

HONMA GOLF LIMITED (6858.HK)
2021/22 ANNUAL RESULTS

JUNE 2022



ONE OF THE MOST PRESTIGIOUS AND ICONIC BRANDS IN THE GOLF INDUSTRY



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1.
HONMA





#1 PREMIUM GOLF BRAND FOUNDED IN 1959, JAPAN
60+ YEARS OF DEDICATIONS TOWARDS **QUALITY** AND **CRAFTSMANSHIP**
THE **ONLY VERTICALLY INTEGRATED** GOLF COMPANY IN THE WORLD

HONMA



IN-HOUSE R&D AND CLUB MANUFACTURING

- **232** R&D personnel and skilled craftsmen operating out of **163,000 m²** of manufacturing base in Sakata, Japan
- Advanced and sophisticated design and manufacturing capacity, housed under one roof



PREMIUM & PERFORMANCE-DRIVEN GOLF PRODUCTS

- Diversified range of products
- Club portfolio focusing on **super-premium** and **premium-performance** consumer segments
- **Comprehensive range** of non-club products including balls, apparels and accessories



EXTENSIVE DTC + DISTRIBUTION NETWORK

- Presence in **over 50** countries
- The only golf brand with **80** self-operated stores
- **4,144** POS via third party retailers & wholesalers
- Fast growing **E-commerce business** in China, Japan and the US

2.

PERFORMANCE OVERVIEW



HONMA DELIVERED **RECORD SALES AND PROFITABILITY IN FY22** DESPITE CHALLENGES AND UNCERTAINTIES IN A POST-PANDEMIC WORLD

KEY FINANCIALS

	FULL YEAR ENDED 31 MAR 2022	GROWTH VS FY2021 (JPY BASE)	GROWTH VS FY2020 (JPY BASE)
Net Sales	JPY 28,971 MM / USD 249.2MM ⁽¹⁾	+27.4%	+21.8%
Gross Profit Margin	54.1%	+3.8pp	+3.2pp
EBITDA	JPY 9,304 MM / USD 80.0MM ⁽¹⁾	+112.5%	+674.7%
- EBITDA Margin	32.1%	+12.9pp	+27.1pp
Net Profit	JPY 6,191MM / USD 53.3MM ⁽¹⁾	+233.0%	+JPY 6,924MM
- Net Profit Margin	21.4%	+13.2pp	+24.4pp
Reported Earnings Per Share	JPY 10.22 / HKD 0.69 ⁽³⁾	+233.0%	+JPY 11.43
Net Operating Cash Flow	JPY 5,916MM / USD 50.9MM ⁽¹⁾	+48.5%	+959.1%
Net Cash Position	JPY 7,355MM / USD 60.2MM ⁽²⁾	+165.3%	+292.7%
Proposed Dividend	Proposed final: JPY 2.0/share Interim declared: JPY 1.5/share Total: JPY 3.5/share		
Dividend Payout Ratio	34.2% of the Group's distributable profit for the year ended 31 March 2022		

Note

(1) Exchange rate: 1 USD = 116.25 JPY (2) Exchange rate: 1 USD = 122.16 JPY (3) Exchange rate: 1 HKD = 14.90 JPY

SALES OVERVIEW FY22 NET SALES: JPY 28,971 MILLION / USD 249 MILLION, +274%

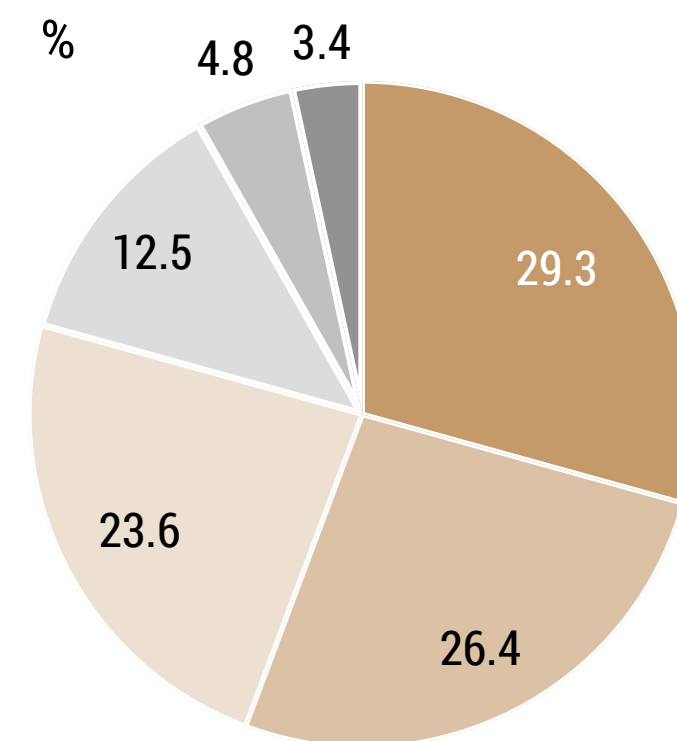
Robust YOY sales growth across ALL markets, driven by strong rebound of consumer demand, and successful execution of HONMA's growth strategies leading to enhanced brand and product awareness.

China, South Korea, Other Regions and Europe recorded historical sales, albeit supply chain constraints and retail activities interruption caused by continued presence of COVID-19 in different parts of the world.

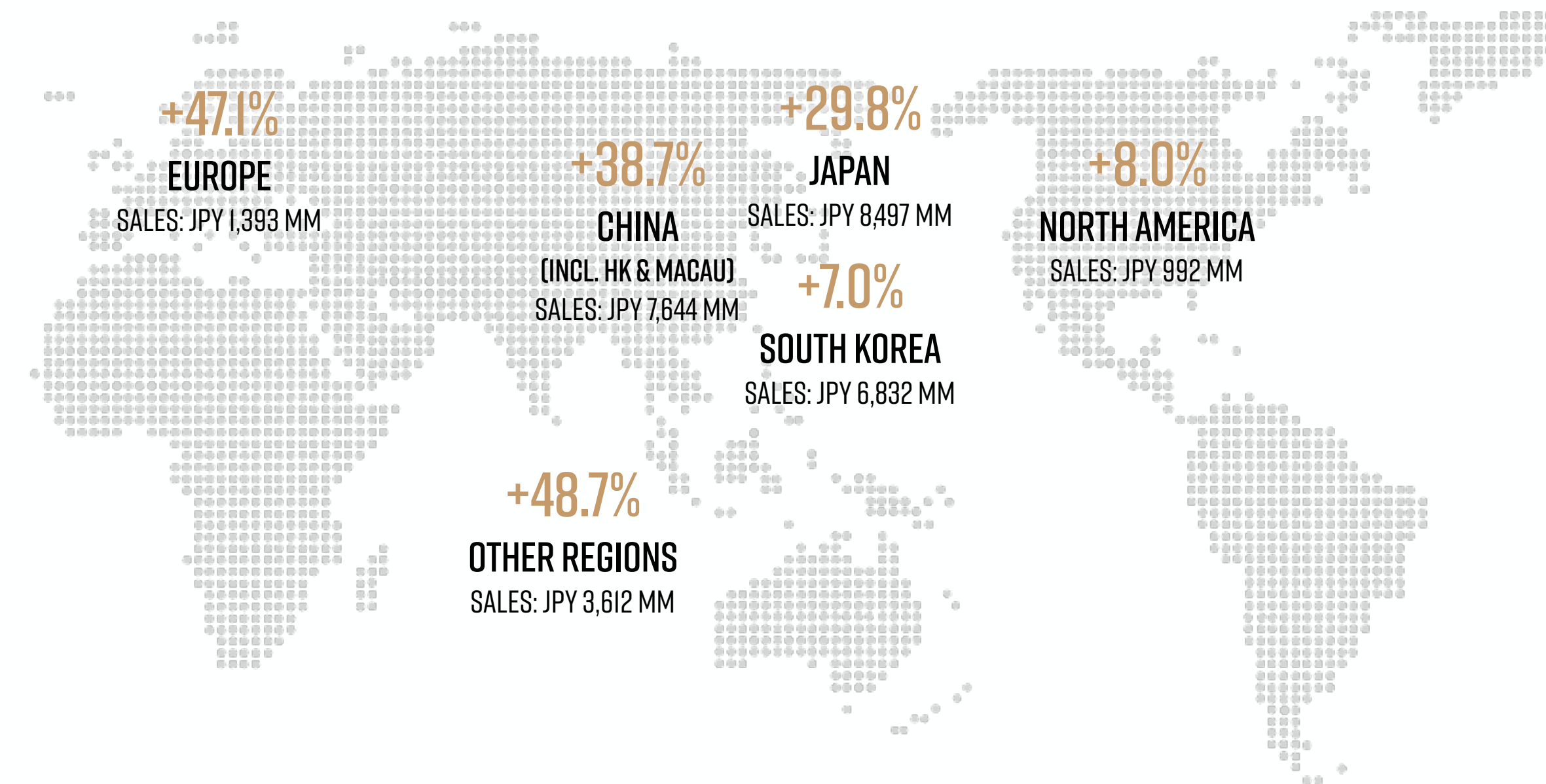
Sales from South Korea grew by 7.0%, in spite of a mid-year change in the distribution right of HONMA's Tour World club family.

PERFORMANCE OVERVIEW

BY MARKET

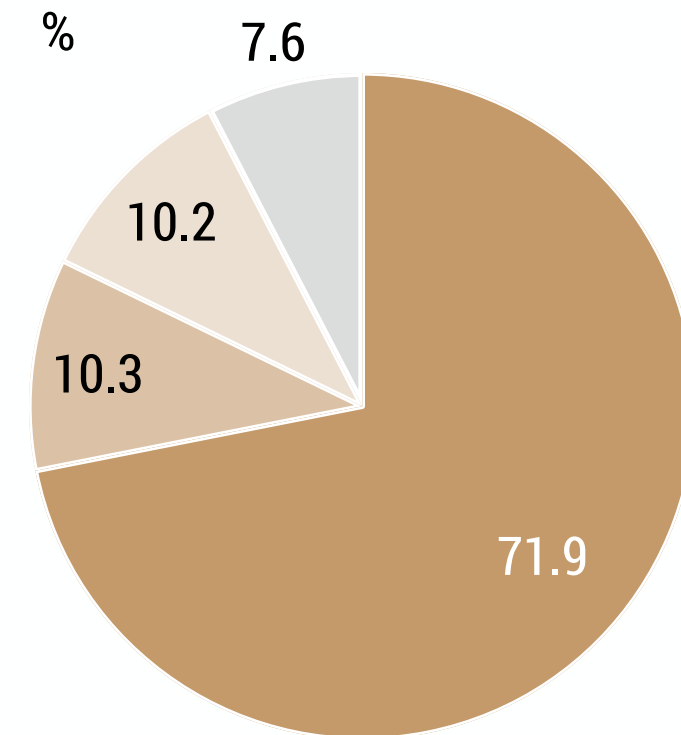


- Japan
- China (Including Hong Kong and Macau)
- Korea
- Other Regions
- Europe
- North America



SALES OVERVIEW FY22 NET SALES: JPY 28,971 MILLION / USD 249 MILLION, +274%

- Sales from all product categories showed **double digit growth**
- Sales from **non-club categories** climbed to **28.1%** of total (vs 26.0% for FY21 and 20.8% for FY20)



- Golf Clubs
- Golf Balls
- Apparels
- Accessories & Other Related

PERFORMANCE OVERVIEW

BY PRODUCT CATEGORY

GOLF CLUBS



NET SALES **+23.9%** TO **JPY 20,843 MILLION**
GROSS MARGIN **+6.9PP** TO **58.1%**

- Robust growth across all product families
- Sales from BERES club family **+41.8%**, driven by the successful activation of BERES Aizu, the latest version of the classic super premium club family, which was launched in Dec 2021

GOLF BALLS



NET SALES **+11.8%** TO **JPY 2,974 MILLION**
GROSS MARGIN **+0.5PP** TO **45.5%**

- Continued **double digit growth** for the past 7 years at **38.6% CAGR**
- Pivoting a three product strategies targeting low, mid and high price segments

APPARELS



NET SALES **+71.6%** TO **JPY 2,963 MILLION**
GROSS MARGIN **-10.2PP** TO **49.1%**

- Growing brand awareness and consumer mind share through dynamic digital campaigns
- Continued upgrade of **product development, merchandise planning & retail operations**

ACCESSORIES



NET SALES **+43.1%** TO **JPY 2,190 MILLION**
GROSS MARGIN **-5PP** TO **34.9%**

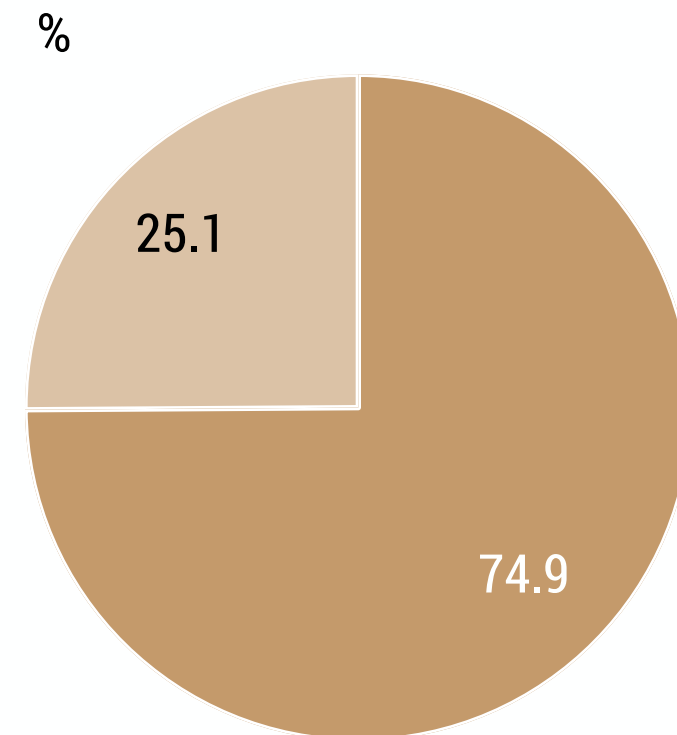
- Continued extension of adjacency products
- Expansion of sales and distribution network, particularly in China and Korea

PERFORMANCE OVERVIEW

BY CHANNEL

SALES OVERVIEW FY22 NET SALES: JPY 28,971 MILLION / USD 249 MILLION, +274%

- Significant improvement in **same-store-sales (SSS)** of the self-operated stores
- Continued channel penetration by adding **209 third party POS** following the re-opening of golf facilities and recovery of retail activities



- Distributors
- DTC Channels

DIRECT-TO-CONSUMER CHANNEL

NET SALES +22.0% TO JPY 7,285 MILLION; GROSS MARGIN -2.6PP TO 58.4%

80
SELF-OPERATED STORES

- +12 new locations; total number of stores remains unchanged
- Continued optimization of store design, visual display and consumer experience

E-COMMERCE

- Operating in China, Japan and the US
- Total net sales +80.1%; net sales from China +91.4%, Japan +77.9%

3RD PARTY RETAILERS AND WHOLSALERS

NET SALES +29.4% TO JPY 21,686 MILLION; GROSS MARGIN +6.3PP TO 52.7%

4,144
3RD PARTY POS

- +209 POS
- Sales went up as a result of **pent-up demand** and much **improved retail environment**, following ease of COVID related restrictions in multiple major markets

3.

