



Integrated Report 2024

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Corporate Philosophy

To foster high quality human resources, generate capital and create an organization all under the principles of fair competition, and to contribute to society through business activities based on a “Customer First” policy.

Basic Management Policy

1. Set numerical targets as qualitative indicators rather than quantitative indicators.

2. Aim for qualitative expansion of business as a “one and only,” not as a “number one company.”

3. Aspire to be recognized by our shareholders, customers, business partners, employees, and local communities, as a totally “one and only”.

The XEBIO Group operates under the management philosophy of creating high-quality human resources, capital, and organizations based on fair competition principles. Through business activities grounded in the "Customer First" policy, we aim to grow together with our customers, shareholders, business partners, and employees, contributing to society as a whole. We strive to produce the kind of high commodity value our customers desire in sports and fashion merchandise. We endeavor to develop products we are proud to offer, to continuously improve the quality of service at our stores, and to make shopping at our stores a truly enjoyable experience. Through these efforts, we attempt to fulfill our managerial objective of becoming a truly “one and only”.



Origin of the company name

XECHORISTOS + BIOS

"We continue to lead the next generation as a group that perceives, understands, and shapes the times with an antenna extending infinitely beyond the 'X' in 'XEBIO'. The origin of our company name declares our societal mission. Its etymology combines Greek roots, foundational to modern languages, as follows:"

Sports That Move the Hearts

A country where many people can be moved by sports is a bright country.

When watching sports, I often think:
How many other things can bring people together in such unity, sharing joy, surprise, sorrow, frustration,
and tears within a human whirlpool that shakes the stadium?

Why is it that we can unite our feelings with so many people who were born and raised in different environments?
Perhaps the opportunity is sown from the first time we play sports.
The moment you achieve something you couldn't do before, the moment of your personal best.
The moment of victory.
The moment you couldn't quite reach.

By accumulating each of these precious moments, our hearts learn to be moved, growing big and rich.

We believe that the future is bright for a country filled with people who are truly inspired by sports.
We want to bring as many touching experiences to you as we could.
This is the mission of every individual in the XEBIO Group.



NO HEART, NO SPORTS. To the Future, with Sports

The XEBIO Group was established 60 years ago. Everyone in the XEBIO Group is committed to providing you with the energy to live fully and delivering more inspiring new experiences through sports.

Fulfill Your Wish with Sports.

We believe there is much we can achieve with the power of sports in the country where we live.
We seek talented individuals with foresight who are willing to pursue the future together as a team.



Let's Create a Sports Nation.

Every person on this planet has the right to participate in sports with respect and assurance.
We aim to support the voices of all people appealing to their wish to play sports.

Please refer to the following link for more details ▶



NO HEART, NO SPORTS. To the Future, with Sports

Since our founding, our consistent goal has been to provide as many customers as possible with inspiring value based on our “Customer-First” policy.

While the needs of local customers and the significance of our stores may change with the times, our mission as Sports Navigators® is to maximize the appeal and potential of sports, transforming it into value through our business, and to share the “inspiration” of engaging in sports with our customers through our interactions with them.

In fiscal 2023, our company celebrated its 60th anniversary. We see this milestone as the “third founding period,” and to build the next 100 years, we will continue to evolve as a “one and only” by responding to mid- to long-term market changes, developing new business models for a new era, creating unique products, and fostering Sports Navigators® who serve as bridges between people and sports.

Japan is currently facing various social issues. Sports always ensure an emotional experience filled with joy, regardless of nationality, language, age, or religion. We believe those people affected by the pleasure of sports will lead the country to a bright future. By embodying our group statement and widely communicating it to the public, we will fulfill this role.

We kindly ask for your continued guidance and support in the days to come.

Tomoyoshi Morohashi
President



To 2030 and beyond

Sports have the power to transcend generations, borders and languages, allowing people to share the irreplaceable experience. The XEBIO Group is pursuing three values: "Product Value," "Use Value," and "Emotional Value." By pursuing the opportunities offered by sports and maximizing these values, we aim to help make all of our customers' dreams come true. This vision is our mission.

For Everyone Who Enjoys Sports

Our stores, themed around extraordinary experiences through sports, aim to delight customers with a sense of excitement upon entering. These stores feature displays such as the "Sports Hall of Fame," showcasing uniforms and signed equipment from legendary athletes. With an overwhelming product lineup and constantly evolving store layouts, we create spaces where customers can discover something new each visit. We aim to make these places where the joy of sports is conveyed, where people can dream big and have meaningful conversations, and where parents can pass on their love of sports to their children. Additionally,



by establishing stores in convenient locations where people can easily drop by—whether on their commute, school journey, or daily life—we support our customers' enthusiasm and motivation. In urban areas, we focus on "sports life style" product assortments at locations like stations where many people pass by daily, aiming to support the realization of dreams close to our customers.



Understanding the Community, Developing Roots, and Responding to Needs

The XEBIO Group believes its role in becoming a "one and only" lies in creating stores loved by their respective communities through merchandising tailored to local characteristics. In metropolitan areas with large populations and strong information dissemination, we place athletes and sales professionals in stores to share the latest information and promptly spread it to regional stores. Conversely, in regional areas, we operate stores deeply rooted in the community, responding quickly and meticulously to local needs. Whether in metropolitan or regional areas, understanding the land and responding to customer voices ultimately contributes to regional revitalization. By maintaining a professional team with "pride" and "passion" and continuously providing satisfaction

beyond customer expectations, we aim to establish the position of the number one store in each region.



Increasing "Touchpoints" and Promoting Business Model Differentiation

The XEBIO Group's strength lies in maintaining prolonged "touchpoints" with customers within a single store, facilitated by our "Sports Navigators." These navigators provide three value points—"Product Value," "Use Value," and "Emotional Value"—from initial engagement to advanced players aiming for higher levels. We take great joy in making sports more accessible, ensuring enjoyable and safe experiences for everyone. By expanding the definition of sports goods and maximizing related areas, we propose new lifestyles incorporating sports. Through offering business and proprietary brands aligned with sports compatibility, we comprehensively support

customers' sports lives, focusing on solving issues related to purchased products and shifting towards experiential support. This approach caters to the growing sports population driven by health and preemptive healthcare goals, uncovering new needs by resolving concerns related to purchased products.



Creating New Sports Businesses and Maximizing Value

The XEBIO Group constantly explores new approaches in various sports categories, aiming to enhance the sports business.

In the golf category, we build platforms to offer a comfortable golf life and a rich lifestyle through golf. Leveraging our unique golf business network, we maintain multifaceted "touchpoints" with golfers, from selling new clubs and buying and selling used clubs to managing practice ranges, providing lessons, and operating golf course reservation sites. Golf, which combines the charm of the sport with educational elements like tradition, rules, and etiquette, is a lifelong sport enjoyed by all ages. We aim to convey the appeal and excellence of golf through three

pillars: ability to reach out to all age groups, from children to the elderly, supporting players of all levels from beginners to athletes, and operating stores tailored to regional characteristics in both urban and rural areas. By maximizing the value of the golf market, predicted to shrink, we challenge new models for sports businesses.



Maximizing the Potential of Sports

Sports encompass a wide range of interactions beyond playing, including forming friendships, watching, and supporting. The XEBIO Group, under the "Sports Conglomerate Concept," collaborates with various industries to offer "new values of sports" to as many people as possible. Beyond our core business of sports retail, we pursue various approaches. For 3x3 basketball, we contribute to the sport's development by hosting international tournaments, managing domestic top leagues, and organizing enjoyment tournaments nationwide. We also support the management and operations of the Tohoku Free Blades, an Asia League Ice Hockey team. As a community-rooted company, the XEBIO Group aims to provide communication spaces through

sports, expanding participation, fostering youth development, and promoting physical and mental well-being. Supporting various sports events across Japan, from soccer and baseball to volleyball and futsal, we strive to realize our vision of a "Sports Nation," transforming Japan's sports environment and creating a society where everyone connects through sports.



Consolidate all loyalty cards into a single card, "Sports Point"



The new membership and point service "Sports Point" launched on March 5, 2024, with the XEBIO Group participating.

Super Sports XEBIO, Victoria, Victoria Golf, L-Breath, PGA TOUR SUPERSTORE, GOLF Partner, Double Eagle, Takeda Sports, NEXAS, and their official online stores and services, along with designated credit cards and Players ID cards, will use "Sports Point" as a common point system.

Aiming for more user-friendly membership and point services, "Sports Point" will continue to maximize the potential of sports and convert them into value for each customer.



Expanding E-Commerce "Store Pickup Service" to 570 Stores

The XEBIO Group has significantly expanded the "Store Pickup Service" for products purchased on official online stores like Super Sports XEBIO, Victoria, Victoria Golf, and L-Breath to 570 stores.

With this expansion, customers can now receive products in all prefectures, improving convenience and contributing to sustainable logistics.









