

# Quarterly Securities Report

(The First Quarter of the 37th Fiscal Year)

**JINS HOLDINGS INC.**

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

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

## [Cover Page]

[Document title]	Quarterly Securities Report
[Article of the applicable law requiring submission of this document]	Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act
[Filed to]	Director-General of the Kanto Local Finance Bureau
[Filing date]	January 12, 2024
[Fiscal year]	First quarter of the 37th term (from September 1, 2023 to November 30, 2023)
[Company name]	JINS HOLDINGS Inc.
[Company name in English]	JINS HOLDINGS Inc.
[Title and name of representative]	Hitoshi Tanaka, CEO and Representative Director
[Address of registered headquarter]	26-4 Kawaharamachi 2-chome, Maebashi-shi, Gunma (This is the address of the registered head office, but the actual business is conducted at the nearest place of contact.)
[Telephone number]	Not applicable.
[Name of contact person]	Not applicable.
[Nearest place of contact]	Yasuda Sequence Tower, 1 Kanda Nishikicho 3-chome, Chiyoda-ku, Tokyo
[Telephone number]	+81-3-6890-4800 (main number)
[Name of contact person]	Yukinori Arakawa, Executive Officer and General Manager of Administration Division
[Place for public inspection]	Tokyo Stock Exchange, Inc.  (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

## Part I Company Information

### I. Overview of Company

#### 1. Key financial data

Term	36th term Three months ended November 30, 2022	37th term Three months ended November 30, 2023	36th term
Accounting period	From September 1, 2022 to November 30, 2022	From September 1, 2023 to November 30, 2023	From September 1, 2022 to August 31, 2023
Net sales (millions of yen)	17,051	18,166	73,264
Ordinary profit (millions of yen)	665	1,056	3,739
Profit attributable to owners of parent (millions of yen)	376	579	1,762
Comprehensive income (millions of yen)	392	509	1,676
Net assets (millions of yen)	20,799	21,761	21,779
Total assets (millions of yen)	54,250	44,951	44,863
Earnings per share (yen)	16.13	24.83	75.50
Diluted earnings per share (yen)	14.24	23.66	69.42
Equity ratio (%)	38.3	48.4	48.5

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

#### 2. Description of business

There are no significant changes in the description of business which the Company group (the Company and the Company's affiliates. Hereinafter, the "Group") operates during the three months ended November 30, 2023.

In addition, there are no changes in major affiliates.

## II. Overview of Business

### 1. Business risks

In the three months ended November 30, 2023, there were no matters that may have a significant impact on the judgment of investors in the overview of business, financial information and other matters stated in this Quarterly Securities Report or no significant changes in “Business Risks” stated in the Annual Securities Report for the previous fiscal year.

In addition, there were no material events.

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

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

#### (1) Financial position and operating results

During the three months ended November 30, 2023 (September 1, 2023 to November 30, 2023), the Japanese economy experienced a recovery in inbound demand as social and economic activities have normalized with the diminishing impact of the novel coronavirus disease (COVID-19). However, the recovery of personal consumption remained at a standstill due to continuous inflation caused by a surge in raw material prices and currency movement. Looking at the global economy, while global inflation caused by rising prices of crude oil and raw materials, financial tightening policies, and other factors continue to affect the economy, China has seen slower growth mainly due to the sluggish real estate market and rising youth unemployment rate, and there are concerns about further downward risks to the economy.

The domestic retail eyewear market (eyeglasses for vision correction) seemed to exhibit a trend of recovery to the level before the outbreak of COVID-19 as the impact of the pandemic diminished.

Under this market environment, in the eyewear business, the Company and its consolidated subsidiaries (collectively, the “Group”) took such initiatives as strengthening development of innovative products and advancing store development, which they identified as management issues. With regard to product development, we developed products that fit the usage scenarios encountered by our customers and provided new product value through initiatives such as “JINS SAUNA,” which can be used in both daily life and inside saunas, and “JINS HOME,” which are designed for at-home use. Also, we have continued 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.” As for store strategies, we have promoted store openings at locations that are convenient to customers based on the market environment. In Japan, we opened stores mainly in suburban roadsides and small shopping malls. For overseas locations, we engaged in developing concepts for stores that are able to offer customers a new kind of shopping experience.

