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Securities Code 8111
June 8, 2022

To Our Shareholders

Takao Watanabe, President and Representative Director
GOLDWIN INC.
210 Kiyosawa, Oyabe City, Toyama Prefecture

Notice of the 71st Annual General Meeting of Shareholders

Notice is hereby given that the 71st Annual General Meeting of Shareholders of the Company will be held as follows. **In lieu of attending the meeting in person, you may exercise your voting rights in writing or via the Internet, etc. Please review the attached Reference Document for the General Meeting of Shareholders and exercise your voting rights by 5:30 p.m. (JST) on Wednesday, June 22, 2022. When exercising your voting rights via the Internet, etc., please refer to the “Information About Exercising Your Voting Rights” on page 2.**

- 1. Date and time** Thursday, June 23, 2022 at 10:00 a.m. (JST)
- 2. Venue** 5th floor hall of the Company’s Head Office
210 Kiyosawa, Oyabe City, Toyama Prefecture

3. Purpose

Matters to be reported

- (1) Business Report and Consolidated Financial Statements, and the Audit Results of the Financial Auditor and the Board of Auditors on the Consolidated Financial Statements for the 71st fiscal year (from April 1, 2021 to March 31, 2022)
- (2) Report on the Non-consolidated Financial Statements for the 71st fiscal year (from April 1, 2021 to March 31, 2022)

Matters to be resolved

- | | |
|-------------------|--|
| Proposal 1 | Partial Amendment to the Articles of Incorporation |
| Proposal 2 | Election of Ten Directors |
| Proposal 3 | Election of One Auditor |

4. Matters concerning the documents attached to the Notice of Convocation and the Reference Documents for the General Meeting of Shareholders

- (1) Of the documents to be attached to this Notice of Convocation, the following items are not included in this attachment as they are posted on the Company’s website in accordance with laws and regulations and Article 15 of the Company’s Articles of Incorporation.
 - 1) Notes to Consolidated Financial Statements
 - 2) Notes to Non-consolidated Financial StatementsThe Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Auditors and the Financial Auditor are the Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements, which are posted on the Company’s website, in addition to each of the documents listed in the attachment to the Notice of the General Meeting of Shareholders.
- (2) In the event of any revision to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, and the Non-consolidated Financial Statements, the Company will post such revision on the Company’s website.
The Company’s website: <https://www.goldwin.co.jp/>

- If you plan to attend the meeting, please submit the enclosed voting form to the receptionist at the meeting.

Information About Exercising Your Voting Rights

Exercise of voting rights at the Company's General Meeting of Shareholders is shareholders' important right.

Please exercise your voting rights after reviewing the attached Reference Documents for the General Meeting of Shareholders.

There are three methods to exercise your voting rights as indicated below.

How to exercise your voting rights via attending the General Meeting of Shareholders:

When attending the meeting in person, please hand in the enclosed voting form at the reception desk at the meeting venue.

Date and time of the Annual General Meeting of Shareholders:

Thursday, June 23, 2022 at 10:00 a.m. (JST)

How to exercise your voting rights in writing (via postal mail):

Please indicate, on the enclosed voting form, your approval or disapproval of each proposal and return the completed form.

Deadline for exercise of voting rights in writing (via postal mail)

The Company must receive the completed voting form by Wednesday, June 22, 2022, at 5:30 p.m. (JST).

How to exercise your voting rights via the Internet, etc.:

Please indicate whether you approve or disapprove of each proposal following the instructions on the next page.

Deadline for exercise of voting rights via the Internet, etc.

All data entry to be completed no later than 5:30 p.m., Wednesday, June 22, 2022.

How to Fill Out Your Voting Form

Please indicate whether you approve or disapprove of proposals.

Proposals 1 and 3

To mark your approval

→ Circle the box marked 賛 "Approve."

To mark your disapproval

→ Circle the box marked 否 "Disapprove."

Proposal 2

To mark your approval for all candidates

→ Circle the box marked 賛 "Approve."

To mark your disapproval for all candidates

→ Circle the box marked 否 "Disapprove."

To mark your disapproval for certain candidates

→ Circle the box marked 賛 "Approve" and write the number of the candidate(s) you wish to disapprove.

Please note that your online vote will prevail should you exercise your voting rights both in writing (by post) and via the Internet, etc. If you exercise your voting rights more than once via the Internet, etc., only the last vote shall be deemed effective.

Exercise of Voting Rights via the Internet, etc.

Method 1: Scanning the QR Code “Smart Vote”

You can simply log in to the website for exercising voting rights without entering your voting code and password.

- 1 Please scan the QR Code located on the bottom right of the voting form.
* “QR Code” is a registered trademark of DENSO WAVE INCORPORATED.
- 2 Please follow the directions that appear on the screen to input approval or disapproval to each proposal.

Note that your voting rights can be exercised only once by using the “Smart Vote” method.

If you need to make a correction to the content of your vote after you have exercised your voting rights, please access the website for personal computer and log in by entering your voting code and password printed on the voting form, and exercise your voting rights again.

* You can access the website for personal computer by scanning the QR Code again.

Method 2: Entering the voting code and password

The website for the exercise of voting rights: <https://soukai.mizuho-tb.co.jp/>

- 1 Please access the website for exercise of voting rights.
Click “Proceed to the next”
- 2 Please enter the voting code given on the voting form.
Enter the voting code
Click “Next”
- 3 Please enter the password given on the voting form.
Enter the initial password
Enter the new password that you will actually use
Click “Register”
- 4 Please follow the directions that appear on the screen to input approval or disapproval to each proposal.

In case you need instructions for how to operate your personal computer, smartphone or mobile phone in order to exercise your voting rights via the Internet, please contact:

Internet Help Dial, Stock Transfer Agency, Mizuho Trust & Banking Co., Ltd.
0120-768-524
(9:00 a.m. to 9:00 p.m. on weekdays) (JST)

Institutional investors may use the Electronic Voting Platform for institutional investors operated by ICJ, Inc.

Reference Documents for the General Meeting of Shareholders

Proposal 1 Partial Amendment to the Articles of Incorporation

1. Reasons for the proposal

- (1) The Company proposes to add a business purpose to Article 2 (Purpose) of the Company’s current Articles of Incorporation in order to clarify the business content in line with the current status of the Company’s business, and to respond to future business development and diversification of business content.
- (2) The revised provision stipulated in the proviso of Article 1 of the Supplementary Provision of the “Law Partially Amending the Companies Act” (Law No. 70 of 2019) will come into effect on September 1, 2022, and the electronic provision system of the materials for the General Meeting of Shareholders will be introduced. Accordingly, Article 15 (Internet Disclosure and Deemed Provision of Reference Documents for General Meeting of Shareholders, etc.) of the Company’s current Articles of Incorporation is hereby amended as follows.
 - 1) Paragraph 1 of Article 15 (Electronic Provision of Information, etc.) of the Proposed Amendment shall be newly established, as the Articles of Incorporation will be required to stipulate that the Company shall take measures for electronic provision of information that is the content of reference documents, etc. for the General Meeting of Shareholders.
 - 2) Paragraph 2 of Article 15 (Electronic Provision of Information, etc.) of the Proposed Amendment shall be newly established to allow the scope of matters to be included in the document to be delivered to shareholders who have requested delivery of the document to be limited to the scope specified by the applicable Ordinance of the Ministry of Justice, among the matters for which electronic provision of information that is the content of reference documents for the General Meeting of Shareholders, etc. is to be taken.
 - 3) The Company proposes to delete Article 15 (Internet Disclosure and Deemed Provision of Reference Documents for General Meeting of Shareholders, etc.) of the current Articles of Incorporation as it will become unnecessary once the system of electronic provision of materials for the General Meeting of Shareholders is introduced.
 - 4) Supplementary provisions regarding the effect of the provisions to be newly established and deleted above are hereby established. The Supplementary Provisions shall be deleted after the expiration of the date hereof.

2. Details of the amendments

The details of the amendments are as follows.

(Underlines indicate amendments.)

Current Articles of Incorporation	Proposed amendments
Chapter I General rules	Chapter I General rules
Article 2 (Purpose) The purpose of the Company shall be to engage in the following businesses.	Article 2 (Purpose) (Unchanged)
(1) – (5) (Omitted) (Newly established)	(1) – (5) (Unchanged)
(6) (Omitted) (Newly established)	<u>(6) Dealing in secondhand articles under the Secondhand Articles Business Act</u>
(7) Establishment, operation, and leasing of sports and leisure facilities	<u>(7) Manufacture and sale of food products, beverages, etc.</u>
(8) – (10) (Omitted) (Newly established)	(8) (Unchanged) (9) Establishment, operation, and leasing of <u>lodging</u> , sports, and leisure facilities
(11) – (23) (Omitted)	(10) – (12) (Unchanged) <u>(13) Planning and operation of movies, concerts, plays, sporting events, etc., and ticket sales</u>
	(14) – (26) (Unchanged)

Current Articles of Incorporation	Proposed amendments
<p style="text-align: center;">Chapter III General Meeting of Shareholders</p> <p><u>Article 15</u> (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.)</p> <p><u>When the Company convenes a general meeting of shareholders, if it discloses information that is to be stated or presented in the reference documents for the general meeting of shareholders, business report, financial statements and consolidated financial statements through the internet in accordance with the provisions prescribed by the Ministry of Justice Order, it may be deemed that the Company has provided this information to shareholders.</u></p> <p style="text-align: center;">(Newly established)</p> <p style="text-align: center;">(Newly established)</p>	<p style="text-align: center;">Chapter III General Meeting of Shareholders (Deleted)</p> <p><u>Article 15</u> (Measures, etc. for Providing Information in Electronic Format)</p> <p>(i) <u>When the Company convenes a general meeting of shareholders, it shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.</u></p> <p>(ii) <u>Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p> <p style="text-align: center;">(Supplementary Provisions)</p> <p><u>Article 1</u> (Transitional Measures for Providing Informational Materials for the General Meeting of Shareholders in Electronic Format)</p> <p>(i) <u>The deletion of Article 15 (Internet Disclosure and Deemed Provision of Reference Documents for General Meeting of Shareholders, etc.) of the Articles of Incorporation before amendment and the establishment of Article 15 (Electronic Provision Measures, etc.) after amendment shall take effect on September 1, 2022.</u></p> <p>(ii) <u>Notwithstanding the provision of the preceding paragraph, Article 15 of the pre-amended Articles of Incorporation shall remain effective regarding any general meeting of shareholders held on a date within six months from September 1, 2022.</u></p> <p>(iii) <u>These Supplementary Provisions shall be deleted on the date when six months have elapsed from September 1, 2022 or three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u></p>

Proposal 2 Election of Ten Directors

The terms of office of all eight Directors will expire at the conclusion of this meeting. In that regard, the Company proposes the election of ten Directors, increasing the number of Directors by two to enhance the management system. The candidates for Director are as follows.

