Translation

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Summary of Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending January 2025 (Based on IFRS)

December 12, 2024

Company name: Japan Eyewear Holdings Co., Ltd. Listing exchange: Tokyo Stock Exchange

Securities code: 5889 URL: https://www.japan-eyewear-holdings.co.jp/en/

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Scheduled date for commencing dividend payments: –

Preparation of supplementary materials on financial results: Yes

Holding of financial results briefing session: Yes

(Amounts are rounded down to the nearest million yen, unless otherwise noted)

1. Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending January 31, 2025 (February 1, 2024 to October 31, 2024)

(1) Consolidated Operating Results (Cumulative) (Percentage figures represent year-on-year changes)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended October 31, 2024	12,095	24.8	3,923	46.4	3,579	51.3	2,423	56.8	2,423	73.0	2,454	53.8
Nine months ended October 31, 2023	9,689	27.8	2,680	85.0	2,365	161.5	1,546	346.0	1,400	720.6	1,595	305.3

	EBITDA*		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Yen	Yen
Nine months ended October 31, 2024	5,154	36.7	101.14	98.99
Nine months ended October 31, 2023	3,769	51.2	73.96	73.23

*EBITDA = Operating profit + Depreciation + Amortization of identifiable assets

(Note) The Company conducted a 20-for-1 stock split of its common shares on September 30, 2023. However, basic earnings per share and diluted earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Millions of yen	Millions of yen	Millions of yen	%
As of October 31, 2024	36,890	14,844	14,844	40.2
As of January 31, 2024	34,766	13,270	13,270	38.2

2. Cash Dividends

	Annual dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended January 31, 2024	–	0.00	–	19.00	19.00
Fiscal year ending January 31, 2025	–	22.00	–		
Fiscal year ending January 31, 2025 (Forecast)				29.00	51.00

(Note) Revisions to the most recently announced dividend forecast: Yes

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending January 31, 2025 (February 1, 2024 to January 31, 2025)

(Percentage figures represent year-on-year changes)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		EBITDA		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	16,090	18.9	5,000	35.1	4,570	38.7	3,090	30.8	3,090	39.4	6,650	28.3	128.76

(Note) Revisions to the most recently announced earnings forecast: Yes

*Explanatory notes

(1) Significant change in scope of consolidation during the first nine months ended October 31, 2024: Yes
Newly consolidated: 1 company (Company name: Japan eyewear holdings international. Co., Limited)
Excluded from consolidation: None (Company name: –)

(2) Changes in accounting policies, and changes in accounting estimates

1) Changes in accounting policies required by IFRS:	No
2) Changes in accounting policies other than those in 1) above:	No
3) Changes in accounting estimates:	No

(3) Number of shares issued and outstanding (common shares)

1) Total number of issued shares at the end of the period (including treasury shares)

As of October 31, 2024	24,103,060 shares	As of January 31, 2024	23,944,260 shares

2) Number of treasury shares at the end of the period

As of October 31, 2024	– shares	As of January 31, 2024	– shares

3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended October 31, 2024	23,962,806 shares	Nine months ended October 31, 2023	18,937,237 shares

(Note) The Company conducted a 20-for-1 stock split of its common shares on September 30, 2023. However, total number of issued shares at the end of the period, number of treasury shares at the end of the period and average number of shares during the period are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

* Explanation regarding appropriate use of earnings forecasts, and other notes

(1) The Group applies the International Financial Reporting Standards (IFRS).

(2) The earnings outlook and other forward-looking statements contained in this document are based on information currently available and certain assumptions that are thought to be reasonable by the Company. Accordingly, such statements should not be construed as a guarantee that the Company will achieve the results. Actual financial results and the like may differ materially due to various factors.

(3) The financial results briefing material is scheduled to be posted on the Company's website (https://www.japan-eyewear-holdings.co.jp/en) on December 12, 2024.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Period under Review

The Group manufactures high quality eyewear planned and designed in-house by the skilled craftsmanship in "Sabae, Fukui," one of the world's leading eyewear production centers, and sells them mainly through its unique stores expressing the brand's worldview.

