

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



Consolidated Financial Results for the Year Ended December 31, 2024 [Japanese GAAP]

February 14, 2025

Company name: Golf Digest Online Inc.
 Listing: Tokyo
 Securities code: 3319
 URL: <https://www.golfdigest.co.jp>
 Representative: Nobuya Ishizaka President and CEO
 Inquiries: Ryo Nakamura CFO
 Telephone: +81-3-5656-2888
 Scheduled date of annual general meeting of shareholders: March 26, 2025
 Scheduled date to commence dividend payments: -
 Scheduled date to file annual securities report: March 26, 2025
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 (January 1, 2024 to December 31, 2024)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	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	%
Fiscal year ended December 31, 2024	57,006	7.7	3,935	(11.9)	(823)	-	(862)	-	(1,698)	-
December 31, 2023	52,918	14.8	4,465	10.3	380	(68.0)	353	-	158	(53.2)

(Note) Comprehensive income: Fiscal year ended December 31, 2024: ¥ (1,865) million [-%]
 Fiscal year ended December 31, 2023: ¥ 218 million [(66.6) %]

	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
	Yen	Yen	%	%	%
Fiscal year ended December 31, 2024	(117.86)	-	(197.9)	(1.8)	(1.4)
December 31, 2023	(12.98)	-	9.6	0.8	0.7

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended December 31, 2024: ¥ - million
 Fiscal year ended December 31, 2023: ¥ - million

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

(Note) Diluted earnings per share for the year ended December 31, 2024 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
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2024	47,152	(3)	(0.0)	(378.75)
December 31, 2023	46,700	1,732	3.7	(258.42)

(Reference) Equity: As of December 31, 2024: ¥ (13) million
 As of December 31, 2023: ¥ 1,730 million

(Note) The "Net assets per share" is calculated by deducting 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 from the total net assets.

(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, 2024	1,956	(3,071)	502	2,183
December 31, 2023	4,564	(3,542)	(692)	2,793

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			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended	-	4.00	-	0.00	4.00	73	-	-
December 31, 2023	-	0.00	-	0.00	0.00	-	-	-
December 31, 2024	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending				-	-			-
December 31, 2024 (Forecast)								

(Note) The dividend forecast for the fiscal year ending December 31, 2025 is undecided at this time.

(Note) 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, 2025 (January 1, 2025 to December 31, 2025)

(Percentages indicate year-on-year changes.)

	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	59,300	4.0	4,350	10.5	(425)	-	(1,340)	-	(1,780)	-	-

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

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

(2) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(3) Number of issued shares (common shares)

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

December 31, 2024: 18,274,000 shares

December 31, 2023: 18,274,000 shares

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

December 31, 2024: 67,993 shares

December 31, 2023: 70,393 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended December 31, 2024: 18,205,253 shares

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

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

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2024 (January 1, 2024 to December 31, 2024)

(1) Non-consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	29,059	1.9	1,518	(9.6)	2,143	8.2	1,557	(11.8)
December 31, 2023	28,528	7.2	1,679	(14.7)	1,980	255.2	1,765	528.3

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
December 31, 2024	60.99	60.97
December 31, 2023	75.30	75.30

(2) Non-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, 2024	41,382	18,023	43.5	611.38
December 31, 2023	38,676	16,454	42.5	550.32

(Reference) Equity: As of December 31, 2024: ¥ 18,012 million
As of December 31, 2023: ¥ 16,452 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, 2025 is undecided at this time.

Table of Contents

1. Overview of Results of Operations, Etc.	2
(1) Overview of Results of Operations for the Fiscal Year under Review	2
(2) Overview of Financial Position for the Fiscal Year under Review	2
(3) Overview of Cash Flows for the Current Consolidated Fiscal Year	3
(4) Future Outlook... ..	3
(5) Important Matters Related to Going Concern Assumption... ..	3
2. Basic Views on Selection of Accounting Standards	3
3. Consolidated Financial Statements	4
(1) Consolidated Balance Sheets	4
(2) Consolidated Statements of Income and Comprehensive Income	6
Consolidated Statements of Income	6
Consolidated Statements of Comprehensive Income	7
(3) Consolidated Statements of Changes in Equity	8
(4) Consolidated Statements of Cash Flows	10
(5) Notes to the Consolidated Financial Statements	12
(Notes on Going Concern Assumption)	12
(Segment Information, etc.)	12
(Per Share Information)	14
(Significant Subsequent Events)	15

