

Integrated Report 2022



GOLDWIN Integrated Report 2022



To realize a fulfilling and healthy lifestyle through sports.





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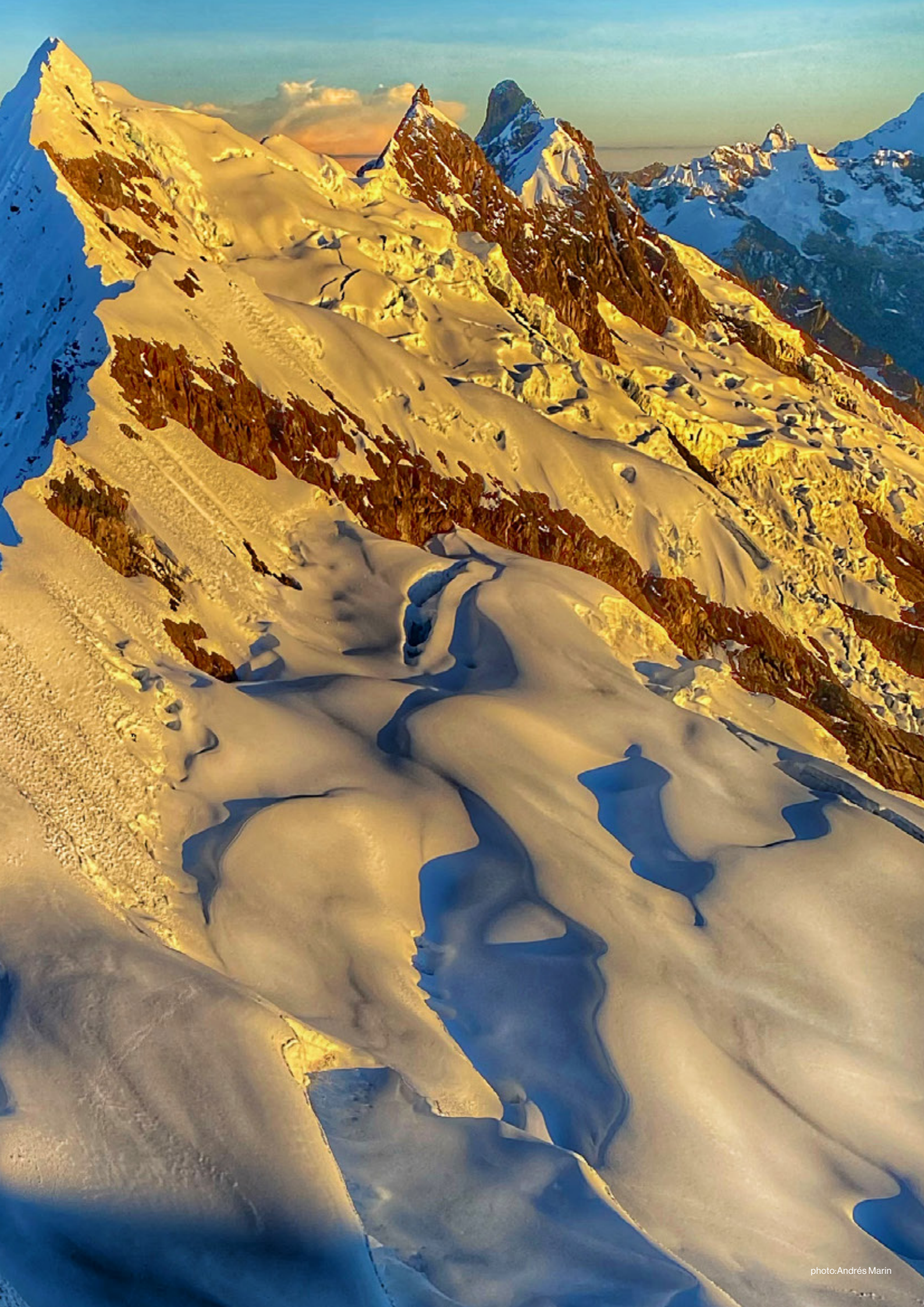
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A high-altitude mountain landscape with a climber in the foreground. The scene is dominated by snow-covered peaks and ridges under a clear blue sky. The lighting is soft, suggesting dawn or dusk. In the lower-left foreground, a climber wearing a red jacket and green pants is ascending a snowy slope. The background features a vast range of jagged, snow-capped mountains stretching into the distance.

Chapter

1

PROFILE



Corporate Philosophy

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.





Based on our founding spirit, we respond to the changes of the times with speed and agility to achieve continued growth.

Era of transformation

Last year we saw repeated waves of infections from novel coronavirus variants, and endured restrictions imposed on social and economic activities. Under these challenging conditions, the world's biggest athletic events were held in Tokyo and Beijing, albeit with no spectators or limited spectators. These events were broadcast around the world, allowing a great many people to share in the thrill of sports. ULTRA-TRAIL Mt. FUJI, a mountain trail run we have sponsored since 2012, had been canceled since the COVID-19 pandemic started, but was held again in April 2022. I went to the race to cheer on the competitors, and it made me realize all over again just how fantastic sports are. GOLDWIN has been a behind-the-scenes supporter of a great many athletes in these sports competitions, which is one way we practice our corporate philosophy "to realize a fulfilling and healthy lifestyle through sports."

We now find ourselves in an era of transformation, where the prolonged COVID-19 pandemic as well as other unforeseeable global-scale events keep occurring, such as the war in Ukraine. Times like these when the future is uncertain lead to questions about what companies, and specifically GOLDWIN, should aspire to be. It is at these times when we need to go back to our founding spirit and our corporate philosophy and remind ourselves who we are and why we are here. I want the younger generation that comes after me to embrace our spirit and our philosophy and by doing so, to build what comes next.

Founding spirit that encourages independence and family-like corporate culture

The phrase "If I don't do it, who will?" epitomizes our founding spirit. It was a favorite expression of our founder, Tosaku Nishida. This expression encourages our employees working on the frontlines to think for themselves, make decisions, take action and put their skills to work. It encourages a spirit of independence, but it is more than that. Companies bring people together, who as employees work as a team while performing their individual roles.

Through this, it is possible to create power that goes far beyond what one person could accomplish alone. This spirit of independence is predicated on the existence of this teamwork. In terms of manufacturing, our founder believed in the idea that "There is true value in the invisible." The core of something lies behind what is seen on the surface and is where you can see the dedication to detail. This expression also serves to spur employees' self-awareness. Our founder often talked about these two expressions at our manufacturing and sales workplaces and during trainings, and they have become established as part of our foundation.

Meanwhile, we started out as a family company and have worked to preserve a warm, family-like atmosphere since our earliest days in business. Backed by this corporate culture, we have prioritized developing our talent and have encouraged all of our employees to fully demonstrate their potential and engage in their work with an independent mindset and in the spirit of our founding.

What we have built up over our history

We started out manufacturing basic knitwear products but quickly switched our focus to manufacturing sportswear, where we grew our business in the sports apparel field. After bringing top-class foreign brands to Japan, we diversified our product offerings, built up and deepened our technologies, expanded our business domains, and repeatedly took on a series of challenges. We subsequently also experienced a number of management crises as our business grew by leaps and bounds. We have learned from our successes as well as our failures to get to where we are today. During this time, we have steadfastly continued to develop our talent based on our founding spirit that encourages independence, our enduring corporate philosophy of supporting sports, and our commitment to manufacturing. Along with this, we have shown flexibility in adapting our business operations to external conditions and the needs of the times.

One of the major turning points we have experienced was shifting to a business model built on actual demand at

Message from the Chairman

the beginning of the 2000s. Demand in the sports market cooled off after Japan's bubble economy burst in the late 1990s, and excess inventory turned into a critical problem for us. Around the time that this crisis threatened our very existence, I succeeded our founder and took over as president of GOLDWIN in 2000. The first thing I did was set forth our management principles of Strong, Fast and Transparent. We then took steps to make core improvements at GOLDWIN, based on a plan to strengthen our brand and product capabilities and financial base, quickly respond to market and customer needs, and conduct management with a high degree of transparency. To tackle the problem of excess inventory head on, we embarked on a path that moved us away from our past business model centered on wholesale sales to a business model based on actual demand, with retail sales conducted through directly managed stores.

But simply declaring that we were changing our business model did not lead to quick results in a year or two. We had been working on using a market-in approach, which underpins our business model based on actual demand, long before we faced this management crisis. We viewed this concept, however, only from a manufacturer's perspective and not from the reality of what was happening at our sales locations, and had a difficult time getting these two viewpoints in alignment. The manufacturing sites make products in lots of 1,000, while the stores sell them to customers one at a time. How manufacturing and sales engage with the products is fundamentally different. We therefore set up training opportunities for staff from both manufacturing and sales to experience the other side, so that the two sides could learn about how they differed and deepen their understanding of each other. By experiencing manufacturing, sales staff were able to learn about the advanced technology that goes into one piece of apparel, while manufacturing staff sent to sales locations were able to learn about the challenges of customer service and what



all goes into selling one piece of apparel. Continued iterations of this training helped us drive core improvements throughout our value chain from manufacturing to sales. We also focused on diversifying our products as we implemented our business model based on actual demand. Instead of our previous approach of mass-production and mass merchandising, we sought to diversify our product selection by having individual stores feature unique offerings based on their particular location and other attributes. For example, there are currently six THE NORTH FACE stores in the Harajuku neighborhood of Tokyo, and each one has its own signature product offerings. This is what diversification means for us. These stores do not offer everything a customer may want, so at first it might seem like an inefficient way to run a business. But in fact, this system closely aligns with customers' needs and offers them a great deal of expedience.

After these initiatives, we could see the awareness on our front lines changing from around 2010; the actual demand business model had become instilled and the deep-rooted problem of excess inventory had largely improved. Where our sales loss rate initially stood at some 20%, it has fallen to a level between 1–2% today. We have seen results from 20 years of efforts, but these results are only part of what we intend to do. Responding to the wide-ranging needs of customers and optimizing inventory are not efforts that have an end.

Pursuit of sustainability and ESG management

Sustainability approaches, referring to actions to make business sustainable, have become an indispensable element companies need to survive the era of uncertainty. I do not see sustainability as a brand-new concept, but as an approach that we have come to embrace over our own history and something that many Japanese companies have practiced without necessarily calling it sustainability. Japan is home to many venerable companies that have been in business for hundreds of years while existing in harmony with the local community and the wider society. They have served as models for new companies that have come later. Companies that sought to give back to society like this supported Japan's period of high economic growth, and we count ourselves among their ranks. Japan entered a period of low growth and globalization after this high-growth period, during which more Japanese companies incorporated overseas management approaches that gave primacy to efficiency. These management methods produced results in the short term, but have not always led to lasting success. More recently, companies operating around the world have also come to see the benefits of conducting business with a long-term

perspective over seeking short-term profit, and positioning sustainability at the core of business has become common practice.

I look to the approach that Shinto shrines in Japan have taken since ancient times for guidance. Based on seeking to live in harmony with nature and wisdom cultivated through practicing self-sufficiency, shrines look not only at the present but also far into the future. For example, Ise-jingu Shrine has a history going back 2,000 years, and over these many generations has maintained its buildings and environs. The forest at Meiji-jingu Shrine, which was created by design over a period of 100 years, is another example of this approach. I have deep reverence for this approach that has been embedded in Japanese culture since time immemorial, and I intend to pursue a similar approach at GOLDWIN through our modern-day ESG management. We have reworked our structure for sustainable business that we used in the past into a modern-day ESG management framework, and established our basic policy for ESG management and the implementation structure. We have also set forth our long-term vision PLAY EARTH 2030, which serves as a guideline for the future, and are implementing a wide range of measures targeting both sustainability for business and sustainability for the environment.

Meanwhile, I also believe in the importance of ensuring that our corporate philosophy and founding spirit are instilled in employees, which touches on the G, or governance, aspect of ESG management. People often focus on systems and mechanisms when they think about governance, but just because you have put systems and mechanisms in place does not mean that they instantly function as intended. Many essential aspects of governance rely on employees' intentions to function. For us, strengthening governance comes from developing our independent-minded talent in line with our founding spirit.

Advice from outside perspectives, provided by our outside directors, is also critically important to executing governance in our management operations. People with ties to our business participate as officers in our company, and I am grateful for the sound advice we receive from them.

The shape of business, changing for the future

As we implement measures to achieve our long-term vision, I will remember and appreciate everything that our predecessors have done to cultivate our family-like corporate culture and develop GOLDWIN. After the shareholder's meeting every year, we hold a memorial service at the Remembrance Monument dedicated to our predecessors, which stands near our Toyama Head Office.



For me, remembering and respecting the accomplishments of our predecessors and offering my gratitude nurtures our driving force to take on new challenges. My role as chairman is to build the foundation for our company organization and governance framework so that we can carry on the vision of our predecessors. And then, together with their vision and the spirit they put into GOLDWIN, to pass these down to the next generation of management and employees. To fulfill this role, I make regular trips out to visit our stores around Japan and communicate directly with the young employees who will lead GOLDWIN in the future. Some of these employees talk with me frankly and freely, while others are more reticent. Although they may react differently in our meetings, talking to them in person allows me to share some of my thoughts with them. I have unfortunately had to hold these meetings online due to the pandemic, but look forward to our planned resumption of in-person meetings in 2022.

We are currently implementing our medium-term management plan to achieve our long-term vision and realize continued growth. To our stakeholders, I appreciate your understanding of our efforts and your continued cooperation in working together with GOLDWIN. We intend to take on big things in the future.

Akio Nishida

Chairman and Representative Director

Founding Spirit

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.



In 1950, Tosaku Nishida founded Tsuzawa Knit Fabric Manufacturer with the driving spirit of “If I don’t do it, who will?” Nishida had a hunch about the future of sports, and set the company’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, 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 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.



Path of History and Growth



GOLDWIN transforms from a general knitwear manufacturer into a specialized sportswear manufacturer and builds relationships with overseas brands

In 1950, Tsuzawa Knit Fabric Manufacturer, the predecessor of GOLDWIN, was founded and incorporated the following year. Pursued manufacturing with a focus on functional performance and the motto of "There is true value in the invisible." Transformed into a specialized sportswear manufacturer in the third year of business before sports became a national trend, and changed the company name to GOLDWIN Inc. in 1963. The following year at the Tokyo Olympics (1964), GOLDWIN products were used for competition uniforms, creating the foundation for joint development with athletes. Around this time, founder Tosaku Nishida went to Europe and was inspired by the functional beauty of skiwear there. Starting with a technical alliance with French skiwear brand Fusalp in 1970, GOLDWIN entered into licensing agreements with overseas brands and began running a multi-brand business while bringing in some of the world's most advanced technologies.

Overcame a management crisis brought on by excess inventory in the wholesale business, and embarked on a growth track with skiing's newfound popularity

GOLDWIN expanded sales channels to sports retailers nationwide and steadily expanded the wholesale business. However, large volumes of inventory continued growing from oversupply to sales outlets, and a loss due to the excess inventory was recorded in 1984. This prompted analysis to understand store inventory and strong sellers, becoming more intentional about delivering the right volume of popular sellers at the right time, and creating systems to move away from a manufacturer-centric way of doing things, with recovery from the management crisis seen the following year. Also began development of the GOAL service using S-NET to support store management of customers and sales strategies, with operation launched in 1988. Skiing enjoyed a wave of popularity in the late 1980s, and buying new skiwear each season became a trend. GOLDWIN's ski-related sales surpassed 26 billion yen. GOLDWIN also engaged in product development with athletes as the official supplier of the Swedish national ski team and embarked on a growth track.



GOLDWIN products selected for use in the Tokyo Olympics (1964)



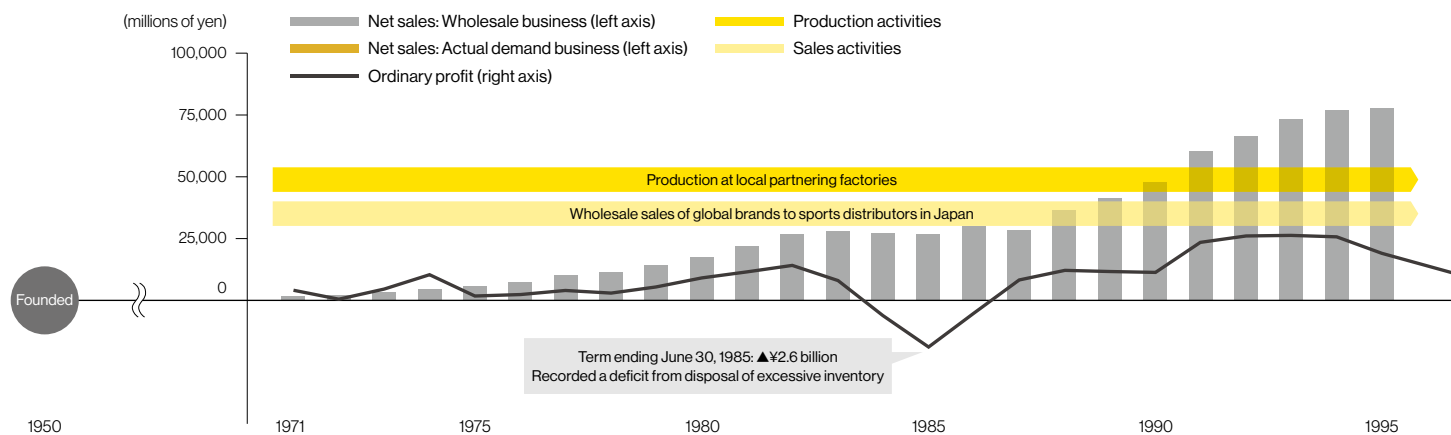
Fusalp's 3D cut skiwear



Popular one-piece ski suits



Swedish national ski team's skiwear



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.



Streamlining multifaceted business segments, and shifting from a wholesale business model to an actual demand business model with self-managed sales outlets

After Japan's bubble economy burst around 1990, individual lifestyles and values changed and how people enjoyed sports diversified. GOLDWIN bought the trademarks to ellese and THE NORTH FACE in Japan to broaden the management foundation. After decisively executing a three-year plan (1997-1999) to streamline multifaceted business segments and brands aimed at management rationalization, a loss was recorded in 1999 as part of liquidation. However, profitability was achieved in 2000 through the concentration of management resources and a stronger financial standing. The same year, THE NORTH FACE Harajuku store opened to mark the full launch of self-managed sales outlets. Led by THE NORTH FACE, shops were operated in a range of formats according to the market, including opening THE NORTH FACE+, which offers a curated selection of outdoor brands carried by GOLDWIN, and the shift from a wholesale business model to an actual demand business model continued.

Actual demand business model becomes established, and GOLDWIN offers products as well as a lifestyle through sports

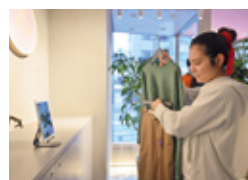
The medium-term management plan that started in 2007 sought to fundamentally improve operating profit by implementing measures to improve the gross profit margin by reducing the number of product items carried, creating common materials and reducing the cost rate by improving procurement methods as well as by reducing returns and discounts by improving the accuracy of demand forecasts, and by reducing distribution costs through lowered total inventory volumes and improved inventory turnover. From the 2010s, GOLDWIN offered products for various types of users and a diverse range of usage scenarios while leveraging sportswear's functionality. In addition to apparel, GOLDWIN is also exploring new sports-related value and offering associated products and services. Today, with the diversification of avenues for customers to buy products, GOLDWIN is making moves to open shop-in-shops through collaborations with wholesale partners in addition to directly managed stores as well as moves to strengthen e-commerce, including the general shopping site GOLDWIN WEB STORE.



THE NORTH FACE Harajuku store is the first self-managed sales outlet



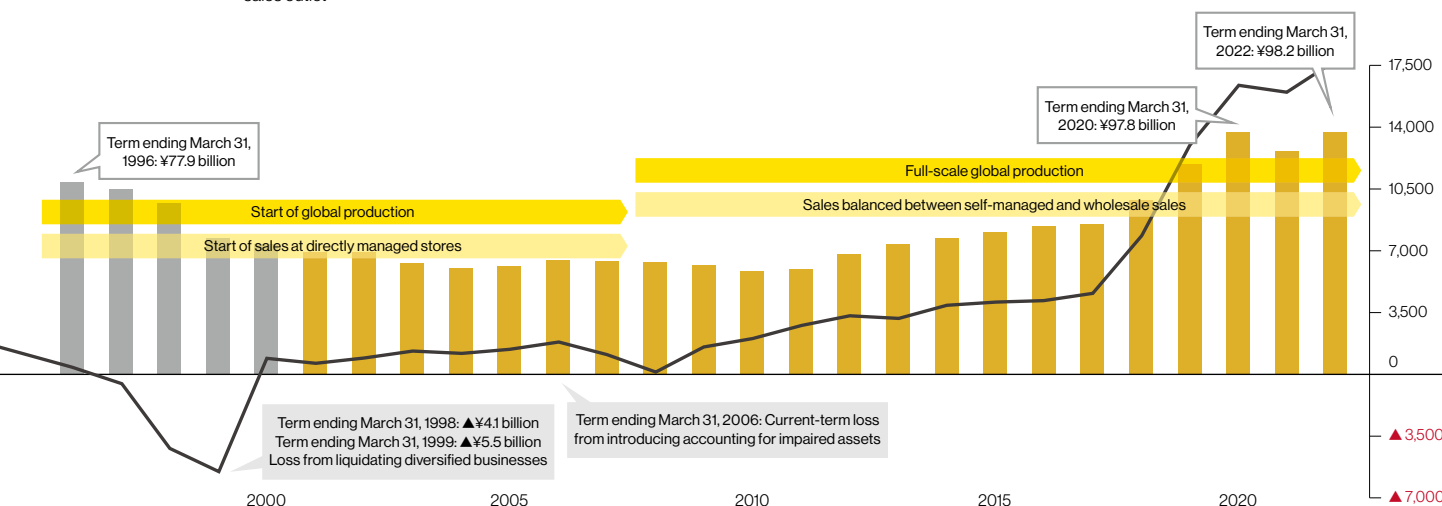
Launch of THE NORTH FACE+ for the family segment



GOLDWIN WEB STORE's online customer service



Maternity line from THE NORTH FACE



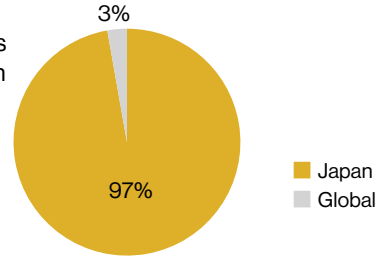
At a Glance

Overview (FY 2021)

Net sales

98.2 billion yen

Net sales by region



Operating profit

16.5 billion yen

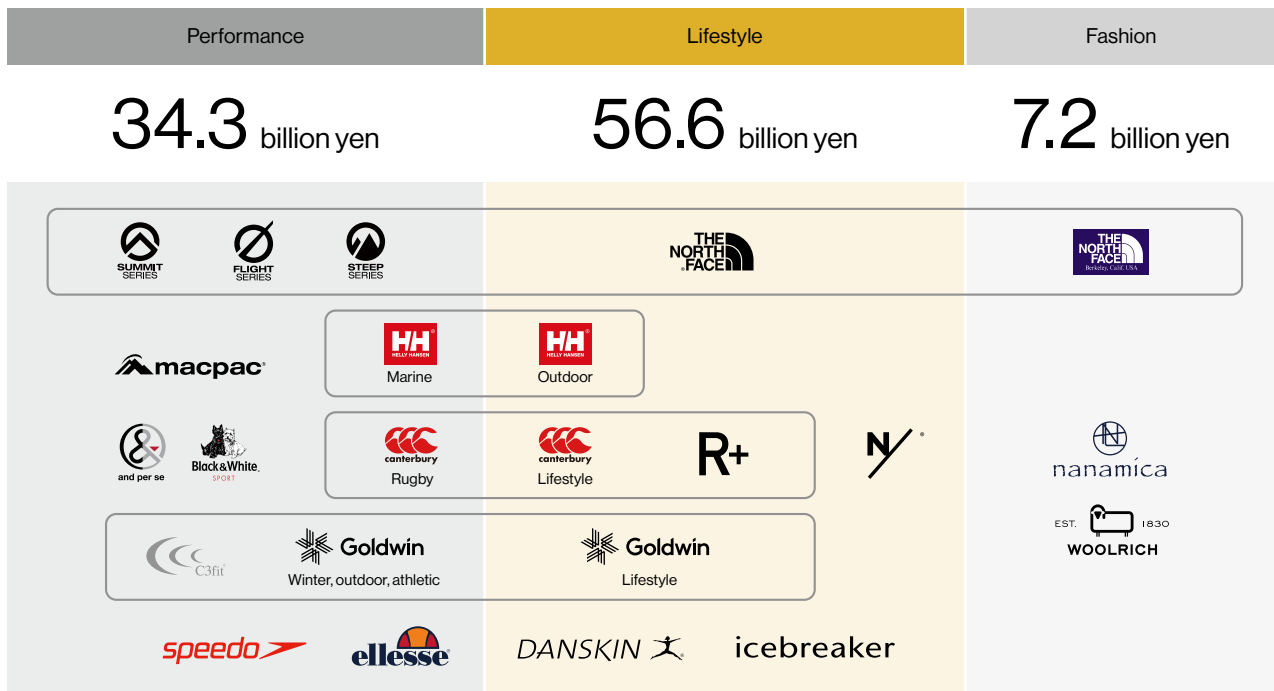
Profit attributable to owners of parent

14.3 billion yen

ROE

24.7 %

Net sales by business category



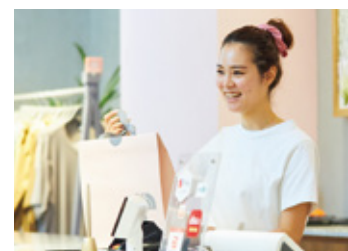
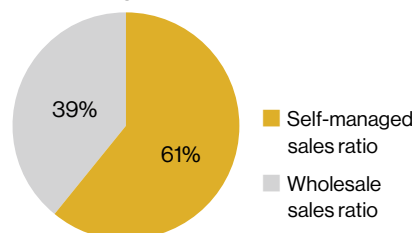
Sales loss rate

1.5 %

EC sales ratio

13.4 %

Self-managed/wholesale sales ratio



Brand value promotion

Number of brands

19

We have formed strategic partnerships with the global parent companies of these brands and create brand value on a global scale. We operate a multi-brand business.

<p>Original brands (GOLDWIN-developed brands)</p>	
<p>Owned brands (brands whose trademark rights we have acquired)</p>	
<p>Licensed/ distributor brands</p>	

Number of directly managed stores

164

We aim to create stores in a variety of styles that not only offer products but also stimulate customers' five senses and are designed for the community attributes and customers where the stores are located.



