

Rare opportunity presents itself for a 2nd time SkyTrak+ launches, bringing tour level accuracy at an affordable price point

SUMMARY

- On May 4, GOLFTEC announced the launch of “SkyTrak+,” a premium version of the award-winning and No.1 best-selling consumer launch monitor, now offering tour level accuracy and performance at a price that is still only a fraction of the top-of-the-line commercial-use product. Having largely completed the integration of SkyTrak business during the 1Q, the GOLFTEC ANYWHERE initiative is now going into full swing.
- Since our 4Q FY22/12 Follow-up Report, GDO’s share price has declined another 12.7%, the decline from the peak now equal to the -64% seen in the case 1 shown below. However, since fundamental valuations rather than technical analysis are generally the north star for most investors, in this report we take a closer look at the price-to-sales ratio and EV/EBITDA, using weekly data for higher precision.
- Despite concerns over a slowdown after the COVID-19 special demand boost, the golf markets in the US and Japan remain vibrant and healthy, supported in part by high growth in off-course participation. In a strikingly similar capitulation selloff as was seen in the summer of 2018 after GDO raised its stake in GTE from 8% → 60%, **the current capitulation has put the price-to-sales ratio below the previous low of 0.30x at 0.28x**. In addition, the current calculation of EV/EBITDA starts from a high 4Q-end net interest-bearing debt of ¥26.7bn, which will decline going forward, as debt to finance the transactions is paid down. It is also worth noting the forex assumption for FY23/12 is USD ¥123. A rare opportunity presents itself for a 2nd time, only this time investors have a proven track record!

1Q Follow-up

GDO

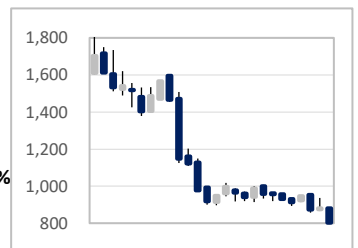
Focus Points:

Technology driven Group engaged in golf-related businesses mainly in the world’s two largest golf markets, expanding the domain to off-course golf with the acquisition of SkyTrak affordable launch monitor business.

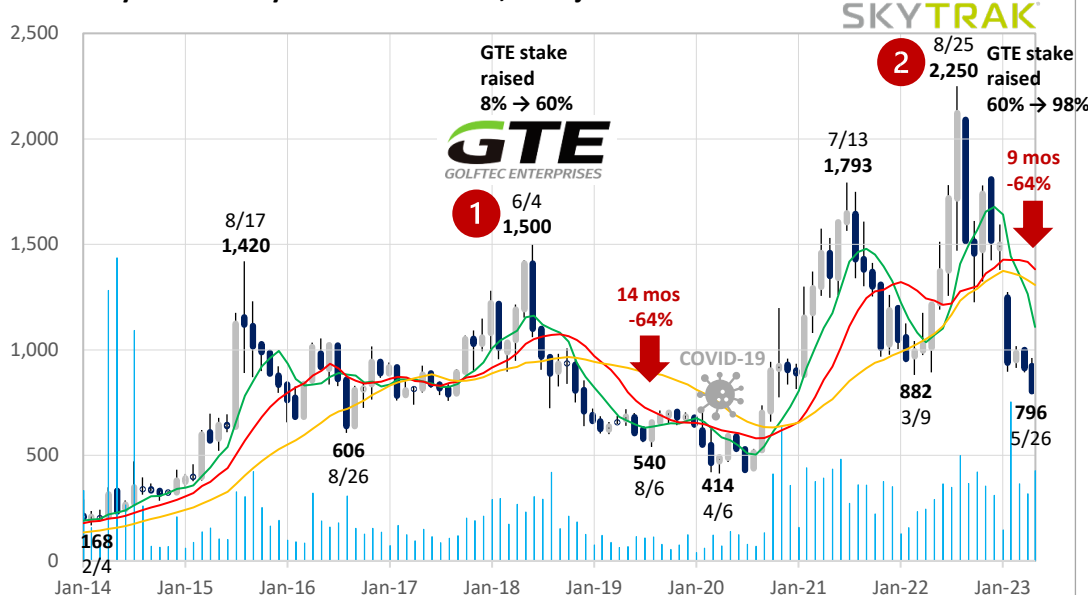
Key Indicators

Share price (5/26)	802
YH (23/1/23)	1,595
YL (23/5/26)	796
10YH (22/8/25)	2,250
10YL (14/2/4)	168.0
Shrs out. (mn shrs)	18.274
Mkt cap (¥ bn)	14,674
Shr equity ratio (3/31)	3.38%
23.12 P/E (CE)	26.6x
23.12 EV/EBITDA (CE)	6.9x
23.12 P/S (CE)	0.28x
23.03 P/B (act)	9.61x
23.12 DY (CE)	1.18%

6M stock price (weekly)



GDO 10-year Monthly Share Price Chart, 2 Major M&A Cases



Source: compiled by SIR from SPEEDA share price database.

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This report was prepared by Sessa Partners on behalf of Golf Digest Online Inc. Please refer to the legal disclaimer at the end for details.



Performance and Valuations:
SESSA Smart Charts

✓ GDO's price-to-sales (P/S) ratio is now below the capitulation level of **0.30x** at **0.28x** following the acquisition of a majority 60% stake of US GOLFTEC in 2018.

✓ SIR believes that EV/EBITDA is likely one of the most important benchmarks for GDO, given that EBITDA is a core focus of GDO Group management strategy. However, while current EV/EBITDA of **6.9x** uses guidance for FY23/12 EBITDA of ¥5.8bn, EV is still calculated with 4Q-end net interest-bearing debt of ¥26.7bn. Since this will decline going forward with repayment, actual EV based on the FY-end value would be lower. It is also worth noting the forex assumption for FY23/12 is **¥123.00**.

✓ A rare opportunity has presented itself for a second time, only this time investors have a proven track record!



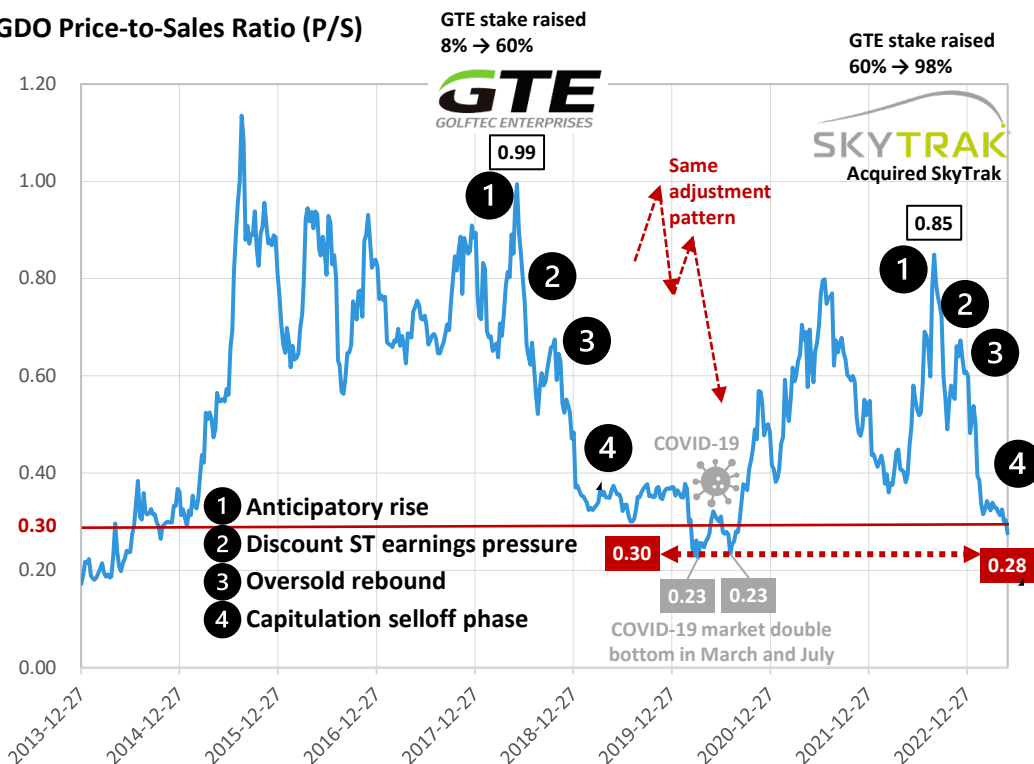
Analyst's view

Rare opportunity presents itself for a 2nd time

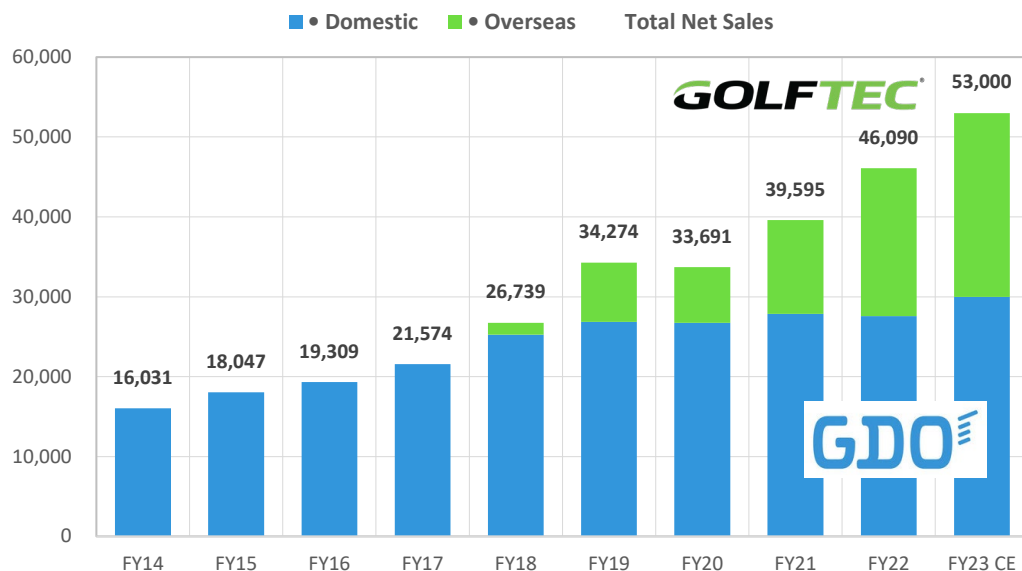
STRIKINGLY SIMILAR CAPITULATION SELLOFFS

● The share price bottomed 14 months after the first capitulation selloff in 2018, down -64% to 540 on a P/S ratio of 0.30x. The same metrics for the current case put the 5/26 low of 796 at down 9 months from the peak, -64.6% on a P/S ratio of 0.28x. While current EV/EBITDA at 6.9x is still above the 5.3x bottom in the last case (see graph on the next page), the EV calculation will decline going forward as 4Q-end interest-bearing debt of ¥26.7bn is steadily paid down, at the same time with EBITDA rising on new growth. SIR believes valuations have likely entered a bottom zone.

