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Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [Japanese GAAP]



May 13, 2022

Company name: GLOBERIDE, Inc.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 7990
 URL: <https://www.globeride.co.jp/>
 Representative: Kazunari Suzuki, Representative Director and President
 Contact: Hisaki Taniguchi, Director, General Manager, Accounting Department, and General Manager, Corporate Planning Office
 Phone: +81-42-475-2115
 Scheduled date of general shareholders' meeting: June 29, 2022
 Scheduled date of commencing dividend payments: June 8, 2022
 Scheduled date of filing securities report: June 29, 2022
 Availability of supplementary explanatory materials on annual financial results: Not available
 Schedule of annual financial results briefing session: Scheduled (for securities analysts and institutional investors)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 - March 31, 2022)

(1) Consolidated Operating Results (% 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	%
Fiscal year ended March 31, 2022	120,684	20.3	12,349	66.7	12,997	81.9	9,567	99.4
March 31, 2021	100,304	13.6	7,405	104.9	7,145	131.6	4,797	327.2

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥10,886 million [104.8%]

Fiscal year ended March 31, 2021: ¥5,315 million [-%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2022	416.62	-	29.6	15.4	10.2
March 31, 2021	208.88	-	19.1	9.2	7.4

(Reference) Equity in earnings of affiliated companies: Fiscal year ended March 31, 2022: ¥- million

Fiscal year ended March 31, 2021: ¥- million

(Note) The Company conducted a stock split at a ratio of 2 shares per common share on October 1, 2021. Basic earnings per share is calculated on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	90,682	37,478	41.1	1,624.71
As of March 31, 2021	77,730	27,577	35.3	1,194.76

(Reference) Equity: As of March 31, 2022: ¥37,309 million

As of March 31, 2021: ¥27,439 million

(Note) The Company conducted a stock split at a ratio of 2 shares per common share on October 1, 2021. Net assets per share is calculated on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year-end
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2022	6,956	(6,847)	(2,470)	7,149
March 31, 2021	15,842	(3,376)	(8,356)	9,157

2. Dividends

	Annual dividends					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2021	-	30.00	-	40.00	70.00	803	16.8	3.2
Fiscal year ended March 31, 2022	-	40.00	-	30.00	-	1,148	12.0	3.5
Fiscal year ending March 31, 2023 (Forecast)	-	30.00	-	30.00	60.00		16.2	

The Company conducted a stock split at a ratio of 2 shares per common share on October 1, 2021. The amount of year-end dividend per share reflects the impact of the stock split, but the amount of total annual dividend is not presented for the fiscal year ended March 31, 2022.

The year -end dividend per share and the total annual dividend without reflecting the impact of the stock split are 60 yen and 100 yen, respectively for the fiscal year ended March 31, 2022.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	71,000	9.7	8,400	(0.0)	8,400	(3.3)	6,250	(4.9)	272.17
Full year	129,000	6.9	11,900	(3.6)	11,900	(8.4)	8,500	(11.2)	370.15

*** Notes:**

- (1) Changes in significant subsidiaries during the fiscal year under review: None
(Changes in specified subsidiaries resulting in changes in scope of consolidation)
Newly included: –
Excluded: –
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
- 1) Changes in accounting policies due to the revision of accounting standards: Yes
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (3) Total number of issued and outstanding shares (common shares)
- 1) Total number of issued and outstanding shares at the end of the year (including treasury shares):

March 31, 2022:	24,000,000 shares
March 31, 2021:	24,000,000 shares

 - 2) Total number of treasury shares at the end of the year:

March 31, 2022:	1,036,139 shares
March 31, 2021:	1,033,830 shares

 - 3) Average number of shares during the year:

Year ended March 31, 2022:	22,965,051 shares
Year ended March 31, 2021:	22,968,039 shares
- (Note) The Company conducted a stock split at a ratio of 2 shares per common share on October 1, 2021. The total number of issued and outstanding shares at the end of the year, total number of treasury shares at the end of the year, and average number of shares during the year are calculated on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

(Reference) Summary of Non-consolidated Financial Results**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 - March 31, 2022)****(1) Non-consolidated Operating Results** (% indicates changes from the previous corresponding period.)

