

WOW!

FY2020/21 ANNUAL RESULTS

JUNE 2021

 **HONMA** (6858.HK)

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



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/
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

- **241** 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 PRODUCT PORTFOLIO

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



EXTENSIVE DTC + DISTRIBUTION NETWORK

- Presence in **over 50** countries
- **80** self-operated stores
- **3,935** POS via third party retailers & wholesalers
- Fast growing **E-commerce business**

2 *PERFORMANCE OVERVIEW*



KEY FINANCIALS

FULL YEAR ENDED 31 MAR 2021

YOY CHANGE (JPY BASE)

Net Sales	JPY 22,735.1 Million / USD 208.2 Million ⁽¹⁾	-4.4%
Gross Profit Margin	50.3%	-0.6 pp
EBITDA - EBITDA Margin	JPY 4,379.1 Million / USD 40.1 Million ⁽¹⁾ 19.3%	+264.6% +14.2pp
Net Profit - Net Profit Margin	JPY 1,859.1 Million / USD 17.0 Million ⁽¹⁾ 8.2%	+JPY 2,591.5 Million +11.3pp
Reported Earnings Per Share	JPY 3.07 / HKD 0.22 ⁽¹⁾	Loss of JPY 1.2/share last year +JPY 4.27
Net Operating Cash flow	JPY 3,982.8 Million / USD 36.5 Million ⁽¹⁾	+612.9%
Net Cash	JPY 2,746.3 Million / USD 25.1 Million ⁽¹⁾	+46.6%
Proposed Dividend	Interim: JPY 1.5 / share (distributed in Dec 2020) Final: JPY 1.7 / share Total: JPY 3.2 / share	Total dividend payout ratio: 14.5% of the Group's distributable profits as at 31 March 2021

Note

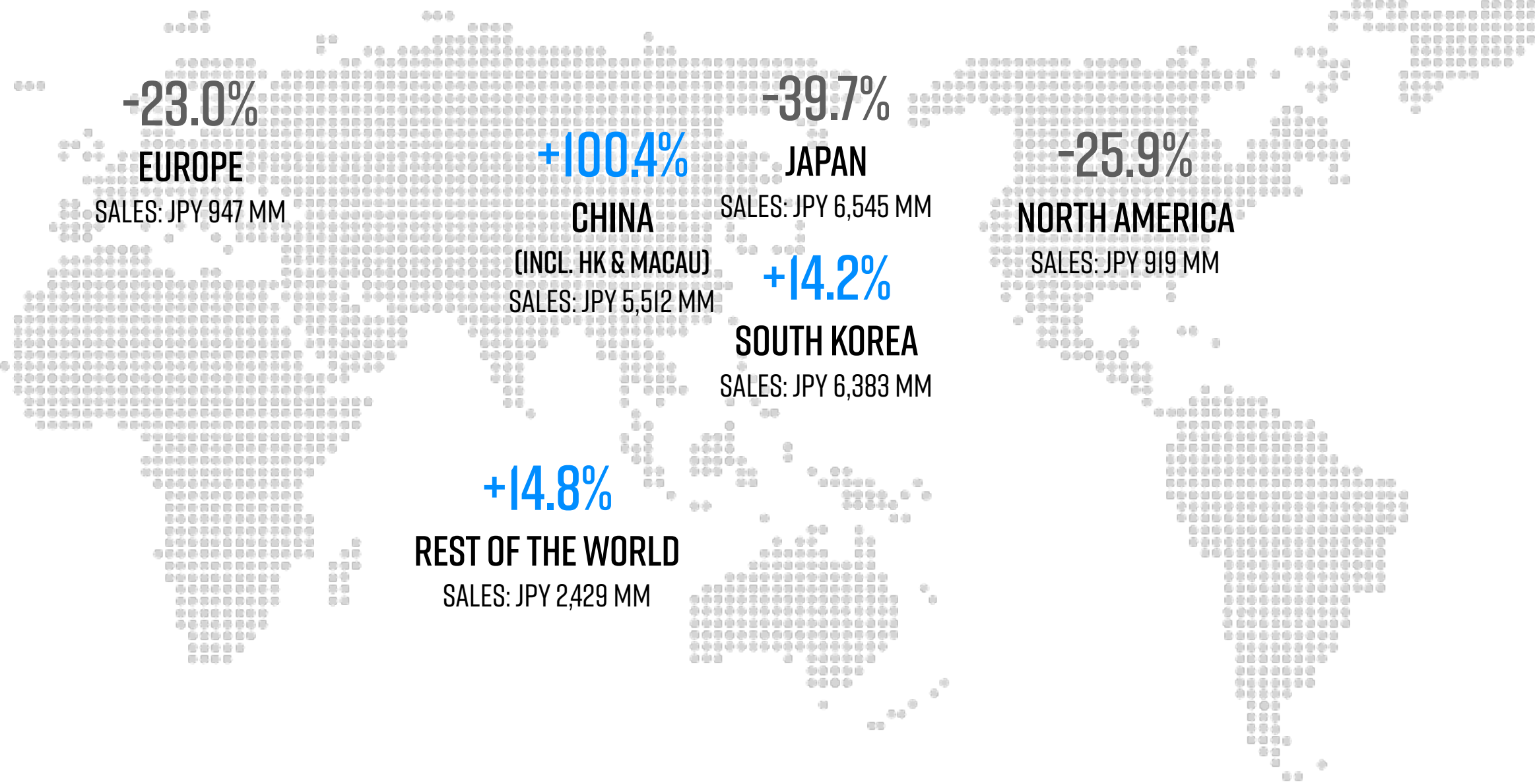
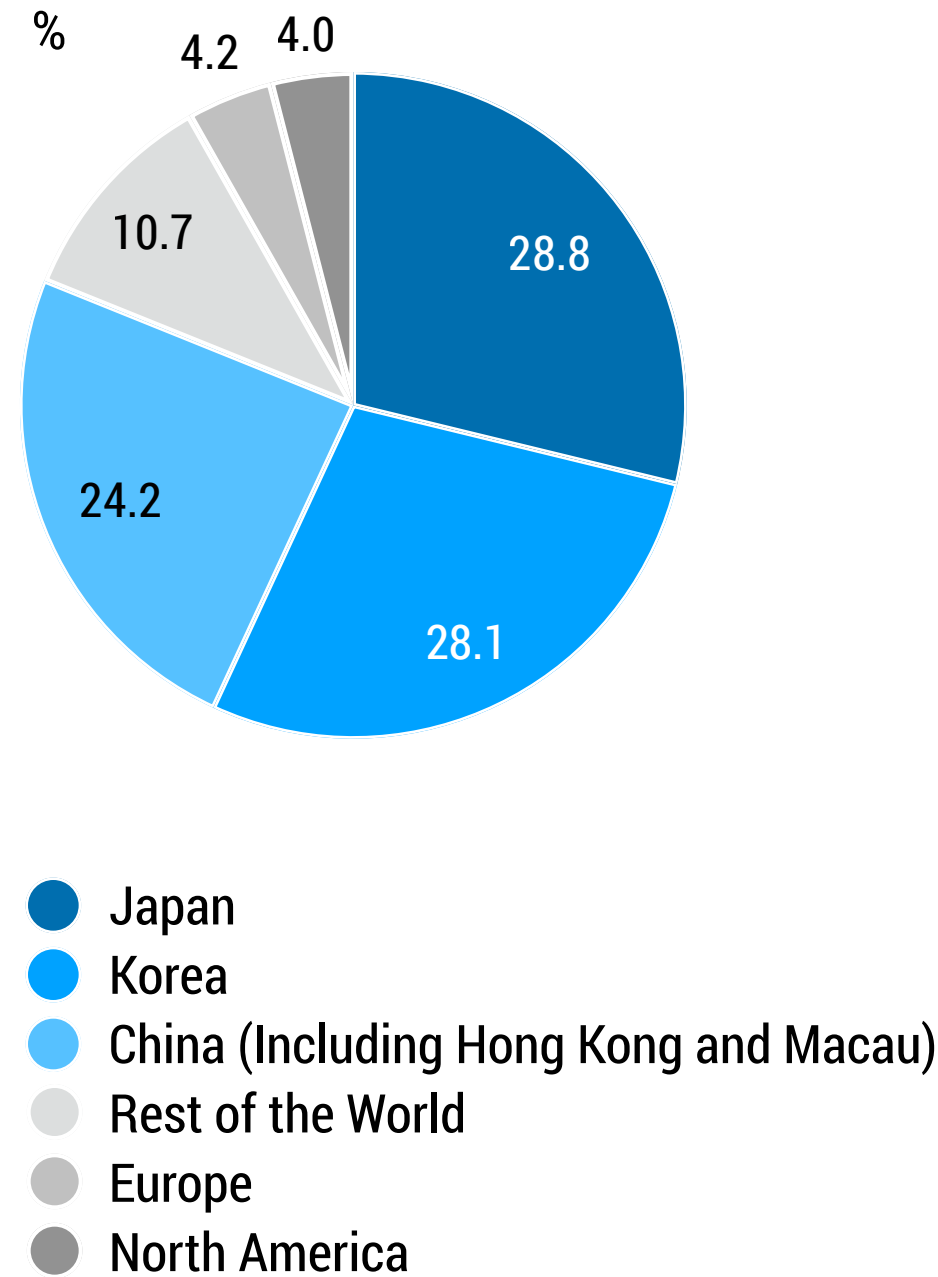
(1) Exchange rate: 1 USD = 109.22 JPY; 1HKD = 14.07 JPY

REVENUE OVERVIEW **BY MARKET**

FY21 REVENUE
 JPY 22,735 MILLION / USD 208 MILLION, -4.4%

Post COVID, golf business experienced **unprecedented increase** in demand and participation. Revenue from **China, South Korea and Rest of the World rose robustly**, yet diluted by revenue from markets beheld by continued pandemic interruptions.

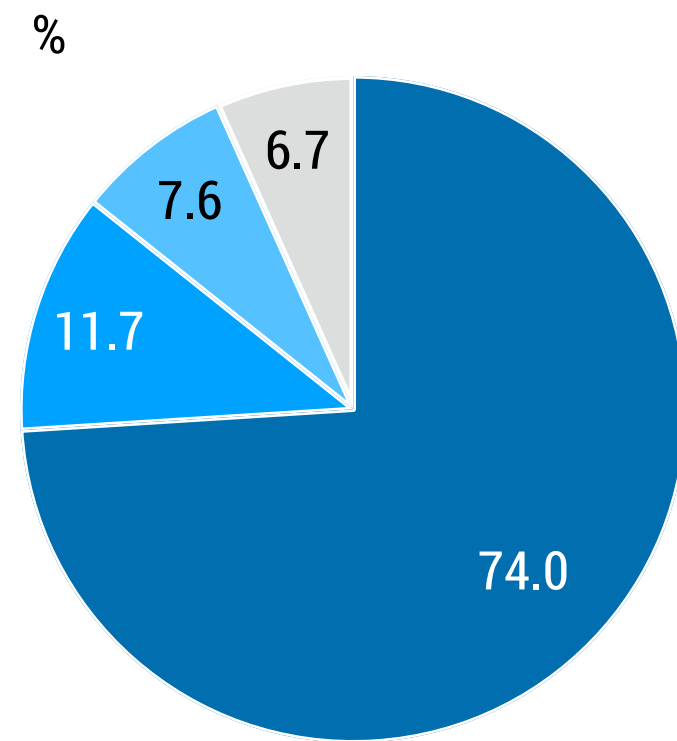
PERFORMANCE OVERVIEW



PERFORMANCE OVERVIEW

REVENUE OVERVIEW BY PRODUCT CATEGORY

FY21 REVENUE
JPY 22,735 MILLION / USD 208 MILLION, -4.4%



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

GOLF CLUBS

NET SALES -10.7%, GROSS MARGIN -1.6PP TO 51.2%



Sales from

- Japan -50.7%
- Mainland China +128.2%
- South Korea +7.0%
- Rest of the World +9.0%

GOLF BALLS

NET SALES +20.6%, GROSS MARGIN +5.7PP TO 45.0%



Sales from

- Japan +4.2%
- Mainland China +206.1%
- South Korea +42.1%

APPARELS

NET SALES +36.7%, GROSS MARGIN -3.3PP TO 59.3%



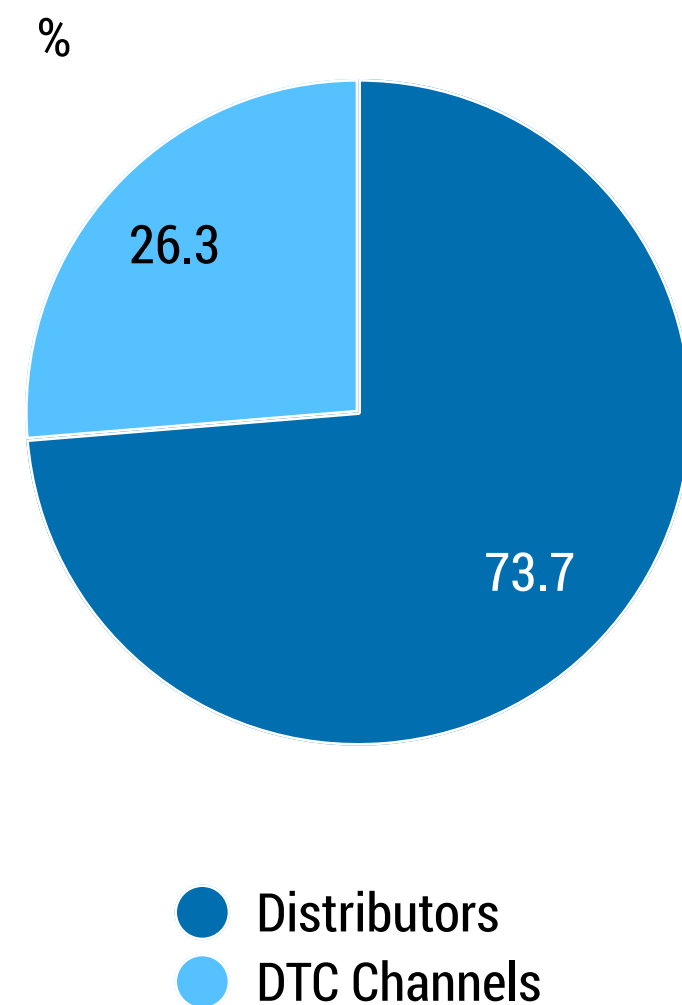
Sales from

- Japan -46.5%
- Mainland China +66.0%
- South Korea +983.4%
- Rest of the World +204.0%

PERFORMANCE OVERVIEW

REVENUE OVERVIEW BY CHANNEL

FY21 REVENUE
JPY 22,735 MILLION / USD 208 MILLION, -4.4%



DIRECT-TO-CONSUMER CHANNEL



- Revenue increased by 13.1%
- Number of store remained flat yet sales per store rose substantially
- Sales from E-commerce +262%

3RD PARTY RETAILERS AND WHOLSALERS

- 3,935 POS, net increase 16 POS
- Revenue decreased by 9.4%
- Significant disruptions due to COVID-19

3
*BUSINESS
HIGHLIGHT*





BUSINESS HIGHLIGHT

PRODUCT

- Strengthened focus on **super premium** and **premium performance consumer segments**
- Launched the second **Performance Enhancement** club series under TOUR WORLD series
- Substantial advancement of **ball and apparel** businesses in home markets

CHANNEL

- Sales-per-store from **self-operated stores** increased due to improved product offerings and continued operational optimization
- Expansion of **elevated apparel stores** in China and South Korea to drive apparel business growth
- Continue executing **Direct-to-Consumer (DTC) distribution model** in the US and POS expansion in Europe
- Accelerating investment into **E-commerce** capabilities in key markets; total sales from E-commerce channels **more than tripled**

BRANDING AND CONSUMER ENGAGEMENT

- Upgraded **360 degree HONMA brand experience** in retail spaces, customer events and digital channels in pursuit of consumers in super-premium and premium-performance segments
- Enriched **TEAM HONMA** with young and uprising athletes, coaches and influencers
- Enhanced **CRM system** to track consumer behavior and nurture consumer engagement through loyalty program

A.
**CLUB PORTFOLIO
OPTIMIZED**

TO FOCUS ON SUPER
PREMIUM AND PREMIUM
PERFORMANCE CONSUMERS
SEGMENTS

FROM

BERES

AFFLUENT GOLFERS

T//WORLD

AVID GOLFERS

Be ZEAL

BEGINNERS

TO

SUPER PREMIUM

BERES

AFFLUENT GOLFERS

PREMIUM PERFORMANCE

T//WORLD

AVID GOLFERS

TOUR RELEASE

SERIOUS GOLFERS
HANDICAP 0-12

**PERFORMANCE
ENHANCEMENT**

GAME IMPROVEMENT GOLFERS
HANDICAP 8-20

A.
**CLUB PORTFOLIO
OPTIMIZED**

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

(CONT'D)

DESIGNED FOR **SUPER PREMIUM SEGMENT**

BERES



BERES 07



DESIGNED FOR **PREMIUM PERFORMANCE SEGMENT**

TOUR WORLD

TOUR RELEASE SERIES

TR20

TR21



PERFORMANCE ENHANCEMENT SERIES

XP-I



GS



OTHERS

COUNTRY SPECIFIC MODELS

DARUMA SERIES



SAKURA SERIES



OVERALL CLUB SALES DOWN BY 10.7%

LAUNCH WINDOW OF BERES 07 AND TR20 COINCIDED WITH COVID OUTBREAK HENCE SALES PERFORMANCE HEAVILY IMPACTED
STRONG SALES RECOVERY ACROSS VARIOUS PRODUCT LINES FOLLOWING MARKET REOPENING

A. CLUB PORTFOLIO OPTIMIZED

TO FOCUS ON SUPER
PREMIUM AND PREMIUM
PERFORMANCE CONSUMERS
SEGMENTS

(CONT'D)

	BERES (FOCUS)	TOUR WORLD (FOCUS)	OTHERS
PRODUCT LAUNCH	<ul style="list-style-type: none"> Beres 07 launched between Dec 2019 to Feb 2020 	<ul style="list-style-type: none"> TR20 launched in Jan 2020 TR21 launched in Sep 2021 GS launched in Feb 2021 	<ul style="list-style-type: none"> Putters Country specific models Special editions
SALES PERFORMANCE	<ul style="list-style-type: none"> FY21 sales down by 20.1% 47% of club sales Product launched during lock down. Target consumers are generally older than the rest of the series whose participation and purchase interest are more severely affected by social distancing and lock down 	<ul style="list-style-type: none"> FY21 sales down by 26.2% 2H FY21 sales up by 32.2% 21% of club sales In 2H FY21, Tour World sales grew YOY in all major markets thanks to successful product launch following ease of social distancing rules and business operation restrictions 	<ul style="list-style-type: none"> FY21 sales up by 27.9% 32% of club sales Sales in Mainland China +157.7% Sales in South Korea +122.1%