GDO Price-to-Sales Ratio (P/S)



GDO Consolidated Sales Trend



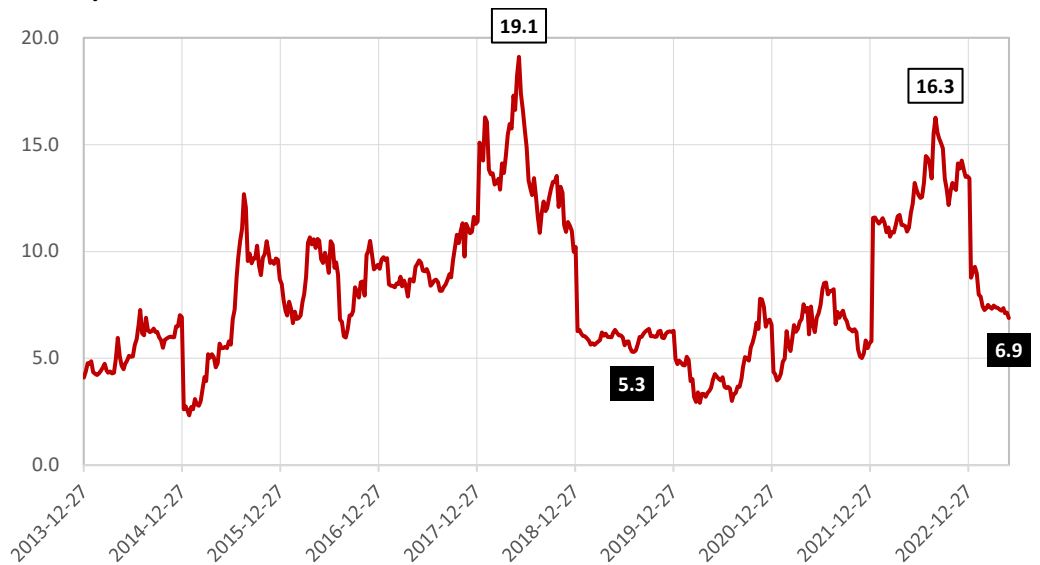


Analyst's view

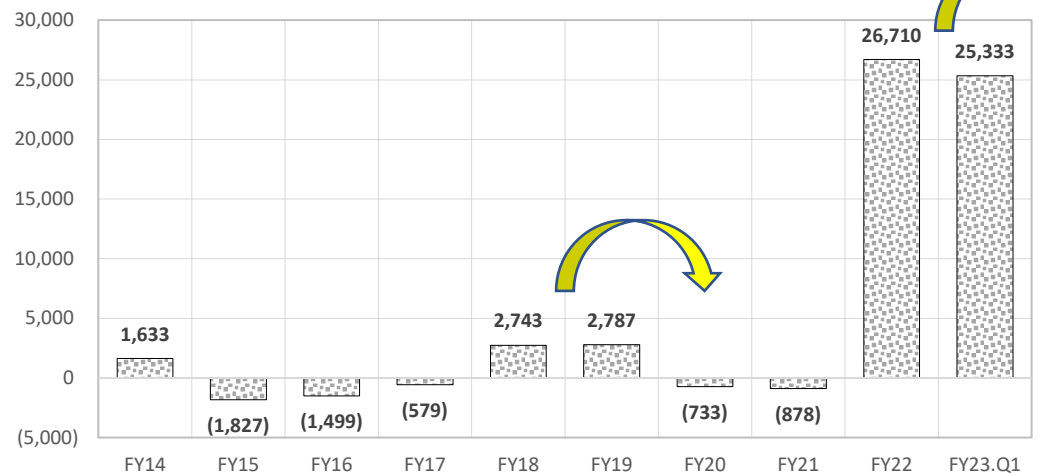
- ✓ GDO's price-to-sales (P/S) ratio is now trading **49% below** the 10-yr historical average of **0.54x**, and EV/EBITDA is now trading **16% below** the 10-yr historical average of **8.15x**.
- ✓ Enterprise Value (EV) is calculated by Market Cap adjusted for treasury shares + (Interest Bearing Debt - Cash and Cash Equivalents - Short-Term Investments) + Non-controlling Interest. The point is that **high net IBD is only a fleeting point in time**, which declines as the debt is steadily paid down.
- ✓ EBITDA is defined as EBIT (Pretax Income + Interest Expenses - Interest Income) + Depreciation and Amortization in Operating CF. Japan uses OP for EBIT. US GTE financial results were consolidated from the 4Q in FY18/12. For the first 4 full terms leading up to case 2, consolidated net sales grew at **+14.6% CAGR** and consolidated EBITDA grew at **+27.4% CAGR**. There is a proven track record this time.



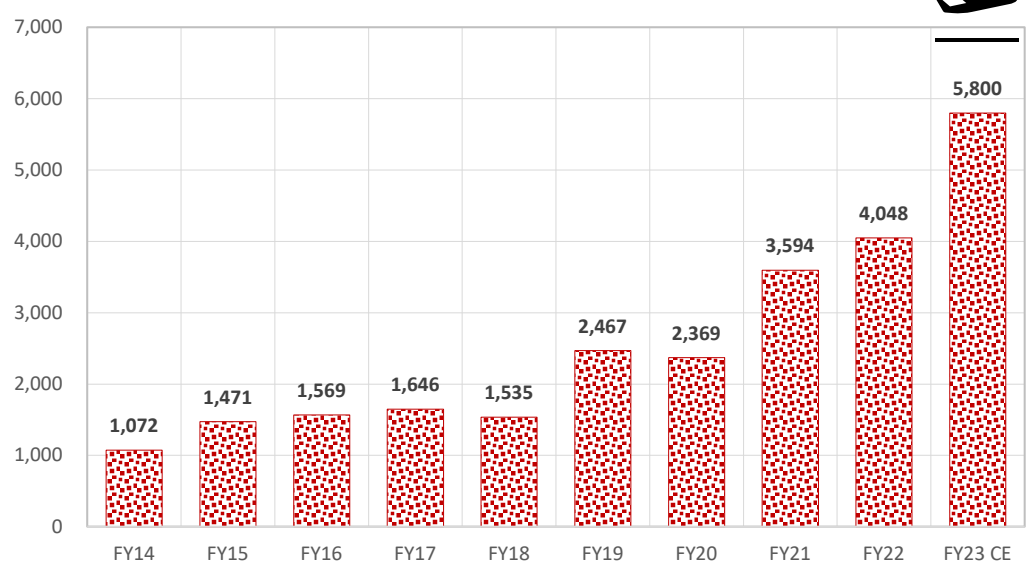
GDO EV/EBITDA



Trend of Consolidated Net Interest-Bearing Debt (JPY mn)



Trend of Consolidated EBITDA (JPY mn)



YUHO data used in preparing the exhibits on the previous page

Trend of Consolidated Net Interest-Bearing Debt (IBD)

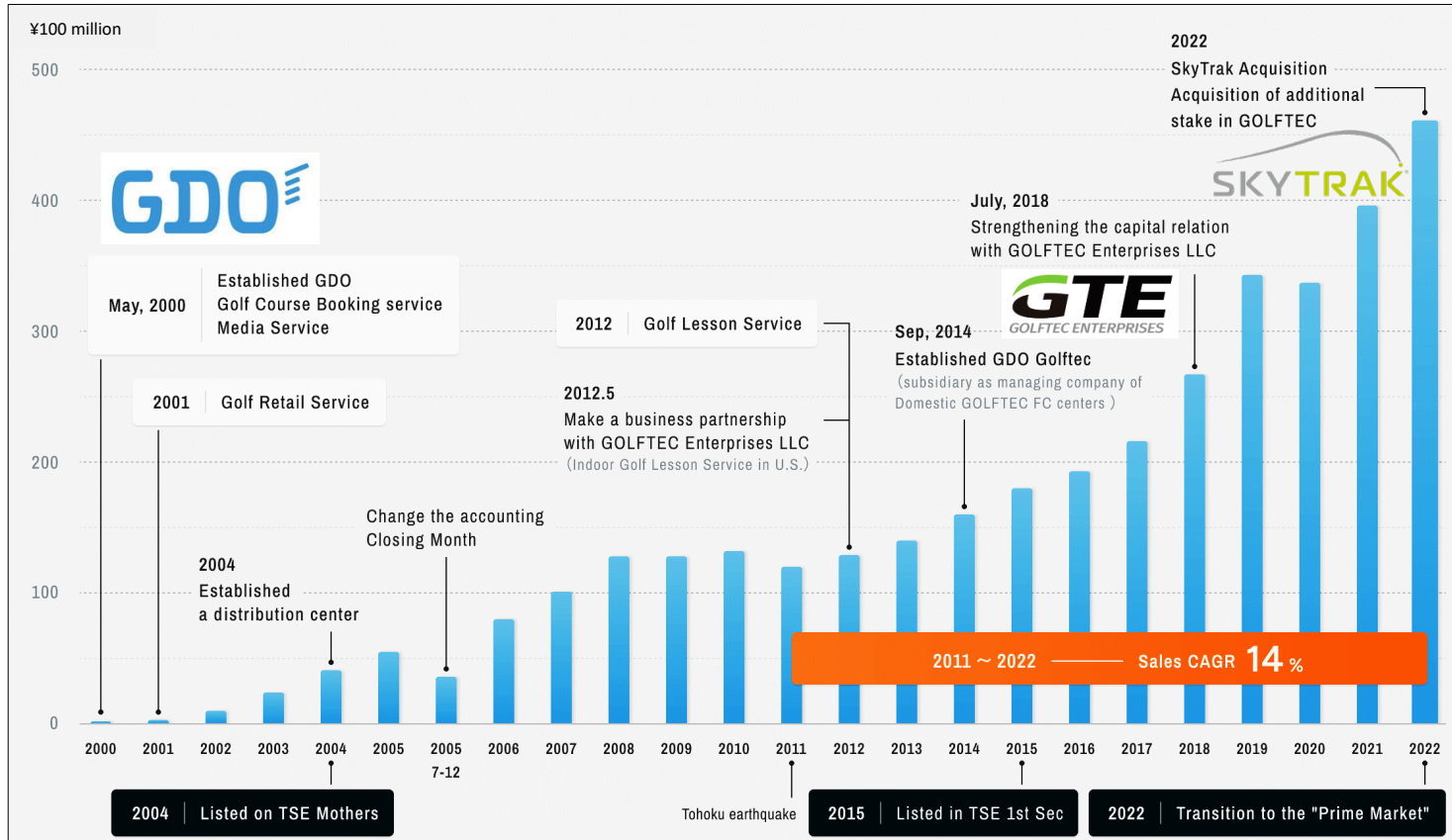
JPY mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23.Q1
• ST borrowings	2,000	1,000	0	950	2,435	3,446	1,472	2,026	5,604	5,452
• LT borrowings < 1 yr	333	0	0	0	667	667	666	0	1,514	1,517
• ST lease obligations	2	6	5	2	3	3	1	0	1,322	0
• LT borrowings	0	0	0	0	1,335	667	0	0	12,961	12,618
• LT lease obligations	2	8	5	3	4	1	1	1	7,729	7,944
Total interest-bearing debt	2,336	1,014	10	955	4,444	4,784	2,140	2,027	29,131	27,531
Cash and deposits	703	2,841	1,509	1,534	1,701	1,997	2,873	2,905	2,421	2,198
Net interest-bearing debt	1,633	(1,827)	(1,498)	(578)	2,743	2,787	(733)	(878)	26,710	25,333

