

Quarterly Securities Report

(The Second Quarter of the 36th 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]	April 14, 2023
[Fiscal year]	Second quarter of the 36th term (from December 1, 2022 to February 28, 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]	Iidabashi Grand Bloom 30th Flr., 10-2 Fujimi 2-chome, Chiyoda-ku, Tokyo
[Telephone number]	+81-3-5275-7001 (main number)
[Name of contact person]	Yukinori Arakawa, Executive Officer and General Manager of Administration Division
[Place for public inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

Part I Company Information

I. Overview of Company

1. Key financial data

Term	35th term Six months ended February 28, 2022	36th term Six months ended February 28, 2023	35th term
Accounting period	From September 1, 2021 to February 28, 2022	From September 1, 2022 to February 28, 2023	From September 1, 2021 to August 31, 2022
Net sales (millions of yen)	32,704	34,556	66,901
Ordinary profit (millions of yen)	2,172	1,505	3,789
Profit attributable to owners of parent (millions of yen)	1,170	772	750
Comprehensive income (millions of yen)	1,289	460	1,063
Net assets (millions of yen)	21,030	20,867	20,406
Total assets (millions of yen)	53,993	42,546	54,721
Earnings per share (yen)	50.14	33.11	32.17
Diluted earnings per share (yen)	44.86	29.28	27.37
Equity ratio (%)	38.9	49.0	37.3
Net cash provided by (used in) operating activities (millions of yen)	2,731	(424)	4,391
Net cash provided by (used in) investing activities (millions of yen)	(1,988)	(2,164)	(3,853)
Net cash provided by (used in) financing activities (millions of yen)	(1,214)	(10,416)	(2,769)
Cash and cash equivalents at the end of period (millions of yen)	23,016	8,327	21,430

Term	35th term 2nd quarter	36th term 2nd quarter
Accounting period	From December 1, 2021 To February 28, 2022	From December 1, 2022 To February 28, 2023
Earnings per share (yen)	31.58	16.98

(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 six months ended February 28, 2023.

In addition, there are no changes in major affiliates.

II. Overview of Business

1. Business risks

In the six months ended February 28, 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.

The impact of COVID-19 is as stated in “2. Management analysis of financial position, operating results and cash flows” and we will continue to monitor the situation.

In addition, there were no material events.

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

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

(1) Financial position and operating results

During the six months ended February 28, 2023 (September 1, 2022 to February 28, 2023), the Japanese economy experienced a recovery of foot traffic mainly in urban areas with the recent trend of a decrease in the number of infected people with the novel coronavirus disease (COVID-19), although periodic increases and decreases in the number of cases continued. Meanwhile, personal consumption only remained on a gradual recovery trend mainly due to continuous inflation caused by a surge in crude oil 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 crude oil and raw materials, and widening interest rate disparities among countries.

The domestic retail eyewear market (eyeglasses for vision correction) continues to experience ups and downs versus the same period of the previous year owing to the impact of COVID-19. However, the situation has not yet recovered to the level before the outbreak of COVID-19, showing a recent decrease.

Under this market environment, in the eyewear business, the Company and its consolidated subsidiaries (collectively, the “Group”) took such initiatives as rebuilding the supply chain and strengthening development of innovative products, which they identified as management issues. In terms of rebuilding of the supply chain, we have started to strengthen our manufacturing bases in Japan by making Yamato Technical Co., Ltd. a subsidiary, with the aim of eliminating concentration of production at a single manufacturing base overseas and shortening the lead time for delivery to storefronts. With regard to product development, we have worked on a joint project to develop an eyeglass-shaped, violet-light-emitting medical device designed to suppress the progress of myopia, conducted as part of our initiatives to realize “the world free from myopia,” and total research and development expenses were ¥23 million for the six months ended February 28, 2023.

In terms of store development, the number of stores as of February 28, 2023, was 702, including 467 stores in Japan and 235 stores overseas (173 in China, 50 in Taiwan, 8 in Hong Kong, and 4 in the United States).

