First Quarter of the Fiscal Year Ending March 2025
Financial Results Presentation Materials

August 6, 2024

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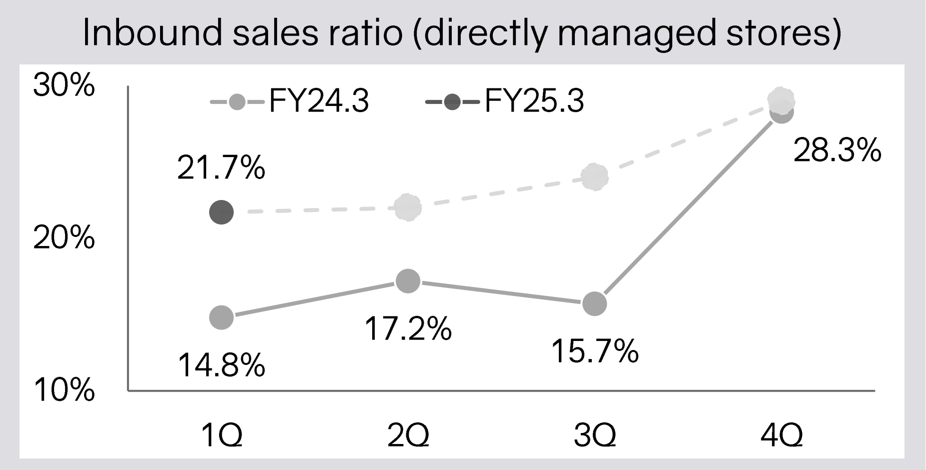
In the first quarter, inbound demand was boosted, expenses were delayed and the South Korean YOC sales performed well, leading to a revision in the first half forecast below operating profit.

Capture Inbound demand

- Inbound sales ratio in the first quarter was 21.7%
- By country, sales were steady in Mainland China, Taiwan, South Korea, and the United States, with sales of standard items such as rain jackets growing.
- Since the Chinese New Year, the number of customers from Mainland China has continued to increase, with the average customer spending remaining at around 60,000 yen.



(Note) The inbound sales ratio from 2Q of FY25.3 onwards is an expected value.

Reduction in Headquarters relocation costs

- The one-time expense of J-ESOP (stock benefit trust) was recorded at 600 million yen as expected at the beginning of the period and the headquarters relocation cost was reduced from the initial forecast of 900 million yen to 500 million yen due to the cost of restoring the old headquarters to its original state and the reduction of the rent burden for the old headquarters.
- Personnel expenses increased by 700 million yen year on year. Although some advertising expenses have not been spent in the first quarter, they are scheduled to be spent from the third quarter onwards, so there will be no revision to the full-year forecast.

Contribution of equity earnings from South Korean YOC

- Promotional measures, such as the appointment of ambassadors popular with Generation Z have been successful and sales have exceeded initial forecasts and grown by double digits.
- Stable supply chain operation ensures timely product supply to stores
- As a result of equity earnings exceeding the initial plan, net income increased by 9.4%

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I. First quarter results for the fiscal year ending March 2025

~ Sales remained steady and relocation cost burdens decreased.
Headquarters relocation costs (full year) have decreased from the initial forecast of 900 million yen to 500 million yen~

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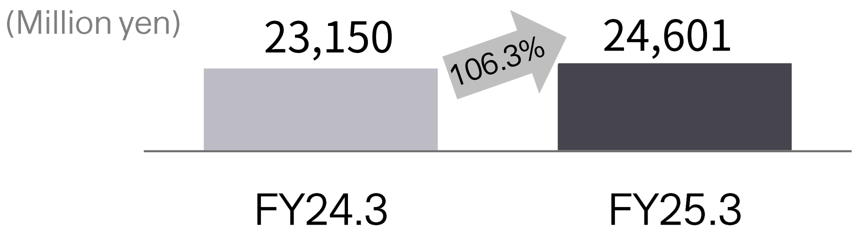
Key Points of the First Quarter Financial Results

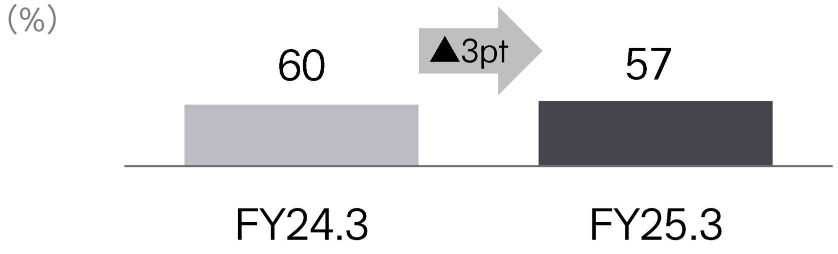
First quarter results: Major KPIs such as sales, sales by channel, and inventory are generally in line with plans

Net sale



- Sales were driven by brands such as THE NORTH FACE, Goldwin, and NEUTRALWORKS. In addition, sales of Speedo swimwear products made from functional materials that are suitable for the hot summer weather were strong.
- The focus categories of kids' and shoes products in the medium-term management plan are also performing well.

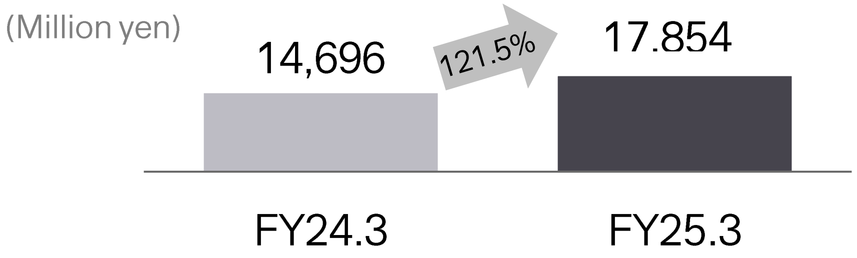
Self-managed sales ratio



As demand for going out increases, sales at brick-and-mortar stores grow by double digits.
Maintain a well-balanced sales structure with wholesalers and EC.

- Self-managed sales ratio is 57%, progress in line with the medium-term management plan.
- By channel, sales at directly managed stores and other brick-and-mortar stores of wholesalers grew by double digits.
- Wholesalers such as department stores and select shops are performing well.
- EC sales were 104.8% compared to the same period last year and the EC sales ratio was 12.9%.

Inventory



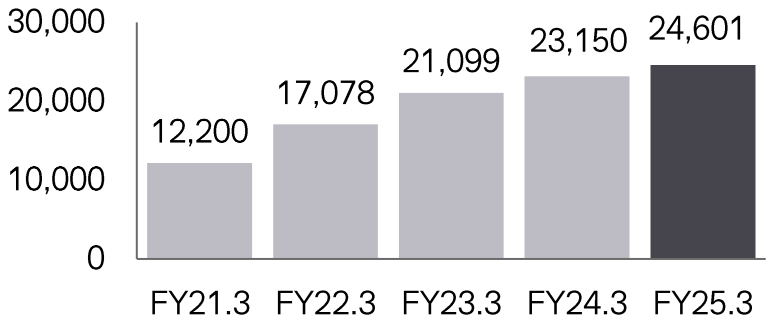
Inventory balance remains within the initial forecast range.

