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To Our Shareholders

Items Disclosed on the Internet in the Notice of the 71st Annual General Meeting of Shareholders

1. Notes to Consolidated Financial Statements

2. Notes to Non-consolidated Financial Statements

The above matters are disclosed by posting them on the Company’s website on the Internet (address: https://www.goldwin.co.jp/) in accordance with laws and regulations and Article 15 of the Company’s Articles of Incorporation.

GOLDWIN INC.

Notes to Consolidated Financial Statements

(Notes to Basis of Presenting Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries and names of principal consolidated subsidiaries

Number of consolidated subsidiaries 14

Names of consolidated subsidiaries

GOLDWIN LOGITEM INC., GOLDWIN ENTERPRISE INC., GOLDWIN TRADING INC., BEIJING GOLDWIN CO., Ltd., CANTERBURY OF NEW ZEALAND JAPAN INC., nanamica inc., BLACK & WHITE SPORTSWEAR CO., LTD., GOLDWIN EUROPE AG, GOLDWIN AMERICA, Inc., WOOLRICH JAPAN INC., GOLDWIN EUROPE GmbH, nanamica USA, INC., Goldwin China, Ltd. and GOLDWIN VENTURE PARTNERS INC.

Change in scope of consolidation

Among the subsidiaries stated above, Goldwin China, Ltd. and GOLDWIN VENTURE PARTNERS INC. are included in the scope of consolidation because they were established during the current fiscal year.

ESG Inc., a subsidiary in the previous fiscal year, is excluded from the scope of consolidation due to its liquidation.

(2) Names, etc. of principal non-consolidated subsidiaries

Names of principal non-consolidated subsidiaries

SHANGHAI GOLDWIN CO., LTD.

Reason for exclusion from scope of consolidation

SHANGHAI GOLDWIN CO., LTD. is small in size, and its total assets, net sales, net income/loss (corresponding to the Company's ownership), and retained earnings (corresponding to the Company's ownership) do not have a material impact on the consolidated financial statements.

2. Application of equity method

(1) Number of non-consolidated subsidiaries and affiliates accounted for by the equity method and names of principal companies, etc.

Number of affiliates accounted for by the equity method 3

Names of principal companies, etc.

(Affiliates)

YOUNGONE OUTDOOR Corporation, GOLDWIN DEVELOPMENT INC., Woolrich International Limited

(2) Names, etc. of non-consolidated subsidiaries and affiliates not accounted for by the equity method

Names of principal companies, etc.

(Non-consolidated subsidiaries)

SHANGHAI GOLDWIN CO., LTD.

Reason not accounted for by the equity method

SHANGHAI GOLDWIN CO., LTD. has no material impact on net income/loss (as calculated by the equity method), retained earnings (as calculated by the equity method), etc., and does not have a significant effect on the Company as a whole.

The fiscal year end of YOUNGONE OUTDOOR Corporation and Woolrich International Limited is December 31, and their financial statements as of that date are used in applying the equity method.

3. Fiscal year of consolidated subsidiaries

The fiscal year end of consolidated subsidiaries BEIJING GOLDWIN CO., Ltd., Goldwin China, Ltd., GOLDWIN EUROPE AG, GOLDWIN AMERICA, Inc., GOLDWIN EUROPE GmbH, and nanamica USA, INC. is December 31.

In preparing the consolidated financial statements, financial statements as of the same fiscal year end are used, and adjustments necessary for consolidation are made for significant transactions that occurred during the period between the fiscal year end and the consolidated fiscal year end.

4. Accounting policies

(1) Valuation standards and methods for significant assets

(i) Securities

Available-for-sale securities

Securities other than shares, etc. that do not have market prices
Market value method (unrealized gains and losses are accounted for as a component of net assets, and the cost of securities sold is determined by the moving-average method).

Shares, etc. that do not have market prices
Stated at cost determined by the moving-average method.

(ii) Inventories

Mainly stated at cost determined by the moving-average method (the amount stated in the balance sheet is calculated by writing down the book value based on a decline in profitability).

(2) Depreciation and amortization method for significant depreciable assets

(i) Property, plant and equipment (excluding leased assets)

Buildings (excluding facilities attached to buildings)
Straight-line method is used.

Other tangible fixed assets
Declining-balance method is used.
However, one domestic consolidated subsidiary and five overseas consolidated subsidiaries use the straight-line method.

(ii) Intangible assets (excluding leased assets)

Straight-line method is used.

Note that software for internal use is amortized by the straight-line method over the estimated useful life (five years).

(iii) Leased assets

Straight-line method is used, where the lease period is deemed as the useful life and the residual value is set as zero.

(3) Accounting for significant allowances and reserves

(i) Allowance for doubtful accounts

The allowance for doubtful accounts is provided for possible losses on receivables based on the historical write-off ratio for general receivables and on the estimated amount of uncollectible receivables based on a case-by-case determination of collectibility for specific receivables such as doubtful receivables.

(ii) Provision for bonuses

To provide for the payment of bonuses to employees, an amount accrued for the current fiscal year is recorded based on the estimated amount of payment.

(iii) Provision for share awards

To provide for the payment of Company stock to employees in accordance with stock awards regulations, a provision for share awards is recorded based on the estimated amount of the share awards obligation as of the end of the current fiscal year.

