



**HONMA GOLF LIMITED** STOCK CODE:6858.HK  
**Fiscal Year 2022/23**  
**ANNUAL RESULTS**



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

June 2023

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# 01 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



### *IN-HOUSE R&D AND CLUB MANUFACTURING*

- **227** R&D personnel and skilled craftsmen operating out of **163,000 m<sup>2</sup>** of manufacturing base in Sakata, Japan
- Advanced and sophisticated design and manufacturing capacity, housed under one roof



### *COMPREHENSIVE CLUB AND NON-CLUB PRODUCT PORTFOLIO*

- 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
- Unique omni channel, **90** self-operated stores overlaid with **3,717** third party POS
- Fast growing **E-commerce business** in China, Japan and the US



# 02 PERFORMANCE OVERVIEW



In FY2023, the group faced multiple challenges including sharp devaluation in Japanese Yen, an unexpected COVID outbreak and weak consumption sentiment in China. Nevertheless, HONMA relentlessly fueled growths in markets outside China while sustaining its balance sheet.

KEY FINANCIALS	Full Year Ended 31 Mar 2023	Change vs Full Year Ended 31 Mar 2022
Net Sales	JPY 29,495 MM / USD 218.8 MM <sup>(1)</sup>	nominal +1.8% comparable -2.5%
Gross Profit Margin	50.8%	-3.3pp
EBITDA - EBITDA Margin	JPY 5,974 MM / USD 44.3 MM <sup>(1)</sup> 20.3 %	-35.8% -11.9pp
Net Profit - Net Profit Margin	JPY 3,256 MM / USD 24.1 MM <sup>(1)</sup> 11.0%	-47.4% -10.3 pp
Reported Earnings Per Share	JPY 5.38 / HKD 0.31 <sup>(3)</sup>	-47.4%
Net Operating Cash Flow	JPY 3,676 MM / USD 27.3 MM <sup>(1)</sup>	-37.9%
Net Cash Position	JPY 6,795 MM / USD 51.1 MM <sup>(2)</sup>	+0.6%
Proposed Dividend	Proposed Final: JPY 1.50 /share Declared Interim: JPY 1.50 /share (Full Year Dividend Payout Ratio: 55.8%)	-14.3%

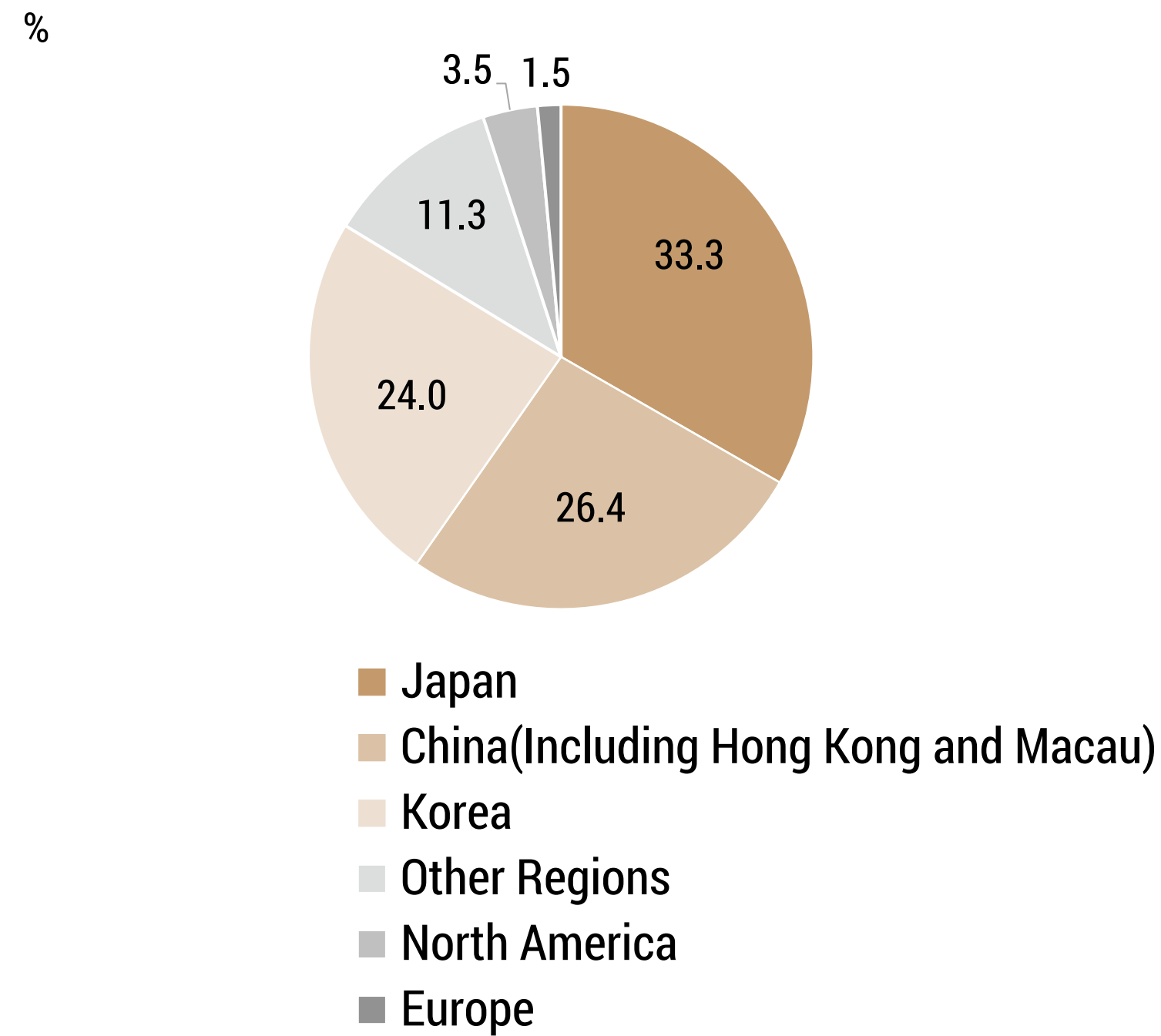
Note (1) Exchange rate: 1 USD = 134.83 JPY (2) Exchange rate: 1 USD = 132.93 JPY (3) Exchange rate: 1 HKD = 17.20 JPY

# PERFORMANCE OVERVIEW BY MARKET

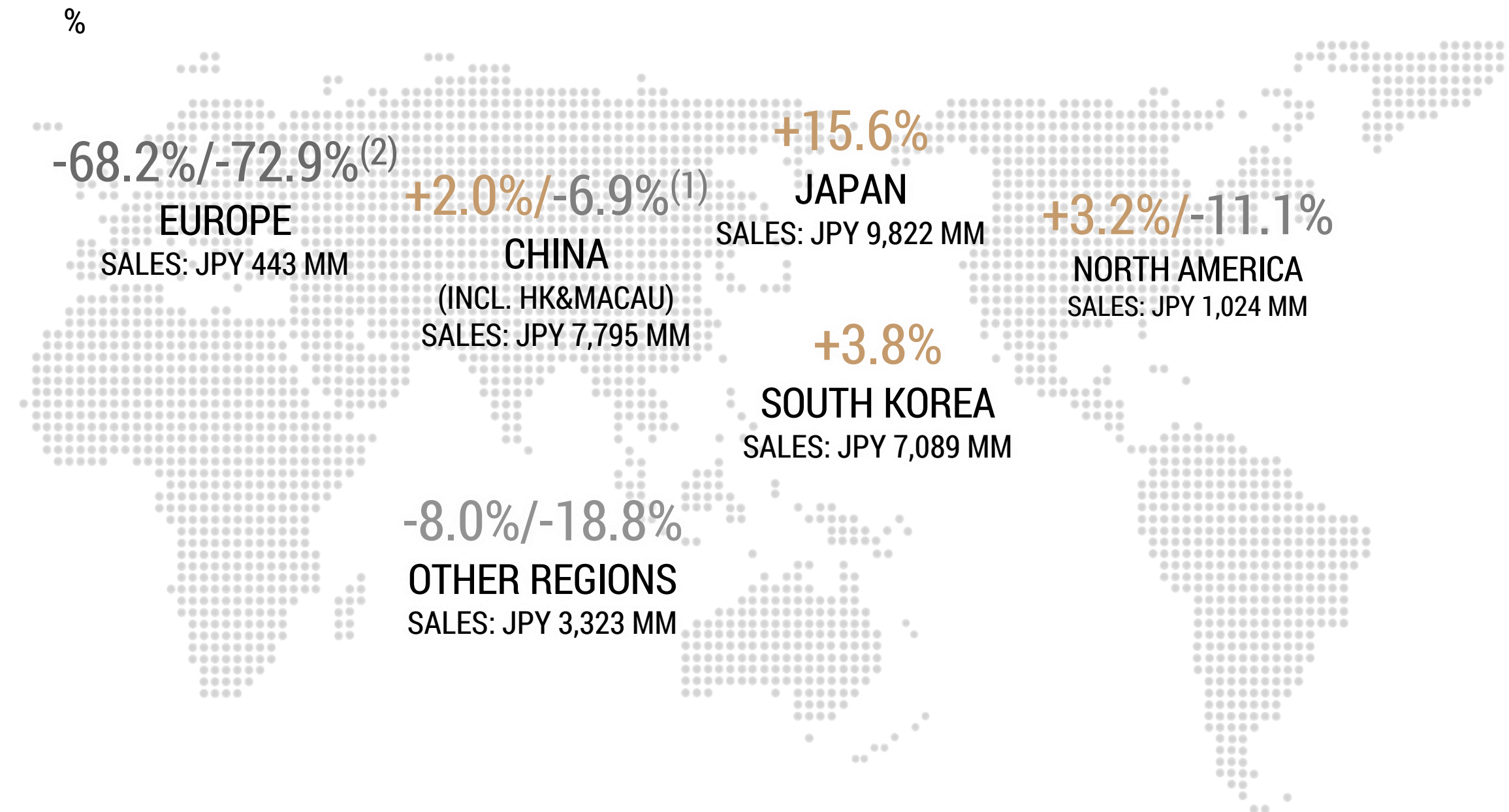
FY23 NET SALES: JPY 29,495 MM / USD 218.8 MM, +1.8% YOY (COMPARABLE -2.5%)

- Among the Group's main markets, Japan, Korea and the US recorded solid sales growth of 15.6%, 3.8% and 3.2%, respectively, on the back of a strong rebound of consumer demand, potent product and marketing strategies, and successful activation of various HONMA products.
- China on the other hand showed a lower than expected growth of 2.0% as the market experienced widespread disruptions in both 1H and 2H of the year, resulting from pandemic lockdown in multiple cities during 1H FY23, followed by a nationwide COVID outbreak in 2H FY23.

## NET SALES MIX BY MARKET



## NET SALES GROWTH (nominal/comparable)



Note (1) On a constant currency basis, net sales from China dropped by 6.9%, due to extended and continued home shelter imposed in various parts of the country in Q1, and an unexpected COVID outbreak in Q3 which resulted in nationwide retail disruption and weakened consumer sentiment.

Note (2) Europe recorded a provisional sales decline of 68.2%, reflecting the Group's decision to change into an indirect distribution model in the region

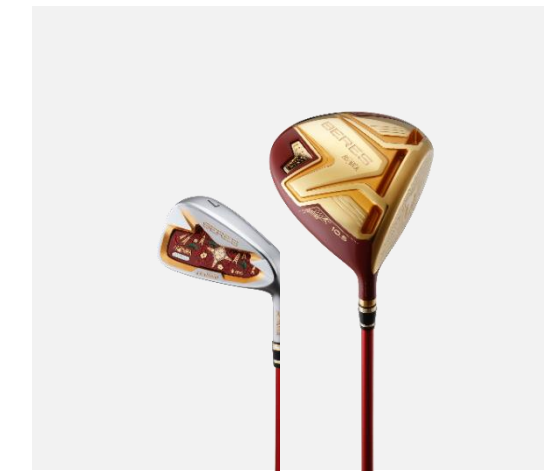
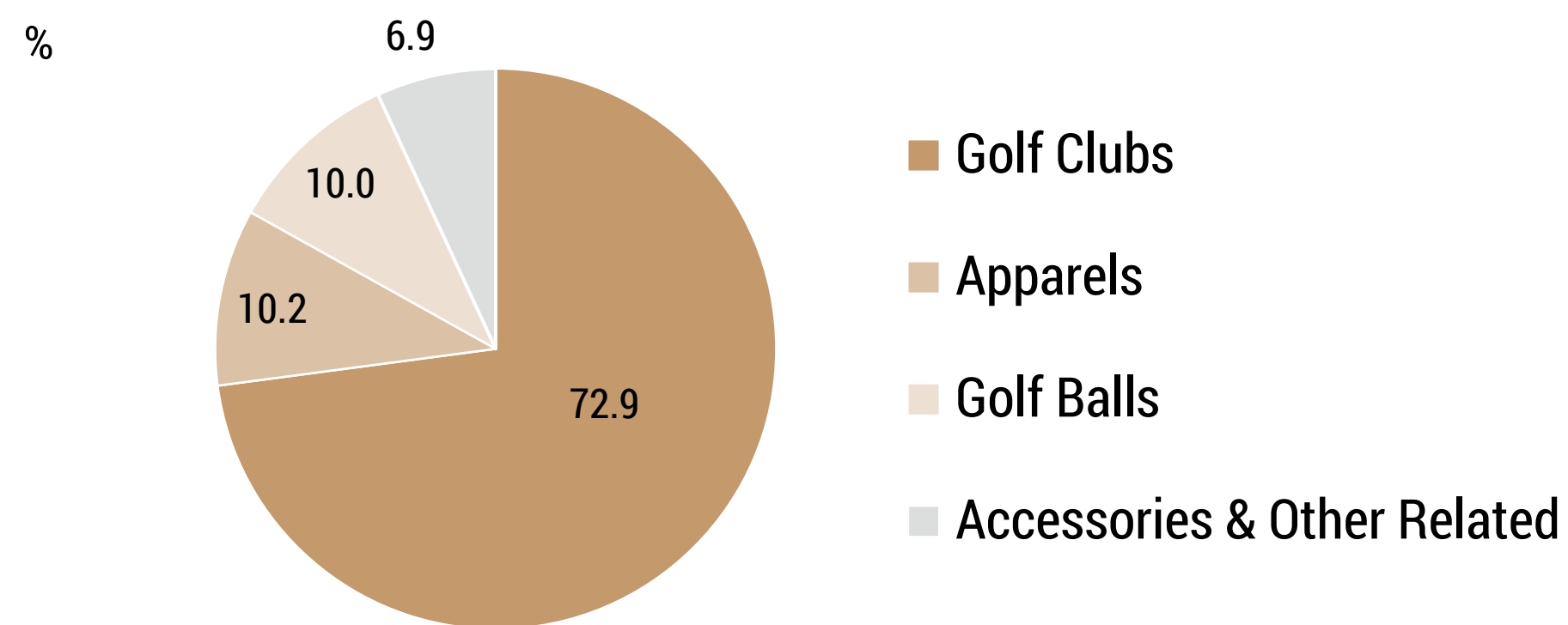


# PERFORMANCE OVERVIEW *BY PRODUCT CATEGORY*

*FY23 NET SALES: JPY 29,495 MM / USD 218.8 MM, +1.8% YOY (COMPARABLE -2.5%)*

- Sales from golf clubs, apparels and golf balls showed moderate growth YOY in the face of challenging business and retail environments in China and continued ball raw material shortage.
- Gross margin of golf clubs remained at 59.4%, which is well ahead of the industry average, thanks to HONMA's strong brand equity, effective retail price management and manufacturing cost optimization.
- Gross margin of apparel dropped to 26.7% mainly due to tightened inventory provision policy. Gross margin of golf balls dropped to 29.3% primarily due to raw material price increase and sharp devaluation in Yen.

## NET SALES MIX BY PRODUCT CATEGORIES



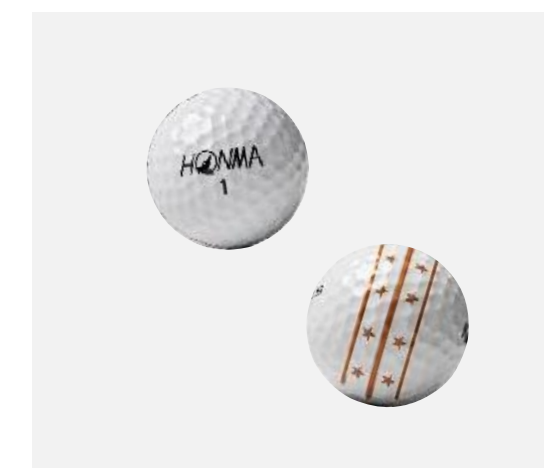
### GOLF CLUBS

NET SALES **+3.2%** TO JPY 21,513 MILLION  
(COMPARABLE -1.3%)  
GROSS MARGIN **+1.3PP** TO 59.4%



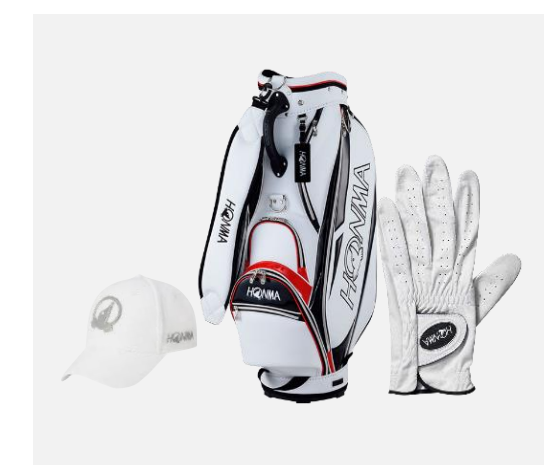
### APPARELS

NET SALES **+1.5%** TO JPY 3,009 MILLION  
(COMPARABLE -5.3%)  
GROSS MARGIN **-22.4PP** TO 26.7%



### GOLF BALLS

NET SALES **-1.1%** TO JPY 2,942 MILLION  
(COMPARABLE -2.2%)  
GROSS MARGIN **-16.2PP** TO 29.3%



### ACCESSORIES

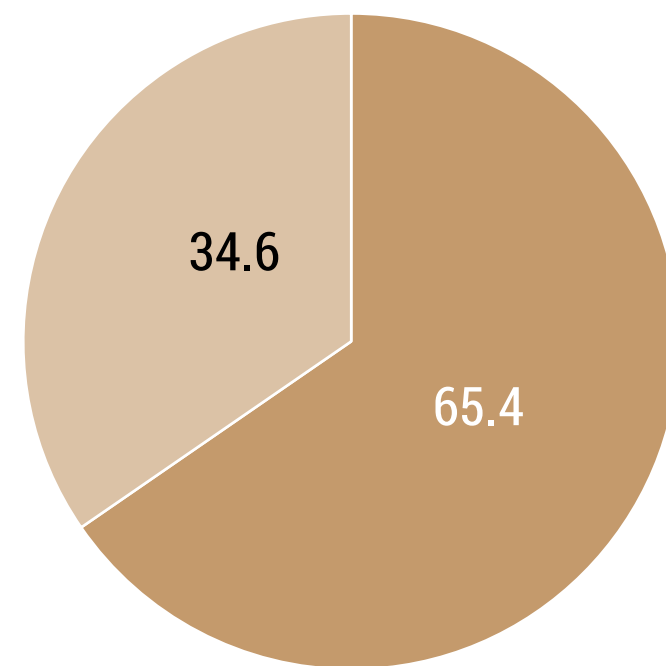
NET SALES **-7.3%** TO JPY 2,031 MILLION  
(COMPARABLE -11.0%)  
GROSS MARGIN **-7.7 PP** TO 27.1%

# PERFORMANCE OVERVIEW BY CHANNEL

FY23 NET SALES: JPY 29,495 MM / USD 218.8 MM, +1.8% YOY (COMPARABLE -2.5%)

## NET SALES MIX BY CHANNEL

%



- Distributors
- DTC Channels

## DIRECT-TO-CONSUMER CHANNEL

NET SALES +40.2% TO JPY 10,217 MILLION (COMPARABLE +33.5%)

GROSS MARGIN -8.6PP TO 49.8%

90  
SELF-OPERATED STORES

- Net +10 new locations, mainly located on the prominent golf courses in China
- Sales from Mainland China +33.7% ; sales from Japan +32.6%
- Continued optimization of store design, visual display and consumer experience

E-COMMERCE

- Operating in China, Japan and the US
- Total net sales +24.9% (comparable +16.0%)

## 3<sup>RD</sup> PARTY RETAILERS AND WHOLSALERS

NET SALES -11.1% TO JPY 19,278 MILLION (COMPARABLE -14.6%)

GROSS MARGIN -1.4PP TO 51.3%

3,717  
3<sup>RD</sup> PARTY POS

- -427 POS, mainly in Europe, amidst the transition towards indirect distribution model
- Sales +6.2% in Japan

# 03 BUSINESS HIGHLIGHT



# HONMA GROWTH STRATEGY: “SINGLE BRAND, MULTI-CATEGORIES, ASIA-FOCUSED”

Strategically, the Group focuses on the development of its home markets in Asia with products trading under the HONMA brand. The group will continue to seek new possibilities by exploring and developing new product categories to meet consumers’ evolving needs.

