

Golf Digest Online Inc.

Results Briefing Material for the Third Quarter Ended September 30, 2024

November 12, 2024

GDO 

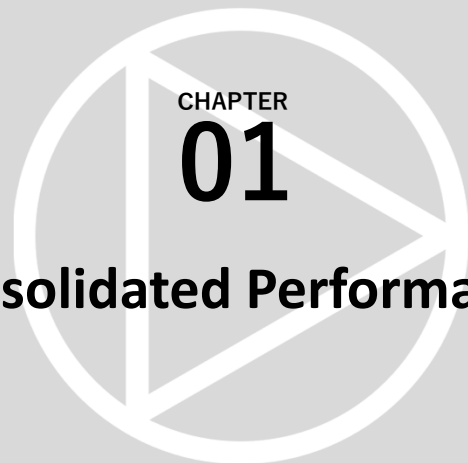
 **PLAY YOUR LIFE**

- ▶ **This results briefing may contain forecasts for the GDO Group’s future business results. Readers are cautioned that actual business results may differ from these forecasts due to a variety of elements, including latent risks and uncertainties. For more information on factors that may impact our business results, please refer to the Business Risks section in our Securities Report. However, please note that elements that may impact our business results are not limited to those included in the Business Risks section.**
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Results for the Second Quarter Ended September 30, 2024

- 1. Consolidated Performance**
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CHAPTER

01

Consolidated Performance

- ▶ Q3 sales grew year-on-year, driven by strong Overseas segment performance. Domestic segment also saw growth in Q2 and Q3, despite challenging conditions.
- ▶ Expenses increased due to higher coach labor costs in the overseas segment and continued system-related costs in the domestic segment since Q1.
- ▶ Cumulative Q3 EBITDA declined year-on-year, but the decrease narrowed significantly each quarter.
- ▶ Amortization of goodwill and intangible assets in the overseas segment was 1.4 billion yen.
- ▶ Average exchange rate rose by 13.2 yen year-on-year, with a 1.00 yen increase at period-end, widening the operating profit loss. Yen appreciation by September also sharply reduced foreign exchange gains from 950 million yen at Q2-end to 10 million yen.
- ▶ Non-consolidated GDO recorded positive taxable income, resulting in 270 million yen in corporate taxes.

Net Sales 	EBITDA	Operating profit before amortization of goodwill	Operating Profit	Profit attributable to owners of parent
41.74 billion yen	2.22 billion yen	0.13 billion yen	-1.26 billion yen	-2.19 billion yen
YoY +3.36 billion yen +8.8 %	YoY -0.46 billion yen -17.4 %	YoY -0.91 billion yen -87.5 %	YoY -0.97 billion yen - %	YoY -2.33 billion yen -1,695.7 %

※Year-end exchange rate
Average rates during the fiscal period

December 31, 2023:
Jan-Sept 2023:

1\$= ¥141.82、
1\$=¥138.23、

September 30, 2024:
Jan-Sept 2024 :

1\$= ¥142.82
1\$=¥151.44

Consolidated P/L Overview

(Millions of yen)	9 months / 2023	9 months / 2024	Increase/decrease amount	Increase/decrease percentage
Net sales	38,383	41,744	+ 3,361	+ 8.8 %
(Domestic)	20,841	20,944	+ 102	+ 0.5 %
(Overseas)	17,542	20,800	+ 3,258	+ 18.6 %
Gross profit	13,115	13,546	+ 431	+ 3.3 %
SG&A	13,405	14,816	+ 1,410	+ 10.5 %
EBITDA	2,699	2,229	- 469	- 17.4 %
(Domestic)	1,444	1,429	- 14	- 1.0 %
(Overseas)	1,255	800	- 455	- 36.3 %
Operating profit before amortization of goodwill	1,040	130	- 910	- 87.5 %
Operating profit	-290	-1,269	- 979	- %
(Domestic)	961	905	- 56	- 5.9 %
(Overseas)	-1,251	-2,174	- 922	- %
Ordinary profit	268	-1,785	- 2,054	- 764.5 %
Net income	137	-2,193	- 2,330	- 1695.7 %

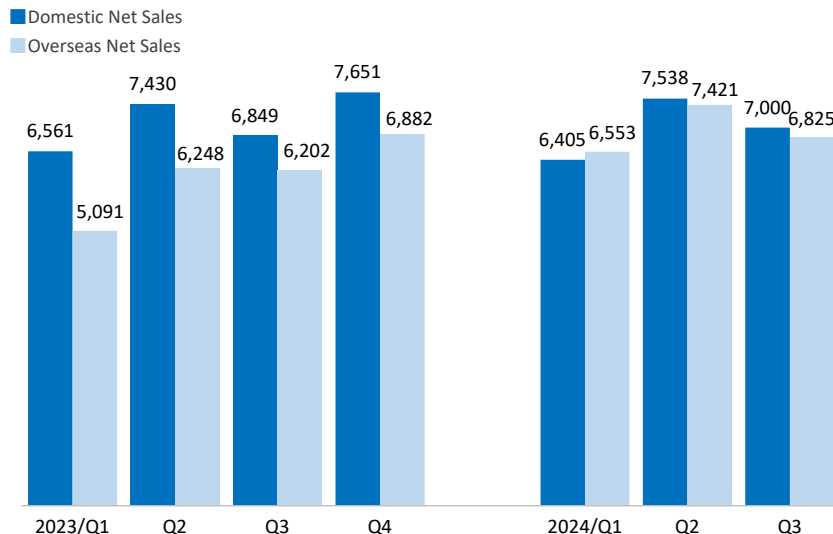
Consolidated P/L Overview (Quarterly)

(Millions of yen)	2023							2024			
	Q1	Q2	H1	Q3	Q4	H2	FY	Q1	Q2	H1	Q3
Net Sales	11,652	13,679	25,332	13,051	14,534	27,586	52,918	12,959	14,959	27,918	13,826
Domestic	6,561	7,430	13,992	6,849	7,651	14,500	28,493	6,405	7,538	13,943	7,000
Overseas	5,091	6,248	11,339	6,202	6,882	13,085	24,424	6,553	7,421	13,975	6,825
EBITDA	481	1,189	1,671	1,027	1,765	2,793	4,465	213	1,008	1,222	1,007
Domestic	254	682	937	506	967	1,474	2,411	215	660	876	553
Overseas	227	506	734	521	798	1,319	2,053	-1	347	346	453
Operating income before amortization of goodwill, etc.	-14	638	624	416	1,128	1,545	2,169	-456	295	-161	292
Domestic	102	522	625	336	801	1,137	1,762	45	487	533	371
Overseas	-117	116	-1	80	327	407	406	-502	-192	-694	-79
Goodwill and Amortization of intangible assets (Overseas)											
GOLFTEC	188	195	383	206	191	397	781	191	201	392	192
Golf Launch Monitors Business	234	245	480	261	266	527	1,007	268	281	549	264
Operating profit	-437	197	-239	-50	670	620	380	-916	-187	-1,104	-165
Domestic	102	522	625	336	801	1,137	1,762	45	487	533	371
Overseas	-540	-324	-864	-387	-130	-517	-1,382	-962	-675	-1,637	-537

Consolidated revenue was driven by double-digit growth in the overseas segment.

- ▶ In domestic segment, retail revenue continued to grow since Q2, and launch monitor business (Skytrak) also sustained growth, despite market and weather challenges.
- ▶ Overseas segment grew 18.6% year-on-year, driven by the SkyTrak business, while the golf lesson business (GOLFTEC) is in the process of recovering, and struggling with sales promotion

Net Sales by Segment (Quarterly) (Millions of yen)



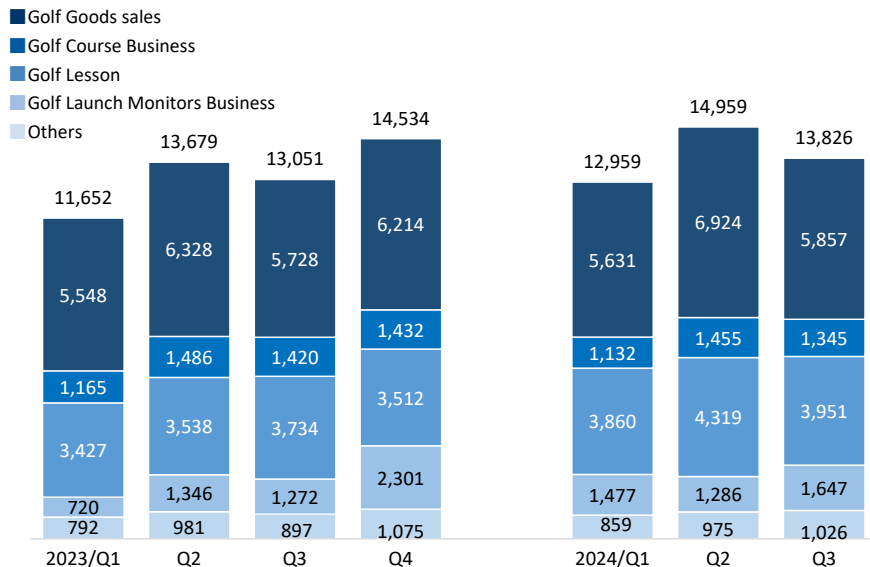
YoY (Millions of yen)

	2023/ 9 mos	2024/ 9 mos	YoY	
Consolidated Net Sales	38,383	41,744	+ 3,361	+ 8.8 %
■ Domestic	20,841	20,944	+ 102	+ 0.5 %
■ Overseas	17,542	20,800	+ 3,258	+ 18.6 %

Net Sales grew, primarily by overseas segment services

- ▶ “Golf lessons” are recovering in cash sales, with overall growth, while the golf launch monitor business continues healthy in total sales.
- ▶ Among "Other" services, domestic golf driving ranges saw an increase of 143 million yen

Net Sales by Service (Quarterly) (Millions of yen)



YoY (Millions of yen)