As a result, for the six months ended February 28, 2023, the Company posted net sales of ¥34,556 million (up 5.7% year-on-year) partly thanks to the impact of new store openings in Japan and overseas, despite the impact of COVID-19, mainly in China. Operating profit was ¥1,509 million (down 20.7% year-on-year), ordinary profit was ¥1,505 million (down 30.7% year-on-year), and profit attributable to owners of parent was ¥772 million (down 34.0% year-on-year).

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

1) Business results by segment

<Domestic Eyewear Business>

In the domestic eyewear business, we revised selling prices starting from standard products including the “JINS CLASSIC” series and “STANDARD” series which were renewed for the first time in approximately seven years and, after mid-November, changed selling prices of existing products to the same price zone, which raised unit prices of a complete set of glasses in a steady

manner. However, in December and January, more demand has grown for tourism and eating and drinking out owing to the national travel assistance program and other factors, resulting in limited demand for purchasing of eyewear. Thus, net sales almost remained at the level of the previous year, lower than initially expected. Meanwhile, membership of the JINS app reached approximately 12.40 million people as of the end of February 2023, and e-commerce sales continued to be strong. Regarding the impact of COVID-19, the impact due to the increase and decrease in the number of infected persons is gradually diminishing.

In terms of store development, the number of stores in Japan was 467 (14 openings and 11 closures).

As a result, net sales of the domestic eyewear business were ¥26,247 million (up 2.4% year-on-year), and segment operating profit was ¥1,476 million (down 23.1% year-on-year).

<Overseas Eyewear Business>

In the overseas eyewear business, in China, though the number of customers had rebounded and business performance had recovered as a reaction to urban blockades in metropolitan areas implemented in early spring, an increase in urban blockades, mainly in regional cities, again occurred from late August, which has begun to affect the number of customers. Even after early December in which the zero-Covid policy was essentially lifted, foot traffic significantly decreased in the year and the business performance was significantly affected.

In Taiwan, the impact of COVID-19 has been minimal and business performance has been 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 results remained steady.

In the United States, we closed our flagship store in San Francisco, which was unprofitable, in August, and have promoted business structure reform aimed at expanding the scale of business, centered on the EC business.

In terms of store development, the total number of stores overseas was 235 as of the end of the period under review, including 173 stores in China (3 openings and 4 closures), 50 in Taiwan (1 opening and no closures), 8 in Hong Kong (1 opening and no closures), and 4 in the United States (no openings and 2 closures).

As a result, net sales of the overseas eyewear business were ¥8,309 million (up 17.5% year-on-year), and segment operating profit was ¥32 million (segment operating loss was ¥18 million for the same period of the previous year).

2) Analysis of financial position

(a) Assets

Current assets decreased ¥12,346 million from the end of the previous fiscal year to ¥20,827 million.

This was mainly due to a decrease of ¥13,103 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 increased ¥171 million from the end of the previous fiscal year to ¥21,719 million.

This was mainly due to increases of ¥121 million in property, plant and equipment such as buildings and structures and ¥20 million in leasehold and guarantee deposits as a result of the Group's expansion of retail stores.

As a result, total assets decreased ¥12,175 million from the end of the previous fiscal year to ¥42,546 million.

(b) Liabilities

Current liabilities decreased ¥12,284 million from the end of the previous fiscal year to ¥10,415 million.

This was mainly due to a decrease of ¥10,033 million in current portion of convertible bond-type bonds with share acquisition rights.

Non-current liabilities decreased ¥351 million from the end of the previous fiscal year to ¥11,263 million.

This was mainly due to a decrease of ¥109 million in long-term borrowings.

As a result, total liabilities decreased ¥12,635 million from the end of the previous fiscal year to ¥21,678 million.

(c) Net assets

Net assets increased ¥460 million from the end of the previous fiscal year to ¥20,867 million.

This was mainly due to the recording of ¥772 million in profit attributable to owners of parent.

3) Cash flows

Cash and cash equivalents as of the end of the second quarter of the fiscal year under review decreased ¥13,103 million from the end of the previous fiscal year to ¥8,327 million. State of each cash flow and factors thereof are as follows.

(a) Cash flows from operating activities

Net cash provided by operating activities decreased ¥3,156 million year on year to a net outflow of ¥424 million.

