



Nov. 2022

HONMA GOLF LIMITED (6858.HK) 2022/2023 INTERIM RESULTS



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
 60+ YEARS OF DEDICATIONS TOWARDS QUALITY AND CRAFTSMANSHIP
 THE ONLY VERTICALLY INTEGRATED GOLF COMPANY IN THE WORLD



IN-HOUSE R&D AND CLUB MANUFACTURING

- 236 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 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, 83 self-operated stores overlaid with 3,831 third party POS
- Fast growing E-commerce business in China, Japan and the US



02

PERFORMANCE OVERVIEW

IN 1H FY23, HONMA DELIVERED **REMARKABLE SALES GROWTH AND MARGIN IMPROVEMENT** DESPITE PROLONGED SUPPLY CHAIN CHALLENGES AND UNCERTAINTIES WORLDWIDE

KEY FINANCIALS	Half Year Ended 30 Sep 2022	Nominal Growth vs Half Year Ended 30 Sep 2021
Net Sales	JPY 14,927MM / USD 112.1MM ⁽¹⁾	+25.7% (COMPARABLE: +17.3%)
Gross Profit Margin	52.7%	-2.6pp
EBITDA - EBITDA Margin	JPY 4,644MM / USD 34.9MM ⁽¹⁾ 31.1 %	+45.9% +4.3pp
Net Profit - Net Profit Margin	JPY 3,087MM / USD 23.2MM ⁽¹⁾ 20.7 %	+ 129.0 % + 9.3 pp
Reported Earnings Per Share	JPY 5.10 / HKD 0.30 ⁽³⁾	+129.0%
Net Operating Cash Flow	JPY 3,277MM / USD 24.6MM ⁽¹⁾	-11.5%
Net Cash Position	JPY 10,048MM / USD 69.7MM ⁽²⁾	+65.5%
Proposed Dividend	JPY 1.50 /share (Dividend Payout Ratio: 29.4%)	Flat YOY

Note (1) Exchange rate: 1 USD = 133.12 JPY (2) Exchange rate: 1 USD = 144.08 JPY (3) Exchange rate: 1 HKD = 16.98 JPY

PERFORMANCE OVERVIEW

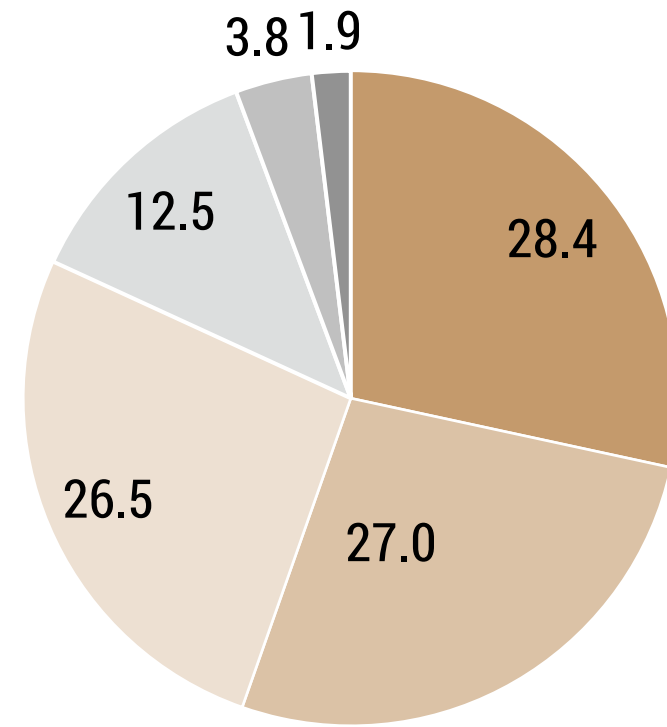
BY MARKET

IH FY23 NET SALES: JPY 14,927 MM / USD 112.1 MM, +25.7% YOY (COMPARABLE +17.3%)

- Most of the Group's main markets recorded double digit sales growth on the back of a strong rebound of consumer demand, potent product and marketing strategies, and successful activation of various HONMA products.

NET SALES MIX BY MARKET

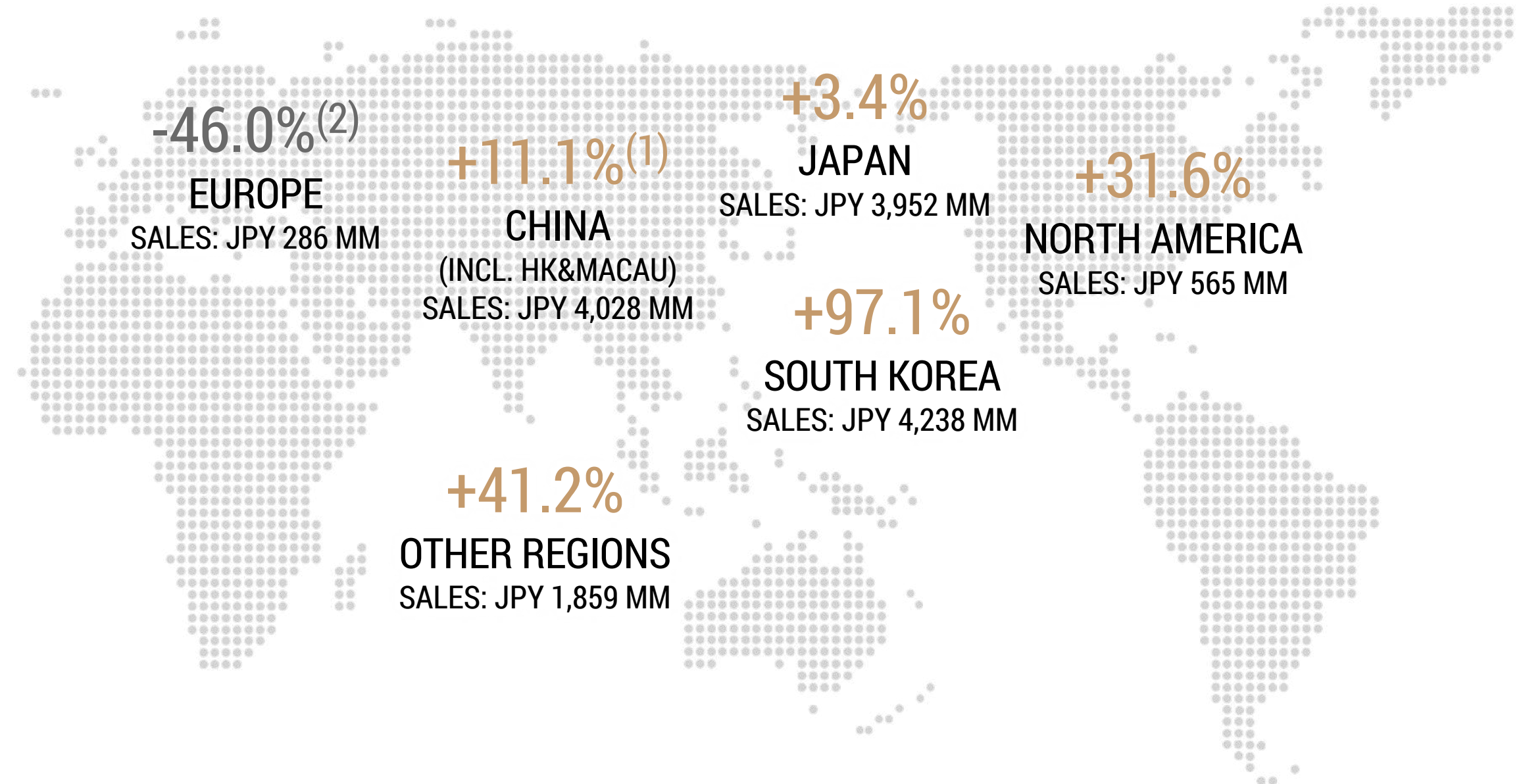
%



- Korea
- China (Including Hong Kong and Macau)
- Japan
- Other Regions
- North America
- Europe

NET SALES GROWTH

%



Note (1) On a constant currency basis, net sales from China dropped slightly by 4.3%, due to extended and continued home shelter imposed in various parts of the country

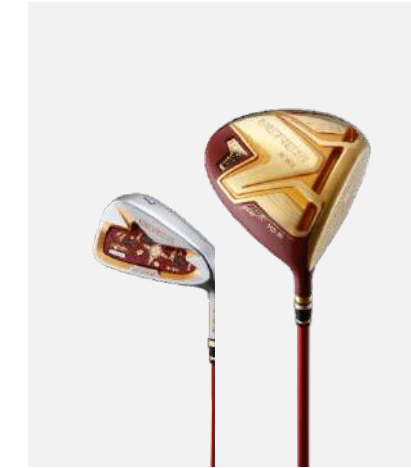
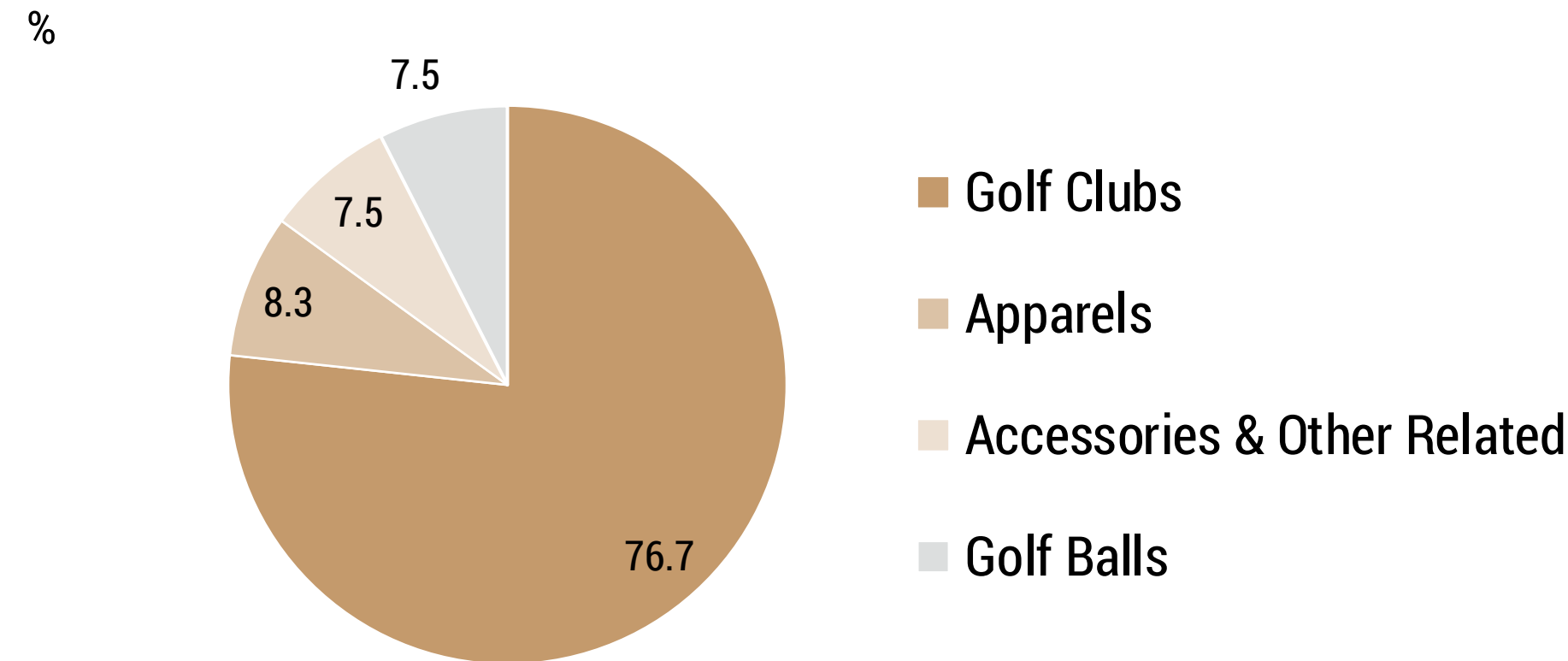
Note (2) Europe recorded a provisional sales decline of 46.0%, reflecting the Group's decision to change into an indirect distribution model in the region

PERFORMANCE OVERVIEW *BY PRODUCT CATEGORY*

IH FY23 NET SALES: JPY 14,927 MM / USD 112.1 MM, +25.7% YOY (COMPARABLE +17.3%)

- Sales from Golf Club and Accessories recorded mid double-digit growth thanks to continued improvement in R&D, merchandise planning and retail operations
- Minor decline in sales from Apparels and Golf Balls due to lingering lockdown in various parts of China and raw material shortage
- Gross margin of non-club products under pressure due to sharp Yen depreciation and growing inflation

NET SALES MIX BY PRODUCT CATEGORIES



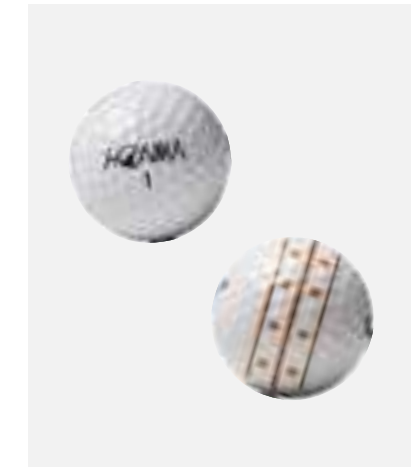
GOLF CLUBS

NET SALES +31.2% TO JPY 11,442 MILLION
(COMPARABLE +22.4%)
GROSS MARGIN +1.6PP TO 59.8%



APPARELS

NET SALES -1.7% TO JPY 1,237 MILLION
(COMPARABLE -12.4%)
GROSS MARGIN -23.5 PP TO 30.2%



GOLF BALLS

NET SALES -2.7% TO JPY 1,123 MILLION
(COMPARABLE -4.3%)
GROSS MARGIN -12.1 PP TO 31.9%



ACCESSORIES

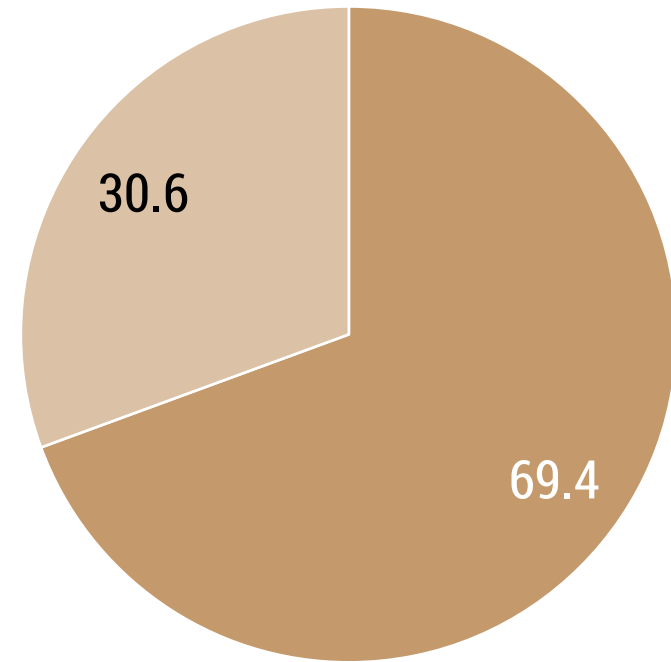
NET SALES +52.2% TO JPY 1,126 MILLION
(COMPARABLE +42.2%)
GROSS MARGIN -15.3 PP TO 25.6%

PERFORMANCE OVERVIEW BY CHANNEL

IH FY23 NET SALES: JPY 14,927 MM / USD 112.1 MM, +25.7% YOY (COMPARABLE +17.3%)

NET SALES MIX BY CHANNEL

%



- Distributors
- DTC Channels

DIRECT-TO-CONSUMER CHANNEL

NET SALES +29.9% TO JPY 4,567 MILLION (COMPARABLE +16.1%)

GROSS MARGIN -7.4PP TO 53.3%

83
SELF-OPERATED STORES

- Net +3 new locations;
- Continued optimization of store design, visual display and consumer experience

E-COMMERCE

- Operating in China, Japan and the US
- Total net sales +29.2% (comparable +13.6%)

3RD PARTY RETAILERS AND WHOLSALERS

NET SALES +24.0% TO JPY 10,361 MILLION (COMPARABLE +20.2%)

GROSS MARGIN -0.5PP TO 52.4%

3,831
3RD PARTY POS

- -313 POS, mainly in Europe, amidst the transition towards indirect distribution model



03

BUSINESS HIGHLIGHT

THREE-PILLAR GROWTH STRATEGIES



PRODUCT

GOLF CLUBS

- Combines traditional **Japanese craftsmanship** with latest **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, elevated visual design and merchandising display to enhance consumer experiences
- 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

