



Market expansion for THE NORTH FACE

Market expansion for Goldwin brand

Cash allocation

Business Strategy

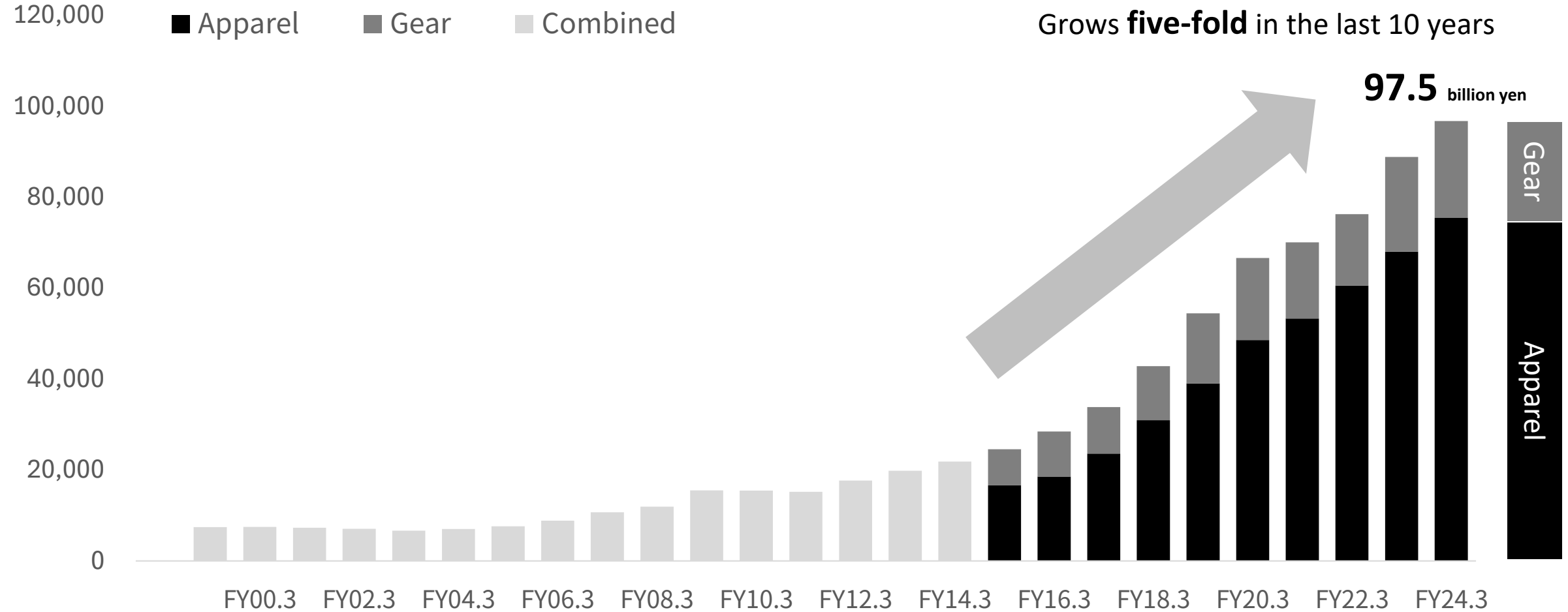
02.

## Market expansion for THE NORTH FACE

~ Capture new markets based on stable growth at 5% CAGR ~

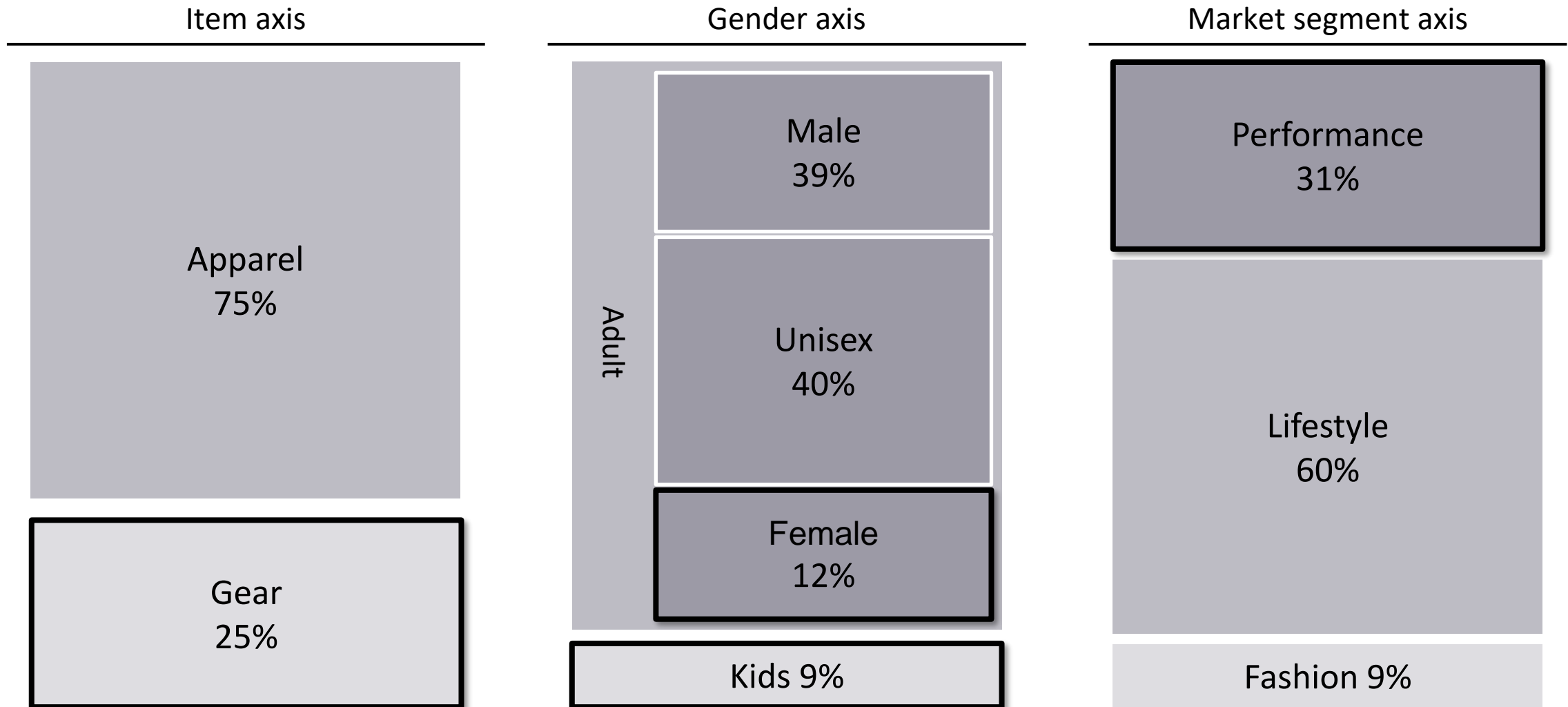
### THE NORTH FACE Sales Trends

(Million yen)



(Note) Figures for the fiscal year ended March 2015 and earlier are for apparel and gear combined.

## THE NORTH FACE's sales classification by three axis



## Expanding business scope by "seamless outdoor and everyday life"

Know-how cultivated at Performance Market

Clothing that protects the lives of people working in outdoor environments and allows them to move more comfortably



