



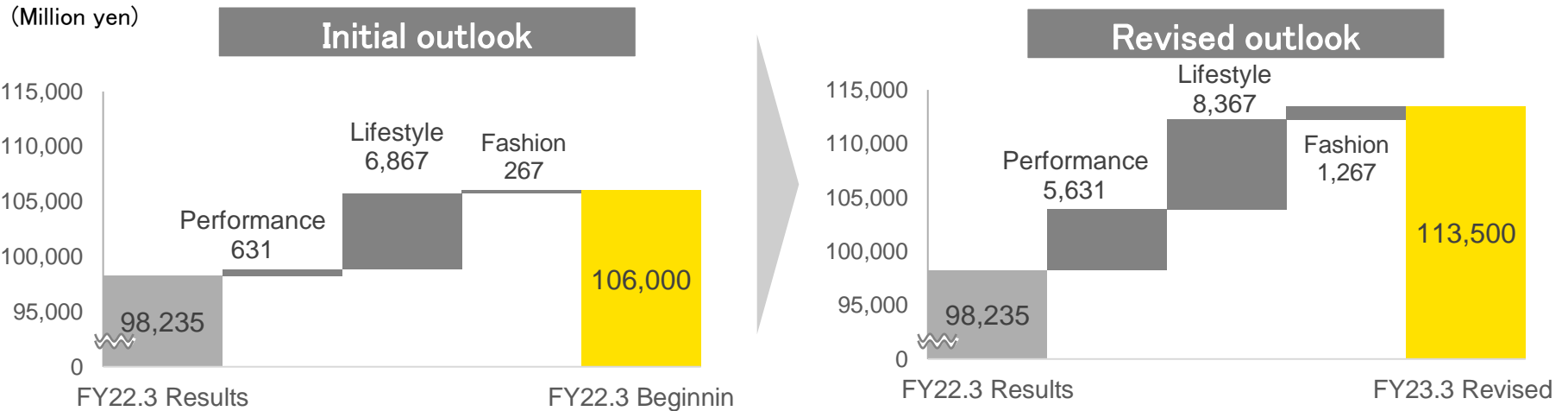
# **Financial results briefing materials for the Third quarter of the fiscal year ending March 2023**

**Goldwin Inc. (8111)**

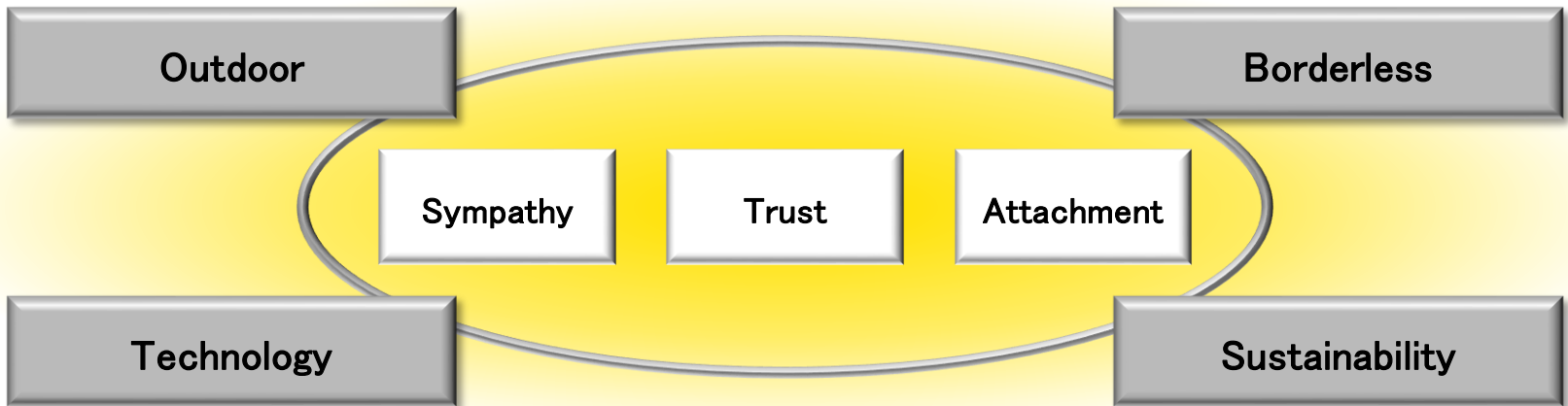
**February 7, 2023**

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**Secure revenue growth in all directions. Achieving sustainable growth by grasping the needs of customers to be chosen after the Corona crisis**



**Keywords of brands chosen by customers after the Corona crisis**

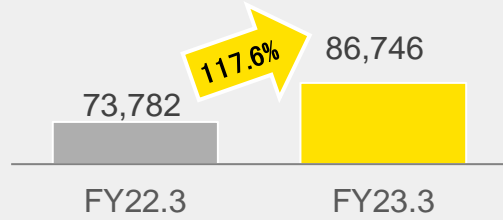


# **I. Third quarter results for the fiscal year ending March 2023**

Achieved record highs for all business segment and sales channel items for the first three quarters. Demonstrate customer development ability to lead entry level to core fan base.

## Net sales hit a record high for the cumulative third quarter, supported by a recovery in inbound demand, etc.

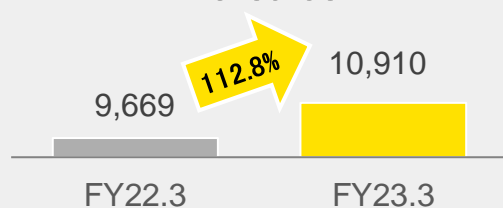
(Million yen) **Net sales**



- Sales of gear-related items such as padded boots from THE NORTH FACE, which had delays due to the lockdown in Vietnam last year, are trending favorably.
- Inbound demand has increased month by month since October. In December (single month), it recovered to the same level as the peak in FY20.3 (about 9% of sales at directly managed stores).

