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(Stock Exchange Code 3319)
November 9, 2022

To Shareholders with Voting Rights:

Nobuya Ishizaka
President and CEO
Golf Digest Online Inc.
2-10-2 Higashi-Gotanda, Shinagawa-ku, Tokyo

**NOTICE OF
THE EXTRAORDINARY SHAREHOLDERS MEETING**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage. The Extraordinary Shareholders Meeting of Golf Digest Online Inc. (the “Company”) will be held for the purposes as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights by either of the methods below. Please review the Reference Documents for the Extraordinary Shareholders Meeting presented on subsequent pages, and exercise your voting rights by 5:30 p.m., Tuesday, November 22, 2022.

[Exercising your voting rights in writing]

Please indicate your approval or disapproval for each proposal on the enclosed Voting Rights Exercise Form, and return it so that it will be received before the above voting deadline.

[Exercising your voting rights through electronic means (via the internet, etc.)]

Please refer to the Voting Rights Exercise Guide on page 4, and enter your approval or disapproval for each proposal according to directions on the screen, by the abovementioned voting deadline.

If you exercise your voting rights both in writing and through electronic means, the voting rights exercised through electronic means will be effective.

If you exercise your voting rights more than once through electronic means, or repeatedly by means of a personal computer, smartphone, or mobile phone, the voting rights exercised most recently will be considered as the effective exercise of your voting rights.

1. **Date and Time:** Thursday, November 24, 2022 at 1:00 p.m. Japan time
(Doors open at 12:30 p.m. Japan time)
2. **Place:** TKP Shinagawa Conference Center,
9th floor, Keikyu Daini Building,
3-25-23 Takanawa, Minato-ku, Tokyo
3. **Meeting Agenda:**
Proposals to be resolved:
 - Proposal 1:** Partial Amendment of Articles of Incorporation
 - Proposal 2:** Issuance of Class A Preferred Shares by way of Third-party Allotment

Reminder

When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.

Disclosure on the Internet

Should the Reference Documents for the Extraordinary Shareholders Meeting require revisions, the revised versions will be posted on the Company's website.

<The Company's website URL>

<https://company.golfdigest.co.jp/ir/>

Reference Documents for the Extraordinary Shareholders Meeting

Proposal 1: Partial Amendment of Articles of Incorporation

Purpose of the Amendment

In order to enable the Class A Preferred Shares prescribed in Proposal 2 “Issuance of Class A Preferred Shares by way of Third-party Allotment” to be issued, the Company will create Class A Preferred Shares as a new class of shares and establish new provisions regarding Class A Preferred Shares in the Articles of Incorporation.

For details on the reasons for issuance of Class A Preferred Shares, please refer to Proposal 2 “Issuance of Class A Preferred Shares by way of Third-party Allotment”.

The partial amendments to the Articles of Incorporation will be subject to the condition that Proposal 2 “Issuance of Class A Preferred Shares by way of Third-party Allotment” is approved as proposed at the Extraordinary Shareholders Meeting.

Proposal 2: Issuance of Class A Preferred Shares by way of Third-party Allotment

The Company asks the shareholders to approve the issuance of Class A Preferred Shares by way of third-party allotment (the “Capital Increase by Third-Party Allotment”), to Fivestar Mezzanine II Investment Limited Partnership (the “Scheduled Allottee”) for the reasons prescribed in 1. through 3. below, and in accordance with the outlines prescribed in 4. below, pursuant to the provisions of Article 199 of the Companies Act.

The Capital Increase by Third Party Allotment is subject to the condition that Proposal 1 is approved as proposed and the partial amendments to the Articles of Incorporation related to Proposal 1 becoming effective. Further, under the investment agreement executed between the Company and the Scheduled Allottee dated September 22, 2022 (the “Investment Agreement”), the payment for the Class A Preferred Shares by the Scheduled Allottee is subject to conditions such as that Proposals 1 and 2 are approved as proposed at the Extraordinary Shareholders Meeting.

1. Purpose of and reasons for offering

(1) Background to and purpose of offering

Uniquely offering lessons and golf club fittings customized to suit each individual based on three levels of data—swing data, ball and golf club data, and user profile data—derived from world-leading technology, GolfTEC Enterprises, LLC (whose head office is located in Colorado, USA; “US GOLFTEC”), a consolidated subsidiary of the Company, has over 230 locations in six countries including the US as well as Canada and the Southeast Asian region and provides over 1.5 million lessons annually by over 900 accredited coaches.

