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On January 13, 2021, JINS Holdings Inc. announced earnings results for Q1 FY08/21.

Cumulative (JPYmn)	FY08/19				FY08/20				FY08/21	FY08/21	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	% of Est.	FY Est.
Sales	13,506	28,455	45,020	61,893	14,928	31,513	41,816	60,258	14,813	20.6%	71,800
YoY	15.5%	12.5%	13.0%	12.8%	10.5%	10.7%	-7.1%	-2.6%	-0.8%		19.2%
Gross profit	10,380	21,687	34,502	47,343	11,650	24,434	32,570	46,698	11,766	20.9%	56,200
YoY	16.5%	13.2%	13.8%	14.2%	12.2%	12.7%	-5.6%	-1.4%	1.0%		20.3%
Gross profit margin	76.9%	76.2%	76.6%	76.5%	78.0%	77.5%	77.9%	77.5%	79.4%		78.3%
SG&A expenses	9,374	19,014	29,272	39,884	10,305	21,148	29,873	41,080	10,985	22.9%	47,900
YoY	12.1%	12.0%	12.0%	12.7%	9.9%	11.2%	2.1%	3.0%	6.6%		16.6%
SG&A ratio	69.4%	66.8%	65.0%	64.4%	69.0%	67.1%	71.4%	68.2%	74.2%		66.7%
Operating profit	1,005	2,673	5,229	7,459	1,345	3,285	2,697	5,617	781	9.4%	8,300
YoY	83.4%	22.8%	24.5%	22.9%	33.8%	22.9%	-48.4%	-24.7%	-41.9%		47.8%
Operating profit margin	7.4%	9.4%	11.6%	12.1%	9.0%	10.4%	6.4%	9.3%	5.3%		11.6%
Recurring profit	900	2,467	4,791	7,015	1,367	3,370	2,633	5,827	705	9.1%	7,750
YoY	111.3%	28.4%	24.1%	24.7%	51.9%	36.6%	-45.0%	-16.9%	-48.4%		33.0%
Recurring profit margin	6.7%	8.7%	10.6%	11.3%	9.2%	10.7%	6.3%	9.7%	4.8%		10.8%
Net income	501	1,443	3,004	3,869	833	2,063	-15	1,687	369	8.4%	4,400
YoY	201.8%	39.6%	34.4%	24.9%	66.3%	43.0%	-	-56.4%	-55.7%		160.8%
Net margin	3.7%	5.1%	6.7%	6.3%	5.6%	6.5%	0.0%	2.8%	2.5%		6.1%

Quarterly (JPYmn)	FY08/19				FY08/20				FY08/21
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Sales	13,506	14,949	16,565	16,873	14,928	16,585	10,303	18,442	14,813
YoY	15.5%	9.9%	13.8%	12.3%	10.5%	10.9%	-37.8%	9.3%	-0.8%
Gross profit	10,380	11,307	12,815	12,841	11,650	12,784	8,136	14,128	11,766
YoY	16.5%	10.4%	14.7%	15.4%	12.2%	13.1%	-36.5%	10.0%	1.0%
Gross profit margin	76.9%	75.6%	77.4%	76.1%	78.0%	77.1%	79.0%	76.6%	79.4%
SG&A expenses	9,374	9,640	10,258	10,612	10,305	10,843	8,725	11,207	10,985
YoY	12.1%	11.9%	12.1%	14.6%	9.9%	12.5%	-14.9%	5.6%	6.6%
SG&A ratio	69.4%	64.5%	61.9%	62.9%	69.0%	65.4%	84.7%	60.8%	74.2%
Operating profit	1,005	1,668	2,556	2,230	1,345	1,940	-588	2,920	781
YoY	83.4%	2.4%	26.3%	19.2%	33.8%	16.3%	-	30.9%	-41.9%
Operating profit margin	7.4%	11.2%	15.4%	13.2%	9.0%	11.7%	-5.7%	15.8%	5.3%
Recurring profit	900	1,567	2,324	2,224	1,367	2,003	-737	3,194	705
YoY	111.3%	4.8%	19.9%	25.9%	51.9%	27.8%	-	43.6%	-48.4%
Recurring profit margin	6.7%	10.5%	14.0%	13.2%	9.2%	12.1%	-7.2%	17.3%	4.8%
Net income	501	942	1,561	865	833	1,230	-2,078	1,702	369
YoY	201.8%	8.5%	30.0%	0.3%	66.3%	30.6%	-	96.8%	-55.7%
Net margin	3.7%	6.3%	9.4%	5.1%	5.6%	7.4%	-20.2%	9.2%	2.5%