Trend of Consolidated EBITDA

JPY mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23 CE
• Depreciation	618	640	496	421	635	1,153	1,191	1,443	2,097	NA
• GW amortization	10	3	0	11	95	335	339	444	761	NA
Total deprec. and amortization	628	642	496	432	730	1,488	1,529	1,887	2,858	3,750
Operating profit	444	828	1,073	1,214	805	979	839	1,707	1,190	2,050
EBITDA	1,072	1,471	1,569	1,646	1,535	2,467	2,368	3,594	4,048	5,800

Source: compiled by SIR from Annual Securities Reports (YUHO financial statements) and IR results briefing materials for FY23 company estimates.

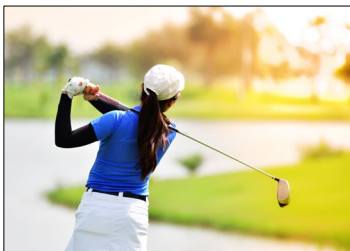
Golf Digest Online Inc. Growth Trajectory – Consolidated Net Sales



Source: excerpt from Company website.



Golf Digest Online Inc.
Founder and CEO
Nobuya 'Mike' Ishizaka

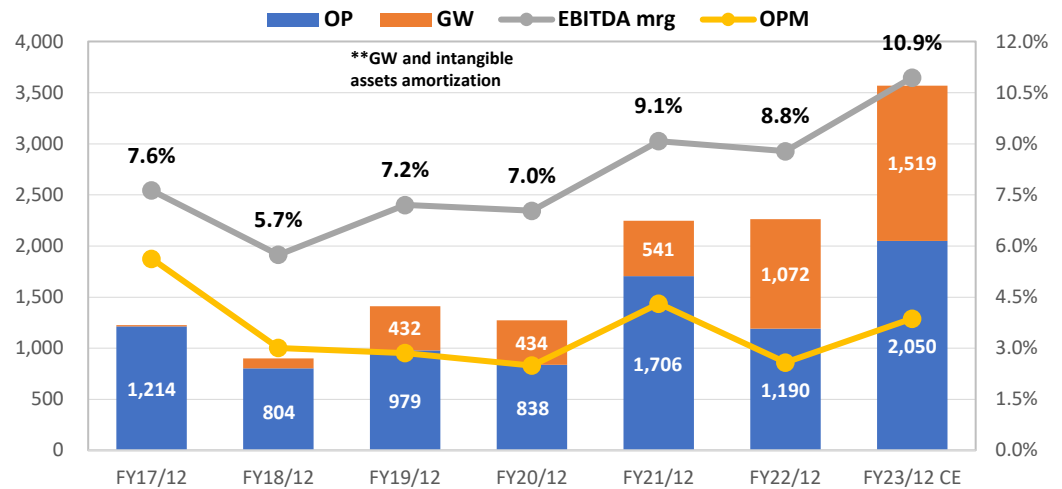


*Effective from the fiscal year ended December 31, 2022, the GDO Group applies the Accounting Standard for Revenue Recognition, etc. Figures for FY2021 have been restated on the assumption that this accounting standard had been applied.

****GW amortization, etc.**

GW and intangible assets recognized at the time of acquiring GTE in the US, at the time of repurchase of FC stores (making them directly managed corporate centers), and at the time of acquiring SkyTrak business in the US.

GDO Trend of EBITDA Margin and Operating Profit Margin



**Note: GW and intangible assets recognized at the time of acquiring GTE in the US, at the time of repurchase of FC stores (making them directly managed corporate centers), and at the time of acquiring SkyTrak business in the US.

GDO Consolidated Earnings Trend by Segments

[J-GAAP]	FY17/12	FY18/12	FY19/12	FY20/12	FY21/12	FY21/12	FY22/12	FY22/12
JPY mn, %	act	act	act	act	act	act*	act	init CE
Net sales	21,574	26,739	34,274	33,690	39,594	37,718	46,090	53,000
• Japan	21,574	25,244	26,842	26,723	27,851	25,976	27,593	30,000
• Overseas	—	1,494	7,431	6,967	11,742	11,742	18,496	23,000
<i>pct total net sales</i>		5.6%	21.7%	20.7%	29.7%	31.1%	40.1%	43.4%
<i>by Service</i>								
• Golf goods sales	14,081	16,300	17,354	17,896	18,245	20,868	23,161	NA
• Golf course booking	5,806	6,929	7,475	6,962	6,747	5,246	5,375	NA
• Golf lessons	800	2,529	8,597	7,858	12,734	9,112	12,980	NA
• Others	887	980	846	972	1,867	2,492	4,573	NA
EBITDA	1,645	1,537	2,469	2,370	3,595		4,049	5,800
<i>ratio to sales</i>	7.6%	5.7%	7.2%	7.0%	9.1%		8.8%	10.9%
• Japan	—	1,876	2,057	2,304	2,376		2,639	3,150
<i>ratio to sales</i>		7.4%	7.7%	8.6%	8.5%		9.6%	10.5%
• Overseas	—	(338)	412	66	1,218		1,409	2,650
<i>ratio to sales</i>			5.5%	0.9%	10.4%		7.6%	11.5%
<i>pct total EBITDA</i>			16.7%	2.8%	33.9%		34.8%	45.7%
Operating profit	1,214	804	979	838	1,706		1,190	2,050
OPM	5.6%	3.0%	2.9%	2.5%	4.3%		2.6%	3.9%
• Japan	—	1,387	1,535	1,780	1,778		2,015	2,500
• Overseas	—	(582)	(556)	(941)	(71)		(826)	(450)
Ordinary profit	1,225	822	971	907	1,715		(175)	1,226
Profit ATOP	707	380	358	261	1,035		339	550
GW amortization, etc.**	11	95	432	434	541		1,072	1,519
(Ref.) OP before GW	1,225	899	1,411	1,272	2,247		2,262	3,569

Source: compiled by SIR from IR FactSheet and TANSIN financial statements.

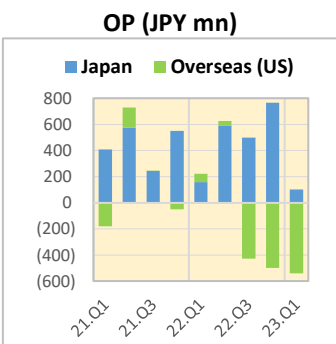
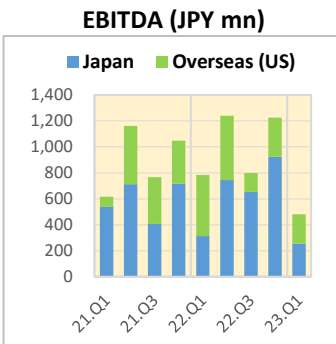
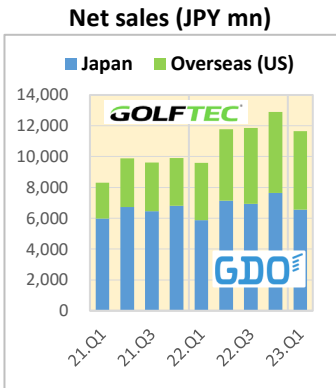




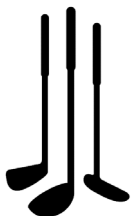
1Q progress in both Japan and overseas in line Launch monitor premium model “SkyTrak+” released

1Q RESULTS SUMMARY

- GDO announced 1Q FY23/12 consolidated financial results at 15:00 on Thursday 5/11. Despite the difficult macro environment due to the sharp rise in inflation and the end to special demand related to COVID-19, underlying golf demand remained steady, and 1Q progress in both the domestic and overseas segments was in line with plan. Consolidated net sales rose +21.6% YoY to ¥11,652mn (Japan +11.9%, overseas +36.8%), driven by double-digit growth in all service lines, and the new contribution from SkyTrak launch monitor business acquired at the end of Aug-2022. Consolidated EBITDA declined -38.6% YoY, and OP swung into loss, due to recording start-up costs for launch monitor business, and increased amortization of GW and intangible assets. The 1Q operating loss was in line, accounting for weather and SkyTrak sales seasonality.
- By service line, golf product sales benefitted from success in Japan of the "trade-in discount" service for used clubs, and “TRYSHOT” initiative, as well as increased club-fitting sales in the US. Course bookings in Japan benefitted from the hike in course fees. Golf lessons got a boost from the opening of 5 new corporate centers. In launch monitor business, new model “SkyTrak+” was released, starting pre-orders on May 4, to begin shipping from late May at a unit price of \$2,995. The new dual Doppler radar system raises precision on par with high-end competitor products. Others continued to see high growth from Top Tracer Range installations.



Source: compiled by SIR from GDO IR Factsheet.



