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Consolidated Financial Results for the Three Months Ended March 31, 2023 [Japanese GAAP]

May 11, 2023

Company name: Golf Digest Online Inc.
 Stock exchange listing: Tokyo
 Code number: 3319
 URL: <https://www.golfdigest.co.jp>
 Representative: Nobuya Ishizaka President and CEO
 Contact: Ryo Nakamura CFO
 Phone: 03-5656-2888
 Scheduled date of filing quarterly securities report: May 12, 2023
 Scheduled date of commencing dividend payments: -
 Availability of supplementary briefing material on quarterly financial results: Yes
 Schedule of quarterly financial results briefing session: No

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

1. Consolidated Financial Results for the Three Months Ended March 31, 2023 (January 01, 2023 to March 31, 2023)

(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	%
Three months ended March 31, 2023	11,652	21.6	(437)	-	(304)	-	13	(98.6)
March 31, 2022	9,585	10.5	224	(1.5)	224	(3.3)	936	780.7

(Note) Comprehensive income: Three months ended March 31, 2023: ¥ 17 million [(98.4)%]
 Three months ended March 31, 2022: ¥ 1,093 million [404.0%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2023	(4.55)	-
March 31, 2022	51.27	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	44,980	1,520	3.3	(255.18)
December 31, 2022	43,524	1,598	3.6	(245.32)

(Reference) Equity: As of March 31, 2023: ¥ 1,490 million
 As of December 31, 2022: ¥ 1,573 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2022	-	4.00	-	5.50	9.50
Fiscal year ending December 31, 2023	-				
Fiscal year ending December 31, 2023 (Forecast)		4.00	-	5.50	9.50

(Note) Revision to the forecast for dividends announced most recently: No

(Note) The above-mentioned "Cash dividends" refers to the status of dividends on common shares. For information on the status of dividends on class shares (unlisted) with different relationship of interest from the common shares, see "Cash dividends on class shares" below.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2023(January 01, 2023 to December 31, 2023)

(% 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	53,000	15.0	2,050	72.3	1,226	-	550	62.1	8.50

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the three months ended March 31, 2023

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) 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

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

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

March 31, 2023: 18,274,000 shares

December 31, 2022: 18,274,000 shares

2) Number of treasury shares at the end of the period:

March 31, 2023: 70,393 shares

December 31, 2022: 70,393 shares

3) Average number of shares outstanding during the period:

Three months ended March 31, 2023: 18,203,607 shares

Three months ended March 31, 2022: 18,273,610 shares

(Note) The Company introduced the "Board Benefit Trust (BBT)", a stock compensation plan for directors, etc., in fiscal year 2022, and the Company's shares held by the Trust are included in treasury stock.

* 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. Qualitative Information on First Quarter Consolidated Results, (3) Overview of Consolidated Earnings Forecast" on page 3 of the attached document.

(Reference) Cash dividends on class shares

The following provides a breakdown of the dividends per share related to class shares (Class A preferred shares) with different relationship of interest from the common shares.

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended December 31, 2022	Yen -	Yen -	Yen -	Yen -	Yen -
Fiscal year ending December 31, 2023 (Forecast)	-	-	-	7,242.43	7,242.43

(Note) Class A preferred shares were issued on November 25, 2022.

(Note) The dividend amount for Class A shares is the amount calculated in accordance with the Company's Articles of Incorporation. The dividend amount for the fiscal year ending December 31, 2023 includes the dividend amount for the relevant fiscal year plus the accumulated dividends for the fiscal year ended December 31, 2022

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1. Qualitative Information on First Quarter Consolidated Results

(1) Overview of Operating Results

During the first quarter of the fiscal year under review (January 1, 2023 to March 31, 2023), the global economy remained highly uncertain, mainly reflecting a slowdown due in part to rising energy prices and tight monetary policies implemented in different countries, as well as growing concerns over financial systems in the United States triggered by the collapse of financial institutions.