**CORE**

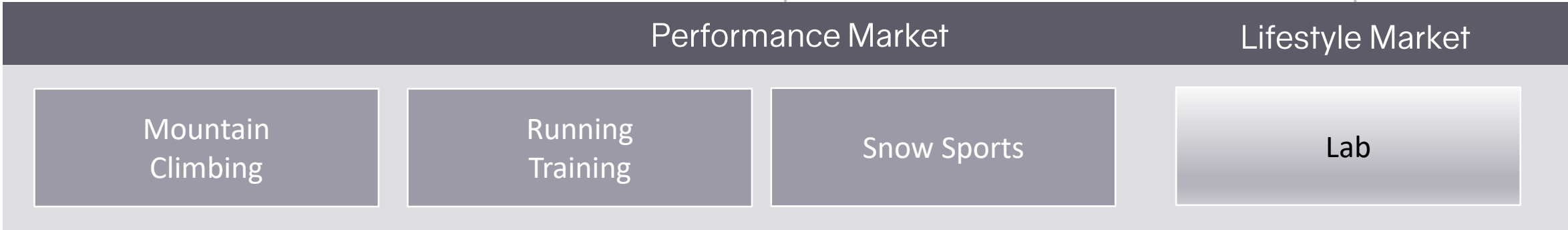
Expanding into the lifestyle market

Functional clothing for a variety of everyday users and occasions

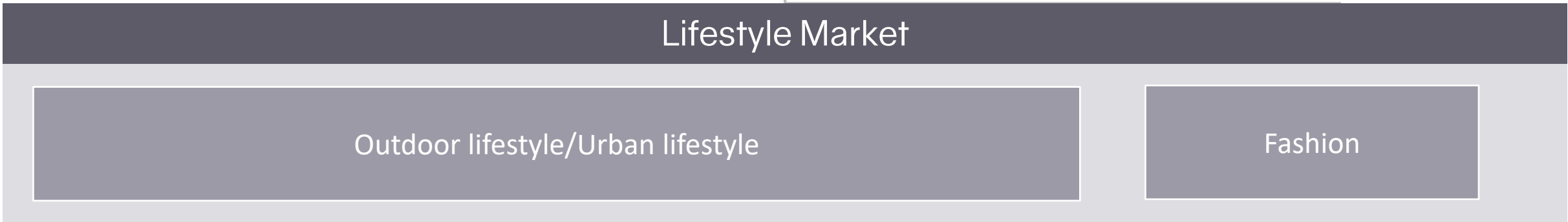


**MORE**

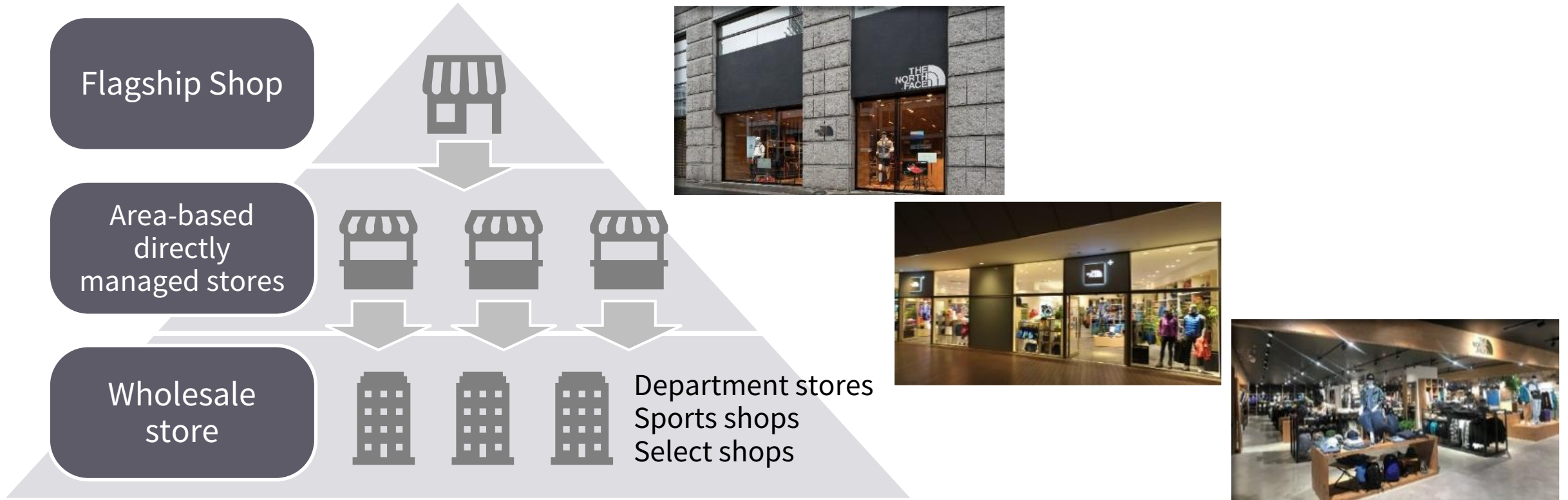
**CORE**



**MORE**

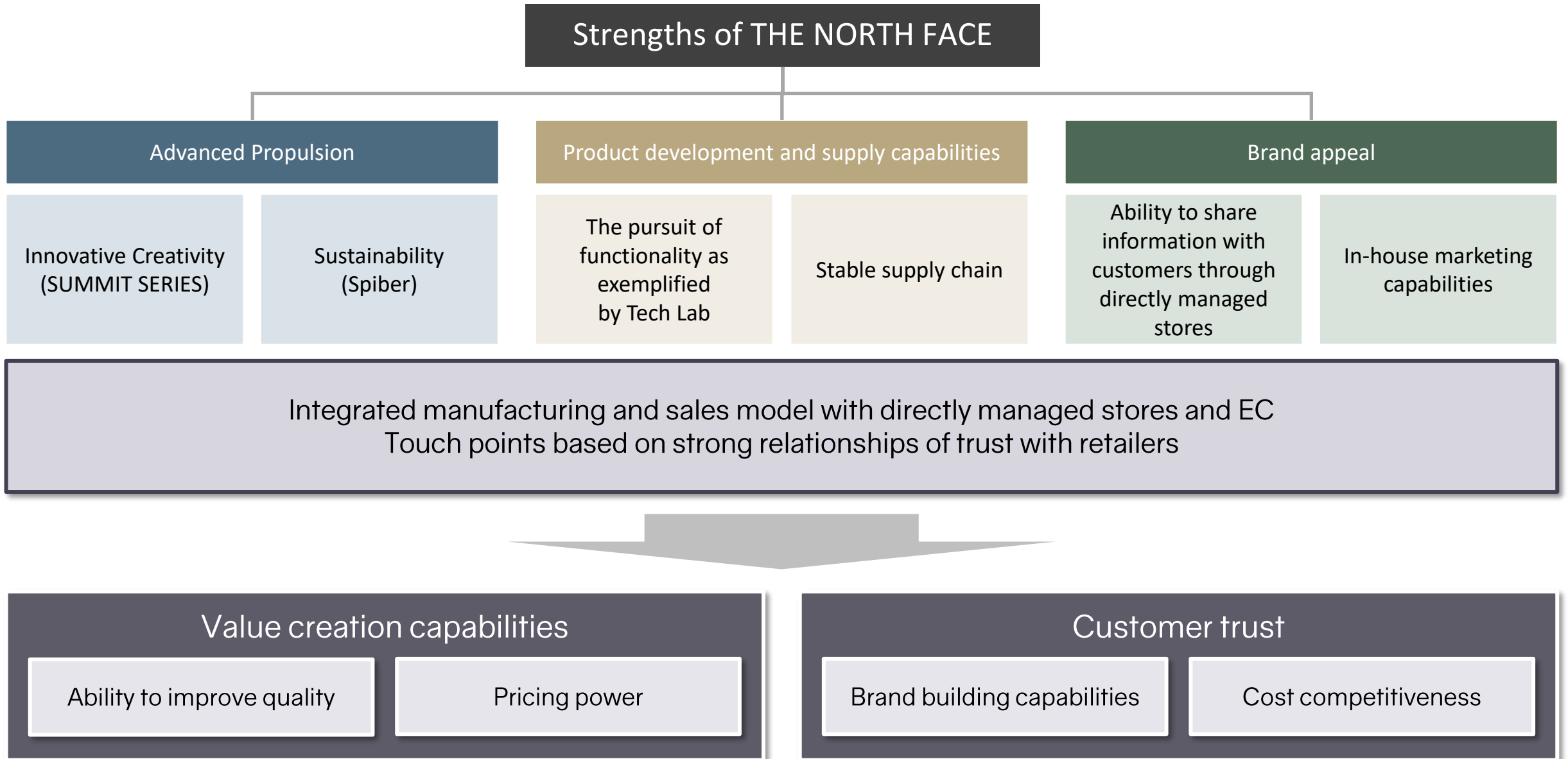


## Establishment of a distribution structure based on actual demand



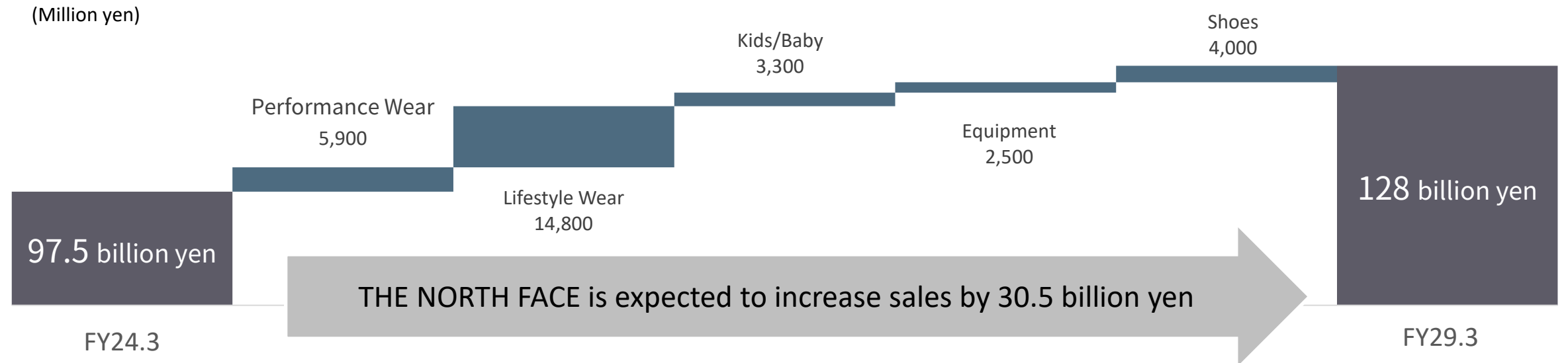
Delivering brand value to end users

In addition to proposing a new brand image through directly managed stores, expressing the brand image of THE NORTH FACE through the sales floors of wholesalers such as department stores, sports specialty stores, and select shops.





