

(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.

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended December 31, 2024	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00
Fiscal year ending December 31, 2025	-				
Fiscal year ending December 31, 2025 (Forecast)		-	-	-	-

(Note) Revision to the forecast for dividends announced most recently: Yes

(Note) For details regarding the dividend forecast, please refer to the 'Notice Regarding Recognition of Non-Operating Loss (Foreign Exchange Loss), Withdrawal of Full-Year Consolidated Earnings Forecast, No Dividend from Retained Earnings, and Discontinuation of Shareholder Benefit Program' disclosed today (May 15, 2025).

(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	-	-	-	-	-	-	-	-	-	-	-

(Note) Revisions from the most recently announced earnings forecast: Yes

(Note) As stated in the “Notice Regarding the Implementation of MBO and Recommendation to Tender Shares” disclosed today (May 15, 2025), our common shares are scheduled to be delisted as a result of the tender offer for our common shares and stock acquisition rights by TGT Holdings, Inc. and the subsequent series of procedures. Accordingly, we have decided to withdraw and refrain from disclosing the consolidated earnings forecast for the fiscal year ending December 31, 2025, which was previously announced in the “Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 [Japanese GAAP]” dated February 14, 2025.

* Notes:

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

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) 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

(4) Number of issued shares (common shares)

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

March 31, 2025: 18,274,000 shares

December 31, 2024: 18,274,000 shares

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

March 31, 2025: 67,993 shares

December 31, 2024: 67,993 shares

3) Average number of shares outstanding during the period:

Three months ended March 31, 2025: 18,206,007 shares

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

(Note) Since fiscal year 2022, 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.

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Explanation on the proper use of earnings forecasts and other important notes:

As stated in the “Notice Regarding the Implementation of MBO and Recommendation to Tender Shares” disclosed today (May

15, 2025), our common shares are scheduled to be delisted as a result of the tender offer for our common shares and stock acquisition rights, etc., by TGT Holdings, Inc., and the subsequent series of procedures. Accordingly, we have decided to withdraw and refrain from disclosing the consolidated earnings forecast for the fiscal year ending December 31, 2025, which was previously announced in the “Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 [Japanese GAAP]” dated February 14, 2025.

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, 2024	Yen -	Yen -	Yen -	Yen 0.00	Yen 0.00
Fiscal year ending December 31, 2025	-				
Fiscal year ending December 31, 2025 (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.

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1. Qualitative Information on First Quarter Consolidated Results

(1) Overview of Operating Results

During the first quarter of the current fiscal year (January 1, 2025 to March 31, 2025), the Japanese economy as a whole showed a moderate recovery as consumer spending and inbound demand recovered, but the economy is expected to continue to face rising costs due to high prices and tight labor supply and demand. The U.S. economy, in which our group operates, is expected to face an uncertain outlook due to factors such as high inflation, consumers' reluctance to spend on expensive and non-essential goods, worsening labor shortages, and ongoing 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 Group, as an IT services company specializing in golf, has been providing golfers with a more comfortable and enjoyable golfing experience by leveraging its overwhelming volume of information and golf-specific service capabilities as well as implementing various initiatives to improve profitability based on the medium-term management plan announced in February 2024.

As a result, the Group recorded net sales of 13,457 million yen (up 3.8% year on year) during the first quarter under review (January 1, 2025 to March 31, 2025). In addition to sales growth, EBITDA for the first quarter was 358 million yen (up 67.9% year-on-year), mainly due to an improvement in the profit margin in the domestic segment and continued control of selling, general and administrative expenses. Operating loss was 853 million yen (operating loss of 916 million yen in the same period of the previous year), a slight improvement from the same period of the previous year, but non-operating expenses, including interest expenses of 187 million yen and foreign exchange losses of 551 million yen, an ordinary loss of 1,643 million yen (an ordinary loss of 619 million yen in the same period of the previous year) were recorded. As a result, the loss attributable to owners of the parent was 1,575 million yen (the loss attributable to owners of the parent was 823 million yen in the same period of the previous fiscal 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 6,728 million yen (up 5.0% year on year). Segment income was 313 million yen (up 584.7% year on year).

