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Securities Code 8111

June 12, 2023

Start date of measures for electronic provision: June 1, 2023

To Our Shareholders

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

Notice of the 72nd Annual General Meeting of Shareholders

Notice is hereby given that the 72nd Annual General Meeting of Shareholders of the Company will be held as follows. In convening this General Meeting of Shareholders, the Company has taken measures for providing information that constitutes the content of Reference Documents for the General Meeting of Shareholders, etc. (matters for which measures for providing information in electronic format are to be taken) in electronic format, and has posted the information on each of the following websites. Please access either of the websites to view the information.

The Company's website:

<https://corp.goldwin.co.jp/ir/meeting/> (in Japanese)

Website for posted informational materials for the General Meeting of Shareholders:

<https://d.sokai.jp/8111/teiji/> (in Japanese)

TSE website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

(Access the TSE website by using the Internet address shown above, enter "Goldwin" in "Issue name (company name)" or the Company's securities code "8111" in "Code," and click "Search." Then, click "Basic information" and select "Documents for public inspection/PR information." Under "Filed information available for public inspection," click "Click here for access" under "[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].")

We ask that shareholders attending the General Meeting of Shareholders take into consideration their own physical condition and take measures to prevent infection when attending the meeting.

In lieu of attending the meeting in person, you may exercise your voting rights in writing (via postal mail) or via the Internet, etc. Please review the Reference Document for the General Meeting of Shareholders and exercise your voting rights by 5:30 p.m. (JST) on Tuesday, June 27, 2023.

When exercising your voting rights via the Internet, etc., please refer to the "Information About Exercising Your Voting Rights" on page 3.

1. Date and time Wednesday, June 28, 2023 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 72nd fiscal year (from April 1, 2022 to March 31, 2023)
- (2) Report on the Non-consolidated Financial Statements for the 72nd fiscal year (from April 1, 2022 to March 31, 2023)

Matters to be resolved

Proposal 1	Election of Ten Directors
Proposal 2	Election of Two Auditors
Proposal 3	Revision of the Amount of Remuneration for Directors

4. Matters decided in connection with this convocation

(1) Among the matters subject to measures for electronic provision, in accordance with the provisions of laws and regulations and Article 15 of the Articles of Incorporation of the Company, the following matters are not provided in the paper-based documents delivered to shareholders who have made a request for delivery of such documents.

Accordingly, the documents that are delivered to shareholders who have made a request for delivery of paper-based documents are part of the documents included in the scope of audits by the Auditor and the Financial Auditor when they create their respective audit reports.

- 1) Notes to Consolidated Financial Statements
- 2) Notes to Non-consolidated Financial Statements

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

(3) When exercising your voting rights in writing (via postal mail), if no indication of approval or disapproval is made for the proposals on the voting form, it will be considered as an indication of approval.

(4) If you exercise your voting rights by proxy, one other shareholder with voting rights may attend the meeting as your representative. However, please note that he/she will be required to submit a document proving his/her right of representation.

- If you plan to attend the meeting, please submit the voting form to the receptionist at the meeting.
- If revisions to the matters subject to measures for electronic provision arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on the respective aforementioned websites.
- In accordance with the enforcement of the electronic provision system of materials for the General Meeting of Shareholders due to the revision of the Companies Act, informational materials for the General Meeting of Shareholders have, in principle, been made available to shareholders on the website, in a change from paper media.

As part of our SDGs initiatives, the Company is promoting electronic provision (view on website) as a way to conserve paper resources and reduce CO₂ emissions, and shareholders who have not requested the delivery of paper-based documents will receive only this Notice (the convocation notice with guidance to documents posted online).

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 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 voting form at the reception desk at the meeting venue.

Date and time of the Annual General Meeting of Shareholders:

Wednesday, June 28, 2023 at 10:00 a.m. (JST)

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

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

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

The Company must receive the completed voting form by Tuesday, June 27, 2023, 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., Tuesday, June 27, 2023.

How to Fill Out Your Voting Form

Please indicate whether you approve or disapprove of proposals.

Proposals 1 and 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. |

Proposal 3

- | | |
|--------------------------|---|
| To mark your approval | → Circle the box marked 賛 "Approve." |
| To mark your disapproval | → Circle the box marked 否 "Disapprove." |

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/> (in Japanese)

- 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 Election of Ten Directors

The terms of office of all ten Directors will expire at the conclusion of this meeting. In that regard, the Company proposes the election of ten Directors.

The candidates for Director are as follows.

