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To Our Shareholders

Matters Subject to Measures for Electronic Provision When Convening the 73rd Annual General Meeting of Shareholders

1. Notes to Consolidated Financial Statements

2. Notes to Non-consolidated Financial Statements

In accordance with laws and regulations and Article 15, paragraph (2) of the Company's Articles of Incorporation, the above matters are excluded from the paper-based documents delivered to shareholders who have made a request for delivery of such documents (documents containing matters subject to measures for electronic provision).

Goldwin Inc.

Notes to Consolidated Financial Statements

(Notes to Basis of Presenting Consolidated Financial Statements)

1. Scope of consolidation

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

Number of consolidated subsidiaries 14

Names of consolidated subsidiaries

GOLDWIN LOGITEM INC., GOLDWIN ENTERPRISE INC., GOLDWIN TRADING INC., BEIJING GOLDWIN CO., Ltd., nanamica inc., BLACK & WHITE SPORTSWEAR CO., LTD., GOLDWIN AMERICA, Inc., WOOLRICH JAPAN INC., GOLDWIN EUROPE GmbH, nanamica USA, INC., Goldwin China, Ltd., GOLDWIN VENTURE PARTNERS INC., GOLDWIN PLAY EARTH FUND LPS and PLAY EARTH PARK Inc.

Change in scope of consolidation

Among the subsidiaries stated above, PLAY EARTH PARK Inc. is included in the scope of consolidation because it was established during the current fiscal year.

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

Names of principal non-consolidated subsidiaries

SHANGHAI GOLDWIN CO., LTD.

GOLDWIN SAI GON VIETNAM CO.,LTD

Reason for exclusion from scope of consolidation

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

2. Application of equity method

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

Number of affiliates accounted for by the equity method 3

Names of principal companies, etc.

(Affiliates)

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

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

Names of principal companies, etc.

(Non-consolidated subsidiaries)

SHANGHAI GOLDWIN CO., LTD.

GOLDWIN SAI GON VIETNAM CO.,LTD

Reason not accounted for by the equity method

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

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

3. Fiscal year of consolidated subsidiaries

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

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

4. Accounting policies

   (1) Valuation standards and methods for significant assets

   (i) Securities

   Available-for-sale securities

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

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

   (ii) Inventories

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

   (2) Depreciation and amortization method for significant depreciable assets

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

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

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

   (ii) Intangible assets (excluding leased assets)

   Straight-line method is used.

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

   (iii) Leased assets

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

   (3) Accounting for significant allowances and reserves

   (i) Allowance for doubtful accounts

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

(ii) Provision for bonuses

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

(iii) Provision for share awards

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

(4) Accounting standards for revenues and expenses

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

(i) Information on contracts and obligations

The Group engages in sporting goods-related businesses. The Group recognizes revenues at the point where merchandise is delivered to customers, judging that obligations are fulfilled at such point. However, for domestic sales, if the period from shipment to transfer of control of goods or products is within a normal period of time, revenues are recognized at the time of shipment.

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

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

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

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

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

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

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

(ii) Significant hedge accounting method

i) Hedge accounting method

Deferred hedge accounting is used.

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

ii) Hedging instruments and hedged items

Hedging instruments
Interest rate swaps and forward exchange contracts

Hedged items

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

iii) Hedging policy

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

iv) Methods of evaluating the effectiveness of hedges

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

(iii) Accounting for retirement benefits

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

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

2. Method of amortization of actuarial differences

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

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

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

Transfer-restricted stock compensation plan

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

(v) Application of the group tax sharing system

The Company and some of its consolidated subsidiaries are applying the group tax sharing system.

5. Changes in accounting policies

Not applicable.