*BUSINESS
HIGHLIGHT*





THREE-PILLAR GROWTH STRATEGIES

PRODUCT

GOLF CLUBS

- Strengthened focus on **super premium** and **premium performance consumer segments**
- Enriched **premium performance** products targeting golfers with 8-20 handicaps
- Unique product offerings designed for social media savvy female golfers

NON-CLUB PRODUCTS

- Steady advancement of **ball and accessory** businesses in premium consumer segments
- Nurturing **apparel** business in the fast growing Asia home markets, aiming to broaden the reach towards a wider spectrum of active and outdoor-inspired populations

CHANNEL

- Continuously upgrading HONMA's **retail presence** with primer locations, elevated visual design and merchandising display to provide better consumer experiences
- Further penetration into premium-performance segment by adding quality retailers and POS
- Continue investing into the brand's **digital eco-system** and **HONMA's private sphere**, following fundamental change in consumer behavior and business environment post COVID-19

BRANDING AND CONSUMER ENGAGEMENT

- Upgraded **360 degree HONMA brand experience** across all of HONMA's consumer touch points, pursuing golfers in **super-premium** and **premium-performance** segments
- Rejuvenated **TEAM HONMA** with younger and uprising athletes, coaches and influencers
- Enhanced **CRM system** to better understand consumers and nurture loyalty
- Strengthened PR activities across all markets featuring a special episode by **CNN LIVING GOLF program** during Tokyo Olympics, showcasing HONMA's dedication towards premium club-making for 6 decades

A.
**CLUB PORTFOLIO
OPTIMIZED**

*TO FOCUS ON SUPER
PREMIUM AND PREMIUM
PERFORMANCE CONSUMERS
SEGMENTS*

SUPER PREMIUM SEGMENT

BERES

Beres Aizu
Launched in Dec 2021



Beres Aizu Black
Launched in Dec 2021



PREMIUM PERFORMANCE SEGMENT

T// WORLD

**FOR SERIOUS GOLFERS
HANDICAP 0-12**

TW757
Launched in Mar 2022



**FOR GAME IMPROVEMENT GOLFERS
HANDICAP 8-20**

TW-GS
Launched in Feb 2021



OTHER CLUB PRODUCTS

PUTTERS, COUNTRY SPECIFIC MODELS,
SPECIAL EDITIONS

Daruma Series



65th Anniversary Sakura Dance



SALES FROM GOLF CLUBS SHOT UP BY **23.9% YOY (+10.6% VS FY20)** TO **JPY 20,843 MILLION**

GROSS MARGIN **+6.9PP** TO **58.1%** THANKS TO CONTINUED RETAIL PRICE MANAGEMENT AND MANUFACTURING COST OPTIMIZATION

A. CLUB PORTFOLIO OPTIMIZED

TO FOCUS ON SUPER
PREMIUM AND PREMIUM
PERFORMANCE CONSUMERS
SEGMENTS

[CONT'D]

BERES



TOUR WORLD



OTHERS



PRODUCT LAUNCH

- Beres Aizu was launched in Dec 2021, with a highly differentiable sophisticated design

- 2-proned product approach appealing both single and double handicappers
- TW-GS was launched in Feb 2021
- TW757 was launched in Mar 2022 and already attracted great media buzz

- Putters
- Country specific models
- Special editions

SALES PERFORMANCE

- FY22 sales **+41.8%**
- **53.2%** of club sales
- Strong sales growth thanks to the successful activation of Beres Aizu worldwide

- FY22 sales **+1.2%**
- **17.1%** of club sales
- Sales growth remained flattish mainly due to the activation time of TW757

- FY22 sales **+17.4%**
- **29.5%** of club sales
- All-time favorite to consumers who are looking for extinguished and exquisite cosmetics

GOLF BALL SALES INCREASED BY 11.8% YOY (+34.8% VS FY20) TO JPY 2,974 MILLION

GROSS MARGIN +0.5PP TO 45.5% DESPITE SUPPLY CHAIN CONSTRAINT AND PURCHASE COST PRESSURE

B.
**STEADY REVENUE
GROWTH IN
GOLF BALLS**

ACROSS ASIA HOME MARKETS



DI, 2-LAYER BALL



TW-X 2021, 3-LAYER BALL



HONMA X4, 4-LAYER BALL

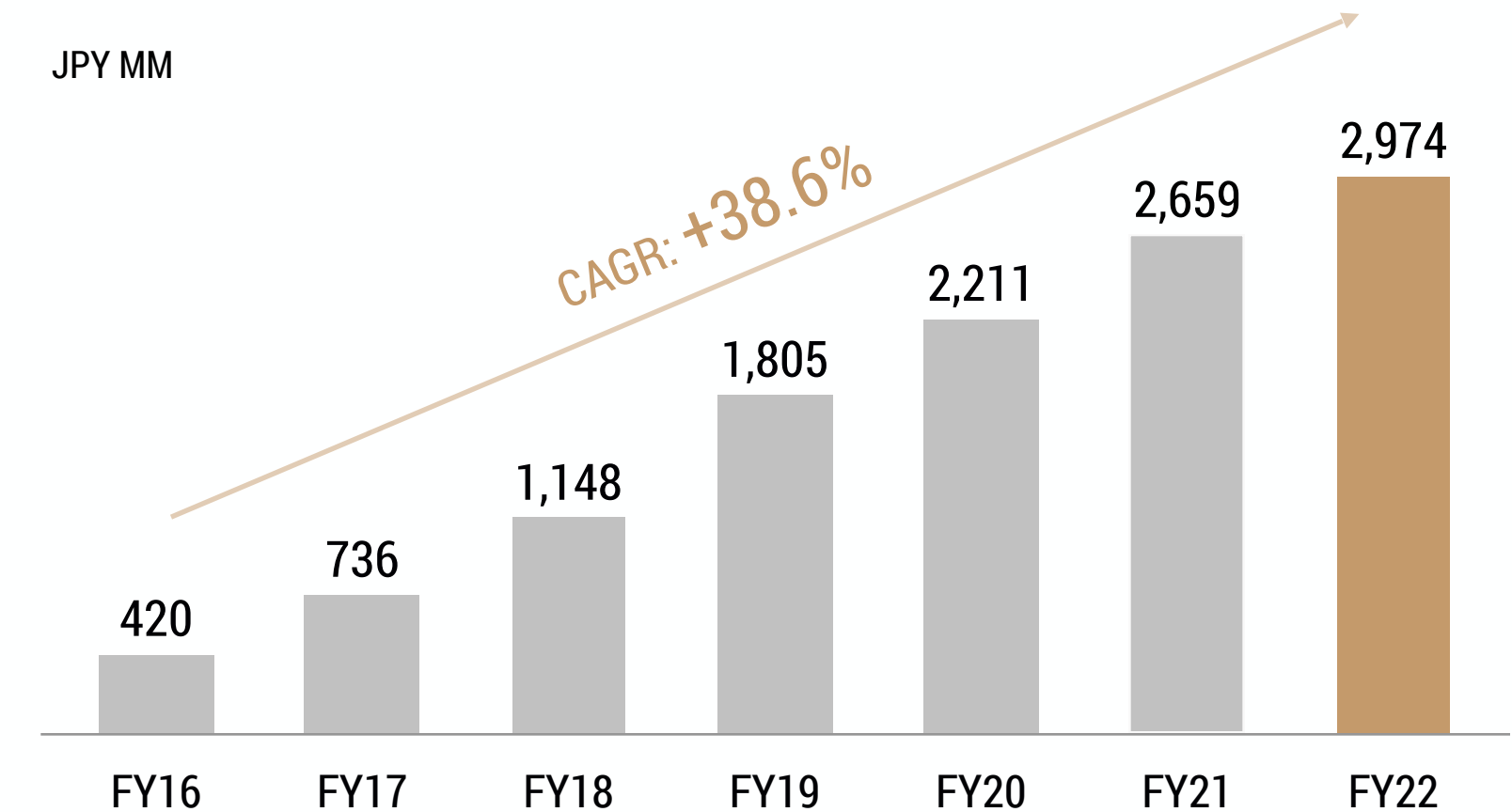


BERES 5 STAR, 6-LAYER BALL

- Sales from Japan +6.4%
- Sales from South Korea +35.0%
- Sales from Mainland China +6.7%
- Continuously prioritizing product development to pivot sales growth
- Dedicated sales force in Japan, China and South Korea to drive market penetration and consumer mind share

GOLF BALL SALES

JPY MM



C.
**CONTINUE
 NURTURING
 APPAREL BUSINESS**
 ACROSS ASIA HOME MARKETS

APPAREL SALES SURGED **71.6% YOY (+134.5% VS FY20)**
 TO **JPY 2,963 MILLION**

GROSS MARGIN **-10.2PP TO 49.1 %** DUE TO INVENTORY
 PROVISION POLICY ALIGNMENT AND CLEARANCE OF 2020
 INVENTORIES

- Robust sales growth primarily driven by continued improvement in product offerings and retail operation
- Successful E-commerce strategy supported by digital marketing on major social media platforms to gain consumer mind share with HONMA apparels
- Sales growth largely contributed by China and South Korea business:

Sales in Mainland China **+87.1%**

- Fast-evolving sports market with growing mass interests in outdoor sports
- HONMA brand apparel stores **+10 to 44** in total

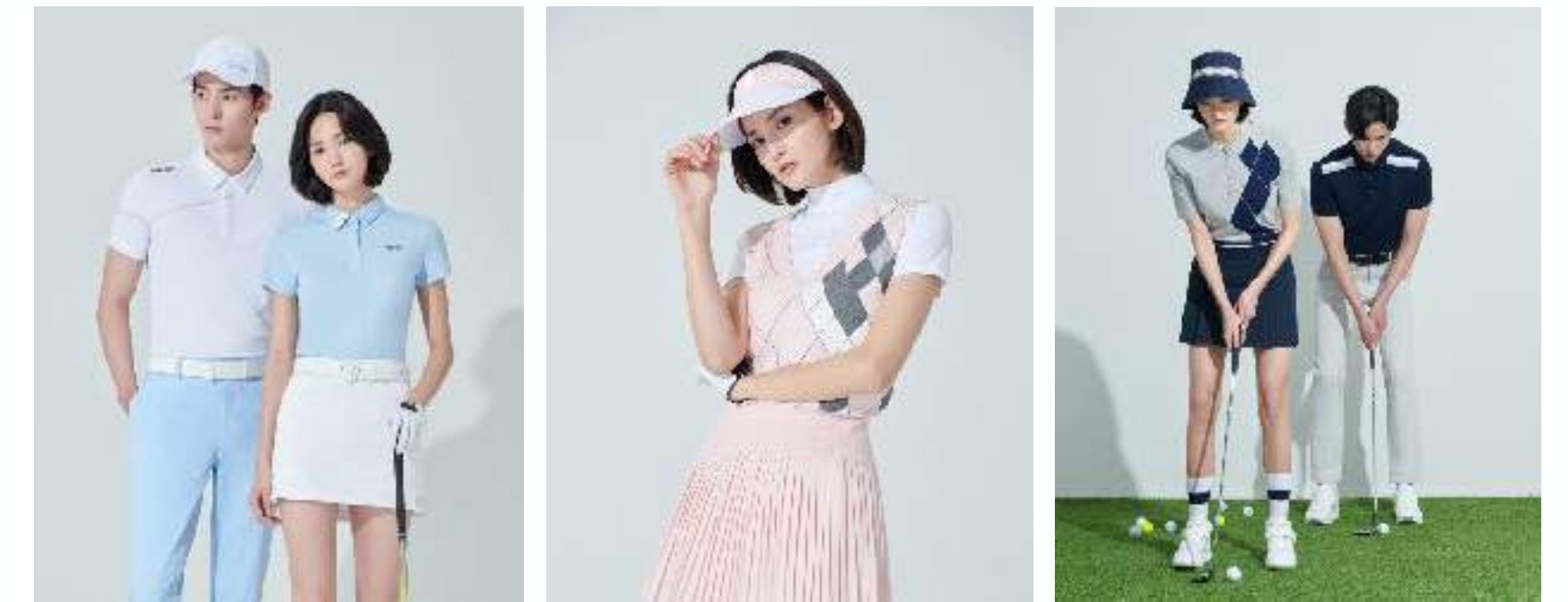
Sales in South Korea **+101.5%**

- Fastest growing market in woman's sports fashion
- HONMA brand apparel stores **+4 to 29** in total

APPAREL COLLECTION CONSISTING OF **2 DISTINCTIVE
 PRODUCT LINES** TARGETING **PREMIUM PERFORMANCE
 AND FASHION ATHLETIC** CONSUMER SEGMENTS

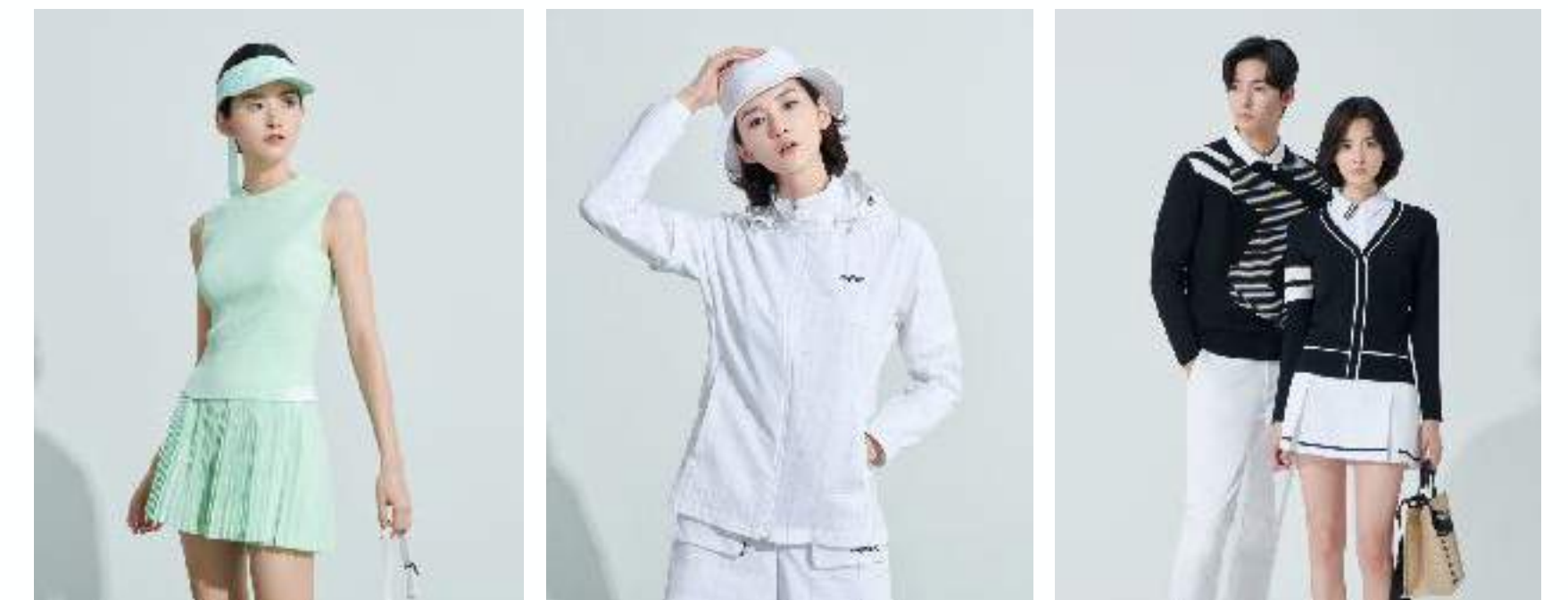
PREMIUM PERFORMANCE LINE

Professional performance wear designed for golfers to perform perfectly on the course, featuring high-tech functional fabrics and 3D synchronized cutting



FASHION ATHLETIC LINE

Trendy athleisure wear targeting golfers and pan-golfers, featuring fashionable and diverse designs and details



D.
**OMNI
DISTRIBUTION
FOOTPRINT WITH
ELEVATED RETAIL
PRESENCE**

SELF-OWNED RETAIL CHANNELS

ACT AS BRAND EXPERIENCE HUBS ACROSS ALL MARKETS

- Sales from self-owned channels **+22.0%**
- **80** self-owned stores; **12** new stores opened while total number of stores unchanged
- Same-store sales significantly improved

THIRD-PARTY RETAILERS AND WHOLESALERS

CONTINUED TO DRIVE PENETRATION AND GAIN MIND SHARE

- Sales from third-party **+29.4%**
- Number of POS increased by **209** to **4,144**
 - **+103** in the US, encouraged by the coming back of golfers post COVID-19 and enhanced brand recognition
 - **+47** in South Korea to fuel sales growth of the Tour World club family



E. RENEWED E-COMMERCE STRATEGIES

SUPPORTED BY UP-TO-
DATE SOCIAL MEDIA AND
CRM PLATFORMS

E-COMMERCE SALES ROCKETED UP BY 80.1%

DRIVEN BY

- ACCELERATED DIGITAL MARKETING, IN PARTICULAR CONTENT MARKETING EFFORTS AND FULL-CHANNEL APPROACH

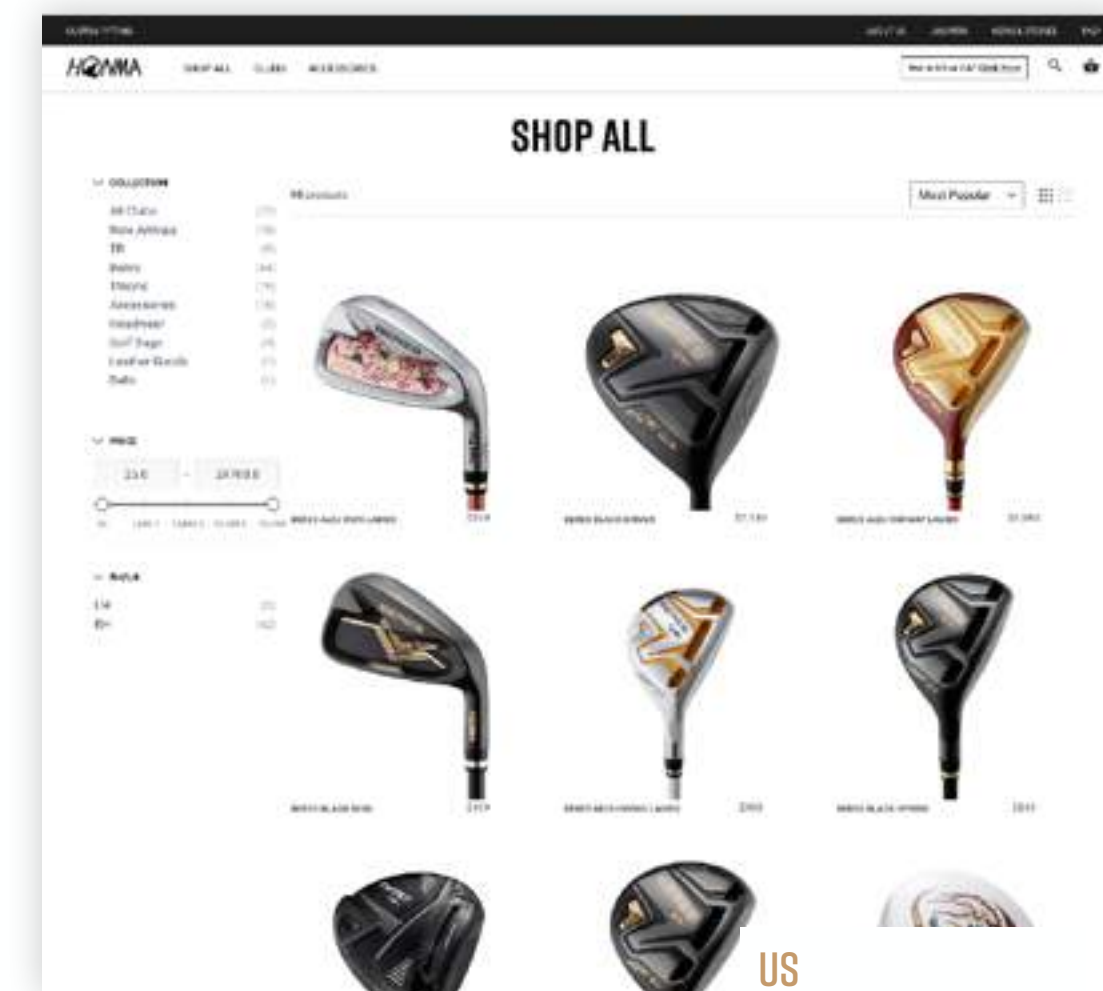
- E-commerce platforms in major markets
 - China: Tmall, JD, Douyin and DU (得物)
 - Japan & US: self-operated E-commerce site
- E-commerce sales grew significantly, led by China +91.4% and Japan +77.9%
- Actively pursuing an E-commerce growth strategy
 - Dedicated E-commerce team and marketing resources
 - Social media campaigns to generate traffic to E-commerce pages
 - Livestream (直播) sales campaign launched on E-commerce platforms
 - Search engine optimization and in store visual updates
 - Full channel CRM system to upgrade loyalty program and improve consumer experiences