Goldwin Marunouchi
Flagship directly run GOLDWIN store



Goldwin San Francisco
First directly run GOLDWIN store outside Japan



THE NORTH FACE Sphere
New athletics and sports store format



THE NORTH FACE STANDARD
For urban outdoor enthusiasts



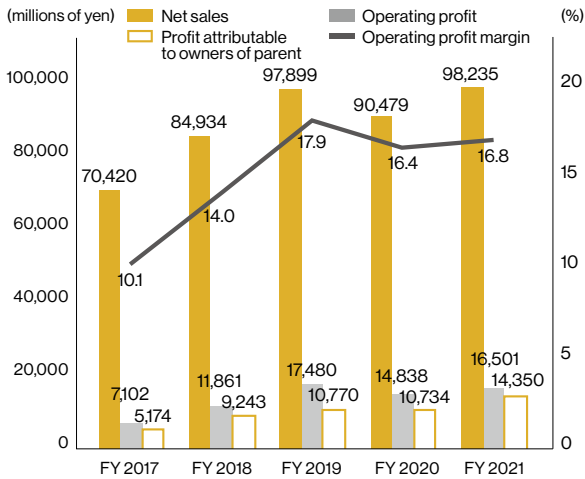
THE NORTH FACE FLIGHT TOKYO
High-performance running store



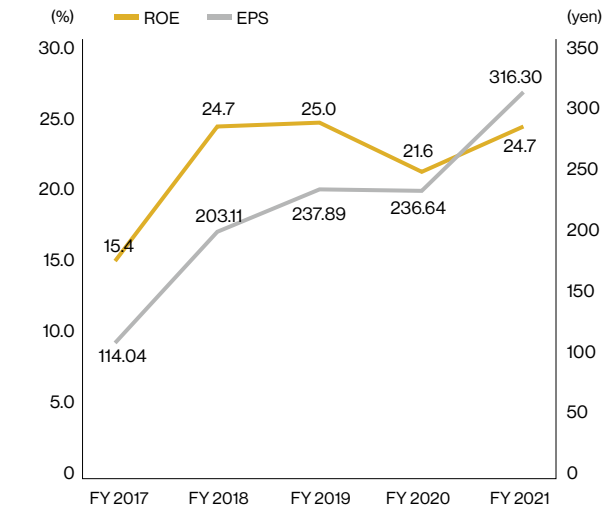
THE NORTH FACE GRAVITY
Stores near outdoor recreation destinations

Financial and Non-financial Highlights

Net Sales/Operating profit/Profit attributable to owners of parent/Operating profit margin

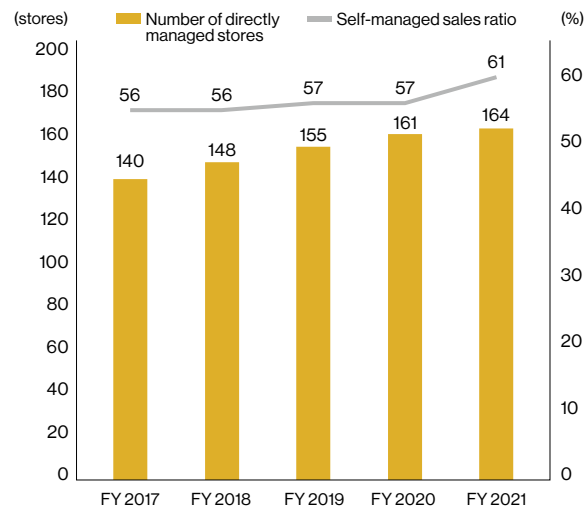


ROE/Earnings per share (EPS)

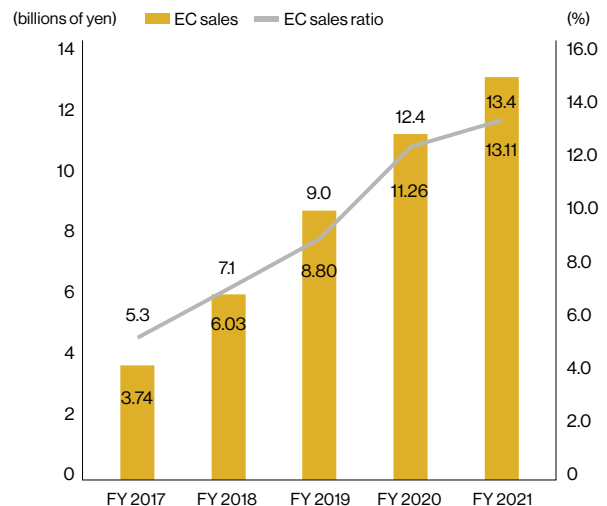


Note: Indicated as net income per share based on FY 2019

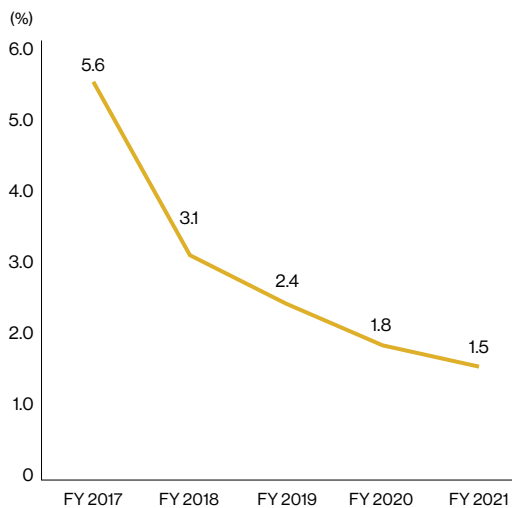
Number of directly managed stores/Self-managed sales ratio



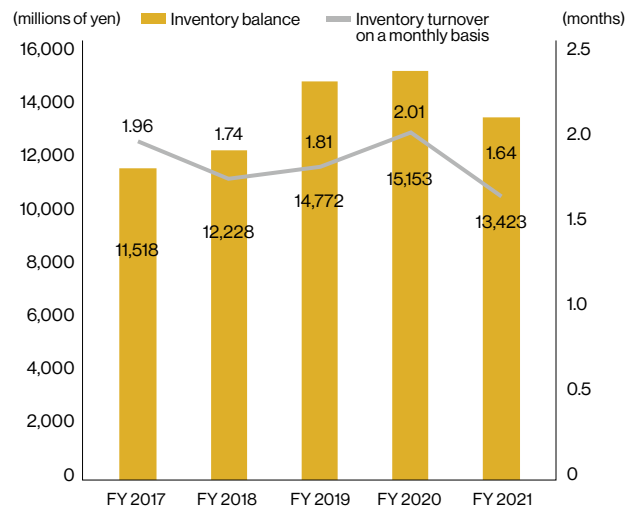
EC sales/EC sales ratio



Sales loss rate

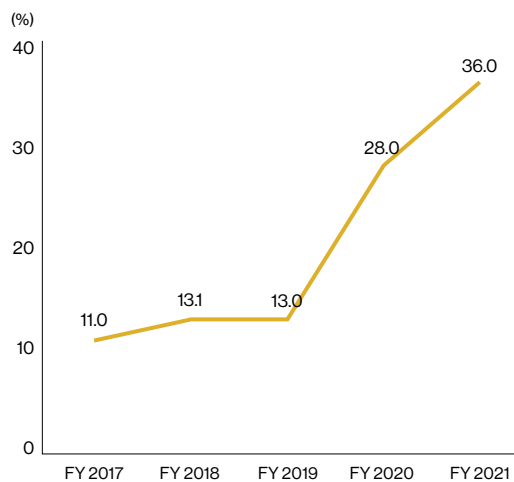


Inventory balance/Inventory turnover on a monthly basis

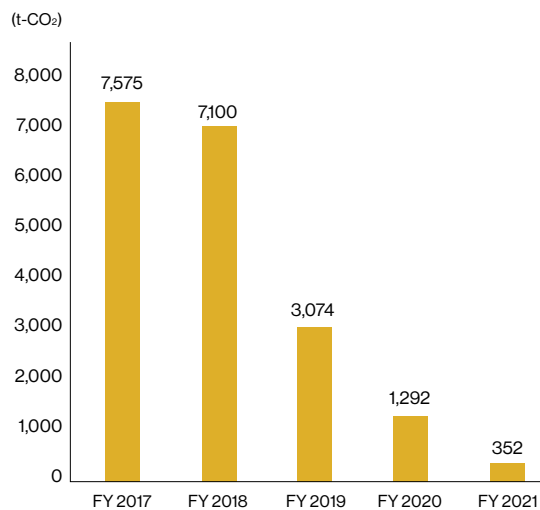


Note: Inventory turnover on a monthly basis = Inventory ÷ (Sales ÷ 12 months)

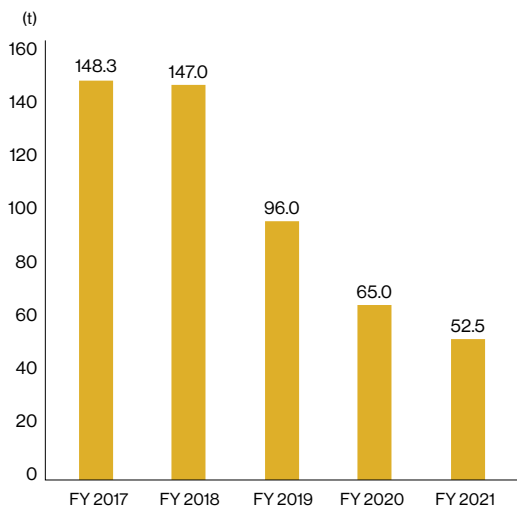
Sales rate of products using materials with reduced environmental impact



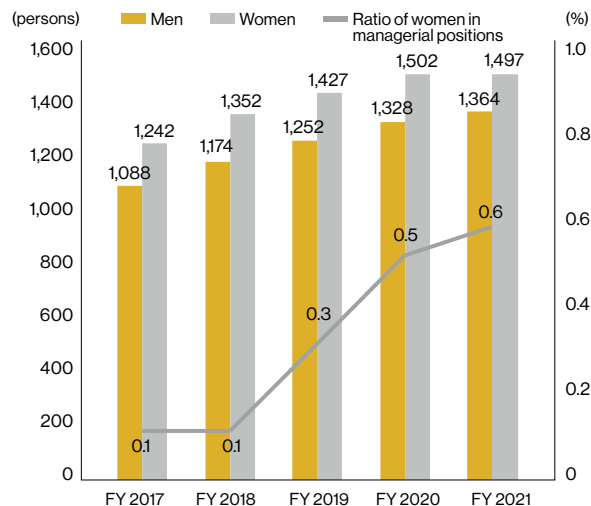
CO₂ emissions (Main business locations in Japan)



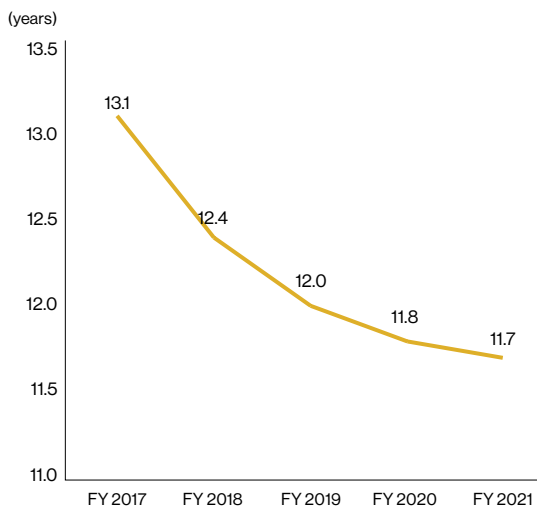
Volume of generated waste



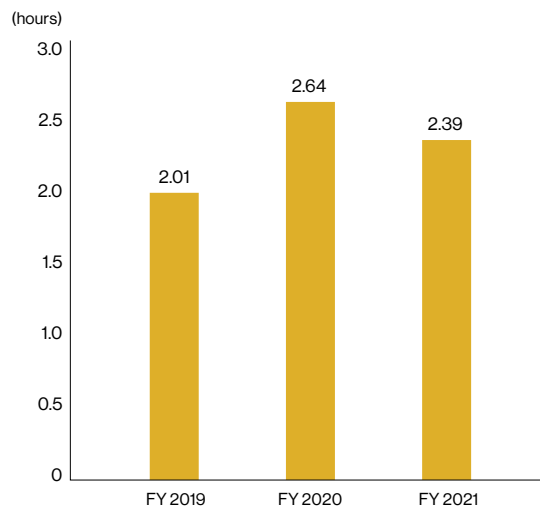
No. of employees by sex/Ratio of women in managerial positions



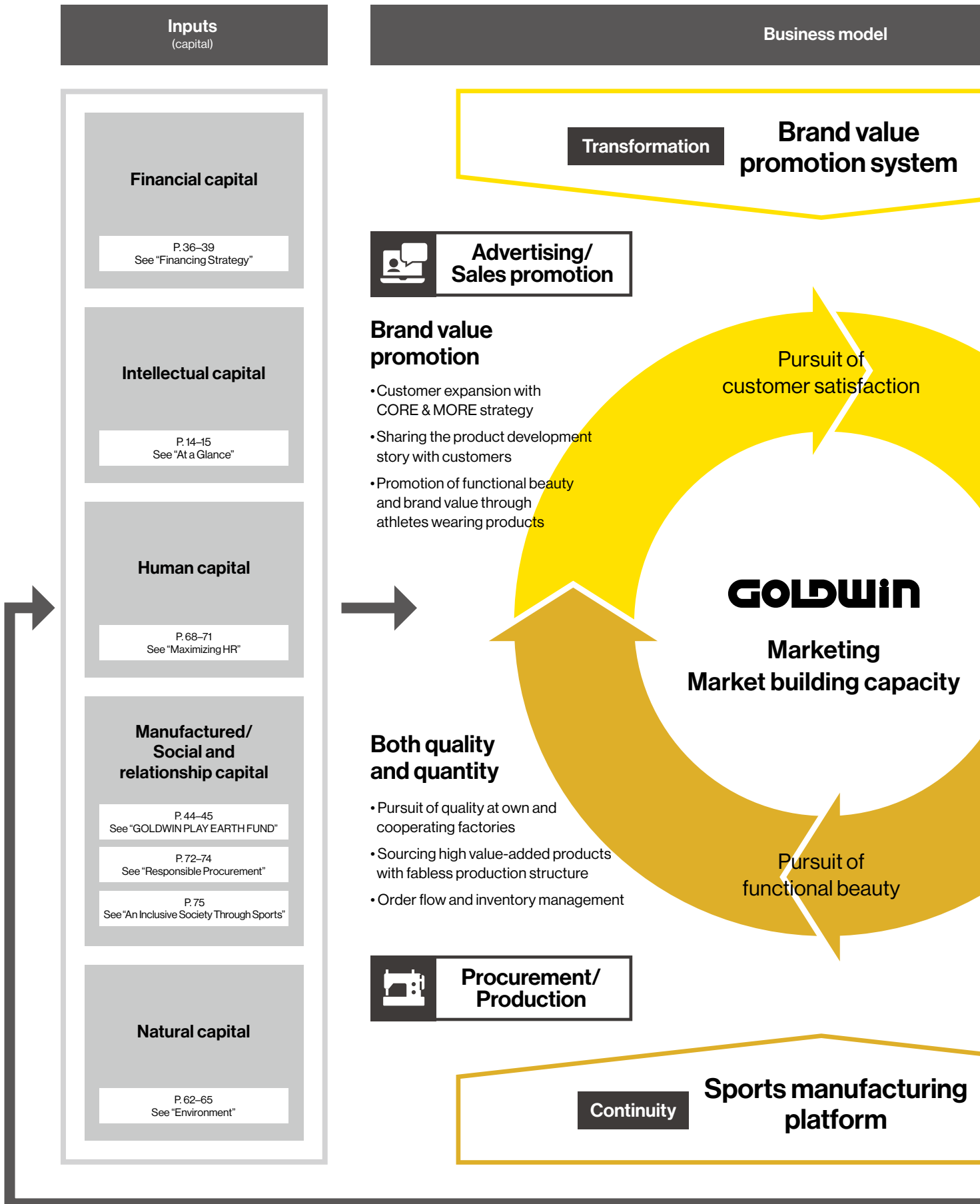
Average length of service



Training hours per employee



Value Creation Process



Sales/CRM 

Brand worldview promotion

- Store design highlighting brands' worldview with the five senses
- Sharing brand value with customers through store sales staff
- Value sustainment through repairs and maintenance

Pursuit of functional beauty

- Dialogue/collaboration with developers and users
- Creation of new, first-ever products informed by athlete and customer requests
- Joint development with partners

R&D 

Outputs
(economic value, environmental and social value)

Economic value	
Sales 98.2 billion yen	Operating profit 16.5 billion yen
Self-managed sales ratio 61%	EC sales ratio 13.4%
Sales loss rate 1.5%	ROE 24.7%
Environmental/Social value	
Customers	Advanced functionality/ High quality/Safety and reliability/Design/Brand value/ Strength of offerings/ Eco-friendliness/Longevity/ Ethical consumption experience
Shareholders/ Investors	Total dividends: 3,980 million yen Market capitalization: 294,653 million yen Earnings per share (EPS): 316.30 yen
Business partners	Fair and just business practices/Engagement with brand concept
Local communities	Inclusive society/Environmental preservation/Improved health/Developing the next generation
Employees	Corporate culture that values people/Employee-friendly workplace environments/Living life without a boundary between work and play
Environment	Low-carbon and post-carbon/Circularity and resource-saving/Reusing and longevity/Reduced use of chemical substances

Outcomes
(Impacts on the environment and society)

**Long-term Vision
PLAY EARTH 2030**

Achieve sustainability in terms of both the environment and business

Sustainability in business

Strengthening collaboration with stakeholders

Rebuilding a sustainable business model

Sustainability in the environment

Shift to materials with reduced environmental impact

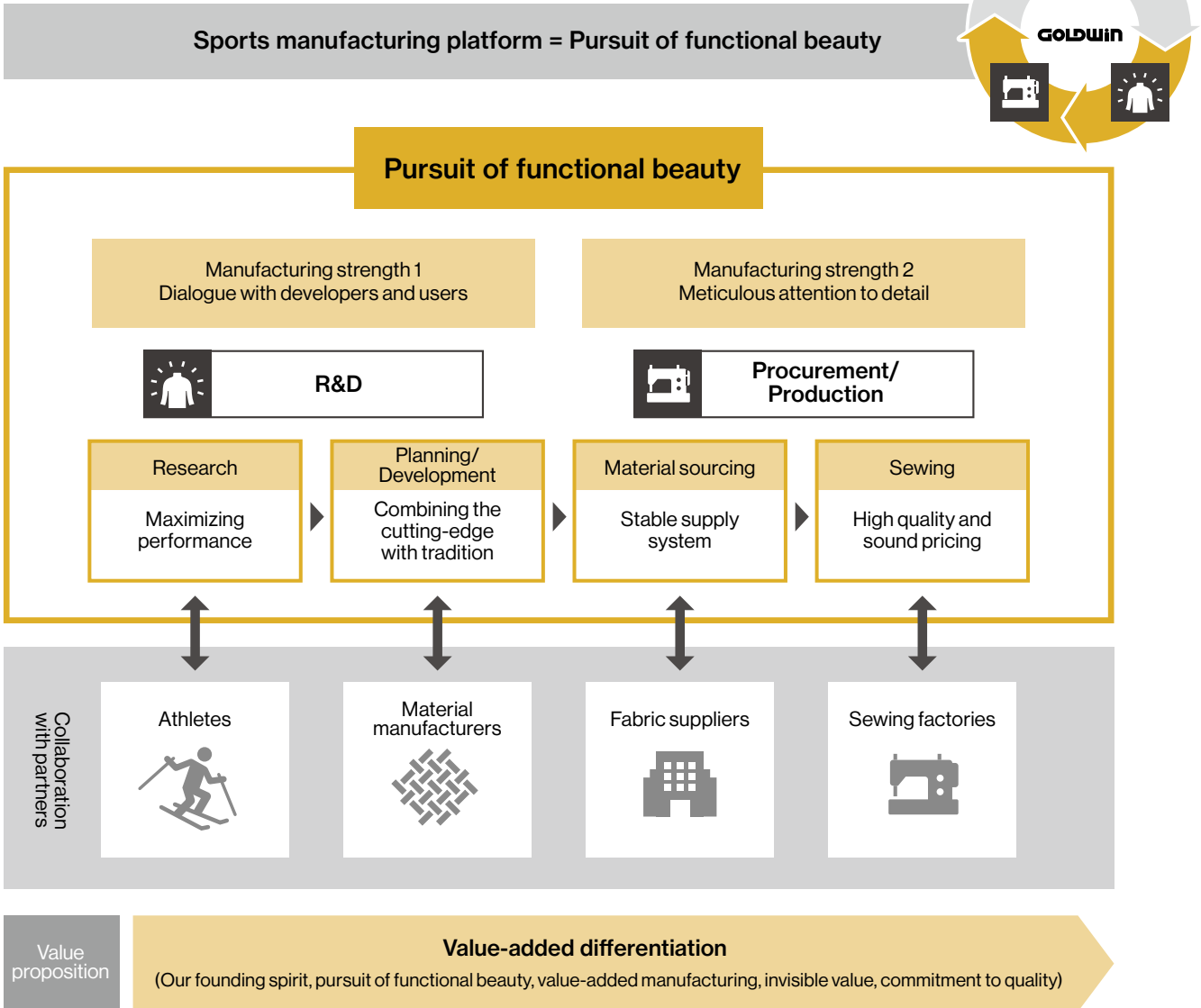
Carbon neutral at all offices

To realize a fulfilling and healthy lifestyle through sports.

Continuity

Sports manufacturing platform

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



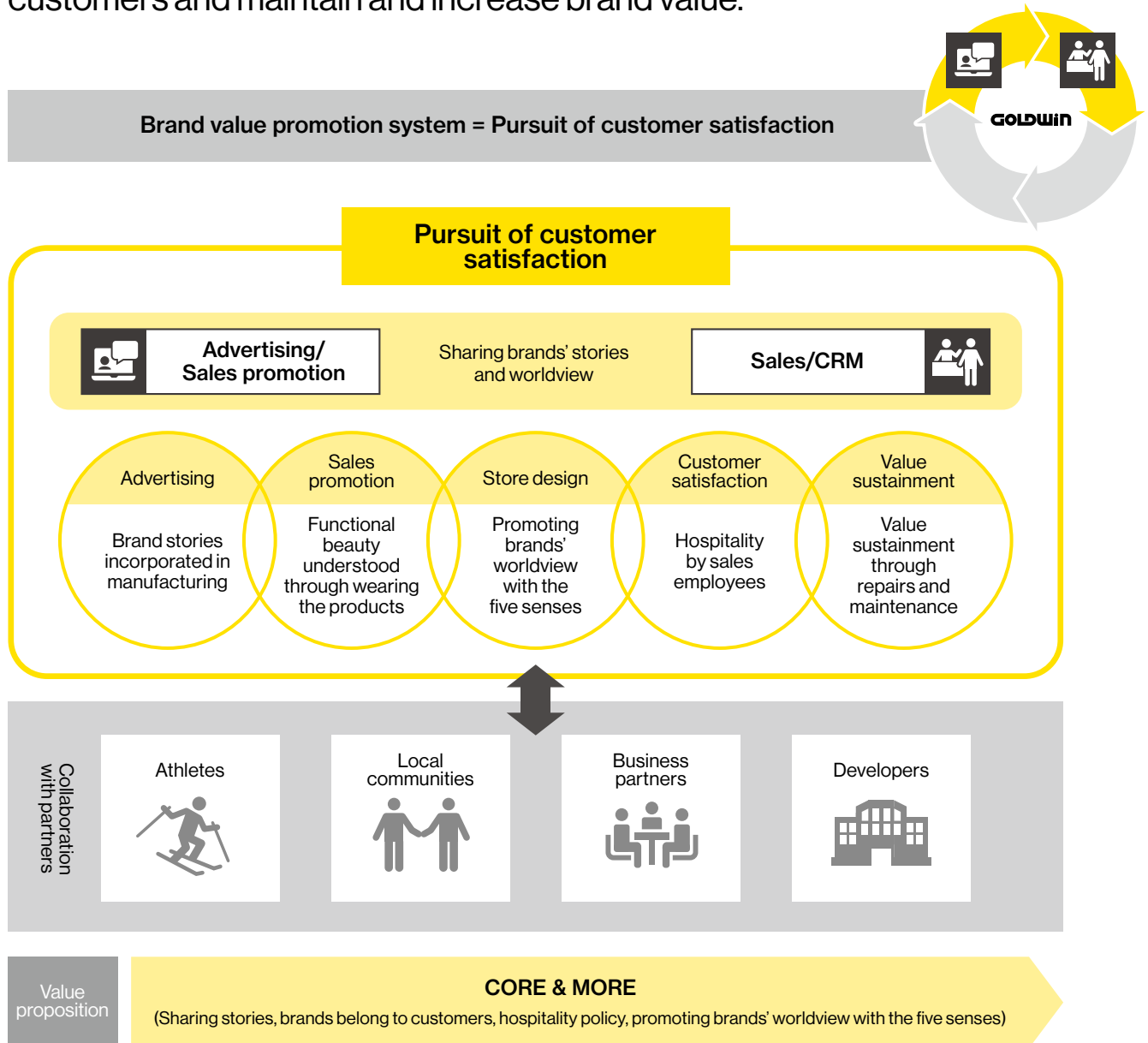
Dedication to detail: There is true value in the invisible.

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 Sourcing 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.

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 sales 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 sales outlets. We currently operate 164 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.



Chapter

2

STRATEGY





GOLDWIN is aiming to achieve sustainable growth by connecting the world through sports and advocating coexistence with nature.

Prioritizing development of the Goldwin brand

We launched our medium-term management plan (March 2022–March 2026) as we were sustaining impacts from the COVID-19 pandemic. Even so, we were able to achieve strong performance, posting record-high sales in the plan's first year that ended in March 2022 to break our previous record high achieved two years before in FY 2019 prior to the pandemic. We also posted our second-highest operating profit following FY 2019. That said, the COVID-19 pandemic has gone on longer than anticipated, which has prevented us from promoting the Goldwin brand in global markets and investing in the next stage of our brand as we had planned.

Therefore, we will develop the Goldwin brand as our top priority, backed by the advantages we possess and based on our medium-term management plan. We will build our strategy and proactively make moves with our sights set not only on Japan but on global markets as well. We will move to become more directly involved with customers in these global markets while deepening our branding activities. This involves shifting away from our past business model focused on wholesale sales to a business model built on e-commerce and directly managed stores. We have been operating these types of independently managed sales outlets already.

Creating a direct-to-consumer (DTC) business model, now considered the global standard, is our highest priority to have people around the world become familiar with the Goldwin brand and earn a reputation for its original value. We have been working on this for many years already, and it will remain our focus in the years ahead as well. In addition, we aim to develop the Goldwin brand while also considering the synergies possible with THE NORTH FACE, our most profitable brand among our existing businesses.

What we mean by “Goldwin 0”

From the 1980s to the 1990s, we achieved growth primarily based on our skiwear. Amid the subsequent sharp contraction in the Japanese ski market, we applied the technologies we developed in skiwear to other sports domains. With our main emphasis still in skiwear, we developed new business in the lifestyle segment starting in 2016, and then in the athletic wear and outdoor segments starting in 2019.

The Goldwin 0 platform that we announced in March 2022 was created from this legacy of taking on new challenges. Goldwin 0 is also a project to effectively communicate our corporate identity to the world. I want to use the Goldwin 0 platform to communicate to the world the three concepts of Circulation, Borderless, and Co-Creation that we have been nurturing.

Circulation is part of realizing our vision “To be a humane company that creates excitement and promotes a sustainable society.” While circulation is a very big concept, human society needs to have circularity built into it in the same way as the Earth's biosphere does. Phrased another way, circulation is about altruistically connecting people around the world. Our world today is highly connected. We can look at how countries and regions around the world are working to build a new era of living with COVID-19 as a new kind of circulation for sustainability in society.

Expanding borderless relationships among people in this way will further solidify the connectedness of people around the world. Sports, which allow people who speak different languages and come from different cultures to strive together and push their abilities to new heights, are a wonderful way to do this. Sports are about more than just competition—they also play a role in connecting people to each other and to nature. We want to reframe how sports are viewed from this broad definition, expand sports'

Message from the President

potential and use sports to connect people.

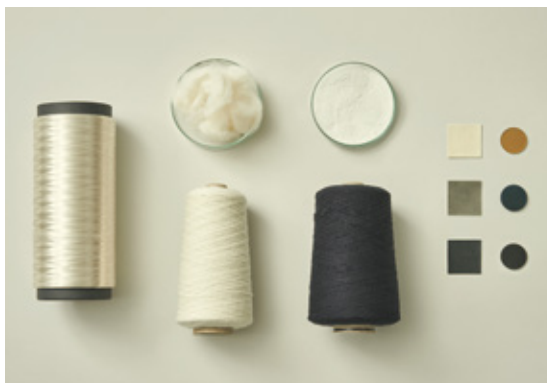
We cannot accomplish these things on our own. They only become possible through co-creation among diverse groups of people, diverse cultures and diverse regions. I feel that co-creation is something people's experience of living with the COVID-19 pandemic has taught them about the most. Goldwin O is also a new marketing format that incorporates and embodies the concept of co-creation in our business.

So while Goldwin O is a project, it is also playing an important role in rebuilding our companywide identity. We intend to integrate Goldwin O with our corporate identity by steadily growing this platform in Japan and global markets.

Creating new value through co-creation with startups

As I've described, it is becoming more and more difficult to create new things as one company alone. Looking ahead, we need to work together with people from other industries, come up with new ideas together, and achieve growth while recognizing each other's talents.

One example of this is the use of the new structural protein material Brewed Protein™, which is produced from microorganisms in a fermentation process, in moisture-permeable, waterproof fabric as well as denim and fleece for the Goldwin O collection. This came out of joint research and development conducted since 2015 with the biotechnology startup Spiber Inc., based in Tsuruoka City, Yamagata Prefecture. As a "third fabric" that does not use synthetic fibers derived from petroleum products or materials derived from animal sources, Brewed Protein™ is anticipated to help lower the environmental impacts of the



* Examples of materials created by processing Brewed Protein™ polymers in various ways
Source: Spiber Inc.

apparel business. We are aiming to have 10% of our newly developed products use Brewed Protein™ by 2030.

We have also concluded a new capital tie-up with Bioworks Corporation, based in Souraku-gun, Kyoto Prefecture. Bioworks is a startup that develops materials made from biodegradable, plant-based polylactic acid (PLA). We are planning to launch products made with PlaX Fiber, a highly functional PLA compound, for THE NORTH FACE and other GOLDWIN Group brands starting in 2023.

These joint development projects with startups have shown us that corporate venture capital (CVC) is an effective means of accelerating creation of new value, and we have begun CVC investing.

We will first consider investing in startups whose fabrics, technologies and ideas are anticipated to generate synergies with our business and that have strong potential for generating profit. We also plan to get involved in projects to create new societal and community frameworks, projects to educate and develop youth, and projects to protect nature and improve the global environment. These plans are all connected to our corporate vision.

Just as the spread of networking and communication has changed the world, CVC similarly has the potential to spark major transformations in our business domain. While our business has primarily revolved around sports over the more than 70 years since our founding, we intend to connect our CVC investing to becoming actively involved in new fields and giving our role in society new meaning.

Extending the success model of THE NORTH FACE

We see branding as not simply about selling lots of products, but about accurately and precisely conveying the true value of the brand in communications with customers, and have conducted our branding activities accordingly. We believe that maintaining customer engagement has allowed THE NORTH FACE and our other brands to earn the support of large numbers of people and branch out in diverse ways.

The approach of creating and building a brand together with customers while valuing our relationships with them feels like something universal that spans the ages. Indeed, THE NORTH FACE is loved by people from their teens to their 80s. It's rare for a single brand to have users across three generations. THE NORTH FACE brand has also moved beyond the outdoor category and is expanding into the lifestyle category. In the performance category, we offer the Summit Series and the Flight Series specially

Goldwin 0 conceives of a future with both people and nature

The Goldwin 0 project conceives of a future with both people and nature through collaboration with creators in wide-ranging domains, including apparel, visual expression, music and spatial representation. Goldwin 0 aims to develop men's and women's fashions with advanced functionality that combine new technology, fabrics and other elements, that are adaptable to every place and usage scenario, and that can be worn in both professional and private life. Goldwin 0 embodies our three keywords of Circulation, Borderless and Co-Creation as we seek to use fabrics with minimal environmental impact and realize a circular economy.



designed for activities like mountain climbing and trail running, and are expanding the Purple Label in the fashion category. The growth model for our brands is based on increasing brand awareness starting from the performance category, moving into the lifestyle category, which has a larger market scale, and then pursuing the fashion category to further increase brand value. Our strength is in not limiting our products to performance applications but also leveraging them in the lifestyle and fashion categories so that we can offer something to fit everyone's lifestyle through sports. In our medium-term management plan, we will apply the success model of THE NORTH FACE to the operations of our other brands. Specifically, we plan to do this with HELLY HANSEN, CANTERBURY and our own Goldwin brand.

Then in our retail business, it is undeniable that customer preferences and needs are changing, and that expectations for brand value and many other elements are complex and advanced.

THE NORTH FACE Sphere, which opened in the Harajuku neighborhood of Tokyo on July 1, 2022, sells products that meet customers' individual requirements, including original designs as well as products for different body types and needs. In short, we are not only focusing on selling mass-produced items, but also on building relationships with customers. How do we create lifetime value and build relationships with customers? If we can build this kind of system for large numbers of customers, connect it directly to factories and agilely deploy AI and other technologies, a brand-new type of business is conceivable that leverages one-to-one relationships with customers.

This is our vision for the DTC business we want to

achieve. We aim to apply branding built around the business model of direct engagement with customers that we have developed through THE NORTH FACE, including in directly managed stores, shop-in-shops and e-commerce, to our original brand and develop our brand globally.

PLAY EARTH = Providing opportunities to have fun with the Earth

In our long-term vision PLAY EARTH 2030, which we established in May 2021 looking 10 years into the future, we declare our goal of embracing both sustainability for business and sustainability for the environment, and achieving both company growth and improving the global environment.

