Financial Results Briefing for the Third Quarter of the Fiscal Year Ending March 2024

Goldwin Inc. (8111)

February 6, 2024

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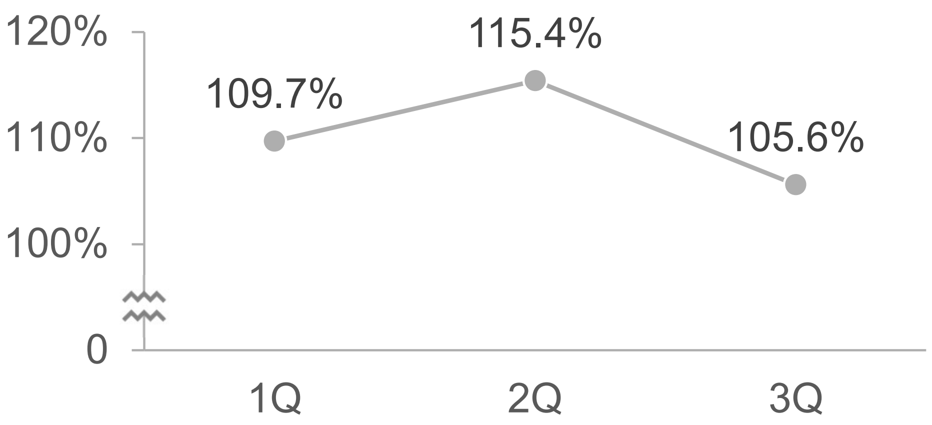
Key Message Reasons for leaving the full-year forecast unchanged

Although sales in the third quarter (three months) were lower than the company's plan due to the impact of the warm winter, the cumulative total was in line with the initial plan.
Sales of heavy clothing increased by double digits compared to the previous quarter due to the arrival of cold waves nationwide from January 2024.

Quarterly sales (compared to the same period last year)



Sales status in the third quarter

By Brand	At THE NORTH FACE, apparel products continue to perform well despite being affected by the warm winter. On the other hand, sales of gear products were below the company's plan due to the effects of the camping boom easing.
By channel.	Physical stores, both directly managed stores and wholesalers, are performing well. On the other hand, EC sales remained weak due in part to strong demand for store visits.
By product	Apparel-related sales have remained steady despite the effects of a warm winter, but outdoor gear-related sales have shown a lull.

Comparison with initial forecast as of 3rd quarter financial results

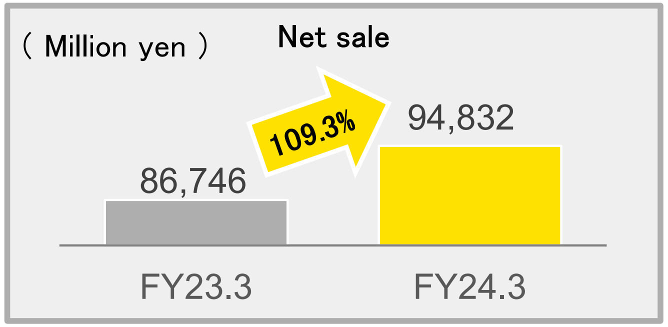
Net sale	The trend exceeded company plans. Sales of high-loft products such as down jackets and fleece remained sluggish until late November. In-store sales have been on a recovery trend as the average temperature has dropped since mid-December.
Gross profit margin	Progress in the cumulative third quarter was in line with plan. The outlook for 3Q (3 months) is 0.2 points below 56.5%. Although the impact of exchange rates has improved, sales are still affected by sluggish sales. As mentioned above, the economy has been on a recovery trend since mid-December.
SG & A expenses	Although personnel expenses will exceed the company's plan, we will continue to reduce other expenses such as advertising expenses, and expect the SG&A expense ratio to remain within the initial forecast of 40%.
Equity interest	The performance of South Korea's YOUNGONE OUTDOOR Corporation, accounted for as equity income, is noted for the July to September period. Despite some impact from a mild winter, effective marketing efforts have led to sales surpassing projections.

I. Third quarter results for the fiscal year ending March 2024

While there is strong inbound demand, initial sales of high-loft products such as down jackets and fleece are delayed due to the warm winter.

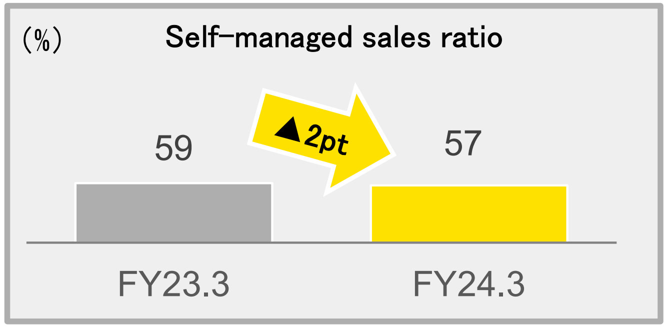
Key points of 3rd quarter financial results

Due to solid brand support, sales increased in all months compared to the same month last year despite the impact of the warm winter.



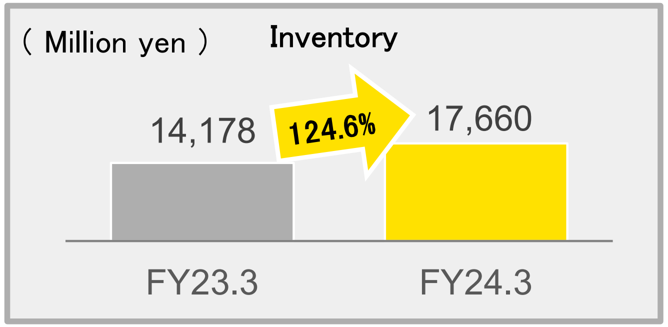
- Monthly sales in the third quarter increased year-on-year in all months, reaching a record high for the third quarter. Although sales of winter gear such as down jackets and fleece were slow until late November, sales remained steady. In addition, inbound sales (directly managed stores) in the third quarter (3 months) continued to be strong at 16%.

Inbound demand is spreading not only to urban centers but also to rural areas. Year-on-year sales increase across all wholesale channels



- Self-managed sales ratio is 57%. Progress in line with the goals of the medium-term management plan.
- By channel, sales increased year on year in all wholesale channels. Among these, sales at physical stores such as select shops have been strong.
- EC sales ratio was 12.0%. In the third quarter (cumulative), sales increased by 6.7% compared to the same period last year.

Our policy is not to hold excessive sales of high-priced items such as down jackets even after the fourth quarter.



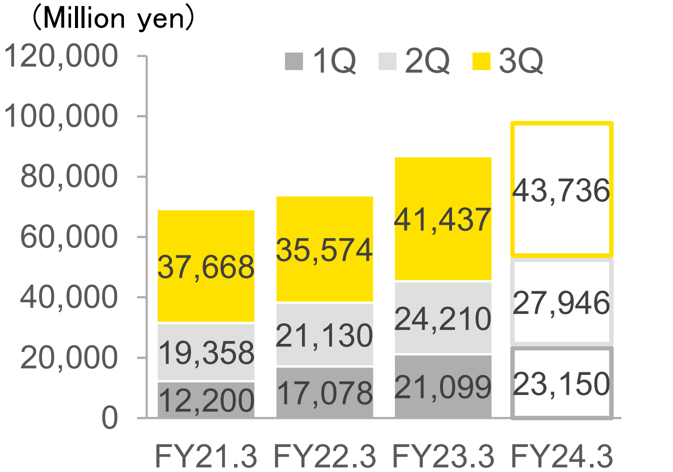
- Inventory balance was 125% compared to the same period last year, an increase of 3.4 billion yen compared to the same period last year. The main inventory is THE NORTH FACE's apparel products, and the company has a policy of not holding excessive sales even after the fourth quarter.
- Sales loss rate is 1.5%. Thoroughly perform highly accurate inventory management that understands actual needs.