1. Overview of Results of Operations, Etc.

(1) Overview of Results of Operations for the Fiscal Year

During the current consolidated fiscal year (January 1, 2024 to December 31, 2024), the domestic business environment saw accelerating inflation due to a number of factors, including climate change and geopolitical risks, which led to a decline in household purchasing power. In the U.S., the economy faced difficult times due to a worsening shortage of human resources and consumers' reluctance to spend on expensive goods and non-essential items as a result of continued high inflation. In addition, the widening interest rate differential between Japan and the United States has led to a weakening of the yen, and this has had a significant impact on the Company's business environment.

In the environment surrounding the Internet, markets such as e-commerce and Internet-related services continued to expand.

Meanwhile, digital technologies, notable examples are 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 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 GDO Group recorded net sales of 57,006 million yen (up 7.7 % year on year) during the fiscal year under review (January 1, 2024 to December 31, 2024). In terms of profits, the execution of IT investments in line with the initial plan domestically, as well as investments to increase the number of GOLFTec coaches and business expansion overseas, led to an operating loss of 823 million yen (operating profit of 380 million yen in the same period last year). In addition, while there were foreign exchange gains of 677 million yen, there were interest expenses of 733 million yen, resulting in an ordinary loss of 862 million yen (compared to ordinary profit of 353 million yen in the same period last year), and loss attributable to owners of parent of 1,698 million yen (compared to profit attributable to owners of parent of 158 million yen in the same period last year).

The results in each main segment are as follows.

Domestic segment

In the Domestic segment, performance for the fiscal year under review overcame the backlash from the special demand for golf during the COVID-19 pandemic and gradually recovered toward the second half, with net sales reaching 29,065 million yen (up 2.0% year on year). On the other hand, segment profit was 1,724 million yen (down 2.1% year on year), reflecting increased selling, general and administrative expenses, reflecting IT investments in line with initial plans, and investments associated with security enhancement.

Overseas segment

In the overseas segment for the current consolidated fiscal year, sales of golf launch monitors increased, resulting in net sales of 27,941 million yen (up 14.4% year on year). In addition, in the GOLFTec business, sales growth was limited compared to plans due to factors such as the worsening macro environment, while expenses increased due to the number of coaches and training expense increased, resulting in a segment loss of 2,548 million yen (segment loss of 1,382 million yen in the same period last year).

(2) Overview of Financial Position for the current consolidated Fiscal Year

Looking at the financial position at the end of the current consolidated fiscal year, total assets stood at 47,152 million yen, up 452 million yen from the end of the previous fiscal year. Liabilities totaled 47,155 million yen, increasing 2,188 million yen from the end of the previous fiscal year. Total net assets as of the same date decreased 1,735 million yen from the end of the previous fiscal year, to loss of 3 million yen.

In terms of the balances of accounts for main items, buildings and structures increased 1,690 million yen, while short-term borrowings and the current portion of long-term borrowings increased 2,469 million yen. In addition, capital surplus increased 118 million yen, and foreign currency translation adjustment decreased 167 million yen.

(3) Overview of Cash Flows for the Current Consolidated Fiscal Year

Cash and cash equivalents (“cash”) at the end of the fiscal year under review decreased 610 million yen from the end of the previous fiscal year, to 2,183 million yen (a decrease of 21.9% from the end of previous fiscal year).

The status of each of the cash flow segments and contributing factors in the current consolidated fiscal year is as follows:

(Cash Flows from Operating Activities)

Cash flows from operating activities during the current consolidated fiscal year resulted in cash inflow of 1,956 million yen (cash inflow of 4,564 million during the previous year). This was mainly due to loss before income taxes of 1,007 million yen and a decrease in other, net liabilities of 1,168 million yen, while non-cash items included depreciation of 3,514 million yen and goodwill amortization of 1,243 million yen.