## Growth amount over 5 years of medium-term management plan

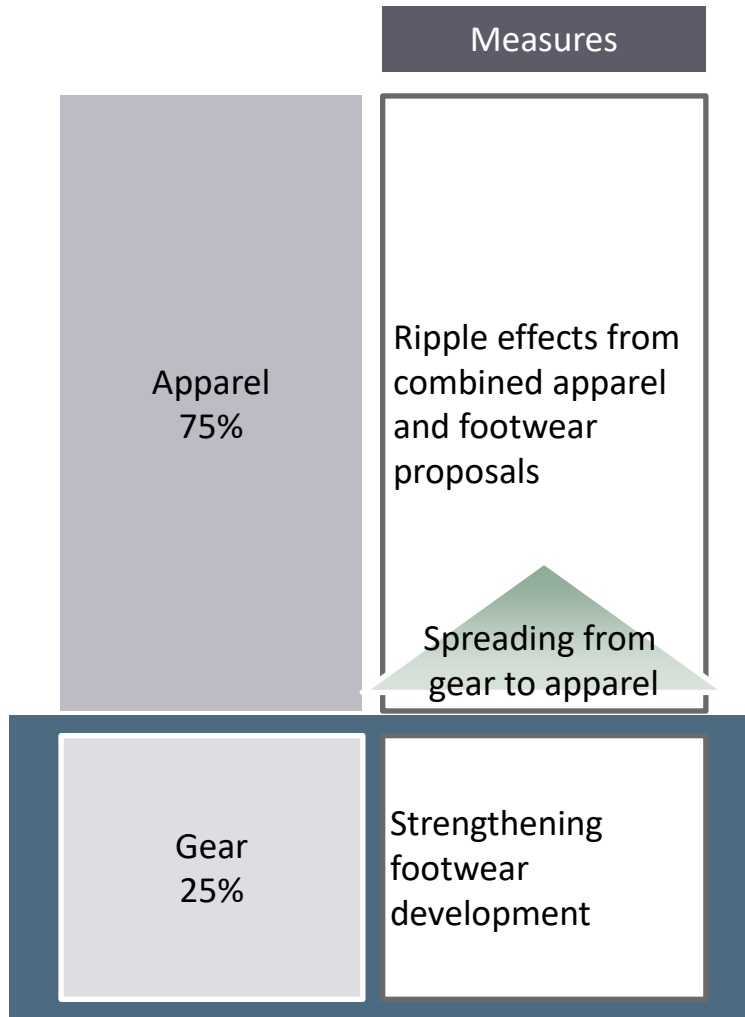


Item	Applicable Items
Performance Wear	Mountain climbing, running, snow activities, training wear, etc.
Lifestyle Wear	Lifestyle wear, general fashion wear, THE NORTH FACE PURPLE LABEL
Kids/Baby	Kids, baby and maternity wear and gear
Equipment	Backpacks, camping gear and accessories
Shoes	Shoes, socks

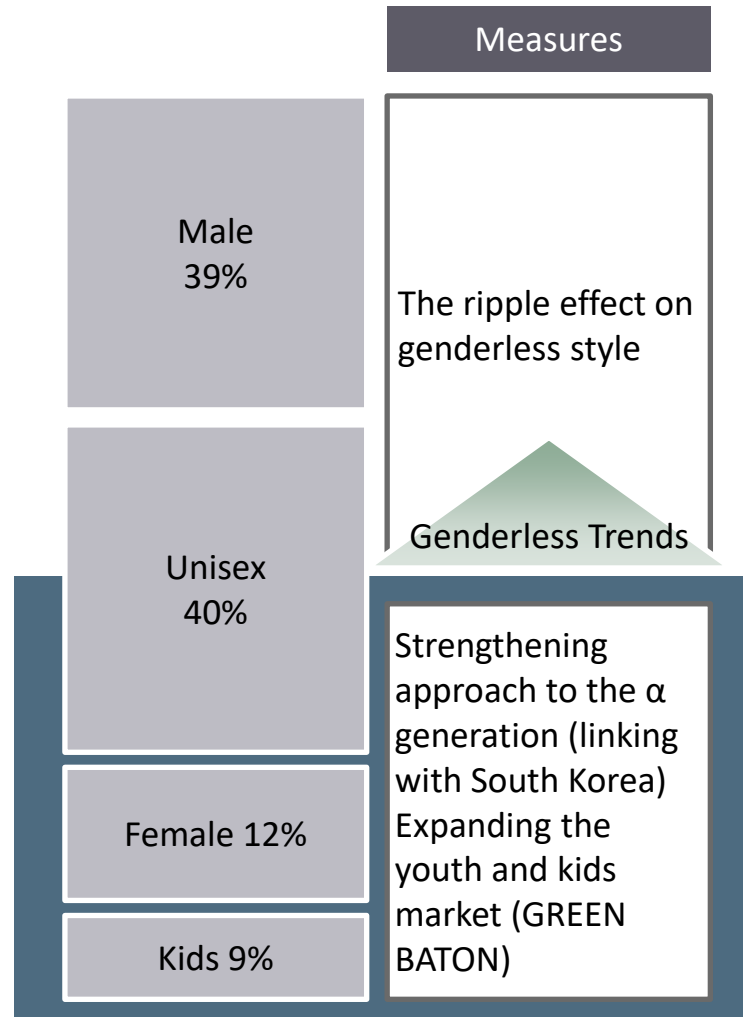
## THE NORTH FACE's Growth Points

1	Further technological advances in the performance field	Further promote the current CORE & MORE strategy Strengthen development of the SUMMIT SERIES in collaboration with VF Corporation (VFC)
2	Strengthening shoes development and creating new markets	Invest in trail running shoes development Creating a lifestyle market linked to apparel and gear
3	Appealing to the α generation and strengthening the kids market	Linking with the α generation approach at South Korea YOC Strengthening kids through the promotion of Green Baton
4	Sales of core lifestyle products	Product development (Lab) incorporating cutting-edge technology cultivated through performance

