

Consolidated Financial Results for the Nine Months Ended May 31, 2024 [Japanese GAAP]



July 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: July 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 Nine Months Ended May 31, 2024 (September 1, 2023 to May 31, 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	%
Nine months ended								
May 31, 2024	59,163	10.5	5,060	37.5	5,115	42.6	3,173	47.5
May 31, 2023	53,562	7.3	3,679	33.4	3,587	14.2	2,151	109.6

(Note) Comprehensive income: Nine months ended May 31, 2024: ¥3,170 million [66.7%]
 Nine months ended May 31, 2023: ¥1,901 million [53.6%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
May 31, 2024	135.99	129.72
May 31, 2023	92.18	84.50

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of May 31, 2024	48,668	23,949	49.2
As of August 31, 2023	44,863	21,779	48.5

(Reference) Equity: As of May 31, 2024: ¥23,949 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)				25.00	45.00

(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	79,939	9.1	6,300	30.0	6,300	68.5	3,500	98.6	149.96

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

* Notes:

- (1) Changes in significant subsidiaries during the nine months ended May 31, 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):
 - May 31, 2024: 23,980,000 shares
 - August 31, 2023: 23,980,000 shares
 - 2) Total number of treasury stock at the end of the period:
 - May 31, 2024: 639,930 shares
 - August 31, 2023: 639,866 shares
 - 3) Average number of shares during the period:
 - Nine months ended May 31, 2024: 23,340,084 shares
 - Nine months ended May 31, 2023: 23,340,157 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.

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

(1) Explanation of Business Results

During the nine months ended May 31, 2024 (September 1, 2023 to May 31, 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 movements. 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 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 May 31, 2024, was 739, including 490 stores in Japan and 249 stores overseas (175 in China, 60 in Taiwan, 10 in Hong Kong, and 4 in the United States).

As a result, for the nine months ended May 31, 2024, the Company posted net sales of ¥59,163 million (up 10.5% year-on-year) partly thanks to the impact of new store openings in Japan and overseas. Operating profit was ¥5,060 million (up 37.5% year-on-year), ordinary profit was ¥5,115 million (up 42.6% year-on-year), and profit attributable to owners of parent was ¥3,173 million (up 47.5% year-on-year), achieving increased sales and profits.

Business results by segment are as follows:

Net sales by business segment

Segment	For the nine months ended May 31, 2024 (September 1, 2023 to May 31, 2024)	Percentage to the Company’s net sales	Year-on-year change
Domestic eyewear business	¥45,152 million	76.3%	11.1%
Overseas eyewear business	¥14,011 million	23.7%	8.3%
Total	¥59,163 million	100.0%	10.5%

<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 Ultra-Thin Lenses,” double-sided aspherical lenses with the world’s highest level of refractive index. Sales were also driven by the “JINS HOME” series of eyeglasses, which are specifically designed for at-home use and combine a comfortable, stress-free fit with a design that allows users to enjoy everyday life in their own way and “JINS × Snow Peak,” a series launched in collaboration with the outdoor brand “Snow Peak” and offering a lineup that includes a model with the “JINS Switch” eyewear function turning eyeglasses and sunglasses into one, as well as sunglasses and other seasonal products. Meanwhile, membership of the JINS app reached approximately 14.76 million people as of the end of May 2024.

In terms of store development, the number of stores in Japan was 490 (20 openings and 3 closures).

As a result, net sales of the domestic eyewear business were ¥45,152 million (up 11.1% year-on-year), and segment operating profit was ¥4,720 million (up 47.9% 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 increased due to the opening of new stores, earnings were lower than expected due to an increase in outbound sales to China and Japan due to the impact of foreign exchange rates.

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 175 stores in China (8 openings and 5 closures), 60 in Taiwan (6 openings and 1 closure), 10 in Hong Kong (1 opening and no closures), and 4 in the United States (no openings or closures).

As a result, net sales of the overseas eyewear business were ¥14,011 million (up 8.3% year-on-year), and segment operating profit was ¥339 million (down 30.2% 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 third quarter under review are as follows:

(Millions of yen)

	End of the previous fiscal year (August 31, 2023)	End of 3rd quarter of fiscal year under review (May 31, 2024)	Change	Change (%)
Total assets	44,863	48,668	3,804	8.5
Liabilities	23,083	24,718	1,634	7.1
Net assets	21,779	23,949	2,170	10.0

(a) Assets

Current assets increased ¥3,322 million from the end of the previous fiscal year to ¥27,080 million.

This was mainly due to increases of ¥1,534 million in cash and deposits, ¥976 million in merchandise and finished goods, and ¥910 million in accounts receivable – trade.

Non-current assets grew ¥482 million from the end of the previous fiscal year to ¥21,587 million.

This was mainly due to an increase of ¥460 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 ¥3,804 million from the end of the previous fiscal year to ¥48,668 million.

(b) Liabilities

Current liabilities were up ¥11,253 million from the end of the previous fiscal year to ¥22,523 million.

