



# 2023/2024 ANNUAL RESULTS

HONMA GOLF LIMITED (6858.HK)

Jun. 2024



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





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01  
HONMA







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



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

- 200 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 premium golf 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, 95 self-operated stores overlaid with 3,713 third party POSs
- Fast growing E-commerce business in China, Japan and the US



# 02

## PERFORMANCE OVERVIEW





In FY2024, the golf industry witnessed increased market competition and adjustments in both participation and willingness to pay resulting from global economic situations and slowdowns in certain parts of the world.

Despite unfavorable market conditions, HONMA continued to drive profitable sales growth, re-strategised its distribution channel to grow profitable sales and achieved robust bottom line growth as well as net margin improvement, reconfirming HONMA's brand equity and resilience.

## KEY FINANCIALS

Full Year Ended 31 Mar 2024

Change vs Full Year Ended 31 Mar 2023

Net Sales	JPY 26,223 MM / USD 182.6 MM <sup>(1)</sup>	-11.1% (constant currency: -12.8%)
Gross Profit Margin	51.2%	+0.4pp
EBITDA - EBITDA Margin	JPY 7,285 MM / USD 50.7 MM <sup>(1)</sup> 27.8%	+22.0% +7.5pp
Net Profit - Net Profit Margin	JPY 4,828 MM / USD 33.6 MM <sup>(1)</sup> 18.4%	+48.3% +7.4pp
Reported Earnings Per Share	JPY 7.97 / 0.43 HKD <sup>(3)</sup>	+48.3%
Net Operating Cash Flow	JPY 5,416 MM / USD 37.7 MM <sup>(1)</sup>	+47.3%
Net Cash Position	JPY 9,627 MM / USD 64.0 MM <sup>(2)</sup>	+41.7%
Proposed Dividend	Proposed Final: JPY 1.50 /share Declared Interim: JPY 1.50 /share (Full Year Dividend Ratio: 37.6%)	

Note (1) Exchange rate: 1 USD = 143.62 JPY

(2) Exchange rate: 1 USD = 150.45 JPY

(3) Exchange rate: 1 HKD = 18.35 JPY

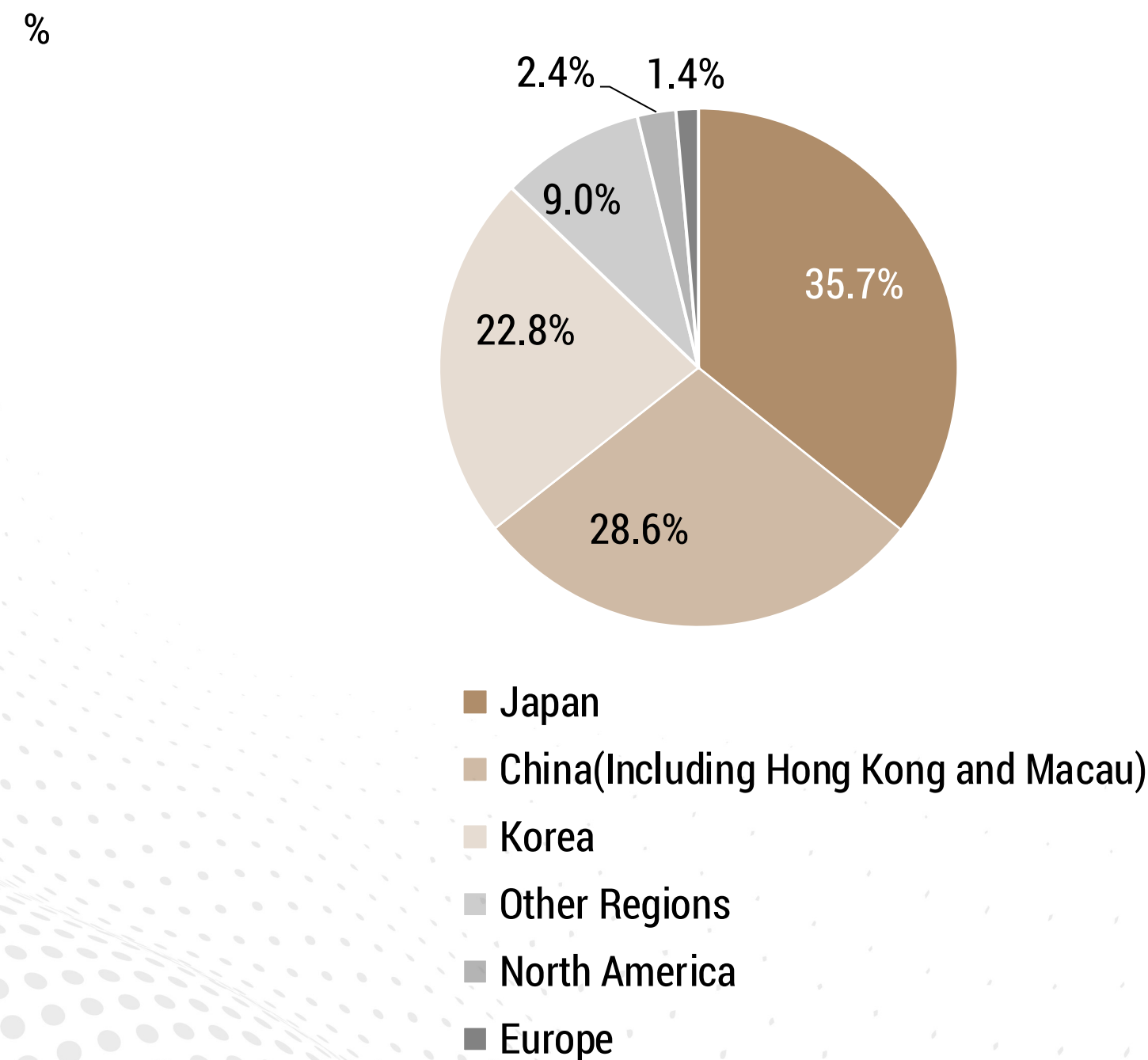


# PERFORMANCE OVERVIEW *BY MARKET*

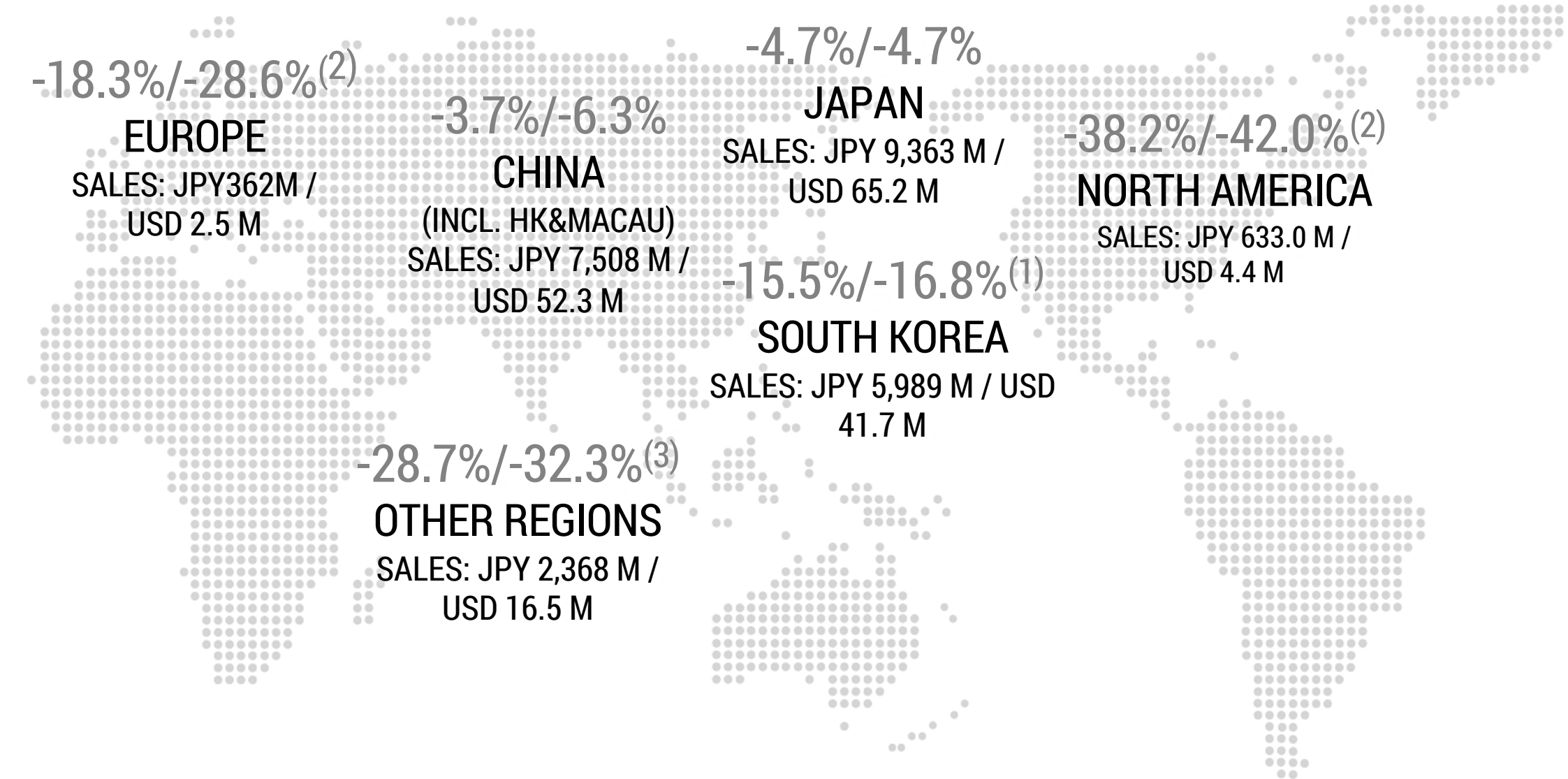
FY24 NET SALES: JPY 26,223 MM / USD 182.6 MM, -11.1% YOY (COMPARABLE -12.8%)

- The decrease in Japan and Korea was attributed to channel optimization in both markets to allow for a better focus on and service to the larger and more relevant retailers. This has led to temporary sales decline from distributors and wholesalers yet profitability and cashflow improved.
- China experienced a slight decline of 3.7% as the overall economy and retail market sentiment continued to experience downward pressure.

## NET SALES MIX BY MARKET



## NET SALES GROWTH BY MARKET(nominal/comparable)



Note (1) Sales from South Korea recorded a first time decline of 15.5%, mainly due to the Group's decision to optimize its distribution network prior to its new products launch in the first quarter of 2024.

Note (2) North America and Europe recorded decline in sales by 38.2% and 18.3%, respectively, due to continued negative impacts from last year's adjustments in distribution network; such adjustments aim to focus on a smaller yet premier group of accounts

Note (3) Sales from Other Regions dropped by 28.7%, mainly due to unfavourable local currency depreciation against U.S. dollar and weakened purchasing interest and power



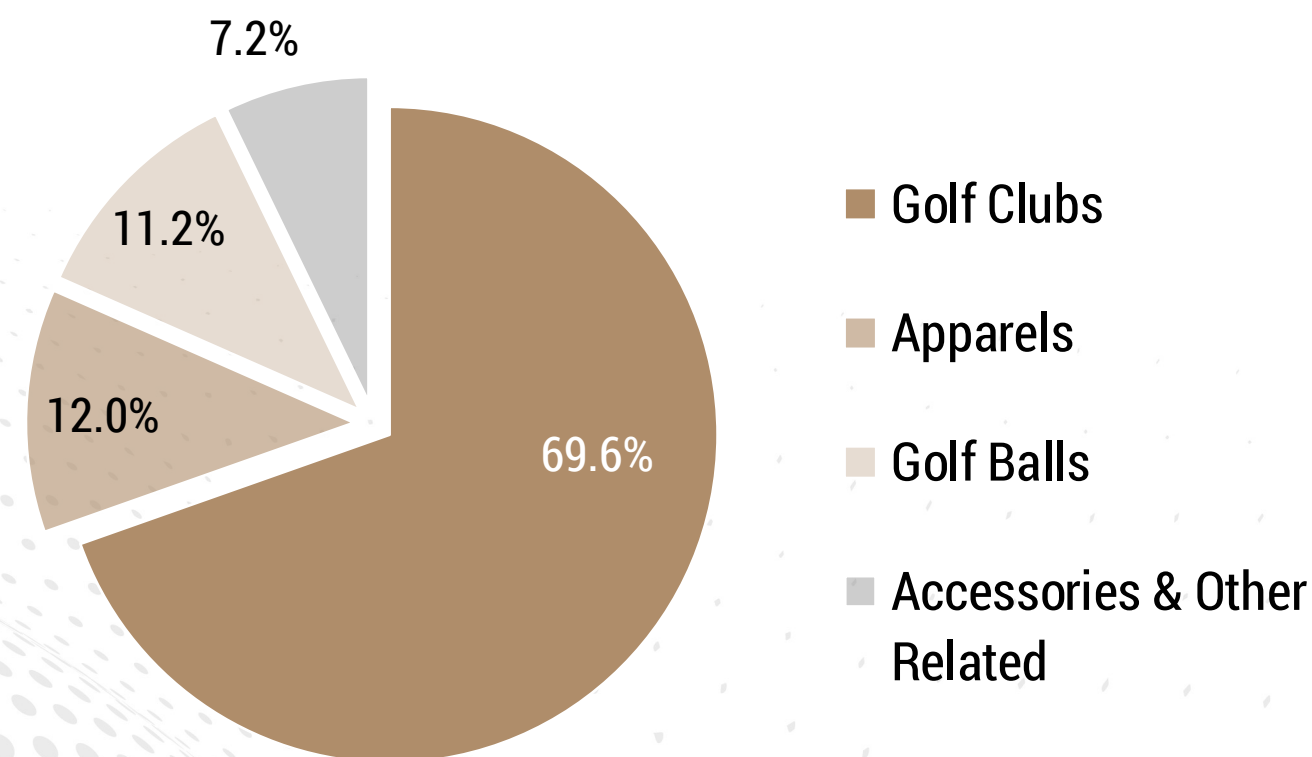
# PERFORMANCE OVERVIEW *BY PRODUCT CATEGORY*

FY24 NET SALES: JPY 26,223 MM / USD 182.6 MM, -11.1% YOY (COMPARABLE -12.8%)

- Although facing multiple challenges within the industry, revenue from BERES golf clubs rose by **19.6%** in Japan and revenue from BeZEAL 3 went up by **6.0 times** across different markets, reconfirming HONMA's strong brand equity and its ability to withstand economic challenges.
- Apparel sales went up by **4.9%** while gross profit margin increased **16.8PP** to **43.5%** thanks to successful new product launches, as well as continued marketing and branding campaigns to drive consumer awareness.
- Sales from golf balls slightly decreased because of upward price adjustment in the face of continued currency pressure.

## NET SALES MIX BY PRODUCT CATEGORIES

%



### GOLF CLUBS

NET SALES -15.1% TO JPY 18,257 MILLION / 127.1 USD MM  
GROSS MARGIN +0.9PP TO 60.3%

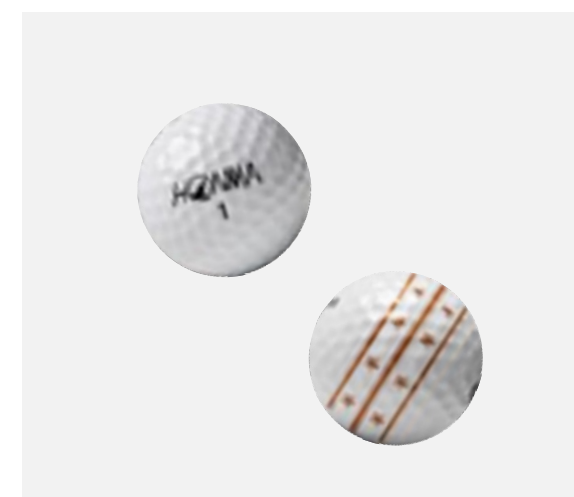
- net sales came down mainly due to economic instability and adjustments in HONMA's distribution strategies in Japan and Korea.
- gross profit margin went up thanks to continued price management and manufacturing cost improvements.



### APPARELS

NET SALES +4.9% TO JPY 3,158 MILLION / 22.0 USD MM  
GROSS MARGIN +16.8PP TO 43.5%

- apparel sales in mainland China up by **23.2%** in spite of overall weakening in consumer sentiments.



### GOLF BALLS

NET SALES -0.2% TO JPY 2,936 MILLION / 20.4 USD MM  
GROSS MARGIN -5.9PP TO 23.4%

- down due to temporary impact from following upward retail price adjustment to cope with Japanese Yen depreciation in Japan.



### ACCESSORIES

NET SALES -7.8% TO JPY 1,872 MILLION / 13.0 USD MM  
GROSS MARGIN -7.5PP TO 19.6%

- primarily caused by constrained sales in Japan to protect margin.

