



**HONMA Golf Limited**

**本間高爾夫有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6858.HK)

**HONMA Golf Announces FY2019 Interim Results  
Steady Growth in Revenue with Operating Profit Improved by 25.7% and Net  
Profit Increased by 92.2%  
Proposed Interim Dividend of JPY1.75 per Share**

**Financial Highlights:**

- Revenue increased by 9.3% to JPY11,503.2 million as compared to the corresponding period of 2017;
  - By geography: Revenue from the Group's home markets, Japan, Korea and China, increased by 4.5%; revenue from the U.S. and Europe grew by 6.9% and 171.3%, respectively;
  - By channel: Revenue from third-party retailers and wholesalers increased by 27.3% ;
  - By product: Revenue from golf balls and apparel & accessories rose by 8.1%, 48.2% and 4.7%, respectively;
- Operating profit improved by 25.7% to JPY2,036.5 million and operating profit margin climbed to 17.7%;
- Net profit increased by 92.2% to JPY2,134.5 million;
- Net cash flows generated from operating activities amounted to JPY3,256.3 million, representing a 42.5% increase as compared to the corresponding period of 2017;
- Proposed interim dividend of JPY1.75 per share.

(21 November 2018 - Hong Kong) HONMA Golf Limited ("HONMA Golf" or the "Company"; together with its subsidiaries, the "Group", stock code: 6858.HK), one of the most prestigious and iconic brands in the golf industry, is pleased to announce the unaudited consolidated interim results for the six months ended 30 September 2018 (the "Period").

Driven by various growth initiatives, the Group continued to deliver solid revenue growth. During the Period, the Group's revenue rose by 9.3% to JPY11,503.2 million. Gross profit expanded by 9.9% to JPY6,796.1 million and gross profit margin reached 59.1%. Net profit increased by 92.2% to JPY2,134.5 million. Due to gross profit margin expansion and positive product and mix impact, operating profit improved by 25.7% to

JPY2,036.5 million and operating profit margin climbed to 17.7%. The Board proposed interim dividend of JPY1.75 per share.

Thriving on the unique combination of traditional Japanese craftsmanship and modern technology and innovation, revenue from golf clubs rose by 8.1% as compared to the corresponding period of 2017, following the new launch of BERES 06 and BeZeal535 in FY2018. The sales of these two products grew by 22.9% and 18.1%, respectively. For the year ending 31 March 2019, the Group's main product launch will be TW747, the next generation of the TOUR WORLD products. TW747 will be launched with a visible improvement in the cosmetics, technology and performance as compared to the previous generation and already received overwhelming reception from retailers in Japan and U.S. during pre-book.

The Group's products are sold in approximately 50 countries worldwide, primarily in Asia and also across North America, Europe and other regions. Home markets of the Group, namely Japan, Korea and China (including Hong Kong and Macau) reported 4.5% revenue growth and contributed to 81.4% of the Group's total revenue in the Period. Revenue from the U.S. and Europe started to exhibit steady and upward trajectory following last year's re-organisation of the Group's sales and distribution footprint in both markets. For the six months ended 30 September 2018, revenue from the U.S. and European market grew by 6.9% and 171.3%, respectively.

The Group dedicates itself to offering customers a complete golf lifestyle experience through an extensive portfolio of HONMA-branded golf clubs, golf balls, bags, apparels and other accessories. The Group re-designed its ball product portfolio resonating its club line up after having realized meaningful share of voice in Japan and China. As a result, the revenue from golf balls grew by 48.2% and the revenue from apparel and accessories rose by 4.7% from the six months ended 30 September 2017. Regarding apparel and accessories, in July 2018, the Group hosted a debut trade show for its 2019 Spring/Summer apparel collection, with its pre-book quantities doubled the average pre-book quantity in most recent seasons.

The Group has an extensive sales and distribution network consisting of HONMA-branded self-operated stores as well as third party retailers that allows the Group to reach a broad customer base in its target markets. During the Period, the revenue from sales to third-party retailers and whole-sellers increased by 27.3% to JPY8,583.6 million for the six months ended 30 September 2018, as the Group continued to fuel growth via third-party retail and wholesale channels in order to engage with avid and younger golfers across.

Since listing, the Group started a series of actions to re-define the HONMA brand in the premium performance category while remaining true to its traditional process, artisanship and premium brand positioning. The Group secured a top-notch international PGA golfer as its global brand ambassador whose tenure will start in January 2019. The Group has also rebuilt its website to create one consistent and vibrant brand image across all markets that are vital to the implementation of the various growth initiatives. In parallel,

the Group plans to upgrade its retail experience by retaining a leading design agency in Asia to re-design its retail space in order to provide the ultimate brand experience and customisable consumer journey across all markets, including the U.S. and European market. The new retail experience will utilise and integrate art, design, commerce and digital technology in order to anchor the Group's new brand image, to attract new consumers and to create a space for consumers to connect, discover and interact with the HONMA brand and its products.

Looking ahead, **Mr. Liu Jianguo, Chairman of the Board, President and Executive Director of HONMA Golf Limited** said, "The Group will continue its efforts to build a world-leading golf lifestyle company on the foundation of our craftsmanship heritage through re-branding HONMA brand to create a consistent brand image across different markets and to capture the unique opportunity to lead in both premium and premium performance segments. We will further increase our market share in home markets by maintaining leadership in the premium segment, penetrating into high-growth segments and continuing product innovation and development to cater for the latest market trends. The Company aspires to provide customers with a complete golf lifestyle experience by growing non-club product lines and will make every effort to stay track with various growth initiatives."

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### **About HONMA Golf Limited**

HONMA is one of the most prestigious and iconic brands in the golf industry, synonymous with intricate craftsmanship, dedication to performance excellence and distinguished product quality. HONMA Golf was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited on 6 October 2016 (Stock Code: 6858.HK). The Company predominantly designs, develops, manufactures and sells a comprehensive range of aesthetically-crafted and performance-driven golf clubs, under 3 major product categories for clubs, namely BERES, TOUR WORLD and BeZeal, each targeting specific consumer segments. HONMA Golf also offers customers a complete golf lifestyle experience through an extensive portfolio of golf balls, apparel, accessories and other related products. According to Frost & Sullivan, HONMA ranked among the top ten golf product brands in the world and was the number one brand for premium golf clubs, in each case in terms of retail sales in 2015. It was also the fastest growing brand within the top 10 golf products brands as measured by year-on-year retail sales growth from 2014 to 2015. HONMA Golf's products are sold in approximately 50 countries worldwide, primarily in Asia and also across North America, Europe and other regions.

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