GOLDWIN

3rd quarter results (Million yen)

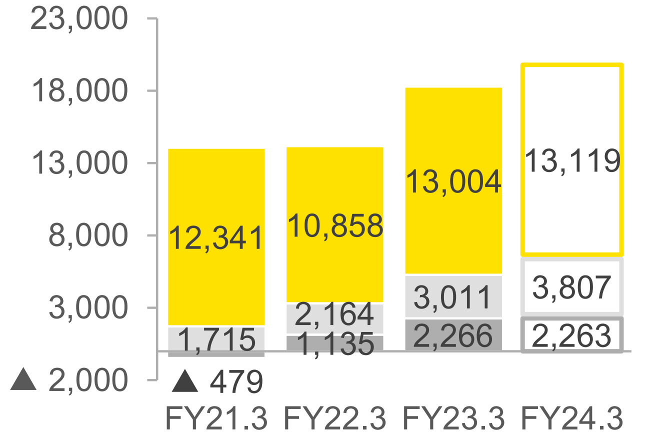
	Net sale	Gross profit	Operating income	Ordinary income	Net income
Result	94,832	50,570	19,189	23,576	17,574
Year-on-year (Cumulative)	109.3%	109.6%	105.0%	107.5%	108.0%
Year-on-year (Quarterly)	105.5%	106.2%	100.9%	99.5%	98.3%
Profit margin on sales () is the same period of the previous year	—	53.3% (53.2%)	20.2% (21.0%)	24.9% (25.3%)	18.5% (18.8%)

Net sale



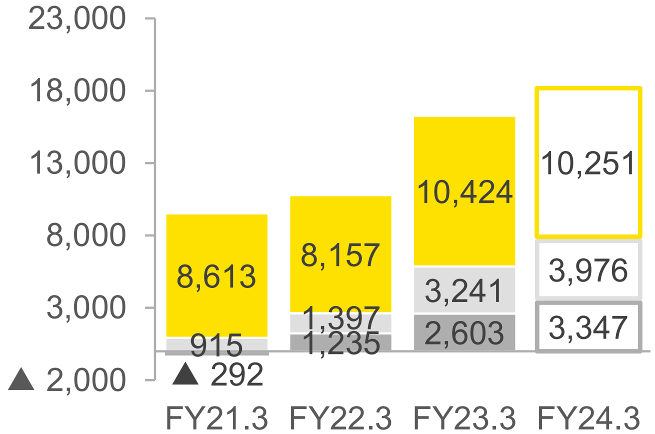
Although the start of the season was slow due to the warm winter, sales continued to increase compared to the same period last year.

Operating income



The impact of exchange rates on orders for fall/winter products was minimal, and the gross profit margin remained in line with the initial forecast.

Net income

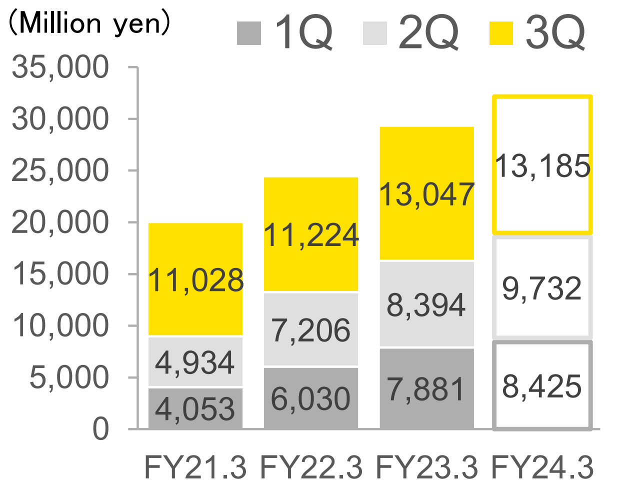


Although net income appears to have decreased compared to the previous fiscal year in the third quarter (three months), sales in South Korea remained strong due to the impact of period delays and other factors.

Sales by business segment（Million yen）

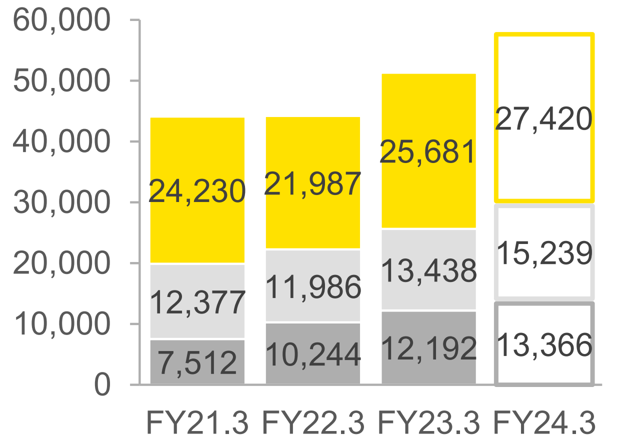
	Performance	Lifestyle	Fashion
Result	31,343	56,026	7,464
Year-on-year（Cumulative）	106.9%	109.2%	122.1%
Year-on-year（Quarterly）	101.1%	106.8%	115.5%
Sales composition ratio（Cumulative）	33.1%	59.1%	7.9%

Performance



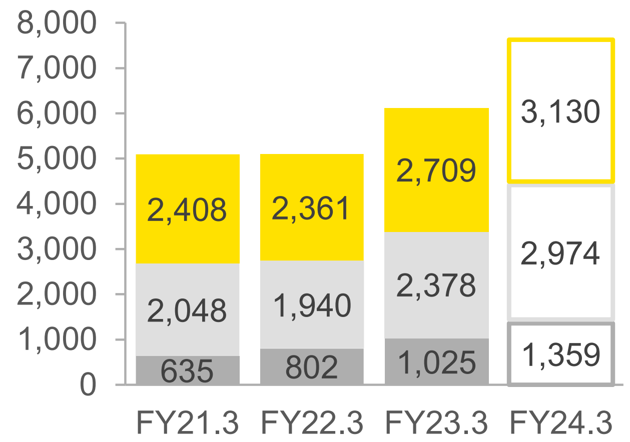
Although sales have progressed in the second half of the season, the initial sales of high-loft products such as down jackets and fleece have been delayed.

Lifestyle



THE NORTH FACE brand awareness continues to spread, and sales for kids continue to increase by double digits.

