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Consolidated Financial Results for the Three Months Ended June 30, 2024 [Japanese GAAP]



August 8, 2024

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 Stock exchange listing: Tokyo Stock Exchange
 Code number: 7990
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 Scheduled date of commencing dividend payments: –
 Availability of supplementary explanatory materials on financial results: Not available
 Schedule of financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2024 (April 1, 2024 - June 30, 2024)

(1) Consolidated Operating Results (Cumulative) (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2024	31,481	(7.7)	2,122	(47.5)	2,592	(43.4)	1,650	(53.0)
June 30, 2023	34,116	(7.7)	4,041	(25.0)	4,581	(21.1)	3,514	(19.3)

(Note) Comprehensive income: Three months ended June 30, 2024: ¥3,266 million [(21.4)%]
 Three months ended June 30, 2023: ¥4,157 million [(22.9)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2024	71.82	-
June 30, 2023	153.00	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2024	111,470	56,950	50.9
As of March 31, 2024	108,717	54,488	49.9

(Reference) Equity: As of June 30, 2024: ¥56,714 million
 As of March 31, 2024: ¥54,261 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2024	Yen -	Yen 35.00	Yen -	Yen 35.00	Yen 70.00
Fiscal year ending March 31, 2025	-	-	-	-	-
Fiscal year ending March 31, 2025 (Forecast)	-	40.00	-	40.00	80.00

(Note) Revisions to the dividend forecast most recently announced: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 - March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
First half	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	66,000	(2.8)	3,800	(41.7)	3,500	(51.4)	2,400	(52.9)	104.44
	127,000	0.8	5,500	(26.6)	5,100	(39.1)	3,400	(39.1)	147.96

(Note) Revisions to the financial results forecast most recently announced: None

*** Notes:**

(1) Significant changes in the scope of consolidation during the period: None

Newly included: –

Excluded: –

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(Note) For details, please refer to “(Accounting policies adopted specially for the preparation of quarterly consolidated financial statements)” on page 8 of the Attachments.

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Total number of issued shares (common shares)

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

June 30, 2024: 24,000,000 shares

March 31, 2024: 24,000,000 shares

2) Total number of treasury shares at the end of the period:

June 30, 2024: 1,021,608 shares

March 31, 2024: 1,021,181 shares

3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year):

Three months ended June 30, 2024: 22,978,584 shares

Three months ended June 30, 2023: 22,971,348 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Explanation of the proper use of financial results forecast and other notes

The financial results forecast and other forward-looking statements herein are based on information that is currently available to the Company and certain assumptions that are deemed reasonable by the Company, and are not intended to guarantee the achievement. Actual business results may differ significantly due to various factors. For the conditions serving for the premise of the financial results forecast and the cautionary notes concerning the use of the financial results forecast, please refer to “Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information” on page 3 in the Attachments of the quarterly consolidated financial results.

Table of Contents - Attachments

1. Qualitative Information on Quarterly Financial Results	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information	3
2. Quarterly Consolidated Financial Statements and Principal Notes.....	4
(1) Quarterly Consolidated Balance Sheets	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income.....	6
(3) Notes to Quarterly Consolidated Financial Statements.....	8
(Notes on going concern assumption)	8
(Notes in the case of significant changes in shareholders' equity)	8
(Accounting policies adopted specially for the preparation of quarterly consolidated financial statements)	8
(Segment information, etc.)	8
(Notes to statements of cash flows)	9

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the three months ended June 30, 2024, the Japanese economy has seen a gradual upward momentum, with a backdrop of recovery in consumer spending and demands from inbound tourists resulting from normalization of economic activities. Meanwhile, the future still remains unclear due to rises in commodity prices fueled by soaring material and energy prices and the yen depreciation as well as sluggish consumer confidence. While consumer spending was on a recovery trend mainly in North America and Europe, the overseas economy has not reached an economic recovery as a whole, due mainly to geopolitical risks such as the situations in Ukraine and the Middle East, and prolonged monetary tightening policies in North America and Europe, as well as concern over the future of the Chinese economy.

Under these situations, the markets of the outdoor, sports, and leisure industry, in which the Group (the Company and its subsidiaries) operates, remained stagnant, affected chiefly by the increased burden on households from soaring commodity prices, as well as diversifying ways to spend leisure time with the increased popularity of travelling, shopping, and a variety of other sports and leisure activities.

