

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2020 (Based on Japanese GAAP)

November 6, 2020

Company name: GOLDWIN INC.  
 Stock exchange listing: Tokyo  
 Stock code: 8111 URL <https://www.goldwin.co.jp>  
 Representative: President and Representative Director Takao Watanabe  
 Vice President  
 Inquiries: Administration and Human Resources and Kiyoto Futatsukawa TEL 03-3481-7203  
 General Affairs  
 Scheduled date to file Quarterly Securities Report: November 13, 2020  
 Scheduled date to commence dividend payments: December 7, 2020  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly 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, 2020 (from April 1, 2020 to September 30, 2020)

(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, 2020	31,558	(23.3)	1,236	(77.7)	1,395	(73.6)	623	(82.7)
Six months ended September 30, 2019	41,168	23.2	5,537	77.0	5,292	94.8	3,597	130.0

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2020	13.77		-	
Six months ended September 30, 2019	79.47		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2020	85,243	44,184	51.7
As of March 31, 2020	82,285	46,852	56.8

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2020	-	30.00	-	45.00	-
Year ending March 31, 2021	-	15.00	-	-	-
Year ending March 31, 2021 (Forecast)	-	-	-	45.00	60.00

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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	84,000	(14.2)	8,100	(53.7)	9,600	(41.4)	6,400	(40.6)	141.28

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2020  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (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
- 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

(4) Number of issued shares (common shares)

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

As of September 30, 2020	47,448,172 shares	As of March 31, 2020	47,648,172 shares
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Number of treasury shares at the end of the period

As of September 30, 2020	1,873,836 shares	As of March 31, 2020	2,356,156 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2020	45,323,807 shares	Six months ended September 30, 2019	45,263,406 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	17,649	12,312
Notes and accounts receivable - trade	8,663	10,633
Electronically recorded monetary claims - operating	3,188	1,752
Merchandise and finished goods	14,173	18,261
Work in process	54	933
Raw materials and supplies	544	673
Other	954	1,846
Allowance for doubtful accounts	(10)	(15)
Total current assets	45,217	46,399
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,803	1,739
Land	2,541	4,691
Other, net	1,823	1,943
Total property, plant and equipment	6,168	8,374
Intangible assets		
Trademark right	2,085	1,941
Other	1,065	1,024
Total intangible assets	3,150	2,965
Investments and other assets		
Investment securities	20,740	20,443
Guarantee deposits	2,478	2,536
Other	4,793	4,789
Allowance for doubtful accounts	(265)	(265)
Total investments and other assets	27,748	27,504
Total non-current assets	37,067	38,844
Total assets	82,285	85,243

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	4,641	6,276
Electronically recorded obligations - operating	12,784	7,175
Short-term borrowings	–	11,378
Current portion of long-term borrowings	1,916	2,440
Income taxes payable	3,199	461
Provision for bonuses	1,647	1,062
Provision for sales returns	34	58
Other	6,740	4,848
<b>Total current liabilities</b>	<b>30,964</b>	<b>33,701</b>
<b>Non-current liabilities</b>		
Long-term borrowings	2,109	4,966
Retirement benefit liability	204	195
Provision for share-based remuneration	664	713
Other	1,490	1,482
<b>Total non-current liabilities</b>	<b>4,467</b>	<b>7,357</b>
<b>Total liabilities</b>	<b>35,432</b>	<b>41,059</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	7,079	7,079
Capital surplus	1,439	264
Retained earnings	44,157	41,202
Treasury shares	(4,233)	(2,560)
<b>Total shareholders' equity</b>	<b>48,443</b>	<b>45,985</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(60)	384
Deferred gains or losses on hedges	67	76
Foreign currency translation adjustment	(577)	(1,335)
Remeasurements of defined benefit plans	(1,114)	(1,015)
<b>Total accumulated other comprehensive income</b>	<b>(1,686)</b>	<b>(1,890)</b>
<b>Non-controlling interests</b>	<b>95</b>	<b>89</b>
<b>Total net assets</b>	<b>46,852</b>	<b>44,184</b>
<b>Total liabilities and net assets</b>	<b>82,285</b>	<b>85,243</b>

