



**HONMA Golf Limited**  
**(HKEx Stock Code: 6858)**

## **HONMA Golf Announces Record Annual Results for FY2021/22 Robust Growth across All Products and Markets**

(28 June 2022 – Hong Kong) HONMA Golf Limited ("HONMA"; together with its subsidiaries, the "Group"; HKEx stock code: 6858), one of the most prestigious golf brands worldwide, announced today its consolidated results for the year ended 31 March 2022 (the "Period").

### **Financial Highlights**

- All key financial metrics improved significantly, with the Group's revenue, profit before tax and earnings per share reaching record highs since its IPO listing.
- Group revenue of JPY28,971.1 million (equivalent to USD249.2 million), up 27.4% versus FY2020/21.
- Gross profit margin of 54.1%, up 3.8 percentage points from the same period last year.
- Profit before tax for the year increased significantly by 212.4% to JPY7,560.3 million (equivalent to USD65.0 million), with earnings per share increasing by 233.0% to JPY10.22.
- Operating cash flow was JPY5,916.5 million (equivalent to USD50.9 million), up 48.5% year-on-year.
- The Board proposed a final dividend of JPY2.0 per share, together with the interim dividend of JPY1.5 per share, total dividends for the financial year will amount to JPY3.5 per share. Total dividend payout will amount to JPY2,119.7 million, representing 34.2% of the Group's distributable profits for the period.

During the Period, the global sports industry has shown signs of rapid recovery as governments around the world gradually relaxed COVID-19 related restrictions. In particular, the golf industry grew significantly in terms of participation and purchase interest. The Group has caught the tailwinds of industry development to actively implement its three-pronged growth strategy, namely product, channel and branding, and has achieved remarkable results.

### **All markets demonstrated robust growth**

Geographically, most of the Group's main markets recorded robust sales growth compared to the same period last year, with revenue from Japan, China, Europe and Other Regions rising sharply by 29.8%, 38.7%, 47.1% and 48.7% year-on-year, respectively.

On the back of a complete recovery of the retail environment, revenue from Japan rebounded by 29.8% to JPY8,497.2 million, fueled by the successful activation of BERES Aizu club sets in December 2021. In China, where public interest in outdoor sports surged after COVID-19, golf participation has been noticeably growing. Revenue from China (including Hong Kong and Macau) continued to rise by 38.7% year-on-year to JPY7,644.3 million, thanks to further improvement in retail operations and investments in digital marketing and e-commerce business.

In another key home market, Korea, revenue grew by 7.0% year-on-year to JPY6,831.6 million, despite a mid-year change in the distribution rights for the Tour World club family, which is designed to pivot growth in the premium performance segment with a dedicated sales force and focused market penetration approach.

Revenue from Europe and Other Regions also skyrocketed by 47.1% and 48.7% year-over-year, respectively, thanks to the successful activation of multiple club products and enhanced brand recognition. The Group's growth strategy in Europe and the United States was successfully advanced while ensuring a solid financial standing in both markets.

### **Successful product strategies and new product launch accelerated growth for both golf club and non-club segments**

During the Period, all product categories revealed double digit revenue growth across the board, led by the apparel business with a record growth of 71.6%, while revenue from golf club, golf balls and accessories grew by 23.9%, 11.8% and 43.1%, respectively. The Group's non-club segment continued to increase its revenue share to 28.1%, compared to 26.0% in the same period last year. The Group now offers a complete golf lifestyle experience through its comprehensive range of golf and complementary products in the super-premium and premium-performance segments.

HONMA continued to focus on club products that best represent Japanese traditional craftsmanship and innovative technology and made the decision to enhance and extend its product offering in both the super-premium and premium-performance segments. HONMA applied several of its revolutionary proprietary technologies to

upgrade with a modern and sophisticated design and development approach in its latest BERES and TOUR WORLD products, which are designed for affluent and avid golfers. Following the successful launch of Beres Aizu and TW757, golf club sales grew by 23.9% during the Period, reconfirming HONMA's strong brand equity and its ability to withstand economic challenges since it entered the golf business in 1959.

Beyond clubs, HONMA has been continuously nurturing its non-club business in Asia home markets as an important pillar of its growth strategy.

To support HONMA's ambitious goal in apparel business expansion, the Group has assembled dedicated apparel design and sales teams in Japan, China and Korea and created a network of quality retail footprints. Sales from apparel increased by 71.6% to JPY2,963.4 million during the Period, mainly contributed by strong sales performance in China and Korea from HONMA's 2021 Fall/Winter and 2022 Spring/Summer apparel collections.