In terms of store development, the number of stores as of November 30, 2023, was 725, including 481 stores in Japan and 244 stores overseas (171 in China, 60 in Taiwan, 9 in Hong Kong, and 4 in the United States).

As a result, for the three months ended November 30, 2023, the Company posted net sales of ¥18,166 million (up 6.5% year-on-year) partly thanks to the impact of new store openings in Japan and overseas. Operating profit was ¥1,089 million (up 39.7% year-on-year), ordinary profit was ¥1,056 million (up 58.8% year-on-year), and profit attributable to owners of parent was ¥579 million (up 54.0% year-on-year), achieving increased sales and profits.

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

##### 1) Business results by segment

###### <Domestic Eyewear Business>

In the domestic eyewear business, as in the previous fiscal year, we stepped up sales activities targeting every customer visiting our store and saw more customers purchase optional lenses, such as “JINS Goku-usu Lenses,” double-sided aspherical lenses with the world’s highest level of refractive index. Sales were also driven by “JINS HOME” series of eyeglasses, which are specifically designed for at-home use and combine comfortable, stress-free fit with a design that allows users to enjoy everyday life in their own way, in addition to the “Disney 100 Eyewear Collection by JINS” to celebrate Disney’s 100th anniversary. Meanwhile, membership of the JINS app reached approximately 14.19 million people as of the end of November 2023.

In terms of store development, the number of stores in Japan was 481 (8 openings and no closures).

As a result, net sales of the domestic eyewear business were ¥13,485 million (up 8.2% year-on-year), and segment operating profit was ¥857 million (up 85.1% year-on-year).

<Overseas Eyewear Business>

In the overseas eyewear business, in China, although the impact of COVID-19 diminished, the continued weakness of consumption due to the sluggish real estate market and rising youth unemployment rate had an impact on the Company's business performance.

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

In Hong Kong, as in China, the impact of weak consumption remained evident. However, net sales of new stores have steadily grown and business performance has remained stable.

In the United States, we have promoted business structure reform aimed at expanding the scale of business, centered on the EC business. Meanwhile, net sales of the existing stores also remained strong.

In terms of store development, the total number of stores overseas was 244 as of the end of the period under review, including 171 stores in China (2 openings and 3 closures), 60 in Taiwan (5 openings and no closures), 9 in Hong Kong (no openings or closures), and 4 in the United States (no openings or closures).

As a result, net sales of the overseas eyewear business were ¥4,680 million (up 2.1% year-on-year), and segment operating profit was ¥231 million (down 26.8% year-on-year).

## 2) Analysis of financial position

### (a) Assets

Current assets decreased ¥317 million from the end of the previous fiscal year to ¥23,440 million.

This was mainly due to decreases of ¥399 million in accounts receivable - trade and ¥358 million in cash and deposits, despite an increase of ¥653 million of merchandise and finished goods.

Non-current assets increased ¥405 million from the end of the previous fiscal year to ¥21,510 million.

This was mainly due to an increase of ¥482 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 increased ¥87 million from the end of the previous fiscal year to ¥44,951 million.

### (b) Liabilities

Current liabilities increased ¥118 million from the end of the previous fiscal year to ¥11,389 million.

This was mainly due to an increase of ¥620 million in accounts payable - trade, despite a decrease of ¥445 million in income taxes payable due to the payment of tax.

Non-current liabilities decreased ¥12 million from the end of the previous fiscal year to ¥11,800 million.

This was mainly due to a decrease of ¥51 million in long-term accounts payable - other, despite an increase of ¥33 million in asset retirement obligations.

As a result, total liabilities increased ¥106 million from the end of the previous fiscal year to ¥23,190 million.