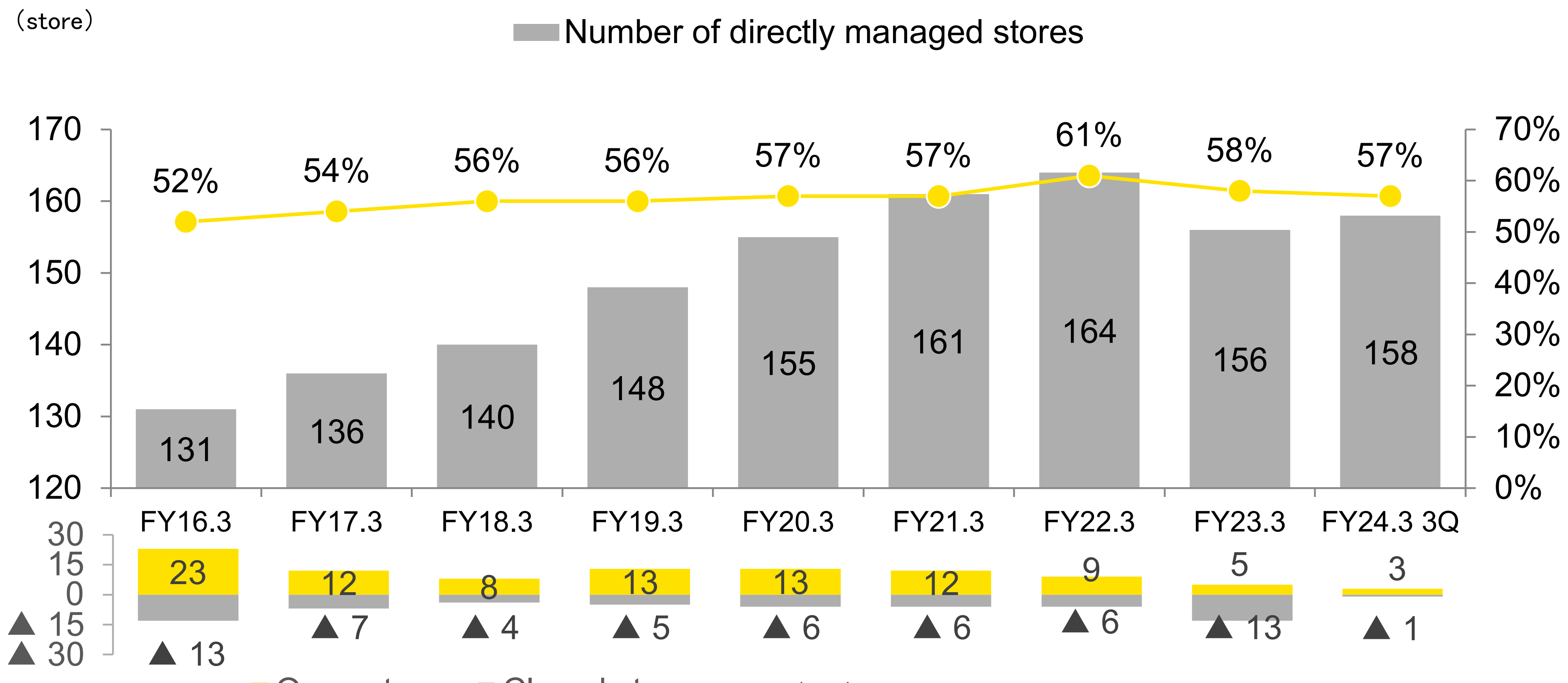
Fashion



In response to strong inbound demand, Goldwin directly managed stores in Harajuku and Marunouchi have seen significant growth.

Maintain stable trends in line with the self-managed sales ratio of 60%, which is the target in the medium-term management plan

Trends in self-managed sales ratio and number of directly managed stores



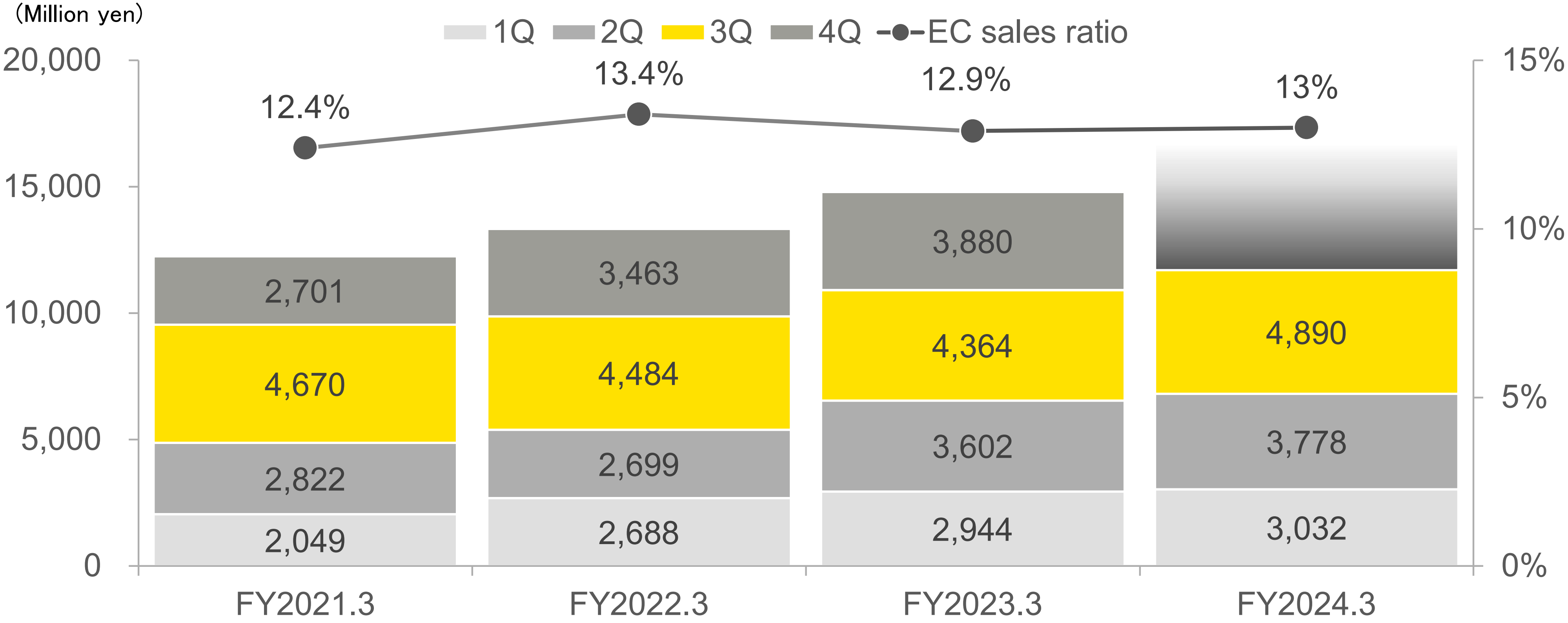
(Note) 10 stores were transferred in 2016.3 due to Champion Brand business transfer.

- The number of directly managed stores by the third quarter is expected to be 158, with 3 openings and 1 closure, and 5 openings and 3 closures for the full year.

- Self-managed sales ratio up to the third quarter was 57%
- Mainly due to recovery of wholesale customers such as department stores and select shops

Trends in quarterly EC sales

EC sales ratio (cumulative) 12.0%, EC sales 106.7% compared to the same month last year. Full-year forecast of 13% remains unchanged



