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MEMBERSHIP

November 7, 2024

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

Company name: Goldwin Inc.
 Stock exchange listing: Tokyo
 Securities code: 8111
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Scheduled date to file Semi-annual Securities Report: November 14, 2024
 Scheduled date to commence dividend payments: December 2, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 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	%
Six months ended September 30, 2024	53,367	4.4	5,214	(14.1)	9,917	8.0	7,865	7.4
September 30, 2023	51,096	12.8	6,070	15.0	9,180	23.2	7,323	25.3

Note: Comprehensive income Six months ended September 30, 2024: ¥9,490 million [4.4%]
 Six months ended September 30, 2023: ¥9,093 million [16.2%]

	Earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	174.94	—
September 30, 2023	162.48	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	140,597	104,254	73.8
March 31, 2024	140,977	100,170	70.9

Reference: Equity
 As of September 30, 2024 ¥103,765 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	–	40.00			
Year ending March 31, 2025 (Forecast)			–	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
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: No

*** Notes**

(1) Significant changes in the scope of consolidation during the six months ended September 30, 2024: Yes
Newly included: 1 company (Goldwin China Enterprise Ltd.)

(2) Application of special accounting methods for preparing semi-annual 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 September 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 September 30, 2024	2,427,194 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)

Six months ended September 30, 2024	44,963,833 shares
Six months ended September 30, 2023	45,070,992 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit corporation.

* 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

During the six months ended September 30, 2024, the Japanese economy saw its market environment and consumer activities significantly impacted by record-breaking heat wave and foreign exchange trends. Due to the effect of heat wave, demand for summer products expanded, notably for T-shirts and light-weight shirts, and as a result, inventory stocks were used up according to schedule. However, the transition to the autumn and winter collection that commenced in early September, occurred later than typical years. Inbound demand provided a certain contribution to overall sales in the apparel industry due to a higher number of tourists visiting Japan.

Operating in such an environment, the Company's financial performance for the six months ended September 30, 2024 saw sales boosted by a full-fledged recovery for mountain climbing demand and strong demand for summer products. In addition, benefitting from the growing trend of a healthy mindset and active lifestyles, sales of running items also grew year on year. Online advanced orders of mainstay products such as down jackets performed well, and this contributed to growth in e-commerce sales. The phenomenon of items that can only be purchased domestically in Japan, such as products under THE NORTH FACE brand unique to Goldwin, gaining continued support from consumers inside and outside Japan also contributed to a year-on-year increase in revenue. As a result of the above, the recovery in mountain climbing demand, the sales expansion of mainstay products through e-commerce, and the capturing of inbound demand by leveraging the appeal of products only available in Japan contributed to the Company's sales growth in the six months ended September 30, 2024. Consequently, net sales were ¥53,367 million, up 4.4%.

Gross profit was ¥26,638 million (up 2.6% year on year). Amid the continuation of rising raw material prices and fluctuating exchange rates, the Company conducted a review of procurement costs and strove to keep sales prices as they are. However unseasonable heat wave led to some spring items getting discounted, and there was a fallback in sales from the absence of special demand for Canterbury brand replica jerseys in conjunction with the Rugby World Cup held last year. As a result, the gross profit margin dropped 0.9 points year on year to 49.9%. In addition, selling, general and administrative expenses was ¥21,424 million (up 7.7% 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 ¥5,214 million (down 14.1% year on year).

Ordinary profit was ¥9,917 million (up 8.0% year on year), due to continued strong sales of YOUNGONE OUTDOOR Corporation, an equity-method affiliate in South Korea.

Also, profit attributable to owners of parent was ¥7,865 million (up 7.4% 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 ¥140,597 million, down ¥379 million from the end of the previous fiscal year. The main factors were a ¥7,023 million decrease in cash and deposits, despite a ¥4,429 million increase in merchandise and finished goods and a ¥1,978 million increase in investment securities.

Total liabilities at the end of the period under review amounted to ¥36,343 million, down ¥4,463 million from the end of the previous fiscal year. The main factors were a ¥3,115 million increase in notes and accounts payable - trade, offset by a ¥3,831 million decrease in income taxes payable and a ¥2,651 million decrease in electronically recorded obligations - operating.

