

# Annual Securities Report

The 110th Fiscal Year ( From April 1, 2022  
to March 31, 2023 )

This document has been translated from the original document in Japanese (“Yukashoken Hokokusho”), which is legally required for Mizuno Corporation as a listed company in Japan to support investment decisions by providing certain information about the Company for the fiscal year ended March 31, 2023 (“the 110th fiscal year”), under Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan.

## Mizuno Corporation

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The 110th Fiscal Year (From April 1, 2022 to March 31, 2023)

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# Annual Securities Report

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1. This document was prepared for outputting and printing by adding a table of contents and page numbers to the Annual Securities Report prepared in accordance with Article 24, Paragraph 1 of the Financial Instruments and Exchange Act, submitted as data using the Electronic Data Processing System for Disclosure (EDINET) prescribed in Article 27-30, Paragraph 2 of the aforementioned act.
2. The Independent Auditor's Reports, which were attached to the Annual Securities Report as filed in the aforementioned manner, and the Internal Control Report and its Certificate, which were submitted together with the Annual Securities Report as mentioned above, have been included at the end of this document.

Mizuno Corporation

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**[Cover]**

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|---|--|
| [Document Filed]                              | Annual Securities Report (“Yukashoken Hokokusho”)  |
| [Applicable Law]                              | Article 24, Paragraph 1 of the Financial Instruments and Exchange Act  |
| [Filed to]                                    | Director, Kanto Local Finance Bureau   |
| [Filing Date]                                 | June 21, 2023  |
| [Fiscal year]                                 | The 110th Fiscal Year (From April 1, 2022 to March 31, 2023)   |
| [Company Name]                                | Mizuno Kabushiki Kaisha  |
| [Company Name in English]                     | Mizuno Corporation   |
| [Position and Name of Representative]         | Akito Mizuno, President and Representative Director  |
| [Address of the Head Office]                  | 4-1-23 Kitahama, Chuo-ku, Osaka<br>(The above is the registered address of the head office, and the actual business is conducted at the following location.)<br>1-12-35 Nanko Kita, Suminoe-ku, Osaka  |
| [Phone Number]                                | +81-6-6614-8465  |
| [Contact Person]                              | Yoshihiro Murakami,<br>Executive Officer in charge of Global Accounting and Finance  |
| [Nearest Contact Location]                    | 3-22-4 Kanda Ogawa-machi, Chiyoda-ku, Tokyo  |
| [Phone Number]                                | +81-3-3233-7028  |
| [Contact Person]                              | Ken Urushiya, Senior Manager of Accounting and Finance Department  |
| [Place Where Available for Public Inspection] | Mizuno Corporation, Tokyo Head Office<br><br>(3-22-4 Kanda Ogawa-machi, Chiyoda-ku, Tokyo)<br><br>(Although the above is not the registered address of the office, the actual business is carried out at this location.)<br>Tokyo Stock Exchange, Inc.<br><br>(2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo) |

## Part I. [Information on Mizuno Corporation and Its Consolidated Subsidiaries]

### I. [Overview of Mizuno Corporation and Its Consolidated Subsidiaries]

#### 1. [Key Financial Indicators, etc.]

##### (1) Consolidated Management Indicators, etc.

| Fiscal Year   |                   | 106th            | 107th            | 108th            | 109th            | 110th            |
|---|-------------------|------------------|------------------|------------------|------------------|------------------|
| Fiscal Year-end   |                   | March 2019       | March 2020       | March 2021       | March 2022       | March 2023       |
| Revenue   | (Millions of yen) | 178,108          | 169,742          | 150,419          | 172,744          | 212,044          |
| Ordinary profit   | (Millions of yen) | 7,717            | 6,072            | 6,028            | 10,977           | 14,039           |
| Profit attributable to owners of parent   | (Millions of yen) | 6,005            | 4,625            | 3,748            | 7,717            | 9,910            |
| Comprehensive income  | (Millions of yen) | 5,417            | 3,925            | 5,988            | 9,601            | 13,526           |
| Net assets  | (Millions of yen) | 96,405           | 99,255           | 104,174          | 112,463          | 124,275          |
| Total assets  | (Millions of yen) | 155,593          | 154,378          | 157,137          | 166,356          | 197,523          |
| Net assets per share  | (Yen)             | 3,784.53         | 3,883.15         | 4,062.54         | 4,382.13         | 4,840.37         |
| Earnings per share  | (Yen)             | 237.05           | 181.95           | 146.93           | 302.02           | 387.71           |
| Diluted earnings per share  | (Yen)             | —                | —                | —                | —                | —                |
| Capital adequacy ratio  | (%)               | 61.7             | 64.1             | 66.0             | 67.3             | 62.6             |
| Return on equity  | (%)               | 6.4              | 4.7              | 3.7              | 7.2              | 8.4              |
| Price earnings ratio  | (Times)           | 10.82            | 10.28            | 14.80            | 6.99             | 8.01             |
| Cash flows from operating activities  | (Millions of yen) | 4,048            | 8,214            | 8,781            | 12,041           | (8,047)          |
| Cash flows from investing activities  | (Millions of yen) | (1,917)          | (1,917)          | (841)            | (2,178)          | (4,445)          |
| Cash flows from financing activities  | (Millions of yen) | (2,426)          | (4,786)          | (2,307)          | (8,774)          | 11,012           |
| Cash and cash equivalents at end of period                                      | (Millions of yen) | 15,527           | 16,956           | 22,638           | 24,429           | 23,845           |
| Number of employees<br>[Plus, average number of temporarily employed personnel] |                   | 4,442<br>[1,688] | 3,838<br>[1,739] | 3,855<br>[1,641] | 3,782<br>[1,946] | 3,421<br>[1,889] |

Notes: 1. “Accounting Standards for Revenue Recognition” (ASBJ Statement No. 29; March 31, 2020), etc. have been applied effective the beginning of the 109th fiscal year, and major management indicators relating to the 109th fiscal year and after are shown after applying these accounting standards, etc.

2. Diluted earnings per share are not stated because there are no dilutive shares.

3. The average number of temporarily employed personnel differs from the number stated above because the number of employees as of the end of the fiscal year is stated in the notice of convocation.

## (2) Management Indicators, etc. of the Company

| Fiscal Year  |                   | 106th            | 107th            | 108th            | 109th            | 110th            |
|--|-------------------|------------------|------------------|------------------|------------------|------------------|
| Fiscal Year-end  |                   | March 2019       | March 2020       | March 2021       | March 2022       | March 2023       |
| Revenue  | (Millions of yen) | 124,837          | 117,533          | 107,139          | 114,049          | 141,494          |
| Ordinary profit  | (Millions of yen) | 5,483            | 2,997            | 4,354            | 4,990            | 7,296            |
| Profit   | (Millions of yen) | 3,321            | 1,922            | 2,832            | 3,759            | 5,801            |
| Capital stock  | (Millions of yen) | 26,137           | 26,137           | 26,137           | 26,137           | 26,137           |
| Total number of shares issued  | (Thousand)        | 26,578           | 26,578           | 26,578           | 26,578           | 26,578           |
| Net assets   | (Millions of yen) | 78,321           | 78,763           | 81,669           | 83,920           | 87,739           |
| Total assets   | (Millions of yen) | 125,843          | 127,366          | 126,807          | 131,137          | 144,201          |
| Net assets per share   | (Yen)             | 3,085.86         | 3,093.06         | 3,196.99         | 3,284.06         | 3,432.22         |
| Dividend per share [of which, interim dividend per share]                    | (Yen)             | 50.00<br>(25.00) | 50.00<br>(25.00) | 50.00<br>(25.00) | 60.00<br>(25.00) | 70.00<br>(30.00) |
| Earnings per share   | (Yen)             | 131.12           | 75.63            | 111.01           | 147.11           | 226.96           |
| Diluted earnings per share   | (Yen)             | —                | —                | —                | —                | —                |
| Capital adequacy ratio   | (%)               | 62.2             | 61.8             | 64.4             | 64.0             | 60.8             |
| Return on equity   | (%)               | 4.3              | 2.4              | 3.5              | 4.5              | 6.8              |
| Price earnings ratio   | (Times)           | 18.09            | 24.74            | 19.58            | 14.35            | 13.68            |
| Dividend payout ratio  | (%)               | 38.1             | 66.1             | 45.0             | 40.8             | 30.8             |
| Number of employees [Plus, average number of temporarily employed personnel] |                   | 1,837<br>[375]   | 1,886<br>[349]   | 1,743<br>[389]   | 1,800<br>[473]   | 1,702<br>[344]   |
| Total shareholder return (Comparison indicator: Tokyo Stock Price Index)     | (%)<br>(%)        | 81.0<br>(92.7)   | 61.0<br>(81.7)   | 72.0<br>(113.8)  | 71.9<br>(113.4)  | 104.8<br>(116.7) |
| Highest stock price  | (Yen)             | 4,230            | 3,055            | 2,484            | 2,839            | 3,760            |
| Lowest stock price   | (Yen)             | 2,074            | 1,487            | 1,657            | 2,032            | 2,016            |

Notes: 1. “Accounting Standards for Revenue Recognition” (ASBJ Statement No. 29; March 31, 2020), etc. have been applied effective the beginning of the 109th fiscal year, and major management indicators relating to the 109th fiscal year and after are shown after applying these accounting standards, etc.

2. Diluted earnings per share are not stated because there are no dilutive shares.

3. The highest and lowest stock prices represent those recorded on the First Section of the Tokyo Stock Exchange on or before April 3, 2022, and those recorded on the Prime Market of the Tokyo Stock Exchange on or after April 4, 2022.

## 2. [History]

| Year | Month     | Description   |
|------|-----------|---|
| 1906 | April     | The late Chairman, Rihachi Mizuno, founded Mizuno Brothers Ltd. in Kita-ku, Osaka, to start manufacturing and selling athletic wear and other items.  |
| 1912 | May       | Tokyo Branch was established in Kanda-ku, Tokyo.  |
| 1921 | July      | Osaka Factory was built and started operation in Fukushima-ku, Osaka. (Sold in April 2006)  |
| 1923 | July      | Reorganized as Mizuno Undo Yohin Kabushikigaisha (Mizuno Sporting Goods Corporation) (Capital stock: 1.50 million yen)  |
| 1927 | July      | The Head Office building with eight floors above ground and one floor below ground was completed with reinforced concrete in Higashi-ku, Osaka, and the head office function was relocated there. |
| 1942 | January   | Renamed Mizuno Corporation.   |
| 1943 | March     | Yoro Factory (currently, Mizuno Technics Corporation) was built and started operation in Yoro-gun, Gifu Prefecture.   |
| 1961 | October   | Listed on the Second Section of the Osaka Securities Exchange (Capital stock: 200 million yen)  |
| 1962 | December  | Listed on the Second Section of the Tokyo Stock Exchange (Capital stock: 320 million yen)   |
| 1968 | November  | Osaka Sales Center was newly constructed in Fukushima-ku, Osaka. (Sold in April 2006)   |
| 1970 | September | Mizuno Sports Promotion Association (currently, Mizuno Sports Promotion Foundation) was founded.  |
| 1972 | July      | Shares designated to the First Sections of both the Tokyo Stock Exchange and the Osaka Securities Exchange. (Capital stock: 1,200 million yen)  |
| 1974 | July      | Tokyo Sales Center was established and started operation in Chiyoda-ku, Tokyo.  |
| 1977 | February  | Mizuno International Sports Exchange Foundation (currently, Mizuno Sports Promotion Foundation) was founded.  |
| 1981 | September | Mizuno RunBird Co., Ltd. (currently, integrated into Mizuno Technics Corporation), a subsidiary, was established in Shiso-gun (currently, Shiso City), Hyogo Prefecture.                          |
| 1984 | January   | Osaka Distribution Center was established and started operation in Tsurumi-ku, Osaka. (Relocated to Suminoe-ku, Osaka in August 2008)   |
| 1986 | May       | Mizuno (Taiwan) Corporation was established as a subsidiary in Taipei, Taiwan.  |
| 1989 | March     | Esport Mizuno, the Tokyo flagship store, was newly built and opened.  |
| 1991 | October   | Mizuno Canada Ltd. was established as a subsidiary in Ontario, Canada.  |
| 1992 | March     | Mizuno Crystal, the new head office building with 31 floors above ground and three floors below ground in Suminoe-ku, Osaka, and started business.  |
| 1992 | September | Nagoya Branch was opened in Kita-ku, Nagoya with the relocation and expansion of the Nagoya Sales Office.   |
| 1992 | September | Mizuno Corporation of Hong Kong Ltd. was established as a subsidiary in Hong Kong.  |
| 1994 | April     | Shanghai Mizuno Corporation Ltd. was established as a subsidiary in Shanghai, China.  |
| 1995 | January   | Mizuno Corporation (U.K.) was established in Berkshire, U.K.  |
| 1995 | January   | Mizuno Corporation, Niederlassung Deutschland was established in Munich, Germany. (Relocated to Aschheim in March 2013)   |
| 1996 | November  | Mizuno USA, Inc. was established as a subsidiary in Georgia, U.S.   |
| 1998 | April     | Mizuno Corporation (France) was opened in Gentilly, France. (Relocated to Chaville in February 2000)  |
| 1998 | September | Kyushu Branch was established in Hakata-ku, Fukuoka with the relocation and expansion of the Fukuoka Sales Office.  |
| 2002 | April     | Yoro Factory was split and the company name was changed to succeed the business as Mizuno Technics Corporation.   |
| 2005 | May       | Mizuno China Corporation Ltd. was established as a subsidiary in Shanghai, China.   |
| 2008 | July      | Mizuno Corporation Australia Pty. Ltd. was established as a subsidiary in Melbourne, Australia.   |
| 2010 | April     | Mizuno Wellness Co., Ltd. and Mizuno Alpha Service Co., Ltd. were integrated. (The company name was changed to Mizuno Sports Service Co., Ltd.)   |
| 2010 | October   | Mizuno Industry Shikoku Co., Ltd. and Mizuno Industry Hikami Co., Ltd. were integrated. (The company name was changed to Mizuno Apparel Technics Co., Ltd.)                                       |
| 2012 | June      | Acquired all shares of Senoh Corporation to make it a wholly owned subsidiary   |
| 2013 | January   | Three manufacturing subsidiaries including Mizuno Industry Haga Co., Ltd. were integrated into Mizuno Technics Corporation.   |

|      |           |   |
|------|-----------|---|
| 2013 | January   | Mizuno Italia S.r.l. was established by acquiring all the shares of the former Italian representative store and renaming it.                |
| 2013 | April     | Mizuno Korea Ltd. was established as a subsidiary in Seoul, South Korea.  |
| 2013 | May       | Mizuno Iberia S.l. was established as a subsidiary in Barcelona, Spain.   |
| 2013 | November  | Mizuno Singapore Pte. Ltd. was established as a subsidiary in Singapore.  |
| 2014 | September | Mizuno Norge AS was established as a subsidiary in Norway.  |
| 2015 | January   | Mizuno China Corporation Ltd. was integrated into Shanghai Mizuno Corporation Ltd.  |
| 2015 | April     | Mizuno Apparel Technics Co., Ltd. was integrated into Mizuno Technics Corporation.  |
| 2018 | April     | The MIZUNO OSAKA CHAYAMACHI store was newly built and started operation.  |
| 2020 | May       | Acquired all shares of Sharp Sangyo Co., Ltd. to make it a wholly owned subsidiary  |
| 2020 | October   | Mizuno France SAS was established in Chaville, France, to which the business of the Mizuno Corporation (France) was transferred.            |
| 2021 | January   | Mizuno Europe B.V., a European business management subsidiary, was established in Capelle aan den IJssel, the Netherlands.                  |
| 2022 | April     | The shares were shifted to the Tokyo Stock Exchange Prime Market due to the review of the market classification of the Tokyo Stock Exchange |



### 3. [Description of Business]

The Group consists of 24 subsidiaries and 14 affiliated companies, centered on Mizuno Corporation (hereinafter, the “Company”), and its main business is the manufacture and sale of sporting goods.

The following four regions are categorized in the same manner as in the segments listed in “[Notes] to 1 (1) [Consolidated Financial Statements] in V. [Financial Information].”

#### (1) Japan

Our main business is the manufacture and sale of sporting goods such as baseball products, sportswear, sports shoes and golf products. In addition, in Japan, we are also engaged in construction work for sports facilities (the Company), operation and contracted operation of sports facilities (the Company and Mizuno Sports Service Co., Ltd.), school business (the Company), and manufacturing and sale of sports equipment (Senoh Corporation, etc.), as well as manufacturing and sale of lifestyle products (the Company) and manufacturing and sale of working products (the Company), etc.

#### (2) Europe

Sale of sports shoes, sportswear, golf products, etc.

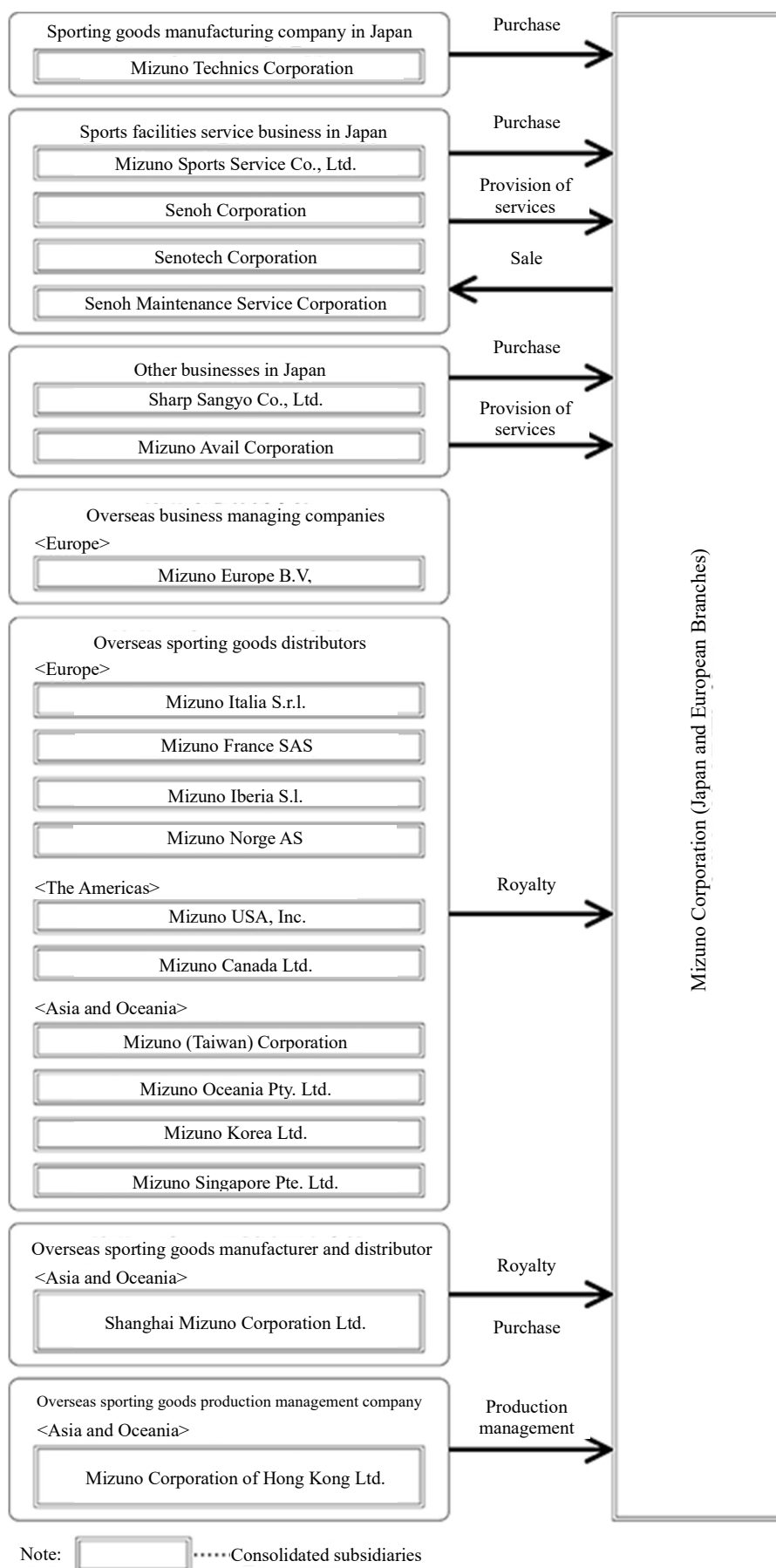
#### (3) The Americas

Manufacture or sale of sports shoes, sportswear, baseball products, golf products, etc.

#### (4) Asia and Oceania

Manufacture or sale of sports shoes, sportswear, baseball products, golf products, etc.

The system diagram of the business is as follows.



## 4. [Information on Subsidiaries and Affiliated Companies]

| Name  | Address                                 | Capital Stock or Contribution<br>(Millions of yen) | Details of Principal Businesses                                  | Proportion of Voting Rights Held by the Company (%) | Relationship   |
|---|---|--|--|---|--|
| (Consolidated subsidiary)   |   |  |  |   |  |
| Mizuno Technics Corporation *1  | Yoro-gun, Gifu Prefecture               | 100  | Manufacture of sporting goods                                    | 100.0   | Manufacture of the Company's products  |
| Mizuno Sports Service Co., Ltd.   | Chuo-ku, Osaka                          | 10   | Operation and contracted operation of sports facilities          | 100.0   | Sale of the Company's products<br>One person concurrently serving as an officer, etc.        |
| Mizuno Avail Corporation  | Chuo-ku, Osaka                          | 20   | Provision of various services                                    | 100.0   | Provision of services to the Company<br>One person concurrently serving as an officer, etc.  |
| Senoh Corporation   | Matsudo, Chiba Prefecture               | 200  | Manufacture and sale of sports equipment                         | 100.0   | One person concurrently serving as an officer, etc.  |
| Senotech Corporation  | Numata, Gunma Prefecture                | 10   | Manufacture and sale of sports equipment                         | 100.0<br>(100.0)                                    | One person concurrently serving as an officer, etc.  |
| Senoh Maintenance Service Corporation   | Matsudo, Chiba Prefecture               | 10   | Maintenance of sports equipment                                  | 100.0<br>(100.0)                                    | One person concurrently serving as an officer, etc.  |
| Sharp Sangyo Co., Ltd.  | Higashinada-ku, Kobe, Hyogo Prefecture  | 97   | Manufacture and sale of sporting goods                           | 100.0   | Two persons concurrently serving as officers, etc.   |
| Mizuno USA, Inc.*1  | Georgia, U.S.                           | Thousand U.S. dollars<br>65,000                    | Manufacture and sale of sporting goods                           | 100.0   | Sale of the Company's products<br>Two persons concurrently serving as officers, etc.         |
| Mizuno Canada Ltd.  | Ontario, Canada                         | Thousand Canadian dollars<br>500                   | Sale of sporting goods   | 100.0   | Sale of the Company's products   |
| Mizuno (Taiwan) Corporation   | Taipei, Taiwan                          | Thousand NT dollars<br>45,000                      | Sale of sporting goods   | 80.0  | Sale of the Company's products<br>Two persons concurrently serving as officers, etc.         |
| Mizuno Corporation of Hong Kong Ltd.  | Hong Kong                               | Thousand HK dollars<br>2,392                       | Provision of various services associated with production control | 100.0   | Provision of services to the Company<br>One person concurrently serving as an officer, etc.  |
| Shanghai Mizuno Corporation Ltd.*1  | Shanghai, China                         | Thousand U.S. dollars<br>49,800                    | Manufacture and sale of sporting goods                           | 100.0   | Manufacture of the Company's products<br>One person concurrently serving as an officer, etc. |
| Mizuno Oceania Pty. Ltd.  | Melbourne, Australia                    | Thousand Australian dollars<br>2,500               | Sale of sporting goods   | 100.0   | Sale of the Company's products<br>Two persons concurrently serving as officers, etc.         |
| Mizuno Italia S.r.l.  | Turin, Italy                            | Thousand euros<br>500                              | Sale of sporting goods   | 100.0<br>(100.0)                                    | Sale of the Company's products<br>Two persons concurrently serving as officers, etc.         |
| Mizuno Iberia S.l.  | Barcelona, Spain                        | Thousand euros<br>796                              | Sale of sporting goods   | 100.0<br>(100.0)                                    | Sale of the Company's products<br>Two persons concurrently serving as officers, etc.         |
| Mizuno Norge AS   | Kristiansand, Norway                    | Thousand Norwegian krone<br>30                     | Sale of sporting goods   | 100.0<br>(100.0)                                    | Sale of the Company's products<br>One person concurrently serving as an officer, etc.        |
| Mizuno Korea Ltd.   | Seoul, South Korea                      | Million won<br>1,100                               | Sale of sporting goods   | 100.0   | Sale of the Company's products<br>Two persons concurrently serving as officers, etc.         |
| Mizuno Singapore Pte. Ltd.  | Singapore                               | Thousand U.S. dollars<br>3,000                     | Sale of sporting goods   | 100.0   | Sale of the Company's products<br>Two persons concurrently serving as officers, etc.         |
| Mizuno Europe B.V.  | Capelle aan den IJssel, the Netherlands | Thousand euros<br>16,244                           | European business management                                     | 100.0   | Two persons concurrently serving as officers, etc.   |
| Mizuno France SAS   | Boulogne-Billancourt, France            | Thousand euros<br>2,904                            | Sale of sporting goods   | 100.0<br>(100.0)                                    | Sale of the Company's products<br>One person concurrently serving as an officer, etc.        |
| In addition to the above, there are four non-consolidated subsidiaries and 14 affiliated companies. |   |  |  |   |  |

Notes: 1. None of the above subsidiaries have submitted their securities registration statements or securities reports.

2. Companies marked with \*1 are specified subsidiaries.

3. The indirect ownership ratio is indicated by the number in parentheses of the Proportion of Voting Rights Held by the Company.

4. For Mizuno USA, Inc., revenue (excluding internal sales between consolidated companies) account for more than 10% of consolidated revenue.

Major profit and loss information: (i) Revenue: 29,171 million yen

(ii) Ordinary profit : 2,583 million yen

(iii) Profit : 1,937 million yen

(iv) Net assets : 18,577 million yen

(v) Total assets : 25,399 million yen

## 5. [Employees]

## (1) Status of Consolidated Companies

As of March 31, 2023

| Segment          | Number of employees |
|------------------|---------------------|
| Japan            | 2,146 [1,803]       |
| Europe           | 287 [1]             |
| The Americas     | 306 [63]            |
| Asia and Oceania | 682 [22]            |
| Total            | 3,421 [1,889]       |

Notes: 1. The number of employees represents the number of workers (excluding those seconded from the Group to outside the Group), and the number of temporary employees is stated in brackets which is the average number of such employees during the current fiscal year.

2. Temporary employees include seasonal workers, part-time employees and employees with fixed-term contracts, and exclude dispatched employees.

3. The average number of temporary employees differs from the number stated above because the number of employees as of the end of the fiscal year is stated in the notice of convocation.

## (2) Status of the Company

As of March 31, 2023

| Number of employees | Average age (years old) | Average length of service (years) | Average annual salary (thousand yen) |
|---------------------|-------------------------|-----------------------------------|--------------------------------------|
| 1,702 [344]         | 42.5                    | 17.8                              | 6,459                                |

| Segment | Number of Employees |
|---------|---------------------|
| Japan   | 1,485 [343]         |
| Europe  | 217 [1]             |
| Total   | 1,702 [344]         |

Notes: 1. The number of employees represents the number of workers (excluding those seconded from the Company to the outside, and including those seconded from the outside to the Company). And the number of temporary employees is stated in brackets which is the average number of such employees during the current fiscal year.

2. Temporary employees include part-time employees and employees with fixed-term contracts, and exclude dispatched employees.

3. Average annual salary includes bonuses and extra wages.

## (3) Status of the Labor Union

The Mizuno Union, a labor union that takes the form of a union shop system, is organized and active in the Group. The union belongs to UA Zensen, which is its upper organization. The total number of union members in the Group is 1,567. There is no other information to report regarding labor-management relations.

## (4) Proportion of Female Workers in Managerial Positions, Percentage of Male Workers Taking Child Care Leave, and Wage Discrepancies between Male and Female Workers

## (i) Mizuno Corporation

| Current fiscal year   |   |   |                 |                              |
|---|---|---|-----------------|------------------------------|
| Proportion of female workers in managerial positions (%) (Note 1) | Percentage of male workers taking child care leave (%) (Note 2) | Wage discrepancies between male and female workers (%) (Note 1) |                 |                              |
|   |   | All workers   | Regular workers | Part-time/fixed-term workers |
| 7.2   | 12.2  | 68.4  | 73.8            | 58.5                         |

Notes: 1. The percentage is calculated based on the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015)

2. The percentage of taking child care leave stipulated in the Article 71-4, Paragraph 1 of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ministry of Labor Ordinance No. 25 of 1991) is calculated based on the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 67 of 1991).

## (ii) Consolidated Subsidiaries

| Current fiscal year             |   |   |   |                 |                              |
|---------------------------------|---|---|---|-----------------|------------------------------|
| Name                            | Proportion of female workers in managerial positions (%) (Note 1) | Percentage of male workers taking child care leave (%) (Note 2) | Wage discrepancies between male and female workers (%) (Note 1) |                 |                              |
|                                 |   |   | All workers   | Regular workers | Part-time/fixed-term workers |
| Mizuno Technics Corporation     | 2.6   | 20.0  | 62.8  | 75.2            | 74.2                         |
| Mizuno Sports Service Co., Ltd. | 10.7  | 41.7  | 68.1  | 90.3            | 80.4                         |
| Mizuno Avail Corporation        | 0.0   | 14.3  | 66.5  | 67.4            | 78.1                         |
| Senoh Corporation               | 12.8  | 42.9  | 65.8  | 68.6            | 58.4                         |

Notes: 1. The number is calculated based on the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015)

2. The percentage of taking child care leave stipulated in the Article 71-4, Paragraph 1 of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ministry of Labor Ordinance No. 25 of 1991) is calculated based on the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 67 of 1991).

3. Among consolidated subsidiaries, domestic subsidiaries with 101 or more regularly employed workers are stated. For other consolidated subsidiaries, the figures are stated in “VII. [Reference Information on the Company] 2. [Other Reference Information] (2) Proportion of female workers in managerial positions, percentage of male workers taking child care leave, and wage discrepancies between male and female workers.”

## II. [Business Overview]

### 1. [Management Policy, Business Environment, and Management Issues, etc.]

#### (1) Management Policy

Based on the corporate philosophy of “Contributing to society through the advancement of sporting goods and the promotion of sports,” the Group has established a medium- to long-term management policy to promote our business by further developing it into a company-wide policy for the fiscal year. The Group works to contribute to society and develop the Group companies in accordance with this corporate philosophy by actively fulfilling its mission and role for the promotion and development of sports.

In addition, the Group adopts ROA (Return on Assets) and ROE (Return on Equity) as its main management indicators, and aims to achieve 9% or more for both on a consolidated basis in FY2025. We intend to increase corporate value by improving asset efficiency and capital efficiency in a well-balanced manner while enhancing profitability.

#### (2) Business Environment and Management Issues

The Group will address the following priority management issues in order to achieve sustainable growth and increase corporate value.

##### 1) Contributing to society through sports

The Group has been holding a corporate philosophy of “Contributing to society through the advancement of sporting goods and the promotion of sports” since its founding in 1906. This is our core principle, which will remain unchanged in the future, and is Mizuno’s purpose (reason for existence) for all stakeholders.

Over the last three years, the New Coronavirus (COVID-19) has had a significant impact and restriction on people’s lives, but the past three years have also been a period in which we have been able to recognize the power and excellence of sports. Fresh in our memories, the successes of the Japanese national teams in the FIFA World Cup held from November to December 2022 and the World Baseball Classic championships held in March 2023 gave people great inspiration, excitement, and hope. It has also been a great joy for the Group that our product family supported the performances behind the scenes. Furthermore, people are becoming increasingly health conscious as a result of their experience of the COVID-19 crisis. The Group will continue to contribute to the promotion of competitive sports, such as baseball and soccer, and sports aimed at improving health, such as running, walking, and swimming, and will strive to expand these businesses.

##### 2) Creation of high added value

In recent years, the Group has also been developing products and services to adapt to the aging society and climate change, taking advantage of the expertise we have cultivated through sports. To further create innovation that contributes to resolving social issues with the power of sports, the Company has built the new “Innovation Center” next to the Osaka Head Office building, which went into full operation in the fall of 2022. At this facility, we will introduce cutting-edge equipment and measuring instruments, and proceed with product/service development cycle agilely while obtaining scientific data to bring high value-added products/services into the world by expanding the definition of sports to include not only competitions but also physical activities in daily life.

##### 3) Promotion of sustainability activities

The importance of social issues surrounding sustainability, such as climate change and human rights, has been increasing year by year. The Group has actively promoted CSR activities as its corporate social responsibility for more than 30 years since 1991, to reduce the impact of our business activities on the environment and society. We will continue to strengthen our efforts, including the development of environmentally friendly products, the effective use of resources, and CSR procurement from our suppliers. In addition, we will not view sustainability activities as a cost but lead it to higher brand value and corporate value by actively promoting investment in line with our management strategy.

\* Please refer to our website (<https://corp.mizuno.com/jp/sustainability>) for further details of the Group’s sustainability initiatives.

#### 4) Improvement of management efficiency

While earnings records have expanded over the past two years with the renewal of record highs, the Group's gross profit margin has declined, and inventory has remained at a high level for the fiscal year ended March 2023 due in part to rising raw material prices, an increase in international freight costs, and a deterioration of exchange rates for imported purchases. To improve such a situation, we will continue to engage in cost reduction activities and strengthen inventory control at each Group company while allocating management resources to expand the running/soccer business in overseas markets where growth is expected, and to strengthen EC channels globally to improve profitability further. By doing so, we aim to achieve 9% or more in ROA and ROE, our target management indicators, by FY2025.

## 2. [Approach to Sustainability and Initiatives]

The Group's approach to sustainability and initiatives are as follows.

It should be noted that the forward-looking statements contained below are based on the judgment of the Group as of the end of the current fiscal year.

### (1) Governance and Risk Management Related to Overall Sustainability

The Group has strengthened its sustainability promotion system to enhance its corporate value from the perspective of sustainability, and the President and Representative Director has ultimate responsibility for management decisions related to sustainability issues. The Sustainability Promotion Committee (internal name: MIZUNO CREW21 Committee), chaired by the Executive Officer in charge of human resources and general affairs, discusses the matters related to overall sustainability (held four times a year in principle), and its details are reported to the Board of Directors along with the progress of sustainability activities. The Board of Directors has the responsibility and authority to oversee risks and opportunities related to overall sustainability.

The Risk Management Committee, chaired by the President and Representative Director, was established based on the "Risk Management Regulations" to oversee risk management in the business activities of the entire Group, and plays a central role in identifying all types of risks, including economic, social, and environmental impacts, and in establishing and implementing preventive measures, recurrence prevention measures, and BCPs for such risks. The Risk Management Committee is held monthly in principle. The Risk Management Committee discusses the review of the risk management process regarding sustainability and reports it to the Board of Directors through the Sustainability Promotion Committee. The Sustainability Promotion Committee monitors the status of responses to risks related to sustainability and reports its results to the Board of Directors.

We have identified "Climate change" and "Responsible procurement with respect for human rights" as key sustainability items in the Group through governance and risk management. The Group's approach to sustainability and initiatives for each item are as follows.

#### <Climate change>

We hold the CREW21 Environmental Subcommittee meeting, chaired by the Executive Officer in charge of human resources and general affairs, and vice-chaired by the Executive Officer in charge of product development, six times a year. The subcommittee, consisting of the managers of major departments such as product planning, development, human resources and general affairs, legal affairs, logistics, quality assurance, each business division, facilities, and factories, discusses the formulation and revision of environmental policies, the setting of short, medium, and long-term environmental targets, and specific measures to achieve these targets.

To accelerate our efforts towards climate change mitigation, the Company reviewed the long-term environmental goals in August 2020 and established the goal of achieving carbon neutrality by 2050. We set the goals of reducing carbon emissions by 30% compared to the 2018 levels in Scopes 1 and 2 in 2030, and by 50% (per product) compared to the 2018 levels in Category 1 (purchased products and services) and in Category 12 (disposal of products sold) in Scope 3.

For more information on climate change, information disclosure based on TCFD recommendations, and reporting on the amount of greenhouse gas emissions, please refer to the respective pages on our website. The website is scheduled to be updated in July 2023.

Climate change: <https://corp.mizuno.com/jp/sustainability/sustainability-report/environment>

TCFD: <https://corp.mizuno.com/jp/sustainability/sustainability-report/tcf>

Amount of greenhouse gas emissions: <https://corp.mizuno.com/jp/sustainability/sustainability-report/environment/energy>

#### <Responsible procurement with respect for human rights>

The progress of the CSR procurement audit is reported at the Product Cross-Sectional Committee, which is chaired by the Executive Director and consists of members selected from the planning and production divisions, factory divisions, and company-wide administrative divisions, and the promotion of compliance with the "Mizuno Code of Conduct for Suppliers" and the response to the global CSR procurement activities are discussed. Based on the belief that evaluation before the commencement of business is important to ensure CSR procurement, the Group has set a goal of 100% implementation of CSR evaluation before the commencement of business for new potential supplier factories, and continues to achieve this goal. We also conduct regular CSR audits of the suppliers with whom we have business transactions, and disclose information on the flow of CSR audits and the number of conducted audits by country. For more details of our responsible procurement with respect for human rights, please refer to our website. The website is scheduled to be updated in July 2023.

<https://corp.mizuno.com/jp/sustainability/sustainability-report/human-rights>



## (2) Policy on Human Resources Development and Internal Environment Development

For the Group to achieve sustainable growth in today's increasingly uncertain business environment, we believe it is important to realize both higher profit per employee by motivating various types of employees of all ages to take on challenges, and greater job satisfaction. Therefore, we consider the human resources development that brings business competitiveness and enhanced employee engagement that builds a better relationship between the Company and its employees as the core of our human resources development strategy.

### <Human resources development policy>

Based on the recognition that the source of the Group's competitiveness is human resources, which are assets, the Company supports the improvement and development of the abilities of each and every employee regardless of nationality, race, gender, age, etc.

In particular, we develop and train "Management human resources" who enable business continuity into the future, "Global human resources" who create global competitive advantages, and "Innovative human resources" who create new value by utilizing digital technology.

In addition to the above, the Company continues to develop human resources by designing and operating a training system for them to acquire the skills and expertise required for each seniority level of service, job position, and function, in terms of expertise that directly impacts the business.

The Company also proactively conducts career changes in the strategic transfers at the management level to develop human resources for executive candidates with diversified perspectives.

The employees, within 10 years of university graduation, check their own short-, medium-, and long-term career plans on the career sheet every year, and we are working on systematic personnel transfers so that they can build their careers autonomously.

### <Internal environment development>

Aiming to improve employee engagement, the Company has introduced an employee engagement platform (by Qualtrics) to continuously monitor employee engagement levels to drive the organization's vitality. The measures shown below are initiatives related to employee engagement to improve corporate value.