Candidate No.	Name	Position and responsibility, etc. in the Company	
1	Akio Nishida	Chairman and Representative Director	<u>Reelection</u>
2	Takao Watanabe	President and Representative Director	<u>Reelection</u>
3	Yoshiteru Nishida	Director and Advisor	<u>Reelection</u>
4	Eiichiro Homma	Director and Executive Vice President	<u>Reelection</u>
5	Michio Shirasaki	Director and Senior Managing Officer, General Manager of Management Division	<u>Reelection</u>
6	Hikari Mori	Director and Senior Managing Officer, General Manager of Business Division	<u>Reelection</u>
7	Yuko Moriguchi	External Director	<u>Reelection</u> <u>External</u> <u>Independent</u>
8	Rie Akiyama	External Director	<u>Reelection</u> <u>External</u> <u>Independent</u>
9	Ichiro Yoshimoto	External Director	<u>Reelection</u> <u>External</u> <u>Independent</u>
10	Dai Tamesue	External Director	<u>Reelection</u> <u>External</u> <u>Independent</u>

Reelection Candidate for reelection 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	Governance and legal affairs	Research and development	Manufacturing technology	Sales	Marketing	Global experience	Society and environment	Sports literacy
1	Akio Nishida (Chairman and Representative Director)	○		○	○				○	○	○	○
2	Takao Watanabe (President and Representative Director)	○			○	○		○	○	○	○	○
3	Yoshiteru Nishida (Director and Advisor)	○	○				○			○		○
4	Eiichiro Homma (Director and Executive Vice President)	○	○		○			○	○	○		○
5	Michio Shirasaki (Director and Senior Managing Officer)	○	○	○	○					○		○
6	Hikari Mori (Director and Senior Managing Officer)	○				○		○	○	○	○	○
7	Yuko Moriguchi (External Director)			○		○				○	○	○
8	Rie Akiyama (External Director)				○					○		○
9	Ichiro Yoshimoto (External Director)	○		○				○		○		○
10	Dai Tamesue (External Director)	○		○		○				○	○	○

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	Joined the Company	152,223
		June 1989	Director	
		June 1992	Managing Director	
		June 1994	Senior Managing Director	
		May 1999	Managing Director	
		June 2000	President and Representative Director	
		Apr. 2020	Chairman and Representative Director (current position)	
Reasons for nomination as candidate for Director 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.				
2	Takao Watanabe (March 22, 1960) Reelection Attendance at Board of Directors meetings 17/17 (100%)	Apr. 1982	Joined the Company	43,767
		June 2005	Director and Corporate Officer, Manager of THE NORTH FACE Department	
		June 2006	Director, General Manager of Outdoor Style Division, Manager of THE NORTH FACE Department	
		June 2007	Director and Corporate Officer, General Manager of Outdoor Style Division, Manager of THE NORTH FACE Department	
		Apr. 2010	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	
		Apr. 2012	Director and Senior Managing Officer, General Manager of Business Administration Division, General Manager of Outdoor Style Division	
		Apr. 2015	Director and Senior Managing Officer, General Manager of Business Administration Division	
		Apr. 2017	Director and Executive Vice President, General Manager of Business Administration Division	
		Apr. 2018	Director and Executive Vice President, General Manager of Business Administration Division, General Manager of Business Division	
		Apr. 2020	President and Representative Director (current position)	
Reasons for nomination as candidate for Director 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.				

