

## Consolidated Financial Results for the Year Ended December 31, 2021 [Japanese GAAP]

February 10, 2022

|  |  |  |
|--|--|--|
| Company name:  | Golf Digest Online Inc.  |  |
| Stock exchange listing:  | Tokyo  |  |
| Code number:   | 3319   |  |
| URL:   | <a href="https://www.golfdigest.co.jp">https://www.golfdigest.co.jp</a>      |  |
| Representative:  | Nobuya Ishizaka, President and CEO   |  |
| Contact:   | Ryo Nakamura, Business Management Division General Manager Financial Officer |  |
| Phone:   | 03-5656-2888   |  |
| Scheduled date of Annual General Meeting of Shareholders:                    | March 28, 2022   |  |
| Scheduled date of commencing dividend payments:                              | March 29, 2022   |  |
| Scheduled date of filing annual securities report:                           | March 28, 2022   |  |
| Availability of supplementary briefing material on annual financial results: | Yes  |  |
| Schedule of annual financial results briefing session:                       | Yes  |  |

(Amounts of less than one million yen are rounded down)

### 1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2021 (January 01, 2021 to December 31, 2021)

#### (1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

|                                     | Net sales   |       | Operating profit |        | Ordinary profit |       | Profit attributable to owners of parent |        |
|-------------------------------------|-------------|-------|------------------|--------|-----------------|-------|---|--------|
|                                     | Million yen | %     | Million yen      | %      | Million yen     | %     | Million yen                             | %      |
| Fiscal year ended December 31, 2021 | 39,594      | 17.5  | 1,706            | 103.4  | 1,715           | 89.0  | 1,035                                   | 296.1  |
| December 31, 2020                   | 33,690      | (1.7) | 838              | (14.3) | 907             | (6.6) | 261                                     | (27.1) |

|                              |                                      |   |               |   |         |
|------------------------------|--------------------------------------|---|---------------|---|---------|
| (Note) Comprehensive income: | Fiscal year ended December 31, 2021: | ¥ | 1,221 million | [ | 762.8%  |
|                              | Fiscal year ended December 31, 2020: | ¥ | 141 million   | [ | (56.4)% |

|                                     | Basic earnings per share | Diluted earnings per share | Rate of return on equity | Ordinary profit to total assets ratio | Operating profit to net sales ratio |
|-------------------------------------|--------------------------|----------------------------|--------------------------|---------------------------------------|-------------------------------------|
|                                     | Yen                      | Yen                        | %                        | %                                     | %                                   |
| Fiscal year ended December 31, 2021 | 56.68                    | -                          | 15.1                     | 8.6                                   | 4.3                                 |
| December 31, 2020                   | 14.31                    | -                          | 4.1                      | 4.8                                   | 2.5                                 |

|  |                                      |   |           |
|--|--------------------------------------|---|-----------|
| (Reference) Equity in earnings (losses) of affiliated companies: | Fiscal year ended December 31, 2021: | ¥ | - million |
|  | Fiscal year ended December 31, 2020: | ¥ | - million |

#### (2) Consolidated Financial Position

|                   | Total assets | Net assets  | Capital adequacy ratio | Net assets per share |
|-------------------|--------------|-------------|------------------------|----------------------|
| As of             | Million yen  | Million yen | %                      | Yen                  |
| December 31, 2021 | 21,851       | 7,411       | 33.9                   | 405.17               |
| December 31, 2020 | 17,994       | 6,356       | 35.3                   | 347.85               |

|                     |                          |   |               |
|---------------------|--------------------------|---|---------------|
| (Reference) Equity: | As of December 31, 2021: | ¥ | 7,403 million |
|                     | As of December 31, 2020: | ¥ | 6,356 million |

#### (3) Consolidated Cash Flows

|                   | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at the end of period |
|-------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| Fiscal year ended | Million yen                          | Million yen                          | Million yen                          | Million yen                                    |
| December 31, 2021 | 3,919                                | (3,580)                              | (372)                                | 2,904  |
| December 31, 2020 | 4,888                                | (1,284)                              | (2,703)                              | 2,873  |

