

# Consolidated Financial Results for the Nine Months Ended May 31, 2023 [Japanese GAAP]



July 14, 2023

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 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 3046  
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 Scheduled date of filing quarterly securities report: July 14, 2023  
 Scheduled date of commencing dividend payments: –  
 Availability of supplementary briefing material on quarterly financial results: Not available  
 Schedule of quarterly financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

## 1. Consolidated Financial Results for the Nine Months Ended May 31, 2023 (September 1, 2022 to May 31, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended								
May 31, 2023	53,562	7.3	3,679	33.4	3,587	14.2	2,151	109.6
May 31, 2022	49,916	4.6	2,758	(30.9)	3,141	(21.0)	1,026	(62.6)

(Note) Comprehensive income: Nine months ended May 31, 2023: ¥1,901 million [53.6%]  
 Nine months ended May 31, 2022: ¥1,238 million [(59.0)%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
May 31, 2023	92.18	84.50
May 31, 2022	43.97	38.69

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of May 31, 2023	44,456	22,005	49.5
As of August 31, 2022	54,721	20,406	37.3

(Reference) Equity: As of May 31, 2023: ¥22,005 million  
 As of August 31, 2022: ¥20,406 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended August 31, 2022	–	17.00	–	0.00	17.00
Fiscal year ending August 31, 2023	–	13.00	–		
Fiscal year ending August 31, 2023 (Forecast)				18.00	31.00

(Note) Revision to the forecast for dividends announced most recently: No

### 3. Forecast of Consolidated Financial Results for the Fiscal Year Ending August 31, 2023 (September 1, 2022 to August 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	73,486	9.8	4,009	20.9	3,875	2.3	2,142	185.3	91.81

(Note) Revision to the financial results forecast announced most recently: No

#### \* Notes:

- (1) Changes in significant subsidiaries during the nine months ended May 31, 2023 (changes in specified subsidiaries resulting in changes in scope of consolidation): None
- (2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - 1) Changes in accounting policies due to the revision of accounting standards: Yes
  - 2) Changes in accounting policies other than 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatement: None
- (4) Total number of issued shares (common shares)
  - 1) Total number of issued shares at the end of the period (including treasury stock):
    - May 31, 2023: 23,980,000 shares
    - August 31, 2022: 23,980,000 shares
  - 2) Total number of treasury stock at the end of the period:
    - May 31, 2023: 639,846 shares
    - August 31, 2022: 639,815 shares
  - 3) Average number of shares during the period (Accumulated total of the quarter):
    - Nine months ended May 31, 2023: 23,340,157 shares
    - Nine months ended May 31, 2022: 23,340,216 shares

\*This financial report is outside the scope of audit by Certified Public Accountants or an Audit firm.

#### \*Explanation of the proper use of financial results forecast and other notes

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.

For the assumptions for financial results forecast and precautions for using financial results forecast, please refer to "1. Qualitative Information on Quarterly Financial Results for the Period under Review, (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information" on page 4 of the attached document.

## Table of Contents

1. Qualitative Information on Quarterly Financial Results for the Period under Review .....	2
(1) Explanation of Business Results .....	2
(2) Explanation of Financial Position .....	4
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information .	4
2. Quarterly Consolidated Financial Statements and Primary Notes .....	5
(1) Quarterly Consolidated Balance Sheets .....	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income .....	7
(3) Notes to Quarterly Consolidated Financial Statements .....	9
(Notes on going concern assumption) .....	9
(Notes in the case of significant changes in shareholders' equity) .....	9
(Changes in accounting policies) .....	9
(Segment information) .....	9

## 1. Qualitative Information on Quarterly Financial Results for the Period under Review

### (1) Explanation of Business Results

During the nine months ended May 31, 2023 (September 1, 2022 to May 31, 2023), the Japanese economy experienced continued periodic increases and decreases in the number of infected people with the novel coronavirus disease (COVID-19). However, since May, with the recent trend of a decrease in the number of cases, the impact from the pandemic has been diminishing following the reclassification of COVID-19 under the Infectious Diseases Act. In addition, personal consumption such as traveling and eating out is gradually recovering in spite of continuous inflation caused by a surge in raw material 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 raw materials and others, 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 and has not yet recovered to the level before the outbreak of COVID-19.

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 ¥42 million for the nine months ended May 31, 2023.

In terms of store development, the number of stores as of May 31, 2023, was 710, including 472 stores in Japan and 238 stores overseas (172 in China, 53 in Taiwan, 9 in Hong Kong, and 4 in the United States).

As a result, for the nine months ended May 31, 2023, the Company posted net sales of ¥53,562 million (up 7.3% year-on-year) partly thanks to a rebound from the previous year affected by COVID-19 and the impact of new store openings. Operating profit was ¥3,679 million (up 33.4% year-on-year) due to an increase in net sales and a reduction in SG&A expenses including advertising expenses, ordinary profit was ¥3,587 million (up 14.2% year-on-year), and profit attributable to owners of parent was ¥2,151 million (up 109.6% year-on-year).