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="347 539 528 600">Yoshiteru Nishida (January 4, 1956)</p> <p data-bbox="384 636 491 665">Reelection</p> <p data-bbox="323 701 555 792">Attendance at Board of Directors meetings 17/17 (100%)</p>	<p data-bbox="612 264 715 286">Apr. 1978</p> <p data-bbox="612 297 715 320">Apr. 2003</p> <p data-bbox="612 365 715 387">June 2004</p> <p data-bbox="612 432 715 454">June 2010</p> <p data-bbox="612 499 715 521">Apr. 2012</p> <p data-bbox="612 566 715 589">Apr. 2013</p> <p data-bbox="612 701 715 723">Apr. 2017</p> <p data-bbox="612 790 715 813">Apr. 2020</p> <p data-bbox="612 880 715 902">Apr. 2022</p> <p data-bbox="612 1048 715 1070">Apr. 2023</p> <p data-bbox="772 264 1233 1070"> Joined the Company Manager of Procurement Management Department Corporate Officer, Manager of Procurement Management Department Director and Corporate Officer, Manager of Procurement Management Department Director and Managing Officer, responsible for procurement in General Planning Division Director and Managing Officer, responsible for affiliated companies in the Toyama area and responsible for suppliers in General Planning Division Director and Senior Managing Officer, responsible for affiliated companies in the Toyama area and responsible for suppliers Director and Senior Managing Officer, responsible for merchandise, procurement and affiliated companies in the Toyama area Director and Senior Managing Officer, responsible for merchandise, procurement and affiliated companies in the Toyama area and Toyama area representative of PLAY EARTH project Director and Advisor (current position) </p>	381,596
<p data-bbox="276 1077 754 1106">Reasons for nomination as candidate for Director</p> <p data-bbox="276 1111 1414 1263">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="352 618 523 678">Eiichiro Homma (March 19, 1960)</p> <p data-bbox="384 714 491 741">Reelection</p> <p data-bbox="323 779 552 869">Attendance at Board of Directors meetings 17/17 (100%)</p>	<p data-bbox="612 264 715 288">Apr. 1982</p> <p data-bbox="612 300 715 324">Apr. 2003</p> <p data-bbox="612 360 715 385">Apr. 2006</p> <p data-bbox="612 396 715 421">Apr. 2007</p> <p data-bbox="612 456 715 481">Apr. 2010</p> <p data-bbox="612 517 715 542">June 2012</p> <p data-bbox="612 622 715 647">Apr. 2014</p> <p data-bbox="612 779 715 804">Apr. 2017</p> <p data-bbox="612 884 715 909">Apr. 2020</p> <p data-bbox="612 1012 715 1037">Apr. 2021</p> <p data-bbox="612 1072 715 1097">Apr. 2023</p> <p data-bbox="612 1155 1145 1223">Significant concurrent positions outside the Company President and Representative Director of nanamica inc.</p>	33,804
<p data-bbox="276 1223 756 1249">Reasons for nomination as candidate for Director</p> <p data-bbox="276 1261 1393 1382">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	<p>Michio Shirasaki (May 14, 1961)</p> <p>Reelection</p> <p>Attendance at Board of Directors meetings 13/13 (100%)</p>	<p>June 2019 Corporate Officer, General Manager of Corporate Planning and Strategy Division, General Planning Administration Division, Manager of Corporate Strategy and Planning Office</p> <p>Apr. 2020 Corporate Officer, General Manager of Corporate Planning and Strategy Division, Manager of Corporate Planning and Strategy Office</p> <p>Apr. 2021 Managing Officer, General Manager of Corporate Planning and Strategy Division</p> <p>Apr. 2022 Managing Officer, General Manager of Management Division</p> <p>June 2022 Director and Managing Officer, General Manager of Management Division</p> <p>Apr. 2023 Director and Senior Managing Officer, General Manager of Management Division (current position)</p>	1,945
<p>Reasons for nomination as candidate for Director</p> <p>Michio Shirasaki has abundant experience and insight in the corporate planning and administrative divisions, and as a Director overseeing the administrative division, he has appropriately carried out important business operations and management decision-making and supervision.</p> <p>We request his continued 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	<p>Hikari Mori (June 14, 1963)</p> <p>Reelection</p> <p>Attendance at Board of Directors meetings 13/13 (100%)</p>	<p>Jan. 2015 Manager in charge of THE NORTH FACE Department</p> <p>Apr. 2015 Manager of THE NORTH FACE Department</p> <p>Apr. 2016 Corporate Officer, Manager of THE NORTH FACE Department</p> <p>Apr. 2017 Corporate Officer, Manager of THE NORTH FACE Department, Business Administration Division</p> <p>Apr. 2018 Corporate Officer, Deputy General Manager of Business Division, Business Administration Division, Manager of THE NORTH FACE Department</p> <p>Apr. 2019 Managing Officer, Deputy General Manager of Business Division</p> <p>Apr. 2020 Managing Officer, General Manager of Business Division I</p> <p>Apr. 2021 Managing Officer, General Manager of Business Division</p> <p>June 2022 Director and Managing Officer, General Manager of Business Division</p> <p>Apr. 2023 Director and Senior Managing Officer, General Manager of Business Division (current position)</p>	6,345
<p>Reasons for nomination as candidate for Director</p> <p>Hikari Mori has abundant experience and insight in the business and marketing divisions, and as a Director overseeing the business division, he has appropriately carried out important business operations and management decision-making and supervision.</p> <p>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
7	Yuko Moriguchi (Apr. 13, 1955)	Dec. 1975 Joined Japan Ladies Professional Golfers' Association Mar. 2012 Member of GIFU Prefectural Board of Education June 2015 External Director of the Company (current position) June. 2020 External Director of The Ogaki Kyoritsu Bank, Ltd. (current position)	-
	Reelection External Independent	Significant concurrent positions outside the Company External Director of The Ogaki Kyoritsu Bank, Ltd.	
	Years in office 8 years Attendance at Board of Directors meetings 16/17 (94%)		
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) Apr. 1999 Member of Baba Law Office (now Baba & Sawada) June 2019 External Director of the Company (current position)	-
	Reelection External Independent		
	Years in office 4 years 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 External Independent	Dec. 1998	Representative Director and COO of Starbucks Coffee Japan, Ltd.	
	Years in office 2 years	May 2005	Senior Executive Officer and CAO of McDonald's Company (Japan), Ltd.	
	Attendance at Board of Directors meetings 17/17 (100%)	Oct. 2014	Representative Director, President, and Executive Officer of CMIC Co., Ltd.	
		Aug. 2018	Representative Director of University of Tokyo Warriors Club	
		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, and he has appropriately made decisions and supervised management based on his extensive experience and professional perspective as the Company aims to strengthen its overseas business. We believe that he will continue to provide appropriate supervision and advice to the Board of Directors, 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)	-
	Reelection External Independent	Oct. 2015	Outside director of COLOPL, Inc. (current position)	
	Years in office 1 year	July 2018	Representative Director of Deportare Partners Co., Ltd. (current position)	
	Attendance at Board of Directors meetings 13/13 (100%)	June 2022	External Director of the Company (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 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, and he has appropriately made decisions and supervised management based on his extensive experience and professional perspective. We believe that he will continue to provide appropriate supervision and advice to the Board of Directors, 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.				

- (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, Ichiro Yoshimoto, and Dai Tamesue 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 four candidates are reelected, they will continue to hold such agreements.

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 2 Election of Two Auditors

The terms of office of Auditors Masaaki Kondo and Tsutomu Morita will expire at the conclusion of this meeting. Therefore, the Company proposes the election of two Auditors.

