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February 14, 2025

Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 (Under Japanese GAAP)

Company name: INTERMESTIC INC.
Listing: Tokyo Stock Exchange
Securities code: 262A
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Scheduled date of annual general meeting of shareholders: March 27, 2025
Scheduled date to commence dividend payments: March 28, 2025
Scheduled date to file annual securities report: March 27, 2025
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and securities analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	44,845	12.5	5,012	43.3	4,878	42.3	3,515	37.2
December 31, 2023	39,875	11.1	3,497	22.8	3,427	28.6	2,562	102.3

Note: Comprehensive income For the fiscal year ended December 31, 2024: ¥3,516 million [36.9%]
For the fiscal year ended December 31, 2023: ¥2,569 million [106.5%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2024	151.31	145.66	23.9	17.8	11.2
December 31, 2023	119.61	―	40.2	17.1	8.8

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended December 31, 2024: ¥000,000 million
For the fiscal year ended December 31, 2023: ¥000,000 million

(Note) Since the Company conducted a 2,000-for-1 stock split of shares of common stock on April 23, 2024, “Net income per share” is calculated as if the stock split had been conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2024	34,842	23,058	66.2	753.55
December 31, 2023	20,070	6,374	31.8	297.58

Reference: Equity
As of December 31, 2024: ¥23,058 million
As of December 31, 2023: ¥6,374 million

(Note) Since the Company conducted a 2,000-for-1 stock split of shares of common stock on April 23, 2024, “Net assets per share” is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2024	6,359	△1,671	9,057	20,045
December 31, 2023	2,104	△1,012	△585	6,268

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended December 31, 2023	―	0.00	―	83,700.00	83,700.00	896	35.0	14.1
Fiscal year ended December 31, 2024	―	0.00	―	40.20	40.20	1,230	35.0	7.6
Fiscal year ending December 31, 2025 (Forecast)	―	0.00	―	42.90	42.90		35.0	

(Note) The company carried out a stock split on April 23, 2024, at a ratio of 2,000 shares per share of common stock. For the fiscal year ending December 2023, the actual dividend amount before the stock split is stated. For the fiscal year ending December 2024 (forecast), the dividend per share is calculated based on the assumption that the stock split was carried out at the beginning of the fiscal year ending December 2023.

3. Financial results forecast for the fiscal year ending December 31, 2025 (from January 1, 2025 to December 31, 2025)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Full Year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	49,330	10.0	5,514	10.0	5,495	12.6	3,750	6.7	122.58

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes
Newly included: 1 company (INTERMESTIC SINGAPORE PTE.LTD.)
Excluded: 2 companies (ZOFF I SINGAPORE PTE.LTD.、Zoff (Shanghai) Trading Co., Ltd.)

(2) Changes in accounting policies, changes in accounting estimates, and restatement
(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
(ii) Changes in accounting policies due to other reasons: None
(iii) Changes in accounting estimates: None
(iv) Restatement: None

(3) Number of issued shares (common shares)

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

As of December 31, 2024	30,600,000 shares
As of December 31, 2023	30,600,000 shares

(ii) Number of treasury shares at the end of the period

As of December 31, 2024	-
As of December 31, 2023	9,180,000 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended December 31, 2024	23,230,328 shares
Fiscal year ended December 31, 2023	21,420,000 shares

Notes 1: As the Company carried out a stock split on April 23, 2024, whereby each share of common stock was divided into 2,000 shares, the "number of shares issued 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 carried out at the beginning of the previous consolidated fiscal year.