(Cash Flows from Investing Activities)

Cash flows from investing activities during the current consolidated fiscal year resulted in a cash outflow of 3,071 million yen (cash outflow of 3,542 million yen during the previous year). This was primarily due to cash outflows of 1,542 million yen for the purchase of property, plant and equipment, and 1,574 million yen for the purchase of intangible assets.

(Cash Flows from Financing Activities)

Cash flows from financing activities during the current consolidated fiscal year resulted in cash inflow of 502 million yen (cash outflow of 692 million yen during the previous year). This was mainly attributable to a cash inflow attributable to an increase in short-term borrowings of 2,100 million yen, offsetting a cash outflow of 1,527 million yen due to repayments of long-term borrowings.

(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 will focus on improving the profit margin by improving, upgrading and modernizing all of its services and promoting increased productivity and efficiency.

Taking these efforts into consideration, the GDO Group expects in its full-year consolidated results forecast for the next fiscal year (January 1, 2025 to December 31, 2025) that net sales will increase to 59,300 million yen (up 4.0% year on year), EBITDA will rise to 4,350 million yen (up 10.5% year on year), operating loss will be 425 million yen (compared to operating loss of 823 million yen a year ago), ordinary loss will come to 1,340 million yen (compared to ordinary loss of 862 million yen) and loss attributable to owners of parent will be 1,780 million yen (compared to loss of 1,698 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

During the current consolidated fiscal year, the GDO Group recorded an operating loss of 8.23 billion yen, an ordinary loss of 8.62 billion yen, and a net loss attributable to owners of parent of 16.98 billion yen. As a result, as of December 31, 2024, the GDO Group has a negative net asset position of 3 million yen on the consolidated balance sheet.

Additionally, during the current consolidated fiscal year, the GDO Group fell below the profit maintenance standard of setting the loss attributable to owners of parent at 800 million yen or less. As a result, the GDO Group breached the financial covenants attached to the syndicated loan and preferred stock agreements concluded with multiple financial institutions and preferred shareholders. the GDO Group recognizes that events or circumstances have arisen that cast significant doubt on its going concern assumption.

For details regarding the going concern assumption, please refer to “3. Consolidated Financial Statements (5) Notes to the Consolidated Financial Statements (Notes on 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.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of December 31, 2023	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	2,793,940	2,183,135
Accounts receivable - trade	3,520,712	4,219,530
Merchandise	6,060,449	6,154,128
Work in process	1,465	202
Supplies	239,369	245,031
Other	2,170,818	2,210,807
Allowance for doubtful accounts	(14,318)	(5,088)
Total current assets	14,772,437	15,007,747
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,205,687	9,896,234
Machinery, equipment and vehicles	13,757	13,757
Tools, furniture and fixtures	3,833,303	4,597,178
Leased assets	13,506	13,506
Right of use assets	9,271,216	9,112,651
Construction in progress	302,592	382,641
Accumulated depreciation	(5,467,043)	(7,489,705)
Total property, plant and equipment	16,173,019	16,526,263
Intangible assets		
Goodwill	8,084,462	7,720,298
Software	2,333,448	2,863,884
Other	4,289,804	4,045,073
Total intangible assets	14,707,714	14,629,256
Investments and other assets		
Investment securities	10,626	5,760
Deferred tax assets	308,051	335,543
Other	735,464	655,318
Allowance for doubtful accounts	(6,974)	(6,974)
Total investments and other assets	1,047,168	989,648
Total non-current assets	31,927,902	32,145,168
Total assets	46,700,339	47,152,915

(Thousands of yen)