During the first nine months of the fiscal year ending January 31, 2025 (the first nine months under review), the Japanese economy saw a gradual recovery trend against the backdrop of an improved employment and income environment. On the other hand, the outlook remains uncertain due to such factors as sharp exchange rate fluctuations and soaring raw material prices, as well as concerns about a decline in consumer sentiment caused by rising prices. Meanwhile, inbound demand continues to grow, with the total number of foreign visitors to Japan from January to October 2024 surpassing 30 million at the fastest pace ever.

Under such an environment, the Group has continued to develop business with a focus on "promoting new store openings in Japan and overseas," "increase in unit price through reviewing frame sales prices," and "securing inbound demand." Both of the Group's main brands, Kaneko Optical and Four Nines, have received strong support from customers in Japan and abroad.

As a result of the above, the operating results for the first nine months under review were revenue of 12,095 million yen (up 24.8% year-on-year), operating profit of 3,923 million yen (up 46.4% year-on-year), profit before tax of 3,579 million yen (up 51.3% year-on-year), and profit of 2,423 million yen (up 56.8% year-on-year).

Revenue by business segment for the first nine months under review is as follows.

[Kaneko Optical Business]

Store sales of the Kaneko Optical Group remained strong due to a recovery in domestic personal consumption and an increase in demand from foreign visitors to Japan. Store sales to inbound customers recovered quickly after October 2022 and have continued to be at a high level. Furthermore, in the first nine months under review, the number of stores reached 89 (84 in Japan and five overseas) as a result of opening a total of nine new stores (seven in Japan and two overseas) and closing three stores for reasons such as relocation to better neighborhood locations. In April 2024, the Kaneko Optical Group opened its second store in China, located in Sinan Mansions, Shanghai, and in August 2024, it opened its third store in China, located in Rockbund, Shanghai, and it is making steady progress in aggressively developing directly managed stores overseas.

As a result of the above, revenue in the Kaneko Optical Business stood at 7,902 million yen (up 27.7% year-on-year), and segment profit at 2,981 million yen (up 42.9% year-on-year).

[Four Nines Business]

Store sales of the Four Nines Group remained strong due to a combination of the recovery of domestic customers at directly managed stores, the increase in the number of inbound customers and the revision of frame sales prices in February 2024, following the revision in the previous fiscal year. Furthermore, in the first nine months under review of the current fiscal year, the Four Nines Group opened one new store in Japan, increasing the number of stores to 16 (15 in Japan and one overseas). At the new product exhibitions held in April and October 2024, its wholesale business received orders exceeding those of the previous fiscal year for both Japan and overseas. Additionally, it has continued to work on cost improvements and shift to a management structure that is more responsive to changes in the environment.

As a result of the above, revenue in the Four Nines Business stood at 4,192 million yen (up 19.8% year-on-year), and segment profit at 1,260 million yen (up 36.6% year-on-year).

(2) Overview of Financial Position for the Period under Review

Total assets at the end of the third quarter of the fiscal year ending January 2025 increased by 2,124 million yen from the end of the previous fiscal year to 36,890 million yen. This was mainly due to a decrease in cash and cash equivalents by 368 million yen, a decrease in trade and other receivables by 168 million yen, an increase in inventories by 302 million yen, an increase in property, plant and equipment by 1,247 million yen, and an increase in right-of-use assets by 1,071 million yen.

Total liabilities at the end of the third quarter of the fiscal year ending January 2025 increased by 550 million yen from the end of the previous fiscal year to 22,045 million yen. This was mainly due to a decrease in borrowings (non-current) by 434 million yen, and an increase in lease liabilities (non-current) by 903 million yen.

Total equity at the end of the third quarter of the fiscal year ending January 2025 increased by 1,574 million yen from the end of the previous fiscal year to 14,844 million yen. This was mainly due to posting of 2,423 million yen of profit, and dividends paid of 981 million yen.