Business results by segment are as follows.

Net sales by business segment

Segment	For the nine months ended May 31, 2023 (September 1, 2022 to May 31, 2023)	Percentage to the Company's net sales	Year-on-year change
Domestic eyewear business	¥40,627 million	75.9%	3.3%
Overseas eyewear business	¥12,935 million	24.1%	22.1%
Total	¥53,562 million	100.0%	7.3%

<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. In addition, as opportunities to go out have increased, we saw strong sales of optional lens suitable for outdoor use including color lenses and photochromic lenses that change color density depending on the amount of ultraviolet rays. Thanks mainly to these factors, net sales remained steady. Meanwhile, membership of the JINS app reached approximately 13.10 million people as of the end of May 2023. 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 472 (24 openings and 16 closures).

As a result, net sales of the domestic eyewear business were ¥40,627 million (up 3.3% year-on-year), and segment operating profit was ¥3,192 million (up 7.9% year-on-year).

#### <Overseas Eyewear Business>

In the overseas eyewear business, in China, business performance has been recovering since early December in which the zero-Covid policy was essentially lifted; however, the number of infected people with COVID-19 is periodically increasing and decreasing, which may negatively affect future results.

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 238 as of the end of the period under review, including 172 stores in China (3 openings and 5 closures), 53 in Taiwan (4 openings and no closures), 9 in Hong Kong (2 openings 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 ¥12,935 million (up 22.1% year-on-year), and segment operating profit was ¥486 million (segment operating loss was ¥200 million for the same period of the previous year).

## (2) Explanation of Financial Position

### (Status of Assets, Liabilities and Net Assets)

Assets, liabilities and net assets at the end of the third quarter of the fiscal year under review are as follows.

(Millions of yen)

	End of the previous fiscal year (August 31, 2022)	End of 3rd quarter of fiscal year under review (May 31, 2023)	Change	Change (%)
Total assets	54,721	44,456	(10,265)	(18.8)
Liabilities	34,314	22,451	(11,863)	(34.6)
Net assets	20,406	22,005	1,598	7.8

#### (a) Assets

Current assets decreased ¥10,924 million from the end of the previous fiscal year to ¥22,249 million.

This was mainly due to a decrease of ¥12,248 million in cash and deposits as a result of redemption of convertible bond-type bonds with share acquisition rights and other factor, despite an increase of ¥651 million in merchandise and finished goods.

Non-current assets increased ¥659 million from the end of the previous fiscal year to ¥22,206 million.

This was mainly due to an increase of ¥750 million in property, plant and equipment such as buildings and structures as a result of the Group's expansion of retail stores.

As a result, total assets decreased ¥10,265 million from the end of the previous fiscal year to ¥44,456 million.

#### (b) Liabilities

Current liabilities decreased ¥11,422 million from the end of the previous fiscal year to ¥11,276 million.

This was mainly due to decreases of ¥10,033 million in current portion of convertible bond-type bonds with share acquisition rights and ¥794 million in accounts payable - trade.

Non-current liabilities decreased ¥440 million from the end of the previous fiscal year to ¥11,175 million.

This was mainly due to decreases of ¥205 million in long-term accounts payable - other and ¥115 million in long-term borrowings.

As a result, total liabilities decreased ¥11,863 million from the end of the previous fiscal year to ¥22,451 million.

#### (c) Net Assets

Net assets increased ¥1,598 million from the end of the previous fiscal year to ¥22,005 million.

This was mainly due to the recording of ¥2,151 million in profit attributable to owners of parent, despite a decrease of ¥303 million due to the payment of dividends.

## (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

For the full-year consolidated financial results forecasts for the fiscal year ending August 31, 2023, there are no changes to the forecasts announced on April 14, 2023.

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of August 31, 2022	As of May 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	21,430	9,182
Accounts receivable - trade	4,514	4,773
Merchandise and finished goods	5,406	6,058
Raw materials and supplies	446	527
Other	1,376	1,707
Total current assets	33,174	22,249
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,610	8,288
Other, net	2,139	2,212
Total property, plant and equipment	9,750	10,500
Intangible assets	2,196	2,164
Investments and other assets		
Leasehold and guarantee deposits	4,910	4,920
Other	4,690	4,620
Total investments and other assets	9,601	9,540
Total non-current assets	21,547	22,206
Total assets	54,721	44,456

(Millions of yen)

