

Our Strategic Foundations

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Medium-term Management Plan (Fiscal 2024 to Fiscal 2028)

In fiscal 2024, the first year of our five-year medium-term management plan, we maintained profitability while enhancing our business foundations, and we saw encouraging results on the way to our next stage of growth. In the Chinese market in particular, we opened new stores offering a full brand experience, targeting the premium sports market in urban areas, with results exceeding our plans. In light of these developments, we plan to further accelerate expansion into major cities not just in Japan but around the world to enhance our international presence, and will focus on establishing a revenue base to support sustainable growth.

PLAY EARTH 2030

A period of change on the road to becoming a 100-year-old company

Product

Goldwin500

Stepping up global expansion

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We see expanding the Goldwin brand in the global market as our most important challenge, and aim to achieve net sales of ¥50 billion (the target set under the Goldwin500 project) by fiscal 2032. We have been expanding our self-operated stores in urban areas of China, and in fiscal 2024 we brought the number to four stores. This has steadily increased our overseas sales ratio. Our plan is to open new stores in Korea, the U.S. and Europe, and we will accelerate the opening of flagship stores going forward. We will continue to focus on the core values of the brand, including minimalistic design, value for money, comfort, and convenience. Moreover, we intend to further increase our international presence by rolling out products that address customer needs and local characteristics.

Product

THE NORTH FACE

Sustained growth

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As The North Face moves into its next phase of growth, we will further strengthen the brand value built throughout the entire supply chain including not only the appeal of the products themselves, but also our planning capabilities, production infrastructure, collaboration with self-operated stores and wholesale partners, and repair services. In fiscal 2024, net sales for the brand surpassed ¥100 billion, further solidifying its position as a core brand. Moreover, we are expanding touchpoints with a diverse range of customers by accelerating initiatives in new categories, such as in shoes, children's apparel, and women's apparel. We will continue working to develop untapped markets through sustainability-conscious value propositions and the creation of new customer experiences.

Product

Brand Business

Enhancing the quality of our portfolio

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We are enhancing our brand portfolio to achieve sustainable growth. Specifically, we are promoting the growth of each brand business and acquiring new brands. In June 2024, we added the Allbirds® brand to our portfolio in Japan, and began sales via our online store and self-operated stores. Currently, we are working on a full-scale roll out including the expansion of wholesale sales, and are further strengthening our sustainability advocacy and lineup in the footwear market. We will continue to increase the value of our portfolio by seeking synergies and optimizing how resources are allocated among brands.

Experience

Experience-Based Business

Offering experience-based services

We aim to increase interactions with customers that resonate with our brand philosophy by advancing the development of experience-based services such as the Play Earth Park Naturing Forest project. In April 2025, we completed our acquisition of Alpine Tour Service Co., Ltd. (making it a Group company) and we are preparing to offer new brand experiences that combine tangible and intangible value. Going forward, we will steadily develop programs that link to each of our brands while focusing on creating experiential value and building a community of fans.

Increase Goldwin brand recognition worldwide through integration of corporate identity and brand identity

Manage cash allocation

→ Page 56

Achieve high standards of corporate governance and sustainability

→ Page 66

Medium-term Management Plan (Fiscal 2024 to Fiscal 2028)

Under our medium-term management plan, we will continue to set targets and manage progress with the aim of achieving both business and environmental sustainability. With respect to environmental sustainability, we will take steps aimed at promoting regenerative activities, which we have set as a goal.

PLAY EARTH 2030	Business Sustainability	Maintaining a high level of ROE and aiming for further improvement	(Millions of yen)	FY2024 Results		FY2025 Forecast		FY2028 Forecast					
		Net sales		132,305		140,500		188,500					
		Operating profit (Ratio to sales)		21,905 (16.6%)		25,900 (18.4%)		36,000 (19.1%)					
		Ordinary profit (Ratio to sales)		30,806 (23.3%)		33,900 (24.1%)		46,000 (24.4%)					
		Goldwin500		* Expanded overseas self-operated stores to 6 locations (San Francisco, Munich, Beijing, Chengdu, Shanghai, and Hangzhou) * Enhanced community-focused retail system by establishing joint ventures with local partners in China and Korea		* We plan to open about four stores a year, primarily in East Asia. In China in particular, we will open four new stores in major cities every year in cooperation with local partners. * Achieve net sales of ¥20 billion by fiscal 2028 (the final year of our medium-term management plan)							
		THE NORTH FACE		* Achieved ¥100 billion in net sales (a fivefold increase in sales over the past 10 years) * Captured growth in urban lifestyle demand, in addition to demand for functional products for the outdoors		* Strengthen investment of management resources in the shoe segment, where there is large potential demand * Expand women's and children's apparel categories and leverage the know-how of partner companies in Korea * Promote our “Core & More” strategy (innovation in core product lineups and expansion into more lineup categories) and increase brand value through rollout of our high-end Lab series							
		Brand Business		* Focused on rolling out Allbirds® as a new brand in our portfolio		* Consider detailed measures tailored to brand characteristics, and transition to a year-round business							
		Experience-Based Business		* Developed mountaineering trips and nature experiences in Japan and other countries through Group company Alpine Tour Service Co., Ltd. * Began full-scale development of Play Earth Park Naturing Forest (approx. 40 hectares in Nanto City, Toyama)		* 2027: Grand opening of Play Earth Park Naturing Forest, a model location for people and nature to coexist in harmony * Using knowledge gained through park operations, we will look into developing new experience-based business							
	Environmental Sustainability	Reducing the environmental impact of business activities	Promoting initiatives with suppliers and consumers along with our own independent activities	FY2024 Results		FY2025 Target		FY2030 Target		FY2050 Target			
		Reduce the environmental impact of our business activities, including our supply chain		Promotion of green design Shift to materials with reduced environmental impact		Ratio of products that use materials with reduced environmental impact: 71.5% or more		75% or more*		90% or more		100%	
		Maximizing non-financial capital		Invest in and strategically maximize intangible capital	Realization of a carbon-free society Carbon neutrality	CO2 emissions from business sites in Japan: 89 t-CO2 (Reduced by 93.1% from FY2020)		Carbon neutrality at all business sites in Japan		Carbon neutrality at all business sites and self-operated stores		Carbon-neutral supply chain	
		Promoting regenerative activities			Promote activities in cooperation with stakeholders to regenerate the global environment	Realization of a circular economy Zero fashion loss	Product and material disposal: Reduced by 63.9% (compared with FY2020) Waste volume: 10.5 tons		Reduced by 80% or more (compared with FY2020) Reduce waste to 5.8 tons or less		Zero waste		Zero waste, including supply chain
Conservation and restoration of biodiversity		Consideration of specific measures											

\* Target revised upward because we achieved our previous target of 70% or more in fiscal 2024

Overseas Business



We will leverage momentum gained in the Chinese market as a driver for Goldwin’s global growth.

Shinji Kawada  
Managing Director  
Director of Goldwin Brand Business Division

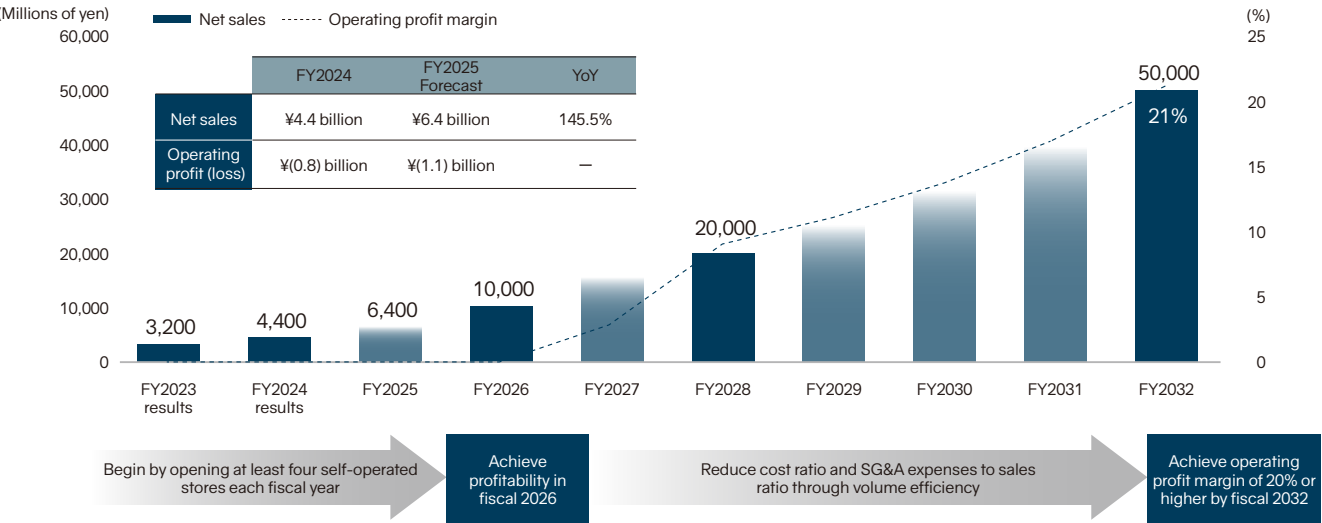
Position in the Chinese Market following COVID-19

Under the Goldwin500 project, which is part of our five-year medium-term management plan, we aim to achieve global sales (including Japan) for the Goldwin brand of ¥50 billion by fiscal 2032. It is an ambitious target and will entail increasing sales by a factor of 15. The key to achieving this target is the Chinese market, which accounts for 60% of our sales plan. As of September 2025, we had a total of eight stores (Beijing, Chengdu, Shanghai, Hangzhou, Nanjing, Shenyang, Shenzhen, and Xi’an). We plan to open more with a sense of urgency. Among these stores, our pioneer location is Goldwin Beijing, which opened in December 2021. At that time, the world was in the midst of the COVID-19 pandemic, and it was impossible

to visit the location from Japan, so it was a difficult environment to start in. However, as COVID-19 infections began to subside in the latter half of 2022 to 2023, the Beijing store posted an average per customer spend of ¥60,000, a repeat rate of 60%, and annual sales of over ¥200 million, at the time surpassing our flagship store in Japan. The eighteen or so months afforded by the COVID-19 pandemic provided valuable preparation time to analyze the Chinese market while connecting remotely with local employees and identifying consumption trends that differed from those in Japan. Unlike the broad direct-to-consumer model we have employed thus far in Japan, we were reminded of how important it is to build relationships of trust based on resonance, which is the starting point for clienteling that builds deep connections

with each customer. This became a major turning point in shaping our current business strategy. The performance of Goldwin Beijing confirmed that the Japanese aesthetic and product value provided by Goldwin are also fully viable in the Chinese market. Based on this, we established the joint venture Goldwin China Enterprise Ltd. (a consolidated subsidiary) in April 2024, and have made accelerating store openings from this local subsidiary the focus of our strategy. Leveraging the Brand’s Underlying Philosophy to Differentiate Ourselves Internationally The Chinese consumer market is frequently associated with high-volume prestige purchasing of luxury brands. However,

Goldwin500 Roadmap



consumers in mainland China who become repeat customers of Goldwin tend to have a different character. They prefer sophisticated minimalist designs over flashy colors and large brand logos, and tend to take time to inspect products carefully, checking even the stitching inside. The level of quality and value sought is even higher than in Japan, and we are keenly aware that the quality demanded among higher-income consumers in mainland China is increasing overall. Goldwin aims to fill a global niche in the Chinese market, targeting both the affluent and ultra-affluent demographics. But even as a “niche” market, the number of consumers who are in China’s higher-income brackets alone exceeds the population of Japan. Nevertheless, it is difficult to retain such highly sensitive buyers as customers through surface-level value alone. We therefore aim to provide intrinsic value based on “dedication to detail”—a philosophy we have followed since our founding, through which we refine what is not readily visible. I believe the “depth” of value at the core of our brand and business proposition will be critical to differentiating ourselves from competitors. In particular, in terms of the sources of product value, our approach to differentiation is not to superficially add more design flourishes, but instead, to strive for simpler designs that minimize hassle as much as possible. We do this by sparing no effort on the parts customers

do not see. The ability to efficiently maximize functionality by leveraging the inherent appeal of the materials is one of our strengths, backed by the knowledge and technologies we have cultivated as a sports apparel manufacturer. While our products may seem simple and easy to imitate, they reflect a depth of expertise that is not immediately apparent, even if you take them apart. They truly embody dedication to detail. Moreover, the fact that people across borders understand the unique charm our products express, is backed not only by our experience in opening stores in mainland China, but by the response we have received from inbound visitors at self-operated stores in Japan. Indeed, we always make sure that major management decisions are backed by the conviction that comes from having gathered sufficient feedback and data. We picked up on subtle aspects of the Chinese market—where consumer purchasing patterns may appear to run counter to our philosophy of dedication to detail—and earned customer acceptance through carefully and simply designed products, storefront designs based on Japanese aesthetics, and careful communication by our local employees. This background is what enabled us to take the turning point presented by the COVID-19 pandemic, transmute it into conviction, and go on the offensive.