## 2. Dividends

|   | Annual dividends |                 |                 |          |       | Total dividends | Payout ratio (consolidated) | Dividends to net assets (consolidated) |
|---|------------------|-----------------|-----------------|----------|-------|-----------------|-----------------------------|--|
|   | 1st quarter-end  | 2nd quarter-end | 3rd quarter-end | Year-end | Total |                 |                             |  |
| Fiscal year ended                                     | Yen              | Yen             | Yen             | Yen      | Yen   | Million yen     | %                           | %                                      |
| December 31, 2020                                     | -                | 0.00            | -               | 5.50     | 5.50  | 100             | 38.4                        | 1.6                                    |
| December 31, 2021                                     | -                | 4.00            | -               | 5.50     | 9.50  | 173             | 16.8                        | 2.5                                    |
| Fiscal year ending<br>December 31, 2022<br>(Forecast) | -                | 4.00            | -               | 5.50     | 9.50  |                 | -                           |  |

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2022 (January 01, 2022 to December 31, 2022)

(% indicates changes from the 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 | 43,900      | 10.9 | 2,100            | 23.1 | 2,100           | 22.4 | 1,250                                   | 20.7 | 68.41                    |

(Note) Since the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29), etc. are applying from the beginning of the fiscal year ending December 31, 2022, the above forecasts reflect the amounts after the application of the accounting standard, etc. However in the calculation for each of percentages, the accounting standard, etc. do not apply to the amounts in the same period of the previous year. Assuming that the accounting standard, etc. applied from the beginning of the fiscal year ending December 31, 2021, the rate of changes for Net sales to the previous year are as follows:

Net Sales: 16.4%

The application of the accounting standard is insignificant on Operating profit, Ordinary profit, and Profit attributable to owners of parent.

### \* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

December 31, 2021: 18,274,000 shares

December 31, 2020: 18,274,000 shares

2) Total number of treasury shares at the end of the period:

December 31, 2021: 390 shares

December 31, 2020: 304 shares

3) Average number of shares during the period:

Fiscal Year ended December 31, 2021: 18,273,644 shares

Fiscal Year ended December 31, 2020: 18,273,741 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2021 (January 01, 2021 to December 31, 2021)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

| Fiscal year ended | Net sales   |     | Operating profit |       | Ordinary profit |       | Net income  |      |
|-------------------|-------------|-----|------------------|-------|-----------------|-------|-------------|------|
|                   | Million yen | %   | Million yen      | %     | Million yen     | %     | Million yen | %    |
| December 31, 2021 | 26,916      | 4.0 | 1,777            | (4.4) | 1,784           | (0.5) | 1,180       | 4.3  |
| December 31, 2020 | 25,885      | 0.5 | 1,859            | 29.9  | 1,792           | 48.6  | 1,132       | 73.9 |

| Fiscal year ended | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
|                   | Yen                      | Yen                        |
| December 31, 2021 | 64.62                    | 64.62                      |
| December 31, 2020 | 61.97                    | -                          |

(2) Non-consolidated Financial Position

| As of             | Total assets | Net assets  | Capital adequacy ratio | Net assets per share |
|-------------------|--------------|-------------|------------------------|----------------------|
|                   | Million yen  | Million yen | %                      | Yen                  |
| December 31, 2021 | 14,007       | 8,841       | 63.1                   | 483.45               |
| December 31, 2020 | 13,676       | 7,827       | 57.2                   | 428.33               |

(Reference) Equity: As of December 31, 2021: ¥ 8,834 million

As of December 31, 2020: ¥ 7,827 million

\* Consolidated financial results (Japanese GAAP) are not subject to audit.

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

The forward-looking statements described in this document including results forecasts, 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 “1. Overview of Results of Operations, Etc, (4) Future Outlook” on page 2 of the attached document.

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# 1. Overview of Results of Operations, Etc.

## (1) Overview of Results of Operations for the Fiscal Year under Review

During the fiscal year under review (January 1, 2021 to December 31, 2021), the Japanese economy remained sluggish, mainly reflecting restrictions on economic activities associated with the resurgence of the novel coronavirus disease ("COVID-19") and declarations of a state of emergency. The country's economy appeared to be recovering due in particular to a rise in the consumption of face-to-face services in the wake of the lifting of declaration in October. However, given the outbreak of the new variant and the rapid spread of infections, attention should be paid to how economic trends will play out going forward. The U.S. economy, which had been generally recovering ahead of Japan with a slowdown in the spread of COVID-19 infections, faced a decline in the pace of recovery chiefly because the shortage of parts and raw materials became more serious and natural resource prices continued to rise. In addition, with the speed of economic recovery expected to further slow due to the rapid spread of the new COVID variant, the outlook remains uncertain.