Just as it says, PLAY EARTH means "have fun with the Earth." We see sports as starting from having fun with the Earth. Long, long ago during the era of hunting and gathering, people would hone the skills they needed for hunting in their daily activities. Peers would get together and hold competitions in running, swimming, climbing trees and hitting targets. This was so-called play time, and how future generations would enjoy recreation in what we call sports. I think most people would agree with the idea that sports originated out of play in the natural world.

The world of sports connects people to each other in ways that transcend language. Even if people speak different languages, they can have fun playing the same sport and push each other to greater heights playing under the same rules—this worldview is also our worldview at GOLDWIN. In a sense, this may mean reverting to a

Message from the President

primitive state. However, it feels like the time has come to reassess what our values are and what we should aspire to as human beings by thinking more broadly about the meaning and potential of sports.

This is the idea behind GOLDWIN PLAY EARTH PARK, an art space we created to connect people transcending language. We want children to enjoy sports intuitively and fully experience the appeal and wonder of nature. We also have a plan for the future. We have named a piece of land in Toyama Prefecture measuring tens of thousands of tsubo (1 tsubo=3.3 m²) PLAY EARTH PARK, and are currently in the preparation phase of designing a space to allow people to experience and play in a primitive natural setting. We are designing a place for people to experience sports in their primitive forms—to play in a wide-open expanse of nature and feel free to follow their innate curiosity, be inspired and nurture relationships with peers transcending language—as we look ahead to our 100th anniversary in 2050.

GOLDWIN's view of sustainability

I have been involved in THE NORTH FACE business and have learned a lot from its founders, Doug Tompkins and Kenneth Hap Klopp. These two people thought through the impacts our business has on the Earth and this responsibility, and always stayed focused on how they could be of service. I cannot tell you how much inspiration I have gotten from their intentional exploration of how to engage with society and the global environment from a long-term perspective instead of pursuing short-term profit.

Looking at the Japanese apparel industry, the fact that business operations generally do not take a long-term view

is obvious. One example of this is the massive amount of clothing made of plastic fibers that is sent out into the world and then release microplastics. The same goes for the large amount of unsold products that are discarded each season. Business that chases after short-term fashions, imitates trend-setting designs, mass-produces them and sells them for cheap cannot be sustainable.

To eliminate waste from excess production, we have tightly integrated our production and sales systems with actual demand at stores. Instead of holding inventory created from imprecise forecasts, we are enhancing our inventory flow by building robust relationships with customers and capturing their needs. As a result, we have maintained a sales loss rate in the single digits since FY 2015, and this fell to approximately 1.5% in FY 2021. If you do not have inventory left over, there is no need to hold discount sales. What started as an initiative for the global environment has resulted in higher profit margins as well as business sustainability.

Human rights abuses in the supply chain are also cited as an issue in the apparel industry. When you operate a global-scale business, assessing your own supply chain is critically important. When I joined GOLDWIN in the 1980s, the Toyama factory was our only production factory, but we expanded to several factories as our business scale grew and also shifted operations overseas. With this, relationships different than the former family-like atmosphere of our manufacturing settings came into exist.

But still, the responsibility we assume as a manufacturer for our production bases has not changed in the slightest. We must always remain aware of and verify whether the people working there feel good about their jobs and whether their individual rights are being protected as they deserve to be. We need to visit our local factories,

GOLDWIN PLAY EARTH PARK, a park to have fun with the Earth

With the concept PLAY EARTH, we set up GOLDWIN PLAY EARTH PARK at Tokyo Midtown and Fugan Unga Kansui Park in Toyama Prefecture for a limited time as venues for children, who will create the future, to experience primitive forms of sports that have fun with the Earth. Using the five elements that make up the Earth as their theme, the events installed play equipment designed in collaboration with architects to allow entirely new types of play to unfold that stimulate children's powers of imagination.





deepen our direct communication with the people there, and share our ideas. We also present our basic approach to human rights in the GOLDWIN Group Policy on Human Rights, established in December 2021.

Shared understanding with employees, creating the future together

We face many problems in the world, from climate change and poverty to education and gender issues, and the problems we face are not fixed but ever-changing. What's important in management is sharing your understanding of the issues with employees and encouraging changes in their behavior. Instead of just going along and doing the work in front of them, employees should also take a deeper look at why we are engaging in business now.

This is why it is so important to engage in communication directly with employees. From this belief, I have been holding meetings with small groups of about 20 employees, where I talk about my approach and ideas in accessible ways. Communicating with employees like this gives me the opportunity to gain new insights and discoveries, and each time I come away with something to think about. In April 2020 when I assumed the post of president, I held around 10 presentations about what GOLDWIN aspires to be in 2050 for groups of 30 mid-level

employees each. I did this to share what kind of company we are aiming to be 30 years from now, and I still want to share this vision of the future with as many people as possible so that they approach their work with this mindset.

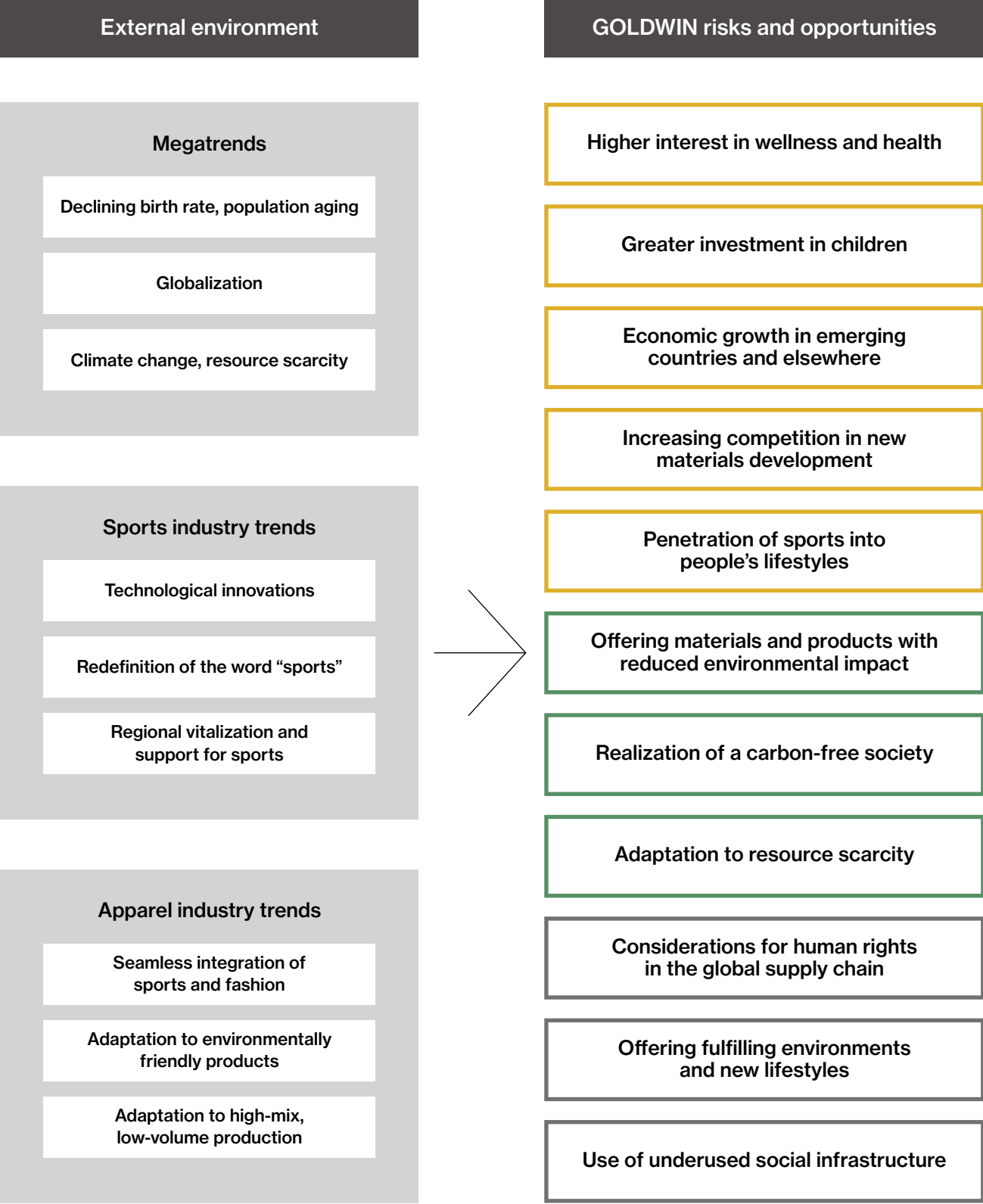
We have now marked our 72nd year in business and have put forth our major vision for our next big turning point of our 100th anniversary, which we have started working toward. One generation is considered to be 30 years long. The vision of the future that we put forth 30 years ago is now a reality, thanks to the many innovations of our predecessors. We too surely have the ability to do the same.

I may be president, but this is only one role among many at our company. It is not possible for me to change our company alone. I hope to create the future together while seeing things from the same perspective and working together with GOLDWIN employees. I am confident that this will lead to sustainable growth that is wholly and distinctively GOLDWIN's.

Takao Watanabe

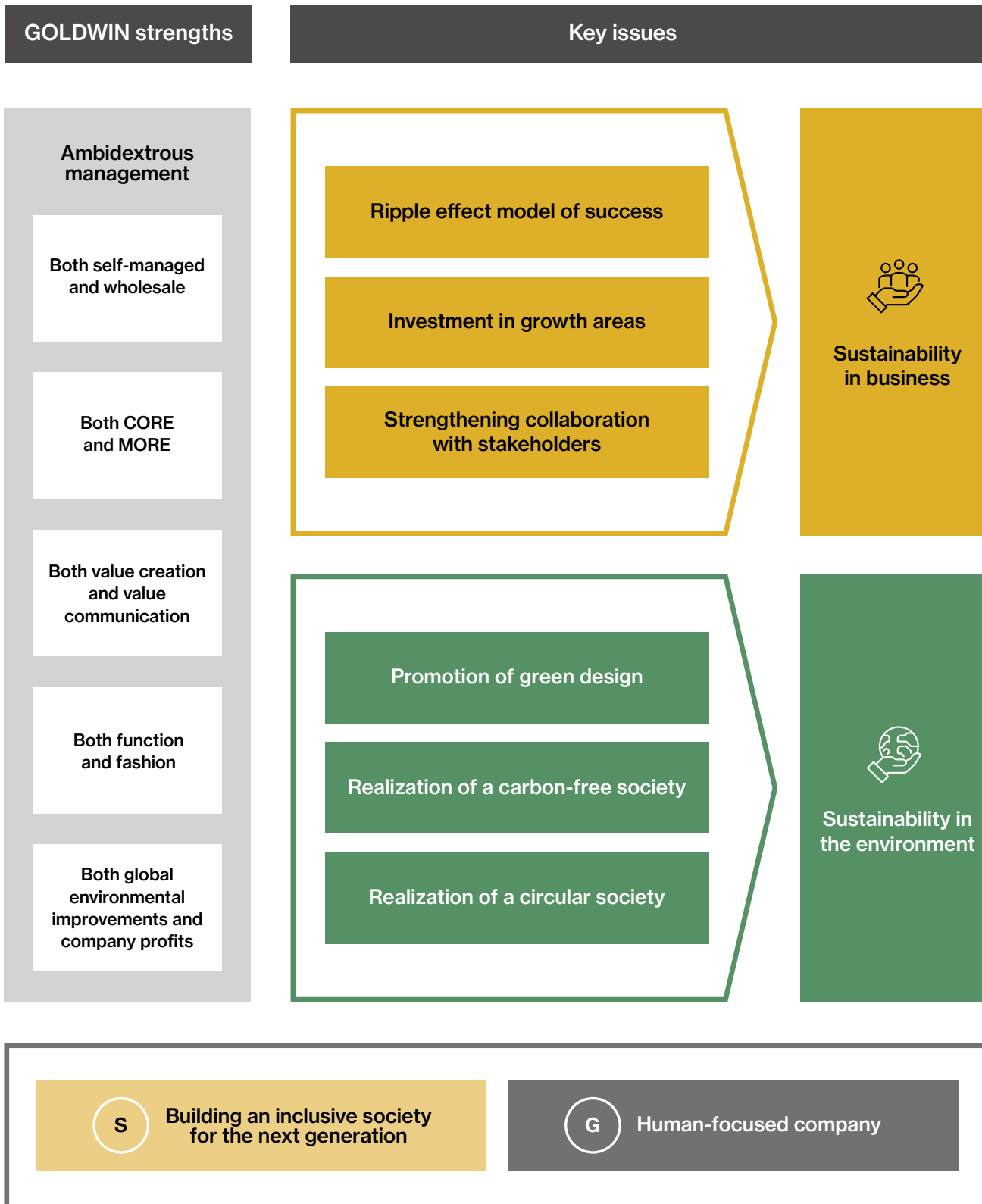
President and Representative Director

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



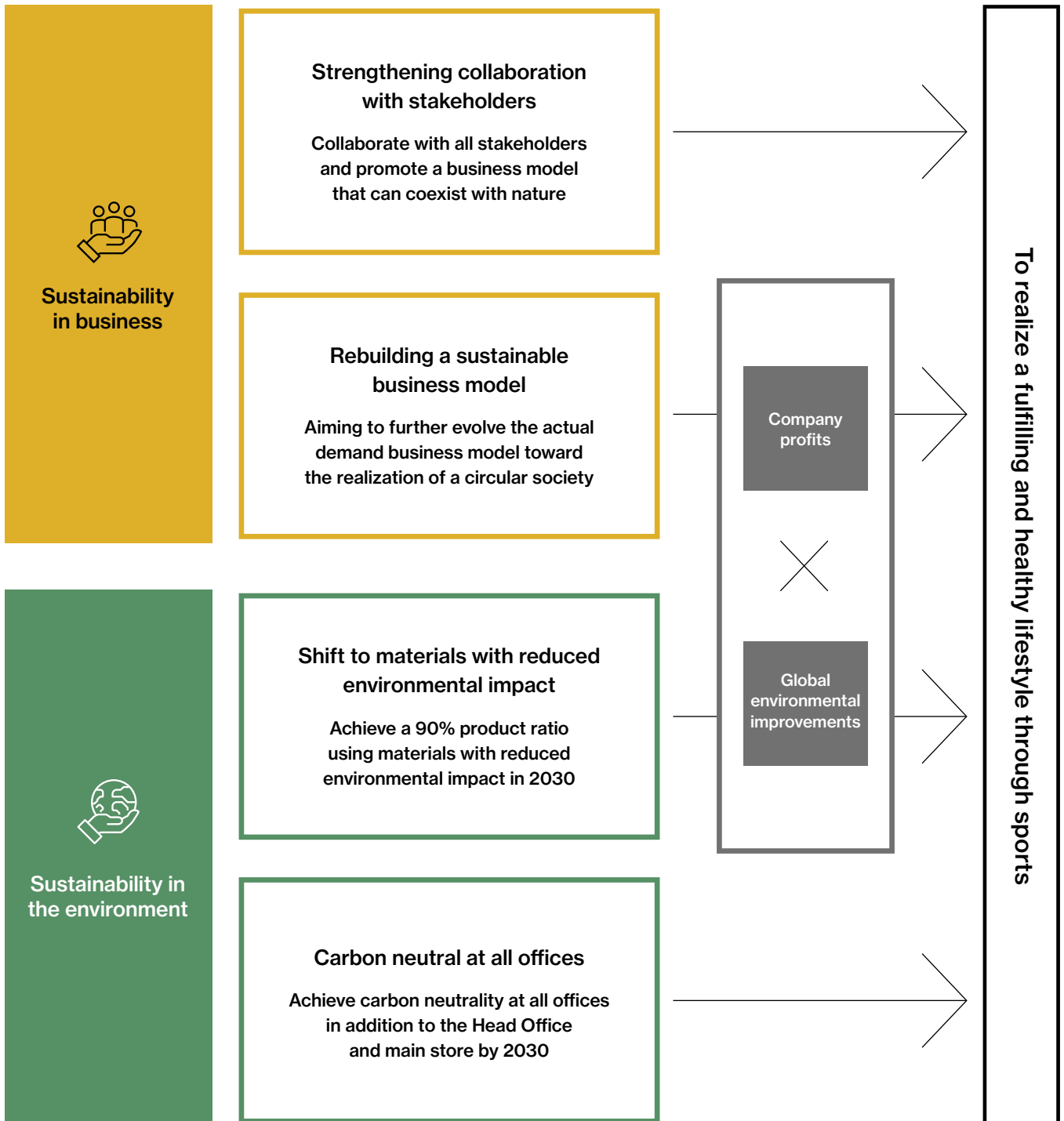
* VUCA is an acronym for volatility, uncertainty, complexity and ambiguity, and signifies the difficulty in making predictions in the current era.

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.



Long-term Vision

PLAY EARTH 2030

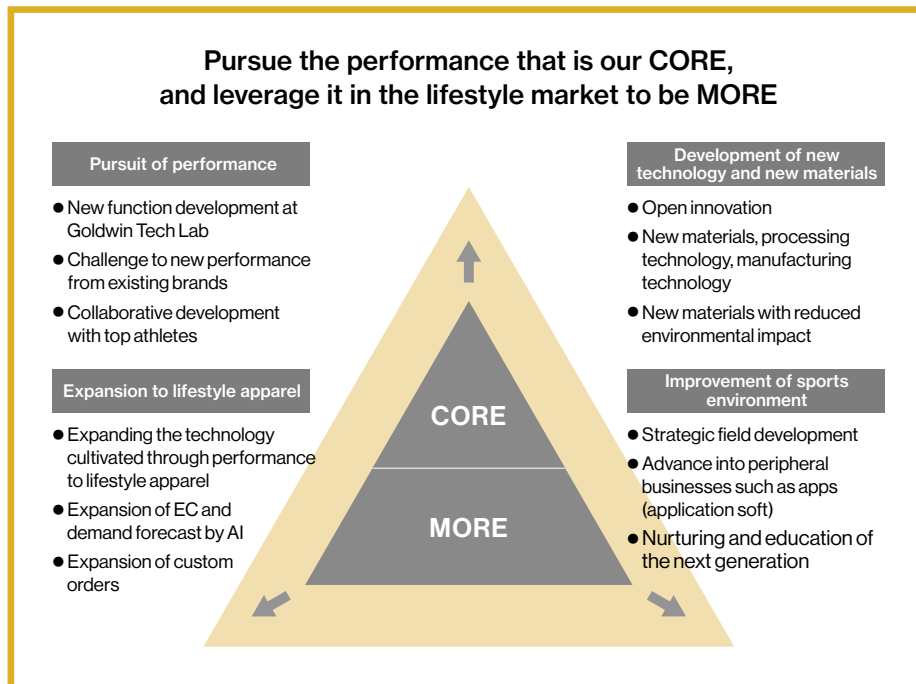


PLAY EARTH 2030 aims to achieve sustainability in terms of both business and the environment. Viewing PLAY EARTH as a phrase that embodies our origins in the world of sports, we have established sustainability in our business and sustainability in the environment as our long-term vision. The apparel 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 position addressing environmental problems as one of our key management issues as a way to also benefit our business.



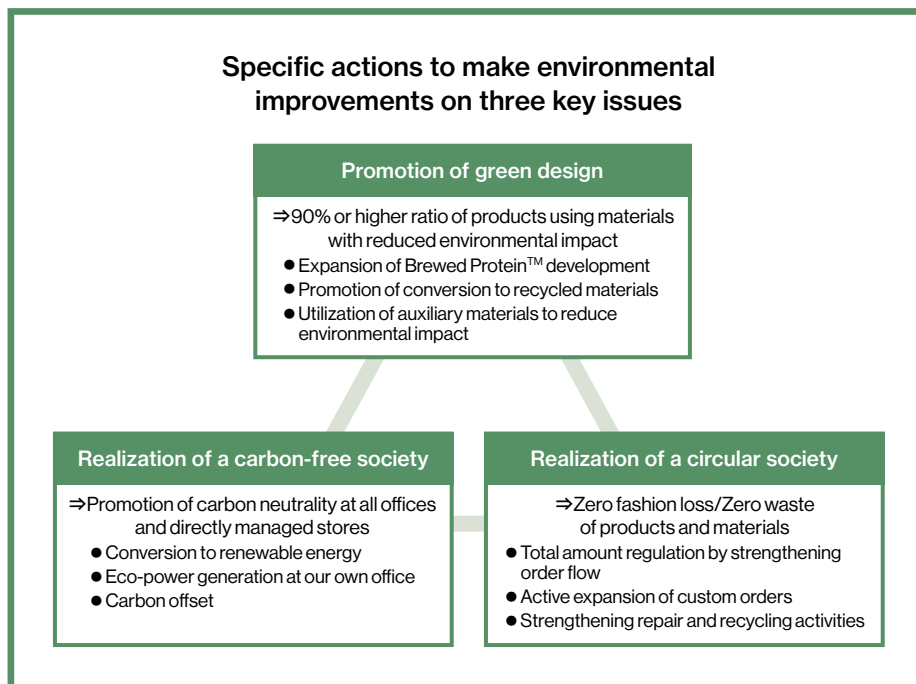
Growth strategy based on CORE and MORE

- 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



Three pillars of environmental improvement activities with an eye on 2030

- As part of promoting green design, we will increase our 28% use of materials with reduced environmental impact in FY 2020 to more than 90% in FY 2030
- 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

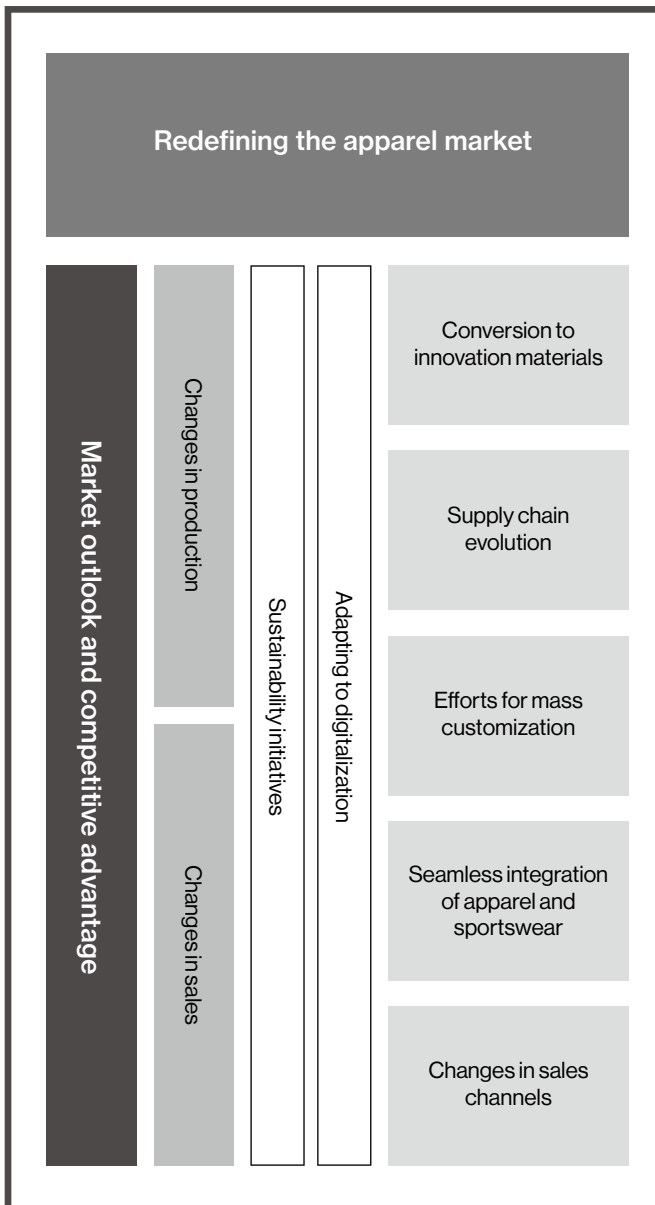


Basic Policy and Quantitative Targets for Our Medium-term Management Plan

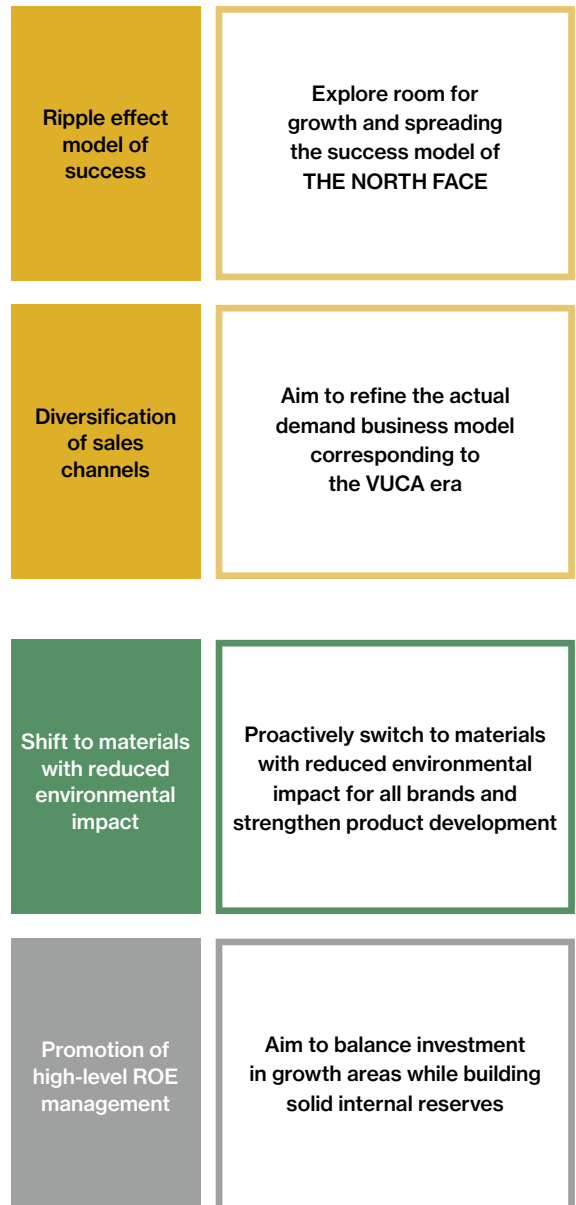
2021

Increase both capital productivity and sustainability in the apparel market

Market outlook



Basic policy of 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.

PLAY EARTH 2030

2030

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

Achievements in the first year

- Goldwin store opened in Beijing
 - Launch of Goldwin O
- New pool market creation for SPEEDO
- Further concentration and increased efficiency of management resources from absorption-type merger of CANTERBURY

- Self-managed sales ratio 61%
 - EC sales ratio 13.4%
- Implementing operation of logistics base in Kanto area to expand EC

- Achieve first-year target for ratio of products using materials with reduced environmental impact (36% vs. the initial plan of 30%)
 - Driven by THE NORTH FACE and its large contribution to sales

- 24.7% ROE in FY 2021
- Promote cost rate and SG&A ratio management structure to maintain high-level ROE framework

(Millions of yen)	Items	FY 2021 (results)	FY 2025 (forecast)	FY 2030 (forecast)
Financial goals	Net sales	98,235	125,000	-
	Operating profit	16,501	21,000	-
	Ordinary profit	20,285	22,500	-
	Interest-bearing debt ratio	0.07 times	0.3 times or less	-
	Dividend payout ratio	26.9%	30.0% or more	-
	ROE	24.7%	18.0% or more	-

Non-financial goals	Ratio of products using materials with reduced environmental impact	36.0% (30% in initial plan)	60% or more	90% or more
	CO ₂ emissions	352t-CO ₂ (72.8% reduction vs. FY 2020)	Carbon neutral at all offices in Japan	Carbon neutral at all offices and directly managed stores
	Product/material disposal	52.5t (19.3% reduction vs. FY 2020)	80% reduction in waste	Zero waste

To realize a fulfilling and healthy lifestyle through sports.

Maintain and Improve Our Sound Financial Standing and Make Dynamic Investments for the Future

Michio Shirasaki

Director and Managing Officer, General Manager of Management Division



Review of FY 2021 and medium-term management plan progress

In FY 2020 (ended March 2021), most of our directly managed stores were forced to temporarily close for long periods of time due to the COVID-19 pandemic. We prepared for the unexpected by increasing our financing from banks as an extraordinary financial measure. In FY 2021 (ending March 2022) as well, we saw repeated waves of COVID-19 infections driven by variants, resulting in prolonged economic and social impacts. We have managed to minimize these impacts by deploying the know-how we have built up in running our business during the pandemic, and increased our sales 8.6% year on year to achieve a new record high. We have seen strong sales growth driven by THE NORTH FACE since the latter half of the third quarter, and this growth continued even with the Omicron-fueled spike in COVID-19 cases in the fourth quarter. Sales from our wholesale partners and EC were major factors supporting our strong performance even when sales at our directly

managed stores fell during the Omicron wave. Our EC sales grew 16.4% year on year, and our EC sales ratio increased 1.0 percentage point year on year to 13.4%. Our inventory balance at the end of March was 88.6% of the previous year's balance, demonstrating the strength of implementing our business model to carefully develop and sell off products that will be selected by customers. We also saw results in fiscal matters, including substantially paying down our borrowing from banks and increasing our internal reserves to a scale of 10 billion yen.

We also saw strong recovery in terms of business performance in the new business categories that we introduced last fiscal year, with sales in the Performance business growing 25.5% year on year to 34,369 million yen. While the COVID-19 pandemic is still going on, we are on a recovery path while also meeting needs for outdoor activities. Our brand fans having returned to the field is another reason we can cite for our strong recovery. Sales in the Lifestyle business came to 56,633 million yen, a year on year increase of 0.4%. Although we were impacted by

Medium-term management plan basic policy and achievements in the first year

Medium-term management plan (5 years)		Achievements in the first year	
Ripple effect model of success	Explore room for growth and spreading the success model of THE NORTH FACE	<ul style="list-style-type: none"> ● Goldwin store opened in Beijing. Launch of Goldwin 0 ● New pool market creation for SPEEDO ● Further concentration and efficiencies of management capital from absorption-type merger of CANTERBURY 	
Diversification of sales channels	Aim to refine the actual demand business model corresponding to the VUCA era	<ul style="list-style-type: none"> ● Self-managed sales ratio 61% (progress according to plan) ● EC sales ratio 13.4% (progress according to plan) ● Implementing operation of logistics base in Kanto area to expand EC 	
Shift to environmentally friendly materials	Proactively switching to environmentally friendly materials for all brands and strengthening product development	<ul style="list-style-type: none"> ● Achieved first-year target for ratio of products using materials with reduced environmental impact (36% vs. the initial plan of 30%) ● Large sales contribution driven by THE NORTH FACE 	
Promotion of high-level ROE management	Aim to balance investment in growth areas while building solid internal reserves	<ul style="list-style-type: none"> ● 24.7% ROE in FY 2021 ● Promote cost rate and SG&A ratio management structure to maintain high-level ROE framework 	

shipment delays for some products due to the lockdowns implemented in Vietnam, we were able to achieve our plan. Sales in the Fashion business came to 7,233 million yen, a year on year increase of 8.2%. Of these three business categories, Performance saw especially strong recovery to pre-pandemic sales levels. Overall, we appear to have hit bottom and are now seeing renewed growth.