6. Notes on accounting estimates

(1) Impairment of fixed assets

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

Impairment losses	31 million yen
Balance of property, plant, and equipment	9,969 million yen
Balance of intangible assets	3,131 million yen

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

i) Calculation method

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

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

For an asset group for which an indication of impairment has been identified, the future cash flow to be derived from the asset group is estimated, and if the sum of the undiscounted future cash flow is less than the carrying amount of the fixed assets of the asset group, impairment loss recognition is considered to be necessary. In measuring impairment losses, the carrying amount is reduced to the recoverable amount (net selling price or value in use, whichever is higher) and an impairment loss is recognized.

ii) Key assumptions

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

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

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

(Notes to consolidated balance sheets)

1. Accumulated depreciation of property, plant and equipment12,000 million yen

(Notes to consolidated statement of changes in equity)

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

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

2. Matters concerning the number of treasury shares

Type of shares	Number of shares at the beginning of the current fiscal year	Increase in number of shares during the current fiscal year	Decrease in number of shares during the current fiscal year	Number of shares at the end of the current fiscal year
Common shares	2,405,807 shares	220,244 shares	90,761 shares	2,535,290 shares

(Notes) 1. 1,472,400 shares at the beginning of the current fiscal year and 1,810,400 shares at the end of the current fiscal year are included in the number of treasury shares for the number of shares in the trust.

2. The increase of 220,244 shares in the number of common treasury shares represents an increase of 220,000 shares due to the purchase of treasury shares in accordance with Article 459, paragraph (1) of the Companies Act and an increase of 244 shares due to the purchase of odd-lot shares.
Furthermore, the decrease of 90,761 shares represents a decrease of 82,000 shares due to the sale by the trust and a decrease of 8,761 shares due to the grant as stock-based compensation.

3. Matters related to dividends of surplus

(1) Dividends paid, etc.

Resolution	Type of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting held on May 12, 2023	Common shares	3,953	85	March 31, 2023	June 13, 2023
Board of Directors meeting held on November 7, 2023	Common shares	1,395	30	September 30, 2023	December 4, 2023

(Notes) 1. The total amount of dividends based on the resolution of the Board of Directors meeting held on May 12, 2023 includes 125 million yen of dividends for the Company's shares held by the trust.
2. The total amount of dividends based on the resolution of the Board of Directors meeting held on November 7, 2023 includes 42 million yen of dividends for the Company's shares held by the trust.

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

Resolution	Type of shares	Total amount of dividends (million yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting held on May 14, 2024	Common shares	6,167	Retained earnings	132	March 31, 2024	June 11, 2024

(Note) The total amount of dividends includes 238 million yen of dividends for the Company's shares held by the trust.

4. Matters related to share acquisition rights

Not applicable.

(Notes on revenue recognition)

1. Information on revenue disaggregation

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

Performance	41,820 million yen
Lifestyles	74,174 million yen
Fashion	10,911 million yen
Revenues from contracts with customers	126,907 million yen
Other revenues	– million yen
Net sales to external customers	126,907 million yen

2. Information that serves as the basis for understanding revenues

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

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

(1) Balance of contract liabilities

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

Contract liabilities (balance at the beginning of period)	727 million yen
Contract liabilities (balance at the end of period)	908 million yen

(Notes) 1. Among revenues recognized in the current fiscal year, 727 million yen is included in the balance of contract liabilities at the beginning of the period.
2. Contract liabilities are the balance of points granted by the Company for which obligations are not fulfilled at the end of the period.

(2) Transaction prices allocated to remaining obligations

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

(Notes on financial instruments)

1. Matters concerning the status of financial instruments

(1) Policy on financial instruments

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

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

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

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

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

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

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

In addition, operating payables and borrowings are exposed to liquidity risk. In the Group, the

Company’s Finance Department prepares and updates cash management plans in a timely manner based on reports from each department, and each Group company also reviews its cash management plans on a monthly basis.

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

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

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

Amounts on the consolidated balance sheet as of March 31, 2024 (consolidated closing date for the current fiscal year), market value, and the difference between the two are as follows. Shares without a readily available market price, etc. (whose amount stated in consolidated balance sheets is 30,647 million yen) are not included in the following table.