## EC sales continue to grow steadily, up 12.8% year-on-year

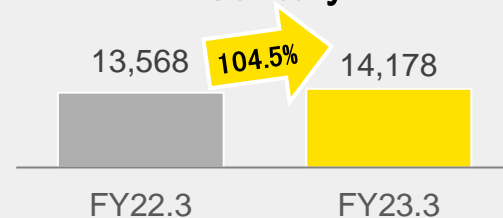
(Million yen) **EC sales**



- EC sales increased 12.8% year-on-year, accounting for 12.6% of total sales.
- Sales increased year-on-year in all sales channels: directly managed stores, wholesalers, and EC.
- The self-managed sales ratio remained steady at 59% (62% in the same period of the previous year).

## Inventory balance continues to be within plan

(Million yen) **Inventory**

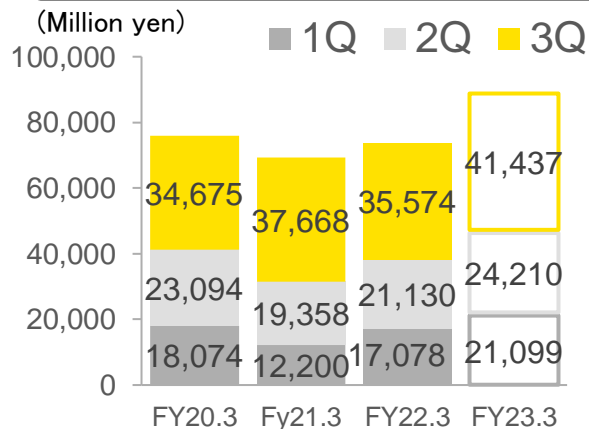


- Inventory balance was 104% year-on-year, an increase of 600 million yen year-on-year. Trended within the scope of the initial forecast.
- The sales loss rate was 1.2%. Thorough high-precision inventory management that understands actual needs.

## Financial results for the third quarter of the fiscal year ending March 2023 (Million yen)

	Net sale	Gross profit	Operating income	Ordinary income	Net income
Result	86,746	46,156	18,281	21,924	16,268
Year-on-year (Cumulative)	117.6%	116.4%	129.1%	141.9%	150.8%
Year-on-year (Quarterly)	116.5%	115.0%	119.8%	124.6%	127.8%
Profit margin on sales ( ) is the same period of the previous year	—	53.2% (53.7%)	21.1% (19.2%)	25.3% (20.9%)	18.8% (14.6%)

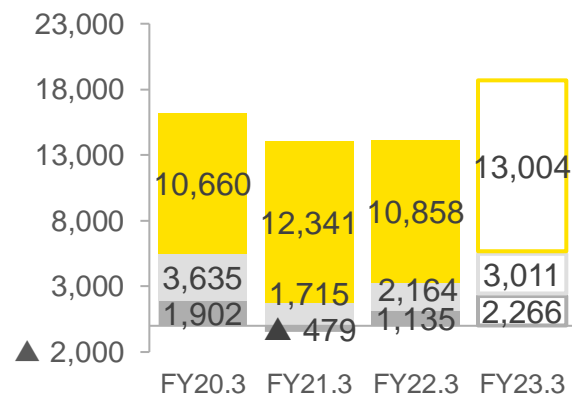
### Net sale



THE NORTH FACE performed well in both apparel and gear. In particular, boots, which were delayed in delivery last year, contributed to sales in the current term.

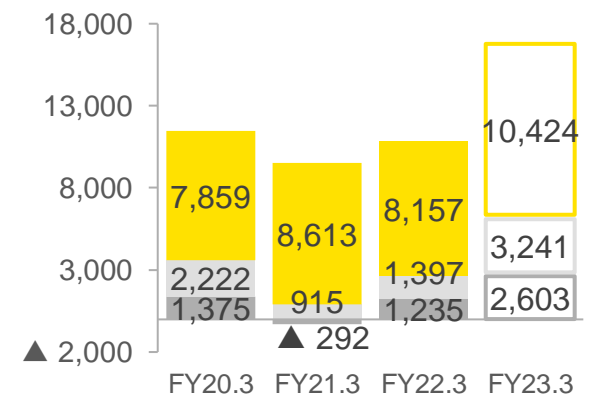
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### Operating income



Gross profit margin decreased by 0.5 points year-on-year amid rising raw material prices and a weaker yen, and operating income hit a record high.

### Net income

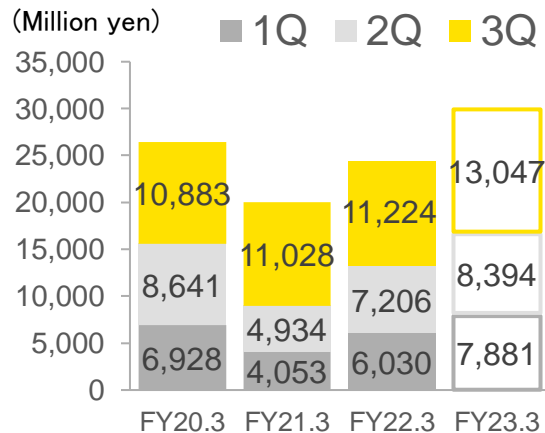


Net income increased by 50% year-on-year due to an increase in equity-method investment income

## Sales by business category (Million yen)

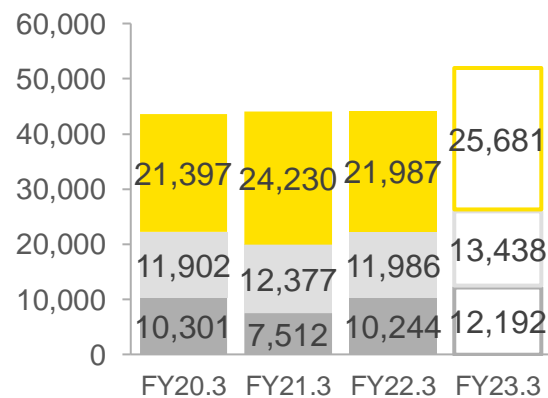
	Performance	Lifestyle	Fashion
Result	29,322	51,312	6,112
Year-on-year (Cumulative)	119.9%	116.0%	119.7%
Year-on-year (Quarterly)	116.2%	116.8%	114.7%
Sales composition ratio (Cumulative)	33.8%	59.2%	7.0%

