



Financial results briefing materials for the fiscal year ending March 2023

Goldwin Inc. (8111)

May 12, 2023

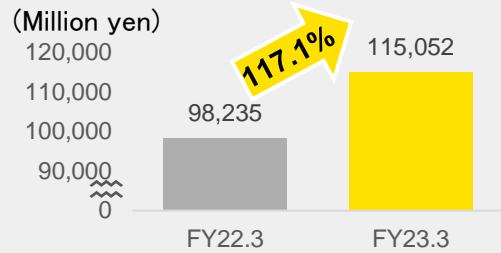
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I. Financial Results for the Fiscal Year Ending March 2023

Achieved consolidated sales of 100 billion yen

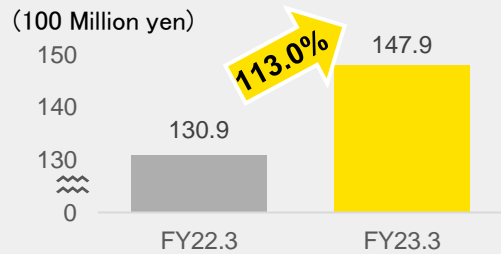
Exceeded the profit target for the fiscal year ending March 31, 2026 in the second year of the medium-term management plan

Start for after corona. A wide range of brands turn to an upward trend.



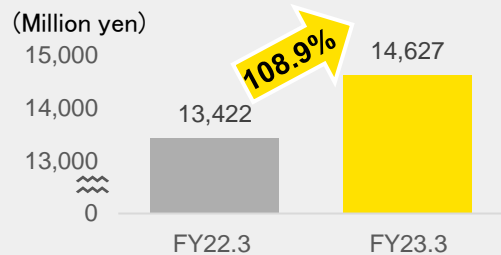
- Maintained stable performance even in the fourth quarter. Sporting events have resumed in preparation for the after corona, and the easing of restrictions on movement has had a positive impact on our wide range of brands.

As customers return to directly managed stores, EC sales continue to grow in double digits by enhancing cooperation with stores.



- EC sales increased by 113.0% year-on-year due to an increase in the number of customers visiting directly managed stores, but there is no change to the policy of strengthening collaboration between directly managed stores and e-commerce.

Inventory balance was 108.9% year-on-year, as planned. Identify hot-selling products and promote digestion



- Inventory balance was 14.6 billion yen, 108.9% of the same period last year.
- We maintain a stable supply system because the supply chain is functioning soundly. There is no change in our policy of ascertaining product trends, understanding customer needs, and promoting consumption during the season.

Summary of financial results for the fiscal year ending March 2023



Both net sales and profits reached record highs.

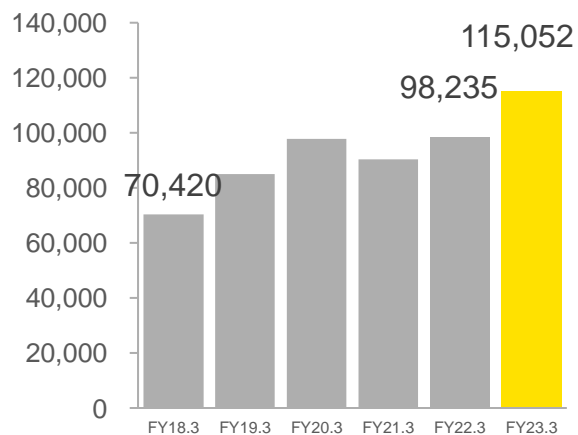
Net income surpassed 20 billion yen thanks to the contribution of equity income

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

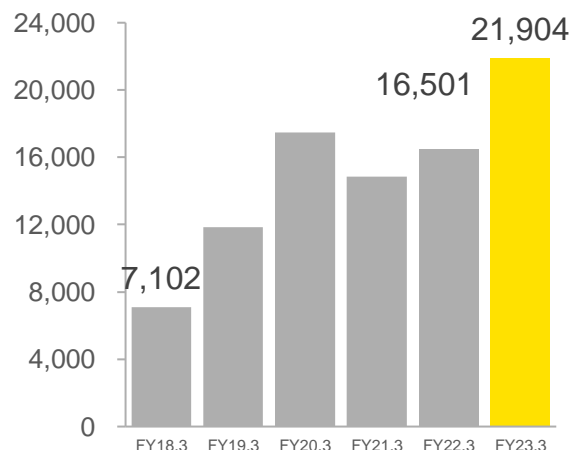
	Net sale	Gross profit	Operating income	Ordinary income	Net income
Result	115,052	60,035	21,904	28,083	20,977
Year-on-year	117.1%	116.0%	132.7%	138.4%	146.2%
Profit margin on sales <small>() is the same period of the previous year</small>	—	52.2% (52.7%)	19.0% (16.8%)	24.4% (20.6%)	18.2% (14.6%)

Net sale

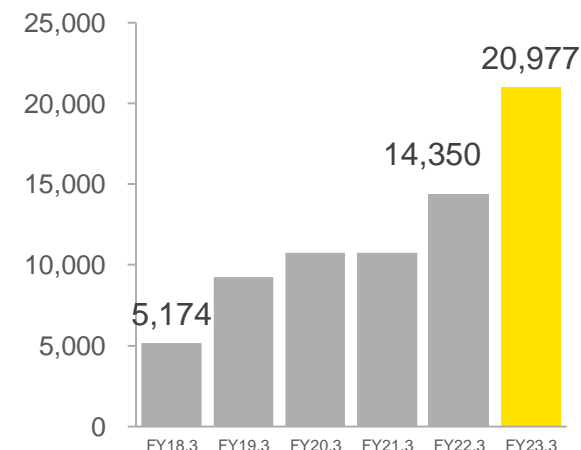
(Million yen)



Operating income



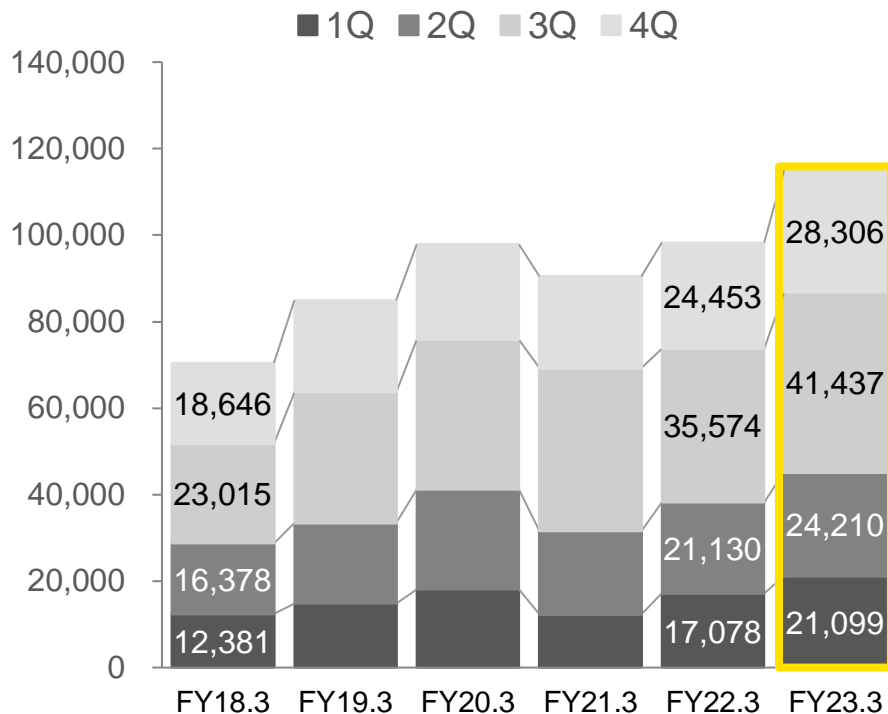
Net income



Increased accuracy of the supply chain resulted in year-on-year growth in both sales and profits in all quarters.

Net sale

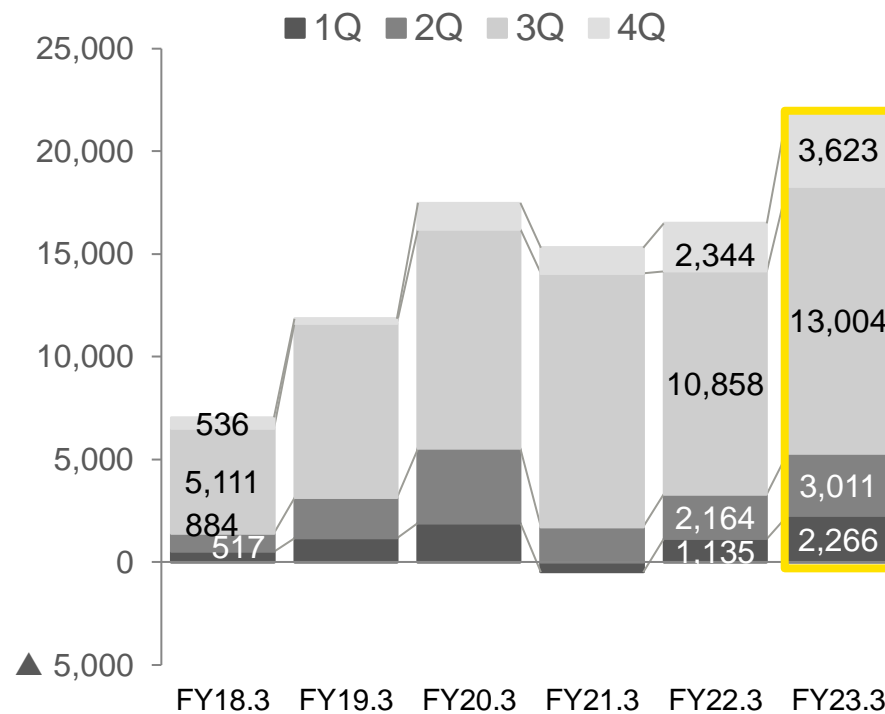
(Million yen)



Sales of a wide range of brands are trending upward as restrictions on movement are eased

Operating profit

(Million yen)

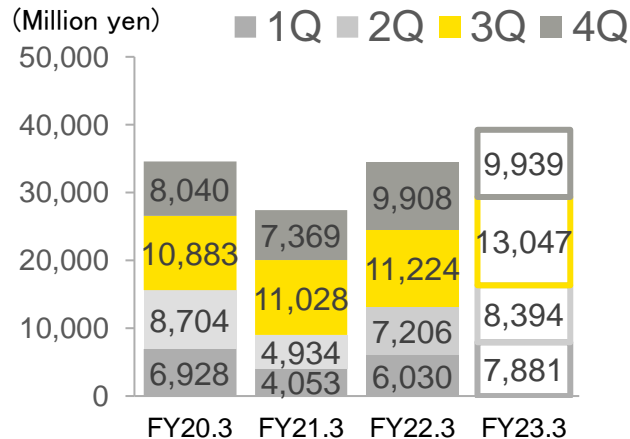


Stable product supply system enables a system that can record profits throughout the year