Year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2022	56,806	18.2	4,233	105.4	6,364	100.3	4,822	209.6
March 31, 2021	48,039	11.3	2,061	-	3,177	229.0	1,557	122.6

Year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2022	209.98	-
March 31, 2021	67.82	-

(Note) The Company conducted a stock split at a ratio of 2 shares per common share on October 1, 2021. Basic earnings per share is calculated on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	59,976	23,117	38.5	1,006.69
As of March 31, 2021	55,952	19,714	35.2	858.42

(Reference) Equity: As of March 31, 2022: ¥23,117 million

As of March 31, 2021: ¥19,714 million

(Note) The Company conducted a stock split at a ratio of 2 shares per common share on October 1, 2021. Net assets per share is calculated on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

* These consolidated financial results are outside the scope of audit by certified public accountants or an audit firm.

*** 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 “(4) Future Outlook” in “1. Overview of Operating Results, etc.” on page 3 of the Attachments.

Table of Contents - Attachments

1. Overview of Operating Results, etc.	2
(1) Overview of Operating Results for the Fiscal Year under Review	2
(2) Overview of Financial Position for the Fiscal Year under Review	2
(3) Overview of Cash Flows for the Fiscal Year under Review	3
(4) Future Outlook	3
2. Management Policy	3
(1) Basic Policy for Corporate Management	3
(2) Target Management Indicators	3
(3) Medium- to Long-term Corporate Management Strategy	4
3. Basic Policy on Selection of Accounting Standards	5
4. Consolidated Financial Statements and Principal Notes	6
(1) Consolidated Balance Sheets	6
(2) Consolidated Statements of Income and Comprehensive Income	8
(3) Consolidated Statements of Changes in Equity	10
(4) Consolidated Statements of Cash Flows	14
(5) Notes to Consolidated Financial Statements	16
(Notes on going concern assumption)	16
(Changes in accounting policies)	16
(Segment information, etc.)	17
(Per share information)	20
(Significant subsequent events)	20

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year under review, the state of emergency and the quasi state of emergency were declared following the spread of the novel coronavirus infection (COVID-19). Accordingly, the Japanese economy continued to be influenced by the virus infection status. Situations overseas also remained uncertain in general because cases again began surging in many regions although economic activities resumed with vaccination progress.

Under these economic situations, in the outdoor, sports and leisure industry, in which the Group operates, fishing, golfing and other sports and leisure have garnered greater support as a form of activity that fits with the coming era, resulted in favorable market landscape. Meanwhile, COVID-19 pandemic and global supply chain confusion have forced the Company to experience delay in product supply and temporary adjustment in production. Under the circumstances, however, the Company has endeavored to minimize the impact through production plan review and other activities. As a result, for the fiscal year under review, net sales were 120,684 million yen (up 20.3% year on year). As for profit, thanks to the effect of increased sales, operating profit was 12,349 million yen (up 66.7% year on year), ordinary profit was 12,997 million yen (up 81.9% year on year) and profit attributable to owners of parent was 9,567 million yen (up 99.4% year on year).

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

1) Japan

In Japan, while fishing and golfing markets have been resilient even with the pandemic from last year, products supply was slow due to production delay and logistics confusion. Against this backdrop, the Group brought products into the market responding to a variety of needs, resulting net sales of 82,544 million yen (up 14.5% year on year) and segment profit of 8,812 million yen (up 48.2% year on year).

2) Americas

In the Americas, new products for local needs have sold well as consumer spending recovered thanks to the relaxation of pandemic restrictions, resulted in net sales of 10,129 million yen (up 26.3% year on year). Meanwhile, global logistics crunch and rising cost reduced profits. Revenue growth, however, offset such negative factors, bringing in segment profit of 194 million yen (up 15.5% year on year).

3) Europe

In Europe, outdoor sports and leisure markets have been strong due to economic recovery along with the relaxed pandemic restrictions. Under such circumstances, the Company launched new products attuned to local needs that were well received, and recorded net sales of 13,553 million yen (up 28.0% year on year) and segment profit of 1,071 million yen (up 81.1% year on year).

4) Asia and Oceania

In the Asia and Oceania region, the market has been resilient in general although the market conditions were different depending on the infectious status in individual countries. Under such circumstances, net sales were 42,770 million yen (up 36.7% year on year) and segment profit was 5,003 million yen (up 83.2% year on year) due to the launch of new products adapted to the market and greater marketing efforts.

(2) Overview of Financial Position for the Fiscal Year under Review

Total assets at the end of the fiscal year under review increased 12,952 million yen from the end of the previous fiscal year to 90,682 million yen. This is primarily due to an increase in inventories because of sale expansion and another increase in property, plant and equipment resulted from capital investment.

