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## Consolidated Financial Results for the Year Ended March 31, 2024 [Japanese GAAP]

May 13, 2024

Company name: DESCENTE,LTD.

Stock exchange listing: Tokyo

Code number: 8114

URL: <http://www.descente.co.jp>

Representative: Shuichi Koseki

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President and Representative Director

Senior Managing Executive Officer, CFO

Scheduled date of Annual General Meeting of Shareholders: June 13, 2024

Scheduled date of commencing dividend payments: June 14, 2024

Scheduled date of filing annual securities report: June 13, 2024

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

(Amounts of less than one million yen are rounded down.)

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

#### (1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2024	126,989	5.3	8,740	12.2	15,729	34.8	12,014	13.9
March 31, 2023	120,614	10.8	7,793	51.7	11,664	54.4	10,550	69.4

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥ 16,324 million [ 13.1%]  
Fiscal year ended March 31, 2023: ¥ 14,432 million [ 51.6%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended March 31, 2024	Yen 159.08	Yen -	% 11.3	% 11.1	% 6.9
March 31, 2023	139.74	-	11.3	9.3	6.5

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2024: ¥ 6,381 million  
Fiscal year ended March 31, 2023: ¥ 3,416 million

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of March 31, 2024	Millions of yen 150,304	Millions of yen 113,733	% 75.3	Yen 1,497.53
March 31, 2023	133,562	100,300	74.6	1,319.63

(Reference) Equity: As of March 31, 2024: ¥ 113,116 million  
As of March 31, 2023: ¥ 99,637 million

#### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended March 31, 2024	Millions of yen 7,392	Millions of yen (9,611)	Millions of yen (3,628)	Millions of yen 29,243
March 31, 2023	12,906	(8,013)	(3,963)	34,744

## 2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2023	-	0.00	-	40.00	40.00	3,020	28.6	3.2
March 31, 2024	-	0.00	-	48.00	48.00	3,625	30.2	3.4
Fiscal year ending								
March 31, 2025 (Forecast)	-	0.00	-	50.00	50.00		30.2	

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	130,000	2.4	9,000	3.0	17,000	8.1	12,500	4.0	165.50

### \* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name: )

Exclusion: - (Company name: )

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

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

March 31, 2024: 76,924,176 shares

March 31, 2023: 76,924,176 shares

2) Number of treasury shares at the end of the period:

March 31, 2024: 1,388,780 shares

March 31, 2023: 1,420,092 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2024: 75,525,885 shares

Fiscal Year ended March 31, 2023: 75,496,596 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2024	13,243	34.1	5,838	105.8	6,289	87.6	9,357	191.1
March 31, 2023	9,873	(27.1)	2,836	(19.3)	3,353	(9.5)	3,214	(27.4)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended March 31, 2024	123.90	-
March 31, 2023	42.57	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	39,399	37,459	95.1	495.92
March 31, 2023	25,902	22,290	86.1	295.22

(Reference) Equity: As of March 31, 2024: ¥ 37,459 million  
As of March 31, 2023: ¥ 22,290 million

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Ordinary profit		Net income		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	12,500	(5.6)	6,200	(1.4)	5,900	(36.9)	78.11

※ Summary of financial statement is not subject to auditing procedures by independent auditors or auditing firms

※ Explanation of appropriate use of business performance forecasts and other special items

(Notes on future descriptions) Descriptions about the future such as the earnings forecasts in this document are based on the current information and certain assumptions that are considered reasonable, therefore, it is not intended to state or imply any commitment by the company to achieve. Actual results may vary greatly depending on various factors. Prerequisites for earnings forecast or notes for using it, please refer to "1. Overview of Consolidated Operating Results" on page 2.

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## 1. Overview of Consolidated Operating Results

### (1) Overview of Consolidated Operating Results

In our midterm management plan “D-Summit 2023”, we are promoting strategies such as “I. Implement strategies by regions for Japan, South Korea and China”, “II. Improve profitability of Japan business, and “III. Enhance our manufacturing capabilities”. As a result of enhancing the profitability in Japan, South Korea and China, we achieved record-high earnings in ordinary income and net income for the second consecutive year.

Net sales increased by 5.3% to 126,989 million yen due to factors such as growth in DTC net sales composition ratio, sales growth in South Korea due to an increase in full-price sales, and China's incorporation of LE COQ SPORTIF(NINGBO) CO., LTD. (“NLCS”) into consolidated results from the previous fourth quarter.