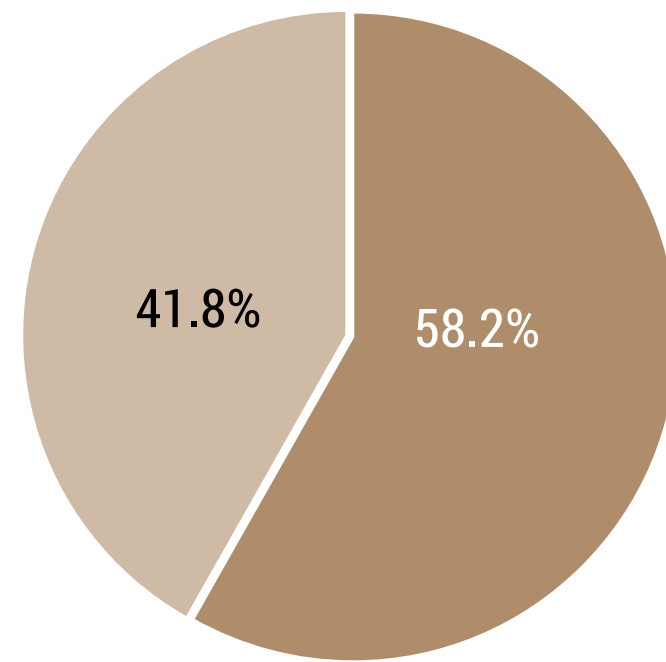


# PERFORMANCE OVERVIEW *BY CHANNEL*

FY24 NET SALES: JPY 26,223 MM / USD 182.6 MM, -11.1% YOY (COMPARABLE -12.8%)

## NET SALES MIX BY CHANNEL

%



- Distributors
- DTC Channels

## DIRECT-TO-CONSUMER CHANNELS

NET SALES +7.2% TO 10,952 JPY MILLION / 76.3 USD MM

GROSS MARGIN +7.0PP TO 56.8%

95  
SELF-OPERATED STORES

- Net +5 new locations, mainly located on prime golf courses in China
- Sales from Japan +16.0%; sales from Mainland China +15.7%
- Continued optimization of design, merchandising and consumer experience

E-COMMERCE

- Operating in China, Japan and the US
- Total net sales +17.4%
- Robust sales growth in all 4 markets: China +15.3%, Taiwan +83.0%, Japan +16.3%, US +32.3%

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

NET SALES -20.8% TO JPY 15,271 MILLION / US 106.3 MM

GROSS MARGIN -4.1PP TO 47.2%

3,713  
3<sup>RD</sup> PARTY POSs

- Sales decreased primarily due to weakened economic environment in China and a refocus of HONMA's distribution footprint in multiple markets, esp. Korea with a third-party POSs decrease by 51.



03  
BUSINESS HIGHLIGHT





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

The Group strategically focuses on the development of its home markets in Asia and the marketing of its exquisite product offerings targeting super-premium and premium-performance segments.

## THE THREE PILLARS OF HONMA’S GROWTH STRATEGY

### PRODUCT

#### GOLF CLUBS

- Combines top-notch **Japanese craftsmanship** with world standard **innovative technologies**
- Strengthened focus on **super-premium** and **premium-performance** 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 POSs**
- 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 premium golf lifestyle** brand among younger and internet-savvy golfers.
- Offering **360 degree HONMA brand experience** across all consumer touch points both offline and online, 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
- Focused **marketing and PR activities** across all markets



# PRODUCT: UNIQUE CLUB PORTFOLIO REPRESENTING JAPANESE CRAFTSMANSHIP AND INNOVATIVE TECHNOLOGY

FOCUSING ON *SUPER-PREMIUM* AND *PREMIUM-PERFORMANCE* CONSUMER SEGMENTS

## SUPER-PREMIUM

### **BERES**

BERES 09  
Launched in Feb 2024



BERES NX  
Launched in Nov 2022



## PREMIUM-PERFORMANCE

### **T// WORLD**

TW767  
Coming in late 2024



TW757  
Launched in Mar 2022

*FOR SERIOUS GOLFERS  
HANDICAP 0-12*

## OTHER CLUB PRODUCTS

PUTTERS, COUNTRY SPECIFIC MODELS,  
SPECIAL EDITIONS

BeZEAL 3  
Launched in Feb 2024



*FOR BEGINNERS IN KOREA  
HANDICAP 20-25*

SAKATA LAB  
NAVIGATION Putters  
Launched in Dec 2023



*FOR YOUNGER  
FEMALE GOLFERS*



# PRODUCT: UNIQUE CLUB PORTFOLIO REPRESENTING JAPANESE CRAFTSMANSHIP AND INNOVATIVE TECHNOLOGY

## FOCUSING ON SUPER-PREMIUM AND PREMIUM-PERFORMANCE CONSUMER SEGMENTS

- The newly launched BERES 09 and BeZEAL 3 has achieved great success, reconfirming HONMA's strong brand equity, and its ability to withstand economic challenges
- In FY2024, golf club sales -15.1% to JPY 18,257 million, mainly due to phase out of BERES Aizu and TW757, and third-party channels optimization
- Overall club gross margin +0.9 pp to 60.3%, primarily due to continued price management, manufacturing cost improvements and channel optimization

	BERES 	TOUR WORLD 	OTHERS 
PRODUCT LAUNCH	<ul style="list-style-type: none"> <li>• BERES 09 released globally in Feb 2024</li> </ul>	<ul style="list-style-type: none"> <li>• 2-proned product approach designed for avid golfers with single and double handicaps respectively</li> <li>• Next generation of Tour World to be released in late 2024</li> </ul>	<ul style="list-style-type: none"> <li>• Country specific models, special editions and putters</li> <li>• BeZEAL 3 released in Feb 2024</li> <li>• SAKATA LAB PUTTERS released in Dec 2023</li> </ul>
SALES PERFORMANCE	<ul style="list-style-type: none"> <li>• 54.7% of club sales</li> <li>• FY24 sales -9.8%, mainly due to BERES Aizu phase out and weak consumer sentiment in China. However, revenue from BERES golf clubs in Japan +19.6% since the new BERES 09 launched</li> </ul>	<ul style="list-style-type: none"> <li>• 9.4% of club sales</li> <li>• FY24 sales -46.8% mainly due to TW757 phase out and distribution optimization in several markets</li> </ul>	<ul style="list-style-type: none"> <li>• 36.0% of club sales</li> <li>• FY24 putters sales +19.6%, sales from BeZEAL 3 rose by 6.0 times</li> <li>• All-time favorite to consumers who are looking for extinguished and exquisite cosmetics</li> </ul>

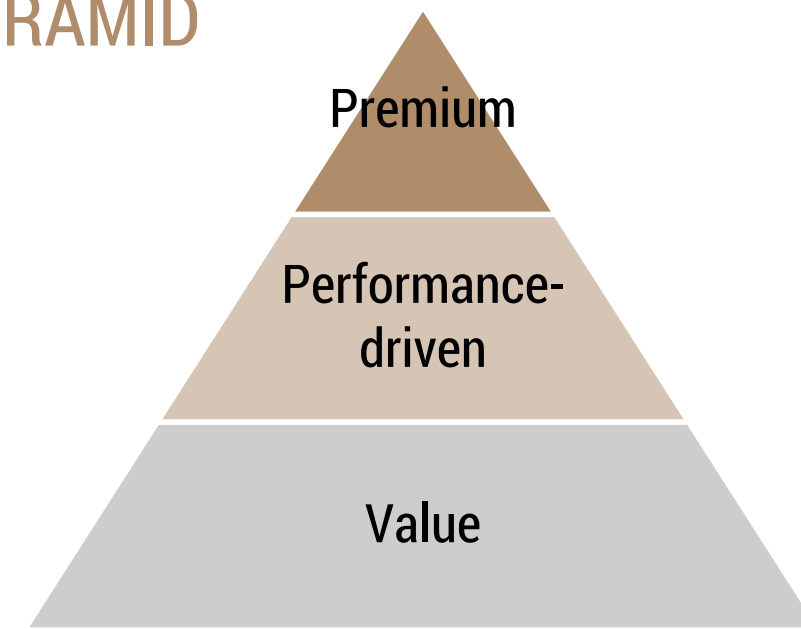


# PRODUCT: CONTINUED PIVOTING SALES GROWTH IN GOLF BALLS

## UPWARD RETAIL PRICE ADJUSTMENT TO FURTHER STRENGTHEN BALL'S PRODUCT PYRAMID

- Golf ball sales declined marginally by 0.2% YOY to JPY 2,936 million; gross margin decreased by 5.9PP to 23.4% following continued currency depreciation and cost pressure.
- Sales from golf ball declined due to upward retail price adjustment, implemented to cope with Japanese Yen depreciation over the last few years. Gross profit margin continued to be under pressure.
- Golf ball sales from SEA and China + 62.7% and + 9.4% respectively.

### PRODUCT PYRAMID



D1, 2-LAYER BALL



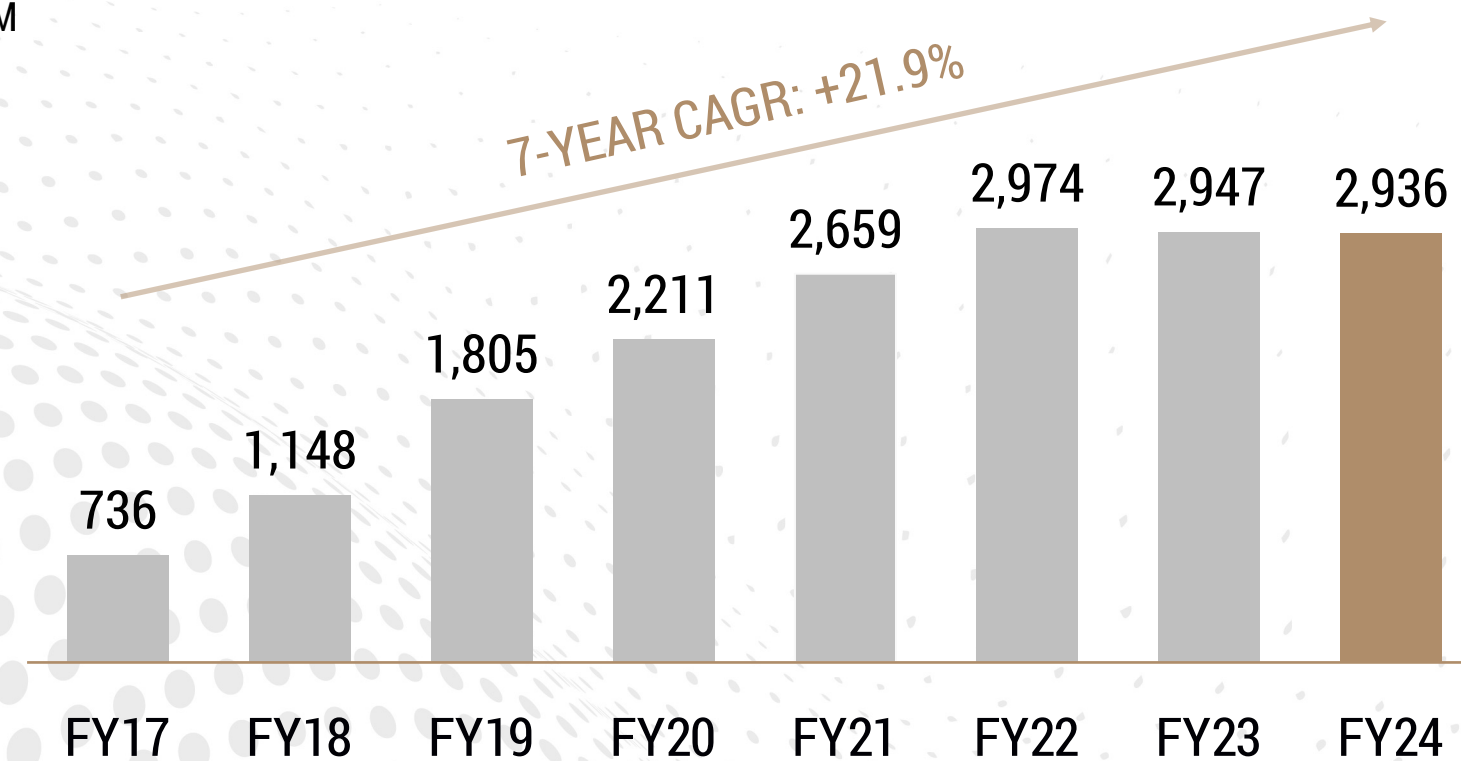
TW-X, TW-S, 3-LAYER BALL



BERES 5 STAR, 6-LAYER BALL

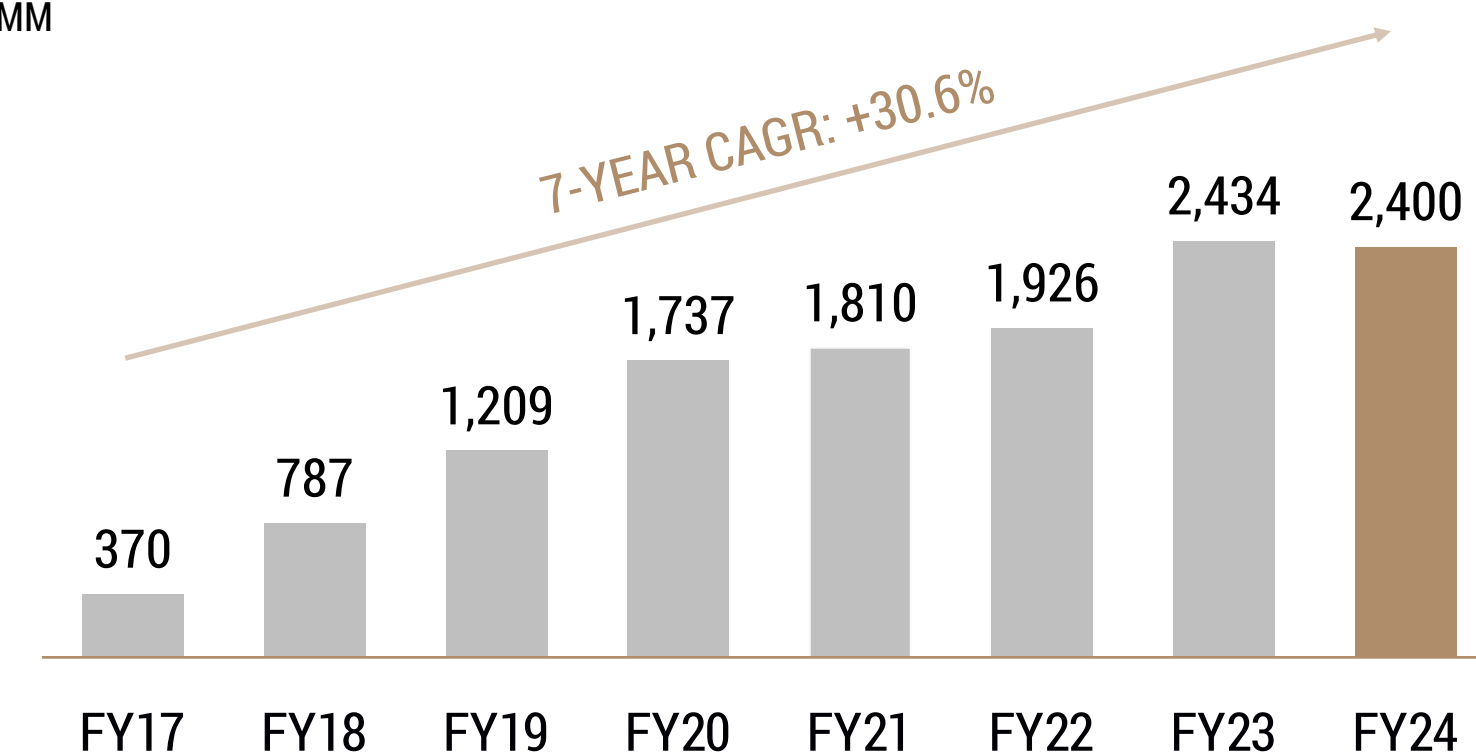
### TOTAL GOLF BALL SALES

JPY MM



### JAPAN GOLF BALL SALES

JPY MM





# PRODUCT: NURTURING APPAREL BUSINESS TO BUILD A LEADING GOLF LIFESTYLE BRAND

APPAREL SALES **+4.9% YOY TO JPY 3,158 MILLION**  
GROSS MARGIN **+16.8 pp TO 43.5%**

- Sales from mainland China **+23.2%**; sales from SEA **+618.8%**, mainly due to entry into Indonesia
- **3 product lines** catering to the distinctive requirements of golfers and outdoor enthusiasts in Asia, both on-course and off-course
- **Quality retail footprints** with optimized store operation, merchandise planning and upgraded display
- Continued investment into **digital marketing and E-commerce capabilities** on the back of one digital eco-system
- **Crossover collections** collaborating with trendy Japanese designer and iconic IP to drive brand awareness and appeal to the younger generation

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

**HONMA**

## PROFESSIONAL GOLF LINE

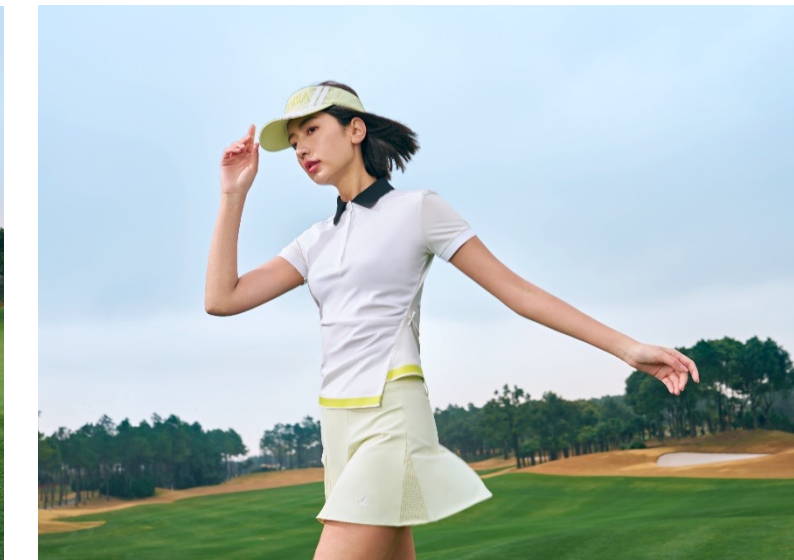
Tour-inspired professional golf wear featuring high-tech functional fabrics and 3D synchronized cutting



*HONMA*

## FASHION GOLF LINE

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



**HONMA**

## URBAN ATHLEISURE LINE

Trendy athleisure wear targeting active and outdoor enthusiasts, featuring fashionable and diverse designs and details





# CHANNEL: 360-DEGREE BRAND EXPERIENCE BUILT INTO NEW RETAIL SPACE AND ENVIRONMENTS

## DIRECT-TO-CONSUMER RETAIL CHANNELS

ACT AS BRAND EXPERIENCE HUBS ACROSS ALL MARKETS

- Sales from self-owned channels +7.2% to JPY 10,952 million
- Retail sales from Japan +16.0%; sales from mainland China +15.7%
- 95 self-owned stores, net increase by 5; newly opened 17 stores, all of which are in Asia



