



# **Financial Results Briefing for the First Quarter of the Fiscal Year Ending March 2024**

**Goldwin Inc. (8111)**

**August 3, 2023**

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# **I. First quarter results for the fiscal year ending March 2024**

The first quarter started in line with the outlook amid the relaxation of behavioral restrictions

After bottoming out in the first quarter, we anticipate a 52% increase in the previous fiscal year by promoting measures to improve the gross profit margin.

## Cost price

Raw material price outlook

Labor cost outlook

Manufacturing and production efficiency

- Reduce price fluctuation risk through long-term partnerships with material manufacturers.
- Promote cost reduction effects by carefully selecting and consolidating suppliers and strengthening their relationships.
- Minimize the passing on of rising labor costs to costs, by improving productivity through stable operation of the factory

## Increase in selling price

Spring/Summer season achievements

Fall/Winter season outlook

- In the spring/summer season, about 30% of product numbers will be raised by 5-10%.
- For the fall/winter season, we plan to raise prices by 5 to 10% for about 30% of product numbers.

## Impact of sales price hike

Trends in directly managed stores

EC sales trends

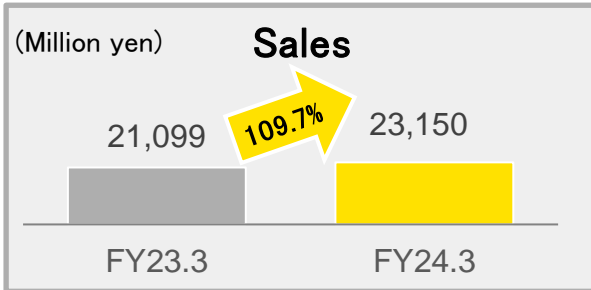
- During the spring/summer season, the rate of price increases for our products was not as high as that of our competitors, so there was no impact on sales.
- In the fall/winter season, demand from inbound tourists is a tailwind, and sales are expected to continue to be firm, especially for outdoor-related products.
- With respect to EC sales, the promotion of the membership program has been recognized as an improvement in customer loyalty, and the company intends to strengthen its response, including customer service.

## Future gross profit margin outlook

Full-year outlook

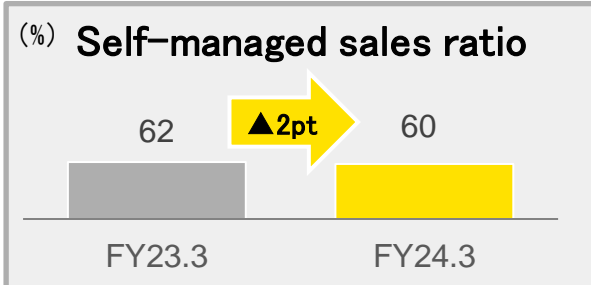
- Despite the impact of rising raw material prices for spring and summer products ordered around autumn last year, we expect gross profit margins in the fiscal year ending March 31, 2024 to be about the same as the previous fiscal year, at approximately 52%, due to the effects of higher sales prices in the autumn and winter seasons.

Although there was a reactionary decline from the increase in demand in the previous fiscal year, sales were generally in line with the forecast.



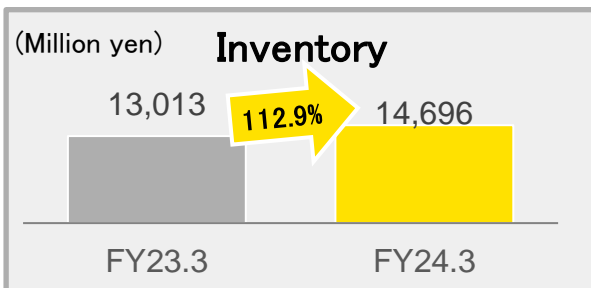
- Record-high sales and profits for the first quarter. THE NORTH FACE continued to lead. Although some outdoor gear products saw a reactionary decline from the increase in demand in the previous fiscal year, the overall recovery in demand for sports progressed and sales were in line with forecasts.

Directly managed stores are driving growth due to an increase in customers. Maintain a well-balanced sales system with wholesalers and e-commerce.



- Self-managed sales ratio is 60%, in line with medium-term management plan
- By channel, the number of directly managed stores increased by double digits as the number of customers increased.
- Wholesale destinations such as department stores and select shops continued to perform well with double-digit growth.
- EC sales were 103.2% year-on-year, and the EC sales ratio was 13.1%.