GDO 1Q FY23/12 Consolidated Financial Results Summary

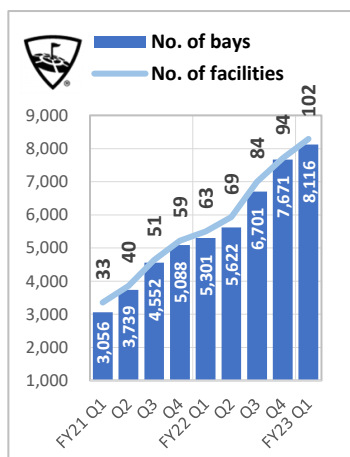
[J-GAAP]	FY22/12	Pct	FY23/12	Pct	FY22/12	FY23/12	CHG	Pct
JPY mn, %	act	YoY	init CE	YoY	1Q act	1Q act	AMT	YoY
Net sales	46,090	22.2	53,000	15.0	9,585	11,652	2,067	21.6
• Japan	27,593	6.2	30,000	8.7	5,865	6,561	696	11.9
• Overseas	18,496	57.5	23,000	24.4	3,720	5,091	1,371	36.8
<i>by Service</i>								
• Golf products sales*	23,161	11.0	—	—	4,974	5,548	574	11.5
• Golf course booking	5,375	2.5	—	—	993	1,165	171	17.3
• Golf lessons	12,980	42.4	—	—	2,910	3,427	516	17.7
• Golf launch monitors	—	—	—	—	0	720	720	NEW
• Others	4,573	83.5	—	—	707	792	84	12.0
Gross profit	15,999	16.1	—	—	3,337	3,832	495	14.8
GPM	34.7%	—	—	—	34.8%	32.9%	—	—
SG&A expenses	14,809	22.7	—	—	3,113	4,269	1,156	37.1
ratio to sales	32.1%	—	—	—	32.5%	36.6%	—	—
EBITDA	4,049	12.6	5,800	43.2	784	481	(303)	(38.6)
ratio to sales	8.8%	—	10.9%	—	8.2%	4.1%	—	—
• Japan	2,639	11.1	3,150	19.4	314	254	(60)	(19.1)
• Overseas	1,409	15.7	2,650	88.1	469	227	(242)	(51.7)
Operating profit	1,190	(30.2)	2,050	72.3	224	(437)	(661)	TR
OPM	2.6%	—	3.9%	—	2.3%	-3.8%	—	—
• Japan	2,015	13.3	2,500	24.1	157	102	(55)	(34.8)
• Overseas	(826)	RE	(450)	RS	66	(540)	(606)	TR
Ordinary profit	(175)	TR	1,226	TB	224	(304)	(528)	TR
Profit ATOP	339	(67.2)	550	62.2	936	13	(923)	(98.6)
GW amortization, etc.**	1,072	98.2	1,519	41.7	—	—	—	—
(Ref.) OP before GW	2,262	0.6	3,569	57.8	—	—	—	—

Source: compiled by SIR from IR Factsheet and IR results briefing materials. *Includes US club fitting sales. **Note: GW and intangible assets recognized at the time of acquiring GTE in the US, at the time of repurchase of FC stores (making them directly managed corporate centers), and at the time of acquiring SkyTrak business in the US.



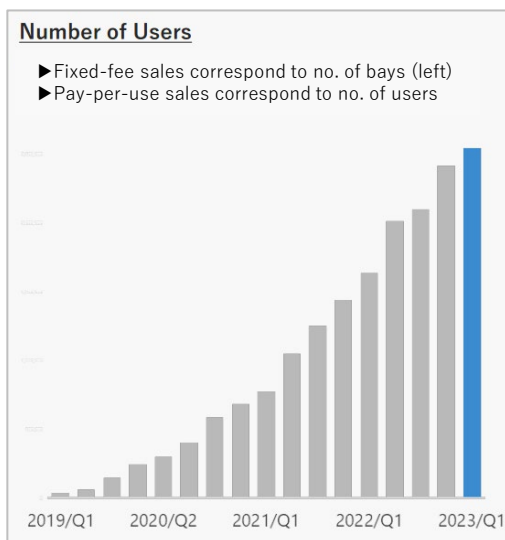
- GDO disclosed sales figures for the first time for Golf Driving Range business (TTR TOPTRACER RANGE), amounting to ¥116mn for the 1Q, +54.5% YoY. GDO made new installations at 9 facilities/495 bays during the 1Q, with the number of installation facilities exceeding 100. The number of installations confirmed so far from the 1Q onward is 8 facilities/544 bays.
- Overseas segment 1Q net sales of ¥5,091mn increased ¥1,370mn compared to the same period in the previous fiscal year (+36.8% YoY), in part getting a forex boost from 116.34 → 132.69. The breakdown of the net sales +1,370mn increase by service lines was: Golf Lessons +507mn (+19.0% YoY), Club Fitting Equipment Sales +193mn (+22.9% YoY) and Golf Launch Monitors +720mn (NEW). In local currency terms, the respective increases were consolidated net sales +20.2% YoY, lessons +4.6%, club fitting sales +8.0% and launch monitors (NEW). Management noted that cash sales at corporate centers had been sluggish since Sep-2022 due to the impact of the slowing US economy, however, the ticket renewal rate of existing users has recovered to the same level as the previous year during 1Q FY2023. GOLFTEC opened 5 new corporate centers in the US during the 1Q as planned.

TOPTRACER RANGE installations in Japan

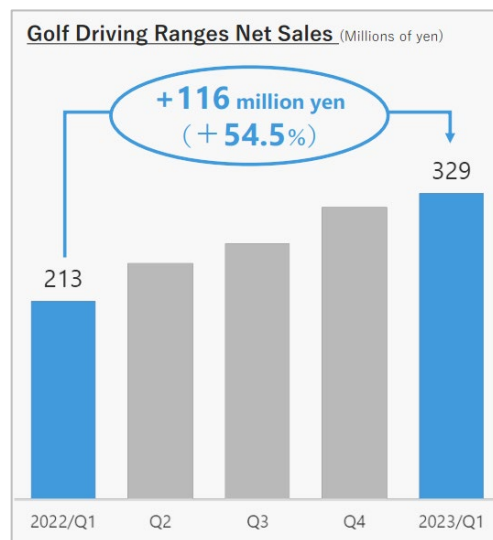


Number of Users

- ▶ Fixed-fee sales correspond to no. of bays (left)
- ▶ Pay-per-use sales correspond to no. of users

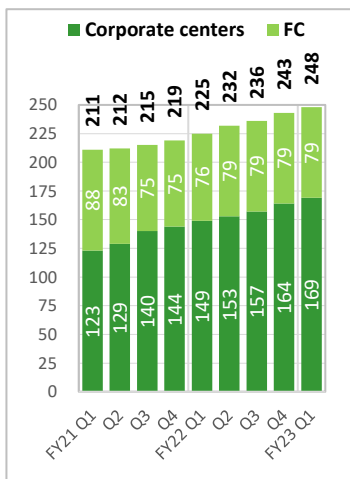


Golf Driving Ranges Net Sales (Millions of yen)



Source: the exhibits above and below are excerpts from 1Q and 4Q IR results briefing materials, respectively, and the left-hand graphs were compiled by SIR based on company data. US centers below were updated to reflect 1Q results.

GOLFTEC Centers



▶ GOLFTEC opened 5 new corporate centers in the US during the 1Q as planned

210

U.S. CENTERS
(169 Corporate/ 41 Franchise)