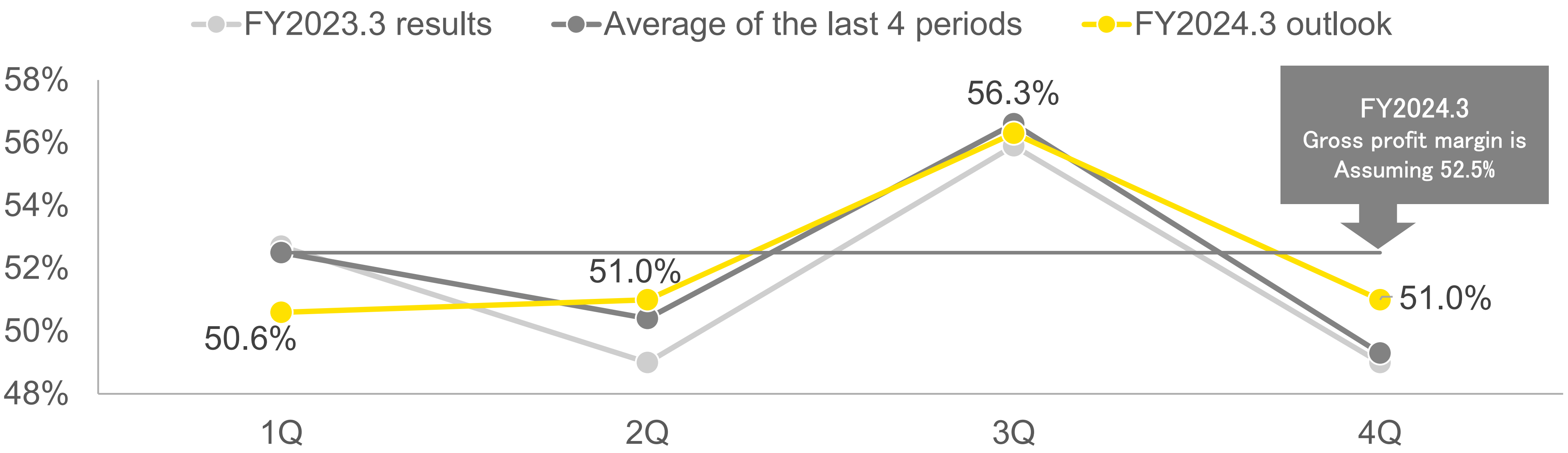
Regarding the renewal of the EC site

1
The EC site will be renewed in February 2024.
The concept is to "redesign the customer experience." We aim to create a website that conveys the joy of sports and provides a customer experience, not just "buying."

2
By providing three types of content: "Learn," "Buy," and "Experience," we are gaining more light users.
The policy is to increase customer loyalty.

Gross profit margin outlook

In the third quarter, the cost of sales ratio improved due to the impact of the weaker yen, so the gross profit margin (3 months) was 56.3%, in line with the initial forecast. Outlook for full-year gross profit margin of 52.5% remains unchanged



	1Q	2Q	3Q	4Q	通期
FY2023.3 results	52.7%	49.0%	55.9%	49.0%	52.2%
FY2024.3 outlook	**50.6%**	**51.0%**	**56.3%**	**E 51.0%**	**E 52.5%**
Average of the last 4 periods	52.5%	50.4%	56.8%	49.3%	52.9%

Initiatives to improve gross profit margin

Procurement cost outlook
Proceeding with review of overseas production system and began restructuring unprofitable businesses

Inventory management outlook
We will not hold excessive sales for fall/winter items and will continue to sell them at regular prices from the 4th quarter onward.

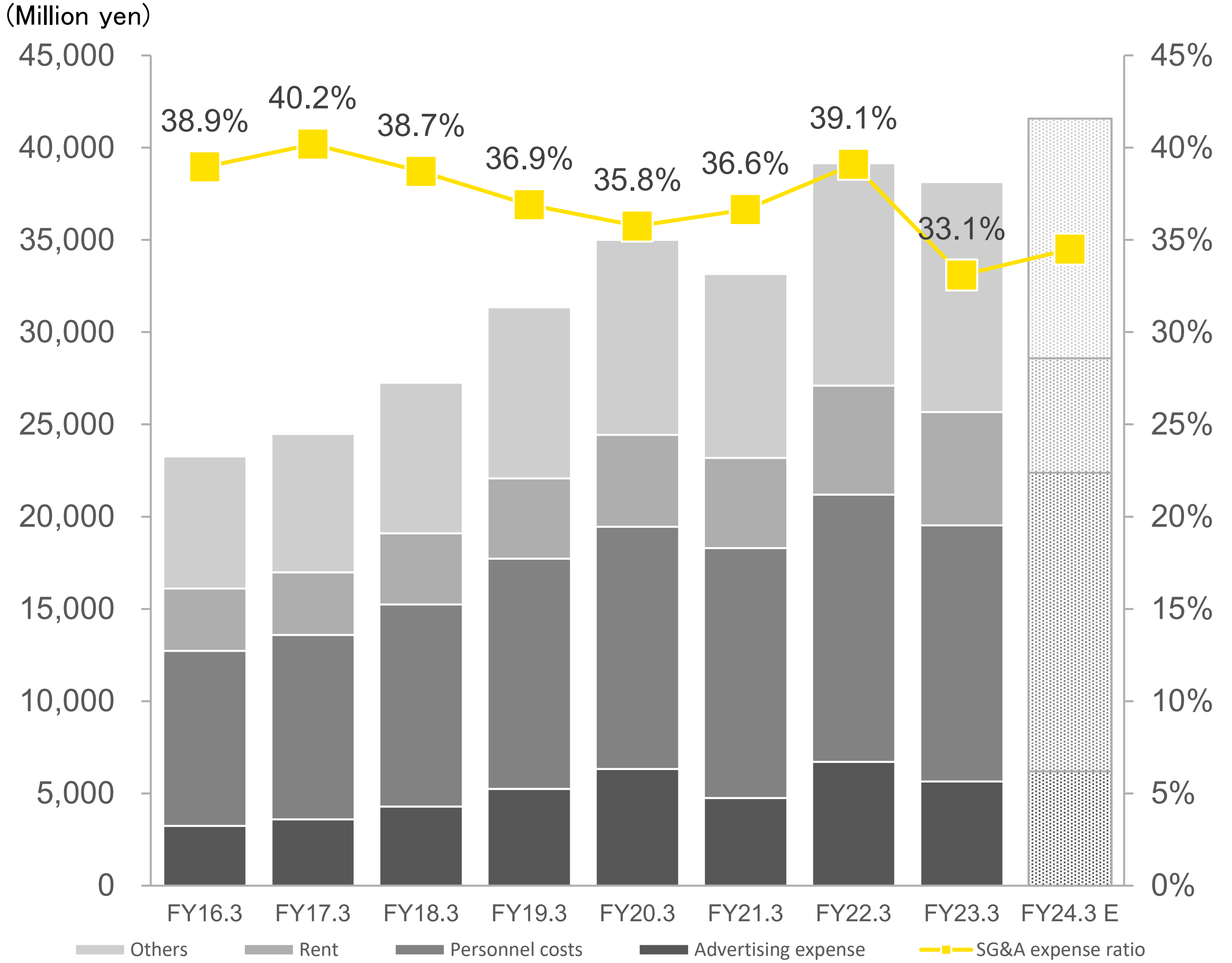
Sales price outlook
Approximately 30% of 2024 spring/summer items are expected to have their product numbers increased by approximately 10%.

(Note) The most recent four periods are from March 2020 to March 2023.