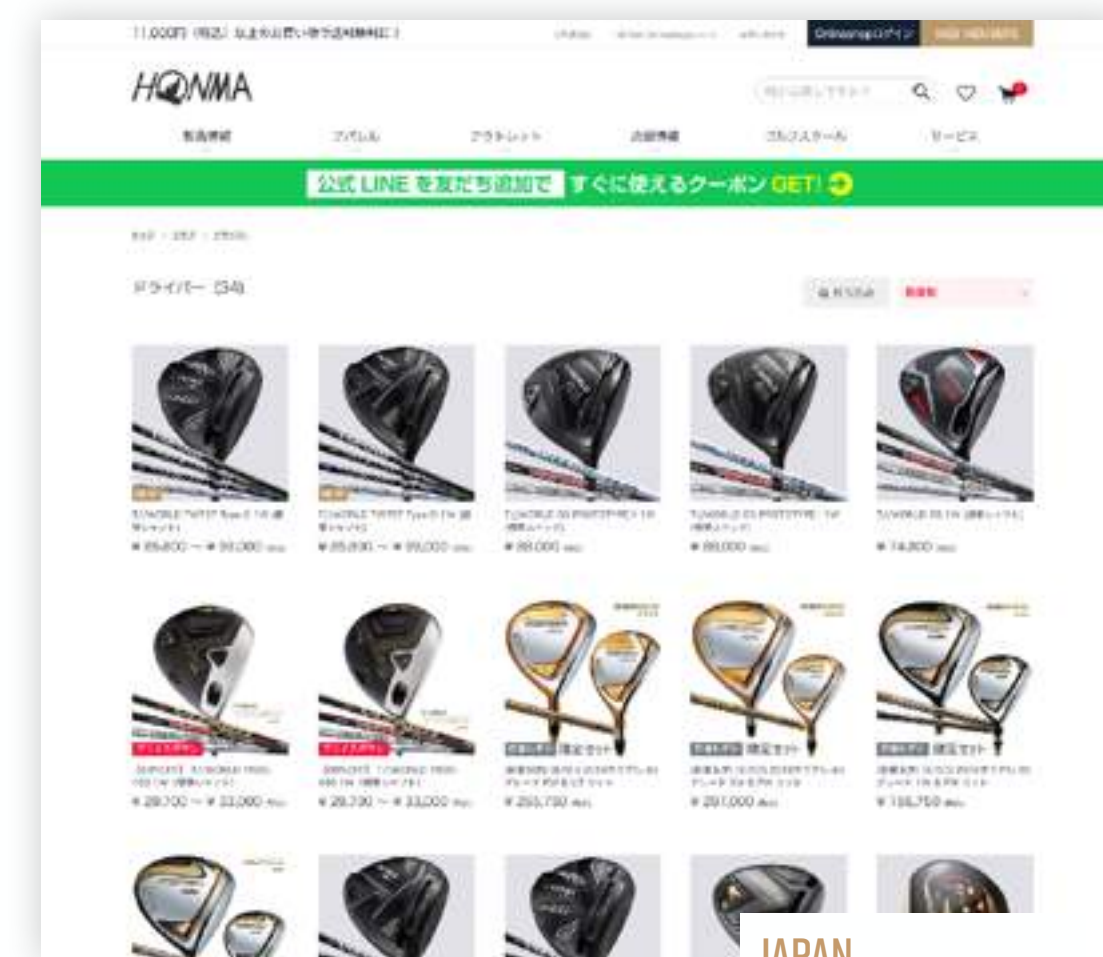
TMALL
FLAGSHIP STORE



LIVESTREAM



US
E-COMMERCE SITE



JAPAN
E-COMMERCE SITE

F.
RE-DEFINING HONMA
DYNAMIC,
MODERN,
GLOBAL

DRIVING BRAND AWARENESS ACROSS ALL MARKETS

CUSTOMER EVENTS

3,739 EVENTS, +22.5% YOY

43,644 PARTICIPANTS, +14.2% YOY

- Customer events are important customer touch points for HONMA
- These events were mainly held on **golf courses** with dedicated fitters
- Integrated brand experience and retail activities targeting consumers in **super premium** and **premium performance** segments
- Key to the continued enhancement of HONMA's brand and product awareness and consumer impression

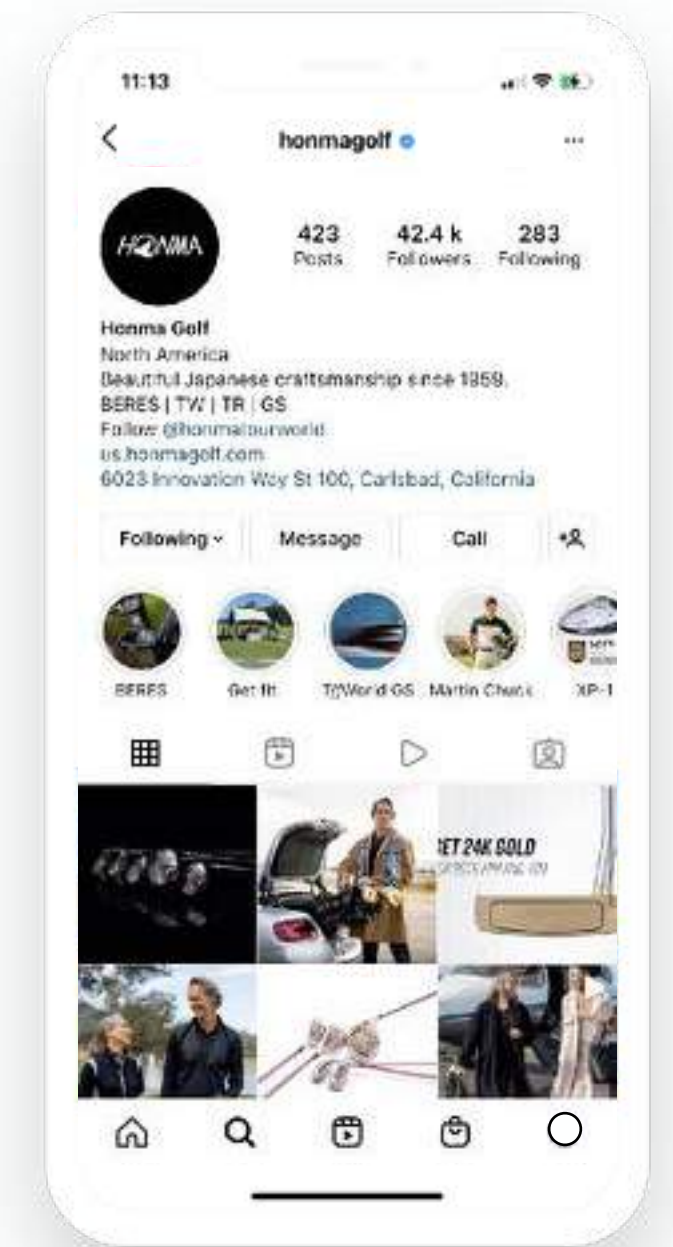
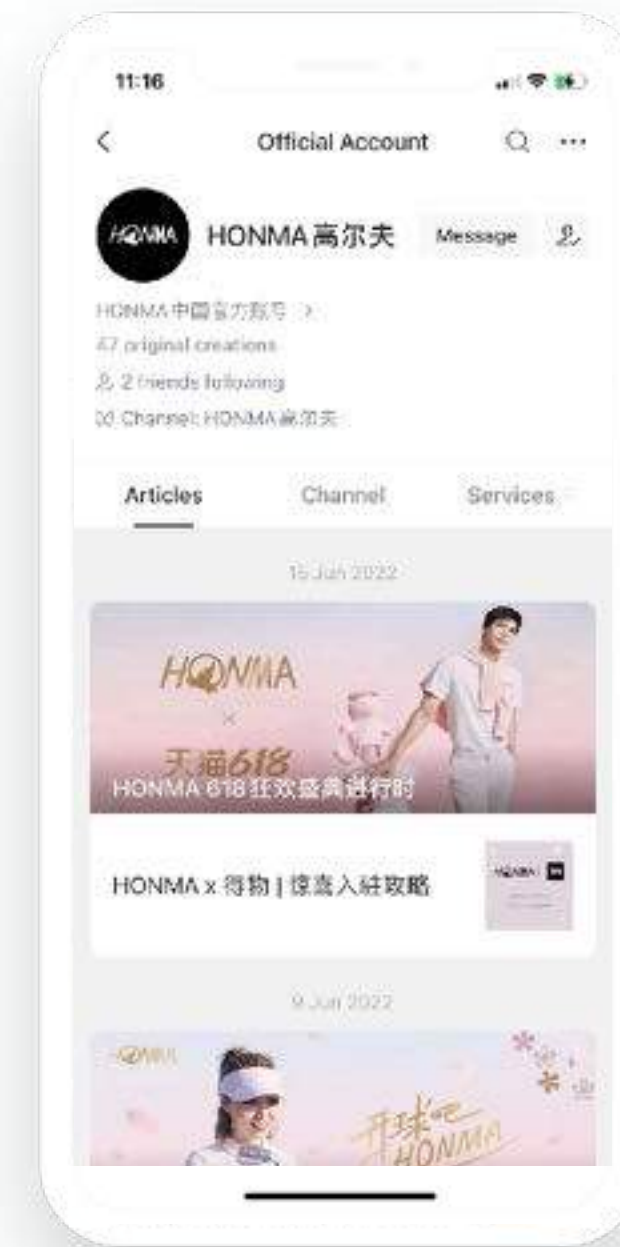


F.
RE-DEFINING HONMA
DYNAMIC,
MODERN,
GLOBAL

[CONT'D]

UPGRADED DIGITAL COMMUNICATION THROUGH RELAUNCHED GLOBAL WEBSITE & ALL-CHANNEL SOCIAL MEDIA ACCOUNTS

- Frequently rolling out digital marketing content on HONMA's global website as well as social platforms including Instagram, Facebook, Wechat, Weibo, etc
- Content collaboration with pros, influencers and celebrities both on tour and on digital platforms
 - To convey **consistent brand image** and enhance brand awareness across all markets
 - To recruit and engage with younger and internet-savvy consumer
 - To generate traffic from digital platform to offline **retail stores**
 - To own the entire **consumer experience** and data



SPONSORING TEAM HONMA PLAYERS

11 PLAYERS ON TEAM HONMA
AS AT 31 MAR, 2022

8 JAPAN LADIES
PROFESSIONAL GOLF (JLPGA)

2 KOREA LADIES
PROFESSIONAL GOLF (KLPGA)

1 KOREA PGA (KPGA)

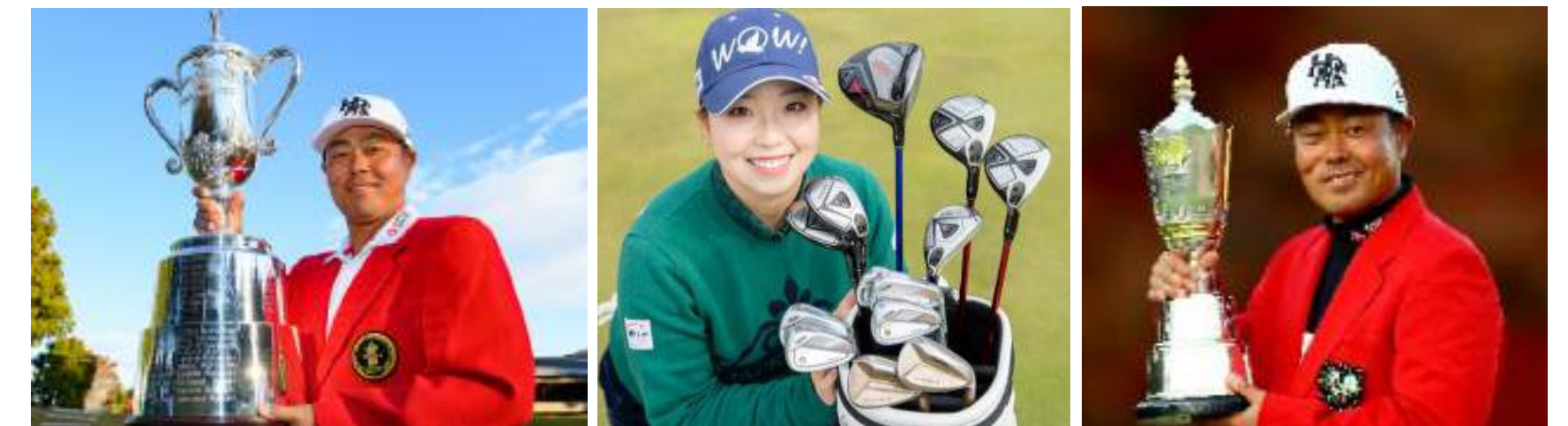
F.
RE-DEFINING HONMA
DYNAMIC,
MODERN,
GLOBAL

(CONT'D)

- Renewed pro-sponsoring strategies to recruit additional **young and uprising** athletes in Asia with visible social media followers
- To further enhance HONMA's tour presence in Asia with **performance-driven audience**, especially **younger and avid golfers** amid the promising trend of golf development in Asia



TEAM HONMA WINNING CHAMPIONSHIP IN PROFESSIONAL TOURS



TEAM HONMA IN MARKETING AND CUSTOMER ACTIVITIES



F.

RE-DEFINING HONMA

DYNAMIC,
MODERN,
GLOBAL

[CONT'D]

LI YIFENG NAMED AS HONMA'S BRAND AMBASSADOR IN THE 65TH ANNIVERSARY CAMPAIGN

- Renowned actor Li Yifeng named as HONMA's brand ambassador on 20 May 2022
- On the same day, HONMA launched a nationwide campaign for the 65th anniversary 'SAKURA DANCE' club set in China, which is designed for younger and social media active female golfers

The new partnership aims to

- Further promote the spirit of golf to a wider audience
- Broaden the brand's reach to younger and internet-savvy sports enthusiasts
- Fuel the brand's digital marketing to the next level

Related marketing contents became viral and achieved unprecedented public exposure

- Achieved more than **720 million impression** across various social media platforms
- Generated more than **2 million visits** to HONMA's Tmall and JD flagship store on the same day of the announcement

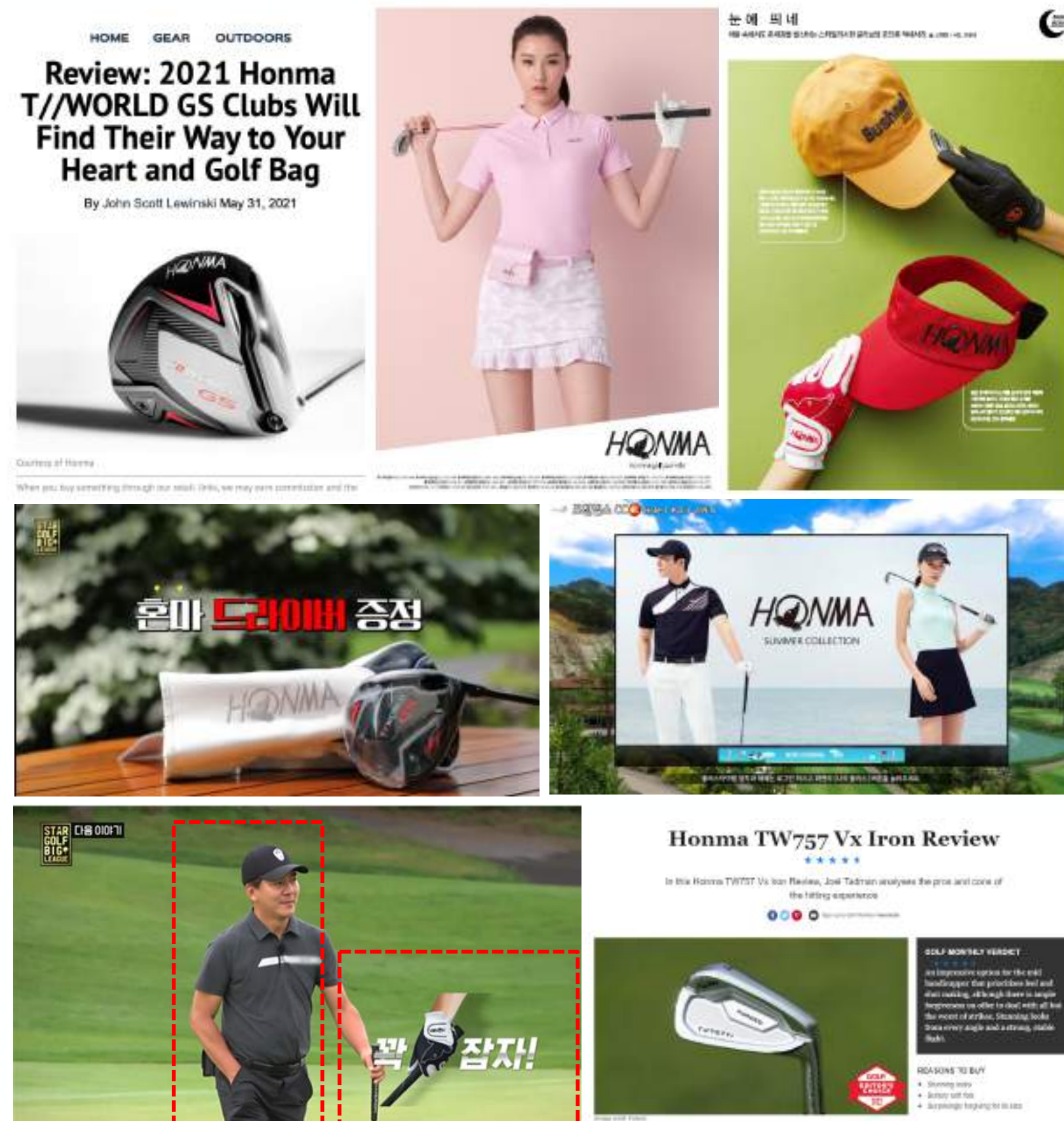


OTHER BRAND PR & MEDIA EXPOSURE

- To communicate and reinforce HONMA's brand image being **premium, performance-driven, dynamic and modern** through omni channels from golf magazines and TVCs, to golf simulator ads and celebrity show virtual ads

- In September 2021, HONMA was featured by **CNN Living Golf** at in its Tokyo Olympics episode, showcasing HONMA's dedication towards craftsmanship in premium club-making for more than 60 years

F.
RE-DEFINING HONMA
**DYNAMIC,
MODERN,
GLOBAL**
(CONT'D)



4.