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

(Unit: million yen)

	Amount on the consolidated balance sheet	Fair value	Difference
(1) Investment securities Available-for-sale securities	3,534	3,534	–
(2) Guarantee deposits	2,730	2,562	(167)
(3) Long-term borrowings	(1,372)	(1,372)	0
(4) Derivative transactions			
Items for which hedge accounting is applied	53	53	–

(*1) Items recorded in liabilities are shown in parentheses.
(*2) Long-term borrowings include current portion of long-term borrowings.
(*3) Receivables and payables arising from derivative transactions are presented net.

(Notes)

1. Matters concerning derivative transactions

Items for which hedge accounting is applied

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

1) Currency-related

(Unit: million yen)

Hedge accounting method	Type of derivative transactions	Main hedged items	Contract amount, etc.	Of which, over 1 year	Fair value	Method of calculating the fair value of the hedged items
Principal accounting method	Forward exchange contracts Long position USD Euro	Accounts payable - trade Accounts payable - trade	723 183	– –	41 12	Forward exchange rates are used.
Total			907	–	53	

2) Interest rate-related

(Unit: million yen)

Hedge accounting method	Type of derivative transactions	Main hedged items	Contract amount, etc.		Fair value	Method of calculating the fair value of the hedged items
				Of which, over 1 year		
Special treatment of interest rate swaps	Fixed rate paid/floating rate received for interest rate swap transactions	Long-term borrowings	305	85	(*)	
Total			305	85	–	

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

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

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

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

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

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

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

(1) Investment securities

The fair value of these shares is based on the price on the stock exchange. The fair values of listed shares are classified into Level 1 because such shares are traded in active markets. Also, investment trusts are classified as Level 2, with the constant value being used as fair value, because transaction prices in the market do not exist and there are no material restrictions regarding cancellation or repurchase requests that may lead market participants to demand compensation for risk.

(2) Guarantee deposits

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

(3) Long-term borrowings

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

(4) Derivative transactions

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

(Notes to per share information)

1. Net assets per share 2,226.70 yen
2. Net income per share 539.09 yen

(Note) Basis for calculation is as follows.

(1) Basis for calculation of net assets per share

Total net assets	100,170 million yen
Amount deducted from total net assets	100,170 million yen
(Of which, non-controlling interests)	(162 million yen)
Net assets related to common shares at the end of the period	100,007 million yen
Number of common shares used in the calculation of net assets per share at the end of the period	44,912,882 shares

(2) Basis for calculation of net income per share

Profit attributable to owners of parent	24,281 million yen
Amount not attributable to common shareholders	– million yen
Profit attributable to owners of parent related to common shares	24,281 million yen
Average number of common shares during the period	45,041,033 shares

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

The average number of such treasury shares during the period deducted in the calculation of net income per share is 2,407,139 shares for the current fiscal year, and the number of such treasury shares at the end of the period deducted in the calculation of net assets per share is 2,535,290 shares for the current fiscal year.

(Notes on significant subsequent events)

Not applicable.

Notes to Non-consolidated Financial Statements

1. Notes to significant accounting policies

   (1) Valuation standards and methods for assets

   (i) Securities

   Shares of subsidiaries and affiliates

   Stated at cost determined by the moving-average method.

   Available-for-sale securities

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

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

   Shares, etc. that do not have market price

   Stated at cost determined by the moving-average method.

   (ii) Inventories

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

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

   (2) Depreciation and amortization method for fixed assets

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

   Buildings (excluding facilities attached to buildings)

   Straight-line method is used.

   Other tangible fixed assets

   Declining-balance method is used.

   (ii) Intangible assets (excluding leased assets)

   Straight-line method is used.

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

   (iii) Leased assets

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

   (3) Basis for recording allowances

   (i) Allowance for doubtful accounts

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

   (ii) Provision for bonuses

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

(iii) Provision for retirement benefits

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

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

ii) Method of amortization of actuarial differences

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

(iv) Provision for share awards

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

(4) Accounting standards for revenues and expenses

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

(i) Information on contracts and obligations

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

However, for domestic sales, if the period from shipment to transfer of control of goods or products is within a normal period of time, revenues are recognized at the time of shipment. In addition, for transactions conducted as a sales agent, such as the sale of subsidiary goods or products through directly managed stores or online stores, the transaction price is calculated based on the net amount received from the customer.