The candidates for Auditor are as follows.

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

Candidate No.	Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	Osamu Sato (March 6, 1964) New election	Apr. 1987 Joined the Company Apr. 2006 Sales, Sales Department of Active Division (Tokyo) Apr. 2011 Corporate Planning Group, Corporate Strategy and Planning Office, General Planning Division Apr. 2015 Manager of Corporate Planning Group, Corporate Strategy and Planning Office, General Planning Division Apr. 2019 Deputy Manager of Corporate Strategy and Planning Office, Corporate Planning and Strategy Division, General Planning Administration Division Apr. 2022 General Manager of Accounting Department, Management Division Apr. 2023 Auditor (current position)	5,600
	Reasons for nomination as candidate for Auditor Osamu Sato has held key positions in the Company's sales, corporate planning, and administrative divisions since he joined the Company, and is familiar with a wide range of business operations. We expect that he will be able to perform audits based on his broad insight, making use of his knowledge and experience, and therefore we request his election as an Auditor.		
2	Tsutomu Morita (September 8, 1954) Reelection External Independent Years in office 4 years	Apr. 1977 Joined The Hokuriku Bank, Ltd. June 2010 Executive Officer and General Manager of Loan Department No. 1 Jan. 2012 Managing Director June 2013 Director of Hokuhoku Financial Group, Inc. June 2013 Director and Managing Director of The Hokuriku Bank, Ltd. June 2016 President and Representative Director of Hokuhoku Services Co., Ltd. June 2019 External Auditor of the Company (current position)	—
	Reasons for nomination as candidate for external Auditor Tsutomu Morita has many years of experience at financial institutions and a wealth of knowledge on finance, etc., and we believe that he will be able to enhance the Company's auditing services, and therefore we request his election as an external 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.		

- (Notes)
1. There is no special interest between each candidate and the Company.
 2. Tsutomu Morita is a candidate for external Auditor.
 3. The Company has entered into an agreement with Tsutomu Morita 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. If Osamu Sato is elected, the Company plans to enter into a similar 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 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 an Auditor, 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

Revision of the Amount of Remuneration for Directors

The amount of remuneration for Directors of the Company was approved at the 65th Annual General Meeting of Shareholders held on June 23, 2016 as an annual amount not exceeding 400 million yen (of which up to 50 million yen for external Directors, not including the portion of employee salaries of Directors concurrently serving as employees), and has been in effect to this day.

However, after careful consideration of various circumstances, including changes in the management environment, the increased responsibilities of Directors due to the strengthening of the governance system, and changes in the economic situation, and in order to set compensation at effective levels to secure diverse and talented human resources, we propose to revise the amount of remuneration for Directors to an annual amount not exceeding 600 million yen (of which up to 50 million yen for external Directors), taking into consideration the financial situation of our Company and the external environment. Also, we would like the amount of remuneration for Directors not to include employee salaries of Directors concurrently serving as employees, as in the past.

We consider this proposal, which aims to revise the framework for monetary remuneration to be granted to Directors, to be appropriate, as well as necessary and reasonable as a framework for remuneration, in light of the calculation standards for individual monetary remuneration set forth in the relevant policy, the proportion it takes up in the total remuneration to Directors, and the number of Directors eligible for its granting, etc. In order to ensure the appropriateness of remuneration for Directors and the independence, objectivity, and transparency of the decision-making process, this proposal has been deliberated by the Nomination/Compensation Committee, the majority of whose members are external Directors, and confirmed to be fair and reasonable.

Currently, there are ten Directors (including four external Directors), and even if Proposal 1, "Election of Ten Directors," is approved and passed as originally proposed, there will be no change in the number of Directors.

Business Report

(From April 1, 2022 to March 31, 2023)

1. Current status of the corporate group

(1) Business during the fiscal year under review

1) Business progress and results

During the fiscal year under review (from April 1, 2022 to March 31, 2023), the Japanese economy began to show signs of recovery, and made steady progress toward a post-COVID-19 society as restrictions on activities and entry into Japan due to COVID-19 were eased, although uncertainties still remain, such as soaring prices of raw materials and inflation due to exchange rate fluctuations.

In this environment, the Group achieved an early recovery from COVID-19 and surpassed its pre-COVID-19 net sales target of 100,000 million yen in consolidated sales, reaching a record high of 115,052 million yen (up 17.1% from the previous year).

By business category, net sales in the performance category significantly exceeded the initial forecast, up 14.2% from the previous year. This is mainly due to the resumption of sporting events across the country following the easing of restrictions on activities, which encouraged purchases of highly functional products. Net sales in the lifestyle category were up 18.0% from the previous year, due to increased confidence in our brands, represented by THE NORTH FACE. In particular, sales of products for kids and ladies increased. This achievement was made possible through initiatives aimed at building a relationship of trust with customers such as GREEN BATON, in which children's clothes are reused to develop new products. In the fashion category, net sales attributed to inbound tourists showed a sharp recovery following the easing of entry into Japan starting from October amid growing attention paid to fashionably designed lines such as Goldwin 0, and grew significantly, up 23.6% from the previous year. As for trends in net sales attributed to inbound tourists by area, East Asian regions such as China and South Korea used to account for the bulk of sales before the COVID-19 pandemic, but now the customer base has expanded to Southeast Asia, Europe, and the United States, contributing to higher sales.

