

## Consolidated Financial Results for the Second Quarter Ended June 30, 2021 (Japanese GAAP)

August 12, 2021

Listed company name: Golf Digest Online Inc.

Stock code: 3319 (URL: <https://www.golfdigest.co.jp>)

Shares listed: Tokyo Stock Exchange

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Scheduled commencement date of dividend payments: —

Preparation of 2Q earnings presentation materials: Yes

Holding of 2Q earnings announcement: Yes

(Amounts less than one million yen have been omitted.)

### 1. Results of the First Half ended June 30, 2021 (From January 1, 2021 to June 30, 2021)

#### (1) Consolidated results of operations:

(Percentage changes relative to 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 June 30, 2021	19,090	27.0	958	—	963	—	632	—
Six months ended June 30, 2020	15,026	-10.2	-445	—	-439	—	-610	—

Note: Comprehensive income Three months ended June 30, 2021: 747 million yen (—%)

Three months ended June 30, 2020: -651 million yen (—%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended Mar. 30, 2021	34.60	—
Six months ended Mar. 30, 2020	-33.40	—

#### (2) Consolidated financial position:

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2021	20,724	7,006	33.8	383.28
As of Dec. 31, 2020	17,994	6,356	35.3	347.85

Reference: Shareholders' equity As of June 30, 2021: 7,003 million yen

As of Dec. 31, 2020: 6,356 million yen

### 2. Dividend payments

	Dividends per share				
	First Quarter	Second Quarter	Third Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended Dec. 31, 2020	—	0.00	—	5.50	5.50
Year ending Dec. 31, 2021	—	4.00	—	—	—
Year ending Dec. 31, 2020 (Forecast)	—	—	—	5.50	9.50

Note: Revisions to dividend forecast in the current quarter: None

### 3. Consolidated Financial forecast for the year ending December 31, 2021 (From January 1, 2021 to December 31, 2021)

(Percentage changes relative to 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
Full year	40,200	19.3	1,450	72.8	1,440	58.6	795	204.0	43.51

Note: Revisions to forecast results of operations in the current quarter: Yes

\* Notes

(1) Changes in significant subsidiaries during the period: None

(2) Application of specific accounting methods in the preparation of quarterly financial statements: None

(3) Changes in accounting policies, change in accounting estimates and restatements

(i) Changes in accounting policies pursuant to revision in accounting standards, etc.: None

(ii) Changes in accounting policies other than those in “(i)” above: None

(iii) Changes in accounting estimates: None

(iv) Retrospective restatement: None

(4) Number of issued shares (common stock)

	(Unit: shares)			
1) Number of issued shares at end of period (including treasury stock)	June 30, 2021:	18,274,000	Dec. 31, 2020:	18,274,000
2) Number of shares of treasury stock at end of period	June 30, 2021:	348	Dec. 31, 2020:	304
3) Average number of shares during period (Quarterly aggregate)	June 30, 2021:	18,273,676	June 30, 2020:	18,273,750

\* The quarterly consolidated financial results are exempt from the quarterly review by auditor.

\* Summaries for relevant use of forecasts and other specific affairs

The forward-looking statements described in this document including results forecast, etc., are based on information currently available to Golf Digest Online Inc. and certain assumptions that are deemed to be reasonable as of the date of the release of this document. Golf Digest Online Inc. makes no warranty as to the achievability of the forecasts. For the basis of presumption of the results forecast, please refer to “Explanation of forward-looking information such as consolidated earnings forecast” in the attached document (Japanese only).

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## 1 . Qualitative Information on Second Quarter Consolidated Results

### ( 1 ) Overview of Operating Results

Looking at the economic environment in the first six months under review (January 1, 2021 to June 30, 2021), the Japanese economy was gradually recovering following an improvement in certain economic activities, including an uptick in corporate earnings and increasing exports on the back of the recovering world economy, although consumer spending was weakening due to the impact of the novel coronavirus disease ("COVID-19").

In the environment surrounding the Internet, markets such as those for e-commerce and Internet-related services continued to expand. Meanwhile, digital technologies, notable examples of which are those for IoT and AI, continued to evolve, advancing digitization in numerous fields. In the golf market, the demands of golfers were changing day by day, including the permeation of a play style adapted to the new lifestyle required given the influence of COVID-19.