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. The same applies to the golf market. Reflecting the progress in digital technologies and changes in lifestyles, golfer demand and playing styles are becoming more diverse and changing day by day.

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 recorded net sales of 11,652 million yen (up 21.6% year on year), operating loss of 437 million yen (operating profit of 224 million yen in the same period of the previous year), and an ordinary loss of 304 million yen (ordinary profit of 224 million yen in the same period of the previous year) during the first quarter under review (January 1, 2023 to March 31, 2023). Meanwhile, the Group recorded -309 million yen as income taxes-deferred, reflecting the posting of deferred tax assets due to the acquisition of GDO GolfTEC Inc., a consolidated subsidiary of the Company, through an absorption-type merger on January 1, 2023. Consequently, profit attributable to owners of parent stood at 13 million yen (down 98.6% year on year).

The results in each main segment are as follows.

Domestic segment

During the first three months under review, the domestic segment recorded net sales of 6,561 million yen (up 11.9% year on year). Segment income stood at 102 million yen (down 34.8% year on year).

Overseas segment

During the first three months under review, the overseas segment posted net sales of 5,091 million yen (up 36.8% year on year). The segment loss was 540 million yen (compared to segment profit of 66 million yen a year before).

(2) Overview of Financial Position

Looking at the financial position at the end of the first quarter of the fiscal year under review, total assets stood at 44,980 million yen, up 1,456 million yen from the end of the previous fiscal year. Liabilities totaled 43,460 million yen at the end of the fiscal year under review, increasing 1,534 million yen from the end of the previous fiscal year. Total net assets as of the same date decreased 78 million yen from the end of the previous fiscal year, to 1,520 million yen.

In terms of the balances of accounts for main items, contract liabilities, and accounts payable - trade increased by 923 million yen and 856 million yen, respectively, while long-term borrowings decreased 343 million yen. Retained earnings decreased by 87 million yen.

(3) Overview of Consolidated Earnings Forecast

Consolidated results forecasts for the fiscal year ending December 31, 2023 remain unchanged from the consolidated results forecasts announced on February 14, 2023.

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of December 31,2022	As of March 31,2023
Assets		
Current assets		
Cash and deposits	2,421,492	2,198,162
Accounts receivable - trade	3,063,950	2,935,036
Merchandise	6,238,673	7,051,189
Work in process	694	13,718
Supplies	186,183	204,168
Allowance for doubtful accounts	(16,022)	(16,436)
Other	2,248,574	2,500,790
Total current assets	14,143,547	14,886,629
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,747,384	7,049,251
Right of use assets	7,631,816	7,915,252
Other	3,303,368	3,526,578
Accumulated depreciation	(3,970,111)	(4,270,193)
Total property, plant and equipment	13,712,456	14,220,889
Intangible assets		
Goodwill	8,479,098	8,249,469
Other	6,269,235	6,416,645
Total intangible assets	14,748,333	14,666,115
Investments and other assets		
Other	927,245	1,214,090
Allowance for doubtful accounts	(6,974)	(6,974)
Total investments and other assets	920,271	1,207,116
Total non-current assets	29,381,062	30,094,120
Total assets	43,524,609	44,980,749
Liabilities		
Current liabilities		
Accounts payable - trade	2,893,669	3,750,187
Short-term borrowings	5,603,721	5,451,889
Current portion of long-term borrowings	1,514,167	1,516,855
Income taxes payable	61,396	43,365
Contract liabilities	5,562,340	6,485,549
Provision for bonuses	390	15,045
Provision for point card certificates	38,642	47,214
Provision for shareholder benefit program	27,787	18,411
Other	4,224,063	4,594,393
Total current liabilities	19,926,177	21,922,911
Non-current liabilities		
Long-term borrowings	12,961,461	12,618,267
Lease liabilities	7,729,247	7,943,798
Provision for retirement benefits for directors (and other officers)	121,002	123,999
Provision for share awards for directors (and other officers)	17,486	20,678
Asset retirement obligations	344,812	352,300
Other	825,547	478,061
Total non-current liabilities	21,999,556	21,537,105
Total liabilities	41,925,734	43,460,016