	2023/ 9 mos	2024/ 9 mos	YoY	
Consolidated Net Sales	38,383	41,744	+ 3,361	+ 8.8 %
Golf Goods Sales	17,604	18,412	+ 808	+ 4.6 %
Golf Course Business	4,071	3,932	- 138	- 3.4 %
Golf Lessons	10,699	12,130	+ 1,431	+ 13.4 %
Golf Launch Monitors Business	3,339	4,411	+ 1,072	+ 32.1 %
Others	2,668	2,857	+ 188	+ 7.0 %

Consolidated SG&A Expenses

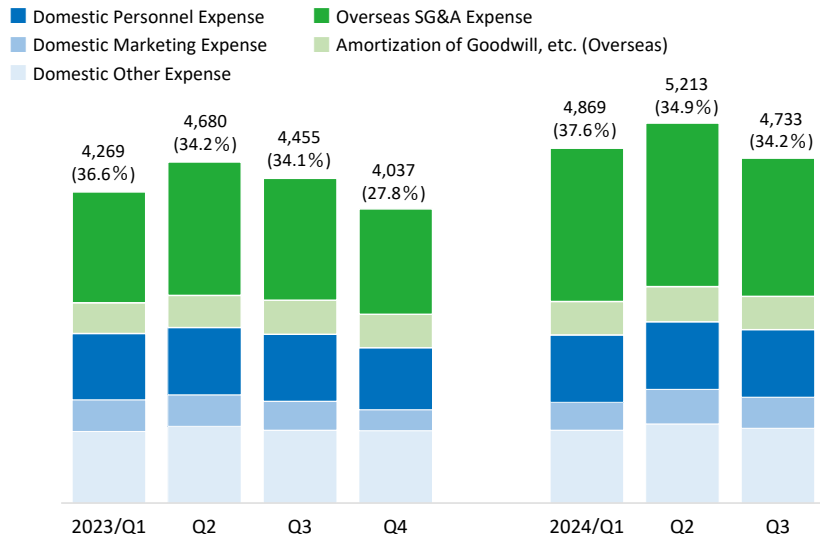
SG&A expenses were controlled in response to changes in the business environment.

Domestic : Personnel and Marketing expense are still controlled.

"Other" expenses, mainly for golf course system updates, increased IT and equipment investment by 11.5%, with other costs stable.

Overseas : Increase due to the weak yen (+10.5%), rising prices, active marketing, higher operating costs from more stores, and increased head office staff for business expansion.

SG&A expenses (per quarter) (Millions of yen/SG&A margin: %)



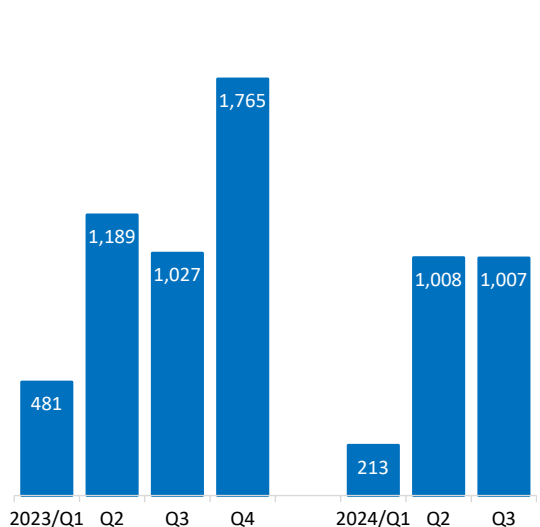
YoY (Millions of yen)

	2023/ 9 mos	2024/ 9 mos	YoY
Consolidated SG&A Expenses	13,405	14,816	+ 1,410 ※ + 10.5 %
(As a ratio of net sales)	(34.9%)	(35.5%)	(+0.6p)

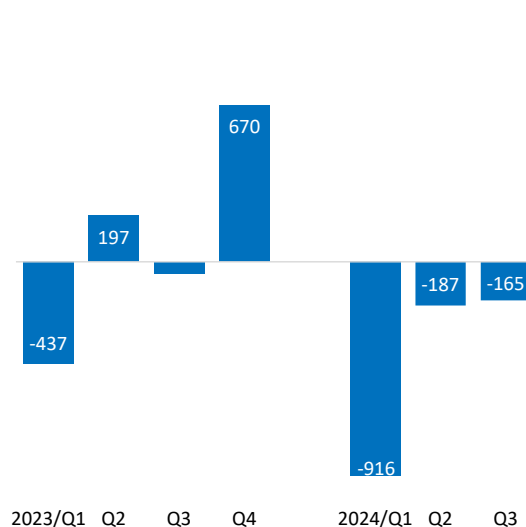
※The impact of exchange rate fluctuations amounted to 667 million of yen.

Overseas SG&A Expense	YoY + 24.2%
Amortization of Goodwill, etc. (Overseas)	YoY + 5.2%
Domestic Personnel Expense	YoY + 1.0%
Domestic Marketing Expense	YoY + 1.7%
Domestic Other Expense	YoY + 2.4%

EBITDA (Quarterly) (Millions of yen)



Operating Profit (Quarterly) (Millions of yen)



YoY (Millions of yen)

	2023/ 9 mos	2024/ 9 mos	YoY	
EBITDA	2,699	2,229	- 469	- 17.4 %
Operating Profit	-290	-1,269	- 979	+ 337.5 %

- Interest payments related to the syndicated loan have occurred.
- Domestic profit resulted in "corporate tax and adjustments" despite the group deficit.

	9 months / 2023	9 months / 2024	Increase/decrease amount
Operating profit	-290	-1,269	- 979
Foreign exchange gains	760	10	- 749
Subsidy income	245	-	- 245
Other	19	44	+ 24
Interest expenses	463	532	+ 69
Other	3	39	+ 35
Ordinary profit	268	-1,785	- 2,054
Other	20	67	+ 46
Extraordinary loss	0	200	+ 200
Total income taxes	152	273	+ 121
Net income	137	-2,193	- 2,330



CHAPTER
03
Domestic Performance

Domestic Segment

- Overall
 - ▶ Q3 sales turned positive from the previous year, driven by retail recovery, and continued to grow, with cumulative sales also up.
 - ▶ Q3 operating profit improved year-on-year due to better gross profit margins, despite increased system-related costs. However, cumulative Q3 profit remained negative compared to the previous year.

- Equipment
 - ▶ Sales grew in Q2 and Q3, with improved margins and the impact of shipping fee revisions.
 - ▶ Quality and balance of inventory are being optimized.

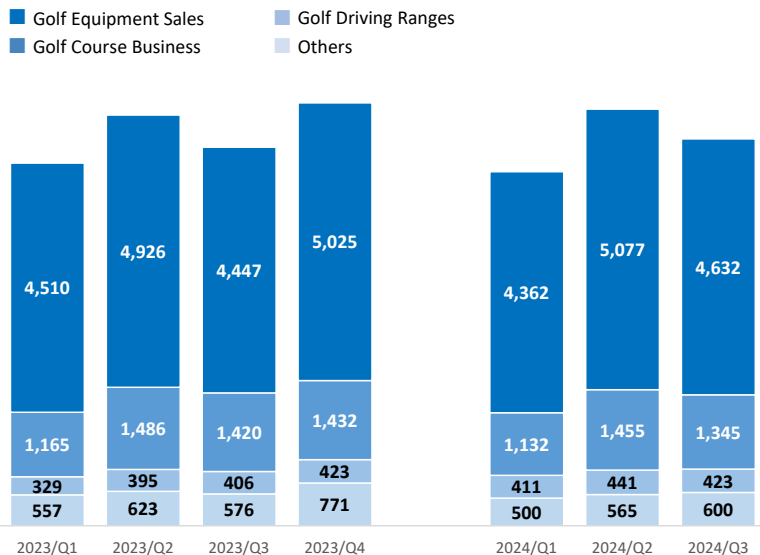
- Course
 - ▶ From 2024, KPIs are recovering, with a focus on capturing further demand.
 - ▶ Impact of extreme heat, typhoons, and other weather factors.
 - ▶ Reservation system development is on track for achieving regrowth

- Driving Ranges
 - ▶ Expansion in the number of Toptracer range installations.

- Others
 - ▶ Media exposure for golf in Japan has declined.

- ▶ Sales remained steady year-on-year, with growth in retail and driving range businesses offsetting challenges in golf course and media businesses due to inclement weather and other external factors.
- ▶ Operating profit declined year-on-year due to planned investments in IT equipment and security enhancements, despite continued control of selling and administrative (SG&A) expenses.

Net Sales by Service (Quarterly) (Millions of yen)

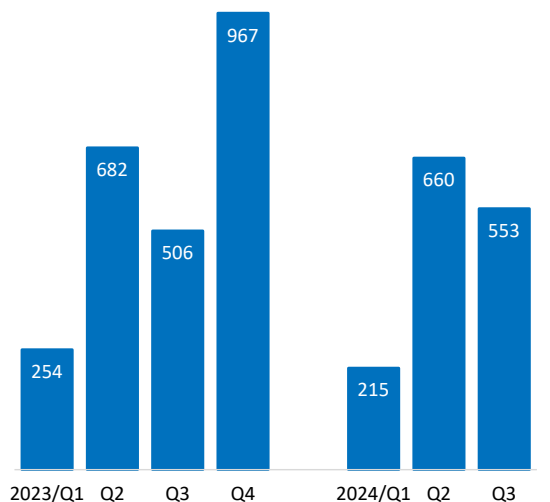


YoY (Millions of yen)

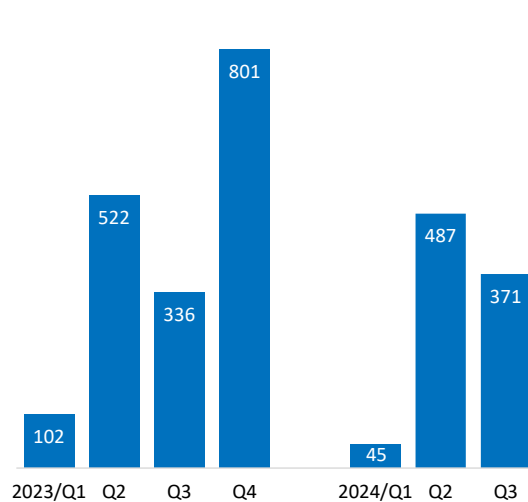
	9 months / 2023	9 months / 2024	YoY	
Net sales	20,841	20,944	+ 102	+ 0.5 %
Golf Equipment Sales	13,884	14,072	+ 188	+ 1.4 %
Golf Course Business	4,071	3,932	- 138	- 3.4 %
Golf Driving Ranges	1,132	1,276	+ 143	+ 12.7 %
Others	1,753	1,662	- 91	- 5.2 %
EBITDA	1,444	1,429	- 14	- 1.0 %
Operating profit	961	905	- 56	- 5.9 %

With continued control of expenses and planned IT and security investments from the beginning of the period, both EBITDA and operating profit for Q3 turned positive year-on-year.