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	18,461	21.8	5,254	79.3	5,391	71.7	3,607	73.5
December 31, 2023	15,155	―	2,930	―	3,140	―	2,079	―

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
December 31, 2024	155.28	149.47
December 31, 2023	97.07	―

(Note) Since the Company conducted a 2,000-for-1 stock split of shares of common stock on April 23, 2024, "Net income per share" is calculated as if the stock split had been conducted at the beginning of the previous fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2024	29,209	23,500	80.5	767.98
December 31, 2023	15,951	6,723	42.2	313.91

Reference: Equity
As of December 31, 2024: ¥23,500 million
As of December 31, 2023: ¥6,723 million

(Note) Since the Company conducted a 2,000-for-1 stock split of shares of common stock on April 23, 2024, "Net assets per share" is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

  The financial results forecast and other forward-looking statements herein are based on information currently available to the Company and certain assumptions that the Company deems reasonable, and they are not intended to be a promise by the Company that they will be achieved. Actual results may differ significantly from those forecasts due to a wide range of factors. For the above-mentioned financial results forecast, please refer to the following pages

  (How to obtain Financial Results Supplementary Information)
  Financial Results Supplementary Information is disclosed on the same day on TDnet.

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1. Overview of Operating Performance and Others

(1) Overview of Operating Performance for the fiscal year

During the current fiscal year (January 1, 2024 to December 31, 2024), the Japanese economy showed a gradual recovery as the effects of the new coronavirus infection subsided and the normalization of economic and social activities progressed. On the other hand, there are concerns about the risk of a downturn in overseas economies putting downward pressure on the Japanese economy, such as the effects of continued high interest rate levels in Europe and the U.S. and the stagnation of the real estate market in China. In addition, the economic outlook in Japan and abroad remains uncertain, with the need to pay close attention to the effects of rising prices, future policy trends in the U.S., developments surrounding the Middle East region, and fluctuations in financial and capital markets.

In this economic environment, the Group has been promoting its brand strategy, "Eye Performance," aiming to become a brand that is needed by society and people's daily lives by presenting new value not only as a vision correction device but also as a fashion item and a tool to expand human potential. We have been working to become a brand that is needed by society and people's daily lives.

In the area of products, the Company has been actively developing new products, such as "Galileo," a specially constructed pair of glasses that do not use any metal, "Zoff｜Jujutsu Kaisen," a collaboration with a popular TV animation series, and "Zoff｜Sanrio Characters," the first collaboration with popular Sanrio characters.

With regard to advertising development, following the TV commercial featuring Lars Nootbaar, which emphasized the appeal and richness of the Zoff product lineup, new commercials featuring professional volleyball players Yuki Ishikawa and Mayu Ishikawa were run throughout the country.

With regard to store development, the number of stores during the consolidated fiscal year under review was 307 in Japan (all operated by subsidiary Zoff Co., Ltd.) and 21 overseas (all franchisees, 16 in Hong Kong and 5 in Singapore).

As a result of the above, net sales for the current fiscal year were 44,845 million yen (up 12.5% year-on-year), operating income was 5,012 million yen (up 43.3%), ordinary income was 4,878 million yen (up 42.3%), and net income attributable to owners of the parent was 3,515 million yen (up 37.2%).

A summary of results by segment is as follows.

Domestic Business

In the domestic business, sales of new products such as "Galileo," specially structured glasses that do not use any metal, were strong, and sales of UV-protection-related products such as UV-controlled lenses that change color with ultraviolet rays and sunglasses were driven by strong sales.

With respect to store development, the number of stores in Japan totaled 307 (18 stores opened and 5 stores closed).

As a result of the above, the domestic business segment reported segment sales of 44,269 million yen and segment income of 5,022 million yen.

Overseas Business

With regard to overseas business, in Hong Kong, we saw the effects of economic stagnation, which had an impact on our business performance.

In Singapore, sales have been affected by the economic slowdown, but have recently been recovering.

Store development totaled 21 stores: 16 in Hong Kong (3 opened and 2 closed) and 5 in Singapore (1 opened and 1 closed).

As a result of the above, the overseas business segment reported segment sales of 868 million yen and a segment loss of 22 million yen.

(2) Overview of Financial Position for the fiscal year

(Assets, Liabilities and Net Assets)
(Assets)

Total assets at the end of the current fiscal year increased 14,772 million yen from the end of the previous fiscal year to 34,842 million yen.

Current assets increased 13,582 million yen to 27,948 million yen. This was mainly due to a 13,777 million yen increase in cash and deposits resulting from the sale of treasury stock.

Noncurrent assets increased 1,189 million yen to 6,893 million yen. This was mainly due to a 683 million yen increase in property, plant and equipment resulting from new store openings and renovations.