## THIRD-PARTY RETAILERS AND WHOLESALERS

FOCUS ON A SMALLER BUT PREMIER GROUP OF ACCOUNTS AND CONTINUED TO DRIVE PENETRATION

- Sales from third-party -20.8%
- Number of POSs declined by 4 to 3,713, esp. in Korea, with a third-party POSs decrease by 51.
- Sales decline was primarily due to sales decrease in Japan, Korea, and China (including HK and Macau), mainly due to continued distribution footprint optimization





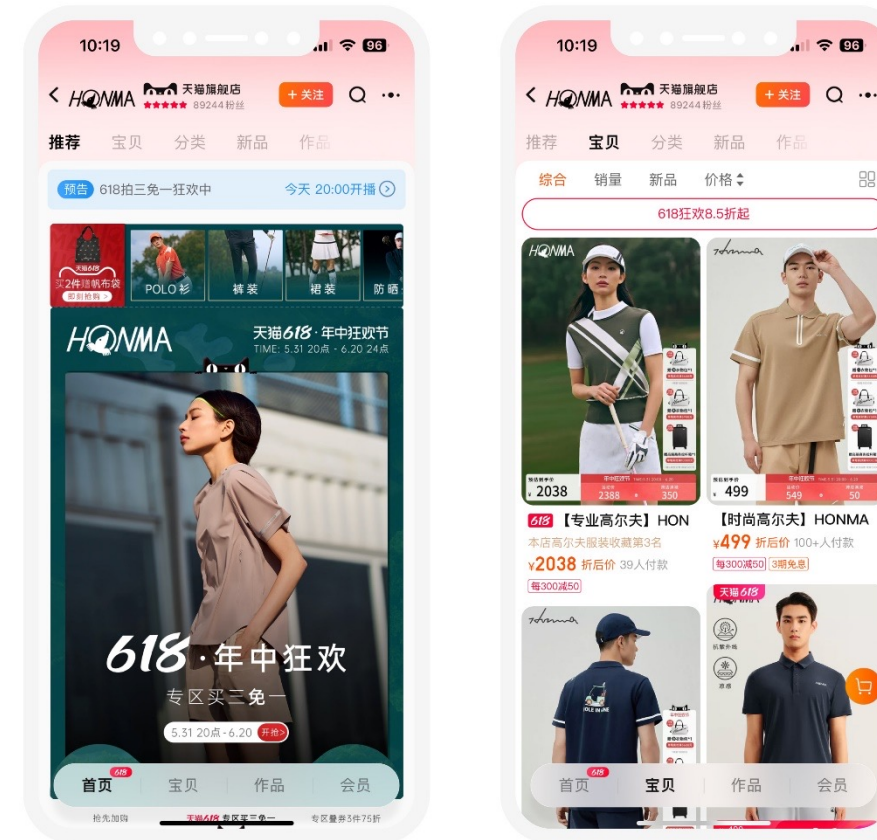
# CHANNEL: FURTHER EXPANDING DIGITAL ECO-SYSTEM AND PRIVATE SPHERE TO BOOST CONSUMER LOYALTY

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

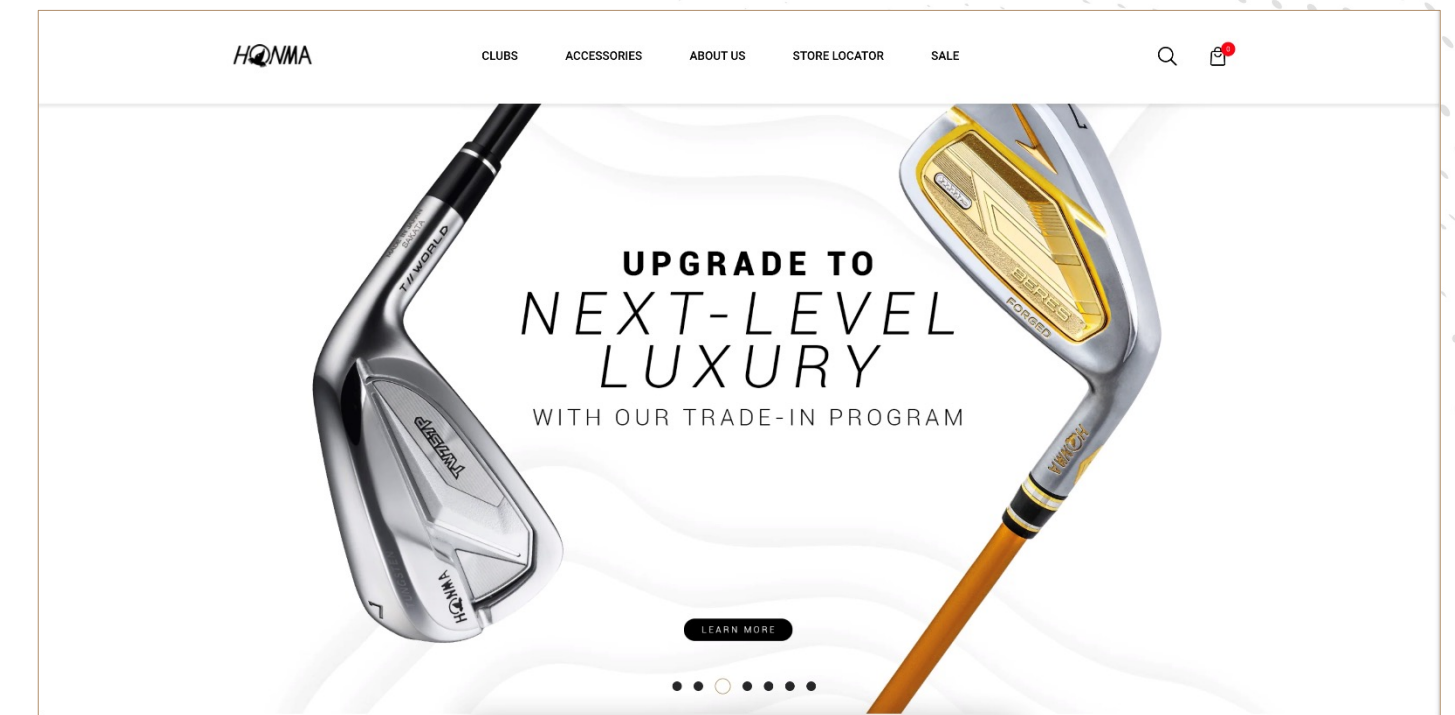
E-COMMERCE SALES GREW BY **17.4%**  
DRIVEN BY ACCELERATED INVESTMENT IN DIGITAL  
MARKETING WITH A FULL-CHANNEL APPROACH

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

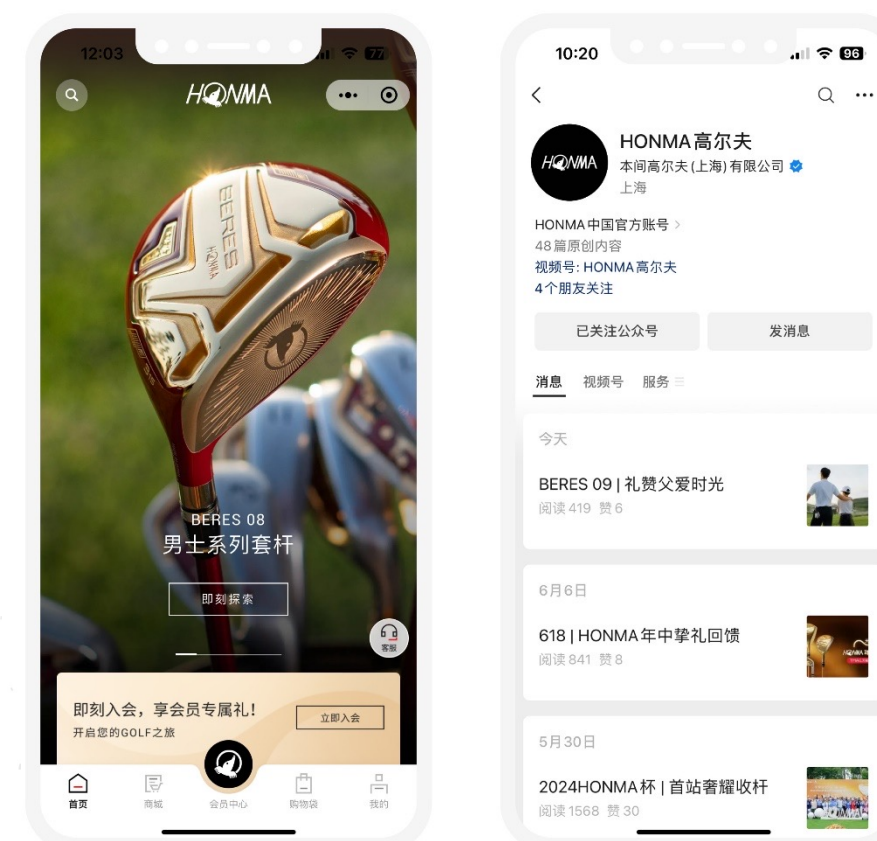
## T-MALL FLAGSHIP STORE



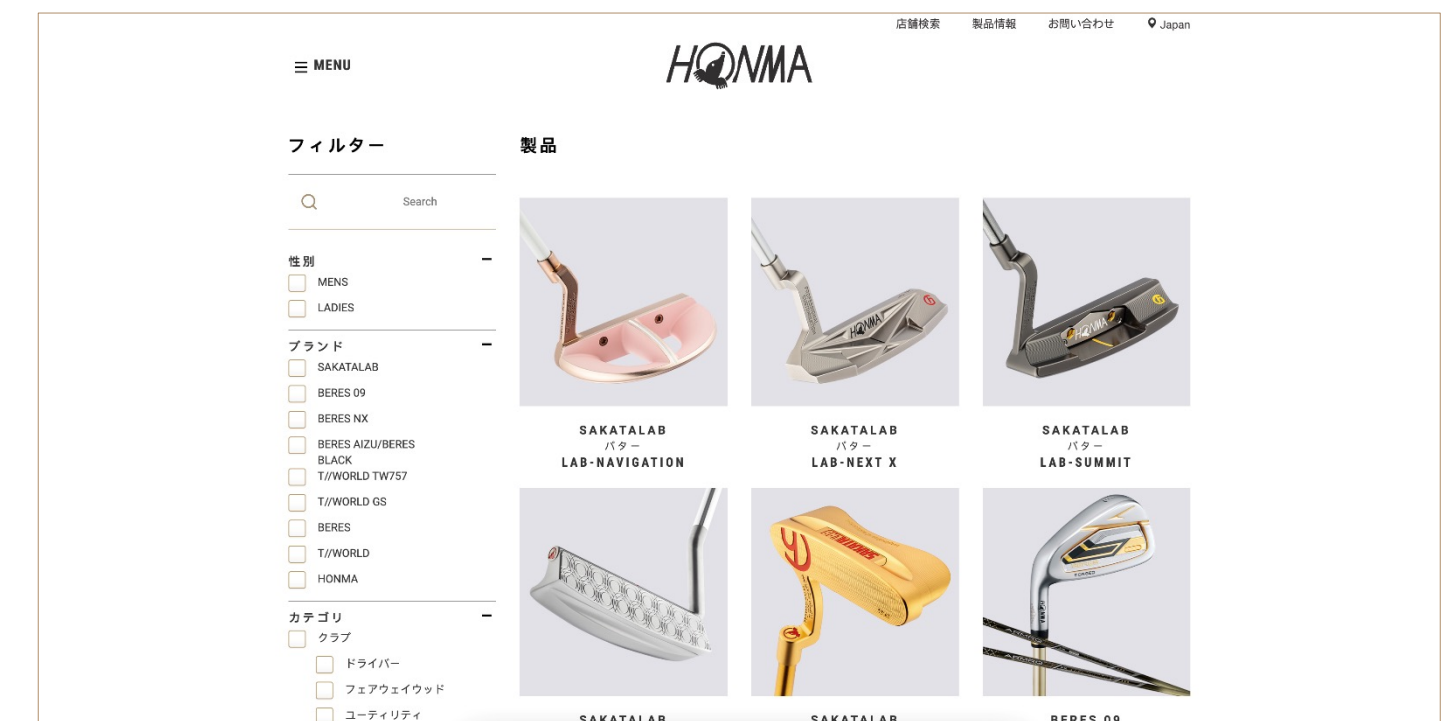
## US E-COMMERCE SITE



## WECHAT OFFICIAL ACCOUNT & STORE



## JAPAN E-COMMERCE SITE



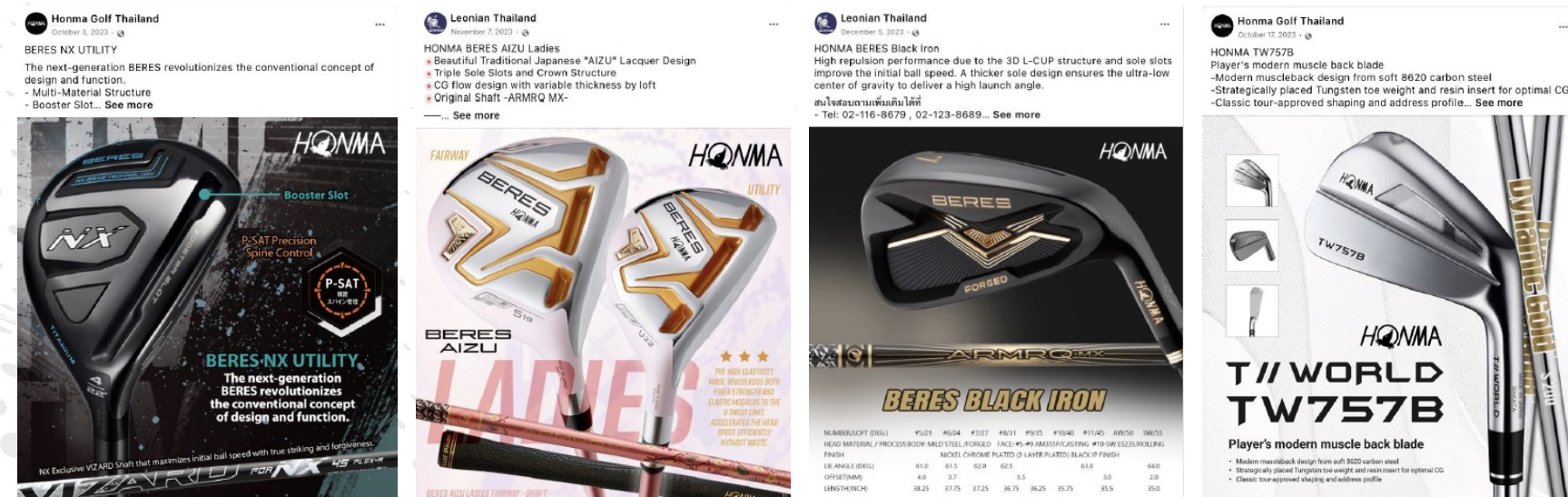
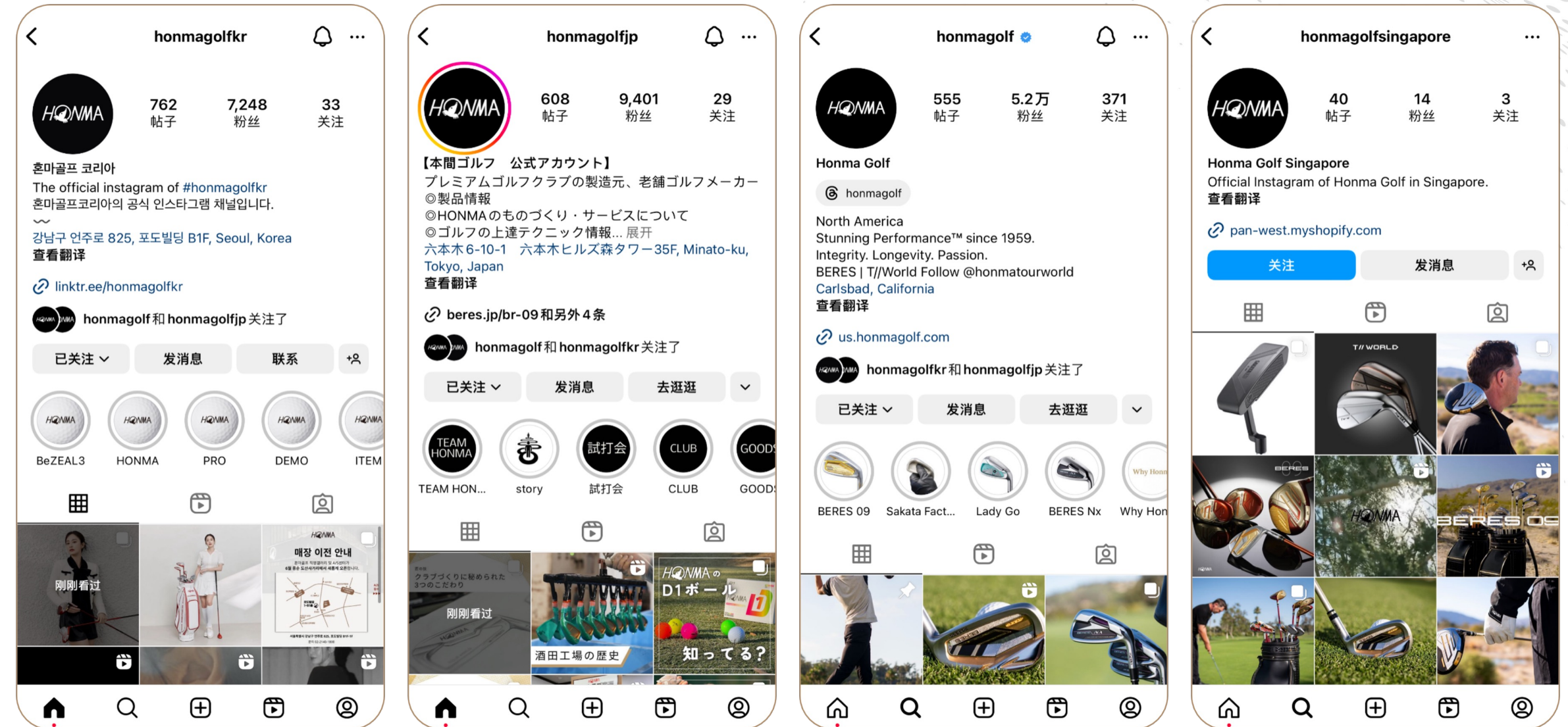