- Inventory balance increased by 3.1 billion yen, 121.5% year on year. The trend is generally in line with expectations, as the Kanto logistics base continues to operate stably.
- Although there will be some increase in inventory of outdoor gear, most of the items are staples, and the plan is to continue selling them in the next fiscal year and beyond.

Results for the first quarter of the fiscal year ending March 2025 (Million yen)

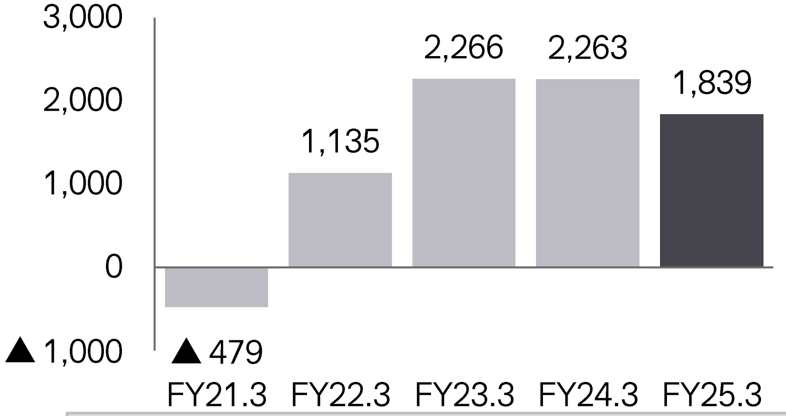
	Net sale	Gross profit	Operating income	Ordinary income	Net income
Result	24,601	12,433	1,839	4,258	3,660
Year-on-year	106.3%	106.2%	81.2%	102.1%	109.4%
Sales composition ratio ( ) is the previous term's results	–	50.5% (50.6%)	7.5% (9.8%)	17.3% (18.0%)	14.9% (14.5%)

Net sale (Million yen)



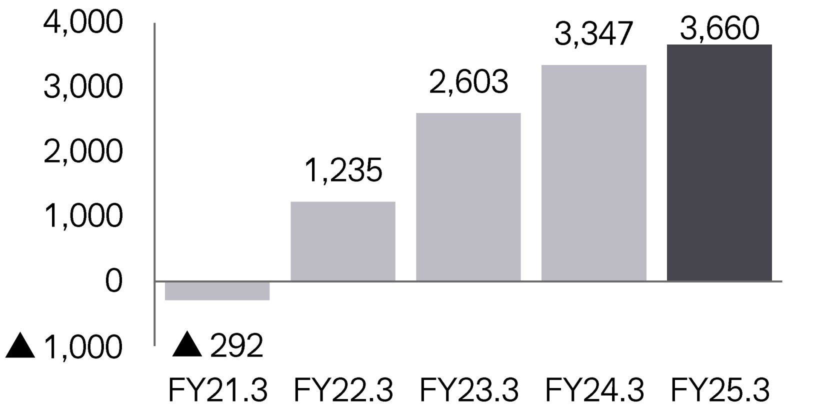
Progressing generally as planned
Led by major brands such as
THE NORTH FACE

Operating income (Million yen)



Progress exceeded initial forecasts
due in part to delays in expense execution

Net income (Million yen)



Exceeded the plan due to the contribution
to equity income from YOUNGONE
OUTDOOR Corporation in South Korea

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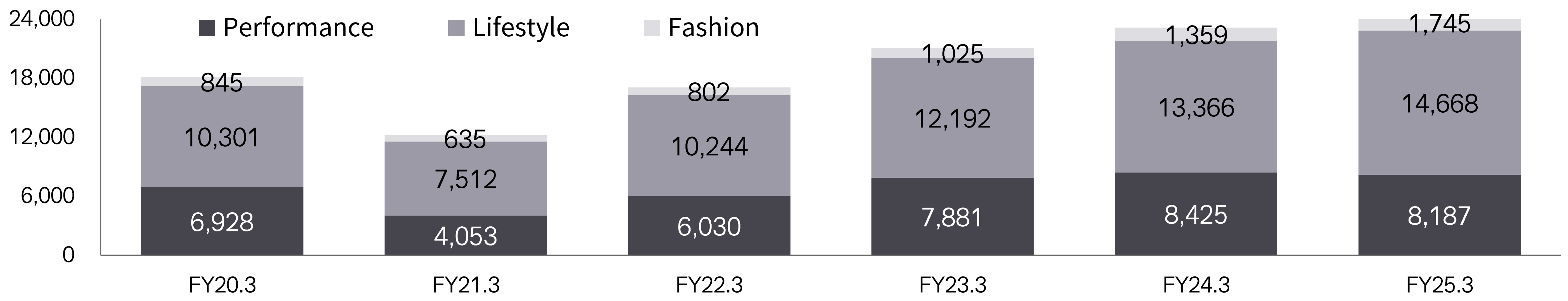
Sales by business segment (Million yen)

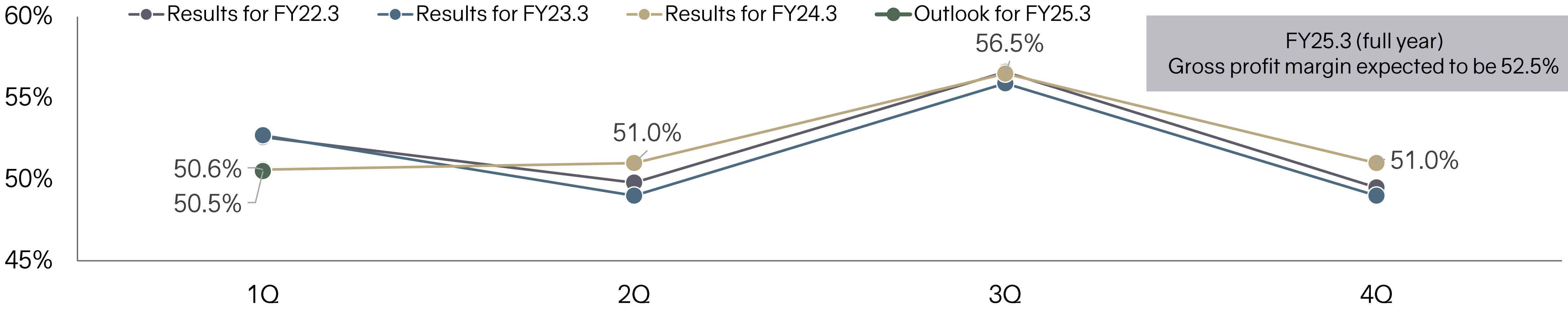
	Performance 1Q Results	Performance Full-year outlook	Lifestyle 1Q Results	Lifestyle Full-year outlook	Fashion 1Q Results	Fashion Full-year outlook
Result	8,187	41,000	14,668	81,000	1,745	11,200
Year-on-year	97.2%	98.0%	109.7%	109.2%	128.4%	102.6%
Compared to the same period last year	▲237	▲820	+1,302	+6,826	+386	+289
Sales composition ratio	33.3%	30.8%	59.6%	60.8%	7.1%	8.4%
	The special demand from the Rugby World Cup faded and the camping boom subsided, but the demand for running offset it, resulting in results in line with the initial forecast.		Increased demand for going out and steady sales of everyday wear made from functional materials, progressing as planned		Achieved significant progress ahead of schedule, with inbound customers acquired as planned	

(Million yen)



Gross Profit Margin Initiatives

The initial forecast was set at 52.5%. Although progress in the first quarter will be on par with the same period last year, the plan is to make a comeback from the third quarter onwards.