(4) Accounting standards for revenues and expenses

The Company recognizes revenues at the time control over promised goods or services is transferred to the customers in the amount expected to be received upon the exchange of said goods or services, applying the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations.

(i) Information on contracts and obligations

The Group engages in sporting goods-related businesses. The Group recognizes revenues at the point where merchandise is delivered to customers, judging that obligations are fulfilled at such point.

(ii) Information on the calculation of transaction prices and the amount of transaction prices allocated to obligations

The Company recognizes revenues within a scope wherein significant reversal is extremely unlikely to occur, deducting discounts calculated on the basis of results for each customer and estimates such as those for returned goods from prices established in contracts.

(iii) Information on the calculation of the amount allocated to obligations

The Group has a customer loyalty program, and offers members points according to the amount of their purchase. Granted points are identified as obligations. Transaction prices are allocated on the basis of standalone selling prices calculated by taking expected future expiration, etc. into consideration. Revenues are recognized at the point where points are used.

(5) Other important matters for the preparation of consolidated financial statements

(i) Basis of translation of significant assets or liabilities denominated in foreign currencies into Japanese yen

Monetary receivables and payables denominated in foreign currencies are translated into yen at the spot exchange rates prevailing on the consolidated closing date, with translation differences recognized as gains or losses. Assets, liabilities, revenues, and expenses of overseas subsidiaries are translated into yen at the spot exchange rates on the closing date of the overseas subsidiaries, and the translation differences are included in the foreign currency translation adjustment account under "Net assets."

(ii) Significant hedge accounting method

i) Hedge accounting method

Deferred hedge accounting is used.

However, the Company applies the special treatment for interest rate swaps that meet the requirements for special treatment and the allocation treatment for forward exchange contracts that meet the requirements for allocation treatment.

ii) Hedging instruments and hedged items

Hedging instruments
Interest rate swaps and forward exchange contracts

Hedged items

Interest on borrowings, anticipated transactions denominated in foreign currencies, receivables and payables denominated in foreign currencies

iii) Hedging policy

Hedging is conducted within the scope of the target receivables and payables to reduce interest rate risk and foreign exchange fluctuation risk.

iv) Methods of evaluating the effectiveness of hedges

The effectiveness of hedging activities is evaluated by comparing market fluctuations or cash flow fluctuations of the hedging instruments with those of the hedged items and by observing correlations.

(iii) Accounting for retirement benefits

1. Method of attributing estimated retirement benefits to periods of service

   In calculating the retirement benefit obligation, the estimated amount of retirement benefits is attributed to the period up to the end of the current fiscal year based on the benefit calculation method.

2. Method of amortization of actuarial differences

   Actuarial gains and losses are amortized by the straight-line method over a fixed number of years (ten years) within the average remaining service period of employees at the time of occurrence in each consolidated fiscal year, with the amount prorated from the following consolidated fiscal year of occurrence.

   Unrecognized actuarial gains and losses are recorded in accumulated adjustments for retirement benefits under accumulated other comprehensive income in net assets, after adjusting for tax effects.

(iv) Accounting principles and procedures adopted in cases where the provisions of relevant accounting standards, etc. are unclear

Transfer-restricted stock compensation plan

Remuneration, etc. paid to the Company’s Directors who are not external Directors and others based on the Company’s transfer-restricted stock compensation plan are expensed over their respective service periods.

(v) Application of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system

The Company and some of its consolidated subsidiaries in Japan will transition from the consolidated taxation system to the group tax sharing system from the next fiscal year. However, in accordance with the treatment in paragraph (3) of “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (PITF No. 39, March 31, 2020), the provisions of paragraph (44) of “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018) are not applied, and the amounts of deferred tax assets and deferred tax liabilities are based on the provisions of the tax laws before the revision with respect to the transition to the group tax sharing system established in the Act to Partially Amend the Income Tax Act, etc. (Act No. 8, 2020) and items for which the non-consolidated tax payment system was revised in conjunction with the transition to the group tax sharing system.

The Company also plans to apply the “Practical Solution on the Treatment of the Accounting and Disclosure Under Application of the Group Tax Sharing System” (PITF No. 42, August 12, 2021) from the beginning of the next fiscal year, which stipulates the treatment of accounting and disclosure of income taxes and local income taxes as well as tax effect accounting under the group tax sharing system.

5. Changes in accounting policies

(1) Application of accounting standard for revenue recognition, etc.

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations effective from the beginning of the current fiscal year, and revenues are recognized at the time the control of promised goods or services is transferred to the customers at the amount expected to be received upon exchange of said goods or services.

Thus, the Company recognizes revenues to the extent that it is highly probable that a significant reversal will not occur, and certain expenses that were previously recorded as cost of sales and selling, general and administrative expenses have been reduced from net sales as consideration payable to a customer from the current fiscal year.

The Company applies the Accounting Standard for Revenue Recognition, etc. in accordance with the transitional treatment provided for in the proviso to paragraph (84) of the Revenue Recognition Standard. The cumulative effect of applying the new accounting policy retrospectively prior to the beginning of the current fiscal year was added to or deducted from the opening balance of retained earnings of the current fiscal year, and the new accounting policy was applied from the opening balance of the current fiscal year.

In addition, "notes and accounts receivable - trade," which was presented under "current assets" in the consolidated balance sheet of the previous fiscal year, has been included under "notes receivable - trade," and "accounts receivable - trade" from the current fiscal year, and "other current liabilities," which was presented under "current liabilities," has been included under "contract liabilities" and "other current liabilities" from the current fiscal year.