### Performance



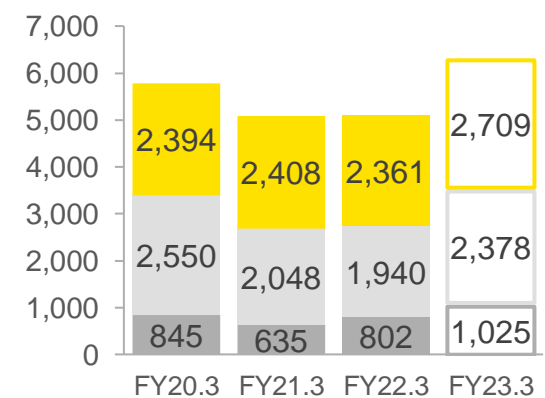
High-performance products continue to be the driving force due to the resumption of sporting events such as marathons

### Lifestyle



Significant recovery due to stable supply of boots. Camping demand will also make a small contribution, but brand recognition will increase

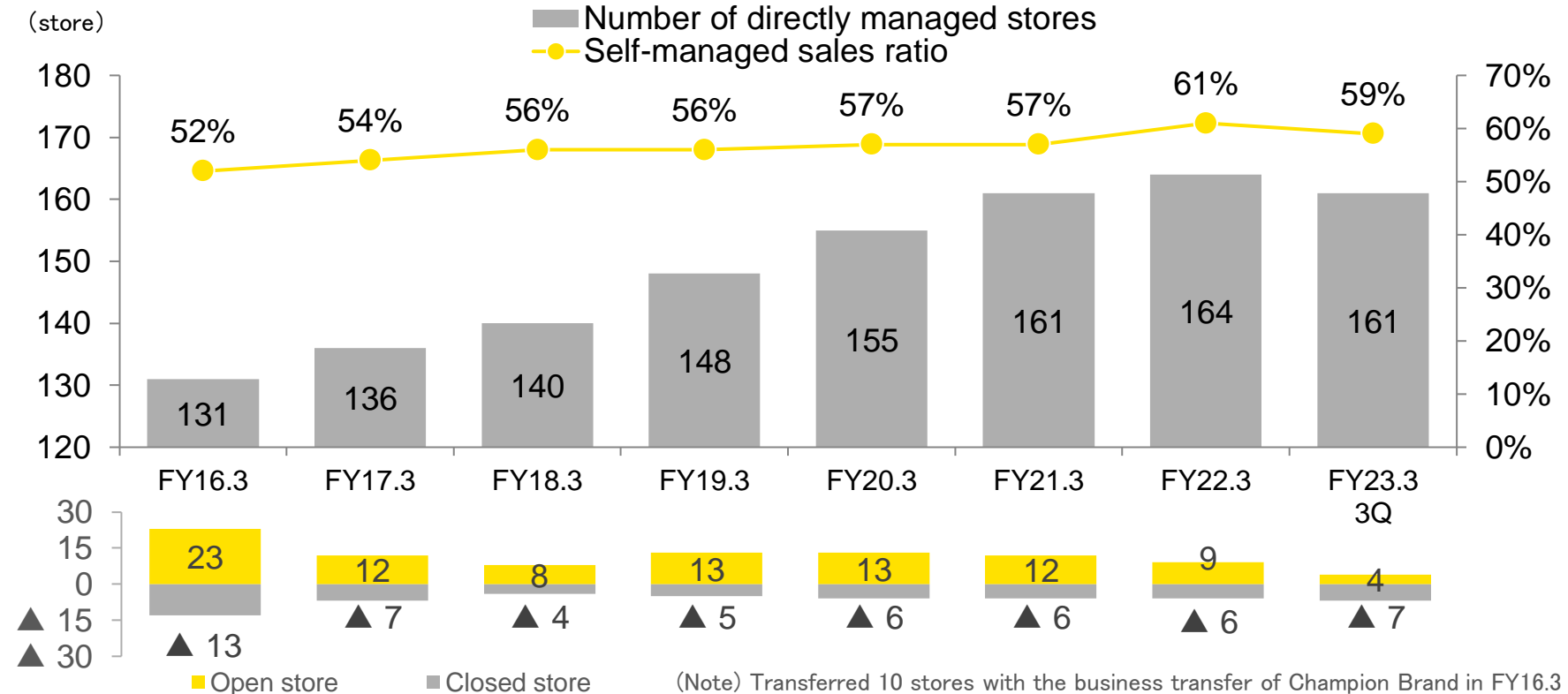
### Fashion



Rapid recovery in inbound demand. Among them, THE NORTH FACE PURPLE LABEL spreads to European, American and Asian tourists."