Sales by business category (Million yen)

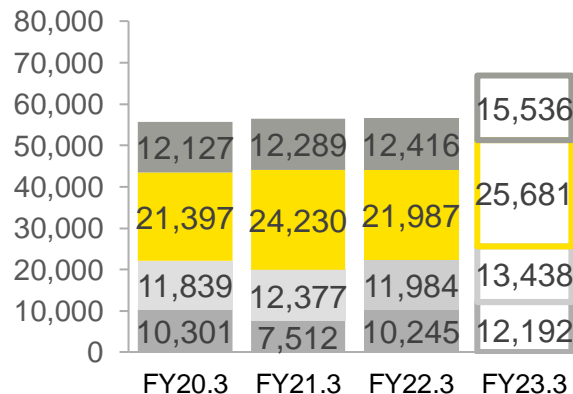
	Performance	Lifestyle	Fashion
Result	39,261	66,847	8,943
Year-on-year comparison	114.2%	118.0%	123.6%
Year-on-year amount	+4,892	+10,214	+1,710
Sales composition ratio	34.1%	58.1%	7.8%

Performance



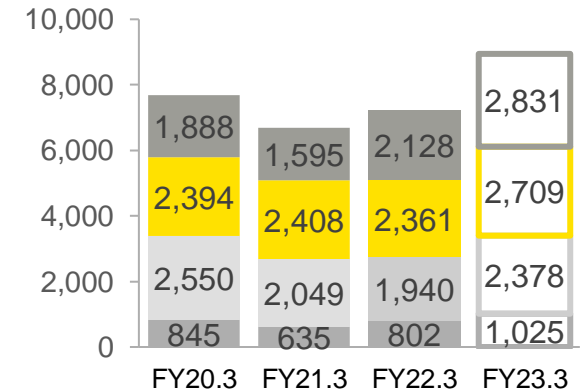
THE NORTH FACE 's high-performance products recover gears in addition to apparel. Recovery of athletic brands.

Lifestyle



Continued double-digit growth in sales due to expansion of customer base. Strong demand for camping.

Fashion

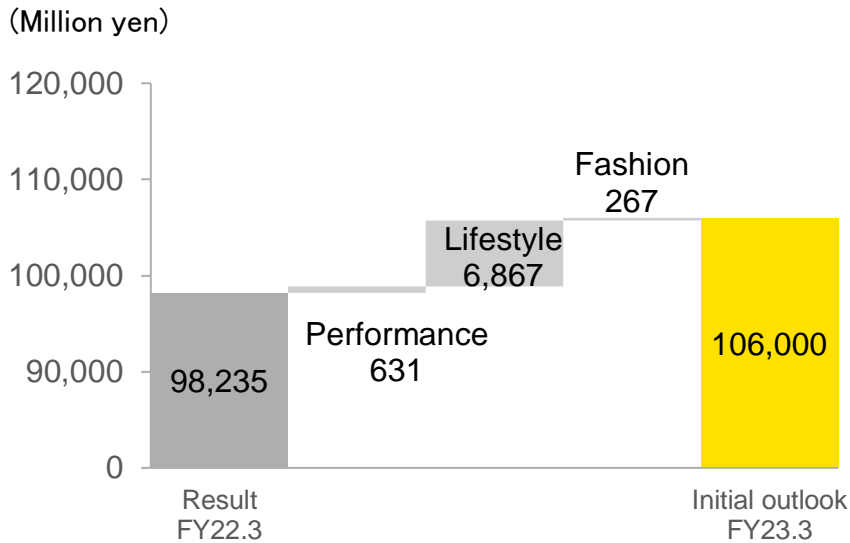


THE NORTH FACE PURPLE LABEL matches inbound demand and significantly increases sales.

Comparison of initial forecast and actual sales by business category. **GOLDWIN**

Recovery in demand for sports due to relaxation of behavioral restrictions contributed to performance
 New initiatives such as "Goldwin 0" contribute to the development of customer segments in the fashion field

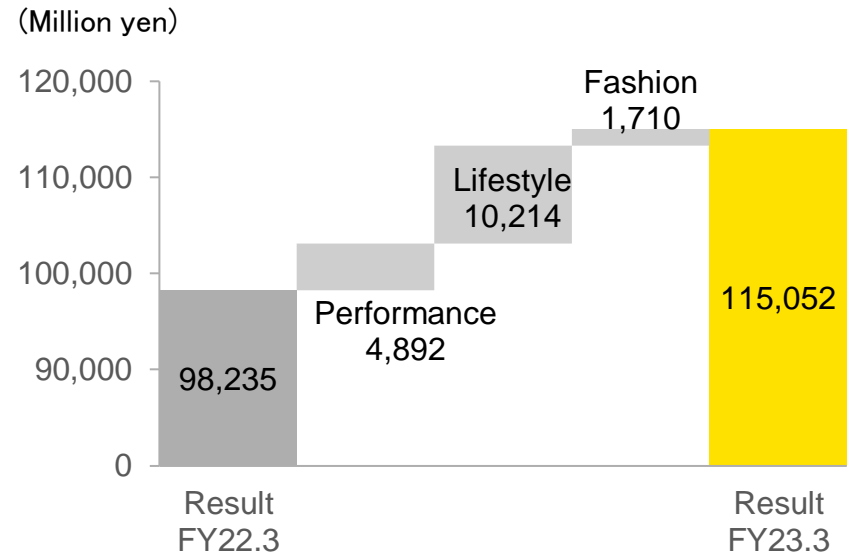
Initial outlook



Projected increase of 7,765 million yen

- At the beginning of the fiscal year, performance and fashion are assumed to remain almost unchanged from the previous fiscal year.
- In the initial forecast, inbound sales were not factored into the full-year earnings forecast.

Result

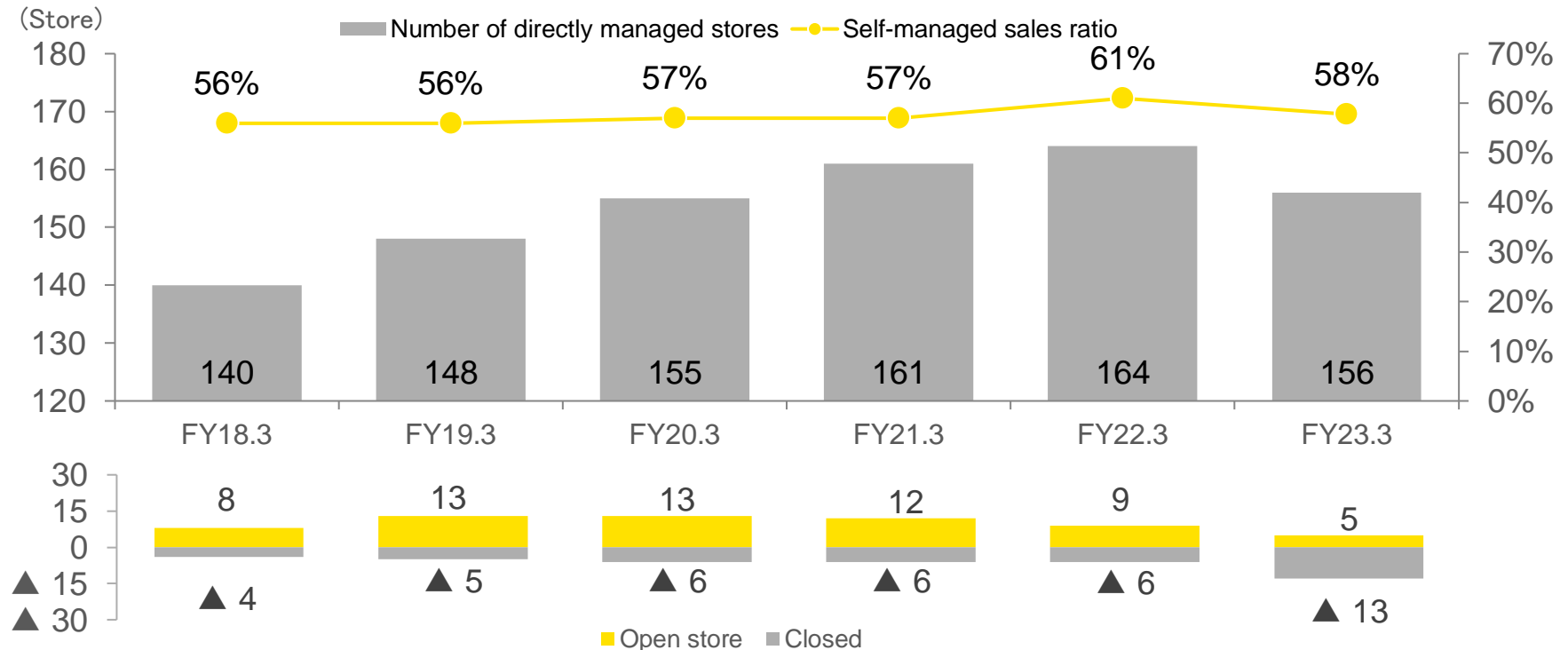


Increase of 16,817 million yen

- Demand for running, outdoor wear, etc. recovered significantly as restrictions on movement were eased and sports competitions resumed across the country.
- Inbound demand recovered rapidly from the third quarter, contributing to fashion-related sales.

While sales at select shops and department stores are growing due to inbound demand, the self-managed sales ratio remains at a high level.

