



GOLDWIN Integrated Report 2021

## Editorial Policy

This report is produced for the purposes of gaining public trust and encouraging dialogue with shareholders, investors and GOLDWIN's many other stakeholders. The content is designed to build understanding for the GOLDWIN Group's thinking and activities, and covers key matters in view of their importance to short-, mid- and long-term value creation and their degree of impact on stakeholders. Listed monetary amounts have been rounded off after the principal unit.

### **Reporting scope**

The report scope is the activities of GOLDWIN Group, primarily comprising GOLDWIN Inc., and 13 consolidated subsidiaries and three affiliated companies (as of March 31, 2021); however, some content covers GOLDWIN Inc. on a non-consolidated basis. Revisions to the reporting scope were made in FY 2019, including changes to reporting segment classifications. Whereas business outside Japan had previously been reported in the "Other" segment, this business is now included in the relevant business segments.

### **Reporting period**

Fiscal year ending March 2021 (April 1, 2020–March 31, 2021)

Note: Includes some information outside of the above period

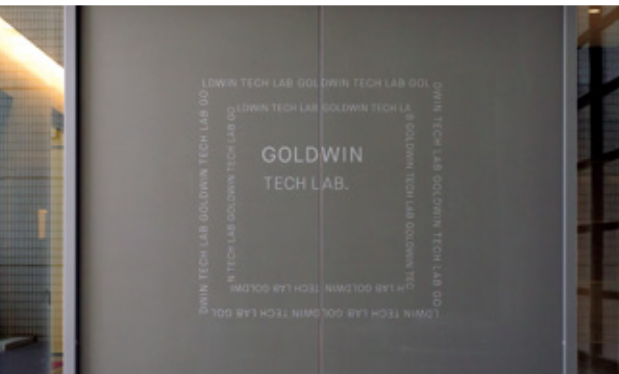
### **Referenced guidelines**

International Integrated Reporting Framework, International Integrated Reporting Council (IIRC)

Guidance for Integrated Corporate Disclosure and Company–Investor Dialogues for Collaborative Value Creation, Ministry of Economy, Trade and Industry of Japan

### **Precautions regarding forward-looking statements**

This report contains statements on GOLDWIN Group's projections, targets, plans, strategies and other matters related to the future. These statements are based on determinations made from available information at the time this report was published. Be aware that actual performance and other metrics may differ from these forward-looking statements due to a variety of factors.



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Chapter

# 1

## Message from Management

GOLDWIN's Approach

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Founding Spirit

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Path of History and Growth



## Message from the Chairman

# Our mission is to support the well-being of everyone through sports.

### Standing at our birthplace — I feel my unwavering commitment to our legacy

GOLDWIN was founded 70 years ago. As I look up and see the giant Japanese zelkova tree that has stood here for as long as I can remember, I am reminded of how much we have grown.

I was born here. As a boy, I remember how my father started our small family-run knitting factory and how it grew to become the large sportswear manufacturer that it is today. Among the first sports items we made were wool hiking socks. For the Tokyo Olympics in 1964, we made uniforms for Olympic athletes and rapidly grew into a sportswear manufacturer and distributor. We were a small latecomer chasing large, established sports apparel companies, and we had to find a way to compete with these big companies by delivering better products to our customers. The best way to go about this was to learn about product development and manufacturing technology from world-class brands. We therefore concluded licensing agreements with overseas brands like Fusalp, Champion, ellese and The North Face. They were all outstanding sportswear brands unavailable in Japan at the time. Consequently, our product development and manufacturing technology improved, as did our competitiveness as a sports apparel manufacturer.

We started this multi-brand wholesale distribution business in Japan in the 1970s and enjoyed success as famous global brands turned out hit products and sales grew at sports retailers. As a manufacturer we focused on safeguarding quality and meeting delivery schedules, and supplied products based on retailer requests hoping to sell more and more. Before we knew it, this strategy produced a mountain of inventory at retail stores and warehouses.

The problem came to a head in 1984, when unsold inventory was returned to us. We had to incinerate the products and recorded a major loss, precipitating our first management crisis. We immediately set forth our New Founding Declaration to overcome this crisis with the intention of freeing ourselves from the manufacturer structure. Our production strategy was adjusted to reduce excess supply, allowing us to recover our business performance relatively quickly and return to a growth track.

### Business model change — From wholesale to SPA

Japan's bubble economy burst in the early 1990s but the sports market was still expected to grow. However, that turned out to be what they call wishful thinking. In truth, the supply–demand balance was deteriorating.

The 1990s were a time when sporting goods retailers opened stores nationwide, which expanded our sales floor area at the same time. However, even this did not mean that there was higher demand. Throughout this time we kept our product-out business model and ended up having to sort through returns at our warehouse at the end of the day. We made our products with passion and had more floor area in stores, but products would still get returned to us if they were not sold. Looking at the mountain of returns, we all knew there was something wrong. At the time, our return rate was more than 20%, and we felt an urgent need to revamp our sales system. We had sworn ourselves to the New Founding Declaration—to free ourselves from the manufacturing business structure—but again, we were faced with excessive inventory and more returns. The truth was that we had no idea what customers really wanted.

“I want what I want, and I don't want anything I don't want.” That was the painful lesson. So we launched a pilot project to open Weather Station, our first directly managed store, which operated as a specialty store retailer of private label apparel (SPA), to explain our products face-to-face to customers and listen to their feedback. The small store with a nice outdoorsy atmosphere featured the next season's sportswear apparel including down apparel, and by closely keeping track of the sales we gradually built up the ability to judge products from the customer's viewpoint.

Our tagline is SPORTS FIRST. Like our customers, we needed to enjoy sports ourselves and understand what functions and technology were necessary in every field of sports. It was only then that we could offer products to our customers. We also understood that customers were specific about what they wanted and professional advice from our shop staff was vital.

I remember a particular day at a training program for our sales staff. The shop staff were doing a role-playing exercise, and the sales reps of the wholesale team joined

## Message from the Chairman

them. A sales rep attempted to sell something by describing the product features in detail, but the sales talk was one-sided and made no progress in the allotted time. The shop staff on the other hand managed to keep the conversation going by casually asking where the customer was going and what the customer wanted to do. The sales staff managed to sell the product within the time limit. This exercise provided a good opportunity for both sides to understand and share the work expertise expected of each other and recognize the importance of working as one team.

Sales reps need to be good at describing product features in detail, and sales staff need to accurately understand customers' needs and offer what they are looking for. The factory focuses on production lots in units of thousands, the wholesale reps concentrate on selling products in the hundreds, and the shop staff must focus on selling one product at a time. Each of these roles require different types of knowledge and skills, and when all of these specialized abilities work together in a coordinated fashion, we have a smooth-running business. We start with manufacturing, stock the right products in stores and have customers choose them. Only when we get positive feedback can we create the next new product. This is our integrated value chain and the reason why we incorporated the SPA business model.

The full cycle of this business model is completed when the customer pays to buy a product. Back in these days, wholesale distributors did not look favorably on manufacturers that had their own sales functions, but we could not depend solely on wholesale distributors anymore. We needed our own sales floor to communicate our brand value and identify what customers truly wanted. The shops gave us valuable information, and it was immediately fed back into product development. Furthermore, the new information was shared with our business partners and enabled us to nicely balance our SPA and wholesale distribution businesses.

### **GOLDWIN governance — Strong, Fast, Transparent Management**

I succeeded my father 21 years ago in the year 2000. When I assumed the post of president, I set our three management principles as Strong, Fast and Transparent. At the time, advocacy around the need for corporate governance was just beginning, and GOLDWIN was experiencing its second management crisis. We were facing the need for business restructuring on multiple fronts, the shift to the SPA business model, withdrawing from unprofitable businesses, and scaling down the manufacturing division along with the transfer of production overseas.

We could not solve all of these problems without the support of our stakeholders, and in order to earn their

trust and ensure our own survival, we needed to make sure that we were on a sound financial standing. For these reasons, we decided to undertake governance initiatives with the goal of strengthening our financial status and prioritized our business viability.

Strong Management is based on the fact that we cannot survive in the market without strength, whether it is brand appeal, financial soundness or product value. We therefore directed our management resources to the brands that were our strongest, and through a process of selection and focus, we were able to strengthen our financial standing and sustain our mid- to long-term investments. Consequently, we were able to increase our corporate value.

Fast Management means responding quickly to the market. We optimized the processes from product planning and procurement through to sales and responded more quickly to SPA customer needs. By initiating the retail model in our business, we were able to improve our inventory turnover and cash flow in the wholesale business as well.

Transparent Management upholds management openness, which means that we are accountable to all of our stakeholders. Furthermore, it also means that we are responsible for clean, ecological business operations in addition to prioritizing the work-life balance of our employees.

The efforts to strengthen our manufacturing activities and financial standing gradually delivered tangible results. We ultimately returned to a stable growth track thanks to our employees' diligent, united efforts to build our value chain in accordance with our corporate mission.

I hope to see the next generation adhere to these three management principles of Strong, Fast and Transparent Management. As stated in our medium-term management plan, we will continue to maintain a strong financial standing and conduct business in a way that keeps our business compatible with environmental sustainability. I have restructured our company accordingly, shaping our management team with directors who possess diverse qualifications and skills. This year, our board consists of eight directors, four of whom are external. I intend to listen to frank, honest opinions from both internal and external board members to maintain the soundness of our company.

### **Continuing our corporate culture — Learning from nature and our predecessors and passing on our corporate culture to future generations**

After 70 years in business and looking ahead to the next 100 years, I am now contemplating the future and what we need to do.



Meiji-jingu Shrine, dedicated to Emperor Meiji and Empress Shoken, is situated in the heart of Tokyo. It is surrounded by 70 hectares of lush green forest. In 1920, envisioning an abundant forest 100 years later, a team of landscape architects planted trees with volunteers on barren land. The trees were selected and planted based on the knowledge that over the passage of time, the coniferous and broad-leafed trees would supplant each other along with other changes brought about by nature's ways. So here, a man-made grove has grown into a forest through time and the workings of nature. This is a manifestation of the creator's strong determination to create a sustainable forest. In the same way, I would like our management to create a sustainable company. To this end, we need to reaffirm our commitment and work earnestly to pass on our corporate culture.

From the beginning, our company has shared three mottos with our employees: Sharing Information, Sharing Goals and Sharing Company. We have held annual training camps for employees at shrines and Zen Buddhist temples to nurture the proactive spirit of "If I don't do it, who will?" and share the developments of the year. We still retain this corporate culture today. Every April, our entire management team gathers for an annual corporate strategy meeting. Here we share the goals and challenges of each division and nurture our one team spirit.

We are one big family. We erected a memorial monument in a serene location close to our Toyama head office. Each June after the conclusion of the general meeting of shareholders, we hold a memorial service to pay our respects to the predecessors and colleagues who have taken part in building our company. For colleagues who have unfortunately passed away during the year, we invite their immediate family members to join this service to enshrine the name of the deceased on a plaque on the monument. It has become an honored ritual for our company, marking another year in business and a reminder that we are forever grateful to our families and predecessors to be where we stand today.

Ise-jingu Shrine, founded 2,000 years ago, is the most sacred of all shrines in Japan. Specific ages for men and women are considered unlucky in Japan. We invite our employees reaching the specific ages to visit Ise-jingu Shrine to purify themselves. One day, when my father asked me to guide a group of employees to Ise-jingu Shrine, I did not fully understand its significance. But as I continued this traditional pilgrimage to Ise-jingu Shrine, I began to hear participants say how much they appreciated the trip to do something so extraordinary. I began to think that it was a good opportunity for everyone to have a quiet moment to think about their families, show respect to their ancestors and feel the "invisible spirit" that has protected the people for 2,000 years. Incidentally, Ise-jingu Shrine is built of Japanese



cypress and undergoes reconstruction after a special ceremony every 20 years. There is a very practical reason for this. This is done in order to pass on the ceremonial heritage and to preserve the artisan techniques used in shrine construction and treasure conservation for the next generation. Learning about our cultural heritage can be applied to preserving the continuity of our corporate culture. For our employees, I hope that the visit to Ise-jingu Shrine provides an opportunity to reexamine oneself and gain self-awareness. What each person can accomplish may be small, but by uniting our strengths and having the will to continue, I believe our corporate culture will continue to thrive in the future.

Our corporate philosophy to realize the well-being of everyone through sports remains unchanged. By combining our spirit of manufacturing with a flexible business structure tailored to the times, I hope to work hand in hand with our stakeholders in creating value that only GOLDWIN can deliver. I ask for your continued support of GOLDWIN.

**Akio Nishida**

Chairman and Representative Director

### Mission

To realize a fulfilling  
and healthy lifestyle through sports.

### Vision

- To improve the global environment through unbound imagination and breakthrough innovations that are beneficial to the world.
  - To be a humane company that creates excitement and promotes a sustainable society.
- To offer inspiration and opportunities for children to unleash their potential that enable them to shape a beautiful future.

### Value

Prioritize sports and the environment,  
and live life without a boundary between work and play.

At GOLDWIN, we have engaged in business with a mission “to realize a fulfilling and healthy lifestyle through sports” since our founding. To realize a three-fold vision based on this mission, we are dedicated to acting on our value through business activities that build a sustainable society while raising our corporate value. As a sports apparel manufacturer, we own the rights to many brands designed for a wide range of customers from athletes at the top of their sport to everyday sports fans. We pursue advanced specialization in each of these brands, and apply the technologies obtained through this across all of the brands to achieve manufacturing activities that meet diverse needs. We also operate directly managed stores and focus on engaging with customers in them. Through these activities, we intend to earn the trust of everyone who loves sports and continue to delight them with our sports apparel. We will also leverage our passion and respect for sports to enhance our management transparency, create workplaces that enable employees to continue working in good health, make considerations for the global environment and biodiversity, and contribute to developing the future generation, local communities and the broader society through sports.

Tagline

# SPORTS FIRST

Prioritize, love, and practice sports  
as the building block of developing  
superior products and services.

Under this corporate philosophy,  
we are committed to SPORTS FIRST  
in all of our activities.





## Message from the President

# We offer ways to enjoy living together with sports and nature and contribute to building a truly fulfilling future.

### Why we exist

#### Offering new values through experiencing sports and nature

Just as I assumed the position of president in April 2020, the COVID-19 pandemic hit. The next year seemed to pass by in an instant while I was doing everything I could to manage this unprecedented situation.

They say we are now living in the age of VUCA\*, where conditions in the business environment and markets, and conditions affecting organizations and individuals change at a dizzying pace and the future is difficult to predict. While solidly remaining aware that the social structure is undergoing major shifts and will be over these next 30 years, we must present a vision of what we aim to be in 2050.

Based on our value of dedication to detail (“There is a truth in the invisible”) passed down from our founder, my vision for GOLDWIN is to imagine fulfillment that cannot be seen with the eyes and create new cultural value. Culture involves ways of thinking and rituals that are inherently of human creation. At GOLDWIN, we will offer cultural things of value through sports, the outdoors and nature to as many people as possible.

To do this, we need to present a new outlook to society, and fundamental to this is creating value able to be shared by people regardless of their race or religion. We will offer the people of the world new challenges and values through experiences with sports and nature as speculative design, which is a type of critical design approach.

One value that we hold in esteem is our philosophy of determining design from function. Highly functional products offer incredible advantages in human activities. Meanwhile, things of beauty have the power to move people’s hearts. By combining beauty and function as a manufacturing company, we want to create connections among the people of the world that rise above race, sex, religion or language, and continue creating opportunities to become one sustainable world free of discrimination.

### Mission, vision & values

#### Aiming to be a human-focused company that builds a sustainable world by carrying on our founder’s principles and looking to the future

Our founder left us many words of wisdom, but there are a few sayings that I return to when facing difficulty. They are, “Ambition (Grand future vision cannot be drawn without dream and ambition),” “Think moment (Our individual life might be just a moment in the history of the universe)” and “Dedication to detail (dedication to detail).”

“Ambition” expresses the need to not just take care of the work in front of you, but also to turn your attention to the far-away future. And then “Think moment.” The human lifespan is not long. This is why improving our lives through work leads to greater fulfillment as human beings. Last is “Dedication to detail.” The things that cannot be seen with the eyes are what truly matter. To create things of beauty, you need to pay conscientious attention to areas that are not readily seen.

Based on the principles left to us by our founder and many people who have been involved with and supported GOLDWIN, we established our mission, vision and values at the time of our 70th anniversary. Our mission is our founder’s ambition to realize a fulfilling and healthy lifestyle through sports. Our three-fold vision gives shape a new future.

The first part of our vision is “to improve the global environment through unbound imagination and breakthrough innovations that are beneficial to the world.” This expresses our desire to have the dedication to contribute to the world with unbound imagination. Humankind first landed on the moon in 1969. What makes the Apollo 11 mission so inspiring is that it accomplished something daring that was considered impossible— sending humans to the moon and bringing them back safely. That is where our MOON PARKA, which we launched in 2019, gets its name. Our vision expresses our determination to use our unbound imagination to address and resolve issues for which solutions seem impossible. Carbon neutrality is a leading example, amid public calls for action to address global warming.

\*VUCA is an acronym for volatility, uncertainty, complexity and ambiguity, and signifies the difficulty in making predictions in the current era.

## Message from the President

The second part of our vision is “to be a humane company that creates excitement and promotes a sustainable society.” The meaning of “humane” is about being thoughtful and considerate in relation to people’s lives and nature. We let our thoughts turn to the beautiful natural world, treasure it, and think about what we can do to sustain nature in the future. This is what it means to be truly humane, and we as a company are committed to having our employees perform their work while looking to the future and upholding this mindset. It’s about how we can create a sustainable business model. While reducing the impacts on the environment of the products we develop, we create things that offer notable advantages. We aim to be this kind of human-focused company that carries on the principles of great thinkers who came before us such as Buckminster Fuller, who advocated for maximum gain of advantage from minimal material, energy and time inputs.

The third part of our vision is “to offer inspiration and opportunities for children to unleash their potential that enable them to shape a beautiful future.” By offering children opportunities to experience nature and things of beauty that are elaborate, deliberate, incisive, meticulous and do not lose their power with the passage of time, we intend to provide opportunities to learn about how fascinating and intriguing the natural world is. Supporting children by giving them various opportunities to develop their ability to create a beautiful future is an important mission to fulfill.

By practicing our mission, vision and values, we will be a compelling company needed by society without forgetting to show care and consideration for the Earth, human society and our neighbors.

### **Long-term vision PLAY EARTH 2030 and our new medium-term management plan Aiming to achieve sustainability in terms of both the environment and business over the next 10 years**

We announced our long-term vision PLAY EARTH 2030 in May 2021. PLAY EARTH means “have fun with Earth,” and for us, it embodies our origins in the world of sports. Over the next 10 years, we will restructure our business



with the aim of achieving sustainability in terms of both the environment and business.

Reducing environmental impacts is a challenge businesses must take up. In the outdoor industry, business and the natural environment cannot be considered separately. We have positioned taking action to address environmental problems as one of our highest-priority management issues, in terms of also protecting our field and continuing to participate in the outdoor activities we love, and have set targets for 2030 accordingly. We will use green design principles in 90% of our products and eliminate waste throughout our supply chain. We will also reduce our CO<sub>2</sub> emissions, including by switching to renewable energy, and make contributions to realizing a circular society.

The first five years of our long-term vision PLAY EARTH 2030 are positioned as our medium-term management plan that kicked off in FY 2021.

### **— Extending our success with THE NORTH FACE to all brands**

We have modified our business segments in our new medium-term management plan to performance, lifestyle and fashion. The core lifestyle segment is based on the concept of enjoying life together with sports and nature. In other words, interweaving sports into our daily lives. We are pursuing sustainable growth based on these new segments.

In our previous medium-term management plan (April 1, 2016–March 31, 2021), we achieved a high-profit structure from our success after working to convert to an actual demand business model over 20 years. THE NORTH FACE was a major factor in this, as the brand gained growth momentum with a strong following from customers. Today THE NORTH FACE has transcended the outdoor domain and evolved into a lifestyle brand. In the performance domain, we offer the Summit Series and Flight Series specially designed for activities like mountain climbing and trail running, and in the fashion domain we are expanding business with the Purple Label. Our brand’s growth story is about increasing brand awareness starting from performance, moving into the lifestyle domain with larger market scale, and then continuing to pursue growth in the fashion domain to further increase brand value. This growth demonstrates how we have communicated our singular worldview and have not limited our products to performance applications, but design them to also be suitable as fashion and lifestyle apparel.

In our new medium-term management plan, we will extend the success we have had with THE NORTH FACE to HELLY HANSEN, CANTERBURY and our own Goldwin brand.

### — Strengthening global business development

Another challenge in our previous medium-term management plan was global business development. Currently 98% of our business comes from sales in Japan, and we believe there is still ample opportunity to develop our business globally. During the new medium-term management plan, we are implementing a global strategy for our own Goldwin brand with the goal of increasing sales outside Japan.

For global brands such as THE NORTH FACE that we import into Japan, there are regional restrictions on acquiring trademarks and forming business partnerships, and this constrains our ability to develop this business globally. There are no constraints on our namesake brand, however, and we are able to pursue business in many different countries and regions while leveraging the expertise and know-how we have built up in our licensing of global brands. For the Goldwin brand as well, we will offer our philosophy of sports as an integral part of life and a way to enjoy life, without confining ourselves to the sports domain. Then we intend to integrate our namesake Goldwin brand with our corporate identity.

In our global business, we are conducting business and branding corresponding to the features of individual markets. Instead of viewing these markets on a large-scale country or regional basis, we view their demographic, socioeconomic and cultural features on a segment or cluster basis. In 2019, we opened directly managed stores in San Francisco and Munich to directly communicate our brand identity to customers, and we have also decided to open a store in Beijing. We are planning a detailed and thorough strategy to make the Beijing store a hub for the Asian market, where there is ample opportunity for growth, and plan to offer customers service with hands-on experiences.

### — Providing children with places to connect with nature

A new business we are looking at now is the provision of places and opportunities. We want to provide the future generation with places where they can connect with nature and learn from nature to help children lead lives with a free spirit and enthusiasm. This is the PLAY EARTH PARK project. This is a place where children can experience the wonders and amazing facets of the natural world together with community residents, immerse themselves in nature's riches, and play and be inspired without losing their curiosity or humility. Building up these primitive, primordial experiences begets connections that transcend language differences. This is also what we consider as the origins of sports. We will first launch this project in our birthplace of Toyama Prefecture.



### Toward sustainable growth Contributing to building a truly fulfilling future with an unwavering, long-term focus on resolving social challenges

We view pursuing short-term profits solely for ourselves as the greatest risk to achieving sustainable growth. We have experienced several crises in the past with business downturns, but were able to recover from them by steadfastly pursuing what is right, good and beautiful from our commitment to resolving social challenges with an unwavering, long-term focus, instead of slipping into the pursuit of short-term profits.

It's also important that we don't try to solve everything ourselves. I believe that we will be better able to continuously generate new value by listening with an open mind to suggestions and advice from people in various positions, including those outside our company, and learning from them while we continue our work.

The world is facing many challenges, but compared to the world 50 or 60 years ago, health hazards from business activities have decreased and the world is seeing steadily improving conditions, including greater assistance for people in needy regions and improvements in women's rights. Behind this is the history of ongoing advocacy and action-taking by society and companies to resolve social challenges. We will contribute to building a truly fulfilling future by continuing to find and offer solutions that lead to resolving social challenges through our business activities.

**Takao Watanabe**

President and Representative Director

# GOLDWIN founder, Tosaku Nishida, built the foundation for GOLDWIN today with the spirit of “If I don’t do it, who will?”

## If I don’t do it, who will?

In 1950, Tosaku Nishida, who had lost two brothers in World War II and needed to support his family, founded Tsuzawa Knit Fabric Manufacturer in the town of Tsuzawa (present-day Oyabe City), Toyama Prefecture, with the driving spirit of “If I don’t do it, who will?” He put together a business with another surviving brother and incorporated the following year. They named the company Tsuzawa Knit Fabric Co., Ltd.



## Bringing people greater fulfilment through sports

In 1952, Tosaku Nishida sensed the coming popularity of sports and switched from manufacturing basic knitwear products to manufacturing sportswear, which remains our focus today. Our company name was changed to GOLDWIN Inc. in 1963. The following year at the Tokyo Olympics, GOLDWIN supplied competition uniforms for various events. From gymnastics to volleyball, wrestling and more, GOLDWIN-made uniforms were worn by some 80% of Japanese gold medalists.





Tosaku Nishida had a hunch about the future of sports, and set GOLDWIN's principles as three-fold: 1) To contribute to the development of the nation by creating a fulfilling life through sports while also striving for the peace and happiness of humankind, 2) To engage in research and development of the world's top-class products and bring perpetual prosperity to our society as the industry leader, and 3) To continue improving oneself as a healthy member of society, and build an even more fulfilling life and ideal workplace. With the drive of a locomotive engine and the spirit of "If I don't do it, who will?" he laid the foundation for the present-day GOLDWIN.



Founder Tosaku Nishida  
(1925–2012)

## GOLDWIN spreads its wings

In 1964, Tosaku Nishida visited Europe to attend the Winter Olympics in Innsbruck, Austria. Seeing European skiwear for the first time, he was struck by its functional beauty and saw with his own eyes the technology gap between Japan and other parts of the world. This experience laid the foundation for GOLDWIN building relationships with some of the world's top brands, which today is still a core part of our business.



In front of a sports store in Europe



Tosaku Nishida wearing a Fusalp ski jacket



At THE NORTH FACE headquarters in the United States.  
With Hap Klopp (left), then president of THE NORTH FACE

## There is a true value in the invisible

GOLDWIN launched manufacturing of original climbing socks. This was a time when almost all hiking socks were imported, and Japan-made socks were considered inferior. After closely analyzing the imported products, he decided the difference lied in the threads. So GOLDWIN set about using wool from Shetland sheep raised in the cold climate of the United Kingdom. The improved socks earned a good reputation for being durable and warm. Instead of relying on yarn manufacturers for the raw material, GOLDWIN developed the materials it wanted based on the product's purpose. The yarn was created for a specific reason. The words of founder Tosaku Nishida, that, "Everyone pays attention to what is right before his eyes. What sets a manufacturer apart is giving painstaking detail to what is not readily visible" are the inspiration for GOLDWIN's focus on functional performance.



While sustaining our enduring value proposition, we overcame management crises and achieved growth by embracing transformation in keeping with the times.

History of growth

1970

Fusalp  
3D cut skiwear



GOLDWIN embarks on a technical alliance with French skiwear brand Fusalp. This marks the start of a series of licensing agreements with global brands.

1975

Champion  
Athletic wear



GOLDWIN obtains the license for US athletic apparel brand Champion in Japan. This helps popularize the sports culture of American youth in Japan.

1976

ellesse  
Ski suits



GOLDWIN obtains the license for Italian sports brand ellesse in Japan. Through this, GOLDWIN elevates sportswear with new elegance.

1978

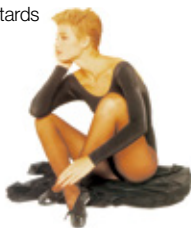
THE NORTH FACE  
Mountain Sierra Parka



GOLDWIN begins imports and sales of products from US-based THE NORTH FACE. This heightens enthusiasm for bona fide outdoor sports in Japan.

1983

DANSKIN  
Leotards



GOLDWIN obtains the license for US dancewear brand DANSKIN in Japan. This helps establish the women's fitness market in Japan.

1983

HELLY HANSEN  
Survival suits



GOLDWIN obtains the license for Norway-based waterproof clothing and sportswear brand HELLY HANSEN in Japan.