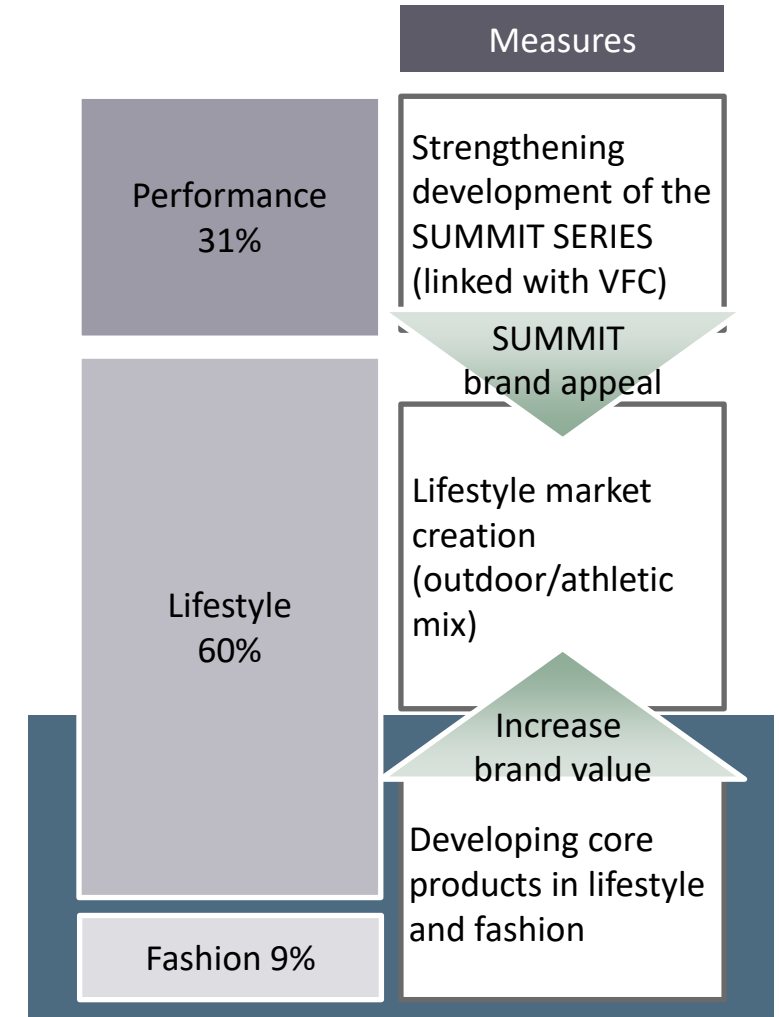
Item axis



Gender axis



Market segment axis



## Wholesale

### THE NORTH FACE Alpen NAGOYA



## Directly managed store

### THE NORTH FACE+ LACHIC NAGOYA



Sharing brand value between directly managed stores and wholesalers

## Assignment

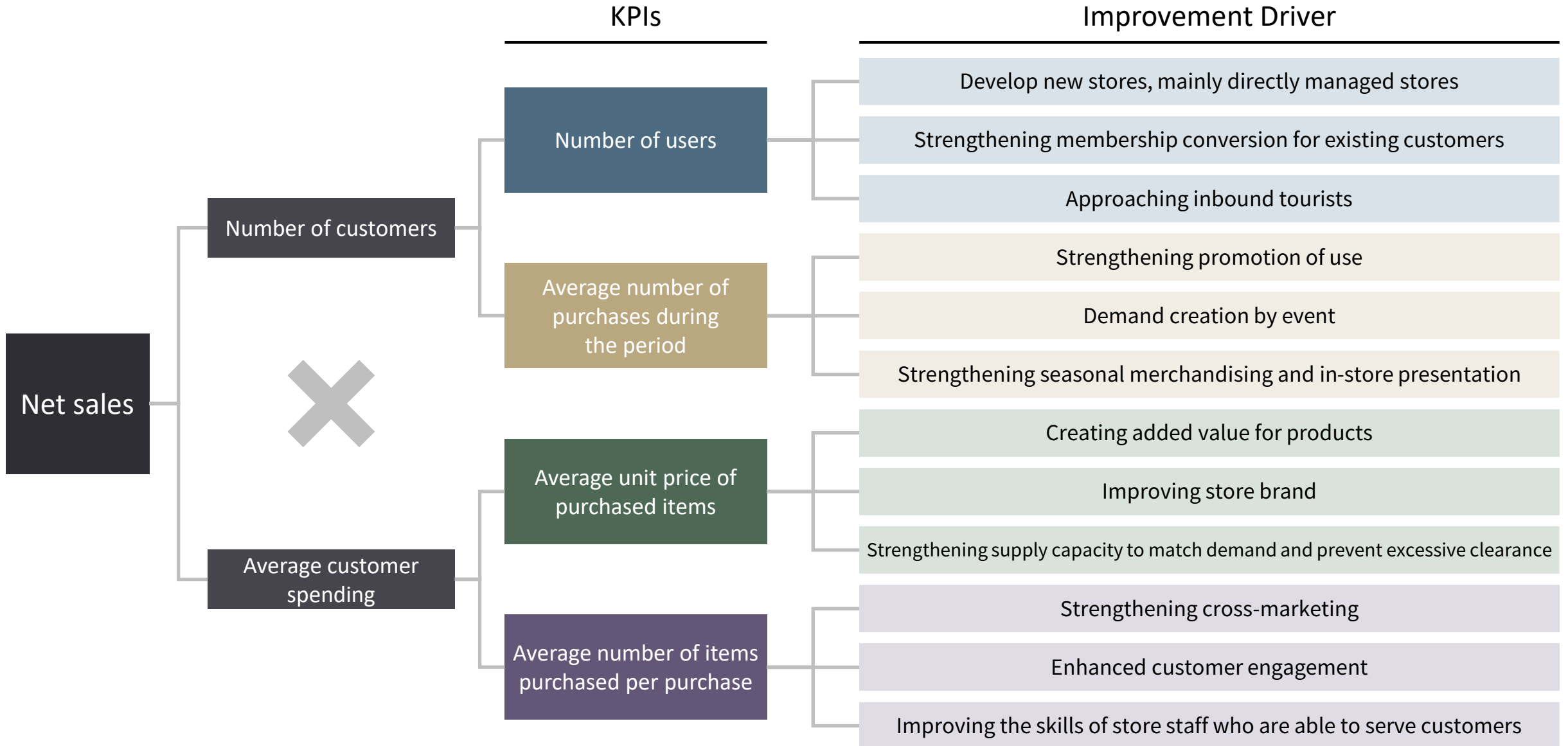
- THE NORTH FACE is opening a store within walking distance of the store
- Differentiating stores from wholesalers in urban areas was an issue

## Counter-measure

- Strengthening area marketing from April 2024
- Renew sales organization structure to area system

## The current

- Prevents stores from becoming homogenous and provides new value to customers
- Promotes coexistence through collaboration with local events and the provision of limited-edition products and services



03.

## Market expansion with Goldwin brand

~ Promote the expansion of original brands to overseas markets, mainly in East Asia, through our own efforts ~

### Five points that express the Goldwin brand

History and Technology	We provide highly reliable products based on over 70 years of solid technical expertise, originating from skiwear.
Aesthetics	We offer meticulously designed products that reflect our unique aesthetic of "DEDICATION TO DETAIL".
Functional clothing development	We have pursued a design and engineering that reduces stress during activities, providing a comfortable feel.
Coexistence with nature	We support more comfortable lifestyles by learning about natural technologies and incorporating them effectively into our products.
Social contributions	Product development that contributes to the design of a society that coexists with nature and aims for a sustainable future.

### Analysis of Goldwin Beijing's success (China/Beijing store)

Store design by New Material Research Institute	A high-quality space design that deepens in quality over time, using materials that are symbolic of Japanese aesthetics (Oya stone, Jindai cedar, and black iron).
Local sales partner	Local sales partners who share the same brand philosophy provide services that focus on user experience and build highly engaged customer relationships.
2013 store performance	With the growing popularity of outdoor and winter sports, the company achieved sales of over 200 million yen, a CVR of 60%, and average customer spending of over 60,000 yen by proposing functional apparel for a lifestyle.

### Goldwin brand positioning

Expanding customer base	With the introduction of the LIFESTYLE collection, customer base expanded from the sports and outdoor demographic to the lifestyle demographic
Growth in overseas markets	Increased transactions with overseas fashion accounts have boosted brand recognition in overseas market. Gained fans globally.
Domestic market growth	Domestically, with an increase in transactions with fashion accounts, the lifestyle demographic has grown in addition to the sports demographic.
Global collaboration	Since the launch of Goldwin O, the number of collaboration opportunities with global brands has increased, further expanding awareness among the highly sensitive demographic.

### Towards a sustainable future

New product launch with Spiber, eco-friendly materials	In September 2023, the Spiber Brewed Protein™ apparel collection was launched. In 2023, the ratio of environmentally friendly materials reached 65%.
Free repairs and upcycling	In 2022, we started offering free repairs on a global scale and proposing to reduce waste.  We launched the GREEN BATON business, which collects, repairs, and redesigns unwanted clothing to upcycle and resell the products.



Creating a new market by combining functionality and fashion

Opening stores domestically and overseas to establish a core image

Store development



November 2018  
Goldwin Marunouchi  
Opening



November 2019  
Goldwin San Francisco  
Opening



February 2020  
Goldwin Harajuku  
Opening



December 2021  
Goldwin Beijing  
Opening

Lineup expansion



2014  
Ski Line revamp



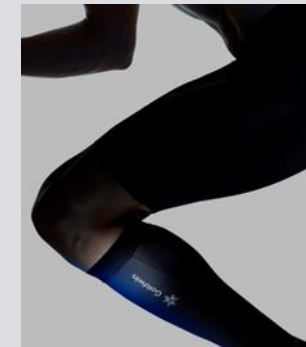
2016  
Addition of Lifestyle  
Line



2019  
Addition of  
Athletic Line



2019  
Addition of Outdoor  
Line



2019  
C3fit integration



2022  
Announcement of  
Goldwin 0



Key points for Goldwin brand overseas expansion

- 1

Focusing on Asian expansion, mainly in China, starting with a directly managed store model

