

*FY2020/21  
INTERIM RESULTS*

*NOVEMBER 2020*



**HONMA** (6858.HK)

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

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# *1 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

HONMA



IN-HOUSE R&D AND CLUB  
MANUFACTURING

- **256** skilled craftsmen and R&D personnel operating out of **163,000** sq metre of R&D and manufacturing footprint in Sakata, Japan
- Advanced and sophisticated design and manufacturing capacity, housed under one roof



PREMIUM & PERFORMANCE-DRIVEN  
GOLF PRODUCTS

- Club portfolio focusing on **super-premium** and **premium-performance** consumer segments
- Comprehensive range of **premium** non-club products including balls, apparels and accessories



EXTENSIVE DTC + DISTRIBUTION  
NETWORK

- Presence in over **50** countries
- **77** self-operated stores
- **4,077** POS via third party retailers & wholesalers
- Fast growing E-commerce business

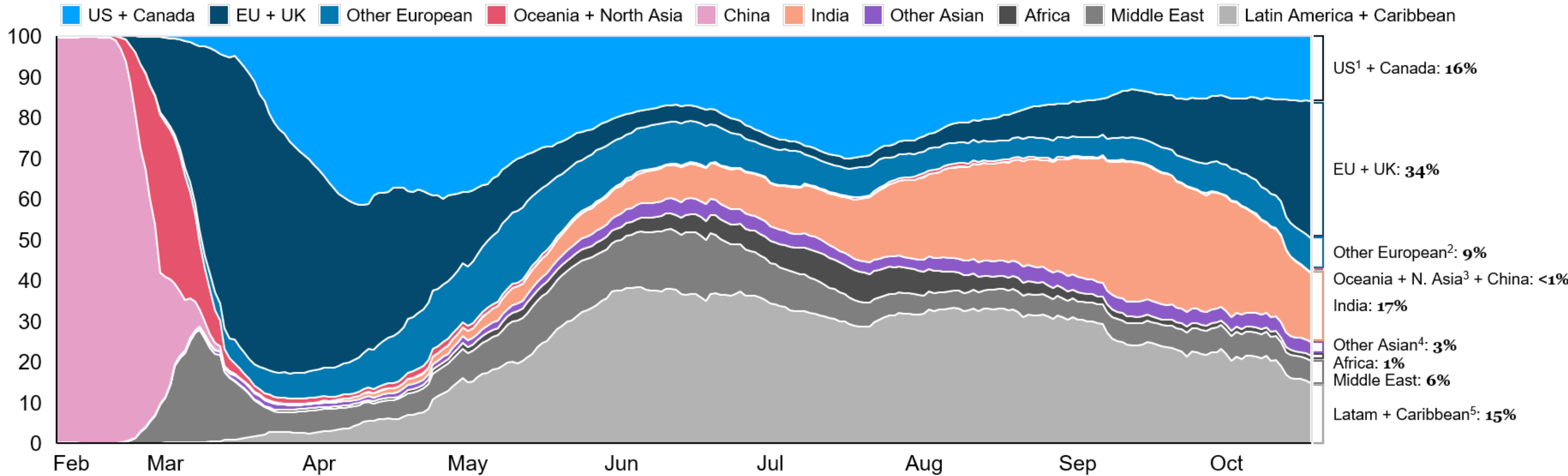
## 2 PERFORMANCE OVERVIEW



# THE GLOBAL DISTRIBUTION OF NEW COVID CASES

Since 2QFY21, North America, Europe and Japan continued to see increasing confirmed cases, while China, South Korea and SEA saw a speedier recovery from the pandemic

Daily new cases<sup>6</sup> in each country/region as a % of global daily new cases



1. Includes Puerto Rico and US Virgin Islands; 2. All remaining European countries, including Russia; 3. Includes Japan, Singapore, and South Korea; 4. All remaining Asian countries, not including Russia; 5. Includes European territories in the Caribbean; 6. Data points shown as 7 days moving average to account for reporting differences (e.g., reporting only once per week), July 3 data not shown since UK adjusted case numbers.