## THE THREE PILLARS OF THE HONMA GROWTH STRATEGY

### PRODUCT

#### GOLF CLUBS

- Combines top-notch **Japanese craftsmanship** with world standard **innovative technologies**
- 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 home markets, aiming both golfers, as well as a wider spectrum of active and outdoor-inspired populations

### CHANNEL

- Continuously upgrading HONMA’s **retail presence** with primer locations, new retail visual identity, design concept and consumer experience elements
- Further penetration into premium-performance segment by adding **quality retailers and POS**
- Continue investing into the brand’s **digital ecosystem and HONMA’s private sphere**, following fundamental change in consumer behavior and business environment post COVID-19



### BRANDING AND CONSUMER ENGAGEMENT

- Re-defining HONMA brand as a **dynamic, relevant and global** brand among younger and internet-savvy golfers.
- Offering **360 degree HONMA brand experience** across all consumer touch points, pursuing golfers in super-premium and premium-performance segments
- Rejuvenated **TEAM HONMA** with younger and uprising athletes, coaches and influencers to create a unique community culture
- Enhanced **CRM system** to better understand consumers and nurture loyalty
- Strengthened **PR activities** across all markets, featured by **CNN LIVING GOLF program** during Tokyo Olympics, showcasing HONMA’s dedication towards premium club-making for 6 decades

# <A> CLUB PRODUCTS THAT BEST REPRESENT JAPANESE CRAFTSMANSHIP AND INNOVATIVE TECHNOLOGY

A PRODUCT PORTFOLIO FOCUSING ON *SUPER PREMIUM* AND *PREMIUM PERFORMANCE* CONSUMERS SEGMENTS

## SUPER PREMIUM SEGMENT

**BERES**

Beres Aizu  
Launched in Dec 2021



Beres NX  
Launched in Nov 2022



## PREMIUM PERFORMANCE SEGMENT

**T// WORLD**

TW757  
Launched in Mar 2022



*FOR SERIOUS GOLFERS  
HANDICAP 0-12*

XP-2  
Launched in Sep 2022



*FOR GAME IMPROVEMENT  
GOLFERS  
HANDICAP 8-20*

## OTHER CLUB PRODUCTS

PUTTERS, COUNTRY SPECIFIC MODELS,  
SPECIAL EDITIONS

65<sup>th</sup> Anniversary  
Sakura Dance  
Launched in May 2022



*FOR YOUNGER  
FEMALE GOLFERS  
IN CHINA*

Lady Go  
Launched in Nov 2022



*FOR YOUNGER  
FEMALE GOLFERS  
IN JAPAN*

# <A> CLUB PRODUCTS THAT BEST REPRESENT JAPANESE CRAFTSMANSHIP AND INNOVATIVE TECHNOLOGY

A PRODUCT PORTFOLIO FOCUSING ON *SUPER PREMIUM* AND *PREMIUM PERFORMANCE* CONSUMERS SEGMENTS

- GOLF CLUB SALES ROSE BY **3.2% YOY** TO **JPY 21,513 MILLION** (COMPARABLE -1.3%)
- DECENT CLUB SALES GROWTH IN JAPAN **+16.9%**, KOREA **+14.0%** AND CHINA (INCLUDING HK) **+7.6%**, RECONFIRMING THE STRONG RESILIENCE OF THE BUSINESS UNDER A CHALLENGING MACRO ENVIRONMENT
- CLUB SALES FROM EUROPE -66.9% DUE TO THE STRATEGIC DISTRIBUTION MODEL CHANGE INTO AN INDIRECT ONE
- GROSS MARGIN **+1.3PP** TO **59.4%**, THANKS TO CONTINUED RETAIL PRICE MANAGEMENT, MANUFACTURING COST OPTIMIZATION AND STRONG BRAND EQUITY

## BERES



## TOUR WORLD



## OTHERS



### PRODUCT LAUNCH

- Beres Aizu was launched in Dec 2021, with a highly differentiable sophisticated design
- Beres NX was launched in Nov 2022

- 2-proned product approach appealing both single and double handicappers
- TW-XP2 was launched in Sep 2022

- Mainly Country Specific Models and putters
- Special editions
- 'Lady Go' was launched in Nov 2022

### SALES PERFORMANCE

- **51.4%** of club sales
- FY23 sales **-0.2%** (comparable -5.3%)

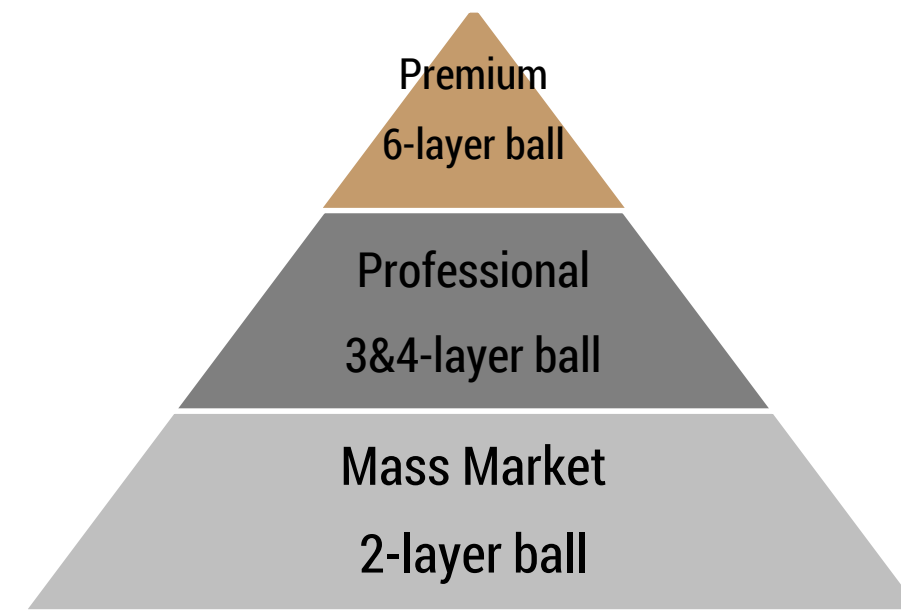
- **15.0%** of club sales
- FY23 sales **-9.6%** (comparable -13.7%)

- **31.8%** of club sales
- FY23 sales **+18.3%** (comparable +14.9%)
- All-time favorite to consumers who are looking for extinguished and exquisite cosmetics

# <B> ENHANCED PRODUCT RECOGNITION FOR GOLF BALLS

## ALBEIT UPSTREAM SUPPLY CHAIN CONSTRAINTS

- GOLF BALL SALES DECLINED SLIGHTLY BY -1.1% YOY TO **JPY 2,942 MILLION** (COMPARABLE -2.2%); GROSS MARGIN -16.2PP TO **29.3%**
- SALES AND GROSS MARGIN UNDER PRESSURE DUE TO YEN DEVALUATION AND SUPPLY CHAIN CONSTRAINT
- JAPAN GOLF BALL SALES **+26.4%** TO **JPY 2,434 MILLION**, RANKS **#4** IN TERMS OF GOLF BALL SELL THROUGH VOLUME IN JAPAN; SIGNIFICANT AND CONTINUING ADVANCEMENT IN GOLF BALL MARKET SHARE AND CONSUMER RECOGNITION IN JAPAN



D1, 2-LAYER BALL



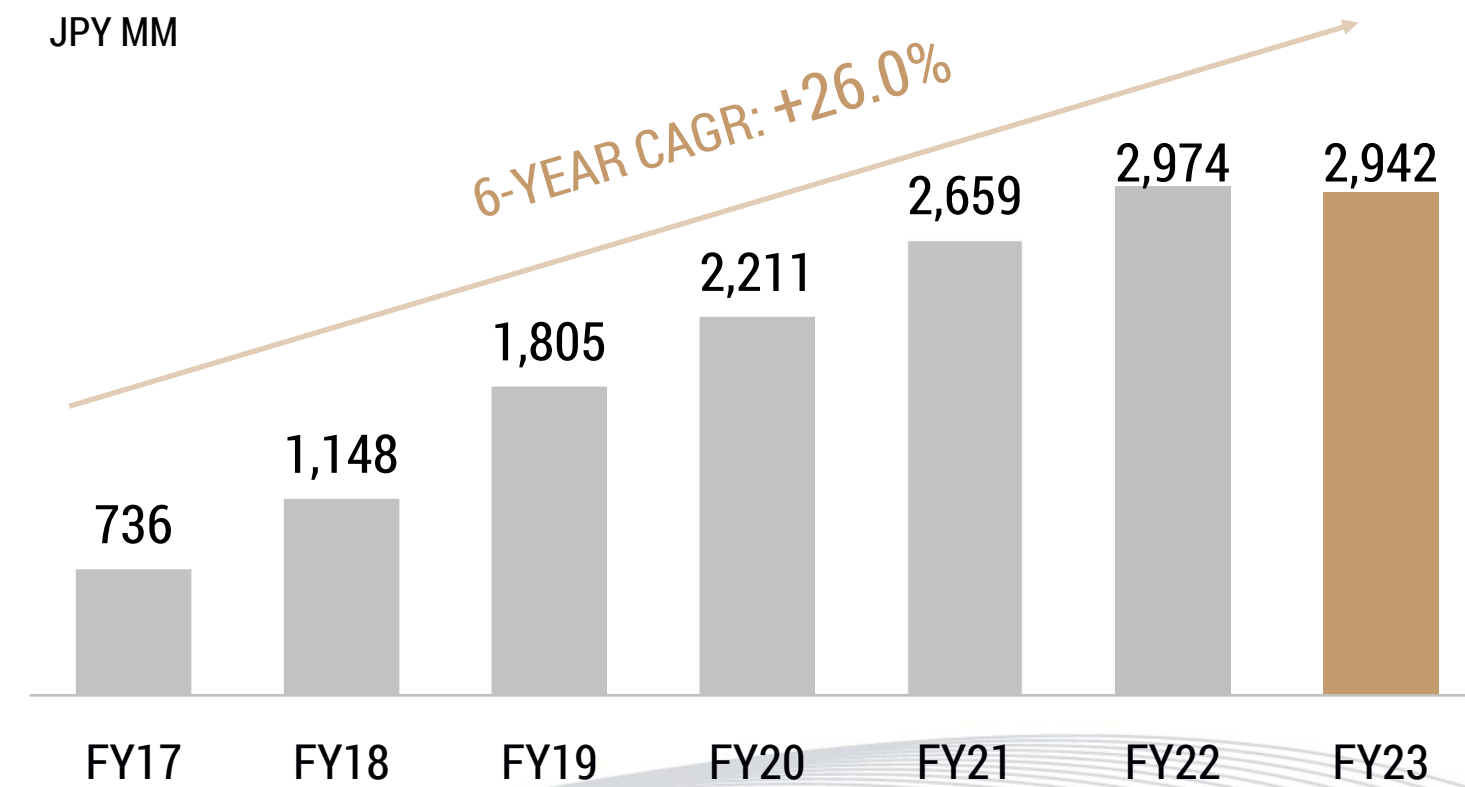
TW-X, 3-LAYER BALL



BERES 5 STAR, 6-LAYER BALL

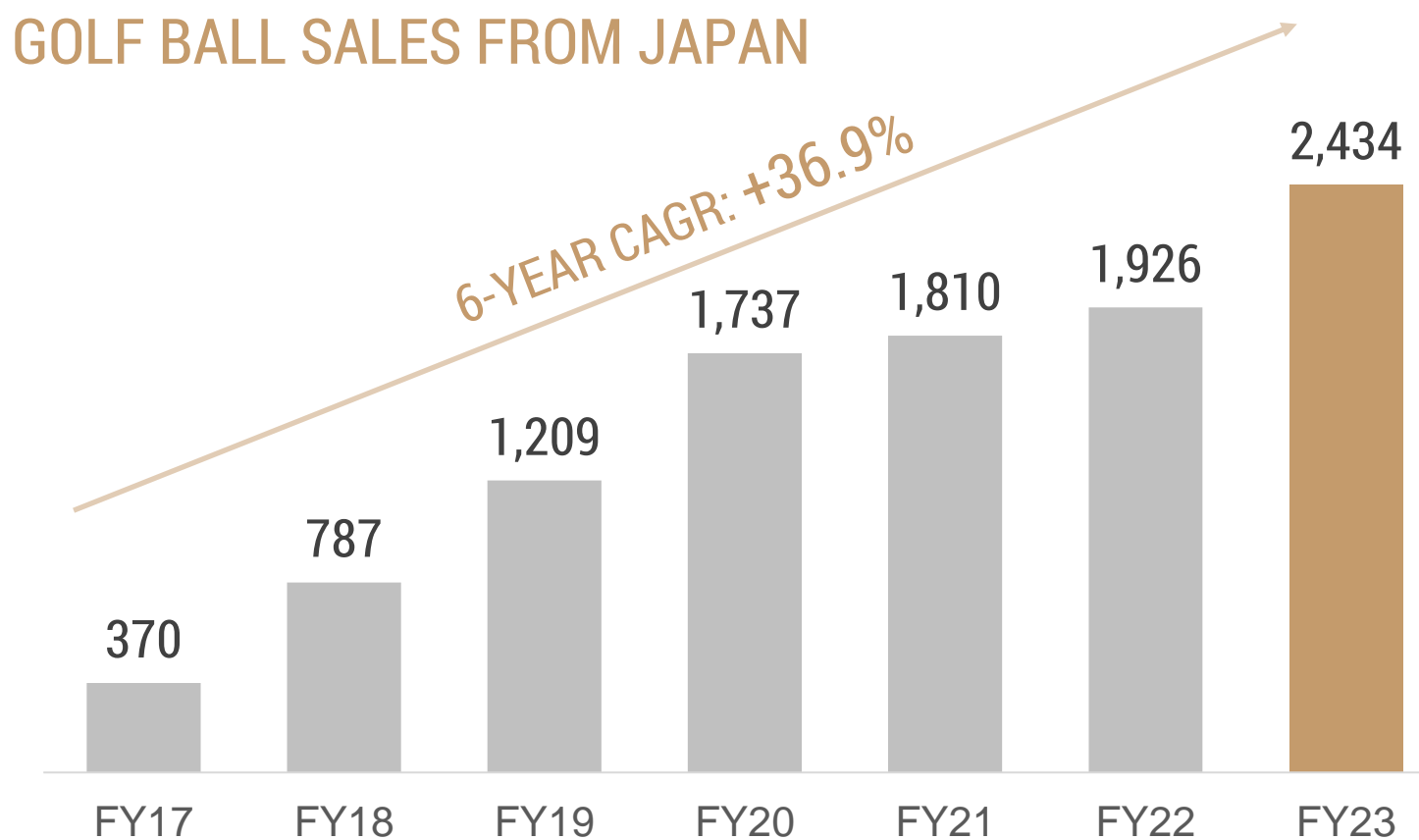
### HONMA GOLF BALL SALES

JPY MM



### HONMA GOLF BALL SALES FROM JAPAN

JPY MM



# <C> CONTINUE NURTURING APPAREL BUSINESS TO BUILD A LEADING 'GOLF LIFESTYLE BRAND'

APPAREL SALES **+1.5% YOY TO JPY 3,009 MILLION**  
(COMPARABLE -5.3%)

GROSS MARGIN **-22.4PP TO 26.7%**

- Retail activities severely interrupted by
  - extended home shelter happened in multiple parts of China in Q1 FY2023
  - nationwide COVID outbreak in China in Q3&Q4 FY2023
- Nevertheless, expanding product lines, optimized store operation and active online marketing campaigns drove up sales in the remaining months and led to a flattish full year sales YOY
- Continued investment into product development, merchandise planning and display
- Continued driving E-commerce capabilities on the back of one digital eco-system, built around internet-savvy golfers and fashionable outdoor enthusiasts

APPAREL COLLECTION CONSISTING OF **3 DISTINCTIVE PRODUCT LINES** TARGETING **PREMIUM PERFORMANCE** AND **FASHION ATHLETIC** CONSUMER SEGMENTS



## PROFESSIONAL GOLF LINE

Tour-inspired professional golf wear featuring high-tech functional fabrics and 3D synchronized cutting