FINANCIAL REVIEW

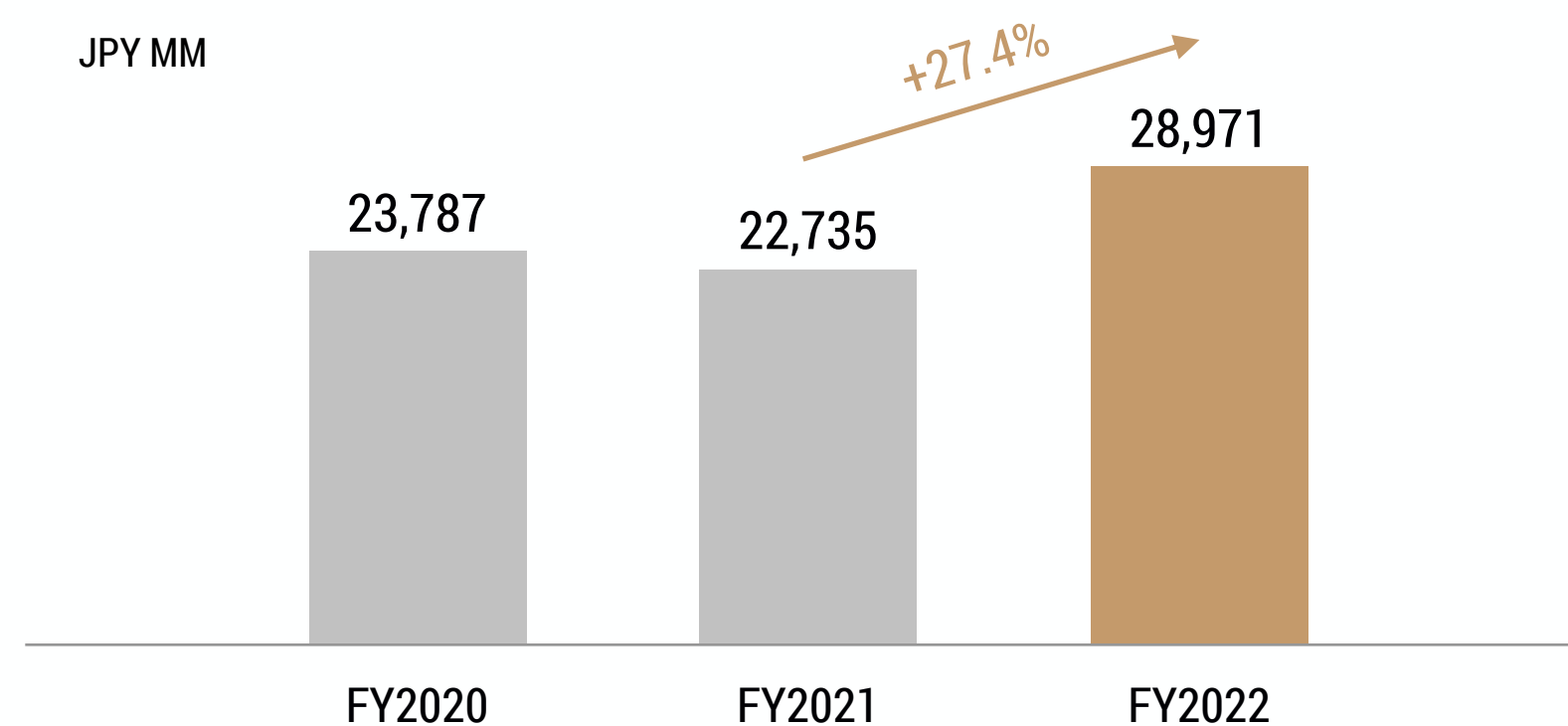


VISIBLE IMPROVEMENTS IN ALL FINANCIAL METRICS

THANKS TO THE EXUBERANT DEMAND AND THE SUCCESSFUL EXECUTION OF GROWTH STRATEGIES

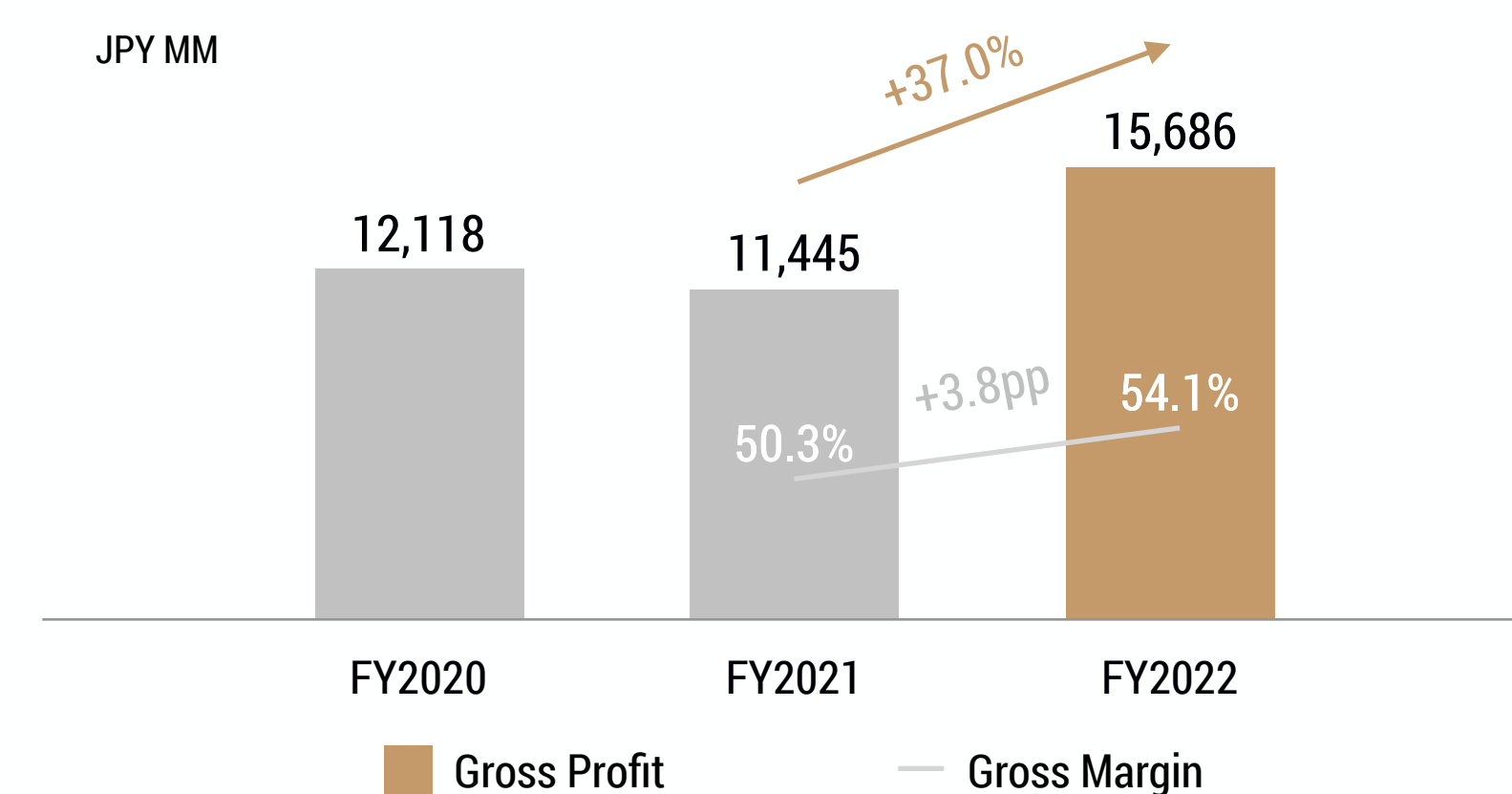
NET SALES

JPY MM



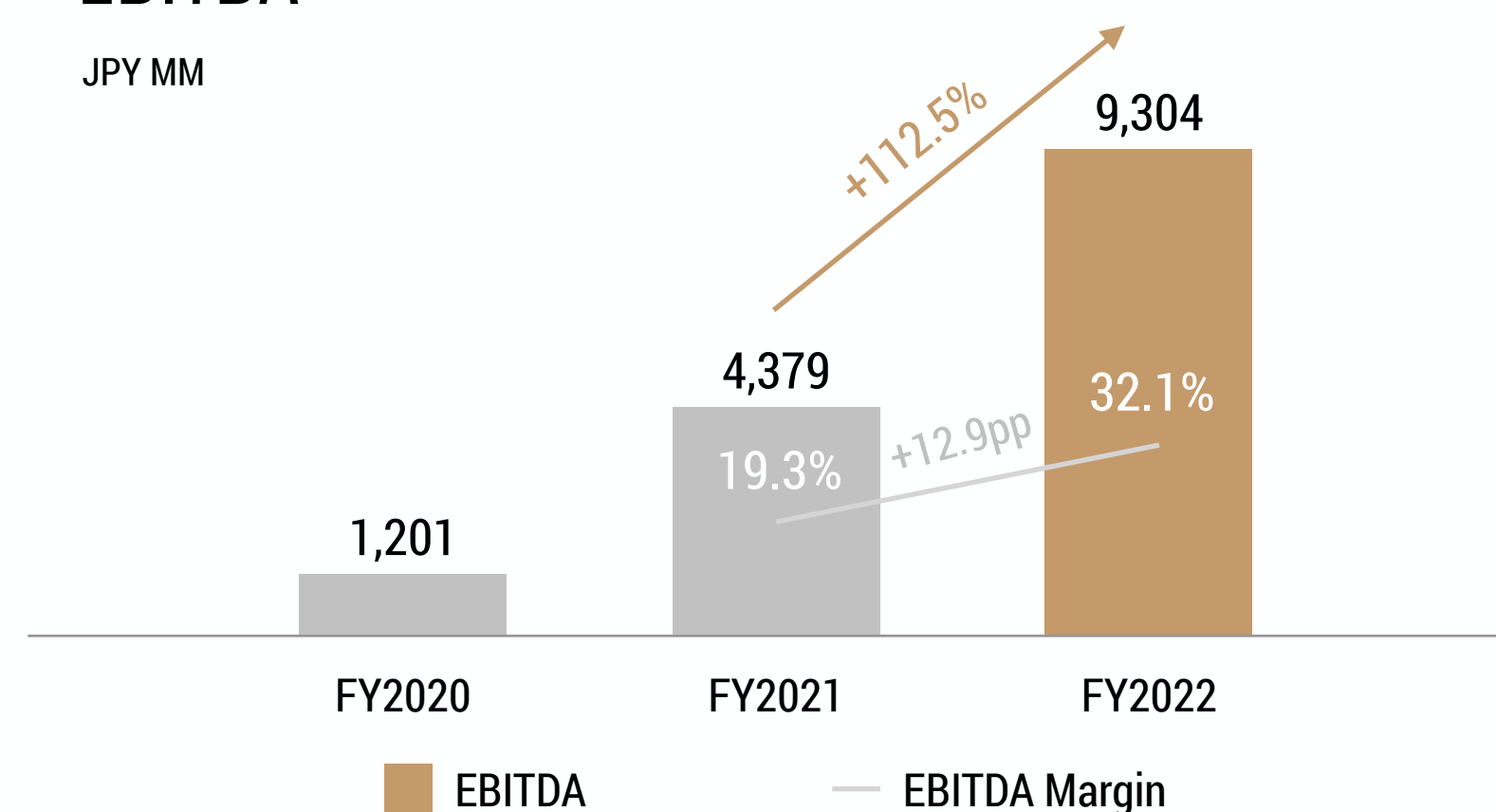
GROSS PROFIT & GROSS MARGIN

JPY MM



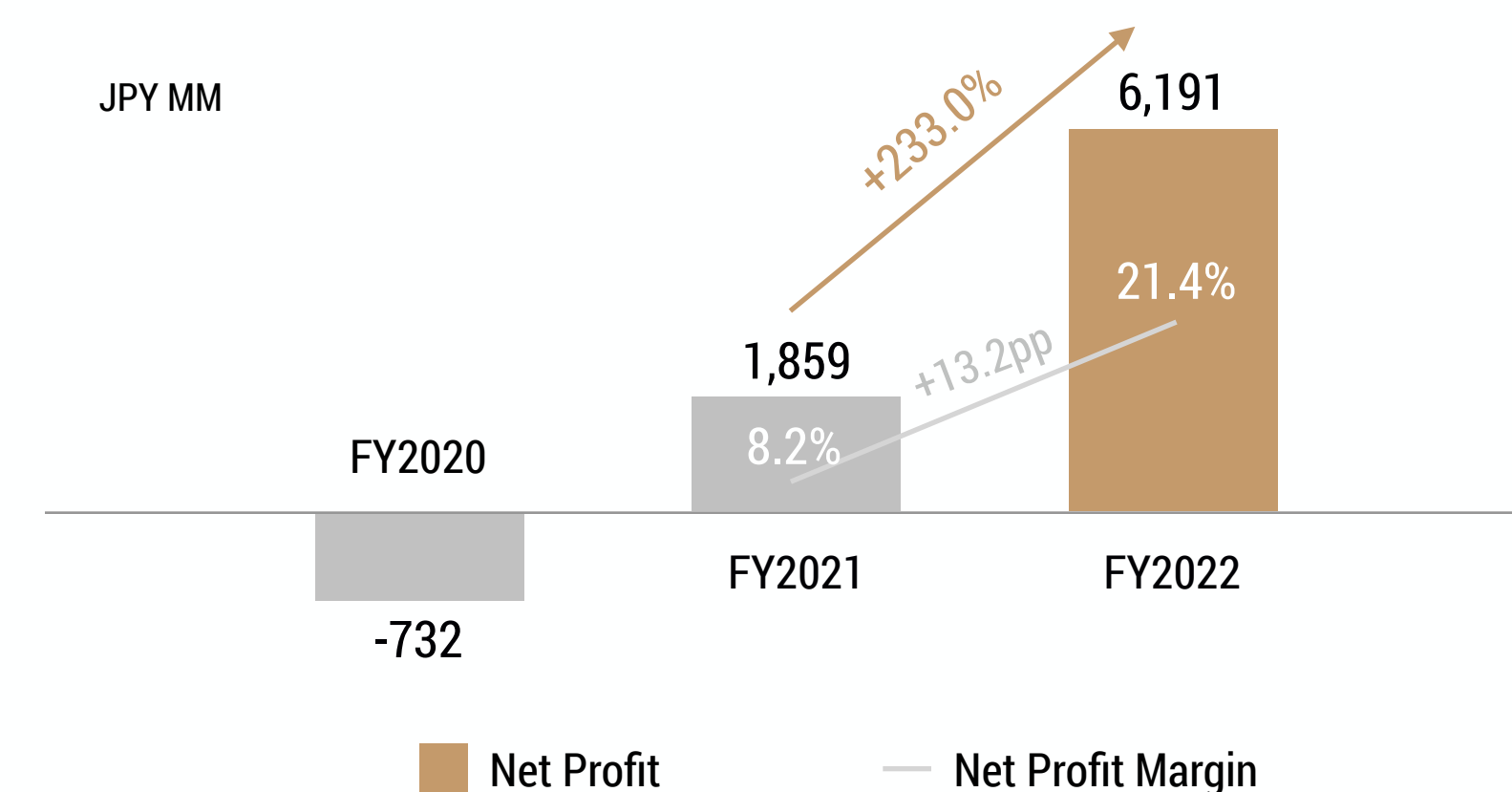
EBITDA

JPY MM



NET PROFIT

JPY MM

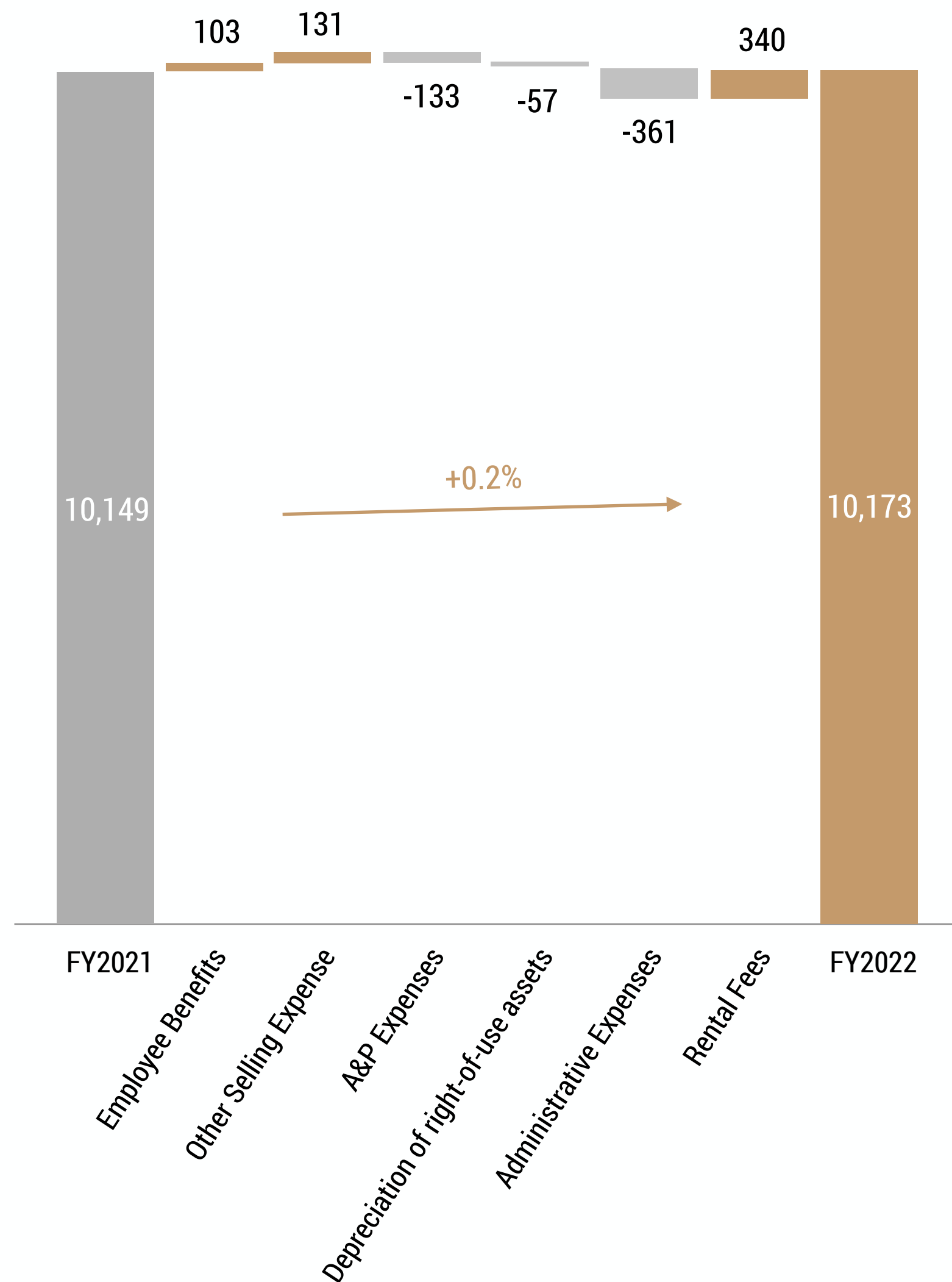


EFFECTIVE EFFICIENCY IMPROVEMENT INITIATIVES

TO FUEL GROWTH AS
WELL AS TO MITIGATE THE
NEGATIVE IMPACT FROM
COVID AND SUPPLY CHAIN
DISRUPTION

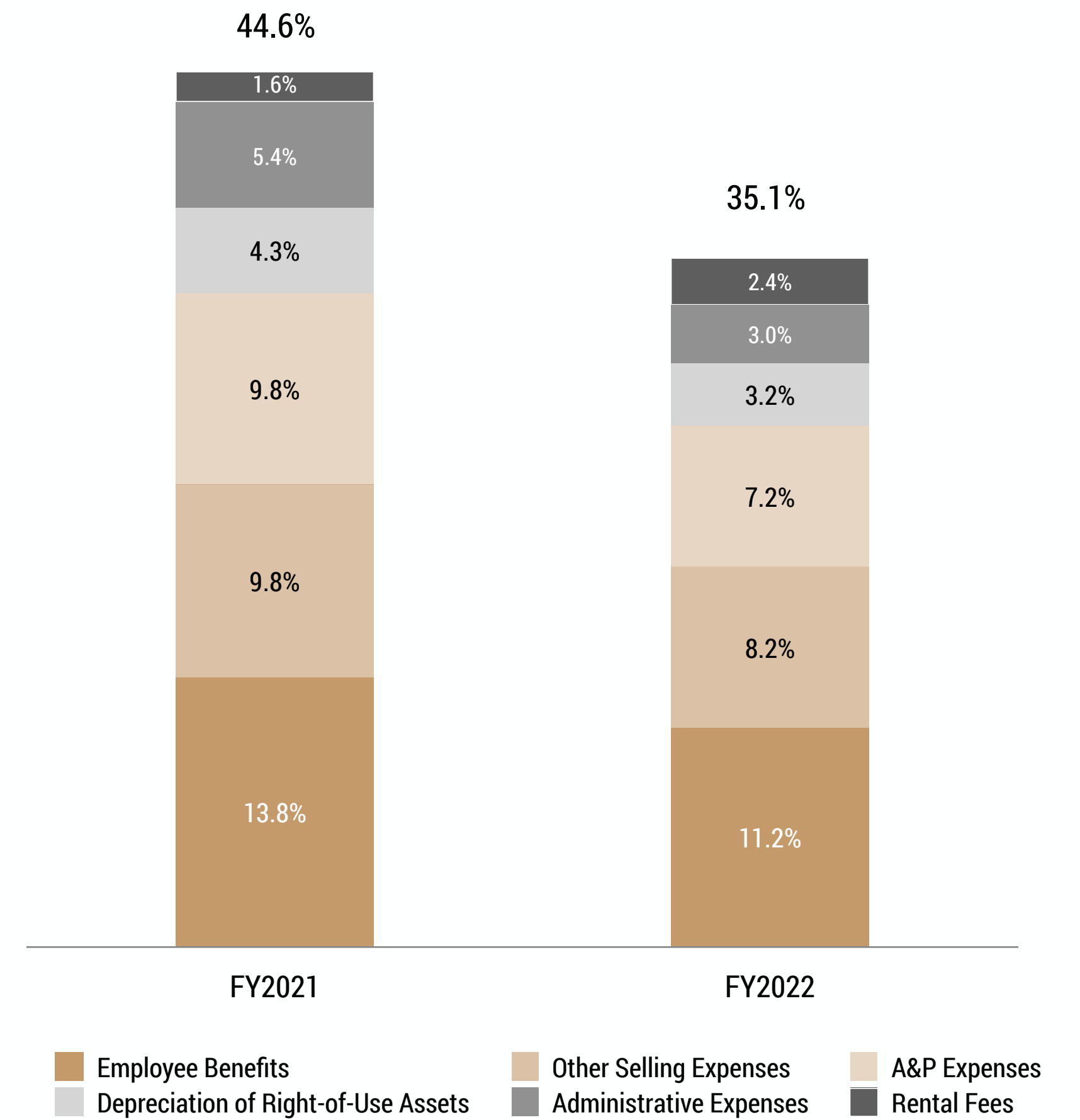
SG&A EXPENSES

JPY MM



SG&A EXPENSES BREAKDOWN

AS % OF SALES

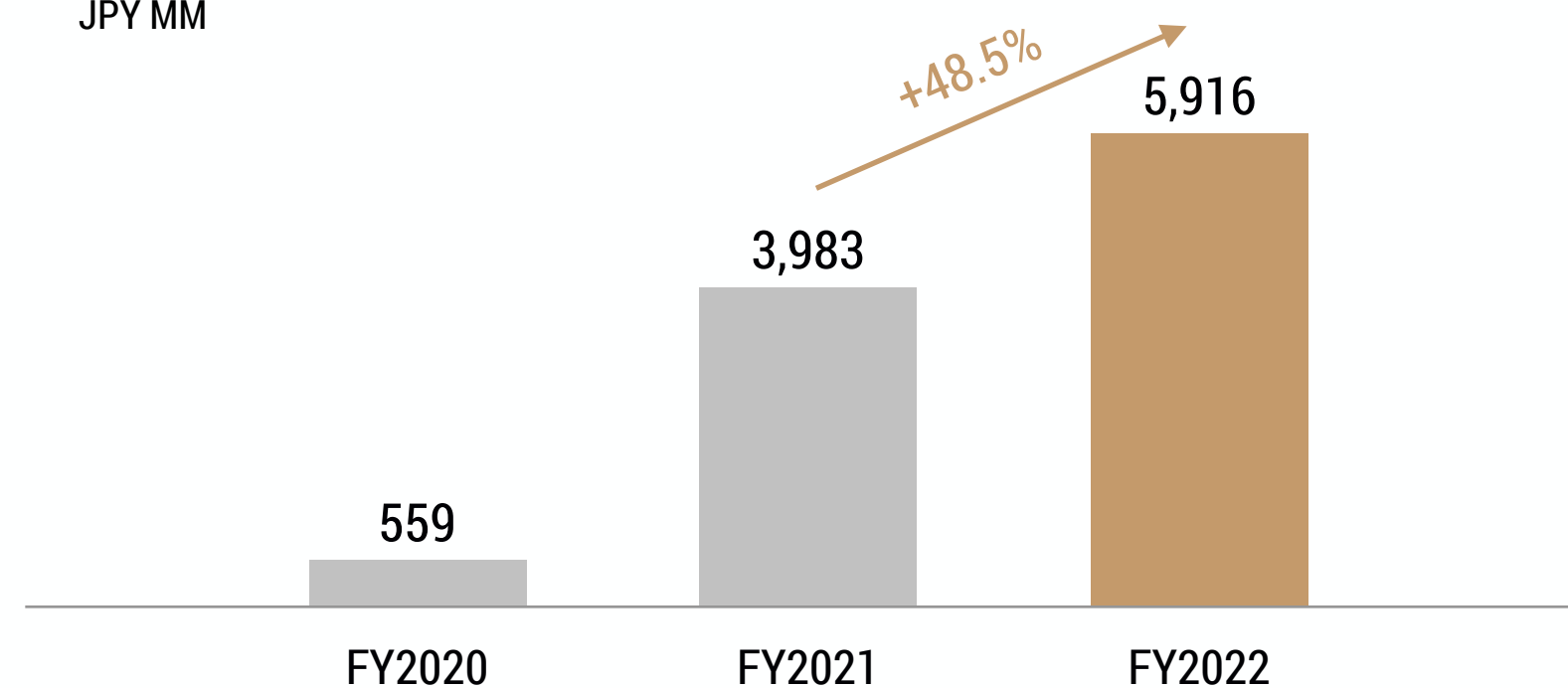


**COHERENT
POLICIES ON
STRONG CASH
LIQUIDITY AND
HEALTHY CAPITAL
STRUCTURE**

*TO ENSURE STEADY AND
SUSTAINABLE GROWTH
AMIDST UNCERTAIN
MACRO ENVIRONMENT*

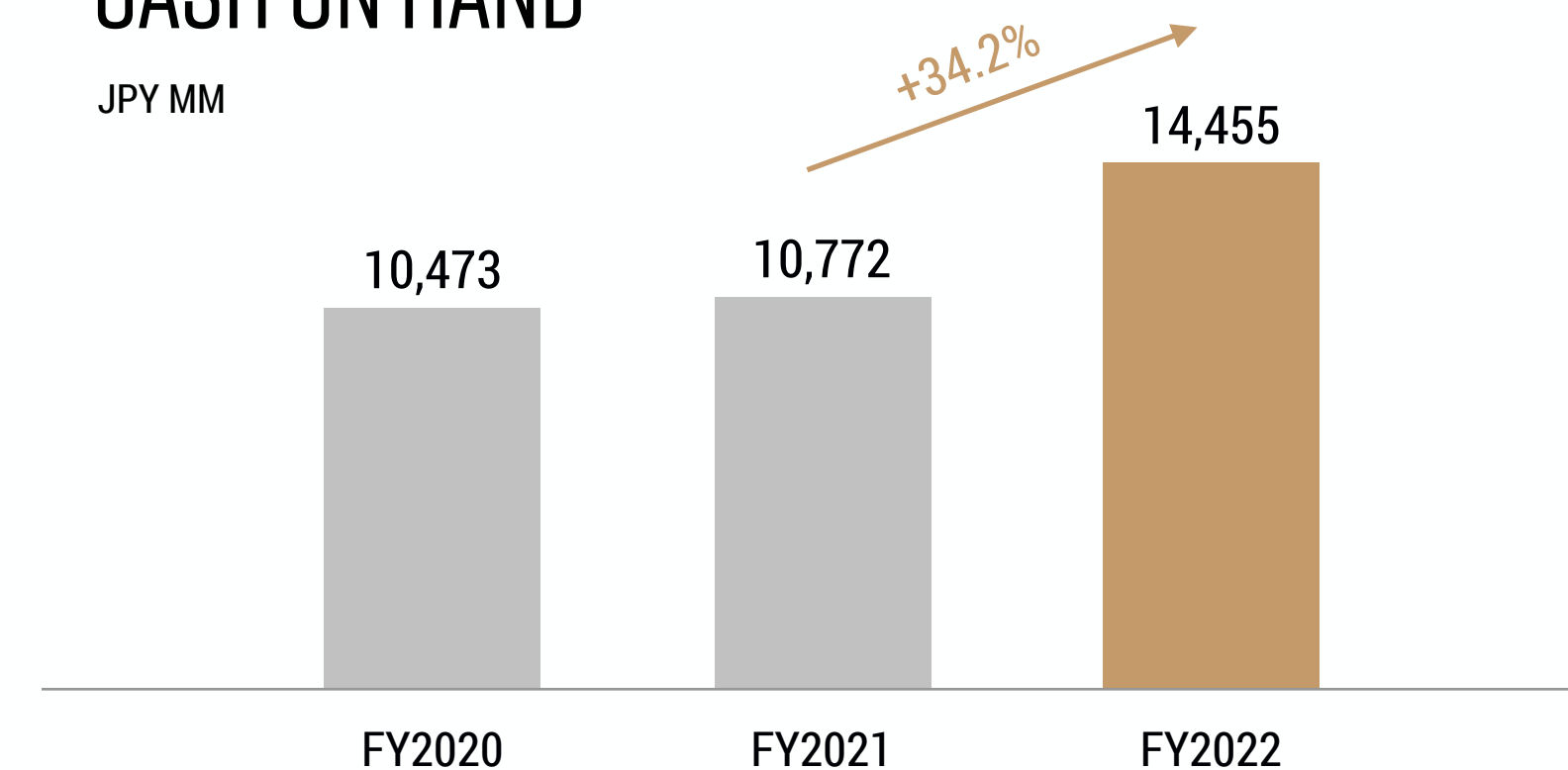
NET OPERATING CASH FLOW

JPY MM



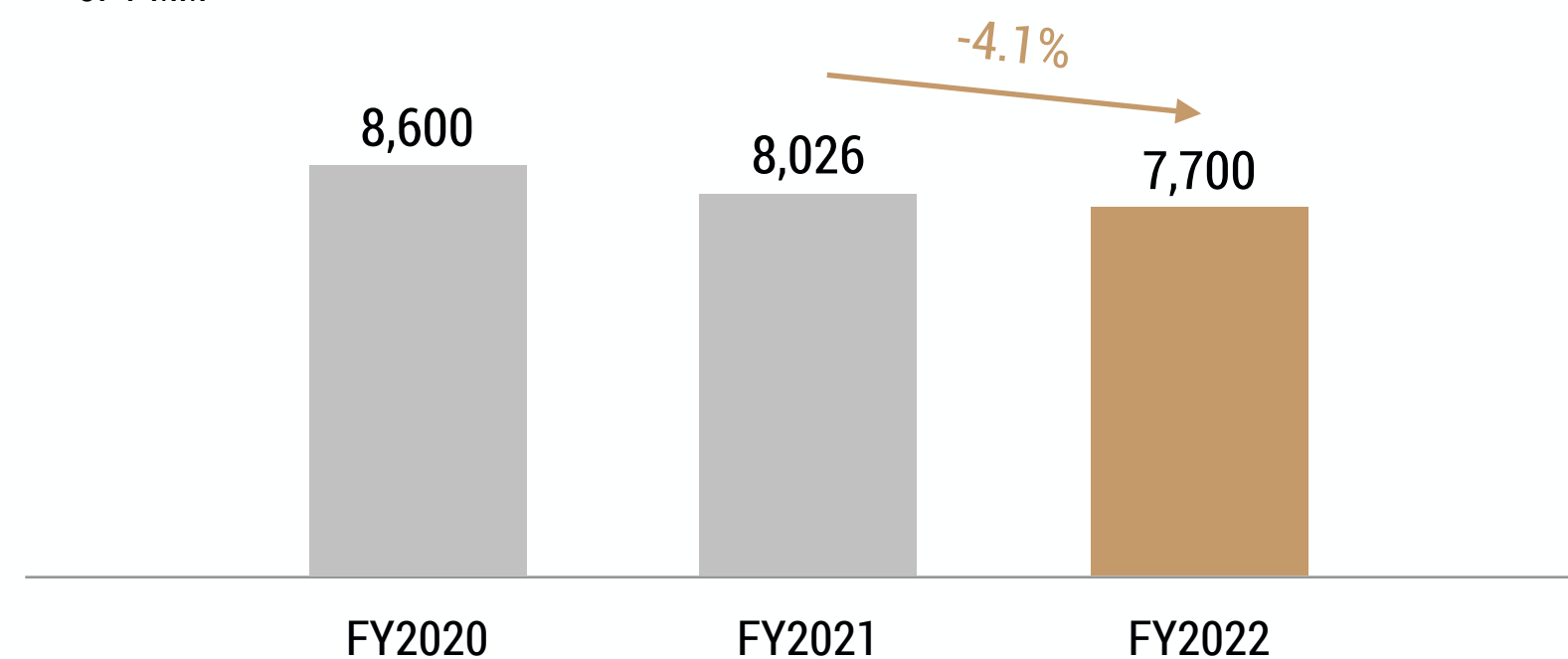
CASH ON HAND

JPY MM



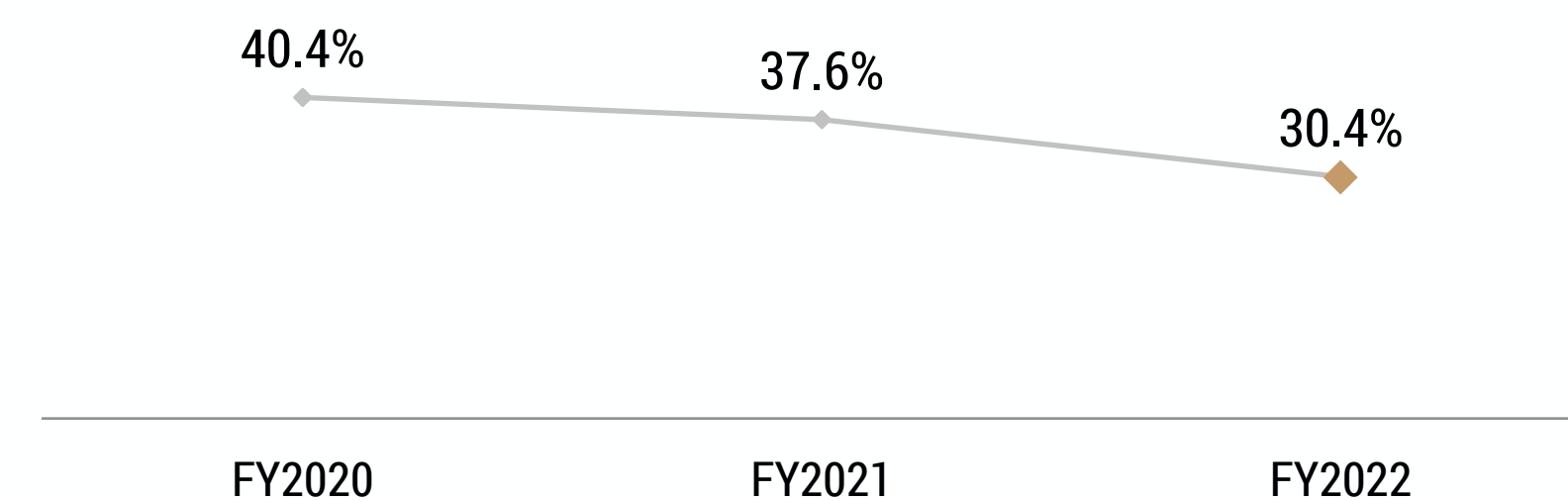