**Co-creating Brand Experiences and Expanding Markets with Local Partners** Our medium-term management plan sets out a policy of expanding store openings in new regions such as Jilin and Hebei provinces. Meanwhile, we are considering a strategy of opening second stores in cities such as Beijing, Shanghai, and Hangzhou, as a means to focus on increasing brand awareness in our existing sales area. In addition to our plan to have 70 stores in China by fiscal 2032, we aim for high-quality growth by establishing a local operations system, alongside a system for support from Japan, in order to address the challenges specific to each store. Our goal is to increase sales at each store by 20%–30%. Flexible handling and swift management decisions are essential in China, where the situation can change with extraordinary speed. This is where our local partner, Suzhou Gold Aspiration Retail Co., Ltd. (SGAR), becomes indispensable. China is geographically vast, with real estate developers ranging from major state-owned companies to leading local firms. Etiquette and business negotiations are also completely different from those in Japan. The advice of SGAR is therefore a major driving factor in determining the locations of our stores. Moreover, contract periods at commercial facilities in China are short, and so stores deemed not to be generating sufficient custom may learn on short notice that their leases will



Overseas Business



Goldwin Shenzhen, our 7th self-operated store in mainland China



Goldwin O

not be renewed. So there is always a feeling of tension in that no store can afford to make mistakes. Given this situation, we hold daily in-depth discussions with local personnel about customer service design that goes beyond product offerings after a store opens, supply systems that prevent us from missing opportunities, and store design that has an eye to return on investment. On the other hand, our brand concept and products have received high praised from local consumers, and many customers have given us their support since we opened our stores. SGAR is in agreement with us that there is no need to change our current brand concept or product characteristics. Moreover, we should be able to pursue differentiation based on essential characteristics, and on customers' recognition of the unique value that comes with Goldwin, rather than

relying on symbolic appeal lacking in intrinsic qualities, such as emphasizing brand logos. One product that exemplifies this kind of differentiation based on essential characteristics is Performance Capsule, our first running gear collection launched in fiscal 2025 under the Goldwin O label, which is Goldwin's experimental platform. It is a simple yet highly functional capsule collection that adds experimental design elements to our existing manufacturing techniques, and features a cutting-edge expression of Goldwin's worldview, which spans the boundaries between sports, the outdoors, and fashion. Our approach of leveraging Goldwin's uniqueness to meet the design and performance needs of customers in China, Korea, and other countries has led to significant traction. Moreover, a major driving force for our expansion in China was our collaboration on

store design with New Material Research Laboratory Co., Ltd. "The beauty of nature worn through time" is an aesthetic that runs throughout our Company. In our stores in China, we utilized cross-sections of sedimentary rock textured by weathering, the antique effect created by the patina of copper and brass, and oxidized black iron to express that aesthetic. In doing so, we have created intricate and delicate spaces that resonate with the Goldwin identity. Stores feature a salon area that is separate from the sales display. It is a place where we can carefully convey our product value and worldview. Rather than relying on brand image and recognition, we have created an environment where customers can take time to experience products and be satisfied with their purchase. This has led to more time spent in the store and higher repeat customer rates, thus contributing

Goldwin Brand Store Opening Plans for Each Region

	(Number of stores)									
	2024	2025			2026			2027	2033	
Japan	5	May Kyoto	August Sapporo	September Shinsaibashi	October Fukuoka	(Under consideration) Aoyama			15	
China	4	April Nanjing	June Shenzhen	August Xi'an	Shanghai II	Shenzhen II	Zhengzhou	70		
		June Shenyang	Sanya (Hainan Island)	Beijing II	Hangzhou II	Suzhou				
Korea	—	February Seoul						20		
Europe / Americas	2	January London			March New York	(Under consideration) Paris			8	

to customer satisfaction and loyalty. New Material Research Laboratory also compiled a dedicated *Design Code Book* as the basis for multi-store expansion—a first for them. It defines and codifies standardized designs for floor plan patterns, furniture details, fittings, materials, backing layers, indirect lighting, and other details. The book will enable us to minimize expenses and achieve both speed and quality in line with local requirements.

Local Competitiveness Fostered by Personnel and Production Sites

In addition to expanding into new markets by establishing local subsidiaries, we face the key issues of enhancing our supply chain and strengthening human resources. We aim to quickly establish a logistics network that can achieve both speed and flexibility, and create a high-quality production base close to consumers in China. We are leveraging the knowledge gained through our global marketing and product development efforts thus far to actively pursue this goal. Meanwhile, in terms of human resources, I am very pleased that junior employees from within the Company are keen to actively participate in the difficult challenge of raising global awareness of still-growing brands. I believe that this high level of motivation toward creating future value is an important asset with regard to Goldwin's corporate value. We will focus on cultivating global human resources by creating opportunities to gain hands-on experience in order to develop talent capable of taking responsibility for local operations in the future.

Future Global Expansion Guided by Goldwin500

While leveraging the strengths and values we have cultivated in the Japanese market, we are taking on the challenge of establishing a new brand position we term our "global niche" under the banner of Goldwin500. Going forward, we will establish streamlined store operations based on co-creation with local partners and the feedback we have received from the Chinese market, and redouble our efforts throughout East Asia, where "coexistence with nature through circulation and regeneration" and "enriching the mind through sports and outdoor activities" are important value criteria. Supporting these endeavors is a growth strategy centered on premium sports. Not only will we differentiate ourselves from competitors, but we will pursue a kind of differentiation that expresses a unique aesthetic of functionality and sensitivity that can be embraced without barriers around the world, even as extreme weather becomes the norm. We will also promote collaboration across various businesses to help create brands that will succeed overseas, and support the sustainable growth of the Company as a whole. Of course, in a market where awareness of our brand is not sufficiently widespread, it is not easy to compete through large-scale expansion that entails risk factors. That is why we will use experimental platforms such as Goldwin O to disseminate cutting-edge design concepts, and act as stepping stones to effectively increase our presence among demographics with strong sensibilities. In parallel with our expansion in Asia to build the profit base we have spoken of thus far, we will steadily

accelerate store openings in Japan, beginning with the opening of Goldwin Kyoto in May 2025, and moving on to full-scale expansion in Europe and the Americas, with stores set to open in London in January 2026, and then in New York the following March. Targeting cutting-edge regions with rich intersections between sports, the outdoors, and fashion culture, we plan to open flagship stores in continued collaboration with New Material Research Laboratory. The design of these stores, which goes a step further than the modular multi-store design we applied in China, expresses Goldwin's goal of "universal beauty that transcends time and place and integrates with nature." We aim to secure a unique position in the premium sports market by stimulating people's imaginations, and also to maximize the ripple effects from this project throughout Asia. This is the first step in an ultra-long-term endeavor that looks beyond achieving the goals of Goldwin500. Moreover, the sustainable growth of our overseas business is supported by our approach to talent development. As AI technologies and digitalization progress, we need to cultivate global personnel who are not only efficient and knowledgeable, but who can be trusted with responsibilities and interact at a deep level with local society and customers. Such people will be essential to future growth. Based on the capabilities of its personnel, Goldwin will continue to take on challenges with the goal of evolving into an essential global company that is continually recognized and trusted by both people and societies around the world.

Business Environment for the Goldwin Brand and First-year Results under Goldwin500

Changes in the Business Environment and Expectations of the Brand

Adapting to changes in the market and business environment

- Clear limitations of the seasonal model, given temperature variability and extreme weather as the new norm
- Increasing need to consider behavioral and meteorological data in product design and sales
- Increasing need for attentive customer service and customer service skills
- Increased understanding of the need to address environmental issues as a prerequisite for social trust

Changing consumer values

- Identifying the Goldwin values that consumers resonate with
- Increasing need for strong relationships of trust with customers, built through resonance with non-visible aesthetics
- Increasing need for differentiation based on intrinsic value in addition to functional benefits

Goldwin500 First-year Results

Higher precision targeting	Developed measures that resonate with sensibilities and meaning-driven consumer patterns in premium urban markets
Transformed product structure	Enabled a variety of activities under different weather conditions through products suitable for layering Shifted toward designing for resilience to changes in the environment
Sales channels	Strengthened the link between self-operated stores and our e-commerce site, and established a profit structure in line with purchasing behavior
Global competitiveness	Identified cultural characteristics and competition in each country, and balanced worldview and local characteristics
Sustainability	Placed support for a circular economy at the center of our business, such as through repair and material traceability initiatives

Domestic Business



Amid changes in the climate and markets, we will discover opportunities to expand the reach of our brands. We will achieve sustainable growth through flexible business measures and a mindset ready to take on challenges.

Hikari Mori  
Senior Managing Director, COO  
General Manager of The North Face Business Division,  
General Manager of Global Brand Business Division

Evolving Our Business Model  
—From Autumn/Winter to Year-Round

We have set four major goals for the domestic business with a view to fulfilling the medium-term management plan. (1) Medium- to long-term growth of core brand The North Face, (2) Achieving our Goldwin500 goal of ¥50 billion in global net sales for the Goldwin brand by fiscal 2032, (3) Evolving into a year-round business through efforts including optimization of our brand portfolio, and (4) Advancing experience-based business such as the Goldwin Play Earth Park Business Concept project.

Looking back over fiscal 2024, in the apparel category (its other category being gear) The North Face achieved steady growth of 6.9% compared to the previous year. Net sales for

the brand increased 4.1% to ¥101.5 billion, surpassing ¥100 billion for the first time.

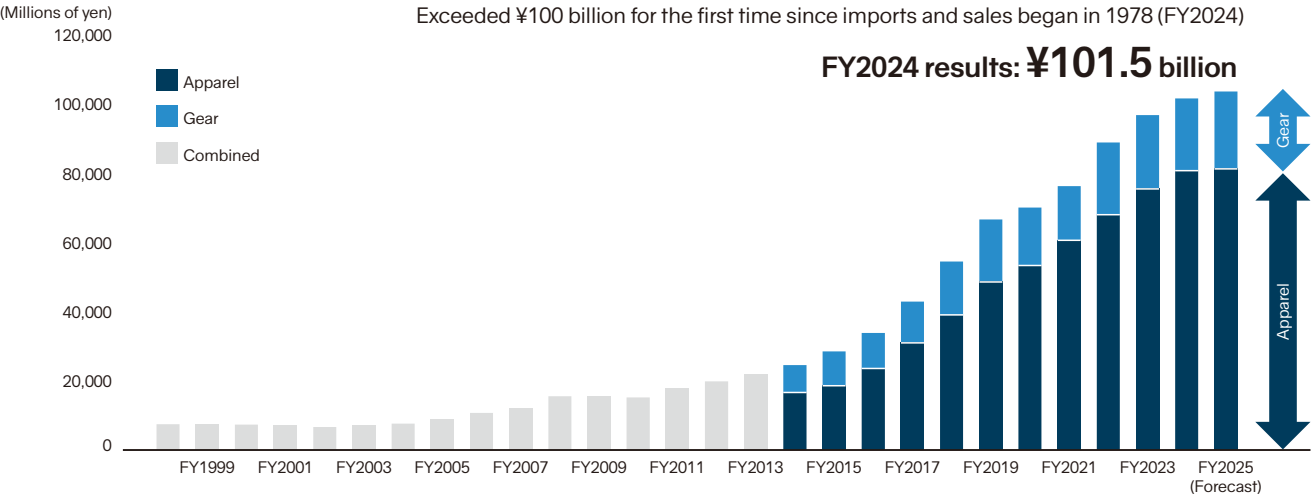
The Goldwin brand is in the investment stage of its growth, with global net sales of ¥4.4 billion. We are steadily building a solid foothold for achieving profitability, aiming to reach net sales of ¥10 billion in fiscal 2026.

During fiscal 2024, the return of inbound tourism following the subsidence of the COVID-19 pandemic boosted business performance, but it was also a time in which we became aware of several issues. One of the most serious issues was our failure to secure the expected sales in the third quarter. The third-quarter period (October–December) is traditionally when sales are strongest as heavy clothing is sold in anticipation of winter. However, in recent years, climate change has

led to warmer winters, and this failure to meet the third-quarter sales plan is not unique to fiscal 2024. We are fully aware of this point, and are taking measures to respond to changes in consumer behavior. However, the reality is that we have not converted this into numerical results. This is the second consecutive fiscal year that we have not met our sales plan for the third quarter, and we believe that this is an important issue to focus on.

As such, it is vital that we break free of our bias toward the autumn–winter season, and transition to a year-round business. As part of this strategy, we have discontinued operations for four brands, including Ellesse and Danskin, and concluded a new exclusive distribution agreement for Allbirds® in the Japanese market. We expect our discontinuation of these brands,

The North Face Net Sales



which had been making a loss, to free up personnel as we seek to transition to a year-round business. An excess in the number of brands leads to an increase in the number of products and amount of inventory, which is a factor contributing to the burden of product management and a decrease in inventory turnover. We will remedy this situation by transitioning to a year-round business focused on brands with high growth potential. It will take time for our reallocation of human capital and the optimization of our brand portfolio to bear fruit. We will consider detailed measures tailored to the characteristics of each brand as we work to implement this transition.

