

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2023	–	25.00	–	85.00	110.00
Year ending March 31, 2024	–	30.00	–		
Year ending March 31, 2024 (Forecast)				85.00	115.00

Note: Revisions to the forecast of cash dividends most recently announced: No

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	123,000	6.9	22,600	3.2	28,200	0.4	21,700	3.4	481.72

Note: Revisions to the forecast of consolidated financial results most recently announced: No

*** Notes**

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2023 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: No
- (ii) Changes in accounting policies due to other reasons: No
- (iii) Changes in accounting estimates: No
- (iv) Restatement of prior period financial statements: No
- (4) Number of issued shares (common shares)

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

As of December 31, 2023	47,448,172 shares
As of March 31, 2023	47,448,172 shares

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

As of December 31, 2023	2,545,490 shares
As of March 31, 2023	2,405,807 shares

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

Nine months ended December 31, 2023	45,081,519 shares
Nine months ended December 31, 2022	45,049,778 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

*** Proper use of financial forecasts, and other special matters**

Descriptions of the above financial forecasts and other data are based on information currently available to the Company and certain assumptions that we consider to be reasonable. Actual financial results may differ significantly from the forecasts for various reasons. Please refer to “1. Qualitative Information on Financial Results for the Period under Review, (3) Explanation of consolidated financial results forecasts and other forward-looking statements” on page 3 of the attached material for the suppositions that form the assumptions for the financial forecasts and cautions regarding the use of the financial forecasts.

Attached Material

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1. Qualitative Information on Financial Results for the Period under Review

(1) Explanation of operating results

During the nine months ended December 31, 2023, the Japanese economy advanced toward the resolution of the COVID-19 pandemic and there was a progression toward the full normalization of socioeconomic activities. In addition, the underlying effect of active inbound tourism demand, mainly from tourists visiting Japan from East Asia, helped to strengthen the recovery trend in personal consumption. On the other hand, there are still concerns about the current situation regarding the weakening of the yen in the foreign exchange market, the prolonged soaring of raw material and energy prices, and the cooling down of consumer confidence due to rising prices.

Under these circumstances, the outstanding performances of Japanese athletes in international sporting events, including the Rugby World Cup 2023 held in September 2023, contributed to increased interest in sports. At the same time, sporting events with citizen participation, especially marathons, which had been cancelled or scaled back due to the COVID-19 pandemic, resumed across the country, leading to a recovery in demand for training along with demand for competitions. As a result, not only the mainstay brand THE NORTH FACE but also other athletic brands performed in line with the forecast at the beginning of the period.

On the other hand, the record-breaking heat wave that continued until around late October resulted in sluggish demand for autumn items. Then, temperatures began to drop around the end of November, and sales of winter items such as down jackets and fleece clothing were strong. However, in December, the weather did not contribute to spurring sales of winter items, as maximum temperatures remained above 20°C in many parts of Japan. Although an impact from a high level of consumer budgetary restraint was also observed, net sales were ¥94,832 million (up 9.3% year on year), supported by firm support for the brand.

Gross profit was ¥50,570 million (up 9.6% year on year). As mentioned above, it wasn't until mid-December onward that sales of down jackets and fleece clothing, and other mainstay items for the autumn-winter season strengthened, which is later than usual. However, the gross profit margin increased 0.1% from the corresponding period of the previous fiscal year to 53.3% due to a 10% revision of selling prices for approximately 30% of the product lineup in response to the impact of high raw material prices and a weaker yen. Selling, general and administrative expenses increased 12.6% year on year, but operating profit rose 5.0% year on year to ¥19,189 million as the expenses were absorbed by the effect of higher sales.

Ordinary profit was ¥23,576 million (up 7.5% year on year), mainly due to the strong performance of the promotion of YOUNGONE OUTDOOR Corporation, an equity-method affiliate, targeting women, especially Generation Z.

Consequently, for the nine months ended December 31, 2023, net sales were ¥94,832 million (up 9.3% year on year), operating profit was ¥19,189 million (up 5.0% year on year), ordinary profit was ¥23,576 million (up 7.5% year on year), and profit attributable to owners of parent was ¥17,574 million (up 8.0% year on year).

(2) Explanation of financial position

Total assets at the end of the period under review amounted to ¥139,591 million, up ¥21,074 million from the end of the previous fiscal year. The main factors were a ¥6,343 million increase in notes and accounts receivable - trade, and contract assets, a ¥5,601 million increase in electronically recorded monetary claims - operating, and a ¥2,844 million increase in merchandise and finished goods.

Total liabilities at the end of the period under review amounted to ¥47,431 million, up ¥8,969 million from the end of the previous fiscal year. The main factors were a ¥7,808 million increase in electronically recorded obligations - operating and a ¥1,149 million increase in provision for share awards.

Total net assets at the end of the period under review amounted to ¥92,160 million, up ¥12,104 million from the end of the previous fiscal year. This was mainly due to a ¥12,224 million increase in retained earnings. As a result, equity ratio was 65.9%.

(3) Explanation of consolidated financial results forecasts and other forward-looking statements

Regarding our full-year consolidated financial results forecasts for the fiscal year ending March 31, 2024, we have made no changes to our full-year consolidated financial results forecasts announced on May 12, 2023.

