

GOLDWIN INC. (8111)

**3Q Results Briefing for the Fiscal
Year Ending March 31, 2021**

Feb. 5, 2021

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I. 3Q Results Briefing for the Fiscal Year Ending March 31, 2021

The recovery of the outdoor-related business became clear, and sales recovered to over 90% from the previous year.

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- As an activity that avoids crowded places, sales of outdoor-related products increased significantly, and the cumulative third quarter (9 months) sales of the outdoor-related business exceeded the cumulative third quarter of the previous fiscal year, reaching a record high.
- Consolidated sales decreased 8.7% year on year to 69.2 billion yen, and operating income decreased 16.2% year on year to 13.5 billion yen.

A well-balanced sales channel between directly managed stores and wholesale stores supports business performance

- While it takes time to recover stores in central Tokyo due to the shift to telework and a decrease in tourists, both directly managed stores and wholesale stores are performing well. In addition, EC sales were supported by well-balanced sales channels, such as maintaining double-digit year on year growth by strengthening cooperation with directly managed stores after the renewal.

Canterbury's reactionary decline is large, but there are signs of recovery in athletic-related businesses

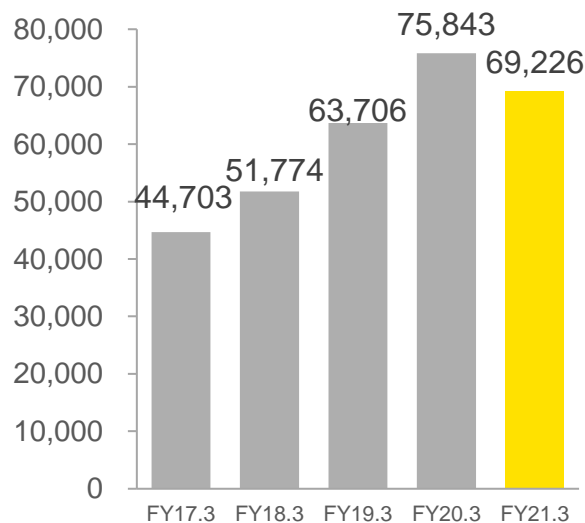
- Sales of athletics decreased significantly due to the reaction of Canterbury due to the 2019 Rugby World Cup 2019 Japan Tournament, but sales at sports mass retailers due to increasing attention to activities that avoid denseness such as golf and running. There were signs of recovery, such as an increase in

Financial results for the third quarter of the fiscal year ending Mar 2021 (million yen)

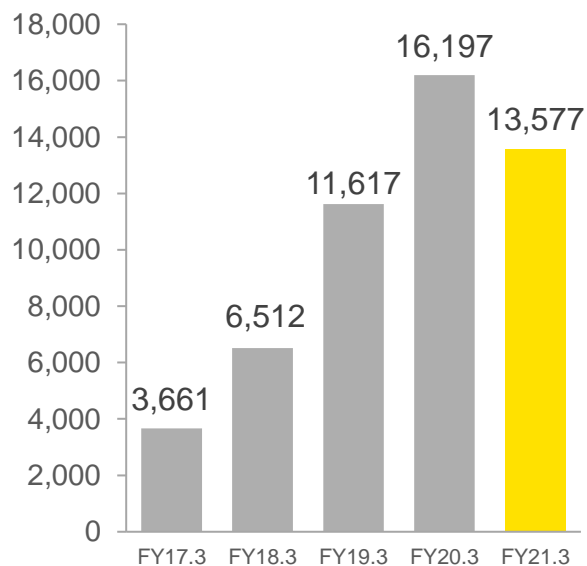
	Net sales	Gross profit	Operating income	Ordinary income	Net income
Result	69,226	37,620	13,577	13,886	9,236
Year on year	91.3%	90.7%	83.8%	84.2%	80.6%
Profit margin (): Mar/2020 results	—	54.3% (54.7%)	19.6% (21.4%)	20.1% (21.8%)	13.3% (15.1%)

Net sales

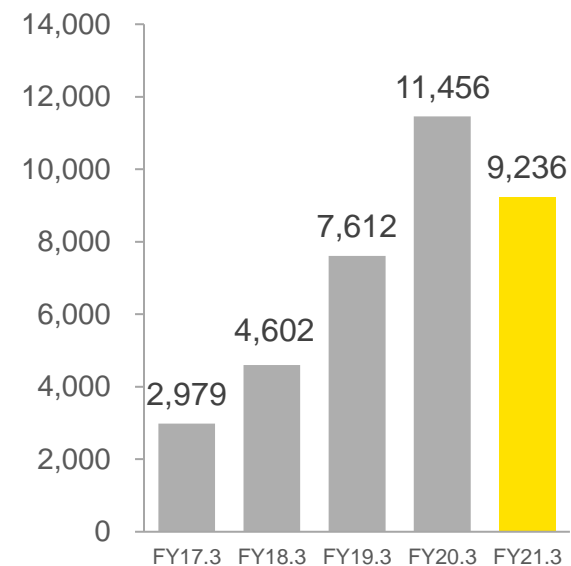
(Million Yen)



Operating income (loss)



Net income (loss)



Sales by brand business (million yen)

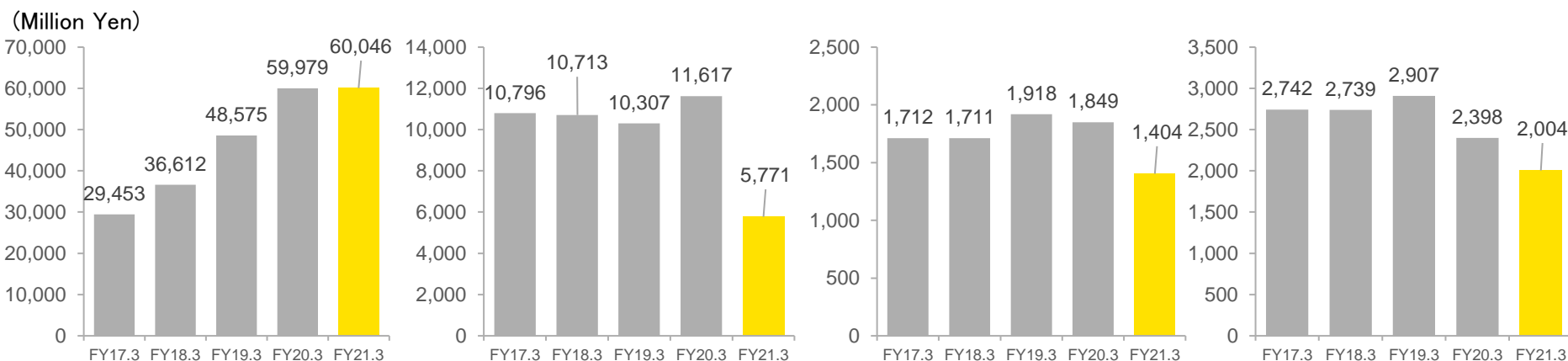
	Outdoor	Athletic	Winter	Other
Result	60,046	5,771	1,404	2,004
Year on year comparison	100.1%	49.7%	76.0%	83.6%
Year on year amount	+67	△5,846	△444	△393
Sales composition	86.7%	8.3%	2.0%	2.9%

