

Consolidated Financial Statements

**ASICS Corporation and
Consolidated Subsidiaries**

*Fiscal year ended December 31, 2024
with Independent Auditor's Report*

ASICS Corporation and Consolidated Subsidiaries

Consolidated Financial Statements

Fiscal year ended December 31, 2024

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Independent Auditor's Report

The Board of Directors
ASICS Corporation

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of ASICS Corporation and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2024, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of deferred tax assets of ASICS Corporation (the “Company”) and its domestic consolidated subsidiaries that apply the group tax sharing system

Description of Key Audit Matter	Auditor’s Response
<p>The Company and its consolidated subsidiaries recorded deferred tax assets of ¥4,048 million (\$25,783 thousand) (*) as of December 31, 2024 in the consolidated balance sheet. As described in Note 3 “Significant Accounting Estimates (1) Recoverability of deferred tax assets,” in the notes to consolidated financial statements, deferred tax assets before offsetting against deferred tax liabilities amounted to ¥17,668 million (\$112,535 thousand) (*) calculated by deducting a valuation allowance of ¥18,329 million (\$116,745 thousand) (*) from total deferred tax assets for future deductible temporary differences, including unused tax loss carryforwards, of ¥35,997 million(\$229,280 thousand) (*).</p> <p>ASICS Corporation and its domestic consolidated subsidiaries, such as ASICS Japan Corporation (“ASICS Japan”) and others, that apply the consolidated taxation system (the “Company and its domestic consolidated subsidiaries that apply the group tax sharing system”), recorded deferred tax assets of ¥9,032 million (\$57,529 thousand) (*) before offsetting against deferred tax liabilities.</p> <p>The Company and its consolidated subsidiaries estimate taxable income before considering temporary differences based on estimated profitability, and deferred tax assets were recognized to the extent that they are expected to reduce the amount of future tax payments. The business plan, which is the basis for future taxable income, includes the management policy of Mid-Term Plan 2026 and the sales forecasts and the cost control forecast of selling, general and administrative expenses, which is based on the current business environment and the future outlook,</p>	<p>In considering the recoverability of deferred tax assets of the Company and its domestic consolidated subsidiaries that apply the group tax sharing system, we mainly performed the following audit procedures:</p> <ul style="list-style-type: none"> ▶ We made inquiries with management and assessed consistency of their responses with the underlying business plan of the Company and its domestic consolidated subsidiaries that apply the group tax sharing system to understand the estimation method of future taxable income. ▶ We performed the following audit procedures to assess the reasonableness of the key assumptions, which are the growth rates and estimated sales volume as well as selling prices set by ASICS Japan. <ul style="list-style-type: none"> · Growth rates <p>We made inquiries with management and compared the global and domestic market forecasts, which we independently obtained. In addition, we performed a trend analysis of sales and operating income based on past performance.</p> · Estimated sales volume of ASICS Japan <p>We compared estimated sales volume by business division with past results and the market forecast in Japan which we independently obtained. In addition, we examined consistency of increase in sales volume of inbound demand by reviewing with the data of estimated number of foreign visitors to Japan, which we independently obtained.</p>

<p>and these are affected by key assumptions that involve management's judgment. The key assumptions are the growth rates, estimated sales volume as well as selling prices set by ASICS Japan, which is a major domestic sales subsidiary.</p> <p>Since the growth rates and the estimated sales volume of ASICS Japan are affected by the market environment, they involve subjective management judgment and are subject to uncertainties. The selling prices set by ASICS Japan are subject to uncertainties regarding the feasibility of the pricing strategy due to changes in the market environment. Therefore, we determined recoverability of deferred tax assets to be a key audit matter.</p> <p>(*) The translation of Japanese yen amounts into U.S. dollar amounts has been made on the basis described in Note 1 to the consolidated financial statements.</p>	<ul style="list-style-type: none"> · Selling prices set by ASICS Japan <p>We compared the increase rate of selling prices with the increase rate of inflation in the same industry, which we independently obtained. In addition, we compared and reconciled the planned increases in selling prices with the actual increases in selling prices after the fiscal year-end on a sample basis.</p> <ul style="list-style-type: none"> · We examined the schedule for the years in which future deductible temporary differences and tax loss carryforwards are expected to be utilized.
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Other Information

Other information comprises the information included in disclosure documents that contain audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We have concluded that other information does not exist. Accordingly, we have not performed any work related to other information.

Responsibilities of Management, the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended December 31, 2024 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Fee-related Information

The fees for the audits of the financial statements of ASICS Corporation and its subsidiaries and other services provided by us and other EY member firms for the year ended December 31, 2024 are 510 million yen and 238 million yen, respectively.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC
Osaka, Japan

April 7, 2025

/s/ Naotaka Sasayama

Designated Engagement Partner
Certified Public Accountant

/s/ Daiji Tokuno

Designated Engagement Partner
Certified Public Accountant

CONSOLIDATED BALANCE SHEET

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1)</i>
	As of December 31, 2023	As of December 31, 2024	As of December 31, 2024
Assets			
Current assets			
Cash and deposits (<i>Notes 5 and 24</i>)	¥ 114,005	¥ 127,021	\$ 809,051
Notes and accounts receivable - trade (<i>Notes 6 and 24</i>)	65,593	74,705	475,828
Merchandise and finished goods	118,411	133,922	853,006
Work in process	196	639	4,070
Raw materials and supplies	2,638	3,035	19,331
Other	26,369	33,340	212,357
Allowance for doubtful accounts	(3,692)	(3,521)	(22,427)
Total current assets	323,522	369,143	2,351,229
Non-current assets			
Property, plant and equipment			
Buildings and structures (<i>Note 8</i>)	36,242	35,906	228,701
Accumulated depreciation	(23,996)	(25,162)	(160,268)
Buildings and structures, net	12,245	10,743	68,427
Machinery, equipment and vehicles (<i>Note 8</i>)	6,096	6,282	40,013
Accumulated depreciation	(4,434)	(4,673)	(29,764)
Machinery, equipment and vehicles, net	1,662	1,608	10,242
Tools, furniture and fixtures (<i>Note 8</i>)	38,697	42,008	267,567
Accumulated depreciation	(32,451)	(34,764)	(221,427)
Tools, furniture and fixtures, net	6,245	7,243	46,134
Land	5,893	5,809	37,000
Leased assets (<i>Note 8</i>)	1,597	1,651	10,516
Accumulated depreciation	(1,073)	(1,341)	(8,541)
Leased assets, net	523	309	1,968
Construction in progress	2,055	8,228	52,408
Total property, plant and equipment (<i>Note 29</i>)	28,625	33,944	216,204
Intangible assets			
Goodwill (<i>Notes 3, 5 and 29</i>)	6,250	5,964	37,987
Software (<i>Note 8</i>)	23,938	29,179	185,854
Right of use assets	39,325	44,871	285,803
Other	8,826	10,763	68,554
Total intangible assets	78,341	90,779	578,210
Investments and other assets			
Investment securities (<i>Notes 7, 12 and 24</i>)	12,105	3,513	22,376
Long-term loans receivable	24	22	140
Deferred tax assets (<i>Note 22</i>)	12,319	4,048	25,783
Other	10,469	17,894	113,975
Allowance for doubtful accounts	(1,291)	(351)	(2,236)
Total investments and other assets	33,627	25,127	160,045
Total non-current assets	140,593	149,851	954,465
Total assets (<i>Note 29</i>)	¥ 464,116	¥ 518,994	\$ 3,305,694

	Millions of yen		Thousands of U.S. dollars (Note 1)
	As of December 31, 2023	As of December 31, 2024	As of December 31, 2024
Liabilities			
Current liabilities			
Notes and accounts payable - trade	¥ 43,921	¥ 62,150	\$ 395,860
Short-term borrowings (Notes 9)	7	2,500	15,924
Current portion of bonds payable (Note 9 and 24)	20,000	25,000	159,236
Lease liabilities (Notes 9 and 24)	11,747	12,944	82,446
Accrued expenses	29,955	38,900	247,771
Income taxes payable (Note 22)	5,093	11,703	74,541
Accrued consumption taxes	1,013	1,948	12,408
Provision for bonuses	1,049	1,953	12,439
Other (Note 10)	30,859	37,636	239,720
Total current liabilities	143,648	194,739	1,240,376
Non-current liabilities			
Bonds payable (Notes 9 and 24)	60,000	35,000	222,930
Long-term borrowings (Notes 9 and 24)	2,580	—	—
Lease liabilities (Notes 9 and 24)	37,783	41,832	266,446
Deferred tax liabilities (Note 22)	2,378	2,735	17,420
Retirement benefit liability (Note 11)	4,416	4,865	30,987
Other	6,507	4,882	31,096
Total non-current liabilities	113,667	89,314	568,879
Total liabilities	257,315	284,054	1,809,261
Net assets			
Shareholders' equity (Note 13)			
Share capital	23,972	23,972	152,688
Capital surplus	15,836	15,827	100,809
Retained earnings (Notes 13 and 30)	147,561	196,805	1,253,535
Treasury shares (Note 13)	(9,717)	(44,706)	(284,752)
Total shareholders' equity	177,653	191,899	1,222,287
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	3,480	315	2,006
Deferred gains or losses on hedges	2,241	12,532	79,822
Foreign currency translation adjustment	22,304	29,215	186,083
Remeasurements of defined benefit plans (Note 11)	(871)	(928)	(5,911)
Total accumulated other comprehensive income	27,155	41,135	262,006
Share acquisition rights (Note 13)	271	254	1,618
Non-controlling interests	1,720	1,650	10,510
Total net assets	206,801	234,940	1,496,433
Total liabilities and net assets	¥ 464,116	¥ 518,994	\$ 3,305,694

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars (Note 1)</i>	
	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024	
		Fiscal year ended December 31, 2024	
Net sales <i>(Notes 28 and 29)</i>	¥ 570,463	¥ 678,526	\$ 4,321,822
Cost of sales	273,566	299,648	1,908,586
Gross profit	296,896	378,878	2,413,236
Selling, general and administrative expenses <i>(Note 14)</i>	242,680	278,766	1,775,580
Operating profit	54,215	100,111	637,650
Non-operating income			
Interest income	3,076	4,287	27,306
Dividend income	264	167	1,064
Subsidy income	838	—	—
Other	1,121	1,289	8,210
Total non-operating income	5,301	5,745	36,592
Non-operating expenses			
Interest expenses	4,846	5,427	34,567
Foreign exchange losses	537	1,898	12,089
Loss on overseas business	1,210	3,066	19,529
Other	2,251	2,862	18,229
Total non-operating expenses	8,845	13,255	84,427
Ordinary profit	50,670	92,601	589,815
Extraordinary income			
Gain on sale of non-current assets	34	236	1,503
Gain on sale of investment securities <i>(Notes 7 and 15)</i>	1,483	6,938	44,191
Gain on sale of shares of subsidiaries and associates <i>(Note 16)</i>	6,506	—	—
Gain on liquidation of subsidiaries	394	—	—
Total extraordinary income	8,418	7,174	45,694
Extraordinary losses			
Loss on sale of non-current assets	50	4	25
Loss on retirement of non-current assets	54	51	325
Loss on sale of investment securities	—	18	115
Loss on valuation of investment securities	219	133	847
Impairment losses <i>(Note 8)</i>	4,577	2,019	12,860
Loss on cancellation of rental contracts <i>(Note 17)</i>	316	1,331	8,478
Loss on profit structure improvement in Japan <i>(Note 18)</i>	1,523	—	—
Loss on profit structure improvement in overseas <i>(Note 19)</i>	1,775	—	—
Loss on relocation <i>(Note 20)</i>	—	2,030	12,930
Allowance for losses on business transfer <i>(Note 21)</i>	—	943	6,006
Total extraordinary losses	8,516	6,531	41,599
Profit before income taxes	50,572	93,244	593,911
Income taxes - current	15,234	24,115	153,599
Income taxes - deferred	(114)	5,183	33,013
Total income taxes <i>(Note 22)</i>	15,119	29,299	186,618
Profit	35,452	63,944	407,287
Profit attributable to non-controlling interests	180	138	879
Profit attributable to owners of parent <i>(Note 27)</i>	¥ 35,272	¥ 63,806	\$ 406,408

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1)</i>
	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2024
Profit	¥ 35,452	¥ 63,944	\$ 407,287
Other comprehensive income <i>(Note 26)</i>			
Valuation difference on available-for-sale securities	407	(3,164)	(20,153)
Deferred gains or losses on hedges	(3,911)	10,290	65,541
Foreign currency translation adjustment	10,987	6,911	44,019
Remeasurements of defined benefit plans, net of tax	45	(56)	(357)
Total other comprehensive income	7,530	13,980	89,045
Comprehensive income	¥ 42,983	¥ 77,925	\$ 496,338
Comprehensive income attributable to :			
Comprehensive income attributable to owners of parent	¥ 42,859	¥ 77,786	\$ 495,452
Comprehensive income attributable to non-controlling interests	123	138	879

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Millions of yen

FY ended December 31, 2023	Shareholders' equity					Accumulated other comprehensive income	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges
Balance at beginning of period	¥ 23,972	¥ 15,655	¥ 121,266	¥ (9,834)	¥ 151,060	¥ 3,073	¥ 6,153
Changes during period							
Dividends of surplus			(8,976)		(8,976)		
Profit attributable to owners of parent			35,272		35,272		
Purchase of treasury shares				(4)	(4)		
Disposal of treasury shares		180		122	302		
Net changes in items other than shareholders' equity					—	407	(3,911)
Total changes during period	—	180	26,295	117	26,593	407	(3,911)
Balance at end of period	¥ 23,972	¥ 15,836	¥ 147,561	¥ (9,717)	¥ 177,653	¥ 3,480	¥ 2,241

FY ended December 31, 2023	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	¥ 11,245	¥ (917)	¥ 19,554	¥ 295	¥ 1,819	¥ 172,729
Changes during period						
Dividends of surplus			—			(8,976)
Profit attributable to owners of parent			—			35,272
Purchase of treasury shares			—			(4)
Disposal of treasury shares			—			302
Net changes in items other than shareholders' equity	11,058	45	7,601	(23)	(99)	7,478
Total changes during period	11,058	45	7,601	(23)	(99)	34,071
Balance at end of period	¥ 22,304	¥ (871)	¥ 27,155	¥ 271	¥ 1,720	¥ 206,801

Millions of yen

FY ended December 31, 2024	Shareholders' equity					Accumulated other comprehensive income	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges
Balance at beginning of period	¥ 23,972	¥ 15,836	¥ 147,561	¥ (9,717)	¥ 177,653	¥ 3,480	¥ 2,241
Changes during period							
Dividends of surplus			(14,562)		(14,562)		
Profit attributable to owners of parent			63,806		63,806		
Purchase of treasury shares				(35,014)	(35,014)		
Disposal of treasury shares		(8)		26	17		
Net changes in items other than shareholders' equity					—	(3,164)	10,290
Total changes during period	—	(8)	49,243	(34,988)	14,246	(3,164)	10,290
Balance at end of period	¥ 23,972	¥ 15,827	¥ 196,805	¥ (44,706)	¥ 191,899	¥ 315	¥ 12,532

