

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2017 (Based on Japanese GAAP)

November 7, 2017

Company name: GOLDWIN INC.
 Stock exchange listing: Tokyo
 Stock code: 8111 URL <http://www.goldwin.co.jp>
 Representative: President and Representative Director Akio Nishida
 Inquiries: Vice President Administration HQ Kiyoto Futatsukawa TEL 03-3481-7203
 Scheduled date to file Quarterly Securities Report: November 14, 2017
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

(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, 2017	28,759	8.7	1,401	105.1	1,536	76.8	1,065	79.9
Six months ended September 30, 2016	26,469	1.7	683	59.3	869	13.8	591	103.8

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2017	93.30		–	
Six months ended September 30, 2016	51.53		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2017	68,721	31,547	45.9
As of March 31, 2017	60,572	31,918	52.6

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, 2017	–	0.00	–	65.00	65.00
Year ending March 31, 2018	–	0.00			
Year ending March 31, 2018 (Forecast)			–	75.00	75.00

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

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	66,300	8.9	5,000	27.9	5,600	22.3	3,900	13.9	341.63

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2017
(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, 2017	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 September 30, 2017	616,950 shares	As of March 31, 2017	446,192 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, 2017	11,416,022 shares	Six months ended September 30, 2016	11,488,161 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	8,735	13,654
Notes and accounts receivable - trade	9,330	9,783
Electronically recorded monetary claims - operating	1,322	1,375
Merchandise and finished goods	10,318	12,094
Work in process	115	113
Raw materials and supplies	651	620
Other	1,529	1,821
Allowance for doubtful accounts	(5)	(33)
Total current assets	31,998	39,429
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,422	1,398
Land	671	671
Other, net	1,393	1,463
Total property, plant and equipment	3,487	3,533
Intangible assets		
Trademark right	2,931	2,799
Other	1,032	1,032
Total intangible assets	3,964	3,831
Investments and other assets		
Investment securities	17,824	18,268
Guarantee deposits	1,844	1,890
Other	1,752	2,039
Allowance for doubtful accounts	(299)	(272)
Total investments and other assets	21,122	21,926
Total non-current assets	28,573	29,292
Total assets	60,572	68,721

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,077	7,091
Electronically recorded obligations - operating	7,711	5,935
Short-term loans payable	528	4,988
Current portion of long-term loans payable	1,694	2,666
Income taxes payable	457	347
Provision for bonuses	872	841
Provision for sales returns	557	274
Other	3,811	3,953
Total current liabilities	20,710	26,099
Non-current liabilities		
Long-term loans payable	4,887	8,153
Net defined benefit liability	288	285
Provision for stocks payment	273	337
Other	2,494	2,298
Total non-current liabilities	7,943	11,075
Total liabilities	28,654	37,174
Net assets		
Shareholders' equity		
Capital stock	7,079	7,079
Capital surplus	4,066	4,066
Retained earnings	23,453	23,745
Treasury shares	(1,514)	(2,783)
Total shareholders' equity	33,085	32,108
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	543	801
Deferred gains or losses on hedges	(0)	(4)
Foreign currency translation adjustment	331	470
Remeasurements of defined benefit plans	(2,079)	(1,856)
Total accumulated other comprehensive income	(1,205)	(588)
Non-controlling interests	37	27
Total net assets	31,918	31,547
Total liabilities and net assets	60,572	68,721

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, 2016	Six months ended September 30, 2017
Net sales	26,469	28,759
Cost of sales	14,441	15,027
Gross profit	12,028	13,732
Reversal of provision for sales returns	327	282
Gross profit - net	12,355	14,015
Selling, general and administrative expenses	11,671	12,613
Operating profit	683	1,401
Non-operating income		
Interest income	6	4
Dividend income	37	38
Share of profit of entities accounted for using equity method	186	146
Other	47	33
Total non-operating income	277	223
Non-operating expenses		
Interest expenses	48	49
Other	43	39
Total non-operating expenses	91	88
Ordinary profit	869	1,536
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	1	5
Loss on closing of stores	4	22
Loss on valuation of investment securities	1	–
Other	2	0
Total extraordinary losses	10	28
Profit before income taxes	860	1,508
Income taxes - current	242	405
Income taxes - deferred	19	31
Total income taxes	262	437
Profit	598	1,071
Profit attributable to non-controlling interests	6	6
Profit attributable to owners of parent	591	1,065

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	598	1,071
Other comprehensive income		
Valuation difference on available-for-sale securities	(35)	258
Deferred gains or losses on hedges	8	(3)
Foreign currency translation adjustment	(253)	(1)
Remeasurements of defined benefit plans, net of tax	221	222
Share of other comprehensive income of entities accounted for using equity method	(1,659)	140
Total other comprehensive income	(1,718)	616
Comprehensive income	(1,120)	1,687
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,126)	1,681
Comprehensive income attributable to non-controlling interests	6	6

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from operating activities		
Profit before income taxes	860	1,508
Depreciation	529	692
Decrease(increase)in net defined benefit asset	(138)	(206)
Increase (decrease) in net defined benefit liability	(165)	(2)
Amortization of goodwill	24	–
Increase (decrease) in allowance for doubtful accounts	(0)	1
Interest and dividend income	(43)	(43)
Interest expenses	48	49
Share of (profit) loss of entities accounted for using equity method	(186)	(146)
Loss (gain) on disposal of non-current assets	0	4
Decrease (increase) in notes and accounts receivable - trade	306	(506)
Decrease (increase) in inventories	(2,023)	(1,742)
Increase (decrease) in notes and accounts payable - trade	(420)	237
Increase (decrease) in accrued consumption taxes	(278)	(224)
Other, net	406	16
Subtotal	(1,080)	(361)
Interest and dividend income received	43	43
Interest expenses paid	(50)	(54)
Income taxes paid	(474)	(454)
Net cash provided by (used in) operating activities	(1,561)	(826)
Cash flows from investing activities		
Payments into time deposits	(234)	(132)
Proceeds from withdrawal of time deposits	310	124
Purchase of property, plant and equipment and intangible assets	(197)	(409)
Purchase of investment securities	(13)	(4)
Proceeds from sales of investment securities	14	6
Payments for guarantee deposits	(31)	(83)
Proceeds from collection of guarantee deposits	821	4
Proceeds from transfer of business	206	–
Other, net	(34)	(41)
Net cash provided by (used in) investing activities	842	(536)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	4,200	4,459
Proceeds from long-term loans payable	150	5,150
Repayments of long-term loans payable	(748)	(912)
Repayments of lease obligations	(390)	(354)
Purchase of treasury shares	(6)	(1,300)
Cash dividends paid	(653)	(773)
Other, net	11	15
Net cash provided by (used in) financing activities	2,562	6,284
Effect of exchange rate change on cash and cash equivalents	(42)	5
Net increase (decrease) in cash and cash equivalents	1,801	4,926
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	7,868	12,340