FY25.3 (full year)
Gross profit margin expected to be 52.5%

	1Q	2Q	3Q	4Q	full year
Results for FY22.3	52.6%	49.8%	56.6%	49.5%	52.7%
Results for FY23.3	52.7%	49.0%	55.9%	49.0%	52.2%
Results for FY24.3	50.6%	51.0%	56.3%	51.8%	52.9%
Outlook for FY25.3	50.5%	→			E 52.5%

Current situation

In the spring/summer season, gross profit margins were slightly below the initial forecast due to the impact of the weak yen and the short sales period for spring products.

Future outlook

In the autumn/winter season, we aim to secure a high gross profit margin by increasing the regular sales rate and promoting sales ahead of the season.

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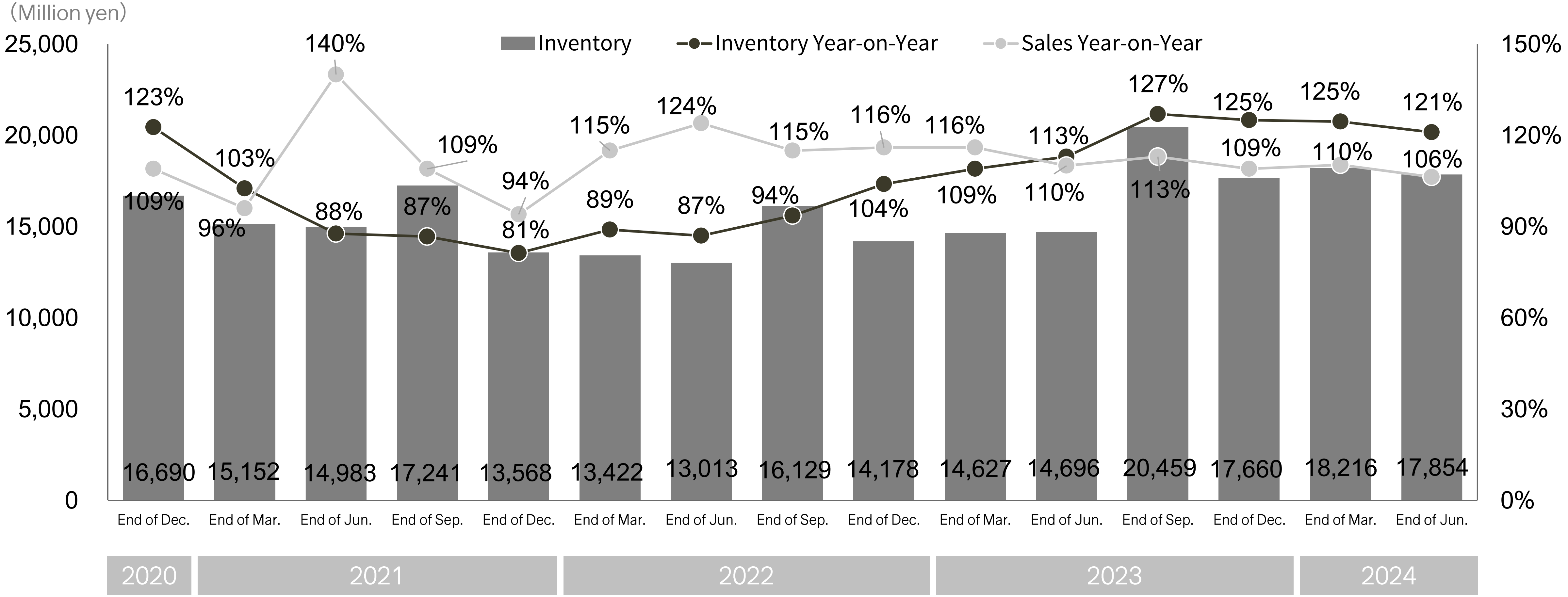
Changes in inventory balance

Inventory balance at the end of June 2024 is 121% higher than the same period last year. The main factors behind the increase in inventory are the early shipment of seasonal products and stable operation of logistics in the Kanto region.

Quarterly inventory balance



(Note) Inventories are the total balance of merchandise and finished products, work in progress, raw materials and supplies.

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In line with the medium-term vision "Goldwin500," the company plans to prioritize opening new stores in Mainland China.

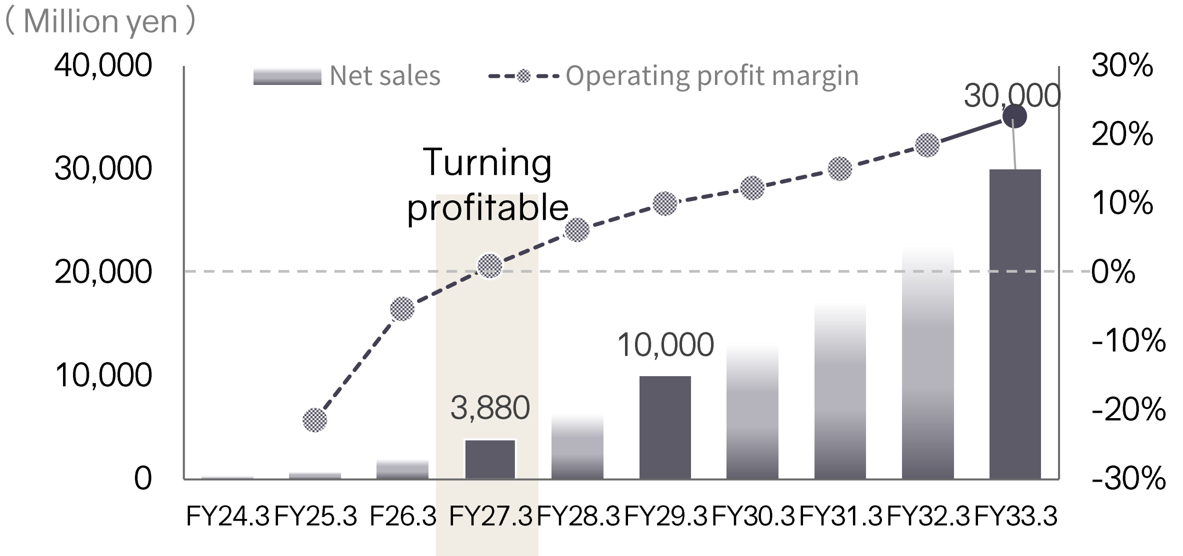
Progress

- "Goldwin Chengdu" opens in Chengdu, Mainland China on August 2nd.
- Chengdu, a first-class city, is known as an economic city due to the development of manufacturing. Its population is in the top 10 in Mainland China.
- The directly managed store will be located in the central city area of Chengdu, and Goldwin plans to expand its directly managed stores by leveraging its strength in the "actual demand-based business model," and to strengthen its presence in Mainland China by expanding the area where the stores are located.

