

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2018
(Based on Japanese GAAP)**

May 15, 2018

Company name: GOLDWIN INC.
 Stock exchange listing: Tokyo
 Stock code: 8111 URL <http://www.goldwin.co.jp>
 Representative: President and Representative Director Akio Nishida
 Vice President Administration HQ Human Resources and General Affairs HQ
 Kiyoto Futatsukawa TEL 03-3481-7203
 Scheduled date of ordinary general meeting of shareholders: June 28, 2018
 Scheduled date to file Securities Report: June 28, 2018
 Scheduled date to commence dividend payments: June 12, 2018
 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 year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(1) Consolidated operating results

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	%
Year ended March 31, 2018	70,420	15.6	7,102	81.6	7,833	71.1	5,174	51.1
Year ended March 31, 2017	60,903	2.0	3,910	24.9	4,578	9.5	3,424	1.6

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2018	456.17	–	15.4	11.9	10.1
Year ended March 31, 2017	298.08	–	11.1	7.8	6.4

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2018	71,300	35,425	49.6	3,080.95
As of March 31, 2017	60,572	31,918	52.6	2,780.47

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2018	9,131	(5,981)	(1,332)	9,233
Year ended March 31, 2017	4,241	(2,773)	(104)	7,414

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2017	–	0.00	–	65.00	65.00	773	21.8	2.4
Year ended March 31, 2018	–	0.00	–	85.00	85.00	1,012	18.6	2.9
Year ending March 31, 2019 (Forecast)	–	16.00	–	37.00	53.00		22.7	

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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, 2018	31,800	10.6	1,680	19.9	1,650	7.4	1,080	1.4	47.61
Full year	75,000	6.5	7,500	5.6	8,000	2.1	5,300	2.4	233.64

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2018

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of March 31, 2018	11,912,043 shares	As of March 31, 2017	11,912,043 shares
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Number of treasury shares at the end of the period

As of March 31, 2018	428,801 shares	As of March 31, 2017	446,192 shares
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Average number of shares during the period

Year ended March 31, 2018	11,342,433 shares	Year ended March 31, 2017	11,488,836 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	8,735	10,542
Notes and accounts receivable - trade	9,330	10,118
Electronically recorded monetary claims - operating	1,322	1,887
Merchandise and finished goods	10,318	10,912
Work in process	115	55
Raw materials and supplies	651	550
Deferred tax assets	782	1,005
Other	747	748
Allowance for doubtful accounts	(5)	(13)
Total current assets	31,998	35,807
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,422	1,669
Machinery, equipment and vehicles, net	69	66
Land	671	951
Leased assets, net	1,031	1,015
Other, net	292	463
Total property, plant and equipment	3,487	4,165
Intangible assets		
Software	766	672
Trademark right	2,931	2,659
Software in progress	96	96
Other	169	196
Total intangible assets	3,964	3,624
Investments and other assets		
Investment securities	17,824	23,614
Long-term loans receivable	49	45
Net defined benefit asset	200	615
Guarantee deposits	1,844	1,981
Claims provable in bankruptcy, claims provable in rehabilitation and other	177	149
Other	1,325	1,564
Allowance for doubtful accounts	(299)	(267)
Total investments and other assets	21,122	27,703
Total non-current assets	28,573	35,493
Total assets	60,572	71,300

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,077	5,272
Electronically recorded obligations - operating	7,711	9,038
Short-term loans payable	528	328
Current portion of long-term loans payable	1,694	2,661
Lease obligations	451	468
Accounts payable - other	1,581	1,960
Income taxes payable	457	2,242
Accrued consumption taxes	447	697
Accrued expenses	1,130	1,443
Provision for bonuses	872	1,323
Provision for sales returns	557	300
Other	200	470
Total current liabilities	20,710	26,208
Non-current liabilities		
Long-term loans payable	4,887	6,790
Lease obligations	941	916
Deferred tax liabilities	651	587
Net defined benefit liability	288	272
Asset retirement obligations	52	53
Provision for stocks payment	273	404
Other	848	642
Total non-current liabilities	7,943	9,667
Total liabilities	28,654	35,875
Net assets		
Shareholders' equity		
Capital stock	7,079	7,079
Capital surplus	4,066	1,439
Retained earnings	23,453	27,854
Treasury shares	(1,514)	(1,438)
Total shareholders' equity	33,085	34,934
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	543	595
Deferred gains or losses on hedges	(0)	(16)
Foreign currency translation adjustment	331	1,497
Remeasurements of defined benefit plans	(2,079)	(1,632)
Total accumulated other comprehensive income	(1,205)	444
Non-controlling interests	37	45
Total net assets	31,918	35,425
Total liabilities and net assets	60,572	71,300

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	60,903	70,420
Cost of sales	32,612	36,320
Gross profit	28,290	34,099
Reversal of provision for sales returns	97	257
Gross profit - net	28,387	34,356
Selling, general and administrative expenses	24,477	27,254
Operating profit	3,910	7,102
Non-operating income		
Interest income	25	25
Dividend income	55	59
Royalty income	3	0
Share of profit of entities accounted for using equity method	686	783
Other	85	78
Total non-operating income	856	946
Non-operating expenses		
Interest expenses	105	124
Loss on sales of notes receivable - trade	20	20
Other	62	70
Total non-operating expenses	188	215
Ordinary profit	4,578	7,833
Extraordinary income		
Gain on sales of non-current assets	1	0
Gain on sales of investment securities	-	0
Total extraordinary income	1	0
Extraordinary losses		
Loss on disposal of non-current assets	2	23
Impairment loss	216	172
Loss on closing of stores	13	24
Special retirement expenses	22	28
Other	4	1
Total extraordinary losses	258	249
Profit before income taxes	4,321	7,584
Income taxes - current	774	2,578
Income taxes - deferred	103	(192)
Total income taxes	877	2,385
Profit	3,443	5,198
Profit attributable to non-controlling interests	19	24
Profit attributable to owners of parent	3,424	5,174

