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## Consolidated Financial Results for the Year Ended December 31, 2023 [Japanese GAAP]

February 14, 2024

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 Annual General Meeting of Shareholders: March 28, 2024  
 Scheduled date of commencing dividend payments: -  
 Scheduled date of filing annual securities report: March 28, 2024  
 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, 2023 (January 1, 2023 to December 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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended December 31, 2023	52,918	14.8	380	(68.0)	353	-	158	(53.2)
December 31, 2022	46,090	16.4	1,189	(30.3)	(175)	-	339	(67.2)

(Note) Comprehensive income: Fiscal year ended December 31, 2023: ¥ 218 million [ (66.6)%]  
 Fiscal year ended December 31, 2022: ¥ 654 million [ (46.4)%]

	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
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2023	(12.98)	-	9.6	0.8	0.7
December 31, 2022	16.44	16.43	7.6	(0.5)	2.6

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended December 31, 2023: ¥ - million  
 Fiscal year ended December 31, 2022: ¥ - million

(Note) Diluted earnings per share for the year ended December 31, 2023 is not shown because net loss per share was recorded, although there are residual shares.

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2023	46,700	1,732	3.7	(258.42)
December 31, 2022	43,524	1,598	3.6	(245.32)

(Reference) Equity: As of December 31, 2023: ¥ 1,730 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.

### (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	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2023	4,564	(3,542)	(692)	2,793
December 31, 2022	1,412	(12,793)	11,914	2,421

### 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	Millions of yen	%	%
December 31, 2022	-	4.00	-	5.50	9.50	173	57.8	11.9
December 31, 2023	-	4.00	-	0.00	4.00	73	-	-
Fiscal year ending December 31, 2024 (Forecast)	-	-	-	-	-		-	

(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, 2024 (January 1, 2024 to December 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		EBITDA		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	%	Millions of yen	%	Yen
Full year	57,500	8.7	5,150	15.3	800	110.3	0	-	(600)	-	(57.70)

(Note) "EBITDA" added from Fiscal Year ended December 31, 2024

EBITDA=Ordinary profit + Depreciation + Amortization of goodwill + Amortization of long-term prepaid expenses.

\* 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, 2023: 18,274,000 shares

December 31, 2022: 18,274,000 shares

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

December 31, 2023: 70,393 shares

December 31, 2022: 70,393 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended December 31, 2023: 18,203,607 shares

Fiscal Year ended December 31, 2022: 18,231,589 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (January 1, 2023 to December 31, 2023)

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2023	28,528	7.2	1,679	(14.7)	1,980	255.2	1,765	528.3
December 31, 2022	26,608	(1.1)	1,968	10.8	557	(68.8)	281	(76.2)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2023	75.30	75.30
December 31, 2022	13.25	13.24

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2023	38,676	16,454	42.5	550.32
December 31, 2022	37,008	14,885	40.2	484.56

(Reference) Equity: As of December 31, 2023: ¥ 16,452 million  
As of December 31, 2022: ¥ 14,860 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 3 of the attached document.

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	Yen	Yen	Yen	Yen	Yen
December 31, 2022	-	-	-	-	-
Fiscal year ending					
December 31, 2023 (Forecast)	-	-	-	-	-

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

(Note) The dividend forecast for the fiscal year ending December 31, 2024 is undecided at this time.

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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, 2023, to December 31, 2023), the business environment improved at a moderate pace in Japan, mainly reflecting recoveries in personal consumption activity and inbound tourism-related demand amid the normalization of socioeconomic activities following the easing of movement restrictions imposed by the coronavirus (“COVID-19”) pandemic. Business trends, however, remained uncertain, reflecting the gradual slowing of the pace of recovery from the COVID-19 pandemic, in addition to an expected rise in costs due to higher prices and tight labor supply. Economic trends in the United States, where the Group companies operate, also remained uncertain, with inflation reaching its highest level in decades due to the COVID-19 pandemic, geopolitical tensions and U.S. fiscal stimulus measures, as well as supply chain disruptions and labor shortages.