B.
CONTINUE
PIVOTING SALES
GROWTH IN BALLS
ACROSS ASIA HOME MARKETS

GOLF BALL SALES UP BY 20.6%

CONTINUED PENETRATION IN ASIA HOME MARKETS

ACCELERATED GROWTH IN 2H COMPLETELY OFFSET NEGATIVE IMPACT DURING THE PANDEMIC



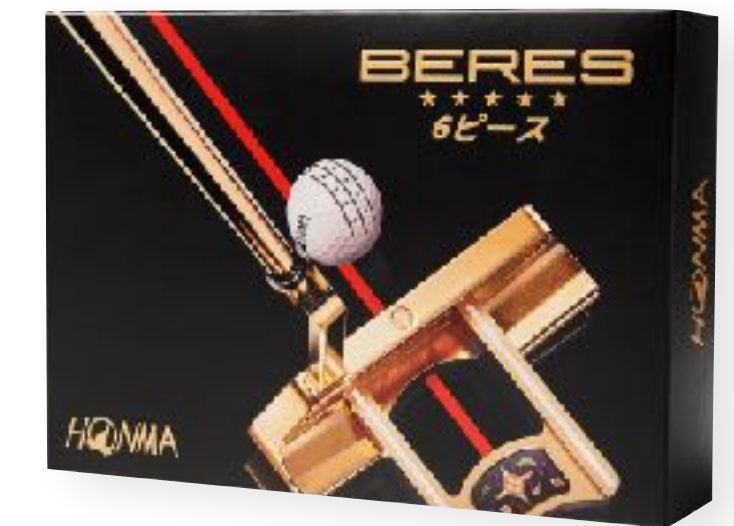
D1 2020, 2-LAYER BALL



BERES 3 STAR, 3-LAYER BALL



HONMA X4, 4-LAYER BALL

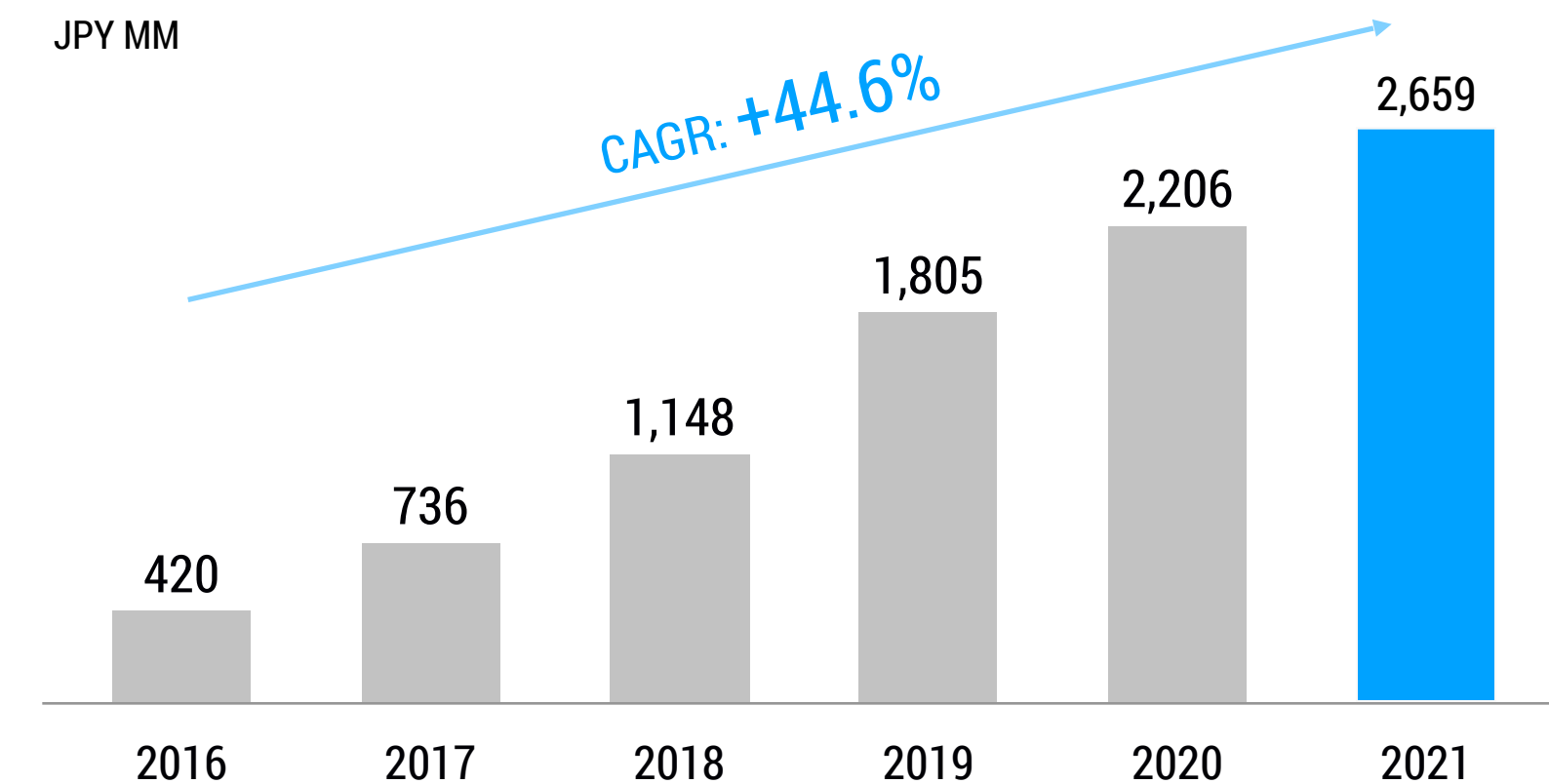


BERES 5 STAR, 6-LAYER BALL

- Sales in Mainland China **+206.1%**
- Sales in South Korea **+42.1%**
- Sales in Japan **+4.2%** despite recurring impact from COVID-19 and state of emergency declared on most part of the country
- Prioritized R&D resources and beefed up product marketing resources
- Dedicated sales force and go-to-market strategy in Japan, Korea and China

GOLF BALL SALES

DOUBLE-DIGIT GROWTH FOR 5 CONSECUTIVE YEARS



C.
CONTINUE
NURTURING
APPAREL BUSINESS
 ACROSS ASIA HOME MARKETS

APPAREL SALES UP BY **36.7%**

IH SALES HEAVILY LADEN BY RETAIL DISRUPTIONS IN ASIA MARKETS;
 ROBUST SALES IN 2H THANKS TO

1. UNPRECEDENTED GROWTH IN GOLF PARTICIPATION,
2. IMPROVED PRODUCT OFFERINGS, AND
3. RETAIL OPERATION OPTIMIZATION

- Sales in Mainland China **+66.0%**
 - **+156%** in 2H FY21
 - Sales of 20SS collection was negatively impacted by COVID-19 in 1H FY21
 - 2H FY21 saw fast recovery and strong trend of growth fuelled by successful launch of 20FW and 21SS collections
 - Opened **8** new apparel brand stores in FY2021; in total **41** apparel stores
- Sales in South Korea **+983.4%**
 - Dedicated apparel team established in 2019
 - Opened **17** new apparel brand stores in FY21, despite the pandemic; in total **27** apparel stores

APPAREL COLLECTION CONSISTING OF
3 DISTINCTIVE PRODUCT LINES RESONATING TARGET
 SEGMENT OF THE CLUB FAMILIES

	FALL / WINTER 2020	SPRING / SUMMER 2021
BLACK LABEL Premium Aesthetic Design		
RED LABEL Performance High-tech Functionality		
WHITE LABEL Modern Active Fashion		

D.
OMNI
DISTRIBUTION
FOOTPRINT WITH
ELEVATED RETAIL
PRESENCE

SELF-OWNED RETAIL CHANNELS

ACT AS BRAND EXPERIENCE HUBS ACROSS ALL MARKETS

- Sales from self-owned stores up by **13.1%**
 - Increased sales per store thanks to effective operation optimization
- **80** self-owned stores; **18** new stores opened
- **14** mobile vans in the US, bring HONMA fitting experience to consumer's home course

THIRD-PARTY RETAILERS AND WHOLESALERS

CONTINUED TO DRIVE PENETRATION AND GAIN MIND SHARE

- Sales from third-party down by **94%**
 - The decrease was due to retail partners' intention to reduce inventory following extended business closure during the pandemic
- Number of POS increased by **16** to **3,935**
 - Getting prepared in advance for the coming back of golfers post COVID-19

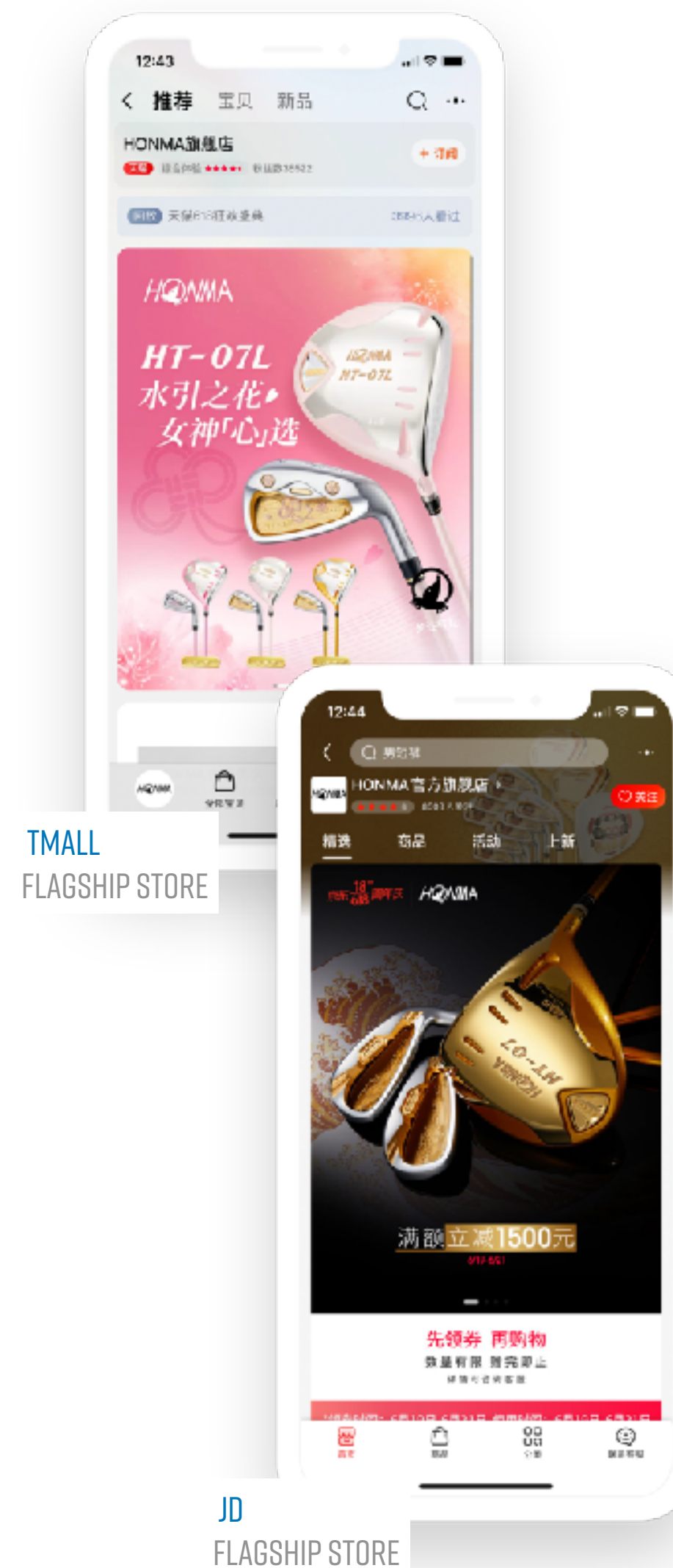


E. RENEWED E-COMMERCE STRATEGIES

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

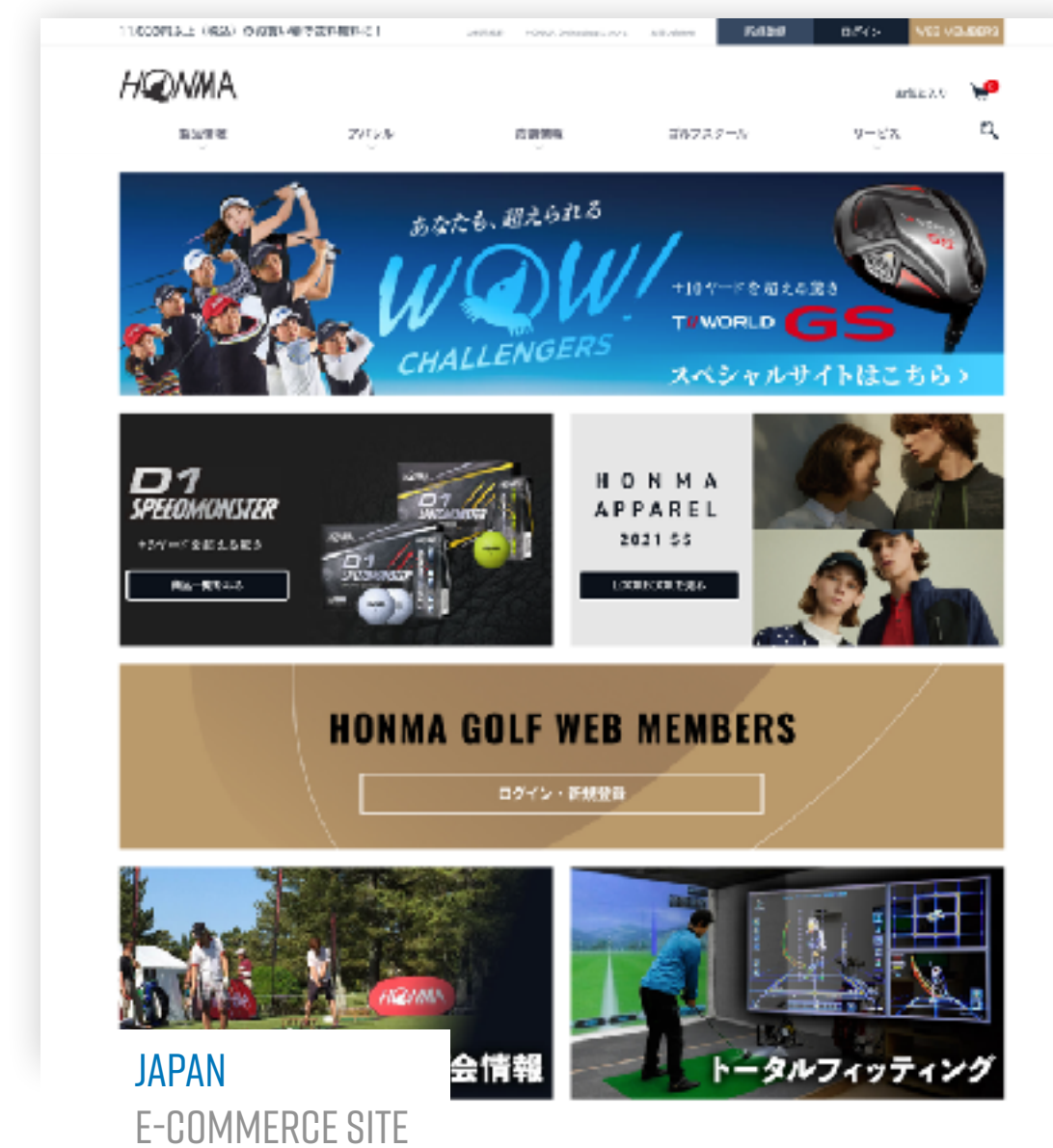
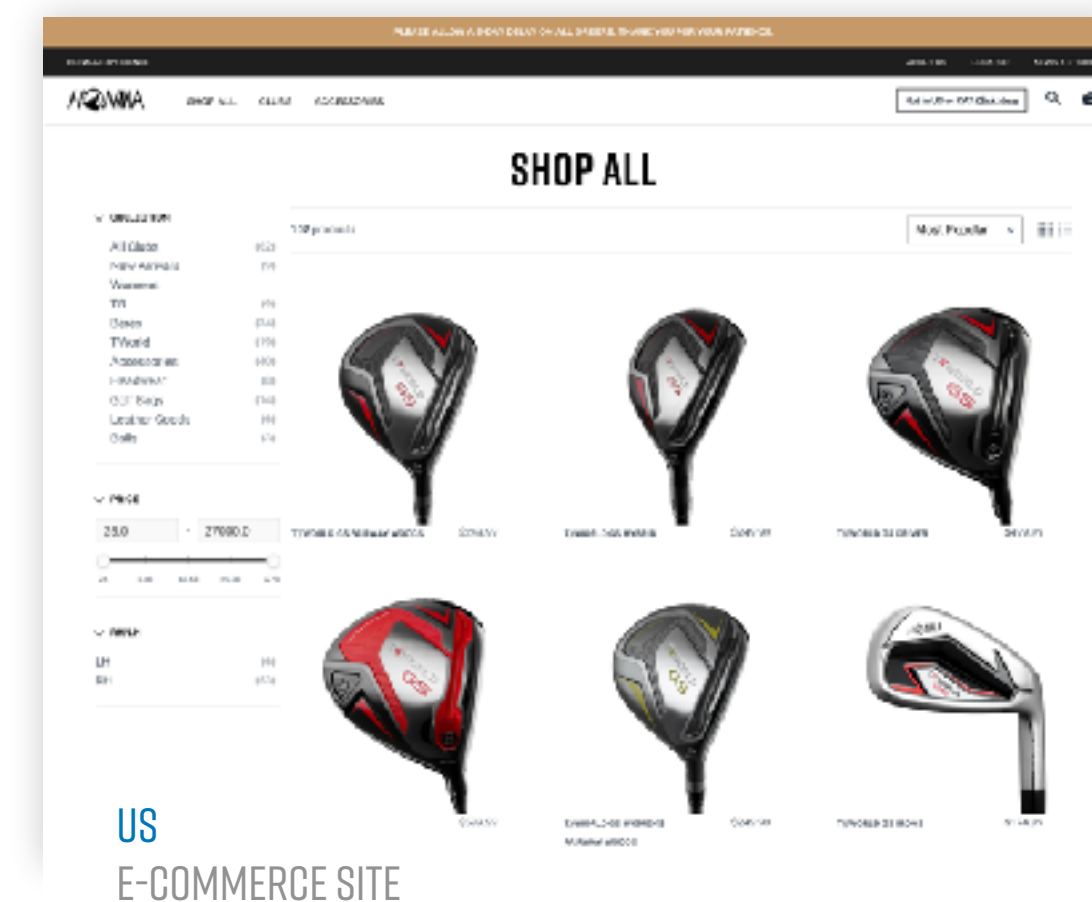
E-COMMERCE SALES INCREASED ROBUSTLY BY 262%

- E-commerce platforms strengthened / added in major markets
 - China: Tmall, JD, WeChat Mini Program, VIP mall
 - Japan & US: self-operated E-commerce site
- E-commerce sales grew significantly in all above mentioned markets
- Significant increase in site visits and sales driven by offline retail channel closedown due to COVID-19
- Created / Revamped CRM system and Loyalty Program
 - Strengthened direct-to-consumer distribution model
 - Create an end-to-end digital ecosystem around the re-defined brand and golfers



