

COMPANY RESEARCH AND ANALYSIS REPORT

GLOBERIDE, Inc.

7990

Tokyo Stock Exchange First Section

27-Jul.-2018

FISCO Ltd. Analyst

Fumiya Mizuno



FISCO Ltd.

<http://www.fisco.co.jp>

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Summary

In FY3/18, set a new record high for net sales for the first time in 25 years In profits, secured a double-digit increase in operating profit

GLOBERIDE, Inc. <7990> (hereafter, also “the Company”) became the global leader in fishing product sales (under the DAIWA global brand) in 1976. It has consistently led the industry since then with numerous innovations, revolutionary products based on unique technologies, and new proposals for fishing lifestyle. DAIWA is a universally known presence in the fishing world. The Company also sells products for golf, tennis, and cycling sports worldwide.

It generated approximately 70% of sales in Japan and 30% from other countries and has steadily solidified positions in the Americas, Europe, and Asia and Oceania. Growth in sales to Asia has stood out recently. The Company manufactures almost all of its products, except for some luxury items, in China, Vietnam, Thailand, and other overseas sites. Sales ratios by product are fishing, the main business, at 84.9%, golf at 6.7%, racquet sports at 8.0% and others including cycling sports at 0.4% in FY3/18.

The Company renamed itself from Daiwa Seiko Corporation to GLOBERIDE on October 1, 2009. It continues to use the DAIWA brand for fishing products and is steadily growing this business. Because its products are for hobbies, income fluctuates with trends in economic activity. Nevertheless, it possesses a strong brand presence, and a key point is the extent to which it can expand in areas besides fishing products. Going forward, the Company hopes to stimulate the global market by developing innovative new products that create market opportunities.

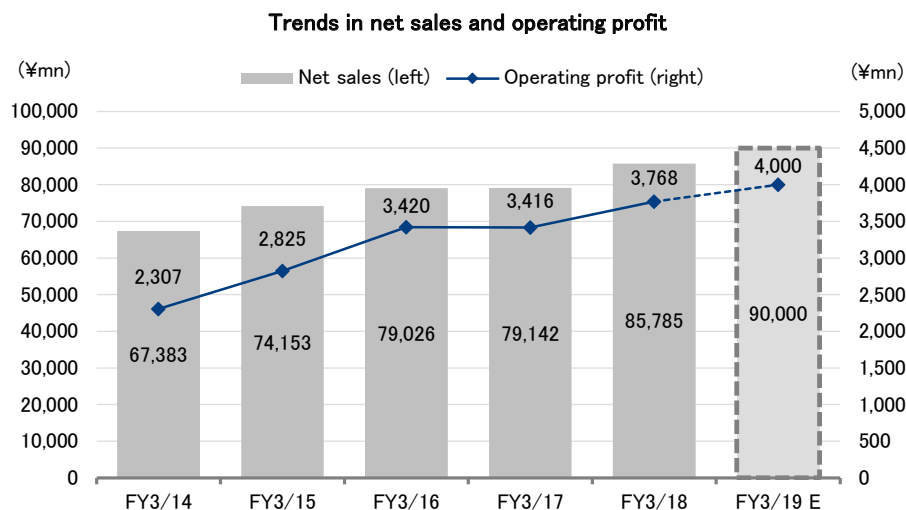
In the FY3/18 consolidated results announced on May 11, 2018, net sales were ¥85,785mn (up 8.4% year on year (YoY)), operating profit was ¥3,768mn (up 10.3%), ordinary profit was ¥3,598mn (up 47.1%), and profit attributable to the owners of the parent was ¥2,497mn (up 14.3%), and the Company secured a double-digit increase in operating profit. Net sales were a new record high for the first time in 25 years, since FY3/93. The forecasts are for the higher sales and profits to continue in FY3/19, of net sales of ¥90,000mn (up 4.9% YoY), operating profit of ¥4,000mn (up 6.1%), ordinary profit of ¥3,700mn (up 2.8%), and profit attributable to the owners of the parent of ¥2,600mn (up 4.1%).

