, BALMUDA Inc.		
			June 2021	Outside Director, Japan Communications Inc. (incumbent)		
			October 2022	Outside Director, Mebuku Ground Inc. (incumbent)		
Director	Ryo Tanaka	August 6, 1985	April 2008	Joined Mizuho Bank, Ltd.	(Note 5)	200,000
			March 2011	Joined Brand New Day Inc.		
			September 2012	Division Director, Brand New Day Inc.		
			April 2017	Joined the Company		
			September 2017	General Manager, Brand Management Office, the Company		
			December 2020	Executive Officer (in charge of the domestic eyewear business), the Company (incumbent)		
			November 2021	Director, the Company		
			October 2022	Director, Yamato Technical Co., Ltd. (incumbent)		
			November 2022	Executive Vice President, the Company (incumbent)		
			January 2023	Director, JINS SHANGHAI CO., LTD. (incumbent)		
			January 2023	CFO, JINS US Holdings, Inc. (incumbent)		

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

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 July 2021 October 2022 January 2023	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) Auditor, JINS SHANGHAI CO., LTD. (incumbent) Auditor, Yamato Technical Co., Ltd. (incumbent) Auditor, JINS TAIWAN CO., LTD. (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) Outside 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, President and CEO.
4. The Company introduced the executive officer system on December 1, 2006.
As of the date of submission of this document, there are 11 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 (Managing Executive Officer, Chief Director of Taiwan Business), Mr. Yasuhiro Hayashi (Managing Executive Officer, General Manager of Sales Division), Mr. Mikiya Yamawaki (Executive Officer, General Manager of the Governance Division), Mr. Hiroyuki Kondo (Executive Officer, General Manager of Corporate Planning Division), Mr. Yukinori Arakawa (Executive Officer, General Manager of Administration Division), Mr. Shingo Kobayashi (Executive Officer, General Manager of Human Resources Strategy Division), and Mr. Shinichiro Matsuda (Executive Officer, General Manager of Technology Strategy 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.

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, internal audit reporting meetings, the Governance Supervision Committee meetings, other meetings at various committees, and head office staff meetings. In addition, full-time Auditors hold regular monthly meetings with the Internal Audit Division, such as each team in 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 Governance Supervision Division and Internal Audit Division have been established under the Governance Division, which oversees the improvement of corporate governance for the entire Group, and in addition to supervising risk management and governance for the entire Group, conducts audits of the status of business execution at stores and other organizations based on audit plans. The results of internal audits are reported to the Board of Directors, the Board of Auditors, and the Representative Director.

In addition, the Internal Audit 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.

Follow-ups are undertaken after the improvement instructions to audited departments have carried out in order to ensure the effectiveness of audits. In addition, improvements have been made, such as initiatives to standardize audit quality through systematizing audit procedures and introducing quantitative indicators to selection criteria for stores that are audited.

3) Status of accounting audit

a. Name of auditing firm

Ernst & Young ShinNihon LLC

b. Continuous audit period

20 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

6 certified public accountants and 29 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	51	–	58	–
Consolidated subsidiaries	–	–	–	–
Total	51	–	58	–

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	–	10
Consolidated subsidiaries	3	–	7	–
Total	3	8	7	10

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 for determining the contents of individual remuneration, etc. for Directors)

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 details of the policy for determining the contents of 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 President and CEO 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.

(Reasons the Board of Directors has determined that the contents of individual remuneration, etc. for Directors for the current fiscal year are in line with said policies)

Regarding contents of individual remuneration for Directors for the fiscal year under review, the President and CEO determined the amount of basic remuneration for each Director based on a resolution by the Board of Directors within the scope of recommendations by the Nomination and Compensation Committee which was established by the Board of Directors as an advisory body under the decision-making policies for individual remuneration for Directors stated in Policy for determining the contents of individual remuneration, etc. for Directors. When determining the contents of recommendations, the Nomination and Compensation Committee deliberates on whether such contents are in line with the above policy. Therefore, the Board of Directors has determined that the contents of individual remuneration for Directors for the fiscal year under review are in line with the above decision-making policies.

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

(Remuneration of Auditors)

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 (including three Outside Directors).

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	48	48	–	–

(Note) The total amount of remuneration, etc. for Directors includes that of one Director who retired at the conclusion of the 35th Annual General Meeting of Shareholders held on November 29, 2022.

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 (shares for cross-shareholding) as follows.

(Investment 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.

(Investment shares for purposes other than pure investment)
Shares held through policy for the purpose of maintaining and strengthening transactions, necessary for business activities, in order to contribute to the sustainable growth and enhancement of 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

Although the Company's basic policy is not to own listed shares for the purpose of cross-shareholdings, this does not apply if such cross-shareholdings are deemed necessary for business activities such as maintaining and strengthening transactions contributing to sustainable growth of the Group and enhancement of corporate value.

Also, the Company determines the appropriateness of holding listed shares as cross-shareholdings by annually assessing each individual issue from both qualitative and quantitative aspects. Qualitatively, we assess the necessity of holding from a perspective of the business strategy including transactions such as product development. Quantitatively, we assess the necessity based on the status of unrealized profit or loss and other factors.

