

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2019
(Based on Japanese GAAP)**

May 14, 2019

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 26, 2019
 Scheduled date to file Securities Report: June 26, 2019
 Scheduled date to commence dividend payments: June 11, 2019
 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 year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(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, 2019	84,934	20.6	11,861	67.0	12,982	65.7	9,243	78.6
Year ended March 31, 2018	70,420	15.6	7,102	81.6	7,833	71.1	5,174	51.1

	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, 2019	406.22	–	24.7	17.4	14.0
Year ended March 31, 2018	228.09	–	15.4	11.9	10.1

(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, 2019	77,544	39,609	51.0	1,747.81
As of March 31, 2018	70,713	35,425	50.0	1,540.47

(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, 2019	13,163	(2,084)	(7,933)	12,356
Year ended March 31, 2018	9,131	(5,981)	(1,332)	9,233

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, 2018	–	0.00	–	85.00	85.00	1,012	18.6	2.9
Year ended March 31, 2019	–	16.00	–	69.00	85.00	1,994	20.9	5.0
Year ending March 31, 2020 (Forecast)	–	30.00	–	70.00	100.00		23.5	

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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, 2019	37,700	12.9	3,200	2.3	2,800	3.1	1,700	8.7	74.71
Full year	92,000	8.3	12,500	5.4	13,800	6.3	9,700	4.9	426.29

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2019

(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, 2019	23,824,086 shares	As of March 31, 2018	23,824,086 shares
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Number of treasury shares at the end of the period

As of March 31, 2019	1,200,240 shares	As of March 31, 2018	857,602 shares
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Average number of shares during the period

Year ended March 31, 2019	22,754,623 shares	Year ended March 31, 2018	22,684,866 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	10,542	13,595
Notes and accounts receivable - trade	10,118	10,461
Electronically recorded monetary claims - operating	1,887	2,813
Merchandise and finished goods	10,912	11,688
Work in process	55	62
Raw materials and supplies	550	537
Other	748	830
Allowance for doubtful accounts	(13)	(17)
Total current assets	34,802	39,972
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,669	1,642
Machinery, equipment and vehicles, net	66	74
Land	951	951
Leased assets, net	1,015	1,172
Other, net	463	375
Total property, plant and equipment	4,165	4,215
Intangible assets		
Software	672	729
Trademark right	2,659	2,374
Software in progress	96	47
Other	196	146
Total intangible assets	3,624	3,297
Investments and other assets		
Investment securities	23,614	23,730
Long-term loans receivable	45	45
Retirement benefit asset	615	881
Guarantee deposits	1,981	2,204
Claims provable in bankruptcy, claims provable in rehabilitation and other	149	147
Deferred tax assets	429	1,509
Other	1,551	1,806
Allowance for doubtful accounts	(267)	(265)
Total investments and other assets	28,121	30,058
Total non-current assets	35,911	37,571
Total assets	70,713	77,544

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,272	6,215
Electronically recorded obligations - operating	9,038	11,296
Short-term loans payable	328	328
Current portion of long-term loans payable	2,661	2,450
Lease obligations	468	543
Accounts payable - other	1,960	2,374
Income taxes payable	2,242	2,886
Accrued consumption taxes	697	977
Accrued expenses	1,443	1,823
Provision for bonuses	1,323	2,101
Provision for sales returns	300	109
Other	470	437
Total current liabilities	26,208	31,544
Non-current liabilities		
Long-term loans payable	6,790	4,056
Lease obligations	916	1,048
Retirement benefit liability	272	259
Asset retirement obligations	53	54
Provision for stocks payment	404	536
Other	642	435
Total non-current liabilities	9,080	6,390
Total liabilities	35,288	37,934
Net assets		
Shareholders' equity		
Capital stock	7,079	7,079
Capital surplus	1,439	1,439
Retained earnings	27,854	35,709
Treasury shares	(1,438)	(4,273)
Total shareholders' equity	34,934	39,956
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	595	270
Deferred gains or losses on hedges	(16)	56
Foreign currency translation adjustment	1,497	402
Remeasurements of defined benefit plans	(1,632)	(1,144)
Total accumulated other comprehensive income	444	(414)
Non-controlling interests	45	67
Total net assets	35,425	39,609
Total liabilities and net assets	70,713	77,544