In gross profit, in addition to the above-mentioned increase in sales, the promotion of DTC business in Japan and the strengthening of full-priced stores in South Korea contributed to a 9.2% increase compared to previous year to 75,554 million yen, and gross margin reached a record high.

Selling, general and administrative expenses increased by 8.8% to 66,813 million yen compared to previous year due to the impact of the incorporation of NLCS and branding expenses such as the conclusion of a new contract with professional golfer Xander Schauffele for “DESCENTE”.

Operating income increased by 12.2% from the previous year to 8,740 million yen as a consequence of the above.

Ordinary income increased by 34.8% to 15,729 million yen due to growth of equity in earnings of affiliates of DESCENTE CHINA HOLDING LTD (“DCH”) and ARENA KOREA LTD (“AK”).

In terms of extraordinary income and losses, previous fiscal year recorded 2,132 million yen of gain on step acquisitions of NLCS. In contrast, the Company recorded extraordinary loss mainly for restructuring charges in the fiscal year under review. However, due to the increase in ordinary income, profit attributable to owners of parent increased by 13.9% to 12,014 million yen.

The business results of the reportable segment are as follows. The fiscal year end of major overseas subsidiaries is December, and the business results for each segment do not include figures for equity method affiliates.

#### (Net Sales by Segments)

Segment	Net sales (million yen) (YoY)	Segment Income (loss) (million yen) ※(YoY)
Japan	51,638 (97.9%)	4,907 (108.1%)
South Korea	58,502 (101.1%)	4,564 (104.1%)
China	14,698 (191.8%)	(249) —
Adjustments	2,150	(482)
Total	126,989 (105.3%)	8,740 (112.2%)

※ Segment income (loss) is Operating income or loss of the Company.

#### (Japan)

In “DESCENTE”, sales at directly managed stores grew substantially, up approximately by 70% over previous year, while sales of “umbro” and “arena” continued to be strong, resulting in higher sales in the athletic wear category. On the other hand, due to the end of “Marmot” licensing contract in December 2022 and lower sales in golf wear categories, net sales declined by 2.1% from previous year to 51,638 million yen. The promotion of DTC business improved gross margin, and SG&A expenses decreased compared to previous year partly due to the standardization of branding expenses and lower logistics expenses. As a result, segment income increased by 8.1% compared to previous year to 4,907 million yen.

(South Korea)

Despite the continued impact of the rebound from the golf boom, net sales increased by 1.1% compared with previous year to 58,502 million yen due to growth in sales of “DESCENTE” full-priced sales in the athletic wear category, continued strong sales of “umbro” centered on products for MZ generation, and the depreciation of the yen. Growth in the of full-priced sales ratio contributed to an improvement in gross margin, resulting in a 4.1% increase in segment income compared with previous year to 4,564 million yen. Although not included in the segment income, AK, an equity-method affiliate that operates “arena” saw strong sales of leisure swimsuits in line with an increase in travelers going overseas.

(China)

Net sales increased by 91.8% compared with previous year to 14,698 million yen mainly due to higher sales resulting from the incorporation of ARENA(SHANGHAI)INDUSTRIAL CO., LTD. and NLCS. Although gross profit increased due to the incorporation of the 2 companies mentioned above, segment-loss was 249 million yen due to an increase in SG&A expenses associated with rebranding. DCH, an equity-method affiliates that operates “DESCENTE” remains strong, although it is not included in the segment income (loss).

Net sales by Item is as follows.

(Net sales by Item)

Item	Amount (million yen)	Composition Ratio (%)	YoY (%)
Athletic wear and related products	87,263	68.7	116.6
Golf wear and related products	31,556	24.8	88.8
Others	6,019	4.7	75.8
Adjustments	2,150	1.7	92.3
Total	126,989	100.0	105.3

(Athletic wear and related products)

Sales of Mizusawa Down, despite a warm winter trend in Japan, South Korea and China, remained strong. And sales were driven by “DESCENTE”, which expanded its lineup of high-value-added products, such as shell jacket CREAS, which contributed to sales as a mainstay product in the spring and fall. Sales of “arena” and “umbro” were also strong in all segments. As a consequence, net sales in this category increased by 16.6% compared with previous year to 87,263 million yen.