Plan

- The third store is scheduled to open in Shanghai in September 2024.
- Aiming to expand sales in Greater China to 30 billion yen and 70 stores by the fiscal year ending March 2033.
- The establishment of the JV will accelerate the development of a combined business with directly managed stores, wholesalers, online stores, and franchise stores.
- As a strategy to acquire new customers, the company plans to integrate its directly managed stores with online businesses such as T-mall to attract young customers.

Sales and operating profit margin trends



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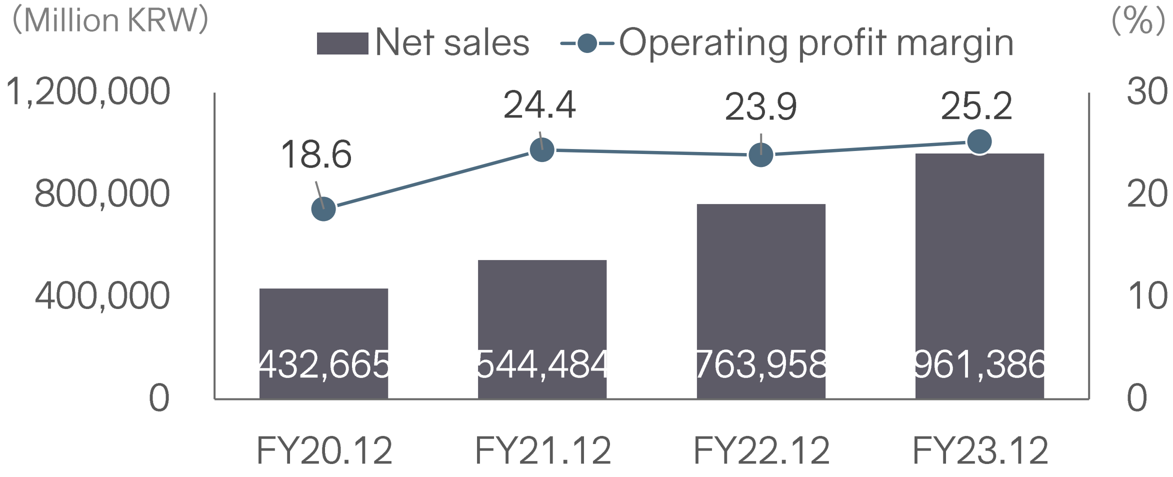
South Korea (YOUNGONE OUTDOOR Corporation) business progress

Strong performance. Sales maintained double-digit growth due to an increase in best-selling products, the effect of SNS, and increased inbound demand.

Progress

- Stable product procurement reduces opportunity losses for popular products and continues to boost sales.
- By disseminating information through its ambassadors, the brand has maintained an overwhelming lead in the outdoor brand rankings in South Korea, with a lead of more than double that of the second-place brand.
- Sales continue to reach new records as new Generation Z customers are acquired and as a result of the synergistic effect of inbound demand.

Sales and operating profit margin trends



Initiatives

- THE NORTH FACE has been ranked number one in South Korea's National Brand Competitiveness Index for 17 consecutive years.
- Providing uniforms to the Sports Climbing national team athletes.

Popular item

ICE RUN JACKET

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Stabilizing the supply chain and successfully implementing promotions to attract new customers

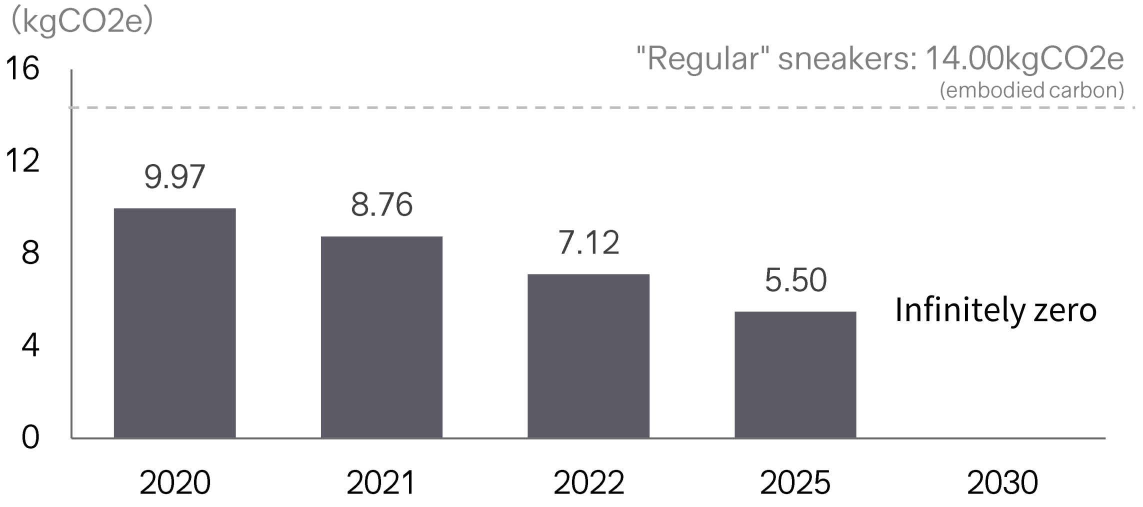
Progress

- In June, start of Allbirds' domestic sales business.
- Our company will take over the operation of the three existing stores (Harajuku, Marunouchi, Osaka) and the online store.
- The brand is a lifestyle brand that combines comfort, sustainability and simple design.
- Consider rolling out some products in existing stores.

Plan

- Expected to be a leading brand in the footwear category of the company's strengthening area.