Changes in the self-managed sales ratio and the number of directly managed stores



Why 60% of self-managed sales ratio is the optimal balance

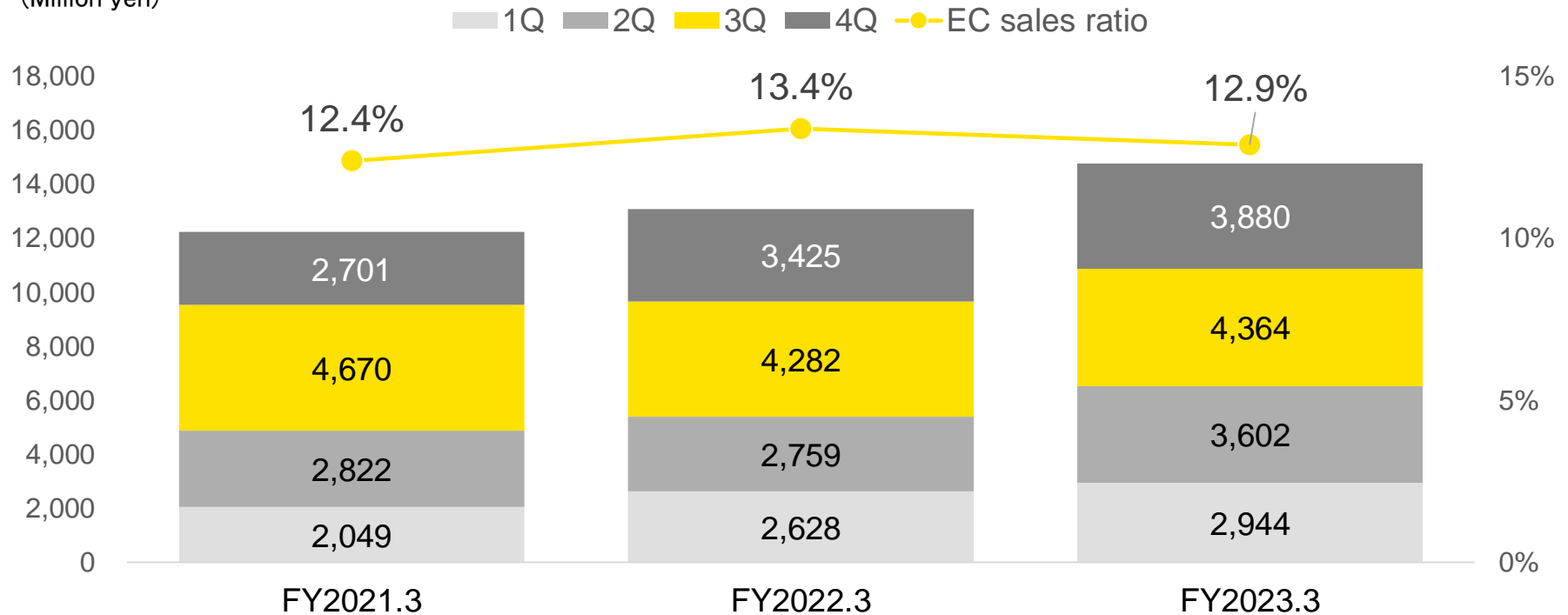
Set the period of the medium-term management plan at 60% to achieve both development of original brands and diversification of sales channels

Outlook for store openings

Promote the opening of new stores and renewal of existing stores through concept shops that express brand value, such as the opening of THE NORTH FACE Hakone in April 2023.

Aiming to further improve customer satisfaction by strengthening cooperation with directly managed stores

(Million yen)



Measures to improve the EC sales ratio

Reasons for the decline in the EC sales ratio and countermeasures

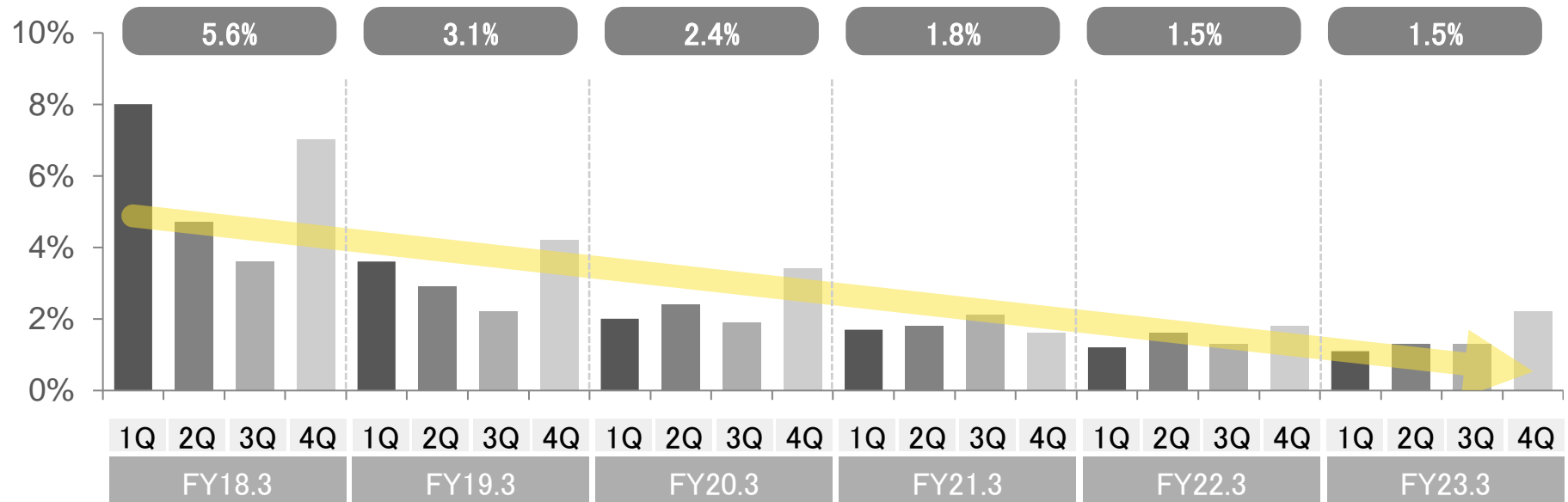
The number of customers visiting directly managed stores has increased due to the relaxation of behavioral restrictions, and we will continue to work on further cooperation between directly managed stores and e-commerce.

EC platform renewal

Start a project for EC renewal
Promoting the switch to “experience-based EC”

Calculate the appropriate number of orders at the order flow meeting, and maintain a stable sales loss rate of 1.5%

Changes in Quarterly Sales Loss Rate



Total amount regulation

Set the "total amount limit" at the time of ordering according to sales performance and sales loss

Order flow management

Manage in-store inventory flow on a weekly basis during the season to improve efficiency

Moving between stores

Improve the consumption rate during the period by actively moving products between stores

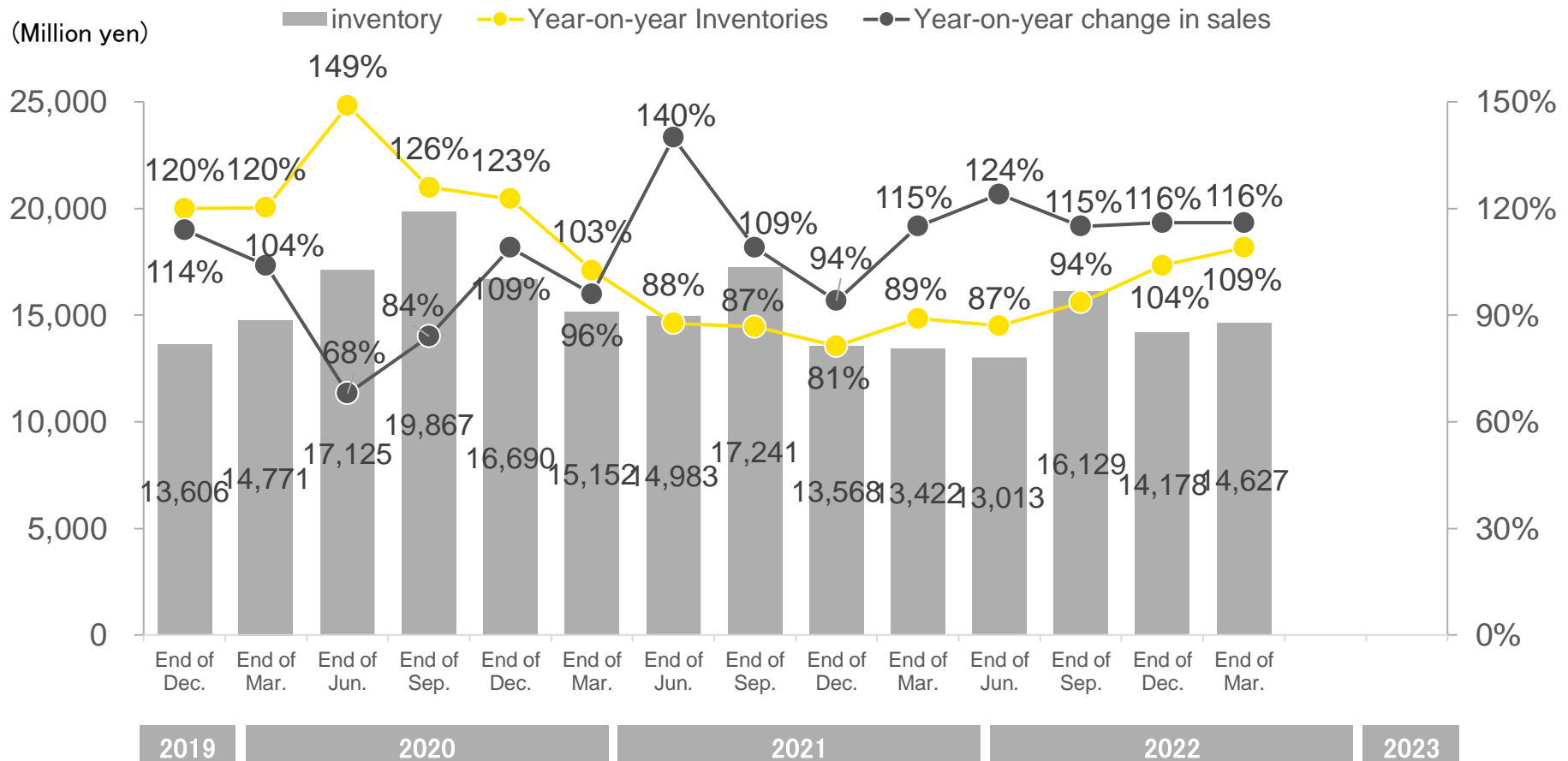
Correcting quarterly disparities

Maintained the same level of sales loss rate in all quarters and correcting seasonal disparities

(Note) Sales loss rate (returns + discounts) / Total sales The figures in the upper row are the average values for each period.

