



# **Financial results briefing materials for the Third quarter of the fiscal year ending March 2022**

**Goldwin Inc. (8111)**

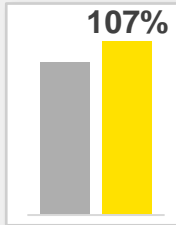
**February 8, 2022**

<b>I . Third quarter results for the fiscal year ending March 2022.</b>	<b>P. 2 ~ P. 9</b>
<b>II . Full year Outlook for the fiscal year ending March 2022.</b>	<b>P. 10 ~ P. 14</b>
<b>III . A preparation to supply chain response and sustainable growth</b>	<b>P. 15 ~ P. 22</b>

## **I. Third quarter results for the fiscal year ending March 2022.**

The impact of Vietnam's lockdown was minimal, and sales recovered with the arrival of a record cold wave. Monthly sales in December reached record high.

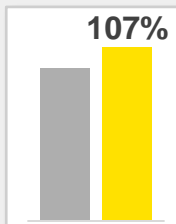
Despite being affected by the corona crisis, the recovery trend became stronger as the temperature dropped, and December was the highest ever.



**Net sales**  
Year-over-year comparison  
(97% compared to the same period last year)

- After the cancellation of the state of emergency, sales are on a recovery trend as the temperature drops.
- Main products such as high loft down jackets and fleeces with excellent heat retention exceeded last year, and monthly sales in December reached a record high.

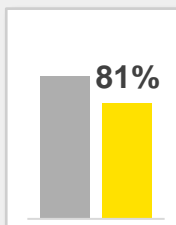
EC sales continue to be strong, continuing to be strong at 107% year-on-year.



**EC sales**  
Year-over-year comparison

- EC sales were 107% year-on-year, and EC sales composition was 13%.
- Strengthen cooperation by centralized inventory management between EC and physical stores.
- Self-managed sales ratio is 62%, driven by wholesale "shop-in-shop".

Inventory balance is 81% year-on-year and 100% year-on-year. Continue to make efforts to optimize inventory.



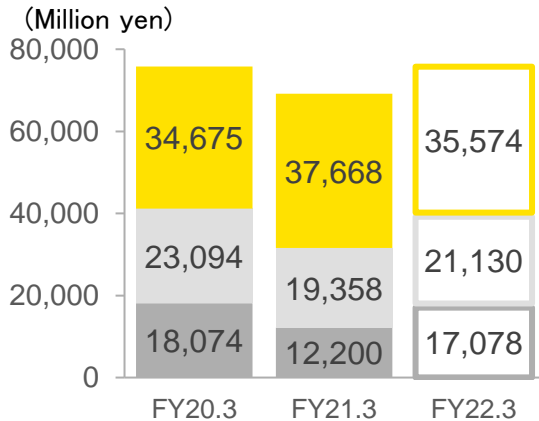
**Inventory**  
Year-over-year comparison  
(100% compared to the same period last year)

- The balance of inventories was 13.5 billion yen, 81% of the same period of the previous year.
- While utilizing directly managed outlet stores, etc., we will promote both optimization of inventory levels and improvement of sales efficiency without excessive discounts.

## Financial results for the third quarter of the fiscal year ending March 2022 (Million yen)

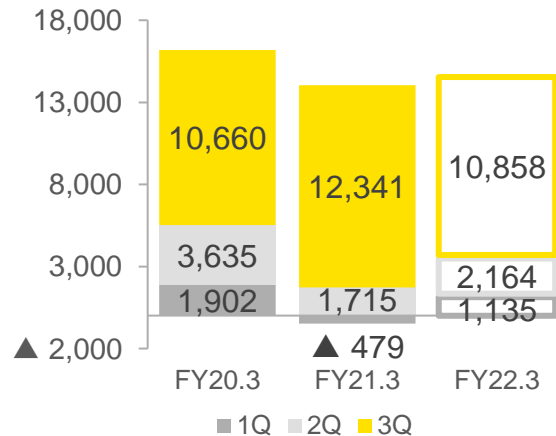
	Net sale	Gross profit	Operating income	Ordinary income	Net income
Result	73,782	39,647	14,157	15,453	10,789
Year-on-year	106.6%	105.4%	104.3%	111.3%	116.8%
Profit margin on sales <small>( ) is the same period of the previous year</small>	—	53.7% ( 54.3%)	19.2% (19.6%)	20.9% (20.1%)	14.6% (13.3%)

### Net sale



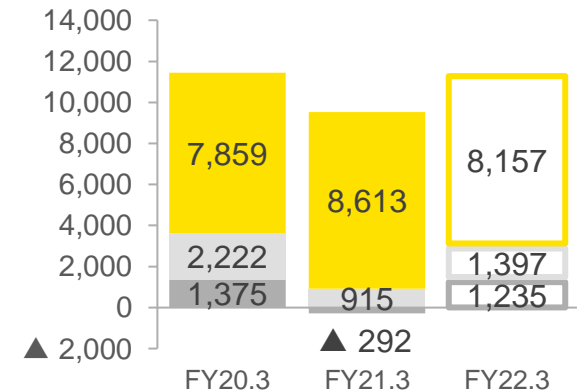
Although there was no special demand for "Go To" last year, there were signs of recovery in personal consumption due to deregulation of behavioral regulations.

### Operating income



Gross profit margin decreased by 0.6pt year-on-year, and perating income increased year on year due to thorough examination of projects for expense execution.

### Net income



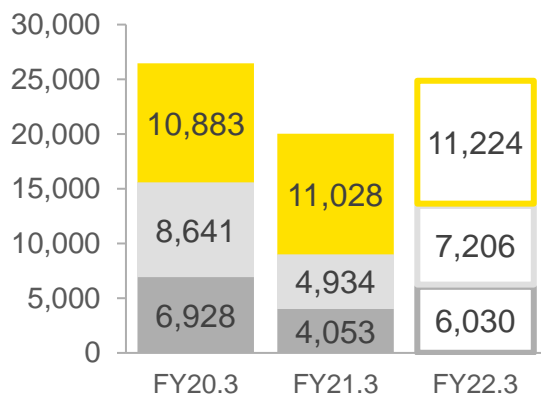
Net income increased by double digits year-on-year due to an increase in investment income by the equity method.