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, with digitization accelerating 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 GDO Group recorded net sales of 52,918 million yen (up 14.8% year on year) during the fiscal year under review (January 1, 2023 to December 31, 2023). Operating profit was 380 million yen (down 68.0% year on year) due to a fall in the gross margin, mainly sales of golf equipment in the domestic business, and increases in goodwill and amortization of intangible assets in the Golf Launch Monitors Business acquired in the previous year. Ordinary profit was 353 million yen (compared to an ordinary loss of 175 million yen a year ago) due to interest expenses of 637 million yen, despite foreign exchange gains of 379 million yen and subsidy income of 249 million yen, and profit attributable to owners of parent stood at 158 million yen (down 53.2% year on year).

The results in each main segment are as follows.

#### Domestic segment

During the fiscal year under review, the domestic segment recorded net sales of 28,493 million yen (up 3.3% year on year). The gross profit margin of the Golf Equipment Sales segment declined, mainly due to the impact of price increases and implementation of inventory adjustments, resulting in segment profit of 1,762 million yen (down 12.6% year on year.)

#### Overseas segment

During the fiscal year under review, the overseas segment posted net sales of 24,424 million yen (up 32.1% year on year) due to progress on sales of new models launched in May 2023 in the Golf Launch Monitors Business acquired in August 2022. However, mainly due to an increase in the amortization of goodwill, a segment loss of 1,382 million yen (compared to the segment loss of 825 million yen a year ago) was posted.

### (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 46,700 million yen, up 3,175 million yen from the end of the previous fiscal year. Liabilities totaled 44,967 million yen at the end of the fiscal year under review, increasing 3,041 million yen from the end of the previous fiscal year. Total net assets at the end of the fiscal year under review increased 133 million yen from the end of the previous fiscal year, to 1,732 million yen.

In terms of the balances of accounts for main items, buildings and structures, right-of-use assets, short-term borrowings and a current portion of long-term borrowings, and long-term lease liabilities increased by 1,458 million yen, 1,639

million yen, 1,146 million yen, and 1,575 million yen, respectively. Capital surplus and foreign currency translation adjustments increased by 111 million yen and 59 million yen, respectively.

### (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 372 million yen from the end of the previous fiscal year, to 2,793 million yen (a rise of 15.4% 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 4,564 million yen (cash inflow of 1,412 million during the previous year). This was mainly because non-cash items, such as depreciation of 2,941 million yen and amortization of goodwill of 1,142 million yen, in addition to income before income taxes of 427 million yen, exceeded decreased cash due to an increase in interest paid of 617 million yen.

#### (Cash Flows from Investing Activities)

Cash flows from investing activities during the fiscal year under review resulted in a cash outflow of 3,542 million yen (cash outflow of 12,793 million yen during the previous year). This was primarily due to cash outflows of 1,925 million yen for the purchase of property, plant and equipment, and 1,570 million yen for the purchase of intangible assets.

#### (Cash Flows from Financing Activities)

Cash flows from financing activities during the fiscal year under review resulted in cash outflow of 692 million yen (cash inflow of 11,914 million yen during the previous year). This was mainly attributable to a cash outflow due to repayments of long-term borrowings of 1,533 million yen, offsetting a cash inflow attributable to an increase in short-term borrowings of 1,016 million yen.

### (4) Future Outlook

The outlook of the business environment surrounding the GDO Group remains uncertain, given high inflation rates, worsening labor shortages and continued geopolitical risks, etc. 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, as well as abnormal climate conditions and natural disasters in recent years, among other factors. Globally, against the backdrop of evolving AI technology and 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 developed a mid-term strategic plan from 2024 to 2026 based on results in the previous mid-term strategic plan in order to realize its mission of “Connect the World with Golf.” In the new mid-term strategic plan, the GDO Group will work to improve the profit margin by promoting higher productivity and efficiency through the improvement, refinement and modernization of all of its services in a concentrated manner. For further details, please refer to the “mid-term strategic plan 2024-2026.”