FY ended December 31, 2024	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	¥ 22,304	¥ (871)	¥ 27,155	¥ 271	¥ 1,720	¥ 206,801
Changes during period						
Dividends of surplus			—			(14,562)
Profit attributable to owners of parent			—			63,806
Purchase of treasury shares			—			(35,014)
Disposal of treasury shares			—			17
Net changes in items other than shareholders' equity	6,911	(56)	13,980	(17)	(70)	13,892
Total changes during period	6,911	(56)	13,980	(17)	(70)	28,139
Balance at end of period	¥ 29,215	¥ (928)	¥ 41,135	¥ 254	¥ 1,650	¥ 234,940

Thousands of U.S. dollars (Note 1)

FY ended December 31, 2024	Shareholders' equity					Accumulated other comprehensive income	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges
Balance at beginning of period	\$ 152,688	\$ 100,866	\$ 939,879	\$ (61,892)	\$ 1,131,548	\$ 22,166	\$ 14,274
Changes during period							
Dividends of surplus			(92,752)		(92,752)		
Profit attributable to owners of parent			406,408		406,408		
Purchase of treasury shares				(223,019)	(223,019)		
Disposal of treasury shares		(51)		166	108		
Net changes in items other than shareholders' equity					—	(20,153)	65,541
Total changes during period	—	(51)	313,650	(222,854)	90,739	(20,153)	65,541
Balance at end of period	\$ 152,688	\$ 100,809	\$ 1,253,535	\$ (284,752)	\$ 1,222,287	\$ 2,006	\$ 79,822

FY ended December 31, 2024	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	\$ 142,064	\$ (5,548)	\$ 172,962	\$ 1,726	\$ 10,955	\$ 1,317,204
Changes during period						
Dividends of surplus						(92,752)
Profit attributable to owners of parent						406,408
Purchase of treasury shares						(223,019)
Disposal of treasury shares						108
Net changes in items other than shareholders' equity	44,019	(357)	89,045	(108)	(446)	88,484
Total changes during period	44,019	(357)	89,045	(108)	(446)	179,229
Balance at end of period	\$ 186,083	\$ (5,911)	\$ 262,006	\$ 1,618	\$ 10,510	\$ 1,496,433

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars (Note 1)</i>
	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
		Fiscal year ended December 31, 2024
Cash flows from operating activities		
Profit before income taxes	¥ 50,572	\$ 593,911
Depreciation and amortization	16,504	130,936
Impairment losses	4,577	12,860
Amortization of goodwill	611	4,363
Increase (decrease) in allowance for doubtful accounts	777	(8,369)
Increase (decrease) in retirement benefit liability	692	2,223
Increase (decrease) in provision for bonuses	257	5,592
Loss (gain) on valuation of investment securities	219	847
Loss (gain) on sale of investment securities	(1,483)	(44,076)
Loss (gain) on sale of shares of subsidiaries and associates	(6,506)	—
Interest and dividend income	(3,341)	(28,376)
Interest expenses	4,846	34,567
Foreign exchange losses (gains)	(111)	(159)
Loss (gain) on liquidation of subsidiaries	(394)	—
Loss (gain) on sale and retirement of non-current assets	69	(1,146)
Loss on relocation	—	12,930
Allowance for losses on business transfer	—	6,006
Other loss (gain)	5,306	6,287
Decrease (increase) in trade receivables	8,476	(45,248)
Decrease (increase) in inventories	17,372	(63,223)
Decrease (increase) in other assets	1,967	(26,529)
Increase (decrease) in trade payables	(5,390)	107,382
Increase (decrease) in accrued consumption taxes	80	5,904
Increase (decrease) in other liabilities	9,401	87,459
Subtotal	104,507	794,159
Interest and dividends received	3,082	27,268
Interest paid	(4,777)	(35,134)
Income taxes paid	(12,717)	(119,962)
Net cash provided by (used in) operating activities	90,095	666,331
Cash flows from investing activities		
Payments into time deposits	(543)	(10,580)
Proceeds from withdrawal of time deposits	1,529	14,917
Purchase of property, plant and equipment	(5,185)	(72,452)
Payments for retirement of property, plant and equipment	(115)	(357)
Proceeds from sale of property, plant and equipment	334	4,624
Purchase of intangible assets	(10,341)	(80,662)
Proceeds from sale of intangible assets	0	0
Purchase of investment securities	(199)	(4,771)
Proceeds from sale and redemption of investment securities	1,824	74,318
Proceeds from distributions from investment partnerships	48	1,369
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	7,956	—
Net decrease (increase) in short-term loans receivable	0	34,497
Long-term loan advances	(0)	(19)
Proceeds from collection of long-term loans receivable	7	38
Decrease (increase) in investments and other assets	43	(9,064)
Net cash provided by (used in) investing activities	¥ (4,640)	\$ (48,140)

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1)</i>
	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2024
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	¥ (22,000)	¥ —	\$ —
Repayments of long-term borrowings	(311)	(87)	(554)
Proceeds from issuance of bonds	24,872	—	—
Redemption of bonds	(15,000)	(20,000)	(127,389)
Purchase of treasury shares	(4)	(35,014)	(223,019)
Proceeds from sale of treasury shares	0	0	0
Repayments of lease liabilities	(18,543)	(14,468)	(92,153)
Dividends paid	(8,963)	(14,542)	(92,624)
Dividends paid to non-controlling interests	(149)	(208)	(1,325)
Repayments to non-controlling shareholders	(153)	—	—
Net cash provided by (used in) financing activities	(40,252)	(84,322)	(537,083)
Effect of exchange rate change on cash and cash equivalents	2,294	937	5,968
Net increase (decrease) in cash and cash equivalents	47,497	13,671	87,076
Cash and cash equivalents at beginning of period	65,804	113,301	721,662
Cash and cash equivalents at end of period <i>(Note 5)</i>	¥ 113,301	¥ 126,973	\$ 808,745

See accompanying notes to consolidated financial statements.

ASICS Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024

1. Basis of Preparation

The accompanying consolidated financial statements of ASICS Corporation (the “Company”) and consolidated subsidiaries (collectively, the “Group”) are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

Certain reclassifications of previously reported amounts have been made to conform the consolidated financial statements for the fiscal year ended December 31, 2023 to the 2024 presentation. Such reclassifications had no effect on consolidated profit or net assets.

The U.S. dollar amounts in the accompanying consolidated financial statements have been translated from yen amounts solely for convenience, as a matter of arithmetic computation only, at $\text{¥}157 = \text{U.S.}\1.00 , the approximate rate of exchange prevailing on December 31, 2024. This translation should not be construed as a representation that yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

Amounts of less than one million yen have been rounded down to the nearest million yen in the presentation of the accompanying consolidated financial statements. As a result, the totals in yen and U.S. dollars do not necessarily agree with the sum of the individual amounts.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company, 57 significant companies for the fiscal years ended December 31, 2023 and 2024, respectively, which it controls directly or indirectly. All assets and liabilities of the consolidated subsidiaries are revalued on acquisition, if applicable. All significant intercompany transactions and accounts have been eliminated in consolidation.

Certain subsidiaries were excluded from the scope of consolidation because the effect of its sales, net profit or loss, total assets and retained earnings on the accompanying consolidated financial statements was immaterial.

Two subsidiaries were removed from the scope of consolidation as a result of the completion of liquidation proceedings, and two subsidiaries were included in the scope of consolidation since these have been newly established during the fiscal year ended December 31, 2024.

(b) Foreign currency translation

All monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date and gain or loss on each translation is credited or charged to income. Revenue and expense items arising from transactions denominated in foreign currencies are generally translated into yen at the rates in effect at the respective transaction dates. Foreign exchange gain or loss is credited or charged to income in the period in which the gain or loss is recognized for financial reporting purposes.

The financial statements of the overseas consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date, except that the components of net assets excluding non-controlling interests are translated at their historical exchange rates.

(c) Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand, deposits with banks withdrawable on demand, and short-term investments which are readily convertible into cash subject to an insignificant risk of any change in their value and which were purchased with an original maturity of three months or less.

(d) Securities

Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, reported as a separate component of net assets. Cost of securities sold is determined by the moving-average method. Non-marketable equity securities classified as other securities are stated at cost determined by the moving-average method. Non-marketable debt securities classified as other securities are stated at net amortized cost.

Investments in limited liability partnerships and other similar partnerships, which are deemed to be securities under Article 2, Clause 2 of the Financial Instruments and Exchange Act of Japan, are valued at the amount of the underlying equity in their net assets based on the latest financial statements available as of the closing date stipulated in the partnership agreement.

(e) Inventories

Inventories are principally stated at the lower of cost or net realizable value, cost being determined by the moving-average method.

(f) Property, plant and equipment (except for leased assets under finance leases)

The Company and its domestic consolidated subsidiaries compute depreciation of property, plant and equipment by the declining-balance method over the estimated useful lives of the respective assets, except that the straight-line method is applied to buildings (other than structures attached to the buildings) acquired on or subsequent to April 1, 1998 and structures attached to the buildings and other structures acquired on or subsequent to April 1, 2016.

Overseas consolidated subsidiaries compute depreciation of property, plant and equipment by the straight-line method over the estimated useful lives of the respective assets.

The principal estimated useful lives used for calculating depreciation are as follows:

Buildings and structures	3 to 50 years
Machinery, equipment and vehicles	2 to 17 years
Tools, furniture and fixtures	2 to 20 years

(g) Intangible assets (except for leased assets under finance leases)

Expenditures relating to computer software developed for internal use are charged to income as incurred, unless the software is expected to contribute to the generation of future income or to cost savings, in which case such expenditures are capitalized as intangible assets and amortized by the straight-line method over their respective estimated useful lives, a period of 10 years.

The Company and its consolidated subsidiaries have recorded intangible assets such as brand and customer base based on revaluation of assets acquired and liabilities assumed as a result of business combinations at fair value. Such intangible assets are amortized by the straight-line method over periods of 6 to 20 years.

(h) Leased assets

Finance leases under which ownership of the leased assets is not transferred to the lessees are depreciated using the straight-line method over the lease term with no residual value.

Finance leases under which ownership of the leased assets is transferred to the lessees are depreciated by the same methods used for owned fixed assets.

Right-of-use assets are depreciated using the straight-line method over the lease term.

(i) Goodwill

Goodwill is amortized by the straight-line method over the estimated period of benefit of no more than 20 years from the fiscal year of acquisition.

(j) Allowance for doubtful accounts

The Company and its domestic consolidated subsidiaries record an allowance for doubtful accounts at an amount calculated based on their historical experience of bad debts on ordinary receivables plus an additional estimate of probable specific bad debts from customers experiencing financial difficulties.

The overseas consolidated subsidiaries record an allowance for doubtful accounts at an amount calculated mainly based on probable specific bad debts from their customers.

(k) Provision for employees' bonuses

Provision for employees' bonuses is provided at an expected payment amount of the bonuses to employees attributable to the fiscal year.

(l) Retirement benefits for employees

The retirement benefit obligation is attributed to each period by the benefit formula method.

Prior service cost is amortized by the straight-line method over a period which falls within the estimated average remaining years of service of the eligible employees.

Actuarial gain or loss is amortized principally in the year following the year in which the gain or loss is incurred by the straight-line method over a period which falls within the estimated average remaining years of service of the eligible employees. Certain consolidated subsidiaries amortize actuarial gain or loss in the year in which the gain or loss is incurred by the straight-line method over a period which falls within the estimated average remaining years of service of the eligible employees.

Certain consolidated subsidiaries have calculated their retirement benefit obligation and retirement benefit expenses based on the amount which would be payable at the end of the fiscal year if all eligible employees terminated their services voluntarily (the "simplified method").

(m) Accounting standards for significant revenue and expenses

The major performance obligations and the timing of recognizing revenue in the Company's principal businesses are as follows.

(1) Sales of goods and products

In the sporting goods sales business, the Company principally manufactures and sells sporting goods. Regarding the sales of such merchandise, finished products and revenue is recognized when the performance obligation has been satisfied upon delivery of the merchandise and finished products to the location agreed upon with the customer.

(2) Running Service Business

In the running service business, the Group operates platforms for entry registration for various sporting events and operates sporting events and is entrusted with the management of such events.

In the case of platform operation related to entry registration, revenue is recognized as performance obligations are fulfilled mainly upon receipt of entry fees for sporting events.

As for the operation and the management of sporting events, revenue is recognized as performance obligations are fulfilled upon completion of holding sporting event.

(3) Sports Facility Management Business

In the sports facility management business, the Company is mainly engaged in the operations and contract operations of sports facilities on a long-term basis. Regarding such contracts, as the performance obligation will be satisfied over a certain period of time, revenue is recognized over the period in which the services are rendered.

(n) Research and development costs

Research and development costs are charged to income as incurred.

(o) Income taxes

Deferred tax assets and liabilities are recorded for temporary differences between the balances of assets and liabilities reported for financial reporting purposes and the corresponding balances for tax reporting purposes.

(p) Derivatives and hedging activities

The Company and its consolidated subsidiaries utilize derivatives of forward foreign exchange contracts and currency options to hedge the risk arising mainly from fluctuations in foreign currency exchange rates on import transactions denominated in foreign currencies and interest swaps to hedge the risk arising from fluctuations in interest rates on loans and bond issuing transactions.

Derivatives positions are carried at fair value with any changes in unrealized gain or loss charged or credited to income, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss, net of the applicable income taxes, is deferred as a component of net assets. Receivables and payables hedged by qualified forward foreign exchange contracts are translated at the corresponding foreign exchange contract rates (the "allocation method"). Interest-rate swaps which meet certain conditions are accounted for as if the interest rates applied to the swaps had originally applied to the underlying debt (the "special treatment").

The hedge effectiveness of forward foreign exchange transactions is assessed by considering whether the transactions qualify based on past experience and the probability of the transaction occurring in the future. The hedge effectiveness of interest-rate swaps and currency options is assessed based on a comparison of the cumulative changes in cash flows of the hedged items and those of the hedging instruments in the period from the start of the hedging relationship to the assessment date. However, the assessment of hedge effectiveness is omitted if a high level of hedge effectiveness is identified based on the terms of the contracts.

(q) Application of group tax sharing system

The Company and certain consolidated subsidiaries adopted the group tax sharing system, which allows companies to file tax returns based on the combined profit or loss of a parent company and its subsidiaries.

(r) Distribution of retained earnings

Under the Corporation Law of Japan (the "Law"), the distribution of retained earnings with respect to a given financial period is made by resolution of the shareholders at a general meeting held subsequent to the close of the financial period. The accounts for that period do not, therefore, reflect such distributions. Please refer to Note 30, "Subsequent Events."