1984

ellesse VOLVO Ski Team  
Jumpsuits



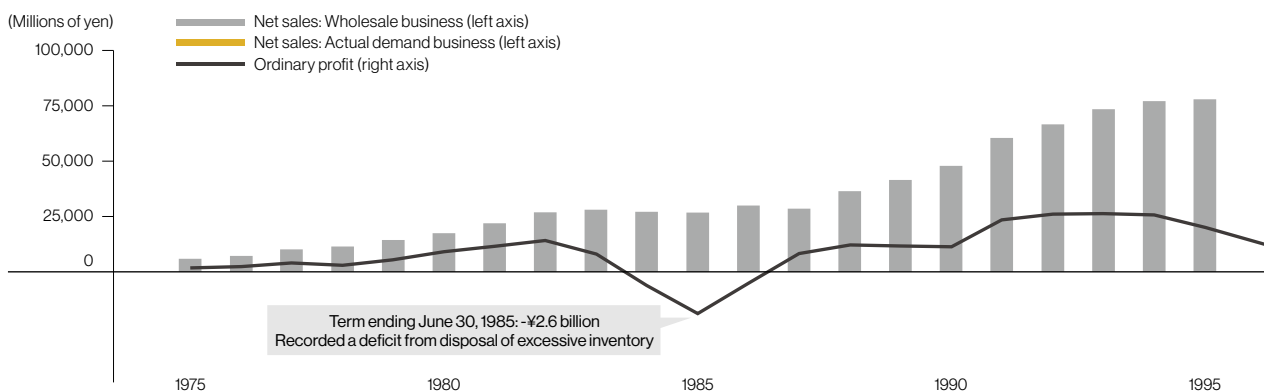
GOLDWIN sells ellesse jumpsuits. This introduces a new style of skiwear in Japan.

1987

Goldwin  
Swedish team's skiwear



GOLDWIN becomes the official supplier of the Swedish national ski team. Feedback from top athletes get incorporated into products.



While sustaining our enduring value proposition established at our founding, we overcame management crises by embracing transformation in keeping with the changes of the times. What is this enduring value proposition? Value-added differentiation. We have always pursued value-added differentiation through sports manufacturing, and our brand value has increased accordingly. The transformations we have embraced involve how we produce, market and sell our products. Our commitment to deliver differentiated brands as added value to customers in keeping with the needs of the times has led to the growth and strengths GOLDWIN enjoys today.

### 2008

Speedo  
First-generation  
LZR Racer Suit



GOLDWIN obtains the license for UK swimwear brand Speedo in Japan. In 2008, the new LZR Racer Suit makes a global splash.

### 2019

THE NORTH FACE  
MOON PARKA  
made with  
structural proteins



GOLDWIN launches the MOON PARKA, a jacket made with Brewed Protein™ structural proteins. This next-generation material does not rely on petrochemical resources.

### 2019

CANTERBURY Japan national rugby team uniforms



The Japan national rugby team wears CANTERBURY uniforms designed with the concept of integrating the Japanese tradition of craftsmanship with state-of-the-art technology as they score impressive victories at the Rugby World Cup.

### 2000

THE NORTH FACE Harajuku store



GOLDWIN opens THE NORTH FACE Harajuku store. GOLDWIN begins retail sales including for our original brands at self-managed sales floors.

### 2006

THE NORTH FACE+ LAZONA Kawasaki store



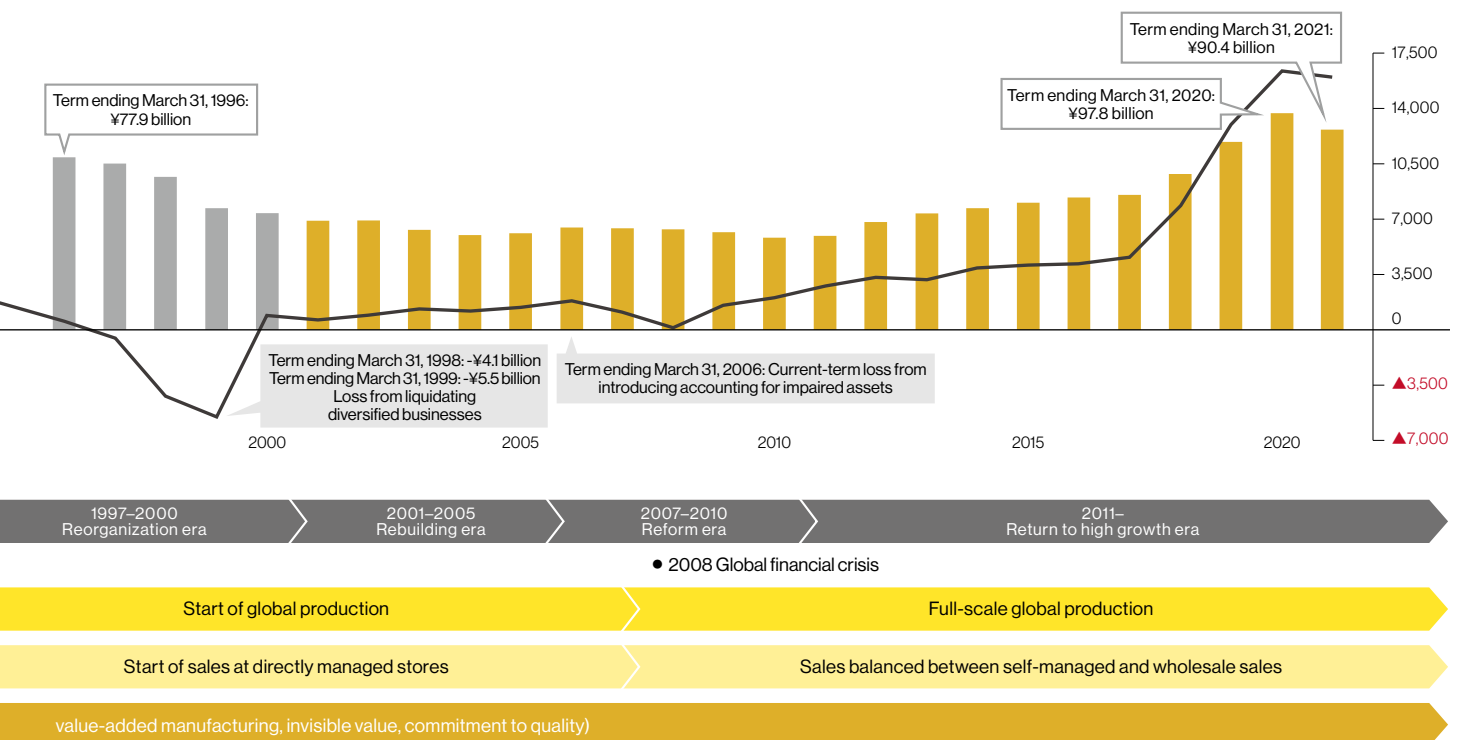
In addition to THE NORTH FACE, GOLDWIN opens concept shops tailored to the local areas and the times for multiple other brands it has licensing agreements with.

### 2015

THE NORTH FACE GRAVITY HAKUBA



Located next to a sports field, the shop holds events year round and communicates the appeal of the outdoor lifestyle.







Chapter

# 2

## Value Creation Story

Pursuit of Functional Beauty and Brand Value

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GOLDWIN Overview

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Sports Manufacturing Platform

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Brand Value Promotion System

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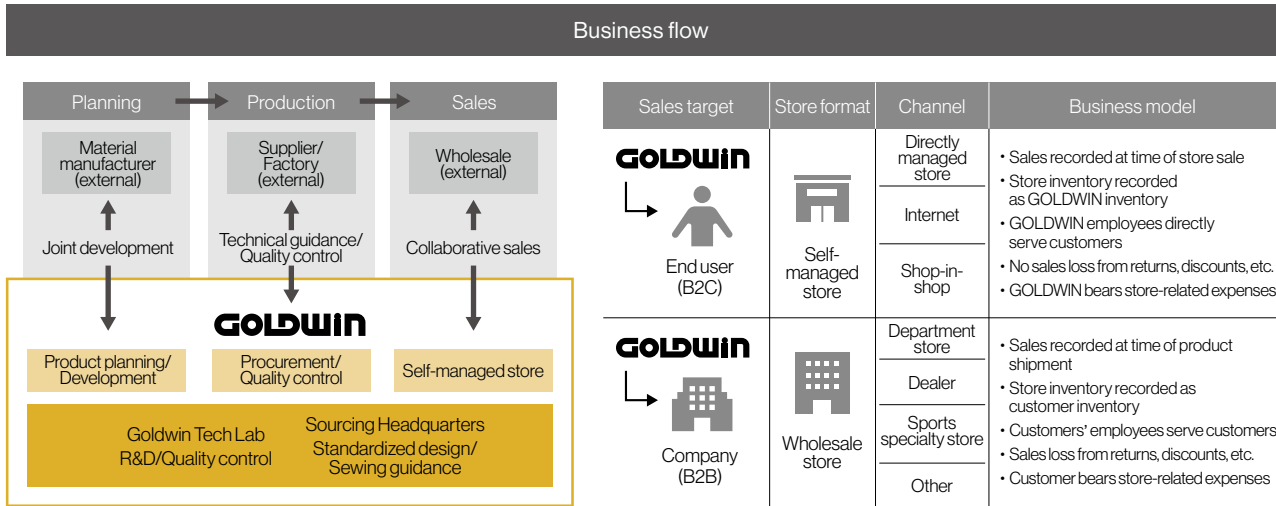
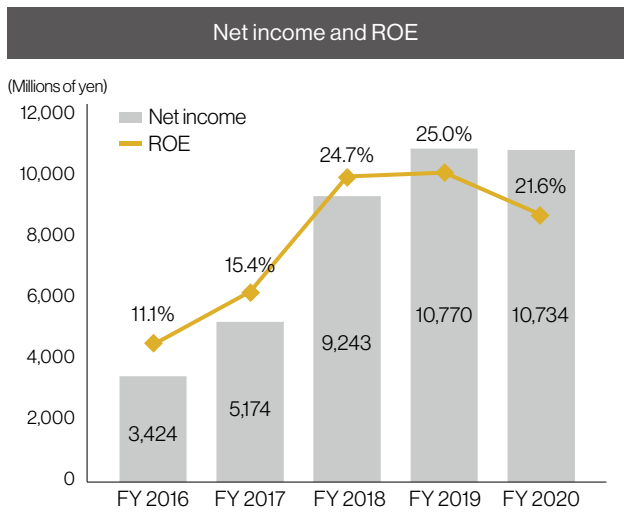
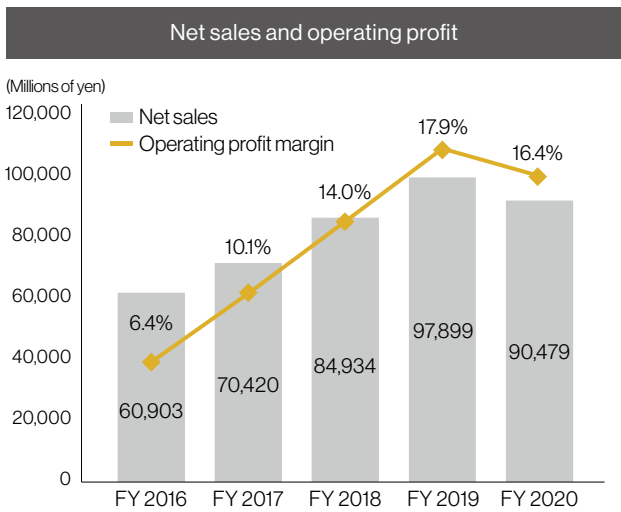
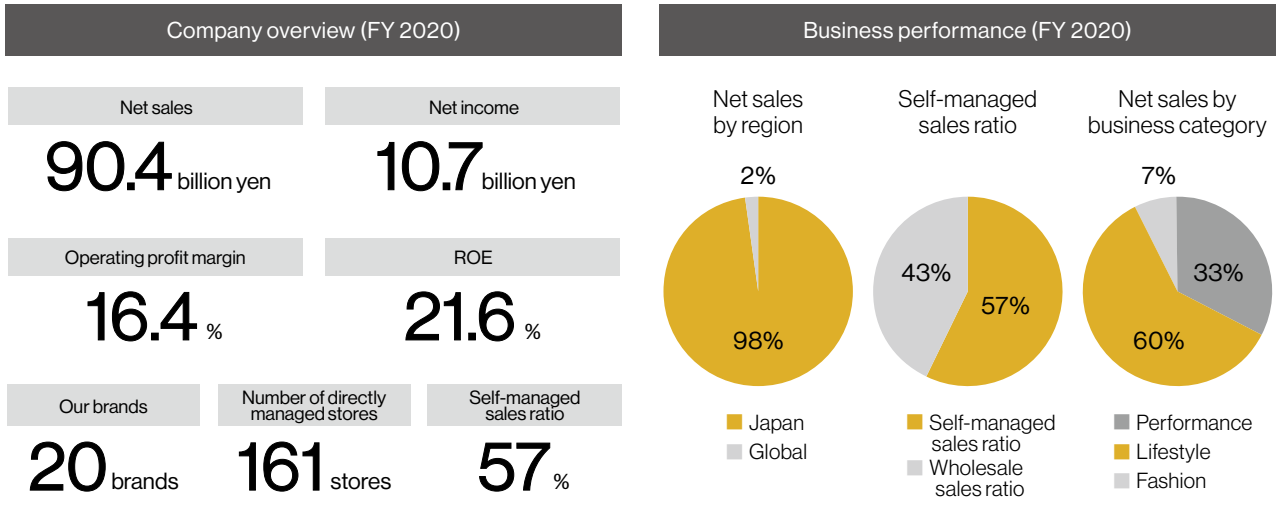
Major KPI Transitions over 20 Years Due to Business Model Conversion

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Value Creation Process

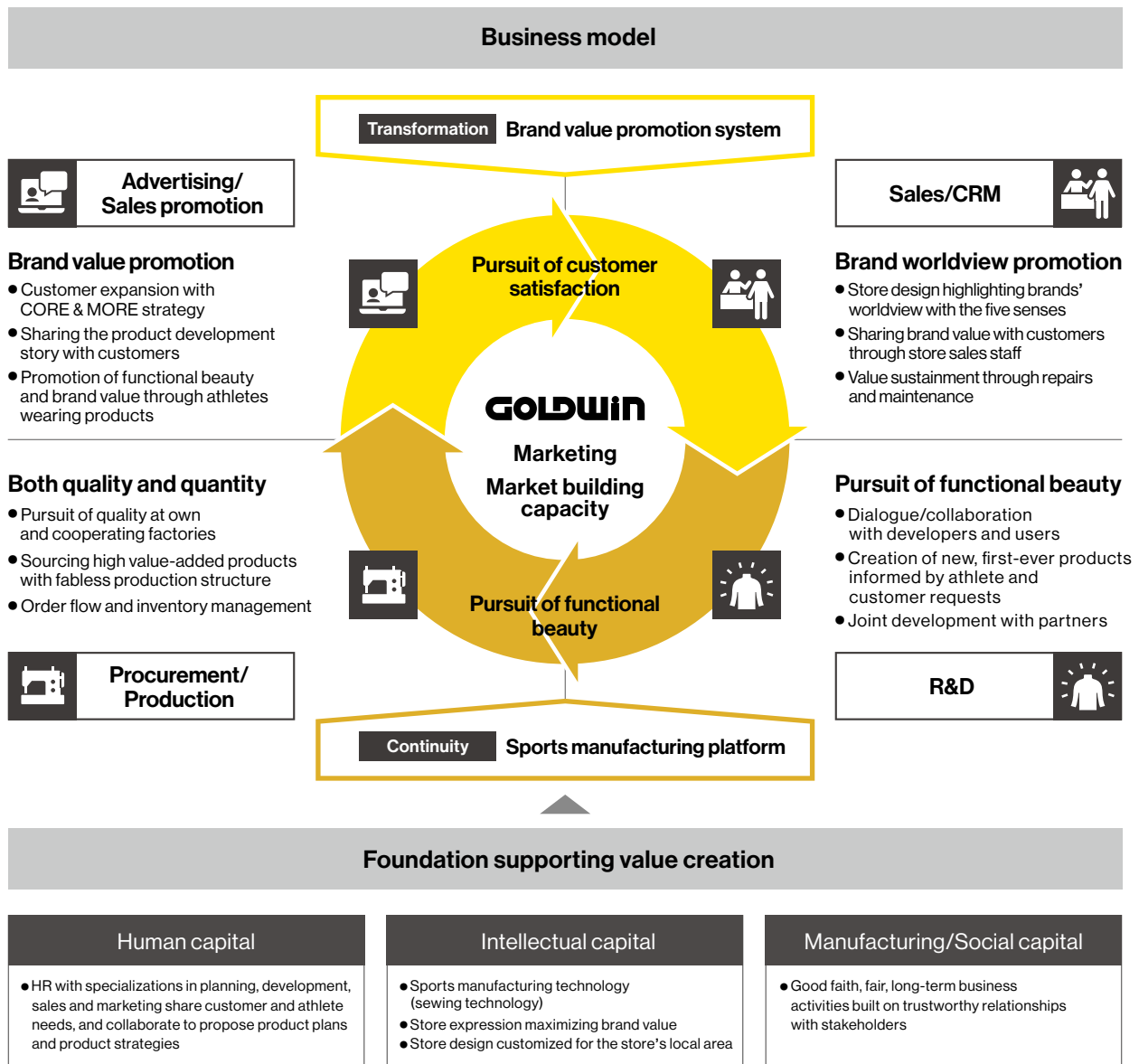
# GOLDWIN Overview

Since our founding in Toyama Prefecture in 1950, we have mainly operated as a multi-brand sports apparel business in Japan. We aim to realize a fulfilling and healthy lifestyle through sports.



# Business Model

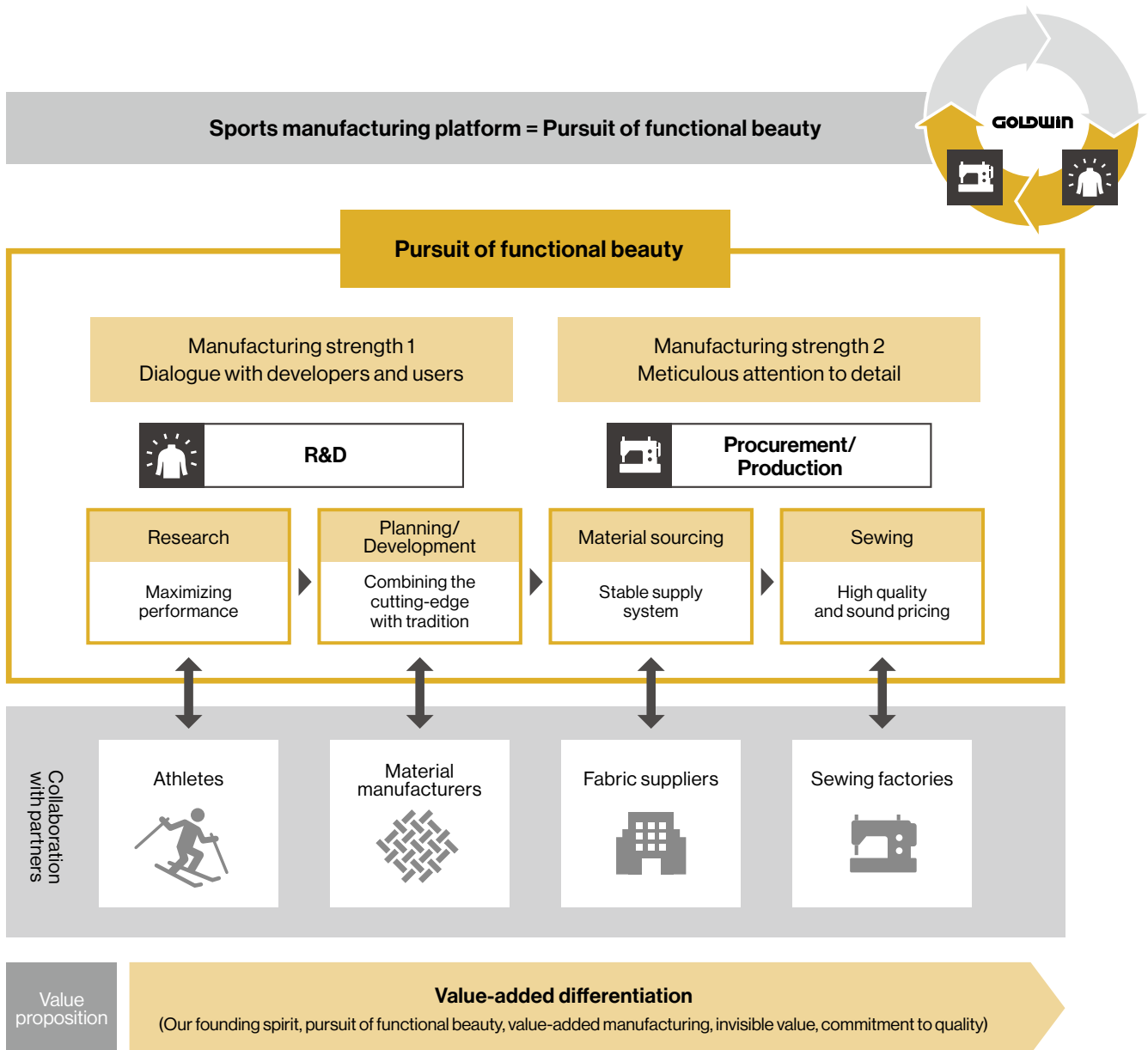
Building markets with pursuit of functional beauty based on our sports manufacturing platform and pursuit of customer satisfaction based on our brand value promotion system.



We create differentiation leveraging our market building capacity based on our sports manufacturing platform and brand value promotion system.

The sources of our value creation are our sports manufacturing platform and brand value promotion system. The sports manufacturing platform pursues functional beauty, giving shape to requests from top athletes and customers in collaboration with partners. The brand value promotion system communicates the functional beauty given shape by the sports manufacturing platform to customers as added value. Sales employees create our stores themselves and directly communicate products' value to customers while increasing brand value. Then customer feedback is shared with marketing staff and developers to inform future product and store strategies. This original value creation process builds markets and creates differentiation with other companies.

High quality and advanced functionality through dialogue with developers and users, meticulous attention to detail and precision manufacturing in collaboration with partners.



Dedication to detail: There is true value in the invisible.

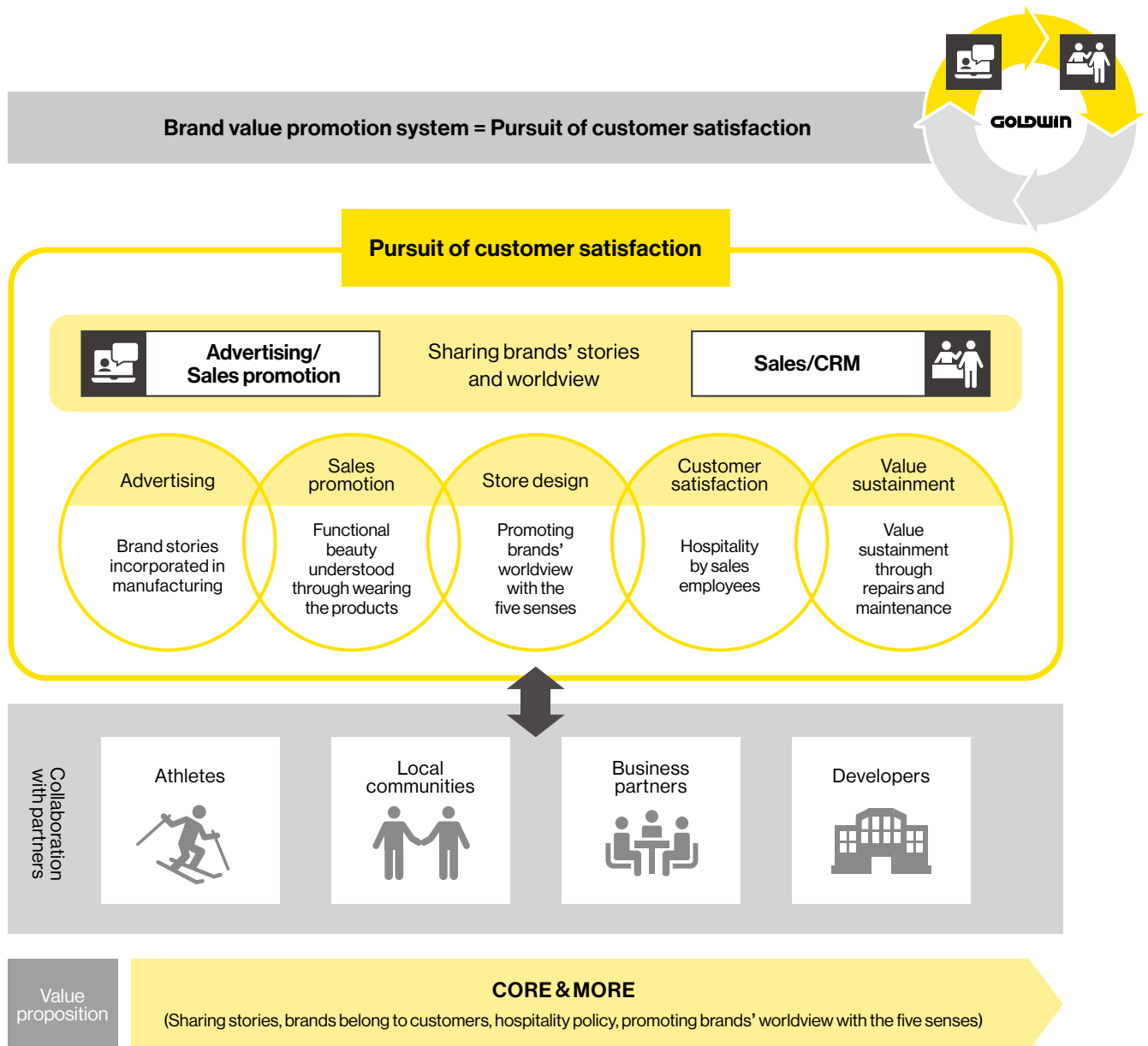
Our commitment to value-added differentiation defines our manufacturing.

Our founder Tosaku Nishida believed that, “Everyone pays attention to what is right before his eyes. What sets a manufacturer apart is giving painstaking detail to what is not readily visible.” Since our founding, we have always set out to differentiate ourselves from other companies, from our durable hiking socks, the functionality required of uniforms for professional athletes and the resilience needed in polar environments to fashion sense built into advanced functionality, a focus on versatility in design and considerations for reducing environmental impacts. Goldwin Tech Lab and the Merchandise Division located in our birthplace of Toyama Prefecture represent our manufacturing hub. Here, we pass down and evolve our manufacturing DNA through collaboration and open innovation with material manufacturers, fabric suppliers and sewing factories throughout all the processes of developing materials, creating design drawings and patterns, creating sewing specifications, developing sewing technology and implementing quality control.



## Transformation Brand Value Promotion System

Interlinking advertising and sales promotions, store design, customer service, repairs and more to share brand value with customers and maintain and increase brand value.



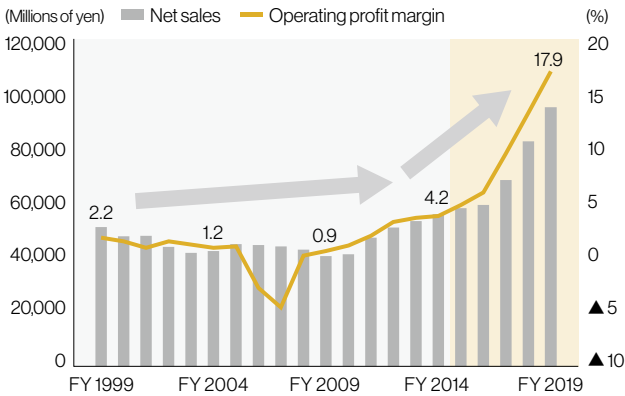
We deliver our products to more customers through self-managed stores where we can directly deliver brands' worldview to customers as well as collaboration with wholesalers.

In 1984, we opened Weather Station in the Harajuku neighborhood of Tokyo in order to directly deliver quality products to customers. This marked the start of our self-managed stores. We currently operate 161 directly managed stores in various parts of Japan. Approximately 1,200 sales employees pursue brand value through communicating suggestions for performance and lifestyle apparel and merchandise at our stores. We also share feedback from customers obtained at our directly managed stores with wholesalers to benefit their sales, which builds trust with wholesalers and co-creates value for customers with wholesalers.

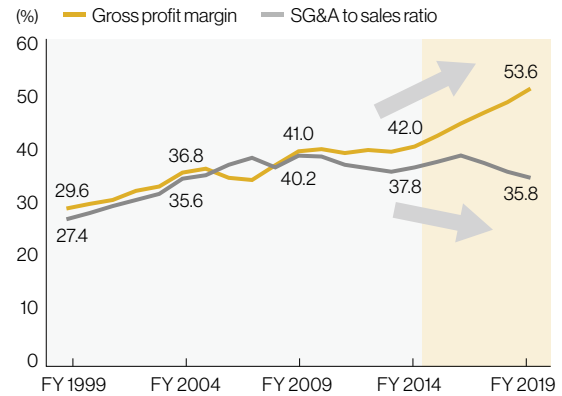
# Major KPI Transitions over 20 Years Due to Business Model Conversion

Building one of the most efficient and highly profitable business structures in the apparel industry through business restructuring over 20 years since 2000 to create an actual demand business.