In the environment surrounding the Internet, markets such as those for e-commerce and Internet-related services continued to expand, partly aided by progress in the adoption of teleworking and digitization in response to the pandemic. Meanwhile, digital technologies, notable examples of which are those for IoT and AI, continued to evolve, advancing digitization in numerous fields. Similarly, in the golf market, demand grew as golf was being recognized as a leisure activity with a low risk of infection. In addition, golfers' requirements continued to evolve, as indicated by efforts to establish play styles that match the new lifestyles expected to be adopted by people 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 GDO Group posted net sales of 39,594 million yen (up 17.5% year on year), operating profit of 1,706 million yen (up 103.4% year on year), ordinary profit of 1,715 million yen (up 89.0% year on year), and profit attributable to owners of parent of 1,035 million yen (up 296.1% year on year) during the fiscal year under review (January 1, 2021 to December 31, 2021). For the impact of COVID-19 and the Company's initiatives, please refer to the Results Briefing for the Fiscal Year Ended December 31, 2021 announced today.

The results in each main segment are as follows.

### Domestic segment

During the fiscal year under review, the domestic segment recorded net sales of 27,851 million yen (up 4.2% year on year). Segment income stood at 1,778 million yen (down 0.1% year on year).

### Overseas segment

During the fiscal year under review, the overseas segment posted net sales of 11,742 million yen (up 68.5% year on year). The segment loss was 71 million yen (compared to segment loss of 941 million yen a year before).

## (2) Overview of Financial Position for the Fiscal Year under Review

Looking at the financial position at the end of the fiscal year under review, total assets stood at 21,851 million yen, up 3,857 million yen from the end of the previous fiscal year. Liabilities totaled 14,440 million yen at the end of the fiscal year under review, increasing 2,802 million yen from the end of the previous fiscal year. Total net assets at the end of the fiscal year under review increased 1,054 million yen from the end of the previous fiscal year, to 7,411 million yen.

In terms of the balances of accounts for main items, merchandise, buildings and structures, goodwill, accounts payable-other and deferred revenue increased by 321 million yen, 1,078 million yen, 1,490 million yen, 671 million

yen and 1,799 million yen, respectively. Retained earnings increased by 862 million yen.

### (3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents (“cash”) at the end of the fiscal year under review increased 31 million yen from the end of the previous fiscal year, to 2,904 million yen (a rise of 1.1% from the end of previous fiscal year).

The status of each of the cash flow segments and contributing factors in the fiscal year under review is as follows:

#### (Cash Flows from Operating Activities)

Cash flows from operating activities during the fiscal year under review resulted in cash inflow of 3,919 million yen (cash inflow of 4,888 million during the previous year). This was mainly because non-cash items, such as income before income taxes of 1,530 million yen and depreciation of 1,443 million yen, and an increase in deferred revenue of 1,178 million yen exceeded an increase in inventories of 178 million yen and income taxes paid of 775 million yen.

#### (Cash Flows from Investing Activities)

Cash flows from investing activities during the fiscal year under review resulted in a cash outflow of 3,580 million yen (cash outflow of 1,284 million yen during the previous year). This was primarily due to cash outflows of 1,288 million yen for the purchase of property, plant and equipment, 902 million yen for the purchase of intangible assets and 1,373 million yen for payments for the transfer of businesses.

#### (Cash Flows from Financing Activities)

Cash flows from financing activities during the fiscal year under review resulted in cash outflow of 372 million yen (cash outflow of 2,703 million yen during the previous year). This was mainly attributable to cash outflows of 666 million yen for repayments of long-term borrowings and 173 million yen for the payment of dividends, offsetting a cash inflow of 468 million yen attributable to an increase in short-term borrowings.

### (4) Future Outlook

The global economic environment remains very unpredictable, reflecting growing concerns about slowdown in the pace of economic recovery due to the rapid spread of COVID-19 variants, among other factors.

Looking at the golf industry, in Japan, it appears that COVID-19 has made people realize the appeal of golf amid risks such as a decrease in the number of people who play golf resulting from the aging population with low birth rates, and a decline in the population and abnormal climate conditions and natural disasters in recent years, among other factors. Globally, against the backdrop of changes in the IT and IoT environments, golfers' play styles, their attributes and ways in which they enjoy golf are becoming more diversified.

In this environment, the GDO Group has been focusing on the following three objectives based on the theme of the mid-term strategic plan announced on February 12, 2021, namely, "Lead the way (to the next generation of golf business)": 1) Driving growth by refining the core business and developing new businesses, 2) gaining overwhelming support from customers by pursuing differentiation in marketing, content and technology, and 3) improving our capability to invest in the future growth through profit growth in our mainstay business.

