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MEMBERSHIP

August 6, 2024

Consolidated Financial Results for the Three Months Ended June 30, 2024 (Based on Japanese GAAP)

Company name: Goldwin Inc.
 Stock exchange listing: Tokyo
 Securities code: 8111
 URL: <https://about.goldwin.co.jp/eng/>
 Representative: Takao Watanabe, President and Representative Director
 Inquiries: Michio Shirasaki, Senior Managing Director, Director-General Administration
 TEL: +81-3-6777-9378
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2024	24,601	6.3	1,839	(18.8)	4,258	2.1	3,660	9.4
June 30, 2023	23,150	9.7	2,263	(0.1)	4,172	23.9	3,347	28.6

Note: Comprehensive income Three months ended June 30, 2024: ¥4,750 million [45.4%]
 Three months ended June 30, 2023: ¥3,267 million [(10.1)%]

	Earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2024	81.47	–
June 30, 2023	74.30	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2024	134,806	99,292	73.3
March 31, 2024	140,977	100,170	70.9

Reference: Equity
 As of June 30, 2024 ¥98,841 million
 As of March 31, 2024 ¥100,007 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2024	–	30.00	–	132.00	162.00
Year ending March 31, 2025	–				
Year ending March 31, 2025 (Forecast)		40.00	–	123.00	163.00

- Notes: 1. Revisions to the forecast of cash dividends most recently announced: No
2. The year-end dividend of ¥132 for the year ended March 31, 2024 includes a commemorative dividend of ¥10 associated with the Company's head office relocation.

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2024	52,800	3.3	4,100	(32.5)	8,000	(12.9)	6,600	(9.9)	146.89
Full year	133,200	5.0	18,100	(24.1)	25,900	(20.6)	21,000	(13.5)	466.24

Note: Revisions to the forecast of consolidated financial results most recently announced: Yes

*** Notes**

- (1) Significant changes in the scope of consolidation during the three months ended June 30, 2024: Yes
Newly included: 1 company (Goldwin China Enterprise Ltd.)
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- (ii) Changes in accounting policies due to other reasons: No
- (iii) Changes in accounting estimates: No
- (iv) Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of June 30, 2024	47,448,172 shares
As of March 31, 2024	47,448,172 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2024	2,456,378 shares
As of March 31, 2024	2,535,290 shares

(iii) Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2024	44,932,588 shares
Three months ended June 30, 2023	45,052,883 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: Yes (voluntary) (in Japanese only)

* Proper use of financial forecasts, and other special matters

Descriptions of the above financial forecasts and other data are based on information currently available to the Company and certain assumptions that we consider to be reasonable. Actual financial results may differ significantly from the forecasts for various reasons. Please refer to “1. Overview of Operating Results, etc., (3) Explanation of consolidated financial results forecasts and other forward-looking statements” on page 3 of the attached material for the suppositions that form the assumptions for the financial forecasts and cautions regarding the use of the financial forecasts.

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1. Overview of Operating Results, etc.

(1) Overview of operating results of the period under review

In the three months ended June 30, 2024, Japan's economy recovered moderately with economic activity normalizing due to recovery in corporate earnings and improvement in the personal income environment. On the other hand, the rising prices of goods accompanying yen depreciation and soaring raw material prices served to strengthen the consciousness in terms of protecting livelihood and frugal mindset among consumers reacting to the future uncertainties. Moreover, climate and temperature volatility also had an influence, and external environmental changes are more strongly affecting earnings.

In the sports apparel industry, in which the Company operates, it is becoming difficult to discern consumers' spending behavior, especially now the rollout timing of seasonal products is earlier in reaction to external environmental changes. Operating under such circumstances, the Company announced its New Medium-term Five-year Plan (FY2024-FY2028) on July 3. Under this plan, we will continue our basic policy of "PLAY EARTH 2030" by carrying out initiatives that "balance the two sustainability goals in our business and the environment," to develop the Goldwin brand on a global scale based on our "actual demand-oriented business model."

During the first three months, strong sales continued from inbound demand in the fashion field comprising Goldwin brand, THE NORTH FACE Purple Label, among others. By item, rain jackets and logo T-shirts were the top sales performers. The ratio of net sales attributed to inbound tourists was 21.7% (up 6.9% year on year). On the other hand, the trend surrounding camping is subsiding, which has resulted in a continuing weakening of camping gear purchases for both directly managed stores and wholesalers. Also, consumers are becoming more selective in which items they choose, so the Company's focus to address this has been to strengthen our outfit coordination suggestions with an emphasis on footwear. Consequently, net sales were ¥24,601 million (up 6.3% year on year).