(Liabilities)

Total liabilities at the end of the current fiscal year decreased 1,912 million yen from the end of the previous fiscal year to 11,783 million yen.

Current liabilities increased 1,674 million yen to 11,374 million yen. This was mainly due to a 507 million yen decrease in accounts payable-trade and a 331 million yen decrease in the current portion of long-term loans payable due within one year, while there were increases of 981 million yen in accrued bonuses and 889 million yen in income taxes payable.

Noncurrent liabilities decreased 3,586 million yen to 409 million yen. This was mainly due to a decrease of 3,643 million yen resulting from repayment of long-term debt.

(Net assets)

Total net assets at the end of the current fiscal year increased 16,684 million yen from the end of the previous fiscal year to 23,058 million yen. This was mainly due to a 10,090 million yen increase in capital surplus from the disposal of treasury stock and a 3,975 million yen decrease in treasury stock (net assets increased), and a 3,515 million yen increase due to net income attributable to parent company shareholders, despite an 896 million yen decrease due to dividend payments.

(3) Summary of cash flows for the period

Cash and cash equivalents at the end of the current consolidated fiscal year increased by 13,777 million yen from the previous consolidated fiscal year to 20,045 million yen. The status of each cash flow and their factors during the current consolidated fiscal year are as follows.

(Net cash provided by (used in) operating activities)

Net cash provided by operating activities amounted to 6,359 million yen in the current fiscal year (2,104 million yen in the same period of the previous year). Major positive factors included income before income taxes and minority interests of 4,811 million yen (3,333 million yen in the same period of the previous year), a 981 million yen increase in provision for bonuses, a 516 million yen decrease in inventories (310 million yen increase in the same period of the previous year), and depreciation of 815 million yen (817 million yen in the same period of the previous year). The main factor of the decrease was income taxes paid of 813 million yen (804 million yen paid in the same period of the previous fiscal year).

(Net cash provided by (used in) investing activities)

Net cash used in investing activities amounted to 1,671 million yen (1,012 million yen used in the same period of the previous year). The main cash outflows were 1,264 million yen (678 million yen used in the same period of the previous year) for the purchase of property, plant and equipment for new store openings and renovations, and 265 million yen (183 million yen used in the same period of the previous year) for payments for lease and guarantee deposits related to new store openings.

(Net cash provided by (used in) financing activities)

Net cash provided by financing activities amounted to 9,057 million yen (585 million yen used in the same period of the previous year). The main cash inflow was 14,065 million yen from the sale of treasury stock, while the main cash outflows were 896 million yen for cash dividends paid (311 million yen used in the same period last year) and 3,975 million yen for repayment of long-term debt.

(4) Future Outlook

As for the future outlook, in the social environment surrounding our group, although the domestic economy is gradually recovering, there are concerns about the impact on personal consumption caused by high prices due to the global inflationary

trend triggered by soaring raw material prices, etc., and the yen's depreciation in exchange rates.

In this changing business environment, we believe it is necessary to strengthen investment in human resources in order for our group to achieve further growth, and we intend to further improve management efficiency in order to secure financial resources for this purpose.

In terms of store strategy, we will continue to strive to increase sales by opening new stores in shopping centers and stepping up renovations involving floor space expansion, while improving productivity by improving store operations in addition to upgrading interior fixtures and fittings for greater convenience for customers.

In terms of product strategy, we will continue to create attractive products with high added value and promote our pricing strategy to improve gross profit margin.

In the overseas business, we will strive to expand sales and improve profitability by opening more stores in Hong Kong and Singapore, our existing countries of operation.

As a result of the above, we now forecast consolidated net sales of 49,330 million yen, operating income of 5,514 million yen, ordinary income of 5,495 million yen, and net income attributable to owners of the parent of 3,750 million yen for the full year ending December 31, 2025.

2. Basic approach to the selection of accounting standards

For the time being, the Group's policy is to prepare its consolidated financial statements in accordance with Japanese GAAP, taking into consideration the comparability of the consolidated financial statements from period to period and the comparability among enterprises.