Total net assets at the end of the period under review amounted to ¥104,254 million, up ¥4,084 million from the end of the previous fiscal year. The main factors were a ¥1,818 million increase in foreign currency translation adjustment and a ¥1,698 million increase in retained earnings. As a result, equity ratio was 73.8%.

(Analysis of cash flows)

Cash and cash equivalents at the end of the period under review amounted to ¥35,082 million, down ¥6,928 million from the end of the previous fiscal year. The status of each cash flow and their factors are as follows.

(Cash flow from operating activities)

Cash flow gained as a result of operating activities amounted to ¥773 million (¥4,790 million used in the same period of the previous fiscal year). This was mainly due to ¥9,781 million in profit before income tax and ¥4,310 million in interest and dividend income, despite ¥5,405 million of income taxes paid and ¥4,674 million in share of profit of entities accounted for using equity method.

(Cash flow from investing activities)

Cash flow used as a result of investing activities amounted to ¥1,197 million (¥102 million gained in the same period of the previous fiscal year). This was mainly due to expenses of ¥1,198 million for the purchase of property, plant and equipment and intangible assets.

(Cash flow from financing activities)

Cash flow used as a result of financing activities amounted to ¥6,612 million (up ¥1,790 million in expenses compared with the same period of the previous fiscal year). This was mainly due to ¥6,167 million in dividends paid and a net decrease of ¥548 million in borrowings.

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

Currently, we are following a policy of not revising the full-year consolidated financial results forecasts announced on May 14, 2024. While net sales in the six months ended September 30, 2024, progressed steadily, profit exceeded the forecast because of a review carried out on the timing of executing selling, general and administrative expenses, which focused on advertising expenses. As the sales of the products for the autumn and winter season, which are our mainstay products reach their peak in the second half of the fiscal year, the Company will continue to pay attention to the market conditions and performance trends and if deemed necessary, will disclose a revision to the full-year forecast promptly.

2. Semi-annual Consolidated Financial Statements and Significant Notes Thereto

(1) Semi-annual consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	43,479	36,456
Notes and accounts receivable - trade, and contract assets	13,886	15,425
Electronically recorded monetary claims - operating	6,571	4,440
Merchandise and finished goods	16,887	21,316
Work in process	380	527
Raw materials and supplies	949	1,053
Other	1,685	2,147
Allowance for doubtful accounts	(7)	(3)
Total current assets	83,832	81,364
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,995	2,756
Land	4,691	4,679
Other, net	3,281	2,958
Total property, plant and equipment	9,969	10,393
Intangible assets		
Trademark right	921	775
Other	2,209	2,166
Total intangible assets	3,131	2,941
Investments and other assets		
Investment securities	34,181	36,160
Guarantee deposits	2,730	3,361
Other	7,269	6,513
Allowance for doubtful accounts	(137)	(137)
Total investments and other assets	44,044	45,897
Total non-current assets	57,144	59,233
Total assets	140,977	140,597

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,312	7,427
Electronically recorded obligations - operating	15,490	12,839
Current portion of long-term borrowings	940	819
Income taxes payable	5,685	1,854
Provision for bonuses	1,605	896
Provision for share awards	–	3,778
Other	7,833	6,712
Total current liabilities	35,866	34,327
Non-current liabilities		
Long-term borrowings	432	4
Retirement benefit liability	185	177
Provision for share awards	2,748	–
Other	1,573	1,833
Total non-current liabilities	4,940	2,015
Total liabilities	40,807	36,343
Net assets		
Shareholders' equity		
Share capital	7,079	7,079
Capital surplus	1,548	1,578
Retained earnings	97,061	98,759
Treasury shares	(10,362)	(9,930)
Total shareholders' equity	95,326	97,487
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,812	1,563
Deferred gains or losses on hedges	40	17
Foreign currency translation adjustment	2,927	4,745
Remeasurements of defined benefit plans	(100)	(48)
Total accumulated other comprehensive income	4,680	6,277
Non-controlling interests	162	489
Total net assets	100,170	104,254
Total liabilities and net assets	140,977	140,597

(2) Semi-annual consolidated statement of income and semi-annual consolidated statement of comprehensive income

