

2023/2024 INTERIM RESULTS

HONMA GOLF LIMITED (6858.HK)

NOV. 2023



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





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01

HONMA





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



IN-HOUSE R&D AND CLUB MANUFACTURING

- 216 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



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 3,506 third party POS
- Fast growing E-commerce business in China, Japan and the US



02

PERFORMANCE OVERVIEW

In 1H FY2024, the golf industry witnessed increased market competitions and adjustments in participation and consumers' willingness to pay resulting from the global economic situations as well as slowdowns in certain parts of the world.

Meanwhile, HONMA continued to drive efficiencies and implemented channel adjustment in multiple markets that effectively drove up sales from apparels and self-operated channels, at the same time achieved robust bottom line growth and net margin improvement despite the unfavorable market conditions, reconfirming the Group's strong management and business resilience under volatile economic environments.

KEY FINANCIALS

	Half Year Ended 30 Sep 2023	Change vs Half Year Ended 30 Sep 2022
Net Sales	JPY 13,195 MM / USD 93.9 MM ⁽¹⁾	-11.6% (constant currency base: -12.4%)
Gross Profit Margin	52.1%	-0.6pp
EBITDA - EBITDA Margin	JPY 4,702 MM / USD 33.5 MM ⁽¹⁾ 35.6%	+1.3% +4.5pp
Net Profit - Net Profit Margin	JPY 3,326 MM / USD 23.7 MM ⁽¹⁾ 25.2%	+7.8% +4.6pp
Reported Earnings Per Share	JPY 5.50 / HKD 0.31 ⁽³⁾	+7.8%
Net Operating Cash Flow	JPY 3,251 MM / USD 23.1 MM ⁽¹⁾	-0.8%
Net Cash Position	JPY 10,120 MM / USD 68.2 MM ⁽²⁾	+0.7%
Proposed Dividend	JPY 1.50 /share (Dividend Payout Ratio: 27.3%)	Flattish YOY

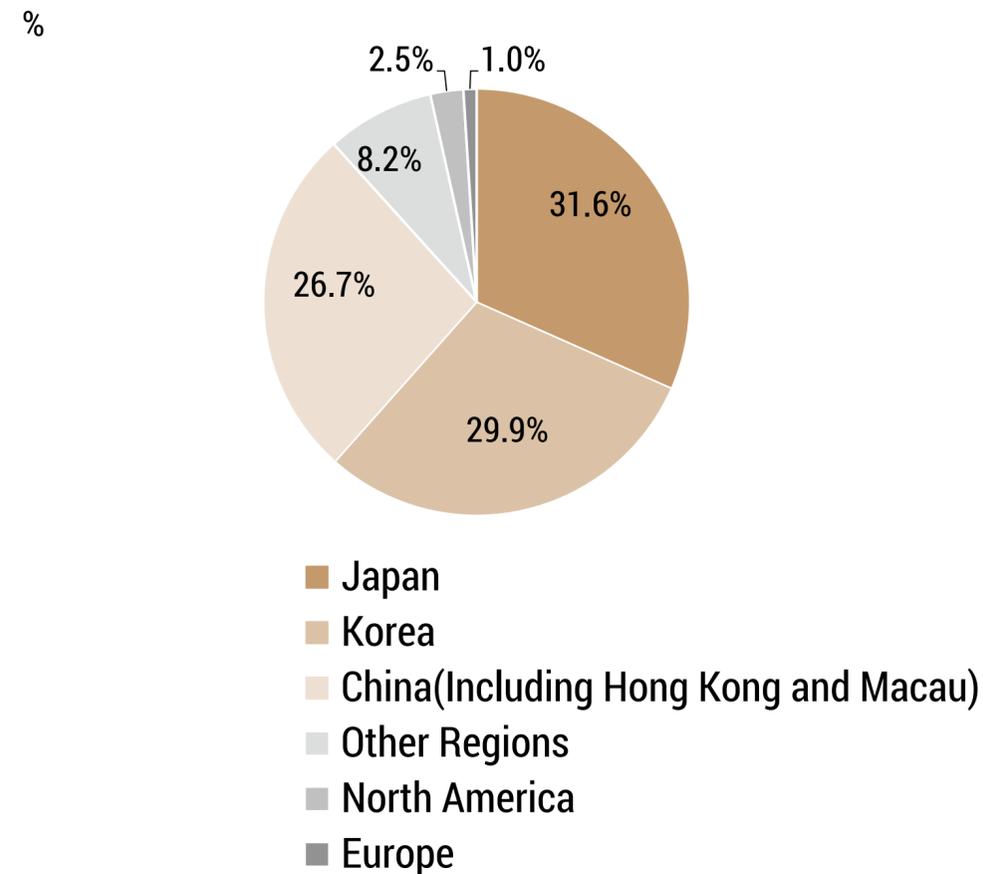
Note (1) Exchange rate: 1 USD = 140.52 JPY (2) Exchange rate: 1 USD = 148.35 JPY (3) Exchange rate: 1 HKD = 17.94 JPY

PERFORMANCE OVERVIEW BY MARKET

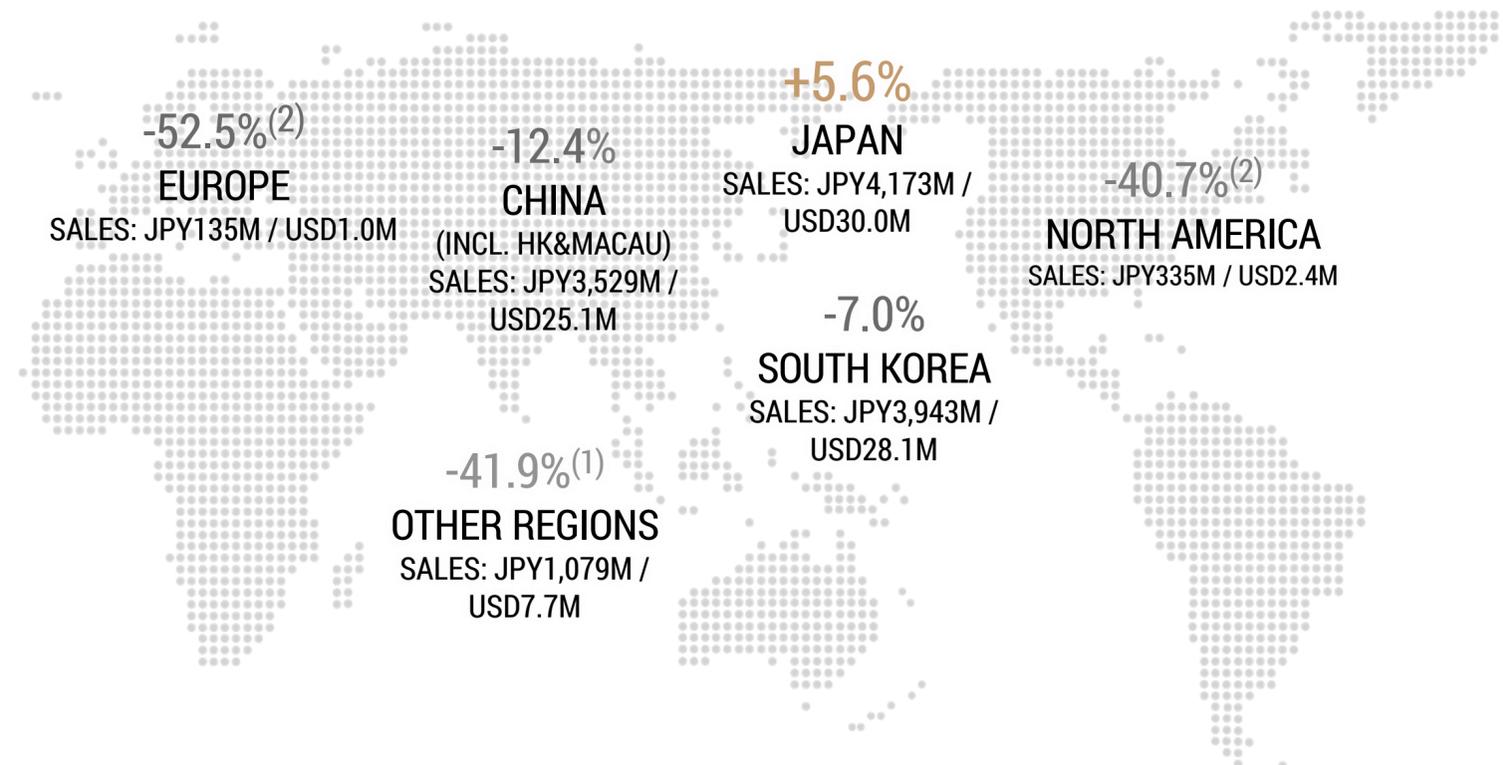
1H FY24 NET SALES: JPY 13,195 MM / USD 93.9 MM, -11.6% YOY

- During 1H FY24, The Group's main markets recorded different sales momentum versus same period last year.
- Sales from Japan rose by 5.6%, on the back of a strong rebound of demand from both local players and overseas travelers, fueled by potent product and marketing strategies.
- China on the other hand showed a sales decline of 12.4% as China's economy and retail market experienced significant slowdowns. Sales from Korea also declined by 7.0%, reflecting the Group's decision to optimize its distribution network prior to its new products launch in 1Q 2024.