Total liabilities increased 3,052 million yen from the end of the previous fiscal year to 53,204 million yen. This is primarily due to an increase in trade payables.

Total net assets increased 9,900 million yen from the end of the previous year to 37,478 million yen. This is

primarily due to the recording of profit attributable to owners of parent.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents at the end of the fiscal year under review decreased 2,008 million yen from the end of the previous fiscal year to 7,149 million yen (9,157 million yen at the end of the previous fiscal year).

(Cash Flows from Operating Activities)

Net cash provided by operating activities was 6,956 million yen (an inflow of 15,842 million yen for the previous fiscal year). This is due to the recording of profit before income taxes and an increase in inventories.

(Cash Flows from Investing Activities)

Net cash used in investing activities was 6,847 million yen (an outflow of 3,376 million yen for the previous fiscal year). This is due to capital investment mainly in land purchase, production facilities and molds for new products.

(Cash Flows from Financing Activities)

Net cash used in financing activities was 2,470 million yen (an outflow of 8,356 million yen for the previous fiscal year). This is mainly due to debt repayment and dividend payment.

(4) Future Outlook

Not only the pandemic crisis in Japan and overseas, but also the war in Ukraine has aroused concerns about economic slowdown. In addition, the market environment of the outdoor, sports and leisure industry, in which the Group operates, is expected to remain unpredictable. Nonetheless, the Group will continue to adhere to “aggressive management,” and strive as one for further progress to establish a business foundation that enables sustained growth.

Meanwhile, raw material price hike and yen depreciation in the global market are expected to drive up the purchasing cost. As for the financial results forecast for the next fiscal year, the Group expects to record consolidated net sales of 129,000 million yen (up 6.9% year on year), consolidated operating profit of 11,900 million yen (down 3.6% year on year), consolidated ordinary profit of 11,900 million yen (down 8.4% year on year) and profit attributable to owners of parent of 8,500 million yen (down 11.2% year on year).

2. Management Policy

(1) Basic Policy for Corporate Management

The Group builds on the slogan of “Feel the earth,” and contributes to people around the world who love nature and sports as “A Lifetime Sports Company” that offers quality time in life through sports everywhere on the earth.

(2) Target Management Indicators

Having attained the consolidated operating profit and dividend per share targets set in the mid-term business plan which was announced last year two years ahead of the schedule, the Group formulated the “New Mid-term Business Plan 2025 (FY2022-FY2025),” and set targets to be achieved by the final year (FY2025) as follows:

	Targets	Reference	
	FY2025 (April 1, 2022 to March 31, 2026)	FY2021 (April 1, 2021 to March 31, 2022)	Change from FY2021
Consolidated net sales	¥150.0 billion	¥120.7 billion	24% increase
Consolidated operating profit	¥14.5 billion	¥12.3 billion	17% increase
Dividend per share (annual)	¥90	¥50*	¥40 increase*

* Dividend per share reflects the impact of the stock split.

(3) Medium- to Long-term Corporate Management Strategy

After going through the harsh business environment such as the financial crisis in 2008 and the Great East Japan Earthquake in 2011, the Group shifted its pivot from defense to offense in FY2012 and has since strived to expand sales, based on the belief that downsizing will get the Group nowhere in the future.

In FY2021, when the resurgence of COVID-19 because of variants took a tremendous toll on the whole world, the Company experienced delay in supply of certain products due to temporary adjustment in some factories and global logistics crunch. Meanwhile, the outdoor, sports and leisure industry, in which the Group operates, have enjoyed favorable market landscape since fishing, golfing and other sports and leisure have garnered greater support as a form of activity that fits with the coming era.

Amid the situation, the Group strived to create and popularize lifetime sports (sports that enrich life). As a result of these efforts, the Company increased its sales for ten consecutive fiscal years, reported record high profits and raised dividends for 11 consecutive fiscal years.

While the effects of the COVID-19 pandemic and the war in Ukraine are still ongoing, the market environment is expected to remain unpredictable, as exemplified in part by unpredictable global economy as well as the problems of the declining birthrate and aging population and a decrease in the total population in Japan. However, based on the efforts and results so far, the Group will continue to adhere to “aggressive management,” and strive as one for further progress to establish a management foundation that enables sustained growth.