Double-digit increase in inventory balance remained within initial forecasts



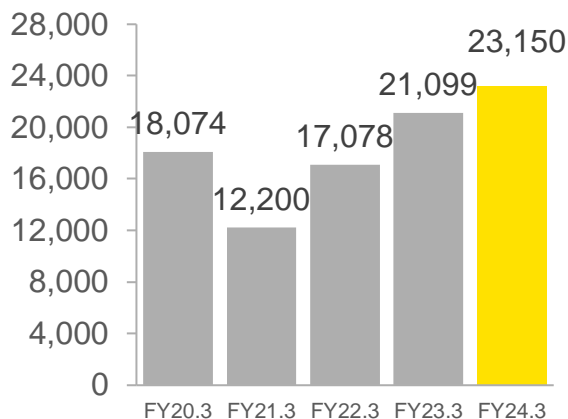
- Inventory balance was 112.9% year-on-year, an increase of 1.7 billion yen year-on-year, but remained within the initial forecast.
- Although inventory of some outdoor gear will increase, there are many standard items, and the company plans to continue sales from the next fiscal year onwards.

## First quarter results for the fiscal year ending March 2024.(Million yen)

	Net sale	Gross profit	Operating income	Ordinary income	Net income
Result	23,150	11,710	2,263	4,172	3,347
Year-on-year	109.7%	105.3%	99.9%	123.9%	128.6%
Profit margin on sales <small>( ) is the same period of the previous year</small>	—	50.6% (52.7%)	9.8% (10.7%)	18.0% (16.0%)	14.5% (12.3%)

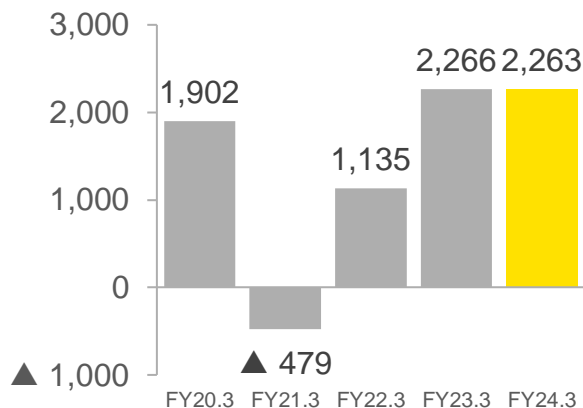
### Net sale

(Million yen)



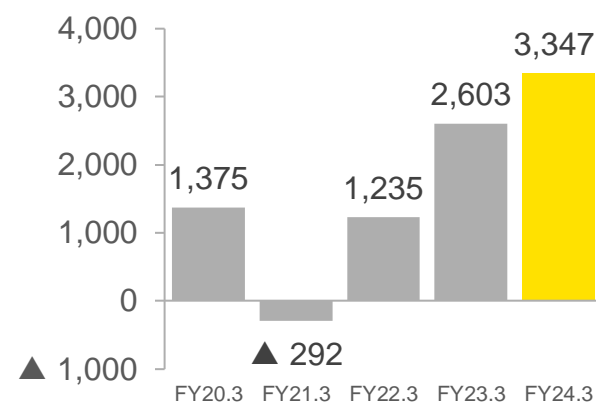
Relaxation of restrictions on behavior counteracts concerns about a decline in consumer sentiment, and revenue continues to grow

### Operating income



Gross profit margin decreased by 2.1 points year-on-year due to the effects of foreign exchange rates and high raw material prices.