In such conditions, as “A Lifetime Sports Company,” the Group has been providing attractive products and high-quality services for everyone who loves nature and sports. However, with impacts including the slowing demand for outdoor, sports, and leisure goods, such as fishing goods, and an adjustment in inventory levels, for the three months ended June 30, 2024, net sales were 31,481 million yen (down 7.7% year on year). As for profit, due to a decrease in revenue which led to a decrease in gross profit and an increase in expenses, such as personnel expenses, operating profit was 2,122 million yen (down 47.5% year on year), ordinary profit was 2,592 million yen (down 43.4% year on year), and profit attributable to owners of parent was 1,650 million yen (down 53.0% year on year).

Operating results by segment are shown as follows. Net sales of each segment include inter-segment sales and transfers.

1) Japan

In Japan, the outdoor, sports, and leisure markets remains sluggish partially due to financial pressure on households from rising energy and commodity prices, as well as an increased variety of leisure consumption to include travel and others. Under such circumstances, the Group launched new products and provided services to satisfy our customers, for example, a spinning reel “CERTATE” in fishing, and “ONOFF AKA” in golf. However, net sales were 20,575 million yen (down 10.7% year on year), and segment profit was 1,513 million yen (down 50.6% year on year) due mainly to a decrease in revenue which led to a decrease in gross profit.

2) Americas

In the Americas, while the inventory adjustment almost calmed down, a recovery in market conditions is gradual under a level of interest rates remaining high. Under such circumstances, the Group made efforts for expanding sales mainly in bass fishing goods including “TATULA series” for the U.S. market. As a result, net sales were 4,355 million yen (up 15.9% year on year), and segment profit was 160 million yen (up 95.3% year on year).

3) Europe

In Europe, affected by bad weather in some regions, market conditions remains weak. Under such circumstances, since products that catered to local needs continued to be launched and there were gains on translation on the weak yen, net sales were 4,945 million yen (up 18.3% year on year), and segment profit was 463 million yen (up 51.1% year on year).

4) Asia and Oceania

In the Asia and Oceania region, while the socioeconomic situation varies among countries, business generally stagnates and consumer spending is sluggish as well. Under such circumstances, although the Group worked

to expand sales mainly in high-class Japanese-made products and goods exclusively for a local area, net sales were 10,429 million yen (down 10.0% year on year), and segment profit was 926 million yen (down 38.1% year on year).

(2) Explanation of Financial Position

Total assets at the end of the three months ended June 30, 2024, amounted to 111,470 million yen, an increase of 2,752 million yen from 108,717 million yen at the end of the previous fiscal year. The increase is mainly due to an increase in inventories.

Net assets amounted to 56,950 million yen, an increase of 2,461 million yen from 54,488 million yen at the end of the previous fiscal year. The increase is due to recording profit attributable to owners of parent, as well as fluctuation in foreign currency translation adjustment.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information

The financial results forecast for the fiscal year ending March 31, 2025 has not been revised from the forecast announced on May 13, 2024.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	12,979	11,328
Notes and accounts receivable - trade	13,995	16,541
Electronically recorded monetary claims - operating	391	832
Merchandise and finished goods	31,036	33,498
Work in process	3,856	4,071
Raw materials and supplies	3,761	4,236
Other	3,650	2,066
Allowance for doubtful accounts	(559)	(592)
Total current assets	69,110	71,982
Non-current assets		
Property, plant and equipment		
Land	5,511	5,511
Other, net	21,120	21,605
Total property, plant and equipment	26,631	27,116
Intangible assets		
Other	1,505	1,494
Total intangible assets	1,505	1,494
Investments and other assets		
Investment securities	6,476	6,418
Retirement benefit asset	133	139
Other	4,899	4,358
Allowance for doubtful accounts	(39)	(39)
Total investments and other assets	11,470	10,876
Total non-current assets	39,606	39,487
Total assets	108,717	111,470

(Million yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,897	6,061
Electronically recorded obligations - operating	6,806	2,571
Short-term borrowings	12,682	16,975
Income taxes payable	550	473
Provision for bonuses	932	618
Provision for bonuses for directors (and other officers)	35	16
Other	7,746	7,236
Total current liabilities	33,651	33,952
Non-current liabilities		
Long-term borrowings	11,645	11,615
Retirement benefit liability	5,580	5,571
Other	3,350	3,380
Total non-current liabilities	20,577	20,567
Total liabilities	54,229	54,520
Net assets		
Shareholders' equity		
Share capital	4,184	4,184
Capital surplus	27	27
Retained earnings	42,279	43,125
Treasury shares	(881)	(882)
Total shareholders' equity	45,609	46,454
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,492	3,458
Deferred gains or losses on hedges	18	27
Revaluation reserve for land	1,977	1,977
Foreign currency translation adjustment	3,201	4,832
Remeasurements of defined benefit plans	(38)	(36)
Total accumulated other comprehensive income	8,652	10,259
Non-controlling interests	226	235
Total net assets	54,488	56,950
Total liabilities and net assets	108,717	111,470