With respect to consolidated results for the next fiscal year (January 1, 2022 to December 31, 2022), or the second year of this mid-term strategic plan, the GDO Group will work on a range of initiatives to achieve the mid-term strategic plan and with an eye on the continuation of growth after the period of this mid-term strategic plan. Consequently, reflecting these efforts, the GDO Group expects in its full-year consolidated results forecast for the next fiscal year that net sales will increase to 45,000 million yen (up 13.7 % year on year), operating profit will rise to 2,150 million yen (up 26.0% year on year), ordinary profit will climb to 2,150 million yen (up 25.3% year on year) and profit attributable to owners of parent will increase to 1,300 million yen (up 25.5% year on year).

## 2. Basic Views on Selection of Accounting Standards

The GDO Group has adopted a policy of preparing its consolidated financial statements according to the Japanese standards for the time being in consideration of comparability with respect to reportable periods for consolidated financial statements and those adopted by the respective companies. With respect to the adoption of the International Financial Reporting Standards (IFRS) in the future, the GDO Group will take appropriate steps, taking a range of conditions both in Japan and overseas into consideration.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Thousand yen)

|  | As of December 31,2020 | As of December 31,2021 |
|--|------------------------|------------------------|
| <b>Assets</b>                              |                        |                        |
| Current assets                             |                        |                        |
| Cash and deposits                          | 2,873,076              | 2,904,770              |
| Accounts receivable - trade                | 2,640,033              | 2,689,067              |
| Merchandise                                | 2,898,380              | 3,219,906              |
| Work in process                            | 783                    | 601                    |
| Supplies                                   | 160,822                | 72,934                 |
| Prepaid expenses                           | 782,383                | 1,159,200              |
| Other                                      | 296,704                | 511,919                |
| Allowance for doubtful accounts            | (11,686)               | (15,871)               |
| <b>Total current assets</b>                | <b>9,640,497</b>       | <b>10,542,529</b>      |
| Non-current assets                         |                        |                        |
| Property, plant and equipment              |                        |                        |
| Buildings and structures                   | 3,299,870              | 4,378,001              |
| Machinery, equipment and vehicles          | 1,850                  | 4,301                  |
| Tools, furniture and fixtures              | 1,551,456              | 2,033,243              |
| Leased assets                              | 13,506                 | 13,506                 |
| Construction in progress                   | 174,422                | 161,585                |
| Accumulated depreciation                   | (2,158,613)            | (2,775,756)            |
| <b>Total property, plant and equipment</b> | <b>2,882,493</b>       | <b>3,814,880</b>       |
| Intangible assets                          |                        |                        |
| Goodwill                                   | 2,568,926              | 4,059,538              |
| Software                                   | 1,062,704              | 1,444,948              |
| Other                                      | 873,981                | 986,719                |
| <b>Total intangible assets</b>             | <b>4,505,612</b>       | <b>6,491,206</b>       |
| Investments and other assets               |                        |                        |
| Investment securities                      | 13,986                 | 10,467                 |
| Deferred tax assets                        | 234,706                | 252,395                |
| Leasehold and guarantee deposits           | 605,431                | 626,411                |
| Other                                      | 118,668                | 120,546                |
| Allowance for doubtful accounts            | (7,000)                | (6,925)                |
| <b>Total investments and other assets</b>  | <b>965,792</b>         | <b>1,002,895</b>       |
| <b>Total non-current assets</b>            | <b>8,353,898</b>       | <b>11,308,982</b>      |
| <b>Total assets</b>                        | <b>17,994,395</b>      | <b>21,851,512</b>      |



(Thousand yen)