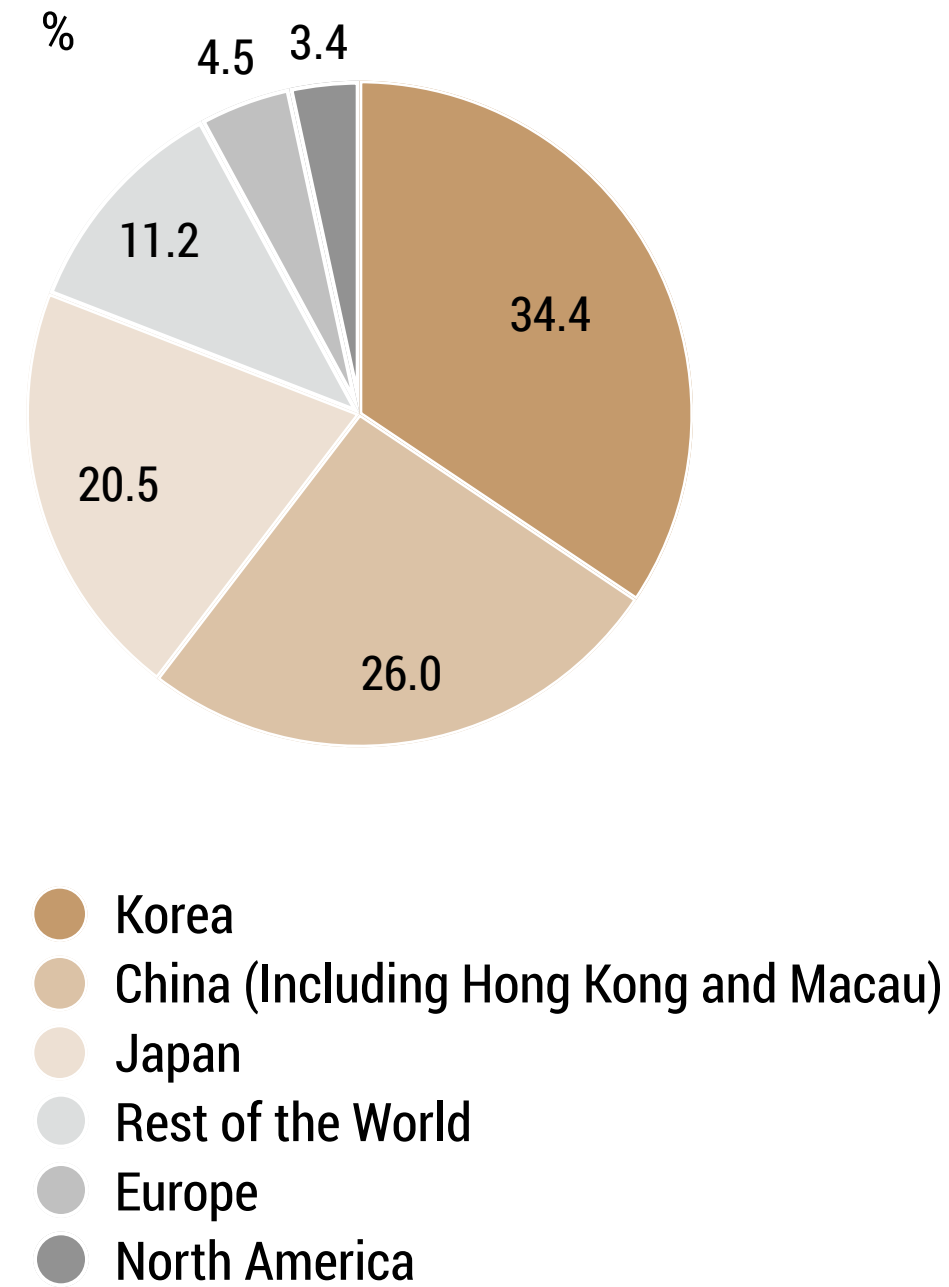
Source: Mckinsey & Company

PERFORMANCE OVERVIEW

## OVERVIEW BY MARKET

IH FY21 REVENUE MIX

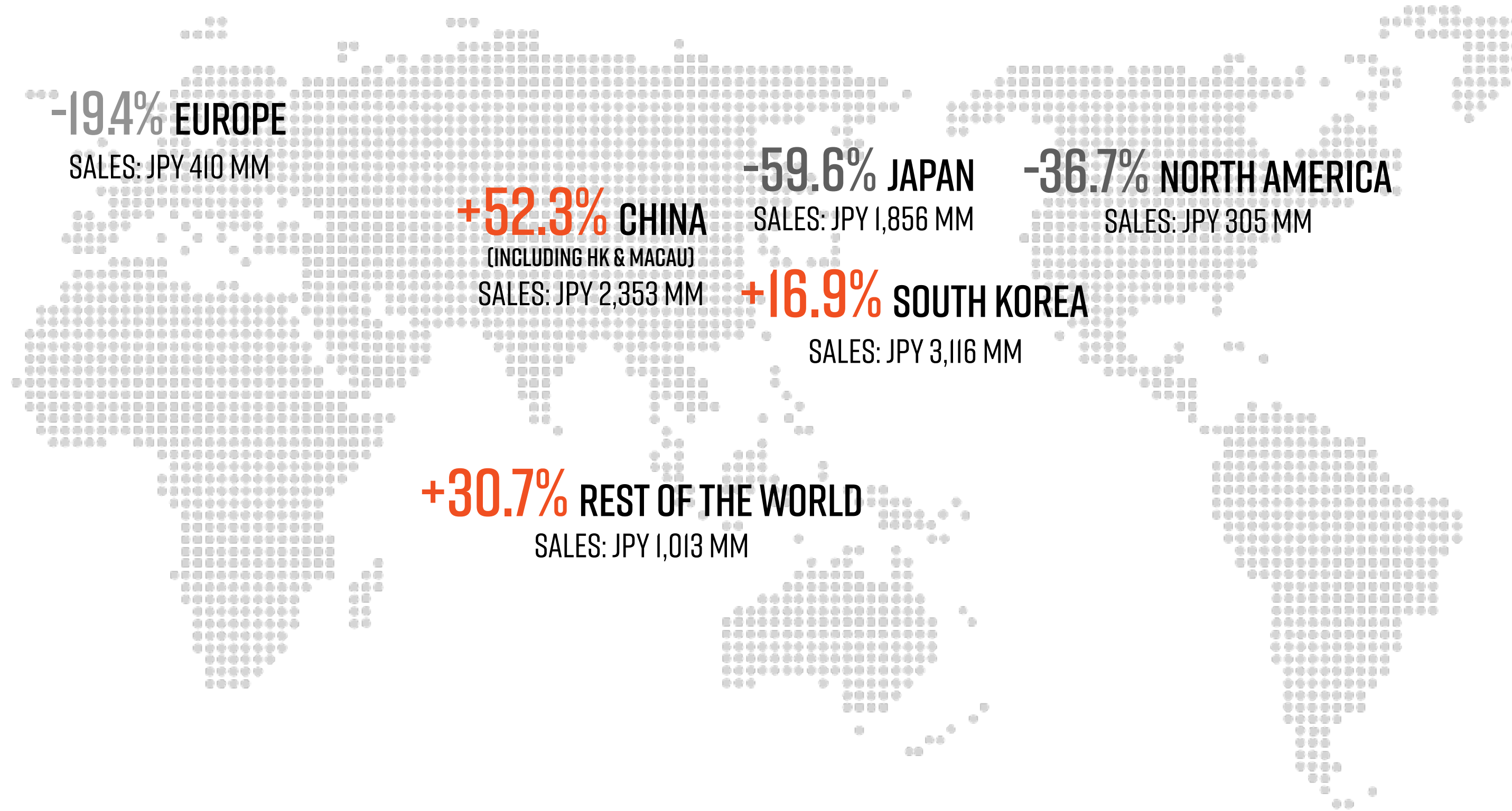
JPY 9,053 MILLION / USD 84.7 MILLION, -14.1%



**Note**

The growth rate shown on this page are calculated on a constant currency basis

REVENUE FROM OUR MAJOR MARKETS SHOWED DIFFERENT DEVELOPMENT PATTERNS CORRESPONDING TO HOW GOVERNMENT AUTHORITIES RESPONDED TO THE HEALTH CRISIS

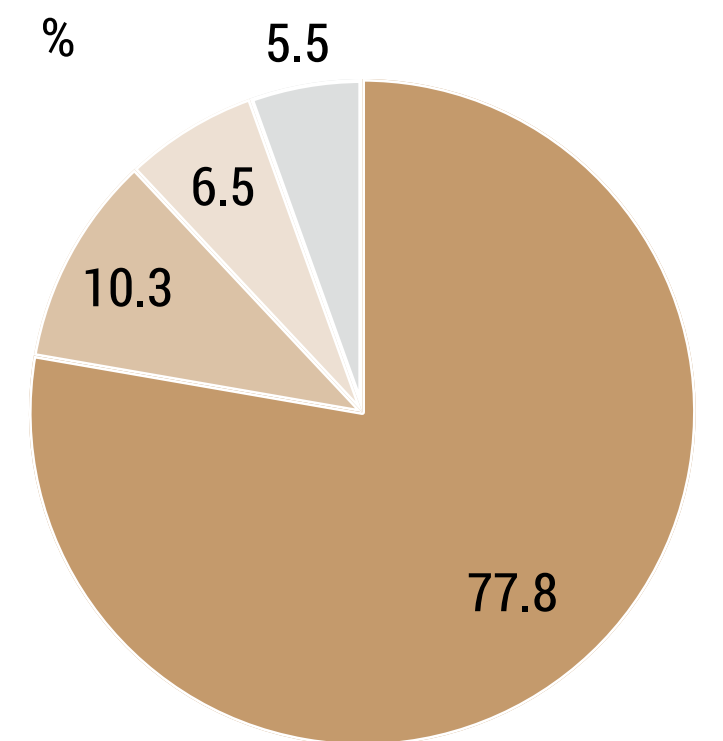


PERFORMANCE OVERVIEW

## OVERVIEW BY PRODUCT CATEGORY

IH FY21 REVENUE MIX

JPY 9,053 MILLION / USD 84.7 MILLION, -14.1%



- Golf Clubs
- Golf Balls
- Accessories & Other Related
- Apparels

### Note

The growth rate shown on this page are calculated on a constant currency basis

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### GOLF CLUBS

Net sales -12.5%, gross margin -1.8pp to 50.9%

- Beres family **+18.6%**
- Mainland China **+102.9%**
- South Korea **+10.3%**

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### GOLF BALLS

Net sales -6.0%, gross margin **+1.9pp** to 48.9%

- Mainland China **+28.7%**
- South Korea **+41.5%**

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### APPARELS

Net sales -5.2%, gross margin **+38.4pp** to 69.6%

- South Korea **+1023.9%**

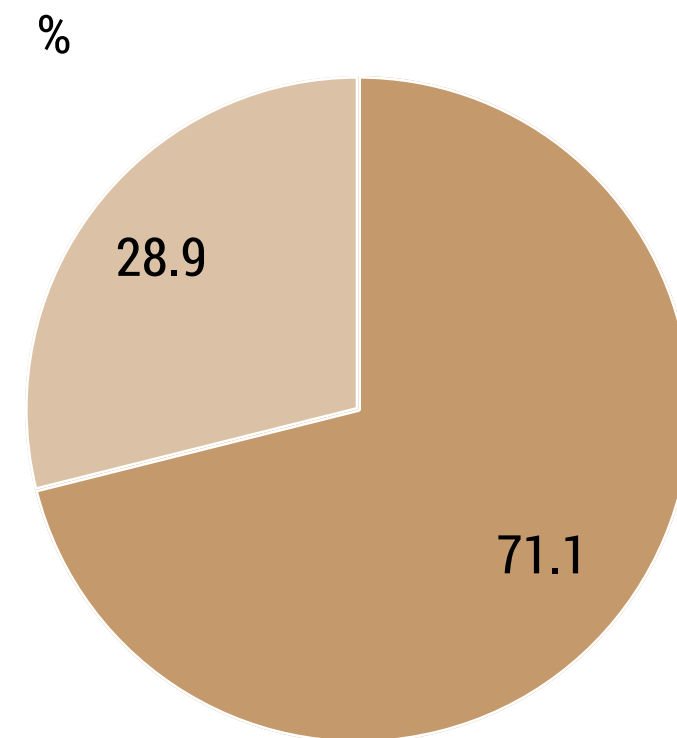
## PERFORMANCE OVERVIEW



## OVERVIEW BY CHANNEL

IH FY21 REVENUE MIX

JPY 9,053 MILLION / USD 84.7% MILLION, -14.1%



- Distributors
- DTC Channels

### Note

The growth rate shown on this page are calculated on a constant currency basis

## DIRECT-TO-CONSUMER CHANNEL

- **77** self-operated stores
- **14** US mobile vans
- E-Commerce in China, Japan and US
- Revenue decreased slightly by **0.2%**
- Increased sales per store
- Sales from E-commerce **+79%**
- Sales from Tmall + JDmall more than trippled

## 3<sup>RD</sup> PARTY RETAILERS AND WHOLSALERS

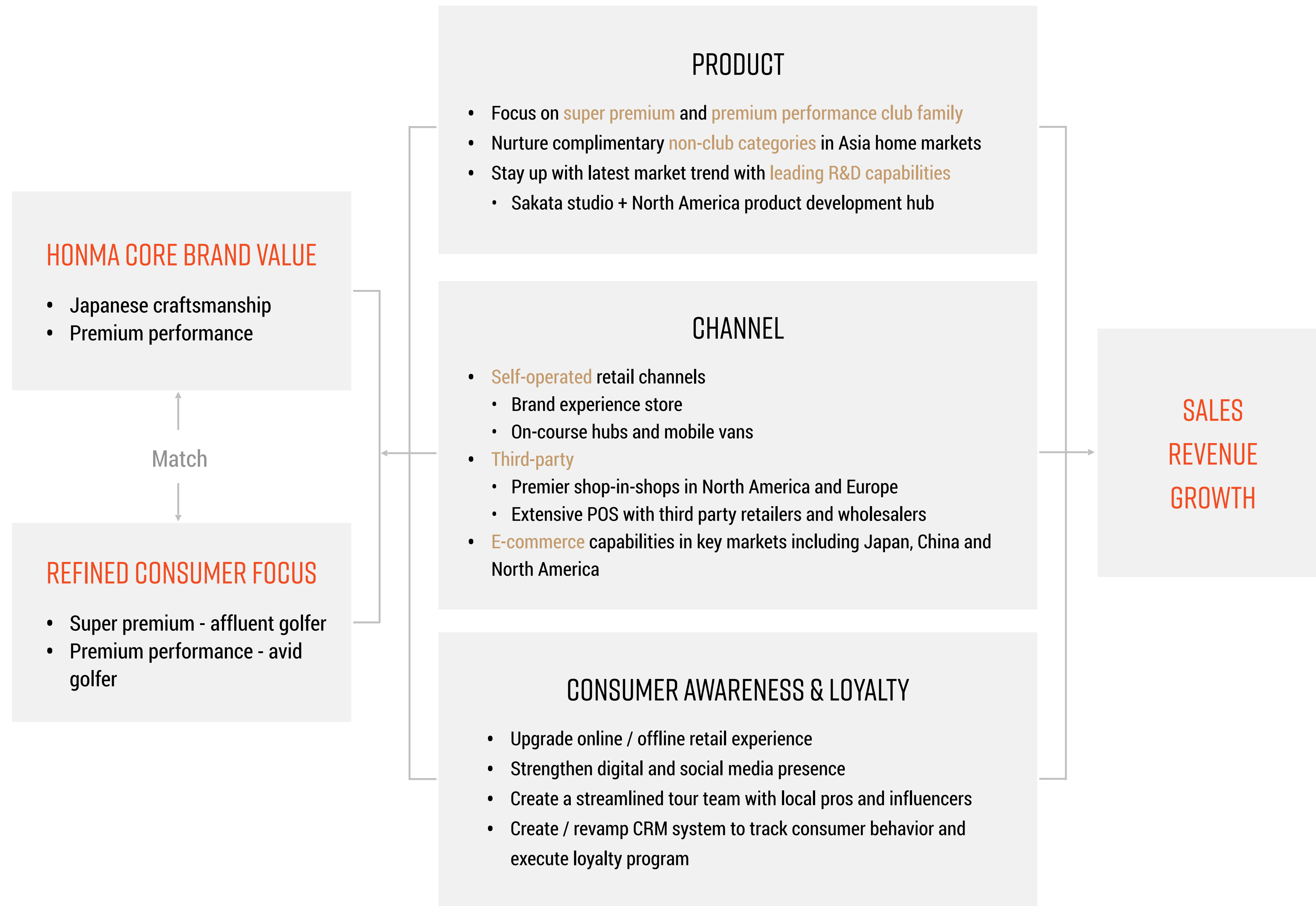
- **4,077** POS
- **+158** newly opened POS
- Revenue decreased by **18.8%**
- Significant disruptions due to COVID-19