Candidate No.	Name	Position and responsibility, etc. in the Company	
1	Akio Nishida	Chairman and Representative Director	<input type="checkbox"/> Reelection
2	Takao Watanabe	President and Representative Director	<input type="checkbox"/> Reelection
3	Yoshiteru Nishida	Director and Senior Managing Officer (in charge of Merchandise, Procurement, and Toyama Area Affiliates)	<input type="checkbox"/> Reelection
4	Eiichiro Homma	Director and Senior Managing Officer (in charge of Overseas)	<input type="checkbox"/> Reelection
5	Michio Shirasaki	Managing Officer, General Manager of Management Division	<input type="checkbox"/> New election
6	Hikari Mori	Managing Officer, General Manager of Business Division	<input type="checkbox"/> New election
7	Yuko Moriguchi	External Director	<input type="checkbox"/> Reelection <input type="checkbox"/> External <input type="checkbox"/> Independent
8	Rie Akiyama	External Director	<input type="checkbox"/> Reelection <input type="checkbox"/> External <input type="checkbox"/> Independent
9	Ichiro Yoshimoto	External Director	<input type="checkbox"/> Reelection <input type="checkbox"/> External <input type="checkbox"/> Independent
10	Dai Tamesue		<input type="checkbox"/> New election <input type="checkbox"/> External <input type="checkbox"/> Independent

Reelection Candidate for reelection as Director

New election Candidate for new election as Director

External Candidate for external Director

Independent Independent Officer as stipulated by the stock exchange

(Reference)

Expertise and experience of the candidate for Director

Candidate No.	Director	Corporate management	Finance and accounting	Personnel and human resources development	Legal affairs	Risk management	Research and development	Manufacturing technology	Sales	Marketing	Global experience	Society and environment
1	Akio Nishida (Chairman and Representative Director)	○		○		○				○	○	○
2	Takao Watanabe (President and Representative Director)	○				○	○		○	○		○
3	Yoshiteru Nishida (Director and Senior Managing Officer)	○	○					○			○	
4	Eiichiro Homma (Director and Senior Managing Officer)	○	○							○	○	
5	Michio Shirasaki (Managing Officer)	○	○	○		○					○	
6	Hikari Mori (Managing Officer)	○					○			○	○	○
7	Yuko Moriguchi (External Director)			○			○					○
8	Rie Akiyama (External Director)				○	○					○	
9	Ichiro Yoshimoto (External Director)	○		○					○		○	
10	Dai Tamesue	○		○								○

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and Significant concurrent positions outside the Company		Number of the Company's shares owned
1	Akio Nishida (November 6, 1953) Reelection Attendance at Board of Directors meetings 17/17 (100%)	Oct. 1977 June 1989 June 1992 June 1994 May 1999 June 2000 Apr. 2020	Joined the Company Director Managing Director Senior Managing Director Managing Director President and Representative Director Chairman and Representative Director (current position)	260,725
	<p>Reasons for nomination as candidate for Director</p> <p>Akio Nishida served as President and Representative Director of the Company from 2000 to March 2020, and has a wealth of experience, achievements, and insight as a manager. We believe that he is qualified to promote the Company's group management and strengthen corporate governance, and we request his continued election as a Director.</p>			
2	Takao Watanabe (March 22, 1960) Reelection Attendance at Board of Directors meetings 17/17 (100%)	Apr. 1982 June 2005 June 2006 June 2007 Apr. 2010 Apr. 2012 Apr. 2015 Apr. 2017 Apr. 2018 Apr. 2020	Joined the Company Director and Corporate Officer, Manager of THE NORTH FACE Department Director, General Manager of Outdoor Style Division, Manager of THE NORTH FACE Department Director and Corporate Officer, General Manager of Outdoor Style Division, Manager of THE NORTH FACE Department Director and Managing Officer, Deputy General Manager of Business Administration Division, General Manager of Outdoor Style Division, General Manager of Helly Hansen Division, and General Manager of Direct Marketing Promotion Department Director and Senior Managing Officer, General Manager of Business Administration Division, General Manager of Outdoor Style Division Director and Senior Managing Officer, General Manager of Business Administration Division Director and Executive Vice President, General Manager of Business Administration Division Director and Executive Vice President, General Manager of Business Administration Division, General Manager of Business Division President and Representative Director (current position)	42,269
	<p>Reasons for nomination as candidate for Director</p> <p>Takao Watanabe has abundant experience and insight in the business and marketing divisions, and as a Director overseeing all aspects of the business, he has appropriately carried out important business operations and management decision-making and supervision. We believe that he is capable of realizing our management philosophy and executing our business strategies, and therefore we request his continued election as a Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and Significant concurrent positions outside the Company	Number of the Company's shares owned
3	<p data-bbox="347 633 528 696">Yoshiteru Nishida (January 4, 1956)</p> <p data-bbox="384 730 491 757">Reelection</p> <p data-bbox="323 790 555 887">Attendance at Board of Directors meetings 17/17 (100%)</p>	<p data-bbox="612 264 1235 1137"> Apr. 1978 Joined the Company Apr. 2003 Manager of Procurement Management Department June 2004 Corporate Officer, Manager of Procurement Management Department June 2010 Director and Corporate Officer, Manager of Procurement Management Department Apr. 2012 Director and Managing Officer, responsible for procurement in General Planning Division Apr. 2013 Director and Managing Officer, responsible for affiliated companies in the Toyama area and responsible for suppliers in General Planning Division Apr. 2017 Director and Senior Managing Officer, responsible for affiliated companies in the Toyama area and responsible for suppliers Apr. 2018 Director and Senior Managing Officer, responsible for affiliated companies in the Toyama area and responsible for procurement Apr. 2020 Director and Senior Managing Officer, responsible for merchandise, procurement and affiliated companies in the Toyama area Apr. 2022 Director and Senior Managing Officer, responsible for merchandise, procurement and affiliated companies in the Toyama area and Toyama area representative of PLAY EARTH project. (current position) </p> <p data-bbox="612 1160 1134 1249"> Significant concurrent positions outside the Company President and Representative Director of GOLDWIN LOGITEM INC. </p>	382,160
<p data-bbox="277 1261 1414 1442"> Reasons for nomination as candidate for Director Yoshiteru Nishida has abundant experience and insight in the procurement division and China business, and as a Director overseeing procurement in general and suppliers in particular, he has appropriately carried out important business operations and management decision-making and supervision. We believe that he is capable of realizing our management philosophy and executing our business strategies, and therefore we request his continued election as a Director. </p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and Significant concurrent positions outside the Company	Number of the Company's shares owned
4	<p data-bbox="352 696 523 757">Eiichiro Homma (March 19, 1960)</p> <p data-bbox="384 792 491 822">Reelection</p> <p data-bbox="320 857 555 949">Attendance at Board of Directors meetings 17/17 (100%)</p>	<p data-bbox="612 264 715 293">Apr. 1982</p> <p data-bbox="612 300 715 329">Apr. 2003</p> <p data-bbox="612 365 715 394">Apr. 2006</p> <p data-bbox="612 400 715 430">Apr. 2007</p> <p data-bbox="612 465 715 495">Apr. 2010</p> <p data-bbox="612 530 715 560">June 2012</p> <p data-bbox="612 629 715 658">Apr. 2014</p> <p data-bbox="612 792 715 822">Apr. 2016</p> <p data-bbox="612 891 715 920">Apr. 2017</p> <p data-bbox="612 990 715 1019">Apr. 2018</p> <p data-bbox="612 1111 715 1140">Apr. 2020</p> <p data-bbox="612 1243 715 1272">Apr. 2021</p> <p data-bbox="612 1328 1145 1384">Significant concurrent positions outside the Company President and Representative Director of nanamica inc.</p>	32,868
<p data-bbox="272 1391 762 1420">Reasons for nomination as candidate for Director</p> <p data-bbox="272 1426 1390 1550">Eiichiro Homma has abundant experience and insight in the business and marketing divisions, and as a Director overseeing the brand strategy and corporate planning divisions, he has appropriately carried out important business operations and management decision-making and supervision. We believe that he is capable of formulating and promoting the Group's growth strategy, and therefore we request his continued election as a Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and Significant concurrent positions outside the Company	Number of the Company's shares owned
5	Michio Shirasaki (May 14, 1961) New election	June 2019 Corporate Officer, General Manager of Corporate Planning and Strategy Division, General Planning Administration Division, Manager of Corporate Strategy and Planning Office	1,178
		Apr. 2020 Corporate Officer, General Manager of Corporate Planning and Strategy Division, Manager of Corporate Planning and Strategy Office	
		Apr. 2021 Managing Officer, General Manager of Corporate Planning and Strategy Division	
		Apr. 2022 Managing Officer, General Manager of Management Division (current position)	
<p>Reasons for nomination as candidate for Director</p> <p>Mr. Michio Shirasaki has abundant experience and insight in the corporate planning department and has appropriately executed important operations as an executive officer executing overall corporate planning.</p> <p>We request his election as a Director because we believe that he will be able to realize our management philosophy, promote Group management, and carry out more efficient operations of each company.</p>			
6	Hikari Mori (June 14, 1963) New election	Jan. 2015 Manager in charge of THE NORTH FACE Department	3,878
		Apr. 2015 Manager of THE NORTH FACE Department	
		Apr. 2016 Corporate Officer, Manager of THE NORTH FACE Department	
		Apr. 2017 Corporate Officer, Manager of THE NORTH FACE Department, Business Administration Division	
		Apr. 2018 Corporate Officer, Deputy General Manager of Business Division, Business Administration Division, Manager of THE NORTH FACE Department	
		Apr. 2019 Managing Officer, Deputy General Manager of Business Division	
		Apr. 2020 Managing Officer, General Manager of Business Division I	
		Apr. 2021 Managing Officer, General Manager of Business Division (current position)	
<p>Reasons for nomination as candidate for Director</p> <p>Mr. Hikari Mori has abundant experience and insight through his work in the business and marketing divisions, and has appropriately executed important operations as an executive officer in charge of overall business operations.</p> <p>We believe that he is capable of realizing our management philosophy and executing our business strategies, and therefore we request his election as a Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and Significant concurrent positions outside the Company		Number of the Company's shares owned
7	Yuko Moriguchi (Apr. 13, 1955)	Dec. 1975	Joined Japan Ladies Professional Golfers' Association	—
	Reelection External Independent	Mar. 2012	Member of GIFU Prefectural Board of Education	
	Years in office 7	June 2015	External Director of the Company (current position)	
	Attendance at Board of Directors meetings 17/17 (100%)	June 2020	External Director of The Ogaki Kyoritsu Bank, Ltd. (current position)	
Significant concurrent positions outside the Company External Director of The Ogaki Kyoritsu Bank, Ltd.				
Reasons for nomination as candidate for external Director and expected role Although Yuko Moriguchi has not been directly involved in the management of a company, she has appropriately made decisions and supervised management based on her abundant experience and professional viewpoints cultivated over many years as an athlete. We believe that she will continue to provide appropriate supervision and advice to the Board of Directors, and therefore we request her election as an external Director.				
Independence There is no conflict of interest between her and the Company other than remuneration for her services as a Director, so there is no risk of conflict of interest with general shareholders. Therefore, she satisfies the Criteria for Independence of Independent External Officers stipulated by the Company, and her independence is recognized. The Company has registered her as an independent officer with the Tokyo Stock Exchange. If her reelection is approved, the Company plans to continue this notification.				
8	Rie Akiyama (March 17, 1970)	Apr. 1999	Registered as attorney-at-law (Tokyo Bar Association)	—
	Reelection External Independent	Apr. 1999	Member of Baba Law Office (now Baba & Sawada)	
	Years in office 3	June 2019	External Director of the Company (current position)	
	Attendance at Board of Directors meetings 17/17 (100%)			
Reasons for nomination as candidate for external Director and expected role Although Rie Akiyama has not been directly involved in the management of a company, she has appropriately made decisions and supervised management based on her extensive experience and professional perspective as an attorney with expertise in the field of corporate legal affairs. We believe that she will continue to provide appropriate supervision and advice to the Board of Directors, and therefore we request her election as an external Director.				
Independence There is no conflict of interest between her and the Company other than remuneration for her services as a Director, so there is no risk of conflict of interest with general shareholders. Therefore, she satisfies the Criteria for Independence of Independent External Officers stipulated by the Company, and her independence is recognized. The Company has registered her as an independent officer with the Tokyo Stock Exchange. If her reelection is approved, the Company plans to continue this notification.				

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and Significant concurrent positions outside the Company	Number of the Company's shares owned
9	Ichiro Yoshimoto (May 29, 1953)	Apr. 1978 Joined Nippon Telegraph and Telephone Public Corporation (now NTT)	—
	Reelection	Dec. 1998 Representative Director and COO of Starbucks Coffee Japan, Ltd.	
	External	May 2005 Senior Executive Officer and CAO of McDonald's Company (Japan), Ltd.	
	Independent	Oct. 2014 Representative Director, President, and Executive Officer of CMIC Co., Ltd.	
	Years in office 1	Feb. 2021 Honorary Director of University of Tokyo Warriors Club	
	Attendance at Board of Directors meetings 12/13 (92%)	June 2021 External Director of the Company (current position)	
Reasons for nomination as candidate for external Director and expected role Ichiro Yoshimoto has a wide range of experience and achievements in corporate management, human resources development, sales and marketing, and global experience. We have determined that he will be able to strengthen our supervisory function, especially in the area of communication with overseas companies, as we aim to strengthen our overseas business, and therefore we request his election as an external Director.			
Independence There is no conflict of interest between him and the Company other than remuneration for his services as a Director, so there is no risk of conflict of interest with general shareholders. Therefore, he satisfies the Criteria for Independence of Independent External Officers stipulated by the Company, and his independence is recognized. The Company has registered him as an independent officer with the Tokyo Stock Exchange. If his reelection is approved, the Company plans to continue this notification.			
10	Dai Tamesue (May 3, 1978)	Aug. 2010 President of Athlete Society (current position)	—
	New election External Independent	Oct. 2015 Outside director of COLOPL, Inc. (current position)	
		July 2018 Representative Director of Deportare Partners Co., Ltd. (current position)	
		Committee membership, etc.	
Since 2015 Sports Goodwill Ambassador of Bhutan Olympic Committee			
	Since 2020 Ambassador of Laureus Sports for Good		
	Since 2021 Goodwill Ambassador of UNITAR		
Reasons for nomination as candidate for external Director and expected role Mr. Dai Tamesue has abundant experience and professional insight gained over many years as an athlete, and has a proven track record in corporate management and sports promotion. We believe that he will be able to appropriately execute his duties as an Outside Director, and we request his election as an Outside Director.			
Independence There is no conflict of interest between him and the Company other than remuneration for his services as a Director, so there is no risk of conflict of interest with general shareholders. Therefore, he satisfies the Criteria for Independence of Independent External Officers stipulated by the Company, and his independence is recognized. If his election is approved, the Company plans to submit notification to Tokyo Stock Exchange concerning his designation as an independent officer as provided for by the aforementioned exchange.			