38

INTERNATIONAL CENTERS

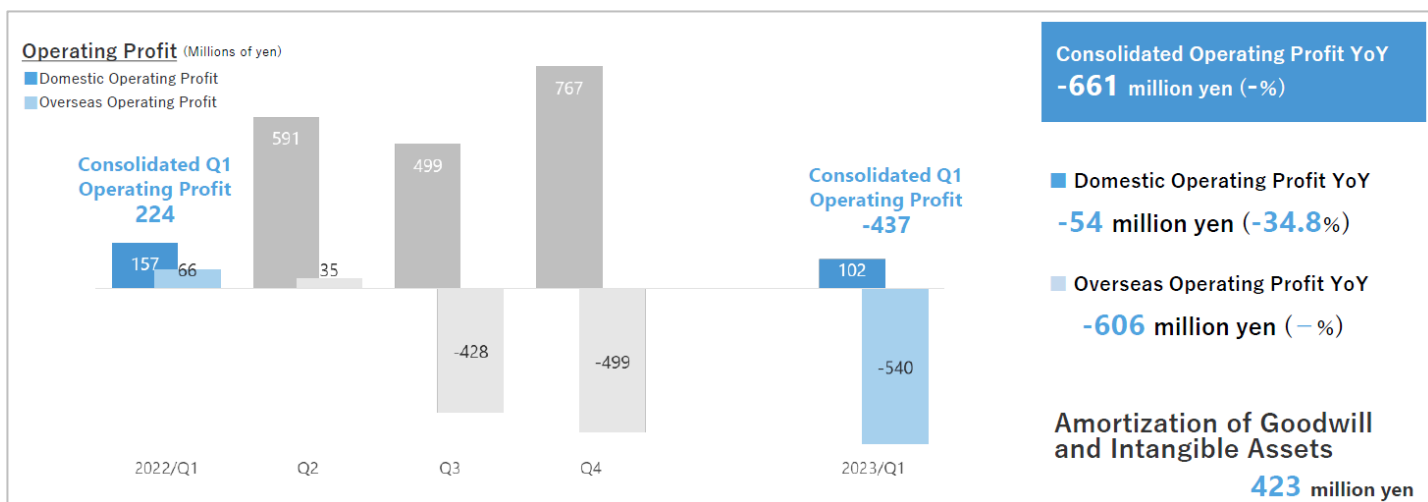
750+

POTENTIAL GROWTH CENTERS

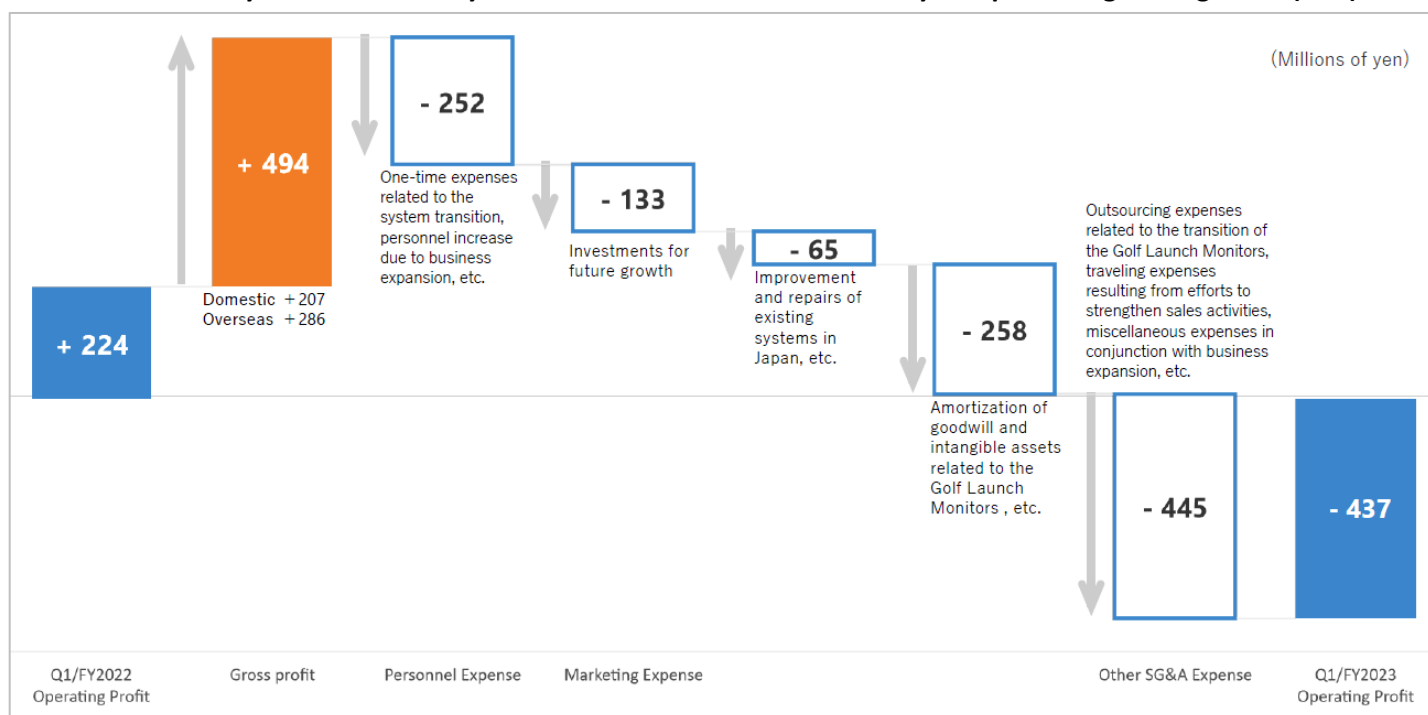


- The 1Q consolidated operating loss of (¥437mn) was in line with plan, mainly due to an increase in the amortization of goodwill and intangible assets, an increase in personnel and other miscellaneous expenses related to the post-merger integration (PMI) costs of SkyTrak launch monitor business, and an increase in miscellaneous expenses related to the strengthening of sales activities in the domestic TTR driving range business.
- OP factor analysis below shows that increased amortization on GW and intangible assets, and other SG&A expenses including SkyTrak post-merger integration (PMI) costs, had the largest negative impact. 1Q consolidated EBITDA of ¥481mn declined ¥302mn (-38.6%) in large part due to recording amortization of GW and intangible assets of ¥423mn, an increase of ¥258mn (+156.7% YoY). The 1Q EBITDA breakdown by segment was Domestic ¥254mn, a decline of ¥59mn (-19.0%) and Overseas ¥227mn, a decline of ¥242mn (-51.7%). Also, the Jan – Mar 1Q post-Christmas season period historically has the lowest contribution to full-term sales for SkyTrak due to seasonality factors.

► 1Q Consolidated Operating Loss was In Line with Plan



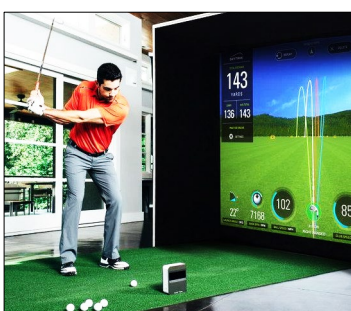
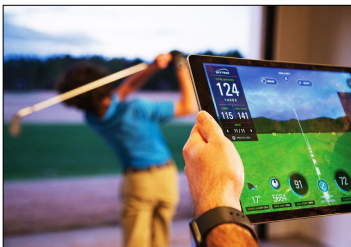
► OP Factor Analysis: 1Q loss mainly due to increased GW amort. and SkyTrak post-merger integration (PMI) costs



Source: both of the exhibits above are excerpts from 1Q IR results briefing materials.



Large potential synergies



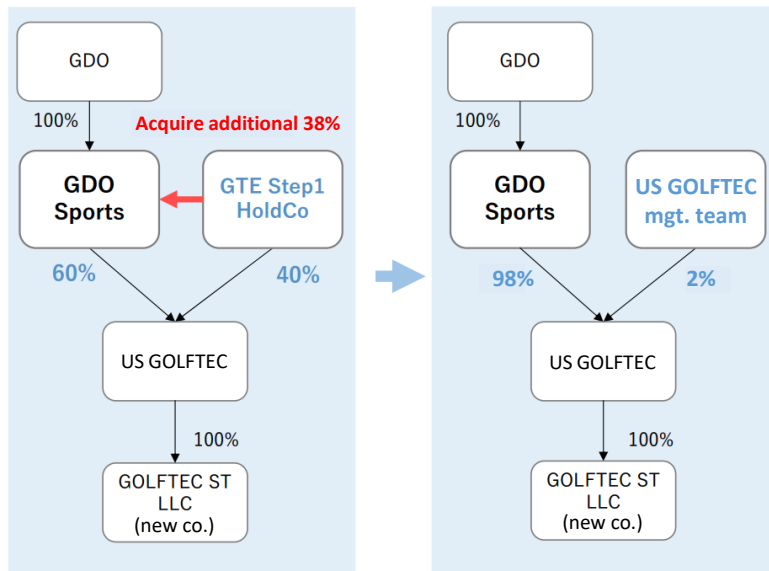
Acquisition of additional stake in US GOLFTEC

Large potential synergies with the acquisition of SkyTrak business

TWO ACQUISITIONS & FUNDRAISING SUMMARY

- Announced September 22, it was ultimately agreed that GDO Sports will acquire an additional 38% stake from GTE Step1 HoldCo LLC. The acquisition price was set at approx. USD 85.7mn (JPY 12.17bn @142), based on EBITDA, no. of centers, etc. Financing has been provided by debt and Class A preferred stock (without common stock conversion rights) in consideration of the balance between debt and equity.
- The total JPY 20.9bn fundraising for these 2 transactions was structured to ensure financial soundness after the acquisition of the additional stake (to cope with a temporary decrease in net assets), protection of existing shareholders' interests (method of financing that does not cause dilution), and certainty of raising funds.

Increased stake in GTE 60% → 98%



JPY 20.9bn Fundraising Summary

Additional 38% stake in GTE

- ▼ JPY 6.2bn syndicate loan through 2027.07.31
- ▼ JPY 6.0bn type A preferred shares (bond-type w/o conversion rights)

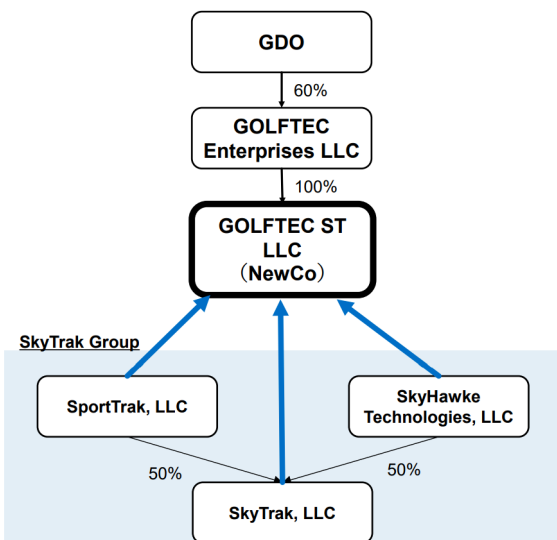
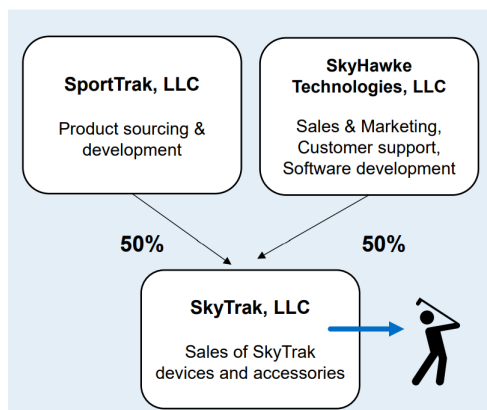
SKYTRAK business

- ▼ JPY 8.7bn syndicate loan through 2027.07.31



Asset purchase of Sky Trak

SKYTRAK GROUP ORGANIZATION



Source: excerpts from company IR briefing materials, financing summary compiled by SIR from IR briefing materials.



GOLFTec CEO Joe Assell is a Board Member of NGF

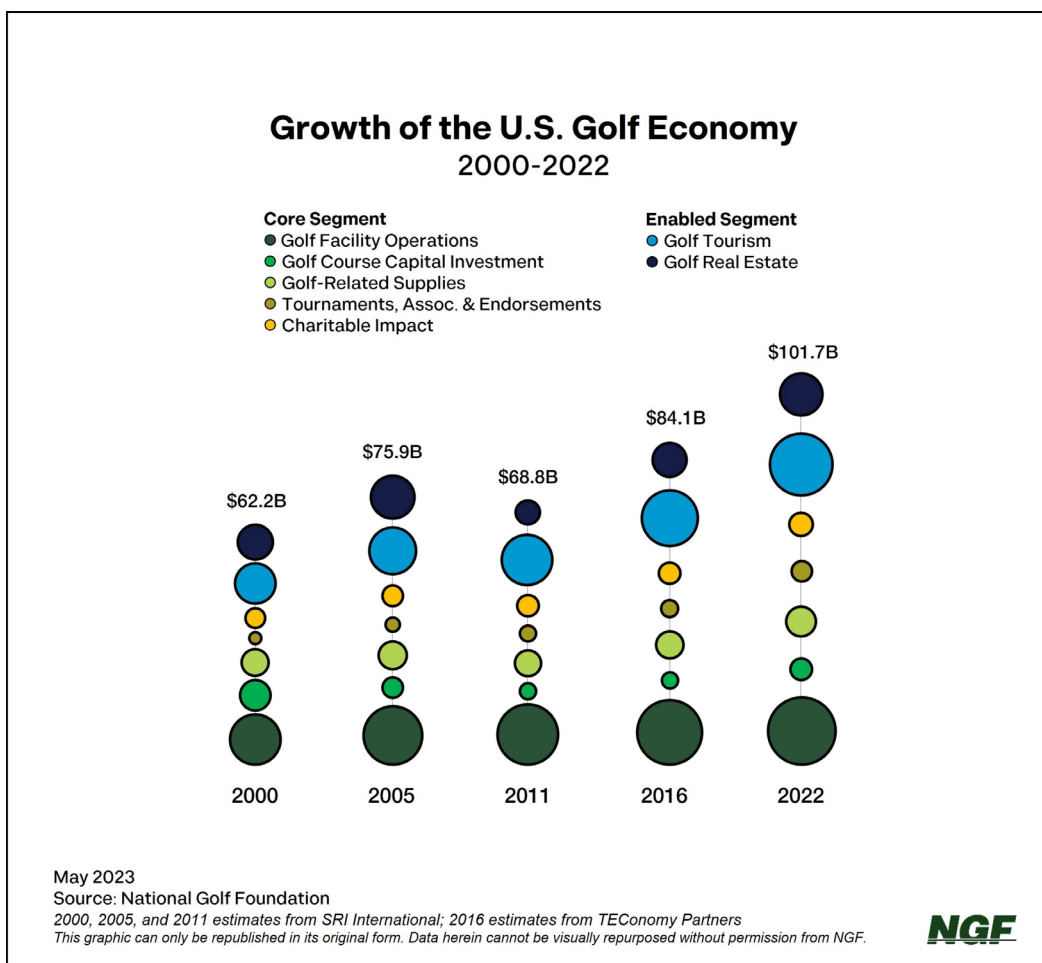
Key trends in the US golf market summarized from NGF's "Fortnight" Bi-Weekly Golf Business Perspective are available to the general public without membership on NGF's website: (<https://www.ngf.org/fortnight/>).