	As of December 31, 2023	As of December 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	2,620,101	3,485,862
Short-term borrowings	6,771,525	9,188,962
Current portion of long-term borrowings	1,493,351	1,545,671
Lease liabilities	1,716,864	1,997,250
Accounts payable - other	2,084,321	1,726,105
Income taxes payable	430,797	563,556
Contract liabilities	6,068,296	6,721,683
Provision for point card certificates	32,302	36,141
Provision for shareholder benefit program	44,434	45,786
Asset retirement obligations	12,677	-
Other	1,686,527	1,569,869
Total current liabilities	22,961,200	26,880,888
Non-current liabilities		
Long-term borrowings	11,723,470	10,583,279
Lease liabilities	9,304,577	9,161,767
Provision for retirement benefits for directors (and other officers)	133,002	-
Provision for share awards for directors (and other officers)	40,350	53,826
Deferred tax liabilities	78,213	66,445
Asset retirement obligations	370,530	375,943
Other	356,243	33,800
Total non-current liabilities	22,006,387	20,275,062
Total liabilities	44,967,587	47,155,951
Net assets		
Shareholders' equity		
Share capital	1,458,953	1,458,953
Capital surplus	111,402	229,977
Retained earnings	(166,976)	(1,865,507)
Treasury shares	(80,253)	(77,517)
Total shareholders' equity	1,323,125	(254,093)
Accumulated other comprehensive income		
Foreign currency translation adjustment	407,294	240,166
Total accumulated other comprehensive income	407,294	240,166
Share acquisition rights	2,331	10,892
Total net assets	1,732,751	(3,035)
Total liabilities and net assets	46,700,339	47,152,915

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Net sales	52,918,122	57,006,589
Cost of sales	35,094,676	38,658,312
Gross profit	17,823,445	18,348,277
Selling, general and administrative expenses	17,443,084	19,171,995
Operating profit (loss)	380,361	(823,718)
Non-operating income		
Interest income	605	121
Foreign exchange gains	379,966	677,342
Subsidy income	249,669	-
Other	24,971	124,855
Total non-operating income	655,212	802,319
Non-operating expenses		
Interest expenses	637,359	733,060
Other	45,032	107,998
Total non-operating expenses	682,392	841,059
Ordinary profit (loss)	353,182	(862,458)
Extraordinary income		
Gain on sale of non-current assets	33,284	47,365
Gain on reversal of share acquisition rights	44,004	-
Reversal of provision for retirement benefits for directors (and other officers)	-	133,002
Other	1,054	14,682
Total extraordinary income	78,343	195,050
Extraordinary losses		
Loss on retirement of non-current assets	38	41,685
Impairment losses	-	96,630
Loss on litigation	-	119,448
Extra retirement payments	-	78,379
Other	4,241	4,226
Total extraordinary losses	4,279	340,369
Profit (loss) before income taxes	427,246	(1,007,777)
Income taxes - current	415,625	738,178
Income taxes - deferred	(147,154)	(47,423)
Total income taxes	268,471	690,754
Profit (loss)	158,775	(1,698,531)
Profit (loss) attributable to owners of parent	158,775	(1,698,531)

(3) Consolidated Statements of Comprehensive Income

(Thousands of yen)

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Profit (loss)	158,775	(1,698,531)
Other comprehensive income		
Foreign currency translation adjustment	59,973	(167,128)
Total other comprehensive income	59,973	(167,128)
Comprehensive income	218,748	(1,865,660)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	218,748	(1,865,660)

Consolidated Statements of Changes in Equity
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
Changes during period					
Dividends of surplus			(173,599)		(173,599)
Share-based payments		111,402			111,402
Profit (loss) attributable to owners of parent			158,775		158,775
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
Changes during period				
Dividends of surplus				(173,599)
Share-based payments				111,402
Profit (loss) attributable to owners of parent				158,775
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

For the fiscal year ended December 31, 2024

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,458,953	111,402	(166,976)	(80,253)	1,323,125
Changes during period					
Dividends of surplus					-
Share-based payments		118,574		2,736	121,311
Profit (loss) attributable to owners of parent			(1,698,531)		(1,698,531)
Net changes in items other than shareholders' equity					-
Total changes during period	-	118,574	(1,698,531)	2,736	(1,577,219)
Balance at end of period	1,458,953	229,977	(1,865,507)	(77,517)	(254,093)