Overseas segment

During the first three months under review, the overseas segment posted net sales of 6,728 million yen (up 2.7% year on year). The segment loss was 1,166 million yen (compared to segment loss of 962 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 were 45,664 million yen, down 1,488 million yen from the end of the previous fiscal year. Liabilities totaled 47,018 million yen at the end of the first quarter, decreased by 137 million yen from the end of the previous fiscal year. Total net assets as of the same date decreased by 1,351 million yen from the end of the previous fiscal year, to -1,354 million yen.

As for major account balances, accounts receivable-trade decreased by 967 million yen and lease liabilities decreased by 806 million yen, while contract liabilities increased by 1,257 million yen. Retained earnings decreased by 1,575 million yen.

(3) Overview of Consolidated Earning Forecast

As stated in the “Notice Regarding the Implementation of MBO and Recommendation to Tender Shares” disclosed today (May 15, 2025), the Company’s shares are expected to be delisted following the tender offer for the Company’s common shares and stock acquisition rights by TGT Holdings, Inc. and the subsequent series of procedures. Accordingly, the Company has decided to withdraw and refrain from disclosing the consolidated earnings forecast for the fiscal year ending December 31, 2025, which was previously announced in the “Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 [Japanese GAAP]” dated February 14, 2025.

(4) Important Matters Related to Going Concern Assumption

In the previous consolidated fiscal year, the Group recorded an operating loss of 823 million yen, an ordinary loss of 862 million yen, and a loss attributable to owners of the parent of 1,698 million yen. As a result, the Group recorded an excess of liabilities of 3 million yen.

As a result, the loss attributable to owners of parent, which is a financial covenant stipulated in the loan agreements with several financial institutions and the preferred stock investment agreements with preferred shareholders, fell below the profit maintenance criteria, which is that the loss attributable to owners of parent must not exceed 800 million yen. The amount of net assets fell below the financial covenant in the loan agreements to maintain the amount of net assets at 850 million yen or more, and was consequently in violation of the financial covenant. In the first quarter of the current fiscal year, the Company recorded an operating loss of 853 million yen, an ordinary loss of 1,643 million yen, and a loss attributable to owners of the parent of 1,575 million yen, resulting in an excess of liabilities of 1,354 million yen.

Due to these circumstances, the Group recognizes that events or circumstances have arisen that cast significant doubt on its going concern assumption.

To resolve this situation, the Group will improve the profitability of its business and stabilize its financial base. For details, please refer to "2. Quarterly Consolidated Financial Statements and Notes (3) Notes to Quarterly Consolidated Financial Statements (Notes on Going Concern Assumption)."

However, as these measures are still in progress and the tender offer has not yet commenced, as stated in the "Notice Regarding the Implementation of MBO and Recommendation to Tender Shares" disclosed today (May 15, 2025), there remains material uncertainty regarding the going concern assumption at this time.

Quarterly Consolidated Financial Statements

Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of December 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	2,183,135	3,080,147
Accounts receivable - trade	4,219,530	3,252,157
Merchandise	6,154,128	6,902,116
Work in process	202	498
Supplies	245,031	213,734
Other	2,210,807	2,553,805
Allowance for doubtful accounts	(5,088)	(4,639)
Total current assets	15,007,747	15,997,820
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,896,234	9,519,446
Tools, furniture and fixtures	4,597,178	4,734,559
Right of use assets	9,112,651	8,369,866
Other	409,904	64,415
Accumulated depreciation	(7,489,705)	(7,553,873)
Total property, plant and equipment	16,526,263	15,134,413
Intangible assets		
Goodwill	7,720,298	6,992,230
Other	6,908,958	6,445,180
Total intangible assets	14,629,256	13,437,411
Investments and other assets		
Other	996,622	1,101,415
Allowance for doubtful accounts	(6,974)	(6,974)
Total investments and other assets	989,648	1,094,440
Total non-current assets	32,145,168	29,666,265
Total assets	47,152,915	45,664,086

(Thousands of yen)

