

FY12/24 Q2 Financial Results

CUBE CO., LTD

Stock Code: 7112

01

Q2 Financial Report

[FY12/24]

02

Business Progress

[FY12/24]

03

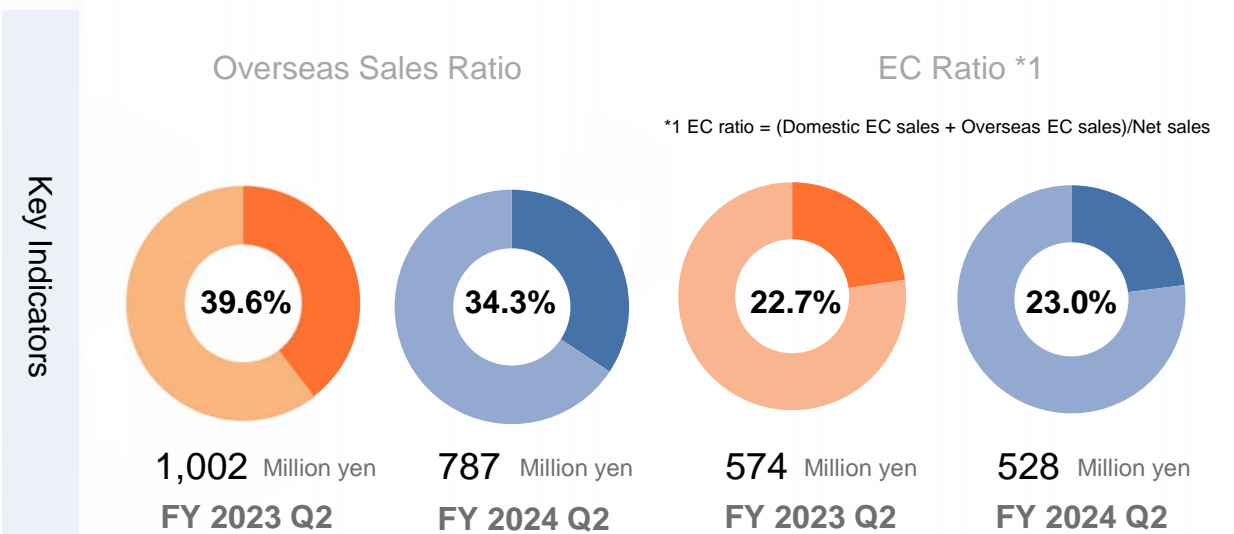
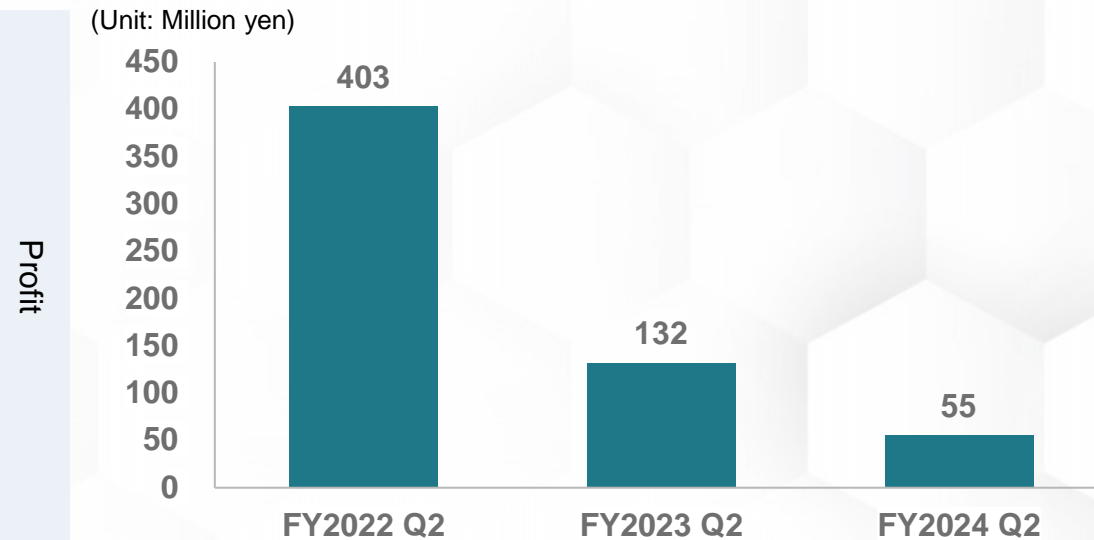
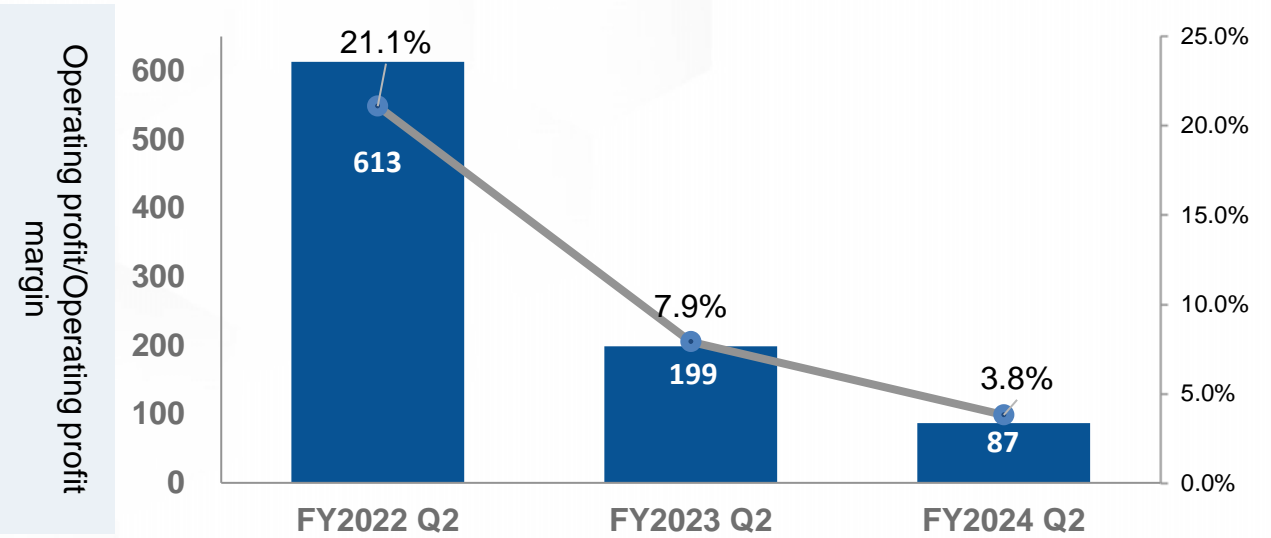
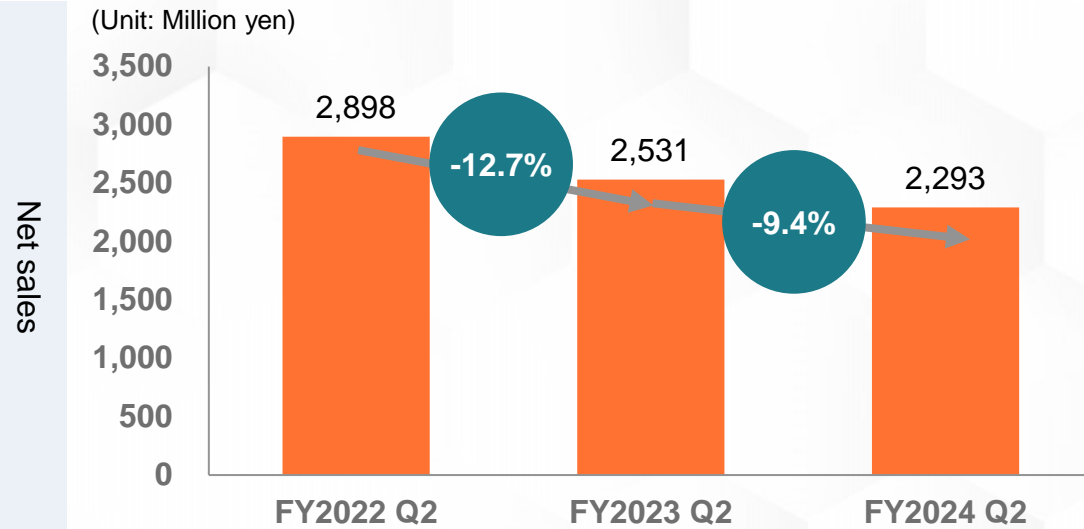
APPENDIX

- Corporate Profile & Business Overview
- Product & Growth Strategy
- Quarterly Trends

FY12/24 Q2 Financial Report

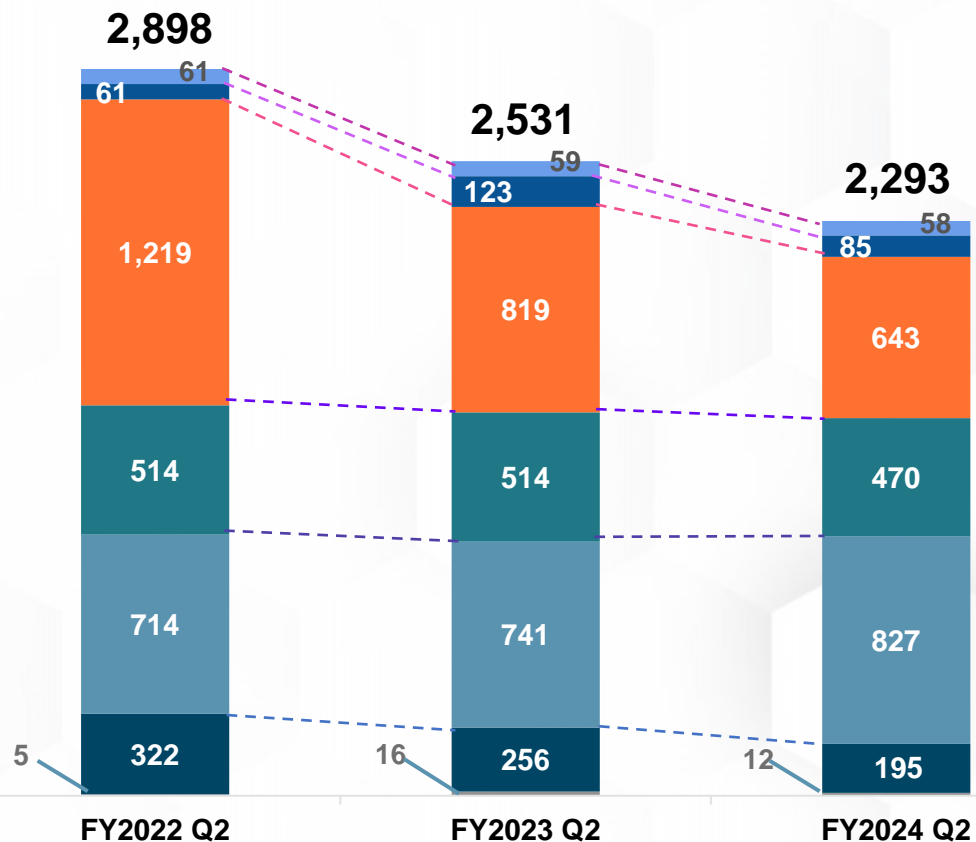
FY12/24 Q2 Financial Summary

CUBE CO.,LTD.