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

A. CLUB PORTFOLIO OPTIMIZED

TO FOCUS ON SUPER PREMIUM AND PREMIUM PERFORMANCE CONSUMERS SEGMENTS

SUPER PREMIUM SEGMENT

BERES

Beres Aizu
Launched in Dec 2021



Beres NX
Launched in Nov 2022



PREMIUM PERFORMANCE SEGMENT

T// WORLD

TW757
Launched in Mar 2022



FOR SERIOUS GOLFERS
HANDICAP 0-12

XP-2
Launched in Sep 2022



FOR GAME IMPROVEMENT
GOLFERS
HANDICAP 8-20

OTHER CLUB PRODUCTS

PUTTERS, COUNTRY SPECIFIC MODELS,
SPECIAL EDITIONS

65th Anniversary
Sakura Dance
Launched in May 2022



FOR YOUNGER
FEMALE GOLFERS
IN CHINA

Lady Go
To be launched in Nov 2022



FOR YOUNGER
FEMALE GOLFERS
IN JAPAN

A. CLUB PORTFOLIO OPTIMIZED

IN ORDER TO FOCUS ON *SUPER PREMIUM AND PREMIUM PERFORMANCE CONSUMER SEGMENTS*

- GOLF CLUB SALES ROSE BY **31.2% YOY** TO **JPY 11,442 MILLION** (COMPARABLE **+22.4%**), MAINTAINING STRONG GROWTH MOMENTUM
- GROSS MARGIN **+1.6PP** TO **59.8%**, THANKS TO CONTINUED RETAIL PRICE MANAGEMENT AND MANUFACTURING COST OPTIMIZATION

BERES



PRODUCT LAUNCH

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

SALES PERFORMANCE

- 1H FY23 sales **+37.1%** (comparable 26.7%)
- **49.6%** of club sales
- Strong sales growth thanks to the successful activation of Beres Aizu worldwide

TOUR WORLD



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

- 1H FY23 sales **+17.1%** (comparable +9.6%)
- **18.2%** of club sales
- Successful go-to-market
- Both TW757 and TW-XP2 received great media buzz and consumer purchase intent among the younger and more avid golfers

OTHERS



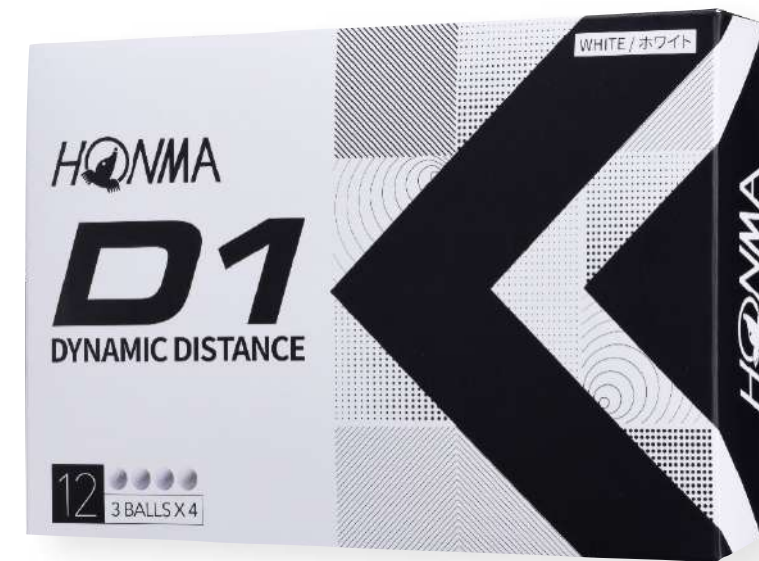
- Putters
- Country specific models
- Special editions
- Lady Go to be launched in Nov 2022

- 1H FY23 sales **+31.5%** (comparable +24.1%)
- **32.2%** of club sales
- All-time favorite to consumers who are looking for extinguished and exquisite cosmetics

B. ENHANCED PRODUCT RECOGNITION FOR GOLF BALLS

AMIDST UPSTREAM SUPPLY CHAIN CONSTRAINTS

- GOLF BALL SALES DECLINED SLIGHTLY BY -2.7% YOY TO **JPY 1,123 MILLION** (COMPARABLE -4.3%); GROSS MARGIN -12.1PP TO **31.9%**
- SALES AND GROSS MARGIN UNDER PRESSURE DUE TO YEN DEVALUATION AND SUPPLY CHAIN CONSTRAINT



D1, 2-LAYER BALL



TW-X, 3-LAYER BALL

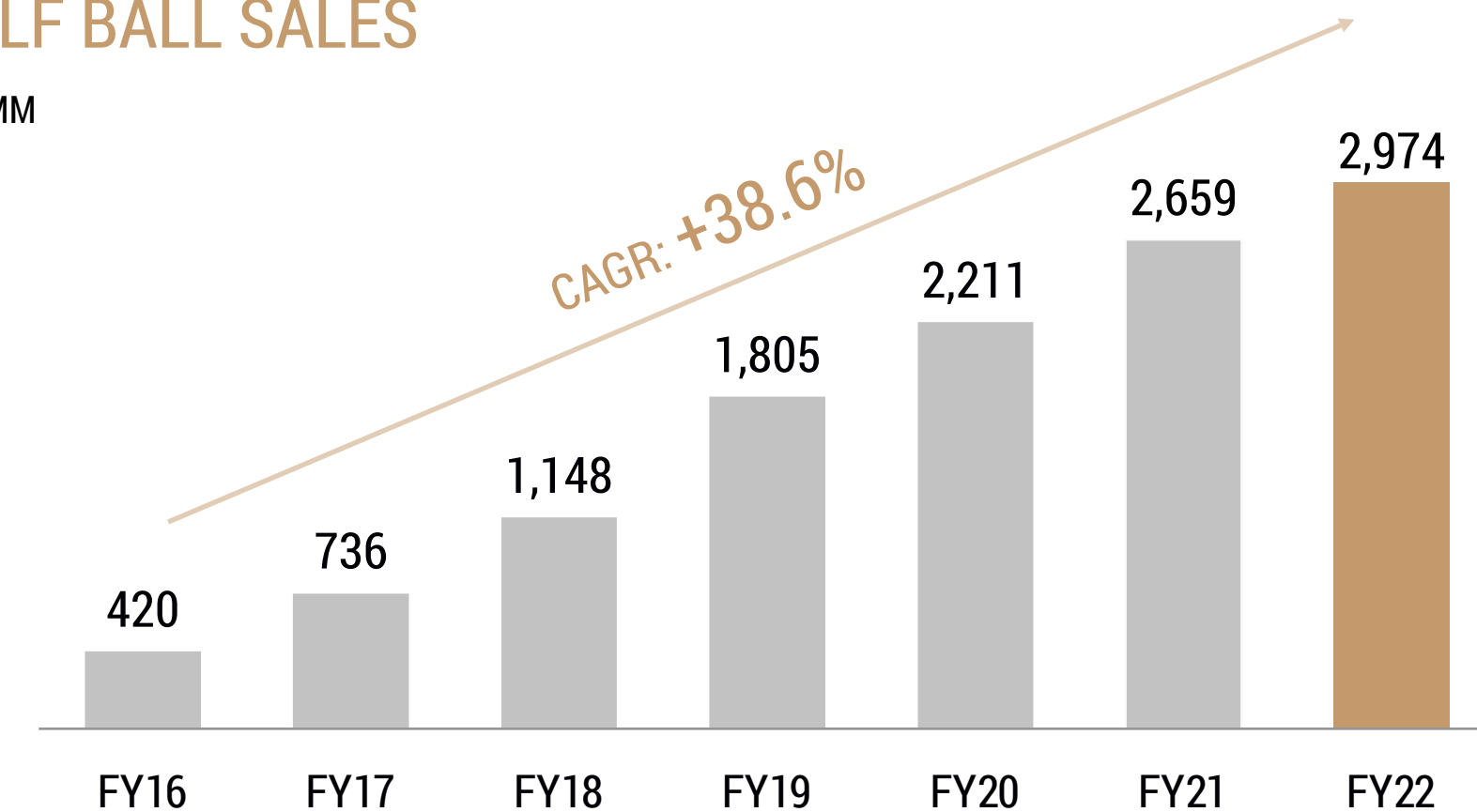


BERES 5 STAR, 6-LAYER BALL

- 1H FY23 Japan golf ball sales **+20.3%** to **JPY 912mn**
- Ranks **#3** in terms of golf ball sales volume in Japan
- Continuously prioritizing product development to meet the needs of consumer in super premium and premium performance segments

GOLF BALL SALES

JPY MM



C. CONTINUE NURTURING APPAREL BUSINESS

ACROSS ASIA HOME MARKETS

APPAREL SALES - 1.7%YOY TO **JPY 1,237 MILLION**
(COMPARABLE -12.4%)

GROSS MARGIN -23.5PP TO **30.2 %**

NEGATIVELY IMPACTED BY EXTENDED PANDEMIC
LOCKDOWN IN VARIOUS PARTS OF CHINA

- Retail activities severely interrupted by extended home shelter happened in multiple parts of China
- Operation recovered and consumer demand rebound in 2Q, leading to a flattish half year sales YOY
- Continued investment into product development, merchandise planning and display
- Continued driving E-commerce capabilities on the back of one digital eco-system, built around internet-savvy golfers and fashionable outdoor enthusiasts

APPAREL COLLECTION CONSISTING OF *2 DISTINCTIVE PRODUCT LINES* TARGETING *PREMIUM PERFORMANCE* AND *FASHION ATHLETIC* CONSUMER SEGMENTS

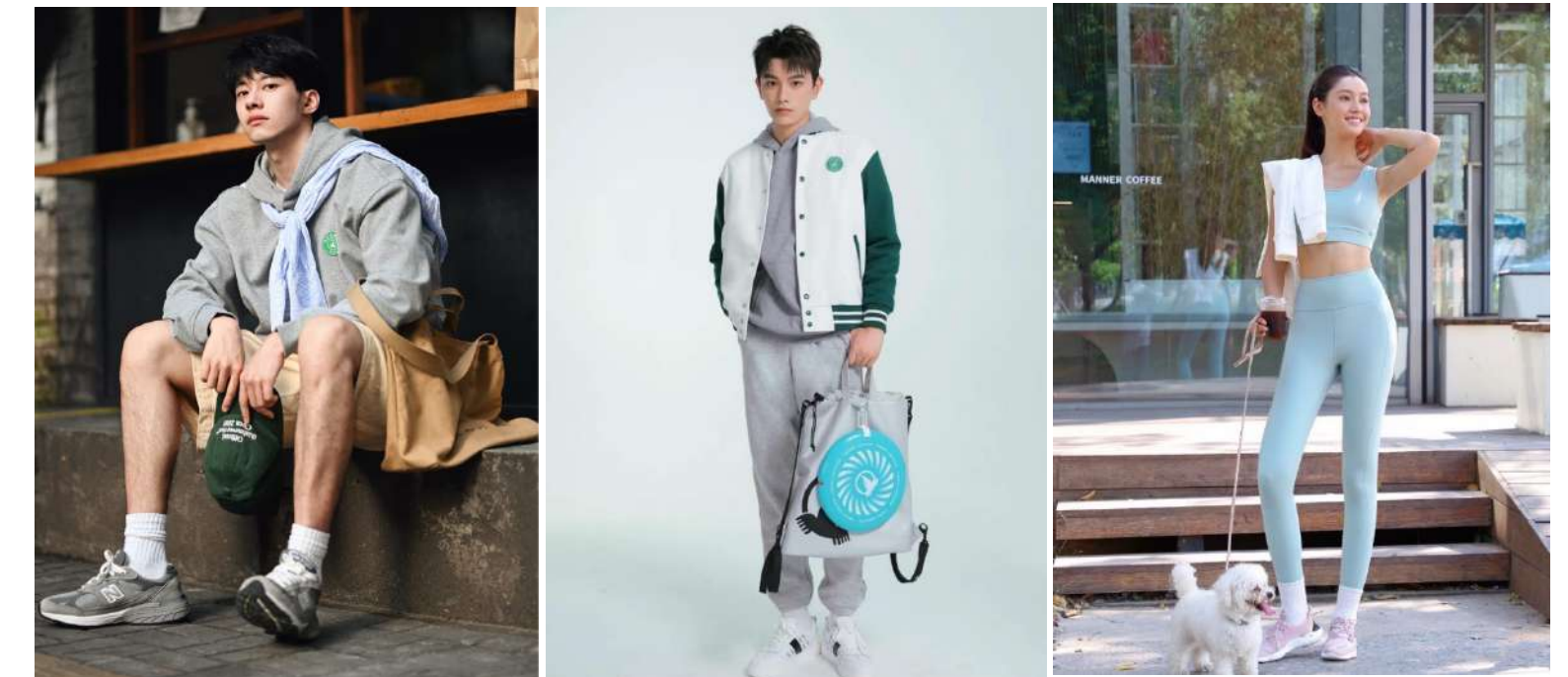
PROFESSIONAL GOLF LINE

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



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 **+29.9%** (comparable +20.2%)
- **83** self-owned stores, net increase by **3**, and newly opened **14** stores, mainly in China
- Same-store sales significantly improved

THIRD-PARTY RETAILERS AND WHOLESALERS

CONTINUED TO DRIVE PENETRATION AND GAIN MIND SHARE

- Sales from third-party **+24.0%** (comparable +16.1%)
- Number of POS declined by 313 to **3,831**
 - -378 POS in Europe, as the results of the Group's decision focus on a smaller but premier group of accounts



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

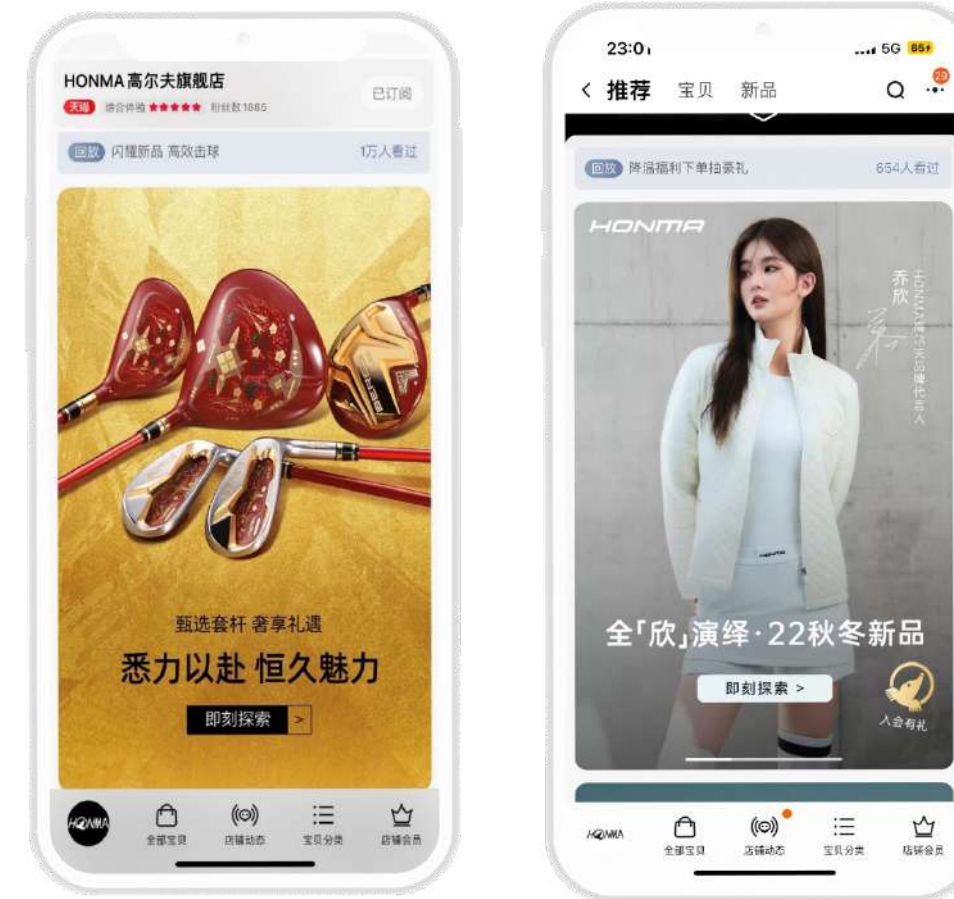
SUPPORTED BY UP-TO-DATE CONTENT MARKETING ON SOCIAL MEDIA AND CRM PLATFORMS

E-COMMERCE SALES GREW BY **29.2%** (COMPARABLE +13.6%)
DRIVEN BY ACCELERATED INVESTMENT IN DIGITAL
MARKETING WITH A FULL-CHANNEL APPROACH