Average Carbon Footprint Usage Goal



Simple design

Confidence in comfort

Consideration for nature

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II. First half forecast revision for the fiscal year ending March 2025

～ Sales trends are generally in line with the initial forecast
Profits revised to increase due to cost reductions after
careful review of selling, general and administrative expenses～

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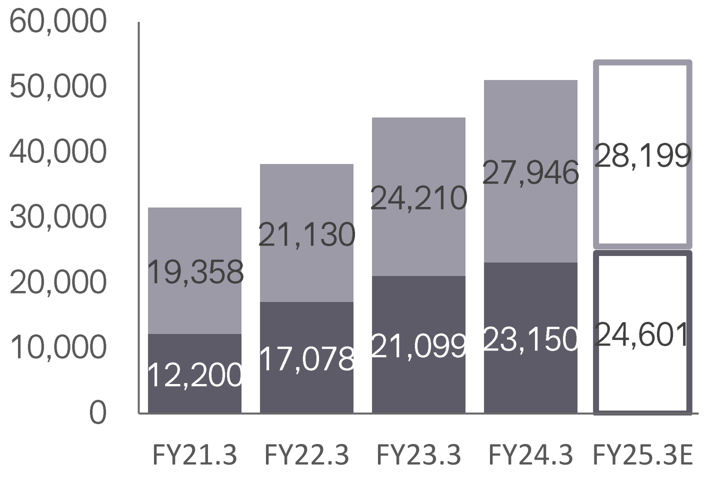
March 2025 2nd Quarter Outlook (Million yen)

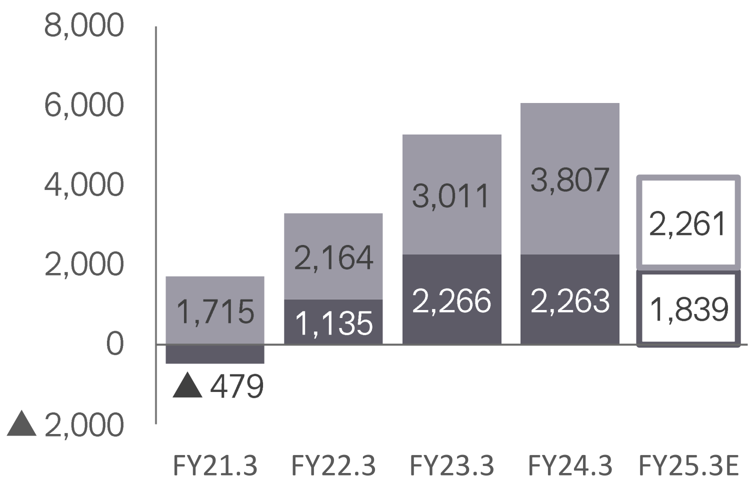
(Note) The figures on the left are initial forecasts, and the figures on the right are revised forecasts

	Net sales	Operating income		Ordinary income		Net income	
Outlook	52,800	2,300	4,100	5,600	8,000	4,900	6,600
Year-on-year	103.3%	37.9%	67.5%	61.0%	87.1%	66.9%	90.1%

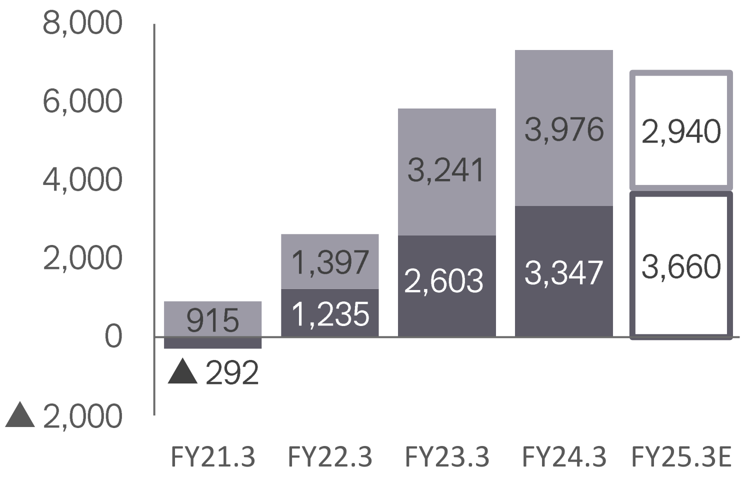
Net sales (Million yen)



Operating income (Million yen)



Net income (Million yen)



III. Full-year forecast for fiscal year ending March 2025

～While closely examining the execution of selling, general and administrative expenses, the company will implement measures for THE NORTH FACE and Goldwin brand in line with the medium-term management plan～

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Assumptions for financial results for the fiscal year ending March 2025

	Assumptions for financial results for the fiscal year ending March 2025	Disclosed on May 14th Fotrhcoming outlook	Disclosed on August 6th Forecast based on first quarter financial results
Net sales	Capturing inbound demand, we expect a 5% increase in sales compared to the previous fiscal year.	Strengthening area marketing. Accelerating Asian expansion through Chinese JV.	Progress is in line with initial expectations, full-year outlook remains unchanged.
Gross profit margin	Despite the impact of exchange rates, sales prices have been revised and are expected to remain at the same level as the previous fiscal year.	We will continue to review sales prices from the current situation and expect to increase prices by 0.5 to 1.0 points each term.	1Q gross profit margin as expected at the beginning of the fiscal year. Despite the impact of exchange rates, the full-year forecast remains unchanged from the initial forecast of 52.5%
SG & A Expense	Assuming a one-time increase of 4.5 billion yen in expenses due to J-ESOP and headquarters relocation costs.	SG&A expenses to sales ratio is expected to remain in the mid-30% range from the fiscal year ending March 2026	Among the headquarters relocation expenses, the cost of restoration to the original state, rent for the old headquarters, etc., was reduced from the initial forecast of 900 million yen to 500 million yen.
Capital investment	Approximately 1.5 billion yen to be spent on renovating existing stores, and the renewal of the core system is scheduled to start in April 2026.	Capital investment for the construction of PLAY EARTH PARK is expected to begin in the fiscal year ending March 2026.	No change to initial outlook for investment plans for core systems, etc.
Korea equity interest	Equity profit of 8 billion yen is expected, the same as the previous fiscal year.	Inbound demand from Mainland China continues, and revenue and profits are expected to continue to increase.	Although the results are exceeding initial expectations, there is no change to the full-year forecast.

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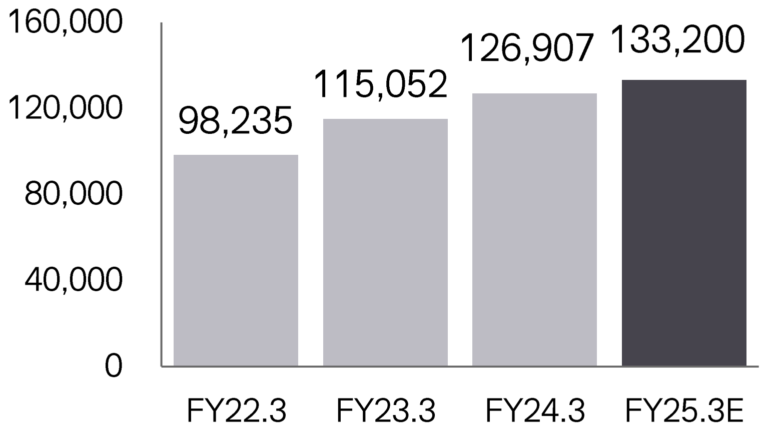
(No change) Summary of full-year financial forecast for fiscal year ending March 2025

Due to temporary expenses and increased expenses related to J-ESOP and headquarters relocation, revenue is expected to increase but profits will decrease in FY25.3.