The medium-term management plan announced in May 2021 is our framework to respond to the unexpected. We aim to build a robust financial base to achieve sustainability both for our business and for the environment. Our achievements in the first year of the plan include shifting to environmentally friendly materials and promoting high-level ROE management. Both of these were ambitious targets, and we managed to achieve them. Expanding our success model and diversifying our sales channels are not targets where we plan to quickly produce results in the first year, but we did open our first directly managed store in Asia (outside Japan) for the Goldwin brand in Beijing by deploying our business know-how in directly managed stores, which has been a success factor for THE NORTH FACE. While gradual, we are also beginning to see results with swimwear brand SPEEDO by moving into training-related apparel as well as competition swimwear. We have plans to further concentrate and improve the efficiency of our management capital from the absorption-type merger of CANTERBURY. Looking ahead to society learning to live with COVID-19, another priority theme in our medium-term management plan is how to utilize our cash flow backed by this financial base to enable investment in growth areas.

Efforts for high-level ROE management

Along with strengthening our financial standing, we are also aiming to create operating cash flow and invest in growth fields, and have positioned high-level ROE management at

the core of our financial policy accordingly. Specific measures we are implementing for this include optimizing our sales structure around self-managed sales outlets and management administration focused on inventory flow.

In terms of optimizing our sales structure, we view the optimal structure for our self-managed sales outlets, consisting of our directly managed stores where we have in-depth experience and shop-in-shops at large sports retail stores and elsewhere, and wholesale sales as having a ratio of 6:4. Based on this understanding, we are maintaining this balance while pursuing increased sales. The sales channels for directly managed stores are vital, as they form the core of our sales activities, but having them as our only national network also poses a large risk. In regions where conditions make it difficult for us to open directly managed stores on our own, we will focus on partnering with wholesale stores in the area, which we see as an effective strategy. In the current fiscal year, the outlets we secured by partnering with wholesalers helped underpin our sales even with the temporary closures of our directly managed stores and loss of inbound demand during the height of the pandemic. Our self-managed sales outlets, especially those with the shop-in-shop format, performed well during the current fiscal year and helped make up for the COVID-19-related sales downturn at directly managed stores. Looking ahead, we plan to increase the number of directly managed stores as well as increase the profitability of each of our existing stores, including by increasing their sales areas and relocating them to better locations. Expanding sales in the promising EC channel is another pillar of our medium-term management plan. EC sales accounted for 13.4% of our total sales this fiscal year and produced profit as well. This has given us solid footing to achieve our target EC sales ratio of 30%.

Focusing on inventory flow is a priority theme directly connected to boosting profit in our business. We have experienced several business crises in the past from accumulating too much bad inventory and are implementing

Promotion of high-level ROE management

		Improvement drivers	KPIs	Status of progress	Policies
FY 2021 ROE 24.7%	Expansion of sales	1 Improvement in self-managed sales ratio	Self-managed sales ratio	61%	Target a self-managed sales ratio of 60% in the final year of the medium-term management plan
		2 Improvement in wholesale sales	Wholesale sales ratio	39%	Promote collaboration with wholesalers in areas that are difficult to cover at directly managed stores
		3 Improvement in EC ratio	EC sales ratio	13.4%	Target an EC sales ratio of 30% in the final year of the medium-term management plan
	Improvement in sales efficiency	4 Inventory balance control	Inventory balance	13.4 billion yen	Control order volume and ensure liquid inventory during the season
		5 Decrease in sales loss rate	Sales loss rate	1.5%	Aim to maintain the 2% level for the full year during the medium-term management plan
		6 Cost control	SG&A to sales ratio	35.8%	Maintain the 30% level while continuing to invest in growth
	Optimization of capital structure	7 Control of interest-bearing debt	D/E ratio	0.07	Aim to maintain 0.3 times or less

Financing Strategy

inventory management based on lessons learned from those crises. We are implementing measures to keep inventory levels low by constraining order volumes and keeping inventory flowing effectively during the season. Our inventory balance this fiscal year came to 13.4 billion yen, with inventory turnover of 1.64 months. Our efforts focusing on inventory flow will never end. We will continue striving to shorten the number of months of inventory turnover by activating various channels, connecting these efforts to reductions in our cost rate. These efforts have allowed us to achieve a sales loss rate of 1.5% for the current fiscal year, and achieve our medium-term management plan target of maintaining a sales loss rate under 3%. This indicator also has major implications for quickly identifying risks to our business, and we will continue to monitor it closely.

These measures have led to higher operating profit and ROE of 24.7% this fiscal year. Our medium-term management plan target was 18.0%, so we have already achieved this target. ROE, however, is not a goal but a number indicating a level of achievement, and we will focus on maintaining this level. Higher ROE increases our cash on hand accordingly and enables greater dividends and reinvestment, and we will continue to aim for a high level of ROE.

We have set seven improvement drivers and KPIs as milestones to hit in our high-level ROE management. These milestones are ones we have established over our many years of doing business in the apparel industry and measure the soundness of our management. They are like the items checked during a medical checkup and their values, but for a company not a person. We constantly monitor these numbers and quickly take action if we see signs of deterioration.

Cash allocation efforts

Regarding cash allocation, we aim to generate cash flows of

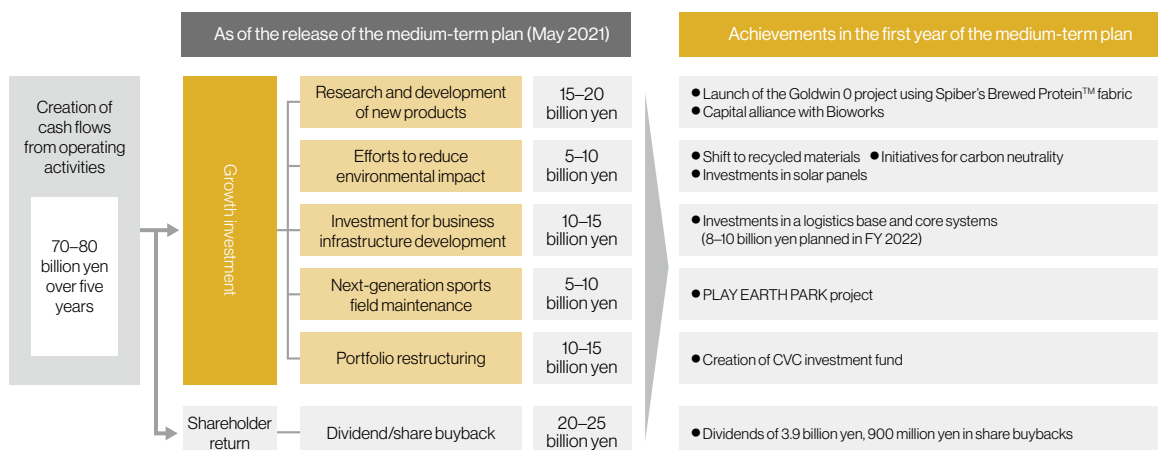
70–80 billion yen from operating activities over the five years of the medium-term management plan. Of this, after appropriating returns to shareholders, we plan to allocate the remaining cash to growth investments. We have set our growth investment targets as research and development of new products, efforts to reduce environmental impacts, investment for business infrastructure development, next-generation sports field maintenance and portfolio restructuring.

While we continue our investments in research and development of new products and efforts to reduce environmental impacts, this fiscal year we have prioritized infrastructure investments aimed at establishing our future business foundation, which fall under investment for business infrastructure development and include preparations to upgrade our core systems and launch a logistics base. Investments aimed at establishing our future business foundation was an issue that became evident in our previous medium-term management plan as sales were given precedence, and we are making upgrades so that our business foundation does not become a bottleneck in the future. These are positioned as core investments as we seek to make our operations more efficient in our business model based on actual demand. We plan to make proactive investments through fiscal ending March 2023, including investments in logistics, which we believe will ultimately offer customers greater convenience.

In addition to these infrastructure-focused investments, we are also focusing on next-generation sports field maintenance this fiscal year. We have launched the new PLAY EARTH PARK project as part of our plan to enter the service business from our business in creating goods. We are making preparations with the ultimate goal of creating a field where people can experience sports in their primitive state in our birthplace of Toyama Prefecture.

As part of our portfolio restructuring, in April 2022 we launched the GOLDWIN PLAY EARTH FUND, a corporate venture capital (CVC) fund, to invest in startups whose

Cash allocation



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.

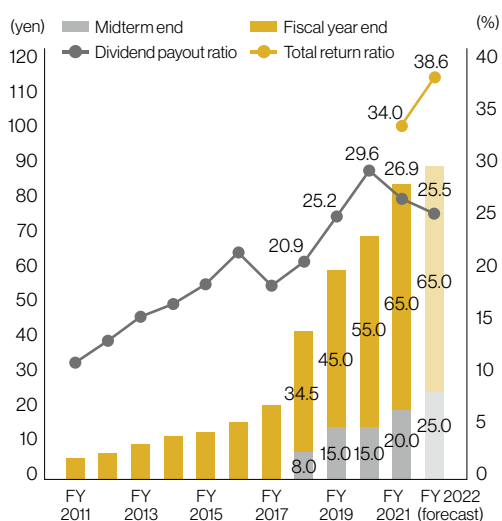
business has complementary elements to our own business expansion plans. We have experience in developing new fields, such as investing in Spiber Inc. for the development of new fabrics made without resources derived from fossil fuels, and we plan on focusing on new fields through the GOLDWIN PLAY EARTH FUND. We have created plans for 3 billion yen in investments over 10 years to develop the next fabrics that could become like Spiber and make investments in service business projects, in projects to support communities and children and in projects involving coexistence with nature and global environmental preservation.

The finance division will screen investment targets in each business and selectively make investments where growth is anticipated while maintaining fiscal discipline. With this, fields where GOLDWIN is able to further expand on its strengths will be prioritized for investment. Some of these investments that we are already making include opening THE NORTH FACE Sphere in the athletic segment, extending THE NORTH FACE's success model to other brands, and investments to increase our original Goldwin brand's recognition in global markets.

Shareholder returns and dividend payout ratio

Our basic policy for shareholder returns consists of enduring recognition that returning profits to shareholders is one of the most important issues for a company, working to strengthen our financial position and management base, and continuing to pay stable dividends. Of the operating cash flow we have generated, we are allocating 20 to 25 billion yen to shareholder returns in the form of dividends and share buybacks. Our dividend payout ratio guideline is 30% or more, and our total return ratio guideline is 40%. Backed by our higher performance this fiscal year, our

Changes in shareholder returns and dividend payout ratio



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

interim dividend per share was 20 yen and our year-end dividend was 65 yen for an annual dividend of 85 yen, marking 11 consecutive years of increased dividends.

Future policy and role of the finance division

Recovery of inbound demand is anticipated next fiscal year, but for now conditions remain uncertain. We therefore did not include inbound demand recovery in our financial statements. While the temporary closure of our directly managed stores did allow us to obtain plenty of know-how in pandemic-related store operations, given the unpredictability, we have assumed a similar situation as this fiscal year in our planning. Looking at the business environment, we also expect prices for raw materials to rise, both from impacts from Russia's invasion of Ukraine and the depreciation of the yen.

Under these challenging conditions, the highest-priority initiative we need to undertake is further enhancing the precision of our inventory operations. Getting to the heart of understanding how to do this will also lead to increasing our competitiveness in the apparel industry. While sales fluctuations due to external factors in the business environment are anticipated, we will create a sustainable business base so that we can achieve earnings that minimize these impacts. This encompasses creating a structure to consistently maintain an inventory usage rate at or above a set standard, putting in place the systems and other infrastructure to support this, and developing the talent to operate these systems and infrastructure. Although we continue to face a large number of uncertainties, we plan on increasing revenue in the three business categories of Performance, Lifestyle and Fashion next fiscal year by further enhancing our business model based on actual demand.

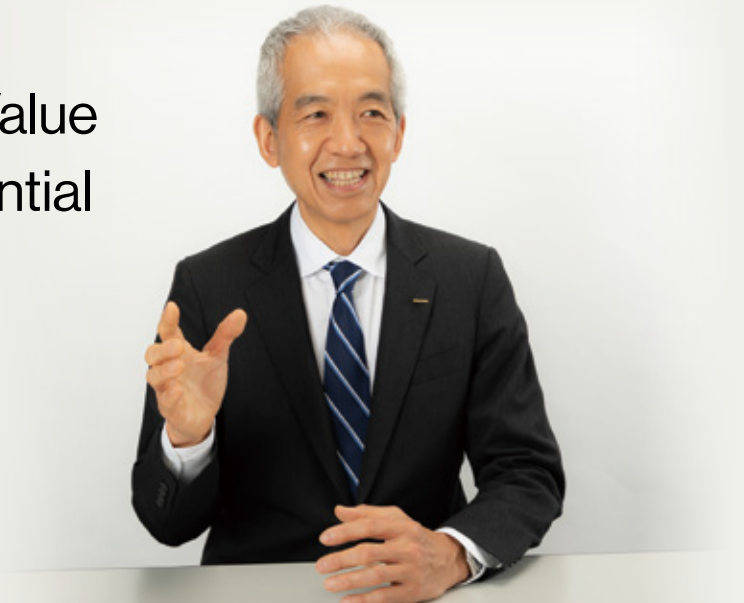
In addition, the extremely limited opportunities to enhance our brand value over the last two years of the COVID-19 pandemic, when a large number of events had to be cancelled, is another challenge. As society learns to live with COVID-19, we will increase our advertising and publicity, including investing in events, to increase our brand strength aimed at realizing sustainable growth.

The Finance Division operates on the principle of ensuring GOLDWIN's growth potential by consistently pursuing fiscal soundness in order to provide targeted business support. Looking ahead, we will execute proactive investments, including in our people and to address environmental issues, to realize further growth in both manufacturing and sales. To this end, we will continue pursuing improvements in our operational capabilities.

Maximizing Our Brand Value and Expanding the Potential of Sports Apparel

Hikari Mori

Director and Managing Officer, General Manager of Business Division



Clearly defined brand story and deepened marketing activities

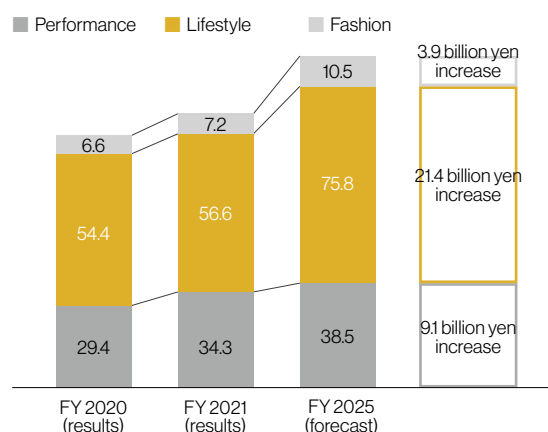
For some time now, we have been presenting our company principles and defining our brand story to establish our brand value. We have engaged in extensive customer communications that embrace each brand's unique message and incorporated this message in their design and marketing to cultivate brands able to stand at the forefront of our company. Amid the crossover in market fields where the brands operate, we have now redefined our business segments from outdoor, athletic and winter to performance, lifestyle and fashion with the goals of adeptly tapping into new trends and extending THE NORTH FACE's success model to other brands. We have revised how we view our Group-wide product categories to match the developments we see, namely the much larger market for sportswear within the lifestyle segment, the blurring of traditional lines between the outdoor and athletic segments, and the higher level of performance demanded of competition sportswear and gear.

We have implemented over many years our basic strategy of creating truly functional and comfortable apparel for the target sports as a sports apparel and equipment manufacturer, and this remains unchanged. In the performance segment in particular, it is crucial that we have in-depth market engagement and accurately understand users' needs for the target sports category. Mountain climbing, for example, encompasses a wide range of activities, and completely different performance is needed for hiking at low elevations, winter climbing in the Northern Alps of Japan and trail running. In the lifestyle and fashion segments, brand value and fashion sense are needed in addition to functionality. Getting people to pick our brands among the many brands out there can only be done by

increasing our brand awareness and consumer engagement. The challenge for our business is deciding what kind of brand story to communicate for each brand and what kinds of products to offer to deepen and expand the market.

While there has been a long period of people limiting their activities outside the home since 2020 due to COVID-19, there are still strong needs for sports in today's market. More people are casually participating in sports by, for example, going jogging in their neighborhood on breaks while working from home and participating in outdoor activities nearby on their days off. More people are wearing athletic apparel in their daily life, and camping is enjoying a boom in popularity as more people want to get closer to nature. Even in the business world, we see an ongoing trend of people foregoing suits. We have been developing new customer segments to agilely meet needs for these trends, and recorded record-high performance in FY 2021.

Growth image in five years



Stable growth for THE NORTH FACE business and extending the success model to other brands

THE NORTH FACE business has continued its robust growth track from last year. However, we believe the business still has more room for growth. We have always managed the business with a focus on the brand story instead of a strategy to expand the sports category in any way possible. Even in existing categories, however, we have reinforced THE NORTH FACE in athletic market segments experiencing growth, such as running. The kids' market is one area where we are already seeing results. We started focusing on extending the collection around 2010 and have expanded sales in part from demand from parents who are fans of THE NORTH FACE and want to dress their children in the brand as well. There are many other areas where we have not tapped into all the market needs. We have started offering products for the maternity market in the last several years and are exploring the potential of the uniform and workwear businesses.

One way we can extend our success model is by transferring our know-how in operating directly managed stores, primarily built up through THE NORTH FACE, to other brands. The success model entails accurately understanding the market needs, connecting this to product development and enhancing brand value. We will take what we did with THE NORTH FACE and do the same for HELLY HANSEN and our original brand NEUTRALWORKS, to name a few.

On the production side, we envision adding to our bag and accessory offerings. We can take the expertise we have gained in THE NORTH FACE, where much of our brand know-how was developed, and extend it to other brands. Bags and accessories offer several advantages: Their sales are not tied to a season, and factory capacity can be utilized

in the off-season with efficient production planning. To achieve stability after business launch, we are creating a shared company-wide organization across our brands and are strengthening our development capacity.

Applying know-how gained in directly managed stores to our EC sites and building original sales channels

In FY 2021, the first year of our medium-term management plan, we solidified our framework to achieve sustainable growth. With trends in society changing at dizzying speed and customer needs also changing along with them, we focused on picking up on the needs in the market and taking flexible approaches in sales channels that are different from what we have done in the past.

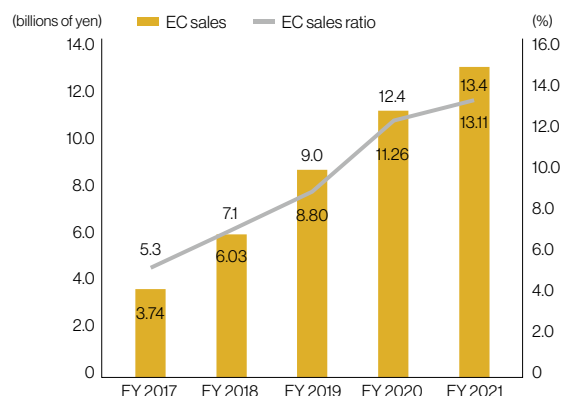
Of these approaches, we are prioritizing upgrading our e-commerce business through our company websites. We have expertise in operating directly managed stores, and if we can integrate this know-how from our stores into our EC sites, we will be able to offer original services not available from other companies. For example, we will differentiate ourselves from major EC platformers by communicating information using a combination of real-world and digital tools, including having our specialist staff provide online customer service, offering concierge services, and creating videos where staff model and introduce products. Products get a good response from customers when staff recommend them. Even when customers cannot easily visit our stores during the pandemic, having staff communicate information first-hand is highly effective.

We are also operating websites with highly specialized content for certain sports categories. We have multiple THE NORTH FACE stores in Harajuku, Tokyo, and plan on

Strengthening customer relationships through EC and improving our customer service

We continue to grow our EC sales, with 16.4% year-on-year growth achieved in FY 2021. We launched THE NORTH FACE MOUNTAIN EC site in October 2021, and are expanding its content including interviews with athletes as well as providing online customer service by specialist staff. We are also engaging in live commerce to drive traffic to our EC sites and stores. We have implemented online-merge-offline (OMO) tools integrated with our directly managed stores and are innovating to increase the motivation of sales staff and provide customer service that delivers high satisfaction.

EC sales / EC sales ratio



applying the experience we have gained in enhancing and diversifying the specializations of these stores to our EC sites. We have already launched EC sites for THE NORTH FACE categories of Mountain and Camp.

Meanwhile, in addition to our self-managed sales through EC and our directly managed stores, wholesalers that we supply products to are also an important sales channel. We cannot adapt to unexpected situations through self-managed sales alone. Indeed, when all of our directly managed stores temporarily closed due to the COVID-19 pandemic, sales at wholesalers made substantial contributions to our performance. We intend to continue deepening our relationships with our existing business partners.

Developing our original brands and creating corporate value

Developing our original brands, the primary challenge in our medium-term management plan, is also a value creation initiative. Having more customers become familiar with GOLDWIN the company through our brands and increasing our name recognition and corporate value are absolutely necessary to achieve further growth.

As part of this, we announced Goldwin O from the Goldwin brand in March 2022. The Goldwin brand is primarily built around performance and lifestyle, while Goldwin O also focuses on the fashion market. Its concept is to enhance brand value by building on the design sense we have enhanced through brands such as nanamica and THE NORTH FACE Purple Label and incorporating forward-looking materials that offer functional and environmental performance. We are taking a novel approach in sportswear design by utilizing international

designers and participating in fashion shows. Through Goldwin O, we want to create the impression that GOLDWIN is doing interesting things.

For our overseas brands such as THE NORTH FACE, there are regional restrictions on acquiring trademarks and forming business partnerships, but our original brands do not have these constraints. We have high expectations in particular for Chinese-speaking markets overseas, including mainland China, Hong Kong and Taiwan. These regions show strong interest in Japanese brands, and many people from these regions have taken trips to Japan. People from these regions also tend to have a similar body shape to Japanese people, which gives the fit and styling a more familiar feel. On the other hand, we also have a strong desire to build our brand presence in the US and Europe. Japanese brands that are well-known in the US and Europe enjoy a good reputation around the world, and we believe that one key to our global strategy is earning a good brand reputation in the US and European markets.

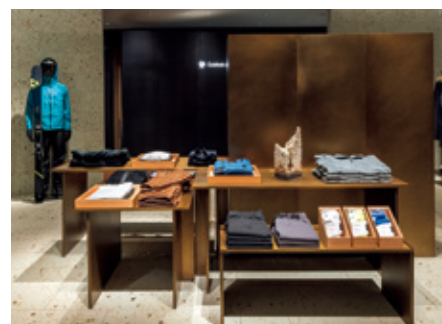
Making environmental awareness the thread that runs through our brand story

GOLDWIN Group's core business involves the outdoors, and our customers are environmentally conscious. The environment is a keyword that must be a part of our brand message. In our company as well, our younger employees take especially strong interest in environmental topics, and the environment will remain a key focus in the coming years.

Meanwhile, "fashion loss," including discarding used clothes, has long been a serious problem in the apparel industry. We are now attempting to tackle this problem for the first time as an industry, and like global warming, it represents an exceedingly difficult challenge. Achieving

Strengthening our communications in Europe, North America, Asia and China and aiming to grow our fan base

We opened Goldwin San Francisco (USA), our first directly managed store outside Japan, in 2019, and Goldwin Munich (Germany) in 2020 as part of our global strategy targeting long-term growth. In December 2021, we opened our flagship Goldwin Beijing store, our first store in China. Creating a flagship store in Beijing, the epicenter of winter sports in the Chinese market that is seeing dramatic development, will serve to strengthen our global brand communications capacity. By strengthening our communications capacity in coordination with our directly managed stores in Europe, North America, Asia and China, our EC sites and our wholesale business, we aim to grow our fan base through our high-value-added products.



Goldwin Beijing

Resale business buying unwanted clothing and finding it a new home

In July 2022, we launched our GREEN BATON resale business as a sustainability project. Generally speaking, kids are said to outgrow products in about two years, and in our own survey, we found that approximately 40% of these products ended up being discarded as waste. We use the name GREEN BATON to create an image symbolizing how the resale products are handed off, after we add new value to them by making them one-of-a-kind pieces.

GREEN BATON (in Japanese)

<https://www.goldwin.co.jp/greenbaton/>



zero fashion loss requires efforts taken together with suppliers and customers throughout the value chain, including controlling inventory in the production and store phases and expanding reuse and recycling practices. One example of how we are tackling this is the resale business we launched, where we purchase customers' used clothes, repair and remodel them at our Toyama Repair Center and then resell them. This project to reduce the amount of clothes that are discarded as waste, add new value to them and sell them not only gives products a longer lifespan, it also embodies the shared values we have with customers and contributes to forming the new circular economy.

We are also proactively using materials with reduced environmental impacts. That said, functionality and quality cannot be sacrificed in products that are used under harsh sports conditions, so we must create products that offer functionality and quality while also making them environmentally friendly. This is extremely challenging to achieve, and something we are focusing on throughout our group.

Maximizing brand value with the Core & More concept

The higher cost rate from the depreciation of the yen is becoming a serious issue in FY 2022. We must look at how we can secure profit in this situation. From March 2021 to March 2022, we were dealing with issues such as how to create and deliver products that met customer needs and how to best control inventory. The issue we face today is how to balance costs and prices.

Raising prices is obviously one way to secure profit, but more important than that is enhancing our brand value and maintaining that value so that customers are willing to pay

for it. This is why it is important that we continue protecting our brand identity in the sports category. THE NORTH FACE has long been supported by customers in outdoor fields because it is seen as offering value that surpasses price by customers who purchase its products. These customers then become repeat customers and recommend the brand to other people. It is vital that we bring in people who are deeply involved in the respective sports and develop just the right products for the market with just the right communication to go with them.

This is how we pursue the performance that we call our "Core," which then connects to "Core & More." The "More" is about extending this Core to the lifestyle segment for business expansion. For example, CANTERBURY is a rugby brand, and we have been working with the support of rugby players and the industry to popularize the sport. During the 2019 Rugby World Cup, we witnessed many people who had never played rugby becoming rugby fans. We need to take these opportunities to broadly expand business in the lifestyle segment—the "More." At the same time, it is important that we consider how to leverage our brands in each sports category within everyday life. A business issue for us finding out how to develop the brand story for each of our brands so that they truly stand on their own. We have to think through and fundamentally know what the brands are about and then communicate this.

FY 2022 is the second year of our medium-term management plan. While the business environment remains unpredictable, we will continue to maximize our brand value and expand the potential of sports apparel.



Shiyo Takeoka

General Partner
IGNITION POINT Venture Partners Inc.

Takero Kaneda

President
GOLDWIN VENTURE PARTNERS INC.

GOLDWIN PLAY EARTH FUND

Corporate venture capital to create a sustainable future

GOLDWIN established GOLDWIN VENTURE PARTNERS INC. (GVP), a subsidiary with the function of a corporate venture capital (CVC) unit, and launched investing by the GOLDWIN PLAY EARTH FUND (GPEF) in partnership with IGNITION POINT Venture Partners Inc. (IGPVP) in April 2022 to promote partnerships with various startups and create a sustainable future. Following the joint development with Spiber Inc., GOLDWIN is looking for its next partner companies to expand the possibilities of generating ideas and things that it cannot do alone. Two people at the helm of GPEF share their aspirations for the fund.

— GPEF investment areas

Kaneda: We have three investment areas. The first is fashion and sports. The apparel industry is said to be the world's second-worst industry in terms of environmental destruction. GOLDWIN has brands built on enjoying the outdoors, so it follows that we must protect the environment for sports and recreation. We therefore plan to invest in startups that are developing materials with reduced environment impact.

Takeoka: We are also looking at investing in companies that build systems. We would like to expand the scope of our investing to such areas as systems that are used in distribution of recycled and used items and online shop platforms.

Kaneda: The second investment area is future and community. Put simply, this is investment to make a better future for outdoor activities and local communities.

Takeoka: We're thinking of things like investing in companies that operate services for children using outdoor activities.

Kaneda: From the spring to summer of 2022, we operated GOLDWIN PLAY EARTH PARK event spaces for children in Tokyo and Toyama based on the concept of creating new engagement with nature and the environment through play that has given rise to sports. We

want to give children places to have experiences that connect them to the future through our PLAY EARTH vision. These activities also contribute to community development, which in turn helps create the future.

Takeoka: But in providing these places and building the systems, there are areas where our know-how alone is not enough. We can more effectively provide spaces by partnering with startups that specialize in these areas. For example, if we think broadly about areas that intersect with children, such as food education, wellness and sleep tech, there is no limit to the companies we can partner with.

Kaneda: The third investment area is the global environment. While this is similar to the first investment area, GOLDWIN has built its business around the outdoors, and this business would not be possible without the natural environment that allows people to play with the Earth. We will invest in companies like Spiber that develop biodegradable materials and make bio plastics. We must also focus our attention on the depletion of water, energy and other resources. Around the world, initiatives and activities like ecovillages and composting that create circular use of resources are increasing, and even if we are starting small, we want to take steps in this direction too.

— Current investment activities

Takeoka: GPEF's first investee is vivid garden Inc., which operates the TABE CHOKU website, an online shopping site that ships products direct from producers. Today we're seeing Japan's agriculture industry hollowing out and producers facing enormous strain. Amid this, TABE CHOKU is a platform that directly connects producers and consumers. It has more than 7,000 producers* on its platform.

Kaneda: Separate from the GOLDWIN PLAY EARTH PARK events, we are also planning projects to create fields where people can enjoy sports and being in nature in Toyama Prefecture. These activities have the potential to include various elements such as food education in the fields. It would be difficult for us to build something new in the food space, but partnering with a platformer will make a lot of things go more smoothly. TABE CHOKU connects some 600,000 customers,* and aspects like its customer traffic show promise.

— Reasons for joint investing

Kaneda: GOLDWIN has never had a fund or a CVC unit. This is also the first time that IGPVP has partnered with someone to manage a fund, and we looked forward to the new injection of energy and creating this together.