- (Notes)
1. There is no special interest between each candidate and the Company.
 2. Yuko Moriguchi's name in the family register is Yuko Sekiya.
 3. Yuko Moriguchi, Rie Akiyama, Ichiro Yoshimoto, and Dai Tamesue are candidates for external Director.
 4. The Company has entered into an agreement with Yuko Moriguchi, Rie Akiyama, and Ichiro Yoshimoto to limit their liability for damages under Article 423, paragraph (1) of the Companies Act, pursuant to Article 427, paragraph (1) of the said Act. If the three candidates are reelected, they will continue to hold such agreements. If Dai Tamesue is elected, the Company plans to enter into a similar agreement.
 5. The Company has concluded an officers' liability insurance agreement with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act, which insures all Directors. Under such an insurance agreement, the legal damages and dispute expenses to be borne by the insured will be covered, and the Company will bear all premiums for all

insured parties. If each candidate is appointed as a Director, each of them will be included in the insured parties of such insurance policy. The Company plans to renew such insurance agreement with similar terms during the term of office.

Proposal 3 Election of One Auditor

The term of office of Auditor Hidenao Yoichi will expire at the conclusion of this meeting. Therefore, the Company proposes the election of one Auditor.

The candidate for Auditor is as follows.

In addition, the consent of the Board of Auditors has been obtained for this proposal.

Name (Date of birth)	Career summary, position and responsibility in the Company, and Significant concurrent positions outside the Company	Number of the Company's shares owned
<p style="text-align: center;">Hidenao Yoichi (November 8, 1953)</p> <p style="text-align: center;">Reelection External Independent</p> <p style="text-align: center;">Years in office 4</p>	<p>Apr. 1977 Joined Marubeni Corporation</p> <p>Apr. 1999 President and Representative Director of Marubeni Textile Asia Pacific Limited (Hong Kong)</p> <p>Apr. 2003 Manager of Textile Product Department, Marubeni Corporation</p> <p>Apr. 2006 Assistant to Manager of Textile Department</p> <p>Apr. 2008 Executive Officer, General Manager of Osaka Branch</p> <p>Apr. 2010 Executive Officer, Deputy Regional CEO for China, and President of Marubeni (Shanghai) Co., Ltd.</p> <p>Apr. 2012 President of Marubeni Intex Co., Ltd.</p> <p>June 2018 External Auditor of the Company (current position)</p> <p>Reasons for nomination as candidate for external Auditor Mr. Hidenao Yoichi has extensive experience in the textile procurement department at Marubeni Corporation, a major trading company, and has been involved in management at affiliated companies in Japan and overseas. We believe that he will be able to enhance the Company's auditing services and propose his election as an Outside Corporate Auditor. The Company has registered him as an independent officer with the Tokyo Stock Exchange. If his reelection is approved, the Company plans to continue this notification.</p>	—

- (Notes)
1. There is no special interest between the candidate and the Company.
 2. Hidenao Yoichi is a candidate for external Auditor.
 3. The Company has entered into an agreement with Hidenao Yoichi to limit his liability for damages under Article 423, paragraph (1) of the Companies Act, pursuant to Article 427, paragraph (1) of the said Act. If he is reelected, the Company plans to continue such agreement.
 4. The Company has concluded an officers' liability insurance agreement with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act, which insures all Auditors. Under such insurance agreement, the legal damages and dispute expenses to be borne by the insured will be covered, and the Company will bear all premiums for all insured parties. If the candidate is appointed as an Auditor, he will be included in the insured parties of such an insurance policy. The Company plans to renew such insurance agreement with similar terms during the term of office.

Business Report

(From April 1, 2021 to March 31, 2022)

1. Current status of the corporate group

(1) Business during the fiscal year under review

1) Business progress and results

During the fiscal year ended March 31, 2022, the future outlook of the Japanese economy remained uncertain, with slow movement toward recovery due to the normalization of stay-home given the prolonged effects of the novel coronavirus disease (COVID-19), such as the Tokyo 2020 Olympic and Paralympic Games being held without spectators.

In the sports apparel industry, to which our Group belongs, there were some signs of a slight upturn compared to the fiscal year ended March 31, 2021, such as the absence of simultaneous closures in urban areas such as the Tokyo metropolitan area and the Kansai region, and the arrival of record cold weather from late November last year, which led to strong industry-wide sales of warm-keeping winter apparel with excellent thermal insulation properties, such as down and fleece clothing.

In this environment, the Group promoted an actual demand-oriented business that shares the values of the brand not only with directly-managed stores but also with wholesale outlets such as large sports mass merchandisers, which led to further promotion of the brand value of our products, especially THE NORTH FACE, to a wide range of customers.

In addition to our mainstay men's lineup, we also enjoyed strong sales at suburban stores mainly targeting families, which led to kids' and ladies' lineups, as well as a significant improvement in customer convenience by strengthening the link between directly managed stores and e-commerce sales. We have further promoted collaboration with directly-managed stores by opening the NORTH FACE MOUNTAIN EC site, an EC site focusing on technical products for mountaineering, last October.

Despite the uncertainties described above, the EC net sales ratio, which was set as a KPI in the Medium-term Management Plan, exceeded the first-year targets at 13.4% and self-managed net sales at 61.0% in the fiscal year under review. In addition, by creating attractive products that are chosen by customers, building a stable supply chain, and establishing a sales structure in cooperation with wholesale outlets, we broke the previous record set in the pre-COVID-19 fiscal year ended March 31, 2020 for the first time in two years in terms of net sales, reaching ¥98,235 million (up 8.6% from the previous year).

Operating profit was ¥16,501 million (up 11.2% from the previous year), the second highest ever following the fiscal year ended March 31, 2020. This was due to an increase in the ratio of self-managed sales. The Company's initial forecast anticipated an increase in selling, general and administrative (SG&A) expenses, mainly due to advertising expenses. However, due to the COVID-19 pandemic, many events that attracted customers were cancelled, and the Company emphasized return on investment by utilizing tools such as social media, resulting in a decrease in advertising expenses, which was a factor in the increase of profit.

Ordinary profit was ¥20,285 million (up 26.9% from the previous year), mainly due to the strong performance of YOUNGONE OUTDOOR Corporation, an equity-method affiliate in South Korea.

Profit attributable to owners of parent also reached ¥14,350 million (up 33.7% from the previous year) thanks to the success of the above efforts, and both ordinary profit and profit attributable to owners of parent reached new record highs.

2) Capital investment

There are no items to be noted.

3) Financing

There are no items to be noted.

- 4) Business transfer, absorption-type split, or incorporation-type split
There are no items to be noted.
- 5) Acquisition of other company's business
Not applicable.
- 6) Succession to rights and obligations related to the business of other corporations, etc., as a result of absorption-type merger or absorption-type split
Not applicable.
- 7) Acquisition or disposal of shares, other equity, or stock acquisition rights, etc. of other companies
There are no items to be noted.

(2) Assets and profit and loss for the three most recent fiscal years

1) Trends in the corporate group's assets and profit and loss

(million yen)

Classification	68th fiscal year (Fiscal year ended March 31, 2019)	69th fiscal year (Fiscal year ended March 31, 2020)	70th fiscal year (Fiscal year ended March 31, 2021)	71st fiscal year (fiscal year under review) (Fiscal year ended March 31, 2022)
Net sales	84,934	97,899	90,479	98,235
Ordinary profit	12,982	16,375	15,984	20,285
Profit attributable to owners of parent	9,243	10,770	10,734	14,350
Earnings per share	203.11 yen	237.89 yen	236.64 yen	316.30 yen
Total assets	77,544	82,285	91,376	99,085
Net assets	39,609	46,852	52,916	63,411

(Notes) 1. The Company conducted a 2-for-1 share split of common shares effective October 1, 2019. Earnings per share is calculated on the assumption that the share split was executed at the beginning of the fiscal year ended March 31, 2019.

2. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year under review, and each figure for the fiscal year under review, is the figure after applying the accounting standard and relevant ASBJ regulations.

2) Trends in the Company's assets and profit and loss

(million yen)

Classification	68th fiscal year (Fiscal year ended March 31, 2019)	69th fiscal year (Fiscal year ended March 31, 2020)	70th fiscal year (Fiscal year ended March 31, 2021)	71st fiscal year (fiscal year under review) (Fiscal year ended March 31, 2022)
Net sales	72,845	82,988	79,583	85,838
Ordinary profit	11,341	15,663	14,589	17,484
Profit	7,915	7,370	10,259	11,951
Earnings per share	173.94 yen	162.80 yen	226.17 yen	263.41 yen
Total assets	58,717	61,120	70,388	74,543
Net assets	24,670	29,446	34,896	42,065

(Notes) 1. The Company conducted a 2-for-1 share split of common shares effective October 1, 2019. Earnings per share is calculated on the assumption that the share split was executed at the beginning of the fiscal year ended March 31, 2019.

2. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year under review, and each figure for the fiscal year under review, is the figure after applying the accounting standard and relevant ASBJ regulations.

(3) Significant parent company and subsidiaries

- 1) Parent company
Not applicable.

2) Significant subsidiaries

Company name	Share capital (million yen)	Percentage of the Company's investment (%)	Principal business
CANTERBURY OF NEW ZEALAND JAPAN INC.	98	100.0	Sales of sporting goods
BLACK & WHITE SPORTSWEAR CO., LTD.	45	100.0	Sales of sporting goods
WOOLRICH JAPAN INC.	100	100.0	Planning and sales of casual wear
nanamica inc.	60	96.7	Planning and sales of casual wear

(Note) CANTERBURY OF NEW ZEALAND JAPAN INC. was merged into the Company on April 1, 2022.

(4) Issues to be addressed

We are working to respond flexibly to changes in customers and markets to strengthen the earnings base of the brand business and increase corporate value. In addition, we have established a committee to address the coronavirus and are taking thorough measures to prevent infection among customers and employees.

The following strategies are in place to further strengthen our customer base.

1) Multi-brand strategy:

We will create new markets that single brands cannot, implement a multi-brand strategy by category classification, and strengthen our sports style offerings. In addition, beyond the sports market, we will establish a position and presence in the lifestyle and fashion markets.

2) Strengthening of self-managed sales floors:

Strengthen retail functions by integrating the purchasing experience (offline and online) at directly managed stores and on the e-commerce site to capture consumer needs directly and indirectly, while proactively making creative proposals.

3) Establish superiority in product competitiveness:

In each field, we will develop products that boast world-class functionality and high quality more than ever before, and establish ourselves as a brand that is absolutely necessary both in the market and for our customers.

4) Taking on the challenge of the global market:

We will proactively work on building and laying the groundwork for a strategy to develop our original brand around the world, not only in the domestic market but also in overseas markets, backed by the superiority of the Group's products.

5) CSR and compliance structure:

In order to be recognized as a trustworthy and necessary company in society, we must meet the high needs and reliability of the products we handle, comply with corporate ethics and laws, and actively address environmental issues as well as our own social contribution activities as a group.

Our long-term management strategy is as described above, and we have also formulated a medium-term management plan that begins with the fiscal year ended March 31, 2022 (71st fiscal year) and will continue through the fiscal year ending March 31, 2026 (75th fiscal year).

Based on the basic policy of building a solid financial foundation to achieve both investments in growth areas and resilience, the entire Group will work together to implement the following measures as priority tasks.

- Spreading a success model
Explore THE NORTH FACE's growth potential and spread its success model
- Diversification of sales channels
Refine the actual demand-oriented business model in response to the age of VUCA

- Transition to environmentally-friendly materials
Actively shift to eco-friendly materials in all brands and strengthen product development
- Promotion of high-ROE management
Build solid internal reserves while achieving a balance with investment in growth areas

(5) Principal business (as of March 31, 2022)

Sporting goods-related business

Outdoor-related brand products: mountaineering wear, marine wear, outdoor equipment and related products

Athletic-related brand products: training wear, tennis wear, fitness wear, swimwear, rugby wear, golf wear and related products

Winter-related brand products: ski wear, snowboard wear and related products

Others: functional underwear, high-tech wear (dustproof clothing), etc.

