

Consolidated Financial Results for the Three Months Ended November 30, 2023 [Japanese GAAP]



January 12, 2024

Company name: JINS HOLDINGS Inc.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 3046
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 Scheduled date of filing quarterly securities report: January 12, 2024
 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 Three Months Ended November 30, 2023 (September 1, 2023 to November 30, 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	%
Three months ended November 30, 2023	18,166	6.5	1,089	39.7	1,056	58.8	579	54.0
November 30, 2022	17,051	11.6	780	35.0	665	(3.7)	376	(13.1)

(Note) Comprehensive income: Three months ended November 30, 2023: ¥509 million [29.7%]

Three months ended November 30, 2022: ¥392 million [(10.3)%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended November 30, 2023	24.83	23.66
November 30, 2022	16.13	14.24

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of November 30, 2023	44,951	21,761	48.4
As of August 31, 2023	44,863	21,779	48.5

(Reference) Equity: As of November 30, 2023: ¥21,761 million

As of August 31, 2023: ¥21,779 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, 2023	–	13.00	–	25.00	38.00
Fiscal year ending August 31, 2024	–				
Fiscal year ending August 31, 2024 (Forecast)		15.00	–	26.00	41.00

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

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending August 31, 2024 (September 1, 2023 to August 31, 2024)

(% 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
Half year	38,500	11.4	1,840	21.9	1,751	16.3	1,108	43.4	47.47
Full year	80,730	10.2	5,500	13.5	5,320	42.3	3,100	75.9	132.82

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

* Notes:

- (1) Changes in significant subsidiaries during the three months ended November 30, 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: None
 - 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):
 - November 30, 2023: 23,980,000 shares
 - August 31, 2023: 23,980,000 shares
 - 2) Total number of treasury stock at the end of the period:
 - November 30, 2023: 639,930 shares
 - August 31, 2023: 639,866 shares
 - 3) Average number of shares during the period:
 - Three months ended November 30, 2023: 23,340,113 shares
 - Three months ended November 30, 2022: 23,340,164 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.

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

(1) Explanation of Business Results

During the three months ended November 30, 2023 (September 1, 2023 to November 30, 2023), the Japanese economy experienced a recovery in inbound demand as social and economic activities have normalized with the diminishing impact of the novel coronavirus disease (COVID-19). However, the recovery of personal consumption remained at a standstill due to continuous inflation caused by a surge in raw material prices and currency movement. Looking at the global economy, while global inflation caused by rising prices of crude oil and raw materials, financial tightening policies, and other factors continue to affect the economy, China has seen slower growth mainly due to the sluggish real estate market and rising youth unemployment rate, and there are concerns about further downward risks to the economy.

The domestic retail eyewear market (eyeglasses for vision correction) seemed to exhibit a trend of recovery to the level before the outbreak of COVID-19 as the impact of the pandemic diminished.

Under this market environment, in the eyewear business, the Company and its consolidated subsidiaries (collectively, the “Group”) took such initiatives as strengthening development of innovative products and advancing store development, which they identified as management issues. With regard to product development, we developed products that fit the usage scenarios encountered by our customers and provided new product value through initiatives such as “JINS SAUNA,” which can be used in both daily life and inside saunas, and “JINS HOME,” which are designed for at-home use. Also, we have continued 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.” As for store strategies, we have promoted store openings at locations that are convenient to customers based on the market environment. In Japan, we opened stores mainly in suburban roadsides and small shopping malls. For overseas locations, we engaged in developing concepts for stores that are able to offer customers a new kind of shopping experience.

In terms of store development, the number of stores as of November 30, 2023, was 725, including 481 stores in Japan and 244 stores overseas (171 in China, 60 in Taiwan, 9 in Hong Kong, and 4 in the United States).

As a result, for the three months ended November 30, 2023, the Company posted net sales of ¥18,166 million (up 6.5% year-on-year) partly thanks to the impact of new store openings in Japan and overseas. Operating profit was ¥1,089 million (up 39.7% year-on-year), ordinary profit was ¥1,056 million (up 58.8% year-on-year), and profit attributable to owners of parent was ¥579 million (up 54.0% year-on-year), achieving increased sales and profits.