The Company has formulated a medium-term management plan, with FY3/19 as the starting point and FY3/21 as the final fiscal year. For the mainstay fishing products, within Japan, it will work to stimulate and improve the domestic market against the backdrop of its strong brand power, and overseas, it will strengthen its business development mainly in Asia. The targets for FY3/21, the plan’s final fiscal year, are net sales of ¥100,000mn and operating profit of ¥5,000mn, while it is aiming for an annual dividend of ¥70.

Key Points

- In FY3/18, set a new record high for net sales for the first time in 25 years. In profits, secured a double-digit increase in operating profit
- Forecasts are for the higher sales and profits to continue in FY3/19
- For FY3/21, is aiming for net sales of ¥100,000mn, operating profit of ¥5,000mn, and an annual dividend of ¥70

Summary



Source: Prepared by FISCO from the Company's financial results

Business details and history

Started as a manufacturer of fishing reels for export, DAIWA brand captured the hearts of fishing fans

The Company was established in 1955. It was initially named Matsui Manufacturing and mainly manufactured fishing reels for export. It established Daiwa Seiko Corporation in Yamatocho, Nakano Ward, Tokyo in 1958, built a plant for reel production at the site of the current headquarters in 1960, and also moved the headquarters two years later. It launched overseas operations with the establishment of Daiwa Corporation in Los Angeles, US in 1966. The Company revised its company name in Japanese (still Daiwa Seiko in English) in 1969 and listed shares on the Second Section of the Tokyo Stock Exchange in 1970. It switched to the First Section in 1976.

The Company began as a specialty manufacturer of fishing products, but started to diversify by adding golf products in Japan in 1972. It moved into tennis products in 1980 and cycling sports products in 1990. It adopted a new name as GLOBERIDE in 2009.

The Company has a corporate motto of being a “lifetime sports company” that enriches life, and its main fishing business is a universally known presence in the fishing world. The brand is very highly regarded, and the Company has captured the hearts of fishing fans by steadily advancing the concept of fishing goods by consistently delivering innovative products to the market. The DAIWA brand mark receives robust consumer support as a symbol of challenge, originality, and innovation. Support for the DAIWA brand is extensive not only in Japan, but also worldwide.

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Business details and history

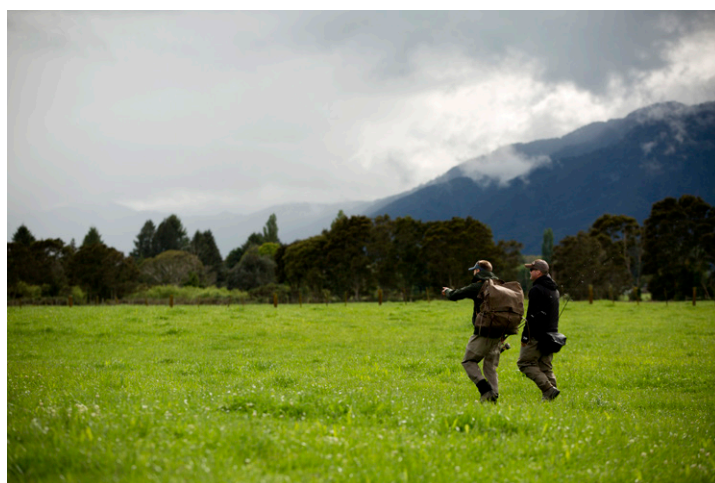
DAIWA brand mark



Source: Materials supplied by the Company

In fishing products, the Company proposed an out-spool mechanism for reels ahead of the industry, and this created the template of the modern spinning reel. The Company focuses on more than just reels, rods, and other core products and offers an extensive line-up of related products including lures, strings, and other small items. It also handles cooler boxes and rain gear and is a comprehensive supplier of fishing-related items. In Japan, the Company covers from large chain stores to local specialty shops and “DAIWA fishing goods” is a familiar sign. Much of product supply goes through direct sales to retailers, and this format keeps the Company in touch with consumer needs. The Company actively pursues a variety of measures to expand the market, including cooperation in the TV production of “The Fishing,” the most popular fishing program, and the well-known “Fishing Fool’s Diary” movie series (seen in reruns on TV).