(Overview of Strategy by Business)

[Fishing business]

The fishing business is the Company’s mainstay business. The Company leads the fishing industry globally.

Under the fishing brand of “DAIWA”, the fishing business develops innovative “DAIWA TECHNOLOGY” and offers products derived from the technology, creates future lifestyles where fishing and the earth are felt in daily life, and nurtures a sustainable environment, in order to help people feel the best moments, “Feel Alive.” With the “DAIWA” brand, the fishing business leads the global fishing market.

[Golf business]

The golf business aims to improve the brand value by promoting sophisticated and unique brands. The main brands of the golf business include “ONOFF”, which proposes stylish and superior golf for adults, “FOURTEEN”, which offers the best 14 golf clubs for every golfer, and “RODDIO”, which captivates all golfers that pursue their own only one.

[Sports business]

The sports business aims to improve the brand value by optimizing each brand and developing products and services that adapted to the Japanese market. The main brands of the sports business include “Prince”, which proposes racket sports life on and off the court with the integrity formed in the course of its history and innovative technology that even changes users’ play styles, “Corratec”, which proposes the joy of running and winning, and “FOCUS”, which is the core brand name of our cycle sports business.

Furthermore, the Company has set out the initiatives that are key to management strategy as follows:

1) Pursue market superiority

The Company will build a unique business foundation that can respond to market demands, aiming at increasing the planning/development capabilities for creating new excitement in life and the capabilities for offering high-quality, high-value products, and further improving the brand awareness, brand trust and brand satisfaction.

2) Invigorate the Japanese market and make it healthy

The Company will strive for invigorating the Japanese market and making it healthy by focusing on developing attractive markets and retailers, enhancing follow-up services, innovating the logistics function, and making fans that bears the next generation.

3) Capture overseas markets

The Company will strengthen global marketing that integrates production with sale, promote the global four-bloc strategy, and strive for providing products/services suitable for individual market characteristics.

4) Sustainability initiatives

The Company will contribute to “realizing a sustainable society where people and nature coexist” by driving carbon-free business management aimed at carbon neutrality, conserving abundant forests and the water, developing sustainable products/services, providing opportunities to learn the environment through programs to feel nature, and promoting work environment where employees enjoy job satisfaction and play active roles.

3. Basic Policy on Selection of Accounting Standards

Some of the accounting standards used to describe the financial position and operating results of the Group differ between Japanese GAAP and IFRS. The Company currently regards Japanese GAAP as appropriate. Therefore, the Company intends to prepare its consolidated financial statements using Japanese GAAP for the time being.

4. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	9,600	8,165
Notes and accounts receivable - trade	10,712	11,140
Electronically recorded monetary claims - operating	249	377
Merchandise and finished goods	20,626	26,217
Work in process	3,091	4,997
Raw materials and supplies	3,413	4,848
Other	3,036	3,773
Allowance for doubtful accounts	(440)	(392)
Total current assets	50,291	59,126
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,650	14,189
Accumulated depreciation	(7,884)	(8,287)
Buildings and structures, net	4,766	5,901
Machinery, equipment and vehicles	12,252	13,413
Accumulated depreciation	(7,949)	(8,469)
Machinery, equipment and vehicles, net	4,302	4,943
Land	3,799	5,348
Construction in progress	1,170	1,622
Other	15,952	17,137
Accumulated depreciation	(13,989)	(14,823)
Other, net	1,962	2,313
Total property, plant and equipment	16,001	20,129
Intangible assets		
Other	1,509	1,597
Total intangible assets	1,509	1,597
Investments and other assets		
Investment securities	5,512	4,952
Deferred tax assets	2,209	2,517
Retirement benefit asset	2	32
Other	2,267	2,366
Allowance for doubtful accounts	(62)	(39)
Total investments and other assets	9,928	9,829
Total non-current assets	27,438	31,556
Total assets	77,730	90,682