Outdoor

Athletic

Winter

Other



In 3Q cumulative (9 months) Recovered to 100.1% from the previous quarter

Impact of reduced Canterbury revenue

Goldwin brand remains strong

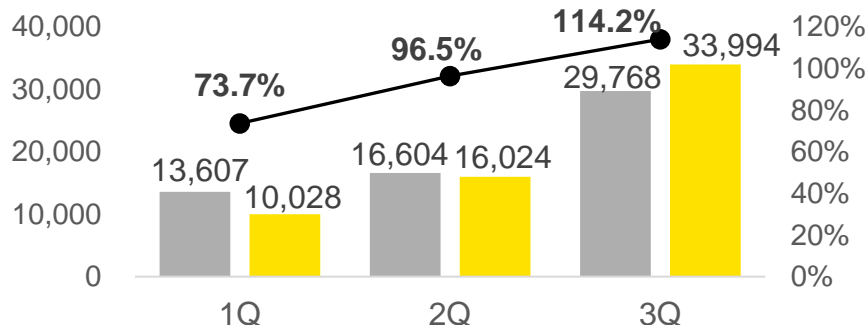
High-tech business remains strong

The recovery of the outdoors is clear. Athletics are on a recovery trend due to demand for golf, although sales of Canterbury declined

(Million Yen)

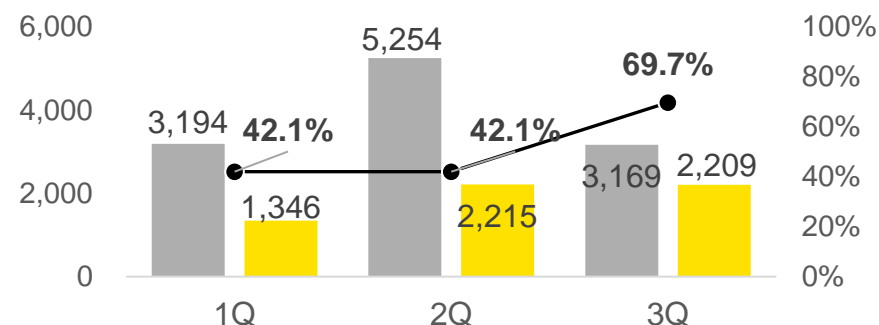
Outdoor 3Q cumulative (9 months) 100.1% year on year

3rd quarter (3 months) was 114.2%, up double digits from the previous quarter



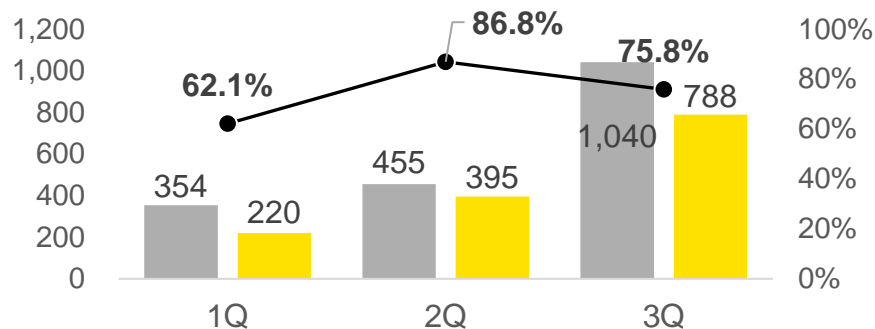
Athletic 3Q cumulative (9 months) 49.7% year on year

Although Canterbury's World Cup effect has diminished, attention has been focused on golf, etc. that avoids denseness, and it is on a recovery trend.



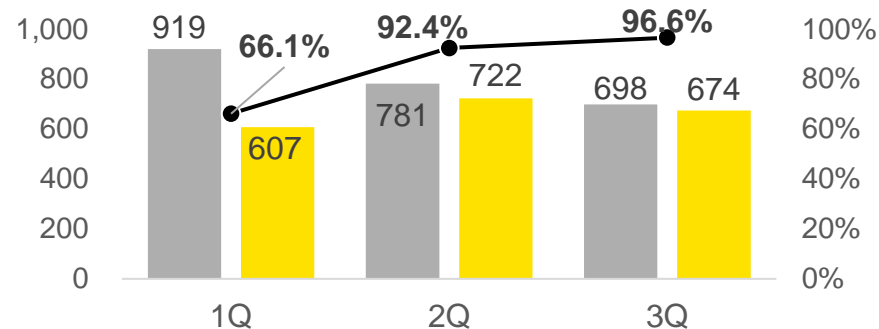
Winter 3Q cumulative (9 months) 76.0% year on year