Inventory balance at the end of March 2023 is 109% compared to the same period of the previous year.
 Maintain supply by restoring supply chains

Quarterly inventory balance trends

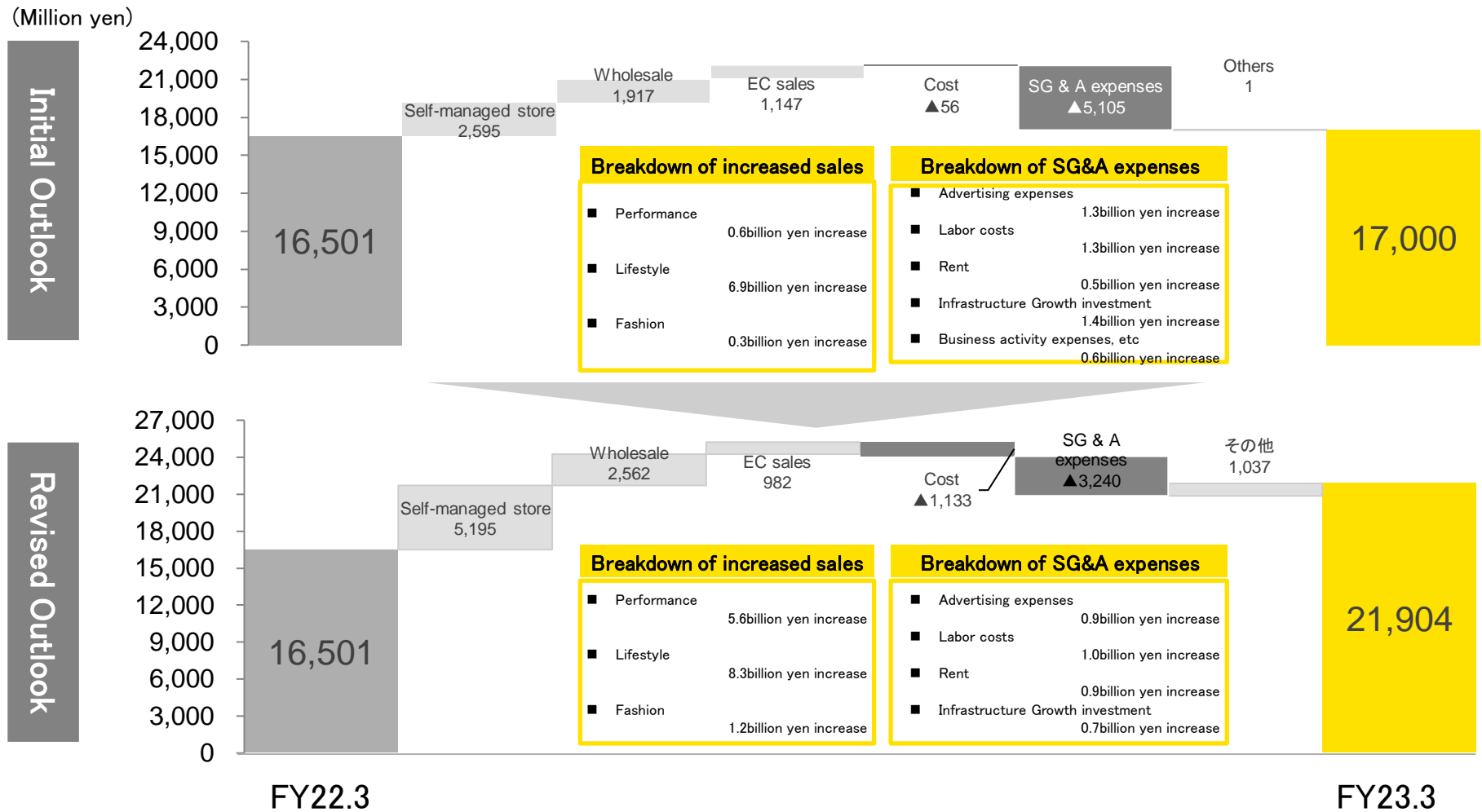


(Note) Inventory is the total balance of merchandise and finished products, work-in-progress, raw materials and supplies.

All sales channels contributed to profit growth.

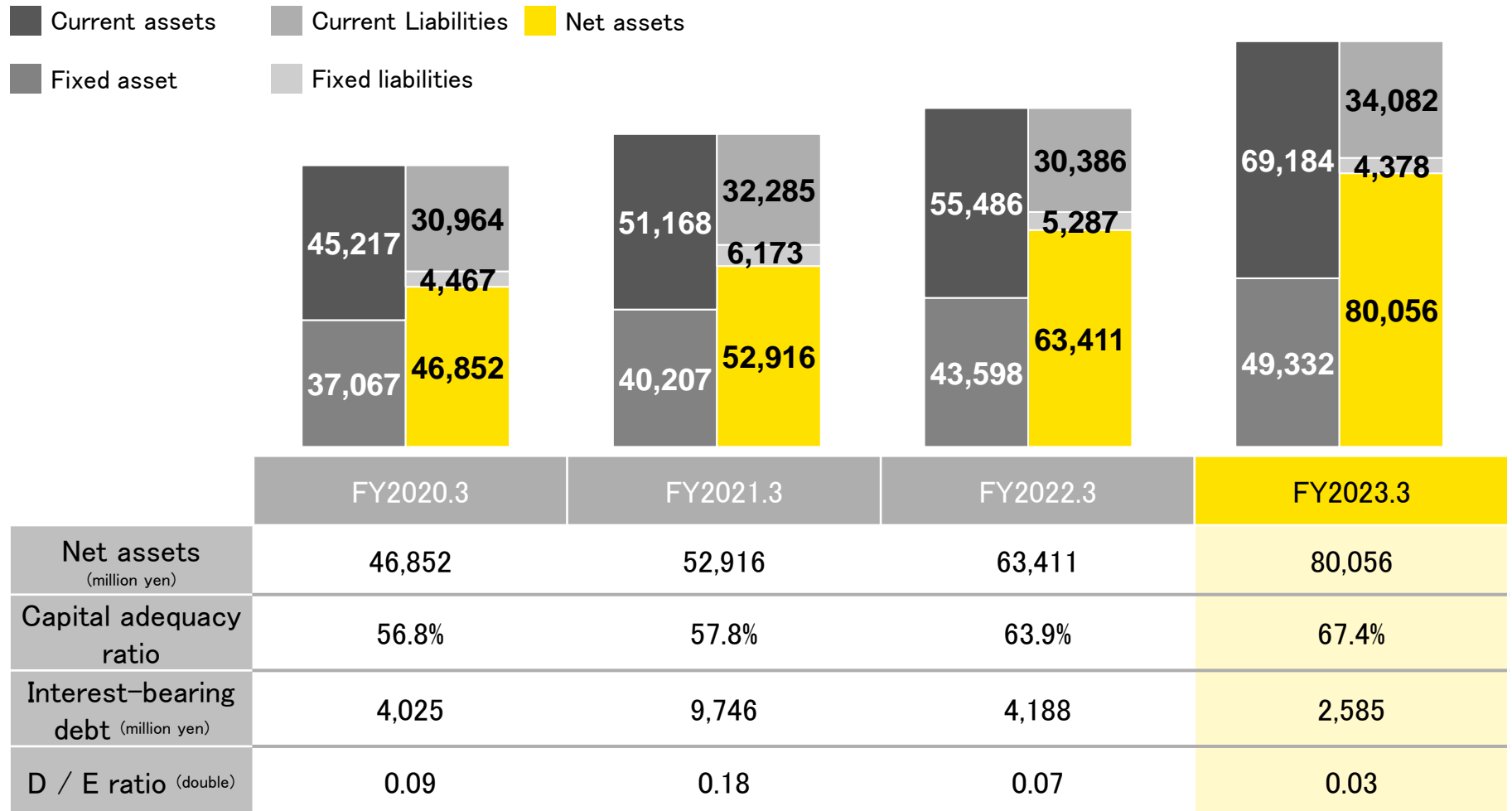
Leasing of Kanto logistics base contributed to an increase in profit of 700 million yen

Operating income forecast for the fiscal year ending Mar 2023

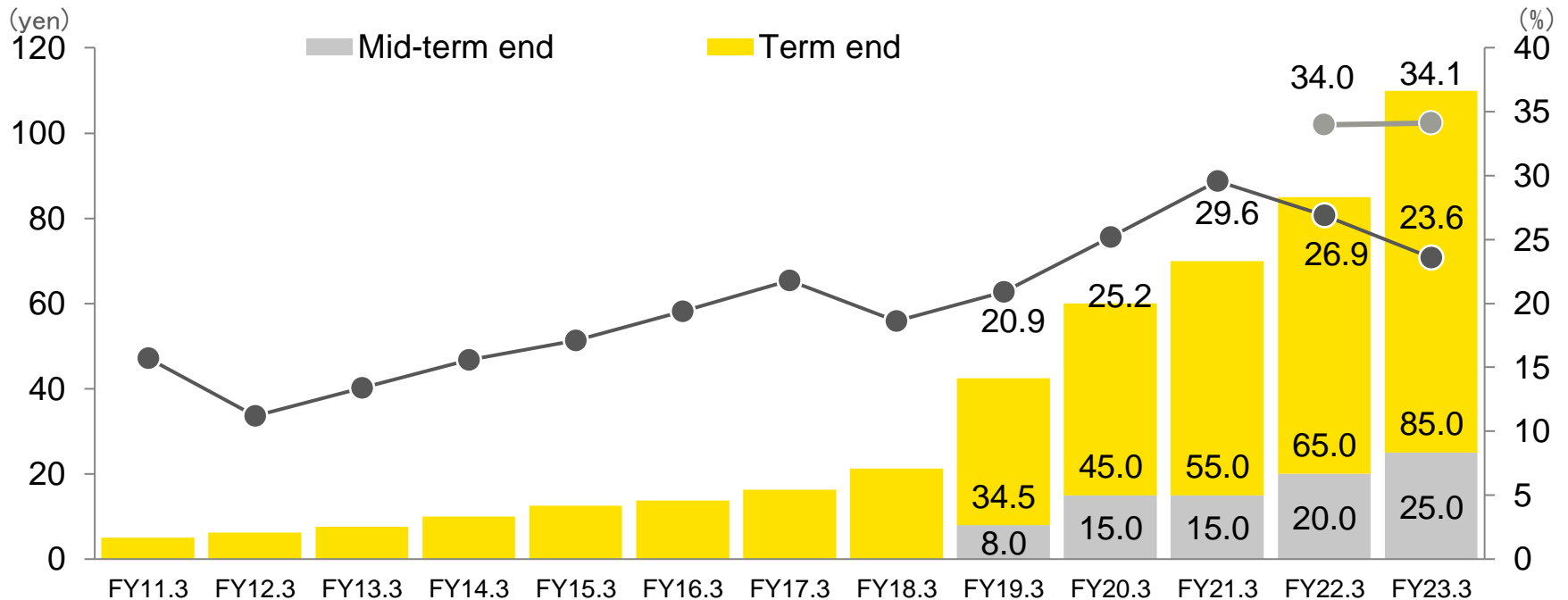


Net assets increased by 16.6 billion yen year-on-year. Building a solid financial base

Consolidated balance sheet (Million yen)



For FY2023.3, we will pay an interim dividend of 25 yen, a year-end dividend of 85 yen, and a full-year dividend of 110 yen, for a dividend payout ratio of 23.6%.



Dividend policy

Always recognizing that returning profits to shareholders is one of the most important issues as a company, we will strive to strengthen our financial structure and management foundation while continuing to pay stable dividends.