Takeoka: We were also watching the project between GOLDWIN and Spiber, and have a lot of respect for the work they have invested over a long period of time to do something new. Generating short-term returns and profit from investments is important, but CVC also requires working together with and supporting the startups after investing in them. Having this outlook matters, and based on what GOLDWIN has done in the past, I'm confident that GOLDWIN has this outlook.

Kaneda: GOLDWIN is a manufacturer, so it's not thinking about just turning a profit in the world of finance. It understands the value of hard work. So even though the ultimate goal of its investment in Spiber is monetary profit, it sees the value in creating something together and puts in a lot of its own sweat equity to make that happen.

Takeoka: I was attracted to their shared ambition to generate synergies in these kinds of projects, and the prospect of joint investing was very appealing.

Kaneda: The project with Spiber had a tangible shape, but if we were to do this on our own going forward, we may end up putting in a lot of work but not making any money from it. That's why investing together with IGPVP and tapping into its expert insights gives us a lot of reassurance.

— Future aspirations

Kaneda: GPEF's investments are closely tied to GOLDWIN's business.

Takeoka: We are proactively searching for startups whose business aligns with the challenges that GOLDWIN's business divisions want to solve, such as finding a certain kind of textile or water-repellent performance.

Kaneda: We would also like to see GOLDWIN employees take a personal interest in the investments. And also have employees who work outside of Tokyo take an interest in issues in their local community and actively participate in related projects.

Takeoka: Because we aren't able to learn about things happening in places outside Tokyo in great detail.

Kaneda: The three companies of GOLDWIN, GVP and IGPVP plan to support startups that have innovative technologies, jointly create things with them and strive to offer solutions to society's challenges. We aim to solve environmental problems being faced now and realize a sustainable, fulfilling and healthy world.

*TABE CHOKU's producer and customer numbers as of May 2022



PROFILE

Shiyo Takeoka

Engaged in surveys and research for government and consulting related to innovation, new business development and corporate venture capital establishment and investing for private enterprise at a leading think tank. Was also involved in new business projects launched by companies in partnership with overseas startups. Subsequently participated in IGNITION POINT Venture Partners and is engaged in supporting startup investing in partnership with large corporations, fund structuring and investing, and cross-border transactions.

Takero Kaneda

Started working at Mitsui & Co. in 1987. Founded Golf Digest Online Inc. in 2000 and took it public in 2004. Started working at GOLDWIN in 2012. Responsible for global business, involved in M&A and investment projects. Founded strategic consulting firm COCOON LABO Inc. in 2015. Returned to GOLDWIN in 2020. Currently serves as GOLDWIN Corporate Officer and General Manager of Corporate Planning Division, and President and Representative Director of GOLDWIN VENTURE PARTNERS INC.



Chapter

3

BASIS



Approaches to Sustainability

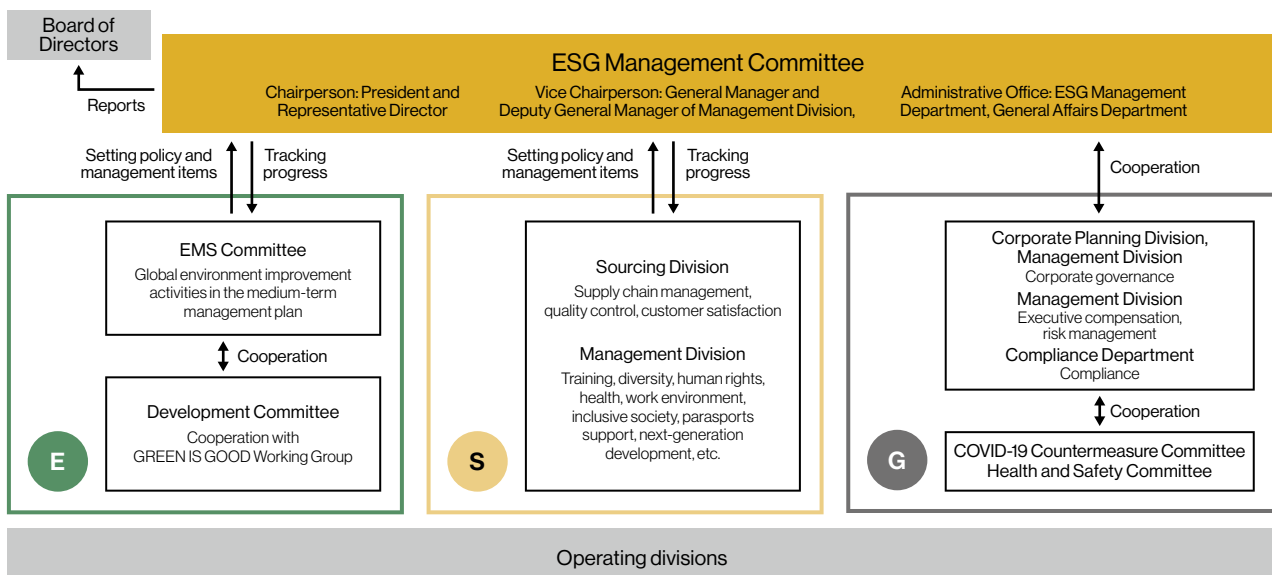
As a sports apparel manufacturer, the GOLDWIN Group's mission is to realize a fulfilling and healthy lifestyle through manufacturing and contribute to sustainability for the Earth and society. A wide range of social and environmental problems call for global action, from climate change and biodiversity loss to poverty and human rights abuses, and companies need to take steps through their activities to help solve these problems. As a company in the apparel industry, where there are concerns over environmental load and human rights problems, we too must honestly approach these concerns. In order to also fulfill our mission, we must take social and environmental problems into consideration in every stage from manufacturing to sales. We have defined these principles in our Basic Policy of ESG Management and have shared this policy throughout our Group.

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.

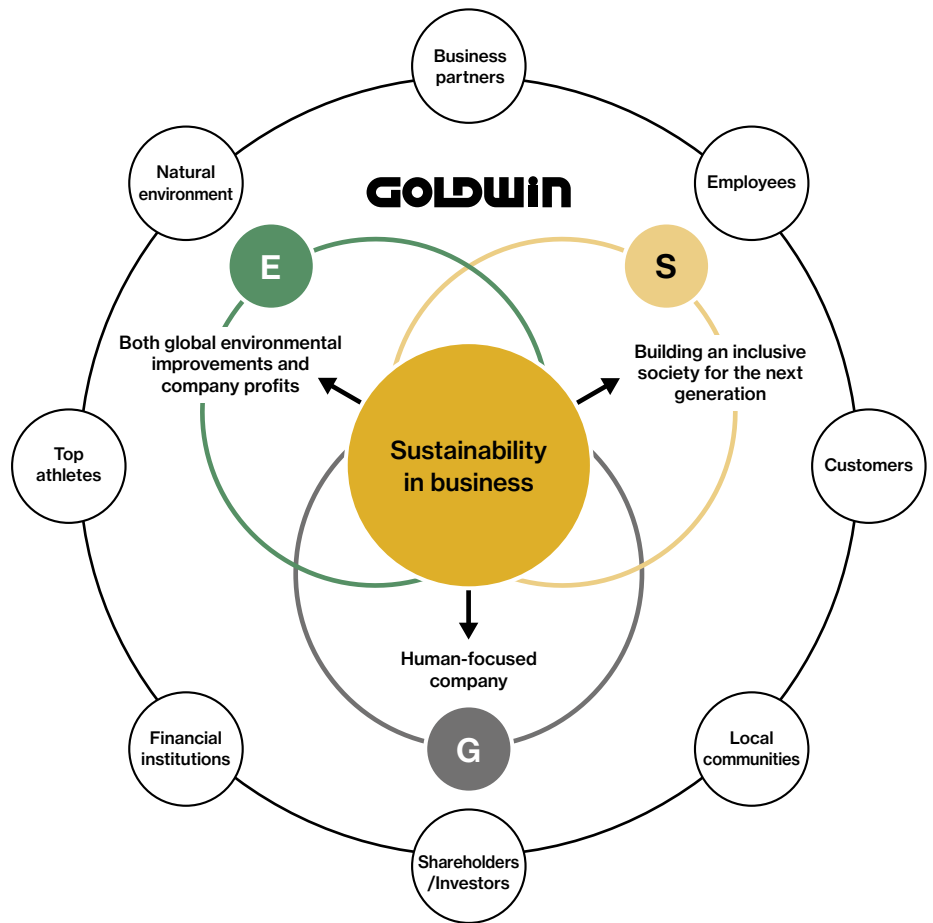
ESG management promotion framework

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. 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 ESG Management Department and the General Affairs Department, with the Business Division, the Sales Division, the Sourcing Division, the Corporate Planning Division, the Management Division, subsidiaries and others responsible for business execution participating as members to deliberate on non-financial projects and annual projects as stated in our 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 status of ESG management to the Board of Directors once a year and receives approval from the Board of Directors. Regarding (E) Environment, we obtained ISO 14001 certification in 1999, the first to do so in the sports apparel industry, and have engaged in environmental conservation activities and developing environmentally friendly products while also improving our 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 in the GREEN IS GOOD Working Group.



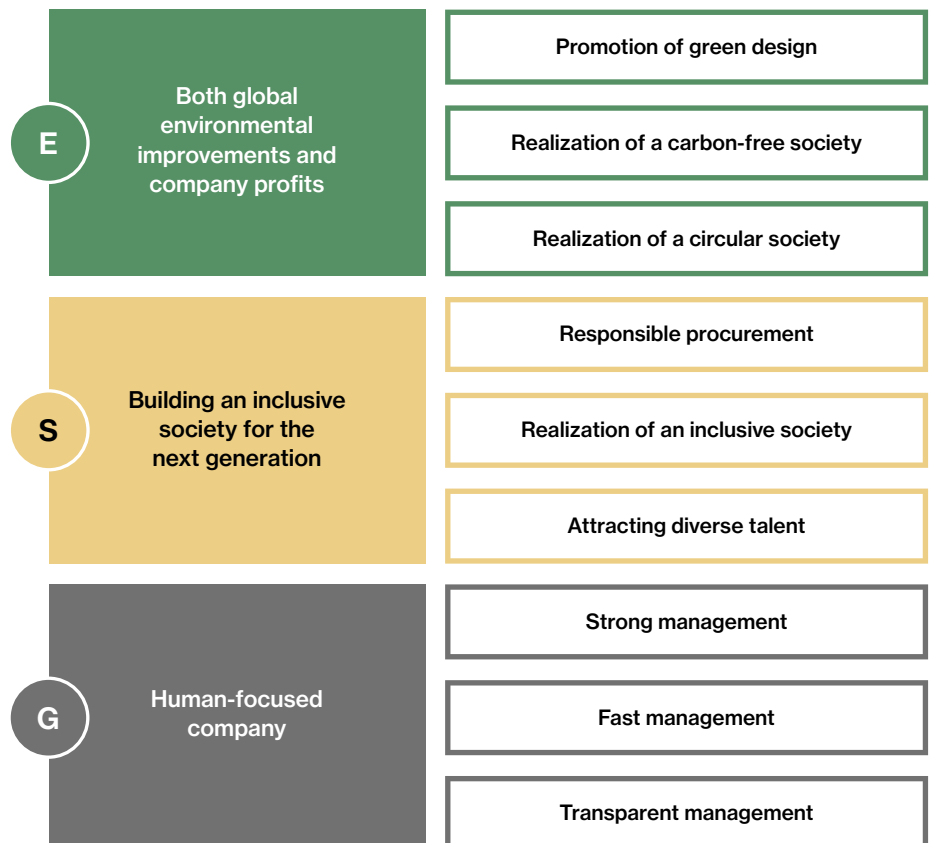
Value co-creation with stakeholders

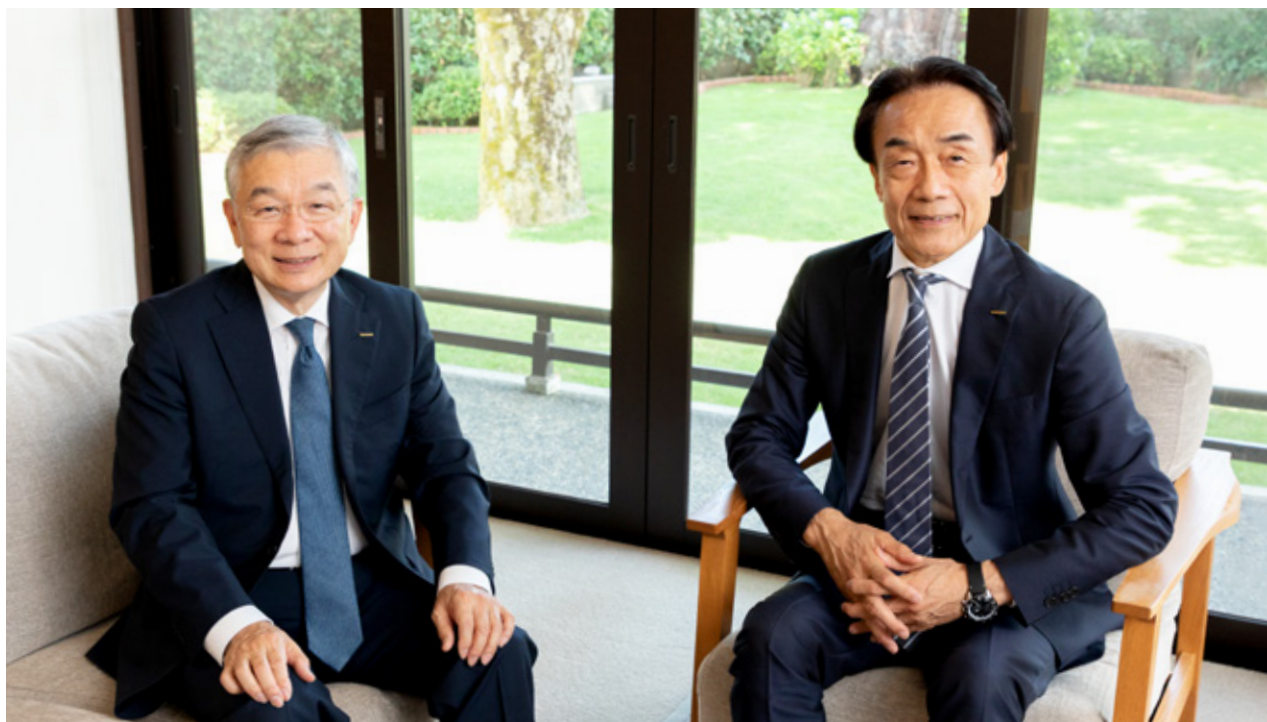
Ever since its founding 70 years ago, GOLDWIN has been on track for growth. We believe this is a result of continuously keeping pace with our customers including top athletes, our employees and their families, business partners, financial institutions, shareholders and investors, local communities centered 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.





To be a leader in ESG management, we will pass down the management philosophy we have practiced since our founding and tackle our management issues.

Akio Nishida

Chairman and Representative Director

Ichiro Yoshimoto

External Director

Expecting external directors to assess today's GOLDWIN

Nishida: What I hope to see foremost from our external directors is validation of what we're doing today from a third-person perspective. After doing business for decades, it may be that what we think and do without a second thought is at times out of step with the values and accepted practices in today's society. It is incredibly valuable for us to have this assessed and things called to our attention.

We have been bringing in external directors with specialist expertise for some time, and they have given us meaningful advice based on their insights. In June 2021, we welcomed you and your many years of management experience to GOLDWIN as an external director. You have asked a wide range of questions from new perspectives and injected new energy into our discussions in Board of Directors meetings.

Yoshimoto: Because external directors are not very involved in day-to-day work at the company, they are better able to look at things objectively and comment on them. I view proactively raising issues that need to be raised as my most important role and try to do this. I approach relevant

officers and division staff to talk to them directly about topics at Board of Directors meetings both before and after the meetings, and everyone has been quite open with me and has promptly provided me with accurate information. Being able to have this kind of direct communication is key to performing my role as an external director, and from this I have a very good impression of GOLDWIN.

External directors also assume an important role in GOLDWIN's governance framework. GOLDWIN has two management administration organizations that report to the Board of Directors: the Nomination/Compensation Committee and the Governance Committee. External directors serve as the chairpersons of these committees, and having a majority of Nomination/Compensation Committee members be external directors gives the Board of Directors greater independence, objectivity and accountability. External directors perform their work with the goal of assisting and supporting GOLDWIN's management by performing their roles in these committees.

Nishida: Nomination and compensation matters used to be the sole authority of the president, but we now have a transparent system where these matters are openly discussed in the committee and put before the Board of

Directors.

Yoshimoto: That is very important. I need to learn more about GOLDWIN to be able to contribute to meaningful discussions. But I also need to avoid becoming too involved in the company and losing my sense of distance. I try to maintain a sense of distance as an external director to be able to raise points objectively and effectively.

Open Board of Directors discussions based on a serious company culture

Yoshimoto: My impression from participating in Board of Directors meetings is that management duties are taken seriously. The people assigned topics provide well-thought-out information, and there are a lot of comments and questions and engaging discussions. The fundamentals are protected while things that need to change are changed, even if it's not easy. That's the approach I see being taken. It is a particularly challenging time right now, and it seems that the serious company culture is being preserved and handed down, and that GOLDWIN's strengths are being built on. I make a lot of comments, but the responses I get from everyone in return are intelligent and broaden the conversation, making the interactions personally satisfying irrespective of work.

Nishida: I'm pleased to hear such high praise. I must admit that when the founder was still leading management, information stayed at the top and was sent out in one direction. But as you describe, this has gradually changed as we weathered challenging experiences, and now we have also established a framework of external auditors and external directors, so the Board of Directors today is in step with the times and engages in open discussions.

Yoshimoto: Things are in a good state now, but further improvements at the Board of Directors would allow for deeper strategic discussions. At present, we receive well-presented, detailed explanations on reported matters and I'm grateful for that as an external director, but I would also like us to work on using time more efficiently.

Nishida: Our interactions with external directors are limited to Board of Directors meetings held once or twice a month, so it would be good also for the purpose of having efficient discussions to increase the opportunities for external directors to get company information. We strive to give external directors information about important company events and programs for this reason, so that they can experience them. Based on what you've said, I'd like to expand the information we provide to you even more.

Uniting hearts and minds toward a goal—GOLDWIN governance

Nishida: Governance for GOLDWIN is about putting together the organizational framework to be able to work

toward embodying our corporate philosophy. Divisions and departments need to feel united in working toward goals. This is not done from a top-down approach, but from employees in different positions in the divisions following each other. *Itai doshin* (being of one mind) is an old saying in Japan, and it literally means people having different bodies but the same heart. At work, this refers to how people have different roles and positions but put their abilities together as a team to work toward the same goal. I keep the phrase *Itai doshin* in mind in terms of organizational development, which is connected to governance.

Yoshimoto: I think the spirit of governance has become instilled at GOLDWIN. Over the past several years, GOLDWIN has focused on the challenging task of creating a governance system that aligns with what is demanded by society and is getting results. It's difficult to describe true governance in words, which is always evolving and does not have a finished shape. Even in the one year that I've been involved in GOLDWIN, I've seen the governance mindset become internalized and the organization become more systematized and enhanced.

While there are aspects connected to protecting society, governance is pointless unless it serves to increase corporate value. Management's decision-making process is particularly important for governance, but is prone to being done with steeled reserve, as these decisions at times become set in stone. But it has always been preferable to move forward after lengthy discussions at each level where things happen. If you do this, the company will become stronger. I think GOLDWIN is in the process of reaching this stage.

Nishida: Governance rules are not rules that must be followed simply because they have been decided. Rules are there for a reason, and it's important that we understand this and search for the best way forward while talking things over. You have to always keep in mind that rules are not intended to be forced upon people, but are there so that people work toward the goal with the same feeling.

Yoshimoto: That's right. A company has its business plan as its goal, and when employees have a good understanding of the goal and hold discussions while also being involved in management's decision-making process, you will find a good direction forward. This is also part of effective on-the-job (OJT) training that encourages employees' growth. Employees experience having a principal role in the company's high-priority projects, provide lots of input and at times receive critical feedback but still get the job done. If a company can achieve this OJT, its employees will grow and so will the company.

Medium-term management plan is pragmatic while presenting the long-term vision

Yoshimoto: The current medium-term management plan is pragmatic and substantive while presenting the future

A Conversation between the Chairman and an External Director

business vision.

Pragmatic refers to the commitment to quality that is GOLDWIN's most important attribute and its customer-first approach built around new technology development. One example of this is reorganizing the business segments into performance, lifestyle and fashion. Adroitly picking up on changes in markets and customers and changing along with them is truly being pragmatic.

On the other hand, the PLAY EARTH concept would be a future-oriented project based on the long-term PLAY EARTH 2030 vision. The concept is about having customers play with the Earth and find fun and fulfillment in life, and providing support to make this happen. I can sense the ambition to provide broader value than the value GOLDWIN has provided so far in sports apparel sales. The concept also includes the responsibility to protect the global environment. The plan combines this vision with pragmatic approaches to implement priority measures and achieve high-level ROE as a result. It is very well structured and will enable progress toward achieving both financial and non-financial sustainability. I was really impressed last year when I assumed the position of external director and became familiar with the plan. It made me want employees to take pride in its distillation of GOLDWIN's philosophy.

Nishida: One challenge in implementing the medium-term management plan is how to distribute the dependency on some brands with strong performance to have a well-balanced mix of multiple brands. In terms of global business development as well, nurturing our own brands is the key.

Yoshimoto: I feel the same. GOLDWIN's history is also a history of developing multiple brands, and how you mobilize this experience and shape the brand portfolio will be a vital part of the business strategy in the years ahead. This will require a shrewd hand guiding the rudder, including how you allocate management resources to develop your own brands overseas. Developing overseas markets is difficult, but it's worth trying to do. You have experience bringing overseas brands into the Japanese market and making them successful, and I know this experience will prove useful.

Nishida: GOLDWIN does have very high name recognition in the industry, even outside Japan.



Yoshimoto: Considering your knowledge of global brands and experience forming partnerships, I look forward to seeing what happens.

Meanwhile, another challenge is how to respond to changes in customers. In another five or ten years, Millennials and Gen Z will be the core customer groups. Technology continues advancing as well, and the market formats are projected to change a lot from growing demand in e-commerce. GOLDWIN's e-commerce sales ratio is around 13% today, with a plan to reach 30% by fiscal 2025. What's important is not the numbers, but the substance. Another key consideration is how to adjust the Group-wide marketing strategy and sales strategy encompassing but not limited to e-commerce for the future core customer groups.

Nishida: Fashion is particularly tricky. You can develop brands for a wide range of ages in the outdoor market, but the fashion market focused on women demands a detailed level of considerations for each age group. And then elements like e-commerce and international perspectives are also added in, so you must carefully assess how to shape the brands.

GOLDWIN's ESG management path

Yoshimoto: You can no longer talk about management without talking about ESG. In today's times, customers pay more attention and companies will lose support from not only investors but also customers if they do not engage in ESG management. Behind the desire to see ESG management implemented are people's growing needs to make their lives more meaningful and fulfilling. The belief that companies should also take their share of responsibility and increase their efforts in order to solve the many different problems facing the environment and society is now widespread. Considering that, it seems like GOLDWIN has been walking the path of ESG management for the last 10 years in particular without necessarily intentional plans to do so. GOLDWIN's mission has always been for people to have a fulfilling and healthy lifestyle through sports. And another important aspect is the respect for nature and human qualities that epitomize the brands GOLDWIN is involved with. Mobilizing human capital is an important element of ESG and has been a central principle of GOLDWIN's management philosophy since its founding. This has been passed down and is part of the current management team's mindset as well. GOLDWIN has also shown consistency in conducting corporate social contribution activities. Based on these factors, I would say that GOLDWIN management continues to be well matched for today's ESG demands. Indeed, today's climate is in GOLDWIN's favor. As opposed to pursuing something new, its management path is one that builds on its existing strengths.

Nishida: The Japanese-style management approach has always contained ESG elements. Our founder had a particular fondness for Japanese traditions since he was

young, and he searched for a way to exist in society while also achieving company growth. He founded GOLDWIN to provide a livelihood for his family and community and pursued a way to be of service to many people through the field of sports. This has now spiraled out larger and larger from where we started. Many people have given us praise for our targeted ESG activities, but we have only been building on the things we have always done.

Yoshimoto: Many initiatives that GOLDWIN has been implementing benefit ESG management. For example, ESG demands that as a company grows larger, it takes more responsibility for the supply chain as a whole. GOLDWIN has been growing its business based on its actual-demand model, with its ratio of self-managed sales surpassing 60%. Taking responsibility becomes easier when self-managed sales are so high. GOLDWIN is also in a position where it can easily exert its influence upstream as well because it has maintained good partnerships, and this is helpful for ESG management.

Nishida: How do we practice ESG management when our business platform grows broader? The key is to focus on each individual project. It's about putting together what customers want and what we want to deliver and focusing on everything down to development of a single fiber thread. In terms of store development too, take our THE NORTH FACE stores in Harajuku, Tokyo. It may seem inefficient on its face to have six different stores, but our store development focus is actually an effective strategy to meet customer needs by offering a wide variation of stores. Our focus keeps us from simply offering the latest fads and instead creating value that cannot be found anywhere else so that we earn customers' support in a real sense.

Yoshimoto: Wide-ranging communication within GOLDWIN is essential to achieve success from the areas of focus. Top management's ideas and plans, including business plans, change, so it's good to engage in regular communication in various formats without focusing on just the formal settings. Both you and President Watanabe demonstrate flexibility in this, so I anticipate this happening. If there are things that need to be changed as you continue your efforts to share the vision of this medium-term management plan with employees, it's fine to change them. The ideal would be to break down not only the numbers but also the language of the medium-term management plan and present specific targets to staff at individual worksites. Constructive, two-way communication will develop if the thinking at the top can be broken down and shared at the worksite level, and employees will achieve a lot of growth from this as well. This process also traces a spiral-shaped path.

The job-type HR system has also launched and has been credited with encouraging greater two-way communication at the worksite level. While the system feels fair and reasonable, it's difficult to create and implement a new system and takes a lot of hard work. The fact that GOLDWIN decided to create a job-type HR system speaks



to the courage and resolve of its management team.

Nishida: We're still in the trial-and-error stage, but we will keep working to get the system established.

Achieving both environmental and business sustainability and becoming a global role model

Yoshimoto: Based on our conversation so far, the challenges for GOLDWIN in achieving sustainable growth will be focused on structuring the brand portfolio, global development, adapting to changes in customer groups and HR development. I very much look forward to seeing what kinds of solutions GOLDWIN puts forward.





Nishida: Of those, HR development is an especially big part of the foundation that supports our future. My intention to value our people has never changed. With the introduction of the job-type HR system, we will see more shifts in our HR and our company will also change in big ways. But our basic principles of developing people and having them perform their respective roles are unchanged. Even though our company is changing and regenerating, we will continue to grow without changing our core elements. Just as the forests of Japanese shrines regenerate themselves and continue to stay fresh and vibrant even after a thousand years, we will also continue pursuing growth. For this reason too, I will make sure to communicate our essence and our founder's spirit that has been passed down and etched into our company DNA to our changing human resources.

On the other hand, we don't engage in a lot of activities to communicate information to stakeholders, and this feels like an issue for us. ESG management is receiving attention now, and we need to communicate to society how we have long engaged in activities that deserve to be considered ESG and work to increase GOLDWIN fans.

Yoshimoto: In the long-term vision PLAY EARTH 2030, GOLDWIN declares its goal of achieving sustainability in terms of both the environment and business, but this is not something that has actually been achieved yet anywhere in the world. I very much look forward to GOLDWIN succeeding here and serving as a role model for others.