Initiatives to optimize selling, general and administrative expenses

SG&A expenses in the third quarter (cumulative) increased by 3.5 billion yen compared to the same period last year. Mainly due to increase in personnel costs such as J-ESOP

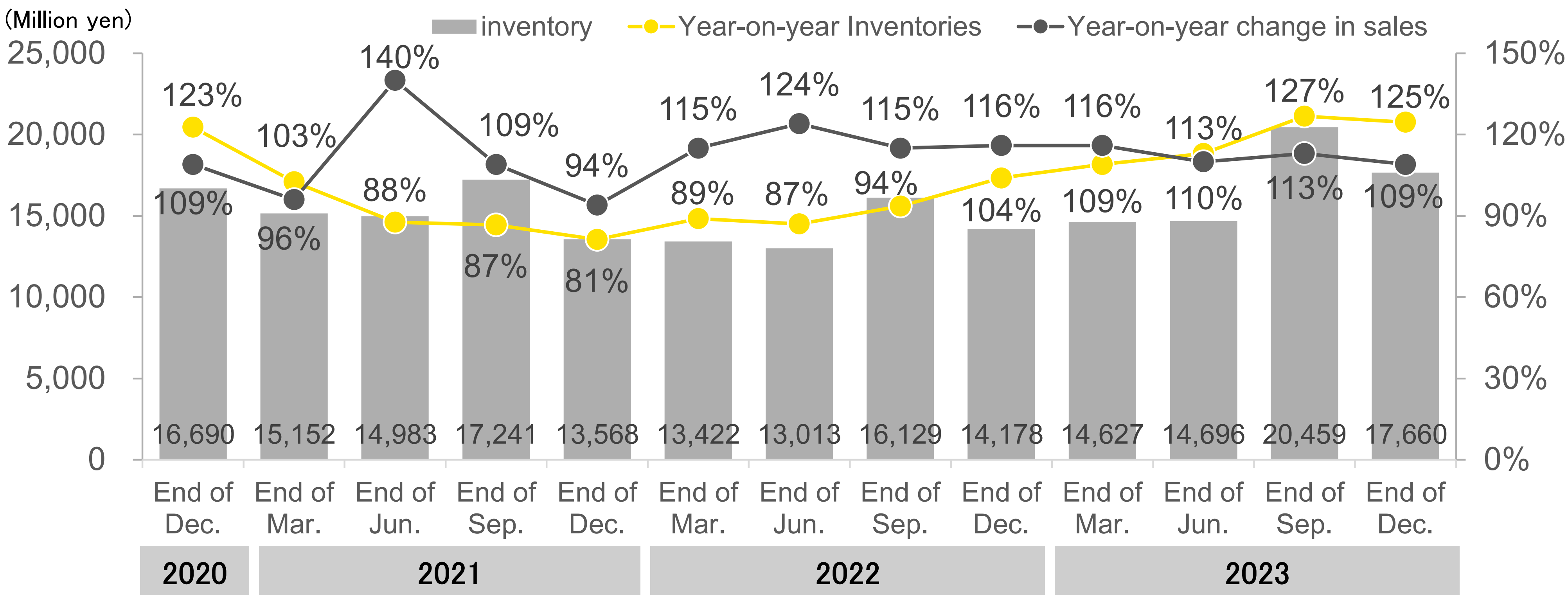
Changes in the breakdown of selling, general and administrative expenses



3rd quarter (cumulative) SG&A expenses (Comparison with the same period last year)	
Advertising expense	0.6billion yen increase
Personnel costs	2.2billion yen increase
Rent	0.1billion yen increase
Others	0.6billion yen increase
Total	3.5billion yen increase

The main inventory is THE NORTH FACE's apparel and gear products. Our policy is not to conduct excessive sales.

Quarterly inventory balance trends



(Note) Inventories are the total balance of merchandise and finished products, work

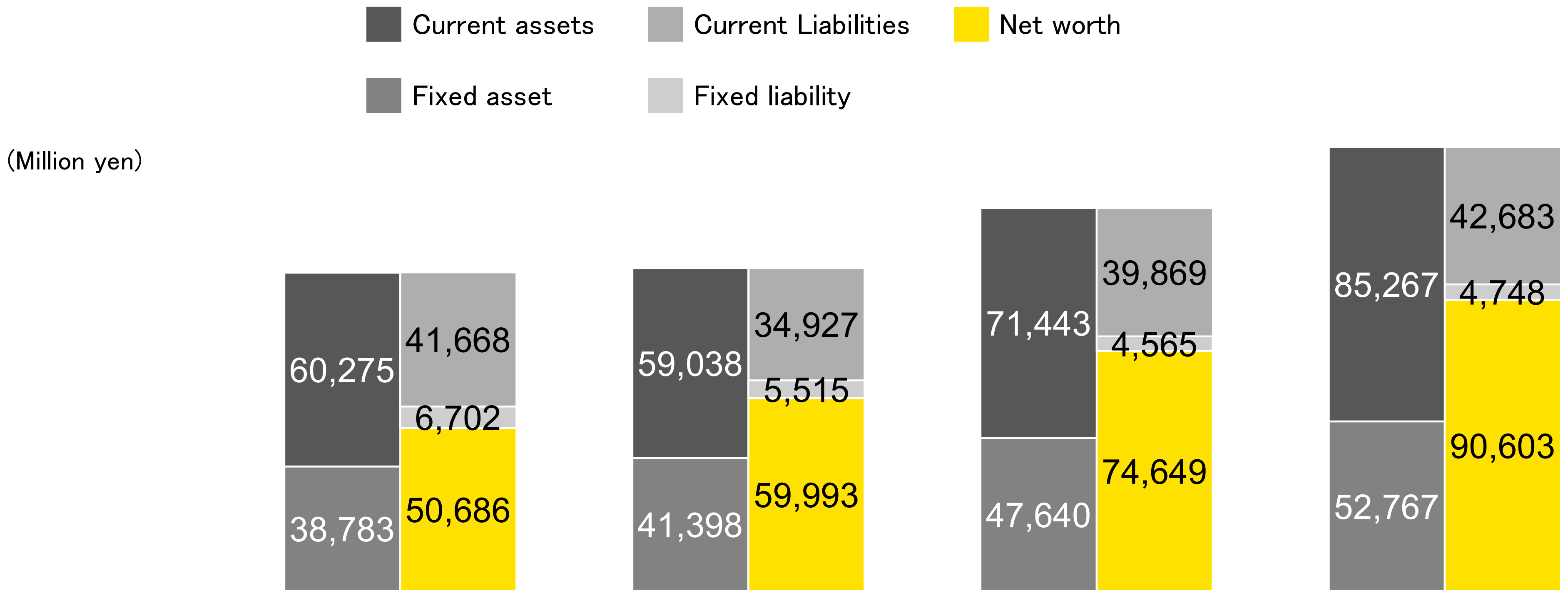
Future outlook for inventory balances

1 THE NORTH FACE is affected by the warm winter. Apparel inventory increases

2 From the fourth quarter onwards, we will continue to sell products at regular prices, focusing on high-priced items, and our policy is not to hold excessive sales.

Third quarter balance sheet

Net assets increased by 15.9 billion yen compared to the same period last year, and equity ratio was 65.5%.



	FY2021.3 3Q	FY2022.3 3Q	FY2023.3 3Q	FY2024.3 3Q
Net worth (Million yen)	50,686	59,993	74,649	90,603
Capital adequacy ratio(%)	51.1%	59.6%	62.6%	65.5%

Ⅱ. Full-year outlook for the fiscal year ending March 2024

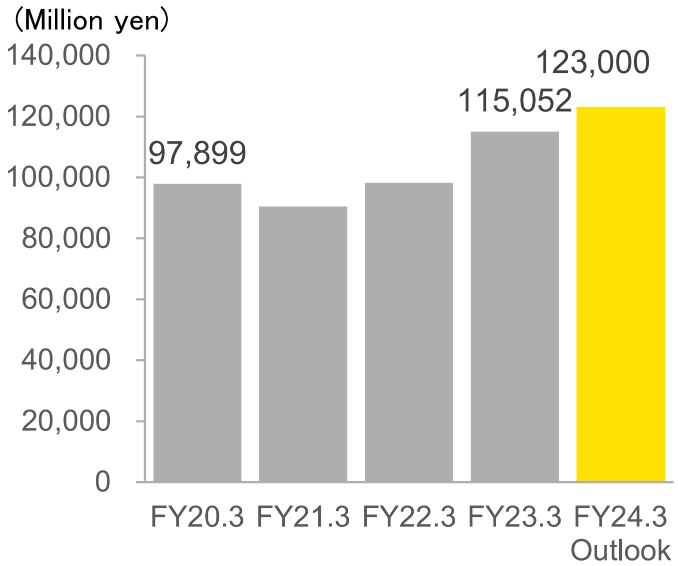
Proceeding as planned at the beginning of the fiscal year, full-year forecast remains unchanged

Aiming for long-term growth by achieving sales of over 120 billion yen and at the same time striving to maintain and improve profitability.