NET SALES MIX BY MARKET



NET SALES GROWTH BY MARKET



Note (1) Sales from Other Regions dropped by 41.9%, mainly due to unfavourable local currency depreciation that led to weakened consumer purchasing interests and power

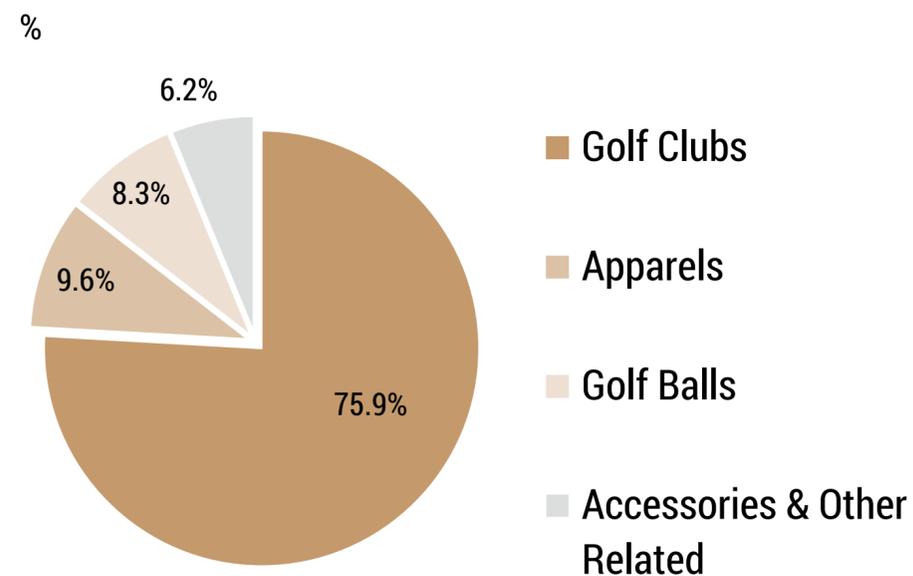
Note (2) North America and Europe recorded decline in sales by 40.7% and 52.5%, respectively, due to continued negative impacts from last year's adjustments in distribution networks; such adjustments aim to focus on a smaller yet premier group of accounts

PERFORMANCE OVERVIEW *BY PRODUCT CATEGORY*

IH FY24 NET SALES: JPY 13,195 MM / USD 93.9 MM, -11.6% YOY

- Apparel sales momentum remained strong thanks to the successful product launches, as well as potent marketing and branding campaigns.
- Sales decrease in golf clubs was mainly due to weak consumer sentiment in China. The new BERES 09 is planned to be launched globally in 1Q 2024.
- Sales from golf balls remained relatively stable, albeit upward price adjustment in the face of continued currency pressure.

NET SALES MIX BY PRODUCT CATEGORIES



GOLF CLUBS

NET SALES -12.5% TO JPY 10,012 MILLION / USD71.2 MM
GROSS MARGIN -0.5PP TO 59.3%

- mainly due to a decline in China's golf club sales of 26.3%



APPARELS

NET SALES +2.1% TO JPY 1,264 MILLION / USD9.0 MM
GROSS MARGIN -2.0PP TO 28.2%

- apparel sales in China was up by 21.4% in spite of the weak consumer sentiments



GOLF BALLS

NET SALES -2.2% TO JPY 1,098 MILLION / USD7.8 MM
GROSS MARGIN -2.9PP TO 29.0%

- mainly due to temporary sales adjustment following upward retail price adjustment to cope with Japanese Yen depreciation in Japan



ACCESSORIES

NET SALES -27.1% TO JPY 821 MILLION / USD5.8 MM
GROSS MARGIN +6.8PP TO 32.4%

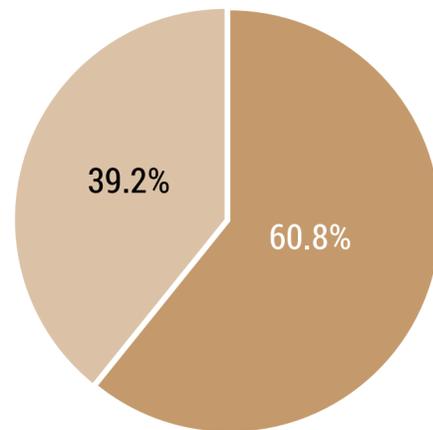
- primarily caused by constrained sales in Japan to protect margin

PERFORMANCE OVERVIEW BY CHANNEL

IH FY24 NET SALES: JPY 13,195 MM / USD 93.9 MM, -11.6% YOY

NET SALES MIX BY CHANNEL

%



- Distributors
- DTC Channels

DIRECT-TO-CONSUMER CHANNELS: Self-operated Stores + E-commerce

NET SALES +13.2% TO JPY 5,171 MILLION / USD36.8 MM

GROSS MARGIN +7.4PP TO 60.6%

95
SELF-OPERATED STORES

- Net +5 new locations, mainly located on the prominent golf courses in China
- Sales from Japan +30.7%; sales from Mainland China +23.6%
- Continued optimization of store design, visual display and consumer experience

E-COMMERCE

- Operating in China, Japan and the US
- Total net sales +19.0%;
- Robust sales growth in all 3 markets: China +18.4%, Japan +12.7%, US +36.6%

3rd PARTY RETAILERS AND WHOLSALERS

NET SALES -22.5% TO JPY 8,024 MILLION / USD57.1 MM

GROSS MARGIN -5.8PP TO 46.6%

3,506
3RD PARTY POSs

- Net -211 POS, mainly in North America, resulting from the decision to focus on a smaller yet premier accounts
- Sales decreased primarily due to weakened economic environment in China and distribution model shift in multiple markets



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 exquisite trending products, while at the same time, continues to seek new possibilities by exploring and developing new categories and products 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 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

<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



Beres 09
Coming in Mar 2024

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*

BeZeal 3
Coming in Feb 2024

OTHER CLUB PRODUCTS

PUTTERS, COUNTRY SPECIFIC MODELS,
SPECIAL EDITIONS

65th 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

- In 1H FY2024, golf club sales -12.5% to JPY 11,012 million, mainly because the two major club series BERES Aizu and TW757 are both phasing out after 2 years of sales; renewed models will be released in 2024; sales from China -26.3% due to weakened economic environment and consumer sentiment
- Japan recorded decent club sales growth +20.1%, on the back of a full recovery in retail activities and consumer demands; cheaper Yen was also a stimulus to overseas travelers' interests of purchase; Country Specific Model sales +34.9% as more younger golfers value uniqueness
- Overall club gross margin remained at an industry-leading level of 59.3%, only slightly lower than 59.8% of last year

BERES



PRODUCT LAUNCH

- Next generation of BERES to be released globally in early 2024

SALES PERFORMANCE

- 41.6% of club sales
- 1H FY24 sales -26.7%, mainly due to BERES Aizu phasing out and weak consumer sentiment in China

TOUR WORLD



- 2-proned product approach designed for avid golfers with single and double handicaps respectively
- Next generation of Tour World to be released in summer 2024
- BeZeal 3 to be released in early 2024

- 9.6% of club sales
- 1H FY24 sales -53.9% mainly due to distribution adjustment in Korea, North America and Europe

OTHERS



- Mainly Country Specific Models, special editions and putters
- Country Specific Model for Korea released in 2H FY23
- HT08 for China released in Nov 2023 (2H FY24)

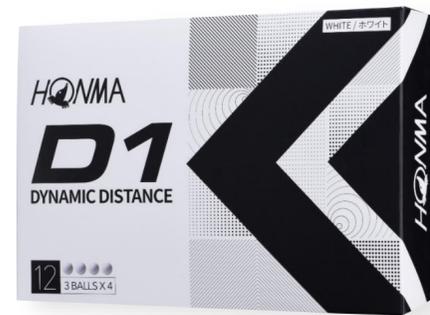
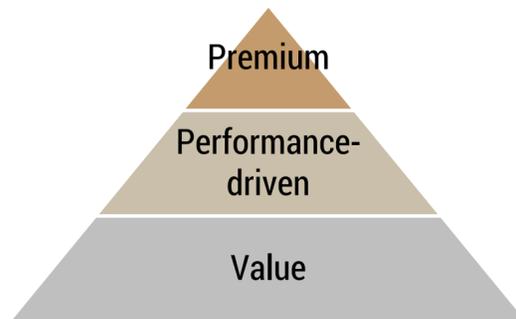
- 48.9% of club sales
- 1H FY24 Country Specific Models sales +34.9%, sales from Korea +108.7%
- All-time favorite to consumers who are looking for extinguished and exquisite cosmetics

 TEMPORARY SALES VOLATILITY FROM GOLF BALLS

FOLLOWING UPWARD RETAIL PRICE ADJUSTMENT

- Golf ball sales declined slightly by 2.2% YOY to JPY 1,097.9 million; gross margin -2.9PP to 29.0%
- Sales from golf ball declined during the period mainly due to temporary negative impact following upward retail price adjustment, implemented to cope with Japanese Yen depreciation over the last few years
- Gross profit margin decreased primarily due to continued raw material price pressure and unfavourable exchange rate movement