#### (i) Diversity & Inclusion

##### <Promoting female participation>

The Company continues to work to "promote female participation." The Company aims to raise the ratio of female employees in management positions to 10% by the end of FY2025 through career development support, improvement of the workplace atmosphere, systems for supporting diverse workstyles, in-house training for selected members and career interviews, and encouragement of such members to participate in a forum for female managers held jointly with other companies.

##### <Career employment>

The Company believes that the essence of diversity is the "maximization of different qualities," and welcomes diverse workers to achieve innovation which creates new value. The Company works to secure human resources with different values and expertise through mid-career employment. The current ratio of mid-career employees in managerial posts is 10.4%. To raise it to 20% by the end of FY2025, the Company will continue to actively hire human resources who will be candidates for managers, including female managers.

#### (ii) Creation of a Comfortable Workplace Environment

Mizuno offers various support systems to help employees achieve a work-life balance. The principal measures are as follows.

##### <Childcare support>

The employment patterns of female employees from pregnancy/childbirth to the childcare period have mostly been implemented and used, and comprise the following: 1) paid holidays available on an hourly-use basis from the day of pregnancy (40 hours a year); 2) prenatal and postnatal leave, childcare leave, and extended leave (for a child up to two years old if over one year and six months old); 3) short working hours after returning to work (up until the day the child completes their third year of elementary school); and 4) flexible working hours (up until the day the child completes their third year of junior high school). The Company actively encourages its male employees to participate in childcare, and to do so, it allows its male employees to also use its childcare and paternity leave and flexible working hour systems.

In FY2021, the Company began a trial system that allows employees to work shorter hours and take leave for infertility treatment, which allows them to work shorter hours for nursing, which is currently ongoing.

## &lt;Reentry system&gt;

To secure talented employees, the Company also offers a reentry system that welcomes employees back to work after they have unwillingly left for personal reasons, such as marriage or childbirth.

## &lt;Annual paid holiday system&gt;

The Company provides full-time and contract employees with annual paid holidays of 10 days immediately after joining the Company and 20 days after having worked for six years. In FY2014, the Company decided to operate and promote a system that allows employees to take annual paid holidays on an hourly basis (five days; 40 hours at maximum/year), and its use is expanding. In addition, the Company puts effort into improving employee welfare. It has established a carry forward annual paid holiday system, whereby employees are allowed to use expired annual paid holidays for personal reasons, such as injury or illness, nursing, welfare activities (including volunteer work), or sports promotion activities.

## &lt;Health management (well-being)&gt;

The Group has declared its commitment to health management and strives to create an environment where every employee maintains a good physical and mental health and can realize an excellent work-life balance. Based on this health management declaration, the Company has set goals for the following items and promotes measures aimed at primarily helping employees improve their health: 1) Reducing the percentage of employees who are on the verge of suffering from lifestyle-related diseases, 2) Helping detect major diseases at as early a stage as possible, 3) Reducing the number of employees absent from work due to mental health problems, and 4) Lowering the smoking rate.

As part of the measures, the Company broadcasts its original exercise videos internally, holds internal sports events such as walking events, holds health management seminars on the themes of foods and sleep, holds women's health promotion seminars on fertility treatment and menopause disorder jointly with different industries, provides financial aid for club activities and employees' private sports activities, and conducts company-wide education related to health and exercise.

## &lt;Main indicators and targets related to human capital&gt;

| Index  | Fiscal year ended March 2023 | Goal                                |
|--|------------------------------|-------------------------------------|
| Female manager rates                                   | 7.2%                         | 10% (Fiscal year ending March 2026) |
| Proportion of mid-career hires in management positions | 10.4%                        | 20% (Fiscal year ending March 2026) |

For more detailed information on the development and training of human resources in the Group, please visit the website below (scheduled to be updated in July 2023).

<https://corp.mizuno.com/jp/sustainability/sustainability-report/employee/development>

<https://corp.mizuno.com/jp/sustainability/sustainability-report/employee/diversity>

<https://corp.mizuno.com/jp/sustainability/sustainability-report/employee/workplace>

<https://corp.mizuno.com/jp/sustainability/sustainability-report/employee>

### 3. [Business Risk and Other]

The risks that may affect the business performance, etc. of the Group are as follows. The Group is aware of the possibility of occurrence of these risks, and has set in advance the measures for the avoidance of risks and the countermeasures to be taken when risks arise. However, the matters that may affect our business performance, etc., are not limited to these risks.

It should be noted that the matters concerning the future in the text are based on the judgment of the Group as of the end of the current fiscal year.

#### (1) Potential Risks in Global Business Development

The Group is aggressively promoting overseas expansion by establishing sales bases and production bases worldwide. In addition to developing sales bases as local subsidiaries and branches in Europe, North America, Asia, Australia, etc., we distribute our products through local sales agents. Furthermore, in China, Thailand, Indonesia, Vietnam and Cambodia, we have our own factories and OEM consignment factories that manufacture the main products of our Group such as sports shoes, sportswear and golf clubs.

To clarify the responsibility system for risk management, we have established the “Risk Management Committee” chaired by the President. Based on the “Risk Management Regulations,” the Risk Management Committee is responsible for identifying and evaluating all types of risks associated with business activities and overseeing risk management concerning the implementation of countermeasures and information disclosure of the entire Mizuno Group. The Group also conducts training and prepares manuals on risk management to ensure a system in which we can respond to various foreseeable risks in each business field. We have also prepared the Crisis Management Manual, which explains how to detect and respond to natural disasters, sabotage from the outside of the Company and fraud.

However, global business development involves unpredictable changes in local laws and regulations, political, social and economic turmoil caused by terrorism, war, riots, strikes, infectious diseases and other factors. In the event of emergence of such risks, the Group’s subsequent business development may not be able to continue, which may affect the Group’s business performance such as a decrease in sales.

#### (2) Fluctuations of Foreign Exchange Rates

Since the Group conducts business activities such as manufacturing and sales in many regions of the world, foreign-currency-denominated transactions at each Group base are affected by fluctuations of exchange rates. While each Group base employs foreign exchange forward contracts as a risk-hedging method in order to minimize the effects of exchange fluctuations, in the event of unexpected fluctuations such as those significantly exceeding expectations, the Group’s business performance, etc. may be affected in a sales decrease, increase in cost of sales, and increase in foreign exchange loss.

#### (3) Product Defects

The Group manufactures products under the strict quality control and quality assurance regulations established by the Company, but products used in active situations such as sports and outdoor activities are likely to exceed the Company’s assumed standards. As a result, there is a potential risk that the product will be damaged more than assumed, and the damage will injure the user or a third party, or cause damage to objects. The Group holds product liability insurance to prepare for unexpected proceedings and claims, but there is no guarantee that the insurance will cover them sufficiently. Furthermore, in the event of a recall, the Group’s business performance, etc. is likely to be affected due to a significant increase in costs for product recalls, replacements, design changes, etc., a decline in brand image and social reputation, and a consequent decline in sales.

#### (4) Initiatives for Environmental Conservation

The Group recognizes that all corporate activities have the impact of adversely affecting the environment. Accordingly, aiming at protecting the earth's environment, we launched a global environment conservation activity titled "Crew21 Project" in September 1991, and have worked on environmental conservation activities and reduction of environmental load. Currently, the "Crew21 Environment Committee" is playing a central role in operating an environmental management system that promotes environmental conservation activities and reduction of environmental load, attempting to solve various environmental issues. However, it is likely that the social credibility of the Group will deteriorate and its brand will be damaged if it is not evaluated that the response to climate change issues such as energy saving and reduction of greenhouse gas emissions, and conversion to renewable energy were satisfactory, and if the reduction of the amount of wastes such as plastic waste, reduction of hazardous chemical substances, and efficient use of water resources were not properly carried out. The Group has declared a long-term goal to endeavor to achieve carbon neutrality by 2050. In March 2022, we declared our support for the recommendations of the Task Force on Climate-related Financial Information Disclosure (TCFD) and are working toward disclosure in line with the TCFD.

#### (5) Price Hikes in Raw Materials

The raw materials of the products manufactured and sold by the Group include natural leather, natural resin, wood, metal, and petroleum products, and these raw materials are exposed to the risk of fluctuations in resource prices. The Group purchases major raw materials from as many suppliers as possible from the perspective of risk management. However, if an unexpected rise in resource prices occurs, the increase in raw material costs may affect the Group's business performance, etc.

#### (6) Protection of Intellectual Property

The Mizuno Corporation Ethical Standards provides for "1) securing the protection of intellectual property created in-house, and 2) respecting and not infringing on intellectual property held by a third party." The Group actively obtains and uses intellectual property rights, including patents, utility models, designs, and trademarks in Japan and abroad.

However, we recognize the possibility that the pending patents of the Group may not be approved, the countermeasures to prevent unauthorized use or infringement of the Group's intellectual property may not be successful, and the Group's technology, etc., may infringe on the intellectual property rights of other companies. Therefore, if the Group's intellectual property is violated, such a case may affect our business performance, etc., due to the increase in cost required to deal with it.

#### (7) Compliance with Laws and Regulations

The Group is subject to various laws and regulations concerning product quality, transaction-related matters, the environment, labor, health and safety, accounting standards, and taxation. Based on the Mizuno Corporation Ethical Standards, the Group undertakes thorough compliance throughout the Group under the Sustainability Promotion Committee and the Risk Management Committee. Mizuno Corporation is involved in the design and operation of the internal control system of the Group, including its subsidiaries, in accordance with the "System for ensuring the appropriateness of business" (basic policy for the design of the internal control system), which was established by a resolution of the Board of Directors of the Company. It has clarified that subsidiaries should perform their business activities and operate their risk management system under the same policy management as Mizuno Corporation. Regarding the management execution of subsidiaries, since it is set forth in the standards that any matters of high qualitative and monetary importance should be approved and determined by the Board of Directors, Executive Directors, or Executive Officers of the Company while respecting the independence and expertise of the management executors of the subsidiaries, we believe that the appropriateness of operations at the subsidiaries will not be impaired.

However, failure to comply with these laws and regulations may affect the Group's business performance due to increased costs of dealing with non-compliance. In addition, if the current laws and regulations are changed or new laws and regulations are added, the business activities of the Group may be restricted, or investment for other measures may be required, thus affecting the Group's business performance, etc.

(8) Changes in Economic Conditions

The Group develops its business activities on a global scale. Since demand for the Group's products is affected by the economic conditions of the countries or regions in which they are sold, a recession and the accompanying decrease in demand may have the impact of a decrease in sales, etc. On the other hand, if new business structural reforms are required to address such a situation, there is also a possibility that the relevant costs will increase. In addition, since the Group manufactures and distributes many products for general consumers, the Group's business performance, etc. may be affected by fluctuations in demand for personal consumption due to changes in the weather or a decrease in sales due to changes in consumer tastes, etc.

(9) Impairment of Fixed Assets

The Group invests in fixed assets based on a business plan formulated through appropriate procedures.

However, for some fixed assets, it may not be possible to expect the recovery of the investment amount assumed in the business plan due to the decline in profitability of the assets. As a result of the accounting procedures stipulated in the "Accounting Standard for Impairment of Fixed Assets," there is a possibility that the Group's business performance, etc., may be affected by recording impairment losses and other factors.

(10) Risks Concerning Information Security

In selling products and providing services to customers, the Group pays the utmost attention to customer information management and implements information system protection to prevent leakage.

However, problems such as intentional intrusion into the information system by a third party or the suspension of the information system due to various causes and reasons are expected, resulting in the risk of leakage or outflow of customer information, including that of individual customers. In the case of occurrence of such a situation, there is a possibility that the Group's business performance, etc., may be affected due to increased costs for addressing the situation following claims for damages from customers or loss of credibility.

(11) Risks Concerning Disasters, Accidents, etc.

The Group implements risk management in preparation for disasters, accidents, etc.

However, due to the occurrence of natural disasters such as earthquakes, fire, explosion accidents, war, terrorist attacks, epidemics of infectious diseases, etc., there are risks that the Group's sales and production bases may be damaged, operation may be interrupted, distribution may be delayed, and a large amount of recovery costs may be incurred. Even if the direct damage to the Company's facilities and products is limited, the Group's business performance, etc., may be affected by a decrease in revenue and an increase in costs for addressing the situation if our business partners, suppliers, or contract manufacturers are damaged, or if consumption activity becomes sluggish.

(12) Securing and Developing Human Resources

Recruiting, training, and maintaining excellent human resources is an issue for maintaining the competitiveness and achieving the growth of the Group. The Group strives to create a work environment where diverse and excellent human resources can demonstrate their abilities under fair and transparent personnel systems, education and training systems, improvement of welfare systems, and promotion of diversity. However, if we fail to secure and develop human resources as planned, the Group's business performance, etc., may be adversely affected.

#### 4. [Analysis of Financial Position, Results of Operation and Cash Flows by Management]

##### (1) Overview of Results of Operation, etc.

The following is an overview of the financial position, operating results, and cash flows (hereinafter, “operating results, etc.”) of the Group (the Company and its consolidated subsidiaries) in the current fiscal year.

It should be noted that the forward-looking statements contained below are based on the judgment of the Group as of the end of the current fiscal year.

##### (i) Financial Performance and Analysis

During the current fiscal year, the Japanese economy showed signs of improvement in consumer sentiment for companies and individuals, as seen in the great successes of the World Baseball Classic championship and the FIFA World Cup due to the easing of restrictions on activities relating to COVID-19 measures. On the other hand, downside risks to the economy, such as fluctuations in financial and capital markets due to the effect of globally accelerated monetary tightening and an increase in prices and energy prices, were also seen. While the overseas economy also remained on a gradual recovery trend, a sense of caution for an economic slowdown is growing due to accelerated monetary tightening and an increase in prices and energy prices caused by the prolonged crisis in Ukraine.

Under such circumstances, the Group’s sales improved in Japan, particularly in baseball products and competitive sports products, while overseas, the golf business remained strong, centering on the Americas and South Korea. The impact of soaring material costs and rise in purchase prices due to exchange rate fluctuations was minimized due to increased revenue and cost controls.

As a result of these factors, the Group recorded its highest operating results since the consolidated financial results disclosure was institutionalized, with revenue of 212,044 million yen, up 39,299 million yen (up 22.8% yoy), operating profit of 12,945 million yen, up 3,070 million yen (up 31.1% yoy), ordinary profit of 14,039 million yen, up 3,062 million yen (up 27.9% yoy), and profit attributable to owners of parent of 9,910 million yen, up 2,193 million yen (up 28.4% yoy).

Performances of each business segment are as follows.

##### a Japan

In Japan, the business environment improved compared to the last year, when restrictions on activities were imposed due to COVID-19. In addition to the impact of the world championships of baseball and soccer, in which great successes were seen, products for indoor sports, such as volleyball and racquet sports, remained strong. Furthermore, the work business, a non-sport business, also saw strong sales. As a result, the Group recorded its highest revenue of 131,507 million yen, up 17,247 million yen (up 15.1% yoy), since the consolidated financial results disclosure was institutionalized, while operating profit was 5,995 million yen, up 1,705 million yen (up 39.7% yoy).

##### b Europe

In Europe, the supply chain situation, which was severely impacted in the first quarter, improved, but this business segment was affected by rising logistics costs and high costs due to exchange rate fluctuations. Even in such an environment, running shoes sales, our main business, recovered. Sales of golf clubs also remained robust.

As a result, the Group recorded its highest operating results, with revenue of 25,139 million yen, up 7,197 million yen (up 40.1% yoy), and operating profit of 1,669 million yen, up 280 million yen (up 20.2% yoy).

The exchange rates for each currency in Europe in the current fiscal year are as follows.

Pound Sterling: 163.60 yen (153.94 yen in the previous fiscal year); Euro (branches): 141.26 yen (131.05 yen in the previous fiscal year); Euro (subsidiaries): 137.93 yen (130.11 yen in the same period last year); Norwegian Krone: 13.66 yen (12.80 yen in the previous fiscal year)

#### c Americas

In the Americas, sales of golf clubs remained robust and drove the operating performance in the region, despite negative factors such as rising transportation costs and prices, and an economic slowdown associated with monetary tightening. Sales of products for competitive sports, such as baseball and volleyball, also remained strong.

As a result, revenue was 31,067 million yen, up 7,440 million yen (up 31.5% yoy), and operating profit was the highest ever at 2,826 million yen, up 186 million yen (up 7.1% yoy).

The exchange rates for each currency in the Americas in the current fiscal year are as follows.

U.S. Dollar: 130.78 yen (109.86 yen in the previous fiscal year); Canadian Dollar: 100.18 yen (87.46 yen in the previous fiscal year)

#### d Asia and Oceania

In Asia and Oceania, the business environment improved as restrictions on activities that had been imposed due to COVID-19 were eased. Operating performance was strong in all regions, with earnings increased in a wide range of product lines including golf clubs, running shoes, and football boots.

As a result, the region recorded its highest operating results, with revenue of 24,329 million yen, up 7,413 million yen (up 43.8% yoy), and operating profit of 2,276 million yen, up 887 million yen (up 63.8% yoy).

The exchange rates for each currency in Asia and Oceania in the current fiscal year are as follows.

New Taiwan Dollar: 4.40 yen (3.94 yen in the previous fiscal year); Hong Kong Dollar: 16.70 yen (14.14 yen in the previous fiscal year); Chinese Yuan: 19.39 yen (17.04 yen in the previous fiscal year); Australian Dollar: 90.58 yen (82.37 yen in the previous fiscal year); Korean Won (per 100 won): 10.17 yen (9.61 yen in the previous fiscal year); U.S. Dollar (Singapore): 130.78 yen (109.86 yen in the previous fiscal year)

### (ii) Overview of Financial Position

The total assets as of the end of the current fiscal year increased by 31,167 million yen yoy to 197,523 million yen. The main factors were increases of 15,411 million yen and 10,563 million yen respectively in merchandise and finished goods and accounts receivable - trade.

The liabilities increased by 19,354 million yen yoy to 73,247 million yen. The main factors were increases of 13,208 million yen and 4,245 million yen respectively in short-term and long-term loans payable and notes and accounts payable - trade.

The net assets increased by 11,812 million yen yoy to 124,275 million yen.

As a result of the above, the equity ratio decreased by 4.7 percentage points from 67.3% at the end of the previous fiscal year to 62.6%.

### (iii) Cash Flow Status

The balance of cash and cash equivalents at the end of the current fiscal year was 23,845 million yen. The status of cash flows by category for the current fiscal year is as follows.

#### <Cash flows from operating activities>

Net cash used in operating activities amounted to 8,047 million yen. The main items of income are profit before income taxes of 13,584 million yen, depreciation of 2,678 million yen, and increase in trade payables of 4,607 million yen. The main items of expenditures consist of an increase in inventories of 14,998 million yen, an increase in trade receivables of 9,885 million yen, and income taxes paid of 4,504 million yen.

#### <Cash flow from investing activities>

Net cash used in investing activities amounted to 4,445 million yen. The main item of income is proceeds from sale of investment securities amounting to 197 million yen. The main items of expenditures are purchase of property, plant, and equipment of 4,386 million yen, and purchase of intangible assets amounting to 894 million yen.

#### <Cash flows from financing activities>

Net cash provided by financing activities amounted to 11,012 million yen. The main items of income are proceeds from short-term loans payable of 7,754 million yen and long-term loans payable of 7,908 million yen, and the main items of expenditures consist of repayment of long-term loans payable of 2,684 million yen, and dividends paid of 1,657 million yen.

## (iv) Production, Orders Received and Sales

## a. Production results

The production results by segment for the current fiscal year are shown below.

| Segment          | Current fiscal year<br>(From April 1, 2022 to March 31, 2023) |         |
|------------------|---|---------|
|                  | Amount (Millions of yen)                                      | YoY (%) |
| Japan            | 16,718  | 107.99  |
| Europe           | 1,745   | 130.51  |
| The Americas     | 5,800   | 141.26  |
| Asia and Oceania | 3,058   | 105.96  |
| Total            | 27,322  | 114.74  |

## b. Orders received

The Group conducts prospective production, and of other businesses, only some of the sports-facility-related products are made to order. The description is omitted because the ratio to the total is small.

## c. Sales results

The sales results by segment for the current fiscal year are shown below.

| Segment          | Current fiscal year<br>(From April 1, 2022 to March 31, 2023) |         |
|------------------|---|---------|
|                  | Amount (Millions of yen)                                      | YoY (%) |
| Japan            | 131,507   | 115.10  |
| Europe           | 25,139  | 140.12  |
| The Americas     | 31,067  | 131.49  |
| Asia and Oceania | 24,329  | 143.83  |
| Total            | 212,044   | 122.75  |

Notes: 1. Inter-segment transactions are offset and eliminated from calculation.

2. None of the customers' sales accounts for 10% or more of the total sales results.



## (2) Analysis and Consideration of Business Performance, etc. from the Viewpoint of Management

The recognition, analysis, and consideration of the Group's business performance, etc. from the viewpoint of management are as follows. It should be noted that the forward-looking statements contained below are based on the judgment of the Group as of the end of the current fiscal year.

### (i) Important Accounting Estimates and Assumptions Used for Those Estimates

The Group's consolidated financial statements are prepared in accordance with accounting standards generally accepted in Japan. The significant accounting policies for preparing these consolidated financial statements are as described in "Significant Matters That Are the Basis for Preparing Consolidated Financial Statements." And the various factors used as the premise are applied based on actual results in the past, the current situation, and future assumptions, which were comprehensively taken into consideration and considered as reasonable estimates. Actual results may differ from these estimates due to the uncertainty inherent in the estimates.

The Group believes that the following significant accounting policies will have a significant impact on the estimates and judgments used in the preparation of the Group's consolidated financial statements.

The Group makes accounting estimates such as the recoverability of deferred tax assets based on the information available at the time of preparation of the consolidated financial statements. The impact of COVID-19 on the Group's business has been recovering, and we have made accounting estimates based on the assumption that the Group's business will further normalize in the fiscal year ending March 2024 and beyond.

#### a. Deferred tax assets

The calculation of deferred tax assets is based on various forecasts and assumptions about future taxable income, and the actual results may differ from those forecasts and assumptions. The Group records deferred tax assets for future deductible temporary differences that are judged to be recoverable based on scheduling of future taxable income and addition or subtraction. However, if it is determined that some or all of the deferred tax assets cannot be collected due to changes in forecast or assumptions for future taxable income, the deferred tax assets of the Group may be reduced and tax expenses may be recorded.

#### b. Retirement benefit obligation

The Group's retirement benefit obligations and retirement benefit expenses are calculated using the calculation basis set in actuarial calculations such as discount rates and the expected rate of return on pension assets. If the estimated value is different from the actual value, or if the estimated value is changed, the impact amount will be recognized regularly in the future. Therefore, it generally affects the expenses recognized in the future and the obligations to be recorded.

The discount rate is estimated based on a highly secure long-term bond yield. The expected rate of return on investment is determined in consideration of the portfolio of pension assets held, past performance, investment policy, and market trends.

#### c. Impairment accounting

The Group considers whether or not recognizing impairment loss on fixed assets is necessary for the fixed assets subject to the "Accounting Standards for Impairment of Fixed Assets," in the event of changes in the corporate environment or economic events in which there is concern about the recovery of the book value. As for fixed assets for which there are indications of impairment considering the market price of the asset and the profit or loss arising from operating activities using the asset, if the recoverable value is lower than the book value, the asset is written down to the recoverable value.

While the recoverable value is reasonably determined based on estimated future cash flows, other estimates, and assumptions, there is a possibility of an increase and new impairment recognition if these estimates and assumptions are changed in the future due to changes in the business plan or market environment.

#### d. Evaluation of securities and investment securities

The Group owns shares, etc. from the perspective of pure investment purposes and long-term cooperative relationships and business relationships, and if it is determined that the decline in investment value is not temporary, the Group will recognize impairment losses on such shares, etc. That means that impairment loss is recognized for "available-for-sale securities" with a market value, when the market value as of the end of the fiscal year is 30% or more below the book value and it is determined that the decline is not temporary, and for "available-for-sale securities" without a market value, when the net asset value to be evaluated is 50% or more below the book value. Therefore, future stock market and performance trends of investees may have a significant impact on the valuation of these securities and investment securities.

## (ii) Recognition, Analysis and Consideration of the Group's Business Performance, etc. for the Current Fiscal Year

The Group positions ROA (return on assets) and ROE (return on equity) as its target management indicators, and we have set a target value for ROA as a particularly important management index which will improve as profitable growth and financial condition are properly balanced. At present, we have set a medium-term target of ROA at 9% or more on a consolidated basis. Since ROA for the current fiscal year was 7.3% (up 1.0 points yoy), we will endeavor to increase corporate value by maximizing profits through effective and efficient investment in assets in order to achieve the target.

## a. Revenue and gross profit

Revenue increased by 39,299 million yen (up 22.8% yoy) to 212,044 million yen. In Japan, sales improved mainly in baseball products and competitive sports products, while overseas, the golf business continued to perform well, mainly in the Americas and South Korea. Gross profit increased by 9,448 million yen (up 13.2% yoy) to 81,020 million yen due to the improvement in revenue.

## b. Selling, general and administrative expenses, operating profit, and ordinary profit

Selling, general and administrative expenses increased by 6,377 million yen (up 10.3% yoy) to 68,075 million yen. The establishment of cost reduction measures under the COVID-19 pandemic contributed to an improvement in the SG&A to revenue ratio. Operating profit increased by 3,070 million yen (up 31.1% yoy) to 12,945 million yen partly due to higher revenue.

Ordinary profit increased by 3,062 million yen (up 27.9% yoy) to 14,039 million yen, including operating profit and foreign exchange gains, etc.

## c. Extraordinary income/losses, income taxes, etc. and profit attributable to owners of parent

Extraordinary income was 66 million yen, mainly due to gain on sale of investment securities. Extraordinary losses were 521 million yen due to posting of Business restructuring expenses and other factors. Income taxes increased by 485 million yen compared with the previous fiscal year to 3,565 million yen.

As a result, profit attributable to owners of parent increased by 2,193 million yen (up 28.4% yoy) to 9,910 million yen.

## (iii) Capital Resources and Liquidity

The main demand for funds of the Group is operating expenses such as purchase costs of merchandise and raw materials, and selling, general and administrative expenses, and capital investment for the purpose of maintenance and renewal. To meet these demands for funds, we basically procure our own funds from our business activities and loans from financial institutions. In addition, the Company has concluded overdraft agreements with our banks for the purpose of securing stable working capital.

Interest-bearing debt at the end of the current fiscal year was 23,836 million yen.

## 5. [Material Agreements, etc.]

## (1) License Agreements

| Company name                     | Name of the counterparty         | Address of the counterparty | Contract item                               | Date of signing  | Contract period                           | Contract description  |
|----------------------------------|----------------------------------|-----------------------------|---|------------------|---|---|
| Mizuno Corporation (the Company) | Shanghai Meijin Sports Co., Ltd. | Shanghai, China             | The Company's products excluding some items | December 1, 2018 | From January 1, 2019 to December 31, 2031 | 1. Grant of trademark use right in China<br>2. Setting of manufacturing rights and sales rights         |
| Mizuno Corporation (the Company) | Vulcabras                        | Brazil São Paulo            | Mainly the Company's footwear               | October 5, 2020  | From October 5, 2020 to December 31, 2033 | 1. Grant of trademark use right in South America<br>2. Setting of manufacturing rights and sales rights |

Note: We receive a certain percentage of royalties on sales.

## 6. [Research and Development]

The basic concept of the Group's R&D activities is the product development based on our corporate philosophy and long-term management policy in line with our global business strategies. To that end, our core activity is in the research and development of critical technologies and materials based on research of sports engineering and sports science, thereby we believe that this will enable us to realize the development of high-performance products. At the same time, we also believe that production functions will be enhanced by proceeding with the development of production technologies to materialize products, and accumulating those technologies.

Currently, regarding the system of R&D activities for the manufacturing of sporting goods, the R&D Department of the Company which is engaging in the research and development including basic research and research of functions from wide-range and medium-to long-term perspectives, and the development sections of each global product department (apparel, footwear and equipment) play the central roles leading the development sections of Mizuno USA, Inc., the technology section of Mizuno Technics Corporation, and the development headquarters of Senoh Corporation, which also assume such roles. In the research and development of platform technologies, materials, and products, we work in a close cooperative relationship with the laboratories of many universities and R&D departments of our business partners, in addition to conducting our proprietary research.

Recently, we are also focusing on the development of applications to the life innovation field and the industrial materials field, aiming to utilize our technology cultivated in sports over many years in fields other than sports. We endeavor to focus on research and development in order to contribute to the creation of a safer and more comfortable society in which more people can feel motivation and joy and live happily in the areas of health, comfort, and safety through Mizuno's sports technology, products, and services. The number of personnel engaging in R&D in the entire Group is 233.

The R&D expenses of the entire Group for the current fiscal year amounted to 2,754 million yen.

### III. [Property, Plant and Equipment]

#### 1. [Summary of Capital Investments, etc.]

The total amount of capital investment by the Group for the current fiscal year was 5,281 million yen (after deducting inter-segment transactions). The main component of capital investment was the establishment of new R&D facilities and the maintenance and replacement of existing facilities.

(Millions of yen)

|                              | Japan | Europe | The Americas | Asia and Oceania |
|------------------------------|-------|--------|--------------|------------------|
| Amount of capital investment | 4,185 | 578    | 342          | 175              |

#### 2. [Major Property, Plant and Equipment]

##### (1) Mizuno Corporation

As of March 31, 2023

| Facility<br>(Main location)   | Segment | Types of Equipment<br>and Facilities   | Book Value (Millions of yen)   |   |                        |                  |        |        | Number of<br>Employees |
|---|---------|--|--------------------------------|---|------------------------|------------------|--------|--------|------------------------|
|   |         |  | Buildings<br>and<br>Structures | Machinery,<br>Equipment<br>and Vehicles | Land (m <sup>2</sup> ) | Leased<br>Assets | Others | Total  |                        |
| Osaka Head Office Building<br>“Mizuno Crystal”<br>(Suminoc-ku, Osaka) | Japan   | Supervision and<br>administration facilities<br>Sales facilities<br>Sales management<br>facilities | 8,723                          | 6                                       | 4,326<br>(15,528.87)   | 14               | 1,276  | 14,347 | 745                    |
| Innovation Center MIZUNO<br>ENGINE<br>(Suminoc-ku, Osaka)             | Japan   | R&D facilities   | 3,433                          | 69                                      | -                      | 10               | 381    | 3,894  | 105                    |
| Tokyo Head Office<br>Tokyo Sales Center<br>(Chiyoda-ku, Tokyo)        | Japan   | Supervision and<br>administration facilities<br>Sales facilities                                   | 835                            | 0                                       | 3,589<br>(1,159.49)    | 3                | 25     | 4,454  | 383                    |
| Chubu Branch<br>(Kita-ku, Nagoya)                                     | Japan   | Supervision and<br>administration facilities<br>Sales facilities                                   | 287                            | -                                       | 212<br>(1,314.43)      | -                | 0      | 499    | 62                     |
| Kyushu Branch<br>(Hakata-ku, Fukuoka)                                 | Japan   | Supervision and<br>administration facilities<br>Sales facilities                                   | 306                            | -                                       | 239<br>(2,740.86)      | -                | 3      | 549    | 37                     |
| Mizuno Corporation (U.K.)<br>(Berkshire, U.K.)                        | Europe  | Supervision and<br>administration facilities<br>Sales facilities                                   | 595                            | 17                                      | 208<br>(12,140.58)     | -                | 841    | 1,663  | 134                    |

Note: “Others” under Book Value represent tools, appliances, fixtures, and software, and do not include the amount of construction in progress.

## (2) Domestic Subsidiaries

As of March 31, 2023

| Company Name                    | Facility (Main location)                                  | Segment | Types of Equipment and Facilities                                   | Book Value (Millions of yen) |                                   |                         |               |         |               | Number of Employees |
|---------------------------------|---|---------|---|------------------------------|-----------------------------------|-------------------------|---------------|---------|---------------|---------------------|
|                                 |   |         |   | Buildings and Structures     | Machinery, Equipment and Vehicles | Land (m <sup>2</sup> )  | Leased Assets | Others  | Total         |                     |
| Mizuno Technics Corporation     | Head Office Factory (Yoro-cho, Yoro-gun, Gifu Prefecture) | Japan   | Production facilities for golf and baseball products                | 364 [207]                    | 369 [2]                           | 1,881 (98,174.74) [819] | 9             | 157 [3] | 2,781 [1,033] | 260                 |
| Mizuno Sports Service Co., Ltd. | Sports club (Abeno-ku, Osaka)                             | Japan   | Facilities associated with the operation of sports facilities, etc. | 682 [0]                      | 0                                 | - (1,537.32) [345]      | 104           | 14 [0]  | 801 [345]     | 128                 |
| Senoh Corporation               | Head Office Factory (Matsudo, Chiba Prefecture)           | Japan   | Facilities for the production and sale of sports equipment          | 240                          | 7                                 | 2,215 (66,391.80)       | 14            | 48      | 2,526         | 182                 |

Notes: 1. "Others" under Book Value represent tools, appliances, fixtures, and software, and do not include the amount of construction in progress.

2. The figures indicated in brackets are not included in the above figures in parentheses, and show the facilities rented by the Company.

## (3) Overseas Subsidiaries

As of March 31, 2023

| Company Name                     | Facility (Main location)      | Segment          | Types of Equipment and Facilities                            | Book Value (Millions of yen) |                                   |                        |               |        |       | Number of Employees |
|----------------------------------|-------------------------------|------------------|--|------------------------------|-----------------------------------|------------------------|---------------|--------|-------|---------------------|
|                                  |                               |                  |  | Buildings and Structures     | Machinery, Equipment and Vehicles | Land (m <sup>2</sup> ) | Leased Assets | Others | Total |                     |
| Mizuno USA, Inc.                 | Head Office (Georgia, U.S.)   | The Americas     | Production facilities for sporting goods<br>Sales facilities | 949                          | 153                               | 164 (40,468.60)        | 490           | 169    | 1,927 | 283                 |
| Shanghai Mizuno Corporation Ltd. | Head Office (Shanghai, China) | Asia and Oceania | Production facilities for sporting goods<br>Sales facilities | 431                          | 190                               | -                      | 4             | 52     | 679   | 341                 |

Note: "Others" under Book Value represent tools, appliances, fixtures, and software, and do not include the amount of construction in progress.

## 3. [Plans for Capital Investment, Disposals of Property, Plant and Equipment, etc.]

## (1) Establishment of Significant Facilities

As of March 31, 2023

| Facility (Main location)   | Segment | Types of Equipment and Facilities | Amount to Be Invested (Millions of yen) |             | Fund Procurement Method | Start of Construction and Planned Completion |             | Total Floor Area (m <sup>2</sup> ) |
|--|---------|-----------------------------------|---|-------------|-------------------------|--|-------------|------------------------------------|
|  |         |                                   | Total                                   | Amount paid |                         | Start of Construction                        | Completion  |                                    |
| Yodoyabashi Station West District Redevelopment Project (Chuo-ku, Osaka) | Japan   | Sales facilities                  | To be decided                           | -           | Own fund                | September 2021                               | August 2025 | Approx. 6,000                      |

Note: Regarding the Yodoyabashi Station West District Urban Redevelopment Project, the Company participates as a right holder and a project member. The total floor area is equivalent to the Company's share to be acquired by the Company among the participating members. The amount to be invested is omitted because it will be covered by compensation.

## (2) Disposals of Significant Facilities, etc.

There is nothing special to report.

## IV. [Information on the Company]

### 1. [Information on the Company's Stock, etc.]

#### (1) [Total Number of Shares, etc.]

##### (i) [Total Number of Shares]

| Class        | Total number of shares authorized to be issued |
|--------------|--|
| Common stock | 59,200,000                                     |
| Total        | 59,200,000                                     |

##### (ii) [Shares Issued]

| Class        | Number of shares issued as of the end of the fiscal year (March 31, 2023) | Number of shares issued as of the filing date (June 21, 2023) | Names of stock exchanges on which the Company is listed or names of authorized financial instrument firms association | Description                                 |
|--------------|---|---|---|---|
| Common stock | 26,578,243  | 26,578,243  | Tokyo Stock Exchange Prime Market   | Number of shares constituting one unit: 100 |
| Total        | 26,578,243  | 26,578,243  | —   | —   |

#### (2) [Status of Stock Acquisition Rights, etc.]

##### (i) [Details of Stock Option Plan]

Not applicable

##### (ii) [Details of Rights Plan]

Not applicable

##### (iii) [Status of Other Stock Acquisition Rights, etc.]

Not applicable

#### (3) [Status of Exercise of Bonds with Stock Acquisition Rights Containing a Clause for Exercise Price Adjustment]

Not applicable

#### (4) [Changes in the Total Number of Shares Issued, Capital Stock, etc.]

| Date            | Changes in the Total Number of Shares Issued (Thousand) | Balance of Total Number of Shares Issued (Thousand) | Changes in Capital Stock (Millions of yen) | Balance of Capital Stock (Millions of yen) | Changes in Legal Capital Surplus (Millions of yen) | Balance of Legal Capital Surplus (Millions of yen) |
|-----------------|---|---|--|--|--|--|
| October 1, 2017 | (106,312)   | 26,578  | —  | 26,137                                     | —  | 22,454   |

Note: The decrease in the total number of shares issued reflects the consolidation of shares in which five (5) shares were consolidated into one (1) share effective October 1, 2017.

## (5) [Status of Shareholders]

As of March 31, 2023

As of March 31, 2023

| Category                      | Status of Shares (1 unit: 100 shares) |                        |  |                    |   |             |                       |         | Status of Shares of Less Than One Unit (Shares) |
|-------------------------------|---------------------------------------|------------------------|--|--------------------|---|-------------|-----------------------|---------|---|
|                               | National and Local Governments        | Financial Institutions | Financial Instruments Business Operators | Other Corporations | Foreign Shareholders                        |             | Individuals and Other | Total   |   |
|                               |                                       |                        |  |                    | Foreign Shareholders Other Than Individuals | Individuals |                       |         |   |
| Number of shareholders        | —                                     | 29                     | 37                                       | 195                | 191   | 27          | 15,057                | 15,536  | —   |
| Number of shares held (units) | —                                     | 67,453                 | 4,688                                    | 65,878             | 48,504                                      | 61          | 77,739                | 264,323 | 145,943   |
| Percentage of shares held (%) | —                                     | 25.38                  | 1.77                                     | 24.80              | 18.26                                       | 0.02        | 29.77                 | 100.00  | —   |

Note: Out of 1,014,726 treasury shares, 10,147 units are included under “Individuals and Other,” and 26 shares are included under “Status of Shares of Less Than One Unit.”