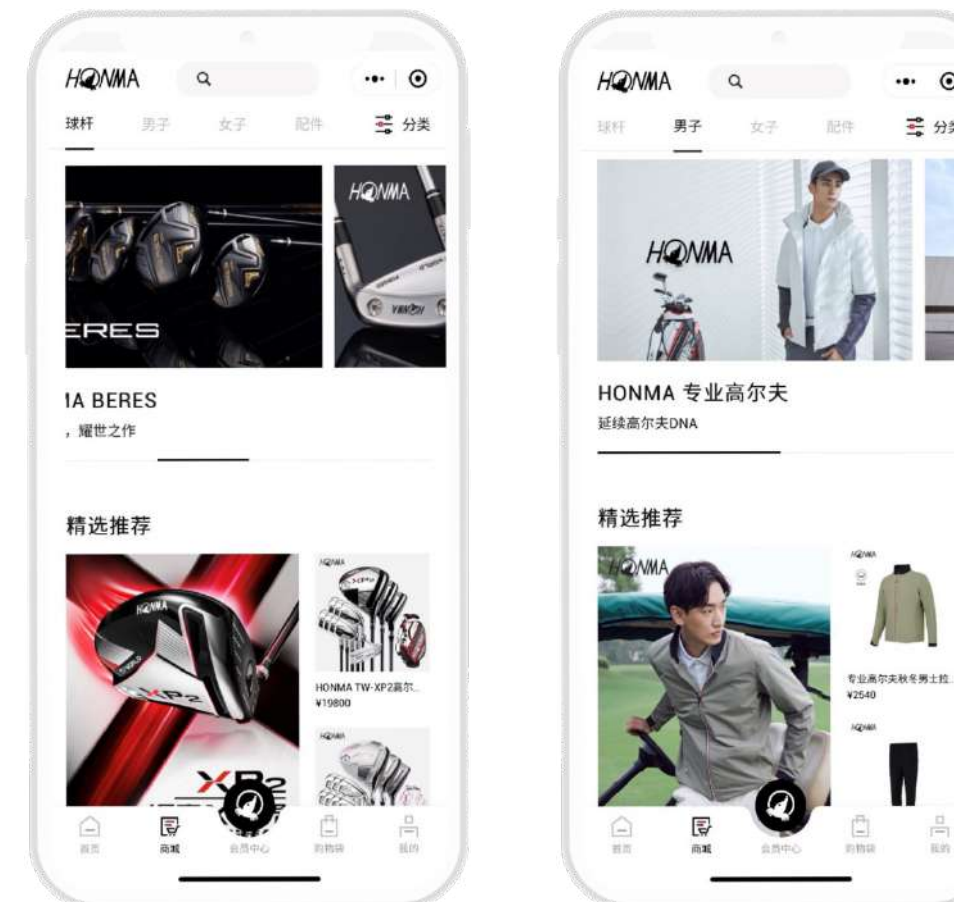
GROWTH RATE SLOWED DOWN MAINLY DUE TO SALES LOST
DURING CHINA'S LOCKDOWN

- 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

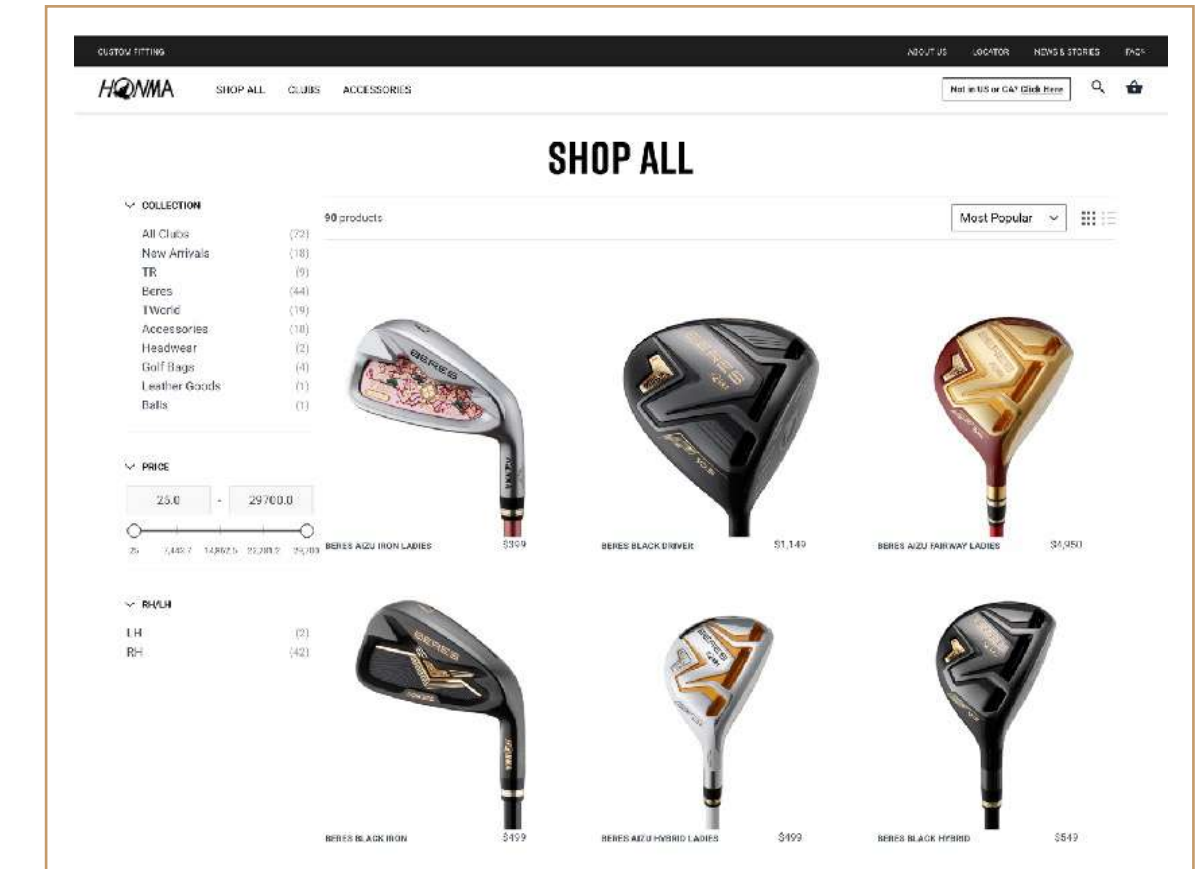
T-MALL FLAGSHIP STORE



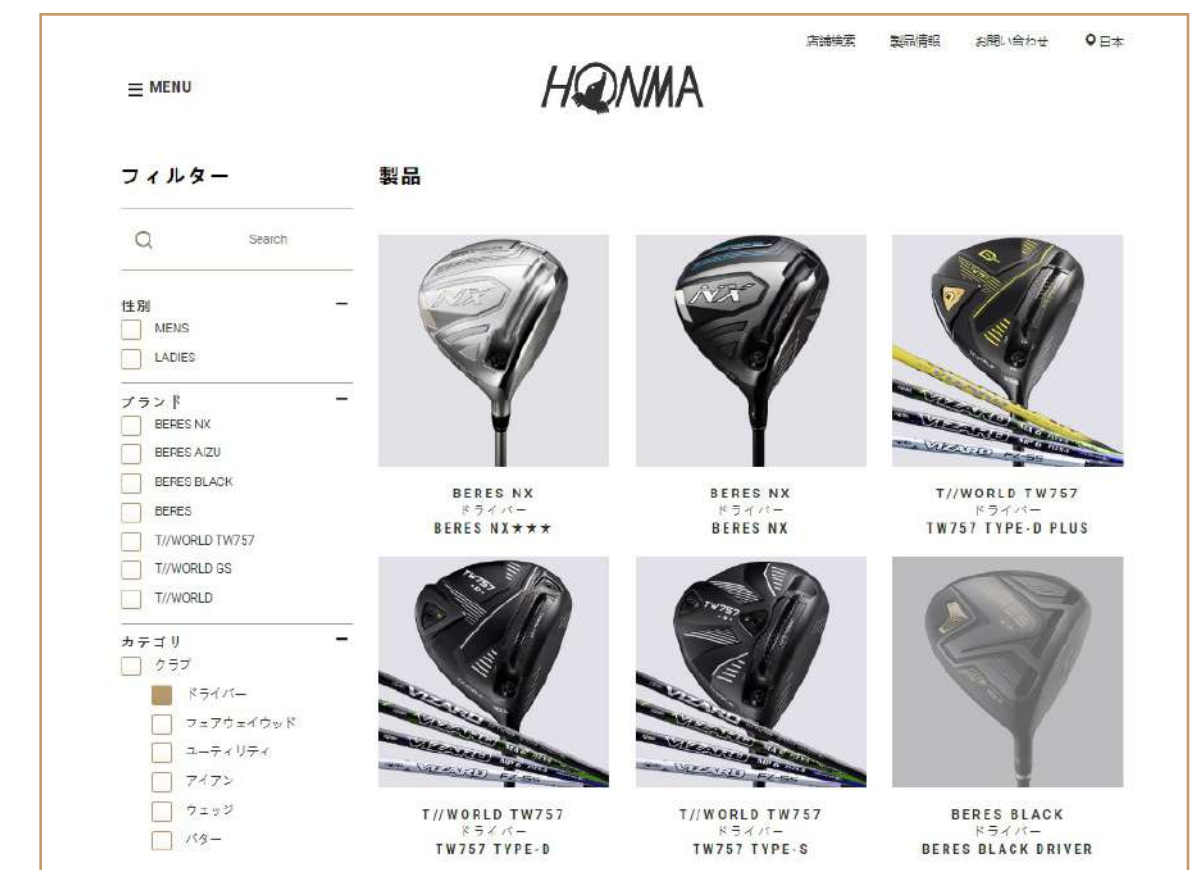
WECHAT STORE



US E-COMMERCE SITE



JAPAN E-COMMERCE SITE



F. RE-DEFINING HONMA: DYNAMIC, MODERN, GLOBAL

TO DRIVE BRAND AWARENESS ACROSS ALL MARKETS

CUSTOMER EVENTS

1,912 EVENTS, 25,590 PARTICIPANTS, +18.7% YOY

- Customer events are important customer touch points for HONMA
- These events were mainly held on **golf courses** with dedicated fitters
- Integrated brand experience and retail activities targeting consumers in **super premium** and **premium performance** segments
- Key to the continued enhancement of HONMA's brand and product awareness and consumer impression



HONMA契約
後藤未有プロ
HONMA
福岡店に来店!

Xmas
レッスン会
12/25(土) AM11:00~PM17:00

6枠限定 事前予約受付中
本日のレッスン料を
お支払いください。

先着
20
名様
後藤未有プロ 直筆サイン入りキャップ
プレゼント!
ご予約のレッスン料が購入品に限りプレゼント!

本館ゴルフ 福岡店 TEL.092-589-3566
大野渡営業所 13-27 営業時間 10:30~19:00 大野渡店

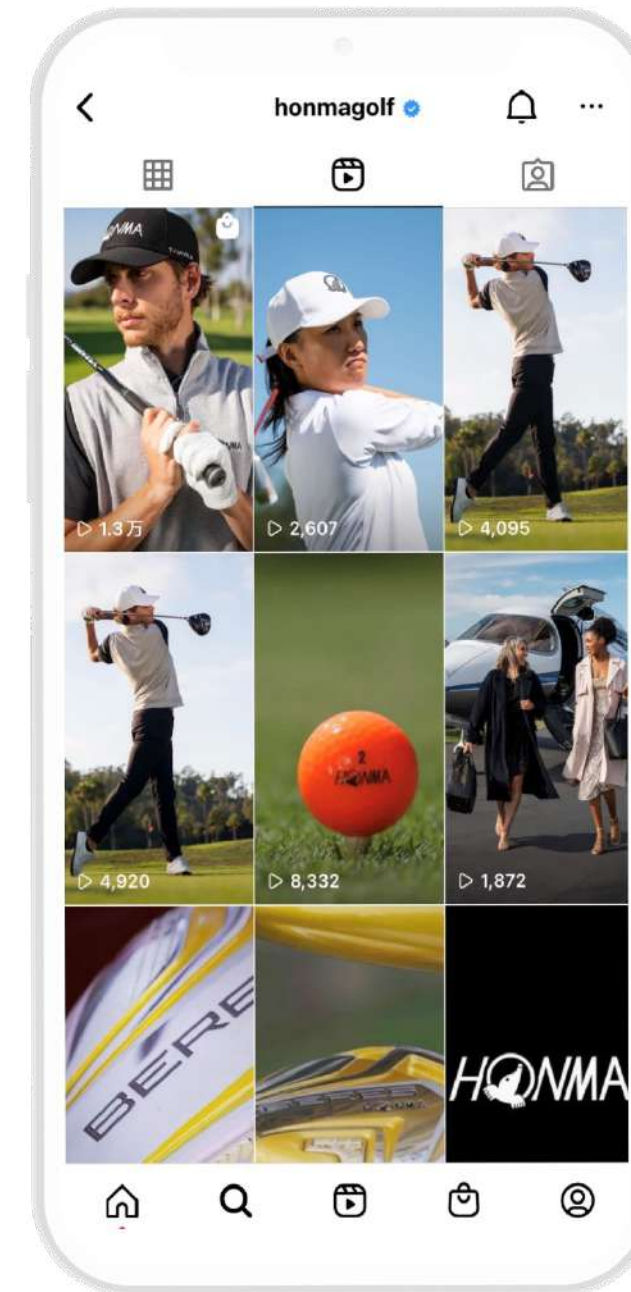
HONMA



F. RE-DEFINING HONMA: DYNAMIC, MODERN, GLOBAL TO DRIVE BRAND AWARENESS ACROSS ALL MARKETS

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

- Frequently rolling out digital marketing content on HONMA's global website as well as social platforms including Instagram, Facebook, Wechat, Weibo, etc
- Content collaboration with pros, influencers and celebrities both on tour and on digital platforms
 - To convey **consistent brand image** and enhance brand awareness across all markets
 - To recruit and engage with **younger and internet-savvy consumer**
 - To **generate traffic** from digital platform to offline retail stores
 - To own the entire **consumer experience** and data



F. RE-DEFINING HONMA: DYNAMIC, MODERN, GLOBAL

TO DRIVE BRAND AWARENESS ACROSS ALL MARKETS

SPONSORING 11 PROFESSIONAL PLAYERS PLUS A WIDE NETWORK OF HONMA AMBASSADORS AND COACHES

8 JAPAN LADIES PROFESSIONAL GOLF (JLPGA)	2 KOREA LADIES PROFESSIONAL GOLF (KLPGA)	1 KOREA PGA (KPGA)
--	--	--------------------

- Renewed pro-sponsoring strategies to recruit additional **young and uprising** athletes in Asia with visible social media followers
- 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



