

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2020 (Based on Japanese GAAP)

May 14, 2020

Company name: GOLDWIN INC.
 Stock exchange listing: Tokyo
 Stock code: 8111 URL <http://www.goldwin.co.jp>
 Representative: President and Representative Director Takao Watanebe
 Vice President
 Inquiries: Administration and Human Resources and Kiyoto Futatsukawa TEL 03-3481-7203
 General Affairs
 Scheduled date of ordinary general meeting of shareholders: June 25, 2020
 Scheduled date to file Securities Report: June 25, 2020
 Scheduled date to commence dividend payments: June 10, 2020
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(1) Consolidated operating results

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	%
Year ended March 31, 2020	97,899	15.3	17,480	47.4	16,375	26.1	10,770	16.5
Year ended March 31, 2019	84,934	20.6	11,861	67.0	12,982	65.7	9,243	78.6

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2020	237.89	–	25.0	20.5	17.9
Year ended March 31, 2019	203.11	–	24.7	17.4	14.0

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2020	82,285	46,852	56.8	1,032.36
As of March 31, 2019	77,544	39,609	51.0	873.91

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2020	13,650	(3,449)	(6,157)	16,391
Year ended March 31, 2019	13,163	(2,084)	(7,933)	12,356

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2019	–	16.00	–	69.00	85.00	1,994	20.9	5.0
Year ended March 31, 2020	–	30.00	–	45.00	–	2,815	25.2	6.0
Year ending March 31, 2021 (Forecast)	–	15.00	–	45.00	60.00		81.1	

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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
Six months ending September 30, 2020	18,600	(54.8)	(6,100)	–	(6,250)	–	(4,370)	–	–
Full year	75,000	(23.4)	3,500	(80.0)	4,700	(71.3)	3,350	(68.9)	73.99

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2020

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2020	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 March 31, 2020	2,356,156 shares	As of March 31, 2019	2,400,480 shares
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Average number of shares during the period

Year ended March 31, 2020	45,273,820 shares	Year ended March 31, 2019	45,509,245 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	13,595	17,649
Notes and accounts receivable - trade	10,461	8,663
Electronically recorded monetary claims - operating	2,813	3,188
Merchandise and finished goods	11,688	14,173
Work in process	62	54
Raw materials and supplies	537	544
Other	830	954
Allowance for doubtful accounts	(17)	(10)
Total current assets	39,972	45,217
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,642	1,803
Machinery, equipment and vehicles, net	74	118
Land	951	2,541
Leased assets, net	1,172	1,144
Other, net	375	560
Total property, plant and equipment	4,215	6,168
Intangible assets		
Software	729	751
Trademark right	2,374	2,085
Software in progress	47	158
Other	146	155
Total intangible assets	3,297	3,150
Investments and other assets		
Investment securities	23,730	20,740
Long-term loans receivable	45	45
Retirement benefit asset	881	1,009
Guarantee deposits	2,204	2,478
Distressed receivables	147	147
Deferred tax assets	1,509	1,589
Other	1,806	2,002
Allowance for doubtful accounts	(265)	(265)
Total investments and other assets	30,058	27,748
Total non-current assets	37,571	37,067
Total assets	77,544	82,285

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,215	4,641
Electronically recorded obligations - operating	11,296	12,784
Short-term borrowings	328	–
Current portion of long-term borrowings	2,450	1,916
Lease obligations	543	530
Accounts payable - other	2,374	2,464
Income taxes payable	2,886	3,199
Accrued consumption taxes	977	1,343
Accrued expenses	1,823	1,961
Provision for bonuses	2,101	1,647
Provision for sales returns	109	34
Other	437	441
Total current liabilities	31,544	30,964
Non-current liabilities		
Long-term borrowings	4,056	2,109
Lease obligations	1,048	1,106
Retirement benefit liability	259	204
Asset retirement obligations	54	55
Provision for share-based remuneration	536	664
Other	435	328
Total non-current liabilities	6,390	4,467
Total liabilities	37,934	35,432
Net assets		
Shareholders' equity		
Share capital	7,079	7,079
Capital surplus	1,439	1,439
Retained earnings	35,709	44,157
Treasury shares	(4,273)	(4,233)
Total shareholders' equity	39,956	48,443
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	270	(60)
Deferred gains or losses on hedges	56	67
Foreign currency translation adjustment	402	(577)
Remeasurements of defined benefit plans	(1,144)	(1,114)
Total accumulated other comprehensive income	(414)	(1,686)
Non-controlling interests	67	95
Total net assets	39,609	46,852
Total liabilities and net assets	77,544	82,285

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	84,934	97,899
Cost of sales	41,915	45,490
Gross profit	43,018	52,408
Reversal of provision for sales returns	190	74
Gross profit - net	43,209	52,483
Selling, general and administrative expenses	31,347	35,003
Operating profit	11,861	17,480
Non-operating income		
Interest income	24	22
Dividend income	64	61
Share of profit of entities accounted for using equity method	1,137	–
Other	93	86
Total non-operating income	1,320	170
Non-operating expenses		
Interest expenses	126	93
Loss on sales of notes receivable - trade	23	26
Share of loss of entities accounted for using equity method	–	1,100
Other	48	56
Total non-operating expenses	199	1,275
Ordinary profit	12,982	16,375
Extraordinary income		
Gain on sales of non-current assets	0	52
Gain on sales of investment securities	46	–
Other	–	2
Total extraordinary income	47	55
Extraordinary losses		
Loss on disposal of non-current assets	5	58
Impairment loss	257	236
Loss on store closings	2	0
Loss on valuation of investment securities	–	38
Extra retirement payments	31	22
Other	29	3
Total extraordinary losses	326	359
Profit before income taxes	12,702	16,070
Income taxes - current	4,132	5,229
Income taxes - deferred	(714)	15
Total income taxes	3,418	5,245
Profit	9,284	10,825
Profit attributable to non-controlling interests	41	55
Profit attributable to owners of parent	9,243	10,770