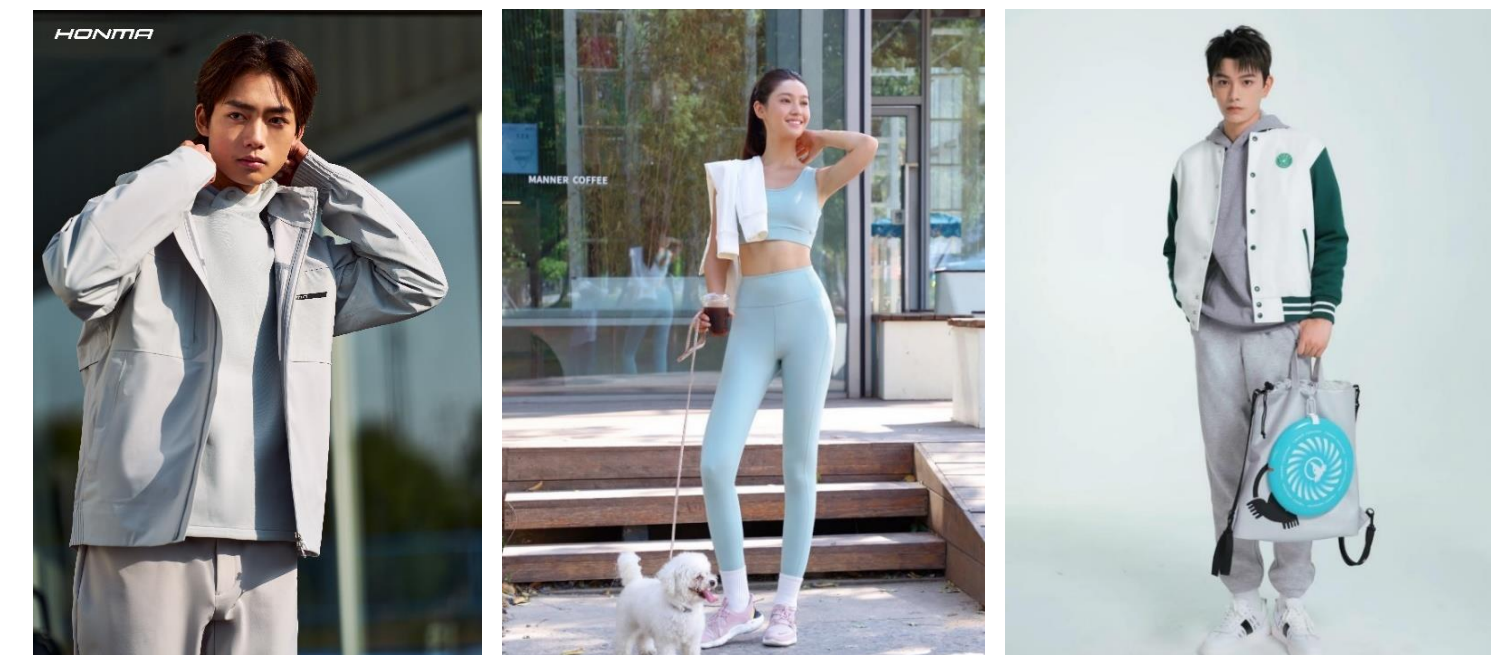
## FASHION GOLF LINE

Fun and trendy golf wear designed for fashionable young golfers who cannot wait to stand out on the golf course



## URBAN ATHLEISURE LINE

Trendy athleisure wear targeting active and outdoor enthusiasts, 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 **+40.2%** (comparable +33.5%)
- **90** self-owned stores, net increase by **10**, and newly opened **23** stores, mainly located on the top golf courses in China.
- Sales improved thanks to the premium product offering, new retail visual design and improved consumer experience



## THIRD-PARTY RETAILERS AND WHOLESALERS

### CONTINUED TO DRIVE PENETRATION AND GAIN MIND SHARE

- Sales from third-party **-11.1%** (comparable -14.6%)
- Sales from Japan **+6.0%**
- Number of POS declined by 427 to **3,717**
  - Closed 580 POS in Europe, as the results of the Group's decision focus on a smaller but premier group of accounts



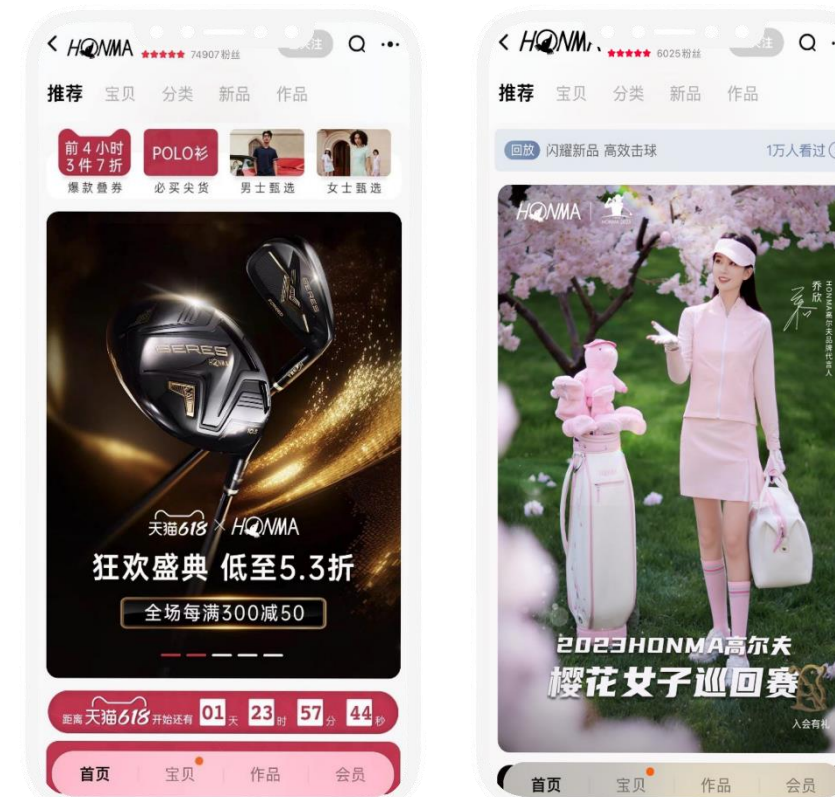
# <E> FURTHER INVESTING INTO THE BRAND'S DIGITAL ECO-SYSTEM AND PRIVATE SPHERE TO DRIVE E-COMMERCE

SUPPORTED BY UP-TO-DATE CONTENT MARKETING ON SOCIAL MEDIA AND CRM PLATFORMS

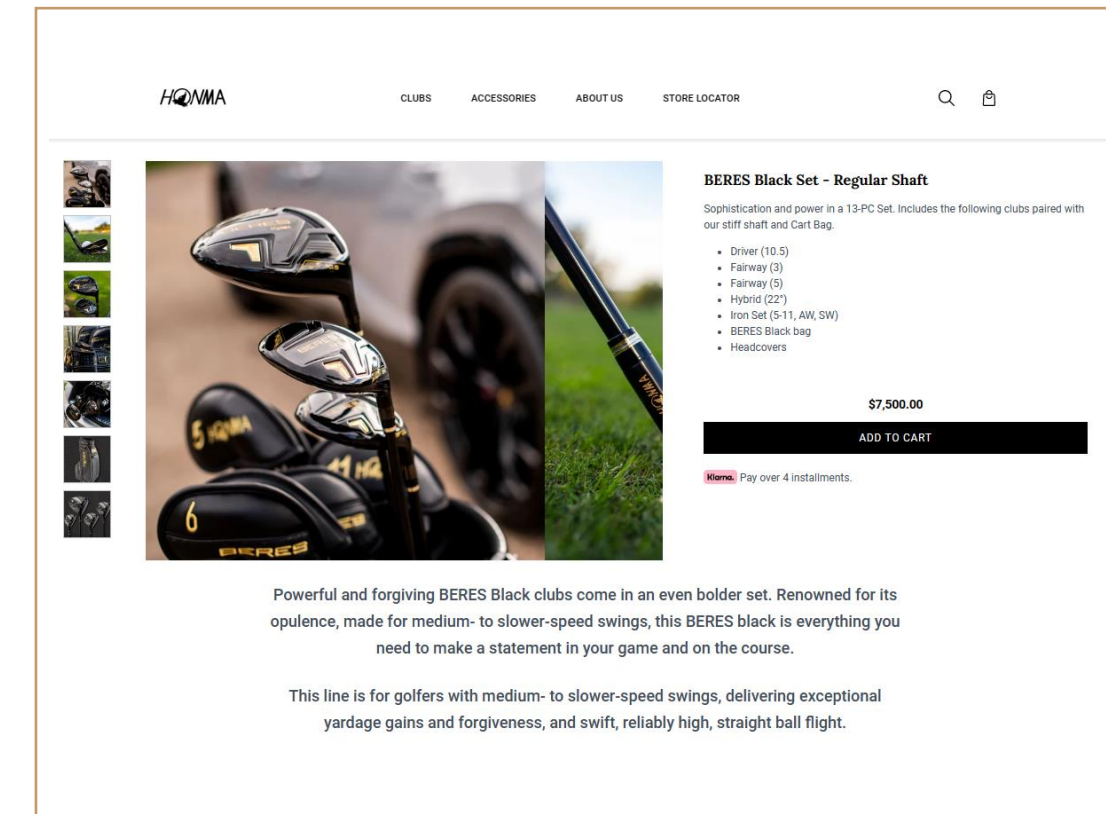
E-COMMERCE SALES GREW BY **24.9%** (COMPARABLE +16.0%)  
DRIVEN BY ACCELERATED INVESTMENT IN DIGITAL MARKETING WITH A FULL-CHANNEL APPROACH

- E-commerce platforms in major markets
  - China: Tmall, JD, Wechat Store, Douyin, and DU (得物)
  - Japan & US: self-operated E-commerce site
- Actively pursuing an E-commerce growth strategy
  - Dedicated E-commerce team and marketing resources
  - Social media campaigns generating traffic to online stores
  - Livestream (直播) sales campaign to attract internet-savvy consumers in China
  - Search engine optimization and in store visual updates
  - Full channel CRM system to upgrade loyalty program and improve consumer experiences

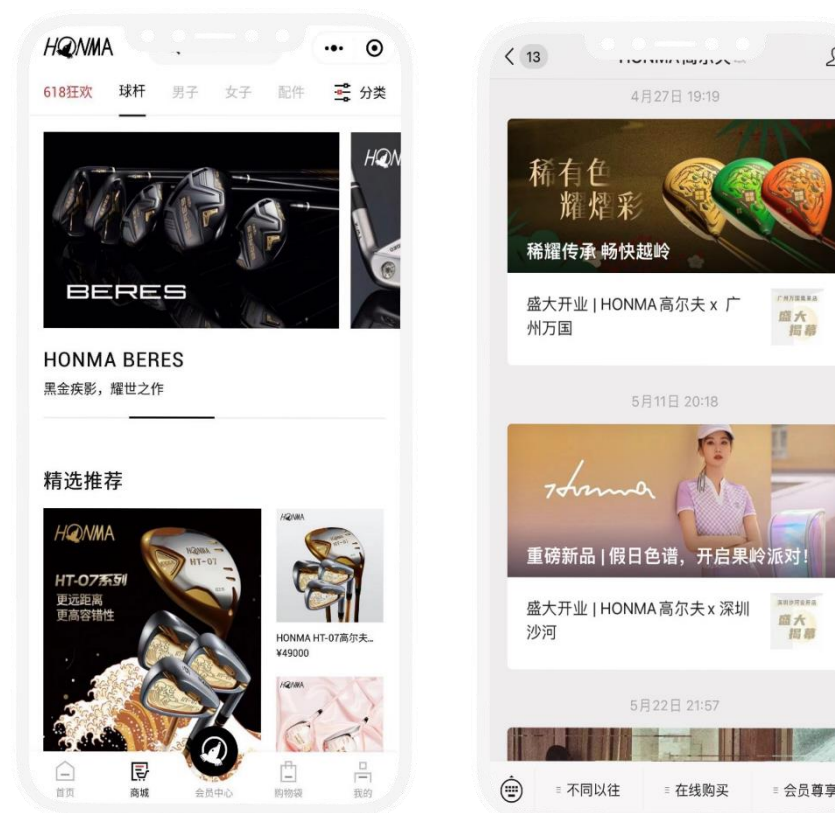
## T-MALL FLAGSHIP STORE



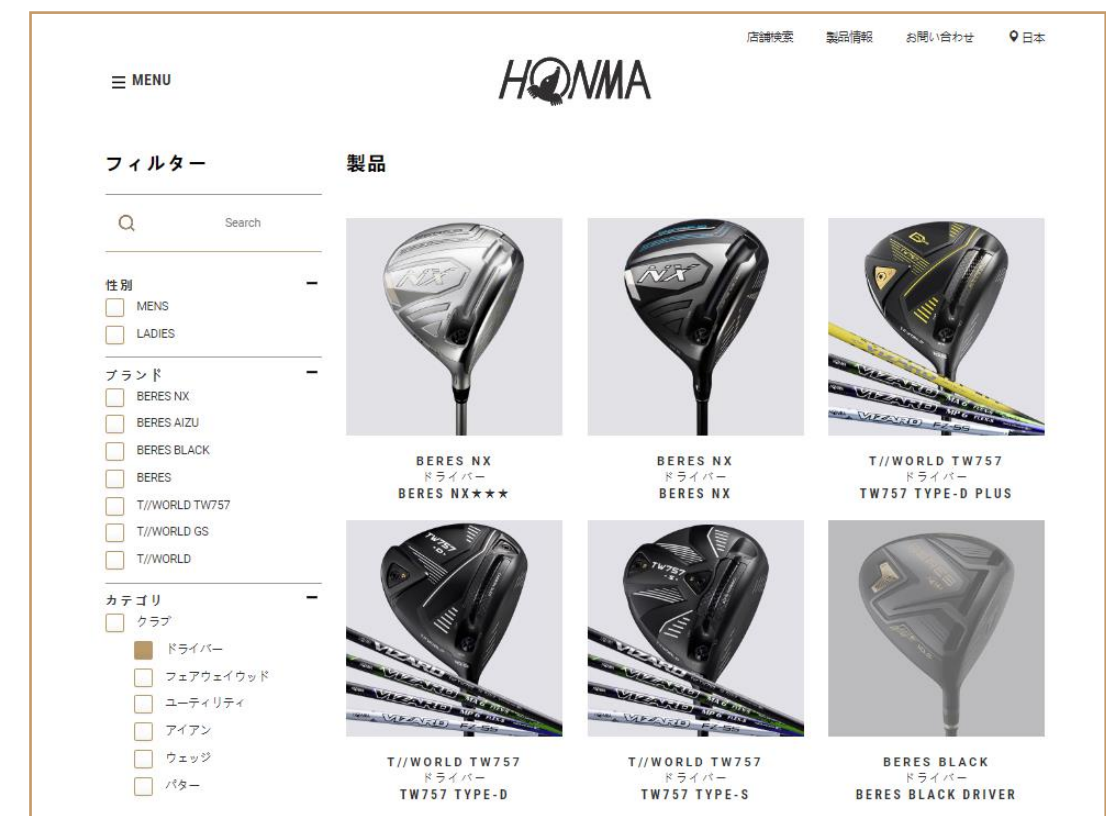
## US E-COMMERCE SITE



## WECHAT OFFICIAL ACCOUNT & STORE



## JAPAN E-COMMERCE SITE



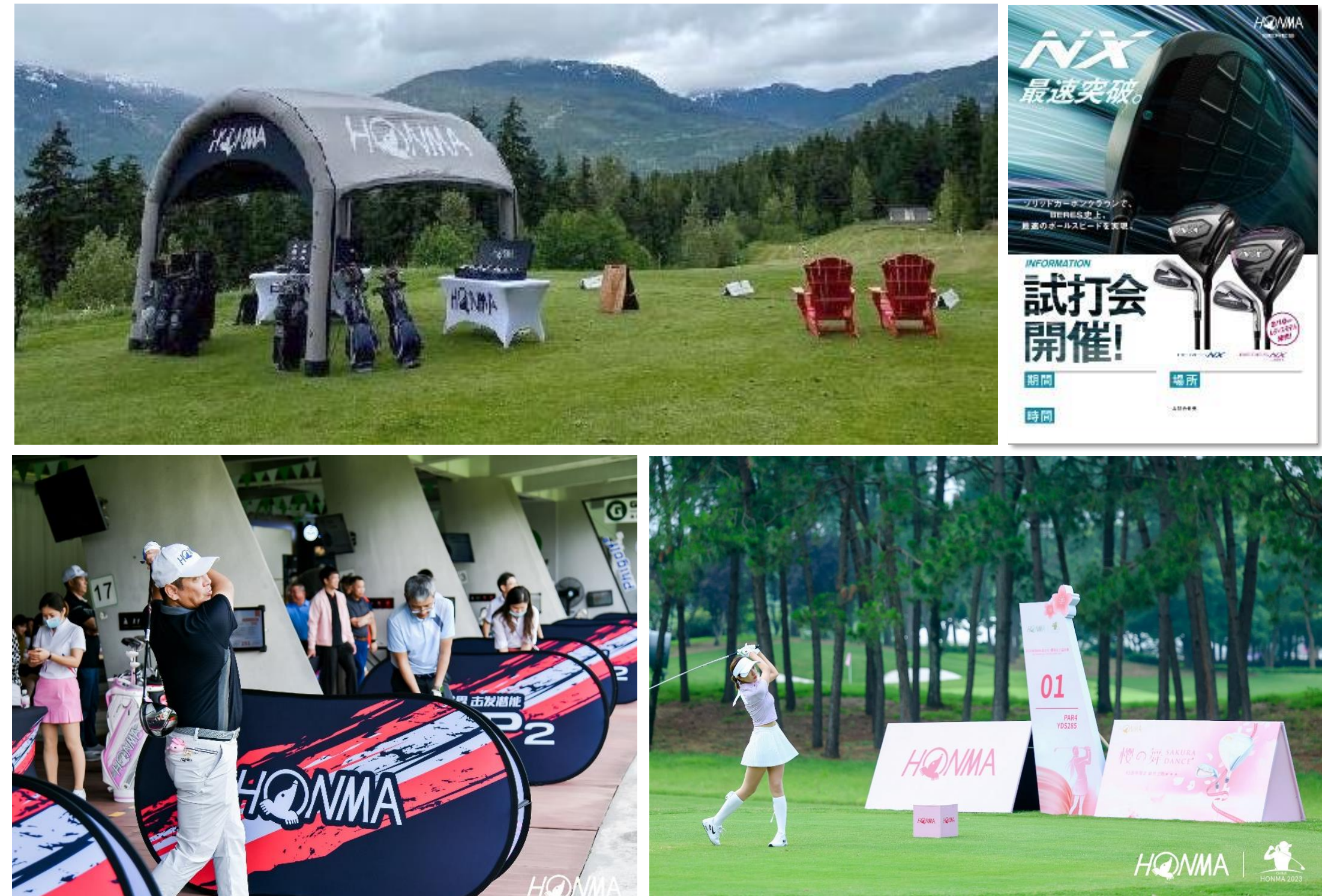
# <F> RE-DEFINING HONMA: DYNAMIC, MODERN, GLOBAL

*TO DRIVE BRAND AWARENESS ACROSS ALL MARKETS*

## CUSTOMER EVENTS

4,061 EVENTS , 56,360 PARTICIPANTS, +8.1% 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