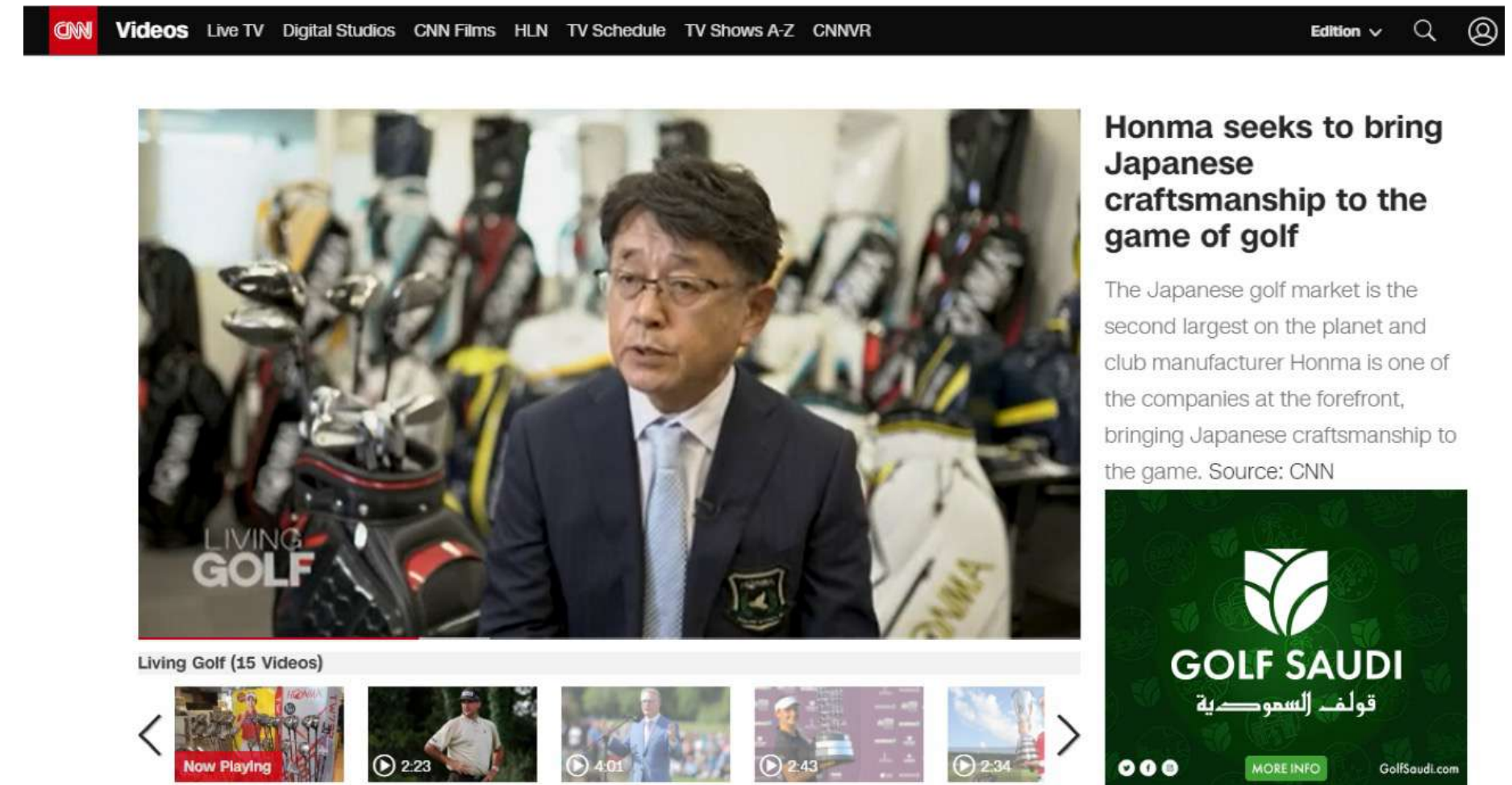
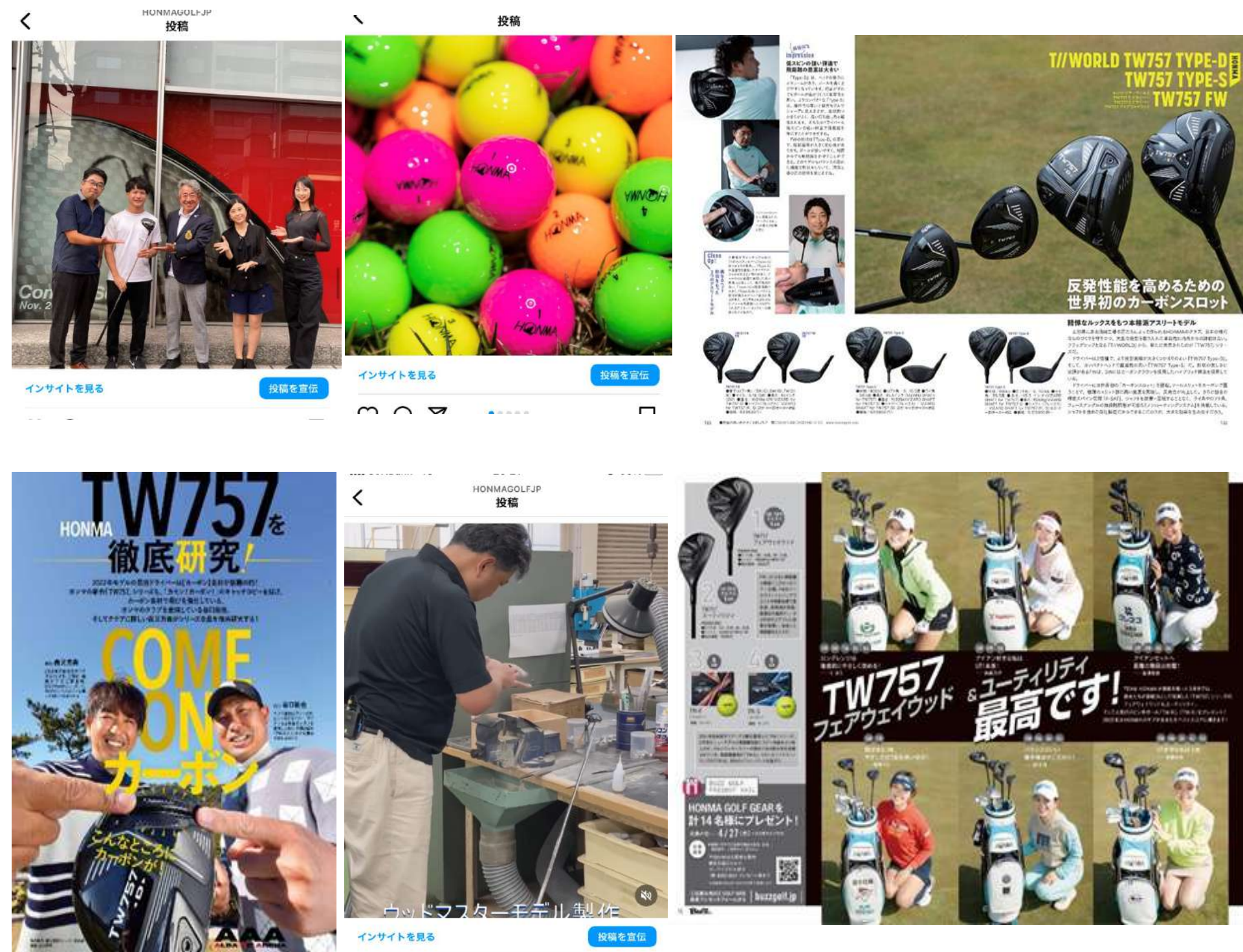
F. RE-DEFINING HONMA: DYNAMIC, MODERN, GLOBAL

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.

- In September 2021, HONMA was featured by **CNN Living Golf** at in its Tokyo Olympics episode, showcasing HONMA's dedication towards craftsmanship in premium club-making for more than 60 years