Sales Trends by Sales Channel

(Unit: Million yen)



Financial Highlights

- Since the spread of COVID-19 in 2020, the golf market demand has been boosted worldwide, but the overheating has moderated.
- As for the wholesale business in South Korea, due to backlash against the overheated golf boom in 2022, wholesale sales continued to decline, but sales to end users are on a recovery trend.
- In the domestic retail business, sales increased steadily YoY due to factors such as the opening of the Aoyama store in April 2023 and inbound tourism demand. In the domestic e-commerce, due in part to unfavorable weather conditions, new spring/summer product sales have been sluggish, resulting in a YoY decline.
- In the wholesale business in Japan, inventories at wholesalers increased temporarily as the golf boom has settled down, but adjustment to this situation is now coming to an end, and sales declined slightly compared with the previous fiscal year.
- Overseas wholesalers are expanding in ASEAN and East Asia regions, but the YoY change at the time of the semi-annual performance was negative because the delivery schedule for Q2 was delayed from Q3 onwards.

Outline of Financial Results (Year-on-year Results and Forecasts)

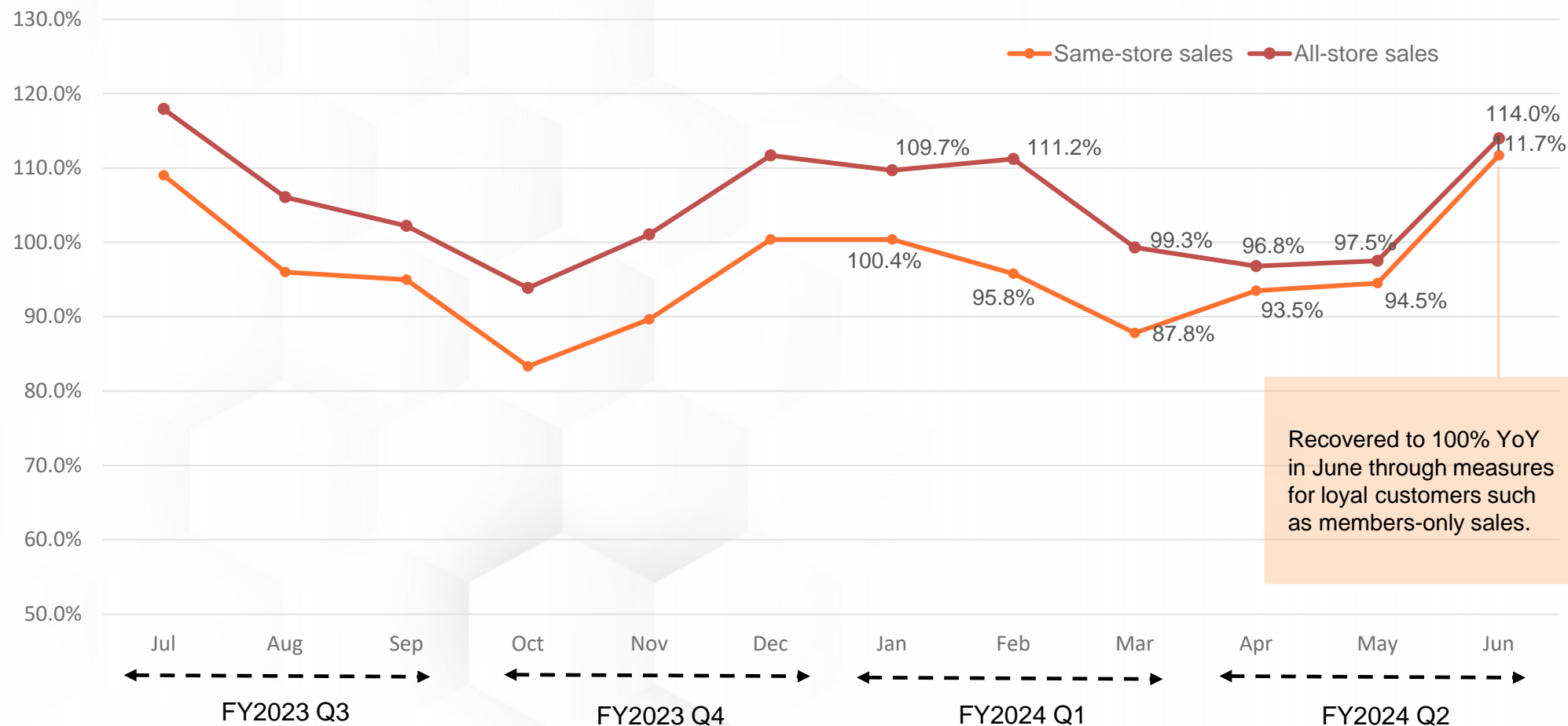
CUBE CO.,LTD.

Unit: Million yen	FY2023 Q2	FY2024 Q2 (current period)	YoY (pct. change)	Forecasts	Achievement rate
Net sales	2,531	2,293	-238 (-9.4%)	5,120	44.8%
Gross profit (Gross profit margin)	1,389 (54.9%)	1,350 (58.9%)	-39 (-2.8%)	—	—
Operating profit (Operating profit margin)	199 (7.9%)	87 (3.8%)	-111 (-56.1%)	236 (4.6%)	37.0%
Ordinary profit (Ordinary profit margin)	203 (8.0%)	91 (4.0%)	-111 (-55.0%)	230 (4.5%)	39.5%
Profit (Profit margin)	132 (5.2%)	55 (2.4%)	-76 (-57.9%)	151 (3.0%)	36.8%

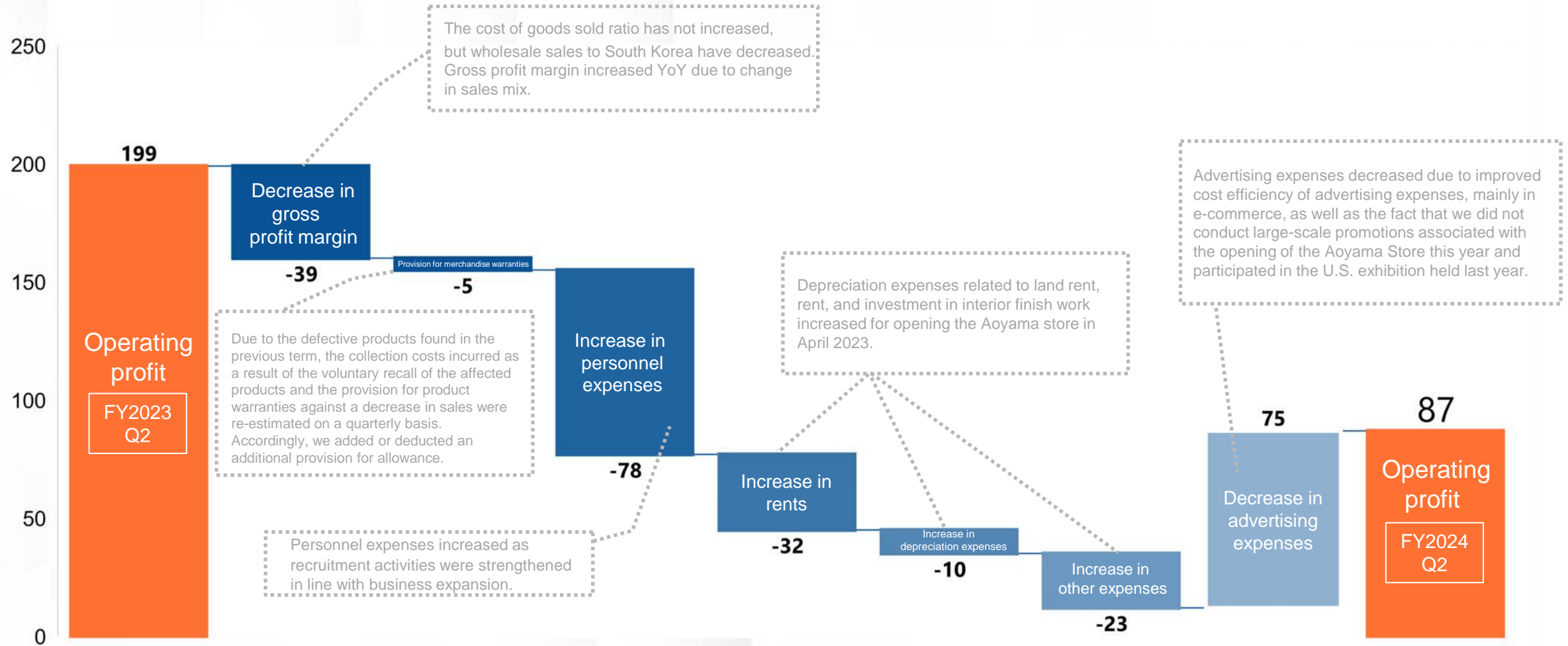
FY12/4 Q2 Monthly Sales of Directly-managed Stores

CUBE CO.,LTD.