## Sales by business category (Million yen)

	Performance	Lifestyle	Fashion
Result	24,460	44,217	5,104
Year-on-year comparison	122.2%	100.2%	100.3%
Year-on-year amount	+4,445	+99	+13
Sales composition ratio	33.2%	59.9%	6.9%

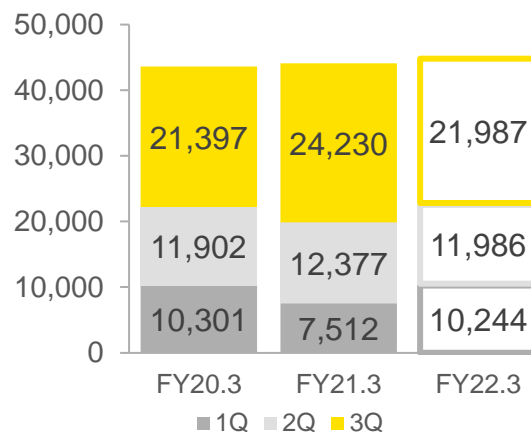
### Performance

(Million yen)



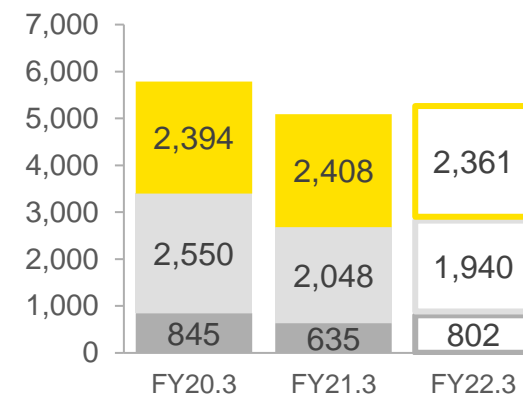
With the arrival of cold waves nationwide, the "SUMMIT" series, which specializes in climbing THE NORTH FACE, has been performing steadily

### Lifestyle



The impact of Vietnam's lockdown is minor. More opportunities to wear high-performance wear in daily life, surpassing pre-Corona levels.

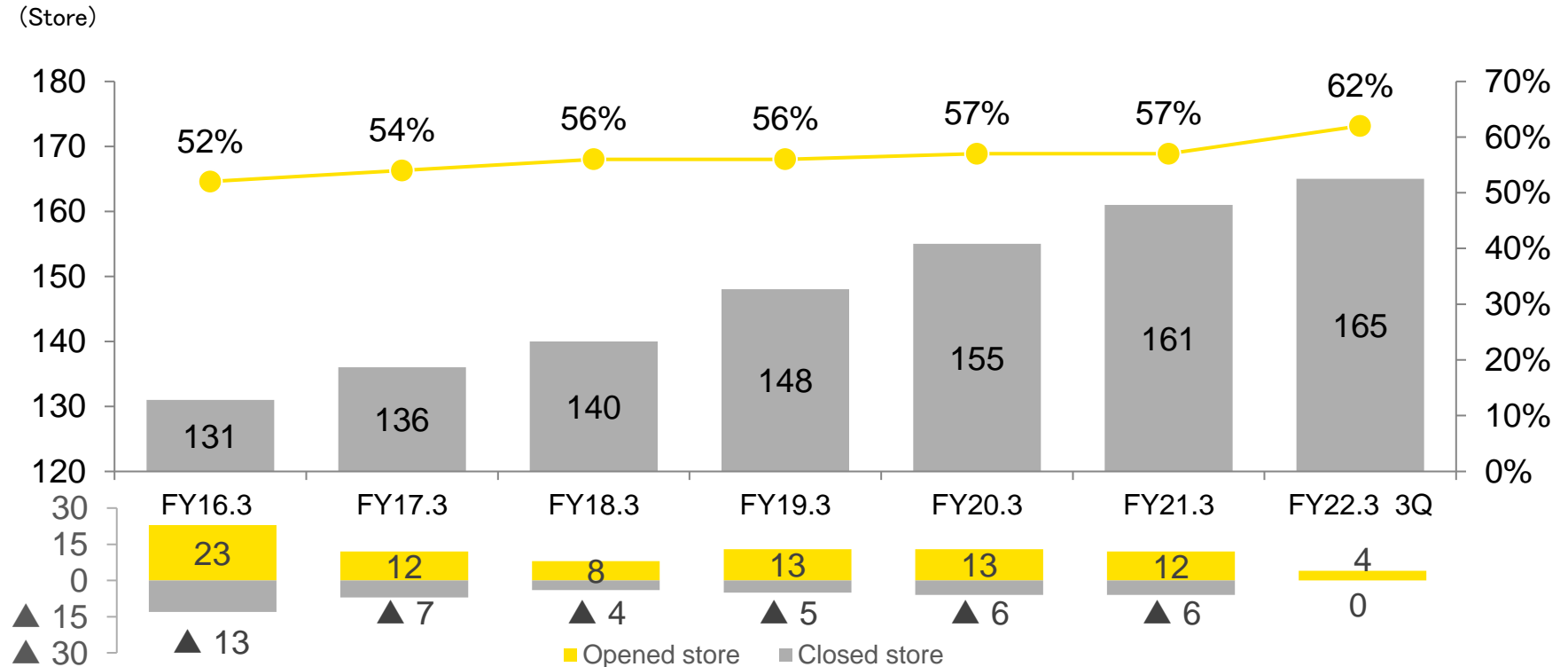
### Fashion



THE NORTH FACE "PURPLE LABEL", etc. performed well in select shops and EC sales

Among self-managed sales, “shop-in-shop” at wholesalers increased. Self-managed sales ratio exceeds 60% .