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	4	509
Stocks other than unlisted stocks	1	121

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

	Number of issues (issues)	Total acquisition cost of the increase in the number of shares (millions of yen)	Reasons for the increase in the number of shares
Unlisted stocks	2	61	Acquired for the purpose of maintaining and strengthening transactions, necessary for business activities.
Stocks other than unlisted stocks	–	–	–

(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, outline of the business alliance, etc., 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	220,000	Held to stabilize the relationship of joint development.	None
	121	258		

Note: Although it is difficult to describe the quantitative effect of the shareholdings, assessments are made as stated in the above "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."

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	98	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	—	—	4
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, 2022 to August 31, 2023) and non-consolidated financial statements for the fiscal year (from September 1, 2022 to August 31, 2023) 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, 2022)	Consolidated fiscal year under review (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	*1 2,166	*1 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)

	Previous consolidated fiscal year (August 31, 2022)	Consolidated fiscal year under review (August 31, 2023)
Liabilities		
Current liabilities		
Accounts payable – trade	2,535	1,745
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 consolidated statements of comprehensive income

[Consolidated statements of income]

(Millions of yen)

	Previous consolidated fiscal year (from September 1, 2021 to August 31, 2022)	Consolidated fiscal year under review (from September 1, 2022 to August 31, 2023)
Net sales	*1 66,901	*1 73,264
Cost of sales	*2 14,770	*2 17,001
Gross profit	52,131	56,263
Selling, general and administrative expenses	*3, *4 48,815	*3, *4 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	-
Gain on reversal for 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 gains	-	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	*5 177	*5 217
Impairment loss	*6 355	*6 511
Loss on store closings	*7 57	*7 45
Loss due to temporary store closures	*8 298	*8 73
Provision of allowance for office relocation expenses	*9 235	-
Provision of allowance for business structure reform expenses	*10 539	-
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)

	Previous consolidated fiscal year (from September 1, 2021 to August 31, 2022)	Consolidated fiscal year under review (from September 1, 2022 to 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	*1 312	*1 (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

Previous consolidated fiscal year (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)
Change in ownership interest of parent due to transactions with noncontrolling interests					-				-
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

Consolidated fiscal year under review (from September 1, 2022 to August 31, 2023)

(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, 2022	3,202	3,228	18,623	(5,003)	20,051	189	166	355	20,406
Changes during period									
Dividends of surplus			(303)		(303)				(303)
Profit attributable to owners of parent			1,762		1,762				1,762
Purchase of treasury stock				(0)	(0)				(0)
Change in ownership interest of parent due to transactions with noncontrolling interests		(0)			(0)				(0)
Net changes in items other than shareholders' equity						(95)	9	(85)	(85)
Total changes during period	-	(0)	1,458	(0)	1,458	(95)	9	(85)	1,372
BALANCE, AUGUST 31, 2023	3,202	3,228	20,081	(5,003)	21,509	93	175	269	21,779

4) Consolidated statements of cash flows

(Millions of yen)

	Previous consolidated fiscal year (from September 1, 2021 to August 31, 2022)	Consolidated fiscal year under review (from September 1, 2022 to August 31, 2023)
Cash flows from operating activities:		
Profit before income taxes	2,105	2,884
Depreciation and amortization	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	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)

(Millions of yen)

	Previous consolidated fiscal year (from September 1, 2021 to August 31, 2022)	Consolidated fiscal year under review (from September 1, 2022 to August 31, 2023)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(586)	53
Repayments of long-term borrowings	(105)	(159)
Payments from 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 changes on cash and cash equivalents	456	69
Net increase (decrease) in cash and cash equivalents	(1,775)	(9,227)
Cash and cash equivalents at the beginning of period	23,206	21,430
Cash and cash equivalents at the end of period	*1 21,430	*1 12,202

[Notes]

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

1. Scope of consolidation

(1) Number of consolidated subsidiaries 10

Name of consolidated subsidiaries

JINS Inc.

Think Lab Inc.

JINS SHENYANG CO., LTD.

JINS SHANGHAI 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

JINS BEIJING CO., LTD., a consolidated subsidiary of the Company, was dissolved through an absorption-type merger with JINS SHANGHAI CO., LTD. as the surviving company in the current consolidated fiscal year.

(2) Name of unconsolidated subsidiaries

JINS norma CO., LTD.

Yamato Technical 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 major unconsolidated subsidiaries not accounted for using the equity method

JINS norma CO., LTD.

Yamato Technical Co., Ltd.

(Reasons for not accounting for using the equity method)

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 both 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 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.	June 30	(Note 2)
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	5 years	to	50 years
Structures	10 years	to	20 years
Tools, furniture and fixtures	2 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 (mainly 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, 2022)	Consolidated fiscal year under review (August 31, 2023)
Deferred tax assets	1,337	1,520

(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, 2023, 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.

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, 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

Consolidated fiscal year under review (from September 1, 2022 to August 31, 2023)

(Millions of yen)

	Domestic eyewear business	Overseas eyewear business	Total
Property, plant and equipment	8,838	2,030	10,869
Intangible assets	761	249	1,010
Impairment loss	415	96	511

(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.

(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 Accounting Standard Implementation 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 Accounting Standard Implementation Guidance in the future in accordance with the provisional treatment stipulated in Paragraph 27-2 of the Fair Value Measurement Accounting Standard Implementation Guidance. The application of the accounting standard has no impact on the consolidated financial statements.