	As of December 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	3,485,862	4,290,908
Short-term borrowings	9,188,962	8,808,447
Current portion of long-term borrowings	1,545,671	1,518,023
Income taxes payable	563,556	27,330
Contract liabilities	6,721,683	7,979,292
Provision for bonuses	-	20,004
Provision for point card certificates	36,141	27,353
Provision for shareholder benefit program	45,786	31,704
Other	5,293,225	5,361,697
Total current liabilities	26,880,888	28,064,760
Non-current liabilities		
Long-term borrowings	10,583,279	10,017,149
Lease liabilities	9,161,767	8,354,920
Provision for retirement benefits for directors (and other officers)	-	2,997
Provision for share awards for directors (and other officers)	53,826	60,027
Asset retirement obligations	375,943	376,869
Other	100,245	141,588
Total non-current liabilities	20,275,062	18,953,552
Total liabilities	47,155,951	47,018,312
Net assets		
Shareholders' equity		
Share capital	1,458,953	1,458,953
Capital surplus	229,977	229,977
Retained earnings	(1,865,507)	(3,441,497)
Treasury shares	(77,517)	(77,517)
Total shareholders' equity	(254,093)	(1,830,084)
Accumulated other comprehensive income		
Foreign currency translation adjustment	240,166	459,959
Total accumulated other comprehensive income	240,166	459,959
Share acquisition rights	10,892	15,898
Total net assets	(3,035)	(1,354,226)
Total liabilities and net assets	47,152,915	45,664,086

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, 2024	For the three months ended March 31, 2025
Net sales	12,959,203	13,457,176
Cost of sales	9,006,277	9,408,983
Gross profit	3,952,925	4,048,193
Selling, general and administrative expenses	4,869,809	4,901,911
Operating loss	(916,883)	(853,717)
Non-operating income		
Interest income	18	563
Foreign exchange gains	468,219	-
Fiduciary obligation income	-	32,230
Other	5,702	17,596
Total non-operating income	473,940	50,390
Non-operating expenses		
Interest expenses	175,699	187,454
Foreign exchange losses	-	551,102
Other	514	102,042
Total non-operating expenses	176,213	840,598
Ordinary loss	(619,156)	(1,643,926)
Extraordinary income		
Gain on sale of non-current assets	22,633	9,250
Other	2,976	1,212
Total extraordinary income	25,609	10,463
Extraordinary losses		
Loss on retirement of non-current assets	14,273	2,810
Loss on litigation	44,288	612
Extra retirement payments	28,832	19,899
Total extraordinary losses	87,394	23,322
Loss before income taxes	(680,941)	(1,656,786)
Income taxes - current	122,993	2,784
Income taxes - deferred	19,933	(83,580)
Total income taxes	142,927	(80,795)
Loss	(823,868)	(1,575,990)
Loss attributable to owners of parent	(823,868)	(1,575,990)

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

(Thousands of yen)

	For the three months ended March 31, 2024	For the three months ended March 31, 2025
Loss	(823,868)	(1,575,990)
Other comprehensive income		
Foreign currency translation adjustment	(38,574)	219,793
Total other comprehensive income	(38,574)	219,793
Comprehensive income	(862,443)	(1,356,196)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(862,443)	(1,356,196)

(3) Notes to Condensed Consolidated Financial Statements

(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, 2025 to Mar. 31 2025)

(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 or loss (-) are consistent with operating profit in the consolidated Statements of Income.

Consolidated cumulative third quarter (From January 1, 2025 to Mar. 31, 2025)

(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	6,728,366	6,728,810	13,457,176	-	13,457,176
Internal sales or transferred amount between segments	-	16,609	16,609	(16,609)	-
Total	6,728,366	6,745,419	13,473,786	(16,609)	13,457,176
Segment profit or loss	313,123	(1,166,841)	(853,717)	-	(853,717)

Note:

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

(Notes in the case of significant changes in shareholders' equity)

There are no applicable matters.

(Going Concern Assumption)

In the consolidated fiscal year ended December 31, 2024, the GDO Group recorded an operating loss of 823,718 thousand yen, an ordinary loss of 862,458 thousand yen, and a net loss attributable to owners of parent of 1,698,531 thousand yen. As a result, as of December 31, 2024, the GDO Group has a net liabilities position of 3,035 thousand 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 800,000 thousand 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. In the first quarter of the current fiscal year, the Company also posted an operating loss of 853,717 thousand yen, an ordinary loss of 1,643,926 thousand yen, and loss attributable to owners of the parent of 1,575,990 thousand yen, resulting in an excess of liabilities of 1,354,226 thousand yen.

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 for the first quarter of the consolidated fiscal year amounted to 1,166,841 thousand yen, which includes 312,555 thousand yen in goodwill amortization recorded as selling, general, and administrative expenses. This significant amortization burden is also one of the factors contributing to the negative segment profit.

As stated in "2. Basic Views on Selection of Accounting Standards" in the "Summary of Financial Results for the Fiscal Year Ending December 31, 2024 (Japanese GAAP) (Consolidated)", the GDO Group is continuing to consider the future application of IFRS (International Financial Reporting Standards).