In the previous year, we opened the Aoyama store, a flagship shop, in April, and conducted large-scale marketing around that time. However, marketing investment in this fiscal year has been kept down compared to the previous year, and partly due to the impact of unseasonable weather in spring, same-store sales have been slightly down compared to the previous year.



Gross profit decreased due to a decrease in wholesale sales in South Korea compared to the previous fiscal year. In addition, personnel expenses increased in line with business expansion, and depreciation expenses related to land rent and interior finish investment increased due to the Aoyama store opening in April 2023. As a result, operating profit declined.



As for the balance sheet, trade receivables, payables, and inventories have declined compared with the end of Q1 due to the end of the spring and summer seasons.

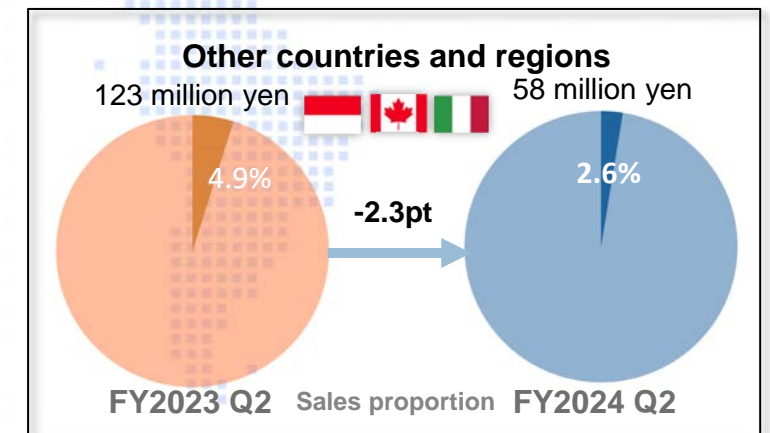
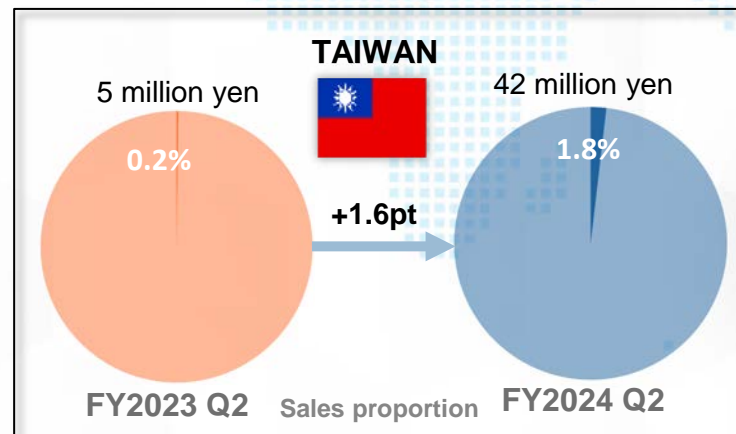
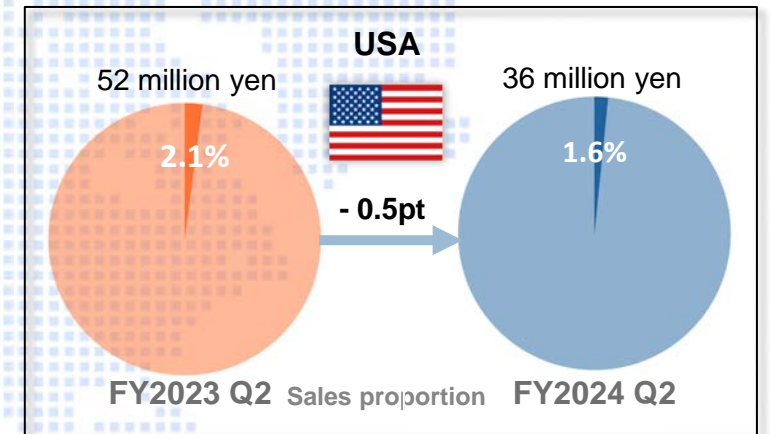
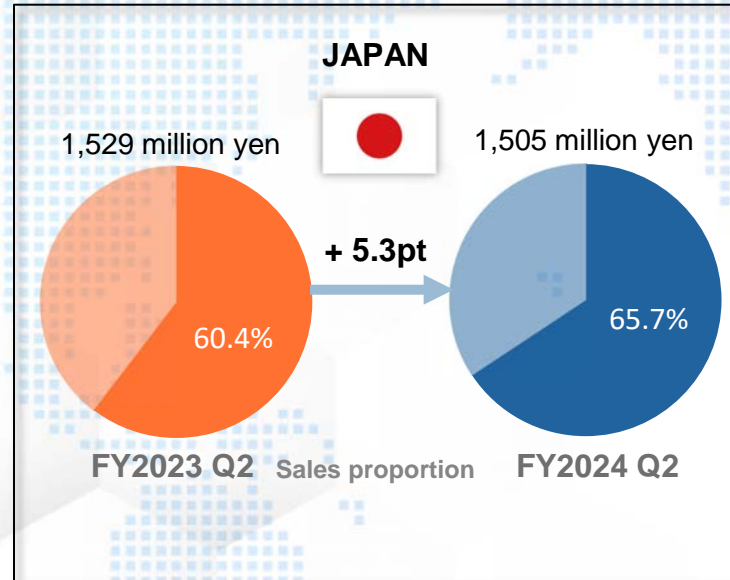
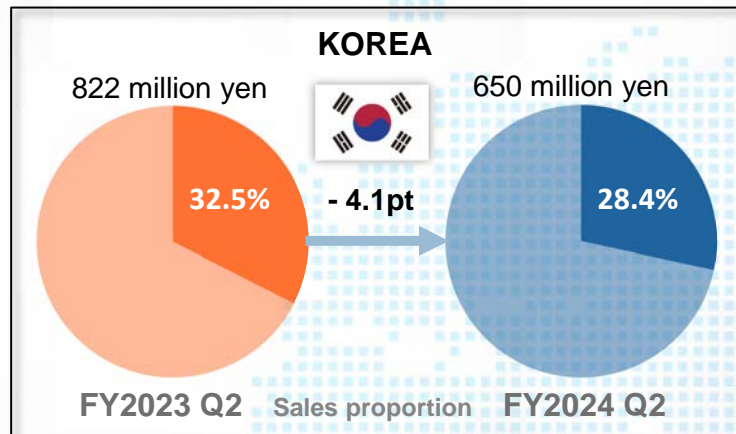
(Unit: Million yen)	FY2023 Q4	FY2024 Q1	FY2024 Q2	Composition ratio	QoQ	Main change factors (QoQ)
Total assets	4,507	4,809	4,710	100.0%	-99	
Current assets	3,719	3,935	3,832	81.4%	-103	<ul style="list-style-type: none"> • Decrease in accounts receivable and inventories toward the end of the spring and summer seasons
Noncurrent assets	788	873	877	18.6%	+4	<ul style="list-style-type: none"> • Increase in deferred tax assets
Current liabilities	530	797	651	13.8%	-146	<ul style="list-style-type: none"> • Decrease in accounts payable and accrued liabilities toward the end of the spring and summer season
Noncurrent liabilities	115	123	129	2.8%	+6	<ul style="list-style-type: none"> • Increase in liability for employee benefits
Net assets	3,861	3,888	3,929	83.4%	+41	<ul style="list-style-type: none"> • Increase in capital and capital reserve • Increase in retained earnings carried forward due to recording of profit

Cash flows from operating activities have been steady, and the year-end balance of cash and cash equivalents has been roughly at the same level as in the same period in the previous fiscal year.

	FY2023 Q2	FY2024 Q2	Change	Major factors
Cash flow from operating activities	-72	233	305	Income before income taxes: +87 Increase in contractual liabilities for advances received: +65 Recording of depreciation and amortization: +46
Cash flow from investing activities	-208	-110	98	Payments for purchase of property, plant and equipment: -86
Cash flow from financing activities	—	-0	-0	Purchase of treasury stock: -0
Change in cash and cash equivalents	-280	120	400	
Cash and cash equivalents at end of period	2,503	2,475	-28	

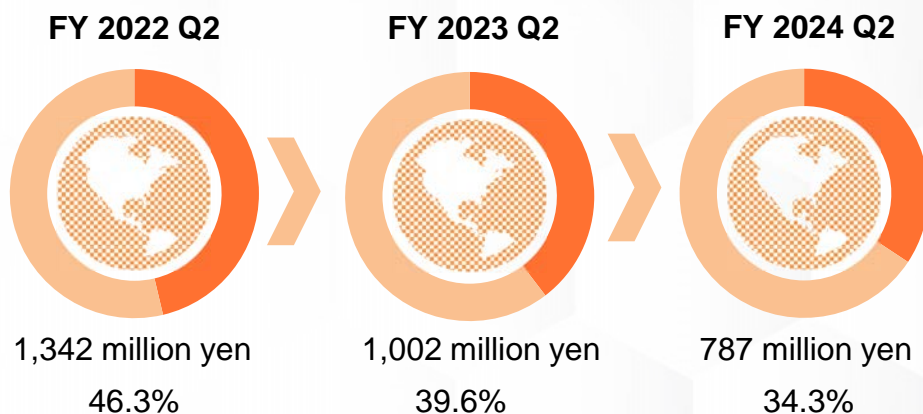
While the golf boom under the COVID-19 pandemic has stabilized worldwide, the percentage of overseas sales declined 34% due to the sluggish demand in the Korean market. However, we succeeded in developing new businesses in Taiwan, and its sale increased by 1.6ppt. YoY, and the growth trend continues.

Taking this opportunity, we will aggressively expand our business in newly entering countries to achieve further growth and create new opportunities.