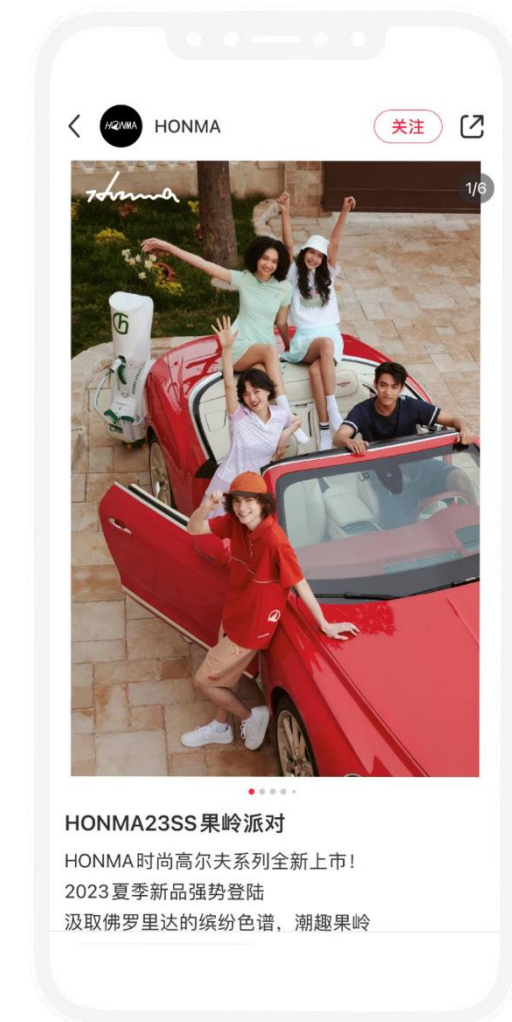
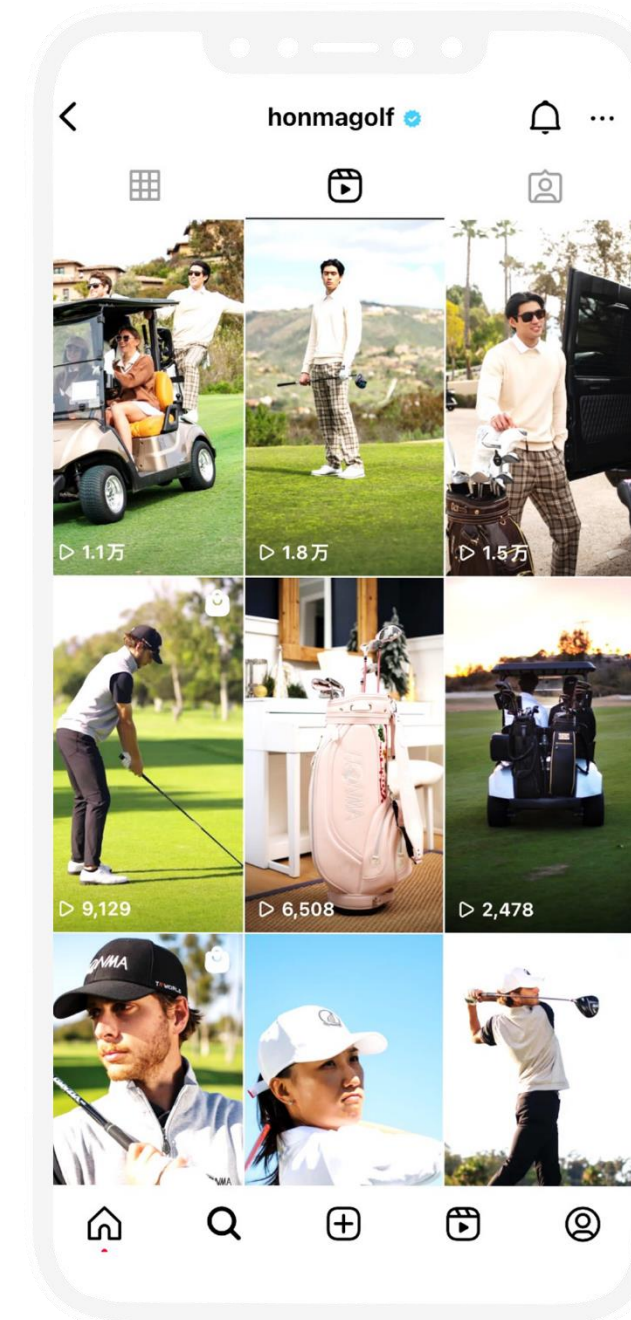


# <F> RE-DEFINING HONMA: DYNAMIC, MODERN, GLOBAL

*TO DRIVE BRAND AWARENESS ACROSS ALL MARKETS*

DIGITALIZED CONTENT MARKETING THROUGH RELAUNCHED GLOBAL WEBSITE & SOCIAL MEDIA PLATFORMS RELEVANT TO EACH MARKET

- 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



# <F> RE-DEFINING HONMA: DYNAMIC, MODERN, GLOBAL

TO DRIVE BRAND AWARENESS ACROSS ALL MARKETS

SPONSORING 8 PROFESSIONAL PLAYERS PLUS A WIDE NETWORK OF HONMA AMBASSADORS AND COACHES

<p>7 JAPAN LADIES PROFESSIONAL GOLF (JLPGA)</p>	<p>1 KOREA LADIES PROFESSIONAL GOLF (KLPGA)</p>
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- Renewed pro-sponsoring strategies to recruit additional **young and uprising** athletes in Asia with visible social media followings
- 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

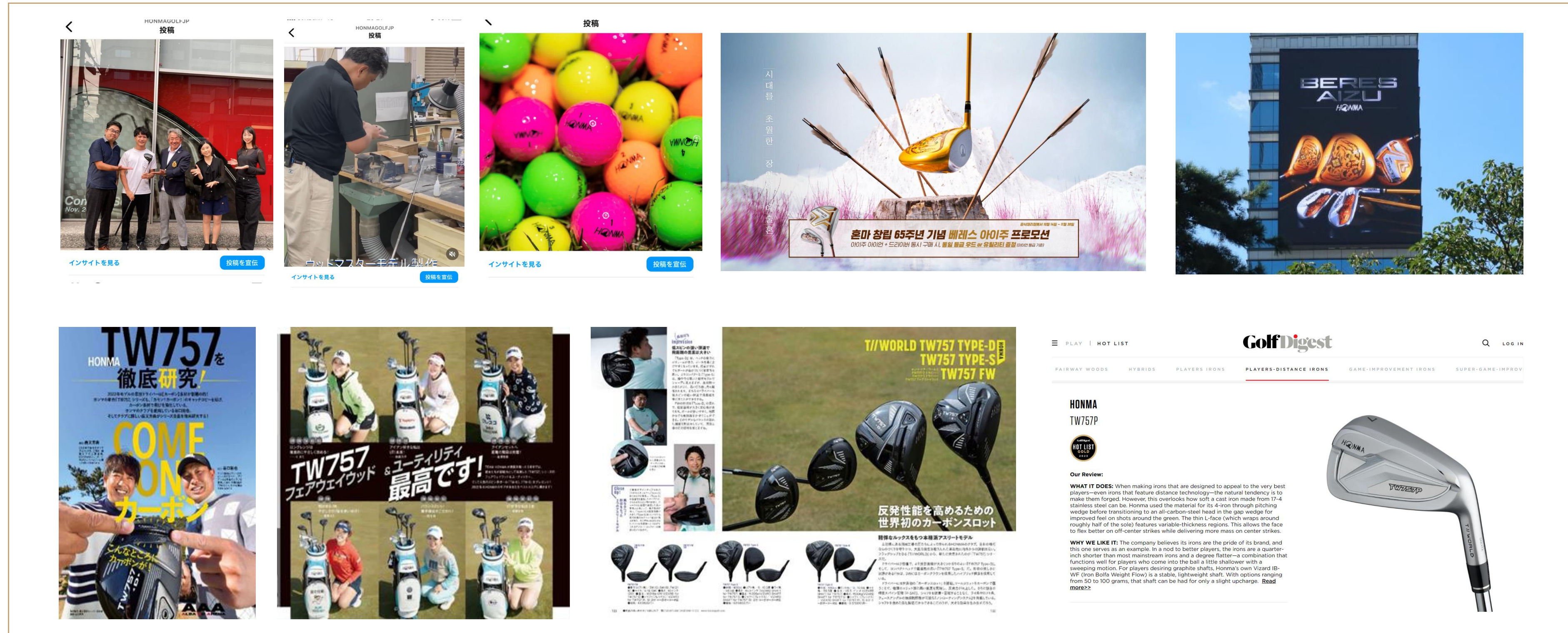


# <F> RE-DEFINING HONMA: DYNAMIC, MODERN, GLOBAL

TO DRIVE BRAND AWARENESS ACROSS ALL MARKETS

## OTHER BRAND PR & MEDIA EXPOSURE

- Actively reinforcing HONMA's brand image being **premium, performance-driven, dynamic and modern** through multiple media from golf magazines, TV channels, talk shows advertisement, etc.