INTEREST-BEARING LIABILITIES

JPY MM



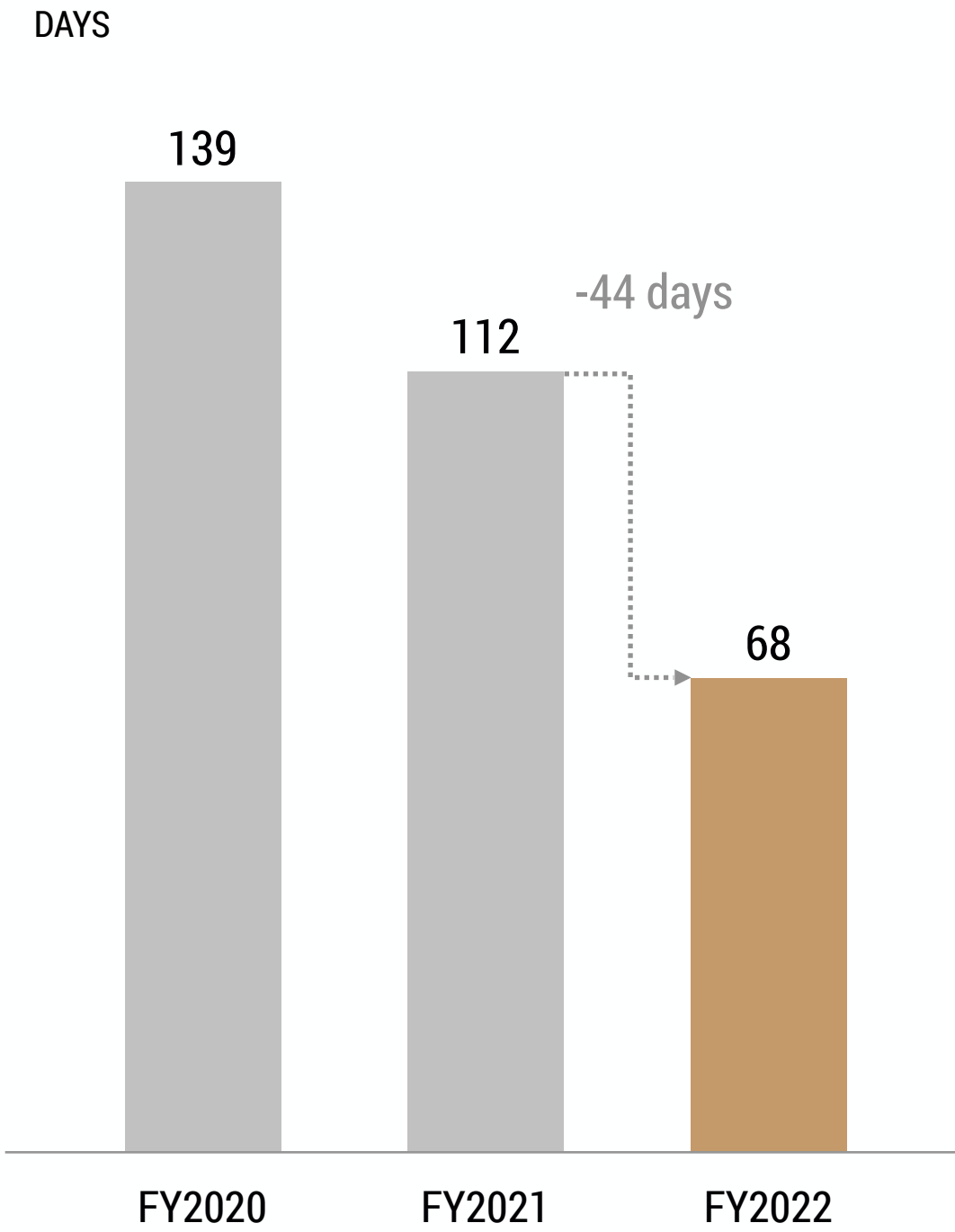
INTEREST-BEARING LIABILITIES / TOTAL EQUITY

%

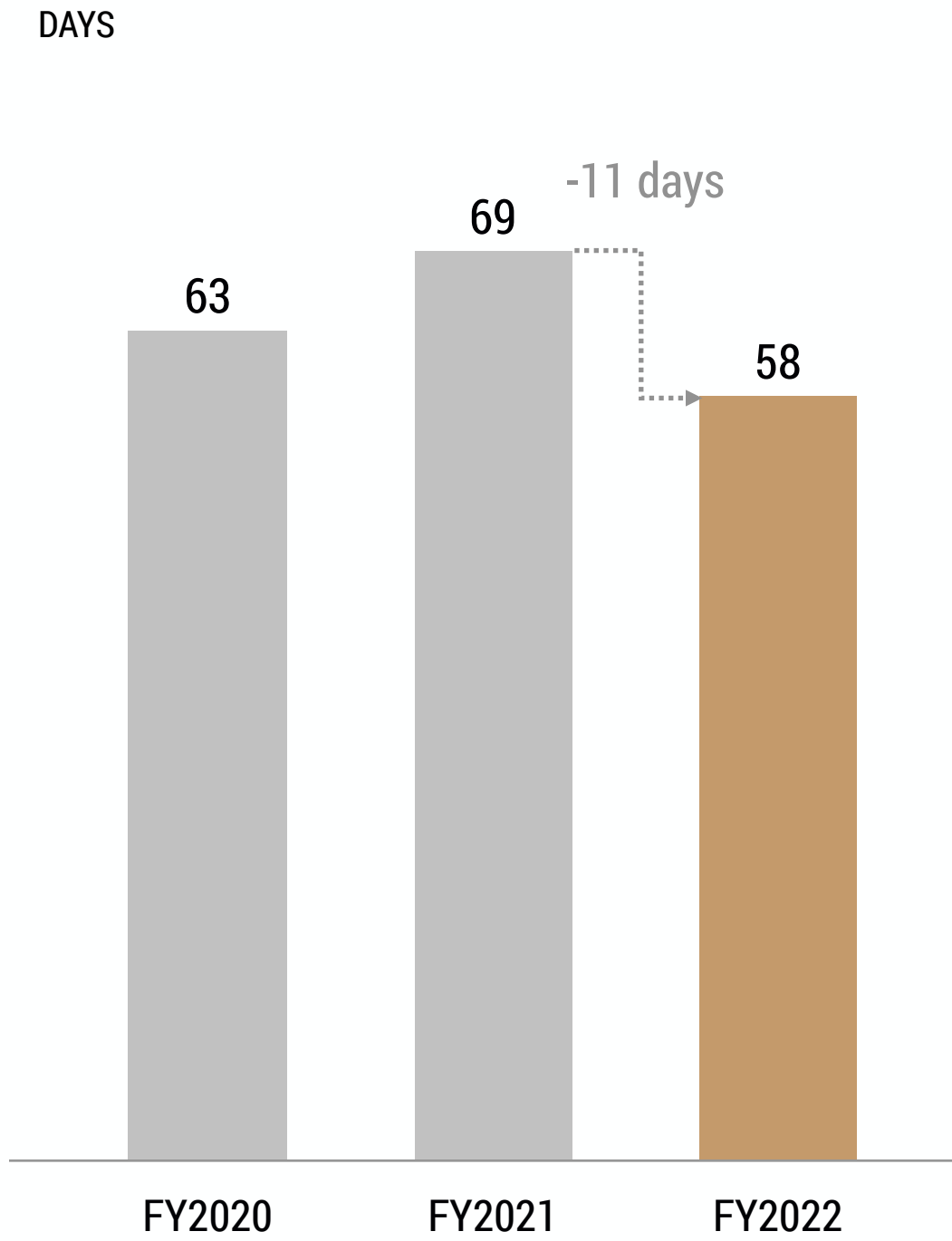


*STRENGTHENED
WORKING CAPITAL
EFFICIENCY
POST COVID-19*

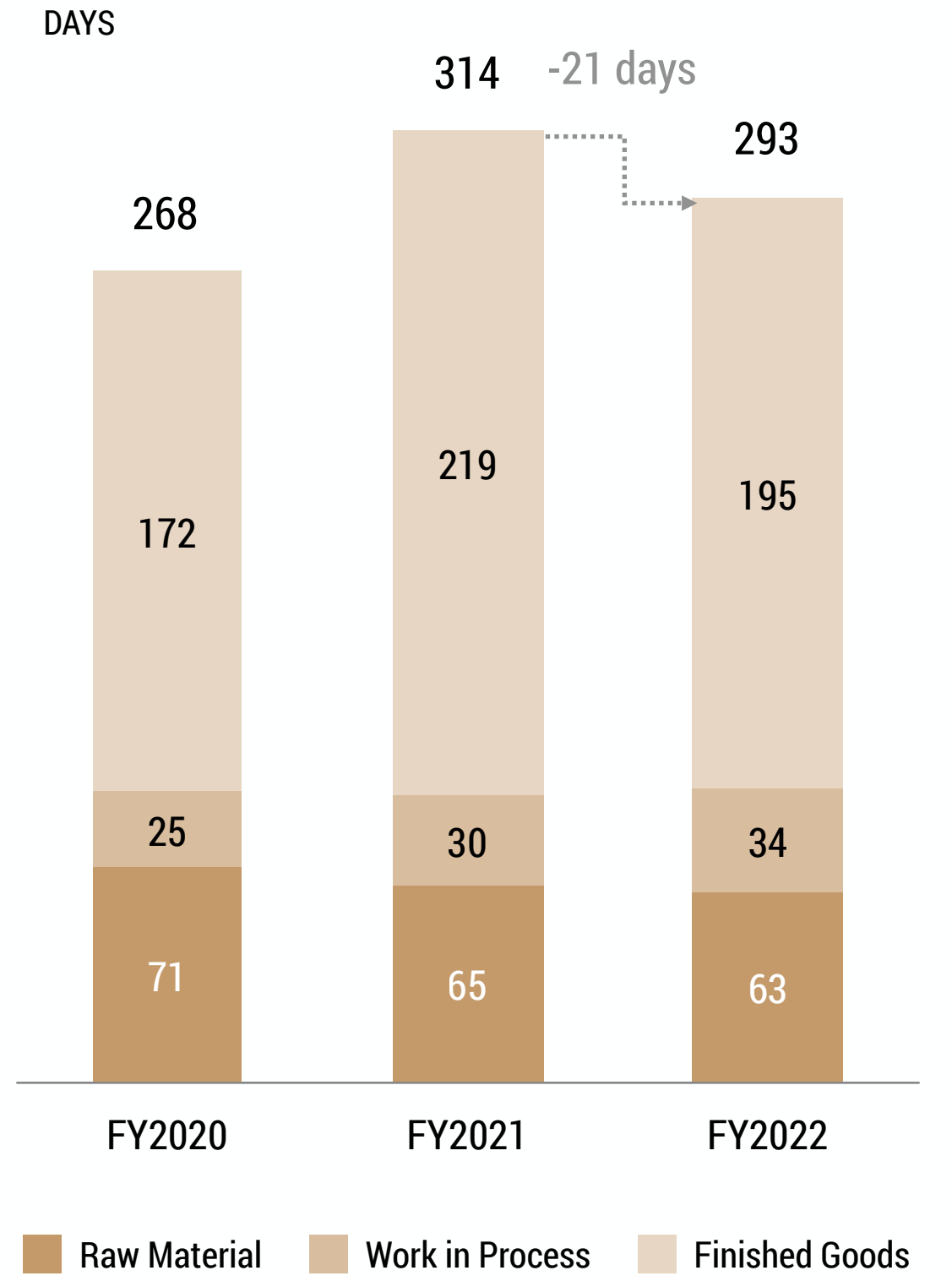
RECEIVABLES TURNOVER DAYS (1)



PAYABLES TURNOVER DAYS (2)



INVENTORY TURNOVER DAYS (2)



Note

- (1) Turnover days are calculated using the average of the opening, mid year and closing balance of the relevant periods
- (2) Turnover days are calculated using the average of the opening and closing balance of the relevant periods.

5.
OUTLOOK



HONMA 高尔夫品牌代言人
李易峰

OUTLOOK

OUTLOOK

We expect sales growth momentum to continue into FY2023, fueled by multiple product activations in both clubs and non-club categories, continued marketing investment and retail operation improvement.

In the mid- to long- term, HONMA will continue executing its **growth strategies** to **build a world-leading golf lifestyle company**, leveraging its unique brand legacy, innovative technologies and exquisite Japanese craftsmanship, and expanding distribution network.

We intend to continue pursuing the following in the years ahead:

- a) To further increase and regain HONMA's **market share in Asia home markets** by maintaining its leading position in the super-premium segment while making solid inroads into the fast growing premium-performance segment.
- b) To continue driving **ball, apparel and accessories businesses** across Asia markets to capture the growing opportunities in the non-club categories of these regions.
- c) To pivot **growth in North America and Europe** based on the updated product and DTC distribution strategies.
- d) To continue leveraging HONMA's unique legacy in R&D capabilities to develop **products that cater for latest market trends**.
- e) To further nurture and transform **HONMA brand value** into customer loyalty.

CHALLENGES

The golf industry will continue to face **multiple challenges** in FY2023, including

- supply chain challenges under inflation pressure
- sustained outbreak of COVID-19 which may continue to cause market turbulence and uncertainties.