List of Directors

Note: As of June 23, 2022

Directors					
Name/Position		Chairman and Representative Director Akio Nishida	President and Representative Director Takao Watanabe	Director and Senior Managing Officer Yoshiteru Nishida	Director and Senior Managing Officer Eiichiro Homma
Primary profile Reason for appointment of external director		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 2014 Director and Managing Officer, responsible for affiliated companies in the Toyama area and responsible for suppliers 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 April 2022 Director and Senior Managing Officer, responsible for merchandise, procurement and affiliated companies in the Toyama area and representative for the PLAY EARTH project in the Toyama area (current)	April 1982 Joined GOLDWIN April 2003 President and Managing 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)
Number of shares held		260,725 shares	42,269 shares	382,160 shares	32,868 shares
Attendance record at Board of Director meetings (FY 2021)		17 times/17 times	17 times/17 times	17 times/17 times	17 times/17 times
Affiliated committee	Nomination/Compensation Committee	○	○		
	Governance Committee	○	○		○
	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	○	○			

					
Director and Managing Officer Michio Shirasaki	Director and Managing Officer Hikari Mori	External Director Yuko Moriguchi	External Director Rie Akiyama	External Director Ichiro Yoshimoto	External Director Dai Tamesue
<p>June 2019 Corporate Officer, General Manager of Corporate Strategy and Planning Division and Manager of Corporate Strategy and Planning Office in the General Planning Division</p> <p>April 2020 Corporate Officer, General Manager of Corporate Strategy and Planning Division and Manager of Corporate Strategy and Planning Office</p> <p>April 2021 Managing Officer, General Manager of Corporate Strategy and Planning Division</p> <p>April 2022 Managing Officer, General Manager of Management Division</p> <p>June 2022 Director and Managing Officer, General Manager of Management Division (current)</p>	<p>January 2015 Manager responsible for THE NORTH FACE Department</p> <p>April 2015 Manager of THE NORTH FACE Department</p> <p>April 2016 Corporate Officer, Manager of THE NORTH FACE Department</p> <p>April 2017 Corporate Officer, Manager of THE NORTH FACE Department in the Business Administration Division</p> <p>April 2018 Corporate Officer, Deputy General Manager of Business Division in the Business Administration Division and Manager of THE NORTH FACE Department</p> <p>April 2019 Managing Officer, Deputy General Manager of Business Division</p> <p>April 2020 Managing Officer, General Manager of Business Division No.1</p> <p>April 2021 Managing Officer, General Manager of Business Division</p> <p>June 2022 Director and Managing Officer, General Manager of Business Division (current)</p>	<p>December 1975 Joined Japan Ladies Professional Golfers' Association</p> <p>March 2012 Member of GIFU Prefectural Board of Education</p> <p>June 2015 Company's External Director (current)</p> <p>June 2020 External Director of The Ogaki Kyoritsu Bank, Ltd. (current)</p> <p>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.</p>	<p>April 1999 Qualified attorney (Tokyo Bar Association)</p> <p>April 1999 Affiliated with Baba Law Office (current: Baba & Sawada)</p> <p>June 2019 Company's External Director (current)</p> <p>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.</p>	<p>April 1978 Joined Nippon Telegraph and Telephone Public Corporation (current: NTT)</p> <p>December 1998 Representative Director and Chief Operating Officer, Starbucks Coffee Japan, Ltd.</p> <p>May 2005 Senior Executive Officer and Chief Administrative Officer, McDonald's Company (Japan), Ltd.</p> <p>October 2014 President, CMIC Co., Ltd.</p> <p>February 2021 Honorary Trustee of Tokyo University Warriors Club</p> <p>June 2021 Company's External Director (current)</p> <p>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.</p>	<p>August 2010 Representative director of Athlete Society (general incorporated association) (current)</p> <p>October 2015 External director of COLOPL, Inc. (current)</p> <p>July 2018 Representative director of Deportare Partners Co., Ltd. (current)</p> <p>June 2022 Company's External Director (current)</p> <p>Committees, etc.</p> <p>2015– Goodwill Ambassador to the Bhutan Olympic Committee</p> <p>2020– Laureus Sport for Good Ambassador</p> <p>2021– United Nations Institute for Training and Research (UNITAR) Goodwill Ambassador</p> <p>Mr. Tamesue was deemed able to appropriately conduct the duties of an external director with his extensive experience and specialist viewpoints from his many years as an athlete as well as experience in corporate management and promoting sports, and was thus appointed to this role.</p>
1,178 shares	3,878 shares	—	—	—	—
—	—	17 times/17 times	17 times/17 times	12 times/13 times	—
○		○	○	Chairperson	○
			Chairperson	○	
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List of Auditors and Corporate Officers

Note: As of June 23, 2022

List of Auditors

Auditors					
Name/Position		Full-time Corporate Auditor Masaaki Kondo	External Auditor Akiyuki Shiobara	External Auditor Hidenao Yoichi	External Auditor Tsutomu Morita
Primary profile Reason for appointment of external auditors		<p>April 1981 Joined GOLDWIN</p> <p>April 2009 Manager of CSR Promotion Department in CSR Promotion Division</p> <p>April 2011 Manager of General Affairs Department in Management Division</p> <p>April 2014 Manager of General Affairs Department in Management Division, Manager of Legal Affairs Office in General Planning Division</p> <p>April 2016 Corporate Officer, Manager of General Affairs Department in Management Division, Manager of Legal Affairs Office in General Planning Division</p> <p>April 2017 Corporate Officer, Manager of General Affairs Department in Management Division</p> <p>April 2018 Corporate Officer, Deputy General Manager of Consolidated Management Division and Human Resources and General Affairs Division, Manager of General Affairs Department</p> <p>April 2019 Auditing Officer</p> <p>June 2019 Auditor (current)</p>	<p>April 1977 Joined Mitsui & Co., Ltd.</p> <p>June 2005 Manager of Chubu Chemicals Department</p> <p>April 2006 Manager of Industrial Materials Business Department</p> <p>April 2008 Internal Audit Inspector</p> <p>June 2013 Full-time Corporate Auditor of Mitsui Bussan Inter-Fashion Ltd.</p> <p>October 2016 Full-time Corporate Auditor of Mitsui Bussan I-Fashion Ltd.</p> <p>June 2017 Company's External Auditor (current)</p> <p>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.</p>	<p>April 1977 Joined Marubeni Corporation</p> <p>April 1999 President and Representative Director of Marubeni Textile Asia Pacific Ltd. (Hong Kong)</p> <p>April 2003 Manager of Textile Business Department at Marubeni Corporation</p> <p>April 2006 Executive Assistant of Textile Section</p> <p>April 2008 Corporate Officer and Osaka Branch Manager</p> <p>April 2010 Corporate Officer, Vice President of Chinese Company, President of Shanghai Company</p> <p>April 2012 President of Marubeni Intex Co., Ltd.</p> <p>June 2018 Company's External Auditor (current)</p> <p>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.</p>	<p>April 1977 Joined Hokuriku Bank, Ltd.</p> <p>June 2010 Corporate Officer and Manager of First Loans Department</p> <p>January 2012 Managing Officer</p> <p>June 2013 Director of Hokuhoku Financial Group, Inc.</p> <p>June 2013 Director and Managing Officer of Hokuriku Bank, Ltd.</p> <p>June 2016 President and Representative Director of Hokuhoku Services Co., Ltd.</p> <p>June 2019 Company's External Auditor (current)</p> <p>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.</p>
Number of shares held		5,600 shares	—	—	—
Attendance record at Board of Director meetings (FY 2021)		17 times/17 times	17 times/17 times	17 times/17 times	17 times/17 times
Affiliated committee	Nomination/Compensation Committee				
	Governance Committee	○			
	ESG Management Committee	○			

List of Corporate Officers

President and Corporate Officer
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)

Senior Corporate Officer
Michio Shirasaki
(General Manager of Management Division)

Senior Corporate Officer
Hikari Mori
(General Manager of Business Division)

Corporate Officers
Nobuaki Mataza
(General Manager of Sales Division)

Corporate Officers
Tamotsu Oi
(General Manager of Sourcing Division)

Corporate Officers
Takero Kaneda
(General Manager of Corporate and Planning Division)

Corporate Governance

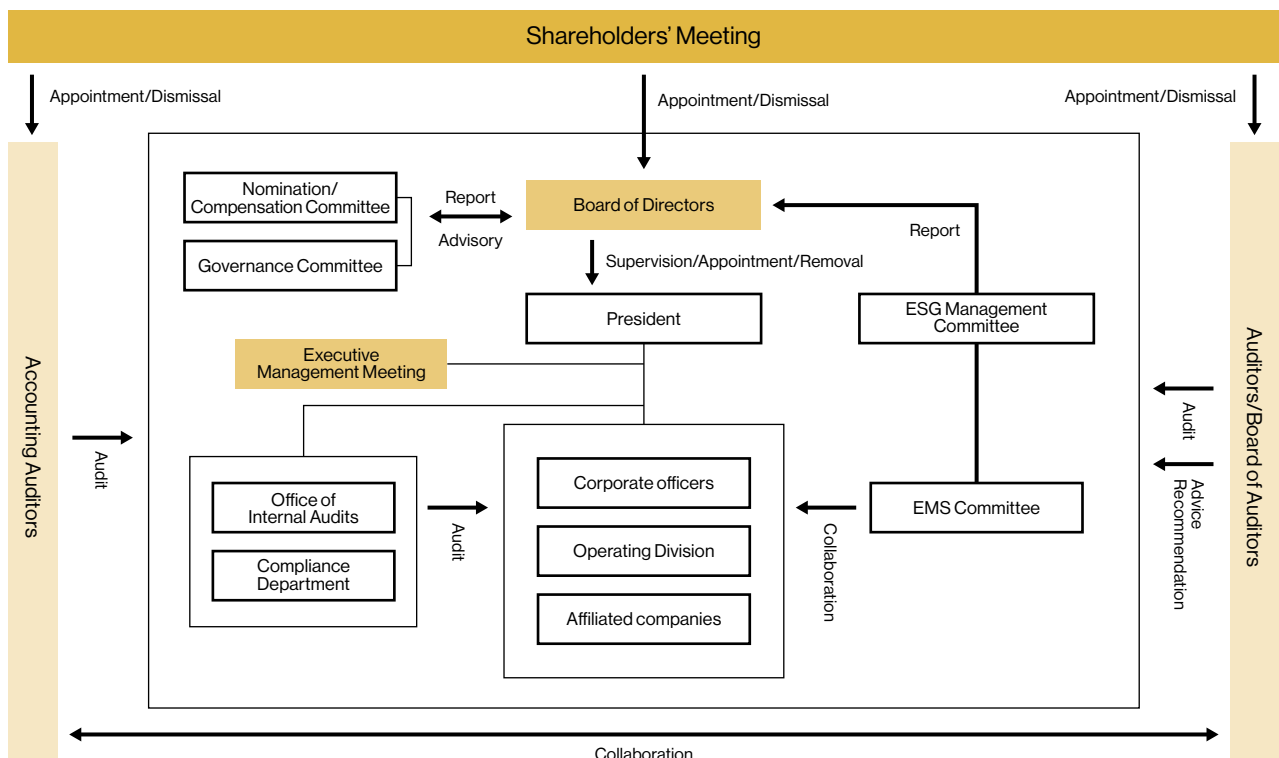
Basic concept

Under the tagline "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. Based on this underlying thinking, we strive to enhance our management fairness and transparency and execute precise and prompt decision-making and efficient business administration to strengthen and upgrade our corporate governance. We thoroughly instill these ideas in all of our officers and employees through our principle "Strong, Fast, Transparent Management."

<p>Strong management</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>Fast management</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>Transparent management</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 23, 2022



<p>External directors: 4 out of 10 directors</p>	<p>External auditors: 3 out of 4 auditors</p>	<p>Female directors: 2 out of 10 directors</p>
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Overview of every institution

Institutions	Structure	Activities
Board of Directors	Chairperson: Chairman and Representative Director 10 directors, 4 auditors	<ul style="list-style-type: none"> Deliberating important matters, auditing management and discussing management policy
Nomination/ Compensation Committee	Chairperson: External director 3 internal directors, 4 external directors	<ul style="list-style-type: none"> Defining the roles, authority and other responsibilities of officers (directors and auditors) and corporate officers, and their appointment and dismissal Verifying incentive scheme for officers Examining succession measures for officers
Governance Committee	Chairperson: External director 3 internal directors, 2 external directors, 1 full-time corporate auditor	<ul style="list-style-type: none"> Enhancing the effectiveness of corporate governance code requirements Examining countermeasures for major governance risks
Executive Management Meeting	Chairperson: President and Representative Director 6 directors, 3 corporate officers, 1 full-time corporate auditor	<ul style="list-style-type: none"> Decisions on business operations and execution of operations
Board of Auditors	Chairperson: Full-time corporate auditor 1 full-time corporate auditor, 3 external auditors	<ul style="list-style-type: none"> Receiving reports of material auditing matters, engaging in consultations or decision-making
ESG Management Committee	Chairperson: President and Representative Director Leaders from each division including at subsidiaries participate	<ul style="list-style-type: none"> Reviewing the status of key issues pertaining the implementation of ESG management as mentioned in the medium-term management plan

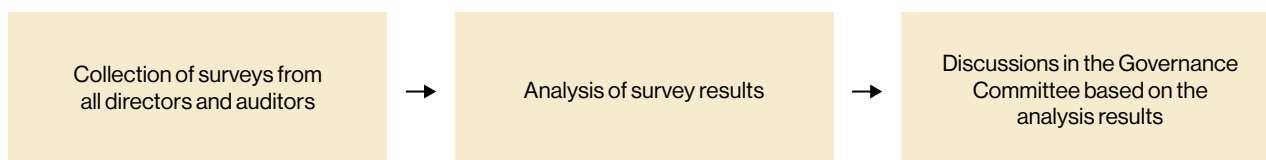
Appointment of directors, auditors and corporate officers

In designating director and auditor candidates, their career, insights, character and other attributes are extensively reviewed by the Board of Directors, and the suitability of their appointment is decided by the Board of Directors based on the content of deliberations by the Nomination/Compensation Committee, which is an advisory body to the Board of Directors. In the event of a violation of the law or articles of association by a director or a reason deemed to make the rightful execution of other duties infeasible, the Board of Directors deliberates and decides their dismissal or other punishment. Corporate officers are appointed by a decision of the Board of Directors as persons who contribute to increasing our corporate value in the mid- to long term. The conditions for dismissal of corporate officers are stipulated in the Corporate Officer Guidelines. Corporate officers who meet these conditions are dismissed per a decision of the Board of Directors.

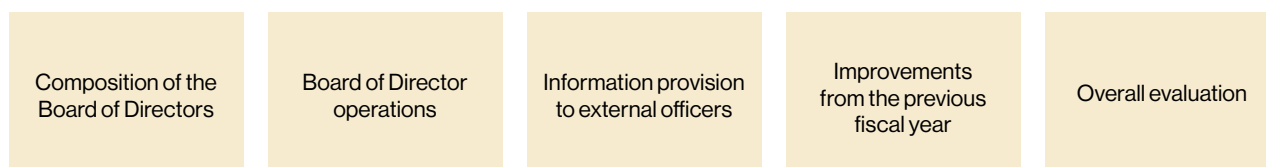
Evaluating the efficacy of the Board of Directors

We evaluate the efficacy of the Board of Directors annually. In FY 2021, the efficacy of the Board of Directors was evaluated per the following process. Guidance in survey analysis was obtained from an external organization to increase the transparency of the evaluation. We conducted the FY 2021 survey in December 2021, the Governance Committee held discussions in January and February 2022, and the content of the discussions was reported to the Board of Directors. As a result, we confirmed that while there is still some room for improvement, the efficacy of the Board of Directors is generally realized.

Evaluation process



Main evaluation items



Trainings for directors and auditors

Our internal directors and auditors attend outside seminars for the purpose of self-development, including acquiring new ways of thinking and real-time information. We encourage them to join outside groups and actively participate in interpersonal networks (exchanges with people in other industries) and add to their knowledge. We hold lectures for external directors and auditors when they begin their appointments to provide them with an overview of our Group, our basic mission and our management plans. After they assume their positions as well, they attend outside seminars and we hold briefings for them on our business activities and provide tours of our Group properties and facilities. Expenses for attending outside seminars are borne by the company.

Executive compensation

The officer incentive scheme at GOLDWIN is designed to be a fair compensation system corresponding to each officer's role and responsibilities, with the basic policy of promoting our sustainable growth and improving our mid- to long-term corporate value. The compensation system and criteria are revised from an objective perspective considering economic conditions, our performance and criteria at other companies. The designation and dismissal of director candidates are decided by the Board of Directors after deliberation by the Nomination/Compensation Committee, which is comprised of a majority of external officers. Specifically, compensation for internal directors consists of basic compensation, performance-related compensation and non-monetary compensation. The ratio of each type of compensation is decided by the Board of Directors after deliberation by the Nomination/Compensation Committee. The guideline for the compensation ratios is basic compensation: performance-related compensation (monetary compensation): performance-related compensation (non-monetary compensation) = 70:15:15. Only basic compensation is paid to external directors responsible for auditing functions, taking into account their duties. The amount of individual compensation is decided by the Board of Directors after deliberation by the Nomination/Compensation Committee, within the scope of the limits on compensation as decided at the shareholders' meeting.

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 awareness of yearly performance improvements by paying internal directors a uniform amount for each month of the following year. The amount of performance-based compensation is decided based on companywide performance each business year. The target performance indicators are revised as needed based on a review by the Corporate Strategy and Planning Office corresponding to changes in the business environment.
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 is determined taking into account the position and responsibilities. Additionally, after consulting the Nomination/Compensation Committee, the Board of Directors also determines the duration and terms for providing specific compensation. From this process, the details are determined to be in accordance with the decision policy.

FY 2021 status (April 1, 2021 to March 31, 2022)

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)	299	224	36	—	38	6
Auditors (excluding external auditors)	17	17	—	—	—	1
External officers	62	62	—	—	—	7

Approach to cross-shareholding

We believe having cooperative relationships with various companies in the areas of R&D, production and financing is necessary to continue achieving growth in the future. Therefore, when determined necessary to increase corporate value in the mid- to long term after collectively taking into consideration the business strategy and business objectives with the business partner, we may hold shares for purposes other than investment. Meanwhile, based on our basic policy of disposing of or scaling back cross-shareholding as quickly as possible when the significance of the cross-shareholding has weakened, the Board of Directors individually validates currently held shares of all stocks on an annual basis. As a result of the validation, we continue holding shares of stocks for which the purpose of holding shares is deemed appropriate and the attendant benefits and risks are deemed commensurate with the capital cost. For other stocks, we promptly proceed with selling them off while factoring in the stock price and market trends. Exercising voting rights pertaining to cross-shareholding is approved when the resolution being voted on is anticipated to contribute to increasing our corporate value, or is anticipated to benefit efficient and sound management for the issuing company and increase its corporate value.

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 fraud by establishing the Corporate Code of Conduct and Employees' Code of Conduct, both of which serve as standards for employees to choose appropriate actions, and by ensuring that all employees are familiar with these standards.

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

Promotion framework

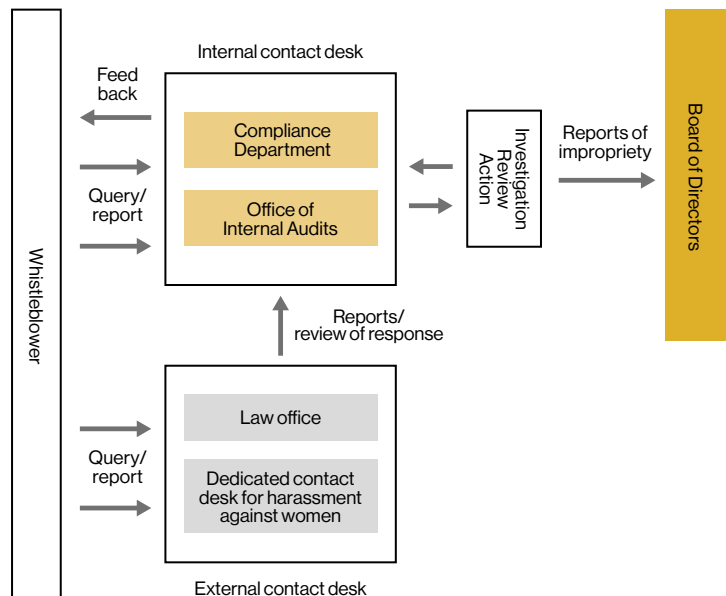
We have built a compliance framework led by the Compliance Department. Activities related to compliance are reported to the ESG Management Committee, with oversight and guidance received from the Board of Directors. The Office of Internal Audits cooperates in operating the internal reporting system and in activities to raise employee awareness. In addition, HR, General Affairs and Legal Affairs cooperate in planning and conducting research and in confirming and complying with laws and regulations.

Compliance promotion

Group companies operate an internal whistleblowing system and ensure that 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 ensure that our directors and auditors perform their duties in a lawful manner. At various trainings, we ensure that all of our employees fully understand relevant laws, our corporate philosophy and our code of conduct and confirm compliance with business procedures and manuals at all locations through internal audits and internal control system assessments. In addition, we also conduct compliance workshops each year. We distribute the Compliance Card, a portable guide on the internal whistleblowing system, code of conduct and standards of conduct, to all employees and instruct them to carry it at all times. We also strive in other ways to raise employee awareness of compliance issues.

Internal whistleblowing system

We deploy an internal whistleblowing 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 business. Reports are received by an internal contact desk and the external contact desks of a contracted attorney's office and a contracted labor and social security attorney's office, which enable anonymous reporting and queries. We conduct thorough investigations and reviews based on the content of the received reports or queries, and then provide feedback to the person who raised the issue and take action accordingly. 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. In FY 2021, we received a total of 32 queries and reports, which were all appropriately dealt with.



Future issues

We will continue complying with laws and regulations as well as observe social norms and ethics and respond to societal expectations. We therefore communicate information about relevant laws, our corporate philosophy and our code of conduct, conduct internal audits and internal control system assessments, hold compliance trainings and strive to foster compliance awareness among all employees.

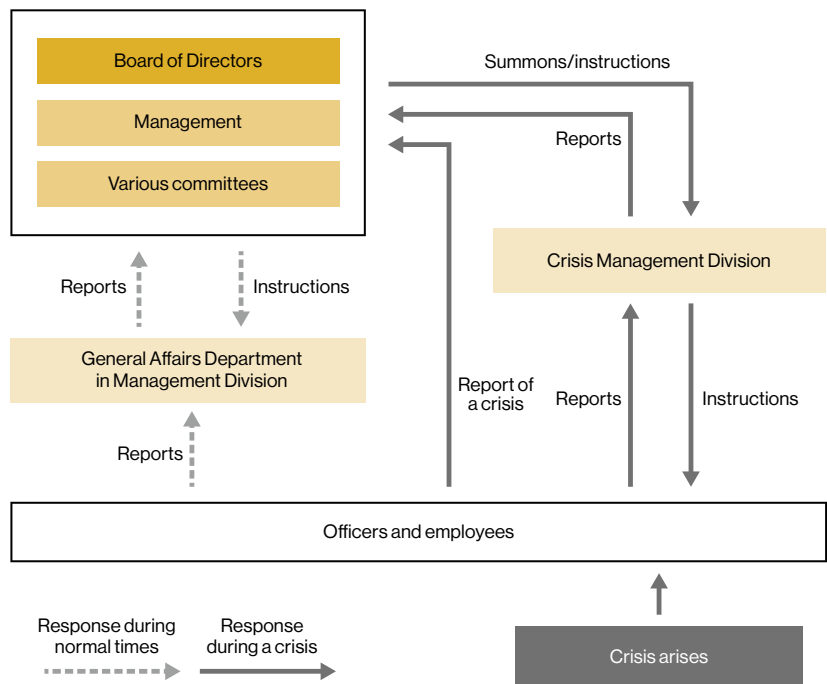
Risk Management

Basic concept

There is the risk that a crisis could materially impact our company activities, and we view risk management as an extremely important activity. We have established our Risk Management Guidelines and prepare for various risks for the purpose of preventing crises before they arise and minimizing the impacts on our company if a crisis does arise.

Promotion framework

We have established different types of internal committees, such as the ESG Management Committee, as part of our risk management efforts to anticipate risks that could arise at any time. It is also important to uniformly collect information on crisis management and make decisions comprehensively. We have therefore made the Management Division the managing division for crisis management, with the General Affairs Department executing these duties in normal times. If a crisis arises, it is promptly reported to management, primarily to directors, and the Crisis Management Division implements measures in response to the crisis. The Crisis Management Division gathers and analyzes information, examines countermeasures and the policy to prevent reoccurrences, and establishes the structure to give instructions and orders to officers and employees on the actions required to resolve the crisis.



Business continuity planning

If a natural disaster such as an earthquake, large typhoon or volcanic eruption occurred, or an event such as an infectious disease or large-scale prolonged power outage that would impact the continuity of economic activity, or an incident such as an information leak, it could exert enormous impacts on our business activities in the mid- to long term. We have established a business continuity plan (BCP) to anticipate these kinds of emergency situations, confirm the safety of employees and their families even during a crisis, and minimize the impacts on our business activities. In FY 2021, we identified anticipated threats and risks and established the initial version of our BCP, which contains the response procedures for each division during a crisis. In FY 2022, we plan to conduct drills and internal education using a manual.

Response to COVID-19

We established the COVID-19 Countermeasure Committee in March 2020 after the rise in COVID-19 cases. Chaired by the General Manager of the Management Division, the committee promptly issued instructions and made decisions to prevent serious incidents and the spread of infections.

Health management infection control measures <https://corp.goldwin.co.jp/sustainability/health> (in Japanese)

Future issues

Using the BCP established in FY 2021, we will strengthen our crisis management framework to be even more effective. Specifically, we will conduct drills and internal education following the BCP manual as well as revise our BCM framework and update our guidelines as necessary.

Environmental Management System

Our Group'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. We have defined our thinking in the Basic Principles of Environmental Protection and the Basic Policy for the Environment, and provide all Group employees with the Environmental Management Card and encourage them to keep it with them. We ensure that employees are familiar with the principles and policy by holding Environmental Management Meetings twice a year and conducting environmental education activities in each business division.

Environmental activities promotion framework

Under the ultimate responsibility of the President and Representative Director, the EMS Committee, whose deputy chair is a management executive, is responsible for managing the implementation of environmental activities. Based on ISO 14001, the EMS Committee oversees the results of business divisions' environmental activities on a monthly basis. The GREEN IS GOOD Working Group, a sub-committee of the Development Committee, which plays a key role in Group product and technological development, primarily promotes activities and manages the progress of environmentally friendly product development and collection of unwanted apparel. Group-wide environmental initiatives are reported to the management team in the ESG Management Committee.

EMS Committee

Under the ultimate responsibility of the President and Representative Director, a management executive serves as deputy chairperson. EMS Committee meetings are held monthly to confirm the progress of divisions' environmental activities and manage ISO 14001 sustainment. The progress of environmental activities is managed by an administrative office comprising members from the Office of Internal Audits, Management Division and Sourcing Division. The administrative office manages the environmental activities of each division, and managers from business divisions are responsible for the environmental activities to ensure that they are conducted.

GREEN IS GOOD Working Group, Development Committee

The GREEN IS GOOD Working Group within the Development Committee, mainly comprising members from the Sourcing Division, Corporate Planning Division and Business Division, meets once a month to develop and manage materials with reduced environmental impact, manage apparel collection and promote marketing activities that communicate our environmental activities to customers. The working group manages registration of materials with reduced environmental impact in business divisions, and works with the EMS Committee to manage the sales mix of products using materials with reduced environmental impact. It also serves to drive Group-wide activities, including sharing information on developed materials.

Specifying key environmental issues

The apparel industry is associated with large environmental impacts, and building systems for society to coexist with nature is an urgent industry issue. In addition, activities in the sports and outdoor fields that form the core of our business cannot be separated from environmental problems. Through business activities that reduce environmental impacts by using minimal resources and energy, we aim to realize a sustainable global environment and social structure. With the aim of making further improvements to the global environment, we specified three key environmental improvement activities within our long-term PLAY EARTH 2030 vision in May 2021.



Promotion of green design
Shift to materials with reduced environmental impact



Realization of a carbon-free society
Carbon neutrality



Realization of a circular society
Zero fashion loss

VOICE



Yoshihiro Katsuta
Manager, ESG Management Department,
General Administration Headquarters

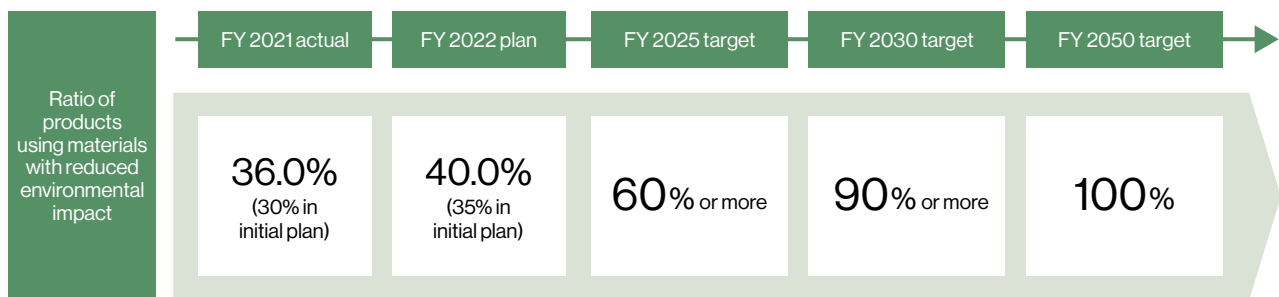
The fashion industry as a whole must work together more to reduce the negative impacts it has on the environment and society and strive to realize a sustainable and circular society. We are participating in the Japan Sustainable Fashion Alliance (JSFA) along with other companies that have the same passion to realize a transition to a sustainable fashion industry and are discussing how to achieve this goal. The ESG Management Department works together with outside organizations like JSFA, serves as the administrative office for companywide cross-function projects related to the environment, and shares our understanding of problems that we identify as key environmental issues.

Promotion of Green Design

The apparel industry is associated with large-scale negative impacts on society and the environment, including greenhouse gas emissions, water consumption and large volumes of product waste. We need to move away from harmful products with short life cycles to providing products with greater environmental sustainability that are safe and useful to consumers over the long term. Our product development and the services we offer are based on the idea that the products will be used for as long as possible, and we will increase our usage rate of materials with reduced environmental impact.

Key environmental issues

We have proactively developed products using renewable materials with minimal environmental impact, aiming to increase environmental sustainability and provide consumers with products that are safe and useful over the long term. Our new medium-term management plan includes promotion of green design as a priority issue.



Expanding products that use materials with reduced environmental impact

In FY 2021, we further increased our companywide use of materials with reduced environmental impact through greater sharing of information about materials across all brands. Our ratio of products that use materials with reduced environmental impact was 36%, exceeding our initial plan of 30%. We will continue to proactively develop products using materials with reduced environmental impact, including plant-based materials such as Brewed Protein™, a structural protein material, as well as recycled and upcycled materials.

Ratio of products that use materials with reduced environmental impact



Product development using Brewed Protein™

Brewed Protein™ is a next-generation, sustainable material created from plant-based raw materials in a fermentation (“brewing”) process. We are developing products that use Brewed Protein™ together with Spiber Inc. We aim to expand the products that use Brewed Protein™ for various brands including our original Goldwin brand and THE NORTH FACE to reduce our environmental impact.

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 various environmental impacts from our use of auxiliary materials, including reducing the types of containers, packaging and labels we use and selecting recyclable materials.

Future issues

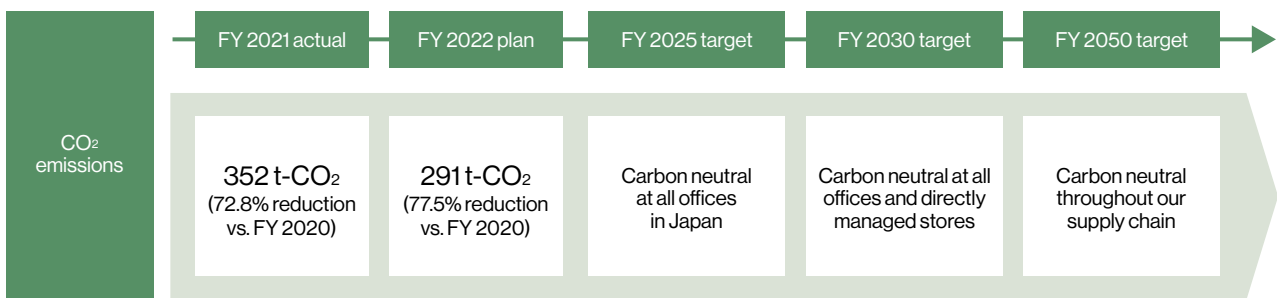
Going forward, we will increase the ratio of existing products that use materials with reduced environmental impact as well as develop new materials with reduced environmental impact. We will strive to build understanding among all of our stakeholders for our Group environmental initiatives. A challenge will be getting consumers to select our products not only for their function and beauty but also for their environmental friendliness.