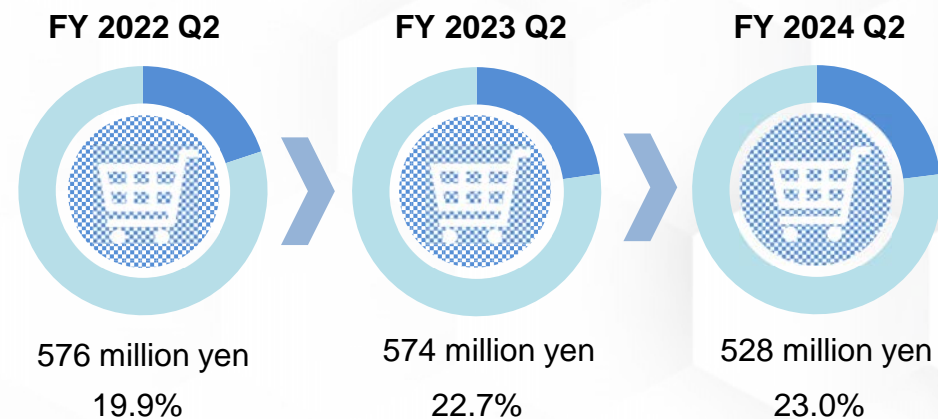


Key Indicators

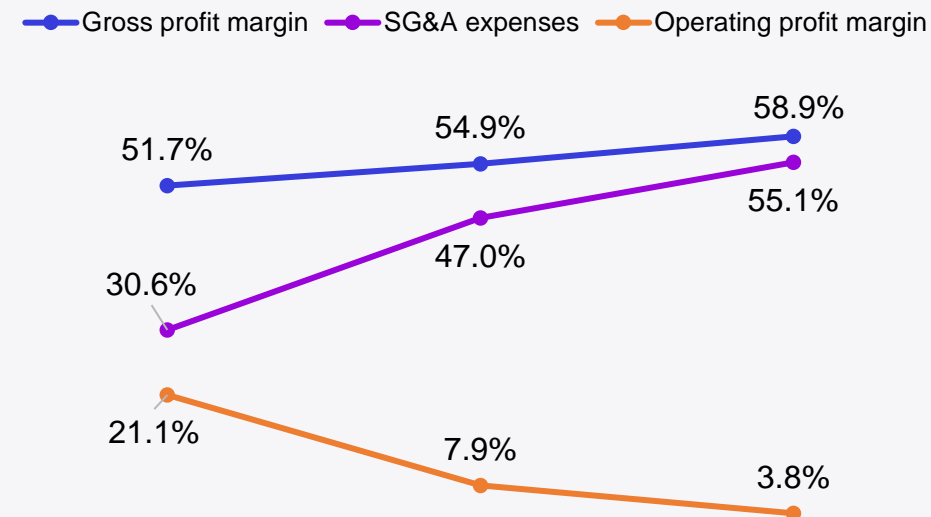
Overseas Sales Ratio



EC Market Ratio



Financial KPI



	FY 2022 Q2	FY 2023 Q2	FY 2024 Q2
ROE	22.1%	3.5%	1.4%
Shareholders' Equity ratio	62.4%	83.6%	83.4%
EPS	75.59 yen	21.75 yen	9.14 yen
BPS	378.12 yen	626.04 yen	645.48 yen

FY12/24 Business Progress

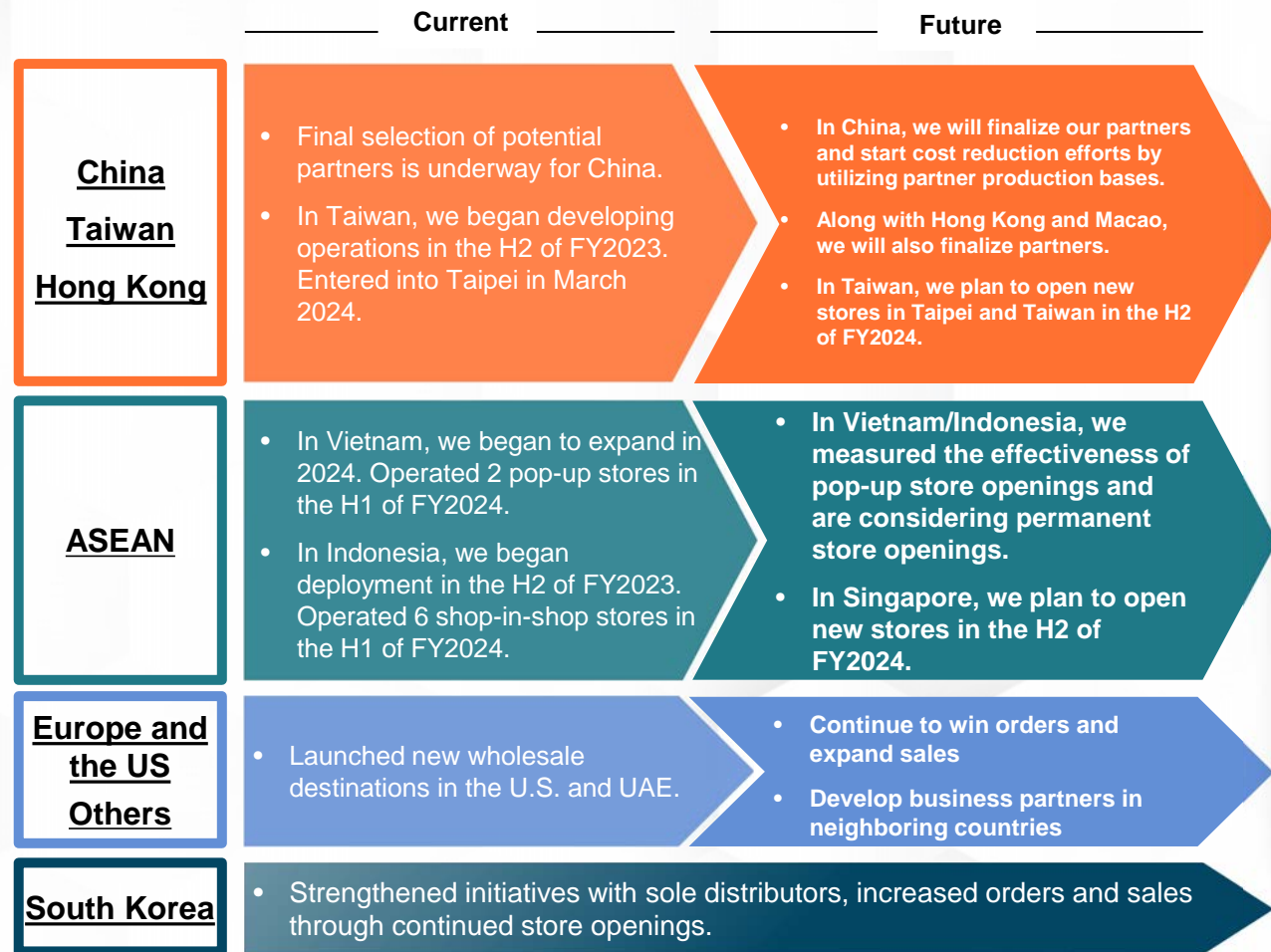
Future Plan for Sales Channels

CUBE CO.,LTD.

✓ Q2 financial results announcement

Q2 financial results announcement			FY2024				FY2025				FY2026			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
B2B	Asia	<ul style="list-style-type: none">Pop-up storesNew permanent store openingsDistributor and FC development	Opened in Taipei		Opening in Taichung		New store				New store			
			Selection of partners in China		Partners confirmed		New store		New store		New store		New store	
	ASEAN, etc.	<ul style="list-style-type: none">Pop-up storesNew permanent store openingsDistributor and FC development	Pop-up store openings in Indonesia		Opening Stores in Singapore		New store				New store			
			Pop-up store openings in Vietnam				New store				New store			
	Europe and the US/ Others	<ul style="list-style-type: none">Development of new wholesale customersOpening of pop-up stores	Increase transaction volume at existing customers and acquire new wholesale customers											
	South Korea	<ul style="list-style-type: none">Expand sales in the South Korean market through sole distributors	Opened 5 new stores		Opening 1 new store		New store				New store			
B2C	Online store	<ul style="list-style-type: none">Expand EC sales for overseas marketsExpand EC sales for Japanese market	Launched overseas EC archive store		Strengthen EC for mainland China by leveraging increased brand recognition through the launch of the China business				Opening of overseas EC stores in external platforms					
					New store openings on external platforms		Renewal of our own EC platform				Opening of domestic EC stores in external platforms			
	Japan	<ul style="list-style-type: none">Flagship store developmentLarger stores to strengthen sales from inbound touristsPop-up store openings, including outlet storesFC development	Renovated GINZA SIX stores		Renovation of stores in the Kansai area				Kansai area (New store)		Regional cities Opening FC stores			
			Pop-up store openings at department stores and retail facilities				Northern Japan area (New store)		Tokai area (New store)		Regional cities Opening FC stores			
			Outlet Pop-up store openings				Outlet (New store)		Kyushu area (New store)		Regional cities Opening FC stores			

Cultivate new customers, mainly in the Asian and ASEAN region, and continue to strengthen efforts to attract customers in the global EC channels.
Build a foundation for global branding and enhancing structure to increase profitability from both offline and online channels.



In March 2024, we opened a MARK&LONA store at Shinko Mitsukoshi A9 Pavilion in Taiwan.
Steady start, including the highest monthly sales for golf floors.
Plan to open similar stores in Taichung in the second half of 2024.



Shin Kong Mitsukoshi Place A9

No. 9, Songshou Rd, Xinyi District, Taipei City



* The store is opened by a local distributor through wholesale, and we do not incur any investment expenses in the store.

In Indonesia, we began offering premium store in luxury department stores and 5 shop-in-shop stores at membership golf course. In Vietnam, we launched pop-up stores in shopping malls in Hanoi and Ho Chi Minh City.

In Singapore, we plan to open the area's first store in September or later, incorporating interiors that are as luxurious as the Aoyama store.