Semi-annual consolidated statement of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	51,096	53,367
Cost of sales	25,137	26,729
Gross profit	25,959	26,638
Selling, general and administrative expenses	19,888	21,424
Operating profit	6,070	5,214
Non-operating income		
Interest income	8	10
Dividend income	54	56
Share of profit of entities accounted for using equity method	3,015	4,674
Other	79	64
Total non-operating income	3,157	4,805
Non-operating expenses		
Interest expenses	19	15
Foreign exchange losses	–	25
Loss on cancellation of insurance policies	–	17
Other	27	43
Total non-operating expenses	47	102
Ordinary profit	9,180	9,917
Extraordinary income		
Gain on sale of investment securities	491	–
Total extraordinary income	491	–
Extraordinary losses		
Loss on disposal of non-current assets	21	34
Loss on valuation of investment securities	19	–
Loss on store closings	–	7
Loss on withdrawal from business	–	93
Total extraordinary losses	40	135
Profit before income taxes	9,630	9,781
Income taxes - current	2,358	1,950
Income taxes - deferred	(78)	(62)
Total income taxes	2,280	1,887
Profit	7,350	7,893
Profit attributable to non-controlling interests	27	27
Profit attributable to owners of parent	7,323	7,865

Semi-annual consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	7,350	7,893
Other comprehensive income		
Valuation difference on available-for-sale securities	635	(249)
Deferred gains or losses on hedges	29	(65)
Foreign currency translation adjustment	123	346
Remeasurements of defined benefit plans, net of tax	105	47
Share of other comprehensive income of entities accounted for using equity method	849	1,518
Total other comprehensive income	1,742	1,597
Comprehensive income	9,093	9,490
Comprehensive income attributable to:		
Owners of parent	9,065	9,462
Non-controlling interests	27	27

(3) Semi-annual consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	9,630	9,781
Depreciation	893	1,076
Decrease (increase) in net defined benefit asset	(79)	(93)
Increase (decrease) in retirement benefit liability	(0)	(13)
Increase (decrease) in provision for share awards	606	1,030
Increase (decrease) in allowance for doubtful accounts	4	(4)
Interest and dividend income	(62)	(66)
Interest expenses	19	15
Share of loss (profit) of entities accounted for using equity method	(3,015)	(4,674)
Loss (gain) on disposal of non-current assets	21	34
Decrease (increase) in trade receivables	(2,619)	601
Decrease (increase) in inventories	(5,820)	(4,660)
Increase (decrease) in trade payables	470	444
Decrease (increase) in accounts receivable - other	626	(439)
Increase (decrease) in accounts payable - other	(183)	(625)
Increase (decrease) in accrued consumption taxes	(1,657)	(236)
Decrease (increase) in prepaid expenses	(250)	(172)
Other, net	169	(114)
Subtotal	(1,248)	1,884
Interest and dividends received	62	4,310
Interest paid	(19)	(15)
Income taxes paid	(3,585)	(5,405)
Net cash provided by (used in) operating activities	(4,790)	773
Cash flows from investing activities		
Payments into time deposits	(440)	(460)
Proceeds from withdrawal of time deposits	421	705
Purchase of property, plant and equipment and intangible assets	(642)	(1,198)
Purchase of investment securities	(31)	(311)
Proceeds from sale of investment securities	967	-
Payment of reservation deposit based on lease agreement	(124)	-
Payments of guarantee deposits	(55)	(168)
Proceeds from refund of guarantee deposits	139	290
Other, net	(133)	(53)
Net cash provided by (used in) investing activities	102	(1,197)
Cash flows from financing activities		
Repayments of long-term borrowings	(606)	(548)
Repayments of lease liabilities	(295)	(303)
Purchase of treasury shares	(2)	(2)
Dividends paid	(3,953)	(6,167)
Other, net	36	410
Net cash provided by (used in) financing activities	(4,822)	(6,612)
Effect of exchange rate change on cash and cash equivalents	123	108
Net increase (decrease) in cash and cash equivalents	(9,388)	(6,928)
Cash and cash equivalents at beginning of period	34,207	42,011
Cash and cash equivalents at end of period	24,819	35,082

(4) Notes regarding semi-annual 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 six months ended September 30, 2024. 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 semi-annual 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 six months ended September 30, 2024. 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.)

Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023) and six months ended September 30, 2024 (April 1, 2024 to September 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.