PERFORMANCE  
OVERVIEW

# 3 BUSINESS HIGHLIGHT



# HONMA GROWTH STRATEGY



A.  
CLUB PRODUCT  
PORTFOLIO  
OPTIMIZED

TO FOCUS ON SUPER  
PREMIUM AND PREMIUM  
PERFORMANCE CONSUMERS  
SEGMENTS  
(CONT'D)

FROM

**BERES**

AFFLUENT CONSUMERS

**T//WORLD**

AVID GOLFERS

**Be ZEAL**

BEGINNERS



TO

SUPER PREMIUM

**BERES**

AFFLUENT CONSUMERS

PREMIUM PERFORMANCE

**T//WORLD**

TOUR RELEASE

BETTER & SERIOUS GOLFERS  
HANDICAP 0-12

PERFORMANCE  
ENHANCEMENT

GAME IMPROVEMENT GOLFERS  
HANDICAP 8-20

A.  
CLUB PRODUCT  
PORTFOLIO  
OPTIMIZED

TO FOCUS ON SUPER  
PREMIUM AND PREMIUM  
PERFORMANCE CONSUMERS  
SEGMENTS  
(CONT'D)

## BERES

DESIGNED FOR SUPER PREMIUM  
SEGMENT

BERES 07



## TOUR WORLD

DESIGNED FOR PREMIUM-  
PERFORMANCE SEGMENT

TOUR RELEASE

TR20

TR21



PERFORMANCE ENHANCEMENT

XP-1



## OTHERS

COUNTRY SPECIFIC MODELS

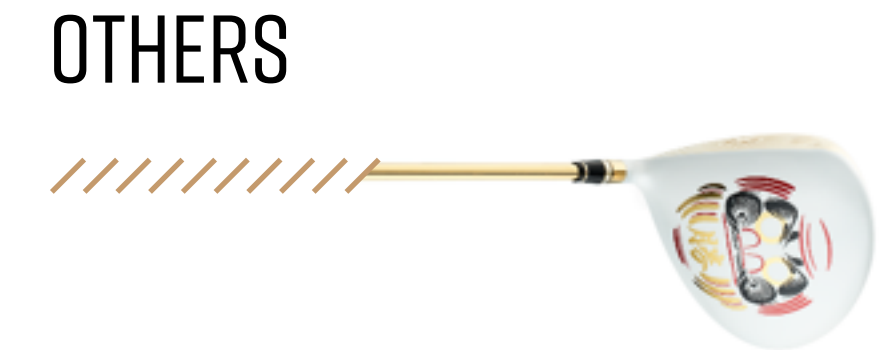
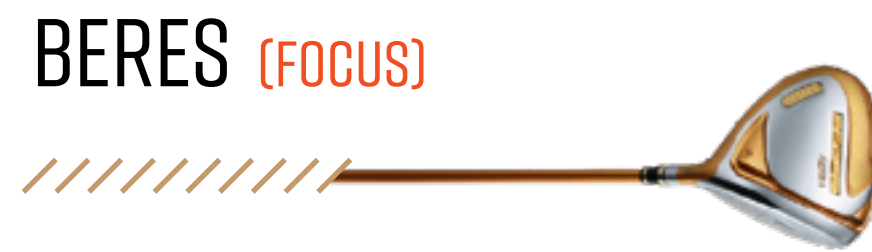


# OVERALL CLUB SALES DOWN BY 12.5%

BERES SHOWED STRONG RESILIENCE IN SUPER PREMIUM SEGMENT

TOUR WORLD NEW PRODUCT LAUNCH SEVERELY INTERRUPTED BY COVID-19 IN MATURE MARKETS

A.  
**CLUB PRODUCT  
 PORTFOLIO  
 OPTIMIZED**  
 TO FOCUS ON SUPER  
 PREMIUM AND PREMIUM  
 PERFORMANCE CONSUMERS  
 SEGMENTS  
 (CONT'D)



|                   | BERES (FOCUS)   | TOUR WORLD (FOCUS)   | OTHERS   |
|-------------------|---|--|--|
| PRODUCT LAUNCH    | <ul style="list-style-type: none"> <li>Beres 07 launched in Dec 2019</li> </ul>   | <ul style="list-style-type: none"> <li>XP-1 launched in Sep 2019</li> <li>TR20 launched in Jan 2020</li> <li>TR21 launched in Sep 2021</li> <li>Activation disrupted due to COVID-19</li> </ul>  | <ul style="list-style-type: none"> <li>Putters</li> <li>Country specific models</li> <li>Special editions</li> </ul>   |
| SALES PERFORMANCE | <ul style="list-style-type: none"> <li>1H FY21 sales up by <b>18.6%</b></li> <li><b>58.4%</b> of club sales</li> <li>Sales in Mainland China <b>+62.6%</b></li> <li>Sales in South Korea <b>+85.4%</b></li> <li>Sales in SEA <b>+62.5%</b></li> </ul> | <ul style="list-style-type: none"> <li>1H FY21 sales down by 70.7%</li> <li><b>11.2%</b> of club sales</li> <li>Sales in Mainland China <b>+278.4%</b></li> <li>Sales in Japan -80.9%</li> <li>Sales in Europe -81.1%</li> <li>Sales in US -80.5%</li> </ul> | <ul style="list-style-type: none"> <li>1H FY21 sales up by <b>13.7%</b></li> <li><b>30.4%</b> of club sales</li> <li>Sales in Mainland China <b>+132.6%</b></li> </ul> |

**Note**  
 The growth rate shown on this page are calculated on a constant currency basis

## GOLF BALL SALES DOWN BY 6%

COVID-19 HEADWIND PARTIALLY OFFSET BY STRONG GROWTH IN MAINLAND CHINA AND SOUTH KOREA



D1 2020, 2-LAYER BALL



HONMA X4, 4-LAYER BALL



FUTURE XX, 6-LAYER BALL

- Sales in Mainland China **+28.7%**
- Sales in South Korea **+41.5%**
- Prioritized R&D resources and launched product with own patent
- Dedicated sales force and go-to-market strategy in Japan, Korea and China
- Beefed up product marketing resources