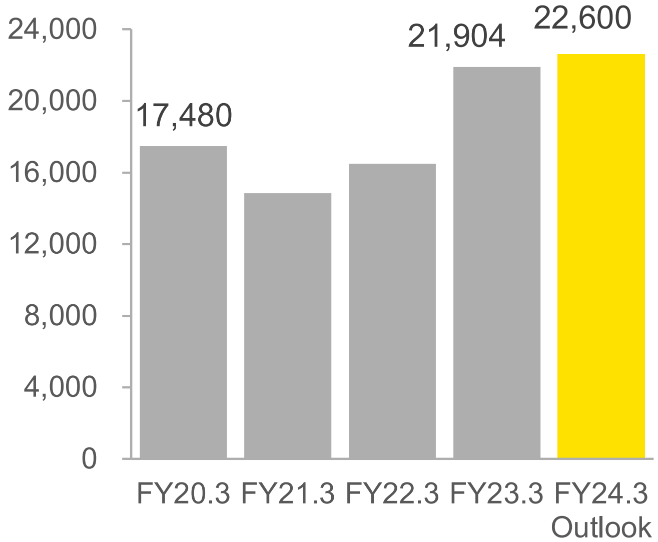
Financial forecast for the fiscal year ending March 2024（Million yen）

	Net sale	Operating income	Ordinary income	Net income
Plan	123,000	22,600	28,200	21,700
Year-on-year	106.9%	103.2%	100.4%	103.4%
Sales composition ratio	—	18.4%	22.9%	17.6%

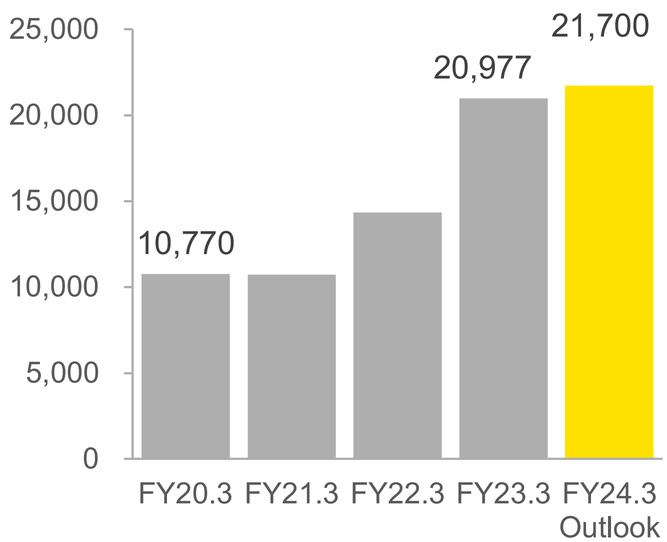
Net sale



Operating income



Net income



(No revisions) Performance forecast by business segment

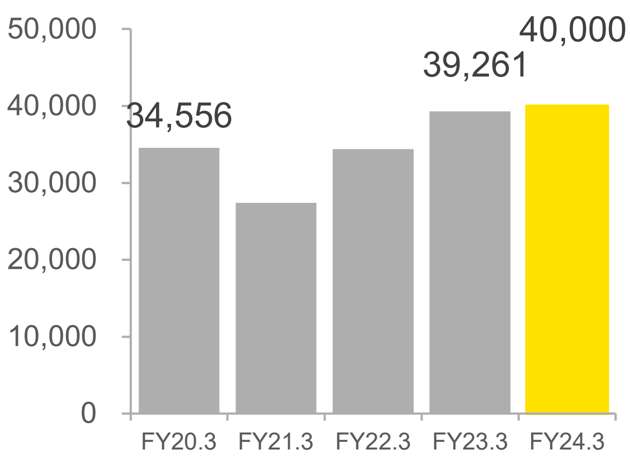
Sales are expected to increase in all business segments. Anticipating a full-fledged recovery in inbound demand, we expect double-digit sales growth in fashion.

Sales by business category（Million yen）

	Performance	Lifestyle	Fashion
Outlook	40,000	72,500	10,500
Year-on-year	101.9%	108.5%	117.4%
Sales composition ratio	32.5%	58.9%	8.5%

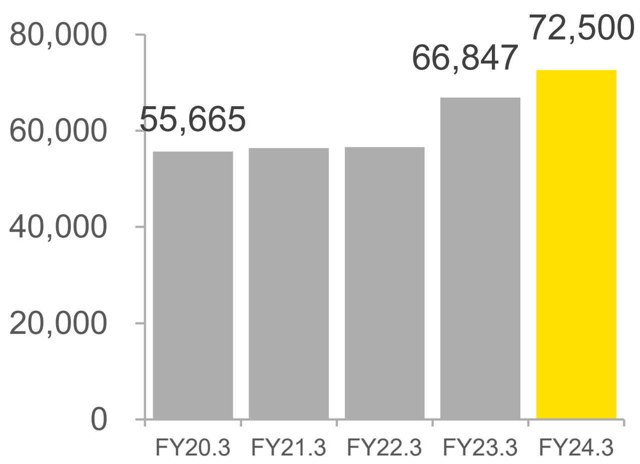
Performance

（Million yen）



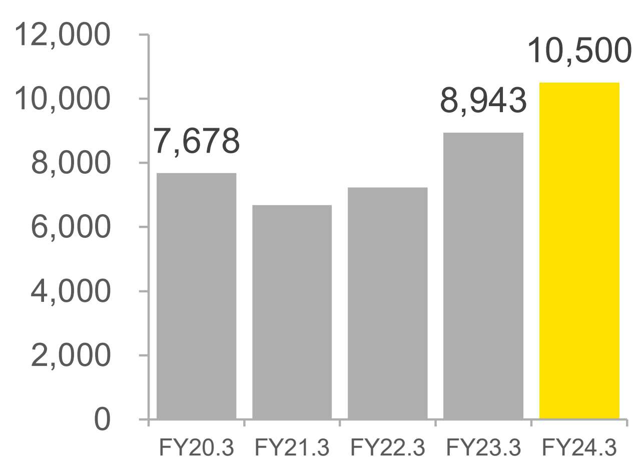
Continued trend of increase in sales due to relaxation of movement restrictions

Lifestyle



Improving the convenience of EC sites and cultivating a wide range of new customer bases