(Thousand yen)

	As of December 31,2022	As of March 31,2023
Net assets		
Shareholders' equity		
Share capital	1,458,953	1,458,953
Retained earnings	(152,151)	(239,264)
Treasury shares	(80,253)	(80,253)
Total shareholders' equity	1,226,547	1,139,435
Accumulated other comprehensive income		
Foreign currency translation adjustment	347,321	351,041
Total accumulated other comprehensive income	347,321	351,041
Share acquisition rights	25,006	30,256
Total net assets	1,598,875	1,520,733
Total liabilities and net assets	43,524,609	44,980,749

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Thousand yen)

	For the three months ended March 31,2022	For the three months ended March 31,2023
Net sales	9,585,882	11,652,896
Cost of sales	6,248,001	7,820,726
Gross profit	3,337,880	3,832,169
Selling, general and administrative expenses	3,113,506	4,269,271
Operating profit (loss)	224,373	(437,102)
Non-operating income		
Interest income	34	430
Subsidy income	1,266	234,990
Other	3,782	40,850
Total non-operating income	5,083	276,271
Non-operating expenses		
Interest expenses	2,929	142,175
Other	1,921	1,613
Total non-operating expenses	4,851	143,789
Ordinary profit (loss)	224,605	(304,620)
Extraordinary income		
Gain on sale of non-current assets	1,062	893
Gain on forgiveness of debts	765,068	-
Other	101	-
Total extraordinary income	766,233	893
Extraordinary losses		
Loss on retirement of non-current assets	4,783	38
Total extraordinary losses	4,783	38
Profit (loss) before income taxes	986,055	(303,765)
Income taxes - current	4,810	(7,752)
Income taxes - deferred	44,357	(309,406)
Total income taxes	49,168	(317,158)
Profit	936,887	13,392
Profit attributable to owners of parent	936,887	13,392

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Thousand yen)

	For the three months ended March 31,2022	For the three months ended March 31,2023
Profit	936,887	13,392
Other comprehensive income		
Foreign currency translation adjustment	156,666	3,720
Total other comprehensive income	156,666	3,720
Comprehensive income	1,093,553	17,113
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,093,553	17,113

(3) Notes to Condensed Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Significant Changes in Shareholders' Equity)

None

(Segment Information, etc.)

(Segment information)

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

Previous consolidated cumulative first quarter (From January 1, 2022 to Mar. 31 2022)

(Thousands of yen)

	Reported segment			Adjustment (Note) 1	Amount booked in the consolidated financial statements (Note) 2
	Domestic	Over seas	Total		
Net sales					
Net sales to external customers	5,865,111	3,720,770	9,585,882	—	9,585,882
Internal sales or transferred amount between segments	—	3,698	3,698	(3,698)	—
Total	5,865,111	3,724,469	9,589,580	(3,698)	9,585,882
Segment profit or loss	157,770	66,603	224,373	—	224,373

Note:

1. Adjustments to segment sales are eliminations between segments

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

Consolidated cumulative first quarter (From January 1, 2023 to Mar. 31, 2023)

(Thousands of yen)

	Reported segment			Adjustment	Amount booked in the consolidated financial statements (Note) 1
	Domestic	Over seas	Total		
Net sales					
Net sales to external customers	6,561,785	5,091,110	11,652,896	—	11,652,896
Internal sales or transferred amount between segments	—	7,480	7,480	(7,480)	—
Total	6,561,785	5,098,590	11,660,376	(7,480)	11,652,896
Segment profit or loss	102,939	(540,041)	(437,102)	—	(437,102)

Note:

1. Adjustments to segment sales are eliminations between segments

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