

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended August 31, 2022 (Based on Japanese GAAP)

October 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 to file Quarterly Securities Report: October 14, 2022  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended August 31, 2022 (from March 1, 2022 to August 31, 2022)

(1) Consolidated operating results (cumulative)

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                         | %      |
| Six months ended August 31, 2022 | 3,795           | (19.8) | (48)             | –    | 53              | (47.1) | 15                                      | (97.2) |
| Six months ended August 31, 2021 | 4,732           | 18.1   | 202              | 20.4 | 100             | (10.6) | 562                                     | 258.7  |

|                                  | Earnings per share |  | Diluted earnings per share |  |
|----------------------------------|--------------------|--|----------------------------|--|
|                                  | Yen                |  | Yen                        |  |
| Six months ended August 31, 2022 | 1.34               |  | 1.29                       |  |
| Six months ended August 31, 2021 | 47.02              |  | 44.71                      |  |

(2) Consolidated financial position

|                         | Total assets    |  | Net assets      |  | Equity ratio |  | Net assets per share |  |
|-------------------------|-----------------|--|-----------------|--|--------------|--|----------------------|--|
|                         | Millions of yen |  | Millions of yen |  | %            |  | Yen                  |  |
| As of August 31, 2022   | 7,879           |  | 5,553           |  | 69.9         |  | 479.84               |  |
| As of February 28, 2022 | 8,786           |  | 5,593           |  | 63.2         |  | 465.64               |  |

2. Cash dividends

|  | Annual dividends per share |                 |                 |                 |       |
|--|----------------------------|-----------------|-----------------|-----------------|-------|
|  | 1st quarter-end            | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total |
|  | Yen                        |                 |                 |                 |       |
| Year ended February 28, 2022             | –                          | 0.00            | –               | 10.00           | 10.00 |
| Year ending February 28, 2023            | –                          | 0.00            |                 |                 |       |
| Year ending February 28, 2023 (Forecast) |                            |                 | –               | 5.00            | 5.00  |

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 | 210              | (59.4) | 300             | (30.6) | 200                                     | (43.4) | 16.91              |

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 31, 2022  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) 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: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

|                       |                   |                         |                   |
|-----------------------|-------------------|-------------------------|-------------------|
| As of August 31, 2022 | 12,144,500 shares | As of February 28, 2022 | 12,140,400 shares |
|-----------------------|-------------------|-------------------------|-------------------|

Number of treasury shares at the end of the period

|                       |                |                         |                |
|-----------------------|----------------|-------------------------|----------------|
| As of August 31, 2022 | 660,105 shares | As of February 28, 2022 | 210,105 shares |
|-----------------------|----------------|-------------------------|----------------|

Average number of shares during the period (cumulative from the beginning of the fiscal year)

|                                  |                   |                                  |                   |
|----------------------------------|-------------------|----------------------------------|-------------------|
| Six months ended August 31, 2022 | 11,824,770 shares | Six months ended August 31, 2021 | 11,967,584 shares |
|----------------------------------|-------------------|----------------------------------|-------------------|

**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

|  | As of February 28, 2022 | As of August 31, 2022 |
|--|-------------------------|-----------------------|
| <b>Assets</b>  |                         |                       |
| <b>Current assets</b>                                      |                         |                       |
| Cash and deposits  | 4,982,263               | 3,697,953             |
| Notes and accounts receivable - trade                      | 1,134,617               | –                     |
| Notes and accounts receivable - trade, and contract assets | –                       | 978,680               |
| Merchandise  | 104,507                 | 127,497               |
| Work in process  | 132,460                 | 215,545               |
| Raw materials  | 240,012                 | 416,018               |
| Advance payments to suppliers                              | 291,341                 | 331,081               |
| Other  | 305,941                 | 314,961               |
| Allowance for doubtful accounts                            | (5,146)                 | (4,390)               |
| <b>Total current assets</b>                                | <b>7,185,998</b>        | <b>6,077,347</b>      |
| <b>Non-current assets</b>                                  |                         |                       |
| <b>Property, plant and equipment</b>                       |                         |                       |
| Buildings, net   | 149,931                 | 140,057               |
| Vehicles, net  | 3,592                   | 2,934                 |
| furniture and fixtures, net                                | 90,068                  | 93,469                |
| Construction in progress                                   | 1,433                   | 1,433                 |
| <b>Total property, plant and equipment</b>                 | <b>245,025</b>          | <b>237,895</b>        |
| <b>Intangible assets</b>                                   |                         |                       |
| Software   | 153,736                 | 200,767               |
| Software in progress                                       | 69,950                  | 178,383               |
| Goodwill   | 37,590                  | 20,241                |
| Other  | 6,441                   | 7,957                 |
| <b>Total intangible assets</b>                             | <b>267,718</b>          | <b>407,349</b>        |
| <b>Investments and other assets</b>                        |                         |                       |
| Investment securities                                      | 741,078                 | 831,726               |
| Investments in capital of subsidiaries and associates      | 1,295                   | 281                   |
| Deferred tax assets  | 152,951                 | 131,366               |
| Guarantee deposits   | 198,166                 | 200,960               |
| Other  | 31,010                  | 29,913                |
| Allowance for doubtful accounts                            | (37,131)                | (37,131)              |
| <b>Total investments and other assets</b>                  | <b>1,087,371</b>        | <b>1,157,116</b>      |
| <b>Total non-current assets</b>                            | <b>1,600,115</b>        | <b>1,802,361</b>      |
| <b>Total assets</b>  | <b>8,786,113</b>        | <b>7,879,709</b>      |