### (c) Net assets

Net assets decreased ¥18 million from the end of the previous fiscal year to ¥21,761 million.

This was mainly due to a decrease of ¥583 million due to the payment of dividends, despite the recording of ¥579 million in profit attributable to owners of parent.

## (3) Research and development activities

Total research and development expenses were ¥15 million for the three months ended November 30, 2023.

There was no material change in the Group's research and development activities during the three months ended November 30, 2023.

## 3. Material contracts, etc.

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

### III. Status of the Submitting Company

#### 1. Status of Shares, etc.

##### (1) Total number of shares, etc.

###### 1) Total Number of Shares

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

###### 2) Issued Shares

Class	As of the end of 1st quarter of the fiscal year (shares) (November 30, 2023)	As of the submission date (shares) (January 12, 2024)	Stock exchange on which the Company is listed	Details
Common stock	23,980,000	23,980,000	Tokyo Stock Exchange Prime Section	The number of shares constituting one unit: 100 shares
Total	23,980,000	23,980,000	—	—

##### (2) Status of Share Acquisition Rights, etc.

###### 1) Details of the Stock Option Plan

Not applicable.

###### 2) Status of Other Share Acquisition Rights, etc.

Not applicable.

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

Not applicable.

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

Date	Changes in the total number of shares issued (shares)	Balance of the total number of shares issued (shares)	Changes in common stock (millions of yen)	Balance of common stock (millions of yen)	Changes in legal capital surplus (millions of yen)	Balance of legal capital surplus (millions of yen)
From September 1, 2023 to November 30, 2023	—	23,980,000	—	3,202	—	3,157

(5) Status of Major Shareholders

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

(6) Status of Voting Rights

1) Issued Shares

As of November 30, 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 639,900	—	—
Shares with full voting rights (others)	Common stock 23,327,900	233,279	Number of shares per unit: 100 shares
Odd-lot shares	Common stock 12,200	—	—
Total number of shares issued	23,980,000	—	—
Total voting rights held by shareholders	—	233,279	—

2) Treasury Stock, etc.

As of November 30, 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	639,900	—	639,900	2.67
Total	—	639,900	—	639,900	2.67

2. Status of Officers

Not applicable.



## **IV. Financial Information**

### **1. Preparation methods of quarterly consolidated financial statements**

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

### **2. Audit certification**

The Company's quarterly consolidated financial statements for the first quarter of the fiscal year under review (from September 1, 2023 to November 30, 2023) and the three months ended November 30, 2023 (from September 1, 2023 to November 30, 2023) have received a quarterly review by Ernst & Young ShinNihon LLC, pursuant to provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

## 1. Quarterly consolidated financial statements

### (1) Quarterly consolidated balance sheets

(Millions of yen)

	As of August 31, 2023	As of November 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	12,202	11,844
Accounts receivable – trade	5,059	4,659
Merchandise and finished goods	4,107	4,760
Work in process	–	23
Raw materials and supplies	474	508
Other	1,912	1,643
<b>Total current assets</b>	<b>23,757</b>	<b>23,440</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,022	9,635
Other, net	2,099	1,968
<b>Total property, plant and equipment</b>	<b>11,122</b>	<b>11,604</b>
<b>Intangible assets</b>	<b>1,991</b>	<b>2,045</b>
Investments and other assets		
Leasehold and guarantee deposits	4,101	4,128
Other	3,890	3,732
<b>Total investments and other assets</b>	<b>7,991</b>	<b>7,860</b>
<b>Total non-current assets</b>	<b>21,105</b>	<b>21,510</b>
<b>Total assets</b>	<b>44,863</b>	<b>44,951</b>

(Millions of yen)