Business results by segment are as follows.

Net sales by business segment

Segment	For the three months ended November 30, 2023 (September 1, 2023 to November 30, 2023)	Percentage to the Company’s net sales	Year-on-year change
Domestic eyewear business	¥13,485 million	74.2%	8.2%
Overseas eyewear business	¥4,680 million	25.8%	2.1%
Total	¥18,166 million	100.0%	6.5%

<Domestic Eyewear Business>

In the domestic eyewear business, as in the previous fiscal year, we stepped up sales activities targeting every customer visiting our store and saw more customers purchase optional lenses, such as “JINS Goku-usu Lenses,” double-sided aspherical lenses with the world’s highest level of refractive index. Sales were also driven by “JINS HOME” series of eyeglasses, which are specifically designed for at-home use and combine comfortable, stress-free fit with a design that allows users to enjoy everyday life in their own way, in addition to the “Disney 100 Eyewear Collection by JINS” to celebrate Disney’s 100th anniversary. Meanwhile, membership of the JINS app reached approximately 14.19 million people as of the end of November 2023.

In terms of store development, the number of stores in Japan was 481 (8 openings and no closures).

As a result, net sales of the domestic eyewear business were ¥13,485 million (up 8.2% year-on-year), and segment operating profit was ¥857 million (up 85.1% year-on-year).

<Overseas Eyewear Business>

In the overseas eyewear business, in China, although the impact of COVID-19 diminished, the continued weakness of consumption due to the sluggish real estate market and rising youth unemployment rate had an impact on the Company’s business performance.

In Taiwan, business performance was strong mainly due to continued favorable feedback of the Japan-made lenses that are available as an option.

In Hong Kong, as in China, the impact of weak consumption remained evident. However, net sales of new stores have steadily grown and business performance has remained stable.

In the United States, we have promoted business structure reform aimed at expanding the scale of business, centered on the EC business. Meanwhile, net sales of the existing stores also remained strong.

In terms of store development, the total number of stores overseas was 244 as of the end of the period under review, including 171 stores in China (2 openings and 3 closures), 60 in Taiwan (5 openings and no closures), 9 in Hong Kong (no openings or closures), and 4 in the United States (no openings or closures).

As a result, net sales of the overseas eyewear business were ¥4,680 million (up 2.1% year-on-year), and segment operating profit was ¥231 million (down 26.8% year-on-year).

(2) Explanation of Financial Position

(Status of Assets, Liabilities and Net Assets)

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

(Millions of yen)

	End of the previous fiscal year (August 31, 2023)	End of 1st quarter of fiscal year under review (November 30, 2023)	Change	Change (%)
Total assets	44,863	44,951	87	0.2
Liabilities	23,083	23,190	106	0.5
Net assets	21,779	21,761	(18)	(0.1)

(a) Assets

Current assets decreased ¥317 million from the end of the previous fiscal year to ¥23,440 million.

This was mainly due to decreases of ¥399 million in accounts receivable - trade and ¥358 million in cash and deposits, despite an increase of ¥653 million of merchandise and finished goods.

Non-current assets increased ¥405 million from the end of the previous fiscal year to ¥21,510 million.

This was mainly due to an increase of ¥482 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 increased ¥87 million from the end of the previous fiscal year to ¥44,951 million.

(b) Liabilities

Current liabilities increased ¥118 million from the end of the previous fiscal year to ¥11,389 million.

This was mainly due to an increase of ¥620 million in accounts payable - trade, despite a decrease of ¥445 million in income taxes payable due to the payment of tax.

Non-current liabilities decreased ¥12 million from the end of the previous fiscal year to ¥11,800 million.

This was mainly due to a decrease of ¥51 million in long-term accounts payable - other, despite an increase of ¥33 million in asset retirement obligations.

As a result, total liabilities increased ¥106 million from the end of the previous fiscal year to ¥23,190 million.