PRODUCT PYRAMID



D1, 2-LAYER BALL



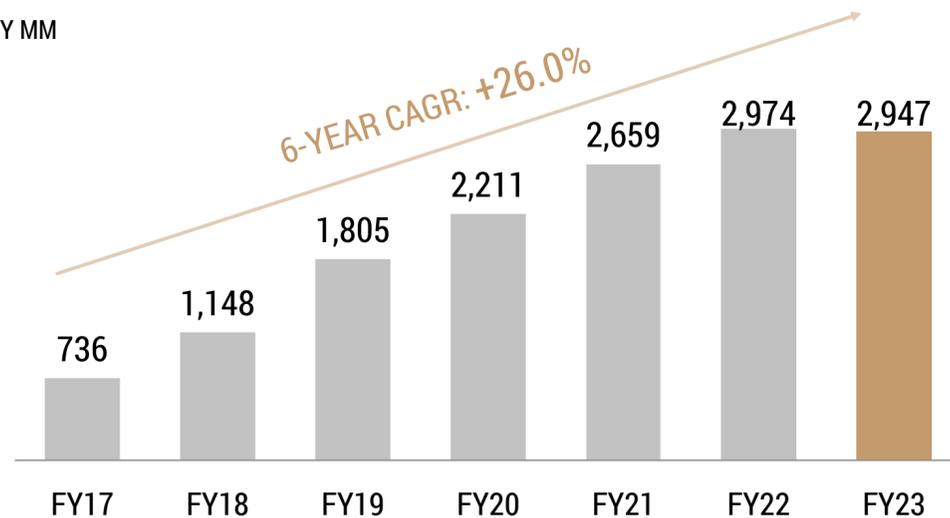
TW-X, 3-LAYER BALL



BERES 5 STAR, 6-LAYER BALL

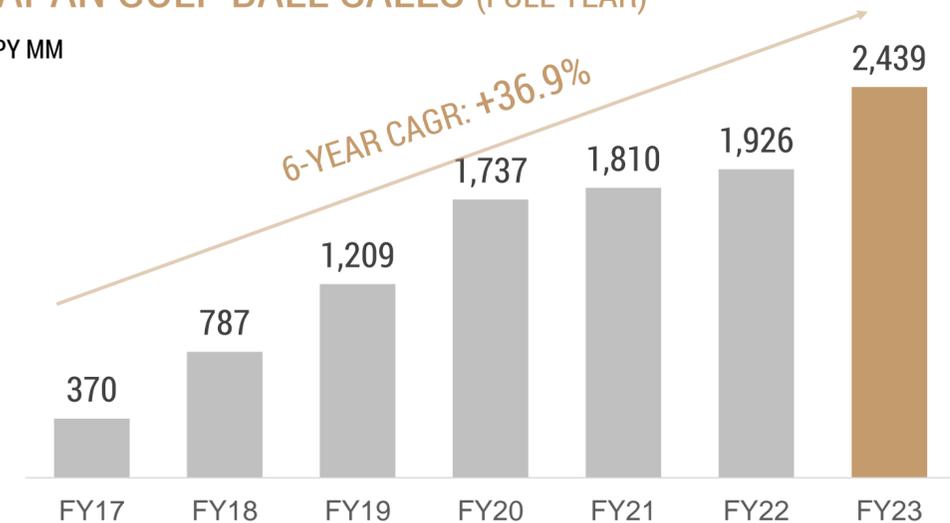
TOTAL GOLF BALL SALES (FULL YEAR)

JPY MM



JAPAN GOLF BALL SALES (FULL YEAR)

JPY MM



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

APPAREL SALES **+2.1% YOY TO JPY 1,264 MILLION**
GROSS MARGIN **-2.0PP TO 28.2%**

- Sales from China **+21.4%**; sales from Japan **+15.7%**
- 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



PROFESSIONAL GOLF LINE

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



FASHION GOLF LINE

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



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

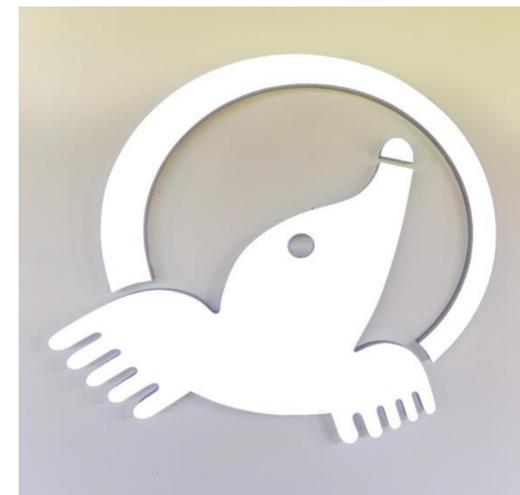
- Sales from self-owned channels +13.2% to JPY 5,171 million
- Sales from Japan +30.7%; sales from China +23.6%
- 95 self-owned stores, net increase by 5; newly opened 9 stores, all in China



THIRD-PARTY RETAILERS AND WHOLESALERS

CONTINUED TO DRIVE PENETRATION AND GAIN MIND SHARE

- Sales from third-party -22.5%
- Number of POS declined by 211 to 3,506, mainly in Korea and North America
- Sales decline was primarily due to sales decrease in China, partly due to the challenging macro environment and partly due to a channel shift of its apparel business towards a focus on DTC model



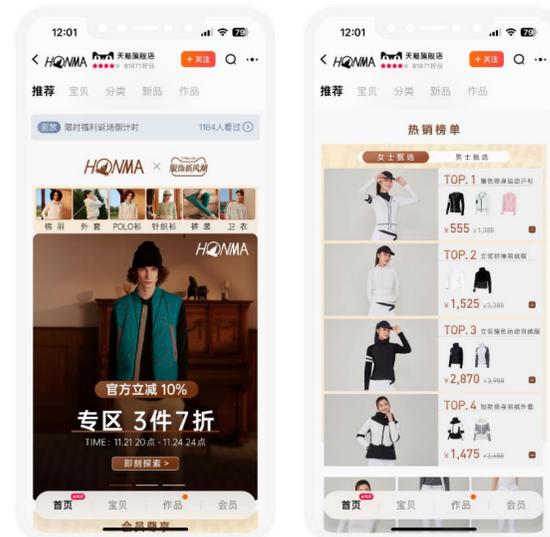
<E> FURTHER INVESTING INTO DIGITAL ECO-SYSTEM AND PRIVATE SPHERE TO DRIVE E-COMMERCE

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

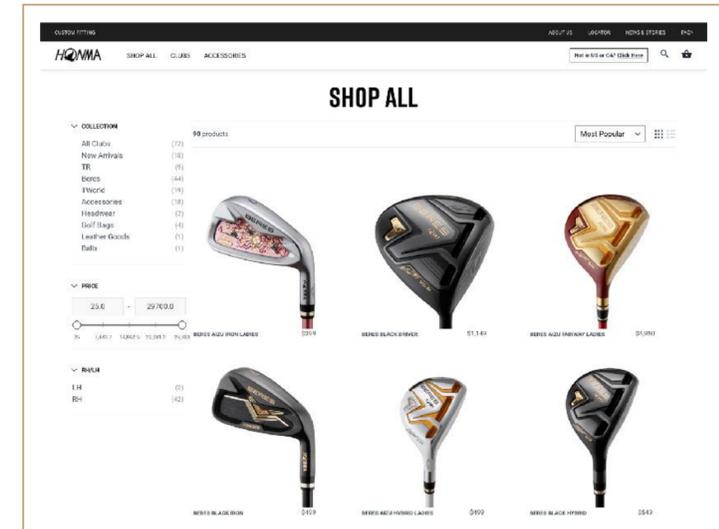
E-COMMERCE SALES GREW BY **19.0%**
DRIVEN BY ACCELERATED INVESTMENT IN DIGITAL
MARKETING WITH A FULL-CHANNEL APPROACH

- 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

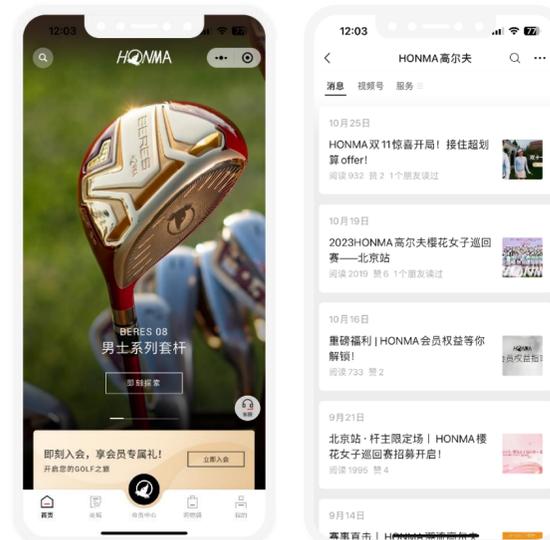
T-MALL FLAGSHIP STORE



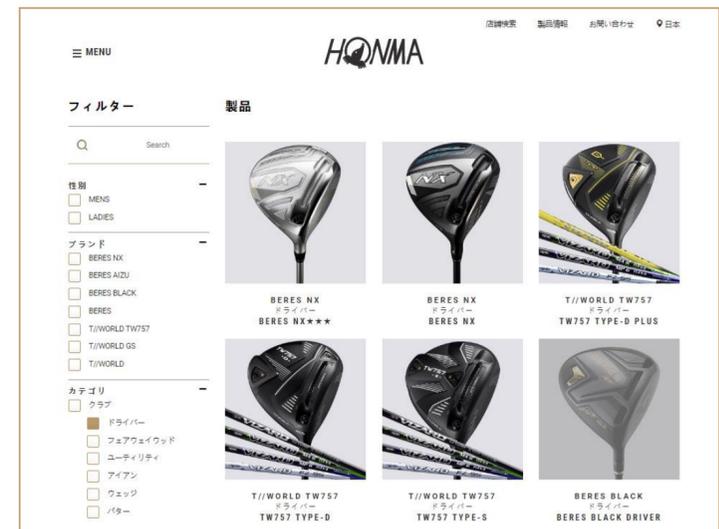
US E-COMMERCE SITE



WECHAT OFFICIAL ACCOUNT & STORE



JAPAN E-COMMERCE SITE

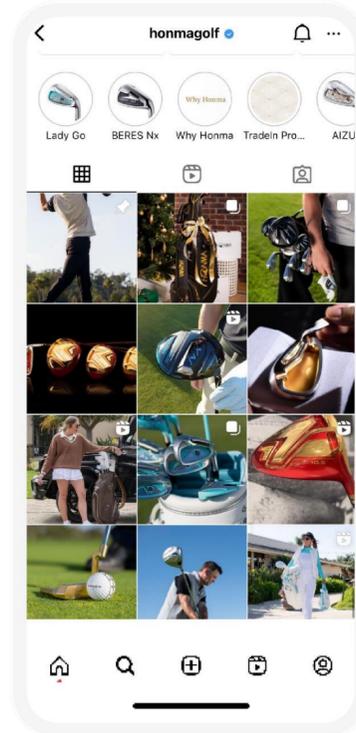


<F> RE-DEFINING HONMA: DYNAMIC, MODERN, GLOBAL

TO DRIVE BRAND AWARENESS ACROSS ALL MARKETS

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

CUSTOMER EVENTS

1,757 EVENTS, 22,944 PARTICIPANTS

- 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

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

7 JAPAN LADIES PROFESSIONAL GOLF (JLPGA)

1 KOREA LADIES PROFESSIONAL GOLF (KLPGA)

- 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.