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Three Months Ended June 30

(Million yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Net sales	34,116	31,481
Cost of sales	20,843	19,525
Gross profit	13,272	11,955
Selling, general and administrative expenses	9,231	9,833
Operating profit	4,041	2,122
Non-operating income		
Interest income	15	12
Dividend income	46	50
Rental income from real estate	1	1
Foreign exchange gains	623	487
Other	88	153
Total non-operating income	775	704
Non-operating expenses		
Interest expenses	131	119
Loss on retirement of non-current assets	3	25
Loss on valuation of derivatives	80	67
Other	20	22
Total non-operating expenses	235	235
Ordinary profit	4,581	2,592
Extraordinary income		
Gain on sale of non-current assets	0	12
Total extraordinary income	0	12
Extraordinary losses		
Loss on sale of non-current assets	0	0
Total extraordinary losses	0	0
Profit before income taxes	4,581	2,604
Income taxes - current	1,057	951
Profit	3,524	1,652
Profit attributable to non-controlling interests	9	2
Profit attributable to owners of parent	3,514	1,650

Quarterly Consolidated Statements of Comprehensive Income
 Three Months Ended June 30

(Million yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Profit	3,524	1,652
Other comprehensive income		
Valuation difference on available-for-sale securities	584	(34)
Deferred gains or losses on hedges	138	9
Foreign currency translation adjustment	(91)	1,637
Remeasurements of defined benefit plans, net of tax	2	1
Total other comprehensive income	633	1,613
Comprehensive income	4,157	3,266
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,145	3,258
Comprehensive income attributable to non-controlling interests	12	8

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in the case of significant changes in shareholders' equity)

For the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

Not applicable.

(Accounting policies adopted specially for the preparation of quarterly consolidated financial statements)

Calculation of tax expense

The Company calculates tax expense by multiplying profit before income taxes by an effective tax rate that was reasonably estimated after applying tax effect accounting to profit before income taxes for the fiscal year under review.

(Segment information, etc.)

[Segment information]

For the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

1. Information on net sales and profit (loss) and information on disaggregation of revenue by reportable segment (Million yen)

	Reportable segment				Total
	Japan	Americas	Europe	Asia and Oceania	
Net sales					
Revenue from contracts with customers	19,427	3,754	4,181	6,753	34,116
Other revenue	—	—	—	—	—
Net sales to outside customers	19,427	3,754	4,181	6,753	34,116
Inter-segment net sales or transfers	3,623	2	—	4,835	8,461
Total	23,050	3,757	4,181	11,588	42,577
Segment profit	3,061	81	306	1,496	4,946

2. Difference between total amount of profit (loss) of reportable segments and amounts recorded in quarterly consolidated statements of income, and content thereof (matters related to difference adjustment)

(Million yen)

Profit	Amount
Reportable segment total	4,946
Inter-segment elimination and company-wide expenses (Note)	(905)
Operating profit in the quarterly consolidated statements of income	4,041

(Note) Company-wide expenses are mainly general and administrative expenses that are not attributable to reportable segments.

For the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

1. Information on net sales and profit (loss) and information on disaggregation of revenue by reportable segment
(Million yen)

	Reportable segment				Total
	Japan	Americas	Europe	Asia and Oceania	
Net sales					
Revenue from contracts with customers	16,730	4,348	4,939	5,462	31,481
Other revenue	—	—	—	—	—
Net sales to outside customers	16,730	4,348	4,939	5,462	31,481
Inter-segment net sales or transfers	3,844	7	6	4,966	8,824
Total	20,575	4,355	4,945	10,429	40,305
Segment profit	1,513	160	463	926	3,063

2. Difference between total amount of profit (loss) of reportable segments and amounts recorded in quarterly consolidated statements of income, and content thereof (matters related to difference adjustment)

(Million yen)

Profit	Amount
Reportable segment total	3,063
Inter-segment elimination and company-wide expenses (Note)	(940)
Operating profit in the quarterly consolidated statements of income	2,122

(Note) Company-wide expenses are mainly general and administrative expenses that are not attributable to reportable segments.

(Notes to statements of cash flows)

Quarterly Consolidated Statements of Cash Flows for the three months ended June 30, 2024 have not been prepared. Depreciation (including amortization of intangible assets) for the three months ended June 30, 2024 is as follows.

(Million yen)

	For the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)	For the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)
Depreciation	912	1,090