

Translation

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Summary of Consolidated Financial Results for the Year Ended February 28, 2023 (Based on Japanese GAAP)

April 14, 2023

Company name: JNS HOLDINGS INC.
 Stock exchange listing: Tokyo
 Stock code: 3627 URL <https://www.jns.inc/>
 Representative: President & Representative Director Masashi Ikeda
 Inquiries: Corporate Planning Department Director Satoru Fujishiro TEL (03)6838-8800
 Scheduled date of ordinary general meeting of shareholders: May 24, 2023
 Scheduled date to file Securities Report: May 25, 2023
 Scheduled date to commence dividend payments: May 25, 2023
 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, 2023 (from March 1, 2022 to February 28, 2023)

(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, 2023	8,659	(9.3)	180	(65.0)	386	(10.8)	262	(25.6)
Year ended February 28, 2022	9,550	12.4	516	115.8	433	99.4	353	11.9

	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, 2023	22.45	21.81	4.7	4.6	2.1
Year ended February 28, 2022	29.54	28.28	6.6	5.5	5.4

(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, 2023	8,021	5,593	69.1	474.68
As of February 28, 2022	8,786	5,593	63.2	465.64

(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, 2023	(699)	(601)	(783)	2,983
Year ended February 28, 2022	775	981	1,085	4,982

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, 2022	—	0.00	—	10.00	10.00	119	33.9	2.2
Year ended February 28, 2023	—	0.00	—	5.00	5.00	58	22.3	1.1
Year ending February 29, 2024 (Forecast)	—	0.00	—	6.00	6.00		19.5	

3. Forecast of consolidated financial results for the year ending February 29, 2024 (from March 1, 2023 to February 29, 2024)

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
Six months ending August 31, 2023	4,230	11.5	–	–	20	(62.4)	15	(5.0)	1.28
Full year	10,200	17.8	–	–	500	29.4	360	36.9	30.82

4. Notes

(1) Changes in significant subsidiaries during the year ended February 28, 2023

(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: Yes

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, 2023	12,339,500 shares	As of February 28, 2022	12,140,400 shares
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Number of treasury shares at the end of the period

As of February 28, 2023	660,105 shares	As of February 28, 2022	210,105 shares
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Average number of shares during the period

Year ended February 28, 2023	11,707,241 shares	Year ended February 28, 2022	11,966,900 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of February 28, 2022	As of February 28, 2023
Assets		
Current assets		
Cash and deposits	4,982,263	2,983,960
Notes and accounts receivable - trade	1,134,617	1,282,284
Contract assets	–	423,605
Merchandise and finished goods	121,943	317,461
Work in process	132,460	246,024
Raw materials	240,012	354,499
Short-term loans receivable from subsidiaries and associates	–	100,000
Advance payments to suppliers	291,341	98,507
Other	288,504	354,646
Allowance for doubtful accounts	(5,146)	–
Total current assets	7,185,998	6,160,990
Non-current assets		
Property, plant and equipment		
Buildings, net	149,931	128,712
Vehicles, net	3,592	1,732
furniture and fixtures, net	90,068	78,393
Construction in progress	1,433	1,433
Total property, plant and equipment	245,025	210,272
Intangible assets		
Software	153,736	211,522
Software in progress	69,950	329,524
Goodwill	37,590	2,891
Other	6,441	7,573
Total intangible assets	267,718	551,511
Investments and other assets		
Investment securities	741,078	717,300
Investments in capital of subsidiaries and associates	1,295	–
Deferred tax assets	152,951	182,156
Guarantee deposits	198,166	207,909
Other	31,010	28,882
Allowance for doubtful accounts	(37,131)	(37,131)
Total investments and other assets	1,087,371	1,099,116
Total non-current assets	1,600,115	1,860,900
Total assets	8,786,113	8,021,890

(Thousands of yen)

	As of February 28, 2022	As of February 28, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	370,447	357,787
Short-term borrowings	89,539	–
Current portion of long-term borrowings	413,526	399,016
Income taxes payable	245,230	5,866
Advances received	100,228	–
Contract liabilities	–	128,840
Provision for bonuses	259,854	215,515
Provision for product warranties	427	40,637
Other	473,068	435,505
Total current liabilities	1,952,322	1,583,169
Non-current liabilities		
Long-term borrowings	1,191,212	792,196
Deferred tax liabilities	7,952	10,955
Asset retirement obligations	35,014	35,368
Other	6,602	6,236
Total non-current liabilities	1,240,781	844,755
Total liabilities	3,193,103	2,427,924
Net assets		
Shareholders' equity		
Share capital	2,391,423	2,403,000
Capital surplus	1,500,413	1,511,991
Retained earnings	1,650,907	1,794,478
Treasury shares	(115,366)	(297,166)
Total shareholders' equity	5,427,378	5,412,304
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	49,348	10,250
Deferred gains or losses on hedges	5,899	(22,173)
Foreign currency translation adjustment	72,630	143,538
Total accumulated other comprehensive income	127,877	131,615
Share acquisition rights	37,754	50,045
Total net assets	5,593,010	5,593,965
Total liabilities and net assets	8,786,113	8,021,890