For the current fiscal year, as a result of this change, and compared with the figures before the application of the Accounting Standard for Revenue Recognition, etc., net sales decreased by 487 million yen, cost of sales decreased by 57 million yen and selling, general and administrative expenses decreased by 409 million yen, while operating profit, ordinary profit and profit before income taxes decreased by 20 million yen. Additionally, the opening balance of retained earnings of the current fiscal year decreased by 79 million yen.

(2) Application of accounting standard for fair value measurement, etc.

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the current fiscal year, and it has decided to apply the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph (19) of the Accounting Standard for Fair Value Measurement, and paragraph (44)-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). The application of this accounting standard does not affect the consolidated financial statements.

In addition, the Company has decided to include notes on fair value information by level within the fair value hierarchy in the "Notes on financial instruments."

6. Notes on accounting estimates

(1) Impairment of fixed assets

(i) Amounts reported in the consolidated financial statements for the current fiscal year

Impairment losses	180 million yen
Balance of property, plant and equipment	8,642 million yen
Balance of intangible assets	3,093 million yen

(ii) Other information that contributes to the understanding of users of the non-consolidated financial statements

i) Calculation method

In assessing signs of impairment, the Group mainly groups its assets in terms of operating stores and other basic units.

The Group determines that there is an indication of impairment loss for existing stores when operating income (loss) becomes negative for two consecutive periods or when a decision is made to close a store, and for newly opened stores when operating income (loss) significantly deviates downward from the plan.

In measuring impairment losses, the future cash flows of each asset group are estimated, and if the sum of the undiscounted future cash flows is less than the carrying amount of the fixed assets, the carrying amount is reduced to the recoverable amount (net selling price or value in use) and an impairment loss is recognized.

ii) Key assumptions

The calculation of the value in use of operating stores is based on assumptions such as future cash flows of each asset group generally remaining at the same level of sales and operating margin based on past performance.

The estimates are based on the assumption that it will take a reasonable period of time for consumer demand to recover, since the impact of the coronavirus is expected to continue to include a slump in inbound demand and a decline in consumer confidence due to voluntary restraint in going out.

iii) Impact on consolidated financial statements for the next fiscal year

In addition to uncertainties based on the aforementioned assumptions, the occurrence of impairment losses may be affected by trends in consumer spending due to the economy, changes in consumer preferences, weather conditions, and other factors.

(Notes to consolidated balance sheets)

1. Accumulated depreciation of property, plant and equipment11,020 million yen

(Notes to consolidated statement of changes in equity)

1. Matters related to the total number of shares issued and outstanding

Type of shares	Number of shares at the beginning of the current fiscal year	Increase in number of shares during the current fiscal year	Decrease in number of shares during the current fiscal year	Number of shares at the end of the current fiscal year
Common shares	47,448,172 shares	– shares	– shares	47,448,172 shares

2. Matters concerning the number of treasury shares

Type of shares	Number of shares at the beginning of the current fiscal year	Increase in number of shares during the current fiscal year	Decrease in number of shares during the current fiscal year	Number of shares at the end of the current fiscal year
Common shares	2,091,698 shares	244,339 shares	133,761 shares	2,202,276 shares

(Notes) 1. 1,578,300 shares at the beginning of the current fiscal year and 1,551,600 shares at the end of the current fiscal year are included in the number of treasury shares for the number of shares in the trust.

2. The increase of 244,339 shares in the number of common treasury shares represents an increase of 151,200 shares due to the purchase of treasury shares in accordance with Article 459, paragraph (1) of the Companies Act, an increase of 92,900 shares due to the purchase by the trust and an increase of 239 shares due to the purchase of odd-lot shares. Furthermore, the decrease of 133,761 shares represents a decrease of 119,600 shares due to the sale by the trust and a decrease of 14,161 shares due to the grant as stock-based compensation.

3. Matters related to dividends of surplus

(1) Dividends paid, etc.

Resolution	Type of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting held on May 14, 2021	Common shares	2,581	55	March 31, 2021	June 10, 2021
Board of Directors meeting held on November 5, 2021	Common shares	938	20	September 30, 2021	December 6, 2021

(Notes) 1. The total amount of dividends based on the resolution of the Board of Directors meeting held on May 14, 2021 includes 86 million yen of dividends for the Company's shares held by the trust.

2. The total amount of dividends based on the resolution of the Board of Directors meeting held on November 5, 2021 includes 31 million yen of dividends for the Company's shares held by the trust.

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of shares	Total amount of dividends (million yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting held on May 13, 2022	Common shares	3,041	Retained earnings	65	March 31, 2022	June 9, 2022

(Note) The total amount of dividends includes 100 million yen of dividends for the Company's shares held by the trust.

4. Matters related to share acquisition rights

Not applicable.

(Notes on revenue recognition)

1. Information on revenue disaggregation

   Sporting goods-related businesses are the only segment for the Group. Information on the Group's disaggregated revenues from contracts with customers is as follows.