This was mainly due to a decrease in funds due to ¥1,169 million of an increase in inventories, ¥1,158 million of a decrease in trade payables, and ¥647 million of income taxes paid, despite an increase in funds resulting from the recording of ¥1,365 million in profit before income taxes and ¥1,487 million in depreciation.

(b) Cash flows from investing activities

Net cash used in investing activities increased ¥175 million year on year to ¥2,164 million.

This was mainly due to the use of ¥1,322 million in purchase of property, plant and equipment in line with the opening and refurbishing of stores, etc.

(c) Cash flows from financing activities

Net cash used in financing activities increased ¥9,202 million year on year to ¥10,416 million.

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

(3) Research and development activities

Total research and development expenses were ¥23 million for the six months ended February 28, 2023.

There was no material change in the Group's research and development activities during the six months ended February 28, 2023.

3. Material contracts, etc.

There was no decision or conclusion of material management contracts, etc. during the second 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 2nd quarter of the fiscal year (shares) (February 28, 2023)	As of the submission date (shares) (April 14, 2023)	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 December 1, 2022 to February 28, 2023	—	23,980,000	—	3,202	—	3,157

(5) Status of Major Shareholders

As of February 28, 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	2,425,400	10.39
MARS G.K.	10-2 Fujimi 2-chome, Chiyoda-ku, Tokyo	1,200,000	5.14
TAIYO FUND, L.P. (Standing Proxy: Transaction Services Division, MUFG Bank, Ltd.)	5300 CARILLON POINT KIRKLAND, WA 98033, USA	810,500	3.47
Custody Bank of Japan, Ltd. (Trust Account)	8-12 Harumi 1-chome, Chuo-ku, Tokyo	702,200	3.01
Jupiter Corporation	10-2 Fujimi 2-chome, Chiyoda-ku, Tokyo	600,000	2.57
Venus Corporation	10-2 Fujimi 2-chome, Chiyoda-ku, Tokyo	600,000	2.57
Yutaka Nakamura	Minato-ku, Tokyo	480,000	2.06
NORTHERN TRUST CO. (AVFC) RE THE HIGHCLERE INTERNATIONAL INVESTORS SMALLER COMPANIES FUND (Standing Proxy: Custody Services Division, Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited)	50 BANK STREET CANARY WHARF LONDON E14 5NT, UK	463,500	1.99
TAIYO HANEI FUND, L.P. (Standing Proxy: Transaction Services Division, MUFG Bank, Ltd.)	5300 CARILLON POINT KIRKLAND, WA 98033, USA	356,900	1.53
Total	—	15,742,500	67.45

(Notes) 1. The number of shares held by The Master Trust Bank of Japan, Ltd. of 2,425,400 shares relates to trust operations. These shares include 62,100 shares held in pension trusts, 1,070,400 shares held in investment trusts, and 1,292,900 shares held in other trusts.

2. The number of shares held by Custody Bank of Japan, Ltd. of 702,200 shares relates to trust operations. These shares include 162,700 shares held in pension trusts, 381,000 shares held in investment trusts, and 158,500 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 February 28, 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 Roppongi 7-chome, Minato-ku, Tokyo	1,033,500	4.31

4. In the statement of large-volume holdings (share certificates, etc. subject to special rules) made available for public inspection on January 19, 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 January 13, 2023. However, since the Company is unable to confirm the actual number of shares held by them as of February 28, 2023, they are not included in the above status of major shareholders.

The details of the statement of large-volume holdings (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	301,671	1.24
Nomura International plc	1 Angel Lane London EC4R 3AB United Kingdom	113,788	0.47
Nomura Asset Management Co., Ltd.	2-1 Toyosu 2-chome, Koto-ku, Tokyo	890,400	3.71
Total	—	1,305,859	5.31

(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 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 February 28, 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 the shareholding ratio shown above include the number of latent shares held as a result of holding bonds with share acquisition rights.

(6) Status of Voting Rights

1) Issued Shares

As of February 28, 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.)	(Treasury stock) Common stock 639,800	—	—
Shares with full voting rights (others)	Common stock 23,329,400	233,294	Number of shares per unit: 100 shares
Odd-lot shares	Common stock 10,800	—	—
Total number of shares issued	23,980,000	—	—
Total voting rights held by shareholders	—	233,294	—

2) Treasury Stock, etc.