Taking these efforts into consideration, the GDO Group expects in its full-year consolidated results forecast for the next fiscal year (January 1, 2024 to December 31, 2024) that net sales will increase to 57,500 million yen (up 8.7% year on year), EBITDA will rise to 5,150 million yen (up 15.3% year on year), operating profit will increase to 800 million yen (up 110.3% year on year), ordinary profit will decline to 0 million yen (compared to ordinary profit of 353 million yen a year ago) and profit attributable to owners of parent will decrease to a loss of 600 million yen (compared to profit of 158 million yen a year ago). EBITDA is calculated based on the following formula: Operating profit + Depreciation + Amortization of goodwill + Amortization of long-term prepaid expenses.

#### (5) Important Matters Related to Going Concern Assumption

At the end of the consolidated fiscal year under review, the GDO Group breached the financial covenants attached to syndicated loan agreements and preferred stock investment agreements concluded with several financial institutions due to the fall of its consolidated business performance below the profit maintenance standard of at least 1,250 million yen. However, since the end of the fiscal year, the GDO Group has obtained consent from financial institutions and preferred shareholders not to claim for the acceleration of maturity due to breach of financial covenants for the balance of syndicated loan of 13,216 million yen and the balance of preferred shares of 6,000 million yen and therefore has determined that there is no material uncertainty regarding the going concern assumption.

#### 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.

# Consolidated Financial Statements

## Consolidated Balance Sheets

(Thousands of yen)

	As of December 31, 2022	As of December 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	2,421,492	2,793,940
Accounts receivable - trade	3,063,950	3,520,712
Merchandise	6,238,673	6,060,449
Work in process	694	1,465
Supplies	186,183	239,369
Other	2,248,574	2,170,818
Allowance for doubtful accounts	(16,022)	(14,318)
Total current assets	14,143,547	14,772,437
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,747,384	8,205,687
Machinery, equipment and vehicles	13,757	13,757
Tools, furniture and fixtures	3,058,824	3,833,303
Leased assets	13,506	13,506
Right of use assets	7,631,816	9,271,216
Construction in progress	217,280	302,592
Accumulated depreciation	(3,970,111)	(5,467,043)
Total property, plant and equipment	13,712,456	16,173,019
Intangible assets		
Goodwill	8,479,098	8,084,462
Other	6,269,235	6,623,252
Total intangible assets	14,748,333	14,707,714
Investments and other assets		
Investment securities	10,519	10,626
Deferred tax assets	210,436	308,051
Other	706,290	735,464
Allowance for doubtful accounts	(6,974)	(6,974)
Total investments and other assets	920,271	1,047,168
Total non-current assets	29,381,062	31,927,902
Total assets	43,524,609	46,700,339



(Thousands of yen)

	As of December 31, 2022	As of December 31, 2023
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	2,893,669	2,620,101
Short-term borrowings	5,603,721	6,771,525
Current portion of long-term borrowings	1,514,167	1,493,351
Lease liabilities	1,322,399	1,716,864
Accounts payable - other	1,680,703	2,084,321
Income taxes payable	61,396	430,797
Contract liabilities	5,562,340	6,068,296
Provision for bonuses	390	-
Provision for point card certificates	38,642	32,302
Provision for shareholder benefit program	27,787	44,434
Asset retirement obligations	-	12,677
Other	1,220,960	1,686,527
<b>Total current liabilities</b>	<b>19,926,177</b>	<b>22,961,200</b>
Non-current liabilities		
Long-term borrowings	12,961,461	11,723,470
Lease liabilities	7,729,247	9,304,577
Provision for retirement benefits for directors (and other officers)	121,002	133,002
Provision for share awards for directors (and other officers)	17,486	40,350
Deferred tax liabilities	120,811	78,213
Asset retirement obligations	344,812	370,530
Other	704,735	356,243
<b>Total non-current liabilities</b>	<b>21,999,556</b>	<b>22,006,387</b>
<b>Total liabilities</b>	<b>41,925,734</b>	<b>44,967,587</b>
Net assets		
Shareholders' equity		
Share capital	1,458,953	1,458,953
Capital surplus	-	111,402
Retained earnings	(152,151)	(166,976)
Treasury shares	(80,253)	(80,253)
<b>Total shareholders' equity</b>	<b>1,226,547</b>	<b>1,323,125</b>
Accumulated other comprehensive income		
Foreign currency translation adjustment	347,321	407,294
<b>Total accumulated other comprehensive income</b>	<b>347,321</b>	<b>407,294</b>
Share acquisition rights	25,006	2,331
<b>Total net assets</b>	<b>1,598,875</b>	<b>1,732,751</b>
<b>Total liabilities and net assets</b>	<b>43,524,609</b>	<b>46,700,339</b>