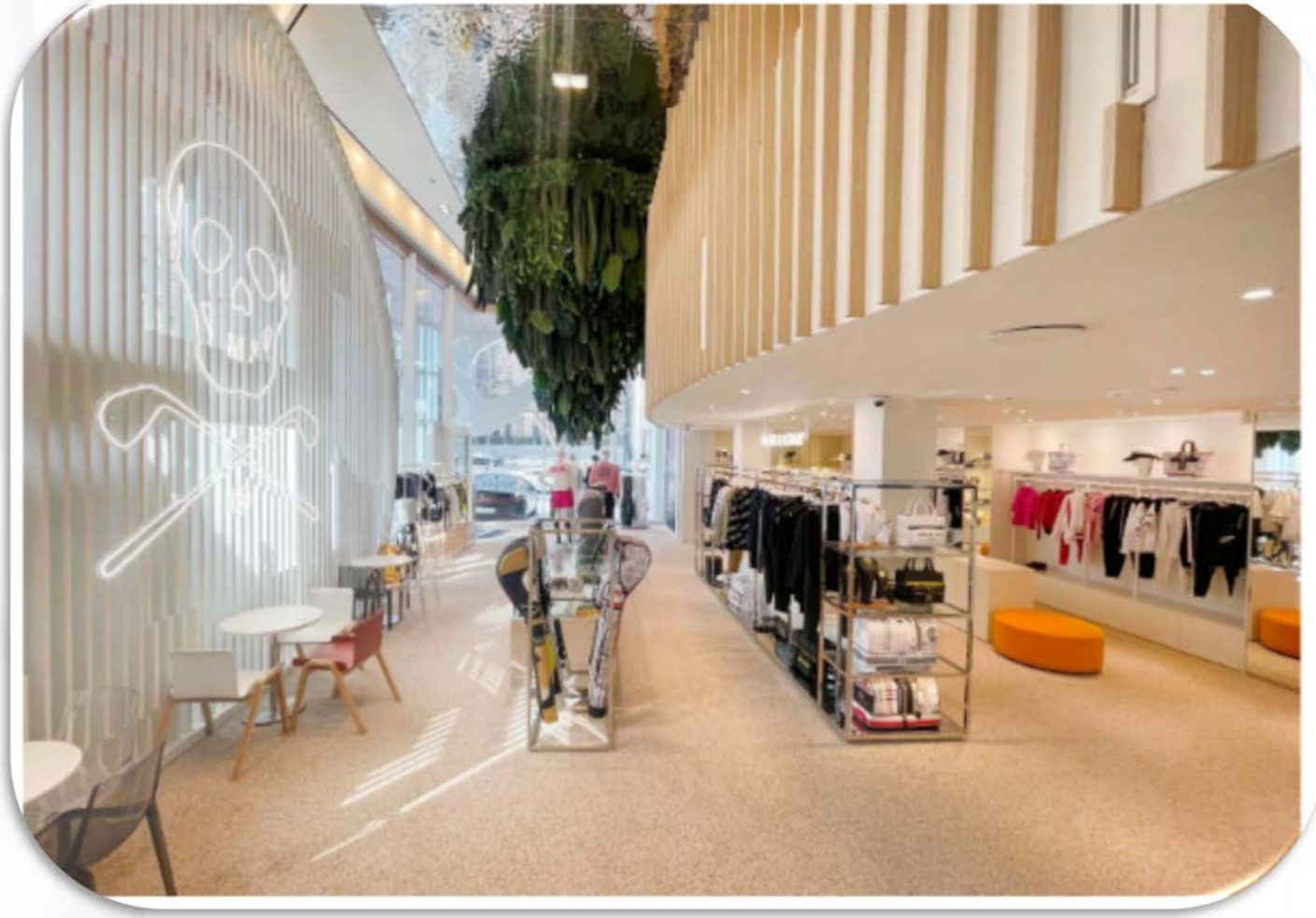


* These stores are opened by a local distributor through wholesale, and we do not incur any investment expenses in the store.

The largest flagship store in South Korea reopened in the Apgujeong-dong area, Konan-ku, Seoul. Strengthen customer satisfaction at physical stores with fully equipped with a full-fledged café, simulated golf and fitting studio, lesson studios and fitting laboratories.



고객센터
1:1 게시판 이용시 빠른 상담이 가능합니다.



* The store is opened by a local distributor through wholesale, and we do not incur any investment expenses in the store.

The GINZA SIX store, the main store in Tokyo that receives the largest number of inbound tourist customers, was renovated to approximately double its size. It incorporates the same luxurious interior as the Aoyama store and actively promotes the luxury golf brand's world view to the overseas market.



The Daimaru Shinsaibashi store, which is a mainstay store in the Kansai region with strong demand from inbound tourists, has become large-scale and has been renovated, similar to GINZA SIX store. Adopting the same luxurious interior of the Aoyama Store, proactively disseminated the luxury golf brand's worldview to overseas markets.





01 Global expansion

Aggressive store openings through local partners and market expansion utilizing digital BtoB tools and overseas marketing.

- Establish partnerships in the Asia and ASEAN region
- Active marketing using digital BtoB tools and partner development through joint exhibitions
- Strengthen cross-border EC through overseas marketing strategy investment
- Analyze the market and develop new stores through pop-up stores and cross-border EC

02 Increase our brand value

Develop stores, products, and new brands through marketing

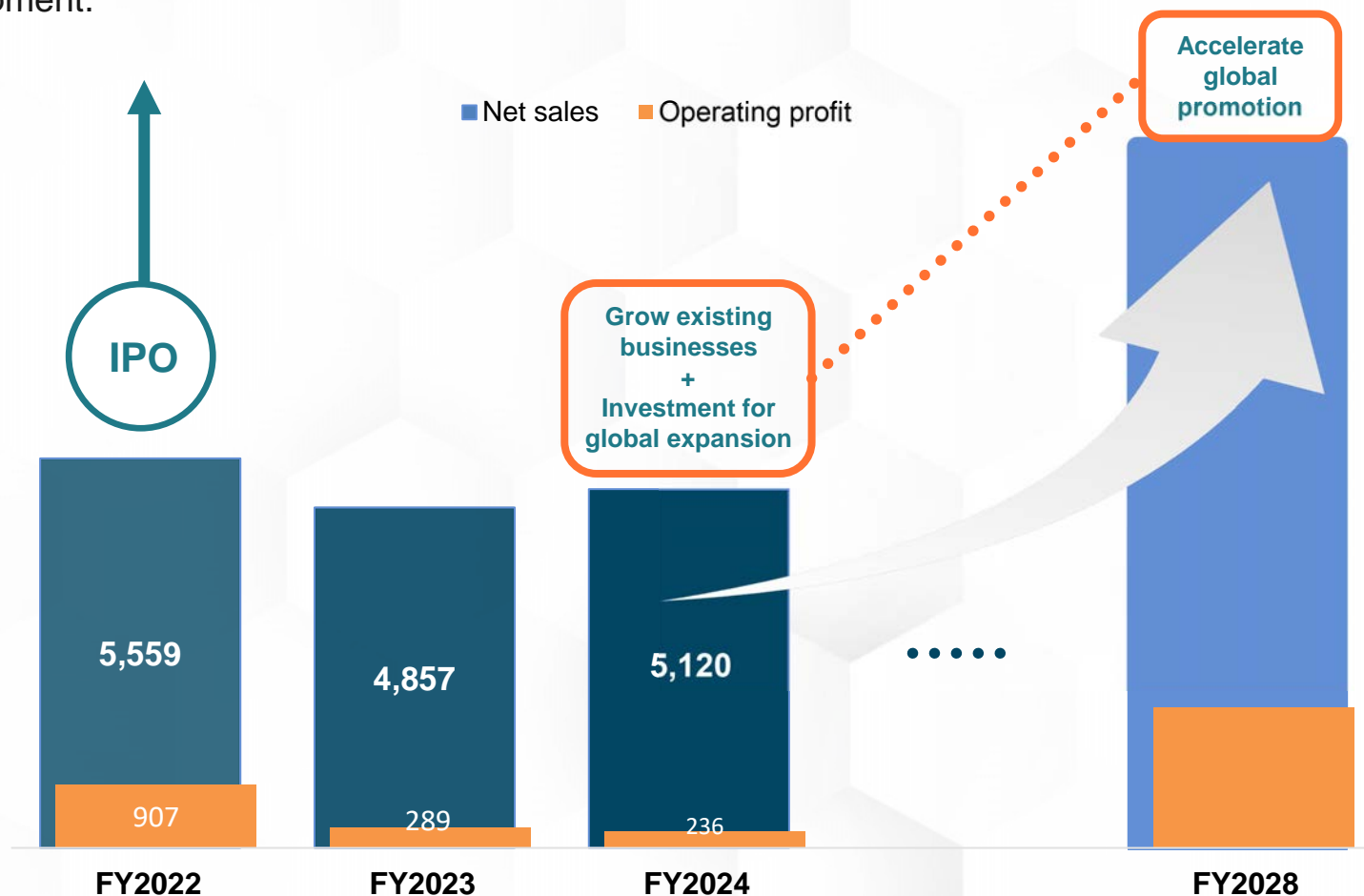
- Brand promotion and store opening development through Flagship Store
- Product and brand development based on market analysis
- Analyze growing categories, develop new brands, and grow them into more revenue source

03 Collaborative brand development

Collaboration with globally active brands and products, and the development of new environmentally friendly products

- Develop innovative brands in collaboration with companies and brands active on a global scale
- Develop eco-friendly product categories
- Develop efficient production bases in response to rising labor and material costs

- In 2022, sales rose sharply reflecting special demand for golf equipment in South Korea due to the COVID-19 crisis. In FY2023, demand stabilized and sales decreased.
- FY2024 is considered an investment phase, overcoming the slowdown in growth and establishing a foundation for sustainable growth.
- From 2025 onward, we aim to achieve long-term growth by reevaluating market needs and investing in new overseas channel development.



Medium-to-Long-Term Growth Targets

CAGR

- Net sales: Growth of **20%** or more
- Operating profit: Growth of **40%** or more
- Operating margin: **20%** or more
- ROE: **15%** or more

As we are a growing company, we will continue to make prior investments to expand our Business, such as investment in human resources, systems, shop development including OMO stores, and M&A.

In terms of shareholder returns, our priority for the time being is to expand our operations and increase our corporate value through investment.

In the event of sudden changes in the external environment, we will also consider flexible capital policies such as share buy-backs and strengthen IR activities to increase shareholder value.