	As of August 31, 2023	As of November 30, 2023
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	1,745	2,365
Short-term borrowings	1,887	1,793
Current portion of long-term borrowings	33	37
Accounts payable - other, and accrued expenses	4,986	5,169
Income taxes payable	793	347
Provision for bonuses	85	113
Provision for product warranties	190	171
Other	1,547	1,390
<b>Total current liabilities</b>	<b>11,270</b>	<b>11,389</b>
Non-current liabilities		
Convertible bond-type bonds with share acquisition rights	10,015	10,012
Long-term borrowings	11	37
Asset retirement obligations	1,070	1,104
Other	716	647
<b>Total non-current liabilities</b>	<b>11,813</b>	<b>11,800</b>
<b>Total liabilities</b>	<b>23,083</b>	<b>23,190</b>
<b>Net assets</b>		
Shareholders' equity		
Common stock	3,202	3,202
Capital surplus	3,228	3,223
Retained earnings	20,081	20,139
Treasury stock	(5,003)	(5,003)
<b>Total shareholders' equity</b>	<b>21,509</b>	<b>21,561</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	93	72
Foreign currency translation adjustment	175	126
<b>Total accumulated other comprehensive income</b>	<b>269</b>	<b>199</b>
<b>Total net assets</b>	<b>21,779</b>	<b>21,761</b>
<b>Total liabilities and net assets</b>	<b>44,863</b>	<b>44,951</b>

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statements of income

Three months ended November 30, 2022 and November 30, 2023

(Millions of yen)

	For the three months ended November 30, 2022	For the three months ended November 30, 2023
Net sales	17,051	18,166
Cost of sales	3,553	3,819
Gross profit	13,498	14,347
Selling, general and administrative expenses	*1 12,718	*1 13,257
Operating profit	780	1,089
Non-operating income		
Interest income	20	4
Foreign exchange gains	-	5
Subsidy income	107	0
Other	19	16
Total non-operating income	147	25
Non-operating expenses		
Interest expenses	34	33
Share of loss of entities accounted for using equity method	30	18
Rental expenses on real estate	50	-
Foreign exchange losses	126	-
Other	20	6
Total non-operating expenses	262	58
Ordinary profit	665	1,056
Extraordinary losses		
Loss on retirement of non-current assets	28	35
Loss on store closings	3	3
Loss due to temporary store closures	*2 19	-
Total extraordinary losses	51	39
Profit before income taxes	613	1,017
Income taxes – current	204	272
Income taxes – deferred	32	165
Total income taxes	237	437
Profit	376	579
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	376	579

Quarterly consolidated statements of comprehensive income  
 Three months ended November 30, 2022 and November 30, 2023

(Millions of yen)

	For the three months ended November 30, 2022	For the three months ended November 30, 2023
Profit	376	579
Other comprehensive income		
Valuation difference on available-for-sale securities	3	(21)
Foreign currency translation adjustment	8	54
Share of other comprehensive income of entities accounted for using equity method	4	(103)
Total other comprehensive income	16	(70)
Comprehensive income	392	509
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	392	509
Comprehensive income attributable to non-controlling interests	-	-

[Notes]

(Change in the scope of consolidation or the scope of application of the equity method)

(Significant change in the scope of consolidation)

From the first quarter of the fiscal year under review, Yamato Technical Co., Ltd. is included in the scope of consolidation due to its increased significance.

(Significant change in the scope of application of the equity method)

From the first quarter of the fiscal year under review, FITTINGBOX S.A. is excluded from the scope of application of the equity method because of a decrease in the ownership ratio due to issuance of new shares.

(Quarterly consolidated balance sheet)

I. Liability on guarantees

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, 2023)	1st quarter of consolidated fiscal year under review (November 30, 2023)
¥227 million	¥227 million

II. Financial covenants

Previous consolidated fiscal year (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.

(1) 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.

First quarter of the consolidated fiscal year under review (November 30, 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.