By product, apparel products in particular among outdoor-related products have been performing well since before the COVID-19 pandemic, and this momentum is accelerating. Meanwhile, sales of gear such as backpacks and shoes, for which demand was sluggish during COVID-19, showed a strong recovery, up by 10% or more from pre-COVID-19 levels as restrictions on activities were eased. Athletic-related products also showed signs of recovery across a wide range of brands, as clubs and other sports activities resumed. In addition, sales of snow sports-related products also remained strong due to a season blessed with snowfall.

With regard to trends by sales channel, initiatives providing new value to customers by integrating online and offline sales channels were pursued. The e-commerce site dedicated to mountain climbing and camping, launched as a new initiative, has been recognized for its effectiveness in enhancing brand power, not only with directly managed stores but also with a wide range of sales channels including wholesalers, resulting in higher sales across all sales channels.

Operating profit was 21,904 million yen (up 32.7% from the previous year). Although SG&A expenses were scheduled to rise by 1.4 billion yen from the previous year due to the establishment of a new distribution center in Kanto and updates to the core system, capital investment in the distribution center was changed to a lease agreement, with the timing of the core system update postponed to April 2024, thereby resulting in an increase of only 0.7 billion yen for the fiscal year under review in infrastructure and growth investment expenses from the previous year.

Ordinary profit was 28,083 million yen (up 38.4% from the previous year), following the strong performance of YOUNGONE OUTDOOR Corporation, an equity-method affiliate.

Also, profit attributable to owners of parent was 20,977 million yen (up 46.2% from the previous year), thanks to the above efforts.

As a result of the above, we were able to achieve new record highs for all categories of operating profit, ordinary profit, and profit attributable to owners of parent.

- 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
CANTERBURY OF NEW ZEALAND JAPAN INC. was merged into the Company on April 1, 2022.
- 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	69th fiscal year (Fiscal year ended March 31, 2020)	70th fiscal year (Fiscal year ended March 31, 2021)	71st fiscal year (Fiscal year ended March 31, 2022)	72nd fiscal year (fiscal year under review) (Fiscal year ended March 31, 2023)
Net sales	97,899	90,479	98,235	115,052
Ordinary profit	16,375	15,984	20,285	28,083
Profit attributable to owners of parent	10,770	10,734	14,350	20,977
Earnings per share	237.89 yen	236.64 yen	316.30 yen	465.69 yen
Total assets	82,285	91,376	99,085	118,517
Net assets	46,852	52,916	63,411	80,056

- (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, 2020.
 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 71st fiscal year, and the figures for each fiscal year from the 71st fiscal year onward are figures after applying the accounting standard and relevant ASBJ regulations.

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

(million yen)

Classification	69th fiscal year (Fiscal year ended March 31, 2020)	70th fiscal year (Fiscal year ended March 31, 2021)	71st fiscal year (Fiscal year ended March 31, 2022)	72nd fiscal year (fiscal year under review) (Fiscal year ended March 31, 2023)
Net sales	82,988	79,583	85,838	104,639
Ordinary profit	15,663	14,589	17,484	24,707
Profit	7,370	10,259	11,951	18,454
Earnings per share	162.80 yen	226.17 yen	263.41 yen	409.68 yen
Total assets	61,120	70,388	74,543	90,579
Net assets	29,446	34,896	42,065	54,788

- (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, 2020.
 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 71st fiscal year, and the figures for each fiscal year from the 71st fiscal year onward are figures 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
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.

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 lifestyle 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 the integration of the purchasing experience (offline and online) at directly managed stores and on the e-commerce site to capture changing 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) Creating and establishing new businesses:

In order to realize our corporate philosophy, we will pursue businesses related to "encounters" and "occasions" that provide rich experiences.

6) 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
- Continuance of high-ROE management
Build solid internal reserves while achieving a balance with investment in growth areas

(5) Principal business (as of March 31, 2023)

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, 2023)

1) The Company

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

2) Subsidiaries

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

(7) Employees (as of March 31, 2023)

1) Employees of the corporate group

Business category	Number of employees	Change from the end of the previous fiscal year
Sporting goods-related business	2,977	20 decrease

2) Employees of the Company

Number of employees	Change from the end of the previous fiscal year	Average age	Average years of service
2,555	104 increase	39.8 years old	11.9 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, 2023)

Lender	Loan amount
The Hokuriku Bank, Ltd.	970
Mizuho Bank, Ltd.	525
The Hokkoku Bank, Ltd.	514

(million yen)

(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, 2023)

- 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 7,401
- 4) Major shareholders (top ten)

Name of shareholder	Number of shares held (thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,879	10.49
MITSUI & CO., LTD.	4,367	9.39
Korea Securities Depository Samsung	3,377	7.26
Korea Securities Depository Shinhan Investment	2,109	4.53
The Hokuriku Bank, Ltd.	1,980	4.26
The Hokkoku Bank, Ltd.	1,735	3.73
Nishida Machinery Co., Ltd.	1,724	3.71
GOLDWIN Nishida Tosaku Sports Promotion Memorial Foundation	1,692	3.64
Custody Bank of Japan, Ltd. (Trust Account E)	1,472	3.17
Custody Bank of Japan, Ltd. (Trust Account)	1,459	3.14

(Note) Shareholding ratio is calculated excluding treasury shares (933,407 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 under review 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)	6,402 shares	6

(Note) More details regarding the Company's share-based remuneration are provided in "2. (3) 4) Remuneration, etc. for Directors and Auditors for the fiscal year under review."