3. Significant Accounting Estimates

(1) Recoverability of deferred tax assets

- ① The components of deferred tax assets recorded in the consolidated financial statements as of December 31, 2023 and 2024 as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2023	2024	2024
Total amounts for the Group			
Gross deferred tax assets for future deductible temporary differences	¥ 38,374	¥ 35,997	\$ 229,280
Total valuation allowance	(18,411)	(18,329)	(116,745)
Deferred tax assets before offsetting against deferred tax liabilities	19,962	17,668	112,535
Deferred tax assets after offsetting against deferred tax liabilities	¥ 9,940	¥ 1,313	\$ 8,363
Portion attributable to the Company and its domestic consolidated subsidiaries applying the consolidated taxation system			
Gross deferred tax assets for future deductible temporary differences	¥ 13,048	¥ 11,860	\$ 75,541
Total valuation allowance	(4,158)	(2,828)	(18,013)
Deferred tax assets before offsetting against deferred tax liabilities	8,890	9,032	57,529
Deferred tax assets after offsetting against deferred tax liabilities	¥ 4,984	¥ 4,731	\$ 30,134

- ② Information about significant accounting estimates for identified items for the fiscal year ended December 31, 2023

- (a) Method of calculating the amounts recorded in the consolidated financial statements for the fiscal year ended December 31, 2023

Regarding the recognition of deferred tax assets, the timing and amount of taxable income that can be earned in the future are reasonably estimated and the amount is calculated.

- (b) Key assumptions used in the calculation of the amounts recorded in the consolidated financial statements for the fiscal year ended December 31, 2023

The business plan, which is the basis for taxable income, includes the policy of the Mid-Term Plan 2026 and the sales forecast and the cost control forecast of selling, general and administrative expenses under the current business environment and the future outlook, is affected by key assumptions that involve management's judgment.

The key assumptions are the growth rates, estimated sales volume as well as selling prices set by ASICS Japan Corporation, which is a major domestic sales subsidiary.

- (c) Impact on the consolidated financial statements for the following fiscal year

Management believes that the above assumptions are reasonable, however, they may be affected by the outcome of future changes in uncertain economic conditions and if future taxable income differs from the forecasts and assumptions, the amount of deferred tax assets recognized could be materially affected.

③ Information about significant accounting estimates for identified items for the fiscal year ended December 31, 2024

(a) Method of calculating the amounts recorded in the consolidated financial statements for the fiscal year ended December 31, 2024

Regarding the recognition of deferred tax assets, the timing and amount of taxable income that can be earned in the future are reasonably estimated and the amount is calculated.

(b) Key assumptions used in the calculation of the amounts recorded in the consolidated financial statements for the fiscal year ended December 31, 2024

The business plan, which is the basis for taxable income, includes the policy of the Mid-Term Plan 2026 and the sales forecast and the cost control forecast of selling, general and administrative expenses under the current business environment and the future outlook, is affected by key assumptions that involve management's judgment.

The key assumptions are the growth rates, estimated sales volume as well as selling prices set by ASICS Japan Corporation, which is a major domestic sales subsidiary.

(c) Impact on the consolidated financial statements for the following fiscal year

Management believes that the above assumptions are reasonable, however, they may be affected by the outcome of future changes in uncertain economic conditions and if future taxable income differs from the forecasts and assumptions, the amount of deferred tax assets recognized could be materially affected.

(2) Intangible Assets and Goodwill

① Amounts recorded in the consolidated financial statements as of December 31, 2023 and 2024 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2023	2024	2024
Goodwill	¥ 6,250	¥ 5,964	\$ 37,987

② Information on the contents of significant accounting estimates related to the identified items for the fiscal year ended December 31, 2023

(a) Method of calculating the amounts recorded in the consolidated financial statements for the fiscal year ended December 31, 2023

The Group acquired shares in companies that provide race registration platforms in Japan and overseas, allocated the acquisition cost to identifiable assets and liabilities as of the date of the business combination, and calculated goodwill and other assets as the difference.

The existence of indications of impairment on goodwill and other assets is assessed each fiscal year based on changes in the business environment and deterioration in business performance.

If it is determined that there is an indication of impairment, the Group estimates undiscounted future cash flow based on the business plan and recognizes an impairment loss if it is less than the book value.

(b) Impact on the consolidated financial statements for the fiscal year ended December 31, 2024

Management believes that the above assumptions are reasonable, however, they may be affected by future changes in uncertain economic conditions, which could have a significant impact on the amount of intangible assets and goodwill if the assumptions need to be revised.

③ Information on the contents of significant accounting estimates related to the identified items for the fiscal year ended December 31, 2024

(a) Method of calculating the amounts recorded in the consolidated financial statements for the fiscal year ended December 31, 2024

The Group acquired shares in companies that provide race registration platforms in Japan and overseas, allocated the acquisition cost to identifiable assets and liabilities as of the date of the business combination, and calculated goodwill and other assets as the difference.

The existence of indications of impairment on goodwill and other assets is assessed each fiscal year based on changes in the business environment and deterioration in business performance.

If it is determined that there is an indication of impairment, the Group estimates undiscounted future cash flow based on the business plan and recognizes an impairment loss if it is less than the book value.

(b) Impact on the consolidated financial statements for the fiscal year ending December 31, 2025

Management believes that the above assumptions are reasonable, however, they may be affected by future changes in uncertain economic conditions, which could have a significant impact on the amount of intangible assets and goodwill if the assumptions need to be revised.

4. Accounting Standards Not Yet Adopted

(Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules)

- Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules (Practical Solution No. 46, March 22, 2024, Accounting Standards Board of Japan (ASBJ))

(1) Overview

In October 2021, in the Inclusive Framework on Base Erosion and Profit Shifting (BEPS) led by the Organization for Economic Cooperation and Development (OECD) and the G20, participating countries agreed on a global minimum tax.

In response, the treatment of the Income Inclusion Rule (IIR)—one of the internationally agreed global minimum tax rules—was established in the Act Partially Amending the Income Tax Act, etc. (Act No. 3 of 2023), which was enacted on March 28, 2023 in Japan and is to be applied from the relevant fiscal year beginning April 1, 2024 or later.

Global minimum taxation is a new tax system that aims to impose a minimum corporate tax rate of 15% on the country-by-country profits of multinational corporate groups and other entities that meet certain criteria and in which the entity that generates the net income (profit) from which the tax is levied is different from the entity that is obligated to pay the tax.

Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules provides guidance on the accounting and disclosure treatment for corporate taxes and local corporate taxes under the Global Minimum Tax Rules.

(2) Scheduled date of application

The Company will apply the accounting standard from the beginning of the fiscal year ending December 31, 2025.

(3) Effect of application of the accounting standards

The Company is currently evaluating the impact of applying Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules on its consolidated financial statements.

(Accounting Standard for Leases)

- “Accounting Standard for Leases” (ASBJ Statement No. 34, September 13, 2024)

- “Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33, September 13, 2024)

(1) Overview

The ASBJ considered the development of lease accounting in light of IFRS 16 under which a lessee recognizes all leased assets and the corresponding liabilities on its balance sheet, as part of the convergence efforts to align J-GAAP with IFRS. As a fundamental policy, it decided to integrate the primary provisions of IFRS 16. As a result of integrating these primary provisions, it issued the lease accounting principles that aim to apply to provisions of IFRS 16 simply and conveniently in the preparation of financial statements and without the need for revision, in principle. The accounting standard for leases applies a single lessee accounting model that recognizes depreciation expenses on the right of use assets and interest expense on the lease liabilities with regard to expense recognition of lessees regardless of classification as finance leases or operating leases consistent with IFRS 16.

(2) Scheduled date of application

The Company will apply the accounting standard from the beginning of the fiscal year ending December 31, 2028.

(3) Effect of application of the accounting standards

The Company is currently evaluating the effect of applying the accounting standard and the guidance on its consolidated statements.

5. Cash and Deposits

The balances of cash and deposits reflected in the accompanying consolidated balance sheets as of December 31, 2023 and 2024 were reconciled to the balances of cash and cash equivalents in the accompanying consolidated statements of cash flows for the fiscal years ended December 31, 2023 and 2024 as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2023	2024	2024
Cash and deposits	¥ 114,005	¥ 127,021	\$ 809,051
Time deposits with original maturities in excess of three months, included in cash and deposits	(703)	(47)	(299)
Cash and cash equivalents	¥ 113,301	¥ 126,973	\$ 808,745

6. Receivables Arising from Contracts with Customers

Notes and accounts receivable arising from contracts with customers are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2023	2024	2024
Notes receivable	¥ 8,901	¥ 8,132	\$ 51,796
Accounts receivable	56,691	66,572	424,025

7. Investments in Securities

Information regarding other securities with determinable market value as of December 31, 2023 and 2024 is summarized as follows:

	<i>Millions of yen</i>						<i>Thousands of U.S. dollars</i>		
	2023			2024			2024		
	Carrying value	Acquisition costs	Difference	Carrying value	Acquisition costs	Difference	Carrying value	Acquisition costs	Difference
Securities whose carrying value exceeds their acquisition costs:									
Equity securities	¥ 8,919	¥ 4,016	¥ 4,902	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —
Bonds payable	128	120	8	0	0	—	0	0	—
Subtotal	9,048	4,136	4,911						
Securities whose carrying value does not exceed their acquisition costs:									
Equity securities	465	519	(53)	—	—	—	—	—	—
Bonds payable	—	—	—	102	120	(17)	650	764	(108)
Subtotal	465	519	(53)	102	120	(17)	650	764	(108)
Total	¥ 9,514	¥ 4,656	¥ 4,857	¥ 102	¥ 120	¥ (17)	\$ 650	\$ 764	\$ (108)

Unlisted equity securities (carrying value as of December 31, 2023 and 2024 amounted to ¥725 million and ¥751 million (\$4,783 thousand), respectively), and investments in limited liability partnerships and others (carrying value as of December 31, 2023 and 2024 amounted to ¥1,866 million and ¥2,659 million (\$16,936 thousand), respectively) are not included in the above table because there is no market price.

Information regarding sales of other securities for the fiscal years ended December 31, 2023 and 2024 is summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2023	2024	2024
	Proceeds from sales	¥ 1,824	¥ 11,668
Gross realized gain	1,483	6,938	44,191
Gross realized loss	—	18	115

The Company has recognized loss on impairment of marketable securities classified as other securities in the amount of ¥219 million and ¥133 million (\$847 thousand) for the years ended December 31, 2023 and 2024, respectively. Impairment loss is recorded for the securities whose market value declines by 30% or more as compared with their acquisition costs.

Unconsolidated subsidiaries and affiliates in investment securities are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2023	2024	2024
	Investments and other assets		
Investment securities (common stocks)	¥ 80	¥ 80	\$ 510
Other (capital)	66	66	420

8. Impairment Losses

[Fiscal year ended December 31, 2023]

Use	Location	Classification	<i>Millions of yen</i>
			2023
Store assets	North America and Europe etc.	Buildings and structures, Tools, furniture and fixtures and Leased assets etc.	¥ 3,706
Other	Japan and North America	Tools, furniture and fixtures and Software etc.	871
Total			¥ 4,577

The Group groups store assets by store, while assets intended for sale and idle assets individually. The assets are grouped by cash-generating units defined as the smallest identifiable group of assets generating cash inflows.

The Group has written down asset groups whose operating income has been continuously negative to their respective recoverable amounts and recorded related loss on impairment of property, plant and equipment. The recoverable amounts of asset groups are measured at the higher of their net selling value or value in use. The net selling value is based on estimated sales price. If the estimated sales price is zero, the entire book value is written off. Value in use is measured as the sum of anticipated future cash flows discounted at rates of 9.2% to 11.6% for the year ended December 31, 2023.

[Fiscal year ended December 31, 2024]

Use	Location	Classification	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
			2024	2024
Store assets	North America and Southeast Asia etc.	Buildings and structures, Tools, furniture and fixtures and Leased assets etc.	¥ 952	\$ 6,064
Other	North America and Japan etc.	Tools, furniture and fixtures and Software etc.	1,066	6,790
Total			¥ 2,019	\$ 12,860

The Group groups store assets by store, while assets intended for sale and idle assets individually. The assets are grouped by cash-generating units defined as the smallest identifiable group of assets generating cash inflows. In addition, the Group groups the assets that are planned to be sold and not expected to be used in the future by property.

The Group has written down asset groups whose operating income has been continuously negative to their respective recoverable amounts and recorded related loss on impairment of property, plant and equipment. Since the assets for the use of “Other” are not expected to be used in the future, the book values of the assets have been written down to their respective recoverable amount. The recoverable amounts of asset groups are measured at the higher of their net selling value or value in use. The net selling value is based on estimated sales price. If the estimated sales price is zero, the entire book value is written off. Value in use is measured as the sum of anticipated future cash flows discounted at rates of 9.0% to 11.0% for the year ended December 31, 2024.

9. Short-Term Bank Loans and Long-Term Debt

Long-term debt as of December 31, 2023 and 2024 consisted of the following:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2023	2024	2024
0.20% yen unsecured bonds issued through public offering, due 2024	¥ 20,000	¥ —	\$ —
0.22% yen unsecured bonds issued through public offering, due 2025	25,000	25,000	159,236
0.10% yen unsecured bonds issued through public offering, due 2026	10,000	10,000	63,694
0.56% yen unsecured bonds issued through public offering, due 2026	15,000	15,000	95,541
0.79% yen unsecured bonds issued through public offering, due 2028	10,000	10,000	63,694
Loans primarily from banks, due through 2025 at interest rates 0.3%	2,500	2,500	15,924
Serial loans	87	—	—
Lease obligations	49,530	54,776	348,892
	132,118	117,276	746,981
Current portion of long-term debt and short-term loans	(31,754)	(40,444)	(257,605)
	¥ 100,363	¥ 76,832	\$ 489,376

Information on the aggregate annual maturities of long-term debt subsequent to December 31, 2024 is presented in Note 24, “Financial Instruments.”

The Company has an overdraft agreement with the bank to finance working capital efficiently. The balance of unexecuted loan commitments as of December 31, 2023 and 2024 under this agreement is as follows.

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2023	2024	2024
Total overdrafts	¥ 205,500	¥ 195,500	\$ 1,245,223
Executed loans	—	—	—
Unexecuted balance	¥ 205,500	¥ 195,500	\$ 1,245,223

10. Contract Liabilities

Contract liabilities included in “Other” under current liabilities as of December 31, 2023 and 2024 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2023	2024	2024
Contract liabilities	¥ 1,985	¥ 2,415	\$ 15,382

11. Retirement Benefits

The Company and certain domestic consolidated subsidiaries have lump-sum payment plans, defined contribution pension plans or a smaller enterprise retirement allowance mutual aid plan.

Certain defined benefit corporate pension plans have a retirement benefit trust.

Certain overseas consolidated subsidiaries adopted defined contribution pension plans or defined benefit plans.