In this environment, the Golf Digest Online Group (the "GDO Group") offered greater playing comfort and pleasure to golfers as a group of IT service providers specializing in golf, with overwhelming information content and the capacity to provide specialized golf services as its strengths. The GDO Group also worked on business operation under the basic policy in its mid-term strategic plan "LEAD THE WAY" announced in February 2021.

As a result, the Group posted net sales of 19,090 million yen (up 27.0% year on year), operating profit of 958 million yen (compared to an operating loss of 445 million yen in the first six months of the previous fiscal year), ordinary profit of 963 million yen (compared to an ordinary loss of 445 million yen in the first six months of the previous fiscal year) and profit attributable to owners of parent of 632 million yen (compared to a loss attributable to owners of parent of 610 million yen in the first six months of the previous fiscal year) during the first six months under review (January 1, 2021 to June 30, 2021). For the impact of COVID-19 and the Company's initiatives, please refer to the Results Briefing for the Second Quarter Ended June 30, 2021, announced today.

The results in each main segment are as follows.

#### Domestic segment

During the first six months under review, the domestic segment recorded net sales of 13,599 million yen (up 12.7% year on year). Segment income stood at 983 million yen (up 186.2% year on year).

#### Overseas segment

During the first six months under review, the overseas segment posted net sales of 5,490 million yen (up 85.5% year on year). The segment loss was 24 million yen (compared to segment loss of 789 million yen a year before).

### ( 2 ) Overview of Financial Position

#### i. Assets, Liabilities and Net Assets

Total assets as of June 30, 2021 increased 2,730 million yen from the end of the previous fiscal year, to 20,724 million yen. Liabilities totaled 13,718 million yen as of the same date, increasing 2,080 million yen from the end of the previous fiscal year. Total net assets as of the same date increased 649 million yen from the end of the previous fiscal year, to 7,006 million yen.

Looking at the balances of accounts for main items, cash and deposits, buildings, accounts payable - trade, accounts payable - other, advances received and goodwill increased by 125 million yen, 590 million yen, 484 million yen, 979 million yen, 1,096 million yen and 1,398 million yen, respectively, while current portion of long-term borrowings decreased 333 million yen. Retained earnings increased by 531 million yen.

#### ii. Cash flows

Cash and cash equivalents (hereinafter "cash") as of June 30, 2021 grew 125 million yen from the same date of the previous fiscal year, to 2,998 million yen.

Cash flow conditions in the first six months under review and the main associated factors are as follows.

(Cash Flows from Operating Activities)

Cash flows from operating activities during the first six months under review resulted in cash inflow of 2,611 million yen (cash inflow of 277 million yen in the same period of the previous year). This was mainly due to income before income taxes of 955 million yen, depreciation of 639 million yen and an increase in deferred revenue of 609 million yen, in excess of cash outflow mainly consisting of income taxes paid of 466 million yen.

(Cash Flows from Investing Activities)

Cash flows from investing activities during the first six months under review resulted in a cash outflow of 2,181 million yen (cash outflow of 629 million yen in the same period of the previous year). This was primarily due to the payment for transfer of business of 1,196 million yen and purchase of property, plant and equipment of 607 million yen.

(Cash Flows from Financing Activities)

Cash flows from financing activities during the first six months under review resulted in cash outflow of 348 million yen (cash inflow of 688 million yen in the same period of the previous year). This was mainly due to repayments of long-term loans payable of 333 million yen and cash dividends paid of 100 million yen.

( 3 ) Overview of Consolidated Earnings Forecast

The GDO Group has revised its consolidated business forecast for the fiscal year ending December 31, 2021 announced on February 12, 2021, after reviewing it in light of recent business performance trends and the business environment. For further details, please see the "Notice for Revisions of Financial Forecast" separately disclosed today (August 12, 2021).