TMALL
FLAGSHIP STORE

JD
FLAGSHIP STORE



TAPPING INTO THE LARGEST GOLF MARKETS IN THE WORLD

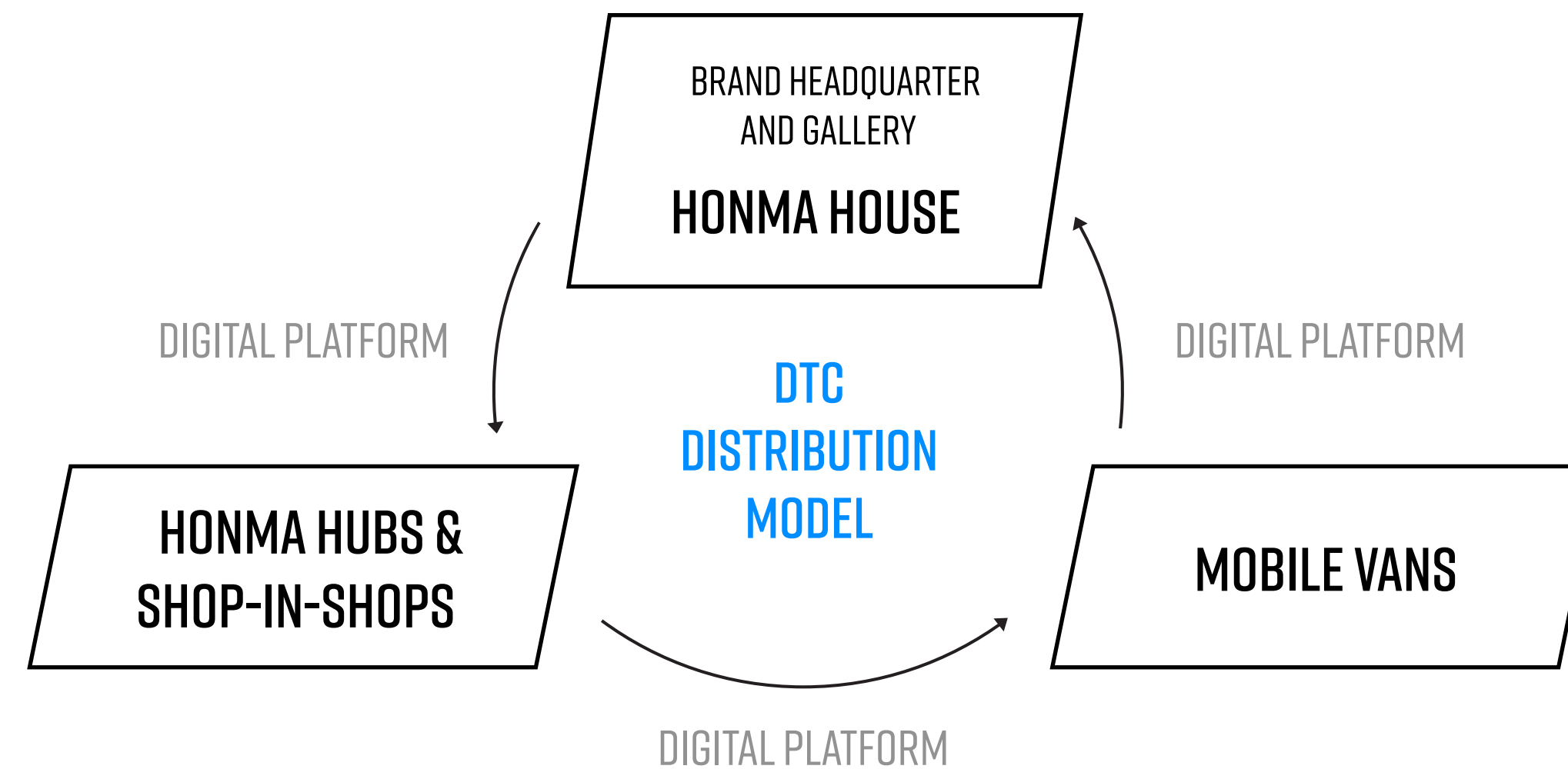


53% OF THE GLOBAL GOLF
RETAIL SALES ⁽¹⁾



12% OF THE GLOBAL GOLF
EQUIPMENT SALES ⁽²⁾

- Building a unique DIRECT-TO-CONSUMER distribution model to capture super premium and premium performance segment



- Well underpinned marketing plan to
 - Build brand awareness, loyalty and repurchase frequency
 - Drive traffic to HONMA house, hubs and shop in shops for the complete HONMA experience
 - Create, optimize and leverage digital channels as a day to day point of brand engagement with CRM mindset

Note

(1) Source: Golf Data Tech's 2018 research report

(2) KPGA, Korea Golf Association 2017

F. UNIQUE DTC DISTRIBUTION MODEL

TO DE-RISK AND TO GROW
NORTH AMERICA & EUROPE
BUSINESSES

G.

RE-DEFINING HONMA

DYNAMIC,
MODERN,
GLOBAL

DRIVING BRAND AWARENESS ACROSS ALL MARKETS

CUSTOMER EVENTS

3,051 EVENTS

38,230 PARTICIPANTS

- The activities 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
- **Increase in rounds played** after multiple markets re-open from social-distancing rules



G.

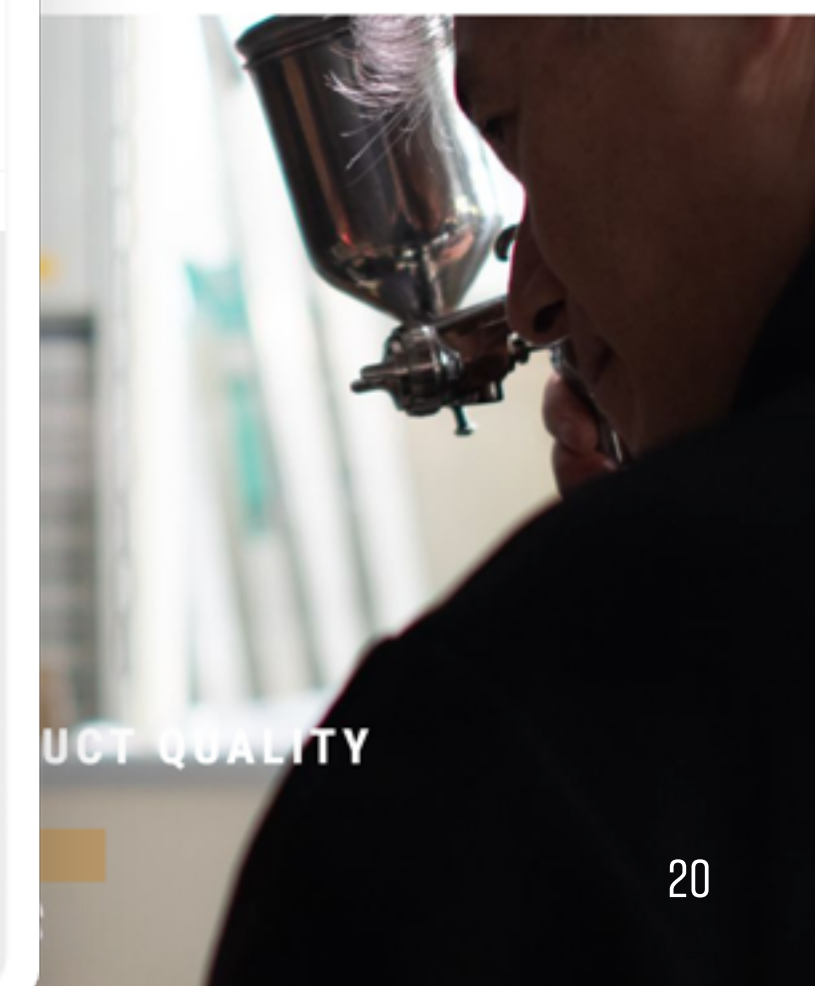
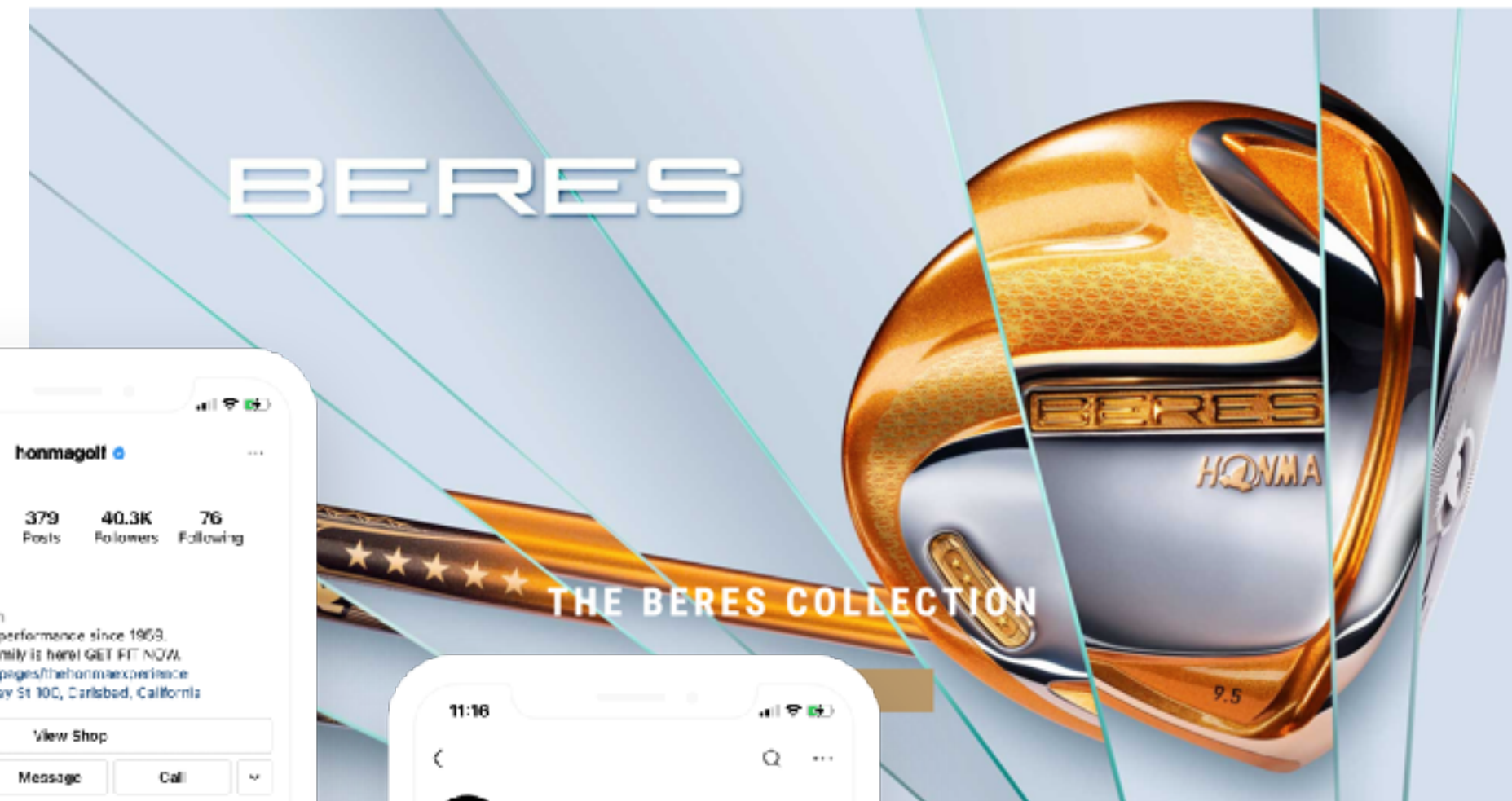
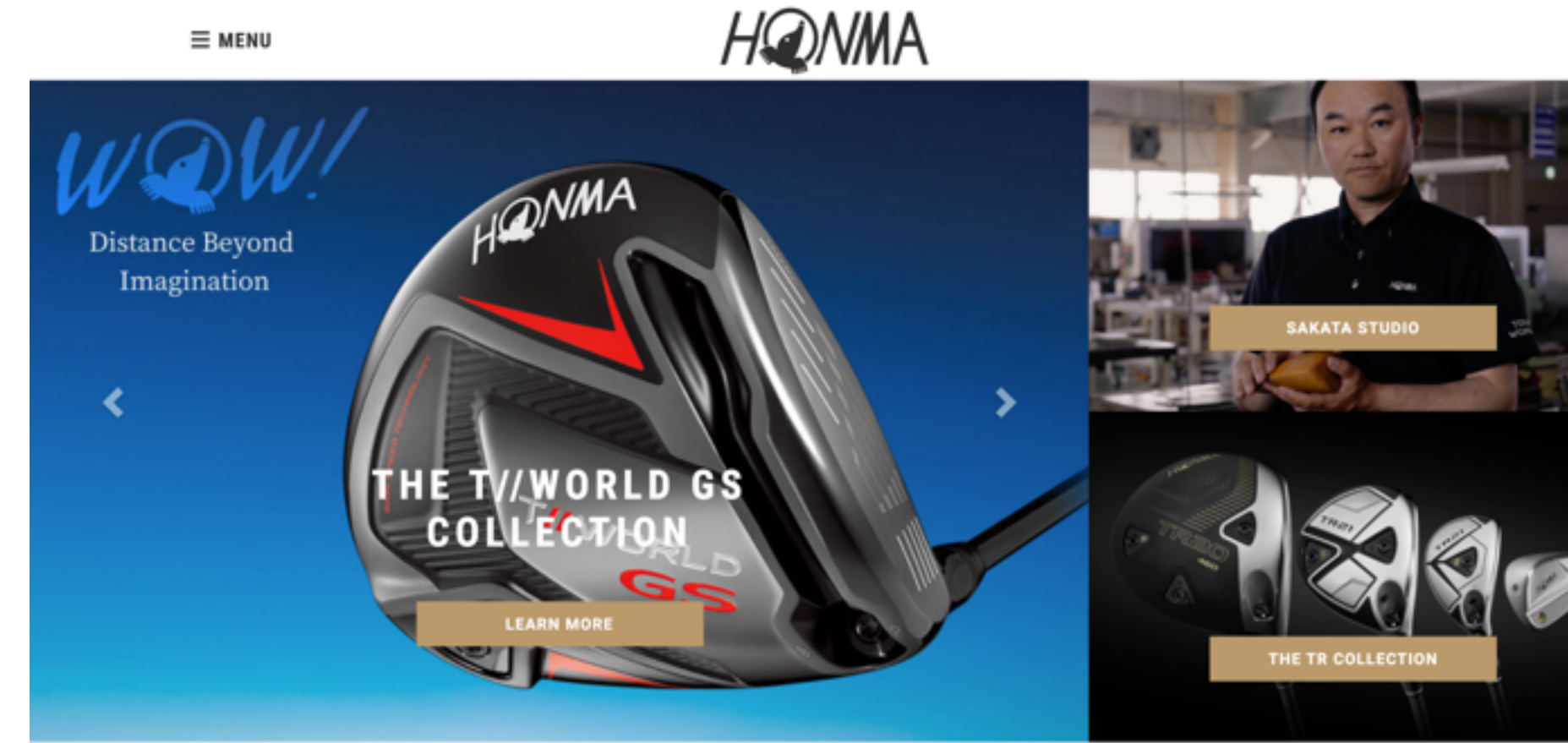
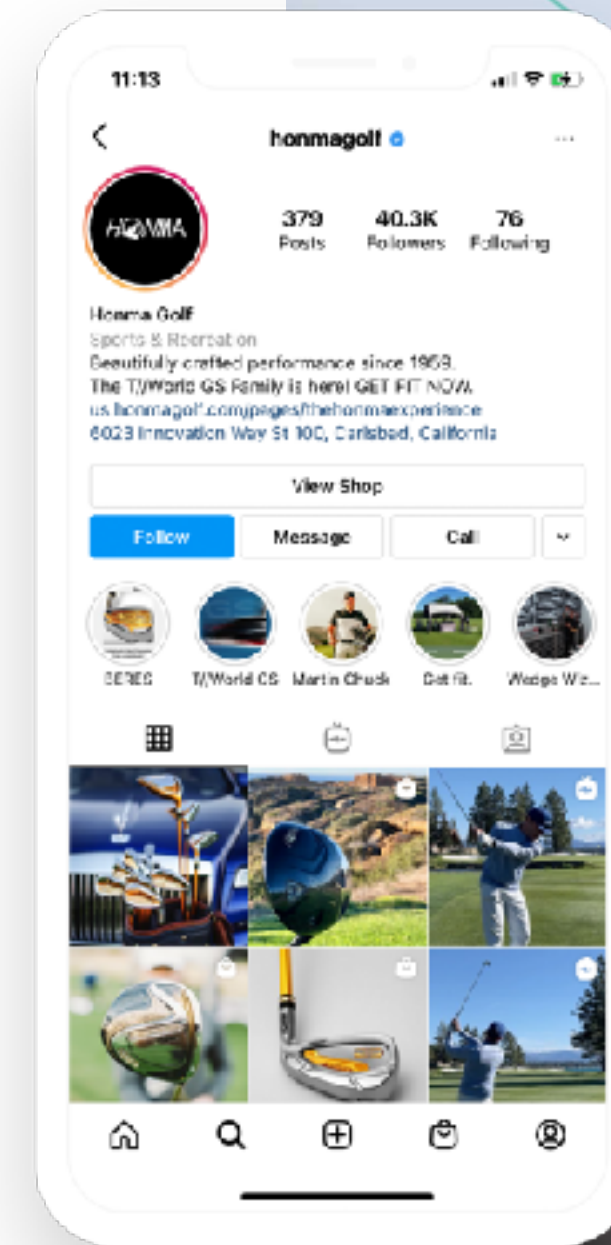
RE-DEFINING HONMA

DYNAMIC,
MODERN,
GLOBAL

[CONT'D]

ACTIVE DIGITAL COMMUNICATION THROUGH RELAUNCHED GLOBAL WEBSITE & SOCIAL MEDIA ACCOUNTS

- Frequent updates on the relaunched global website and social media platforms
 - To convey **consistent brand image** and enhance brand awareness across all markets
 - To connect digital platform with **retail activities**
 - To own the entire **consumer experience** and relevant data
 - To recruit and engage with **younger golfers**
- New forms of digital contents / campaigns rolled out during the pandemic and beyond



SPONSORING TEAM HONMA PLAYERS

17 TEAM HONMA
PRO-PLAYERS

4 JAPAN GOLF TOUR
ORGANIZATION (JGTO)

8 JAPAN LADIES PROFESSIONAL
GOLF ASSOCIATION (JLPGA)

4 KOREA LADIES PROFESSIONAL
GOLF ASSOCIATION (KLPGA)

1 LADIES PROFESSIONAL GOLF
ASSOCIATION (LPGA)

G.

