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Consolidated Financial Results for the Three Months Ended June 30, 2023 [Japanese GAAP]



August 9, 2023

Company name: GLOBERIDE, Inc.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 7990
 URL: <https://www.globeride.co.jp/>
 Representative: Kazunari Suzuki, Representative Director, President
 Contact: Hisaki Taniguchi, Director, Managing Executive Officer, Division Manager of Business Management Div.
 Phone: +81-42-475-2115
 Scheduled date of filing quarterly securities report: August 10, 2023
 Scheduled date of commencing dividend payments: —
 Availability of supplementary explanatory materials on quarterly financial results: Not available
 Schedule of quarterly 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, 2023 (April 1, 2023 - June 30, 2023)

(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, 2023	34,116	(7.7)	4,041	(25.0)	4,581	(21.1)	3,514	(19.3)
June 30, 2022	36,978	12.0	5,391	6.6	5,806	12.6	4,352	10.1

(Note) Comprehensive income: Three months ended June 30, 2023: ¥4,157 million [(22.9)%]
 Three months ended June 30, 2022: ¥5,389 million [10.6%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2023	153.00	-
June 30, 2022	189.55	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2023	109,642	50,953	46.3
As of March 31, 2023	109,034	47,485	43.4

(Reference) Equity: As of June 30, 2023: ¥50,751 million
 As of March 31, 2023: ¥47,296 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	30.00	-	30.00	60.00
Fiscal year ending March 31, 2024	-				
Fiscal year ending March 31, 2024 (Forecast)		35.00	-	35.00	70.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(% 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	67,500	(9.2)	6,200	(34.2)	6,300	(38.6)	4,400	(40.7)	191.55
Full year	125,000	(7.1)	7,500	(38.1)	7,600	(40.0)	5,200	(43.4)	226.37

(Note) Revisions to the financial results forecast most recently announced: Yes

*** Notes:**

- (1) Changes in significant subsidiaries during the period under review: None
(Changes in specified subsidiaries resulting in changes in scope of consolidation)
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, 2023:	24,000,000 shares
March 31, 2023:	24,000,000 shares
 - 2) Total number of treasury shares at the end of the period:

June 30, 2023:	1,028,943 shares
March 31, 2023:	1,028,404 shares
 - 3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year):

Three months ended June 30, 2023:	22,971,348 shares
Three months ended June 30, 2022:	22,963,718 shares

* These consolidated quarterly financial results are outside the scope of quarterly review 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 “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
(Matters related to revenue recognition).....	9

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the three months ended June 30, 2023, there were expectations of a recovery of economic activities in the Japanese economy after the novel coronavirus infection (COVID-19) pandemic, due to a downgrade of COVID-19 to “Class V” under the Infectious Diseases Act. However, the continuously rising commodity and energy prices has prevented us from remaining optimistic about the economic future. The overseas economy, which preceded Japan in terms of activity after the COVID-19 pandemic, has also had a stagnant recovery from the impact of the pandemic, due to continued inflationary trends caused by the situation in Russia and Ukraine, as well as prolonged monetary tightening policies in North America and Europe.

Under these situations, the markets of the outdoor, sports, and leisure industry, in which the Group operates, remained weak. This is due to the financial pressure on households from soaring commodity prices, as well as the increased popularity of travelling, shopping, and a variety of other sports and leisure activities that had been restricted.

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, due to the slowing demand for outdoor, sports, and leisure goods, such as fishing goods, for the three months ended June 30, 2023, net sales were 34,116 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 4,041 million yen (down 25.0% year-on-year), ordinary profit was 4,581 million yen (down 21.1% year-on-year), and profit attributable to owners of parent was 3,514 million yen (down 19.3% year-on-year).

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

Japan

In Japan, the outdoor, sports, and leisure markets remain weak 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 caused by the relaxation of movement restrictions. Under such circumstances, the Group launched new products and provided services to satisfy our customers. However, net sales were 23,050 million yen (down 7.8% year-on-year), while segment profit was 3,061 million yen (down 23.2% year-on-year) due to an increase in import purchasing costs as a result of yen depreciation.

Americas

In the Americas, the continued high inflationary pressure has raised concerns regarding the resulting economic impact during normalization of the economy. Under such circumstances, net sales were 3,757 million yen (down 10.7% year-on-year) while segment profit was 81 million yen (down 60.4% year-on-year), which was impacted by increasing inventory levels due to the slowing outdoor, sports, and leisure markets.

Europe

In Europe, the prolonged situation in Russia and Ukraine indirectly resulted in high inflationary levels, and this trend continued, which affected consumption patterns. Under such circumstances, while products that catered to local needs continued to be launched, net sales were 4,181 million yen (down 9.4% year-on-year), while segment profit was 306 million yen (down 52.7% year-on-year).

Asia and Oceania

In the Asia and Oceania region, the socioeconomic situation varies among countries due to differences in the handling of the COVID-19 pandemic. However, the outdoor, sports, and leisure markets, which had remained resilient, showed signs of a slowdown. Under such circumstances, net sales were 11,588 million yen (down 3.1% year on year), while segment profit was 1,496 million yen (down 1.3% year on year).