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net sales	41,168	31,558
Cost of sales	19,618	15,429
Gross profit	21,550	16,129
Reversal of provision for sales returns	0	–
Provision for sales returns	–	24
Gross profit - net	21,551	16,105
Selling, general and administrative expenses	16,013	14,868
Operating profit	5,537	1,236
Non-operating income		
Interest income	3	4
Dividend income	41	37
Share of profit of entities accounted for using equity method	–	197
Other	34	43
Total non-operating income	79	282
Non-operating expenses		
Interest expenses	48	57
Share of loss of entities accounted for using equity method	241	–
Other	35	66
Total non-operating expenses	324	123
Ordinary profit	5,292	1,395
Extraordinary income		
Gain on sales of non-current assets	19	0
Other	2	–
Total extraordinary income	21	0
Extraordinary losses		
Loss on disposal of non-current assets	2	0
Loss on valuation of investment securities	37	267
Loss on store closings	0	19
Other	0	3
Total extraordinary losses	41	290
Profit before income taxes	5,273	1,105
Income taxes - current	1,330	365
Income taxes - deferred	315	84
Total income taxes	1,646	450
Profit	3,627	655
Profit attributable to non-controlling interests	29	31
Profit attributable to owners of parent	3,597	623

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit	3,627	655
Other comprehensive income		
Valuation difference on available-for-sale securities	(130)	444
Deferred gains or losses on hedges	(7)	(8)
Foreign currency translation adjustment	(26)	(23)
Remeasurements of defined benefit plans, net of tax	140	100
Share of other comprehensive income of entities accounted for using equity method	(1,127)	(717)
Total other comprehensive income	(1,151)	(204)
Comprehensive income	2,475	451
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,445	419
Comprehensive income attributable to non-controlling interests	29	31

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit before income taxes	5,273	1,105
Depreciation	811	822
Decrease(increase)in net defined benefit asset	(255)	(211)
Increase (decrease) in retirement benefit liability	(66)	(13)
Impairment loss	–	3
Increase (decrease) in allowance for doubtful accounts	7	5
Interest and dividend income	(44)	(41)
Interest expenses	48	57
Share of loss (profit) of entities accounted for using equity method	241	(197)
Loss (gain) on disposal of non-current assets	(16)	(0)
Decrease (increase) in trade receivables	(2,021)	(533)
Decrease (increase) in inventories	(3,462)	(5,085)
Increase (decrease) in trade payables	481	(3,973)
Increase (decrease) in accounts payable - other	(373)	(799)
Increase (decrease) in accrued consumption taxes	(781)	(1,285)
Decrease (increase) in prepaid expenses	(98)	(176)
Other, net	(1,002)	(104)
Subtotal	(1,260)	(10,428)
Interest and dividends received	44	41
Interest paid	(50)	(68)
Income taxes paid	(2,949)	(3,253)
Net cash provided by (used in) operating activities	(4,215)	(13,708)
Cash flows from investing activities		
Payments into time deposits	(215)	(159)
Proceeds from withdrawal of time deposits	238	178
Purchase of property, plant and equipment and intangible assets	(433)	(2,765)
Purchase of investment securities	(2)	(24)
Proceeds from sales of investment securities	1	–
Payments of guarantee deposits	(261)	(88)
Proceeds from refund of guarantee deposits	80	10
Other, net	(122)	35
Net cash provided by (used in) investing activities	(714)	(2,814)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	4,380	11,378
Proceeds from long-term borrowings	–	4,600
Repayments of long-term borrowings	(1,289)	(1,219)
Repayments of lease obligations	(456)	(390)
Purchase of treasury shares	(2)	(1,008)
Dividends paid	(1,618)	(2,111)
Other, net	3	1
Net cash provided by (used in) financing activities	1,016	11,249
Effect of exchange rate change on cash and cash equivalents	(39)	(19)
Net increase (decrease) in cash and cash equivalents	(3,953)	(5,292)
Cash and cash equivalents at beginning of period	12,356	16,391
Cash and cash equivalents at end of period	8,403	11,099