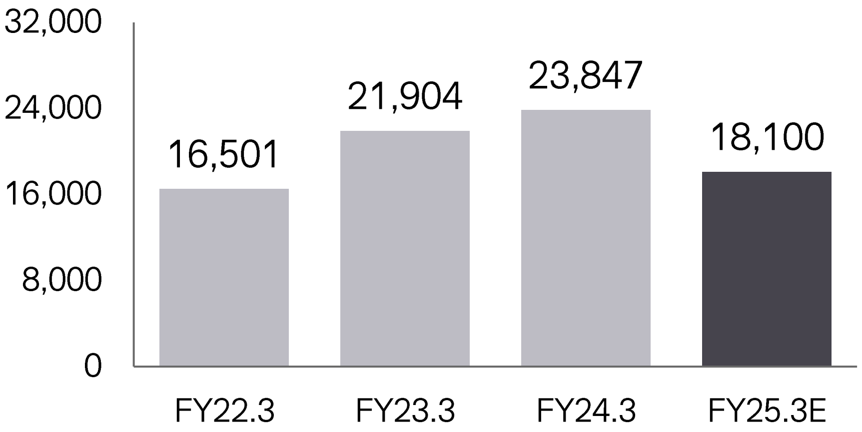
Financial forecast for the fiscal year ending March 2025 (Million yen)

	Net sales	Operating income	Ordinary income	Net income
Plan	133,200	18,100	25,900	21,000
Year-on-year	105.0%	75.9%	79.4%	86.5%
Sales Composition ratio	—	13.6%	19.4%	15.8%

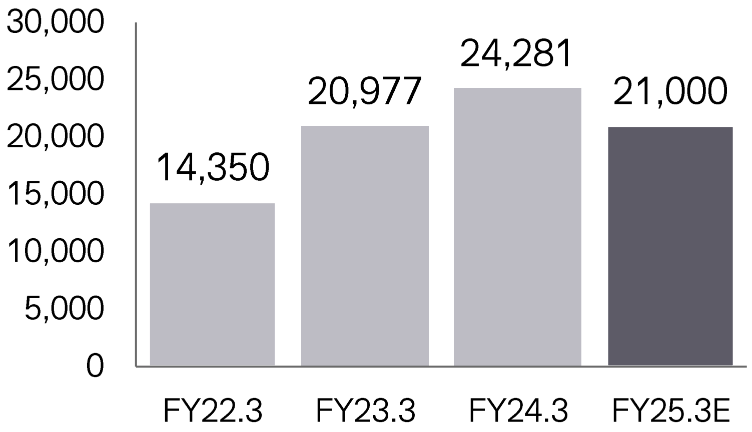
Net sales (Million yen)



Operating income (Million yen)



Net income (Million yen)

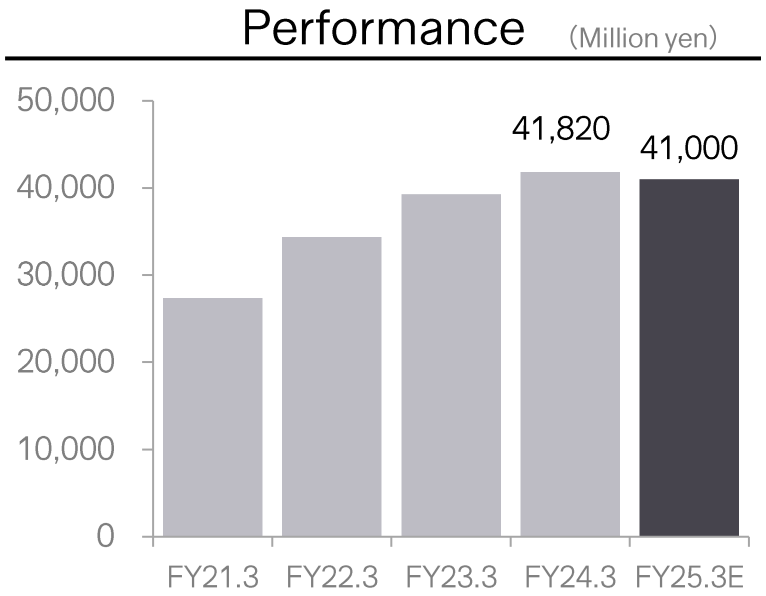


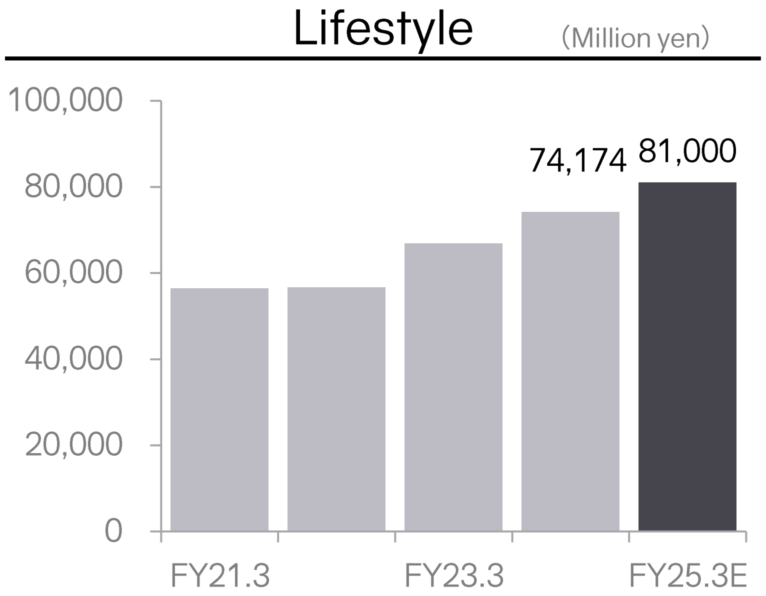
(No change) Outlook by business segment

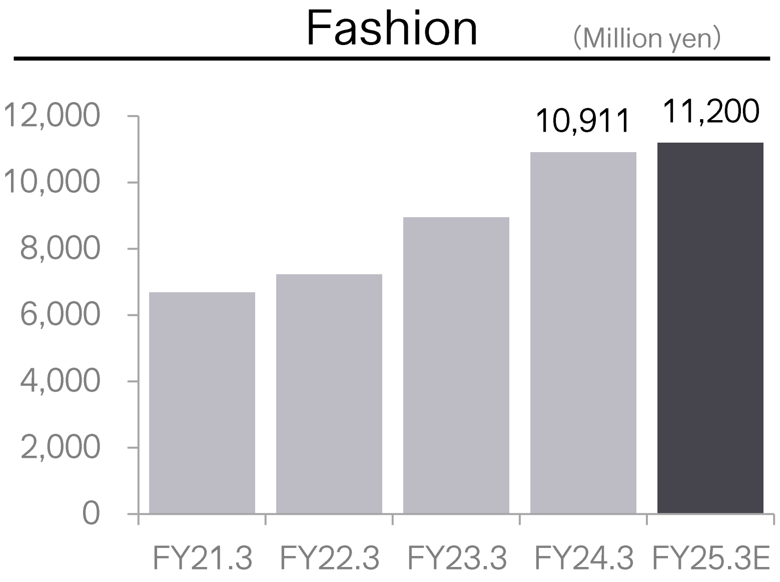
Further improve quality in the performance area and develop new customer segments in lifestyle and fashion.