(3) Explanation of Consolidated Earnings Forecast and Other Forecast Information

As revenue, operating profit, profit before tax, and profit have exceeded our initial forecasts, mainly due to strong store sales against a backdrop of solid inbound demand and other factors, the consolidated earnings forecast for the fiscal year ending January 31, 2025, which was announced on March 13, 2024, has been revised and announced today (December 12, 2024). Note that the earnings forecast is based on information available as of the date of announcement of the document. Actual results may differ from the forecast figures due to various factors in the future.

2. Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Millions of yen)

	Previous fiscal year (As of January 31, 2024)	Third quarter of current fiscal year (As of October 31, 2024)
Assets		
Current assets		
Cash and cash equivalents	4,426	4,057
Trade and other receivables	1,150	982
Inventories	1,497	1,800
Other current assets	165	144
Total current assets	7,240	6,984
Non-current assets		
Property, plant and equipment	2,655	3,902
Right-of-use assets	2,688	3,759
Goodwill	13,899	13,950
Trademarks	5,897	5,897
Other intangible assets	363	340
Other financial assets	1,883	1,936
Deferred tax assets	116	74
Other non-current assets	22	44
Total non-current assets	27,526	29,905
Total assets	34,766	36,890
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	428	454
Current portion of long-term borrowings	950	950
Lease liabilities	1,033	1,209
Income taxes payable	770	715
Contract liabilities	445	334
Other current liabilities	665	727
Total current liabilities	4,293	4,392
Non-current liabilities		
Borrowings	12,772	12,337
Lease liabilities	1,703	2,606
Provisions	37	47
Deferred tax liabilities	2,189	2,161
Other non-current liabilities	500	500
Total non-current liabilities	17,202	17,653
Total liabilities	21,495	22,045
Equity		
Share capital	900	941
Capital surplus	10,529	9,600
Retained earnings	1,774	4,198
Other components of equity	66	104
Total equity attributable to owners of parent	13,270	14,844
Total equity	13,270	14,844
Total liabilities and equity	34,766	36,890

(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Condensed Quarterly Consolidated Statement of Comprehensive Income

(Condensed Quarterly Consolidated Statement of Profit or Loss)

(Millions of yen)

	First nine months of previous fiscal year (February 1, 2023 to October 31, 2023)	First nine months of current fiscal year (February 1, 2024 to October 31, 2024)
Revenue	9,689	12,095
Cost of sales	2,191	2,550
Gross profit	7,497	9,545
Selling, general and administrative expenses	4,816	5,630
Other income	11	21
Other expenses	12	12
Operating profit	2,680	3,923
Finance income	2	4
Finance costs	317	348
Profit before tax	2,365	3,579
Income tax expense	819	1,156
Profit	1,546	2,423
Profit attributable to		
Owners of parent	1,400	2,423
Non-controlling interests	145	–
Profit	1,546	2,423
Earnings per share		
Basic earnings per share (yen)	73.96	101.14
Diluted earnings per share (yen)	73.23	98.99

(Condensed Quarterly Consolidated Statement of Comprehensive Income)

(Millions of yen)

	First nine months of previous fiscal year (February 1, 2023 to October 31, 2023)	First nine months of current fiscal year (February 1, 2024 to October 31, 2024)
Profit	1,546	2,423
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	–	–
Total of items that will not be reclassified to profit or loss	–	–
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	49	30
Total of items that may be reclassified to profit or loss	49	30
Other comprehensive income, net of tax	49	30
Comprehensive income	1,595	2,454
Comprehensive income attributable to		
Owners of parent	1,447	2,454
Non-controlling interests	148	–
Comprehensive income	1,595	2,454

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

First nine months of previous fiscal year (February 1, 2023 to October 31, 2023)

(Millions of yen)