(Golf wear and related products)

In Japan, sales grew at directly managed stores of “DESCENTE”, mainly due to the directly managed flagship store DESCENTE GOLF COMPLEX GINZA (Ginza, Tokyo). Sales of R90 and CONDOR, golf-shoes developed in DISC BUSAN (South Korea), were strong in Japan, South Korea, and China, contributing to sales regardless of region. On the other hand, net sales in this category fell by 11.2% compared to previous year to 31,556 million yen because of the rebound of the golf-boom in Japan and South Korea.

(Initiatives for Sustainability)

We established the Sustainability Committee, chaired by the Senior Managing Executive Officer, from the fiscal year under review, to strengthen the formulation of action strategies for promoting sustainability throughout the Group and the management of the status of actual business practices. We have established a working group to calculate domestic and overseas GHG emissions, promote TCFD measures, and promote human capital under the supervision of the Sustainability Committee. The content of this committee's discussions is reported to the board of directors' meeting, and the content of the activities is disseminated outside the company in financial reports and integrated reports.

In addition, in order to create an organizational culture and utilize human resources, we continued to hold DESCENTE SC OF THE YEAR, which competes for the customer service skills of our sales staff in Japan, in order

to stimulate the motivation of our sales staff and raise the level of our services we provide. In terms of co-creation activities with local communities and municipalities, we were recognized for our efforts to support our sports activities, such as the Mejiro Road Race and running classes, and we were certified as a "Tokyo Sports Promotion Model Company (Sports Support Division)" by the Tokyo Metropolitan Government for the first time, which selects 10 companies that have implemented particularly advanced initiatives in Tokyo.

## (2) Overview of Consolidated Financial Position

(Analysis of the status of assets, liabilities, and net assets)

At the end of current fiscal year, total assets was 150,304 million yen, up 16,741 million yen from the end of previous fiscal year.

Current assets increased 4,653 million yen from the end of previous fiscal year to 87,159 million yen. This was mainly due to an increase in cash and deposits of 1,247 million yen, an increase in notes and accounts receivable - trade of 1,165 million yen, and an increase in merchandise and finished goods of 1,401 million yen.

Non-current assets increased 12,087 million yen from the end of previous fiscal year to 63,145 million yen. This was mainly due to an increase in investment securities of 8,054 million yen and an increase in right-of-use asset of 1,701 million yen.

Total liabilities increased 3,308 million yen from the end of previous fiscal year to 36,571 million yen. This was mainly due to an increase in long-term borrowings of 1,434 million yen and an increase in lease liabilities of 1,889 million yen.

Net assets increased 13,432 million yen from the end of previous fiscal year to 113,733 million yen. This was mainly due to an increase in retained earnings of 8,994 million yen and an increase in foreign currency translation adjustment of 3,377 million yen.

Consequently, equity ratio increased by 0.7 percentage points to 75.3% compared to the end of previous fiscal year.

## (3) Overview of Consolidated Cash Flows

(Analysis of Cash Flow Status)

Cash and cash equivalents at end of period in current fiscal year decreased by 5,501 million yen to 29,243 million yen compared to the end of previous fiscal year.

Cash flows from operating activities was net cash-inflow of 7,392 million yen (previous fiscal year was net cash-inflow of 12,906 million yen). The main factors contributing to the result were income before income taxes 15,336 million yen, depreciation 4,419 million yen, equity in earnings or losses of affiliates 6,381 million yen and income taxes paid 2,550 million yen.

Cash flows from investing activities was net cash-outflow of 9,611 million yen (previous fiscal year was net cash-outflow of 8,013 million yen). This was mainly due to a decrease of 6,280 million yen in time deposits, 1,563 million yen in purchase of property, plant and equipment, and 1,405 million yen of purchase of intangible assets.

Cash flows from financing activities was net cash-outflow of 3,628 million yen (previous fiscal year was net cash-outflow of 3,963 million yen). This was mainly due to cash dividends paid 3,020 million yen, repayment of lease obligation payable 1,818 million yen, and proceeds from long-term loans payable 1,788 million yen.