Aiming to expand to 100 stores (including franchisees) in Asia in 10 years
  
- 2

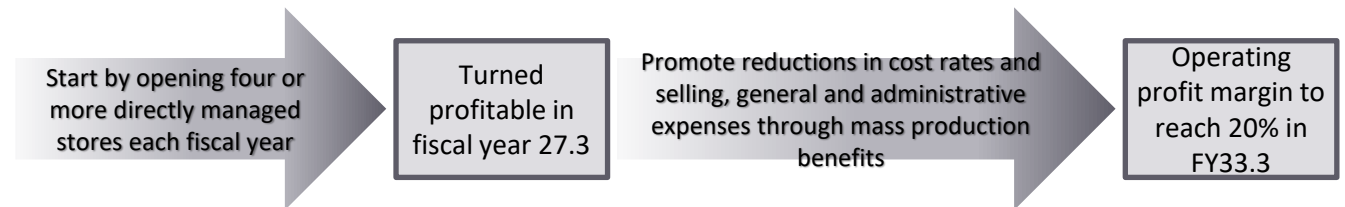
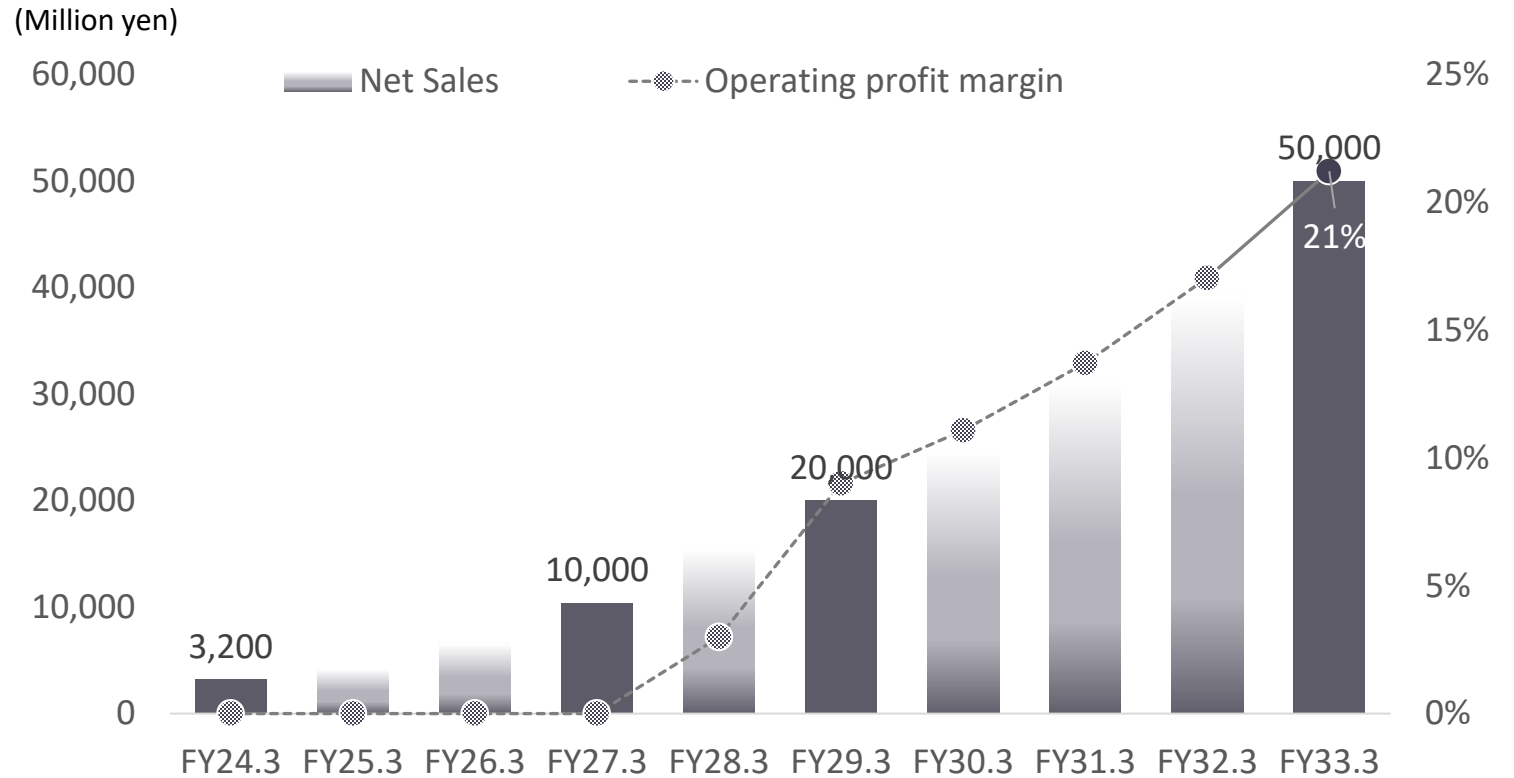
Established a joint venture with YOUNGONE Group in South Korea

Aiming for sales of 6 billion yen in the Korean market in 10 years
  
- 3

Strengthen efforts to capture inbound demand within Japan and build a foundation for overseas needs from within the country

Aiming for sales of 10 billion yen in the domestic market in 10 years

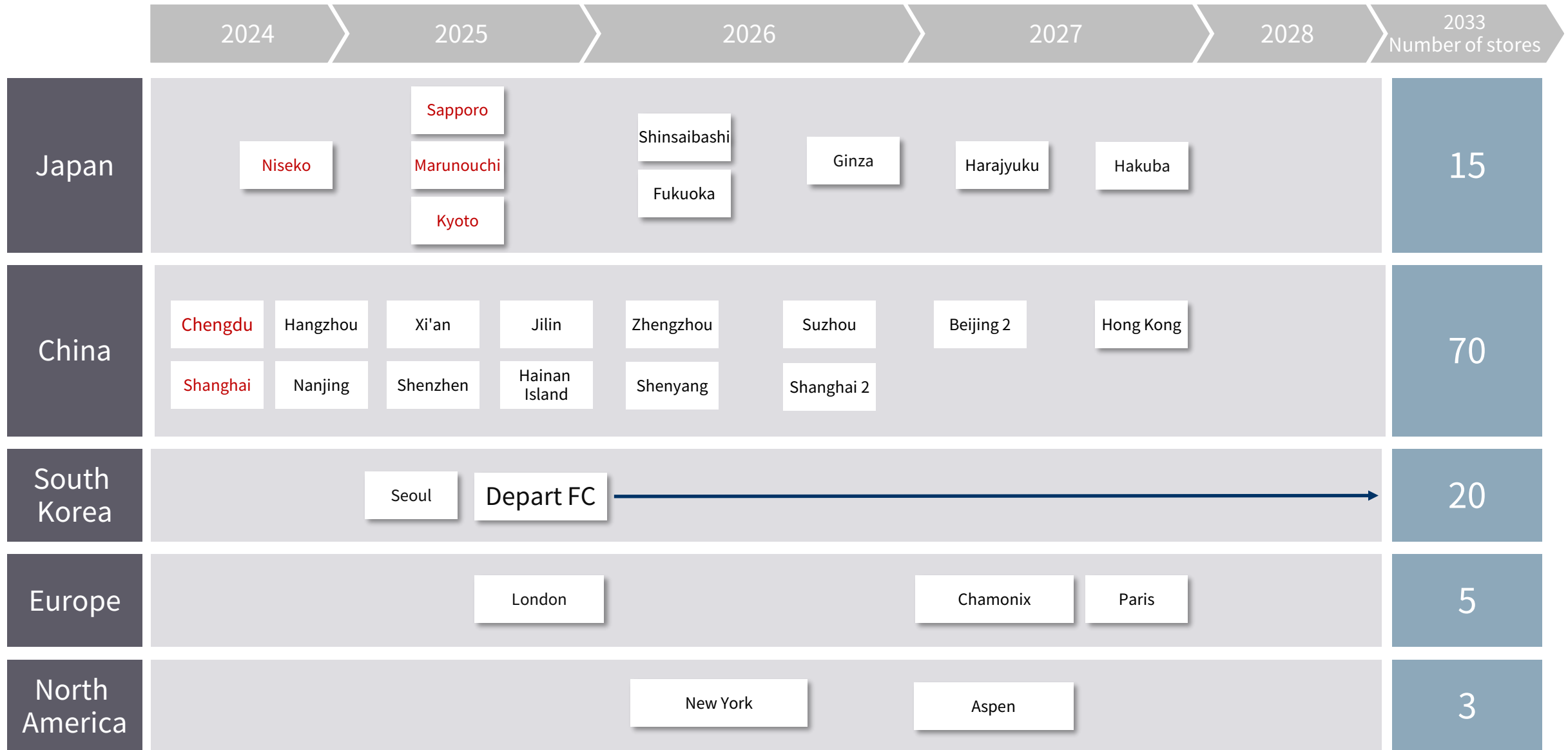
Goldwin500 Business Outlook (Global)



Priority	Current situation	Target area	Response Policy	Customer base	What it will look like in 10 years
A	An area that embodies the Goldwin brand's core concept of combining functionality and fashion	Japan China South Korea	Accelerating investment and opening new stores in line with expansion	<ul style="list-style-type: none"> <li>Highly sensitive demographic that mixes functionality and lifestyle</li> <li>SKI premium demographic</li> <li>Inbound tourists demographic</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen store openings in prime locations, mainly in China</li> <li>Realize a scale of 100 stores (including franchises) in Asia</li> </ul>
B	Although the area has a long history and brand recognition, wholesale expansion and retail profitability have yet to be established	Europe	Establishing a brand worldview through directly managed stores - Successful track record is the priority	<ul style="list-style-type: none"> <li>Lifestyle demographic</li> <li>SKI premium demographic</li> </ul>	<ul style="list-style-type: none"> <li>Opening stores in popular major cities</li> <li>Opening stores in resort areas</li> <li>Securing a premium position</li> </ul>
C	An area where retail profitability is yet to be established and absolute brand recognition is a prerequisite for success	North America Southeast Asia	Invest carefully by utilizing local events and cross-channels with EC	<ul style="list-style-type: none"> <li>Lifestyle demographic</li> <li>Outdoor/running demographic</li> </ul>	<ul style="list-style-type: none"> <li>Establish a high-value-added performance position</li> <li>Expand global recognition by opening a store in NYC</li> </ul>