(2) Financial covenants

As for the loan agreements and preferred stock investment agreements that breached financial covenants, the GDO Group has obtained consent from the relevant financial institutions and preferred shareholders not to exercise their rights to accelerate repayment until the end of December 2025. Furthermore, as stated in the "Notice Regarding the Implementation of MBO and Recommendation to Tender Shares" disclosed today (May 15, 2025), the Company supports the tender offer by TGT Holdings, Inc. and aims to enhance creditworthiness through the involvement of the tender offeror.

However, as these measures are still in progress and the tender offer has not yet commenced, there remains material uncertainty regarding the going concern assumption as of the date of this report.

It should be noted that the quarterly consolidated financial statements have been prepared on a going concern basis, and the effects of this material uncertainty are not reflected in the quarterly consolidated financial statements.

(Notes to statements of cash flows)

The quarterly consolidated statement of cash flows for the first quarter of the fiscal year has not been prepared. Depreciation (including amortization of intangible assets other than goodwill) and amortization of goodwill for the first quarter of the consolidated fiscal year are as follows.

(Thousands of yen)		
	For the three months ended March 31, 2024	For the three months ended March 31, 2025
Depreciation	825,905	899,686
Amortization of goodwill	304,483	312,555

(Matters concerning revenue recognition)

Breakdown of Net Sales

The GDO Group disaggregates net sales based on major services and the timing of revenue recognition. The relationship between the disaggregated net sales and each reportable segment is as follows.

Previous consolidated cumulative third quarter (From January 1, 2025 to Mar. 31 2025)

(Thousands of yen)

Segment	Domestic	Overseas	Total
Major Categories of Goods and Services			
Golf Goods Sales	4,362,199	1,268,961	5,631,161
Golf Lessons	223,122	3,637,209	3,860,332
Golf Course Business	1,132,290	—	1,132,290
Golf Driving Ranges	411,179	—	411,179
Golf Launch Monitors Business	—	1,477,808	1,477,808
Others	276,701	169,730	446,432
	6,405,493	6,553,709	12,959,203

Timing of Revenue Recognition

Goods transferred at a point in time	5,940,647	2,646,254	8,586,902
Services transferred over time	464,845	3,907,454	4,372,300
	6,405,493	6,553,709	12,959,203

(Note) Net sales are presented net of inter-segment transactions.

Consolidated cumulative third quarter (From January 1, 2025 to Mar. 31, 2025)

(Thousands of yen)

Segment	Domestic	Overseas	Total
Major Categories of Goods and Services			
Golf Goods Sales	4,595,267	1,310,793	5,906,061
Golf Lessons	217,989	3,611,069	3,829,05
Golf Course Business	1,215,121	—	1,215,121
Golf Driving Ranges	419,947	—	419,947
Golf Launch Monitors Business	6,029	1,588,066	1,594,095
Others	274,010	169,730	492,891
	6,728,366	6,553,709	13,457,176

Timing of Revenue Recognition

Goods transferred at a point in time	6,275,349	2,770,544	9,045,893
Services transferred over time	453,017	3,958,265	4,411,282
	6,728,366	6,728,810	13,457,176

(Note) Net sales are presented net of inter-segment transactions.

(Material subsequent event)

At the Board of Directors meeting held today (May 15, 2025), the GDO Group resolved to express its support for the tender offer (the “Tender Offer”) to be conducted by TGT Holdings, Inc. (the “Tender Offeror”) for the Company’s common shares (the “Company Shares”) and stock acquisition rights (together with the Company Shares, the “Company Securities”) as part of a so-called management buyout (MBO) (*see note below*). The Board also resolved to recommend that the shareholders tender their Company Shares in the Tender Offer, and to leave it to the discretion of the holders of the stock acquisition rights (the “Rights Holders”) whether to tender their rights.

It should be noted that this resolution of the Board of Directors was made on the premise that, following the Tender Offer and the subsequent series of procedures, the Company Securities are expected to be delisted.

For further details, please refer to the “Notice Regarding the Implementation of MBO and Recommendation to Tender Shares” disclosed today (May 15, 2025).

(Note) A management buyout (MBO) generally refers to a transaction in which the management team of the target company acquires shares of the company, contributing all or part of the acquisition funds, with the intention of continuing the company’s business.