# 04 FINANCIAL REVIEW

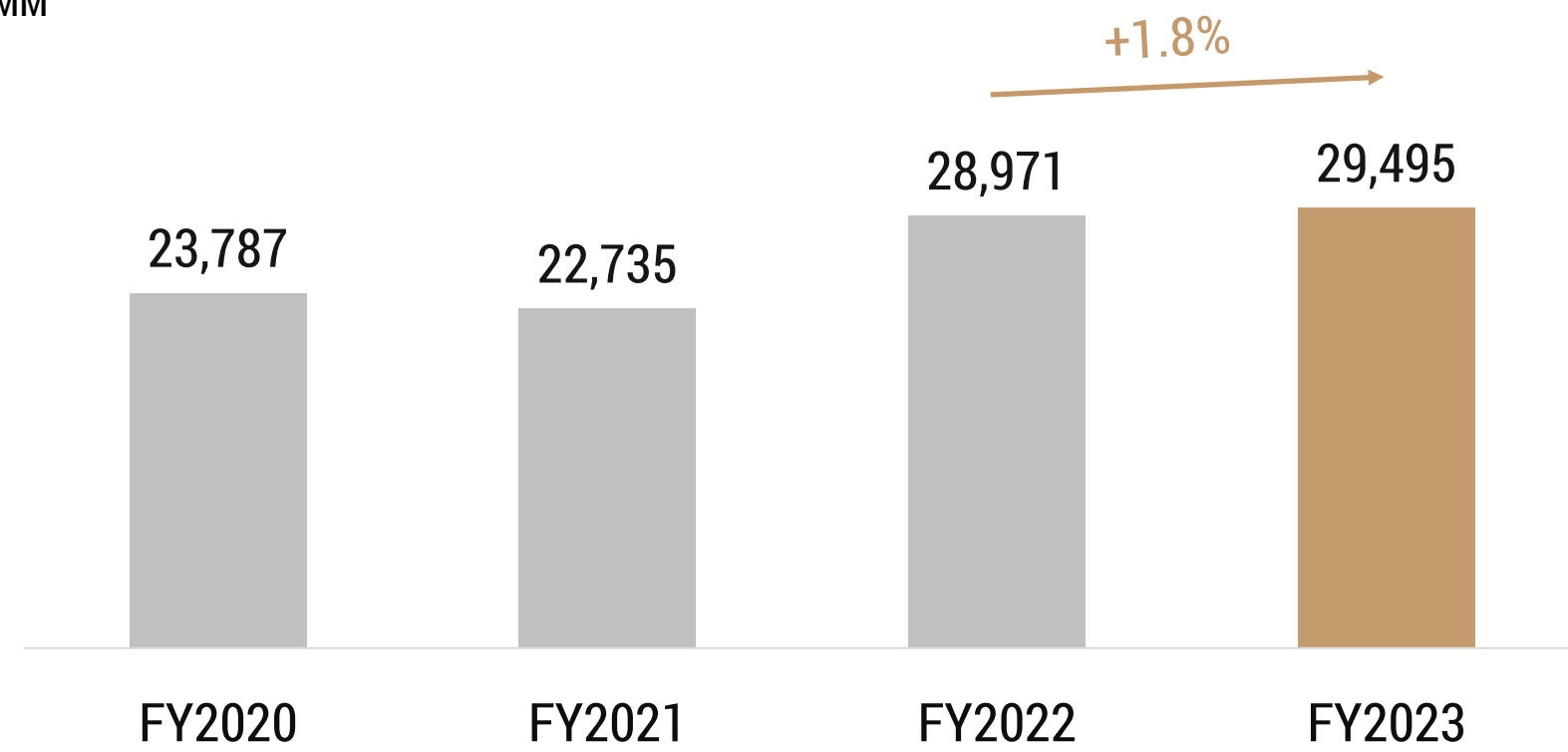


# RESILIENT PERFORMANCE AND CONTINUOUS SALES GROWTH UNDER A CHALLENGING ENVIRONMENT

THANKS TO ROBUST CONSUMER DEMAND AND SUCCESSFUL EXECUTION OF GROWTH STRATEGIES

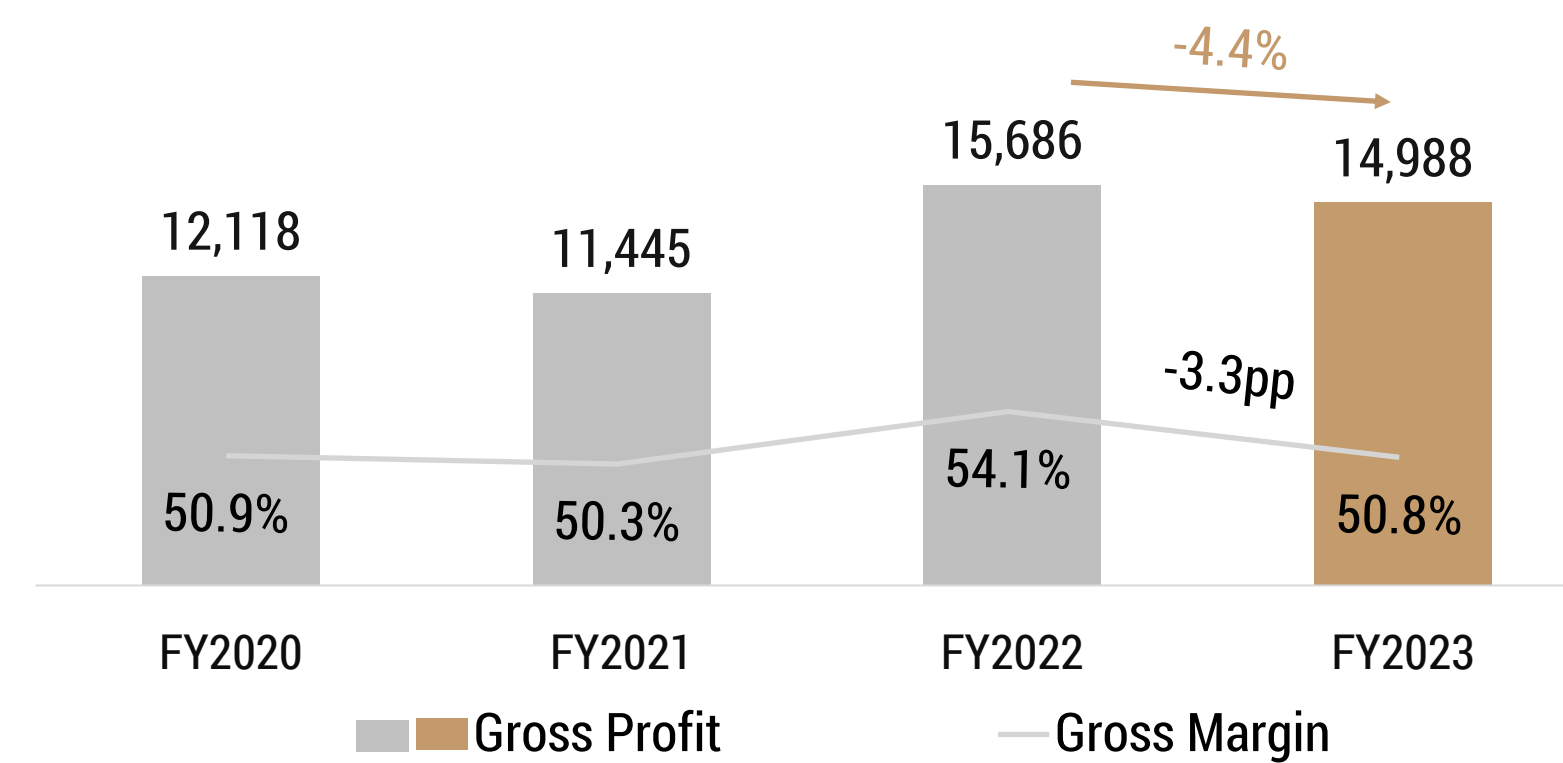
## NET SALES

JPY MM



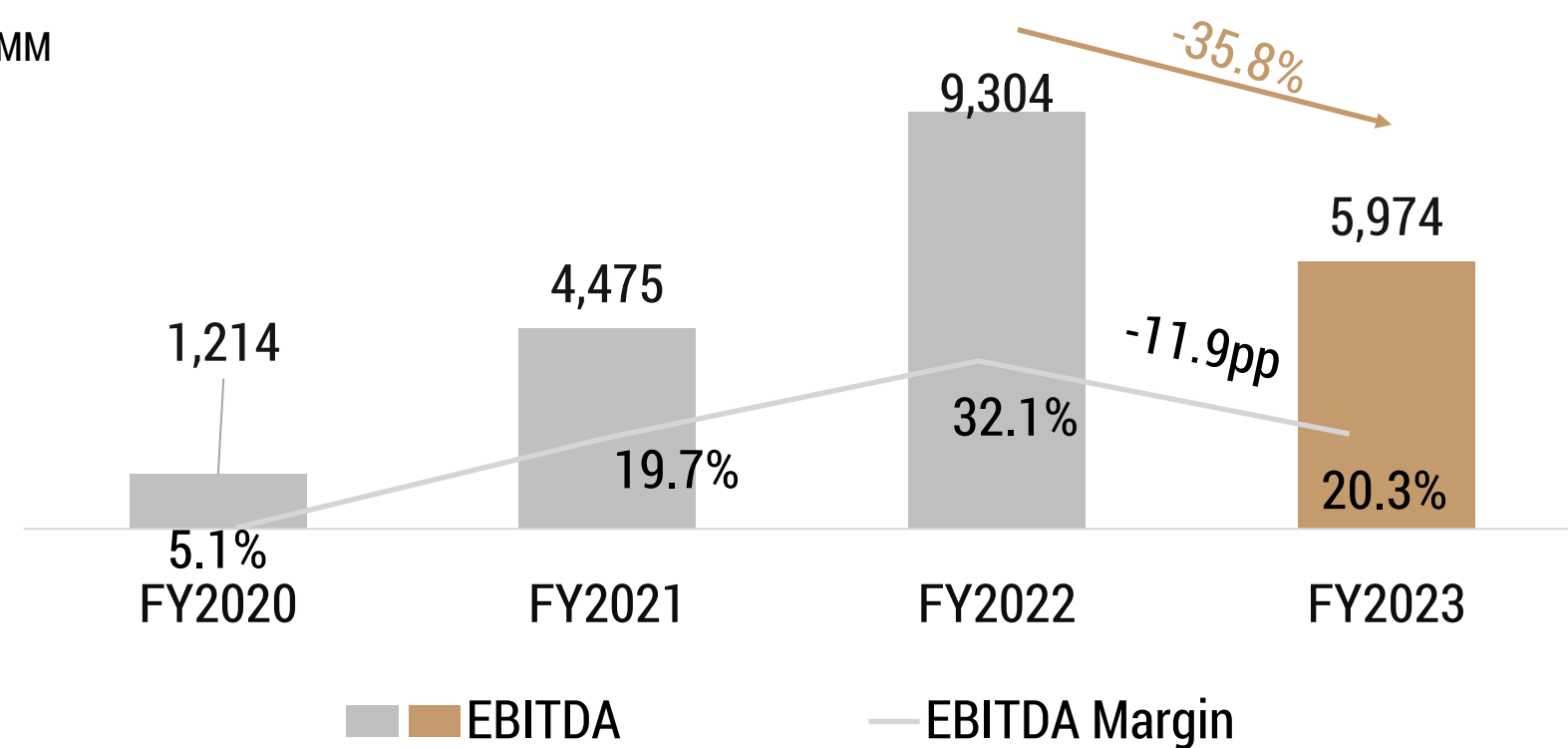
## GROSS PROFIT & GROSS MARGIN

JPY MM



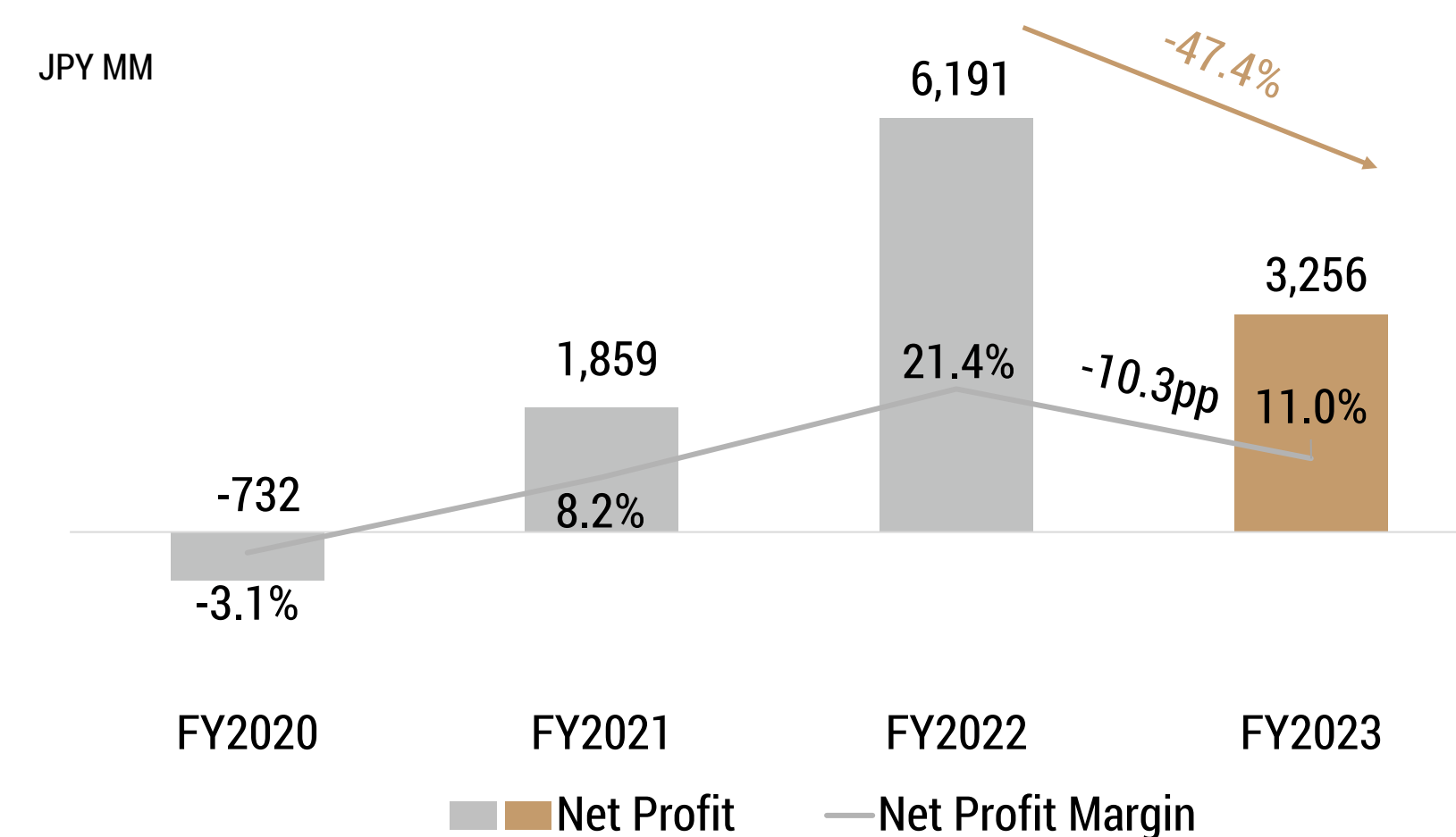
## EBITDA

JPY MM



## NET PROFIT

JPY MM



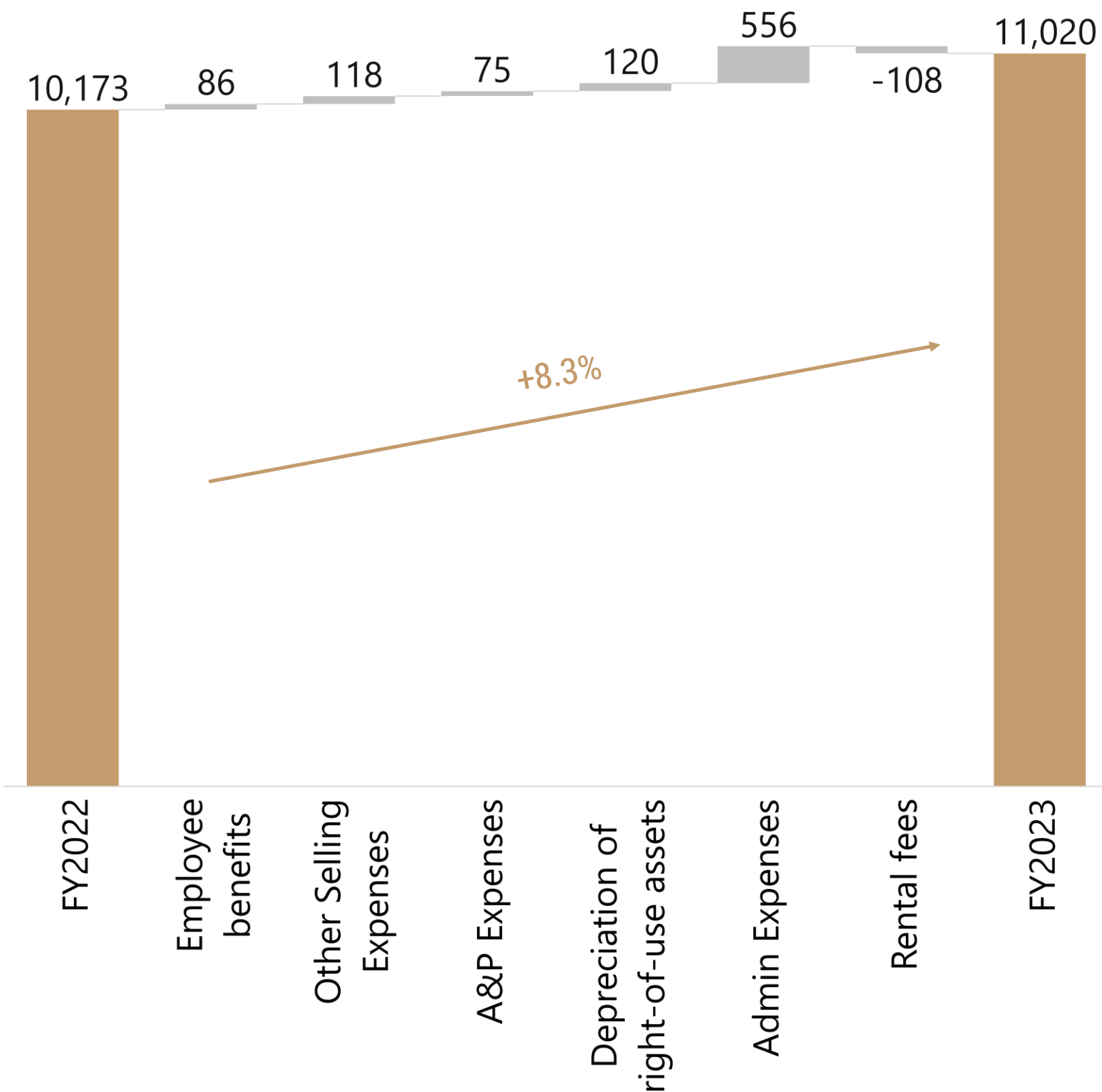


# CONTINUOUS OPEX OPTIMIZATION

TO ENHANCE EFFICIENCY AS WELL AS TO MITIGATE THE NEGATIVE IMPACT FROM COVID AND GLOBAL INFLATION

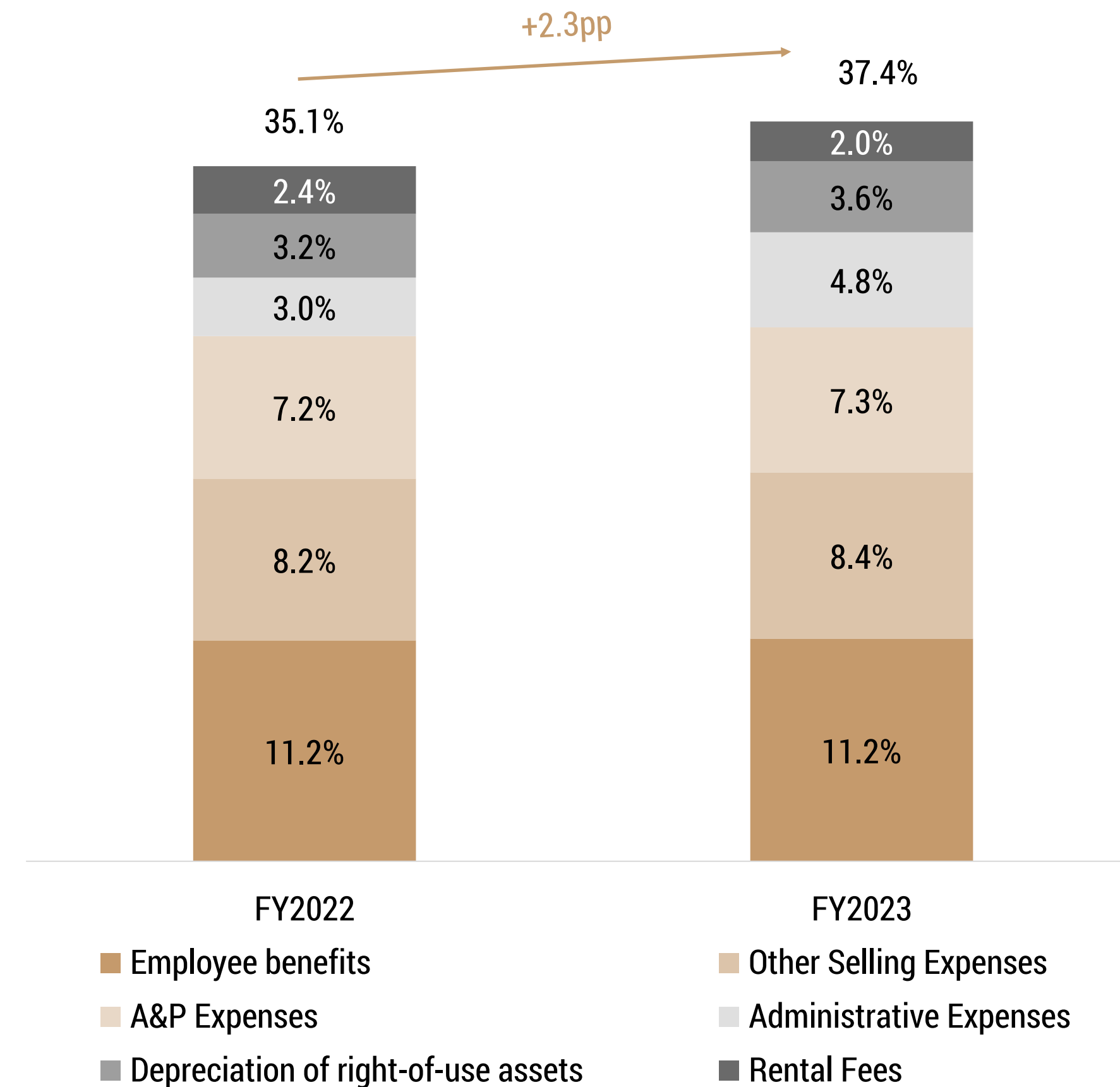
## SG&A EXPENSES BRIDGE

JPY MM



## SG&A EXPENSES BREAKDOWN

AS % OF SALES

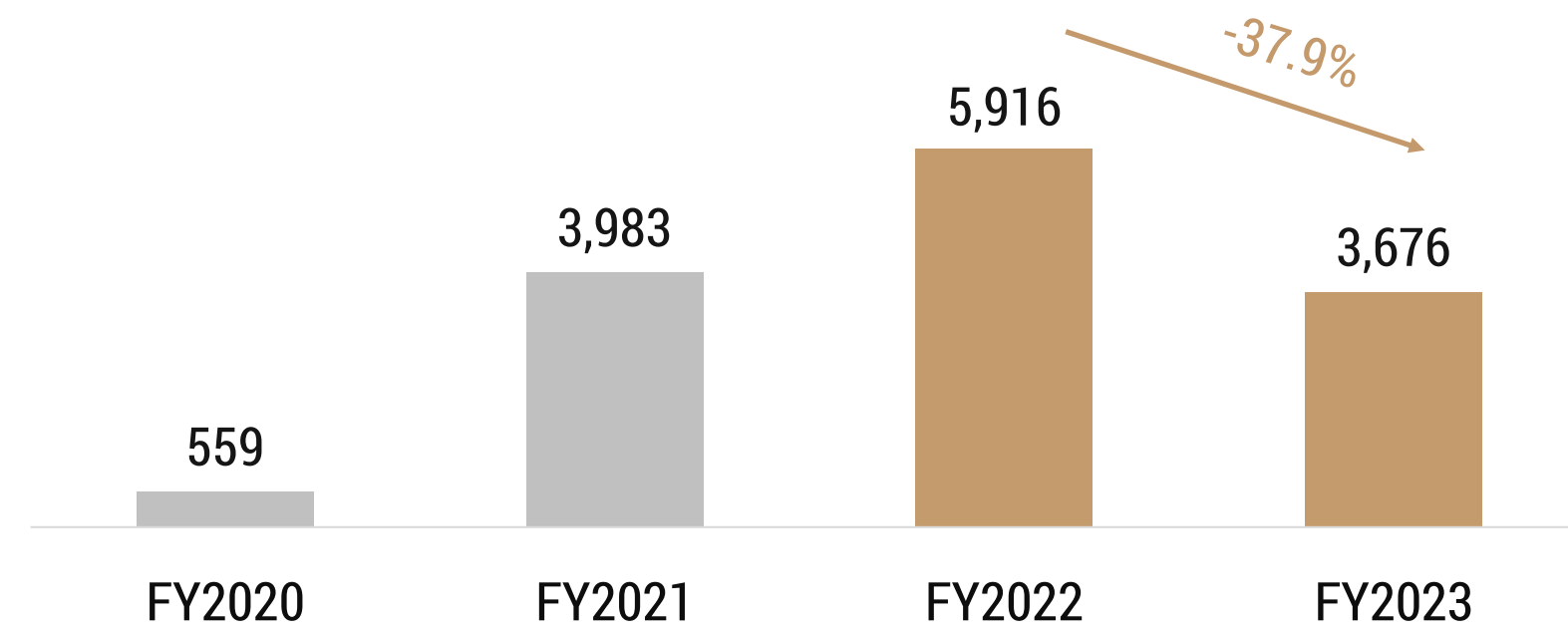


# HEALTHY BALANCE SHEET AND STRONG OPERATING CASHFLOW

TO ENSURE STEADY AND SUSTAINABLE GROWTH AMIDST UNCERTAIN MACRO ENVIRONMENT

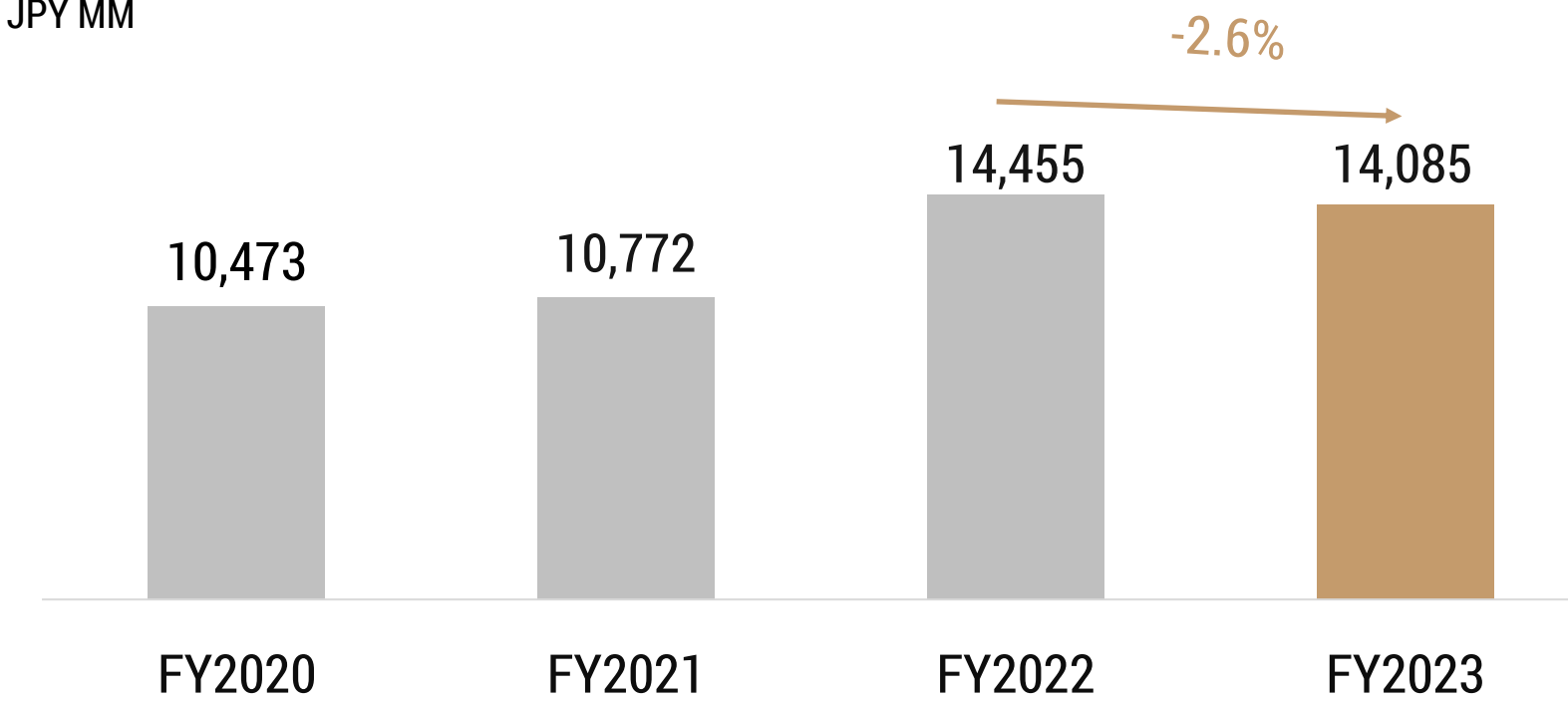
## NET OPERATING CASH FLOW

JPY MM



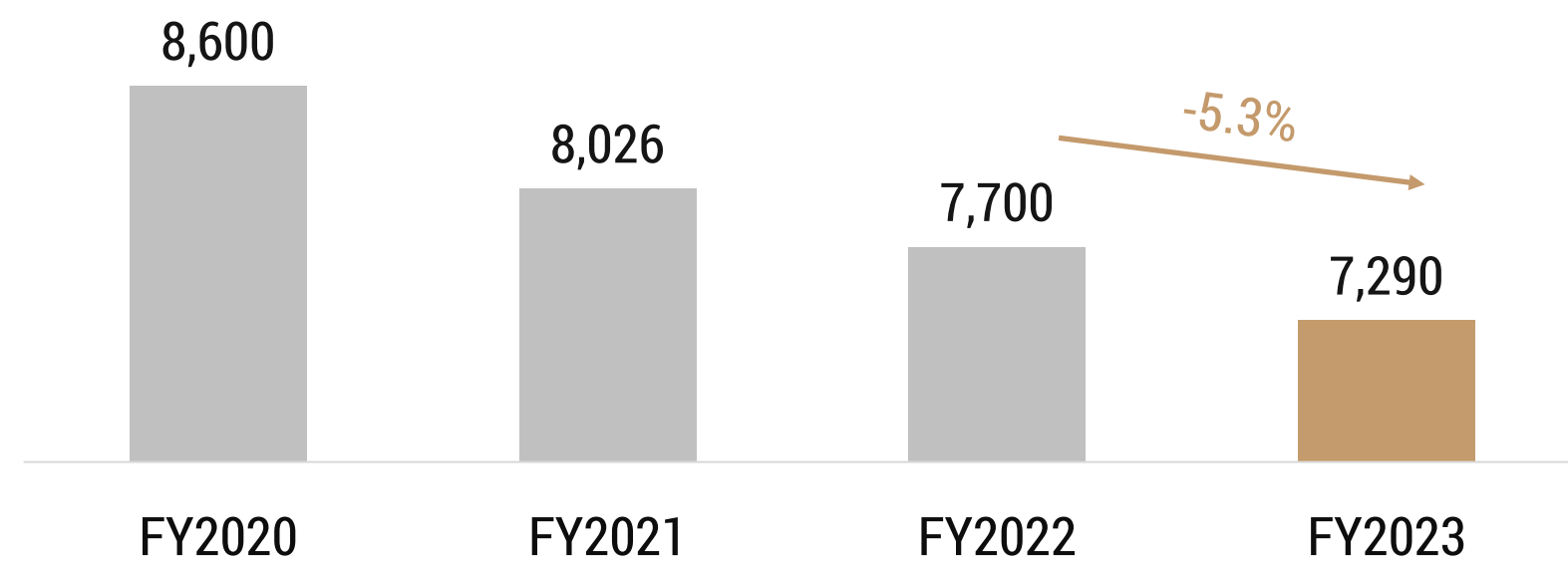
## CASH ON HAND

JPY MM



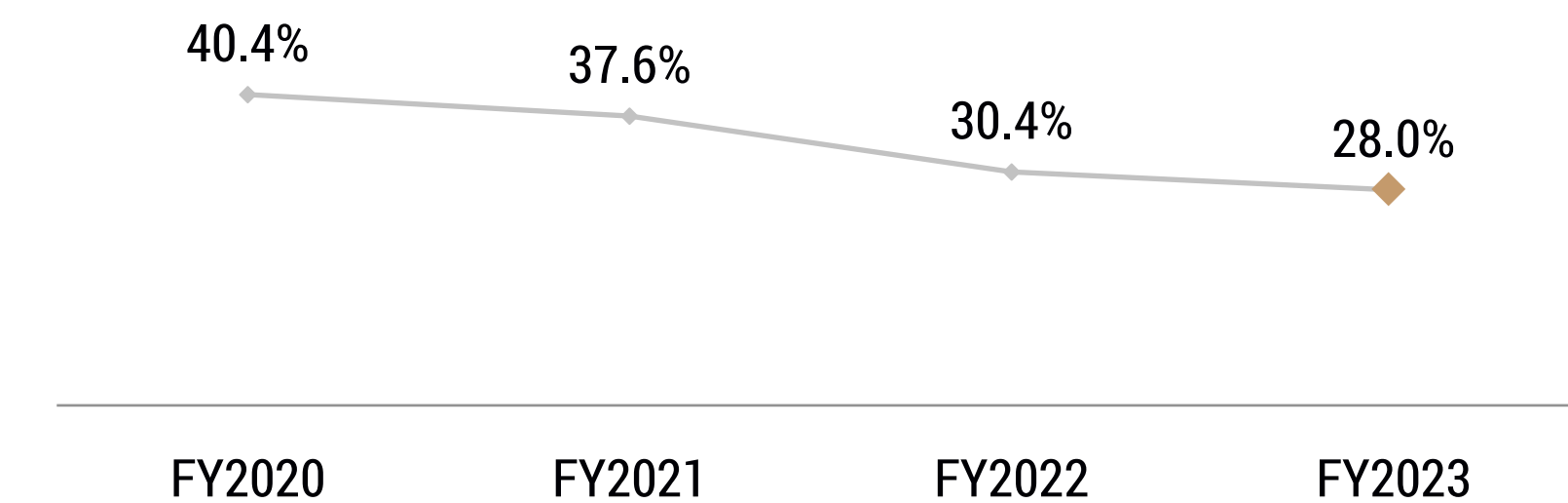