Tights and socks are slightly depressed, but the recovery trend is maintained



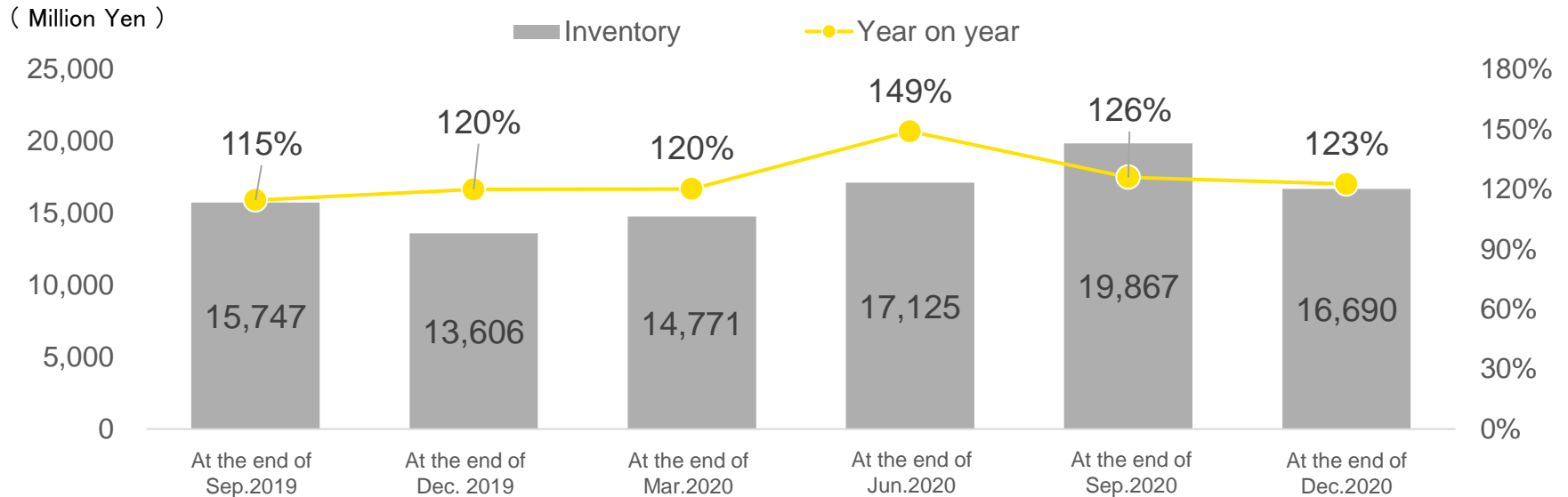
Others 3Q cumulative (9 months) 83.6% year on year

Strong performance even in the COVID-19 crisis



123% compared to the same period of the previous year, decreased by 3.1 billion yen from the end of Sep.2020, promoting digestion while maintaining brand value

Quarterly inventory balance trends



(Note) Inventories are the total balance of goods and products, work in process, raw materials and stored goods.

Inventory sales policy

Continuation of brand value

We do not offer large discounts, but carry out inventory sales that do not damage the brand value at self-managed sales floors centered on outlet stores that have expanded sales floors.

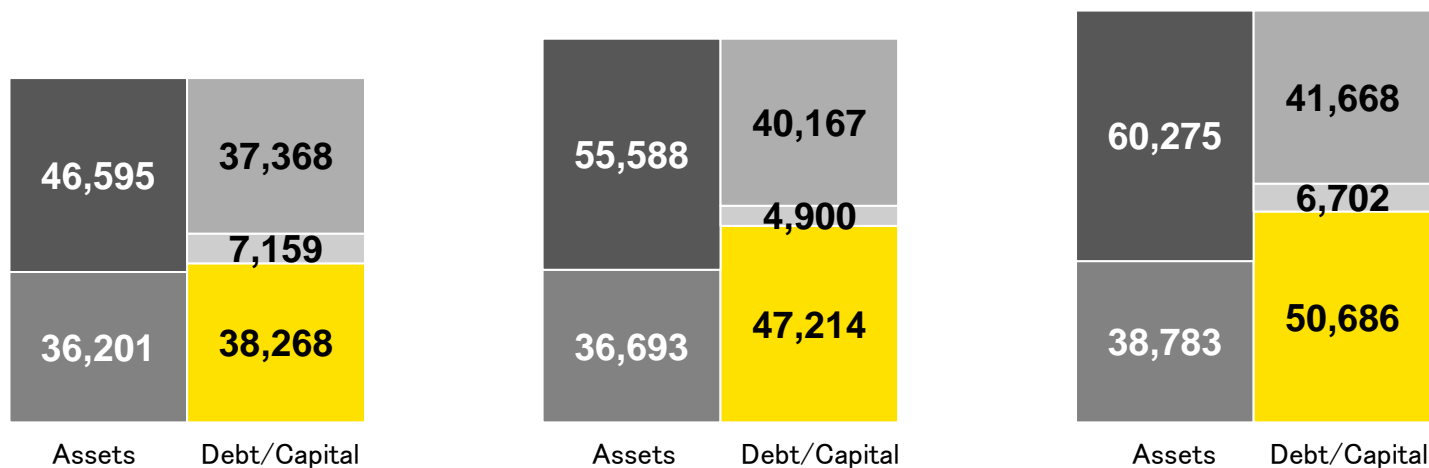
Control inventory

Although the inventory balance has increased compared to the previous fiscal year, the standard ratio of outdoor-related products is high at over 50%, and the inventory balance at the end of the fiscal year is leveled by promoting digestion at stores and adjusting the order quantity for the next fiscal year. Policy to make it.

Net assets increased by 3.4 billion yen year on year, and equity ratio was 51.1% year on year.

(Million Yen)

Current assets
 Current liabilities
 Net assets
 Fixed assets
 Fixed debt



	FY2019.3 3Q	FY2020.3 3Q	FY2021.3 3Q
Net Assets	38,268	47,214	50,686
Equity Ratio	46.2%	51.1%	51.1%

II. Full-year outlook for the fiscal year ending Mar. 2021

Revised full-year outlook, taking into account the state of emergency

Expected sustainable growth related to outdoor activities and recovery related to athletics

In addition to core sports such as mountain climbing and trail running, we will expand the items to be developed with the expansion to more activities such as camping. In addition, while refraining from holding large-scale events and postponing them one after another, we aim to expand personal sports such as running and yoga.

Strengthen cooperation through directly managed stores, wholesale stores, and EC

Outdoor-related sales from wholesalers such as large sports mass retailers are strong. Furthermore, since the renewal of the EC service, we have strengthened cooperation with directly managed stores and flexibly respond to changes in purchasing behavior.

Aiming to optimize inventory levels as of the end of March 2021

Inventory balances are on a downward trend as the promotion of digestion at stores is proceeding as planned. Going forward, we aim to optimize inventory levels by the end of March 2021 by promoting sales that maintain brand value while controlling the order volume of spring and summer products.