The US golf market has seen new technology and the COVID-19 situation impact golfing habits and the way people enjoy golf, and there has been an increase in ways to enjoy golf outside the golf course as well as golf becoming a closer part of players’ lives.

Under such environment, US GOLFTEC, based on the basic policy of the Company’s medium-term management policy “LEAD THE WAY” announced in February 2021, has adopted a growth strategy focused on expanding locations and is engaging in its business operations to achieve such strategy. With its sights on further growth and expansion, US GOLFTEC has adopted its concept “GOLFTEC ANYWHERE,” aimed at offering more golfers world-class know-how to improve their performance for all scenes and locations based on its conventional one-on-one lessons.

Since the Company’s acquisition of 60.0% of US GOLFTEC’s equity interest and turning US GOLFTEC into a subsidiary of the Company in July 2018, and up to today, the Company and GTE Step1 HoldCo LLC, a joint venture partner of US GOLFTEC, have steadily expanded the business while establishing a favorable partnership. As a result, US GOLFTEC, which was in a state of insolvency when it became a subsidiary of the Company, is expected to resolve its insolvency during the 2022 fiscal year. At this time, in order to accelerate the long-term expansion of profits by realizing the “GOLFTEC ANYWHERE” concept, the Company has decided to increase GDO Sports, Inc.’s equity interests in US GOLFTEC (the “Additional Equity Interest Acquisition”).

While the Additional Equity Interest Acquisition is an essential transaction in order for the Company to achieve its medium-term management policy and by extension enhance its long-term corporate value, the amount of total net assets of the Company in the consolidated balance sheet (“Consolidated Net Assets”) will be reduced by the Additional Equity Interest Acquisition, and therefore the Company believes that implementing the Additional Equity Interest Acquisition after procuring funds by a method that enables the Company to augment its Consolidated Net Assets and attain improved financial health is an important issue to be addressed.

In examining such issue, the Company examined a range of methods premised on conditions such as that it be able to augment its Consolidated Net Assets and attain improved financial health even while giving consideration to the impacts of dilution on existing shareholders of the Company and that there be a high degree of certainty of being able to procure funds at the time of execution of the definitive agreement for the Additional Equity Interest Acquisition, and as a result of such examinations the Company determined, from the perspective of protecting the interests of existing shareholders, the perspective of its financial health after the Additional Equity Interest Acquisition, and the perspective of certainty of

being able to procure funds, that a capital increase by third-party allotment of so-called “redeemable preferred shares”—which are not able to be converted into common shares—is the optimal method for part of the funds procurement for the Additional Equity Interest Acquisition.

As part of such process, from early 2022 onward the Company has had contact with multiple investor candidates and engaged in discussions regarding the possibility of their subscribing for redeemable preferred shares. In April 2022, the Company requested approximately 10 Japanese financial institutions to submit indication letters and at the end of May 2022 received proposed terms from multiple institutions, and from among these the Company selected as a subscriber candidate for the Capital Increase by Third-Party Allotment and pursued discussions on detailed terms with Fivestar Mezzanine II Investment Limited Partnership which presented the best overall terms including financial terms, possesses a deep understanding of the Company business, and has abundant experience in mezzanine finance (finance using subordinated funds) in Japan including preferred shares. As a result of such discussions, the two parties reached agreement on the issuance of redeemable preferred shares on terms satisfactory to the Company from the perspective of protecting the interests of existing shareholders, the perspective of its financial health after the Additional Equity Interest Acquisition, and the perspective of certainty of being able to procure funds, and therefore the Company decided to conduct a capital increase by third-party allotment to Fivestar Mezzanine II Investment Limited Partnership and use this to procure part of the funds for the Additional Equity Interest Acquisition.

(2) Reasons for selecting Capital Increase by Third-Party Allotment to procure funds

The Company examined a range of methods premised on conditions such as that it be able to augment its Consolidated Net Assets and attain improved financial health and that there be expected a high degree of certainty of being able to procure funds at the time of execution of the definitive agreement for the Additional Equity Interest Acquisition.

In the course of such process, the Company also examined methods aimed at general investors such as a public offering or a shareholder allotment but decided that none of these could be regarded as the optimal fund procurement method from the perspective of protecting the interests of existing shareholders and certainty of being able to procure funds.