## INTEREST-BEARING LIABILITIES

JPY MM



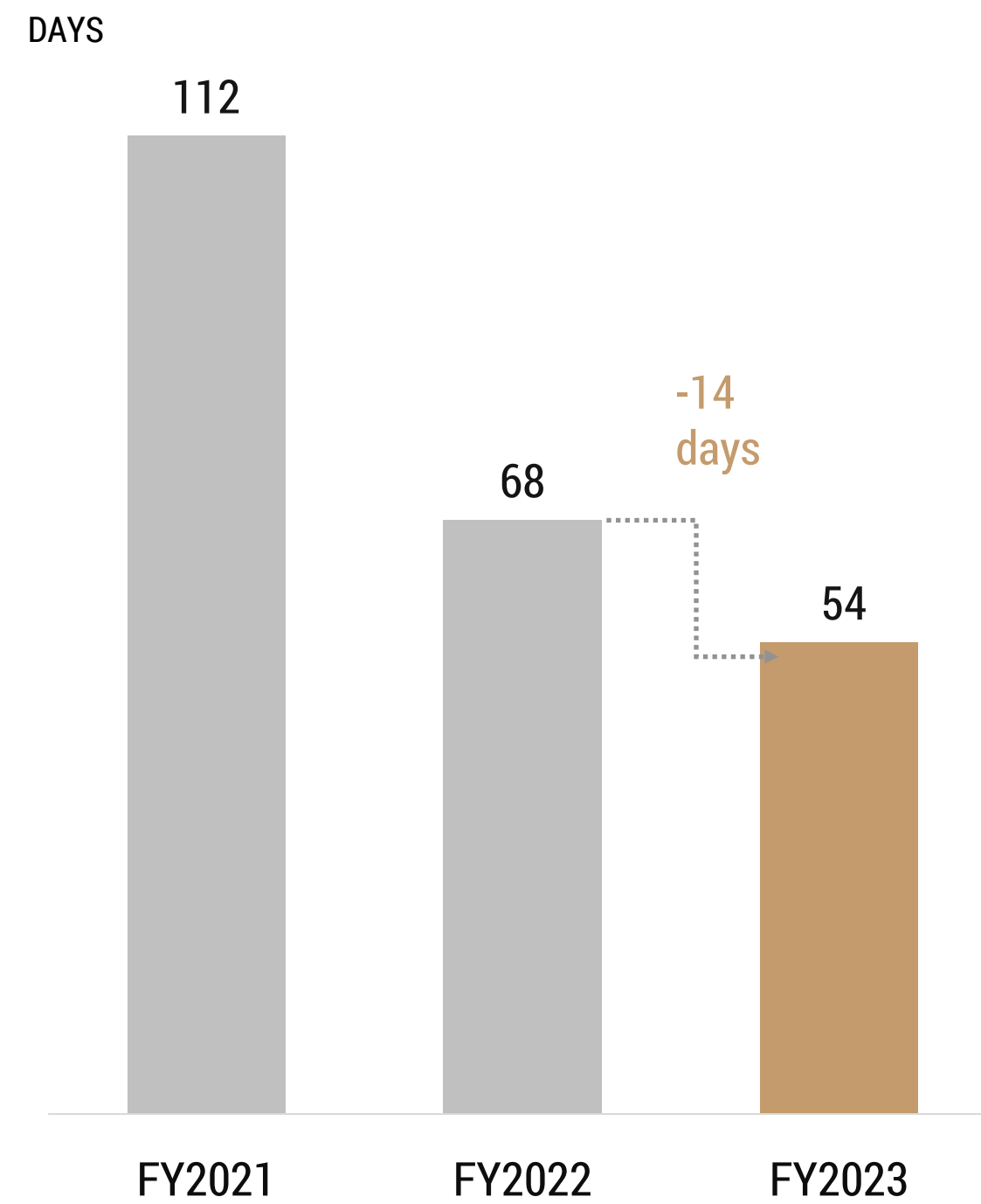
## INTEREST-BEARING LIABILITIES / TOTAL EQUITY

%

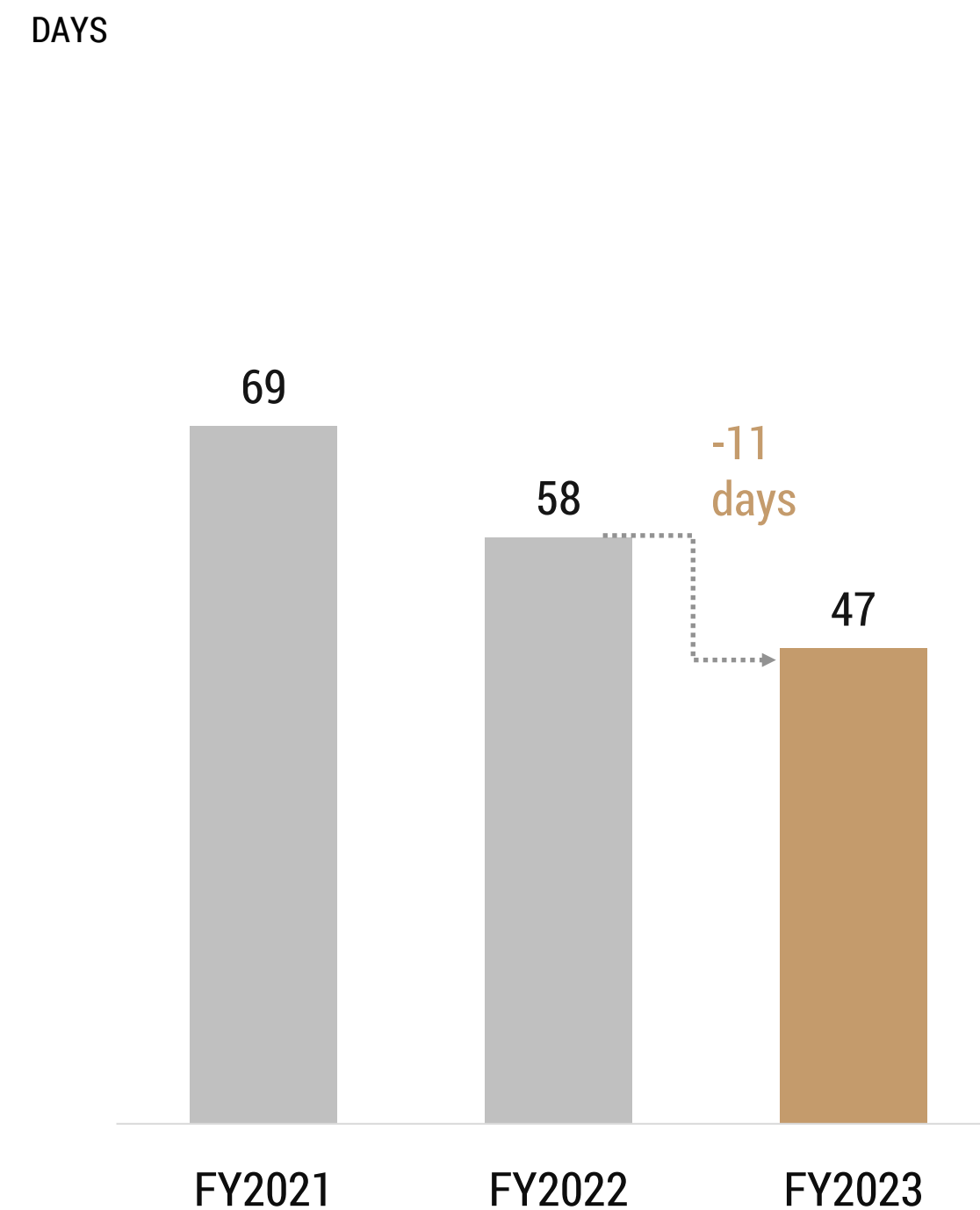


# CONTINUOUSLY IMPROVING WORKING CAPITAL EFFICIENCY

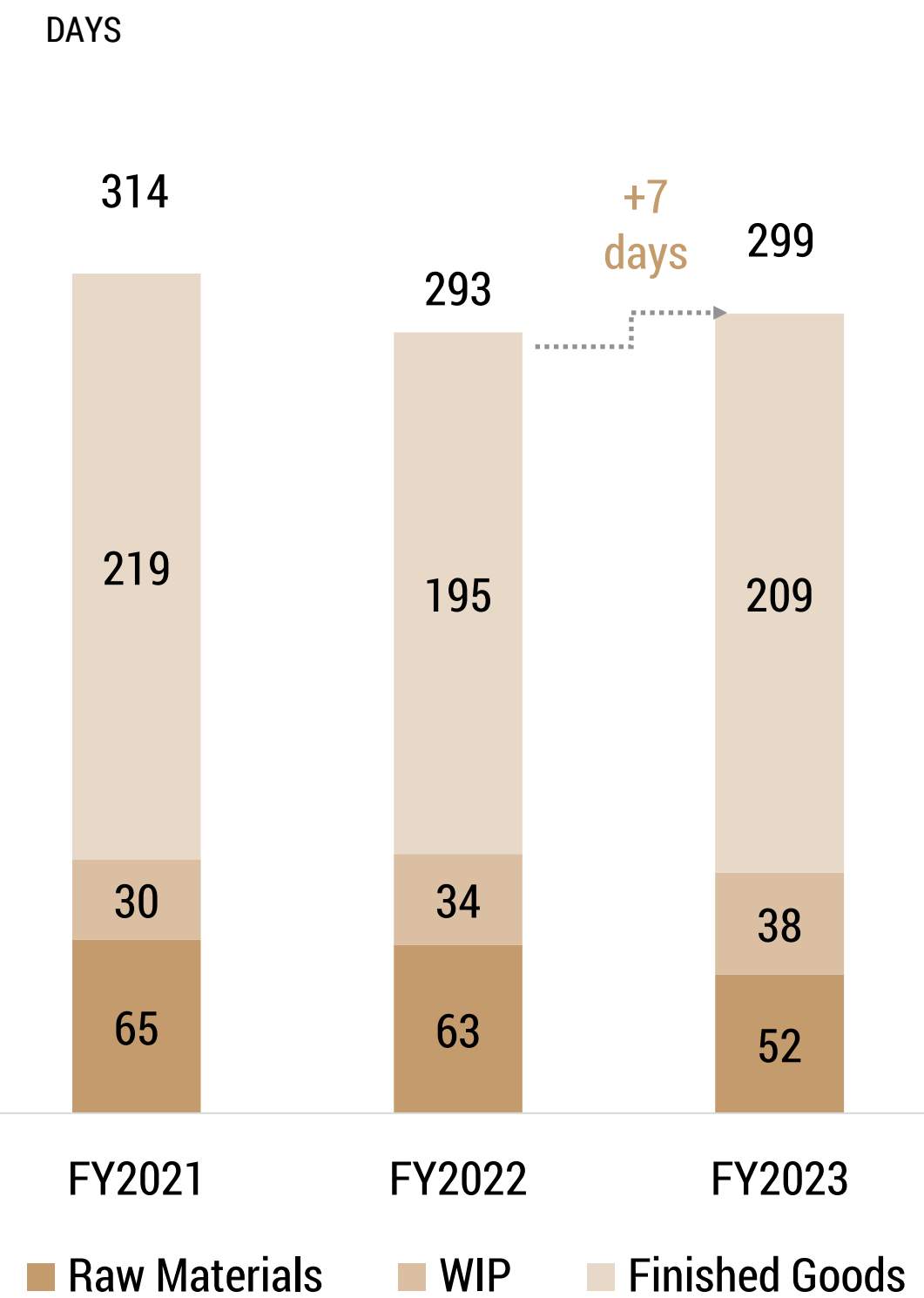
## RECEIVABLES TURNOVER DAYS <sup>(1)</sup>



## PAYABLES TURNOVER DAYS <sup>(1)</sup>



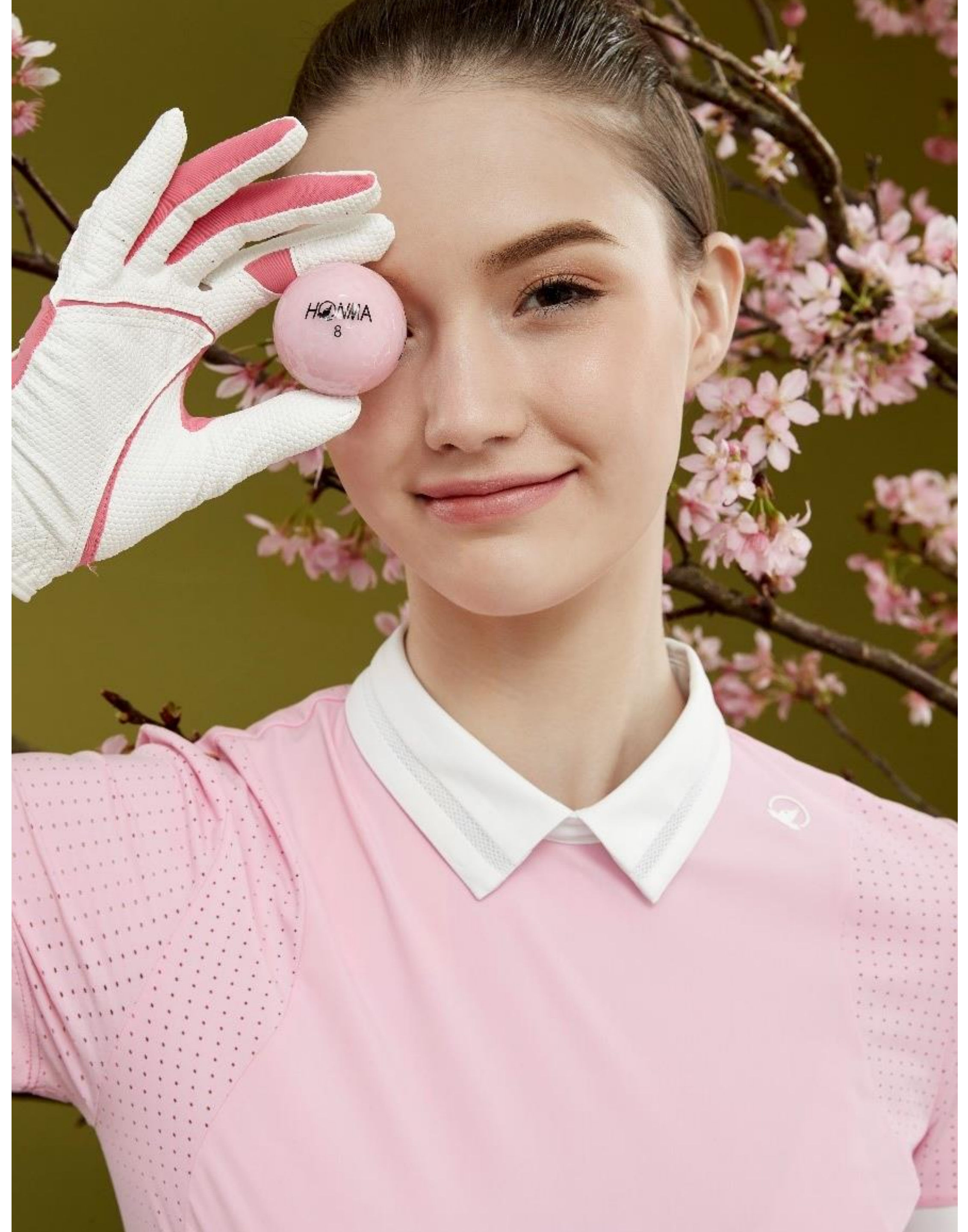
## INVENTORY TURNOVER DAYS <sup>(1)</sup>



**Note**

(1) Turnover days are calculated using the average of the opening and closing balance of the relevant periods

# 05 OUTLOOK



## *FOR THE YEARS AHEAD,*

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 continue optimizing organizational set up and cost base **in North America and Europe** to properly anchor near to mid-term growth amidst complex macro uncertainties.
- 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 the near future, including

- sustained macro-economic and geo-political uncertainties which may continue to cause market turbulence and change in consumer behavior
- supply chain challenges under inflation pressure

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.