Please check here for important details.▶



Store Introduction

XEBIO Group has 895 stores (excluding franchises)

As of March 31, 2024

| Logos | Description | Number of stores/shops |
|--|---|------------------------|
|  | A large comprehensive sports specialty store with a wide selection of sports equipment and gear | 174 |
|   | A comprehensive sports store offering a selection of products and services tailored to local characteristics | |
|  *Including ROOKIE KIDS | Casual Lifestyle Store | 70 |
|  | A sports eyewear specialty store offering sports sunglasses with prescription lenses | 29 |
|  | A sports retail store providing pharmaceutical products to support athletes' conditioning | 16 |
|  | An urban all-sports shop | 14 |
|  | A golf specialty store with a product lineup and services that cater to a wide range of customers | 158 |
|  | A fashion-forward outdoor specialty store | 89 |
|  | A comprehensive golf shop meeting all club needs, both new and used | 231 |
|  | A pioneer in the used golf industry, offering a wide selection and reliable prices | |
|   | A comprehensive sports store in Northern Tohoku offering a selection of products and services tailored to local characteristics | 29 |
|  | A golf equipment specialty store in Southeast Asia | 36 |
|  | Other specialty stores, including a fancy goods store and a training equipment showroom and sales store | 49 |



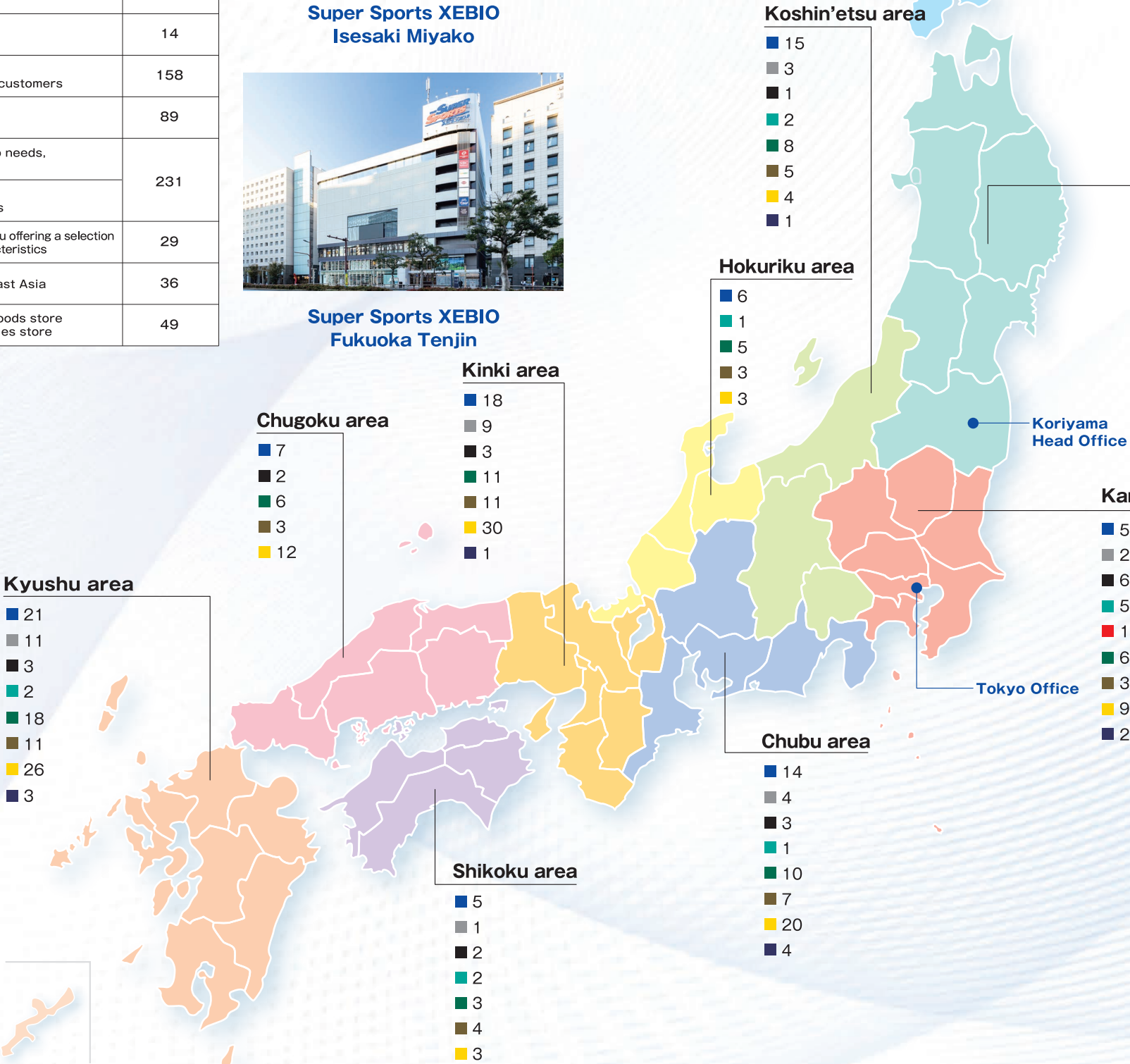
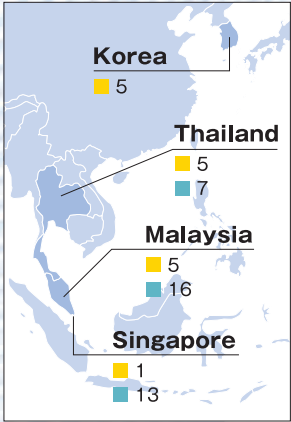
Super Sports XEBIO
Iseaki Miyako



Super Sports XEBIO
Fukuoka Tenjin



Golf Partner J Park
(Thailand)



PGA TOUR SUPERSTORE
Asahikawa



Super Sports NEXAS
Ichinoseki



Festival Golf
Hamamatsucho



Super Sports Victoria
CeeU Yokohama



Basic Policy on Sustainability

Realizing a "Bright Future Full of Hope."

The mission of the XEBIO Group is to contribute to the sustainable development of sport, to contribute to local communities, and to create a healthy, fulfilling, and prosperous world where sport is close at hand.

Based on the underlying "XEBIO Philosophy", the XEBIO Group will work to realize a "bright future full of hope" through sports.

Sustainability Promotion Structure



The 5 Materialities—Our Five Most Important Issues

The XEBIO Group has identified five materialities as themes for realizing a sustainable society and is working to resolve these issues through its business activities. These five materialities embody the XEBIO Group's mission "to contribute to the sustainable development of sport, to contribute to local communities, and to create a healthy, fulfilling, and prosperous world where sport is close at hand," and are also an important compass for the "Vision of the XEBIO Group for FY2030." The XEBIO Group aims to realize a sustainable society by identifying and addressing materiality



| The 5 materialities—Our Five Most Important Issues | | SDGs | |
|--|--|---|---|
|  Coexistence with Communities | Realizing town development for a prosperous future where people gather together with local residents through stores. |  |    |
|  Realization of Healthy and Comfortable Living for Customers | Realizing a well-being lifestyle that satisfies the mind and body of customers for the future |  |    |
|  Advancement of Circular Economy | Realizing a sustainable global environment and corporate growth for the future by promoting a circular economy |  |    |
|  Management of the Whole Supply Chain | Realizing a sustainable supply chain created together with business partners |  |    |
|  Realization of Decarbonized Society | Creating a global environment for the next generation through decarbonized management |  |    |

Please refer to the following link for more details▶





Support for Career Education

Internships / Workplace Experience /
Participation in Student City



At stores nationwide, we conduct workplace experience internships for a wide range of students, from elementary and middle school students to high school, vocational school, and university students. While the number of internships decreased during the COVID-19 pandemic, at its peak, over 1,200 students from more than 200 schools participated annually. During these internships, students learn about "what retail is" and "how to approach customers," experiencing various tasks such as morning meetings, product arrangement, and cleaning. They gain insights into the importance of work and the involvement of many people behind the scenes. Stores are not just places for selling products but also infrastructure (Locations) that support customers' sports lives. For students about to start their careers, we aim to teach the importance of manners and communication as adults, providing opportunities to broaden their perspectives and gain new knowledge and experiences.



Student City, co-hosted by Junior Achievement Japan (JA Japan) and educational committees, offers workplace experiences to 5th and 6th graders. Through actual activities, students learn about societal structures, economic functions, and money. Real companies, including the XEBIO Group, participate in virtual stores to conduct sales and transactions, alternating roles between the "service supply side" and the "service recipient." In the fiscal year 2023, approximately 14,400 students participated in Tokyo's Shinagawa Ward, Sendai City in Miyagi Prefecture, and Iwaki City in Fukushima Prefecture. Sports navigators support children, aiming for them to experience the joy of retail and understand business operations, fostering their growth. In the future, the XEBIO Group will continue to contribute to career education support and cooperate in developing the next generation of leaders by returning human resources, knowledge, and know-how to the community.