Fashion



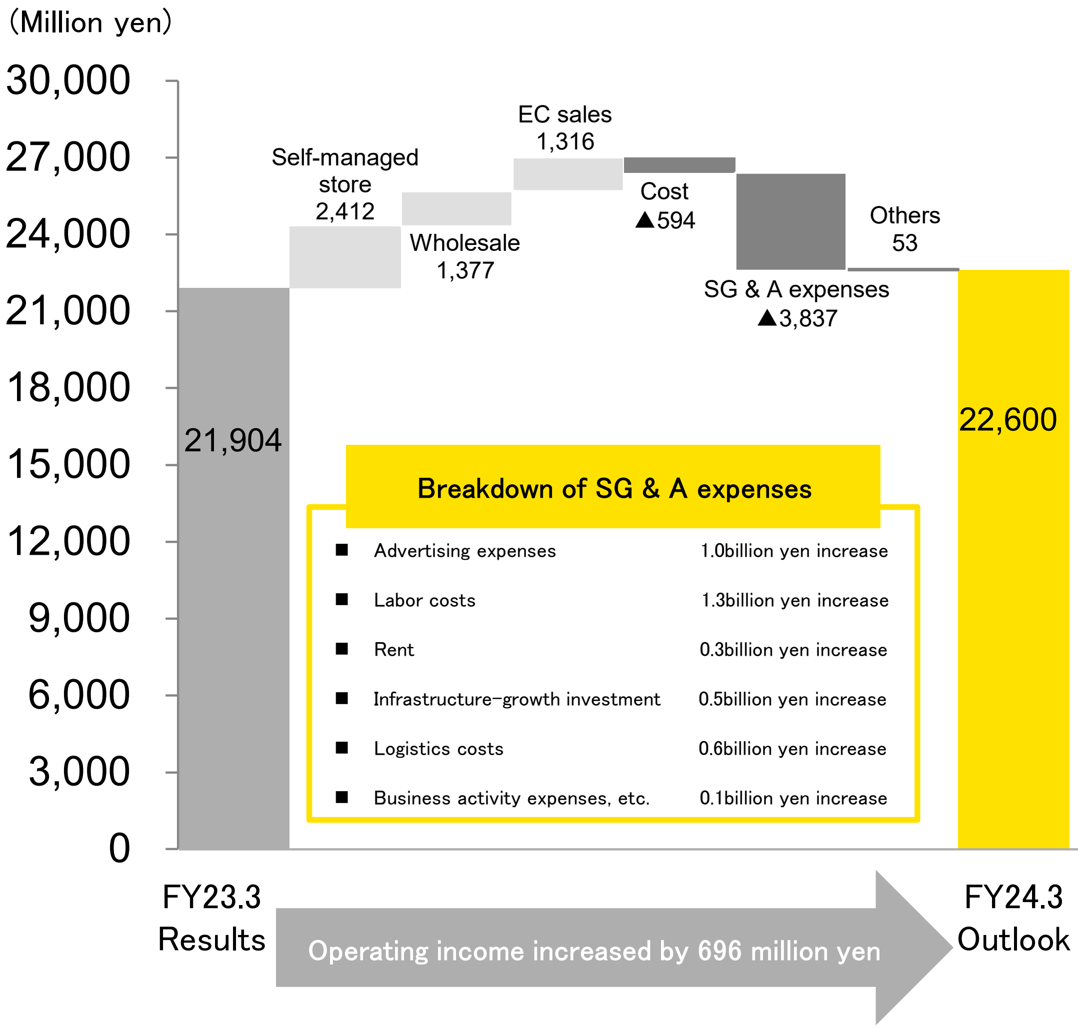
Expecting recovery in inbound demand from mainland China

Graph of factors contributing to changes in operating income

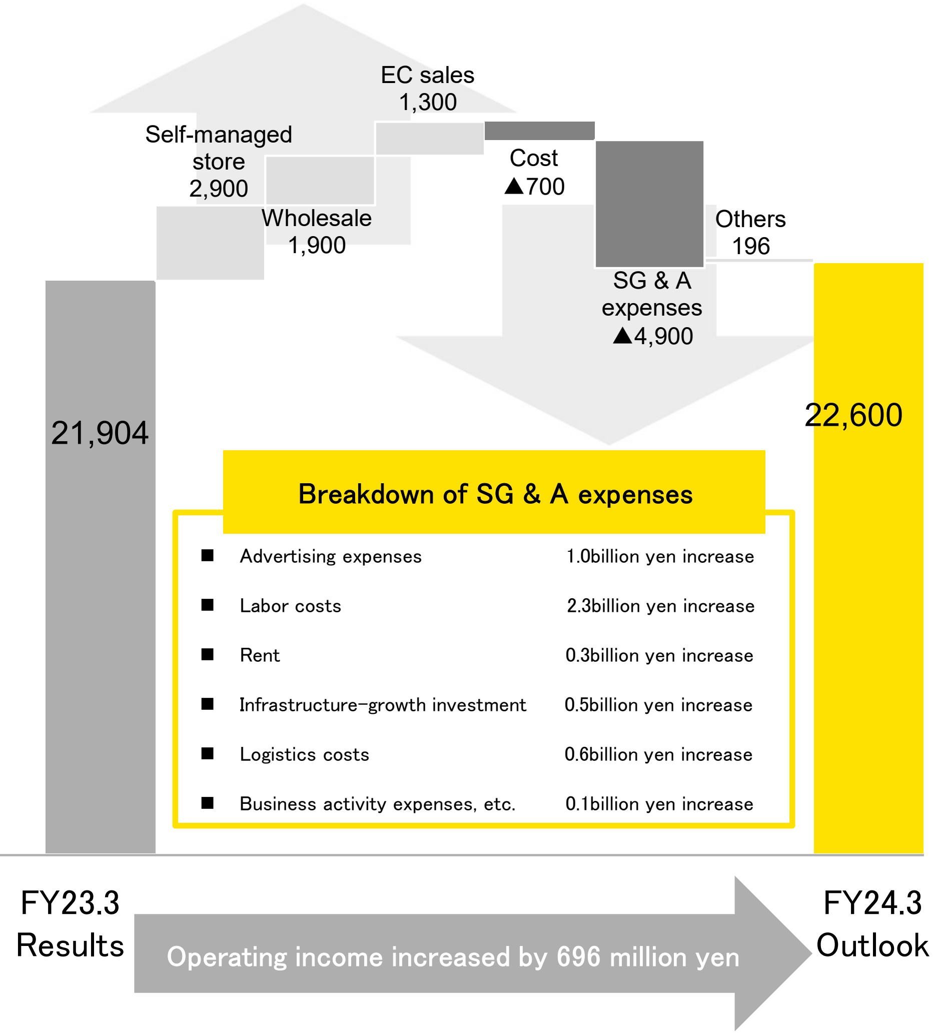
The 1 billion yen increase in personnel costs is mainly due to J-ESOP additions. The increase in SG&A expenses is expected to be absorbed by the effect of increased sales.