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

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

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

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

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

(i) Hedge accounting method

i) Hedge accounting method

Deferred hedge accounting is used.

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

ii) Hedging instruments and hedged items

Hedging instruments
Interest rate swaps and forward exchange contracts

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

iii) Hedging policy

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

iv) Methods of evaluating the effectiveness of hedges

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

(ii) Accounting for retirement benefits

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

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

Transfer-restricted stock compensation plan

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

(iv) Application of the group tax sharing system

The Company is applying the group tax sharing system.

2. Changes in accounting policies

Not applicable.

3. Notes on accounting estimates

(1) Impairment of fixed assets

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

Impairment losses	– million yen
Balance of property, plant, and equipment	8,454 million yen
Balance of intangible assets	3,051 million yen

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

i) Calculation method

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

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

For an asset group for which an indication of impairment has been identified, the future cash flow to be derived from the asset group is estimated, and if the sum of the undiscounted future cash flow is less than the carrying amount of the fixed assets of the asset group, impairment loss recognition is considered to be necessary. In measuring impairment losses, the carrying amount is reduced to the recoverable amount (net selling price or value in use, whichever is higher) and an impairment loss is recognized.

ii) Key assumptions

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

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

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

4. Notes to the balance sheet

(1) Accumulated depreciation of property, plant and equipment 10,137 million yen

(2) Contingent liabilities

Guarantee obligations

The Company has guaranteed purchase obligations of the following affiliates.

BLACK & WHITE SPORTSWEAR CO., LTD.	492 million yen
WOOLRICH JAPAN INC.	82 million yen
Total	574 million yen

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

Short-term monetary claims	2,845 million yen
Long-term monetary claims	990 million yen
Short-term monetary payables	855 million yen

5. Notes to statement of income

Transactions with affiliates

Transactions by operating transactions

Net sales	4,932 million yen
Purchase of goods	2,310 million yen
Selling, general and administrative expenses	4,110 million yen
Non-operating transactions	6,784 million yen

6. Notes to statement of changes in equity

Matters concerning the number of treasury shares

Type of shares	Number of shares at the beginning of the current fiscal year	Increase in number of shares during the current fiscal year	Decrease in number of shares during the current fiscal year	Number of shares at the end of the current fiscal year
Common shares	2,405,807 shares	220,244 shares	90,761 shares	2,535,290 shares

(Notes) 1. 1,472,400 shares at the beginning of the current fiscal year and 1,810,400 shares at the end of the current fiscal year are included in the number of treasury shares for the number of shares in the trust.
2. The increase of 220,244 shares in the number of common treasury shares represents an increase of 220,000 shares due to the purchase of treasury shares in accordance with Article 459, paragraph (1) of the Companies Act and an increase of 244 shares due to the purchase of odd-lot shares.
Furthermore, the decrease of 90,761 shares represents a decrease of 82,000 shares due to the sale by the trust and a decrease of 8,761 shares due to the grant as stock-based compensation.

7. Notes to tax effect accounting

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

Deferred tax assets	
Loss on valuation of inventories	33 million yen
Provision for bonuses	456 million yen
Provision for share awards	841 million yen
Loss on valuation of shares of subsidiaries and associates	2,669 million yen
Loss on debt-equity swaps	514 million yen
Other	2,314 million yen
Deferred tax assets subtotal	6,830 million yen
Valuation allowance	(3,853) million yen
Total deferred tax assets	2,976 million yen
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(479) million yen
Other	(420) million yen
Total deferred tax liabilities	(899) million yen
Net deferred tax assets	2,076 million yen

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

Statutory effective tax rate	30.6%
(Adjustments)	
Dividend income and other items not permanently includable in income	(6.8)%
Per capita inhabitant tax, etc.	0.2%
Valuation allowance, etc.	0.5%
Other	1.0%
Effective tax rate after application of tax effect accounting	25.5%

8. Notes on revenue recognition

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

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

9. Notes on transactions with related parties

Subsidiaries and affiliates, etc.