(6) Principal sales offices and factories (as of March 31, 2022)

1) The Company

Name	Location
Head Office	Oyabe City, Toyama
Headquarters	Shibuya-ku, Tokyo
Osaka Branch	Osaka City, Osaka

2) Subsidiaries

Name	Location
CANTERBURY OF NEW ZEALAND JAPAN INC.	Shinjuku-ku, Tokyo
BLACK & WHITE SPORTSWEAR CO., LTD.	Chiyoda-ku, Tokyo
WOOLRICH JAPAN INC.	Shibuya-ku, Tokyo
nanamica inc.	Shibuya-ku, Tokyo

(Note) CANTERBURY OF NEW ZEALAND JAPAN INC. was merged into the Company on April 1, 2022.

(7) Employees (as of March 31, 2022)

1) Employees of the corporate group

Business category	Number of employees	Change from the end of the previous fiscal year
Sporting goods-related business	2,997	167 increase

2) Employees of the Company

Number of employees	Change from the end of the previous fiscal year	Average age	Average years of service
2,451	129 increase	39.4 years old	11.6 years

(Note) The number of employees excludes employees seconded from the Company to other companies and includes employees seconded from other companies to the Company.

(8) Principal lenders (as of March 31, 2022)

(million yen)

Lender	Loan amount
The Hokuriku Bank, Ltd.	1,592
The Hokkoku Bank, Ltd.	858
Mizuho Bank, Ltd.	855

(9) Other important matters concerning the current status of the corporate group

Not applicable.

2. Current status of the company

(1) Status of shares (as of March 31, 2022)

- 1) Total number of authorized shares 184,000,000 shares
- 2) Total number of shares issued and outstanding 47,448,172 shares
- 3) Number of shareholders 9,700
- 4) Major shareholders (top ten)

Name of shareholder	Number of shares held (thousands)	Shareholding ratio (%)
Korea Securities Depository Samsung	5,486	11.7
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,065	10.8
MITSUI & CO., LTD.	4,367	9.3
The Hokuriku Bank, Ltd.	1,980	4.2
The Hokkoku Bank, Ltd.	1,735	3.7
Nishida Machinery Co., Ltd.	1,724	3.6
GOLDWIN Nishida Tosaku Sports Promotion Memorial Foundation	1,692	3.6
Custody Bank of Japan, Ltd. (Trust Account)	1,651	3.5
Custody Bank of Japan, Ltd. (Trust Account E)	1,551	3.3
Marubeni Corporation	1,442	3.0

(Note) Shareholding ratio is calculated excluding treasury shares (650,676 shares).

Treasury shares do not include the Company's shares held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets for the transaction to deliver the Company's shares through a trust to employees, etc.

- 5) Shares delivered during the fiscal year to corporate officers as consideration for their execution of duties
The details of the share-based remuneration delivered during the fiscal year under review are as follows.

Classification	Number of Shares	Number of Grantees
Directors (excluding external Directors)	6,074 shares	4

(Note) More details regarding the Company's share-based remuneration are provided in "2. (3) 5) Remuneration, etc. for Directors and Auditors."

(2) Status of share acquisition rights, etc. (as of March 31, 2022)

Not applicable.

(3) Corporate officers

1) Directors and Auditors (as of March 31, 2022)

Position in the Company	Name	Responsibilities and significant concurrent positions outside the Company
Chairman and Director	Akio Nishida	Chairman and Representative Director
President and Director	Takao Watanabe	President and Representative Director (President and Corporate Officer)
Director	Yoshiteru Nishida	Senior Managing Officer (In charge of Products, Procurement, and Toyama Area Affiliates) President and Representative Director of GOLDWIN LOGITEM INC.
Director	Eiichiro Homma	Senior Managing Officer (In charge of Overseas) President and Representative Director of nanamica inc.
Director	Masatoshi Suzuki	
Director	Yuko Moriguchi	
Director	Rie Akiyama	
Director	Ichiro Yoshimoto	
Full-time Auditor	Masaaki Kondo	
Auditor	Akiyuki Shiobara	
Auditor	Hidenao Yoichi	
Auditor	Tsutomu Morita	

- (Notes)
- Four Directors, Masatoshi Suzuki, Yuko Moriguchi, Rie Akiyama and Ichiro Yoshimoto, are external Directors.
 - Three Auditors, Akiyuki Shiobara, Hidenao Yoichi and Tsutomu Morita, are external Auditors.
 - Full-time Auditor Masaaki Kondo has held key positions in the Company's sales and administrative divisions and is familiar with a wide range of business operations. Based on his knowledge and experience, he has a wide range of insight with a focus on compliance.
 - The Company has designated four Directors Masatoshi Suzuki, Yuko Moriguchi, Rie Akiyama and Ichiro Yoshimoto, and three Auditors Akiyuki Shiobara, Hidenao Yoichi and Tsutomu Morita as independent officers as stipulated by the Tokyo Stock Exchange, and has notified the exchange of such designation.
 - Effective April 1, 2022, the Company changed the responsibilities of Directors as follows.

Name	New position, responsibilities, and significant concurrent positions outside the Company
Yoshiteru Nishida	Senior Managing Officer (In charge of Products, Procurement, and Toyama Area Affiliates) Toyama area representative of PLAY EARTH project. President and Representative Director of GOLDWIN LOGITEM INC.

2) Directors and Auditors who retired during the fiscal year

Name	Date of resignation	Reason for resignation	Position and responsibility at the time of resignation, and significant concurrent positions outside the Company
Kiyoto Futatsukawa	June 24, 2021	Expiration of term of office	Director
Yasuo Asami	June 24, 2021	Expiration of term of office	Director

3) Summary of details of limited liability agreement

Pursuant to Article 427, paragraph (1) of the Companies Act, each external Director and each Auditor has entered into an agreement with the Company to limit their liability for damages under Article 423, paragraph (1) of the said Act.

The maximum amount of liability for damages under this agreement is the minimum liability amount provided for under laws and regulations.

4) Summary of contents of officers' limited liability insurance agreement

The Company has concluded an officers' limited liability insurance agreement with an insurance company as stipulated in Article 430-3 of the Companies Act, which covers all officers (including subsidiary officers, etc.) and managerial employees. A summary of the contents of said agreement is as follows.

- Coverage is provided for dispute expenses and damages incurred by the insured as a result of corporate lawsuits, third-party lawsuits, shareholder derivative suits, etc.
- Coverage is not provided for damages caused by criminal acts, etc. by the insured, as a measure to ensure that the insured's performance of his/her duties is not impaired.
- The Company pays all premiums for this agreement.

5) Remuneration, etc. for Directors and Auditors for the fiscal year under review

i) Matters pertaining to the policy for determining the amount of remuneration, etc., for Directors and Auditors or the method for calculating the amount of such remuneration, etc.

The Company's basic policy for the officer remuneration system is to provide a fair remuneration system that is commensurate with the roles and responsibilities of each officer and to promote the Company's sustainable growth and medium- to long-term enhancement of corporate value. From the viewpoint of objectivity, the remuneration system and levels are reviewed in light of economic conditions, and the Company's performance, the standards of other companies, and the nomination and dismissal of candidates for Director are determined by the meeting of the Board of Directors after deliberation by the Nomination/Compensation Committee, a majority of whose majority members are external officers.

The Nomination/Compensation Committee consists of three or more members who are primarily independent external Directors, and the Chairperson is elected by independent external Directors. The nomination, dismissal, remuneration, etc. of Directors is reported to the Board of Directors after deliberations.

In the fiscal year under review, seven meetings were held, and the six members (of which, four are independent external Directors) deliberated the ideal personnel composition for Directors, new candidates for Director and candidates for dismissal.

Specifically, remuneration for internal Directors consists of basic remuneration, performance-linked remuneration, and non-monetary remuneration, while external Directors, who are responsible for supervisory functions, are paid only basic remuneration in light of their duties.

The basic remuneration of the Company's Directors is a monthly fixed remuneration, which is paid in equal monthly installments. Basic remuneration is based on position and responsibilities.

Performance-linked remuneration is paid to internal Directors in equal monthly installments in the following fiscal year, with the aim of raising awareness of the need to improve performance in each fiscal year. The amount of performance-linked compensation shall be determined based on Company-wide performance for each fiscal year. Target performance indicators shall be reviewed from time to time based on the review by the Corporate Strategy and Planning Office in response to changes in the business environment.

Non-monetary remuneration is granted to internal Directors in the form of restricted shares for the purpose of motivating them to achieve sustainable growth and increase corporate value over the medium to long term, as well as to strengthen the sharing of value with shareholders. The number of shares to be granted shall be determined in consideration of position and responsibilities. The timing and conditions of granting specific compensation, etc. shall be determined by the Board of Directors after consultation with the Nomination/Compensation Committee. Accordingly, the Company has judged that the contents are in line with the determination policy.

The percentage of remuneration by type for internal Directors is determined by the Board of Directors after consultation with the Nomination/Compensation Committee. The ratio of remuneration by type is 70:15:15 (base remuneration: performance-linked (monetary remuneration): performance-linked (non-monetary remuneration)).

The amount of remuneration for each individual shall be determined by the Board of Directors, after consultation with the Nomination/Compensation Committee, within the maximum amount of compensation resolved at the General Meeting of Shareholders.

The maximum amount of remuneration for Directors was set at 400 million yen per year (including 50 million yen for external Directors, not including employee salaries) at the 65th Annual General Meeting of Shareholders held on June 23, 2016, and the maximum amount of remuneration for Auditors was set at 70 million yen per year at the 65th Annual General Meeting of Shareholders held on June 23, 2016. As of the conclusion of the said General Meeting of Shareholders, the number of Directors is eight (including four external Directors) and the number of Auditors is four (including three external Auditors).

In addition, the Company abolished the retirement benefits system for Directors and Auditors as of the conclusion of the 54th Annual General Meeting of Shareholders held on June 29, 2005.

ii) Total amount of remuneration, etc. by officer category, total amount of remuneration, etc. by type of remuneration, etc., and number of eligible officers

Officer category	Total amount of remuneration, etc. (million yen)	Total amount of remuneration, etc. by type of remuneration, etc. (million yen)			Number of eligible officers
		Basic remuneration	Performance-linked remuneration	Non-monetary remuneration claims	
Directors (Of which, external Directors)	338 (39)	263 (39)	36	38	10 (4)
Auditors (Of which, external Auditors)	40 (23)	40 (23)	–	–	4 (3)
Total (Of which, external officers)	379 (62)	303 (62)	36	38	14 (7)

- (Notes)
1. The total amount of remuneration, etc. of Directors (excluding external Directors), basic remuneration, and number of eligible officers include two Directors who retired at the conclusion of the 70th Annual General Meeting of Shareholders held on June 24, 2021.
 2. The total amount of remuneration, etc. of Directors does not include the portion of employee salaries of Directors concurrently serving as employees.
 3. The performance-linked remuneration (cash), the indicators of which vary depending on the company's performance, are net sales, operating income, and ordinary income, and the actual results are net sales of 98,235 million yen, operating income of 16,501 million yen, and ordinary income of 20,285 million yen. The reason for selecting these indicators is that the Company has set targets for net sales, operating income, and ordinary income for each fiscal year in its Medium-Term Management Plan (from April 2021 to March 2026), and has judged it appropriate to link them to these indicators. The Company's performance-linked compensation (cash) is calculated from the base amount for each position multiplied by a coefficient determined by a table approved by the Board of Directors based on the evaluation rank of company-wide performance.
 4. Non-monetary remuneration claims are the Company's shares and the conditions, etc. when granting shares are as described in "i) Matters pertaining to the policy for determining the amount of remuneration, etc., for Directors and Auditors or the method for calculating the amount of such remuneration, etc." In addition, the details of the shares delivered during the current fiscal year are provided in "2. (1) 5) Shares delivered during the fiscal year to corporate officers as consideration for their execution of duties."