The changes in the retirement benefit obligations, except for plans accounted for by the simplified method, during the fiscal years ended December 31, 2023 and 2024 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2023	2024	2024
Retirement benefit obligations at the beginning of the year	¥ 8,010	¥ 7,964	\$ 50,726
Service cost	754	621	3,955
Interest cost	72	71	452
Actuarial loss	47	262	1,669
Retirement benefits paid	(1,039)	(1,053)	(6,707)
Prior service cost	112	—	—
Other	6	13	83
Retirement benefit obligations at the end of the year	¥ 7,964	¥ 7,880	\$ 50,191

The changes in the plan assets, except for plans accounted for by the simplified method, during the fiscal years ended December 31, 2023 and 2024 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2023	2024	2024
Plan assets at the beginning of the year	¥ 4,931	¥ 4,277	\$ 27,242
Expected return on plan assets	98	85	541
Actuarial (gain) loss	69	20	127
Retirement benefits paid	(822)	(734)	(4,675)
Plan assets at the end of the year	¥ 4,277	¥ 3,649	\$ 23,242

The changes in liabilities for retirement benefits calculated by the simplified method during the fiscal years ended December 31, 2023 and 2024 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2023	2024	2024
Liabilities for retirement benefits at the beginning of the year	¥ 709	¥ 704	\$ 4,484
Retirement benefit expenses	65	48	306
Retirement benefits paid	(51)	(104)	(662)
Other	(20)	(13)	(83)
Liabilities for retirement benefits at the end of the year	¥ 704	¥ 634	\$ 4,038

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheets as of December 31, 2023 and 2024 for the Company's and the consolidated subsidiaries' defined benefit plan:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2023	2024	2024
Funded retirement benefit obligations	¥ 7,642	¥ 7,366	\$ 46,917
Plan assets at fair value	(4,511)	(3,841)	(24,465)
Unfunded retirement benefit obligations	1,284	1,340	8,535
Net liability for retirement benefits in the consolidated balance sheet	4,416	4,865	30,987
Liabilities for retirement benefits	4,416	4,865	30,987
Net liability for retirement benefits in the consolidated balance sheet	¥ 4,416	¥ 4,865	\$ 30,987

The components of retirement benefit expenses for the fiscal years ended December 31, 2023 and 2024 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2023	2024	2024
Service cost	¥ 754	¥ 621	\$ 3,955
Interest cost	72	71	452
Expected return on plan assets	(98)	(85)	(541)
Amortization of unrecognized actuarial loss	46	42	268
Amortization of prior service cost	115	115	732
Net retirement benefit expenses calculated by the simplified method	65	48	306
Retirement benefit expenses	¥ 956	¥ 813	\$ 5,178

Actuarial gain (loss) and prior service cost included in other comprehensive income (before tax effects) for the years ended December 31, 2023 and 2024 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2023	2024	2024
Prior service cost	¥ 2	¥ 115	\$ 732
Actuarial (gain) loss	69	(199)	(1,268)
Total	¥ 72	¥ (84)	\$ (535)

Unrecognized actuarial loss included in accumulated other comprehensive income (before tax effects) as of December 31, 2023 and 2024 is as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2023	2024	2024
Unrecognized prior service cost	¥ 1,046	¥ 931	\$ 5,930
Unrecognized actuarial loss	231	430	2,739
Total	¥ 1,277	¥ 1,361	\$ 8,669

Main categories by percentage of total pension assets as of December 31, 2023 and 2024 are as follows:

	2023	2024
Bond	59%	72%
Equity securities	34%	5%
Cash and deposits	2%	18%
Other	5%	5%
Total	100%	100%

Total pension assets include 94.8% and 95.0% of retirement benefit trusts established for corporate pension plans for the fiscal years ended December 31, 2023 and 2024, respectively.

When determining the long-term expected rate of return on pension assets, the Company considers the current and projected allocation of pension assets and the current and future long-term rates of return on the diverse assets that comprise its pension assets.

The assumptions used in accounting for the above retirement benefit plans for the fiscal years ended December 31, 2023 and 2024 are as follows:

	2023	2024
Discount rates	0.1% - 2.9%	0.1% - 2.9%
Long-term expected rate of return on pension assets	2.0%	2.0%

Total contributions paid by the Company and its consolidated subsidiaries to the defined contribution pension plans for the fiscal years ended December 31, 2023 and 2024 amounted to ¥1,423 million and ¥2,132 million (\$13,580 thousand), respectively.

12. Contingent Liabilities

The assets pledged as collateral for a third-party's borrowings as of December 31, 2023 and 2024 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2023	2024	2024
Investments and other assets:			
Investments in securities	¥ 328	¥ 302	\$ 1,924

13. Shareholders' Equity

The Law provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met.

The Company's legal reserve included in retained earnings is nil as of December 31, 2023 and 2024.

Movements in common stock and treasury shares for the years ended December 31, 2023 and 2024 are summarized as follows:

	<i>Number of Shares</i>			
	2023			
	January 1, 2023	Increase	Decrease	December 31, 2023
Shares issued:				
Common stock	189,870,559	—	—	189,870,559
Treasury shares:				
Treasury shares	6,700,633	18,996	85,040	6,634,589

1. The increase in treasury shares of 18,996 shares is due to acquisition at no cost of 17,827 shares related to restricted stock remuneration, and purchases of 1,169 shares of less than one voting unit.
2. The decrease in treasury shares of 85,040 shares is due to disposal of 72,846 shares for restricted stock remuneration, sales of 94 shares at the requests of shareholders who own less than one voting unit, and 12,100 shares corresponding to exercising stock options for the fiscal year ended December 31, 2023.

	<i>Number of Shares</i>			
	2024			
	January 1, 2024	Increase	Decrease	December 31, 2024
Shares issued:				
Common stock	189,870,559	569,611,677	—	759,482,236
Treasury shares:				
Treasury shares	6,634,589	37,129,347	23,430	43,740,506

1. The Company has carried out a 4-for-1 stock split for its common stock on the effective date of July 1, 2024.
2. The increase in the number of common stock issued, that is 569,611,677, is due to the stock split.
3. The increase in treasury shares of 37,129,347 shares is due to stock split of 27,144,369, repurchase of 9,975,900 treasury shares resolved at a meeting of the Board of Directors, acquisition at no cost of 6,112 shares related to restricted stock remuneration, and purchases of 2,966 shares of less than one voting unit.
4. The decrease in treasury shares of 23,430 shares is due to exercise of stock option of 23,400 shares and sale of 30 shares of less than one voting unit.

(Stock option plans)

There were no stock option costs included in selling, general and administrative expenses for the fiscal years ended December 31, 2023 and 2024, respectively.

A description of the stock option plan (the "2018 plan") is as follows:

Stock option plans		2018 plan
Date of approval at a meeting of the Board of Directors		April 20, 2018
Individuals covered by the plan	Directors other than outside directors	6
	Executive officers	12
	Directors of the Company's subsidiaries	4
	Employee of the Company's subsidiary	2

Type and number of shares to be issued upon the exercise of the stock options	2018 plan
Common stock (Note)	340,800
Grant date	May 18, 2018
Service period	Not defined
Exercise period	From May 19, 2021 to May 18, 2048

A description of the stock option plan (the “2017 plan”) is as follows:

Stock option plans		2017 plan
Date of approval at a meeting of the Board of Directors		April 26, 2017
Individuals covered by the plan	Directors other than outside directors	5
	Employees of the Company	6
	Directors of the Company’s subsidiaries	4
	Employee of the Company’s subsidiary	2

Type and number of shares to be issued upon the exercise of the stock options	2017 plan
Common stock (Note)	405,600
Grant date	May 29, 2017
Service period	Not defined
Exercise period	From May 30, 2020 to May 29, 2047

A description of the stock option plan (the “2016 plan”) is as follows:

Stock option plans		2016 plan
Date of approval at a meeting of the Board of Directors		April 22, 2016
Individuals covered by the plan	Directors other than outside directors	4
	Employees of the Company	7
	Directors of the Company’s subsidiaries	2
	Employees of the Company’s subsidiaries	3

Type and number of shares to be issued upon the exercise of the stock options	2016 plan
Common stock (Note)	343,600
Grant date	May 17, 2016
Service period	Not defined
Exercise period	From May 18, 2019 to May 17, 2046

A description of the stock option plan (the “2015 plan”) is as follows:

Stock option plans		2015 plan
Date of approval at a meeting of the Board of Directors		April 7, 2015
Individuals covered by the plan	Directors other than outside directors	5
	Employees of the Company	6
	Directors of the Company’s subsidiaries	3
	Employees of the Company’s subsidiaries	2

Type and number of shares to be issued upon the exercise of the stock options	2015 plan
Common stock (Note)	94,800
Grant date	May 12, 2015
Service period	Not defined
Exercise period	From May 13, 2018 to May 12, 2045

A description of the stock option plan (the “2014 plan”) is as follows:

Stock option plans		2014 plan
Date of approval at a meeting of the Board of Directors		July 18, 2014
Individuals covered by the plan	Directors other than outside directors	7
	Executive officers who are residents of Japan under the Income Tax Law of Japan	6

Type and number of shares to be issued upon the exercise of the stock options	2014 plan
Common stock (Note)	106,000
Grant date	August 8, 2014
Service period	Not defined
Exercise period	From August 9, 2017 to August 8, 2044

(Note)

The numbers of shares are stated after conversion. Since the Company has carried out a 4-for-1 stock split for its common stock on the effective date of July 1, 2024, the number of shares is disclosed after conversion to the number of shares after the stock split.

Vesting conditions for the exercise of stock acquisition rights are as follows:

[For the “2018 plan”, “2017 plan” and “2016 plan”]

- 1) If the individuals to whom the stock acquisition rights are granted (the “Holders”) forfeit stock acquisition rights, the stock options cannot be exercised.
- 2) Other conditions are included in the contract entered into between the Company and the Holders.

[For the “2015 plan”]

If the Holders forfeit stock acquisition rights, the stock options cannot be exercised.

[For the “2014 plan”]

- 1) When the Holders cease to be a director or/and executive officer, the Holders can exercise the rights within five years following the date on which the Holders leave their positions with valid reasons as approved by the Company, such as the fulfillment of the service period.
- 2) If the Holders forfeit stock acquisition rights, the stock options cannot be exercised.
- 3) Other conditions are included in the contract entered into between the Company and the Holders.

The following table summarizes stock option activity under the stock option plans referred to above during the year ended December 31, 2024:

	2018 plan	2017 plan	2016 plan
Number of stock options (Note)			
Unvested:			
Outstanding at the end of prior fiscal period	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Outstanding at the end of the fiscal period	—	—	—
Vested:			
Outstanding at the end of prior fiscal period	234,000	253,200	71,600
Vested	—	—	—
Exercised	4,800	24,400	1,600
Forfeited	—	—	—
Outstanding at the end of the fiscal period	229,200	228,800	70,000
	<i>Yen</i>		
Exercise price	¥ 1	¥ 1	¥ 1
Weighted average exercise price	¥ 2,043	¥ 2,428	¥ 2,625
Weighted average fair value per stock at the grant date	¥ 446	¥ 417	¥ 544
	<i>U.S. dollars</i>		
Exercise price	\$ 0.01	\$ 0.01	\$ 0.01
Weighted average exercise price	\$ 13	\$ 15	\$ 17
Weighted average fair value per stock at the grant date	\$ 3	\$ 3	\$ 3
	2015 plan	2014 plan	
Number of stock options			
Unvested:			
Outstanding at the end of prior fiscal period	—	—	
Granted	—	—	
Forfeited	—	—	
Vested	—	—	
Outstanding at the end of the fiscal period	—	—	
Vested:			
Outstanding at the end of prior fiscal period	29,200	1,200	
Vested	—	—	
Exercised	5,200	—	
Forfeited	—	—	
Outstanding at the end of the fiscal period	24,000	1,200	
	<i>Yen</i>		
Exercise price	¥ 1	¥ 1	
Weighted average exercise price	¥ 2,639	—	
Weighted average fair value per stock at the grant date	¥ 752	¥ 533	

	<i>U.S. dollars</i>	
Exercise price	\$ 0.01	\$ 0.01
Weighted average exercise price	\$ 17	—
Weighted average fair value per stock at the grant date	\$ 5	\$ 3

(Note)

Since the Company has carried out a 4-for-1 stock split for its common stock on the effective date of July 1, 2024, the numbers and the prices are stated after conversion to the stock-split prices.

Valuation method for estimating fair value was not applicable.

Because it is difficult to reasonably estimate the number of stock options that will be forfeited in the future, the estimation reflects only the actual number of forfeited stock options.

(Restricted Stock Plan)

The Company has introduced a Restricted Stock Compensation Plan as compensation for Directors and employees. Since this transaction is not a transaction to issue shares, etc. as remuneration, etc. for Directors, etc. without requiring payment of money as specified under Article 202-2 of the Companies Act, “Practical Solution on Transactions that Grant Shares as Compensation for Directors, etc.” (Practical Solution No. 41, January 28, 2021) is not applied.

Stock option costs included in selling, general and administrative expenses for the years ended December 31, 2023 and 2024 amounted to ¥228 million and ¥922 million (\$5,873 thousand), respectively.

A description of the restricted stock plans (the “2025 plan”) is as follows:

	Restricted stock plans	2025 plan
Individuals covered by the plan	Directors other than non-executive directors	2
	Executive officers of the Company	14
<hr/>		
Type, number of shares and other conditions	2025 plan	
Number of shares of common stock	292,158	
Grant date	April 16, 2025	
Transfer restriction period	From April 16, 2025 until the grantees resign and retire from any of the subject positions within the Company or the Company’s subsidiaries. (Note 2)	
Fair value per share	¥ 3,351 (\$ 21.34)	

A description of the restricted stock plan (the “2023 plan”) is as follows:

	Restricted stock plans	2023 plan
Individuals covered by the plan	Directors other than non-executive directors	1
	Executive officers of the Company	17
<hr/>		
Type, number of shares and other conditions	2023 plan	
Number of shares of common stock	291,384	
Grant date	May 12, 2023	
Transfer restriction period	From May 12, 2023 to May 12, 2026	
Fair value per share	¥ 955 (\$ 6.08)	

A description of the restricted stock plan (the “2022 plan”) is as follows:

Restricted stock plans		2022 plan
Individuals covered by the plan	Directors other than outside directors	1
	Executive officers of the Company	17
Type, number of shares and other conditions	2022 plan	
Number of shares of common stock	511,900	
Grant date	May 13, 2022	
Transfer restriction period	From May 13, 2022 to May 13, 2025	
Fair value per share	¥ 522 (\$ 3.32)	

A description of the restricted stock plan (the “2021 plan”) is as follows:

Restricted stock plans		2021 plan
Individuals covered by the plan	Directors other than outside directors or the Audit and Supervisory Committee members	2
	Executive officers of the Company	18
Type, number of shares and other conditions	2021 plan	
Number of shares of common stock	723,496	
Grant date	May 14, 2021	
Transfer restriction period	From May 14, 2021 to May 14, 2024	
Fair value per share	¥ 451 (\$ 2.87)	

Lifting conditions for the restricted stock are as follows:

[From 2021 plan to 2023 plan]

The Company shall lift the transfer restriction for all or some portions of the allotted shares upon the expiration of the transfer restriction period on the condition that covered persons to whom the restricted stock have been allotted remain in the Group’s subject positions during the transfer restriction period.