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Net sales	46,090,292	52,918,122
Cost of sales	30,091,276	35,094,676
Gross profit	15,999,015	17,823,445
Selling, general and administrative expenses	14,809,060	17,443,084
Operating profit	1,189,955	380,361
Non-operating income		
Interest income	488	605
Foreign exchange gains	-	379,966
Subsidy income	9,054	249,669
Other	15,242	24,971
Total non-operating income	24,785	655,212
Non-operating expenses		
Interest expenses	160,712	637,359
Foreign exchange losses	824,996	-
Financing expenses	402,937	2,000
Other	1,373	43,032
Total non-operating expenses	1,390,020	682,392
Ordinary profit (loss)	(175,279)	353,182
Extraordinary income		
Gain on sale of non-current assets	4,440	33,284
Gain on reversal of share acquisition rights	322	44,004
Gain on forgiveness of debts	865,617	-
Other	30,818	1,054
Total extraordinary income	901,198	78,343
Extraordinary losses		
Loss on retirement of non-current assets	43,374	38
Impairment losses	114,678	-
Other	2,429	4,241
Total extraordinary losses	160,481	4,279
Profit before income taxes	565,436	427,246
Income taxes - current	227,971	415,625
Income taxes - deferred	(1,859)	(147,154)
Total income taxes	226,111	268,471
Profit	339,325	158,775
Profit attributable to owners of parent	339,325	158,775

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Profit	339,325	158,775
Other comprehensive income		
Foreign currency translation adjustment	315,667	59,973
Total other comprehensive income	315,667	59,973
Comprehensive income	654,992	218,748
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	654,992	218,748

Consolidated Statements of Changes in Equity  
For the fiscal year ended December 31, 2022

(Thousands of 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	3,466,545	(422)	7,372,180
Cumulative effects of changes in accounting policies			(1,790)		(1,790)
Restated balance	1,458,953	2,447,104	3,464,755	(422)	7,370,390
Changes during period					
Issuance of new shares	3,000,000	3,000,000			6,000,000
Dividends of surplus			(180,084)		(180,084)
Share-based payments					-
Profit attributable to owners of parent			339,325		339,325
Purchase of treasury shares				(79,831)	(79,831)
Transfer from share capital to other capital surplus	(3,000,000)	3,000,000			-
Change in ownership interest of parent due to transactions with non-controlling interests		(8,447,104)	(3,776,149)		(12,223,254)
Net changes in items other than shareholders' equity					-
Total changes during period	-	(2,447,104)	(3,616,907)	(79,831)	(6,143,843)
Balance at end of period	1,458,953	-	(152,151)	(80,253)	1,226,547

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	31,654	31,654	7,536	7,411,371
Cumulative effects of changes in accounting policies				(1,790)
Restated balance	31,654	31,654	7,536	7,409,581
Changes during period				
Issuance of new shares				6,000,000
Dividends of surplus				(180,084)
Share-based payments				-
Profit attributable to owners of parent				339,325
Purchase of treasury shares				(79,831)
Transfer from share capital to other capital surplus				-

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Change in ownership interest of parent due to transactions with non-controlling interests				(12,223,254)
Net changes in items other than shareholders' equity	315,667	315,667	17,469	333,136
Total changes during period	315,667	315,667	17,469	(5,810,706)
Balance at end of period	347,321	347,321	25,006	1,598,875