(c) Net Assets

Net assets decreased ¥18 million from the end of the previous fiscal year to ¥21,761 million.

This was mainly due to a decrease of ¥583 million due to the payment of dividends, despite the recording of ¥579 million in profit attributable to owners of parent.

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

For the first-half and full-year consolidated financial results forecasts for the fiscal year ending August 31, 2024, there are no changes to the forecasts announced on October 13, 2023.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of August 31, 2023	As of November 30, 2023
Assets		
Current assets		
Cash and deposits	12,202	11,844
Accounts receivable - trade	5,059	4,659
Merchandise and finished goods	4,107	4,760
Work in process	–	23
Raw materials and supplies	474	508
Other	1,912	1,643
Total current assets	23,757	23,440
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,022	9,635
Other, net	2,099	1,968
Total property, plant and equipment	11,122	11,604
Intangible assets	1,991	2,045
Investments and other assets		
Leasehold and guarantee deposits	4,101	4,128
Other	3,890	3,732
Total investments and other assets	7,991	7,860
Total non-current assets	21,105	21,510
Total assets	44,863	44,951

(Millions of yen)

	As of August 31, 2023	As of November 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	1,745	2,365
Short-term borrowings	1,887	1,793
Current portion of long-term borrowings	33	37
Accounts payable - other, and accrued expenses	4,986	5,169
Income taxes payable	793	347
Provision for bonuses	85	113
Provision for product warranties	190	171
Other	1,547	1,390
Total current liabilities	11,270	11,389
Non-current liabilities		
Convertible bond-type bonds with share acquisition rights	10,015	10,012
Long-term borrowings	11	37
Asset retirement obligations	1,070	1,104
Other	716	647
Total non-current liabilities	11,813	11,800
Total liabilities	23,083	23,190
Net assets		
Shareholders' equity		
Common stock	3,202	3,202
Capital surplus	3,228	3,223
Retained earnings	20,081	20,139
Treasury stock	(5,003)	(5,003)
Total shareholders' equity	21,509	21,561
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	93	72
Foreign currency translation adjustment	175	126
Total accumulated other comprehensive income	269	199
Total net assets	21,779	21,761
Total liabilities and net assets	44,863	44,951

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Three Months Ended November 30, 2022 and November 30, 2023

(Millions of yen)

	For the three months ended November 30, 2022	For the three months ended November 30, 2023
Net sales	17,051	18,166
Cost of sales	3,553	3,819
Gross profit	13,498	14,347
Selling, general and administrative expenses	12,718	13,257
Operating profit	780	1,089
Non-operating income		
Interest income	20	4
Foreign exchange gains	–	5
Subsidy income	107	0
Other	19	16
Total non-operating income	147	25
Non-operating expenses		
Interest expenses	34	33
Share of loss of entities accounted for using equity method	30	18
Rental expenses on real estate	50	–
Foreign exchange losses	126	–
Other	20	6
Total non-operating expenses	262	58
Ordinary profit	665	1,056
Extraordinary losses		
Loss on retirement of non-current assets	28	35
Loss on store closings	3	3
Loss due to temporary store closures	19	–
Total extraordinary losses	51	39
Profit before income taxes	613	1,017
Income taxes - current	204	272
Income taxes - deferred	32	165
Total income taxes	237	437
Profit	376	579
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	376	579

Quarterly Consolidated Statements of Comprehensive Income
 Three Months Ended November 30, 2022 and November 30, 2023

(Millions of yen)

	For the three months ended November 30, 2022	For the three months ended November 30, 2023
Profit	376	579
Other comprehensive income		
Valuation difference on available-for-sale securities	3	(21)
Foreign currency translation adjustment	8	54
Share of other comprehensive income of entities accounted for using equity method	4	(103)
Total other comprehensive income	16	(70)
Comprehensive income	392	509
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	392	509
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.

(Segment information)

I. For the three months ended November 30, 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	12,466	4,584	17,051	–	17,051
Sales to outside customers	12,466	4,584	17,051	–	17,051
Intersegment sales or transfers	170	1	172	(172)	–
Total	12,637	4,586	17,224	(172)	17,051
Segment profit	463	316	780	–	780

(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.