However, in the event that such person leaves his or her position as the Group’s subject position prior to the expiration date of the transfer restriction period for reasons deemed justifiable by the Company’s Board of Directors, (such as the expiration of the term of the positions), the Company shall lift the transfer restriction for a specified number of allotted shares on a pro rate basis according to the length of his or her service period until leaving the Group.

[2025 plan]

The Company shall lift the transfer restriction for all portions of the allotted shares upon the expiration of the transfer restriction period on the condition that covered persons to whom the restricted stock have been allotted remain in the Company’s or the subsidiaries’ subject positions during the transfer restriction period.

However, in the event that such person leaves his or her position as the subject position prior to the expiration date of the transfer restriction period for reasons deemed justifiable by the Company’s Board of Directors, the Company shall lift the transfer restriction for all allotted shares on a pro rate basis according to the length of his or her service period until leaving the Group.

(Notes)

1. Since the Company has carried out a 4-for-1 stock split for its common stock on the effective date of July 1, 2024, the numbers and the prices are stated after conversion to the post-split prices.
2. “Subject positions” refers to directors, executive officers, and employees. Additionally, if the resignation or retirement date of the subject director is before March 31, 2026, the transfer restriction period will be until April 1, 2026.

Size and changes in the restricted stock are as follows.

	2025 plan	2023 plan
Number of shares of restricted stock		
Outstanding at the end of prior fiscal period	—	291,384
Granted	292,158	—
Forfeited	—	24,448
Vested	—	35,100
Outstanding at the end of the fiscal period	—	231,836
	<i>Yen</i>	
Fair value per restricted stock at grant date	¥ 3,351	¥ 955
	<i>U.S. dollars</i>	
Fair value per restricted stock at the grant date	\$ 21	\$ 6
	2022 plan	2021 plan
Number of shares of restricted stock		
Outstanding at the end of prior fiscal period	440,592	657,976
Granted	—	—
Forfeited	—	—
Vested	60,652	657,976
Outstanding at the end of the fiscal period	379,940	—
	<i>Yen</i>	
Fair value per restricted stock at the grant date	¥ 522	¥ 451
	<i>U.S. dollars</i>	
Fair value per restricted stock at the grant date	\$ 3	\$ 3

(Note)

Since the Company has carried out a 4-for-1 stock split for its common stock on the effective date of July 1, 2024, the number and the price of shares of restricted stock and are disclosed after conversion to the number and the price after the stock split.

14. Selling, General and Administrative Expenses

The material expenses in selling, general and administrative expenses for the fiscal years ended December 31, 2023 and 2024 are as follows.

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2023	2024	2024
Packing and transportation costs	¥ 26,087	¥ 28,091	\$ 178,924
Advertising expenses	43,646	52,099	331,841
Commission expenses	39,504	48,835	311,051
Provision of allowance for doubtful accounts	823	(989)	(6,299)
Salaries and wages to employees	52,098	55,132	351,159
Provision for bonuses	1,101	2,535	16,146
Retirement benefit expenses	1,178	1,077	6,860
Rent expenses	13,229	13,189	84,006
Depreciation	16,186	20,315	129,395

Research and development costs included in selling, general and administrative expenses for the fiscal years ended December 31, 2023 and 2024 amounted to ¥6,607 million and ¥6,901 million (\$43,955 thousand), respectively.

15. Gain on Sale of Investment Securities

Gain on sale of investment securities was ¥1,483 million and ¥6,938 million (\$44,191 thousand) for the fiscal years ended December 31, 2023 and 2024, respectively, resulting from the gain on sales of cross-shareholdings.

16. Gain on Sales of Shares of Subsidiaries and Associates

Gain on sales of shares of subsidiaries and associates was ¥6,506 million for the fiscal year ended December 31, 2023 resulting from the sales of shares in Haglöfs AB, which was a consolidated subsidiary.

17. Loss on Cancellation of Rental Contracts

Loss on cancellation of rental contracts of ¥316 million and ¥1,331 million (\$8,478 thousand) for the fiscal years ended December 31, 2023 and 2024, respectively, represents cancellation fees and other costs incurred due to the closing of the Company's own retail stores and offices and due to the closing of the owned sport facilities.

18. Loss on Profit Structure Improvement in Japan

Loss on profit structure improvement in Japan of ¥1,523 million for the fiscal year ended December 31, 2023 is due to career change support costs and other expenses of Japan subsidiaries.

19. Loss on Profit Structure Improvement in Overseas

Loss on profit structure improvement in overseas of ¥1,775 million for the fiscal year ended December 31, 2023 is due to loss on store closure of overseas subsidiaries of ¥1,418 million and career change support costs and other expenses of overseas subsidiaries of ¥357 million.

20. Loss on Relocation

Loss on relocation of ¥2,030 million (\$12,930 thousand) for the fiscal year ended December 31, 2024 is due to the impairment losses of ¥1,674 million (\$10,662 thousand) and the asset retirement obligations of ¥355 million (\$2,261 thousand).

The Group has recorded impairment losses on the following assets.

Use	Location	Classification	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
			2024	2024
Business assets	Japan	Buildings and structures, Tools, and furniture and fixtures	¥ 1,674	\$ 10,662

During the fiscal year ended December 31, 2024, due to the decision to relocate the headquarters, the business assets were no longer expected to be utilized in the future. Consequently, the book value was reduced to the recoverable amount, and the loss on relocation was recorded as an extraordinary loss. The breakdown of this loss is ¥1,671 million (\$10,643 thousand) for buildings and structures and ¥3 million (\$19 thousand) for tools, furniture, and fixtures. The recoverable amount was measured based on the net selling price and has been assessed as zero, considering real estate appraisals and surrounding circumstances.

21. Allowance for Losses on Business Transfer

Allowance for losses on business transfer for the fiscal year ended December 31, 2024 is provided for expenses expected to arise in association with a business transfer, as a result of the Company's decision to transfer its shares in NIPPON SLIPPER CO., LTD., which is a wholly owned sub-subsidiary, and is recorded in extraordinary losses.

22. Income Taxes

The Company and certain domestic consolidated subsidiaries apply the group tax sharing system. The Company and certain domestic consolidated subsidiaries account for and disclose for corporation tax and local corporation tax or the related tax effect accounting in accordance with “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (PITF No. 42, August 12, 2021).

Since the difference between the statutory tax rate and the effective tax rate after the application of tax effect accounting for the fiscal years ended December 31, 2023 and 2024 are less than or equal to 5% of the statutory tax rate, this information is omitted.

Deferred tax assets and liabilities reflect the net tax effect of the temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the corresponding amounts for income tax purposes. The significant components of the deferred tax assets and liabilities of the Company and consolidated subsidiaries as of December 31, 2023 and 2024 are summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2023	2024	2024
Deferred tax assets:			
Inventories	¥ 2,054	¥ 1,959	\$ 12,478
Allowance for doubtful accounts	1,164	974	6,204
Provision for employees' bonuses	1,006	1,667	10,618
Liability for retirement benefits	1,940	2,014	12,828
Tax loss carry forwards *2	15,719	10,013	63,777
Impairment losses	1,944	1,132	7,210
Other	14,544	18,236	116,153
Gross deferred tax assets	38,374	35,997	229,280
Less valuation allowance for tax loss carryforwards *2	(10,009)	(9,326)	(59,401)
Less valuation allowance for temporary differences	(8,402)	(9,003)	(57,344)
Total valuation allowance *1	(18,411)	(18,329)	(116,745)
Total deferred tax assets	19,962	17,668	112,535
Deferred tax liabilities:			
Unrealized holding gain on securities	1,301	—	—
Unrealized deferred gain on hedges	2,047	4,902	31,223
Retained earnings for subsidiaries	1,100	4,502	28,675
Other	5,573	6,950	44,268
Total deferred tax liabilities	10,022	16,355	104,172
Net deferred tax assets	¥ 9,940	¥ 1,313	\$ 8,363

*1 Total valuation allowance decreased by ¥81 million (\$516 thousand) in the fiscal year ended December 31, 2024. The main reason for the decrease is due to the decrease in the tax loss carryforwards.

*2 The expiration of tax loss carryforwards, the related valuation allowance and resulting net deferred tax assets as of December 31, 2023 and 2024 was as follows:

<i>Millions of yen</i>							
2023							
	One year or less	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years	Total
Deferred tax assets relating to tax loss carryforwards *3	¥ 79	¥ 185	¥ 145	¥ 645	¥ 88	¥ 14,574	¥ 15,719
Less valuation allowance for tax loss carryforwards	(67)	(185)	(118)	(6)	(88)	(9,542)	(10,009)
Net deferred tax assets relating to tax loss carryforwards	¥ 12	¥ —	¥ 26	¥ 639	¥ —	¥ 5,032	*4 ¥ 5,710

<i>Millions of yen</i>							
2024							
	One year or less	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years	Total
Deferred tax assets relating to tax loss carryforwards *3	¥ 184	¥ 106	¥ 7	¥ 57	¥ 228	¥ 9,429	¥ 10,013
Less valuation allowance for tax loss carryforwards	(172)	(106)	(7)	(12)	(56)	(8,970)	(9,326)
Net deferred tax assets relating to tax loss carryforwards	¥ 12	¥ —	¥ —	¥ 44	¥ 172	¥ 458	*4 ¥ 686

<i>Thousands of U.S. dollars</i>							
2024							
	One year or less	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years	Total
Deferred tax assets relating to tax loss carryforwards *3	\$ 1,172	\$ 675	\$ 45	\$ 363	\$ 1,452	\$ 60,057	\$ 63,777
Less valuation allowance for tax loss carryforwards	\$ (1,096)	\$ (675)	\$ (45)	\$ (76)	\$ (357)	\$ (57,134)	\$ (59,401)
Net deferred tax assets relating to tax loss carryforwards	\$ 76	\$ —	\$ —	\$ 280	\$ 1,096	\$ 2,917	*4 \$ 4,369

*3 The amount in the table above is determined by multiplying the corresponding tax loss carry forwards by the effective statutory tax rate.

*4 Certain portions of deferred tax assets are probable to be realized because future taxable income is expected.

23. Leases

Leased assets under finance lease transactions which do not transfer ownership to the lessee mainly consist of computer software classified as intangible assets.

The depreciation methods of leased assets are described in Note 2, “Summary of Significant Accounting Policies, (h) Leased Assets.”

Future minimum lease payments subsequent to December 31, 2024 under non-cancellable operating leases are summarized as follows:

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
Fiscal year ending December 31, 2025	¥ 815	\$ 5,191
Fiscal year ending December 31, 2026 and thereafter	2,709	17,255
	<u>¥ 3,524</u>	<u>\$ 22,446</u>

Right-of-use assets are recognized for leases assets of foreign subsidiaries.

The depreciation methods of right-of-use assets are described in Note 2, “Summary of Significant Accounting Policies, (h) Leased Assets.”

24. Financial Instruments

(a) Status of financial instruments

In consideration of plans for capital investment, the Group raises necessary funds mainly by bank borrowings and bonds issuance by reference to cash flow plan. The Group manages temporary fund surpluses principally through liquid financial assets. Furthermore, the Group raises short-term working capital through bank borrowings. The Group uses derivatives for the purpose of reducing risk and does not enter into derivatives for speculative purposes.

Trade receivables, notes and accounts receivables, are exposed to credit risk in relation to customers. In addition, the Group is exposed to foreign currency exchange risk arising from trade receivables denominated in foreign currencies, and forward foreign currency exchange contracts and others are arranged to reduce the risk.

Marketable securities and investments in securities are exposed to market risk. Those securities are mainly composed of equity securities of companies with which the Group has business relationships.

Substantially all trade payables, trade notes and accounts payable, have payment due dates within four months. Although a portion of payables are exposed to foreign currency exchange risk arising from those payables denominated in foreign currencies, forward foreign currency exchange contracts and others are arranged to reduce the risk.

Loans, bonds and bonds with stock acquisition rights are taken out principally for the purpose of conducting business activities and making capital investments. The repayment dates of the long-term debt extend up to four years from the balance sheet date.

Regarding derivatives, the Group enters into forward foreign currency exchange contracts and others to reduce the foreign currency exchange risk mainly on the payables denominated in foreign currencies resulting from importing products within the actual demand for foreign currency exchange. The Group also enters into interest rate swap transactions to reduce future fluctuation risk deriving from interest rates of long-term loans and bonds. Refer to “(p) Derivatives and hedging activities” in Note 2, “Summary of Significant Accounting Policies” for hedge accounting policies such as hedging instruments, hedged items, hedge policy and hedge effectiveness tests.

Regarding trade receivables, each related division monitors the credit worthiness of their main customers periodically and monitors due dates and outstanding balances by customer. In addition, the Group is making efforts to identify at an early stage and mitigate risks of bad debt from customers who have financial difficulties.

In accordance with internal policies, “Policies of Global Financing Governance” and “Policies of Administrative Authority,” the Group only acquires debt securities held for investment purposes with high credit ratings. Accordingly, the Group believes that the credit risk deriving from such debt securities is immaterial.

The Group also believes that the credit risk of derivatives is insignificant as the Group enters into derivative transactions only with international financial institutions with sound credit profiles.

In conducting derivative transactions, the division in charge of each derivative transaction follows the internal policies, “Policies on Derivative Transactions,” “Policies of Global Financial Governance,” and “Policies of Administrative Authority,” which set forth delegation of authority and segregation of duties related to derivative transactions.

The Accounting and Financing Department conducts and manages derivative transactions and segregates duties of execution and management of transactions to separate personnel and management who are each responsible for transactions, positions and operations. Transaction data and other information are regularly reported to the executive board meeting by the responsible executive officer.

For investments in securities, the Group periodically reviews the fair value of such financial instruments and the financial position of the issuers. In addition, the Group continuously evaluates whether or not security investments should be maintained, taking into account their fair value and relationships with the issuers.

Transactions involving derivatives, marketable securities and investments in securities are executed at certain consolidated subsidiaries based on “Policies of Administrative Authority” and those transactions are periodically overseen and reported by management departments of these subsidiaries.

Based on a report from each division, the Group prepares and updates its cash flow plans on a timely basis and maintains solvency to manage liquidity risk.

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in a different fair value. In addition, the notional principal amounts of derivative transactions in Note 25, “Derivatives and Hedging Activities” are not necessarily indicative of the market risk of derivative transactions.