2023/2024 INTERIM RESULTS

The collage displays various media exposures for HONMA:

- Sports Illustrated Article:** "The Japanese Forged Irons You Never Knew You Always Wanted" by Shaun Tolson, dated August 31, 2023. The article highlights Honma's 757 Vx 5-iron and includes a quote: "Then I hit a few shots with Honma's 757 Vx 5-iron, and I began to fall in love."
- Forbes Article:** "Tee Up For Success With The Most Forgiving Driver" by Tech & Electronics, dated September 6, 2023. It features the HONMA TW757 driver and is labeled "MOST POPULAR".
- Golf Magazine Advertisement:** "BERES ALZO 5-STAR SET" with the tagline "OPULENCE & PERFORMANCE".
- Social Media Post:** A post for the HONMA TW757 driver, featuring a golfer and the text: "사관장 프로 KLPGA 2인디스 오븐 우승 카키오골프예약 X HONMA TW757". It includes a price of 89,000 and a "구매하기" (Buy) button.
- YouTube Video Thumbnail:** "BERES Nx: Elevating the New Generation of Golfers // HONMA Golf".



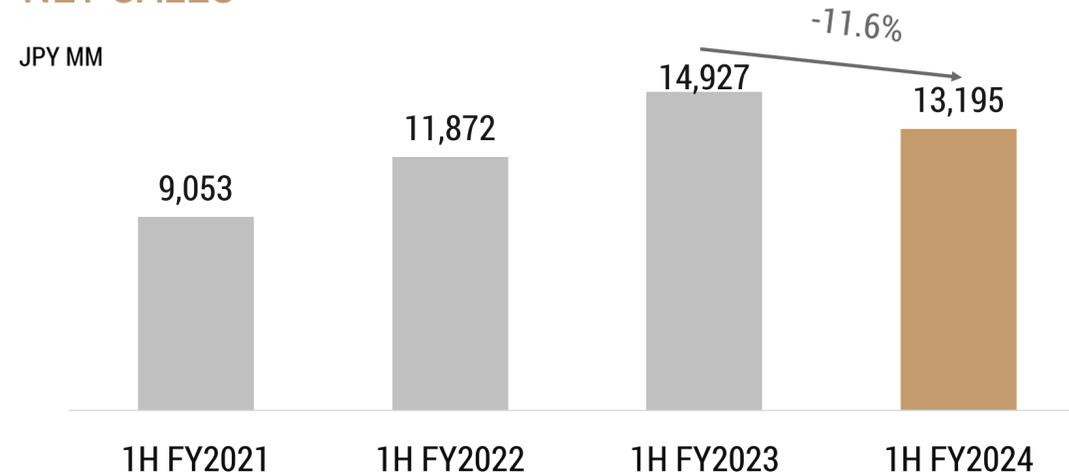
04

FINANCIAL REVIEW

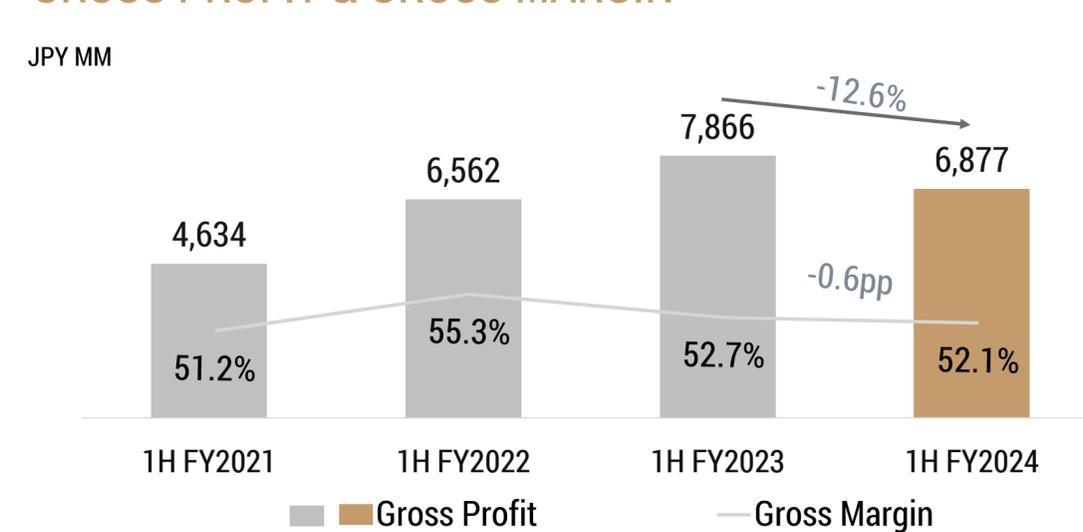
RESILIENT PERFORMANCE AND CONTINUOUS BOTTOM LINE GROWTH UNDER A CHALLENGING ENVIRONMENT