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

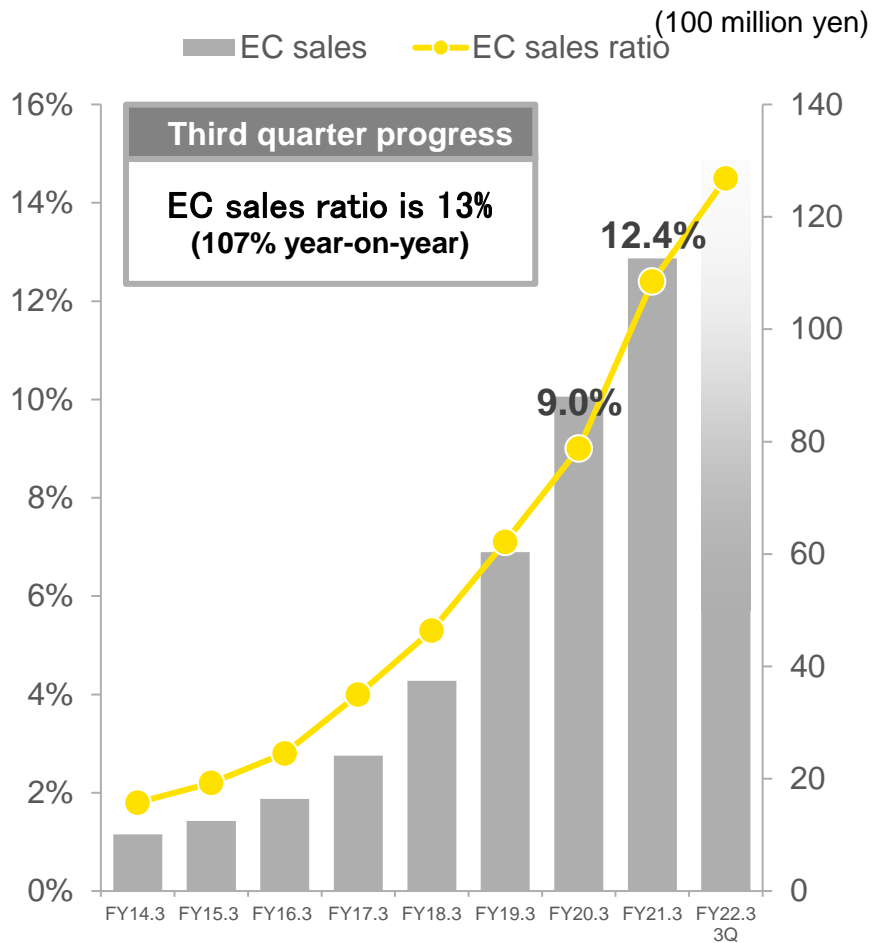


■ The number of directly managed stores up to the third quarter was 4 stores opened, 0 stores closed, 4 net increase stores, and total of 165 stores.

■ Self-managed sales ratio in the third quarter was 62%.  
 ■ Self-management of wholesalers continues to grow. Record high.

Capture the demand of core fans in local cities at THE NORTH FACE MOUNTAIN EC site specializing in mountaineering.

## Changes in EC sales and EC sales ratio



### THE NORTH FACE MOUNTAIN EC site



Himalayan Parka

### Comparison with GOLDWIN WEB STORE customer base.

By age, more than 60% of people in their 30s and 50s.

Age group is higher than normal EC site

High-priced products such as Himalayan Parka are also performing well.

Detailed product information that cannot be expressed on other EC sites motivates the purchase of high-priced products.

By region, the ratio of Tokyo and Kanagawa prefectures is about 10%.

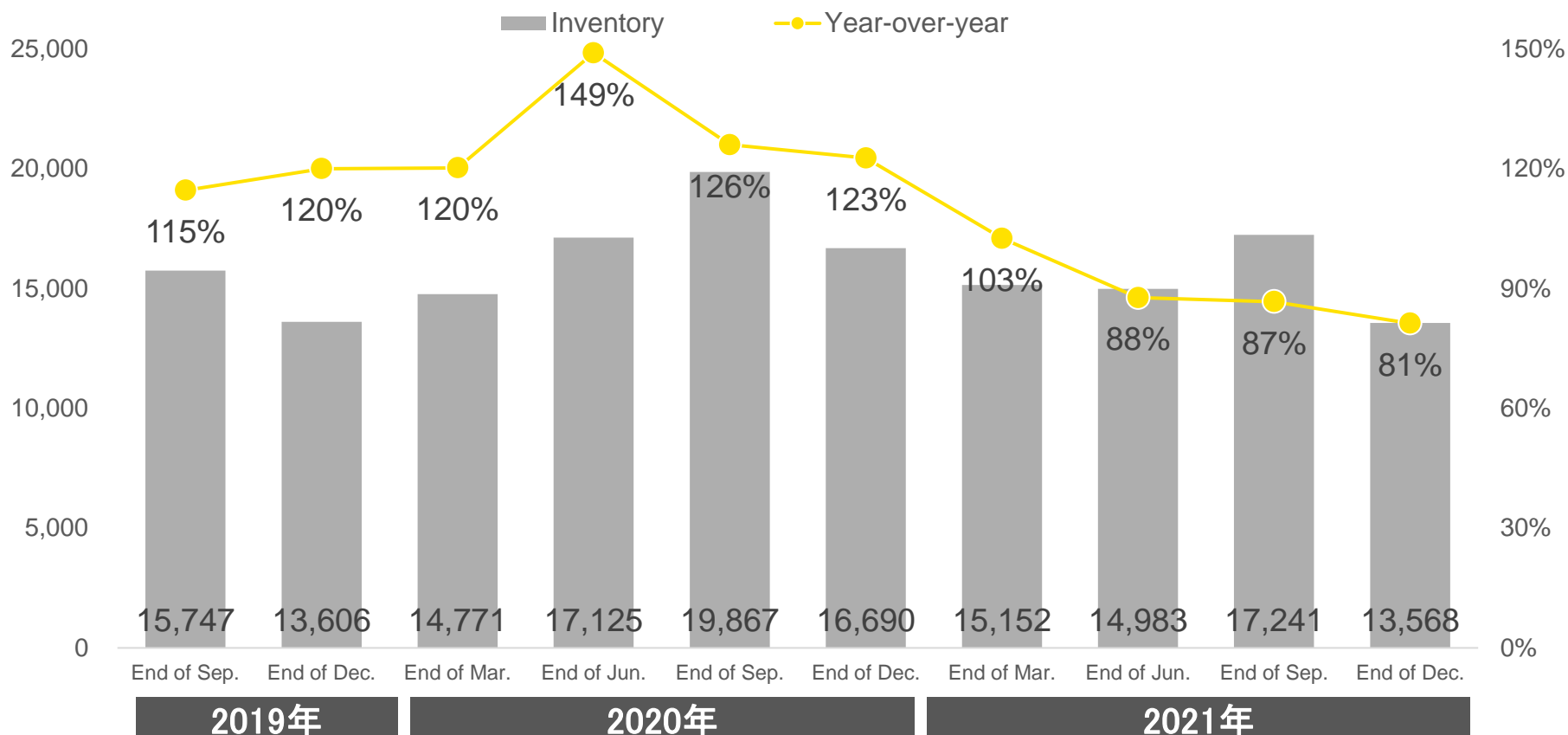
Realizing a purchasing experience that can be obtained at a physical store even for core fans living in rural areas on the EC site.