(Million yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,954	6,235
Electronically recorded obligations - operating	6,470	8,816
Short-term borrowings	12,800	15,688
Accounts payable - other	3,184	3,933
Income taxes payable	1,282	2,218
Provision for sales rebates	119	-
Provision for sales returns	109	-
Provision for point card certificates	614	-
Provision for bonuses	767	873
Provision for bonuses for directors (and other officers)	23	27
Other	1,915	3,202
Total current liabilities	34,242	40,996
Non-current liabilities		
Long-term borrowings	8,785	5,017
Deferred tax liabilities for land revaluation	889	889
Retirement benefit liability	5,677	5,513
Other	556	787
Total non-current liabilities	15,909	12,207
Total liabilities	50,152	53,204
Net assets		
Shareholders' equity		
Share capital	4,184	4,184
Capital surplus	-	0
Retained earnings	21,791	30,379
Treasury shares	(881)	(889)
Total shareholders' equity	25,093	33,675
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,699	2,318
Deferred gains or losses on hedges	30	48
Revaluation reserve for land	1,977	1,977
Foreign currency translation adjustment	(2,296)	(727)
Remeasurements of defined benefit plans	(65)	17
Total accumulated other comprehensive income	2,345	3,634
Non-controlling interests	138	168
Total net assets	27,577	37,478
Total liabilities and net assets	77,730	90,682

(2) Consolidated Statements of Income and Comprehensive Income
 Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net sales	100,304	120,684
Cost of sales	63,726	74,971
Gross profit	36,578	45,712
Selling, general and administrative expenses	29,172	33,363
Operating profit	7,405	12,349
Non-operating income		
Interest income	22	28
Dividend income	83	87
Rental income from real estate	39	6
Foreign exchange gains	47	430
Royalty income	46	75
Settlement received	2	-
Subsidy income	264	-
Other	334	411
Total non-operating income	841	1,039
Non-operating expenses		
Interest expenses	297	207
Sales discounts	479	-
Commitment fees	121	6
Loss on retirement of non-current assets	108	114
Other	94	63
Total non-operating expenses	1,101	391
Ordinary profit	7,145	12,997
Extraordinary income		
Gain on sale of non-current assets	14	8
Gain on sale of investment securities	94	1
Total extraordinary income	109	10
Extraordinary losses		
Loss on sale of non-current assets	240	6
Loss on sale of investment securities	5	1
Loss on valuation of investment securities	102	-
Impairment losses	427	0
Extraordinary loss due to closing and other	32	-
Total extraordinary losses	809	8
Profit before income taxes	6,446	13,000
Income taxes - current	1,943	3,566
Income taxes - deferred	(292)	(145)
Total income taxes	1,650	3,420
Profit	4,795	9,579
Profit (loss) attributable to non-controlling interests	(1)	11
Profit attributable to owners of parent	4,797	9,567

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Profit	4,795	9,579
Other comprehensive income		
Valuation difference on available-for-sale securities	963	(381)
Deferred gains or losses on hedges	8	18
Foreign currency translation adjustment	(312)	1,586
Remeasurements of defined benefit plans, net of tax	(140)	82
Total other comprehensive income	519	1,307
Comprehensive income	5,315	10,886
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,315	10,856
Comprehensive income attributable to non-controlling interests	(0)	29

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,184	0	17,747	(876)	21,055
Cumulative effects of changes in accounting policies					-
Changes during period					
Dividends of surplus			(746)		(746)
Profit attributable to owners of parent			4,797		4,797
Purchase of treasury shares				(5)	(5)
Disposal of treasury shares					-
Change in ownership interest of parent due to transactions with non-controlling interests		(7)			(7)
Transfer from retained earnings to capital surplus		7	(7)		-
Net changes in items other than shareholders' equity					
Total changes during period	-	(0)	4,043	(5)	4,037
Balance at end of period	4,184	-	21,791	(881)	25,093

	Accumulated other comprehensive income					
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of period	1,735	21	1,977	(1,982)	74	1,827
Cumulative effects of changes in accounting policies						
Changes during period						
Dividends of surplus						
Profit attributable to owners of parent						
Purchase of treasury shares						
Disposal of treasury shares						
Change in ownership interest of parent due to transactions with non-controlling interests						
Transfer from retained earnings to capital surplus						
Net changes in items other than shareholders' equity	963	8	-	(313)	(140)	517
Total changes during period	963	8	-	(313)	(140)	517
Balance at end of period	2,699	30	1,977	(2,296)	(65)	2,345

	Non-controlling interests	Total net assets
Balance at beginning of period	139	23,023
Cumulative effects of changes in accounting policies		-
Changes during period		
Dividends of surplus		(746)
Profit attributable to owners of parent		4,797
Purchase of treasury shares		(5)
Disposal of treasury shares		-
Change in ownership interest of parent due to transactions with non-controlling interests		(7)
Transfer from retained earnings to capital surplus		-
Net changes in items other than shareholders' equity	(1)	516
Total changes during period	(1)	4,554
Balance at end of period	138	27,577