Differentiation in Cross-Category Areas

The North Face is no exception to our efforts to transition to a year-round business and expand brand domains. Our focus is currently on developing three categories: footwear, children's products, and women's products. To give an example, footwear is an area that we are placing special focus on for future growth. Previously, our primary focus was on Nuptse Booties, cold-weather boots that boast high thermal insulation and are a staple of the autumn–winter season. However, the problem is that their sales period is heavily weighted toward the winter. We have therefore introduced VECTIV, a new series of

high-performance shoes suited for trail running that can be marketed throughout the year. We are working to build demand for a variety of use contexts, from sports and the outdoors to daily life, and to transition to a year-round business. The children's products we handle, as with our existing lineup for adults, sell under the two categories of apparel and gear. In fiscal 2024, sales steadily increased by 8% compared to the previous year. Meanwhile, our products in the women's category are not designed exclusively for women, but are based on unisex designs that make effective use of existing development assets. The common policy connecting children's

products and women's products is that they are not to be sold separately, but instead should promote a shared brand experience enabling families and couples to shop together. Since adults like our products, they want to let their children wear them as well. For couples, one partner may like what the other partner is wearing and want to buy the same design for themselves. We want to leverage this form of brand recognition, where people know they can trust our brand because those closest to them wear and use those items, enabling us to expand the scope of The North Face. Another change to keep an eye on is the



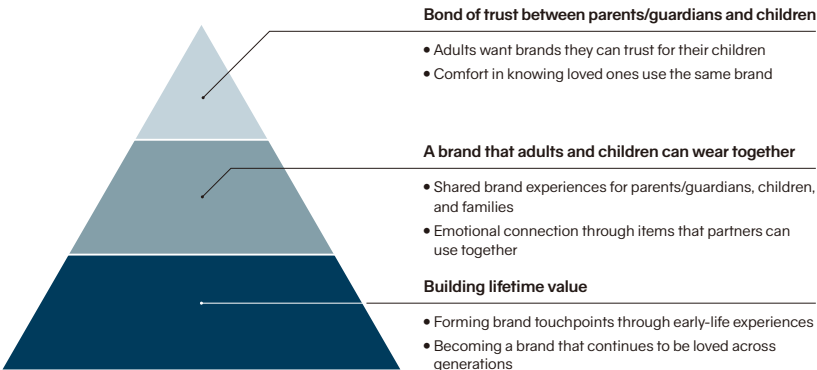
VECTIV™ 3.0: Equipped with a multi-layer sole that converts the impact of landing into propulsive force. This next-generation trail running shoe features a revamped midsole, plate structure, and lug design that enhance rebound and stability, thereby maximizing performance for a wide range of runners.



Domestic Business



Background to The North Face Children’s Market Initiatives



weakening of the boundaries delineating categories such as outdoors, athletics, and lifestyle. An easy-to-grasp example is the growing demand for products that are athletic wear, but can also be used as everyday wear and worn in the mountains or the outdoors. The need for such clothing is spreading, especially among the younger generation.

The North Face is a rare brand worldwide, as it specializes in the above three categories—outdoors, athletic, and lifestyle. As the boundaries between categories become blurred, we are rolling out a new offering in our autumn–winter 2025 selection. We call it General Athletic Recreation (GAR). Our ability to develop a market for GAR, which combines outdoors, athletic, and lifestyle, stems from the fact that The North Face specializes in all three of these fields.

This initiative is connected to our “Core & More” strategy, which centers on creating a brand “Core” that explores new materials and functionality in collaboration with athletes, and then builds upon the resulting functionality and trust to expand to “More” lifestyle and fashion offerings. The strategy has been a catalyst for the rapid growth of The North Face. Some stakeholders have misunderstood “Core” as referring to high quality and functionality, and “More” as meaning products for general consumers. In fact, “More” refers to the broader market—which merely happens to include lifestyle. We are confident there is a need for high quality and functionality in that space as well.

Starting in fiscal 2025, we have begun rolling out high-quality, high-functionality products

and are already seeing a significant response and positive feedback. This includes our Lab Series, a testbed for innovation that aims to deliver top-of-the-line products through the fusion of technologies and lifestyle needs. I expect the experience we gain from this to be reflected in future GAR offerings. In this integrated outdoors, athletic, and lifestyle field, we will provide reliable products unique to The North Face. Such initiatives pose a high barrier to entry for other general athletic and outdoor brands, and indeed have the potential to be an important next step toward achieving medium- to long-term growth for our brands.

Deepening Communication to Convert Purchase Intent into Purchase Action

Our strategies to date have steadily increased brand recognition and a favorable image of The North Face. Connecting this growing recognition to actual purchasing behavior is an increasingly important theme for us to address.

In brand awareness surveys, our recognition rate was 85%, our favorability rate was 63%, and our purchase intent rate was 60%, all of which are very high and a testament to the effectiveness of our branding efforts thus far. On the other hand, the three-year purchase rate was only 26%, which indicates that moving customers from purchase intent to purchase action is a big challenge going forward.

To bring about this change in behavior, it is vital we build a stronger fanbase and enhance the customer experience. For example, in addition to our aforementioned approach to broad domains such as children’s and women’s

products, we are creating Play Earth Park Naturing Forest, a place where parents/ guardians, children, and families can experience our brand’s stories and values for themselves. Our aim is to create opportunities for conveying our brand to customers and spreading resonance with it, in ways other than simply interacting with our products.

We believe that it is important to deliver this type of consistent customer experience, not just through one-off events or specific channels, but across all daily touchpoints. To this end, we will enhance brand expression and communication across all channels that directly connect with customers, including stores and our e-commerce site. We are working on an in-store digestion-based product supply business model that combines self-operated stores, our own e-commerce site, and wholesale partners. Indeed, our self-managed retail locations maintain a sales ratio among our sales channels of approximately 60%. This gives us the benefit of being able to control financial risk, as well as the quality of brand experiences and direct points of contact with customers. However, our strengths extend beyond just self-operated stores, as shop-in-shop locations at wholesale partners have also been highly praised as “virtually indistinguishable from self-operated stores.” We are also focusing on enhancing brand expression by improving the skills of our salespeople. We will take advantage of the characteristics of both physical and online stores to optimize brand expression, and create a seamless customer experience through OMO (“online merges with offline”) approaches—connecting the real and digital, and converting purchase intent into purchase action.

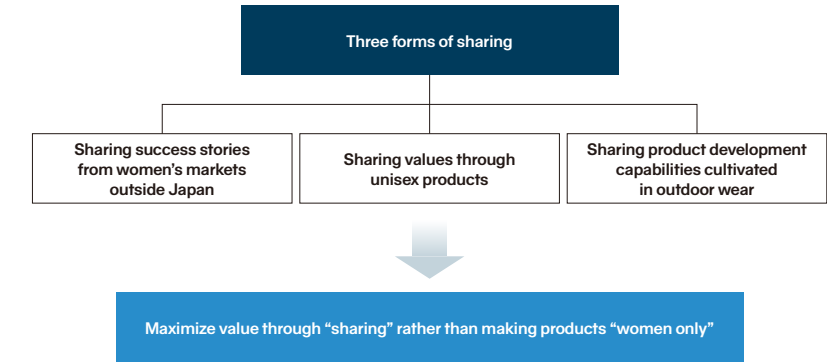
Our Pride as a Manufacturer Is Our Foundation for Sustainable Growth

A number of stakeholders have raised the question of whether the growth of The North Face is slowing. In fact, further growth is beginning to steadily manifest as we expand our areas of business, propose new products and services, and evolve our channel strategies.

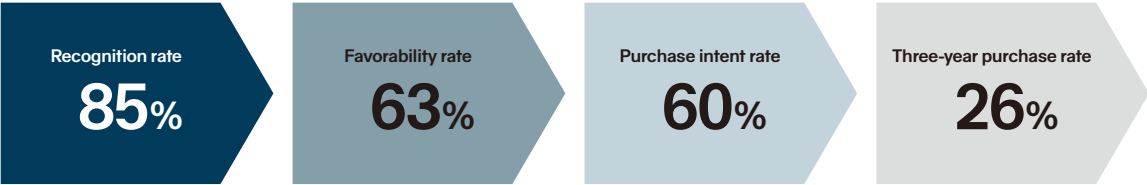
Moreover, so that we are better able to clearly convey the characteristics and values of each brand, it is essential that we not just optimize the number of brands in our portfolio, but also leverage the strengths of each brand and implement brand communication that resonates with a diverse array of people. Our most important focus going forward is how to pinpoint the essential characteristics of each brand, and to convey them to customers in an effective and easy-to-understand manner.

This will require a commitment to the art of making things, and ensuring that we convey the true quality of the product itself. No matter how much of a favorable impression is created through communication and brand expression, it is meaningless if the customer does not sense the quality of the product when they hold it in their hands. In everything from materials selection, to design, and product concept, we strive to “create new value based on manufacturing.” This is the essential challenge that we have taken on, and will continue to take on going forward.

Three Forms of Sharing to Expand the Women’s Market



Although we have maintained high levels of brand recognition and purchase intent, we face issues with the rates at which customers make actual and repeat purchases. Going forward we intend to strengthen product development and the rebuilding of points of contact with customers.



- Future Approach**
- Strengthen touchpoints tying into the worldview and ideas of the brand, as well as the practical value of the products
  - Improve purchase convenience by focusing on self-operated stores and our own e-commerce site
  - Enhance post-purchase satisfaction and build brand loyalty

Source: Brand Awareness Survey by Cross Marketing Inc. Survey period: January 18–21, 2025

Research and Development



We will create value through innovative product development based on tradition and a willingness to take on new challenges.

Gen Arai  
Managing Director, CRDO\*  
General Manager of Research and Development Division

\* Chief Research and Development Officer

Product Development That Offers New Value to the Market

In the roughly 35 years since I joined the Company, I have served in various roles, from product development for The North Face to General Manager of the Goldwin Brand Business Division. Through this experience, I have come to realize that our development stance of creating better products and making customers happy is an asset born of adherence to our corporate culture.

This stance is also reflected in the philosophy of "dedication to detail" that we have long cherished, and which embodies an aesthetic passed down since the founding of the Company. It is not just a dedication to product detail; it is also an attitude that continually questions

whether our approach is sufficient or whether there are better alternatives, at every step from planning, to design, material selection, production, and collaboration with external partners.

A major factor supporting this attitude has been the establishment of the Research and Development Division as our in-house organization responsible for R&D. The Research and Development Division consists of three departments: the Tech Lab, the Product Development Department, and the Production Engineering Department. The Tech Lab develops and tests materials, functions and processing technologies over the medium to long term, resulting in material and functions that will prove useful to society and the environment. The Product Development Department, which determines the shape and specifications of

products, plays a central role in their commercialization through pattern-making and material selection. The Production Engineering Department, which supports the production of high-value-added samples and mass-produced products, decides on sewing specifications, provides guidance to manufacturing sites, and works to implement sustainable production practices, such as repair and upcycling. While these departments pursue these initiatives independently, they also flexibly organize teams for each product and work together to make the product a reality. This kind of integrated operation supports high quality and uniqueness. The efforts we have made thus far to formulate hypotheses, and conduct planning, design, testing and verification, have become the driving force for creating product value. They

have also boosted employee awareness, and shaped the unique character of our products.

When developing products, it is important to have the sensitivity to accurately grasp changes in consumer needs. As the times have changed, so have the ways in which products are used. For instance, in the past waterproofness and safety were important for rainwear, but in recent years, more people are also looking for ease of movement. Formerly, thermal insulation was the top priority for down-filled materials, but in recent years, there has been a growing need to prioritize portability, even if it comes with reduced insulation properties. As seen from these examples, customer needs are becoming more sophisticated and more fragmented.

However, innovative products that suggest new uses and lifestyle possibilities to customers are not created merely by catering to existing needs. Looking back over our experience thus far, one can see that we initially prioritized design and thermal insulation, but have since taken on unprecedented challenges. These include selling rainwear tops and bottoms separately instead of together as a set—which had been the norm—and adopting GORE-TEX®\* materials to make waterproof, breathable, and environmentally friendly skiwear. Now it has become the common custom to sell rainwear separately, and GORE-TEX® skiwear products have become a staple, including among competitor brands.

Developing innovative products that pioneer new demand is difficult, and it takes time and effort to penetrate the market. Still, an attitude of constantly questioning whether products and the way they are sold are truly acceptable, is the starting point for questioning the common sense of the market and engaging in new product development. This mindset, which we have consistently maintained as a manufacturer, is our tradition in product development and the driving force propelling us into the future.