At the end of December, it was 81% compared to the same period of the previous year. 100% compared to the same period before. Promote steady digestion without excessive discount sales.

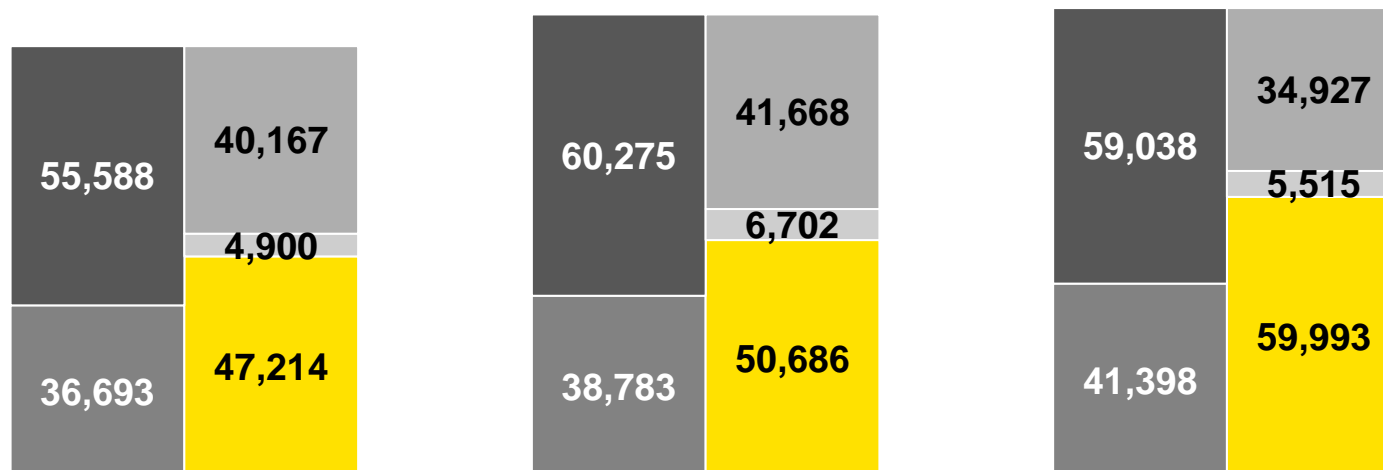
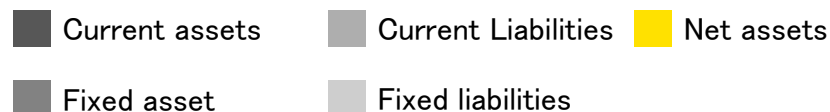
## Quarterly inventory balance trends

(Million yen)



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

Net assets increased by 9.3billion yen year-on-year, equity ratio was 59.6%



(Million yen)

FY2020.3 3Q

FY2021.3 3Q

FY2022.3 3Q

Net assets

47,21

50,686

59,993

Capital adequacy ratio

51.1%

51.1%

59.6%

## **II. Full-year outlook for the fiscal year ending March 2022**

In consideration of the trends of corona's mutant strains, the full-year results will remain unchanged at this time.

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No change from the initial outlook. Sales of 100 billion yen.

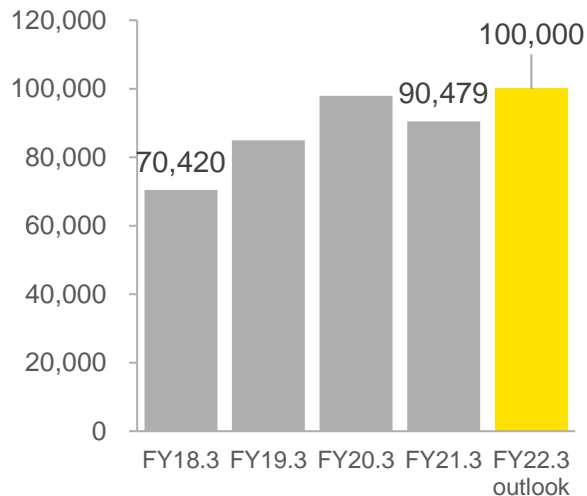
Aiming for an operating margin of 14% while continuing to invest in growth.

## Forecast for the fiscal year ending March 2022 (Million yen)

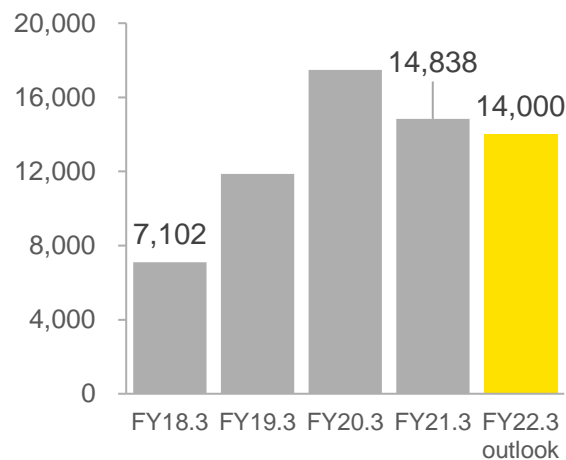
	Net sales		Gross profit		Ordinary income		Net income	
Previous term results / This term outlook	90,479	100,000	14,838	14,000	15,984	15,200	10,734	10,300
Year-on-year comparison	110.5%		94.3%		95.1%		96.0%	
Profit margin on sales	—		14.0%		15.2%		10.3%	

### Net sales

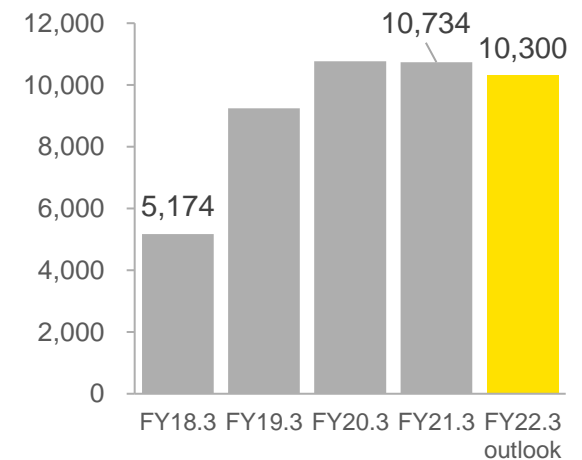
(Million yen)



### Ordinary income



### Net income

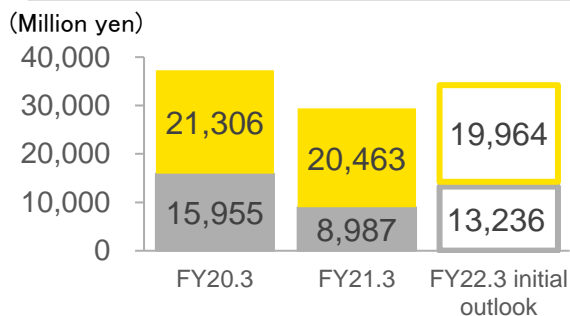


Sales are expected to increase in all business categories. Aiming to acquire customers in a wide range of customers and channels.