6) Matters related to external officers

- i) Significant concurrent positions at other companies and relationship between the Company and such companies
Not applicable.
- ii) Status of main activities during the fiscal year under review and summary of duties performed in relation to expected roles

Director Masatoshi Suzuki	Attended 16 of the 17 meetings of the Board of Directors held during the fiscal year under review, and asked questions, expressed opinions, and made other comments as appropriate based mainly on his extensive experience and deep insight as a legal expert. In addition, he strengthens the governance system as Chairman of the Governance Committee. As a member of the Nomination/Compensation Committee, he deliberated from an objective perspective on personnel matters of the Representative Director and Directors and the composition of their remuneration.
Director Yuko Moriguchi	Attended 17 of the 17 meetings of the Board of Directors held during the fiscal year under review, and asked questions, expressed opinions, and made other comments as appropriate based on her wealth of experience and insight gained over many years as a professional athlete. As a member of the Nomination/Compensation Committee, she deliberated from an objective perspective on personnel matters of the Representative Director and Directors and the composition of their remuneration.
Director Rie Akiyama	Attended 17 of the 17 meetings of the Board of Directors held during the fiscal year under review, and asked questions, expressed opinions, and made other comments as appropriate based mainly on her extensive experience and deep insight as a legal expert. In addition, she strengthens the governance system as a member of the Governance Committee. As Chairperson of the Nomination/Compensation Committee, she deliberated from an objective perspective on personnel matters of the Representative Director and Directors and the composition of their remuneration.
Director Ichiro Yoshimoto	Since taking office on June 24, 2021, attended 12 of the 13 meetings of the Board of Directors held during the fiscal year under review, and asked questions and expressed his opinions as appropriate based on his abundant experience and insight cultivated over many years as a corporate manager. As a member of the Nomination/Compensation Committee, he deliberated from an objective perspective on personnel matters of the Representative Director and Directors and the composition of their remuneration.
Auditor Akiyuki Shiobara	Attended 17 of the 17 meetings of the Board of Directors and 17 of the 17 meetings of the Board of Auditors held during the fiscal year under review, and asked questions, expressed opinions, and made other comments as appropriate based on his extensive knowledge and experience accumulated mainly in related industries from his background as a major trading company.
Auditor Hidenao Yoichi	Attended 17 of the 17 meetings of the Board of Directors and 17 of the 17 meetings of the Board of Auditors held during the fiscal year under review, and asked questions, expressed opinions, and made other comments as appropriate based on his extensive knowledge and experience accumulated mainly in related industries from his background as a major trading company.
Auditor Tsutomu Morita	Attended 17 out of 17 meetings of the Board of Directors and 17 out of 17 meetings of the Board of Auditors held during the fiscal year under review, and asked questions, expressed opinions, and made other comments as appropriate based mainly on his abundant experience and deep insight as a bank manager.

(4) Status of financial auditor

1) Name Ernst & Young ShinNihon LLC

2) Amount of remuneration, etc.

	(million yen)
	Amount paid
• Amount of remuneration as financial auditor for the fiscal year under review	50
• Total amount of money and other financial benefits payable by the Company and its subsidiaries to the financial auditor	50

(Note) Because the audit contract between the Company and the financial auditor does not distinguish the amount of audit fees for audits based on the Companies Act and those for audits based on the Financial Instruments and Exchange Act, the amount of remuneration, etc. as financial auditor for the fiscal year under review includes the amount of remuneration for audits, etc. based on the Financial Instruments and Exchange Act.

- 3) Reasons for the consent of the Board of Auditors to the remuneration, etc. of the financial auditor
Regarding the remuneration, etc. of the financial auditor, the Board of Auditors has obtained the necessary materials and reports from the Directors, related internal departments, and the financial auditor, and based on the analysis and evaluation of the audit plan and audit results for the previous fiscal year, has verified the appropriateness and reasonableness of the audit time and staffing plan and estimates of compensation in the audit plan for the fiscal year under review, and has given its consent as provided in Article 399, paragraph (1) of the Companies Act.
- 4) Policy on dismissal or non-reappointment of the financial auditor
If the financial auditor is found to fall under any of the items of Article 340, paragraph (1) of the Companies Act, the Board of Auditors will dismiss the financial auditor with the unanimous consent of the Auditors.
In addition to the above cases, if it is deemed difficult for the accounting auditor to properly perform his or her duties, the Board of Corporate Auditors shall decide on the content of a proposal for the dismissal or non-reappointment of the accounting auditor, and the Board of Directors shall submit such proposal to the General Meeting of Shareholders based on such decision.

(5) System to ensure the appropriateness of business operations

In order to realize our management strategy mission as stated in our management policy, the tagline “SPORTS FIRST” and Code of Conduct by all officers and employees of the GOLDWIN Group, we have established an appropriate organization, rules and regulations, communicate information and monitor business execution, and we have established and maintains an internal control system as a framework. The internal control system is reviewed and improved as necessary to establish a system to execute business legally and efficiently.

I. Basic policy for internal control

The basic policy regarding the development of systems necessary to ensure the appropriateness of operations of the corporate group consisting of the Company and its subsidiaries (below, the “Group”) is as follows.

1. System to ensure that the execution of duties by Directors and employees of the Group complies with laws and regulations and the Articles of Incorporation
The Group shall ensure that the execution of duties by Directors and employees complies with laws and regulations by establishing a thorough compliance and monitoring system. In addition, the Company’s Directors and employees do not have any relationship with any antisocial forces.
 - (1) The Board of Directors makes decisions on important matters and supervises the execution of duties by Directors in accordance with laws and regulations, the Articles of Incorporation, the Regulations of the Board of Directors, and other internal regulations.
 - (2) Directors execute their duties in accordance with the roles determined by the Board of Directors and in accordance with laws and regulations, the Articles of Incorporation, resolutions of the Board of Directors, and internal regulations.
 - (3) The Company has adopted a corporate officer system to strengthen the decision-making and supervisory functions of the Board of Directors and to improve the efficiency of business execution. Corporate Officers execute their duties under the authority of the Board of Directors and the Representative Director, based on decisions made by the Board of Directors.
 - (4) Auditors audit the appropriateness of the execution of duties by Directors in accordance with the Regulations of the Board of Auditors and the Standards for Audits by Auditors.
 - (5) The Company has established a whistle-blowing system for the detection of violations of laws, the Articles of Incorporation, and internal regulations, and all officers and employees are informed of the system.
 - (6) The Office of Internal Audits, which reports directly to the President at the headquarters, has been established to conduct periodic internal audits of the Group’s overall operations in accordance with the Internal Audit Regulations to ensure compliance with laws and regulations, the Articles of Incorporation, and internal regulations, and the appropriateness of procedures and content of the execution of duties.

- (7) With regard to the internal control over financial reporting of the Group, we are enhancing the system to evaluate, maintain, and improve the internal control based on the Financial Instruments and Exchange Act and other applicable domestic and foreign laws and regulations. In addition, the Company strives to ensure the appropriateness of its financial reporting by implementing checks and balances through segregation of duties and daily monitoring in the execution of its own operations.
 - (8) The Company conducts annual compliance training for all employees to ensure that they comply with laws and regulations, the Articles of Incorporation, and internal rules.
2. System for storage and management of information related to execution of duties by Directors

Information related to the execution of duties by Directors shall be properly stored and managed in accordance with laws, regulations, and internal rules.

 - (1) In accordance with the Document Handling Regulations and other internal regulations, Directors appropriately store and manage important information related to the execution of duties by Directors, such as minutes of General Meeting of Shareholders, meetings of the Board of Directors, Executive Management Meeting, and other meetings where Directors are involved in making decisions, and approval documents. The important information is accessible to Directors and Auditors at any time.
 - (2) Directors collect information to be disclosed promptly and comprehensively, and disclose it appropriately and accurately in a timely manner in accordance with laws and regulations.
3. Regulations and other systems for managing the risk of loss

We will manage the risks of the entire Group in an integrated manner to prevent the occurrence of risk of loss.

We will take all possible measures to minimize the loss in the event that a risk of loss should occur.

 - (1) In order to deal with various risks, we have established various internal committees and responsible departments, as well as necessary risk management systems and methods, such as various management regulations, risk management standards, transaction limits, and reporting and monitoring systems, to comprehensively manage risks.
 - (2) From the viewpoint of ensuring the reliability of financial reporting, the Company promotes the development and operation of internal control over financial reporting.
4. System to ensure the efficient execution of duties by Directors

We will ensure the efficiency of the execution of duties by Directors by establishing a group corporate philosophy, clarifying the group management plan, and conducting appropriate business management of the Group.

 - (1) Directors make necessary decisions in accordance with the organization and procedures stipulated in the Regulations of the Board of Directors, Executive Management Meeting Regulations, Subsidiary Management Regulations, Regulations for Handling Requests for Approval, and other internal rules. These rules and regulations are reviewed as necessary or as needed for improvement.
 - (2) In addition to regular monthly meetings of the Board of Directors, extraordinary meetings of the Board of Directors are held as necessary to ensure flexibility in the execution of duties by Directors.
 - (3) Directors hold an Executive Management Meeting attended by Corporate Officers and other employees in order to efficiently execute business operations based on the policies of the Board of Directors, and make decisions on business operations in a timely and more realistic manner.
 - (4) Every year, the Governance Committee evaluates the effectiveness of the Board of Directors based on questionnaires from all Directors and Auditors. In addition, when analyzing the questionnaires, we obtain advice from external organizations to increase the transparency of evaluation. In the fiscal year under review, the Company conducted a questionnaire in December 2021, and confirmed that it has ensured effectiveness.
 - (5) Various committees are set up for each important management theme as a complement to the management execution.

- (6) To ensure appropriate and efficient execution of duties, the authority and responsibilities of each officer are clarified.
5. System to ensure the appropriateness of operations in the GOLDWIN Group
 We will ensure that the Group's corporate philosophy and management policies permeate each company, that compliance is thorough, and that operations are appropriate.
- (1) With respect to the management of subsidiaries, while respecting their autonomy, we share the basic ideas expressed in the GOLDWIN Group's Corporate Philosophy, Management Policy, and Corporate Code of Conduct, and other relevant documents.
 - (2) The Company manages the management of its subsidiaries in accordance with the Subsidiary Management Regulations, Regulations for Handling Requests for Approval, and other internal rules, and ensures the appropriateness of operations between the Company and its subsidiaries.
 - (3) The Company has established rules for reporting and discussing important information, and pursues risk management and efficiency throughout the Group.
 - (4) Auditors and the Office of Internal Audits conduct regular internal audits of subsidiaries to check the legality, appropriateness, and efficiency of their business operations. The results are reported to the Representative Director, the Director in charge, or the Board of Auditors, depending on the level of importance.
 - (5) The Officer (Director or Corporate Officer) in charge of a subsidiary gains an understanding on the status of the system to ensure the appropriateness of operations of the subsidiary from time to time, and reports to the Board of Directors as necessary.
6. System concerning employees to assist the duties of Auditors and matters concerning the independence of such employees
 When Auditors request employees to assist them in their duties, employees with sufficient reliability, experience, and expertise shall be appointed as full-time employees.
- (1) In the event that an Auditor requests the appointment of employees to assist him or her in the performance of his or her duties in order to enhance the effectiveness of his or her duties and ensure the smooth execution of audit duties, the Company stipulates that employees with sufficient experience and knowledge to perform the duties shall be appointed on a full-time basis.
 - (2) In order to ensure the independence of employees assisting the Auditors, it is stipulated that decisions regarding personnel matters and authority, including the appointment and transfer of employees assisting the Auditors shall be made with the prior consent of the Board of Auditors.
7. System for Directors and employees to report to Auditors and other systems related to reporting to Auditors
 We will ensure that the Directors and employees of the Group have the opportunity and structure to appropriately report to the Auditors on the status of the execution of their duties.
- (1) The Company stipulates that Directors and employees shall report the following matters to Auditors.
 - 1) Important matters resolved by the Board of Directors and the Executive Management Meeting
 - 2) Matters that may cause significant damage to the company
 - 3) Important monthly business conditions
 - 4) Status and results of internal audits
 - 5) Serious violations of laws, regulations, or the Articles of Incorporation
 - 6) Status and details of reporting through the internal whistle-blowing system
 - 7) Important compliance matters
 - (2) Matters that the Auditors deem necessary to be reported in the performance of their duties in addition to the above
8. Other systems to ensure that Auditors perform audits effectively
- (1) Auditors attend meetings of the Board of Directors, the Executive Management Meeting and other important decision-making meetings as requested by the Auditors.

- (2) Auditors hold regular hearings or meetings with Directors, Corporate Officers, Directors of subsidiaries and other necessary employees in accordance with the audit policy and audit plan determined by the Board of Auditors.
 - (3) It is stipulated that the Office of Internal Audits shall cooperate with the Auditors in conducting audits when requested.
 - (4) The Company ensures that no person who reports to the Auditors shall be treated disadvantageously because of such report.
 - (5) The Company sets aside a certain budget each year to pay expenses incurred by Auditors in the performance of their duties. In addition, when an Auditor makes a request for advance payment of expenses incurred in the performance of his or her duties, the Company stipulates that such expenses or liabilities shall be promptly paid if the request is deemed justifiable.
9. Basic policy and status of establishment for the elimination of antisocial forces
- (1) The Company's Code of Conduct requires the Group to sever all relationships with antisocial forces and groups that threaten the order and safety of civil society, and to firmly reject any unreasonable demands by antisocial forces.
 - (2) The Group has established and strengthened a system for eliminating antisocial forces by designating a department to oversee antisocial forces, collecting and managing information within the Group, and cooperating with the police, organizations for the expulsion of organized crime groups, lawyers, and others.