Performance	34,369 million yen
Lifestyles	56,632 million yen
Fashion	7,232 million yen
Revenues from contracts with customers	98,235 million yen
Other revenues	– million yen
Net sales to external customers	98,235 million yen

2. Information that serves as the basis for understanding revenues

   Information that serves as the basis for disaggregating revenues from contracts with customers is as stated in Notes to Basis of Presenting Consolidated Financial Statements under "4. Accounting policies, (4) Accounting standards for revenues and expenses."

3. Information for understanding amounts for the current, next and subsequent fiscal years

   (1) Balance of contract liabilities

   The balances of contract liabilities from contracts with customers at the beginning and the end of the period are as follows.

Contract liabilities (balance at the beginning of period)	588 million yen
Contract liabilities (balance at the end of period)	556 million yen

(Notes) 1. Among revenues recognized in the current fiscal year, 588 million yen is included in the balance of contract liabilities at the beginning of the period.
2. Contract liabilities are the balance of points granted by the Company for which obligations are not fulfilled at the end of the period.

   (2) Transaction prices allocated to remaining obligations

   A simplified method for practical purposes is used, and information on remaining obligations is omitted because the Group had no important transaction whose individual expected contract period exceeded one year. Amounts of consideration to be received for contracts with customers contained no significant amounts of variable consideration that are not included in transaction prices.

(Notes on financial instruments)

1. Matters concerning the status of financial instruments

   (1) Policy on financial instruments

   The Group's policy is to manage funds mainly through short-term deposits, etc., and to procure funds through bank borrowings or bond issues. Derivatives are used to hedge foreign exchange fluctuation risks of foreign currency-denominated operating receivables and payables and interest rate fluctuation risks of borrowings, and are not used for speculative transactions.

   (2) Description of financial instruments, their risks and risk management system

   Notes and accounts receivable - trade are exposed to customer credit risk. With regard to such risks, in accordance with the Group's credit management rules, credit limits are set for each customer, due dates and balances are managed, and the credit status of major customers is periodically monitored. In addition, some exports of the Company's products, etc. are denominated in foreign currencies and are exposed to the risk of exchange rate fluctuations, but are hedged using forward exchange contracts.

   Investment securities are mainly shares of companies with which the Company has business relationships and are exposed to market price fluctuation risk, but their fair value is periodically determined and reported to the Board of Directors.

   Notes and accounts payable - trade, which are operating payables, are mostly due within one year. In addition, some imports of products, etc. are denominated in foreign currencies and are exposed to the risk of exchange rate fluctuations, but are hedged using forward exchange contracts.

   Among borrowings, short-term borrowings and long-term borrowings (generally within five years) are mainly for financing operating transactions. Borrowings with floating interest rates are exposed to interest rate fluctuation risk. For some of these long-term borrowings, derivative transactions (interest rate swaps) are used as hedging instruments on an individual contract basis in order to avoid interest rate fluctuation risk and fix interest payments.

   The execution and management of derivative transactions are conducted in accordance with internal rules that stipulate transaction authority. In addition, the Company uses derivative transactions only with highly rated financial institutions to mitigate credit risks.

   In addition, operating payables and borrowings are exposed to liquidity risk. In the Group, the Company's Finance Department prepares and updates cash management plans in a timely manner based on reports from each department, and each Group company also reviews its cash management plans on a monthly basis.

   (3) Supplementary explanation of matters concerning fair value, etc. of financial instruments

   For derivative transactions in "2. Matters concerning fair value, etc. of financial instruments" the amount itself does not indicate the market risk involved in derivative transactions.

2. Matters concerning fair value, etc. of financial instruments

Amounts on the consolidated balance sheet as of March 31, 2022 (consolidated closing date for the current fiscal year), market value, and the difference between the two are as follows. Shares without a readily available market price, etc. (whose amount stated in consolidated balance sheets is 22,151 million yen) are not included in the following table.

Notes on cash are omitted. Notes on deposits, notes receivable - trade, accounts receivable - trade, electronically recorded monetary claims - operating, notes and accounts payable - trade, and electronically recorded obligations - operating are also omitted because deposit settlement in a short period causes their fair value to resemble their book value closely.

(Unit: million yen)

	Amount on the consolidated balance sheet	Fair value	Difference
(1) Investment securities Available-for-sale securities	1,869	1,869	–
(2) Guarantee deposits	2,708	2,594	(114)
(3) Long-term borrowings	(4,188)	(4,184)	(4)
(4) Derivative transactions			
Items for which hedge accounting is applied	50	50	–

(*1) Items recorded in liabilities are shown in parentheses.

(*2) In accordance with Article 31, paragraph (26) of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31), investment trusts to which transitional measures were applied are not included in the above balances. The amount of such investment trusts in the consolidated balance sheet is 40 million yen.

(*3) Long-term borrowings include current portion of long-term borrowings.

(*4) Receivables and payables arising from derivative transactions are presented net.

(Notes)

1. Matters concerning derivative transactions

   Items for which hedge accounting is applied

   As for derivatives transactions for which hedge accounting is applied, the contracted amount or principal equivalent amounts provided in contracts on the closing date on a consolidated basis by hedge accounting method are as below.