(Note) Indicated as a dividend per share based on the 20.3 period

Stock consolidation/split

5 shares were consolidated into 1 share on October 1, 2015, and the number of shares constituting one unit was changed 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

Refining high ROE management structure by thoroughly improving operational efficiency at the company-wide level

		Improved driver	KPI	Progress	Policy
ROE	Expansion of sales	1 Improvement of self-managed sales ratio	Self-managed sales ratio	58%	Aiming for a self-managed sales ratio of around 60% during the period of the medium-term management plan
		2 Improvement of EC ratio	EC sales ratio	12.9%	Aim for an EC sales ratio of 30% in the final year of the medium-term management plan
	Improved sales efficiency	3 Inventory balance control	Inventory balance	146 billion yen	Controlling order volume and ensuring liquid inventory during the season
		4 Decrease in sales loss rate	Sales loss rate	1.5%	Aim to maintain the 2% level for the full year during the medium-term management plan
		5 Cost control	SG & A rate	33.1%	Maintaining the 30% level while continuing to invest in growth
	Optimization of capital structure	6 Control of interest-bearing debt	D / E ratio	0.03	Aim to maintain 0.3 times or less

II. Forecast for the fiscal year ending March 2024

3rd year of medium-term management plan,
continued sales and profit growth

Efforts to build an organizational foundation to
strengthen the Goldwin brand

While sales are expected to be firm and progressing, we will proceed with effective execution of SG&A expenses while responding to rising costs.

Prerequisite		Outlook
Net sale	① Trends in directly managed stores	Stable double-digit year-on-year growth is expected for the full year as restrictions on movement continue to be eased.Expected to open several new stores.
	② Wholesaler trends	Inbound demand is recovering nationwide, and expectations are high for the resumption of local events
	③ Inbound trends	We expect a full-fledged recovery in mainland China. Contribution to the expansion of the Goldwin brand in Asia
Gross margin	④ Response to high cost	Spring/Summer product prices will be increased by 5-7% for about 30% of product numbers.
	⑤ Voluntarily managed sales ratio	Assuming around 60%, which is the target of the medium-term management plan
SG&A expenses	⑥ Personnel expenses	No revisions have been made since the initial medium-term management plan. Increased by 1.3 billion yen from the previous fiscal year due to an increase in personnel.
	⑦ Advertising expenses	An increase of 1.0 billion yen year-on-year in anticipation of the resumption of events that attract customers at directly managed stores
	⑧ Depreciation	Infrastructure/growth investment increased by 500 million yen year-on-year, mainly in core systems, etc.
Equity interest	⑨ Situation in South Korea	Equity income in South Korea is expected to be about 6 billion yen, the same level as the previous fiscal year

Summary of full-year financial results forecast for the fiscal year ending March 2024

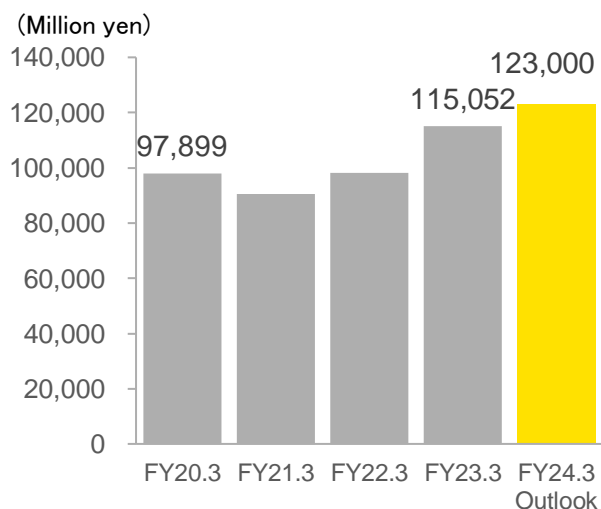


Aiming for long-term growth by achieving net sales of over 120 billion yen and striving to maintain and improve profitability at the same time

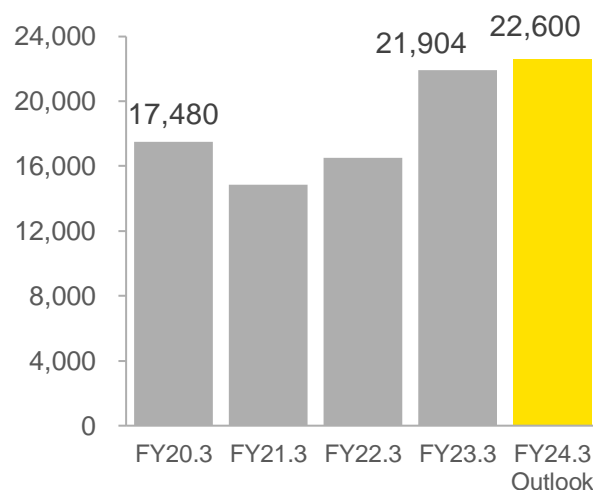
Forecast for the fiscal year ending March 2024 (Million yen)

	Net sales	Gross profit	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%

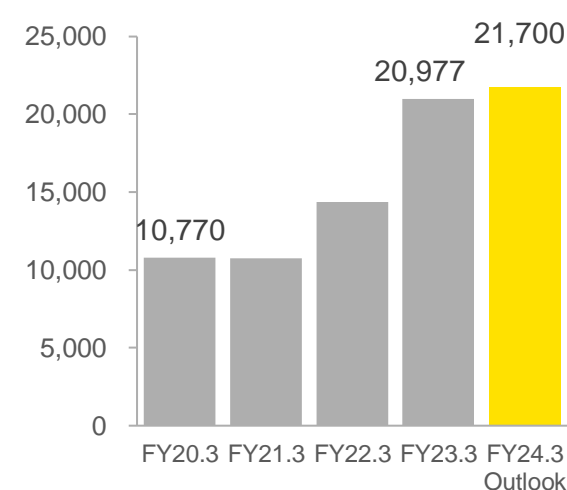
Net sales



Gross profit



Net income



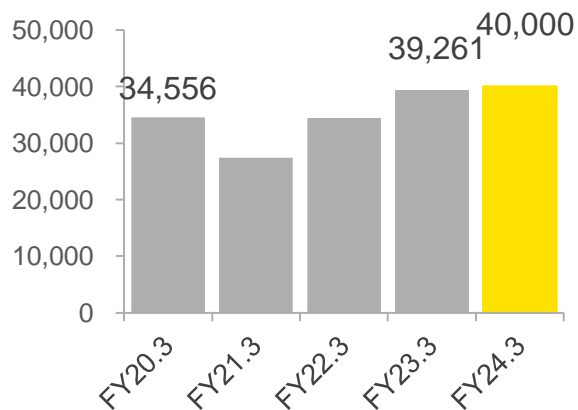
Sales are expected to increase in all business categories. In anticipation of a full-fledged recovery in inbound demand, anticipate double-digit sales growth in fashion

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%

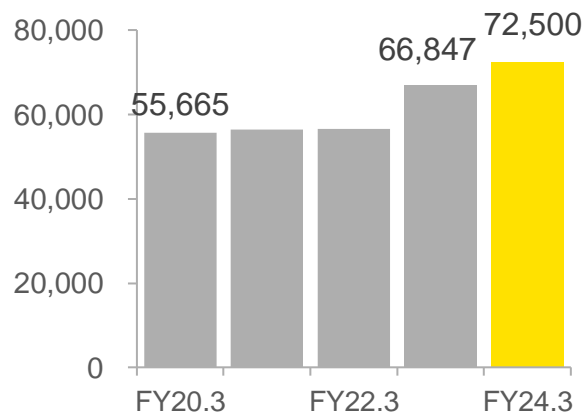
Performance

(Million yen)



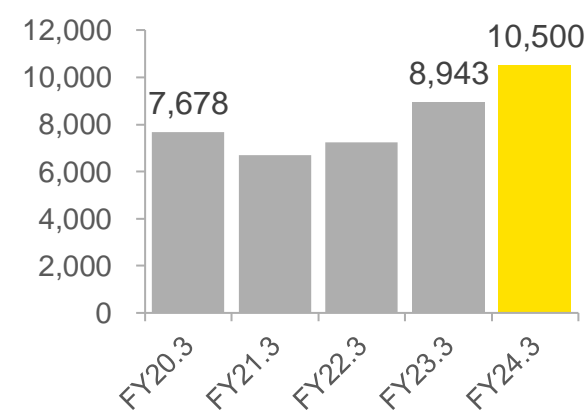
Continuation of revenue growth due to easing of restrictions on movement

Lifestyle



Improving the convenience of EC sites and developing a wide range of new customer segments

Fashion

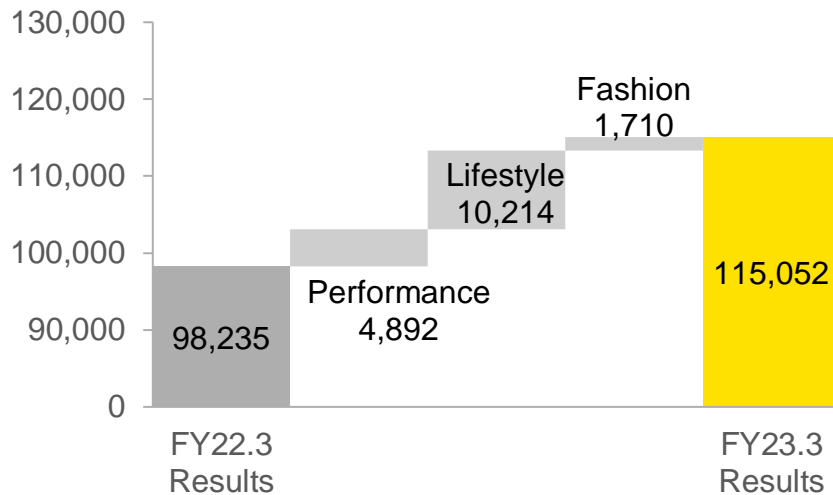


Expectations for a recovery in inbound demand from mainland China

Recovery in consumer spending due to relaxation of behavioral restrictions contributed to all business segments

FY2023.3 Results

(Million yen)

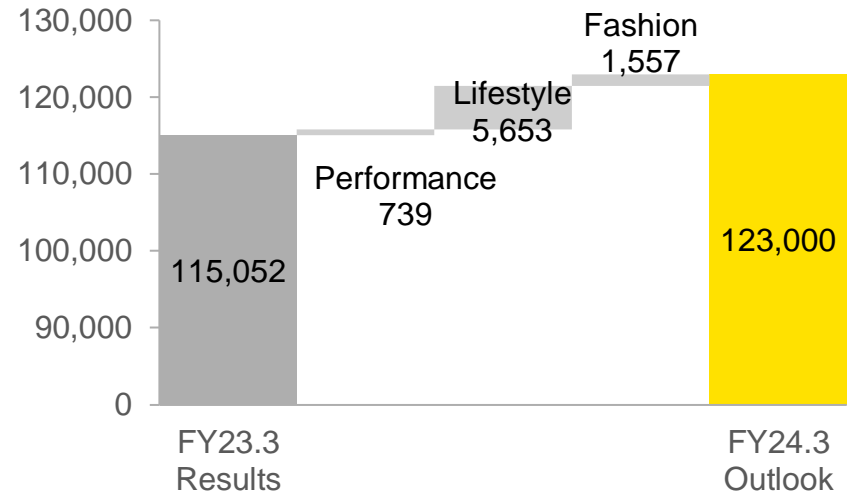


Increase of 16,817 million yen

- Demand for running, outdoor wear, etc. recovered significantly as restrictions on behavior were eased and sports competitions resumed across the country.
- Inbound demand recovered rapidly from the third quarter, contributing to fashion-related sales.