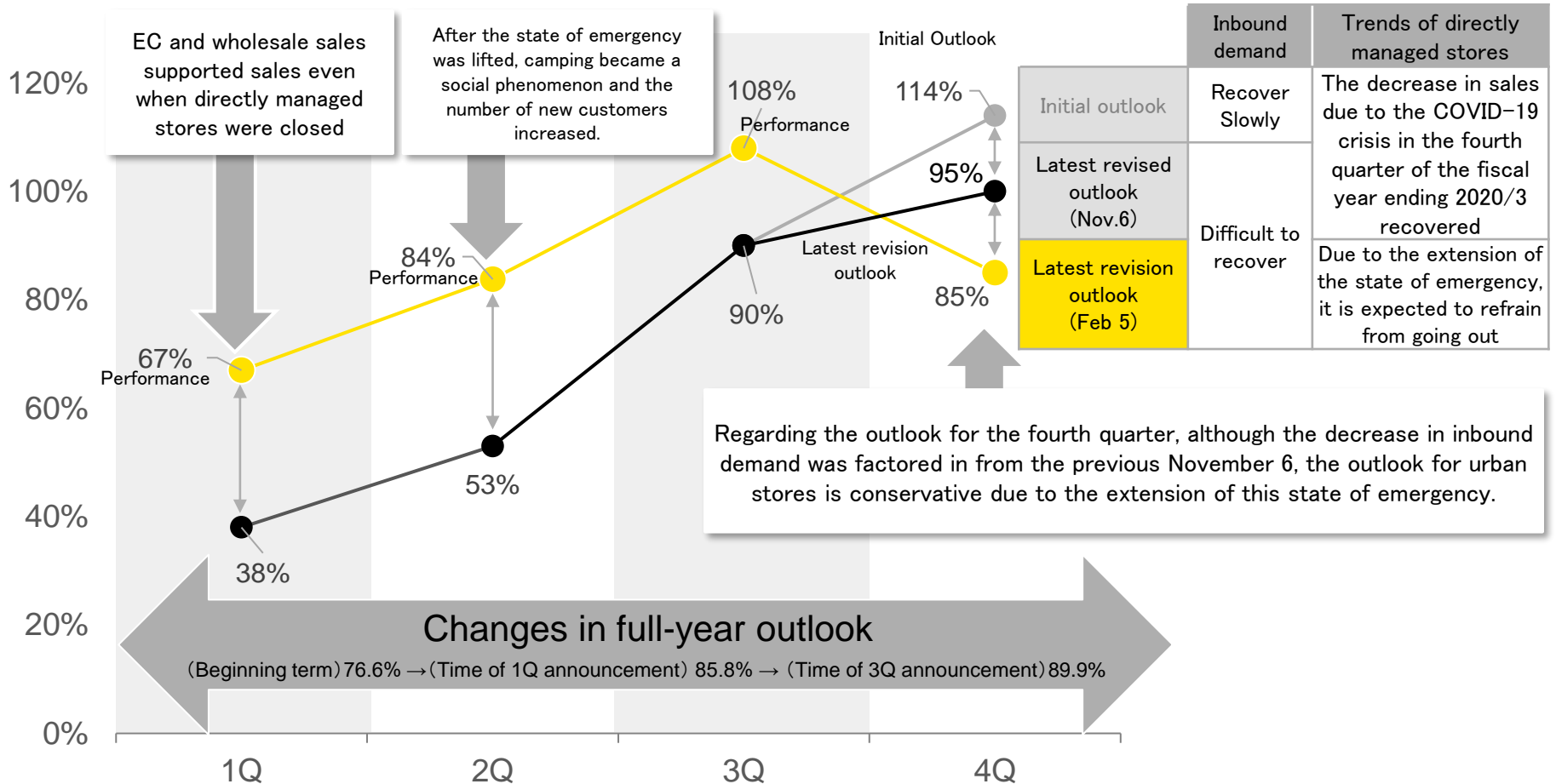
Changes in business outlook based on the impact of the new COVID-19 crisis **GOLDWIN**

In the initial outlook, we expected a recovery in inbound demand at the end of the year, but changed to the outlook for the next and subsequent years

		First outlook (May. 14)	Outlook	At the time of the second quarter announcement (Nov. 6)	Performance + Outlook	At the time of the third quarter announcement (Feb. 5)	Performance + Outlook
Performance	First quarter (Apr–Jun)	Directly managed stores remain closed from April to June	38%	In early June, all directly managed stores will resume operations. Wholesale and EC are doing well.	67%	—	—
	Second quarter (Jul–Sep)	Directly managed stores will reopen, but it will take time to recover consumption trends	53%	Although it is on a nationwide recovery trend, recovery in city centers has been slightly delayed.	84%	—	—
	Third quarter (Oct–Dec)	Directly managed stores will recover to almost the same level as the previous year, but inbound (9–10%) will not recover	90%	As expected at the beginning of the term, tourists to city centers are on a recovery trend due to the “Go To” campaign.	90%+	The recovery of the outdoor-related business is clear. Cumulative 3Q sales reach record highs	108%
Outlook	Fourth quarter (Jan–Mar)	Directly managed stores are on par with the previous fiscal year, inbound recovery is gradual, and decline in FY Mar. 2020 recovered	114%	Domestic demand recovers steadily, but inbound demand is difficult to recover	95%+	The state of emergency has been extended, and it is expected that people will refrain from going out, especially in urban areas.	85%+

In the fourth quarter, the state of emergency is extended and it is expected to refrain from going out mainly in urban areas, so it is assumed to be 85% +

Quarterly sales trends from the previous quarter



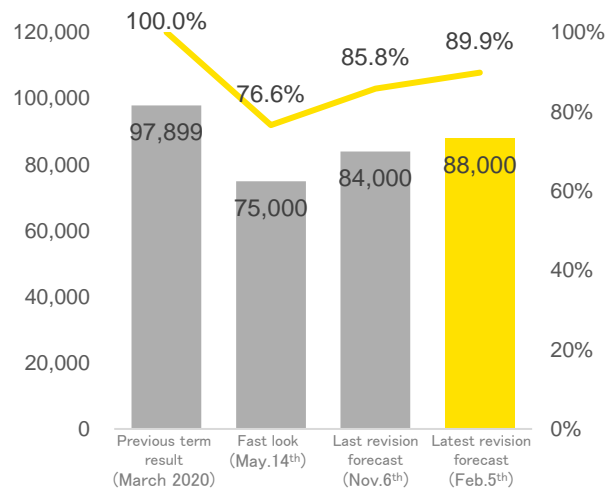
Forecast of financial results for the fiscal year ending Mar. 2021 (million yen)

* Each left column is the revised full-year outlook at the time of the announcement in the first quarter.

