

Consolidated Financial Results for the Six Months Ended February 29, 2024 [Japanese GAAP]



April 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: April 12, 2024

Scheduled date of commencing dividend payments: May 10, 2024

Availability of supplementary briefing material on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Scheduled (for analysts and institutional investors)

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

1. Consolidated Financial Results for the Six Months Ended February 29, 2024 (September 1, 2023 to February 29, 2024)

(1) Consolidated Operating Results (cumulative) (% 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	%
Six months ended February 29, 2024	38,018	10.0	2,563	69.9	2,598	72.7	1,556	101.4
February 28, 2023	34,556	5.7	1,509	(20.7)	1,505	(30.7)	772	(34.0)

(Note) Comprehensive income: Six months ended February 29, 2024: ¥1,398 million [203.7%]

Six months ended February 28, 2023: ¥460 million [(64.3)%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended February 29, 2024	66.69	63.58
February 28, 2023	33.11	29.28

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of February 29, 2024	46,485	22,650	48.7
As of August 31, 2023	44,863	21,779	48.5

(Reference) Equity: As of February 29, 2024: ¥22,650 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	–	20.00			
Fiscal year ending August 31, 2024 (Forecast)			–	21.00	41.00

(Note) Revision to the forecast for dividends announced most recently: Yes

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
Full year	79,638	8.7	5,500	13.5	5,450	45.8	2,900	64.6	124.25

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

(1) Changes in significant subsidiaries during the six months ended February 29, 2024 (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 the (1) listed 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):

February 29, 2024: 23,980,000 shares

August 31, 2023: 23,980,000 shares

2) Total number of treasury stock at the end of the period:

February 29, 2024: 639,930 shares

August 31, 2023: 639,866 shares

3) Average number of shares during the period:

Six months ended February 29, 2024: 23,340,091 shares

Six months ended February 28, 2023: 23,340,159 shares

(Note) The Company's shares held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets of "Stock Granting Trust (J-ESOP)" are included in the treasury stock deducted in the calculation of the total number of treasury stock at the end of the period and the average number of shares during the period.

*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.

(How to obtain the supplementary briefing materials on quarterly financial results)

The Company plans to hold a financial results briefing for analysts and institutional investors on Friday, April 12, 2024. Financial results materials to be used at the briefing will be available on the Company's website immediately after the session.

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

(1) Explanation of Business Results

During the six months ended February 29, 2024 (September 1, 2023 to February 29, 2024), 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 SCREEN FOR SLEEP,” which improve the sleeping environment, 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 February 29, 2024, was 732, including 483 stores in Japan and 249 stores overseas (176 in China, 60 in Taiwan, 9 in Hong Kong, and 4 in the United States).

As a result, for the six months ended February 29, 2024, the Company posted net sales of ¥38,018 million (up 10.0% year-on-year) partly thanks to the impact of new store openings in Japan and overseas. Operating profit was ¥2,563 million (up 69.9% year-on-year), ordinary profit was ¥2,598 million (up 72.7% year-on-year), and profit attributable to owners of parent was ¥1,556 million (up 101.4% year-on-year), achieving increased sales and profits.

Business results by segment are as follows:

Net sales by business segment

Segment	For the six months ended February 29, 2024 (September 1, 2023 to February 29, 2024)	Percentage to the Company’s net sales	Year-on-year change
Domestic eyewear business	¥28,938 million	76.1%	10.3%
Overseas eyewear business	¥9,079 million	23.9%	9.3%
Total	¥38,018 million	100.0%	10.0%

<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 Ultra-Thin 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 14.34 million people as of the end of February 2024.

In terms of store development, the number of stores in Japan was 483 (12 openings and 2 closures).

As a result, net sales of the domestic eyewear business were ¥28,938 million (up 10.3% year-on-year), and segment operating profit was ¥2,406 million (up 62.9% 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 Made in Japan lenses that are available as an option.

In Hong Kong, although net sales of new stores steadily grew, business performance was lower than expected due to impact from economic stagnation, as witnessed in China.

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 249 as of the end of the period under review, including 176 stores in China (7 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 ¥9,079 million (up 9.3% year-on-year), and segment operating profit was ¥157 million (up 388.5% 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 second quarter under review are as follows:

	End of the previous fiscal year (August 31, 2023)	End of 2nd quarter of fiscal year under review (February 29, 2024)	Change	Change (%)
Total assets	44,863	46,485	1,621	3.6
Liabilities	23,083	23,834	750	3.3
Net assets	21,779	22,650	871	4.0

(a) Assets

Current assets increased ¥1,390 million from the end of the previous fiscal year to ¥25,148 million.

This was mainly due to increases of ¥1,000 million in cash and deposits and ¥923 million in merchandise and finished goods, despite a decrease of ¥289 million in accounts receivable - trade.

Non-current assets increased ¥231 million from the end of the previous fiscal year to ¥21,336 million.

This was mainly due to an increase of ¥249 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 ¥1,621 million from the end of the previous fiscal year to ¥46,485 million.

(b) Liabilities

Current liabilities increased ¥10,726 million from the end of the previous fiscal year to ¥21,997 million.

This was mainly due to the transfer of ¥10,010 million of current portion of convertible bond-type bonds with share acquisition rights from non-current liabilities and an increase of ¥1,158 million in accounts payable - trade.