**Note**

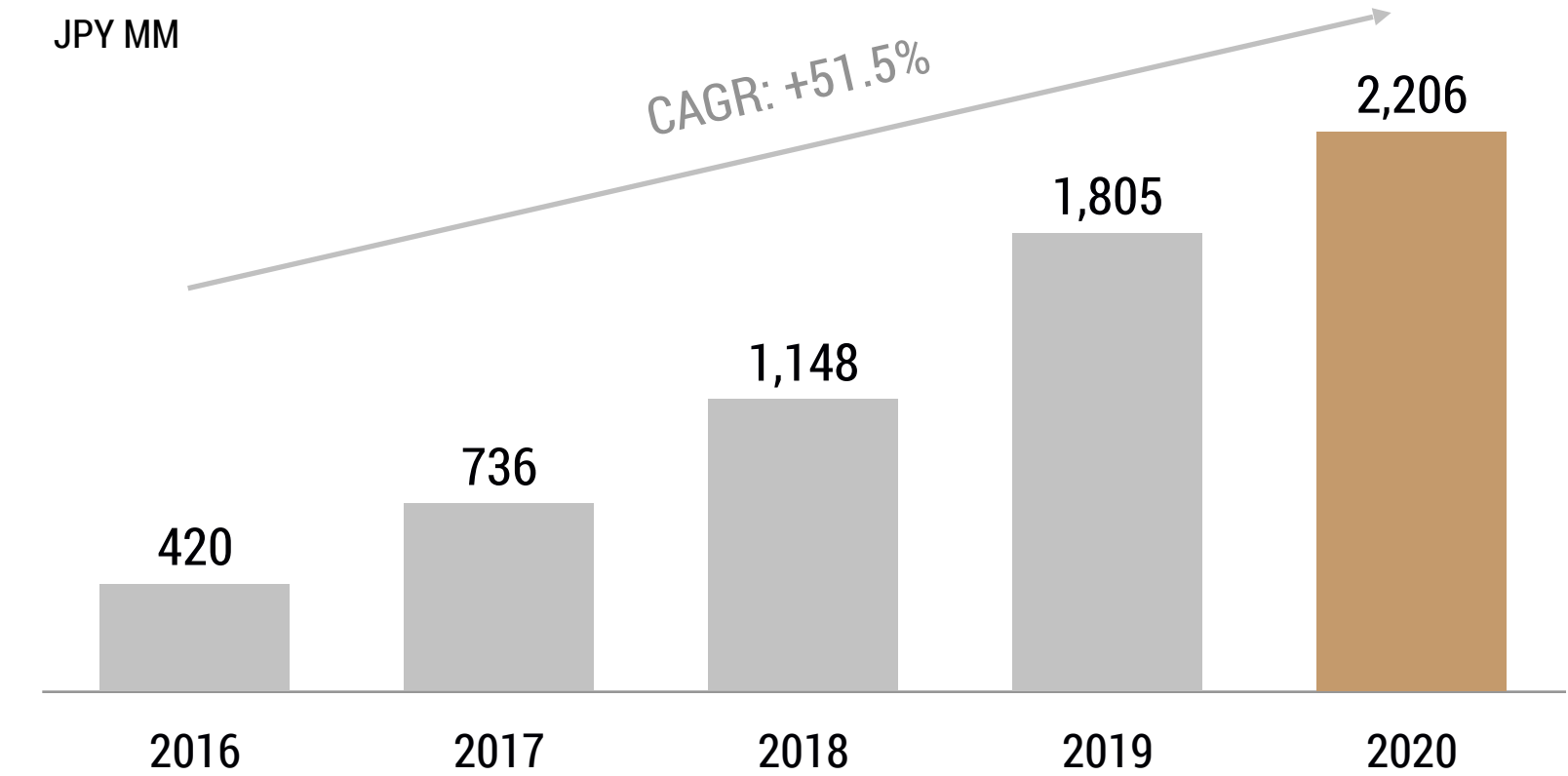
The growth rate shown on this page are calculated on a constant currency basis

## B. ACCELERATING GROWTH IN BALL AND RELAUNCHING APPAREL

IN HOME MARKETS

## GOLF BALL SALES

DOUBLE-DIGIT GROWTH FOR 5 CONSECUTIVE YEARS



## APPAREL SALES DOWN BY 5.2%

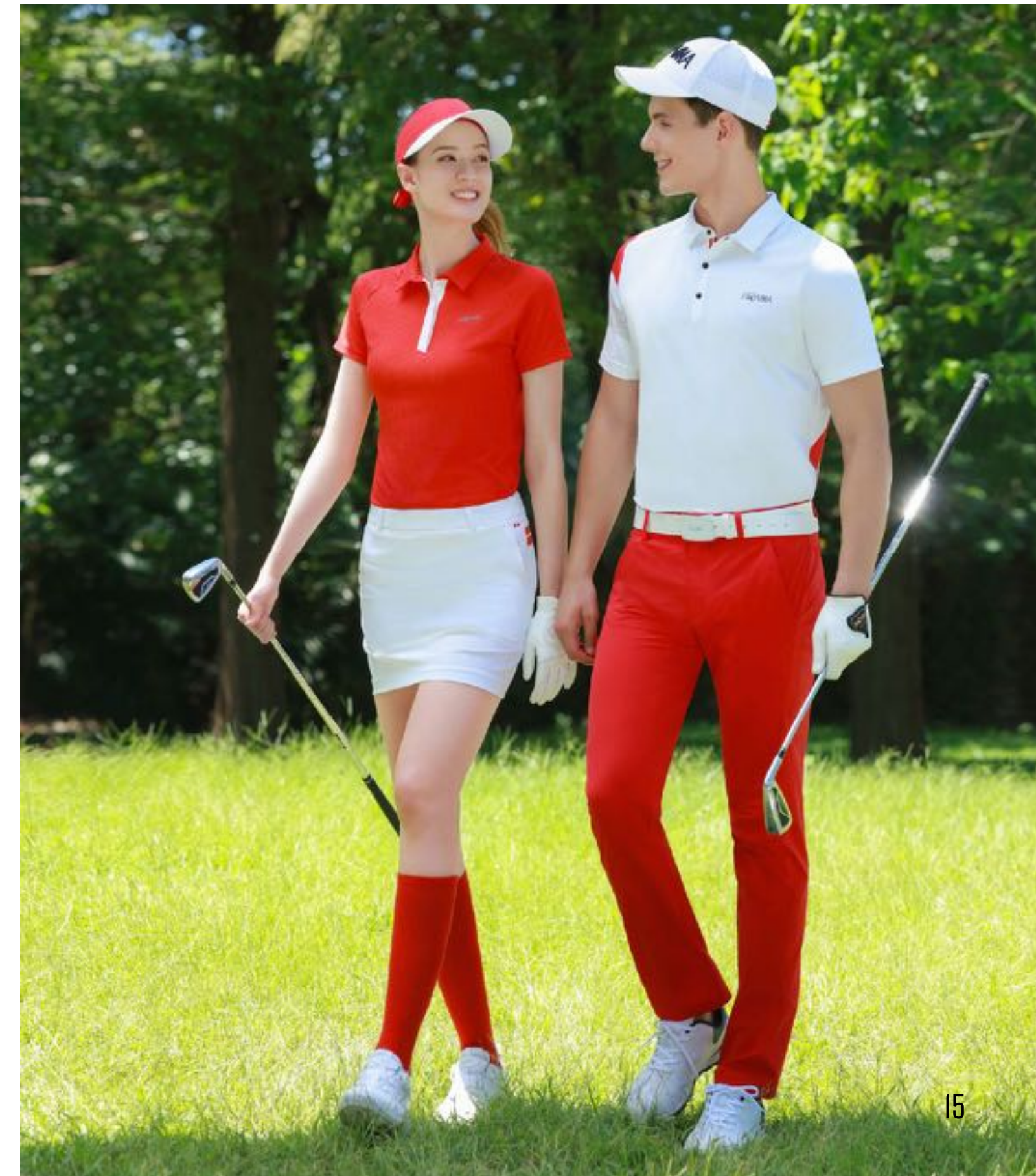
SPRING / SUMMER 2020 COLLECTION SEVERELY HIT BY COVID-19 DUE TO SUPPLY CHAIN AND RETAIL DISRUPTION

FALL / WINTER 2020 COLLECTION SHOWING STRONG YOY GROWTH ON THE RIGHT TRACK TO MEET FULL YEAR TARGET

- Sales in South Korea **+1023.9%**
  - Dedicated apparel team established in 2019
  - Opened **11** new apparel stores in 1HFY21, despite of the pandemic
- Sales in Mainland China **-6.1%**
  - Sales of 20SS collection was negatively impacted by COVID-19 in 1QFY21
  - 2QFY21 saw fast recovery and strong trend of growth

### Note

The growth rate shown on this page are calculated on a constant currency basis



## B. ACCELERATING GROWTH IN BALL AND RELAUNCHING APPAREL

IN HOME MARKETS  
(CONT'D)



NEW HONMA APPAREL COLLECTION CONSISTING OF  
**3 DISTINCTIVE PRODUCT LINES** RESONATING THE TARGET  
SEGMENT OF THE CLUB FAMILIES

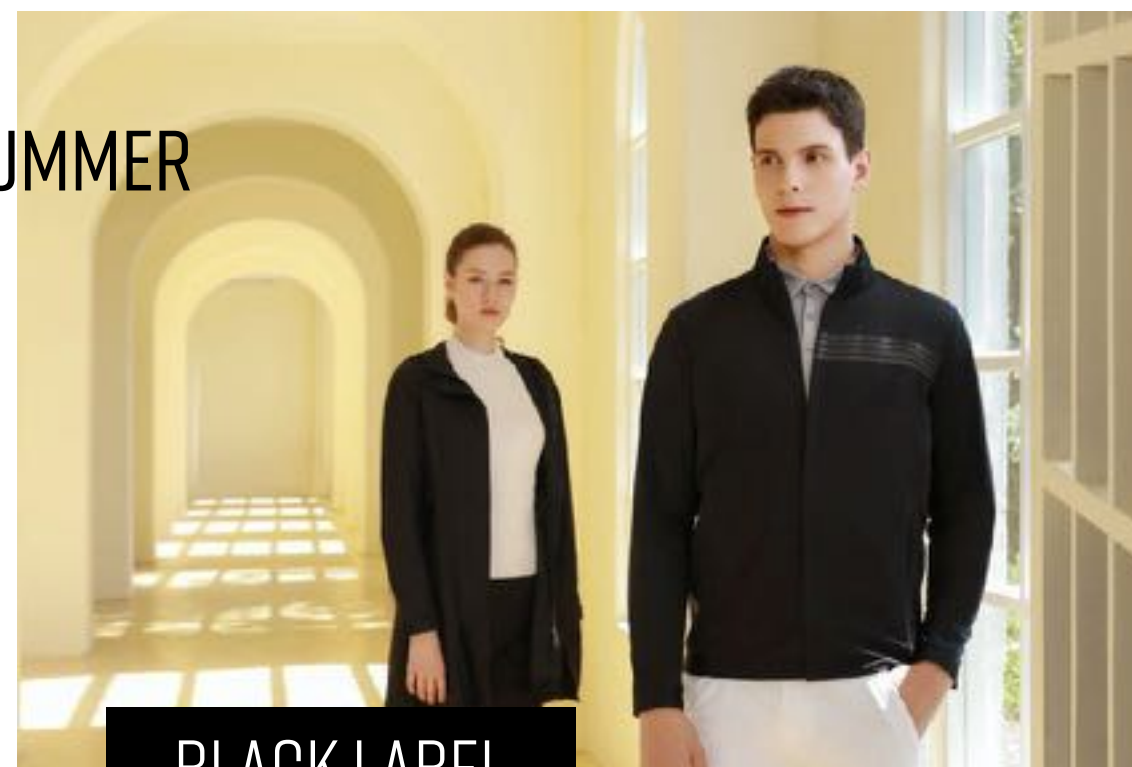
*B.*  
*ACCELERATING  
GROWTH IN BALL  
AND RELAUNCHING  
APPAREL*