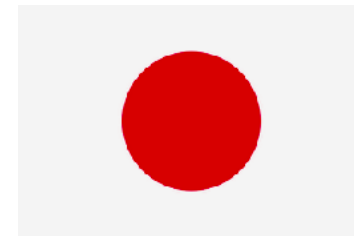


# 06 APPENDIX



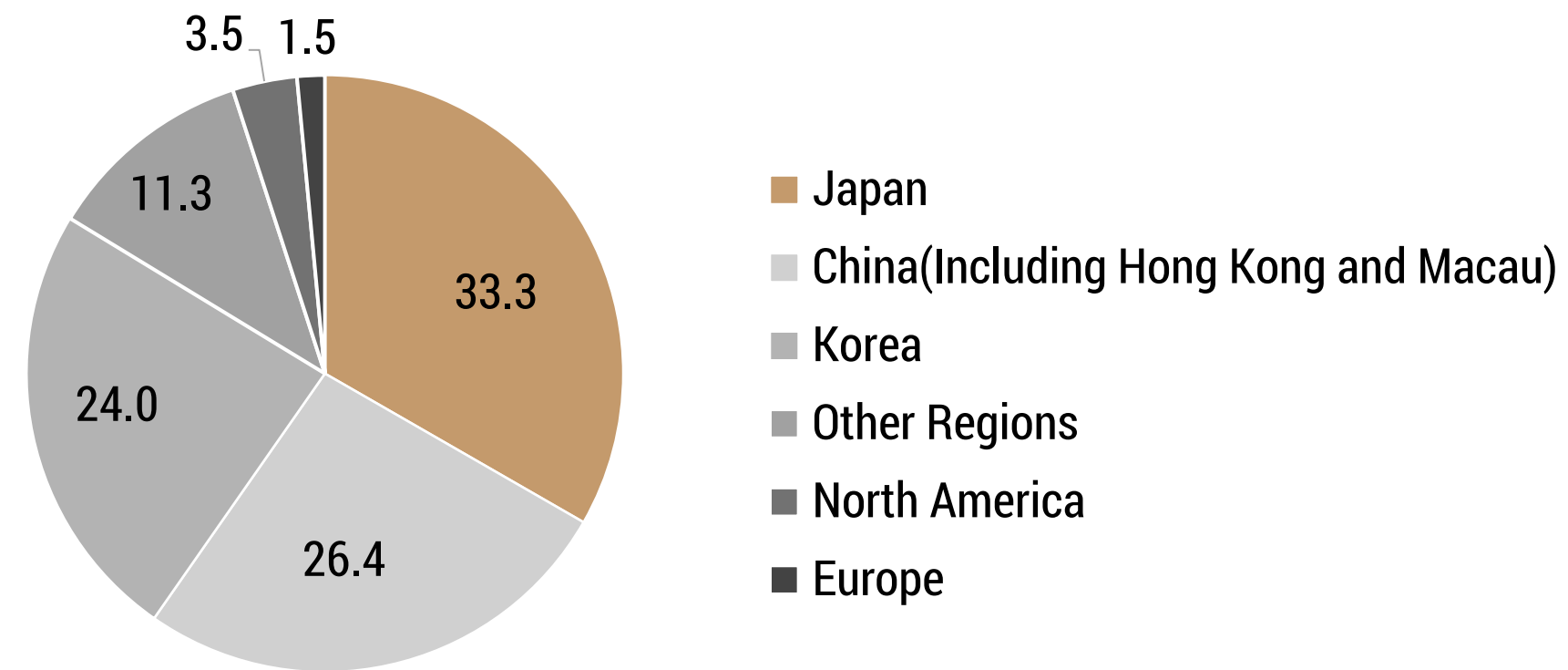
# APPENDIX I-BUSINESS REVIEW BY MARKET

## HOME MARKET JAPAN



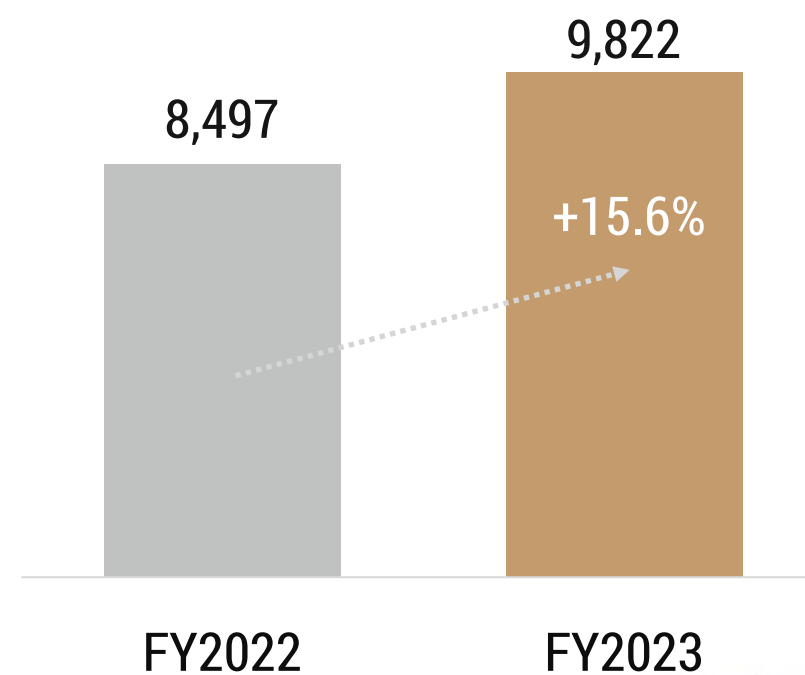
COMPLETE RECOVERY IN ALL CHANNELS AND PRODUCT CATEGORIES

% of Total Sales



## NET SALES

JPY MM



## MARKET

- 2<sup>nd</sup> largest golf equipment market in the world
- Total golf product market size approximates to **USD 1.7 billion** in 2021 <sup>(1)</sup>
- **2,200** golf facilities, representing half of the total facilities in Asia <sup>(1)</sup>
- Around **8.5 million** golf population <sup>(1)</sup>
- Hideki Matsuyama's win in the US Masters Championship in Apr 2021 is seen to be a boost for Japan's golf market

## FY23 FULL YEAR PERFORMANCE HIGHLIGHT

### NET SALES +15.6%

- Golf club sales **+16.9%**, BERES club family sales **+151.6%**
- Golf Ball sales **+26.4%**, sales volume ranking the 4<sup>rd</sup> in Japan
- Strong recovery in consumer sentiment following further market reopening and rejuvenated retail activities
- Focused marketing campaigns and Pro-endorsement program targeting premium-performance consumer segment

### Note

(1) 2021 Yano's White Paper on Golf Industry, Japan

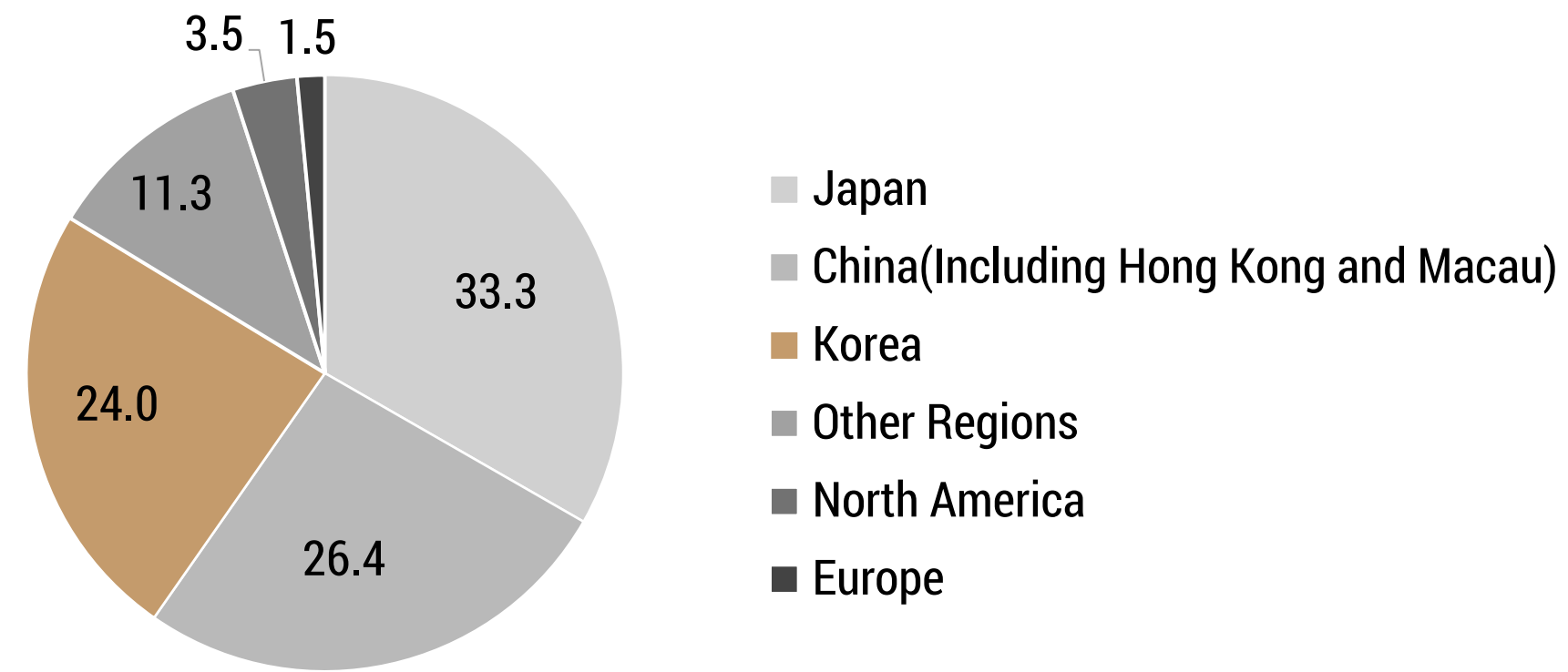
# APPENDIX I-BUSINESS REVIEW BY MARKET

## HOME MARKET *KOREA*



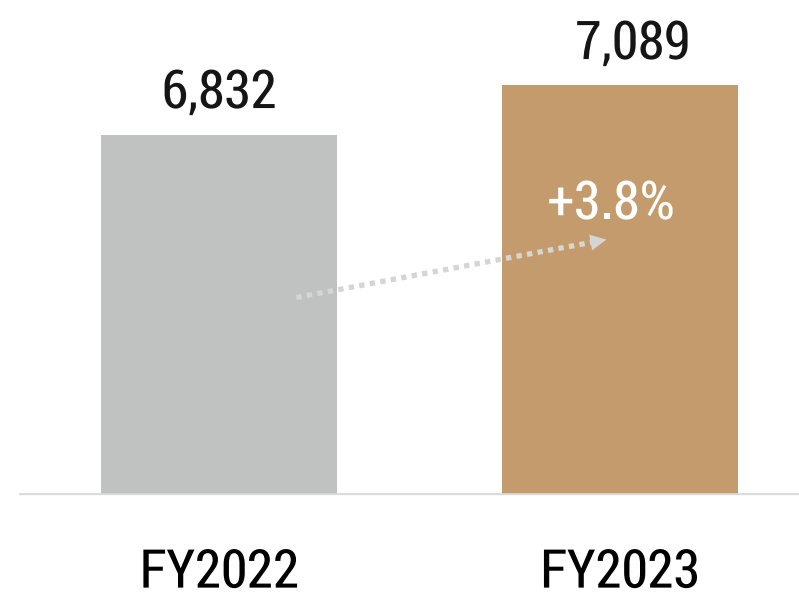
STEADY YOY SALES GROWTH ON THE BACK TO BOOMING GOLF PARTICIPATION AND NEW PRODUCT ACTIVATION

% of Total Sales



## NET SALES

JPY MM



## MARKET

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

## FY23 FULL YEAR PERFORMANCE HIGHLIGHT

### NET SALES **+3.8%**

- 7<sup>th</sup> consecutive year of growth at a CAGR of **13.1%**
- Golf club sales **+14.0%**, boosted by successful launch of BERES and country specific products since early 2022
- Sales growth from Korea slowed down during the period due to apparel business and distributorship optimization.

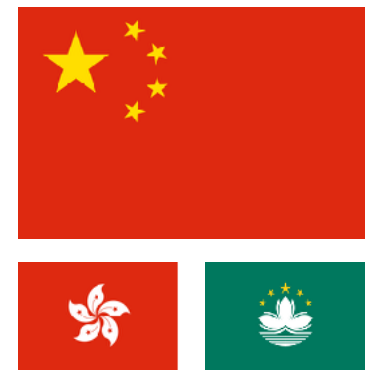
### Note

(1) Source : KGPA, Korea Golf Association 2017



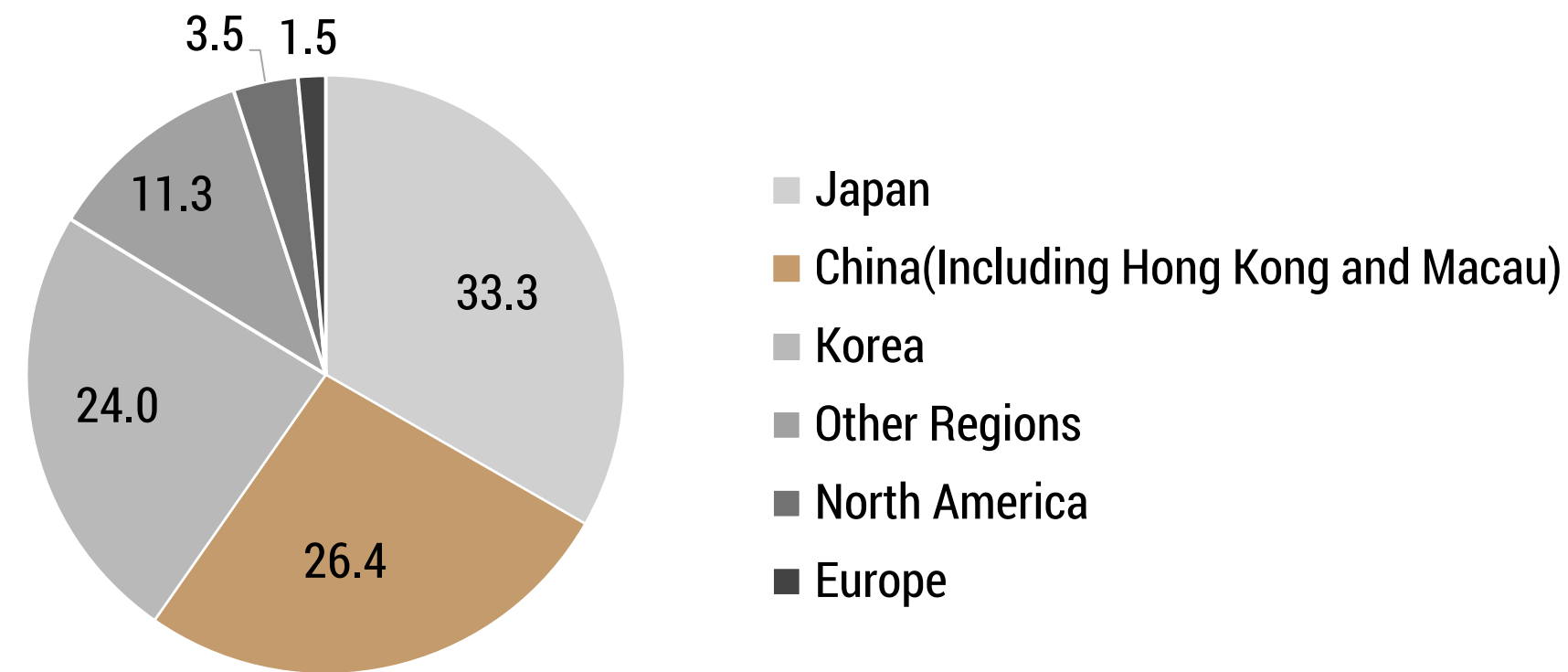
# APPENDIX I-BUSINESS REVIEW BY MARKET

## HOME MARKET CHINA (INCL. HK & MACAU)



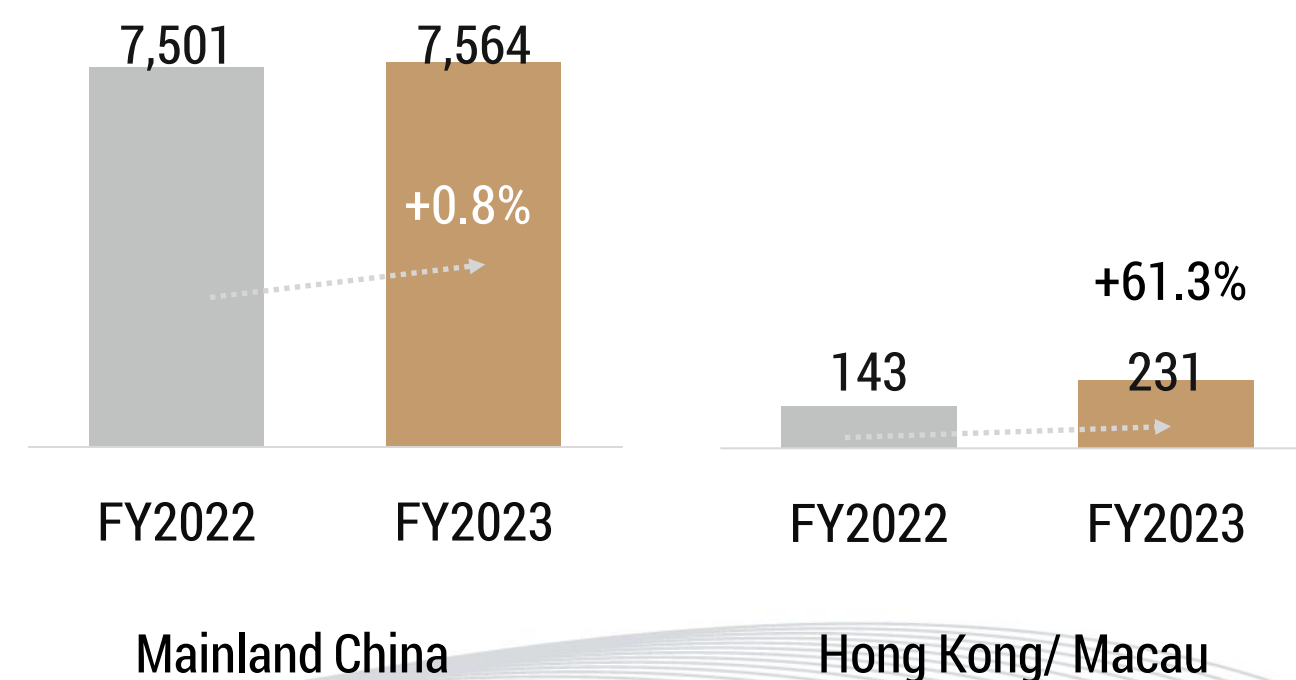
EXUBERANT DEMAND AND CHANNEL EXPANSION PARTIALLY OFFSETS NEGATIVE IMPACT FROM EXTENDED COVID-RELATED LOCKDOWN AND OUTBREAK