Forward-Looking Statements

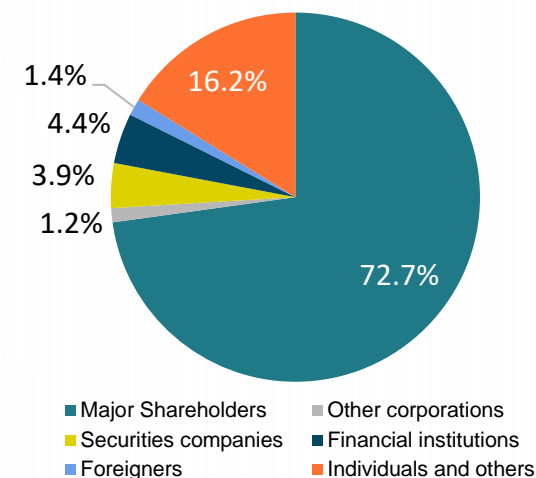
The materials and information provided in this presentation include "forward-looking statements" (forward-looking statements). These forward-looking statements are based on current expectations, projections, and assumptions that involve risks and are subject to uncertainties that could cause actual results to differ materially from this information. These risks and uncertainties include general industry and market conditions, and general domestic and international economic conditions such as interest rates and currency exchange rate fluctuations. This announcement is intended to provide information about us and is not intended to solicit or recommend the purchase or trade of any securities, financial instruments, or businesses, both domestically and internationally. The materials provided in this announcement are not disclosure documents based on the Financial Instruments and Exchange Law or other laws and regulations.

Corporate Profile & Business Overview

APPENDIX

Company Name	CUBE CO., LTD. CUBE CO., LTD.]
Head Office	2-17-7 Akasaka, Minato-ku, Tokyo
Representative	Tomoaki Matsumura, Representative Director
Established	December 1994
Capital stock	828,800,638 yen (as of April 30, 2024)
Number of employees	94 (including temporary employees, as of June 30, 2024)
Business Activities	Planning, manufacturing, and sales of apparel and general merchandise; licensing business (licensors)
Brands handled	MARK&LONA, HORN GARMENT, Gravis golf
Major clients	Hankyu Hanshin Department Stores, Inc., Daimaru Matsuzakaya Department Stores Co. Ltd., Iwataya Mitsukoshi Ltd., Mori Building Co., Ltd., ZOZO, Inc., VICTORIA CO.,LTD.

Shareholder Composition As of June 30, 2024



VISION

Creating symbols of the times

Our corporate philosophy is that the brands and services we provide will become symbols and trends of the times and will continue to be remembered.

STRATEGY

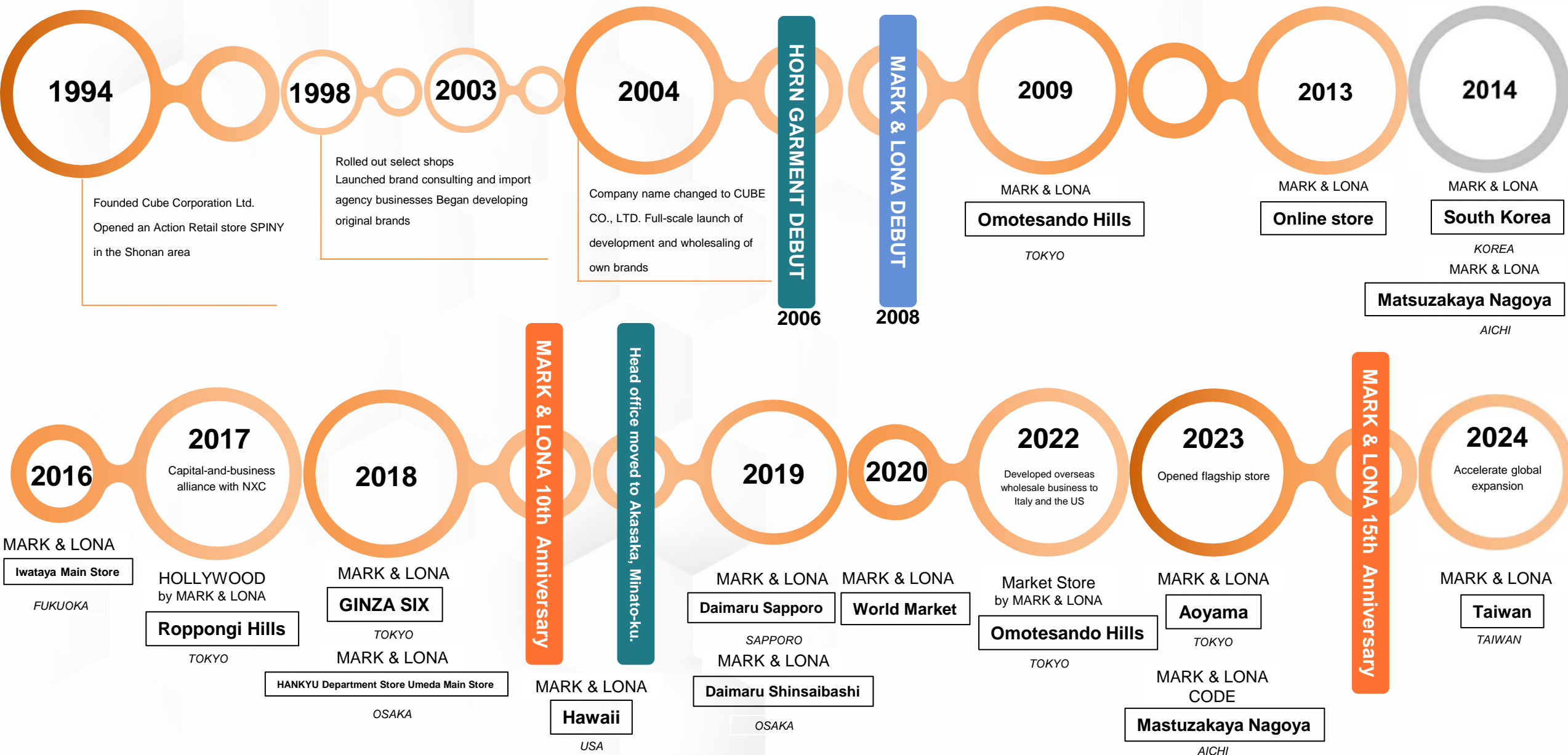
Creating a premium luxury brand

The strategy to realize this vision is to create Japan's first premium luxury brand.

MISSION

Freedom in Golf

As the sport of golf becomes more diverse, our mission is to help people enjoy golf freely as a fashionable sport and to be a partner in their elegant lifestyles.



President and Representative
Director



TOMOAKI MATSUMURA

Senior Managing Director

KAZUTAKE HASHIMOTO

Director

YUSUKE TAKAHASHI

Director

SUSUMU HATANO

Director

YUTA FUKUOKA

Outside Director

KAZUHIKO YOSHINARI

Outside Director

HIDETSUGU ONISHI

Outside Auditor

KOKI KAKEHASHI

Outside Auditor

AKARI OTSUKA

Outside Auditor

AKIKO TAKAYASU

Product APPENDIX

MARK & LONA®

MARK&LONA began in Los Angeles, USA, and has since launched unique collections. The brand has been uncompromising in its pursuit of innovative design, quality materials and high functionality that are not typical of a golf wear brand. In addition, the brand develops a wide range of collaborative products, from unique golf gear to figurines, through collaborations with world-renowned characters and musicians each season. More than ten years after its inception, the brand continues to be a leading representative of golf fashion, and to mark its "10 YEARS ANNIVERSARY" in 2018, it has appointed its first brand ambassador, who will be responsible for the brand's slogan "Freedom in Golf." It continues to challenge and innovate for the global market.



*1: The 'Luxury' strategy targets affluent customers who are also customers of other well-known brands, etc., and develops high-priced products for affluent lifestyles through the development of wholesale outlets and flagship shops in high-end commercial facilities.



In addition to golf wear collections such as GENERAL/CODE/T-LINE, the brand's first casual wear collection, FER, has been added, offering a wide range of collections.



GENERAL COLLECTION

MARK&LONA's core GENERAL COLLECTION. With the concept of offering luxury golf goods, this brand has excellent creativity and functionality and has developed a wide range of items. The brand continues to send out further challenges and innovations to the world under the slogan "Freedom in Golf."



CODE COLLECTION

The "CODE" collection brings high fashion to the golf market with the concept of "Efficient." High-end luxury sportswear with uncompromising design and high functionality. Down to the smallest detail, using high quality materials.



T-LINE COLLECTION

The capsule collection "T-LINE" was presented at the PGA SHOW in the U.S. as part of the 15th Anniversary. With its high functionality as golf wear, it is loved as essential wear not only in the Asian region but also in the European and American markets.



FER COLLECTION

A multi-purpose wear "FER" collection that reduces the lifestyle of brand ambassador. "FER" is the brand name-based word shared between "Golfer" and "Surfer" for those enjoying golf and surf.



DST COLLECTION

A series of apparel and accessories developed for the world-traveling golf enthusiast. Develop accessories such as travel cases for golf bags, which are durable and functional, and which protect important golf equipment, with a focus on apparel that is lightweight and has high functionality.

Product - Domestic retail price and domestic/international price difference

CUBE CO.,LTD.