In the Capital Increase by Third-Party Allotment, the Company has, taking into account the impacts of dilution on existing shareholders of the Company, decided to procure funds by issuing Class A Preferred Shares that are not convertible into common shares. The Company ultimately reached the decision that the Capital Increase by Third-Party Allotment is the best choice for the Company at the present time because it will augment the Consolidated Net Assets and contribute to the financial health of the Company without causing any dilution of shares of the Company and also provides a high degree of certainty of being able to procure funds.

(3) Reasons for selecting Scheduled Allottee

As stated in (1) above, the Company selected Fivestar Mezzanine II Investment Limited Partnership as the Scheduled Allottee after determining that it was the most suitable counterparty as subscriber for a third-party allotment because it presented the best financial terms from among the Japanese financial institutions from which the Company received indication letters, it possesses a deep understanding of the Company business, and it has abundant experience in mezzanine finance (finance using subordinated funds) in Japan including preferred shares.

The Investment Agreement between the Company and the Scheduled Allottee includes the following terms and conditions.

(i) Prior consent matters

Under the Investment Agreement, the prior written consent of the Class A Preferred Shareholder or Class A Preferred Shareholders whose aggregate paid-in amount for the Class A Preferred Shares is equal to 50.1% or more in cases where the Company seeks to undertake certain actions listed in the Investment Agreement. The actions requiring prior written consent include actions of a type that

may potentially harm the value of the Class A Preferred Shares and those that would have a material impact on the organization or management of the Company Group.

(ii) Financial covenants

Under the Investment Agreement, the Company bears an obligation to maintain its net profit or net assets at or above a certain level.

(iii) Constraints on Redemption Demands

Under the issuance conditions for the Class A Preferred Shares, Class A Preferred Shareholders may, in principle, make a Redemption Demand to the Company at any time on or after the payment date, but pursuant to the provisions of the Investment Agreement the cases in which the Scheduled Allottee is entitled to make a Redemption Demand are limited to when the date November 25, 2027 has passed or where other certain grounds are met.

(iv) Restrictions on transfer

Under the Investment Agreement, the consent of the Company is required for transfers of Class A Preferred Shares other than in the case of a transfer to a designated transferee (limited to five companies or less and the qualified transferees prescribed in the Investment Agreement) within a scope not exceeding 49.9% of the total number of issued Class A Preferred Shares. However, the Company shall in principle consent to a transfer that falls under any of the following items:

- where the Scheduled Allottee is entitled to make a Redemption Demand for the Class A Preferred Shares; or
- where the Company is in material breach of an obligation it bears under the Investment Agreement and despite a demand for cure by the Class A Preferred Shareholder the Company fails to cure such breach within 20 days from such demand.

2. Outline of Class A Preferred Shares

(1) Preferred dividends

Shareholders of the Class A Preferred Shares (“Class A Preferred Shareholders”) are entitled to receive dividends in preference to shareholders of common shares. The amount of preferred dividend will be calculated by prorating the value obtained by multiplying 100,000 yen by the preferred dividend rate. The preferred dividend rate is initially 6.50% per annum, to which 0.5% per annum will be added for each year that passes after the payment date. If there is a shortfall in preferred dividends in any given business year, such shortfall amount will accumulate in the following or subsequent business years. The Class A Preferred Shares are non-participatory, and Class A Preferred Shareholders may not receive common dividends in addition to such preferred dividends.

(2) Redemption right

The Class A Preferred Shares are redeemable for cash. Under the conditions of issuance of the Class A Preferred Shares, a Class A Preferred Shareholder may, in principle, at any time on or after the payment date make a demand that the Company acquire all or part of the Class A Preferred Shares for cash (a “Redemption Demand”), but pursuant to the provisions of the Investment Agreement the cases in which the Scheduled Allottee is entitled to make a Redemption Demand are limited to when the date November 25, 2027 has passed or where other certain grounds are met.

The amount of cash to be delivered to a Class A Preferred Shareholder who exercises the redemption right attached to the Class A Preferred Shares is the amount per Class A Preferred Share equal to the paid-in amount plus the accumulated unpaid preferred dividends and preferred dividends prorated amount as of the pro rata calculation record date which is the date on which the Redemption Demand becomes effective.

(3) Mandatory redemption

The Class A Preferred Shares are subject to mandatory redemption for cash at the option of the Company. The Company may acquire all or part of the Class A Preferred Shares upon the arrival of a date prescribed separately by the Board of Directors of the Company (the “Mandatory Redemption

Date”) which is not earlier than November 25, 2022 (and excluding the period from November 25, 2024 to May 24, 2025).