RE-DEFINING HONMA

DYNAMIC,
MODERN,
GLOBAL

[CONT'D]



TEAM HONMA LEE BO-MEE
WITH HER FANS



LEE BO-MEE IN NEW GS
PRODUCT CAMPAIGN



HONMA EQUIPMENT AND APPAREL PRESENCE ON TOUR

- In Jan 2021, 6 uprising young JLPGA athletes were added onto TEAM HONMA Japan
- The new partnership aims to further enhance HONMA's tour presence in Asia with its performance-driven consumers, especially young millennial golfers amid the promising trend of golf development in Asia



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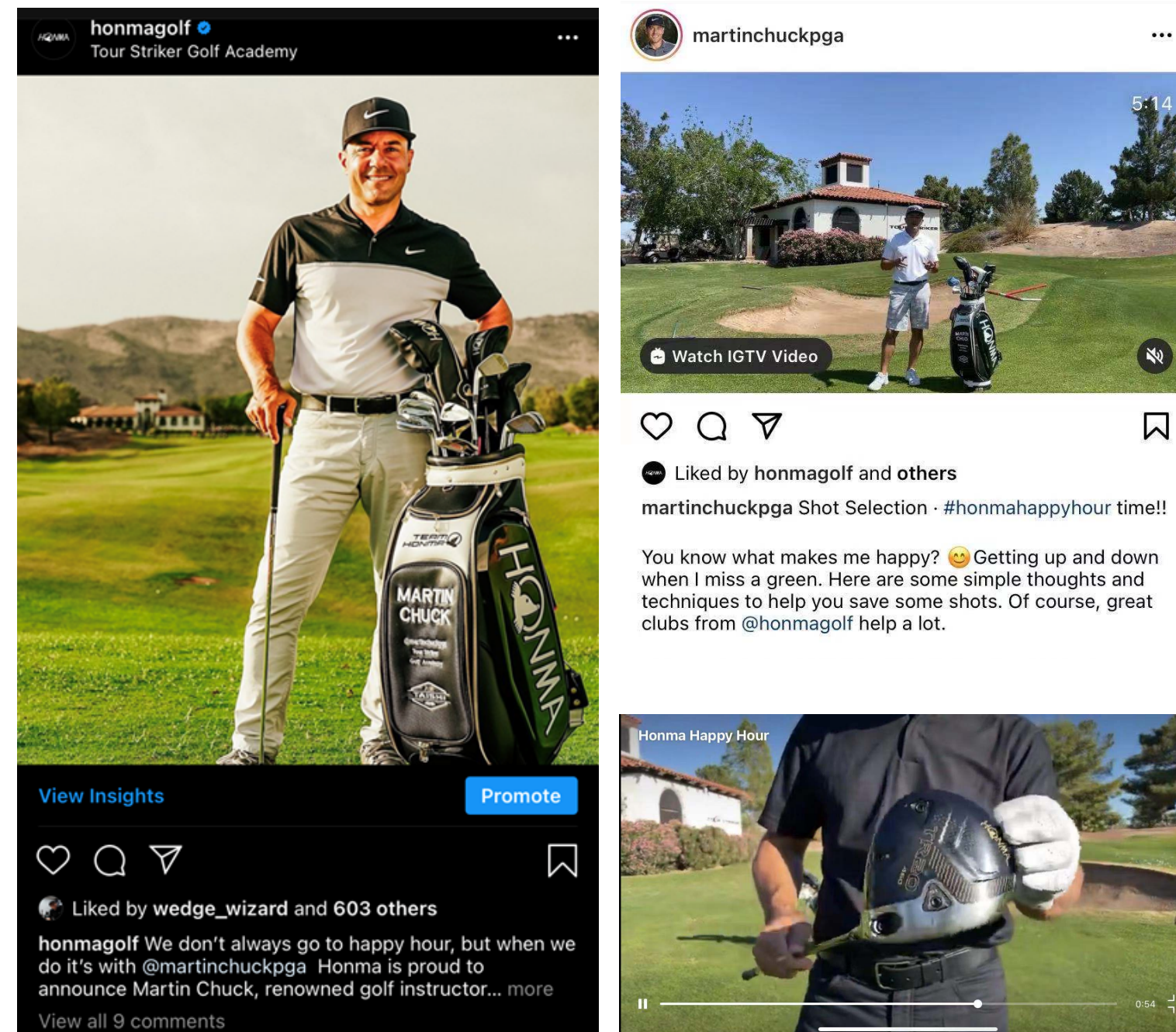
RE-DEFINING HONMA

DYNAMIC,
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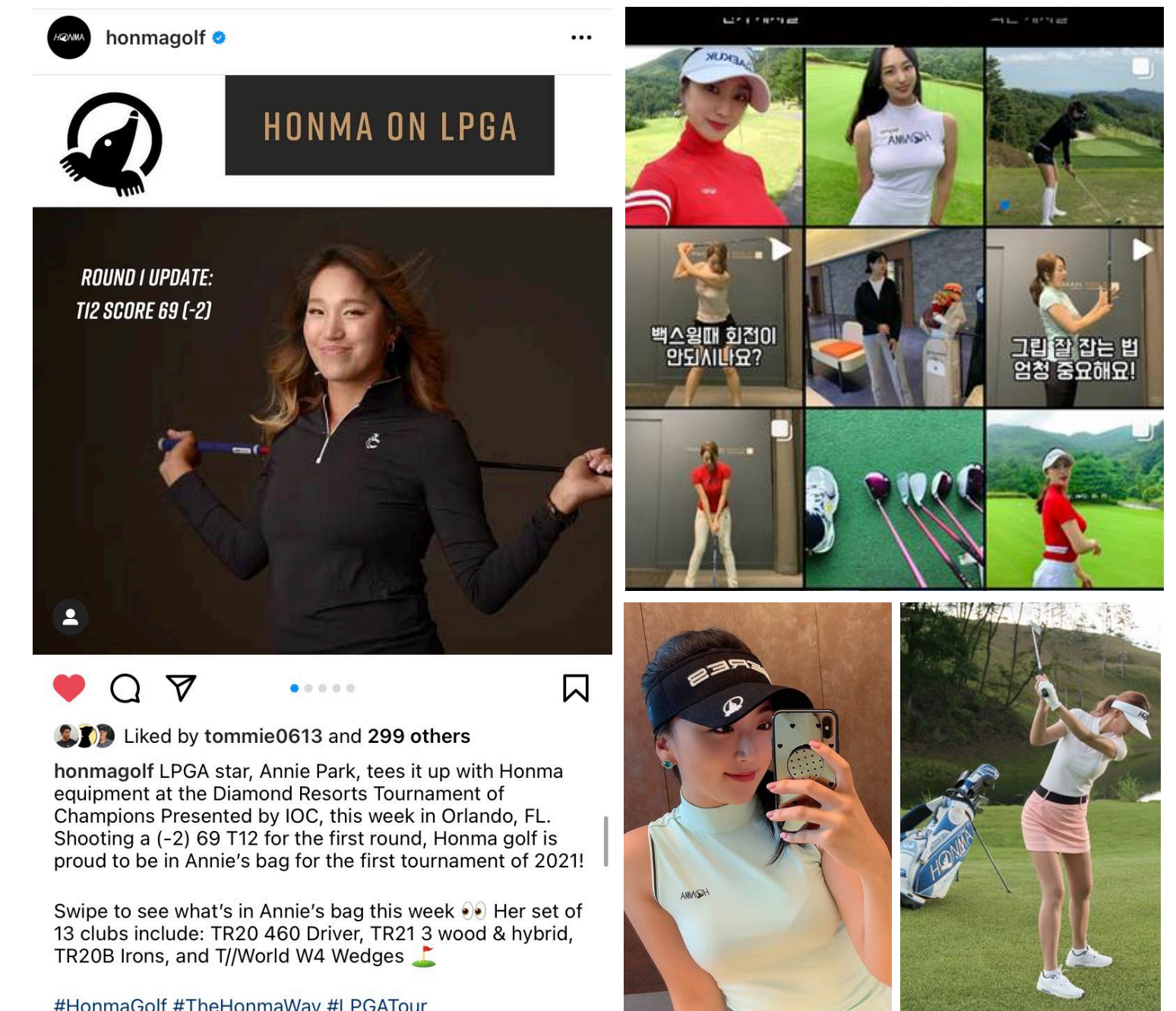
[CONT'D]

PARTNERSHIP WITH LOCAL PROS, COACHES & INFLUENCERS

- Partnership with **US Top 50 golf instructor Martin Chuck** to promote HONMA brand and products through his own social media, instructional contents and industry partners like Golf Channel and Golfpass.com
- Launched 'HONMA HAPPY HOUR' weekly video series on social media channels



- Collaboration with pros, instructors & industry influencers both on tour and on digital platforms in multiple markets
- To increase brand awareness with **younger, active and performance-driven** golf communities



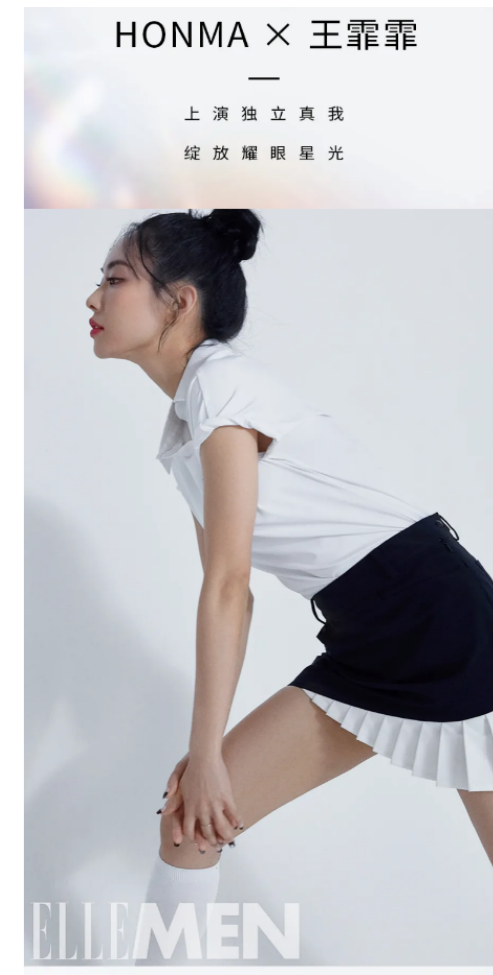
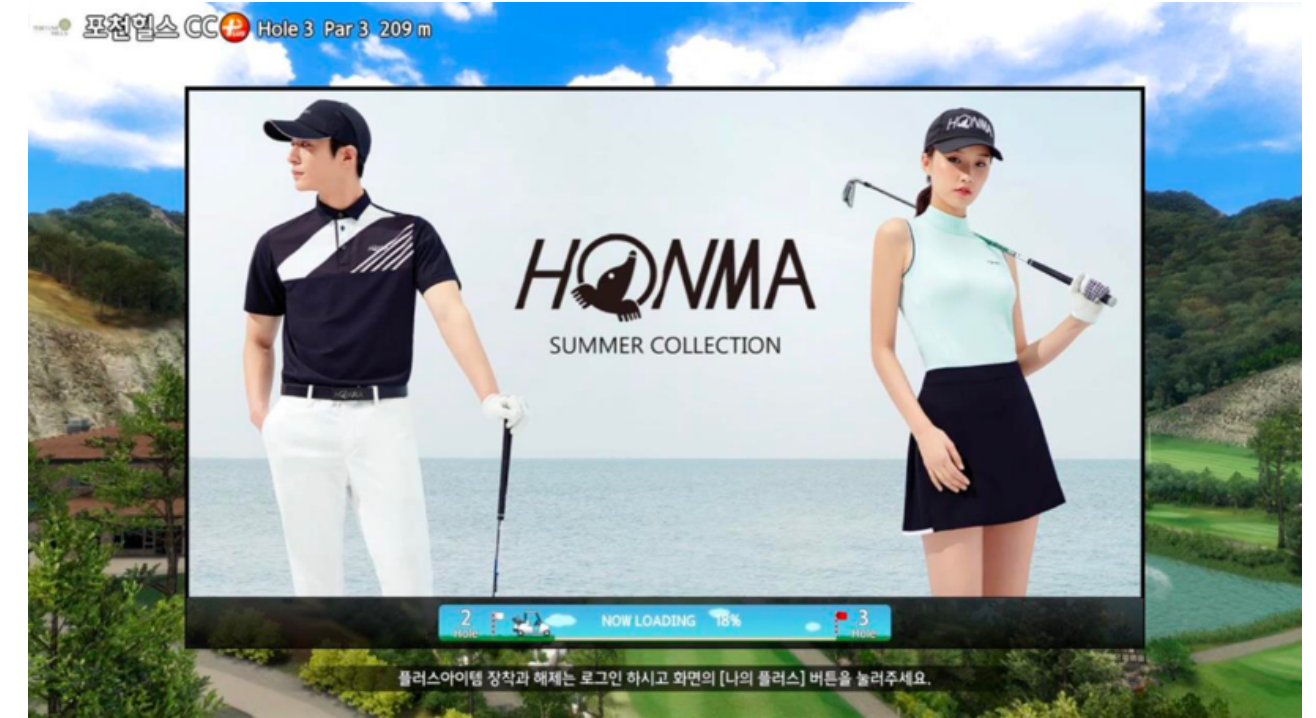
G.

RE-DEFINING HONMA

DYNAMIC,
MODERN,
GLOBAL

[CONT'D]

OTHER BRAND PR & MEDIA EXPOSURE



- To communicate and reinforce the key brand image as being **premium, performance-driven** as well as **dynamic** and **modern** through omni channels from golf magazines and TV ads, to golf simulator ads and fashion icon collaboration