   1) Currency-related

(Unit: million yen)

Hedge accounting method	Type of derivative transactions	Main hedged items	Contract amount, etc.		Fair value	Method of calculating the fair value of the hedged items
				Of which, over 1 year		
Principal accounting method	Forward exchange contracts Long position USD Euro	Accounts payable - trade Accounts payable - trade	557 155	– –	42 8	Forward exchange rates are used.
Total			713	–	50	

   2) Interest rate-related

(Unit: million yen)

Hedge accounting method	Type of derivative transactions	Main hedged items	Contract amount, etc.		Fair value	Method of calculating the fair value of the hedged items
				Of which, over 1 year		
Special treatment of interest rate swaps	Fixed rate paid/floating rate received for interest rate swap transactions	Long-term borrowings	855	525	(*)	
Total			855	525	–	

(*) The fair value of interest rate swaps that qualify for special treatment is included in the fair value of the relevant long-term borrowings because they are accounted for as an integral part of the long-term borrowings that are hedged.

2. Valuation methods used for calculating fair values and input explanations

   The fair values of financial instruments are classified into the following three levels according to the observability and importance of inputs related to their calculation.

   Fair values on Level 1: among inputs related to the calculation of observable fair values, fair values calculated with the use of market prices related to assets or liabilities subject to the calculation of the concerned fair values formed in active markets

   Fair values on Level 2: among inputs related to the calculation of observable fair values, fair values calculated with the use of inputs related to the calculation of the fair values of inputs other than Level 1 inputs

   Fair values on Level 3: fair values calculated with the use of inputs related to the calculation of unobservable fair values

   Fair values are classified into the level lowest in the order of priority among levels to which respective inputs belong in cases where multiple inputs that significantly affect the calculation of fair values are used.

3. Calculation method of fair value of financial instruments and matters related to securities and derivative transactions

(1) Investment securities

The fair value of these shares is based on the price on the stock exchange. The fair values of listed shares are classified into Level 1 because such shares are traded in active markets.

(2) Guarantee deposits

The fair value of guarantee deposits is calculated based on the present value of future cash flows discounted at an appropriate index such as the yield of government bonds plus a credit spread. Their fair values are classified into Level 2.

(3) Long-term borrowings

The fair values of long-term borrowings are calculated with use of their present value obtained by discounting the sum of principal and interest by the interest rate estimated in cases where a similar new loan is made. Their fair values are classified into Level 2.

(4) Derivative transactions

The fair values of forward exchange contracts are calculated in the discounted present value method using observable inputs such as interest rates and exchange rates. Their fair values are classified into Level 2.

(Notes to per share information)

1. Net assets per share 1,398.56 yen
2. Net income per share 316.30 yen

(Note) Basis for calculation is as follows.

(1) Basis for calculation of net assets per share

Total net assets	63,411 million yen
Amount deducted from total net assets	132 million yen
(Of which, non-controlling interests)	(132 million yen)
Net assets related to common shares at the end of the period	63,278 million yen
Number of common shares used in the calculation of net assets per share at the end of the period	45,245,896 shares

(2) Basis for calculation of net income per share

Profit attributable to owners of parent	14,350 million yen
Amount not attributable to common shareholders	– million yen
Profit attributable to owners of parent related to common shares	14,350 million yen
Average number of common shares during the period	45,370,540 shares

The Company’s shares remaining in the trust, which are recorded as treasury shares in shareholders’ equity, are included in the number of treasury shares deducted from the average number of shares during the period for the calculation of net income per share, and are also included in the number of treasury shares deducted from the total number of shares outstanding at the end of the period for the calculation of net assets per share.

The average number of such treasury shares during the period deducted in the calculation of net income per share is 2,077,632 shares for the current fiscal year, and the number of such treasury shares at the end of the period deducted in the calculation of net assets per share is 2,202,276 shares for the current fiscal year.

(Notes on significant subsequent events)

Purchase of treasury shares

At a meeting of the Board of Directors held on February 8, 2022, the Company resolved to purchase treasury shares under the provisions of the Company's Articles of Incorporation pursuant to Article 459, paragraph (1) of the Companies Act, and implemented as described below.

1. Reason for purchase of treasury shares

The Company shall purchase its treasury shares for the purpose of implementing a flexible capital policy in response to changes in the business environment.

2. Status of purchase of treasury shares

(1) Type of shares purchased:	Common shares of the Company
(2) Period of purchase:	From April 1, 2022 to April 30, 2022 (contract basis)
(3) Total number of shares purchased:	124,600 shares
(4) Total purchase amount of shares:	772,793,996 yen
(5) Purchase method:	Purchase on the Tokyo Stock Exchange market

(Reference)

1. Details of the resolution at the Board of Directors' Meeting held on February 8, 2022

(1) Type of shares to be purchased:	Common shares of the Company
(2) Total number of shares to be purchased:	460,000 shares (maximum) (Representing approximately 0.98% of the total number of issued shares, excluding treasury shares)
(3) Total purchase amount of shares:	3,000,000,000 yen (maximum)
(4) Period of purchase:	From March 1, 2022 to June 30, 2022

2. Cumulative number of shares purchased based on the above resolution of the Board of Directors (as of April 30, 2022)

(1) Total number of shares purchased:	275,800 shares
(2) Total purchase amount of shares:	1,673,527,986 yen

Notes to Non-consolidated Financial Statements

1. Notes to significant accounting policies

(1) Valuation standards and methods for assets

(i) Securities

Shares of subsidiaries and affiliates

Stated at cost determined by the moving-average method.

Available-for-sale securities

Securities other than shares, etc. that do not have market prices

Market value method (unrealized gains and losses are accounted for as a component of net assets, and the cost of securities sold is determined by the moving-average method).