The 2024 Noto Peninsula Earthquake, which occurred on January 1, 2024, did not cause any damage to facilities or equipment that would impede the continuation of business operations, and the impact of the earthquake on the Company's business results for the current fiscal year is expected to be negligible.

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	35,654	37,464
Notes and accounts receivable - trade, and contract assets	11,999	18,343
Electronically recorded monetary claims - operating	4,302	9,903
Merchandise and finished goods	13,550	16,394
Work in process	352	349
Raw materials and supplies	725	917
Other	2,610	1,905
Allowance for doubtful accounts	(11)	(12)
Total current assets	69,184	85,267
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,160	2,102
Land	4,691	4,691
Other, net	1,991	2,958
Total property, plant and equipment	8,844	9,752
Intangible assets		
Trademark right	1,205	996
Other	2,085	2,183
Total intangible assets	3,290	3,180
Investments and other assets		
Investment securities	28,895	32,884
Guarantee deposits	2,849	2,880
Other	5,589	5,762
Allowance for doubtful accounts	(137)	(137)
Total investments and other assets	37,197	41,391
Total non-current assets	49,332	54,323
Total assets	118,517	139,591

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,116	5,946
Electronically recorded obligations - operating	15,717	23,526
Short-term borrowings	–	620
Current portion of long-term borrowings	940	940
Income taxes payable	3,544	3,366
Provision for bonuses	889	496
Other	7,873	7,786
Total current liabilities	34,082	42,683
Non-current liabilities		
Long-term borrowings	1,645	752
Retirement benefit liability	229	229
Provision for share awards	1,074	2,224
Other	1,429	1,541
Total non-current liabilities	4,378	4,748
Total liabilities	38,461	47,431
Net assets		
Shareholders' equity		
Share capital	7,079	7,079
Capital surplus	297	1,548
Retained earnings	78,129	90,354
Treasury shares	(7,127)	(10,410)
Total shareholders' equity	78,379	88,572
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	728	1,227
Deferred gains or losses on hedges	55	51
Foreign currency translation adjustment	1,855	3,113
Remeasurements of defined benefit plans	(1,105)	(946)
Total accumulated other comprehensive income	1,534	3,446
Non-controlling interests	141	141
Total net assets	80,056	92,160
Total liabilities and net assets	118,517	139,591

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income

Quarterly consolidated statement of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	86,746	94,832
Cost of sales	40,590	44,262
Gross profit	46,156	50,570
Selling, general and administrative expenses	27,874	31,381
Operating profit	18,281	19,189
Non-operating income		
Interest income	8	13
Dividend income	67	85
Share of profit of entities accounted for using equity method	3,513	4,261
Other	177	105
Total non-operating income	3,767	4,465
Non-operating expenses		
Interest expenses	32	27
Loss on sale of notes receivable - trade	4	-
Loss on cancellation of insurance policies	10	-
Other	77	50
Total non-operating expenses	124	78
Ordinary profit	21,924	23,576
Extraordinary income		
Gain on sale of investment securities	5	491
Gain on liquidation of subsidiaries	80	-
Total extraordinary income	85	491
Extraordinary losses		
Loss on disposal of non-current assets	92	21
Loss on valuation of investment securities	-	19
Loss on store closings	7	-
Other	6	-
Total extraordinary losses	106	41
Profit before income taxes	21,903	24,026
Income taxes - current	4,995	6,415
Income taxes - deferred	603	(8)
Total income taxes	5,598	6,407
Profit	16,304	17,619
Profit attributable to non-controlling interests	36	45
Profit attributable to owners of parent	16,268	17,574

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	16,304	17,619
Other comprehensive income		
Valuation difference on available-for-sale securities	236	498
Deferred gains or losses on hedges	(6)	(5)
Foreign currency translation adjustment	293	210
Remeasurements of defined benefit plans, net of tax	123	158
Share of other comprehensive income of entities accounted for using equity method	288	1,048
Total other comprehensive income	936	1,911
Comprehensive income	17,240	19,531
Comprehensive income attributable to:		
Owners of parent	17,204	19,485
Non-controlling interests	36	45

(3) Notes regarding quarterly consolidated financial statements
(Notes regarding assumptions of going concern)

Not applicable.

(Notes on significant changes in the amount of shareholders' equity)

The Company repurchased 220,000 shares of treasury shares in accordance with the resolution of the Board of Directors meeting held on November 7, 2023, resulting in an increase of ¥2,322 million in treasury shares during the third quarter of the current fiscal year.

In addition, the Company disposed of 420,000 shares of treasury shares through a third-party allocation in accordance with a resolution of the Board of Directors meeting held on November 7, 2023, for additional contribution to a stock benefit trust (J-ESOP). As a result, treasury shares increased by ¥1,201 million and capital surplus increased by ¥1,201 million during the third quarter of the current fiscal year.

As a result of the above, in the nine months ended December 31, 2023, capital surplus amounted to ¥1,548 million and treasury shares amounted to ¥10,410 million.

(Segment information, etc.)

[Segment information]

Nine months ended December 31, 2022 (April 1, 2022 to December 31, 2022) and nine months ended December 31, 2023 (April 1, 2023 to December 31, 2023)

This information is omitted because the Group operates a single segment of sporting goods-related business.