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

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	70,420	84,934
Cost of sales	36,320	41,915
Gross profit	34,099	43,018
Reversal of provision for sales returns	257	190
Gross profit - net	34,356	43,209
Selling, general and administrative expenses	27,254	31,347
Operating profit	7,102	11,861
Non-operating income		
Interest income	25	24
Dividend income	59	64
Royalty income	0	0
Share of profit of entities accounted for using equity method	783	1,137
Other	78	93
Total non-operating income	946	1,320
Non-operating expenses		
Interest expenses	124	126
Loss on sales of notes receivable - trade	20	23
Other	70	48
Total non-operating expenses	215	199
Ordinary profit	7,833	12,982
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	0	46
Total extraordinary income	0	47
Extraordinary losses		
Loss on disposal of non-current assets	23	5
Impairment loss	172	257
Loss on closing of stores	24	2
Special retirement expenses	28	31
Other	1	29
Total extraordinary losses	249	326
Profit before income taxes	7,584	12,702
Income taxes - current	2,578	4,132
Income taxes - deferred	(192)	(714)
Total income taxes	2,385	3,418
Profit	5,198	9,284
Profit attributable to non-controlling interests	24	41
Profit attributable to owners of parent	5,174	9,243

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	5,198	9,284
Other comprehensive income		
Valuation difference on available-for-sale securities	52	(324)
Deferred gains or losses on hedges	(15)	17
Foreign currency translation adjustment	46	(98)
Remeasurements of defined benefit plans, net of tax	445	488
Share of other comprehensive income of entities accounted for using equity method	1,120	(941)
Total other comprehensive income	1,649	(858)
Comprehensive income	6,847	8,425
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,823	8,386
Comprehensive income attributable to non-controlling interests	24	39

Consolidated statements of changes in equity

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 shares of consolidated subsidiaries					-
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 shares of consolidated subsidiaries							-
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

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,079	1,439	27,854	(1,438)	34,934
Changes of items during period					
Purchase of shares of consolidated subsidiaries		0			0
Purchase of treasury shares				(2,875)	(2,875)
Disposal of treasury shares				41	41
Dividends of surplus			(1,387)		(1,387)
Profit attributable to owners of parent			9,243		9,243
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	0	7,855	(2,834)	5,021
Balance at end of current period	7,079	1,439	35,709	(4,273)	39,956

	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	595	(16)	1,497	(1,632)	444	45	35,425
Changes of items during period							
Purchase of shares of consolidated subsidiaries							0
Purchase of treasury shares							(2,875)
Disposal of treasury shares							41
Dividends of surplus							(1,387)
Profit attributable to owners of parent							9,243
Net changes of items other than shareholders' equity	(324)	73	(1,095)	488	(858)	21	(837)
Total changes of items during period	(324)	73	(1,095)	488	(858)	21	4,184
Balance at end of current period	270	56	402	(1,144)	(414)	67	39,609

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	7,584	12,702
Depreciation	1,471	1,532
Share of loss (profit) of entities accounted for using equity method	(783)	(1,137)
Decrease (increase) in retirement benefit asset	(415)	(266)
Increase (decrease) in retirement benefit liability	(15)	(13)
Impairment loss	172	257
Increase (decrease) in allowance for doubtful accounts	(23)	1
Increase (decrease) in provision for bonuses	450	778
Interest and dividend income	(84)	(88)
Interest expenses	124	126
Loss (gain) on disposal of non-current assets	22	5
Decrease (increase) in notes and accounts receivable - trade	(1,352)	(1,270)
Decrease (increase) in inventories	(431)	(772)
Increase (decrease) in notes and accounts payable - trade	1,521	3,202
Increase (decrease) in accounts payable - other	347	416
Increase (decrease) in accrued consumption taxes	249	279
Decrease (increase) in prepaid expenses	(23)	(94)
Other, net	906	481
Subtotal	9,721	16,141
Interest and dividend income received	334	626
Interest expenses paid	(125)	(124)
Income taxes paid	(797)	(3,479)
Net cash provided by (used in) operating activities	9,131	13,163
Cash flows from investing activities		
Payments into time deposits	(329)	(127)
Proceeds from withdrawal of time deposits	371	128
Purchase of non-current assets	(1,390)	(742)
Proceeds from sales of non-current assets	0	0
Purchase of investment securities	(4,191)	(885)
Proceeds from sales of investment securities	12	98
Payments for guarantee deposits	(254)	(329)
Proceeds from collection of guarantee deposits	53	48
Other, net	(254)	(274)
Net cash provided by (used in) investing activities	(5,981)	(2,084)

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(200)	—
Proceeds from long-term loans payable	5,150	50
Repayments of long-term loans payable	(2,279)	(2,995)
Repayments of lease obligations	(674)	(745)
Purchase of treasury shares	(2,602)	(2,875)
Cash dividends paid	(773)	(1,387)
Other, net	48	22
Net cash provided by (used in) financing activities	(1,332)	(7,933)
Effect of exchange rate change on cash and cash equivalents	1	(23)
Net increase (decrease) in cash and cash equivalents	1,819	3,122
Cash and cash equivalents at beginning of period	7,414	9,233
Cash and cash equivalents at end of period	9,233	12,356