*IN HOME MARKETS  
(CONT'D)*

FALL / WINTER

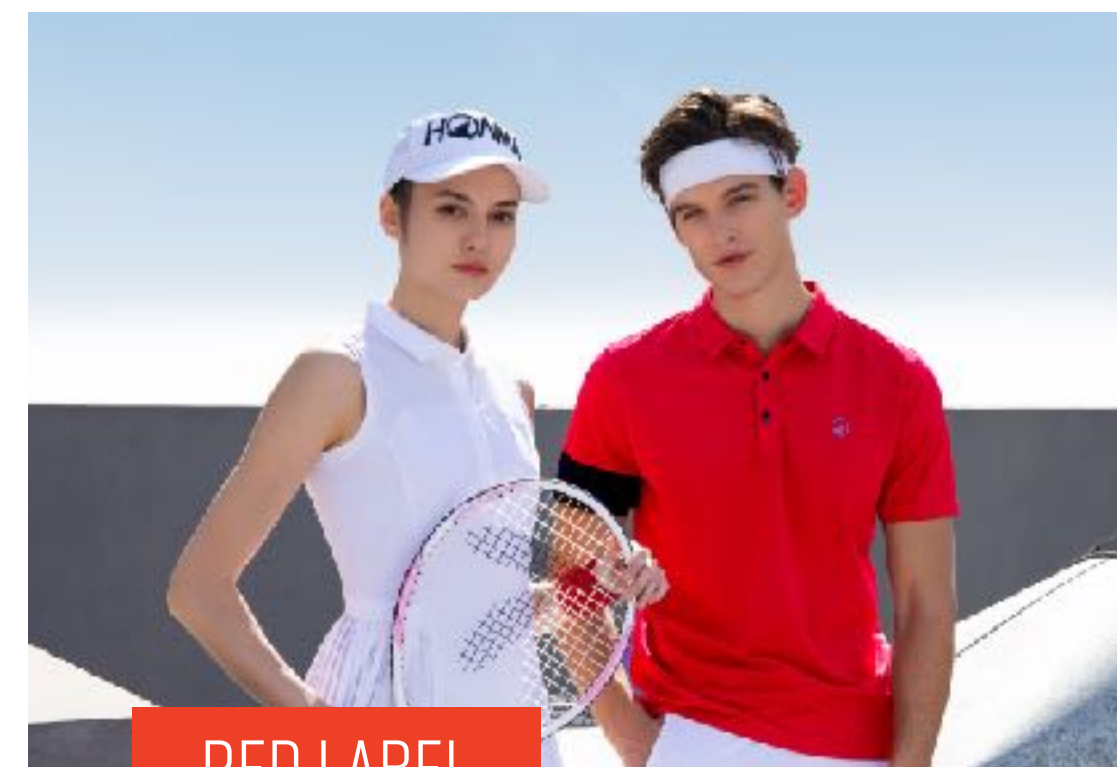


SPRING / SUMMER



**BLACK LABEL**

Premium, Aesthetic, Design



**RED LABEL**

Performance, High-tech, Functionality



**WHITE LABEL**

Modern, Active, Fashion

C.  
360 DEGREE  
BRAND  
EXPERIENCE  
THROUGH OMNI CHANNELS

## SELF-OWNED STORES

TO UPGRADE AS BRAND EXPERIENCE HUBS ACROSS ALL MARKETS

- **77** self-owned stores, net decrease by 2
  - **10** new stores opened, of which 6 in Mainland China, 2 in Japan, 2 in rest of Asia
- Launching additional mobile vans in the US
  - **14** vans by 1HFY21
  - Bring HONMA fitting experience to consumer's home course

## THIRD-PARTY RETAILERS AND WHOLESALERS

CONTINUED TO DRIVE PENETRATION AND GAIN MIND SHARE

- Number of POS increased by 158 to **4,077**
- **125** new POS in the US
- **23** new POS in Europe
- **28** new POS in South Korea



South Korea, Sejong  
opened in Apr 2020



US  
Mobile Van



US, Carlsbad  
opened in Oct 2019



Japan, Tokyo  
opened in Jun 2019



China, Shanghai  
opened in June 2020



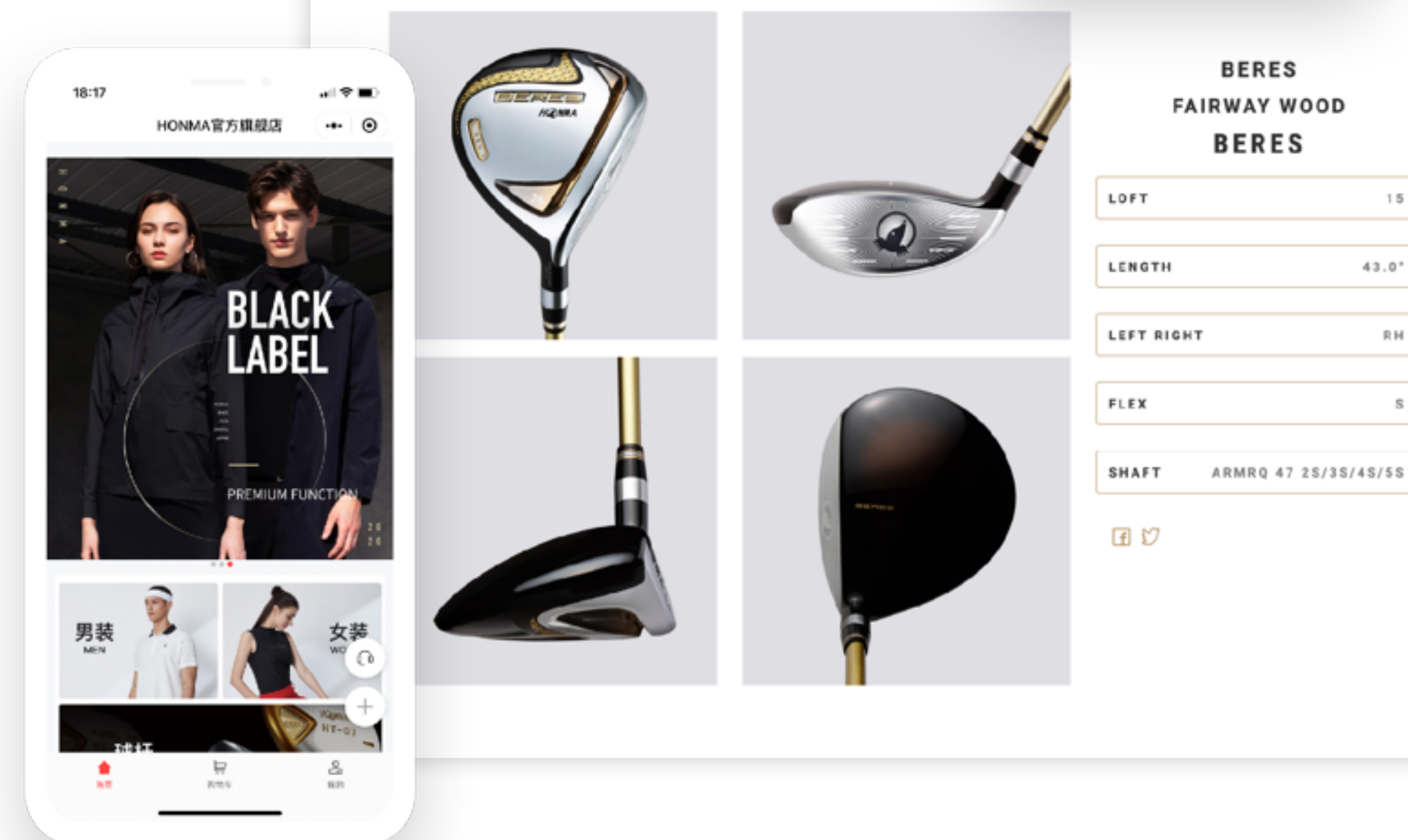
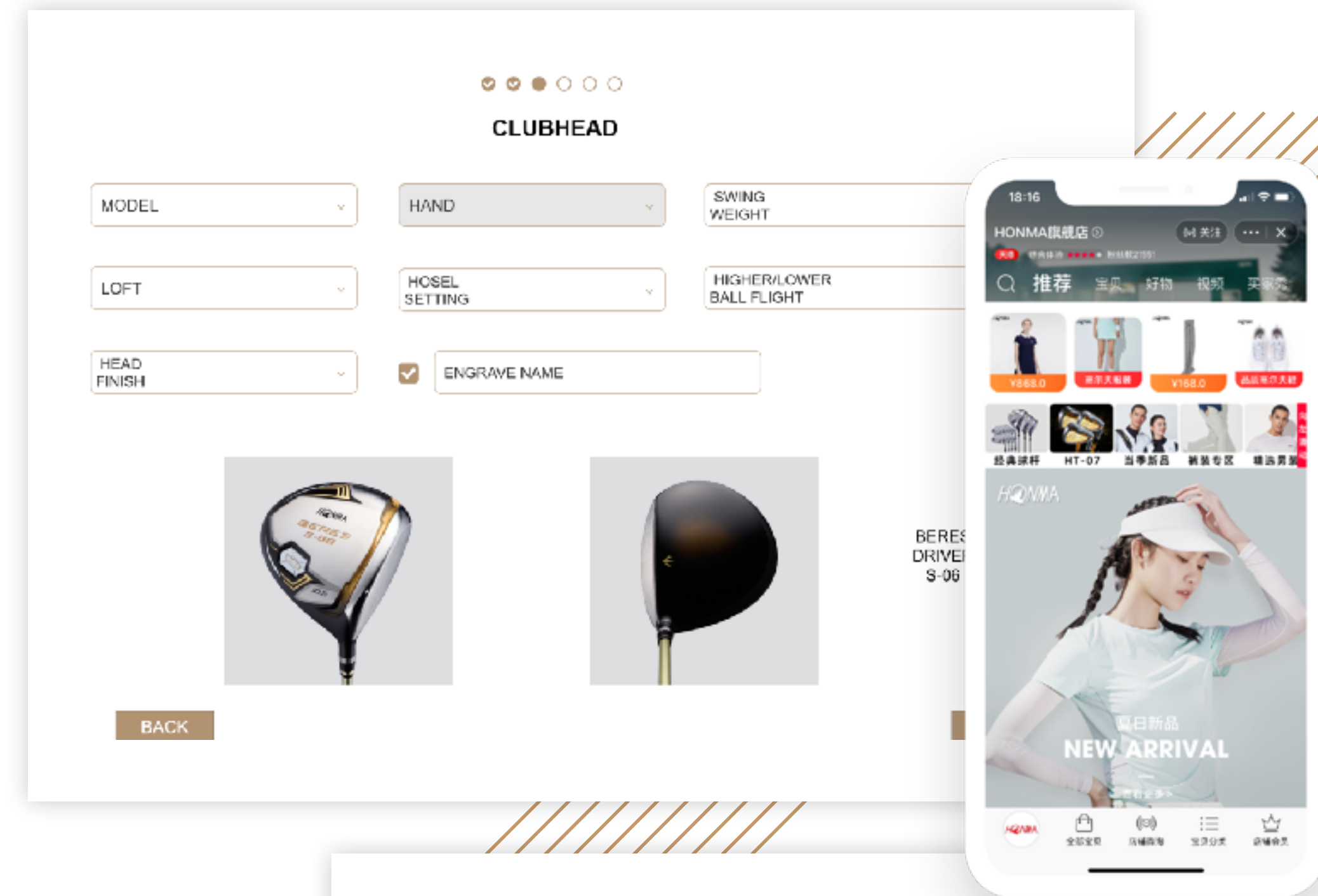
Europe, Paris  
opened in Nov 2019