# MARKETING: RE-DEFINING HONMA AS A DYNAMIC, RELEVANT AND PREMIUM GOLF LIFESTYLE BRAND

CONTINUOUSLY DRIVE BRAND AWARENESS ACROSS ALL MARKETS

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

- Frequently updating digital marketing content on HONMA's global website as well as social platforms, such as Instagram, Facebook, Wechat, Weibo, etc
- Content collaboration with pros, influencers and celebrities on various 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**





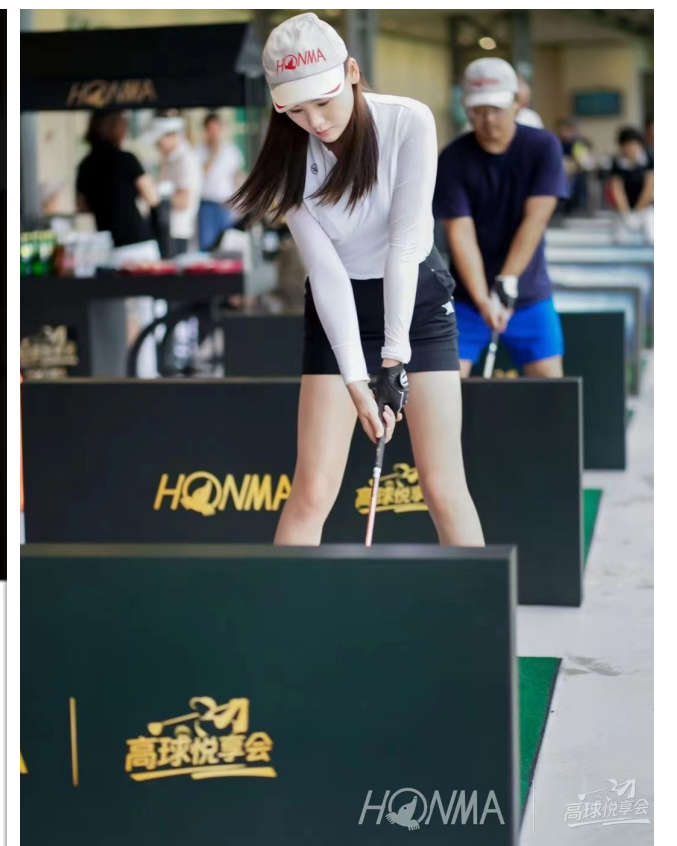
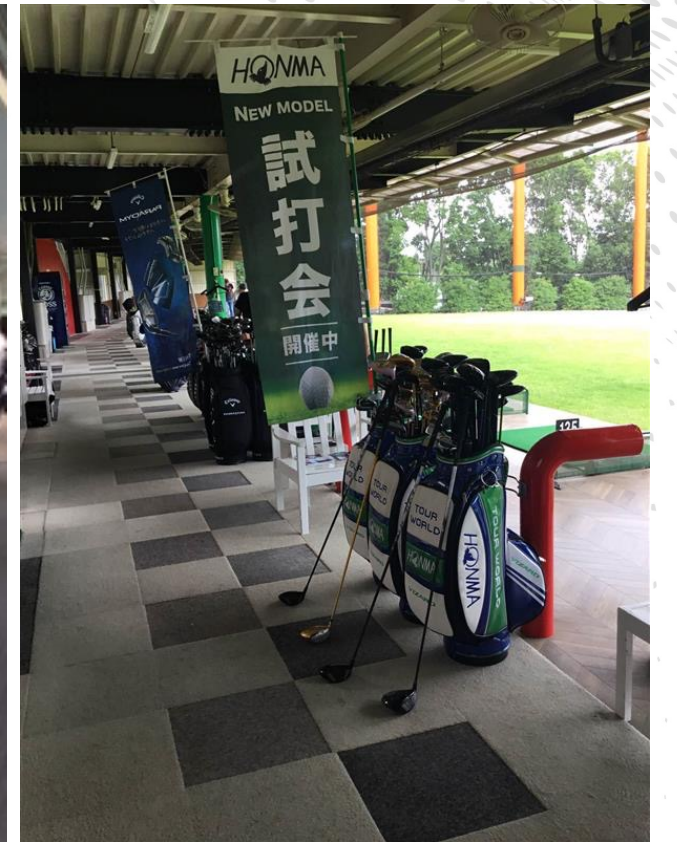
# MARKETING: RE-DEFINING HONMA AS A DYNAMIC, RELEVANT AND PREMIUM GOLF LIFESTYLE BRAND

CONTINUOUSLY DRIVE BRAND AWARENESS ACROSS ALL MARKETS

## CUSTOMER EVENTS

3,564 EVENTS, 53,230 PARTICIPANTS

- Customer events are important customer touch points for HONMA
- These events were mainly held on **golf courses** with dedicated fitters
- Brand experience integrating 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 engagements





# MARKETING: RE-DEFINING HONMA AS A DYNAMIC, RELEVANT AND PREMIUM GOLF LIFESTYLE BRAND

CONTINUOUSLY DRIVE BRAND AWARENESS ACROSS ALL MARKETS

SPONSORING 6 PROFESSIONAL PLAYERS PLUS A WIDE NETWORK OF HONMA BRAND AMBASSADORS AND COACHES

- Renewed endorsement strategy to recruit **younger and uprising** athletes in Asia with visible social media followings, so as to address and engage with the **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





# MARKETING: RE-DEFINING HONMA AS A DYNAMIC, RELEVANT AND PREMIUM GOLF LIFESTYLE BRAND

## CONTINUOUSLY DRIVE BRAND AWARENESS ACROSS ALL MARKETS

### OTHER BRAND PR & MEDIA EXPOSURE

- Actively reinforcing HONMA's brand image through continued media exposure and collaboration with brand ambassadors and social celebrities.