## (6) [Major Shareholders]

As of March 31, 2023

| Name of Shareholder   | Address  | Number of Shares Held (Thousand) | Percentage of Shares Held to the Total Number of Shares Issued (excluding treasury shares) (%) |
|---|--|----------------------------------|--|
| Mizuno Sports Promotion Foundation  | 3-22 Kanda Ogawa-machi, Chiyoda-ku, Tokyo  | 4,377                            | 17.12  |
| The Master Trust Bank of Japan, Ltd.  | 2-11-3 Hamamatsu-cho, Minato-ku, Tokyo   | 3,025                            | 11.83  |
| Custody Bank of Japan, Ltd.   | 1-8-12 Harumi, Chuo-ku, Tokyo  | 1,034                            | 4.04   |
| Sumitomo Mitsui Banking Corporation   | 1-1-2 Marunouchi, Chiyoda-ku, Tokyo  | 930                              | 3.63   |
| State Street Bank and Trust Company<br>(Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)     | P.O. Box 351 Boston Massachusetts 02101, U.S.A.<br>(2-15-1 Konan, Minato-ku, Tokyo)  | 822                              | 3.21   |
| Nippon Life Insurance Company   | 1-6-6 Marunouchi, Chiyoda-ku, Tokyo  | 684                              | 2.67   |
| Mizuno Employee Stock Ownership Plan  | 1-12-35 Nanko Kita, Suminoe-ku, Osaka  | 645                              | 2.52   |
| The Bank of New York Mellon Corporation<br>(Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.) | 240 Greenwich Street New York, NY 10286, U.S.A.<br>(2-15-1 Konan, Minato-ku, Tokyo)  | 468                              | 1.83   |
| J.P. Morgan Chase Bank<br>(Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)                  | 25 Bank Street Canary Wharf London E14 5JP, U.K.<br>(2-15-1 Konan, Minato-ku, Tokyo) | 381                              | 1.49   |
| Mizuno Kyoeikai Stock Ownership Association   | 1-12-35 Nanko Kita, Suminoe-ku, Osaka  | 349                              | 1.36   |
| Total   | —  | 12,719                           | 49.75  |

Notes: 1. In addition to the above, there are 1,014 thousand treasury shares held by the Company.

2. Of the Number of Shares Held, the number of shares related to the trust services is as follows.

The Master Trust Bank of Japan, Ltd. 3,025 thousand shares

Custody Bank of Japan, Ltd. 1,034 thousand shares

## (7) [Status of Voting Rights]

## (i) [Shares Issued]

As of March 31, 2023

| Category   | Number of Shares           | Number of Voting Rights (Units) | Description                               |
|--|----------------------------|---------------------------------|---|
| Shares without voting rights                                 | —                          | —                               | —   |
| Shares with restricted voting rights (treasury shares, etc.) | —                          | —                               | —   |
| Shares with restricted voting rights (other)                 | —                          | —                               | —   |
| Shares with full voting rights (treasury shares, etc.)       | Common stock<br>1,014,700  | —                               | —   |
| Shares with full voting rights (other)                       | Common stock<br>25,417,600 | 254,176                         | —   |
| Shares less than one unit                                    | Common stock<br>145,943    | —                               | Shares of less than one unit (100 shares) |
| Total number of shares issued                                | 26,578,243                 | —                               | —   |
| Total voting rights held by all shareholders                 | —                          | 254,176                         | —   |

## (ii) [Treasury Shares, etc.]

As of March 31, 2023

| Name of Shareholder | Address                         | Number of Shares Held under Own Name | Number of Shares Held under the Name of Others | Total Number of Shares Held | Shareholding Ratio (%) |
|---------------------|---------------------------------|--------------------------------------|--|-----------------------------|------------------------|
| Mizuno Corporation  | 4-1-23 Kitahama, Chuo-ku, Osaka | 1,014,700                            | —  | 1,014,700                   | 3.82                   |
| Total               | —                               | 1,014,700                            | —  | 1,014,700                   | 3.82                   |



## 2. [Information on Acquisition, etc. of Treasury Shares]

[Class of Shares] Acquisition of shares of common stock under the condition set forth in Article 155, Item 7 of the Companies Act

## (1) [Status of Acquisition of Treasury Share based on a Resolution of a General Meeting of Shareholders]

Not applicable

## (2) [Status of Acquisition of Treasury Shares based on a Resolution of the Board of Directors]

Not applicable.

## (3) [Acquisition of Treasury Shares Not Based on a Resolution of Ordinary General Meeting of Shareholders or Board of Directors]

| Category  | Number of Shares | Total Amount (Yen) |
|---|------------------|--------------------|
| Treasury shares acquired during the current fiscal year | 1,881            | 5,004,654          |
| Treasury shares acquired during the current period      | 393              | 1,328,115          |

Note: The treasury shares acquired during the period do not include the number of shares of less than one unit purchased during the period from June 1, 2023 to the filing date of this annual securities report.

## (4) [Status of Disposition and Holding of Acquired Treasury Shares]

| Category   | Current Fiscal Year |                                | Current Period   |                                |
|--|---------------------|--------------------------------|------------------|--------------------------------|
|  | Number of Shares    | Total Disposition Amount (Yen) | Number of Shares | Total Disposition Amount (Yen) |
| Acquired treasury shares that were offered to subscribers for subscription                                 | —                   | —                              | —                | —                              |
| Acquired treasury shares that were canceled  | —                   | —                              | —                | —                              |
| Acquired treasury shares that were transferred due to merger, stock swap, stock delivery, or company split | —                   | —                              | —                | —                              |
| Others   | 11,272              | 25,023,840                     | —                | —                              |
| (Disposal of treasury shares for restricted stock remuneration)  | 75                  | 183,600                        | —                | —                              |
| (Transfer of shares of less than one unit)   |                     |                                |                  |                                |
| Number of treasury shares held   | 1,014,726           | —                              | 1,015,119        | —                              |

Note: The number of treasury shares disposed of during the current period does not include the number of shares of less than one unit sold during the period from June 1, 2023 to the filing date of this annual securities report. Furthermore, the number of treasury shares held during the current period does not include the number of shares of less than one unit purchased or sold during the period from June 1, 2023 to the filing date of this annual securities report.

### 3. [Dividend Policy]

From a medium- to long-term perspective, the Company has set its basic policy of dividend of surplus under which the Company will endeavor to improve profitability and strengthen its financial position, and distribute stable and continuous return of profits to shareholders.

In addition, the Articles of Incorporation stipulate that the Company can pay an interim dividend as stipulated in Article 454, Paragraph 5 of the Companies Act, and it is the basic policy to distribute earnings twice a year in the form of interim and year-end dividends. The decision-making bodies for dividends of these surpluses are the general meeting of shareholders for year-end dividends and the Board of Directors for interim dividends.

Regarding the year-end dividend for the current fiscal year, it was resolved at the 110th Ordinary General Meeting of Shareholders held on June 21, 2023 to pay 40.00 yen per share under the basic policy of continuous stable dividends. As a result, the annual dividend for the current fiscal year will be 70.00 yen per share, including an interim dividend of 30.00 yen per share.

Regarding retained earnings, with the aim of preparing for future business development, we will apply the fund to investment in research and development for the strengthening of product power, businesses to improve brand value and enhance marketing, and capital investment and working capital required for the expansion of overseas sales, production, and distribution bases.

Note: The distribution of earnings whose record date belongs to the current fiscal year is as follows.

| Date of Resolution   | Total Dividend Amount<br>(Millions of yen) | Dividend per Share<br>(Yen) |
|--|--|-----------------------------|
| November 8, 2022<br>Resolution of the Board of Directors                       | 766  | 30                          |
| June 21, 2023<br>Resolution of the Ordinary General<br>Meeting of Shareholders | 1,022                                      | 40                          |

#### 4. [Corporate Governance, etc.]

##### (1) [Overview of Corporate Governance]

###### (i) Basic Concept of Corporate Governance

Based on the corporate philosophy of “Contributing to society through the advancement of sporting goods and the promotion of sports,” and our belief that the rationality and objectivity of management decisions and the swiftness and transparency of decision making are important to improve the corporate value of the Group, we strive to build and strengthen a corporate governance system that can materialize them.

Our mission is to improve the management efficiency of the entire Group, and to fulfill appropriate information disclosure and accountability. We are also responsible for ensuring the internal control system functions for the Group as a whole.

###### (ii) Corporate Governance System

###### <Outline of the System and Reason for Adoption of such System>

With a resolution of the 103rd Ordinary General Meeting of Shareholders held on June 23, 2016, the corporate governance system has been transferred to the company with the Audit and Supervisory Committee.

Directors serving as Audit and Supervisory Committee members have voting rights on the Board of Directors and are expected to help improve the effectiveness of audits and supervision compared with corporate auditors. We believe that this leads to the enhancement of corporate governance.

Our Articles of Incorporation stipulate that the number of Directors shall be seven or less (excluding Directors serving as Audit and Supervisory Committee members), and that the number of Directors serving as Audit and Supervisory Committee members shall be three or less. As of the date of filing of this annual securities report, the Board of Directors consists of five Directors (excluding Directors who are Audit and Supervisory Committee members): Akito Mizuno, Daisuke Fukumoto, Takeshi Shichijo, Osamu Sano, and Kozo Kobashi; and there are three Directors serving as Audit and Supervisory Committee members: Takuhei Hara, Shunsaku Yamazoe, and Akiko Hosokawa.

Of the five Directors (excluding Directors serving as Audit and Supervisory Committee members), four are Directors who execute business, including the President, and one is Kozo Kobashi, the Outside Director. We believe that the size of the current Board of Directors is appropriate, and we evaluate that the speed of management decisions has increased and the effects of organization change have been enhanced.

Of the three Directors serving as Audit and Supervisory Committee members, Takuhei Hara is a full-time Audit and Supervisory Committee member, and Shunsaku Yamazoe and Akiko Hosokawa are part-time Outside Directors. The Audit and Supervisory Committee audits and supervises the status of business execution over the entire Group, including the execution of duties by Directors by using the internal control system. In addition, the Audit and Supervisory Committee members endeavor to improve the efficiency of auditing in close cooperation with the Accounting Auditors.

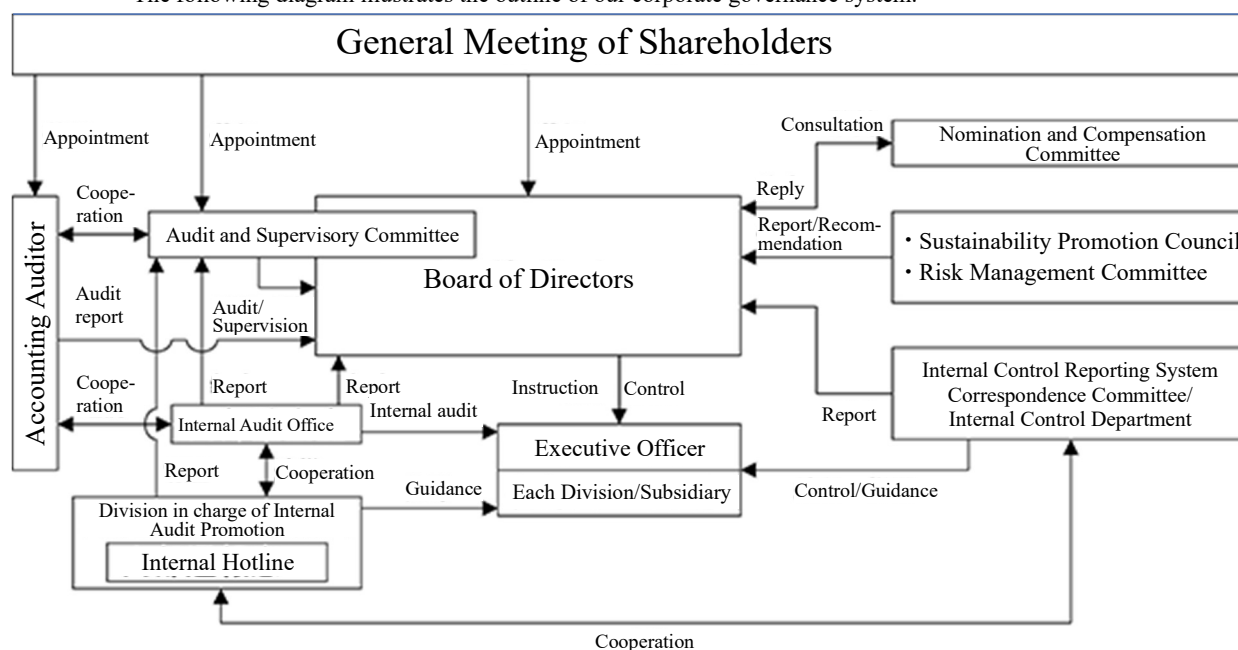
Outside Directors are expected to express their opinions at the Board of Directors’ meetings with an open mind from an objective and neutral standpoint without being bound by industry practices and business relations. We believe that they help improve the rationality and transparency of decision making and management decisions of the Board of Directors. Currently, the ratio of Outside Directors on the Board of Directors is 37.5%.

The Nomination and Compensation Committee has been established as a voluntary advisory body to the Board of Directors, which is equivalent to the Nomination Committee and the Compensation Committee. The Nomination and Compensation Committee consists of three Outside Directors (Kozo Kobashi, Shunsaku Yamazoe, and Akiko Hosokawa) and one internal Director (Akito Mizuno), and is chaired by Akito Mizuno. This Committee deliberates on and responds to consultation by the Board of Directors on the appointment of Directors, the appointment and dismissal of executives, and the remuneration system and amount of remuneration for Directors and Executive Officers.

In addition, the Company has introduced an executive officer system. Under this system, the Board of Directors fulfills the function of strategy formulation and management supervision, and Executive Officers are responsible for business execution, thereby aiming to ensure management transparency and speed up decision making. Executive Officers (Akito Mizuno, Daisuke Fukumoto, Takeshi Shichijo, Osamu Sano, Tetsuya Ozaki, Takumi Nakata, Tsuyoshi Watanabe, Shinichi Saito, Yoshihiro Murakami, Kunihiro Omori, Shuichi Naganuma, Mitsuhiro Okamoto, and Hirokazu Fujie) are responsible for each management area of the business divisions (merchandise and their product items), sales channels, market areas (including overseas), and subsidiaries. They are also responsible for business execution in the management areas supervised across the entire Group.

The Company maintains Directors and Executive Officers’ liabilities insurance as stipulated in the provisions of Article 430-3, Paragraph 1 of the Companies Act with an insurance company. Under the relevant insurance policy, damages and litigation costs incurred by the insured person due to a claim for damages caused by an act (including omission) carried out in the capacity of an Officer of the Company will be covered. The Company bears all insurance premiums for the insured persons.

The following diagram illustrates the outline of our corporate governance system.



<Other Matters>

a. Status of design of internal control system

Mizuno Corporation designs and operates the internal control system of the Mizuno Group including its subsidiaries, in accordance with the “System for ensuring the appropriateness of business” (basic policy for the design of the internal control system), which was established by a resolution of the Board of Directors of the Company. It is clarified that subsidiaries should perform their business activities and operate their risk management system under the same policy management as Mizuno Corporation.

In addition, to ensure the reliability of financial reporting relating to the consolidated financial results, the Response Committee for the Internal Control Reporting System, chaired by the Representative Director, is in charge of the design, operation, and evaluation of the internal control system across all organizations of the Group based on the Internal Control Regulations. During the current fiscal year, the internal control system functioned properly and no deficiencies were detected.

To promptly announce information that should be disclosed in a timely manner such as material facts relating to the Group upon decision of the Board of Directors, the Executive Director in charge of accounting and finance thoroughly manages information as the person responsible for handling information. In particular, stock trading by Officers and other insiders is strictly controlled through monitoring and is rigorously supervised, to prevent the occurrence of insider trading.

b. Status of design of risk management system

To clarify the responsibility system for risk management, the Company has established the Risk Management Committee, chaired by the President. Based on the Risk Management Regulations, the Risk Management Committee is responsible for overseeing the risk management of the Group concerning the evaluation, implementation of countermeasures, and information disclosure by identifying all types of risks associated with business activities.

Each department and subsidiary of the Company conducts training and prepares manuals on risk management to ensure a system whereby various foreseeable risks can be responded to in each field. We have also prepared the Crisis Management Manual, which explains how to detect and respond to natural disasters, sabotage from outside the Company and fraud.

c. Status of design of a system to ensure appropriate business conduct by subsidiaries

Regarding the management execution of subsidiaries, the Company’s regulation stipulates that the Company’s Board of Directors, Executive Directors, or Executive Officers shall be responsible for the approval and decision of any matters of high qualitative and monetary importance while respecting the independence and expertise of the management executors of the subsidiaries. Therefore, we believe that the appropriateness of business of the subsidiaries will not be undermined.

In addition, the Sustainability Promotion Committee, chaired by the Representative Director, decides and implements policies and plans concerning the Group’s social responsibility. The decisions made by the Sustainability Promotion Committee will be expanded to all departments of the Company and all business bases of the Group after specific goals are fixed.

## (iii) Basic Policy for Corporate Control

The Company has resolved a basic policy regarding the ideal state of the person who controls the decisions of the Company's financial and business policies (Article 118, Item 3 (a) of the Regulation for Enforcement of the Companies Act), and special efforts to realize this basic policy (Article 118, Item 3 (b) of the same act).

## a. Basic policies regarding persons who control the decisions of financial and business policies of the Company

The Board of Directors of the Company as a public company believes that it is desirable that a person who controls the determination of the Company's financial and business policies be the one who contributes to securing and improving the corporate value of the Company and also the common interests of shareholders. Ultimately, the judgment of appointment should be left to the will of our shareholders.

On the other hand, in managing the Company, the controlling company of the Group, which designs businesses such as the manufacture and sale of sporting goods and the operation of sports facilities on a global scale, it is essential to have specialized know-how and abundant experience while understanding the relationships established with domestic and overseas customers, employees, and business partners, as well as stakeholders including athletes, teams, organizations, and federations specific to the sports industry. We believe that shareholder value would be damaged if "a person who controls the decisions of the Company's financial and business policies" does not thoroughly understand these matters.

Amid the increasingly intensifying competition, the Group must continue to exist in the sports market as a "characteristic brand."

At the core of our brand value is a sense of trust in our products, including "technology," "craftsmanship," and "quality." Product development is the most important factor in increasing our brand value in order to foster such a sense of trust. In the research and development of sporting goods, we have gone through many development processes from basic research of materials to commercialization, and over a long period of time, we have accumulated technology and know-how and trained engineers.

Furthermore, in order to link overseas and domestic businesses and build a competitive advantage business model, we will optimize overseas production bases to consistently reduce product costs, and maintain and take over the level of the core production technology.

In addition, the Group has continued its efforts to create a corporate culture and company spirit (our uniqueness) that strengthens emotional connections with our customers. Our corporate culture emphasizes efforts for the education of employees, values fair play, friendship and fighting spirit, and does not allow unfair acts. We have also been actively working for a long time to contribute to society by supporting local sports organizations and conducting sports promotion activities such as training leaders. These corporate cultures and company spirit have helped increase the trust in our Group and the Mizuno brand among our business partners, consumers, and various sports organizations.

As described above, the intangible added value of trust has been built by the Group's employees and corporate culture, and plays a major role in improving corporate value as a brand asset.

Unless these tangible and intangible assets, which have been built up over 100 years, are preserved and their value is improved in the medium to long term under the control of a person who carries out a large-scale purchase that controls our financial and business policy decisions, we believe that the corporate value of the Company and the common interests of shareholders will be seriously damaged. Therefore, if it is recognized that there is a risk of damaging the corporate value of the Company and the common interests of shareholders, we believe that such a large-scale purchase is inappropriate.

## b. Our initiatives for the realization of the basic policy

Based on our corporate philosophy of "Contributing to society through the advancement of sporting goods and the promotion of sports," we are working to improve corporate value in line with the following long-term management policy.

- Co-creation of brands that will continue into the future
- Realization of Mizuno, a global company
- Fostering a proud corporate culture

Since our foundation, we have endeavored to increase user satisfaction by enhancing the quality and functions of our products. And, with the power of sports as the driving force to realize a sustainable society, we will continue to have all employees create the Mizuno brand, together with all customers and stakeholders. To that end, we will endeavor to become a global company through cross-border collaboration aiming to maximize the corporate value of the entire Group, and, under fair corporate activities, we will foster a challenging and vibrant corporate culture. In addition, we have set the following medium- to long-term priority goals, and will effectively utilize management resources to improve corporate value in order to achieve the goals.

## &lt;Increase Market Share in Overseas Markets&gt;

We believe that it is important to aggressively promote technologies and functionality that have already been highly evaluated by further strengthening and promoting our marketing activities in overseas markets. We will enhance brand awareness and increase our market share in overseas markets such as Europe, the Americas, Asia, and Oceania, centering on “specialty store channels,” where end users who pursue a high level of performance are the target customers.

## &lt;Enhance Product Development Capability&gt;

As a source of brand differentiation, we will aggressively invest human resources and funds in research and development. The global market for sports shoes, which is backed by excellent technologies, and the domain of sports apparel, which makes full use of sewing technology that can demonstrate various functionalities, in addition to the development and adoption of new materials, have an extremely large market globally. We believe there is greater room for sales expansion in the future. Therefore, we will increase the weight of management resource allocation for the development of these product domains.

In addition, a new R&D center, MIZUNO ENGINE, started operation in November 2022. We will accelerate our research and development activities by rotating the processes of “measure,” “create,” and “test” at high speed.

## &lt;Strengthen Efforts for Health-related Businesses&gt;

In Japan, as the birthrate declines and the aging population rapidly increases, it is expected that the population composition ratio of elderly people will increase, and people’s awareness of health will rise, which will result in an increase in opportunities for activities for such purpose. By fully responding to demand for day-to-day sports and training, we will provide products and services that meet such demand based on the technology and know-how we have cultivated in competitive sports and create social innovations through sports.

## (iv) Matters relating to Directors

## a. Number of Directors

Our Articles of Incorporation stipulate that the number of Directors of the Company shall be not more than seven (excluding Directors serving as Audit and Supervisory Committee members), and that the number of Directors serving as Audit and Supervisory Committee members shall be not more than three.

## b. Requirement for appointment of Directors

The Articles of Incorporation stipulate that the resolution to appoint Directors shall be made by a majority vote of the voting rights of shareholders present at a general meeting of shareholders, where such shareholders present shall hold shares representing one-third or more of the voting rights of all shareholders who are entitled to exercise such voting rights. The Articles of Incorporation also stipulate that the resolution to appoint Directors shall not be adopted by cumulative voting.

## (v) Matters Concerning the Resolution of the General Meeting of Shareholders

## a. Resolutions of the General Meeting of Shareholders that can be resolved by the Board of Directors

## (1) Acquisition of treasury shares

In accordance with the Articles of Incorporation, the Company may acquire its own shares through market transactions, etc. by a resolution of the Board of Directors pursuant to the provisions of Article 165, Paragraph 2 of the Companies Act, in order to implement agile capital policies in response to changes in the business environment.

## (2) Exemption of Directors from liability

Pursuant to the provision of Article 426, Paragraph 1 of the Companies Act, the Company stipulates in its Articles of Incorporation that it may exempt liability for remuneration for Directors (including those who were Directors) up to the limit amount provided for by laws and ordinances as set forth in Article 423, Paragraph 1 of the same act by a resolution of the Board of Directors, in order for Directors to fully demonstrate their abilities and fulfill their expected roles in performing their duties.

The Articles of Incorporation also stipulate that the Company may enter into a liability limitation agreement with Directors who do not engage in business execution so that the Company can invite useful human resources as Outside Directors, who will be able to perform their expected roles. As of the date of the filing of this report, we have not concluded any liability limitation agreements.

## (3) Exemption from liability of Accounting Auditor

In accordance with the provision of Article 427, Paragraph 1 of the Companies Act, the Company specifies in its Articles of Incorporation that it may enter into an agreement that limits the liability of the Accounting Auditor as provided for in Article 423, Paragraph 1 of the same act, provided that the duties were performed in good faith and with no gross negligence, considering the externality of the Accounting Auditor and limiting the risks within a reasonable range so that the Accounting Auditor can fully demonstrate his/her ability and play the expected role in performing his/her duties. We have not concluded a liability limitation agreement yet.

## (4) Interim dividend

In order to flexibly return profits to shareholders, the Articles of Incorporation stipulate that the Company may pay an interim dividend with September 30 as the record date every year by a resolution of the Board of Directors pursuant to the provisions of Article 454, Paragraph 5 of the Companies Act.

## b. Special resolution requirements for a General Meeting of Shareholders

In order to ensure the smooth proceedings of the general meeting of shareholders by relaxing the quorum for special resolutions at the general meeting of shareholders, the Articles of Incorporation stipulate that the resolutions that should be made pursuant to the provisions of Article 309, Paragraph 2 of the Companies Act can be made with the attendance of shareholders who hold one-third or more of their voting rights and two-thirds or more of such voting rights.

## (vi) Status of the Board of Directors

The Board of Directors convened 25 meetings during the current fiscal year under review. The status of attendance by individual directors and main matters considered were as follows. The Nomination and Compensation Committee, which is voluntarily established, convened two meetings.

## &lt;Attendance status of individual Directors&gt;

| Position  | Name             | Status of attendance             |
|---|------------------|----------------------------------|
| President and Representative Director                       | Akito Mizuno     | 25 of 25 (attendance rate: 100%) |
| Senior Managing Executive Officer, Representative Director  | Daisuke Fukumoto | 25 of 25 (attendance rate: 100%) |
| Director, Senior Managing Executive Officer                 | Takeshi Shichijo | 19 of 19 (attendance rate: 100%) |
| Director, Managing Executive Officer                        | Osamu Sano       | 19 of 19 (attendance rate: 100%) |
| Outside Directors   | Kozo Kobashi     | 25 of 25 (attendance rate: 100%) |
| Director (Full-time Audit and Supervisory Committee member) | Takuhei Hara     | 25 of 25 (attendance rate: 100%) |
| Outside Director (Audit and Supervisory Committee member)   | Shunsaku Yamazoe | 25 of 25 (attendance rate: 100%) |
| Outside Director (Audit and Supervisory Committee member)   | Akiko Hosokawa   | 25 of 25 (attendance rate: 100%) |

Note: For Takeshi Shichijo and Osamu Sano, the number of times they attended meetings of the Board of Directors after being appointed at the 109th Ordinary General Meeting of Shareholders held on June 22, 2022 is indicated.

## &lt;Main Matters Considered by the Board of Directors&gt;

- Determination of agenda to be proposed by the Company at the general meeting of shareholders
- Determination of agenda on year-end dividend and interim dividend amount
- Report on status of Accounting Audit
- Report on audit by the Audit and Supervisory Committee, status of internal audits, and internal control evaluation results
- Determination of evaluation and remuneration amount of directors and executive officers
- Appointment of directors and executive officers
- Reports on financial results and accounting audits
- Review and determination of important business directions and policies
- Review and determination of important investments, real estate acquisitions and sales
- Enactment, revision or abolition of important regulations and systems
- Determination of medium-term management plan and fiscal budget

## (2) [Directors and Audit and Supervisory Board Members]

## (i) List of Officers

Seven males and one female (Female Officers account for 12.5% of all officers.)

| Title and Position  | Name (Date of Birth)                   | Career  |  | Term of Office | Number of Shares Held (Thousand) |
|---|--|---|--|----------------|----------------------------------|
| President and Representative Director                         | Akito Mizuno<br>August 25, 1949        | August 1975<br>December 1982<br>May 1984<br>May 1986<br>June 1990<br>June 1994<br>June 1998<br>June 2006  | Joined the Company<br>Senior Manager, Marketing Dept., Senri Business Division of the Company<br>Director of the Company<br>Managing Director of the Company<br>Senior Managing Director of the Company<br>Executive Vice President of the Company<br>Executive Vice President and Representative Director of the Company<br>President and Representative Director of the Company (current position)   | Note 2         | 118                              |
| Representative Director and Senior Managing Executive Officer | Daisuke Fukumoto<br>(June 27, 1957)    | March 1981<br>April 2001<br>June 2003<br>June 2004<br>June 2005<br>June 2008<br>June 2011<br>December 2011<br>June 2013<br>September 2014<br>October 2015<br>June 2016<br>June 2022<br>January 2023 | Joined the Company<br>Senior Manager, Accounting and Finance Dept.<br>Director of the Company<br>In charge of Accounting and Finance<br>In charge of Retail Sales (current position)<br>In charge of Logistics Administration<br>In charge of Information Systems, European Business<br>Managing Director of the Company<br>Chairman of Mizuno (Taiwan) Corporation (current position)<br>Senior Managing Director of the Company<br>Chairman of Mizuno Norge AS<br>In charge of Internal Audit of the Company<br>Senior Managing Executive Officer of the Company<br>Representative Director and Senior Managing Executive Officer of the Company (current position)<br>In charge of Global IT/Digital DTC Management (current position)  | Note 2         | 18                               |
| Director and Senior Managing Executive Officer                | Takeshi Shichijo<br>(October 27, 1961) | March 1984<br>March 2005<br>October 2010<br>June 2012<br>June 2013<br>June 2015<br>June 2016<br>January 2017<br>October 2018<br>June 2021<br>June 2022<br>June 2023                                 | Joined the Company<br>Senior Manager, Athletic Division, Marketing Dept. of the Company<br>Division Manager, Apparel Planning & Production Division of the Company<br>Director of the Company<br>In charge of Global Apparel Products (current position)<br>Chairman of Shanghai Mizuno Corporation Ltd. (current position)<br>In charge of Global Footwear Product (current position)<br>Managing Executive Officer of the Company<br>In charge of South American Business (current position)<br>In charge of Global Marketing<br>In charge of Competition Sports Business (current position)<br>Director and Managing Executive Officer of the Company<br>Director and Senior Managing Executive Officer of the Company (current position)   | Note 2         | 11                               |
| Director and Managing Executive Officer                       | Osamu Sano<br>(March 8, 1962)          | March 1984<br>October 2006<br>March 2011<br>March 2013<br>January 2017<br>March 2020<br>June 2021<br>June 2022<br>January 2023  | Joined the Company<br>Senior Manager, Golf Division, Marketing Dept. of the Company<br>Senior Manager, Business Reform Office of the Company<br>Senior Manager, Corporate Planning Office of the Company<br>Executive Officer of the Company<br>In charge of North American Business (current position)<br>Director (CEO) of Mizuno USA, Inc. (current position)<br>Chairman of the Board of Mizuno Canada Ltd. (current position)<br>In charge of Golf Business (current position)<br>Managing Executive Officer of the Company<br>In charge of Corporate Communication<br>In charge of EMEA Business (current position)<br>In charge of Asia/Oceania Business<br>Director and Managing Executive Officer of the Company (current position)<br>In charge of Global Corporate & Marketing Office of the Company (current position) | Note 2         | 8                                |
| Director  | Kozo Kobashi<br>(July 16, 1946)        | April 1971<br>June 2002<br>June 2004<br>April 2006<br>June 2009<br>April 2011<br>June 2015  | Joined Shimizu Corporation<br>Executive Officer of Shimizu Corporation<br>Managing Executive Officer of Shimizu Corporation<br>Senior Managing Executive Officer of Shimizu Corporation<br>Director and Senior Managing Executive Officer of Shimizu Corporation<br>Director and Executive Vice President of Shimizu Corporation<br>Director of the Company (current position)   | Note 2         | —                                |



| Title and Position                                      | Name<br>(Date of Birth)                | Career  |   | Term of<br>Office | Number of<br>Shares Held<br>(Thousand) |
|---|--|---|---|-------------------|--|
| Director<br>(Audit and Supervisory<br>Committee Member) | Takuhei Hara<br>(June 5, 1963)         | March 1987<br>March 2008<br>January 2013<br>January 2019<br><br>June 2022                                 | Joined the Company<br>Senior Manager, Human Resources & General Affairs Dept. of the Company<br>Senior Manager, Legal Affairs Office of the Company<br>Deputy Division Manager, Sales Supervision Division of the Company<br>Senior Manager, Customer Center of the Company<br>Director of the Company (Audit and Supervisory Committee Member) (current position)  | Note 3            | 6                                      |
| Director<br>(Audit and Supervisory<br>Committee Member) | Shunsaku Yamazoe<br>(October 22, 1949) | April 1972<br>July 1993<br><br>June 2001<br>June 2007<br>June 2011<br>June 2013<br>June 2015<br>June 2016 | Joined Sumitomo Realty & Development Co., Ltd.<br>Senior Manager, Housing Sales Dept. 1, Sumitomo Real Estate Sales Co., Ltd.<br>Director of Sumitomo Real Estate Sales Co., Ltd.<br>Director and Managing Executive Officer of Sumitomo Real Estate Sales Co., Ltd.<br>Senior Executive Officer of Sumitomo Real Estate Sales Co., Ltd.<br>Statutory Auditor of Sumitomo Real Estate Sales Co., Ltd.<br>Director of the Company<br>Director of the Company (Audit and Supervisory Committee Member) (current position) | Note 3            | —                                      |
| Director<br>(Audit and Supervisory<br>Committee Member) | Akiko Hosokawa<br>(October 16, 1963)   | March 1994<br>December 2000<br><br>August 2002<br>June 2019<br>June 2020<br>June 2023                     | Registered as a certified public accountant<br>Retired from Showa Ota & Co., Osaka Office (currently, Ernst & Young ShinNihon LLC)<br>Outside Auditor of Soiken Holdings Inc. (current position)<br>Audit Committee member of the Kobe City government (current position)<br>Director of the Company (Audit and Supervisory Committee Member) (current position)<br>Outside Director of ALINCO INCORPORATED (current position)  | Note 3            | —                                      |
| Total   |  |   |   |                   | 162                                    |

Notes: 1. Director Kozo Kobashi, Director (Audit and Supervisory Committee member) Shunsaku Yamazoe, and Director (Audit and Supervisory Committee member) Akiko Hosokawa are Outside Directors.

- The term of office of a Director is from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended March 2023 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 2024.
- The term of office of a Director (Audit and Supervisory Committee member) is from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended March 2022 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 2024.
- The structure of the Audit and Supervisory Committee is as follows.  
Full-time Audit and Supervisory Committee member: Takuhei Hara  
Audit and Supervisory Committee member (part-time): Shunsaku Yamazoe, Akiko Hosokawa
- The Company has introduced an executive officer system for the purpose of clarifying the areas of responsibility for management supervision and business execution and speeding up decision making. The execution system is as follows.  
President and Representative Director : Akito Mizuno  
Senior Managing Executive Officers : Daisuke Fukumoto, Takeshi Shichijo  
Managing Executive Officer : Osamu Sano  
Executive Officer : Tetsuya Ozaki, Takumi Nakata, Tsuyoshi Watanabe, Shinichi Saito,  
: Yoshihiro Murakami, Kunihiro Omori, Shuichi Naganuma, Mitsuhiro Okamoto,  
and Hirokazu Fujie
- The Company has elected one director who is a substitute Audit and Supervisory Committee member in accordance with Article 329, Paragraph 3 of the Companies Act in case the number of Directors who are Audit and Supervisory Committee members is insufficient, as stipulated by laws and ordinances. The effective term of office of the substitute director (Audit and Supervisory Committee member) is from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended March 2022 to the opening of the Ordinary General Meeting of Shareholders for the fiscal year ending March 2024.

The name and biography of the substitute director who is an Audit and Supervisory Committee member is as follows.

| Name (Date of Birth)              | Career  |   | Number of Shares<br>Held (Thousand) |
|-----------------------------------|---|---|-------------------------------------|
| Kumi Takeda<br>(January 17, 1971) | June 2006<br>September 2016<br>July 2017<br>March 2020<br>September 2020<br>June 2022 | Registered as a certified public accountant<br>Retired from KPMG AZSA LLC<br>Representative of Takeda CPA Firm (current position)<br>Outside Auditor of T·S·I Corporation (current position)<br>Audit and Supervisory Board member of Kitayama Jutaku Hanbai Corporation (current position)<br>Substitute Director of the Company (Audit and Supervisory Committee Member) (current position) | —                                   |

## (ii) Outside Officers

## a. Appointment of Outside Directors

The Company has three Outside Directors, two of whom are Directors who are Audit and Supervisory Committee members.

## b. Personal relationships, capital relationships or business relationships and other interests of Outside Directors

There are no personal, capital, business, or other interests between Kozo Kobashi, Shunsaku Yamazoe, or Akiko Hosokawa, all of whom are Outside Directors, and the Company.

## c. Reasons for adopting the current system

Outside Directors are required to carry out management supervision from an objective standpoint based on fair judgment by eliminating prejudices concerning traditional practices of industries and business relationships. We select personnel expecting that they will speak and act independently and neutrally from the viewpoint of general shareholders by keeping a certain distance from business execution.

Mr. Kozo Kobashi has been engaging in the management execution of a listed company for a long time, and has contributed to the revitalization of the Board of Directors of the Company through his abundant experience and suggestions and advice based on excellent judgment. In terms of improvement of the Group's corporate value, he has provided us with opinions and supervision to the management from a neutral and objective standpoint based on fair judgment.

Mr. Shunsaku Yamazoe has been engaging in the management execution of a listed company for a long time, and has contributed to the revitalization of the Board of Directors of the Company through his abundant experience and suggestions and advice based on excellent judgment. In addition, as an Outside Director who is an Audit and Supervisory Committee member, he has contributed to securing the soundness of the Company's management execution, based on his experience as a corporate auditor fulfilling the role of auditing and supervising management execution.

The Company has nominated Ms. Akiko Hosokawa as a candidate for Outside Director who serves as a member of the Audit and Supervisory Committee in expectation that she will provide useful advice and recommendations to the Board of Directors based on her experience and broad knowledge as a certified public accountant, and that the functions of the Board of Directors will be strengthened by her objective and neutral auditing, mainly from the viewpoint of corporate finance and accounting. Although she has no experience of being involved in company management in any way other than being an outside officer in the past, we have decided that for the above reasons, she will be able to properly perform her duties as an Outside Director who is an Audit and Supervisory Committee member.

In addition, the above three persons are not in a position to cause conflicts of interest with general shareholders in light of the "Criteria and Policies for Appointment of Outside Officers to Ensure Independence" established by the Company, and we have determined that they are neutral and independent. Therefore, we have appointed them as independent officers as stipulated in the rules of the Tokyo Stock Exchange.

## d. Criteria or policies for appointment of Outside Directors to ensure independence

The Company has established the criteria of independence to select candidates for Outside Directors.

We have set the highest priority requirement that there be no conflict of interest between an Outside Officer and general shareholders, and we will exclude those who fall under the following attributes from the selection.

(1) A person who was an Officer or an employee of the Group

(2) A major business partner of the Group, a business executor or a person who was a business executor of such business partner in the past

\*Major business partners: Business partners whose annual transaction amount is 5% or more of the Group's consolidated revenue

Business executors: Directors, Officers and Executive Officers, and those equivalent thereto (hereinafter, the same shall apply)

(3) Companies, etc. whose major business partners are the Group companies, or a person who is or was a business executor of such companies

\*Companies, etc. whose main business partner is the Group companies: The business partners whose annual transaction amount is 5% or more of the consolidated sales of the relevant company, etc.

(4) Major shareholders of the Company (holding 10% or more of the voting rights of all shareholders whether having a direct or indirect holding) or a business executor or a person who was a business executor of such major shareholder in the past

(5) Persons who receive cash, etc. (including donations) equivalent to 10 million yen or more per year from the Group, excluding remuneration for officers, or persons who received it in the past

(6) Spouses of persons in each of the items above or relatives within the second degree of kinship

## (iii) Mutual Cooperation of Oversight or Audit Performed by Outside Directors with Internal Audit, Audit by the Audit and Supervisory Committee and Accounting Audit, and Relationships with Internal Control Departments

Outside Directors and Outside Directors who are the Audit and Supervisory Committee members receive reports on internal audits and audits by the Audit and Supervisory Committee through the Board of Directors and the Audit and Supervisory Committee. The internal control department monitors the internal control system of the entire Group, including subsidiaries, and reports the audit results to the Audit and Supervisory Committee on a monthly basis from the Internal Audit Office, and on a quarterly basis from the Accounting Auditor, while exchanging information.