(Changes in presentation method)

(Consolidated statements of income)

"Commission income" and "Rental income," which were presented separately under "Non-operating income" 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 statements of income for the previous consolidated fiscal year, ¥20 million of "Commission income" and ¥9 million of "Rental Income" presented under "Non-operating income" were reclassified as ¥30 million of "Other."

"Commission expenses," which was presented separately under "Non-operating expenses" 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 statements of income for the previous consolidated fiscal year, ¥23 million of "Commission expenses" presented under "Non-operating expenses" was reclassified as ¥23 million of "Other."

(Changes in accounting estimates)

(Change in estimated asset retirement obligations)

For asset retirement obligations recorded as restoration costs based on real estate lease agreements for stores, the Company made changes to the estimates of the restoration construction expenses and timing for the restoration construction necessary when a store closes in line with the new information it obtained on restoration costs, etc., when a store closes. The ¥759 million amount increase due to the changes in estimates has been added to the balance of asset retirement obligations before the change. The impact to profit and loss is not significant.

(Consolidated balance sheet)

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

	Previous consolidated fiscal year (August 31, 2022)	Consolidated fiscal year under review (August 31, 2023)
Investment securities (equity securities)	¥1,245 million	¥160 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, 2022)	Consolidated fiscal year under review (August 31, 2023)
	¥227 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, 2023 and 2022 were as follows:

(1) Yen-denominated transactions

	Previous consolidated fiscal year (August 31, 2022)	Consolidated fiscal year under review (August 31, 2023)
Total amount of overdraft limit	¥10,800 million	¥10,800 million
Outstanding borrowings	-	-
Unused balance	¥10,800 million	¥10,800 million

(2) Foreign currency-denominated transactions

Chinese Yuan

	Previous consolidated fiscal year (August 31, 2022)		Consolidated fiscal year under review (August 31, 2023)	
Total amount of overdraft limit	¥2,404 million	(CH¥ 120 million)	¥2,403 million	(CH¥ 120 million)
Outstanding borrowings	¥2,014 million	(CH¥ 100 million)	¥1,840 million	(CH¥ 91 million)
Unused balance	¥389 million	(CH¥ 19 million)	¥562 million	(CH¥ 28 million)

HK Dollar

	Previous consolidated fiscal year (August 31, 2022)		Consolidated fiscal year under review (August 31, 2023)	
Total amount of overdraft limit	¥441 million	(HKD 25 million)	¥279 million	(HKD 15 million)
Outstanding borrowings	¥72 million	(HKD 4 million)	¥55 million	(HKD 3 million)
Unused balance	¥369 million	(HKD 20 million)	¥223 million	(HKD 12 million)

New Taiwan Dollar

	Previous consolidated fiscal year (August 31, 2022)		Consolidated fiscal year under review (August 31, 2023)	
Total amount of overdraft limit	¥59 million	(NTD 13 million)	¥59 million	(NTD 13 million)
Outstanding borrowings	-	(NTD -)	-	(NTD -)
Unused balance	¥59 million	(NTD 13 million)	¥59 million	(NTD 13 million)

4. Commitment agreements

Loan commitment agreements

On August 26, 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.

	Previous consolidated fiscal year (August 31, 2022)	Consolidated fiscal year under review (August 31, 2023)
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

5. Financial covenants

Previous consolidated fiscal year (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 fiscal year under review (August 31, 2023)

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 26, 2022

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 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, 2021 to August 31, 2022)	Consolidated fiscal year under review (from September 1, 2022 to August 31, 2023)
¥403 million	¥1,088 million

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

	Previous consolidated fiscal year (from September 1, 2021 to August 31, 2022)	Consolidated fiscal year under review (from September 1, 2022 to August 31, 2023)
Salaries and allowances	¥14,707 million	¥15,164 million
Rent expenses on land and buildings	¥11,492 million	¥11,973 million
Advertising expenses	¥3,176 million	¥2,629 million
Depreciation and amortization	¥2,950 million	¥2,918 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, 2021 to August 31, 2022)	Consolidated fiscal year under review (from September 1, 2022 to August 31, 2023)
	¥167 million	¥60 million

*5. Loss on retirement of non-current assets

	Previous consolidated fiscal year (from September 1, 2021 to August 31, 2022)	Consolidated fiscal year under review (from September 1, 2022 to August 31, 2023)
Buildings and structures	¥83 million	¥141 million
Tools, furniture and fixtures	¥2 million	¥25 million
Software	¥57 million	¥0 million
Demolition and removal expenses, etc.	¥34 million	¥51 million
Total	¥177 million	¥217 million

*6. Impairment loss

The Group recorded impairment loss as follows:

Previous consolidated fiscal year (from September 1, 2021 to August 31, 2022)

Usage	Type of asset	Location	Impairment loss (Millions of yen)
Stores, etc.	Buildings and other assets	Japan	191
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

Consolidated fiscal year under review (from September 1, 2022 to August 31, 2023)

Usage	Type of asset	Location	Impairment loss (Millions of yen)
Business assets	Software and others	Japan	209
Stores	Buildings and other assets	Japan	205
Stores	Buildings and other assets	China	54
Stores	Leased assets	Taiwan	35
Stores, etc.	Furniture, fixtures and others	United States	6
Total			511

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 applied discount rate when calculating the value in use is 3.5%.