What We Can Do from an Environmentally Friendly Perspective to Develop Sustainable Products

Under our long-term vision, PLAY EARTH 2030, we are taking on the challenge of balancing business and environmental sustainability. We will do so by reducing our environmental impact and revitalizing the global environment. Incorporating an environmental perspective is already essential to product development, and is

the foundation of all our efforts.

In terms of the promotion of green design (one of the key environmental issues addressed by our Sustainability Strategy) we have accelerated the shift to materials with reduced environmental impact. To that end, we set a utilization rate of 70% or more by fiscal 2025 as a KPI, and achieved this target ahead of schedule in fiscal 2024. We will build on this success and take the next step of raising this figure to an even higher level. Ultimately, we aim to use materials with reduced environmental impact in all of our products by fiscal 2050.

Environmental considerations in product development pose a challenge in that they must be balanced with functionality. For instance, high-performance breathable waterproof materials often have component parts that are difficult to separate during disposal, which hinders recyclability. While, as mentioned earlier, customer usage requirements are becoming more sophisticated and fragmented, we must also address environmental considerations. We at Goldwin are searching for solutions to various issues such as these, one step at a time. One such issue is our handling of per- and polyfluoroalkyl substances (PFASs; a category of organofluorine compounds). PFASs have been widely used in breathable waterproof materials, but researchers have identified the issue of their persistence in the environment and the human body, and there is a movement, particularly in Europe, to tighten regulations on such compounds. Regulations are also expanding at the state level in the U.S., and a global transition to PFAS alternatives is inevitable.

Our most recent initiative, in May 2025, was investing in Dimpora AG, a startup based in Switzerland that develops breathable waterproof materials by combining PFAS-free membranes and laminates. The investment was made through the Goldwin Play Earth Fund, our CVC (corporate venture capital) fund. We will promote collaboration between Dimpora and the Goldwin brand to further accelerate the development of high-performance PFAS-free products.

We have also consistently provided repair services and engaged in product recycling. Our repair services are handled by the Production Engineering Department at the Research and Development Division. The department considers how to design products so that they are easily repairable and easily recyclable, which we consider to be a crucial approach in product development from the perspective of

environmental friendliness. Being able to continue using the same single item over the long term reduces waste and the need for new production, leading directly to reduced environmental impact.

We therefore emphasize structures that make repair and component replacement easy, and designs that are easy to disassemble and separate (i.e., through the utilization of mono-materials and minimal combination of dissimilar materials). In this way, we strive to reduce environmental impact not only through our selection of materials, but also through our design and manufacturing processes. On the other hand, simple designs narrow the degree of freedom we have in expression and function, making it more difficult to differentiate our products from those of competitors. Environmentally friendly product development often involves such tradeoffs; nonetheless, we will leverage the strengths of our in-house R&D capabilities to attain both our business goals and environmental sustainability goals.

Conviction Fostered by the Restructuring of the Goldwin Brand

A key focus of the medium-term management plan is the Goldwin500 project to expand global net sales for the Goldwin brand to ¥50 billion by fiscal 2032. In 2014, I was entrusted with the rebranding of the Goldwin brand so as to lay the foundation for this long-term growth strategy. At the time, our brand was still specialized in skiwear, rather than being positioned as suitable for a variety of uses as it is today. On the other hand, if we look at the ski market at that time, it was still a somewhat old-fashioned market made up mostly of the same customers from the 1980s boom period. Tastes and designs had remained largely unchanged, and it was taken as given that we would hold clearance sales for remaining inventory each season.

Business growth was stagnant, with manufacturers planning production with markdwns already in mind, with many sacrificing profits simply to maintain market share. It is impossible to build relationships of trust with customers in situations where they expect discounts as a matter of course. We therefore began planning the rebrand with the strong conviction that there was no future for us unless we did away with this business practice.

Now the Goldwin brand is characterized by simple and long-lasting functional beauty. Back

\* GORE-TEX® is a registered trademark of W. L. Gore & Associates.



Research and Development

then, however, we received much pushback, not only from within the Company, but also from mass retailers and customers, with people saying, “This is not skiwear” and “I don’t want to wear something like this.” We started developing our lifestyle category in 2016, but for about three years prior to that, we first had to start creating value for our core category of skiwear by changing the market. I scrambled to handle not just product development, but planning, sales, and getting everyone at the Company onboard. One particularly symbolic measure was the changing of our brand logo in 2018. This was a necessary step toward making a fresh start in all aspects, including existing business practices and internal perceptions.

This is different from simply a brand strategy in that product development is about more than simply creating new products. We needed to ask how the product will transform the brand and change the market, and what kind of value it will create for customers. My experience at the Company has taught me to think deeply about each and every aspect of craftsmanship

during product development. This is an important philosophy that we should continue to follow and pass on.

**Co-creation with Diverse Partners as a Source of Innovation**

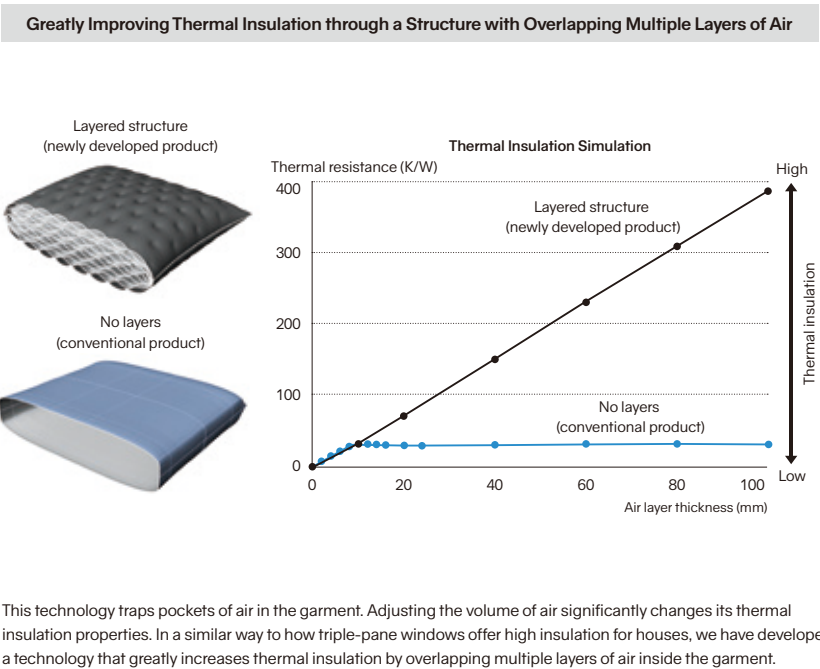
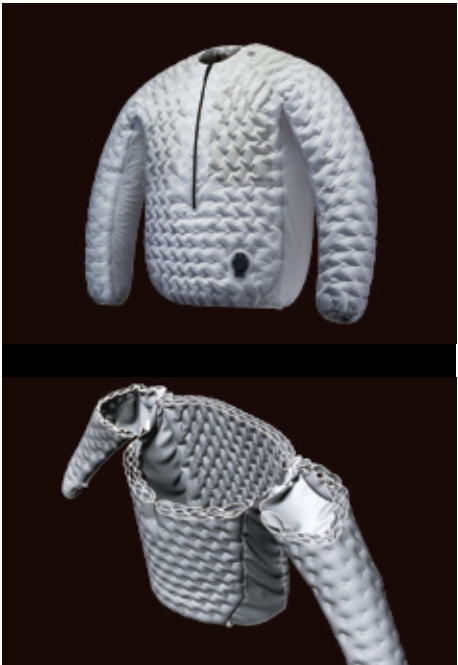
We used to handle all aspects in-house, from development to manufacturing, with the Research and Development Division in Toyama as our base. Now that the Company has expanded in scope, it has become essential for our R&D to cooperate with many materials manufacturers and across various supply chains.

One example of such co-creation is Spiber Inc.’s Brewed Protein™ fiber. We have made an investment in Spiber and we are collaborating with them toward commercialization of the material. Because Goldwin has its own R&D functions, we can hold discussions about material development with partners on an equal footing, as well as share our understanding of issues and our vision. If we were a general apparel manufacturer that mainly outsourced production,

it would not be so easy to engage in joint development with manufacturers down to the level of a single thread.

We have already released products that use Brewed Protein™ fiber, but there are still many hurdles to overcome in expanding its use. We are also taking other steps, such as building a platform for co-creation with materials manufacturers and supply chains, and developing new products and technologies to take advantage of that platform. One specific initiative is a project we were involved in at Expo 2025 Osaka, Kansai. We co-sponsored the Better Co-Being® Signature Pavilion, and jointly developed staff uniforms that could cope with high outdoor temperatures and heavy rain.

True co-creation lies in being able to share not only in success but also in failure. The accumulation of such experiences builds trust, and leads to new collaborations and materials development. Through such relationships we accumulate many technologies and ideas, and these form the foundation for innovation when we bring the strengths of our R&D capabilities to bear.



We co-sponsored the Better Co-Being® Signature Pavilion at Expo 2025 Osaka, Kansai as a supplier, and planned and developed the attendant staff uniforms in collaboration with fashion designer Yuima Nakazato. With no roof or walls, this pavilion set out to blend seamlessly with nature and thereby promote harmony between diverse forms of prosperity and future sustainability. As such, staff worked in harsh outdoor conditions including summer heat and heavy rain for extended periods as they welcomed visitors. We therefore adopted a design that ensured breathability while blocking heat and ultraviolet light, achieving a level of comfort that made it akin to a “wearable parasol.” Moreover, we used a material made from recycled PET bottles, thus achieving both functionality and environmental friendliness. We plan to use the knowledge gained from this and other experiences in future product development.

In many cases, these efforts do not lead directly to profit in the short term. However, even when others might be skeptical from a business perspective, we believe we should continue taking on new challenges to unlock the potential of apparel. Moreover, these investments and collaborations do in fact lead directly to enhanced brand competitiveness through environmentally friendly materials, turning trusted partnerships into new innovations, and enhancing market recognition of our approach to sustainability management. In the medium to long term, I am confident that these endeavors will remain the driving force behind our sustainable growth and the enhancement of our corporate value.

**New Technologies Born from In-house R&D**

In parallel with co-creation, our own R&D has also been generating new results. One example is the new technology we announced at a joint corporate exhibition held as part of the world's top ultra trail race, the Ultra-Trail du Mont-Blanc,

in August 2025. This technology allows the thermal insulation of a garment to be changed by adjusting the amount of air inside, giving users the flexibility to use a single item as both a light and heavy jacket. Furthermore, the stuffing-less structure reduces materials in the manufacturing process, which is significant from the perspective of environmental friendliness. After about two years of trial and error, we have established the technology, and a patent is currently pending.

We unveiled a prototype at the Ultra-Trail du Mont-Blanc exhibition venue, highlighting its features as a fabric with a structure capable of handling severe changes in temperature, both in harsh outdoor environments and urban life. Going forward, we will carry out testing with an eye toward commercialization based on feedback from athletes and other experts. Our R&D capabilities continue to be strengthened by this very process of promoting and verifying technologies through repeated testing at the cutting-edge of our field.

The new technologies we develop form the

basis for proposing unprecedented new uses and lifestyle possibilities to customers, and bring about major changes in society. I believe that our mission is not simply to respond to the needs of the market, but to propose new products and functions that create new value for society.

We will continue to question the status quo as we seek out better approaches, and take on the challenge of developing products that pioneer the future. We will not discard research themes or lofty ideas that at first appear to be unachievable, but instead nurture them into culture and values that can shape the next generation. In taking on this challenge, we will fulfill our responsibility as a company that grows sustainably, as well as live up to the trust stakeholders have placed in us.

Sustainability Strategy



We will establish a resilient organizational foundation with a vision shared by all employees, and promote sustainability management.

Takero Kaneda  
Managing Director, CSO  
General Manager of General Planning Division

Promoting Green Design to Move Plans Forward

We formulated our long-term vision, PLAY EARTH 2030, in fiscal 2021. Under that vision we aim to attain both environmental sustainability and business sustainability. It lays out three key environmental issues: promotion of green design, realization of a carbon-free society, and realization of a circular economy. Moreover, our medium-term management plan, which launched in fiscal 2024, has raised the issue of “conservation and restoration of biodiversity,” and we are pursuing ways of doing business that are in harmony with nature.

In addition to developing corresponding frameworks, we have held cross-functional discussions and pursued initiatives for the

three key environmental issues that we have been tackling for a number of years. We have been experimenting with a multifaceted approach to setting annual KPI targets while also strengthening cooperation with suppliers. For promotion of green design, we are developing products that use renewable raw materials with reduced environmental impact. In fiscal 2024, the ratio of products that use materials with reduced environmental impact was 71.5%, thus achieving our target of 70% or more by fiscal 2025 one year ahead of schedule.

We have stipulated that the main materials of products should be at least 25% made from materials with reduced environmental impact. In addition to materials made from recycled PET bottles, we use a variety of materials including Brewed Protein™ fiber (made from plant-derived

biomass and developed in cooperation with Spiber Inc.) and MURON® (developed by Morito Apparel Co., Ltd. from recycled fishing nets). Achieving our target ahead of schedule shows that our respective brand strategies are bearing fruit.