Exhibits provided here comply with NGF's requirement that graphics can only be republished in their original form.

1Q update on the vibrant and resilient golf markets in the United States and Japan

US golf market tops \$100bn for the first time

- In its Fortnight article "Contextualizing the U.S. Golf Economy," dated May 18, 2023, NGF highlighted that the US golf market topped \$100bn for the first time. Beyond the figures shown below in direct spending (playing fees, hitting bay fees, member dues, equipment, apparel, trips, simulators, course renovations, etc.), golf creates another \$125bn in B2B activity and household spending (from golf-related salaries). **Despite concerns over a potential slowdown after the COVID-19 special demand boost, all data points otherwise to the market remaining at a new elevated level.**



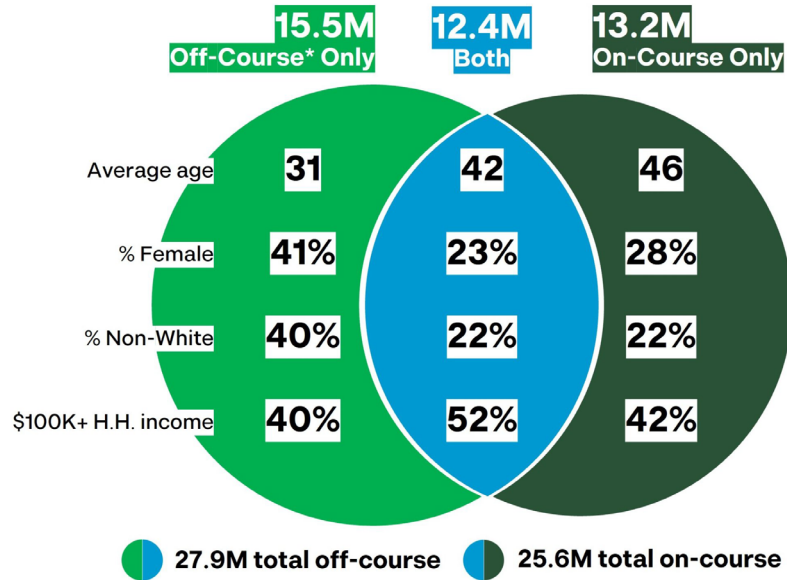
US golf participation posted a record increase in 2022 to a new high

- In its Fortnight article "Golf's Biggest Participation Jump," dated February 23, 2023, NGF noted the two key takeaways from the two graphs on the following page are: 1) while notable gains in participation over the last 3 years have been among women and people of color, the biggest net gain of almost 1 million juniors (ages 6-17) is the most significant of any on-course participation segment. At just over 3.4 million in total, the youth golfer pool is now at its highest level since 2006, 13% of on-course participation, and even higher 25% of off-course participation, and 2) **total off-course engagement (27.9 million) has for the first time eclipsed those who play on course (25.6 million).**



2022 U.S. Golf Participation

41.1 Million Total Participants



Source: National Golf Foundation
January 2023

*Off-course golf includes golf entertainment venues (Topgolf, Drive Shack, etc.), standalone driving ranges, and/or the hundreds of businesses that now have simulators and screen golf setups.

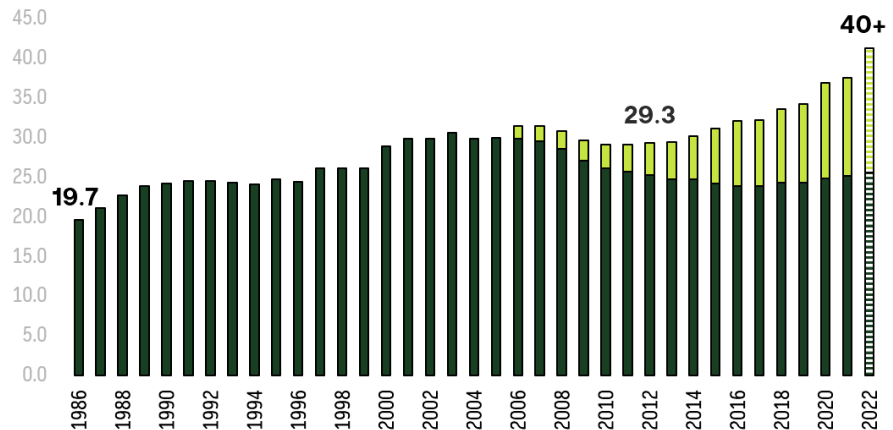
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Total U.S. Golf Participation

Includes On- and Off-Course Play
(in millions of golfers age 6+)

■ On-course ■ Off-course only



Source(s): Physical Activity Council (PAC) activity survey and NGF's Participation and Engagement Survey (PES)
October 2022

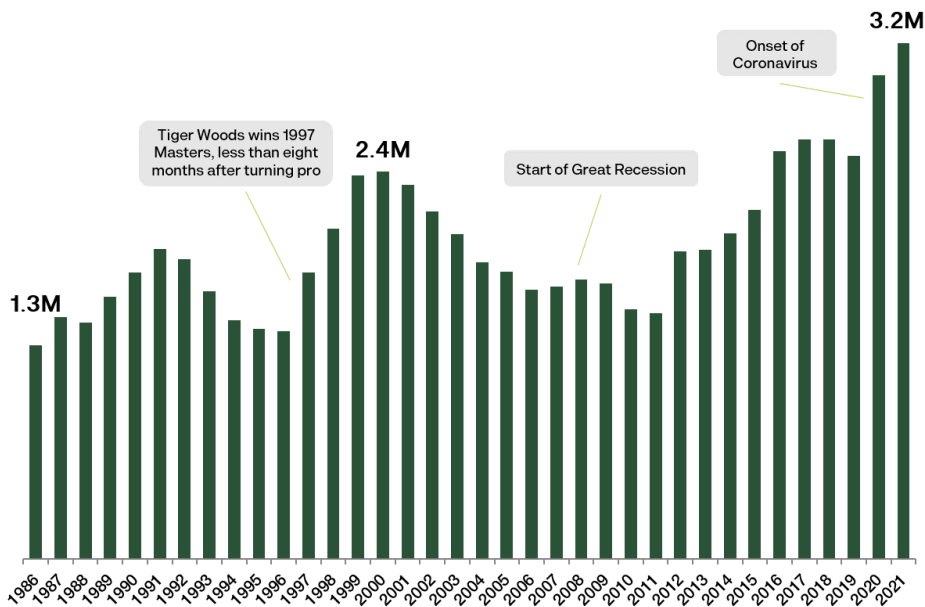
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3.2 million beginners in 2021 is 30% higher than in the wake of Tiger Woods' peak popularity, and more importantly, the annual number of rounds played by beginners has doubled over the last decade to over 12 rounds, suggesting the popularity of golf today is more than just a passing fad.

Looking at the lower graph, NGF analysis determined that the number of golfers playing 25 or more rounds in a given year was cut in half from 2000 – 2019, attributing that largely to the proliferation of the internet. Then the pandemic once again broke a pattern of inertia, with +13.9% growth in rounds played, erasing 20 years of decline in six months.

Beginning Golfers in the U.S. (In Millions, 1986-Today)

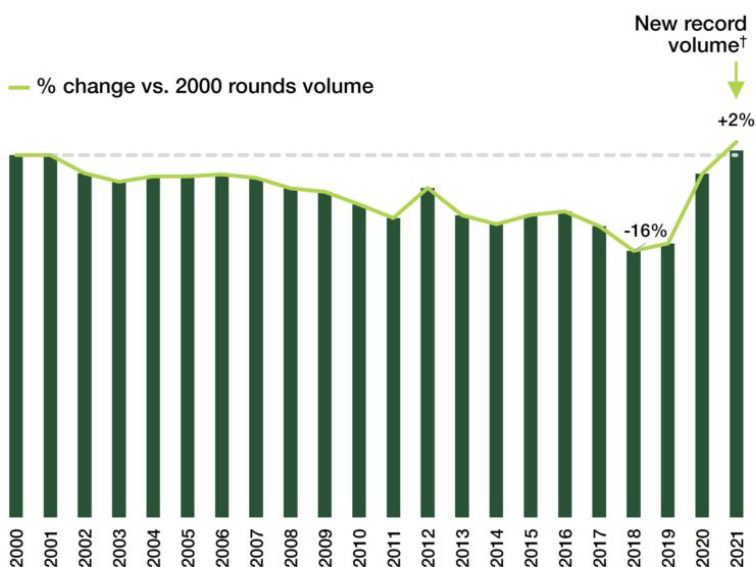


Source: National Golf Foundation 2022

Beginning golfers are defined as individuals ages 6 and above that played golf on a golf course for the first time during the survey year. This graphic can only be republished in its original form. Data herein cannot be visually repurposed without permission from NGF.