# 04 FINANCIAL REVIEW

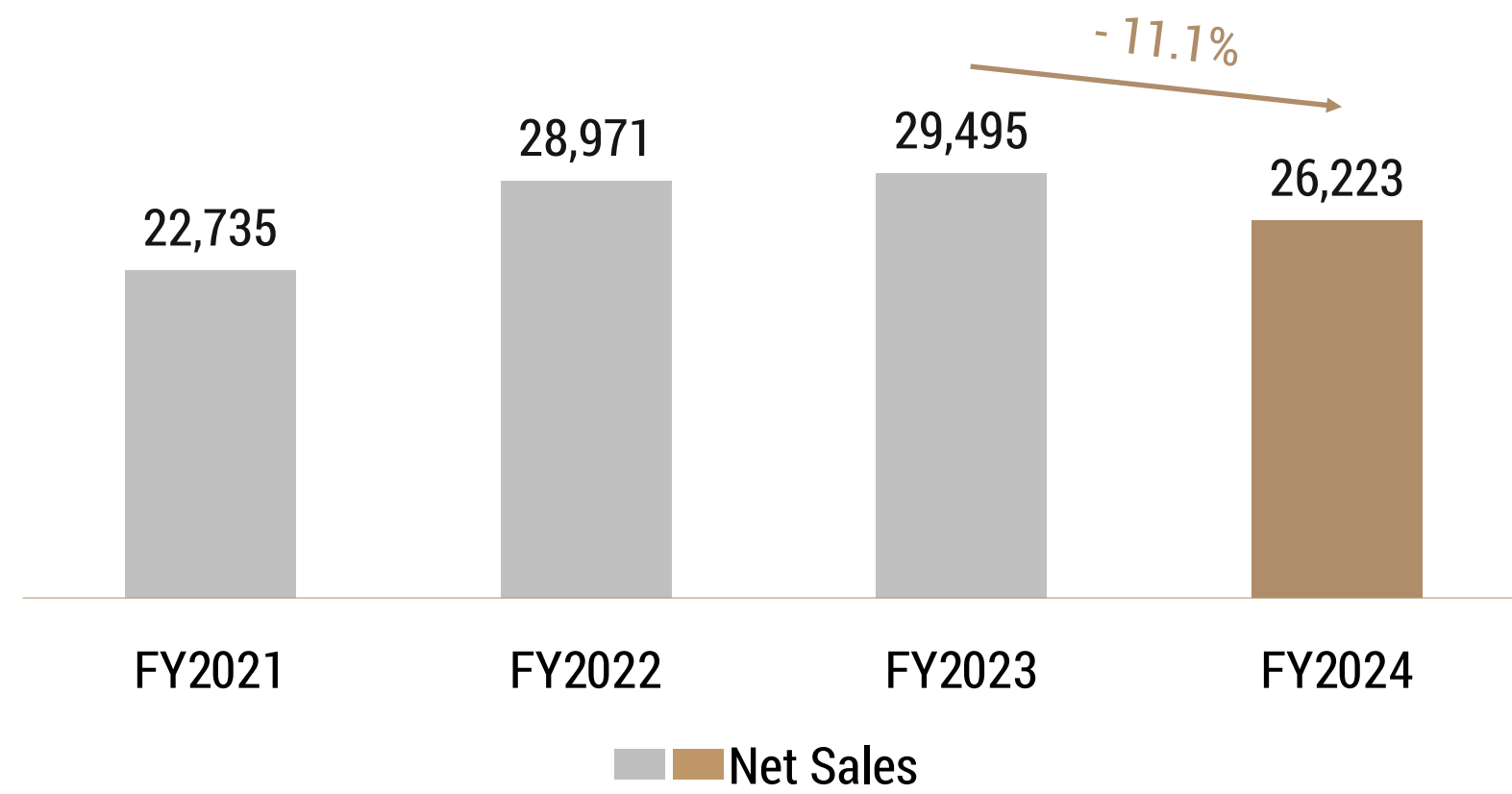




# RESILIENT PERFORMANCE AND IMPROVEMENTS UNDER A CHALLENGING ENVIRONMENT

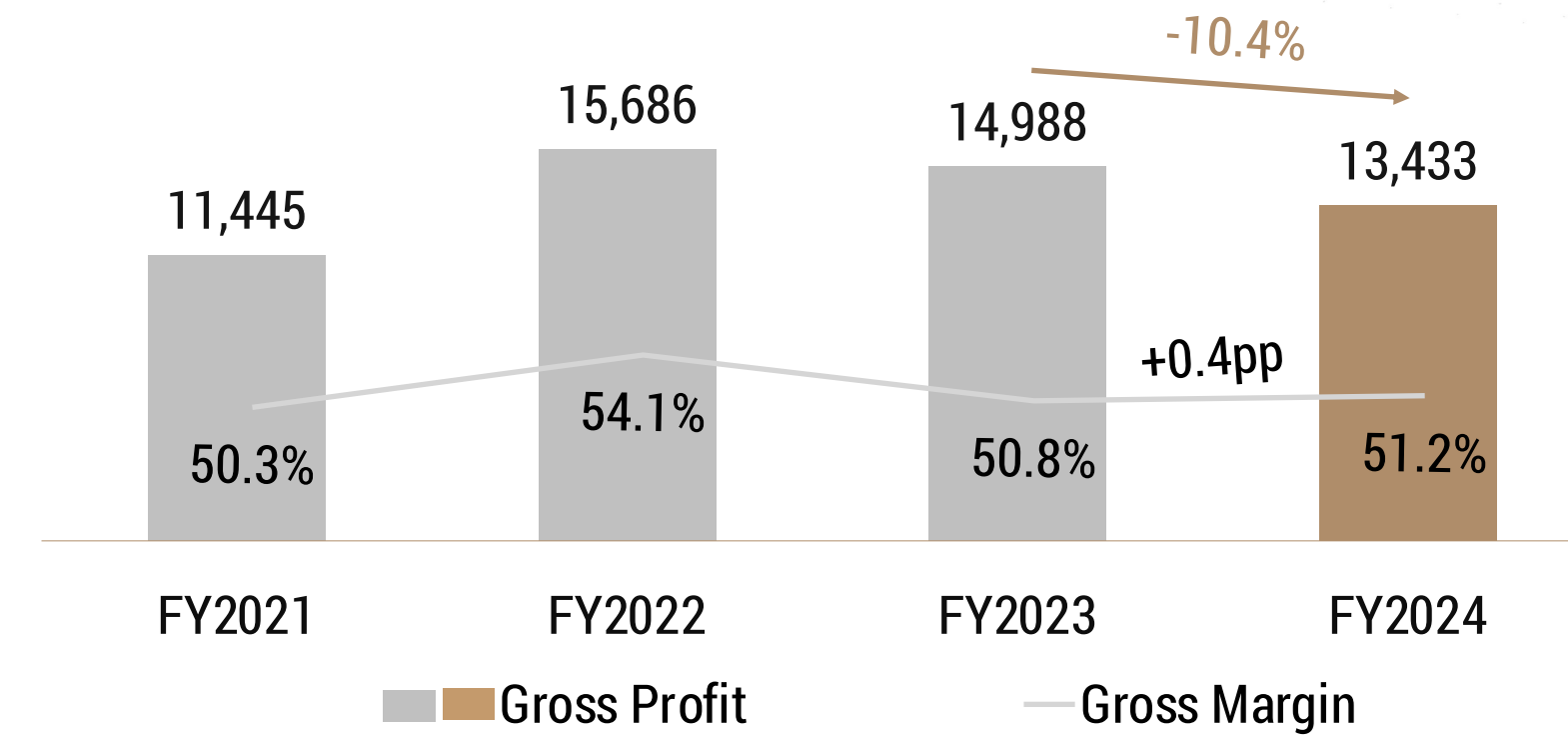
## NET SALES

JPY MM



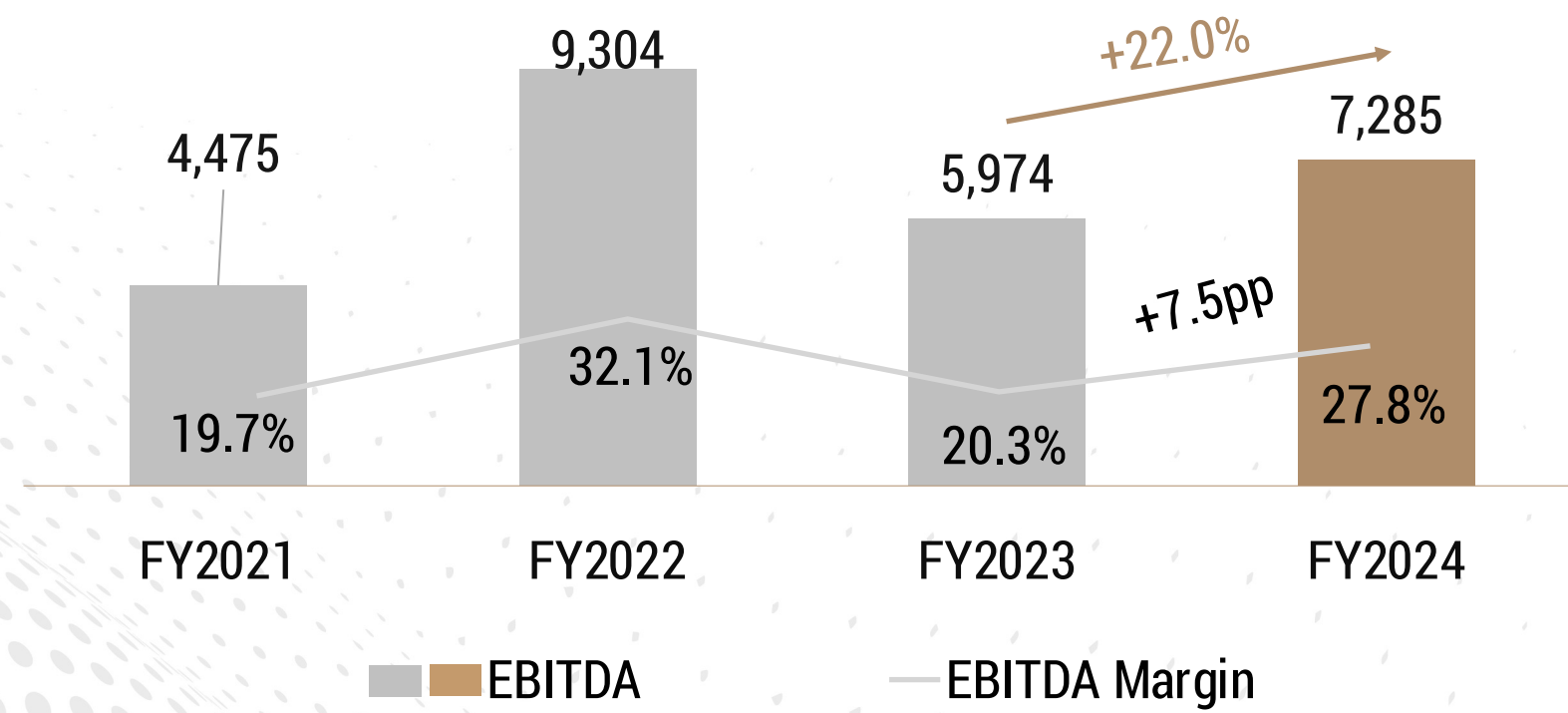
## GROSS PROFIT & GROSS MARGIN

JPY MM



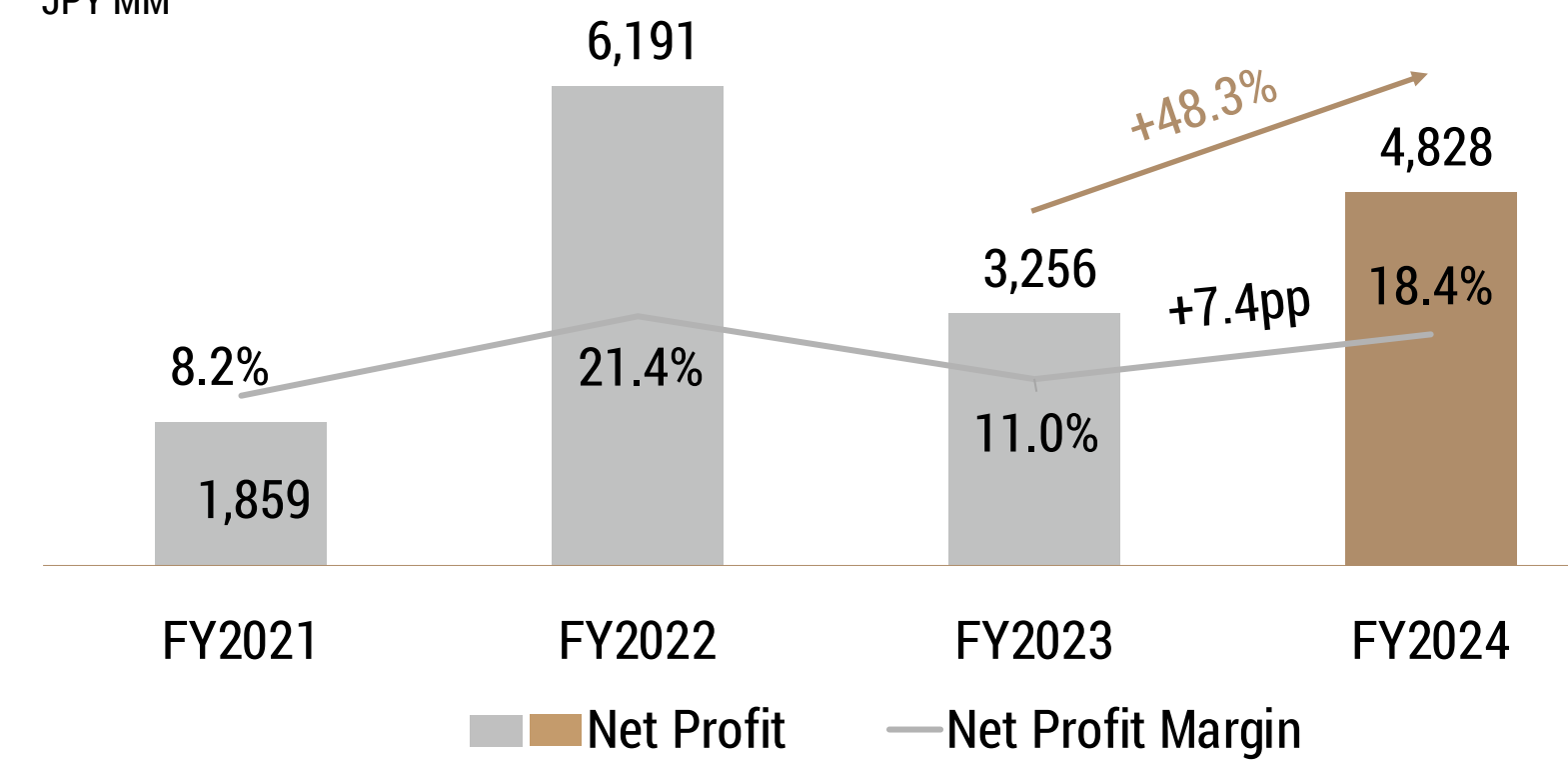
## EBITDA

JPY MM



## NET PROFIT

JPY MM



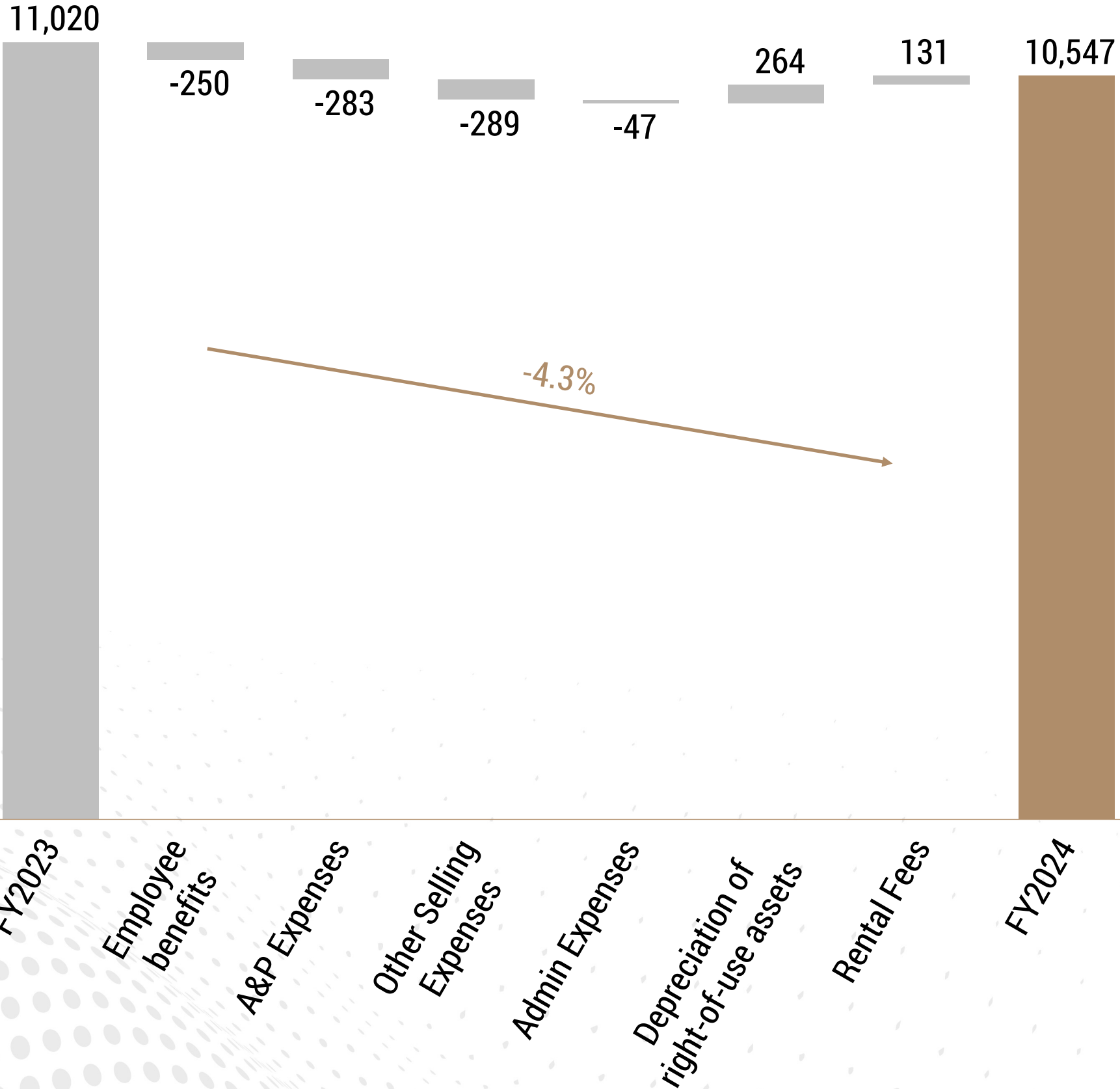


# CONTINUED OPEX OPTIMIZATION TO RESOURCE TO WIN

TO ENHANCE AS WELL AS TO MITIGATE NEGATIVE IMPACT FROM GLOBAL ECONOMIC UNCERTAINTY

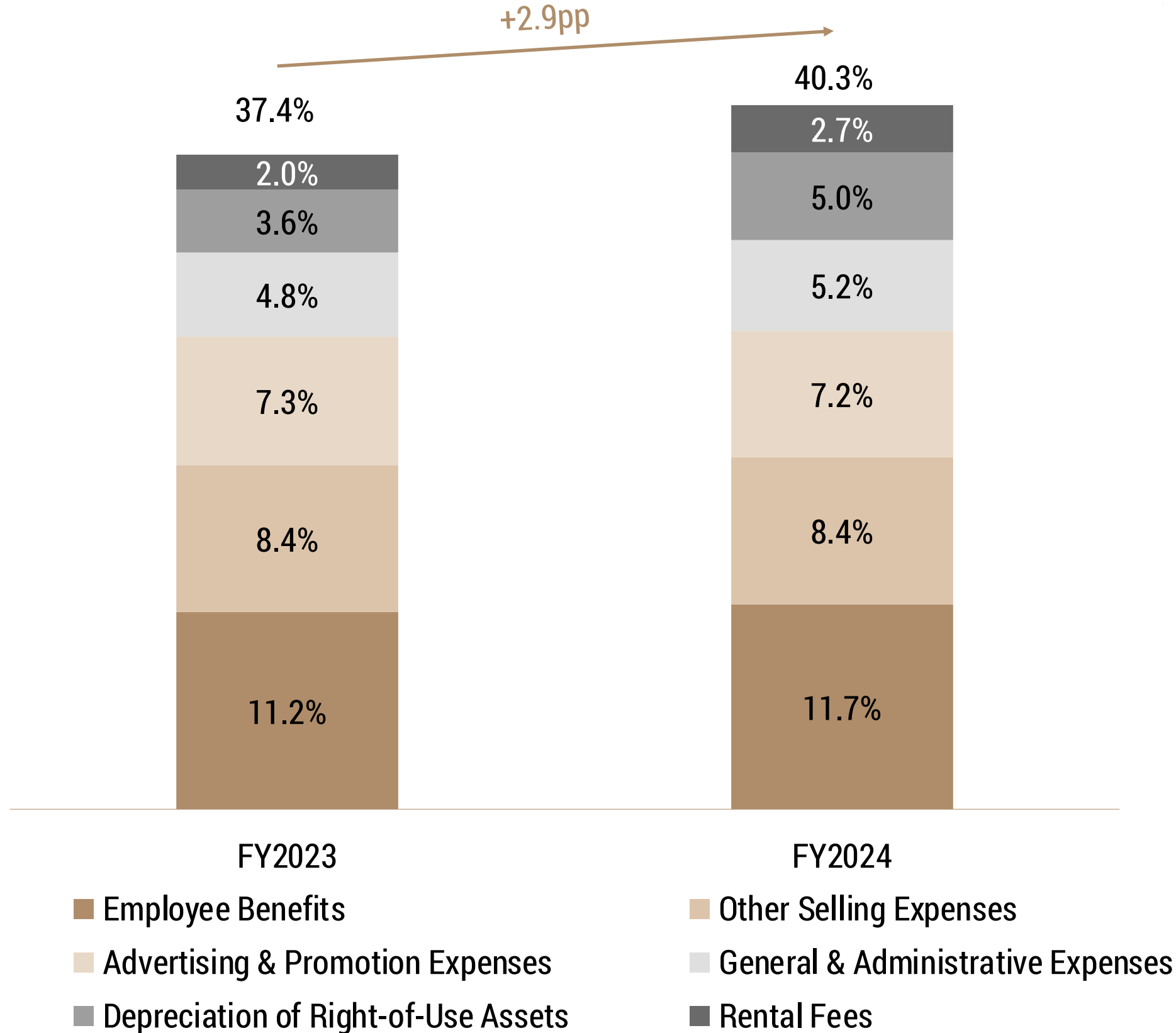
## SG&A EXPENSES BRIDGE

JPY MM



## SG&A EXPENSES BREAKDOWN

AS % OF SALES

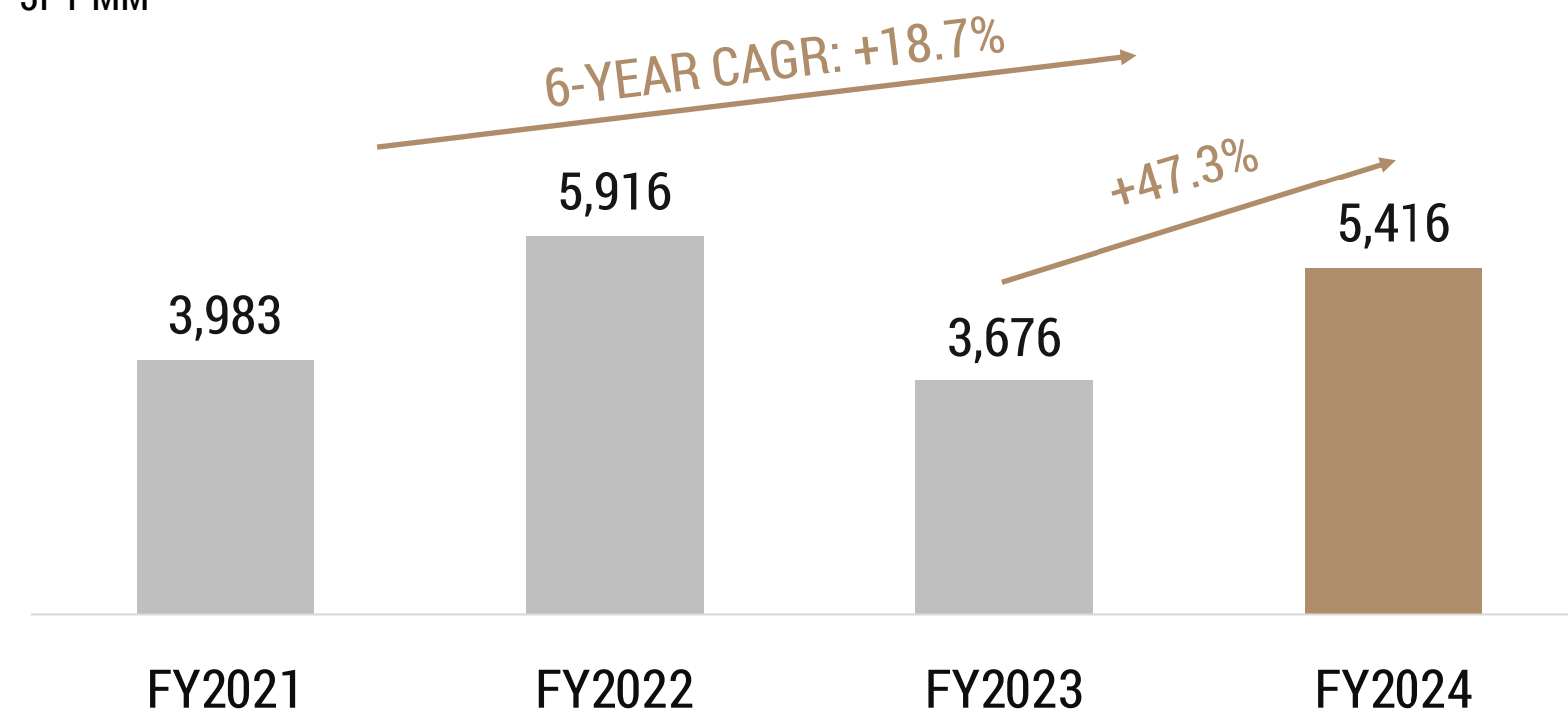




# HEALTHY BALANCE SHEET AND STRONG OPERATING CASHFLOW

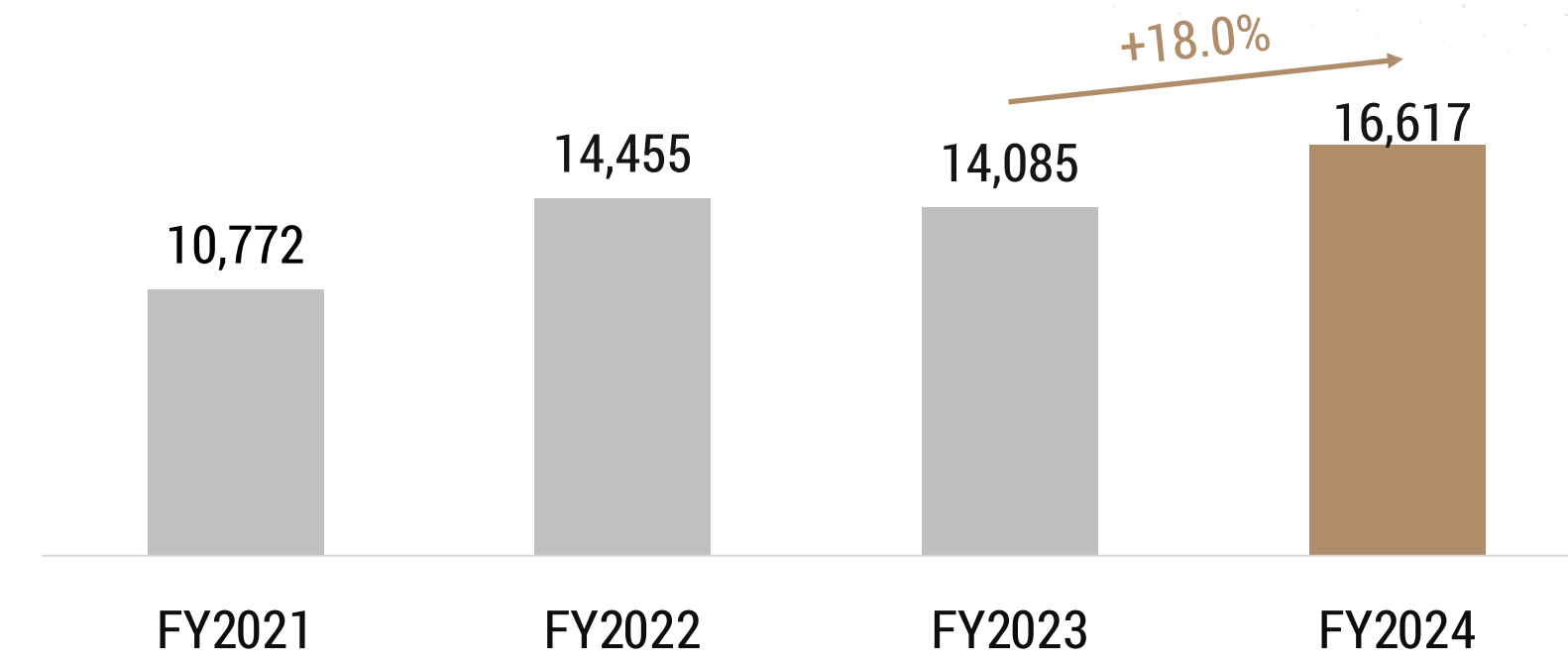
## NET OPERATING CASH FLOW

JPY MM



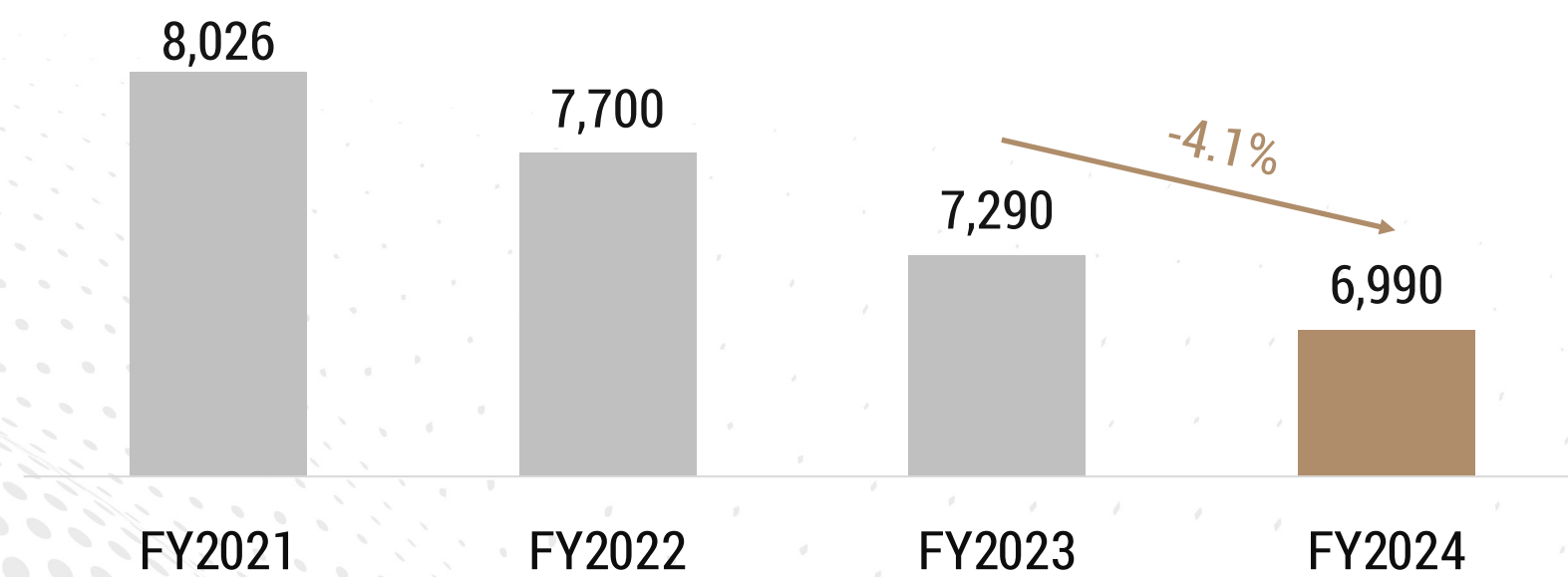
## CASH and CASH EQUIVALENTS

JPY MM



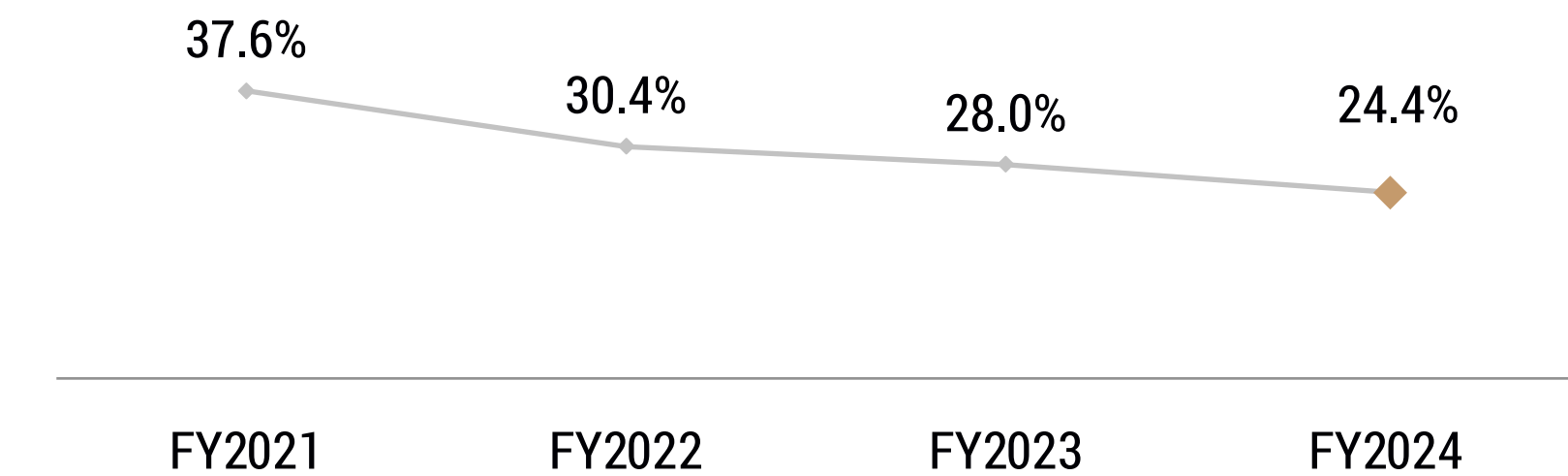
## INTEREST-BEARING LIABILITIES

JPY MM



## INTEREST-BEARING LIABILITIES / TOTAL EQUITY

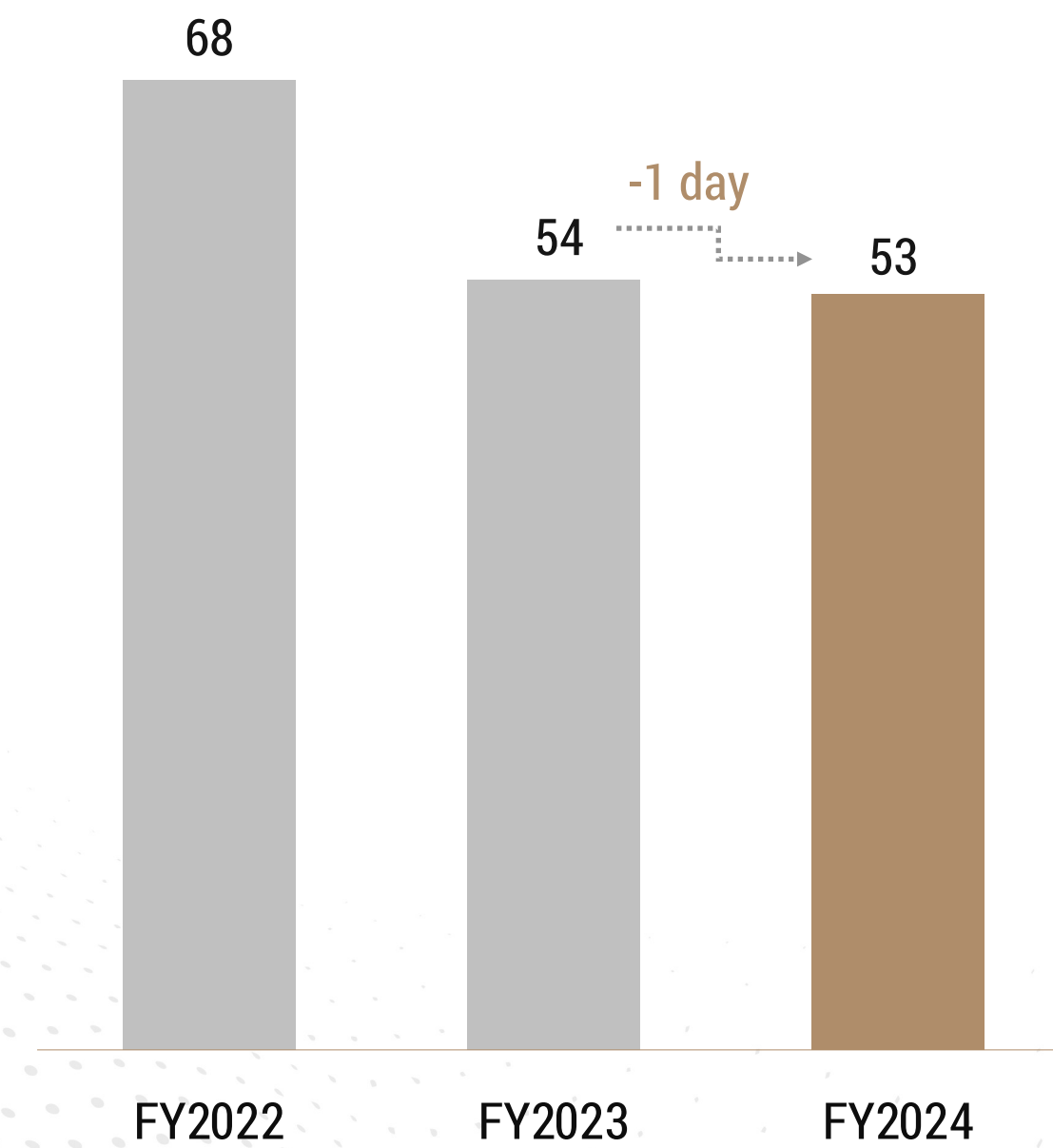
%



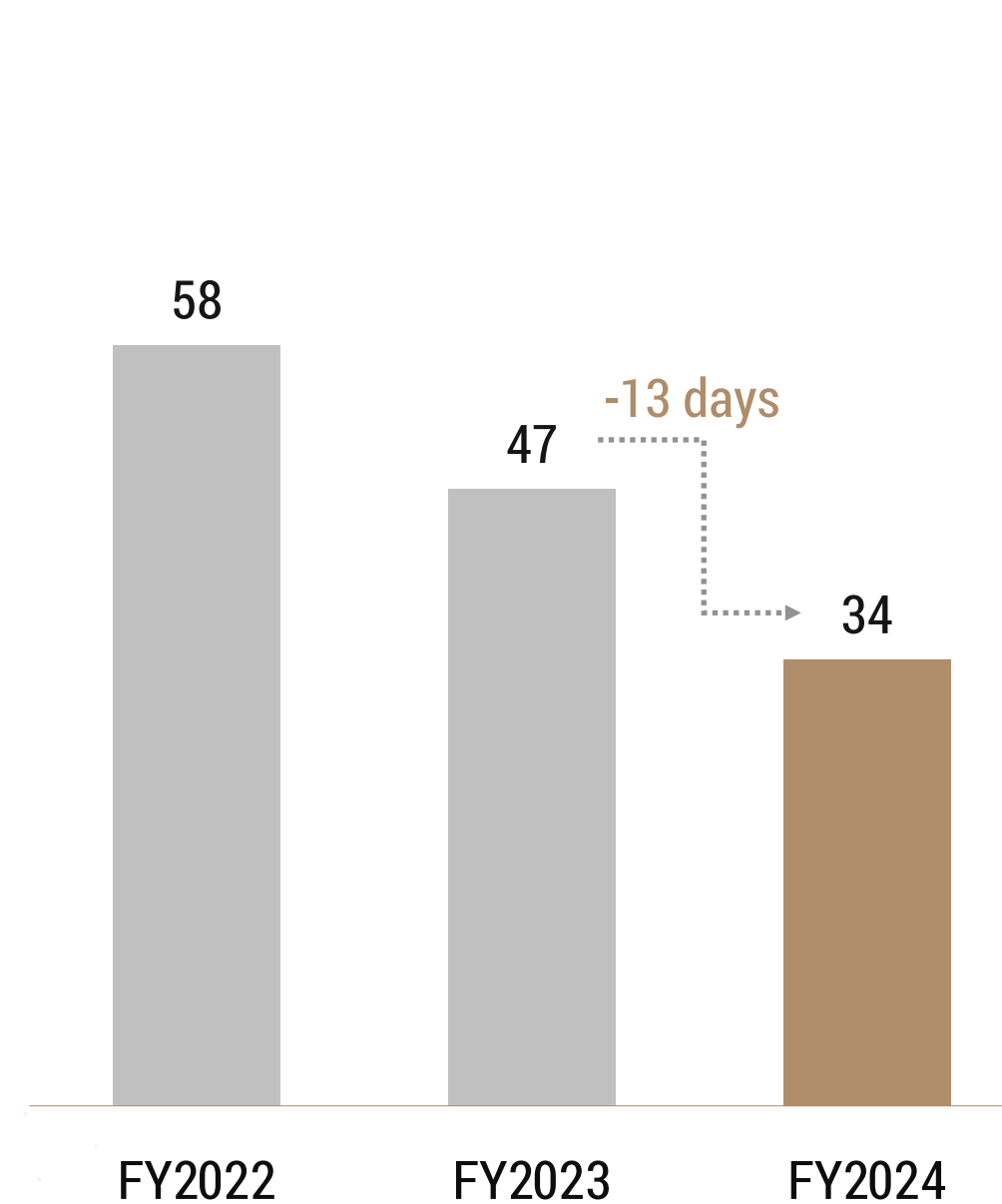


# CONTINUOUSLY IMPROVING WORKING CAPITAL EFFICIENCY

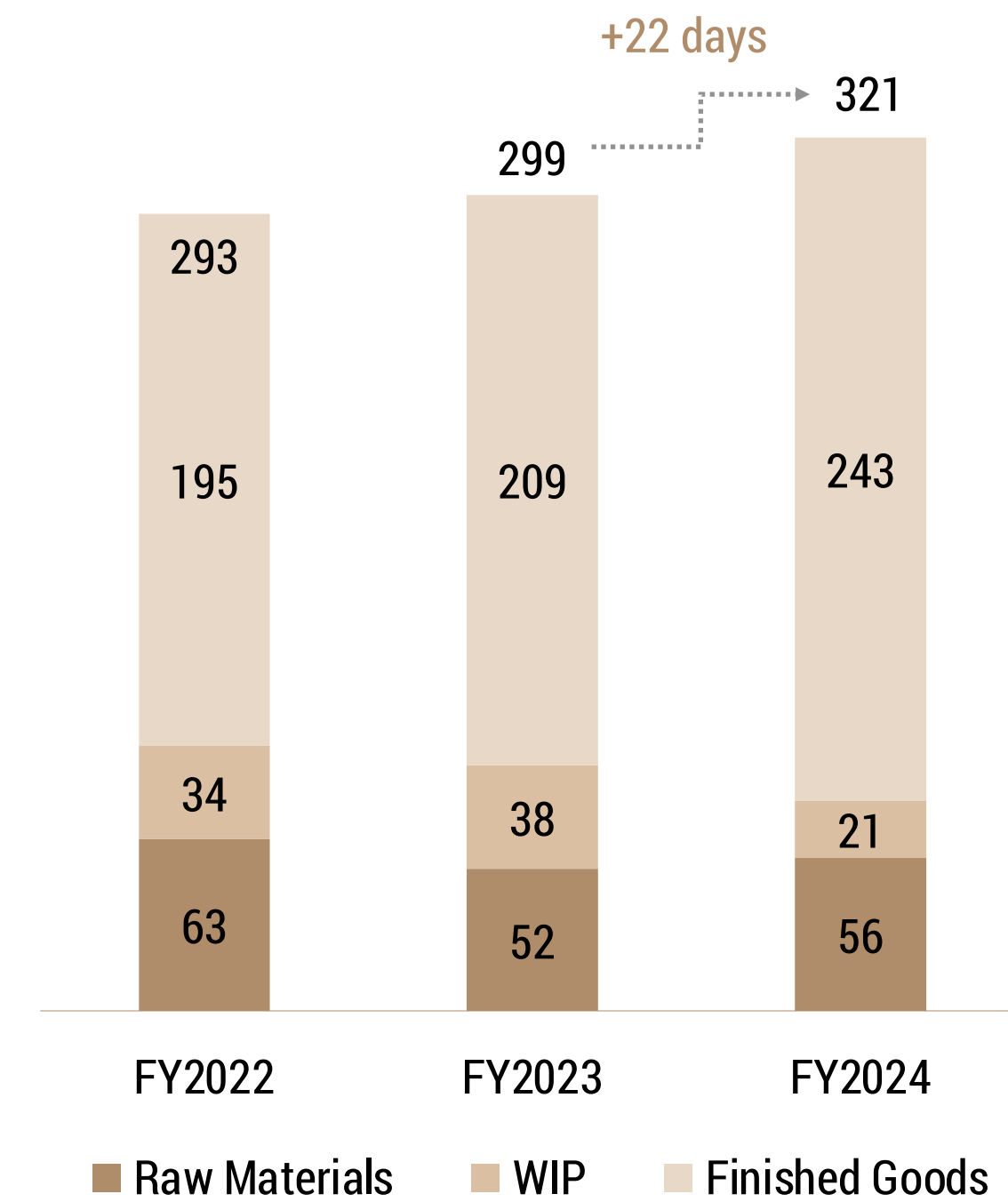
**RECEIVABLES TURNOVER DAYS <sup>(1)</sup>**  
DAYS



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



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



**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 optimized distribution network.

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

- a) Sustainably improve and transform **HONMA brand value** into **customer loyalty**.
- b) Continuously increase the Group's market share in **home markets** by maintaining its leading position in the **super-premium segment** while making solid inroads into the fast-growing **premium-performance segment**.
- c) Nurturing complementary **non-club product lines** to provide customers with a **complete golf lifestyle experience**.
- d) Anchoring sustainable growth in North America and Europe based on the updated product and distribution strategy.
- e) Continue product innovation and development to **cater for latest market trends**.

## CHALLENGES

The golf industry will continue to face **multiple challenges** in the near future, including

- more intense competition as retailers were struggling with higher than expected inventories and sluggish consumer demand
- sustained global economic and geo-political uncertainties
- supply chain challenges as a result of labour shortage and increase of raw material price

In face of such challenges, the Group is confident in its ability to mitigate the adverse impacts of such uncertainties and will seize every possible opportunity to preserve cash, to optimize its operational efficiencies in order to foster a solid foundation for the mid- and long-term development with respect to its brand, products, distribution channel, employees and supply chain.