## (3) [Status of Audit]

## (i) Status of Audit by the Audit and Supervisory Committee

The Audit and Supervisory Committee of the Company consists of three Directors who are Audit and Supervisory Committee members, including one full-time Audit and Supervisory Committee member and two outside Audit and Supervisory Committee members. Shunsaku Yamazoe, an Outside Audit and Supervisory Committee member, has extensive experience and knowledge as a business executive and corporate auditor, and Akiko Hosokawa, a certified public accountant, has specialized knowledge and abundant experience in finance and accounting.

In addition to attending the Board of Directors meetings, all Audit and Supervisory Committee members attend the Executive Board Meeting, the Management Meeting, etc., held at least once a month to monitor the status of management execution appropriately. In principle, the Audit and Supervisory Committee, which meets at least once a month, receives monthly reports from the four departments (the Personnel and General Affairs Department, the Accounting and Finance Department, the Legal Department, and the Internal Audit Office) in charge of promoting internal audits and exchanges opinions, in addition to the reports from the full-time Audit and Supervisory Committee members, and exchanges opinions, thereby carrying out systematic audits in close cooperation with the Accounting Auditor, as necessary.

In compliance with the auditing standards of the Audit and Supervisory Committee, the Company conducted audits focusing on the following points, utilizing online information exchange, etc.

- Effectiveness of execution of duties by Directors and the Board of Directors
- Status of design and operation of internal control system and risk management system
- Progress of important management issues
- Status of design and operation of internal control systems at major group companies

The Audit and Supervisory Committee convened 14 meetings during the current fiscal year under review. The status of attendance by individual members of the Audit and Supervisory Committee and the main matters considered were as follows.

## &lt;Attendance status of individual Audit and Supervisory Committee members&gt;

| Position  | Name             | Status of attendance             |
|---|------------------|----------------------------------|
| Director (Full-time Audit and Supervisory Committee member) | Takuhei Hara     | 10 of 10 (attendance rate: 100%) |
| Outside Director (Audit and Supervisory Committee member)   | Shunsaku Yamazoe | 14 of 14 (attendance rate: 100%) |
| Outside Director (Audit and Supervisory Committee member)   | Akiko Hosokawa   | 14 of 14 (attendance rate: 100%) |

Note: For Takuhei Hara, the number of times he attended meetings of the Audit and Supervisory Committee after being appointed at the 109th Ordinary General Meeting of Shareholders held on June 22, 2022 is indicated.

## &lt;Specific consideration by the Audit and Supervisory Committee&gt;

- Audit policy, audit plan, priority audit items, and division of duties
- Confirmation of the status of execution of duties by Directors, formation of opinions on appointment of Directors, remuneration, etc.
- Consent on the evaluation and reappointment or non-reappointment of the Accounting Auditor, and determination of the audit fee of the Accounting Auditor
- Legality and appropriateness of audit reports by the Audit and Supervisory Committee, proposals at the General Meeting of Shareholders, and reference documents
- Progress of important management issues such as the growth of strategic domains, the progress of large-scale investment, and engagement measures
- Status of operation and handling of the internal control system and the risk management system
- Interviews with Directors, Executive Officers, heads of major departments, etc., and planning and results confirmation of auditing at business sites and subsidiaries
- Revision of “Audit and Supervisory Committee Audit Standards” and “Implementation Standards for Audit and Supervisory Committee Audits Related to Internal Control Systems”

- Procedures for handling non-guarantee business by the Accounting Auditor group and handling individual cases
- Confirmation of the effectiveness of the system, including the record of whistleblowing and its operational status, and confirmation of revisions of the whistleblowing system
- Evaluation of the effectiveness of the Audit and Supervisory Committee and confirmation of issues
- Self-evaluation by each Audit and Supervisory Committee member on the role of the system, important duties, operational discussions, three-way audits, and compliance with the Corporate Governance Code, and sharing of evaluation results and issues
- Key Audit Matters  
From the candidate phase of key considerations, confirm the status of the response by the Accounting and Finance Dept., and confirm and discuss the audit procedures and audit status of the Accounting Auditors.
- Status reports of audit, etc., by Full-time Audit and Supervisory Committee member (monthly), and reports from the Division in charge of Internal Audit Promotion (monthly)

The Audit and Supervisory Committee strives to appropriately monitor the status of management execution through hearings with Representative Directors and Directors and the attendance at important meetings. In addition, the Audit and Supervisory Committee conducts systematic audits in close cooperation with the Internal Audit Office and the Accounting Auditor, including onsite visits to the head office and major business sites of subsidiaries and interviews with Executive Officers and Department Heads. The status of attendance at important meetings and the main cooperation with the Accounting Auditor are as follows.

<Status of Attendance at Important Meetings>

| Name of meeting                    | Frequency     | Status of attendance  |
|------------------------------------|---------------|---|
| Executive Board Meeting            | Twice a month | All members attended every time.                                      |
| Management Meeting                 | Once a month  | All members attended every time.                                      |
| Risk Management Committee          | Once a month  | Full-time Audit and Supervisory Committee member attended every time. |
| Sustainability Promotion Committee | Twice a year  | Full-time Audit and Supervisory Committee member attended every time. |

<Status of Main Cooperation with Accounting Auditor>

- Explanation and exchange of opinions on audit policies, audit plans and audit reports (as needed)
- Explanation and exchange of opinions on quarterly review result reports (three times a year)
- Explanation and exchange of opinions on quality control review results and examination committee inspection results, etc. (twice a year)
- Exchange of opinions on Key Audit Matters (as needed)
- Explanation and exchange of opinions on handling of non-guarantee business, and individual response to each case (as needed)

Based on the characteristics of a full-time committee member, the full-time Audit and Supervisory Committee member proactively works to improve the audit environment and collect information in the Company, and routinely monitors and verifies the status of construction and operation of the internal control system, sharing information and maintaining good communication with the other Audit and Supervisory Committee members. The main activities, etc. of the full-time Audit and Supervisory Committee members are as follows.

<Main Activities, etc., of Full-time Audit and Supervisory Committee Members>

- Collect internal information and report monthly on the status of audits, etc. at the Audit and Supervisory Committee
- Interviews and exchange of opinions with the heads of Division in charge of Internal Audit Promotion
- Attendance at important meetings such as the regular debriefing session of the Internal Audit Office and the Risk Management Committee
- Attendance at subsidiaries' Board of Directors' meetings, management meetings, etc.
- Auditing at subsidiary offices
- Planning of audits at subsidiaries and coordination with related divisions, etc.

<Status of Main Cooperation with Accounting Auditor>

- Explanation and exchange of opinions on audit policies, audit plans and audit reports (as needed)
- Explanation and exchange of opinions on quarterly review result reports (three times a year)
- Explanation and exchange of opinions on quality control review results and examination committee inspection results, etc. (as needed)
- Exchange of opinions on Key Audit Matters (as needed)

## (ii) Status of Internal Audit

The internal audit of the Group is conducted by the Company's Internal Control Office consisting of eight staff members, and the cooperative system is established with the Legal Department, the Accounting and Finance Department, and the Personnel and General Affairs Department, which collect information and conduct investigations. The Internal Audit Office conducts internal audits to ascertain the validity and legality of business execution and procedures, and it reports the results to the Representative Directors who chair the "Response Committee for the Internal Control Reporting System," the Board of Directors, and the Audit and Supervisory Committee accordingly. In order to ensure the effectiveness of audits by the Audit and Supervisory Committee, the Board of Directors requests the Internal Audit Office to collect necessary information and conduct investigations, and presents the information collected and the results of investigations conducted by the Internal Audit Office to the Audit and Supervisory Committee. Thus, the Board of Directors and the Audit and Supervisory Committee closely coordinate with each other by exchanging information and opinions. Furthermore, the Internal Audit Office coordinates with the Accounting Auditor by having the opportunity to exchange information and opinions regarding internal audits.

For the purpose of confirming the status of the design and operation of internal control, the internal auditors attend meetings and inspect documents as appropriate to check the appropriateness of transactions and the decisions that are made in the process of the transactions. They also ask for explanations from the relevant divisions as needed to improve the effectiveness of the internal audits.

## (iii) Status of Accounting Audit

## a. Auditing firm

Ernst & Young ShinNihon LLC

## b. Consecutive audit period

Since the fiscal year ended February 1976

## c. Certified public accountant who performed the audit

Mr. Naoya Nishino

Ms. Miho Ueda

## d. Composition of assistants involved in auditing operations

Nine certified public accountants, eight persons who passed the CPA exam, and 18 others were involved in the audit of the financial statements as assistants.

## e. Policy and reasons for selecting an auditing firm

In selecting and evaluating an auditing firm, the Audit and Supervisory Committee of the Company makes a comprehensive decision based on the following criteria: (1) having a certain scale and a global network that can carry out an efficient audit corresponding to the wide range of operations of the Company; (2) having an appropriate auditing system; (3) having an appropriate level of independence and expertise; (4) the number of audit days, audit period, specific audit implementation guidelines, and audit fees being reasonable and appropriate; and (5) having past audit accomplishments.

The Audit and Supervisory Committee will dismiss the Accounting Auditor at the discretion of the Audit and Supervisory Committee if it determines that the Accounting Auditor falls under any of the items of Article 340, Paragraph 1 of the Companies Act. In addition, regarding the reappointment of the Accounting Auditor, the Committee will consider the eligibility, validity, independence, and performance of duties of the Accounting Auditor in each fiscal term in light of its own evaluation criteria. As a result, if the non-reappointment is deemed appropriate, the Audit and Supervisory Committee will decide the content of the agenda to be submitted to the general meeting of shareholders regarding the non-reappointment of the Accounting Auditor.

## f. Evaluation of the auditing firm by the Audit and Supervisory Committee

Based on paragraph e. above and the "Practical Guidelines for Auditors, etc. Regarding Evaluation of Accounting Auditors and the Formulation of Selection Criteria" published by the Japan Audit and Supervisory Board Members Association, the Audit and Supervisory Committee has confirmed that there were no grounds for dismissal or non-reappointment of Ernst & Young ShinNihon LLC as a result of comprehensive considerations of the said Accounting Auditor's performance of duties, etc. following the receipt of reports from the Accounting Auditor on the audit plan, the status of implementation of audits, the system for ensuring appropriate performance of duties, and quality control standards relating to audits, etc.

## (iv) Audit Fees

## a. Fees paid to Auditing Certified Public Accountants, etc.

| Category                     | Previous Fiscal Year                         |   | Current Fiscal Year                          |   |
|------------------------------|--|---|--|---|
|                              | Fees for audit services<br>(Millions of yen) | Fees for non-audit<br>services<br>(Millions of yen) | Fees for audit services<br>(Millions of yen) | Fees for non-audit<br>services<br>(Millions of yen) |
| The Company                  | 50   | —   | 53   | —   |
| Consolidated<br>subsidiaries | —  | —   | —  | —   |
| Total                        | 50   | —   | 53   | —   |

There are no applicable items regarding fees paid based on non-audit services at the Company and its consolidated subsidiaries in either the previous fiscal year or the current fiscal year.

## b. Fees paid to companies in the same network as the Auditing Certified Public Accountants, etc. (i.e., Ernst &amp; Young ShinNihon LLC) (excluding a. above)

| Category                     | Previous Fiscal Year                         |   | Current Fiscal Year                          |   |
|------------------------------|--|---|--|---|
|                              | Fees for audit services<br>(Millions of yen) | Fees for non-audit<br>services<br>(Millions of yen) | Fees for audit services<br>(Millions of yen) | Fees for non-audit<br>services<br>(Millions of yen) |
| The Company                  | 6  | 20  | 11   | 12  |
| Consolidated<br>subsidiaries | 45   | 18  | 29   | 10  |
| Total                        | 51   | 38  | 40   | 22  |

The non-audit services provided to the Company and its consolidated subsidiaries were tax-related advisory services, etc. in both the previous fiscal year and the current fiscal year.

## c. Details of fees for other important audit services

Not applicable

## d. Policy for determining audit fees

The amount of audit fees calculated based on the audit plan, taking into consideration the audit time and system that allows our Auditing Certified Public Accountants, etc., to ensure the quality of audits is decided with the consent of the Audit and Supervisory Committee while considering the scale of our business, the nature of our business, the characteristics of our business, and changes in processing and procedures due to revisions to laws and regulations.

## e. Reasons for the Audit and Supervisory Committee's consent to the remuneration and other benefits of the Accounting Auditor

The Audit and Supervisory Committee of the Company agrees upon the remuneration and other benefits of the Accounting Auditor by confirming and examining the audit method and audit details based on the "Practical Guidelines for Cooperation with the Accounting Auditor" published by the Japan Audit and Supervisory Board Members Association.

## (4) [Remuneration for Officers]

## (i) The Policy and Calculation Method for Determining Remuneration for Officers

The basic concept regarding the determination of the amount of remuneration, etc., for Officers of the Company or the calculation method thereof is as follows.

For Directors (excluding Audit and Supervisory Committee members), the Company has a remuneration system that directly links to the willingness to contribute to increasing corporate value, through which we aim to appoint and securing talented personnel as managers. We have established a systematized calculation method of remuneration to ensure transparency, fairness, rationality, and objectivity based on the average level of remuneration at companies of the same size listed on the Prime Market of the Tokyo Stock Exchange in order to hold ourselves accountable to stakeholders.

The maximum amount of annual remuneration for Directors (excluding Audit and Supervisory Committee members) was resolved at the 103rd Ordinary General Meeting of Shareholders held on June 23, 2016 at 300 million yen (of which, the annual remuneration for Outside Directors is not more than 30 million yen). The amount of base remuneration and the amount of performance-linked remuneration are determined by the Board of Directors within a range of remuneration resolved following an examination and reply by the Nomination and Compensation Committee, in which independent officers account for a majority. For the maximum amount of stock-based remuneration for Directors (excluding Audit and Supervisory Committee members and Outside Directors), the amount of restricted stock remuneration is determined by the Board of Directors within a range of annual remuneration up to 80 million yen as resolved at the 105th Ordinary General Meeting of Shareholders held on June 21, 2018, following an examination and reply by the Nomination and Compensation Committee. The activities of the Board of Directors and the Nomination and Compensation Committee in the process of determining the amount of remuneration for Officers of the Company in the current fiscal year are as follows.

- Upper limit and the amount of remuneration for Directors
- Remuneration paid to Officers in the fiscal year ended March 2023

The base remuneration of the definitive amount for Directors (Audit and Supervisory Committee members) is determined separately for full-time and part-time Audit and Supervisory Committee members with reference to the average level of remuneration paid by companies of the same size listed on the Prime Market of the Tokyo Stock Exchange, with the aim of appointing and securing human resources with a wide range of experience and deep insight who can provide useful proposals at the Board of Directors' meetings and appropriately fulfill their duties in auditing and supervising the business execution of the Board of Directors.

The maximum amount of remuneration for Directors (Audit and Supervisory Committee members) was resolved at 50 million yen on an annual basis by the 103rd Ordinary General Meeting of Shareholders held on June 23, 2016. The amount of base remuneration is determined within this limit by the resolution of the Audit and Supervisory Committee. Due to the nature and role of the duties, performance-linked remuneration and restricted share-based remuneration will not be paid to the Directors (Audit and Supervisory Committee members) because they are not suitable for them.

## a. Base remuneration

A fixed amount of base remuneration is set for each position of the Representative Directors and Directors, and additions or subtractions will be made according to changes in the economic situations surrounding the Company including the management environment.

## b. Performance-linked remuneration

The Company has introduced a performance-linked remuneration system as an incentive according to the status of business performance and the degree of contribution to business performance. We believe this system will provide incentives for Directors to improve business performance and shareholder value through the implementation of management policy, with ROE in mind from the viewpoint of general shareholders. As stated in the Calculation Method for Performance-linked Remuneration below, the amount to be paid is automatically calculated according to the profit attributable to owners of parent and the consolidated ordinary profit.

## (Calculation Method for Performance-linked Remuneration)

Total amount paid: Profit attributable to owners of parent in the subject fiscal year x 2% x Achievement rate

However, the upper limit is 4% of profit attributable to owners of parent in the subject fiscal year.

Achievement rate: Consolidated ordinary profit for the subject fiscal year divided by the forecast of consolidated ordinary profit for the subject fiscal year initially announced

Payment amount: Total amount paid x distribution index for each person / total distribution index for each person

## Distribution index

| Position  | Index for one person |
|---|----------------------|
| President   | 14.0                 |
| Director, Senior Executive Vice President and Executive Officer     | 13.0                 |
| Director, Senior Managing Executive Officer                         | 11.2                 |
| Managing Executive Officer (3 years or more in office)              | 9.8                  |
| Managing Executive Officer (Less than 3 years in office)            | 9.7                  |
| Executive Officer (6 years or more in office)                       | 8.6                  |
| Executive Officer (3 years or more and less than 6 years in office) | 8.0                  |
| Executive Officer (1 year or more and less than 3 years in office)  | 7.4                  |
| Executive Officer (Less than 1 year in office)                      | 5.5                  |

- Notes: 1. The Officers qualified are the executive officers stated in Article 34, Paragraph 1, Item 3 of the Corporation Tax Act and other executive officers.
2. “Indicators on profits of the business year” as provided for in Article 34, Paragraph 1 (3) (i) of the Corporation Tax Act shall mean profit attributable to owners of parent and consolidated ordinary profit based on the annual securities report.
3. In calculating the total amount of payment, profit attributable to owners of parent is rounded down to the nearest million yen. Also, in calculating the achievement rate, the consolidated ordinary profit and the initially announced forecast for consolidated ordinary income are rounded down to the nearest million yen. The resulting total amount of payment calculated is rounded down to the nearest 10,000 yen.
4. The amount of payment is fixed by rounding the amount calculated based on the above calculation.
5. Indicators and results relating to performance-linked remuneration for FY2022 are as follows. In addition, the maximum amount of payment for performance-linked remuneration for FY2022 was 141.6 million yen.

| Item                                    | Initially announced value | Actual results     |
|---|---------------------------|--------------------|
| Consolidated ordinary profit            | 9,500 million yen         | 14,039 million yen |
| Profit attributable to owners of parent | 7,000 million yen         | 9,910 million yen  |

## Distribution index

| Position  | Index for one person | Number of persons | Subtotal |
|---|----------------------|-------------------|----------|
| President   | 14.0                 | 1                 | 14.0     |
| Director, Senior Executive Vice President and Executive Officer     | 13.0                 | 0                 | 0        |
| Director, Senior Managing Executive Officer                         | 11.2                 | 1                 | 11.2     |
| Managing Executive Officer (3 years or more in office)              | 9.8                  | 1                 | 9.8      |
| Managing Executive Officer (Less than 3 years in office)            | 9.7                  | 1                 | 9.7      |
| Executive Officer (6 years or more in office)                       | 8.6                  | 0                 | 0        |
| Executive Officer (3 years or more and less than 6 years in office) | 8.0                  | 0                 | 0        |
| Executive Officer (1 year or more and less than 3 years in office)  | 7.4                  | 3                 | 22.2     |
| Executive Officer (Less than 1 year in office)                      | 5.5                  | 4                 | 22.0     |
| Total distribution index  | —                    | —                 | 88.9     |



6. The allocation index for performance-linked remuneration for FY2023 is as follows. In addition, the initially announced consolidated ordinary profit for FY2023 is 15,000 million yen, and the maximum amount of payment as performance-linked remuneration for FY2023 is 134,760,000 yen. (This is the maximum amount to be paid only to the executive officers stated in Article 34, Paragraph 1, Item 3 of the Corporation Tax Act.) The maximum amount per person is 39,635,288 yen for the President and 31,708,230 yen for the Director and the Senior Managing Executive Officer.

## Distribution index

| Position  | Index for one person | Number of persons | Subtotal |
|---|----------------------|-------------------|----------|
| President   | 14.0                 | 1                 | 14.0     |
| Director, Senior Executive Vice President and Executive Officer     | 13.0                 | 0                 | 0        |
| Director, Senior Managing Executive Officer                         | 11.2                 | 2                 | 22.4     |
| Managing Executive Officer (3 years or more in office)              | 9.8                  | 0                 | 0        |
| Managing Executive Officer (Less than 3 years in office)            | 9.7                  | 1                 | 9.7      |
| Executive Officer (6 years or more in office)                       | 8.6                  | 0                 | 0        |
| Executive Officer (3 years or more and less than 6 years in office) | 8.0                  | 0                 | 0        |
| Executive Officer (1 year or more and less than 3 years in office)  | 7.4                  | 7                 | 51.8     |
| Executive Officer (Less than 1 year in office)                      | 5.5                  | 2                 | 11.0     |
| Total distribution index  | —                    | —                 | 108.9    |

## c. Restricted share-based remuneration

For the purpose of granting medium- to long-term incentives and sharing shareholder value, the Company has introduced a restricted share-based remuneration system. We will grant a total credit amount of monetary remuneration by calculating the base remuneration ratio, and deliver the shares of the Company with a transfer restriction for five to 10 years from delivery.

## (ii) Total Amount of Remuneration by Category of Position, Total Amount of Remuneration by Type, and Number of Recipients

| Position category   | Total amount of remuneration, etc. (Millions of yen) | Total amount of remuneration, etc. by type (Millions of yen) |                                 |  | Number of recipients |
|---|--|--|---------------------------------|--|----------------------|
|   |  | Fixed remuneration   | Performance-linked remuneration | Transfer-restricted stock-based remuneration |                      |
| Directors (excluding Audit and Supervisory Committee members) (excluding Outside Directors) | 310  | 147  | 141                             | 21   | 6                    |
| Outside Directors (excluding Audit and Supervisory Committee members)                       | 8  | 8  | —                               | —  | 1                    |
| Directors (Audit and Supervisory Committee members) (excluding Outside Directors)           | 19   | 19   | —                               | —  | 2                    |
| Outside Directors (Audit and Supervisory Committee members)                                 | 16   | 16   | —                               | —  | 2                    |

## (iii) Total Amount of Consolidated Remuneration for Directors (and Other Officers)

| Name         | Total amount of remuneration, etc. (Millions of yen) | Position category | Company classification | Amount of consolidated remuneration, etc. by type (Millions of yen) |                                 |  |   |
|--------------|--|-------------------|------------------------|---|---------------------------------|--|---|
|              |  |                   |                        | Fixed remuneration  | Performance-linked remuneration | Transfer-restricted stock-based remuneration | Of the items on the left, non-monetary compensation, etc. |
| Akito Mizuno | 101  | Directors         | The Company            | 53  | 46                              | 2  | 2   |

## (iv) Important Portion of Employee Salary for an Officer Who Concurrently Serves as Employee

Not applicable

## (5) [Information on Shareholdings]

## (i) Standard and Concept for Categories of Investment Stocks

With respect to the category of investment stocks that are held for the purpose of pure investment and that are held for purposes other than pure investment, the Company classifies that stocks held for the purpose of gaining profit by the fluctuation of stock prices or the receipts of dividends are investment stocks held for the purpose of pure investment, and that other stocks are investment stocks (cross-shareholdings) held for purposes other than pure investment.

## (ii) Investment Stocks Held for Purposes Other Than Pure Investment

## a. Policies and method to verify the rationality of shareholding, as well as the verification process at meetings of the Board of Directors regarding the appropriateness of holding certain individual stocks of shares

The Company's business purpose is "manufacturing and sales of sporting goods; construction work for sports facilities, and operation and contracted operation of sports facilities; and manufacture and sale of sports equipment." In engaging in these businesses, we have a large number of business relationships. Under these circumstances, we are in close business relationships particularly with the companies in which we invest through cross-holding stocks, and engage in useful transactions that contribute to mutual growth and development. In addition to business alliances, we intend to strengthen our relationships as we believe that by forming capital alliances, we will be able to exchange more intimate opinions and share confidential corporate information such as new product development.

From the viewpoint of controlling the risks of holding those stocks and improving capital efficiency, the Board of Directors verifies the significance of continuous holding of each individual stock, and regularly reviews the pros and cons in order to reduce cross-shareholdings.

## b. Number of stocks and amount recorded on the balance sheet

|                                   | Number of Shareholdings | Total Amount Recorded in the Balance Sheet (Millions of yen) |
|-----------------------------------|-------------------------|--|
| Unlisted Shares                   | 11                      | 688  |
| Shares Other Than Unlisted Shares | 25                      | 5,212  |

(Number of stocks for which the number of shares increased during the current fiscal year)

|                                   | Number of Shareholdings | Total Acquisition Amount for Increased Shares (Millions of yen) | Reason for Increase in the Number of Shares                   |
|-----------------------------------|-------------------------|---|---|
| Unlisted Shares                   | —                       | —   | —   |
| Shares Other Than Unlisted Shares | 2                       | 51  | To strengthen business relationships in sales of our products |

(Number of stocks for which the number of shares decreased during the current fiscal year)

|                                   | Number of Shareholdings | Total Disposal Amount for Decreased Shares (Millions of yen) |
|-----------------------------------|-------------------------|--|
| Unlisted Shares                   | 1                       | 0  |
| Shares Other Than Unlisted Shares | 2                       | 139  |

## c. Information on specified investment stocks and stocks deemed to be held, including number of shares by stock, and the amount recorded in the balance sheet

## Specified investment stocks

| Issuer Name                           | Current Fiscal Year                                    | Previous Fiscal Year                                   | Purpose of Holding, Summary of Business Alliance, etc., Quantitative Effects of Shareholding, and Reason for Increase in Number of Shares | Whether the Issuer Holds the Company's Shares |
|---------------------------------------|--|--|---|---|
|                                       | Number of Shares                                       | Number of Shares                                       |   |   |
|                                       | Amount Recorded in the Balance Sheet (Millions of yen) | Amount Recorded in the Balance Sheet (Millions of yen) |   |   |
| Sumitomo Mitsui Financial Group, Inc. | 191,380  | 191,380  | To maintain and strengthen our cooperative relationships as we engage in transactions with this main financial institution                | Yes   |
|                                       | 1,013  | 747  |   |   |
| The Sumitomo Warehouse Co., Ltd.      | 405,000  | 405,000  | To maintain and strengthen cooperative relationships in business collaboration such as logistics management                               | Yes   |
|                                       | 880  | 931  |   |   |
| Hankyu Hanshin Holdings, Inc.         | 142,800  | 142,800  | To maintain and strengthen our business relationships in product sales and cooperation in business promotion.                             | Yes   |
|                                       | 560  | 506  |   |   |
| Kuraray Co., Ltd.                     | 86,000   | 246,000  | To maintain and strengthen our cooperative relationships in business collaboration in the development of products and materials           | No  |
|                                       | 104  | 260  |   |   |
| LOOK HOLDINGS INCORPORATED            | 369,000  | 345,300  | To maintain and strengthen our cooperative relationships for business collaboration in the development and sales of license products      | Yes   |
|                                       | 841  | 527  |   |   |
| KOKUYO Co., Ltd.                      | 215,000  | 215,000  | To maintain and strengthen our cooperative relationships in business collaboration in the co-creation of office space                     | Yes   |
|                                       | 403  | 347  |   |   |
| AEON Co., Ltd.                        | 101,726  | 101,726  | To maintain and strengthen our business relationships in product sales  | No  |
|                                       | 261  | 265  |   |   |
| TEIJIN LIMITED                        | 120,000  | 120,000  | To maintain and strengthen our cooperative relationships in business collaboration in the development of products and materials           | Yes   |
|                                       | 167  | 163  |   |   |
| TOYOBO CO., LTD.                      | 140,000  | 140,000  | To maintain and strengthen our cooperative relationships in business collaboration in the development of products and materials           | No  |
|                                       | 145  | 153  |   |   |
| Isetan Mitsukoshi Holdings Ltd.       | 198,000  | 198,000  | To maintain and strengthen our business relationships in product sales  | Yes   |
|                                       | 293  | 191  |   |   |
| Alpen Co., Ltd.                       | 60,000   | 60,000   | To maintain and strengthen our business relationships in product sales  | No  |
|                                       | 119  | 122  |   |   |
| Chiyoda Co., Ltd.                     | 26,400   | 36,400   | To maintain and strengthen our business relationships in product sales  | No  |
|                                       | 21   | 26   |   |   |
| XEBIO HOLDINGS CO., LTD.              | 129,000  | 129,000  | To maintain and strengthen our business relationships in product sales  | Yes   |
|                                       | 135  | 122  |   |   |
| Ogaki Kyoritsu Bank, Ltd.             | 30,100   | 30,100   | To maintain and strengthen our cooperative relationships as we engage in transactions with this financial institution                     | Yes   |
|                                       | 53   | 57   |   |   |
| MS&AD Insurance Group Holdings, Inc.  | 18,100   | 18,100   | To maintain and strengthen our cooperative relationships as we engage in transactions with this financial institution                     | No  |
|                                       | 74   | 72   |   |   |
| JSS Corporation                       | 65,000   | 65,000   | To maintain and strengthen our business relationships in product sales  | No  |
|                                       | 35   | 27   |   |   |
| AXAS Holdings Co., Ltd.               | 241,900  | 241,900  | To maintain and strengthen our business relationships in product sales  | Yes   |
|                                       | 29   | 26   |   |   |
| J. FRONT RETAILING Co., Ltd.          | 20,428   | 18,885   | To maintain and strengthen our business relationships in product sales  | No  |
|                                       | 27   | 18   |   |   |
| Seven & i Holdings Co., Ltd.          | 2,800  | 2,800  | To maintain and strengthen our business relationships in product sales  | No  |
|                                       | 16   | 16   |   |   |
| TSI Holdings Co., Ltd.                | 18,000   | 18,000   | To maintain and strengthen our cooperative relationships for business collaboration in the development and sales of license products      | No  |
|                                       | 11   | 6  |   |   |
| H2O RETAILING CORPORATION             | 5,500  | 5,500  | To maintain and strengthen our business relationships in product sales  | No  |
|                                       | 8  | 4  |   |   |
| AEON KYUSHU Co., Ltd.                 | 2,400  | 2,400  | To maintain and strengthen our business relationships in product sales  | No  |
|                                       | 5  | 5  |   |   |
| Daiwa Co., Ltd.                       | 1,800  | 1,800  | To maintain and strengthen our business relationships in product sales  | No  |
|                                       | 0  | 0  |   |   |

Note: The quantitative effects of shareholding of the specified investment stock are difficult to describe. Regarding the rationality of shareholding, we comprehensively judge whether the issuer is a business partner that contributes to improvement of our corporate value by verifying the significance of continuous holding from the viewpoint of risks relating to shareholding and improvement of capital efficiency.

## Stocks deemed to be held

| Issuer Name                          | Current Fiscal Year                                    | Previous Fiscal Year                                   | Purpose of Holding, Quantitative Effects of Shareholding, and Reason for Increase in Number of Shares | Whether the Issuer Holds the Company's Shares |
|--------------------------------------|--|--|---|---|
|                                      | Number of Shares                                       | Number of Shares                                       |   |   |
|                                      | Amount Recorded in the Balance Sheet (Millions of yen) | Amount Recorded in the Balance Sheet (Millions of yen) |   |   |
| Daikin Industries, Ltd.              | 200,000  | 200,000  | The authority to direct the exercise of voting rights under a retirement benefit trust contract       | Yes   |
|                                      | 4,731  | 4,482  |   |   |
| KOKUYO Co., Ltd.                     | 1,083,874  | 1,083,874  | The authority to direct the exercise of voting rights under a retirement benefit trust contract       | Yes   |
|                                      | 2,035  | 1,750  |   |   |
| Fuji Co., Ltd.                       | 139,300  | 139,300  | The authority to direct the exercise of voting rights under a retirement benefit trust contract       | Yes   |
|                                      | 240  | 321  |   |   |
| Isetan Mitsukoshi Holdings Ltd.      | 206,000  | 206,000  | The authority to direct the exercise of voting rights under a retirement benefit trust contract       | Yes   |
|                                      | 305  | 199  |   |   |
| Mitsubishi UFJ Financial Group, Inc. | 242,000  | 242,000  | The authority to direct the exercise of voting rights under a retirement benefit trust contract       | Yes   |
|                                      | 205  | 183  |   |   |
| Japan Transcity Corporation          | 206,000  | 206,000  | The authority to direct the exercise of voting rights under a retirement benefit trust contract       | Yes   |
|                                      | 125  | 124  |   |   |
| NEC Corporation                      | 7,300  | 7,300  | The authority to direct the exercise of voting rights under a retirement benefit trust contract       | No  |
|                                      | 37   | 37   |   |   |

## (iii) Investment Stocks Held for the Purpose of Pure Investment

| Category                          | Current Fiscal Year     |  | Previous Fiscal Year    |  |
|-----------------------------------|-------------------------|--|-------------------------|--|
|                                   | Number of Shareholdings | Total Amount Recorded in the Balance Sheet (Millions of yen) | Number of Shareholdings | Total Amount Recorded in the Balance Sheet (Millions of yen) |
| Unlisted Shares                   | 2                       | 0  | 2                       | 0  |
| Shares Other Than Unlisted Shares | 9                       | 646  | 9                       | 784  |

| Category                          | Current Fiscal Year                                  |  |  |
|-----------------------------------|--|--|--|
|                                   | Total Amount of Dividends Received (Millions of yen) | Total Amount of Gains (Losses) on Sale of Stocks (Millions of yen) | Total Amount of Valuation Gains (Losses) (Millions of yen) |
| Unlisted Shares                   | 0  | —  | —  |
| Shares Other Than Unlisted Shares | 20   | 58   | 490  |

(iv) Stocks whose holding purpose was changed from a pure investment purpose to a purpose other than the pure investment purpose during the current fiscal year.

Not applicable

(v) Stocks whose holding purpose was changed from a purpose other than the pure investment purpose to a pure investment purpose during the current fiscal year.

Not applicable

## V. [Financial Information]

### 1. Method of Preparation of Consolidated Financial Statements and Non-consolidated Financial Statements

(1) The Company's consolidated financial statements are prepared in conformity with the "Regulations Concerning Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance Regulation No. 28, 1976).

(2) The Company's non-consolidated financial statements are prepared in conformity with the "Regulations Concerning Terminology, Forms, and Preparation Methods of Non-consolidated Financial Statements" (Ministry of Finance Regulation No. 59, 1963; hereinafter, "Regulations on Financial Statements").

As a company designated for the filing of financial statements prepared in accordance with special provision, the Company prepares its financial statements pursuant to Article 127 of the Regulations on Financial Statements.

### 2. Audit Certification

In accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the Company's consolidated and non-consolidated financial statements for the fiscal year (April 1, 2022 to March 31, 2023) were audited by Ernst & Young ShinNihon LLC.

### 3. Special Efforts to Ensure the Appropriateness of Consolidated Financial Statements, etc.

The Company makes special efforts to ensure the appropriateness of consolidated financial statements, etc. Specifically, the Company is a member of the Financial Accounting Standards Foundation for the purpose of properly grasping the details of accounting standards, etc., or to maintain and design our system under which we will be able to appropriately and reliably respond to changes in accounting standards, etc.