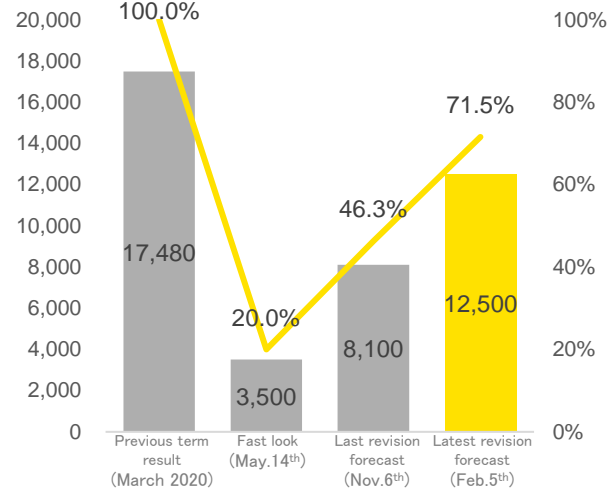
	Net sales		Operating income		Ordinary income		Net income	
Outlook	84,000	88,000	8,100	12,500	9,600	13,500	6,400	9,000
Year on year	85.8%	89.9%	46.3%	71.5%	58.6%	82.4%	59.4%	83.6%
Net sales profit ratio	—	—	9.6%	14.2%	11.4%	15.3%	7.6%	10.2%

Net sales

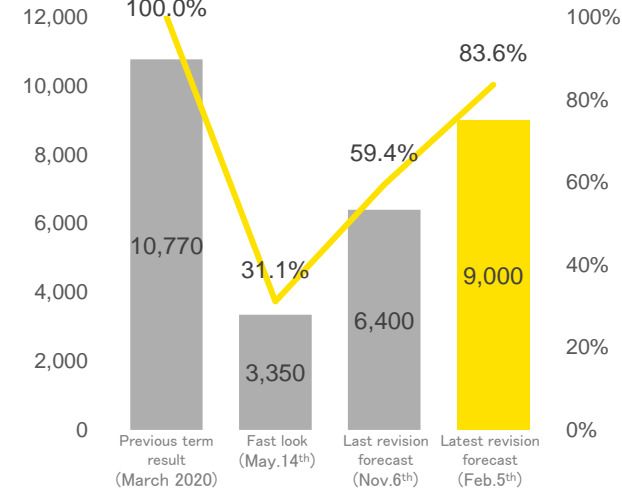
(Million Yen)



Operating income



Net income



Sales forecast by brand business (million yen) * The left column is the revised full-year forecast at the time of the announcement in the first quarter.

	Outdoor		Athletic		Winter		Other	
Outlook	70,400	75,800	8,900	7,700	2,100	2,000	2,600	2,500
Year on year	90.4%	97.3%	62.3%	53.9%	79.4%	75.6%	84.9%	81.6%
Sales compositi	83.8%	86.1%	10.6%	8.8%	2.5%	2.3%	3.1%	2.8%

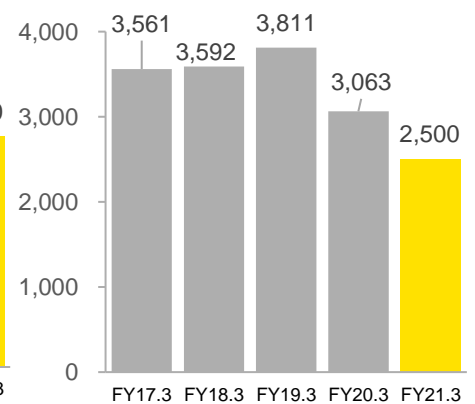
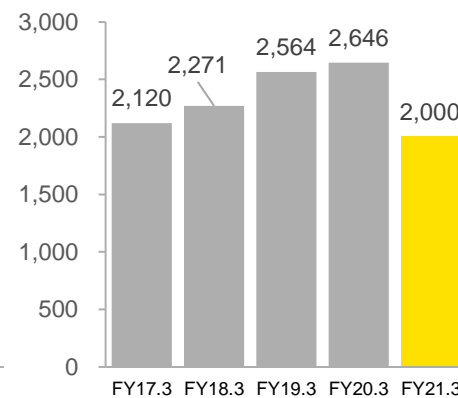
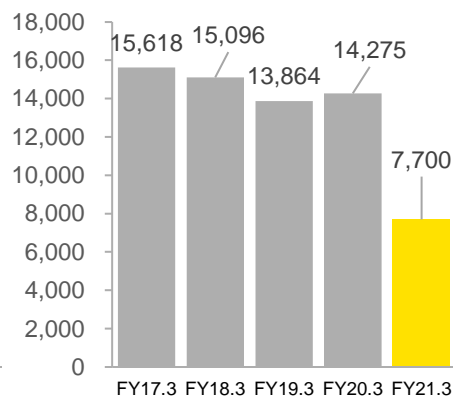
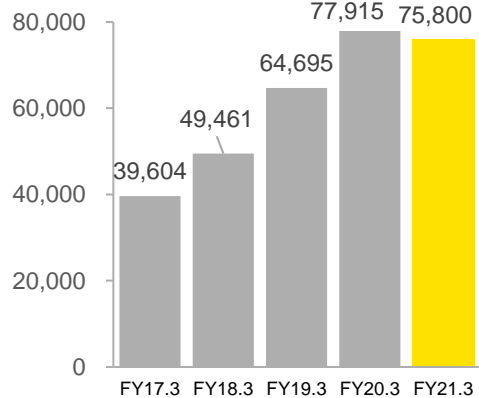
Outdoor

Athletic

Winter

Other

(Million Yen)