|  | As of December 31,2020 | As of December 31,2021 |
|--|------------------------|------------------------|
| <b>Liabilities</b>   |                        |                        |
| Current liabilities  |                        |                        |
| Accounts payable - trade   | 2,089,043              | 2,244,851              |
| Short-term borrowings  | 1,471,876              | 2,025,715              |
| Current portion of long-term borrowings                              | 666,400                | -                      |
| Lease obligations  | 1,001                  | 276                    |
| Accounts payable - other   | 1,130,346              | 1,801,457              |
| Income taxes payable   | 479,727                | 258,382                |
| Deferred Revenue   | 2,951,641              | 4,751,412              |
| Provision for bonuses  | 76,975                 | 140,000                |
| Provision for point card certificates                                | 289,580                | 322,183                |
| Provision for shareholder benefit program                            | 36,648                 | 29,782                 |
| Provision for loss on litigation                                     | -                      | 69,012                 |
| Other  | 1,885,527              | 1,978,350              |
| <b>Total current liabilities</b>                                     | <b>11,078,769</b>      | <b>13,621,424</b>      |
| Non-current liabilities  |                        |                        |
| Lease obligations  | 1,191                  | 1,022                  |
| Deferred tax liabilities   | 165,299                | 146,883                |
| Provision for retirement benefits for directors (and other officers) | 102,252                | 109,002                |
| Asset retirement obligations   | 287,436                | 286,779                |
| Other  | 2,921                  | 275,028                |
| <b>Total non-current liabilities</b>                                 | <b>559,100</b>         | <b>818,715</b>         |
| <b>Total liabilities</b>   | <b>11,637,870</b>      | <b>14,440,140</b>      |
| Net assets   |                        |                        |
| Shareholders' equity   |                        |                        |
| Share capital  | 1,458,953              | 1,458,953              |
| Capital surplus  | 2,447,104              | 2,447,104              |
| Retained earnings  | 2,604,322              | 3,466,545              |
| Treasury shares  | (296)                  | (422)                  |
| <b>Total shareholders' equity</b>                                    | <b>6,510,084</b>       | <b>7,372,180</b>       |
| Accumulated other comprehensive income                               |                        |                        |
| Foreign currency translation adjustment                              | (153,558)              | 31,654                 |
| <b>Total accumulated other comprehensive income</b>                  | <b>(153,558)</b>       | <b>31,654</b>          |
| Share acquisition rights   | -                      | 7,536                  |
| <b>Total net assets</b>  | <b>6,356,525</b>       | <b>7,411,371</b>       |
| <b>Total liabilities and net assets</b>                              | <b>17,994,395</b>      | <b>21,851,512</b>      |

(2) Consolidated Statements of Income and Comprehensive Income  
Consolidated Statements of Income

(Thousand yen)

|   | For the fiscal year<br>ended December 31,2020 | For the fiscal year<br>ended December 31,2021 |
|---|---|---|
| Net sales   | 33,690,631                                    | 39,594,705                                    |
| Cost of sales   | 20,614,876                                    | 22,569,362                                    |
| Gross profit  | 13,075,754                                    | 17,025,342                                    |
| Selling, general and administrative expenses  | 12,236,801                                    | 15,318,646                                    |
| Operating profit  | 838,953                                       | 1,706,696                                     |
| Non-operating income  |   |   |
| Interest income   | 39  | 84  |
| Dividend income   | 451   | -   |
| Rental income from real estate  | 13,538  | 14,098  |
| Compensation income   | 8,058   | 6,367   |
| Subsidy income etc  | 63,939  | -   |
| Other   | 14,043  | 7,987   |
| Total non-operating income  | 100,070                                       | 28,538  |
| Non-operating expenses  |   |   |
| Interest expenses   | 27,388  | 13,847  |
| Loss on valuation of securities   | 770   | 3,519   |
| Other   | 3,045   | 2,168   |
| Total non-operating expenses  | 31,204  | 19,535  |
| Ordinary profit   | 907,818                                       | 1,715,698                                     |
| Extraordinary income  |   |   |
| Gain on reversal of share acquisition rights  | -   | 1,611   |
| Gain on differences between the asset retirement obligation balance and the actual retirement costs | -   | 49,564  |
| Total extraordinary income  | -   | 51,175  |
| Extraordinary losses  |   |   |
| Loss on retirement of non-current assets  | 75,170  | 128,473                                       |
| Loss on cancellation of rental contracts  | -   | 41,542  |
| Provision for loss on litigation  | -   | 65,940  |
| Loss on sale of investment securities   | 2,732   | -   |
| Total extraordinary losses  | 77,903  | 235,955                                       |
| Profit before income taxes  | 829,915                                       | 1,530,918                                     |
| Income taxes - current  | 652,457                                       | 545,172                                       |
| Income taxes - deferred   | (84,018)                                      | (50,076)                                      |
| Total income taxes  | 568,438                                       | 495,095                                       |
| Profit  | 261,477                                       | 1,035,822                                     |
| Profit attributable to owners of parent   | 261,477                                       | 1,035,822                                     |

