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## Consolidated Financial Results for the Nine Months Ended September 30, 2023 [Japanese GAAP]

November 13, 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  
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 Scheduled date of filing quarterly securities report: November 14, 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 Nine Months Ended September 30, 2023 (January 1, 2023 to September 30, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended September 30, 2023	38,383	15.6	(290)	-	268	(73.8)	137	(90.5)
September 30, 2022	33,205	13.8	921	(23.5)	1,026	(15.9)	1,446	82.8

(Note) Comprehensive income: Nine months ended September 30, 2023: ¥ 169 million [ (91.5)%]  
 Nine months ended September 30, 2022: ¥ 2,000 million [ 115.5%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2023	(8.55)	-
September 30, 2022	79.29	79.26

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2023	47,712	1,612	3.3	(261.63)
December 31, 2022	43,524	1,598	3.6	(245.32)

(Reference) Equity: As of September 30, 2023: ¥ 1,569 million  
 As of December 31, 2022: ¥ 1,573 million

(Note) The "Net assets per share" is calculated by deducting from the total net assets the amount to be paid in for Class A preferred shares, which have different rights from those of common shares and the amount of preferred dividend.

## 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	-	4.00	-		
Fiscal year ending December 31, 2023 (Forecast)				5.50	9.50

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

(Note) The above-mentioned "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 1, 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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	52,300	13.5	100	(91.6)	380	-	100	(70.5)	(16.21)
	~53,300	~15.6	~555	~(53.4)	~700	-	~500	~47.4	~5.77

(Note) Revision to the financial results forecast announced most recently: Yes

(Note) Revisions to the consolidated earnings forecast are disclosed in a range format. For more information, please refer to "Notice of Revisions to Full-Year Consolidated Earnings Forecasts" announced today (November 13, 2023).

### \* Notes:

(1) Changes in significant subsidiaries during the nine months ended September 30, 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):

September 30, 2023: 18,274,000 shares

December 31, 2022: 18,274,000 shares

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

September 30, 2023: 70,393 shares

December 31, 2022: 70,393 shares

3) Average number of shares outstanding during the period:

Nine months ended September 30, 2023: 18,203,607 shares

Nine months ended September 30, 2022: 18,241,020 shares

(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 Third Quarter Consolidated Results

### (1) Overview of Operating Results

During the first nine months of the fiscal year under review (January 1, 2023 to September 30, 2023), the business environment continued to improve at a moderate pace in Japan, mainly reflecting recoveries in personal consumption activity and inbound tourism-related demand following the easing of movement restrictions imposed due to the coronavirus ("COVID-19") pandemic, as well as improvements in the employment and income environments. Business trends, however, remained uncertain, reflecting price increases, rising resource prices and the depreciation of the yen, as well as the slowdown of overseas economies due in part to monetary tightening.

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 United States, known as a golf powerhouse, the number of off-course golfers, or people who enjoy golf at venues other than on the golf course through the application of IT technologies, began to increase, indicating constantly changing golfer demands and preferences in the golf market.

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.

As a result, the Group recorded net sales of 38,383 million yen (up 15.6% year on year) during the first nine months under review (January 1, 2023 to September 30, 2023), while an operating loss of 290 million yen (compared to an operating profit of 921 million yen a year ago) was posted due to up-front costs in the Golf Launch Monitors Business launched in the previous year. Even so, ordinary profit came to 268 million yen (down 73.8% year on year), partly reflecting foreign exchange gains of 760 million yen due to the weakening yen, while profit attributable to owners of parent stood at 137 million yen (down 90.5% year on year).

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 20,841 million yen (up 4.5% year on year). The gross profit margin of the Golf Equipment Sales segment declined, due to the impact of price increases and implementation of inventory adjustments, resulting in segment profit of 961 million yen (down 23.0% year on year.)

#### Overseas segment

During the first nine months under review, the overseas segment posted net sales of 17,542 million yen (up 32.3% year on year), attributable to steady sales of new models launched in May 2023 in the Golf Launch Monitors Business acquired in August 2022. However, due to the up-front costs in the business and an increase in the amortization of goodwill in particular, a segment loss of 1,251 million yen (compared to segment loss of 326 million yen a year ago) was posted.

### (2) Overview of Financial Position

#### Assets, Liabilities and Net Assets

Looking at the financial position at the end of the third quarter of the fiscal year under review, total assets stood at 47,712 million yen, up 4,187 million yen from the end of the previous fiscal year. Liabilities totaled 46,100 million yen at the end of the third quarter, increasing 4,174 million yen from the end of the previous fiscal year. Total net assets at the end of the third quarter increased 13 million yen from the end of the previous fiscal year to 1,612 million yen.

Regarding assets, merchandise, property, plant and equipment, and intangible assets increased 757 million yen,

2,090 million yen, and 988 million yen, respectively. Regarding liabilities, lease liabilities and contract liabilities increased 1,132 million yen and 1,134 million yen, respectively, while long-term borrowings decreased 665 million yen. Retained earnings decreased by 36 million yen.

(3) Overview of Consolidated Earnings Forecast

Considering recent trends, the Company has revised its full-year consolidated earnings forecast announced on February 14, 2023. For more information, please refer to "Notice of Revisions to Full-Year Consolidated Earnings Forecasts" announced today (November 13, 2023) and "Results Briefing for the Third Quarter Ended September 30, 2023".