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	407,294	407,294	2,331	1,732,751
Changes during period				
Dividends of surplus				-
Share-based payments				121,311
Profit (loss) attributable to owners of parent				(1,698,531)
Net changes in items other than shareholders' equity	(167,128)	(167,128)	8,561	(158,567)
Total changes during period	(167,128)	(167,128)	8,561	(1,735,787)
Balance at end of period	240,166	240,166	10,892	(3,035)

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	427,246	(1,007,777)
Depreciation	2,941,148	3,514,856
Amortization of goodwill	1,142,476	1,243,011
Impairment losses	-	96,630
Increase (decrease) in provision for point card certificates	(6,340)	3,838
Increase (decrease) in allowance for doubtful accounts	(2,344)	(10,039)
Increase (decrease) in provision for bonuses	(390)	-
Increase (decrease) in provision for retirement benefits for directors (and other officers)	12,000	(133,002)
Increase (decrease) in provision for shareholder benefit program	16,647	1,352
Increase (decrease) in provision for share awards for directors (and other officers)	22,863	16,212
Interest and dividend income	(605)	(121)
Interest expenses	637,359	733,060
Foreign exchange losses (gains)	(394,941)	(755,540)
Loss on litigation	-	119,448
Extra retirement payments	-	78,379
Financing expenses	2,000	69,600
Gain on reversal of share acquisition rights	(44,004)	-
Loss on retirement of non-current assets	38	41,685
Decrease (increase) in trade receivables	(408,032)	(571,496)
Decrease (increase) in inventories	249,340	134,468
Increase (decrease) in trade payables	(335,368)	730,502
Increase (decrease) in contract liabilities	171,976	34,167
Decrease (increase) in other assets	118,775	220,643
Increase (decrease) in other liabilities	524,392	(1,168,089)
Other, net	137,868	65,168
Subtotal	5,212,108	3,456,960
Interest and dividends received	605	121
Interest paid	(617,343)	(714,175)
Payments for litigation expenses	-	(119,448)
Extra retirement payments	-	(78,379)
Income taxes paid	(30,689)	(588,976)
Net cash provided by (used in) operating activities	4,564,680	1,956,101
Cash flows from investing activities		
Payments for acquisition of businesses	(74,968)	-
Purchase of property, plant and equipment	(1,925,052)	(1,542,033)
Purchase of intangible assets	(1,570,029)	(1,574,274)
Loan advances	(193)	(529)
Proceeds from collection of loans receivable	50	144
Proceeds from refund of leasehold deposits	114	13,300
Payments of leasehold deposits	(5,857)	(4,320)
Other, net	33,284	36,284
Net cash provided by (used in) investing activities	(3,542,652)	(3,071,428)

(Thousands of yen)

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,016,353	2,100,445
Repayments of long-term borrowings	(1,533,599)	(1,527,991)
Repayments of finance lease liabilities	(584)	-
Payments for financing expenses	(2,000)	(69,600)
Dividends paid	(173,061)	(178)
Net cash provided by (used in) financing activities	(692,890)	502,675
Effect of exchange rate change on cash and cash equivalents	43,309	1,847
Net increase (decrease) in cash and cash equivalents	372,447	(610,804)
Cash and cash equivalents at beginning of period	2,421,492	2,793,940
Cash and cash equivalents at end of period	2,793,940	2,183,135

(5) Notes to Consolidated Financial Statements

(Going Concern Assumption)

During the current consolidated fiscal year, the GDO Group recorded an operating loss of 8.23 billion yen, an ordinary loss of 8.62 billion yen, and a net loss attributable to owners of parent of 16.98 billion yen. As a result, as of December 31, 2024, the GDO Group has a net liabilities position of 3 million yen on the consolidated balance sheet.

Additionally, the GDO Group fell below the profit maintenance standard of setting the loss attributable to owners of parent at 800 million yen or less. As a result, the GDO Group breached the financial covenants attached to the syndicated loan and preferred stock agreements concluded with multiple financial institutions and preferred shareholders. the GDO Group recognizes that events or circumstances have arisen that cast significant doubt on its going concern assumption.