Region	External environment			FY33.3 Net Sales	Directly managed ratio	Market size	Priority
	Macro and market characteristics	Risk Factors	Initiative Policy				
Japan	<ul style="list-style-type: none"> <li>Mature market, declining population</li> <li>Sports and lifestyle-related markets are showing stable growth after the COVID-19 crisis</li> </ul>	<ul style="list-style-type: none"> <li>Market shrinkage</li> <li>Weak yen and inflation reduce purchasing power</li> </ul>	<ul style="list-style-type: none"> <li>Establish a premium sports brand</li> <li>Currently expanding from 4 to 10 to 15 stores</li> </ul>	10,000 million yen	50%	○	◎
China	<ul style="list-style-type: none"> <li>A growing market and the second largest fashion market in the world</li> <li>Demand for sports and lifestyle products is expected to increase</li> </ul>	<ul style="list-style-type: none"> <li>Geopolitical risks</li> <li>Political upheaval will have a major impact on the business environment, laws, regulations, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Established a joint venture with a proven local partner to expand business</li> <li>Increased recruitment of people with experience in China</li> <li>Currently expanding from 1 store in Beijing to 25 to 70 stores</li> </ul>	30,000 million yen	70%	◎	◎
South Korea	<ul style="list-style-type: none"> <li>Market characteristics with drastic ups and downs in trends</li> <li>Entertainment sector leads the world</li> <li>High value-added market is on the rise</li> </ul>	<ul style="list-style-type: none"> <li>Economic impact of the administration</li> <li>Oligopolistic distribution structure</li> </ul>	<ul style="list-style-type: none"> <li>Local partner has plenty of business experience (YOC)</li> <li>History of selling skiwear</li> <li>Issues regarding human resources to run the business</li> </ul>	6,000 million yen	70%	○	◎
Other Asia	<ul style="list-style-type: none"> <li>Growing market, but the market size is small in each country</li> <li>Legal systems, etc. differ from country to country</li> </ul>	<ul style="list-style-type: none"> <li>Currency stability</li> <li>The economies of each country are small and relatively unstable</li> </ul>	<ul style="list-style-type: none"> <li>Currently, business expansion has not yet begun</li> <li>No experience in sales business in the region</li> <li>Currently in the planning stage of training/recruiting personnel to handle the business</li> </ul>	800 million yen	55%	△	△
Europe	<ul style="list-style-type: none"> <li>Mature market</li> <li>Legal systems vary from country to country</li> <li>Advanced ESG initiatives</li> <li>Wholesale networks are important</li> </ul>	<ul style="list-style-type: none"> <li>Complying with environmental laws and regulations</li> <li>Rising energy prices lead to rising operating costs and pressure on profits</li> <li>Wholesale credit management risk</li> </ul>	<ul style="list-style-type: none"> <li>History of mainly selling skiwear</li> <li>Opens one store in Munich</li> <li>Has a local system for business expansion</li> <li>Challenges in human resources to run the business</li> </ul>	2,000 million yen	40%	○	○
North America	<ul style="list-style-type: none"> <li>The United States is the world's largest market and has stable growth</li> <li>The country is vast and e-commerce is very important</li> </ul>	<ul style="list-style-type: none"> <li>Economic impact becomes more serious</li> <li>Trend in high-cost consumption</li> </ul>	<ul style="list-style-type: none"> <li>Opening one store in San Francisco</li> <li>Business expansion system not yet in place</li> <li>Issues regarding human resources to lead the business</li> </ul>	1,200 million yen	50%	○	△

# Goldwin brand store opening plans in each region



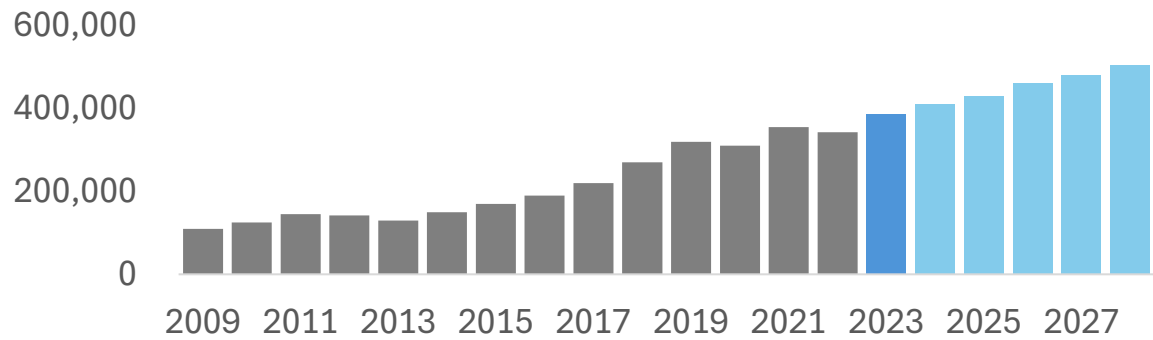
(Note) • The timing of new store openings may change depending on changes in the external environment, etc.  
 • The number of stores includes franchisees.

# Store opening plans in China

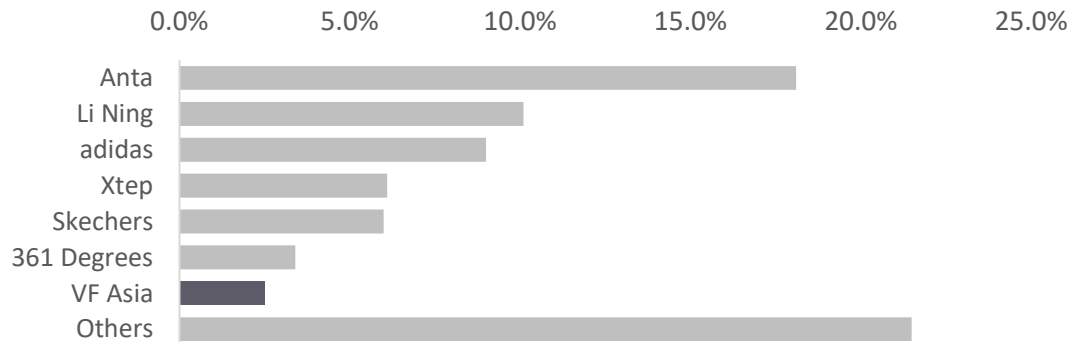


- In the Chinese market, ANTA has launched multiple brands with sales of 100 billion yen each, capturing a market share of approximately 20%.
- With growth expected in both casual and sports and outdoor styles, the company is accelerating new store openings based on the success of its Beijing store.
- Going forward, the company will expand its online business, including on T-mall, and actively invest in digital marketing using social media.