(b) Estimated Fair Value of Financial Instruments

Carrying value, estimated fair value and the difference between them for financial instruments on the consolidated balance sheets as of December 31, 2023 and 2024 are shown in the following table.

	<i>Millions of yen</i>			<i>Thousands of U.S. dollars</i>		
	2023			2024		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
Assets:						
Short-term investments and investments in securities:						
Other investment securities	¥ 9,514	¥ 9,514	¥ —	\$ 650	\$ 650	\$ —
Total assets	¥ 9,514	¥ 9,514	¥ —	\$ 650	\$ 650	\$ —
Liabilities:						
Bonds payable (including current portion of long-term bonds)	¥ 80,000	¥ 79,871	¥ (128)	\$ 382,166	\$ 379,465	\$ (2,694)
Lease obligations (including current portion of lease obligations)	49,530	44,422	(5,107)	348,892	298,446	(50,446)
Long-term loans (including current portion of long-term loans)	2,587	2,573	(13)	15,924	15,924	—
Total liabilities	¥ 132,118	¥ 126,867	¥ (5,250)	\$ 746,981	\$ 693,834	\$ (53,146)
Derivative transactions (*2)	¥ 3,544	¥ 3,544	¥ —	\$ 122,669	\$ 122,669	—

(Notes)

(*1) Notes on cash are omitted. Notes on deposits, notes and accounts receivable-trade, and notes and accounts payable-trade are omitted because these accounts are settled in a short period of time and fair values are approximate to book values.

(*2) Investments in securities without a market price as of December 31, 2023 and 2024 are not included in “Short-term investments and investments in securities.” The carrying value of the financial instruments are as follow:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2023	2024	2024
Unlisted equity securities	¥ 725	¥ 751	\$ 4,783
Investments in limited liability partnerships and others	1,866	2,659	16,936

(*3) The value of assets and liabilities arising from derivatives is presented based on a net value.

(c) Redemption schedule for monetary claims and investments by maturity date

The redemption schedule for monetary claims and debt securities by maturity date as of December 31, 2023 and 2024 are as follows:

	<i>Millions of yen</i>				<i>Thousands of U.S. dollars</i>			
	2023				2024			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	¥ 114,005	¥ —	¥ —	¥ —	\$ 809,051	\$ —	\$ —	\$ —
Notes and accounts receivable-trade	65,593	—	—	—	475,828	—	—	—
Debt securities:								
Corporate bonds	—	—	—	120	—	—	—	764
	¥ 179,599	¥ —	¥ —	¥ 120	\$ 1,284,879	\$ —	\$ —	\$ 764

(d) Payment schedule for short-term bank loans and long-term debt

The payment schedule for short-term bank loans and long-term debt by payment due date as of December 31, 2023 and 2024 are as follows:

<i>Millions of yen</i>						
2023						
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Bonds	20,000	25,000	25,000	—	10,000	—
Long-term borrowings	7	2,507	7	7	7	52
Lease obligations	11,747	10,552	7,409	5,457	4,408	9,956
Total	¥ 31,754	¥ 38,059	¥ 32,416	¥ 5,464	¥ 14,415	¥ 10,008

<i>Millions of yen</i>						
2024						
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Bonds	25,000	25,000	—	10,000	—	—
Long-term borrowings	2,500	—	—	—	—	—
Lease obligations	12,944	11,829	9,304	6,371	4,992	9,333
Total	¥ 40,444	¥ 36,829	¥ 9,304	¥ 16,371	¥ 4,992	¥ 9,333

<i>Thousands of U.S. dollars</i>						
2024						
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Bonds	159,236	159,236	—	63,694	—	—
Long-term borrowings	15,924	—	—	—	—	—
Lease obligations	82,446	75,344	59,261	40,580	31,796	59,446
Total	\$ 257,605	\$ 234,580	\$ 59,261	\$ 104,274	\$ 31,796	\$ 59,446

Fair values of financial instruments are classified into the following three levels according to the observability and materiality of the inputs used in the fair value measurement.

Level 1: Fair value measured using (unadjusted) quoted prices in active markets for identical assets or liabilities

Level 2: Fair value measured using directly or indirectly observable inputs other than Level 1 inputs

Level 3: Fair value measured using significant unobservable inputs

In cases where multiple inputs are used that have a significant impact on fair value, the fair value level is classified into the lowest priority level amongst the inputs used in the fair value measurement.

(1) Financial instruments booked at fair value on the balance sheet

	<i>Millions of yen</i>				<i>Thousands of U.S. dollars</i>			
	2023				2024			
	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Securities and investment securities								
Other securities								
Equity securities	¥ 9,385	¥ —	¥ —	¥ 9,385	\$ —	\$ —	\$ —	\$ —
Corporate bonds	—	—	128	128	—	—	650	650
Total assets	¥ 9,385	¥ —	¥ 128	¥ 9,514	\$ —	\$ —	\$ 650	\$ 650
Derivative transactions	¥ —	¥ 3,544	¥ —	¥ 3,544	\$ —	\$ 122,669	\$ —	\$ 122,669

(2) Financial instruments other than those booked on the balance sheet at fair value

	<i>Millions of yen</i>				<i>Thousands of U.S. dollars</i>			
	2023				2024			
	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Bonds payable	¥ —	¥ 79,871	¥ —	¥ 79,871	\$ —	\$ 379,465	\$ —	\$ 379,465
Lease obligation	—	44,422	—	44,422	—	298,446	—	298,446
Long-term borrowings	—	2,573	—	2,573	—	15,924	—	15,924
Total assets	¥ —	¥ 126,867	¥ —	¥ 126,867	\$ —	\$ 693,834	\$ —	\$ 693,834

(Notes)

1. Explanation of the valuation method used to measure fair values and inputs related to fair measurement

Investment securities

Listed shares are measured using quoted prices. Since listed shares are traded in active markets, their fair values are classified as Level 1. On the other hand, the Company's holdings of corporate bonds are classified as Level 3 because their fair values of these bonds are used as the consolidated balance sheet amount, which are measured using unobservable inputs based on the best available information.

Derivatives

Fair values of forward exchange contracts are measured using the significant inputs from observable market information and fair value information obtained from counterparty financial institutions. Therefore, their fair values are classified as Level 2.

Bonds payable

Fair values of bonds payable issued by the Company are measured by discounting the total principal and interest at an interest rate that takes into account the remaining period of the bonds and credit risk, and their fair values are classified as level 2.

Lease obligations

Fair values of lease obligations are based on the present value of the total of principal and interest discounted by the interest rate to be applied if a new lease contract under the same conditions for the same residual period was entered into. Therefore, their fair values are classified as Level 2.

Long-term borrowings

Fair values of long-term loans are based on the present value of the total of principal and interest discounted by the interest rate to be applied if similar new borrowings were entered into. Therefore, their fair values are classified as Level 2.

2. Notes for information on Level 3 financial assets and financial liabilities carried at fair value on the consolidated balance sheet have been omitted as the items are not significant.

25. Derivatives and Hedging Activities

The outstanding currency-related derivatives to which hedge accounting is not applied as of December 31, 2023 and 2024 are as follows:

		<i>Millions of yen</i>			
		2023			
Classification	Transaction	Contract value (notional principal amount)	Portion in excess of 1 year in contract value	Estimated fair value	Unrealized gain (loss)
Over-the-counter transactions	Non-deliverable forwards:				
	Selling				
	BRL	¥ 4,838	¥ —	¥ (268)	¥ (268)
	Total	¥ 4,838	¥ —	¥ (268)	¥ (268)
		<i>Millions of yen</i>			
		2024			
Classification	Transaction	Contract value (notional principal amount)	Portion in excess of 1 year in contract value	Estimated fair value	Unrealized gain (loss)
Over-the-counter transactions	Non-deliverable forwards:				
	Selling				
	BRL	¥ 4,044	¥ —	¥ 273	¥ 273
	Total	¥ 4,044	¥ —	¥ 273	¥ 273
		<i>Thousands of U.S. dollars</i>			
		2024			
Classification	Transaction	Contract value (notional principal amount)	Portion in excess of 1 year in contract value	Estimated fair value	Unrealized gain (loss)
Over-the-counter transactions	Non-deliverable forwards:				
	Selling				
	BRL	\$ 25,758	\$ —	\$ 1,739	\$ 1,739
	Total	\$ 25,758	\$ —	\$ 1,739	\$ 1,739

There is no outstanding interest-related derivative to which hedge accounting is not applied as of December 31, 2023 and 2024.

The outstanding currency-related derivatives to which hedge accounting is applied as of December 31, 2023 and 2024 are as follows:

			<i>Millions of yen</i>					
			2023					
Classification	Transaction	Hedged item	Contract value (notional principal amount)	Portion in excess of 1 year in contract value	Estimated fair value			
Deferral hedge accounting	Forward foreign exchange contracts: Selling							
	GBP	Accounts receivable-trade (Forecasted transaction)	¥ 23,915	¥ 12,375	¥ 150			
	Buying							
	USD	Accounts payable-trade (Forecasted transaction)	223,445	110,923	3,662			
Allocation method for forward foreign exchange contracts	Forward foreign exchange contracts: Buying							
	USD	Accounts payable-trade	3,219	—	(*)			
		Total	¥ 250,579	¥ 123,298	¥ 3,813			
			<i>Millions of yen</i>			<i>Thousands of U.S. dollars</i>		
			2024			2024		
Classification	Transaction	Hedged item	Contract value (notional principal amount)	Portion in excess of 1 year in contract value	Estimated fair value	Contract value (notional principal amount)	Portion in excess of 1 year in contract value	Estimated fair value
Deferral hedge accounting	Forward foreign exchange contracts: Selling							
	GBP	Accounts receivable-trade (Forecasted transaction)	¥ 31,772	¥ 16,705	¥ 1,004	\$ 202,369	\$ 106,401	\$ 6,395
	Buying							
	USD	Accounts payable-trade (Forecasted transaction)	295,256	148,807	17,981	1,880,611	947,815	114,529
Allocation method for forward foreign exchange contracts	Forward foreign exchange contracts: Buying							
	USD	Accounts payable-trade	4,285	—	(*)	27,293	—	(*)
		Total	¥ 331,313	¥ 165,513	¥ 18,985	\$ 2,110,274	\$ 1,054,223	\$ 120,924

(*) The fair value of forward foreign exchange contracts that qualify for the allocation method is included in accounts receivable-trade and accounts payable-trade. Fair value is based on the prices obtained from counterparty financial institutions.

There is no outstanding interest-related derivative to which hedge accounting is not applied as of December 31, 2023 and 2024.

26. Other Comprehensive Income

The following table presents the changes in the components of other comprehensive income for the fiscal years ended December 31, 2023 and 2024:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2023	2024	2024
Valuation difference on available-for-sale securities:			
Valuation difference arising during the year	¥ 2,195	¥ 2,668	\$ 16,994
Reclassification adjustments to profit or loss	(1,447)	(6,994)	(44,548)
Subtotal	747	(4,326)	(27,554)
Less: tax effect	(339)	1,161	7,395
Valuation difference on available-for-sale securities	407	(3,164)	(20,153)
Deferred gains or losses on hedges:			
Deferred loss arising during the year	(3,926)	7,080	45,096
Reclassification adjustments to profit or loss	(1,347)	7,464	47,541
Subtotal	(5,273)	14,544	92,637
Less: tax effect	1,362	(4,254)	(27,096)
Deferred gains or losses on hedges	(3,911)	10,290	65,541
Foreign currency translation adjustment:			
Foreign currency translation adjustment arising during the year	12,734	6,911	44,019
Reclassification adjustments to profit or loss	(1,746)	—	—
Foreign currency translation adjustment	10,987	6,911	44,019
Remeasurements of defined benefit plans, net of tax:			
Remeasurements of defined benefit plans, arising during the year	25	(126)	(803)
Reclassification adjustments to profit or loss	46	42	268
Subtotal	72	(84)	(535)
Less: tax effect	(26)	27	172
Remeasurements of defined benefit plans, net of tax	45	(56)	(357)
Total other comprehensive income, net	¥ 7,530	¥ 13,980	\$ 89,045

27. Amounts per Share

Amounts per share as of December 31, 2023 and 2024 and for the years then ended are as follows:

	<i>Yen</i>		<i>U.S. dollars</i>
	2023	2024	2024
Net assets	¥ 279.43	¥ 325.59	\$ 2.07
Profit attributable to owners of parent:			
Basic	48.13	88.30	0.56
Diluted	48.09	88.17	0.56
Cash dividends applicable to the year	16.25	20.00	0.13

The amounts per share of net assets have been computed based on the number of shares of common stock outstanding at the end of the year. Basic profit attributable to owners of parent per share has been computed based on the profit attributable to owners of parent available for distribution to shareholders of common stock and the weighted-average number of shares of common stock outstanding during the fiscal years ended December 31, 2023 and 2024, respectively.

Diluted profit attributable to owners of parent per share is computed based on the profit attributable to owners of parent available for distribution to shareholders and the weighted-average number of shares of common stock outstanding during the fiscal year ended December 31, 2023 and 2024 after giving effect to the dilutive potential of shares of common stock to be issued upon the exercise of stock options and bonds with stock acquisition rights.

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective fiscal year.

(Notes)

- The Company has carried out a 4-for-1 stock split for its common stock on the effective date of July 1, 2024. Net assets per share and basic earnings per share were calculated based on the assumption that the split had been conducted at the beginning of the previous fiscal year.
- The financial data used in the computation of basic profit per share and diluted profit per share for the fiscal years ended December 31, 2023 and 2024 in the table above are summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2023	2024	2024
Information used in computation of basic profit per share:			
Profit attributable to owners of parent	¥ 35,272	¥ 63,806	\$ 406,408
	<i>Thousands of shares</i>		
	2023	2024	
Weighted-average number of shares of common stock outstanding	732,837	722,618	
Increase in common stock	599	1,082	
Increase attributable to:			
Stock acquisition rights	599	570	
Post-granted type restricted stock compensation	—	511	

28. Revenue Recognition

1. Information on disaggregation of revenue arising from contracts with customers

The Group is divided into seven reportable segments: Japan, North America, Europe, Greater China, Oceania, Southeast and South Asia, and Other regions. These reportable segments are subject to periodic review by the Board of Directors to determine the allocation of management resources and to evaluate performance. As a result, these reportable segments are presented as sales, and revenues by business segment are broken down by business segment. The relationship between these revenues and segment sales for the fiscal year ended December 31, 2023 and 2024 are as follows:

The sales of “Running service business,” which were previously included in “Other”, have been changed to a separate line item from the current fiscal year due to its increased materiality. In accordance with this change, the figures for the previous consolidated fiscal year have been restated to reflect the new classification.

