

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2018 (Based on Japanese GAAP)

November 6, 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 to file Quarterly Securities Report: November 14, 2018
 Scheduled date to commence dividend payments: December 5, 2018
 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, 2018 (from April 1, 2018 to September 30, 2018)

(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, 2018	33,405	16.2	3,128	123.2	2,716	76.8	1,563	46.8
Six months ended September 30, 2017	28,759	8.7	1,401	105.1	1,536	76.8	1,065	79.9

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2018	68.39	—
Six months ended September 30, 2017	46.65	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2018	70,685	32,419	45.8
As of March 31, 2018	70,713	35,425	50.0

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2018	—	0.00	—	85.00	85.00
Year ending March 31, 2019	—	16.00	—	—	—
Year ending March 31, 2019 (Forecast)	—	—	—	37.00	53.00

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
Full year	80,000	13.6	9,100	28.1	9,500	21.3	6,300	21.8	275.48

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2018
(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, 2018	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 September 30, 2018	1,205,170 shares	As of March 31, 2018	857,602 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, 2018	22,868,778 shares	Six months ended September 30, 2017	22,832,044 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	10,542	8,151
Notes and accounts receivable - trade	10,118	11,136
Electronically recorded monetary claims - operating	1,887	1,396
Merchandise and finished goods	10,912	13,096
Work in process	55	80
Raw materials and supplies	550	569
Other	748	1,260
Allowance for doubtful accounts	(13)	(20)
Total current assets	34,802	35,671
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,669	1,795
Land	951	951
Other, net	1,544	1,741
Total property, plant and equipment	4,165	4,488
Intangible assets		
Trademark right	2,659	2,522
Other	965	858
Total intangible assets	3,624	3,380
Investments and other assets		
Investment securities	23,614	22,418
Guarantee deposits	1,981	2,090
Other	2,792	2,903
Allowance for doubtful accounts	(267)	(266)
Total investments and other assets	28,121	27,145
Total non-current assets	35,911	35,014
Total assets	70,713	70,685

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,272	8,139
Electronically recorded obligations - operating	9,038	6,831
Short-term loans payable	328	6,428
Current portion of long-term loans payable	2,661	2,601
Income taxes payable	2,242	866
Provision for bonuses	1,323	935
Provision for sales returns	300	260
Other	5,041	4,239
Total current liabilities	26,208	30,302
Non-current liabilities		
Long-term loans payable	6,790	5,529
Net defined benefit liability	272	263
Provision for stocks payment	404	463
Other	1,612	1,708
Total non-current liabilities	9,080	7,963
Total liabilities	35,288	38,266
Net assets		
Shareholders' equity		
Capital stock	7,079	7,079
Capital surplus	1,439	1,439
Retained earnings	27,854	28,405
Treasury shares	(1,438)	(4,278)
Total shareholders' equity	34,934	32,646
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	595	751
Deferred gains or losses on hedges	(16)	6
Foreign currency translation adjustment	1,497	437
Remeasurements of defined benefit plans	(1,632)	(1,461)
Total accumulated other comprehensive income	444	(266)
Non-controlling interests	45	38
Total net assets	35,425	32,419
Total liabilities and net assets	70,713	70,685

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, 2017	Six months ended September 30, 2018
Net sales	28,759	33,405
Cost of sales	15,027	16,600
Gross profit	13,732	16,804
Reversal of provision for sales returns	282	40
Gross profit - net	14,015	16,844
Selling, general and administrative expenses	12,613	13,716
Operating profit	1,401	3,128
Non-operating income		
Interest income	4	4
Dividend income	38	42
Share of profit of entities accounted for using equity method	146	–
Other	33	32
Total non-operating income	223	79
Non-operating expenses		
Interest expenses	49	61
Share of loss of entities accounted for using equity method	–	391
Other	39	38
Total non-operating expenses	88	491
Ordinary profit	1,536	2,716
Extraordinary income		
Gain on sales of non-current assets	0	–
Gain on sales of investment securities	0	–
Total extraordinary income	0	–
Extraordinary losses		
Loss on disposal of non-current assets	5	1
Loss on closing of stores	22	2
Impairment loss	–	22
Other	0	0
Total extraordinary losses	28	26
Profit before income taxes	1,508	2,689
Income taxes - current	405	916
Income taxes - deferred	31	198
Total income taxes	437	1,114
Profit	1,071	1,574
Profit attributable to non-controlling interests	6	10
Profit attributable to owners of parent	1,065	1,563

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	1,071	1,574
Other comprehensive income		
Valuation difference on available-for-sale securities	258	156
Deferred gains or losses on hedges	(3)	22
Foreign currency translation adjustment	(1)	(68)
Remeasurements of defined benefit plans, net of tax	222	170
Share of other comprehensive income of entities accounted for using equity method	140	(991)
Total other comprehensive income	616	(710)
Comprehensive income	1,687	864
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,681	853
Comprehensive income attributable to non-controlling interests	6	10

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Profit before income taxes	1,508	2,689
Depreciation	692	720
Decrease(increase)in net defined benefit asset	(206)	(212)
Increase (decrease) in net defined benefit liability	(2)	(9)
Impairment loss	–	22
Increase (decrease) in allowance for doubtful accounts	1	6
Interest and dividend income	(43)	(46)
Interest expenses	49	61
Share of loss (profit) of entities accounted for using equity method	(146)	391
Loss (gain) on disposal of non-current assets	4	1
Decrease (increase) in notes and accounts receivable - trade	(506)	(529)
Decrease (increase) in inventories	(1,742)	(2,230)
Increase (decrease) in notes and accounts payable - trade	237	661
Increase (decrease) in accounts payable - other	(137)	(433)
Increase (decrease) in accrued consumption taxes	(224)	(472)
Decrease (increase) in prepaid expenses	(138)	(226)
Other, net	292	(386)
Subtotal	(361)	6
Interest and dividend income received	43	46
Interest expenses paid	(54)	(63)
Income taxes paid	(454)	(2,249)
Net cash provided by (used in) operating activities	(826)	(2,259)
Cash flows from investing activities		
Payments into time deposits	(132)	(62)
Proceeds from withdrawal of time deposits	124	80
Purchase of property, plant and equipment and intangible assets	(409)	(400)
Purchase of investment securities	(4)	(3)
Proceeds from sales of investment securities	6	1
Payments for guarantee deposits	(83)	(154)
Proceeds from collection of guarantee deposits	4	45
Other, net	(41)	(122)
Net cash provided by (used in) investing activities	(536)	(616)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	4,459	6,100
Proceeds from long-term loans payable	5,150	50
Repayments of long-term loans payable	(912)	(1,371)
Repayments of lease obligations	(354)	(343)
Purchase of treasury shares	(1,300)	(2,867)
Cash dividends paid	(773)	(1,012)
Other, net	15	9
Net cash provided by (used in) financing activities	6,284	564
Effect of exchange rate change on cash and cash equivalents	5	(25)
Net increase (decrease) in cash and cash equivalents	4,926	(2,337)
Cash and cash equivalents at beginning of period	7,414	9,233
Cash and cash equivalents at end of period	12,340	6,896