The self-managed sales ratio (cumulative third quarter) was 59%, up 3 points from the second quarter. Inbound demand contributed significantly to sales recovery at directly managed stores

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

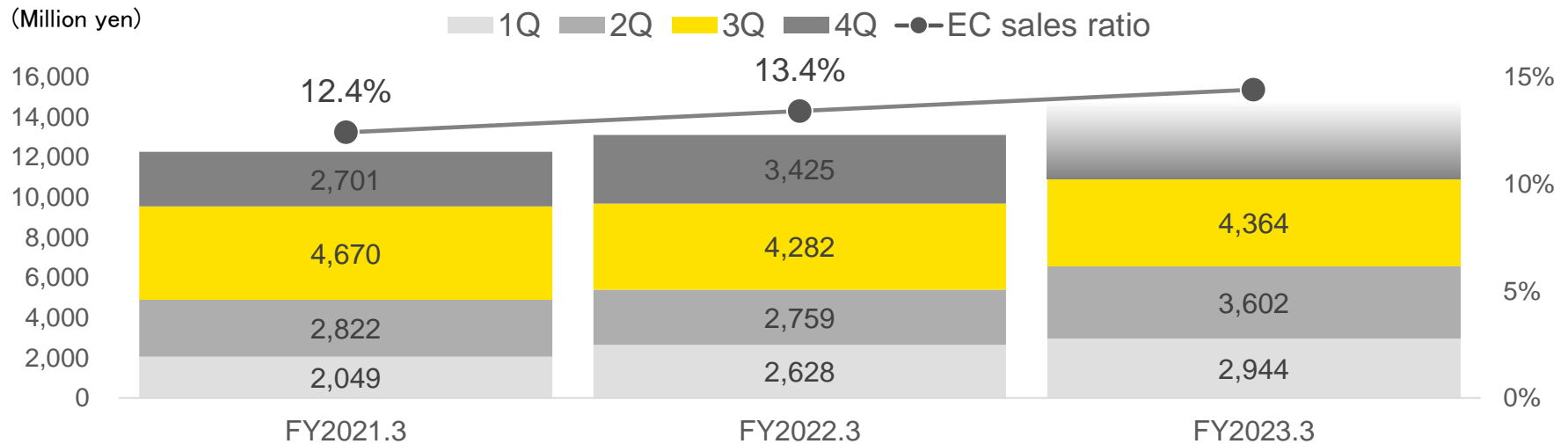


The number of directly managed stores in the third quarter was 161, with 4 stores opening and 7 stores closing. Priority will be given to new store openings that highlight the brand concept and expansion of existing stores. The company plans to continue opening carefully selected stores.

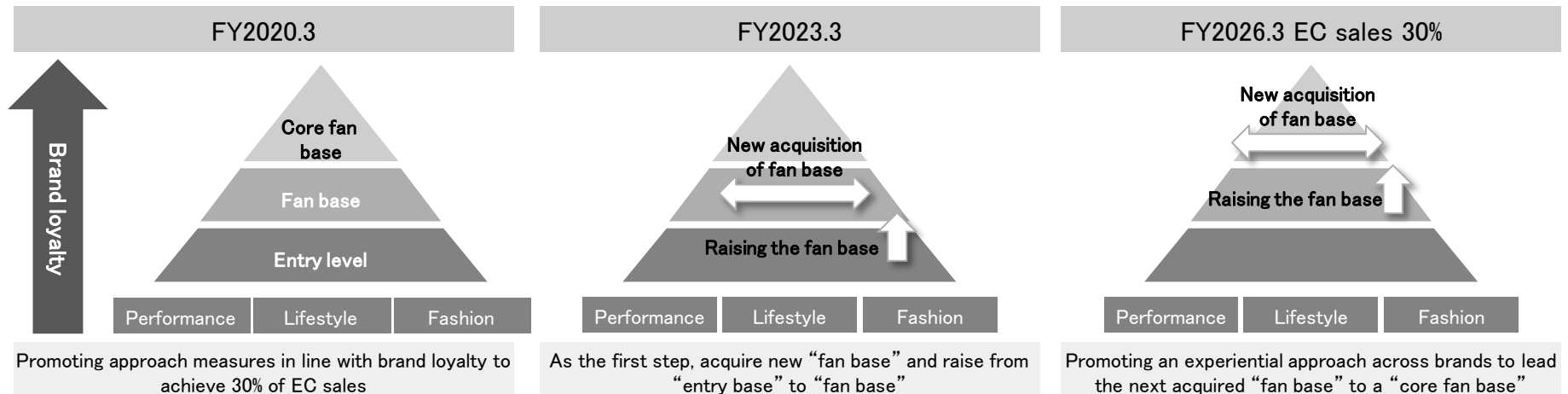
With the recovery of inbound demand, the self-managed sales ratio in the third quarter was 59%, up 3 points from the second quarter. Maintain the target of 60% in the medium-term management plan. The company plans to maintain a well-balanced sales structure between directly managed stores and wholesale.



The EC site is developing both the establishment of brand loyalty to acquire core fans and the acquisition of new fan bases.