The details of impairment loss were as follows:

Buildings and structures	¥160	million
Software	¥174	million
Other	¥177	million
Total	¥511	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, 2021 to August 31, 2022)	Consolidated fiscal year under review (from September 1, 2022 to August 31, 2023)
Loss on retirement of non-current assets	¥56 million	¥27 million
Demolition and removal expenses, etc.	¥0 million	¥17 million
Total	¥57 million	¥45 million

*8. Loss due to temporary store closures

Previous consolidated fiscal year (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.

Consolidated fiscal year under review (from September 1, 2022 to August 31, 2023)

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 ¥73 million, which includes rent expenses on land and buildings during the store closing periods for the fiscal year ended August 31, 2023.

*9. Provision of allowance for office relocation expenses

Previous consolidated fiscal year (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.

Consolidated fiscal year under review (from September 1, 2022 to August 31, 2023)

Not applicable.

*10. Provision of allowance for business structure reform expenses

Previous consolidated fiscal year (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 fiscal year under review (from September 1, 2022 to August 31, 2023)

Not applicable.

(Consolidated statements of comprehensive income)

*1. Reclassification adjustments and amount of tax effect relating to other comprehensive income

	Previous consolidated fiscal year (from September 1, 2021 to August 31, 2022)	Consolidated fiscal year under review (from September 1, 2022 to August 31, 2023)
Valuation difference on available-for-sale securities:		
Gains (losses) arising during the year	¥256 million	¥(137 million)
Reclassification adjustments	¥- million	¥- million
Before tax effect adjustment	¥256 million	¥(137 million)
Amount of tax effect	¥(67 million)	¥42 million
Valuation difference on available-for-sale securities	¥189 million	¥(95 million)
Foreign currency translation adjustment:		
Gains (losses) arising during the year	¥32 million	¥(4 million)
Share of other comprehensive income of entities accounted for using equity method:		
Gains (losses) arising during the year	¥90 million	¥14 million
Reclassification adjustments	¥- million	¥(0 million)
Share of other comprehensive income of entities accounted for using equity method	¥90 million	¥13 million
Total other comprehensive income	¥312 million	¥(85 million)

(Consolidated statements of changes in net assets)

Previous consolidated fiscal year (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 fiscal year under review (from September 1, 2022 to August 31, 2023)

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

Class of shares	September 1, 2022	Increase	Decrease	August 31, 2023
Shares issued: Common stock (shares)	23,980,000	-	-	23,980,000
Treasury stock Common stock (shares)	639,815	51	-	639,866

(Outline of the cause for changes)

Increase due to buybacks of odd-lot shares 51 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
Board of Directors meeting held on April 14, 2023	Common stock	303	13.00	February 28, 2023	May 12, 2023

(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 29, 2023	Common stock	Retained earnings	583	25.00	August 31, 2023	November 30, 2023

(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, 2023 and 2022 was as follows:

	Previous consolidated fiscal year (from September 1, 2021 to August 31, 2022)	Consolidated fiscal year under review (from September 1, 2022 to August 31, 2023)
Cash and deposits	¥21,430 million	¥12,202 million
Time deposits with maturities over three months, etc.	-	-
Cash and cash equivalents	¥21,430 million	¥12,202 million

2. Details of important non-financial transactions

The recorded amounts of significant asset retirement obligations are as follows.

	Previous consolidated fiscal year (from September 1, 2021 to August 31, 2022)	Consolidated fiscal year under review (from September 1, 2022 to August 31, 2023)
Asset retirement obligations	¥114 million	¥821 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, 2022)	Consolidated fiscal year under review (August 31, 2023)
Due within one year	¥3,528 million	¥3,032 million
Due over one year	¥3,125 million	¥3,352 million
Total	¥6,654 million	¥6,384 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, 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	Previous consolidated fiscal year (Millions of Yen)
Unlisted stocks, etc.	1,908

Consolidated fiscal year under review (August 31, 2023)

	Book value (Millions of Yen)	Fair value (Millions of Yen)	Difference (Millions of Yen)
(1) Investment securities	121	121	-
Available-for-sale securities	121	121	-
(2) Leasehold and guarantee deposits (Note 2)	3,169	2,930	(238)
Total	3,291	3,052	(238)
(1) Convertible bond-type bonds with share acquisition rights	10,015	9,882	(132)
(2) Long-term borrowings	45	45	0
(3) Lease obligations	569	590	21
Total	10,629	10,518	(111)

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.	891

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

Previous consolidated fiscal year (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

Consolidated fiscal year under review (August 31, 2023)

	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	11,983	-	-	-
Accounts receivable – trade	5,059	-	-	-
Leasehold and guarantee deposits	781	1,314	895	178
Total	17,824	1,314	895	178

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, 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)	Due after five years (Millions of Yen)
Short-term borrowings	1,869	-	-	-	-	-
Convertible bond-type bonds with share acquisition rights	10,000	-	10,000	-	-	-
Long-term borrowings	70	32	10	88	-	-
Lease obligations	370	202	89	17	8	-
Interest-bearing debt (installment payables)	575	410	216	104	20	-
Total	12,885	645	10,316	210	28	-

Consolidated fiscal year under review (August 31, 2023)