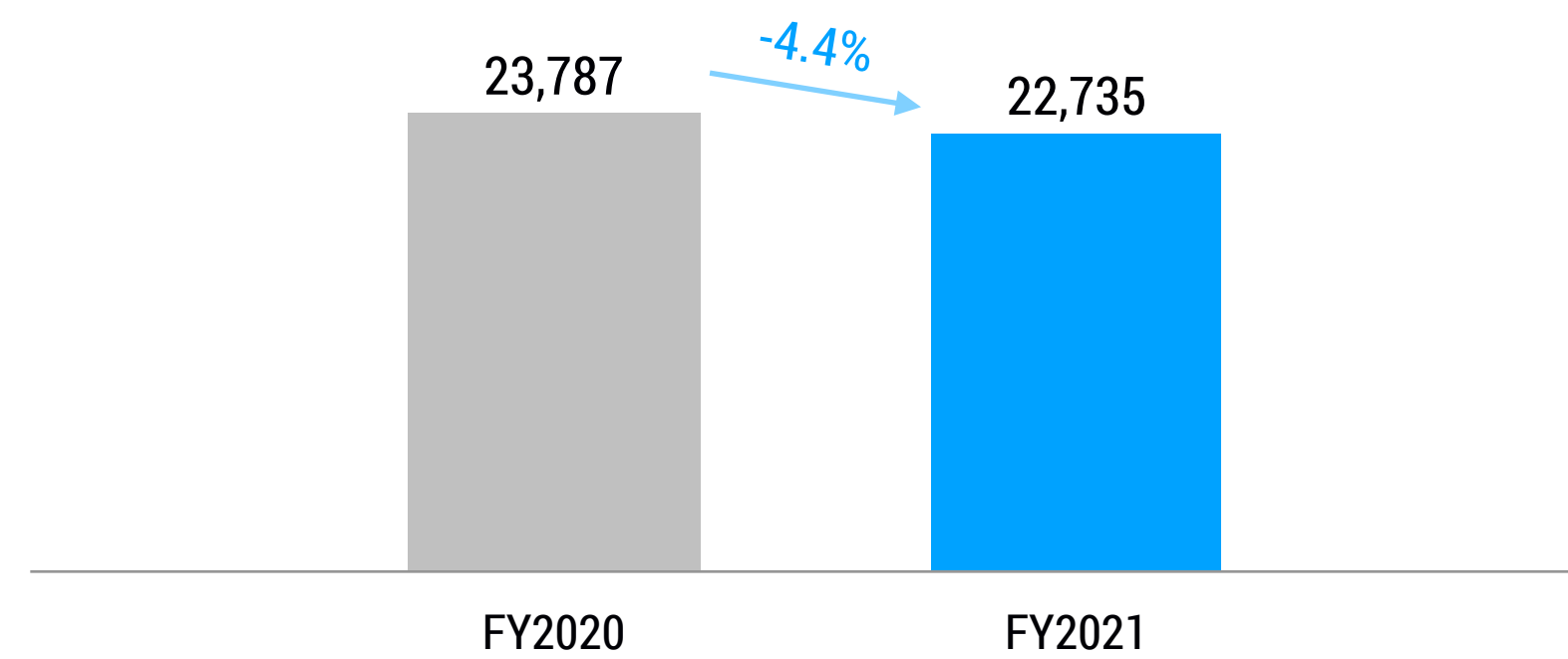
4
*FINANCIAL
REVIEW*



**TURNAROUND TO
PROFIT-MAKING**
AMID CHALLENGING
ENVIRONMENT UNDER
COVID-19

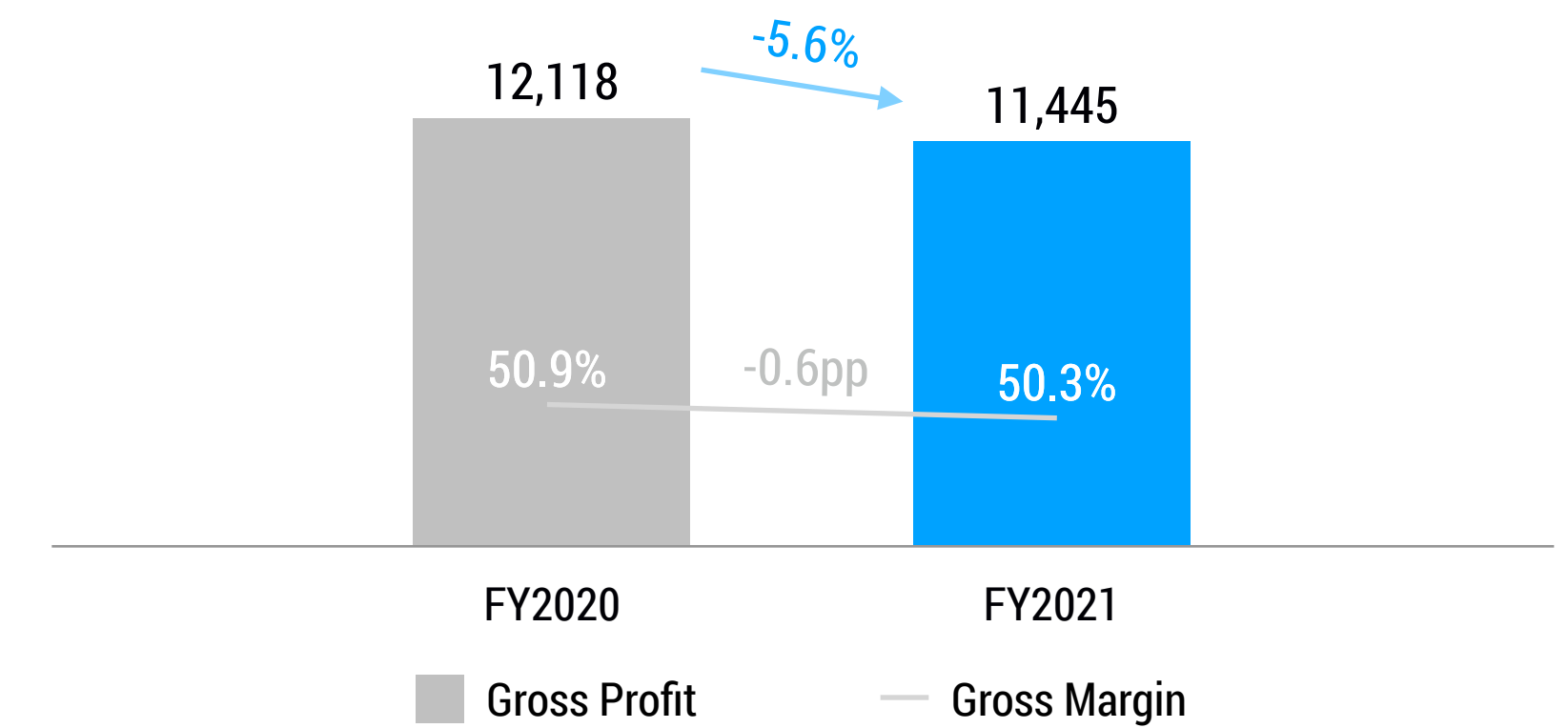
REVENUE

JPY MM



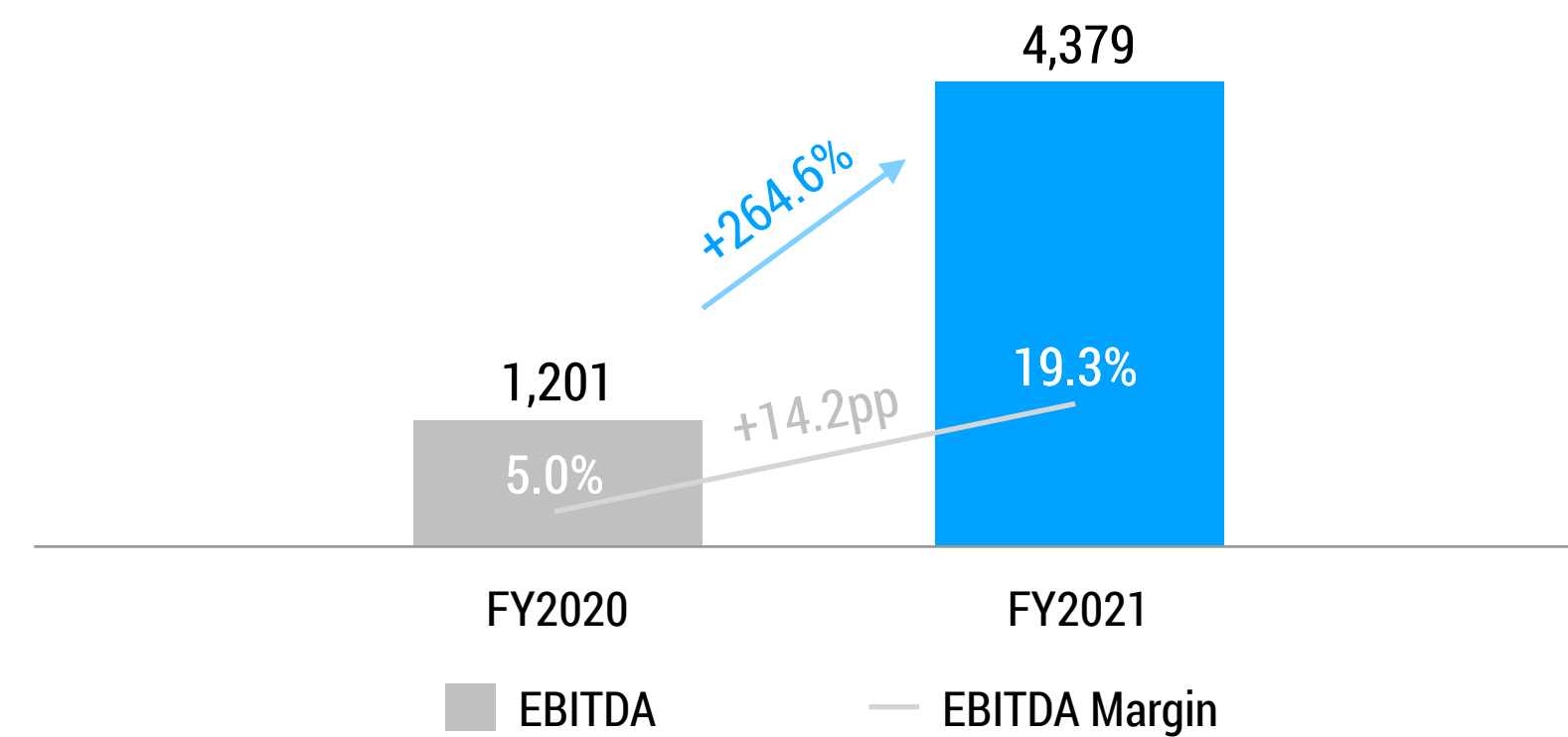
GROSS PROFIT & GP MARGIN

JPY MM



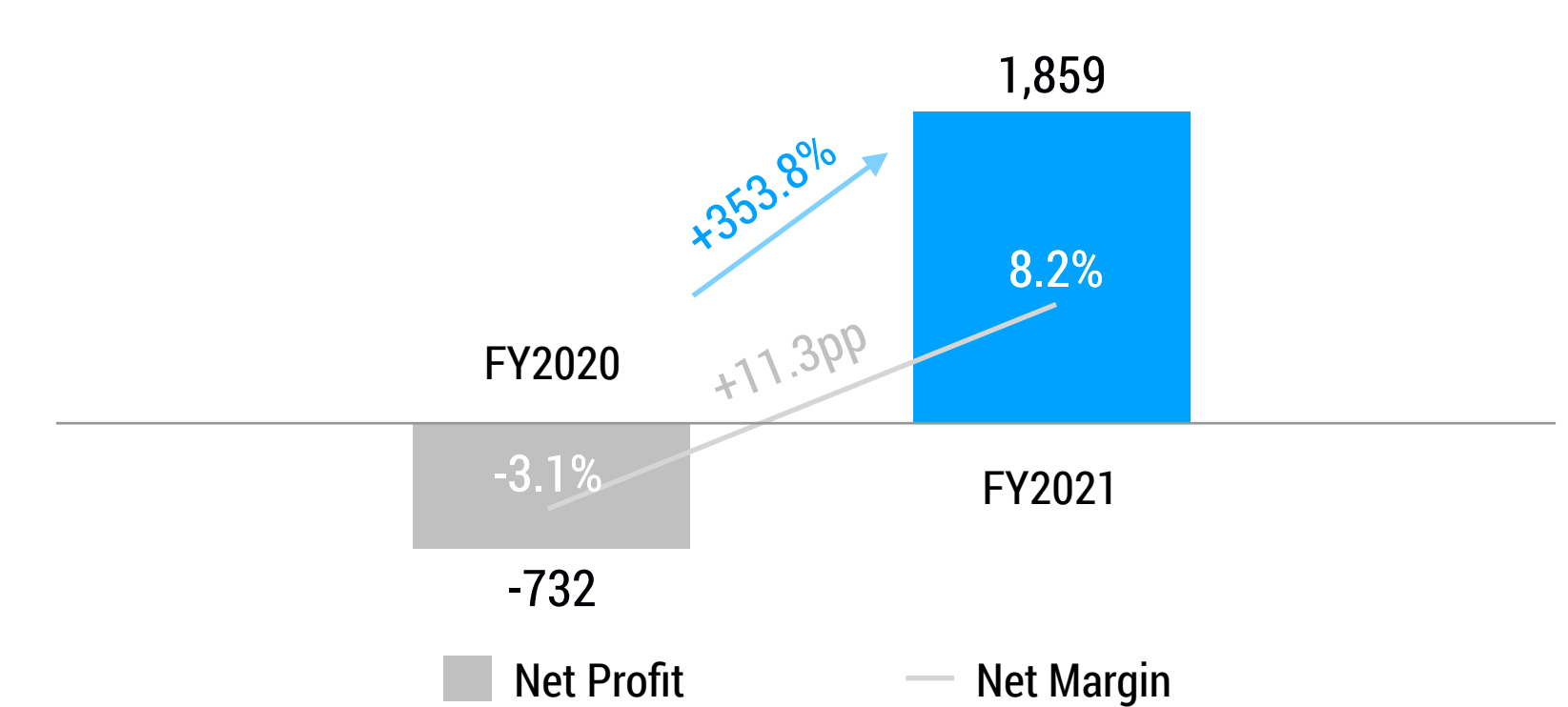
EBITDA

JPY MM



NET PROFIT

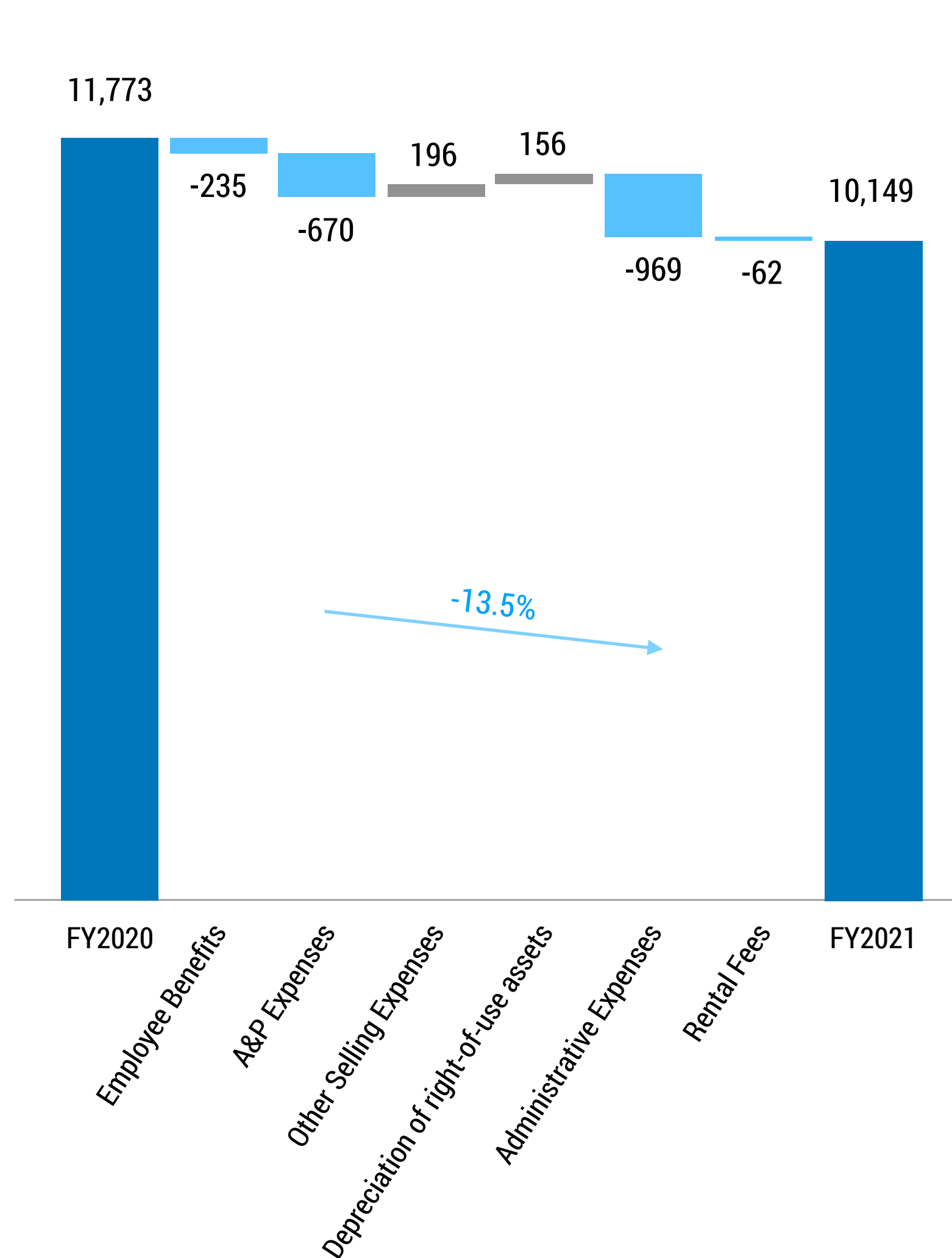
JPY MM



**EFFECTIVE
COST CONTROL
MEASURES**
TO MITIGATE THE
NEGATIVE IMPACT OF
COVID-19

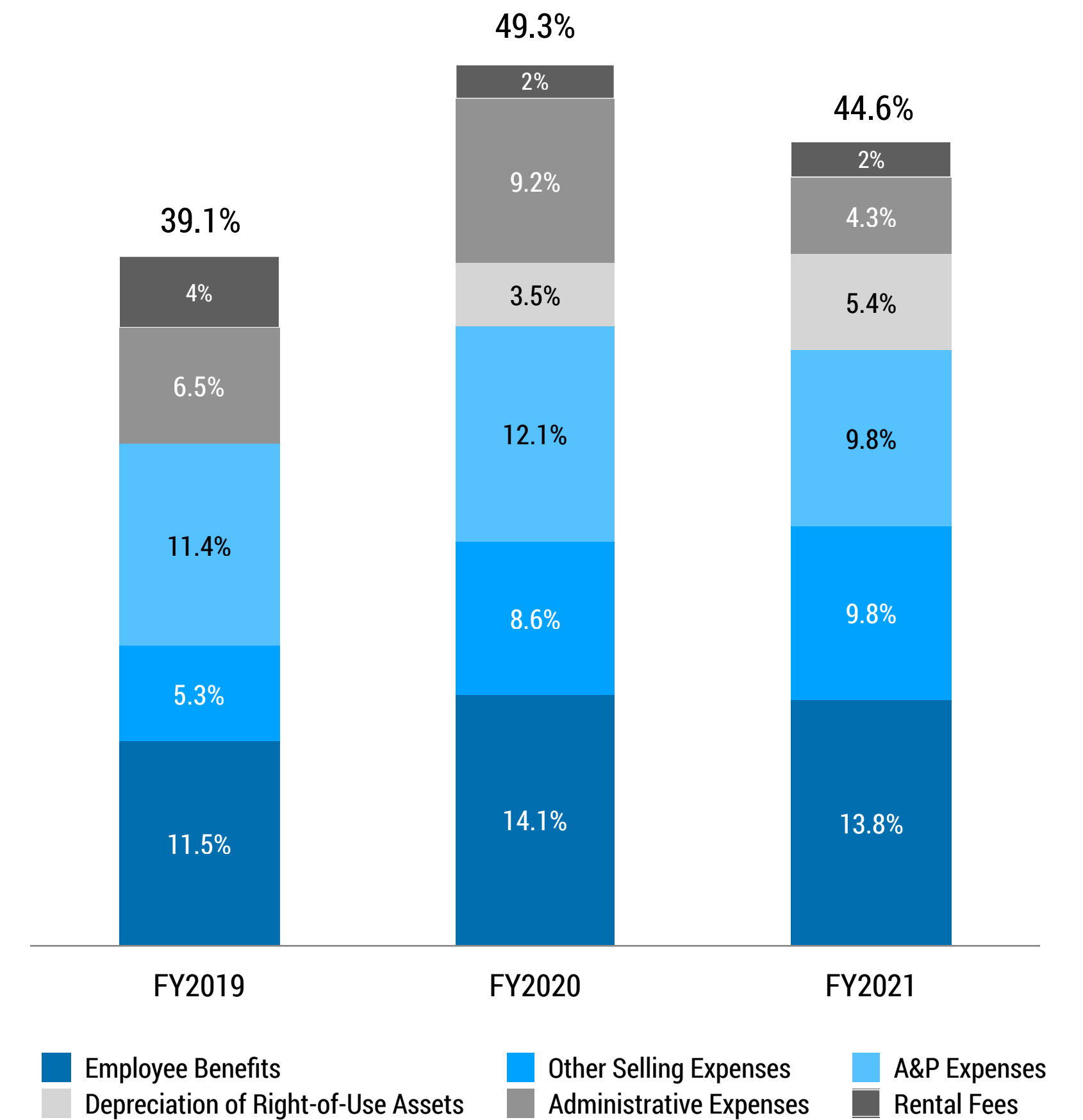
SG&A EXPENSES

JPY MM



SG&A EXPENSES BREAKDOWN

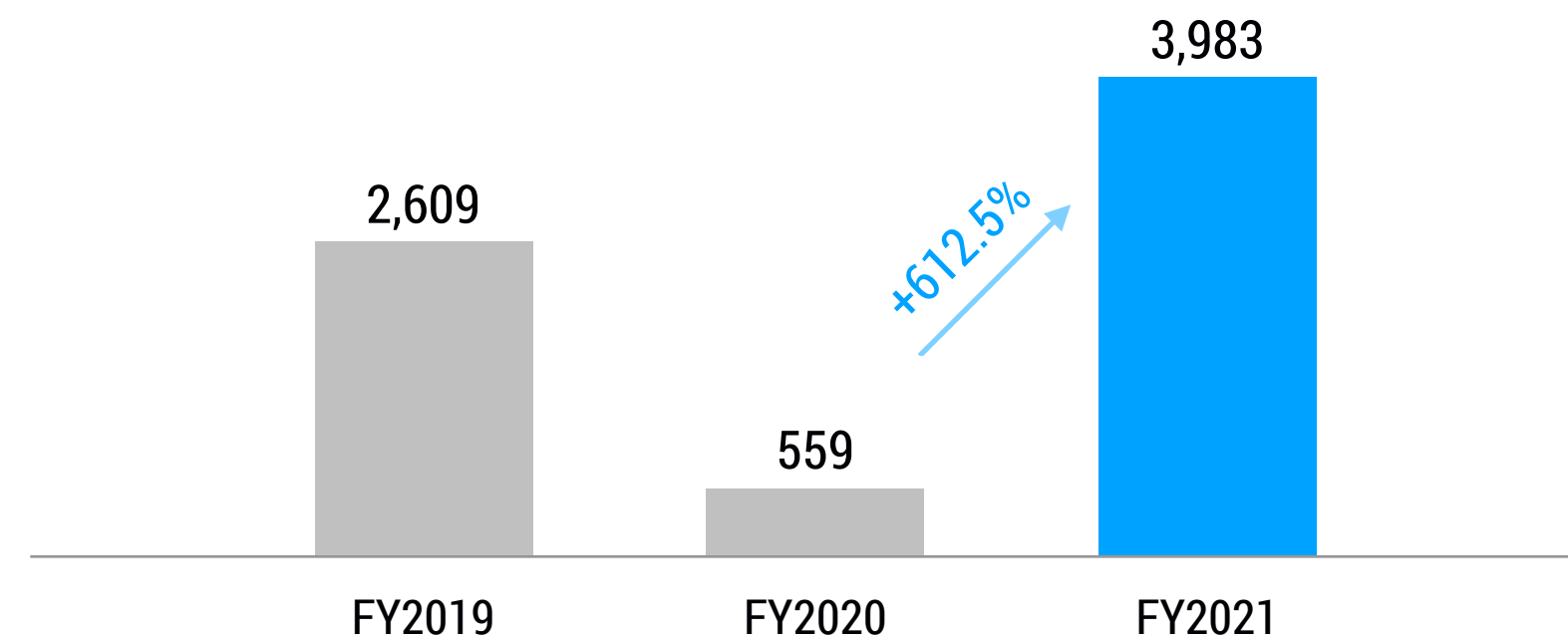
AS % OF SALES



**STRONG
OPERATING
CASH FLOW AND
HEALTHY CAPITAL
STRUCTURE
TO ENSURE A
SUSTAINABLE AND
RESILIENT BUSINESS**

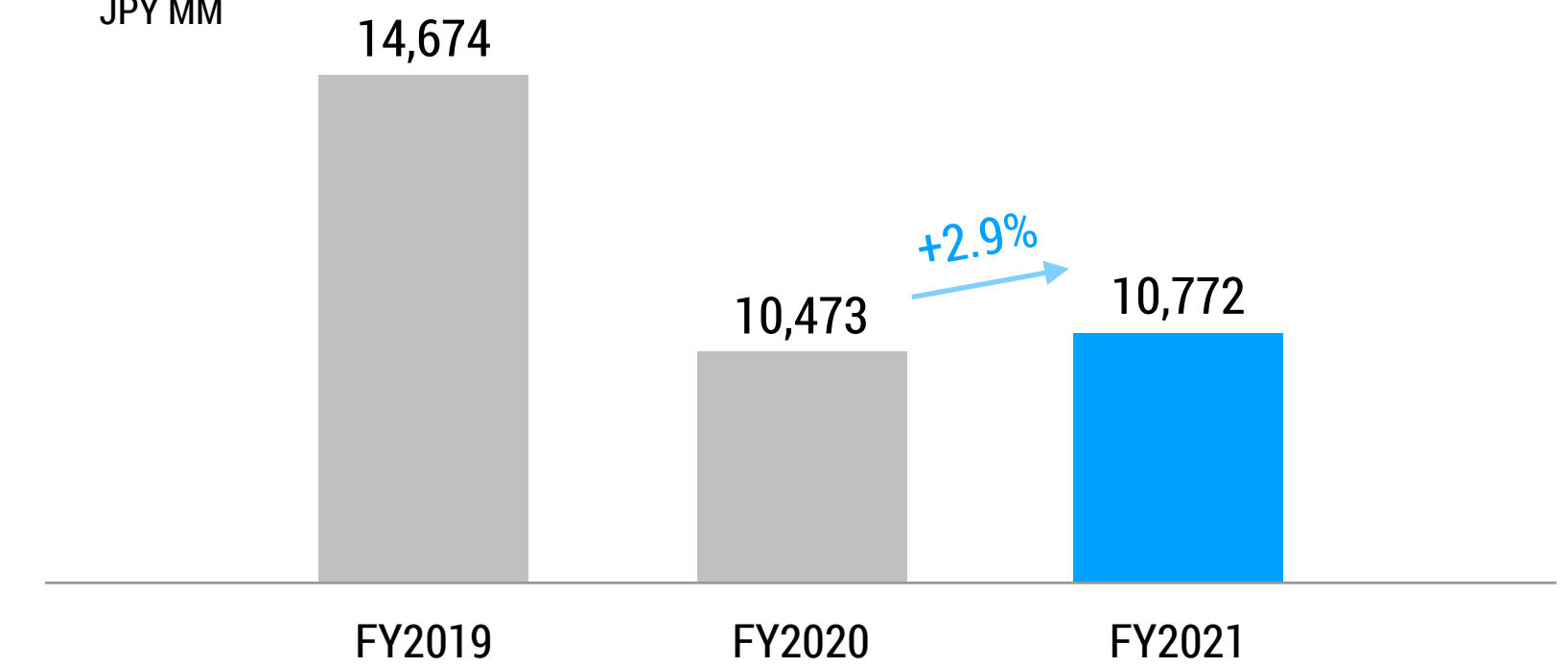
NET OPERATING CASH FLOW

JPY MM



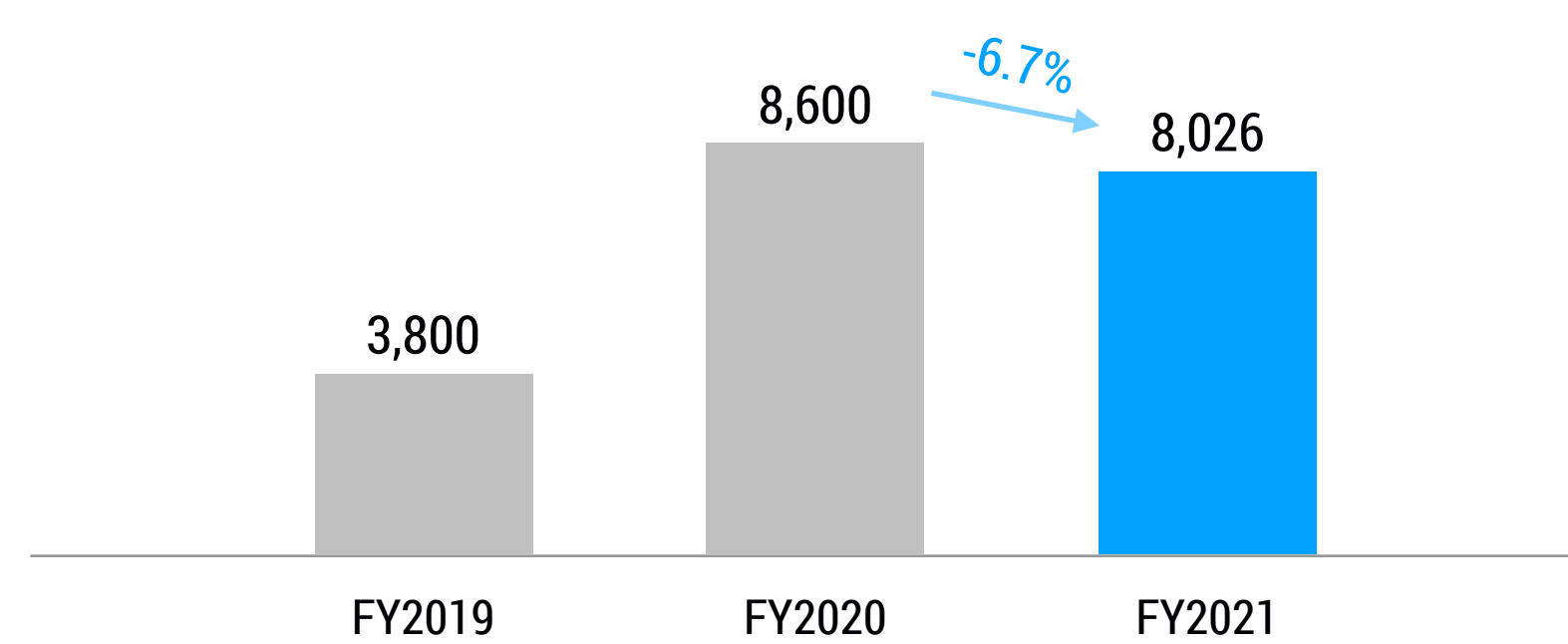