Shares, etc. that do not have market price

Stated at cost determined by the moving-average method.

(ii) Inventories

Finished goods and merchandise, raw materials, and work in process

Stated at cost determined by the moving-average method (the amount stated in the balance sheet is calculated by writing down the book value based on a decline in profitability).

(2) Depreciation and amortization method for fixed assets

(i) Property, plant and equipment (excluding leased assets)

Buildings (excluding facilities attached to buildings)

Straight-line method is used.

Other tangible fixed assets

Declining-balance method is used.

(ii) Intangible assets (excluding leased assets)

Straight-line method is used.

Note that software for internal use is amortized by the straight-line method over the estimated useful life (five years).

(iii) Leased assets

Straight-line method is used, where the lease period is deemed as the useful life and the residual value is set as zero.

(3) Basis for recording allowances

(i) Allowance for doubtful accounts

The allowance for doubtful accounts is provided for possible losses on receivables based on the historical write-off ratio for general receivables and on the estimated amount of uncollectible receivables based on a case-by-case determination of collectibility for specific receivables such as doubtful receivables.

(ii) Provision for bonuses

To provide for the payment of bonuses to employees, an amount accrued for the current fiscal year is recorded based on the estimated amount of payment.

(iii) Provision for retirement benefits

i) Method of attributing estimated retirement benefits to periods of service

In calculating the retirement benefit obligation, the estimated amount of retirement benefits is attributed to the period up to the end of the current fiscal year based on the benefit calculation method. In the event that the pension assets to be recognized at the end of the current fiscal year exceed the amount of the projected benefit obligation less the actuarial difference, the excess is recognized as prepaid pension cost and included in investments and other assets.

ii) Method of amortization of actuarial differences

Actuarial gains and losses are amortized by the straight-line method over a fixed number of years (ten years) within the average remaining service period of employees at the time of occurrence in each fiscal year, with the amount prorated from the following fiscal year.

(iv) Provision for share awards

To provide for the payment of Company stock to employees in accordance with stock awards regulations, a provision for share awards is recorded based on the estimated amount of the share awards obligation as of the end of the current fiscal year.

(4) Accounting standards for revenues and expenses

The Company recognizes revenues at the time control over promised goods or services is transferred to the customers in the amount expected to be received upon the exchange of said goods or services, applying the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations.

(i) Information on contracts and obligations

The Company engages in sporting goods-related businesses and recognizes revenues at the point where merchandise is delivered to customers, judging that obligations are fulfilled at such point.

For transactions conducted as an agent, transaction prices are calculated at net amounts of consideration to be received from customers.

(ii) Information on the calculation of transaction prices and the amount of transaction prices allocated to obligations

The Company recognizes revenues within a scope wherein significant reversal is extremely unlikely to occur, deducting discounts calculated on the basis of results for each customer and estimates such as those for returned goods from prices established in contracts.

(iii) Information on the calculation of the amount allocated to obligations

The Company has a customer loyalty program, and offers members points according to the amount of their purchase. Granted points are identified as obligations. Transaction prices are allocated on the basis of standalone selling prices calculated by taking expected future expiration, etc. into consideration. Revenues are recognized at the point where points are used.

(5) Other important matters that serve as the basis for the preparation of financial statements

(i) Hedge accounting method

i) Hedge accounting method

Deferred hedge accounting is used.

However, the Company applies the special treatment for interest rate swaps that meet the requirements for special treatment and the allocation treatment for forward exchange contracts that meet the requirements for allocation treatment.

ii) Hedging instruments and hedged items

Hedging instruments
Interest rate swaps and forward exchange contracts

Hedged items
Interest on borrowings, anticipated transactions denominated in foreign currencies, receivables and payables denominated in foreign currencies

iii) Hedging policy

Hedging is conducted within the scope of the target receivables and payables to reduce interest rate risk and foreign exchange fluctuation risk.

iv) Methods of evaluating the effectiveness of hedges

The effectiveness of hedging activities is evaluated by comparing market fluctuations or cash flow fluctuations of the hedging instruments with those of the hedged items and by observing correlations.

(ii) Accounting for retirement benefits

The method of accounting for unrecognized actuarial differences in retirement benefits differs from the method used in the consolidated financial statements.

(iii) Accounting principles and procedures adopted in cases where the provisions of relevant accounting standards, etc. are unclear

Transfer-restricted stock compensation plan

Remuneration, etc. paid to the Company's Directors who are not external Directors and others based on the Company's transfer-restricted stock compensation plan are expensed over their respective service periods.

(iv) Application of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system

The Company and some of its consolidated subsidiaries in Japan will transition from the consolidated taxation system to the group tax sharing system from the next fiscal year. However, in accordance with the treatment in paragraph (3) of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (PITF No. 39, March 31, 2020), the provisions of paragraph (44) of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) are not applied, and the amounts of deferred tax assets and deferred tax liabilities are based on the provisions of the tax laws before the revision with respect to the transition to the group tax sharing system established in the Act to Partially Amend the Income Tax Act, etc. (Act No. 8, 2020) and items for which the non-consolidated tax payment system was revised in conjunction with the transition to the group tax sharing system.

The Company also plans to apply the "Practical Solution on the Treatment of the Accounting and Disclosure Under Application of the Group Tax Sharing System" (PITF No. 42, August 12, 2021) from the beginning of the next fiscal year, which stipulates the treatment of accounting and disclosure of income taxes and local income taxes as well as tax effect accounting under the group tax sharing system.