(Thousands of yen)

|   | As of February 28, 2022 | As of August 31, 2022 |
|---|-------------------------|-----------------------|
| <b>Liabilities</b>                                    |                         |                       |
| <b>Current liabilities</b>                            |                         |                       |
| Accounts payable - trade                              | 370,447                 | 238,515               |
| Short-term borrowings                                 | 89,539                  | –                     |
| Current portion of long-term borrowings               | 413,526                 | 393,864               |
| Income taxes payable                                  | 245,230                 | 70,913                |
| Advances received                                     | 100,228                 | –                     |
| Contract liabilities                                  | –                       | 168,311               |
| Provision for bonuses                                 | 259,854                 | 129,948               |
| Provision for product warranties                      | 427                     | 427                   |
| Other   | 473,068                 | 277,523               |
| <b>Total current liabilities</b>                      | <b>1,952,322</b>        | <b>1,279,503</b>      |
| <b>Non-current liabilities</b>                        |                         |                       |
| Long-term borrowings                                  | 1,191,212               | 993,684               |
| Deferred tax liabilities                              | 7,952                   | 10,595                |
| Asset retirement obligations                          | 35,014                  | 35,191                |
| Other   | 6,602                   | 7,098                 |
| <b>Total non-current liabilities</b>                  | <b>1,240,781</b>        | <b>1,046,569</b>      |
| <b>Total liabilities</b>                              | <b>3,193,103</b>        | <b>2,326,072</b>      |
| <b>Net assets</b>                                     |                         |                       |
| <b>Shareholders' equity</b>                           |                         |                       |
| Share capital   | 2,391,423               | 2,392,665             |
| Capital surplus                                       | 1,500,413               | 1,501,656             |
| Retained earnings                                     | 1,650,907               | 1,547,395             |
| Treasury shares                                       | (115,366)               | (297,166)             |
| <b>Total shareholders' equity</b>                     | <b>5,427,378</b>        | <b>5,144,551</b>      |
| <b>Accumulated other comprehensive income</b>         |                         |                       |
| Valuation difference on available-for-sale securities | 49,348                  | 124,655               |
| Deferred gains or losses on hedges                    | 5,899                   | 32,203                |
| Foreign currency translation adjustment               | 72,630                  | 209,302               |
| <b>Total accumulated other comprehensive income</b>   | <b>127,877</b>          | <b>366,162</b>        |
| Share acquisition rights                              | 37,754                  | 42,924                |
| <b>Total net assets</b>                               | <b>5,593,010</b>        | <b>5,553,637</b>      |
| <b>Total liabilities and net assets</b>               | <b>8,786,113</b>        | <b>7,879,709</b>      |

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Thousands of yen)

|   | Six months ended<br>August 31, 2021 | Six months ended<br>August 31, 2022 |
|---|-------------------------------------|-------------------------------------|
| Net sales   | 4,732,376                           | 3,795,042                           |
| Cost of sales   | 2,952,566                           | 2,348,005                           |
| Gross profit  | 1,779,809                           | 1,447,036                           |
| Selling, general and administrative expenses                | 1,576,909                           | 1,495,865                           |
| Operating profit (loss)                                     | 202,900                             | (48,828)                            |
| Non-operating income  |                                     |                                     |
| Interest income   | 415                                 | 1,422                               |
| Foreign exchange gains                                      | 12,463                              | 102,457                             |
| Other   | 2,572                               | 5,675                               |
| Total non-operating income                                  | 15,451                              | 109,555                             |
| Non-operating expenses                                      |                                     |                                     |
| Interest expenses   | 6,223                               | 4,964                               |
| Share of loss of entities accounted for using equity method | 106,540                             | 1,014                               |
| Other   | 4,963                               | 1,551                               |
| Total non-operating expenses                                | 117,727                             | 7,530                               |
| Ordinary profit   | 100,624                             | 53,196                              |
| Extraordinary income  |                                     |                                     |
| Gain on sale of shares of subsidiaries and associates       | 651,005                             | –                                   |
| Gain on change in equity                                    | 2,796                               | –                                   |
| Total extraordinary income                                  | 653,801                             | –                                   |
| Extraordinary losses  |                                     |                                     |
| Impairment losses   | 27,671                              | –                                   |
| Office relocation expenses                                  | 9,185                               | –                                   |
| Total extraordinary losses                                  | 36,857                              | –                                   |
| Profit before income taxes                                  | 717,568                             | 53,196                              |
| Income taxes  | 154,882                             | 37,405                              |
| Profit  | 562,685                             | 15,790                              |
| Profit attributable to owners of parent                     | 562,685                             | 15,790                              |