## 1. [Consolidated Financial Statements, etc.]

## (1) [Consolidated Financial Statements]

## (i) [Consolidated balance sheet]

(Millions of yen)

|  | End of Previous Fiscal Year<br>(As of March 31, 2022) | End of Current Fiscal Year<br>(As of March 31, 2023) |
|--|---|--|
| <b>Assets</b>                          |   |  |
| Current assets                         |   |  |
| Cash and deposits                      | 24,429  | 23,845   |
| Notes receivable – trade               | *1 4,256  | *1 4,667   |
| Accounts receivable – trade            | *1 32,796   | *1 43,359  |
| Merchandise and finished goods         | 32,684  | 48,095   |
| Work in process                        | 532   | 542  |
| Raw materials and supplies             | 5,518   | 6,751  |
| Others                                 | 6,231   | 5,994  |
| Allowance for doubtful accounts        | (515)   | (526)  |
| Total current assets                   | 105,934   | 132,730  |
| Non-current assets                     |   |  |
| Property, plant and equipment          |   |  |
| Buildings and structures, net          | *2 15,173   | *2 18,444  |
| Machinery, equipment and vehicles, net | *2 739  | *2 854   |
| Land                                   | *7 14,670   | *7 14,816  |
| Construction in progress               | *8 3,755  | *8 1,829   |
| Other, net                             | *2 1,849  | *2 2,689   |
| Total property, plant and equipment    | 36,188  | 38,634   |
| Intangible assets                      |   |  |
| Goodwill                               | 1,131   | 1,035  |
| Others                                 | 6,081   | 5,890  |
| Total intangible assets                | 7,212   | 6,925  |
| Investments and other assets           |   |  |
| Investment securities                  | *3,*4 6,751   | *3,*4 7,219  |
| Long-term loans receivable             | 312   | 333  |
| Deferred tax assets                    | 2,127   | 1,855  |
| Retirement benefit asset               | 6,264   | 8,087  |
| Others                                 | 2,213   | 2,352  |
| Allowance for doubtful accounts        | (648)   | (615)  |
| Total investments and other assets     | 17,021  | 19,233   |
| Total non-current assets               | 60,422  | 64,792   |
| Total assets                           | 166,356   | 197,523  |

(Millions of yen)

|  | End of Previous Fiscal Year<br>(As of March 31, 2022) | End of Current Fiscal Year<br>(As of March 31, 2023) |
|--|---|--|
| <b>Liabilities</b>                                       |   |  |
| Current liabilities                                      |   |  |
| Notes and accounts payable - trade                       | 18,316  | 22,561   |
| Short-term loans payable                                 | 1,174   | 9,106  |
| Current portion of long-term loans payable               | 2,500   | 2,328  |
| Accounts payable - other and accrued expenses            | 10,546  | 12,927   |
| Income taxes payable                                     | 2,675   | 1,457  |
| Provision for bonuses for directors (and other officers) | 134   | 141  |
| Others   | *6 4,073  | *6 4,723   |
| Total current liabilities                                | 39,422  | 53,246   |
| Non-current liabilities                                  |   |  |
| Long-term loans payable                                  | 6,953   | 12,402   |
| Deferred tax liabilities                                 | 1,554   | 1,473  |
| Deferred tax liabilities for land revaluation            | *7 1,807  | *7 1,807   |
| Retirement benefit liability                             | 205   | 223  |
| Long-term guarantee deposits                             | 2,327   | 2,362  |
| Asset retirement obligations                             | 267   | 268  |
| Others   | 1,355   | 1,463  |
| Total non-current liabilities                            | 14,470  | 20,001   |
| Total liabilities  | 53,893  | 73,247   |
| <b>Net assets</b>  |   |  |
| Shareholders' equity                                     |   |  |
| Capital stock  | 26,137  | 26,137   |
| Capital surplus  | 31,828  | 31,833   |
| Retained earnings  | 51,332  | 59,582   |
| Treasury shares  | (1,887)   | (1,871)  |
| Total shareholders' equity                               | 107,412   | 115,681  |
| Accumulated other comprehensive income                   |   |  |
| Valuation difference on available-for-sale securities    | 1,933   | 2,336  |
| Deferred gains or losses on hedges                       | 470   | (282)  |
| Revaluation reserve for land                             | *7 (1,081)  | *7 (1,081)   |
| Foreign currency translation adjustment                  | 2,253   | 5,594  |
| Remeasurements of defined benefit plans                  | 992   | 1,488  |
| Total accumulated other comprehensive income             | 4,568   | 8,055  |
| Non-controlling interests                                | 482   | 539  |
| Total net assets   | 112,463   | 124,275  |
| Total liabilities and net assets                         | 166,356   | 197,523  |

## (ii) [Consolidated Statement of Income and Consolidated Statement of Comprehensive Income]

## [Consolidated Statement of Income]

(Millions of yen)

|  | Previous Fiscal Year<br>(From April 1, 2021<br>to March 31, 2022) | Current Fiscal Year<br>(From April 1, 2022<br>to March 31, 2023) |
|--|---|--|
| Revenue  | *1 172,744  | *1 212,044   |
| Cost of sales                                      | *2,*3 101,172   | *2,*3 131,024  |
| Gross profit                                       | 71,572  | 81,020   |
| Selling, general and administrative expenses       |   |  |
| Freight and packing costs                          | 3,860   | 4,294  |
| Storage costs                                      | 3,948   | 4,340  |
| Advertising expenses                               | 9,556   | 10,579   |
| Salaries and allowances                            | 18,265  | 19,684   |
| Bonuses  | 3,675   | 4,499  |
| Retirement benefit expenses                        | 575   | 569  |
| Depreciation                                       | 2,121   | 2,508  |
| Provision of allowance for doubtful accounts       | 53  | 37   |
| Others   | 19,640  | 21,561   |
| Total selling, general and administrative expenses | *3 61,698   | *3 68,075  |
| Operating profit                                   | 9,874   | 12,945   |
| Non-operating income                               |   |  |
| Interest income                                    | 122   | 106  |
| Dividend income                                    | 197   | 173  |
| Commission income                                  | 33  | 24   |
| Insurance claim income                             | 37  | 2  |
| Foreign exchange gains                             | 245   | 648  |
| Compensation income                                | 87  | 54   |
| Others   | 518   | 358  |
| Total non-operating income                         | 1,242   | 1,368  |
| Non-operating expenses                             |   |  |
| Interest expenses                                  | 84  | 156  |
| Commission for syndicated loans                    | 8   | 28   |
| Commission expenses                                | 0   | 32   |
| Others   | 45  | 56   |
| Total non-operating expenses                       | 139   | 273  |
| Ordinary profit                                    | 10,977  | 14,039   |
| Extraordinary income                               |   |  |
| Gain on sale of non-current assets                 | *4 185  | *4 8   |
| Gain on sale of investment securities              | 295   | 58   |
| Total extraordinary income                         | 480   | 66   |



(Millions of yen)

|  | Previous Fiscal Year<br>(From April 1, 2021<br>to March 31, 2022) | Current Fiscal Year<br>(From April 1, 2022<br>to March 31, 2023) |
|--|---|--|
| Extraordinary losses                             |   |  |
| Loss on sale of non-current assets               | *5 5  | *5 0   |
| Loss on retirement of non-current assets         | *6 70   | *6 58  |
| Impairment losses                                | *7 348  | *7 4   |
| Provision of allowance for doubtful accounts     | *8 112  | —  |
| Loss on sale of investment securities            | —   | 0  |
| Loss on valuation of investment securities       | 35  | —  |
| Business restructuring expenses                  | —   | *9 458   |
| Total extraordinary losses                       | 572   | 521  |
| Profit before income taxes                       | 10,886  | 13,584   |
| Income taxes - current                           | 3,328   | 3,248  |
| Income taxes - deferred                          | (248)   | 317  |
| Total income taxes                               | 3,079   | 3,565  |
| Profit   | 7,806   | 10,019   |
| Profit attributable to non-controlling interests | 89  | 108  |
| Profit attributable to owners of parent          | 7,717   | 9,910  |

## [Consolidated Statement of Comprehensive Income]

(Millions of yen)

|  | Previous Fiscal Year<br>(From April 1, 2021<br>to March 31, 2022) | Current Fiscal Year<br>(From April 1, 2022<br>to March 31, 2023) |
|--|---|--|
| Profit   | 7,806   | 10,019   |
| Other comprehensive income                                     |   |  |
| Valuation difference on available-for-sale securities          | (96)  | 402  |
| Deferred gains or losses on hedges                             | (130)   | (753)  |
| Foreign currency translation adjustment                        | 2,100   | 3,361  |
| Remeasurements of defined benefit plans, net of tax            | (78)  | 495  |
| Total other comprehensive income                               | *1 1,794  | *1 3,507   |
| Comprehensive income   | 9,601   | 13,526   |
| (Comprehensive income attributable to)                         |   |  |
| Comprehensive income attributable to owners of parent          | 9,458   | 13,396   |
| Comprehensive income attributable to non-controlling interests | 142   | 129  |

## (iii) [Consolidated Statement of Changes in Equity]

Previous Fiscal Year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Capital stock        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                       | 26,137               | 31,824          | 43,782            | (1,901)         | 99,843                     |
| Change during current period                         |                      |                 |                   |                 |                            |
| Dividends of surplus                                 |                      |                 | (1,277)           |                 | (1,277)                    |
| Profit attributable to owners of parent              |                      |                 | 7,717             |                 | 7,717                      |
| Acquisition of treasury shares                       |                      |                 |                   | (3)             | (3)                        |
| Disposal of treasury shares                          |                      | 4               |                   | 17              | 22                         |
| Reversal of revaluation reserve for land             |                      |                 | 1,110             |                 | 1,110                      |
| Net changes in items other than shareholders' equity |                      |                 |                   |                 |                            |
| Total changes during period                          | —                    | 4               | 7,550             | 14              | 7,569                      |
| Balance at end of period                             | 26,137               | 31,828          | 51,332            | (1,887)         | 107,412                    |

|  | Accumulated other comprehensive income                |                                    |                              |   |   |  | Non-controlling interests | Total net assets |
|--|---|------------------------------------|------------------------------|---|---|--|---------------------------|------------------|
|  | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Revaluation reserve for land | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                           |                  |
| Balance at beginning of period                       | 2,029   | 601                                | 29                           | 206                                     | 1,071                                   | 3,937  | 393                       | 104,174          |
| Change during current period                         |   |                                    |                              |   |   |  |                           |                  |
| Dividends of surplus                                 |   |                                    |                              |   |   |  |                           | (1,277)          |
| Profit attributable to owners of parent              |   |                                    |                              |   |   |  |                           | 7,717            |
| Acquisition of treasury shares                       |   |                                    |                              |   |   |  |                           | (3)              |
| Disposal of treasury shares                          |   |                                    |                              |   |   |  |                           | 22               |
| Reversal of revaluation reserve for land             |   |                                    |                              |   |   |  |                           | 1,110            |
| Net changes in items other than shareholders' equity | (96)  | (130)                              | (1,110)                      | 2,046                                   | (78)                                    | 631  | 89                        | 720              |
| Total changes during period                          | (96)  | (130)                              | (1,110)                      | 2,046                                   | (78)                                    | 631  | 89                        | 8,289            |
| Balance at end of period                             | 1,933   | 470                                | (1,081)                      | 2,253                                   | 992                                     | 4,568  | 482                       | 112,463          |

## Current Fiscal Year (From April 1, 2022 to March 31, 2023)

(Millions of yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Capital stock        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                       | 26,137               | 31,828          | 51,332            | (1,887)         | 107,412                    |
| Change during current period                         |                      |                 |                   |                 |                            |
| Dividends of surplus                                 |                      |                 | (1,661)           |                 | (1,661)                    |
| Profit attributable to owners of parent              |                      |                 | 9,910             |                 | 9,910                      |
| Acquisition of treasury shares                       |                      |                 |                   | (5)             | (5)                        |
| Disposal of treasury shares                          |                      | 4               |                   | 20              | 25                         |
| Net changes in items other than shareholders' equity |                      |                 |                   |                 |                            |
| Total changes during period                          | —                    | 4               | 8,249             | 15              | 8,269                      |
| Balance at end of period                             | 26,137               | 31,833          | 59,582            | (1,871)         | 115,681                    |

|  | Accumulated other comprehensive income                |                                    |                              |   |   |  | Non-controlling interests | Total net assets |
|--|---|------------------------------------|------------------------------|---|---|--|---------------------------|------------------|
|  | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Revaluation reserve for land | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                           |                  |
| Balance at beginning of period                       | 1,933   | 470                                | (1,081)                      | 2,253                                   | 992                                     | 4,568  | 482                       | 112,463          |
| Change during current period                         |   |                                    |                              |   |   |  |                           |                  |
| Dividends of surplus                                 |   |                                    |                              |   |   |  |                           | (1,661)          |
| Profit attributable to owners of parent              |   |                                    |                              |   |   |  |                           | 9,910            |
| Acquisition of treasury shares                       |   |                                    |                              |   |   |  |                           | (5)              |
| Disposal of treasury shares                          |   |                                    |                              |   |   |  |                           | 25               |
| Net changes in items other than shareholders' equity | 402   | (753)                              | —                            | 3,340                                   | 495                                     | 3,486  | 56                        | 3,543            |
| Total changes during period                          | 402   | (753)                              | —                            | 3,340                                   | 495                                     | 3,486  | 56                        | 11,812           |
| Balance at end of period                             | 2,336   | (282)                              | (1,081)                      | 5,594                                   | 1,488                                   | 8,055  | 539                       | 124,275          |

## (iv) [Consolidated Statement of Cash Flows]

(Millions of yen)

|   | Previous Fiscal Year<br>(From April 1, 2021<br>to March 31, 2022) | Current Fiscal Year<br>(From April 1, 2022<br>to March 31, 2023) |
|---|---|--|
| <b>Cash flows from operating activities</b>                   |   |  |
| Profit before income taxes                                    | 10,886  | 13,584   |
| Depreciation  | 2,479   | 2,678  |
| Impairment losses   | 348   | 28   |
| Amortization of goodwill                                      | 383   | 182  |
| Decrease (increase) in retirement benefit asset and liability | (1,037)   | (915)  |
| Increase (decrease) in allowance for doubtful accounts        | 111   | (51)   |
| Loss (gain) on sale of securities and investment securities   | (295)   | (58)   |
| Interest and dividend income                                  | (320)   | (280)  |
| Interest expenses   | 84  | 156  |
| Loss (gain) on sale of non-current assets                     | (180)   | (8)  |
| Loss on retirement of non-current assets                      | 70  | 58   |
| Decrease (increase) in trade receivables                      | (1,128)   | (9,885)  |
| Decrease (increase) in inventories                            | (1,762)   | (14,998)   |
| Increase (decrease) in trade payables                         | 2,287   | 4,607  |
| Increase (decrease) in accrued consumption taxes              | (628)   | (20)   |
| Increase (decrease) in other provisions                       | (327)   | 4  |
| Others  | 2,129   | 1,242  |
| Subtotal  | 13,099  | (3,675)  |
| Interest and dividends received                               | 320   | 280  |
| Interest paid   | (85)  | (147)  |
| Income taxes paid   | (1,293)   | (4,504)  |
| Net cash provided by (used in) operating activities           | 12,041  | (8,047)  |
| <b>Cash flows from investing activities</b>                   |   |  |
| Purchase of property, plant and equipment                     | (1,900)   | (4,386)  |
| Proceeds from sale of property, plant and equipment           | 236   | 109  |
| Purchase of intangible assets                                 | (759)   | (894)  |
| Purchase of investment securities                             | (193)   | (56)   |
| Proceeds from sale of investment securities                   | 531   | 197  |
| Purchase of shares of subsidiaries and associates             | (32)  | (0)  |
| Others  | (60)  | 585  |
| Net cash provided by (used in) investing activities           | (2,178)   | (4,445)  |

|   | (Millions of yen)   |  |
|---|---|--|
|   | Previous Fiscal Year<br>(From April 1, 2021<br>to March 31, 2022) | Current Fiscal Year<br>(From April 1, 2022<br>to March 31, 2023) |
| Cash flows from financing activities                        |   |  |
| Net increase (decrease) in short-term loans payable         | (4,019)   | 7,754  |
| Proceeds from long-term loans payable                       | 940   | 7,908  |
| Repayments of long-term loans payable                       | (4,053)   | (2,684)  |
| Proceeds from sale of treasury shares                       | 0   | 0  |
| Purchase of treasury shares                                 | (3)   | (5)  |
| Dividends paid  | (1,311)   | (1,657)  |
| Dividends paid to non-controlling interests                 | (53)  | (72)   |
| Repayments of lease obligations                             | (275)   | (231)  |
| Net cash provided by (used in) financing activities         | (8,774)   | 11,012   |
| Effect of exchange rate change on cash and cash equivalents | 704   | 896  |
| Net increase (decrease) in cash and cash equivalents        | 1,791   | (584)  |
| Cash and cash equivalents at beginning of period            | 22,638  | 24,429   |
| Cash and cash equivalents at end of period                  | *1 24,429   | *1 23,845  |

## [Notes]

## (Significant Matters That Are the Basis for Preparing Consolidated Financial Statements)

## 1. Matters Concerning the Scope of Consolidation

## (1) Number and names of consolidated subsidiaries

20 (Previous Fiscal Year: 20)

The names of major consolidated subsidiaries are omitted because they are described in “I. [Overview of Mizuno Corporation and Its Consolidated Subsidiaries] 4. Information on Subsidiaries and Affiliated Companies. “

## (2) Names of major non-consolidated subsidiaries

Thai Mizuno Co., Ltd.

Reasons for exclusion from the scope of consolidation

The non-consolidated subsidiaries are small companies, and their total assets, revenue, profit (proportional amount of equity), and retained earnings (proportional amount of equity) do not have any significant impact on the consolidated financial statements.

## 2. Matters Concerning Application of the Equity Method

## (1) Number of non-consolidated subsidiaries and affiliated companies which are accounted for using the equity method: None

## (2) Names of major non-consolidated subsidiaries and affiliated companies to which the equity method is not applied.

Non-consolidated subsidiary : Thai Mizuno Co., Ltd.

Affiliated company : Thai Sports Garment Co., Ltd.

## (3) Reasons for not applying the equity method to companies not subject to the equity method

Non-consolidated subsidiaries and affiliates to which the equity method is not applied are excluded from the scope of the equity method because the impact on the consolidated financial statements is minor and immaterial as a whole, even if they are excluded from the scope of the equity method in view of profit or loss (proportional amount of equity) and retained earnings (proportional amount of equity).

## 3. Matters Concerning the Business Year, etc. of Consolidated Subsidiaries

Of the consolidated subsidiaries, the book-closing date of 13 overseas subsidiaries is December 31.

In preparing the consolidated financial statements, the financial statements as of the same date were used, and necessary adjustments were made for material intercompany transactions that occurred between the date of the consolidated financial statements.

#### 4. Matters Concerning Accounting Policies

##### (1) Valuation Policies and Methods for Significant Assets

###### (i) Securities

Held-to-maturity bonds

Amortized cost method (straight-line method)

Available-for-sale securities

Securities other than stocks without market price

Market value method

(Valuation differences recorded directly in net assets. Cost of sales is calculated by the moving average method.) Stocks without market price, etc.

Moving-average cost method

With respect to investments in investment business limited partnerships and associations of a similar nature (those deemed to be securities pursuant to Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), the net amount equivalent to an equity share shall be recorded based on the most recent financial statements available based on the date of the financial statement report stipulated in the partnership contract.

###### (ii) Derivatives

Market value method

###### (iii) Inventories

Regarding goods, products, work in process, raw materials, and supplies, the cost is mainly evaluated by the first-in, first-out method.

(Balance sheet amounts are subject to the method of writing down the book value based on any decrease in profitability).

##### (2) Depreciation and Amortization Methods for Material Depreciable and Amortizable Assets

###### (i) Property, Plant and Equipment (excluding leased assets)

|  |                          |
|--|--------------------------|
| Osaka Head Office building and structures, overseas branches   | Straight-line method     |
| Buildings acquired on or after April 1, 1998 (excluding facilities attached to buildings) and facilities attached to buildings and structures acquired on or after April 1, 2016 | Straight-line method     |
| Property, plant and equipment other than the above held by the Company and its domestic consolidated subsidiaries  | Declining-balance method |
| Overseas consolidated subsidiaries   | Straight-line method     |

The useful life of principal assets is as follows.

Buildings and structures 3 to 65 years

Machinery, equipment and vehicles 2 to 17 years

###### (ii) Intangible Assets (excluding leased assets)

Straight-line method

For software for internal use, the straight-line method is applied based on its estimated useful life (mainly five years) within the Company.

###### (iii) Leased Assets

Leased assets relating to finance lease transactions without transfer of ownership

Depreciation is calculated using the straight-line method over the lease term which is equal to the useful life with no residual value.

##### (3) Standards for Conversion of Significant Assets and Liabilities Denominated in Foreign Currencies into Japanese Yen

Foreign-currency-denominated monetary claims and monetary obligations are converted into Japanese yen at the spot exchange rate as of the consolidated financial statement date, with conversion differences recognized as gains or losses. Assets and liabilities of overseas subsidiaries, etc. are converted into Japanese yen at the spot exchange rate as of their book-closing date, while revenue and expenses are converted into Japanese yen at the average exchange rate during the period, with conversion differences included in foreign currency translation adjustment and non-controlling interests in net assets.



## (4) Reporting Basis for Significant Allowances

## (i) Allowance for Doubtful Accounts

To prepare for bad debt losses of trade receivables and loans receivable, etc., the estimated uncollectable amounts regarding general accounts receivable are recorded using the historical bad debt ratio, and the estimated uncollectable amounts regarding certain accounts receivable, such as doubtful accounts receivable, are recorded by separately examining their collectability.

## (ii) Provision for Bonuses for Directors (and Other Officers)

The Company provides an allowance for bonuses for Directors based on the estimated amount of payment in the current fiscal year.

## (5) Accounting Method for Retirement Benefits

## (i) Method for Attributing Projected Retirement Benefits to Periods

In calculating the retirement benefit obligation, projected benefits are attributed to periods of service up to the end of the current fiscal year on a benefit formula basis.

## (ii) Method of Recognizing Unrecognized Actuarial Variance and Past Service Cost

Past service costs are treated as an expense using the straight-line method over a certain number of years (8 to 10 years) within the average remaining service period of the employees in the year in which the past service costs occur.

The actuarial difference is treated as an expense using the straight-line method over a certain number of years (8 to 10 years) within the average remaining years of service of the employees in the fiscal year in which the gain or loss occurs, and is recognized from the following fiscal year.

## (iii) Simplified Accounting Treatment

Some consolidated subsidiaries apply a simplified accounting treatment to calculate retirement benefit obligations and retirement benefit expenses, using a method whereby the amount of retirement benefits to be paid in the case of voluntary termination at the end of the period is used as the retirement benefit obligation.

## (6) Accounting Standards for Material Revenue and Expenses

The major performance obligations and the timing of revenue recognition in principal businesses are as follows.

## (i) Sale of Merchandise and Finished Goods

In the sporting goods sales business, we principally manufacture and distribute sporting goods. Regarding the sale of those merchandise and finished goods, revenue is recognized when the performance obligation has been satisfied upon delivery of the merchandise and finished goods to the location agreed upon with the customer. However, applying the alternative treatment stipulated in Paragraph 98 of the “Implementation Guidance on Accounting Standard for Revenue Recognition,” revenue is recognized at the time of shipment for domestic sales of merchandise and finished goods.

## (ii) Sports Facility Management Business

In the sports facility management business, we are mainly engaged in operation and contract operation of sports facilities on a long-term basis, and contract the construction of sports facilities. Regarding such contracts, as the performance obligation will be satisfied over a certain period of time, revenue is recognized on a straight-line basis over the period of service provision or based on the progress related to the fulfillment of the performance obligation. For short-term contracts, revenue is recognized when the performance obligations are fully satisfied.

## (7) Significant Hedge Accounting Methods

## (i) Hedge Accounting Methods

In principle, the deferral hedge accounting method is applied.

If specific conditions under J-GAAP are satisfied, the following treatments can be applied.

- For foreign exchange forward contracts and currency swaps, the appropriation treatment is applied in which the hedged items, foreign currency denominated transactions, can be booked directly using the forward contract rate.
- For interest rate swaps, the exceptional treatment is applied in which interest paid or received can be netted against the interest of The underlying hedged interest bearing debt, and fair value evaluation is not required.

## (ii) Hedging Instruments and Hedged Items

| (Hedging instruments)      | (Hedged items)  |
|----------------------------|---|
| Forward exchange contracts | Foreign-currency-denominated receivables and payables, foreign-currency-denominated forecasted transactions |
| Currency swaps             | Foreign-currency-denominated forecasted transactions, loans payable   |
| Interest rate swaps        | Loans payable and bonds   |

## (iii) Hedging Policy

We hedge foreign exchange fluctuation risk and interest rate fluctuation risk mainly based on our internal rules, such as “Foreign Exchange Transaction Management Regulations” and “Fund Management Transaction Management Regulations.”

As for foreign exchange fluctuation risks, which is one of the major risks, in forecasted foreign-currency-denominated transactions, we will hedge 40% or more and 80% or less of forecasted foreign-currency-denominated transactions, in principle.

## (iv) Method for Evaluating the Effectiveness of Hedges

Hedge effectiveness is evaluated based on a semi-annual comparison of total fluctuations in cash flow or fluctuations in the market value of the hedged item with the total fluctuations in the cash flow or fluctuations in the market value of the hedging instrument; provided, however, that the evaluation of effectiveness is omitted for the interest-rate swaps subject to the exceptional treatment.

## (8) Amortization Method and Period of Goodwill

Goodwill is amortized over 10 years or 20 years by the straight-line method.

## (9) Scope of Cash and Cash Equivalent on Consolidated Statements of Cash Flows

The scope includes cash on hand, deposits that can be withdrawn at any time, and short-term investments that are easily cashed and redeemable within three months from the date of acquisition with minimum risk of fluctuations in value.

## (Significant Accounting Estimate)

## 1. Recoverability of Deferred Tax Assets

## (1) Amount Recorded in the Consolidated Financial Statements for the Current Fiscal Year

(Millions of yen)

| Category            | Previous Fiscal Year | Current Fiscal Year |
|---------------------|----------------------|---------------------|
| Deferred tax assets | 2,127                | 1,855               |

## (2) Information on the Content of Significant Accounting Estimates for the Identified Item

## (i) Calculation Method for the Amount Recorded in the Consolidated Financial Statements for the Current Fiscal Year

As to future deductible temporary differences, taxable income and tax planning based on future earning power are estimated, and the amount is calculated by judging the recoverability of deferred tax assets.

## (ii) Significant Assumptions Used for Calculation of the Amount Recorded in the Consolidated Financial Statements for the Current Fiscal Year

Taxable income is estimated based on the business plan, and the main assumptions are the growth rates of the market and business. The impact of COVID-19 on the Group's business has been recovering and we have made accounting estimates based on the assumption that the Group's business will further normalize in the fiscal year ending March 2024 and beyond.

## (iii) Impact on the Consolidated Financial Statements for the Following Fiscal Year

In the case where factors that may affect the estimation of taxable income occur due to downward revisions to the business plan or failure to achieve the plan, deferred tax assets may be reversed, resulting in an adverse impact on profit and loss.

## 2. Valuation of Intangible Assets Attributable to Sports Facilities Services Business

## (1) Amount Recorded in the Consolidated Financial Statements for the Current Fiscal Year

(Millions of yen)

| Category                  | Previous Fiscal Year | Current Fiscal Year |
|---------------------------|----------------------|---------------------|
| Customer-related assets   | 1,890                | 1,792               |
| Trademark-related assets  | 656                  | 592                 |
| Technology-related assets | 572                  | 541                 |

## (2) Information on the Content of Significant Accounting Estimates for the Identified Item

## (i) Calculation Method for the Amount Recorded in the Consolidated Financial Statements for the Current Fiscal Year

The Group recognizes the present value of the excess revenue that the target company is expected to generate from ongoing business relationships with existing customers at the time of acquisition as intangible assets. An impairment test is also performed if there is any sign that the recoverable amount of the intangible asset is less than its book value.

## (ii) Significant Assumptions Used for Calculation of the Amount Recorded in the Consolidated Financial Statements for the Current Fiscal Year

The total amount of the future cash flow before the discount used for the impairment test is estimated based on the business plan of the target company, and its main assumptions are the market growth rate, the market share, the economic environment, etc.

## (iii) Impact on the Consolidated Financial Statements for the Following Fiscal Year

In the case where factors that may affect the recoverable amount of intangible assets due to downward revisions to the business plan or failure to achieve the plan, impairment loss may be incurred, resulting in an adverse impact on profit and loss.

## (Changes in Accounting Policy)

## (Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

“Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 31; June 17, 2021) has been applied effective from the beginning of the current fiscal year. In accordance with the transitional treatment stipulated in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, the new accounting policy stipulated in it will be applied in the future. There is no significant impact of this change to the consolidated financial statements.

In accordance with Paragraph 27-3 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, items for the previous fiscal year are not stated in the notes to “Financial Instruments” of Matters Concerning the Breakdown, etc. by Fair Value Level of Financial Instruments.

## (Application of Financial Accounting Standards Board Accounting Standards Codification (ASC) No. 842, “Leases”)

Overseas consolidated subsidiary that applies U.S. GAAP has applied ASC No. 842 “Leases” since the beginning of the current fiscal year. As a result, all lease transactions of lessees are recorded as assets and liabilities on the consolidated balance sheet in principle. In applying the accounting standard, the Company adopted the method of recognizing the impact of retroactive application at the beginning of the current fiscal year, which is the date of application of the accounting standard in accordance with the transitional treatment. As a result, “Other, net” in property, plant and equipment, “Others” in current liabilities, and “Others” in non-current liabilities increased by 409 million yen, 273 million yen, and 133 million yen, respectively, at the end of the current fiscal year. The impact on profit and loss for the current fiscal year is immaterial.

## (Unapplied Accounting Standards, etc.)

Not applicable

## (Changes in presentation)

## (Consolidated Statement of Income)

“Commission expenses,” included in “Others” under “Non-operating expenses” in the previous fiscal year, are separately stated from the current fiscal year because they exceeded 10/100 of the total amount of non-operating expenses. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, 46 million yen stated in “Others” under “Non-operating expenses” in the Consolidated Statement of Income for the previous fiscal year was reclassified as 0 million yen in “Commission expenses” and 45 million yen in “Others.”

## (Consolidated Balance Sheet)

\*1. Of notes and accounts receivable - trade, the amounts of receivables and contractual assets arising from contracts with customers are as follows:

|                             | End of previous fiscal year<br>(As of March 31, 2022) | End of current fiscal year<br>(As of March 31, 2023) |
|-----------------------------|---|--|
| Notes receivable - trade    | 4,256 million yen                                     | 4,667 million yen                                    |
| Accounts receivable - trade | 32,796  | 43,359   |

## \*2. Accumulated depreciation of property, plant and equipment

|   | End of previous fiscal year<br>(As of March 31, 2022) | End of current fiscal year<br>(As of March 31, 2023) |
|---|---|--|
| Accumulated depreciation of property, plant and equipment | 37,215 million yen                                    | 39,032 million yen                                   |

## \*3. Principal assets relating to non-consolidated subsidiaries and affiliated companies are as follows.

|                                | End of previous fiscal year<br>(As of March 31, 2022) | End of current fiscal year<br>(As of March 31, 2023) |
|--------------------------------|---|--|
| Investment securities (Stocks) | 162 million yen                                       | 168 million yen                                      |

## \*4. Assets pledged as collateral against a third party's borrowings, etc. are as follows.

|                                | End of previous fiscal year<br>(As of March 31, 2022) | End of current fiscal year<br>(As of March 31, 2023) |
|--------------------------------|---|--|
| Investment securities (Stocks) | 9 million yen   | 9 million yen  |

Liabilities corresponding to pledged assets

Not applicable

## \*5. Guarantee obligation

Guarantee associated with commercial letters of credit

|   | End of previous fiscal year<br>(As of March 31, 2022) | End of current fiscal year<br>(As of March 31, 2023) |
|---|---|--|
| Guarantee against overseas financial institutions | 423 million yen                                       | 407 million yen                                      |

Guarantee associated with non-consolidated subsidiary's loans from financial institutions

Not applicable

## \*6. The amounts of contract liabilities included in others are as follows.

|                      | End of previous fiscal year<br>(As of March 31, 2022) | End of current fiscal year<br>(As of March 31, 2023) |
|----------------------|---|--|
| Contract liabilities | 787 million yen                                       | 1,149 million yen                                    |

## \*7. Application of the Land Revaluation Act

In accordance with the Act on Revaluation of Land (Act No. 34 issued on March 31, 1998) and the Act to Partially Amend the Act on Revaluation of Land (Act No. 19, issued on March 31, 2001), the Group revaluated the land for business use on March 31, 2002 and the amount corresponding to taxes on the relevant revaluation difference is included in "Deferred tax liabilities for land revaluation," and the amount deducted is included in net assets as "Revaluation reserve for land."

## (1) Revaluation method

The revaluation of land is conducted by using the road rate as prescribed in Article 2, Item 4 of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119 promulgated on March 31, 1998), and the land without road rate is revaluated by making reasonable adjustments to the assessed values of fixed assets stipulated in Item 3 of the abovementioned Order for Enforcement.

## (2) Date of revaluation: March 31, 2002

## (3) Difference between the fair value of the revaluated land as of the end of the current fiscal year and its book value after revaluation

|  | End of previous fiscal year<br>(As of March 31, 2022) | End of current fiscal year<br>(As of March 31, 2023) |
|--|---|--|
|  | 1,415 million yen                                     | 1,471 million yen                                    |

## \*8. Reduction entry

The reduction entry deducted from the acquisition price of non-current assets due to the conversion of fixed assets rights associated with the Urban Area Redevelopment Project Type 1 under the Urban Renewal Act is as follows.

|                          | End of previous fiscal year<br>(As of March 31, 2022) | End of current fiscal year<br>(As of March 31, 2023) |
|--------------------------|---|--|
| Construction in progress | 4,120 million yen                                     | 4,120 million yen                                    |

## (Consolidated Statement of Income)

## \*1. Revenue from contracts with customers

Revenue from contracts with customers and revenue from other sources are not stated separately. The amounts of revenue from contracts with customers are stated in “Notes (Segment Information)” to Consolidated Financial Statements, “3. Information on the Amounts of Revenue, Profit or Loss, Assets, and Other Items by Reportable Segment and Breakdown of Revenue.”

## \*2. Inventories as of the end of the period represent the amount after devaluation due to the decline in profitability, and the following inventory valuation loss is included in cost of sales.

|  | Previous fiscal year<br>(From April 1, 2021<br>to March 31, 2022) | Current fiscal year<br>(From April 1, 2022<br>to March 31, 2023) |
|--|---|--|
|  | 208 million yen   | 394 million yen  |

## \*3. Research and development expenses included in general and administrative expenses and production costs for the current period

|  | Previous fiscal year<br>(From April 1, 2021<br>to March 31, 2022) | Current fiscal year<br>(From April 1, 2022<br>to March 31, 2023) |
|--|---|--|
|  | 2,450 million yen   | 2,754 million yen  |

## \*4. Breakdown of gain on sale of principal non-current assets

|                                       | Previous fiscal year<br>(From April 1, 2021<br>to March 31, 2022) | Current fiscal year<br>(From April 1, 2022<br>to March 31, 2023) |
|---------------------------------------|---|--|
| Buildings                             | 25 million yen  | — million yen  |
| Land                                  | 150   | —  |
| Machinery, equipment and vehicles     | 3   | 3  |
| Other (Property, plant and equipment) | 5   | 4  |

## \*5. Breakdown of loss on sale of principal non-current assets

|                                       | Previous fiscal year<br>(From April 1, 2021<br>to March 31, 2022) | Current fiscal year<br>(From April 1, 2022<br>to March 31, 2023) |
|---------------------------------------|---|--|
| Other (Property, plant and equipment) | 1 million yen   | 0 million yen  |

## \*6. Loss on retirement of principal non-current assets

|                                       | Previous fiscal year<br>(From April 1, 2021<br>to March 31, 2022) | Current fiscal year<br>(From April 1, 2022<br>to March 31, 2023) |
|---------------------------------------|---|--|
| Buildings and structures              | 7 million yen   | 1 million yen  |
| Machinery, equipment and vehicles     | 0   | 2  |
| Other (Property, plant and equipment) | 60  | 13   |
| Other (Intangible assets)             | 0   | 41   |

## \*7. Impairment losses

Previous Fiscal Year (From April 1, 2021 to March 31, 2022)

| Purpose of Use  | Location                           | Type      | Impairment loss<br>(Millions of yen) |
|-----------------|------------------------------------|-----------|--------------------------------------|
| Business assets | Sakai City, Osaka Prefecture       | Structure | 5                                    |
| Business assets | Suita City, Osaka Prefecture       | Building  | 4                                    |
| Business assets | Nagoya City, Aichi Prefecture      | Structure | 1                                    |
| Business assets | Shiojiri City, Nagano Prefecture   | Structure | 0                                    |
| Business assets | Nishinomiya City, Hyogo Prefecture | Building  | 0                                    |
| Others          | —                                  | Goodwill  | 327                                  |
| Others          | —                                  | Building  | 9                                    |
| Total           |                                    |           | 348                                  |

Non-current assets for which impairment losses have been recognized are grouped by individual property based on each cash generating unit. Due to the continuous deterioration of operating profit and loss, etc., the book value was reduced to a recoverable amount, and the reduced amount was recorded as an extraordinary loss. The recoverable amount is measured based on value in use, and the value in use is calculated based on future cash flows.

In addition, regarding the goodwill arising from the acquisition of Sharp Sangyo Co., Ltd., a consolidated subsidiary, we reviewed our business plan since its performance remained below the initial forecast in the current fiscal year. As a result, we determined that excess earning power is no longer expected, and the recoverable amount of goodwill was set at zero by reducing the total amount of the unamortized balance (327 million yen). Thus, the reduced amount was recorded as impairment loss under extraordinary losses. While the recoverable amount is calculated based on future cash flows under the business plan, the main assumption is when the COVID-19 pandemic will come to an end.

Since the undiscounted future cash flows are negative, the discount rate is omitted.

Current Fiscal Year (From April 1, 2022 to March 31, 2023)

| Purpose of Use  | Location                           | Type      | Impairment loss<br>(Millions of yen) |
|-----------------|------------------------------------|-----------|--------------------------------------|
| Business assets | Sakai City, Osaka Prefecture       | Structure | 0                                    |
| Business assets | Yokohama City, Kanagawa Prefecture | Building  | 4                                    |
| Total           |                                    |           | 4                                    |

Non-current assets for which impairment losses have been recognized are grouped by individual property based on each cash generating unit. Due to the continuous deterioration of operating profit and loss, etc., the book value was reduced to a recoverable amount, and the reduced amount was recorded as an extraordinary loss. The recoverable amount is measured based on value in use, and the value in use is calculated based on future cash flows.

Since the undiscounted future cash flows are negative, the discount rate is omitted.

## \*8. Provision of allowance for doubtful accounts

With respect to receivables held by the Company for non-consolidated subsidiaries, an allowance for doubtful accounts is provided for the amount that is expected to be uncollectable.

## \*9. Business structure improvement expenses

These are expenses associated with business restructuring at the subsidiary in South Korea, including 397 million yen in inventory valuation losses, 36 million yen in special retirement benefits, and 24 million yen in impairment losses on non-current assets.

## (Consolidated Statement of Comprehensive Income)

## \*1. The amounts of reclassification adjustments and tax effects related to other comprehensive income

|   | Previous fiscal year<br>(From April 1, 2021<br>to March 31, 2022) | Current fiscal year<br>(From April 1, 2022<br>to March 31, 2023) |
|---|---|--|
| Valuation difference on available-for-sale securities |   |  |
| Amount recognized during the period                   | 239 million yen   | 631 million yen  |
| Amount of reclassification adjustments                | (290)   | (58)   |
| Before tax effect adjustment                          | (51)  | 573  |
| Tax effect amount                                     | (44)  | (170)  |
| Valuation difference on available-for-sale securities | (96)  | 402  |
| Deferred gains or losses on hedges                    |   |  |
| Amount recognized during the period                   | (185) million yen   | (1,077) million yen  |
| Amount of reclassification adjustments                | —   | —  |
| Before tax effect adjustment                          | (185)   | (1,077)  |
| Tax effect amount                                     | 55  | 324  |
| Deferred gains or losses on hedges                    | (130)   | (753)  |
| Foreign currency translation adjustment               |   |  |
| Amount recognized during the period                   | 2,100 million yen   | 3,361 million yen  |
| Amount of reclassification adjustments                | —   | —  |
| Before tax effect adjustment                          | 2,100   | 3,361  |
| Tax effect amount                                     | —   | —  |
| Foreign currency translation adjustment               | 2,100   | 3,361  |
| Remeasurements of defined benefit plans, net of tax   |   |  |
| Amount recognized during the period                   | 26 million yen  | 896 million yen  |
| Amount of reclassification adjustments                | (139)   | (182)  |
| Before tax effect adjustment                          | (113)   | 714  |
| Tax effect amount                                     | 34  | (218)  |
| Remeasurements of defined benefit plans, net of tax   | (78)  | 495  |
| Total other comprehensive income                      | 1,794   | 3,507  |

## (Consolidated Statement of Changes in Equity)

Previous Fiscal Year (From April 1, 2021 to March 31, 2022)

## 1. Matters Concerning Shares Issued

| Class of Shares       | Balance at April 1, 2021 | Increase | Decrease | Balance at March 31, 2022 |
|-----------------------|--------------------------|----------|----------|---------------------------|
| Common stock (shares) | 26,578,243               | —        | —        | 26,578,243                |

## 2. Matters Concerning Treasury Shares

| Class of Shares       | Balance at April 1, 2021 | Increase | Decrease | Balance at March 31, 2022 |
|-----------------------|--------------------------|----------|----------|---------------------------|
| Common stock (shares) | 1,032,456                | 1,304    | 9,568    | 1,024,192                 |

Note: 1. Overview of cause of movement

The details of the increase are as follows:

Increase due to purchase of shares of less than one unit: 1,304 shares

The details of the decrease are as follows:

(1) Disposal of treasury shares for restricted stock remuneration: 9,399 shares

(2) Decrease due to sale of shares of less than one unit: 169 shares

## 3. Matters Concerning Stock Acquisition Rights and Treasury Share Acquisition Rights

Not applicable

## 4. Matters Concerning Dividends

## (1) Dividends Paid

| Resolution   | Class of shares | Total dividends paid<br>(Millions of yen) | Dividend per share<br>(Yen) | Record date        | Effective date   |
|--|-----------------|---|-----------------------------|--------------------|------------------|
| Ordinary General Meeting of Shareholders held on June 23, 2021 | Common stock    | 638                                       | 25                          | March 31, 2021     | June 24, 2021    |
| Board of Directors' meeting held on November 10, 2021          | Common stock    | 638                                       | 25                          | September 30, 2021 | December 1, 2021 |

## (2) Among Dividends Whose Record Date Belongs to This Fiscal Year, Dividends Whose Effective Date Falls in the Following Fiscal Year

| Resolution   | Class of shares | Source of dividends | Total dividends paid<br>(Millions of yen) | Dividend per share<br>(Yen) | Record date    | Effective date |
|--|-----------------|---------------------|---|-----------------------------|----------------|----------------|
| Ordinary General Meeting of Shareholders held on June 22, 2022 | Common stock    | Retained earnings   | 894                                       | 35                          | March 31, 2022 | June 23, 2022  |



## Current Fiscal Year (From April 1, 2022 to March 31, 2023)

## 1. Matters Concerning Shares Issued

| Class of Shares       | Balance at April 1, 2022 | Increase | Decrease | Balance at March 31, 2023 |
|-----------------------|--------------------------|----------|----------|---------------------------|
| Common stock (shares) | 26,578,243               | —        | —        | 26,578,243                |

## 2. Matters Concerning Treasury Shares

| Class of Shares       | Balance at April 1, 2022 | Increase | Decrease | Balance at March 31, 2023 |
|-----------------------|--------------------------|----------|----------|---------------------------|
| Common stock (shares) | 1,024,192                | 1,881    | 11,347   | 1,014,726                 |

Note: 1. Overview of cause of movement

The details of the increase are as follows:

Increase due to purchase of shares of less than one unit: 1,881 shares

The details of the decrease are as follows:

(1) Disposal of treasury shares for restricted stock remuneration: 11,272 shares

(2) Decrease due to sale of shares of less than one unit: 75 shares

## 3. Matters Concerning Stock Acquisition Rights and Treasury Share Acquisition Rights

Not applicable

## 4. Matters Concerning Dividends

## (1) Dividends Paid

| Resolution   | Class of shares | Total dividends paid<br>(Millions of yen) | Dividend<br>per share<br>(Yen) | Record date        | Effective date   |
|--|-----------------|---|--------------------------------|--------------------|------------------|
| Ordinary General Meeting of Shareholders held on June 22, 2022 | Common stock    | 894                                       | 35                             | March 31, 2022     | June 23, 2022    |
| Board of Directors' meeting held on November 8, 2022           | Common stock    | 766                                       | 30                             | September 30, 2022 | December 1, 2022 |

## (2) Among Dividends Whose Record Date Belongs to This Fiscal Year, Dividends Whose Effective Date Falls in the Following Fiscal Year

| Resolution   | Class of Shares | Source of dividends | Total dividends paid<br>(Millions of yen) | Dividend<br>per share<br>(Yen) | Record date    | Effective date |
|--|-----------------|---------------------|---|--------------------------------|----------------|----------------|
| Ordinary General Meeting of Shareholders held on June 21, 2023 | Common stock    | Retained earnings   | 1,022                                     | 40                             | March 31, 2023 | June 22, 2023  |

## (Consolidated Statement of Cash Flows)

- \*1. Relationship between the balance of cash and cash equivalents at the end of the period and the amount of items listed on the consolidated balance sheet

|  | Previous fiscal year<br>(From April 1, 2021<br>to March 31, 2022) | Current fiscal year<br>(From April 1, 2022<br>to March 31, 2023) |
|--|---|--|
| Cash and deposits account  | 24,429 million yen  | 23,845 million yen   |
| Short-term investments with a maturity<br>of three months or less from the date of<br>acquisition (securities, etc.) | —   | —  |
| Cash and cash equivalents  | 24,429  | 23,845   |

## (Lease Transactions)

## 1. Finance Lease Transactions

Finance lease transactions without transfer of ownership

Lessee

## (1) Leased Assets

## (i) Property, Plant and Equipment

Office equipment, office computers, store facilities in retail business, assets for sports facility management, etc.