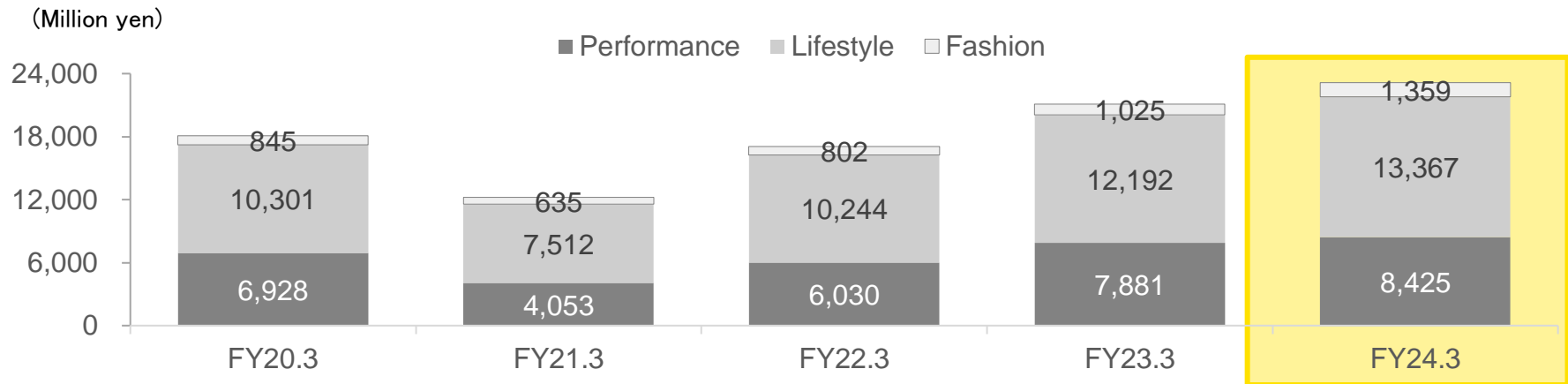
### Net income



Increased 28.6% year-on-year mainly due to the contribution of the equity interest in YOUNGONE OUTDOOR Corporation in South Korea.

## Sales by business segment (Million yen)

	Performance	Lifestyle	Fashion
Result	8,425	13,367	1,359
Year-on-year comparison	106.9%	109.6%	132.5%
Year-on-year amount	+544	+1,175	+334
Sales composition ratio	36.4%	57.7%	5.9%



### Performance

Strong sales of high-performance products due to increased trust in brands such as THE NORTH FACE

### Lifestyle

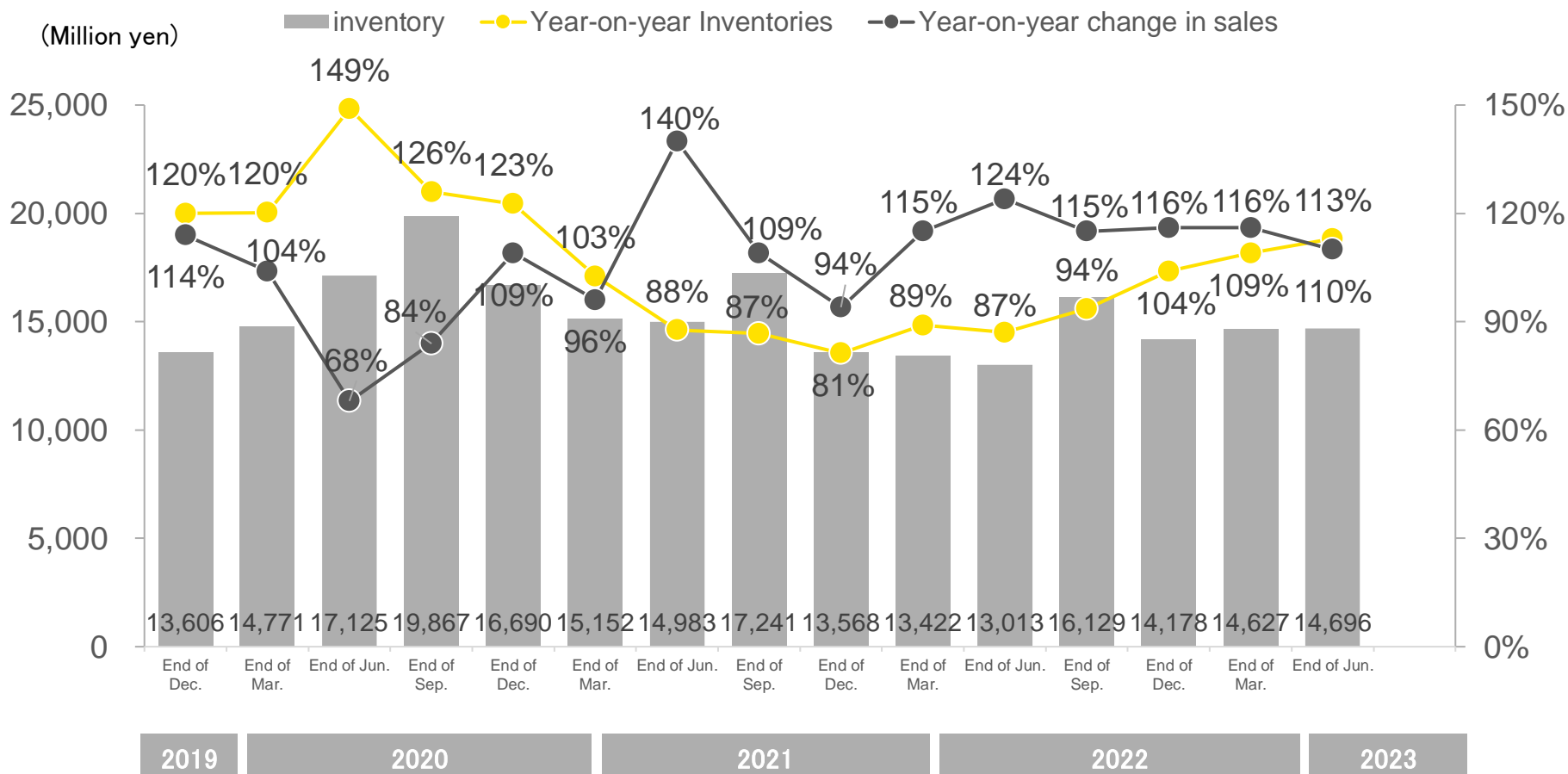
Demand for daily wear for ladies and kids is firm as the power of the performance brand continues to spread.

