

Translation

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**Summary of Consolidated Financial Results
for the Year Ended February 28, 2022
(Based on Japanese GAAP)**

April 14, 2022

Company name: JNS HOLDINGS INC.
 Stock exchange listing: Tokyo
 Stock code: 3627 URL <https://www.jns.inc/>
 Representative: President & Representative Director Masashi Ikeda
 Senior Managing Director, Member of the Board
 Inquiries: Takashi Nakano TEL (03)6838-8800
 Scheduled date of ordinary general meeting of shareholders: May 27, 2022
 Scheduled date to file Securities Report: May 30, 2022
 Scheduled date to commence dividend payments: May 30, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended February 28, 2022 (from March 1, 2021 to February 28, 2022)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended February 28, 2022	9,550	12.4	516	115.8	433	99.4	353	11.9
Year ended February 28, 2021	8,499	(21.4)	239	(72.7)	217	(74.5)	315	(44.3)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended February 28, 2022	29.54	28.28	6.6	5.5	5.4
Year ended February 28, 2021	27.07	25.65	6.3	2.8	2.8

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2022	8,786	5,593	63.2	465.64
As of February 28, 2021	6,876	5,232	75.6	440.85

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended February 28, 2022	775	981	1,085	4,982
Year ended February 28, 2021	(386)	(1,811)	(193)	2,050

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended February 28, 2021	–	0.00	–	2.00	2.00	23	7.4	0.5
Year ended February 28, 2022	–	0.00	–	10.00	10.00	119	33.9	2.2
Year ending February 28, 2023 (Forecast)	–	0.00	–	5.00	5.00		33.2	

3. Forecast of consolidated financial results for the year ending February 28, 2023 (from March 1, 2022 to February 28, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	9,600	0.5	260	(49.7)	250	(42.2)	180	(49.1)	15.08

4. Notes

- (1) Changes in significant subsidiaries during the year ended February 28, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of February 28, 2022	12,140,400 shares	As of February 28, 2021	11,793,800 shares
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Number of treasury shares at the end of the period

As of February 28, 2022	210,105 shares	As of February 28, 2021	105 shares
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Average number of shares during the period

Year ended February 28, 2022	11,966,900 shares	Year ended February 28, 2021	11,670,640 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of February 28, 2021	As of February 28, 2022
Assets		
Current assets		
Cash and deposits	2,050,141	4,982,263
Notes and accounts receivable - trade	1,038,573	1,134,617
Merchandise	25,822	104,507
Work in process	35,636	132,460
Raw materials	217,487	240,012
Advance payments to suppliers	192,648	291,341
Other	439,755	305,941
Allowance for doubtful accounts	(4,904)	(5,146)
Total current assets	3,995,160	7,185,998
Non-current assets		
Property, plant and equipment		
Buildings, net	133,856	149,931
Vehicles, net	4,386	3,592
furniture and fixtures, net	64,677	90,068
Construction in progress	1,544	1,433
Total property, plant and equipment	204,464	245,025
Intangible assets		
Software	178,014	153,736
Software in progress	256,078	69,950
Goodwill	72,289	37,590
Other	4,719	6,441
Total intangible assets	511,102	267,718
Investments and other assets		
Investment securities	77,924	741,078
Shares of subsidiaries and associates	1,702,948	–
Investments in capital of subsidiaries and associates	1,212	1,295
Deferred tax assets	151,696	152,951
Guarantee deposits	238,870	198,166
Other	30,073	31,010
Allowance for doubtful accounts	(37,131)	(37,131)
Total investments and other assets	2,165,595	1,087,371
Total non-current assets	2,881,162	1,600,115
Total assets	6,876,322	8,786,113

(Thousands of yen)

