February 14, 2025

To Whom It May Concern

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Notice Regarding the Recording of Non-Operating Income (Foreign Exchange Gains), Differences from the Previous Year`s Full-Year Consolidated Results, and Revision of Year-End Dividend Forecast

The company hereby announces that for the full fiscal year ending December 2024, it has recorded non-operating income and provides details on the differences between its consolidated financial results for the fiscal year and the previous year`s actual results, as outlined below. Additionally, the company has revised its year-end dividend forecast, which was previously left undetermined in the "Consolidated Financial Results for the Year Ended December 31, 2023" published on February 14, 2024, as detailed below.

Remarks

1. Recording of Non-operating Income (Foreign Exchange Gains)

The company recorded foreign exchange gains of 677 million yen as non-operating income for the full fiscal year ending December 2024.

This gain primarily resulted from the depreciation of the yen compared to the previous fiscal year-end, leading to valuation gains on the foreign currency-denominated assets held by the Company Group.

2. Differences from the Previous Year's Full-Year Consolidated Results

(1) Full-Year Consolidated Earnings Forecast for the Fiscal Year Ending December 2024 (January 1, 2004 - December 31, 2024)

	Net sales	EBITDA	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earning per Share
Previous Actual Results (A) (Fiscal Year Ended December 2023)	Millions of yen 52,918	Millions of yen 4,465	Millions of yen 380	Millions of yen 353	Millions of yen 158	Yen Sen △12.98
Current Actual Results (B)	57,006	3,935	△823	△862	△1,698	△117.86
Net Change (B - A)	4,088	△529	△1,204	△1,215	△1,857	
Net Change (%)	7.7	△11.9	—	—	—	

(2) Reasons for the Differences

Consolidated net sales increased by 7.7% year over year, driven by strong performance in golf equipment sales services in the domestic segment, robust demand for golf launch monitor services in the overseas segment, and the continued depreciation of the yen.

In terms of profitability, GOLFTEC centers, which primarily operate golf lesson services in the U.S. market, faced challenges due to a shortage of coaching staff, exacerbated by the deteriorating macroeconomic environment in the U.S. While efforts to recruit and train new coaches in the first half of the fiscal year yielded some positive results, sales growth remained limited compared to initial projections. At the same time, labor costs were incurred ahead of revenue growth. In the domestic segment, while improvements in gross profit margin and continued control over selling, general, and administrative expenses had a positive impact, the Company also made planned IT investments and security enhancements as initially scheduled. As a result, consolidated EBITDA and consolidated operating profit fell below the previous year's levels. Regarding consolidated ordinary profit, although foreign exchange gains were recorded, as mentioned in "1. Recording of Non-Operating Income (Foreign Exchange Gains)," interest payments to financial institutions weighed on overall performance, leading to a significant decline compared to the previous year.

Furthermore, on a standalone basis, the Company recorded an operating profit of 1,518 million yen domestically. However, due to corporate tax payments, net income attributable to owners of the parent company significantly declined from the previous year, resulting in a net loss.

3. Revision of Year-End Dividend Forecast

(1) Details of the Dividend Forecast

Common Stock

	Annual Dividend				
	End of the First Quarter	End of the Second Quarter	End of the Third Quarter	End of the Year	Total
Previous Forecast (Announced on February 14, 2024)	Yen Sen —	Yen Sen Pending	Yen Sen —	Yen Sen Pending	Yen Sen Pending
Current Forecast	—	—	—	0.00	0.00
Current Actual Results	—	0.00	—	—	—
Previous Actual Results (Fiscal Year Ended December 2023)	—	4.00	—	0.00	4.00

Class A Preferred Stock

	Annual Dividend				
	End of the First Quarter	End of the Second Quarter	End of the Third Quarter	End of the Year	Total
Previous Forecast (Announced on February 14, 2024)	Yen Sen —	Yen Sen —	Yen Sen —	Yen Sen Pending	Yen Sen Pending
Current Forecast	—	—	—	0.00	0.00
Current Actual Results	—	—	—	—	—
Previous Actual Results (Fiscal Year Ended December 2023)	—	—	—	0.00	0.00

(2) Reason for the Revision

The company`s fundamental policy on shareholder returns is to balance internal reserves with financial stability and future business expansion while ensuring a stable long-term management foundation. The company aims to return profits to shareholders based on each fiscal period`s business performance and financial position, with the goal of continuous growth and increased shareholder value. However, as noted in “2. Differences from the Previous Year's Full-Year Consolidated Results”, the loss attributable to owners of the parent company for the fiscal year ending December 2024 has necessitated an urgent focus on strengthening financial stability and improving the profitability of existing businesses. As a result, with deep regret, the company has decided to forgo the year-end dividend for the fiscal year ending December 2024.

We extend our sincere apologies to our shareholders and are committed to strengthening our revenue base and improving our financial position. The GDO Group will make every effort to achieve these objectives and restore dividend payments to common shareholders and Class A preferred shareholders at the earliest possible opportunity.

The remarks end here