2. Changes in accounting policies

(1) Application of accounting standard for revenue recognition, etc.

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations effective from the beginning of the current fiscal year, and revenues are recognized at the time the control of promised goods or services is transferred to the customers at the amount expected to be received upon exchange of said goods or services. Thus, the Company recognizes revenues to the extent that it is highly probable that a significant reversal will not occur, and certain expenses that were previously recorded as cost of sales and selling, general and administrative expenses have been reduced from net sales as consideration payable to a customer from the current fiscal year.

The Company applies the Accounting Standard for Revenue Recognition, etc. in accordance with the transitional treatment provided for in the proviso to paragraph (84) of the Revenue Recognition Standard. The cumulative effect of applying the new accounting policy retrospectively prior to the beginning of the current fiscal year was added to or deducted from the opening balance of retained earnings of the current fiscal year, and the new accounting policy was applied from the opening balance of the current fiscal year.

In addition, "other," which was presented under "current liabilities," has been included under "contract liabilities" and "other" from the current fiscal year.

For the current fiscal year, as a result of this change, and compared with the figures before the application of the Accounting Standard for Revenue Recognition, etc., net sales decreased by 1,277 million yen, cost of sales decreased by 896 million yen and selling, general and administrative expenses decreased by 385 million yen, while operating profit, ordinary profit and profit before income taxes increased by 4 million yen. Additionally, the opening balance of retained earnings of the current fiscal year decreased by 34 million yen.

(2) Application of accounting standard for fair value measurement, etc.

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the current fiscal year, and it has decided to apply the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph (19) of the Accounting Standard for Fair Value Measurement, and paragraph (44)-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). The application of this accounting standard does not affect the non-consolidated financial statements.

3. Notes on accounting estimates

(1) Impairment of fixed assets

(i) Amounts reported in the non-consolidated financial statements for the current fiscal year

Impairment losses	79 million yen
Balance of property, plant and equipment	7,328 million yen
Balance of intangible assets	3,018 million yen

(ii) Other information that contributes to the understanding of users of the non-consolidated financial statements

i) Calculation method

The Company mainly groups its assets in terms of operating stores and other basic units.

The Group determines that there is an indication of impairment loss for existing stores when operating income (loss) becomes negative for two consecutive periods or when a decision is made to close a store, and for newly opened stores when operating income (loss) significantly deviates downward from the plan.

In measuring impairment losses, the future cash flows of each asset group are estimated, and if the sum of the undiscounted future cash flows is less than the carrying amount of the fixed assets, the carrying amount is reduced to the recoverable amount (net selling price or value in use) and an impairment loss is recognized.

ii) Key assumptions

The calculation of the value in use of operating stores is based on assumptions such as future cash flows of each asset group generally remaining at the same level of sales and operating margin based on past performance.

The estimates are based on the assumption that it will take a reasonable period of time for consumer demand to recover, since the impact of the coronavirus is expected to continue to include a slump in inbound demand and a decline in consumer confidence due to voluntary restraint in going out.

iii) Impact on non-consolidated financial statements for the next fiscal year

In addition to uncertainties based on the aforementioned assumptions, the occurrence of impairment losses may be affected by trends in consumer spending due to the economy, changes in consumer preferences, weather conditions, and other factors.

4. Notes to the balance sheet

(1) Accumulated depreciation of property, plant and equipment 9,550 million yen

(2) Contingent liabilities

Guarantee obligations

The Company has guaranteed purchase obligations of the following affiliates.

CANTERBURY OF NEW ZEALAND JAPAN INC.	308 million yen
BLACK & WHITE SPORTSWEAR CO., LTD.	470 million yen
Total	778 million yen

(3) Monetary receivables from and payables to subsidiaries and affiliates

Short-term monetary claims	3,226 million yen
Long-term monetary claims	980 million yen
Short-term monetary payables	917 million yen

5. Notes to statement of income

Transactions with affiliates

Transactions by operating transactions

Net sales	5,550 million yen
Purchase of goods	2,470 million yen
Selling, general and administrative expenses	3,215 million yen
Non-operating transactions	3,496 million yen

6. Notes to statement of changes in equity

Matters concerning the number of treasury shares

Type of shares	Number of shares at the beginning of the current fiscal year	Increase in number of shares during the current fiscal year	Decrease in number of shares during the current fiscal year	Number of shares at the end of the current fiscal year
Common shares	2,091,698 shares	244,339 shares	133,761 shares	2,202,276 shares

(Notes) 1. 1,578,300 shares at the beginning of the current fiscal year and 1,551,600 shares at the end of the current fiscal year are included in the number of treasury shares for the number of shares in the trust.

2. The increase of 244,339 shares in the number of common treasury shares represents an increase of 151,200 shares due to the purchase of treasury shares in accordance with Article 459, paragraph (1) of the Companies Act, an increase of 92,900 shares due to the purchase by the trust and an increase of 239 shares due to the purchase of odd-lot shares.

Furthermore, the decrease of 133,761 shares represents a decrease of 119,600 shares due to the sale by the trust and a decrease of 14,161 shares due to the grant as stock-based compensation.