	As of February 28, 2021	As of February 28, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	350,252	370,447
Short-term borrowings	200,000	89,539
Current portion of long-term borrowings	149,742	413,526
Income taxes payable	48,142	245,230
Advances received	127,297	100,228
Provision for bonuses	204,846	259,854
Provision for product warranties	427	427
Other	376,396	473,068
Total current liabilities	1,457,104	1,952,322
Non-current liabilities		
Long-term borrowings	130,854	1,191,212
Deferred tax liabilities	14,813	7,952
Asset retirement obligations	33,445	35,014
Other	7,329	6,602
Total non-current liabilities	186,443	1,240,781
Total liabilities	1,643,547	3,193,103
Net assets		
Shareholders' equity		
Share capital	2,378,899	2,391,423
Capital surplus	1,487,890	1,500,413
Retained earnings	1,287,666	1,650,907
Treasury shares	(76)	(115,366)
Total shareholders' equity	5,154,380	5,427,378
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	41,486	49,348
Deferred gains or losses on hedges	2,377	5,899
Foreign currency translation adjustment	1,061	72,630
Total accumulated other comprehensive income	44,925	127,877
Share acquisition rights	33,469	37,754
Total net assets	5,232,775	5,593,010
Total liabilities and net assets	6,876,322	8,786,113

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Net sales	8,499,614	9,550,536
Cost of sales	5,942,948	6,185,075
Gross profit	2,556,666	3,365,461
Selling, general and administrative expenses	2,317,254	2,848,856
Operating profit	239,412	516,604
Non-operating income		
Subsidy income	40,153	–
Foreign exchange gains	–	41,072
Other	7,024	6,426
Total non-operating income	47,177	47,499
Non-operating expenses		
Interest expenses	12,076	12,142
Foreign exchange losses	15,795	–
Share of loss of entities accounted for using equity method	38,312	107,558
Other	3,235	11,261
Total non-operating expenses	69,419	130,962
Ordinary profit	217,170	433,141
Extraordinary income		
Gain on sale of investment securities	–	2,999
Gain on sale of shares of subsidiaries and associates	–	636,850
Gain on change in equity	9,924	2,796
Gain on reversal of share acquisition rights	2,367	–
Total extraordinary income	12,292	642,646
Extraordinary losses		
Impairment losses	10,717	47,609
Loss on valuation of investment securities	–	395,546
Office relocation expenses	–	9,185
Total extraordinary losses	10,717	452,341
Profit before income taxes	218,745	623,446
Income taxes - current	56,285	301,973
Income taxes - deferred	(153,595)	(32,025)
Total income taxes	(97,309)	269,948
Profit	316,055	353,498
Profit attributable to non-controlling interests	78	–
Profit attributable to owners of parent	315,976	353,498

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Profit	316,055	353,498
Other comprehensive income		
Valuation difference on available-for-sale securities	(23,062)	7,861
Deferred gains or losses on hedges	1,881	3,522
Foreign currency translation adjustment	3,689	70,784
Share of other comprehensive income of entities accounted for using equity method	(784)	(158)
Total other comprehensive income	(18,274)	82,010
Comprehensive income	297,780	435,508
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	297,701	435,508
Comprehensive income attributable to non-controlling interests	78	—

Consolidated statements of changes in equity

Fiscal year ended February 28, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,376,544	1,440,163	1,006,140	(21)	4,822,827
Changes during period					
Issuance of new shares	2,355	2,355			4,710
Dividends of surplus			(34,450)		(34,450)
Profit attributable to owners of parent			315,976		315,976
Purchase of treasury shares				(54)	(54)
Change in scope of consolidation					–
Change in ownership interest of parent due to transactions with non-controlling interests		45,371			45,371
Net changes in items other than shareholders' equity					–
Total changes during period	2,355	47,726	281,526	(54)	331,553
Balance at end of period	2,378,899	1,487,890	1,287,666	(76)	5,154,380

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	64,548	495	(1,844)	63,200	17,329	45,252	4,948,609
Changes during period							
Issuance of new shares							4,710
Dividends of surplus							(34,450)
Profit attributable to owners of parent							315,976
Purchase of treasury shares							(54)
Change in scope of consolidation							–
Change in ownership interest of parent due to transactions with non-controlling interests							45,371
Net changes in items other than shareholders' equity	(23,062)	1,881	2,905	(18,274)	16,140	(45,252)	(47,387)
Total changes during period	(23,062)	1,881	2,905	(18,274)	16,140	(45,252)	284,165
Balance at end of period	41,486	2,377	1,061	44,925	33,469	–	5,232,775