Industry-Academia Collaboration

Providing Educational Opportunities
to the Local Community



The XEBIO Group implements various initiatives contributing to sustainable development in local communities. As part of these efforts, we launched a donated course at Keio University Shonan Fujisawa Campus in October 2023 under the Faculty of Integrated Policy and Environmental Information. The course focuses on promoting regional revitalization centered on sports, introducing and verifying potential strategies and directions for new social changes. Diverse individuals active in the sports industry were invited as instructors to deepen understanding of the latest sports scenes and conduct workshops to verify specific solutions to challenges encountered on-site.

The XEBIO Group employees participate in this course, serving as a platform for recurring education where students and professionals learn together, reflecting on the role corporations play in the development of local communities.

The XEBIO Group will continue providing educational opportunities to the local community and collaborate with academia and industry to address various regional issues.



Promotion of Regional Development Activities through Sports

Realizing a Inclusive Society
Where Everyone Can Enjoy Sports



■Tokyo Verdy "Sports & SDGs Promotion Activities"



Tokyo Verdy has been conducting "Sports & SDGs Promotion Activities" in its hometown of Tokyo for many years. Collaborating with local governments and businesses, it holds "disability sports experience classes" throughout the year, allowing participants to enjoy sports with Tokyo Verdy coaches qualified in disability sports instruction at local sports facilities. They visit elementary and middle schools to conduct



programs where children experience parasports, holding over 200 activities annually through online and spot events. Additionally, at Ajinomoto Stadium, customized "Green Heart Room" are set up to allow individuals with disabilities to relax and watch J-League matches tailored to various disabilities.

■Tohoku Free Blades



Tohoku Free Blades, a professional ice hockey team based in Hachinohe City, Aomori Prefecture, is implementing their "TSR (Team Social Responsibility)" program centered around their hometown of Hachinohe.

In recent years, as children have had fewer opportunities and time for physical activity, the team has been collaborating with local government and citizens to visit kindergartens, nursery schools, and schools. They organize Active Kids programs and floor hockey sessions with children, as well as skating classes at their



home arena, FLAT HACHINOHE. Through these activities, they aim to promote and develop ice hockey while fostering the healthy physical and mental growth of young people.

As Sports Ambassadors for Hachinohe City, the team actively participates in local events such as the Hachinohe City Sports Ambassador Hometown Seminar. Their goal is to cultivate attachment and pride in the city among residents and contribute to the revitalization of the local community.



Promotion of Reuse of Golf Clubs → Circularity

GOLF PARTNER



Secondhand Golf Club

Among the used goods and reuse market, approximately 100 billion yen is in the sports and leisure market, with approximately 80 billion yen in the used golf shop sales market (from "Recycle Communication Reuse Market Data Book 2021" by Reform Industry Newspaper). Expanded individual sales reduce resistance to used items, annually expanding the market size.

Within this market, GOLF Partner boasts over 50% of the market share, leading the industry. Annually, they purchase about 1.8 million brand new golf clubs and sell approximately 1.7 million clubs to new users, contributing to the realization of a circular society where environmental and economic considerations align. To ensure customers can confidently sell or purchase golf clubs, GOLF Partner established the unique qualification system "Used Club Advisor" and conducts ongoing refurbishment training on golf clubs updated daily. By deploying staff with this qualification in stores, they assure customers of thorough assessments and authentication, enhancing their trust in evaluations



The XEBIO Group will continue to actively promote reuse activities in the used golf market.

Management of the Whole Supply Chain

Offering of Our Planned/ Developed Products

Pursuing Products of Reliable, Safe, and High Quality from the Customer's Perspective



The XEBIO Group has established and operates "the XEBIO Group Apparel and Fashion Product Quality Management Guidelines" with the aim of providing products that customers can use with peace of mind.

1 Inspection Items

Based on the XEBIO Group's quality standards, we conduct fabric inspections including functional aspects such as "color fastness" and "physical properties," as well as product inspections such as "wash resistance (dry resistance)," and determine handling feasibility based on pass/fail criteria. Additionally, if it is deemed necessary to confirm items other than required test items, we specify and verify inspection items and methods separately.



2 Safety Management and Environmental Considerations

Regarding harmful substances affecting the human body, we comply with various laws and regulations stipulated by the Ministry of Health, Labour and Welfare, and appropriately manage substances prohibited or restricted in raw materials, processing agents, dyes, etc. Furthermore, to eliminate the inclusion of hazardous substances harmful to the human body, we thoroughly manage metal hazards such as needles in production facilities and confirm the needle detection system. For the XEBIO Group developed products, third-party inspection and needle detection are mandatory.

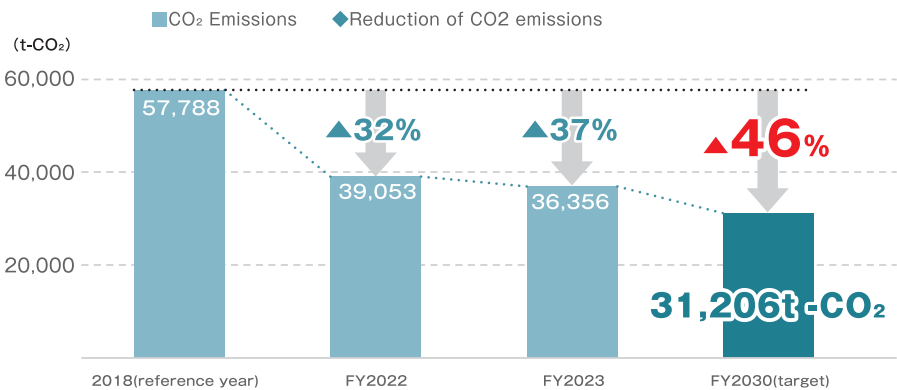


Goals and Achievements in Reducing CO₂ Emissions



The XEBIO Group aims to reduce CO₂ emissions from business activities by approximately 46% compared to Fiscal year 2018 levels by Fiscal year 2030, and achieve net zero emissions by Fiscal year 2050. The reduction in Scopes 1 and 2 emissions in Fiscal year 2023 amounted to a 37% decrease compared to the base year of Fiscal year 2018.

In addressing societal issues such as climate change, regarding Scopes 1 and 2, the XEBIO Group has developed action plans that include environmental considerations such as updating facilities like store lighting to LEDs and introducing solar power generation systems to promote emission reduction activities. Regarding Scope 3, we will accelerate cooperation with external stakeholders including business partners to study and reduce environmental impacts. The XEBIO Group will continue to promote initiatives aimed at achieving sustainable business development and realizing a carbon-free society.

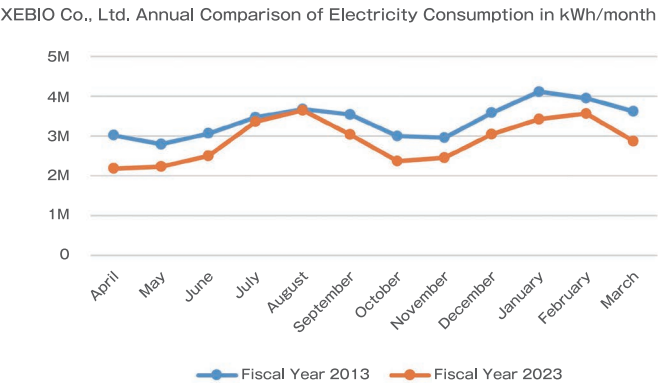


※The total value is for the main operating companies: XEBIO Co., Ltd., Victoria Co., Ltd., and GOLF Partner Co., Ltd.
※The results are only for emissions calculated from electricity usage in business activities.

Reduction of Electricity Usage through LED Lighting in Stores



Since 2011, the XEBIO Group has been promoting the use of LED lighting in its stores. By reducing and conserving the electricity used in store operations, we aim to create a more environmentally conscious store management system and achieve sustainable business development. We will continue to work towards the realization of a decarbonized society.