## 2. Condensed Consolidated Financial Statement and Notes

### (1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of December 31, 2020	As of June 30, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposit	2,873,076	2,998,309
Accounts receivable-trade	2,640,033	2,712,653
Merchandise	2,898,380	3,067,978
Work in process	783	2,440
Supplies	160,822	121,495
Other	1,079,088	1,319,019
Allowance for doubtful accounts	-11,686	-16,847
<b>Total current assets</b>	<b>9,640,497</b>	<b>10,205,049</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings	3,299,870	3,890,170
Others	1,741,235	1,942,585
Accumulated Depreciation	-2,158,613	-2,412,612
<b>Total Property, plant and equipment</b>	<b>2,882,493</b>	<b>3,420,143</b>
<b>Intangible assets</b>		
Goodwill	2,568,926	3,967,539
Others	1,936,686	2,213,514
<b>Total intangible assets</b>	<b>4,505,612</b>	<b>6,181,053</b>
<b>Investment and other assets</b>		
Other	972,793	924,999
Allowance for doubtful accounts	-7,000	-6,686
<b>Total investments and other assets</b>	<b>965,792</b>	<b>918,312</b>
<b>Total non-current assets</b>	<b>8,353,898</b>	<b>10,519,510</b>
<b>Total assets</b>	<b>17,994,395</b>	<b>20,724,559</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Account payable-trade	2,089,043	2,573,403
Short term loans payable	1,471,876	1,609,251
Current portion of long-term loans payable	666,400	333,000
Accounts payable	1,130,346	2,109,796
Income taxes payable	479,727	318,350
Deferred revenue	2,951,641	4,048,023
Provision for bonuses	76,975	7,902
Provision for point card certificates	289,580	317,702
Provision for shareholder benefit program	36,648	27,188
Other	1,886,528	1,656,040
<b>Total current liabilities</b>	<b>11,078,769</b>	<b>13,000,660</b>
<b>Non-current liabilities</b>		
Provision for directors' retirement benefits	102,252	109,782
Assets retirement obligations	287,436	289,946
Other	169,411	317,799
<b>Total non-current liabilities</b>	<b>559,100</b>	<b>717,528</b>
<b>Total liabilities</b>	<b>11,637,870</b>	<b>13,718,188</b>

(Thousands of yen)

	As of December 31, 2020	As of June 30, 2021
Net assets		
Shareholders' equity		
Capital stock	1,458,953	1,458,953
Capital surplus	2,447,104	2,447,104
Retained earnings	22,604,322	3,136,042
Treasury stock	-296	-352
Total shareholders' equity	6,510,084	7,041,747
Accumulated other comprehensive income		
Foreign currency translation adjustments	-153,558	-37,905
Total accumulated other comprehensive income	-153,558	-37,905
Share acquisition rights	—	2,528
Total net assets	6,356,525	7,006,371
Total liabilities and net assets	17,994,395	20,724,559

(2) Consolidated Statements of Income and Comprehensive income

Quarterly consolidated statement of income  
consolidated cumulative second quarter

(Thousands of yen)

	First Half ended June 30,2020 (From January 1, 2020 to June 30, 2020)	First Half ended June 30,2021 (From January 1, 2021 to June 30, 2021)
Net sales	15,026,024	19,090,035
Cost of sales	9,548,281	11,069,081
Gross profit	5,477,743	8,020,953
Selling, general and administrative expenses	5,923,415	7,062,135
Operating profit (Loss)	-445,672	958,818
Non-operating income		
Interest income	5	28
Real estate rent	7,221	7,384
Surrender value of insurance policies	6,152	—
Other	9,766	5,023
Total non-operating income	23,146	12,436
Non-operating expenses		
Interest expenses	16,188	7,017
Other	903	1,005
Total non-operating expenses	17,091	8,023
Ordinary income (or loss)	-439,617	963,231
Extraordinary gain		
Gain on difference between the asset retirement obligation balance and the actual retirement cost	—	19,114
Total extraordinary gain	—	19,114
Extraordinary losses		
Loss on disposal of property, plant and equipment and intangible assets	2,461	26,754
Total extraordinary losses	2,461	26,754
Income before income taxes (Loss)	-442,079	955,590
Income taxes -current	169,683	279,876
Income taxes -deferred	-1,356	43,489
Total income taxes	168,327	323,365
Net income (Loss)	-610,407	632,225
Profit attributable to owners of parents (Loss)	-610,407	632,225



Quarterly Consolidated Statement of Comprehensive Income

Consolidated cumulative second quarter

(Thousands of yen)

	First Half ended June 30,2020 (From January 1, 2020 to June 30, 2020)	First Half ended June 30,2021 (From January 1, 2021 to June 30, 2021)
Net income	-610,407	632,225
Other comprehensive income		
Valuation difference on available-for-sale securities	-257	—
Foreign currency translation adjustment	-40,899	115,653
Total other comprehensive income	-41,156	115,653
Comprehensive income	-651,563	747,878
Comprehensive income attributable to		
Comprehensive income attributable to owners of parents	-651,563	747,878