## (ii) Intangible Assets

Analysis software, etc. used for research and development purposes

## (2) Depreciation Method for Leased Assets

Please refer to “4. Matters Concerning Accounting Policies (2) Depreciation and Amortization Methods for Material Depreciable and Amortizable Assets,” which is the basis for the preparation of consolidated financial statements.

## 2. Operating Lease Transactions

Lessee

Future lease payments

|                  | End of previous fiscal year (As of<br>March 31, 2022) | End of current fiscal year<br>(As of March 31, 2023) |
|------------------|---|--|
| 1 year or less   | 20 million yen  | — million yen  |
| More than 1 year | —   | —  |
| Total            | 20  | —  |

## (Financial Instruments)

## 1. Matters Concerning the Status of Financial Instruments

## (1) Policy for Financial Instruments

The Group procures necessary funds mainly through borrowings from financial institutions based on capital investment plans and working capital requirements. Temporary surplus funds are invested in highly secure financial assets, such as bank deposits.

In addition, the Group does not enter into derivative transactions for speculative trading purposes but uses them only for the purpose of avoiding the risks described below.

## (2) Details of Financial Instruments and Their Risks

Notes and accounts receivable - trade, which are trade receivables, are exposed to credit risk deriving from clients. In addition, foreign-currency-denominated trade receivables are exposed to country risk and exchange rate fluctuation risk in addition to credit risk.

Securities and investment securities are mainly held-to-maturity bonds and listed stocks, and they are exposed to the credit risk of issuers and the risk of market price fluctuations.

Some notes and accounts payable - trade, which are trade payables, are denominated in foreign currencies associated with imports of merchandise, raw materials, etc., and are exposed to the risk of exchange rate fluctuations. However, in principle, net positions of foreign-currency-denominated trade receivable are hedged using forward exchange contracts.

While some loans payables are with floating interest rates and are therefore exposed to interest rate fluctuation risk, they are hedged using derivative transactions (interest rate swap transactions).

## (3) Risk Management System Relating to Financial Instruments

## (i) Management of Credit Risk

The Group monitors credit limits for customers, such as trade receivables, in accordance with various regulations by managing due dates and balances for each counterparty, and it strives to prevent uncollectable credits due to deterioration in financial conditions.

The credit risk pertaining to held-to-maturity bonds is considered to be limited because they are highly rated bonds.

In addition, with regard to derivative transactions, we see almost no credit risk since we conduct transactions with highly rated financial institutions only.

## (ii) Management of Market Risks (Fluctuating Risks of Foreign Exchange, Interest Rates, etc.)

As a general rule, the Group uses forward exchange contracts to hedge foreign-currency-denominated trade receivables and payables against exchange rate fluctuation risks identified by currency and by month. Furthermore, the Company uses interest rate swap transactions to control the risk of interest rate fluctuations relating to loans payable.

With regard to securities and investment securities, we monitor the trends of market prices and issuers' business performance and financial conditions, and we pay attention to preventing losses arising from market price declines.

With regard to derivative transactions, the follow-up verification is conducted in terms of the effectiveness of hedging in accordance with regulations that stipulate transaction authority and transaction amount limits, etc. The transaction performance is regularly reported to the Board of Directors.

## (4) Supplementary Explanation on Matters Concerning Fair Values of Financial Instruments

The fair value of financial instruments includes the value based on the market prices, and the value reasonably calculated in the absence of market prices. Since fluctuation factors are incorporated in the calculation of the relevant value, the relevant value may fluctuate depending on the adoption of different assumptions.

Notes are omitted for "Cash and deposits," "Notes receivable - trade," "Accounts receivable - trade," "Notes and accounts payable - trade," "Short-term loans payable," and "Income taxes payable" because they are settled in a short period of time, and their fair values are almost equivalent to the book value. The current portion of long-term loans payable (2,328 million yen) is included in long-term loans payable.

## 2. Matters Concerning Fair Values of Financial Instruments, etc.

Consolidated balance sheet amounts, fair values, and differences between them are as follows.

End of previous fiscal year (As of March 31, 2022)

|                                      | Consolidated balance sheet<br>amounts (Millions of yen) | Fair value<br>(Millions of yen) | Difference<br>(Millions of yen) |
|--------------------------------------|---|---------------------------------|---------------------------------|
| Securities and investment securities |   |                                 |                                 |
| Held-to-maturity bonds               | 300   | 258                             | (41)                            |
| Available-for-sale securities        | 5,384   | 5,384                           | —                               |
| Total assets                         | 5,684   | 5,642                           | (41)                            |
| Long-term loans payable              | 9,453   | 9,302                           | 151                             |
| Total liabilities                    | 9,453   | 9,302                           | 151                             |
| Derivatives                          | 674   | 674                             | —                               |

Notes: 1. Net receivables and payables arising from derivatives transactions are shown in net amounts, and items that are net liabilities in total are shown in parentheses.

2. Equity investments in partnerships and other equivalent entities which account for the amount of net equity on the consolidated balance sheet are not included. The amount recorded on the consolidated balance sheet for this investment is 213 million yen.

End of current fiscal year (As of March 31, 2023)

|                                      | Consolidated balance sheet<br>amounts (Millions of yen) | Fair value<br>(Millions of yen) | Difference<br>(Millions of yen) |
|--------------------------------------|---|---------------------------------|---------------------------------|
| Securities and investment securities |   |                                 |                                 |
| Held-to-maturity bonds               | 300   | 262                             | (37)                            |
| Available-for-sale securities        | 5,858   | 5,858                           | —                               |
| Total assets                         | 6,158   | 6,121                           | (37)                            |
| Long-term loans payable              | 14,730  | 14,347                          | 382                             |
| Total liabilities                    | 14,730  | 14,347                          | 382                             |
| Derivatives                          | (395)   | (395)                           | —                               |

Notes: 1. Net receivables and payables arising from derivatives transactions are shown in net amounts, and items that are net liabilities in total are shown in parentheses.

2. Equity investments in partnerships and other equivalent entities which account for the amount of net equity on the consolidated balance sheet are not included. The amount recorded on the consolidated balance sheet for this investment is 197 million yen.

3. Stocks without market price, etc. are not included in “Securities and investment securities.” The consolidated balance sheet amounts of the relevant financial instruments are as follows.

| Category        | End of previous fiscal year<br>(Millions of yen) | End of current fiscal year<br>(Millions of yen) |
|-----------------|--|---|
| Unlisted Shares | 853  | 863   |

## 4. Scheduled redemption amount after the consolidated balance sheet date for monetary claims and securities with maturity dates

End of previous fiscal year (As of March 31, 2022)

|  | 1 year or less<br>(Millions of yen) | More than 1 year<br>and 5 years or less<br>(Millions of yen) | More than 5 years<br>and 10 years or less<br>(Millions of yen) | More than 10 years<br>(Millions of yen) |
|--|-------------------------------------|--|--|---|
| Cash and deposits                                | 24,429                              | —  | —  | —                                       |
| Notes receivable - trade                         | 4,256                               | —  | —  | —                                       |
| Accounts receivable - trade                      | 32,796                              | —  | —  | —                                       |
| Securities and investment securities             |                                     |  |  |   |
| Held-to-maturity bonds                           |                                     |  |  |   |
| Japanese government bonds, municipal bonds, etc. | —                                   | —  | —  | —                                       |
| Corporate bonds                                  | —                                   | —  | 300  | —                                       |
| Available-for-sale securities with maturity      |                                     |  |  |   |
| Bonds (Corporate bonds)                          | —                                   | —  | —  | —                                       |
| Total  | 61,482                              | —  | 300  | —                                       |

End of current fiscal year (As of March 31, 2023)

|  | 1 year or less<br>(Millions of yen) | More than 1 year<br>and 5 years or less<br>(Millions of yen) | More than 5 years<br>and 10 years or less<br>(Millions of yen) | More than 10 years<br>(Millions of yen) |
|--|-------------------------------------|--|--|---|
| Cash and deposits                                | 23,845                              | —  | —  | —                                       |
| Notes receivable - trade                         | 4,667                               | —  | —  | —                                       |
| Accounts receivable - trade                      | 43,359                              | —  | —  | —                                       |
| Securities and investment securities             |                                     |  |  |   |
| Held-to-maturity bonds                           |                                     |  |  |   |
| Japanese government bonds, municipal bonds, etc. | —                                   | —  | —  | —                                       |
| Corporate bonds                                  | —                                   | —  | 300  | —                                       |
| Available-for-sale securities with maturity      |                                     |  |  |   |
| Bonds (Corporate bonds)                          | —                                   | —  | —  | —                                       |
| Total  | 71,873                              | —  | 300  | —                                       |

## 5. Scheduled repayment amount of long-term loans payable, lease obligations, and other interest-bearing debt after the consolidated balance sheet date

End of previous fiscal year (As of March 31, 2022)

|                          | 1 year or less<br>(Millions of yen) | More than 1 year<br>and 2 years or less<br>(Millions of yen) | More than 2 years<br>and 3 years or less<br>(Millions of yen) | More than 3 years<br>and 4 years or less<br>(Millions of yen) | More than 4 years<br>and 5 years or less<br>(Millions of yen) | More than 5<br>years<br>(Millions of yen) |
|--------------------------|-------------------------------------|--|---|---|---|---|
| Short-term loans payable | 1,174                               | —  | —   | —   | —   | —   |
| Long-term loans payable  | 2,500                               | 2,094  | 94  | 3,594   | 94  | 1,077                                     |
| Lease obligations        | 253                                 | 181  | 117   | 79  | 50  | 150                                       |
| Total                    | 3,928                               | 2,275  | 211   | 3,673   | 144   | 1,227                                     |

End of current fiscal year (As of March 31, 2023)

|                          | 1 year or less<br>(Millions of yen) | More than 1 year<br>and 2 years or less<br>(Millions of yen) | More than 2 years<br>and 3 years or less<br>(Millions of yen) | More than 3 years<br>and 4 years or less<br>(Millions of yen) | More than 4 years<br>and 5 years or less<br>(Millions of yen) | More than 5<br>years<br>(Millions of yen) |
|--------------------------|-------------------------------------|--|---|---|---|---|
| Short-term loans payable | 9,106                               | —  | —   | —   | —   | —   |
| Long-term loans payable  | 2,328                               | 2,121  | 3,500   | —   | 3,000   | 3,780                                     |
| Lease obligations        | 511                                 | 459  | 235   | 93  | 32  | 152                                       |
| Total                    | 11,945                              | 2,580  | 3,735   | 93  | 3,032   | 3,932                                     |

## 3. Matters Concerning the Breakdown, etc. by Fair Value Level of Financial Instruments

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of the inputs used for the calculation of the fair value.

Level 1 fair value: Fair value calculated using (unadjusted) quoted prices in active markets for identical assets or liabilities

Level 2 fair value: Fair value calculated using directly or indirectly observable inputs other than Level 1 inputs

Level 3 fair value: Fair value determined using significant and unobservable inputs

When multiple inputs that have a significant impact on the calculation of fair value are used, the fair value is classified into the lowest priority level in the calculation of fair value among the levels to which those inputs belong.

## (1) Financial Assets and Financial Liabilities Whose Fair Values Are Marked as the Consolidated Balance Sheet Amounts

End of previous fiscal year (As of March 31, 2022)

(Millions of yen)

| Category                      | Fair value |         |         |       |
|-------------------------------|------------|---------|---------|-------|
|                               | Level 1    | Level 2 | Level 3 | Total |
| Investment securities         |            |         |         |       |
| Available-for-sale securities | 5,384      | —       | —       | 5,384 |
| Derivatives                   | —          | 674     | —       | 674   |

Note: Net receivables and payables arising from derivatives transactions are shown in net amounts, and items that are net liabilities in total are shown in parentheses.

End of current fiscal year (As of March 31, 2023)

(Millions of yen)

| Category                      | Fair value |         |         |       |
|-------------------------------|------------|---------|---------|-------|
|                               | Level 1    | Level 2 | Level 3 | Total |
| Investment securities         |            |         |         |       |
| Available-for-sale securities | 5,858      | —       | —       | 5,858 |
| Derivatives                   | —          | (395)   | —       | (395) |

Note: Net receivables and payables arising from derivatives transactions are shown in net amounts, and items that are net liabilities in total are shown in parentheses.

## (2) Financial Assets and Financial Liabilities Whose Fair Values Are Not Marked as the Consolidated Balance Sheet Amounts

End of previous fiscal year (As of March 31, 2022)

(Millions of yen)

| Category                | Fair value |         |         |       |
|-------------------------|------------|---------|---------|-------|
|                         | Level 1    | Level 2 | Level 3 | Total |
| Investment securities   |            |         |         |       |
| Held-to-maturity bonds  | —          | 258     | —       | 258   |
| Total assets            | —          | 258     | —       | 258   |
| Long-term loans payable | —          | 9,302   | —       | 9,302 |
| Total liabilities       | —          | 9,302   | —       | 9,302 |

End of current fiscal year (As of March 31, 2023)

(Millions of yen)

| Category                | Fair value |         |         |        |
|-------------------------|------------|---------|---------|--------|
|                         | Level 1    | Level 2 | Level 3 | Total  |
| Investment securities   |            |         |         |        |
| Held-to-maturity bonds  | —          | 262     | —       | 262    |
| Total assets            | —          | 262     | —       | 262    |
| Long-term loans payable | —          | 14,347  | —       | 14,347 |
| Total liabilities       | —          | 14,347  | —       | 14,347 |

Note: Explanation of the valuation technique used for the calculation of fair value and the inputs relating to the calculation of the fair value

#### Investment securities

Listed stocks are valued using quoted market prices. The fair values of listed stocks are classified as Level 1 fair values because they are traded in an active market. On the other hand, the fair values of other receivables held by the Company are classified as Level 2 fair values because the frequency of transactions on the market is low and they are not recognized as quoted prices in active markets.

#### Derivatives

The fair values of forward exchange contracts are calculated by the discount cash flow method using observable inputs, such as interest rates and foreign exchange rates, and are classified as Level 2 fair values. Interest rate swaps subject to special treatment are accounted for together with long-term loans payable as hedged items. Therefore, the fair values are included in the fair values of such long-term loans payable.

#### Long-term loans payable

These fair values are calculated using the present discounted value method based on the total amount of principal and interest and an interest rate that takes into account the remaining term of the relevant debt and credit risk, and they are classified as Level 2 fair value. Long-term loans payable with floating interest rates are subject to special treatment for interest rate swaps (see “Derivatives” above) and are calculated using the total amount of principal and interests processed together with the relevant interest rate swaps.

## (Securities)

## I. End of Previous Fiscal Year

## 1. Held-to-maturity Bonds (As of March 31, 2022)

|   | Type   | Consolidated balance sheet amount<br>(Millions of yen) | Fair value<br>(Millions of yen) | Difference<br>(Millions of yen) |
|---|--|--|---------------------------------|---------------------------------|
| Securities whose fair value exceeds the consolidated balance sheet amount         | (1) Japanese government bonds, municipal bonds, etc. | —  | —                               | —                               |
|   | (2) Corporate bonds                                  | —  | —                               | —                               |
|   | (3) Others   | —  | —                               | —                               |
|   | Subtotal   | —  | —                               | —                               |
| Securities whose fair value does not exceed the consolidated balance sheet amount | (1) Japanese government bonds, municipal bonds, etc. | —  | —                               | —                               |
|   | (2) Corporate bonds                                  | 300  | 258                             | (41)                            |
|   | (3) Others   | —  | —                               | —                               |
|   | Subtotal   | 300  | 258                             | (41)                            |
| Total   |  | 300  | 258                             | (41)                            |

## 2. Available-for-sale Securities (As of March 31, 2022)

|   | Type   | Acquisition cost<br>(Millions of yen) | Consolidated balance sheet amount<br>(Millions of yen) | Difference<br>(Millions of yen) |
|---|--|---------------------------------------|--|---------------------------------|
| Securities whose consolidated balance sheet amount exceeds the acquisition cost         | (1) Stocks   | 2,507                                 | 5,147  | 2,640                           |
|   | (2) Bonds  |                                       |  |                                 |
|   | (i) Japanese government bonds, municipal bonds, etc. | —                                     | —  | —                               |
|   | (ii) Corporate bonds                                 | —                                     | —  | —                               |
|   | (iii) Others   | —                                     | —  | —                               |
|   | (3) Others   | —                                     | —  | —                               |
|   | Subtotal   | 2,507                                 | 5,147  | 2,640                           |
| Securities whose consolidated balance sheet amount does not exceed the acquisition cost | (1) Stocks   | 277                                   | 237  | (40)                            |
|   | (2) Bonds  |                                       |  |                                 |
|   | (i) Japanese government bonds, municipal bonds, etc. | —                                     | —  | —                               |
|   | (ii) Corporate bonds                                 | —                                     | —  | —                               |
|   | (iii) Others   | —                                     | —  | —                               |
|   | (3) Others   | —                                     | —  | —                               |
|   | Subtotal   | 277                                   | 237  | (40)                            |
| Total   |  | 2,785                                 | 5,384  | 2,599                           |



## 3. Available-for-sale Securities Disposed of During Current Fiscal Year (From April 1, 2021 to March 31, 2022)

| Category | Sales amount<br>(Millions of yen) | Total gain on sales<br>(Millions of yen) | Total loss on sales<br>(Millions of yen) |
|----------|-----------------------------------|--|--|
| Stocks   | 531                               | 295                                      | —  |
| Bonds    | —                                 | —  | —  |
| Others   | —                                 | —  | —  |
| Total    | 531                               | 295                                      | —  |

## 4. Held-to-maturity Bonds Disposed of During This Fiscal Year (From April 1, 2021 to March 31, 2022)

Not applicable

## 5. Securities for Which Impairment Was Processed

During current fiscal year, impairment losses of 35 million yen in securities have been recorded (30 million yen in shares of subsidiaries and affiliates and 5 million yen in available-for-sale securities).

## II. End of Current Fiscal Year

## 1. Held-to-maturity Bonds (As of March 31, 2023)

|  | Type  | Consolidated balance<br>sheet amount<br>(Millions of yen) | Fair value<br>(Millions of yen) | Difference<br>(Millions of yen) |
|--|---|---|---------------------------------|---------------------------------|
| Securities whose fair<br>value exceeds the<br>consolidated balance<br>sheet amount         | (1) Japanese government bonds,<br>municipal bonds, etc. | —   | —                               | —                               |
|  | (2) Corporate bonds                                     | —   | —                               | —                               |
|  | (3) Others  | —   | —                               | —                               |
|  | Subtotal  | —   | —                               | —                               |
| Securities whose fair<br>value does not exceed the<br>consolidated balance<br>sheet amount | (1) Japanese government bonds,<br>municipal bonds, etc. | —   | —                               | —                               |
|  | (2) Corporate bonds                                     | 300   | 262                             | (37)                            |
|  | (3) Others  | —   | —                               | —                               |
|  | Subtotal  | 300   | 262                             | (37)                            |
| Total  |   | 300   | 262                             | (37)                            |

## 2. Available-for-sale Securities (As of March 31, 2023)

|  | Type  | Acquisition cost<br>(Millions of yen) | Consolidated balance<br>sheet amount<br>(Millions of yen) | Difference<br>(Millions of yen) |
|--|---|---------------------------------------|---|---------------------------------|
| Securities whose<br>consolidated balance sheet<br>amount exceeds the<br>acquisition cost         | (1) Stocks  | 2,450                                 | 5,659   | 3,208                           |
|  | (2) Bonds   |                                       |   |                                 |
|  | (i) Japanese government bonds,<br>municipal bonds, etc. | —                                     | —   | —                               |
|  | (ii) Corporate bonds                                    | —                                     | —   | —                               |
|  | (iii) Others  | —                                     | —   | —                               |
|  | (3) Others  | —                                     | —   | —                               |
|  | Subtotal  | 2,450                                 | 5,659   | 3,208                           |
| Securities whose<br>consolidated balance sheet<br>amount does not exceed the<br>acquisition cost | (1) Stocks  | 247                                   | 199   | (47)                            |
|  | (2) Bonds   |                                       |   |                                 |
|  | (i) Japanese government bonds,<br>municipal bonds, etc. | —                                     | —   | —                               |
|  | (ii) Corporate bonds                                    | —                                     | —   | —                               |
|  | (iii) Others  | —                                     | —   | —                               |
|  | (3) Others  | —                                     | —   | —                               |
|  | Subtotal  | 247                                   | 199   | (47)                            |
| Total  |   | 2,697                                 | 5,858   | 3,160                           |

## 3. Available-for-sale Securities Disposed of During Current Fiscal Year (From April 1, 2022 to March 31, 2023)

| Category | Sales amount<br>(Millions of yen) | Total gain on sales<br>(Millions of yen) | Total loss on sales<br>(Millions of yen) |
|----------|-----------------------------------|--|--|
| Stocks   | 197                               | 58                                       | 0  |
| Bonds    | —                                 | —  | —  |
| Others   | —                                 | —  | —  |
| Total    | 197                               | 58                                       | 0  |

## 4. Held-to-maturity Bonds Disposed of During Current Fiscal Year (From April 1, 2022 to March 31, 2023)

Not applicable

## 5. Securities Whose Impairment Losses Were Recognized

Not applicable

## (Derivatives)

End of Previous Fiscal Year (As of March 31, 2022)

## 1. Derivative Transactions to Which Hedge Accounting Is Not Applied

## (1) Currency Related

| Category                   | Type of transaction                                   | Contract amount, etc.<br>(Millions of yen) | Of which, more<br>than 1 year<br>(Millions of yen) | Fair value<br>(Millions of yen) | Unrealized gains<br>or losses<br>(Millions of yen) |
|----------------------------|---|--|--|---------------------------------|--|
| Off-market<br>transactions | Foreign exchange<br>forward contract<br>Long position |  |  |                                 |  |
|                            | U.S. dollar   | 266  | —  | 265                             | (1)  |
|                            | Japanese yen  | 46   | —  | 43                              | (2)  |
| Total                      |   | 313  | —  | 308                             | (4)  |

## (2) Interest-rate Related

Not applicable

## 2. Derivative Transactions to Which Hedge Accounting Is Applied

## (1) Currency Related

| Methods of hedge<br>accounting | Type of transaction                                   | Hedged items               | Contract amount, etc.<br>(Millions of yen) | Of which, more<br>than 1 year<br>(Millions of yen) | Fair value<br>(Millions of yen) |
|--------------------------------|---|----------------------------|--|--|---------------------------------|
| Principle method               | Foreign exchange<br>forward contract<br>Long position |                            |  |  |                                 |
|                                | U.S. dollar   | Account<br>payable - trade | 10,139                                     | —  | 602                             |
|                                | Chinese yuan  | Account<br>payable - trade | 950  | —  | 74                              |
|                                | Japanese yen  | Account<br>payable - trade | 161  | —  | (1)                             |
| Total                          |   |                            | 11,251                                     | —  | 676                             |

## (2) Interest-rate Related

| Methods of hedge<br>accounting                      | Type of transaction                                      | Hedged items               | Contract amount, etc.<br>(Millions of yen) | Of which, more<br>than 1 year<br>(Millions of yen) | Fair value<br>(Millions of yen) |
|---|--|----------------------------|--|--|---------------------------------|
| Exceptional<br>treatment for<br>interest rate swaps | Interest rate swaps                                      |                            |  |  |                                 |
|   | Payment by<br>fixed rate/<br>Receipt by<br>floating rate | Long-term<br>loans payable | 4,000                                      | 2,000  | Note                            |

Note: Interest rate swaps subject to exceptional treatment are accounted for together with long-term loans payable as hedged items. Therefore, the fair value is included in the fair value of such long-term loans payable as stated in the notes to “Financial Instruments.”

End of Current Fiscal Year (As of March 31, 2023)

## 1. Derivative Transactions to Which Hedge Accounting Is Not Applied

## (1) Currency Related

| Category                   | Type of transaction                  | Contract amount,<br>etc.<br>(Millions of yen) | Of which, more<br>than 1 year<br>(Millions of yen) | Fair value<br>(Millions of yen) | Unrealized<br>gains or losses<br>(Millions of yen) |
|----------------------------|--------------------------------------|---|--|---------------------------------|--|
| Off-market<br>transactions | Foreign exchange<br>forward contract |   |  |                                 |  |
|                            | Long position                        |   |  |                                 |  |
|                            | U.S. dollar                          | 520   | —  | 527                             | 7  |
|                            | Japanese yen                         | 7   | —  | 8                               | 0  |
| Total                      |                                      | 528   | —  | 535                             | 7  |

## (2) Interest-rate Related

Not applicable

## 2. Derivative Transactions to Which Hedge Accounting Is Applied

## (1) Currency Related

| Method of hedge<br>accounting | Type of transaction                  | Hedged items               | Contract amount,<br>etc.<br>(Millions of yen) | Of which, more<br>than 1 year<br>(Millions of yen) | Fair value<br>(Millions of yen) |
|-------------------------------|--------------------------------------|----------------------------|---|--|---------------------------------|
| Principle method              | Foreign exchange<br>forward contract |                            |   |  |                                 |
|                               | Long position                        |                            |   |  |                                 |
|                               | U.S. dollar                          | Account<br>payable - trade | 28,193  | —  | (363)                           |
|                               | Chinese yuan                         | Account<br>payable - trade | 994   | —  | (38)                            |
|                               | Japanese yen                         | Account<br>payable - trade | 53  | —  | 3                               |
| Total                         |                                      |                            | 29,240  | —  | (398)                           |

## (2) Interest-rate Related

| Method of hedge<br>accounting                       | Type of transaction   | Hedged items               | Contract amount,<br>etc.<br>(Millions of yen) | Of which, more<br>than 1 year<br>(Millions of yen) | Fair value<br>(Millions of yen) |
|---|---|----------------------------|---|--|---------------------------------|
| Exceptional<br>treatment for<br>interest rate swaps | Interest rate swaps<br>Payment by fixed<br>rate/<br>Receipt by<br>floating rate | Long-term<br>loans payable | 2,000   | —  | Note                            |

Note: Interest rate swaps subject to exceptional treatment are accounted for together with long-term loans payable as hedged items. Therefore, the fair value is included in the fair value of such long-term loans payable as stated in the notes to “Financial Instruments.”

## (Retirement Benefits)

## 1. Outline of Retirement Benefit Plans Adopted

The Company and its domestic consolidated subsidiaries adopt defined benefit plans, consisting of a contract-type defined benefit corporate pension plan, a tax-qualified retirement pension plan (closed type), and a retirement lump-sum payment plan. The Company adopts a defined contribution pension plan, and some overseas consolidated subsidiaries also adopt defined contribution pension plans. In some cases, when an employee retires, a premium retirement allowance may be paid. The Company sets up a retirement benefit trust.

The Company and some consolidated subsidiaries revised their retirement benefit plans in June 2019. For the accounting treatment associated with the revision, the “Guidance on Accounting for Transfer between Retirement Benefit Plans” (ASBJ Guidance No. 1; December 16, 2016) and the “Practical Solution on Accounting for Transfer between Retirement Benefit Plans” (ASBJ PITF No. 2; February 7, 2007) were applied, and the accounting treatment for partial termination of the retirement benefit plan before the revision was processed.

## 2. Defined Benefit Plan

## (1) Reconciliation of Retirement Benefit Obligations at the Beginning and End of the Period

|  | Previous fiscal year<br>(From April 1, 2021<br>to March 31, 2022) | Current fiscal year<br>(From April 1, 2022<br>to March 31, 2023) |
|--|---|--|
| Balance of retirement benefit obligations at beginning of the period | 27,142 million yen  | 25,890 million yen   |
| Service cost   | 832   | 805  |
| Interest expense   | 85  | 119  |
| Amount of actuarial gains and losses                                 | (230)   | (1,075)  |
| Amount of retirement benefits paid                                   | (1,940)   | (1,908)  |
| Balance of retirement benefit obligations at the end of the period   | 25,890  | 23,831   |

## (2) Reconciliation of Pension Assets at the Beginning and End of the Period

|  | Previous fiscal year<br>(From April 1, 2021<br>to March 31, 2022) | Current fiscal year<br>(From April 1, 2022<br>to March 31, 2023) |
|--|---|--|
| Balance of pension assets at the beginning of the period | 32,139 million yen  | 31,950 million yen   |
| Expected returns on pension assets                       | 465   | 463  |
| Amount of actuarial gains and losses                     | (203)   | (179)  |
| Employer's Contribution                                  | 962   | 920  |
| Amount of retirement benefits paid                       | (1,408)   | (1,420)  |
| Others   | (5)   | (38)   |
| Balance of pension assets at the end of the period       | 31,950  | 31,695   |

## (3) Reconciliation of the Balances of Retirement Benefit Obligations and Pension Assets at the End of the Period, and Retirement Benefit Liability and Retirement Benefit Asset Recorded on the Consolidated Balance Sheet

|   | End of previous fiscal year<br>(As of March 31, 2022) | End of current fiscal year<br>(As of March 31, 2023) |
|---|---|--|
| Retirement benefit obligations of funded scheme                       | 25,798 million yen                                    | 23,717 million yen                                   |
| Pension assets  | (31,950)  | (31,695)   |
|   | (6,151)   | (7,977)  |
| Retirement benefit obligations of unfunded scheme                     | 91  | 113  |
| Net liabilities and assets recorded on the consolidated balance sheet | (6,059)   | (7,864)  |
| Retirement benefit liability  | 205   | 223  |
| Retirement benefit asset  | (6,264)   | (8,087)  |
| Net liabilities and assets recorded on the consolidated balance sheet | (6,059)   | (7,864)  |

## (4) Amounts of Retirement Benefit Expenses and Their Components

|  | Previous fiscal year<br>(From April 1, 2021<br>to March 31, 2022) | Current consolidated fiscal year<br>(From April 1, 2022<br>to March 31, 2023) |
|--|---|---|
| Service cost   | 832 million yen   | 805 million yen   |
| Interest expense                                     | 85  | 119   |
| Expected returns on pension assets                   | (465)   | (463)   |
| Expensed amount of actuarial gains and losses        | (150)   | (182)   |
| Expensed amount of past service cost                 | 10  | —   |
| Others   | 5   | 38  |
| Retirement benefit expenses for defined benefit plan | 318   | 318   |

## (5) Remeasurements of Defined Benefit Plans, Net of Tax

The breakdown of items (before deducting tax effects) recorded in “Remeasurements of defined benefit plans, net of tax” is as follows.

|                            | Previous fiscal year<br>(From April 1, 2021<br>to March 31, 2022) | Current fiscal year<br>(From April 1, 2022<br>to March 31, 2023) |
|----------------------------|---|--|
| Past service cost          | 10 million yen  | — million yen  |
| Actuarial gains and losses | (123)   | (714)  |
| Total                      | (113)   | (714)  |

## (6) Remeasurements of Defined Benefit Plans

The breakdown of items (before deducting tax effects) recorded in “Accumulated remeasurements of defined benefit plans” is as follows.

|   | End of previous fiscal year<br>(As of March 31, 2022) | End of current fiscal year<br>(As of March 31, 2023) |
|---|---|--|
| Unrecognized past service cost          | — million yen   | — million yen  |
| Unrecognized actuarial gains and losses | (1,429)   | (2,144)  |
| Total                                   | (1,429)   | (2,144)  |

## (7) Matters Relating to Pension Assets

## (i) Breakdown of Principal Pension Assets

The ratios of major categories to total pension assets are as follows.

|                   | End of previous fiscal year<br>(As of March 31, 2022) | End of current fiscal year<br>(As of March 31, 2023) |
|-------------------|---|--|
| Bonds             | 17 %  | 12 %   |
| Stocks            | 36  | 44   |
| Cash and deposits | 5   | 1  |
| General account   | 20  | 18   |
| Separate account  | 4   | 1  |
| Others            | 18  | 22   |
| Total             | 100   | 100  |

Note: Total pension assets include 42% and 39% of the retirement benefit trust established for the corporate pension plan in the previous fiscal year and the current fiscal year, respectively.

## (ii) Method of Determining Long-term Expected Rate of Return on Pension Assets

In determining the long-term expected rate of return on pension assets, we consider the current and expected allocation of the plan’s assets and the current and expected future long-term rates of return from the various assets that make up the pension assets.

## (8) Matters Relating to the Basis for Measurement of Actuarial Gains and Losses

| Basis for measurement of major actuarial gains and losses at the end of the current fiscal year (weighted average) |   |  |
|--|---|--|
|  | Previous fiscal year<br>(From April 1, 2021<br>to March 31, 2022) | Current fiscal year<br>(From April 1, 2022<br>to March 31, 2023) |
| Discount rate  | 0.4 %   | 0.7 %  |
| Long-term expected rate of return on pension assets  | 1.5   | 1.5  |
| Expected salary increase rate  | 1.5 - 4.1   | 1.2 - 4.0  |

## 3. Defined Contribution Plan

The required contributions to the defined contribution plans of the Company and its consolidated subsidiaries were 502 million yen for the previous fiscal year and 512 million yen for the current fiscal year.

(Stock Options, etc.)

Not applicable

(Tax Effect Accounting)

## 1. Breakdown of Major Causes of Deferred Tax Assets and Deferred Tax Liabilities

|   | End of previous fiscal year<br>(As of March 31, 2022) | End of current fiscal year<br>(As of March 31, 2023) |
|---|---|--|
| Deferred tax assets   |   |  |
| Allowance for doubtful accounts                                     | 470 million yen                                       | 440 million yen                                      |
| Inventory valuation losses  | 302   | 368  |
| Accrued expenses  | 1,125   | 1,632  |
| Losses carried forward  | 463   | 336  |
| Retirement benefit liability  | 1,155   | 616  |
| Foreign tax credits carried forward                                 | 99  | —  |
| Refund liability  | 186   | 228  |
| Deferred losses on hedges   | —   | 119  |
| Others  | 1,782   | 1,652  |
| Subtotal deferred tax assets  | 5,587   | 5,395  |
| Valuation allowance for tax losses carryforwards (Note)             | (367)   | (234)  |
| Valuation allowance for total deductible temporary differences      | (843)   | (776)  |
| Subtotal of valuation allowance                                     | (1,211)   | (1,011)  |
| Total deferred tax assets   | 4,375   | 4,384  |
| Deferred tax liabilities  |   |  |
| Valuation difference on available-for-sale securities               | 687   | 862  |
| Deferred gains on hedges  | 205   | —  |
| Valuation difference in the fair value of consolidated subsidiaries | 1,541   | 1,476  |
| Retained earnings of overseas subsidiaries                          | 541   | 741  |
| Others  | 825   | 921  |
| Total deferred tax liabilities                                      | 3,802   | 4,001  |
| Deferred tax assets, net  | 573   | 382  |

Note: Amounts of tax loss carryforwards and deferred tax asset carryforward dates by deadline

End of Previous Fiscal Year (As of March 31, 2022)

|                            | 1 year or less | More than 1 year and 2 years or less | More than 2 years and 3 years or less | More than 3 years and 4 years or less | More than 4 years and 5 years or less | More than 5 years | Total |
|----------------------------|----------------|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|-------------------|-------|
| Tax loss carryforwards (a) | 0              | 80                                   | 174                                   | 13                                    | 7                                     | 188               | 463   |
| Valuation allowance        | 0              | (11)                                 | (174)                                 | (13)                                  | (7)                                   | (161)             | (367) |
| Deferred tax assets        | —              | 68                                   | —                                     | —                                     | —                                     | 27                | 95    |

(a) Tax loss carryforwards are calculated by multiplying the statutory effective tax rate.

End of Current Fiscal Year (As of March 31, 2023)

|                            | 1 year or less | More than 1 year and 2 years or less | More than 2 years and 3 years or less | More than 3 years and 4 years or less | More than 4 years and 5 years or less | More than 5 years | Total |
|----------------------------|----------------|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|-------------------|-------|
| Tax loss carryforwards (a) | —              | 125                                  | 12                                    | 7                                     | —                                     | 191               | 336   |
| Valuation allowance        | —              | (55)                                 | (12)                                  | (7)                                   | —                                     | (159)             | (234) |
| Deferred tax assets        | —              | 69                                   | —                                     | —                                     | —                                     | 32                | 101   |

(a) Tax loss carryforwards are calculated by multiplying the statutory effective tax rate.