THANKS TO STEADFAST EXECUTION OF GROWTH STRATEGIES

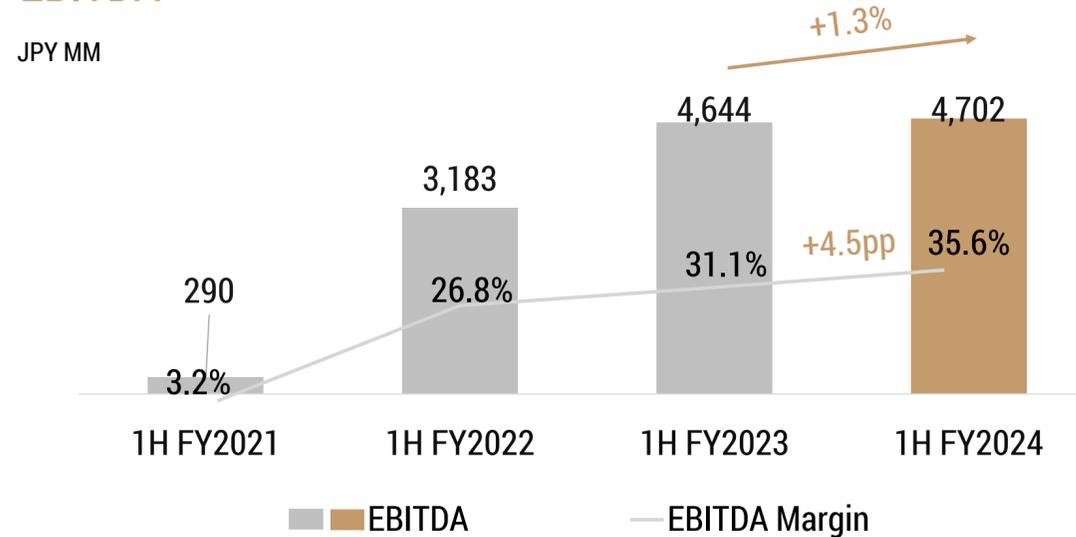
NET SALES



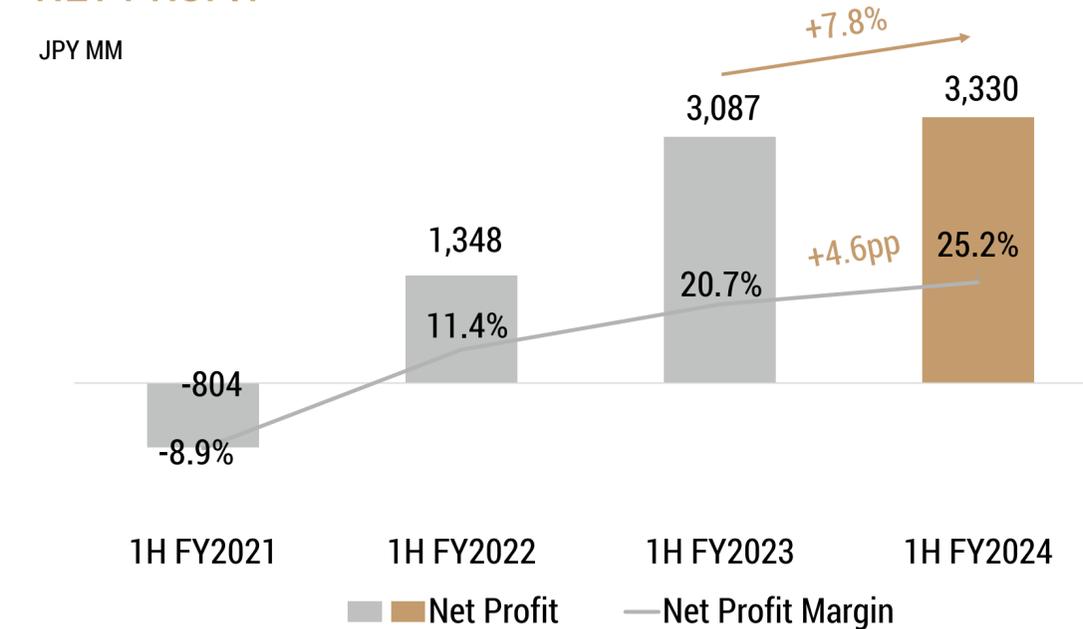
GROSS PROFIT & GROSS MARGIN



EBITDA



NET PROFIT

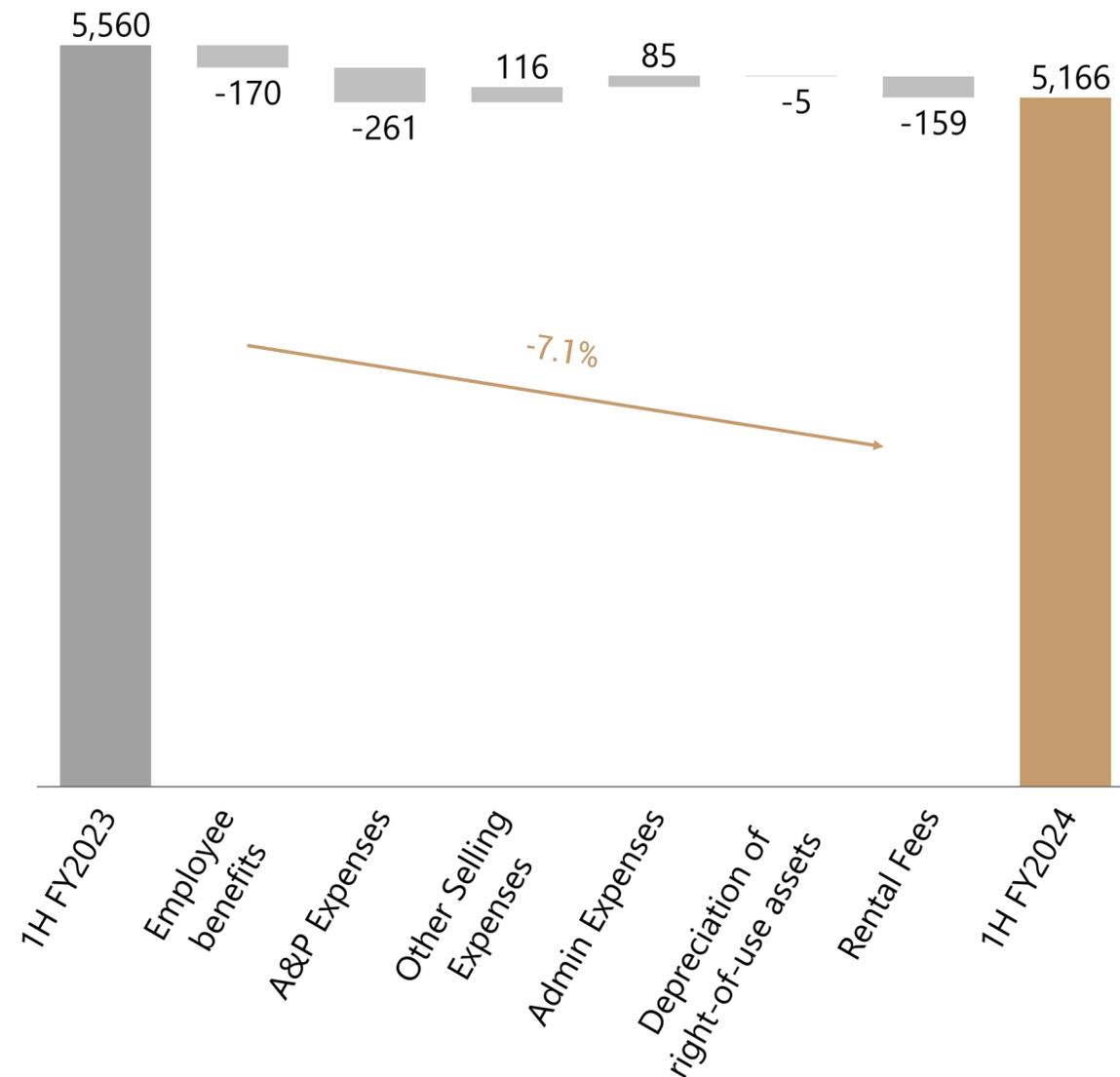


CONTINUOUS OPEX OPTIMIZATION

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

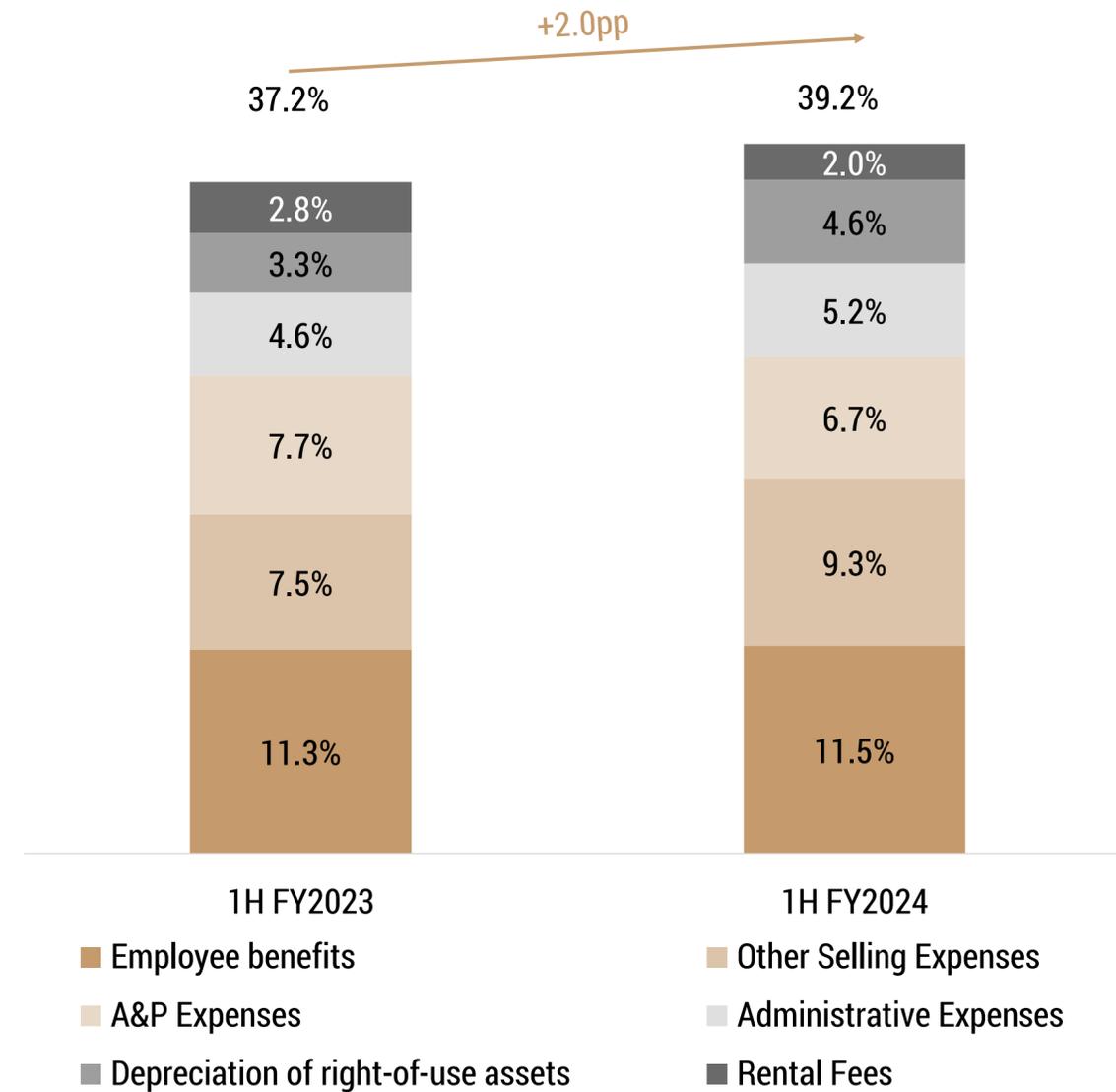
SG&A EXPENSES BRIDGE

JPY MM



SG&A EXPENSES BREAKDOWN

AS % OF SALES

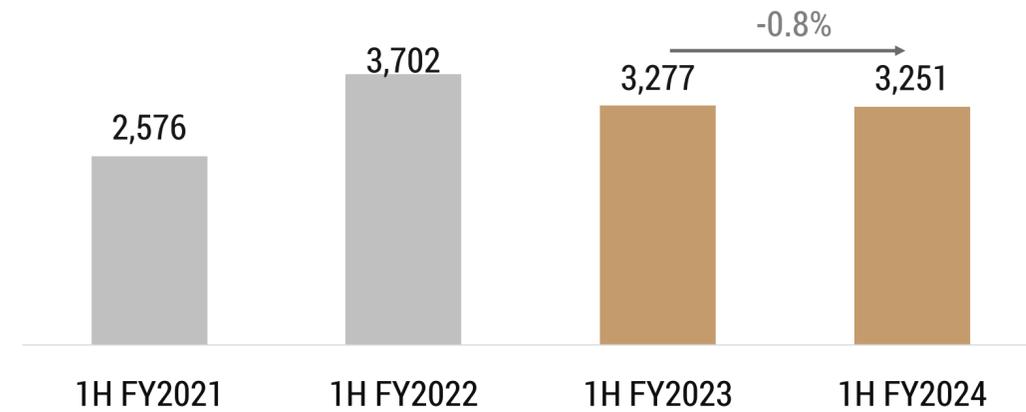


HEALTHY BALANCE SHEET AND STRONG OPERATING CASHFLOW

TO ENSURE STEADY AND SUSTAINABLE GROWTH AMIDST UNCERTAIN MACRO ENVIRONMENT

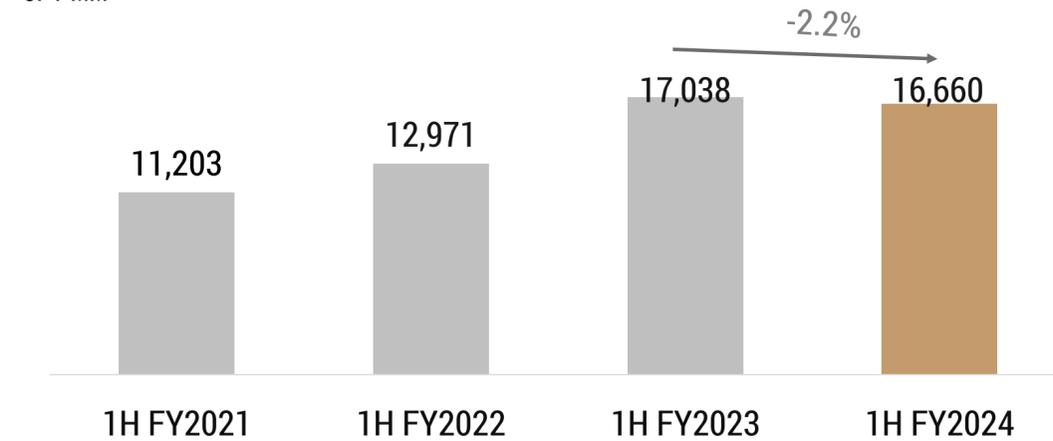
NET OPERATING CASH FLOW

JPY MM



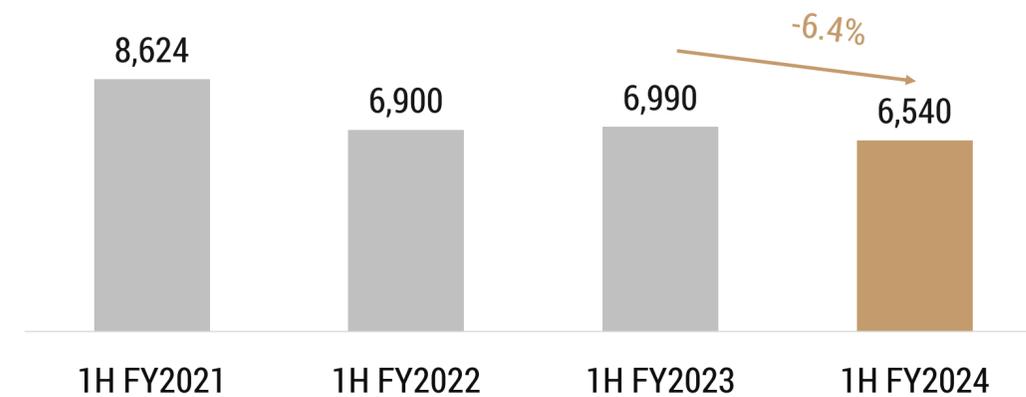
CASH ON HAND

JPY MM



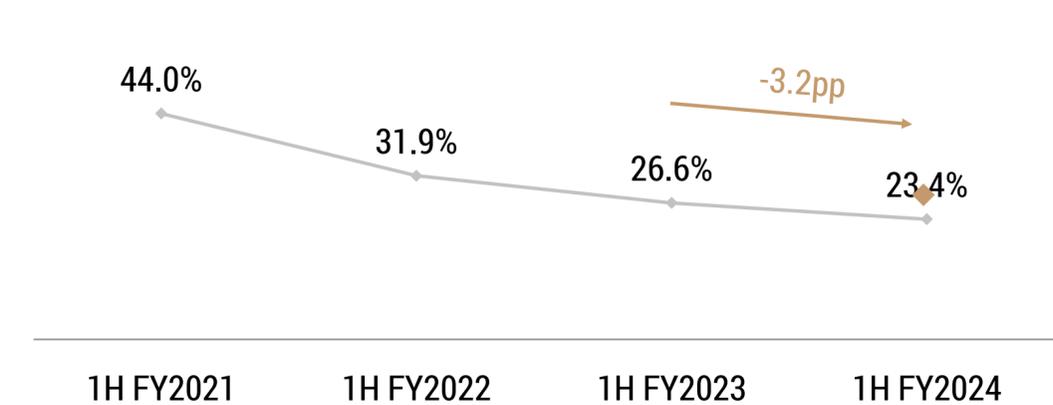
INTEREST-BEARING LIABILITIES

JPY MM



INTEREST-BEARING LIABILITIES / TOTAL EQUITY

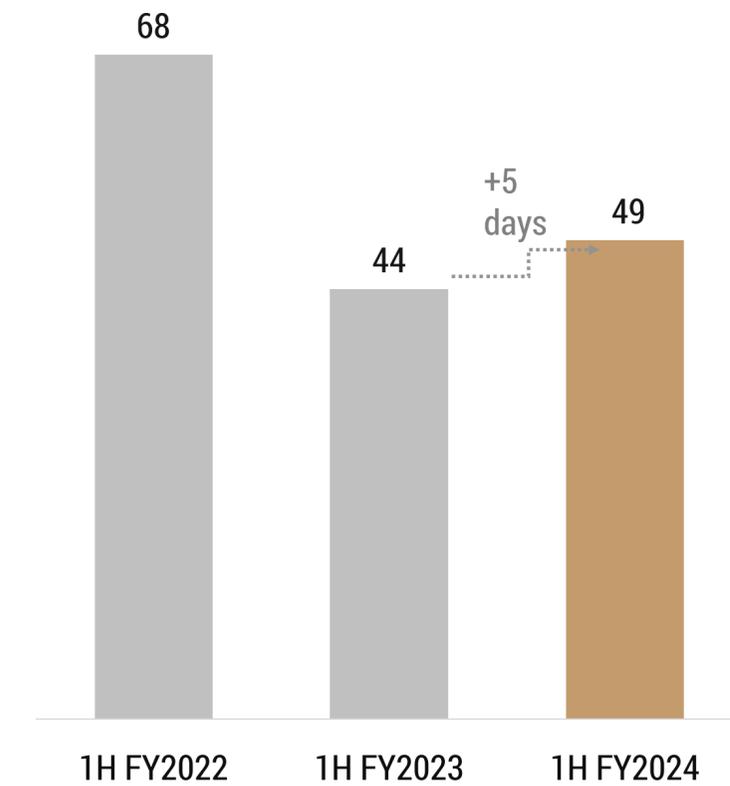
%



CONTINUOUSLY IMPROVING WORKING CAPITAL EFFICIENCY

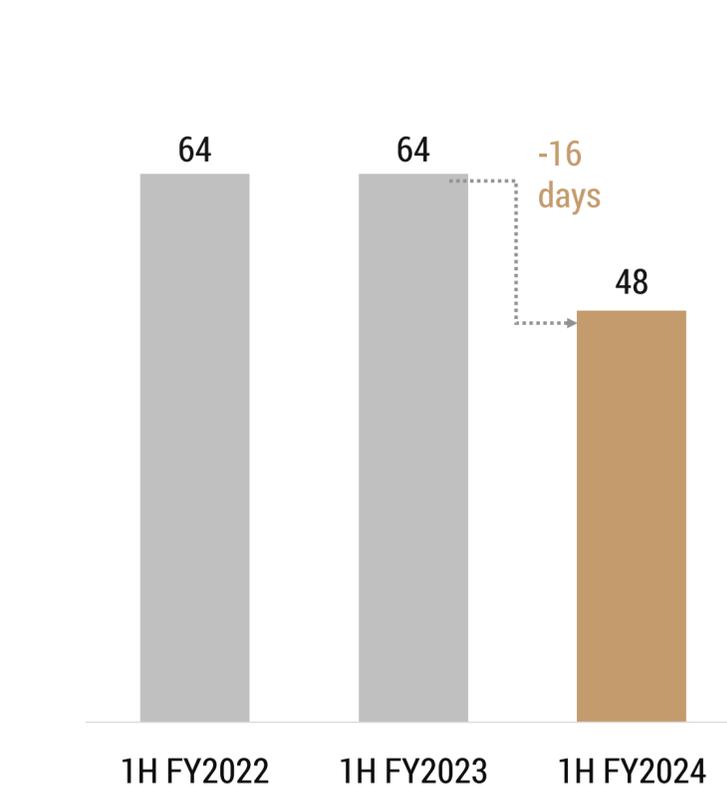
RECEIVABLES TURNOVER DAYS ⁽¹⁾