04

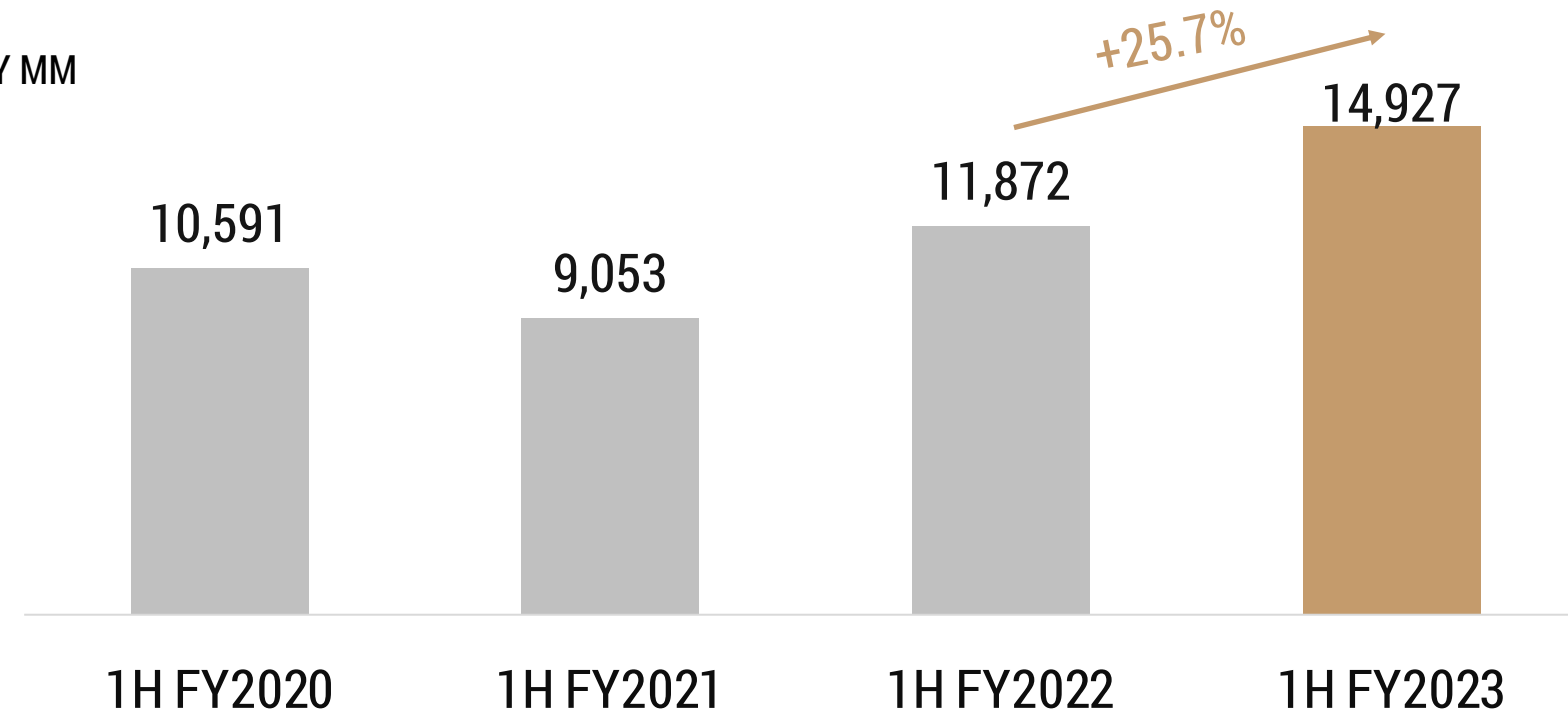
FINANCIAL REVIEW

CONTINUOUSLY IMPROVING MAJOR FINANCIAL METRICS

THANKS TO THE EXUBERANT CONSUMER DEMAND AND SUCCESSFUL EXECUTION OF GROWTH STRATEGIES

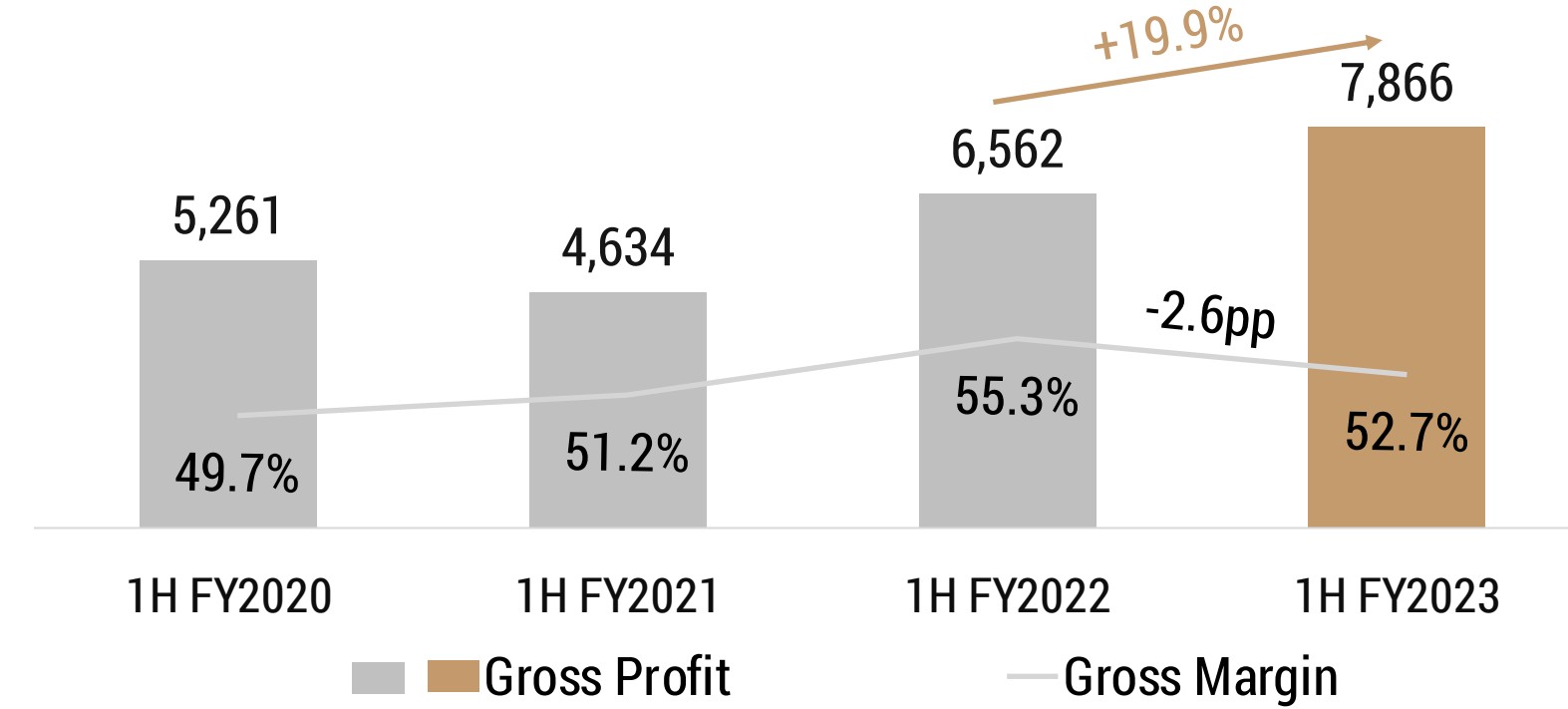
NET SALES

JPY MM



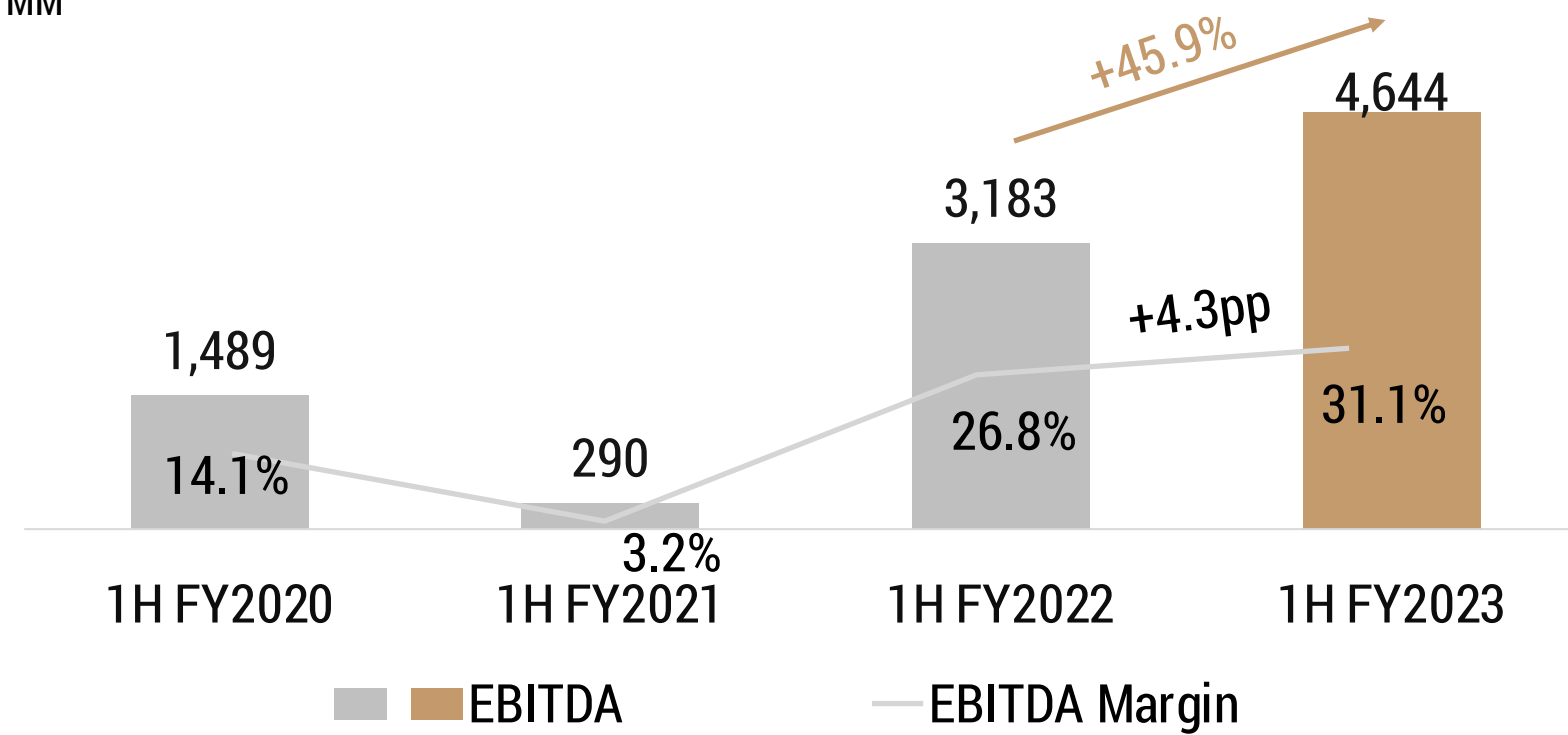
GROSS PROFIT & GROSS MARGIN

JPY MM



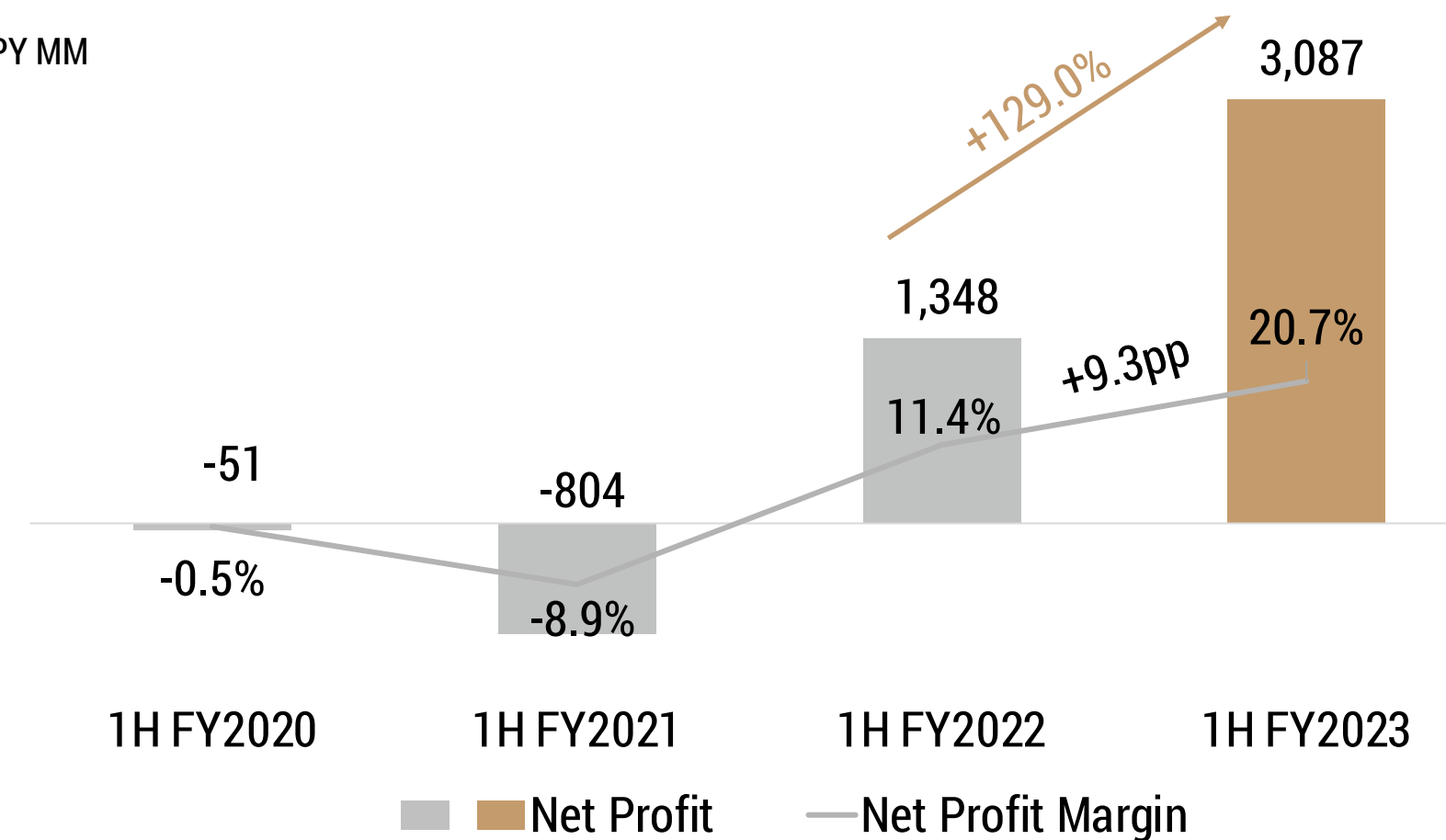
EBITDA

JPY MM



NET PROFIT

JPY MM

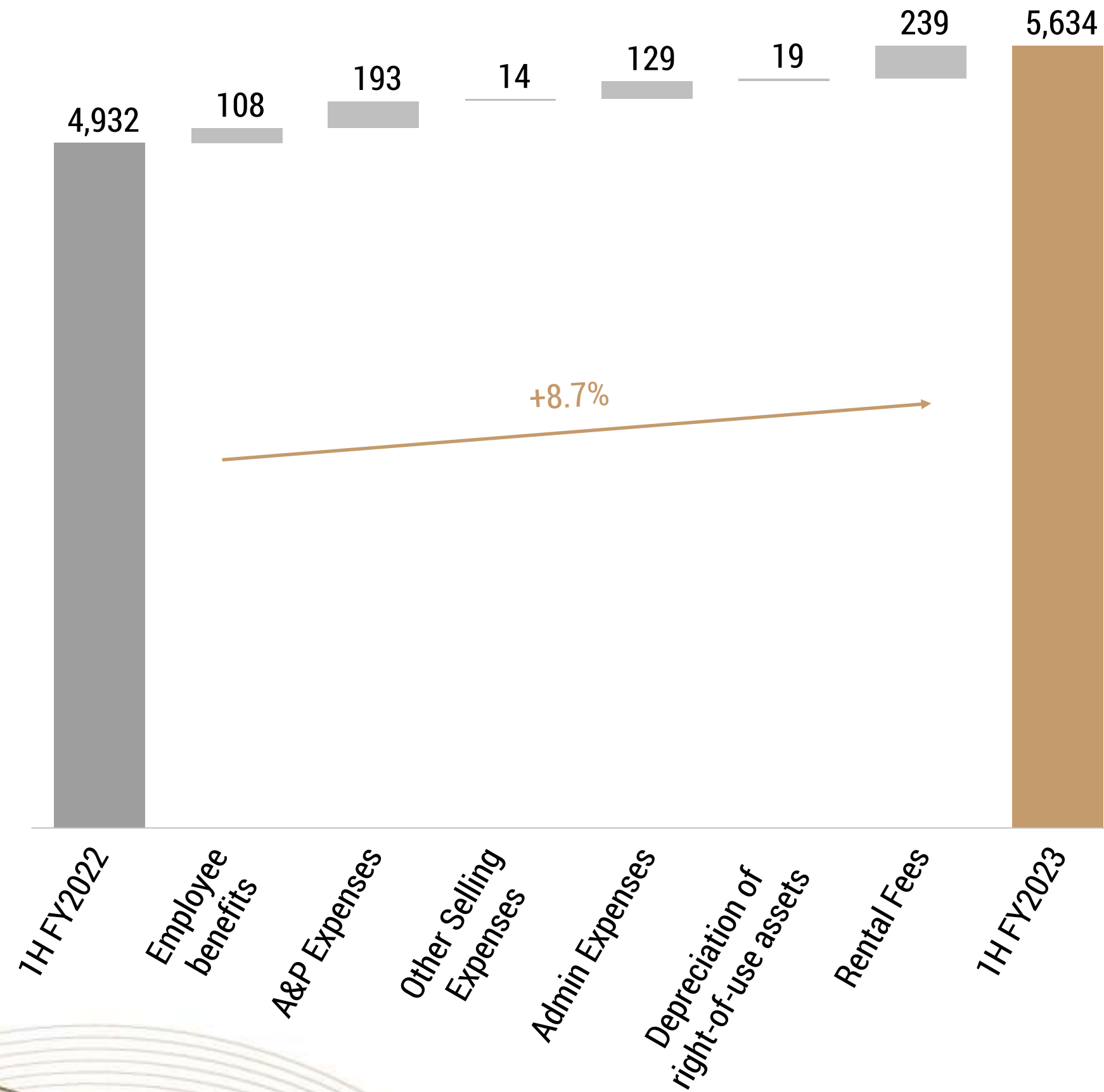


CONTINUOUS OPEX OPTIMIZATION

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

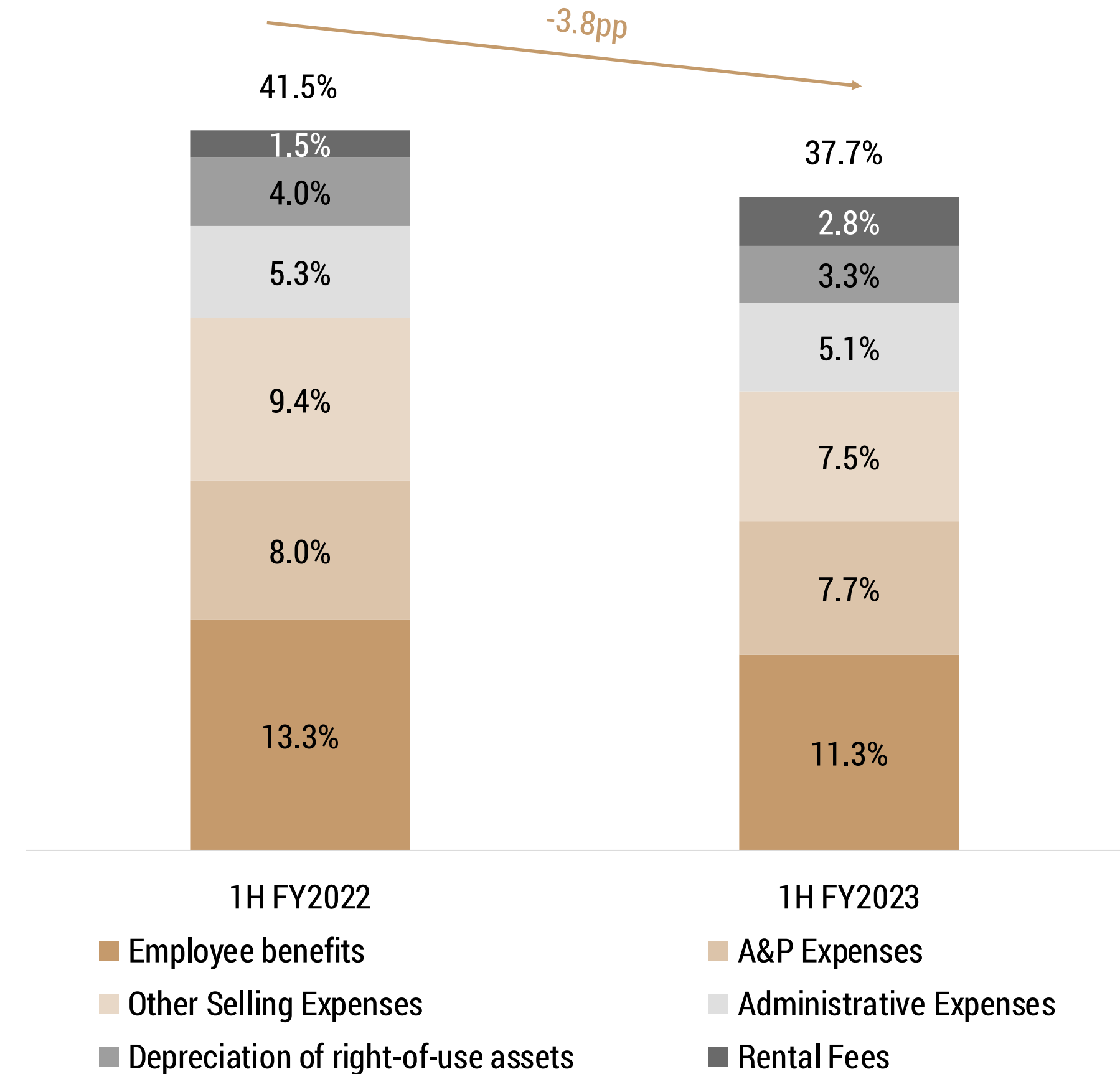
SG&A EXPENSES BRIDGE

JPY MM



SG&A EXPENSES BREAKDOWN

AS % OF SALES

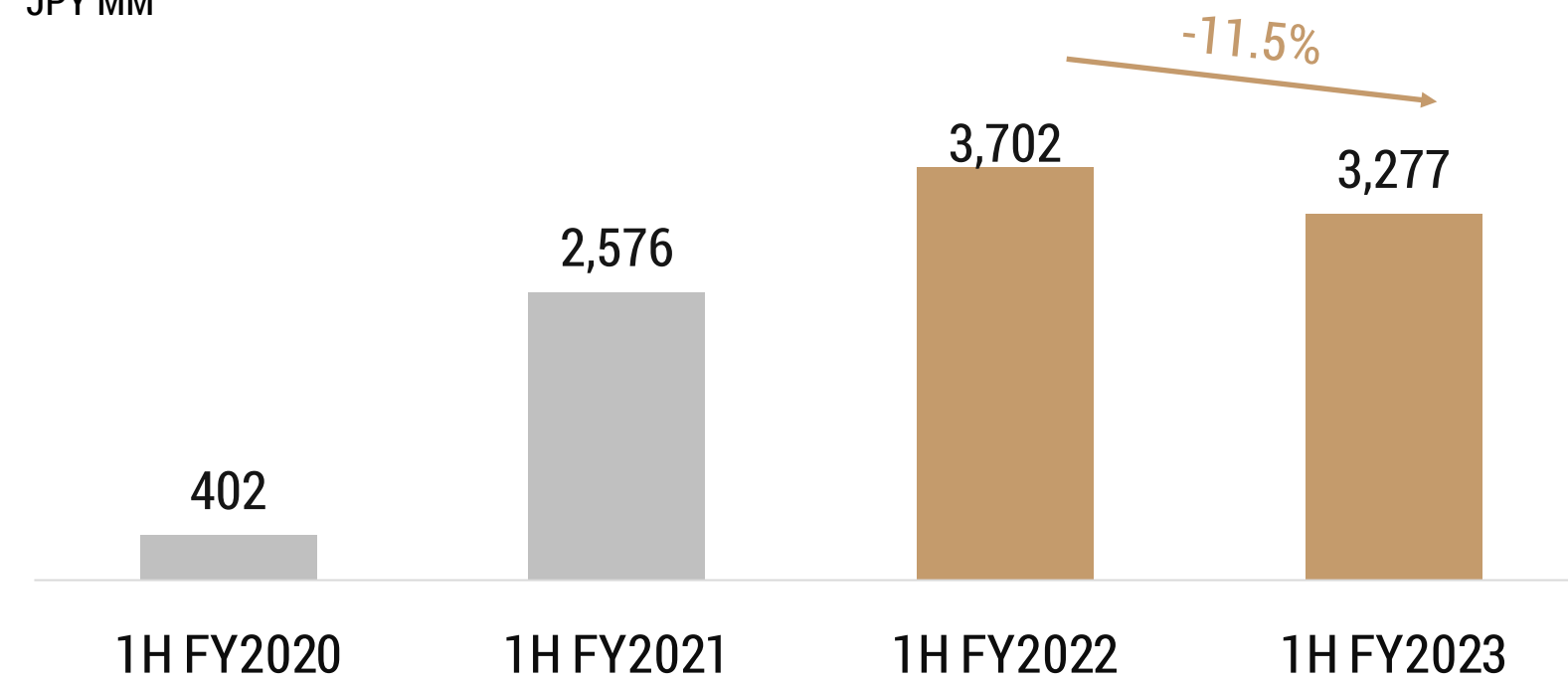


STRONG BALANCE SHEET AND CASH LIQUIDITY

TO ENSURE STEADY AND SUSTAINABLE GROWTH AMIDST UNCERTAIN MACRO ENVIRONMENT

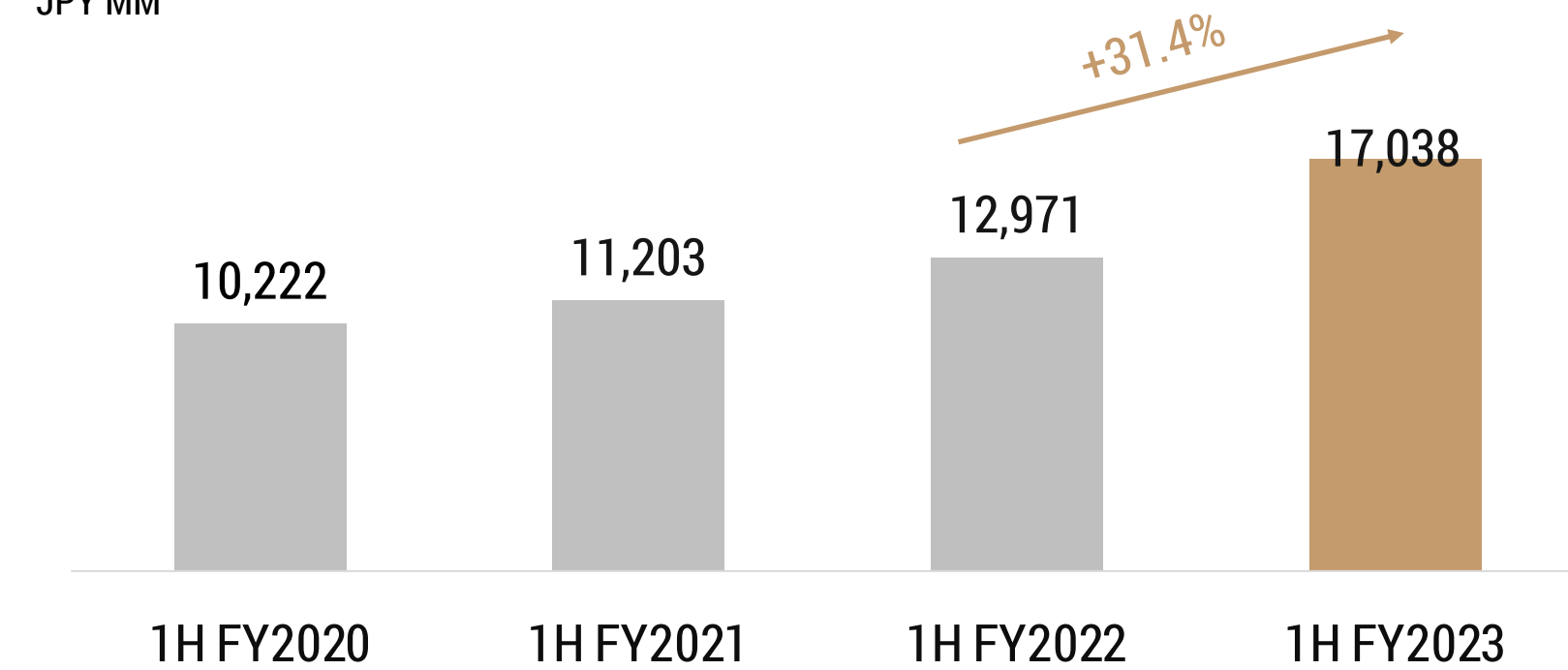
NET OPERATING CASH FLOW

JPY MM



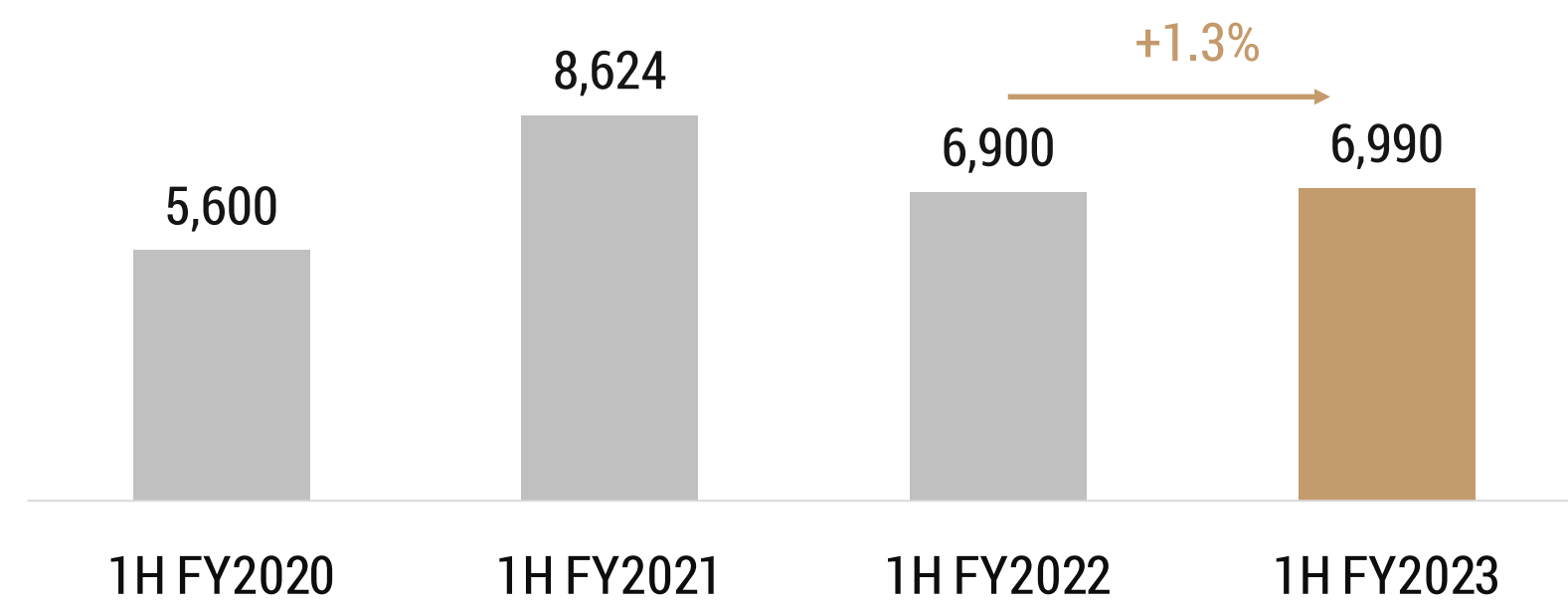