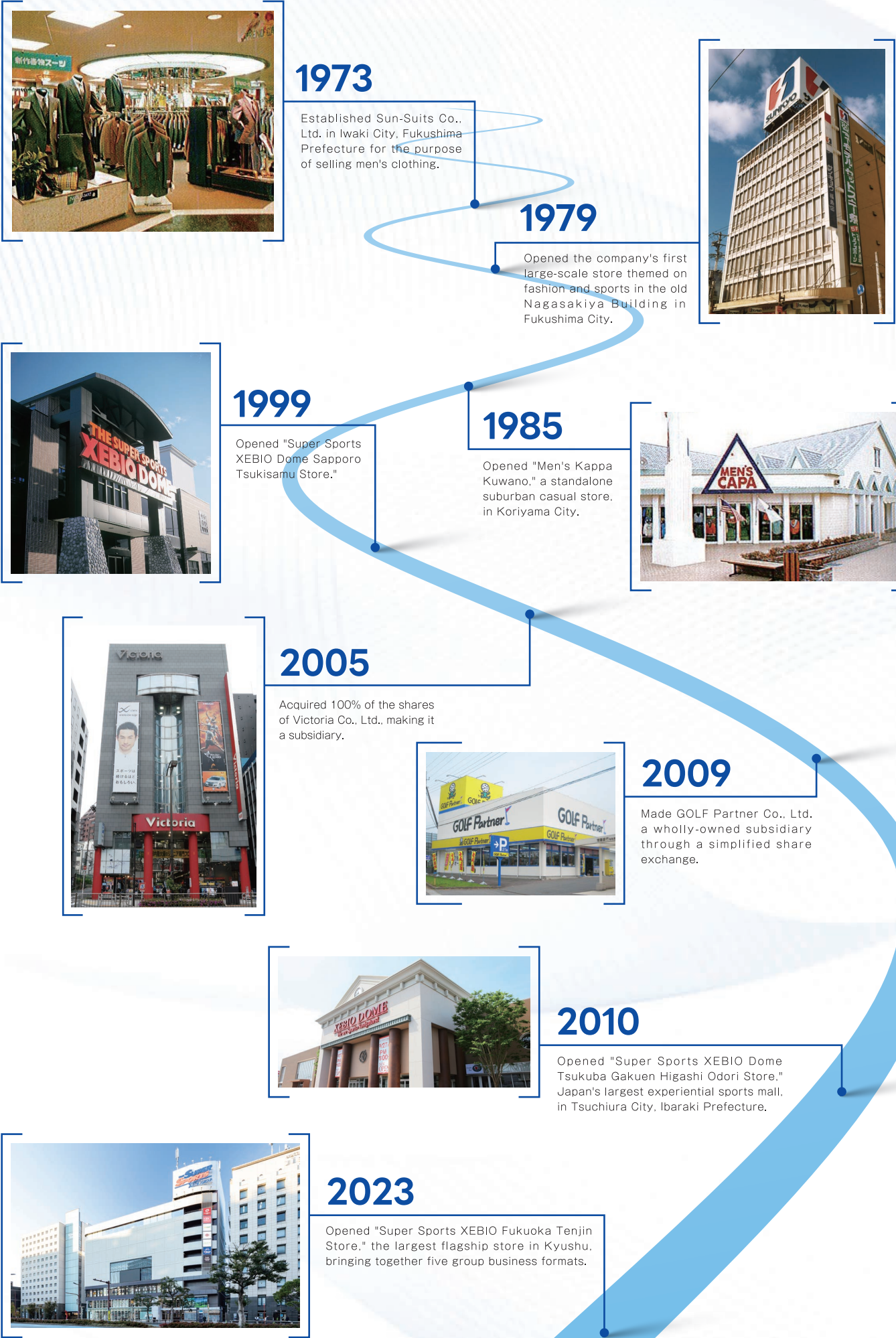


Current Progress (as of March 31, 2024)

- XEBIO Co., Ltd. Started LED conversion: 2011
Number of stores: 173 out of 174 stores have converted to LED lighting
- Victoria Co., Ltd. Started LED conversion: 2012
Number of stores: 41 out of 43 stores have converted to LED lighting
- GOLF Partner Co., Ltd. Started LED conversion: 2015
Number of stores: 134 out of 231 stores have converted to LED lighting
- XEBIO Reduction Example (excluding stores within shopping centers, based on standalone store results)
【Annual Electricity Consumption】Fiscal Year 2013: 40,749,566 kWh, Fiscal Year 2023: 34,658,217 kWh, Reduction: Approximately 15%

Growth Trajectory

| | |
|----------------|---|
| December 1962 | Founded a men's clothing store in Taira, Iwaki City, Fukushima Prefecture. |
| July 1973 | Established Sun-Suits Co., Ltd. in Iwaki City, Fukushima Prefecture for the purpose of selling men's clothing. |
| August 1979 | Changed the company name to Sankyo Co., Ltd. and relocated the head office to Koriyama City, Fukushima Prefecture. |
| November 1979 | Opened the company's first large-scale store themed on fashion and sports in the old Nagasakiya Building in Fukushima City. |
| November 1983 | Opened "Top Sports Namiki," a suburban sports store, in Koriyama City. |
| October 1984 | Opened "Sankyo Asaka," a suburban men's store, in Koriyama City. |
| November 1985 | Opened "Men's Kappa Kuwano," a standalone suburban casual store, in Koriyama City. |
| November 1987 | Changed the company name to XEBIO Co., Ltd. |
| April 1988 | Registered over the counter with the Tokyo District Association of the Japan Securities Dealers Association. Completed new headquarters at 7-35 Asahi 3-chome, Koriyama City, Fukushima Prefecture. |
| May 1990 | Completed and relocated the head office to the new headquarters at 7-35 Asahi 3-chome, Koriyama City, Fukushima Prefecture. |
| May 1990 | Listed on the Second Section of the Tokyo Stock Exchange. |
| July 1990 | Opened the company's first suburban golf specialty store, "XEBIO Sports Katsuta Store," in Katsuta City, Ibaraki Prefecture (currently Hitachinaka City). |
| April 1991 | Acquired 100% of the shares of Bandai Resort Hotel Co., Ltd. (currently Seiryozan Co., Ltd.), making it a subsidiary. |
| October 1992 | Completed the Motomiya Logistics Center. |
| December 1992 | Opened the large suburban complex store "Super Sports XEBIO Sendai Izumi Chuo Store" (1,000 tsubo on one floor) in Sendai City, Miyagi Prefecture. |
| September 1995 | Designated to the First Section of the Tokyo Stock Exchange. |
| June 1996 | Entered into a business alliance agreement with the UK retail chain Next plc. |
| November 1999 | Opened "Super Sports XEBIO Dome Sapporo Tsukisamu Store," one of the largest stores in Japan with a sales floor area of approximately 2,500 tsubo, themed on nature, in Sapporo City, Hokkaido. |
| March 2002 | Abolished the "XEBY" business format and integrated into the sports format. |
| July 2004 | Established XEBIO Business Services Co., Ltd. (currently XEBIO Corporate Co., Ltd.). |
| April 2005 | Acquired 100% of the shares of Victoria Co., Ltd., making it a subsidiary. |
| August 2005 | Established XEBIO Insurance Services Co., Ltd. |
| June 2006 | Established XEBIO Card Co., Ltd. |
| July 2008 | Established XEBIO Navigators Network Co., Ltd. |
| October 2008 | Acquired the shares of GOLF Partner Co., Ltd. through a public tender offer, making it a subsidiary. |
| April 2009 | Made GOLF Partner Co., Ltd. a wholly-owned subsidiary through a simplified share exchange. |
| June 2010 | Opened "Super Sports XEBIO Dome Tsukuba Gakuen Higashi Odori Store," Japan's largest experiential sports mall, in Tsuchiura City, Ibaraki Prefecture. |
| May 2011 | Established Xross Sports Marketing Co., Ltd. |
| February 2012 | Established Saibiao (China) Sports Goods Co., Ltd. in Shanghai, China. |
| April 2012 | Established XEBIO Korea Co., Ltd. in Seoul, South Korea. |
| June 2012 | Opened the first overseas store "Super Sports XEBIO Shanghai Pudong Store" in Shanghai, China. |
| March 2013 | Opened the second overseas store "Super Sports XEBIO Seoul Uljiro Store" in Seoul, South Korea. |
| December 2013 | Established NEXAS Co., Ltd. Took over the operations of 23 stores from Takeda Sports Co., Ltd., a comprehensive sports specialty store in Northern Tohoku. |
| October 2015 | Transitioned to a pure holding company structure. Placed six core companies under XEBIO Holdings Co., Ltd. |
| February 2016 | Opened Japan's first PGA TOUR authorized golf shop. |
| April 2018 | Changed the company name of XEBIO Korea Co., Ltd. to GOLF Partner Korea Co., Ltd. |
| May 2018 | Opened the first GOLF Partner store in South Korea, "GOLF Partner Wille New Town Store." |
| December 2019 | Signed a basic agreement for a business alliance with the Shiratori Group, which operates sporting goods stores in Shizuoka and Kanagawa Prefectures. |
| March 2020 | Merged XEBIO Insurance Co., Ltd. into XEBIO Card Co., Ltd. |
| May 2020 | Changed the company name of Kokusai Kanko Co., Ltd. to Cross Alliance Co., Ltd. |
| December 2020 | Acquired the shares of Tokyo VERDY Co., Ltd., making it a consolidated subsidiary. |
| October 2021 | Merged Pastel Co., Ltd. into XEBIO Co., Ltd. |
| April 2022 | Transitioned to the Prime Market from the First Section of the Tokyo Stock Exchange due to the market restructuring. |
| November 2023 | Opened "Super Sports XEBIO Fukuoka Tenjin Store," the largest flagship store in Kyushu, bringing together five group business formats. |
| March 2024 | Participated in the new membership and point service "Sports Point." |



Basic Philosophy Concerning Corporate Governance

We recognize that corporate governance is an important management issue and a mechanism to check and balance corporate activities in order to continuously increase corporate value in an environment where the business environment is changing drastically, and conventional management methods cannot respond to changes in the globalized environment. In this context, we ensure management transparency, legal compliance, and accountability through mutual monitoring centered on president, directors, and corporate auditors, as well as the

appointment of external directors and external corporate auditors. In addition, two external directors and two external corporate auditors have been appointed as independent directors and corporate auditors to ensure the neutrality and objectivity of management and to strengthen the protection of general shareholders. Through these measures, we will continue to reform our management structure and strengthen our corporate governance.