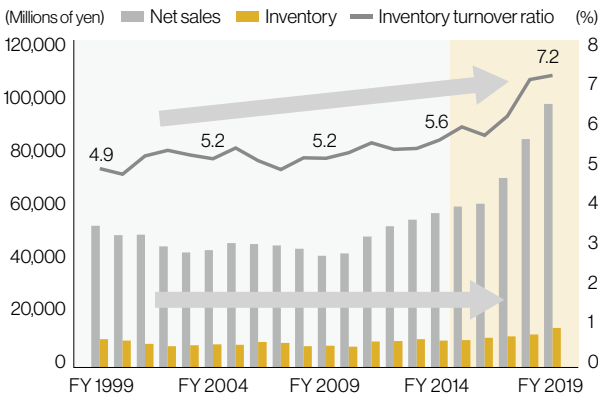
The actual demand business model demonstrates its true value through management efforts since 2000



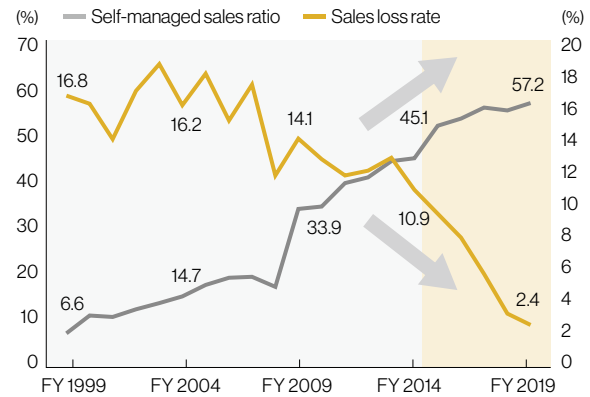
Simultaneously proceed improvement of gross profit margin and reduction of SG&A to sales ratio



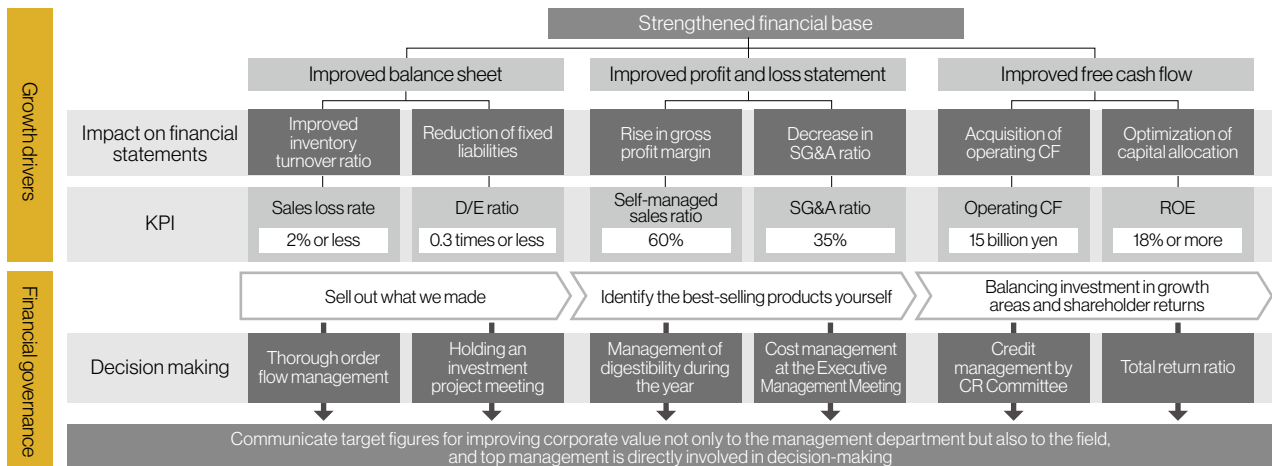
Constant control of inventories even on an increasing trend



As a result of a higher self-managed sales ratio, sales loss declined and the balance between directly managed and wholesale sales improved

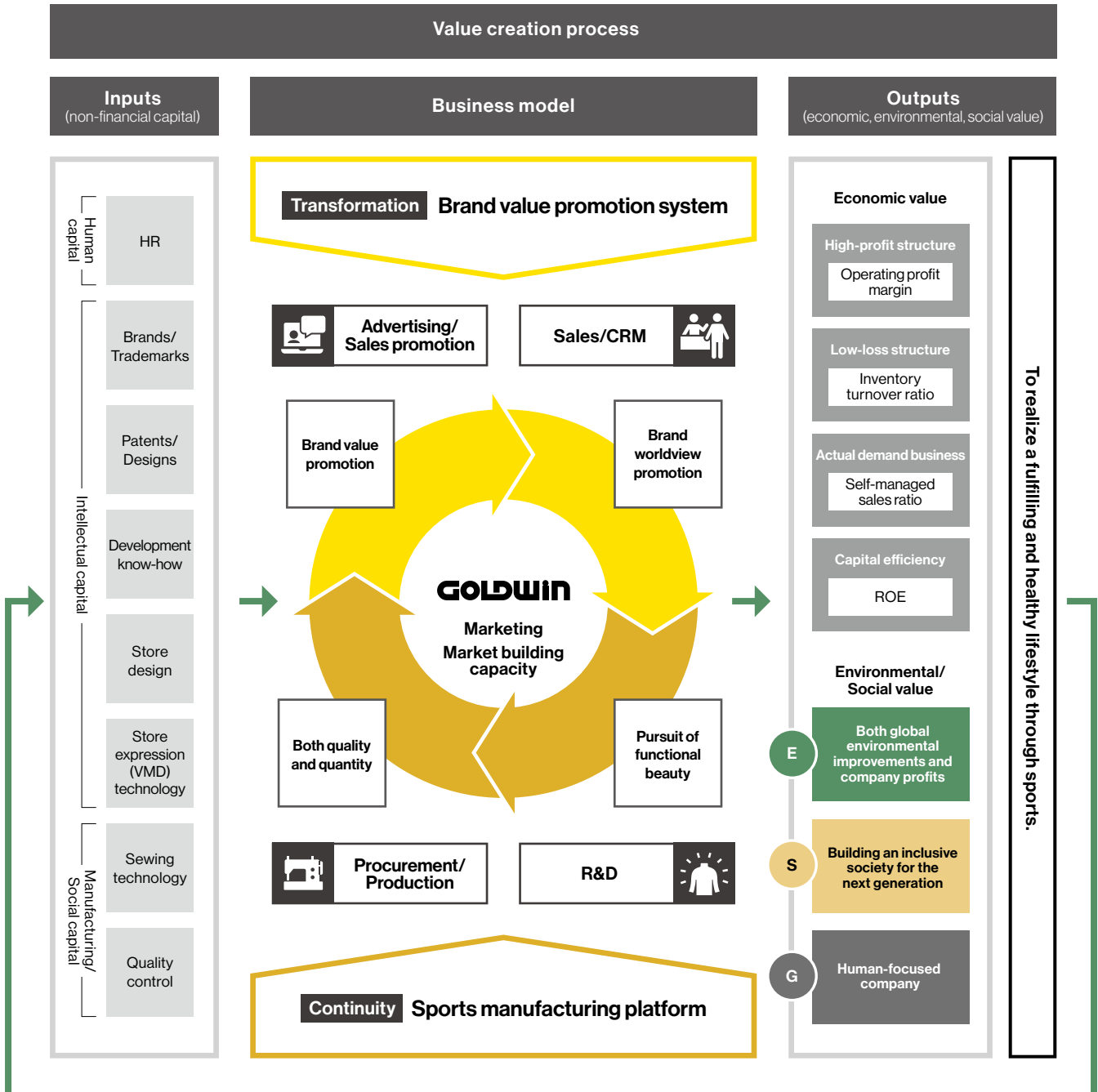


Financial governance — Establishing a management base and decision-making rigor supporting business model transformation —




# Value Creation Process

Aiming to realize a fulfilling and healthy lifestyle through sports based on investing financial and non-financial capital and a value creation cycle founded on environmental and social considerations.



The non-financial capital that supports the value creation process, including human capital, intellectual capital and manufacturing and social capital, are major sources of GOLDWIN’s appeal. Combining our sports manufacturing platform that remains unchanged since our founding with our brand value promotion system that changes with the times, we aim to maintain and increase our brand value over the long term, and at the same time, create a highly efficient and highly profitable business structure.





Chapter

# 3

## Capital Driving Value Creation

Goldwin's Appeal

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The Legacy of GOLDWIN's Human Resources and HR Strategy

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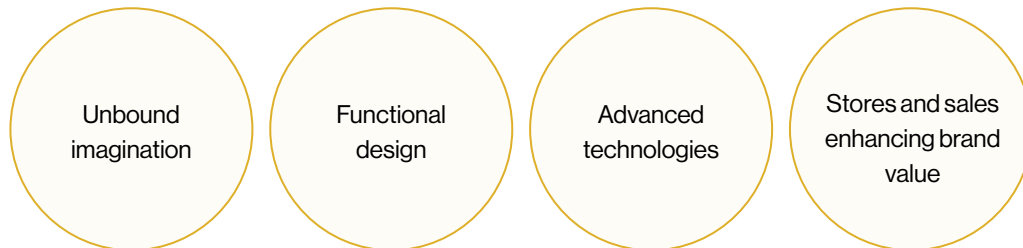
Intellectual Capital Derived from the Pursuit of Functional Beauty and Brand Value

40

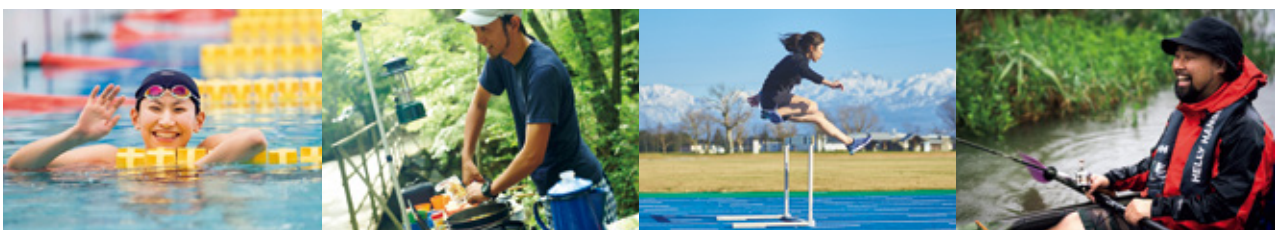
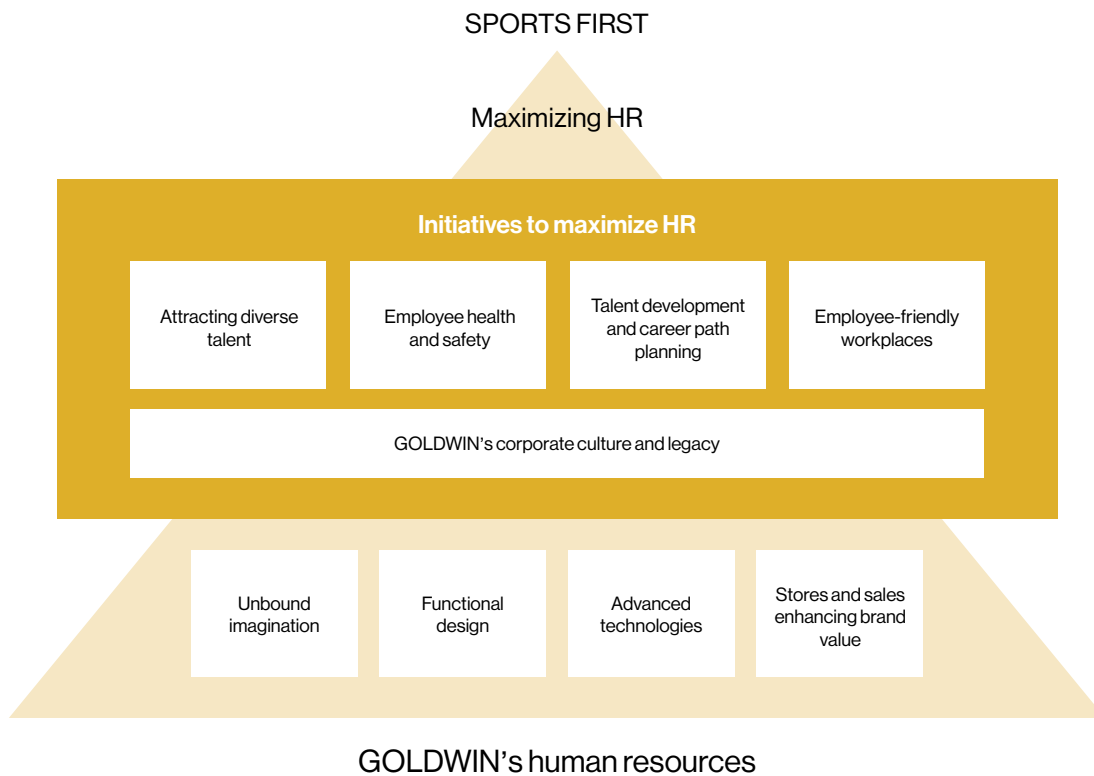
Manufacturing and Social Capital Created from Our Cultivated  
Manufacturing Know-how and Partnerships

# The Legacy of GOLDWIN's Human Resources and HR Strategy

Learning from our predecessors, connecting the past to the future



From almost our very beginning, we have viewed the world through the lens of sports and pursued making life more fulfilling through sports. Then and today, our athletic and outdoor products are designed to make life richer. Running through all our activities, from product planning and development to production and sales, is our desire to share SPORTS FIRST, which represents our love of sports and faith in the power of sports. To share SPORTS FIRST with as many people as possible, we have developed advanced technologies and design skills as well as marketing activities attuned to the times and persuasive communication. Most of all, we live SPORTS FIRST and put our passion into action, making sports a priority in our work and our personal lives. We have inherited this legacy and corporate culture and continue to build on it with initiatives for attracting diverse talent, employee health and safety, talent development and career path planning, and creating employee-friendly workplaces to maximize our human resources.



## GOLDWIN's corporate culture and legacy

We are proud of the technical mastery and know-how we have inherited from our predecessors, and preserve their legacy while engaging in our current corporate activities. Our commitment to SPORTS FIRST runs through everything we do, and our employees' lived experience of sports informs our products and services.

### Keeping our legacy alive as we cultivate our corporate culture

#### Monument honoring our predecessors

GOLDWIN founder Tosaku Nishida erected the Remembrance Monument in Oyabe, Toyama Prefecture, Japan to honor the accomplishments and memory of our predecessors who overcame many obstacles to build GOLDWIN. Our management team has a tradition of visiting the Remembrance Monument to pay their respects to these predecessors after the shareholders' meeting every year. This tradition not only honors their memory but nourishes in our current leaders the same spirit of determination and passion our predecessors had as we look ahead to our future.



#### Sharing information, goals and our company spirit

In past years, we held multi-day training intensives for new employees and senior management at important Shinto shrines and Buddhist temples in Toyama Prefecture, Japan. Traditions at these trainings included early morning cleaning sessions and forging mental strength through lectures and meditation. They were opportunities to focus intently on problems and future issues and how to address them as well as to unite hearts and minds. Today, these trainings take the form of an annual senior management conference to share our management policy, company goals and other key information. This conference has been held online during the COVID-19 pandemic.



#### Visits to Ise-jingu Shrine to give thanks, learn cultural continuity

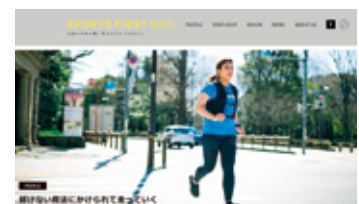
In the words of GOLDWIN founder Tosaku Nishida, "There are things in this world that are greater than any human power. When you feel lost, cleanse your soul, banish evil thoughts, and think seriously about what you should do with a pure heart before the gods and Buddha. When you do, you will instinctively see the path forward." Every year, employees who have reached specific years of age considered unlucky in Japan pay a visit to Ise-jingu Shrine. This is an opportunity for employees to give thanks to their ancestors and family, pray for good health, and learn about the importance of preserving continuity through the history of Ise-jingu Shrine being rebuilt every 20 years.



## SPORTS FIRST

#### SPORTS FIRST MAG: New type of online media

SPORTS FIRST MAG publishes interviews with GOLDWIN employees and sponsored athletes, profiles of people who live a SPORTS FIRST lifestyle, and articles about the intersection of sports and work and useful information in the world of sports. This new type of sports media highlights people, goods, lifestyles and work that place top priority on a love of sports instead of ability or physical strength. <http://sportsfirst.jp/> (in Japanese)



#### Sports events where employees embody SPORTS FIRST

GOLDWIN sponsors events including the ULTRA-TRAIL Mt. FUJI, an international trail running race over 160 km long, and the Toyama Marathon held in Toyama Prefecture. Many of our employees enter these events as competitors and participate as staff and volunteers helping to run the events. These are just a few examples of how our employees live SPORTS FIRST.



#### SPORTS FIRST AWARDS

The SPORTS FIRST AWARDS program recognizes employees who epitomize SPORTS FIRST, which is both our tagline and our employee code of conduct. Every year, employees vote for the colleagues featured in SPORTS FIRST MAG over the previous year who they feel most personify SPORTS FIRST, with the top three vote-getters receiving an award plus a cash prize and a special holiday.



## Attracting diverse talent

We share our prized values of prioritizing sports and the environment, and living life without a boundary between work and play, as we engage in our day-to-day work. We believe that employees' diverse experiences and backgrounds are essential to supporting and growing our business, and we seek to attract diverse talent and create conditions where they can make contributions.

### Stepped up hiring

Our model employee understands and lives our corporate mission "to realize a fulfilling and healthy lifestyle through sports." Giving top priority to sports and the environment, we are stepping up mid-career hiring at our Tokyo Head Office and Toyama Head Office aiming to be a company that makes contributions to the world. We are working to attract outstanding talent who can work independently and know their own mind, regardless of sex, nationality, early or mid-career stage, and ability or disability.

### Promotion screenings

We engage in equal opportunity hiring activities with a focus on work experience and without distinguishing between the sexes or between new graduates and people in the middle of their career. While performing work duties is also important, we have a policy of hiring people in the middle of their careers as contract employees, from our focus on having employees understand our company culture and atmosphere. If they decide in the course of their employment that they would like to work for GOLDWIN long term, they undergo a promotion screening to become a regular, full-time employee. The system enables them to take on this challenge while considering what they want in their career. We also conduct screenings for contract employees working in our stores and offices who want to change employment tracks and become full-time employees. Promotion screenings are given upon a recommendation from the employee's boss, and consist of a submitted report, a written test and an interview with corporate officers. In FY 2020, 71 employees received a change of employment status through the promotion screening system.

### Women's advancement in the workplace

Our SPORTS FIRST philosophy is achieved when employees' sports reality is connected to our products and services. Women's ideas and values are also key to this, and we are focusing in particular on women's advancement in the workplace within our push to create a company atmosphere and conditions that allow all employees to fully unleash their potential. As part of this, we established an action plan in 2020 based on the Japanese Act on the Promotion of Female Participation and Career Advancement in the Workplace. We have set the deadline of 2022 for conducting informational interviews based on the work-life balance sheet with 100% of female employees, and will move ahead with making further improvements to working conditions based on the action plan. In FY 2020, we developed the work-life balance sheet with a focus on when the type of daycare service children receive changes, and distributed it to female employees who were raising young children. We will continue to enhance our efforts to have our support programs for working while raising children be well known and encourage their use, as stated in our action plan.

Employee data (consolidated)

		FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
No. of employees (persons)	Total	2,251	2,330	2,526	2,679	2,830
	Male	1,035	1,088	1,174	1,252	1,328
	Female	1,216	1,242	1,352	1,427	1,502
No. of non-Japanese employees (persons)		6	4	9	9	13
Average age (years)		40.2	40.3	39.6	39.7	39.7
Average length of service (years)		12.8	13.1	12.4	12.0	11.8
Ratio of managerial positions (%)	Male	12.1	13.1	13.2	12.5	13.5
	Female	0.1	0.1	0.1	0.3	0.5
No. of new graduate hires (persons)	Total	31	15	25	39	30
	Male	14	6	10	18	18
	Female	17	9	15	21	12
No. of mid-career hires (persons)	Total	74	118	173	137	127
	Male	35	78	96	65	58
	Female	39	40	77	72	69
Turnover rate (%)		15.8	10.7	13.4	11.1	8.8

Employee data by employment contract type (consolidated)

		FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Ratio of non-regular employees (%)		59.6	59.9	62.9	64.7	65.7
Regular employees (persons)	Total	910	934	936	947	970
	Male	479	492	483	492	503
	Female	431	442	453	455	467
Contract employees (apart from sales associate positions) (persons)	Total	224	246	338	393	433
	Male	116	133	188	207	239
	Female	108	113	150	186	194
Contract employees (sales associate positions) (persons)	Total	695	747	820	905	978
	Male	343	368	399	442	467
	Female	352	379	421	463	511
Part-time employees (persons)	Total	422	403	432	434	449
	Male	97	95	104	111	119
	Female	325	308	328	323	330
No. of employees (persons)		2,251	2,330	2,526	2,679	2,830



## Creating conditions where employees with disabilities can make contributions

We have set “Realization of an inclusive society” as one of our ESG management key issues, and have created workplace environments where employees can make contributions regardless of handicapped status. Takayuki Suzuki joined our company in 2009. He has built up an impressive record as a para-swimmer in various tournaments and is currently studying sports management at graduate school in the UK. He is also involved in product development, such as supervising development of a bag for people who use wheelchairs designed with input from wheelchair athletes. These efforts have culminated in a 2.63% ratio of employees with disabilities in FY 2020.

Ratio of employees with disabilities (consolidated)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Ratio of employees with disabilities (%)	2.16	1.95	1.72	2.46	2.63



## Employee health and safety

We want to be a company where employees are able to work with pride and enthusiasm. Based on this premise, we believe that when employees and their families are able to maintain and improve their physical and mental health and well-being, and employees can continue working with a sense of enjoyment, new ideas and inspiration will be born. What's more, everyone's individual aptitudes and capabilities will be fully unleashed, leading to company development and contributions to society. This philosophy is expressed in the GOLDWIN Group Health Management Declaration and shared with employees and their families, health insurance associations and the wider society so that we create good health and well-being together.

### GOLDWIN Group Health Management Declaration

Our corporate mission is to “realize a fulfilling and healthy lifestyle through sports.” Employees' physical and mental health and safety is absolutely essential for both the company and employees to achieve growth. We pledge to proactively work together with employees, their families and health insurance associations to create conditions so that all employees are able to work safely and maintain and improve their health.

## Selected for the 2021 Certified Health and Productivity Management Organization Recognition Program (large enterprise category)

We were selected for the 2021 Certified Health and Productivity Management Organization Recognition Program (large enterprise category) by the Ministry of Economy, Trade and Industry of Japan. Based on initiatives for overcoming health-related challenges in communities and initiatives to improve health led by the Japan Health Council, the Certified Health and Productivity Management Organization Recognition Program recognizes outstanding large enterprises and small- and medium-sized enterprises (SMEs) that are engaging in efforts for health management. We position ensuring the physical and mental health and safety of employees as a priority management issue, and promote health improvements through a range of initiatives under the leadership of top management. We strive to create work environments that allow employees to work in physical and mental safety and security. For example, all employees receive regular medical checkups, smoking is banned on company property, employees are given stress checks, we strive to improve work-life balance, and we hold trainings on improving health and on mental health.

## Occupational health and safety

We have pledged to uphold management that places first priority on employee health and safety, and comply with laws and ordinances related to occupational health and safety accordingly. In addition, we have established the Health and Safety Committee under the General Manager of Human Resources and General Affairs Division as an organization for promoting occupational health and safety. The committee meets 12 times a year in the Tokyo, Toyama and Osaka regions. In FY 2020, the committee mainly discussed basic infection control measures for individuals to implement to prevent the spread of COVID-19. The committee also held consultations on points to consider in maintaining employee health while employees work from home, including daily routines, exercise, nutrition, rest and communication (emotional well-being).

No. of occupational accidents (non-consolidated)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
No. of occupational accidents (incidents)	10	6	11	13	9
No. of deaths from occupational accidents (persons)	0	0	0	0	0

## Talent development and career path planning

We share our corporate mission and SPORTS FIRST approach, and have created trainings specific for different company levels as well as elective training programs for the purpose of nurturing unbound imagination and creativity to design the future in our human resources. In addition, we also conduct career consulting and make revisions to our human resource system as ways to support our employees in planning their career paths. We create conditions that respect employees' diverse values and allow employees to enhance their abilities.

### Company level-based trainings

We have prepared educational programs corresponding to different company levels, from new employees to managers. In FY 2020, trainings were impacted by our decision to voluntarily refrain from holding group trainings to prevent the spread of COVID-19, but we adapted by expanding our on-the-job (OJT) training in individual departments as well as online trainings. This allowed us to offer training content close to what is normally offered.

#### Main level-based trainings

Training	Training hours per person (hours)	Participants (persons)			Training purpose and content
		FY 2018	FY 2019	FY 2020	
New employee training	64	31	40	29	This training is designed to have talent engaged in processes from planning and production to sales at a sports manufacturer experience jobs other than their own and leverage this experience in their work. New graduate employees and mid-career hires regularly participate in this training at Goldwin Tech Lab, our R&D center. New employees learn about our corporate history in the archive corner, and learn the basics of manufacturing by practicing sewing to create their own sports apparel.
Fourth and fifth year training	14	19	22	19	Employees gain an understanding of their own interpersonal style, and study key points in deepening ties with others (social skills in interpersonal relations). Employees gain experience-based understanding of model ways to have a team with strong ties.
New leader training	14	20	24	23	This training creates the foundational knowledge and base for GOLDWIN managerial positions for employees assuming their first managerial position.
New manager training	28	32	13	25	The following three areas form the training curriculum designed to have employees make contributions as managers leading the future of GOLDWIN. (1) The basic roles managers are expected to perform (2) Skills to get the most out of teams, and skills to direct and support team members (3) Self-understanding as a manager
Labor management training	8	87	26	–	This training is designed for employees to get accurate knowledge of legislation related to labor management that they can then use in their day-to-day work. [Total of four curriculum sessions] (1) Understanding environmental changes pertaining to labor management (2) Types of workers used for company management, and points to keep in mind when using workers (overview) Working hours, days off, breaks, the Article 36 agreement, vacation, leave (3) Points to keep in mind when using contract employees and part-time and temporary workers (4) Creating harassment-free workplace environments
Business leader program	90	–	–	13	By achieving diversity in our core human resources, we are developing next-generation business leaders able to realize sustainability. In this program, participants envision what our company will be 30 years in the future and learn about the roles future management leaders are expected to perform.

### School of S<sup>2</sup>AT for nurturing creativity

We have operated the School of S<sup>2</sup>AT (pronounced "sat") for all employees since November 2020. This is an original training program designed to nurture individual employees' creativity. S<sup>2</sup>AT is an acronym for sports, science, art and technology. The program can be likened to an in-house university, where people active on the front lines of various fields are regularly invited to give presentations facilitated by employees. The program is designed to sharpen the intuition and perceptiveness of employees in real-life fields while they engage in a range of experiences. Since the program's launch in November 2020, a total of ten online sessions have been held through August 2021.



## Career support for employees

Employees are given regular career consultations in order to 1) be able to objectively view their own situation in the context of social changes, 2) become aware of and understand the changes and apply them to their own situation, and 3) have opportunities to consider their own strengths and skills to survive and thrive in the future. In addition, employees are prompted to have greater awareness of their own career at regularly held career workshops, and are given individual consultations upon request. In FY 2020, 152 employees participated in the career support program.