DAYS



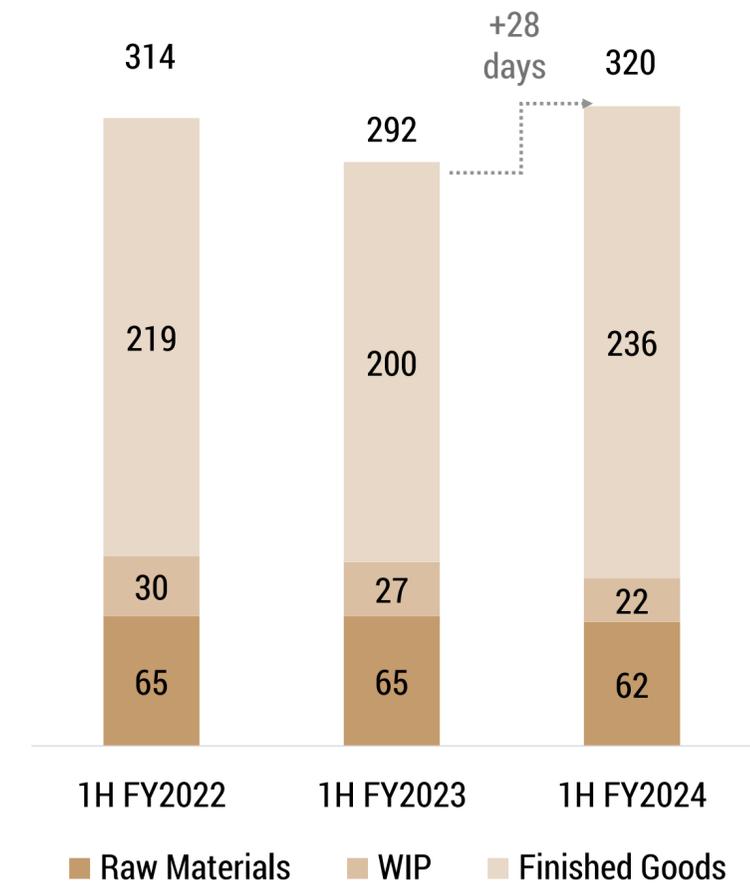
PAYABLES TURNOVER DAYS ⁽¹⁾

DAYS



INVENTORY TURNOVER DAYS ⁽¹⁾

DAYS



Note

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



05

APPENDIX

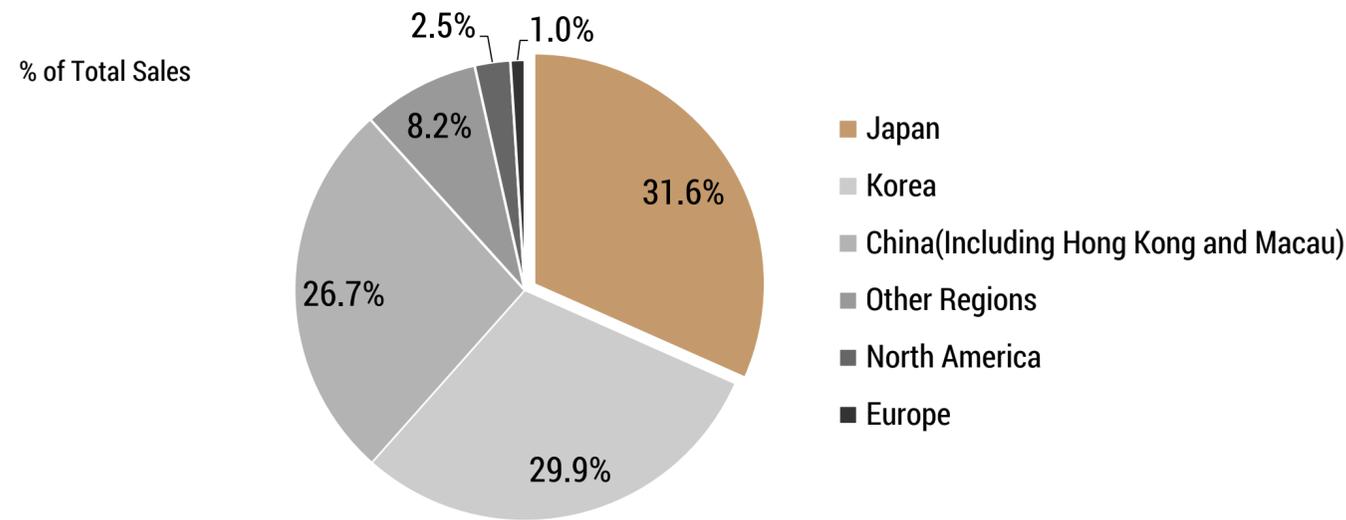


APPENDIX I-BUSINESS REVIEW BY MARKET

HOME MARKET JAPAN

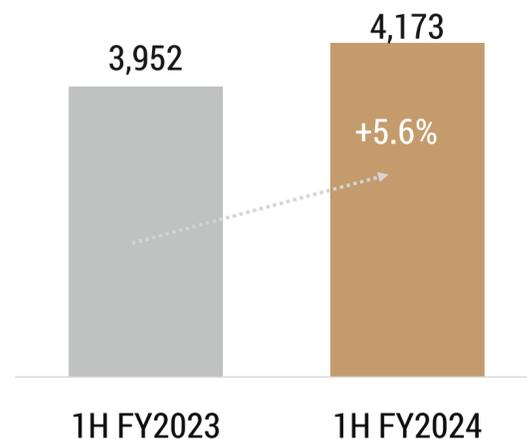


STEADY AND QUALITY GROWTH IN MULTIPLE PRODUCT CATEGORIES FOLLOWING FURTHER MARKET REOPENING



NET SALES

JPY MM



MARKET

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

1H FY24 HALF YEAR PERFORMANCE HIGHLIGHT

NET SALES +5.6%

- Golf club sales **+20.1%**
- Strong recovery in consumer sentiment following market reopening and coming back of overseas travelers
- Focused marketing campaigns and Pro-endorsement program targeting premium-performance consumer segment

Note

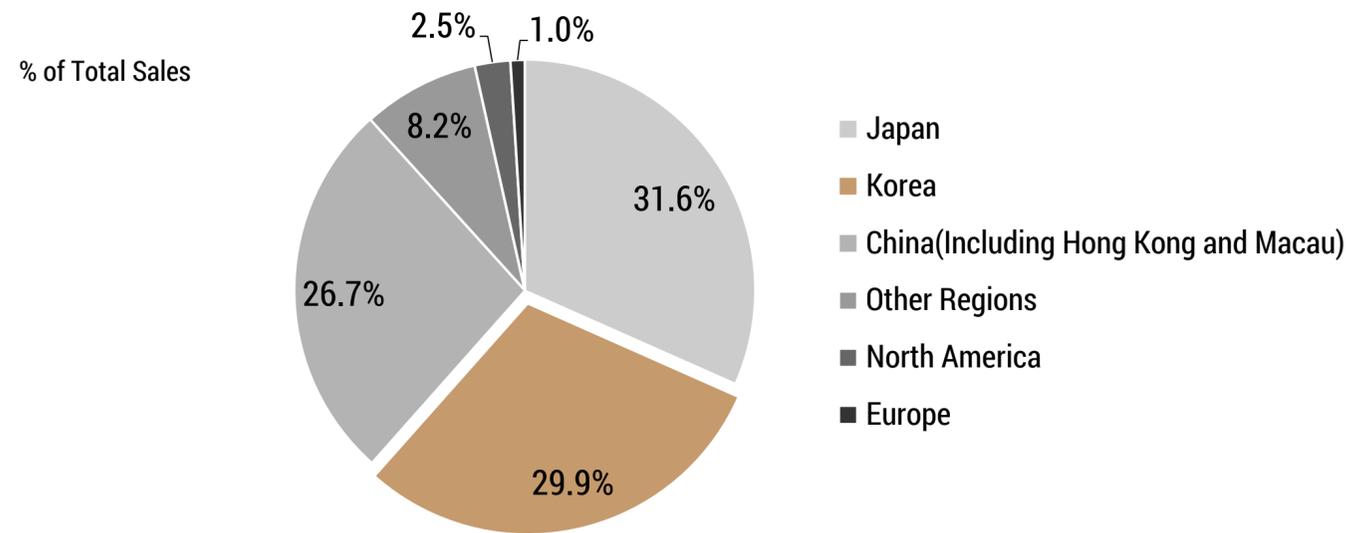
(1) 2021 Yano's White Paper on Golf Industry, Japan

APPENDIX I-BUSINESS REVIEW BY MARKET

HOME MARKET *KOREA*

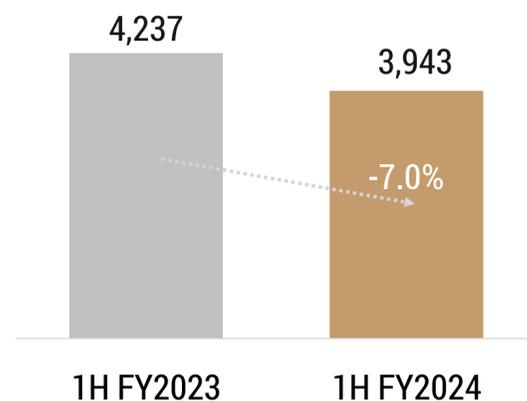