Realization of a Carbon-free Society

With its CO₂ emissions said to account for approximately 10% of all industrial emissions, the apparel industry's negative impact on the environment has received scrutiny over the last several years. Meanwhile, global warming is an urgent problem, and our industry must proactively take action to achieve the 1.5% target adopted in the Paris Agreement. We have analyzed the impacts of climate change on our business activities using science-based scenarios and have set targets to reduce greenhouse gas emissions from our business activities in our medium-term management plan in order to protect our field and continue our activities in the field.

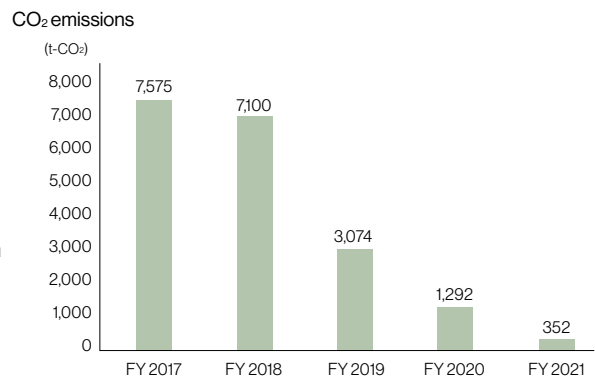
Key environmental issues

We have been taking steps for some time to reduce our energy use and CO₂ emissions at our main offices. To further increase these efforts and take steps to reduce CO₂ emissions across the supply chain, we included "Realization of a carbon-free society" as a key issue in our new medium-term management plan. We will strengthen our cooperation with suppliers with the aims of procuring raw materials that do not come from fossil fuel sources and achieving carbon neutrality.



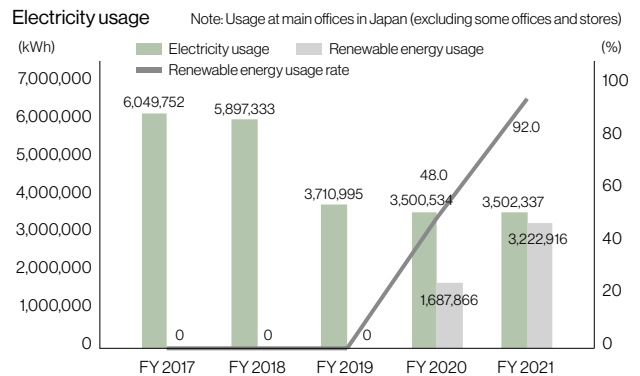
Greenhouse gas emission reductions

Emissions from our main business locations in Japan came to 352 t-CO₂ in FY 2021. The majority of our emissions came from heavy oil used to generate electricity used at our offices and used in air conditioning. Our greenhouse gas emissions were 1,292 t-CO₂ in FY 2020, and we have steadily decreased our emissions by switching our offices to electricity generated from renewable energy. We discontinued use of heavy oil, which is responsible for a large share of emissions, and switched to electricity as an additional way to reduce our emissions in FY 2022. We also began calculating our Scope 3 emissions based on the GHG Protocol in FY 2021 to gain better understanding of energy use at our directly managed stores.



Conversion to renewable energy

Our main offices in Japan have switched to using electricity generated from renewable energy to reduce greenhouse gas emissions. As a result, our renewable energy use as a ratio of total electricity use at our offices in Japan was 92% in FY 2021, a 44-point increase from 48% in FY 2020. Going forward, we plan to continue switching to renewable energy as well as generating our own electricity by installing solar panels at our offices in the Toyama region.



Future issues

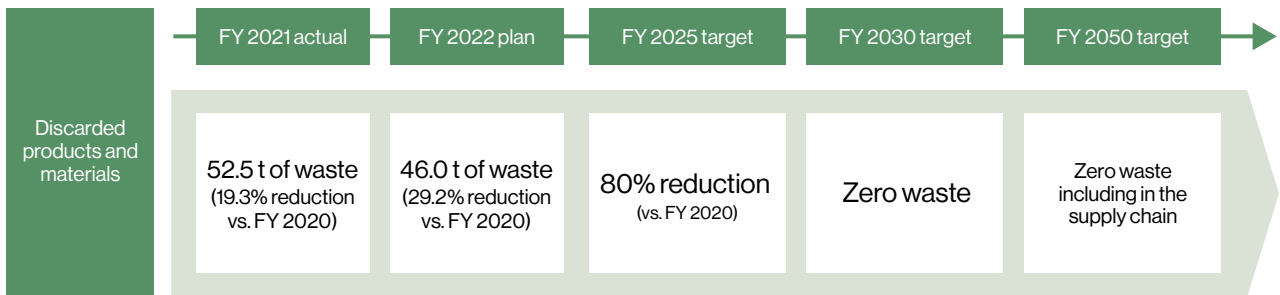
In FY 2021, we reduced our greenhouse gas emissions at our offices in Japan in excess of our plan. Going forward, we will continue to reduce our greenhouse gas emissions at our offices in Japan based on our medium-term management plan. A future issue is calculating greenhouse gas emissions at our directly managed stores and in the supply chain, where we have set targets for FY 2030 and 2050, to gain better understanding of the state of emissions.

Realization of a Circular Society

While the apparel industry performs an important role in people's lives, the negative impacts of mass production, mass consumption and mass disposal on society and the environment are becoming increasingly severe. We must build circular systems that include providing products made with recyclable raw materials and products that can be used over the long term. We are aiming to realize a circular society through zero fashion loss that eliminates waste, including reducing waste in our business activities, extending product life and reusing apparel that is no longer needed.

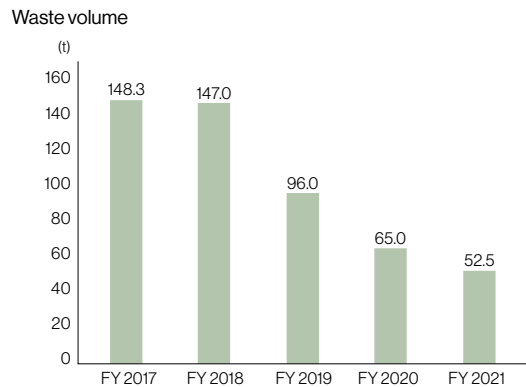
Key environmental issues

Up to now, we have rigorously managed our procurement and production plans and taken other steps to reduce material and product waste in our Group. Our new medium-term management plan includes "Realization of a circular society" as a priority issue. We are promoting in-store collection and reuse of apparel that is no longer needed and working to reduce loss in cooperation with our procurement partners, aiming to realize a circular society where simple incineration and landfill disposal do not take place throughout the supply chain.



Reducing waste

Our Group's volume of industrial waste came to 52.5 tons in FY 2021. This volume was 65 tons in FY 2020. We are reducing product waste volumes by reducing our sales loss rate as well as through more effective use of deadstock materials. Future issues include further reducing waste volumes in our company, accurately grasping waste volumes in the supply chain and examining ways to reduce waste.



Reducing product waste by lowering the sales loss rate

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 our sales loss rate to 1.5% in FY 2021 through the development of flagship products that customers can enjoy as long as possible and fast inventory flow during the sales period.

Repair service to extend the life of products

We are seeing a trend of products being used for a longer period of time as well as increased requests for repairs from growing interest in the environment. We received around 3,500 repair requests annually as of 2004, while requests in FY 2021 stood at 17,262.

Future issues

We were able to achieve our waste reduction target as planned in FY 2021. We are also collecting more used apparel and receiving more requests for product repairs. A future issue to achieve our FY 2050 target of zero waste in the supply chain is understanding and reducing waste volumes not only at our company but in the supply chain.

Information Disclosure Based on TCFD Recommendations

Under our long-term vision PLAY EARTH 2030, we are implementing business restructuring aiming to achieve sustainability in terms of both the environment and business. As part of these efforts, in FY 2022 we declared our support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and reorganized our Group initiatives to address climate change.

I

Governance

We have established the ESG Management Committee, which deliberates on important matters related to sustainability, including climate change. The results of deliberations by the ESG Management Committee are reported to the Board of Directors, which serves as the oversight body, once a year in light of their degree of importance. The ESG Management Committee is chaired by the President and Representative Director and creates the basic policy and targets for sustainability including climate change as well as the implementation plans and reviews progress toward the targets. ESG Management Committee meetings are held quarterly, with participation by company directors and auditors as well as officers, all employees in positions of general manager and above, and Group company presidents.

Based on the basic policy for climate change and priority matters, the Board of Directors creates the business strategy and comprehensively reviews and makes decisions on investment and lending projects. The EMS Committee has been established as the implementation body for making improvements to address climate change and other global environmental problems. 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.

II

Strategy

In FY 2022, we conducted a scenario analysis to assess future climate change impacts. We referenced several internationally recognized climate change scenarios in the analysis of climate-related risks and opportunities. Specially, we referenced the Net Zero Emissions by 2050 Scenario (NZE) released by the International Energy Agency (IEA) in 2021, and Representative Concentration Pathways (RCP 8.5), a greenhouse gas concentration trajectory adopted in the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) released in 2014, in identifying the risks and opportunities that climate change poses to our Group and examining our long-term strategy.

We then identified transition risks and opportunities and physical risks based on the two climate change scenarios of temperature increases of 1.5°C and 4°C to inform our examination of business strategy feasibility and our 2030 growth strategy.

III

Risk management

We continue our 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. Some of the risks and opportunities associated with climate change are anticipated to arise in the transition to a decarbonized society and some are anticipated to arise from the physical impacts of climate change. We classified the changes in the external environment associated with climate change and assessed the impacts on the apparel industry, and then specified the material risks and opportunities for our Group in light of the degree of impact on our Group's business activities. The specified risks and opportunities are reported to the ESG Management Committee, which sets the action policy, activities and targets as well as reviews the risks and opportunities. Its review is reported to the Board of Directors, which conducts oversight and makes the final decisions. For risks relating to management determinations, including decision-making on management strategy, the advice of law offices and other outside experts is received as necessary, and related divisions conduct analysis and investigation.

IV

Indicators and targets

Based on our long-term vision PLAY EARTH 2030, we have designated addressing environmental problems one of our priority management issues and have set targets for FY 2030 and 2050. Promotion of green design, realization of a carbon-free society and realization of a circular society are priority environmental issues to achieve improvements in the global environment. We have set medium-term and long-term targets accordingly and are conducting specific activities to achieve environmental improvements. Specifically, we are targeting use of materials with reduced environmental impact in 100% of our products by FY 2050 (and at least 90% in FY 2030) through greater development of Brewed Protein™, switching to use of recycled materials and use of auxiliary materials with reduced environmental impact, with the goal of transitioning to materials with reduced environmental impact as part of promotion of green design. Regarding realization of a carbon-free society, we are converting to use of renewable energy and aim to achieve carbon neutrality including in the supply chain in FY 2050 (and carbon neutrality in all offices and directly managed stores in FY 2030) through enhanced supply chain management. Our plan for realizing a circular society targets zero fashion loss and includes driving total volume control through strengthened order flow and greater industry cooperation for zero fashion loss, and aims to achieve zero waste including in the supply chain in FY 2050 (and zero product and material waste by FY 2030).

1.5°C scenario (NZE reference scenario)

Anticipated changes	Impacts on the apparel industry
<ul style="list-style-type: none"> ● Environmental policies and regulations are strengthened, and companies' greenhouse gas emissions are strictly regulated. ● At the same time, use of renewable energy increases due to enhanced policies to increase renewable energy use. ● Consumers are increasingly interested in sustainability, and low-carbon, circular products and services see expansion. ● Disclosure of non-financial information becomes a requirement, and ESG investing becomes established. ● Abnormal weather (frequent typhoons, localized torrential rains, drought, heavy snows, etc.) occurs at about the same frequency as in FY 2022 (current). 	<ul style="list-style-type: none"> ● Use of recycled materials and new materials to reduce environmental impacts increases. ● Sustainability is established as new brand value. ● Consumers prefer and select low-carbon, circular products. ● Sustainable fashion influencers appear on the scene.

Classification	Type of climate change	Category	Risks and opportunities	Main initiatives and countermeasures
Risks	Transition	Policies and regulations	Higher running costs from introduction of a carbon tax	Initiatives for carbon neutrality (switch to renewable energy, etc.)
			Higher indirect costs from tightened environmental regulations (calculating GHG emissions, carbon footprint labeling, etc.)	Creating the structure for appropriate reporting and disclosure of greenhouse gas emissions (2025 disclosure target)
		Technology	Increased production costs from switch to materials with reduced environmental impact and recycled materials	Promoting switch to next-generation and recycled materials Cost reductions through industry cooperation and collaboration
Opportunities	Transition	Increased resource efficiency	Obtaining competitive advantage by building a circular business model	Reducing fashion loss through strengthened order flow Industry cooperation and collaboration for building a circular business model
		Products and services	Obtaining competitive advantage by leading transition to sustainable fashion	Proactive use of materials with reduced environmental impact
			Differentiation through product development using new materials and new manufacturing techniques	Launching CVC to discover next-generation materials
			Improving brand image by adapting to changes in customers' consumption behavior and awareness	Communicating information and launching new products to establish sustainable fashion
		Markets	Capturing new markets by moving into resale, fashion subscriptions, etc.	Examining new businesses including repair services, resale, fashion subscriptions, etc.

4°C scenario (RCP 8.5 reference scenario)

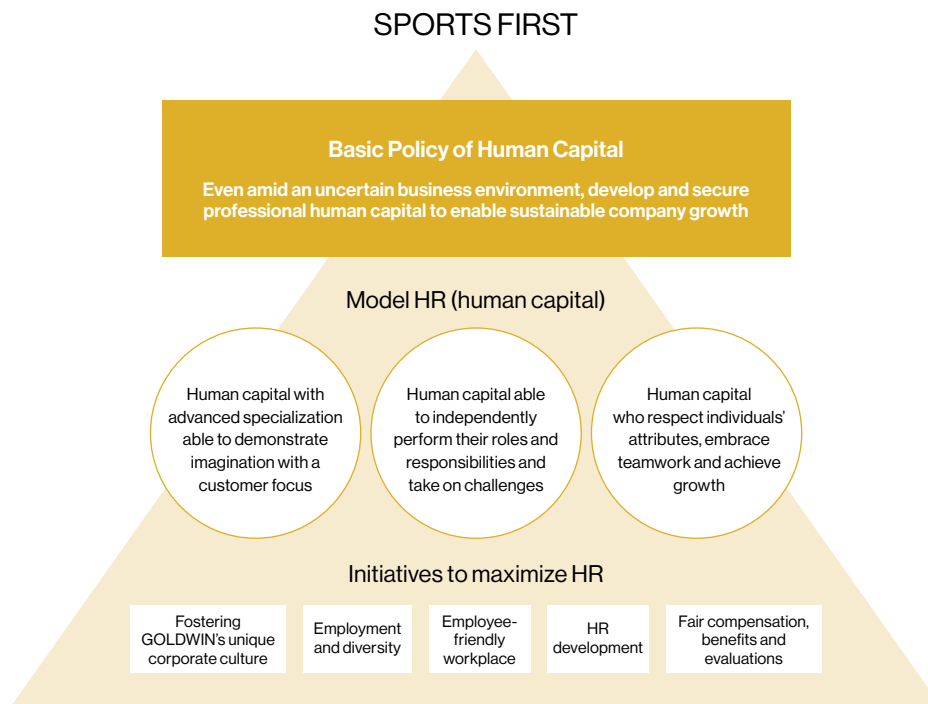
Anticipated changes	Impacts on the apparel industry
<ul style="list-style-type: none"> ● Strict environmental policies and regulations are put off, and greenhouse gas emissions increase at the current (FY 2022) velocity. ● Some companies introduce renewable energy, but there is strong demand for traditional sources of energy. ● ESG investing continues to grow, but use of non-financial information is limited to only some investors. ● The frequency of abnormal weather (frequent typhoons, localized torrential rains, drought, heavy snows, etc.) and extreme weather events increases. 	<ul style="list-style-type: none"> ● The supply chain suffers damage from abnormal weather, and production delays are frequent. ● Demand for performance apparel increases as a result of frequent record-breaking extreme weather events, including excessive heat in summer and heavy snows in winter.

Classification	Type of climate change	Category	Risks and opportunities	Main initiatives and countermeasures
Risks	Physical	Acute physical risks	Supply chain damage from typhoons, floods and other natural disasters	Strengthened supply chain management
		Chronic physical risks	Sports events are impacted by the increase in extreme weather events (changes to where events are held, shorter periods of time when events can be held, fluctuations in competitor populations, etc.)	Focus on trends in competitor populations, reflect trends in production plans and product development
Opportunities	Transition	Products and services	Meet new needs (both function and fashion) arising from the increase in extreme weather events	Improve performance through use of new materials and manufacturing techniques, and offer GOLDWIN-centric fashions

Information disclosure based on TCFD recommendations <https://corp.goldwin.co.jp/sustainability/tcfd> (in Japanese)

Maximizing HR

SPORTS FIRST with all employees who work at GOLDWIN—we love sports, understand the power of sports and share the desire to deliver the appeal of sports to as many people as possible. Our corporate value is achieved through our employees realizing SPORTS FIRST, and this is why aiming to maximize human capital is one of our highest-priority management issues. Even amid drastic social change and a challenging management environment, our Basic Policy of Human Capital aimed at achieving sustainable growth sets forth that, even when conditions are uncertain, we will develop and secure professional human capital to allow us to achieve sustainable growth. The Human Resources Department that leads these efforts aims to achieve the management strategy and vision in terms of utilizing human capital as a strategic partner. In addition, the HR Department aims to be a partner for employees and offer comprehensive and attentive support for their self-realization. In the area of HR management operations, the department conducts various programs with the mindset of seeking higher-level performance and greater efficiency.



SPORTS FIRST AWARDS

The SPORTS FIRST AWARDS is a program to recognize employees who practice the GOLDWIN tagline SPORTS FIRST, which is also part of our employee code of conduct. Employees cast ballots internally for the employee they feel has most embodied SPORTS FIRST from among the previous fiscal year's activities (SPORTS FIRST MAG internet media), and the top three vote-getters are awarded a monetary prize and special time off. In FY 2021, Akiko Chiba received the Gold Award for snowboarding with a snowboard she made herself.

SPORTS FIRST MAG (internet media) <https://sportsfirst.jp/>

VOICE



Akiko Chiba
Store Manager, Goldwin
THE NORTH FACE Kanda Store

I started snowboarding after a friend invited me to try it. Snowboarding has given me the opportunity to meet people from different walks of life and different generations and makes my life fuller through what it allows me to learn, discover and feel. GOLDWIN attracts people who like sports and recreational activities, and I love how we can share our passions with customers and employees and create community. Receiving this award has given me the opportunity to think about what I can do through sports. By embodying SPORTS FIRST, I hope to get as many people as possible to feel the same as I do.

Fostering GOLDWIN's unique corporate culture

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.

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.



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.



Employment and diversity

We share our prized values of prioritizing sports and the environment as well as living life without a boundary between work and play as we engage in our day-to-day work. These values are connected to acceptance for how employees live their lives, how they work and how they think as well as respect for individuals' attributes. We have defined this thinking in the GOLDWIN Group Policy on Human Rights, and are working to secure diverse human capital with zero discrimination based on sex, nationality, ethnicity, ability or disability, sexual orientation or other attribute. Our transition to a job-type HR system in fiscal 2022 has enabled us to operate our HR system with greater fairness, impartiality and transparency regardless of how long the employee has worked at GOLDWIN, their age, or whether they joined GOLDWIN straight from school or mid-career. We will strive to create an environment in which diverse human capital can utilize their own abilities and experience and make contributions.

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.

Action plan for women's advancement in the workplace

We established an action plan in 2020 based on the Japanese Act on the Promotion of Women's Active Engagement in Professional Life. In FY 2021, we conducted informational interviews based on the work-life balance sheet with women employees who are raising children. As of March 2022, 100% of women employees had taken childcare leave. In FY 2022, we created a new action plan to further expand opportunities for women's advancement in the workplace during the three years until FY 2024. We are making additional environmental improvements based on the following three targets.

General employer action plan <https://corp.goldwin.co.jp/about/actionplan> (in Japanese)

Action Plan		
1. Conduct follow-up interviews with employees returning to work after childcare leave and their managers 100% of the time	2. Increase awareness for career advancement among women employees by 10%	3. Target 30% of men employees taking childcare leave through promotion efforts

Creating conditions where employees with disabilities can make contributions

We aim to realize an inclusive society where diverse human capital can make contributions regardless of handicapped status. We are working to improve workplace environments so that employees with disabilities have flexibility and can continue working according to the circumstances of their disability. In FY 2021, 2.33% of our employees had a disability. We plan to develop work spaces including at stores and expand employment of people with disabilities. As the groundwork for this, we are holding trainings for managers in phases to build understanding for employing people with disabilities.

LGBTQ (sexual minority) initiatives

As part of creating workplaces where individuals are respected and diversity is encouraged, we are focusing on creating an environment that is open and friendly to LGBTQ employees. Our Group policy explicitly prohibits any language or action that is discriminatory on the basis of sexual orientation or gender identity, and we are building understanding for this internally through trainings and other efforts. We make accommodations for LGBTQ employees who express preferences for their work mode, and plan to develop ways for same-sex partners of employees to receive the same treatment as spouses in our HR-related programs.

Fair compensation, benefits and evaluations

Aiming to maximize human capital is one of our highest-priority management issues. It is important that all employees who work at GOLDWIN firmly understand the roles that they are expected to perform, and that there are means for them to contribute to achieving our organizational goals through execution of their job duties. We have a core HR system for conducting fair evaluations and determining compensation and benefits, and operate it with a high degree of transparency through communication with employees.

New HR system

We introduced a new HR system in FY 2022. The new HR system is based on the concepts of being a simple and compelling framework for producing human resources to drive business growth as well as to activate and pass down GOLDWIN DNA. As a job-type HR system, it focuses on having the company clearly present to employees what is expected of them, and presenting career paths based on this. The new HR system comprises three core HR systems. These are the grade system, which defines the job duties, competencies, experience and other attributes expected of each grade, the evaluation system defining the evaluation criteria, and the remuneration system that determines compensation from the results of the grade-based evaluation of job performance. As a job-type HR system, the HR system is based on the job duties that make up the assigned work and roles. We define the grades, evaluation criteria and compensation scheme based on the three pillars of 1) quality and difficulty of the job duties, 2) sphere and scope of the job duties and 3) management targets and span. Implementing the new HR system allows us to clearly define the roles for job duties and conduct evaluations that earn employee support as well as enable strategic HR rotations and HR development.

Deciding fair and competitive compensation and benefits

We prohibit all forms of discrimination based on the GOLDWIN Group Policy on Human Rights. In our wage system as well, sex-based discrimination is prohibited, with compensation determined in compliance with laws related to equal pay for equal work. Compensation and benefits are determined not only in terms of compliance with legally mandated minimum wages, but also to provide competitive pay above the level of living wages.

Average salary (yen) (non-consolidated)

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Average salary	6,297,719	6,483,984	6,810,469	6,072,614	6,377,448

Wage disparity between men and women (non-consolidated)

	FY 2021 (Ratio of men's wages vs. women's wages)
All employees	62.0%
Of them, regular employees	59.1%
Of them, part-time and contract employees	73.5%

Note: Created based on "Methods of Calculating and Disclosing Wage Disparity Between Men and Women" (Ministry of Health, Labour and Welfare of Japan)

Employee-friendly workplace

Viewing human capital as one of our greatest assets, we have shared our prized values of prioritizing sports and the environment and living life without a boundary between work and play. We must continuously evolve with the times so that all of our employees can mobilize their talents to the fullest and continue working with a sense of satisfaction. Based on the fact that employees are in different stages of life and have different needs for how they work, we are focusing on developing and operating programs that offer employees a high degree of freedom. By creating an environment in which employees can concentrate on their work with peace of mind, we aim to increase the overall productivity and performance of our workplaces.

Specific measures

Promotion of work-life balance	<ul style="list-style-type: none"> Introduced network restrictions and a telework program to prevent overwork Promotion of taking annual paid vacation
Support for balancing work and childcare/caregiving	<ul style="list-style-type: none"> Introduced various programs Established a "Parent's Consultation" support desk for employees who are raising children
Programs aimed at improving job satisfaction	<ul style="list-style-type: none"> Long-term service program Vacation holiday time Sports Cheer program
Promotion of diverse work modes	<ul style="list-style-type: none"> Paid vacation granted in half-day and hourly increments Introduced program that permits side work Introduced telework Opened a satellite office

HR development

People are one of our greatest assets, and the growth of our human capital is the source of our company growth. We conduct a broad range of HR development programs based on the belief that developing employees to have high-level perspectives, innovative qualities and imagination and sharing a diverse range of knowledge creates a strong organization. We launched a new HR system in FY 2022 to pass down the GOLDWIN DNA that has become our legacy over more than 70 years and produce human capital to drive business growth. Our newly established HR Management Policy sets forth "Even amid an uncertain business environment, develop and secure professional human capital to enable sustainable company growth" as our basic HR policy. We have defined our model HR based on this, and it also forms the cornerstone of our HR development.

Training system

To support the individual growth of employees, we have established our training system from a long-term perspective. It comprises four main types of training: level-based training, management-level training, selective training and companywide training. Our HR development programs use a combination of internal and outside instructors and aim to create various opportunities that spark imagination and innovation.

Status of taking trainings and total cost of trainings (non-consolidated)

	FY 2019	FY 2020	FY 2021
Annual hours of companywide education and trainings taken	Total of 218 people	Total of 399 people	Total of 309 people
Total cost of companywide education and trainings	74.51 million yen	77.34 million yen	46.67 million yen
Training hours per employee(average)	2.01 hours	2.64 hours	2.39 hours

Main trainings

Company level-based trainings	We provide trainings corresponding to different company levels, from new employees to mid-level employees and managers. We support employees so that they can acquire the skills they need to perform their current job duties with the aim of raising the level of our organization.	<ul style="list-style-type: none"> New employee training Mid-level employee training Post-promotion training Mid-career sales employee training Basic sales training
Management-level training	Employees in managerial positions receive training to improve the management skills they need to have when managing an organization.	<ul style="list-style-type: none"> New leader training New manager training Basic management training Middle management training New area manager training New supervisor training
Selective trainings	We select high-performing employees for strategic development as future management candidates. We encourage them to acquire practical knowledge and specialized skills through various trainings.	<ul style="list-style-type: none"> Selected young employee training IFI training Customer service training Chairman training Leader development training Sewing training
Companywide trainings	We have developed various training programs for all employees. We encourage employees to take these trainings to help strengthen our HR capabilities.	<ul style="list-style-type: none"> School of S²AT Dialogue with the President training Etc.

Responsible Procurement

The supply chain expands around the world today, and striving to realize a sustainable society throughout the supply chain beyond the scope of a company's own group is an important social responsibility of companies. Based on the Code of Conduct for GOLDWIN Suppliers revised in FY 2021, we conduct procurement activities with consideration for compliance, quality assurance, the environment and human rights in cooperation with suppliers. We will contribute to development of a sustainable society by building healthy relationships with suppliers inside and outside Japan based on fair and just transactions and through supply chain management focused on transparency. Recognizing the large impact business has on human rights, we established the GOLDWIN Group Human Rights Policy in FY 2021 in accordance with international standards including the UN Guiding Principles on Business and Human Rights in order to conduct activities with consideration for human rights. We share this policy as our shared values in conducting efforts with all of our officers and employees as well as relevant suppliers.

GOLDWIN Group Policy on Human Rights

The mission of the GOLDWIN Group ("The Group") is to realize a fulfilling and healthy lifestyle through sports. Our aim is to build a sustainable society as we raise our corporate value through our business activities while respecting every facet of people's diversity. Recognizing that respect for human rights is indispensable to realizing our mission, we have implemented the GOLDWIN Group Policy on Human Rights ("The Policy"), based on the United Nations Guiding Principles on Business and Human Rights. Our approach is specifically described in our compliance guidelines: our Corporate Code of Conduct, Code of Conduct for Employees, and Code of Conduct for GOLDWIN Suppliers.

(Compliance with Global Human Rights)

The Group is committed to respecting the laws and regulations of every nation in which it operates while also complying with the International Bill of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work.

Should the laws and regulations of a nation conflict with internationally recognized human rights standards, the Group will seek ways to honor the principles of international standards in its conduct.

(Scope of Compliance)

The Policy applies to all directors and employees of The Group.

Suppliers are also expected to support The Policy and share our commitment to respect human rights globally.

(Human Rights in Practice)

To secure the human rights of all stakeholders, The Group prohibits any engagement that contributes to human trafficking, forced labor, child labor, and all types of discrimination or harassment. The Group also guarantees the right to freedom of association and collective bargaining.

We continue to conduct due diligence to ensure compliance with human rights standards throughout The Group's value chain and to prevent or reduce actual or potential risks of violation.

The Group's President and Representative Director has ultimate responsibility for effective deployment and implementation of The Policy throughout The Group's operations.

The Group recognizes the importance of seeing potential human rights infringement from the viewpoints of stakeholders liable to be victimized. Therefore, The Group retains external, independent expertise in this field and confers with relevant stakeholders in the course of implementing The Policy.

The Group also conducts educational programs on implementing The Policy for its directors and employees, and organizes activities to raise awareness and understanding of The Policy among its suppliers.

(Remediation)

The Group maintains a procedure for stakeholders to consult on or report acts that have a negative impact on human rights. Should The Group realize that any part of its operation has caused or contributed to an adverse effect on human rights, we will initiate corrective action(s) necessary as remediation.

(Progress Reports)

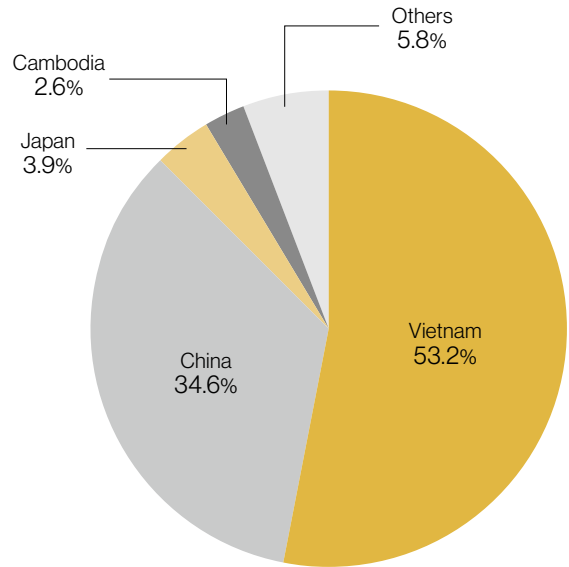
Progress on implementation of The Policy is reported on The Group's website.