II. Outline of operation of systems to ensure appropriateness of operations

1. Overview of the operation of the internal control system
 - (1) Execution of duties by Directors
 - 1) The Company clarifies the rules for decision-making, including matters to be resolved by the Board of Directors, in accordance with the Regulations of the Board of Directors. The Board of Directors meets at least once a month, and the four external Directors and three external Auditors, based on their professional knowledge and abundant experience, express their frank opinions at the Board of Directors meetings as appropriate, thereby fulfilling the functions of supervision and checks on management and business execution. The Board of Directors met 17 times this fiscal year.
 - 2) The Company has introduced a corporate officer system for the purpose of implementing strategies flexibly and clarifying executive responsibilities, thereby ensuring efficient decision-making.
 - 3) Regarding the management status of the Company's subsidiaries, the Officer (Director or Corporate Officer) in charge plays a central role in receiving reports on the status of achievement of business plans through interviews and other means, and confirms the status of management on a regular basis. The results are reported to the Board of Directors.
 - (2) Compliance
 - 1) The Group has established a Code of Conduct and conducts annual compliance training for all employees to ensure that they are fully aware of the Code. This year, the training was conducted for all employees through a web-based learning management system, even under the restrictions on attendance at work during the coronavirus pandemic.
 - 2) The Office of Internal Audits confirms compliance with operational procedures and manuals through internal audits and internal control assessments, and points out and recommends corrective actions to the relevant departments whenever deficiencies are found. The deficiencies identified are corrected by the relevant departments, and the Office of Internal Audits also confirms the results of the corrective actions.
 - 3) The Group has established regulations regarding the whistle-blowing system, and has in place a system that allows direct reporting and consultation with the Manager of the General Affairs Department and the Manager of the Office of Internal Audits, as well as with outside attorneys or social insurance and labor consultants.
The whistle-blowing system protects the anonymity of whistle-blowers and prohibits them from being treated unfavorably.

- 4) External Directors and external Auditors provide their opinions from an independent and objective standpoint at meetings of the Board of Directors and Board of Auditors, thereby ensuring the legality and appropriateness of the execution of duties.
- (3) Risk management
- 1) The Group has established the Risk Management Regulations that stipulate the purpose, structure, and methods of risk management, and a Crisis Management Manual that defines the procedures to be followed in the event of a crisis, which are communicated to all Group companies.
In addition, the Group compiles risks of high importance in a Risk Catalog and implements preventive measures in accordance with the degree of impact.
- 2) In the event that new significant risks are expected to emerge, the Group's Board of Directors or the Executive Management Meeting will review the situation and take preventive measures.
- 3) The Group has a mission to contribute to the stability of society and local communities and fulfill its social responsibility and role through business continuity, while placing the highest priority on ensuring the safety of employees and their families. To prepare for unexpected disasters and crisis events, and to establish an organizational structure and response measures that enable rapid recovery and restart of business in the event of an emergency, we have formulated a business continuity plan (BCP) and are implementing continuous improvement activities throughout the Company.
- (4) Execution of duties by Auditors
In accordance with the audit plan established by the Board of Auditors, all Auditors attend Board of Directors meetings to audit compliance with laws, regulations, and the Articles of Incorporation, management decision-making processes, and the maintenance and operation of the internal control environment, and express their opinions as necessary.
Full-time Auditors also attend the Executive Management Meeting, Governance Committee, ESG Management Committee and other important meetings.
In addition, Auditors (and external Auditors and external Directors as appropriate) conduct on-site inspections of offices and stores, interviews with business and administrative divisions, and hearings with affiliated companies. Based on the findings and impressions obtained through these audit activities, they exchange opinions with the Directors of the Company and its important affiliated companies and make recommendations as necessary.
In addition, in order to grasp the status of group governance and confirm the operation of internal controls, etc., the Company holds meetings of the Board of Auditors of Group companies to exchange opinions and information with the Auditors of affiliated companies, and works closely with the Office of Internal Audits to improve audit effectiveness and efficiency through mutual exchange of information and opinions on a regular and as-needed basis.
In addition, the Company receives audit plans (annual) and audit results (quarterly reviews and annual audits) from the financial auditor and exchanges information and opinions with them as appropriate, while monitoring the independence and appropriateness of the financial auditor's audits.
- (5) System for reporting to Auditors
The Manager of the Office of Internal Audits reports to the Company's Auditors on the results of audits conducted by the Office of Internal Audits, and on the status of reporting and consultation through internal reporting.
The Company's internal control system consists of the Company and its subsidiaries on a corporate group basis, and the status of its operation and the status of establishment and operation of internal control systems at subsidiaries are regularly reported to the ESG Management Committee, which is attended by Directors, Auditors, and presidents of affiliates.
This internal control system is continuously reviewed and improved in an effort to establish a more appropriate and efficient system.
At the Board of Directors meeting held on March 23, 2022, the Company's Board of Directors assessed the status of operation of each item stipulated in the basic policy for the fiscal year ended March 31, 2022, and confirmed that no significant deficiencies or inadequacies existed.

III. Criteria for the independence of external officers

The Company has established standards regarding the independence of Outside Directors and Outside Corporate Auditors and appoints Independent Outside Directors and Outside Corporate Auditors who have no vested interest in the Company, and has notified the Tokyo Stock Exchange of all Outside Directors and Outside Corporate Auditors as independent officers and outside corporate auditors. The criteria for independence of outside directors and outside corporate auditors require that such outside directors and outside corporate auditors must not fall under any of the following categories.

1. A person who is not currently or has been for the past ten years a Director (excluding external Directors), Auditor (excluding external Auditors), or employee of the Company or its consolidated subsidiaries (below, collectively referred to as the “Group”)
2. Have not fallen under any of the following prior to assuming office during the past three years, including the fiscal year under review
 - (1) A current major shareholder of the Company (Note 1) or its executive (Note 2)
 - (2) An executive of a company, etc., that falls under any of the following categories
 - 1) Major business partner of the Group (Note 3)
 - 2) A person in which the Group directly or indirectly holds 10% or more of the total voting rights, or an executive of such a person
 - (3) A person who belongs to an auditing firm that is a financial auditor of the Group
 - (4) Consultants, accountants, tax accountants, lawyers, judicial scriveners, patent attorneys, and other professionals who receive large amounts of money or other assets (Note 4) from the Group
 - (5) A person who receives a substantial donation (Note 5) from the Group
 - (6) An executive of a company that appoints an executive of the Group as a director or executive
3. Spouse or relative up to the second degree of kinship of a person falling under any of the categories in 2. above, if such person is a significant person (Note 6)
4. Notwithstanding the provisions of the preceding paragraphs, any other person who is deemed to have special circumstances that could cause a conflict of interest with the Company

(Notes)

- (Note 1) A major shareholder is a shareholder who holds 10% or more of the voting rights of the Company in its own name or in the name of others as of the end of the most recent fiscal year.
- (Note 2) Executive means an executive as defined in Article 2, paragraph (3), Item 6 of the Regulation for Enforcement of the Companies Act.
- (Note 3) Major business partner means those whose transaction amount exceeds 2% of the Company’s consolidated net sales or the other party’s consolidated net sales.
- (Note 4) A large amount of money or other assets means, in the case of an individual, an annual average of 10 million yen or more over the past three fiscal years, or in the case of a corporation, etc., 2% or more of the consolidated net sales of the relevant corporation, etc.
- (Note 5) A substantial donation means an amount of money or other property that exceeds 10 million yen per year on average over the past three fiscal years. However, if the donee is a corporation, partnership, or other organization, the amount exceeding 2% of the total income or ordinary income of the organization, whichever is greater.
- (Note 6) A significant person means a director, executive officer, corporate officer, executive person in charge of business at or above the rank of general manager, or an executive person with equivalent authority.

(6) Basic policy on the persons who control decisions on the Company's financial and business policies

1) Basic policy

As a listed company that allows free trading of its shares, the Company does not generally reject so-called hostile takeovers that are conducted without the approval of the Board of Directors, as long as they contribute to the Company's corporate value and, in turn, the common interests of its shareholders. We believe that the decision on whether or not to sell shares to an acquirer and the decision on whether or not to entrust the management of a company to an acquirer should basically be left to the will of individual shareholders.

On the other hand, we believe that those who control decisions on the Company's financial and business policies should be those who make it possible to continuously ensure and enhance the corporate value of the Group and, in turn, the common interests of its shareholders (below, "common interests of shareholders").

However, there are some takeover attempts that do not contribute to the common interests of shareholders, depending on the manner in which they are conducted.

The elements that constitute the Company's corporate value are: 1) trademarks or sales rights to several sportswear brands (sports brands) with high added value and high image that are positioned in the top class of the industry; 2) superior creativity, planning and manufacturing know-how, and state-of-the-art research facilities to embody these brand values; 3) individual talented employees who support such creativity, planning, and manufacturing know-how; 4) the company's management resources, including a large number of suppliers and customers backed by relationships of trust cultivated over many years of business, as well as a trade area, etc., that includes self-managed stores; 5) a business foundation that will enable the company to expand its business and improve its performance in the future by developing new businesses, new products, and new markets, in addition to conducting its existing business based on these management resources; and 6) a management base that can generate stable cash flow through business activities to strengthen the company's capital in the future. Without an understanding of the essential sources of the Company's corporate value as described above, it is impossible to secure and sustainably enhance the Company's corporate value.

An acquirer who lacks such understanding, while making a temporary profit by conducting a large-scale acquisition of the Company's shares and focusing only on short-term economic efficiency, may undermine the Company's management resources and business foundation described above, or may act against the structure that generates the Company's corporate value by acquiring only certain brands or commercial rights and disposing of the rest, thereby impairing the continuity of the Company as a business entity, which would result in damage to the common interests of shareholders.

Thus, against an acquirer who harms the common interests of shareholders, the Board of Directors should be allowed to trigger countermeasures to the extent reasonable to protect the common interests of shareholders. However, because there can be a wide variety of takeover proposals, there may be cases where it is difficult to determine whether the content of the takeover proposal will contribute to or detract from the common interests of shareholders. In the event of a takeover bid, the Board of Directors will first discuss and negotiate with the takeover proposer, but in cases where certain requirements are met, such as where the takeover proposer provides the Company with appropriate, necessary and sufficient information to determine whether the proposed acquisition would contribute to the common interests of shareholders and then makes a written request to the Company, or where the Company receives a recommendation from the Special Committee, it is desirable to have shareholders decide at a General Meeting of Shareholders whether or not to invoke countermeasures under the plan in response to such takeover proposal.

In addition, in order to enable our shareholders to make an appropriate decision at the General Meeting of Shareholders as to whether or not a takeover proposal will contribute to securing and enhancing the common interests of shareholders, we believe that it is the responsibility of the Company's Board of Directors to ensure that the proposer of a takeover bid discloses necessary and sufficient information regarding the impact of such a takeover bid on our shareholders and the management of the Group, the details of the management policy and business plan of the Group intended by the acquirer, and the impact of such a takeover bid on the many stakeholders surrounding the Group.

2) Efforts to contribute to the realization of the basic policy

i) Status of efforts to enhance corporate value

In the previous medium-term management plan (fiscal year ended March 31, 2017 to fiscal year ended March 31, 2021), in addition to the corporate philosophy of “achieving a rich and healthy life through sports,” which we have held since our foundation, we have been expanding and strengthening our business under the tagline of “SPORTS FIRST,” the idea that putting sports first, truly loving and practicing sports ourselves, and believing in the power of sports will lead to healthy and enjoyable lives.

In the previous medium-term management plan, we have placed particular emphasis on the promotion of strengthening self-managed businesses and digital brand marketing. While directly-managed stores were forced to close due to the coronavirus pandemic, wholesale stores such as large sports retailers opened specialty stores for outdoor-related products to meet the growing demand for camping, and the renewal of our e-commerce service in June 2020 enabled us to generate more synergy between directly-managed stores and e-commerce service than ever before. This effort to build a well-balanced sales channel, not only with directly-managed stores but also with wholesale stores and e-commerce services, has led to the creation of a robust corporate structure that can withstand unforeseen circumstances.

As a result of these efforts, net sales for the first year of the current Medium-Term Management Plan (fiscal year ended March 31, 2022 - fiscal year ending March 31, 2026) reached 98.2 billion yen, a record high.

In order to achieve both business sustainability and environmental sustainability, we will continue to invest aggressively in growth areas and build a solid financial foundation that can flexibly respond to changes in customers and markets.

ii) Efforts to strengthen corporate governance

In order to enhance the common interests of shareholders and realize sustainable growth and increase corporate value, we recognize that improving management efficiency, soundness, and transparency and enhancing corporate governance are important issues, and we are strengthening our corporate governance system.

Specifically, in order to ensure prompt and effective execution of business operations, the Company is enhancing its internal control functions and operating its rules of authority to ensure their effectiveness, while building a compliance system and taking initiatives in risk management, ensuring management transparency and fair information disclosure, etc.