ONGOING CHANNEL OPTIMIZATION AIMING TO FUEL THE UPCOMING PRODUCT LAUNCH IN SPRING 2024



NET SALES

JPY MM



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, around **12%** of total population in Korea ⁽²⁾

1H FY24 HALF YEAR PERFORMANCE HIGHLIGHT

NET SALES *-7.0%*

- Sales decrease was mainly due to the Group's decision to implement channel adjustment prior to the new product launch in 2024
- Nevertheless, the country specific club sales in Korea **+108.7%** as sales and marketing efforts invested in the latest generation of Kiwami series, a special BERES model that customized for Korea market and well-received by Korean golfers for years

Note

(1) Source : KGPA, Korea Golf Association 2017

(2) Source: World Bank, South Korea population in 2021 is 51,74 million

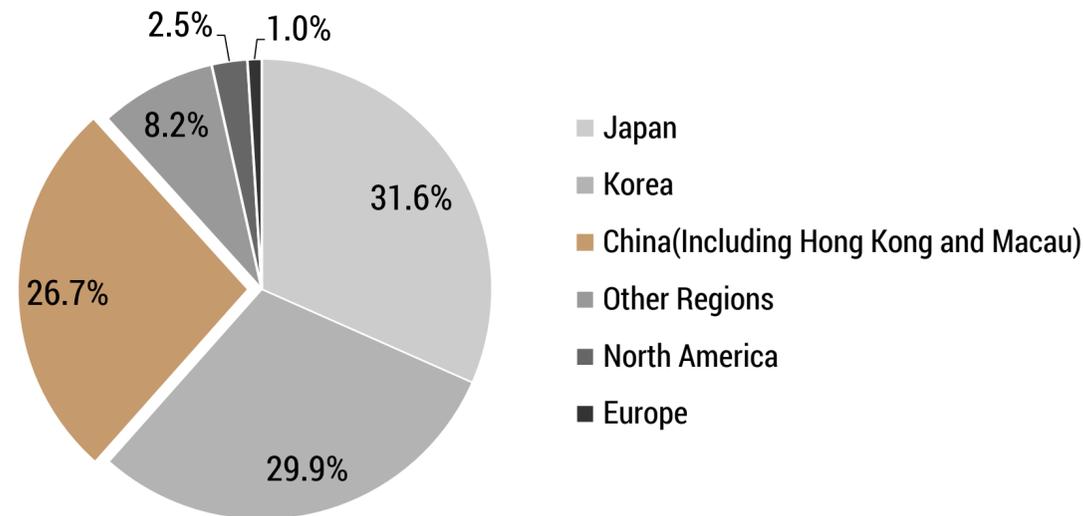
APPENDIX I-BUSINESS REVIEW BY MARKET

HOME MARKET CHINA (INCL. HK & MACAU)



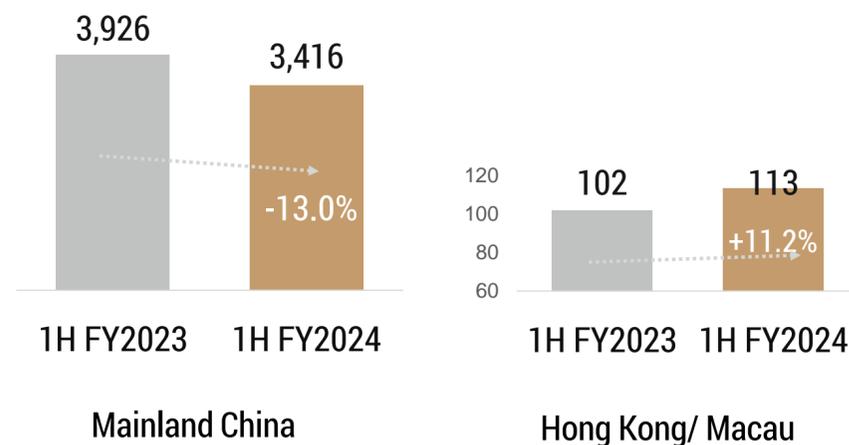
MEANINGFUL ^{5.10}
 APPAREL AND E-COMMERCE GROWTH ALBEIT
 WEAKENED CONSUMER SENTIMENT