In face of such challenges, HONMA will continue to take active actions to optimize cost efficiency, maximize liquidity and protect its employees' health, in order to foster a solid foundation for the mid- and long-term development.

6.
APPENDIX

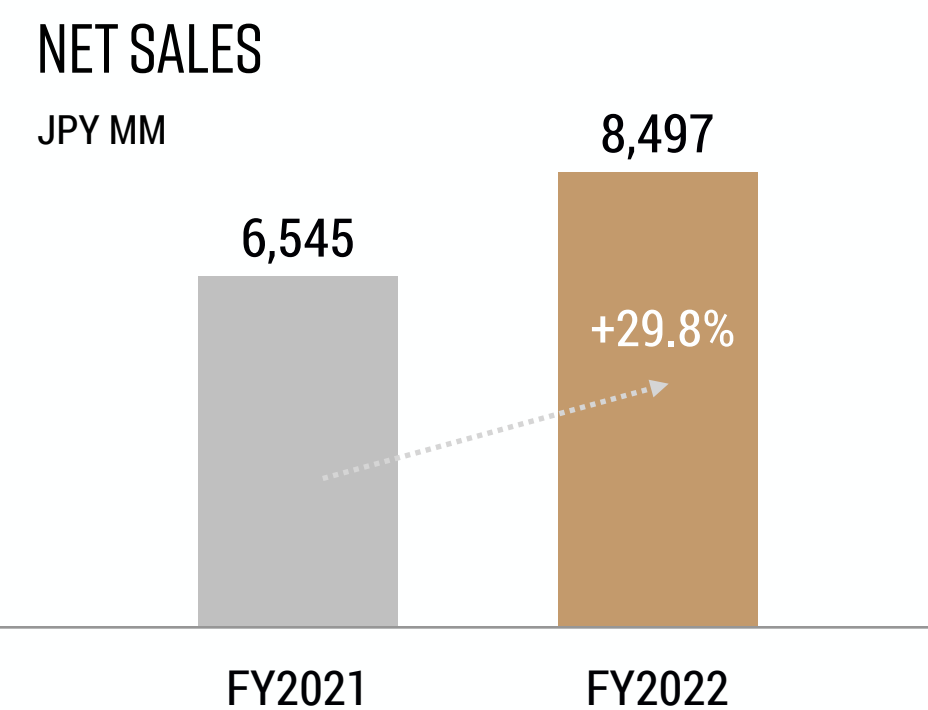
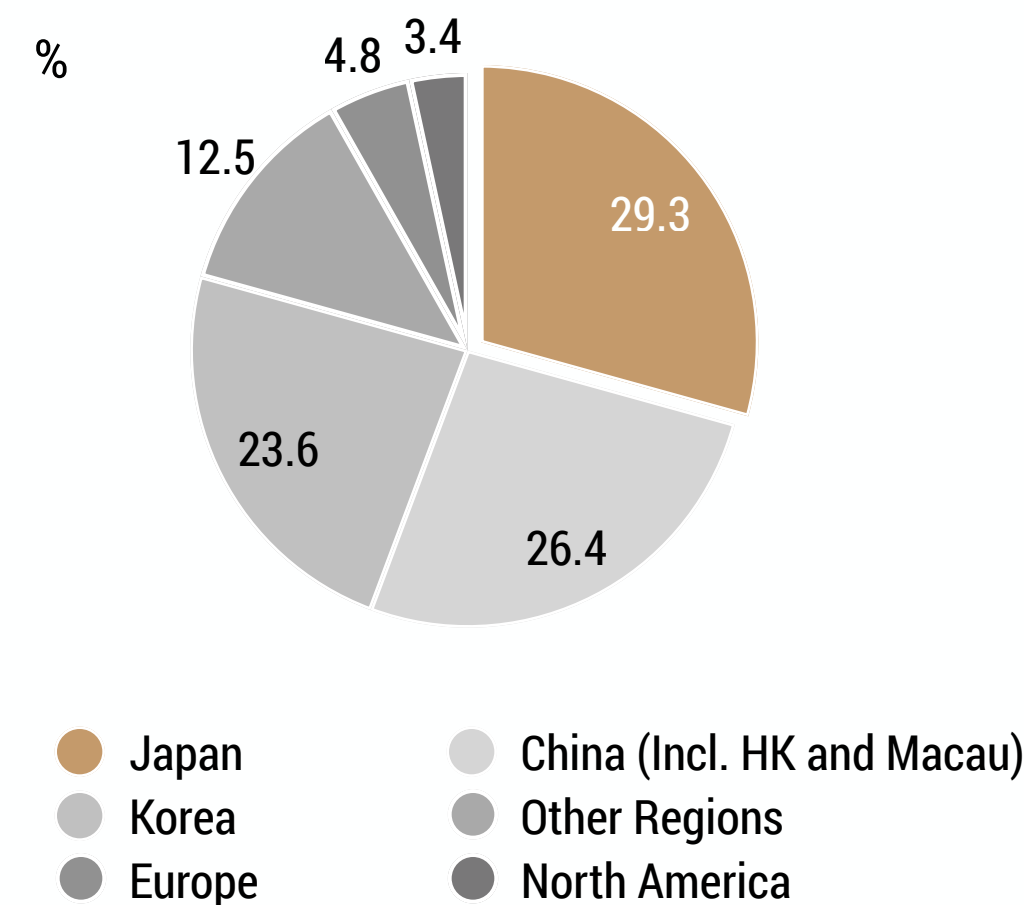


APPENDIX I BUSINESS REVIEW BY MARKET

HOME MARKET JAPAN



STRONG REBOUND FOLLOWING SUCCESSFUL
NEW PRODUCT ACTIVATION AS CONSUMER
DEMAND RECOVERED



MARKET

- 2nd largest golf equipment market in the world
- Total golf product market size approximates to **USD 2 billion** in 2021 ⁽¹⁾
- **2,290** golf facilities, representing half of the total facilities in Asia ⁽²⁾
- Around **12 million** golf population ⁽³⁾
- Hideki Matsuyama's win in the US Masters Championship in Apr 2021 is seen to be a boost for Japan's golf market

FULL YEAR PERFORMANCE REVIEW

- Golf club sales **+35.5%**, golf accessories sales **+72.4%**
- Sales from third party distributors **+38.3%**, from self-owned channels **+17.1%**
- Strong rebound in sales following the rejuvenation of retail activities and successful activation of Beres Aizu

Note

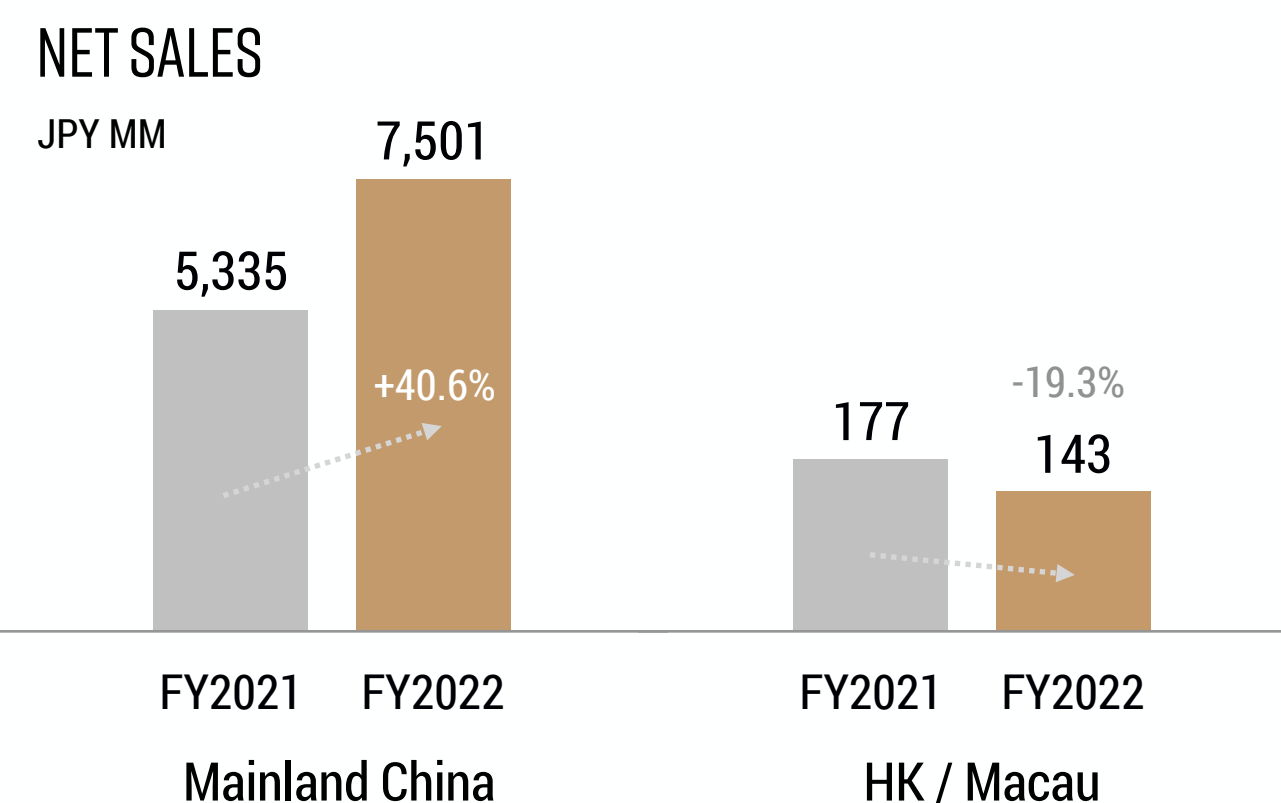
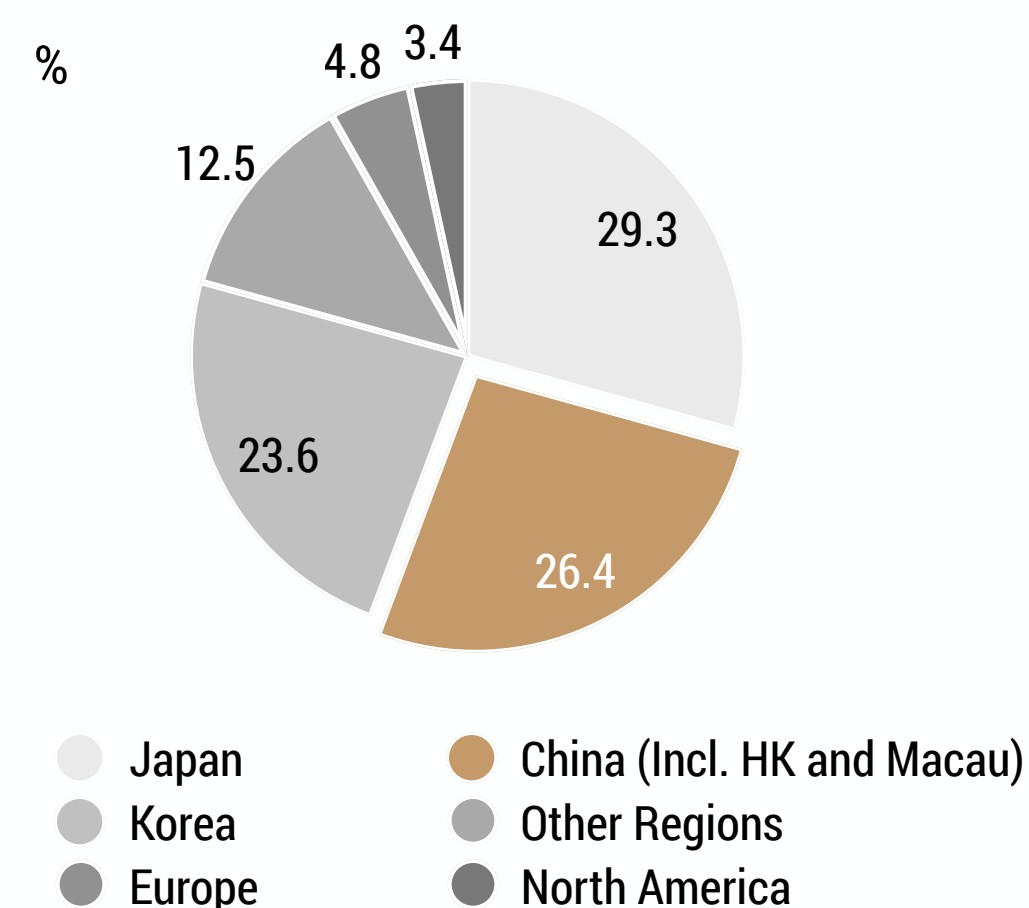
- (1) 2021 Yano's White Paper on Golf Industry, Japan
- (2) 2018 Yano's White Paper on Golf Industry, Japan
- (3) Frost & Sullivan

APPENDIX I BUSINESS REVIEW BY MARKET

HOME MARKET CHINA (INCL. HK & MACAU)



ROBUST GROWTH DRIVEN BY SUCCESSFUL GROWTH STRATEGIES AND UNPRECEDENTED INCREASE IN DEMAND



MARKET

- Evolving sports market with growing interests in outdoor activities
- Emerging and fast growing golf market
- 478 golf courses, around 1 million golf population (1)
- Solid and growing demand in active wear and fashion-athletic apparel

FULL YEAR PERFORMANCE REVIEW

MAINLAND CHINA

- Golf club sales +28.1%, apparel sales +87.1%
- Strong growth momentum remains as demand surged on the back of the recent golf market development
- Apparel sales accounted for 26.7% of total sales in the Mainland (20.1% for FY21). Sales amount increased by 2.5 times in the past 4 years following the Group's announcement to relaunch its brand apparel business in 2018

Note

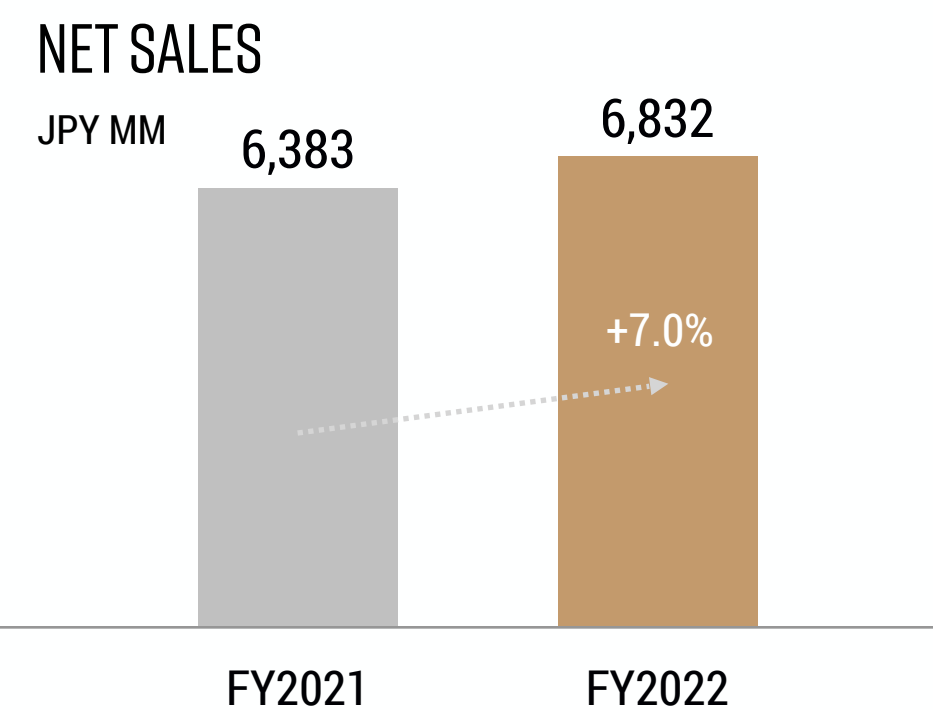
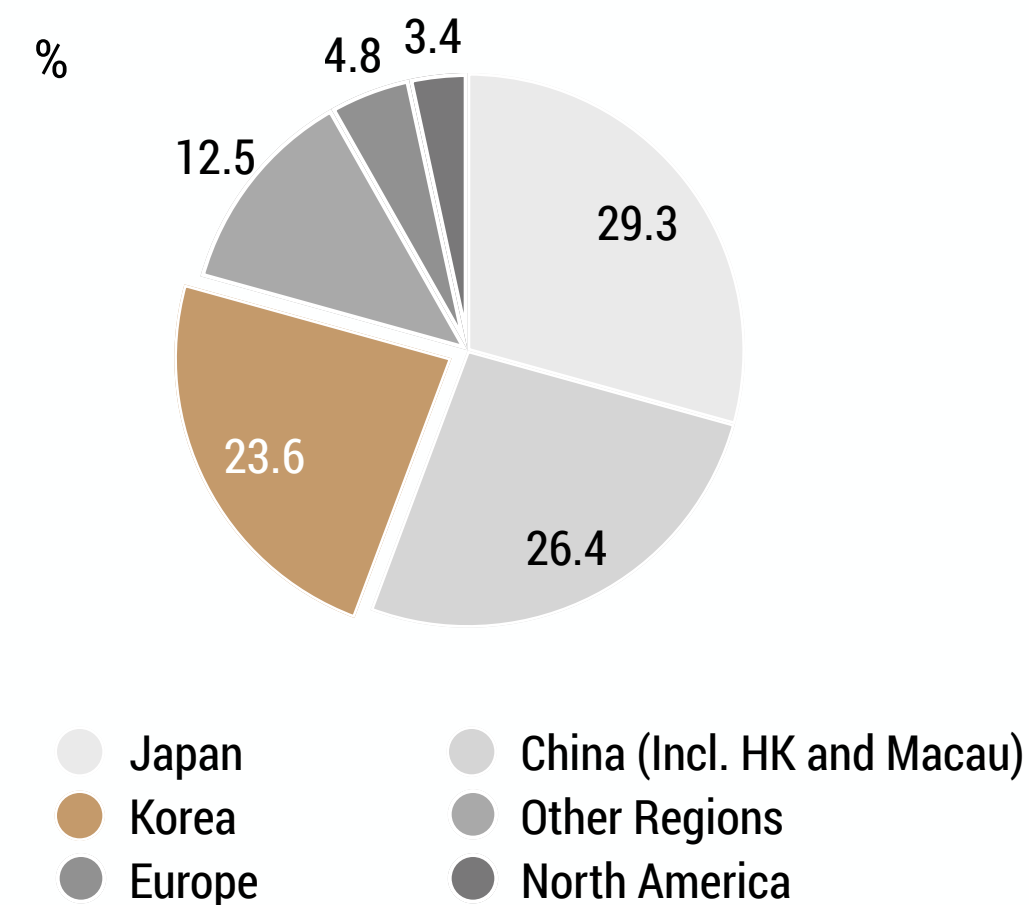
(1) Source : Forward Golf White Paper Report 2020

