



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 FY2018 Annual Results Solid Revenue Growth in All Growth Areas with Operating Profit Improving by 26.2%

Financial Highlights:

- Revenue increased by 8.5% to JPY26,296.2 million as compared to last year;
 - By geography: Revenue from the Group's home markets, Japan, Korea and China, increased by 8.1%; revenue from the U.S. and Europe grew by 83.6% and 32.0%, respectively;
 - By channel: Revenue from third-party retailers (including wholesalers) increased by 12.5% ; revenue from self-operated stores increased by 1.9%;
 - By product: Revenue from golf balls and apparel & accessories rose by 4.6%, 56.1% and 21.4%, respectively;
- Operating profit improved by 26.2% to JPY6,242.2million and operating profit margin reached 23.7%;
- Gross profit increased by 9.8% to JPY15,977.5 million and gross profit margin advanced to 60.8%;
- Proposed final dividend of JPY3.23 per share.

(28th May 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, announces the consolidated results for the year ended 31 March 2018(the "Period").

Fueled by continued implementation of various growth initiatives, the Group continued to deliver solid revenue growth. During the period, the Group's revenue rose by 8.5% to JPY 26.3 billion. Gross profit expanded by 9.8% to JPY15,977.5 million and gross profit margin reached 60.8% . Thanks to improved gross profit margin and continued optimisation of selling and distribution expenses, operating profit improved by 26.2% to JPY6,242.2 million and operating profit margin reached 23.7%.

The management proposed final dividend of JPY3.23 per share, amounting to approximately a total of JPY1,967.2 million and representing approximately 50% of the Group's distributable profit for FY2018.

During the Period, the Group continued executing its U.S. growth strategies, implemented a direct go-to-market business model in Europe and infused a number of high profile industry calibers into the existing team. For the year ended 31 March 2018, the Group's points of sales ("POSs") in North America and Europe increased by 201 POSs and 383 POSs respectively, as compared to 31 March 2017.

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 which includes Japan, Korea and China (including Hong Kong and Macau) contributed to 85.5% of the Group's revenue and grew by 8.1% in FY2018. In addition, as an evidence of the successful execution of the U.S. and European growth strategy, the Group recorded JPY1,167.9 million from North America and JPY659.4 million from Europe, representing an increase of 83.6% and 32.0% respectively.

The Group dedicates itself to offering the customers a complete golf lifestyle experience through an extensive portfolio of HONMA-branded golf clubs, golf balls, bags, apparels and other accessories. During the period, revenue from clubs grew by 4.6% in spite of negative channel mix impact. Sales of BeZeal increased by 21.8% boosted by the launch of its second generation with upgraded performance and appearance appealing to younger golfers. Revenue from golf balls increased by 56.1% following the creation of dedicated sales force and trade marketing teams in Japan and China. Moreover, revenue from apparel and accessories increased by 21.4% due to accelerated efforts to become a golf lifestyle company.

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, sales from distributors increased by 12.5% to JPY16,980.8 million as the Group continued to fuel growth via third-party retail channels to engage with younger and avid golfers across the globe. Revenue for self-operated stores, despite continued decrease in the number of self-operated stores, slightly increased by 1.9% to JPY9,315.4 million.

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 its craftsmanship heritage through re-branding HONMA brand to fuel growth in its non-club businesses and to promote HONMA brand in mature markets that are nascent to HONMA. We will further increase its 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 the various growth initiatives.

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 6th 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 ranks among the top ten golf product brands in the world and is 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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