Based on its fiduciary responsibility and accountability to shareholders, the Board of Directors makes decisions on important business operations and supervises business execution mainly led by four external Directors in order to ensure the Company’s sustainable growth and enhance its corporate value over the medium to long term.

In addition, in order to clarify the management responsibility of each Director and to create a management structure that can quickly respond to changes in the business environment, the term of office of Directors is set at one year so that the will of shareholders can be promptly reflected.

The Company has introduced a corporate officer system. Corporate Officers appointed by the Board of Directors appropriately execute operations under the authority delegated to them in their respective areas based on the management strategies determined by the Board of Directors, thereby strengthening the supervisory function of the Board of Directors through four external Directors out of eight Directors.

Furthermore, three of the four Auditors on the Board of Auditors are external Auditors, who attend Board of Directors meetings to express their opinions and supervise the Directors’ execution of their duties, thereby ensuring the sound management of the company and enhancing its social credibility.

The Company has established the Nomination/Compensation Committee to ensure fairness and transparency in nominating Directors and Corporate Officers and determining their compensation. The Nomination/Compensation Committee, the majority of which are external Directors, deliberates matters related to the nomination of candidates for Directors and Auditors in response to inquiries from the Board of Directors, and reports the results of its deliberations to the Board of Directors. The Company has also established a Governance Committee to improve the effectiveness of the Board of

Directors, one of the requirements of the corporate governance code, and to consider measures to address important governance risks.

iii) Returns to shareholders

Always recognizing that returning profits to shareholders is one of the most important issues for a company, our basic policy is to continue to pay stable dividends to shareholders while strengthening our financial position and management base.

The Company will implement various policies related to the above to enhance its corporate value and realize the interests of the Company and, in turn, the common interests of shareholders.

3) Efforts to prevent decisions on the Company's financial and business policies from being controlled by persons deemed inappropriate in light of the basic policy

At the 70th Annual General Meeting of Shareholders held on June 24, 2021, the Company resolved, with the approval of its shareholders, to introduce countermeasures to large-scale acquisitions of the Company's shares (below, the "Plan").

Specifically, any purchaser who intends to make a purchase or tender offer for shares that would result in the purchase of 20% or more of the Company's outstanding shares is required to submit the necessary information to the Board of Directors in advance. The Special Committee, which will be established by resolution of the Board of Directors of the Company, will evaluate and examine the details of the purchase, obtaining advice from outside experts, etc. as necessary. If the Special Committee determines that the purchaser does not comply with the Plan or that the purchase would damage the corporate value of the Company and, in turn, the common interests of shareholders, the Special Committee will recommend to the Board of Directors that countermeasures be implemented (implementation of a gratis allotment of stock acquisition rights with exercise conditions that the exercise by the purchaser, etc. is not permitted). If the Special Committee determines that it is reasonable to confirm the will of shareholders with respect to the implementation of a countermeasure, the Special Committee may recommend the Board of Directors of the Company to convene a General Meeting of Shareholders and submit a proposal for the implementation of the gratis allotment of stock acquisition rights.

If the Special Committee determines that the implementation of the countermeasure is not appropriate, it will make a recommendation to the Board of Directors not to implement the countermeasure.

The Board of Directors of the Company shall adopt a resolution for implementation or non-implementation of the countermeasures, respecting the recommendation of the Special Committee to the maximum extent. If the Special Committee recommends that the Board of Directors convene a General Meeting of Shareholders and submit a proposal for the implementation of the gratis allotment of stock acquisition rights, the Board of Directors shall convene a General Meeting of Shareholders and submit a proposal for the implementation of the gratis allotment of stock acquisition rights, unless it is extremely difficult to hold a General Meeting of Shareholders, in order to obtain the shareholders' intent.

In the event that the Company's Board of Directors passes any of the above resolutions, the Company will promptly disclose the details of such resolutions and other matters.

4) Judgment of the Board of Directors regarding efforts to realize the basic policy and the reasons for such judgment

The Plan was approved at the Company's 70th Annual General Meeting of Shareholders held on June 24, 2021. The Plan may be abolished by a resolution of the Board of Directors of the Company even before the effective period of the Plan (until the conclusion of the first meeting of the Board of Directors to be held after the Annual General Meeting of Shareholders relating to the last fiscal year ending within three years after the end of the Annual General Meeting of Shareholders held on June 24, 2021). In addition, since the term of office of the Company's Directors is set at one year, the intent of the shareholders will also be reflected every year through the agenda for the election of Directors. By having the Special Committee consisting of the Company's external Auditors and external experts, the Company believes that the Special Committee will be able to eliminate arbitrary decisions by the Company's management and ensure its objectivity and rationality, and at the same time, the Special Committee will be able to accurately understand the Company's actual situation and appropriately determine the impact on the Company's corporate value and the common interests of shareholders.

In addition, the Plan is set up so that it will not be triggered unless predetermined reasonable objective requirements are met, and these objective requirements are consistent in content with the cases in which a person is deemed inappropriate as a person who controls decisions on the Company's financial and business policies in the Plan. In this way, it is not intended to maintain the status of the Company's Directors.

Please refer to the Company's website for details of the Plan.

<https://www.goldwin.co.jp/corporate/info/ir/defense>

(7) Policy on the determination of dividends of surplus, etc.

We always recognize that returning profits to shareholders is one of the most important issues for a company, and our basic policy is to continue to pay stable dividends to our shareholders while strengthening our financial position and management base.

Based on the above policy, and in light of the progress of our full-year business performance, we have revised our year-end dividend for the fiscal year ended

March 31, 2022, to 65 yen per share, an increase of 10 yen from the initial forecast of 55 yen per share.

As a result, the annual dividend per share, including the second quarter dividend of 20 yen per share, will be 85 yen per share.

The Company's Articles of Incorporation stipulate that the Company may pay dividends from surplus, etc. by a resolution of the Board of Directors.

[Reference] Breakdown of annual dividends

Record date	Dividend per share		
	End of second quarter	Year-end	Annual
Results for the current year	20.00	65.00	85.00
Previous year (fiscal year ended March 31, 2021)	15.00	55.00	70.00

(Yen)

Consolidated Financial Statements

Consolidated Balance Sheet (as of March 31, 2022)

(Unit: million yen)

Account	Amount	Account	Amount
Assets		Liabilities	
Current assets	55,486	Current liabilities	30,386
Cash and deposits	26,406	Notes and accounts payable - trade	4,904
Notes receivable - trade	630	Electronically recorded obligations - operating	12,223
Accounts receivable - trade	10,402	Current portion of long-term borrowings	1,437
Electronically recorded monetary claims - operating	2,797	Lease liabilities	566
Merchandise and finished goods	12,554	Accounts payable - other	2,359
Work in process	326	Income taxes payable	3,112
Raw materials and supplies	542	Accrued consumption taxes	1,428
Other current assets	1,841	Accrued expenses	1,424
Allowance for doubtful accounts	(13)	Contract liabilities	556
Non-current assets	43,598	Provision for bonuses	1,648
Property, plant and equipment	8,642	Other current liabilities	725
Buildings and structures	1,718	Non-current liabilities	5,287
Land	4,691	Long-term borrowings	2,751
Leased assets	1,138	Lease liabilities	901
Other property, plant and equipment	1,092	Retirement benefit liability	217
Intangible assets	3,093	Provision for share awards	947
Trademark right	1,490	Other non-current liabilities	469
Software	912	Total liabilities	35,673
Software in progress	635	Net assets	
Other intangible assets	54	Shareholders' equity	63,335
Investments and other assets	31,862	Share capital	7,079
Investment securities	24,060	Capital surplus	276
Long-term loans receivable	45	Retained earnings	61,356
Retirement benefit asset	1,637	Treasury shares	(5,377)
Guarantee deposits	2,708	Accumulated other comprehensive income	(56)
Distressed receivables	70	Valuation difference on available-for-sale securities	480
Deferred tax assets	1,608	Deferred gains or losses on hedges	98
Other investments and other assets	1,920	Foreign currency translation adjustment	196
Allowance for doubtful accounts	(188)	Remeasurements of defined benefit plans	(830)
		Non-controlling interests	132
		Total net assets	63,411
Total assets	99,085	Total liabilities and net assets	99,085

(Note) Amounts are rounded down to the nearest million yen.

Consolidated Statement of Income (from April 1, 2021 to March 31, 2022)

(Unit: million yen)

Account	Amount	
Net sales		98,235
Cost of sales		46,491
Gross profit		51,743
Selling, general and administrative expenses		35,241
Operating profit		16,501
Non-operating income		
Interest income	25	
Dividend income	59	
Share of profit of entities accounted for using equity method	3,669	
Other non-operating income	241	3,996
Non-operating expenses		
Interest expenses	83	
Loss on sale of notes receivable - trade	27	
Other non-operating expenses	100	212
Ordinary profit		20,285
Extraordinary income		
Gain on sale of securities	51	
Other extraordinary income	0	51
Extraordinary losses		
Impairment losses	180	
Loss on store closings	8	
Extra retirement payments	7	
Other extraordinary losses	10	206
Profit before income taxes		20,131
Income taxes - current	5,938	
Income taxes - deferred	(221)	5,717
Profit		14,413
Profit attributable to non-controlling interests		62
Profit attributable to owners of parent		14,350

(Note) Amounts are rounded down to the nearest million yen.

Consolidated Statement of Changes in Equity (from April 1, 2021 to March 31, 2022)

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance as of April 1, 2021	7,079	264	50,604	(4,138)	53,810
Cumulative effects of changes in accounting policies			(79)		(79)
Restated balance	7,079	264	50,525	(4,138)	53,731
Changes during the fiscal year					
Dividends of surplus			(3,520)		(3,520)
Profit attributable to owners of parent			14,350		14,350
Purchase of treasury shares				(1,544)	(1,544)
Disposal of treasury shares		12		305	317
Net changes in items other than shareholders' equity during the fiscal year					
Total changes during the fiscal year	–	12	10,830	(1,238)	9,604
Ending balance as of March 31, 2022	7,079	276	61,356	(5,377)	63,335

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Beginning balance as of April 1, 2021	490	27	(457)	(1,068)	(1,007)	114	52,916
Cumulative effects of changes in accounting policies							(79)
Restated balance	490	27	(457)	(1,068)	(1,007)	114	52,837
Changes during the fiscal year							
Dividends of surplus							(3,520)
Profit attributable to owners of parent							14,350
Purchase of treasury shares							(1,544)
Disposal of treasury shares							317
Net changes in items other than shareholders' equity during the fiscal year	(10)	71	653	237	951	18	969
Total changes during the fiscal year	(10)	71	653	237	951	18	10,573
Ending balance as of March 31, 2022	480	98	196	(830)	(56)	132	63,411

(Note) Amounts are rounded down to the nearest million yen.

Non-consolidated Financial Statements

Balance Sheet (as of March 31, 2022)

(Unit: million yen)

Account	Amount	Account	Amount
Assets		Liabilities	
Current assets	46,907	Current liabilities	27,716
Cash and deposits	18,958	Notes payable - trade	179
Notes receivable - trade	590	Electronically recorded obligations - operating	11,469
Electronically recorded monetary claims - operating	2,699	Accounts payable - trade	3,959
Accounts receivable - trade	8,873	Current portion of long-term borrowings	1,437
Merchandise and finished goods	10,606	Lease liabilities	492
Work in process	325	Accounts payable - other	2,609
Raw materials and supplies	542	Income taxes payable	2,552
Accounts receivable - other	1,414	Accrued expenses	1,142
Prepaid expenses	363	Provision for bonuses	1,516
Other current assets	2,532	Other current liabilities	2,359
Allowance for doubtful accounts	(1)		
Non-current assets	27,636	Non-current liabilities	4,761
Property, plant and equipment	7,328	Long-term borrowings	2,751
Buildings	1,246	Lease liabilities	719
Structures	65	Long-term accounts payable - other	76
Land	4,337	Provision for share awards	947
Leased assets	896	Other non-current liabilities	266
Other property, plant and equipment	782		
Intangible assets	3,018	Total liabilities	32,478
Trademark right	1,490	Net assets	
Software	842	Shareholders' equity	41,548
Software in progress	635	Share capital	7,079
Other intangible assets	49	Capital surplus	270
Investments and other assets	17,289	Legal capital surplus	258
Investment securities	5,116	Other capital surplus	12
Shares of subsidiaries and associates	1,961	Retained earnings	39,575
Investments in capital	11	Legal retained earnings	1,342
Investments in capital of subsidiaries and associates	1,700	Other retained earnings	38,232
Long-term loans receivable	1,025	Retained earnings brought forward	38,232
Distressed receivables	53	Treasury shares	(5,377)
Guarantee deposits	2,111	Valuation and translation adjustments	517
Prepaid pension costs	2,774	Valuation difference on available-for-sale securities	482
Deferred tax assets	1,507	Deferred gains or losses on hedges	34
Other investments and other assets	1,468		
Allowance for doubtful accounts	(441)		
		Total net assets	42,065
Total assets	74,543	Total liabilities and net assets	74,543

(Note) Amounts are rounded down to the nearest million yen.