#### (Reference) Cash Flow Related Indicators

	FY ended March 31, 2020	FY ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2024
Equity Ratio (%)	66.5	72.2	74.5	74.6	75.3
Equity Ratio based on Market Value (%)	88.3	131.5	200.7	234.0	173.6
Cash Flow/Liabilities Interest Ratio (Years)	1.1	0.9	0.0	0.1	0.3
Interest Coverage Ratio (Times)	8.1	27.0	230.4	120.2	45.6

(NOTE) Equity Ratio: Shareholders' equity/Total assets

Equity Ratio based on Market Value = Market Capitalization /Total Assets

Cash Flow / Liabilities with Interest Ratio = Liabilities with Interest / Operating Cash Flow

Interest Coverage Ratio = Operating Cash Flow / Interest Payments

1. Individual Each indicator is calculated based on consolidated financial figures

2. Market capitalization is calculated by multiplying the closing price of shares at the year end by the number of shares outstanding, net of treasury shares.

3. Operating cash flows refers to cash flows from operating activities of the consolidated cash flow statements.

Liabilities with Interest includes all liabilities on which we pay interest shown on the consolidated balance sheet.

Interest payments refers to payments of interest paid on the consolidated cash flow statement.

#### (4) Consolidated Performance Forecast

Since May 2021, the Company promoted midterm management plan "D-Summit 2023" strategy. As a result, ordinary income and profit attributable to owners of parent achieved record-high for the second consecutive year in the fiscal year ended March 2024. On May 13, 2024, we formulated a new midterm management plan, "D-Summit 2026," and we will promote various strategies to further increase earnings. In "D-Summit 2026", we will execute the plans of "I. the investment for growth", which include regional strategies in Japan, South Korea, and China, and "II. the investment for strengthening business foundation". Through aggressive investment, we aim to achieve sustainable growth as a group. For the year ending March 31, 2025, we are planning consolidated performance of following: net sales 130,000 million yen, operating income 9,000 million yen, ordinary income 17,000 million yen, and profit attributable to owners of parent 12,500 million yen.

## 2. Basic Approach of Selection of Accounting Standards

Over the near term, the Company will prepare its consolidated financial statements based on Japanese GAAP. Regarding the application of international financial reporting standards (IFRS), we plan to appropriately respond to the situation in Japan and abroad.



### 3.Consolidated Financial Statements

#### (1)Consolidated Balance Sheets

(Million yen)

	Previous fiscal Year (As of March 31, 2023)	Current Fiscal Year (As of March 31, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	41,412	42,660
Notes and accounts receivable - trade	15,698	16,864
Merchandise and finished goods	20,657	22,059
Work in process	387	565
Raw materials and supplies	536	659
Other	3,875	4,414
Allowance for doubtful accounts	(62)	(63)
Total current assets	82,505	87,159
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,178	9,347
Land	8,612	8,745
Right of use asset	4,586	6,287
Construction in progress	49	72
Other, net	1,681	1,827
Total property, plant and equipment	24,107	26,279
Intangible assets		
Goodwill	3,516	3,308
Other	1,491	2,621
Total intangible assets	5,008	5,929
Investments and other assets		
Investment securities	18,218	26,272
Deferred tax assets	671	536
Retirement benefit asset	487	1,290
Other	2,608	2,880
Allowance for doubtful accounts	(44)	(44)
Total investments and other assets	21,941	30,935
Total non-current assets	51,057	63,145
Total assets	133,562	150,304

(Million yen)

	Previous fiscal Year (As of March 31, 2023)	Current Fiscal Year (As of March 31, 2024)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	11,592	11,769
Short-term borrowings	551	-
Current portion of long-term borrowings	-	358
Accounts payable - other	5,998	5,517
Income taxes payable	1,428	2,134
Provision for bonuses	1,283	1,059
Lease liabilities	1,278	2,045
Other	3,811	3,646
Total current liabilities	25,944	26,531
Non-current liabilities		
Long-term borrowings	-	1,434
Lease liabilities	3,226	4,348
Deferred tax liabilities	3,019	3,138
Other	1,072	1,117
Total non-current liabilities	7,318	10,039
Total liabilities	33,262	36,571
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,846	3,846
Capital surplus	25,436	25,552
Retained earnings	62,257	71,251
Treasury shares	(606)	(594)
Total shareholders' equity	90,933	100,056
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	609	1,528
Deferred gains or losses on hedges	(3)	(16)
Foreign currency translation adjustment	7,397	10,774
Remeasurements of defined benefit plans	699	771
Total accumulated other comprehensive income	8,703	13,059
Non-controlling interests	662	616
Total net assets	100,300	113,733
Total liabilities and net assets	133,562	150,304