Sales by business segment (Million yen)

	Performance	Lifestyle	Fashion
Outlook	41,000	81,000	11,200
Year-on-year	98.0%	109.2%	102.6%
Sales composition ratio	30.8%	60.8%	8.4%







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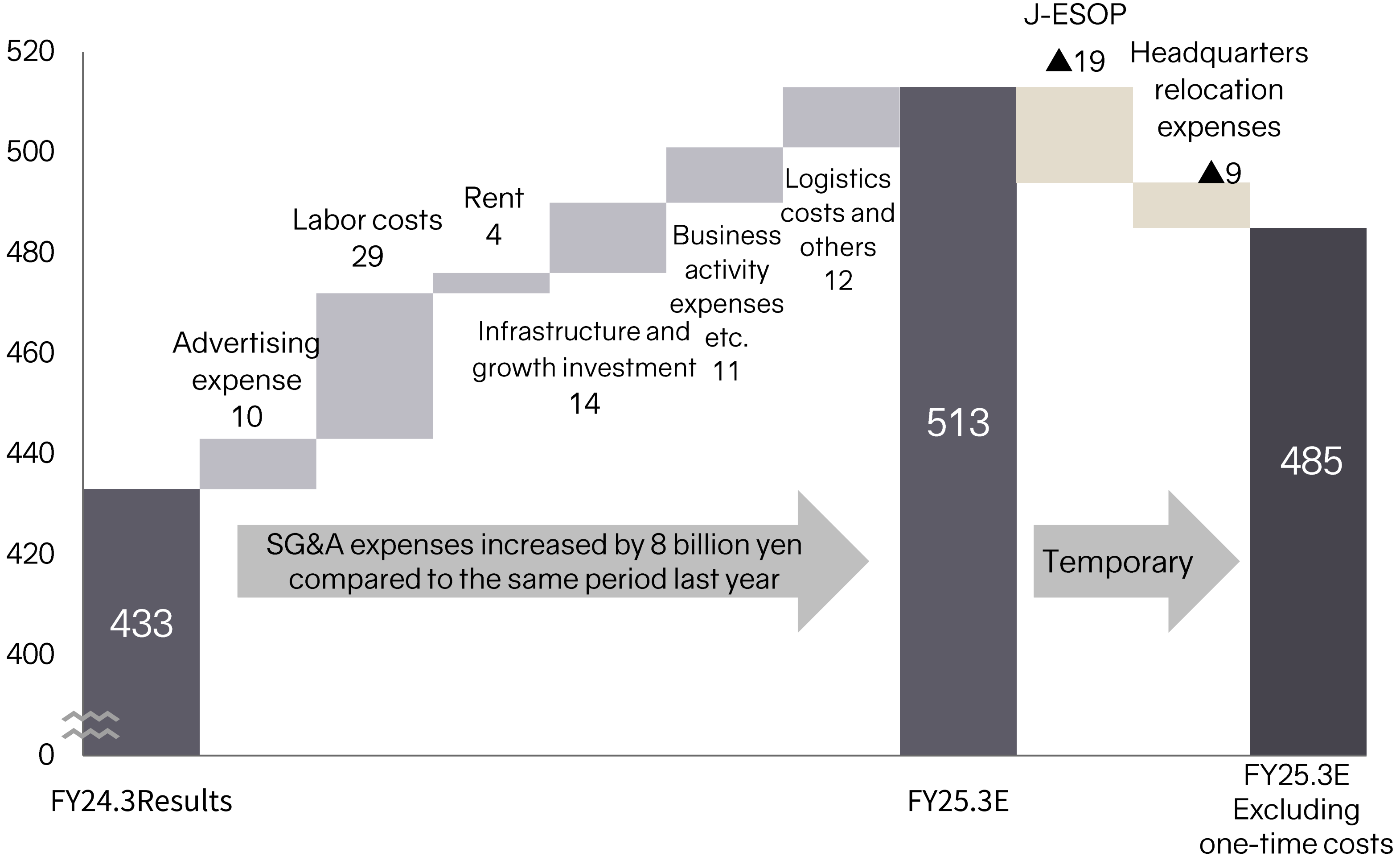
One-time expenses will be recorded until FY25.3 and the following items are not expected to be recorded from FY26.3 onwards.

Analysis of factors behind changes in SG & A Expense (100 Million Yen)



progress

Advertising expense

Despite delays in membership programs and other initiatives, full-year outlook remains unchanged.

Labor costs

1Q personnel expenses increased by 700 million yen compared to the same period last year.
(1Q J-ESOP recorded 600 million yen, Full-year personnel expenses of 2.8 billion yen are in line)

J-ESOP

1Q J-ESOP recorded 600 million yen.
(J-ESOP recorded from 2Q in FY24.3)

Headquarters relocation expenses

Although the initial forecast was for 900 million yen, no restoration costs were incurred, and the full-year forecast was revised to 500 million yen (a reduction of 400 million yen).