(2) Status of share acquisition rights, etc. (as of March 31, 2023)

Not applicable.

(3) Corporate officers

1) Directors and Auditors (as of March 31, 2023)

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) Toyama area representative of PLAY EARTH project 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	Michio Shirasaki	Managing Officer, General Manager of Management Division
Director	Hikari Mori	Managing Officer, General Manager of Business Division
Director	Yuko Moriguchi	External Director of The Ogaki Kyoritsu Bank, Ltd.
Directors	Rie Akiyama	
Director	Ichiro Yoshimoto	
Director	Dai Tamesue	
Full-time Auditor	Masaaki Kondo	
Auditor	Akiyuki Shiobara	
Auditor	Hidenao Yoichi	
Auditor	Tsutomu Morita	

- (Notes)
- Four Directors, Yuko Moriguchi, Rie Akiyama, Ichiro Yoshimoto, and Dai Tamesue 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 Yuko Moriguchi, Rie Akiyama, Ichiro Yoshimoto, and Dai Tamesue, 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, 2023, the Company changed the responsibilities, etc., of Directors as follows.

Name	Responsibilities and significant concurrent positions outside the Company
Yoshiteru Nishida	Advisor President and Representative Director of GOLDWIN LOGITEM INC.
Eiichiro Homma	Executive Vice President President and Representative Director of nanamica inc.
Michio Shirasaki	Senior Managing Officer and General Manager of Management Division
Hikari Mori	Senior Managing Officer, General Manager of Business Division

2) 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.

3) 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.

4) 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 not exceeding 400 million yen per year (of which up to 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 not exceeding 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 ten (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)	372 (42)	267 (42)	54	51	11 (5)
Auditors (Of which, external Auditors)	42 (24)	42 (24)	–	–	4 (3)
Total (Of which, external officers)	414 (66)	309 (66)	54	51	15 (8)

- (Notes)
1. The total amount of remuneration, etc. of Directors (excluding external Directors), basic remuneration, and number of eligible officers include one Director who retired at the conclusion of the 71st Annual General Meeting of Shareholders held on June 23, 2022.
 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 115,052 million yen, operating income of 21,904 million yen, and ordinary income of 28,083 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 under review to corporate officers as consideration for their execution of duties."

5) Matters related to external officers

- i) Significant concurrent positions at other companies and relationship between the Company and such companies

Director Yuko Moriguchi is an external Director of The Ogaki Kyoritsu Bank, Ltd. There is no special relationship between the Company and The Ogaki Kyoritsu Bank, Ltd.

- ii) Status of main activities during the fiscal year under review and summary of duties performed in relation to expected roles

Director Yuko Moriguchi	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 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 Chairman of the Governance Committee. 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 Ichiro Yoshimoto	Attended 17 of the 17 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 Chairperson 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 Dai Tamesue	Since taking office on June 23, 2022, attended 13 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 an athlete. 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 16 of the 17 meetings of the Board of Directors and 17 of the 18 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 18 of the 18 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 18 out of 18 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	49
• Total amount of money and other financial benefits payable by the Company and its subsidiaries to the financial auditor	52

(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
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 regarding the amount of remuneration, etc. of the financial auditor.

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 2022, 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 under the leadership of the newly established Compliance Department, conducts annual compliance training for all employees to ensure that they are fully aware of the Code. The training was completed 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 Compliance Department, 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 Emergency Action Procedures that define 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) We have a mission to contribute to the stability of society and local communities and fulfill our social responsibility and role through business continuity, while placing the highest priority on ensuring the safety of employees and their families. In order 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 and operated a Business Continuity Plan (BCP) and are implementing continuous updates.
- 3) 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.

(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 and interviews with business and administrative divisions, offices and self-managed stores, as well as with affiliated companies. Based on the findings and impressions obtained through such audit activities, they exchange opinions with the Directors of the Company and of its 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 the Manager of the Compliance Department reports to the Company's Auditors 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 24, 2023, 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, 2023, 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 current fiscal year, sporting events resumed throughout the country as restrictions on activities associated with COVID-19 eased, and demand for the highly functional products in the performance category rose. In addition, as initiatives such as GREEN BATON, in which children’s clothes are reused to make new products, contributed to building a relationship of trust with customers, products in the lifestyle category continued to perform well, with particularly strong growth in products for kids and ladies. Also, net sales attributed to inbound tourists showed a sharp recovery following the easing of entry into Japan starting from October, and growing attention paid to fashionably designed lines such as Goldwin 0 made it possible to achieve significant growth.