# C. 360 DEGREE BRAND EXPERIENCE

THROUGH OMNI CHANNELS  
(CONT'D)

## E-COMMERCE SALES INCREASED ROBUSTLY BY 79%

- E-commerce platforms strengthened / added in major markets
  - China: Tmall, JD, WeChat Mini Program, VIP mall
  - Japan & US: self-operated E-commerce site
  - Overall E-commerce sales grew by 79%
  - Sales from Tmall & JD flagship store grew fourfold YoY
- Creating / Revamping CRM system
  - Strengthen direct-to-consumer distribution model
  - Create an end-to-end digital ecosystem around the re-defined brand and golfers
  - Significant increase in site visits and sales driven by offline retail channel closedown due to COVID-19



## TAPPING INTO THE LARGEST GOLF MARKETS IN THE WORLD

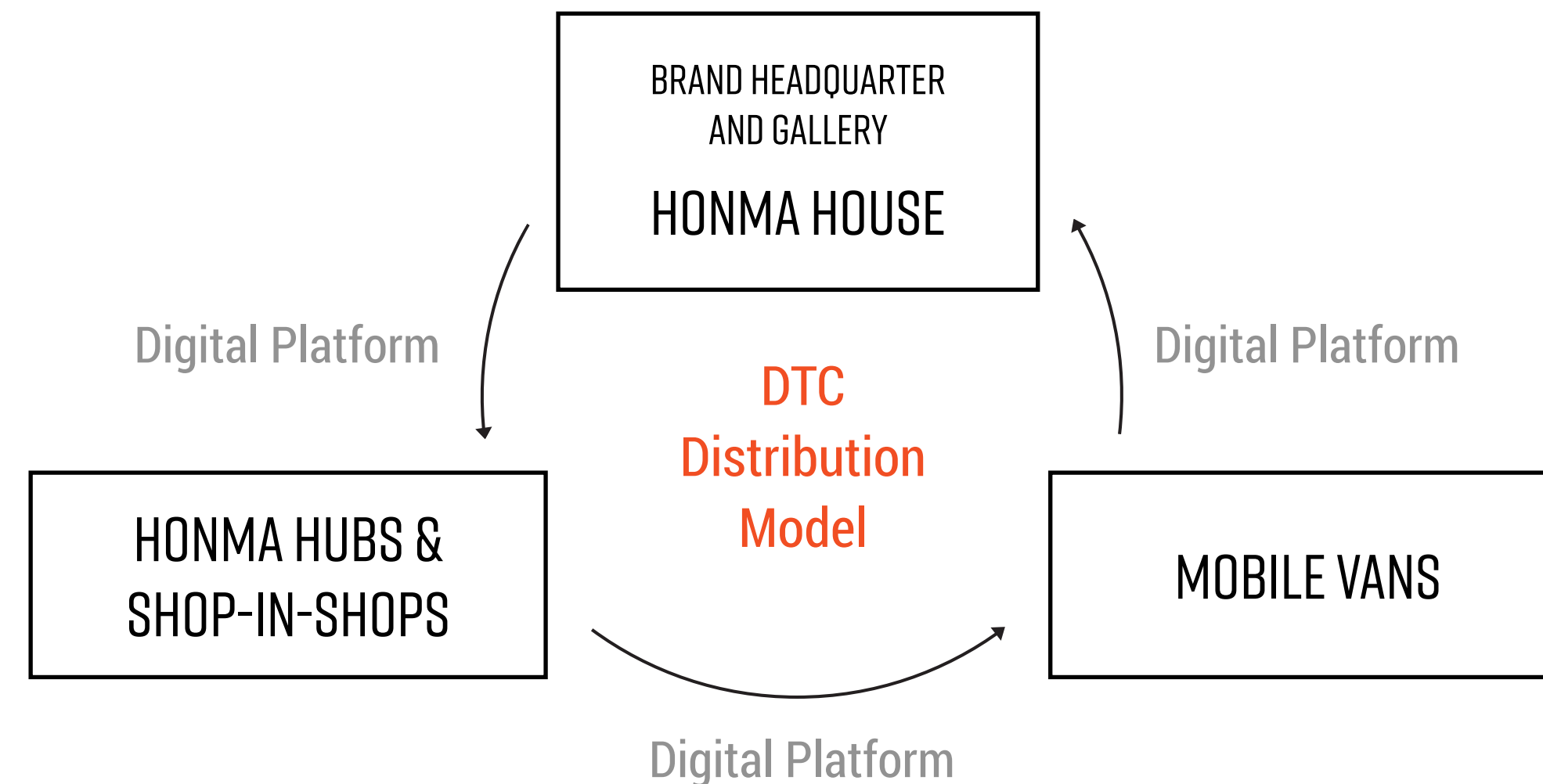


53% OF THE GLOBAL GOLF  
RETAIL SALES



12% OF THE GLOBAL GOLF  
EQUIPMENT SALES

- Building a unique DIRECT-TO-CONSUMER distribution model to capture super premium and premium performance segment



- Well underpinned marketing plan to
  - Build brand awareness, loyalty and repurchase frequency
  - Drive traffic to HONMA house, hubs and shop in shops for the complete HONMA experience
  - Create, optimize and leverage digital channels as a day to day point of brand engagement with CRM mindset