## Sales forecast by business category (Million yen)

	Performance		Lifestyle		Fashion	
Previous term results / Forecast for this term	29,450	33,200	54,420	58,800	6,608	8,000
Year-on-year comparison	79.0%	112.7%	102.1%	108.0%	90.3%	121.1%
Sales composition ratio	32.5%	33.2%	60.1%	58.8%	7.3%	8.0%

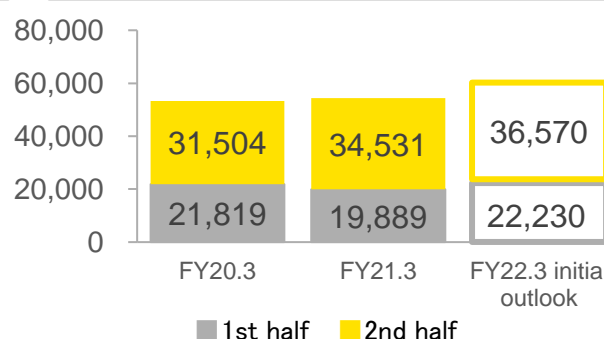
### Performance



**112.7% year-on-year**

Mountaineering, resumption of hiking, double-digit increase outlook

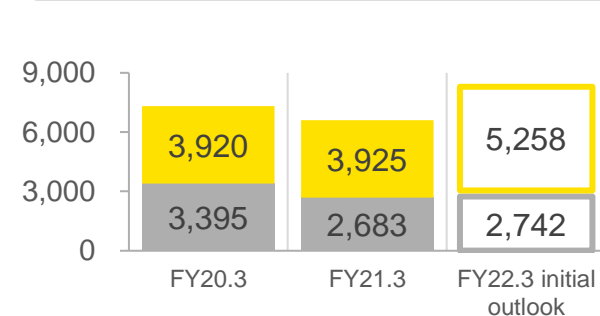
### Lifestyle



**108.0% year-on-year**

Camping demand is expected to remain strong  
Expected to recover demand after vaccination.

### Fashion

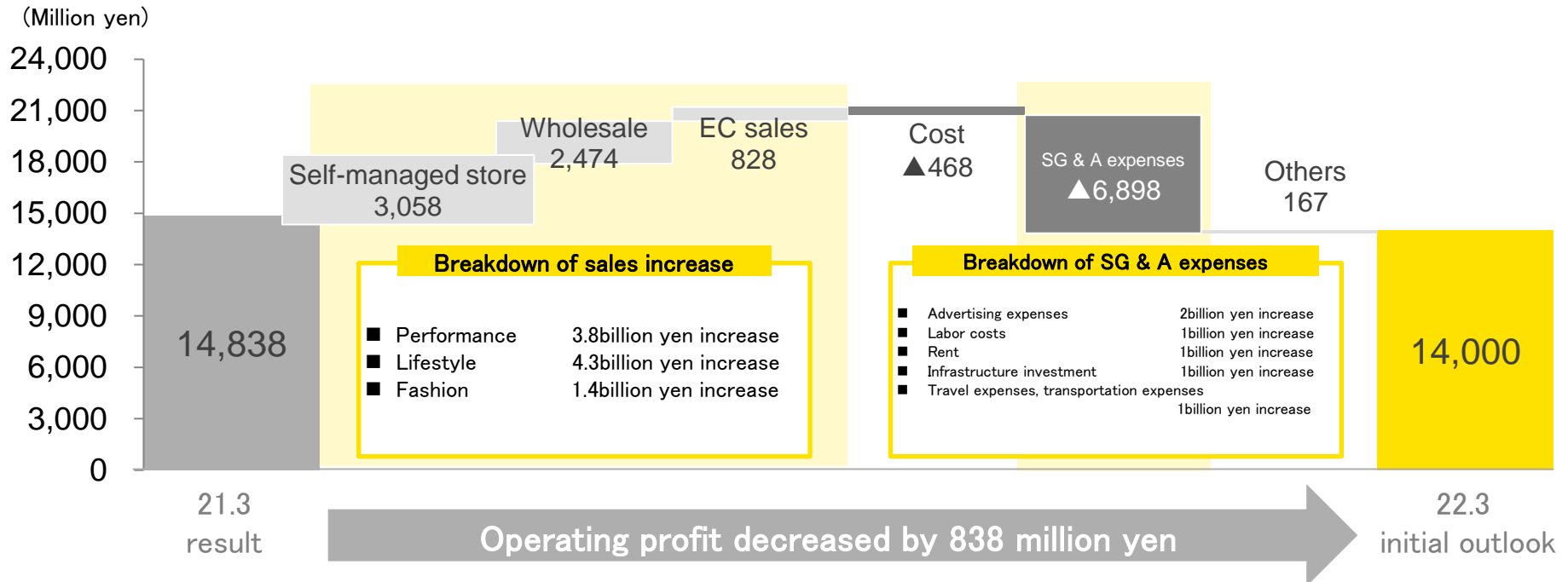


**121.1% year-on-year**

Expected to increase the number of items handled in addition to the reopening of directly managed stores in the same period of the previous year.