Consolidated Statements of Comprehensive Income

(Thousand yen)

|   | For the fiscal year<br>ended December 31,2020 | For the fiscal year<br>ended December 31,2021 |
|---|---|---|
| Profit (loss)   | 261,477                                       | 1,035,822                                     |
| Other comprehensive income                            |   |   |
| Valuation difference on available-for-sale securities | 2,020   | -   |
| Foreign currency translation adjustment               | (121,971)                                     | 185,213                                       |
| Other comprehensive income                            | (119,951)                                     | 185,213                                       |
| Comprehensive income                                  | 141,525                                       | 1,221,036                                     |
| Comprehensive income attributable to                  |   |   |
| Comprehensive income attributable to owners of parent | 141,525                                       | 1,221,036                                     |

## (3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended December 31,2020

(Thousand yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                       | 1,458,953            | 2,447,104       | 2,443,351         | (245)           | 6,349,164                  |
| Changes during period                                |                      |                 |                   |                 |                            |
| Dividends of surplus                                 |                      |                 | (100,505)         |                 | (100,505)                  |
| Profit attributable to owners of parent              |                      |                 | 261,477           |                 | 261,477                    |
| Purchase of treasury shares                          |                      |                 |                   | (50)            | (50)                       |
| Net changes in items other than shareholders' equity |                      |                 |                   |                 | -                          |
| Total changes during period                          | -                    | -               | 160,971           | (50)            | 160,920                    |
| Balance at end of period                             | 1,458,953            | 2,447,104       | 2,604,322         | (296)           | 6,510,084                  |

|  | Accumulated other comprehensive income                |   |  | Share acquisition rights | Total net assets |
|--|---|---|--|--------------------------|------------------|
|  | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total accumulated other comprehensive income |                          |                  |
| Balance at beginning of period                       | (2,020)   | (31,587)                                | (33,607)                                     | -                        | 6,315,556        |
| Changes during period                                |   |   |  |                          |                  |
| Dividends of surplus                                 |   |   |  |                          | (100,505)        |
| Profit attributable to owners of parent              |   |   |  |                          | 261,477          |
| Purchase of treasury shares                          |   |   |  |                          | (50)             |
| Net changes in items other than shareholders' equity | 2,020   | (121,971)                               | (119,951)                                    | -                        | (119,951)        |
| Total changes during period                          | 2,020   | (121,971)                               | (119,951)                                    | -                        | 40,968           |
| Balance at end of period                             | -   | (153,558)                               | (153,558)                                    | -                        | 6,356,525        |

For the fiscal year ended December 31,2021

(Thousand yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                       | 1,458,953            | 2,447,104       | 2,604,322         | (296)           | 6,510,084                  |
| Changes during period                                |                      |                 |                   |                 |                            |
| Dividends of surplus                                 |                      |                 | (173,600)         |                 | (173,600)                  |
| Profit attributable to owners of parent              |                      |                 | 1,035,822         |                 | 1,035,822                  |
| Purchase of treasury shares                          |                      |                 |                   | (126)           | (126)                      |
| Net changes in items other than shareholders' equity |                      |                 |                   |                 | -                          |
| Total changes during period                          | -                    | -               | 862,222           | (126)           | 862,096                    |
| Balance at end of period                             | 1,458,953            | 2,447,104       | 3,466,545         | (422)           | 7,372,180                  |

|  | Accumulated other comprehensive income                |   |  | Share acquisition rights | Total net assets |
|--|---|---|--|--------------------------|------------------|
|  | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total accumulated other comprehensive income |                          |                  |
| Balance at beginning of period                       | -   | (153,558)                               | (153,558)                                    | -                        | 6,356,525        |
| Changes during period                                |   |   |  |                          |                  |
| Dividends of surplus                                 |   |   |  |                          | (173,600)        |
| Profit attributable to owners of parent              |   |   |  |                          | 1,035,822        |
| Purchase of treasury shares                          |   |   |  |                          | (126)            |
| Net changes in items other than shareholders' equity | -   | 185,213                                 | 185,213                                      | 7,536                    | 192,749          |
| Total changes during period                          | -   | 185,213                                 | 185,213                                      | 7,536                    | 1,054,846        |
| Balance at end of period                             | -   | 31,654                                  | 31,654                                       | 7,536                    | 7,411,371        |