DAIWA



Source: Materials supplied by the Company

The Company has three sales locations in Japan – Tokyo, Osaka, and Fukuoka. Outside of Japan, it operates Daiwa Corporation in the US and has sales offices in the UK, France, Germany, Italy, Australia, China, Hong Kong, South Korea, Taiwan, Singapore, and Malaysia. The Company manufactures most of the products at overseas sites, including Thailand, China, and Vietnam.

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Business details and history

DAIWA



Source: Materials supplied by the Company

In the golf business, meanwhile, the Company delivers two popular brands – ONOFF that proposes products for refined golfing with reliable quality and FOURTEEN known for superior club philosophy and excellent performance. The Company does not strive aggressively for higher sales in this business and instead focuses on selling high-end products and services to customers with emphasis on brands by building membership organizations and conducting a fitting service that provides clubs best suited to individual customers. It also has contracts with professionals such as Shingo Katayama, Yosuke Asaji, Kodai Ichihara, Ryuji Imada, Ji-hee Lee, Akane Iijima, O Sattaya, and Satsuki Oshiro. Success by these top professionals attests to the excellent reliability of club performance and enhances the brand image.

The Company is the sales distributor for PRINCE in Japan for tennis and other racquet sports. It proposes a tennis lifestyle for adults that covers activities both on and off the court and has carefully cultivated the brand for racquets as well as tennis wear and other related products. The Company handles a wide range of products beyond tennis, including badminton that attracted interest with strong performances by Japanese athletes in the Olympics and squash. The Company promotes CORRATEC, FOCUS, and BOTTECCHIA brands for cycling sports. It has also recently launched D-VEC, a new apparel brand that combines functionality and fashion. We expect further new proposals as a “lifetime sports company.”

ONOFF



Source: Materials supplied by the Company

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Business details and history

FOURTEEN



Source: Materials supplied by the Company

PRINCE



Source: Materials supplied by the Company

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Business details and history

CORRATEC



Source: Materials supplied by the Company

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Business details and history

History

Year	Main events
1955	Started manufacturing fishing reels (mainly for export) (Company name: Matsui Manufacturing)
1958	Established Daiwa Seiko Corporation in Nakano, Tokyo
1960	Built a reel manufacturing plant where the headquarters is currently located
1962	Started domestic reel sales and moved headquarters to the current location
1964	Built a rod manufacturing plant
1966	Established Daiwa Corporation in Los Angeles, US
1969	Changed the Company name in Japanese
1970	Built the Hiroshima and Tochigi plants as domestic manufacturing sites (consolidated at the headquarters in 2000) Listed shares on the Second Section of the Tokyo Stock Exchange
1971	Established Daiwa Seiko (Taiwan) Co., Ltd. in Kaohsiung, Taiwan (liquidated in 2007) Established Daiwa Golf Inc. at the current location (absorbed by headquarters in 1995)
1972	Started domestic sales of gold products
1973	Established Daiwa Whitehall Pty. Limited in Sydney, Australia (now Daiwa (Australia) Pty. Ltd.)
1976	Listed shares on the First Section of the Tokyo Stock Exchange
1977	Established Daiwa Sports Limited in Wishaw, Scotland, UK
1980	Acquired Fishing Nakamura Inc. (now, World Sports Co., Ltd.), a Fukuoka-based fishing goods retailer, as a subsidiary Entered the tennis business Established Nasu Daiwa Corporation to manufacture and sell fishing goods in Kurobane, Nasu, Tochigi
1984	Established Daiwa France S.A. (now, Daiwa France S.A.S.) in Rouen, France
1985	Acquired Ooyagi Shoten Inc. (now, World Sports Co., Ltd.), a Tokyo-based fishing goods retailers, as a subsidiary Established Daiwa Sogo Services Corporation (now Desco Inc.), which handles welfare services, at the current location
1990	Established Daiwa-Cormoran Sportartikel Vertrieb GmbH in the suburbs of Munich, Germany Entered the cycling sports business
1995	Established Daiwa Seiko (Thailand) Co., Ltd. in Bangkok, Thailand
2002	Established Daiwa Seiko Limited in Taichung, Taiwan
2004	Established Daiwa Seiko (Hong Kong) Co., Ltd. in Hong Kong
2005	Established Daiwa Seiko (South Korea) Co., Ltd. in the suburbs of Seoul (Korea). Acquired Casting Limited., a Tokyo-based fishing goods retailers, as a subsidiary Established Zhongshan Daiwa Sporting Goods Limited in China Established Daiwa Vietnam Limited in Da Nang, Vietnam
2008	Acquired Windsor Corporation, a Kanagawa-based sports goods retailer, as a subsidiary Acquired Fourteen Co., Ltd., a Gunma-based company which manufactures and sells golf clubs, as a subsidiary Spun off the fishing goods after-service business and established Sports Life Planets, Inc.
2009	Changed the Company name to Globeride, Inc. Retained DAIWA as the brand name for the fishing business
2012	Established Singapore Daiwa Pte. Ltd. in Singapore
2013	Established Dongguan Daiwa Sporting Goods Limited in China Acquired Daiwa Logistics Services Inc. (now, LOGISPO.Inc), a Tokyo-based warehouse logistics firm, as a subsidiary
2014	Established Daiwa Italy S.r.l in Italy
2016	Established Daiwa Sports (M) SDN.BHD. in Malaysia