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	9,284	10,825
Other comprehensive income		
Valuation difference on available-for-sale securities	(324)	(331)
Deferred gains or losses on hedges	17	10
Foreign currency translation adjustment	(98)	(30)
Remeasurements of defined benefit plans, net of tax	488	27
Share of other comprehensive income of entities accounted for using equity method	(941)	(948)
Total other comprehensive income	(858)	(1,272)
Comprehensive income	8,425	9,553
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,386	9,498
Comprehensive income attributable to non-controlling interests	39	55

Consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,079	1,439	27,854	(1,438)	34,934
Changes during period					
Purchase of shares of consolidated subsidiaries		0			0
Purchase of treasury shares				(2,875)	(2,875)
Disposal of treasury shares				41	41
Dividends of surplus			(1,387)		(1,387)
Profit attributable to owners of parent			9,243		9,243
Net changes in items other than shareholders' equity					
Total changes during period	-	0	7,855	(2,834)	5,021
Balance at end of period	7,079	1,439	35,709	(4,273)	39,956

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	595	(16)	1,497	(1,632)	444	45	35,425
Changes during period							
Purchase of shares of consolidated subsidiaries							0
Purchase of treasury shares							(2,875)
Disposal of treasury shares							41
Dividends of surplus							(1,387)
Profit attributable to owners of parent							9,243
Net changes in items other than shareholders' equity	(324)	73	(1,095)	488	(858)	21	(837)
Total changes during period	(324)	73	(1,095)	488	(858)	21	4,184
Balance at end of period	270	56	402	(1,144)	(414)	67	39,609

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,079	1,439	35,709	(4,273)	39,956
Changes during period					
Purchase of shares of consolidated subsidiaries					–
Purchase of treasury shares				(4)	(4)
Disposal of treasury shares		–		44	44
Dividends of surplus			(2,322)		(2,322)
Profit attributable to owners of parent			10,770		10,770
Net changes in items other than shareholders' equity					–
Total changes during period	–	–	8,447	39	8,487
Balance at end of period	7,079	1,439	44,157	(4,233)	48,443

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	270	56	402	(1,144)	(414)	67	39,609
Changes during period							
Purchase of shares of consolidated subsidiaries							–
Purchase of treasury shares							(4)
Disposal of treasury shares							44
Dividends of surplus							(2,322)
Profit attributable to owners of parent							10,770
Net changes in items other than shareholders' equity	(331)	10	(980)	29	(1,272)	27	(1,244)
Total changes during period	(331)	10	(980)	29	(1,272)	27	7,242
Balance at end of period	(60)	67	(577)	(1,114)	(1,686)	95	46,852

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	12,702	16,070
Depreciation	1,532	1,722
Share of loss (profit) of entities accounted for using equity method	(1,137)	1,100
Decrease (increase) in retirement benefit asset	(266)	(127)
Increase (decrease) in retirement benefit liability	(13)	(55)
Impairment loss	257	236
Increase (decrease) in allowance for doubtful accounts	1	(6)
Increase (decrease) in provision for bonuses	778	(454)
Interest and dividend income	(88)	(83)
Interest expenses	126	93
Loss (gain) on disposal of non-current assets	5	5
Decrease (increase) in trade receivables	(1,270)	1,421
Decrease (increase) in inventories	(772)	(2,485)
Increase (decrease) in trade payables	3,202	(86)
Increase (decrease) in accounts payable - other	416	90
Increase (decrease) in accrued consumption taxes	279	366
Decrease (increase) in prepaid expenses	(94)	48
Other, net	481	262
Subtotal	16,141	18,119
Interest and dividends received	626	610
Interest paid	(124)	(91)
Income taxes paid	(3,479)	(4,988)
Net cash provided by (used in) operating activities	13,163	13,650
Cash flows from investing activities		
Payments into time deposits	(127)	(340)
Proceeds from withdrawal of time deposits	128	332
Purchase of non-current assets	(742)	(2,972)
Proceeds from sales of non-current assets	0	54
Purchase of investment securities	(885)	(3)
Proceeds from sales of investment securities	98	1
Payments of guarantee deposits	(329)	(384)
Proceeds from refund of guarantee deposits	48	66
Other, net	(274)	(203)
Net cash provided by (used in) investing activities	(2,084)	(3,449)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	(328)
Proceeds from long-term borrowings	50	50
Repayments of long-term borrowings	(2,995)	(2,531)
Repayments of lease obligations	(745)	(1,037)
Purchase of treasury shares	(2,875)	(4)
Dividends paid	(1,387)	(2,322)
Other, net	22	17
Net cash provided by (used in) financing activities	(7,933)	(6,157)
Effect of exchange rate change on cash and cash equivalents	(23)	(8)
Net increase (decrease) in cash and cash equivalents	3,122	4,035
Cash and cash equivalents at beginning of period	9,233	12,356
Cash and cash equivalents at end of period	12,356	16,391