. In order to resolve this event or situation, the GDO Group will take the following steps:

(1) Measures to improve business profitability

The GDO Group will focus on improving profitability in the overseas segment, where segment profitability is currently negative. Specifically, in the lesson business, the GDO Group will focus on providing lesson services that meet customer needs in order to strengthen the acquisition of new customers, promoting the practice business to improve the rate of utilization of centers, and expanding the fitting business through collaboration with club manufacturers. In the launch monitor business, the Company will accelerate the sales of peripheral devices (mats, nets, projectors, cases, etc.) and the expansion of overseas channels outside the United States, thereby promoting the growth of the software business. Additionally, the GDO Group as a whole will continue to implement strict cost management and optimize its marketing strategies.

Moreover, the overseas segment loss of the consolidated fiscal year amounted to 2,548,529 thousand yen, which includes 1,243,011 thousand yen in goodwill amortization recorded as selling, general, and administrative expenses. This significant amortization burden is one of the factors contributing to the negative segment profit.

As stated in “2. Basic Views on Selection of Accounting Standards”, the GDO Group are also considering the future application of IFRS (International Financial Reporting Standards).

Through the above measures, the GDO Group aims to increase net sales and expand gross profit and operating profit of overseas segment.

(2) Financial covenants

The GDO Group has requested that the relevant financial institutions and preferred shareholders defer the exercise of their rights to demand the forfeiture of the benefit of time under loan agreements and preferred stock investment agreements that have breached financial covenants.

However, these initiatives are still in progress, and as no agreement has been reached with the financial institutions and preferred shareholders regarding the deferment of the exercise of such rights, therefore, uncertainty still remains regarding the GDO Group's ability to continue as a going concern still.

The consolidated financial statements have been prepared on a going concern basis and do not reflect the impact of this uncertainty.

(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 GDO 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 GDO 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, 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 (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
Impairment losses	—	—	—	—	—

Note: 1. Adjustments to segment sales are eliminations between segments

2. Segment profit is consistent with operating profit (loss) 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, 2024 (from January 1, 2024, to December 31, 2024)

(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	29,065,558	27,941,031	57,006,589	—	57,006,589
Internal sales or transferred amount between segments	△5,920	277,259	271,339	(271,339)	—
Total	29,059,638	28,218,290	57,277,928	(271,339)	57,006,589
Segment profit (loss)	1,724,811	(2,548,529)	(823,718)	—	(823,718)
Segment assets	13,198,159	33,954,755	47,152,915	—	47,152,915
Other					
Depreciation	710,609	2,797,020	3,507,629	—	3,507,629
Depreciation of goodwill	—	1,243,011	1,243,011	—	1,243,011
Impairment losses	—	96,630	96,630	—	96,630

Note: 1. Adjustments to segment sales are eliminations between segments

2. Segment profit is consistent with operating profit (loss) 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, 2023	For the fiscal year ended December 31, 2024
Net assets per share	(258.42)	(378.75)
Basic earnings per share	(12.98)	(117.86)
Diluted earnings per share	-	-

Note:

1. Diluted net income per share 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, 2023	For the fiscal year ended December 31, 2024
Total net assets	1,732,751	(3,035)
Amount deducted from total net assets	6,436,876	6,892,493
(Stock acquisition rights)	2,331	10,892
(Amount to be paid in for preferred shares)	6,000,000	6,000,000
(Preferred dividend)	434,545	881,601
Net assets related to common stock at the end of the period	(4,704,125)	(6,895,529)
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	18,206,007

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, 67,600 shares in 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, 2023	For the fiscal year endedDecember 31, 2024
Basic earnings per share		
Profit (loss) attributable to owners of parent	158,775	(1,698,531)
Amount not attributable to common shareholders	395,011	447,055
Profit (loss) attributable to owners of the parent for common stock	(236,236)	(2,145,587)
Average number of shares during the period (Shares)	18,203,607	18,205,253
Diluted earnings per share		
Adjustment of net profit attributable to owners of the parent	—	—
Increase in common shares	—	—
(Share acquisition rights)	—	—
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" (70,000 shares in the previous fiscal year, 68,354 shares in the current fiscal year).

(Significant Subsequent Events)

None.