*D.  
GROWING  
STRATEGIES IN  
NORTH AMERICA  
& EUROPE*

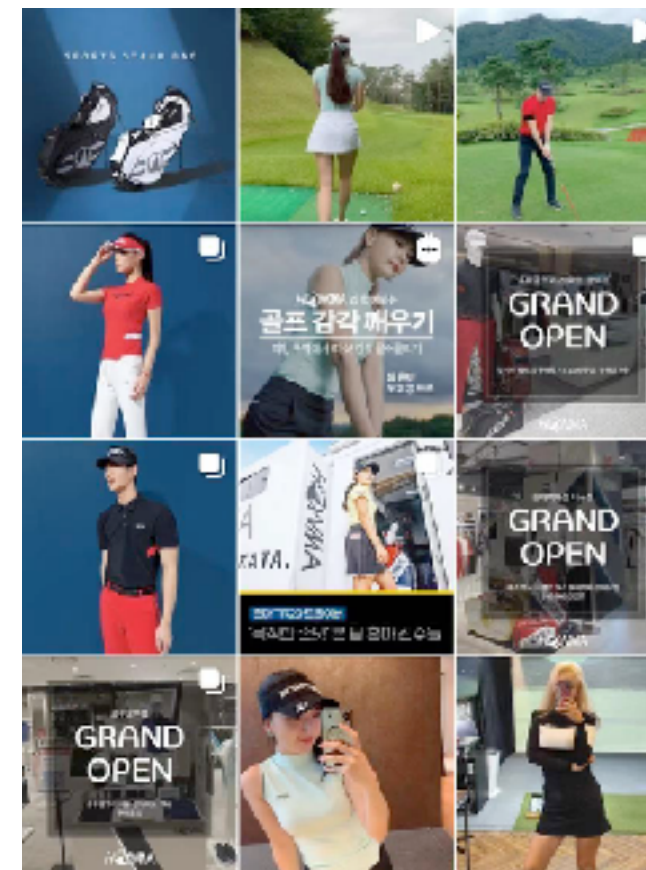
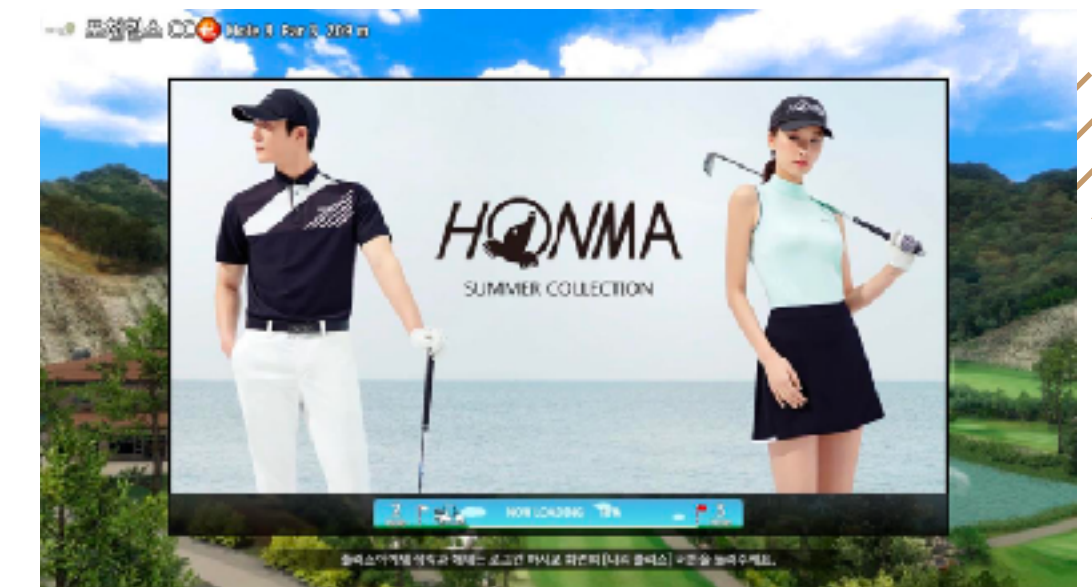
E.  
RE-DEFINING HONMA  
DYNAMIC,  
MODERN,  
GLOBAL

## DRIVING BRAND AWARENESS ACROSS ALL MARKETS

### CUSTOMER EVENTS

- Increase in rounds play after multiple markets re-open from social-distancing rules
- During 1H FY2021, HONMA hosted **1,357** customer days across its main markets
- The activities were mainly held on golf courses with dedicated fitters
- Integrated brand experience and retail activities

### PR & MEDIA COVERAGE



## ACTIVE DIGITAL COMMUNICATION THROUGH RELAUNCHED GLOBAL WEBSITE AND SOCIAL MEDIA ACCOUNTS

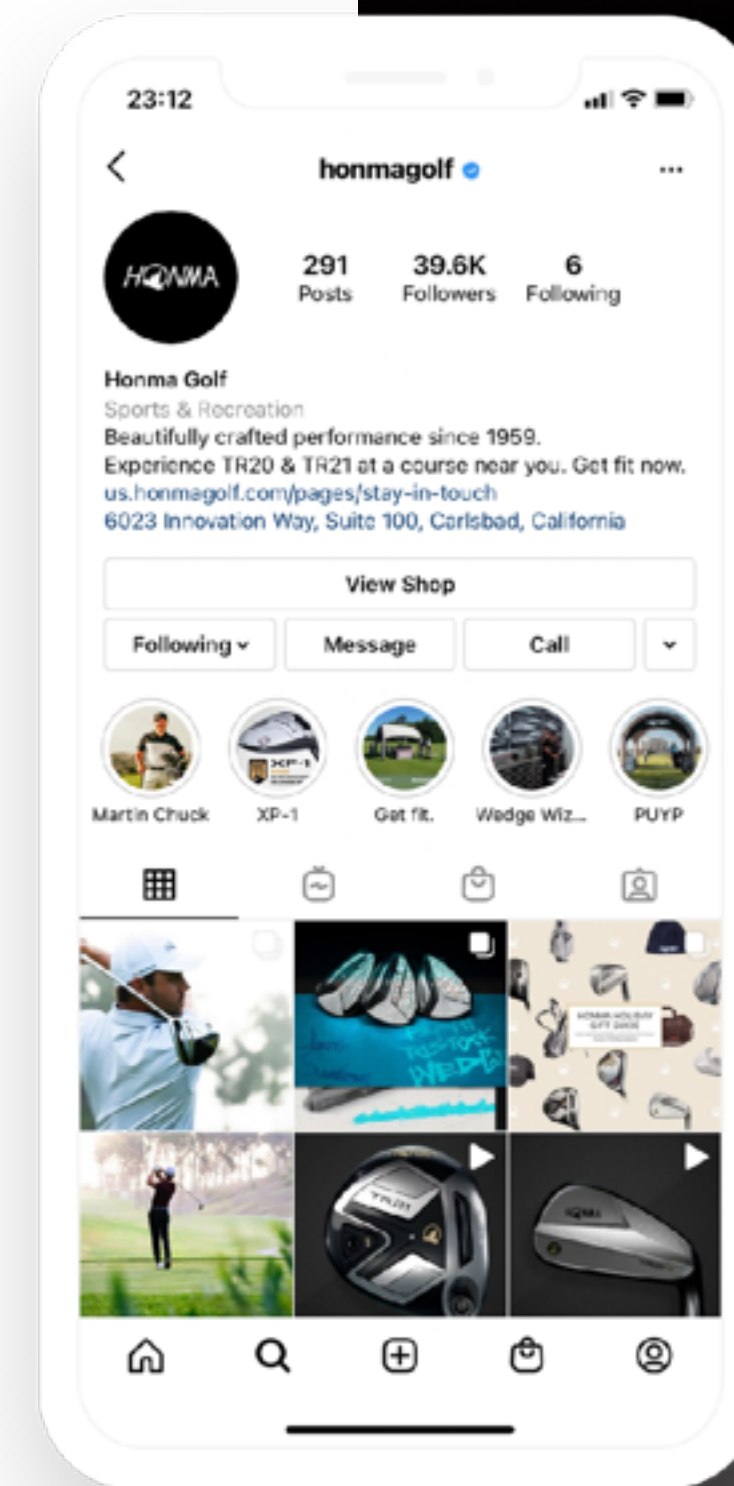
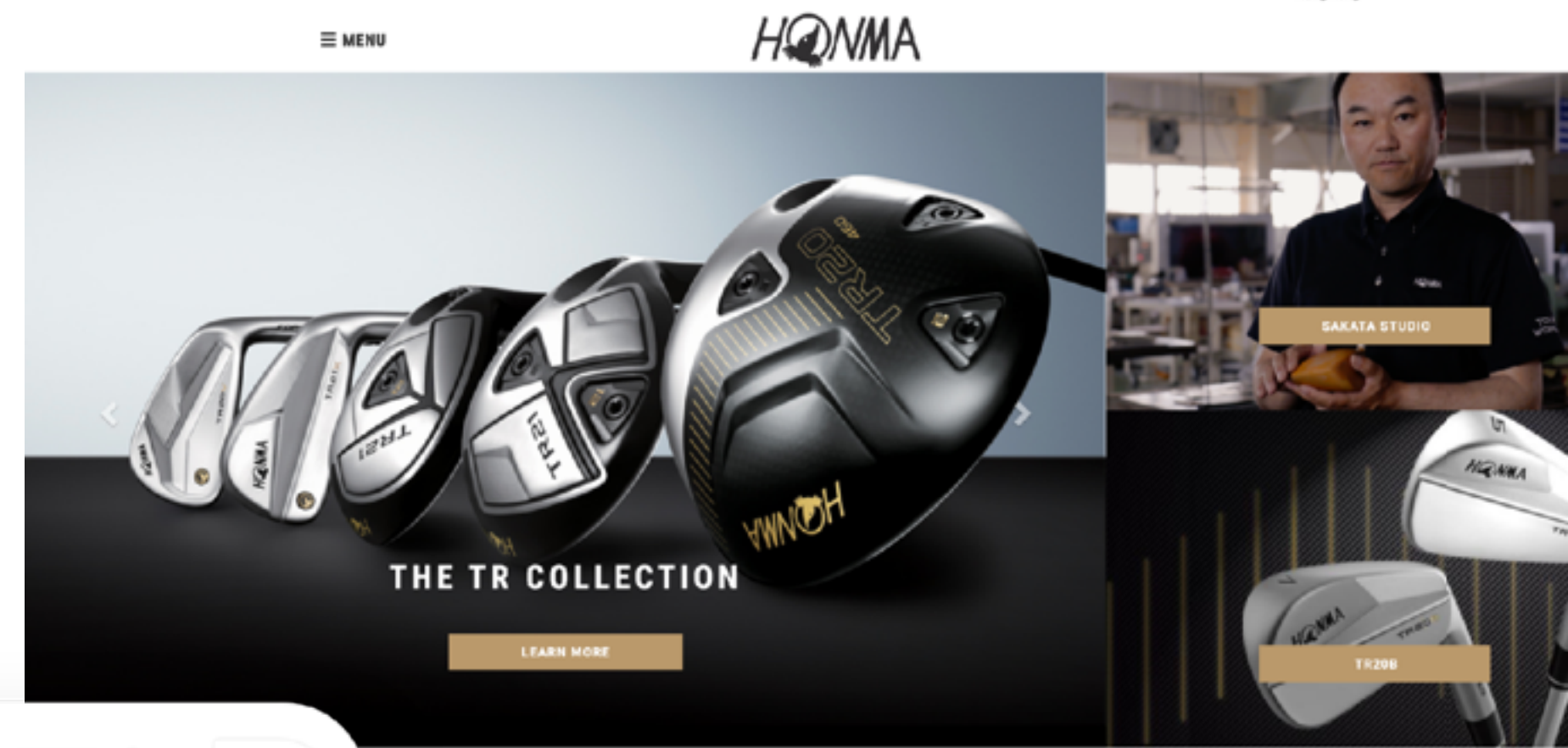
E.