Performance by segment

Quarterly (JPYmn)	FY08/19				FY08/20				FY08/21	FY08/21	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	% of Est.	FY Est.
Sales	13,506	14,949	16,565	16,873	14,928	16,585	10,303	18,442	14,813	20.6%	71,800
YoY	15.5%	9.9%	13.8%	12.3%	10.5%	10.9%	-37.8%	9.3%	-0.8%		19.2%
Eyewear (Japan)	10,389	11,668	12,842	13,256	11,341	13,127	7,588	15,268	11,696	20.0%	58,600
YoY	9.4%	3.9%	7.9%	6.6%	9.2%	12.5%	-40.9%	15.2%	3.1%		23.8%
Eyewear (Overseas)	2,571	2,574	3,005	2,945	3,036	2,790	2,446	2,584	3,117	23.6%	13,200
YoY	57.2%	57.2%	51.0%	51.0%	18.1%	8.4%	-18.6%	-12.3%	2.7%		21.6%
Accessories	545	713	712	672	549	669	270	590	-	-	-
YoY	-3.2%	-2.3%	7.2%	6.3%	0.7%	-6.2%	-62.1%	-12.2%	-		-
Operating profit	1,005	1,668	2,556	2,230	1,345	1,940	-588	2,920	781	9.4%	8,300
YoY	83.4%	2.4%	26.3%	19.2%	33.8%	16.3%	-	30.9%	-41.9%		47.8%
OPM	7.4%	11.2%	15.4%	13.2%	9.0%	11.7%	-5.7%	15.8%	5.3%		11.6%
Eyewear (Japan)	1,037	1,771	2,256	2,178	1,163	2,086	-328	3,021	558	7.0%	8,000
YoY	76.1%	2.0%	13.3%	13.6%	12.2%	17.8%	-	38.7%	-52.0%		34.6%
OPM	10.0%	15.2%	17.6%	16.4%	10.3%	15.9%	-4.3%	19.8%	4.8%		11.1%
Eyewear (Overseas)	35	-80	285	120	228	-146	-108	17	222	63.4%	350
YoY	-34.0%	-	307.1%	700.0%	551.4%	-	-	-85.8%	-2.6%		-
OPM	1.4%	-3.1%	9.5%	4.1%	7.5%	-5.2%	-4.4%	0.7%	7.1%		0.5%
Accessories	-66	-24	15	-69	-46	-	-151	-119	-	-	-50
YoY	-	-	-	-	-	-	-	-	-		-
OPM	-12.1%	-3.4%	2.1%	-10.3%	-8.4%	0.0%	-55.9%	-20.2%	-		-

Source: Shared Research based on company data

Notes: Taiwanese subsidiary was added to consolidated results in Q1 FY08/19. Q3 FY08/20 results include a charge-off of JPY1.2bn for fixed costs under extraordinary losses, these costs having been incurred during the period when the company's stores were temporarily shut down as a result of the COVID-19 pandemic.

Difference in fiscal terms: Because the JINS parent and the overseas subsidiaries have fiscal terms ending in different months, the subsidiaries make provisional settlements at the end of June, with those provisional figures reflected in consolidated results. As such, FY08/19 results reflected the earnings of overseas subsidiaries from July 2018 through June 2019.

Sales at directly operated eyewear stores in Japan

Quarterly	FY08/19				FY08/20				FY08/21	FY08/21 FY Est.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
Eyewear store sales YoY (Japan)										
Comparable stores	5.6%	1.9%	4.5%	3.5%	6.4%	7.8%	-47.1%	6.4%	-3.8%	16.9%
All stores	9.3%	5.0%	7.6%	7.3%	10.3%	13.5%	-43.8%	12.6%	0.5%	20.5%