Expansion of outdoor-related applications

Personal sports such as fitness and golf cover the decline in Canterbury sales

High-priced items will stop the decline in sales

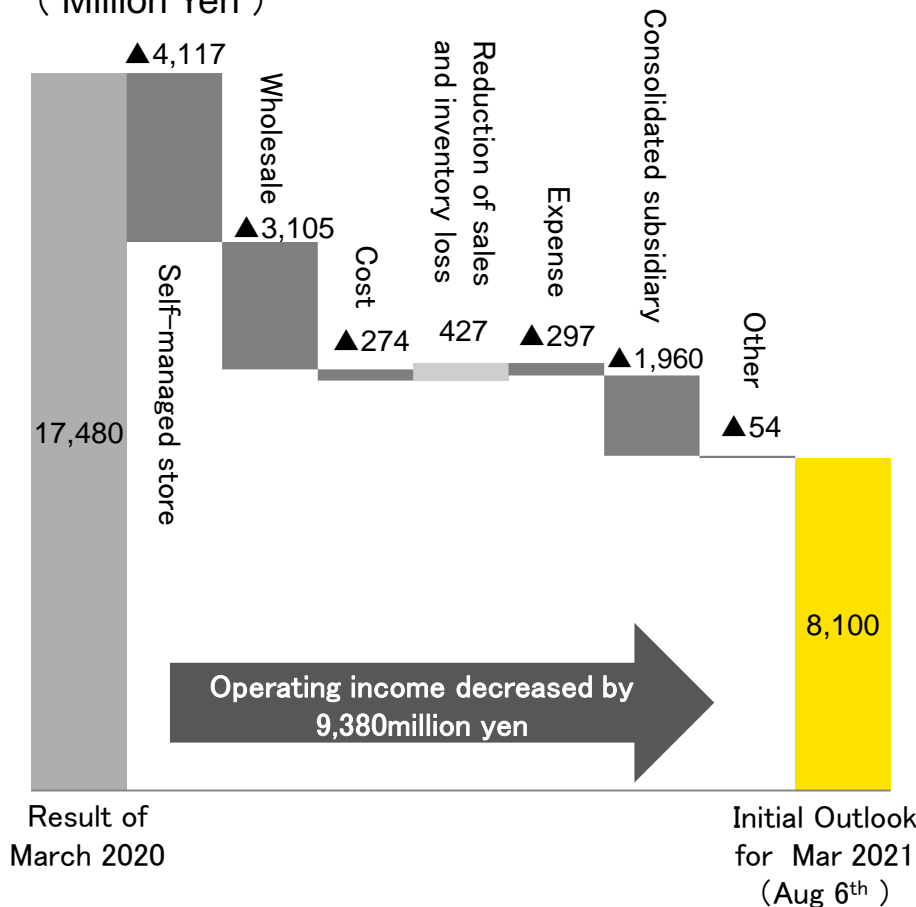
The recovery trend is clear even in the COVID-19 crisis

Factors behind increase / decrease in operating income, full-year outlook **GOLDWIN**

Due to the recovery at directly managed stores and wholesale stores, it is 4.4 billion yen higher than the full-year forecast revision value at the time of the first quarter announcement.

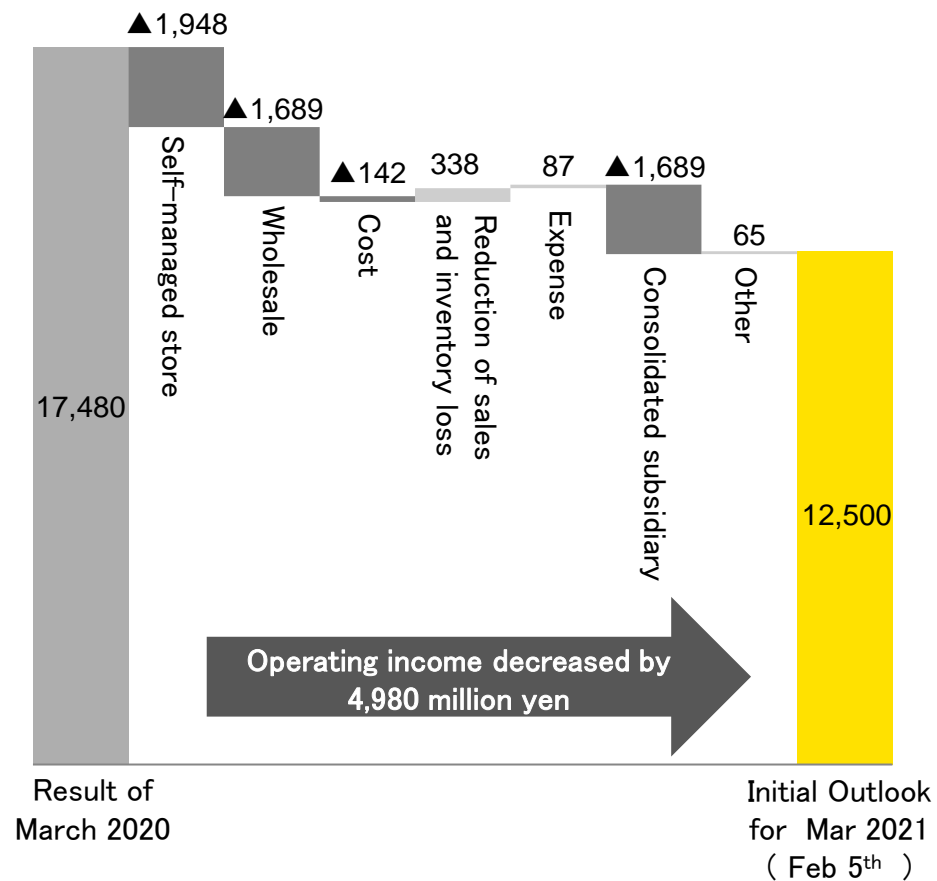
As of the first quarter announcement (August 6, 2020)

(Million Yen)