For the fiscal year ended December 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,458,953	-	(152,151)	(80,253)	1,226,547
Cumulative effects of changes in accounting policies					-
Restated balance	1,458,953	-	(152,151)	(80,253)	1,226,547
Changes during period					
Issuance of new shares					-
Dividends of surplus			(173,599)		(173,599)
Share-based payments		111,402			111,402
Profit attributable to owners of parent			158,775		158,775
Purchase of treasury shares					-
Transfer from share capital to other capital surplus					-
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes in items other than shareholders' equity					-
Total changes during period	-	111,402	(14,824)	-	96,578
Balance at end of period	1,458,953	111,402	(166,976)	(80,253)	1,323,125

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	347,321	347,321	25,006	1,598,875
Cumulative effects of changes in accounting policies				-
Restated balance	347,321	347,321	25,006	1,598,875
Changes during period				
Issuance of new shares				-
Dividends of surplus				(173,599)
Share-based payments				111,402
Profit attributable to owners of parent				158,775
Purchase of treasury shares				-
Transfer from share capital to other capital surplus				-
Change in				-

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income		
ownership interest of parent due to transactions with non-controlling interests				
Net changes in items other than shareholders' equity	59,973	59,973	(22,675)	37,298
Total changes during period	59,973	59,973	(22,675)	133,876
Balance at end of period	407,294	407,294	2,331	1,732,751

## Consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	565,436	427,246
Depreciation	2,097,160	2,941,148
Amortization of goodwill	760,788	1,142,476
Impairment losses	114,678	-
Increase (decrease) in provision for point card certificates	16,628	(6,340)
Increase (decrease) in allowance for doubtful accounts	(1,200)	(2,344)
Increase (decrease) in provision for bonuses	(139,610)	(390)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	12,000	12,000
Increase (decrease) in provision for shareholder benefit program	(1,995)	16,647
Increase (decrease) in provision for loss on litigation	(78,978)	-
Increase (decrease) in provision for share awards for directors (and other officers)	17,486	22,863
Interest and dividend income	(488)	(605)
Interest expenses	160,712	637,359
Foreign exchange losses (gains)	875,711	(394,941)
Financing expenses	402,937	2,000
Gain on forgiveness of debts	(865,617)	-
Gain on reversal of share acquisition rights	(322)	(44,004)
Loss on retirement of non-current assets	43,374	38
Decrease (increase) in trade receivables	(252,049)	(408,032)
Decrease (increase) in inventories	(2,224,079)	249,340
Increase (decrease) in trade payables	551,161	(335,368)
Increase (decrease) in contract liabilities	(417,766)	171,976
Decrease (increase) in other assets	(435,468)	118,775
Increase (decrease) in other liabilities	735,280	524,392
Other, net	(24,290)	137,868
<b>Subtotal</b>	<b>1,911,491</b>	<b>5,212,108</b>
Interest and dividends received	488	605
Interest paid	(96,008)	(617,343)
Income taxes paid	(403,575)	(30,689)
<b>Net cash provided by (used in) operating activities</b>	<b>1,412,396</b>	<b>4,564,680</b>
<b>Cash flows from investing activities</b>		
Payments for acquisition of businesses	(8,723,713)	(74,968)
Payment for settlement of conditional acquisition consideration	(261,979)	-
Purchase of property, plant and equipment	(2,809,019)	(1,925,052)
Purchase of intangible assets	(1,057,729)	(1,570,029)
Loan advances	(26)	(193)
Proceeds from collection of loans receivable	117	50
Proceeds from refund of leasehold deposits	110,644	114
Payments of leasehold deposits	(42,826)	(5,857)
Other, net	(8,932)	33,284
<b>Net cash provided by (used in) investing activities</b>	<b>(12,793,464)</b>	<b>(3,542,652)</b>