The Company's policy is to apply International Financial Reporting Standards (IFRSs) as appropriate, taking into consideration various conditions in Japan and overseas.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	Previous consolidated fiscal year (December 31, 2023)	Current Consolidated Fiscal Year (December 31, 2024)
Assets		
Current assets		
Cash and deposits	6,268	20,045
Accounts receivable	737	1,047
Goods	4,358	3,799
Deposits paid	2,621	2,587
Other	380	468
Total current assets	14,366	27,948
Fixed assets		
Property, plant and equipment		
Buildings and structures	4,151	4,216
Accumulated depreciation	△3,046	△2,854
Buildings and structures, net	1,104	1,362
Tools, furniture and fixtures	2,611	2,887
Accumulated depreciation	△2,012	△1,903
Tools, furniture and fixtures, net	599	983
Leased assets	923	956
Accumulated depreciation	△ 593	△590
Lease assets, net	329	366
Construction in progress	9	13
Total property, plant and equipment	2,042	2,726
Intangible fixed assets		
Software	540	678
Other	31	24
Total intangible assets	571	702
Investments and other assets		
Investments in affiliates	57	27
Lease and guarantee deposits	2,205	2,256
deferred tax asset	793	1,139
Other	45	52
Allowance for doubtful accounts	△12	△11
Total investments and other assets	3,089	3,464
Total fixed assets	5,703	6,893
Total assets	20,070	34,842

(Millions of yen)

	Previous consolidated fiscal year (December 31, 2023)	Current Consolidated Fiscal Year (December 31, 2024)
Liabilities		
Current liabilities		
Accounts payable	1,395	888
Short-term debt	2,900	2,900
Lease obligations	122	115
Current portion of long-term debt	331	-
Arrears	2,339	2,831
Accrued expenses	390	199
Accrued income taxes	456	1,345
Allowance for bonuses	-	981
Contract liabilities	1,081	1,240
Deposit (received)	153	113
Allowance for loss on business liquidation	121	-
Other	409	758
Total current liabilities	9,700	11,374
Fixed liabilities		
Long-term debt	3,643	-
Lease obligations	279	313
Guarantee Deposit	72	81
Other	-	13
Total long-term liabilities	3,995	409
Total liabilities	13,696	11,783

(Millions of yen)

	Previous consolidated fiscal year (December 31, 2023)	Current fiscal year (December 31, 2024)
Total net assets		
capital stock		
capital stock	220	220
Capital surplus	150	10,240
Retained earnings	9,862	12,479
treasury stock	△3,975	-
Total shareholders' equity	6,257	22,939
Accumulated other comprehensive income		
Foreign currency translation adjustments	116	118
Total accumulated other comprehensive income	116	118
Total net assets	6,374	23,058
Total liabilities and net assets	20,070	34,842

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Net sales	39,875	44,845
cost of sales	10,878	11,138
Gross profit	28,997	33,707
Selling, general and administrative expenses	25,499	28,695
Operating income	3,497	5,012
Non-operating income		
interest income	0	0
Subsidy income	8	-
Other	3	5
Total non-operating income	13	6
Non-operating expenses		
interest expense	31	33
foreign exchange loss	40	95
Other	11	10
Total non-operating expenses	83	140
Ordinary income	3,427	4,878
Extraordinary income		
Gain on sales of fixed assets	13	16
Gain on sales of investments in affiliates	-	17
Compensation for store relocation	-	49
Other	-	14
Total extraordinary income	13	97
Extraordinary loss		
Loss on disposal of fixed assets	31	69
Impairment loss	32	92
Provision for loss on business liquidation	42	-
Other	0	2
Total extraordinary loss	107	164
Income before income taxes and minority interests	3,333	4,811
Corporate, inhabitant and enterprise taxes	838	1,644
Income taxes-deferred	△66	△348
Total income taxes	771	1,296
Net income	2,562	3,515
Net income attributable to owners of the parent	2,562	3,515