(2) Explanation of Financial Position

Total assets at the end of the three months ended June 30, 2023, amounted to 109,642 million yen, an increase of 608 million yen from 109,034 million yen at the end of the previous fiscal year. The increase is mainly due to an increase in inventories.

Net assets amounted to 50,953 million yen, an increase of 3,467 million yen from 47,485 million yen at the end of the previous fiscal year. The increase is due to recording profit attributable to owners of parent.

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

The financial results forecast for the fiscal year ending March 31, 2024 has been revised from the forecast announced on May 12, 2023. For details of and reasons for the revision, please see “Notice Concerning Revision to Financial Results Forecast,” released separately today.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	12,875	9,196
Notes and accounts receivable - trade	12,956	15,355
Electronically recorded monetary claims - operating	243	596
Merchandise and finished goods	34,274	37,316
Work in process	4,397	4,136
Raw materials and supplies	5,487	5,329
Other	3,998	2,131
Allowance for doubtful accounts	(494)	(517)
Total current assets	73,738	73,544
Non-current assets		
Property, plant and equipment		
Land	5,484	5,494
Other, net	17,671	17,880
Total property, plant and equipment	23,156	23,374
Intangible assets		
Other	1,725	1,758
Total intangible assets	1,725	1,758
Investments and other assets		
Investment securities	5,059	5,858
Retirement benefit asset	98	99
Other	5,296	5,047
Allowance for doubtful accounts	(39)	(39)
Total investments and other assets	10,413	10,965
Total non-current assets	35,296	36,098
Total assets	109,034	109,642

(Million yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,151	7,136
Electronically recorded obligations - operating	8,882	9,425
Short-term borrowings	18,414	16,045
Income taxes payable	1,325	785
Provision for bonuses	927	614
Provision for bonuses for directors (and other officers)	47	12
Other	8,941	7,490
Total current liabilities	44,690	41,510
Non-current liabilities		
Long-term borrowings	9,599	9,810
Retirement benefit liability	5,645	5,662
Other	1,612	1,706
Total non-current liabilities	16,857	17,179
Total liabilities	61,548	58,689
Net assets		
Shareholders' equity		
Share capital	4,184	4,184
Capital surplus	13	13
Retained earnings	38,190	41,015
Treasury shares	(884)	(886)
Total shareholders' equity	41,503	44,327
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,438	3,023
Deferred gains or losses on hedges	(16)	121
Revaluation reserve for land	1,977	1,977
Foreign currency translation adjustment	1,479	1,384
Remeasurements of defined benefit plans	(85)	(82)
Total accumulated other comprehensive income	5,793	6,424
Non-controlling interests	189	201
Total net assets	47,485	50,953
Total liabilities and net assets	109,034	109,642

(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, 2022	For the three months ended June 30, 2023
Net sales	36,978	34,116
Cost of sales	22,874	20,843
Gross profit	14,104	13,272
Selling, general and administrative expenses	8,713	9,231
Operating profit	5,391	4,041
Non-operating income		
Interest income	4	15
Dividend income	38	46
Rental income from real estate	1	1
Foreign exchange gains	364	623
Other	159	88
Total non-operating income	568	775
Non-operating expenses		
Interest expenses	50	131
Loss on retirement of non-current assets	6	3
Loss on valuation of derivatives	82	80
Other	13	20
Total non-operating expenses	153	235
Ordinary profit	5,806	4,581
Extraordinary income		
Gain on sale of non-current assets	0	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on sale of non-current assets	3	0
Total extraordinary losses	3	0
Profit before income taxes	5,802	4,581
Income taxes - current	1,445	1,057
Profit	4,357	3,524
Profit attributable to non-controlling interests	4	9
Profit attributable to owners of parent	4,352	3,514

Quarterly Consolidated Statements of Comprehensive Income
 Three Months Ended June 30

(Million yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Profit	4,357	3,524
Other comprehensive income		
Valuation difference on available-for-sale securities	(247)	584
Deferred gains or losses on hedges	56	138
Foreign currency translation adjustment	1,220	(91)
Remeasurements of defined benefit plans, net of tax	1	2
Total other comprehensive income	1,031	633
Comprehensive income	5,389	4,157
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,379	4,145
Comprehensive income attributable to non-controlling interests	9	12

(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, 2023 (from April 1, 2023 to June 30, 2023)

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, 2022 (from April 1, 2022 to June 30, 2022)

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	22,577	4,203	4,615	5,583	36,978
Other revenue	—	—	—	—	—
Net sales to outside customers	22,577	4,203	4,615	5,583	36,978
Inter-segment net sales or transfers	2,423	4	—	6,372	8,799
Total	25,000	4,207	4,615	11,955	45,778
Segment profit	3,987	207	647	1,516	6,359

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	6,359
Inter-segment elimination and company-wide expenses (Note)	(968)
Operating profit in the quarterly consolidated statements of income	5,391

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

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.

(Matters related to revenue recognition)

The information on disaggregation of revenue from contracts with customers is described in “(Segment information, etc.)” of the notes.