# 06

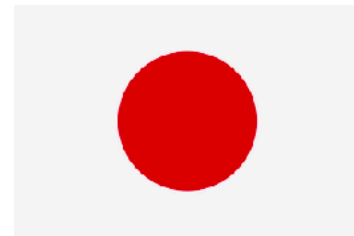
## APPENDIX





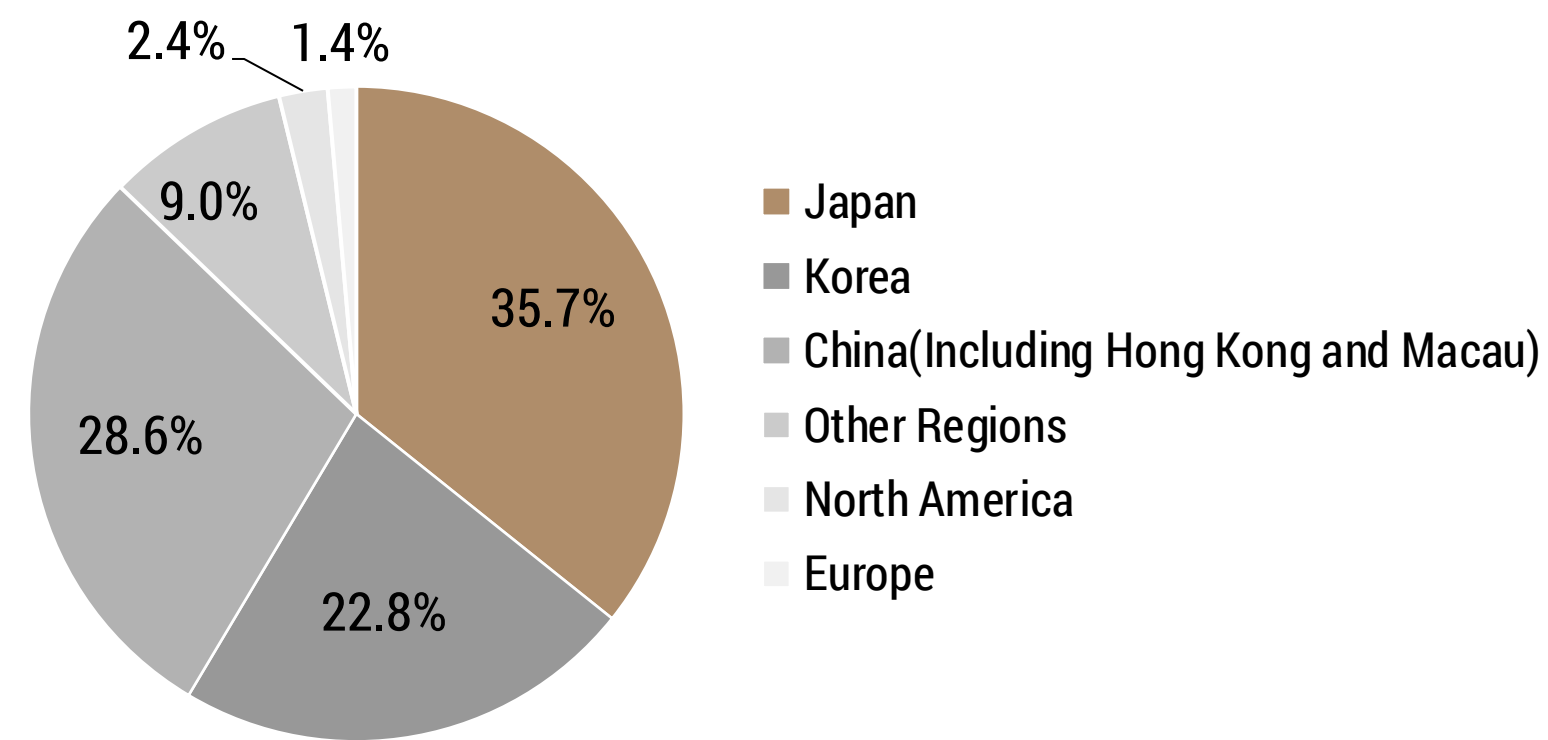
# BUSINESS REVIEW BY MARKET

## HOME MARKET JAPAN



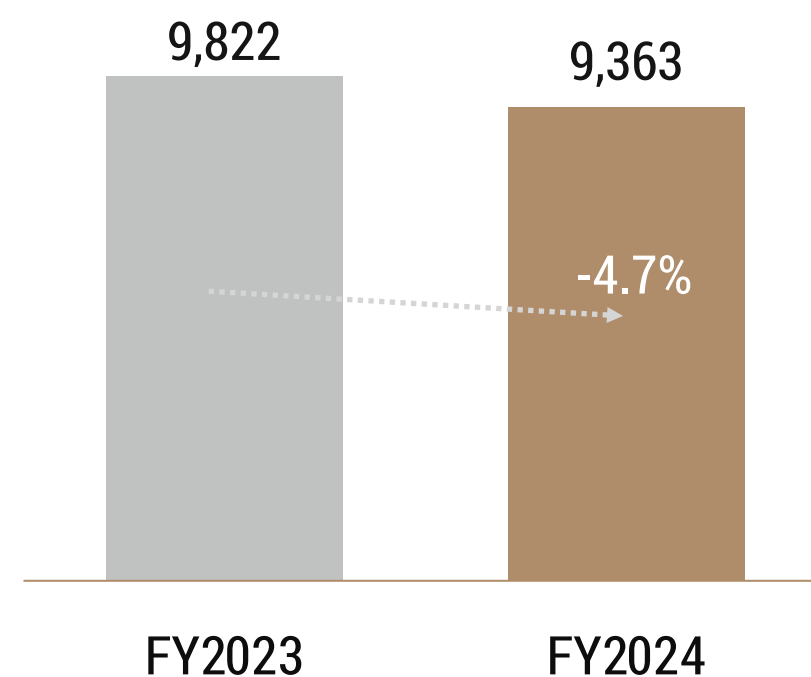
STEADY AND QUALITY GROWTH IN MULTIPLE PRODUCT CATEGORIES FOLLOWING FURTHER MARKET REOPENING

% 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>
- In 2022, **8.1 million** 9 & 18 hole golfers (know as on-course golf players), around **6.4%** of total population in Japan <sup>(2)</sup>

## FY24 FULL YEAR PERFORMANCE HIGHLIGHT

**NET SALES -4.7% GROSS PROFIT MARGIN +5.8PP**

- Golf club sales -4.5% due to optimization of distribution networks, while BERES club family sales +19.6% thanks to successful activation of BERES 09. Sales of putters +97.7% thanks to new products launch
- Sales from self-operated stores +16.0%

### Note

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

(2) Source: The R&A Global Golf Participation Report 2023



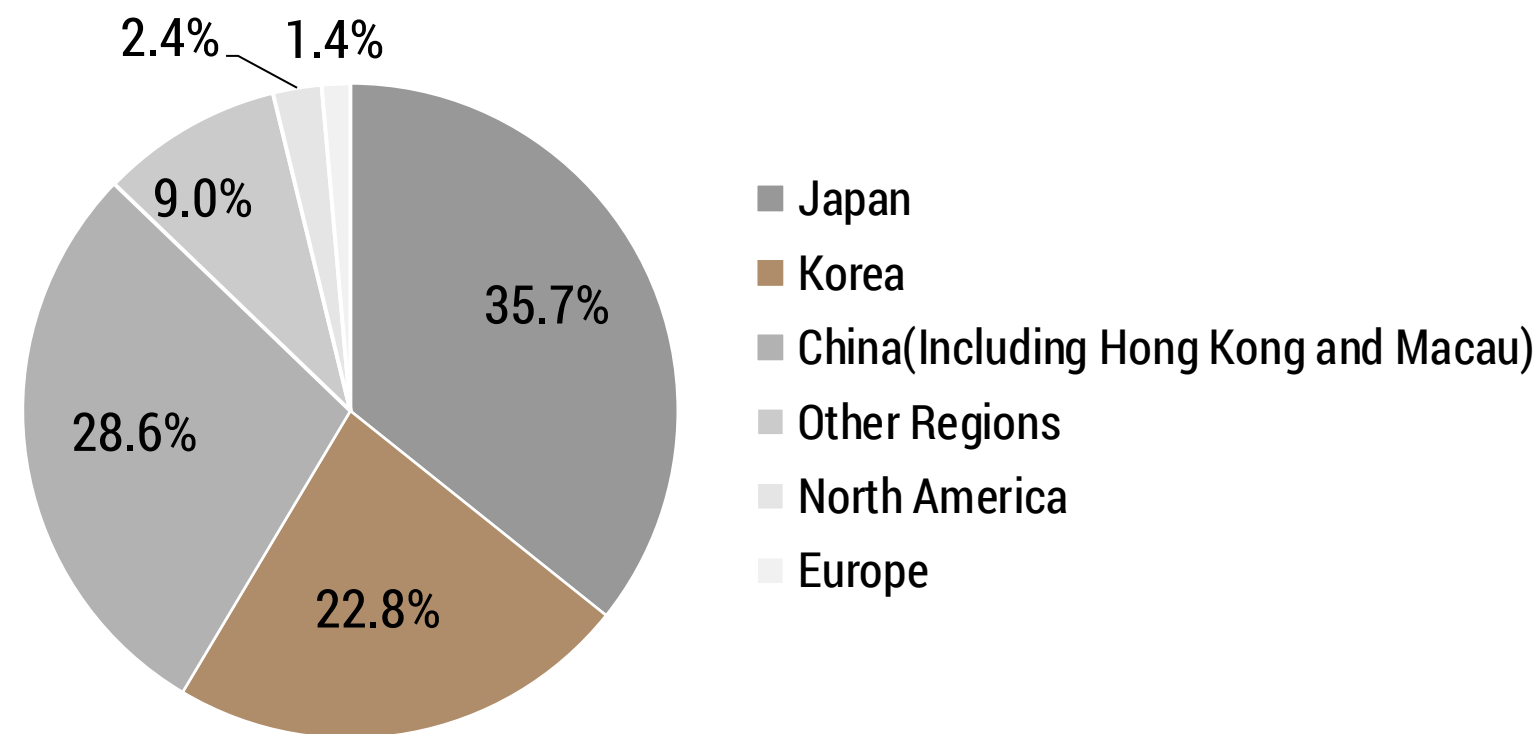
# BUSINESS REVIEW BY MARKET

## HOME MARKET KOREA



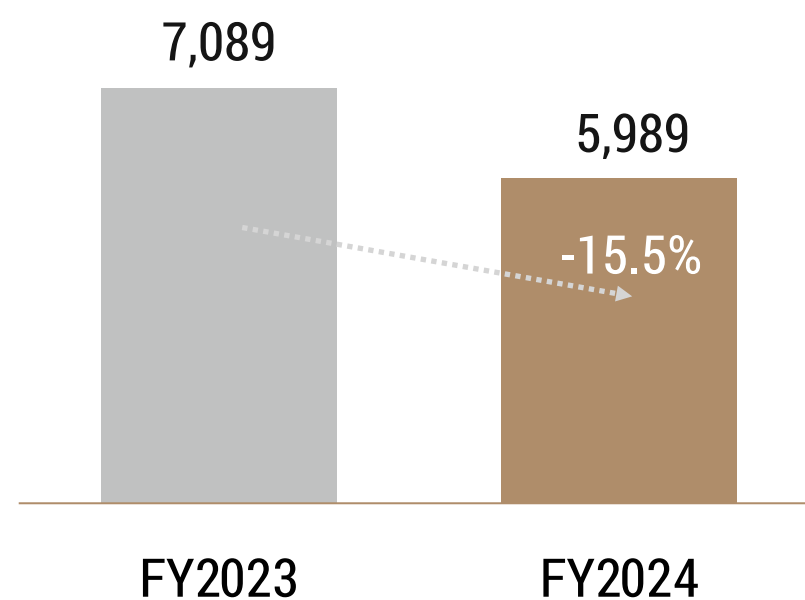
ONGOING CHANNEL OPTIMIZATION FOR BETTER PREPARATION ON PREMIUM-PERFORMANCE SEGMENT EXPANSION

% of Total Sales



## NET SALES

JPY MM



## MARKET

- Fast growing and under-penetrated market
- 3<sup>rd</sup> largest golf market in the world with **USD 3.9 billion** golf apparel sales and **USD 1.1 billion** golf equipment sales in 2022. In addition, Korean golfers **spend more per capita** on their golf equipment and apparel than any other country.<sup>(1)</sup>
- In 2022, **5.4 million** of 9&18 hole golfers (know as on-course golf players), around **10.4%** of total population in Korea<sup>(2)</sup>

## FY24 FULL YEAR PERFORMANCE HIGHLIGHT

### NET SALES -15.5%

- Sales decrease was mainly due to the optimization of distribution network, which has led to a temporary decline in sales from wholesales
- BeZEAL club sales **increased more than 1000 times**, boosted by successful launch of BeZEAL 3 in early 2024

### Note

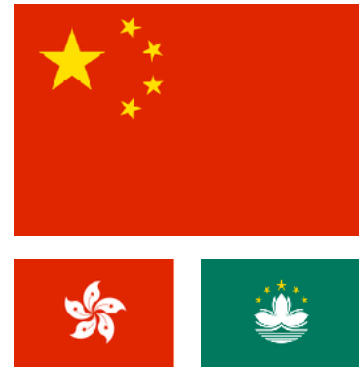
(1) Source : Golf Datatech & Yano Research, 2023 World Golf Report

(2) Source: The R&A Global Golf Participation Report 2023

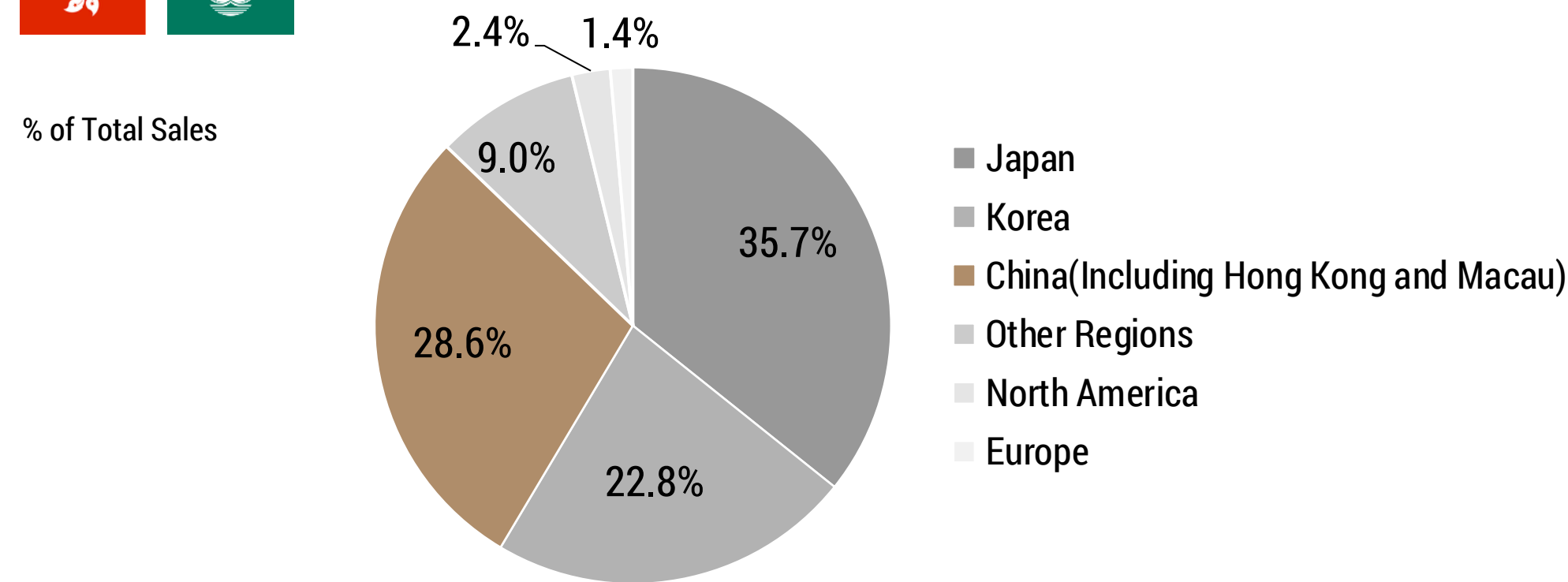


# BUSINESS REVIEW BY MARKET

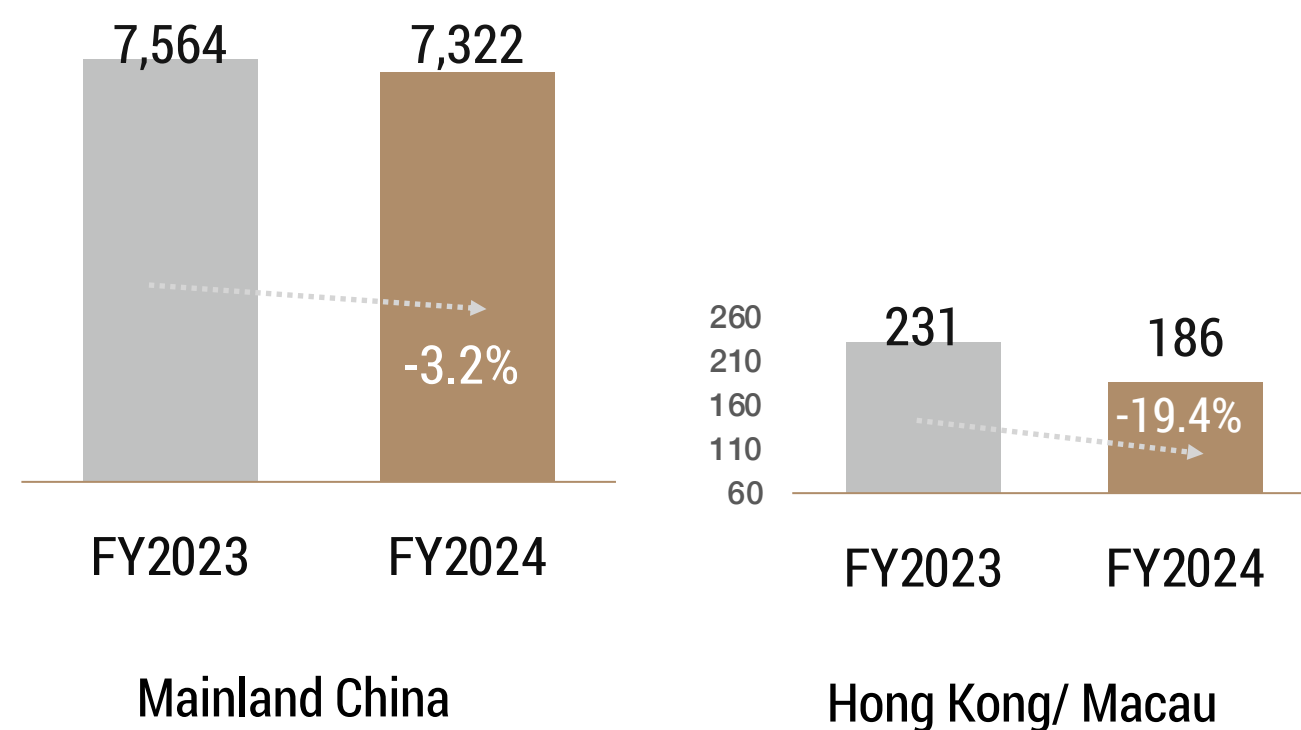
## HOME MARKET CHINA (INCL. HK & MACAU)