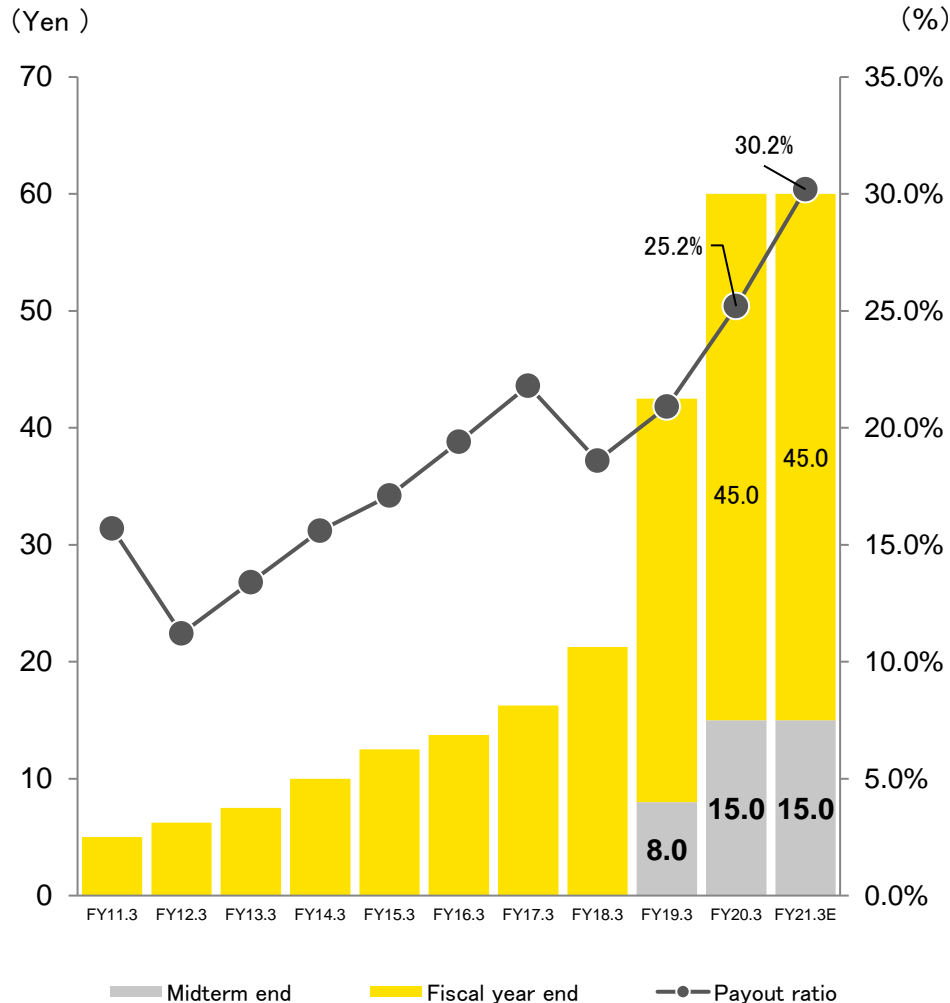


As of the third quarter announcement (February 5, 2021)

(Million Yen)



The annual dividend for the fiscal year ended in Mar 2020 increased from the forecast of 50 yen to 60 yen (from 100 yen to 120 yen before the stock split). We will maintain the annual dividend and implement sustainable shareholder returns in the fiscal year ending Mar 2021.



(Note) Displayed as dividend per share based on the year ended Mar 2020

Basic policy

Always recognizing that returning profits to shareholders is one of the most important issues for a company, we will strengthen our financial position and management base and continue to pay stable dividends.

Dividend results

Interim dividends will be paid from the fiscal year ending March 2019. In the fiscal year ending March 2020, the dividend will be increased for the ninth consecutive term. Dividend increase of 17.5 yen from the previous year

Dividend forecast

In the fiscal year ending March 2021, in addition to the interim dividend of 15 yen, the year-end dividend will be 45 yen, the same amount as the previous fiscal year.

Stock consolidation/split

On Oct. 1, 2015, 5 shares were consolidated into 1 share, and the share unit number changed from 1,000 to 100. Split 1 share into 2 shares as of Mar. 31, 2018. Split 1 share into 2 shares as of Sep. 30, 2019.

III. Resilience in COVID-19 crisis

Continued refinement of the business model demonstrates its true value in the unforeseen situation of the COVID-19 crisis

Realization of actual demand business model and work style reform **GOLDWIN**

The self-managed sales ratio (cumulative in 3Q) was 55.5% (57.4% in the same period of the previous year). Continued well-balanced development of directly managed stores and wholesale stores

Market tailwind

Cultivating new customers

Outdoor demand

Cultivating demand for activities such as camping and golf while avoiding dense spaces

Nesting demand

Wearing outdoor wear as indoor wear

Deepening existing customers

Replacement demand

The arrival of the cold wave for the first time in decades, replacement demand for down wear

Distraction demand

Increasing demand for high-performance wear that will replace overseas travel in the COVID-19 crisis

“Creating demand” and “Providing new value”

Resilience in COVID-19 crisis

Demonstrate the true value of a real-demand business model

Brand value
Maintained sales system

Build sustainable brand value without undue discounts

Well-balanced sales system at directly managed stores and wholesale stores

While directly managed stores in the Greater Tokyo Area are closed, outdoor sales floors are expanding at local wholesale stores

Thorough order flow management

Move between stores to outlets during the season

Realization of work style reform

COVID-19 support with cooperation at directly managed stores

When an infected person occurs, we will cooperate with neighboring stores and realize quick store operation.

DX / work style reform

Flexible transition to telework, realization of online exhibitions

Improving employee engagement

Fully guaranteed salary for sales staff even during a two-month state of emergency from April to May 2020

The actual demand-type business model that we have been working on since 2000 demonstrates its true value in the COVID-19 crisis.

EC sales increased by 30% from the previous year. Sales composition ratio (cumulative 3Q) was 12.6% (8.8% in the same period of the previous year), expanding synergistic effects with directly managed stores

Renewal points

Platform renewal

Service renewal

Utilization of customer data

Centralized inventory management

EC collect

(Order from EC to over-the-counter inventory)

Staff order

(Order from the store to EC inventory)

Renewal of sales staff Blog

Repair function (Online support)

Maintain a comfortable sense of distance with customers

Directly managed stores and EC inventory visualization

If you have a product you want I want to get it from anywhere

Aim for communication according to purpose

Correspondence to a circular type of society

Resilience in COVID-19 crisis

Realized omni-channel for directly managed stores and EC

A stepping stone to new sales methods

- Improving customer proposal capabilities on the Web while it is difficult to visit the store
- Increase sales staff motivation by visualizing store contributions

- Strengthening cooperation between stores and EC inventory
- Long tail development by EC and optimization in store display

- While it is difficult to visit the store, we are considering “chatbots” and AI proposals

- “Keep wearing for a long time” Responding to sustainable awareness of clothing

Flexible response to changes in purchasing behavior by coordinating with EC while demonstrating the strengths of directly managed stores

Shifted to "aggressive IT" from 2018, and a careful change of consciousness over two years realized a flexible telework transition

Main theme of IT reform promotion

Shift to an aggressive IT strategy



Reform of user awareness

"Anytime, anywhere, with anyone"
Achieve sustainable work style reform

Correspondence policy

group Wear renewal

Introducing Microsoft 365, a cloud-based solution

PC enhancement

Introducing Surface Pro to all employees improves mobility and responds quickly to telework

Cloud-based in-house data

Introduction of "Box" linked with Microsoft 365



DX promotion

Of the user Awareness change

Greatly improved user convenience such as Microsoft Teams usage, global support, smart device support, etc.