### Fashion

Strong inbound demand  
THE NORTH FACE PURPLE LABEL gains strong support

Sales continue to grow in double digits. In addition, inventories remained within the forecast range.

## Inventory balance by quarter



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



## **II. Full-year outlook for the fiscal year ending March 2024**

We plan to disclose revised full-year forecasts as necessary after assessing trends in the third quarter, which will have a large contribution to earnings.

YOC sales in South Korea greatly exceeded the initial forecast. Other initiatives progressed within expectations

	Prerequisite	Outlook	As of the end of the first quarter	Outlook for second quarter and beyond
Net sale	① Trends in directly managed stores with equity interest	With the easing of movement restrictions progressing, we expect stable growth with a double-digit year-on-year increase for the full year. Expected to open several new stores.	Progressed within expectations. Promoting improvement in proper digestibility	Prepare to open new stores in Tokyo during the second quarter
	② Wholesaler trends	Inbound demand is recovering nationwide, and expectations are high for the resumption of local events.	Items related to summer mountain climbing and outdoor festivals performed well	Fashion stores such as department stores and select shops are expected to perform well.
	③ Inbound trends	We expect a full-fledged recovery in mainland China. Contribution to the expansion of the Goldwin brand in Asia.	The composition ratio of directly managed stores in first quarter was 15% Strong demand from Korean tourists	Growing interest in Goldwin brands, etc.
Gross margin	④ Response to high cost	Spring/Summer product prices will be increased by 5-7% for about 30% of product numbers.	For spring/summer products, refraining from buying due to price increases is not permitted.	Plan to raise prices by 5-10% for about 30% of autumn/winter product numbers
	⑤ Self-managed sales ratio	Assuming around 60%, which is the target of the medium-term management plan	60% in first quarter, within expectations	It is expected to remain at around 60%, which is the target of the medium-term plan.
SG&A expenses	⑥ Labor cost	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	Execution almost as planned against first quarter outlook	No change from initial forecast
	⑦ Advertising expense	Expecting the resumption of events that attract customers at directly managed stores, sales will increase by 1 billion yen year on year.	Progressed within expectations	No change from initial forecast
	⑧ Depreciation	Infrastructure/growth investment increased by 500 million yen year-on-year, mainly in core systems, etc.	Progressed within expectations	The progress of the core system will be explained in the interim financial results
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	Sales exceeded initial forecast continue to strengthen inventory management	To be explained in the interim financial results

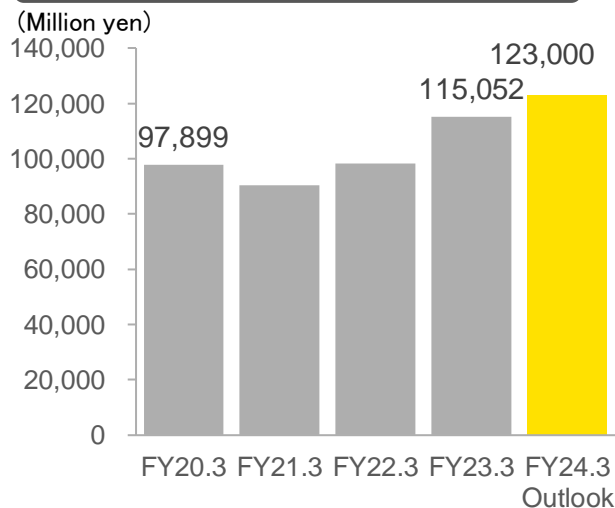
# (No revision) Fiscal year 2024 full-year earnings forecast summary **GOLDWIN**