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

(Thousands of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Net sales	9,550,536	8,659,226
Cost of sales	6,185,075	5,565,684
Gross profit	3,365,461	3,093,542
Selling, general and administrative expenses	2,848,856	2,912,963
Operating profit	516,604	180,578
Non-operating income		
Foreign exchange gains	41,072	207,300
Other	6,426	12,186
Total non-operating income	47,499	219,486
Non-operating expenses		
Interest expenses	12,142	9,273
Other	118,820	4,300
Total non-operating expenses	130,962	13,573
Ordinary profit	433,141	386,491
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	2,796	–
Gain on reversal of share acquisition rights	–	313
Total extraordinary income	642,646	313
Extraordinary losses		
Impairment losses	47,609	17,368
Loss on valuation of investment securities	395,546	–
Office relocation expenses	9,185	35,382
Settlement money paid	–	37,364
Total extraordinary losses	452,341	90,115
Profit before income taxes	623,446	296,689
Income taxes - current	301,973	53,948
Income taxes - deferred	(32,025)	(20,133)
Total income taxes	269,948	33,814
Profit	353,498	262,874
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	353,498	262,874

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Profit	353,498	262,874
Other comprehensive income		
Valuation difference on available-for-sale securities	7,861	(39,097)
Deferred gains or losses on hedges	3,522	(28,680)
Foreign currency translation adjustment	70,784	70,908
Share of other comprehensive income of entities accounted for using equity method	(158)	—
Total other comprehensive income	82,010	3,130
Comprehensive income	435,508	266,004
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	435,508	266,004
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

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
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	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
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

Fiscal year ended February 28, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,391,423	1,500,413	1,650,907	(115,366)	5,427,378
Changes during period					
Issuance of new shares	11,577	11,577			23,154
Dividends of surplus			(119,302)		(119,302)
Profit attributable to owners of parent			262,874		262,874
Purchase of treasury shares				(181,800)	(181,800)
Change in scope of consolidation					
Net changes in items other than shareholders' equity					
Total changes during period	11,577	11,577	143,571	(181,800)	(15,073)
Balance at end of period	2,403,000	1,511,991	1,794,478	(297,166)	5,412,304

	Accumulated other comprehensive income				Share acquisition rights	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	49,348	5,899	72,630	127,877	37,754	5,593,010
Changes during period						
Issuance of new shares						23,154
Dividends of surplus						(119,302)
Profit attributable to owners of parent						262,874
Purchase of treasury shares						(181,800)
Change in scope of consolidation						
Net changes in items other than shareholders' equity	(39,097)	(28,073)	70,908	3,737	12,291	16,029
Total changes during period	(39,097)	(28,073)	70,908	3,737	12,291	955
Balance at end of period	10,250	(22,173)	143,538	131,615	50,045	5,593,965

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Cash flows from operating activities		
Profit before income taxes	623,446	296,689
Depreciation	443,495	240,259
Impairment losses	47,609	17,368
Amortization of goodwill	34,698	34,698
Increase (decrease) in allowance for doubtful accounts	241	(5,146)
Increase (decrease) in provision for bonuses	55,007	(44,339)
Increase (decrease) in provision for product warranties	–	40,210
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	107,558	1,295
Loss (gain) on change in equity	(2,796)	–
Relocation expenses	–	35,382
Settlement money paid	–	37,364
Decrease (increase) in trade receivables	(96,044)	–
Decrease (increase) in trade receivables , and contract assets	–	(571,272)
Decrease (increase) in inventories	(200,451)	(277,048)
Increase (decrease) in trade payables	20,194	(12,660)
Increase (decrease) in advances received	(27,068)	–
Increase (decrease) in contract liabilities	–	28,612
Decrease (increase) in advance payments to suppliers	(98,693)	192,834
Other, net	165,720	(277,350)
Subtotal	828,615	(263,101)
Interest and dividends received	1,310	2,762
Interest paid	(13,045)	(8,920)
Settlement paid	–	(37,364)
Income taxes paid	(84,668)	(393,189)
Income taxes refund	43,391	–
Net cash provided by (used in) operating activities	775,604	(699,812)
Cash flows from investing activities		
Purchase of property, plant and equipment	(74,604)	(11,519)
Purchase of intangible assets	(224,754)	(471,784)
Purchase of investment securities	(400,000)	(18,000)
Proceeds from sale of investment securities	3,000	–
Purchase of shares of subsidiaries and associates	(694,937)	–
Proceeds from sale of shares of subsidiaries and associates	2,332,800	–
Loan advances to subsidiaries and associates	–	(100,000)
Proceeds from refund of guarantee deposits	43,541	–
Other, net	(3,865)	–
Net cash provided by (used in) investing activities	981,180	(601,303)

(Thousands of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(111,994)	(89,539)
Proceeds from long-term borrowings	1,800,000	–
Repayments of long-term borrowings	(475,858)	(413,526)
Proceeds from issuance of shares	12,449	20,674
Purchase of treasury shares	(115,290)	(181,800)
Repayments of lease liabilities	(626)	(923)
Dividends paid	(23,441)	(118,596)
Net cash provided by (used in) financing activities	1,085,239	(783,710)
Effect of exchange rate change on cash and cash equivalents	90,098	86,524
Net increase (decrease) in cash and cash equivalents	2,932,122	(1,998,303)
Cash and cash equivalents at beginning of period	2,050,141	4,982,263
Cash and cash equivalents at end of period	4,982,263	2,983,960