	Equity attributable to owners of parent					Non-controlling interests	Total
	Share capital	Capital surplus	Retained earnings	Other components of equity	Total		
Balance as of February 1, 2023	10	5,086	(443)	23	4,676	4,404	9,081
Profit	–	–	1,400	–	1,400	145	1,546
Other comprehensive income	–	–	–	46	46	3	49
Total comprehensive income	–	–	1,400	46	1,447	148	1,595
Increase (decrease) by business combination	–	4,553	–	–	4,553	(4,553)	–
Dividends of surplus	–	–	–	–	–	–	–
Forfeiture of share acquisition rights	–	–	1	(1)	–	–	–
Share-based payment transactions	–	–	–	–	–	–	–
Exercise of share acquisition rights	–	–	–	–	–	–	–
Total transactions with owners	–	4,553	1	(1)	4,553	(4,553)	–
Balance as of October 31, 2023	10	9,639	958	68	10,677	–	10,677

First nine months of current fiscal year (February 1, 2024 to October 31, 2024)

(Millions of yen)

	Equity attributable to owners of parent					Non-controlling interests	Total
	Share capital	Capital surplus	Retained earnings	Other components of equity	Total		
Balance as of February 1, 2024	900	10,529	1,774	66	13,270	–	13,270
Profit	–	–	2,423	–	2,423	–	2,423
Other comprehensive income	–	–	–	30	30	–	30
Total comprehensive income	–	–	2,423	30	2,454	–	2,454
Increase (decrease) by business combination	–	–	–	–	–	–	–
Dividends of surplus	–	(981)	–	–	(981)	–	(981)
Forfeiture of share acquisition rights	–	–	–	–	–	–	–
Share-based payment transactions	–	–	–	19	19	–	19
Exercise of share acquisition rights	41	51	–	(11)	81	–	81
Total transactions with owners	41	(929)	–	7	(880)	–	(880)
Balance as of October 31, 2024	941	9,600	4,198	104	14,844	–	14,844

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	First nine months of previous fiscal year (February 1, 2023 to October 31, 2023)	First nine months of current fiscal year (February 1, 2024 to October 31, 2024)
Cash flows from operating activities		
Profit before tax	2,365	3,579
Depreciation and amortization	1,089	1,230
Interest and dividend income	(2)	(4)
Interest expenses	317	348
Decrease (increase) in trade and other receivables	(10)	221
Increase (decrease) in trade and other payables	(18)	(194)
Decrease (increase) in inventories	(102)	(232)
Other	2	111
Subtotal	3,639	5,059
Interest and dividends received	2	4
Interest paid	(274)	(207)
Income taxes paid	(1,152)	(1,251)
Net cash provided by (used in) operating activities	2,215	3,605
Cash flows from investing activities		
Purchase of property, plant and equipment	(520)	(1,240)
Purchase of intangible assets	(0)	(0)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(146)
Payments of leasehold and guarantee deposits	(77)	(81)
Proceeds from refund of leasehold and guarantee deposits	9	27
Payments for asset retirement obligation	(0)	(0)
Other	–	–
Net cash provided by (used in) investing activities	(589)	(1,442)
Cash flows from financing activities		
Proceeds from long-term borrowings	–	13,375
Repayments of long-term borrowings	(475)	(13,936)
Repayments of lease liabilities	(896)	(1,002)
Dividends paid	–	(981)
Payments of borrowing related fees	–	(100)
Proceeds from issuance of share acquisition rights	–	81
Net cash provided by (used in) financing activities	(1,371)	(2,564)
Effect of exchange rate changes on cash and cash equivalents	62	32
Net increase (decrease) in cash and cash equivalents	317	(368)
Cash and cash equivalents at beginning of period	2,209	4,426
Cash and cash equivalents at end of period	2,526	4,057

(5) Notes to Condensed Quarterly Consolidated Financial Statements

(Applicable financial reporting framework)

The condensed quarterly consolidated financial statement and notes of the Group have been prepared in accordance with Article 5, Paragraph 2 of the Standards for the Preparation of Quarterly Financial Statements of the Tokyo Stock Exchange, Inc. (however, omissions set forth in Article 5, Paragraph 5 of the said standards apply), and certain disclosures and notes required by International Accounting Standard 34 "Interim Financial Reporting" have been omitted.