CASH ON HAND

JPY MM



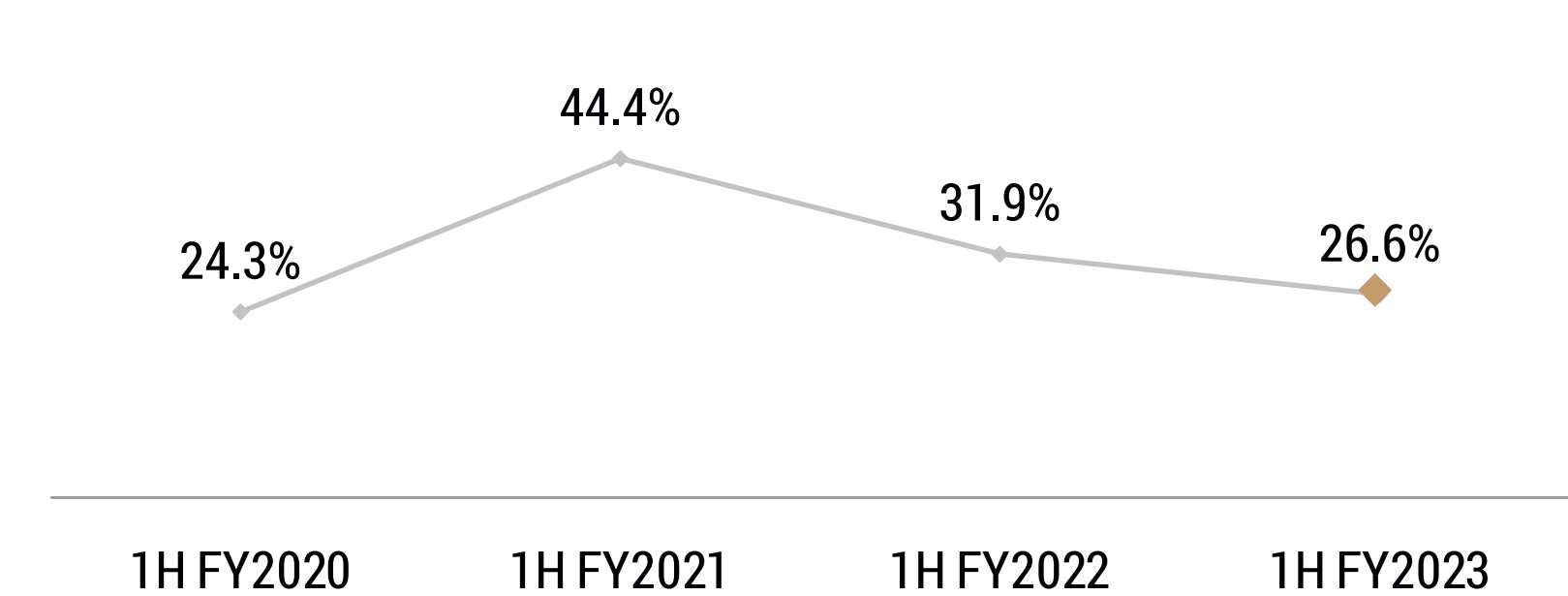
INTEREST-BEARING LIABILITIES

JPY MM



INTEREST-BEARING LIABILITIES / TOTAL EQUITY

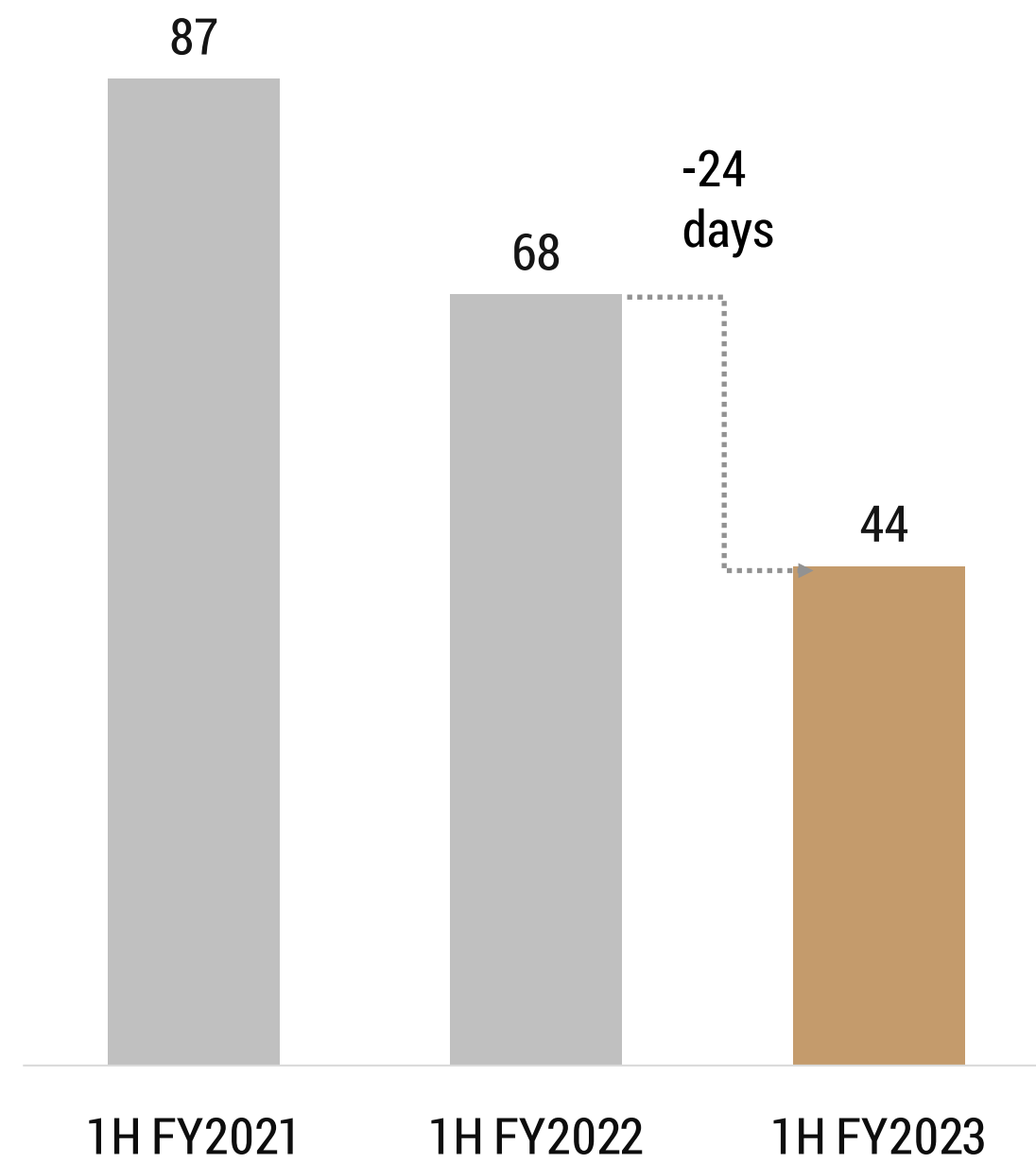
%



STRENGTHENED WORKING CAPITAL EFFICIENCY POST COVID-19

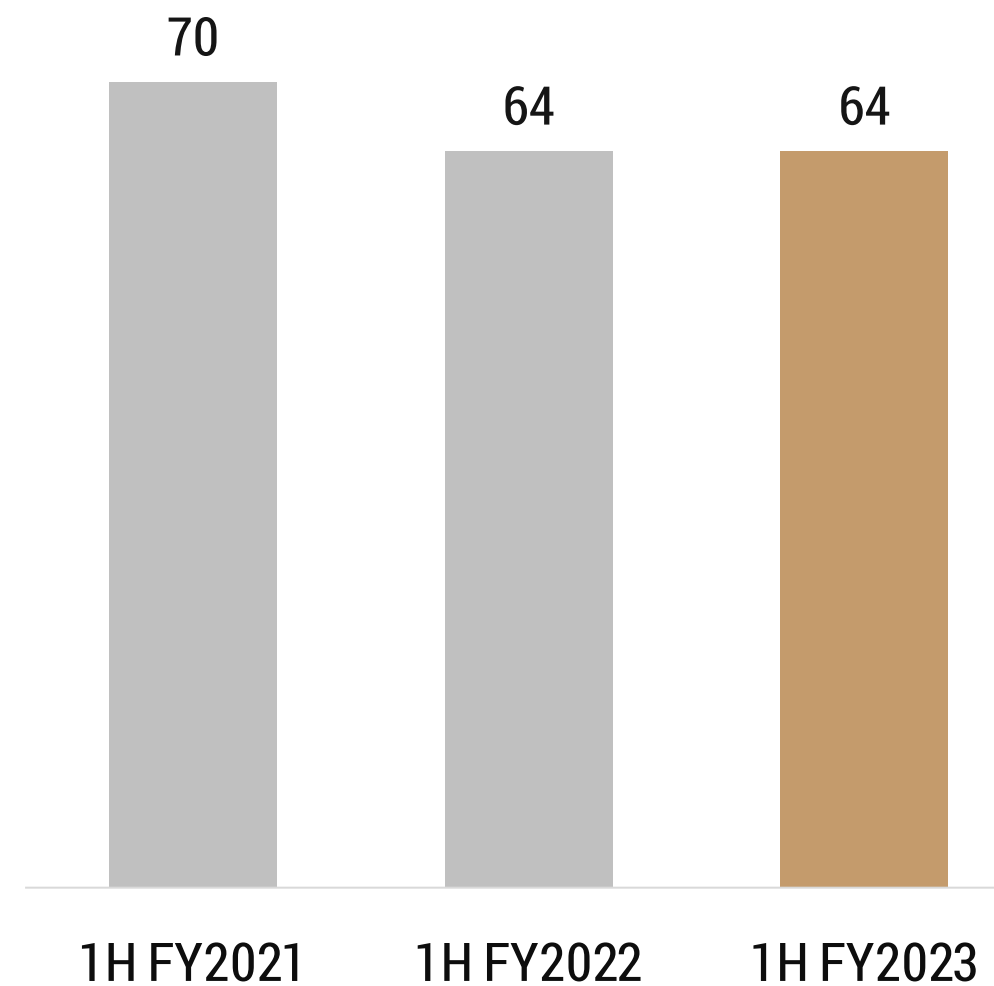
RECEIVABLES TURNOVER DAYS ⁽¹⁾

DAYS



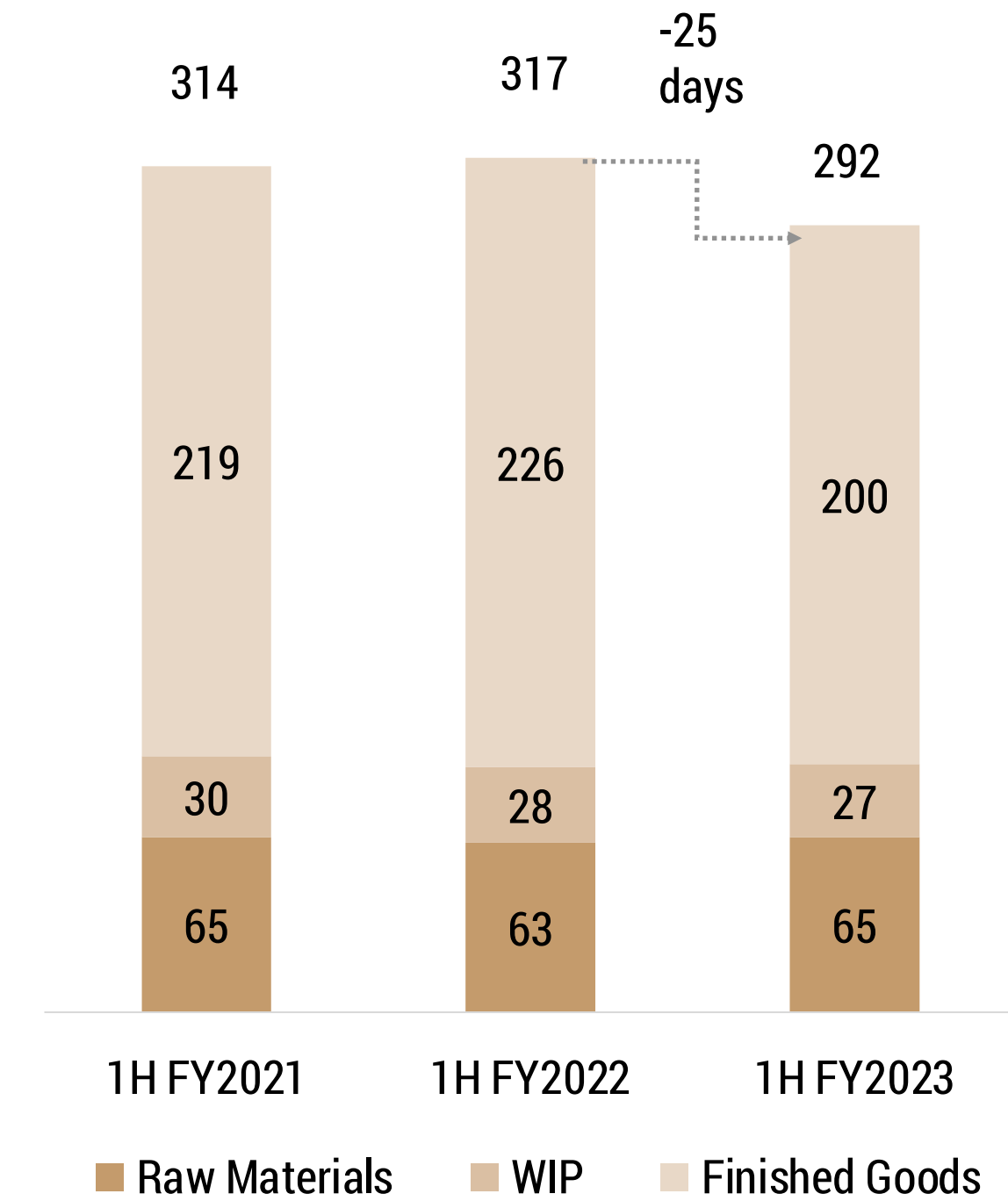
RECEIVABLES TURNOVER DAYS ⁽¹⁾

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

OUTLOOK

OUTLOOK

In 2H FY2023,

We expect sales growth momentum to continue, fueled by multiple product activations in both clubs and non-club categories, continued marketing investment and retail operation improvement.

In the mid- to long- term, HONMA will continue executing its **growth strategies** to **build a world-leading golf lifestyle company**, leveraging its unique brand legacy, innovative technologies and exquisite Japanese craftsmanship, and expanding distribution network.