EBITDA (Quarterly) (Millions of yen)



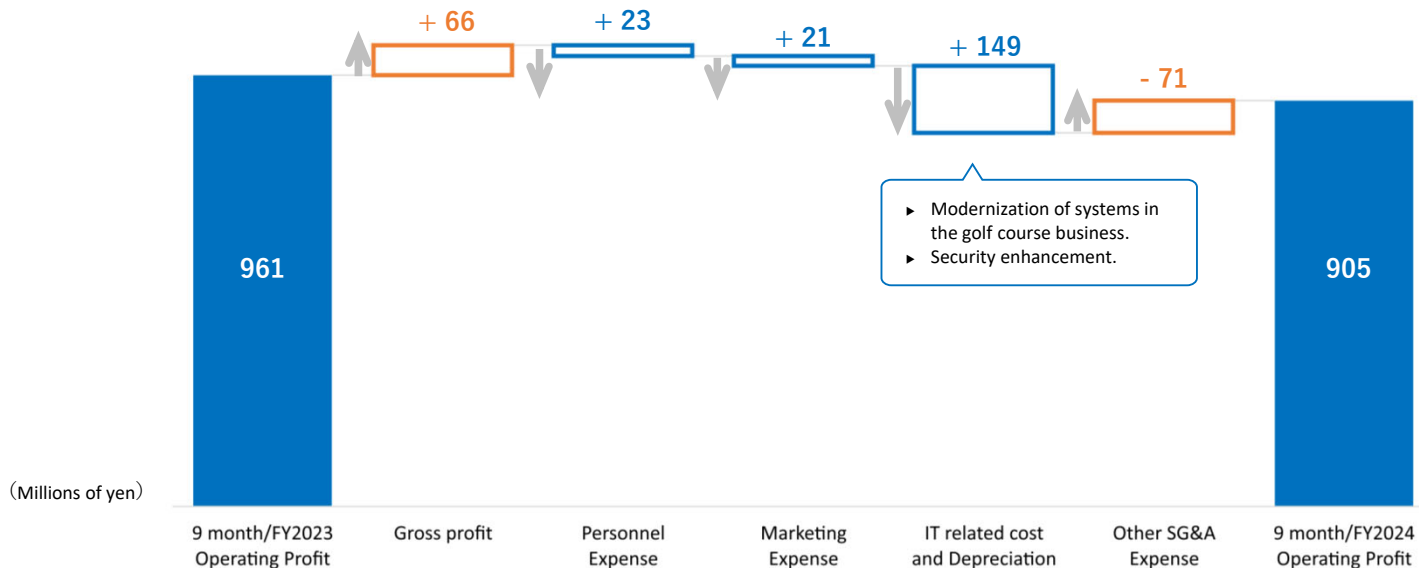
Operating Profit (Quarterly) (Millions of yen)



YoY (Millions of yen)

	2023/ 9 mos	2024/ 9 mos	YoY	
EBITDA	1,444	1,429	- 14	- 1.0 %
Operating Profit	961	905	- 56	- 5.9 %

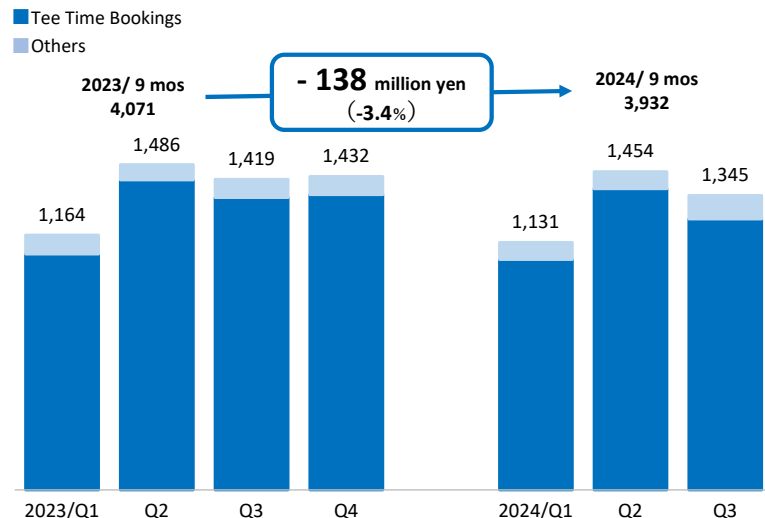
Despite continued control of expenses, increased costs for planned IT equipment investments and security enhancements led to a year-on-year decline in operating profit.



Strengthening of "HOT PRICE", GDO's original service

- ▶ Promoted early booking and captured golf competition demand, but still impacted by extreme heat and typhoons.
- ▶ Strengthening the sales of GDO's unique prepayment service, "HOT PRICE," for further expansion.
- ▶ System upgrades were made to improve website usability.

Golf Course Business Net Sales (Quarterly) (Millions of yen)



Tee Time Bookings YoY - **4.2%**

HOT PRICE
Number of tickets sold

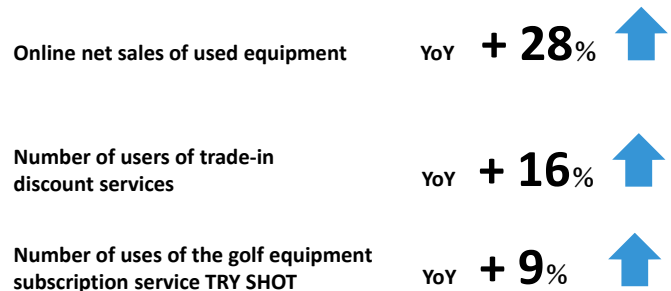
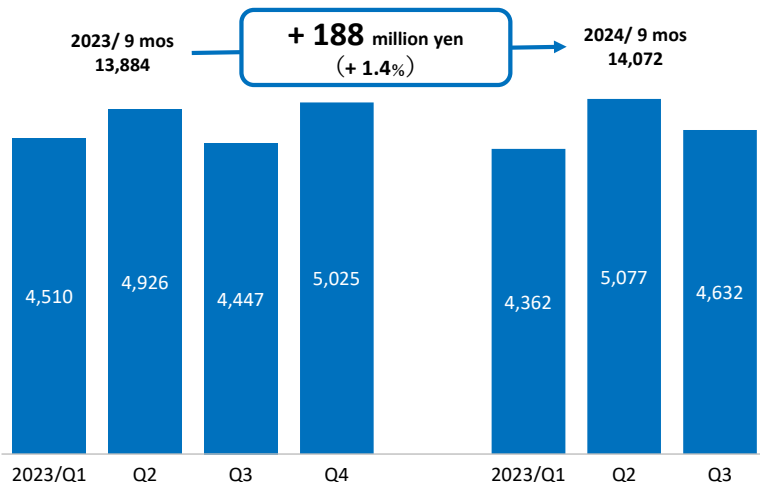
YoY **Approx. 2.6** times



Improved product quality and strong original and used products boosted profit margins.

- ▶ Recovery began ahead of the market, with steady progress thereafter.
- ▶ Focused on expanding discounted clubs and apparel and improving inventory quality. Clubs performed well, while apparel was affected by prolonged market downturn.
- ▶ "TRY SHOT" and "Trade-In Discount" services remain strong, boosting used club sales and selection.
- ▶ Gross profit margin improved through product margin recovery and shipping fee adjustments due to higher logistics costs.

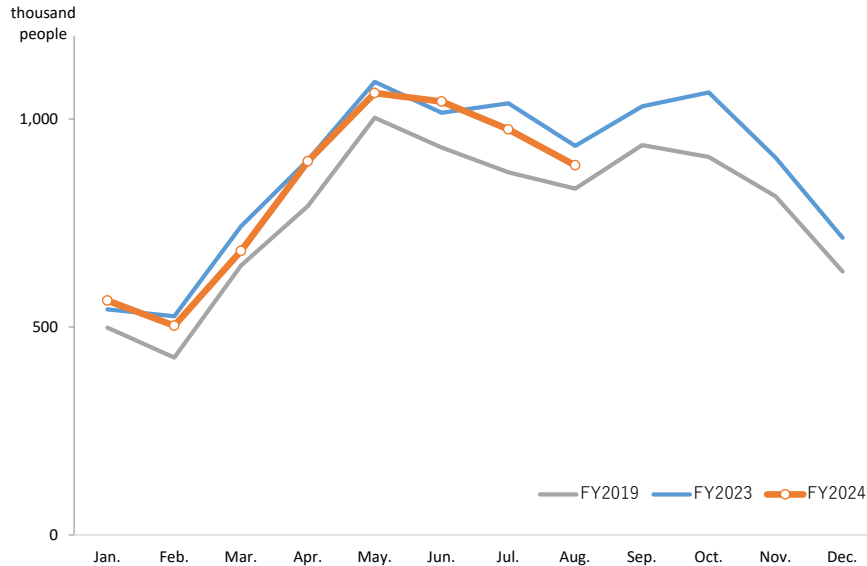
Golf Equipment Net Sales (Quarterly) (Millions of yen)



Golf course visitor numbers

From 8 prefectures data

[Source: Specific Industry Trends Survey by Japanese Ministry of Economy, Trade and Industry]