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

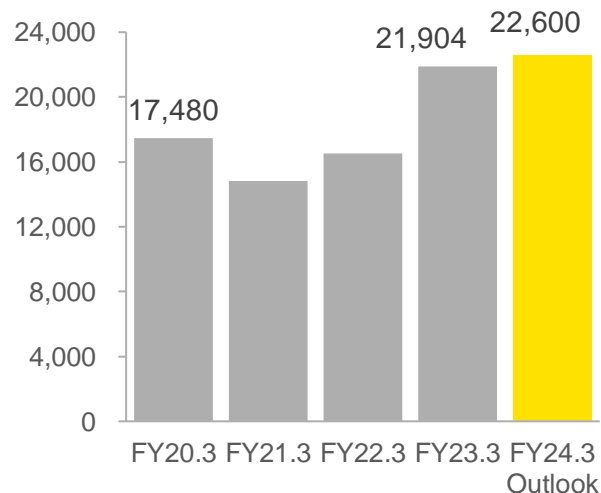
## Forecast for the fiscal year ending March 2024 (Million yen)

	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%

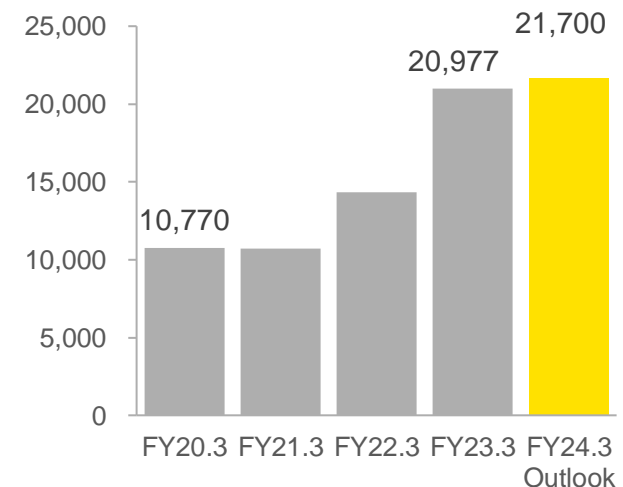
### Net sales



### Gross profit



### Net income



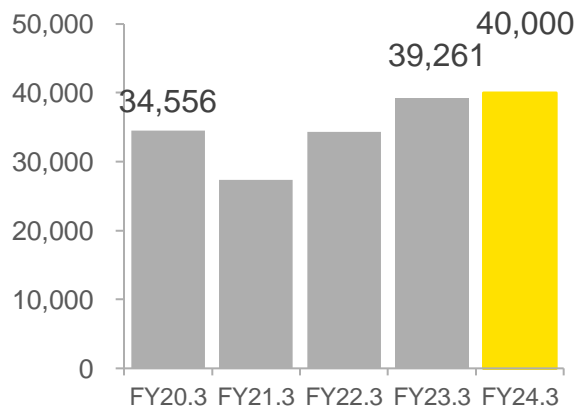
Sales are expected to increase in all business segments.  
 In anticipation of a full-fledged recovery in inbound demand, we expect a double-digit increase in fashion sales.

**Sales by business segment (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%

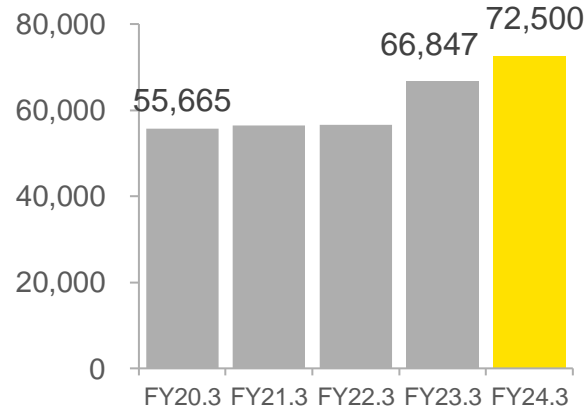
**Performance**

(Million yen)



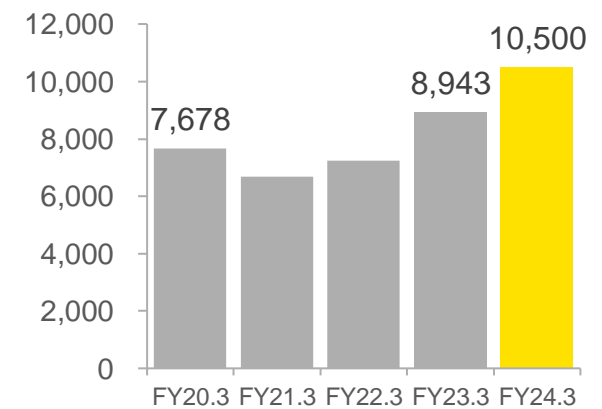
Continuation of revenue growth due to easing of restrictions on movement

