



**HONMA Golf Limited**  
**(HKEx Stock Code: 6858)**

## **HONMA Golf Announces Annual Results for FY2022/23 Results Remained Resilient and Cash Flow Strong**

(21 June 2023 – Hong Kong) HONMA Golf Limited ("HONMA"; together with its subsidiaries, the "Group"; HKEx stock code: 6858), one of the most prestigious golf brands worldwide, announced today its consolidated results for the year ended 31 March 2023 (the "Period").

### **Financial Highlights**

During the Period and despite multiple unexpected challenges, HONMA's financial performance remained resilient. Fueled by the "single brand, multi-categories, Asia-focused" growth strategy, HONMA achieved solid growth in key markets outside China while maintaining a strong and healthy cash flow.

- Revenue increased by 1.8% year-on-year to JPY29,495.0 million (equivalent to USD218.8 million), in spite of extended interruptions to the Group's retail operations in China as a result of various home shelter and other COVID related measures during the Period.
- Markets outside China recorded continued and steady year-on-year sales growth. Sales from Japan and South Korea rose by 15.6% and 3.8% respectively.
- Gross profit margin and EBITDA margin remained solid and finished at 50.8% and 20.3% respectively.
- Net operating cash flow stood at JPY3,675.9 million (equivalent to USD27.3 million) for the year ended 31 March 2023. Net cash position stood at JPY6,794.8 million (equivalent to USD51.1 million), representing a 0.6% year-on-year increase.
- The Board proposed a final dividend of JPY1.5 per share, together with the interim dividend of JPY1.5 per share, total dividends for the financial year will amount to JPY3.0 per share. Total dividend payout will amount to JPY1,817.0 million, representing 55.8% of the Group's distributable profits for the period.

**Major markets in Asia demonstrated resilient sales momentum; reprioritizing HONMA's growth strategies in North America and Europe while improving both markets' financial standing**

Despite continued economic and political uncertainties, sharp and continuing devaluation of the Japanese yen, extended disruption to the retail business in China, and the weak consumption sentiments materially affecting the business performance, most of the markets demonstrated resilient and upward sales momentum during the Period.

Geographically, revenue from Japan grew by 15.6%, on the back of a complete sales recovery in all channels and product categories. Korea continued its upward trajectory and delivered a year-on-year revenue growth of 3.8% thanks to the continued uptake in golf participation and successful launch of new products since early 2022. Revenue from China and North America recorded a year-on-year growth of 2.0% and 3.2%, respectively. Japan, Korea and China contributed 83.8% of the Group's total revenue.

During the Period, the Group reprioritised its distribution strategy in North America and Europe by focusing on a smaller but premier group of accounts that are most capable to represent HONMA's tradition and pursuit of the super-premium and premium-performance consumer segments. As a result, the Group's number of POS in Europe dropped by 580 to a total of 35, and the sales from Europe provisionally decreased by 68.2% during the Period.

**Focusing on club products that best represent Japanese craftsmanship and world standard innovative technology in pursuit of players in the super-premium and premium-performance segments.**

HONMA continues to derive most of its revenue from the sales and distribution of golf clubs. For the year ended 31 March 2023, sales from golf clubs generated 72.9% of the Group's total revenue and amounted to JPY21,512.9 million. HONMA remains committed to applying cutting-edge technologies and artisan-style Japanese craftsmanship to the design, development and manufacturing of a comprehensive range of exquisitely crafted and performance-driven golf clubs. Following the launch of Beres Aizu and TW757, the Group continued penetrating into the super-premium and premium performance consumer segments and saw golf club sales grow by 3.2% during the year ended 31 March 2023. As part of its efforts towards the premium performance segments, the Group launched a number of club series targeting consumers in its main markets and consequently revenue from country specific models grew by 18.3% as compared to the year ended 31 March 2022.

**Accelerating growth in the golf ball business in Japan and further nurturing the apparel business to create a golf lifestyle company for golfers in the super-premium and premium-performance segments.**

Sales from apparel and golf balls accounted for 10.2% and 10.0% of the Group's total revenue. Total golf ball sales came down slightly by 1.1% to JPY2,942.3 million during the year ended 31 March 2023, reflecting continued raw material shortage challenges. Nevertheless, sales of golf balls from Japan recorded a solid year-on-year growth of 26.4%, representing a rocketed CAGR of 36.9% since FY2017. Such results was achieved through the Group's further prioritising of its product development resources and launch of golf balls with its own patent in order to meet the HONMA brand positioning and play preferences of its consumers.