2. Causes of the Difference between the Statutory Effective Tax Rate and the Burden Rate of Income Taxes, etc. after Application of Tax-effect Accounting

|  | End of previous fiscal year<br>(As of March 31, 2022) | End of current fiscal year<br>(As of March 31, 2023) |
|--|---|--|
|  | (%)   | (%)  |
| Statutory effective tax rate   | 30.6  | 30.6   |
| (Adjustment)   |   |  |
| Items that are permanently excluded from deductible expenses, such as entertainment expenses | 0.5   | 0.5  |
| Items that are permanently excluded from gross profits, such as dividends received           | (0.1)   | (0.1)  |
| Inhabitant tax on per capita basis   | 1.1   | 0.9  |
| Changes in valuation allowance   | (3.6)   | (1.5)  |
| Difference in tax rate of consolidated subsidiaries  | (2.3)   | (2.4)  |
| Unrealized income  | (0.6)   | 0.1  |
| Retained earnings of overseas subsidiaries   | 3.5   | 1.5  |
| Tax credits  | (2.1)   | (2.8)  |
| Amortization of goodwill   | 0.6   | 0.1  |
| Others   | 0.8   | (0.6)  |
| Income tax burden rate after application of tax effect accounting                            | 28.4  | 26.2   |

(Asset Retirement Obligations)

Previous Fiscal Year (From April 1, 2021 to March 31, 2022)

The amount is omitted due to its immateriality.

Current Fiscal Year (From April 1, 2022 to March 31, 2023)

The amount is omitted due to its immateriality.



## (Rental Property)

Previous Fiscal Year (From April 1, 2021 to March 31, 2022)

The total amount is omitted due to its immateriality.

Current Fiscal Year (From April 1, 2022 to March 31, 2023)

The total amount is omitted due to its immateriality.

## (Revenue Recognition)

## 1. Breakdown of Revenue from Contracts with Customers

The breakdown of revenue from contracts with customers is described in “Notes (Segment Information, etc.)”

## 2. Information That Forms the Basis for Understanding Revenue

The information that forms the basis for understanding revenue is described in “(Significant Matters That Are the Basis for Preparing Consolidated Financial Statements), 4. Matters Concerning Accounting Policies, (5) Accounting Standards for Material Revenue and Expenses.”

## 3. Information for Understanding the Amount of Revenue for the Current and Next Following Periods

Previous Fiscal Year (From April 1, 2021 to March 31, 2022)

## (1) Balance of Contract Assets and Contract Liabilities, etc.

Balances of receivables, contract assets, and contract liabilities generated from contracts with customers are as follows.

(Millions of yen)

|   | Balance at April 1, 2022 | Balance at March 31, 2023 |
|---|--------------------------|---------------------------|
| Receivables from contracts with customers | 35,146                   | 37,052                    |
| Contract liabilities                      | 567                      | 787                       |

Of the amount of revenue recognized during this fiscal year, the amount included in the balance of contract liabilities at the beginning of the period is 567 million yen. The increase of 220 million yen in contract liabilities during this fiscal year is attributable mainly to advances received.

## (2) Transaction Price Allocated to Remaining Performance Obligations

The total amount of the transaction price allocated to the remaining performance obligations and the period during which revenue is expected to be recognized are omitted because the Group has no significant transactions with customers whose contract period is initially scheduled to exceed one year.

Current Fiscal Year (From April 1, 2022 to March 31, 2023)

## (1) Balance of Contract Assets and Contract Liabilities, etc.

Balances of receivables, contract assets, and contract liabilities generated from contracts with customers are as follows.

(Millions of yen)

|   | Balance at April 1, 2022 | Balance at March 31, 2023 |
|---|--------------------------|---------------------------|
| Receivables from contracts with customers | 37,052                   | 48,027                    |
| Contract liabilities                      | 787                      | 1,149                     |

Of the amount of revenue recognized during the current fiscal year, the amount included in the balance of contract liabilities at the beginning of the period is 787 million yen. The increase of 361 million yen in contract liabilities during the current fiscal year is attributable mainly to advances received.

## (2) Transaction Price Allocated to Remaining Performance Obligations

The total amount of the transaction price allocated to the remaining performance obligations and the period during which revenue is expected to be recognized are omitted because the Group has no significant transactions with customers whose contract period is initially scheduled to exceed one year.

(Segment Information, etc.)

[Segment Information]

#### 1. Outline of Reportable Segment

The Group's reportable segments are components of the Group for which separate financial information is available and which are subject to regular review by the Company's Board of Directors for the purpose of making decisions about the allocation of management resources and assessing the segments' performance.

The Group mainly manufactures and distributes sporting goods, and domestic business is assumed by the Company and its subsidiaries, while overseas business is assumed by the Company's branches and local subsidiaries outside Japan. Our branch offices and local subsidiaries are independent management units and develop business activities by formulating comprehensive strategies, policies and goals for each region regarding their specific items, product categories, and sales formats. On the other hand, since the markets within the same region are similar, the reportable segments are based on a geographical base that integrates each base.

Therefore, the Group is composed of segments by region based on production and distribution systems, and has four reportable segments: "Japan," "Europe," "The Americas," and "Asia and Oceania."

#### 2. Calculation Methods for Revenue, Profit or Loss, Assets, and Other Items for Each Reportable Segment

The accounting method for reported segments is generally the same as described in "Significant Matters That Are the Basis for Preparing Consolidated Financial Statements."

Reportable segment profit is based on operating profit. Inter-segment internal profit and transfers are based on current market prices.

### 3. Information on the Amounts of Revenue, Profit or Loss, Assets, and Other Items by Reportable Segment and Breakdown of Revenue

Previous Fiscal Year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

|  | Reportable Segment |        |              |                  |         | Adjustment<br>Notes 1.<br>and 2. | Total   |
|--|--------------------|--------|--------------|------------------|---------|----------------------------------|---------|
|  | Japan              | Europe | The Americas | Asia and Oceania | Total   |                                  |         |
| Revenue  |                    |        |              |                  |         |                                  |         |
| Revenue from external customers                                  | 114,259            | 17,942 | 23,627       | 16,915           | 172,744 | —                                | 172,744 |
| Inter-segment internal revenue and transfers                     | 3,148              | 0      | 26           | 4,042            | 7,219   | (7,219)                          | —       |
| Total  | 117,408            | 17,942 | 23,653       | 20,958           | 179,963 | (7,219)                          | 172,744 |
| Segment profit   | 4,290              | 1,388  | 2,639        | 1,389            | 9,708   | 166                              | 9,874   |
| Segment assets   | 111,870            | 12,072 | 18,434       | 15,027           | 157,404 | 8,951                            | 166,356 |
| Other items  |                    |        |              |                  |         |                                  |         |
| Depreciation and amortization                                    | 1,743              | 197    | 356          | 181              | 2,479   | —                                | 2,479   |
| Increase in property, plant and equipment, and intangible assets | 2,186              | 183    | 146          | 143              | 2,659   | —                                | 2,659   |

Notes: 1. Adjustments in segment profit are attributable to the elimination of inter-segment transactions.

2. Adjustments in segment assets are attributable to the elimination of inter-segment transactions and corporate assets. Corporate assets mainly consist of the Company's surplus operating fund (cash and deposits, securities), long-term investment funds (investment securities), and deferred tax assets.

(Millions of yen)

|                                       | Reportable Segment |        |              |                  |         |
|---------------------------------------|--------------------|--------|--------------|------------------|---------|
|                                       | Japan              | Europe | The Americas | Asia and Oceania | Total   |
| Sale of sporting goods                | 95,486             | 17,942 | 23,627       | 16,915           | 153,971 |
| Sports facility management business   | 18,542             | —      | —            | —                | 18,542  |
| Revenue from contracts with customers | 114,028            | 17,942 | 23,627       | 16,915           | 172,513 |
| Other revenue                         | 231                | —      | —            | —                | 231     |
| Revenue from external customers       | 114,259            | 17,942 | 23,627       | 16,915           | 172,744 |

Note: The "Other revenue" category includes revenue from real estate.

## Current Fiscal Year (From April 1, 2022 to March 31, 2023)

(Millions of yen)

|  | Reportable Segment |        |              |                  |         | Adjustment<br>Notes 1.<br>and 2. | Total   |
|--|--------------------|--------|--------------|------------------|---------|----------------------------------|---------|
|  | Japan              | Europe | The Americas | Asia and Oceania | Total   |                                  |         |
| Revenue  |                    |        |              |                  |         |                                  |         |
| Revenue from external customers                                  | 131,507            | 25,139 | 31,067       | 24,329           | 212,044 | —                                | 212,044 |
| Inter-segment internal revenue and transfers                     | 5,276              | —      | 13           | 4,245            | 9,535   | (9,535)                          | 0       |
| Total  | 136,784            | 25,139 | 31,081       | 28,575           | 221,580 | (9,335)                          | 212,044 |
| Segment profit   | 5,995              | 1,669  | 2,826        | 2,276            | 12,767  | 177                              | 12,945  |
| Segment assets   | 118,208            | 21,703 | 26,998       | 18,652           | 185,563 | 11,960                           | 197,523 |
| Other items  |                    |        |              |                  |         |                                  |         |
| Depreciation and amortization                                    | 2,003              | 199    | 366          | 109              | 2,678   | —                                | 2,678   |
| Increase in property, plant and equipment, and intangible assets | 4,306              | 578    | 342          | 175              | 5,402   | —                                | 5,402   |

Notes: 1. Adjustments in segment profit are attributable to the elimination of inter-segment transactions.

2. Adjustments in segment assets are attributable to the elimination of inter-segment transactions and corporate assets. Corporate assets mainly consist of the Company's surplus operating fund (cash and deposits, securities), long-term investment funds (investment securities), and deferred tax assets.

(Millions of yen)

|                                       | Reportable Segment |        |              |                  |         |
|---------------------------------------|--------------------|--------|--------------|------------------|---------|
|                                       | Japan              | Europe | The Americas | Asia and Oceania | Total   |
| Sale of sporting goods                | 109,160            | 25,139 | 31,067       | 24,329           | 189,697 |
| Sports facility management business   | 22,115             | —      | —            | —                | 22,115  |
| Revenue from contracts with customers | 131,276            | 25,139 | 31,067       | 24,329           | 211,813 |
| Other revenue                         | 231                | —      | —            | —                | 231     |
| Revenue from external customers       | 131,507            | 25,139 | 31,067       | 24,329           | 212,044 |

Note: The "Other revenue" category includes revenue from real estate.

## [Related Information]

Previous Fiscal Year (From April 1, 2021 to March 31, 2022)

## 1. Information by Product and Service

The description is omitted because the same information is disclosed in the Segment Information.

## 2. Information by Region

## (1) Revenue

(Millions of yen)

| Japan   | Europe | U.S.   | The Americas<br>(excluding the U.S.) | Asia and Oceania | Total   |
|---------|--------|--------|--------------------------------------|------------------|---------|
| 114,148 | 17,942 | 22,092 | 1,534                                | 17,027           | 172,744 |

## (2) Property, Plant and Equipment

(Millions of yen)

| Japan  | Europe | The Americas | Asia and Oceania | Total  |
|--------|--------|--------------|------------------|--------|
| 33,481 | 692    | 1,238        | 775              | 36,188 |

## 3. Information by Major Customer

There are no customers who account for 10% or more of total sales.

Current Fiscal Year (From April 1, 2022 to March 31, 2023)

## 1. Information by Product and Service

The description is omitted because the same information is disclosed in the Segment Information.

## 2. Information by Region

## (1) Revenue

(Millions of yen)

| Japan   | Europe | U.S.   | The Americas<br>(excluding the U.S.) | Asia and Oceania | Total   |
|---------|--------|--------|--------------------------------------|------------------|---------|
| 131,379 | 25,139 | 28,697 | 2,370                                | 24,457           | 212,044 |

## (2) Property, Plant and Equipment

(Millions of yen)

| Japan  | Europe | The Americas | Asia and Oceania | Total  |
|--------|--------|--------------|------------------|--------|
| 34,920 | 1,046  | 1,882        | 785              | 38,634 |

## 3. Information by Major Customer

There are no customers who account for 10% or more of total sales.

[Information on Impairment Losses on Non-current Assets by Reportable Segment]

Previous Fiscal Year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

|                 | Reportable Segment |        |              |                  |       | Adjustment | Total |
|-----------------|--------------------|--------|--------------|------------------|-------|------------|-------|
|                 | Japan              | Europe | The Americas | Asia and Oceania | Total |            |       |
| Impairment loss | 348                | —      | —            | —                | 348   | —          | 348   |

## Current Fiscal Year (From April 1, 2022 to March 31, 2023)

(Millions of yen)

|                 | Reportable Segment |        |              |                  |       | Adjustment | Total |
|-----------------|--------------------|--------|--------------|------------------|-------|------------|-------|
|                 | Japan              | Europe | The Americas | Asia and Oceania | Total |            |       |
| Impairment loss | 4                  | —      | —            | —                | 4     | —          | 4     |

## [Information on Amortization and Unamortized Balance of Goodwill by Reportable Segment]

## Previous Fiscal Year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

|                             | Reportable Segment |        |              |                  |       | Adjustment | Total |
|-----------------------------|--------------------|--------|--------------|------------------|-------|------------|-------|
|                             | Japan              | Europe | The Americas | Asia and Oceania | Total |            |       |
| Amortization for the period | 263                | 30     | —            | 89               | 383   | —          | 383   |
| Balance at end of period    | 55                 | 39     | —            | 1,036            | 1,131 | —          | 1,131 |

## Current Fiscal Year (From April 1, 2022 to March 31, 2023)

(Millions of yen)

|                             | Reportable Segment |        |              |                  |       | Adjustment | Total |
|-----------------------------|--------------------|--------|--------------|------------------|-------|------------|-------|
|                             | Japan              | Europe | The Americas | Asia and Oceania | Total |            |       |
| Amortization for the period | 55                 | 32     | —            | 95               | 182   | —          | 182   |
| Balance at end of period    | —                  | 7      | —            | 1,027            | 1,035 | —          | 1,035 |

## [Information on Gain from Negative Goodwill by Reportable Segment]

## Previous Fiscal Year (From April 1, 2021 to March 31, 2022)

Not applicable

## Current Fiscal Year (From April 1, 2022 to March 31, 2023)

Not applicable

## (Related Party Information)

## Previous Fiscal Year (From April 1, 2021 to March 31, 2022)

The description is omitted because there are no significant transactions with related parties.

## Current Fiscal Year (From April 1, 2022 to March 31, 2023)

The description is omitted because there are no significant transactions with related parties.

## (Per Share Information)

|                            | Previous fiscal year<br>(From April 1, 2021 to March 31, 2022) | Current fiscal year<br>(From April 1, 2022 to March 31, 2023) |
|----------------------------|--|---|
| Net assets per share       | 4,382.13 yen   | 4,840.37 yen  |
| Earnings per share         | 302.02 yen   | 387.71 yen  |
| Diluted earnings per share | — yen  | — yen   |

Notes: 1. Diluted earnings per share are not presented because there were no dilutive shares with dilutive effect.

2. The basis for calculating earnings per share is as follows.

| Item  | Previous fiscal year<br>(From April 1, 2021 to March 31, 2022) | Current fiscal year<br>(From April 1, 2022 to March 31, 2023) |
|---|--|---|
| Earnings per share  |  |   |
| Profit attributable to owners of parent (Millions of yen)                 | 7,717  | 9,910   |
| Amount not attributable to shareholders of common stock (Millions of yen) | —  | —   |
| Profit attributable to shareholders of common stock (Millions of yen)     | 7,717  | 9,910   |
| Average number of shares of common stock during the period                | 25,551,593   | 25,561,077  |

4. The Basis for Calculating Net Assets per Share Is as Follows.

| Item  | Previous fiscal year<br>(As of March 31, 2022) | Current fiscal year<br>(As of March 31, 2023) |
|---|--|---|
| Total amount of net assets (Millions of yen)  | 112,463  | 124,275                                       |
| Amount deducted from total amount of net assets (Millions of yen)                         | 482  | 539   |
| (Of which, non-controlling interests)   | (482)  | (539)   |
| Net assets related to common stock at the end of the period (Millions of yen)             | 111,981  | 123,736                                       |
| Number of shares as of the end of the period used for calculation of net assets per share | 25,554,051                                     | 25,563,517                                    |

## (Significant Subsequent Event)

Not applicable

## (v) [Consolidated Supplementary Schedules]

## [Schedule of Corporate Bonds]

Not applicable

## [Schedule of Loans Payable, etc.]

| Category   | Balance at beginning<br>of current period<br>(Millions of yen) | Balance at<br>end of period<br>(Millions of yen) | Average<br>interest rate<br>(%) | Repayment date                  |
|--|--|--|---------------------------------|---------------------------------|
| Short-term loans payable                             | 1,174  | 9,106  | 3.3                             | —                               |
| Current portion of long-term loans payable           | 2,500  | 2,328  | 0.3                             | —                               |
| Current portion of lease obligations                 | 253  | 511  | —                               | —                               |
| Long-term loans payable (except for current portion) | 6,953  | 12,402   | 0.7                             | From April 2024 to May 2035     |
| Lease obligations (except for current portion)       | 582  | 974  | —                               | From January 2024 to March 2038 |
| Other interest-bearing debt                          | —  | —  | —                               | —                               |
| Total  | 11,462   | 25,322   | —                               | —                               |

Notes: 1. “Average interest rate” represents the weighted average interest rate for the balance of loans payable, etc. at the end of the period. The current portions of lease obligations and lease obligations (excluding the current portion) are not applicable as the interest-inclusive method is adopted.

2. The estimated repayment amounts of long-term loans payable (excluding the current portion) and lease obligations (excluding the current portion) within five years after the consolidated balance sheet date are as follows.

| Category                | More than 1 year<br>and 2 years or less<br>(Millions of yen) | More than 2 years<br>and 3 years or less<br>(Millions of yen) | More than 3 years<br>and 4 years or less<br>(Millions of yen) | More than 4 years<br>and 5 years or less<br>(Millions of yen) |
|-------------------------|--|---|---|---|
| Long-term loans payable | 2,121  | 3,500   | —   | 3,000   |
| Lease obligations       | 459  | 235   | 93  | 32  |

## [Schedule of Asset Retirement Obligations]

Information is omitted because the amount of asset retirement obligations at the beginning and the end of the current fiscal year is not more than 1% of the total amount of liabilities and net assets at the beginning and end of the current fiscal year.



## (2) [Others]

## Quarterly Information, etc., for the Current Fiscal Year

|   |                   | First three-month period<br>From April 1, 2022<br>to June 30, 2022 | First six-month period<br>From April 1, 2022<br>to September 30, 2022 | First nine-month period<br>From April 1, 2022<br>to December 31, 2022 | The 110th<br>fiscal year<br>From April 1, 2022<br>to March 31, 2023 |
|---|-------------------|--|---|---|---|
| Revenue                                 | (Millions of yen) | 46,194   | 99,204  | 147,402   | 212,044   |
| Profit before income taxes              | (Millions of yen) | 4,539  | 8,553   | 10,594  | 13,584  |
| Profit attributable to owners of parent | (Millions of yen) | 3,505  | 6,429   | 7,822   | 9,910   |
| Earnings per share                      | (Yen)             | 137.19   | 251.55  | 306.06  | 387.71  |

|                              |       | First quarter of consolidated<br>accounting period<br>From April 1, 2022<br>to June 30, 2022 | Second quarter of consolidated<br>accounting period<br>From July 1, 2022<br>to September 30, 2022 | Third quarter of consolidated<br>accounting period<br>From October 1, 2022<br>to December 31, 2022 | Fourth quarter of consolidated<br>accounting period<br>From January 1, 2023<br>to March 31, 2023 |
|------------------------------|-------|--|---|--|--|
| Quarterly earnings per share | (Yen) | 137.19   | 114.37  | 54.52  | 81.65  |

## 2. [Non-consolidated Financial Statements, etc.]

## (1) [Non-consolidated Financial Statements]

## (i) [Non-consolidated Balance Sheet]

(Millions of yen)

|                                       | End of Previous Fiscal Year<br>(As of March 31, 2022) | End of Current Fiscal Year<br>(As of March 31, 2023) |
|---------------------------------------|---|--|
| <b>Assets</b>                         |   |  |
| Current assets                        |   |  |
| Cash and deposits                     | 8,233   | 7,330  |
| Notes receivable – trade              | *3 3,164  | *3 3,047   |
| Accounts receivable – trade           | *3 22,504   | *3 30,071  |
| Merchandise                           | 21,224  | 25,272   |
| Short-term loans receivable           | *3 2,512  | *3 1,940   |
| Others                                | *3 4,594  | *3 4,369   |
| Allowance for doubtful accounts       | (211)   | (208)  |
| Total current assets                  | 62,023  | 71,823   |
| Non-current assets                    |   |  |
| Property, plant and equipment         |   |  |
| Buildings and structures, net         | 12,276  | 15,622   |
| Tools, furniture and fixtures, net    | 237   | 620  |
| Land                                  | 10,035  | 10,149   |
| Other, net                            | *4 4,751  | *4 2,872   |
| Total property, plant and equipment   | 27,301  | 29,265   |
| Intangible assets                     |   |  |
| Software                              | 2,190   | 2,395  |
| Others                                | 877   | 594  |
| Total intangible assets               | 3,068   | 2,990  |
| Investments and other assets          |   |  |
| Investment securities                 | 6,587   | 7,046  |
| Shares of subsidiaries and associates | *1 23,529   | *1 23,534  |
| Prepaid pension cost                  | 5,409   | 6,322  |
| Deferred tax assets                   | 1,474   | 1,207  |
| Others                                | 3,008   | 3,070  |
| Allowance for doubtful accounts       | (1,264)   | (1,059)  |
| Total investments and other assets    | 38,745  | 40,122   |
| Total non-current assets              | 69,114  | 72,378   |
| <b>Total assets</b>                   | <b>131,137</b>  | <b>144,201</b>                                       |

(Millions of yen)

|   | End of Previous Fiscal Year<br>(As of March 31, 2022) | End of Current Fiscal Year<br>(As of March 31, 2023) |
|---|---|--|
| <b>Liabilities</b>                                      |   |  |
| Current liabilities                                     |   |  |
| Notes and accounts payable – trade                      | *3 13,632   | *3 13,325  |
| Short-term loans payable                                | 1,109   | *3 7,555   |
| Current portion of long-term loans payable              | 2,500   | 2,328  |
| Accounts payable - other and accrued expenses           | *3 6,346  | *3 8,047   |
| Income taxes payable                                    | 1,467   | 540  |
| Provision for bonuses for directors(and other officers) | 134   | 141  |
| Others  | 1,471   | 1,912  |
| Total current liabilities                               | 26,662  | 33,850   |
| Non-current liabilities                                 |   |  |
| Long-term loans payable                                 | *3 16,125   | *3 18,131  |
| Deferred tax liabilities for land revaluation           | 1,181   | 1,181  |
| Provision for retirement benefits                       | 40  | 25   |
| Long-term guarantee deposited                           | 2,176   | 2,190  |
| Asset retirement obligations                            | 92  | 93   |
| Others  | 938   | 989  |
| Total non-current liabilities                           | 20,554  | 22,611   |
| Total liabilities                                       | 47,216  | 56,462   |
| <b>Net assets</b>                                       |   |  |
| Shareholders' equity                                    |   |  |
| Capital stock   | 26,137  | 26,137   |
| Capital surplus   |   |  |
| Legal capital surplus                                   | 22,454  | 22,454   |
| Other capital surplus                                   | 9,369   | 9,374  |
| Total capital surplus                                   | 31,823  | 31,828   |
| Retained earnings                                       |   |  |
| Other retained earnings                                 |   |  |
| General reserve   | 10,900  | 10,900   |
| Retained earnings brought forward                       | 15,629  | 19,769   |
| Total retained earnings                                 | 26,529  | 30,669   |
| Treasury shares   | (1,887)   | (1,871)  |
| Total shareholders' equity                              | 82,603  | 86,763   |
| Valuation and translation adjustments                   |   |  |
| Valuation difference on available-for-sale securities   | 1,933   | 2,336  |
| Deferred gains or losses on hedges                      | 464   | (279)  |
| Revaluation reserve for land                            | (1,081)   | (1,081)  |
| Total valuation and translation adjustments             | 1,317   | 975  |
| Total net assets  | 83,920  | 87,739   |
| Total liabilities and net assets                        | 131,137   | 144,201  |

## (ii) [Non-consolidated Statement of Income]

(Millions of yen)

|  | Previous<br>Fiscal Year<br>(From April 1, 2021<br>to March 31, 2022) | Current<br>Fiscal Year<br>(From April 1, 2022<br>to March 31, 2023) |
|--|--|---|
| Revenue  | *1 114,049   | *1 141,494  |
| Cost of sales  | *1 70,006  | *1 93,047   |
| Gross profit   | 44,043   | 48,446  |
| Selling, general and administrative expenses               | *1,*2 41,090   | *1,*2 43,860  |
| Operating profit   | 2,952  | 4,586   |
| Non-operating income                                       |  |   |
| Interest income  | *1 77  | *1 58   |
| Interest on securities                                     | 5  | 5   |
| Dividend income  | 1,398  | 1,862   |
| Commission income  | 32   | 23  |
| Insurance claim income                                     | 37   | 2   |
| Foreign exchange gains                                     | 218  | 554   |
| Compensation income  | 87   | 54  |
| Others   | 287  | 359   |
| Total non-operating income                                 | 2,145  | 2,921   |
| Non-operating expenses                                     |  |   |
| Interest expenses  | *1 67  | *1 140  |
| Commission for syndicated loans                            | 8  | 28  |
| Commission expenses  | 0  | 32  |
| Others   | 31   | 9   |
| Total non-operating expenses                               | 107  | 211   |
| Ordinary profit  | 4,990  | 7,296   |
| Extraordinary income                                       |  |   |
| Gain on sale of non-current assets                         | 176  | —   |
| Gain on sale of investment securities                      | 295  | 58  |
| Total extraordinary income                                 | 472  | 58  |
| Extraordinary losses                                       |  |   |
| Loss on retirement of non-current assets                   | *3 53  | *3 47   |
| Impairment losses  | *4 11  | *4 4  |
| Loss on sale of investment securities                      | —  | *7 0  |
| Provision of allowance for doubtful accounts               | *5 733   | —   |
| Loss on valuation of shares of subsidiaries and associates | *6 130   | —   |
| Total extraordinary losses                                 | 928  | 52  |
| Profit before income taxes                                 | 4,534  | 7,302   |
| Income taxes – current                                     | 1,560  | 1,044   |
| Income taxes – deferred                                    | (785)  | 456   |
| Total income taxes   | 775  | 1,500   |
| Profit   | 3,759  | 5,801   |

## (iii) [Non-consolidated Statement of Changes in Equity]

Previous Fiscal Year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

|  | Shareholders' equity |                       |                       |                       |                         |                                   |                         |
|--|----------------------|-----------------------|-----------------------|-----------------------|-------------------------|-----------------------------------|-------------------------|
|  | Capital stock        | Capital surplus       |                       |                       | Retained earnings       |                                   |                         |
|  |                      | Legal capital surplus | Other capital surplus | Total capital surplus | Other retained earnings |                                   | Total retained earnings |
|  |                      |                       |                       |                       | General reserve         | Retained earnings brought forward |                         |
| Balance at beginning of period                       | 26,137               | 22,454                | 9,365                 | 31,819                | 10,900                  | 12,037                            | 22,937                  |
| Change during current period                         |                      |                       |                       |                       |                         |                                   |                         |
| Dividends of surplus                                 |                      |                       |                       |                       |                         | (1,277)                           | (1,277)                 |
| Profit   |                      |                       |                       |                       |                         | 3,759                             | 3,759                   |
| Acquisition of treasury shares                       |                      |                       |                       |                       |                         |                                   |                         |
| Disposal of treasury shares                          |                      |                       | 4                     | 4                     |                         |                                   |                         |
| Reversal of revaluation reserve for land             |                      |                       |                       |                       |                         | 1,110                             | 1,110                   |
| Net changes in items other than shareholders' equity |                      |                       |                       |                       |                         |                                   |                         |
| Total changes during period                          | —                    | —                     | 4                     | 4                     | —                       | 3,592                             | 3,592                   |
| Balance at end of period                             | 26,137               | 22,454                | 9,369                 | 31,823                | 10,900                  | 15,629                            | 26,529                  |

|  | Shareholders' equity |                            | Valuation and translation adjustments                 |                                    |                              |   | Total net assets |
|--|----------------------|----------------------------|---|------------------------------------|------------------------------|---|------------------|
|  | Treasury shares      | Total shareholders' equity | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Revaluation reserve for land | Total valuation and translation adjustments |                  |
| Balance at beginning of period                       | (1,901)              | 78,992                     | 2,029   | 618                                | 29                           | 2,677                                       | 81,669           |
| Change during current period                         |                      |                            |   |                                    |                              |   |                  |
| Dividends of surplus                                 |                      | (1,277)                    |   |                                    |                              |   | (1,277)          |
| Profit   |                      | 3,759                      |   |                                    |                              |   | 3,759            |
| Acquisition of treasury shares                       | (3)                  | (3)                        |   |                                    |                              |   | (3)              |
| Disposal of treasury shares                          | 17                   | 22                         |   |                                    |                              |   | 22               |
| Reversal of revaluation reserve for land             |                      | 1,110                      |   |                                    |                              |   | 1,110            |
| Net changes in items other than shareholders' equity |                      |                            | (96)  | (153)                              | (1,110)                      | (1,359)                                     | (1,359)          |
| Total changes during period                          | 14                   | 3,610                      | (96)  | (153)                              | (1,110)                      | (1,359)                                     | 2,251            |
| Balance at end of period                             | (1,887)              | 82,603                     | 1,933   | 464                                | (1,081)                      | 1,317                                       | 83,920           |

## Current Fiscal Year (From April 1, 2022 to March 31, 2023)

(Millions of yen)

|  | Shareholders' equity |                       |                       |                       |                         |                                   |                         |
|--|----------------------|-----------------------|-----------------------|-----------------------|-------------------------|-----------------------------------|-------------------------|
|  | Capital stock        | Capital surplus       |                       |                       | Retained earnings       |                                   |                         |
|  |                      | Legal capital surplus | Other capital surplus | Total capital surplus | Other retained earnings |                                   | Total retained earnings |
|  |                      |                       |                       |                       | General reserve         | Retained earnings brought forward |                         |
| Balance at beginning of period                       | 26,137               | 22,454                | 9,369                 | 31,823                | 10,900                  | 15,629                            | 26,529                  |
| Change during current period                         |                      |                       |                       |                       |                         |                                   |                         |
| Dividends of surplus                                 |                      |                       |                       |                       |                         | (1,661)                           | (1,661)                 |
| Profit   |                      |                       |                       |                       |                         | 5,801                             | 5,801                   |
| Acquisition of treasury shares                       |                      |                       |                       |                       |                         |                                   |                         |
| Disposal of treasury shares                          |                      |                       | 4                     | 4                     |                         |                                   |                         |
| Net changes in items other than shareholders' equity |                      |                       |                       |                       |                         |                                   |                         |
| Total changes during period                          | —                    | —                     | 4                     | 4                     | —                       | 4,140                             | 4,140                   |
| Balance at end of period                             | 26,137               | 22,454                | 9,374                 | 31,828                | 10,900                  | 19,769                            | 30,669                  |

|  | Shareholders' equity |                            | Valuation and translation adjustments                 |                                    |                              |   | Total net assets |
|--|----------------------|----------------------------|---|------------------------------------|------------------------------|---|------------------|
|  | Treasury shares      | Total shareholders' equity | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Revaluation reserve for land | Total valuation and translation adjustments |                  |
| Balance at beginning of period                       | (1,887)              | 82,603                     | 1,933   | 464                                | (1,081)                      | 1,317                                       | 83,920           |
| Change during current period                         |                      |                            |   |                                    |                              |   |                  |
| Dividends of surplus                                 |                      | (1,661)                    |   |                                    |                              |   | (1,661)          |
| Profit   |                      | 5,801                      |   |                                    |                              |   | 5,801            |
| Acquisition of treasury shares                       | (5)                  | (5)                        |   |                                    |                              |   | (5)              |
| Disposal of treasury shares                          | 20                   | 25                         |   |                                    |                              |   | 25               |
| Net changes in items other than shareholders' equity |                      |                            | 402   | (744)                              | —                            | (341)                                       | (341)            |
| Total changes during period                          | 15                   | 4,160                      | 402   | (744)                              | —                            | (341)                                       | 3,818            |
| Balance at end of period                             | (1,871)              | 86,763                     | 2,336   | (279)                              | (1,081)                      | 975   | 87,739           |

## [Notes]

## (Significant Accounting Policies)

## 1. Valuation Policies and Methods for Securities

## (1) Held-to-maturity Bonds

Amortized cost method (straight-line method)

## (2) Shares of Subsidiaries and Affiliated Companies

Moving-average cost method

## (3) Available-for-sale securities

## (i) Securities Other Than Stocks Without Market Price

(Valuation difference recorded directly in net assets is applied, and cost of sales is calculated by the moving-average method.)

## (ii) Stocks without Market Price, etc.

Moving-average cost method

With respect to investments in investment business limited partnerships and associations of a similar nature (those deemed to be securities pursuant to Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), the net amount equivalent to an equity share shall be recorded based on the most recent financial statements available based on the date of the financial statement report stipulated in the partnership contract.

## 2. Valuation Policies and Methods for Derivatives

Market value method

## 3. Valuation Policies and Methods for Inventories

Merchandise

The cost is mainly evaluated by the first-in, first-out method.

(Amounts on the balance sheet are subject to the book value reduction method based on decrease in profitability.)

## 4. Depreciation Method for Non-current Assets

## (1) Property, Plant and Equipment (excluding leased assets)

|  |                          |
|--|--------------------------|
| Osaka Head Office building and structures, overseas branches   | Straight-line method     |
| Buildings acquired on or after April 1, 1998 (excluding facilities attached to buildings) and facilities attached to buildings and structures acquired on or after April 1, 2016 | Straight-line method     |
| Property, plant and equipment other than the above   | Declining-balance method |

## (2) Intangible Assets (excluding leased assets)

Straight-line method

For software for internal use, the straight-line method is applied based on its estimated useful life (five years) within the company.

## (3) Leased Assets

Leased assets relating to finance lease transactions without transfer of ownership

Depreciation is calculated using the straight-line method over the lease term, which is equal to useful life with no residual value.

## 5. Standards for Conversion of Assets and Liabilities Denominated in Foreign Currencies into Japanese Yen

Foreign-currency-denominated monetary claims and monetary obligations are converted into Japanese yen at the spot exchange rate as of the fiscal year end date, with conversion differences recognized as gains or losses. Monetary claims and monetary obligations denominated in foreign currencies with foreign exchange forward contracts are converted into the Japanese yen by applying appropriation treatment of foreign exchange forward, etc.

## 6. Reporting Basis for Allowances

### (1) Allowance for Doubtful Accounts

To prepare for bad debt losses of trade receivables and loans receivable, etc., the estimated uncollectable amounts regarding general accounts receivable are recorded using the historical bad debt ratio, and the estimated uncollectable amounts regarding certain accounts receivable, such as doubtful accounts receivable, are recorded by separately examining their collectability.

### (2) Provision for Retirement Benefits

#### (i) Method for Attributing Projected Retirement Benefits to Periods

To prepare for employees' retirement benefits, provisions for retirement benefits are recorded based on retirement benefit obligations as of the end of the period and the estimated pension assets. In calculating the retirement benefit obligations, projected benefits are attributed to service periods up to the end of the period on a benefit formula basis.

#### (ii) Method of Recognizing Unrecognized Actuarial Difference and Past Service Cost

Past service costs are treated as an expense using the straight-line method over a certain number of years (10 years) within the average remaining service period of the employees in the year in which the past service costs occur.

The actuarial difference is treated as an expense using the straight-line method over a certain number of years (10 years) within the average remaining years of service of the employees in the fiscal year in which the gain or loss occurs, and is recognized from the following fiscal year.

### (3) Provision for Bonuses for Directors (and Other Officers)

The Company provides allowance for bonuses for Directors based on the estimated amount of payment in the current fiscal year.

## 7. Methods of Hedge Accounting

In principle, the deferral hedge accounting method is applied.

If specific conditions under J-GAAP are satisfied, the following treatments can be applied.

- For foreign exchange forward contracts and currency swaps, the appropriation treatment is applied in which the hedged items, foreign currency denominated transactions, can be booked directly using the forward contract rate.
- For interest rate swaps, the exceptional treatment is applied in which interest paid or received can be netted against the interest of underlying hedged interest bearing debt, and fair value evaluation is not required.

#### (i) Sale of Merchandise and Finished Goods

In the sporting goods sales business, we principally manufacture and distribute sporting goods. Regarding the sale of those merchandise and finished goods, revenue is recognized when we judge that the performance obligation has been satisfied upon arrival of the merchandise and finished goods at the location agreed upon with the customer. However, applying the alternative treatment stipulated in Paragraph 98 of the "Implementation Guidance on Accounting Standard for Revenue Recognition," revenue is recognized at the time of shipment for domestic sales of merchandise and finished goods.

#### (ii) Sports Facility Management Business

In the sports facility management business, we are mainly engaged in operation and contract operation of sports facilities on a long-term basis, and contract the construction of sports facilities. Regarding such contracts, we judge that the performance obligation will be satisfied over a certain period of time, revenue is recognized on a straight-line basis over the period of service provision or based on the progress related to the fulfillment of the performance obligation. For contracts for very short period construction work, revenue is recognized when the performance obligations are fully satisfied.

### (Significant Accounting Estimate)

## 1. Valuation of Loans to Subsidiaries and Affiliated Companies

### (1) Amount Recorded in the Non-consolidated Financial Statements for the Current Fiscal Year

Of the loans to subsidiaries and affiliated companies, loans of 820 million yen for Sharp Sangyo are individually examined for collectability, and the estimated uncollectable amount recorded as allowance for doubtful accounts is as follows.

(Millions of yen)

| Category                        | Previous fiscal year | Current fiscal year |
|---------------------------------|----------------------|---------------------|
| Allowance for doubtful accounts | 620                  | 447                 |

### (2) Information on the Content of Significant Accounting Estimates for the Identified Item

#### (i) Calculation Method for the Amounts Recorded in the Non-consolidated Financial Statements for the Current Fiscal Year

To prepare for bad debt losses of trade receivables and loans receivable, etc., the estimated uncollectable amounts regarding certain accounts receivable, such as doubtful receivables, are recorded by separately examining their collectability.



Sharp Sangyo's business performance has been sluggish due to the severe business environment under COVID-19, and it has failed to eliminate the negative net worth at the end of the current fiscal year. Therefore, the loan to Sharp Sangyo is classified as a doubtful receivable, and the estimated amount of bad debt is calculated considering its financial condition and business performance based on the debtor's financial evaluation approach.