Gross profit was ¥12,433 million (up 6.2% year on year). In reaction to the progressing depreciation of the yen and the rising cost of raw materials, we raised the fixed-prices by approximately 10% on about 30% of items in our spring and summer 2024 goods. However, those increased costs kept the gross profit margin at 50.5%, which was unmoved from the same period of the previous fiscal year.

In addition, selling, general and administrative expenses was ¥10,594 million (up 12.2% year on year) mainly due to an increase in personnel expenses, particularly J-ESOP (stock benefit trust), which had been expected as a one-time cost when the initial forecasts were formulated. Consequently, operating profit was ¥1,839 million (down 18.8% year on year).

Ordinary profit was ¥4,258 million (up 2.1% year on year), mainly due to the strong performance of YOUNGONE OUTDOOR Corporation, an equity-method affiliate in South Korea, by which share of profit of entities accounted for using equity method increased ¥509 million year on year to ¥2,340 million.

Profit attributable to owners of parent was ¥3,660 million (up 9.4% year on year), owing to the contribution of share of profit of entities accounted for using equity method.

(2) Status of the financial situation of the period under review

Total assets at the end of the period under review amounted to ¥134,806 million, down ¥6,170 million from the end of the previous fiscal year. The main factors were a ¥6,821 million decrease in cash and deposits and a ¥3,463 million decrease in notes and accounts receivable - trade, and contract assets, despite a ¥3,607 million increase in investment securities.

Total liabilities at the end of the period under review amounted to ¥35,514 million, down ¥5,292 million from the end of the previous fiscal year. The main factors were a ¥4,624 million decrease in income taxes payable and a ¥1,705 million decrease in notes and accounts payable - trade.

Total net assets at the end of the period under review amounted to ¥99,292 million, down ¥877 million from the end of the previous fiscal year. The main factors were ¥6,167 million paid for dividends, despite the recording of ¥3,660 million in profit attributable to owners of parent and a ¥238 million increase in valuation difference on available-for-sale securities. Equity ratio was 73.3%.

(3) Explanation of consolidated financial results forecasts and other forward-looking statements

As previously stated, net sales are progressing robustly on pace with forecasts as a result of capturing inbound demand, mainly in the fashion field. On the other hand, looking at selling, general and administrative expenses, among the one-time costs that were planned for when the initial forecasts were formulated, the expenses related to the head office relocation, including the cost of restoring the former site to its original state, is below the forecast level, and the timing of executing certain costs, mostly related to advertising expenses are expected to arise in the third quarter or later. Accordingly, the Company decided to revise the consolidated financial results forecasts for each item of profit from operating profit for the six months ending September 30, 2024.

Regarding our full-year consolidated financial results forecasts for the fiscal year ending March 31, 2025, we will not revise the full-year consolidated financial results forecasts announced on May 14, 2024 at this time because sales of the products for the autumn and winter season, which account for a high percentage of our sales, will peak in the third quarter and thereafter. If we determine that revisions are necessary in light of future market conditions and performance trends, we will disclose them promptly.

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	43,479	36,658
Notes and accounts receivable - trade, and contract assets	13,886	10,422
Electronically recorded monetary claims - operating	6,571	7,176
Merchandise and finished goods	16,887	16,588
Work in process	380	312
Raw materials and supplies	949	954
Other	1,685	1,822
Allowance for doubtful accounts	(7)	(2)
Total current assets	83,832	73,933
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,995	2,814
Land	4,691	4,679
Other, net	3,281	3,064
Total property, plant and equipment	9,969	10,558
Intangible assets		
Trademark right	921	847
Other	2,209	2,179
Total intangible assets	3,131	3,026
Investments and other assets		
Investment securities	34,181	37,789
Guarantee deposits	2,730	3,474
Other	7,269	6,161
Allowance for doubtful accounts	(137)	(137)
Total investments and other assets	44,044	47,288
Total non-current assets	57,144	60,873
Total assets	140,977	134,806