(million RMB) CAGR 6% growth expected

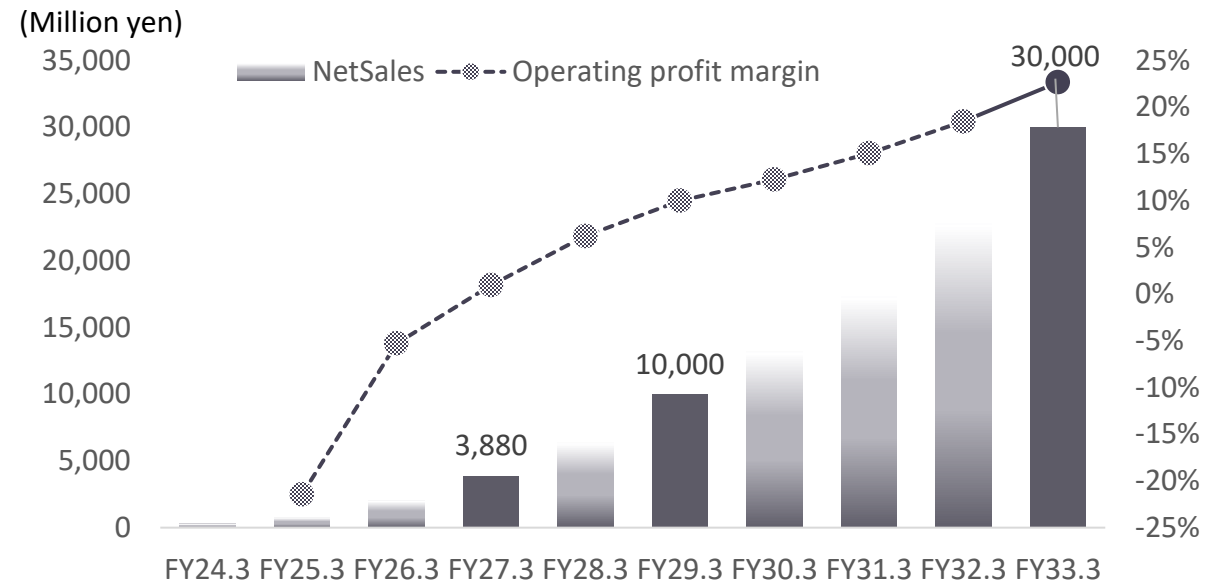


Chinese sportswear market trends



(Source) Euromonitor International

Net Sales and operating profit margin trends

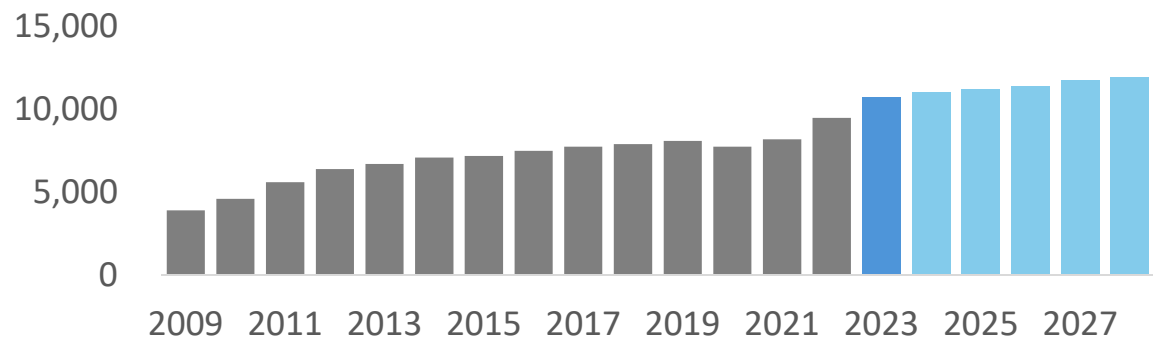


Aim to achieve an operating profit margin of 20% or higher in the early stages and become one of the top premium sports brands

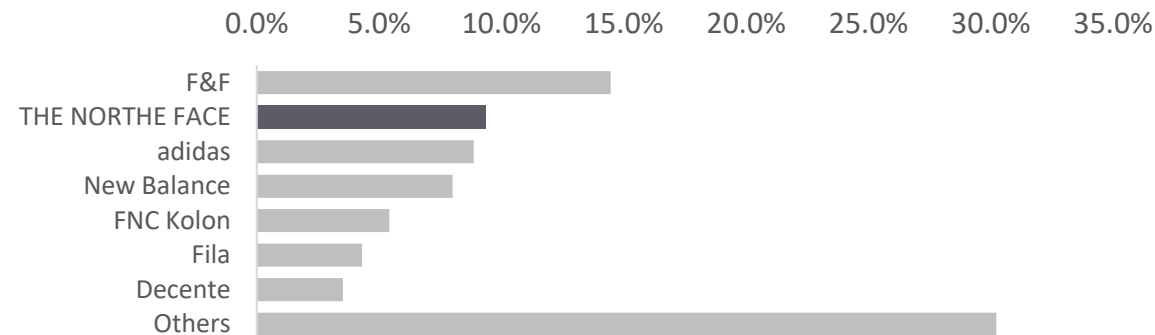


- The Korean market has a high interest in fashion and is one of the world's most trend-conscious cities.
- We have established a joint venture with YOUNGONE Holdings, our long-time partner in THE NORTH FACE, to promote our products through directly managed stores and franchise operations in department stores.

(1 billion KRW) CAGR 2% growth expected

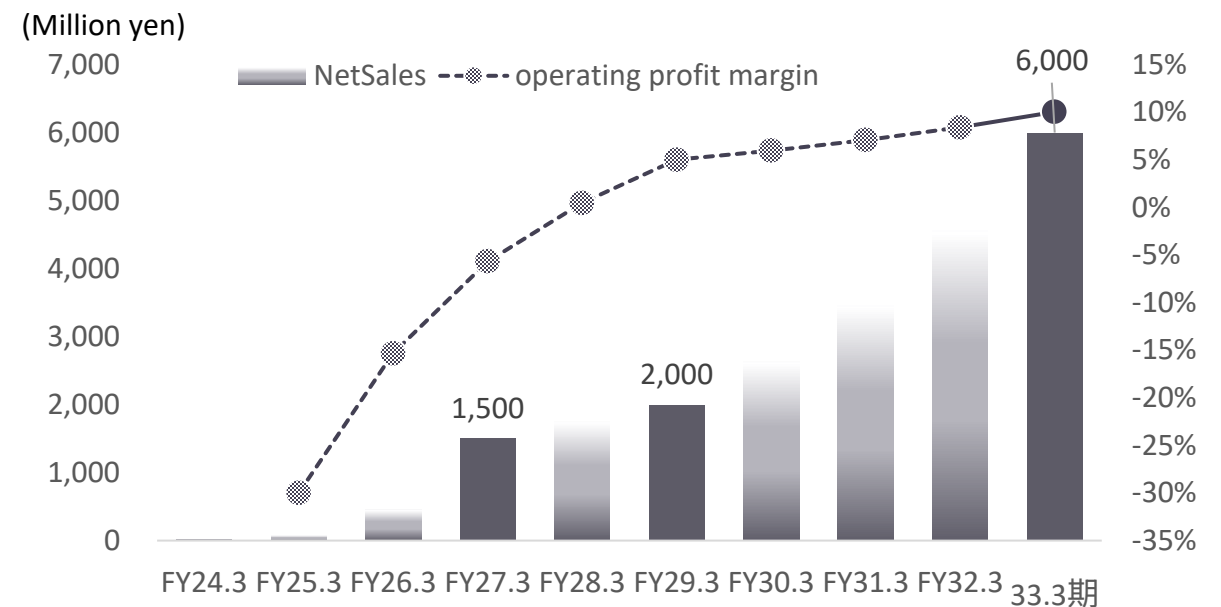


Korean sportswear market trends



(Source) Euromonitor International

Net Sales and operating profit margin trends



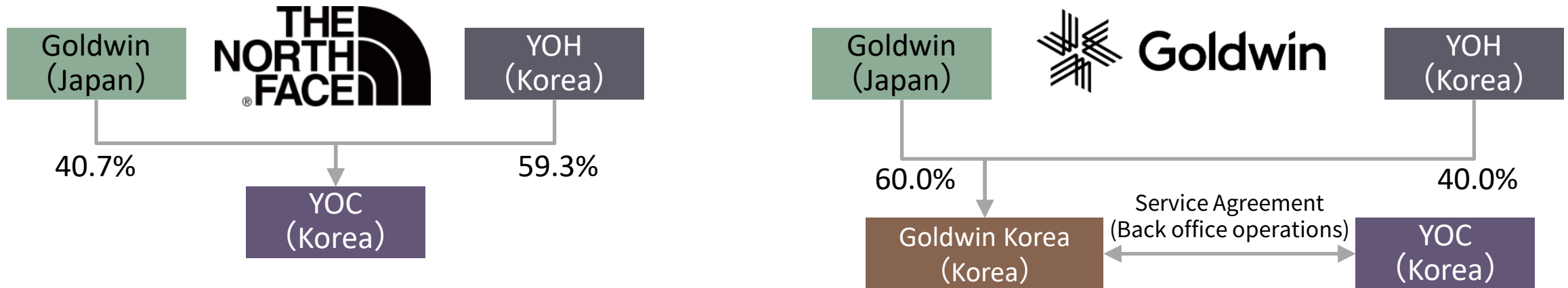
- Utilizing the business infrastructure of the YOUNGONE Group, a long-time partner.
- Cultivating and communicating the brand's worldview through the opening of flagship stores and improving brand presence.
- Focusing on realizing alliances with prominent franchise partners. Promoting store network expansion using the department store SIS model.

Announced the establishment of a joint venture to operate Goldwin brand sales business in South Korea

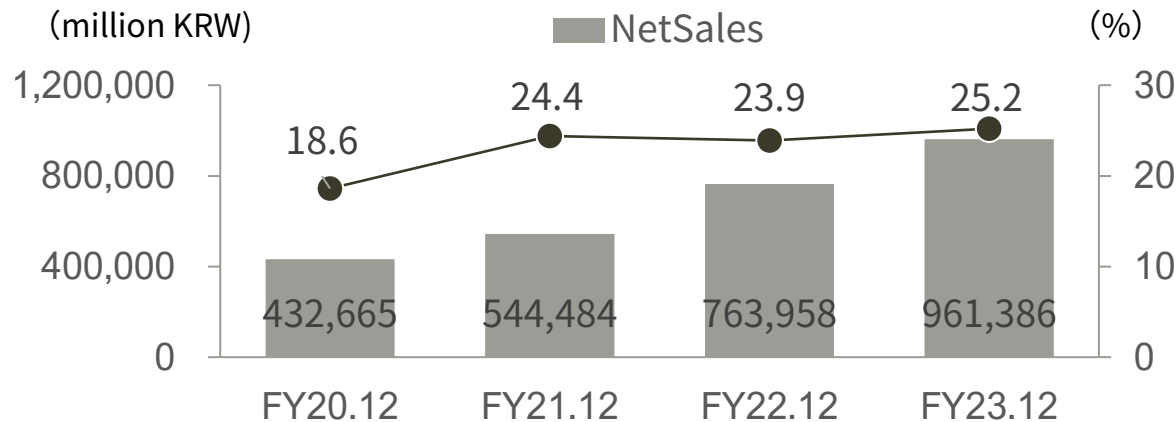


- Because Goldwin is our original brand, we aim to operate the business under our leadership, based on the "Goldwin500" strategy.
- We will pursue a scheme in which we hold a majority stake.