Fiscal year ended February 28, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,378,899	1,487,890	1,287,666	(76)	5,154,380
Changes during period					
Issuance of new shares	12,523	12,523			25,047
Dividends of surplus			(23,587)		(23,587)
Profit attributable to owners of parent			353,498		353,498
Purchase of treasury shares				(115,290)	(115,290)
Change in scope of consolidation			33,329		33,329
Change in ownership interest of parent due to transactions with non-controlling interests					
Net changes in items other than shareholders' equity					
Total changes during period	12,523	12,523	363,241	(115,290)	272,998
Balance at end of period	2,391,423	1,500,413	1,650,907	(115,366)	5,427,378

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	41,486	2,377	1,061	44,925	33,469	–	5,232,775
Changes during period							
Issuance of new shares							25,047
Dividends of surplus							(23,587)
Profit attributable to owners of parent							353,498
Purchase of treasury shares							(115,290)
Change in scope of consolidation							33,329
Change in ownership interest of parent due to transactions with non-controlling interests							
Net changes in items other than shareholders' equity	7,861	3,522	71,568	82,952	4,285		87,237
Total changes during period	7,861	3,522	71,568	82,952	4,285	–	360,235
Balance at end of period	49,348	5,899	72,630	127,877	37,754	–	5,593,010

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Cash flows from operating activities		
Profit before income taxes	218,745	623,446
Depreciation	204,592	443,495
Impairment losses	10,717	47,609
Amortization of goodwill	34,698	34,698
Increase (decrease) in allowance for doubtful accounts	(570)	241
Increase (decrease) in provision for bonuses	3,128	55,007
Increase (decrease) in provision for product warranties	(372)	–
Loss (gain) on sale of investment securities	–	(2,999)
Loss (gain) on sale of shares of subsidiaries and associates	–	(636,850)
Loss (gain) on valuation of investment securities	–	395,546
Share of loss (profit) of entities accounted for using equity method	38,312	107,558
Gain on reversal of share acquisition rights	(2,367)	–
Loss (gain) on change in equity	(9,924)	(2,796)
Decrease (increase) in trade receivables	190,339	(96,044)
Decrease (increase) in inventories	191,050	(200,451)
Increase (decrease) in trade payables	(456,891)	20,194
Increase (decrease) in advances received	(1,053,828)	(27,068)
Decrease (increase) in advance payments to suppliers	605,167	(98,693)
Other, net	(97,631)	165,720
Subtotal	(124,835)	828,615
Interest and dividends received	2,266	1,310
Interest paid	(11,482)	(13,045)
Income taxes paid	(265,407)	(84,668)
Income taxes refund	13,449	43,391
Net cash provided by (used in) operating activities	(386,009)	775,604
Cash flows from investing activities		
Purchase of property, plant and equipment	(39,935)	(74,604)
Purchase of intangible assets	(356,593)	(224,754)
Purchase of investment securities	(10,113)	(400,000)
Proceeds from sale of investment securities	–	3,000
Purchase of shares of subsidiaries and associates	(1,425,297)	(694,937)
Proceeds from sale of shares of subsidiaries and associates	–	2,332,800
Payments for investments in capital of subsidiaries and associates	(2,000)	(2,000)
Proceeds from liquidation of subsidiaries and associates	27,354	–
Proceeds from collection of loans receivable	615	–
Payments of guarantee deposits	(5,875)	–
Proceeds from refund of guarantee deposits	85	43,541
Other, net	–	(1,865)
Net cash provided by (used in) investing activities	(1,811,760)	981,180

(Thousands of yen)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	50,012	(111,994)
Proceeds from long-term borrowings	100,000	1,800,000
Repayments of long-term borrowings	(310,658)	(475,858)
Proceeds from issuance of shares	4,710	12,449
Purchase of treasury shares	(54)	(115,290)
Repayments of lease obligations	(2,937)	(626)
Dividends paid	(34,256)	(23,441)
Net cash provided by (used in) financing activities	(193,184)	1,085,239
Effect of exchange rate change on cash and cash equivalents	(17,924)	90,098
Net increase (decrease) in cash and cash equivalents	(2,408,879)	2,932,122
Cash and cash equivalents at beginning of period	4,459,020	2,050,141
Cash and cash equivalents at end of period	2,050,141	4,982,263