

Consolidated Financial Results for the Third Quarter Ended September 30, 2021 (Japanese GAAP)

November 11, 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 filing date of quarterly report: November 12, 2021
 Scheduled commencement date of dividend payments: -
 Preparation of 3Q earnings presentation materials: Yes
 Holding of 3Q earnings announcement: None

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

1. Results of the Third quarter ended September 30, 2021 (From January 1, 2021 to September 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	%
Nine months ended Sep. 30, 2021	29,187	21.6	1,205	510.6	1,221	358.5	791	—
Nine months ended Sep. 30, 2020	23,998	-6.3	197	-59.9	266	-45.1	-142	—

Note: Comprehensive income
 Nine months ended September 30, 2021: 928million yen (—%)
 Nine months ended September 30, 2020: -218 million yen (—%)

	Basic earnings per share	Diluted earnings per share
Nine months ended Sep. 30, 2021	Yen 43.30	Yen 43.30
Nine months ended Sep. 30, 2020	-7.81	—

(2) Consolidated financial position:

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2021	21,173	7,115	33.6	389.14
As of Dec. 31, 2020	17,994	6,356	35.3	347.85

Reference: Shareholders' equity
 As of Sep. 30, 2021: 7,110 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, 2021 (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: None

* 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)	Sep. 30, 2021:	18,274,000	Dec. 31, 2020:	18,274,000
2) Number of shares of treasury stock at end of period	Sep. 30, 2021:	390	Dec. 31, 2020:	304
3) Average number of shares during period (Quarterly aggregate)	Sep. 30, 2021:	18,273,655	Sep. 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 “Overview of Consolidated Earnings Forecast” in the attached document.

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1 . Qualitative Information on Third Quarter Consolidated Results

(1) Overview of Operating Results

Looking at the economic environment during the first nine months under review (January 1, 2021 to September 30, 2021), the Japanese economy faced tough conditions overall, reflecting weak consumer spending resulting from restrictions on economic activities due to the impact of the novel coronavirus disease ("COVID-19"), although it was supported by recoveries in corporate earnings and capital spending, among other factors. The U.S. economy made progress toward recovery, helped by the resumption of economic activities as more people became vaccinated. That said, however, the situation remains uncertain amid signs of a slowdown in the pace of recovery due in part to the resurgence of COVID-19 attributable to its variants.

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, demand is growing even in the COVID-19 stricken environment as golf is being recognized as a leisure activity with a low risk of infection. In addition, golfers' requirements continue to evolve, as indicated by efforts to establish play styles that match the new lifestyles that people are expected to adopt amid COVID-19, among other factors.

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 29,187 million yen (up 21.6% year on year), operating profit of 1,205 million yen (up 510.6% year on year), ordinary profit of 1,221 million yen (up 358.5% year on year) and profit attributable to owners of parent of 791 million yen (compared to a loss attributable to owners of parent of 142 million yen in the first nine months of the previous fiscal year) during the first nine months under review (January 1, 2021 to September 30, 2021). For the impact of COVID-19 and the Company's initiatives, please refer to the Results Briefing for the Third Quarter Ended September 30, 2021, announced today.

The results in each main segment are as follows.

Domestic segment

During the first nine months under review, the domestic segment recorded net sales of 20,543 million yen (up 7.8% year on year). Segment income stood at 1,226 million yen (up 9.8% year on year).

Overseas segment

During the first nine months under review, the overseas segment posted net sales of 8,643 million yen (up 74.6% year on year). Segment loss was 21 million yen (compared to segment loss of 919 million yen a year before).

(2) Overview of Financial Position

Total assets as of September 30, 2021 increased 3,179 million yen from the end of the previous fiscal year, to 21,173 million yen. Liabilities totaled 14,057 million yen as of the same date, increasing 2,420 million yen from the end of the previous fiscal year. Total net assets as of the same date increased 759 million yen from the end of the previous fiscal year, to 7,115 million yen.

Looking at the balances of accounts for main items, merchandise, buildings and goodwill, accounts payable - trade and unearned revenue increased by 592 million yen, 852 million yen, 1,512 million yen, 777 million yen and 1,798 million yen, respectively while cash and deposits and the current portion of long-term borrowings decreased 497 million yen and 616 million yen, respectively. Retained earnings increased by 617 million yen.