	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)	Due after five years (Millions of Yen)
Short-term borrowings	1,887	-	-	-	-	-
Convertible bond-type bonds with share acquisition rights	-	10,000	-	-	-	-
Long-term borrowings	33	11	-	-	-	-
Lease obligations	353	105	76	25	8	-
Interest-bearing debt (installment payables)	480	298	145	31	2	-
Total	2,755	10,415	221	56	11	-

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

Previous consolidated fiscal year (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

Consolidated fiscal year under review (August 31, 2023)

Category	Fair value (Millions of Yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Stocks	121	-	-	121
Total assets	121	-	-	121

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

Previous consolidated fiscal year (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

Consolidated fiscal year under review (August 31, 2023)

Category	Fair value (Millions of Yen)			
	Level 1	Level 2	Level 3	Total
Leasehold and guarantee deposits	-	2,930	-	2,930
Total assets	-	2,930	-	2,930
Convertible bond-type bonds with share acquisition rights	-	9,882	-	9,882
Long-term borrowings	-	45	-	45
Lease obligations	-	590	-	590
Total liabilities	-	10,518	-	10,518

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 (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

Consolidated fiscal year under review (August 31, 2023)

	Book value (Millions of Yen)	Acquisition cost (Millions of Yen)	Difference (Millions of Yen)
Securities whose book value exceeds the acquisition cost			
Stocks	121	2	118
Subtotal	121	2	118
Securities whose book value does not exceed the acquisition cost			
Stocks	-	-	-
Subtotal	-	-	-
Total	121	2	118

(Derivatives)

Not applicable.

(Employees' severance and retirement benefits)

Previous consolidated fiscal year (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

Consolidated fiscal year under review (from September 1, 2022 to August 31, 2023)

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 ¥37 million

(Stock options)

Not applicable.

(Tax effect accounting)

1. The significant components of deferred tax assets and liabilities

	Previous consolidated fiscal year (August 31, 2022)	Consolidated fiscal year under review (August 31, 2023)
Deferred tax assets		
Tax loss carryforwards (Note 2)	¥1,991 million	¥2,277 million
Accrued enterprise taxes, not deducted	¥73 million	¥70 million
Loss on valuation of inventories, not deducted	¥143 million	¥364 million
Impairment loss	¥444 million	¥302 million
Asset retirement obligations	¥395 million	¥584 million
Other	¥376 million	¥400 million
Subtotal	¥3,425 million	¥4,000 million
Valuation allowance for tax loss carryforwards (Note 2)	¥(1,508 million)	¥(1,867 million)
Valuation allowance for deductible temporary differences	¥(353 million)	¥(230 million)
Valuation allowance subtotal (Note 1)	¥(1,862 million)	¥(2,098 million)
Total deferred tax assets	¥1,563 million	¥1,901 million
Deferred tax liabilities		
Asset retirement obligations	¥(43 million)	¥(247 million)
Valuation difference on available-for-sale securities	¥(67 million)	¥(25 million)
Other	¥(115 million)	¥(108 million)
Total deferred tax liabilities	¥(225 million)	¥(380 million)
Net deferred tax assets	¥1,337 million	¥1,520 million

Notes: 1. Valuation allowance increased by ¥236 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, 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.

Consolidated fiscal year under review (August 31, 2023)

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)	-	-	-	231	-	2,045	¥2,277 million
Valuation allowance	-	-	-	(231)	-	(1,636)	¥(1,867 million)
Deferred tax assets	-	-	-	-	-	409	(b) ¥409 million

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

(b) Deferred tax assets of ¥409 million were recorded on tax loss carryforwards of ¥2,277 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, 2022)	Consolidated fiscal year under review (August 31, 2023)
Statutory tax rate	30.62%	30.62%
(Reconciliation)		
Inhabitant tax on per capita basis	3.24%	2.45%
Permanent difference due to non-deductible expenses such as entertainment expenses	0.59%	0.51%
Tax credit	(0.90)%	(6.40)%
Share of loss (gain) of entities accounted for using equity method	1.33%	11.77%
Difference in tax rates of consolidated subsidiaries	3.02%	(1.89)%
Valuation allowance	27.19%	8.19%
Temporary differences with investments in subsidiaries	-%	(4.77)%
Other, net	(0.76)%	(1.57)%
Effective tax rate after tax effect	64.33%	38.91%

(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 20 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, 2021 to August 31, 2022)	Consolidated fiscal year under review (from September 1, 2022 to August 31, 2023)
Balance at the beginning of the year	¥528 million	¥621 million
Increase due to acquisition of property, plant and equipment, etc.	¥54 million	¥61 million
Unwind of discounts	¥5 million	¥4 million
Increase/decrease due to changes in estimates	¥59 million	¥759 million
Decrease due to settlement of asset retirement obligations	¥(26 million)	¥(377 million)
Balance at the end of the year	¥621 million	¥1,070 million

(4) Changes in estimated amounts of asset retirement obligations

For asset retirement obligations recorded as restoration costs based on real estate lease agreements for stores, the Company made changes to the estimates of the restoration construction expenses and timing for the restoration construction necessary when a store closes in line with the new information it obtained on restoration costs, etc., when a store closes. The ¥759 million amount increase due to the changes in estimates has been added to the balance of asset retirement obligations before the change. The impact to profit and loss is not significant.

(Real estate for rent)

Previous consolidated fiscal year (from September 1, 2021 to August 31, 2022)

Omitted due to immateriality.