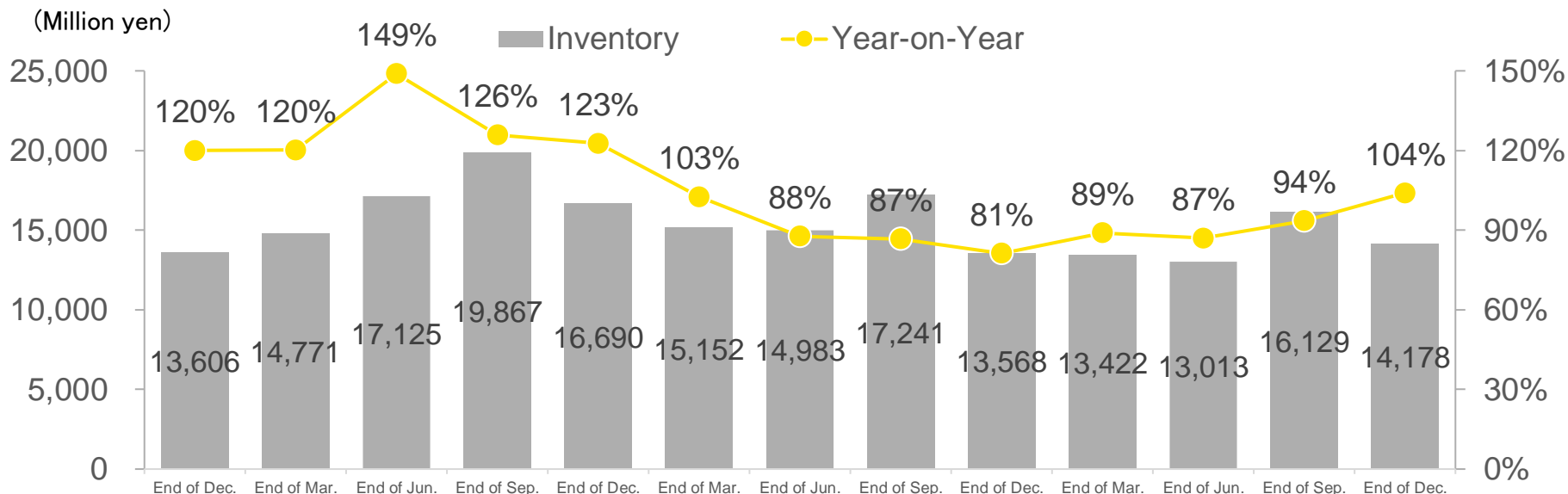


## Image of expanding customer base in the future



Inventory balance at the end of December 2022 is 104% compared to the same period of the previous year. Although the delay in delivery due to the lockdown in Vietnam last year was added to the current period's products, inventory remained within the plan due to strong sales.

## Inventory Balance by Quarter



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

2019

2020

2021

2022

### Current supply chain situation

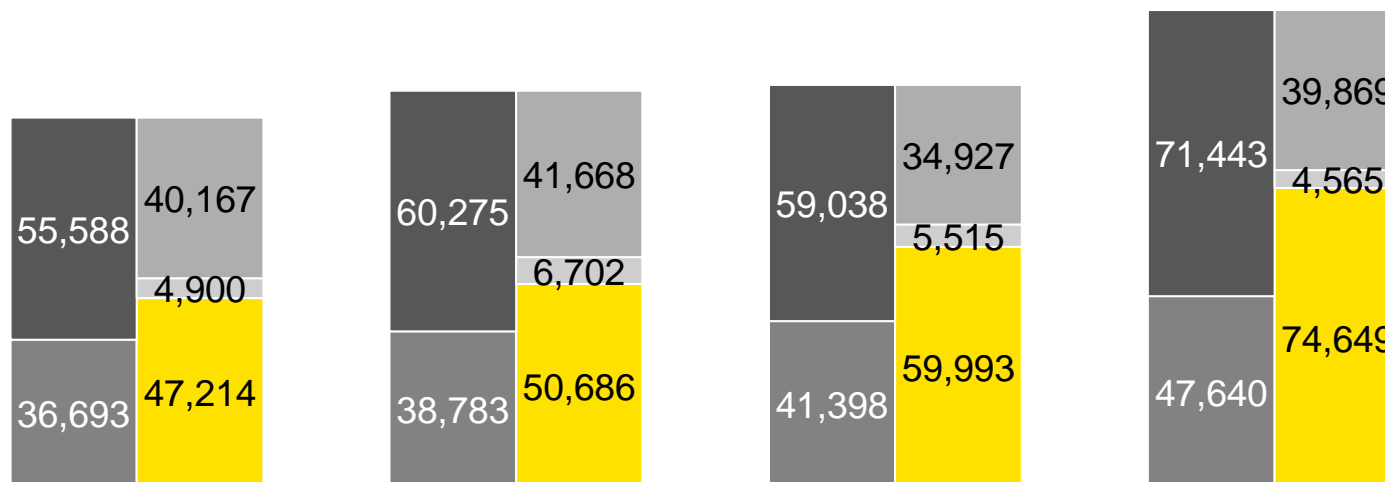
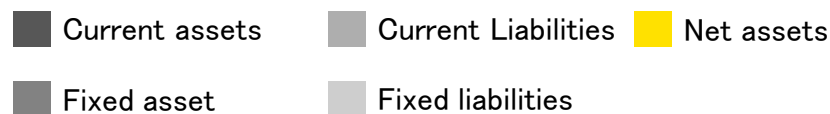
There is no confusion due to the lockdown like last year, and we have established a supply system that meets delivery dates while promoting decentralization of production areas. Inventories at the end of December 2022 exceeded 100% year-on-year, mainly because spring/summer 2023 items arrived without delay.

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### Inventory balance outlook after Kanto logistics starts up

Logistics base in Kanto will start operation from January 2023, and it is starting to start full-scale operation from April. From April onwards, we plan to speed up deliveries in the Kanto region and promote efficient management of product inventory.

Net assets increased by 14.5 billion yen year-on-year, and the equity ratio remained stable at 62.6%



(Million yen)	FY2020.3 3Q	FY2021.3 3Q	FY2022.3 3Q	FY2023.3 3Q
Net assets	47,214	50,686	59,993	74,649
Capital adequacy ratio	51.1%	51.1%	59.6%	62.6%

## **II. Full-year outlook for the fiscal year ending March 2023**

Full-year outlook revised upward due to strong sales up to the third quarter

Progress generally as planned. In addition to promoting the supply of products to meet the rapid recovery of inbound demand and responding to storefronts, we will proceed with reexamination of the optimal schedule for the implementation of capital investment.

## At the time of initial forecast formulation (May 2022)

① Inbound demand	Recovery of inbound demand is not factored in.
② Operation of directly managed stores during the Corona crisis	Temporary closures of directly managed stores are expected to be on par with fiscal year ending March 2023
③ Overseas sewing factories	The impact of the closure of overseas sewing factories is expected to be minor as we continue to disperse our suppliers.
④ New store opening	For new store openings, we will thoroughly manage profitability and give priority to increasing floor space.
⑤ Selling, general and administrative expenses	Events that have been postponed in the last two periods are expected to recover to pre-Corona levels.
⑥ Capital investment	The renovation of the logistics base and core system is scheduled to start operation from the second half of 2022. Depreciation expenses are scheduled to be recorded from the second half.