(Millions of yen)

FY ended December 31, 2023	Reportable segment								Adjustments	Consolidated
	Japan	North America	Europe	Greater China	Oceania	Southeast and South Asia	Other regions	Total		
Sporting goods sales business	¥ 102,195	¥ 114,584	¥ 147,935	¥ 77,416	¥ 38,459	¥ 27,106	¥ 49,842	¥ 557,540	¥ —	¥ 557,540
Running service business	—	—	—	—	—	—	—	—	9,903	9,903
Sports facility operation business	—	—	—	—	—	—	—	—	2,605	2,605
Other (Note)	—	—	—	—	—	—	—	—	413	413
Revenue arising from contracts with customers	102,195	114,584	147,935	77,416	38,459	27,106	49,842	557,540	12,922	570,463
Revenue arising from customers	102,195	114,584	147,935	77,416	38,459	27,106	49,842	557,540	12,922	570,463

(Note)

“Other” represents revenue generated mainly from manufacturing subsidiaries.

(Millions of yen)

FY ended December 31, 2024	Reportable segment								Others	Total	Adjustments	Consolidated
	Japan	North America	Europe	Greater China	Oceania	Southeast and South Asia	Other regions	Total				
Sporting goods sales business	¥ 124,780	¥ 135,040	¥ 179,359	¥ 100,431	¥ 42,978	¥ 37,152	¥ 44,839	¥ 664,582	¥ —	¥ 664,582	¥ —	¥ 664,582
Running service business	—	—	—	—	—	—	—	—	11,451	11,451	—	11,451
Sports facility operation business	—	—	—	—	—	—	—	—	2,225	2,225	—	2,225
Other (Note)	—	—	—	—	—	—	—	—	—	—	267	267
Revenue arising from contracts with customers	124,780	135,040	179,359	100,431	42,978	37,152	44,839	664,582	13,677	678,259	267	678,526
Revenue arising from customers	124,780	135,040	179,359	100,431	42,978	37,152	44,839	664,582	13,677	678,259	267	678,526

(Thousands of U.S. dollars)

FY ended December 31, 2024	Reportable segment								Others	Total	Adjustments	Consolidated
	Japan	North America	Europe	Greater China	Oceania	Southeast and South Asia	Other regions	Total				
Sporting goods sales business	\$ 794,777	\$ 860,127	\$ 1,142,414	\$ 639,688	\$ 273,745	\$ 236,637	\$ 285,599	\$ 4,233,006	\$ —	\$ 4,233,006	\$ —	\$ 4,233,006
Running service business	—	—	—	—	—	—	—	—	72,936	72,936	—	72,936
Sports facility operation business	—	—	—	—	—	—	—	—	14,172	14,172	—	14,172
Other (Note)	—	—	—	—	—	—	—	—	—	—	1,701	1,701
Revenue arising from contracts with customers	794,777	860,127	1,142,414	639,688	273,745	236,637	285,599	4,233,006	87,115	4,320,121	1,701	4,321,822
Revenue arising from customers	794,777	860,127	1,142,414	639,688	273,745	236,637	285,599	4,233,006	87,115	4,320,121	1,701	4,321,822

(Note)

“Other” represents revenue generated mainly from manufacturing subsidiaries.

2. Information providing a basis for understanding revenue arising from contracts with customers

(1) Sales of goods and products

In the sporting goods sales business, the Group is primarily engaged in the manufacture and sales of sporting goods. For the sale of these goods and products, revenue is recognized at the point in time when the respective goods and products are delivered to the customer. In calculating the transaction price, the Group measures the transaction price by deducting the amount of returns, discounts and rebates from the amount expected to be received in exchange for the transfer of promised goods or services to the customer.

In the case of sale returns and discounts, the calculation of the transaction price is based on the consideration expected to be occurred in the future, after deduction of the amount of the sales returns and discounts using actual historical ratios. As a result, the Group recognizes return and discount liabilities and recognizes revenue only to the extent that there is a high probability of a material reversal will not occur. Rebates are included in the transaction price only if there is a high possibility that there will be no significant decrease in the recognized revenue by estimating the portion of the variable consideration received from the transaction.

For paid-in transactions, it is measured by deducting the consideration paid to the customer in the paid receiving transactions from the consideration promised in a contract with a customer.

Since the period from the fulfillment of the performance obligation to the receipt of the consideration is usually within one year, significant financing components are not included.

(2) Running service business

In the running service business, the Group operates platforms for entry registration for various sporting events and operates sporting events and is entrusted with the management of such events.

In the case of platform operation related to entry registration, revenue is recognized as performance obligations are fulfilled mainly upon receipt of entry fees for sporting events.

As for the operation and the management of sporting events, revenue is recognized as performance obligations are fulfilled upon completion of holding sporting event.

The transaction prices are measured at the amount of consideration that the Group expects to obtain the right to transfer and exchange goods or services promised to customers, and there is no significant variable consideration.

Since the period from the fulfillment of the performance obligation to the receipt of the consideration is usually within one year, significant financing components are not included.

(3) Sports facility operation business

In the sports facility operation business, the Group is primarily engaged in the operation of sports facility and entrustment with the management of its operation. For the provision of sports facility operation business services, revenue is recognized over the period during which the services are provided, since the performance obligation is deemed to be satisfied over time as the services are provided uniformly over the contract period.

The transaction prices are measured at the amount of consideration that the Group expects to obtain the right to transfer and exchange goods or services promised to customers, and there is no significant variable consideration.

Since the period from the fulfillment of the performance obligation to the receipt of the consideration is usually within one year, significant financing components are not included.

3. Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows from these contracts, and the amount and timing of revenue from contracts with existing customers at the end of the fiscal year that are expected to be recognized in the following fiscal year or beyond

(1) Balance of contract assets and contract liabilities

The balance of contract assets and contract liabilities arising from contracts with customers as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>	
	2023		2024	
	Beginning balance	Ending balance	Beginning balance	Ending balance
Receivables arising from contracts with customers	¥ 70,692	¥ 65,593	\$ 417,790	\$ 475,828
Contract liabilities	1,581	1,985	12,643	15,382

Contract liabilities mainly consist of unearned revenue arising from the lump-sum receipt of running application usage fees from customers and points granted to customers that do not meet performance obligations at the end of the fiscal year. Contract liabilities are reduced when the revenue is recognized. There are no material changes in the balance of contract liabilities during the fiscal year, nor are there any material matters for revenue recognized in the fiscal year from performance obligations satisfied in the fiscal years ended December 31, 2023 and 2024.

(2) Transaction price allocated to remaining performance obligations

Since the Group does not have any significant transactions with customers that are initially expected to extend for more than one year, the Group has applied the practical expedient and omitted the description of the total transaction price allocated to the remaining performance obligation and the period for which revenue is expected. In addition, there are no significant amounts of the consideration to be paid arising from contracts with customers that are not included in the transaction price.

29. Segment Information

1. Outline of reportable segments

Reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the Executive Meeting of the Company to make decisions on the allocation of management resources and assess performance.

The Company is mainly engaged in business management activities and research and development as the global headquarters.

The Group is primarily engaged in the manufacture and sales of sporting goods. ASICS Japan Corporation and other subsidiaries in Japan are responsible for Japan. ASICS America Corporation is responsible for North America. ASICS Europe B.V. is responsible for Europe, Middle East and Africa. ASICS China Trading Co., Ltd. is responsible for Greater China. ASICS Oceania PTY., Ltd. is responsible for Oceania. ASICS Asia PTE., Ltd. etc. is responsible for Southeast and South Asia.

2. Calculation method used for sales, income or loss, assets and other items on each reportable segment

Accounting policies of the reportable business segments are generally the same as the accounting policies used to prepare the consolidated financial statements described in Note 2, “Summary of Significant Accounting Policies.”

The amount of income of reportable segments is based on operating income. Intersegment sales and transfers between segments are based on market price.

3. Information on net sales, income or loss, assets and other items by reportable segment

Reportable segment information for the fiscal years ended December 31, 2023 and 2024 is as follows:

(Millions of yen)

FY ended December 31, 2023	Reportable segment					
	Japan	North America	Europe	Greater China	Oceania	Southeast and South Asia
Net sales:						
Sales to customers	¥ 102,195	¥ 114,584	¥ 147,935	¥ 77,416	¥ 38,459	¥ 27,106
Intersegment	33,653	33	47	198	0	16
Total sales	¥ 135,849	¥ 114,617	¥ 147,982	¥ 77,615	¥ 38,460	¥ 27,122
Segment profit (loss)	¥ 12,796	¥ 1,440	¥ 14,189	¥ 13,107	¥ 6,241	¥ 4,971
Segment assets	¥ 84,905	¥ 77,963	¥ 117,850	¥ 50,063	¥ 32,317	¥ 21,102
Other items						
Depreciation and amortization expenses	¥ 661	¥ 1,195	¥ 3,449	¥ 2,795	¥ 1,243	¥ 1,344
Increases in tangible and intangible fixed assets	¥ 1,085	¥ 657	¥ 1,140	¥ 377	¥ 1,490	¥ 533

(Millions of yen)

FY ended December 31, 2023	Reportable segment		Adjustments (Note 1)	Consolidated (Note 2)
	Others	Total		
Net sales:				
Sales to customers	¥ 49,842	¥ 557,540	¥ 12,922	¥ 570,463
Intersegment	1	33,951	(33,951)	—
Total sales	¥ 49,843	¥ 591,491	¥(21,028)	¥ 570,463
Segment profit (loss)	¥ 4,400	¥ 57,147	¥ (2,931)	¥ 54,215
Segment assets	¥ 32,225	¥ 416,427	¥ 47,688	¥ 464,116
Other items				
Depreciation and amortization expenses	¥ 1,218	¥ 11,908	¥ 4,595	¥ 16,504
Increases in tangible and intangible fixed assets	¥ 340	¥ 5,625	¥ 10,256	¥ 15,882

(Notes)

1. (1) Adjustments on segment sales mainly consist of adjustments of intersegment transactions and sales which are not included in the reportable segments.
- (2) Adjustments on segment income or loss mainly consist of adjustments of intersegment transaction and income or loss which are not included in the reportable segments.
- (3) Adjustments on segment assets mainly consist of the eliminations of intersegment balance and corporate assets.

2. Segment income or loss is reconciled primarily to operating income on the consolidated statement of income.

(Millions of yen)

FY ended December 31, 2024	Reportable segment					
	Japan	North America	Europe	Greater China	Oceania	Southeast and South Asia
Net sales:						
Sales to customers	¥ 124,780	¥ 135,040	¥ 179,359	¥ 100,431	¥ 42,978	¥ 37,152
Intersegment	41,652	—	29	66	8	168
Total sales	¥ 166,432	¥ 135,040	¥ 179,388	¥ 100,497	¥ 42,986	¥ 37,321
Segment profit (loss)	¥ 27,673	¥ 11,274	¥ 25,290	¥ 19,335	¥ 7,634	¥ 7,414
Segment assets	¥ 104,050	¥ 78,922	¥ 132,194	¥ 63,981	¥ 29,757	¥ 31,578
Other items						
Depreciation and amortization expenses	¥ 1,063	¥ 1,273	¥ 5,384	¥ 3,167	¥ 1,546	¥ 1,647
Increases in tangible and intangible fixed assets	¥ 1,113	¥ 910	¥ 6,097	¥ 454	¥ 2,169	¥ 686

(Millions of yen)

FY ended December 31, 2024	Reportable segment		Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
	Others	Total				
Net sales:						
Sales to customers	¥ 44,839	¥ 664,582	¥ 13,677	¥ 678,259	¥ 267	¥ 678,526
Intersegment	1	41,925	—	41,925	(41,925)	—
Total sales	¥ 44,840	¥ 706,508	¥ 13,677	¥ 720,185	¥ (41,658)	¥ 678,526
Segment profit(loss)	¥ 6,541	¥ 105,165	¥ (1,620)	¥ 103,544	¥ (3,433)	¥ 100,111
Segment assets	¥ 35,020	¥ 475,505	¥ 22,203	¥ 497,709	¥ 21,285	¥ 518,994
Other items						
Depreciation and amortization expenses	¥ 663	¥ 14,747	¥ 821	¥ 15,569	¥ 4,988	¥ 0,557
Increases in tangible and intangible fixed assets	¥ 806	¥ 12,239	¥ 1,188	¥ 13,428	¥ 10,685	¥ 24,114

(Thousands of U.S. dollars)

FY ended December 31, 2024	Reportable segment					
	Japan	North America	Europe	Greater China	Oceania	Southeast and South Asia
Net sales:						
Sales to customers	\$ 794,777	\$ 860,127	\$ 1,142,414	\$ 639,688	\$ 273,745	\$ 236,637
Intersegment	265,299	—	185	420	51	1,070
Total sales	\$ 1,060,076	\$ 860,127	\$ 1,142,599	\$ 640,108	\$ 273,796	\$ 237,713
Segment profit (loss)	\$ 176,261	\$ 71,809	\$ 161,083	\$ 123,153	\$ 48,624	\$ 47,223
Segment assets	\$ 662,739	\$ 502,688	\$ 842,000	\$ 407,522	\$ 189,535	\$ 201,134
Other items						
Depreciation and amortization expenses	\$ 6,771	\$ 8,108	\$ 34,293	\$ 20,172	\$ 9,847	\$ 10,490
Increases in tangible and intangible fixed assets	\$ 7,089	\$ 5,796	\$ 38,834	\$ 2,892	\$ 13,815	\$ 4,369

(Thousands of U.S. dollars)

FY ended December 31, 2024	Reportable segment		Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
	Others	Total				
Net sales:						
Sales to customers	\$ 285,599	\$ 4,233,006	\$ 87,115	\$ 4,320,121	\$ 1,701	\$ 4,321,822
Intersegment	6	267,038	—	267,038	(267,038)	—
Total sales	\$ 285,605	\$ 4,500,051	\$ 87,115	\$ 4,587,166	\$ (265,338)	\$ 4,321,822
Segment profit(loss)	\$ 41,662	\$ 669,841	\$ (10,318)	\$ 659,516	\$ (21,866)	\$ 637,650
Segment assets	\$ 223,057	\$ 3,028,694	\$ 141,420	\$ 3,170,121	\$ 135,573	\$ 3,305,694
Other items						
Depreciation and amortization expenses	\$ 4,223	\$ 93,930	\$ 5,229	\$ 99,166	\$ 31,771	\$ 130,936
Increases in tangible and intangible fixed assets	\$ 5,134	\$ 77,955	\$ 7,567	\$ 85,529	\$ 68,057	\$ 153,592

(Notes)

1. The “Others” represents the running service business and sports facility management business, which are not included in the reportable segments.
2. (1) Adjustments to segment sales mainly consist of adjustments of intersegment transactions and sales, which are not included in the reportable segments.

(2) Adjustments to segment income or loss mainly consist of adjustments of intersegment transaction and income or loss, which are not included in the reportable segments.

(3) Adjustments to segment assets mainly consist of the eliminations of intersegment balance and corporate assets.

(4) Adjustments to depreciation and amortization expenses are mainly due to corporate assets that are not attributable to any reportable segments.