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

- a) To further increase and regain HONMA's **market share in Asia home markets** by maintaining its leading position in the super-premium segment while making solid inroads into the fast growing premium-performance segment.
- b) To continue driving **ball, apparel and accessories businesses** across Asia markets to capture the growing opportunities in the non-club categories of these regions.
- c) To continue optimizing organizational set up and cost base **in North America and Europe** to properly anchor near to mid-term growth amidst complex macro uncertainties.
- d) To continue leveraging HONMA's unique legacy in R&D capabilities to develop **products that cater for latest market trends**.
- e) To further nurture and transform **HONMA brand value** into customer loyalty.

CHALLENGES

The golf industry will continue to face **multiple challenges** in 2H FY2023, including

- supply chain challenges under inflation pressure
- sustained 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 optimize cost efficiency, maximize liquidity and protect its employees' health, in order to foster a solid foundation for the mid- and long-term development.



06

APPENDIX

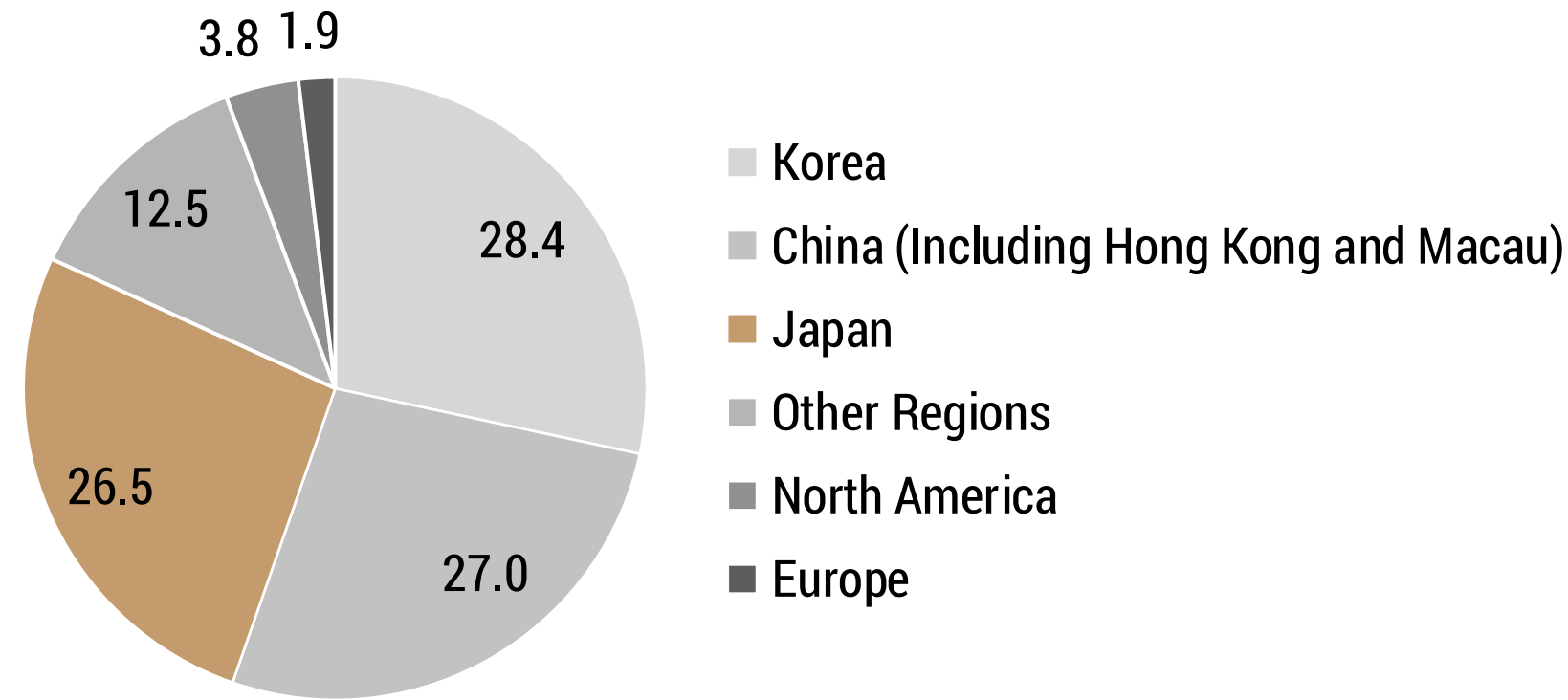
APPENDIX I-BUSINESS REVIEW BY MARKET

HOME MARKET JAPAN



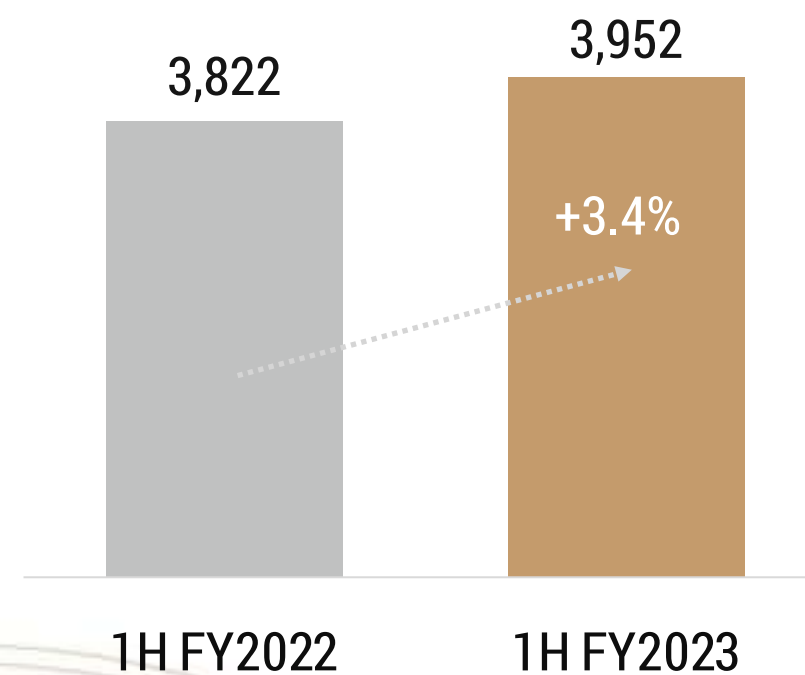
STEADY AND QUALITY GROWTH IN MULTIPLE PRODUCT CATEGORIES FOLLOWING FURTHER MARKET REOPENING

% of Total Sales



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

FY23 HALF YEAR PERFORMANCE HIGHLIGHT

NET SALES +3.4%

- BERES club family sales **+72.4%**
- Golf Ball sales **+20.3%**, sales volume ranking the 3rd in Japan; Golf Accessories sales **+56.9%**
- Strong recovery in consumer sentiment following further market reopening and rejuvenated retail activities
- Focused marketing campaigns and Pro-endorsement program targeting premium-performance consumer segment

Note

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

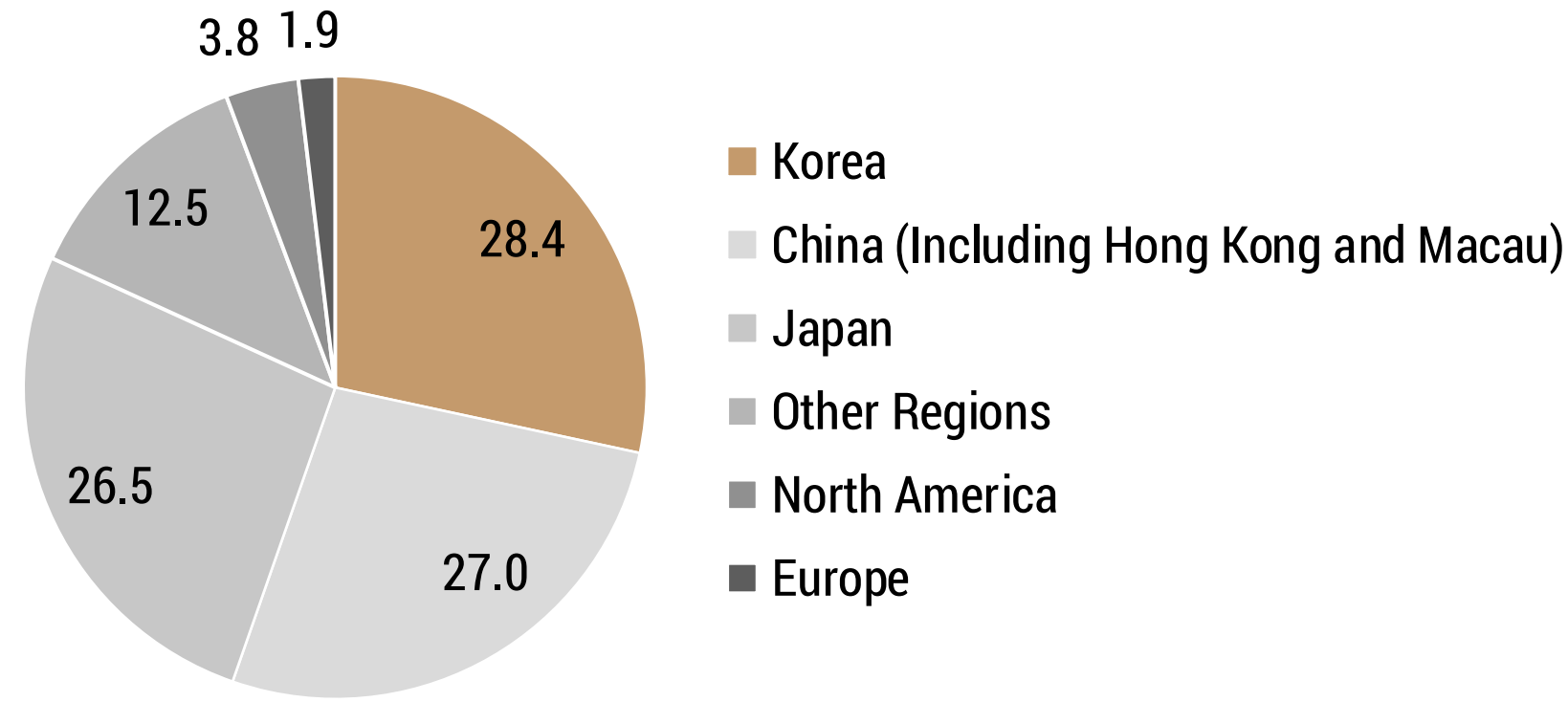
APPENDIX I-BUSINESS REVIEW BY MARKET

HOME MARKET *KOREA*



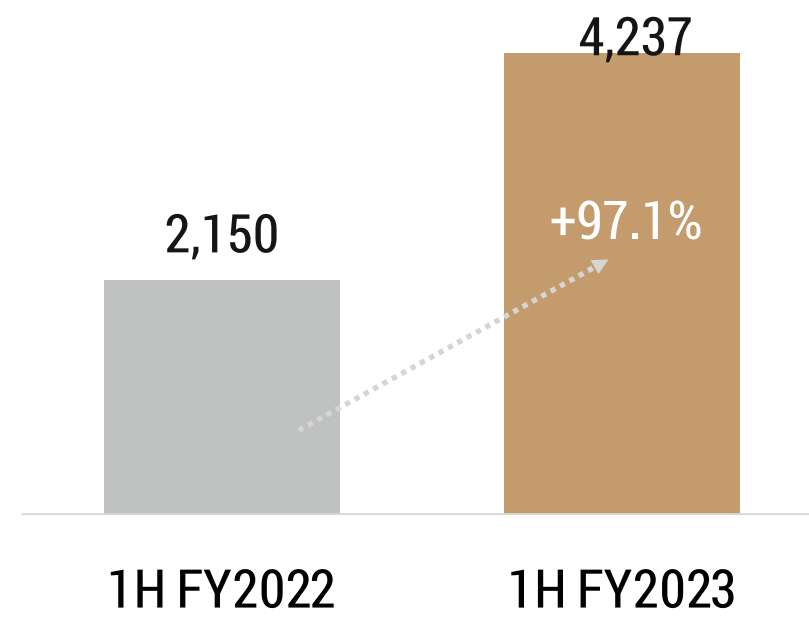
SIGINIFICANT YOY SALES HIKE ON THE BACK TO STRONG DEMAND AND NEW PRODUCT ACTIVATION

% of Total Sales



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, close to **15%** of total population in Korea ⁽¹⁾

1H FY23 HALF YEAR PERFORMANCE HIGHLIGHT

NET SALES +97.1% (COMPARABLE +94.8%)

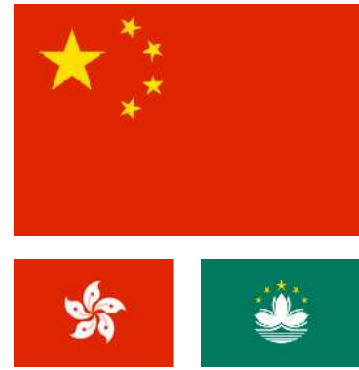
- Golf club sales **+137.6%** (comparable +135.9%)
- BERES club family sales **+85.5%** (comparable +85.1%), boosted by successful launch of new products since early 2022
- Tour World club family sales **+85.0%** (comparable +75.8%), following potent market penetration since the Company took back the distributorship in June 2021

Note

(1) Source : KGPA, Korea Golf Association 2017

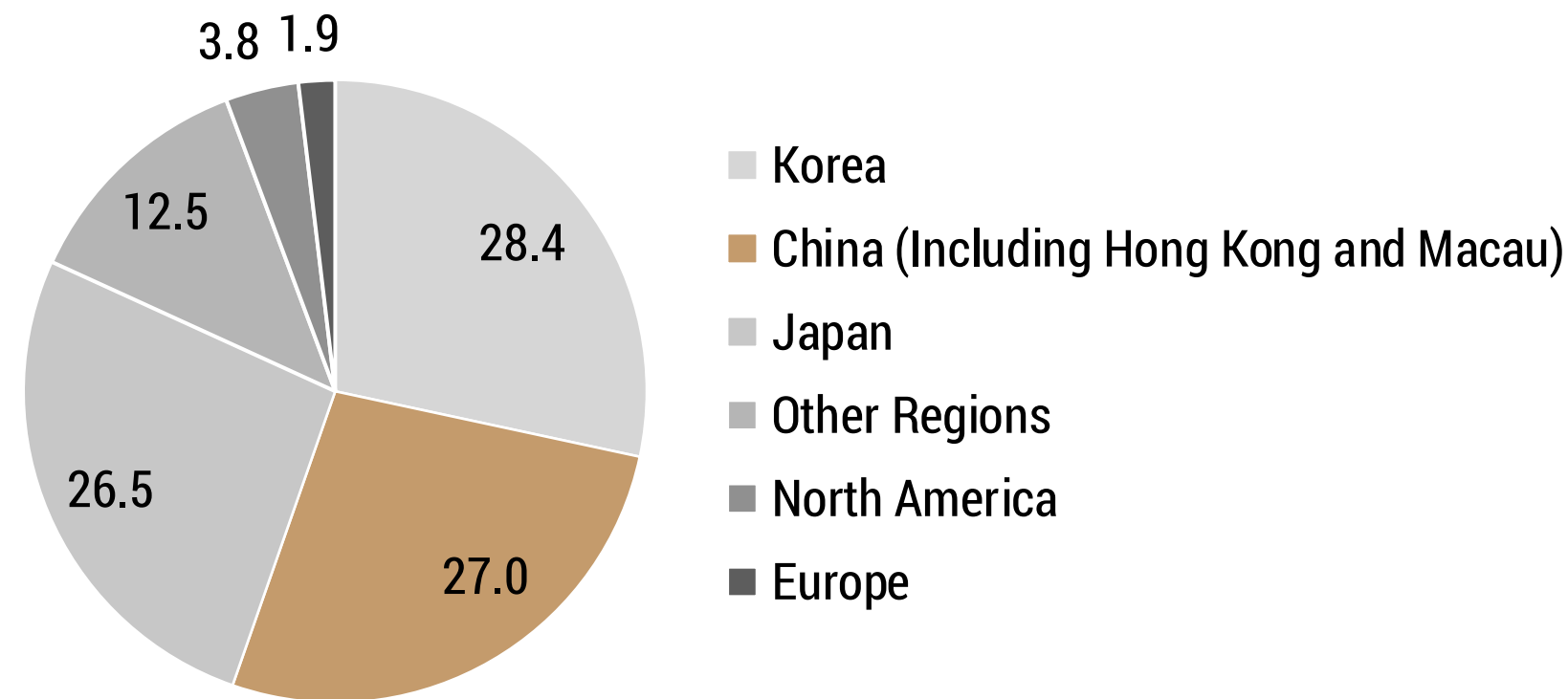
APPENDIX I-BUSINESS REVIEW BY MARKET

HOME MARKET CHINA (INCL. HK & MACAU)