(3) Overview of Consolidated Earnings Forecast

Consolidated results forecasts for the fiscal year ending December 31, 2021 remain unchanged from the consolidated results forecasts announced on 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 Sep. 30, 2021
Assets		
Current assets		
Cash and deposit	2,873,076	2,375,594
Accounts receivable-trade	2,640,033	2,765,058
Merchandise	2,898,380	3,490,770
Work in process	783	568
Supplies	160,822	91,231
Other	1,079,088	1,475,541
Allowance for doubtful accounts	11,686	-18,572
Total current assets	9,640,497	10,180,190
Non-current assets		
Property, plant and equipment		
Buildings	3,299,870	4,152,869
Others	1,741,235	2,028,314
Accumulated Depreciation	-2,158,613	-2,573,422
Total Property, plant and equipment	2,882,493	3,607,760
Intangible assets		
Goodwill	2,568,926	4,081,770
Others	1,936,686	2,396,257
Total intangible assets	4,505,612	6,478,027
Investment and other assets		
Other	972,793	914,355
Allowance for doubtful accounts	-7,000	-6,686
Total investments and other assets	965,792	907,668
Total non-current assets	8,353,898	10,993,456
Total assets	17,994,395	21,173,647
Liabilities		
Current liabilities		
Account payable-trade	2,089,043	2,866,047
Short term loans payable	1,471,876	1,773,006
Current portion of long-term loans payable	666,400	50,000
Income taxes payable	479,727	49,002
Deferred revenue	2,951,641	4,749,821
Provision for bonuses	76,975	—
Provision for point card certificates	289,580	323,786
Provision for shareholder benefit program	36,648	21,878
Other	3,016,875	3,429,066
Total current liabilities	11,078,769	13,262,610
Non-current liabilities		
Provision for directors' retirement benefits	102,252	106,005
Assets retirement obligations	287,436	308,643
Other	169,411	380,683
Total non-current liabilities	559,100	795,332
Total liabilities	11,637,870	14,057,943

(Thousands of yen)

	As of December 31, 2020	As of Sep. 30, 2021
Net assets		
Shareholders' equity		
Capital stock	1,458,953	1,458,953
Capital surplus	2,447,104	2,447,104
Retained earnings	2,604,322	3,221,997
Treasury stock	-296	-422
Total shareholders' equity	6,510,084	7,127,632
Accumulated other comprehensive income		
Foreign currency translation adjustments	-153,558	-16,639
Total accumulated other comprehensive income	-153,558	-16,639
Share acquisition rights	—	4,710
Total net assets	6,356,525	7,115,703
Total liabilities and net assets	17,994,395	21,173,647

(2) Consolidated Statements of Income and Comprehensive income

Quarterly consolidated statement of income
consolidated cumulative third quarter

(Thousands of yen)

	Third quarter ended September 30,2020 (From January 1, 2020 to Sep. 30, 2020)	Third quarter ended September 30,2021 (From January 1, 2021 to Sep. 30, 2021)
Net sales	23,998,955	29,187,467
Cost of sales	14,962,452	16,852,495
Gross profit	9,036,502	12,334,971
Selling, general and administrative expenses	8,839,095	11,129,557
Operating profit	197,407	1,205,413
Non-operating income		
Interest income	39	84
Real estate rent	10,684	10,939
Subsidy income	53,094	—
Compensation income	8,058	6,367
Other	24,253	9,409
Total non-operating income	96,130	26,800
Non-operating expenses		
Interest expenses	23,369	9,813
Other	3,765	1,009
Total non-operating expenses	27,135	10,822
Ordinary income	266,402	1,221,391
Extraordinary gain		
Gain on difference between the asset retirement obligation balance and the actual retirement cost	—	19,114
Gain on reversal of share acquisition rights	—	1,611
Total extraordinary gain	—	20,725
Extraordinary losses		
Loss on disposal of property, plant and equipment and intangible assets	5,437	48,939
Loss on sales of investment securities	2,732	—
Total extraordinary losses	8,170	48,939
Income before income taxes	258,232	1,193,178
Income taxes -current	394,491	354,832
Income taxes -deferred	6,398	47,071
Total income taxes	400,889	401,903
Net income (Loss)	-142,656	791,274
Profit attributable to owners of parents (Loss)	-142,656	791,274

Quarterly Consolidated Statement of Comprehensive Income

Consolidated cumulative second quarter

(Thousands of yen)

	Third quarter ended September 30,2020 (From January 1, 2020 to Sep. 30, 2020)	Third quarter ended September 30,2021 (From January 1, 2021 to Sep. 30, 2021)
Net income	-142,656	791,274
Other comprehensive income		
Valuation difference on available-for-sale securities	2,020	—
Foreign currency translation adjustment	-77,403	136,919
Total other comprehensive income	-75,383	136,919
Comprehensive income	-218,040	928,194
Comprehensive income attributable to		
Comprehensive income attributable to owners of parents	-218,040	928,194

(3) 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 third quarter (From January 1, 2020 to Sep. 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	Overseas	Total		
Net sales					
Sales to external customers	19,048,777	4,950,177	23,998,955	—	23,998,955
Intra-segment sales or transfers	—	10,343	10,343	-10,343	—
Total	19,048,777	4,960,521	24,009,298	-10,343	23,998,955
segment income or loss (-)	1,117,045	-919,638	197,407	—	197,407

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

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

Consolidated cumulative third quarter (From January 1, 2021 to Sep. 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	Overseas	Total		
Net sales					
Sales to external customers	20,543,843	8,643,623	29,187,467	—	29,187,467
Intra-segment sales or transfers	—	52,998	52,998	-52,998	—
Total	20,543,843	8,696,622	29,240,466	-52,998	29,187,467
segment income or loss (-)	1,226,717	-21,304	1,205,413	—	1,205,413

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

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