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	3,443	5,198
Other comprehensive income		
Valuation difference on available-for-sale securities	342	52
Deferred gains or losses on hedges	15	(15)
Foreign currency translation adjustment	(138)	46
Remeasurements of defined benefit plans, net of tax	244	445
Share of other comprehensive income of entities accounted for using equity method	(794)	1,120
Total other comprehensive income	(329)	1,649
Comprehensive income	3,114	6,847
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,095	6,823
Comprehensive income attributable to non-controlling interests	19	24

Consolidated statements of changes in equity

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,079	4,023	20,713	(1,333)	30,482
Changes of items during period					
Purchase of treasury shares				(227)	(227)
Disposal of treasury shares		43		46	90
Dividends of surplus			(653)		(653)
Profit attributable to owners of parent			3,424		3,424
Change of scope of consolidation			(30)		(30)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	43	2,740	(180)	2,603
Balance at end of current period	7,079	4,066	23,453	(1,514)	33,085

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	200	(16)	1,239	(2,325)	(901)	34	29,614
Changes of items during period							
Purchase of treasury shares							(227)
Disposal of treasury shares							90
Dividends of surplus							(653)
Profit attributable to owners of parent							3,424
Change of scope of consolidation							(30)
Net changes of items other than shareholders' equity	342	15	(907)	245	(303)	3	(299)
Total changes of items during period	342	15	(907)	245	(303)	3	2,303
Balance at end of current period	543	(0)	331	(2,079)	(1,205)	37	31,918

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,079	4,066	23,453	(1,514)	33,085
Changes of items during period					
Purchase of treasury shares				(2,602)	(2,602)
Disposal of treasury shares		(2,627)		2,678	51
Dividends of surplus			(773)		(773)
Profit attributable to owners of parent			5,174		5,174
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(2,627)	4,400	76	1,849
Balance at end of current period	7,079	1,439	27,854	(1,438)	34,934

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	543	(0)	331	(2,079)	(1,205)	37	31,918
Changes of items during period							
Purchase of treasury shares							(2,602)
Disposal of treasury shares							51
Dividends of surplus							(773)
Profit attributable to owners of parent							5,174
Net changes of items other than shareholders' equity	52	(15)	1,166	446	1,649	8	1,658
Total changes of items during period	52	(15)	1,166	446	1,649	8	3,507
Balance at end of current period	595	(16)	1,497	(1,632)	444	45	35,425

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	4,321	7,584
Depreciation	1,241	1,471
Share of loss (profit) of entities accounted for using equity method	(686)	(783)
Amortization of goodwill	28	–
Decrease(increase)in net defined benefit asset	(151)	(415)
Increase (decrease) in net defined benefit liability	(173)	(15)
Impairment loss	216	172
Increase (decrease) in allowance for doubtful accounts	(6)	(23)
Increase (decrease) in provision for bonuses	134	450
Interest and dividend income	(80)	(84)
Interest expenses	105	124
Loss (gain) on disposal of non-current assets	2	22
Decrease (increase) in notes and accounts receivable - trade	536	(1,352)
Decrease (increase) in inventories	(1,166)	(431)
Increase (decrease) in notes and accounts payable - trade	(607)	1,521
Increase (decrease) in accounts payable - other	(222)	347
Increase (decrease) in accrued consumption taxes	37	249
Decrease (increase) in prepaid expenses	661	(23)
Other, net	682	906
Subtotal	4,872	9,721
Interest and dividend income received	273	334
Interest expenses paid	(105)	(125)
Income taxes paid	(799)	(797)
Net cash provided by (used in) operating activities	4,241	9,131
Cash flows from investing activities		
Payments into time deposits	(531)	(329)
Proceeds from withdrawal of time deposits	594	371
Purchase of non-current assets	(3,592)	(1,390)
Proceeds from sales of non-current assets	4	0
Purchase of investment securities	(83)	(4,191)
Proceeds from sales of investment securities	18	12
Payments for guarantee deposits	(174)	(254)
Proceeds from collection of guarantee deposits	833	53
Proceeds from transfer of business	314	–
Other, net	(158)	(254)
Net cash provided by (used in) investing activities	(2,773)	(5,981)

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(140)	(200)
Proceeds from long-term loans payable	3,370	5,150
Repayments of long-term loans payable	(1,483)	(2,279)
Redemption of bonds	(300)	–
Repayments of lease obligations	(744)	(674)
Purchase of treasury shares	(227)	(2,602)
Cash dividends paid	(653)	(773)
Other, net	74	48
Net cash provided by (used in) financing activities	(104)	(1,332)
Effect of exchange rate change on cash and cash equivalents	(16)	1
Net increase (decrease) in cash and cash equivalents	1,347	1,819
Cash and cash equivalents at beginning of period	6,001	7,414
Increase in cash and cash equivalents from newly consolidated subsidiary	65	–
Cash and cash equivalents at end of period	7,414	9,233