(Thousands of yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	4,277,063	1,016,353
Proceeds from long-term borrowings	14,870,550	-
Repayments of long-term borrowings	(228,505)	(1,533,599)
Repayments of finance lease liabilities	(778)	(584)
Proceeds from issuance of shares	6,000,000	-
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(12,341,025)	-
Payments for financing expenses	(402,937)	(2,000)
Dividends paid	(173,330)	(173,061)
Dividends paid to non-controlling interests	(6,624)	-
Purchase of treasury shares	(79,831)	-
Net cash provided by (used in) financing activities	11,914,580	(692,890)
Effect of exchange rate change on cash and cash equivalents	(1,016,790)	43,309
Net increase (decrease) in cash and cash equivalents	(483,278)	372,447
Cash and cash equivalents at beginning of period	2,904,770	2,421,492
Cash and cash equivalents at end of period	2,421,492	2,793,940

## (5) Notes to Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(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, 2022 (from January 1, 2022, to December 31, 2022)

(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	27,593,838	18,496,454	46,090,292	—	46,090,292
Internal sales or transferred amount between segments	—	106,812	106,812	(106,812)	—
Total	27,593,838	18,603,266	46,197,104	(106,812)	46,090,292
Segment profit or loss	2,015,936	(825,981)	1,189,955	—	1,189,955
Segment assets	13,247,531	30,277,077	43,524,609	—	43,524,609
Other					
Depreciation	622,040	1,475,120	2,097,160	—	2,097,160
Depreciation of goodwill	—	760,788	760,788	—	760,788
Impairment loss	114,678	—	114,678	—	114,678

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, 2023 (from January 1, 2023, to December 31, 2023)

(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	28,493,127	24,424,994	52,918,122	—	52,918,122
Internal sales or transferred amount between segments	35,520	128,162	163,682	(163,682)	—
Total	28,528,647	24,553,157	53,081,804	(163,682)	52,918,122
Segment profit or loss	1,762,579	(1,382,217)	380,361	—	380,361
Segment assets	13,136,240	33,564,098	46,700,339	—	46,700,339
Other					
Depreciation	647,856	2,293,291	2,941,148	—	2,941,148
Depreciation of goodwill	—	1,142,476	1,142,476	—	1,142,476

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, 2022	For the fiscal year ended December 31, 2023
Net assets per share	(245.32)	(258.42)
Basic earnings per share	16.44	(12.98)
Diluted earnings per share	16.43	-

Note:

1. Diluted net income per share for the fiscal year ended March 31, 2012 is not shown in the above table, because net loss per share was recorded, although there are residual shares..

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

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Total net assets	1,598,875	1,732,751
Amount deducted from total net assets	6,064,540	6,436,876
(Stock acquisition rights)	25,006	2,331
(Amount to be paid in for preferred shares)	6,000,000	6,000,000
(Preferred dividend)	39,534	434,545
Net assets related to common stock at the end of the period	(4,465,665)	(4,704,125)
Number of shares of common shares used in the calculation of net assets per share at the end of the fiscal year	18,203,607	18,203,607

3. The Company has introduced a stock compensation plan, "Board Benefit Trust (BBT)" from the current consolidated fiscal year, and the Company shares held by the trust account are included in the treasury stock deducted from the total number of shares issued and outstanding at the end of the period for the calculation of "net assets per share" (70,000 shares in the previous fiscal year and the current fiscal year).

4.The basis for calculating net income per share and diluted net income per share is as follows. (Thousands of yen)

	For the fiscal year endedDecember 31, 2022	For the fiscal year endedDecember 31, 2023
Basic earnings per share		
Profit attributable to owners of parent	339,325	158,775
Amount not attributable to common shareholders	39,534	395,011
Profit attributable to owners of the parent for common stock	299,791	(236,236)
Average number of shares during the period (Shares)	18,231,589	18,203,607
Diluted earnings per share		
Adjustment of net profit attributable to owners of the parent	—	—
Increase in common shares	9,776	—
(Share acquisition rights)	9,776	—
Summary of potential shares not included in the calculation of diluted earnings per share due to the absence of dilutive effects	—	—

5.The Company's shares held by the Trust Account of the Stock Benefit Trust (BBT) are included in treasury stock as a deduction in the calculation of average number of shares during the period for the purpose of calculating "Basic earnings per share" and "diluted earnings per share" (42,018 shares in the previous fiscal year, 70,000 shares in the current fiscal year).

(Significant Subsequent Events)

None.