

CUBE (7112 TSE Growth) ----- October 21, 2022**Planning and sales of high-end golf wear and equipment**

This report is an English translation of part of the report issued on October 11, 2022.
For inquiries concerning the report, please contact info@stock-r.org

[7112 CUBE Sector : Retail Trade]

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Dec.2020	2,668	-	43	-	51	-	-133	-	-25.0	177.9	0.0
Dec.2021	3,900	49.2	687	4.4x	690	4.2x	681	-	127.7	305.0	0.0
Dec.2022 f	5,253	34.7	849	23.5	814	17.9	564	-17.2	102.4	-	0.0

Note: Consolidated basis on ending December 2020, and non-consolidated basis on ending December 2021 and 2022.

Figures for the fiscal year ending December 2022 are the company's forecasts.

It conducted 1-to-200 stock split on May 19, 2022. Per share indices are adjusted retroactively.

Handles Golf Wear and Equipment

CUBE designs, retails and wholesales golf-related apparel, sundries, etc., including MARK & LONA, its flagship brand. MARK & LONA accounted for about 90% of net sales in the first half of fiscal year ending December 2022.

MARK & LONA

The company has been planning and selling MARK & LONA's main products, including golf wear, golf bags, and shoes, since March 2008. All products are characterized by innovative, skull-patterned designs, high-quality materials, and superior functionality. In the first half of fiscal year ending December 2022, golf wear accounted for about 60% of net sales, and sundries, etc. for around 40%.

MARK & LONA's customer mix is about 70% male and 30% female, with most in their late 30s to mid-50s. MARK & LONA's major customers are those with higher annual incomes, as tops and bottoms combined cost around 60,000 yen.

Sales Channels

In the first half of fiscal year ending December 2022, the sales composition by channel was as follows: domestic retail 24.6%, domestic e-commerce 17.7%, overseas e-commerce 2.1%, overseas wholesale 44.2%, domestic wholesale 11.1%, and others 0.2%.

In domestic retail, the company operates a total of nine directly managed stores in Sapporo, Tokyo, Nagoya, Osaka and Fukuoka.

For domestic wholesale, the company distributes its products via agents. As of the end of June 2022, there were approximately 100 stores in Japan that carried MARK & LONA products.

Looking at overseas wholesale, the company wholesales to South Korea, the United States and Italy. The proportion of net sales accounted for by overseas wholesale rose 14.5 percentage points from 29.7% in fiscal year ended December 2020 to 44.2% in the first half of fiscal year ending December 2022. In August 2014, the company entered into an exclusive sales and licensing agreement with JC FAMILY of South Korea for MARK & LONA in South Korea and launched its overseas wholesale business. South Korea now accounts for more than 90% of CUBE's overseas wholesale net sales.

CUBE (7112 TSE Growth) - - - - - October 21, 2022**Financial Statements**

Statement of income	Fiscal Year	Dec.2020		Dec.2021		Six months to Jun. 2022	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		2,668	100.0	3,900	100.0	2,898	100.0
Cost of sales		1,217	45.6	1,546	39.7	1,399	48.3
Gross profit		1,451	54.4	2,353	60.3	1,499	51.7
Selling, general and administrative expenses		1,408	52.8	1,666	42.7	887	30.6
Operating profit		43	1.6	687	17.6	612	21.1
Non-operating income		18	-	10	-	3	-
Non-operating expenses		9	-	7	-	0	-
Ordinary profit		51	1.9	690	17.7	615	21.2
Profit before income taxes		-124	-4.7	689	17.7	615	21.2
Net profit		-133	-5.0	681	17.5	403	13.9

Balance sheet	Fiscal Year	Dec.2020		Dec.2021		Jun. 2022	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		1,783	84.2	2,189	84.5	2,724	84.2
Cash and deposits		1,347	63.6	1,576	60.8	1,989	61.5
Accounts receivable-trade		228	10.8	363	14.0	335	10.4
Inventories		142	6.7	188	7.3	265	8.2
Non-current assets		335	15.8	402	15.5	511	15.8
Property, plant and equipment		138	6.5	127	4.9	140	4.3
Intangible assets		8	0.4	9	0.4	13	0.4
Investments and other assets		187	8.9	265	10.2	356	11.0
Total assets		2,119	100.0	2,592	100.0	3,235	100.0
Current liabilities		494	23.4	908	35.0	1,151	35.6
Accounts payable - trade		112	5.3	113	4.4	170	5.3
Contract liability		140	6.6	543	21.0	483	14.9
Short-term borrowings		66	3.1	-	-	-	-
Current portion of bonds payable		64	3.0	-	-	-	-
Non-current liabilities		674	31.8	55	2.1	64	2.0
Long-term borrowings		480	22.7	-	-	-	-
Bonds payable		136	6.4	-	-	-	-
Net assets		949	44.8	1,628	62.8	2,019	62.4
Owners' equity		949	44.8	1,628	62.8	2,019	62.4

Statement of cash flows	Fiscal Year	Dec.2020	Dec.2021	Six months to Jun. 2022
		(mn yen)	(mn yen)	(mn yen)
Cash flows from operating activities		260	1,023	461
Depreciation		67	34	16
Cash flows from investing activities		-504	-39	-48
Cash flows from financing activities		661	-746	-
Dividends paid		-	-	-
Net increase in cash and cash equivalents		409	238	412
Cash and cash equivalents		867	1,096	1,509

Note: Consolidated basis on ending December 2020, and non-consolidated basis on ending December 2021 and 2022.

Source: Prepared by Stock Research Center based on the notifiable prospectus.

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