Type	Name of company	Address	Capital or investment	Business or occupation	Ownership percentage of voting rights, etc. (%)	Relationship with related parties	Details of transactions	Transaction amount (million yen)	Account	Balance at end of period (million yen)
Subsidiary	GOLDWIN LOGITEM INC.	Oyabe City, Toyama	50 million yen	Logistics	Direct 100.0	Logistics management of products handled by the Company Concurrent officer	Logistics expenses*1	3,905	Accounts payable - other	690
Subsidiary	BLACK & WHITE SPORTSWEAR CO., LTD.	Chiyoda-ku, Tokyo	45 million yen	Sporting goods-related business	Direct 100.0	Partial supply of the Company's products	Loan of funds Collection of funds Interest on loans *2 Debt guarantees *3	11,850 11,800 0 492	Long-term loans receivable	850
Subsidiary	WOOLRICH JAPAN INC.	Shibuya-ku, Tokyo	100 million yen	Casual wear-related business	Direct 100.0	Partial supply of the Company's products	Loan of funds Collection of funds Interest on loans *2 Debt guarantees *4	2,200 1,800 0 82	Short-term loans receivable	600
Affiliate	YOUNGONE OUTDOOR Corporation	Seoul City, South Korea	3,000 million won	Sporting goods-related business	Direct 40.7	Trademark royalties in South Korea Concurrent officer	Royalties*1	3,824	Accounts receivable - trade	935

(Notes) Terms and conditions of transactions and policy for determining terms and conditions of transactions, etc.

*1 Transaction terms and conditions are determined by mutual consultation between the two companies.
*2 Interest rates for loans are reasonably determined in consideration of market interest rates.
*3 The Company has guaranteed the purchase obligations.
*4 The Company guarantees obligations under fixed-term building lease contracts for directly managed stores. Although there is no outstanding debt at year-end, the total ground rent for the contract period of the directly managed stores covered by the guarantee is 82 million yen.

Officers and major shareholders (individual shareholders only)

Type	Name of company, etc. or name	Location	Capital or investment	Business or occupation	Percentage of voting rights, etc. held (%)	Relationship with related parties	Details of transactions	Transaction amount (million yen)	Account	Balance at end of period (million yen)
Officers and close relatives	Akio Nishida	–	–	Chairman and Representative Director of the Company	(Owned) Direct 0.3	–	In-kind contribution of monetary compensation claims (Note)	11	–	–
Officers and close relatives	Takao Watanabe	–	–	President and Representative Director	(Owned) Direct 0.1	–	In-kind contribution of monetary compensation claims (Note)	11	–	–

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

10. Notes to per share information

(1) Net assets per share	1,538.22 yen
(2) Net income per share	455.70 yen

(Note) Basis for calculation is as follows.

(1) Basis for calculation of net assets per share

Total net assets	69,085 million yen
Amount deducted from total net assets	– million yen
Net assets related to common shares at the end of the period	69,085 million yen
Number of common shares used in the calculation of net assets per share at the end of the period	44,912,882 shares

(2) Basis for calculation of net income per share

Profit	20,525 million yen
Amount not attributable to common shareholders	– million yen
Net income related to common shares	20,525 million yen
Average number of common shares during the period	45,041,033 shares

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

The average number of such treasury shares during the period deducted in the calculation of net income per share is 2,407,139 shares for the current fiscal year, and the number of such treasury shares at the end of the period deducted in the calculation of net assets per share is 2,535,290 shares for the current fiscal year.

11. Notes on significant subsequent events

Not applicable.

12. Notes on companies subject to consolidated dividend regulations

Not applicable.