However, even if we push for the 100% ratio, the environmental impact of our products will still not be zero. We are currently working with the Research and Development Division to review the goals we have set, while striving to take green design to the next level. For instance, it might be possible not only to make fibers from plastic PET bottles, but to recycle fibers into new fibers. We explore such possibilities from a variety of perspectives, envisioning the recycling of worn-out products into new products as perhaps the next step we should pursue in green design.

Realizing a Carbon-free Society and a Circular Economy through the Apparel Business

The apparel industry is said to have a comparatively larger environmental impact than other industries. Moreover, the large number of products, and complex composition of each product, make it difficult to calculate carbon footprints that clearly indicate CO<sub>2</sub> emissions throughout the entire product lifecycle. We therefore began by calculating our Scope 1, 2, and 3 greenhouse gas emissions for fiscal 2023 in accordance with the GHG Protocol, in order to get a handle on the big picture. For Scope 3 Category 1 emissions, we used a simplified calculation based on procurement expenditure to get an overall idea of emission volumes. But at the same time, we face the problem that this simplified calculation method does not reflect our reduction efforts. Therefore, we plan to adopt more precise calculations using the carbon footprint of products (CFP) methodology (based on material weight and primary data from suppliers). This will lay the foundation for actual reductions in the future.

In fiscal 2024, CO<sub>2</sub> emissions for our domestic business locations were approximately 93% lower compared with fiscal 2020, exceeding our initial plan. Going forward, we will first achieve carbon neutrality with respect to Scope 1 and 2 emissions for all of our domestic business locations in fiscal 2025, and at all of our business locations and self-operated stores by fiscal 2030. In addition to Scope 1 and 2 emissions, we also aim to achieve carbon neutrality in terms of Scope 3 emissions (throughout our supply chain) by fiscal 2050. We are currently pursuing practical measures to achieve this, such as setting indicators for each production process, and formulating standards for each product. We first intend to introduce CFP labeling for the Goldwin brand and products for markets outside Japan, then gradually expand the range of products covered.

Furthermore, we are pursuing circular economy initiatives from the standpoint of achieving zero fashion loss. Clothing waste can be broadly categorized into waste generated by development and production processes, waste in our supply chain, and waste following purchase by customers. We are advancing initiatives to address each category. Firstly, based on the firm determination of President Takao Watanabe, we have made the disposal of

products prohibited as a general rule. Due to the large number of different apparel products we handle, as well as size variety and season-based product cycling, in the past there was a certain frequency of cases in which we had to eventually dispose of unsold or substandard items. Given the major changes the prohibition would entail to practices specific to our industry, there was initial uncertainty from frontline personnel. Nevertheless, faced with what to do with items that cannot be discarded, new ideas and improvement measures have emerged one after another. Creating new paradigms for manufacturing, where waste is not accepted as a given, is becoming an important turning point for sustainability.

We also use audits in cooperation with partners to ascertain the situation regarding disposal practices in our supply chain. For the sewing process, in particular, it is said that standard fabric cutting operations generate 20% to 30% loss. We have therefore begun initiatives to reduce this figure. In building up a track record of such approaches, we aim to create effective systems that lead to waste reduction, while ensuring mutual benefit (such as through long-term ordering and cost sharing).

Despite such efforts undertaken by ourselves and companies in our supply chain, our volume of product and material waste for fiscal 2024 exceeded our target of 10.2 tons by 0.3 tons. A contributing factor was discontinuing operations for a number of brands, including ellesse and DANSKIN, which made it unavoidable that some items would eventually have to be disposed of. Nonetheless, taking fiscal 2020 as the base year for comparison, we have steadily reduced the volume of waste, and the results of our efforts are clearly visible. We have set further goals of an 80% reduction in product and material waste by fiscal 2025 (compared with fiscal 2020), and zero product and material waste by fiscal 2030.

At the same time, to reduce post-purchase waste, we have established systems for providing repair services and resale businesses that enable people to continue using our products over the long term. In fiscal 2024, the total number of repairs climbed to 23,887 as we supported customers in continuing to use the products they love. The significance of these efforts lies not just in the number of repairs conducted, but in providing customers with the option to continue using items without throwing

them away. We are also rolling out the GREEN BATON sustainable label for children’s clothing, which represents our stance of encouraging recycling and passing on items from generation to generation.

**Exploring the Value of Sustainability Together with Stakeholders**

As mentioned at the outset, in addition to ongoing efforts on our three key environmental issues, the medium-term management plan has added “conservation and restoration of biodiversity” as a new challenge to tackle. In that regard, we aim to take the conventional idea of reducing environmental impact a step further and work to help restore the environment—an extra step that fundamentally alters the essence of such efforts. As such, I believe that this too will be an important turning point.

We are currently at the point of assessing challenges and considering measures toward this goal. One example will be our 40-hectare Play Earth Park Naturing Forest, which is highly aligned with this project. Some may ask how meaningful an activity of this scale is to addressing global environmental issues. However, we see it as a model project that demonstrates what form our environmental contributions will take. It embodies the idea of coexistence with nature, and functions as a new medium for broadcasting this ideal to society. It carries a message not only for our customers, but for society as a whole.

We aim to achieve both environmental sustainability and business sustainability based on this new perspective of restoring the environment. To achieve both of these goals, it is essential that we clarify our aims, and share our underlying values and intentions with customers, employees, suppliers, and other stakeholders. We need to build sustainable partnerships, not simply by achieving resonance, but through shared values. A key strategy in our medium-term management plan is to accelerate overseas expansion. Communication methods for disclosing environmental information, such as CFP, will become increasingly important going forward.

In this context, as we pursue the Goldwin500 project, our communications still do not adequately express the sustainability value of the Goldwin brand. However, we are in fact promoting the use of materials with reduced environmental impact, such as recycled down and plant-derived Brewed Protein™ fibers for Goldwin



Sustainability Strategy

brand products. We are rolling out these initiatives to several of the other brands in our portfolio, and it will be important that we connect them to the Goldwin brand's story and heritage, as well as to find ways of conveying our value offering effectively.

Indeed, this is how we can vigorously advance both environmental sustainability and business sustainability, directly linking to our growth. We now plan to further hone our communications to effectively convey our message on the world stage.

Renewed Efforts to Lay the Foundation for Our Grand Vision

Objectively speaking, the goals of our vision for fiscal 2050 are ambitious. They include achieving carbon neutrality throughout the supply chain, zero product and material waste, and using materials with reduced environmental impact in all of our products. However, the vision is rooted in our history of interacting with the natural environment with a focus on the outdoors and sports. It is thanks to our corporate stance of earnestly striving to coexist with nature, spearheaded by President Watanabe, that we are able to envision the distant future and put it into words.

I expect that in the not-to-distant future there will be a major rethink of fast fashion, which is characterized by mass production, mass consumption, and mass disposal, from the perspective of sustainability. In light of these societal changes, we ourselves bear a

responsibility as a growing company that manufactures and sells products. How much can we reduce environmental impact and minimize waste? We need to incorporate a sustainability-based perspective into all of our business decisions.

On the other hand, the reality is that there are differences in how people understand and prioritize sustainability depending on their responsibilities and roles. I myself often have to make difficult decisions about balancing sustainability and economic rationality. That is why I believe it is necessary to instill the concept of our overall sustainability as an organization into each and every employee. We will establish a situation in which all employees share a common awareness and guidelines for autonomous decisions and action. This will in turn be the organizational bedrock that supports the steady achievement of PLAY EARTH 2030.

As such, we are pursuing a sustainability policy under which all employees can share a common understanding of sustainability and make decisions and act autonomously. We continue to discuss how we should interact with both people and the environment based on our purpose, "envision new possibilities for humanity in nature." At our recent executive retreat, we talked actively about issues relating to human rights, the working environment, and local communities, in addition to our environmental efforts. In respect to each issue, we need to combine the efforts of each brand and each department and transform them into impacts at

scale. We are aligning different perceptions and priorities within the Company, and combining them into shared policies that will serve as our common roadmap.

At the same time, the sustainability perspective includes not just coexistence with nature, but coexistence with people as well. The fundamental premise of our supply chain is respect for human rights. To this end, it is essential to enhance working environments, ensure safety, health, and fair trade, and prevent child labor and forced labor. Within the Company as well, it is vital that we establish a culture and systems that enable each employee to proactively create value, as well as unlock the greater potential of our personnel from the standpoints of diversity, job satisfaction, and health.

To help define new key issues with a focus on people, and clarify strategies within the Company, we are systematically promoting human capital initiatives, which includes enhancing personnel systems and talent management. Now is the time to think beyond the Company to envision a future in which people live in abundance with nature—including throughout our supply chains, the local community, and even future generations—and determine what we need to do. How can Goldwin have an impact not only on the stakeholders directly affected by our business, but on society at large? Through our ability to imagine the world's problems and communicate with society, I want us to make bold moves toward the vision we are aiming for.

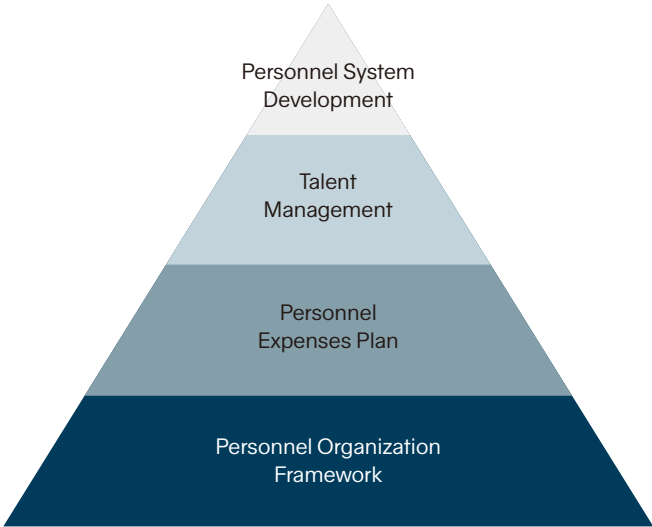


Where Employees and Society Face Challenges and Grow Together

Through business expansion outside Japan and our experience-based business, we are evolving into a company that goes beyond manufacturing to offer comprehensive lifestyle propositions. As we expand such businesses, the required roles and capabilities of our personnel are diversifying as well, and there are more and more circumstances that are difficult to handle under our current operations and personnel systems alone.

We are therefore working to formulate a new human resources strategy for implementing effective human capital management, and intend to introduce it in April 2026. We are incorporating feedback from frontline personnel, as we seek to build a new relationship with employees and create an environment that supports autonomous growth.

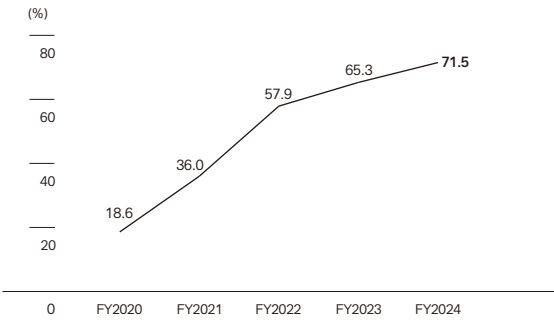
We aim to build a new foundation upon which employees and society can face challenges and grow together based on our purpose, "envision new possibilities for humanity in nature."



Personnel System Development	We are working to update our personnel system to attract and improve the retention rate of the talent we need, including highly specialized engineers and technicians, based on the new job-based personnel system we introduced in fiscal 2022. At the same time, we are also improving our evaluation systems and promoting evaluator training.
Talent Management	We centrally manage data about employee skills, abilities, experience, and other characteristics. The data is used not only to assign suitable tasks/duties and conduct evaluations, but to advance management strategies, set expected roles by working backward from the problems facing the organization, and formulate training plans.
Personnel Expenses Plan	We have drawn up a human capital structure (role portfolio) based on our management strategy, and clarify the tasks, duties, personnel, and skills that we need. We will tie this into the renewal of the evaluation system and the formulation of recruitment plans, within a personnel expenses framework that takes into account net sales growth.
Personnel Organization Framework	We will work to review our personnel organization itself in order to effectively utilize our role portfolio and operate the new personnel system. Meanwhile, we are also considering measures to improve productivity through systemization while identifying excesses and deficiencies in internal human resources work processes.