**Lifestyle**



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

**Fashion**

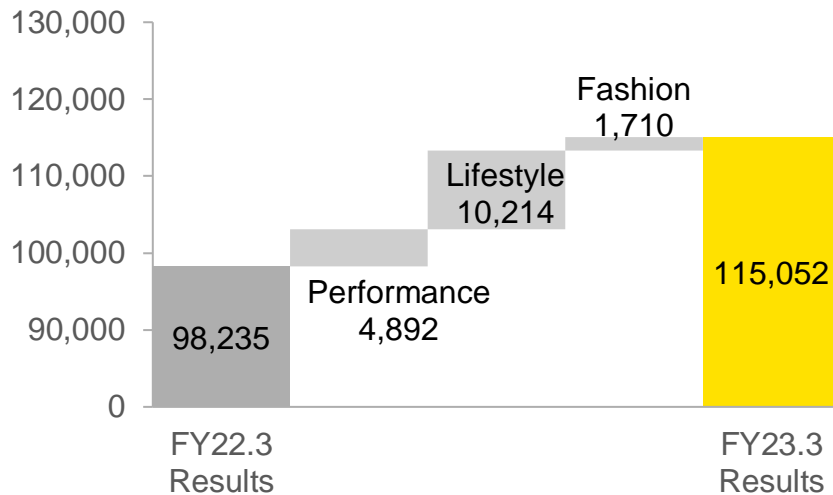


Expectations for a recovery in inbound demand from mainland China

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

### FY2023.3 Results

(Million yen)

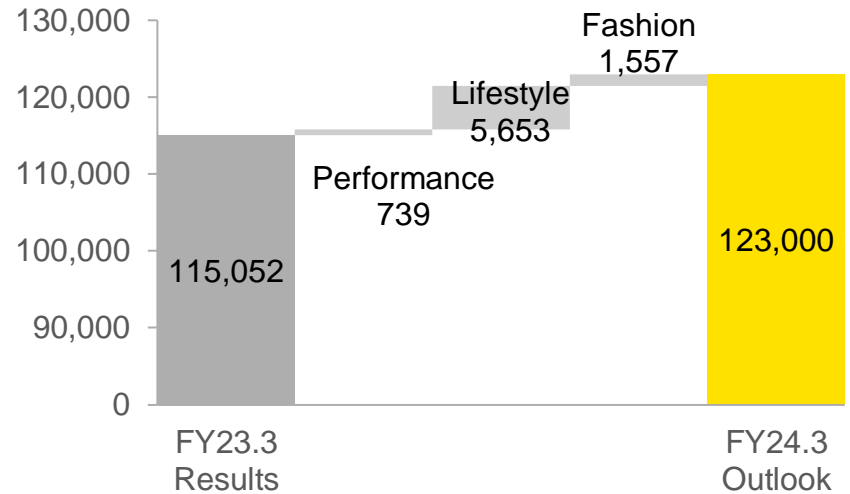


Increase of 16,817 million yen

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

### FY2024.3 Outlook

(Million yen)