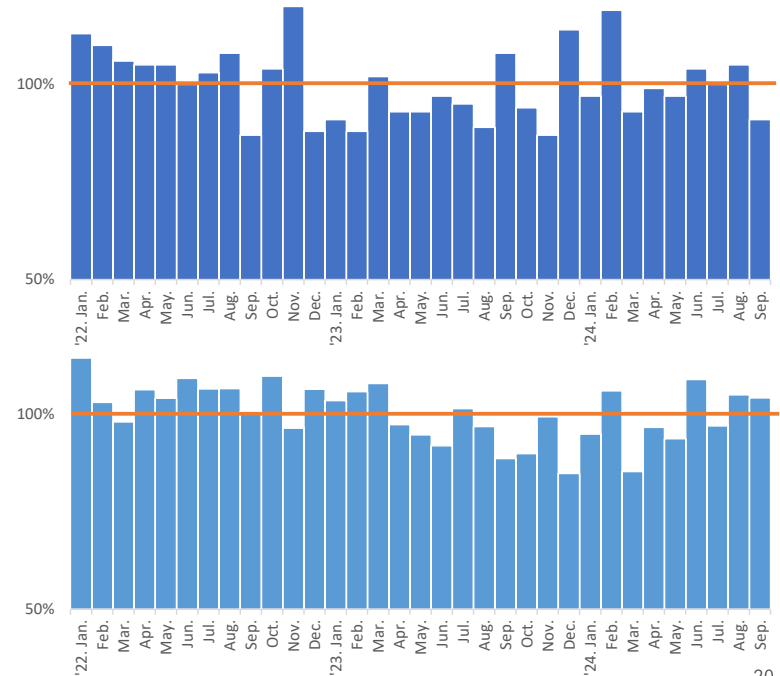


Golf retail sales market

Year-on-year comparison

(Top: Golf equipment / Bottom: Golf apparel)

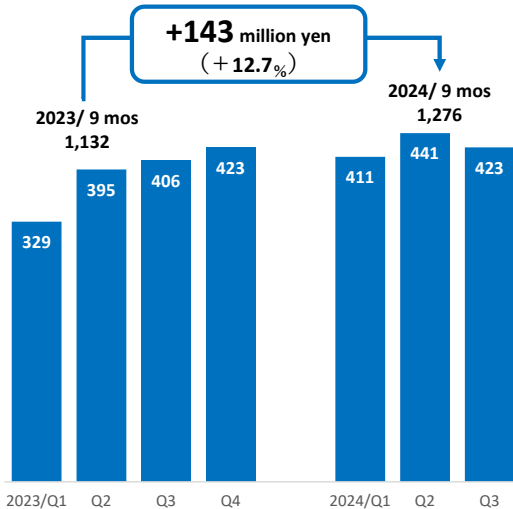
[Source: GFK Japan 「Monthly Report」]



Both the number of facilities, bays, and users increased.

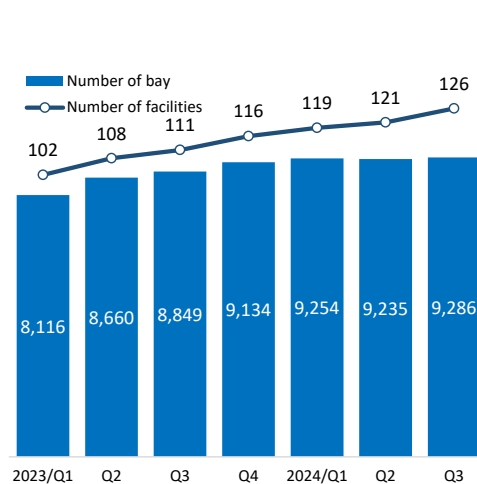
- ▶ The number of new installations was 15 facilities and 495 bays.
- ▶ Toptracer Range users increased by 17% year-on-year.
- ▶ New services will be gradually introduced in the second half of the year to further enhance the appeal of the driving range experience.

Golf Driving Ranges Net Sales (Millions of yen)



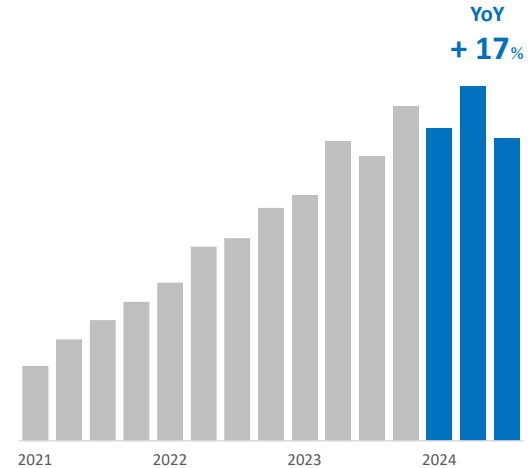
Number of installation facilities/bays

Fixed-Fee Sales Corresponding to Number of Bays



Number of Users

Pay-Per-Use sales corresponding to number of users



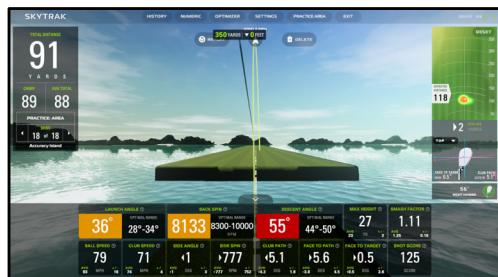
"SkyTrak+" launched in the U.S. in May 2023 will be available in Japan, starting September 2024. Additional membership plans will allow access to various practice modes and virtual golf on tablet devices.



「SKYTRAK+」 Special website <https://www.golfdigest.co.jp/skytrak/>



Virtual golf is available on over 30 courses, including Pebble Beach and Links Golf Course.



Practice mode: Driver accuracy improvement.



Practice mode: Draw ball practice.



Turn your home into the ultimate golf environment.

10th anniversary since launch
 Downloaded over 3.2 million times
 (as of March 2024)

- ▶ Addition of group function (“golf partner”) in December 2023
- Expansion of touch-points with new golfers.

■ A 10-year-long History

2014

GDOスコアアプリリリース

東京の狭小な環境でも
 簡単に使えるスコア管理アプリ
 「GDOスコアアプリ」の提供を開始。



2015

コンパ機能

複数のスコアを登録でき、
 複数メンバーでスコア記録できる
 コンパ機能の提供を開始。
 Leader Boardの活用も開始。



2018

オンラインコンパ

全国のゴルフファンと対戦！
 コンパ史上最大規模の
 オンラインコンパを開催！



2019

GDOnavi(β)

ゴルフ場の所在地をまた
 GDOスコアで確認の提供！



2020

コースマップ機能正式リリース

お楽しみゴルフを
 楽しむだけでなく、基本知識の
 習得もできるところに
 なりました。



2021

現在位置・グリーン・
 緑ののりつき表示方式で
 視認性を高め、
 操作性を高めました。



2022

ショット位置から
 グリーン位置までの
 距離表示方式
 搭載になりました。



2023

グループ機能リリース

スコアアプリのチーム機能が
 より簡単に楽しく利用できる
 ようになりました。



2024

ホーム画面リニューアル

スコアアプリのホーム画面が
 より見やすくなりました。



2023

グループ機能リリース

いつもの仲間とのラウンドが
 より簡単に楽しく利用できる
 ようになりました。



2024

そしてこれから...

今後もお客様が喜ぶサービス
 開発に取り組んでまいります。
 引き続きよろしくお願いいたします。



TOTAL DATA
 2014 - 2024

全ユーザー
 平均スコア

100.9

100切りまで
 もう少しだ!!

年間平均
 ラウンド数

12.48回

1か月に1回のペースで
 ゴルフに行っているんだね!
 ゴルフ好きな人が
 多くてうれしいな!

総スコア登録枚数

5,300
 万枚

たくさんスコア登録
 してくれてありがとう!

ゴルフ好きが
 多い県TOP5

1	北海道
2	高知県
3	群馬県
4	石川県
5	栃木県

1人当たりの年間平均
 スコア登録枚数が多い
 都道府県TOP5だって!
 1位北海道は意外だなー!!

APP DOWNLOAD



Proof of Concept (PoC) for Golfer Services using generative AI will be initiated soon

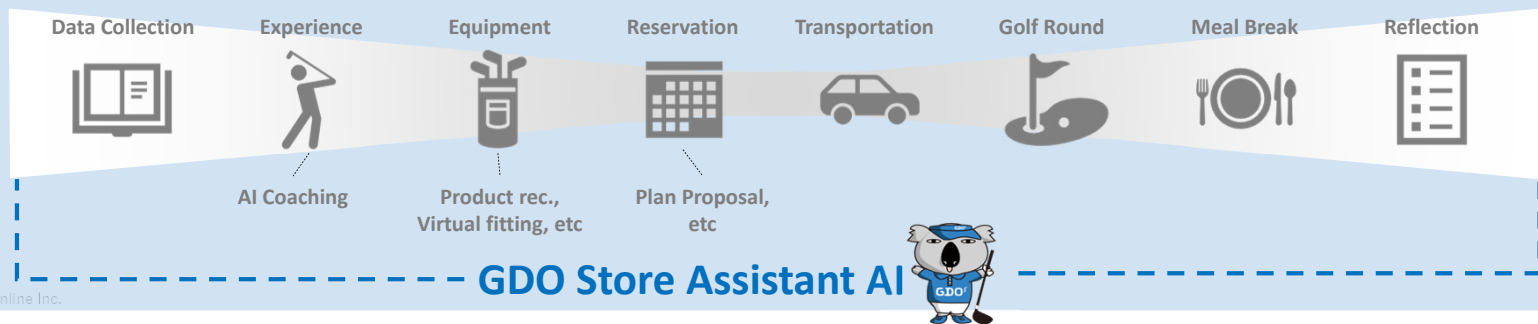
~"GDO-AI Lab", AI joint R&D project with Dentsu Digital Inc. ~



Potential of
Golf & AI

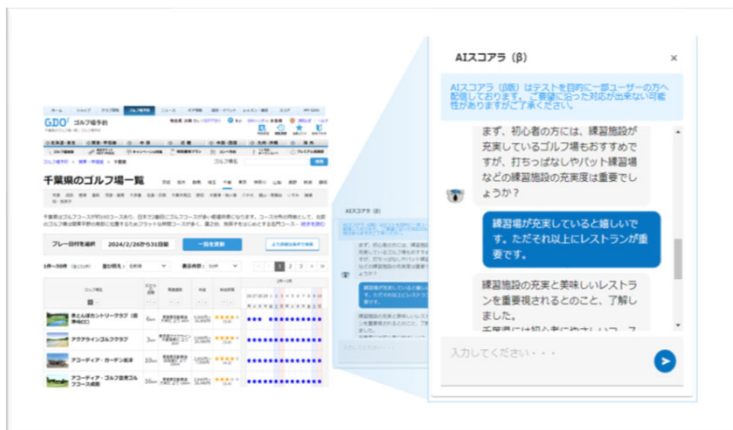
- ▶ Launch of generative AI-related R&D activities based on GDO's massive golfer database.
- ▶ Aiming to deliver new experiences across multiple golfer touchpoints and to establish a unique golf-focused marketing ecosystem.