## Shift to job-type HR system

We are planning to transition to a job-type HR system in FY 2022 as another way to support employees in planning their career paths. In this new system, employees will select the career path of their choosing, from among a management or a professional track. Human resources in management positions are management professionals who chart and implement roadmaps of their organization's direction, create teamwork among company talent, and drive their organization to achieve targets. Human resources in professional positions use their wealth of specialized knowledge and high-level skills to anticipate changes in customers, markets and society, incorporate new approaches in our company and propel business growth. Through the transition to this new system, we will lay the groundwork for individual employees to unleash their full potential while both embracing employees' diverse values and obtaining the model qualities we need from employees.

## Employee-friendly workplace

We believe that achieving work-life balance through the workplace conditions we create is vital to be able to share our prized values of prioritizing sports and the environment and living life without a boundary between work and play, and to allow all employees to work with a sense of purpose and reward.

### Preventing excessive work

Starting in FY 2020, we conducted a review to drive work efficiency improvements. We then set the companywide target of annual overtime hours of 720 hours or less for all employees, and are taking steps to reduce overtime work. In FY 2020, annual overtime hours per person came to 137.9 hours, meeting our target, through steps taken including restricting network access and introducing a telework program. We will continue taking steps in FY 2021, with the companywide target of annual overtime hours of 600 hours or less for all employees.

#### Annual working hours per employee

	Unit
Annual total working hours per employee	1,830.9 hours/year
Annual hours of overtime work per employee	137.9 hours/year

### Support for balancing work and childcare/caregiving

At GOLDWIN, we have developed several beneficial programs beyond those that are legally mandated to support employees in balancing both work and childcare and/or family caregiving.

#### Use of programs

Program		FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
No. of employees using Childcare Leave Program (persons)	Male	1	0	0	3	7
	Female	21	16	24	28	33
Average no. of days of childcare leave taken (days)	Male	211	0	0	111	33
	Female	310	363	337	324	351
Percentage of employees returning to work after childcare leave (%)	Male	100	0	0	100	100
	Female	100	100	95.8	96.4	94.7
No. of people using Shortened Work Hours for Childrearing Program (persons)	Male	0	0	0	0	0
	Female	8	17	9	20	26
No. of people using Caregiving Leave Program (persons)	Male	0	0	0	0	0
	Female	0	2	1	0	0
No. of people using Shortened Work Hours for Caregiving Program (persons)	Male	0	0	0	0	0
	Female	0	0	0	0	0

#### Other support programs and number of users

Program	Overview	No. of people using the program in FY 2020 (persons)
Maternity Leave	Leave program for the period from 46 days before the due date to 56 days after the birth	28
Spousal Labor Leave	Program to grant special leave to attend spouse's labor	22
Support for Daycare Fees Paid to More than One Provider	Program to subsidize daycare fees so that parents can continue to work full-time	0
Parking Fee Assistance	Program to assist with parking fees for daycare drop-off and pick-up	1

# Intellectual Capital Derived from the Pursuit of Functional Beauty and Brand Value

Dedication to detail — There is true value in the invisible



## The power to turn the ideal into reality — From R&D to design, sewing and quality maintenance

At GOLDWIN, we maximize the synergies generated from combining our experience as a sports apparel manufacturer with the latest technologies to deliver advanced design sense and functional performance. To this end, we engage in original development and implement a rigorous inspection scheme to uphold quality in our quest to create products with new value that no one has yet imagined. “There is a true value in the invisible” expresses the pride we take in what we create. The words of founder Tosaku Nishida, that “Everyone pays attention to what is right before his eyes. What sets a manufacturer apart is giving painstaking detail to what is not readily visible,” are the origins of our spirit of manufacturing.

## Intellectual capital initiatives

We conduct a wide range of R&D, primarily at Goldwin Tech Lab, in service of our corporate mission to “realize a fulfilling and healthy lifestyle through sports.” Our wide-ranging intellectual capital consists of many elements that comprise our corporate value, including trademark and licensing rights to high added-value sports brands, outstanding creativity to deliver brand value, planning and development capabilities, manufacturing know-how, systems that uphold high quality, store design communicating brand value to customers and sales expertise. Using this intellectual capital, we will continue striving to improve the global environment through unbound imagination and breakthrough innovations that are beneficial to the world, in order to not only develop products in the short term but also to increase our corporate value in the mid- to long term.



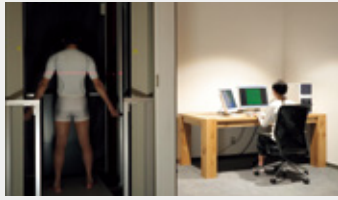
# Goldwin Tech Lab

## Our R&D facility to deliver the future we aspire to create with cutting-edge research and technology

We are exploring future manufacturing models at Goldwin Tech Lab, our R&D facility for implementing advanced manufacturing. In product development, the achievements from our R&D conducted as part of our mid- to long-term business strategy, from joint research among industry, academia and the government, and from R&D built up in cooperation with suppliers in various industries and our sponsored athletes become our intellectual capital that powers our original and innovative products and capacity to generate new ideas. We deploy our technology development capabilities that have been fostered since our founding, our product development capabilities that combine human knowledge and IT through investment in state-of-the-art equipment, and our original quality inspection system for upholding high quality in our drive to develop products with new value that no one has ever imagined before. In our presentation space, we have created a virtual store that applies practical visual merchandising to give the Goldwin Tech Lab integrated functions from R&D to sales propositions. Looking ahead, we will move forward with development apart from apparel, new development using digital technologies and materials development undertaken with partners in the supply chain, and connect this to increasing our corporate value.



### 3D scanner, 3D CAD



We use three-dimensional measuring devices and 3D CAD software in pattern designing. By visualizing three-dimensional information, we develop products that are easier to move in and more comfortable.

### Exercise research room



We analyze physical movement using motion capture to measure movement and based on scientific principles including from the fields of kinetics and physiology. From these results, we develop product materials and patterns able to improve movement performance and comfort.

### Environmental chamber, artificial rain chamber



Here we artificially reproduce various weather conditions to test product use. We use the chambers to both test that individual products' functionality meets expectations and to make further improvements.

### Constant temperature and humidity chamber



We test and evaluate material and product performance under conditions that maintain constant temperature and humidity to uphold a stable level of quality.

### Quality inspection room



This facility supports our quality assurance system by conducting product quality inspections and tests, with a focus on customer satisfaction and upholding product quality corresponding to the market.

### Sample room



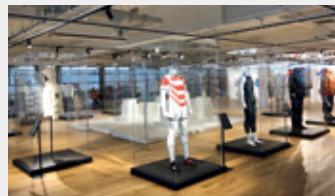
This space is where we bring together our manufacturing and processing technologies and instantly give shape to new ideas. We also work on developing new processing technologies here.

### Training room



This room is used for training and education to enhance technologies, skills and knowledge, including applied education on sewing and patterns. We use this space for developing the manufacturing talent that support our business.

### Archive exhibits



The central exhibits depict the future we aspire to create, and are surrounded by 12 machine and product exhibits representing our product development history. Together, the exhibits express the connection between the past and the future, harmony between technology and nature, and our ambition to grow out from Toyama Prefecture to Japan and the world.

### Meeting and presentation room



This space in the center of the Goldwin Tech Lab is a hub for communicating information to accelerate product development with high quality and high added value. We have set up a virtual store that can be used in sales associate trainings and practical VMD trainings.

## Framework for intellectual capital activities in our business



### Development Committee

Our Development Committee meets six times a year in pursuit of developing high value-added products specifically with our original technologies and functions. The meetings comprise members selected from across our company and are held for the purpose of maximizing use of our human capital, intellectual capital and other internal resources. The committee also reviews product commercialization, marketing strategy and sales promotions to bring higher-level insights and efficiencies to product planning, and shares know-how across organizations. KODENSHI®, which was developed in the committee, was used in products worn by Yuichiro Miura in his ascent of Mt. Everest. KODENSHI® is now being deployed in development, promotions and other areas across our brands.



KODENSHI® fabric offers advanced heat retention performance. It is blended with ultra-fine ceramic particles that absorb far-infrared radiation (body heat) emitted from the skin of the person wearing it and returns the heat to their body.

### Patent and Design Subcommittee, Patent and Design Working Group

The Patent and Design Subcommittee meets twice a year to establish our policy and strategy for effectively utilizing our Group's intellectual property. Under it, the Patent and Design Working Group meets four times a year and holds more detailed discussions. The subcommittee and working group share intellectual property information on patents, designs, utility models, know-how and so on, and deliver our distinctive high added-value to customers through our various brand offerings. Through their discussions, the subcommittee and working group strive to effectively and efficiently obtain exclusive rights and protections on intellectual property by making decisions on applying for patents and other actions. This serves to prevent other companies from obtaining the rights and to curtail the availability of imitations.



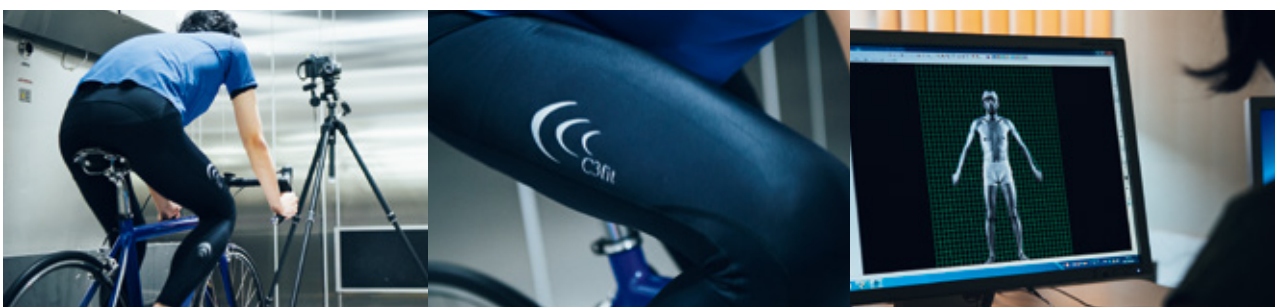
SMART SEAM® is an original GOLDWIN technology. Creating flat seams to reduce seams' stress on the skin

### Service invention program

We have created an incentive program for intellectual property encompassing inventions, original works, ideas and know-how created by employees in the course of their work. Employees who have created intellectual property designated in the Patent and Design Subcommittee are given a cash reward corresponding to the evaluation of the intellectual property. The contribution to our business is also regularly assessed, with cash rewards given accordingly. This program greatly contributes to increasing employee motivation to develop high value-added products specifically with our original technologies and functions, not just functions based simply on relevant laws and regulations.



Motorcycle jacket with air intake at the chest. The jacket is constructed with two layers of zippers at the chest to deliver waterproof performance in the rain as well as ventilation when it's not raining. The jacket brings in a larger volume of air than before to reduce perspiration under clothing.



## Store expression maximizing brand value

At GOLDWIN Group, we believe that our stores are the front line closest to customers where we can communicate brand value. We operate stores in a range of styles depending on the community and customers where the store is. They include highly specialized stores, stores designed for families and lifestyle stores. We don't just display products in our stores—we aim to create spaces through the interior design, textures, music, scents and more that appeal to customers via all of their senses and make them feel comfortable and want to stay longer.

## Places for communication with customers

Our stores give customers opportunities to experience sports, and are also places for us to proactively communicate the appeal of sports. Our stores are places not just to offer products but also where we hold events and workshops to engage in valuable communication with customers. We are intent on using the information we gain through communication with customers at our stores in development of new products and services.

## Developing new store types aligned with customer needs

We are also focusing on developing new store types with the goal of further increasing two-way communication with customers. In Niseko, Hokkaido Prefecture and Hakuba, Nagano Prefecture, we operate THE NORTH FACE GRAVITY stores near outdoor recreation destinations. The stores not only sell apparel and equipment, but also meet wide-ranging customer needs for rentals of products and related books and hold events among other activities. In the Gaienmae neighborhood of Tokyo near the New National Stadium, we opened the urban store NEUTRALWORKS. BY GOLDWIN with the concept of empowering customers who want to live a sports lifestyle 24 hours a day to sustain their physical and mental well-being in a primed “neutral” state that is ready to shift into gear. Through these directly managed stores, we are exploring new sports-related value and offering associated products and services.

### Examples of stores we operate

Athletics and sports  
NEUTRALWORKS.BY GOLDWIN



For urban outdoor enthusiasts  
THE NORTH FACE STANDARD



High-performance running store  
THE NORTH FACE FLIGHT TOKYO

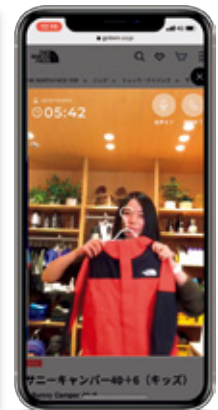


Stores near outdoor recreation destinations  
THE NORTH FACE GRAVITY



## GOLDWIN WEB STORE

Together with upgrading our EC site system, we have begun providing online customer service leveraging the strengths of our customer service provided at directly managed stores.



Customers can receive service from store sales associates from wherever they are, and can purchase merchandise using a COD payment option (available in Japan only).

The system increases sales associates' points of contact with customers and includes a system for customers to evaluate individual stores.

## List of our brands

In addition to our original brands, we also operate a multi-brand business that includes brands whose trademark rights we have acquired and licensed and distributor brands. We have formed strategic partnerships with the global parent companies of these brands and operate our business to create brand value on a global scale and further increase this value.

Original brands	 Goldwin  GOLDWIN MOTORCYCLE  MXP  and per se  PROFECIO.  N/  nanamica
Owned brands	 THE NORTH FACE  HH HELLY HANSEN  canterbury  DANSKIN  ellesse
Licensed/ distributor brands	 speedo  EST. 1830 WOOLRICH  Black & White SPORT  241  macpac  icebreaker  PISCOPER  SUNSKI

## Original brands



### Goldwin

Our original Goldwin brand offers products across the five categories of Ski, Outdoor, Athletic, Lifestyle and C3fit that combine minimalist design with comfort, convenience and pragmatic function derived from our experience in ski and outdoor apparel.



### GOLDWIN MOTORCYCLE

We launched GOLDWIN MOTORCYCLE as GW SPORT in 1983. Since then, we have remained committed to our original C.A.S.E. (comfort, activity, safety, easy to use) development philosophy to create products that offer an excellent balance of quality and function. This philosophy is embedded in all of our riding apparel and equipment.



### MXP

We offer undergarments that apply cutting-edge sportswear technology and odor-neutralizing technology with design and function that deliver greater comfort in daily life. We aim to create undergarments with the ease of movement and moisture-wicking performance of sportswear, the power to neutralize sweat odors, and whose basic yet sophisticated designs feel like an extension of your body.



### and per se

We launched and per se from the desire to create unexpected delight from combinations of two unlike things. Its name signifies for us the connection of thoughts and ideas. Its golf apparel collections combine minimalist designs projecting intellect and the zeitgeist of the times with essential functional performance.



### PROFECIO

The PROFECIO brand develops garments used in specialized environments such as clean rooms. Pursuing the most advanced specifications, PROFECIO combines comfort during wear with advanced anti-dust protection, durability, cold temperature protection and more.



### NEUTRALWORKS.

NEUTRALWORKS. is an athletic store brand designed with the concept of empowering customers who want to live a sports lifestyle 24 hours a day to sustain their physical and mental well-being in a primed "neutral" state that is ready to shift into gear. Based on the concept that optimizing the body's capabilities in their natural state makes it easier to unleash performance, NEUTRALWORKS. offers products and new services that satisfy customer needs.



### nanamica

With the keywords of utility and sports, nanamica offers basic apparel in neutral designs with a modern feel that mix high-level fashion sensibility and function transcending styles, sexes and generations. The name is a combination of words in Japanese that mean "house of the seven seas." While upholding the feeling of relaxation and freedom evoked by the seas, we aim for nanamica to engage in manufacturing with people around the world unfettered by national boundaries or beliefs, and to communicate what we make to the world.



## Owned brands (brands whose trademark rights we have acquired)



### THE NORTH FACE

THE NORTH FACE was founded in San Francisco, California in 1966. The brand continues to challenge the limits of technology and pursue the heights of functional performance without compromise. Some of its achievements include high-quality sleeping bags made with generous amounts of premium goose down, the Sierra Parka, arguably the model that created the mold for down parkas, and the Oval Intention, the world's first geodesic dome tent.



### HELLY HANSEN

HELLY HANSEN was founded in 1877 by Helly Juell Hansen, a merchant ship captain working in Norway's Port of Moss, as a water resistant clothing manufacturer. With the concept of "from ocean to mountain" in Japan, the brand currently offers products with comfort and function that support a range of activities from the oceans to the mountains, including sailing, trekking and snow sports.



### CANTERBURY

CANTERBURY was founded in New Zealand in 1904 as a rugby apparel brand. It created the forerunner of the rugby jersey and provides uniforms to some of the top rugby teams in the world including the Japan and Ireland national teams. The brand is loved and trusted by rugby players the world over.



### DANSKIN

DANSKIN was founded in 1882 in New York City, and offers sports and lifestyle apparel for all women who want to be active and beautiful, with the concept in Japan of "for athletic women."



### ellesse

ellesse was launched in Perugia, Italy in 1959. Since then, it has maintained a leading presence in the global sports apparel industry with its sophisticated designs.

## Licensed/distributor brands



### Speedo

Speedo was launched in Australia in 1928, and supports many of the world's top swimmers with its innovative technologies. It maintains a dominant position as the world's leading swimwear brand.



### WOOLRICH

America's oldest outdoor clothing brand has supplied outstanding production technology and state-of-the-art performance apparel for close to 200 years. It continues to carve out a singular identity with perpetual exploration and inquiry in the areas of product design and materials development.



### BLACK & WHITE SPORT

The two black and white terriers form BLACK & WHITE SPORT's instantly recognizable logo. The brand's apparel pursues simplicity and quality in a wide variety of golf stylings with subtle design accents for the sophisticated adult.



### 241 TWO FOR ONE

This distinctive brand was created by legendary pro snowboarder and artist Mike Basich.



### MACPAC

MACPAC was launched in 1973 in New Zealand with the design philosophy of "simplicity beyond complexity." Using rugged and waterproof fabrics, the brand's signature backpacks offer high quality designed foremost with durability in mind.



### ICEBREAKER

Focusing on the benefits of Merino wool, namely its warmth, breathability, biodegradability, easy care and light weight, ICEBREAKER is a pioneer in creating the Merino wool category of outdoor clothing. It pursues comfort from the four elements of softness on the skin, excellent breathability, temperature regulation and odor resistance.



### FISCHER

FISCHER is a leading ski brand founded in Austria in 1924. Leveraging its legacy of technological innovations, the brand offers high-performance ski apparel and equipment for all genres from alpine to Nordic skiing.



### Sunki

Sunki is a sunglasses brand launched in San Francisco, California in 2012. It developed original recycled polycarbonate frames that achieve both light weight and flexibility. A forever warranty against frames breaking and plastic-free packaging are two of the ways the brand considers the environment in everything it does.

# Manufacturing and Social Capital Created from Our Cultivated Manufacturing Know-how and Partnerships

## GOLDWIN manufacturing



Since our founding, we have conducted manufacturing with a commitment to differentiating our products based on added value from advanced functionality. What runs through this is our belief that “There is true value in the invisible.” We continue to engage in manufacturing with this conviction and without sacrificing design sense, functional performance or aesthetics. Our manufacturing expertise is concentrated at our Toyama Head Office where we were founded. We use an integrated manufacturing system encompassing processes from R&D to mass-production design. The Toyama Head Office serves the role of the “mother” factory, where our manufacturing know-how is cultivated and where we develop new manufacturing technologies. Our relationships with our partners, who support the many technologies and the know-how we have developed as well as our approach and who help make this manufacturing possible, are also part of our valued capital. From our Toyama Head Office where we develop our high-quality manufacturing system, we send staff on assignment to cooperating factories inside and outside Japan to provide guidance on quality control and production engineering. This allows us to share GOLDWIN-style manufacturing know-how and mass-produce products that enrich people’s lives. We consider not only these partnerships but also our relationships with a wide variety of stakeholders, including our sales outlets, the customers who use our products and local communities, as part of our valued capital in our manufacturing activities, and place priority on them accordingly.



## Combining cutting-edge technologies and the know-how we have cultivated since our founding

We pursue the movability and durability demanded by top athletes, the functional performance needed in harsh natural environments, design sense that meets the expectations of our customers, and quality that begets long-term use. We have always conducted integrated planning and design activities ourselves, from selecting materials to pattern making and creating specifications that result in the creation of ideal products. This know-how is part of our manufacturing foundation. Our know-how also went into the uniforms of the Japan National Rugby Team, who inspired people not only in Japan but around the world in 2019. We designed and planned individual players' uniforms based on their physiques as well as position and role during matches. From our Goldwin Tech Lab, we created three types of jerseys for the front row, the second row and back row, and the backs developed with data from a 3D scanner and motion capture system. In addition to digital designs based on 3D scanner and motion capture data, we also included input from the experience and ideas of our highly skilled engineers in pattern designing. We then repeatedly conducted a suite of tests with the cooperation of the athletes to achieve the finished uniforms. Digital technologies come up short in certain aspects of designing sportswear that works with various stances and movements athletes make while they play. That's why we make sure we have people with the expertise and experience to fill in these gaps. Combining cutting-edge technologies with the know-how we have cultivated since our founding, we meet the needs of athletes.



## Customizing service using our advanced design technologies

Our 141 CUSTOMS service customizes manufacturing to individuals' specifications. Specialist staff at THE NORTH FACE stores provide consultations and create patterns based on data about the customer's body obtained from a 3D scanning system installed in the stores. Customers can customize the item's primary and secondary materials, lining, zipper, buttons and logo color to their preferences. Integrating the data from the store with our "mother" factory, the items are individually cut, sewn and delivered to customers. In light of today's growing embrace of diversity, we believe that offering products customized to the customer's body shape and preferences will result in the products being appreciated and used for a long time, which in turn contributes to sustainability.



## Production system leveraging production engineering cultivated since our founding and our partners

Our factory located next to Goldwin Tech Lab fulfills the five roles of providing 1) development technologies that attempt to push the frontiers of technology, 2) design engineering combining functional performance and design sense, 3) quality control that builds trust and reliability, 4) production engineering with world-class facilities and skills and 5) procurement with a global perspective. This factory fulfills the major role of being the “mother” factory for cultivating our manufacturing know-how, developing new production technologies, and all processes from mass-production design to production management. Another source of our brand value is our global production system and its advanced technological capabilities that originate at this factory. More than 90% of our production today is done outside Japan. We send staff from our Technical Instruction Division to partner factories inside and outside Japan to directly provide instruction on quality control and production engineering to the employees of local production factories. We build partnerships with suppliers, share our know-how and technologies, and get their understanding and support for our manufacturing approach. This is how we achieve a stable, high-quality mass-production system. In addition, we are building on our partnerships with materials and auxiliary materials manufacturers in developing new materials. Our global production system, with integrated production processes from materials development to processing and sewing, creates high-quality products with advanced performance and is one of our strengths.



## Repair services made possible through our know-how and advanced facilities

We leverage the know-how and advanced facilities at our Toyama factory to provide product repair services. Specialist staff at the Repair Center perform repairs based on all kinds of customer requests and needs. They repair products according to the customer’s request as much as possible regardless of how old the product is, and return around 15,000 products to customers annually. We are able to provide this service thanks to the manufacturing technology know-how we have cultivated and the many advanced facilities we possess. Helping customers use products for as long as possible also reduces apparel being discarded as waste. We plan to expand these services, in part because they are something we can do together with customers that helps reduce environmental impacts.



## Quality control for trust and reliability conducted together with partners

Based on our corporate mission to “realize a fulfilling and healthy lifestyle through sports,” we aim to create products and services of value that benefit customers. As part of this, we strive to ensure product safety and improve quality. Our rigorous quality control starts from the design process and extends to how materials are obtained, production and inspections of finished products. This enables us to deliver high-quality, safe products to customers.

We have established a quality control system as well as our own Quality Standards for maintaining and improving product quality. We have created four product quality guidelines, and take steps to have our partner companies also understand and familiarize themselves with our quality control system and these guidelines as part of our commitment to ensuring quality control. In FY 2021, we requested more than 200 partner companies to comply with Product Quality Standards based on our Supplier Code of Conduct. We conduct rigorous product inspections together with partners using quality control processes that follow these guidelines. Quality control in manufacturing is conducted in production processes, and final product inspections are also conducted with rigor. In addition, acceptance inspections are conducted by specialist staff or designated authorized inspectors when we receive product shipments. Only products that pass all of these inspections are delivered to customers. We hold regular quality control meetings at factories aiming to strengthen quality control at partner factories inside and outside Japan, and we also send specialist staff on assignment to local factories to provide direct instruction on quality control and production engineering. Through FY 2020, they have provided instruction to more than 50% of our partner factories. We aim to increase corporate value for both GOLDWIN and partner companies by strengthening our relationships with partner companies so that we are able to provide products that customers can feel reassured using.

### Quality Standards

Materials Quality Control Guidelines

Materials Quality Inspection Guidelines

Product Quality Control Guidelines

Product Quality Inspection Guidelines



## Communication with customers

We have built a safety and quality management structure that covers development and production as well as all processes from sales to use by customers. We operate our stores to maximize brand value starting from dialogue with customers. We also continue to build trust with customers after product purchase through our Customer Service Center and Repair Center. Valuable feedback provided by customers gets shared with Goldwin Tech Lab and other related divisions, and is used to improve subsequent product development and services.

## Co-creating new value with partners — Partnership-based joint development

Since 2015, we have shared an ambitious vision to address global-scale environmental issues with Japanese biotech startup Spiber Inc., with the ultimate goal of transitioning to a circular economy based on sustainable resources. We undertook joint development of a fiber that replicates the strength and flexibility of natural spider silk, and are targeting its use in apparel products. In 2015, we announced a prototype of the MOON PARKA, made with artificial spider silk QMONOS®. Following this, we validated each process from spinning to sewing and processing and implemented a series of improvements. Over a period of four years, we developed the new structural protein Brewed Protein™\*, and commercialized the world's first product that uses it in 2019. Through our partnership with Spiber, we design and offer sports apparel for a future-oriented lifestyle lived in balance with the natural world. We believe that this will greatly contribute to creating sustainability in human civilization, and we will continue engaging in related R&D through this partnership.



### Mission

Goldwin and Spiber believe that it is the duty of the present generation to shift away from a short-term, consumerist economic model based on the use of non-renewable petroleum resources, and to move toward a sustainable, long-term economic model based on the use of renewable, sustainable resources.

### Vision

We will revisit the possibilities of nature and humans, and keep contemplating completely new models for the economy, products and materials that offer advanced functional and environmental performance. We will contribute to creating sustainability in human civilization by designing and offering sports apparel for a future-oriented lifestyle that can be lived in beautiful balance with the natural world.

\* Brewed Protein™ refers to structural protein materials produced using Spiber's proprietary fermentation (brewing) process without the primary source of petroleum or other fossil fuels. The name derives from the specific manufacturing process that is used. Products using short and long fibers were successfully developed in 2019. Going forward, various improvements at the molecular level, similar to process improvements that have been implemented, will make it possible to design material properties corresponding to the application. Brewed Protein™ holds the potential to play a major role in meeting needs to eliminate microplastics and animal-derived materials in the apparel industry.

## History of GOLDWIN and Spiber

2015

Announced the MOON PARKA prototype



### Origin of the name MOON PARKA

The MOON PARKA takes its name from the word moonshot, meaning an attempt to achieve an extremely difficult task for the sake of the enormous impact that its success would entail.