The increase in SG & A expenses is expected to be covered by an actual demand-type business model based on directly managed stores, wholesale, and EC sales

## Operating profit for the fiscal year ending March 2022 Initial outlook (May 14, 2021)



## Forecast of sales for the fiscal year ending March 2022 by business category

### Performance

**Sales: 33.2 billion yen**  
(113% compared to the previous term)

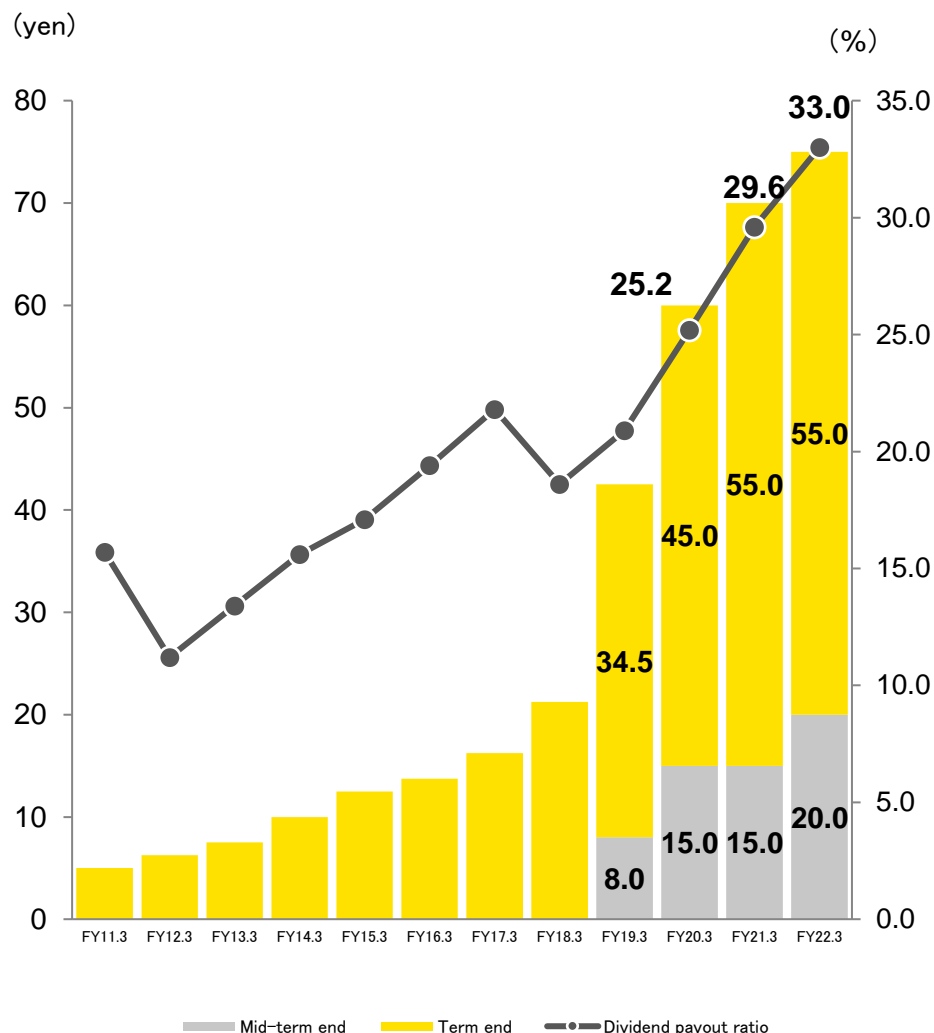
### Lifestyle

**Sales: 58.8 billion yen**  
(108% compared to the previous term)

### Fashion

**Sales: 8 billion yen**  
(121% compared to the previous term)

Dividends will increase for 11 consecutive terms in 22.3. This time, the dividend is expected to increase by 5 yen to 75 yen for the full year, and the dividend payout ratio is expected to be 33.0%.



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

## Basic policy

We will always recognize that returning profits to shareholders is one of the most important issues for a company, strengthen our financial position and management base, and continue to pay stable dividends.

## Dividend record

Interim dividend will be paid from the fiscal year ending March 2019. Dividend increase for 10 consecutive years in the fiscal year ending March 2021.

## Dividend forecast

In the fiscal year ending March 2022, in addition to the interim dividend of 20 yen, the year-end dividend will be 55 yen, and the full-year dividend is expected to increase by 5 yen to 75 yen.

## Reverse stock split / split

On October 1, 2015, 5 shares were consolidated into 1 share, 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.

### **III. A preparation to supply chain response and sustainable growth**

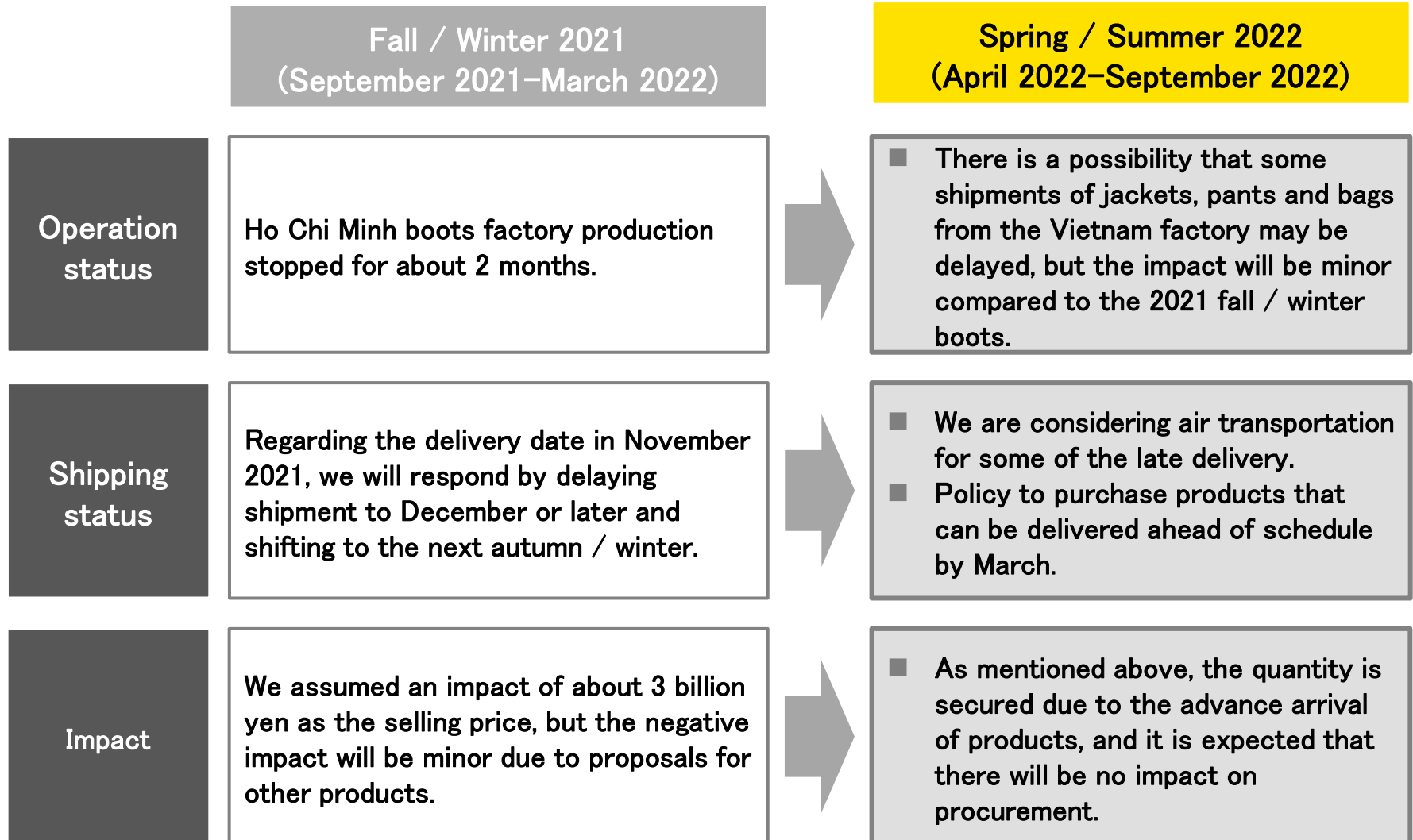
While strengthening supply chain management, we will promote the implementation of each measure set forth in the medium-term management plan.



