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## Consolidated Financial Results for the Three Months Ended March 31, 2024 [Japanese GAAP]

May 13, 2024

Company name: Golf Digest Online Inc.  
 Stock exchange listing: Tokyo  
 Code number: 3319  
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 Scheduled date of filing quarterly securities report: May 14, 2024  
 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, 2024 (January 1, 2024 to March 31, 2024)

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

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2024	12,959	11.2	213	(55.6)	(916)	-	(619)	-	(823)	-
March 31, 2023	11,652	21.6	481	(38.6)	(437)	-	(304)	-	13	(98.6)

(Note) Comprehensive income: Three months ended March 31, 2024: ¥ (862) million [-%]  
 Three months ended March 31, 2023: ¥ 17 million [(98.4)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
March 31, 2024	(51.05)	-
March 31, 2023	(4.55)	-

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

(Note) Diluted earnings per share 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
March 31, 2024	47,976	899	1.9	(309.99)
December 31, 2023	46,700	1,732	3.7	(258.42)

(Reference) Equity: As of March 31, 2024: ¥ 897 million  
 As of December 31, 2023: ¥ 1,730 million

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

## 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, 2023	-	4.00	-	0.00	4.00
Fiscal year ending December 31, 2024	-				
Fiscal year ending December 31, 2024 (Forecast)		-	-	-	-

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

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

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

(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 three months ended March 31, 2024

(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, 2024: 18,274,000 shares

December 31, 2023: 18,274,000 shares

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

March 31, 2024: 70,393 shares

December 31, 2023: 70,393 shares

3) Average number of shares outstanding during the period:

Three months ended March 31, 2024: 18,203,607 shares

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

(Note) Board Benefit Trust (BBT), a stock compensation plan for directors, has been implemented since FY2022, and Golf Digest Online Inc.'s shares held by the Trust are included in the treasury shares.

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

\* The forward-looking statements described in this document including financial 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 Third Quarter Consolidated Results (3) Overview of Consolidated Earnings Forecast” on page 2 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 December 31, 2023	Yen -	Yen -	Yen -	Yen 0.00	Yen 0.00
Fiscal year ending December 31, 2024 (Forecast)	-	-	-	-	-

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

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

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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, 2024 to March 31, 2024), the Japanese economy showed a gradual recovery trend due to an increase in personal consumption, centered on service consumption, while being affected by high prices. In addition, the US economy, where our overseas group operates, is showing moderate growth supported by solid personal consumption and a strong labor market, although there are growing concerns about a slowdown. On the other hand, the global economy is facing uncertainty, given its decelerating trend and increasing geopolitical risks.

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 vast quantity of information and the capacity to provide specialized golf services as its strengths. Furthermore, based on the mid-term strategic plan published in February 2024, the Group has been implementing a variety of initiatives to improve the profit margin.

As a result, the Group recorded net sales of 12,959 million yen (up 11.2% year on year) during the first quarter under review (January 1, 2024 to March 31, 2024). Although there were improvements in the profit margin and non-financial indicators for some services due to various initiatives, EBITDA was 213 million yen (down 55.6% year on year), and an operating loss was 916 million yen (an operating loss of 437 million yen in the same period of the previous year), mainly due to the fact that expenses were incurred in advance in the first quarter of the fiscal year. An ordinary loss was 619 million yen (an ordinary loss of 304 million yen in the same period of the previous year), and a loss attributable to owners of parent was 823 million yen (profit attributable to owners of parent of 13 million yen in the same period of the previous 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 6,405 million yen (down 2.4% year on year). Segment income stood at 45 million yen (down 55.6% year on year).

#### Overseas segment

During the first three months under review, the overseas segment posted net sales of 6,553 million yen (up 28.7% year on year). The segment loss was 962 million yen (compared to the segment loss of 540 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 47,976 million yen, up 1,276 million yen from the end of the previous fiscal year. Liabilities totaled 47,077 million yen at the end of the fiscal year under review, increasing 2,109 million yen from the end of the previous fiscal year. Total net assets as of the same date decreased 833 million yen from the end of the previous fiscal year, to 899 million yen.

In terms of the balances of accounts for main items, buildings and structures, accounts payable - trade, and contract liabilities increased by 898 million yen, 848 million yen, and 1,570 million yen, respectively. Retained earnings decreased by 823 million yen.

### (3) Overview of Consolidated Earning Forecast

Consolidated results forecasts for the fiscal year ending December 31, 2024 remain unchanged from the consolidated results forecasts announced on February 14, 2024.