% 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⁽¹⁾
- Solid and growing demand in active wear and fashion-athletic apparel

1H FY24 HALF YEAR PERFORMANCE HIGHLIGHT

MAINLAND CHINA NET SALES -13.0%

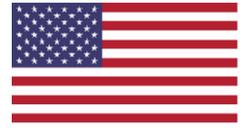
- Golf club sales -26.3% under the economic slowdown and weakened consumer sentiment
- Apparel sales +21.4% thanks to the enriched product lines designed for a wider range of target groups to include not only golf players but also the fast-growing urban outdoor lovers
- 'Flagship Store Plan' – iconic stores set up as brand showroom at prime locations in the first tier cities with upgraded visual display
- Active digital marketing campaigns and E-commerce strategies

Note

(1) Source : Forward Golf White Paper Report 2020

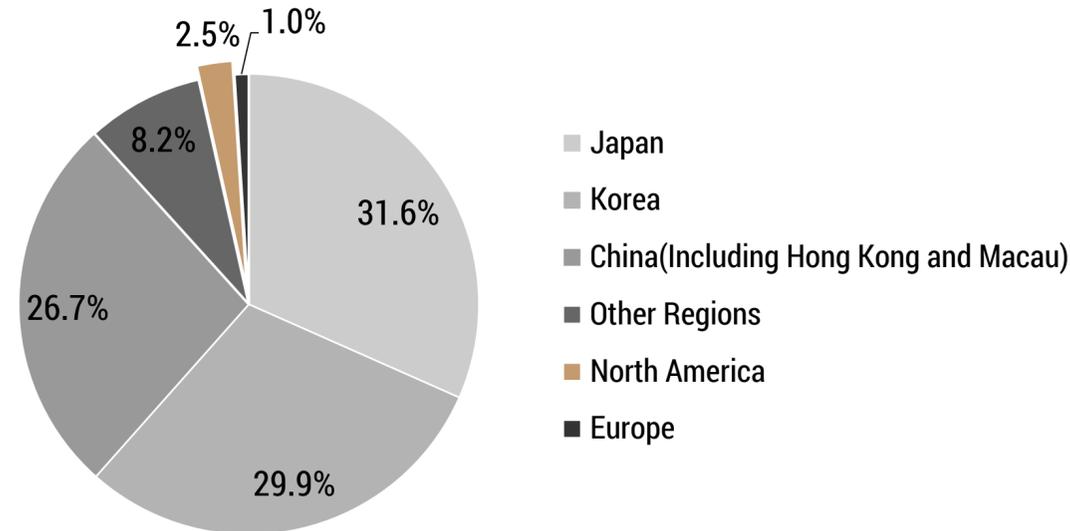
APPENDIX I-BUSINESS REVIEW BY MARKET

NEW MARKET *NORTH AMERICA*



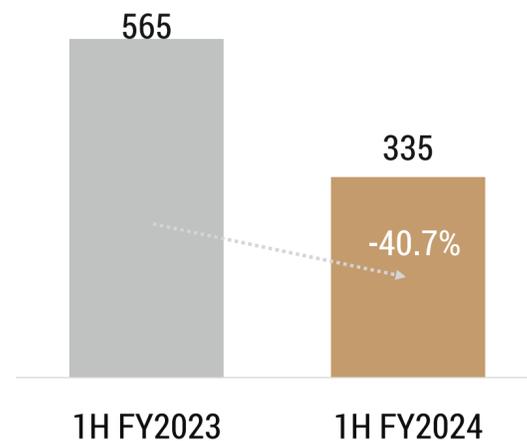
BUILDING A UNIQUE DIRECT-TO-CUSTOMER DISTRIBUTION MODEL TO CAPTURE SUPER PREMIUM AND PREMIUM PERFORMANCE SEGMENT

% of Total Sales



NET SALES

JPY MM



MARKET

- Largest golf market in the world with **45%** of the global golf economy⁽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

1H FY24 HALF YEAR PERFORMANCE HIGHLIGHT

NET SALES -40.7%

- POS -110 to **235** 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 : World Golf Report 2021

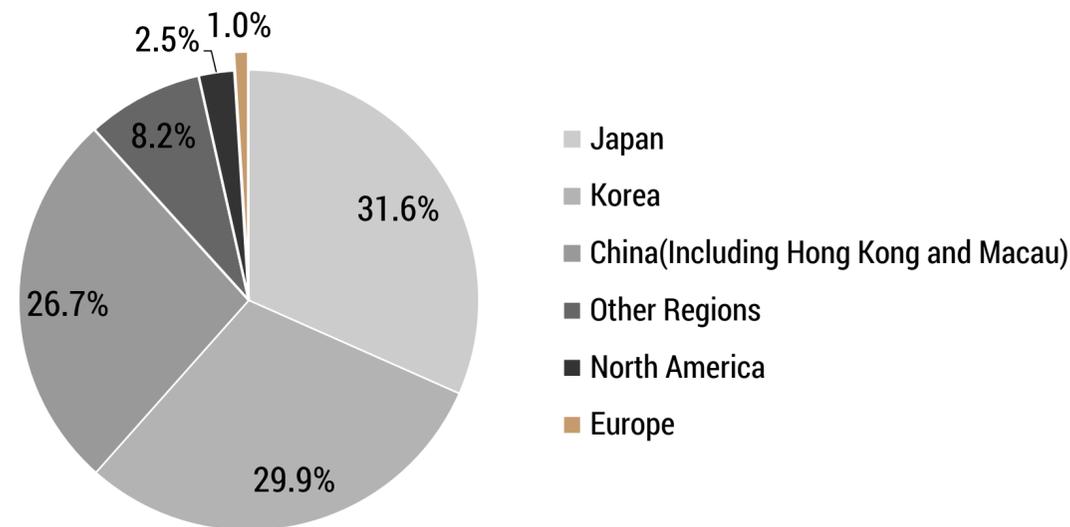
APPENDIX I-BUSINESS REVIEW BY MARKET

NEW MARKET EUROPE



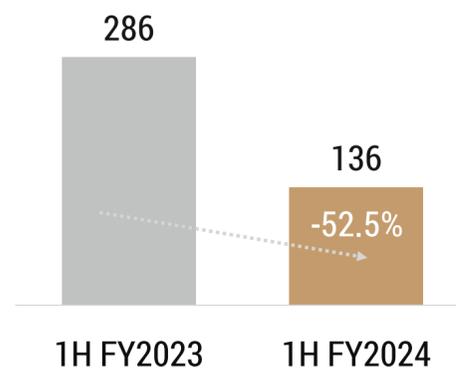
IMPROVED MARGIN FOLLOWING CHANNEL ADJUSTMENT

% 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 ⁽¹⁾

1H FY24 HALF YEAR PERFORMANCE HIGHLIGHT

NET SALES -52.5%

- POS +45 to 80 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 80 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 six months ended 30 September				YoY Change
	2023		2022		
	JPY	%	JPY	%	
<i>(In thousands, except for percentages and per share data)</i>					
Consolidated Statement of Profit or Loss					
Revenue	13,194,832	100.0	14,927,415	100.0	-11.6
Cost of sales	-6,317,853	-47.9	-7,061,101	-47.3	-10.5
Gross profit	6,876,979	52.1	7,866,314	52.7	-12.6
Other income and gains	2,019,415	15.3	1,696,655	11.4	19.0
Selling and distribution expenses	-4,485,975	-34.0	-4,874,327	-32.7	-8.0
Administrative expenses	-609,572	-4.6	-759,481	-5.1	-19.7
Other (expenses)/income, net	-73,662	-0.6	-155,530	-1.0	-52.6
Finance costs	-97,102	-0.7	-52,506	-0.4	84.9
Finance income	5,677	0.04	7,475	0.1	-24.1
Profit before tax	3,635,760	27.6	3,728,600	25.0	-2.5
Income tax expense	-306,257	-2.3	-641,218	-4.3	-52.2
Net profit	3,329,503	25.2	3,087,382	20.7	7.8
Earnings per share attributable to ordinary equity holders of the parent					
Basic and diluted	5.50		5.10		7.8
Non-IFRS Financial Measures					
Operating Profit	1,690,007	12.8	2,187,475	14.7	-22.7
Net Operating Profit	1,648,940	12.5	1,588,856	10.6	+3.8

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	
	2023.9.30	2023.3.31
	JPY	JPY
	<i>(In thousands, except for percentages and per share data)</i>	
Consolidated Statement of Financial Position		
Assets		
Non-current assets	8,320,186	8,508,477
Current assets	33,543,335	35,706,753
Total Assets	41,863,521	44,215,230
Liabilities		
Non-current Liabilities	2,094,826	2,616,614
Current Liabilities	11,832,643	15,298,296
Total Liabilities	13,927,469	17,914,910
Net current assets	21,710,692	20,408,457
Total assets less current liabilities	30,030,878	28,916,934
Net Assets	27,936,052	26,300,320
Total Equity	27,936,052	26,300,320

CONSOLIDATED CASH FLOWS

	For the six months ended 30 September	
	2023	2022
	JPY	JPY
	<i>(In thousands, except for percentages and per share data)</i>	
Cash and cash equivalents at the beginning of year	14,084,777	14,454,554
Net cash flows generated from operating activities	3,251,296	3,277,219
Net cash (used in) investing activities	-196,923	-228,919
Net cash flows (used in) financing activities	-1,449,364	-1,267,049
Net increase in cash and cash equivalents	1,605,009	1,781,251
Net effect of foreign exchange rate changes	970,178	802,256
Cash and cash equivalents at the end of year	16,659,964	17,038,061



For more inquiries
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