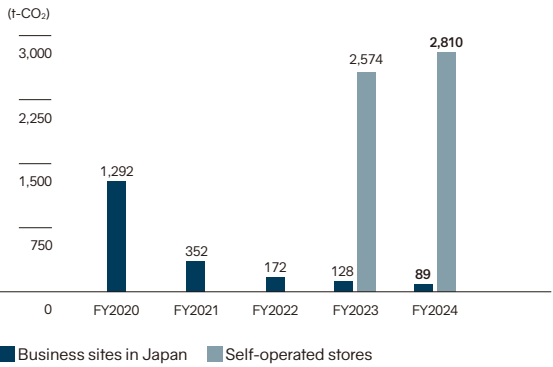
Non-financial Highlights

Ratio of Products That Use Materials with Reduced Environmental Impact



The adoption of materials with reduced environmental impact is progressing throughout the Company as a result of the clarification of our medium- to long-term goals. We are actively working to utilize recycled and plant-derived materials (such as Brewed Protein™ fiber) in products for each of our brands, and the ratio of such use for fiscal 2024 stood at 71.5%. We aim to achieve a ratio of 90% by fiscal 2030, and are promoting sustainable product development to reduce environmental impact and help bring about a sustainable society.

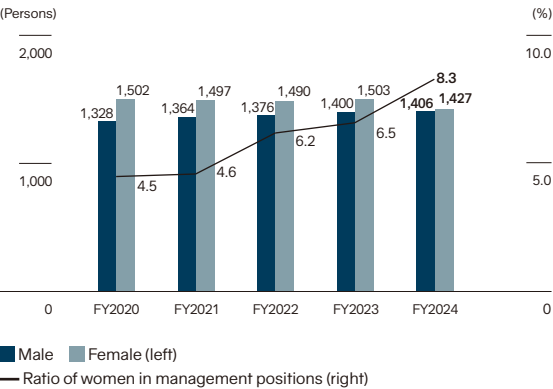
CO<sub>2</sub> Emissions (Business Sites in Japan and Self-operated Stores)



Notes: 1. We began calculating CO<sub>2</sub> emissions from self-operated stores in fiscal 2023.  
2. The figures for CO<sub>2</sub> emissions from self-operated stores in fiscal 2023 have been restated to reflect a review and revision of the calculation method.

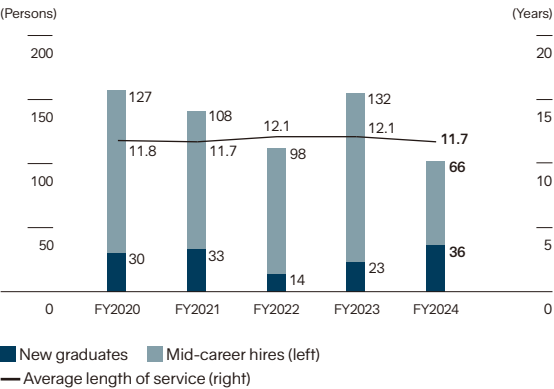
We began calculating CO<sub>2</sub> emissions from self-operated stores in fiscal 2023, and we are now able to track and monitor actual emissions from self-operated stores and business sites in Japan. Emissions came to 89 t-CO<sub>2</sub> from business sites in Japan, and 2,810 t-CO<sub>2</sub> from self-operated stores. Going forward, in working to accelerate emissions reductions we will implement more effective measures, such as expanding our adoption of renewable energy, investing in energy conservation, and improving store operations.

Number of Employees by Gender / Ratio of Women in Management Positions



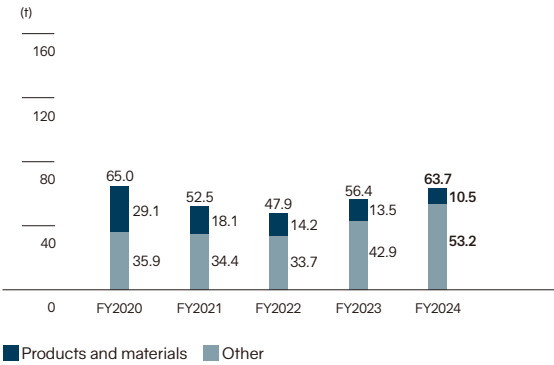
We promote the creation of an organization that respects diversity, and maintain stable employment for employees of all genders. The ratio of women in management positions has steadily increased, reaching 8.3% in fiscal 2024. We will continue to emphasize diversity and inclusion as one of our management policies, strive to cultivate female leaders, and create a comfortable workplace environment.

New Employees (New Graduates/ Mid-career Hires) / Average Length of Service



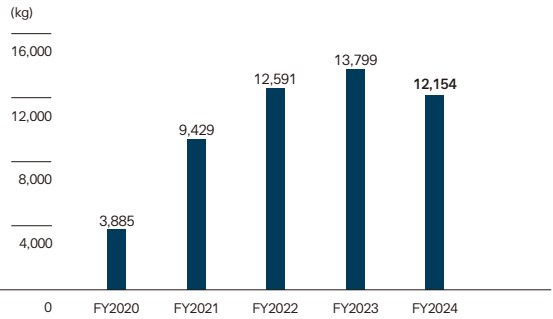
We actively recruit a wide range of talent, including both new graduates and mid-career hires, with 36 new graduates and 66 mid-career hires joining the Company in fiscal 2024. The average length of service remained high at 11.7 years. We are working to create a comfortable workplace environment including through the promotion of flexible work styles and the development of systems that enable diverse talent to reach their full potential.

Waste Emissions



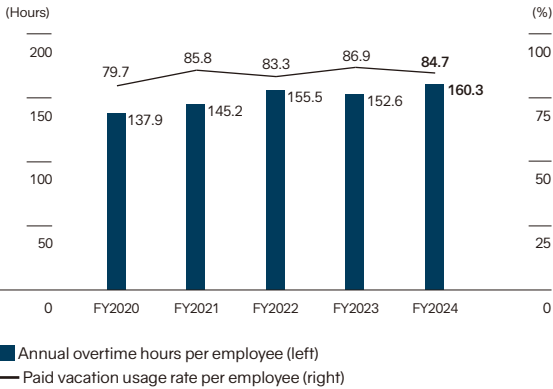
We are working to reduce and recycle waste at every stage of the product life cycle. In fiscal 2024, we disposed of 10.5 tons of products and materials. However, the total volume of waste increased year-on-year, due to an increase in other waste. Going forward, we will continue to reduce product waste and further enhance our recycling and reuse initiatives to lower overall emissions.

Amount of Unwanted Clothing Collected



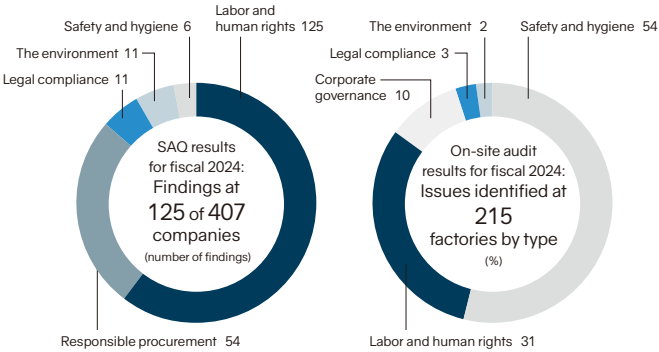
We promote the collection and recycling of unwanted clothing. We have installed collection boxes at self-operated stores throughout Japan, and have incorporated them into our recycling and upcycling efforts. The amount of clothing collected reached 12,154 kg in fiscal 2024, and we will continue to strengthen our efforts to bring about a circular economy.

Annual Overtime Hours per Employee / Paid Vacation Usage Rate per Employee



We are focused on creating a comfortable workplace environment and reducing annual overtime hours per employee. Our paid vacation usage rate per employee has also remained high, coming in at 84.7%. We are promoting flexible work styles and human resource development to improve the health and work-life balance of our employees.

Results of Supplier Audits



In fiscal 2024, to increase transparency and fairness throughout our supply chain, we administered a Self-Assessment Questionnaire (SAQ) of 407 companies, which identified a total of 207 findings at 125 companies, as well as on-site audits, which identified issues at 215 factories. Rather than striving to increase the number of audits, we focus on using their results to identify risks and then carrying out improvements. Going forward, we will continue to promote responsible procurement and sustainable manufacturing in cooperation with partner companies through regular audits.



Financial and Capital Strategy



We will maintain and improve our high earnings structure based on our in-store digestion-based product supply business model, using this as the driving force toward a new stage.

Michio Shirasaki  
Senior Managing Director, CFO  
General Manager of Management Division

The First Year of the Medium-term Management Plan (Fiscal 2024–2028)

Fiscal 2024, a year in which we achieved tangible results as a solid first step toward our next stage, marks the first year of our latest medium-term management plan (covering the five years from fiscal 2024 to fiscal 2028). It was launched ahead of schedule before the original conclusion date of the previous plan (fiscal 2021 to fiscal 2025). The full-year results were generally in line with the revised forecast announced in March 2025. Market recovery was sluggish, reflecting uncertainty in consumer sentiment, and challenging weather conditions such as a mild winter and extreme summer heat, the effects of which persisted through until December. Against this backdrop, demand from inbound visitors to Japan, primarily from China, exceeded expectations,

and sales at self-operated stores in urban areas in particular supported our performance. The increase in the sales ratio of self-managed locations nationwide is also a good sign for the future. On the other hand, our gross profit margin was 52.1%, falling short of the planned 52.5%. However, this was not due to the impact of discount sales or other such factors, but rather the increase in the proportion of new products with high cost ratios in the high-performance and high-price range. This was partly due to the influence of a weak yen and soaring raw materials prices, but mainly the result of high-value-added products gaining traction in the market, including among inbound visitors to Japan. We see this as a positive development aligned with our “Core & More” strategy, under which we are nurturing brand loyalty among heavy users of high-performance products.

The composition ratio for sales to inbound visitors to Japan, which supported net sales performance, reached a record high of 34.3% for self-operated stores in the fourth quarter, and increased by 8.2 pts. to 25.5% for the full year. Sales to inbound visitors are no longer special demand, but have become part of our stable foundation for growth. We have incorporated this premise into the planning stages of production, marketing, and promotion, and will strive to make more precise predictions to maximize results from this shift. Driven by this demand from inbound tourism, sales by business category increased by 7.3% year-on-year in fashion, and 8.6% year-on-year in lifestyle. In the performance category, although the summer sales season was tough, sales recovered from the third quarter onwards and we delivered performance close to expectations.

SG&A expenses increased to ¥47.0 billion, up by about ¥3.7 billion from ¥43.3 billion in the previous fiscal year (an increase of roughly ¥4.4 billion less than our initial plan of ¥8.0 billion). Moreover, excluding ¥3.5 billion in one-time expenses related to the J-ESOP stock benefit trust program and head office relocation costs, SG&A expenses showed only a slight increase to ¥43.5 billion. We believe that this is due to the success of ongoing cost control measures. As in the previous plan, we have set SG&A

expenses as a KPI, this time with a target of 32%–37% of net sales, and have chosen to eschew the front-loading of expenses. The current medium-term management plan aims to achieve ¥50 billion in global net sales for the Goldwin brand in fiscal 2032 (under the Goldwin500 project), and will also continue to promote the experience-based business, starting with Play Earth Park Naturing Forest. To this end we have drawn up a bold plan to allocate 30%–35% of our operating cash flow to

investment for growth, and 20% to 25% to investment in business infrastructure. We recognize that shareholders are particularly interested in our measures for controlling costs as we make growth investments. Going forward, we will track the cost breakdown by category and item, including whether or not funds were used and how, and will develop a system for disclosing information with high accuracy and without surprises.

Maintaining and Improving the High Earnings Structure That Serves as the Foundation for Business Growth

In order to translate the growth trajectory of fiscal 2024 into more enduring performance, we will continue to enact thorough cost control in fiscal 2025. Net sales for fiscal 2025 is forecast to increase by 6.2% year-on-year to ¥140.5 billion, and operating profit by 18.2% to ¥25.9 billion, which is about the same level as in fiscal 2023 after excluding one-time expenses. The costs for products to be sold this autumn–winter season have already been fixed, with exchange rates already locked in. Unless net sales declines significantly, there will be no significant cost increases. We have high confidence in current estimates of the gross profit margin, which should come in at 52.7%, a 0.6 pt. increase over the previous year.