Quarterly Consolidated Financial Statements  
Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of December 31, 2023	As of March 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	2,793,940	2,461,661
Accounts receivable - trade	3,520,712	3,190,575
Merchandise	6,060,449	6,207,409
Work in process	1,465	4,415
Supplies	239,369	251,169
Other	2,170,818	2,751,945
Allowance for doubtful accounts	(14,318)	(10,769)
Total current assets	14,772,437	14,856,407
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,205,687	9,104,594
Tools, furniture and fixtures	3,833,303	4,272,314
Right of use assets	9,271,216	9,457,224
Other	329,856	106,737
Accumulated depreciation	(5,467,043)	(6,136,541)
Total property, plant and equipment	16,173,019	16,804,329
Intangible assets		
Goodwill	8,084,462	8,320,391
Other	6,623,252	6,964,280
Total intangible assets	14,707,714	15,284,672
Investments and other assets		
Other	1,054,142	1,038,725
Allowance for doubtful accounts	(6,974)	(7,180)
Total investments and other assets	1,047,168	1,031,544
Total non-current assets	31,927,902	33,120,546
Total assets	46,700,339	47,976,954

(Thousands of yen)

	As of December 31, 2023	As of March 31, 2024
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	2,620,101	3,468,135
Short-term borrowings	6,771,525	6,611,916
Current portion of long-term borrowings	1,493,351	1,524,007
Income taxes payable	430,797	156,394
Contract liabilities	6,068,296	7,638,397
Provision for bonuses	-	20,004
Provision for point card certificates	32,302	29,295
Provision for shareholder benefit program	44,434	31,279
Asset retirement obligations	12,677	12,687
Other	5,487,713	5,764,966
<b>Total current liabilities</b>	<b>22,961,200</b>	<b>25,257,083</b>
Non-current liabilities		
Long-term borrowings	11,723,470	11,580,052
Lease liabilities	9,304,577	9,465,842
Provision for retirement benefits for directors (and other officers)	133,002	135,999
Provision for share awards for directors (and other officers)	40,350	40,350
Asset retirement obligations	370,530	369,035
Other	434,456	229,143
<b>Total non-current liabilities</b>	<b>22,006,387</b>	<b>21,820,423</b>
<b>Total liabilities</b>	<b>44,967,587</b>	<b>47,077,507</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,458,953	1,458,953
Capital surplus	111,402	140,448
Retained earnings	(166,976)	(990,845)
Treasury shares	(80,253)	(80,253)
<b>Total shareholders' equity</b>	<b>1,323,125</b>	<b>528,302</b>
Accumulated other comprehensive income		
Foreign currency translation adjustment	407,294	368,720
<b>Total accumulated other comprehensive income</b>	<b>407,294</b>	<b>368,720</b>
Share acquisition rights	2,331	2,424
<b>Total net assets</b>	<b>1,732,751</b>	<b>899,446</b>
<b>Total liabilities and net assets</b>	<b>46,700,339</b>	<b>47,976,954</b>

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

(Thousands of yen)

	For the three months ended March 31, 2023	For the three months ended March 31, 2024
Net sales	11,652,896	12,959,203
Cost of sales	7,820,726	9,006,277
Gross profit	3,832,169	3,952,925
Selling, general and administrative expenses	4,269,271	4,869,809
Operating loss	(437,102)	(916,883)
Non-operating income		
Interest income	430	18
Foreign exchange gains	37,463	468,219
Subsidy income	234,990	-
Other	3,386	5,702
Total non-operating income	276,271	473,940
Non-operating expenses		
Interest expenses	142,175	175,699
Other	1,613	514
Total non-operating expenses	143,789	176,213
Ordinary loss	(304,620)	(619,156)
Extraordinary income		
Gain on sale of non-current assets	893	22,633
Other	-	2,976
Total extraordinary income	893	25,609
Extraordinary losses		
Loss on retirement of non-current assets	38	14,273
Loss on litigation	-	44,288
Extra retirement payments	-	28,832
Total extraordinary losses	38	87,394
Loss before income taxes	(303,765)	(680,941)
Income taxes - current	(7,752)	122,993
Income taxes - deferred	(309,406)	19,933
Total income taxes	(317,158)	142,927
Profit (loss)	13,392	(823,868)
Profit (loss) attributable to owners of parent	13,392	(823,868)



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

(Thousands of yen)

	For the three months ended March 31, 2023	For the three months ended March 31, 2024
Profit (loss)	13,392	(823,868)
Other comprehensive income		
Foreign currency translation adjustment	3,720	(38,574)
Total other comprehensive income	3,720	(38,574)
Comprehensive income	17,113	(862,443)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,113	(862,443)

(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, 2023 to Mar. 31 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	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 or loss (-) are consistent with operating profit in the consolidated Statements of Income.

Consolidated cumulative third quarter (From January 1, 2024 to Mar. 31, 2024)

(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	6,405,493	6,553,709	12,959,203	-	12,959,203
Internal sales or transferred amount between segments	-	35,030	35,030	(35,030)	-
Total	6,405,493	6,588,740	12,994,233	(35,030)	12,959,203
Segment profit or loss	45,734	(962,617)	(916,883)	-	(916,883)

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. Other

#### Important Matters Related to Going Concern Assumption

At the end of the previous consolidated fiscal year, the GDO Group breached the financial covenants, the covenants attached to syndicated loan agreements and preferred stock investment agreements concluded with several financial institutions and preferred shareholders due to the fall below the profit standard to maintain profit attributable to owners of parent at 1,250 million yen or more. At the end of the previous consolidated fiscal year, however, the GDO Group has already obtained consent from financial institutions and preferred shareholders not to claim for the acceleration of maturity on the grounds of the breach and therefore has concluded that there is no material uncertainty regarding the going concern assumption.