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,184	-	21,791	(881)	25,093
Cumulative effects of changes in accounting policies			(60)		(60)
Changes during period					
Dividends of surplus			(918)		(918)
Profit attributable to owners of parent			9,567		9,567
Purchase of treasury shares				(7)	(7)
Disposal of treasury shares		0		0	1
Change in ownership interest of parent due to transactions with non-controlling interests					-
Transfer from retained earnings to capital surplus					-
Net changes in items other than shareholders' equity					
Total changes during period	-	0	8,649	(7)	8,642
Balance at end of period	4,184	0	30,379	(889)	33,675

	Accumulated other comprehensive income					
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of period	2,699	30	1,977	(2,296)	(65)	2,345
Cumulative effects of changes in accounting policies						
Changes during period						
Dividends of surplus						
Profit attributable to owners of parent						
Purchase of treasury shares						
Disposal of treasury shares						
Change in ownership interest of parent due to transactions with non-controlling interests						
Transfer from retained earnings to capital surplus						
Net changes in items other than shareholders' equity	(381)	18	-	1,568	82	1,288
Total changes during period	(381)	18	-	1,568	82	1,288
Balance at end of period	2,318	48	1,977	(727)	17	3,634

	Non-controlling interests	Total net assets
Balance at beginning of period	138	27,577
Cumulative effects of changes in accounting policies		(60)
Changes during period		
Dividends of surplus		(918)
Profit attributable to owners of parent		9,567
Purchase of treasury shares		(7)
Disposal of treasury shares		1
Change in ownership interest of parent due to transactions with non-controlling interests		-
Transfer from retained earnings to capital surplus		-
Net changes in items other than shareholders' equity	29	1,318
Total changes during period	29	9,960
Balance at end of period	168	37,478

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	6,446	13,000
Depreciation	2,742	2,997
Impairment losses	427	0
Increase (decrease) in provision for point card certificates	62	-
Increase (decrease) in provision for sales returns	(82)	-
Increase (decrease) in allowance for doubtful accounts	214	(97)
Increase (decrease) in provision for sales rebates	(3)	-
Increase (decrease) in provision for bonuses	75	103
Increase (decrease) in provision for bonuses for directors (and other officers)	9	4
Increase (decrease) in retirement benefit liability	(207)	(107)
Interest and dividend income	(105)	(116)
Interest expenses	297	207
Foreign exchange losses (gains)	(55)	(111)
Loss (gain) on sale of property, plant and equipment	226	(2)
Loss on retirement of property, plant and equipment	108	114
Decrease (increase) in trade receivables	2,531	(17)
Decrease (increase) in inventories	2,209	(7,754)
Decrease (increase) in other current assets	286	(652)
Increase (decrease) in trade payables	1,374	1,219
Increase (decrease) in accounts payable - other	22	634
Increase (decrease) in other current liabilities	326	176
Increase (decrease) in guarantee deposits received	(36)	21
Other non-operating expenses (income)	(39)	(6)
Loss (gain) on sale of investment securities	(89)	(0)
Loss (gain) on valuation of investment securities	102	-
Other, net	26	61
Subtotal	16,868	9,674
Interest and dividends received	105	116
Interest paid	(293)	(218)
Income taxes refund	194	-
Income taxes paid	(1,072)	(2,622)
Other proceeds	39	6
Net cash provided by (used in) operating activities	15,842	6,956

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash flows from investing activities		
Payments into time deposits	(409)	(580)
Proceeds from withdrawal of time deposits	97	33
Purchase of securities	(6,000)	(6,600)
Proceeds from sale and redemption of securities	6,000	6,600
Purchase of property, plant and equipment	(2,939)	(5,663)
Proceeds from sale of property, plant and equipment	514	46
Purchase of intangible assets	(849)	(495)
Purchase of investment securities	(5)	(5)
Proceeds from sale of investment securities	281	33
Loan advances	(2)	(2)
Proceeds from collection of loans receivable	3	31
Purchase of shares of subsidiaries	(7)	-
Other, net	(61)	(245)
Net cash provided by (used in) investing activities	(3,376)	(6,847)
Cash flows from financing activities		
Proceeds from short-term borrowings	84,532	47,111
Repayments of short-term borrowings	(90,060)	(43,606)
Proceeds from long-term borrowings	3,390	-
Repayments of long-term borrowings	(5,356)	(4,793)
Purchase of treasury shares	(5)	(7)
Proceeds from sale of treasury shares	-	1
Dividends paid	(746)	(917)
Dividends paid to non-controlling interests	(0)	-
Other, net	(109)	(257)
Net cash provided by (used in) financing activities	(8,356)	(2,470)
Effect of exchange rate change on cash and cash equivalents	154	353
Net increase (decrease) in cash and cash equivalents	4,264	(2,008)
Cash and cash equivalents at beginning of period	4,893	9,157
Cash and cash equivalents at end of period	9,157	7,149