Source: Shared Research based on company data

Store count

Quarterly	FY08/19				FY08/20				FY08/21	FY08/21 FY Est.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
Eyewear store count (Japan)	362	362	375	379	399	404	409	415	425	435
Openings	13	1	13	5	21	6	7	6	14	25
Closures	-	-1	-	-1	-1	-1	-2	-	-4	-5
Eyewear store count (China)	136	141	141	144	153	160	159	162	167	171
Openings	8	8	1	3	11	11	-	4	6	15
Closures	-2	-3	-1	-8	-2	-4	-1	-1	-1	-6
Eyewear store count (Taiwan)	22	25	27	28	29	30	30	30	32	35
Openings	1	3	2	1	1	1	-	-	2	6
Closures	-	-	-	-	-	-	-	-	-	-1
Eyewear store count (Hong Kong)	1	2	2	4	6	6	6	6	6	6
Openings	1	1	-	2	2	-	-	-	-	-
Closures	-	-	-	-	-	-	-	-	-	-
Eyewear store count (US)	5	5	5	5	5	5	5	5	5	6
Openings	1	-	-	-	-	-	-	-	-	1
Closures	-	-	-	-	-	-	-	-	-	-

Source: Shared Research based on company data

SG&A expenses

Quarterly (JPYmn)	FY08/19				FY08/20				FY08/21	FY08/21	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	% of Est.	FY Est.
SG&A expenses	9,374	9,640	10,258	10,612	10,305	10,843	8,725	11,207	10,985	22.9%	47,900
YoY	12.1%	11.9%	12.1%	14.6%	9.9%	12.5%	-14.9%	5.6%	6.6%	-	16.6%
Salaries and allowances	2,801	2,940	2,963	3,097	3,087	3,258	2,425	3,240	-	-	-
YoY	14.8%	13.7%	12.3%	14.9%	10.2%	10.8%	-18.2%	4.6%	-	-	-
Rents	2,374	2,495	2,647	2,694	2,619	2,778	1,825	2,686	-	-	-
YoY	14.5%	11.7%	12.6%	13.0%	10.3%	11.3%	-31.1%	-0.3%	-	-	-
Advertising expenses	437	353	712	712	448	480	734	726	-	-	-
YoY	-30.7%	3.5%	35.9%	77.1%	2.5%	36.0%	3.1%	2.0%	-	-	-
R&D expenses	-	-	-	-	66	67	77	122	-	-	-
YoY	-	-	-	-	-	-	-	-	-	-	-
Other	3,762	3,852	3,936	4,021	4,085	4,260	3,664	4,433	-	-	-
YoY	16.9%	11.6%	8.1%	6.5%	8.6%	10.6%	-6.9%	10.2%	-	-	-

Source: Shared Research based on company data

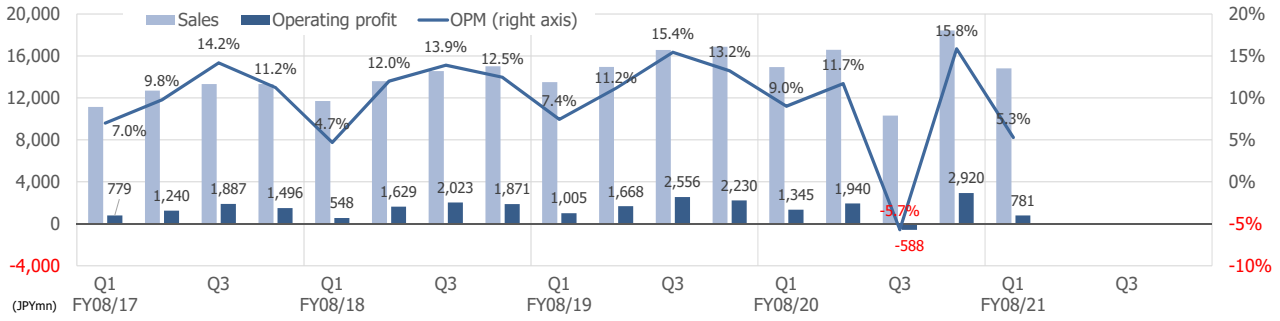
Note: Q3 FY08/20 results include a charge-off of roughly JPY1.2bn to cover fixed costs, booking the charge as extraordinary losses as these costs had been incurred during the period when the company's stores were temporarily closed as a result of the COVID-19 pandemic. The costs were broken down as follows: personnel costs of approximately JPY750mn, depreciation of approximately JPY110mn, and rent expenses of roughly JPY230mn.