CASH ON HAND

JPY MM



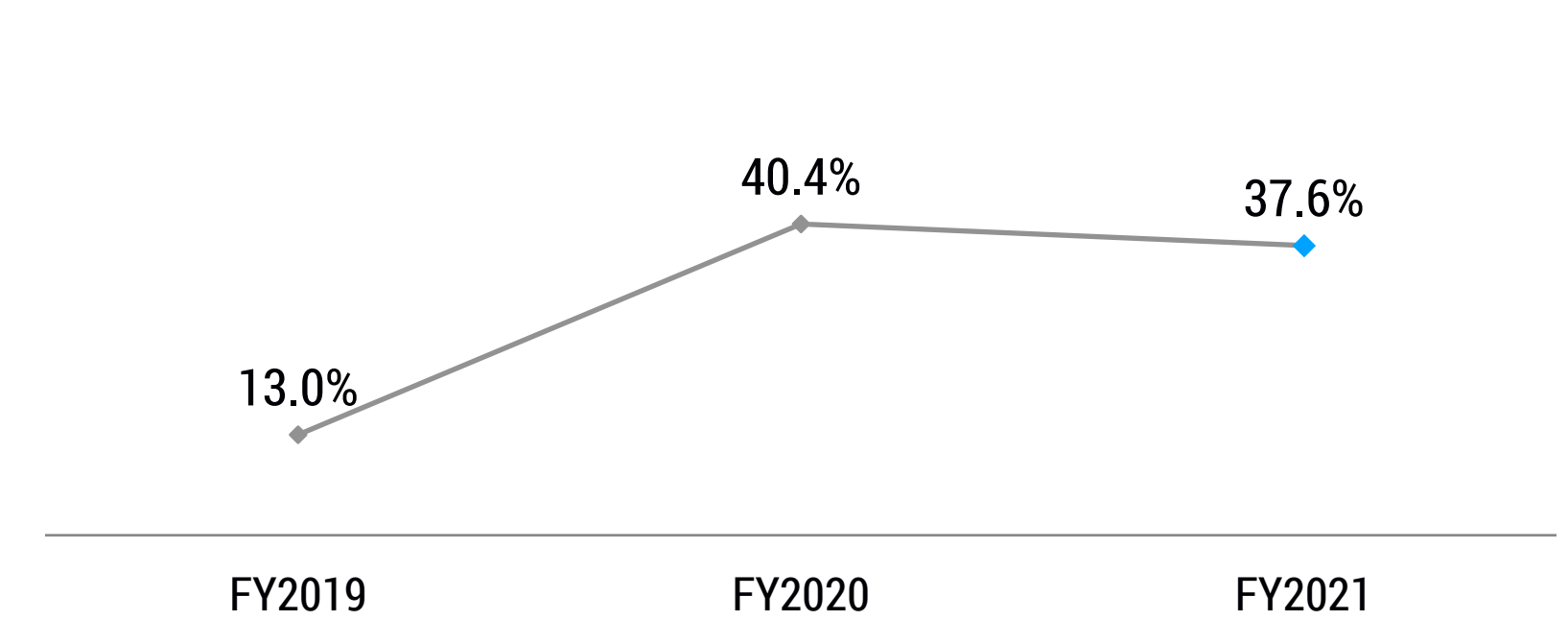
INTEREST-BEARING LIABILITIES

JPY MM



INTEREST-BEARING LIABILITIES / TOTAL EQUITY

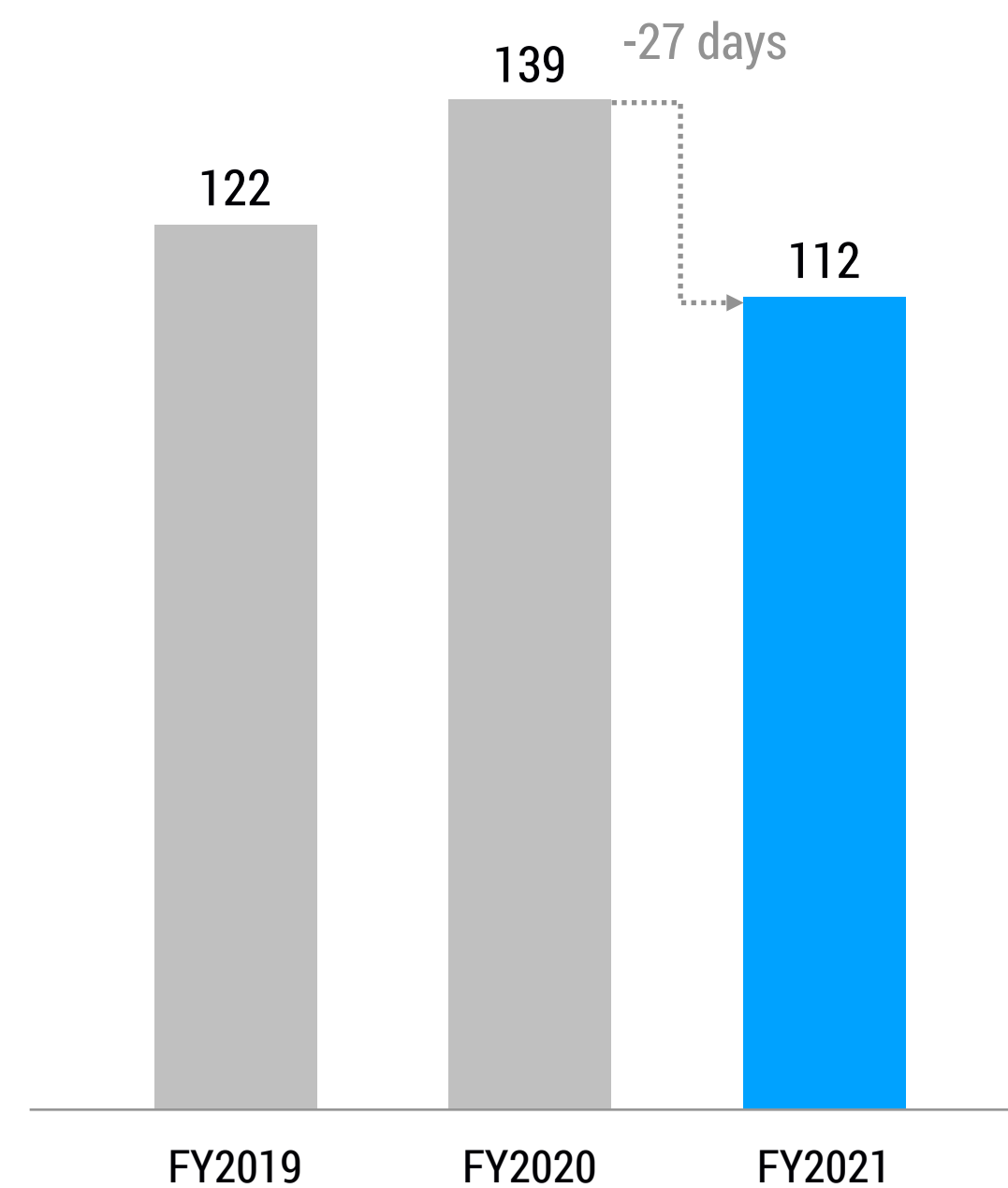
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*CONTINUED
IMPROVEMENT IN
WORKING CAPITAL
EFFICIENCY*

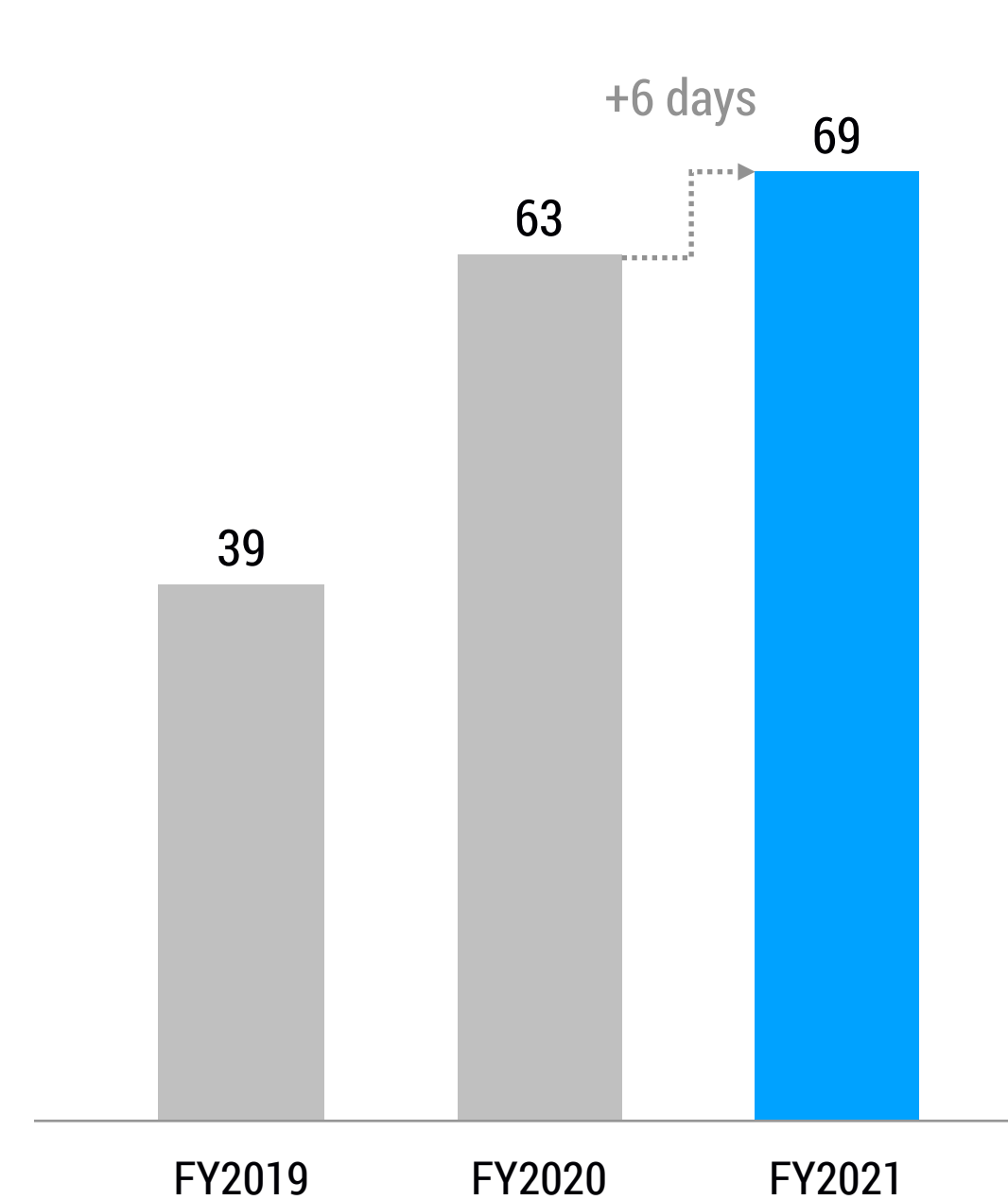
RECEIVABLES TURNOVER DAYS (1)

JPY MM



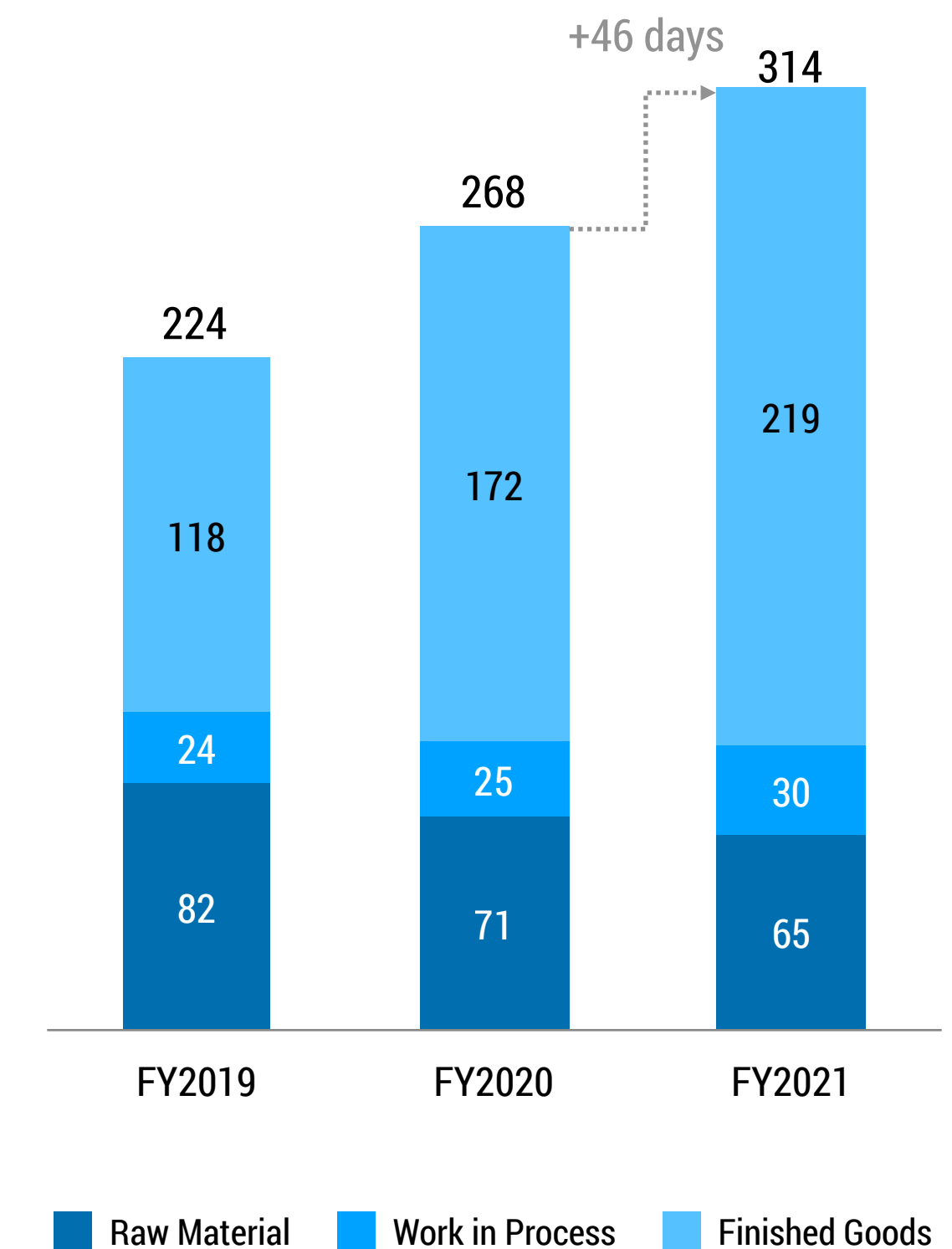
PAYABLES TURNOVER DAYS (2)

JPY MM



INVENTORY TURNOVER DAYS (2)

JPY MM



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



OUTLOOK

OUTLOOK

For the year ahead, HONMA will continue executing its **long-term growth strategy** to **build a world-leading golf lifestyle company** leveraging its brand legacy, expanding distribution network and innovative technologies and traditional Japanese craftsmanship.