Projected increase of 7,947 million yen

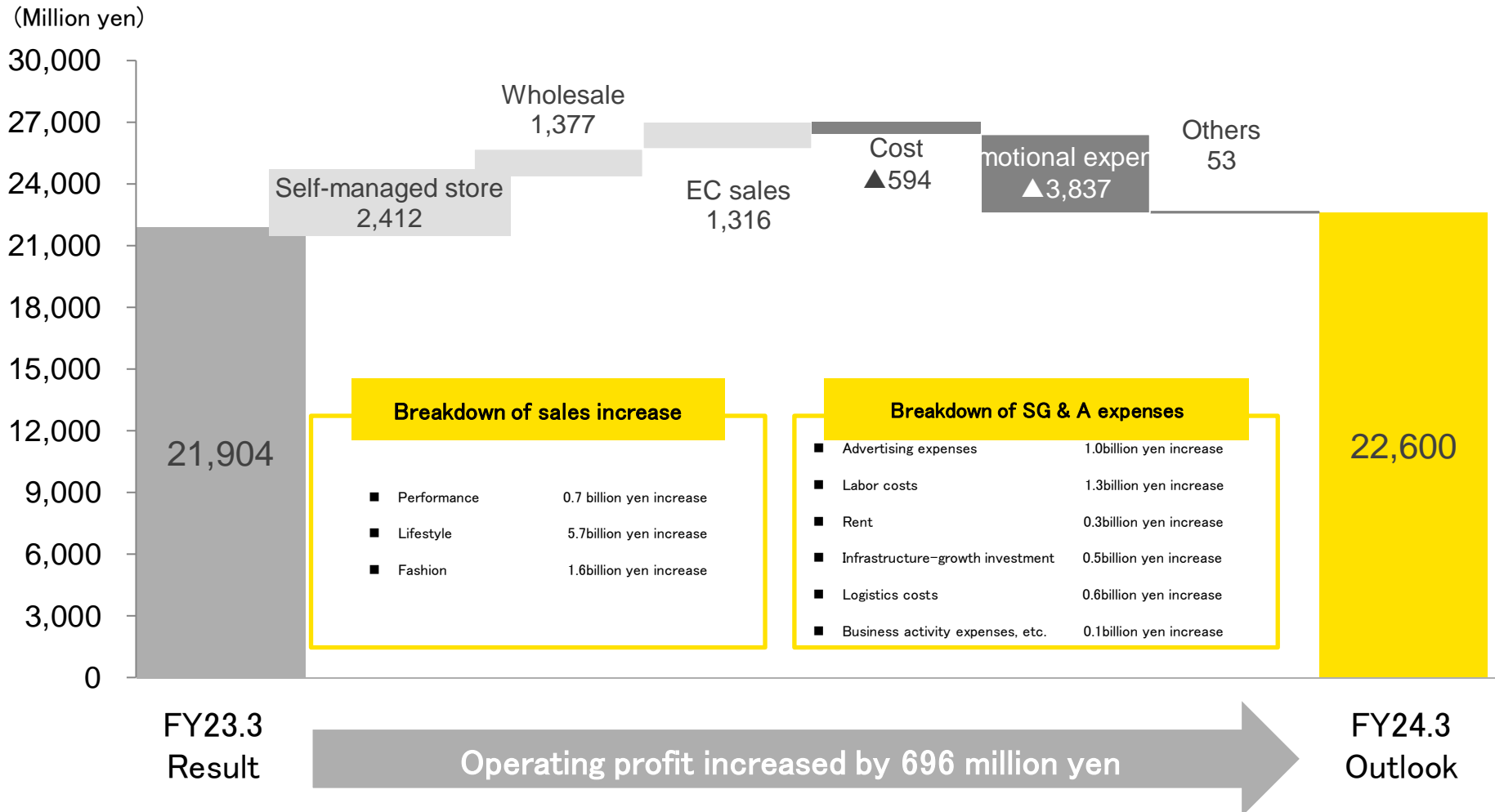
- Sales are expected to increase in all business categories.
- Promote further development of demand for lifestyle products for kids and ladies.
- The company plans to promote the introduction of products for fashion-conscious customers and acquire new customers.

# (No revision) Graph of factors for increase/decrease in operating income



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

## Operating income outlook



Expanding presence of original brands such as “Goldwin” and “NEUTRALWORKS.”



- At Goldwin, fashion lines such as “Goldwin 0” have gained great support from inbound tourists.
- The free repair service for Goldwin brand products, which started in January 2023, is spreading.



Goldwin Beijing

Photo: Yuming Song(Beijing Ruining Photography)  
Architect: New Material Research Laboratory



- NEUTRALWORKS. will hold a well-being event with The Westin Tokyo.
- Expanding points of contact with customers, such as opening a store at the Hankyu Umeda Main Store, which will be the first store in Kansai



NEUTRALWORKS.EBISU



- “and per se” will release a new label “& GOLF” from April 2023
- Develop all apparel products of the same brand with environmentally friendly materials



“and per se” new label “& GOLF”

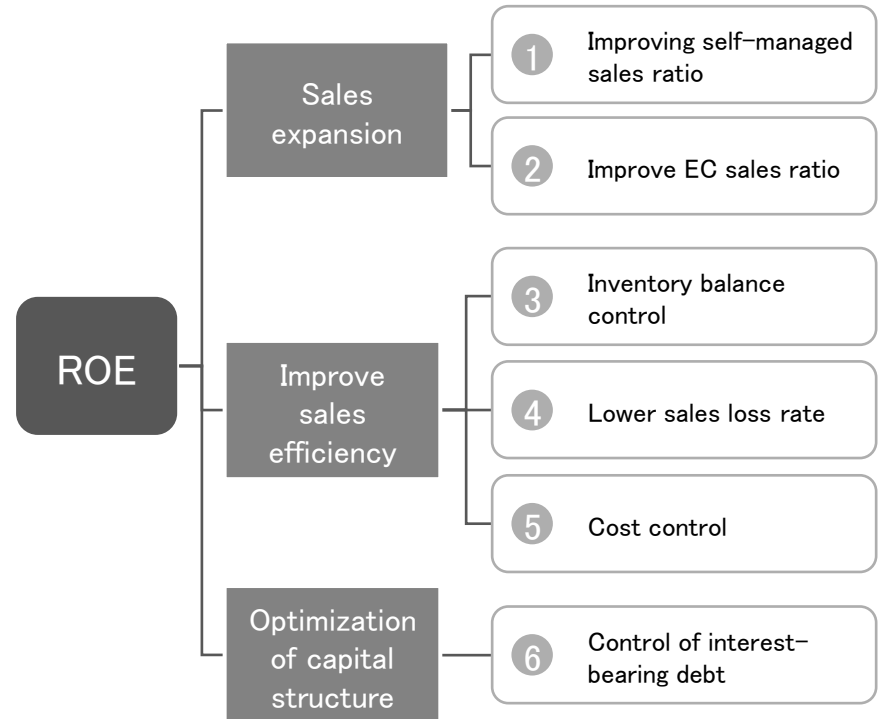
CANTERBURY's "Rugby Japan National Team 2023 New Jersey Announcement",  
"Adopted for JPX Prime 150 Index"