Q1 FY08/21 results (out January 13, 2021)

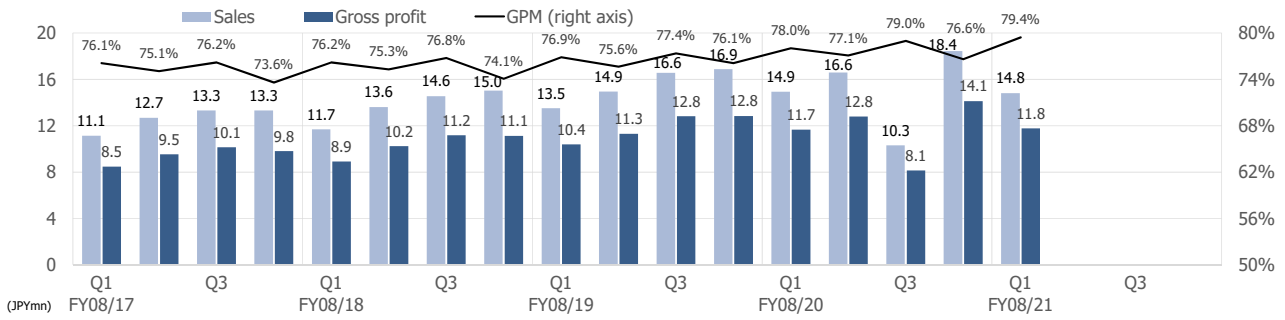
Overview

- ▷ For Q1 FY08/21, the company reported consolidated sales of JPY14.8bn (-0.8% YoY), an operating profit of JPY781mn (-41.9% YoY), and net income of JPY369mn (-55.7% YoY). Sales improved YoY in the domestic eyewear and overseas eyewear segments, but declined on an overall basis in line with the company's withdrawal from the accessories business. GPM was 79.4%, up from 78.0% in Q1 FY08/20. SG&A expenses were JPY11.0bn (+6.6% YoY). TV advertising aimed at expanding sales of JINS 1DAY contact lenses contributed to higher advertising expenses, while R&D expenses were up in line with the development of eyeglass-type medical devices using violet light to suppress the progression of myopia. The increase in SG&A expenses, largely aimed at spurring future growth, resulted in operating profit declining YoY in Q1.
- ▷ Company forecast: For FY08/21, the company is projecting full-year consolidated sales of JPY71.8bn (+19.2% YoY), operating profit of JPY8.3bn (+47.8% YoY), net income of JPY4.4bn (2.6x previous year result), and EPS of JPY188.5. It made no changes to its initial full-year forecast. Neither did it revise its 1H forecast (sales of JPY33.3bn, operating profit of JPY2.8bn), seeing earnings to be trending largely in line with prior expectations. The company's outlook for double-digit growth in sales is based on a combination of expected growth in sales at existing stores (reflecting enhanced merchandising and other initiatives), contributions from new store openings, and a sharp jump in domestic online sales, which are projected to rise 74.7% YoY to JPY4.4bn on the back of the accelerated implementation of its digital transformation initiative. The company plans to pay an annual dividend of JPY57.0 per share (versus JPY25.0 in FY08/20), representing a dividend payout ratio of 30.2% on estimated earnings.
- ▷ Domestic eyewear business: For Q1, the company's domestic eyewear business reported sales of JPY11.7bn (+3.1% YoY) and an operating profit of JPY558mn (-52.0% YoY). Comparable store sales were down 3.8% YoY. In addition to favorable sales of Ultra Light Airframe (the company's top-of-the-line Airframe model featuring lightweight parts), it appears the airing of TV commercials contributed to substantial interest in the free trial offer for JINS 1Day contact lenses. That said, comparable store sales declined on a drop in inbound demand and the native population continuing to refrain from visiting shopping districts, particularly in downtown areas. Operating profit declined on a rise in advertising expenses among other factors. The company in Q1 opened 14 stores while closing four. As of end-Q1, the company had 425 stores, up 6.5%, or 26 stores, YoY.
- ▷ Overseas eyewear business: The overseas eyewear business reported Q1 (July–September) sales of JPY3.1bn (+2.7% YoY) and an operating profit of JPY222mn (-2.6% YoY). Performance was favorable in China and Taiwan, which benefitted from relatively low numbers of COVID-19 cases, while earnings in Hong Kong followed a recovery track as the effects from political unrest, including demonstrations, subsided. In the US, the company is focused on e-commerce sales, though sales there remain weak as the spread of COVID-19 has forced sharp restrictions on in-store customer traffic. At end-Q1, the company's overseas eyewear business had a total of 167 stores in China (+5 versus end-FY08/20), 32 stores in Taiwan (+2), six stores in Hong Kong (unchanged), and five stores in the US (unchanged).