December 13, 2021
Takao Watanabe
Representative Director, President, and Chief Executive Officer
GOLDWIN Inc.

GOLDWIN's supply chain

We conduct direct and indirect procurement activities with a wide range of suppliers inside and outside Japan. We take a broad view of our supply chain as encompassing primary suppliers that deliver finished products to our Group and secondary suppliers that supply materials, chemical substances and raw materials for our products through primary suppliers. Primary suppliers comprise manufacturing factories for our products and trading companies and production management companies involved in the manufacturing. Along with quality guidance and other direct communication, we are also conducting desktop audits of all manufacturing factories as of FY 2021. Approximately 90% of these manufacturing factories (on an order value basis) are located outside Japan. Secondary suppliers refer to materials manufacturers and trading companies that manufacture materials (fabrics, auxiliary materials, etc.) from raw materials procurement after dyeing and other processing. Under our new system as of FY 2021, we currently request that our primary suppliers and main secondary suppliers conclude a memorandum of understanding for the Code of Conduct for GOLDWIN Suppliers and the GOLDWIN Restricted Substance List Compliance.

Country of Origin Ratio

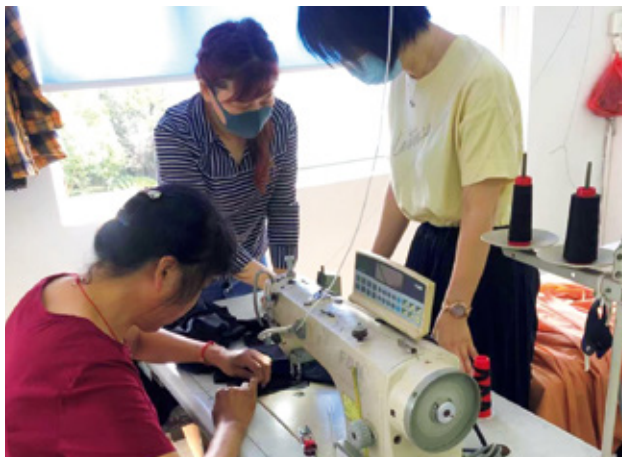


Quality control system

We have established original Quality Standards that define uniform quality standards for our Group, which suppliers are required to understand with an in-depth level of knowledge. The Quality Standards comprise the four areas of Product Quality Control Guidelines, Product Quality Inspection Guidelines, Materials Quality Control Guidelines and Materials Quality Inspection Guidelines, and apply to all products we carry. We have established a management system able to deliver high quality to customers with verifications and inspections based on these standards in each process of product planning, production preparation, production, shipment and receiving. Based on our Code of Conduct for GOLDWIN Suppliers, we have asked more than 200 partner factories to comply with these standards by FY 2021.

Strengthened quality control at supplier factories

We send specialists to our supplier factories inside and outside Japan to improve quality, providing direct instruction on quality control and production engineering. In FY 2021, we sent specialists to 11 factories a total of 28 times. With our rate of overseas production currently at more than 90%, the importance of global quality control measures is increasing. We hold regular, quality meetings with our main supplier factories outside Japan, with a total of 15 meetings held with 9 companies in FY 2021. We aim to increase corporate value for both GOLDWIN and supplier companies by providing products that customers can feel reassured using through strengthened quality management in cooperation with supplier factories.



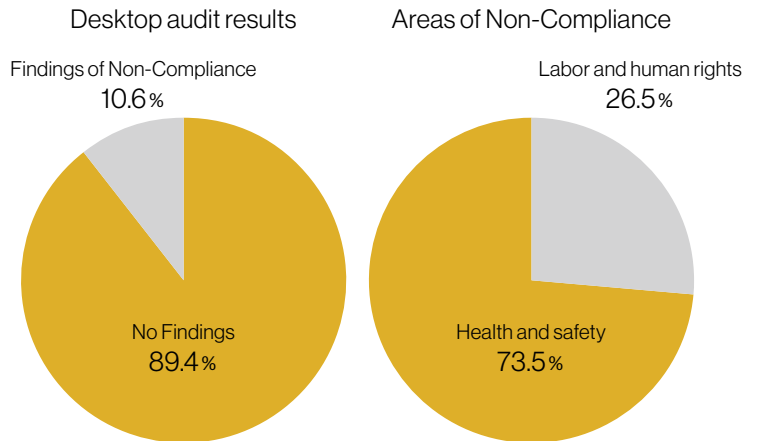
CSR-based procurement

To build a healthy supply chain, improve product quality and strengthen initiatives for human rights, the environment and safety, we ask suppliers to cooperate with audits, both desktop and on-site, and make continuous improvements. We request that the necessary paperwork is updated each year. We have established an internal operational flow for the Supplier Code of Conduct, and conduct management with clearly defined responsibilities among the Business Division, Sourcing Department and Quality Assurance Department. We aim to increase corporate value for both GOLDWIN and suppliers through CSR-based procurement incorporating sustainability criteria.

Supplier audits

Starting in FY 2021, we are conducting desktop audits (self-assessment questionnaire) once a year with all factories with which we do business. We request responses to around 80 questions in nine areas. They confirm the status of progress on the legal, social and ethical requirements defined in the Code of Conduct for GOLDWIN Suppliers, which is then shared with us. We make requests for improvements case-by-case to suppliers for which risks are identified from the questionnaire. In FY 2021, we conducted desktop audits for 283 companies. We also conduct on-site audits for 57 companies, primarily our main manufacturing factories. We provide suppliers feedback from the audit results, and request that remedies are implemented and corrective action plans are submitted for factories where remediation is needed. In FY 2021, we are confirming the status of remediation for matters that were deemed to require remediation.

FY 2021 desktop audits (283 companies)



Communication with suppliers

Our business would not be possible without the cooperation of suppliers that produce products and deliver products and materials to us. We broadly share our principles for promoting sustainability through business activities with our suppliers, and focus on communication with suppliers on an individual basis to build a cooperative framework based on mutual trust.

Briefings for business partners	In FY 2021, we held a video-based briefing for business partners on the topic of our CSR framework for the supply chain. In the briefing, we explained the background to establishing the Code of Conduct for GOLDWIN Suppliers, specific revisions that were made and how to complete the paperwork that needs to be submitted. The video was viewed by manufacturing factories, trading companies, production management companies and materials-related companies that have concluded a memorandum of understanding for the Code of Conduct for GOLDWIN Suppliers.
Regular meetings with main suppliers	We hold monthly meetings individually with our main suppliers. The meetings are a place to exchange information on quality, cost, delivery schedules and other matters as well as to discuss issues that arise from time to time and resolve them together. Engaging in communication helps deepen our cooperation and build better partnerships.

VOICE



Seiichi Miyashita
General Manager, Sourcing Department,
Sourcing Headquarters

While it is important to optimize the entire supply chain process, our suppliers may have different approaches to CSR procurement and may not take the same actions as we do. We start from our understanding of the importance of CSR-based procurement and share this with our business partners to build a healthy, cooperative framework while reforming our awareness together. Going forward, society will expect total optimization that targets reuse, recycling and disposal. With the cooperation of our suppliers, we will aim to realize procurement for the next generation to resolve a wide range of issues facing the world.

An Inclusive Society Through Sports

At GOLDWIN Group, we aim to realize a world in which people's differences are accepted, including attributes of sex, nationality, social status and physical ability or disability, and in which everyone can lead their life as they see fit and is respected as a member of their community. Based on the engineering and experience we have built up as a sports apparel manufacturer, we are making contributions through sports aiming to have these principles of an inclusive society become widely understood.

Support for para-sports

We concluded an agreement to be an official sponsor of the Japanese Para Sports Association in 2015 and will continue to support creating environments in which everyone can participate in and have fun playing sports on an ongoing basis. We have also concluded direct contracts with various sports leagues and associations, and provide apparel for Japanese national teams by brands that we plan and produce. In FY 2021, Japanese national teams in various sports gave good performances in the uniforms we provided. The uniforms we provided were developed in line with athletes' requests after multiple rounds of meetings and tests wearing the uniforms, and they played a supporting role in helping the athletes perform.



Japan Wheelchair Rugby Federation (official supplier agreement): We provided CANTERBURY brand apparel and originally developed underwear and support the activities of the Japan national team.



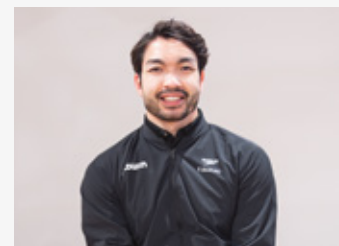
Japan Boccia Association (gold partner agreement): We provide originally developed uniforms to the Japan national boccia team (Hinotama Japan). We are supporting athletes with apparel made using advanced technology from GOLDWIN TECH LAB.



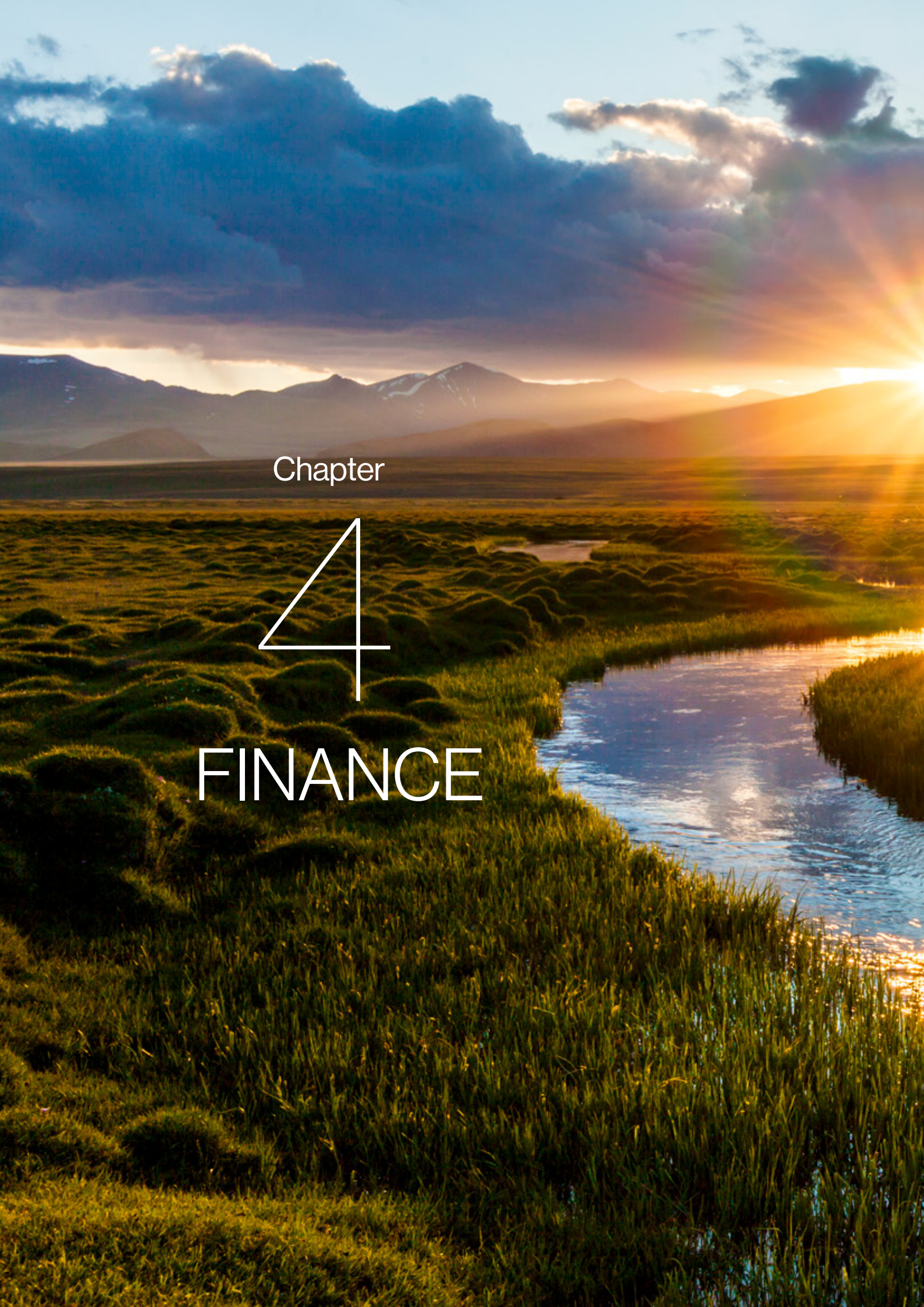
Monkey Magic nonprofit organization: THE NORTH FACE brand supports this organization in its activities to popularize climbing among people with visual impairments with the concept of "Overcoming barriers you cannot see."

VOICE

At the beginning of the 2000s, there was little awareness of para-sports in Japan, and para-athletes participated in competitive activities while working jobs during the day. GOLDWIN was aiming to realize an inclusive society through sports from that time, and I also came to work here because GOLDWIN made it possible for me to both work and compete. I was assigned to the SPEEDO Department when I first started working at GOLDWIN, and made arrangements for apparel and swimsuits for the Japan national team with the Japanese Para-Swimming Federation. In 2020, I was involved in product development for universal design bags and wheelchair wheel bags designed to be easy to use by people who use wheelchairs. I am currently part of the ESG Management Department, and communicate information while appearing at events and giving talks about how to lead a fulfilling life through sports regardless of ability or disability. I can sense that more people are showing interest in para-sports after international sports competitions were held in Tokyo. This gives the medals more value and increases the level of competition, while also making it important to ensure fairness on the athletes' side and credibility on the spectators' side. As a member of the International Paralympic Committee (IPC) Athletes' Council, I intend to make system revisions and improvements and sustain this major movement in the future. In realizing an inclusive society, it's important to use opportunities like para-sports to gain knowledge and insights that are obtainable through sports and physical activities—by becoming interested in them, supporting them and experiencing them first-hand—and connecting what you learn to the future.



Takayuki Suzuki
Inclusive Society Promotion Team,
ESG Management Department



Chapter

4

FINANCE

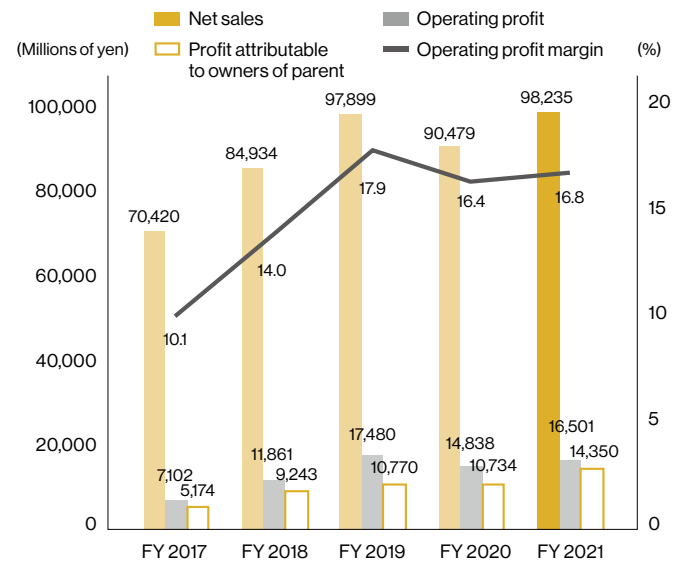


Management Discussion and Analysis (MD&A)

Business performance

The future outlook for the Japanese economy in this consolidated fiscal year continues to remain uncertain, with slow recovery momentum due to the prolonged nature of the COVID-19 pandemic. Meanwhile, compared with FY 2020, the sports apparel industry saw some, albeit slight, signs of positive change, with metropolitan areas like Tokyo and Kansai not undergoing full lockdowns and strong sales of cold-weather wear due to record-breaking cold temperatures. We also recorded solid performance even during the COVID-19 pandemic, thanks to development of appealing products that were selected by customers, led by THE NORTH FACE, and our establishment of a stable supply chain as well as establishment of balanced sales channels for directly managed stores, wholesale customers and EC sales. Our consolidated fiscal year performance included net sales of 98,235 million yen (up 8.6% year on year), operating profit of 16,501 million yen (up 11.2% year on year), ordinary profit of 20,285 million yen (up 26.9% year on year), and profit attributable to owners of parent of 14,350 million yen (up 33.7% year on year).

Performance trends

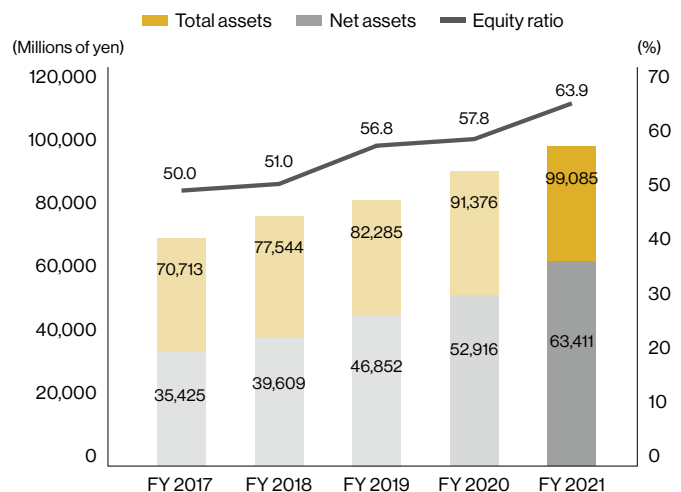


Net sales	We continued to conduct business activities based on actual demand this consolidated fiscal year and promoted additional brand value for our products, led by THE NORTH FACE, to a broad range of customers. We also experienced brisk sales at suburban stores where the main target is families, leading to sales in kids' and ladies' categories in addition to our leading men's category. In addition, we were able to substantially increase customer convenience by enhancing coordination between our directly managed stores and EC sales. Even with the ongoing uncertainty due to the COVID-19 pandemic, we recorded EC sales ratios above the first-year targets we set as KPIs in our medium-term management plan, with a ratio of 13.4% for this consolidated fiscal year and 61% for self-managed sales. As a result, net sales in this consolidated fiscal year were 98,235 million yen (up 8.6% year on year) to post a new record high since our last record high in FY 2019 before COVID-19.
Operating profit	Due to a higher ratio of self-managed sales, our operating profit this consolidated fiscal year was 16,501 million yen (up 11.2% year on year). We anticipated increased SG&A costs, mainly due to advertising costs, at the beginning of the fiscal year. In addition to many in-person events being canceled due to COVID-19, however, we kept expenses down by using social media and other channels with a focus on return on investment. As a result, SG&A came to 35,241 million yen (up 6.3% year on year).
Ordinary profit	In addition to higher operating profit, YOUNGONE OUTDOOR Corporation, a company subject to the equity method of accounting in South Korea, recorded solid performance, and ordinary profit came to 20,285 million yen (up 26.9% year on year).
Profit attributable to owners of parent	Despite corporate tax increasing, due to higher ordinary profit, profit attributable to owners of parent was 14,350 million yen (up 33.7% year on year).

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).

Trends in total assets, net assets and equity ratio



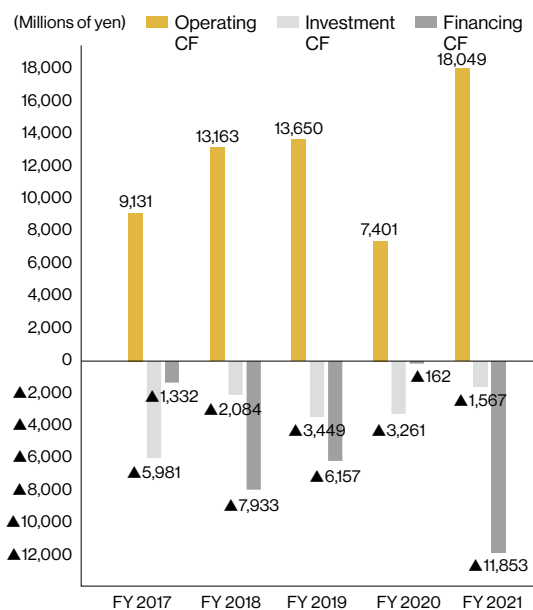
Assets	The balance of current assets at the end of this consolidated fiscal year was 55,486 million yen, an increase of 4,318 million yen compared to the end of the previous consolidated fiscal year. Despite a decrease of 1,881 million yen in products, the primary factors for this result are an increase of 4,870 million yen in cash and deposits and an increase of 1,750 million yen in receivables and accounts receivable. The balance of fixed assets at the end of this consolidated fiscal year was 43,598 million yen, an increase of 3,390 million yen compared to the end of the previous consolidated fiscal year. The primary factor for this result is an increase of 2,451 million yen in investment securities.	
Liabilities	The balance of total liabilities at the end of this consolidated fiscal year was 35,673 million yen, a decrease of 2,785 million yen compared to the end of the previous consolidated fiscal year. Despite an increase of 2,092 million yen in electronically recorded liabilities and an increase of 1,360 million yen in notes payable and trade payable, the primary factor for this is a decrease of 5,557 million yen in borrowing.	
Net assets	The balance of total net assets at the end of this consolidated fiscal year was 63,411 million yen, an increase of 10,494 million yen compared to the end of the previous consolidated fiscal year. Despite a surplus dividend of 3,520 million yen, the primary factor is the posting of 14,350 million yen in the profit attributable to owners of parent.	
	Equity ratio	The equity ratio at the end of this consolidated fiscal year was 63.9%, rising 6.1 percentage point compared to the end of the previous consolidated fiscal year.
	ROE	ROE at the end of this consolidated fiscal year was 24.7%, a rise of 3.1 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 25,036 million yen, an increase of 4,748 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 18,049 million yen (a revenue increase of 10,647 million yen compared to the previous consolidated fiscal year). Despite a payment of 6,728 million yen in corporate tax and municipal tax, the primary factors for this are the posting of 20,131 million yen in net income before taxes and an increase of 3,447 million yen in accounts payable.
Cash flow for investments	Cash flow used in investment activities was 1,567 million yen (an expenditure decrease of 1,694 million yen compared to the previous consolidated fiscal year). This is primarily due to an expenditure of 1,722 million yen to acquire fixed assets.
Cash flow for financing	Cash flow used in financing was 11,853 million yen (an expenditure increase of 11,691 million yen compared to the previous consolidated fiscal year). This is primarily due to a net reduction in borrowing of 5,557 million yen, dividend payments of 3,520 million yen, and the expenditure of 2,140 million yen to acquire treasury stock.

Shifts in cash flow



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 sports apparel. The primary focus of our R&D is high-performance products and product planning with fashion-forward designs. For current R&D, we design and develop 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 780 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 Sourcing Division, and product development costs.

Eleven Year Financial Summary

	FY 2011	FY 2012	FY 2013	FY 2014
Net sales	48,641	52,510	54,869	57,417
Gross profit	19,773	21,677	22,469	24,109
Operating profit	1,131	1,902	2,218	2,414
Ordinary profit	3,321	3,168	3,901	4,089
Profit attributable to owners of parent	2,612	2,639	3,021	3,471
Total assets	43,444	45,176	49,342	53,289
Equity ratio (%)	40.2	47.2	49.3	54.5
Interest-bearing debt	5,706	4,444	3,988	4,028
Cash flows from operating activities	3,591	1,337	2,409	3,108
Cash flows from investing activities	▲1,280	▲754	▲621	▲1,463
Cash flows from financing activities	▲2,750	▲1,858	▲1,077	▲2,051
Days sales outstanding (days)	77.0	77.4	74.5	72.5
Capital investments	774	1,020	716	960
Depreciation	1,058	889	1,024	1,026
Gross profit margin (%)	40.9	41.3	41.0	42.1
SG&A to sales ratio (%)	38.3	37.7	36.9	37.8
Operating profit margin (%)	2.3	3.6	4.0	4.2
Return on equity (ROE) (%)	16.1	13.6	13.2	12.8
Return on assets (ROA) (%)	7.9	7.1	8.3	8.0
Dividend payout ratio (%)	11.2	13.3	15.6	16.8
Net income per share (yen)	56.03	56.24	64.13	74.45
Net assets per share (yen)	371.95	453.51	515.16	632.19
Dividend per share (annual) (yen)	6.25	7.50	10.00	12.50

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 2011.

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 2011.

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 2011.

(Millions of yen)

FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
59,713	60,903	70,420	84,934	97,899	90,479	98,235
26,388	28,387	34,356	43,209	52,483	47,991	51,743
3,129	3,910	7,102	11,861	17,480	14,838	16,501
4,180	4,578	7,833	12,982	16,375	15,984	20,285
3,369	3,424	5,174	9,243	10,770	10,734	14,350
57,315	60,572	70,713	77,544	82,285	91,376	99,085
51.6	52.6	50.0	51.0	56.8	57.8	63.9
5,663	7,109	9,780	6,834	4,025	9,746	4,188
4,315	4,241	9,131	13,163	13,650	7,401	18,049
▲2,987	▲2,773	▲5,981	▲2,084	▲3,449	▲3,261	▲1,567
376	▲104	▲1,332	▲7,933	▲6,157	▲162	▲11,853
69.3	65.4	58.7	54.3	46.8	49.0	48.8
2,064	5,014	1,819	1,736	3,836	4,274	2,992
1,152	1,241	1,471	1,532	1,722	1,669	1,646
44.2	46.5	48.4	50.6	53.5	53.1	52.7
38.9	40.2	38.7	36.9	35.8	36.6	35.9
5.2	6.4	10.1	14.0	17.9	16.4	16.8
11.5	11.1	15.4	24.7	25.0	21.6	24.7
7.6	7.8	11.9	17.4	20.5	18.4	21.3
18.7	21.8	18.6	20.9	25.2	29.6	26.9
73.37	74.52	114.04	203.11	237.89	236.64	316.30
643.80	695.12	770.24	873.91	1,032.36	1,164.16	1,398.56
13.75	16.25	21.25	42.50	60.00	70.00	85.00

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.

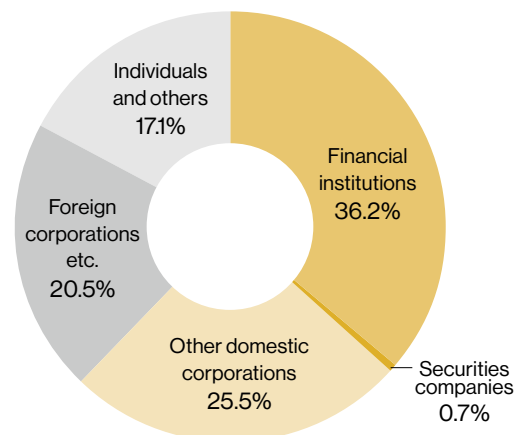
Corporate Information

Corporate data

Company name	GOLDWIN INC.
Establishment	December 1951
Capital stock	7,079 million yen
Employees	2,451 people (non-consolidated)
Stock listings	Tokyo Stock Exchange, Prime Market (Stock code: 8111)
Total number of authorized shares	184,000,000 shares
Total number of outstanding shares	47,448,172 shares
Number of shareholders	9,700 shareholders

Stock information

Composition of shareholders and status of main shareholders

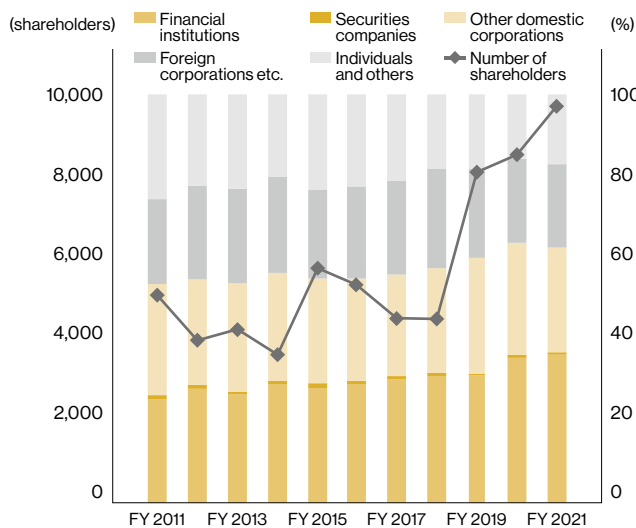


Note: Shares held in connection with trust business are included in the number of shares held by financial institutions.

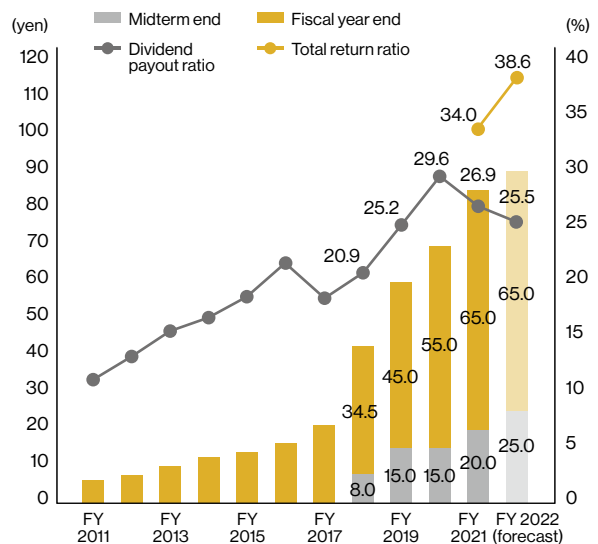
Shareholders	Number of shares held (thousand shares)	Shareholding percentage (%)
Korea Securities Depository-Samsung	5,486	11.7
The Master Trust Bank of Japan, Ltd. (Trust account)	5,065	10.8
Mitsui & Co., Ltd.	4,367	9.3
Hokuriku Bank, Ltd.	1,980	4.2
The Hokkoku Bank, Ltd.	1,735	3.7
Nishida Corporation	1,724	3.6
GOLDWIN Nishida Tosaku Sports Promotion Memorial Foundation	1,692	3.6
Custody Bank of Japan, Ltd. (Trust account)	1,651	3.5
Custody Bank of Japan, Ltd. (Trust account E)	1,551	3.3
Marubeni Corporation	1,442	3.0

Note: The shareholding percentage is calculated after deducting the treasury stock (650,676 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

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.

Please see the GOLDWIN website for more detailed financial and non-financial information not contained in this report.

IR information <https://corp.goldwin.co.jp/eng/ir> Sustainability information <https://corp.goldwin.co.jp/eng/sustainability>

Reporting scope

The report scope is the activities of GOLDWIN Group, primarily comprising GOLDWIN Inc., and 14 consolidated subsidiaries and three affiliated companies (as of March 31, 2022); however, some content covers GOLDWIN Inc. on a non-consolidated basis.

Reporting period

Fiscal year ending March 2022 (April 1, 2021–March 31, 2022)

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.

Displayed unit

Listed monetary amounts have been rounded off after the principal unit.