	As of August 31, 2022	As of May 31, 2023
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	2,535	1,741
Current portion of convertible bond-type bonds with share acquisition rights	10,033	–
Short-term borrowings	1,869	2,094
Current portion of long-term borrowings	70	36
Accounts payable - other, and accrued expenses	4,676	4,932
Income taxes payable	912	671
Provision for bonuses	67	112
Provision for product warranties	168	175
Allowance for office relocation expenses	235	58
Allowance for business structure reform expenses	628	–
Asset retirement obligations	356	340
Other	1,145	1,112
Total current liabilities	22,699	11,276
Non-current liabilities		
Convertible bond-type bonds with share acquisition rights	10,025	10,017
Long-term borrowings	131	15
Asset retirement obligations	265	266
Other	1,193	875
Total non-current liabilities	11,615	11,175
Total liabilities	34,314	22,451
<b>Net assets</b>		
Shareholders' equity		
Common stock	3,202	3,202
Capital surplus	3,228	3,228
Retained earnings	18,623	20,471
Treasury stock	(5,003)	(5,003)
Total shareholders' equity	20,051	21,899
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	189	112
Foreign currency translation adjustment	166	(6)
Total accumulated other comprehensive income	355	105
Total net assets	20,406	22,005
<b>Total liabilities and net assets</b>	<b>54,721</b>	<b>44,456</b>



(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Nine Months Ended May 31, 2022 and May 31, 2023

(Millions of yen)

	For the nine months ended May 31, 2022	For the nine months ended May 31, 2023
Net sales	49,916	53,562
Cost of sales	10,790	11,751
Gross profit	39,125	41,810
Selling, general and administrative expenses	36,367	38,131
Operating profit	2,758	3,679
Non-operating income		
Interest income	64	47
Foreign exchange gains	379	–
Subsidy income	144	179
Compensation income	110	–
Reversal of allowance for business structure reform expenses	–	60
Other	49	55
Total non-operating income	748	342
Non-operating expenses		
Interest expenses	114	106
Share of loss of entities accounted for using equity method	65	103
Rental expenses on real estate	160	107
Foreign exchange losses	–	61
Other	25	55
Total non-operating expenses	365	434
Ordinary profit	3,141	3,587
Extraordinary losses		
Loss on retirement of non-current assets	122	97
Impairment loss	77	25
Loss on store closings	29	26
Loss due to temporary store closures	49	74
Provision of allowance for office relocation expenses	235	–
Provision of allowance for business structure reform expenses	521	–
Other	7	–
Total extraordinary losses	1,043	222
Profit before income taxes	2,097	3,364
Income taxes - current	1,079	1,103
Income taxes - deferred	(8)	108
Total income taxes	1,071	1,212
Profit	1,026	2,151
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	1,026	2,151

Quarterly Consolidated Statements of Comprehensive Income  
 Nine Months Ended May 31, 2022 and May 31, 2023

(Millions of yen)

	For the nine months ended May 31, 2022	For the nine months ended May 31, 2023
Profit	1,026	2,151
Other comprehensive income		
Valuation difference on available-for-sale securities	–	(77)
Foreign currency translation adjustment	170	(193)
Share of other comprehensive income of entities accounted for using equity method	41	21
Total other comprehensive income	211	(249)
Comprehensive income	1,238	1,901
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,238	1,901
Comprehensive income attributable to non-controlling interests	–	–

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in the case of significant changes in shareholders' equity)

Not applicable.

(Changes in accounting policies)

(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. 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.

(Segment information)

I. For the nine months ended May 31, 2022

1. Information about net sales and profit (loss) and information on disaggregation of revenue by reportable segment

(Millions of yen)

	Reportable segment			Adjustments	Consolidated (Note)
	Domestic eyewear business	Overseas eyewear business	Subtotal		
Net sales:					
Revenue from contracts with customers	39,319	10,596	49,916	–	49,916
Sales to outside customers	39,319	10,596	49,916	–	49,916
Intersegment sales or transfers	363	5	369	(369)	–
Total	39,683	10,602	50,285	(369)	49,916
Segment profit (loss)	2,959	(200)	2,758	–	2,758

(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)

This is primarily an impairment loss in the amount of ¥77 million recorded in the "overseas eyewear business" segment.

(Significant changes in goodwill)

Not applicable.

(Significant gain on negative goodwill)

Not applicable.

II. For the nine months ended May 31, 2023

1. Information about net sales and profit (loss) and information on disaggregation of revenue by reportable segment

(Millions of yen)

	Reportable segment			Adjustments	Consolidated (Note)
	Domestic eyewear business	Overseas eyewear business	Subtotal		
Net sales:					
Revenue from contracts with customers	40,627	12,935	53,562	–	53,562
Sales to outside customers	40,627	12,935	53,562	–	53,562
Intersegment sales or transfers	514	2	516	(516)	–
Total	41,141	12,937	54,078	(516)	53,562
Segment profit	3,192	486	3,679	–	3,679

(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.