AI Concierge supports each individual with all golf-related experience



Through conversational AI, recommendations on purchases and reservations will be provided to customers, by utilizing their behaviors, browsing data, and reviews that are not associated with personal information.

Test implementation of conversational AI on a golf course reservation site



Based on the vast amount of golf course reviews accumulated by GDO, the conversational AI 'GDO Store Assistant Chat' acts as a personalized concierge, offering specific reservation slots to users.

Test implementation of virtual fitting on an e-commerce site



Generative AI analyzes detailed product data, allowing users to easily see how items look when worn. In the future, features such as trying on items with past purchases, outfit coordination suggestions, and recommendations for similar items will be added.



Face Recognition by My Number

The first POC experiment for check-in without forms in Japan.

- ▶ GDO was selected for the Digital Agency’s “My Number Card facial recognition project”.
- ▶ From September, a four-month POC for check-in using My Number Card and facial recognition will take place at four golf courses nationwide.
- ▶ Pursuing the improvement of golfer convenience and digital transformation in the golf industry



The popular game 'Angry Birds' makes its debut at Toptracer Range

Pursuing the Potential of Entertainment and Expanding the Reach of 'Off-Course Golf'

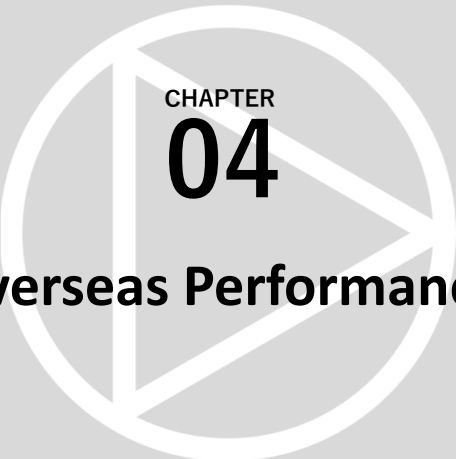
- ▶ On September 30, a new game mode 'Angry Birds' was globally released at Toptracer Range. It is available at over 1,000 facilities worldwide.
- ▶ Angry Birds has exceeded 5 billion downloads as a mobile game.
- ▶ By merging the real and digital worlds, it provides golf experiences for families and friends, and offers an entry point into golf for gaming enthusiasts.



Utilizing Toptracer Range in GDO-hosted golf competitions

Formal competition in off-course golf

- ▶ In the Amateur Golf Championship hosted by GDO, Toptracer Range has been added as a play location in addition to golf courses.
- ▶ In addition to the integration of 'on-course golf' and 'off-course golf,' GDO is pursuing the expansion of use scenarios for Toptracer Range.



CHAPTER
04
Overseas Performance

Overseas Segment

Overall



- ▶ Q3 revenue grew year-over-year for both the GOLFTEC and SkyTrak businesses, achieving a cumulative 8.2% increase.
- ▶ As planned, increased coaches and headcounts in corporate function to meet sales targets, however, revenues fell short, resulting in a larger operating loss.
- ▶ Despite ongoing investment in service development like “GOLFTEC ANYWHERE”, efforts will focus on strict cost management and efficiency improvements to reduce operating losses.

GOLFTEC



- ▶ Q3 revenue saw year-over-year growth in golf lessons, fittings, and EC sales, with cumulative growth of 4.9% and 6.5%, respectively
- ▶ Cash sales declined year-over-year due to a sales shortfall in August, the biggest promotional month, mainly impacted by weak new customers and new service model that negatively affected cash sales, even though renewal remained strong.
- ▶ Efforts will continue to focus on launching new services, such as an improved practice service, to increase store utilization, and to attract new customers by marketing.

SkyTrak

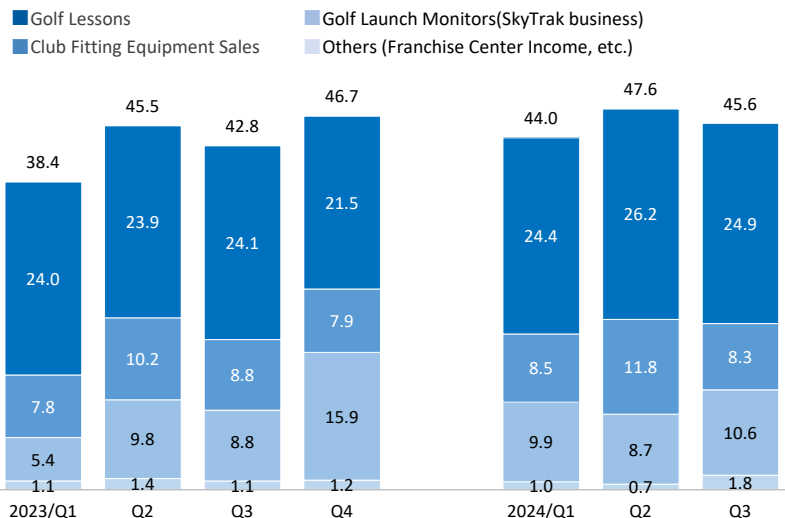


- ▶ Q3 revenue showed significant growth year-over-year in both golf launch monitors and home studio equipment, achieving cumulative growth of 22.8%.
- ▶ Increased competition, however, led to a drop in hardware prices, negatively impacting profit margins.
- ▶ Focus will be on accelerating the shift to software business and expanding current businesses beyond the U.S. to drive revenue growth and improve profit margins.

GOLFTEC and SkyTrak business saw strong sales growth. However, due to an increase in coach labor included in cost of goods sold and SG&A outpaced sales growth, operating profit and EBITDA decreased year over year.

- ▶ To maximize sales, coaches were hired, and corporate functions were expanded at the beginning of the year in preparation for peak sales in August. However, sales struggled, resulting in a year-over-year decrease in EBITDA and operating profit.
- ▶ Continual efforts will be made to improve EBITDA and operating profit by driving sales growth in each business, managing costs, and enhancing operational efficiency.

U.S.GOLFTEC Net Sales (Million USD) / (Accounting Basis)



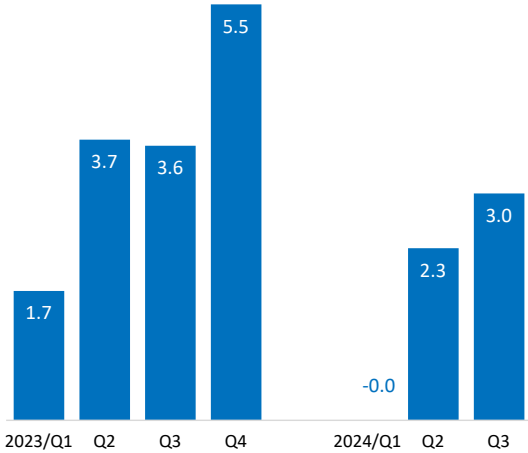
YoY (Million USD)

	9 months / 2023	9 months / 2024	YoY	
Net sales	126.9	137.3	+ 10.4	+ 8.2 %
Golf Lessons	72.0	75.6	+ 3.5	+ 4.9 %
Club Fitting Equipment Sales	26.9	28.6	+ 1.7	+ 6.5 %
Golf Launch Monitors	24.1	29.3	+ 5.2	+ 21.6 %
Other	3.7	3.6	+ 0.0	- 2.0 %
EBITDA	9.0	5.2	- 3.7	- 41.8 %
Operating profit before amortization of goodwill	0.5	-5.1	- 5.6	- 991.4 %
Amortization of goodwill, etc	9.6	9.2	- 0.3	- 4.0 %
Operating profit	-9.0	-14.3	- 5.3	—

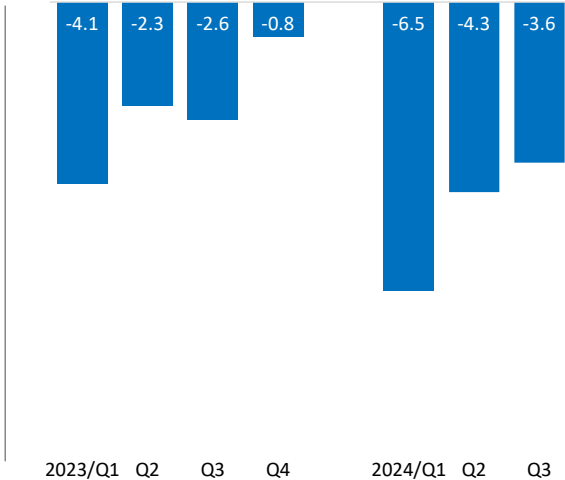
Overseas Segment | EBITDA & Operating Profit (\$USD)

- ▶ As planned, SG&A increased due to the improvement in coach retention rates and the expansion of corporate functions.
- ▶ However, due to struggles in the August sales, operating loss and negative EBITDA widened.