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Net income	2,562	3,515
Other comprehensive income		
Foreign currency translation adjustments	7	1
Total other comprehensive income	7	1
Comprehensive income	2,569	3,516
(Breakdown)		
Comprehensive income attributable to owners of the parent	2,569	3,516

(3) Consolidated Statement of Changes in Net Assets

Previous fiscal year (January 1, 2023 through December 31, 2023)

(Millions of yen)

	capital stock				
	capital stock	Capital surplus	Retained earnings	treasury stock	Total shareholders' equity
Balance at the beginning of current period	220	150	7,611	△3,975	4,006
Changes of items during the period					
Dividends from surplus			△311		△311
Net income attributable to owners of the parent			2,562		2,562
Net changes of items other than shareholders' equity					-
Total changes of items during the period	-	-	2,250	-	2,250
Balance at the end of current period	220	150	9,862	△3,975	6,257

	Accumulated other comprehensive income		Total net assets
	Foreign currency translation adjustments	Other Comprehensive income Cumulative total	
Balance at the beginning of current period	109	109	4,116
Changes of items during the period			
Dividends from surplus			△311
Net income attributable to owners of the parent			2,562
Net changes of items other than shareholders' equity	7	7	7
Total changes of items during the period	7	7	2,257
Balance at the end of current period	116	116	6,374

Current fiscal year (January 1, 2024 through December 31, 2024)

(Millions of yen)

	capital stock				
	capital stock	Capital surplus	Retained earnings	treasury stock	Total shareholders' equity
Balance at the beginning of current period	220	150	9,862	△3,975	6,257
Changes of items during the period					
Dividends from surplus			△896		△896
Net income attributable to owners of the parent Net income attributable to			3,515		3,515
Disposal of treasury stock		10,090		3,975	14,065
Change in scope of consolidation			△1		△1
Items other than shareholders' equity (net) Net changes of items other than shareholders' equity					-
Total changes of items during the period	-	10,090	2,617	3,975	16,682
Balance at the end of current period	220	10,240	12,479	-	22,939

	Accumulated other comprehensive income		Total net assets
	Foreign currency translation adjustments	Other Comprehensive income Cumulative total	
Balance at the beginning of current period	116	116	6,374
Changes of items during the period			
Dividends from surplus			△896
Net income attributable to owners of the parent			3,515
Disposal of treasury stock			14,065
Change in scope of consolidation			△1
Net changes of items other than shareholders' equity	1	1	1
Total changes of items during the period	1	1	16,684
Balance at the end of current period	118	118	23,058

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Cash flows from operating activities		
Income before income taxes and minority interests	3,333	4,811
Depreciation and amortization	817	815
Impairment loss	32	92
Increase (decrease) in allowance for loss on business liquidation	△129	△121
Increase (decrease) in accrued bonuses	-	981
interest expense	31	33
Loss on disposal of fixed assets	31	69
Amortization of lease and guarantee deposits	64	75
Gain on sales of investments in affiliates	-	△17
Decrease (increase) in trade receivables	△132	△305
(Increase) decrease in inventories	△310	516
(Increase) decrease in deposits received	△374	33
Increase (decrease) in notes and accounts payable-trade	99	△506
Increase (decrease) in accrued consumption taxes	58	369
Increase (decrease) in accrued liabilities	△30	341
Increase (decrease) in contract liabilities	92	158
Increase (decrease) in deposits received	△866	△40
Other	215	△102
Subtotal	2,932	7,205
Interest payments	△23	△33
Income taxes paid	△804	△813
Other	0	0
Cash flows from operating activities	2,104	6,359
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	△678	△1,264
Payments for acquisition of intangible assets	△218	△212
Proceeds from sales of investments in affiliates resulting in change in scope of consolidation	-	34
Payment for lease and guarantee deposits	△183	△265
Proceeds from collection of lease and guarantee deposits	153	101
Other	△85	△65
Cash flows from investing activities	△1,012	△1,671

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)
Not applicable.

(Business Combinations)

Business Separation

(Transfer of Subsidiary Shares)

(1) Overview of Business Separation

(i) Name of company to which business was transferred

Omni Beauty Retailing Limited

(ii) Name and business of consolidated subsidiary that was separated

Name: Zoff I SINGAPORE PTE. LTD.