2018

Repeated analysis of the genetic code reveals the "supercontraction" mechanism

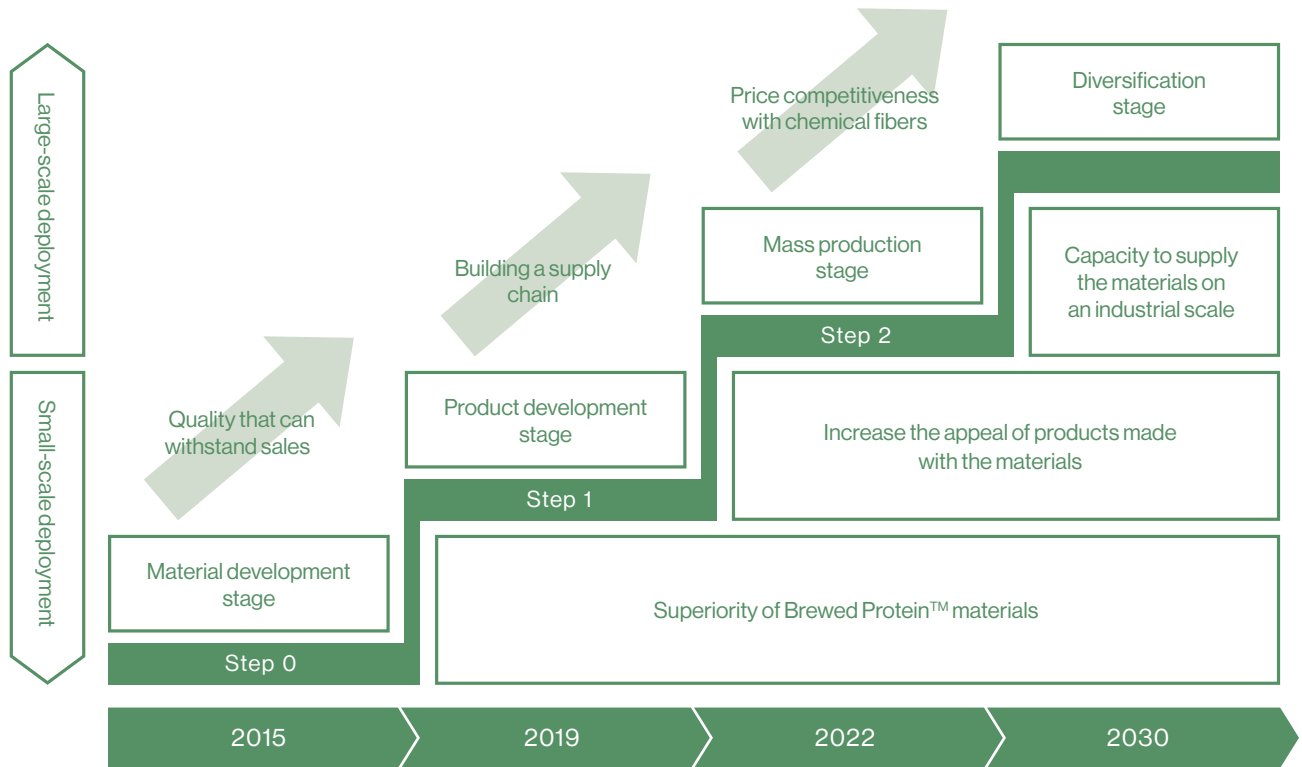


Brewed Protein™ structural protein materials are manufactured in a fermentation process that uses microorganisms and plant-derived sugars (glucose and sucrose) as the primary raw ingredients. Free from reliance on petroleum-based resources, Brewed Protein™ has the potential to play a major role in animal-free and plastic-free initiatives in the apparel industry, in reducing cargo weight in the transportation industry, and in many other areas including synthetic hair and healthcare. It is anticipated to be a core next-generation material contributing to sustainability.

## 2030 action targets

### Shift 10% of newly developed products to products using Brewed Protein™

Through this joint development, we will reframe the relationship between nature and humans, and continue to contemplate completely new models for the economy, products and materials that offer advanced functional and environmental performance. We believe that designing and making available sports apparel for a future-oriented lifestyle lived in balance with the natural world will greatly contribute to creating sustainability in human civilization. We will continue engaging in related R&D through our partnership with Spiber.



#### 2019 From QMONOS® to Brewed Protein™



Short fiber  
Planetary Equilibrium Tee



Long fiber  
MOON PARKA

#### More diverse materials

Fleece

Cashmere-like materials

Zippers and other auxiliary materials

Other items

#### 2020 Global announcement of The Sweater



#### Why it attracted attention

1. Made from sustainable material (does not rely on petroleum or other non-renewable resources)
2. Material has little environmental impact (minimal CO<sub>2</sub> emissions in manufacturing processes)
3. Biggest innovation since synthetic fibers (greatest technology breakthrough since the development of polyester and nylon)

## Value created from stakeholder connections

Through our relationships with a wide range of stakeholders, we have regularly provided opportunities for all people to enjoy sports. We aim for people to have a fulfilling and healthy lifestyle through sports.

### Communication with athletes, spectators and supporters of parasports

We are an active supporter of parasports, and deploy the technologies and experience we have accumulated as a sports apparel manufacturer in these activities. We proactively engage in communication with athletes, spectators and supporters to provide everyone opportunities to enjoy sports without distinction between physical ability and disability. To support these three groups of people equally, our activities follow the guiding principle of contributing to an inclusive society where everyone can lead healthy lives.

#### Our support for para athletes

We have been an official sponsor of the Japanese Para-Sports Association since 2015, and support creating conditions for everyone to participate in and enjoy sports on a regular basis. Some of our activities to support sports teams and para athletes include developing and providing uniforms planned and produced by our brands for Japanese national teams and para athletes that meet needs for movability while also protecting the athletes physically and reducing the strain on their bodies. Takayuki Suzuki is our employee and a para swimmer on the Japanese national team. Under his supervision, we have developed backpacks and luggage that are easy to use by both people in wheelchairs and the able-bodied. We have also donated funds to purchase wheelchairs specially made for youth rugby players. These are used at wheelchair rugby events organized by the Japan Wheelchair Rugby Federation to introduce children to the sport.



#### Our support for spectators

To deepen understanding for parasports, we proactively create opportunities to watch events and experience parasports together with employees and their families, various organizations and local communities. At the location of the GOLDWIN FIS YOUTH JAPAN CUP, which is a youth alpine ski tournament we sponsor, we held a chair-ski event open to public in cooperation with the Japan Para-ski Federation and the Japan ChairSki Association. Together with our partners, we offer a variety of opportunities for people to deepen their understanding of parasports by experiencing what the sports are like.



#### Our support for supporters

In our support for parasports as part of realizing an inclusive society, we believe it is essential to provide assistance to people who support parasports. We provide staff uniforms to parasports associations and organizations, and many of our employees volunteer to help run parasports competitions and tournaments. To enable smooth communication between participating deaf athletes and event staff at the GOLDWIN FIS YOUTH JAPAN CUP, we created the bilingual English and Japanese Deaf Ski Athlete Writing Notebook, which people can use to communicate instantly with a point of the finger. The notebook is given to participating athletes and event staff.





## Contributing to children's future

We conduct a wide range of activities for the purpose of creating inspiration and opportunities for children to unleash their potential and shape a beautiful future as they take on the world.

### Encouraging children's dreams

Through our special support of the GOLDWIN FIS YOUTH JAPAN CUP since 2000, we help lay the groundwork for youth to become alpine skiers and expand the athlete population. We have held the GOLDWIN Junior Challenge Golf Tournament since 2010, which offers children opportunities to not only improve their golf skills but also to learn about golf rules and etiquette. In addition, we also hold events where children can receive instruction from top Japanese athletes in sports like rugby and swimming, to both build their interest and elevate their skills.



### Unleashing children's potential

We have held The North Face Kids Nature School, where children and their parents learn while experiencing nature, since 2014. The school provides space for children to nurture their ability to live close to nature and connect this to their dreams for the future. We launched the PLAY EARTH KIDS project in 2021 to bring more enriched and diverse possibilities to the intersection of children, the Earth and play. Through online content and in-person events, PLAY EARTH KIDS incorporates sports, play, nature, food, daily activities, language, culture, the environment and the body to nurture children's powers of imagination and creativity and to practice our vision of PLAY EARTH. <https://www.goldwin.co.jp/playearthkids/> (in Japanese)



## Communication with local communities through sports

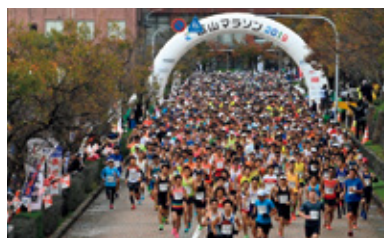
We conduct a range of activities with local communities, primarily those in Toyama Prefecture where we were founded, and in the Shibuya neighborhood of Tokyo where our Head Office is located. We offer ways for children and adults to lead a fulfilling and healthy lifestyle through sports.

#### Cooperation with the Prince Tomohito Memorial Cup Hokuriku Welfare Golf Tournament



We have provided support for the Prince Tomohito Memorial Cup Hokuriku Welfare Golf Tournament held at GOLF CLUB GOLDWIN in Oyabe, Toyama Prefecture, every year since the first tournament in 1999. Held for the purpose of building understanding for welfare for people with disabilities, net profits from the tournament are used in welfare activities for people with disabilities living in the Hokuriku region.

#### Special sponsor of the Toyama Marathon



We have served as a Gold Partner of the marathon, which enjoys a large number of runners spanning all generations and levels, since the first marathon in 2015. Many of our employees volunteer to help put on the marathon, and we conduct activities through the marathon to raise awareness for improving the environment among locals, including collecting apparel and offering participation award tee-shirts made with recycled materials.

#### Shibuya Social Action Partner Agreement with Shibuya Ward (Tokyo)



We have concluded a Shibuya Social Action Partner Agreement (hereinafter referred to as S-SAP Agreement) with Shibuya Ward in Tokyo. S-SAP Agreement is a public-private partnership framework concluded between Shibuya Ward and companies, universities and other organizations with a physical presence in Shibuya Ward for the purpose of solving local community challenges. Together with Shibuya Ward, we provide various opportunities to engage in activities through sports primarily aimed at children based on our shared goal of realizing an inclusive society.





Chapter

# 4

# Long-term Vision and Medium-term Management Plan

PLAY EARTH 2030

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Changes in the External Environment and Key Issues (Risks/Opportunities)

52

Long-term Vision

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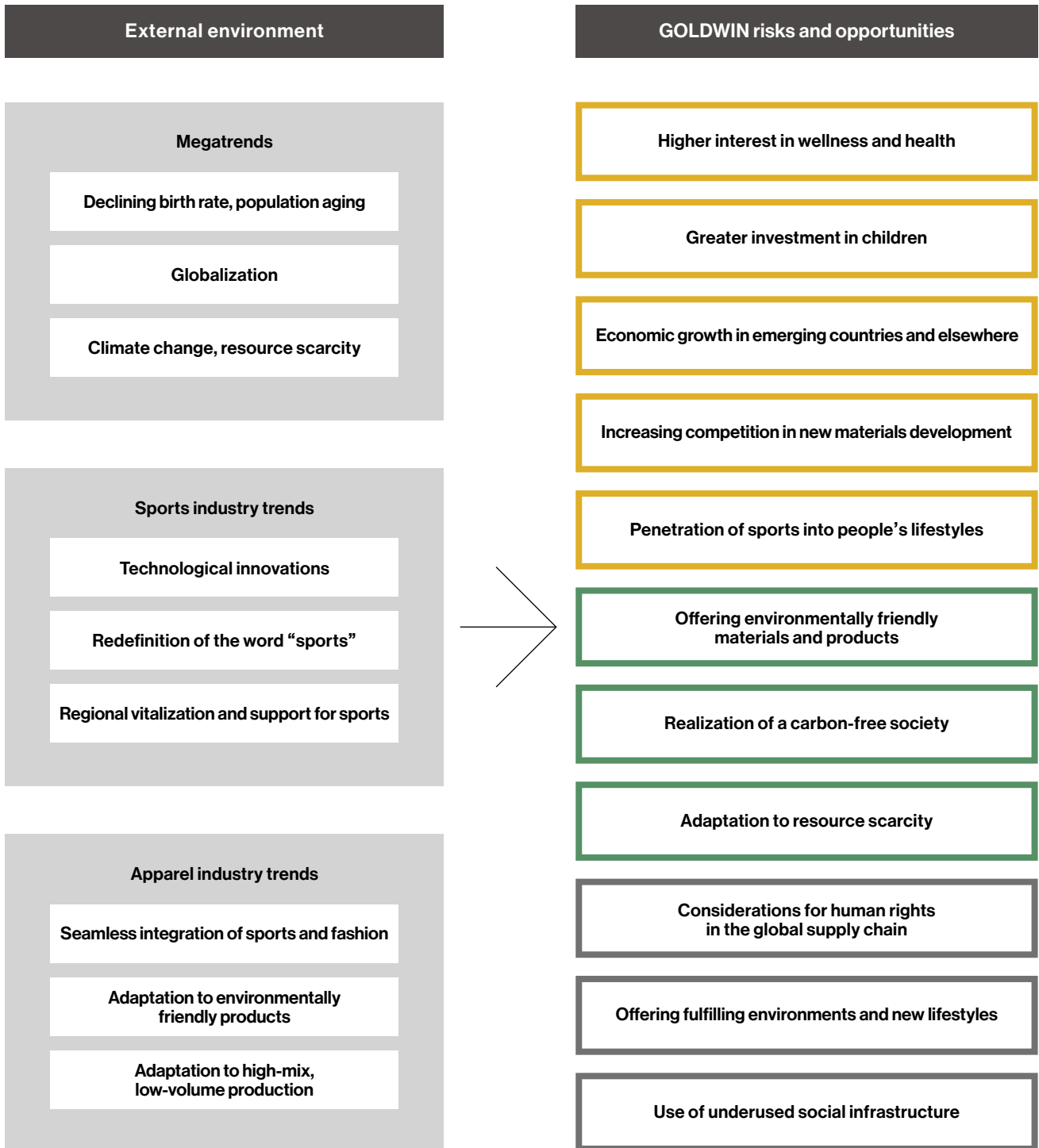
Basic Policy and Quantitative Targets for Our Medium-term Management Plan

56

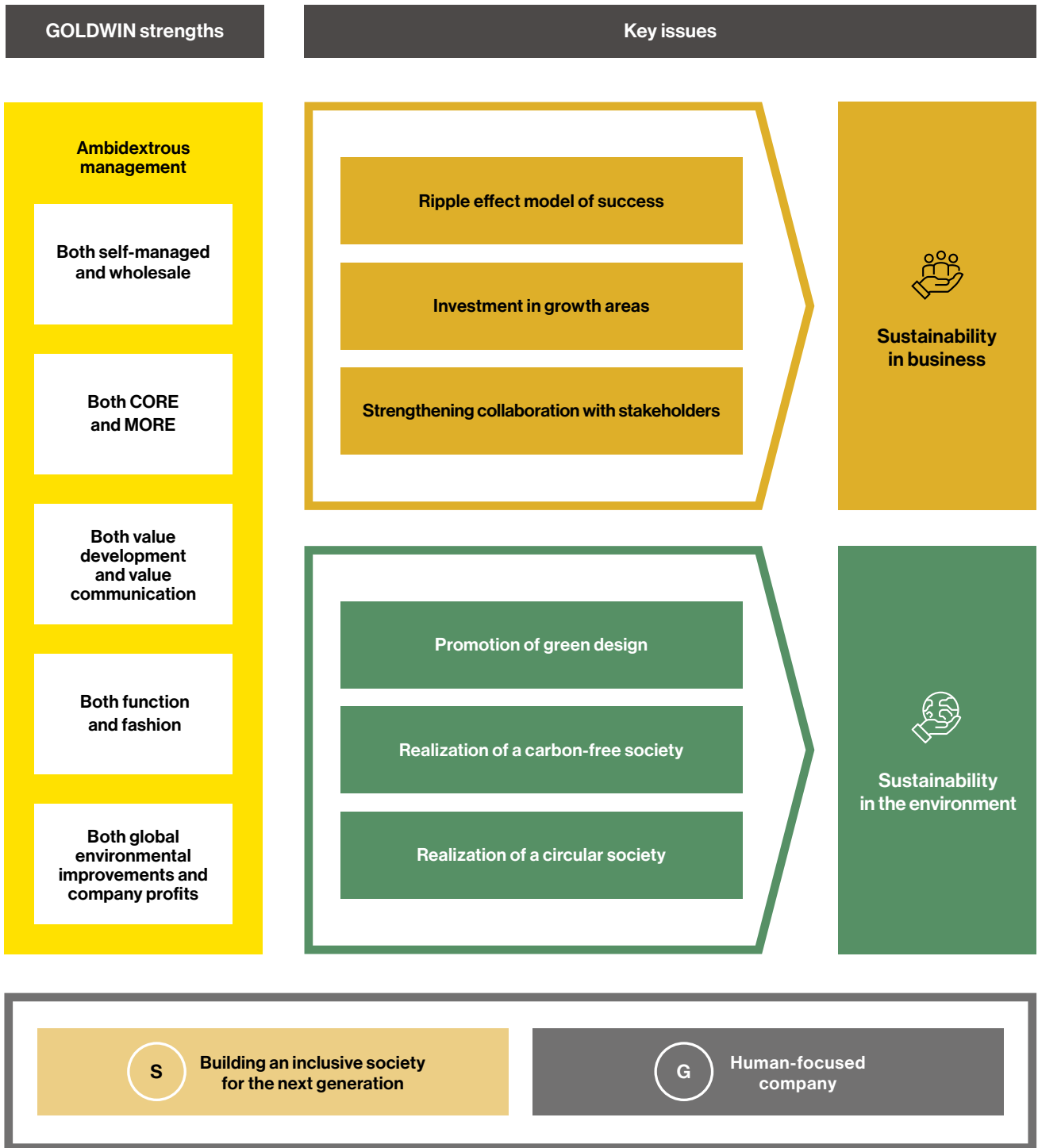
Fiscal Strategy and Capital Policy

# Changes in the External Environment and Key Issues (Risks/Opportunities)

We have established PLAY EARTH 2030, our long-term vision to realize sustainability for both our business and the environment by leveraging our strengths. We will implement this vision while assessing risks and opportunities in order to adapt to changes in the external environment and achieve sustained growth in the age of VUCA\*. Based on this long-term vision, we have presented the basic policy for our new medium-term management plan, key financial and non-financial issues and KPIs. We will strive to achieve these and build our ESG management framework that supports them to realize our new medium-term management plan.



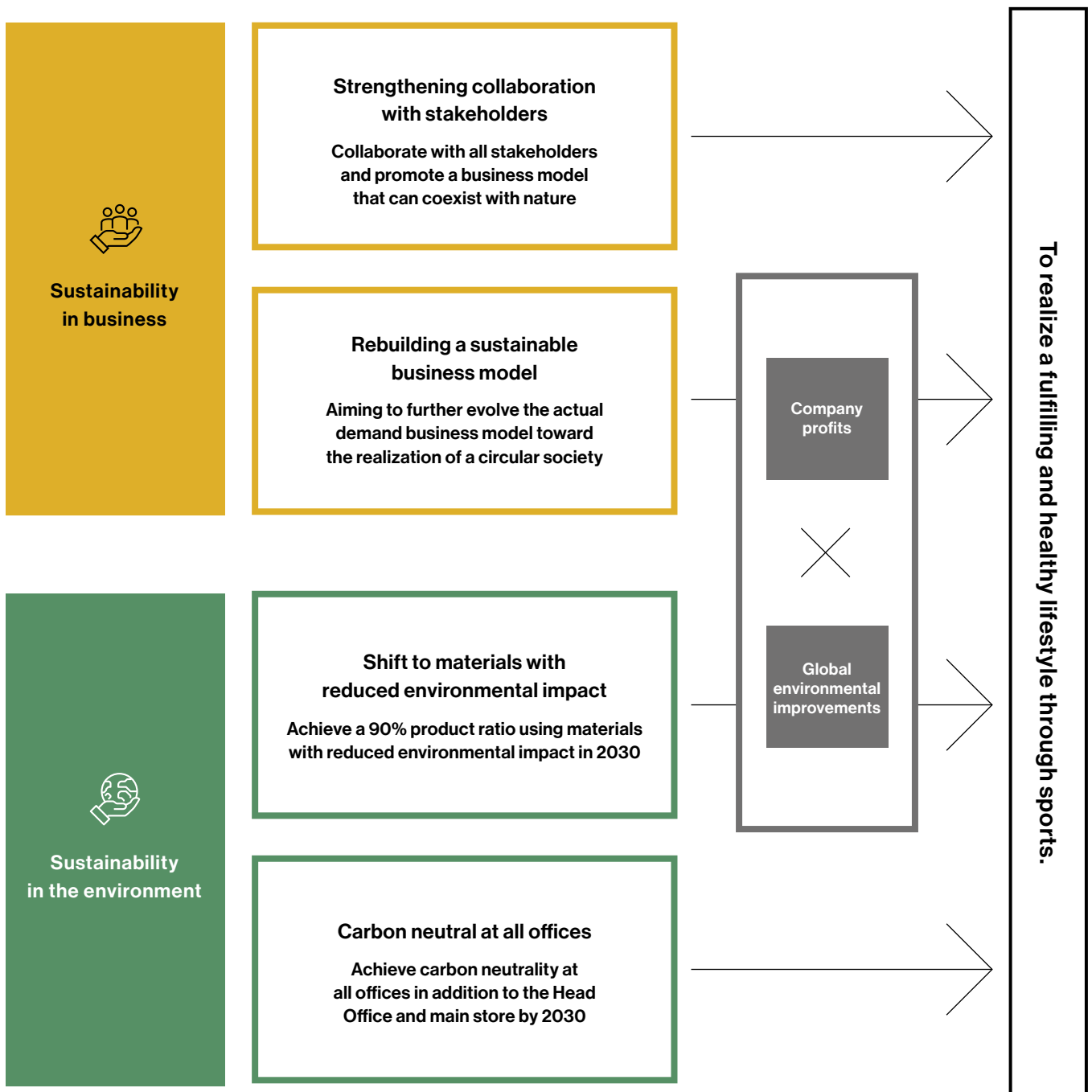
\* VUCA is an acronym for volatility, uncertainty, complexity and ambiguity, and signifies the difficulty in making predictions in the current era.



# Long-term Vision

PLAY EARTH 2030 aims to achieve sustainability in terms of both the environment and business. Viewing PLAY EARTH as a phrase that embodies our origins in the world of sports, we have established sustainability in our business and sustainability in the environment as our long-term vision. The apparel industry is said to be associated with large environmental impacts. Meanwhile, the outdoor industry is an industry that cannot be disengaged from environmental problems. We will take action to address environmental problems as one of our key management issues, so that future generations can continue to participate in outdoor activities.

## PLAY EARTH 2030





**Growth strategy based on CORE and MORE**

- We not only aim to grow our CORE, which involves enhancing functionality and developing new materials, but are also focused on extending the separate growth axis of MORE at the same time, which is about leveraging the CORE growth axis in lifestyle apparel and providing opportunities to wear our CORE
- Our growth strategy involves expanding the areas of the triangle while extending each of its points

**Pursue the performance that is our CORE, and leverage it in the lifestyle market to be MORE**

The diagram features a central triangle with 'CORE' in the upper section and 'MORE' in the lower section. Three arrows point outwards from the vertices of the triangle. Surrounding the triangle are four boxes with strategy points:

- Pursuit of performance**
  - New function development at Goldwin Tech Lab
  - Challenge to new performance from existing brands
  - Collaborative development with top athletes
- Expansion to lifestyle apparel**
  - Expanding the technology cultivated through performance to lifestyle apparel
  - Expansion of EC and demand forecast by AI
  - Expansion of custom orders
- Development of new technology and new materials**
  - Open innovation
  - New materials, processing technology, manufacturing technology
  - New materials with reduced environmental impact
- Improvement of sports environment**
  - Strategic field development
  - Advance into peripheral businesses such as apps (application soft)
  - Nurturing and education of the next generation

**Three pillars of environmental improvement activities with an eye on 2030**

- In promoting green design, we will increase our current 28% use of materials with reduced environmental impact to more than 90% over the next 10 years
- To achieve a carbon-free society, we will promote carbon neutrality at all offices and directly managed stores
- To create circularity in the apparel industry, we will implement initiatives to eliminate loss in fashion

**Specific actions to make environmental improvements on three key issues**

The diagram shows three interconnected boxes:

- Promotion of green design**
  - ⇒ 90% or more of products using materials with reduced environmental impact
  - Expand Brewed Protein™ development
  - Promotion of conversion to recycled materials
  - Utilization of auxiliary materials to reduce environmental impact
- Realization of a carbon-free society**
  - ⇒ Promotion of carbon neutrality at all offices and directly managed stores
  - Conversion to renewable energy
  - Eco-power generation at our own office
  - Carbon offset
- Realization of a circular society**
  - ⇒ Zero fashion loss/Zero waste of products and materials
  - Total amount regulation by strengthening order flow
  - Active expansion of custom orders
  - Strengthening repair and recycling activities

# Basic Policy and Quantitative Targets for Our Medium-term Management Plan

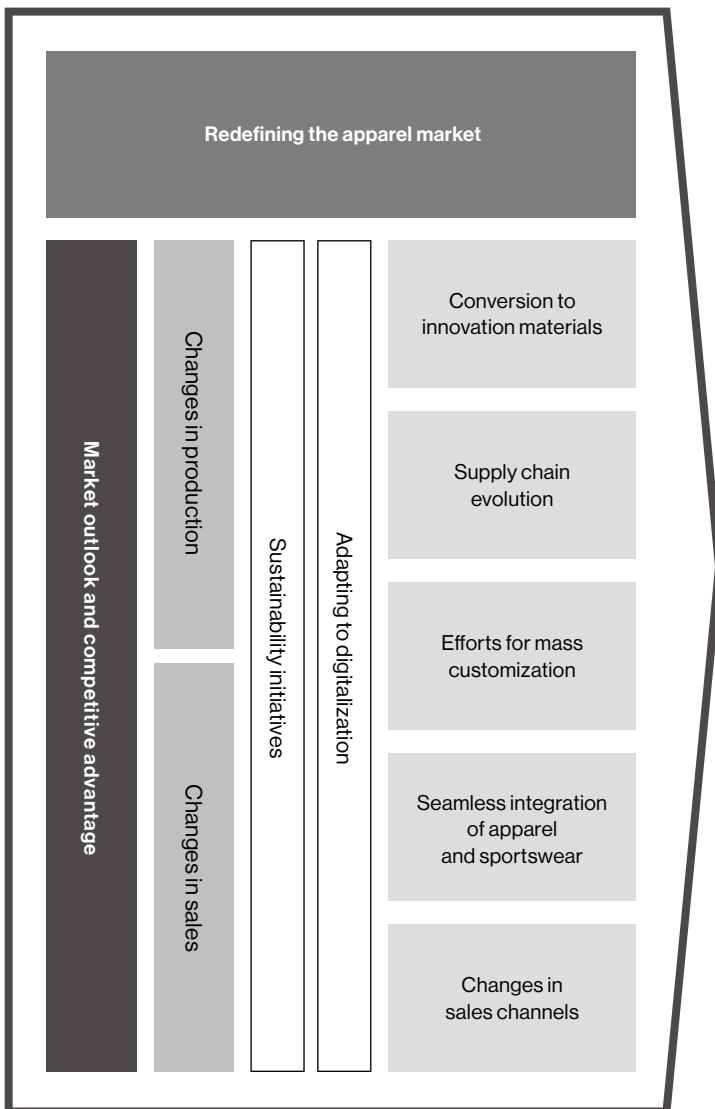
We will build a solid financial base that achieves both investment in growth areas and resilience. Environmental problems related to the apparel market receive frequent attention, and growth in the apparel industry is scant. Despite these challenges, the industry is also undergoing major changes with sustainability initiatives and advances in digitalization. We aim to adapt to these changes with our signature tenacity to achieve major growth. Over the next five years, we are significantly increasing our marketing-related investment for growth, and through this will increase revenue at our directly managed stores and wholesale stores. In addition, we will also achieve growth in EC sales, which we have been developing as a third sales channel.