Details of the Company's Organization and Internal Control System

On October 1, 2015, the XEBIO Group has transitioned to a pure holding company structure. Under the holding company, 6 core subsidiaries (as HQs of teams grouping subsidiaries within the group by function, with management responsibility and authority over other subsidiaries within the team) have been placed under the holding company to foster group synergies and strengthen group governance.

Board Meeting and Operating Officer system

As of June 27, 2024, the Board of Directors consists of six directors (including three external directors), and has introduced a corporate officer system to promote clear separation of management and supervision from business execution, and to facilitate rapid decision-making and clarify responsibilities. From the viewpoint of strengthening group governance, corporate officers are mainly appointed as presidents of core subsidiaries, who have executive authority and responsibility for core subsidiaries. The Group Management Committee, whose members consist of president and corporate officers, meets regularly to discuss important matters related to basic management policies. The term of office of directors is set at one year to clarify management responsibility.

Board of Corporate Auditors

The XEBIO Group is a company with a Board of Corporate Auditors. The Board of Auditors consists of two external corporate auditors (specialists in finance and taxation) and one full-time corporate auditor, who monitor and audit the directors from their respective perspectives. In addition, a monthly debriefing meeting is held with the Internal Audit Office to ensure mutual cooperation. For accounting audits, Deloitte Touche Tohmatsu LLC is in charge of accounting auditing. The Internal Audit Office, corporate auditors, and accounting auditors work closely together by holding regular liaison meetings to receive reports from each other and to improve the effectiveness and efficiency of audits.

Governance Committee

The Governance Committee is established as an advisory body consisting of president, external directors, and external corporate auditors to provide a forum for effective discussion of matters important to the sustainable growth of the Group and the enhancement of its corporate value over the medium to long term.

Compliance Committee

The Compliance Committee is established to comprehensively manage the compliance promotion organizations established at each company, check the status of each company, provide guidance, and share information on cases that occur at each company, with the aim of further promoting compliance throughout the Group.

Personnel and Compensation Committee

The Personnel and Compensation Committee was established as a voluntary advisory body consisting of at least three members, the majority of whom are independent external directors, for the purpose of strengthening the independence, objectivity, and accountability of the Board of Directors' functions related to director nominations, compensation, etc. The committee is composed of at least three members who are also directors.

Sustainability Committee

Based on the recognition that addressing issues surrounding sustainability is an important management issue, the Sustainability Committee has been established as a voluntary body directly under the directors to further promote such efforts by passing resolutions on important issues and indicators at Board of Directors meetings.

Various Review Meetings

The Investment Review Committee, Asset Management Review Committee, and Group Synergy Review Committee have been established as bodies to scrutinize and review important issues to be discussed at the Board of Directors meetings.

Internal Audit Office

The Internal Audit Office has been established to conduct internal audits of the operations and internal controls of all group companies, and together with the corporate auditors, the office strives to ensure and strengthen risk management and compliance.

Advisory Board

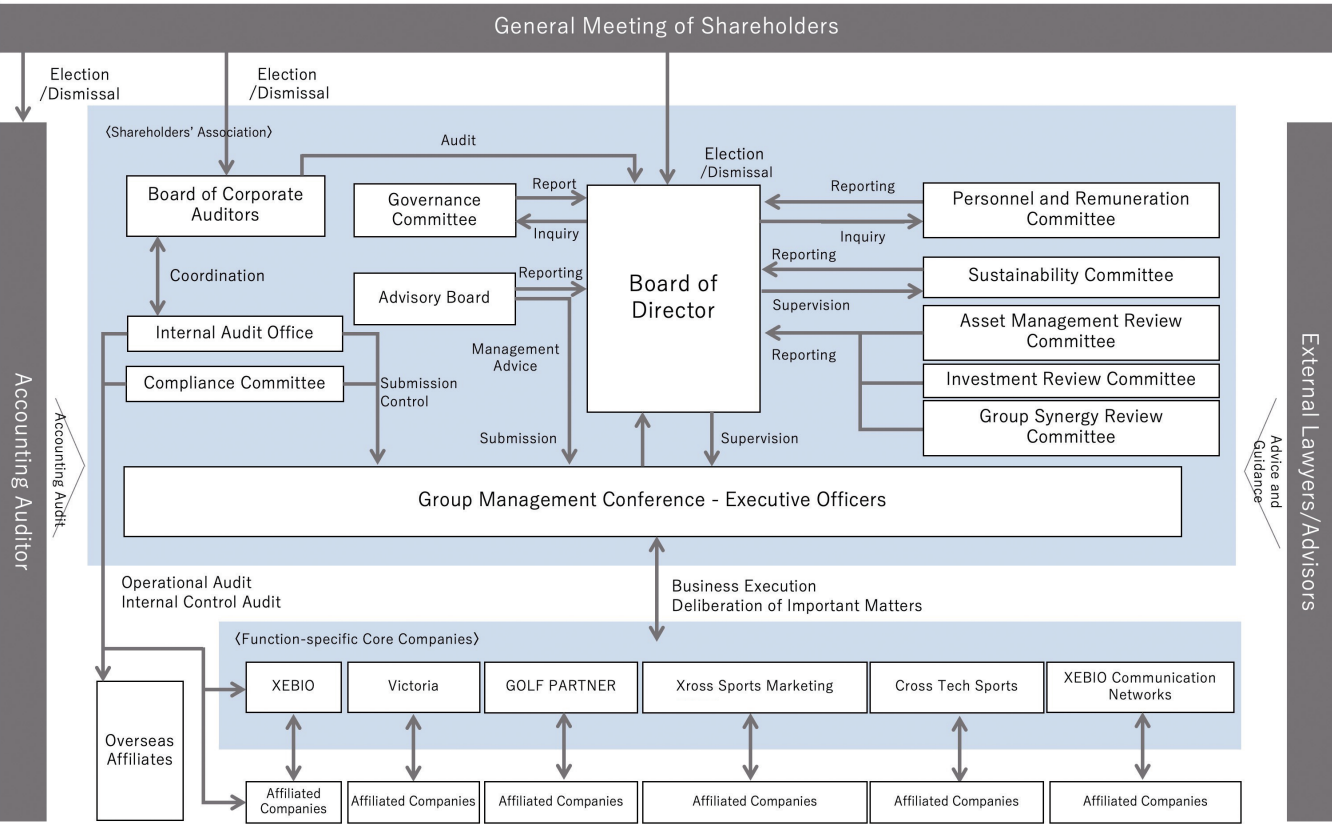
As part of measures to strengthen the Group's corporate governance system, we have established an "Advisory Board" consisting of several external experts with deep knowledge and experience in their respective fields. The Advisory Board serves as an advisory body to the President, and receives objective evaluations and advice on overall management, as well as recommendations on management issues.

We will continue to welcome human resources as advisory board members who bring diversity not only in terms of gender, age, race and nationality, disability, sexual orientation, religion and beliefs, and values, but also in terms of career, experience, and work style, thereby promoting diversity management that leads to the creation of value, we will strengthen our corporate governance system.

Status of Risk Management System

The risk management system is regularly audited by accounting auditors and external corporate auditors for financial matters, and advice and guidance are provided from outside attorneys for legal matters as appropriate. In terms of compliance, we are focusing on establishing an internal system to ensure that all officers and employees comply with laws, regulations, internal rules, and ethical standards.

Corporate Governance Structure



Compliance



Establishment of Compliance System

In order to fulfill our corporate social responsibility, we have established a Compliance Committee. The Compliance Committee comprehensively manages the compliance promotion organizations established at each Group company, and is responsible for

promoting compliance throughout the Group by checking the status of each company, providing guidance, and sharing case studies that occur at each company, thereby fostering compliance awareness.

Compliance Regulations

The Compliance Regulations stipulate matters related to the handling of compliance at the Company, including compliance with laws and regulations and the development of organizational systems for this purpose, with the aim of ensuring honest and fair management.

Compliance Training

Various compliance seminars are conducted by outside instructors on topics such as the Antimonopoly Law, subcontracting law, intellectual property rights (trademark law, patent rights, and the Act against Unjustifiable Premiums and Misleading Representations), and regular in-house training sessions are also conducted using e-learning.

Internal Reporting System

The purpose of this system is to protect whistleblowers, detect and correct misconduct at an early stage, and strengthen compliance management by establishing an appropriate mechanism for handling organizational or individual consultations or reports of legal violations from employees and other parties.