Source: Prepared by FISCO from the Company's website

■ Performance trends

Set a new record high for net sales for the first time in 25 years In profits, secured a double-digit increase in operating profit

1. FY3/18 results

In the FY3/18 consolidated results announced on May 11, 2018, net sales were ¥85,785mn (up 8.4% YoY), operating profit was ¥3,768mn (up 10.3%), ordinary profit was ¥3,598mn (up 47.1%), and profit attributable to the owners of the parent was ¥2,497mn (up 14.3%), and the Company secured a double-digit increase in operating profit. Net sales were a new record high for the first time in 25 years, since FY3/93.

Within Japan, there is the sense that the economic indicators are improving, such as the economy performing better compared to recently, but it is not the case that consumer confidence is as high as the indicators. In this situation, it cannot be said that the environment surrounding the Company's products, which are not daily necessities, is necessarily a good one. However, it is responding through the launches of innovative products that strike a chord with people who enjoy fishing, golf, and racket sports.

In fishing, the trend in the domestic fishing market as a whole was comparatively favorable, such as an estimated 2% growth YoY. In this environment, the Company secured an increase of 5% for domestic sales. Despite the impact of the unseasonable weather in 2H, consumers' needs are strong for the Company's innovative products, and therefore their results greatly exceeded the market average.

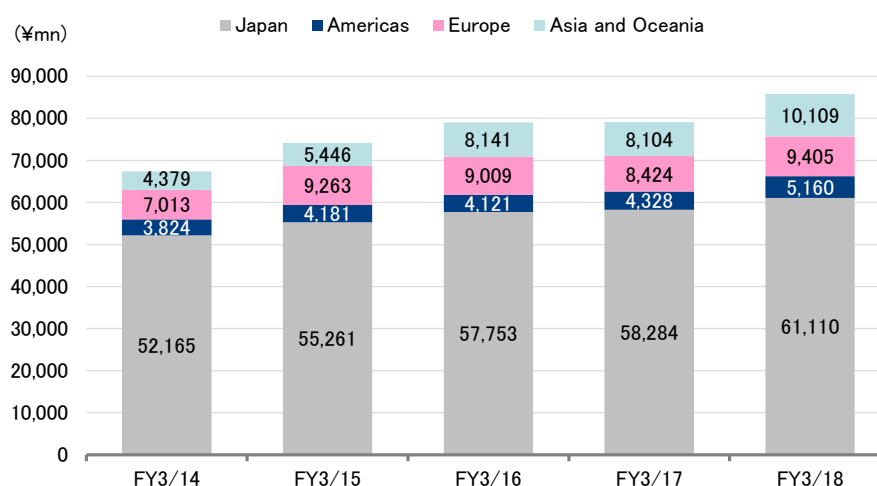
Golf maintained its performance from strong inquiries for the flagship brands, such as ONOFF. The domestic market is being stimulated by the continuing launches of new products by various companies and grew 4%. The Company launched products that drove sales, of the ONOFF KURO series for advanced players in the spring of 2017, supervised by golf pro Shingo Katayama, ONOFF LADY in the fall, and the ONOFF AKA series, which aims to be more forgiving for less advanced players, in 2018. In addition to the brand's appeal, the products were well received from their solid manufacturing that was linked to the play of professionals. Conversely, in racket sports, sales fell 3.8% YoY due to the impact of the severe environment in the tennis market.