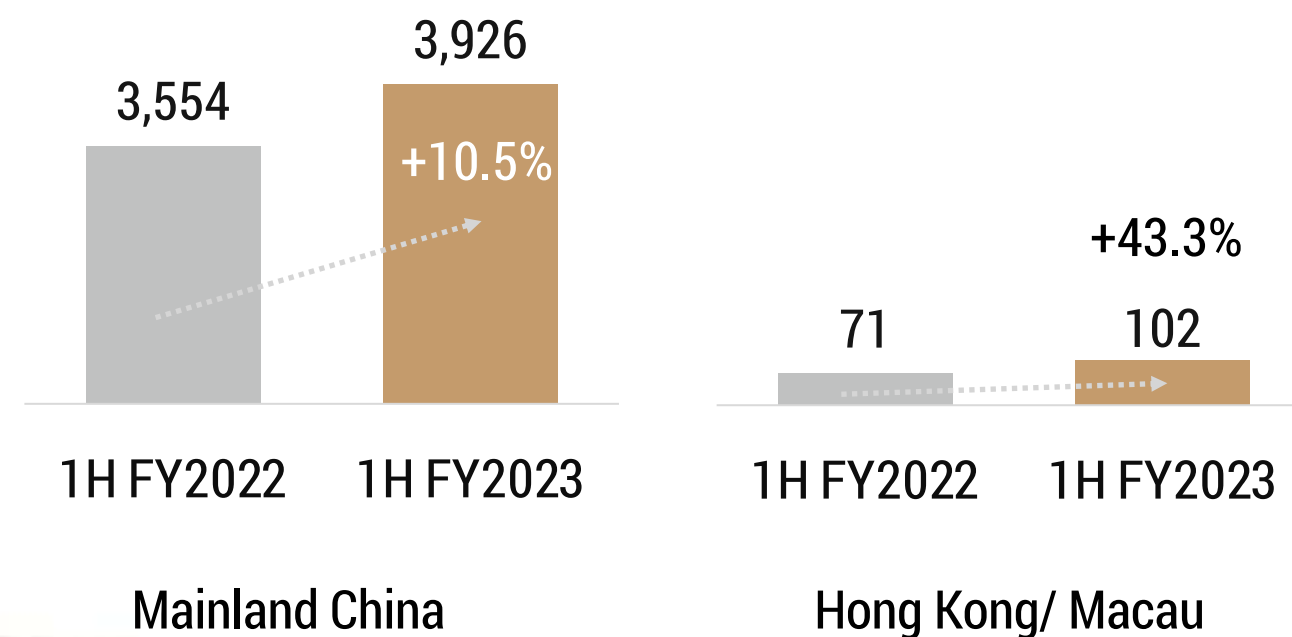
EXUBERANT DEMAND AND CHANNEL EXPANSION PARTIALLY OFFSETS NEGATIVE IMPACT FROM EXTENDED COVID-RELATED LOCKDOWN

% 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

FY23 HALF YEAR PERFORMANCE HIGHLIGHT

MAINLAND CHINA NET SALES +10.5% (COMPARABLE -4.8%)

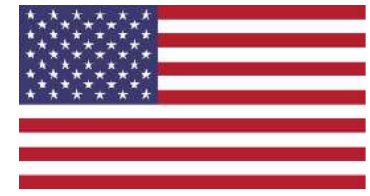
- Golf club sales +20.7% (comparable +3.9%), highlighting Tour World club family sales grew by 62.4%(comparable +39.9%)
- Apparel sales +4.6% (comparable -9.9%); sales of SS23 Collection was severely interrupted in 1Q FY23 due to temporary closure of the warehouse in Shanghai during the city's 2-month lockdown
- Efficient react towards the uprising golf participation by adding/re-opening 20 new stores on golf courses or driving ranges with larger store size and upgraded merchandise display

Note

(1) Source : Forward Golf White Paper Report 2020

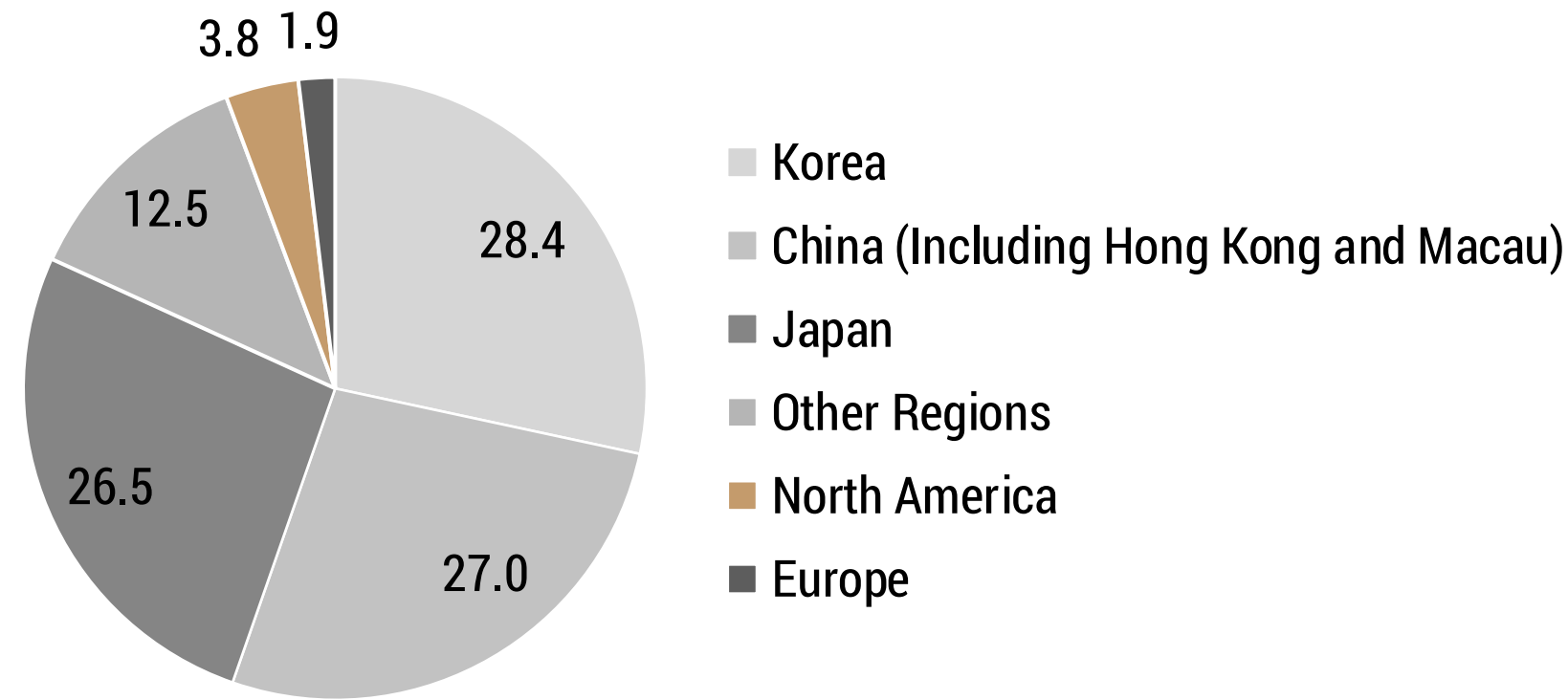
APPENDIX I-BUSINESS REVIEW BY MARKET

HOME MARKET *NORTH AMERICA*



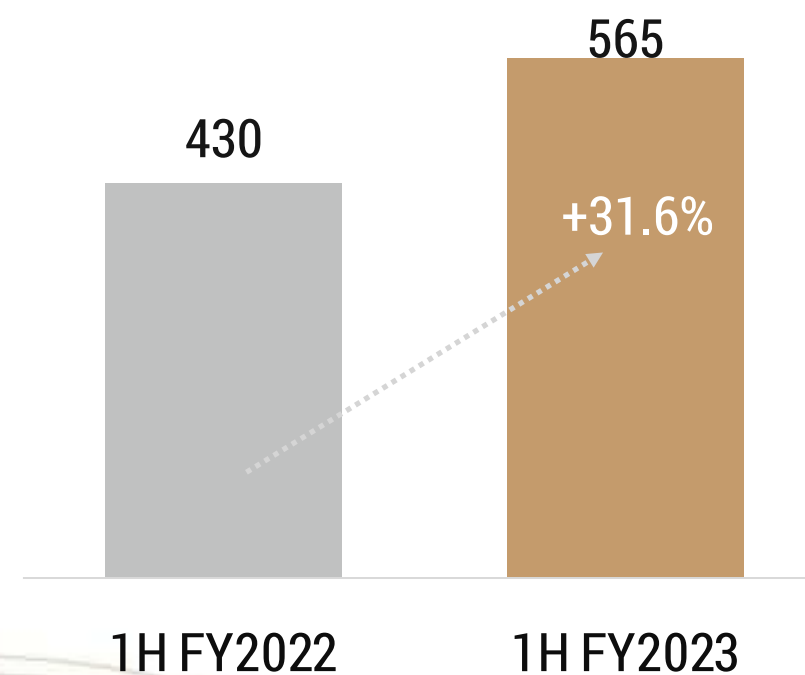
BUILDING A UNIQUE DIRECT-TO-CUSTOMER DISTRIBUTION MODEL TO CAPTURE SUPER PREMIUM AND PREMIUM PERFORMANCE SEGMENT

% of Total Sales



NET SALES

JPY MM



MARKET

- Largest golf market in the world with **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

1H FY23 HALF YEAR PERFORMANCE HIGHLIGHT

NET SALES +31.6% (COMPARABLE +9.9%)

- Golf club sales **+30.0%** (comparable +8.5%); Tour World **+39.0%** (comparable +16.1%)
- POS **+8** to **345** in total;
- Enhanced brand and product awareness through Direct-to-Consumer (DTC) distribution strategy

Note

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

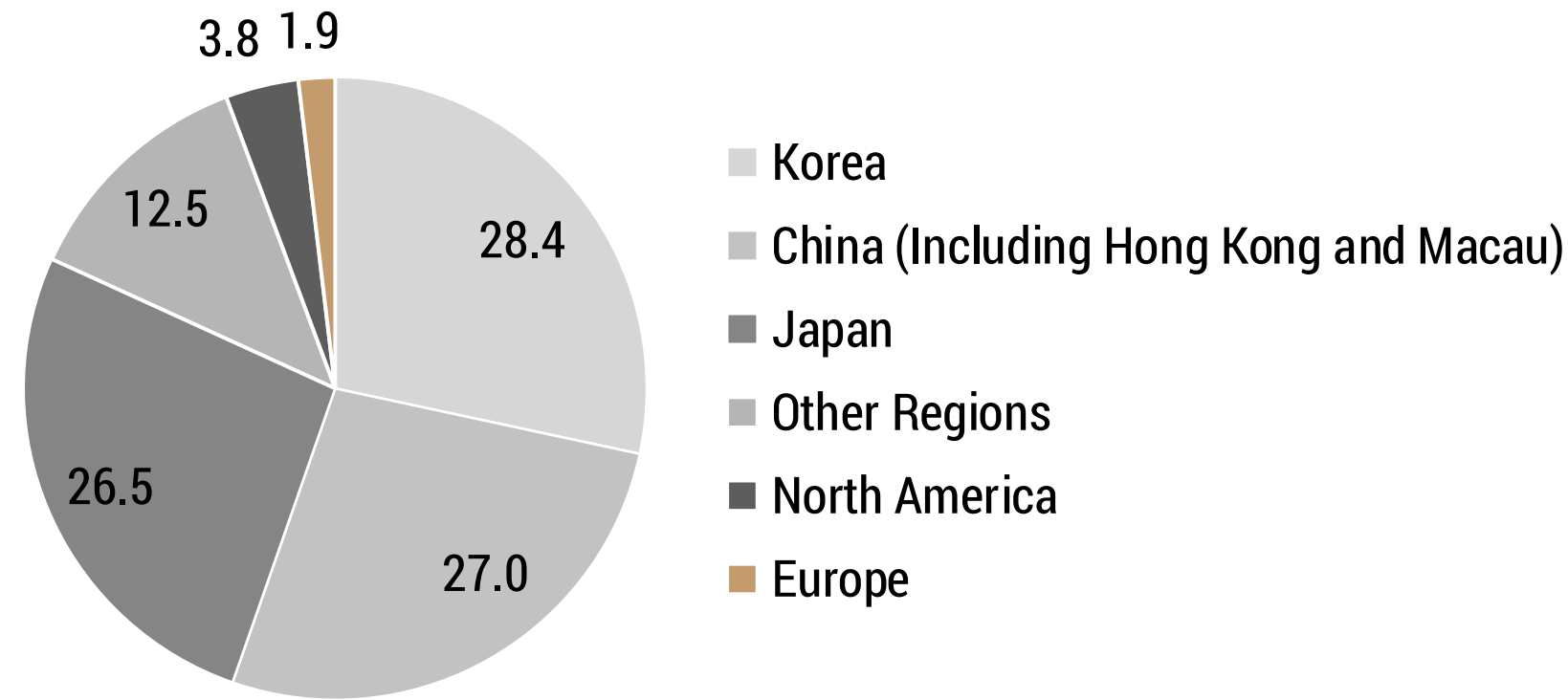
APPENDIX I-BUSINESS REVIEW BY MARKET

HOME MARKET EUROPE



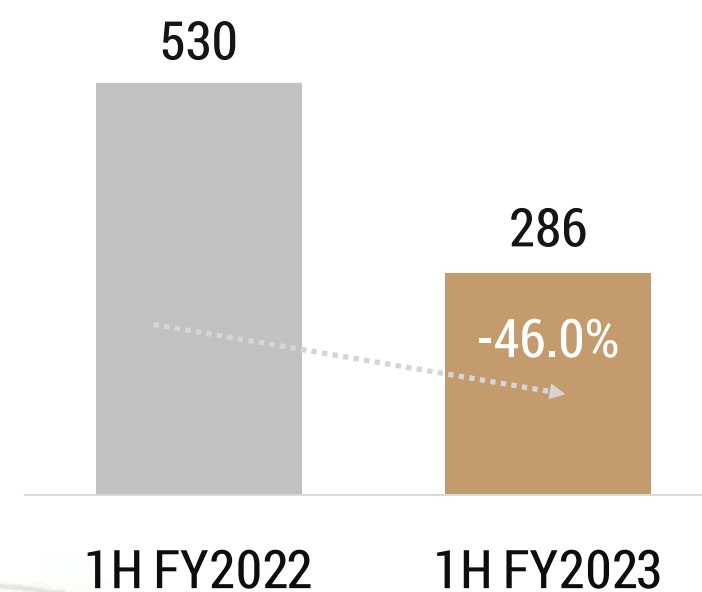
EFFECTIVE AWARENESS ELEVATION AND IMPROVED EFFICIENCY

% 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 FY23 HALF YEAR PERFORMANCE HIGHLIGHT

NET SALES -46.0% (COMPARABLE -54.4%)

- POS -378 to 237 in total
- Provisional sales decline following the Group's decision to change the distribution model in this region by focusing on a smaller but premier group of accounts that are most capable to represent HONMA
- Continued optimising its organisational set up and cost base to properly anchor growth amidst macro uncertainties

Note

(1) Source : KGPA, Korea Golf Association 2017

CONSOLIDATED P&L

	For the six months ended 30 September				YoY Change %
	2022 JPY	%	2021 JPY	%	
Consolidated Statement of Profit or Loss					
Revenue	14,927,415	100.0	11,871,947	100.0	25.7
Cost of sales	-7,061,101	-47.3	-5,310,098	-44.7	33.0
Gross profit	7,866,314	52.7	6,561,849	55.3	19.9
Other income and gains	1,696,655	11.4	203,763	1.7	732.7
Selling and distribution expenses	-4,874,327	-32.7	-4,301,589	-36.2	13.3
Administrative expenses	-759,481	-5.1	-630,604	-5.3	20.4
Other (expenses)/income, net	-155,530	-1.0	-47,588	-0.4	226.8
Finance costs	-52,506	-0.4	-45,365	-0.4	15.7
Finance income	7,475	0.1	6,029	0.1	24.0
Profit before tax	3,728,600	25.0	1,746,495	14.7	113.5
Income tax expense	-641,218	-4.3	-398,144	-3.4	61.1
Net profit	3,087,382	20.7	1,348,351	11.4	129.0
Earnings per share attributable to ordinary equity holders of the parent					
Basic and diluted	5.10		2.23		129.0
Non-IFRS Financial Measures					
Operating Profit	2,187,475	14.7	1,590,320	13.4	37.5
Net Operating Profit	1,588,856	10.6	1,194,550	10.1	33.0

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	
	2022.9.30	2022.3.31
	JPY	
	<i>(In thousands, except for percentages and per share data)</i>	
Consolidated Statement of Financial Position		
Assets		
Non-current assets	8,508,477	8,090,354
Current assets	35,706,753	29,361,191
Total Assets	44,215,230	37,451,545
Liabilities		
Non-current Liabilities	2,616,614	1,972,733
Current Liabilities	15,298,296	13,822,733
Total Liabilities	17,914,910	15,795,466
Net current assets	20,408,457	15,538,458
Total assets less current liabilities	28,916,934	23,628,812
Net Assets	26,300,320	21,656,079
Total Equity	26,300,320	21,656,079

CONSOLIDATED CASH FLOWS

	For the six months ended 30 September	
	2022	2021
	JPY	JPY
	<i>(In thousands, except for percentages and per share data)</i>	
Cash and cash equivalents at the beginning of year	14,454,554	10,771,897
Net cash flows generated from operating activities	3,277,219	3,702,380
Net cash (used in) investing activities	-228,919	-50,854
Net cash flows (used in) financing activities	-1,267,049	-1,643,774
Net increase in cash and cash equivalents	1,781,251	2,007,752
Net effect of foreign exchange rate changes	802,256	187,381
Cash and cash equivalents at the end of year	17,038,061	12,967,030



For more inquiries
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