(ii) Major Assumptions Used to Calculate the Amounts Recorded in the Non-consolidated Financial Statements for the Current Fiscal Year

In calculating the estimated amount of bad debts against Sharp Sangyo based on the financial evaluation approach, we conducted a comprehensive judgment by taking into consideration the extent of its negative net worth, market trends, future business plans based on past operating results, etc.

(iii) Impact on the Non-consolidated Financial Statements for the Following Fiscal Year

If the business plan needs to be revised due to unpredictable future changes in the market environment, etc., there may be a provision or reversal of allowance for doubtful accounts, which may have a significant impact on profit and loss.

## 2. Recoverability of Deferred Tax Assets

### (1) Amount Recorded in the Non-consolidated Financial Statements for the Current Fiscal Year

(Millions of yen)

| Category            | Previous fiscal year | Current fiscal year |
|---------------------|----------------------|---------------------|
| Deferred tax assets | 1,474                | 1,207               |

### (2) Information on the Content of Significant Accounting Estimates for the Identified Item

#### (i) Calculation Method for the Amounts Recorded in the Non-consolidated Financial Statements for the Current Fiscal Year

As to future deductible temporary differences, taxable income and tax planning based on future earning power are estimated, and the amount is calculated by judging the recoverability of deferred tax assets.

#### (ii) Major Assumptions Used to Calculate the Amounts Recorded in the Non-consolidated Financial Statements for the Current Fiscal Year

Taxable income is estimated based on the business plan, and the main assumptions are the growth rates of the market and business. The Company's business has been recovering from the impact of COVID-19 and we have made accounting estimates based on the assumption that the Group's business will further normalize in the fiscal year ending March 2024 and beyond.

#### (iii) Impact on the Non-consolidated Financial Statements for the Following Fiscal Year

In the case where factors that may affect the estimation of taxable income occur due to downward revisions to the business plan or failure to achieve the plan, deferred tax assets may be reversed, resulting in an adverse impact on profit and loss.

### (Change in Accounting Policy)

#### (Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 31; June 17, 2021) has been applied effective from the beginning of the current fiscal year. In accordance with the transitional treatment stipulated in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, the new accounting policy stipulated in it will be applied in the future. There is no impact of this change.

### (Changes in presentation)

#### (Non-consolidated Statement of Income)

"Commission expenses" in "Non-operating expenses" was previously included in "Others" (0 million yen in the previous fiscal year) on the statement of income, but due to its increased importance, it is presented as "Commission expenses" (32 million yen for the current fiscal year) from the current fiscal year.

## (Non-consolidated Balance Sheet)

## \*1. Assets pledged as collateral against a third party's borrowings, etc. are as follows:

|                                       | End of previous<br>fiscal year<br>(As of March 31, 2022) | End of current<br>fiscal year<br>(As of March 31, 2023) |
|---------------------------------------|--|---|
| Shares of subsidiaries and associates | 9 million yen  | 9 million yen   |

## \*2. Guarantee obligation

|   | End of previous<br>fiscal year<br>(As of March 31, 2022) | End of current<br>fiscal year<br>(As of March 31, 2023) |
|---|--|---|
| (1) Guarantees related to bank borrowings of subsidiaries and affiliated companies    | — million yen  | 5,227 million yen                                       |
| (2) Guarantee associated with commercial letter of credit                             | 423  | 407   |
| (3) Guarantees related to trade payables of subsidiaries and affiliated companies     | 1,328  | 1,233   |
| (4) Guarantees related to foreign exchange forward contracts of overseas subsidiaries | 523  | 1,824   |
| Total   | 2,276  | 8,692   |

## \*3. Monetary claims and monetary obligations to subsidiaries and affiliated companies (excluding those listed separately)

|                                     | End of previous<br>fiscal year<br>(As of March 31, 2022) | End of current<br>fiscal year<br>(As of March 31, 2023) |
|-------------------------------------|--|---|
| (1) Short-term monetary claims      | 4,160 million yen  | 6,299 million yen                                       |
| (2) Long-term monetary claims       | 1,100  | 1,060   |
| (3) Short-term monetary obligations | 1,710  | 3,855   |
| (4) Long-term monetary obligations  | 9,708  | 8,367   |

## \*4. Reduction entry

The reduction entry deducted from the acquisition price of non-current assets due to the conversion of fixed assets rights associated with the Urban Area Redevelopment Project Type 1 under the Urban Renewal Act is as follows.

|            | End of previous<br>fiscal year<br>(As of March 31, 2022) | End of current<br>fiscal year<br>(As of March 31, 2023) |
|------------|--|---|
| Other, net | 4,120 million yen  | 4,120 million yen                                       |

## (Non-consolidated Statement of Income)

## \*1. Trading volume with subsidiaries and affiliated companies

|   | Previous fiscal year<br>(From April 1, 2021<br>to March 31, 2022) | Current fiscal year<br>(From April 1, 2022<br>to March 31, 2023) |
|---|---|--|
| Revenue   | 5,262 million yen   | 11,343 million yen   |
| Purchase amount                                     | 19,821  | 20,710   |
| Selling, general and administrative expenses        | 1,753   | 1,947  |
| Transactions other than ordinary sales transactions | 20  | 21   |

## \*2. Major expense items, amounts and approximate percentages of selling, general and administrative expenses are as follows.

|                                     | Previous fiscal year<br>(From April 1, 2021<br>to March 31, 2022) | Current fiscal year<br>(From April 1, 2022<br>to March 31, 2023) |
|-------------------------------------|---|--|
| Advertising expenses                | 6,932 million yen   | 7,235 million yen  |
| Salaries and allowances             | 10,044  | 10,690   |
| Depreciation and amortization       | 1,390   | 1,508  |
| Retirement benefit expenses         | 332   | 279  |
| Approximate percentage              |   |  |
| Selling expenses                    | 59 %  | 59 %   |
| General and administrative expenses | 41 %  | 41 %   |

## \*3. Loss on retirement of major non-current assets

|                                       | Previous fiscal year<br>(From April 1, 2021<br>to March 31, 2022) | Current fiscal year<br>(From April 1, 2022<br>to March 31, 2023) |
|---------------------------------------|---|--|
| Buildings and structures              | 1 million yen   | 1 million yen  |
| Tools, furniture and fixtures         | 0   | 5  |
| Software                              | 0   | 41   |
| Other (Property, plant and equipment) | 51  | 0  |

## \*4. Impairment losses

Previous Fiscal Year (From April 1, 2021 to March 31, 2022)

In this fiscal year, the Group posted impairment loss of 11 million yen for the following asset groups.

| Purpose of Use  | Location                           | Type      | Impairment loss<br>(Millions of yen) |
|-----------------|------------------------------------|-----------|--------------------------------------|
| Business assets | Sakai City, Osaka Prefecture       | Structure | 5                                    |
| Business assets | Suita City, Osaka Prefecture       | Building  | 4                                    |
| Business assets | Nagoya City, Aichi Prefecture      | Structure | 1                                    |
| Business assets | Shiojiri City, Nagano Prefecture   | Structure | 0                                    |
| Business assets | Nishinomiya City, Hyogo Prefecture | Building  | 0                                    |
| Total           |                                    |           | 11                                   |

Non-current assets for which impairment losses have been recognized are grouped by individual property based on each cash generating unit. Due to the continuous deterioration of operating profit and loss, etc., the book value was reduced to a recoverable amount, and the reduced amount was recorded as an extraordinary loss.

The recoverable amount is measured based on value in use, and the value in use is calculated based on the future cash flows. However, the discount rate is omitted because the future cash flow before the discount is negative.

## Current Fiscal Year (From April 1, 2022 to March 31, 2023)

In this fiscal year, the Group posted an impairment loss of 4 million yen for the following asset groups.

| Purpose of Use  | Location                           | Type      | Impairment loss<br>(Millions of yen) |
|-----------------|------------------------------------|-----------|--------------------------------------|
| Business assets | Sakai City, Osaka Prefecture       | Structure | 0                                    |
| Business assets | Yokohama City, Kanagawa Prefecture | Buildings | 4                                    |
| Total           |                                    |           | 4                                    |

Non-current assets for which impairment losses have been recognized are grouped by individual property based on each cash generating unit. Due to the continuous deterioration of operating profit and loss, etc., the book value was reduced to a recoverable amount, and the reduced amount was recorded as an extraordinary loss.

The recoverable amount is measured based on value in use, and the value in use is calculated based on the future cash flows. However, the discount rate is omitted because the future cash flow before the discount is negative.

## \*5. Provision of allowance for doubtful accounts

With respect to receivables held by the Company against Sharp Sangyo, a subsidiary, an allowance for doubtful accounts has been established for the amount expected to be uncollectable.

## \*6. Loss on valuation of shares of subsidiaries and affiliates

Regarding the shares of Sharp Sangyo, a subsidiary, loss on valuation is recorded due to a significant decrease in the actual value compared with the book value.

## \*7. Loss on sale of investment securities

This was due to the sale of available-for-sale securities held by the Company.

## (Securities)

## End of Previous Fiscal Year (As of March 31, 2022)

The fair value of the shares of subsidiaries and affiliated companies are omitted due to the absence of market prices.

The balance sheet amounts of shares of subsidiaries and affiliated companies without market prices are as follows.

| Category                       | Previous fiscal year<br>(Millions of yen) |
|--------------------------------|---|
| Shares of subsidiaries         | 23,424                                    |
| Shares of affiliated companies | 104                                       |
| Total                          | 23,529                                    |

## End of Current Fiscal Year (As of March 31, 2023)

The fair value of the shares of subsidiaries and affiliated companies are omitted due to the absence of market prices.

The balance sheet amounts of shares of subsidiaries and affiliated companies without market prices are as follows.

| Category                       | Current fiscal year<br>(Millions of yen) |
|--------------------------------|--|
| Shares of subsidiaries         | 23,424                                   |
| Shares of affiliated companies | 109                                      |
| Total                          | 23,534                                   |

## (Tax Effect Accounting)

## 1. Breakdown of Major Causes of Deferred Tax Assets and Deferred Tax Liabilities

|  | End of previous<br>fiscal year<br>(As of March 31, 2022) | End of current<br>fiscal year<br>(As of March 31, 2023) |
|--|--|---|
| Deferred tax assets  |  |   |
| Inventory valuation losses   | 90 million yen   | 60 million yen  |
| Accrued expenses   | 670  | 1,035   |
| Allowance for doubtful accounts                                      | 451  | 387   |
| Provision for retirement benefits                                    | 890  | 410   |
| Loss on valuation of shares of subsidiaries and affiliated companies | 684  | 684   |
| Foreign tax credits carried forward                                  | 99   | —   |
| Refund liability   | 111  | 112   |
| Deferred losses on hedges  | —  | 119   |
| Others   | 938  | 766   |
| Total deferred tax assets  | 3,936  | 3,577   |
| Valuation allowance for total deductible temporary differences       | (1,538)  | (1,450)   |
| Subtotal of valuation allowance                                      | (1,538)  | (1,450)   |
| Total deferred tax assets  | 2,397  | 2,127   |
| Deferred tax liabilities   |  |   |
| Valuation difference on available-for-sale securities                | 687  | 862   |
| Deferred gains on hedges   | 204  | —   |
| Others   | 31   | 57  |
| Total deferred tax liabilities                                       | 923  | 919   |
| Deferred tax assets, net   | 1,474  | 1,207   |

## 2. Causes of the Difference between the Statutory Effective Tax Rate and the Burden Rate of Income Taxes, etc. after Application of Tax-effect Accounting

|  | End of previous fiscal year<br>(As of March 31, 2022) | End of current fiscal year<br>(As of March 31, 2023) |
|--|---|--|
|  | (%)   | (%)  |
| Statutory effective tax rate   | 30.6  | 30.6   |
| (Adjustment)   |   |  |
| Items that are permanently excluded from deductible expenses, such as entertainment expenses | 0.4   | 0.3  |
| Items that are permanently excluded from gross profits, such as dividends received           | (8.4)   | (7.1)  |
| Inhabitant tax on per capita basis   | 2.0   | 1.4  |
| Changes in valuation allowance   | (1.3)   | (1.2)  |
| Tax credits  | (4.0)   | (4.7)  |
| Others   | (2.2)   | 1.2  |
| Income tax burden rate after application of tax effect accounting                            | 17.1  | 20.6   |

## (Revenue Recognition)

The relevant notes regarding information that forms the basis for understanding revenue from contracts with customers are omitted since the same information is provided in the “[Notes] (Revenue Recognition) to [Consolidated Financial Statements].”

## (Significant Subsequent Event)

Not applicable

## (iv) [Supplementary Schedules]

## [Property, Plant and Equipment]

(Millions of yen)

| Category                      | Asset type                    | Balance at beginning of current period | Increase during the period | Decrease during the period | Amortization for the period | Balance at end of period | Accumulated depreciation |
|-------------------------------|-------------------------------|--|----------------------------|----------------------------|-----------------------------|--------------------------|--------------------------|
| Property, plant and equipment | Buildings                     | 35,058                                 | 3,873                      | 105 (4)                    | 501                         | 38,826                   | 23,412                   |
|                               | Structure                     | 911                                    | 6                          | 0 (0)                      | 26                          | 916                      | 707                      |
|                               | Machinery and equipment       | 379                                    | 70                         | 1                          | 12                          | 448                      | 361                      |
|                               | Vehicles                      | 44                                     | —                          | 2                          | 6                           | 42                       | 28                       |
|                               | Tools, furniture and fixtures | 1,690                                  | 554                        | 52                         | 175                         | 2,191                    | 1,571                    |
|                               | Land                          | 10,035 [99]                            | 113                        | —                          | —                           | 10,149 [99]              | —                        |
|                               | Leased assets                 | 1,150                                  | 104                        | 23                         | 57                          | 1,231                    | 218                      |
|                               | Construction in progress      | 3,736                                  | 1,555                      | 3,531                      | —                           | 1,760                    | —                        |
|                               | Total                         | 53,006                                 | 6,277                      | 3,717 (4)                  | 779                         | 55,566                   | 26,301                   |
| Intangible assets             | Software                      | 8,195                                  | 896                        | 319                        | 650                         | 8,772                    | 6,376                    |
|                               | Others                        | 2,506                                  | 86                         | 219                        | 149                         | 2,373                    | 1,778                    |
|                               | Total                         | 10,701                                 | 983                        | 539                        | 799                         | 11,145                   | 8,154                    |

Notes: 1. The balances at the beginning and end of the period are indicated by the acquisition price.

2. The amount indicated in parentheses of the decrease during the period presents the amount of impairment loss recorded during the period.

3. The amount indicated in brackets in the item Land presents the difference from the book value before the revaluation of the land for business use conducted in accordance with the Act on Revaluation of Land (Act No. 34 promulgated on March 31, 1998).

## [Schedule of Allowances]

(Millions of yen)

| Item   | Balance at beginning of current period | Increase during the period | Decrease during the period | Balance at end of Period |
|--|--|----------------------------|----------------------------|--------------------------|
| Allowance for doubtful accounts                          | 1,475                                  | 29                         | 236                        | 1,268                    |
| Provision for bonuses for directors (and other officers) | 134                                    | 141                        | 134                        | 141                      |

## (2) [Details of Main Assets and Liabilities]

Information is omitted as consolidated financial statements have been prepared.

## (3) [Others]

Not applicable

## VI. [Overview of the Stock-related Administration of the Company]

|   |  |
|---|--|
| Fiscal year                                       | From April 1 to March 31   |
| Ordinary general meeting of shareholders          | To be held in June   |
| Record date                                       | March 31   |
| Record date for distribution of surplus           | March 31 and September 30  |
| Number of shares constituting one unit            | 100  |
| Purchase and sale of shares of less than one unit |  |
| Office for handling business                      | Sumitomo Mitsui Trust Bank, Limited<br>Stock Transfer Agency<br>4-5-33 Kitahama, Chuo-ku, Osaka  |
| Administrator of shareholders' register           | Sumitomo Mitsui Trust Bank, Limited<br>1-4-1 Marunouchi, Chiyoda-ku, Tokyo   |
| Forwarding office                                 | —  |
| Handling charge for selling or purchase           | Free of charge   |
| Method of public notice                           | Electronic public notice<br><a href="https://corp.mizuno.com/jp/">https://corp.mizuno.com/jp/</a><br>Provided, however, that if the Company is unable to give an electronic public notice due to an accident or any other unavoidable reason, public notices of the Company may be given in <i>The Nikkei</i> newspaper.   |
| Special benefits for shareholders                 | <p>1. Shopping discount coupon</p> <ul style="list-style-type: none"> <li>Target shareholders Shareholders holding one unit (100 shares) or more as of March 31</li> <li>Complimentary coupon amount 20% discount per coupon</li> <li>Number of coupons to be presented 10 for a shareholder holding 100 shares or more but less than 1,000 shares<br/>20 for a shareholder holding 1,000 shares or more</li> <li>How to use the coupon One coupon can be used for the total amount per purchase.</li> </ul> <p>2. Preferential discounts for online shopping (using a dedicated website)</p> <ul style="list-style-type: none"> <li>Target shareholders Shareholders holding one unit (100 shares) or more as of March 31 and September 30</li> <li>Details of the complimentary discount 20% discount on total amount of purchase</li> </ul> |

Notes: 1. Pursuant to the provisions of the Articles of Incorporation of the Company, shareholders of less than one unit are not authorized to exercise rights except for the following: the rights provided for in each item of Article 189, Paragraph 2 of the Companies Act; the rights to make requests pursuant to the provisions of Article 166, Paragraph 1 of the Companies Act; the right to receive allotment of shares for subscription and stock acquisition rights for subscription according to the number of shares held by shareholders; and the right to request the sale of shares constituting less than one unit.

2. The purchase and sale of shares recorded in the special account shall be handled by Sumitomo Mitsui Trust Bank, Limited, which concurrently serves as the administrator of the shareholders' register.



## VII. [Reference Information on the Company]

### 1. [Information on the Parent Company, etc.]

The Company does not have a parent company, etc. as stipulated in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

### 2. [Other Reference Information]

(1) The documents filed by the Company during the period from the commencement date of the current fiscal year to the filing date of the Annual Securities Report.

The Company filed the following documents during the period from the commencement date of the current fiscal year and the filing date of the Annual Securities Report.

|       |   |  |  |  |
|-------|---|--|--|--|
| (i)   | Annual Securities Report and its attached documents and the Certificate | Fiscal year<br>(The 109th)   | From April 1, 2021<br>to March 31, 2022      | Filed with the Director of the Kanto Local Finance Bureau on June 22, 2022     |
| (ii)  | Internal Control Report and its attachments                             | Fiscal year<br>(The 109th)   | From April 1, 2021<br>to March 31, 2022      | Filed with the Director of the Kanto Local Finance Bureau on June 22, 2022     |
| (iii) | Quarterly Report and Certification                                      | (The 110th)<br>First quarter   | From April 1, 2022<br>to June 30, 2022       | Filed with the Director of the Kanto Local Finance Bureau on August 10, 2022   |
|       |   | (The 110th)<br>Second quarter  | From July 1, 2022<br>to September 30, 2022   | Filed with the Director of the Kanto Local Finance Bureau on November 10, 2022 |
|       |   | (The 110th)<br>Third quarter   | From October 1, 2022<br>to December 31, 2022 | Filed with the Director of the Kanto Local Finance Bureau on February 9, 2023  |
| (iv)  | Extraordinary Report  | Extraordinary Report on the Results of the Exercise of Voting Rights at the General Meeting of Shareholders pursuant to Article 19, Paragraph 2, Item 9 (2) of the Cabinet Office Order on Disclosure of Corporate Affairs |  | Filed with the Director of the Kanto Local Finance Bureau on June 23, 2022     |

(2) Proportion of female workers in managerial positions, percentage of male workers taking child care leave, and wage discrepancies between male and female workers

Among consolidated subsidiaries, the Proportion of female workers in managerial positions, percentage of male workers taking child care leave, and wage discrepancies between male and female workers other than those listed in “I. [Overview of Mizuno Corporation and Its Consolidated Subsidiaries] 5. [Employees] (4) Proportion of female workers in managerial positions, percentage of male workers taking child care leave, and wage discrepancies between male and female workers” are as follows.

| Current fiscal year                         |   |  |          |   |                 |                               | Supplementary explanation                         |
|---|---|--|----------|---|-----------------|-------------------------------|---|
| Name  | Proportion of female workers in managerial positions (%) (Note 1) | Percentage of male workers taking child care leave (%) |          | Wage discrepancies between male and female workers (%) (Note 1) |                 |                               |   |
|   |   | All workers  |          | All workers   | Regular workers | Part-time/ fixed-term workers |   |
| Senotech Corporation                        | 0.0   | 100.0  | (Note 2) | 51.1  | 52.1            | 41.8                          |   |
| Senoh Maintenance Service Corporation       | 0.0   | 0.0  | (Note 2) | 60.7  | 74.5            | 39.4                          |   |
| Sharp Sangyo Co., Ltd                       | 10.0  | 0.0  | (Note 2) | 50.2  | 58.0            | 84.3                          |   |
| Mizuno USA, Inc.                            | 17.5  | —  | (Note 3) | 57.9  | 58.5            | 126.4                         |   |
| Mizuno Canada Ltd.                          | 28.6  | 0.0  |          | 71.9  | 59.3            | 53.9                          |   |
| Mizuno (Taiwan) Corporation                 | 19.0  | —  |          | 64.3  | 66.7            | 89.3                          |   |
| Shanghai Mizuno Corporation Ltd.            | 56.5  | 100.0  | (Note 2) | 58.6  | 60.5            | 41.9                          |   |
| Mizuno Oceania Pty. Ltd.                    | 7.7   | 0.0  | (Note 2) | 73.0  | 71.0            | —                             | Part-time and fixed-term employees are male only. |
| Mizuno Italia S.r.l. and Mizuno Iberia S.l. | 57.1  | 0.0  | (Note 2) | 79.2  | 79.2            | —                             | There are no part-time/fixed-term workers.        |
| Mizuno Norge AS                             | 25.0  | —  |          | 48.7  | 45.1            | —                             | Part-time and fixed-term employees are male only. |
| Mizuno Korea Ltd.                           | 24.5  | 6.3  | (Note 2) | 79.7  | 79.5            | 103.3                         |   |
| Mizuno Singapore Pte. Ltd.                  | 20.0  | —  |          | 77.5  | 77.5            | —                             | There are no part-time/fixed-term workers.        |

Notes: 1. The number is calculated based on the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015). However, at overseas consolidated subsidiaries, the number of managerial positions is calculated in accordance with the relevant regulations based on the details of their duties and the degree of their responsibilities.

2. The percentage of taking child care leave stipulated in the Article 71-4, Paragraph 1 of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ministry of Labor Ordinance No. 25 of 1991) is calculated based on the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 67 of 1991). However, at overseas consolidated subsidiaries, the number of child care leaves taken by male employees is calculated in accordance with the relevant regulations.

3. There is no information on the percentage of male employees taking child care leave because there is no state law regarding child care leave for male workers in Georgia, U.S.

## **Part II. [Information on Guarantors, etc. for the Company]**

Not applicable

## INDEPENDENT AUDITOR'S REPORT

June 21, 2023

To the Board of Directors of Mizuno Corporation

Ernst &amp; Young ShinNihon LLC

Osaka Office

|                                  |                             |               |
|----------------------------------|-----------------------------|---------------|
| Designated<br>Engagement Partner | Certified Public Accountant | Naoya Nishino |
|----------------------------------|-----------------------------|---------------|

|                                  |                             |           |
|----------------------------------|-----------------------------|-----------|
| Designated<br>Engagement Partner | Certified Public Accountant | Miho Ueda |
|----------------------------------|-----------------------------|-----------|

### <Audit of Financial Statements>

#### Opinion

For the purpose of audit certification in compliance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of Mizuno Corporation and its consolidated subsidiaries (the "Group") for the fiscal year from April 1, 2022 to March 31, 2023, included in the "Financial Information" section, namely, the Consolidated Balance Sheet as of March 31, 2023, the Consolidated Statement of Income, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, and the Consolidated Statement of Cash Flows for the year then ended, Significant Matters That Are the Basis for Preparing Consolidated Financial Statements, other notes, and the Consolidated Supplementary Schedules.

In our opinion, the abovementioned consolidated financial statements present fairly in all material respects the financial position of the Company and its consolidated subsidiaries as of March 31, 2023, as well as their financial performance and cash flows for the year then ended in accordance with accounting standards generally accepted in Japan.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the professional ethics of Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that were, in our professional judgment, of most significance in our audit of the consolidated financial statements for the current fiscal year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Valuation of intangible assets attributable to sports facilities services business  |   |
|---|---|
| Key audit matters and reasons for decisions   | How the matter was addressed in our audit   |
| <p>Mizuno Corporation (hereinafter, “the Company”) and its consolidated subsidiaries consider whether or not impairment of fixed assets is necessary for the fixed assets subject to the “Accounting Standards for Impairment of Fixed Assets” in the event of changes in the corporate environment or economic events in which there is concern about the recovery of the book value. As for fixed assets that are judged to have indications of impairment considering the market price of the asset and the profit or loss resulting from operating activities using the asset, if the recoverable value is lower than the book value, the asset is impaired to the recoverable value.</p> <p>As stated in “(Significant Accounting Estimates) 2. Valuation of Intangible Assets Attributable to Sports Facilities Services Business,” the consolidated balance sheet for the current fiscal year includes customer-related assets of 1,792 million yen, trademark-related assets of 592 million yen, and technology-related assets of 541 million yen as intangible assets attributable to the sports facilities services business (hereinafter, “the business”), collectively accounting for 1.5% of consolidated total assets.</p> <p>As a result of consideration of whether or not the impairment of intangible assets was necessary in the current fiscal year as there were changes in the corporate environment for the business, and the intangible assets were judged to have indications of impairment, the Company determined that it was not necessary to recognize an impairment loss.</p> <p>In the course of its consideration, the Company compares the total amount of the future cash flow before the discount generated from the business with the book value. The key assumptions used for estimates of the total amount of the future cash flow before the discount were the market growth rate and share and the economic environment as stated in “(Significant Accounting Estimates) 2. Valuation of Intangible Assets Attributable to Sports Facilities Services Business.”</p> <p>These key assumptions involve subjectivity and uncertainty, and the management’s judgment has a significant impact on the determination of impairment loss recognition.</p> <p>Based on the above, we have determined that the valuation of intangible assets attributable to the relevant business is of particular importance in the current fiscal year and is a key audit matter.</p> | <p>We mainly performed the following audit procedures in examining the valuation of intangible assets attributable to sports facilities services business.</p> <ul style="list-style-type: none"> <li>- We understood the corporate environment of the business by asking questions to management and reviewing the minutes.</li> <li>- In order to evaluate the effectiveness of the management’s estimation process for formulating business plans, we compared past and current fiscal year business plans with actual results.</li> <li>- We discussed with management the business plan and future economic environment, etc. that were the basis for estimating the total amount of future cash flow before the discount used to determine the necessity of impairment of intangible assets, and were briefed on the relationship with external information. Furthermore, we examined whether it is consistent with the next fiscal year’s budget and the medium-term management plan approved by management.</li> <li>- We discussed with management the key assumptions such as the market growth rate, market share, and economic environment, and evaluated the impact of the outlook on business plans.</li> </ul> |

| Evaluation of deferred tax assets of Mizuno Corporation  |  |
|--|--|
| Key audit matters and reasons for decisions  | How the matter was addressed in our audit  |
| <p>Mizuno Corporation (hereinafter, “the Company”) posted deferred tax assets of 1,855 million yen on its consolidated balance sheet, and disclosed matters related to (Tax Effect Accounting). Consolidated deferred tax assets deemed recoverable were 4,384 million yen (before offsetting deferred tax liabilities), of which the Company’s deferred tax assets were 2,127 million yen (before offsetting deferred tax liabilities), accounting for approximately 50%.</p> <p>As stated in “(Significant Accounting Estimate) 1. Recoverability of Deferred Tax Assets,” the Company determined the recoverability of deferred tax assets by estimating the taxable income in consideration of future earning power and tax planning.</p> <p>Taxable income is estimated based on the business plan, and the significant assumptions include the growth rates of the market and the business. The business has been recovering from the impact of COVID-19, and the Company makes accounting estimates based on the assumption that the Company’s business will further normalize in the following fiscal year and beyond.</p> <p>Since the evaluation of the Company’s deferred tax assets is mainly based on management’s estimates of taxable income, and the underlying business plans are impacted by significant assumptions accompanying management’s judgment and involve uncertainty, we have determined this to be a key audit matter.</p> | <p>We mainly performed the following audit procedures in examining the evaluation of the Company’s deferred tax assets.</p> <ul style="list-style-type: none"> <li>- We involved tax experts of our network firm in verifying the Company’s closing balance of deductible temporary differences.</li> <li>- We considered the scheduling of the fiscal year in which deductible temporary differences are expected to be eliminated.</li> <li>- We reviewed underlying business plans to evaluate the management’s estimate of taxable income. In reviewing the business plan, we verified the consistency with the next fiscal year’s budget approved by management. In addition, in order to evaluate the effectiveness of management’s estimation process for formulating business plans, we compared past and current fiscal year business plans with actual results.</li> <li>- We discussed with management about market and business growth rates, which are the major assumptions, and were briefed on the relationship with external information, and compared them with the results of trend analysis based on past performance.</li> <li>- We discussed with management the assumption that the business has been recovering from the impact of COVID-19, and that the Company’s business will further normalize in the following fiscal year and beyond, and evaluated the impact on the business plan.</li> </ul> |

## Other Information

The other information comprises the information included in the Annual Securities Report but does not include the consolidated financial statements, the non-consolidated financial statements, and the Auditor's Reports thereon. Management is responsible for the preparation and disclosure of the content of the other information. In addition, the responsibility of the Audit and Supervisory Committee is to supervise the execution of duties of directors in the design and operation of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the content of the other information, and we do not express an opinion on the other information.

Our responsibility in the audit of the consolidated financial statements is to read through the other information and consider in the process of reading through whether there are any material differences between the other information and the consolidated financial statements, or our knowledge obtained in the course of the audit. It is also important for us to pay attention to any signs of material errors in the other information in addition to such material differences.

Based on the work we have performed, if we judge that there is a material error in the other information, we are required to report that fact.

As a result, we have found no matters to be reported regarding the other information.

## Responsibilities of Management and Audit and Supervisory Committee for Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan. This includes designing and operating internal controls that management considers necessary to enable the appropriate preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements based on the assumption of a going concern, and for disclosing relevant matters if it is necessary to disclose matters concerning going concerns in accordance with the accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for supervising the execution of duties of directors in the design and operation of the financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks of material misstatement. The selection of audit procedures to be applied is at the discretion of the auditor. Furthermore, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- While the purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of internal control, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in conducting risk assessment.
- Evaluate the appropriateness of accounting policies used by management and their method of application and the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude the appropriateness of preparing the consolidated financial statements with the assumption of a going concern by management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the assumption to continue as a going concern. If we judge that a material uncertainty concerning the assumption of a going concern exists, we are required to draw attention in our auditor's report to the notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with an exceptive item in the consolidated financial statements. Our conclusions are based on the audit evidence obtained by the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and notes thereto are in accordance with the accounting principles generally accepted in Japan, and evaluate the presentation, structure, and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly present the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the consolidated financial statements. We remain solely responsible for our opinion.

We report to the Audit and Supervisory Committee regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also report to the Audit and Supervisory Committee that we have complied with professional ethics in Japan regarding independence, and if safeguards have been taken to remove or mitigate the matters that are reasonably thought to affect the independence of the auditor, the content of such safeguards shall be reported.

Among the matters communicated with the Audit and Supervisory Committee, we determine that the matters that were of the most significance in the audit of the consolidated financial statements of the current fiscal year are the key audit matters, and describe them in the Auditor's Report. However, in cases where the disclosure of such matters is prohibited by laws and regulations, or where, in extremely rare circumstances, it is reasonably expected that the disadvantages arising from reporting in the auditor's report will outweigh the public interest, we determine that such matter should not be communicated in our report.

## &lt;Audit of Internal Control Report&gt;

## Opinion

For the purpose of audit certification in compliance with the provisions of Article 193-2, Paragraph 2 of the Financial Instruments and Exchange Act, we have audited the Internal Control Report of the Company as of March 31, 2023.

In our opinion, the abovementioned internal control report, in which the Company states that the internal control over financial reporting was effective as of March 31, 2023, presents fairly, in all material respects, the results of the assessments of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

## Basis for Opinion

We conducted our audit of the internal control report in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under auditing standards for internal control over financial reporting are described in the “Auditor’s Responsibilities for the Audit of the Internal Control Report.” We are independent of the Company and its consolidated subsidiaries in accordance with the professional ethics of Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our opinion.

## Responsibilities of Management and the Audit and Supervisory Committee for the Internal Control Report

Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the internal control report in accordance with the assessment standards for internal control over financial reporting generally accepted in Japan.

The Audit and Supervisory Committee is responsible for overseeing and verifying the design and operation of internal control over financial reporting.

Internal control over financial reporting may not be able to completely prevent or detect misstatements in financial reporting.

## Auditor’s Responsibilities for the Audit of the Internal Control Report

Our responsibilities are to obtain reasonable assurance about whether the internal control report is free from material misstatement based on our audit of the internal control report, and to issue an auditor’s report that expresses our opinion on the internal control report based on our audit from an independent point of view.

In accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Perform audit procedures to obtain audit evidence regarding the results of the assessment of internal control over financial reporting in the internal control report. The procedures for the audit of the internal control report are selected and performed at the auditor’s discretion based on the significance of the effect on the reliability of financial reporting.
- Consider the overall presentation of the internal control report, including the appropriateness of the scope, procedures, and results of the assessments that management presents.
- Obtain sufficient and appropriate audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. We are responsible for the direction, supervision, and performance of the audit of the internal control report. We remain solely responsible for our opinion.

We report to the Audit and Supervisory Committee regarding the planned scope and timing of the internal control audit, the results of the internal control audit, significant deficiencies to be disclosed in internal control that we identify, the results of remedies thereof, and other matters required by internal auditing standards.

We also report to the Audit and Supervisory Committee that we have complied with professional ethics in Japan regarding independence, and if safeguards have been taken to remove or mitigate the matters that are reasonably thought to affect the independence of the auditor, the content of such safeguards shall be reported.

## Interest Required to Be Disclosed

Our firm and its designated engagement partners do not have any interests in the Company and its subsidiaries that is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

End of the Report

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Notes: 1. The original of the above Auditor’s Report is kept separately by the Company (the company filing the annual securities report).

2. XBRL data is not included in the scope of audit.



## INDEPENDENT AUDITOR'S REPORT

June 21, 2023

To the Board of Directors of Mizuno Corporation

Ernst &amp; Young ShinNihon LLC

Osaka Office

|                                  |                             |               |
|----------------------------------|-----------------------------|---------------|
| Designated<br>Engagement Partner | Certified Public Accountant | Naoya Nishino |
|----------------------------------|-----------------------------|---------------|

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| Designated<br>Engagement Partner | Certified Public Accountant | Miho Ueda |
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## Opinion

For the purpose of audit certification in compliance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, we have audited the non-consolidated financial statements of Mizuno Corporation for the 110th fiscal year from April 1, 2022 to March 31, 2023 included in the “Financial Information” section, namely, the Non-consolidated Balance Sheet as of March 31, 2023, the Non-consolidated Statement of Income, the Non-consolidated Statement of Changes in Equity for the year then ended, Significant Accounting Policies, other notes, and the Supplementary Schedules.

In our opinion, the abovementioned non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2023 and its financial performance for the year then ended, in accordance with accounting standards generally accepted in Japan.

## Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Non-consolidated Financial Statements” section of our report. We are independent of the Company in accordance with the professional ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the non-consolidated financial statements for the current fiscal year. These matters were addressed in the context of our audit of the non-consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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| Evaluation of deferred tax assets  |
| Description is omitted because the same information is provided in Key Audit Matters (Evaluation of deferred tax assets of Mizuno Corporation) contained in the auditor’s report on the consolidated financial statements. |

## Other Information

The other information comprises the information included in the Annual Securities Report but does not include the consolidated financial statements, the non-consolidated financial statements, and the Auditor's Reports thereon. Management is responsible for the preparation and disclosure of the content of the other information. In addition, the responsibility of the Audit and Supervisory Committee is to supervise the execution of duties of directors in the design and operation of the reporting process for the other information.

Our opinion on the non-consolidated financial statements does not cover the content of the other information, and we do not express an opinion on the other information.

Our responsibility in the audit of the non-consolidated financial statements is to read through the other information and consider in the process of reading through whether there are any material differences between the other information and the non-consolidated financial statements or our knowledge obtained in the course of the audit. It is also important for us to pay attention to any signs of material errors in the other information in addition to such material differences.

Based on the work we have performed, if we judge that there is a material error in the other information, we are required to report that fact.

As a result, we have found no matters to be reported regarding the other information.

## Responsibilities of Management and the Audit and Supervisory Committee for Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with the accounting principles generally accepted in Japan. This includes designing and operating internal controls that management considers necessary to enable the appropriate preparation and fair presentation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements based on the assumption of a going concern and for disclosing relevant matters if it is necessary to disclose matters concerning going concerns in accordance with the accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for supervising the execution of duties of directors in the design and operation of the financial reporting process.

### Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the non-consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these non-consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks of material misstatement. The selection of audit procedures to be applied is at the discretion of the auditor. Furthermore, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- While the purpose of an audit of the non-consolidated financial statements is not to express an opinion on the effectiveness of internal control, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making risk assessment.
- Evaluate the appropriateness of accounting policies used by management and their method of application and the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude the appropriateness of preparing the non-consolidated financial statements with the assumption of a going concern by management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the assumption to continue as a going concern. If we judge that a material uncertainty concerning the assumption of a going concern exists, we are required to draw attention in our auditor's report to the notes to the non-consolidated financial statements or, if the notes to the non-consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with an exceptive item in the non-consolidated financial statements. Our conclusions are based on the audit evidence obtained by the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation of the non-consolidated financial statements and notes thereto are in accordance with the accounting principles generally accepted in Japan, and evaluate the presentation, structure, and content of the non-consolidated financial statements, including the related notes thereto, and whether the non-consolidated financial statements fairly present the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of constituent units included in the non-consolidated financial statements for the purpose of expressing an opinion on the non-consolidated financial statements. We are responsible for the direction, supervision, and performance of audits concerning the financial information of the constituent units. We remain solely responsible for our opinion.

We report to the Audit and Supervisory Committee regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also report to the Audit and Supervisory Committee that we have complied with professional ethics in Japan regarding independence, and if safeguards have been taken to remove or mitigate the matters that are reasonably thought to affect the independence of the auditor, the content of such safeguards shall be reported.

Among the matters communicated with the Audit and Supervisory Committee, we determine the matters that were of the most significance in the audit of the non-consolidated financial statements for the current fiscal year are the key audit matters, and we describe them in the Auditor's Report. However, in cases where the disclosure of such matters is prohibited by laws and regulations, or where, in extremely rare circumstances, it is reasonably expected that the disadvantages arising from reporting in the auditor's report will outweigh the public interest, we determine that such matter should not be communicated in our report.

### Interest Required to Be Disclosed

Our firm and its designated engagement partners do not have any interest in the Company that is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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Notes: 1. The original of the above Auditor's Report is kept separately by the Company (the company filing the annual securities report).

2. XBRL data is not included in the scope of audit.