Overseas, fishing sales expanded steadily. It cannot be said that the outdoor markets in Europe and the United States are performing well, but the results of the Company's measures to strengthen the overseas business, which it has been implementing since several years ago, are currently appearing.

Looking by region, in the Americas, although the market contracted 5% to 10% YoY, the Company still recorded growth of 19% in the United States on a local currency basis. Similarly, in Europe, the fishing market struggled, but it still secured an increase of 8%. In Asia and Oceania also, the market is not currently performing well, but the Company recorded a high increase in sales, up 19%. Within this region, South Korea and China contributed greatly to profits.

Performance trends

Trends in sales by region



Source: Prepared by FISCO from the Company's financial results

The conditions in the golf market are severe to the extent it can be described as a global slump, including that even in the main market of the Americas, a leading sports equipment manufacturer has withdrawn from golf equipment. The background to this is that currently there are no star players, like Tiger Woods. However, sales were strong to the mainstay South Korean market.

In profits, due to exchange rate fluctuations, raw material costs and other costs increased. The cost of sales increased from ¥50,307mn in the previous fiscal year to ¥54,957mn, and the cost of sales ratio rose from 63.6% to 64.1%. Besides exchange rate fluctuations, a factor for this seems to be the increase in price range in the volume zone that accompanied growth in overseas sales. Until now, overseas the focus has been on high-end products, but the Company has also been launching products in the medium and popular price bands to increase its market share.

In fact, the Company's strategy has been proving successful, such as sales are growing even in a situation in which the markets are shrinking. But compared to high-end products, naturally low-priced products are less profitable, which causes the cost of sales ratio to worsen. In addition, the Company actively conducted upfront investment, including investing in strengthening the structure to grow sales overseas and in bolstering the brand appeal. But the operating margin still improved from 4.3% in the previous fiscal period to 4.4%, due to the reduction in the ratio of SG&A expenses to net sales, from 32.1% to 31.5%.

In non-operating profit and expenditure, the Company was able to secure a major increase in ordinary profit, up 47.1%, as a result of factors including the absence of damage caused by fluctuating exchange rates that prevented recording a forex-related loss like the loss of ¥258mn in the same period in the previous fiscal year, and it also posted ¥271mn from the settlement of patent litigation.

Until recently, sales had been in the doldrums for a long time, but in this fiscal period the Company achieved record-high net sales for the first time in 25 years, since FY3/93. So it can be said that it has now entered a period of taking a major leap forward.

2. Outlook for FY3/19

For FY3/19, the Company forecasts higher net sales and profits again, with ¥90,000mn in net sales (+4.9% YoY), ¥4,000mn in operating profit (+6.1%), ¥3,700mn in ordinary profit (+2.8%), and ¥2,600mn in profit attributable to owners of parent (+4.1%).

Just as the previous year, the Company intends to pursue sales growth in the mainstay fishing goods business at a faster pace than the market in Japan by continuing to release innovative products. Its plan focuses on drawing customers to retail stores by aggressively stimulating the market through events, sales promotions, and other efforts.

DAIWA's waterproofing and durability technologies



Source: Materials supplied by the Company

Response to the growing EC market is a key point. While real-world stores, which handle products, are likely to continue as the main channel for supplies, reels, fishing rods, and other higher-priced items are shifting to Internet sales and The Company needs to bolster its support for the EC market. World Sports, Co., Ltd., a subsidiary that handles retail business, is building omni-channel operations.