(Notes on Going Concern Assumption)

Not applicable.

(Segment Information)

(1) Overview of reportable segments

The Group's reportable segments are the Company's components for which separate financial information is available and which are subject to periodic reviews by the Board of Directors (Chief Operating Decision Maker) to determine the allocation of management resources and evaluate their performance.

The Group mainly sells eyewear products, and its business activities are centered on two brand categories (Kaneko Optical and Four Nines). In addition, the head of each brand has broad authority and responsibility for sales and profits for each brand, and makes decisions flexibly. Therefore, the Company has two reportable segments, "Kaneko Optical Business" and "Four Nines Business," primarily based on those brands.

The "Kaneko Optical Business" includes businesses for each of the different brand categories under the Kanko Optical brand.

The "Four Nines Business" includes businesses for each of the different brand categories under the Four Nines brand.

The accounting treatments of the segments are in accordance with the accounting policies of the Group. Segment profit is consistent with operating profit as reported in the condensed quarterly consolidated statement of profit or loss.

(2) Information regarding revenue, profit/loss, and other significant items by reportable segment

First nine months of previous fiscal year (February 1, 2023 to October 31, 2023)

(Millions of yen)

	Reportable segment			Reconciling items	Consolidated
	Kaneko Optical	Four Nines	Total		
Revenue					
Revenue from external customers	6,188	3,501	9,689	–	9,689
Intersegment revenue	–	–	–	–	–
Total	6,188	3,501	9,689	–	9,689
Segment profit	2,086	922	3,008	(328)	2,680
Finance income	–	–	–	–	2
Finance costs	–	–	–	–	317
Profit before tax	–	–	–	–	2,365
Other items					
Depreciation and amortization	784	287	1,071	17	1,089

(Note) Reconciling items of segment profit (-328 million yen) are corporate expenses that are not allocated to any reportable segment.

Corporate expenses are mainly general and administrative expenses that do not belong to any reportable segment.

First nine months of current fiscal year (February 1, 2024 to October 31, 2024)

(Millions of yen)

	Reportable segment			Reconciling items	Consolidated
	Kaneko Optical	Four Nines	Total		
Revenue					
Revenue from external customers	7,902	4,192	12,095	–	12,095
Intersegment revenue	–	–	–	–	–
Total	7,902	4,192	12,095	–	12,095
Segment profit	2,981	1,260	4,241	(317)	3,923
Finance income	–	–	–	–	4
Finance costs	–	–	–	–	348
Profit before tax	–	–	–	–	3,579
Other items					
Depreciation and amortization	881	330	1,212	17	1,230

(Note) Reconciling items of segment profit (-317 million yen) are corporate expenses that are not allocated to any reportable segment.
Corporate expenses are mainly general and administrative expenses that do not belong to any reportable segment.

(Per Share Information)

	First nine months of previous fiscal year (February 1, 2023 to October 31, 2023)	First nine months of current fiscal year (February 1, 2024 to October 31, 2024)
Profit attributable to owners of parent (million yen)	1,400	2,423
Profit adjustment (million yen)	–	–
Profit used for calculating diluted earnings per share (million yen)	1,400	2,423
Weighted average number of common shares (thousand shares)	18,937	23,962
Increase in the number of common shares		
Share acquisition rights (thousand shares)	189	519
Weighted average number of common shares after dilution (thousand shares)	19,126	24,482
Basic earnings per share (yen)	73.96	101.14
Diluted earnings per share (yen)	73.23	98.99

(Note) The Company conducted a 20-for-1 stock split of its common shares on September 30, 2023. However, basic earnings per share and diluted earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(Significant Subsequent Events)

Not applicable.