In January 2019, HONMA re-launched its apparel business. The apparel collection comprises of a professional and a fashion athletic line, catering to the distinctive requirements of golfers in China, both on-course and off-course. For the year ended 31 March 2023, sales from apparels increased by 1.5% to JPY3,009.1 million. During the period, the retail activities of the apparel business was severely interrupted in China by extended home shelter happened in multiple cities in the 1H FY2023, following by a nation-wide COVID outbreak in 2H FY2023. Nevertheless, expanding product lines, optimized store operation and active online marketing campaigns drove up sales in the remaining months and led to a flattish year-on-year sales growth.

**Re-defining the HONMA brand and 360-degree brand experience built into new retail space and E-commerce platforms.**

The Group initiated various programs to improve its global brand positioning and communication with target consumers. To re-define the HONMA brand as a dynamic, relevant and global brand among internet-savvy younger golfers, the Group completely revamped its global website and social media platforms, and updated its E-commerce capabilities in major markets including China, Japan and North America. With exuburent online marketing and upgraded CRM system, sales from E-commerce recorded a year-on-year growth of 24.9%.

HONMA retained leading design and marketing agencies to renovate its retail space in order to provide an ultimate brand experience and customizable consumer journey in major markets. For the year ended 31 March 2023, the Group opened 18 new self-operated stores in China, one in Japan and four in other areas of Asia, consistently applying the new retail visual identity, design concept and consumer experience elements using advanced technology. The Group also upgraded multiple shop-in-shops in the U.S., Japan and China using the same design concept to ultimately

present the same consumer space and experience in all of its major markets. By the end of 31 March 2023, the Group operates 90 self-owned stores across Asia, and had 3,717 POS through third-party retailers and wholesalers globally.

## **Outlook**

The competition in the golf market has been increasingly heterogeneous with new products and scenarios emerging rapidly. In order to gain a solid foothold in such a fiercely competitive market, the Group will continue to implement its growth strategy of "single brand, multi-categories and Asia-focused" and focus on the development of its home markets in Asia and exquisite trending products, while at the same time continuing to seek new opportunities by exploring and developing new categories and products to meet consumers' evolving needs.

HONMA will continue to improve its brand communication, retail experience and digital capability to become the premier golf lifestyle brand and the choice of affluent and avid golfers worldwide. At the same time, HONMA will continuously invest in its manufacturing and R&D capabilities, while upgrading its retail network and enhancing its operational efficiency to fuel the growth in sales of golf clubs and apparels with a focus on the China market.

**Mr. LIU Jianguo, Chairman of the Board, President and Executive Director of HONMA Golf Limited**, said: "I am very optimistic about HONMA's business development in 2023 and beyond. Looking ahead, as a leading golf enterprise, the Group will continue to focus on consumers' needs, undertake its social responsibilities, and apply the highest levels of traditional Japanese craftsmanship and innovative technology to its premium, high-tech and best performing golf products."

–End–

## **About HONMA Golf Limited**

HONMA is one of the most prestigious and iconic brands in the golf industry. Founded in 1959, the Group utilises the latest innovative technologies and traditional Japanese craftsmanship to provide golfers around the world with premium, high-tech and the best performing golf clubs, balls, apparels and accessories. HONMA's products are sold in approximately 50 countries worldwide, primarily in Asia and across North America, Europe and other regions. The Group was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited on 6 October 2016 (SEHK stock code: 6858). As the only vertically integrated golf Group with in-house design,

development and manufacturing capabilities, a strong retail footprint in Asia and a diverse range of golf clubs and golf-related products, HONMA is perfectly positioned to continually grow its business in Asia and beyond, benefitting from the return of golfers in mature golf markets such as the US and Japan and from increased participation in golf's new and under-penetrated markets such as Korea and China.

**Media Inquiries:**

Citigate Dewe Rogerson

Linda Pui / Samantha Wang

Tel: (852) 3103 0118/ (852) 3103 0125

Email: [honmagolf@citigatedewerogerson.com](mailto:honmagolf@citigatedewerogerson.com)