Consolidated fiscal year under review (from September 1, 2022 to August 31, 2023)

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

Previous consolidated fiscal year (from September 1, 2021 to August 31, 2022)

(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.

Consolidated fiscal year under review (from September 1, 2022 to August 31, 2023)

(1) Balance of contract liabilities, etc.

(Millions of Yen)

	Consolidated fiscal year under review
Contract liabilities (beginning balance)	350
Contract liabilities (ending balance)	514

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, 2023 that was included in the contract liability balance at the beginning of the fiscal year was ¥350 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.

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

Previous consolidated fiscal year (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 is reconciled to operating profit in the consolidated statements of income.

Consolidated fiscal year under review (from September 1, 2022 to 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 and amortization	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 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.

[Related information]

Previous consolidated fiscal year (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.

Consolidated fiscal year under review (from September 1, 2022 to August 31, 2023)

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
56,144	8,879	8,240	73,264

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
9,091	1,214	816	11,122

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, 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

Consolidated fiscal year under review (from September 1, 2022 to August 31, 2023)

(Millions of yen)

	Reportable segment			Corporate/ Elimination	Total
	Domestic eyewear business	Overseas eyewear business	Total		
Impairment loss	415	96	511	-	511

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

Previous consolidated fiscal year (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	-	-	-	-	-

Consolidated fiscal year under review (from September 1, 2022 to August 31, 2023)

Not applicable.

[Information about gain on negative goodwill by reportable segment]

Not applicable.

[Related party transactions]

Previous consolidated fiscal year (from September 1, 2021 to August 31, 2022)

Omitted due to immateriality.

Consolidated fiscal year under review (from September 1, 2022 to August 31, 2023)

Omitted due to immateriality.

(Per Share Information)

Items	Previous consolidated fiscal year (from September 1, 2021 to August 31, 2022)	Consolidated fiscal year under review (from September 1, 2022 to August 31, 2023)
Net assets per share	¥874.33	¥933.14
Basic earnings per share	¥32.17	¥75.50
Diluted earnings per share	¥27.37	¥69.42

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

Items	Previous consolidated fiscal year (from September 1, 2021 to August 31, 2022)	Consolidated fiscal year under review (from September 1, 2022 to August 31, 2023)
Basic 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
Adjustments to profit attributable to owners of parent (millions of yen)	(53)	(30)
[of which, interest income (after tax effect)] (millions of yen)	[(53)]	[(30)]
Increase in number of shares of common stock (shares)	2,156,660	1,610,792
[of which, convertible bond-type bonds with share acquisition rights]	[2,156,660]	[1,610,792]
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, 2022 (Millions of yen)	August 31, 2023 (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	10,033	—	—	None	February 28, 2023
JINS HOLDINGS Inc.	Euro yen denominated convertible bond-type bonds with share acquisition rights due 2025	February 28, 2020	10,025	10,015	—	None	February 28, 2025
Total	-	-	20,058	10,015	—	—	—

Note: 1. 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	9,197
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.

2. Annual maturities, excluding current portion, of bonds as of August 31, 2023:

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	-	-	-

[Annexed consolidated detailed schedule of borrowings]

Classification	September 1, 2022 (Millions of yen)	August 31, 2023 (Millions of yen)	Average interest rate (%)	Due date
Short-term borrowings	1,869	1,887	4.25	-
Current portion of long-term borrowings	70	33	2.80	-
Current portion of lease obligations	370	353	3.79	-
Current portion of interest-bearing debt: Installment payables (due in one year or less)	575	480	2.77	-
Long-term borrowings (excluding current portion)	131	11	3.95	September 2024 to December 2024
Lease obligations (excluding current portion)	317	215	3.28	September 2024 to April 2029
Interest-bearing debt (excluding current portion): Installment payables (due after one year)	752	478	2.09	September 2024 to May 2028
Total	4,087	3,461	-	-

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, 2023 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	11	-	-	-
Lease obligations	105	76	25	8
Interest-bearing debt (installment payables)	298	145	31	2

[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)	17,051	34,556	53,562	73,264
Profit before income taxes	(Millions of yen)	613	1,365	3,364	2,884
Profit attributable to owners of parent	(Millions of yen)	376	772	2,151	1,762
Earnings per share	(Yen)	16.13	33.11	92.18	75.50

(Accounting period)		First quarter	Second quarter	Third quarter	Fourth quarter
Earnings (loss) per share	(Yen)	16.13	16.98	59.07	(16.69)

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, 2022)	Fiscal year under review (as of August 31, 2023)
Assets		
Current assets		
Cash and deposits	13,377	4,000
Prepaid expenses	190	155
Short-term loans receivable from subsidiaries and associates	*1 1,880	*1 2,600
Accounts receivable from subsidiaries and associates - other	*1 443	*1 760
Other	*1 100	*1 161
Allowance for doubtful accounts	(385)	(449)
Total current assets	15,606	7,228
Non-current assets		
Property, plant and equipment		
Buildings	257	225
Structures	0	2
Tools, furniture and fixtures	14	13
Construction in progress	5	12
Total property, plant and equipment	278	252
Intangible assets		
Software	968	864
Software in progress	64	116
Total intangible assets	1,032	981
Investments and other assets		
Investment securities	921	851
Shares of subsidiaries and associates	5,068	3,573
Long-term loans receivable from subsidiaries and associates	*1 7,860	*1 6,380
Deferred tax assets	809	816
Leasehold and guarantee deposits	860	199
Other	5	2
Total investments and other assets	15,526	11,824
Total non-current assets	16,837	13,058
Total assets	32,444	20,286