The in-store digestion-based product supply

Highlights of Fiscal 2024 Results

1	Demonstrating the strengths of our in-store digestion-based product supply business model in responding to uncertainty	<ul style="list-style-type: none"><li>■ In response to uncertainty, including that related to climate change and inbound demand, we achieved stable profitability by flexibly adjusting the timing of product launches and shipments, and precisely managing inventory.</li><li>■ Our in-store digestion-based product supply business model is a symbol of our competitive advantage and enables us to adapt to climate change as it becomes a normal part of operations.</li></ul>
2	Continued growth of inbound demand Delivering experiential value as a driver for growth	<ul style="list-style-type: none"><li>■ In all four quarters, sales to inbound visitors were up over the corresponding quarter of the previous year. We responded to increased demand at duty-free stores. Demand from Japanese customers was strong as well.</li><li>■ With the acquisition of Alpine Tour Service Co., Ltd. as a Group company, we expect to deepen customers' purchasing experiences by strengthening experiential consumption.</li></ul>
3	Accelerating expansion in China Market penetration among urban, trend-conscious demographics is in full swing	<ul style="list-style-type: none"><li>■ In the Chinese market, we are opening stores targeting urban and high-end demographics in places like Shanghai and Hangzhou. Despite targeting the high-price range from the very first fiscal year of the plan, sales have exceeded our targets.</li><li>■ We will shift our focus from opening stores to driving market penetration, and harness this as a growth engine for global expansion based on regional characteristics.</li></ul>

Maintaining ROE at a High Level and Achieving Further Improvement

	ROE						
	Expansion of sales		Improvement in sales efficiency			Optimization of capital structure	
Improvement driver	Improvement in sales ratio of self-managed locations	Improvement in overseas sales ratio	Cost control	Decrease in sales loss rate	Control of inventory balance	Shareholder returns	Control of interest-bearing debt
KPI	Sales ratio of self-managed locations	Overseas sales ratio	SG&A expenses ratio	Sales loss rate	Inventory balance	DOE Total return ratio	D/E ratio
FY2023	56%	4.7%	34.1%	1.4%	¥18.2 billion	8.1% 40.7%	0.01 times
FY2024	59%	5.1%	35.5%	1.4%	¥19.2 billion	6.9% 55.4%	0.003 times
FY2028	60%	10%	32.0%–37.0%	1.5%	¥23.0–¥27.0 billion	6% or more Approx. 40%	0.3 times or less
Policies	Target a 60% sales ratio of self-managed locations in the final year of the medium-term management plan	Target a 10% overseas sales ratio in the final year of the medium-term management plan	Maintain in the mid-30% range while continuing to invest in growth	Aim to maintain current level during the medium-term management plan period	Control order volume and ensure liquid inventory on a seasonal basis	Aim for a DOE of 6% or more during the medium-term management plan period Flexibly repurchase treasury stock with a target total return ratio of approximately 40%	Maintain financial discipline

Financial and Capital Strategy

model, which is a key feature of our business, is the basis of our ability to implement cost control and respond to market fluctuations relating to weather factors and changes in demand from inbound tourism, enabling us to secure this level of operating profit margin. The sales ratio of self-managed locations was 59% in fiscal 2024. This delivers significant advantages, including an increased ratio of products sold at list price, improved inventory turnover through supply-demand optimization across our physical stores and e-commerce site, and a reduced sales loss rate.

Other measures for improving the gross profit margin include maintaining our stable cost structure, under which we have a handle on exchange rates, and further streamlining our logistics system through efforts such as the two-hub arrangement (Toyama and Chiba), which we began in April 2023. Reining in SG&A expenses and conducting rapid and precise inventory control through the in-store digestion-based product supply business model that we have been developing on an ongoing basis, will continue to be key drivers toward achieving the goals of the medium-term management plan, both in fiscal 2025 and through to fiscal 2028.

Under the medium-term management plan, we aim to progress rapidly to the next stage through the Goldwin500 project, advancing our business in the global market, and launching our experience-based business in earnest. The foundation for this is to maintain and improve

our already high level of ROE management based on these financial strategies. For the past three years, we have maintained ROE at very high levels of 29.3%, 27.0%, and most recently 23.2%. At the end of fiscal 2024, we reached a record high of ¥111.2 billion in net assets, and have maintained an extremely sound financial position with an equity ratio of 73.2% and a D/E ratio of 0.003 times.

Cash conversion may become more important as our overseas and experience-based businesses develop, but we will not lower our target ROE during the period of the medium-term management plan simply because the relative importance of these businesses has increased. High-level ROE management is the key to enhancing trust between the Company and its shareholders, and will serve as a safety net to support future growth. To maintain high-level ROE management, we will focus on expanding net sales and gross profit, and will continue to set ROE of 20.0% or higher as a KPI. We will further accelerate business growth and take up the challenge of moving to the next stage based on the trust engendered by our high earnings structure.

Capital Strategy for Growth Phase to Transform into a 100-year Company

As mentioned, net assets reached a record high of ¥111.2 billion in fiscal 2024, and cash flows

from operating activities for the same period were ¥24.4 billion. Going forward, we plan to reach cash flows from operating activities of between ¥120.0 billion to ¥130.0 billion by fiscal 2028. We will also promote the strategic allocation of capital, with an emphasis on balancing returns in the four areas of growth investment, business infrastructure investment, ESG investment, and shareholder returns.

We will focus growth investments on growth strategies under the Goldwin500 project and for The North Face. Our first goal for Goldwin500 is to firmly achieve our milestone of ¥10.0 billion in net sales for the Goldwin brand in fiscal 2026. We are proceeding with our plans to open stores in Japan and China, and are drawing up plans to open stores in Korea, Europe and the United States in fiscal 2025, as well. This is the first time we have concentrated such aggressive store openings in the same period, and upfront investments will overlap, but our efforts should bear fruit in fiscal 2026. If you include the expansion of existing stores in Japan, you can see that the goal of reaching ¥10.0 billion in net sales is well within our sights. If we can reach this target of ¥10.0 billion, I believe that we will have no problem reaching ¥30.0 billion in the Chinese market and a total of ¥50.0 billion in global net sales by fiscal 2032. Some may see this as a challenging goal, but for us, it is an accurate vision based on a rational assessment of the domestic and international markets.

Meanwhile, The North Face brand alone exceeded ¥100.0 billion in net sales in fiscal 2024. Our growth strategy for the brand is to further expand brand value and develop new markets by investing in growth areas such as footwear, children's products, and women's products, while maintaining steady growth to achieve ¥128.0 billion in net sales for the brand in fiscal 2028.

The cash cycles for our new Play Earth Park Naturing Forest and the tours business centered on Alpine Tour Service Co., Ltd. (which became a Group company in April 2025), differ from that of our apparel business, where more of our accumulated expertise is concentrated. As part of our experience-based business, such projects are classified as business infrastructure investments, and we plan to set new KPIs for them. Since the cash cycle differs from that of the apparel business, our overall cycle is two-tiered. In light of this, we will also consider using leverage in the future, but have set a KPI of 0.3 times or less for the D/E ratio as our standard of financial discipline during the period of the medium-term management plan, and will strive to maintain sound management. Investing in human capital as part of business infrastructure investment is also an important factor in efforts to achieve sustainable growth. While the development of back office operations has facilitated our steady business growth and the success of our financial capital strategy, we must continue to focus on bridging the gap in human

capital resulting from rapid corporate growth.

At many companies, back office operations can take a back seat to top-line growth. In our case, we are addressing this issue by working vigorously on various measures like recruitment, training, and evaluation in an effort to fill the aforementioned gap. In April 2025, we made the contract employees working in sales at all of our stores into full-time employees. In doing so, we hope to strengthen our sales capabilities by improving retention and motivation. After much careful consideration, we came to this decision in the belief that the expected increase in engagement will help us to further refine our in-store digestion-based product supply business model, maintain our corporate value during overseas expansion, and accomplish the goals of the medium-term management plan that these elements are driving forward.

Achieving Stable and Continuous Return of Profits

Our medium-term management plan is a major opportunity for making progress toward our next challenges while building on the solid financial capital strategy we have relied on thus far. These endeavors include stepping up global expansion of the Goldwin brand to turn it into a ¥50.0-billion business (in net sales) by fiscal 2032, steadily growing The North Face brand, and accelerating projects in the experience-based business. Of

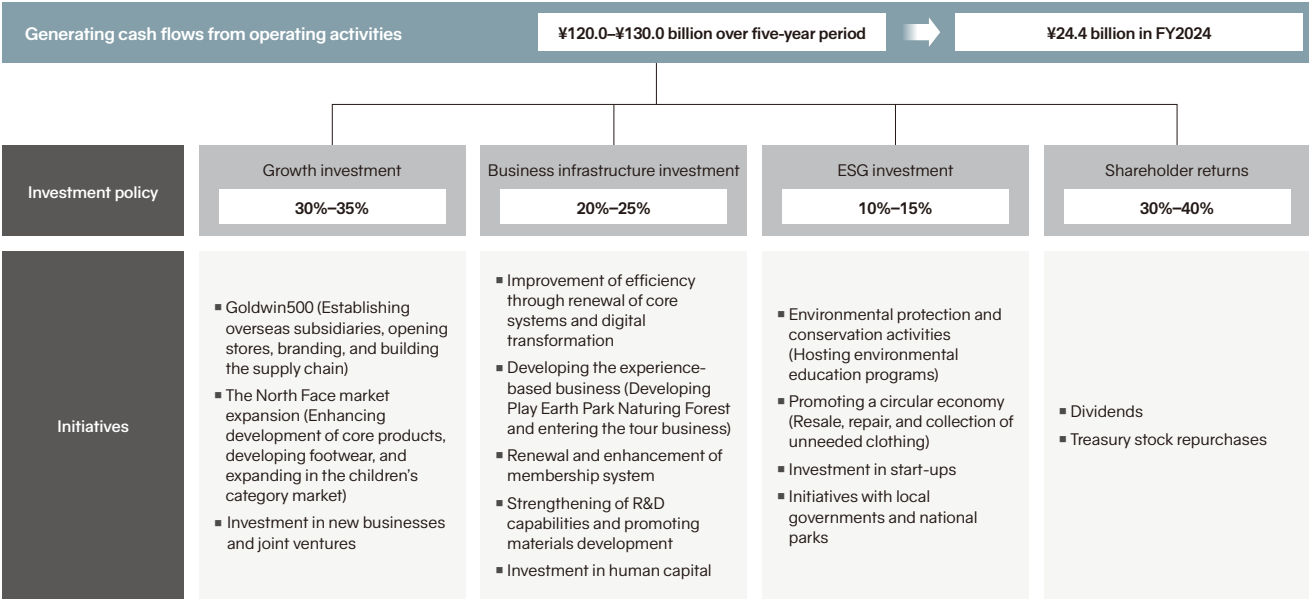
course, the medium- and long-term support of our shareholders is vital to this endeavor.

In terms of shareholder returns, we implemented our largest ever share repurchase in fiscal 2024, and the outlook for fiscal 2025 is that we will raise dividends from ¥163 to ¥174, marking the 15th consecutive year of dividend growth. We have set KPIs of 6% or more for DOE and a total payout ratio of approximately 40% during the period of the medium-term management plan, and also plan to flexibly implement share repurchases.

Moreover, in fiscal 2025, we split the Corporate Communications Office into the IR Office and the Public Relations Office, and established a system for more detailed communication with investors. Concerning our overseas business, recently more and more investors have expressed the desire to visit our stores in Korea and China for themselves, and we have noticed a growing interest in our business strategy.

A realistic financial and capital strategy is essential to achieving our long-term vision, PLAY EARTH 2030, and I believe that it is my responsibility to ensure balance between ideals and reality. The Executive Management Meeting and Board of Directors will continue to make proposals while considering how best to meet the expectations of shareholders, and strive for business growth that fulfills stakeholder trust and lives up to those expectations.

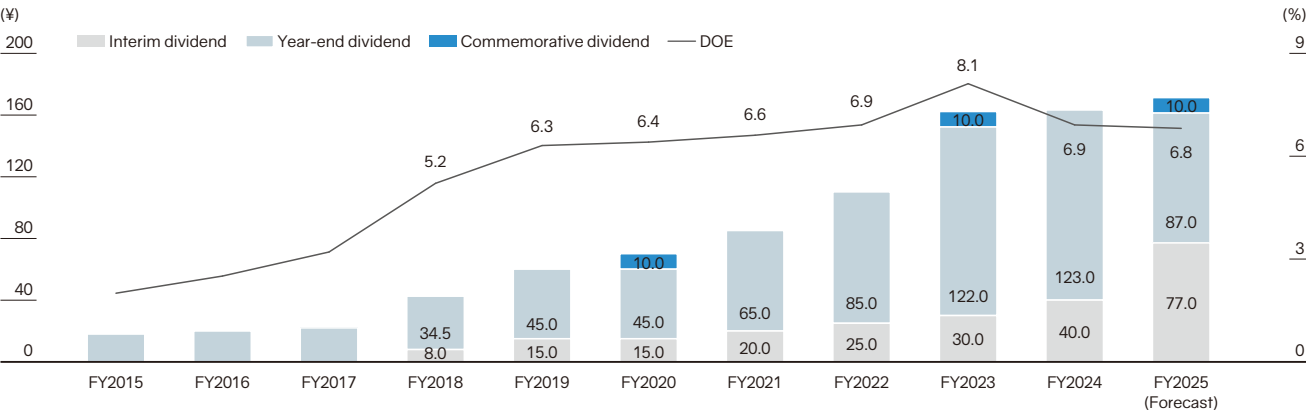
Cash Allocation Focused on Growth Investments for Brands



Shareholder Return Policy

The FY2025 outlook is for increased dividends for the 15th consecutive year. The balance of interim and year-end dividend was 25:75 in FY2024, and will be 50:50 in FY2025, and the dividend will become a full-year type.