7. Notes to tax effect accounting

(1) Breakdown of deferred tax assets and liabilities by major causes

Deferred tax assets	
Loss on valuation of inventories	139 million yen
Provision for bonuses	464 million yen
Allowance for doubtful accounts	21 million yen
Loss on valuation of shares of subsidiaries and associates	2,725 million yen
Loss on debt-equity swaps	514 million yen
Other	2,076 million yen
Deferred tax assets subtotal	5,942 million yen
Valuation allowance	(3,881 million yen)
Total deferred tax assets	2,061 million yen
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(178 million yen)
Other	(375 million yen)
Total deferred tax liabilities	(553 million yen)
Net deferred tax assets	1,507 million yen

(2) Breakdown of major causes of differences between the statutory effective tax rate and the effective tax rate after the application of tax effect accounting

Statutory effective tax rate	30.6%
(Adjustments)	
Dividend income and other items not permanently includable in income	(5.6)%
Per capita inhabitant tax, etc.	0.4%
Valuation allowance, etc.	1.2%
Other	1.9%
Effective tax rate after application of tax effect accounting	28.5%

8. Notes on revenue recognition

(1) Information that serves as the basis for understanding revenues

Information that serves as the basis for disaggregating revenues from contracts with customers is as stated in Notes to Basis of Presenting Consolidated Financial Statements under “4. Accounting policies, (4) Accounting standards for revenues and expenses.”

9. Notes on transactions with related parties

Subsidiaries and affiliates, etc.

Type	Name of company	Address	Capital or investment	Business or occupation	Ownership percentage of voting rights, etc. (%)	Relationship with related parties	Details of transactions	Transaction amount (million yen)	Account	Balance at end of period (million yen)
Subsidiary	GOLDWIN LOGITEM INC.	Oyabe City, Toyama	50 million yen	Logistics	Direct 100.0	Logistics management of products handled by the Company Concurrent officer	Logistics expenses *1	3,056	Accounts payable - other	658
Subsidiary	CANTERBURY OF NEW ZEALAND JAPAN INC.	Shinjuku-ku, Tokyo	98 million yen	Sales of sporting goods	Direct 100.0	Partial supply of the Company's products	Loan of funds Collection of loans Interest on loans *2 Debt guarantees *3	15,180 15,180 5 308	Short-term loans receivable	1,100
Subsidiary	BLACK & WHITE SPORTSWEAR CO., LTD.	Chiyoda-ku, Tokyo	45 million yen	Sporting goods-related business	Direct 100.0	Partial supply of the Company's products	Loan of funds Collection of funds Interest on loans *2 Debt guarantees *3	7,650 7,350 3 470	Long-term loans receivable	800
Affiliate	YOUNGONE OUTDOOR Corporation	Seoul City, South Korea	3,000 million won	Sporting goods-related business	Direct 40.7	Trademark royalties in South Korea Concurrent officer	Royalties *1	2,075	Accounts receivable - trade	519

(Notes) Terms and conditions of transactions and policy for determining terms and conditions of transactions, etc.
*1 Transaction terms and conditions are determined by mutual consultation between the two companies.
*2 Interest rates for loans are reasonably determined in consideration of market interest rates.
*3 The Company has guaranteed the purchase obligations.

Officers and major shareholders (individual shareholders only)

Type	Name of company, etc. or name	Location	Capital or investment	Business or occupation	Percentage of voting rights, etc. held (%)	Relationship with related parties	Details of transactions	Transaction amount (million yen)	Account	Balance at end of period (million yen)
Officers and close relatives	Akio Nishida	–	–	Chairman and Representative Director of the Company	(Owned) Direct 0.5	–	In-kind contribution of monetary compensation claims (Note)	11	–	–
Officers and close relatives	Takao Watanabe	–	–	President and Representative Director	(Owned) Direct 0.1	–	In-kind contribution of monetary compensation claims (Note)	11	–	–

(Note) Monetary compensation claims are contributed in kind based on the transfer-restricted stock compensation plan.

10. Notes to per share information

(1) Net assets per share 929.71 yen

(2) Net income per share 263.41 yen

(Note) Basis for calculation is as follows.

(1) Basis for calculation of net assets per share

Total net assets	42,065 million yen
Amount deducted from total net assets	– million yen
Net assets related to common shares at the end of the period	42,065 million yen
Number of common shares used in the calculation of net assets per share at the end of the period	45,245,896 shares

(2) Basis for calculation of net income per share

Profit	11,951 million yen
Amount not attributable to common shareholders	– million yen
Net income related to common shares	11,951 million yen
Average number of common shares during the period	45,370,540 shares

The Company's shares remaining in the trust, which are recorded as treasury shares in shareholders' equity, are included in the number of treasury shares deducted from the average number of shares during the period for the calculation of net income per share, and are also included in the number of treasury shares deducted from the total number of shares outstanding at the end of the period for the calculation of net assets per share.

The average number of such treasury shares during the period deducted in the calculation of net income per share is 2,077,632 shares for the current fiscal year, and the number of such treasury shares at the end of the period deducted in the calculation of net assets per share is 2,202,276 shares for the current fiscal year.

11. Notes on significant subsequent events

Purchase of treasury shares

The presentation of purchase of treasury shares is omitted as the same details are presented in "Notes to Consolidated Financial Statements (Notes on significant subsequent events) Purchase of treasury shares."

12. Notes on companies subject to consolidated dividend regulations

Not applicable.