Business: Sale of eyeglasses

(iii) Main reason for business separation

Omni Beauty Retailing Limited, the company to which the business was transferred, is also developing the Zoff business in Hong Kong as a franchisee of the Company. In light of the company's network and development capabilities, the Company decided to transfer the business to Omni Beauty Retailing Limited as a franchisee in Singapore, believing that this would accelerate the growth of the Zoff business.

(iv) Date of business transfer

January 2, 2024 (deemed transfer date: January 1, 2024)

(v) Matters concerning the outline of the transaction, including the legal form

Share transfer in which the consideration received is limited to cash and other assets

(2) Summary of accounting treatment implemented

(i) Amount of profit or loss on transfer

Profit on sale of investment in affiliates: 17,350 thousand yen

(Note) This is the amount after the final transfer price adjustment stipulated in the share transfer agreement has been completed and the price adjustment has been reflected.

(ii) Appropriate book value of assets and liabilities related to the transferred business and their main breakdown

Current assets	192,691 thousand yen
Fixed assets	43,159 thousand yen
Total assets	235,851 thousand yen
Current liabilities	458,857 thousand yen
Total liabilities	458,857 thousand yen

(iii) Accounting treatment

The transaction was processed in accordance with the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019).

(3) Reporting segment that included the divested business

Overseas business

(4) Approximate amount of profit or loss related to the divested business recorded in the quarterly consolidated statement of income for the third quarter of the consolidated fiscal year

The business divestiture was conducted with the deemed transfer date being the beginning of the third quarter of the consolidated fiscal year, and the profit or loss related to the divested business is not included in the quarterly consolidated statement of income for the third quarter of the consolidated fiscal year.

(Segment Information, etc.)

1 Overview of reportable segments

(1) Method of determining reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available and are subject to periodic review by the Board of Directors for the purpose of determining the allocation of management resources and evaluating performance.

Our group mainly sells eyeglasses and other products, with domestic subsidiaries in Japan and overseas subsidiaries in each country. Each local subsidiary is an independent management unit that formulates comprehensive strategies, policies, and targets for each region with respect to the products it handles and develops business activities.

Therefore, the Group consists of two reportable segments, "Domestic Business" and "Overseas Business," which are based on the sales structure and are separated into geographic regions.

(2) Products and services in each reportable segment

In the "Domestic Business" and "Overseas Business" segments, eyeglasses and other products are mainly sold, and local subsidiaries in each country are in charge of selling eyeglasses and other products in stores and via the Internet, respectively.

2 Calculation method of net sales, profit or loss, assets, liabilities and other items by reportable segment

The accounting methods used for the reported business segments are generally the same as those used in the preparation of the consolidated financial statements.

Profit (loss) of reportable segments is based on operating income.

Intersegment revenues and transfers are based on prevailing market prices.

3 Information on sales, profit or loss, assets, liabilities and other items by reportable segment

Previous fiscal year (January 1, 2023 through December 31, 2023)

(Millions of yen)

	Reportable Segment			Adjustment (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Domestic Business	Overseas Business	Total		
Net sales					
Sales to external customers	37,781	2,093	39,875	-	39,875
Intersegment sales and transfers between segments	385	-	385	△385	-
Total	38,167	2,093	40,260	△385	39,875
Segment income (loss)	3,599	△130	3,468	28	3,497
Segment assets	20,250	1,011	21,261	△1,191	20,070
Segment liabilities	13,291	1,142	14,434	△738	13,696
Other Items					
Depreciation and amortization	671	145	817	-	817
Increase in property, plant and equipment and intangible assets	1,127	1	1,128	-	1,128

(Notes) 1. Adjustments are as follows

(1) Adjustments to segment income (loss) mainly consist of elimination of intersegment transactions and unrealized income adjustments.

(2) Adjustments of segment assets and segment liabilities are mainly due to elimination of intersegment transactions.