FY2024.3 Outlook

(Million yen)

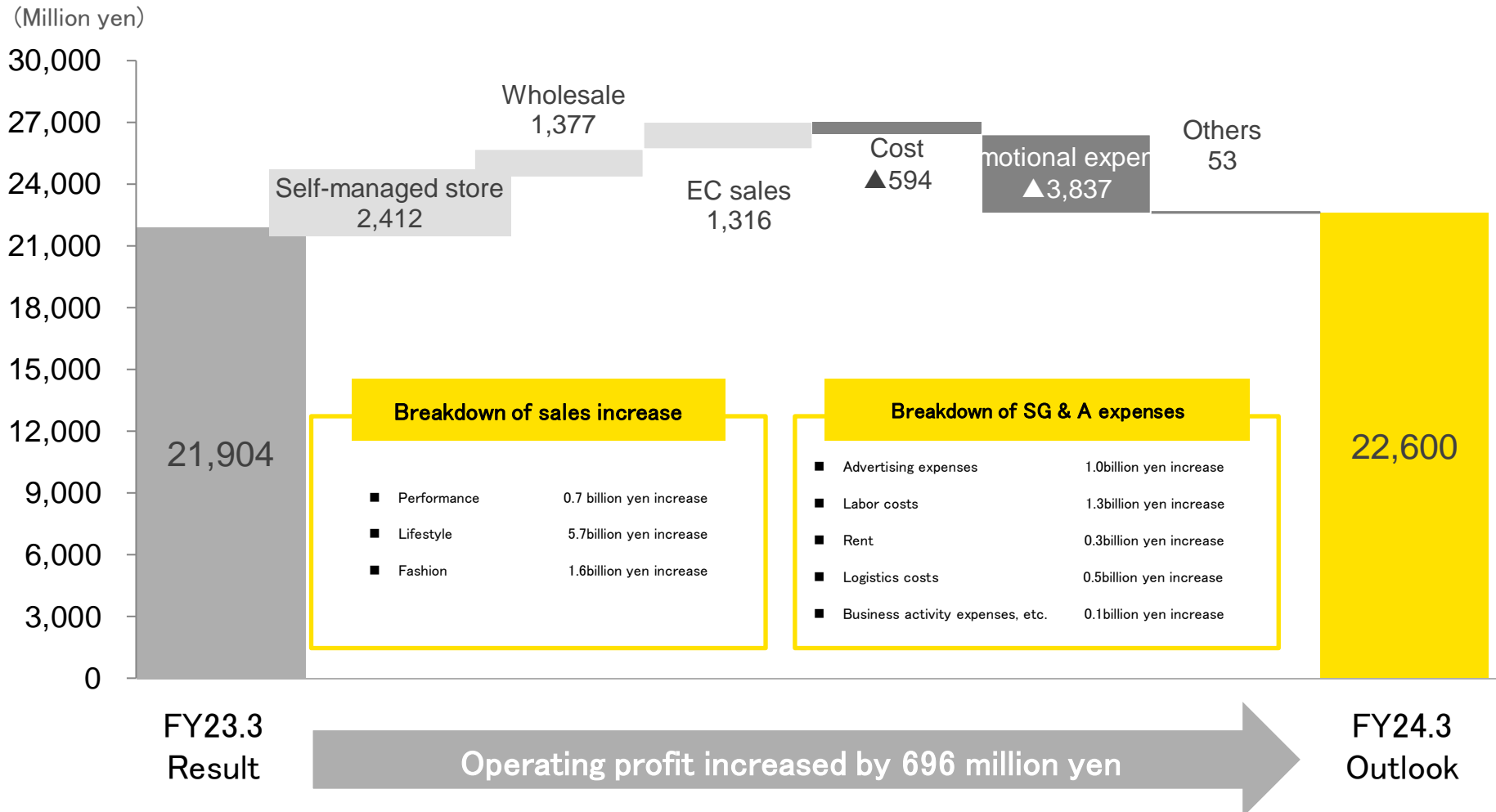


Projected increase of 7,947 million yen

- Sales are expected to increase in all business categories.
- Promoting further development of demand for lifestyle products for kids and ladies.
- The company plans to promote the acquisition of new customers by promoting the introduction of products for fashion-conscious customers.

Increased SG&A expenses are expected to be absorbed by all sales channels that directly managed stores, wholesale, and e-commerce sales, and profit is expected to increase year-on-year

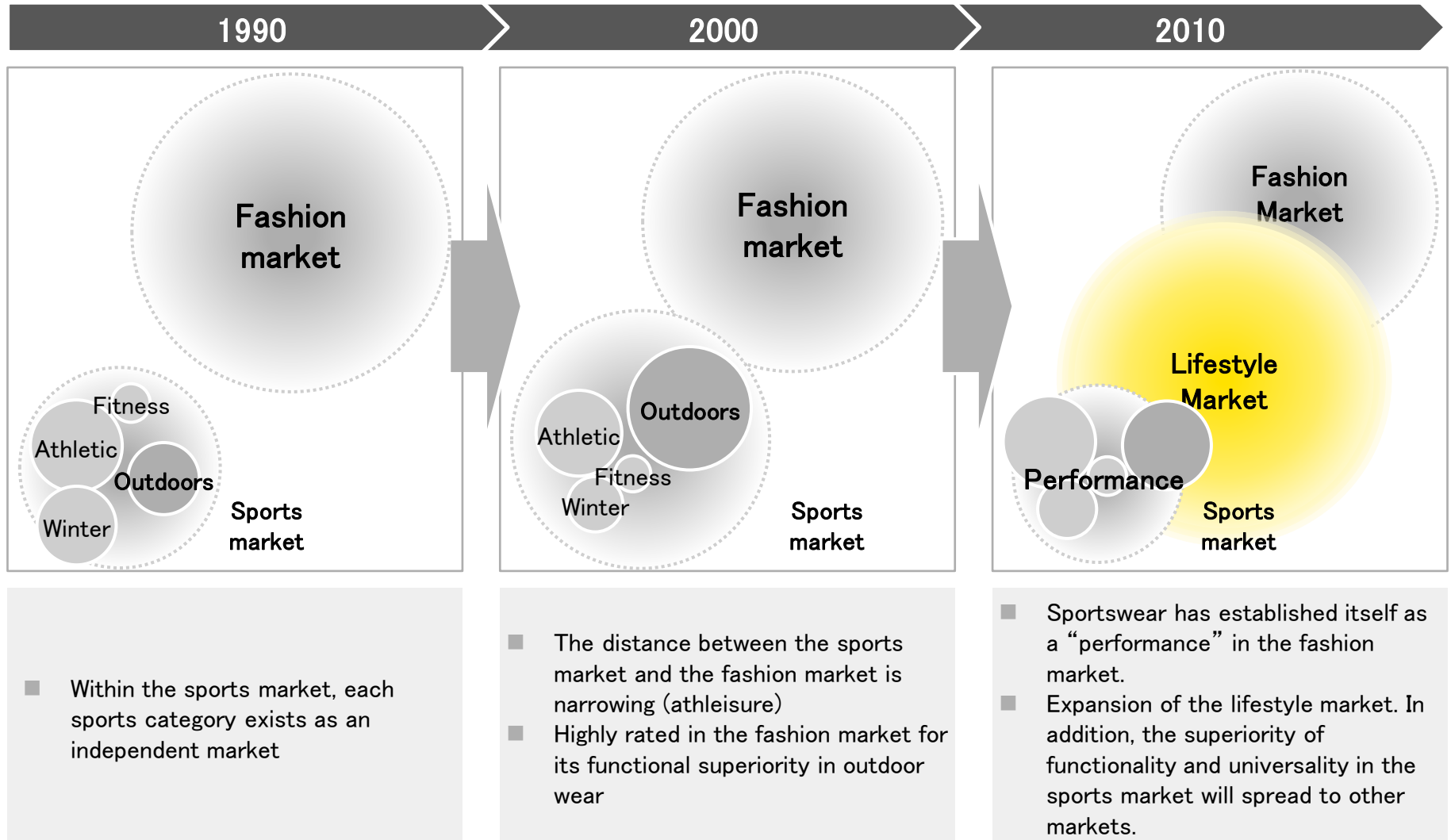
Operating income outlook



III. Medium-term management plan progress report

Aiming for steady profit growth by assessing changes in the external environment

Beyond the realm of the sports market, performance establishes itself in the lifestyle market

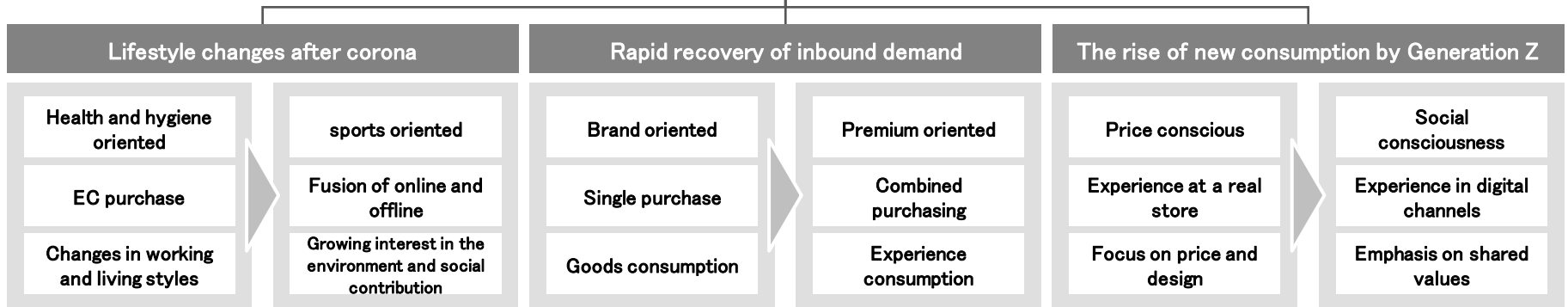


Preconditions for revising targets in the medium-term management plan **GOLDWIN**

Although we have revised the targets of the medium-term management plan in light of changes in the external environment, there is no change in the direction we should aim for.