(Millions of yen)

	Previous fiscal year (August 31, 2022)	Fiscal year under review (August 31, 2023)
Liabilities		
Current liabilities		
Convertible bond-type bonds with share acquisition rights	10,033	-
Current portion of long-term borrowings	21	11
Accounts payable – other	*1 845	*1 870
Accrued expenses	133	90
Income taxes payable	170	-
Accrued consumption taxes	17	19
Provision for bonuses	13	10
Allowance for office relocation expenses	235	-
Asset retirement obligations	263	-
Other	20	19
Total current liabilities	11,754	1,022
Non-current liabilities		
Convertible bond-type bonds with share acquisition rights	10,025	10,015
Long-term borrowings	11	-
Long-term accounts payable – other	422	228
Other	9	9
Total non-current liabilities	10,467	10,252
Total liabilities	22,222	11,275
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	8,585	7,470
Total retained earnings	8,653	7,538
Treasury stock	(5,003)	(5,003)
Total shareholders' equity	10,032	8,917
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	189	93
Total valuation and translation adjustments	189	93
Total net assets	10,221	9,011
Total liabilities and net assets	32,444	20,286

2) Non-consolidated statements of income

(Millions of yen)

	Previous fiscal year (from September 1, 2021 to August 31, 2022)	Fiscal year under review (from September 1, 2022 to August 31, 2023)
Operating revenue	*1 4,462	*1 4,874
Operating expenses	*1, *2 4,238	*1, *2 4,183
Operating profit	223	690
Non-operating income		
Interest income	*1 184	*1 129
Foreign exchange gains	664	25
Other	*1 7	7
Total non-operating income	856	162
Non-operating expenses		
Interest expenses	6	5
Commission expenses	20	2
Loss on investments in investment partnerships	8	8
Provision of allowance for doubtful accounts	53	64
Other	-	0
Total non-operating expenses	89	79
Ordinary profit	989	773
Extraordinary losses		
Loss on retirement of non-current assets	17	6
Loss on valuation of shares of subsidiaries and associates	1,915	1,506
Provision of allowance for office relocation expenses	*3 235	-
Other	-	4
Total extraordinary losses	2,168	1,517
Loss before income taxes	(1,179)	(743)
Income taxes – current	174	31
Income taxes – deferred	(3)	35
Total income taxes	170	67
Loss	(1,349)	(811)

3) Non-consolidated statements of changes in net assets

Previous fiscal year (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

Fiscal year under review (from September 1, 2022 to August 31, 2023)

(Millions of yen)

	Shareholders' equity			
	Common stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
BALANCE, SEPTEMBER 1, 2022	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, 2023	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, 2022	8	60	8,585	8,653	(5,003)	10,032	189	189	10,221
Changes during period									
Dividends of surplus			(303)	(303)		(303)			(303)
Loss			(811)	(811)		(811)			(811)
Purchase of treasury stock					(0)	(0)			(0)
Net changes in items other than shareholders' equity							(95)	(95)	(95)
Total changes during period	-	-	(1,114)	(1,114)	(0)	(1,114)	(95)	(95)	(1,210)
BALANCE, AUGUST 31, 2023	8	60	7,470	7,538	(5,003)	8,917	93	93	9,011

[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	2 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 important 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 mainly 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, 2022)	Fiscal year under review (August 31, 2023)
Deferred tax assets	809	816

(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 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 Accounting Standard Implementation Guidance") from the beginning of the fiscal year under review. Accordingly, the Company will apply new accounting policies prescribed in the Fair Value Measurement Accounting Standard Implementation Guidance in the future in accordance with the provisional treatment stipulated in Paragraph 27-2 of the Fair Value Measurement Accounting Standard Implementation Guidance.

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

(Changes in presentation method)

(Non-consolidated balance sheet)

"Accounts receivable from subsidiaries and associates - other," included in "Other" of "Current assets" in the previous fiscal year, is presented separately from the fiscal year under review due to its increased 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, ¥443 million presented under "Other" of "Current assets" in the non-consolidated balance sheet for the previous fiscal year was reclassified as ¥443 million of "Accounts receivable from subsidiaries and associates - other."

"Long-term prepaid expenses," which was presented separately under "Investments and other 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, ¥5 million of "Long-term prepaid expenses" presented under "Investments and other assets" was reclassified as ¥5 million of "Other."

(Non-consolidated statements of income)

"Loss on investments in investment partnerships," included in "Other" of "Non-operating expenses" in the previous fiscal year, is presented separately from the fiscal year under review due to its increased 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 statements of income for the previous consolidated fiscal year, ¥8 million presented under Other" of "Non-operating expenses" was reclassified as ¥8 million of "Loss on investments in investment partnerships."

