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Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]



November 8, 2023

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 Stock exchange listing: Tokyo Stock Exchange
 Code number: 7990
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 Scheduled date of filing quarterly securities report: November 10, 2023
 Scheduled date of commencing dividend payments: December 6, 2023
 Availability of supplementary explanatory materials on quarterly financial results: Not available
 Schedule of quarterly 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 Six Months Ended September 30, 2023 (April 1, 2023 - September 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	%
Six months ended September 30, 2023	67,876	(8.7)	6,522	(30.8)	7,198	(29.8)	5,099	(31.3)
September 30, 2022	74,320	14.8	9,423	12.1	10,258	18.1	7,423	12.9

(Note) Comprehensive income: Six months ended September 30, 2023: ¥8,202 million [(24.2)%]

Six months ended September 30, 2022: ¥10,815 million [38.3%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2023	221.96	-
September 30, 2022	323.25	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2023	112,433	55,013	48.7
As of March 31, 2023	109,034	47,485	43.4

(Reference) Equity: As of September 30, 2023: ¥54,791 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
Fiscal year ended March 31, 2023	Yen -	Yen 30.00	Yen -	Yen 30.00	Yen 60.00
Fiscal year ending March 31, 2024	-	35.00			
Fiscal year ending March 31, 2024 (Forecast)			-	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
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	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: None

*** 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):

September 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:

September 30, 2023:	1,020,154 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):

Six months ended September 30, 2023:	22,973,726 shares
Six months ended September 30, 2022:	22,966,128 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.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the six months ended September 30, 2023, there were expectations of a recovery of economic activities in the Japanese economy after the novel coronavirus infection (COVID-19) pandemic. However, the impacts of continuously rising commodity and energy prices, as well as the yen depreciation in the foreign exchange market, have 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 seen stagnation in recovery from the impact of the pandemic, due to inflationary trends caused by the situation in Russia and Ukraine and prolonged monetary tightening policies in North America and Europe, as well as a business slowdown in the Chinese economy due to sluggish domestic and foreign demands.

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, with impacts including the slowing demand for outdoor, sports, and leisure goods, such as fishing goods, and an increase in inventory levels, for the six months ended September 30, 2023, net sales were 67,876 million yen (down 8.7% 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 6,522 million yen (down 30.8% year-on-year), ordinary profit was 7,198 million yen (down 29.8% year-on-year), and profit attributable to owners of parent was 5,099 million yen (down 31.3% 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 remained 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. It also received a lot of orders for a spinning reel “AIRITY” and a bass rod “STEEZ RC” in fishing, and “2023 ONOFF LADY” series in golf. However, net sales were 43,856 million yen (down 8.7% year-on-year), while segment profit was 4,079 million yen (down 34.4% 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, although the Group made efforts for expanding sales mainly in bass fishing goods for the U.S. market, net sales were 7,298 million yen (down 14.7% year-on-year), while segment profit was 98 million yen (down 71.7% year-on-year).

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 8,174 million yen (down 1.9% year-on-year), while segment profit was 427 million yen (down 30.4% year-on-year).

Asia and Oceania

In the Asia and Oceania region, the socioeconomic situation varies among countries. However, the outdoor, sports, and leisure markets, which had remained resilient, showed signs of a slowdown as interest rates and commodity prices notably increased also in Asia. 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 24,885 million yen (down 9.2% year on year), while segment profit was 3,480 million yen (down 16.6% year on year).

(2) Explanation of Financial Position

Total assets at the end of the six months ended September 30, 2023, amounted to 112,433 million yen, an increase of 3,398 million yen from 109,034 million yen at the end of the previous fiscal year. The increase is mainly due to increases in inventories and property, plant and equipment.

Net assets amounted to 55,013 million yen, an increase of 7,527 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, 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, 2024 has not been revised from the forecast announced on August 9, 2023.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	12,875	9,227
Notes and accounts receivable - trade	12,956	16,367
Electronically recorded monetary claims - operating	243	366
Merchandise and finished goods	34,274	36,638
Work in process	4,397	4,073
Raw materials and supplies	5,487	4,776
Other	3,998	3,377
Allowance for doubtful accounts	(494)	(587)
Total current assets	73,738	74,241
Non-current assets		
Property, plant and equipment		
Land	5,484	5,504
Other, net	17,671	20,101
Total property, plant and equipment	23,156	25,606
Intangible assets		
Other	1,725	1,626
Total intangible assets	1,725	1,626
Investments and other assets		
Investment securities	5,059	5,860
Retirement benefit asset	98	108
Other	5,296	5,030
Allowance for doubtful accounts	(39)	(39)
Total investments and other assets	10,413	10,959
Total non-current assets	35,296	38,192
Total assets	109,034	112,433