## (2) Consolidated Statements of Income and Comprehensive Income

## Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	120,614	126,989
Cost of sales	51,425	51,435
Gross profit	69,188	75,554
Selling, general and administrative expenses	61,395	66,813
Operating income	7,793	8,740
Non-operating income		
Interest income	327	760
Dividend income	79	123
Share of profit of entities accounted for using equity method	3,416	6,381
Foreign exchange gains	56	-
Other	246	265
Total non-operating income	4,126	7,532
Non-operating expenses		
Interest expenses	107	162
Loss on retirement of non-current assets	82	100
Foreign exchange losses	-	231
Other	64	49
Total non-operating expenses	254	542
Ordinary income	11,664	15,729
Extraordinary income		
Gain on step acquisitions	2,097	-
Gain on sale of investment securities	-	112
Gain on bargain purchase	35	-
Total extraordinary income	2,132	112
Extraordinary losses		
Impairment losses	237	38
Business restructuring expenses	588	467
Total extraordinary losses	825	506
Income before income taxes	12,971	15,336
Income taxes - current	2,126	3,586
Income taxes - deferred	587	(167)
Total income taxes	2,714	3,419
Net income	10,257	11,916
Loss attributable to non-controlling interests	(292)	(97)
Net income attributable to owners of parent	10,550	12,014

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net income	10,257	11,916
Other comprehensive income		
Valuation difference on available-for-sale securities	320	919
Deferred gains or losses on hedges	2	(13)
Foreign currency translation adjustment	2,641	2,387
Remeasurements of defined benefit plans	164	72
Share of other comprehensive income of entities accounted for using equity method	1,046	1,042
Total other comprehensive income	4,175	4,407
Comprehensive income	14,432	16,324
(breakdown)		
Comprehensive income attributable to owners of parent	14,797	16,370
Comprehensive income attributable to non-controlling interests	(364)	(45)

## (3) Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2023

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,846	25,377	53,594	(615)	82,202
Changes during period					
Dividends of surplus			(1,886)		(1,886)
Profit attributable to owners of parent			10,550		10,550
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		58		10	68
Increase in consolidated subsidiaries - non-controlling interests					-
Net changes in items other than shareholders' equity					
Total changes during period	-	58	8,663	9	8,730
Balance at end of period	3,846	25,436	62,257	(606)	90,933

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	289	(5)	3,637	535	4,456	-	86,658
Changes during period							
Dividends of surplus							(1,886)
Profit attributable to owners of parent							10,550
Purchase of treasury shares							(0)
Disposal of treasury shares							68
Increase in consolidated subsidiaries - non-controlling interests						1,288	1,288
Net changes in items other than shareholders' equity	320	2	3,760	164	4,247	(626)	3,621
Total changes during period	320	2	3,760	164	4,247	662	13,641
Balance at end of period	609	(3)	7,397	699	8,703	662	100,300

For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,846	25,436	62,257	(606)	90,933
Changes during period					
Dividends of surplus			(3,020)		(3,020)
Profit attributable to owners of parent			12,014		12,014
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		116		13	130
Increase in consolidated subsidiaries - non-controlling interests					-
Net changes in items other than shareholders' equity					
Total changes during period	-	116	8,994	11	9,123
Balance at end of period	3,846	25,552	71,251	(594)	100,056

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	609	(3)	7,397	699	8,703	662	100,300
Changes during period							
Dividends of surplus							(3,020)
Profit attributable to owners of parent							12,014
Purchase of treasury shares							(1)
Disposal of treasury shares							130
Increase in consolidated subsidiaries - non-controlling interests							-
Net changes in items other than shareholders' equity	919	(13)	3,377	72	4,355	(45)	4,309
Total changes during period	919	(13)	3,377	72	4,355	(45)	13,432
Balance at end of period	1,528	(16)	10,774	771	13,059	616	113,733