## CANTERBURY



- ① The new jersey for the Japan National Rugby Team 2023 uses recycled polyester fiber made from recycled clothing collected from fans.
- ② The 7th model of the Japan representative jersey by CANTERBURY.

## Selected for the JPX Prime 150 Index



- ① Our company was selected from the perspective of "equity spread," and we were the only company selected in the textile product category.
- ② Improving operational efficiency on a company-wide level to refine our high ROE management structure.



## **First quarter net sales 109.7% year-on-year, maintaining strong trends**

Despite some reactionary declines from the previous fiscal year in outdoor-related products, etc., sales continued to be strong from the previous fiscal year due to inbound demand.

## **The full-year forecast remains unchanged, and will be disclosed after assessing the trends in the third quarter**

While the company saw an increase in sales exceeding the initial forecast and an increase in equity income in South Korea, it also recognized factors for lower profits due to higher raw material prices, exchange rates, and logistics costs.

At this point, we have decided not to revise the full-year forecast and plan to disclose it when we have determined the trends in the third quarter, which will have a large contribution to earnings.

## **Strengthen efforts to improve gross profit margin from the second quarter onwards**

Gross profit margin is expected to be at the same level as the previous fiscal year due to thorough promotion effects and improvement of production efficiency, in addition to reviewing sales prices for the autumn/winter season.

(Million yen)	1Q					
	FY20.3	FY21.3	FY22.3	FY23.3	FY24.3	Year-on year
<b>Net sale</b>	18,074	12,200	17,078	21,099	<b>23,150</b>	<b>109.7%</b>
<b>Gross profit</b>	9,531	6,330	8,986	11,122	<b>11,710</b>	<b>105.3%</b>
(%)	52.7%	51.9%	52.6%	52.7%	<b>50.6%</b>	<b>▲2.1pt</b>
<b>SG&amp;A expenses</b>	7,499	6,770	7,851	8,855	<b>9,446</b>	<b>106.7%</b>
(%)	41.5%	55.5%	46.0%	42.0%	<b>40.8%</b>	<b>▲1.2pt</b>
<b>Operating income</b>	1,902	▲479	1,135	2,266	<b>2,263</b>	<b>99.9%</b>
(%)	10.5%	-	6.6%	10.7%	<b>9.8%</b>	<b>▲0.9pt</b>
<b>Ordinary income</b>	1,946	▲76	1,696	3,368	<b>4,172</b>	<b>123.9%</b>
(%)	10.8%	-	9.9%	16.0%	<b>18.0%</b>	<b>2.0pt</b>
<b>Net income</b>	1,375	▲292	1,235	2,603	<b>3,347</b>	<b>128.6%</b>
(%)	7.6%	-	7.2%	12.3%	<b>14.5%</b>	<b>2.2pt</b>

## About the behavior of inbound demand

- Inbound visitors accounted for 15% of directly managed stores in the first quarter. About half of the sales from inbound tourists come from South Korea, followed by Taiwan and Hong Kong. Mainland China accounted for more than half of the company's sales before COVID-19, but now it is about 10%.
- Although we do not provide products specifically for inbound tourists, sales of high-priced products using waterproof and breathable materials are trending favorably.

## Forecast for camping demand

- Our product lineup mainly provides items for mountaineering and outdoor use. Some of these products are used for multiple purposes such as camping, and demand for these products continues to be strong.
- The Yebisu Garden Place store, which opened in November 2022, will be an urban outdoor store with many camping goods, and has been performing well since its opening.

## Regarding shareholder returns

- In the medium-term management plan, we set a dividend payout ratio of 30% or more and a total return ratio of 40% as targets, and even after reviewing the numerical targets for the final year of the medium-term management plan, we have not changed the numerical targets for shareholder returns.
- In the medium-term management plan, we aim for a dividend payout ratio of 30% or more and a total return ratio of 40%.

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.