### Comparison of JV schemes in South Korea



### YOUNGONE OUTDOOR Corporation (YOC) earnings trends



### Purpose of establishment

- Agreement made to establish new company based on long-standing partnership with YOUNGONE Group
- Our company will be in charge of manufacturing and marketing, while YOUNGONE Group will be in charge of back office functions



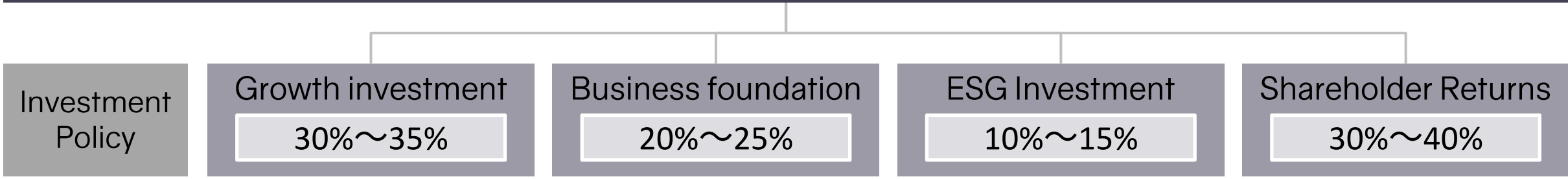
04.

## Cash Allocation

~ Aiming to balance growth investments and shareholder returns ~

- Actively allocate cash to growth areas while taking into account the market environment.
- When making investments, we will maintain capital efficiency while striking a balance with shareholder returns.

**Generate operating cash flow** 120 billion to 130 billion yen



**Future growth prospects**

- |   |   |  |  |
|---|---|--|--|
| <ul style="list-style-type: none"> <li>■ Goldwin 500 (base development, store openings, marketing expenses, supply chain construction, human resource investment)</li> <li>■ TNF growth strategy (shoe development expenses, strengthening brand promotion)</li> <li>■ Investment in new businesses and collaborative businesses</li> </ul> | <ul style="list-style-type: none"> <li>■ Renewal of core systems and efficiency through digital transformation</li> <li>■ Investment in experience business (development of PLAY EARTH PARK, etc.)</li> <li>■ Renewal of membership system</li> <li>■ Strengthening R&amp;D capabilities, material development</li> </ul> | <ul style="list-style-type: none"> <li>■ Environmental protection and conservation activities</li> <li>■ Promotion of a recycling-oriented society (resale, repair)</li> </ul> | <ul style="list-style-type: none"> <li>■ Dividends</li> <li>■ Share repurchases</li> </ul> |
|---|---|--|--|

### Key KPIs

**Capital Efficiency**

ROE

20.0% or more

**Shareholder Returns**

Dividend	Share buybacks
DOE 6% or more	Total return ratio target 40%

**Financial Discipline**

D/E ratio

0.3 times or less

### Basic capital policy

**Capital Efficiency**

- Sustainable growth of THE NORTH FACE
- Accelerate expansion into overseas growth markets
- Review of brand portfolio
- Improve customer satisfaction through membership programs
- Management with awareness of capital costs

**Shareholder Returns**

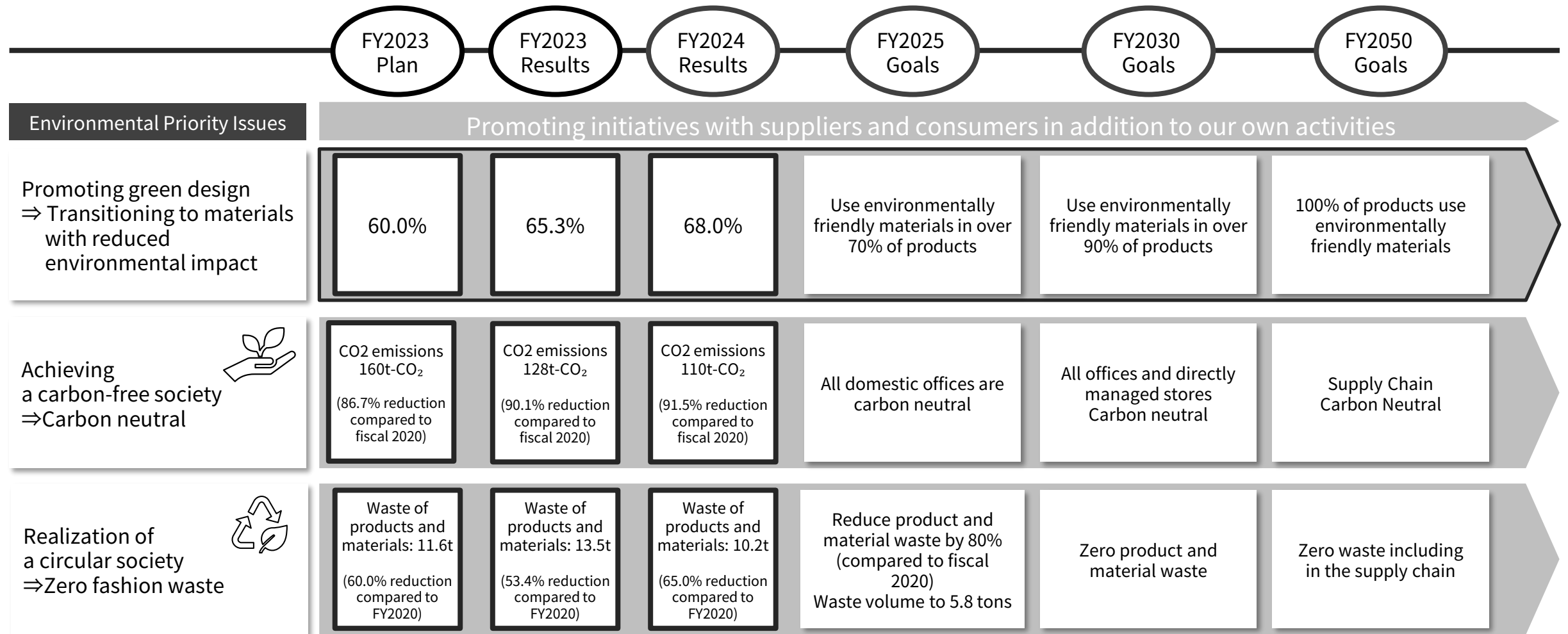
- Adopt DOE as a dividend indicator, aiming for continuous stable dividends
- Consider flexible share buybacks and effective use of treasury stock

**Financial Discipline**

- Review and implement investment and return opportunities while maintaining a sound financial base

ROE							
	Increase in sales		Improve sales efficiency			Optimizing capital structure	
Improvement Driver	Increase in self-managed sales ratio	Increase overseas sales ratio	Cost Control	Decreasing sales loss rate	Inventory balance control	Shareholder Returns	Control of interest-bearing debt
KPI	Self-managed sales ratio	Overseas sales ratio	SG&A expenses to sales ratio	Sales loss rate	Inventory Balance	DOE Total return ratio	D/E ratio
FY24.3	56%	4.7%	34.1%	1.5%	18.2 billion yen	8.4% 40.7%	0.01 times
FY29.3	60%	10%	32~37%	1.5%	23 to 27 billion yen	6% or more 40% guideline	0.3 times or less
Policy	Aim for a self-managed sales ratio of 60% in the final year of the medium-term plan	Aiming for overseas sales ratio of 10% in the final year of the medium-term management plan	Maintain the 30% range while continuing to invest in growth	Aim to maintain current levels during the medium-term management plan period	Limiting order volume and thoroughly managing inventory flow during the season	Aim for DOE of 6% or more during the mid-term plan Flexible share buybacks with a target total return ratio of 40%	Maintain financial discipline

# Appendix



July 3, 2024 (Wed) 13:00 - 15:00

IR Day (Medium-term management plan briefing) (FY2025-FY2029)
New KPIs for numerical targets and key measures
Global expansion of Goldwin500
THE NORTH FACE's market expansion
PLAY EARTH 2030 Initiative
Creating new value through Sustainability Transformation (SX)
Cache Allocation Redesign
New shareholder return policy

During the silent period, we will be accepting individual interviews until mid-July, limited to the contents of our medium-term management plan.

Tuesday, August 6, 2024 15:00

Announcement of first quarter financial results for the fiscal year ending March 2025 Scheduled to be disclosed at 3 p.m.
First quarter financial results and full-year outlook
There are no plans to hold a financial results briefing.

We accept small meetings and individual interviews hosted by securities companies.

Thursday, November 7, 2024 11:00 - 12:00

Announcement of second quarter financial results for the fiscal year ending March 2025 Scheduled to be disclosed at 10:00
Second quarter financial results and full-year outlook
The meeting will be held at the head office, just like the current medium-term management plan briefing.

We accept small meetings and individual interviews hosted by securities companies.