With regard to trends by sales channel, the launching of an e-commerce site dedicated to mountain climbing and camping as a new initiative demonstrated its effectiveness in enhancing brand power, not only with directly managed stores but also with a wide range of sales channels including wholesalers, resulting in higher sales across all sales channels.

As a result of these efforts, net sales for the fiscal year under review, which corresponds to the second year of the current Medium-Term Management Plan (fiscal year ended March 31, 2022 - fiscal year ending March 31, 2026) reached 115 billion yen, a record high.

In order to achieve both business 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 ten 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> (in Japanese)

(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, 2023, to 85 yen per share, an increase of 20 yen from the initial forecast of 65 yen per share.

As a result, the annual dividend per share, including the second quarter dividend of 25 yen per share, will be 110 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	25.00	85.00	110.00
Previous year (fiscal year ended March 31, 2022)	20.00	65.00	85.00

Consolidated Financial Statements

Consolidated Balance Sheet (as of March 31, 2023)

(Unit: million yen)

Account	Amount	Account	Amount
Assets		Liabilities	
Current assets	69,184	Current liabilities	34,082
Cash and deposits	35,654	Notes and accounts payable - trade	5,116
Notes receivable - trade	524	Electronically recorded obligations - operating	15,717
Accounts receivable - trade	11,474	Current portion of long-term borrowings	940
Electronically recorded monetary claims - operating	4,302	Lease liabilities	494
Merchandise and finished goods	13,550	Accounts payable - other	2,382
Work in process	352	Income taxes payable	3,544
Raw materials and supplies	725	Accrued consumption taxes	1,697
Other current assets	2,610	Accrued expenses	1,473
Allowance for doubtful accounts	(11)	Contract liabilities	727
Non-current assets	49,332	Provision for bonuses	889
Property, plant and equipment	8,844	Other current liabilities	1,098
Buildings and structures	2,160	Non-current liabilities	4,378
Land	4,691	Long-term borrowings	1,645
Leased assets	1,281	Lease liabilities	922
Other property, plant and equipment	710	Retirement benefit liability	229
Intangible assets	3,290	Provision for share awards	1,074
Trademark right	1,205	Other non-current liabilities	507
Software	877	Total liabilities	38,461
Software in progress	1,135	Net assets	
Other intangible assets	72	Shareholders' equity	78,379
Investments and other assets	37,197	Share capital	7,079
Investment securities	28,895	Capital surplus	297
Long-term loans receivable	45	Retained earnings	78,129
Retirement benefit asset	1,470	Treasury shares	(7,127)
Guarantee deposits	2,849	Accumulated other comprehensive income	1,534
Distressed receivables	19	Valuation difference on available-for-sale securities	728
Deferred tax assets	1,342	Deferred gains or losses on hedges	55
Other investments and other assets	2,712	Foreign currency translation adjustment	1,855
Allowance for doubtful accounts	(137)	Remeasurements of defined benefit plans	(1,105)
		Non-controlling interests	141
		Total net assets	80,056
Total assets	118,517	Total liabilities and net assets	118,517

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

Consolidated Statement of Income (from April 1, 2022 to March 31, 2023)

(Unit: million yen)

Account	Amount	
Net sales		115,052
Cost of sales		55,016
Gross profit		60,035
Selling, general and administrative expenses		38,130
Operating profit		21,904
Non-operating income		
Interest income	28	
Dividend income	68	
Share of profit of entities accounted for using equity method	5,891	
Other non-operating income	340	6,328
Non-operating expenses		
Interest expenses	42	
Loss on sale of notes receivable - trade	4	
Other non-operating expenses	103	150
Ordinary profit		28,083
Extraordinary income		
Gain on sale of securities	18	
Gain on liquidation of subsidiaries	80	
Other extraordinary income	45	144
Extraordinary losses		
Loss on disposal of non-current assets	95	
Impairment losses	21	
Loss on store closings	38	
Loss on valuation of investment securities	94	
Extra retirement payments	21	
Other extraordinary losses	63	334
Profit before income taxes		27,892
Income taxes - current	6,528	
Income taxes - deferred	332	6,861
Profit		21,030
Profit attributable to non-controlling interests		52
Profit attributable to owners of parent		20,977

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

Consolidated Statement of Changes in Equity (from April 1, 2022 to March 31, 2023)

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance as of April 1, 2022	7,079	276	61,356	(5,377)	63,335
Changes during the fiscal year					
Dividends of surplus			(4,204)		(4,204)
Profit attributable to owners of parent			20,977		20,977
Purchase of treasury shares				(2,027)	(2,027)
Disposal of treasury shares		21		277	298
Net changes in items other than shareholders' equity during the fiscal year					
Total changes during the fiscal year	–	21	16,773	(1,749)	15,044
Ending balance as of March 31, 2023	7,079	297	78,129	(7,127)	78,379

	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, 2022	480	98	196	(830)	(56)	132	63,411
Changes during the fiscal year							
Dividends of surplus							(4,204)
Profit attributable to owners of parent							20,977
Purchase of treasury shares							(2,027)
Disposal of treasury shares							298
Net changes in items other than shareholders' equity during the fiscal year	248	(42)	1,659	(274)	1,590	9	1,600
Total changes during the fiscal year	248	(42)	1,659	(274)	1,590	9	16,644
Ending balance as of March 31, 2023	728	55	1,855	(1,105)	1,534	141	80,056