Dividend per Share and Dividend on Equity (DOE)

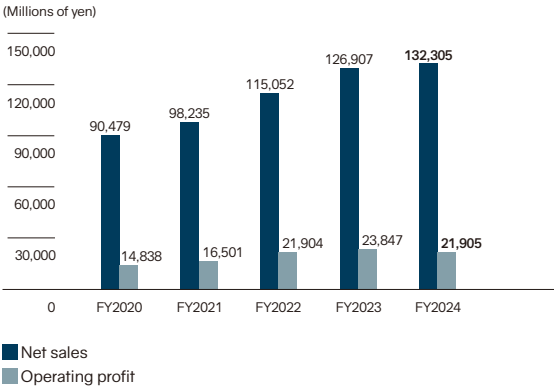


Note: A commemorative dividend of ¥10 was implemented for FY2020 and FY2023. The interim dividend of ¥87 for FY2025 (forecast) includes a 75th anniversary dividend of ¥10. The FY2025 year-end dividend will be ¥87, assuming conversion prior to the relevant stock split, and the total dividend per share will be ¥174.



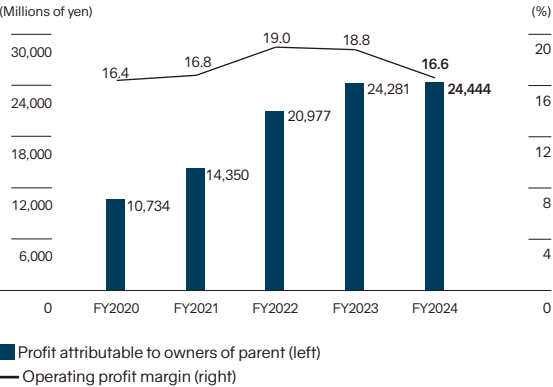
Financial Highlights

Net Sales / Operating Profit



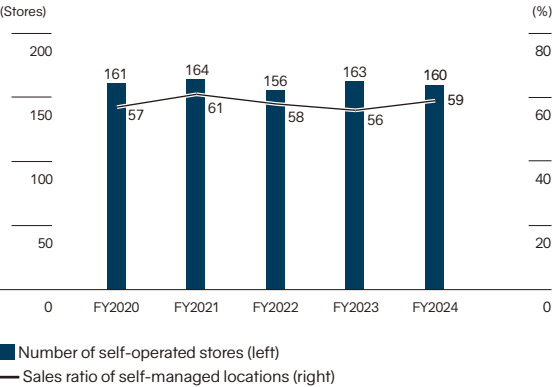
Revenue increased for the fifth fiscal year in a row, and net sales have increased from ¥90.4 billion in fiscal 2020 to ¥132.3 billion in fiscal 2024. Operating profit also increased over the same period, from ¥14.8 billion to ¥21.9 billion. The growth of core brand The North Face, as well as the enhancement of self-operated stores and our e-commerce site, are driving overall growth and strengthening our profit base.

Profit Attributable to Owners of Parent / Operating Profit Margin



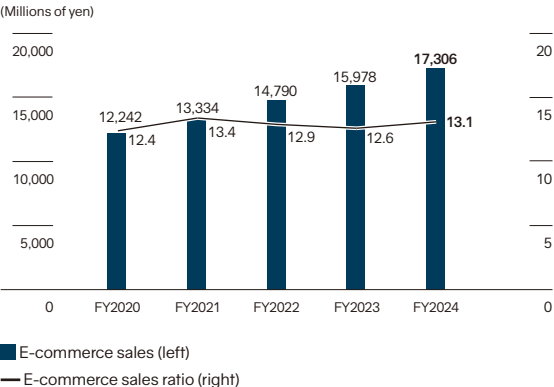
Profit attributable to owners of parent has increased significantly, from ¥10.7 billion in fiscal 2020 to ¥24.4 billion in fiscal 2024. During that period, the operating profit margin reached a high of 19.0%, and stood at 16.6% for fiscal 2024. High-revenue brands and more thorough cost control are supporting profit growth.

Number of Self-operated Stores / Sales Ratio of Self-managed Locations



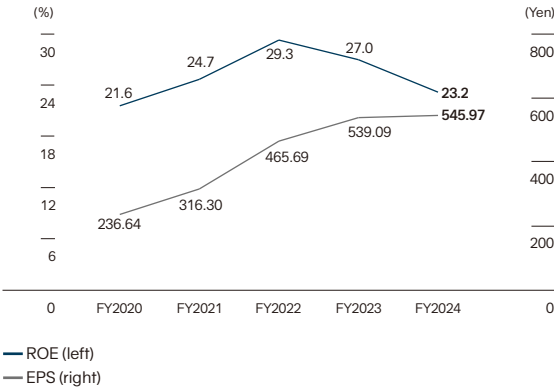
Our number of self-operated stores has held steady around 160, and the sales ratio of self-managed locations has increased slightly, from 57% in fiscal 2020 to 59% in fiscal 2024. We have deepened the brand experience and increased profitability by combining enhanced customer experiences at self-operated stores with expanded e-commerce channels.

E-commerce Sales / E-commerce Sales Ratio



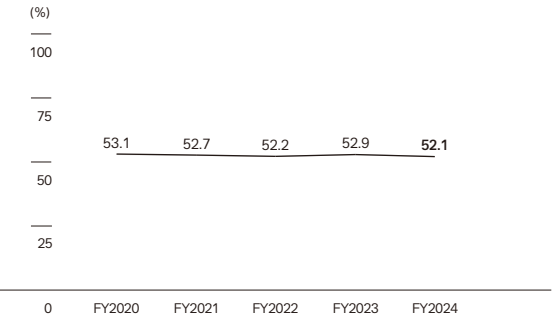
E-commerce sales increased from ¥12.2 billion in fiscal 2020 to ¥17.3 billion in fiscal 2024. We are strengthening linkage between online and offline channels, and striving for further growth through digital measures.

Return on Equity (ROE) / Earnings per Share (EPS)



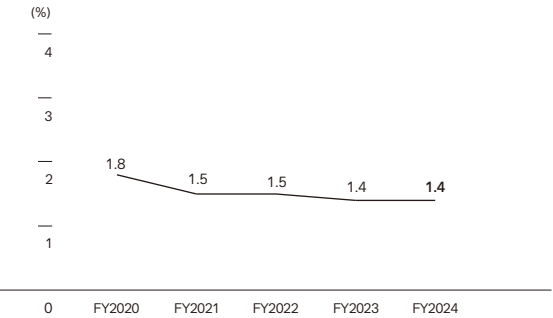
ROE for fiscal 2024 was 23.2% and EPS was ¥545. Although ROE decreased somewhat compared with fiscal 2023, it remains at a high level. In addition to profit growth and measures to enhance the equity ratio, we are working to steadily increase dividends and strengthen shareholder returns.

Gross Profit Margin



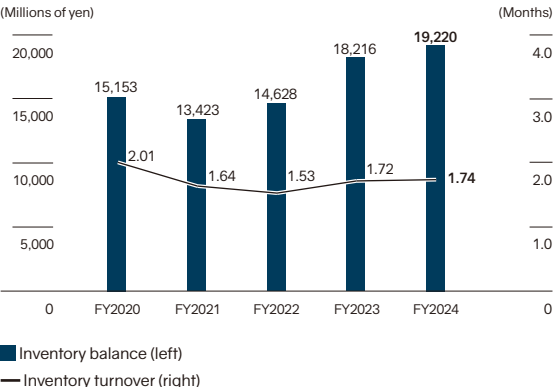
Over the past five fiscal years, we have consistently maintained a gross profit margin of more than 50%. In fiscal 2024 we recorded a high level of 52.1%, largely unchanged from 52.9% in fiscal 2023. Our high-value-added products and thorough management of cost of sales have delivered stable profitability.

Sales Loss Rate



The sales loss rate has improved from 1.8% in fiscal 2020 to 1.4% in fiscal 2024. We are reducing discounts and disposal, and promoting both sustainability and profitability through strict inventory management and sophisticated demand forecasting.

Inventory Balance / Inventory Turnover



We have worked to maintain our inventory balance at an appropriate level from fiscal 2020 to fiscal 2024. Although the figure saw a temporary increase in fiscal 2024 as a result of the mild winter, we responded by making adjustments during the fourth quarter. We are continuing to shorten our inventory turnover period and enhance management efficiency.

11-year Financial Summary

(Millions of yen)											
Fiscal years ended March 31 of the following year	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Profit/Loss											
Net sales	57,417	59,713	60,903	70,420	84,934	97,899	90,479	98,235	115,052	126,907	132,305
Gross profit	24,109	26,388	28,387	34,356	43,209	52,483	47,991	51,743	60,035	67,173	68,925
Operating profit	2,414	3,129	3,910	7,102	11,861	17,480	14,838	16,501	21,904	23,847	21,905
Ordinary profit	4,089	4,180	4,578	7,833	12,982	16,375	15,984	20,285	28,083	32,601	30,806
Profit attributable to owners of parent	3,471	3,369	3,424	5,174	9,243	10,770	10,734	14,350	20,977	24,281	24,444
Comprehensive income	5,333	1,130	3,114	6,847	8,425	9,553	11,469	15,365	22,621	27,493	23,865
Cash flows from operating activities	3,108	4,315	4,241	9,131	13,163	13,650	7,401	18,049	20,222	18,551	24,437
Cash flows from investing activities	(1,463)	(2,987)	(2,773)	(5,981)	(2,084)	(3,449)	(3,261)	(1,567)	(3,381)	(1,488)	208
Cash flows from financing activities	(2,051)	376	(104)	(1,332)	(7,933)	(6,157)	(162)	(11,853)	(7,725)	(9,367)	(14,768)
Financial Position											
Net assets	29,105	29,614	31,918	35,425	39,609	46,852	52,916	63,411	80,056	100,170	111,203
Total assets	53,289	57,315	60,572	70,713	77,544	82,285	91,376	99,085	118,517	140,977	150,877
Interest-bearing debt	4,028	5,663	7,109	9,780	6,834	4,025	9,746	4,188	2,585	1,372	354
Other Indicators											
Capital expenditure	960	2,064	5,014	1,819	1,736	3,836	4,274	2,992	2,110	2,869	3,211
Depreciation	1,026	1,152	1,241	1,471	1,532	1,722	1,669	1,646	1,762	2,046	2,299
Inventory turnover (Days)	64.80	61.22	63.51	58.57	51.15	50.44	60.36	53.08	44.49	47.23	51.64
Research and development costs	356.00	561.00	664.00	667.00	756.00	733.00	673.00	780.00	866.00	793.00	707.00
Days sales outstanding	72.5	69.3	65.4	58.7	54.3	46.8	49.0	48.8	54.5	55.8	55.2
Per Share Information											
Earnings per share (EPS) (Yen)	74.45	73.37	74.52	114.04	203.11	237.89	236.64	316.30	465.69	539.09	545.97
Net assets per share (Yen)	632.19	643.80	695.12	770.24	873.91	1,032.36	1,164.16	1,398.56	1,774.20	2,226.70	2,489.98
Annual dividend per share (Yen)	12.50	13.75	16.25	21.25	42.50	60.00	70.00	85.00	110.00	162.00	163.00
Dividend payout ratio (%)	16.8	18.7	21.8	18.6	20.9	25.2	29.6	26.9	23.6	30.1	29.9
Financial Indicators											
Equity ratio (%)	54.5	51.6	52.6	50.0	51.0	56.8	57.8	63.9	67.4	70.9	73.2
Gross profit margin (%)	42.1	44.2	46.5	48.4	50.6	53.5	53.1	52.7	52.2	52.9	52.1
SG&A expenses ratio (%)	37.8	38.9	40.2	38.7	36.9	35.8	36.6	35.9	33.1	34.1	35.5
Operating profit margin (%)	4.2	5.2	6.4	10.1	14.0	17.9	16.4	16.8	19.0	18.8	16.6
Return on equity (ROE) (%)	12.8	11.5	11.1	15.4	24.7	25.0	21.6	24.7	29.3	27.0	23.2
Ordinary profit/total assets (ROA) (%)	8.0	7.6	7.8	11.9	17.4	20.5	18.4	21.3	25.8	25.1	21.1

(Notes)

1. On October 1, 2015 we implemented a reverse stock split at a ratio of 1 share to every 5 shares of common stock. Earnings per share, net assets per share, and dividend per share are calculated assuming the reverse split occurred at the beginning of fiscal 2010.
2. On April 1, 2018 we implemented a stock split at a ratio of 2 shares to every 1 share of common stock. Earnings per share, net assets per share, and dividend per share are calculated assuming the split occurred at the beginning of fiscal 2010.

3. On October 1, 2019 we implemented a stock split at a ratio of 2 shares to every 1 share of common stock. Earnings per share, net assets per share, and dividend per share are calculated assuming the split occurred at the beginning of fiscal 2010.
4. The Partial Amendments to the Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) have been applied since the beginning of fiscal 2018, and the main management indicators, etc. up to and including fiscal 2017 are calculated after retroactively applying the relevant accounting standards, etc.