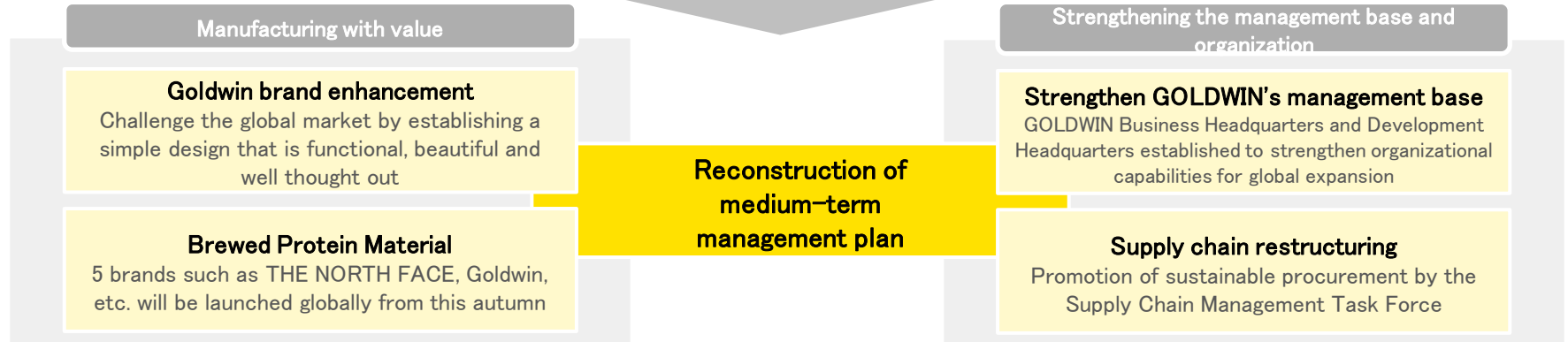
Changes since the formulation of the medium-term management plan

Grasp the needs of the new post-corona trend and promote steady and accurate responses



Evolution of our brands such as THE NORTH FACE and Goldwin

Concrete initiatives accompanying revisions to the medium-term management plan



Progress ahead of plan. In particular, the transition to eco-friendly materials was achieved well ahead of schedule.

Promoting both "the development of environmentally friendly materials" and "the construction of a resilient management foundation".

Medium-term management plan (5 years)

Ripple of a successful model	Exploring room for growth of THE NORTH FACE and spreading the successful model
Diversification of sales channels	Aiming to refine the actual demand business model that corresponds to the age of VUCA
Transition to environmentally friendly materials	Proactively switch to eco-friendly materials for all brands and strengthen product development
Promotion of high ROE management	Strive to invest in growth areas while building solid internal reserves

1st year results

<ul style="list-style-type: none"> Goldwin opened in Beijing. Start Goldwin 0 Speedo creating a new pool market CANTERBURY Promoting the consolidation and efficiency of management resources through an absorption-type merger
<ul style="list-style-type: none"> Self-managed sales ratio 61% EC sales ratio 13.4% Promoting the operation of Kanto logistics bases from fall/winter 2022 to expand e-commerce
<ul style="list-style-type: none"> Achieved the first-year target for the ratio of products that use environmentally friendly materials Driven by THE NORTH FACE, which has a large contribution to sales
<ul style="list-style-type: none"> ROE 22.7% at the end of 2022.3 In order to maintain a high ROE system, promote a management system for the cost rate and the SG&A rate

Achievements in the second year

<ul style="list-style-type: none"> Goldwin's domestic and overseas stores made progress in cultivating new customer bases
<ul style="list-style-type: none"> Inbound demand recovered significantly at department stores and select shops. Year-on-year increase in sales in all sales channels
<ul style="list-style-type: none"> Efforts for environmental consideration are progressing ahead of schedule for all items
<ul style="list-style-type: none"> ROE 29.3% at the end of 2023.3 Thoroughly improve operational efficiency at the company-wide level

While maintaining a high-profit structure, implement investments for the next growth

Basic policy of the medium-term management plan

Basic policy ①	Cultivate more customers in the outdoor market and strengthen the management foundation for sustainable growth
Basic policy ②	Organizational development of the Goldwin brand for overseas markets, strengthening cooperation with Spiber
Basic policy ③	Promote operational efficiency at the company-wide level in order to establish a high ROE structure in the management organization

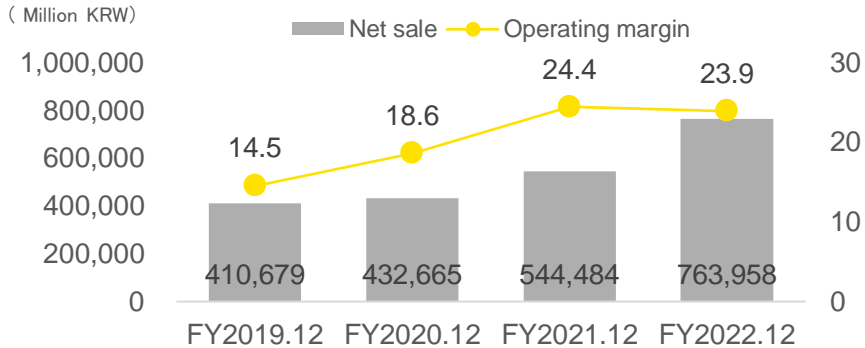
	FY2023.3	FY2024.3	Initially FY2026.3	Revised FY2026.3	Initial plan
Net sales	115,052	123,000	125,000	149,000	119.2%
Operating income	21,904	22,600	21,000	26,800	127.6%
Operating profit margin	19.0%	18.4%	16.8%	18.0%	+1.2pt
Ordinary income	28,083	28,200	22,500	33,400	148.4%
Ordinary profit margin	24.4%	22.9%	18.0%	22.4%	+4.4pt
Net income	20,977	21,700	–	–	–
Net profit margin	18.2%	17.6%	–	–	–

IV. Youngone Outdoor Corporation (YOC) achievements and future prospects

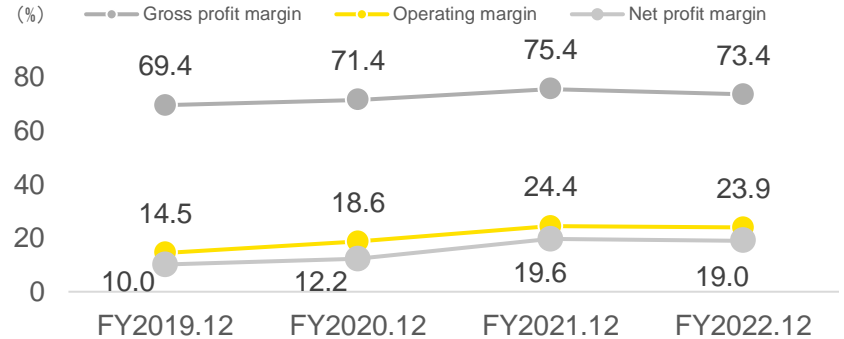
Promoting our order flow management in line with consumption trends in South Korea

Sales have doubled in the last three years. Maintaining a high market share in South Korea even during the corona crisis due to its high product supply capacity

Trends in Net Sales and Operating Income Margin



Changes in Profit Margins of Each Sal



Shareholder composition of Youngone Outdoor Corporation



Youngone Outdoor Corporation(Manufacture and sale of THE NORTH FACE and Goldwin brands in Korea)

Our company owns Korean trademark rights and has a license agreement with YOC.

Our business support

Officer dispatch

From April 2023, our employees will be dispatched locally to the company's senior managing director.

Branding

Various proposals to make customers "fans"

Inventory control

Operate a mechanism for order flow management, which is one of our strengths

Supported by many customers in the Korean market, THE NORTH FACE has become the No. 1 brand in both sales and recognition.

South Korea outdoor market overview

Moving to Diverse Markets

As outdoor products are used in various scenes such as mountain climbing, outdoor activities, athletics, camping, and lifestyles, the market has changed significantly with competition from fashion brands entering the market and sports brands expanding their line.

THE NORTH FACE has established its presence through aggressive function development and information dissemination for the Z generation.

Positioning of THE NORTH FACE in the Korean market

THE NORTH FACE ranked No. 1 for 5 consecutive years

In 2022, the Korean outdoor market will grow by 111% year-on-year. THE NORTH FACE tops the market at 763.9 billion won (75.5 billion yen) with a 24% share of sales.

Future Direction of Korean Business

MARKET Customers

Effectively operate SNS marketing and accelerate generation Z to become THE NORTH FACE fans.

CHANNEL Market

In order to further increase the current EC sales of 27%, we aim to further increase EC sales by promoting online strengthening through demand forecasting using AI.

Financial Results for the Fiscal Year Ending March 2023

Sales exceeded 100 billion yen for the first time since the company was founded.

Sporting events have resumed for the after-corona.

In response, sales of a wide range of brands are trending upward.

Absorbed the increase in personnel expenses, advertising expenses, etc., and achieved record high profits below from operating income.

Forecast for the fiscal year ending March 2024

3rd year of medium-term management plan, continued sales and profit growth

Assuming that sales are steadily progressing, we will work to maximize profits by effectively executing SG&A expenses while coping with rising costs.

Revision outlook for medium-term management plan

Achieved the 5-year medium-term management plan in the second year and set numerical targets again.

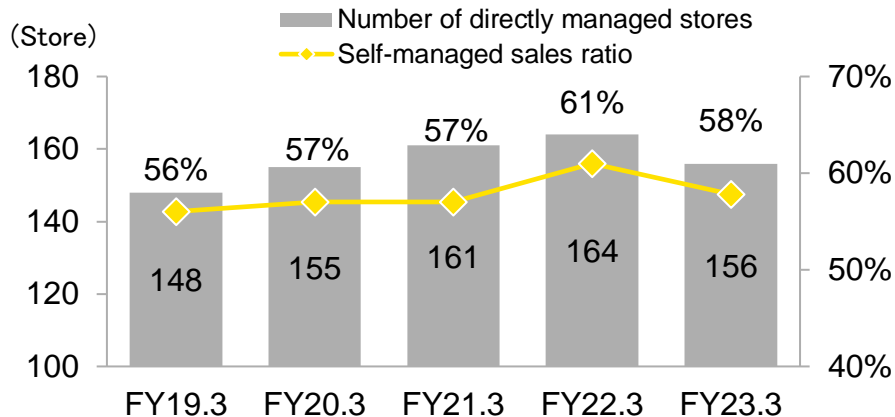
Respond flexibly to changes in the external environment.

In order to further accelerate our response to this change, we will strengthen our own brand, Goldwin.

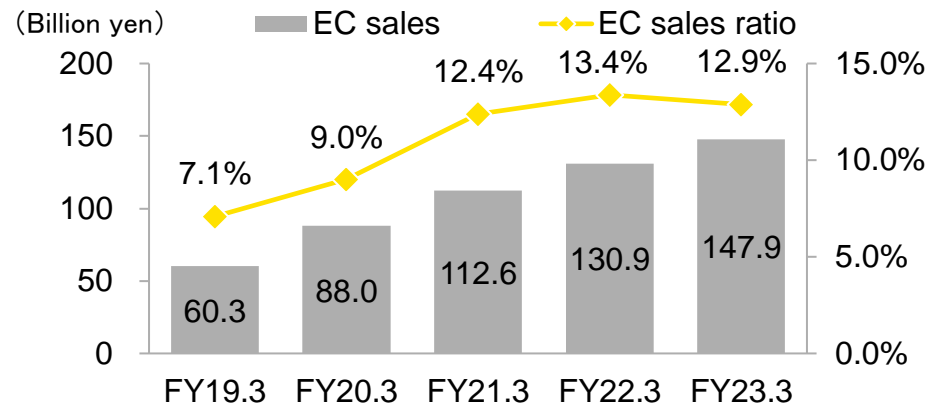
V. Supplementary material

Self-managed sales ratio progressed as planned.