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

[Application of the Accounting Standard for Revenue Recognition, etc.]

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter “Revenue Recognition Standard”) and other standards from the beginning of the fiscal year under review. The Company recognizes revenue when control of a promised good or service is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. Accordingly, the Company has reduced a portion of the amount recognized as net sales and sales discount recorded as non-operating expenses in the past, from net sales as considerations to be paid to customers from the fiscal year under review.

The Company applies the Revenue Recognition Standard, etc. in accordance with the transitional treatment provided for in the proviso to Paragraph 84 of the Revenue Recognition Standard. The cumulative impact of retrospectively applying the new accounting policies to prior periods is adjusted to retained earnings at the beginning of the fiscal year under review, with the new accounting policies applied from the beginning balance. However, the Company applies the method provided for in Paragraph 86 of the Revenue Recognition Standard, and does not apply the new accounting policies retrospectively to contracts for which substantially all revenue amounts had been recognized prior to the beginning of the fiscal year under review in accordance with the previous treatment. In addition, applying the method stipulated in proviso (1) of Paragraph 86 of the Revenue Recognition Standard, contract modifications that occurred prior to the beginning of the fiscal year under review were accounted for based on the terms of the contract after reflecting all contract modifications, with the cumulative impact adjusted to retained earnings at the beginning of the fiscal year under review.

Furthermore, “provision for sales rebates,” “provision for sales returns,” and “provision for point card certificates” which were presented under “current liabilities” in the consolidated balance sheet of the previous fiscal year, have been included under “other” from the fiscal year under review. However, in accordance with the transitional treatment set forth in Paragraph 89-2 of the Revenue Recognition Standard, figures for the previous fiscal year have not been reclassified based on the new presentation method.

As a result of this change, compared with the figures before the application of the Revenue Recognition Standard, etc., “other” of current assets increased by 165 million yen and “other” of current liabilities increased by 147 million yen in the consolidated balance sheet for the fiscal year under review. In the consolidated statement of income for the fiscal year under review, net sales decreased by 506 million yen, cost of sales increased by 11 million yen, operating profit decreased by 518 million yen, and ordinary profit and profit before income taxes increased by 78 million yen, respectively.

In the consolidated statement of cash flows for the fiscal year under review, profit before income taxes increased by 78 million yen.

The cumulative impact of this change has been reflected on net assets at the beginning of the fiscal year under review. As a result, the beginning balance of retained earnings decreased by 60 million yen in the consolidated statement of changes in equity.

The impact on per share information is described in the corresponding section.

[Application of Accounting Standard for Fair Value Measurement, etc.]

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter “Fair Value Measurement Standard”) and other standards from the beginning of the fiscal year under review, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Standard, etc. in accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). This does not affect the consolidated financial statements.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

Reportable segments of the Group are components of the Group for which separate financial information is available and are subject to periodic review by the Board of Directors for the purpose of determining allocation of management resources and evaluating business performance.

The Group primarily produces and sells fishing goods, golf goods and racket sports goods. The Company and its consolidated subsidiaries are responsible for business in Japan, while each independent local arm is responsible for each region overseas, formulating comprehensive regional strategies as to what products to handle, and operating business activities in the region.

Therefore, the Group is composed of regional segments based on the production and sale system, and has the four reportable segments of Japan, Americas, Europe and Asia and Oceania.

2. Method of calculating net sales, profit (loss), assets, liabilities and other components by reportable segment

Profits from reportable segments are figures based on operating profit. Intersegment sales and transfers are based on actual market pricing.

As disclosed in changes in accounting policies, the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the fiscal year under review, and changed the accounting method for revenue recognition.