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

Non-consolidated Financial Statements

Balance Sheet (as of March 31, 2023)

(Unit: million yen)

Account	Amount	Account	Amount
Assets		Liabilities	
Current assets	60,545	Current liabilities	31,916
Cash and deposits	28,100	Notes payable - trade	232
Notes receivable - trade	524	Electronically recorded obligations - operating	15,311
Electronically recorded monetary claims - operating	4,256	Accounts payable - trade	3,979
Accounts receivable - trade	10,752	Current portion of long-term borrowings	940
Merchandise and finished goods	12,294	Lease liabilities	456
Work in process	348	Accounts payable - other	2,862
Raw materials and supplies	725	Income taxes payable	3,074
Accounts receivable - other	2,399	Accrued expenses	1,251
Prepaid expenses	587	Provision for bonuses	820
Other current assets	556	Other current liabilities	2,989
Allowance for doubtful accounts	(1)		
Non-current assets	30,033	Non-current liabilities	3,874
Property, plant and equipment	7,533	Long-term borrowings	1,645
Buildings	1,689	Lease liabilities	824
Structures	56	Long-term accounts payable - other	71
Land	4,337	Provision for share awards	1,074
Leased assets	997	Other non-current liabilities	258
Other property, plant and equipment	451		
Intangible assets	3,193	Total liabilities	35,791
Trademark right	1,205	Net assets	
Software	795	Shareholders' equity	54,069
Software in progress	1,135	Share capital	7,079
Other intangible assets	57	Capital surplus	292
Investments and other assets	19,306	Legal capital surplus	258
Investment securities	5,587	Other capital surplus	33
Shares of subsidiaries and associates	1,513	Retained earnings	53,825
Investments in capital	11	Legal retained earnings	1,763
Investments in capital of subsidiaries and associates	2,361	Other retained earnings	52,062
Long-term loans receivable	1,015	Retained earnings brought forward	52,062
Distressed receivables	18	Treasury shares	(7,127)
Guarantee deposits	2,481	Valuation and translation adjustments	718
Prepaid pension costs	2,953	Valuation difference on available-for-sale securities	719
Deferred tax assets	1,381	Deferred gains or losses on hedges	(1)
Other investments and other assets	2,309		
Allowance for doubtful accounts	(327)		
		Total net assets	54,788
Total assets	90,579	Total liabilities and net assets	90,579

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

Statement of Income (from April 1, 2022 to March 31, 2023)

(Unit: million yen)

Account	Amount	
Net sales		104,639
Cost of sales		48,264
Gross profit		56,374
Selling, general and administrative expenses		36,926
Operating profit		19,448
Non-operating income		
Interest and dividend income	4,984	
Rental income	90	
Sales commissions received	184	
Other non-operating income	298	5,556
Non-operating expenses		
Interest expenses	36	
Loss on investments in investment partnerships	152	
Depreciation of assets for rent	27	
Other non-operating expenses	80	297
Ordinary profit		24,707
Extraordinary income		
Gain on sale of investment securities	18	
Other extraordinary income	45	63
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	288	
Loss on disposal of non-current assets	63	
Impairment losses	21	
Other extraordinary losses	84	457
Profit before income taxes		24,314
Income taxes - current	5,698	
Income taxes - deferred	160	5,859
Profit		18,454

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

Statement of Changes in Equity (from April 1, 2022 to March 31, 2023)

(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, 2022	7,079	258	12	270	1,342	38,232	39,575	(5,377)	41,548
Changes during the fiscal year									
Dividends of surplus					420	(4,625)	(4,204)		(4,204)
Profit						18,454	18,454		18,454
Purchase of treasury shares								(2,027)	(2,027)
Disposal of treasury shares			21	21				277	298
Net changes in items other than shareholders' equity during the fiscal year									
Total changes during the fiscal year	–	–	21	21	420	13,829	14,250	(1,749)	12,521
Ending balance as of March 31, 2023	7,079	258	33	292	1,763	52,062	53,825	(7,127)	54,069

	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, 2022	482	34	517	42,065
Changes during the fiscal year				
Dividends of surplus				(4,204)
Profit				18,454
Purchase of treasury shares				(2,027)
Disposal of treasury shares				298
Net changes in items other than shareholders' equity during the fiscal year	237	(36)	201	201
Total changes during the fiscal year	237	(36)	201	12,722
Ending balance as of March 31, 2023	719	(1)	718	54,788

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

Accounting Audit Report on the Consolidated Financial Statements

Independent Auditor's Report (Translation)

May 25, 2023

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, 2022 to March 31, 2023.

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, 2023, 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 25, 2023

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 72nd fiscal year from April 1, 2022 to March 31, 2023.

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, 2023, 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 72nd fiscal year from April 1, 2022 to March 31, 2023, 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. With respect to internal control over financial reporting, we have received reports from Directors, etc. and Ernst & Young ShinNihon LLC that it was effective as of the date of this Audit Report.
- 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 25, 2023

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