Statement of Income (from April 1, 2021 to March 31, 2022)

(Unit: million yen)

Account	Amount	
Net sales		85,838
Cost of sales		39,408
Gross profit		46,429
Selling, general and administrative expenses		32,400
Operating profit		14,029
Non-operating income		
Interest and dividend income	3,205	
Rental income	86	
Sales commissions received	195	
Other non-operating income	238	3,726
Non-operating expenses		
Interest expenses	78	
Depreciation of assets for rent	27	
Other non-operating expenses	164	271
Ordinary profit		17,484
Extraordinary income		
Gain on sale of investment securities	51	
Other extraordinary income	24	76
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	747	
Impairment losses	79	
Other extraordinary losses	11	838
Profit before income taxes		16,721
Income taxes - current	5,065	
Income taxes - deferred	(295)	4,770
Profit		11,951

(Note) Amounts are rounded down to the nearest million yen.

Statement of Changes in Equity (from April 1, 2021 to March 31, 2022)

(Unit: million yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings			Treasury shares	Total shareholder s' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings		
Beginning balance as of April 1, 2021	7,079	258	–	258	990	30,188	31,179	(4,138)	34,378
Cumulative effects of changes in accounting policies						(34)	(34)		(34)
Restated balance	7,079	258	–	258	990	30,153	31,144	(4,138)	34,344
Changes during the fiscal year									
Dividends of surplus					352	(3,872)	(3,520)		(3,520)
Profit						11,951	11,951		11,951
Purchase of treasury shares								(1,544)	(1,544)
Disposal of treasury shares			12	12				305	317
Net changes in items other than shareholders' equity during the fiscal year									
Total changes during the fiscal year	–	–	12	12	352	8,078	8,430	(1,238)	7,204
Ending balance as of March 31, 2022	7,079	258	12	270	1,342	38,232	39,575	(5,377)	41,548

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Beginning balance as of April 1, 2021	495	21	517	34,896
Cumulative effects of changes in accounting policies				(34)
Restated balance	495	21	517	34,861
Changes during the fiscal year				
Dividends of surplus				(3,520)
Profit				11,951
Purchase of treasury shares				(1,544)
Disposal of treasury shares				317
Net changes in items other than shareholders' equity during the fiscal year	(12)	12	(0)	(0)
Total changes during the fiscal year	(12)	12	(0)	7,204
Ending balance as of March 31, 2022	482	34	517	42,065

(Note) Amounts are rounded down to the nearest million yen.

Accounting Audit Report on the Consolidated Financial Statements

Independent Auditor's Report (Translation)

May 24, 2022

GOLDWIN INC.
To the Board of Directors

Ernst & Young ShinNihon LLC
Kanazawa Office

Designated Limited Liability Partner
Operating Partner
Certified Public Accountant Hiroyuki Ikeda

Designated Limited Liability Partner
Operating Partner
Certified Public Accountant Kenichi Ishida

Audit Opinion

Pursuant to Article 444, paragraph (4) of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity, and the notes to the consolidated financial statements of GOLDWIN INC. (the "Company") applicable to the fiscal year from April 1, 2021 to March 31, 2022.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and results of operations of the Group, which consisted of the Company and its consolidated subsidiaries, applicable to the fiscal year ended March 31, 2022, in accordance with accounting principles generally accepted in Japan.

Basis for Audit 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 Company and its consolidated subsidiaries 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.

Other Information

The other information consists of the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other information. Furthermore, the Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the process for reporting the other information.

The other information does not fall under the scope of our opinion on the consolidated financial statements, and we express no opinion on the other information.

Our responsibility in auditing the consolidated financial statements is to read through the other information and, in the course of reading, consider whether there are any material differences between the other information and the consolidated financial statements or our knowledge obtained in the course of our audit, and to pay attention to whether there are any other signs of material errors in the other information in addition to such material differences. If, based on the work we have performed, we determine that there are material errors in the other information, we are required to report that fact.

We have nothing to report with respect to the other information.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan. This includes establishing and operating such

internal control as management determines is necessary to enable the preparation and fair presentation of the 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 whether it is appropriate to prepare the consolidated financial statements with the assumption of 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.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

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

Our responsibilities 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 on the consolidated financial statements based on our audit from an independent point of view. 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 decisions of users taken on the basis of the consolidated financial statements.

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, whether due to fraud or error. Design and perform audit procedures that address the risks of material misstatement. Select audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Consider, in making those risk assessments, internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, 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 by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements 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 notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. 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 whether the presentation of the consolidated financial statements and the notes thereto are in accordance with accounting standards generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly represent the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding 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, and other matters required by auditing standards.

We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Conflicts of Interest

Our firm and the designated engagement partners have no interest in the Company and its consolidated subsidiaries which should be disclosed in accordance with the Certified Public Accountants Act.

Accounting Audit Report on the Non-consolidated Financial Statements

Independent Auditor's Report (Translation)

May 24, 2022

GOLDWIN INC.
To the Board of Directors

Ernst & Young ShinNihon LLC
Kanazawa Office

Designated Limited Liability Partner
Operating Partner
Certified Public Accountant Hiroyuki Ikeda

Designated Limited Liability Partner
Operating Partner
Certified Public Accountant Kenichi Ishida

Audit Opinion

Pursuant to Article 436, paragraph (2), item (i) of the Companies Act, we have audited the accompanying non-consolidated financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in equity, the notes to the non-consolidated financial statements and the related supplemental schedules (collectively, "non-consolidated financial statements, etc.") of GOLDWIN INC. (the "Company") applicable to the 71st fiscal year from April 1, 2021 to March 31, 2022.

In our opinion, the non-consolidated financial statements, etc. referred to above present fairly, in all material respects, the financial position and results of operations of the Company, applicable to the fiscal year ended March 31, 2022, in accordance with accounting principles generally accepted in Japan.

Basis for Audit 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 Non-consolidated Financial Statements, Etc. section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements, etc. 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.

Other Information

The other information consists of the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other information. Furthermore, the Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the process for reporting the other information.

The other information does not fall under the scope of our opinion on the non-consolidated financial statements, etc., and we express no opinion on the other information.

Our responsibility in auditing the non-consolidated financial statements, etc. is to read through the other information and, in the course of reading, consider whether there are any material differences between the other information and the non-consolidated financial statements, etc. or our knowledge obtained in the course of our audit, and to pay attention to whether there are any other signs of material errors in the other information in addition to such material differences.

If, based on the work we have performed, we determine that there are material errors in the other information, we are required to report that fact.

We have nothing to report with respect to the other information.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Non-consolidated Financial Statements, Etc.

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements, etc. in accordance with accounting principles generally accepted in Japan. This includes establishing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the non-consolidated financial statements, etc. that are free from material misstatement, whether due to fraud or error. In preparing the non-consolidated financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements, etc. with the assumption of the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc.

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements, etc. 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 on the non-consolidated financial statements, etc. based on our audit from an independent point of view. 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 decisions of users taken on the basis of the non-consolidated financial statements, etc.

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, whether due to fraud or error. Design and perform audit procedures that address the risks of material misstatement. Select audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider, in making those risk assessments, internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the non-consolidated financial statements, etc. is not expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the non-consolidated financial statements, etc. 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 notes to the non-consolidated financial statements, etc. or, if the notes to the non-consolidated financial statements, etc. on material uncertainty are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements, etc. 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 whether the presentation of the non-consolidated financial statements, etc. and the notes thereto are in accordance with accounting standards generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the non-consolidated financial statements, etc., including the related notes thereto, and whether the non-consolidated financial statements, etc. fairly represent the underlying transactions and accounting events.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding 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, and other matters required by auditing standards.

We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Conflicts of Interest

Our firm and the designated engagement partners have no interest in the Company which should be disclosed in accordance with the Certified Public Accountants Act.

Audit Report of the Board of Auditors

Audit Report

The Board of Auditors has prepared this Audit Report as the unanimous opinion of all the Auditors based on the audit reports prepared by each Auditor regarding the execution of duties by the Directors for the 71st fiscal year from April 1, 2021 to March 31, 2022, and after due deliberation, we hereby report as follows.

1. Method and Details of Audit by Auditors and the Board of Auditors

- (1) The Board of Auditors established the audit policy, assignment of duties, etc., received reports from each Auditor on the status and results of their audits, received reports from the Directors, etc. and the financial auditor on the status of execution of their duties, and requested explanations as necessary.
- (2) Each Auditor, in accordance with the auditing standards for Auditors established by the Board of Auditors and in accordance with the auditing policy, assignment of duties, etc., communicated with the Directors, the internal audit division and other employees, etc., endeavored to collect information and develop the auditing environment, and conducted audits in the following manner.
 - 1) Attended meetings of the Board of Directors and other important meetings, received reports from Directors, employees, and others regarding the execution of their duties, requested explanations as necessary, reviewed important approval documents, etc., and investigated the status of operations and assets at the headquarters and principal business offices. Also communicated and exchanged information with Directors and Auditors of subsidiaries, and received business reports from subsidiaries as necessary.
 - 2) Regarding the contents of the resolution of the Board of Directors regarding the establishment of a system to ensure that the execution of duties by the Directors complies with laws and regulations and the Articles of Incorporation and other systems stipulated in Article 100, paragraphs (1) and (3) of the Regulation for Enforcement of the Companies Act as necessary to ensure the properness of business operations of a stock company, which are described in the Business Report, and the systems established in accordance with such resolution (internal control system), we regularly received reports from Directors, employees, and others on the status of establishment and operation of such systems, sought explanations as necessary, and expressed our opinions.

With respect to internal control over financial reporting, we received reports from Directors, etc. and Ernst & Young ShinNihon LLC on the status of evaluation and audit of such internal control, and requested explanations as necessary.
 - 3) With respect to the basic policy stipulated in Article 118, Item 3 (a) and the initiatives stipulated in Article 118, Item 3 (b) of the Regulation for Enforcement of the Companies Act, which are described in the Business Report, we reviewed the details thereof, based on the deliberations at the meetings of the Board of Directors and other relevant meetings.
 - 4) We monitored and verified whether the financial auditor, Ernst & Young ShinNihon LLC, maintained its independence and conducted appropriate audits, and received reports from the accounting auditor on the execution of its duties and requested explanations as necessary. In addition, we received notice from the financial auditor that systems to ensure proper execution of duties (matters set forth in each item of Article 131 of the Regulation on Corporate Accounting) are maintained in accordance with the “Quality Control Standards for Audits” (Business Accounting Council, October 28, 2005) and other relevant standards, and requested explanations as necessary.

Based on the above methods, we have examined the Business Report and supporting schedules, non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, and notes to non-consolidated financial statements) and supporting schedules, and consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity, and notes to consolidated financial statements) for the fiscal year under review.

2. Results of Audit

(1) Results of audit of Business Report, etc.

- 1) In our opinion, the Business Report and supporting schedules present fairly the condition of the Company in conformity with applicable laws and regulations and the Articles of Incorporation.
- 2) In our opinion, there were no instances of misconduct or material facts in violation of laws and regulations or the Articles of Incorporation in connection with the Directors' performance of their duties.
- 3) In our opinion, the contents of the resolution of the Board of Directors regarding the internal control system are fair and reasonable. We also find no matters to be pointed out with regard to the contents of the Business Report and the execution of duties by the Directors regarding the said internal control system, including internal control over financial reporting.
- 4) We found no matters to be pointed out with regard to the basic policy on the nature of persons controlling decisions on the company's financial and business policies stated in the Business Report. We confirm that each of the initiatives set forth in Article 118, Item 3 (b) of the Regulation for Enforcement of the Companies Act described in the Business Report is in line with such basic policy, is not detrimental to the common interests of the Company's shareholders, and is not intended to maintain the status of the Company's corporate officers.

(2) Results of audit of non-consolidated financial statements and supplementary schedules

In our opinion, the auditing methods and results of the financial auditor, Ernst & Young ShinNihon LLC, are appropriate.

(3) Results of audit of consolidated financial statements

In our opinion, the auditing methods and results of the financial auditor, Ernst & Young ShinNihon LLC, are appropriate.

May 24, 2022

GOLDWIN INC. Board of Auditors
Full-time Auditor Masaaki Kondo
Auditor (External Auditor) Akiyuki Shiobara
Auditor (External Auditor) Hidenao Yoichi
Auditor (External Auditor) Tsutomu Morita