Company Profile



| | | | |
|-------------|---|--------------|---|
| Trade Name | XEBIO HOLDINGS CO., LTD. | Tokyo Office | Nishikicho Trad Square 14F, 3-20 Kanda-Nishikicho, Chiyoda-ku,Tokyo 101-0054, Japan |
| Head Office | 3-7-35 Asahi, Koriyama, Fukushima 963-8024, Japan | U R L | https://www.xebio.co.jp/ja/ |
| Phone | +81-24-938-1111 | | |

Core company



| | |
|--------------|--|
| Trade Name | XEBIO Co., Ltd. |
| Head Office | 3-7-35 Asahi, Koriyama, Fukushima 963-8024, Japan |
| Tokyo Office | Nishikicho Trad Square 14F, 3-20 Kanda-Nishikicho, Chiyoda-ku, Tokyo 101-0054, Japan |
| Business | Sales of sporting goods, equipment and apparel. |
| Phone | +81-24-938-1111 |
| U R L | https://www.supersports.co.jp/ |



| | |
|--------------|--|
| Trade Name | Xebio Communication Networks Co., Ltd. |
| Head Office | 3-2-24 Asahi, Koriyama, Fukushima 963-8024, Japan |
| Tokyo Office | Ochanomizu Sanshi building,3-4-2 Kanda-ogawamachi, Chiyoda-ku,Tokyo 101-0052 Japan |
| Business | Group digital platform and E-commerce management. |
| Phone | +81-24-927-7715 |



| | |
|-------------|--|
| Trade Name | Xross Sports Marketing Co., Ltd. |
| Head Office | Nishikicho Trad Square 14F,3-20 Kanda-nishikicho, Chiyoda-ku,Tokyo 101-0054 Japan |
| Business | Marketing project, research & consulting business, event promotion, and property management. |
| Phone | +81-3-5282-7655 |



| | |
|-------------|---|
| Trade Name | Victoria, Inc. |
| Head Office | Nishikicho Trad Square 12F,3-20 Kanda-nishikicho, Chiyoda-ku,Tokyo 101-0054 Japan |
| Business | Sales of sporting goods. |
| Phone | +81-3-5282-7700 |
| U R L | https://www.victoria.co.jp/ |



| | |
|--------------|--|
| Trade Name | Cross Tech Sports Co., Ltd. |
| Head Office | 3-7-35 Asahi, Koriyama, Fukushima 963-8024, Japan |
| Tokyo Office | Nishikicho Trad Square 2F,3-20 Kanda-nishikicho, Chiyoda-ku,Tokyo 101-0054 Japan |
| Business | International business and R&D operations. |
| Phone | +81-3-3294-7351 |

Main Consolidated subsidiary



| | |
|-------------|---|
| Trade Name | Xebio Card Co., Ltd. |
| Head Office | 3-2-24 Asahi, Koriyama, Fukushima 963-8024, Japan |
| Business | Credit card business |



| | |
|--------------|---|
| Trade Name | Xebio Corporate Co., Ltd |
| Head Office | 3-7-7 Asahi, Koriyama, Fukushima 963-8024, Japan |
| Tokyo Office | Nishikicho Trad Square 14F, 3-20 Kanda-Nishikicho, Chiyoda-ku,Tokyo 101-0054, Japan |
| Business | Group corporate operations business. |
| Phone | +81-24-901-1001 |

Management Structure

Directors & Corporate Auditors

(As of June 27, 2024)



President
Tomoyoshi Morohashi



Director
Takeshi Kitazawa



Director
Tsuyoshi Fujisawa



External Director *1
Tamotsu Iwamoto



External Director *1
Tomoko Sumida



External Director *1
Rintaro Shinohara



Full-time Corporate Auditor
Yuuichi Hoshikawa



External Corporate Auditor *2
Mikio Koyano



External Corporate Auditor *2
Hitoshi Kanno

*1 External director as stipulated in Article 2 Paragraph 15 of the Companies Act
*2 External corporate auditor as stipulated in Article 2 Paragraph 16 of the Companies Act

Corporate Officers

(As of June 27, 2024)



Vice President, Corporate Officer and President of Xross Sports Marketing Co., Ltd.
Takaaki Nakamura



Vice President, Corporate Officer and President of Xebio Communication Networks Co., Ltd.
Keita Shimanuki



Vice President, Corporate Officer and President and Executive Fellow of Sports Science Research Institute Co., Ltd.
Yasushi Konno



Corporate Officer and President of Golf Partner Co., Ltd.
Junya Ishida



Corporate Officer and President of Victoria Co., Ltd.
Yuya Nakamura



Corporate Officer and President of Cross Teach Sports Co., Ltd.
Hiroyuki Murai

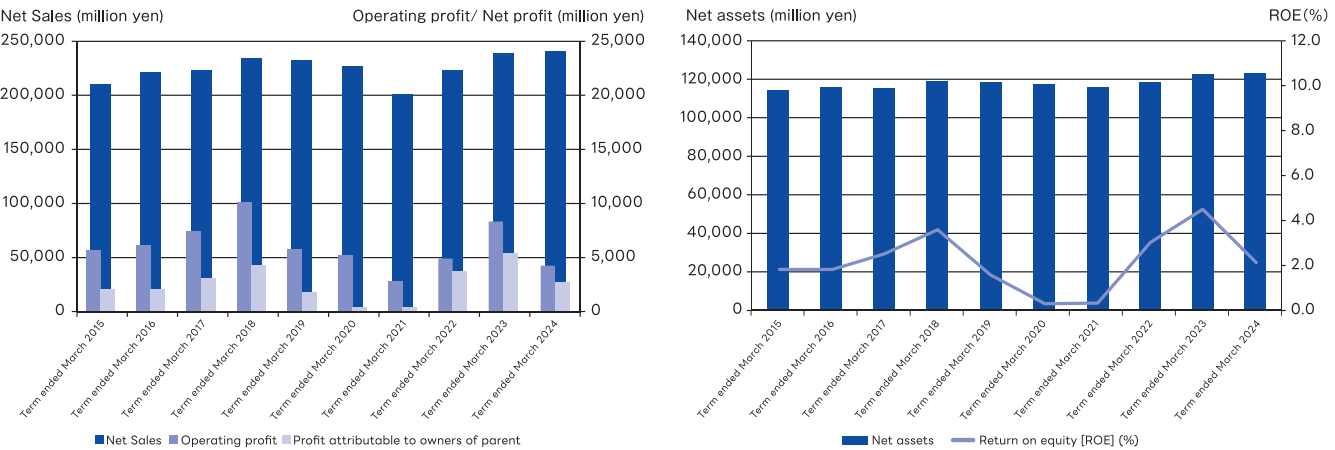


Corporate Officer and Vice President of Xebio Corporate Co., Ltd.
Kazuhiko Nakamura