As of February 28, 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 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 second quarter of the fiscal year under review (from December 1, 2022 to February 28, 2023) and the six months ended February 28, 2023 (from September 1, 2022 to February 28, 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, 2022	As of February 28, 2023
Assets		
Current assets		
Cash and deposits	21,430	8,327
Accounts receivable – trade	4,514	3,947
Merchandise and finished goods	5,406	6,390
Raw materials and supplies	446	531
Other	1,376	1,631
Total current assets	33,174	20,827
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,610	7,681
Other, net	2,139	2,190
Total property, plant and equipment	9,750	9,871
Intangible assets	2,196	2,195
Investments and other assets		
Leasehold and guarantee deposits	4,910	4,931
Other	4,690	4,720
Total investments and other assets	9,601	9,651
Total non-current assets	21,547	21,719
Total assets	54,721	42,546

(Millions of yen)

	As of August 31, 2022	As of February 28, 2023
Liabilities		
Current liabilities		
Accounts payable – trade	2,535	1,366
Current portion of convertible bond-type bonds with share acquisition rights	10,033	-
Short-term borrowings	1,869	2,019
Current portion of long-term borrowings	70	39
Accounts payable - other, and accrued expenses	4,676	4,391
Income taxes payable	912	868
Provision for bonuses	67	86
Provision for product warranties	168	160
Allowance for office relocation expenses	235	235
Allowance for business structure reform expenses	628	-
Asset retirement obligations	356	340
Other	1,145	906
Total current liabilities	22,699	10,415
Non-current liabilities		
Convertible bond-type bonds with share acquisition rights	10,025	10,020
Long-term borrowings	131	22
Asset retirement obligations	265	263
Other	1,193	957
Total non-current liabilities	11,615	11,263
Total liabilities	34,314	21,678
Net assets		
Shareholders' equity		
Common stock	3,202	3,202
Capital surplus	3,228	3,228
Retained earnings	18,623	19,396
Treasury stock	(5,003)	(5,003)
Total shareholders' equity	20,051	20,824
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	189	135
Foreign currency translation adjustment	166	(92)
Total accumulated other comprehensive income	355	43
Total net assets	20,406	20,867
Total liabilities and net assets	54,721	42,546

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statements of income

Six months ended February 28, 2022 and February 28, 2023

(Millions of yen)

	For the six months ended February 28, 2022	For the six months ended February 28, 2023
Net sales	32,704	34,556
Cost of sales	7,148	7,599
Gross profit	25,555	26,957
Selling, general and administrative expenses	*1 23,653	*1 25,448
Operating profit	1,902	1,509
Non-operating income		
Interest income	43	42
Foreign exchange gains	182	-
Subsidy income	133	180
Compensation income	110	-
Reversal of allowance for business structure reform expenses	-	61
Other	23	35
Total non-operating income	494	320
Non-operating expenses		
Interest expenses	77	71
Share of loss of entities accounted for using equity method	27	53
Rental expenses on real estate	110	98
Foreign exchange losses	-	50
Other	9	50
Total non-operating expenses	224	324
Ordinary profit	2,172	1,505
Extraordinary losses		
Loss on retirement of non-current assets	94	47
Loss on store closings	12	16
Loss due to temporary store closures	-	*2 74
Provision of allowance for office relocation expenses	*3 235	-
Total extraordinary losses	342	139
Profit before income taxes	1,829	1,365
Income taxes – current	754	622
Income taxes – deferred	(95)	(29)
Total income taxes	659	592
Profit	1,170	772
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	1,170	772

Quarterly consolidated statements of comprehensive income
Six months ended February 28, 2022 and February 28, 2023

(Millions of yen)

	For the six months ended February 28, 2022	For the six months ended February 28, 2023
Profit	1,170	772
Other comprehensive income		
Valuation difference on available-for-sale securities	-	(53)
Foreign currency translation adjustment	119	(248)
Share of other comprehensive income of entities accounted for using equity method	-	(10)
Total other comprehensive income	119	(312)
Comprehensive income	1,289	460
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	1,289	460
Comprehensive income attributable to non-controlling interests	-	-