U.S. Annual Golf Rounds Compared to year 2000 benchmark



Source: Golf Datatech data, with NGF support and analysis

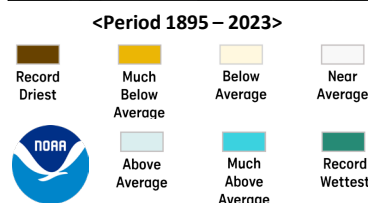
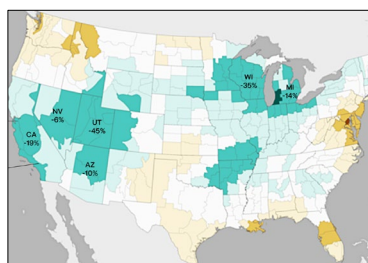
† 2021 U.S. rounds volume finished 6% ahead of 2020

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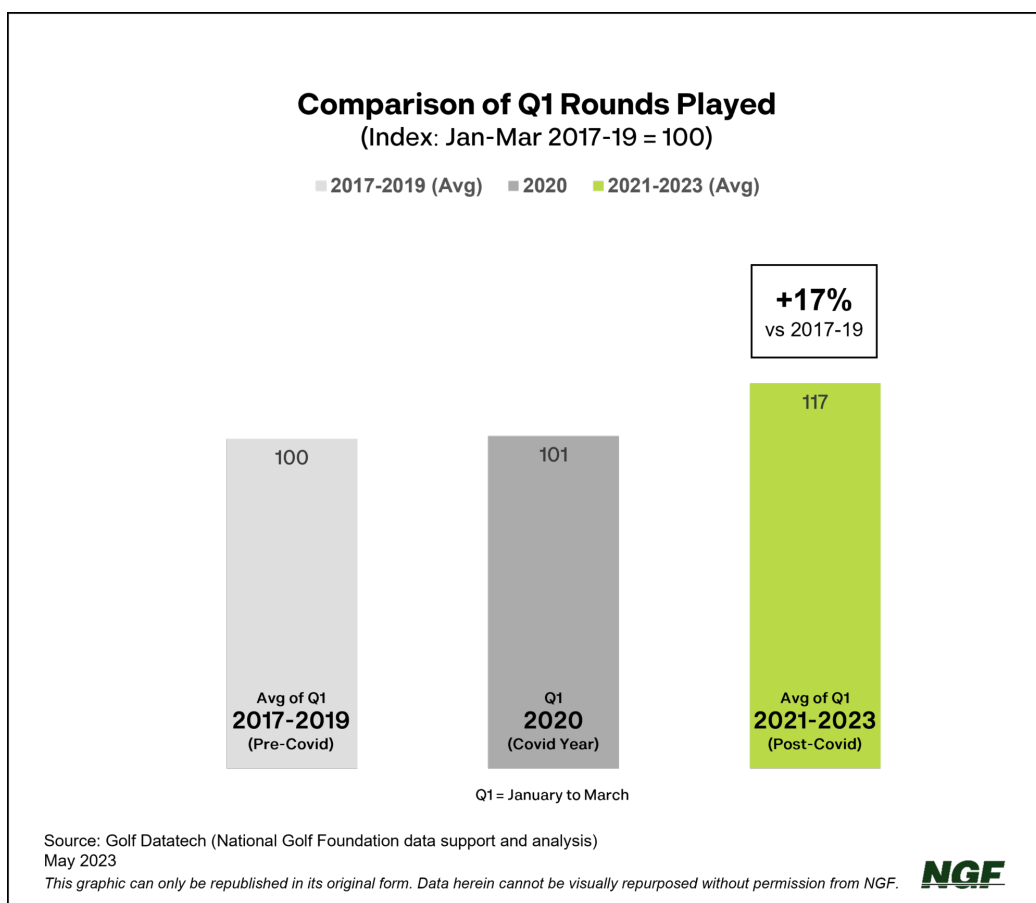
US Divisional Precipitation Map and Golf Impact (1Q 2023)



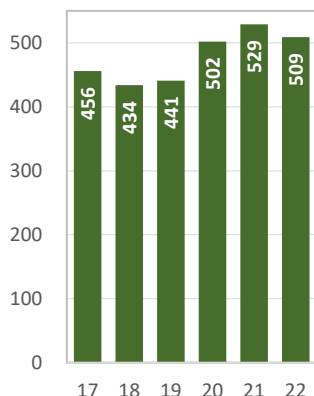
Source: NGF, NOAA atmospheric data for 129 years.

Demand continues to hold for Q1 2023 rounds played

● In its Fortnight article “Q1 Rounds Played: Demand Continues to Hold,” dated May 4, 2023, NGF highlighted in the graph below that average rounds played in the Jan – Mar Q1 period for 2021-23 were up 17% compared to the same period in Jan – Mar Q1 2017-19 prior to COVID-19. NGF notes that the first quarter only accounts for roughly 16% of annual rounds played. The Jan – Mar Q1 2023 result of -0.2% is particularly notable in light of poor weather on the West Coast with torrential rains in California (-19%), as well as heavy rains in the Great Lakes region. California’s 964 courses are second only to Florida, and it experienced one of the top 10 wettest 1st quarters in nearly 130 years. Early indications for April resume YoY growth.



NGF Total US rounds played (million)

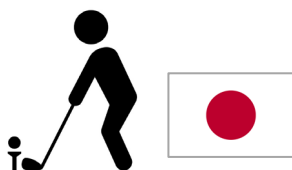


Source: compiled by SIR from NGF data, estimates by SIR.

NGF Monthly US National Rounds Played Reports

%	CY2018		CY2019		CY2020		CY2021		CY2022		CY2023	
	YOY	YTD	YOY	YTD	YOY	YTD	YOY	YTD	YOY	YTD	YOY	YTD
Jan	(5.4)	(5.4)	2.8	2.8	11.1	11.1	21.4	21.4	(12.1)	(12.1)	7.1	7.1
Feb	(8.5)	(7.2)	(12.1)	(5.3)	19.1	15.2	(4.7)	7.8	13.0	(0.2)	(2.8)	1.8
Mar	(3.8)	(5.6)	0.1	(2.7)	(8.5)	3.8	45.3	24.3	(14.3)	(7.5)	(2.3)	(0.2)
Apr	(13.5)	(8.9)	6.8	1.0	(42.2)	(15.6)	81.4	43.8	(12.9)	(9.8)		
May	5.3	(4.1)	(5.4)	(1.3)	6.2	(8.0)	18.1	33.6	(6.8)	(8.7)		
Jun	(1.2)	(3.3)	0.0	(1.0)	13.9	(1.7)	0.4	22.4	2.7	(5.7)		
Jul	(1.6)	(2.9)	(0.1)	(0.7)	19.7	3.0	(3.9)	16.1	2.5	(4.0)		
Aug	(1.6)	(2.7)	3.5	0.0	20.6	6.2	(7.3)	11.3	3.9	(2.6)		
Sep	(7.2)	(3.3)	4.7	0.6	25.5	8.7	(8.0)	8.4	(1.7)	(1.5)		
Oct	(10.3)	(3.9)	4.0	0.9	32.2	10.8	(1.8)	7.4	(1.1)	(2.4)		
Nov	(18.8)	(4.7)	9.8	1.3	56.6	13.1	(17.6)	5.6	(9.5)	(2.8)		
Dec	(7.7)	(4.8)	83.0	1.5	37.3	13.9	1.9	5.5	(26.1)	(3.7)		

Source: compiled by SIR from monthly rounds played reports by National Golf Foundation, Golf Datatech.

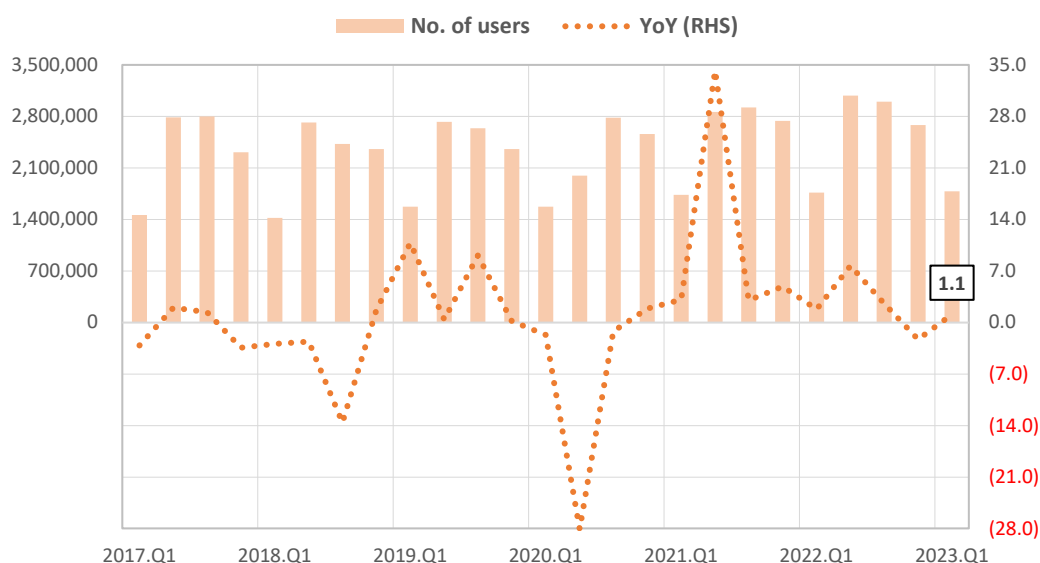
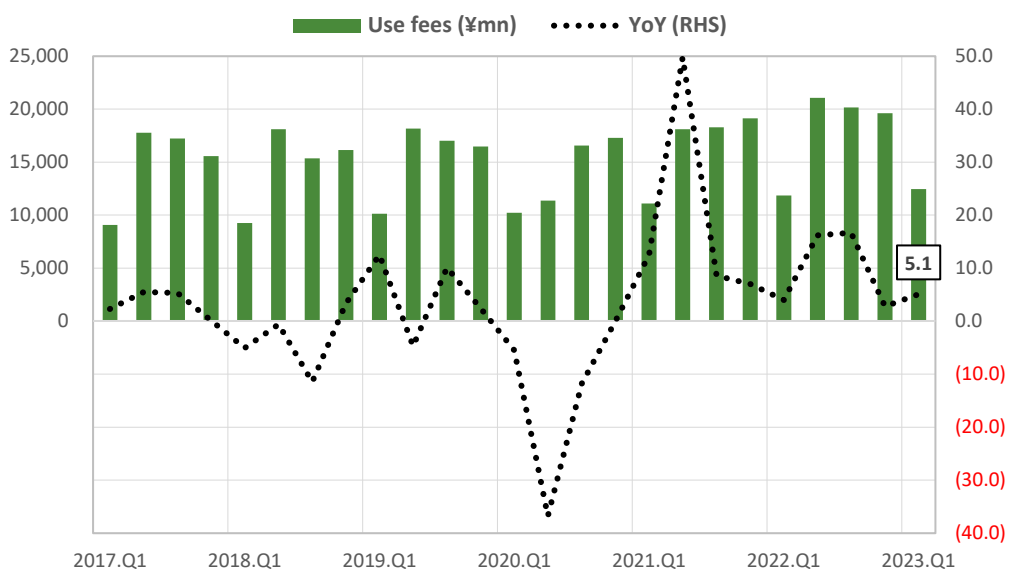


Despite poor weather conditions in the 1Q of 2023, both use fees and users rose YoY

- Looking at the trend of METI quarterly data for play/use fees and number of users shown below, despite poor weather conditions during the 1Q of 2023, both managed positive YoY gains. Based on our interview with GDO, use fees also benefitted from price hikes.
- The YoY trend of annual use fees is: '17 +0.4%, '18 -3.4%, '19 +4.5%, '20 -15.2%, '21 +15.9% and '22 +9.1%. The YoY trend of number of users is '17 -0.4%, '18 -4.9%, '19 +4.4%, '20, -8.4%, '21 +10.7% and '22 +2.6%.
- Similar to the situation in the US, despite concerns over a potential slowdown after the COVID-19 special demand boost, and despite poor weather conditions in the 1Q of 2023, the golf market in Japan remains healthy.