## As of the end of the third quarter (Dec 2022)

Since October, inbound sales have increased month by month. The single month of December recovered to about 9% (aggregate for directly managed stores), the same level as the peak (FY2020.3).
Although there was a sense of tightness in maintaining the shift system of sales staff, there were no temporary closures.
Although some delivery delays from China were recognized, the impact was minimal.
We opened THE NORTH FACE Sphere (Harajuku) in July and Ebisu Garden Place in November to develop new customers.
Expenditures as of the third quarter progressed as planned, excluding the depreciation cost associated with capital investment.
Logistics bases and core system renovations are scheduled to go into operation in 2023. The burden of infrastructure and growth investment expenses during the current fiscal year is expected to be less than the initial plan.

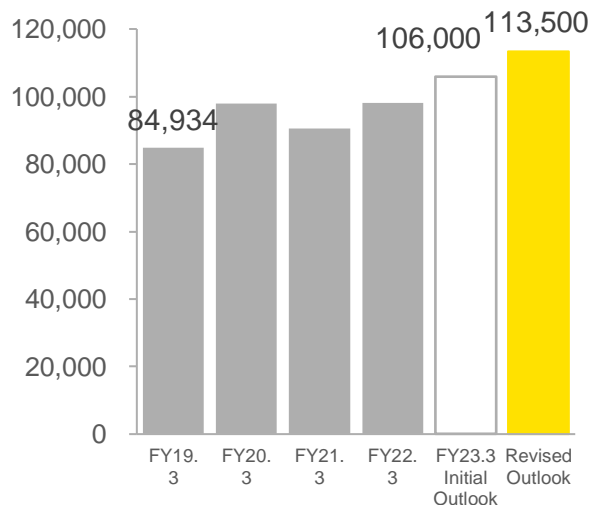
Aiming to achieve net income of 20 billion yen by building an optimal sales channel mix that adapts to changes in the external environment

## Financial Results Forecast for the Fiscal Year Ending March 2023 (Million yen)

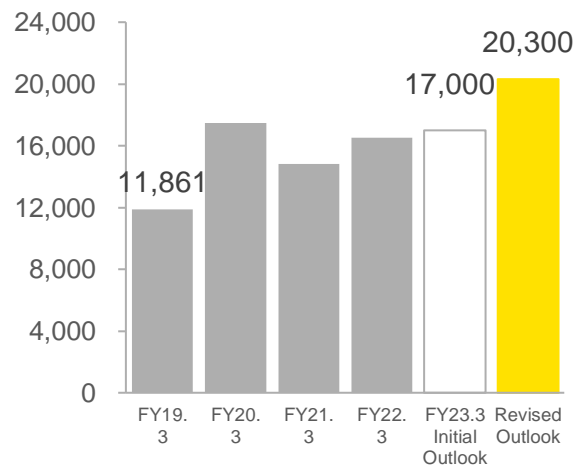
	Net sale		Operating income		Ordinary income		Net income	
Initial Outlook/ Revised Outlook	106,000	113,500	17,000	20,300	21,400	26,200	16,000	20,000
Year-on-year	107.9%	115.5%	103.0%	123.0%	105.5%	129.2%	111.5%	139.4%
Sales composition ratio	—		16.0%	17.9%	20.2%	23.1%	15.1%	17.6%

### Net sale

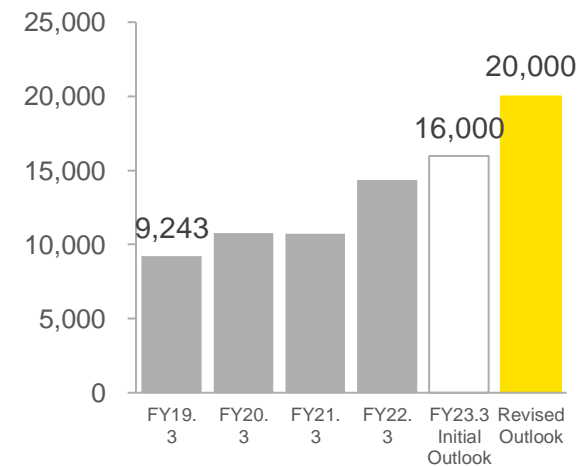
(Million yen)



### Operating income



### Net income

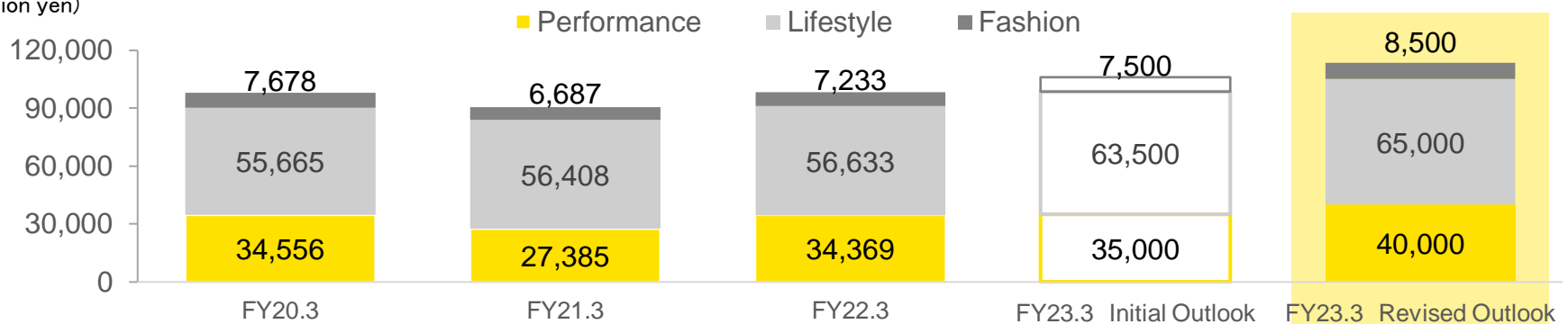


Greatly over-performed. Increased trust in brand value leads to strong sales of high-performance products

## Performance forecast by business segment (Million yen)

	Performance		Lifestyle		Fashion	
Initial Outlook/ Revised Outlook	35,000	40,000	63,500	65,000	7,500	8,500
Year-on-year	101.8%	116.4%	112.1%	114.8%	103.7%	117.5%
Sales composition ratio	33.0%	35.2%	59.9%	57.3%	7.1%	7.5%

(Million yen)



### Performance

In addition to apparel, sales of gear such as shoes and backpacks, which pursue functionality at a high price range, are trending favorably.