We intend to continue pursuing the following:

- 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 pivot **growth in North America and Europe** based on the updated product and DTC distribution strategies.
- c) To continue **driving ball, apparel and accessories businesses** across Asia markets to capture the growing opportunities in the non-club categories of these regions.
- d) To continue leveraging HONMA's unique legacy in **R&D capabilities** to develop products that cater for latest market trends.
- e) To further **improve and transform HONMA brand value** into customer loyalty.

CHALLENGES

The golf industry will continue to face **multiple challenges** in the year ahead, including

- anticipated slowdown of GDP growths in major markets
- increased supply chain challenges under inflation pressure
- sustained if not accelerating 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 **reduce cost, maximize liquidity** and **protect its employees' health**, in order to foster a solid foundation for the **mid- and long-term development**

6
APPENDIX



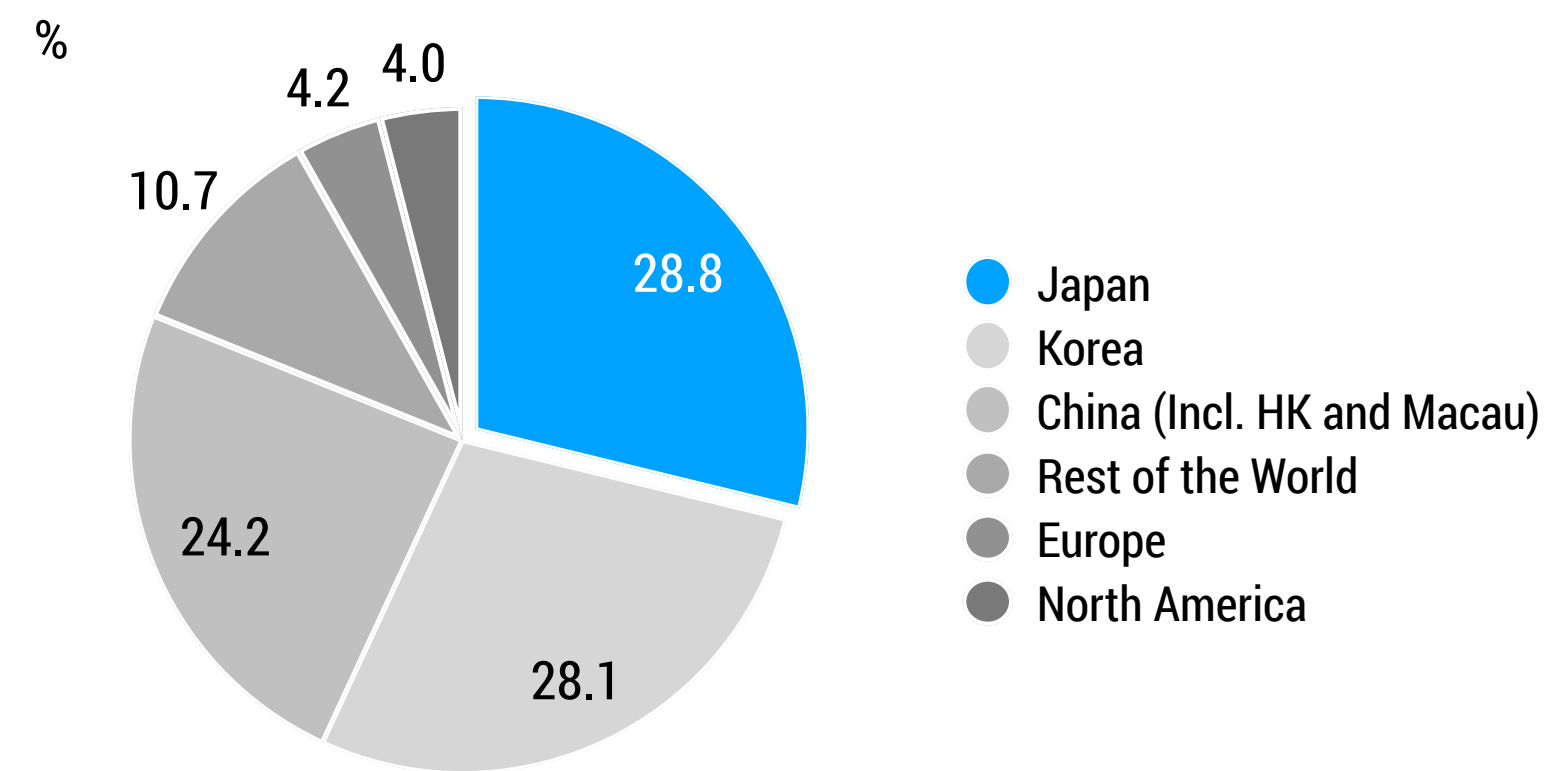
APPENDIX I BUSINESS REVIEW BY MARKET

HOME MARKET JAPAN

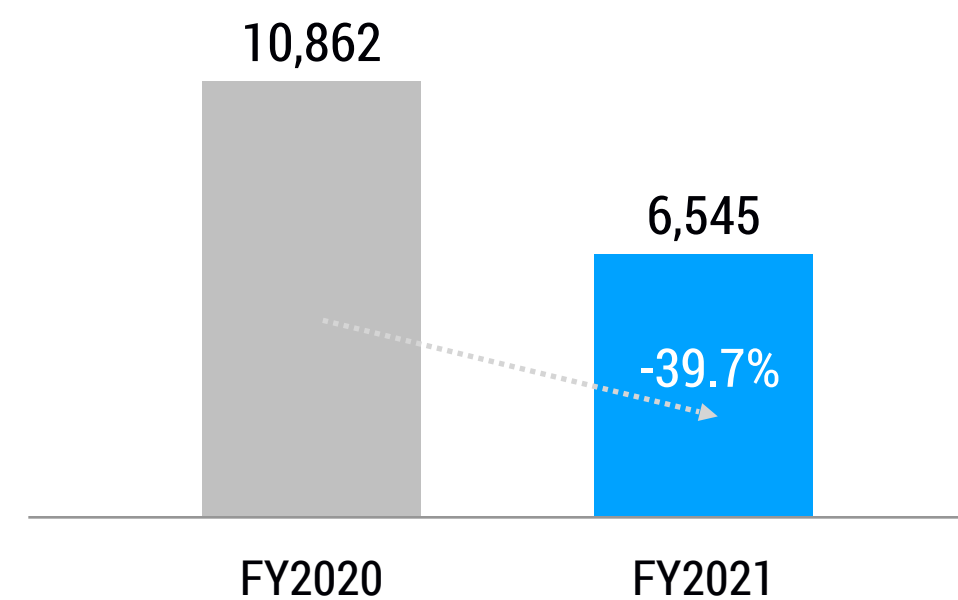


RETAIL ENVIRONMENT SEVERELY DISRUPTED BY LINGERING COVID-19 CASES

GRADUAL RECOVERY IN 2H FY21



NET SALES JPY MM



MARKET

- **2ND** largest golf equipment market in the world
- Total golf product market size in 2020 approximates to **USD 1.7 billion** by forecast ⁽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

- Retail environment severely disrupted while the country battling with COVID-19
- Strong recovery in 2H FY21; sales **+157%** as compared to 1H FY21
- Golf ball sales **+4.2%** despite of the pandemic disruption
- E-commerce sales **+118%** due to shift of consumer behavior prompted by the pandemic

Note

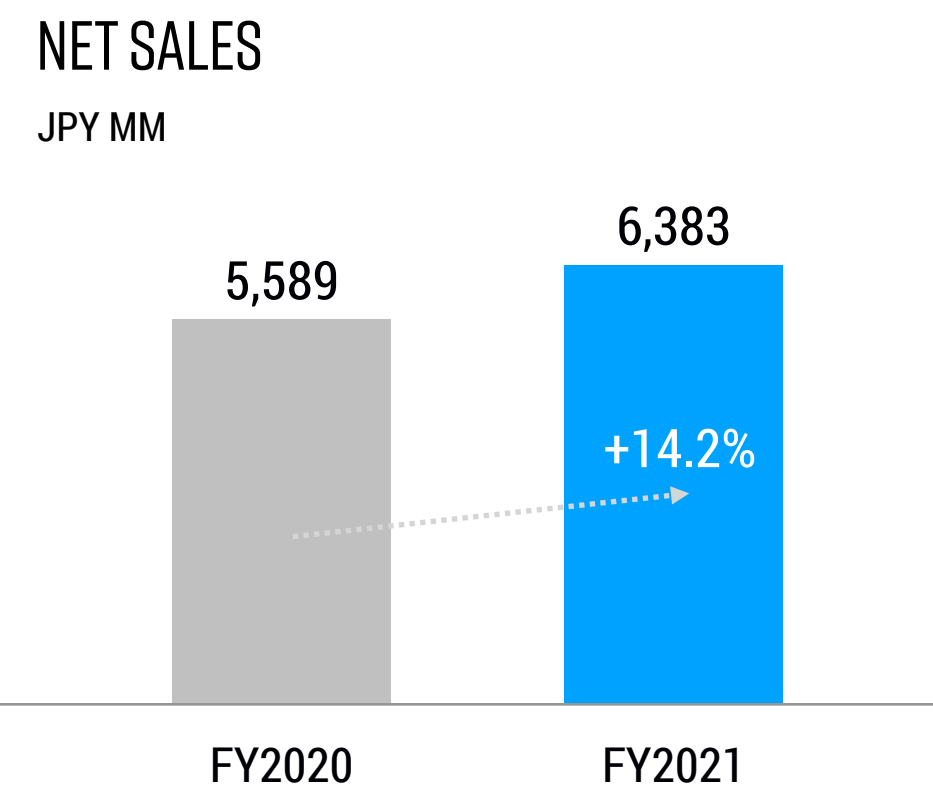
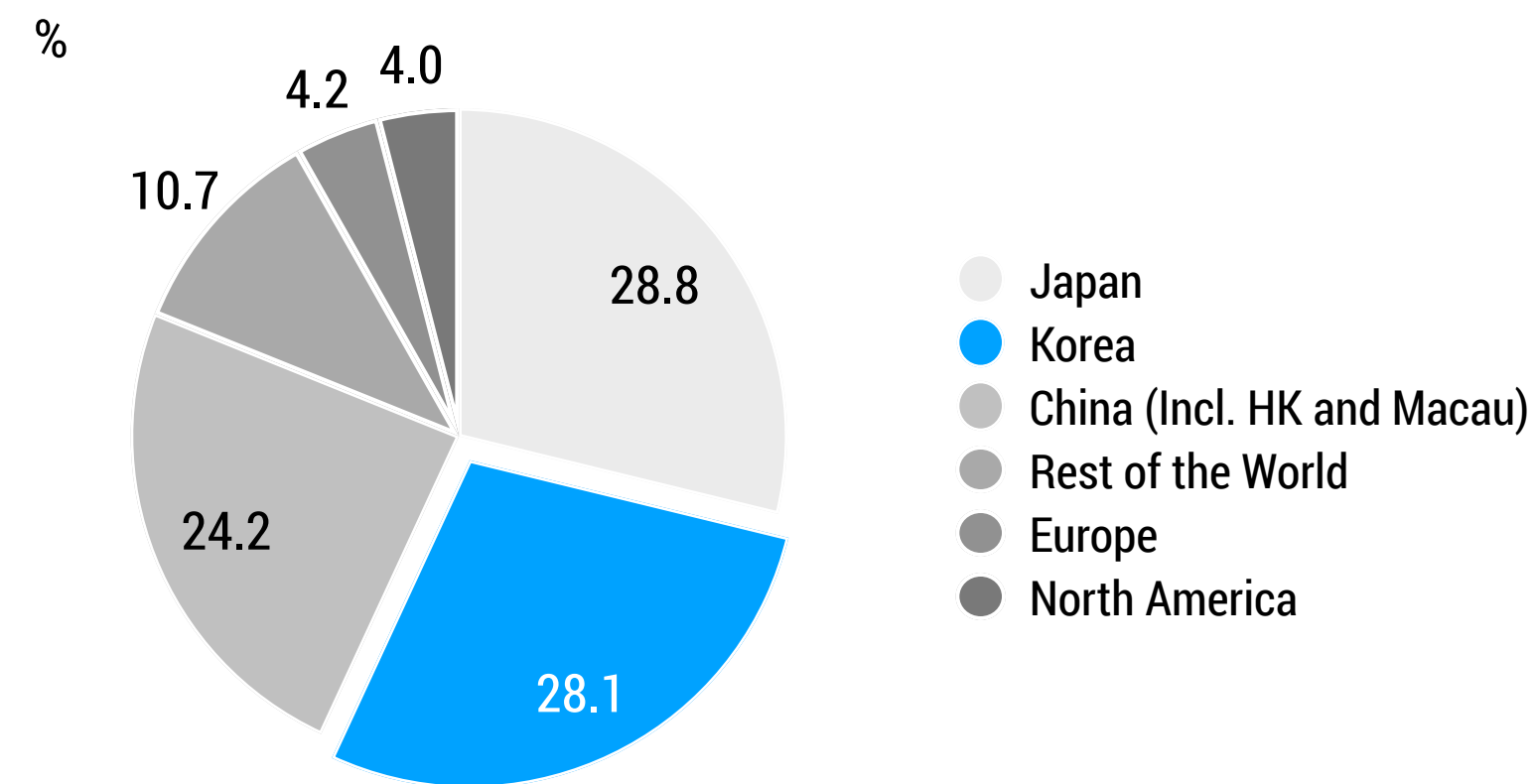
- (1) 2020 Yano's White Paper on Golf Industry, Japan
- (2) 2018 Yano's White Paper on Golf Industry, Japan
- (3) Frost & Sullivan

APPENDIX I BUSINESS REVIEW BY MARKET

HOME MARKET KOREA



CONTINUED DOUBLE DIGIT GROWTH INTO THE 8TH CONSECUTIVE YEAR



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

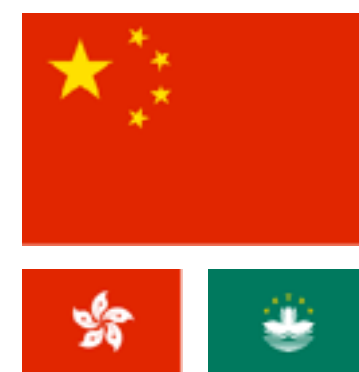
- **8TH** consecutive year of double-digit growth
- Golf club sales up by **7%** thanks to strong brand equity and continued partnership with Kolon
- Growing ball and apparel growth strategies started to reap
 - Golf ball sales up by **42.1%**
 - Apparel sales up by **9834%**
 - Addition of **17** new apparel stores

Note

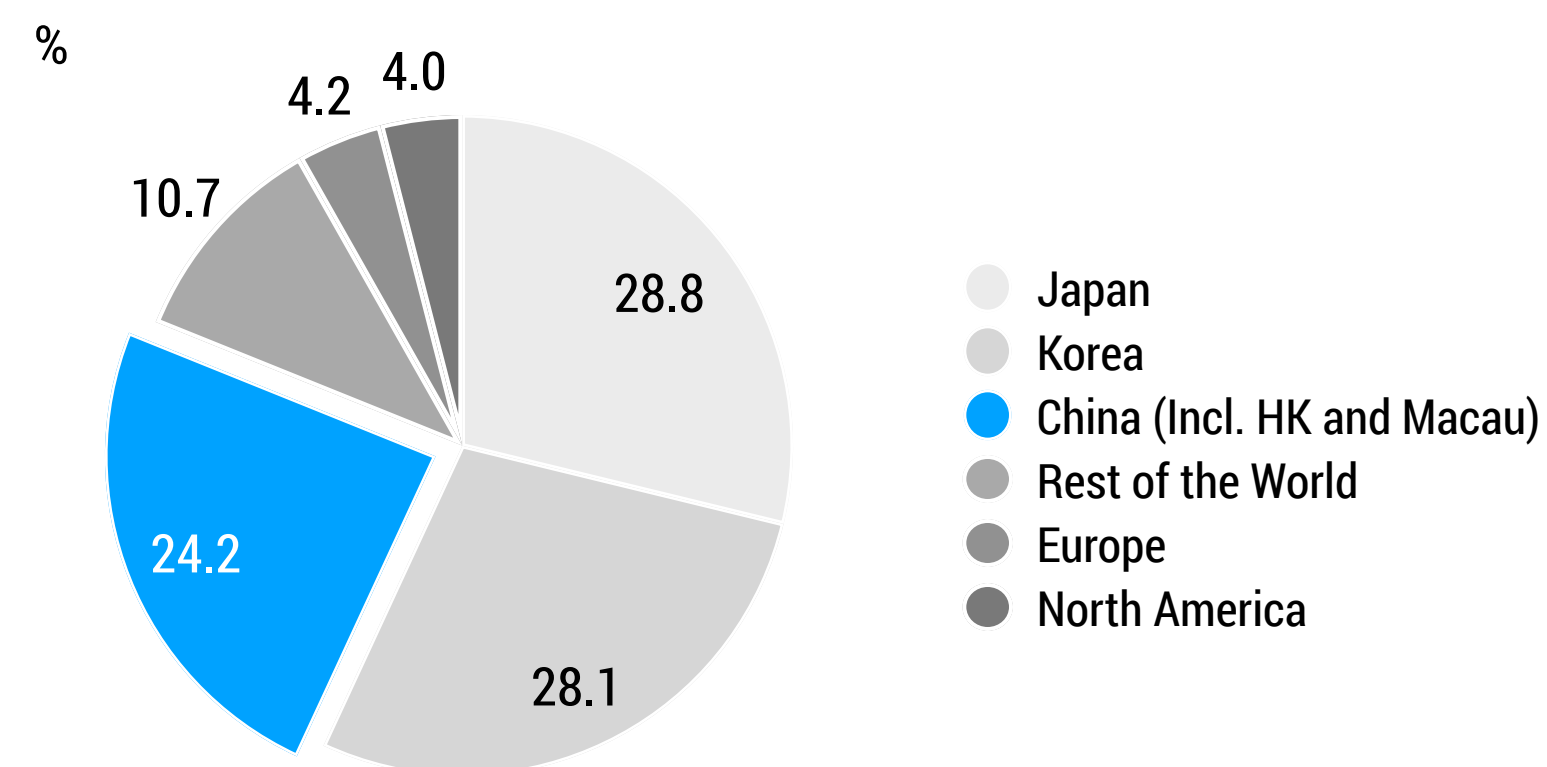
(1) Source: KGPA, Korea Golf Association 2018