(5) Adjustments to increases in tangible and intangible fixed assets are mainly due to the corporate assets that are not attributable to any reportable segments.
3. Segment income or loss is reconciled primarily to operating income on the consolidated statement of income.
The Company and its consolidated subsidiaries are primarily engaged in the manufacture and sale of sporting goods in Japan and overseas. As most of the consolidated net sales were related to sports and leisure-related products, the disclosure of business segment information has been omitted.

Net sales by geographical segment for the fiscal years ended December 31, 2023 and 2024 are summarized as follows:

(Millions of yen)

FY ended December 31, 2023	Japan	North America	Europe	Greater China	Others	Consolidated
Net sales	¥ 110,994	¥ 118,130	¥ 151,364	¥ 77,572	¥ 112,400	¥ 570,463

(Notes)

1. Net sales are based on customer locations and classified by country and territory.
2. Net sales attributable to “North America” of ¥118,130 million for the year ended December 31, 2023 include net sales in the United States of America of ¥99,829 million. Net sales attributable to “Greater China” of ¥77,572 million for the year ended December 31, 2024 include net sales in the People’s Republic of China of ¥63,624 million.

(Millions of yen)

FY ended December 31, 2024	Japan	North America	Europe	Greater China	Others	Consolidated
Net sales	¥ 133,467	¥ 139,131	¥ 168,683	¥ 100,490	¥ 136,753	¥ 678,526

(Thousands of U.S. dollars)

FY ended December 31, 2024	Japan	North America	Europe	Greater China	Others	Consolidated
Net sales	\$ 850,108	\$ 886,185	\$ 1,074,414	\$ 640,064	\$ 871,038	\$ 4,321,822

(Notes)

1. Net sales are based on customer locations and classified by country and territory.
2. Net sales attributable to “North America” of ¥139,131 million (\$886,185 thousand) for the year ended December 31, 2024 include net sales in the United States of America of ¥120,766 million (\$769,210 thousand). Net sales attributable to “Greater China” of ¥100,490 million (\$640,064 thousand) for the year ended December 31, 2024 include net sales in the People’s Republic of China of ¥83,026 million (\$528,828 thousand).

Property, plant and equipment by geographical segment as of December 31, 2023 and 2024 are summarized as follows:

(Millions of yen)

FY ended December 31, 2023	Japan	North America	Europe	Oceania	Others	Consolidated
Property, plant and equipment	¥ 16,790	¥ 2,464	¥ 4,404	¥ 2,908	¥ 2,056	¥ 28,625

(Note)

“Oceania” as of December 31, 2023 is Australia of ¥2,908 million.

(Millions of yen)

FY ended December 31, 2024	Japan	North America	Europe	Oceania	Others	Consolidated
Property, plant and equipment	¥ 14,966	¥ 2,348	¥ 9,459	¥ 4,571	¥ 2,598	¥ 33,944

(Thousands of U.S. dollars)

FY ended December 31, 2024	Japan	North America	Europe	Oceania	Others	Consolidated
Property, plant and equipment	\$ 95,325	\$ 14,955	\$ 60,248	\$ 29,115	\$ 16,548	\$ 216,204

(Note)

“Europe” as of December 31, 2024 includes Netherlands of ¥7,121 million (\$45,357 thousand). “Oceania” as of December 31, 2024 is Australia of ¥4,571 million (\$29,115 thousand).

As there are no specific customers accounting for 10% or more of consolidated net sales, the disclosure of information on major customers has been omitted.

Loss on impairment of property, plant and equipment by reportable segment for the fiscal years ended December 31, 2023 and 2024 is summarized as follows:

(Millions of yen)

FY ended December 31, 2023	Japan	North America	Europe	Greater China	Oceania	Southeast and South Asia
Impairment losses	¥ 5	¥ 3,392	¥ 270	¥ 37	¥ —	¥ —

(Millions of yen)

FY ended December 31, 2023	Others	Total	Adjustment	Consolidated
Impairment losses	¥ —	¥ 3,706	¥ 871	¥ 4,577

(Millions of yen)

FY ended December 31, 2024	Reportable segment					
	Japan	North America	Europe	Greater China	Oceania	Southeast and South Asia
Impairment losses	¥ 58	¥ 927	¥ 33	¥ 131	¥ —	¥ 223

(Millions of yen)

FY ended December 31, 2024	Reportable segment		Others (Note 1)	Total	Adjustments (Note 2)	Consolidated
	Others	Total				
Impairment losses	¥ —	¥ 1,374	¥ 243	¥ 1,617	¥ 401	¥ 2,019

(Thousands of U.S. dollars)

FY ended December 31, 2024	Reportable segment					
	Japan	North America	Europe	Greater China	Oceania	Southeast and South Asia
Impairment losses	\$ 369	\$ 5,904	\$ 210	\$ 834	\$ —	\$ 1,420

(Thousands of U.S. dollars)

FY ended December 31, 2024	Reportable segment		Others (Note 1)	Total	Adjustments (Note 2)	Consolidated
	Others	Total				
Impairment losses	\$ —	\$ 8,752	\$ 1,548	\$ 10,299	\$ 2,554	\$ 12,860

(Notes)

1. The “Others” includes impairment losses mainly on software.
2. “Adjustments” include impairment losses mainly on software. In addition, impairment loss on relocation of ¥1,674 million has been excluded from the amount.

Amortization of goodwill for the fiscal years ended December 31, 2023 and 2024 and the balance of goodwill as of December 31, 2023 and 2024 by reportable segment are summarized as follows:

(Millions of yen)

FY ended December 31, 2023	Japan	North America	Europe	Greater China	Oceania	Southeast and South Asia
Amortization during the period	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Balance at the end of the period	—	—	—	—	—	—

(Millions of yen)

FY ended December 31, 2023	Others	Total	Adjustments	Consolidated
Amortization during the period	¥ —	¥ —	¥ 611	¥ 611
Balance at the end of the period	—	—	6,250	6,250

(Millions of yen)

FY ended December 31, 2024	Reportable segment					
	Japan	North America	Europe	Greater China	Oceania	Southeast and South Asia
Amortization during the period	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Balance at the end of the period	—	—	—	—	—	—

(Millions of yen)

FY ended December 31, 2024	Reportable segment		Others (Note)	Total	Adjustments	Consolidated
	Others	Total				
Amortization during the period	¥ —	¥ —	¥ 685	¥ 685	¥ —	¥ 685
Balance at the end of the period	—	—	5,964	5,964	—	5,964

(Thousands of U.S. dollars)

FY ended December 31, 2024	Reportable segment					
	Japan	North America	Europe	Greater China	Oceania	Southeast and South Asia
Amortization during the period	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Balance at the end of the period	—	—	—	—	—	—

(Thousands of U.S. dollars)

FY ended December 31, 2024	Reportable segment		Others (Note)	Total	Adjustments	Consolidated
	Others	Total				
Amortization during the period	\$ —	\$ —	\$ 4,363	\$ 4,363	\$ —	\$ 4,363
Balance at the end of the period	—	—	37,987	37,987	—	37,987

(Note)

The “Others” is related to the running service business.

30. Subsequent Events

(Repurchase of treasury shares)

At a meeting of the Board of Directors held on February 14, 2025, the Company resolved on matters relating to repurchase its shares pursuant to provisions of Article 459-1-1 of the Companies Act of Japan and Article 39 of the Company's Articles of Association.

1) Reasons for Repurchasing Shares

This is based on the optimization of capital allocation and shareholder return policies outlined in the Med-Term Plan 2026, considering sustained profit growth and overall cash flow. It also serves as an additional measure following last August to address the dilution of shares due to the disposal of treasury shares with establishment of Foundation.

Regarding the repurchase method, we will adopt a method that adjusts the number of shares purchased while considering the stock price level.

2) Details of Matters Relating to repurchase

(1) Class of shares to be repurchased	Shares of Common stock of ASICS
(2) Number of shares to be repurchased	Up to 7,000,000 shares (Represents 0.98% of the total number of issued shares (excluding treasury shares))
(3) Total amount	Up to JPY 20,000 million
(4) Repurchase period	From February 17, 2025 to September 30, 2025
(5) Repurchase method	Purchase on the Tokyo Stock Exchange

(Cancellation of treasury shares)

The Company resolved that the cancellation of treasury shares as approved at a meeting of the Board of Directors held on February 14, 2025 pursuant to provisions of Article 178 of the Companies Act of Japan.

1) Reasons for Cancellation shares

To eliminate concerns about potential future stock dilution

2) Details of Matters Relating to repurchase

(1) Class of shares to be cancelled	Shares of Common Stock of ASICS
(2) Number of shares to be cancelled	25,000,000 shares (Represents 3.29% of the total number of issued shares before cancellation)
(3) Cancellation date	February 28, 2025
(4) Number of issued shares after cancellation	734,482,236 shares

(Establishment of ASICS Foundation, a General Incorporated Foundation and Disposal of Treasury Stock through Third-Party Allotment)

In a meeting of the Board of Directors of the Company held on February 14, 2025, the Company resolved as follows to incorporate a General Incorporated Foundation ASICS Foundation (hereinafter referred to as the "Foundation") to realize the founding philosophy. The Company also resolved to dispose of its treasury shares through third party allotment to enable continuous and stable support of the activities of the Foundation (hereinafter referred to as the "Disposal of Treasury Shares"). It should be noted that the Disposal of Treasury Shares is subject to the approval at the 71st General Meeting of Shareholders of the Company to be held on March 28, 2025.

1. Establishment of the Foundation

1) Purpose of Incorporating the Foundation

The Company was founded with the desire to support people would grow up healthy in mind and body through sports and to contribute to the society. This desire has been carried on in our corporate philosophy "*Anima Sana In Corpore Sano. (a sound mind in a sound body)*" and is the foundation of all our business activities. In order to realize "the world where people all over the world will be involved in exercise and sports throughout their life and stay mentally and physically healthy," as pictured in "VISION2030" developed as the desirable Company in 2030, we believe that it is our mission to contribute to mental and physical health of more people by solving social issues relating to exercise and sports, not just to contribute to mental and physical health of people through its business of providing products and services, and it is with such belief that we decided to incorporate the Foundation.

The Foundation will provide grants to organizations that provide support through exercise and sports to young people, individuals with disabilities, women, and others in social or economic hardships, and for the time being, provision of grants are planned in regions and countries where the Company has overseas business and production bases (including Vietnam, Indonesia, and India), as well as in Japan. Through the activities of the Foundation, which shares the vision of the Company, we hope to improve the corporate value of the ASICS Group by creating a society in which more people can enjoy exercise and sports and become healthier both mentally and physically.

2) Outline of the Foundation

- | | |
|--|--|
| (1) Name | ASICS Foundation, a General Incorporated Foundation |
| (2) Location | Daiwa-Kobe Building, 1-2-4, Sannomiya-cho, Chuo-ku, Kobe, Japan |
| (3) Representative Director | Tomoko Koda
Managing Executive Officer of the Company in charge of Marketing, Sports Marketing, Para-Sports Planning |
| (4) Activities | (a) Providing grants globally to organizations that offer support through exercise and sports to young people, individuals with disabilities, women, and others in social or economic hardships.
(b) Other activities necessary for achieving the purpose of the Foundation |
| (5) Source of funds for the activities | Approximately ¥150 million per year (planned)
(Note) The Company is planning to contribute ¥3 million at the time of incorporation of the Foundation, and the Foundation will also use the dividend income from the Company's shares allotted through 2. the Disposal of Treasury Shares below as a source of funds for its activities. |
| (6) Date of incorporation | April 2025 |

2. Disposal of Treasury Shares

1) Disposal Procedure

- | | |
|--|---|
| (1) Date of disposal | May 15, 2025
However, if it becomes necessary to change the date of disposal for procedural reasons, etc., that date will be decided by a resolution of the Company's Board of Directors. |
| (2) Number of shares to be disposed of | 7,000,000 shares of the Common Stock of the Company |
| (3) Disposal value | ¥1 per share |
| (4) Amount of funds raised | ¥7,000,000 |
| (5) Method of offering or disposal | Disposal by third-party allotment |
| (6) To be disposed to | The Master Trust Bank of Japan, Ltd. |
| (7) Others | The Disposal of Treasury Shares is subject to approval of the "Disposal of Treasury Shares by Third Party Allotment to Support the Activities of the ASICS Foundation" (Special Resolution), which is scheduled to be submitted to the 71st General Meeting of Shareholders to be held on March 28, 2025. |

2) Purpose of and Reasons for the Disposal

The Foundation is currently planning to conduct the following activities. The Company believes that continuous and stable support of the Foundation's activities will lead to the sustainable growth of the Group and enhance its corporate value over the medium to long term.

- | | |
|--|--|
| (1) Activities | Providing grants to organizations that offer support through exercise and sports, etc. |
| (2) Activity targets | Young people, individuals with disabilities, women, and others in social or economic hardships. |
| (3) Target countries | For the time being, we assume regions and countries where we have overseas operations and production bases (Indonesia, Vietnam, India, etc.) and Japan as target. |
| (4) Examples of specific activities planned for implementation | Through grants to organizations that provide support through exercise and sports, the following will be implemented:
(a) Soft infrastructure development <ul style="list-style-type: none"> • Sports promotion activities • Hosting sports competitions and events • Implementing sports programs • Developing sports leaders • Developing sports content (b) Hard infrastructure development <ul style="list-style-type: none"> • Development of school/park grounds and sporting facilities • Providing sporting equipment |
| (5) Relationship with Corporate Value Enhancement | The Foundation's activities will improve accessibility to sports for its target groups of people, and thus will contribute to the following enhancement of our corporate value:
(a) Enhance brand value through the realization of the founding philosophy
(b) Improve brand preference through creation of empathy for the brand by communicating the Foundation's activities
(c) Networking with governments and sports communities
(d) Growth of the sports market through fostering a sports culture in the target regions
(e) The Foundation activities will create empathy for the Group among its employees, thereby attracting competitive human capital, retaining employees and increasing employee engagement. |

In light of the above, we are conducting the Disposal of Treasury Shares to enable the Foundation to contribute the funds necessary for its continuous and stable activities through dividends from our shares.

In the Disposal of Treasury Shares, the Company will establish a trust for the benefit of others (hereinafter referred to as the "Trust") with Mitsubishi UFJ Trust and Banking Corporation as trustee, The Master Trust Bank of Japan, Ltd. as co-trustee, and the Foundation as beneficiary, and the Trust will acquire the shares of the Company. The Trust will deliver trust income, such as dividends on the Company's shares, to the Foundation, which will use such trust income as a source of funds for its activities. This Disposal of Treasury Shares is made to the Trust, which is established to contribute to the source of funds for the Foundation's activities.

(Cash dividends)

The following distribution of retained earnings of the Company, which has not been reflected in the accompanying consolidated financial statements for the year ended December 31, 2024, was approved at a meeting of the shareholders of the Company held on March 28, 2025.

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
Cash dividends (¥ 10.00 = U.S.\$ 0.06 per share)	¥ 7,157	\$ 45,586