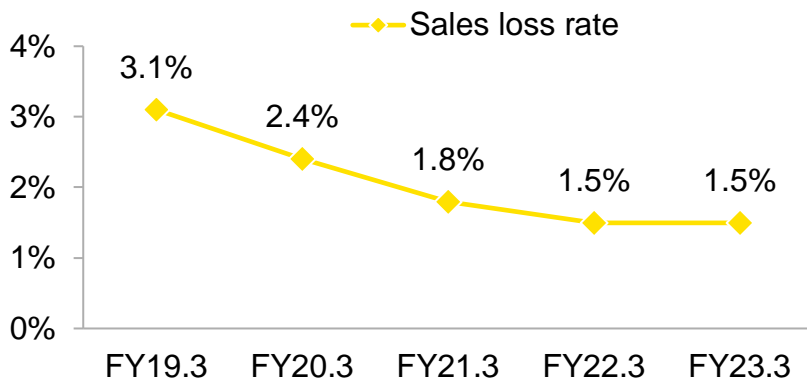
Established a variety of sales channels combining directly managed stores and e-commerce.



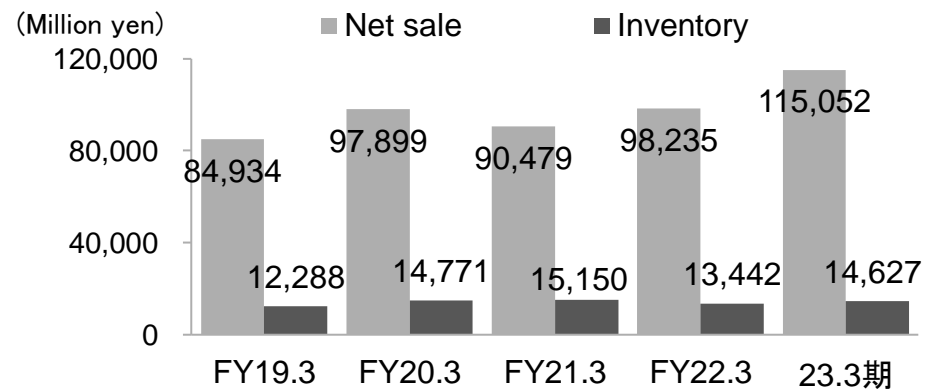
Building a well-balanced sales system through two channels: directly managed stores and wholesale stores



The number of customers visiting directly managed stores has increased due to the relaxation of behavioral restrictions, and we will continue to work on further cooperation between directly managed stores and e-commerce.

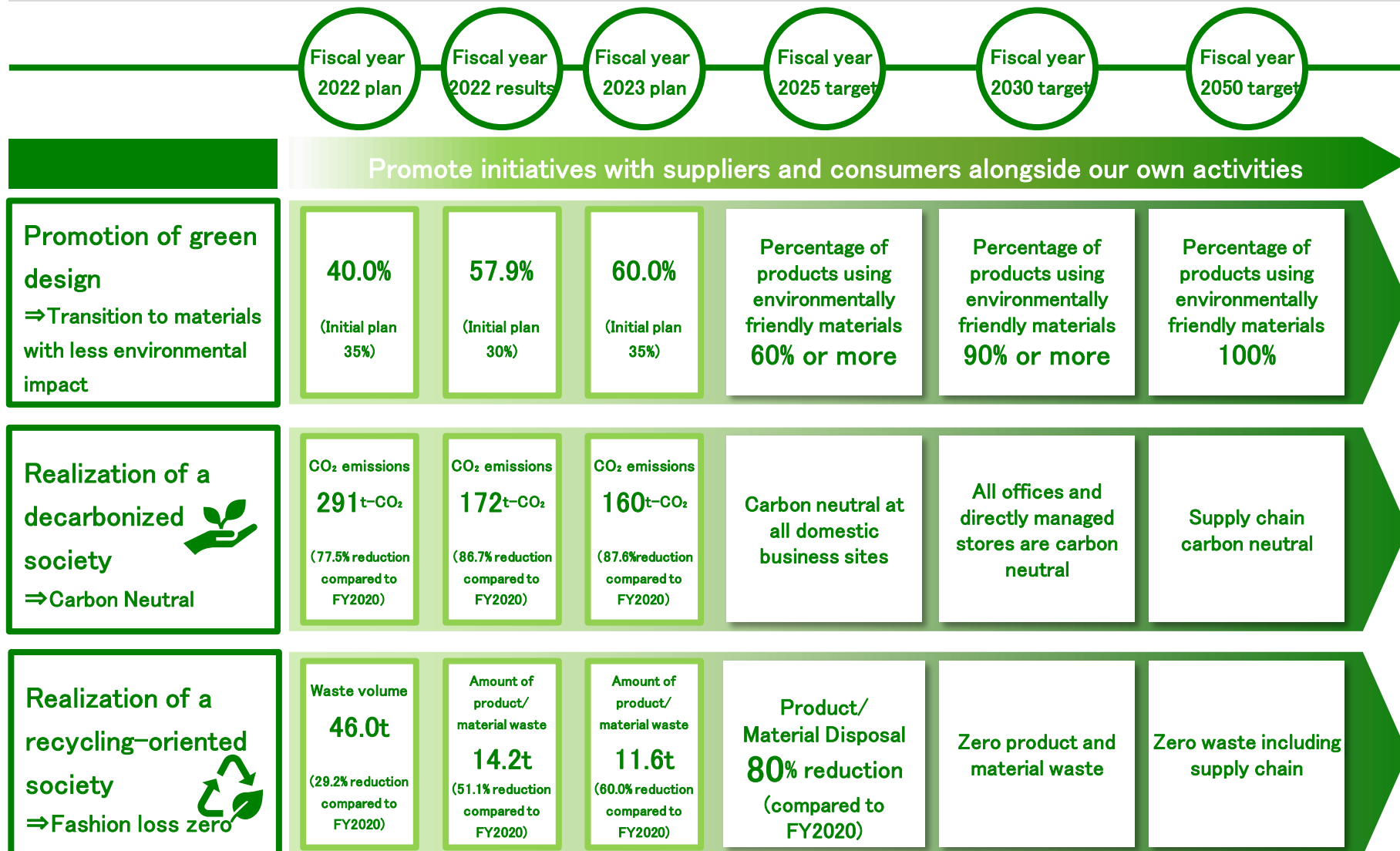


Achieving a sales loss rate of 1% level by establishing brand value



Inventory balance remains low even if sales exceed 100 billion yen

While making steady progress toward achieving our targets for fiscal 2050, we will continue to take on new challenges.



Received 2023 Health & Productivity Stock Award for the second consecutive year



Selected as a "Health & Productivity Stock 2023" for the second time since last year, and for the fifth time as a "White 500"



In promoting health management, we will continue to promote various initiatives with the priority issues of "improving productivity," "improving health literacy," and "improving work engagement."

- Wellness point walking event: Held once every six months
- Dissemination of health-related information: All the time
- Safety and Health Committee: Held once a month
- Have health checkups: 100%
- Implementation of stress checks, analysis of results, early treatment: participation rate 97.7%
- Implementation of workplace improvement interviews by department managers: Once a year
- Occupational physician interviews and counseling: always

▼株式会社ゴールドウィン





















私たちは「仕事と遊びに境界線を引かない暮らし」を掲げ、仕事・私生活の両面において活動的で、一人ひとりの個性と能力が発揮でき、自然に人が集まる魅力的な会社でありたいと考えています。
その基礎となる従業員の心身の健康増進と、楽しみながら働ける環境づくりにより一層取り組んでまいります。



(Source) Ministry of Economy, Trade and Industry

List of our main brands that fall under the new business category **GOLDWIN**

THE NORTH FACE spreads its successful model to other brands such as Goldwin

Performance	Lifestyle	Fashion
 <p>icebreaker</p>  	       	 <p>nanamica</p> 
 		
 		
<p>Net sale: 39.2 Billion yen Composition ratio: 34.1%</p> <p>Integrating two brands, "FLIGHT" and "STEEP", which represent the performance of THE NORTH FACE, into "SUMMIT"</p>	<p>Net sale: 66.8 Billion yen Composition ratio: 58.1%</p> <p>Strengthen lineup of kids line, women's line, camping gear, etc.</p>	<p>Net sale: 8.9 Billion yen Composition ratio: 7.8%</p> <p>In addition to the three brands so far, add Goldwin 0 and expand fashion</p>

(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	FY21.3	FY22.3	FY23.3
Net sale	12,200	17,078	21,099	19,358	21,130	24,210	37,668	35,574	41,437	21,253	24,453	28,306	90,479	98,235	115,052
Gross profit	6,330	8,986	11,122	9,799	10,514	11,865	21,491	20,147	23,169	10,388	12,096	13,879	48,008	51,743	60,035
%	51.9%	52.6%	52.7%	50.6%	49.8%	49.0%	57.1%	56.6%	55.9%	48.9%	49.5%	49.0%	53.1%	52.7%	52.2%
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	10,256	33,152	35,241	38,130
%	55.5%	46.0%	42.0%	41.8%	39.5%	36.6%	24.1%	26.1%	24.5%	43.3%	39.9%	36.2%	36.6%	35.8%	33.1%
Operating income	▲479	1,135	2,266	1,715	2,164	3,011	12,341	10,858	13,004	1,261	2,344	3,623	14,838	16,501	21,904
%	-	6.6%	10.7%	8.9%	10.2%	12.4%	32.8%	30.5%	31.4%	5.9%	9.6%	12.8%	16.4%	16.8%	19.0%
Ordinary income	▲76	1,696	3,368	1,471	2,139	4,084	12,491	11,618	14,472	2,098	4,832	6,159	15,984	20,285	28,083
%	-	9.9%	16.0%	7.6%	10.1%	16.9%	33.2%	32.7%	34.9%	9.9%	19.8%	21.8%	17.7%	20.6%	24.4%
Net income	▲292	1,235	2,603	915	1,397	3,241	8,613	8,157	10,424	1,498	3,561	4,709	10,734	14,350	20,977
%	-	7.2%	12.3%	4.7%	6.6%	13.4%	22.9%	22.9%	25.2%	7.0%	14.6%	16.6%	11.9%	14.6%	18.2%

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.