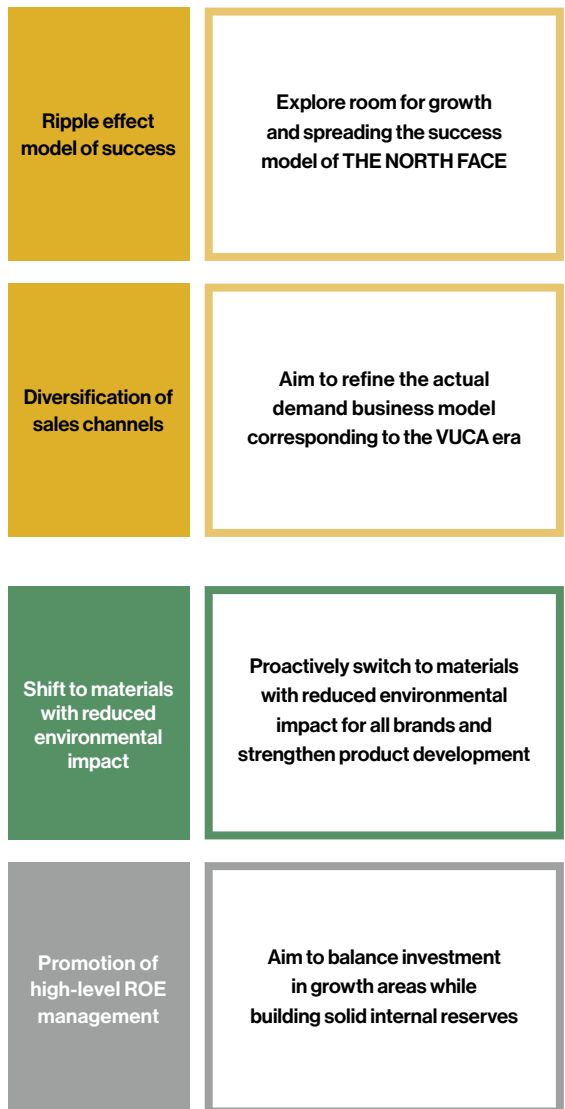
2021

Increase both capital productivity and sustainability in the apparel market

## Market outlook



## Basic policy of medium-term management plan





PLAY EARTH 2030

2030

Aim to achieve both medium-term financial goals and long-term non-financial goals

(Millions of yen)	Items	FY 2020 (results)	FY 2025 (forecast)	FY 2030 (forecast)
Financial goals	Net sales	90,479	125,000	-
	Operating profit	14,838	21,000	-
	Ordinary profit	15,984	22,500	-
	Interest-bearing debt ratio	0.18 times	0.3 times or less	-
	Dividend payout ratio	29.6%	30.0% or more	-
	ROE	21.6%	18.0% or more	-

Non-financial goals	Environmental impact reduction material usage rate	28%	60% or more	90% or more
	CO <sub>2</sub> emissions	1,292t-CO <sub>2</sub> 79% less than 2013	Carbon neutral at all offices in Japan	Carbon neutral at all offices and directly managed stores
	Material/product disposal	65 tons	80% reduction	Zero waste

To realize a fulfilling and healthy lifestyle through sports.

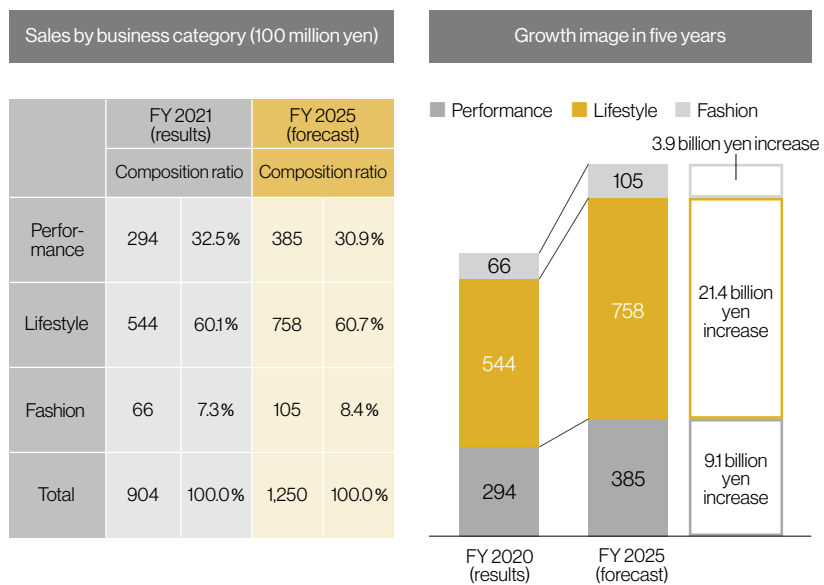
# Fiscal Strategy and Capital Policy

As the ongoing COVID-19 pandemic continues to inject uncertainty in the business outlook, many companies are implementing initiatives to improve their financial standing. We embarked on measures to strengthen our financial base some 20 years ago in 2000, and over the last several years this has produced results evident in our numbers. Growth in sales from expanding into the lifestyle and fashion domains without limiting ourselves to our traditional sports domain is an underlying factor in this achievement. As we expanded sales, we also secured cash flow with strict inventory management, and then as our efforts to reduce costs bore fruit, we built a management base able to maintain stable dividends to our shareholders. Our long journey to improve our financial standing is finally producing tangible results. Building on these results, our new medium-term management plan includes plans for proactive investments in growth areas targeting future growth, such as new materials development and strengthening our management base.

## New business categories

Five years to establish a strong position in the lifestyle market with substantial room for growth

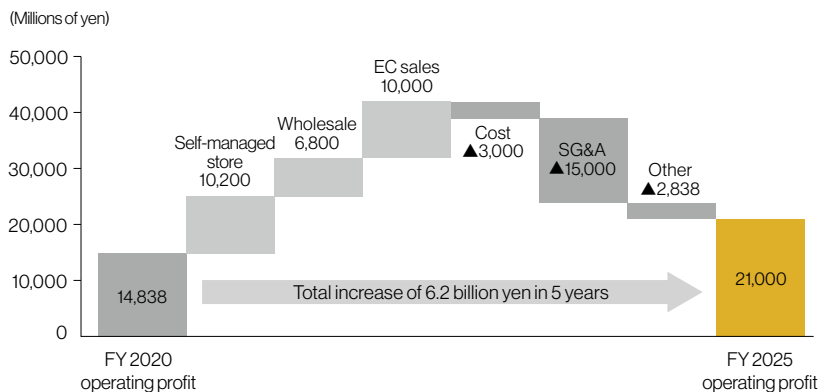
This is our sales forecast for the new business categories. While the amount of increase in the lifestyle market, where there is substantial room for growth, is large, we also forecast increased revenue in the performance and fashion markets, and aim to achieve growth in all of the business categories. We have achieved growth by deploying know-how gained in sportswear development not only in the sportswear field but also in lifestyle apparel. We will continue to take this approach going forward.



## Analysis of factors for increase or decrease in operating profit

Achieve both increased revenue and efficiency through investment in growth areas

This graph shows factors increasing and decreasing our operating profit over five years. Our policy going forward is to significantly increase marketing-related investment for growth during these five years. In addition to increasing revenue at directly managed stores and wholesale stores, this policy aims to drive growth in EC sales, which we have been developing as a third sales channel.

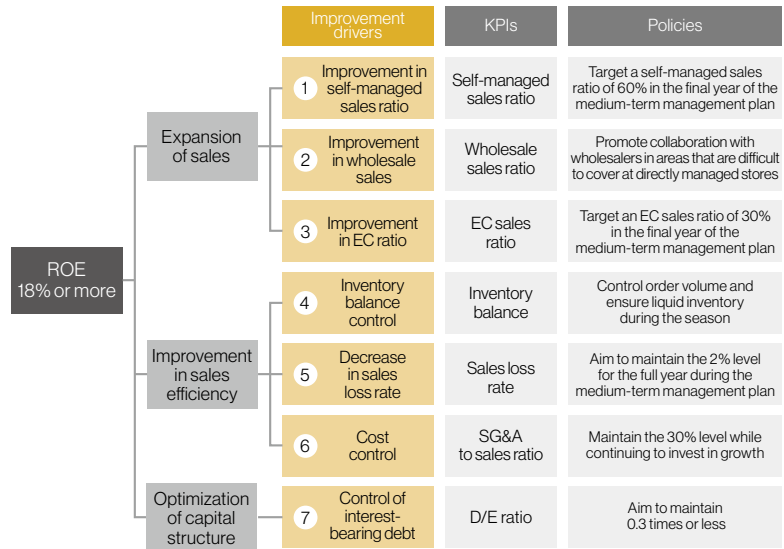


Factors of increase or decrease	Keywords	Factors
Self-managed store	Lifestyle and fashion enhancement	<ul style="list-style-type: none"> <li>Attracting core fans in the lifestyle market where there is ample room for growth</li> <li>Opening a flagship store specialized for the fashion market</li> </ul>
Wholesale	Cultivating camping demand	<ul style="list-style-type: none"> <li>Opening a concept shop that matches the demand for camping with large sports mass retailers, etc.</li> <li>CANTERBURY brand restructuring for the Rugby World Cup France tournament</li> </ul>
EC sales	Function expansion	<ul style="list-style-type: none"> <li>Pursuing synergies with directly managed stores toward an EC sales ratio of 30% (FY 2025)</li> <li>Expanded functions via the Web, such as support for mass customization on the Web</li> </ul>
Cost	Ecology shift	<ul style="list-style-type: none"> <li>While continuing to reduce cost, strengthen the supply chain and switch to materials with reduced environmental impact</li> </ul>
SG&A	Ripple effect model of success	<ul style="list-style-type: none"> <li>Strengthening marketing to raise awareness of each brand in order to spread the success model of THE NORTH FACE to other brands</li> <li>Increased depreciation burden due to growth investment in core systems, distribution bases, etc.</li> </ul>

Factors that increase or decrease operating profit and policy actions (KPIs)

Improve the high ROE management structure by thoroughly improving operational efficiency at the companywide level

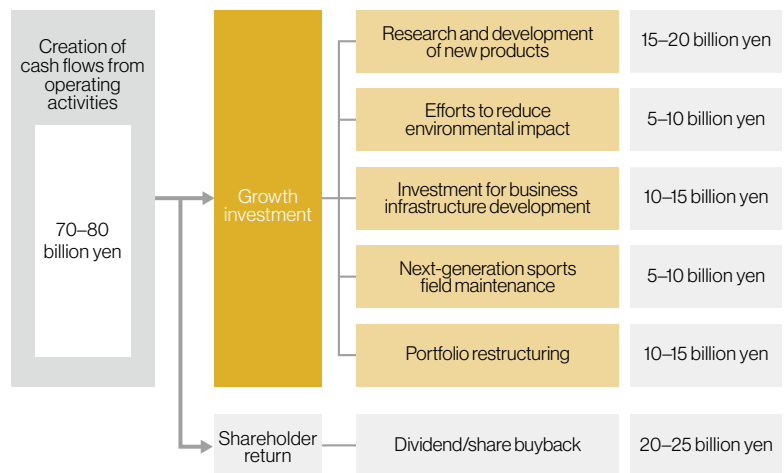
Our ROE for FY 2020 was 21.6%. Our medium-term management plan sets the future action theme of how to maintain and further raise this ROE level. As part of this, we have separated out the factors contributing to ROE as well as their improvement drivers and KPIs, as shown on the right. We are taking Group-wide actions to enact these improvements. In addition to expanding our margin by increasing net sales, we also view increasing sales efficiency and optimizing our capital structure as ROE improvement measures.



Cash allocation

Generate cash flows from operating activities of 70–80 billion yen during the five years of the medium-term management plan

As our actual demand business model is now broadly implemented, we have been able to achieve cash flows from operating activities in excess of 10 billion yen each fiscal year. During the current medium-term management plan, we are carrying out investments in new areas and initiatives to reduce our environmental impacts ahead of other companies. We also view creating opportunities to experience sports as key to our growth.

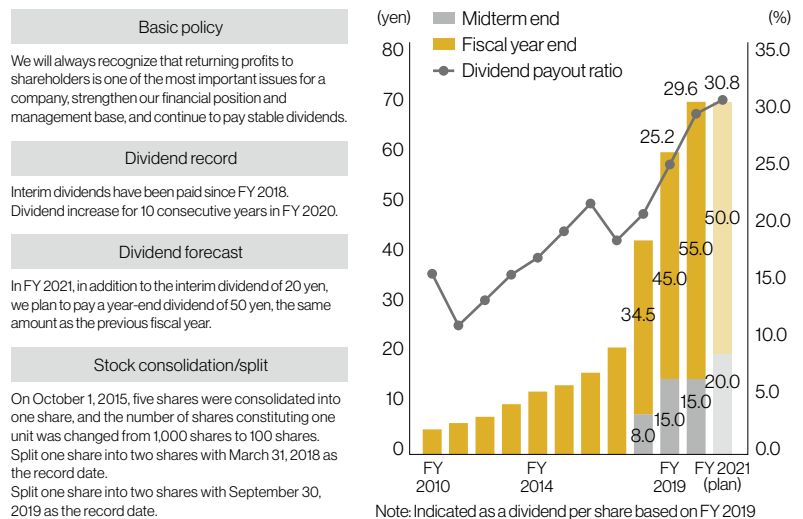


Note: The total value of each item does not match the total cash flows from operating activities, but the total investment is within the range of cash flows from operating activities.


Changes in shareholder returns and dividend payout ratio

Maintain annual dividend amount and provide sustainable shareholder returns

Our new medium-term management plan continues our dividend policy of providing stable dividends, and raises our dividend payout ratio target from “more than 25%” to “more than 30%.” We recognize returning profits to shareholders as one of our most important management issues, and strive to increase shareholder value in the mid- to long term through business growth and improvements in our capital efficiency. We have also established providing dividends on an ongoing basis and flexibly repurchasing our own shares as our basic policy on shareholder returns.







Chapter

# 5

## Foundation Supporting Value Creation

GOLDWIN's ESG Management

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Approaches to Sustainability

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Initiatives for the Environment (Mid- to Long-term Challenges and KPI)

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Corporate Governance

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List of Directors and Auditors, List of Corporate Officers

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Message from an External Director

# Approaches to Sustainability

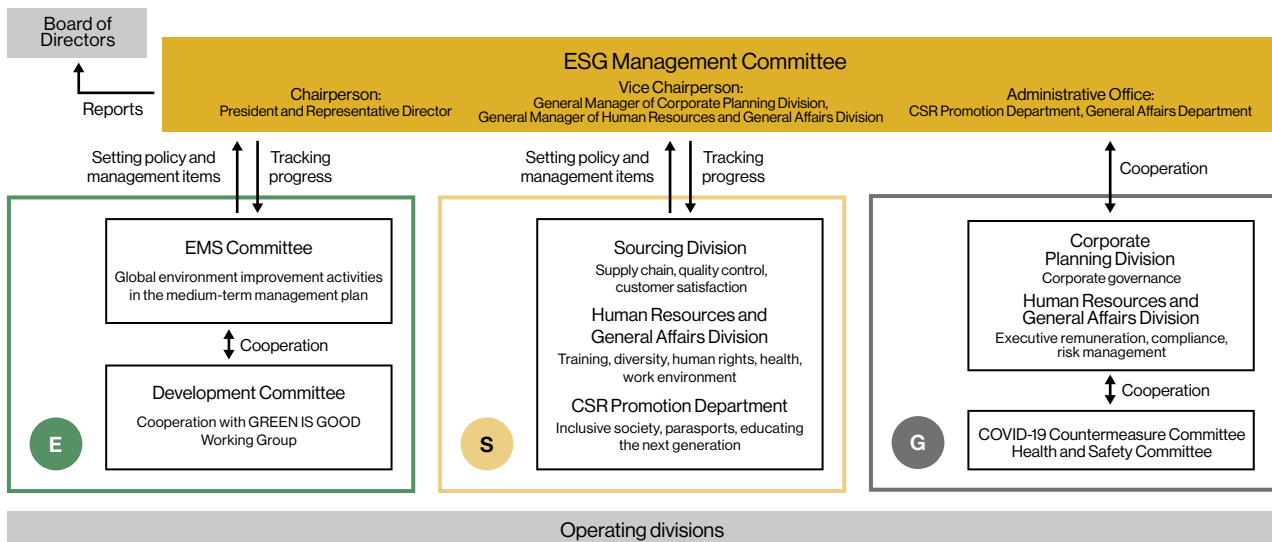
At GOLDWIN, we engage in business with the corporate philosophy/mission “to realize a fulfilling and healthy lifestyle through sports” and with the management policy, “Strong, Fast, Transparent Management.” The apparel industry emits a large amount of carbon dioxide, the second largest in all industries. It has been said that yearly water consumption is enough to fill 23 million Olympic pools. The amount of herbicide and pesticide used in cotton cultivation is highest amount used within all agriculture, so much so that the average lifespan of cotton farmers in India is 38 years. This shortened lifespan caused by this industry is concerning. We will seriously take on these challenges and contribute to the sustainability of the planet and society by reducing the environmental impact encompassing the entire supply chain and improving lives through manufacturing as well as creating a fulfilling and healthy lifestyle through sports, the outdoors and the nature-experience. To implement this, we have created the Basic Policy of ESG Management as well as put in place an ESG management promotion framework. The whole company will accelerate these initiatives for sustainability.

## Basic Policy of ESG Management

Every aspect of GOLDWIN Group’s operations—from manufacturing to sales—is rooted in our corporate mission to “realize a fulfilling and healthy lifestyle through sports.” Additionally, we will also leverage our passion and respect for sports to enhance our management transparency, create workplaces that enable employees to continue working in good health, make considerations for the global environment and biodiversity, and contribute to developing the future generation, local communities and the broader society through sports.

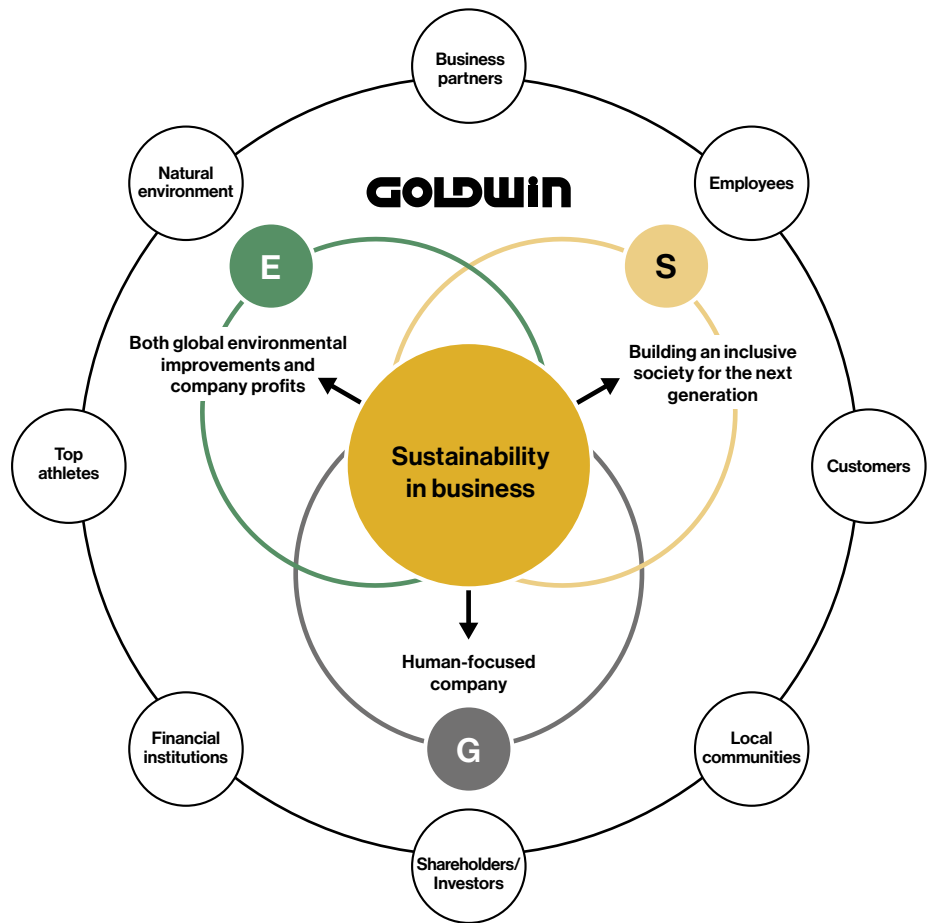
## ESG management promotion framework

At GOLDWIN Group, the President and Representative Director holds the highest responsibility and authority for overall ESG management and is responsible for its effectiveness, based on the Basic Policy for ESG Management. Under the supervision of the President and Representative Director, the Corporate Planning Division and Human Resources and General Affairs Division facilitate ESG management. Since April 2021, the previous CSR Committee was renamed the ESG Management Committee to promote ESG management throughout the Group. This committee has its administrative office in the CSR Promotion Department and the General Affairs Department. Subsidiaries, the Business Division, the Sales Division, the Sourcing Division, the Corporate Planning Division, the Human Resources and General Affairs Division, the Management Division and others responsible for business execution participate as members to deliberate on non-financial projects and annual projects as stated in the long-term vision PLAY EARTH 2030 and to examine the quarterly status of projects and ESG management issues within the Group. The ESG Management Committee reports the implementation status of ESG management to the Board of Directors once a year and obtains its approval. Of particular concern to (E) Environment, we obtained ISO 14001 certification in 1999, the first to do so in the sports apparel industry, and struck a balance between developing environmental conservation activities and environmentally friendly products and improving operational efficiency through conserving resources. The EMS Committee implements an environmental management system based on the ISO 14001 certification, while the Development Committee promotes the development of products with reduced environmental impact and recycling activities.



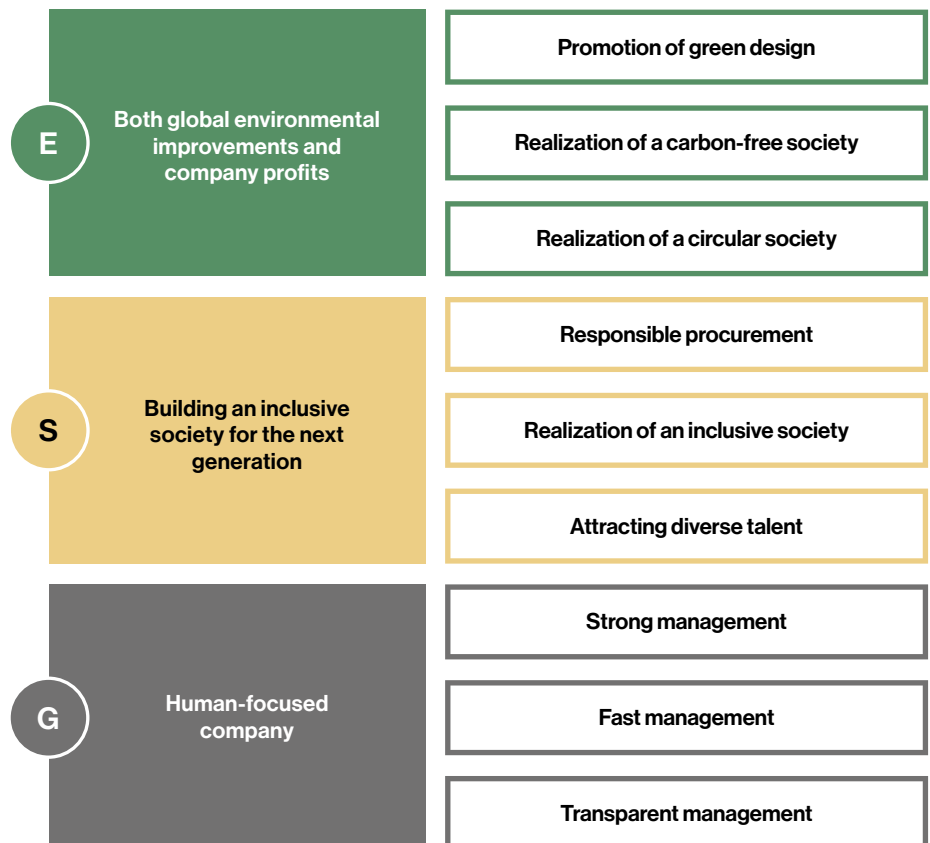
## Value co-creation with stakeholders

Ever since its founding 70 years ago, GOLDWIN has been on track for growth. We believe this is a result of continuously keeping pace with our customers including top athletes, our employees and their families, business partners, financial institutions, shareholders and investors, local communities centered on our birthplace in Toyama Prefecture and our headquarters in Shibuya, and the rich natural environment that is inseparable from sports. At GOLDWIN, we always consider and value our stakeholders to achieve our legacy of creating a fuller life with sports while co-creating value with them.



## ESG management key issues

We identify three themes and nine items as the GOLDWIN key issues to co-create value with stakeholders and concretely promote ESG management. At GOLDWIN, all business execution departments participate to implement initiatives for these nine key issues under the supervision of the ESG Management Committee.



# Initiatives for the Environment (Mid- to Long-term Challenges and KPI)

GOLDWIN's top priorities are sports and the environment, which is why we aim to improve the global environment through unbound imagination and breakthrough innovations that are beneficial to the world.

## Basic Principles of Environmental Protection

All of us should embark on the noble mission of living and prospering in harmony with nature. The GOLDWIN Group aims to reduce environmental impact through our planning, manufacturing and selling of sportswear and other types of functional wear. At the same time, we strive to make a positive impact on the environment by offering environmentally friendly products.

Below you will find the basic environmental policies that we have set forth for ourselves.

GOLDWIN's Environmental Policies URL: <https://corp.goldwin.co.jp/eng/csr/environment>

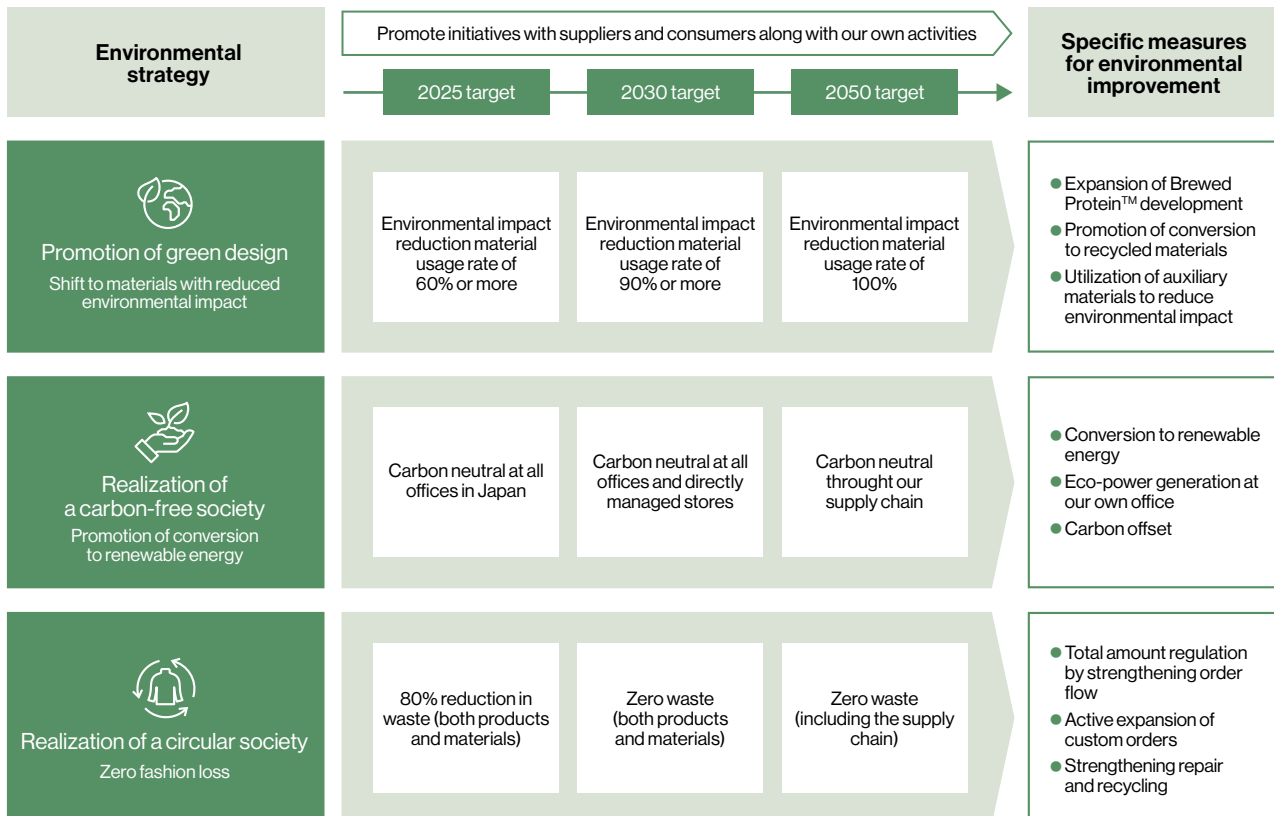
## Key issues for the environment

At GOLDWIN, we have been working on various initiatives to improve the environment, which include developing products with materials that reduce environmental impact, reducing CO<sub>2</sub> emissions and industrial waste, and conserving the natural environment. With the goal of further improving the global environment, we indicated three pillars of environmental improvement activities within the long-term vision "PLAY EARTH 2030" formulated May 2021. As a Group, we are advancing further initiatives to address environmental issues.