Change in EBITDA (Quarterly) (Million USD)



Change in Operating Profit/Loss (Quarterly) (Million USD)

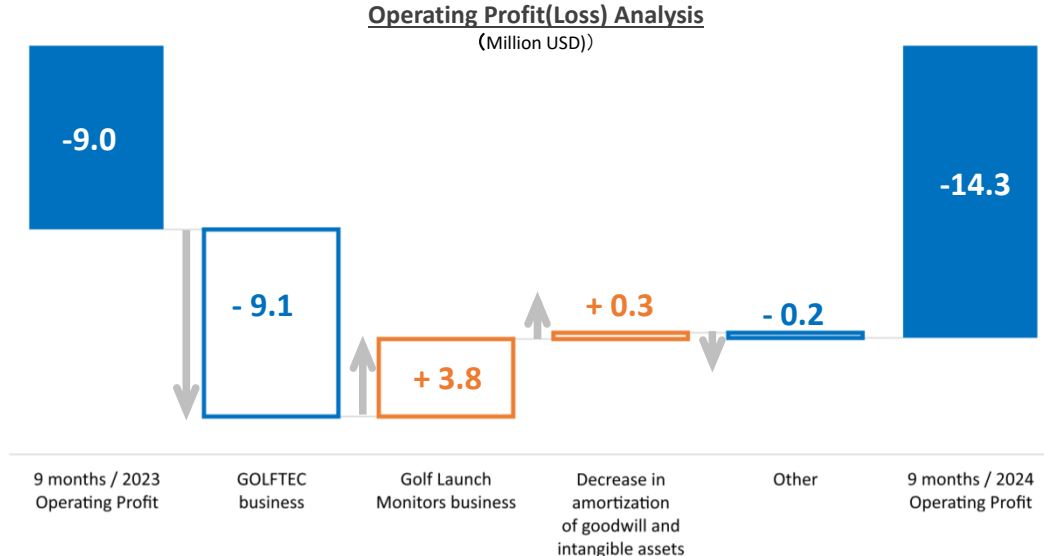


YoY (Million USD)

	2023/ 9 mos	2024/ 9 mos	YoY	
EBITDA	9.0	5.2	- 3.7	- 41.8 %
Operating Profit/Loss	-9.0	-14.3	- 5.3	+ 58.6 %

Hiring more coaches, expanding corporate functions, and ongoing software investment contributed to further losses, while the SkyTrak business made steady gains

- ▶ For the GOLFTEC business, SG&A increased as planned due to improvements in turnover ratio and expansion of corporate functions; however, struggles with Q3 sales led to further losses.
- ▶ SkyTrak business continues to contribute to the company's operating profit; however, competition in hardware pricing has intensified.



Cash Sales grew 5.2% compared to previous year. Q3 Cash Sales, however, faced challenging times.

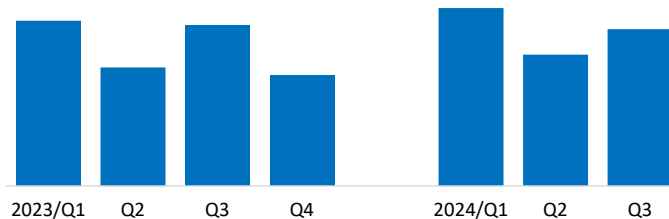
Golf Lesson

- ▶ Despite expanding coaches in the first half, Q3 faced challenges, especially in the August sale. New services tested at some stores and macro factors led to a year-over-year decline in Q3 cash sales, though cumulative growth was achieved.

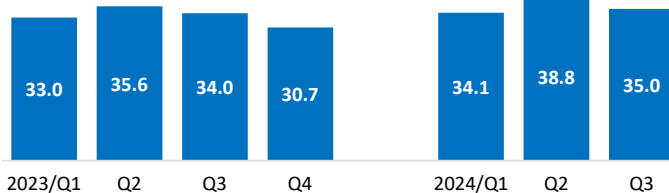
Club Fitting/EC

- ▶ In addition to macro factors, improving the sales skills of new coaches in fitting requires a certain amount of time, resulting in limited growth
- ▶ Focus will be on collaborating with club vendors and provide sales skills to new coaches to improve sales.
- ▶ EC sales are growing steadily through improvement in website.

Cash Sales at corporate centers (Million USD)



Quarterly Net Sales (Accounting Basis) (Million USD)

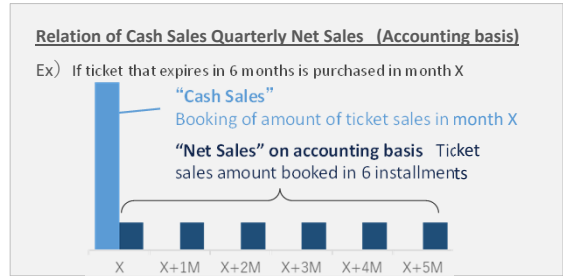


Deferred revenue by U.S. GOLFTEC

Year/Quarter	2023/Q1	2023/Q2	2023/Q3	2023/Q4	2024/Q1	2024/Q2	2024/Q3
Deferred revenue (Million USD)	39.6	32.8	37.0	33.3	41.7	34.2	37.9

(Million USD)	9 mos / 2023	9 mos / 2024	YoY
U.S. GOLFTEC Net Sales (Accounting basis)	127.1	137.1	+ 10.0 + 7.9%

Cash Sales YoY **+5.2%** ↑

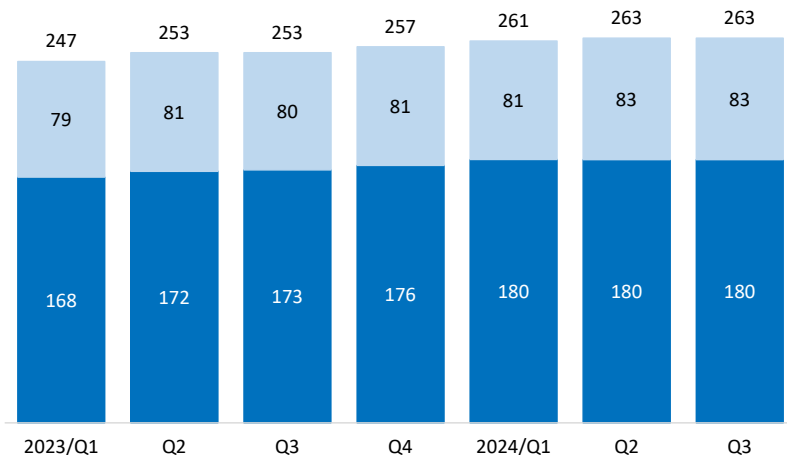


Store expansion strategy is progressing as planned. 2024 4 new stores so take out no new stores will be opened, with a focus on recovering the performance of existing stores.

- ▶ Top priority is improving the store's profitability. New services will be implemented to increase sales, while strict cost management will continue.

Number of Stores

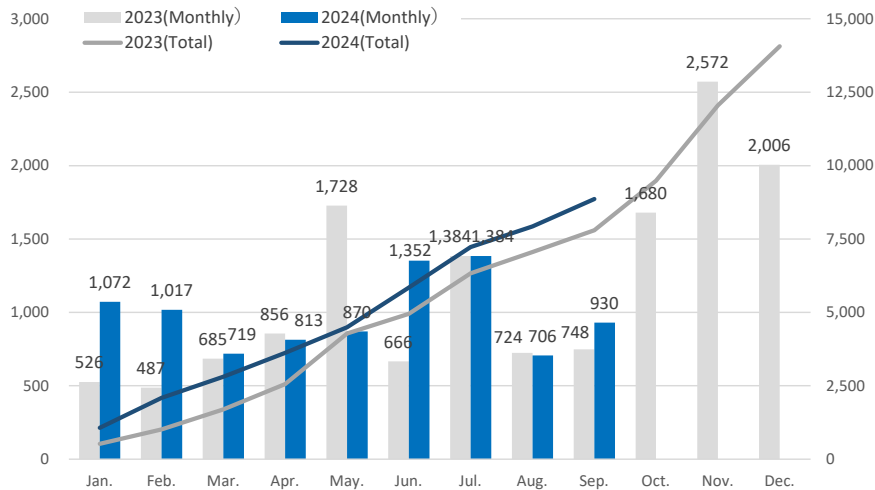
- Corporate center
- Franchise center



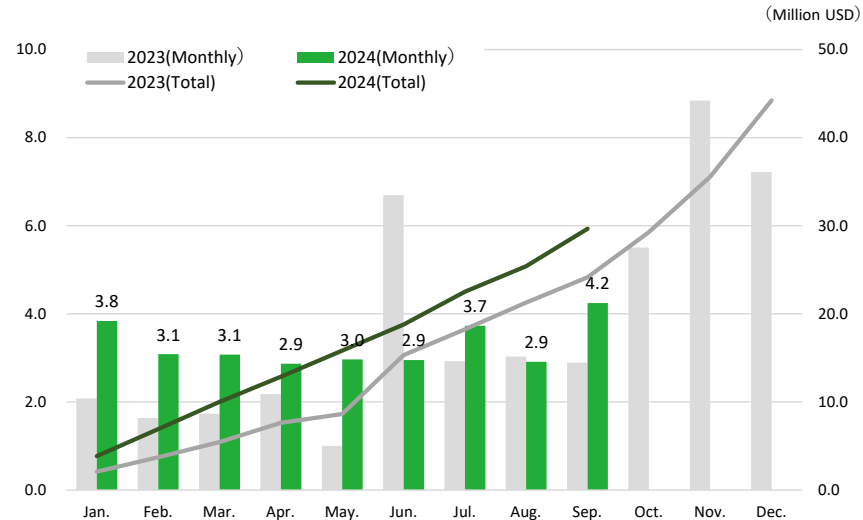
Sales unit and revenue of launch monitors continue to grow, though the competition in hardware sales is intensifying

- ▶ Despite intensified price competition, shifts in sales of software and accessories have led to double-digit growth compared to the previous year
- ▶ Strategic marketing efforts are concentrating more on the software business.