Non-current liabilities decreased ¥9,976 million from the end of the previous fiscal year to ¥1,837 million.

This was mainly due to the transfer of ¥10,010 million of current portion of convertible bond-type bonds with share acquisition rights to current liabilities.

As a result, total liabilities increased ¥750 million from the end of the previous fiscal year to ¥23,834 million.

(c) Net Assets

Net assets increased ¥871 million from the end of the previous fiscal year to ¥22,650 million.

This was mainly due to the recording of ¥1,556 million in profit attributable to owners of parent, despite a decrease of ¥583 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, 2024, please see the "Notices of Differences between Consolidated Financial Results Forecast and Actual Results for the Six Months Ended February 29, 2024, Revisions to the Full-Year Consolidated Financial Results Forecast for the Fiscal Year Ending August 31, 2024 and Revisions to the Dividend Forecast," which we announced on April 12, 2024.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of August 31, 2023	As of February 29, 2024
Assets		
Current assets		
Cash and deposits	12,202	13,203
Accounts receivable - trade	5,059	4,770
Merchandise and finished goods	4,107	5,030
Work in process	-	19
Raw materials and supplies	474	538
Other	1,912	1,586
Total current assets	23,757	25,148
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,022	9,527
Other, net	2,099	1,844
Total property, plant and equipment	11,122	11,371
Intangible assets	1,991	2,087
Investments and other assets		
Leasehold and guarantee deposits	4,101	4,152
Other	3,890	3,724
Total investments and other assets	7,991	7,876
Total non-current assets	21,105	21,336
Total assets	44,863	46,485

(Millions of yen)

	As of August 31, 2023	As of February 29, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	1,745	2,904
Current portion of convertible bond-type bonds with share acquisition rights	–	10,010
Short-term borrowings	1,887	1,631
Current portion of long-term borrowings	33	31
Accounts payable - other, and accrued expenses	4,986	4,748
Income taxes payable	793	966
Provision for bonuses	85	226
Provision for product warranties	190	186
Other	1,547	1,292
Total current liabilities	11,270	21,997
Non-current liabilities		
Convertible bond-type bonds with share acquisition rights	10,015	–
Long-term borrowings	11	28
Asset retirement obligations	1,070	1,104
Other	716	704
Total non-current liabilities	11,813	1,837
Total liabilities	23,083	23,834
Net assets		
Shareholders' equity		
Common stock	3,202	3,202
Capital surplus	3,228	3,201
Retained earnings	20,081	20,175
Treasury stock	(5,003)	(4,040)
Total shareholders' equity	21,509	22,538
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	93	56
Foreign currency translation adjustment	175	54
Total accumulated other comprehensive income	269	111
Total net assets	21,779	22,650
Total liabilities and net assets	44,863	46,485

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Six Months Ended February 28, 2023 and February 29, 2024

(Millions of yen)

	For the six months ended February 28, 2023	For the six months ended February 29, 2024
Net sales	34,556	38,018
Cost of sales	7,599	8,394
Gross profit	26,957	29,623
Selling, general and administrative expenses	25,448	27,059
Operating profit	1,509	2,563
Non-operating income		
Interest income	42	8
Foreign exchange gains	–	86
Subsidy income	180	0
Reversal of allowance for business structure reform expenses	61	–
Other	35	35
Total non-operating income	320	130
Non-operating expenses		
Interest expenses	71	64
Share of loss of entities accounted for using equity method	53	18
Rental expenses on real estate	98	–
Foreign exchange losses	50	–
Other	50	13
Total non-operating expenses	324	95
Ordinary profit	1,505	2,598
Extraordinary losses		
Loss on retirement of non-current assets	47	65
Loss on store closings	16	10
Loss due to temporary store closures	74	–
Total extraordinary losses	139	76
Profit before income taxes	1,365	2,522
Income taxes - current	622	811
Income taxes - deferred	(29)	154
Total income taxes	592	965
Profit	772	1,556
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	772	1,556

Quarterly Consolidated Statements of Comprehensive Income
Six Months Ended February 28, 2023 and February 29, 2024

(Millions of yen)

	For the six months ended February 28, 2023	For the six months ended February 29, 2024
Profit	772	1,556
Other comprehensive income		
Valuation difference on available-for-sale securities	(53)	(36)
Foreign currency translation adjustment	(248)	(17)
Share of other comprehensive income of entities accounted for using equity method	(10)	(103)
Total other comprehensive income	(312)	(157)
Comprehensive income	460	1,398
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	460	1,398
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 Six Months Ended February 28, 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	26,247	8,309	34,556	–	34,556
Sales to outside customers	26,247	8,309	34,556	–	34,556
Intersegment sales or transfers	344	5	349	(349)	–
Total	26,591	8,314	34,906	(349)	34,556
Segment profit	1,476	32	1,509	–	1,509

(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 Six Months Ended February 29, 2024

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	28,938	9,079	38,018	–	38,018
Sales to outside customers	28,938	9,079	38,018	–	38,018
Intersegment sales or transfers	442	5	447	(447)	–
Total	29,380	9,085	38,466	(447)	38,018
Segment profit	2,406	157	2,563	–	2,563

(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.