## Environmental results

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Sales rate of products using materials with reduced environmental impact (%)	12.6	11.0	12.5	13.0	28.6
CO <sub>2</sub> emissions (t-CO <sub>2</sub> )	7,579	7,565	7,100	3,074	1,292
Volume of generated waste (tons)	140	148	147	96	65

## Strategy and specific measures for environmental improvement activities





## Environmental activities promotion framework

Under the supervision of the ESG Management Committee, we set up an EMS Committee as a practical framework for global environmental improvements. In addition, this committee advance initiatives for the environment throughout GOLDWIN Group in collaboration with GREEN IS GOOD Working Group, a sub-committee of the Development Committee which plays a key role in the Group's products and technological development.

### EMS Committee

EMS Committee promotes companywide activities within a framework in which the President and Representative Director has the ultimate responsibility and the managers of each division supervise the performance of environmental measures. This committee uses an environmental management system based on ISO 14001 acquired in 1999 to facilitate environmental measures that are directly linked to business operations.

### GREEN IS GOOD Working Group, Development Committee

The GREEN IS GOOD Working Group within the Development Committee develops environmental impact reduction materials for all brand segments throughout the organization, as exemplified by Brewed Protein™, promotes the shift to recycled materials and recycling activities, and facilitates communication activities to expand customers' recognition of these endeavors.

## GREEN IS GOOD — Communication with customers

This is an activity to reduce the environmental impact that has been ongoing since 2008 with the goal of achieving a sustainable society. Rooted in the concept of caring for different environments within all areas of sports, we aimed to realize a circular society by developing and manufacturing products that integrate ideas to reduce the environmental impact and taking actions with our customers who use these products. We work on initiatives based on the three keywords—GREEN CYCLE (recycling), GREEN MATERIAL (selective use) and GREEN MIND (long-term use). Relevant products are marked with a specialized label so that customers can recognize them as environmentally friendly products. We will continue to further reinforce our GREEN IS GOOD activities which will lead to the promotion of green design and zero fashion loss.



This is a program to protect the green earth while having fun. GOLDWIN always tries to achieve everything a sports apparel manufacturer could possibly do to protect the environment. Under our GREEN IS GOOD banner, various green programs have been implemented—from environmentally friendly products to innovative, fun ideas to minimize our environmental footprint.

### Expansion with three keywords under the GREEN IS GOOD banner



#### Recycling GREEN CYCLE

This is a recycling and reuse system to collect products once they're used and recycle them as new products. By recycling polyester and nylon fiber products, the fiber products themselves are circulated as raw materials without relying on depleting petroleum resources. Recycling on down apparel is also implemented.



#### Selective use GREEN MATERIAL

When selecting materials, we prioritize minimizing our environmental impact by using no petroleum resources, having recycled materials, and employing materials derived from fast growing plants using fewer resources.



#### Long-term use GREEN MIND

We continue to develop to be able to provide products that are superior in all aspects of performance, durability and design so that our customers can cherish them even longer. Additionally, we facilitate repair services at our Repair Division.

GREEN IS GOOD website URL: <https://corp.goldwin.co.jp/greenisgood> (in Japanese)

## Activity promotion to improve the global environment

We aim to achieve the mid- to long-term environmental targets to improve the global environment by promoting further activities through GOLDWIN Group under the supervision of the EMS Committee and GREEN IS GOOD Working Group framework.



### Promotion of green design

We continue to develop products using renewable materials that lower our environmental impact in order to increase environmental sustainability and provide consumers with products that are safe and useful in the long term.

### Expansion of Brewed Protein™ development

Since 2015, GOLDWIN Group has developed products using Brewed Protein™, a structural protein material in collaboration with Spiber Inc., which has led to the launch of T-shirts and outdoor jackets in 2019 and the global launch of wool blend sweaters in 2020. We will continue to expand its development beyond primary materials to auxiliary materials, by utilizing Brewed Protein™ to improve the global environment.



### Promotion of conversion to recycled materials

The majority of sports apparel uses polyester, nylon and other materials derived and manufactured from petroleum. We are proactively switching to recycled materials that don't rely on depleting fossil fuel. In addition, we collect garments that are no longer needed at the stores to facilitate the circulation of limited resources.

### Utilization of auxiliary materials to reduce environmental impact

We will improve the usage rate of materials with reduced environmental impact in the primary materials for products, and in the future, promote the utilization of materials that have little impact on the environment for product accessories. In addition, we will further reduce our various environmental impacts with the usage of auxiliary materials through a reduction in the types of containers, packaging and labels, and the selection of recyclable materials.



### Realization of a carbon-free society

We promote activities connected with reducing CO<sub>2</sub> in our business operations, such as our conversion to renewable energy.

### Conversion to renewable energy

GOLDWIN Group proactively converted to renewable energy at the Tokyo Head Office and the office in the Toyama region with the goal of being carbon neutral at all offices in Japan by 2025. As a result, the FY 2020 CO<sub>2</sub> emissions at offices in Japan decreased by 79% compared to emissions in FY 2013. In the future, we will push this conversion to renewable energy beyond our offices in Japan to our directly managed stores.



### Eco-power generation at our own office

We aim to reduce our environmental impact and CO<sub>2</sub> emissions with the procurement of renewable energy at our office in the Toyama area, which includes installing an inhouse solar power generator in the future.

### Carbon offset

At THE NORTH FACE, we are implementing carbon offsets for CO<sub>2</sub> generated through procurement and logistics by supporting afforestation, forest conservation and other activities in Japan and producing countries. Going forward, we will expand these activities to all our brands and facilitate the conservation of the natural environment while reducing CO<sub>2</sub> emissions.



## Realization of a circular society

We will continue to reduce waste throughout our business including products and materials, and to collect and reuse products that are no longer usable.

### Total amount regulation by strengthening order flow

In the apparel industry, the major environmental issue is the issue of product waste due to excessive supplies. With the shift to an actual demand business model from 2000, we commit to order flow management and strictly manage the total amount of procurement. Additionally, we reduced the sales loss rate by 1.8% (FY 2020) through the development of flagship products that customers can enjoy as long as possible and a fast inventory flow during the sales period.

### Enhanced recycling

We started a recycling in collaboration with various partner companies in 2008. In this activity, we collect garments that are no longer needed regardless of the brand, quality and condition, and turn them into raw materials for new products. In FY 2020, 3,855.7 kg of garments were collected. We set up recycle boxes at 131 stores throughout Japan (as of March 31, 2021), mainly at our directly managed stores, to facilitate product collections from customers. Moreover, we collect products at sports events, such as Toyama Marathon and ULTRA-TRAIL Mt. FUJI, and facilitate recycling activities for a cyclical business in collaboration with partner companies (Kawada Feather Co., Ltd., Toray Industries Inc., Hasetora Spinning Co., Ltd., JEPLAN, INC. [Japan Environment Planning K.K.]).



#### Product collection results

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Amount collected (kg)	2,400.5	3,198.5	3,198.5	3,193.3	3,855.7



### Examples of other environmental activities

#### HELLY HANSEN H2O® Project



In June 2021, HELLY HANSEN started the H2O® Project. This is a comprehensive project to conduct activities to review, learn about and improve global water resources with our customers. At the following website, we introduce our microplastic collection trial, in which we install SEABIN, a bin to collect debris floating in the ocean, as an initiative to solve the issue of plastics in the ocean environment.

H2O® Project website  
URL: <https://www.goldwin.co.jp/hellyhansen/h2o-project/> (in Japanese)

#### Shift to biodegradable polymer straws at directly managed stores



THE NORTH FACE has used straws made with the KANEKA biodegradable polymer, Green Planet™ at five stores with cafes since April 2021. Green Planet™ is 100% plant-based and biodegradable polymer produced by a microorganism fermentation process, in which plant oils are used as a primary raw material, and shows excellent biodegradability under a wide range of environments. The use of these straws made with Green Planet™ will contribute to the reduction of marine pollution.

#### Companywide elimination of PET bottles



Since FY 2020, we have eliminated the usage of PET bottles in our offices throughout Japan. The Tokyo Head Office purchased approximately 36,000 PET bottle drinks (500 ml) annually, but employees utilizing their own thermos bottle lead to their heightened environmental consciousness while simultaneously reducing the usage of PET bottles and contributing to global environment conservation.

# Corporate Governance

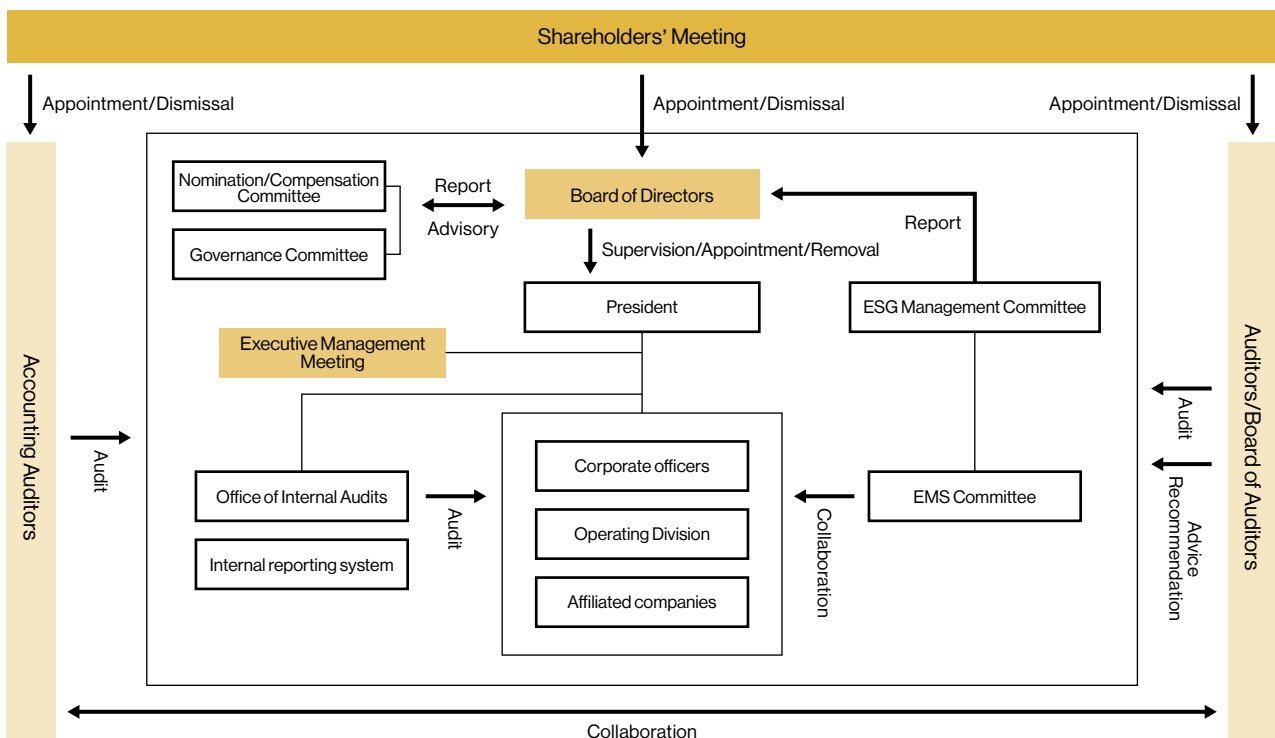
## Basic concept

Under the tag line “SPORTS FIRST,” GOLDWIN’s mission is to realize a fulfilling and healthy lifestyle through sports. We recognize that it is essential for our business activities to fulfill our social responsibilities as a company, which include, compliance with laws and regulations, establishment of internal control, improvement of customer service, emphasis on the environment, thorough management of occupational safety and health, protection of human rights and contribution to society. It is also essential that we are trusted by all stakeholders, that we seek to expand our profitability and strengthen/improve our management structure, and that we maintain long-term and stable return of profits to our shareholders. With this basic idea as our foundation, we strive to improve our management fairness and transparency, make accurate and prompt decisions, and execute our businesses efficiently in order to strengthen and enhance our corporate governance. We thoroughly instill these ideas in all of our officers and employees through our principle “Strong, Fast, Transparent Management.”

<p><b>Strong management</b></p> <p>We will strengthen our financial position by bolstering our selection and focus while proactively investing for the mid- to long term to increase our corporate value.</p>	<p><b>Fast management</b></p> <p>We will be agile in responding to changes in customer needs by optimizing product development, procurement and marketing to promote an actual demand business.</p>	<p><b>Transparent management</b></p> <p>We will focus our attention on the balance between work and home life while operating our company in an environmentally friendly way and remaining steadfast in offering transparent information.</p>
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## Corporate governance framework

Note: Institutional design is a company with an Audit and Supervisory Board  
 Note: As of June 24, 2021



<p>External directors: <b>4</b> out of 8 directors</p>	<p>External auditors: <b>3</b> out of 4 directors</p>	<p>Female directors: <b>2</b> out of 8 directors</p>	<p>ESG Management Committee established in 2021</p>
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## Overview of every institution

Institutions	Structure	Activities
Board of Directors	Chairperson: Chairman and Representative Director 8 directors, 4 auditors	<ul style="list-style-type: none"> <li>Deliberating important matters, auditing management and discussing management policy</li> </ul>
Board of Auditors	Chairperson: Full-time corporate auditor 1 full-time corporate auditor, 3 external auditors	<ul style="list-style-type: none"> <li>Auditing the progress of business operations by the directors</li> </ul>
Executive Management Meeting	Chairperson: President and Representative Director Chairperson of the Board of Directors, 9 corporate officers, 1 full-time corporate auditor	<ul style="list-style-type: none"> <li>Decisions on business operations and execution of operations</li> </ul>
Nomination/Compensation Committee	Chairperson: External director 2 internal directors, 4 external directors	<ul style="list-style-type: none"> <li>Defining the roles, authority and other aspects of officers (directors and auditors) and corporate officers, and appointing them</li> <li>Deliberating over dismissals</li> <li>Verifying incentive scheme for officers</li> <li>Examining succession measures for officers</li> </ul>
Governance Committee	Chairperson: External director 3 internal directors, 2 external directors, 1 full-time corporate auditor	<ul style="list-style-type: none"> <li>Enhancing the effectiveness of corporate governance code requirements</li> <li>Examining countermeasures for major governance risks</li> </ul>
ESG Management Committee	Chairperson: President and Representative Director Leaders from each division including at subsidiaries participate	<ul style="list-style-type: none"> <li>Reviewing the status of key issues pertaining the implementation of ESG management as mentioned in the medium-term management plan</li> </ul>

## Executive compensation

The officer incentive scheme at GOLDWIN is a fair compensation system corresponding to each officer's role and responsibilities and is established in the basic policy to promote sustainable growth and improve the mid- to long-term corporate value. From the perspective of objectivity, the compensation system and criteria are revised considering economic conditions, our performance and criteria at other companies. From the perspective of transparency, the Nomination and Compensation Committee, which is comprised of more than half external officers, gives advice on the compensation system and criteria. Compensation for internal directors shall be consist of basic compensation, performance-related compensation and non-monetary compensation. Only basic compensation shall be paid to external directors responsible for auditing functions taking into account their duties.

## Content of director compensation

Types of compensation	Payment method (fixed/variable)	Content of compensation
Basic compensation	Cash (fixed)	At GOLDWIN, basic compensation for directors is a monthly fixed compensation and is paid evenly each month. Basic compensation is an amount corresponding to one's position and responsibilities.
Performance-based compensation	Cash (variable)	Performance-based compensation aims to heighten the awareness of yearly performance improvements by paying internal directors an even amount calculated based on the companywide performance for each fiscal year on each month the following year.
Stock-based compensation	Non-monetary (variable)	Non-monetary compensation aims to incentivize sustainable growth and improved corporate value in the mid- to long term and to enhance value sharing with shareholders by granting restricted stock to internal directors. The number of shares granted shall be determined by the Board of Directors taking into account position and responsibilities within the scope of the limits on compensation as decided at the shareholders' meeting. Additionally, the Board of Directors shall also determine the duration and terms for providing specific compensation.

## FY 2020 status (April 1, 2020 to March 31, 2021)







Officer classification	Total compensation (Millions of yen)	Total of each type of compensation (Millions of yen)				Number of relevant officers (officers)
		Fixed compensation	Performance-based compensation	Retirement allowance	Non-monetary compensation in the left columns	
Directors (excluding external directors)	297	297	—	—	—	7
Auditors (excluding external auditors)	15	15	—	—	—	1
External officers	51	51	—	—	—	6

# List of Directors and Auditors, List of Corporate Officers

Note: As of June 24, 2021

## List of directors and auditors, skill matrix

Directors/Auditors						
Name/Position		Chairman and Representative Director <b>Akio Nishida</b>	President and Representative Director <b>Takao Watanabe</b>	Director and Senior Managing Officer <b>Yoshiteru Nishida</b>	Director and Senior Managing Officer <b>Eiichiro Homma</b>	External Director <b>Masatoshi Suzuki</b>
Primary profile Reason for appointing external directors (auditors)		October 1977 Joined GOLDWIN June 1989 Director June 1992 Managing Director June 1994 Senior Managing Director May 1999 Managing Director June 2000 President and Representative Director April 2020 Chairman and Representative Director (current)	April 1982 Joined GOLDWIN June 2005 Director and Corporate Officer, Manager of THE NORTHFACE Department June 2007 Director and Corporate Officer, General Manager of Outdoor Style Division, Manager of THE NORTHFACE Department April 2010 Director and Managing Officer, Deputy General Manager of Business Administration Division, General Manager of Outdoor Style Division April 2012 Director and Senior Managing Officer, General Manager of Business Administration Division, General Manager of Outdoor Style Division April 2015 Director and Senior Managing Officer, General Manager of Business Administration Division April 2017 Director and Executive Vice President, General Manager of Business Administration Division April 2020 President and Representative Director (current)	April 1978 Joined GOLDWIN April 2003 Manager of Procurement Management Department June 2004 Corporate Officer, Manager of Procurement Management Department June 2010 Director and Corporate Officer, Manager of Procurement Management Department April 2012 Director and Managing Officer, responsible for procurement in General Planning Division April 2013 Director and Managing Officer, responsible for affiliated companies in the Toyama area and responsible for suppliers in General Planning Division April 2017 Director and Senior Managing Officer, responsible for affiliated companies in the Toyama area and responsible for suppliers April 2020 Director and Senior Managing Officer, responsible for merchandise, procurement and affiliated companies in the Toyama area (current)	April 1982 Joined GOLDWIN April 2003 Manager of Procurement Director of nanamica inc. (current) April 2007 Manager of Corporate Strategy and Planning Office April 2010 Corporate Officer, Manager of Corporate Strategy and Planning Office June 2012 Director and Corporate Officer, Manager of Corporate Strategy and Planning Office in General Planning Division April 2014 Director and Managing Officer, General Manager of General Planning Division, Manager of Corporate Strategy and Planning Office April 2017 Director and Senior Managing Officer, General Manager of General Planning Division, General Manager of Global Business Division April 2020 Director and Senior Managing Officer, responsible for corporate strategy and global affairs, General Manager of Global Business Division April 2021 Director and Senior Managing Officer, Overseas Representative (current)	April 1990 Qualified attorney (Dai-ichi Tokyo Bar Association) April 2010 Affiliated with Shuei Law Office June 2013 Company's External Director (current)  Mr. Suzuki was deemed able to appropriately conduct management decision making and auditing from a professional and highly-experienced viewpoint as an attorney well-versed in the field of corporate law, and thus was appointed to this role.
Number of shares held		257,856 shares	40,000 shares	379,292 shares	31,600 shares	—
Attendance record at Board of Director meetings (FY 2020)		15 times/15 times	15 times/15 times	15 times/15 times	15 times/15 times	15 times/15 times
Affiliated committee	Nomination/ Compensation Committee	○	○			○
	Governance Committee	○	○		○	Chairperson
	ESG Management Committee	○	Chairperson	○	○	○
Skill matrix	Corporate management	○	○	○	○	
	Finance and accounting			○	○	
	Human resources and career development	○				
	Legal affairs					○
	Risk management	○	○			○
	Research and development		○			
	Manufacturing technology			○		
	Sales		○			
	Marketing	○	○		○	
	Global experience	○		○	○	
Social/Environmental	○	○				

						
External Director <b>Yuko Moriguchi</b>	External Director <b>Rie Akiyama</b>	External Director <b>Ichiro Yoshimoto</b>	Full-time Corporate Auditor <b>Masaaki Kondo</b>	External Auditor <b>Akiyuki Shiobara</b>	External Auditor <b>Hidenao Yoichi</b>	External Auditor <b>Tsutomu Morita</b>
December 1975 Joined Japan Ladies Professional Golfers' Association March 2012 Member of GIFU Prefectural Board of Education June 2015 Company's External Director (current) June 2020 External Director of The Ogaki Kyoritsu Bank, Ltd. (current)	April 1999 Qualified attorney (Tokyo Bar Association) April 1999 Affiliated with Baba Law Office (current: Baba & Sawada) June 2019 Company's External Director (current)	April 1978 Joined Nippon Telegraph and Telephone Public Corporation (current: NTT) December 1998 Representative Director and Chief Operating Officer, Starbucks Coffee Japan, Ltd. May 2005 Senior Executive Officer and Chief Administrative Officer, McDonald's Company (Japan), Ltd. October 2014 President, CMIC Co., Ltd. February 2021 Honorary Trustee of Tokyo University Warriors Club (current) June 2021 Company's External Director (current)	April 1981 Joined GOLDWIN April 2009 Manager of CSR Promotion Department in CSR Promotion Division April 2011 Manager of General Affairs Department in Management Division April 2014 Manager of General Affairs Department in Management Division, Manager of Legal Affairs Office in General Planning Division April 2016 Corporate Officer, Manager of General Affairs Department in Management Division, Manager of Legal Affairs Office in General Planning Division April 2017 Corporate Officer, Manager of General Affairs Department in Management Division April 2018 Corporate Officer, Deputy General Manager of Consolidated Management Division and Human Resources and General Affairs Division, Manager of General Affairs Department April 2019 Auditing Officer June 2019 Auditor (current)	April 1977 Joined Mitsui & Co., Ltd. June 2005 Manager of Chubu Chemicals Department April 2006 Manager of Industrial Materials Business Department April 2008 Internal Audit Inspector June 2013 Full-time Corporate Auditor of Mitsui Bussan Inter-Fashion Ltd. October 2016 Full-time Corporate Auditor of Mitsui Bussan I-Fashion Ltd. June 2017 Company's External Auditor (current)	April 1977 Joined Marubeni Corporation April 1999 President and Representative Director of Marubeni Textile Asia Pacific Ltd. (Hong Kong) April 2003 Manager of Textile Business Department at Marubeni Corporation April 2006 Executive Assistant of Textile Section April 2008 Corporate Officer and Osaka Branch Manager April 2010 Corporate Officer, Vice President of Chinese Company, President of Shanghai Company April 2012 President of Marubeni Intex Co., Ltd. and Part-time Corporate Auditor of Suminoe Textile Co., Ltd. June 2018 Company's External Auditor (current)	April 1977 Joined Hokuriku Bank, Ltd. June 2010 Corporate Officer and Manager of First Loans Department January 2012 Managing Officer June 2013 Director of Hokuohoku Financial Group, Inc. June 2013 Director and Managing Officer of Hokuohoku Bank, Ltd. June 2016 President and Representative Director of Hokuohoku Services Co., Ltd. June 2019 Company's External Auditor (current)
Ms. Moriguchi was deemed able to appropriately conduct management decision making and auditing from a professional viewpoint with many years of experience as an athlete, and thus was appointed to this role.	Ms. Akiyama was deemed able to appropriately conduct management decision making and auditing from a professional and highly-experienced viewpoint as an attorney well-versed in the field of corporate law, and thus was appointed to this role.	Mr. Yoshimoto has global and wide-ranging experience in corporate management, human resources, career development and sales, and was deemed able to reinforce auditing functions in communication with overseas companies for this company which is pursuing strengthened overseas businesses, and thus was appointed to this role.		Mr. Shiobara was deemed eligible as the company's external auditor due to his wealth of experience and knowledge in corporate management and internal auditing through the management of trading companies in Japan and abroad and other management oversight activities, and thus was appointed to this role.	Mr. Yoichi was deemed eligible as the company's external auditor due to his wealth of knowledge on the company's brands and his experience and knowledge through key roles in the textile section at a trading company, and thus was appointed to this role.	Mr. Morita was deemed eligible as the company's external auditor due to having many years of experience in a financial institution and a wealth of insight on finances, and thus was appointed to this role.
—	—	—	5,500 shares	—	—	—
13 times/15 times	15 times/15 times	—	15 times/15 times	15 times/15 times	15 times/15 times	15 times/15 times
○	Chairperson	○				
	○		○			
			○			
		○				
○						
	○					
○		○				

**Corporate officers**

**President**  
Takao Watanabe

**Senior Managing Officer**  
Yoshiteru Nishida  
(responsible for merchandise, procurement and affiliated companies in the Toyama area)

**Senior Managing Officer**  
Eiichiro Homma  
(Overseas Representative)

**Managing Officer**  
Hikari Mori  
(General Manager of Business Division)

**Managing Officer**  
Michio Shirasaki  
(General Manager of Corporate Strategy and Planning Division)

**Corporate Officer**  
Nobuaki Mataza  
(General Manager of Sales Division)

**Corporate Officer**  
Junzo Shirai  
(General Manager of Management Division)

**Corporate Officer**  
Seiji Kurokawa  
(General Manager of Human Resources and General Affairs Division)

**Corporate Officer**  
Tamotsu Oi  
(General Manager of Merchandise Division)

# Compliance, Risk Management

## Compliance

### Basic concept

GOLDWIN Group aims to be corporate group trusted by its stakeholders that fulfills its social responsibilities by conducting its business activities in a sincere and fair manner while complying with the laws and regulations and adhering to social standards and ethics. To realize this, we recognize that it is essential for each individual employee to act with a strong awareness of compliance. We foster a corporate culture that is not permissive of any fraud by establishing the Corporate Code of Conduct and Employees' Code of Conduct, both of which serve as the standards for employees to choose the appropriate action, and ensuring all employees are familiar with these standards.

Corporate Code of Conduct/Employees' Code of Conduct <https://corp.goldwin.co.jp/eng/csr/governance>

### Compliance promotion

GOLDWIN and Group companies follow our internal whistleblowing system and ensure that our external directors and auditors are able to express their opinions from an independent and objective point of view at Board of Directors and Board of Auditors meetings. By doing so, we solidify our compliance system and ensure that our directors and auditors perform their duties in a lawful manner. At various workshops, we ensure that all of our employees have a complete understanding of relevant laws, our corporate philosophy, and our code of conduct and review compliance with business procedures and manuals at all locations through internal auditing and internal control system assessments. In addition, we also conduct compliance workshops each year designed for office workers, including employees at the companies within GOLDWIN Group. In FY 2020, we held a workshop in which 1,380 employees were in attendance (100% attendance) with the objective of cementing company regulations, etiquette and morals, fostering an understanding of compliance, and increasing awareness of these issues. GOLDWIN distributes to all employees a Compliance Card, a portable guide on the company's internal whistleblowing system, code of conduct and standards of conduct, and requires them to carry it at all times. We also periodically issue a Compliance Magazine, an internal e-newsletter, to help raise the awareness of our employees regarding compliance issues.

### Internal reporting system

GOLDWIN Group deploys an internal reporting system (corporate ethics hotline) to receive queries and reports on the misconduct, violations of the law and corporate ethics, or any possible violation in the execution of the company's business. Reception for this is provided at contract attorney offices and labor and social security attorney offices with external contact points as well as internal contact points, which enable anonymous reporting and queries. Moreover, personal information is protected and kept confidential in accordance to Whistleblower Protection Act, so that no one suffers consequences due to raising a query in either way. We conduct thorough investigations and reviews corresponding to the content of the received report or query, and then provide feedback to the person who raised the query and implement fixes. In FY 2020, we received a total of 31 queries and reports, which were all appropriately dealt with.