APPENDIX I BUSINESS REVIEW BY MARKET

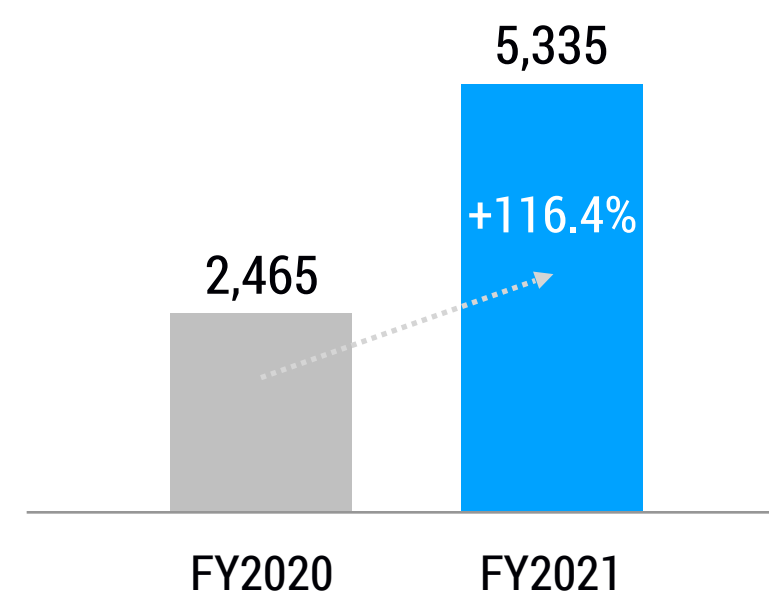
HOME MARKET CHINA (INCL. HK & MACAU)



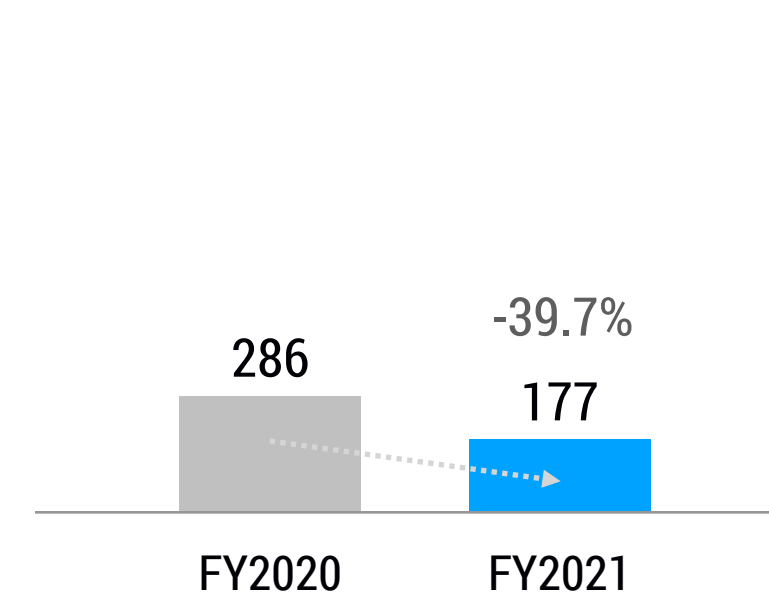
ROBUST GROWTH DRIVEN BY SUCCESSFUL GROWTH STRATEGIES AND UNPRECEDENTED INCREASE IN DEMAND



NET SALES MAINLAND CHINA
JPY MM



NET SALES HONG KONG
JPY MM



MARKET

- New and fast growing golf market
- 496 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

- Strong sales recovery following consumption sentiment rebound and golf courses re-opening
- Golf club sales up by 128%
- Golf ball sales up by 206%
- Apparel sales up by 66%
- E-commerce sales more than tripled

Note

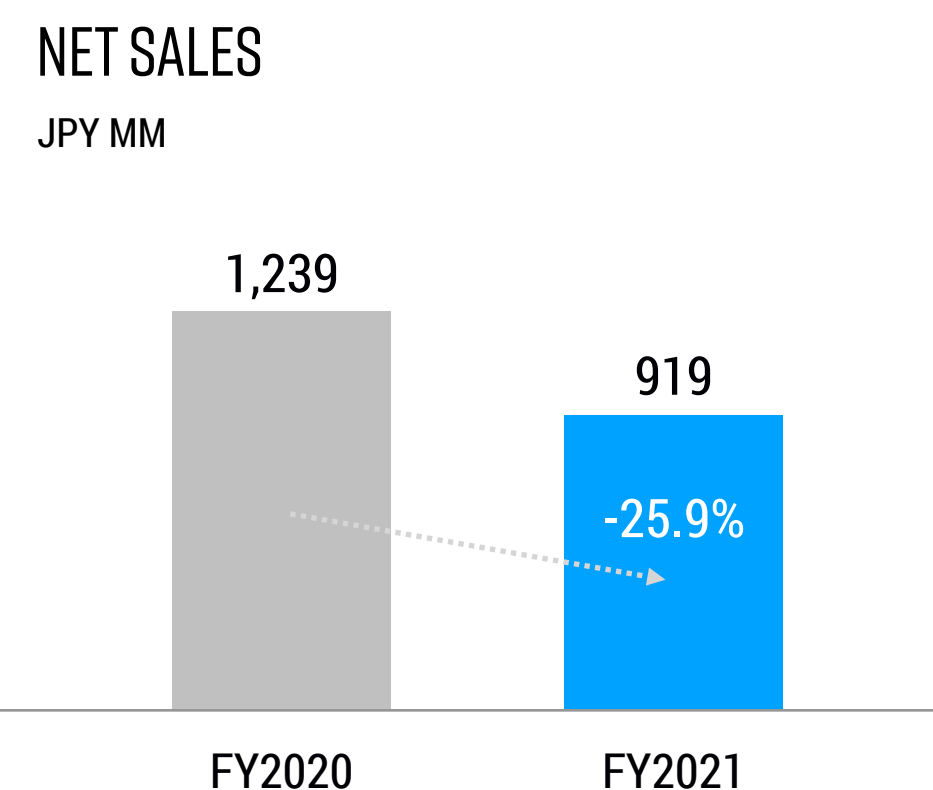
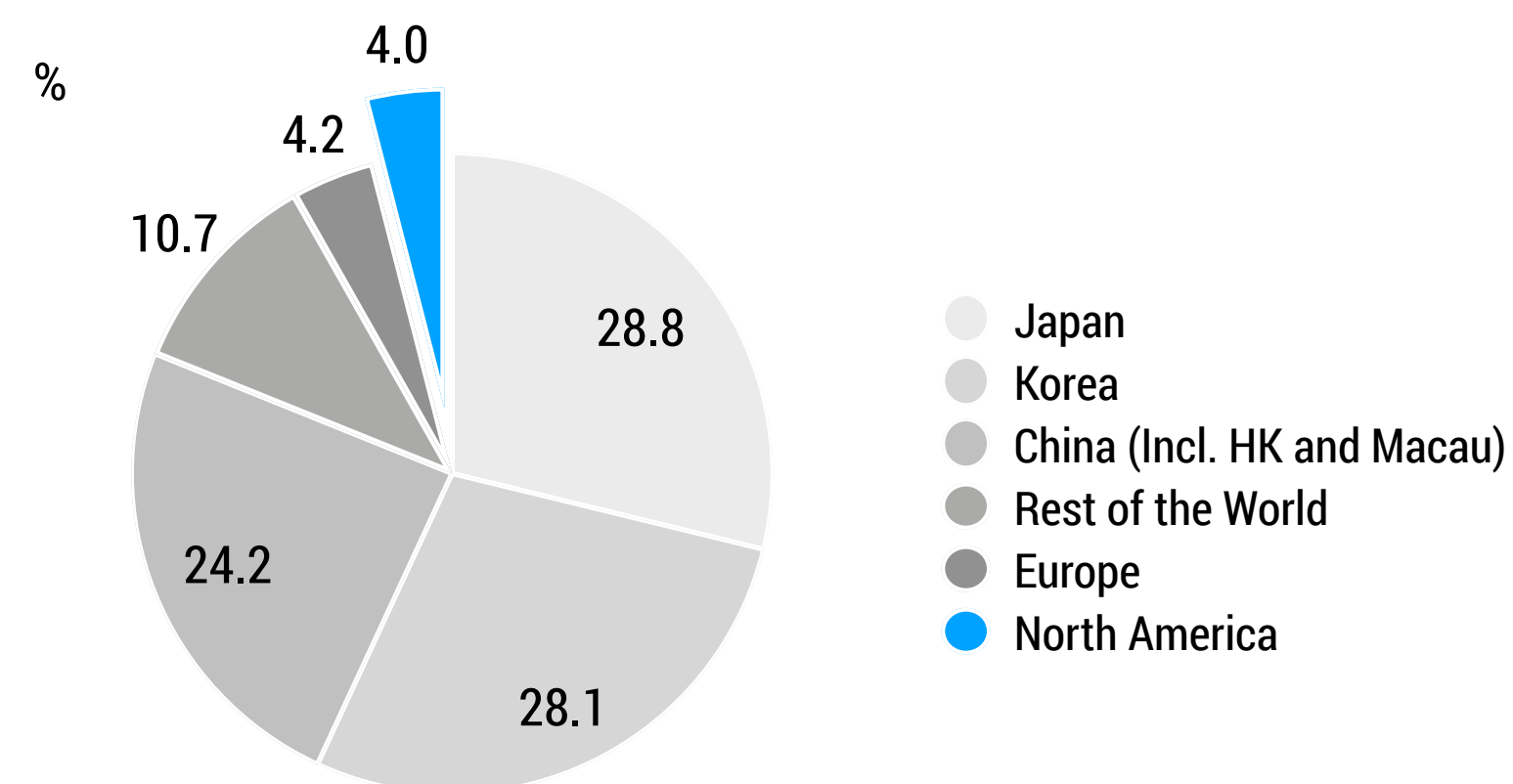
(1) Source: Forward Golf White Paper Report 2017

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

- Retail environment severely disrupted in 1H FY21 due to the pandemic and social distancing policies
- Strong recovery in 2H FY21 showed sales **+101%** as compared to 1H
- Continued executing HONMA's unique DTC distribution strategy
 - **234** POS including self-operated stores, presence in retailers and stand alone shop-in-shops
 - **14** mobile vans with dedicated sales and fitters

Note

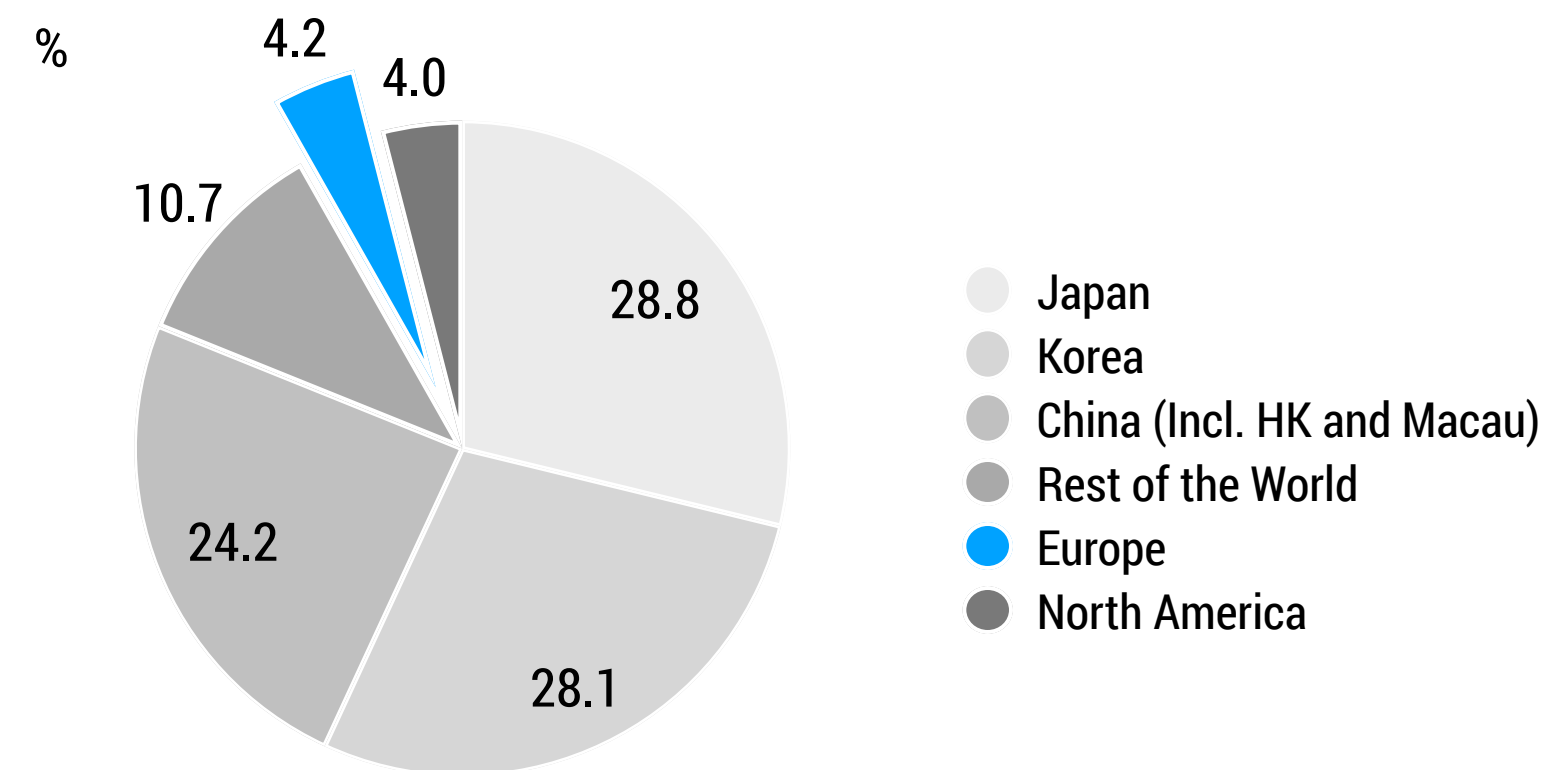
(1) Source: Golf DataTech's 2018 research report

APPENDIX I BUSINESS REVIEW BY MARKET

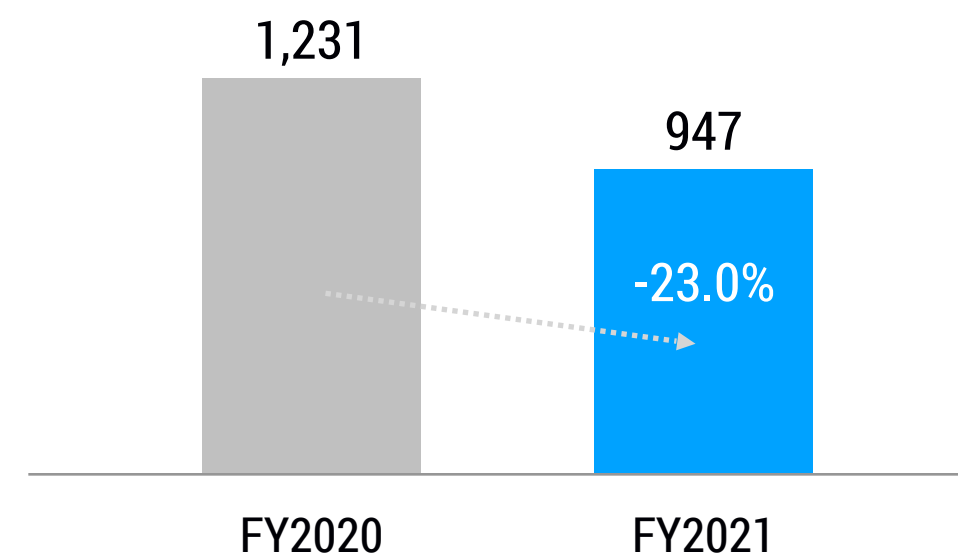
NEW MARKET EUROPE



EFFECTIVE AWARENESS ELEVATION AND CONTINUED POS INCREASE



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' golf equipment sales, which approximates to USD 1 billion (1)

FULL YEAR PERFORMANCE REVIEW

- Sales in 2H FY21 +31.1% compared to 1H FY21
- Continued channel penetration and enhancing brand awareness
 - +51 POS to 591 in total
 - 616 demo days / fitting events, hosting more than 2,800 participants
 - getting prepared for the new market opportunities when the negative impact from the pandemic fades out completely

Note

(1) Source: KGPA, Korea Golf Association 2017

CONSOLIDATED P&L

	For the twelve months ended 31 March				YOY Change %
	2021.3.31 JPY	%	2020.3.31 JPY	%	
Consolidated Statement of Profit or Loss					
<i>(In thousands, except for percentages and per share data)</i>					
Revenue	22,735,119	100.0	23,787,214	100.0	-4.4
Cost of sales	-11,289,914	-49.7	-11,669,597	-49.1	-3.3
Gross profit	11,445,205	50.3	12,117,617	50.9	-5.5
Other income and gains	1,538,719	6.8	67,908	0.3	2,165.9
Selling and distribution expenses	-8,930,887	-39.3	-9,546,408	-40.1	-6.4
Administrative expenses	-1,217,804	-5.4	-2,186,825	-9.2	-44.3
Other (expenses)/income, net	-351,232	-1.5	-831,289	-3.5	-57.7
Finance costs	-76,225	-0.3	-69,191	-0.3	10.2
Finance income	12,531	0.1	90,509	0.4	-86.2
Profit before tax	2,420,307	10.6	-357,679	-1.5	776.7
Income tax expense	-561,201	-2.5	-374,734	-1.6	49.8
Net profit	1,859,106	8.2	-732,413	-3.1	353.8
Earnings per share attributable to ordinary equity holders of the parent:					
Basic and diluted	3.07		-1.20		N/A
Non-IFRS Financial Measures					
Operating Profit	1,232,820	5.4	405,095	1.7	204.3
Net Operating Profit	759,751	3.3	33,490	0.1	2,168.6

Note

- (1) Operating profit is derived from profit before tax by (i) subtracting other income and gains, (ii) adding other expenses, (iii) adding listing expenses and (iv) adding RSU expenses.
- (2) Operating profit is derived from profit/(loss) before tax by (i) subtracting other income and gains, (ii) adding other expenses and (iii) adding RSU expenses.
- (3) Net operating profit is derived from net profit/(loss) 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	
	2021.3.31	2020.3.31
	JPY	JPY
Consolidated Statement of Financial Position		
Assets		
Non-current assets	8,862,108	9,184,866
Current assets	27,631,389	29,712,451
Total Assets	36,493,497	38,897,317
Liabilities		
Non-current Liabilities	2,355,906	2,373,707
Current Liabilities	12,816,455	15,259,813
Total Liabilities	15,172,361	17,633,520
Net current assets	14,814,934	14,452,638
Total assets less current liabilities	23,677,042	23,637,504
Net Assets	21,321,136	21,263,797
Total Equity	21,321,136	21,263,797

(In thousands, except for percentages and per share data)

CONSOLIDATED CASH FLOWS

	For the twelve months ended 31 March	
	2021.3.31 JPY	2020.3.31 JPY
	<i>(In thousands, except for percentages and per share data)</i>	
Cash and cash equivalents at the beginning of year	10,472,793	14,674,123
Net cash flows generated from operating activities	3,982,846	558,652
Net cash (used in) investing activities	-571,489	-1,177,546
Net cash flows (used in) financing activities	-3,403,448	-3,324,269
Net increase/(decrease) in cash and cash equivalents	7,909	-3,943,163
Cash and cash equivalents at the end of year	10,771,897	10,472,793



For more inquiries, please contact
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