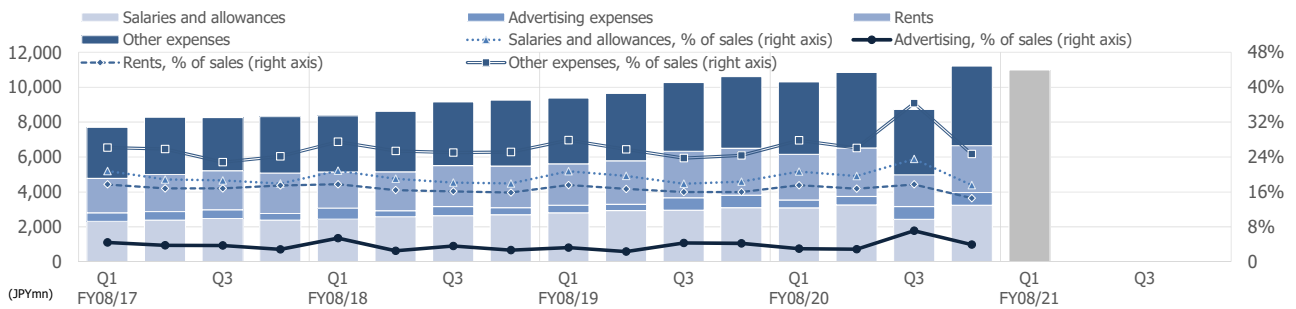
Earnings



Gross profit margin



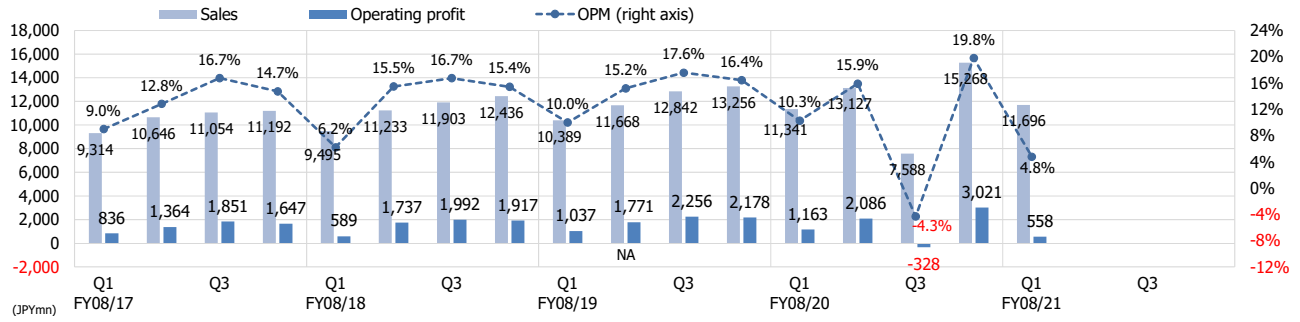
SG&A expenses



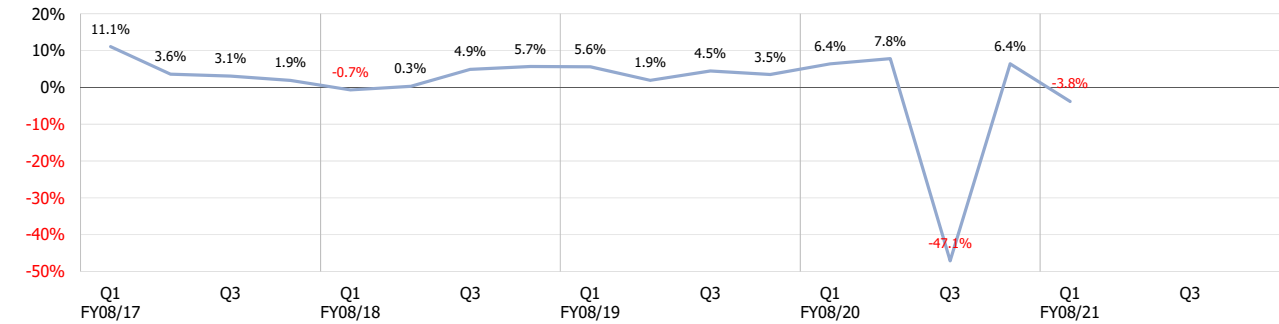
Source: Shared Research based on company data