## Risk management

GOLDWIN continues its efforts to enhance risk management and corporate governance by establishing different types of internal committees, such as the ESG Management Committee and Governance Committee, to address various risks intrinsic to management issues. For any risks pertaining to management decisions, such as decisions on management strategy, among the broader risks impacting the corporate value of GOLDWIN, we obtain advice from external experts, including law offices, as needed, and the relevant division analyzes and examines how to proceed. Furthermore, officers and employees endeavor to avoid or mitigate risks with the advanced understanding of information and changes to the situation that could lead to risks in the course of their daily work, but the rules also required them to immediately report to the division responsible for crisis management if there are unavoidable circumstances that they cannot prevent. The division responsible for crisis management shall gather and analyze information, examine measures and the policy to prevent a reoccurrence, and establish a system to give instructions and orders to officers and employees on the actions required to resolve the crisis. In March 2020, as COVID-19 was spreading, we endeavored to prevent major incidents or the further spread of the virus by establishing the COVID-19 Countermeasure Committee, in which the General Manager of Corporate Strategy and Planning Division was the chairperson, to give prompt instructions and decisions.



## Main risks and countermeasures

Risks	Overview	Countermeasures
Product liability risks	Social value could potentially deteriorate leading to negative consequences for GOLDWIN Group's performance due to product liability issues arising in the Group's product or supply stage.	<ul style="list-style-type: none"> <li>• Production and supplies in line with quality control criteria</li> <li>• Enrollment in product liability insurance</li> </ul>
Risks when handling personal information	GOLDWIN Group retains personal information on its customers since a portion of sales comes from mail-order sales. Should this personal information be leaked outside our organization due to contingencies such as external hacking, it's conceivable that GOLDWIN Group's sales could decline due to the Group's disrepute or a fine, such as for damages, could be incurred, leading to negative consequences for the Group's performance.	<ul style="list-style-type: none"> <li>• Cyber measures</li> <li>• Reminder emails sent within the company</li> <li>• Configuration of highly secure strategic spots that can block external attacks such as targeted attacks</li> <li>• Individual PC encryption</li> <li>• Data management using a cloud environment and limited use of external storage such as USB memory sticks</li> <li>• Verification of security measures at subcontractors</li> <li>• Thorough personal information management</li> <li>• Access history management</li> <li>• Establishment of internal control systems and internal regulations, which are the responsibility of officers</li> </ul>
Risks from large-scale and other natural disasters	Unforeseen natural disasters, changes in the political and economic climate, the prevalence of infectious diseases and epidemics, legal or regulatory changes, terrorism, war and other social upheavals in the countries or regions in which GOLDWIN has expanded might impact sales and activities for collections. In such circumstances, there might be negative consequences for GOLDWIN Group's performance or financial position.	<ul style="list-style-type: none"> <li>• Positioning initiatives for environmental issues as a top priority and setting targets for 2030 and 2050</li> <li>• Review and reinforcement of building equipment</li> <li>• Securing equipment for accommodation, food and beverages</li> <li>• Introduction of safety confirmation system</li> <li>• Establishment of disaster prevention radio connecting each location</li> </ul>
Intellectual property right risks	Since GOLDWIN possesses intellectual property rights, including many trademark rights, an infringement of these intellectual property rights or the like may lead to negative consequences for product development or a damaged brand image. Moreover, litigation for infringements of intellectual property rights could require a considerable amount of time and money to resolve, which might adversely impact our financial situation and business performance.	<ul style="list-style-type: none"> <li>• Development of a control system for intellectual property protection</li> <li>• Infringement investigation during product development and technical implementation etc.</li> <li>• Implementation of education and awareness-raising activities on intellectual property rights for employees</li> <li>• Collecting information on infringements due to counterfeits</li> </ul>
Risks to human resource development and security	Our personnel form the management foundation at GOLDWIN Group. Therefore, if we don't continue to secure and train personnel as planned or if we cannot secure the appropriate workforce due to future population shifts, this may cause obstacles to the execution and development of the business, which might impact the Group's performance. In addition, if the laws on the treatment of employees were to be revised, including revisions to different labor laws and social insurance, compliance costs and labor costs could increase, leading to negative consequences for GOLDWIN Group's performance.	<ul style="list-style-type: none"> <li>• Entrenching the reduction of overtime work and improved productivity (efficiency)</li> <li>• Addressing the disparity between non-regular employees and full-time employees</li> <li>• Encouraging the employment of senior citizens</li> <li>• Permission to moonlight</li> <li>• Improving employee health</li> <li>• Promotion of women's advancement in the workplace</li> <li>• Reemployment of retirees</li> </ul>
COVID-19 risks	The spread of COVID-19 has made a major impact— weakening inbound demand and dampening consumer confidence due to the quarantine. If the shortened business hours and temporary closings at directly managed stores continue for the long term due to the state of emergency declaration to prevent the future spread of COVID-19, this could lead to negative consequences for our performance.	<ul style="list-style-type: none"> <li>• Limits on the number of people entering stores, placement of disinfectant at the entrances, daily employee temperature checks, hand sanitizing, mask wearing, frequent handwashing, gargling</li> <li>• Promotion of teleworking</li> </ul>



## Expectations for Strong, Fast, Transparent Management from Top Leadership

Yuko Moriguchi External Director

I have served as an external director of GOLDWIN since June 2015. When I was selected for this position, I wondered what it was that I could do. I had built my career as a professional golfer, but I did not have specialized knowledge of company management or any experience financial analysis. Nevertheless, I accepted the position with the thought that I could use what skills I had built up through golf.

As a professional golfer, I started out focused on winning and pursuing results. This time also marked the start of my self-discipline. Golf cannot exist as a game without respect and consideration for the competitors. When you go out onto the course, you are alone. You have to play by determining what the conditions are, from the weather and the terrain to how the competition is unfolding. While you are a competitor, sometimes you also need to objectively and dispassionately assess the conditions at the time as a coach would, and being able to play golf with a good balance of both your experience as a competitor and an objective viewpoint will lead to you growing as a golfer. Over my long time spent as a competitor, I experienced times when I did not get the results I wanted in a challenging matchup, and I searched

for the path that would lead to growth amid cycles of fighting feelings of isolation and self-exploration.

Meanwhile, through golf I have been able to forge deep connections with many people, including people active in political and business circles, and have had opportunities to hear a wide variety of opinions. I decided that I could use what I have gained from my internal journey and my connections with other people to give back to society as an external director of GOLDWIN.

I felt a little lost when I assumed the position, but all the employees welcomed me, perhaps helped by the fact that I'm originally from Toyama Prefecture, and I quickly felt at home. In keeping with my athlete mindset of competing in yearly cycles, I also approached this position as a serious competition one year at a time, and before I knew it five years had passed. During this time, I got a sense of GOLDWIN's company culture from its family-like atmosphere. To produce results in my work, I feel that it is important to keep a certain distance from others. This holds true for my work at GOLDWIN as well, and while a sense of distance is important, there is a family-like warmth that values human connections at the company's core. I think this has developed from GOLDWIN's history of

starting out as a knitwear manufacturer and growing into a sportswear manufacturer while focusing on giving back to and creating employment for the local community. This tradition of a family-like atmosphere is alive and well today, with the establishment of GOLF CLUB GOLDWIN to provide service with hospitality, as well as its support for the Prince Tomohito Memorial Cup Hokuriku Welfare Golf Tournament\* as part of its social contributions. I have also participated in this tournament every year since the precursor tournament. Many people including GOLDWIN employees also participate as volunteers in this wonderful project that offers a profound lesson in the importance of human connections.

From my perspective as an external director, a GOLDWIN management strength is top management's assertive demonstration of leadership in the context of this family-like atmosphere. The leadership baton has passed from the first president Tosaku Nishida to the second president and current CEO Akio Nishida, and now to the third president Takao Watanabe. All the while top management has kept moving forward while focusing on the future. GOLDWIN also experienced several difficulties over this time, but overcame them and is now stable and implementing Strong, Fast, Transparent Management. President Watanabe has emphasized on various occasions GOLDWIN's approach of tackling change without fearing it, based on awareness of the VUCA era. This flexible management approach will be effective in the times to come.

I should also note the open and relaxed atmosphere at the Board of Directors under the leadership of top management. We give our frank opinions and deepen discussions while sitting around a round table without regard for seniority or rank. The Board of Directors has this very open, free-flowing quality, and governance and crisis management are also functioning soundly.

In terms of crisis management, GOLDWIN was able to very quickly respond to the spread of COVID-19 infections. That is, GOLDWIN has been implementing work-style reforms for several years and had established a system for



communicating information as part of its crisis management as well as distributed equipment for employees to work remotely. In response to the COVID-19 pandemic, I also provided information from my husband, who is a doctor, to senior management and helped contribute to its precise decision-making. Including the crisis management and work-style reforms, GOLDWIN is also characterized by taking the lead in implementing CSR measures as a member of society. For example, GOLDWIN has taken action on environmental problems from an early stage, including developing a structural protein material, based on its philosophy that we owe our lives to nature.

Japanese society and companies today are dealing with many issues such as diversity and compliance. GOLDWIN thinks about what it can do for the society that the next generation will inherit, and proactively takes the initiative to resolve issues. I hope to see the management team and employees all unleash their potential and demonstrate their collective strength to make large contributions to society in the future.


\* Prince Tomohito Memorial Cup Hokuriku Welfare Golf Tournament: A charity golf tournament held for the purpose of building understanding for welfare for people with disabilities, which was founded under the guidance of Prince Tomohito (now deceased). Net profits from the tournament are donated to local welfare facilities. A precursor tournament was held in 1998, and the first Prince Tomohito Memorial Cup was held in 1999. It has now been held successively for more than 20 years.



#### Profile

April 13, 1955	Born in Toyama City, Toyama Prefecture
December 1975	Joins the Japan Ladies Professional Golfers' Association (turns pro)
1992	Obtains a permanent JLPGA seed with 41 career victories
January 2019	Enters the Japanese Professional Golf Hall of Fame
Note: Currently provides golf commentary, including for women's golf at the Tokyo Olympics, and has earned a reputation for commentary from players' point of view	
June 2015	External Director (current), GOLDWIN Inc.
June 2020	External Director (current), Ogaki Kyoritsu Bank, Ltd.





Chapter

# 6

## Financial and Corporate Information

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Management Discussion and Analysis (MD&A)

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Eleven Year Financial Summary

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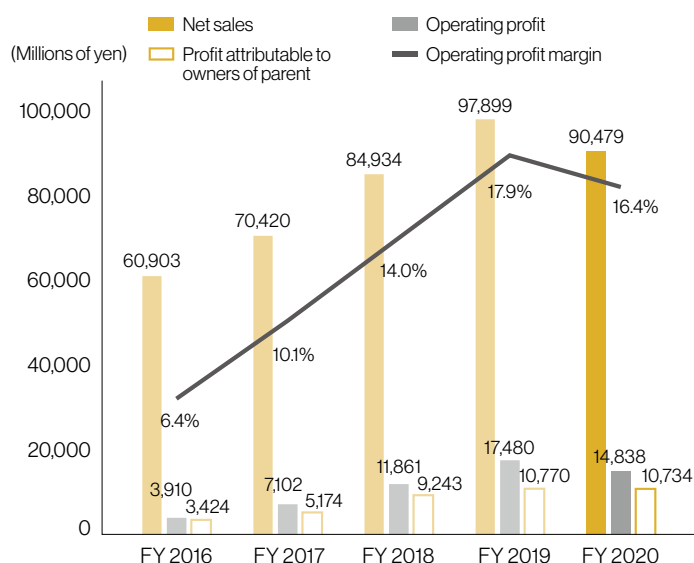
Corporate Information

# Management Discussion and Analysis (MD&A)

## Business performance

As economic activities were limited under the declaration of a state of emergency due to the impact of the spread of COVID-19, conditions remained harsh for Japanese economy in this consolidated fiscal year with worsened business confidence and corporate profit, a sharp drop in inbound demand and a plunge in private consumption. In FY 2021 as well, the movement toward a recovery in economic activities has slowed, and future prospects still remain uncertain. The initial forecast stage for performance in this consolidated fiscal year anticipated a substantial decrease in terms of both revenues and profits for year-on-year basis. However, thanks to a speedy recovery of the business performance since this forecast due to the establishment of balanced sales channels for directly managed stores, wholesale customers and EC sales during the COVID-19 crisis, we reported net sales of 90,479 million yen (down 7.6% year on year), operating profit of 14,838 million yen (down 15.1% year on year), ordinary profit of 15,984 million yen (down 2.4% year on year), and profit attributable to owners of parent of 10,734 million yen (down 0.3% year on year).

Performance trends

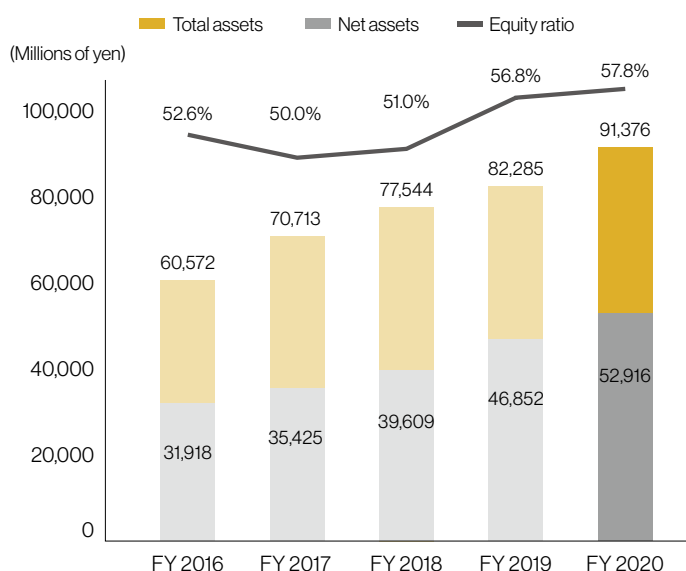


Net sales	As e-commerce sales rose, new demand also impacted consolidated sales. At major sports retailers, new large-scale stores dedicated to camping products were opened and our sales spaces were expanded. In addition, we saw a push for lifestyle wear for the prolonged time spent at home due to the prevalence of remote work. However, revenue decreased 7,419 million yen year on year due to the impact of the temporary suspension of operations at almost all directly managed stores at the behest of the issued state of emergency declaration that lasted two months during the first quarter and due to the backlash from the Rugby World Cup 2019 held in Japan in the previous consolidated fiscal year. As a result, net sales in this consolidated fiscal year were 90,479 million yen (down 7.6% year on year).
Operating profit	Due to diminished gross profit, operating profit in this consolidated fiscal year was 14,838 million yen (down 15.1% year on year). As a result of efforts promoted by the Group to reduce operating costs such as scrutinizing how advertising costs are issued, SG&A was 33,152 million yen (down 5.3% year on year).
Profit attributable to owners of parent	Although ordinary profit decreased in profit, profit attributable to owners of parent was 10,734 million yen (down 0.3% year on year) due to reduced corporate tax.

## Financial position

Currently, the key issue for the Group's financial policy is thorough management prioritizing the Group's cash flow. With the aim of reducing interest-bearing debt, we implement thorough cash flow management, enhance the revenue base for each brand, promote the inhouse company system, and strengthen our financial position. Furthermore, we aim to make progress on reducing total assets while improving the ratio for long-term stable funds to enhance our financial soundness. Principal management indicators focus on profitable and highly efficient management, with the objective of improving return on equity (ROE). Specifically, the objective is to maintain ROE 18% or more by continuously promoting management prioritizing cash flow. Additionally, there is a policy to proactively promote investments, for which initiatives are in place aiming to maintain the interest-bearing debt ratio (D/E ratio) at 0.3 times or less to ensure management soundness.

Trends in total assets, net assets and equity ratio



Assets	The balance of current assets at the end of this consolidated fiscal year was 51,168 million yen, an increase of 5,950 million yen compared to the end of the previous consolidated fiscal year. The primary factor for these results is the increase of 3,886 million yen in cash and deposits. In addition, the balance of fixed assets was 40,207 million yen, an increase of 3,140 million yen compared to the end of the previous consolidated fiscal year. The primary factors for these results include the increase of 2,150 million yen in land and the increase of 867 million yen in investment securities.
Liabilities	The balance of total liabilities at the end of this consolidated fiscal year was 38,459 million yen, an increase of 3,026 million yen compared to the end of the previous consolidated fiscal year. The primary factor includes an increase of 5,720 million yen in borrowings.
Net assets	The balance of total net assets at the end of this consolidated fiscal year was 52,916 million yen, an increase of 6,064 million yen compared to the end of the previous consolidated fiscal year. Despite a surplus dividend of 2,818 million yen, the primary factor is the posting of 10,734 million yen in the profit attributable to owners of parent.
Equity ratio	The equity ratio at the end of this consolidated fiscal year was 57.8%, rising 1.0 percentage point compared to the end of the previous consolidated fiscal year.
ROE	The ROE at the end of this consolidated fiscal year was 21.6%, falling 3.4 percentage points compared to the end of the previous consolidated fiscal year.

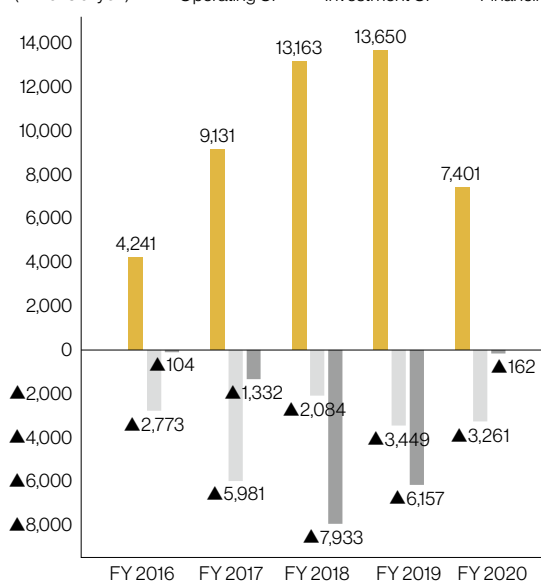
## Cash flow

Cash and cash equivalents at the end of this consolidated fiscal year was 20,287 million yen, an increase of 3,895 million yen compared to the end of the previous consolidated fiscal year. The status and factors for each type of cash flow are as follows.

Cash flow for operations	Cash flow provided by operating activities was 7,401 million yen (a revenue decrease of 6,248 million yen compared to the previous consolidated fiscal year). Despite a payment of 4,117 million yen for corporate tax and municipal tax and a decrease of 3,749 million yen in notes and accounts payable, the primary factor is the posting of 15,557 million yen in net income before taxes.
Cash flow for investments	Cash flow used in investment activities was 3,261 million yen (an expenditure decrease of 187 million yen compared to the previous consolidated fiscal year). This is primarily due to an expenditure of 3,195 million yen to acquire fixed assets.
Cash flow for financing	Cash flow used in financing activities was 162 million yen (an expenditure decrease of 5,994 million yen compared to the previous consolidated fiscal year). Despite the net increase of 3,600 million yen in short-term borrowings and proceeds of 4,600 million yen from long-term borrowings, this is primarily due to expenditure of 2,479 million yen to repay long-term borrowings, dividend repayments of 2,818 million yen, and expenditure of 2,602 million yen to acquire treasury stock.

### Shifts in cash flow

(Millions of yen) ■ Operating CF ■ Investment CF ■ Financing CF



## Research and development activities

We work on research and development across various sectors to accommodate all aspects of quality, function, price and design for sports goods, especially sportswear. The primary focus of our R&D is on high-performance products with enhanced and particularly fashionable designs. For current R&D, we push forward the design and development of new products by setting up the Development Committee to work in tandem with the divisions in our company and planning departments at subsidiaries. R&D expenses in this consolidated fiscal year total 673 million yen, which primarily consists of new product design and development expenses at divisions within our company, nanamica inc., Canterbury of New Zealand Japan Inc. and Black & White Sportswear Co., Ltd., collaboration expenses for overseas designers and collaborators, development costs with material manufacturers, R&D expenses in terms of production technology at our Merchandise Division, and product development costs.

## Eleven Year Financial Summary

	FY 2010	FY 2011	FY 2012	FY 2013
Net sales	42,374	48,641	52,510	54,869
Gross profit	17,561	19,773	21,677	22,469
Operating profit	603	1,131	1,902	2,218
Ordinary profit	2,762	3,321	3,168	3,901
Profit attributable to owners of parent	1,488	2,612	2,639	3,021
Total assets	40,305	43,444	45,176	49,342
Equity ratio (%)	37.2	40.2	47.2	49.3
Interest-bearing debt	7,885	5,706	4,444	3,988
Cash flows from operating activities	3,823	3,591	1,337	2,409
Cash flows from investing activities	232	▲ 1,280	▲ 754	▲ 621
Cash flows from financing activities	▲ 2,156	▲ 2,750	▲ 1,858	▲ 1,077
Days sales outstanding (days)	79.9	77.0	77.4	74.5
Capital investments	1,187	774	1,020	716
Depreciation	939	1,058	889	1,024
Gross profit margin (%)	41.3	40.9	41.3	41.0
SG&A to sales ratio (%)	40.0	38.3	37.7	36.9
Operating profit margin (%)	1.4	2.3	3.6	4.0
Return on equity (ROE) (%)	10.2	16.1	13.6	13.2
Return on assets (ROA) (%)	7.0	7.9	7.1	8.3
Dividend payout ratio (%)	15.7	11.2	13.3	15.6
Net income per share (yen)	31.91	56.03	56.24	64.13
Net assets per share (yen)	321.94	371.95	453.51	515.16
Dividend per share (annual) (yen)	5.00	6.25	7.50	10.00

Note: As of October 1, 2015, stock was consolidated at a ratio of five shares of common stock into one share. Net income per share, net assets per share and dividends per share are calculated on the assumption that the stock consolidation was executed at the beginning of FY 2010.

Note: As of April 1, 2018, stock was split at a ratio of one share of common stock per two shares. Net income per share, net assets per share and dividends per share are calculated on the assumption that the stock split was executed at the beginning of FY 2010.

Note: As of October 1, 2019, stock was split at a ratio of one share of common stock per two shares. Net income per share, net assets per share and dividends per share are calculated on the assumption that the stock split was executed at the beginning of FY 2010.



(Millions of yen)

FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
57,417	59,713	60,903	70,420	84,934	97,899	90,479
24,109	26,388	28,387	34,356	43,209	52,483	47,991
2,414	3,129	3,910	7,102	11,861	17,480	14,838
4,089	4,180	4,578	7,833	12,982	16,375	15,984
3,471	3,369	3,424	5,174	9,243	10,770	10,734
53,289	57,315	60,572	70,713	77,544	82,285	91,376
54.5	51.6	52.6	50.0	51.0	56.8	57.8
4,028	5,663	7,109	9,780	6,834	4,025	9,746
3,108	4,315	4,241	9,131	13,163	13,650	7,401
▲ 1,463	▲ 2,987	▲ 2,773	▲ 5,981	▲ 2,084	▲ 3,449	▲ 3,261
▲ 2,051	376	▲ 104	▲ 1,332	▲ 7,933	▲ 6,157	▲ 162
72.5	69.3	65.4	58.7	54.3	46.8	49.0
960	2,064	5,014	1,819	1,736	3,836	4,274
1,026	1,152	1,241	1,471	1,532	1,722	1,669
42.1	44.2	46.5	48.4	50.6	53.5	53.1
37.8	38.9	40.2	38.7	36.9	35.8	36.6
4.2	5.2	6.4	10.1	14.0	17.9	16.4
12.8	11.5	11.1	15.4	24.7	25.0	21.6
8.0	7.6	7.8	11.9	17.4	20.5	18.4
16.8	18.7	21.8	18.6	20.9	25.2	29.6
74.45	73.37	74.52	114.04	203.11	237.89	236.64
632.19	643.80	695.12	770.24	873.91	1,032.36	1,164.16
12.50	13.75	16.25	21.25	42.50	60.00	70.00

Note: This has applied Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) and other standards since the beginning of FY 2018, and the key management indicators pertaining to FY 2017 apply these accounting standards retroactively.

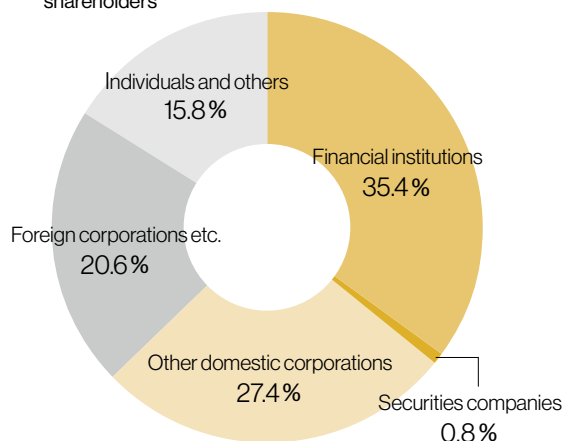
# Corporate Information

## Corporate data

Company name	GOLDWIN INC.
Establishment	December 1951
Capital stock	7,079 million yen
Employees	2,322 people (non-consolidated)
Stock listings	Tokyo Stock Exchange, First Section (Stock code: 8111)
Total number of authorized shares	184,000,000 shares
Total number of outstanding shares	47,448,172 shares
Number of shareholders	8,523 shareholders

## Stock information

Composition of shareholders and status of main shareholders

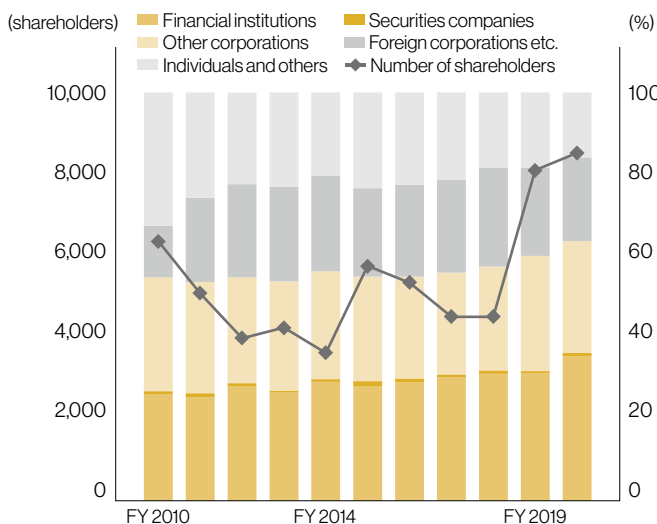


Note: Shares held in connection with trust business are included in the number of shares held by financial institutions.

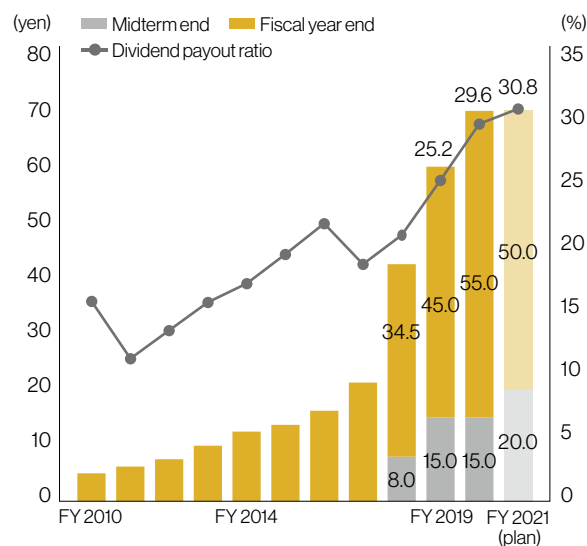
Shareholders	Number of shares held (thousand shares)	Shareholding percentage (%)
Korea Securities Depository-Samsung	5,486	11.7
Mitsui & Co., Ltd.	4,367	9.3
The Master Trust Bank of Japan, Ltd. (Trust account)	2,813	6.0
Hokuriku Bank, Ltd.	1,980	4.2
The Hokkoku Bank, Ltd.	1,735	3.7
Nishida Corporation	1,724	3.7
GOLDWIN Nishida Tosaku Sports Promotion Memorial Foundation	1,692	3.6
Custody Bank of Japan, Ltd. (Trust account E)	1,578	3.4
Custody Bank of Japan, Ltd. (Trust account)	1,448	3.1
Marubeni Corporation	1,442	3.1

Note: The shareholding percentage is calculated after deducting the treasury stock (513,398 shares). Our shares owned by Custody Bank of Japan, Ltd. (Trust account E) as trust assets in connection with J-ESOP are not included in the treasury stock.

## Changes in composition of shareholders



## Changes in shareholder returns and dividend payout ratio



Note: Indicated as a dividend per share based on FY 2019