As a result of this change, compared with the previous method, net sales increased by 80 million yen for Japan, and decreased by 152 million yen, 201 million yen, and 232 million yen for Americas, Europe, and Asia and Oceania, respectively, and segment profit increased by 68 million yen for Japan, and decreased by 152 million yen, 201 million yen, and 232 million yen for Americas, Europe, and Asia and Oceania, respectively.

3. Information on net sales, profit (loss), assets, liabilities and other components, and information on disaggregation of revenue, by reportable segment

For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Million yen)

	Reportable segment				Total
	Japan	Americas	Europe	Asia and Oceania	
Net sales					
Net sales to outside customers	65,296	8,009	10,590	16,407	100,304
Inter-segment net sales or transfers	6,793	11	0	14,887	21,692
Total	72,090	8,021	10,590	31,295	121,997
Segment profit	5,947	168	591	2,730	9,438
Segment assets	55,878	3,130	7,115	19,894	86,017
Other components					
Depreciation	1,336	28	119	966	2,450
Increase in property, plant and equipment and intangible assets	2,340	13	54	1,641	4,049

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Million yen)

	Reportable segment				Total
	Japan	Americas	Europe	Asia and Oceania	
Net sales					
Revenue from contracts with customers	75,125	10,110	13,553	21,894	120,684
Other revenue	-	-	-	-	-
Net sales to outside customers	75,125	10,110	13,553	21,894	120,684
Inter-segment net sales or transfers	7,419	18	0	20,876	28,314
Total	82,544	10,129	13,553	42,770	148,998
Segment profit	8,812	194	1,071	5,003	15,081
Segment assets	62,118	4,431	8,704	26,722	101,977
Other components					
Depreciation	1,307	21	94	1,290	2,713
Increase in property, plant and equipment and intangible assets	3,699	13	203	2,091	6,008

4. Difference between total amount of reportable segments and amounts recorded in consolidated financial statements, and content thereof (matters related to difference adjustment)

(Million yen)

Net sales	Previous fiscal year	Current fiscal year
Reportable segment total	121,997	148,998
Inter-segment elimination	(21,692)	(28,314)
Net sales in the consolidated financial statements	100,304	120,684

(Million yen)

Profit	Previous fiscal year	Current fiscal year
Reportable segment total	9,438	15,081
Inter-segment elimination and company-wide expenses (Note)	(2,032)	(2,732)
Operating profit in the consolidated financial statements	7,405	12,349

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

(Million yen)

Asset	Previous fiscal year	Current fiscal year
Reportable segment total	86,017	101,977
Elimination of inter-segment assets	(20,509)	(22,803)
Company-wide assets (Note)	12,221	11,509
Total assets in the consolidated financial statements	77,730	90,682

(Note) Company-wide assets are mainly assets related to the administration division of the headquarters that are not attributable to reportable segments.

(Million yen)

Other items	Reportable segment total		Adjustment		Amounts in consolidated financial statements	
	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year
Depreciation	2,450	2,713	224	224	2,674	2,938
Increase in property, plant and equipment and intangible assets	4,049	6,008	185	400	4,235	6,409

(Per share information)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net assets per share	¥1,194.76	¥1,624.71
Basic earnings per share	¥208.88	¥416.62

(Notes) 1. Diluted earnings per share are not presented because there are not potentially dilutive shares.

2. The Company conducted a stock split at a ratio of 2 shares per common share on October 1, 2021. Net assets per share and basic earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

3. As disclosed in changes in accounting policies, the Company has applied the Revenue Recognition Standard, etc. from the beginning of the fiscal year under review. As a result, net assets per share and basic earnings per share increased by 0.81 yen and 3.44 yen, respectively in the fiscal year under review compared with the period before the application of the Revenue Recognition Standard, etc.

4. Basis for calculating basic earnings per share is as follows:

Item	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Basic earnings per share		
Profit attributable to owners of parent (Million yen)	4,797	9,567
Amount not attributable to common shareholders (Million yen)	-	-
Profit attributable to owners of parent relating to common shares (Million yen)	4,797	9,567
Average number of common shares outstanding during the period (Shares)	22,968,039	22,965,051

3. Basis for calculating net assets per share is as follows:

Item	As of March 31, 2021	As of March 31, 2022
Total net assets (Million yen)	27,577	37,478
Net assets at year-end relating to common shares (Million yen)	27,439	37,309
Number of common shares at year-end used to calculate net assets per share (Shares)	22,966,170	22,963,861

(Significant subsequent events)

Not applicable.