### Lifestyle

Sales of women's lifestyle wear and children's products, which are new customer segments, were strong due to the success of promotions.

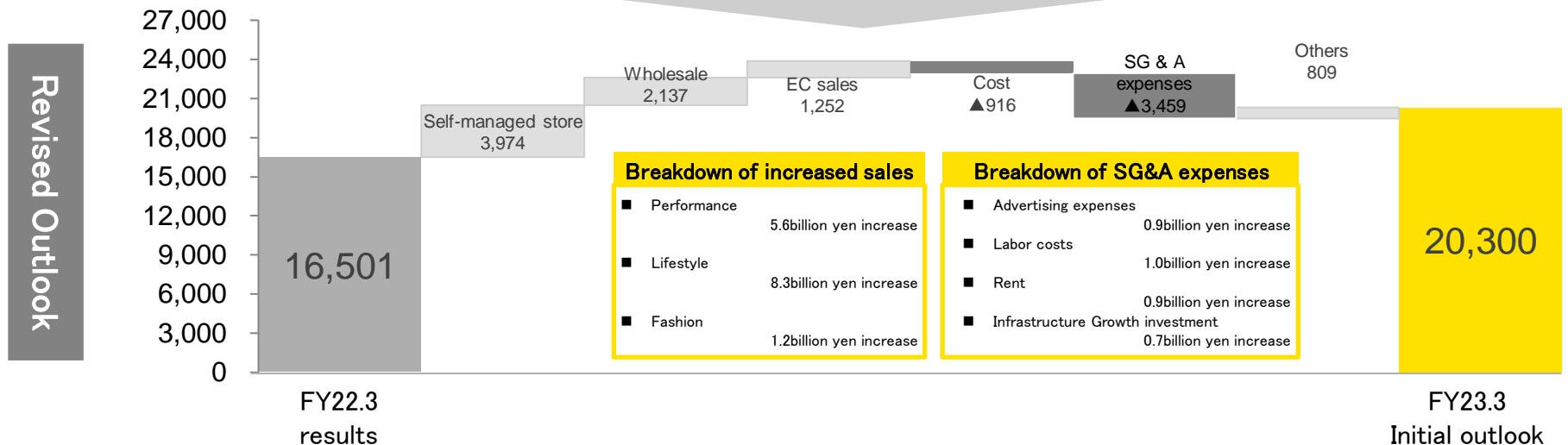
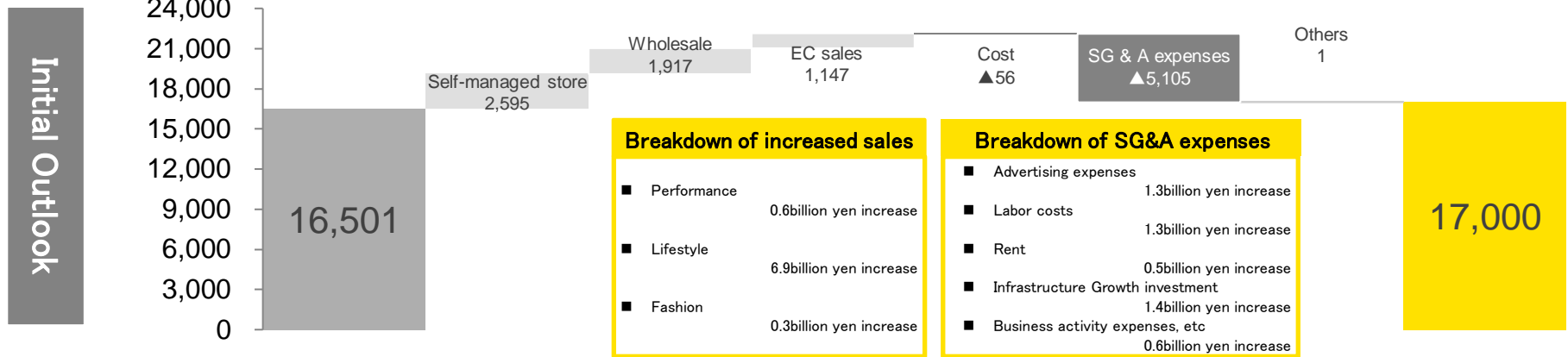
### Fashion

THE NORTH FACE PURPLE LABEL matches inbound demand and grows significantly

The recovery of directly managed stores will absorb the 900 million yen increase in costs due to high raw material prices and foreign exchange factors.

## Operating income forecast for the fiscal year ending Mar 2023

(Million yen)





### **III. Initiatives for sustainable growth**

Simultaneously promoting new projects while strengthening supply chain systems in production, distribution, and sales

Down “NUP TSE JACKET” of the longtime seller representing “THE NORTH FACE” A special exhibition will be held at THE NORTH FACE ALTER (Harajuku) from October to November, contributing to the start of the autumn/winter season.