“SkyTrak” and “SkyTrak+” monthly sold units



SkyTrak business monthly net sales

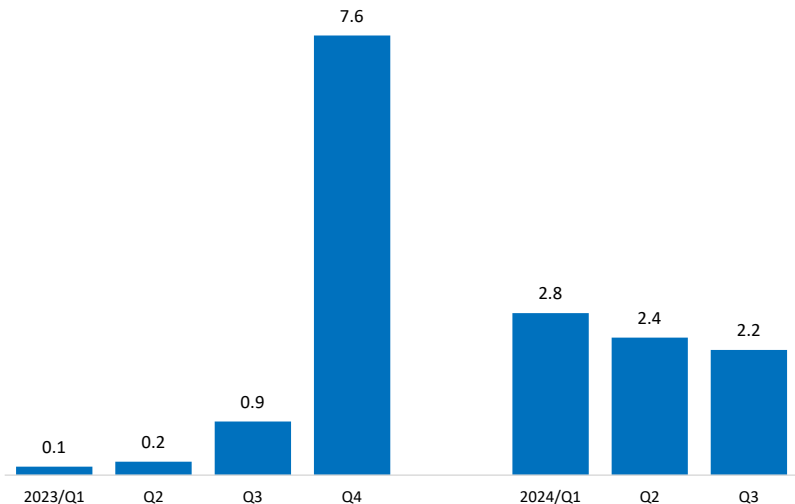


Net Sales of ST Studio continued to grow steady compared to previous year

- As accessories for 'SkyTrak' and 'SkyTrak+', ST Studio (nets, mats, projectors, cases, etc.) started selling, with sales growing strongly compared to the previous year. Primarily bundled with launch monitors, efforts will continue to strengthen launch monitor sales to drive growth in home studio equipment sales

ST Studio Net Sales

(Million USD)

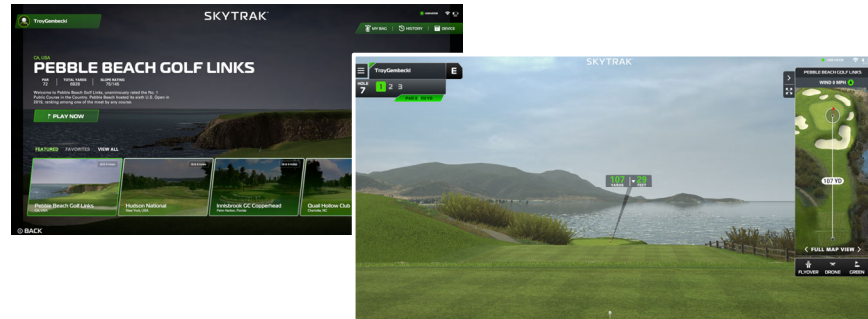


Release Dedicated Software for SkyTrak (ver. 5.0), with New Features

- ▶ Software Update to World's #1 Launch Monitor Allows Golfers to Play Iconic Courses and Practice on Specialized Driving Ranges

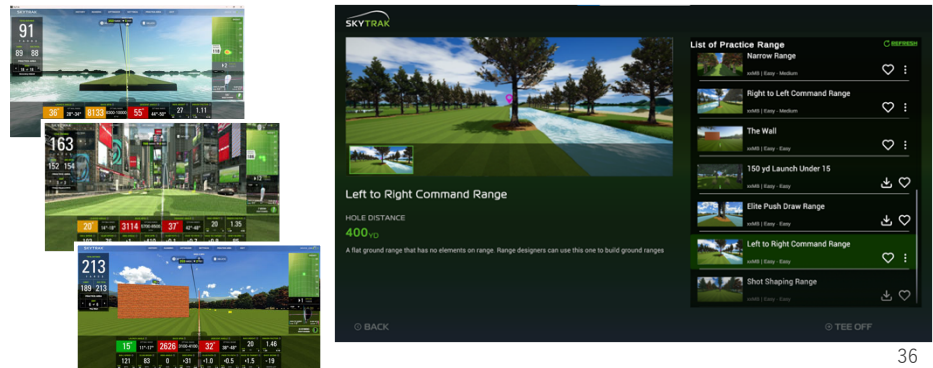
Course Play Overview

- 30 Courses including Pebble Beach
- Available in Bay for various patterns of Lesson and Practice Sessions
- Play a round or skip to any hole
- More features will be added



Simulation Software Subscriptions

- New Revenue Stream for Company
- Available for \$220 per year
- **Next:** Simulation Software with Integrated GOLFTEC Instruction



SkyTrak introduces course play for MacOS, a simulator industry first, as part of a major software update.

- ▶ The GOLFTEC brand also is introducing the Exciting PinSeeker Feature Across All Devices and making Course Play available on iOS and Android

First-Ever Course Play on MacOS

- Golfers can now play iconic courses like Pebble Beach and Quail Hollow on MacOS, iOS, and Android.

PinSeeker

- Available on all platforms, golfers can compete in online closest-to-the-pin tournaments.

Course Play Expansion

- More iconic courses are available across iOS, Android, and MacOS with realistic simulations.

Enhanced Features

- New graphics settings, "Hot Keys," green speed options, keyboard aim controls, and a "Plays Like" yardage indicator for elevation.



Golftec to provide Official Instruction to UNDERRATED Golf Tour.

- ▶ GOLFTEC will be on site at all UNDERRATED tour events, including Curry Cup sponsored by NBA Star, Steph Curry, to provide young golfers with state-of-the-art swing analysis using its revolutionary OptiMotion technology.



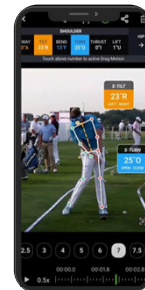
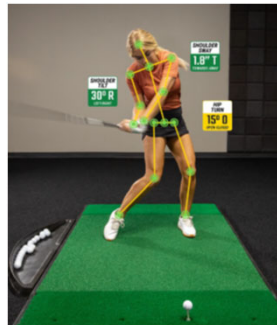
UNDERRATED Golf

Underrated Golf aims to diversify the predominantly white male sport of golf by offering special programs for young, overlooked golfers and connecting them with companies.



UNDERRATED Golf Tour

- United States Tour
- Europe Tour
- Curry Cup



OptiMotion

Measures golf swing in 3D by custom-built, high-speed, single HD camera

First Standalone GOLFTEC Center in Manhattan opened in April

- ▶ Grand opening celebration of GOLFTEC Midtown Manhattan took place on April 17 and April 18

- The 1st Golftec Center opened in Manhattan, New York
- Flagship center with a new design, a studio combined with SkyTrak showroom
- Some of existing centers will be redesigned based on Manhattan flagship center
- Nearly 100 guests, including medias, association-related, and financial institutions, visited GOLFTEC Manhattan during two days of events

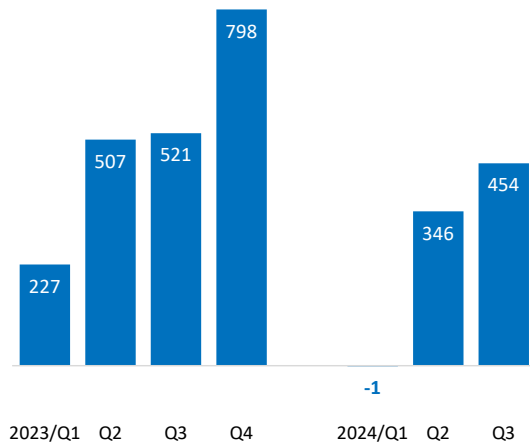


(Millions of yen)	9 months / 2023	9 months / 2024	Increase/decrease amount	Increase/decrease percentage
Net sales	17,542	20,800	+ 3,258	+ 18.6 %
Golf Lessons	9,965	11,457	+ 1,492	+ 15.0 %
Club Fitting Equipment Sales	3,720	4,339	+ 619	+ 16.6 %
Golf Launch Monitors	3,339	4,490	+ 1,151	+ 34.5 %
Other	516	512	- 4	- 0.8 %
EBITDA	1,255	800	- 455	- 36.3 %
Operating profit before amortization of goodwill	79	-774	- 853	- 1076.6 %
Amortization of goodwill, etc	1,331	1,400	+ 69	+ 5.2 %
Operating profit	-1,251	-2,174	- 922	— %

Average rates during the fiscal period : 2023Q3YTD \$1USD=¥138.23
2024Q3YTD \$1USD=¥151.44

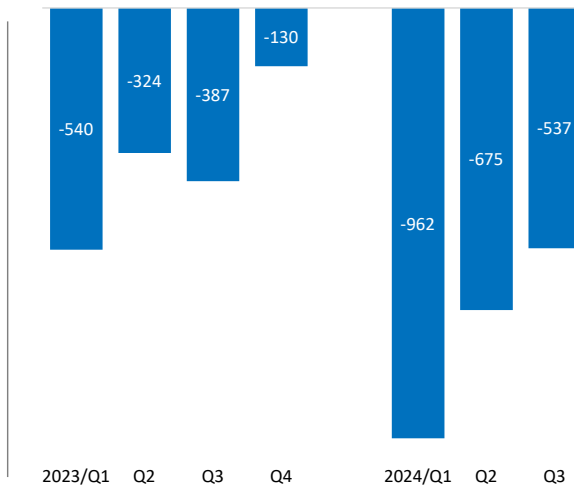
Change in EBITDA (Quarterly)

(Millions of yen)



Change in Operating Profit/Loss (Quarterly)

(Millions of yen)