(Non-consolidated balance sheet)

*1. Monetary claims and obligations to affiliates

	Previous fiscal year (August 31, 2022)	Fiscal year under review (August 31, 2023)
Short-term monetary claims	¥2,421 million	¥3,447 million
Long-term monetary claims	¥7,860 million	¥6,380 million
Short-term monetary obligations	¥69 million	¥40 million

2. Liability on guarantees

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

	Previous fiscal year (August 31, 2022)	Fiscal year under review (August 31, 2023)
JINS SHANGHAI CO., LTD.	¥2,625 million	¥2,357 million
JINS Hong Kong Limited	¥104 million	¥174 million
JINS Eyewear US, Inc.	¥228 million	¥82 million
JINS TAIWAN CO., LTD.	¥112 million	¥46 million
JINS SHENYANG CO., LTD.	¥6 million	¥- million
Total	¥3,076 million	¥2,661 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, 2023 and 2022 were as follows:

	Previous fiscal year (August 31, 2022)	Fiscal year under review (August 31, 2023)
Total amount of overdraft limit	¥10,800 million	¥10,800 million
Outstanding borrowings	-	-
Unused balance	¥10,800 million	¥10,800 million

4. Commitment agreements

Loan commitment agreements

On August 26, 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.

	Previous fiscal year (August 31, 2022)	Fiscal year under review (August 31, 2023)
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

5. Financial covenants

Previous fiscal year (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.

Fiscal year under review (August 31, 2023)

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 26, 2022

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.

(Non-consolidated statements of income)

*1. Transactions with affiliates

	Previous fiscal year (from September 1, 2021 to August 31, 2022)	Fiscal year under review (from September 1, 2022 to August 31, 2023)
Operating revenue	¥4,462 million	¥4,874 million
Operating expenses	¥30 million	¥30 million
Transactions other than business transactions	¥107 million	¥85 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, 2021 to August 31, 2022)	Fiscal year under review (from September 1, 2022 to August 31, 2023)
Salaries and allowances	¥483 million	¥554 million
Rent expenses on land and buildings	¥790 million	¥590 million
Advertising expenses	¥54 million	¥43 million
Depreciation and amortization	¥542 million	¥513 million
Commission expenses	¥1,642 million	¥1,658 million

*3. Provision of allowance for office relocation expenses

Previous fiscal year (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.

Fiscal year under review (from September 1, 2022 to August 31, 2023)

Not applicable.

(Securities)

Fair value of shares in subsidiaries and affiliates (the amount recorded in the balance sheet was ¥3,573 million of shares of subsidiaries and associates for the fiscal year under review and ¥5,068 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, 2022)	Fiscal year under review (August 31, 2023)
Deferred tax assets		
Loss on valuation of shares of subsidiaries and associate	¥1,773 million	¥2,234 million
Tax loss carryforwards	¥389 million	¥401 million
Shares of subsidiaries and associates	¥297 million	¥297 million
Allowance for doubtful accounts	¥117 million	¥137 million
Accrued enterprise taxes, not deducted	¥15 million	-
Other	¥266 million	¥72 million
Subtotal	¥2,860 million	¥3,143 million
Valuation allowance	¥(1,958 million)	¥(2,292 million)
Total deferred tax assets	¥901 million	¥851 million
Deferred tax liabilities		
Valuation difference on available-for-sale securities	¥(67 million)	(¥25 million)
Other	¥(24 million)	(¥9 million)
Total deferred tax liabilities	¥(91 million)	(¥35 million)
Net deferred tax assets	¥809 million	¥816 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	1,052	89	776	366	140	123	225
Structures	4	1	-	6	4	0	2
Tools, furniture and fixtures	121	8	85	44	31	4	13
Leased assets	53	-	36	16	16	-	-
Construction in progress	5	119	112	12	-	-	12
Total	1,236	219	1,010	445	193	127	252
Intangible assets							
Trademark right	8	-	-	8	8	-	-
Software	1,996	469	-	2,465	1,601	386	864
Software in progress	64	569	516	116	-	-	116
Patent right	0	-	-	0	0	-	-
Leased assets	87	-	-	87	87	-	-
Total	2,156	1,038	516	2,678	1,697	386	981

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

Software	Development of a business system, etc.	¥469 million
Software in progress	Preparation for introducing a system, etc.	¥569 million

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

Buildings	Disposal due to relocation of the Tokyo head office	¥776 million
Software in progress	Transfer due to completion of a business system, etc.	¥516 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	385	64	-	449
Provision for bonuses	13	10	13	10
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 (35th term) (From September 1, 2021 to August 31, 2022) Submitted to the Director-General of the Kanto Local Finance Bureau on November 29, 2022.

(2) Internal control report and its attached documents

Submitted to the Director-General of the Kanto Local Finance Bureau on November 29, 2022.

(3) Quarterly report and a confirmation letter

(First quarter of the 36th term) (From September 1, 2022 to November 30, 2022) Submitted to the Director-General of the Kanto Local Finance Bureau on January 12, 2023.

(Second quarter of the 36th term) (From December 1, 2022 to February 28, 2023) Submitted to the Director-General of the Kanto Local Finance Bureau on April 14, 2023.

(Third quarter of the 36th term) (From March 1, 2023 to May 31, 2023) Submitted to the Director-General of the Kanto Local Finance Bureau on July 14, 2023.

(4) Extraordinary report

Submitted to the Director-General of the Kanto Local Finance Bureau on November 30, 2022.

This is an extraordinary report based on Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9-2 (Results of Exercise of Voting Rights at General Meetings of Shareholders) of the Cabinet Office Order on Disclosure of Corporate Affairs.

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

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.