## NUP TSE JACKET 30th Anniversary Project



NUP TSE JACKET Updated front and back fabrics to recycled materials



THE NORTH FACE ALTER (Harajuku)  
“30 YEARS OF NUPTSE JACKET” Special Exhibition

### What is “NUP TSE JACKET”

NUP TSE means “western peak” in Tibetan. Developed in 1992 by THE NORTH FACE for expeditions (expeditions aimed at mountaineering and exploration), this classic down jacket has been very popular since its launch 30 years ago. Based on a simple design, it continues to be a long-seller with repeated updates, such as adopting recycled materials for the outer and lining materials according to the times.

"GOLDWIN PLAY EARTH PARK Business Concept" First development site decided in Nanto City, Toyama Prefecture. Scheduled to open in 2026

## PLAY EARTH PARK business concept



NATURING GARDEN



CAMP SITE

### What is the GOLDWIN PLAY EARTH PARK business concept?

As we celebrate our 70th anniversary in 2020, we have formulated a long-term vision of "PLAY EARTH" that creates new ways of interacting with nature and the environment through "play", the origin of sports. Based on this vision, we will create a place to "play with the earth" and nurture the power to create a beautiful future for the children who will create the future. This time, the plan is to start the PLAY EARTH PARK concept from the area around Sakuragaike in Nanto City.

In response to the rapid recovery of inbound demand, the construction of systems for production, distribution, and sales is a management priority.

Production	<b>Basic policy</b>	<ul style="list-style-type: none"> <li>Started research on new factories to disperse country risk</li> <li>Aiming for a stable supply of products by starting yearly planned production and delivery of standard products while forecasting store demand, without being bound by the traditional exhibition orders.</li> </ul>			
	<b>Item</b>	<b>Influence</b>	<b>Countermeasure Plan</b>	<b>Content</b>	<b>Progress</b>
	Producing area	Large	Decentralization of production areas	The country of production is more than 50% in Vietnam and 30% in China. Currently, the production ratio in Vietnam is high, but we have started a new factory survey to disperse the production area.	Dispersing production areas for shoes
	Raw material price	Medium	Improving product appeal	The company plans to continue improving its product appeal as the price of materials in general rises due to soaring prices of raw materials worldwide.	Revised sales price
	DX	Medium	Core system renewal	Currently, there is no major impact, but in the future, we will proceed with the renovation of the core system within 2022 in order to respond to business risks such as labor shortages in the supply chain and distribution centers.	Selecting the best time in 2023
Logistics	<b>Basic policy</b>	<ul style="list-style-type: none"> <li>Going forward, we will move away from individual transportation at each factory to consolidate transportation, thereby reducing costs and reducing greenhouse gas emissions.</li> </ul>			
	Overseas logistics	Medium	Conclusion of long-term contract	Currently, transportation costs are on the rise due to the shortage of containers overseas, but we are dealing with this with an annual contract with a customs broker through a trading company.	Stable operation
	Domestic logistics	Medium	Established a logistics base in Kanto	Currently, there is no major impact, but in addition to rising transportation costs, the shortage of large truck drivers is expected to accelerate in the future, so we plan to establish a distribution base in the Kanto region within 2022.	Full-scale start from Apr 2023

## Record-high sales and profits for the third quarter of the fiscal year ending March 2023

Achieved record highs for all business categories and sales channels for the first three quarters. Demonstrate customer development ability to lead entry level to core fan base.

## Upward revision of the full-year forecast for the fiscal year ending March 2023

Sales increased year on year in each month of the third quarter. Inbound demand is increasing month by month, and in December alone, sales composition ratio reached almost the same level as the peak in FY20.3 (aggregate for directly managed stores)

## Initiatives for sustainable growth

Simultaneously promoting new projects while strengthening supply chain systems in production, distribution, and sales



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: 98.2 billion yen, Non-consolidated: 85.8 billion yen
Employee	2,451 people (2,996 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, 2022)

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.

# (Reference) Quarterly performance trends



(Million yen)	1Q			2Q			3Q			4Q			Full year		
	FY21.3	FY22.3	FY23.3	FY21.3	FY22.3	FY23.3	FY21.3	FY22.3	FY23.3	FY21.3	FY22.3	FY23.3 outlook	FY21.3	FY22.3	FY23.3 outlook
Net sale	12,200	17,078	21,099	19,358	21,130	24,210	37,668	35,574	41,437	21,253	24,453	26,754	90,479	98,235	113,500
Gross profit	6,330	8,986	11,122	9,799	10,514	11,865	21,491	20,147	23,169	10,388	12,096	–	48,008	51,743	–
%	51.9%	52.6%	52.7%	50.6%	49.8%	49.0%	57.1%	56.6%	55.9%	48.9%	49.5%	–	53.1%	52.7%	–
SG&A expenses	6,770	7,851	8,855	8,098	8,349	8,855	9,081	9,289	10,164	9,203	9,752	–	33,152	35,241	–
%	55.5%	46.0%	42.0%	41.8%	39.5%	36.6%	24.1%	26.1%	24.5%	43.3%	39.9%	–	36.6%	35.8%	–
Operating income	▲479	1,135	2,266	1,715	2,164	3,011	12,341	10,858	13,004	1,261	2,344	2,019	14,838	16,501	20,300
%	–	6.6%	10.7%	8.9%	10.2%	12.4%	32.8%	30.5%	31.4%	5.9%	9.6%	7.5%	16.4%	16.8%	17.9%
Ordinary income	▲76	1,696	3,368	1,471	2,139	4,084	12,491	11,618	14,472	2,098	4,832	4,276	15,984	20,285	26,200
%	–	9.9%	16.0%	7.6%	10.1%	16.9%	33.2%	32.7%	34.9%	9.9%	19.8%	16.0%	17.7%	20.6%	23.1%
Net income	▲292	1,235	2,603	915	1,397	3,241	8,613	8,157	10,424	1,498	3,561	3,732	10,734	14,350	20,000
%	–	7.2%	12.3%	4.7%	6.6%	13.4%	22.9%	22.9%	25.2%	7.0%	14.6%	13.9%	11.9%	14.6%	17.6%