For golf business, the Company focuses on steady sales growth with provision of high-end products and services to “fan” customers while carefully preserving its brands. It utilizes test hitting opportunities and other events as member perks for ONOFF, FOURTEEN, and other fan clubs to improve brand value and also highlight product features. However, as FY3/19 is an off-season for new products, it is estimated that sales will weaken slightly. Even so, for overseas, sales are forecast to continue to be strong for the mainstay South Korean market, and it seems that a key point will be to what extent can the overseas market cover for the slowdown in the domestic market.

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Performance trends

ONOFF AKA



Source: Materials supplied by the Company

Conditions are expected to be severe in the racket sports market. At present, usually on entering May the market is active, as there are many new club activities mainly involving new students, with junior high and high school students joining clubs, and university students requiring purchases. But this year, it seems that the start of this active period has been slow. Within this situation, in which it feels there is a lull in on-court demand, for PRINCE, the Company is strengthening sales through proposing innovative rackets and sophisticated apparel as brands that propose a racket-sports lifestyle both on and off the court.

PRINCE



Source: Materials supplied by the Company

The Company plans to continue increasing upfront investment expense, though it expects a rise in operating profit with sales and cost reduction offsetting the expense.

Financially, although there were increases in both short-term borrowing, up ¥135mn YoY, and long-term borrowing, up ¥603mn, retained earnings increased ¥1,923mn due to the accumulation of profits. In FY3/18, the equity ratio improved from 27.7% at the end of the previous fiscal period to 30.8%.

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Performance trends

Past results and forecasts

	FY3/16	FY3/17	FY3/18	FY3/19 E
Net sales	79,026	79,142	85,785	90,000
YoY	6.6%	0.1%	8.4%	4.9%
Operating profit	3,420	3,416	3,768	4,000
YoY	21.1%	-0.1%	10.3%	6.1%
Ordinary profit	2,885	2,447	3,598	3,700
YoY	-1.1%	-15.2%	47.1%	2.8%
Profit attributable to owners of parent	1,659	2,184	2,497	2,600
YoY	3.5%	31.6%	14.3%	4.1%
EPS (¥)	144.39	190.08	217.36	226.33
Dividend (¥)	45.00	50.00	55.00	60.00

Source: Prepared by FISCO from the Company's financial results

Outlook and strategy

Formulated a new medium-term business plan that lasts through FY3/21

● Medium-term business plan

The Company finished the medium-term business plan lasting through FY3/17 that had final-year goals of ¥80,000mn in consolidated sales (+18% versus FY3/14), ¥3bn in consolidated operating profit (+30%), and a ¥50 dividend (effectively a ¥15 dividend hike). While sales slightly missed the goal due to the impact of yen appreciation on conversion of overseas value to a yen basis, operating profit reached the goal one year ahead of time and ultimately overshot by ¥416mn.

The Company prepared a new medium-term business plan that lasts through FY3/21 with aims of further growth and improved corporate value by sustaining “proactive management.” The new plan continues the three measures from the previous medium-term plan of pursuing supply capacity for products with market advantages, stimulating and improving the domestic market, and taking actions in overseas markets.

The final fiscal year is FY3/21 and targets the Tokyo Olympics and Paralympics year. We expect a reasonably healthy environment given the prospect of heightened sports excitement in Japan. But with the population declining there is no hope of the large Japanese market expanding. While the domestic market is likely to pick up, we think overseas business will remain the primary source of growth opportunity.

Income levels should be rising in Asia, and these gains are likely to broaden demand for products related to fishing for leisure. We forecast continuation of a growth trajectory along with the plan, thanks to this addition to market development room.

The numerical targets for the plan's final fiscal year of FY3/21 are net sales of ¥100,000mn and operating profit of ¥5,000mn, while the Company is aiming for an annual dividend of ¥70. Recently, it has been increasing the dividend by ¥5 each year, and if it realizes a dividend of ¥70 in FY3/21, it will have recorded a ¥5 dividend increase for 10 consecutive fiscal periods, which seems an achievement worth paying attention to.