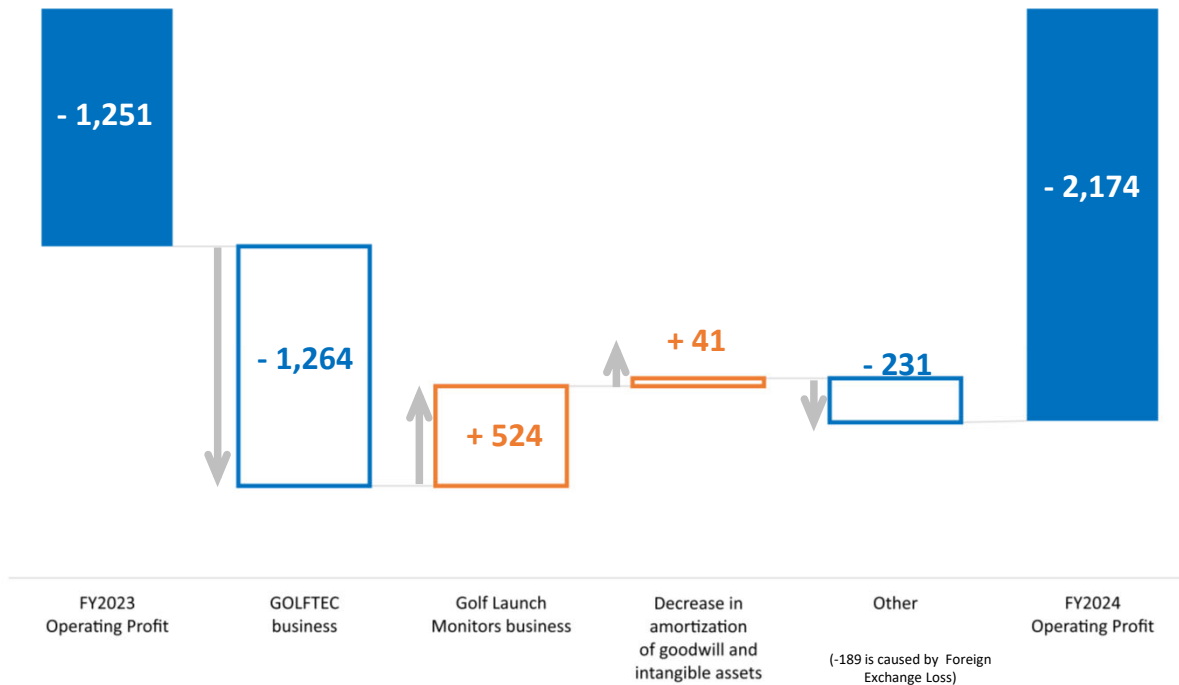


YoY (Millions of yen)

	9 mos /2023	9 mos / 2024	YoY	
EBITDA	1,255	800	- 455	- 36.3 %
Operating Profit/Loss	-1,252	-2,175	- 923	+ 73.7 %

Operating Profit(Loss) Analysis

(Millions of yen)



U.S.GOLFTEC

Analysis of net sales* increase/decrease

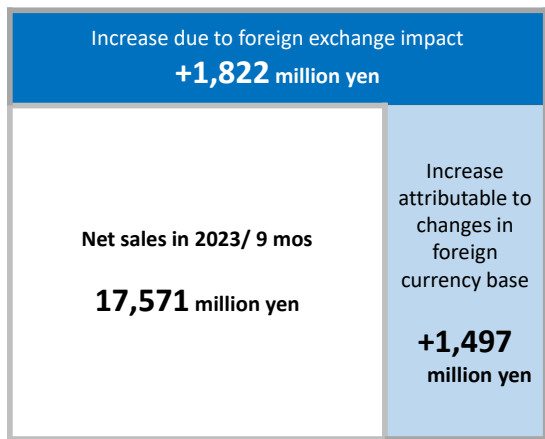
Net sales^{**} in 2024/ 9 mos

20,891 million yen

Average exchange rate during the period (per \$USD)

2024/9 mos
¥ 151.44

2023/9 mos
¥ 138.23



Net sales in 2023/9mos
127.1 million USD

Net sales in 2024/9mos
137.9 million USD

Increase in net sales **+10.8 million USD**

Overseas segment

Analysis of operating profit increase/decrease

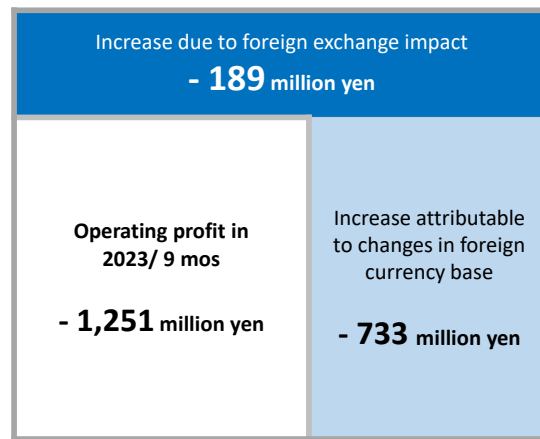
Operating profit in 2024/ 9 mos

- 2,174 million yen

Average exchange rate during the period (per \$USD)

2024/9 mos
¥ 151.44

2023/9 mos
¥ 138.23



Operating profit in 2023/9mos
- 9.0 million USD

Operating profit in 2024/9mos
- 14.3 million USD

Decrease in Operating profit **- 5.3 million USD**

*Net sales do not include inter-subsidiary transactions.



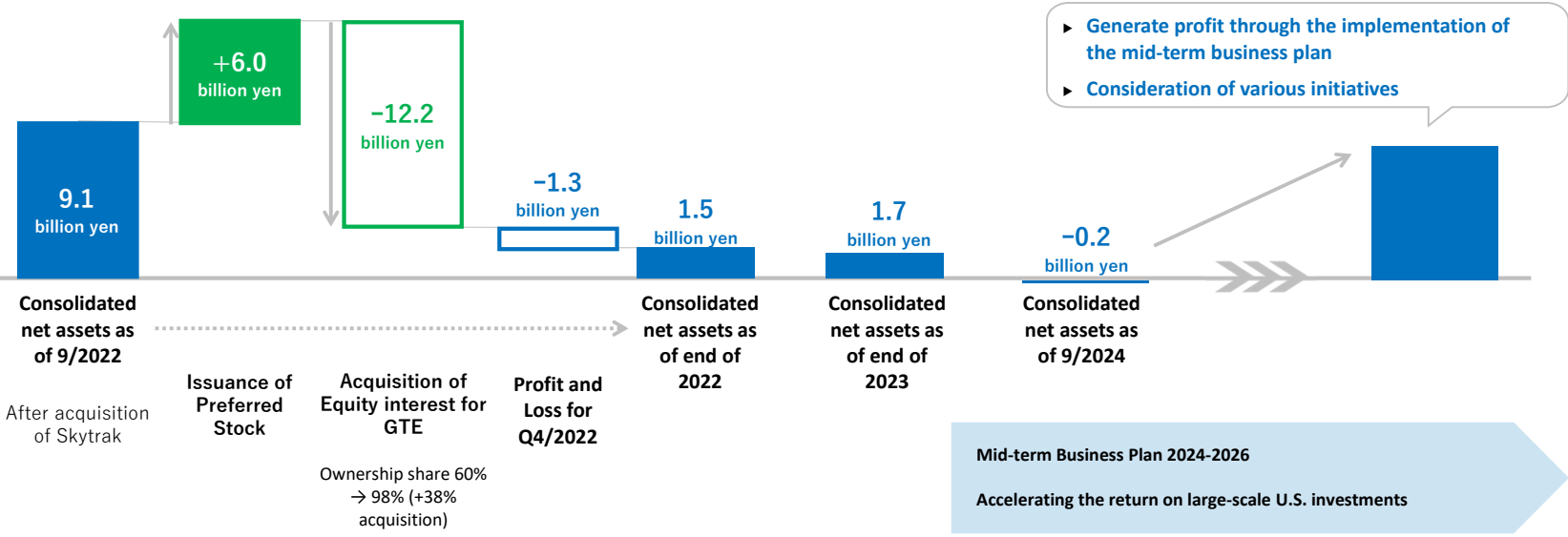
- ▶ Since the end of June, the yen has appreciated, leading to a decrease in the balances of assets and liabilities.
- ▶ Due to the expansion of losses in overseas segment and the reduction of forex gains, net assets temporarily became negative

(Millions of yen)	End of Dec.2023	(Composition ratio)	End of Sep.2024	(YoY)	(Composition ratio)
Current Assets	14,772	32%	14,868	+ 96	33%
Cash deposits	2,793		1,449	- 1,344	
Accounts receivable	3,520		3,866	+ 345	
Merchandise	6,060		6,609	+ 548	
Other current assets	2,399		2,944	+ 547	
Non-Current Assets	31,927	68%	29,882	- 2,045	67%
Tangible assets	16,173		15,064	- 1,108	
Intangible asset	14,707		13,777	- 930	
(Goodwill)	(8,084)		(7,263)	(- 820)	
Investments and other assets	1,047		1,041	- 6	
Total Assets	46,700	100%	44,751	- 1,948	100%

	End of Dec.2022	(Composition ratio)	End of Sep.2024	(YoY)	(Composition ratio)
Current Liabilities	22,961	49%	25,308	+ 2,347	57%
Accounts payable	2,620		3,850	+ 1,230	
Interest-bearing liabilities	8,264		9,542	+ 1,277	
Unearned revenue	6,068		6,644	+ 576	
Other Current liabilities	6,009		5,272	- 736	
Non-Current Liabilities	22,006	47%	19,659	- 2,346	44%
Long term borrowings	11,723		10,625	- 1,097	
Other non-current liabilities	10,283		9,034	- 1,249	
Total Liabilities	44,967	96%	44,968	+ 1	100%
Total Equity	1,732	4%	-217	- 1,950	0%
Shareholders' equity	1,323		-778	- 2,101	
Valuation and translation adjustments	407		555	+ 148	
Share acquisition rights	2		5	+ 3	
Total Liabilities & Equity	46,700	100%	44,751	- 1,948	100%

Consolidated B/S | Status of Consolidated Net Assets

- ▶ Due to the expansion of losses in overseas segment and the reduction of forex gains, the net assets as of the end of September 2024 were temporarily negative.
- ▶ Continuing to drive profits through the mid-term business plan and exploring initiatives to quickly recover from negative equity.



- ▶ Generate profit through the implementation of the mid-term business plan
- ▶ Consideration of various initiatives

IT Investment, Capital Investment, and Other Investments were conducted per below

Overseas segment

10.1 million USD
(1,535 million yen)

U.S. GOLFTEC

- ▶ 4 new company-owned stores opened based on contracts signed in the previous fiscal year (inclu. Flagship center in Manhattan, NY.)
- ▶ Repairs and improvements in store facilities

Golf Launch Monitors business

- ▶ Software development

GOLFTEC ANYWHERE

- ▶ Software development

Domestic segment

629 million yen

- ▶ System investments related to Golf Course Business
- ▶ Related to Toptracer Range facilities
- ▶ ERP System Upgrade

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