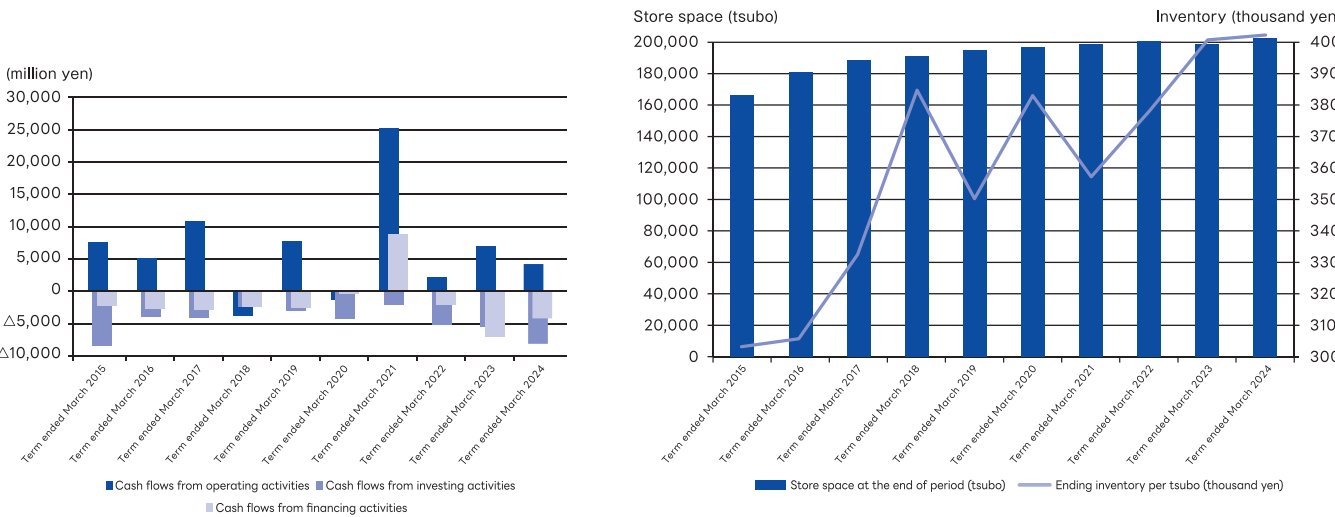
Financial Highlights

| | (Millions of yen) | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | Term ended March 2015 | Term ended March 2016 | Term ended March 2017 | Term ended March 2018 |
| Business Results: | | | | |
| Net Sales | 210,672 | 221,391 | 223,353 | 234,595 |
| Gross Profit | 80,850 | 85,614 | 89,171 | 92,761 |
| Operating Profit | 5,654 | 6,169 | 7,428 | 10,921 |
| Ordinary Profit | 6,432 | 6,396 | 7,499 | 11,389 |
| Profit attributable to owners of parent | 2,084 | 2,120 | 2,991 | 4,249 |
| Financial Position: | | | | |
| Current Assets | 105,153 | 106,759 | 117,908 | 119,932 |
| property, plant and equipment | 40,663 | 41,439 | 39,391 | 35,853 |
| Intangible Assets | 8,233 | 7,706 | 6,470 | 5,627 |
| Investments and Other Assets | 27,648 | 24,969 | 24,973 | 26,718 |
| Total Assets | 181,698 | 180,875 | 188,744 | 188,131 |
| Current Liabilities | 57,231 | 56,791 | 63,761 | 60,349 |
| Non-current liabilities | 8,685 | 8,426 | 8,203 | 8,099 |
| Net Assets | 115,781 | 115,657 | 116,779 | 119,682 |
| Cash Flows: | | | | |
| Cash Flows from Operating Activities | 7,424 | 5,138 | 10,444 | △3,887 |
| Cash Flows from Investing Activities | △8,427 | △3,913 | △4,090 | △2,363 |
| Cash Flows from Financing Activities | △2,293 | △2,574 | △2,882 | △2,427 |
| Per Share Information: | | | | |
| Net Assets per Share (¥) | 2,560.85 | 2,556.27 | 2,603.52 | 2,665.51 |
| Earnings per share (¥) | 46.24 | 46.95 | 66.89 | 95.08 |
| Dividend per Share (¥) | 35.00 | 35.00 | 35.00 | 35.00 |
| Financial Indicators: | | | | |
| Return on Equity (ROE) (%) | 1.8 | 1.8 | 2.6 | 3.6 |
| Return on Assets (ROA) (%) | 3.5 | 3.5 | 4.0 | 6.1 |
| Equity Ratio (%) | 63.6 | 63.8 | 61.6 | 63.3 |
| Other Data: | | | | |
| Store Space at the End of Period (Tsubo*) | 180,796 | 188,755 | 193,193 | 191,890 |
| Ending Inventory per Tsubo (Thousand Yen) | 303 | 305 | 333 | 389 |

*tsubo; 1 tsubo = approx. 3.3 m²



| | (Millions of yen) | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Term ended March 2019 | Term ended March 2020 | Term ended March 2021 | Term ended March 2022 | Term ended March 2023 | Term ended March 2024 |
| | | | | | | |
| | 231,629 | 225,312 | 202,438 | 223,282 | 239,293 | 242,433 |
| | 87,896 | 88,727 | 78,820 | 87,053 | 91,773 | 92,887 |
| | 5,766 | 5,247 | 2,767 | 4,999 | 8,327 | 4,204 |
| | 6,725 | 5,842 | 4,342 | 7,851 | 9,242 | 5,405 |
| | 1,884 | 408 | 412 | 3,836 | 5,397 | 2,592 |
| | | | | | | |
| | 118,104 | 118,397 | 146,628 | 147,012 | 145,805 | 139,969 |
| | 33,857 | 34,316 | 31,899 | 31,891 | 35,385 | 36,539 |
| | 6,181 | 5,035 | 5,327 | 5,495 | 6,784 | 8,203 |
| | 25,912 | 25,172 | 23,626 | 23,908 | 23,325 | 24,818 |
| | 184,054 | 182,921 | 207,482 | 208,308 | 211,300 | 209,530 |
| | 56,982 | 54,980 | 69,793 | 74,684 | 72,177 | 70,559 |
| | 8,591 | 10,689 | 21,336 | 14,915 | 16,555 | 14,157 |
| | 118,481 | 117,251 | 116,353 | 118,708 | 122,567 | 124,813 |
| | | | | | | |
| | 7,572 | △ 1,305 | 25,369 | 2,235 | 7,020 | 4,274 |
| | △ 3,010 | △ 4,299 | △ 2,019 | △ 5,164 | △ 5,477 | △ 8,041 |
| | △ 2,658 | △ 418 | 8,511 | △ 2,119 | △ 7,911 | △ 4,138 |
| | | | | | | |
| | 2,667.14 | 2,640.13 | 2,621.34 | 2,674.23 | 2,760.04 | 2,806.34 |
| | 42.41 | 9.23 | 9.32 | 86.77 | 122.09 | 58.62 |
| | 35.00 | 32.50 | 30.00 | 30.00 | 30.00 | 30.00 |
| | | | | | | |
| | 1.6 | 0.3 | 0.4 | 3.3 | 4.5 | 2.1 |
| | 3.6 | 3.2 | 2.1 | 3.8 | 4.4 | 2.6 |
| | 64.1 | 63.8 | 55.9 | 56.8 | 57.7 | 59.2 |
| | | | | | | |
| | 195,673 | 196,919 | 198,581 | 200,527 | 198,738 | 202,701 |
| | 350 | 382 | 357 | 378 | 406 | 409 |



Consolidated financial statements

Consolidated balance sheets

| (Millions of yen) | | |
|---------------------------------------|----------------------|----------------------|
| | As of March 31, 2023 | As of March 31, 2024 |
| Assets | | |
| Current assets | | |
| Cash and deposits | 32,890 | 24,941 |
| Notes and accounts receivable - trade | 23,414 | 22,584 |
| Operating loans | 878 | 809 |
| Merchandise | 80,714 | 82,943 |
| Income taxes refund receivable | 157 | 239 |
| Other | 8,188 | 8,850 |
| Allowance for doubtful accounts | △438 | △399 |
| Total current assets | 145,805 | 139,969 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 52,445 | 53,162 |
| Accumulated depreciation | △38,560 | △38,614 |
| Buildings and structures, net | 13,885 | 14,547 |
| Land | 13,984 | 14,066 |
| Leased assets | 6,091 | 6,072 |
| Accumulated depreciation | △1,853 | △2,308 |
| Leased assets, net | 4,238 | 3,763 |
| Construction in progress | 291 | 199 |
| Other | 22,463 | 24,264 |
| Accumulated depreciation | △19,477 | △20,302 |
| Other, net | 2,985 | 3,961 |
| Total property, plant and equipment | 35,385 | 36,539 |
| Intangible assets | | |
| Goodwill | 330 | 44 |
| Software | 3,831 | 5,659 |
| Other | 2,622 | 2,500 |
| Total intangible assets | 6,784 | 8,203 |
| Investments and other assets | | |
| Investment securities | 953 | 2,521 |
| Long-term loans receivable | 12 | 6 |
| Deferred tax assets | 4,574 | 3,792 |
| Guarantee deposits | 1,465 | 1,267 |
| Leasehold deposits | 14,013 | 13,972 |
| Investment property | 3,120 | 3,119 |
| Accumulated depreciation | △1,289 | △1,305 |
| Investment property, net | 1,831 | 1,813 |
| Retirement benefit asset | 103 | 1,055 |
| Other | 539 | 549 |
| Allowance for doubtful accounts | △168 | △161 |
| Total investments and other assets | 23,325 | 24,818 |
| Total non-current assets | 65,494 | 69,561 |
| Total assets | 211,300 | 209,530 |

| (Millions of yen) | | | |
|--|----------------------|----------------------|--|
| | As of March 31, 2023 | As of March 31, 2024 | |
| Liabilities | | | |
| Current liabilities | | | |
| Notes and accounts payable - trade | 23,429 | 17,535 | |
| Electronically recorded obligations - operating | 29,032 | 32,966 | |
| Short-term borrowings | 800 | 700 | |
| Current portion of long-term borrowings | 1,840 | 1,838 | |
| Income taxes payable | 1,521 | 547 | |
| Provision for bonuses | 1,299 | 1,319 | |
| Provision for bonuses for directors (and other officers) | 15 | 15 | |
| Provision for point card certificates | 78 | 170 | |
| Other | 14,160 | 15,467 | |
| Total current liabilities | 72,177 | 70,559 | |
| Non-current liabilities | | | |
| Long-term borrowings | 4,772 | 2,936 | |
| Lease liabilities | 5,222 | 4,479 | |
| Retirement benefit liability | 862 | 842 | |
| Provision for retirement benefits for directors (and other officers) | 59 | 59 | |
| Asset retirement obligations | 4,768 | 4,991 | |
| Other | 870 | 847 | |
| Total non-current liabilities | 16,555 | 14,157 | |
| Total liabilities | 88,732 | 84,717 | |
| Net assets | | | |
| Shareholders' equity | | | |
| Share capital | 15,935 | 15,935 | |
| Capital surplus | 16,119 | 16,119 | |
| Retained earnings | 96,499 | 97,765 | |
| Treasury shares | △6,498 | △6,498 | |
| Total shareholders' equity | 122,056 | 123,321 | |
| Accumulated other comprehensive income | | | |
| Valuation difference on available-for-sale securities | 185 | 442 | |
| Foreign currency translation adjustment | 197 | △32 | |
| Remeasurements of defined benefit plans | △415 | 337 | |
| Total accumulated other comprehensive income | △32 | 748 | |
| Share acquisition rights | 341 | 381 | |
| Non-controlling interests | 202 | 361 | |
| Total net assets | 122,567 | 124,813 | |
| Total liabilities and net assets | 211,300 | 209,530 | |

Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income

| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|---|-------------------------------------|-------------------------------------|
| Net sales | 239,293 | 242,433 |
| Cost of sales | 147,519 | 149,546 |
| Gross profit | 91,773 | 92,887 |
| Selling, general and administrative expenses | 83,446 | 88,682 |
| Operating profit | 8,327 | 4,204 |
| Non-operating income | | |
| Interest income | 76 | 84 |
| Dividend income | 11 | 14 |
| Rental income from real estate | 717 | 747 |
| Foreign exchange gains | 323 | 555 |
| Outsourcing service income | 321 | 389 |
| Subsidy income | 114 | 13 |
| Other | 365 | 427 |
| Total non-operating income | 1,931 | 2,232 |
| Non-operating expenses | | |
| Interest expenses | 64 | 104 |
| Rental expenses on real estate | 451 | 453 |
| Commission expenses | 343 | 321 |
| Other | 157 | 151 |
| Total non-operating expenses | 1,016 | 1,031 |
| Ordinary profit | 9,242 | 5,405 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 5 | 2 |
| Insurance claim income | 173 | 40 |
| Settlement income | 72 | — |
| Compensation income relating store relocation | 143 | 45 |
| Gain on reversal of share acquisition rights | 135 | 0 |
| Gain on cancellation of guarantee deposits received | 9 | — |
| Gain on sale of investment securities | — | 4 |
| Total extraordinary income | 538 | 93 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 122 | 30 |
| Loss on sale of non-current assets | 0 | 0 |
| Impairment losses | 655 | 694 |
| Loss on disaster | — | 105 |
| Loss on store closings | — | 25 |
| Loss on liquidation of business | 49 | — |
| Loss on cancellation of rental contracts | 116 | 14 |
| Loss on point system | — | 106 |
| Total extraordinary losses | 944 | 977 |
| Profit before income taxes | 8,836 | 4,521 |
| Income taxes - current | 3,032 | 1,434 |
| Income taxes - deferred | 209 | 355 |
| Total income taxes | 3,241 | 1,789 |
| Profit | 5,594 | 2,731 |
| Profit attributable to non-controlling interests | 196 | 139 |
| Profit attributable to owners of parent | 5,397 | 2,592 |

Consolidated statements of cash flows

| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|--|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 8,836 | 4,521 |
| Depreciation | 3,640 | 4,806 |
| Impairment losses | 655 | 694 |
| Amortization of goodwill | 427 | 286 |
| Increase (decrease) in allowance for doubtful accounts | 53 | △46 |
| Increase (decrease) in provision for bonuses | △170 | 19 |
| Increase (decrease) in provision for point card certificates | △12 | 91 |
| Increase (decrease) in contract liabilities | △89 | △132 |
| Increase (decrease) in retirement benefit liability | △42 | △20 |
| Decrease (increase) in retirement benefit asset | 35 | △952 |
| Interest and dividend income | △88 | △99 |
| Interest expenses | 64 | 104 |
| Insurance claim income | △173 | △40 |
| Subsidy income | △114 | △13 |
| Gain on sale of non-current assets | △5 | △2 |
| Gain on reversal of share acquisition rights | △135 | △0 |
| Loss (gain) on sale of investment securities | — | △4 |
| Gain on cancellation of guarantee deposits received | △9 | — |
| Loss on retirement of non-current assets | 122 | 30 |
| Loss on sale of non-current assets | 0 | 0 |
| Loss on disaster | — | 105 |
| Loss on store closings | — | 25 |
| Loss on cancellation of rental contracts | 116 | 14 |
| Loss on liquidation of business | 49 | — |
| Compensation income relating store relocation | △143 | △45 |
| Settlement income | △72 | — |
| Loss on point system | — | 106 |
| Decrease (increase) in trade receivables | △718 | 963 |
| Decrease (increase) in operating loans receivable | 89 | 69 |
| Decrease (increase) in inventories | △4,581 | △2,037 |
| Increase (decrease) in trade payables | 1,846 | △2,026 |
| Increase (decrease) in accrued consumption taxes | 750 | △131 |
| Other, net | △176 | 342 |
| Subtotal | 10,155 | 6,629 |
| Interest and dividends received | 88 | 99 |
| Interest paid | △66 | △75 |
| Income taxes paid | △3,768 | △2,635 |
| Income taxes refund | 108 | 157 |
| Proceeds from insurance income | 173 | 40 |
| Subsidies received | 114 | 13 |
| Proceeds from compensation for forced relocation | 143 | 45 |
| Settlement received | 72 | — |
| Net cash provided by (used in) operating activities | 7,020 | 4,274 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | △3,357 | △4,325 |
| Proceeds from sale of property, plant and equipment | 27 | 14 |
| Payments for retirement of property, plant and equipment | △101 | △1 |
| Purchase of intangible assets | △2,184 | △2,807 |
| Purchase of long-term prepaid expenses | — | △112 |
| Purchase of investment securities | △21 | △1,193 |
| Proceeds from sale of investment securities | — | 17 |
| Payments of leasehold and guarantee deposits | △490 | △876 |
| Proceeds from refund of leasehold and guarantee deposits | 569 | 1,157 |
| Refund of guarantee deposits received | △10 | △19 |
| Guarantee deposits received | 22 | 31 |
| Other, net | 68 | 74 |
| Net cash provided by (used in) investing activities | △5,477 | △8,041 |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 30 | △100 |
| Repayments of long-term borrowings | △6,020 | △1,836 |
| Proceeds from long-term borrowings | 220 | — |
| Repayments of lease liabilities | △755 | △864 |
| Purchase of treasury shares | △0 | △0 |
| Purchase of shares of subsidiaries not resulting in change in scope of consolidation | △59 | — |
| Dividends paid | △1,326 | △1,336 |
| Net cash provided by (used in) financing activities | △7,911 | △4,138 |
| Effect of exchange rate change on cash and cash equivalents | △634 | △43 |
| Net increase (decrease) in cash and cash equivalents | △7,003 | △7,949 |
| Cash and cash equivalents at beginning of period | 39,893 | 32,890 |
| Cash and cash equivalents at end of period | 32,890 | 24,941 |

Stock Information

Securities identification code: 8281

Stock exchange listing:
Tokyo Stock Exchange (First Section)

Share information

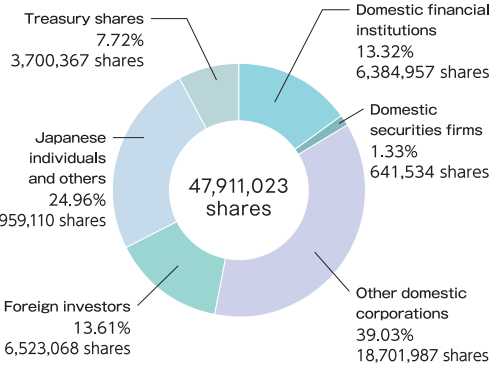
Total number of authorized shares
.....135,000,000
Total number of issued shares
.....47,911,023
Number of shareholders.....47,263

| Name | Number of shares held (shares) | Ratio of shareholding (%) |
|--|--------------------------------------|---------------------------------|
| Sanbic Co., Ltd. | 8,252,605 | 18.7 |
| Morohashi Museum of Modern Art | 4,500,000 | 10.2 |
| T.T.C. Co., Ltd. | 4,121,466 | 9.3 |
| Japan Master Trust Bank Co., Ltd. (Trust Account) | 3,109,600 | 7.0 |
| Custody Bank of Japan, Ltd. (Trust Account) | 1,561,800 | 3.5 |
| Teruko Morohashi | 1,392,364 | 3.1 |
| Tomoyoshi Morohashi | 1,173,950 | 2.7 |
| RHB LLC | 900,897 | 2.0 |
| SSBTC CLIENT OMNIBUS ACCOUNT | 668,104 | 1.5 |
| MSIP CLIENT SECURITIES | 644,883 | 1.5 |

*Note1. Our company owns 3,700,367 treasury shares , but is excluded from the above list of major shareholders.In addition, the ratio of shareholding is calculated after deducting the treasury shares.

*Note2. The number of shares held by the trust companies includes the shares for conducting their activities.

Distribution of shareholders



Consolidated statements of comprehensive income

| | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|--|-------------------------------------|-------------------------------------|
| Profit | 5,594 | 2,731 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 138 | 257 |
| Foreign currency translation adjustment | △440 | △209 |
| Remeasurements of defined benefit plans, net of tax | 24 | 753 |
| Total other comprehensive income | △278 | 800 |
| Comprehensive income | 5,316 | 3,531 |
| Comprehensive income attributable to owners of parent | 5,138 | 3,372 |
| Comprehensive income attributable to non-controlling interests | 178 | 158 |