Outlook and strategy

The plan also has strong awareness of “post-Olympics” from 2020. In the situation of slumping domestic demand, the Company will advance the creation of highly appealing products while also further strengthening its overseas bases so it can keep on a growth path. In fact, at the present time, it is dispatching top sales team members in Japan to local markets as marketers for overseas sales, and this measure is bearing fruit.

The Company previously focused on sales of luxury goods for overseas, but at the current time it has started to place more emphasis on the volume zone. Products in the medium, popular price range have a low profit margin compared to luxury goods, but even so, currently profits are accumulating from the increase in the sales volume.

The strategies by product are as follows.

(1) Fishing product business

Aging is affecting the fishing population in Japan, and the overall trend is moving downward. This environment raises concern about the future similar to other consumption goods. The Company is addressing the situation by proposing a different type of fishing than in the past and hopes to increase sales by creating a new market. We think the Company is capable of pursuing this strategy because of its strength of steadily launching innovative products that cannot be produced by rivals. The Company also conducts activities to raise awareness among young people, such as the Daiwa Young Fishing Club (D.Y.F.C.) started 40 years ago, and takes an aggressive stance to market development.

DAIWA's technologies



Source: Materials supplied by the Company

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Outlook and strategy

Daiwa Young Fishing Club



Source: Materials supplied by the Company

Yet overseas markets are the primary opportunity for driving future growth. Asia, which is already exhibiting robust growth, offers clear potential. For example, particularly strong demand for the Company's high-end products exists in China from the segment with large incomes even though these items cost a few times more than normal prices. The fishing style is also changing from simple fishing, mainly for crucian carp and koi carp, to fishing using lures and reels. Inquiries for high-end products handled by the Company are likely to strengthen as income levels climb in Southeast Asia and other regions. US and European markets have matured and largely fluctuate with trends in economic activity, but the Company still has substantial room to expand its share. The Company plans to use a strategy of acquiring share by bolstering the line-up of products that meet regional characteristics.

Fishing show in Italy



Source: Materials supplied by the Company

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Outlook and strategy

(2) Golf products business

While the Company aims to increase its global market share in fishing business, it is not trying to compete for volume with Sumitomo Rubber Industries, Ltd. <5110> (former DUNLOP SPORTS CO. LTD.), Bridgestone Corporation <5108>, and other firms in the golf business. Instead it utilizes a strategy of calibration to its position in the industry. The Company seeks differentiation from other manufacturers and provides high-end products and services to customers who are fans of these products with emphasis on nurturing ONOFF, FOURTEEN, and other brands. Specifically, following on from FOURTEEN, which has a fan club with more than 10,000 members, the ONOFF brand has started to build a membership organization and enhanced services for brand customers. It promotes measures that boost customer satisfaction. FOURTEEN follows a strategy of supplying the “best fourteen clubs” to golfers in order to accumulate sales. The membership organization holds many fine quality events exclusive to members. These activities put emphasis on fans and pursue steady improvement of brand value and stable sales growth.

CLUB ONOFF membership organization



Source: Materials supplied by the Company

Fourteen Classic golf competition organized by FOURTEEN



Source: Materials supplied by the Company

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Outlook and strategy

(3) Racquet sports business

The Company utilizes a strategy that nurtures a brand in the tennis business too, similar to golf products. It serves as the sales agency for PRINCE in Japan. PRINCE triggered a boom with “oversized racquets” and fueled a revolution in the tennis playing style in the 1970s. This brand has continued to deliver innovations in racquet technology and actively engages in product creation and promotions that propose an enjoyable tennis life for adults both on and off the court.

Enjoying adult tennis life off the court



Source: Materials supplied by the Company

Windsor Corporation, a subsidiary running a retail business, is a well-known specialty racquet shop in Japan. It has a broad range of sales connections that extends from students to adults and also other racquet sport players, mainly in the Kanto area, and aims to expand sales going forward.