Achieve a flexible work style

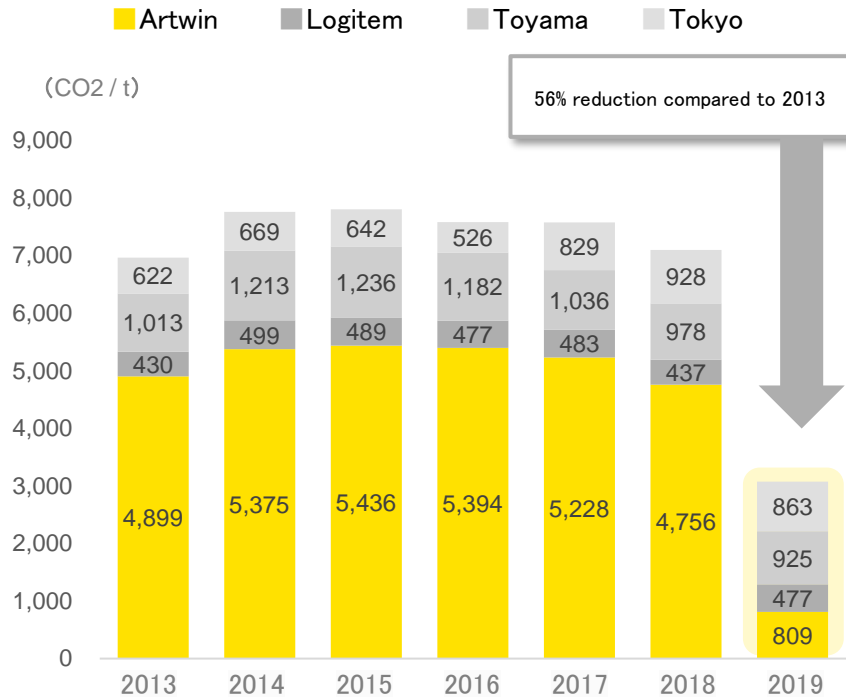
Realization of mobile. Enables flexible and quick transition to telework as a response to corona illness

Holding an online exhibition

Promote cloud centralization of in-house data. Easy data sharing with business partners

Review business portfolio in 2019 (Artwin liquidation), significantly reduce CO2 emissions

Changes in CO2 emissions



In 2020, 100% green electricity will be implemented in Tokyo and Toyama districts. Of the electricity consumption in 2019, Toyama (1,576mwh), Tokyo (1,064mwh), Logitem (603mwh) are targeted
 * Calculated from each electricity usage and gas usage

Prohibition of bringing in in-house PET bottles



The annual number of PET bottled beverages (500 ml) purchased at the Tokyo head office in 2019 is 36,600.

The amount of CO2 emitted is 5,746 kg, which is equivalent to the amount of CO2 absorbed by about 410 sugi trees in one year.
 * Converted by the Ministry of the Environment "3R behavior visualization tool"

In the third quarter, sales recovered to more than 90% year on year, driven by outdoor activities.

As an activity that avoids crowded places, attention has been focused on camping, etc., and despite being affected by refraining from going out due to the corona storm, the cumulative third quarter (9 months) sales of the outdoor-related business reached a record high.

Announced revision of full-year outlook after considering state of emergency

Announced revision of full-year outlook in consideration of extension of state of emergency. Although the outlook for the fourth quarter (three months) is revised from 95% + year of year to 88% + year of year, we anticipate sustainable growth related to outdoor activities.

Aiming for sustainable growth in the corona wreck by refining the actual demand business model

The actual demand-type business model that we have been working on for many years shows its true value in the COVID-19 crisis. Aim for further growth by flexibly responding to changes in "working style," "buying style," and "living style."

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
Net sales	Consolidated: ¥97,800 million, Non-consolidated: ¥82,900 million
Employee	1,878 (2,679 group-wide)
Offices	Tokyo Head Office, Toyama Head Office, Osaka Branch, Sapporo Sales Office, and Fukuoka Sales Office (As of March 31, 2020)
Stock listings	Tokyo Stock Exchange, First Section (Stock Code: 8111)

(Reference) Quarterly performance trends



	1Q Result			2Q Result			3Q Result			4Q Outlook			Full year outlook	
	FY20.3	FY21.3	Cumulative	FY20.3	FY21.3	Cumulative	FY20.3	FY21.3	Cumulative	FY20.3	FY21.3	Cumulative	FY20.3	FY21.3
Net sales	18,074	12,200	12,200	23,094	19,358	31,558	34,675	37,668	69,226	22,056	18,774	88,000	97,899	88,000
Gross profit	9,531	6,330	6,330	12,019	9,799	16,129	19,912	21,491	37,620	10,946	9,380	47,000	52,408	47,000
(%)	52.7%	51.9%	51.9%	52.0%	50.6%	51.1%	57.4%	57.1%	54.3%	49.6%	50.0%	53.4%	53.5%	53.4%
SG&A	7,499	6,770	6,770	8,514	8,098	14,868	9,196	9,081	23,949	9,794	10,551	34,500	35,003	34,500
(%)	41.5%	55.5%	55.5%	36.9%	41.8%	47.1%	26.5%	24.1%	34.6%	44.4%	56.2%	39.2%	35.8%	39.2%
Operating income	1,902	-479	-479	3,635	1,715	1,236	10,660	12,341	13,577	1,283	-1,077	12,500	17,480	12,500
(%)	10.5%	-	-	15.7%	8.9%	3.9%	30.7%	32.8%	19.6%	5.8%	-	14.2%	17.9%	14.2%
Ordinary income	1,946	-76	-76	3,346	1,471	1,395	11,207	12,491	13,886	-124	-386	13,500	16,375	13,500
(%)	10.8%	-	-	14.5%	7.6%	4.4%	32.3%	33.2%	20.1%	-	-	15.3%	16.7%	15.3%
Net income	1,375	-292	-292	2,222	915	623	7,859	8,613	9,236	-686	-236	9,000	10,770	9,000
(%)	7.6%	-	-	9.6%	4.7%	2.0%	22.7%	22.9%	13.3%	-	-	10.2%	11.0%	10.2%

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 assumptions that the Group has grasped, judged from available information and based on assumptions, and actual business results may differ significantly.