II. For the three months ended November 30, 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	13,485	4,680	18,166	–	18,166
Sales to outside customers	13,485	4,680	18,166	–	18,166
Intersegment sales or transfers	182	2	185	(185)	–
Total	13,668	4,683	18,351	(185)	18,166
Segment profit	857	231	1,089	–	1,089

(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.

(Significant subsequent events)

Introduction of stock granting trust (J-ESOP) and disposition of treasury stock through third-party allotment

The Company, at the Board of Directors meeting held today, resolved to introduce “stock granting trust (J-ESOP)” (hereinafter referred to as the “Plan” and a trust created under a trust agreement entered into with Mizuho Trust & Banking Co., Ltd. regarding the Plan is referred to as the “Trust.”) as an incentive plan to grant the Company’s shares to employees of the Company and its subsidiaries (hereinafter referred to as the “Employees”) in order to raise their willingness and motivation to increase stock price and business results by enhancing the connection between the Company’s stock price and business results with the treatment for Employees, and sharing economic benefits with our shareholders.

Along with the introduction of the Plan, the Company also resolved to dispose of treasury stock through third-party allotment (hereinafter referred to as the “Treasury Stock Disposition”)

1. Overview of the Plan

The Plan, which is a trust-type scheme based on the U.S. Employee Stock Ownership Plan (ESOP), grants the Employees who meet certain requirements the Company’s shares and monies equivalent to the amount obtained by converting the Company’s shares at the market value (hereinafter referred to as the “Company’s Shares, etc.”), based on the Stock Granting Regulations predetermined by the Company and its subsidiaries.

The Company and its subsidiaries will grant points to the Employees according to the Company’s business results, etc. and when they obtain the right to receive as such under certain conditions, the Company will grant them an amount of the Company’s Shares, etc. equivalent to such points granted. Shares to be granted to the Employees, including those for the future, will be acquired using monies established as a trust beforehand and are separately managed as trust assets.

Through introducing the Plan, the Company expects to raise Employees’ awareness toward increasing the stock price and business results and contribute to providing higher motivation for engaging in their duties.

2. Overview of the Trust

(1) Name:	Stock granting trust (J-ESOP)
(2) Trustor:	The Company
(3) Trustee:	Mizuho Trust & Banking Co., Ltd. (Re-trustee: Custody Bank of Japan, Ltd.)
(4) Beneficiaries:	The Employees who meet beneficiary requirements provided for by the Stock Granting Regulations
(5) Trust administrator:	Selected from the Employees of the Company
(6) Type of trust:	Trust of money other than monetary trust (third-party-benefit trust)
(7) Purpose of trust:	To provide the Company’s Shares, etc., which are the trust assets, to beneficiaries based on the Stock Granting Regulations
(8) Contract date of the Trust:	January 29, 2024
(9) Date of trusting money:	January 29, 2024
(10) Period of trust:	From January 29, 2024 to the end of the trust (The Trust will continue as long as the Plan continues, without the determination of a specific end date.)

3. Overview of the Treasury Stock Disposition

(1) Date of disposition	Monday, January 29, 2024
(2) Class and number of shares to be disposed of	300,000 shares of common stock
(3) Disposition price	¥4,610 per share
(4) Total amount of disposition	¥1,383,000,000
(5) Planned allottee	Custody Bank of Japan, Ltd. (Trust Account E)
(6) Other	The Treasury Stock Disposition is subject to the effectiveness of the securities registration statement under the Financial Instruments and Exchange Act.

4. Purpose and reason for the Treasury Stock Disposition

The Treasury Stock Disposition involves the disposition of treasury stock through a third-party allotment to Trust Account E established at Custody Bank of Japan, Ltd. (a re-trustee receiving a re-trust from Mizuho Trust & Banking Co., Ltd., the trustee of the Trust) in order to hold and dispose of the Company's shares in administering the Plan.