(1) Loan commitment agreements entered into on August 26, 2022

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

Financial covenants on the loan commitment agreements above

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

(Quarterly consolidated statements of income)

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

	Three months ended November 30, 2022	Three months ended November 30, 2023
Salaries and allowances	¥3,738 million	¥3,954 million
Rent expenses on land and buildings	¥2,935 million	¥3,094 Million
Advertising expenses	¥629 million	¥818 Million
Research and development expenses	¥11 million	¥15 million

\*2. Loss due to temporary store closures

For the three months ended November 30, 2022

In response to intermittent lockdowns of Chinese cities due to the spread of COVID-19, the Group had to shut down up to 28 stores. The Group recorded a loss due to temporary store closures of ¥19 million, which includes rent expenses on land and buildings during the store closing periods, in extraordinary losses.

For the three months ended November 30, 2023

Not applicable.

(Quarterly consolidated statements of cash flows)

The quarterly consolidated statements of cash flows for the three months ended November 30, 2023 were not prepared.

Depreciation (including amortization of intangible assets) for the three months ended November 30, 2022 and 2023 is as follows:

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	Three months ended November 30, 2022	Three months ended November 30, 2023
Depreciation	¥734 million	¥711 million

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(Shareholders' equity)

I. For the three months ended November 30, 2022

1. Dividends paid

Not applicable.

2. Of dividends for which the record date is during the three months ended November 30, 2022, dividends with effective dates falling after the end of the first quarter of the fiscal year

Not applicable.

II. For the three months ended November 30, 2023

1. Dividends paid

Resolution	Class of shares	Total amount (Millions of Yen)	Per share amount (Yen)	Record date	Effective date	Source of dividends
Annual General Meeting of Shareholders held on November 29, 2023	Common stock	583	25.00	August 31, 2023	November 30, 2023	Retained earnings

2. Of dividends for which the record date is during the three months ended November 30, 2023, dividends with effective dates falling after the end of the first quarter of the fiscal year

Not applicable.



(Segment information, etc.)

[Segment information]

I. For the three months ended November 30, 2022

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

(Millions of yen)

	Reportable segment			Adjustments	Consolidated (Note)
	Domestic eyewear business	Overseas eyewear business	Subtotal		
Net sales:					
Revenue from contracts with customers	12,466	4,584	17,051	-	17,051
Sales to outside customer	12,466	4,584	17,051	-	17,051
Intersegment sales or transfers	170	1	172	(172)	-
Total	12,637	4,586	17,224	(172)	17,051
Segment profit	463	316	780	-	780

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

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

(Significant loss on impairment of non-current assets)

Not applicable.

(Significant changes in goodwill)

Not applicable.

(Significant gain on negative goodwill)

Not applicable.

II. For the three months ended November 30, 2023

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

(Millions of yen)

	Reportable segment			Adjustments	Consolidated (Note)
	Domestic eyewear business	Overseas eyewear business	Subtotal		
Net sales:					
Revenue from contracts with customers	13,485	4,680	18,166	-	18,166
Sales to outside customers	13,485	4,680	18,166	-	18,166
Intersegment sales or transfers	182	2	185	(185)	-
Total	13,668	4,683	18,351	(185)	18,166
Segment profit	857	231	1,089	-	1,089

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

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

(Significant loss on impairment of non-current assets)

Not applicable.

(Significant changes in goodwill)

Not applicable.

(Significant gain on negative goodwill)

Not applicable.

(Revenue recognition)

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

(Per Share Information)

Basic and diluted earnings per share are calculated as follows:

Items	Three months ended November 30, 2022	Three months ended November 30, 2023
(1) Basic earnings per share	¥16.13	¥24.83
(Basis for calculation)		
Profit attributable to owners of parent (millions of yen)	376	579
Profit not attributable to common shareholders (millions of yen)	-	-
Profit attributable to owners of parent related to common stock (millions of yen)	376	579
Weighted-average number of shares of common stock outstanding during the year (shares)	23,340,164	23,340,113
(2) Diluted earnings per share	¥14.24	¥23.66
(Basis for calculation)		
Adjustments to profit attributable to owners of parent (millions of yen)	(13)	(1)
[of which, interest income (after tax effect)] (millions of yen)	[(13)]	[(1)]
Increase in number of shares of common stock (shares)	2,156,660	1,087,311
[of which, convertible bond-type bonds with share acquisition rights]	[2,156,660]	[1,087,311]
Summary of potential shares not included in calculation of diluted earnings per share due to lack of dilutive effect, which were subject to significant change from the end of the previous fiscal year		-