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	For the six months ended February 28, 2022	For the six months ended February 28, 2023
Cash flows from operating activities:		
Profit before income taxes	1,829	1,365
Depreciation	1,407	1,487
Amortization of goodwill	17	-
Increase (decrease) in provision for bonuses	(3)	19
Increase (decrease) in provision for product warranties	152	(7)
Increase (decrease) in allowance for business structure reform expenses	-	(642)
Increase (decrease) in allowance for office relocation expenses	235	-
Interest and dividend income	(43)	(42)
Subsidy income	(133)	(180)
Interest expenses	77	71
Foreign exchange losses (gains)	(195)	5
Share of loss (gain) of entities accounted for using equity method	27	53
Loss on retirement of non-current assets	94	47
Loss on store closings	12	16
Decrease (increase) in trade receivables	63	513
Decrease (increase) in inventories	88	(1,169)
Decrease (increase) in other assets	(109)	(126)
Increase (decrease) in trade payables	(74)	(1,158)
Increase (decrease) in accrued consumption taxes	(760)	(89)
Increase (decrease) in accounts payable - other	70	(159)
Increase (decrease) in accrued expenses	(47)	(74)
Increase (decrease) in other liabilities	286	126
Other, net	78	43
Subtotal	3,074	100
Interest and dividends received	4	4
Interest paid	(65)	(62)
Income taxes paid	(437)	(647)
Proceeds from subsidy income	133	180
Other	21	-
Net cash provided by (used in) operating activities	2,731	(424)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,237)	(1,322)
Purchase of intangible assets	(250)	(411)
Loan advances	(202)	(278)
Collection of loans receivable	26	35
Payments of leasehold and guarantee deposits	(399)	(269)
Proceeds from refund of leasehold and guarantee deposits	94	138
Purchase of investment securities	(20)	(56)
Net cash provided by (used in) investing activities	(1,988)	(2,164)

(Millions of yen)

	For the six months ended February 28, 2022	For the six months ended February 28, 2023
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(92)	287
Repayments of long-term borrowings	(53)	(141)
Redemption of convertible bond-type bonds with share acquisition rights	-	(10,000)
Repayments of installment payables	(353)	(335)
Purchase of treasury stock	-	(0)
Repayments of lease obligations	(247)	(226)
Dividends paid	(466)	(0)
Net cash provided by (used in) financing activities	(1,214)	(10,416)
Effect of exchange rate changes on cash and cash equivalents	281	(98)
Net increase (decrease) in cash and cash equivalents	(190)	(13,103)
Cash and cash equivalents at the beginning of period	23,206	21,430
Cash and cash equivalents at the end of period	* 23,016	* 8,327

[Notes]

(Changes in accounting policies, etc.)

(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 “Fair Value Measurement Guidance”) from the beginning of the first quarter of the fiscal year. Accordingly, the Company will apply new accounting policies prescribed in the Fair Value Measurement Guidance in the future in accordance with the provisional treatment stipulated in Paragraph 27-2 of the same Guidance. The application of the Guidance has no impact on the quarterly consolidated financial statements.

(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, 2022)	2nd quarter of consolidated fiscal year under review (February 28, 2023)
¥227 million	¥227 million

II. 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.

(1) Loan commitment agreements entered into on August 29, 2017

Total amount of loan commitments	¥8,000 million
Available amount at the year-end	¥4,000 million
Outstanding borrowings	-
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.

Second quarter of the consolidated fiscal year under review (February 28, 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:

	Six months ended February 28, 2022	Six months ended February 28, 2023
Salaries and allowances	¥7,166 million	¥7,472 million
Rent expenses on land and buildings	¥5,694 million	¥5,911 Million
Advertising expenses	¥1,331 million	¥1,278 Million
Research and development expenses	¥110 million	¥23 million

*2. Loss due to temporary store closures

For the six months ended February 28, 2022

Not applicable.

For the six months ended February 28, 2023

In response to intermittent lockdowns of Chinese cities due to the spread of COVID-19, the Group had to shut down up to 126 stores. The Group recorded a loss due to temporary store closures of ¥74 million, which includes rent expenses on land and buildings during the store closing periods, in extraordinary losses.