## (4) Consolidated Statements of Cash Flows

(Thousand yen)

|   | For the fiscal year<br>ended December 31,2020 | For the fiscal year<br>ended December 31,2021 |
|---|---|---|
| <b>Cash flows from operating activities</b>   |   |   |
| Profit before income taxes  | 829,915                                       | 1,530,918                                     |
| Depreciation  | 1,190,591                                     | 1,443,241                                     |
| Amortization of goodwill  | 338,897                                       | 443,803                                       |
| Increase (decrease) in provision for point card certificates                                | 58,627  | 32,603  |
| Increase (decrease) in allowance for doubtful accounts                                      | 2,769   | 3,132   |
| Increase (decrease) in provision for bonuses  | 69,878  | 63,024  |
| Increase (decrease) in provision for retirement benefits for directors (and other officers) | (5,748)                                       | 6,750   |
| Increase (decrease) in provision for shareholder benefit program                            | 9,861   | (6,865)                                       |
| Increase (decrease) in provision for loss on litigation                                     | -   | 65,940  |
| Interest and dividend income  | (491)   | (84)  |
| Interest expenses   | 27,388  | 13,847  |
| Loss on retirement of non-current assets  | 75,170  | 128,473                                       |
| Loss (gain) on sale of investment securities  | 2,732   | -   |
| Decrease (increase) in trade receivables  | (19,658)                                      | (8,181)                                       |
| Decrease (increase) in inventories  | 1,766,810                                     | (178,906)                                     |
| Increase (decrease) in trade payables   | (607,013)                                     | 115,589                                       |
| Increase (decrease) in advances received  | 543,620                                       | 1,178,673                                     |
| Decrease (increase) in other assets   | 138,797                                       | (518,738)                                     |
| Increase (decrease) in other liabilities  | 846,741                                       | 340,593                                       |
| Other, net  | 118,815                                       | 48,710  |
| Subtotal  | 5,387,709                                     | 4,702,523                                     |
| Interest and dividends received   | 491   | 945   |
| Interest paid   | (25,546)                                      | (8,280)                                       |
| Income taxes paid   | (474,635)                                     | (775,611)                                     |
| Net cash provided by (used in) operating activities   | 4,888,018                                     | 3,919,578                                     |
| <b>Cash flows from investing activities</b>   |   |   |
| Payments for acquisition of businesses  | (63,488)                                      | (1,373,385)                                   |
| Purchase of property, plant and equipment   | (872,629)                                     | (1,288,403)                                   |
| Purchase of intangible assets   | (349,977)                                     | (902,528)                                     |
| Proceeds from sale of investment securities   | 11,460  | -   |
| Loan advances   | (177)   | (226)   |
| Proceeds from collection of loans receivable  | 668   | 426   |
| Proceeds from refund of leasehold deposits  | 600   | 13,841  |
| Payments of leasehold deposits  | (11,422)                                      | (26,462)                                      |
| Other, net  | -   | (3,355)                                       |
| Net cash provided by (used in) investing activities   | (1,284,967)                                   | (3,580,093)                                   |
| <b>Cash flows from financing activities</b>   |   |   |
| Net increase (decrease) in short-term borrowings  | (1,933,984)                                   | 468,142                                       |
| Repayments of long-term borrowings  | (667,333)                                     | (666,400)                                     |
| Repayments of lease obligations   | (1,835)                                       | (893)   |
| Dividends paid  | (100,780)                                     | (173,330)                                     |
| Purchase of treasury shares   | (50)  | (126)   |
| Net cash provided by (used in) financing activities   | (2,703,984)                                   | (372,607)                                     |
| Effect of exchange rate change on cash and cash equivalents                                 | (22,526)                                      | 64,817  |
| Net increase (decrease) in cash and cash equivalents  | 876,540                                       | 31,694  |

(Thousand yen)

|  | For the fiscal year<br>ended December 31,2020 | For the fiscal year<br>ended December 31,2021 |
|--|---|---|
| Cash and cash equivalents at beginning of period | 1,996,536                                     | 2,873,076                                     |
| Cash and cash equivalents at end of period       | 2,873,076                                     | 2,904,770                                     |

## (5) Notes to the Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

(Segment Information, etc.)

(Segment information)

### 1. Overview of reportable segments

The reported segment of the GDO Group is one for which separate financial statements for each unit of the Group are available. The Board of Directors undertakes reviews on a regular basis to determine the distribution of management resources and assess the results.

The Group is principally an operator of golf-related businesses in Japan and overseas, and it conducts business based on a comprehensive strategy under the management system to supervise its domestic and overseas businesses. Therefore, the Group has classified the reported segment into the domestic golf business for customers in Japan and the overseas golf business for customers overseas.

The main operations of each segment are as follows:

The domestic golf business consists of four core operations in Japan including sales of golf equipment (new, used) on the Internet, a golf course booking service, a golf lesson service, and a golf media service, and conducts comprehensive business activities for golfers and golf courses.