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

|  | Six months ended<br>August 31, 2021 | Six months ended<br>August 31, 2022 |
|--|-------------------------------------|-------------------------------------|
| Profit   | 562,685                             | 15,790                              |
| Other comprehensive income   |                                     |                                     |
| Valuation difference on available-for-sale securities                                | (54,346)                            | 75,307                              |
| Deferred gains or losses on hedges   | (3,505)                             | 26,304                              |
| Foreign currency translation adjustment  | 40,742                              | 136,672                             |
| Share of other comprehensive income of entities accounted<br>for using equity method | (158)                               | –                                   |
| Total other comprehensive income   | (17,268)                            | 238,284                             |
| Comprehensive income   | 545,417                             | 254,074                             |
| Comprehensive income attributable to   |                                     |                                     |
| Comprehensive income attributable to owners of parent                                | 545,417                             | 254,074                             |

## Consolidated statements of cash flows

(Thousands of yen)

|  | Six months ended<br>August 31, 2021 | Six months ended<br>August 31, 2022 |
|--|-------------------------------------|-------------------------------------|
| Cash flows from operating activities                                 |                                     |                                     |
| Profit before income taxes   | 717,568                             | 53,196                              |
| Depreciation   | 345,373                             | 118,029                             |
| Amortization of goodwill   | 17,349                              | 17,349                              |
| Share of loss (profit) of entities accounted for using equity method | 106,540                             | 1,014                               |
| Loss (gain) on sale of shares of subsidiaries and associates         | (651,005)                           | –                                   |
| Impairment losses  | 27,671                              | –                                   |
| Increase (decrease) in allowance for doubtful accounts               | 510                                 | (755)                               |
| Increase (decrease) in provision for bonuses                         | (43,469)                            | (129,905)                           |
| Decrease (increase) in trade receivables                             | (207,019)                           | 155,937                             |
| Decrease (increase) in inventories                                   | (240,410)                           | (279,708)                           |
| Increase (decrease) in trade payables                                | 448,070                             | (131,932)                           |
| Increase (decrease) in advances received                             | 131,730                             | 68,083                              |
| Decrease (increase) in advance payments to suppliers                 | (348,616)                           | (39,739)                            |
| Other, net   | 113,864                             | (182,357)                           |
| Subtotal   | 418,157                             | (350,788)                           |
| Interest and dividends received                                      | 610                                 | 1,906                               |
| Interest paid  | (7,293)                             | (4,469)                             |
| Income taxes paid  | (38,727)                            | (271,874)                           |
| Income taxes refund  | 42,686                              | 5,306                               |
| Net cash provided by (used in) operating activities                  | 415,432                             | (619,919)                           |
| Cash flows from investing activities                                 |                                     |                                     |
| Purchase of property, plant and equipment                            | (70,280)                            | (8,271)                             |
| Purchase of intangible assets  | (156,883)                           | (204,263)                           |
| Purchase of investment securities                                    | (100,000)                           | (10,000)                            |
| Purchase of shares of subsidiaries and associates                    | (694,937)                           | –                                   |
| Proceeds from sale of shares of subsidiaries and associates          | 2,332,800                           | –                                   |
| Other, net   | (142)                               | –                                   |
| Net cash provided by (used in) investing activities                  | 1,310,555                           | (222,535)                           |
| Cash flows from financing activities                                 |                                     |                                     |
| Net increase (decrease) in short-term borrowings                     | –                                   | (89,539)                            |
| Proceeds from long-term borrowings                                   | 1,800,000                           | –                                   |
| Repayments of long-term borrowings                                   | (254,526)                           | (217,190)                           |
| Proceeds from issuance of shares                                     | 8,416                               | 4                                   |
| Purchase of treasury shares  | –                                   | (181,800)                           |
| Repayments of lease obligations                                      | (337)                               | (445)                               |
| Dividends paid   | (23,441)                            | (118,467)                           |
| Net cash provided by (used in) financing activities                  | 1,530,111                           | (607,439)                           |
| Effect of exchange rate change on cash and cash equivalents          | 47,014                              | 165,583                             |
| Net increase (decrease) in cash and cash equivalents                 | 3,303,113                           | (1,284,310)                         |
| Cash and cash equivalents at beginning of period                     | 2,050,141                           | 4,982,263                           |
| Cash and cash equivalents at end of period                           | 5,353,255                           | 3,697,953                           |