Utilizing the strengths of standard products, we will build a stable supply system through annual planned production, not limited to ordering at exhibitions

Production	<b>Basic policy</b>	<ul style="list-style-type: none"> <li>Started new factory survey to diversify country risk.</li> <li>Aiming for a stable supply of products by starting annual planned production and delivery of standard products while forecasting demand at stores, regardless of conventional exhibition orders.</li> </ul>		
	Item	Impact	Counter-measure	Contents
	Producing area	Max	Decentralization of production areas	The producing countries are Vietnam over 50% and China 30%. Currently, the production ratio in Vietnam is high, but we have started a new factory survey to diversify the production areas.
	Raw material price	Mid	Improvement of product strength	The policy is to continue improving the product capabilities of THE NORTH FACE, etc., as the prices of all materials increase due to the soaring prices of raw materials worldwide.
Worker wages	Mid	Renewal of core system	At present, there is no major impact, but in the future, we will proceed with the renewal of the core system in advance 2022 in order to deal with labor shortages in the supply chain and business risks such as distribution centers.	
Logistics	<b>Basic policy</b>	<ul style="list-style-type: none"> <li>From individual transportation at each factory, we will promote cost reduction and greenhouse gas emission control by consolidating transportation in the future.</li> </ul>		
	Overseas logistics	Mid	Conclusion of long-term contract	Currently, transportation costs are on the rise due to the shortage of containers overseas, but we have an annual contract with a customs broker via a trading company.
	Domestic logistics	Mid	Established a distribution base in Kanto	Currently, there is no major impact, but in addition to rising transportation costs, the shortage of heavy truck drivers is expected to accelerate in the future, so we plan to establish a distribution base in the Kanto region by the end of 2022.

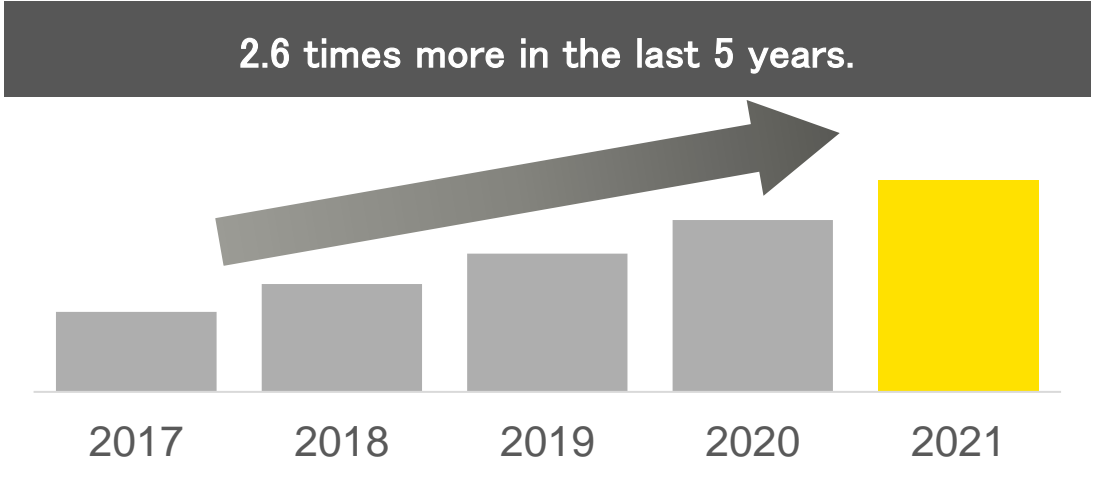
In the fall and winter of 2021, the impact of other product proposals will be minor. The arrival of goods will be advanced in the spring and summer of 2022, and it is expected that there will be no impact.



Keyword is (1) Baby Line, (2) 6 Pockets gift demand, and (3) parent-child pair look. 2.6 times increase in the last 5 years.