2 Segment income (loss) is adjusted with operating income in the consolidated statements of income.

Current fiscal year (January 1, 2024 through December 31, 2024)

(Millions of yen)

	Reportable Segment			Adjustment (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Domestic Business	Overseas Business	Total		
Net sales					
Sales to external customers	43,977	868	44,845	-	44,845
Intersegment sales and transfers between segments	291	-	291	△291	-
Total	44,269	868	45,137	△291	44,845
Segment income (loss)	5,022	△22	5,000	12	5,012
Segment assets	34,720	268	34,988	△146	34,842
Segment liabilities	11,597	471	12,068	△284	11,783
Other Items					
Depreciation and amortization	808	7	815	-	815
Increase in property, plant and equipment and intangible assets	1,776	0	1,776	-	1,776

(Notes) 1. Adjustments are as follows

(1) Adjustments to segment income (loss) mainly consist of elimination of intersegment transactions and unrealized income adjustments.

(2) Adjustments of segment assets and segment liabilities are mainly due to elimination of intersegment transactions.

2 Segment income (loss) is adjusted with operating income in the consolidated statements of income.

4 Information on assets by reportable segment

In the current consolidated fiscal year, segment assets of "Overseas Business" decreased by 235,851 thousand yen from the end of the previous consolidated fiscal year due to the sale of shares of ZOFF I SINGAPORE PTE.LTD. and its exclusion from the scope of consolidation.

5 Information on Impairment Loss on Fixed Assets or Goodwill, etc. by Reportable Segment

Previous fiscal year (January 1, 2023 through December 31, 2023)

(Significant impairment loss on fixed assets)

In the "Domestic Business" segment, an impairment loss of 32 million yen was recorded.

(Significant changes in the amount of goodwill)

Not applicable.

(Significant gain on negative goodwill)

Not applicable.

Current fiscal year (January 1, 2024 through December 31, 2024)

(Significant impairment loss on fixed assets)

In the "Domestic Business" segment, an impairment loss of 92 million yen was recorded.

(Significant changes in the amount of goodwill)

Not applicable.

(Significant gain on negative goodwill)

Not applicable.

(Per share information)

	Previous consolidated fiscal year (January 1, 2023) (January 1, 2023) December 31, 2023)	Current Consolidated Fiscal Year (January 1, 2024) (January 1, 2024) December 31, 2024)
Net assets per share	297.58Yen	753.55Yen
Net income per share	119.61Yen	151.31Yen
Diluted Net income per share	-	145.66Yen

(Note) 1. Diluted net income per share is not shown in the previous consolidated fiscal year because there were no latent shares.

2. Since the Company conducted a 2,000-for-1 stock split of shares of common stock on April 23, 2024, net assets per share and net income per share are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

3. Basis for calculation of net income per share and diluted net income per share is as follows

	Previous consolidated fiscal year (January 1, 2023) (January 1, 2023) December 31, 2023)	Current fiscal year (January 1, 2024) (January 1, 2024) December 31, 2024)
Net income per share		
Net income attributable to owners of the parent (Millions of yen)	2,562	3,515
Amount not attributable to common shareholders (Millions of yen)	-	-
Net income attributable to owners of the parent for common stock (Millions of yen) (Millions of yen)	2,562	3,515
Average number of shares of common stock during the period (shares)	21,420,000	23,230,328
Net income per share (diluted)		
Adjustment of net income attributable to owners of the parent (Millions of yen)	-	-
Increase in common stock (shares)	-	902,227
(of which stock acquisition rights (shares))	-	(902,227)
Summary of potential stock not included in the calculation of diluted net income per share due to the absence of dilutive effects	-	-

4. Basis for calculation of net assets per share is as follows

	As of March 31, 2012 As of March 31, 2011 (December 31, 2023)	As of March 31, 2012 As of March 31, 2011 As of March 31, 2012 As of March 31, 2012 (December 31, 2024)
Total net assets (Millions of yen)	6,374	23,058
Amount deducted from total net assets (Millions of yen)	-	-
Net assets related to common stock at the end of the period (Millions of yen)	6,374	23,058
Number of shares of common stock used in the calculation of net assets per share at the end of the period (shares)	21,420,000	30,600,000

(Significant subsequent events)

Not applicable.