## (4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	12,971	15,336
Depreciation	4,558	4,419
Amortization of goodwill	92	376
Loss (gain) on step acquisitions	(2,097)	-
Loss (gain) on sale of non-current assets	(1)	(10)
Gain from negative goodwill	(35)	-
Impairment losses	237	38
Business restructuring expenses	588	467
Increase (decrease) in allowance for doubtful accounts	(1)	(1)
Increase (decrease) in provision for bonuses	(193)	(223)
Increase (decrease) in retirement benefit liability	(301)	(776)
Interest and dividend income	(406)	(884)
Share of loss (profit) of entities accounted for using equity method	(3,416)	(6,381)
Loss (gain) on sale of investment securities	-	(112)
Interest expenses	107	162
Decrease (increase) in trade receivables	994	(835)
Decrease (increase) in inventories	4,265	(1,014)
Increase (decrease) in trade payables	(2,986)	(88)
Other, net	(799)	(1,862)
<b>Subtotal</b>	<b>13,574</b>	<b>8,609</b>
Interest and dividends received	986	1,496
Interest paid	(107)	(162)
Income taxes paid	(1,547)	(2,550)
<b>Cash flows from operating activities</b>	<b>12,906</b>	<b>7,392</b>
<b>Cash flows from investing activities</b>		
Net decrease (increase) in time deposits	(3,994)	(6,280)
Purchase of property, plant and equipment	(1,255)	(1,563)
Proceeds from sale of property, plant and equipment	7	84
Purchase of intangible assets	(383)	(1,405)
Purchase of investment securities	(8)	(8)
Proceeds from sale and redemption of investment securities	1	179
Payments of guarantee deposits	(272)	(323)
Proceeds from refund of guarantee deposits	339	26
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,961)	-
Other, net	(485)	(321)
<b>Cash flows from investing activities</b>	<b>(8,013)</b>	<b>(9,611)</b>

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	-	(576)
Proceeds from long-term borrowings	-	1,788
Dividends paid	(1,886)	(3,020)
Purchase of treasury shares	(0)	(1)
Repayments of lease liabilities	(2,075)	(1,818)
Net cash provided by (used in) financing activities	(3,963)	(3,628)
Effect of exchange rate change on cash and cash equivalents	1,057	345
Net increase (decrease) in cash and cash equivalents	1,986	(5,501)
Cash and cash equivalents at beginning of period	32,757	34,744
Cash and cash equivalents at end of period	34,744	29,243



(5) Notes on Consolidated Financial Statements  
(Going Concern Assumptions)

None

(Segment information, etc.)

[Segment Information]

1 General Information about Reportable Segments

A reportable segment is a component of the group of which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocation and to assess its performance.

The Group manufactures and sells sportswear and its related products and has established comprehensive strategies for each brand in each region (Japan, South Korea, China and others) based on the group company's location (Japan, South Korea, China and others) and conducts business activities.

Therefore, the group consists of a regional segment of the group company's location based on the headquarters and its consolidated subsidiaries, with four reporting segments: "Japan", "South Korea", "China" and "Others".

2 Calculation Method for Net Sales, Profit (Loss), Assets, Liabilities and Other Items by Reportable Segment

The accounting method for the Group's reportable business segments is generally the same as "Important Matter of Basis for Preparing consolidated financial statements".

3 Information about Net Sales, Profit (Loss), Assets, Liabilities and Other Items by Reportable Segment

Previous fiscal year (From April 1, 2022 to March 31, 2023)

(Million yen)

	Reportable segments				Adjustment (Note 1)	Amount of shown on Consolidated Financial Statements (Note 2)
	Japan	South Korea	China	Total		
Net sales						
Sales to External Customers	52,753	57,866	7,633	118,284	2,330	120,614
Intersegment Sales or Transfers	5,014	844	103	5,962	(5,962)	-
Total	57,768	58,710	7,767	124,246	(3,632)	120,614
Segment Income (loss)	4,541	4,383	(632)	8,291	(498)	7,793
Segment Assets	40,605	49,930	13,614	104,149	29,413	133,562
Other Items						
Depreciation	600	3,133	347	4,081	476	4,558
Amortization of goodwill	-	-	92	92	-	92
Equity in earnings (loss) of affiliates	-	249	3,166	3,416	-	3,416
Investments on entities accounted for using equity method	-	304	16,072	16,376	-	16,376
Property, plant and equipment Increase in intangible assets (Note 3)	324	4,235	200	4,759	248	5,007

(Note 1) 1. Adjustment of sales to external customers is recorded by us, a pure holding company.

2. Adjustment of segment income (loss) is the elimination of inter-segment transactions, adjustment of unrealized gains on inventories, and our income (loss) not allocated to the respective reportable segments.

3. Segment assets' adjustments are adjustable journalizing of companies with equity-method investments, elimination of inter-segment transactions, adjustment of unrealized gains on inventories, and our assets not allocated to the respective reportable segments.