*3. Provision of allowance for office relocation expenses

For the six months ended February 28, 2022

Relating to the decision on relocating the Tokyo head office, after relocating to the new Tokyo head office, the amount equivalent to rent expenses for the estimated period of restoration work of the former Tokyo head office was recorded as provision of allowance.

For the six months ended February 28, 2023

Not applicable.

(Quarterly consolidated statements of cash flows)

* Reconciliation of cash and cash equivalents in the quarterly consolidated statements of cash flows and cash and deposits in the quarterly consolidated balance sheets as of February 28, 2023 and 2022 was as follows:

	Six months ended February 28, 2022	Six months ended February 28, 2023
Cash and deposits	¥23,016 million	¥8,327 million
Time deposits with maturities over three months, etc.	—	—
Cash and cash equivalents	¥23,016 million	¥8,327 million

(Shareholders' equity)

For the six months ended February 28, 2022

1. Dividends paid

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

2. Of dividends for which the record date is during the six months ended February 28, 2022, dividends with effective dates falling after the end of the second quarter of the fiscal year

Resolution	Class of shares	Total amount (Millions of Yen)	Per share amount (Yen)	Record date	Effective date	Source of dividends
Board of Directors meeting held on April 8, 2022	Common stock	396	17.00	February 28, 2022	May 13, 2022	Retained earnings

For the six months ended February 28, 2023

1. Dividends paid

Not applicable.

2. Of dividends for which the record date is during the six months ended February 28, 2023, dividends with effective dates falling after the end of the second quarter of the fiscal year

Resolution	Class of shares	Total amount (Millions of Yen)	Per share amount (Yen)	Record date	Effective date	Source of dividends
Board of Directors meeting held on April 14, 2023	Common stock	303	13.00	February 28, 2023	May 12, 2023	Retained earnings

(Segment information, etc.)

[Segment information]

I. For the six months ended February 28, 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	25,630	7,074	32,704	-	32,704
Sales to outside customer	25,630	7,074	32,704	-	32,704
Intersegment sales or transfers	233	5	239	(239)	-
Total	25,864	7,080	32,944	(239)	32,704
Segment profit (loss)	1,921	(18)	1,902	-	1,902

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

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

(Significant loss on impairment of non-current assets)

Not applicable.

(Significant changes in goodwill)

Not applicable.

(Significant gain on negative goodwill)

Not applicable.

II. For the six months ended February 28, 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	26,247	8,309	34,556	-	34,556
Sales to outside customers	26,247	8,309	34,556	-	34,556
Intersegment sales or transfers	344	5	349	(349)	-
Total	26,591	8,314	34,906	(349)	34,556
Segment profit	1,476	32	1,509	-	1,509

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	Six months ended February 28, 2022	Six months ended February 28, 2023
(1) Basic earnings per share	¥50.14	¥33.11
(Basis for calculation)		
Profit attributable to owners of parent (millions of yen)	1,170	772
Profit not attributable to common shareholders (millions of yen)	-	-
Profit attributable to owners of parent related to common stock (millions of yen)	1,170	772
Weighted-average number of shares of common stock outstanding during the year (shares)	23,340,216	23,340,159
(2) Diluted earnings per share	¥44.86	¥29.28
(Basis for calculation)		
Adjustments to profit attributable to owners of parent (millions of yen)	(26)	(26)
[of which, interest income (after tax effect)] (millions of yen)	[(26)]	[(26)]
Increase in number of shares of common stock (shares)	2,156,660	2,150,152
[of which, convertible bond-type bonds with share acquisition rights]	[2,156,660]	[2,150,152]
Summary of potential shares not included in calculation of diluted earnings per share due to lack of dilutive effect, which were subject to significant change from the end of the previous fiscal year	-	-

(Subsequent events)

Not applicable.

2. Other

Regarding the interim dividend for the 36th term (from September 1, 2022 to August 31, 2023), at the Board of Directors meeting held on April 14, 2023, it was resolved to pay an interim dividend to shareholders who were recorded in the shareholder registry as of February 28, 2023.

- 1) Total amount: ¥303 million
- 2) Per share amount: ¥13.00
- 3) Effective date of claim for payment and payment commencement date: May 12, 2023

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

Not applicable.