This was mainly due to the transfer of ¥10,010 million of the current portion of convertible bond-type bonds with share acquisition rights from non-current liabilities and an increase of ¥1,179 million in accounts payable – trade.

Non-current liabilities decreased ¥9,618 million from the end of the previous fiscal year to ¥2,195 million.

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

As a result, total liabilities increased ¥1,634 million from the end of the previous fiscal year to ¥24,718 million.

(c) Net Assets

Net assets increased ¥2,170 million from the end of the previous fiscal year to ¥23,949 million.

This was mainly due to the recording of ¥3,173 million in profit attributable to owners of parent, despite a decrease of ¥1,056 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 Revisions to the Full-Year Consolidated Financial Results Forecast for the Fiscal Year Ending August 31, 2024 and Revisions to the Year-end Dividend Forecast,” which we announced on July 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 May 31, 2024
Assets		
Current assets		
Cash and deposits	12,202	13,737
Accounts receivable – trade	5,059	5,970
Merchandise and finished goods	4,107	5,084
Work in process	–	13
Raw materials and supplies	474	513
Other	1,912	1,761
Total current assets	23,757	27,080
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,022	9,760
Other, net	2,099	1,822
Total property, plant and equipment	11,122	11,582
Intangible assets	1,991	2,164
Investments and other assets		
Leasehold and guarantee deposits	4,101	4,226
Other	3,890	3,614
Total investments and other assets	7,991	7,841
Total non-current assets	21,105	21,587
Total assets	44,863	48,668

(Millions of yen)

	As of August 31, 2023	As of May 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	1,745	2,925
Current portion of convertible bond-type bonds with share acquisition rights	–	10,007
Short-term borrowings	1,887	1,745
Current portion of long-term borrowings	33	25
Accounts payable - other, and accrued expenses	4,986	4,962
Income taxes payable	793	1,069
Provision for bonuses	85	299
Provision for product warranties	190	214
Other	1,547	1,273
Total current liabilities	11,270	22,523
Non-current liabilities		
Convertible bond-type bonds with share acquisition rights	10,015	–
Long-term borrowings	11	26
Asset retirement obligations	1,070	1,124
Other	716	1,043
Total non-current liabilities	11,813	2,195
Total liabilities	23,083	24,718
Net assets		
Shareholders' equity		
Common stock	3,202	3,202
Capital surplus	3,228	3,201
Retained earnings	20,081	21,320
Treasury stock	(5,003)	(4,040)
Total shareholders' equity	21,509	23,683
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	93	67
Foreign currency translation adjustment	175	198
Total accumulated other comprehensive income	269	266
Total net assets	21,779	23,949
Total liabilities and net assets	44,863	48,668

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Nine Months Ended May 31, 2023 and May 31, 2024

(Millions of yen)

	For the nine months ended May 31, 2023	For the nine months ended May 31, 2024
Net sales	53,562	59,163
Cost of sales	11,751	12,961
Gross profit	41,810	46,202
Selling, general and administrative expenses	38,131	41,142
Operating profit	3,679	5,060
Non-operating income		
Interest income	47	12
Foreign exchange gains	–	90
Subsidy income	179	32
Reversal of allowance for business structure reform expenses	60	–
Other	55	44
Total non-operating income	342	179
Non-operating expenses		
Interest expenses	106	95
Share of loss of entities accounted for using equity method	103	18
Rental expenses on real estate	107	–
Foreign exchange losses	61	–
Other	55	10
Total non-operating expenses	434	124
Ordinary profit	3,587	5,115
Extraordinary losses		
Loss on retirement of non-current assets	97	100
Loss on store closings	26	17
Loss on valuation of investment securities	–	28
Impairment loss	25	–
Loss due to temporary store closures	74	–
Total extraordinary losses	222	146
Profit before income taxes	3,364	4,968
Income taxes - current	1,103	1,545
Income taxes - deferred	108	249
Total income taxes	1,212	1,794
Profit	2,151	3,173
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	2,151	3,173

Quarterly Consolidated Statements of Comprehensive Income

Nine Months Ended May 31, 2023 and May 31, 2024

(Millions of yen)

	For the nine months ended May 31, 2023	For the nine months ended May 31, 2024
Profit	2,151	3,173
Other comprehensive income		
Valuation difference on available-for-sale securities	(77)	(26)
Foreign currency translation adjustment	(193)	126
Share of other comprehensive income of entities accounted for using equity method	21	(103)
Total other comprehensive income	(249)	(3)
Comprehensive income	1,901	3,170
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,901	3,170
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 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.

II. For the Nine Months Ended May 31, 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	45,152	14,011	59,163	–	59,163
Sales to outside customers	45,152	14,011	59,163	–	59,163
Intersegment sales or transfers	620	11	632	(632)	–
Total	45,772	14,023	59,796	(632)	59,163
Segment profit	4,720	339	5,060	–	5,060

(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.