Domestic eyewear business

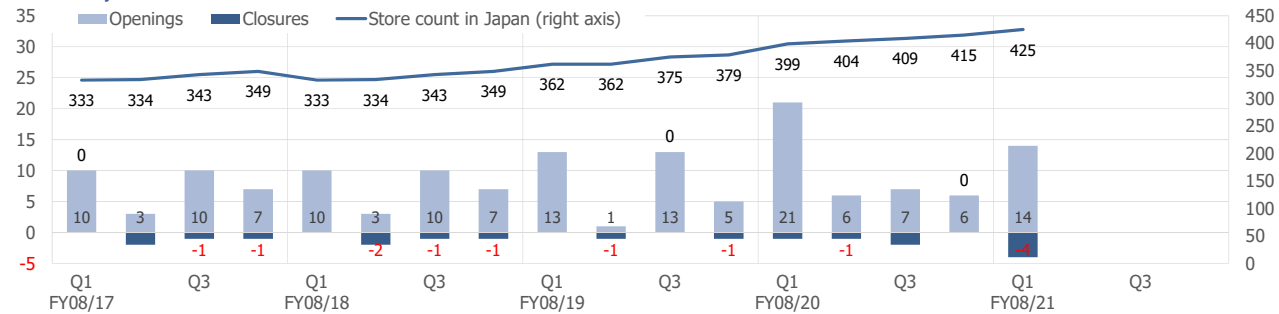
Domestic eyewear business



YoY comparable store sales



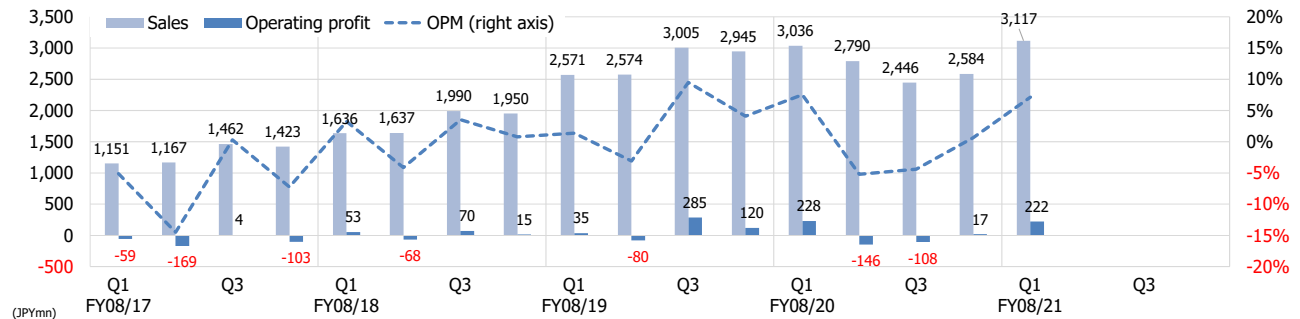
Number of eyewear stores



Source: Shared Research based on company data

Overseas eyewear business

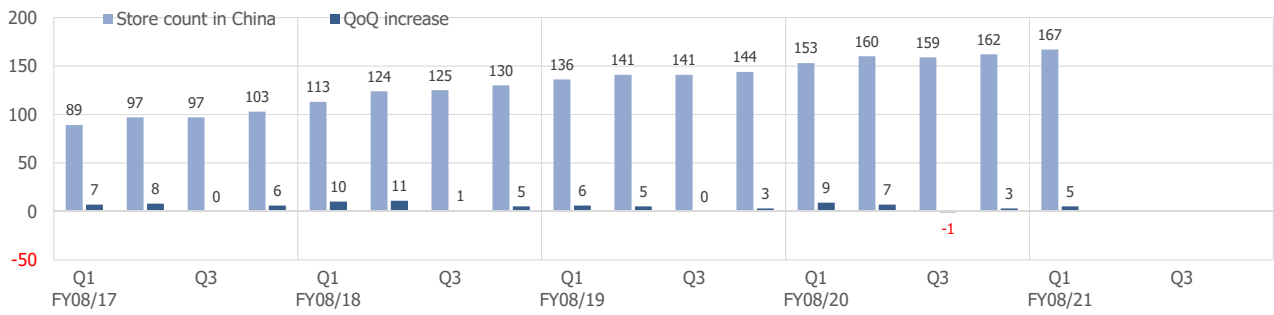
Overseas eyewear business



Source: Shared Research, based on company data

Note: Taiwanese subsidiary was newly consolidated from Q1 FY08/19.

China: Eyewear store count



Source: Shared Research based on company data

This note is the most recent addition to the [full report](#).

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