(Million yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,151	5,782
Electronically recorded obligations - operating	8,882	8,915
Short-term borrowings	18,414	15,923
Income taxes payable	1,325	925
Provision for bonuses	927	1,080
Provision for bonuses for directors (and other officers)	47	25
Other	8,941	8,372
Total current liabilities	44,690	41,026
Non-current liabilities		
Long-term borrowings	9,599	7,959
Retirement benefit liability	5,645	5,651
Other	1,612	2,782
Total non-current liabilities	16,857	16,393
Total liabilities	61,548	57,419
Net assets		
Shareholders' equity		
Share capital	4,184	4,184
Capital surplus	13	27
Retained earnings	38,190	42,600
Treasury shares	(884)	(879)
Total shareholders' equity	41,503	45,932
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,438	3,050
Deferred gains or losses on hedges	(16)	124
Revaluation reserve for land	1,977	1,977
Foreign currency translation adjustment	1,479	3,783
Remeasurements of defined benefit plans	(85)	(77)
Total accumulated other comprehensive income	5,793	8,859
Non-controlling interests	189	221
Total net assets	47,485	55,013
Total liabilities and net assets	109,034	112,433

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Six Months Ended September 30

(Million yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	74,320	67,876
Cost of sales	47,095	42,615
Gross profit	27,225	25,260
Selling, general and administrative expenses	17,802	18,738
Operating profit	9,423	6,522
Non-operating income		
Interest income	17	31
Dividend income	56	67
Rental income from real estate	3	3
Foreign exchange gains	744	793
Other	350	220
Total non-operating income	1,172	1,115
Non-operating expenses		
Interest expenses	109	252
Loss on retirement of non-current assets	71	14
Loss on valuation of derivatives	129	123
Other	26	49
Total non-operating expenses	337	438
Ordinary profit	10,258	7,198
Extraordinary income		
Gain on sale of non-current assets	4	0
Gain on sale of investment securities	18	-
Total extraordinary income	22	0
Extraordinary losses		
Loss on sale of non-current assets	6	4
Impairment losses	-	2
Total extraordinary losses	6	6
Profit before income taxes	10,274	7,192
Income taxes - current	2,837	2,070
Profit	7,437	5,121
Profit attributable to non-controlling interests	13	22
Profit attributable to owners of parent	7,423	5,099

Quarterly Consolidated Statements of Comprehensive Income
Six Months Ended September 30

(Million yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	7,437	5,121
Other comprehensive income		
Valuation difference on available-for-sale securities	(164)	611
Deferred gains or losses on hedges	88	141
Foreign currency translation adjustment	3,451	2,319
Remeasurements of defined benefit plans, net of tax	2	8
Total other comprehensive income	3,378	3,081
Comprehensive income	10,815	8,202
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,783	8,164
Comprehensive income attributable to non-controlling interests	32	38

(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 six months ended September 30, 2023 (from April 1, 2023 to September 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 six months ended September 30, 2022 (from April 1, 2022 to September 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	43,121	8,551	8,332	14,315	74,320
Other revenue	—	—	—	—	—
Net sales to outside customers	43,121	8,551	8,332	14,315	74,320
Inter-segment net sales or transfers	4,903	4	—	13,082	17,990
Total	48,024	8,555	8,332	27,398	92,311
Segment profit	6,218	347	614	4,174	11,355

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	11,355
Inter-segment elimination and company-wide expenses (Note)	(1,932)
Operating profit in the quarterly consolidated statements of income	9,423

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

For the six months ended September 30, 2023 (from April 1, 2023 to September 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	37,128	7,294	8,174	15,279	67,876
Other revenue	—	—	—	—	—
Net sales to outside customers	37,128	7,294	8,174	15,279	67,876
Inter-segment net sales or transfers	6,728	3	—	9,606	16,338
Total	43,856	7,298	8,174	24,885	84,214
Segment profit	4,079	98	427	3,480	8,086

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	8,086
Inter-segment elimination and company-wide expenses (Note)	(1,563)
Operating profit in the quarterly consolidated statements of income	6,522

(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.