% of Total Sales



### NET SALES

JPY MM



### MARKET

- Dynamic market with an exciting uptrend in outdoor sports
- Emerging and fast growing golf industry
- 478 golf courses, expanding indoor facilities, around 1 million core golf population<sup>(1)</sup>
- Solid and growing demand in active wear and fashion-athletic apparel

### FY23 FULL YEAR PERFORMANCE HIGHLIGHT

MAINLAND CHINA NET SALES +0.8% (COMPARABLE -7.7%)

- Golf club sales +7.6% (comparable -1.5%), highlighting Tour World club family sales grew by 88.6% (comparable +72.5%)
- Apparel sales dropped slightly by -1.9% (comparable -10.2%); retail activity was severely interrupted both in 1Q FY23 due to temporary closure of the warehouse in Shanghai during the city's 2-month lockdown, and also in 2H FY23 due to an unexpected nationwide outbreak of the COVID cases
- Efficient react towards the uprising golf participation by adding/re-opening 23 new stores on golf courses or driving ranges with larger store size and upgraded merchandise display

Note

(1) Source : Forward Golf White Paper Report 2020

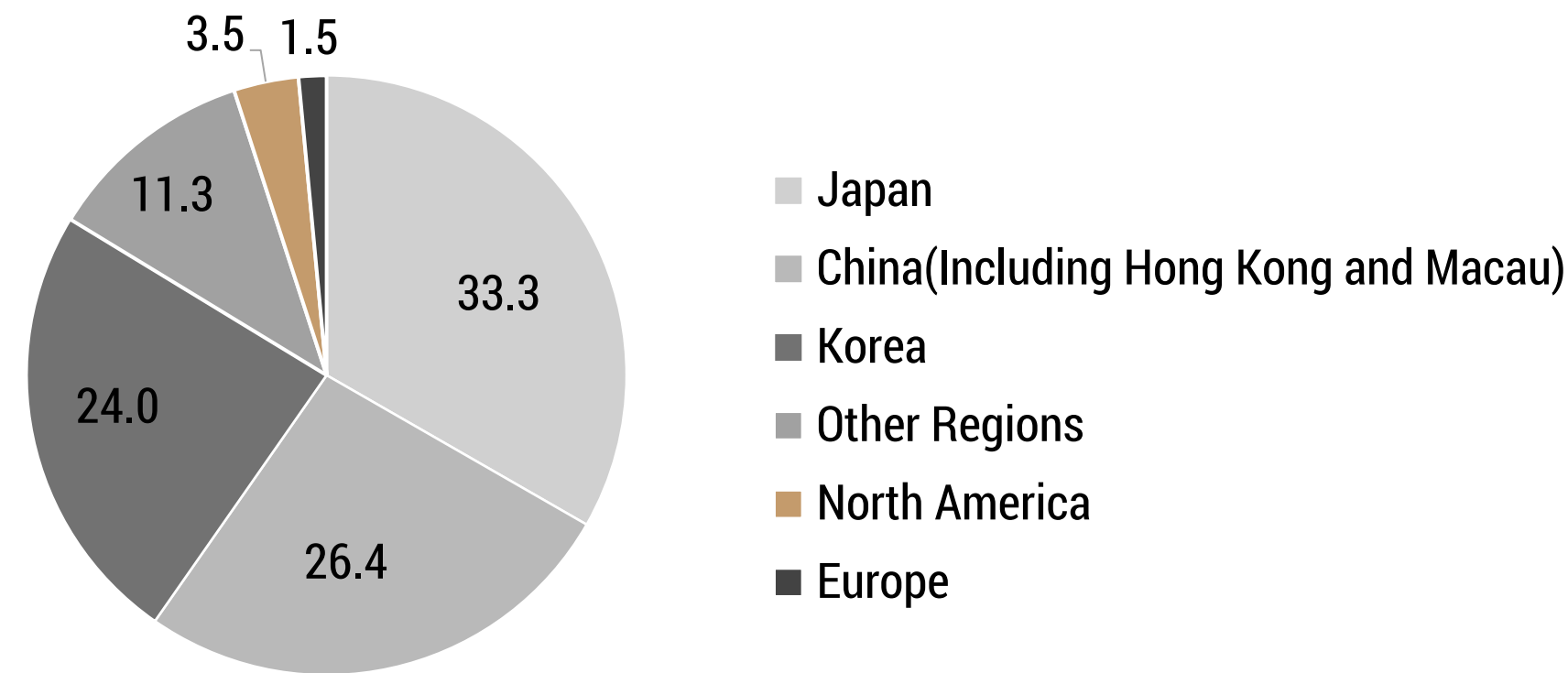
# APPENDIX I-BUSINESS REVIEW BY MARKET

## HOME MARKET *NORTH AMERICA*



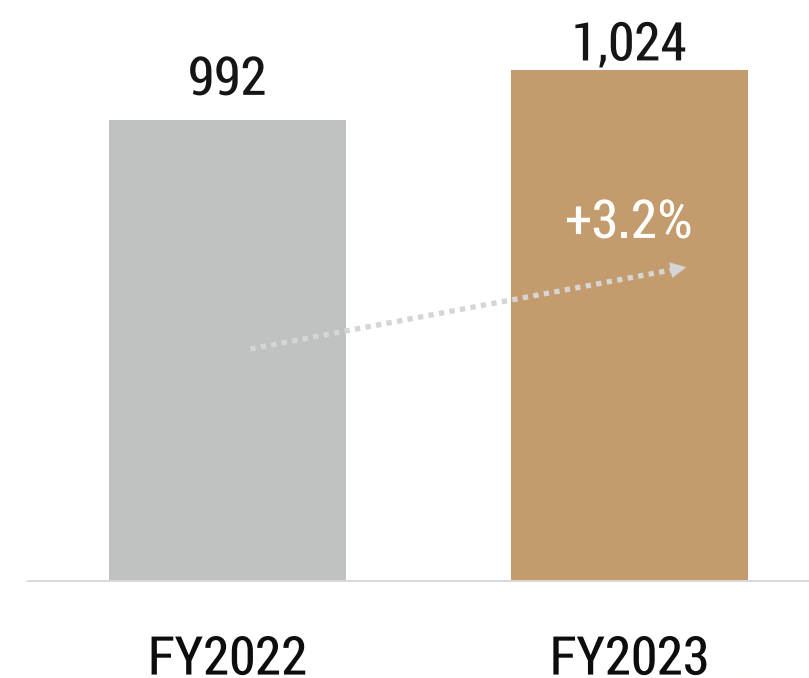
**BUILDING A CLOSER PARTNERSHIP WITH MAJOR RETAILERS TO CAPTURE SUPER PREMIUM AND PREMIUM PERFORMANCE SEGMENT**

% of Total Sales



## NET SALES

JPY MM



## MARKET

- Largest golf market in the world with **53%** of the global golf retail sales <sup>(1)</sup>
- 2018 golf equipment sales approximates to **USD 4.3 billion** by forecast <sup>(1)</sup>
- Around **24 million** on course golf participants <sup>(1)</sup>
- Total golf participation (incl. on-course and off-course) exceeded 40M and reached 41.1M in 2022 for the first time in America's history <sup>(2)</sup>

## FY23 FULL YEAR PERFORMANCE HIGHLIGHT

**NET SALES +3.2% (COMPARABLE -11.0%)**

- Golf club sales **+5.4%** (comparable -9.1%); Tour World **+35.3%** (comparable +16.6%)
- POS **+8 to 345** in total;
- Enhanced brand and product awareness through closer partnership with major retailers

### Note

- (1) Source : Golf DataTech's 2018 research report  
 (2) Source: NGF Golf Business Symposium

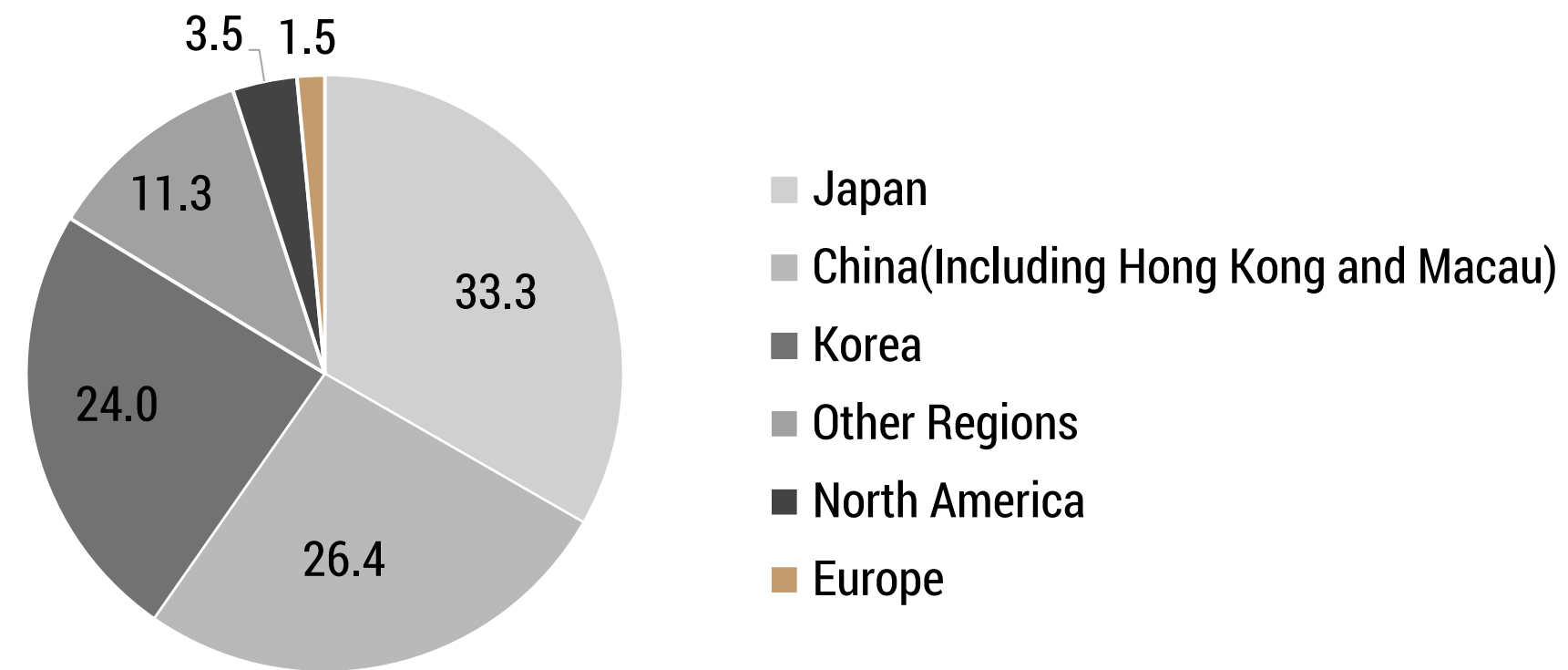
# APPENDIX I-BUSINESS REVIEW BY MARKET

## HOME MARKET EUROPE



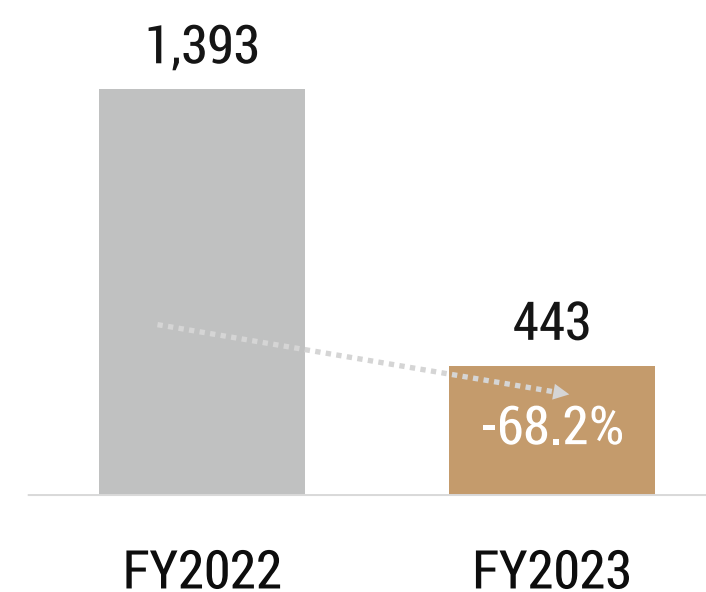
GOING THROUGH TRANSITION TOWARDS AN INDIRECT DISTRIBUTION MODEL AND STREAMLINED CUSTOMER BASE IN PURSUIT OF EFFICIENCY OPTIMIZATION

% of Total Sales



## NET SALES

JPY MM



## 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** <sup>(1)</sup>

## FY23 FULL YEAR PERFORMANCE HIGHLIGHT

**NET SALES -68.2% (COMPARABLE -72.1%)**

- POS -580 to **35** in total
- Provisional sales decline following the Group's decision to change the distribution model in this region by focusing on a **smaller but premier** group of accounts that are most capable to represent HONMA
- Continued optimising its organizational set up and cost base to efficiently anchor growth amidst macro uncertainties

### Note

(1) Source : KGPA, Korea Golf Association 2017

# CONSOLIDATED P&L

	For the 12 months ended 31 March				YoY Change
	2023		2022		
	JPY	%	JPY	%	%
<i>(In thousands, except for percentages and per share data)</i>					
<b>Consolidated Statement of Profit or Loss</b>					
<b>Revenue</b>	<b>29,494,999</b>	<b>100.0</b>	<b>28,971,099</b>	<b>100.0</b>	<b>1.8</b>
Cost of sales	-14,506,744	-49.2	-13,285,472	-45.9	9.2
<b>Gross profit</b>	<b>-14,988,255</b>	<b>50.8</b>	<b>15,685,627</b>	<b>54.1</b>	<b>-4.4</b>
Other income and gains	515,365	1.7	2,192,521	7.6	-76.5
Selling and distribution expenses	-9,607,191	-32.6	-9,316,156	-32.2	3.1
Administrative expenses	-1,412,980	-4.8	-857,037	-3.0	64.9
Other (expenses)/income, net	-279,053	-0.9	-89,021	-0.3	213.5
Finance costs	-124,990	-0.4	-66,414	-0.2	88.2
Finance income	13,463	0.1	10,771	0.0	25.9
<b>Profit before tax</b>	<b>4,092,869</b>	<b>13.9</b>	<b>7,560,291</b>	<b>26.1</b>	<b>-45.9</b>
Income tax expense	-837,264	-2.8	-1,369,103	-4.7	-38.8
<b>Net profit</b>	<b>3,255,605</b>	<b>11.0</b>	<b>6,191,188</b>	<b>21.4</b>	<b>-47.7</b>
<b>Earnings per share attributable to ordinary equity holders of the parent</b>					
Basic and diluted	5.38		10.22		-47.7
<b>Non-IFRS Financial Measures</b>					
Operating Profit	3,856,557	13.1	5,456,791	18.8	-29.3
Net Operating Profit	2,922,546	9.9	4,329,498	14.9	-32.5

## 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

	Financial Position as at	
	2023.3.31	2022.3.31
	JPY	JPY
	<i>(In thousands, except for percentages and per share data)</i>	
<b>Consolidated Statement of Financial Position</b>		
<b>Assets</b>		
Non-current assets	8,208,542	8,090,354
Current assets	32,158,818	29,361,191
<b>Total Assets</b>	<b>40,367,360</b>	<b>37,451,545</b>
<b>Liabilities</b>		
Non-current Liabilities	2,201,905	1,972,733
Current Liabilities	12,134,527	13,822,733
<b>Total Liabilities</b>	<b>14,336,432</b>	<b>15,795,466</b>
<b>Net current assets</b>	<b>20,024,291</b>	<b>15,538,458</b>
<b>Total assets less current liabilities</b>	<b>28,232,833</b>	<b>23,628,812</b>
Net Assets	26,030,928	21,656,079
<b>Total Equity</b>	<b>26,030,928</b>	<b>21,656,079</b>

# CONSOLIDATED CASH FLOWS

	For the twelve months ended 31 March	
	2023	2022
	JPY	JPY
	<i>(In thousands, except for percentages and per share data)</i>	
<b>Cash and cash equivalents at the beginning of year</b>	<b>14,454,554</b>	<b>10,771,897</b>
Net cash flows generated from operating activities	3,675,831	5,916,455
Net cash (used in) investing activities	-570,757	-157,081
Net cash flows (used in) financing activities	-3,644,436	-3,336,429
<b>Net increase in cash and cash equivalents</b>	<b>-539,362</b>	<b>2,422,945</b>
Net effect of foreign exchange rate changes	169,550	1,259,712
<b>Cash and cash equivalents at the end of year</b>	<b>14,084,742</b>	<b>14,454,554</b>



For more inquiries  
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