## (3) Consolidated Statements of Cash Flow

(Thousands of yen)

	First Half ended June 30,2020 (From January 1, 2019 to June 30, 2019)	First Half ended June30,2020 (From January 1, 2020 to June 30, 2020)
Cash flows from operating activities		
Income before income taxes	-442,079	955,590
Depreciation	599,553	639,133
Amortization of goodwill	171,342	186,276
Increase (decrease) in allowance for doubtful accounts	1,124	4,190
Increase (decrease) in provision for bonus	781	-69,072
Increase (decrease)in provision for directors' retirement bonus	-13,242	7,530
Increase (decrease)in provision for point card certificates	-10,755	28,122
Increase (decrease) in provision for shareholder benefit program	-3,749	-9,460
Interest and dividend income	-237	-28
Interest expenses	16,188	7,017
Loss on retirement of noncurrent assets	2,461	26,754
Decrease (increase) in notes and accounts receivable - trade	200,180	-48,447
Decrease (increase) in inventories	845,865	-71,271
Increase (decrease) in notes and accounts payable - trade	-1,235,585	449,409
Increase (decrease) in advances received	96,255	609,457
Decrease (increase) in other current assets	245,240	-148,747
Increase (decrease) in other current liabilities	81,206	525,512
Other	8,014	-30,768
Subtotal	562,585	3,061,199
Interest and dividend income received	237	419
Interest expenses paid	-19,083	-4,443
Income taxes paid	-266,517	-446,116
Net cash provided by (used in) operating activities	277,201	2,611,059
Cash flows from investing activities		
Purchase of property, plant and equipment	-333,821	-607,205
Purchase of intangible assets	-228,023	-377,756
Payment for transfer of business	-64,368	-1,196,965
Payments for lease deposits	-3,256	-11,832
Other	179	12,522
Net cash provided by (used in) investing activities	-629,291	-2,181,236
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,122,253	85,708
Repayments of long-term loans payable	-333,941	-333,400
Purchase of treasury shares	—	-56
Repayments of lease obligations	-1,102	-503
Cash dividends paid	-99,038	-100,399
Net cash provided by (used in) financing activities	688,170	-348,651
Effect of exchange rate change on cash and cash equivalents	-5,438	44,061
Net increase (decrease) in cash and cash equivalents	330,641	125,233
Cash and cash equivalents at beginning of year	1,996,536	2,873,076
Cash and cash equivalents at end of year	2,327,177	2,998,309

( 4 ) Notes to Condensed Consolidated Financial Statements

( Going Concern Assumption )

Not applicable.

( Significant Changes in Shareholders' Equity )

None

( Segment Information etc.)

【 Segment Information 】

Previous consolidated cumulative second quarter (From January 1, 2020 to June 30, 2020)

1 . The information about the amounts of the net sales, segment income or loss.

(Thousands of yen)

	Reported Segments			Adjustment amounts * 1	consolidated profit and loss statement * 2
	Domestic	Oversease	Total		
Net sales					
Sales to external customers	12,065,951	2,960,072	15,026,024	—	15,026,024
Intra-segment sales or transfers	—	6,971	6,971	-6,971	—
Total	12,065,951	2,967,043	16,032,995	-6,971	15,026,024
segment income or loss (-)	343,690	-789,363	-445,672	—	-445,672

\* 1 . Adjustment of segment sales is elimination of intersegment transactions.

\* 2 . Segment income or loss (-) are consistent with operating income in the consolidated profit and loss statement.

Consolidated cumulative second quarter (From January 1, 2021 to June 30, 2021)

1 . The information about the amounts of the net sales, segment income or loss.

(Thousands of yen)

	Reported Segments			Adjustment amounts * 1	consolidated profit and loss statement * 2
	Domestic	Oversease	Total		
Net sales					
Sales to external customers	13,599,691	5,490,343	19,090,035	—	19,090,035
Intra-segment sales or transfers	—	38,116	38,116	-38,116	—
Total	13,599,691	5,528,460	19,128,151	-38,116	19,090,035
segment income or loss (-)	983,750	△24,932	958,818	—	958,818

\* 1 . Adjustment of segment sales is elimination of intersegment transactions.

\* 2 . Segment income or loss (-) are consistent with operating income in the consolidated profit and loss statement.