**MEANINGFUL APPAREL AND E-COMMERCE GROWTH ALBEIT WEAKENED CONSUMER SENTIMENT**



### 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

## FY24 FULL YEAR PERFORMANCE HIGHLIGHT

**NET SALES -3.7% GROSS PROFIT MARGIN +3.4PP**

- Golf club sales -15.8% under the economic slowdown and weakened consumer sentiment while gross profit margin +12.1PP
- Sales from self-operated stores +15.7% (mainland China)
- Apparel sales +23.2% (mainland China) and gross margin reached 62.0%
- 'Flagship Store Plan' – iconic stores set up as brand showroom at prime locations in the first tier cities with upgraded visual display

### Note

(1) Source : Forward Golf White Paper Report 2020



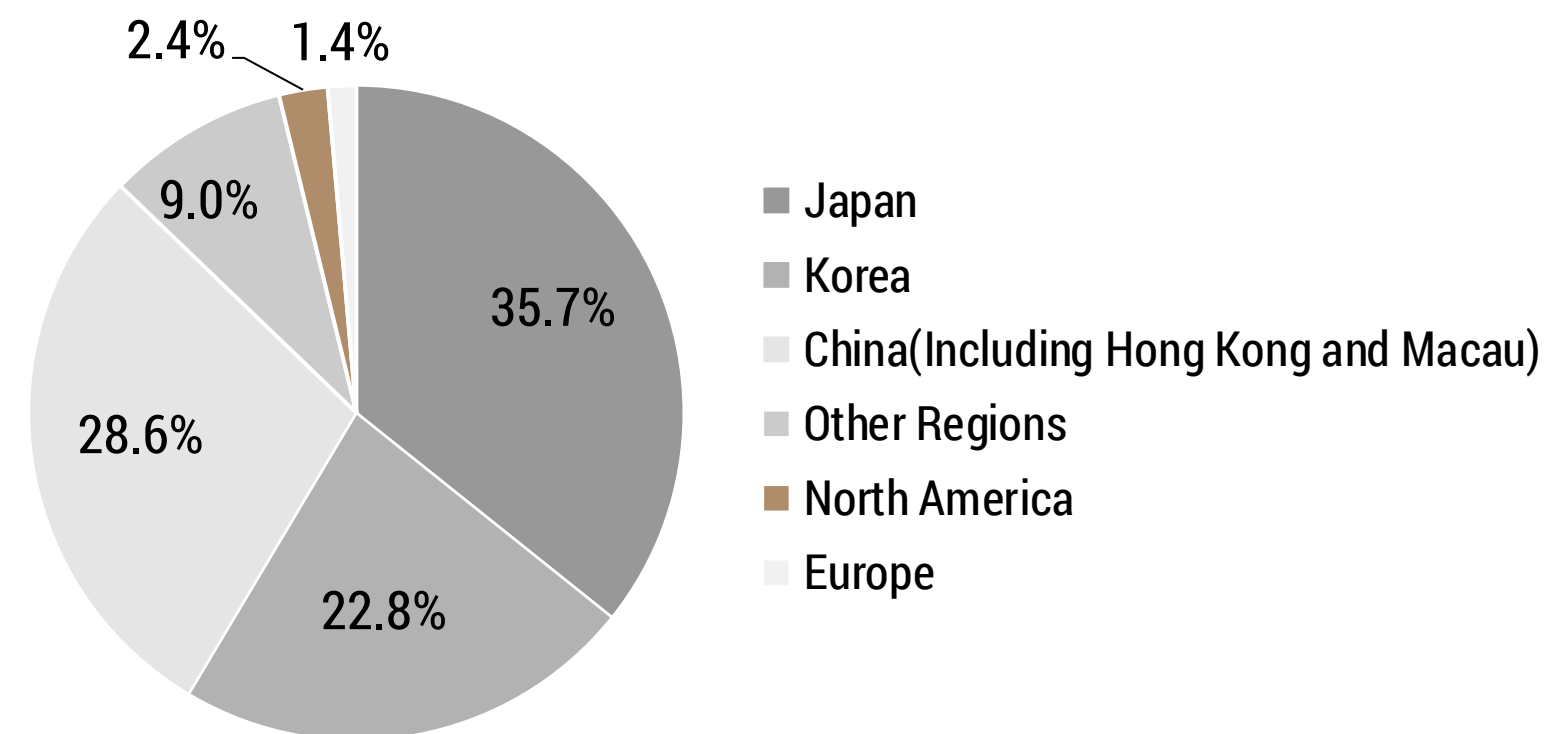
# BUSINESS REVIEW BY MARKET

## NEW MARKET NORTH AMERICA

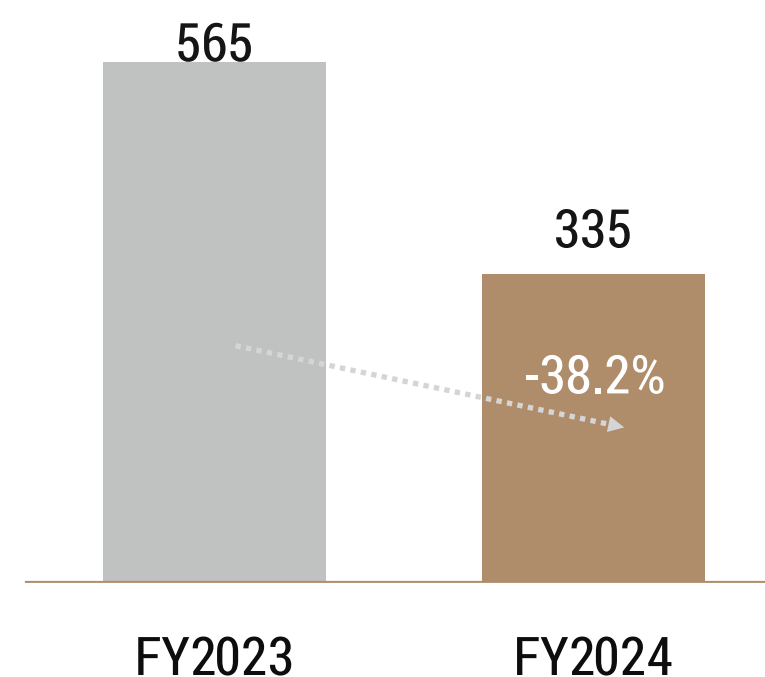


**BUILDING A UNIQUE DIRECT-TO-CUSTOMER DISTRIBUTION MODEL TO CAPTURE SUPER-PREMIUM AND PREMIUM-PERFORMANCE SEGMENT**

% of Total Sales



**NET SALES**  
JPY MM



## MARKET

- Largest golf market in the world with **USD 7.7 billion** golf retail sales, accounting for **38.6%** of the global golf economy, and **USD 5.3 billion** golf equipment sales in 2022 <sup>(1)</sup>
- **25 million** on-course golf participants and **27.9 million** off-course participants (driving ranges, Topgolf venues, indoor simulators, golf in-school programs, etc.) in 2022 <sup>(2)</sup>

## FY24 FULL YEAR PERFORMANCE HIGHLIGHT

**NET SALES -38.2%**

- POS -1 to **344** in total
- Sales decline following the ongoing adjustment in distribution network in the US; such adjustment aims to shift the focus of operation on a smaller yet premier group of accounts

### Note

(1) Source : Golf Datatech & Yano Research, 2023 World Golf Report

(2) National Golf Foundation (2017-2022). Golf Participation in the U.S., 2023 edition. Jupiter. FL



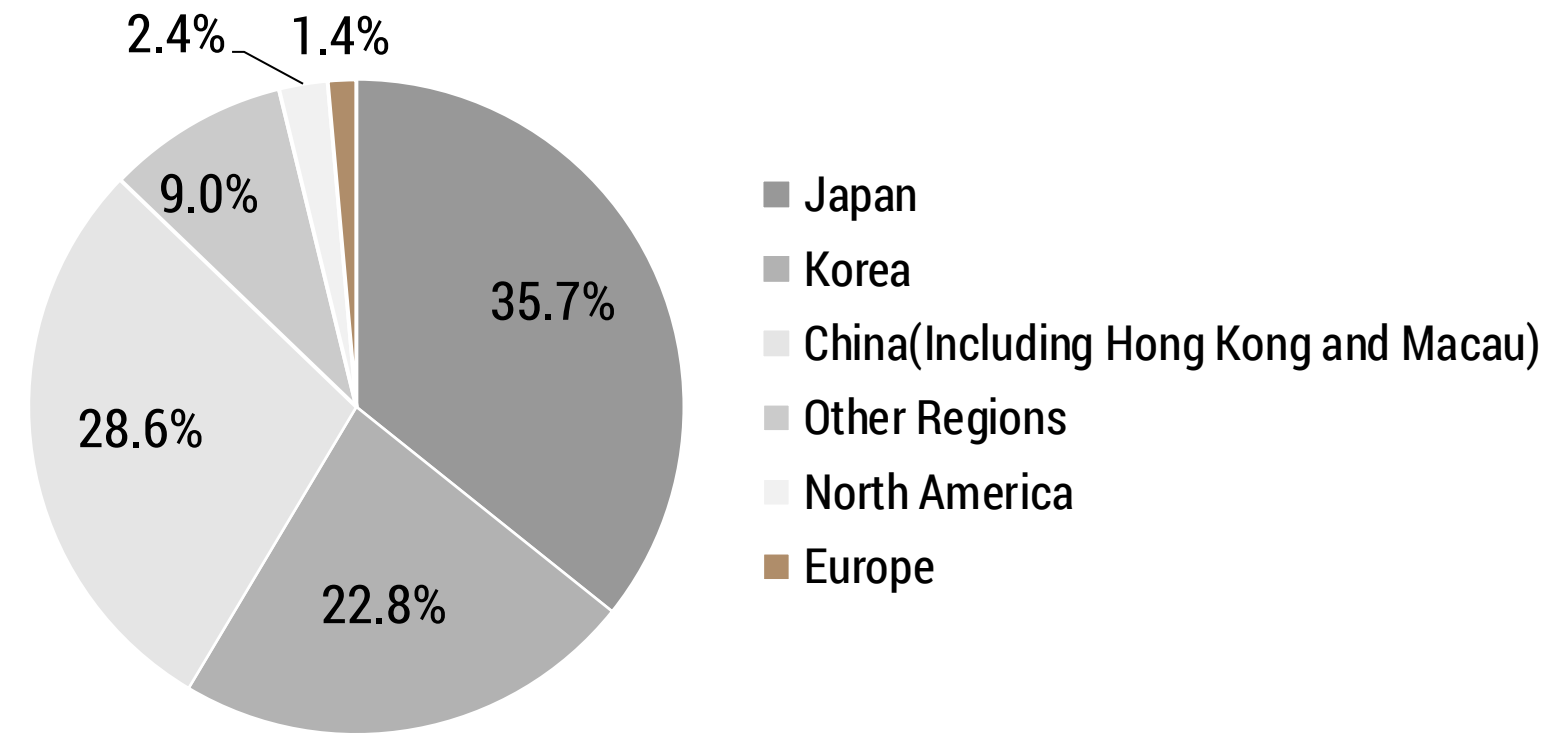
# BUSINESS REVIEW BY MARKET

## NEW MARKET EUROPE



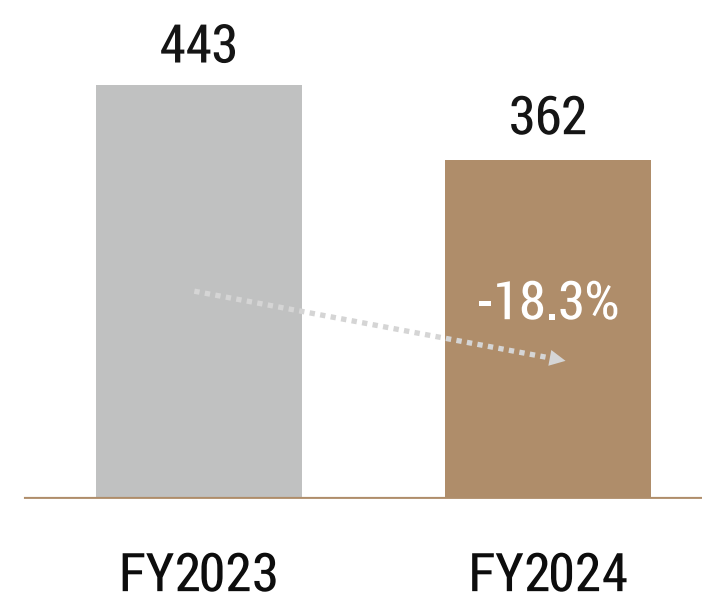
### IMPROVED MARGIN FOLLOWING CHANNEL ADJUSTMENT

% 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>

## FY24 FULL YEAR PERFORMANCE HIGHLIGHT

**NET SALES -18.3% GROSS PROFIT MARGIN +12.4PP**

- POS **+94** to **129** in total
- Sales decline due to the negative impact from the change to the distribution model implemented last year
- Number of POS came back to a well-shaped 129 with a smaller but premier group of retail partners to pursue both sturdy growth and profitability in the region

### Note

(1) Source : KGPA, Korea Golf Association 2017



# CONSOLIDATED P&L

	For the twelve months ended 31 March				
	2024		2023		YoY Change
	JPY	%	JPY	%	%
(In thousands, except for percentages and per share data)					
<b>Consolidated Statement of Profit or Loss</b>					
<b>Revenue</b>	<b>26,222,857</b>	<b>100.0</b>	<b>29,494,999</b>	<b>100.0</b>	<b>-11.1</b>
Cost of sales	-12,790,169	-48.8	-14,506,744	-49.2	-11.8
<b>Gross profit</b>	<b>13,432,688</b>	<b>51.2</b>	<b>-14,988,255</b>	<b>50.8</b>	<b>-10.4</b>
Other income and gains	2,673,958	10.2	515,365	1.7	418.8
Selling and distribution expenses	-9,180,750	-35.0	-9,607,191	-32.6	-4.4
Administrative expenses	-1,389,752	-5.3	-1,381,057	-4.7	0.6
Reversal of/(Provision for) impairment losses on financial assets	23,330	0.1	-31,923	-0.1	-173.1
Other (expenses)/income, net	-227,851	-0.9	-279,053	-0.9	-18.3
Finance costs	-190,436	-0.7	-124,990	-0.4	52.4
Finance income	11,128	Less than 0.1%	13,463	Less than 0.1%	-17.3
<b>Profit before tax</b>	<b>5,152,315</b>	<b>19.6</b>	<b>4,092,869</b>	<b>13.9</b>	<b>25.9</b>
Income tax expense	-324,187	-1.2	-837,264	-2.8	-61.3
<b>Net profit</b>	<b>4,828,128</b>	<b>18.4</b>	<b>3,255,605</b>	<b>11.0</b>	<b>48.3</b>
<b>Earnings per share attributable to ordinary equity holders of the parent</b>					
Basic and diluted	7.97		5.38		48.1
<b>Non-IFRS Financial Measures</b>					
Operating Profit	2,706,208	10.3	3,856,557	13.1	-29.8
Net Operating Profit	2,726,336	10.4	2,922,546	9.9	-6.7

## Note

(1) Operating profit is derived from profit before tax by (i) subtracting other income and gains, and (ii) adding other expenses.

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



# CONSOLIDATED BALANCE SHEET

	Financial Position as at	
	2024.3.31	2023.3.31
	JPY	JPY
	(In thousands, except for percentages and per share data)	
<b>Consolidated Statement of Financial Position</b>		
<b>Assets</b>		
Non-current assets	8,894,695	8,208,542
Current assets	33,650,502	32,158,818
<b>Total Assets</b>	<b>42,545,197</b>	<b>40,367,360</b>
<b>Liabilities</b>		
Non-current Liabilities	2,190,133	2,201,905
Current Liabilities	11,682,684	12,134,527
<b>Total Liabilities</b>	<b>13,872,817</b>	<b>14,336,432</b>
<b>Net current assets</b>	<b>21,967,818</b>	<b>20,024,291</b>
<b>Total assets less current liabilities</b>	<b>30,862,513</b>	<b>28,232,833</b>
Net Assets	28,672,380	26,030,928
<b>Total Equity</b>	<b>28,672,380</b>	<b>26,030,928</b>



# CONSOLIDATED CASH FLOWS

	For the twelve months ended 31 March	
	2024	2023
	JPY	JPY
	(In thousands, except for percentages and per share data)	
<b>Cash and cash equivalents at the beginning of year</b>	<b>14,084,742</b>	<b>14,454,554</b>
Net cash flows generated from operating activities	5,416,118	3,675,831
Net cash (used in) investing activities	-583,388	-570,757
Net cash flows (used in) financing activities	-3,563,984	-3,644,436
<b>Net increase in cash and cash equivalents</b>	<b>1,268,746</b>	<b>-539,327</b>
Net effect of foreign exchange rate changes	1,263,597	169,550
<b>Cash and cash equivalents at the end of year</b>	<b>16,617,120</b>	<b>14,084,742</b>





For more inquiries,  
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