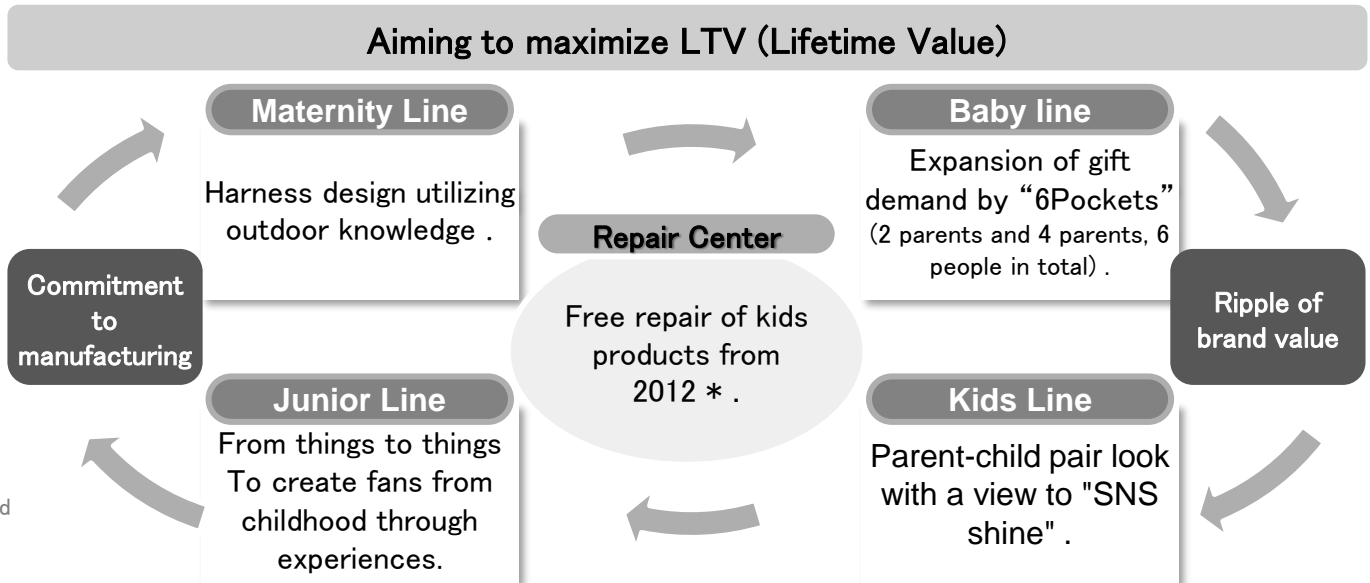


"THE NORTH FACE"'s first hug string "Baby Compact Carrier"



"THE NORTH FACE"'s first hug string "Baby Compact Carrier"

※Some products such as shoes, socks, and underwear are not eligible for repair.



China's first flagship store "Goldwin Beijing", which will be the base for expanding into Asia, will open on December 27, 2021.

Question	Answer
Why Beijing?	It is close to the natural environment of skiing, which is the origin of the Goldwin brand, and with the Beijing Olympics being held, it aims to establish on-offline retail based in Beijing, the capital city, which is the economic center.
How do you anticipate trends in the Chinese sports market after the Beijing Olympics in the long run?	With the remarkable development of advanced technology, China has become one of the world's leading economic powers, and we believe that it is a market with extremely high growth potential as an environment where Chinese people can enjoy sports and walk with sports.
How big is the sports market such as skiing in China?	The size of the winter sports market in China is expected to grow to 1 trillion yuan (18 trillion yen) in 2025, and it is expected to double the growth potential in the last five years. The ski population is also increasing year by year. Under these circumstances, not only wealthy people but also young people are entering the ski market.
What are the characteristics of the area (facility) where the store will be opened?	The Sanritun area, especially the Taikosato mall, where stores are opened, is a commercial area where young people and business people with high sensitivity gather and a new culture is born. Currently, it is the center where Western brands and Japanese brands also open.
Is the product composition different from Japan? Is there ski-related handling?	The product composition is the same as in Japan. There is also a development of seasonal skis, and we plan to propose all seasons through outdoor activities and lifestyle collections.
Will the Beijing store be opened in combination with a directly managed store and an EC?	Beijing is the most developed region of e-commerce in Asia, strengthening EC. Strengthen online marketing centered on WeChat. Use both directly managed stores and EC as in San Francisco and Munich.



**The results for the third quarter of the fiscal year ending March 2022 will strengthen the recovery trend with strengthen the recovery trend with each passing month.**

Sales and profits increased year-on-year. The impact of Vietnam's lockdown was minimal, and December monthly sales reached a record high due to the arrival of a nationwide cold wave.

**The full-year outlook for the fiscal year ending March 2022 remains strong, but remains unchanged at this point.**

Although sales after December will continue to increase year-on-year, the full-year outlook remains unchanged at this point because it is difficult to determine the impact of mutant stocks.

**Vietnam's lockdown in Spring / Summer 2022 is not expected to have any impact on procurement.**

Although there are issues related to the supply chain, such as high raw material costs, rising distribution costs, and corona support at production bases, the cooperation system with raw material manufacturers, trading companies, and wholesalers remains unchanged.

The policy is to refine the brand value and re-face the provision of value to customers.

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
Net sales	Consolidated: ¥90,400 million, Non-consolidated: ¥795,00million
Employee	2,322 (2,830 group-wide)
Offices	Tokyo Head Office, Toyama Head Office, Osaka Branch, Sapporo Sales Office, and Fukuoka Sales Office
Stock listings	Tokyo Stock Exchange, First Section (Stock Code: 8111)

(As of March 31, 2021)

# (Reference) Quarterly business performance trends



(Million yen)	1Q			2Q			3Q			4Q			Full year		
Fiscal year	FY20.3	FY21.3	FY22.3	FY20.3	FY21.3	FY22.3	FY20.3	FY21.3	FY22.3	FY20.3	FY21.3	FY22.3	FY20.3	FY21.3	FY22.3
Net sales	18,074	12,200	17,078	23,094	19,358	21,130	34,675	37,668	35,574	22,056	21,253	26,218	97,899	90,479	100,000
Gross profit	9,531	6,330	8,986	12,019	9,799	10,514	19,912	21,491	20,147	10,946	10,388	-	52,408	48,008	-
(%)	52.7%	51.9%	52.6%	52.0%	50.6%	49.8%	57.4%	57.1%	56.6%	49.6%	48.9%	-	53.5%	53.1%	-
SG & A expenses	7,499	6,770	7,851	8,514	8,098	8,349	9,196	9,081	9,289	9,794	9,203	-	35,003	33,152	-
(%)	41.5%	55.5%	46.0%	36.9%	41.8%	39.5%	26.5%	24.1%	26.1%	44.4%	43.3%	-	35.8%	36.6%	-
Operating income	1,902	▲479	1,135	3,635	1,715	2,164	10,660	12,341	10,858	1,283	1,261	▲157	17,480	14,838	14,000
(%)	10.5%	-	6.6%	15.7%	8.9%	10.2%	30.7%	32.8%	30.5%	5.8%	5.9%	-	17.9%	16.4%	14.0%
Ordinary income	1,946	▲76	1,696	3,346	1,471	2,139	11,207	12,491	11,618	▲124	2,098	▲253	16,375	15,984	15,200
(%)	10.8%	-	9.9%	14.5%	7.6%	10.1%	32.3%	33.2%	32.7%	-	9.9%	-	16.7%	17.7%	15.2%
Net income	1,375	▲292	1,235	2,222	915	1,397	7,859	8,613	8,157	▲686	1,498	▲489	10,770	10,734	10,300
(%)	7.6%	-	7.2%	9.6%	4.7%	6.6%	22.7%	22.9%	22.9%	-	7.0%	-	11.0%	11.9%	10.3%



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 assumptions that the Group has made, judged from available information and based on assumptions, and actual business results may differ significantly.