(Subsequent events)

Introduction of stock granting trust (J-ESOP) and disposition of treasury stock through third-party allotment

The Company, at the Board of Directors meeting held today, resolved to introduce “stock granting trust (J-ESOP)” (hereinafter referred to as the “Plan” and a trust created under a trust agreement entered into with Mizuho Trust & Banking Co., Ltd. regarding the Plan is referred to as the “Trust.”) as an incentive plan to grant the Company’s shares to employees of the Company and its subsidiaries (hereinafter referred to as the “Employees”) in order to raise their willingness and motivation to increase stock price and business results by enhancing the connection between the Company’s stock price and business results with the treatment for Employees, and sharing economic benefits with our shareholders.

Along with the introduction of the Plan, the Company also resolved to dispose of treasury stock through third-party allotment (hereinafter referred to as the “Treasury Stock Disposition”)

## 1. Overview of the Plan

The Plan, which is a trust-type scheme based on the U.S. Employee Stock Ownership Plan (ESOP), grants the Employees who meet certain requirements the Company’s shares and monies equivalent to the amount obtained by converting the Company’s shares at the market value (hereinafter referred to as the “Company’s Shares, etc.”), based on the Stock Granting Regulations predetermined by the Company and its subsidiaries.

The Company and its subsidiaries will grant points to the Employees according to the Company’s business results, etc. and when they obtain the right to receive as such under certain conditions, the Company will grant them an amount of the Company’s Shares, etc. equivalent to such points granted. Shares to be granted to the Employees, including those for the future, will be acquired using monies established as a trust beforehand and are separately managed as trust assets.

Through introducing the Plan, the Company expects to raise Employees’ awareness toward increasing the stock price and business results and contribute to providing higher motivation for engaging in their duties.

## 2. Overview of the Trust

- |                                 |   |
|---------------------------------|---|
| (1) Name:                       | Stock granting trust (J-ESOP)   |
| (2) Trustor:                    | The Company   |
| (3) Trustee:                    | Mizuho Trust & Banking Co., Ltd.<br>(Re-trustee: Custody Bank of Japan, Ltd.)   |
| (4) Beneficiaries:              | The Employees who meet beneficiary requirements provided for by the Stock Granting Regulations  |
| (5) Trust administrator:        | Selected from the Employees of the Company  |
| (6) Type of trust:              | Trust of money other than monetary trust (third-party-benefit trust)  |
| (7) Purpose of trust:           | To provide the Company’s Shares, etc., which are the trust assets, to beneficiaries based on the Stock Granting Regulations                                 |
| (8) Contract date of the Trust: | January 29, 2024  |
| (9) Date of trusting money:     | January 29, 2024  |
| (10) Period of trust:           | From January 29, 2024 to the end of the trust<br>(The Trust will continue as long as the Plan continues, without the determination of a specific end date.) |

### 3. Overview of the Treasury Stock Disposition

(1) Date of disposition	Monday, January 29, 2024
(2) Class and number of shares to be disposed of	300,000 shares of common stock
(3) Disposition price	¥4,610 per share
(4) Total amount of disposition	¥1,383,000,000
(5) Planned allottee	Custody Bank of Japan, Ltd. (Trust Account E)
(6) Other	The Treasury Stock Disposition is subject to the effectiveness of the securities registration statement under the Financial Instruments and Exchange Act.

### 4. Purpose and reason for the Treasury Stock Disposition

The Treasury Stock Disposition involves the disposition of treasury stock through a third-party allotment to Trust Account E established at Custody Bank of Japan, Ltd. (a re-trustee receiving a re-trust from Mizuho Trust & Banking Co., Ltd., the trustee of the Trust) in order to hold and dispose of the Company's shares in administering the Plan.

2. Other

Not applicable.

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

Not applicable.