Quarterly Consolidated Financial Statements  
Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of December 31, 2022	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	2,421,492	2,022,358
Accounts receivable - trade	3,063,950	3,243,088
Merchandise	6,238,673	6,996,118
Work in process	694	1,067
Supplies	186,183	287,028
Allowance for doubtful accounts	(16,022)	(17,084)
Other	2,248,574	2,588,712
Total current assets	14,143,547	15,121,289
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,747,384	8,324,211
Right of use assets	7,631,816	8,797,585
Other	3,303,368	4,022,955
Accumulated depreciation	(3,970,111)	(5,342,196)
Total property, plant and equipment	13,712,456	15,802,555
Intangible assets		
Goodwill	8,479,098	8,832,962
Other	6,269,235	6,903,614
Total intangible assets	14,748,333	15,736,577
Investments and other assets		
Other	927,245	1,059,137
Allowance for doubtful accounts	(6,974)	(6,974)
Total investments and other assets	920,271	1,052,163
Total non-current assets	29,381,062	32,591,296
Total assets	43,524,609	47,712,586

(Thousands of yen)

	As of December 31, 2022	As of September 30, 2023
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	2,893,669	3,254,563
Short-term borrowings	5,603,721	6,690,087
Current portion of long-term borrowings	1,514,167	1,518,183
Income taxes payable	61,396	278,194
Contract liabilities	5,562,340	6,696,358
Provision for bonuses	390	45,135
Provision for point card certificates	38,642	33,154
Provision for shareholder benefit program	27,787	28,922
Other	4,224,063	5,141,571
Total current liabilities	19,926,177	23,686,170
Non-current liabilities		
Long-term borrowings	12,961,461	12,295,464
Lease liabilities	7,729,247	8,861,683
Provision for retirement benefits for directors (and other officers)	121,002	130,005
Provision for share awards for directors (and other officers)	17,486	33,793
Asset retirement obligations	344,812	371,585
Other	825,547	721,712
Total non-current liabilities	21,999,556	22,414,243
Total liabilities	41,925,734	46,100,414
Net assets		
Shareholders' equity		
Share capital	1,458,953	1,458,953
Retained earnings	(152,151)	(188,306)
Treasury shares	(80,253)	(80,253)
Total shareholders' equity	1,226,547	1,190,392
Accumulated other comprehensive income		
Foreign currency translation adjustment	347,321	379,548
Total accumulated other comprehensive income	347,321	379,548
Share acquisition rights	25,006	42,230
Total net assets	1,598,875	1,612,171
Total liabilities and net assets	43,524,609	47,712,586



Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income (For the nine months)

(Thousands of yen)

	For the nine months ended September 30, 2022	For the nine months ended September 30, 2023
Net sales	33,205,876	38,383,669
Cost of sales	21,552,886	25,268,136
Gross profit	11,652,989	13,115,533
Selling, general and administrative expenses	10,731,311	13,405,753
Operating profit (loss)	921,678	(290,219)
Non-operating income		
Interest income	488	604
Foreign exchange gains	377,386	760,444
Subsidy income	8,856	245,355
Other	13,262	19,377
Total non-operating income	399,995	1,025,783
Non-operating expenses		
Interest expenses	37,563	463,352
Financing expenses	257,018	1,500
Other	108	1,959
Total non-operating expenses	294,691	466,813
Ordinary profit	1,026,982	268,750
Extraordinary income		
Gain on sale of non-current assets	157	19,791
Gain on forgiveness of debts	843,719	-
Other	433	1,036
Total extraordinary income	844,309	20,827
Extraordinary losses		
Loss on retirement of non-current assets	36,621	38
Other	2,429	-
Total extraordinary losses	39,050	38
Profit before income taxes	1,832,242	289,540
Income taxes - current	400,623	291,892
Income taxes - deferred	(14,763)	(139,797)
Total income taxes	385,860	152,095
Profit	1,446,381	137,444
Profit attributable to owners of parent	1,446,381	137,444

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

(Thousands of yen)

	For the nine months ended September 30, 2022	For the nine months ended September 30, 2023
Profit	1,446,381	137,444
Other comprehensive income		
Foreign currency translation adjustment	553,901	32,227
Total other comprehensive income	553,901	32,227
Comprehensive income	2,000,283	169,672
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,000,283	169,672

(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 third quarter (From January 1, 2022, to Sep. 30, 2022)

(Thousands of yen)

	Reported segment			Adjustment (Note) 1	Amount booked in the consolidated financial statements. (Note) 2
	Domestic	Overseas	Total		
Net sales					
Net sales to external customers	19,943,785	13,262,090	33,205,876	-	33,205,876
Internal sales or transferred amount between segments	-	35,081	35,081	(35,081)	-
Total	19,943,785	13,297,172	33,240,957	(35,081)	33,205,876
Segment profit or loss	1,248,353	326,675	921,678	-	921,678

Note:

1. Adjustments to segment sales are eliminations between segments
2. Segment profit or loss (-) are consistent with operating profit in the consolidated Statements of Income.

Consolidated cumulative third quarter (From January 1, 2023, to Sep. 30, 2023)

(Thousands of yen)

	Reported segment			Adjustment (Note) 1	Amount booked in the consolidated financial statements. (Note) 2
	Domestic	Overseas	Total		
Net sales					
Net sales to external customers	20,841,635	17,542,033	38,383,669	-	38,383,669
Internal sales or transferred amount between segments	-	43,151	43,151	(43,151)	-
Total	20,841,635	17,585,185	38,426,821	(43,151)	38,383,669
Segment profit or loss	961,554	(1,251,774)	(290,219)	-	(290,219)

Note:

1. Adjustments to segment sales are eliminations between segments
2. Segment profit is consistent with operating profit in the consolidated statements of income.