METI Current Survey on Selected Industries: Golf Courses (quarterly trend)



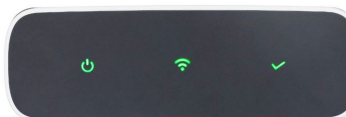
Source: compiled by SIR from METI data.



Front / back



Top



SkyTrak+ Launches May 4

New premium model brings tour level accuracy starting from \$2,995

- SkyTrak was launched in Nov-2014 and has been consistently voted by Golf Digest as the best launch monitor value on the market. Starting at \$1,995, it became the best-selling consumer launch monitor for the affordable home-use market, offering 97% of the accuracy at one-tenth the price of the top-of-the-line model used by the PGA, MLB and NFL, etc. The original SkyTrak uses a photometric system where cameras take high-speed images of the ball for a few feet after impact, enabling precision measurements, and requiring little space. One disadvantage of photometric systems is they are affected by direct sunlight, sand, etc. The current top-of-the-line model launched in late 2015, and it is widely regarded as the best launch monitor on the market, however the monitor unit alone starts from \$20,000+. It uses a dual Doppler radar system to help it read both the ball and the club as they come through impact, generating over 40 parameters of data, but one disadvantage indoors is that it requires 25 feet separation.
- The new SkyTrak+ is equipped with a new dual Doppler radar system that delivers useful club data, including Club Head Speed, Smash Factor, Club Path and Face Angle, in addition to enhanced, highly reliable ball-tracking data (see new dashboard below). Doppler radar takes advantage of the Doppler effect, emitting a microwave signal that is reflected back by the club and ball, allowing the unit to calculate various data points. Additionally, applying proprietary machine-learning algorithms to that data delivers precision at a level matched only by the highest end launch monitors. The improved camera system provides for improved outdoor performance on mats (such as at the range). Also featured is the new and improved SkyTrak Shot Optimizer and Shot Score functionality. By measuring results against a database of millions of golf shots, this new functionality provides an objective way to measure progress and improvement.

New SkyTrak+ dashboard software highlights significantly upgraded features

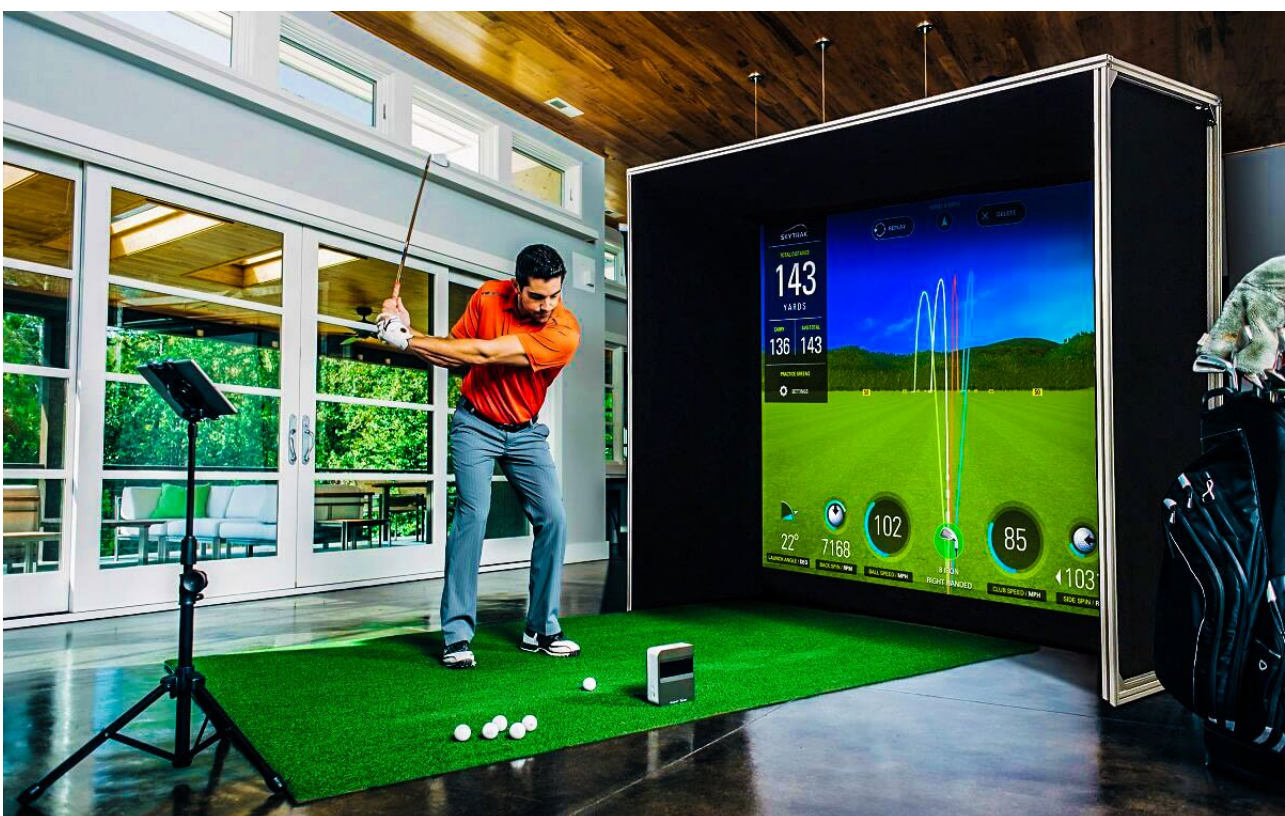


Source: <https://www.skytrakgolf.com/>

- SkyTrak+ features a 40% larger hitting area, a new onboard processor, and 5G Wi-Fi capabilities for faster and more stable connectivity, and USB Type C charging options for port stability and rapid charging. With access to over 100,000 golf courses (courses like Pebble Beach Golf Links, Bandon Dunes, Torrey Pines – South and many more) and the best gameplay simulation software in the industry, the SkyTrak+ will transport golfers all around the world, allowing them to Practice, Play, and Compete with their friends, anytime and anywhere. Jeff Foster, SkyTrak CEO, said “SkyTrak+ will be a game changer, bringing this level of accuracy to a price point that makes it a golf simulator attainable to the masses.” This is the essence of the GDO Group’s GOLFTEC ANYWHERE initiative going into full swing.

Why SkyTrak?

- Within the context of the rapid growth in the off-course segment, and total off-course participation exceeding on-course for the first time in 2022 described on P10, SkyTrak is the perfect launch monitor for everyone – those who want to use it as a tool to improve their on-course game, and those who want to play simulated golf from the comforts of their home. It lets you keep practicing and improving throughout the year, regardless of inclement winter weather or rain days. It also offers play on short time (several hours), as opposed to an entire day required for an on-course outing.
- The Indoor Golf Shop was established in 2017 to specialize in online retailing of launch monitor and simulator system solutions packages, now also offering custom design and installation services for home simulator systems, commercial golf simulator systems, and contract mfg. for leading golf technology brands. Last year it ranked No. 400 on Inc. 5000’s list of the fastest-growing private companies in America. The Indoor Golf Shop rates SkyTrak, its best selling unit, as one of its picks for Overall Best Launch Monitor for Home Use. Instead of investing huge expense in the top-of-the-line model, its conclusion is to save the money and find a really good instructor to improve your game (e.g., GOLFTEC lessons and club fitting), and/or invest in accessories for a home simulation system to practice year-round.



Source: <https://www.skytrakgolf.com/>



“The Way to Way Better”

GOLFTEC ANYWHERE initiative going into full swing

GOLFTEC rolls out an appealing new marketing slogan with smart video ads

- On March 9, GOLFTEC announced a new video ad campaign, “The Way to Way Better,” reinforcing its commitment to helping everyone play better golf as the global leader in golf improvement. The ads feature a variety of golfers, from beginners to advanced players, who have improved their games with the help of GOLFTEC’s lessons, technology and club fittings. The light-hearted and smart ads show satisfied students giving glowing praise and non-stop, unnecessarily detailed explanations to their co-workers, a dentist and even a counter attendant at a McDonald’s drive-through window and UPS home package delivery driver, each expressing their pride in achieving their improvement goals (link to the entertaining ads: <https://news.golftec.com/golftec-announces-new-game-improvement-ad-the-way-to-way-better/>).





GDO Group Driving Principle: Golf × Technology

Each of the key GDO Group companies is No.1 in its respective market:

- ① GDO is the largest online retailer of golf gear, with an award-winning golf news portal, broadly dividing the market with Rakuten for online tee-time bookings, and is the domestic partner for rolling out TOPTRACER in driving ranges across Japan
- ② GOLFTEC is the world's largest provider of golf lessons with professional instructors, with a suite of proprietary technologies to analyze and improve student swings, as well as custom club-fittings, and
- ③ SkyTrak delivers the No.1 launch monitor for the consumer home market, as well as various accessories to assemble a complete home simulator system

GOLFTEC ANYWHERE offers endless possibilities for golfers to enhance the thrill and satisfaction of their game with large potential synergies for the GDO Group



GDO GROUP

GTE
GOLFTEC ENTERPRISES
GOLFTEC Enterprises LLC
CO, USA

SAN DIEGO

DENVER

GDO
Golf Digest Online Inc.
TOKYO, JAPAN

GDO Sports
GDO Sports, Inc.
CA, USA

The GDO Group provides a full range of specialized golf services on a global scale. Golf Digest Online focuses on the Japanese market. GDO Sports coordinates our business between US and Japan. GOLFTEC Enterprises operates an international portfolio of brands which includes GOLFTEC Training Centers, spanning 250 locations worldwide, and SkyTrak Golf, the best-selling consumer launch monitor globally.

No.1 USA

No. of golfers 23.8 million

No. of golf courses	No. of rounds	Equipment market
14,800	475 million	\$ 3,585 million

No.2 Japan

No. of golfers 7.8 million

No. of golf courses	No. of rounds	Equipment market
2,270	90 million	\$ 2,078 million



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