TOPS / KNIT

JPY	¥38,000 ~ ¥120,000
USD	\$350 ~ \$1,400
KRW	₩506,000 ~ ₩1,597,000



POLO

JPY	¥23,000 ~ ¥33,000
USD	\$250 ~ \$450
KRW	₩306,000 ~ ₩439,000



GOLF BAG

JPY	¥95,000 ~ ¥210,000
USD	\$950 ~ \$2,500
KRW	₩1,228,000 ~ ₩2,715,000



OUTER

JPY	¥39,000 ~ ¥125,000
USD	\$400 ~ \$1,650
KRW	₩575,000 ~ ₩1,842,000



BOTTOMS

JPY	¥35,000 ~ ¥65,000
USD	\$350 ~ \$750
KRW	₩433,000 ~ ₩803,000



SHOES

JPY	¥29,000 ~ ¥54,000
USD	\$300 ~ \$800
KRW	₩452,000 ~ ₩842,000



ACCESSORY

JPY	¥23,000 ~ ¥72,000
USD	\$250 ~ \$850
KRW	₩295,000 ~ ₩9224,000



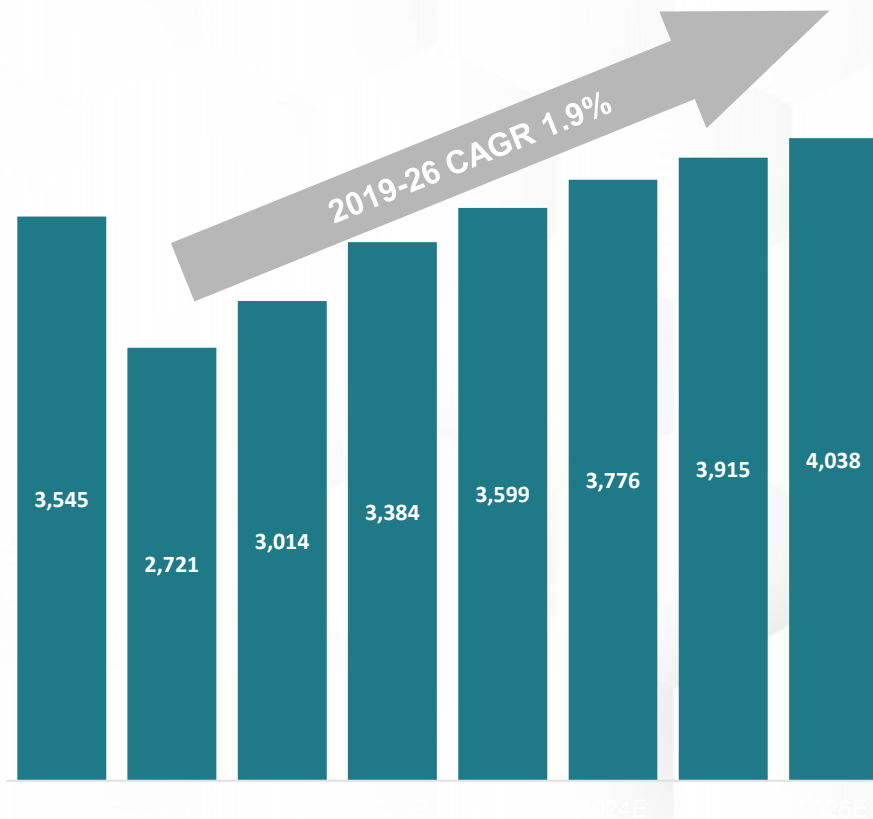
Growth Strategy 1: Global expansion

APPENDIX

Strengthen product development and expansion to reflect demand in the robust luxury market.

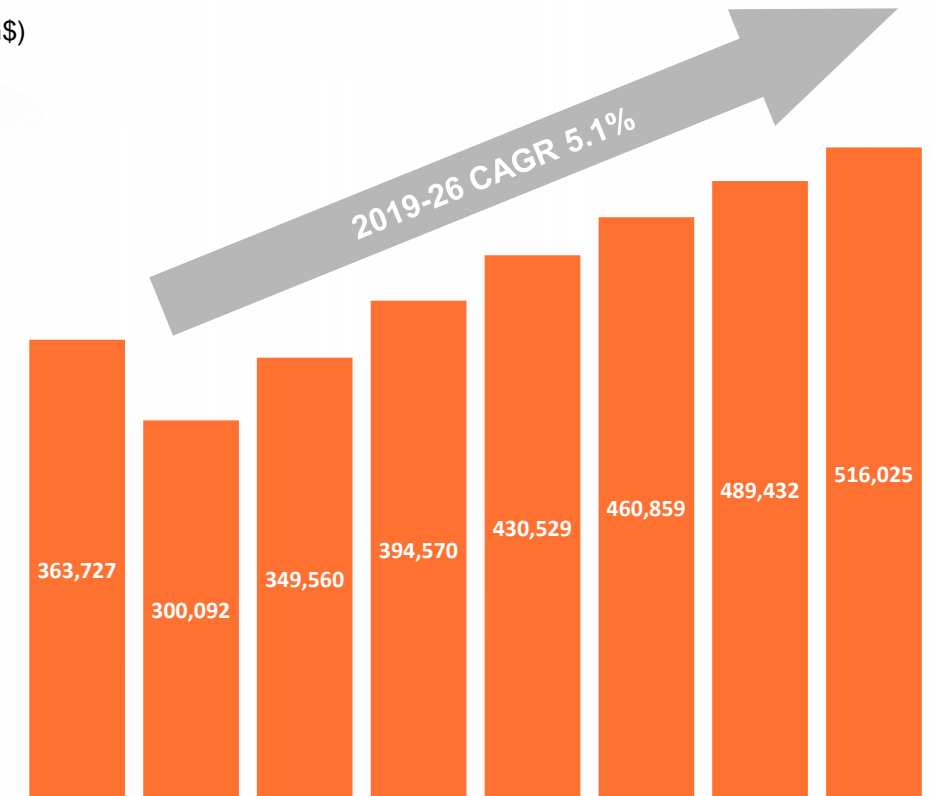
Personal Luxury*¹ (Japan)

(Billion yen)



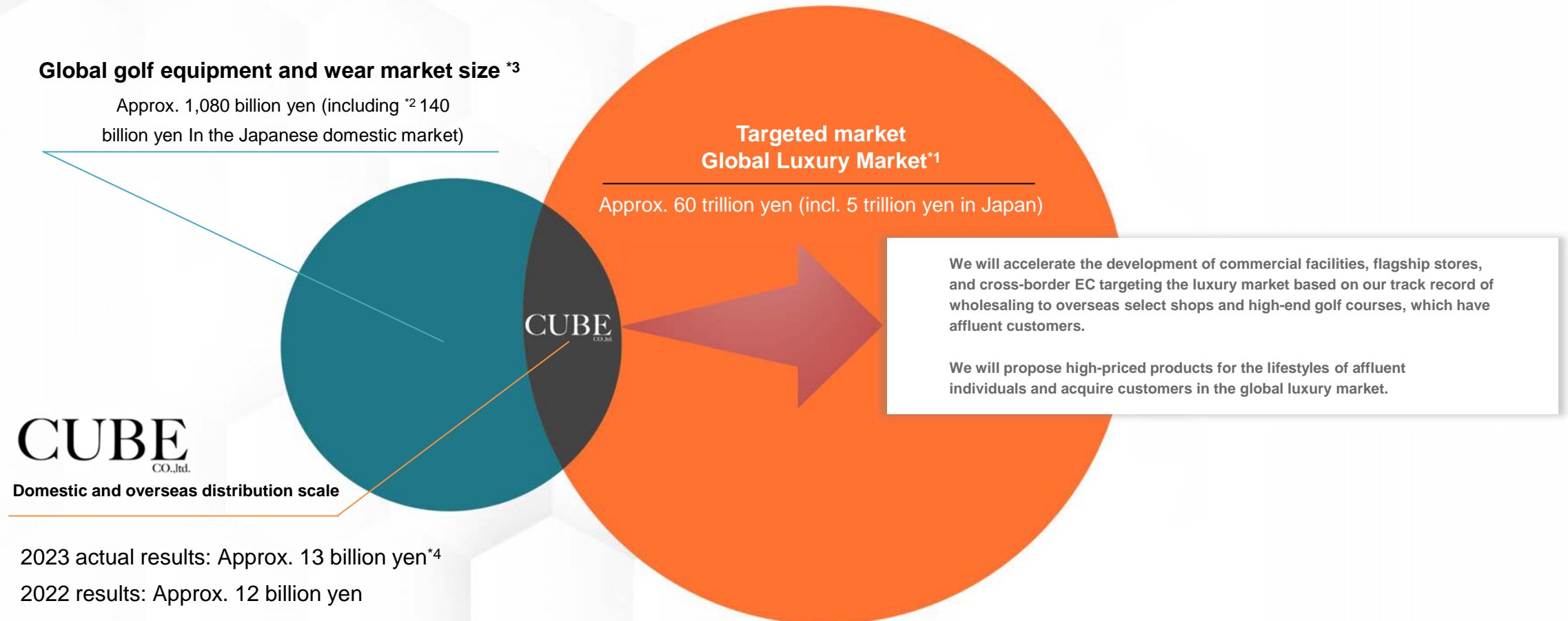
Personal Luxury*¹ (World)

(m\$)



*¹ Personal Luxury include designer apparel and footwear, luxury eyewear, luxury jewelry, luxury leather goods, luxury portable consumer electronics, luxury watches, luxury stationery, super premium beauty and personal care goods Source: Euromonitor (Personal Luxury of regional World, Japan/ categories)

Forming a new market as a luxury golf brand for affluent customers



*1 The size of the luxury market is as follows: designer apparel and footwear, luxury eyewear, luxury jewelry, and luxury leathersgoods in Personal Luxury (Personal Luxury listed in Euromonitor, See luxury portable consumer electronics, luxury watches, luxury stationery, super premium beauty and personal care figures). Exchange rate at December 30, 2023: US\$1 141.83

*2 For the size of the domestic golf equipment and wear market, see figures in Yano Research Institute's 2022 White Paper on Golf Industry

*3 See Arizton "GOLF PRODUCTS MARKET2019 figures for the size of the global golfing equipment and wear market.

*4 Figures calculated by company as the sum of sales based on our retail merchandise prices and the production value of licensed commodities in South Korea

Growth Strategy 2: Further Strengthen Existing Brands

APPENDIX

As part of the branding and specialty store development of high-inventory turnover category products, a stand-alone store of the CODE Collection, which is popular for its minimalist design, was launched in the men's luxury zone of the Matsuzakaya Nagoya store.



CODE Collection 2023 Spring / Summer



MARK & LONA CODE

2F Matsuzakaya Nagoya North Bldg., 3-16-1 Sakae, Naka-ku, Nagoya-shi, Aichi, Japan

Through "T-LINE," a new collection launched in the U.S., we have begun developing products that respond to differences in size/seasonality in foreign countries. This new collection is expected to have a high turnover ratio in Japan.



The brand's first casual wear incorporates the lifestyle of the brand ambassador.

As a new collection that is expected to see strong inventory turnover from the start of sales, we will continue to develop new categories for the casual apparel market, aiming to develop a new customer base.