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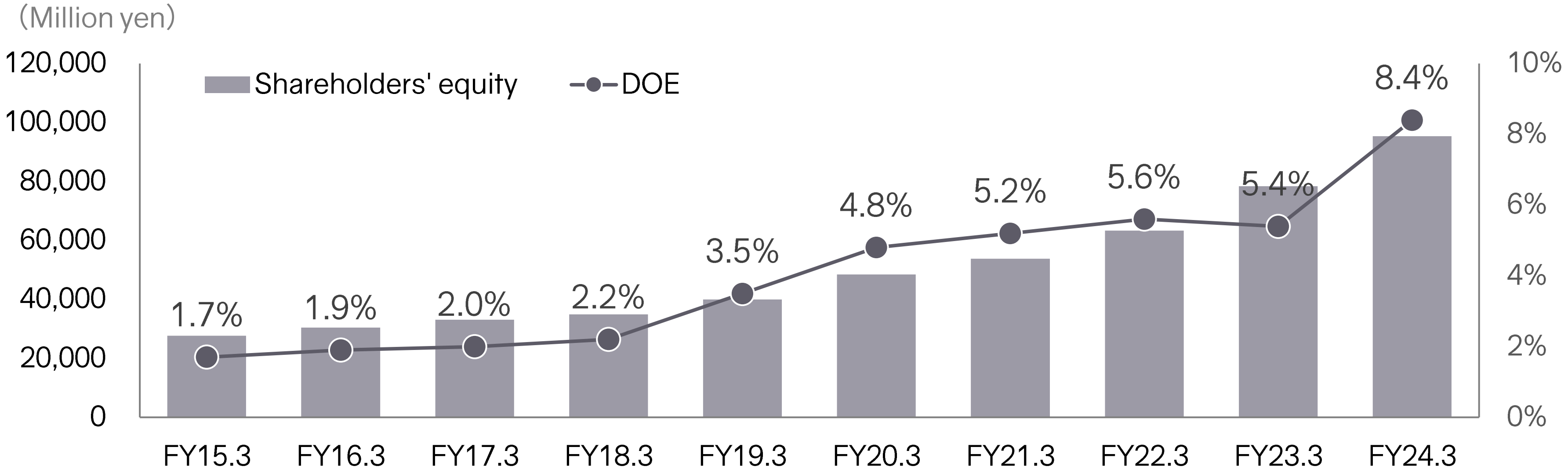
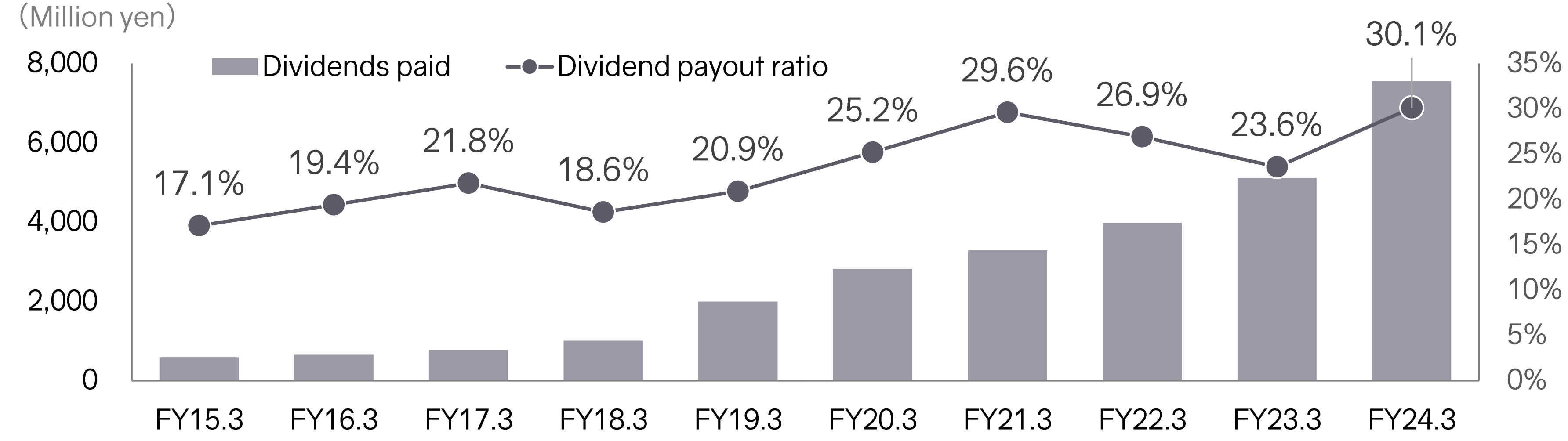
In order to continue stable dividends while making growth investments and business foundation investments, we have adopted DOE, which is less susceptible to fluctuations in net income.



KPIs from FY2025

In addition to a total return ratio of 40% in the medium-term management plan, a new target of DOE (dividend on equity) has been set.
KPI is ""6% or more.



Dividends

FY25.3: Annual dividend per share is 163 yen.
Interim dividend is 40 yen,
Final dividend is 123 yen,
Dividend payout ratio is 35.0%

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First quarter sales were 106.3% compared to the same period last year, maintaining a steady trend

- Although there was some impact from the subdued demand for camping, sales remained solid, mainly for THE NORTH FACE, due to the tailwind of inbound demand and the provision of functional material products in line with the season.

Regarding the second quarter forecast, operating profit and other profits have been revised.

- Sales are generally stable and in line with the initial forecast.
- After carefully examining selling, general and administrative expenses, we revised the forecast for operating profit and other profits to increase due to the effect of cost reduction.
- The full-year forecast will be announced after assessing sales trends for the autumn/winter season from the third quarter onward.

Strengthening efforts to improve gross profit margin

- For autumn/winter products, we will raise prices by about 10% for about 30% of items, maintain inventory at an appropriate level, curb excessive discount sales, and improve production efficiency in order to improve gross profit margins.

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1Q (Million yen)

Accounting period	FY22.3	FY23.3	FY24.3	FY25.3	Year-on-year
Net sales	17,078	21,099	23,150	24,601	106.3%
Gross profit	8,986	11,122	11,710	12,433	106.2%
%	52.6%	52.7%	50.6%	50.5%	▲0.1pt
SG&A expenses	7,851	8,855	9,446	10,594	112.2%
%	46.0%	42.0%	40.8%	43.1%	2.3pt
Operating income	1,135	2,266	2,263	1,839	81.2%
%	6.6%	10.7%	9.8%	7.5%	▲2.3pt
Ordinary income	1,696	3,368	4,172	4,258	102.1%
%	9.9%	16.0%	18.0%	17.3%	▲0.7pt
Net income	1,235	2,603	3,347	3,660	109.4%
%	7.2%	12.3%	14.5%	14.9%	0.4pt

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THE NORTH FACE's growth	Disclosed performance targets for the first time in a medium-term management plan, and disclosed initiatives with actual results

- The company is implementing a CORE&MORE strategy that applies the technology and product development know-how it has cultivated in performance to the lifestyle market.
- There is no change to the policy of increasing awareness of the company as a premium sports brand, setting fair prices commensurate with the added value of its products, and enhancing both product and brand value.

Goldwin's overseas expansion	Disclose performance targets for "50 billion yen in sales in 10 years" divided by area

- The Goldwin brand is a fusion of high-performance product development capabilities and fashion, has established the unique positioning we are aiming for. With the tailwind of inbound demand, inbound sales from Asia, mainly Mainland China are increasing and the number of fashion-conscious customers in Japan is also increasing.

Shareholder Returns	Changed KPI from "Dividend payout ratio 30% or more" to "DOE 6% or more"

- In the medium-term management plan, the company disclosed that the KPIs are "DOE of 6% or more" and "total return ratio of 40% as a guideline.“ The company plans to prioritize exploration of growth investments and investments in its business foundations, while at the same time considering sustainable shareholder returns and flexible share buybacks.

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Future information disclosure policy in line with the 5-year medium-term management plan

	Disclosure Cycle	Disclosure
1 THE NORTH FACE	2Q、4Q	Apparel and gear sales disclosure
	4Q	Disclosure of sales for kids/baby, shoes, etc.
	4Q	Disclosure of sales forecast for next fiscal year
2 Goldwin	2Q、4Q	Store opening plan progress
	4Q	Disclosure of brand sales and operating profit
	4Q	Disclosure of sales forecast for next fiscal year
3 Cash-alocation	4Q	Disclosure of growth investments, business foundation investments, etc.
	4Q	DOE Outlook Disclosure

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