

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2019 (Based on Japanese GAAP)

November 6, 2019

Company name: GOLDWIN INC.
 Stock exchange listing: Tokyo
 Stock code: 8111 URL <http://www.goldwin.co.jp>
 Representative: President and Representative Director Akio Nishida
 Vice President Administration HQ Human Resources and General Affairs HQ Kiyoto Futatsukawa TEL 03-3481-7203
 Scheduled date to file Quarterly Securities Report: November 14, 2019
 Scheduled date to commence dividend payments: December 5, 2019
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2019	41,168	23.2	5,537	77.0	5,292	94.8	3,597	130.0
Six months ended September 30, 2018	33,405	16.2	3,128	123.2	2,716	76.8	1,563	46.8

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2019	79.47	—
Six months ended September 30, 2018	34.19	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2019	78,266	40,466	51.6
As of March 31, 2019	77,544	39,609	51.0

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	—	16.00	—	69.00	85.00
Year ending March 31, 2020	—	30.00	—	—	—
Year ending March 31, 2020 (Forecast)	—	—	—	35.00	—

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	97,000	14.2	15,000	26.5	16,000	23.2	11,100	20.1	245.23

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2019
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2019	47,648,172 shares	As of March 31, 2019	47,648,172 shares
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Number of treasury shares at the end of the period

As of September 30, 2019	2,367,648 shares	As of March 31, 2019	2,400,480 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2019	45,263,406 shares	Six months ended September 30, 2018	45,737,556 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	13,595	9,632
Notes and accounts receivable - trade	10,461	13,465
Electronically recorded monetary claims - operating	2,813	1,829
Merchandise and finished goods	11,688	15,111
Work in process	62	88
Raw materials and supplies	537	548
Other	830	1,200
Allowance for doubtful accounts	(17)	(23)
Total current assets	39,972	41,853
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,642	1,647
Land	951	951
Other, net	1,621	1,914
Total property, plant and equipment	4,215	4,513
Intangible assets		
Trademark right	2,374	2,230
Other	923	949
Total intangible assets	3,297	3,179
Investments and other assets		
Investment securities	23,730	22,186
Guarantee deposits	2,204	2,372
Other	4,390	4,426
Allowance for doubtful accounts	(265)	(266)
Total investments and other assets	30,058	28,719
Total non-current assets	37,571	36,412
Total assets	77,544	78,266

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,215	9,793
Electronically recorded obligations - operating	11,296	8,200
Short-term borrowings	328	4,708
Current portion of long-term borrowings	2,450	2,320
Income taxes payable	2,886	1,231
Provision for bonuses	2,101	1,044
Provision for sales returns	109	108
Other	6,156	5,103
Total current liabilities	31,544	32,508
Non-current liabilities		
Long-term borrowings	4,056	2,897
Retirement benefit liability	259	197
Provision for share-based remuneration	536	585
Other	1,537	1,610
Total non-current liabilities	6,390	5,290
Total liabilities	37,934	37,799
Net assets		
Shareholders' equity		
Share capital	7,079	7,079
Capital surplus	1,439	1,439
Retained earnings	35,709	37,688
Treasury shares	(4,273)	(4,244)
Total shareholders' equity	39,956	41,963
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	270	139
Deferred gains or losses on hedges	56	63
Foreign currency translation adjustment	402	(767)
Remeasurements of defined benefit plans	(1,144)	(1,002)
Total accumulated other comprehensive income	(414)	(1,565)
Non-controlling interests	67	69
Total net assets	39,609	40,466
Total liabilities and net assets	77,544	78,266

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	33,405	41,168
Cost of sales	16,600	19,618
Gross profit	16,804	21,550
Reversal of provision for sales returns	40	0
Gross profit - net	16,844	21,551
Selling, general and administrative expenses	13,716	16,013
Operating profit	3,128	5,537
Non-operating income		
Interest income	4	3
Dividend income	42	41
Other	32	34
Total non-operating income	79	79
Non-operating expenses		
Interest expenses	61	48
Share of loss of entities accounted for using equity method	391	241
Other	38	35
Total non-operating expenses	491	324
Ordinary profit	2,716	5,292
Extraordinary income		
Gain on sales of non-current assets	–	19
Other	–	2
Total extraordinary income	–	21
Extraordinary losses		
Loss on disposal of non-current assets	1	2
Loss on valuation of investment securities	–	37
Loss on store closings	2	0
Impairment loss	22	–
Other	0	0
Total extraordinary losses	26	41
Profit before income taxes	2,689	5,273
Income taxes - current	916	1,330
Income taxes - deferred	198	315
Total income taxes	1,114	1,646
Profit	1,574	3,627
Profit attributable to non-controlling interests	10	29
Profit attributable to owners of parent	1,563	3,597

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	1,574	3,627
Other comprehensive income		
Valuation difference on available-for-sale securities	156	(130)
Deferred gains or losses on hedges	22	(7)
Foreign currency translation adjustment	(68)	(26)
Remeasurements of defined benefit plans, net of tax	170	140
Share of other comprehensive income of entities accounted for using equity method	(991)	(1,127)
Total other comprehensive income	(710)	(1,151)
Comprehensive income	864	2,475
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	853	2,445
Comprehensive income attributable to non-controlling interests	10	29

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	2,689	5,273
Depreciation	720	811
Decrease(increase)in net defined benefit asset	(212)	(255)
Increase (decrease) in retirement benefit liability	(9)	(66)
Impairment loss	22	–
Increase (decrease) in allowance for doubtful accounts	6	7
Interest and dividend income	(46)	(44)
Interest expenses	61	48
Share of loss (profit) of entities accounted for using equity method	391	241
Loss (gain) on disposal of non-current assets	1	(16)
Decrease (increase) in trade receivables	(529)	(2,021)
Decrease (increase) in inventories	(2,230)	(3,462)
Increase (decrease) in trade payables	661	481
Increase (decrease) in accounts payable - other	(433)	(373)
Increase (decrease) in accrued consumption taxes	(472)	(781)
Decrease (increase) in prepaid expenses	(226)	(98)
Other, net	(386)	(1,002)
Subtotal	6	(1,260)
Interest and dividends received	46	44
Interest paid	(63)	(50)
Income taxes paid	(2,249)	(2,949)
Net cash provided by (used in) operating activities	(2,259)	(4,215)
Cash flows from investing activities		
Payments into time deposits	(62)	(215)
Proceeds from withdrawal of time deposits	80	238
Purchase of property, plant and equipment and intangible assets	(400)	(433)
Purchase of investment securities	(3)	(2)
Proceeds from sales of investment securities	1	1
Payments of guarantee deposits	(154)	(261)
Proceeds from refund of guarantee deposits	45	80
Other, net	(122)	(122)
Net cash provided by (used in) investing activities	(616)	(714)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	6,100	4,380
Proceeds from long-term borrowings	50	–
Repayments of long-term borrowings	(1,371)	(1,289)
Repayments of lease obligations	(343)	(456)
Purchase of treasury shares	(2,867)	(2)
Dividends paid	(1,012)	(1,618)
Other, net	9	3
Net cash provided by (used in) financing activities	564	1,016
Effect of exchange rate change on cash and cash equivalents	(25)	(39)
Net increase (decrease) in cash and cash equivalents	(2,337)	(3,953)
Cash and cash equivalents at beginning of period	9,233	12,356
Cash and cash equivalents at end of period	6,896	8,403