4. Adjustment of depreciation is our amount that has not been allocated to the respective reportable segments.

5. Adjustment of the increase in property, plant and equipment and Intangible assets is our increase that is not allocated to the respective reportable segments.

(Note 2) Segment income (loss) is adjusted for operating income reported in the consolidated statements of income.

(Note 3) The increase in property, plant and equipment and intangible assets does not include the increase associated with new incorporation.

Current Fiscal Year (From April 1, 2023 to March 31, 2024)

(Million yen)

	Reportable segments				Adjustment (Note 1)	Amount of shown on Consolidated Financial Statements (Note 2)
	Japan	South Korea	China	Total		
Net sales						
Sales to External Customers	51,638	58,502	14,698	124,839	2,150	120,989
Intersegment Sales or Transfers	5,113	724	454	6,292	(6,292)	-
Total	56,751	59,227	15,152	131,132	(4,142)	126,989
Segment Income (loss)	4,907	4,564	(249)	9,223	(482)	8,740
Segment Assets	31,098	52,257	20,228	104,384	45,919	150,304
Other Items						
Depreciation (Note 3)	491	2,866	562	3,919	499	4,419
Amortization of goodwill	-	-	376	376	-	376
Equity in earnings (loss) of affiliates	-	272	6,109	6,381	-	6,381
Investments on entities accounted for using equity method	-	594	22,645	23,240	-	23,240
Property, plant, and equipment						
Increased amount of intangible assets (Note 4)	742	3,219	3,620	7,582	1,799	9,381

(Note 1) 1. Adjustment of sales to external customers is recorded by us, a pure holding company.

2. Adjustment of segment income (loss) is the elimination of inter-segment transactions, adjustment of unrealized gains on inventories, and our income (loss) not allocated to the respective reportable segments.

3. Segment assets' adjustments are adjustable journalizing of companies with equity-method investments, elimination of inter-segment transactions, adjustment of unrealized gains on inventories, and our assets not allocated to the respective reportable segments.

4. Adjustment of depreciation is our amount that has not been allocated to the respective reportable segments.

5. Adjustment of the increase in property, plant and equipment and Intangible assets is our increase that is not allocated to the respective reportable segments.

(Note 2) Segment income (loss) is adjusted for operating income reported in the consolidated statements of income.

(Information per Share)

Net assets per share, net income per share and basis of calculation for them are as follows.

	End of Previous Fiscal Year (As of March 31, 2023)	End of Current Fiscal Year (As of March 31, 2024)
(1) Net assets per share amount (yen)	1,319.63	1,497.53
(Basis of calculation)		
Total net assets (million yen)	100,300	113,733
Amount deducted from total net assets (million yen)	662	616
Year end net assets associated with common stock (million yen)	99,637	113,116
Year end number of shares of common stock used in the calculation of net assets per share (1,000 shares)	75,504	75,535

	Previous Fiscal Year (April 1, 2022 To March 31, 2023)	Current Fiscal Year (April 1, 2023 To March 31, 2024)
(2) Net income per share amount (yen)	139.74	159.08
(Basis of calculation)		
Profit attributable to owners of parent (million yen)	10,550	12,014
Amount not attributable to shareholders of common stock (million yen)	-	-
Profit attributable to owners of parent related to common shares (million yen)	10,550	12,014
Weighted average number of shares of common stock during the fiscal year (1,000 shares)	75,496	75,525

(NOTE) Diluted net income per share has not been presented since there is no dilutive potential of the shares of common stock, issuable upon conversion of the convertible debts.

(Important Subsequent Events)

None

## 4.Others

### Overseas sales

Previous Fiscal Year (From April 1, 2022 to March 31, 2023)

(Million yen, %)

	South Korea	China	Others	Total
I Overseas sales	55,401	13,462	2,701	71,565
II Consolidated net sales				120,614
III Consolidated net sales Percentages of overseas net sales	45.9	11.2	2.2	59.3

(NOTE) Net sales is classified by country/region based on the location of customers.

Current Fiscal Year (From April 1, 2023 to March 31, 2024)

(Million yen, %)

	South Korea	China	Others	Total
I Overseas sales	57,178	20,409	2,931	80,519
II Consolidated net sales				126,989
III Consolidated net sales Percentages of overseas net sales	45.0	16.1	2.3	63.4

(NOTE) Net sales is classified by country/region based on the location of customers.