Operating profit outlook

Initial outlook

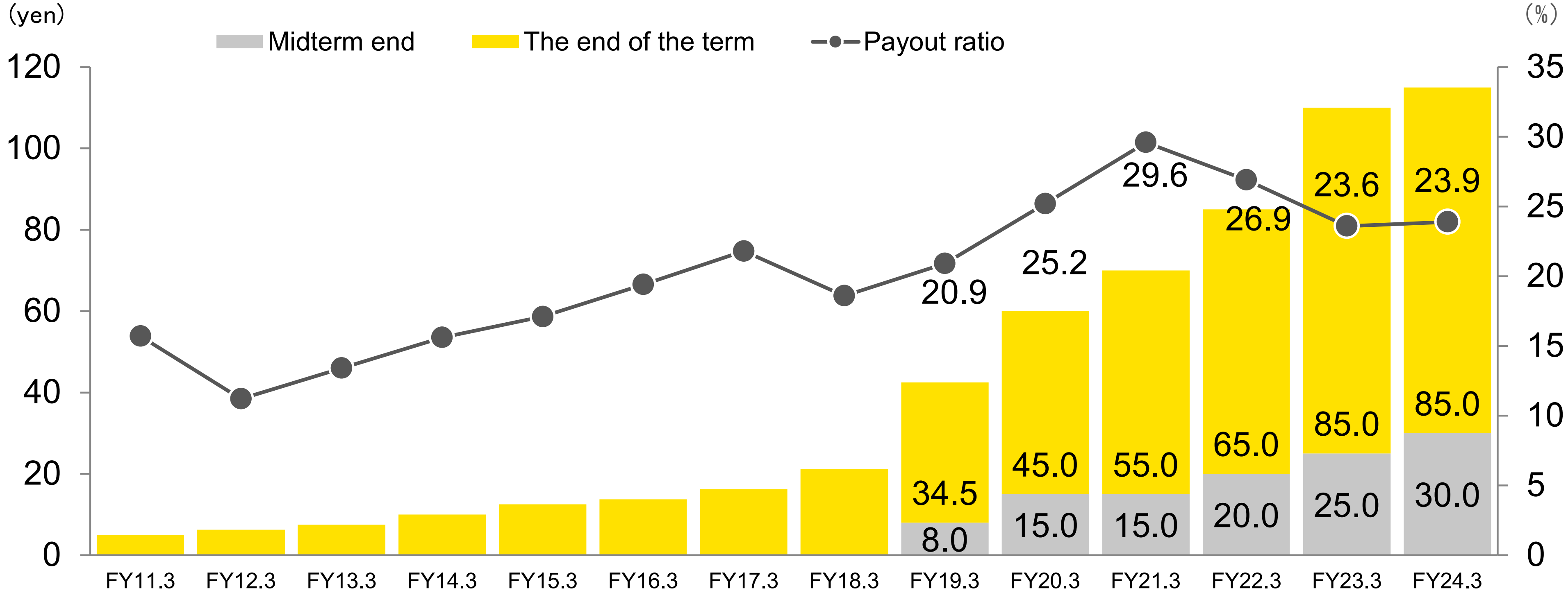


Current outlook



Changes in shareholder returns and dividend payout ratio

For FY24.3, the interim dividend will be 30 yen, the year-end dividend will be 85 yen, and the full year dividend will be 115 yen, with a payout ratio of 23.9%.



(Note) Displayed as dividend per share based on FY2020.3

Dividend policy

We always recognize that returning profits to our shareholders is one of our most important issues as a company, and strive to strengthen our financial position and management base while continuing to pay stable dividends.

Stock consolidation/split

On October 1, 2015, we consolidated 5 shares into 1 share and changed the number of shares per unit from 1,000 shares to 100 shares.

Split 1 share into 2 shares with March 31, 2018 as the record date.

Split 1 share into 2 shares with September 30, 2019 as the record date.

III. Initiatives for sustainable growth

Establishing a position as a sustainable brand by quickly responding to dramatic changes in the external environment surrounding the apparel industry

Degree of influence of the external environment on our business performance

There are no changes to our efforts toward sustainable growth. Establishing a position as a sustainable brand

	Short term impact: Negative	Medium to long term impact: Positive
Impact of climate change	Impact of warm winter	Expectations for new design and new functions
Impact of inbound demand	Opportunity loss for domestic demand	Test marketing for expansion into China
Impact of sales price revision	Refrain from purchasing due to lifestyle protection consciousness	Accelerate shift to high value-added products
Impact of longer life	Longer replacement cycle	Strengthening customer loyalty through after-sales service
Impact of sustainable preferences	Impact of “price sensitivity”	Shift to “sustainability sensitivity”
Impact of business field expansion	Lack of highly specialized employees	Expand brand appeal and shift to experience-based business
Impact of lifestyle changes	Intensifying price competition	Advances in high functionality in lifestyle wear
Impact of weak yen	Increase in product costs	Capturing inbound demand

*Arrows are images of our company’s performance

Outline of medium-term management plan

The company plans to disclose its medium-term management plan policy on May 14, 2024. Plans to announce specific measures by the end of this year

Basic policy

PLAY EARTH 2030
"Sustainability in business" x "Sustainability in the environment"
Our aim of achieving both "improvement of the global environment" and "achievement of corporate profits" remains unchanged.

Main company-wide common issues

- Achieving "development power" and "creativity" permanently and organizationally
- Investment execution to improve corporate value
- Promoting sustainability

Main specific measures

- Overseas expansion with original brands
- Cultivating room for growth for THE NORTH FACE
- Building a foundation for new business
- Restructure cash allocation

Third quarter results for the fiscal year ending March 2024

Sales and profits increased compared to the same period last year. While there is strong inbound demand, initial sales of high-loft products such as down jackets and fleece are delayed due to the warm winter.

Full-year outlook for the fiscal year ending March 2024

Proceeding as planned at the beginning of the fiscal year, full-year forecast remains unchanged

Initiatives for sustainable growth

Establishing a position as a sustainable brand by quickly responding to dramatic changes in the external environment surrounding the apparel industry

Corporate data

Company name	GOLDWIN INC.
Location	Tokyo Head Office: 150-8517, Japan 2-20-6 Shoto, Shibuya-ku, Tokyo 03-3481-7201 (Representative) Toyama Head Office: Kiyozawa 210, Oyabe-shi, Toyama 932-0112, Japan 0766-61-4800 (Representative)
Establishment	December 22, 1951
Capital stock	7,079 million yen
Net sales	Consolidated: 115 billion yen
Employee	2,555people (3,051 people for the entire group)
Offices	Tokyo Head Office, Toyama Head Office, Osaka Branch, Sapporo Sales Office, and Fukuoka Sales Office
Stock listings	Tokyo Stock Exchange Prime Market (Securities Code: 8111)

(As of March 31, 2023)

Precautions regarding business outlook

This document contains plans and outlooks related to the future performance of the Group, such as sales and profits.

Please note that these are based on the assumption that the Group has grasped, judged from the available information and the outlook based on assumptions, and the actual business results may differ significantly.

(Million yen)	1Q			2Q			3Q			4Q		通期		
Fiscal year end	FY22.3	FY23.3	FY24.3	FY22.3	FY23.3	FY24.3	FY22.3	FY23.3	FY24.3	FY22.3	FY23.3	FY22.3	FY23.3	FY24.3 Outlook
Net sale	17,078	21,099	23,150	21,130	24,210	27,946	35,574	41,437	43,736	24,453	28,306	98,235	115,052	123,000
Gross profit	8,986	11,122	11,710	10,514	11,865	14,249	20,147	23,169	24,611	12,096	13,879	51,743	60,035	–
%	52.6%	52.7%	50.6%	49.8%	49.0%	51.0%	56.6%	55.9%	56.3%	49.5%	49.0%	52.7%	52.2%	–
SG&A expenses	7,851	8,855	9,446	8,349	8,855	10,442	9,289	10,164	11,493	9,752	10,256	35,241	38,130	–
%	46.0%	42.0%	40.8%	39.5%	36.6%	37.4%	26.1%	24.5%	26.3%	39.9%	36.2%	35.8%	33.1%	–
Operating income	1,135	2,266	2,263	2,164	3,011	3,807	10,858	13,004	13,119	2,344	3,623	16,501	21,904	22,600
%	6.6%	10.7%	9.8%	10.2%	12.4%	13.6%	30.5%	31.4%	30.0%	9.6%	12.8%	16.8%	19.0%	18.4%
Ordinary income	1,696	3,368	4,172	2,139	4,084	5,008	11,618	14,472	14,396	4,832	6,159	20,285	28,083	28,200
%	9.9%	16.0%	18.0%	10.1%	16.9%	17.9%	32.7%	34.9%	32.9%	19.8%	21.8%	20.6%	24.4%	22.9%
Net income	1,235	2,603	3,347	1,397	3,241	3,976	8,157	10,424	10,251	3,561	4,709	14,350	20,977	21,700
%	7.2%	12.3%	14.5%	6.6%	13.4%	14.2%	22.9%	25.2%	23.4%	14.6%	16.6%	14.6%	18.2%	17.6%