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,312	2,606
Electronically recorded obligations - operating	15,490	16,343
Current portion of long-term borrowings	940	920
Income taxes payable	5,685	1,060
Provision for bonuses	1,605	2,050
Other	7,833	7,615
Total current liabilities	35,866	30,596
Non-current liabilities		
Long-term borrowings	432	172
Retirement benefit liability	185	172
Provision for share awards	2,748	2,970
Other	1,573	1,602
Total non-current liabilities	4,940	4,917
Total liabilities	40,807	35,514
Net assets		
Shareholders' equity		
Share capital	7,079	7,079
Capital surplus	1,548	1,548
Retained earnings	97,061	94,554
Treasury shares	(10,362)	(10,102)
Total shareholders' equity	95,326	93,079
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,812	2,050
Deferred gains or losses on hedges	40	81
Foreign currency translation adjustment	2,927	3,703
Remeasurements of defined benefit plans	(100)	(74)
Total accumulated other comprehensive income	4,680	5,761
Non-controlling interests	162	451
Total net assets	100,170	99,292
Total liabilities and net assets	140,977	134,806

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income

Quarterly consolidated statement of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	23,150	24,601
Cost of sales	11,440	12,168
Gross profit	11,710	12,433
Selling, general and administrative expenses	9,446	10,594
Operating profit	2,263	1,839
Non-operating income		
Interest income	4	4
Dividend income	52	55
Share of profit of entities accounted for using equity method	1,830	2,340
Other	45	58
Total non-operating income	1,932	2,458
Non-operating expenses		
Interest expenses	9	7
Loss on cancellation of insurance policies	–	16
Other	14	14
Total non-operating expenses	24	39
Ordinary profit	4,172	4,258
Extraordinary losses		
Loss on store closings	–	2
Loss on disposal of non-current assets	21	32
Loss on valuation of investment securities	19	–
Total extraordinary losses	40	34
Profit before income taxes	4,131	4,223
Income taxes - current	663	530
Income taxes - deferred	114	23
Total income taxes	777	554
Profit	3,353	3,669
Profit attributable to non-controlling interests	5	8
Profit attributable to owners of parent	3,347	3,660

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	3,353	3,669
Other comprehensive income		
Valuation difference on available-for-sale securities	409	238
Deferred gains or losses on hedges	54	7
Foreign currency translation adjustment	21	179
Remeasurements of defined benefit plans, net of tax	52	21
Share of other comprehensive income of entities accounted for using equity method	(624)	634
Total other comprehensive income	(85)	1,080
Comprehensive income	3,267	4,750
Comprehensive income attributable to:		
Owners of parent	3,261	4,741
Non-controlling interests	5	8

(3) Notes regarding quarterly consolidated financial statements
(Notes regarding assumptions of going concern)

Not applicable.

(Notes regarding changes in accounting policies)

(Changes in accounting policies)

Application of Accounting Standard for Current Income Taxes and other relevant ASBJ regulations

The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the “Revised Accounting Standard of 2022”) and other relevant ASBJ regulations from the beginning of the first quarter of the fiscal year ending March 31, 2025. Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatment in the proviso of paragraph 65-2 (2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; the “Revised Implementation Guidance of 2022”). This change in the accounting policy has no impact on the quarterly consolidated financial statements.

In addition, for revisions related to the review of the treatment in consolidated financial statements when a gain or loss on sale arising from the sale of shares of subsidiaries, etc. among consolidated companies is deferred for tax purposes, the Company has applied the Revised Implementation Guidance of 2022 from the beginning of the first quarter of the fiscal year ending March 31, 2025. The change in the accounting policy has been applied retrospectively. Therefore, the new accounting policy was reflected in the consolidated financial statements for the same period of the previous fiscal year and for the previous fiscal year. This change in the accounting policy has no impact on the consolidated financial statements for the same period of the previous fiscal year and for the previous fiscal year.

(Notes on segment information, etc.)

[Segment information]

Three months ended June 30, 2023 (April 1, 2023 to June 30, 2023) and three months ended June 30, 2024 (April 1, 2024 to June 30, 2024)

This information is omitted because the Group operates a single segment of sporting goods-related business.

(Notes on significant changes in the amount of shareholders' equity)

Not applicable.

(Notes on quarterly consolidated statement of cash flows)

Quarterly consolidated statement of cash flows for the three months ended June 30, 2024 is not prepared. Depreciation (including amortization of intangible assets) for the three months ended June 30, 2023 and 2024 is as follows:

	(Millions of yen)	
	Three months ended June 30, 2023	Three months ended June 30, 2024
Depreciation	444	530