The overseas golf business operates golf-related businesses centered on GolfTEC Enterprises LLC, a consolidated subsidiary's golf lesson service in the U.S. and five other countries worldwide, and GDO Sports, Inc., another consolidated subsidiary's import and sales of golf-related products in the U.S.

### 2. Calculation method of net sales, profit or loss, assets, liabilities, and other amount for each reported segment

The method of account procedures for the reported business segment complies with the accounting principles and procedures adopted for the preparation of financial statements.

The profit of the reported segment is the figures on the basis of operating profit.

### 3. Information on net sales and amount of profit or loss by each reported segment

For the fiscal year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

(Thousands of yen)

|   | Reported segment |           |            | Adjustment | Amount booked in the consolidated financial statements (Note) 1 |
|---|------------------|-----------|------------|------------|---|
|   | Domestic         | Overseas  | Total      |            |   |
| Net sales   |                  |           |            |            |   |
| Net sales to external customers                       | 26,723,528       | 6,967,103 | 33,690,631 | —          | 33,690,631  |
| Internal sales or transferred amount between segments | —                | 75,936    | 75,936     | (75,936)   | —   |
| Total   | 26,723,528       | 7,043,040 | 33,766,568 | (75,936)   | 33,690,631  |
| Segment profit or loss                                | 1,780,305        | (941,352) | 838,953    | —          | 838,953   |
| Segment assets  | 11,140,655       | 6,853,740 | 17,994,395 | —          | 17,994,395  |
| Other   |                  |           |            |            |   |
| Depreciation  | 522,123          | 668,468   | 1,190,591  | —          | 1,190,591   |
| Depreciation of goodwill                              | —                | 338,897   | 338,897    | —          | 338,897   |
| Impairment loss                                       | —                | —         | —          | —          | —   |

Note: 1. Adjustments to segment sales are eliminations between segments

2. Segment profit is consistent with operating profit in the consolidated statements of income.

3. Segment loss is not stated because it is not distributed to the business segment.



For the fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

(Thousands of yen)

|   | Reported segment |            |            | Adjustment | Amount booked in the consolidated financial statements (Note) 1 |
|---|------------------|------------|------------|------------|---|
|   | Domestic         | Overseas   | Total      |            |   |
| Net sales   |                  |            |            |            |   |
| Net sales to external customers                       | 27,851,972       | 11,742,733 | 39,594,705 | —          | 39,594,705  |
| Internal sales or transferred amount between segments | —                | 105,760    | 105,760    | (105,760)  | —   |
| Total   | 27,851,972       | 11,848,493 | 39,700,466 | (105,760)  | 39,594,705  |
| Segment profit or loss                                | 1,778,047        | (71,350)   | 1,706,696  | —          | 1,706,696   |
| Segment assets  | 11,532,841       | 10,318,670 | 21,851,512 | —          | 21,851,512  |
| Other   |                  |            |            |            |   |
| Depreciation  | 596,858          | 846,383    | 1,443,241  | —          | 1,443,241   |
| Depreciation of goodwill                              | —                | 443,803    | 443,803    | —          | 443,803   |
| Impairment loss                                       | 27,851,972       | 11,742,733 | 39,594,705 | —          | 39,594,705  |

Note: 1. Adjustments to segment sales are eliminations between segments

2. Segment profit is consistent with operating profit in the consolidated statements of income.

3. Segment loss is not stated because it is not distributed to the business segment.

## (Per Share Information)

(Yen)

|                              | For the fiscal year ended December 31,<br>2020 | For the fiscal year ended December 31,<br>2021 |
|------------------------------|--|--|
| Net assets per share         | 347.85   | 405.17   |
| Net income per share         | 14.31  | 56.68  |
| Diluted net income per share | —  | —  |

Note: 1. As no residual securities exist to dilute existing shares, no net profit per share (diluted) is reported in this term.

2. The basis for the calculation of net income per share and diluted net income per share is as follows.

|  | For the fiscal year ended<br>December 31, 2020 | For the fiscal year ended<br>December 31, 2021 |
|--|--|--|
| Net income per share   |  |  |
| Net income (Thousands of yen)  | 261,477  | 1,035,822                                      |
| Amount not attributable to common shareholders<br>(Thousands of yen) | —  | —  |
| Net income relating to common stock (Thousands of yen)               | 261,477  | 1,035,822                                      |
| Average number of shares during the period (Shares)                  | 18,273,741                                     | 18,273,644                                     |

## (Significant Subsequent Events)

There is no relevant information.