The amount of cash to be delivered to Class A Preferred Shareholders when the Company exercises the mandatory redemption option attached to the Class A Preferred Shares is the amount per Class A Preferred Share equal to the paid-in amount plus the accumulated unpaid preferred dividends and preferred dividends prorated amount as of the pro rata calculation record date which is the Mandatory Redemption Date.

(4) Voting rights

The Class A Preferred Shares are non-voting shares under the Companies Act, and Class A Preferred Shareholders do not have voting rights at shareholders meetings except as otherwise prescribed by law.

(5) Restrictions on transfer

The Class A Preferred Shares are not subject to restrictions on transfer, but pursuant to the provisions of the Investment Agreement the consent of the Company is required for any transfer of the Class A Preferred Shares.

3. Reasonableness of issuance conditions, etc.

(1) Calculation basis for amount to be paid in and specific details thereof

In order to secure fairness in the Capital Increase by Third-Party Allotment, the Company requested a valuation of the Class A Preferred Shares by Plutus Consulting Co., Ltd. (“Plutus Consulting”), a third-party valuation institution independent from the Company and the Scheduled Allottee, and has obtained from Plutus Consulting a “Golf Digest Online Inc. Class A Preferred Shares Valuation Report” dated September 22, 2022 (the “Class A Preferred Shares Valuation Report”).

As a result of examining methods for valuing the Class A Preferred Shares, Plutus Consulting adopted the discounted cash flow method, which is a typical valuation calculation model, and conducted a valuation of the Class A Preferred Shares based on certain assumptions and after taking into account the various conditions prescribed in the issuance conditions of the Class A Preferred Shares and the Investment Agreement. The value of the Class A Preferred Shares in the Class A Preferred Shares Valuation Report is a range of 96,550 yen to 102,640 yen per share.

After taking into account the above valuation results by Plutus Consulting and as a result of carefully engaging in multiple negotiations and discussions with the Scheduled Allottee, the Company reached agreement with the Scheduled Allottee on conditions that the Company determined reasonable including in terms of pricing, and it was determined that the amount to be paid in for the Class A Preferred Shares be 100,000 yen per share. After comprehensively taking into account considerations such as the above valuation results by Plutus Consulting and that the issuance conditions of the Class A Preferred Shares have been determined by considering the business environment and financial situation of the Company and matters determined with the Scheduled Allottee through carefully engaging in multiple negotiations and discussions as stated in “(1) Background to and purpose of offering” in “1. Purpose of and reasons for offering” above, the Company has determined that the amount to be paid in for the Class A Preferred Shares does not constitute favorable issuance and is a fair and appropriate price, but because under the Companies Act the possibility cannot be completely disregarded that the amount to be paid in for the Class A Preferred Shares may be deemed a particularly favorable amount for the Scheduled Allottee due to the fact that there is no objective market price for the Class A Preferred Shares and that the valuation of class shares is advanced and complex and various opinions are possible as to their valuation, the Company believes it appropriate to confirm the intentions of our shareholders and, by way of precaution, has decided to issue the Class A Preferred Shares subject to the condition that shareholder approval is obtained at the Shareholders Meeting for a special resolution pertaining to favorable issuance under Article 199, paragraph 2 of the Companies Act.

(2) Basis for determining that issuance volume and scale of share dilution are reasonable

Although the Company will procure an aggregate amount of 6,000,000,000 yen by issuing 60,000 Class A Preferred Shares, the Company has determined that the issuance volume of Class A Preferred Shares is reasonable in light of the purposes of issuance of the Class A Preferred Shares and purpose of use of funds as stated above. Further, the Class A Preferred Shares do not have voting rights for shareholders meetings, nor are they convertible into common shares of the Company. Accordingly, the Company has determined that the Capital Increase by Third-Party Allotment will not give rise to any dilutive effect for our existing shareholders.

4. Details of the Offering

(1)	Classes and number of the shares to be offered	60,000 shares of Class A Preferred Shares
(2)	Amounts to be paid in for the shares to be offered	100,000 yen per share
(3)	Aggregate amount of amounts to be paid in	6,000,000,000 yen
(4)	Amount by which stated capital and capital reserve are to be increased	The amount by which stated capital is to be increased 3,000,000,000 yen The amount by which capital reserve is to be increased 3,000,000,000 yen
(5)	Payment date	November 25, 2022
(6)	Method of issuance	All of the shares will be allotted to Fivestar Mezzanine II Investment Limited Partnership by way of third-party allotment
(7)	Features of shares to be offered	For the features of Class A Preferred Shares, please refer to Proposal 1