Revenue from golf balls grew steadily by 11.8% to JPY2,974.1, despite the lingering negative impacts of the pandemic on retail and supply chain activities. The Group further prioritised its product development resources and launched golf balls with its own patent to meet HONMA brand positioning and customer preferences.

### **Accelerating e-commerce and connecting online and offline channels to build a digital ecosystem**

During the Period, the Group continued to make investments into the fast-growing e-commerce business and recorded a surge in online sales by 80.1% over the same period last year. The Group started its digital transformation well before the pandemic and has added e-commerce capabilities in China, Japan, and the US. China led the growth in online sales by 91.4%, mainly from Tmall and JD flagship stores. In Japan and North America, the company sells online through its own e-commerce websites, creating important brand touchpoints for consumers to understand and search for HONMA products, local retailers or fitting experience. The Group implements a variety of digital marketing efforts, including re-targeting efforts in social media and search engine optimisation, to drive website traffic among potential target shoppers.

To create an end-to-end digital ecosystem around the re-defined brand and golfers in the super-premium and premium-performance segments, the Group also revamped its customer relationship management ("CRM") systems in key markets such as Japan, China and the US, to provide consumers with the ultimate 360-degree brand experience, strengthen HONMA's direct-to-consumer communication and eventually

increase sales both online and offline.

HONMA operates the largest number of self-operated stores among major golf companies, with a total of 80 HONMA-branded self-operated stores located in Asia to provide consumers with a 360-degree experience of the HONMA brand and its products. During the Period, the number of self-operated stores remained steady versus revenue growth of 22.0% to JPY7,285.0 million, demonstrating visible improvement in single-store sales through renewed product offering and continued optimisation of HONMA's retail operations.

Meanwhile, revenue from third-party retailers and wholesalers rose 29.4% to JPY21,686.1 million, as most retailers recovered from the prolonged business disruptions following the COVID-19 outbreak. As of March 31, 2022, the Group's total POS increased by 209 year-on-year to 4,144.

### **Re-defining the HONMA brand**

The Group is celebrating the 65th anniversary of the HONMA brand in FY2023. In recent years, the Group launched a series of initiatives that helped re-define and transform the HONMA brand as being dynamic, modern and global among younger and internet-savvy golfers. Such initiatives include but are not limited to renewed store visual design, revamped global website, enhanced PR activities and media presence, enriched TEAM HONMA with young, up and coming professional players, and partnership with golf community influencers and celebrities on various social media platforms.

On 20 May 2022, one of the most popular Chinese actors, Li Yifeng, was named as HONMA's new brand ambassador. The partnership aims to break the stereotype of golf as being old-fashioned and to further broaden HONMA's reach to a wider spectrum of younger and sport-loving people. Content relating to the partnership gained more than 720 million impressions through online media and generated more than two million visits to the HONMA Tmall store on the same day of the announcement.

### **Outlook**

Despite operating challenges and uncertainties that have persisted throughout the current financial year, HONMA expects pent-up demand to expand golf participation which will give rise to new orders from both golfers and HONMA's retail partners.

Moving forward, the Group will continue to execute its mid- to long-term growth

strategies to become a world-leading golf lifestyle company, by capitalising on HONMA's brand heritage, its increasing distribution network, breakthrough technology and traditional Japanese craftsmanship.

Faced with the lingering uncertainty presented by the COVID-19 pandemic, the Group will also take proactive measures to decrease costs, optimise liquidity and protect its employees' health.

**Mr. LIU Jianguo, Chairman of the Board, President and Executive Director of HONMA Golf Limited**, said: "The management are pleased with the results as we executed the growth strategies successfully. The key lies in the pursuit of perfection and innovation, which have been embedded in HONMA's genes since its establishment six decades ago. We owe the success to the brilliant HONMA team and the support from all our shareholders. As we celebrate the 65th anniversary of the brand this year, we are committed to building HONMA into a world-leading golf company while continuing to pursue sustainable returns for our shareholders."

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### **About HONMA Golf Limited**

HONMA is one of the most prestigious and iconic brands in the golf industry. Founded in 1959, the Group utilises the latest innovative technologies and traditional Japanese craftsmanship to provide golfers around the world with premium, high-tech and the best performing golf clubs, balls, apparels and accessories. HONMA's products are sold in approximately 50 countries worldwide, primarily in Asia and across North America, Europe and other regions. The Group was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited on 6 October 2016 (SEHK stock code: 6858). As the only vertically integrated golf Group with in-house design, development and manufacturing capabilities, a strong retail footprint in Asia and a diverse range of golf clubs and golf-related products, HONMA is perfectly positioned to continually grow its business in Asia and beyond, benefitting from the return of golfers in mature golf markets such as the US and Japan and from increased participation in golf's new and under-penetrated markets such as Korea and China.

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