Windsor Racquet Shop - Shibuya



Source: Materials supplied by the Company

(4) Apparel

Apparel business offers opportunity in the new medium-term plan. The Company mainly supplied fishing apparel up to now and is launching an independent apparel brand for the first time. It is developing the D-VEC brand released in 2017 as an urban fashion line that combines technology and functionality cultivated over many years for DAIWA fishing apparel with fashion sense from a dedicated design team.

D-VEC items, which can be worn comfortably even in a harsh fishing natural environment, comprise an extensive line-up of not only outerwear, but also T-shirts, shorts, shoes, umbrellas, and eyewear. The Company opened the EC site and a shop in Harajuku, Tokyo in March 2017. It is proposing sports apparel that makes life fuller in accordance with the corporate ideal of being a “lifetime sports company” and hopes to enhance corporate value. It would seem that for the future, it is considering opening another store to follow the one in Harajuku and further increasing name awareness.

D-VEC



Source: Materials supplied by the Company

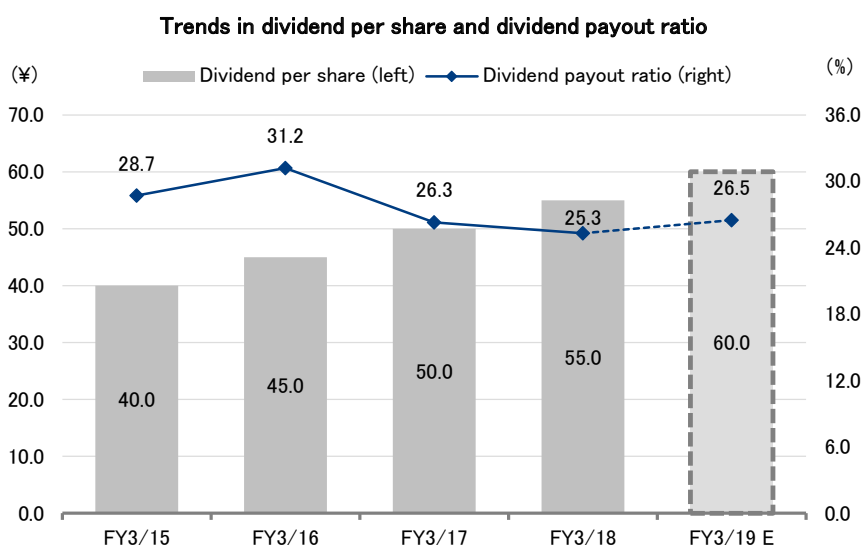
Shareholder returns

Steadily raised the dividend each fiscal year, targeting ¥60 in FY3/19

The FY3/18 annual dividend was ¥55 per share, while the forecast for FY3/19 is ¥60. The dividend payout ratio was 26.3% in FY3/17 and 25.3% in the previous fiscal period, while the estimate for the current fiscal period is 26.5%, so the Company is stably paying dividends.

Shareholder returns

The Company pays shareholder returns while striking a balance with retained earnings that reflects proactive R&D and capital investments to develop innovative products. However, in light of the fact that the Company has positively returned profits to shareholders even in recent years when it actively conducted capital investment, going forward also, we can expect it to positively return profits to shareholders. Based on the target dividend of ¥70 in FY3/21, the final fiscal year of the medium-term management plan, we can expect the dividend to continue to increase by ¥5 a year in the near future.



Note: The Company conducted a reverse split that allocated one share per 10 existing shares of ordinary stock on October 1, 2015. Values in this diagram have been adjusted retroactively for years prior to FY3/16.

Source: Prepared by FISCO from the Company's financial results

Information security measures

On considering the environment created by the increasingly malicious and sophisticated ransomware and other types of computer viruses, the Company constantly installs the latest virus-detection software at various places in its networks, servers, and PCs. It has also established a multi-level defense system, including tools to catch unknown threats in advance. In addition, it has in place a 24-hour monitoring system operated by an external specialist agency for detecting and protecting against abnormalities. The Company actively conducts promotions for customers, so it handles personal information. Therefore, it is thoroughly educating employees on information management, while it has also launched a risk management committee within the Company and is working to prevent the leakage of information.

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