THE WORLD'S A PLAYGROUND



Growth Strategy 3: Collaboration

APPENDIX

Collaboration with Swiss shoe brand HELVESKO

The company's policy is to develop shoes that provide natural and comfortable support for walking and exercise through ergonomic design and design, and offers a wide range of products from sneakers to leather shoes. It also manufactures trekking shoes and forest work shoes that are unique to Switzerland, which has many mountainous forest areas.

The company's expertise has led to the development of fatigue-resistant materials and fitting structures. There are no directly managed stores in Japan, and even select stores offer only a few products from this rare brand.

In MARK & LONA, we launched a collaborative model product with HELVESKO at a directly managed store in South Korea from Autumn/Winter 2023 collection. This time, we began handling products at directly managed stores in Japan from 2024 Autumn/Winter collection.



Develop apparel and luggage collections based on the concept of travel, aiming for new cross-selling

While specializing in golf convenience, we will roll out luggage collection, which includes aluminum carry cases and hard covers and backpacks for golf bags of sizes that can be brought into the airplane, and apparel with excellent functionality that can be placed in the airplane or in towns.

FOR TRAVEL LUGGAGE COLLECTION BY MARK&LONA



Summary and Roadmap

APPENDIX



01 Global expansion

Develop new business partners through digital BtoB tools. Establish global channels centered on cross-border EC.

- Establish partnerships in the East Asia and ASEAN region
- Active marketing using digital BtoB tools and partner development through joint exhibitions
- Strengthen cross-border EC through overseas marketing strategy investment
- Expand store openings by analyzing data from pop-up stores and OMO stores

02 Increase our brand value

Develop stores, products, and new brands through marketing

- Brand promotion and store opening development through Flagship Store
- Product and brand development based on market analysis
- Analyze growing categories, develop new brands, and grow them into more revenue source

03 Collaborative brand development

Collaboration with globally active brands and products, and the development of new environmentally friendly products

- Develop innovative brands in collaboration with companies and brands active on a global scale
- Develop eco-friendly product categories
- Develop efficient production bases in response to rising labor and material costs

Continue to acquire new domestic and overseas customers and develop businesses in the medium-to-long-term to achieve sustainable sales and profit growth.

Medium-to-Long-Term Growth Targets: CAGR

Net sales: Growth of 20% or more
Operating profit: Growth of 40% or more
Operating margin: 20% or more
ROE: 15% or more

Global expansion

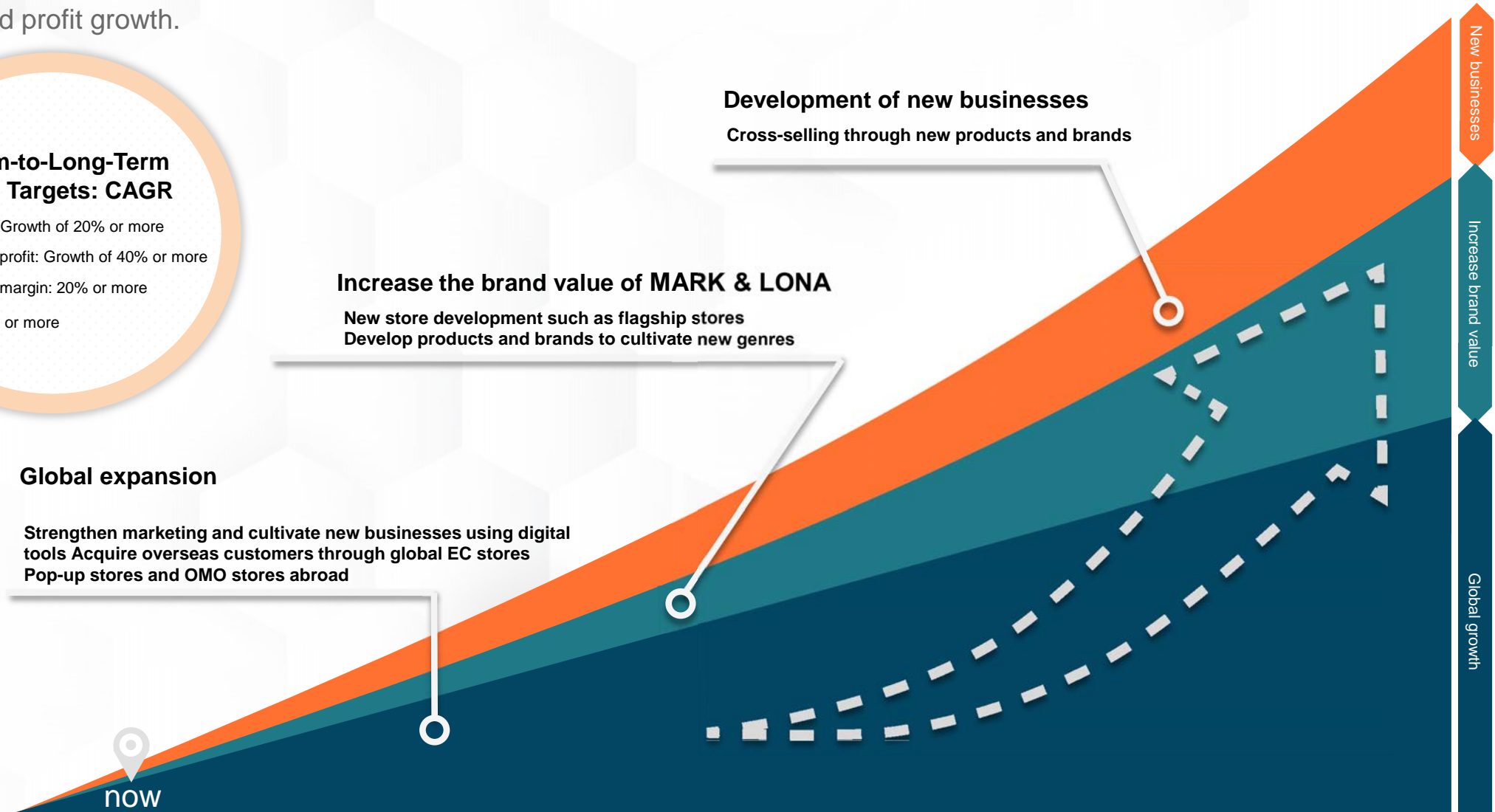
Strengthen marketing and cultivate new businesses using digital tools
Acquire overseas customers through global EC stores
Pop-up stores and OMO stores abroad

Increase the brand value of MARK & LONA

New store development such as flagship stores
Develop products and brands to cultivate new genres

Development of new businesses

Cross-selling through new products and brands

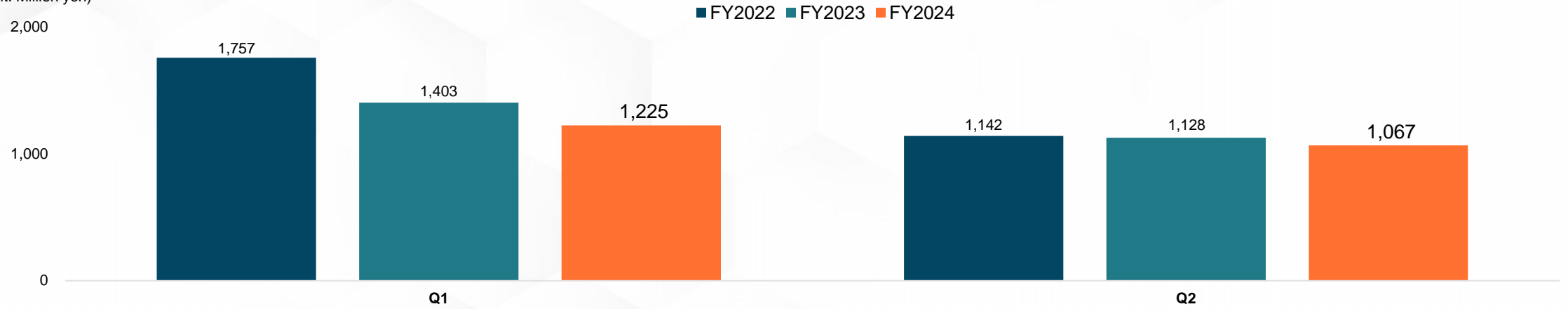


Quarterly trends

APPENDIX

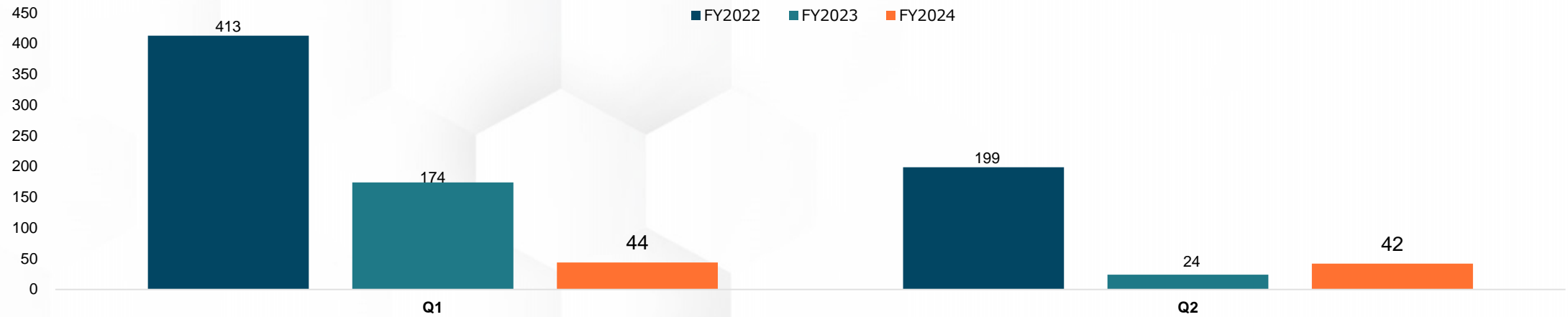
Quarterly Net Sales

(Unit: Million yen)



Quarterly Operating Profit

(Unit: Million yen)



Sales Trends by Sales Channel

CUBE CO.,LTD.

Due to the timing of domestic and overseas wholesale shipments, Q1 and Q3 tend to have higher sales compared to Q2 and Q4. Q3 and Q4 tend to have higher sales compared to Q1 and Q2 due to the timing of the sales of heavy clothing and other autumn and winter items.