APPENDIX I BUSINESS REVIEW BY MARKET

HOME MARKET KOREA



RESILIENT GROWTH ALBEIT CHANGE IN DISTRIBUTION RIGHT OF TOUR WORLD CLUB FAMILY



MARKET

- Fast growing and under-penetrated market
- **3rd** largest golf equipment market in the world with **USD 650 million** equipment sales in 2018 ⁽¹⁾
- **6.3 million** of golf population, close to **15%** of total population in Korea ⁽¹⁾

FULL YEAR PERFORMANCE REVIEW

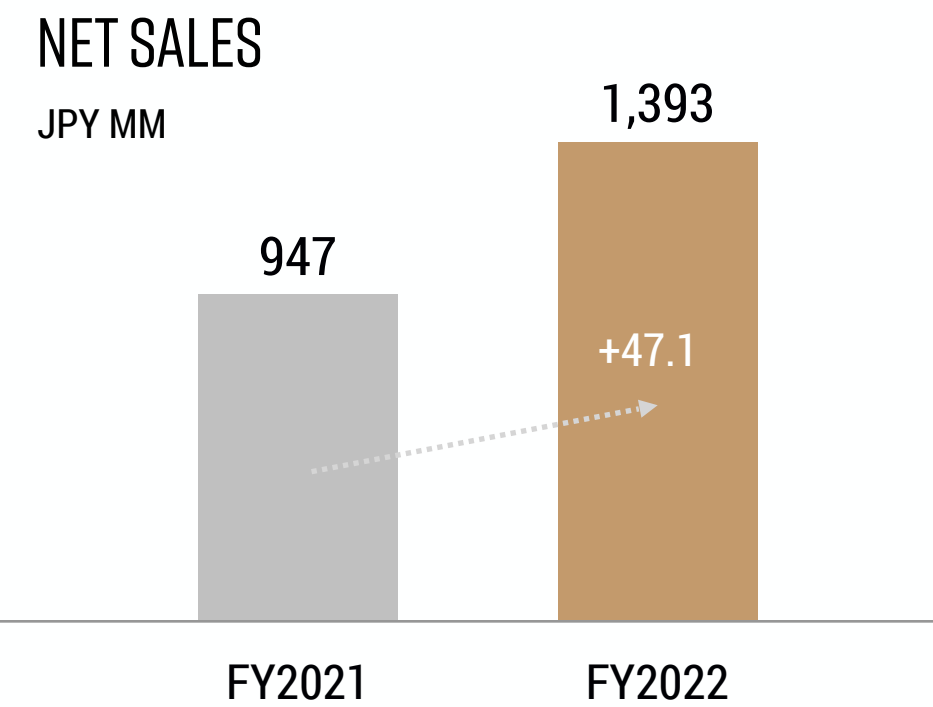
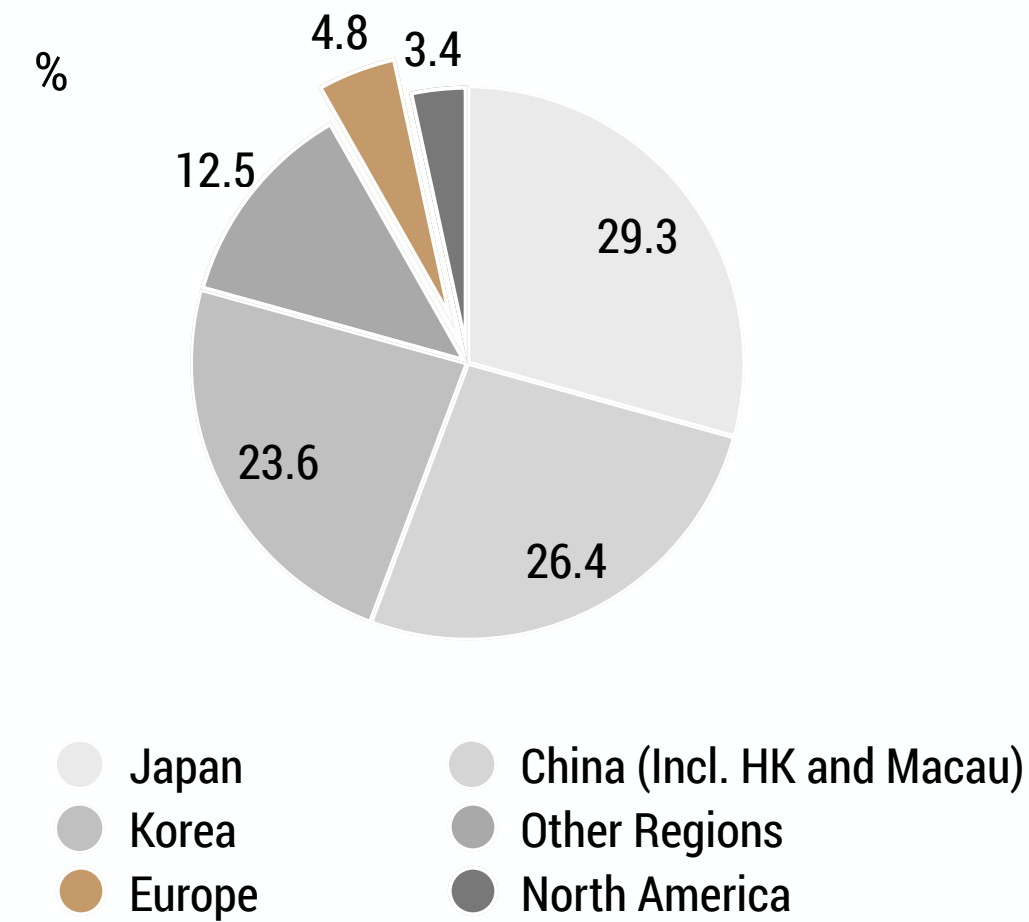
- Club sales **+1.5%**, ball sales **+35.0%**, apparel sales **+101.5%**
- Mid-year change in the distribution right of Tour World club family. The new Tour World growth strategy aims to largely enhance product awareness and extend sales network for Tour World in Korea market.
- Solid growth in non-club product categories led by dedicated sales force and marketing resources

Note

(1) Source : KGPA, Korea Golf Association 2017



EFFECTIVE AWARENESS ELEVATION AND CONTINUED POS INCREASE



MARKET

- Mature but fragmented golf market
- England, Austria, Germany, France and Sweden in total accounts for around **12%** of the world's golf equipment sales, which approximates to **USD 1 billion** ⁽¹⁾

FULL YEAR PERFORMANCE REVIEW

- Club sales **+56.5%**, Beres **+121.8%**
- POS **+24** to **615** in total
- Enhanced brand awareness and product recognition with both super-premium and performance-driven club segments

Note

(1) Source : KGPA, Korea Golf Association 2017

APPENDIX I BUSINESS REVIEW BY MARKET

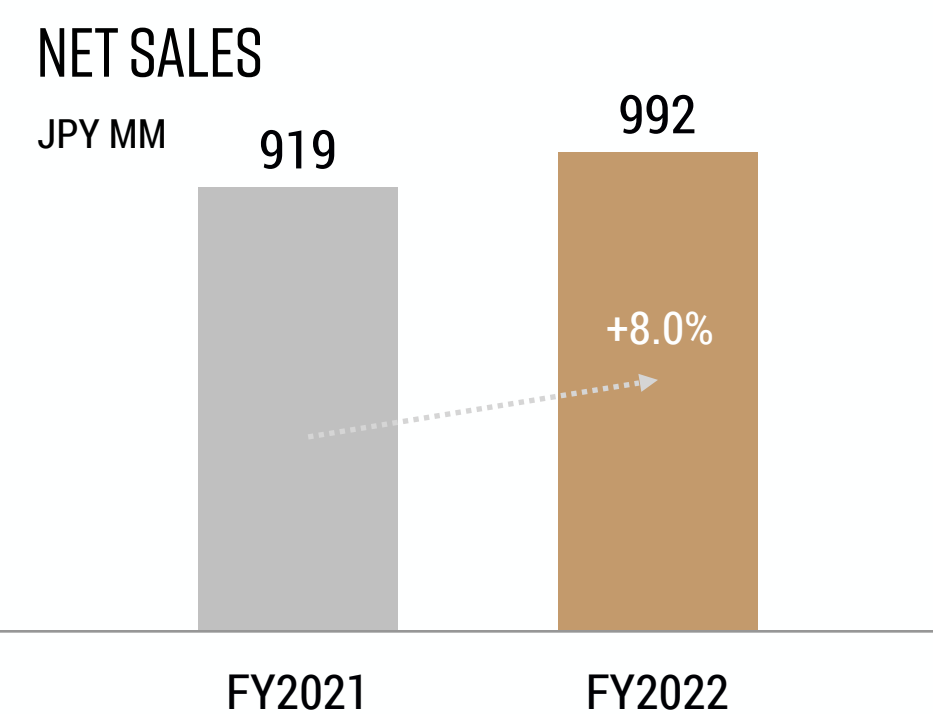
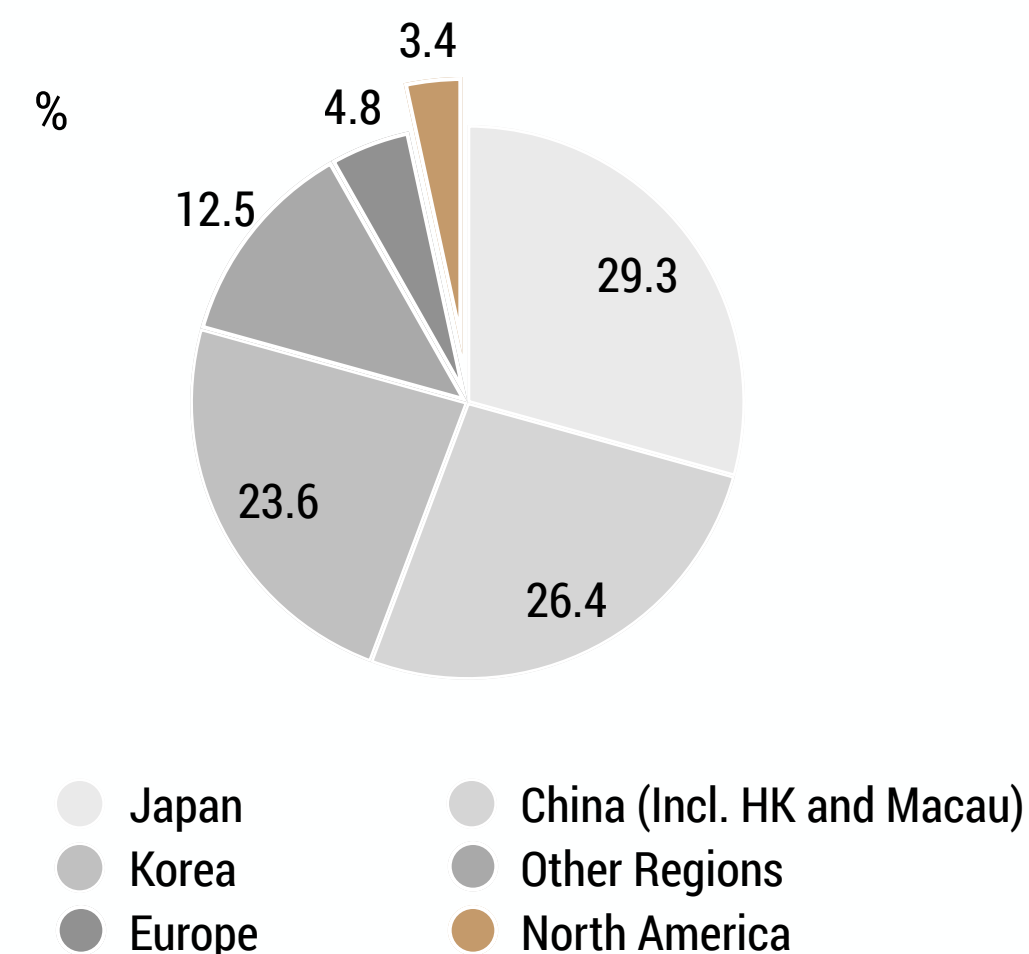
NEW MARKET EUROPE

APPENDIX I BUSINESS REVIEW BY MARKET

NEW MARKET NORTH AMERICA



BUILDING A UNIQUE DIRECT-TO-CUSTOMER DISTRIBUTION MODEL TO CAPTURE SUPER PREMIUM AND PREMIUM PERFORMANCE SEGMENT



MARKET

- Largest golf market in the world with **53%** of the global golf retail sales ⁽¹⁾
- 2018 golf equipment sales approximates to **USD 4.3 billion** by forecast ⁽¹⁾
- Around **24 million** golf participants ⁽¹⁾
- Double-digit YOY increase in national rounds played and new participation at all time high after market re-opening in 2H FY21

FULL YEAR PERFORMANCE REVIEW

- Golf club sales **+7.2%**; Beres **+75.4%**
- POS **+103** to **337** in total;
- Enhanced brand and product awareness through Direct-to-Consumer (DTC) distribution strategy

Note

(1) Source : Golf DataTech's 2018 research report

CONSOLIDATED P&L

	For the twelve months ended 31 March				YoY Change %
	2022 JPY	%	2021 JPY	%	
Consolidated Statement of Profit or Loss					
Revenue	28,971,099	100.0	22,735,119	100.0	27.4
Cost of sales	-13,285,472	-45.9	-11,289,914	-49.7	17.7
Gross profit	15,685,627	54.1	11,445,205	50.3	37.0
Other income and gains	2,192,521	7.6	1,538,719	6.8	42.5
Selling and distribution expenses	-9,316,156	-32.2	-8,930,887	-39.3	4.3
Administrative expenses	-857,037	-3.0	-1,217,804	-5.4	-29.6
Other (expenses)/income, net	-89,021	-0.3	-351,232	-1.5	-74.7
Finance costs	-66,414	-0.2	-76,225	-0.3	-12.9
Finance income	10,771	0.0	12,531	0.1	-14.0
Profit before tax	7,560,291	26.1	2,420,307	10.6	212.4
Income tax expense	-1,369,103	-4.7	-561,201	-2.5	144.0
Net profit	6,191,188	21.4	1,859,106	8.2	233.0
Earnings per share attributable to ordinary equity holders of the parent					
Basic and diluted	10.22		3.07		232.9%
Non-IFRS Financial Measures					
Operating Profit	5,456,791	18.8	1,232,820	5.4	342.6
Net Operating Profit	4,329,498	14.9	759,751	3.3	469.9

Note

- (1) Operating profit is derived from profit before tax by (i) subtracting other income and gains, (ii) adding other expenses, and (iii) adding RSU expenses.
- (2) Net operating profit is derived from net profit by (i) subtracting other income and gains, (ii) adding other expenses, (iii) adding RSU expenses and (iv) adding impact on tax related to items (i) and (ii) above.

CONSOLIDATED BALANCE SHEET

	2022	As at 31 March JPY	2021	JPY
<i>(In thousands, except for percentages and per share data)</i>				
Consolidated Statement of Financial Position				
Assets				
Non-current assets		8,132,717		8,862,108
Current assets		33,294,755		30,354,928
Total Assets		41,427,472		39,217,036
Liabilities				
Non-current Liabilities		2,543,336		2,355,906
Current Liabilities		13,531,534		6,363,274
Total Liabilities		16,074,870		8,719,180
Net current assets		19,763,221		23,991,654
Total assets less current liabilities		27,895,938		32,853,762
Net Assets		25,352,602		30,497,856
Total Equity		25,352,602		21,321,136

CONSOLIDATED CASH FLOWS

	For the twelve months ended 31 March	
	2022	2021
	JPY	
	<i>(In thousands, except for percentages and per share data)</i>	
Cash and cash equivalents at the beginning of year	10,771,897	10,472,793
Net cash flows generated from operating activities	5,916,455	3,982,846
Net cash (used in) investing activities	-157,081	-571,489
Net cash flows (used in) financing activities	-3,336,429	-3,403,448
Net increase in cash and cash equivalents	2,422,945	7,909
Net effect of foreign exchange rate changes	1,259,712	291,195
Cash and cash equivalents at the end of year	14,454,554	10,771,897

For more inquiries, please contact
ir@honma.hk

