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Notices of Difference between Consolidated Financial Results Forecast and Actual Results for the Six Months Ended February 28, 2023, Revisions to Full-Year Consolidated Financial Results Forecast for the Fiscal Year Ending August 31, 2023, and Revisions to Year-End Dividend Forecast

JINS HOLDINGS Inc. (the “Company”) announces that there is a difference between the consolidated financial results forecast and the actual results for the six months ended February 28, 2023 announced on October 14, 2022 and there will be revisions to the full-year consolidated financial results forecast for the fiscal year ending August 31, 2023, and revisions to the year-end dividend forecast, as follows.

1. Difference between consolidated financial results forecast and actual results for the six months ended February 28, 2023 (September 1, 2022 to February 28, 2023)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
Previously announced forecast (A)	Million yen 36,680	Million yen 1,960	Million yen 1,810	Million yen 1,000	Yen 42.84
Actual results (B)	34,556	1,509	1,505	772	33.11
Change (B-A)	(2,123)	(450)	(304)	(227)	
Change (%)	(5.8)	(23.0)	(16.8)	(22.7)	
(Reference) Results for the previous period (Six months ended February 28, 2022)	32,704	1,902	2,172	1,170	50.14

2. Revisions to full-year consolidated financial results forecast for the fiscal year ending August 31, 2023
(September 1, 2022 to August 31, 2023)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previously announced forecast (A)	78,100	7,000	6,700	4,100	175.66
Revisions to the forecast (B)	73,486	4,009	3,875	2,142	91.81
Change (B-A)	(4,613)	(2,990)	(2,824)	(1,957)	
Change (%)	(5.9)	(42.7)	(42.2)	(47.7)	
(Reference) Results for the previous period (Fiscal year ended August 31, 2022)	66,901	3,315	3,789	750	32.17

3. Reasons for difference and revisions

(1) Reasons for difference between consolidated financial results forecast and actual results for the six months ended February 28, 2023

Consolidated net sales for the six months ended February 28, 2023 are expected to be ¥34,556 million, which is ¥2,123 million less than the initial forecast.

In the domestic eyewear business, unit price per set grew steadily due to a revision of the price of standard products including the “JINS CLASSIC” series and the “STANDARD” series, which were renewed for the first time in approximately seven years. In addition, existing products were set in the same price range from mid-November. However, from December to January, demand shifted toward industries such as tourism and food and beverages due to nationwide travel assistance programs, etc., which did not lead to increased demand for eyewear, and as a result, sales fell below the initial forecast and remained at almost the same level as the previous year.

For the overseas eyewear business, sales grew steadily in Taiwan and Hong Kong, where the situation surrounding the spread of the novel coronavirus disease (COVID-19) is becoming increasingly calm. However, in China, the number of customers started to be affected by an increase in urban lockdowns, mainly in regional cities, in the second half of August. Even after the zero-Covid policy was essentially abolished in early December, the flow of people continued to decline significantly during the year, which had a significant impact on business performance.

Operating profit was ¥1,509 million, which is ¥450 million less than the initial forecast. Although we reduced SG&A expenses, mainly in the domestic eyewear business centered around headquarters costs, this was not enough to offset the impact of the decline in net sales.

Ordinary profit and profit attributable to owners of parent are lower than the initial forecast as a result of operating profit being lower than the forecast.

(2) Reasons for revisions to full-year consolidated financial results forecast for the fiscal year ending August 31, 2023

Consolidated net sales are expected to be ¥73,486 million yen, which is ¥4,613 million less than the initial forecast.

In the domestic eyewear business, in addition to the assumptions made at the beginning of the year, unit prices for the second half of the fiscal year are expected to grow steadily due to price revisions for existing products and measures to increase the installation rate of optional lenses implemented from November. Despite this, net sales are expected to be lower than the initial forecast because the number of units sold is expected to be lower than assumptions at the beginning of this fiscal year due to current trends and as a result of the impact of the six months ended February 28, 2023 as stated above.

For the overseas eyewear business, net sales are expected to recover steadily as the elimination of the zero-Covid policy in China has led to a recovery in foot traffic since the beginning of the year and government measures to stimulate consumption are also planned. For other countries and regions, net sales for the second half of the fiscal year are expected to generally conform to the initial forecast, although there may be a slight increase or decrease in line with the schedule for opening and closing stores.

Operating profit is expected to be ¥4,009 million, which is ¥2,990 million less than the initial forecast, because of efforts mainly in the domestic eyewear business in which we analyze how consumer needs have changed from before to after COVID-19 and the strengths of the Company, which has an overwhelming volume of eyewear sales, and create plans for additional strategic investments to address various issues such as further improvement of customer satisfaction. As a result, the ratio of operating profit to net sales for the fiscal year is expected to be secured at 5.5%, but we see this as a major turning point in the transformation of our existing business model and will take drastic measures toward internal reforms while leaving no stone unturned.

Ordinary profit and profit attributable to owners of parent are expected to be lower than the initial forecast as a result of operating profit being expected to be lower than the forecast.

4. Revisions to dividend forecast

(1) Details of revisions

	Annual dividends		
	2nd quarter-end	Year-end	Total
Previously announced forecast (October 14, 2022)	Yen 13.00	Yen 40.00	Yen 53.00
Revisions to the forecast	13.00	18.00	31.00
(Reference) Results for the previous period (Fiscal year ended August 31, 2022)	17.00	0.00	17.00

(2) Reasons for revisions

Recognizing that a mid- to long-term increase of shareholder value is its most important mandate, the Company aims for a consolidated dividend payout ratio of 30%, under a basic policy of maintaining sufficient retained earnings for supporting future business development as well as providing continuous and stable dividend payouts for its shareholders.

Under this policy, with the revisions to the full-year consolidated results forecast, the interim dividend forecast remains unchanged, but the year-end dividend has been revised downward by ¥22 from the initial forecast of ¥40 to ¥18 per share.

*Forward-looking statements in this document, such as the financial results forecast, are based on information currently available to the Group and certain assumptions that the Group has deemed reasonable. These statements are not intended as the Group’s commitment to achieve them, and actual performance may differ significantly due to various factors.