RE-DEFINING HONMA

DYNAMIC,  
MODERN,  
GLOBAL

(CONT'D)

- Frequent updates on the relaunched global website and mainstream social media platforms
  - To convey consistent brand image and enhance brand awareness across all markets
  - To connect digital platform with retail activities
  - To own the entire consumer experience and relevant data



# 4 FINANCIAL REVIEW



# KEY FINANCIALS

## HALF YEAR ENDED 30 SEP 2020

## YOY CHANGE (JPY BASE)

|                             |   |                                   |
|-----------------------------|---|-----------------------------------|
| Net Sales                   | JPY 9,053.0 Million / USD 84.7 Million <sup>(1)</sup>                                     | -14.5%                            |
| Gross Profit Margin         | 51.2%   | +1.5 pp                           |
| EBITDA                      | JPY 442.4 Million / USD 4.1 Million <sup>(1)</sup>  | +142.1%                           |
| Profit Before Tax           | (JPY 431.4 Million) / (USD 4.0 Million) <sup>(1)</sup>                                    | +JPY 79.4 Million                 |
| Net profit                  | (JPY 803.5 Million) / (USD 7.5 Million) <sup>(1)</sup>                                    | -JPY 752.3 Million <sup>(2)</sup> |
| Reported Earnings Per Share | (JPY 1.33) / (HKD 0.098) <sup>(1)</sup>   | -JPY 1.25                         |
| Net Operating Cash flow     | JPY 2,576.4 Million / USD 24.1 Million <sup>(1)</sup>                                     | +540.2%                           |
| Net Cash Position           | JPY 2,578.1 Million / USD 24.1 Million <sup>(1)</sup>                                     | -44.2%                            |
| Proposed Dividend           | JPY 1.5 / share<br>approximately 7% of the Group's distributable profit as at 30 Sep 2020 |                                   |

### Note

(1) Exchange rate: 1USD = 106.9 JPY; 1HKD = 13.64 JPY

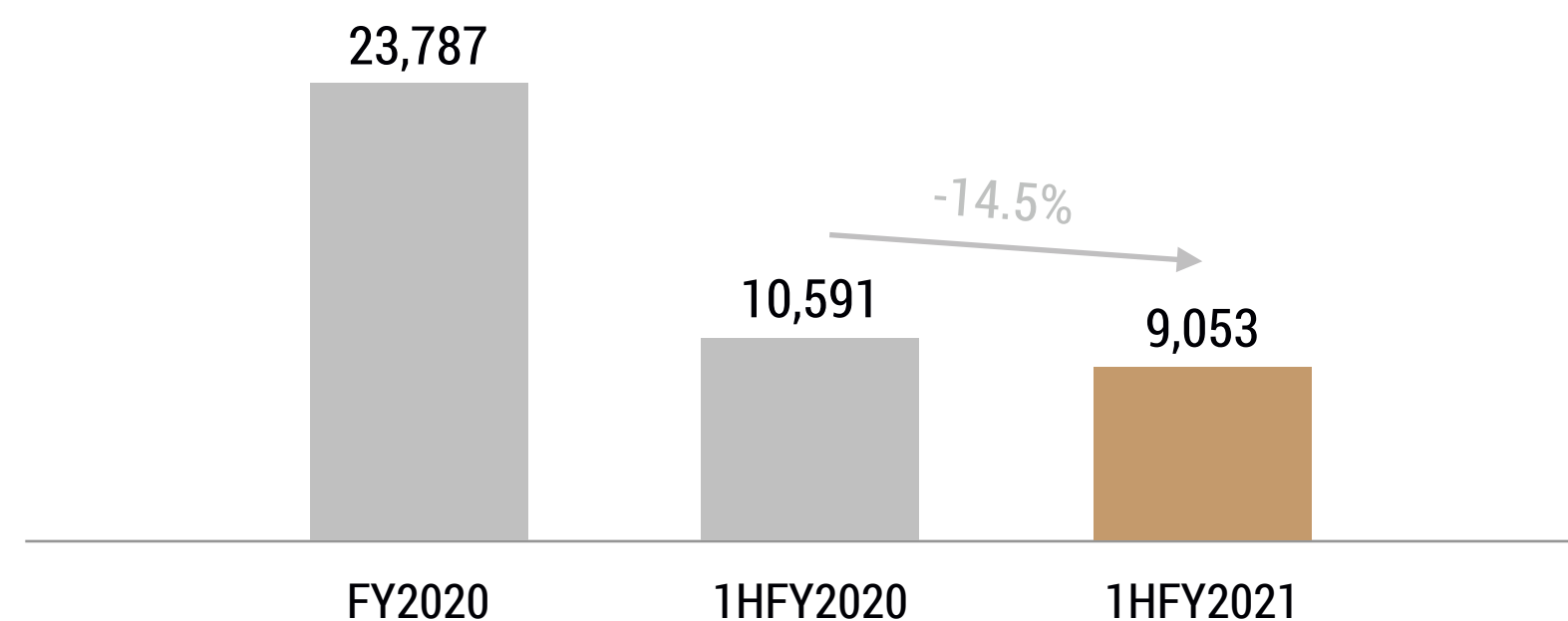
(2) Due to tax expenses of JPY372mm in 1HFY21 while tax credit of JPY459mm same period last year



**REVENUE  
DECLINE**  
DUE TO COVID-19 IMPACT

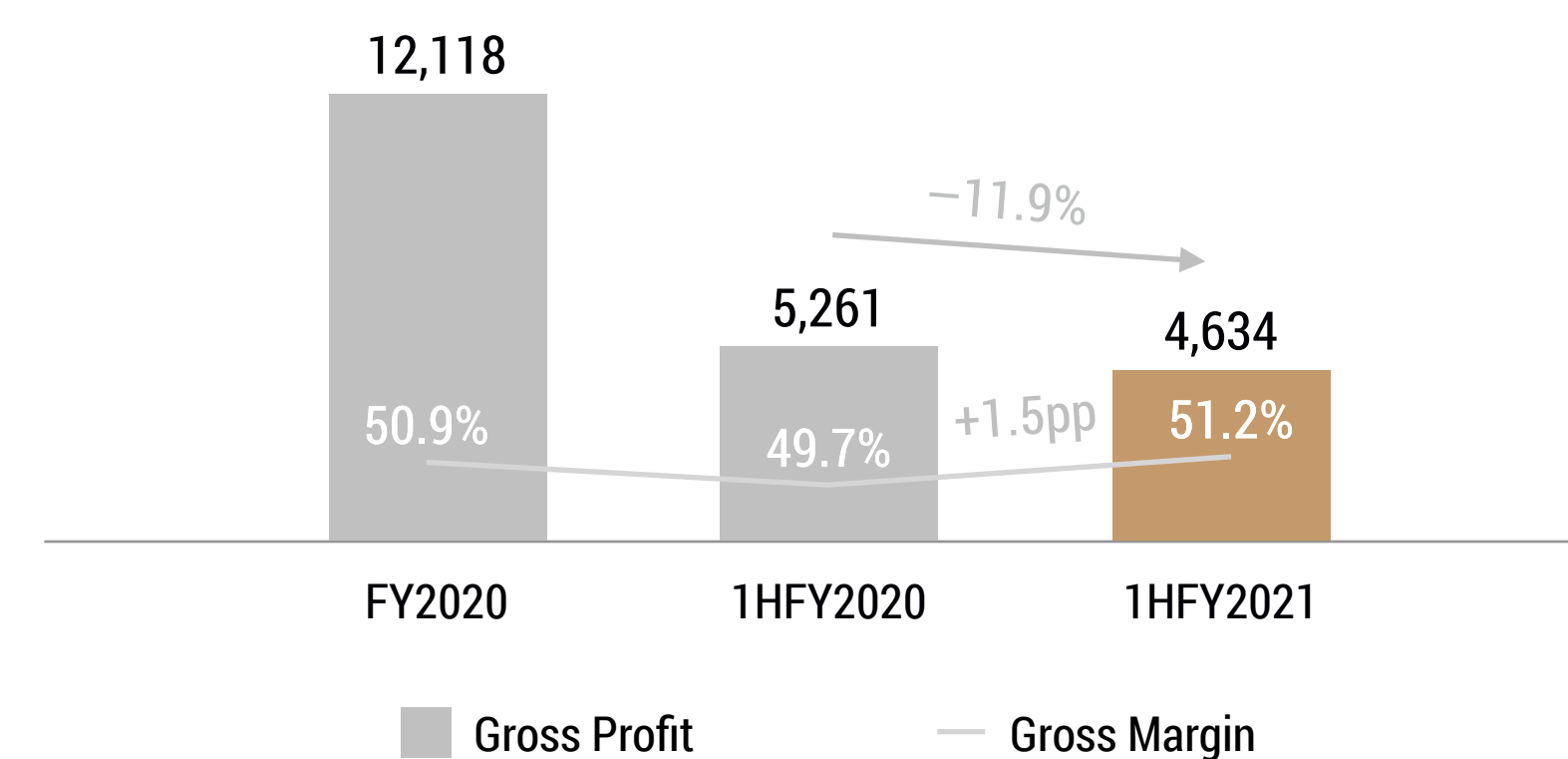
## REVENUE

JPY MM



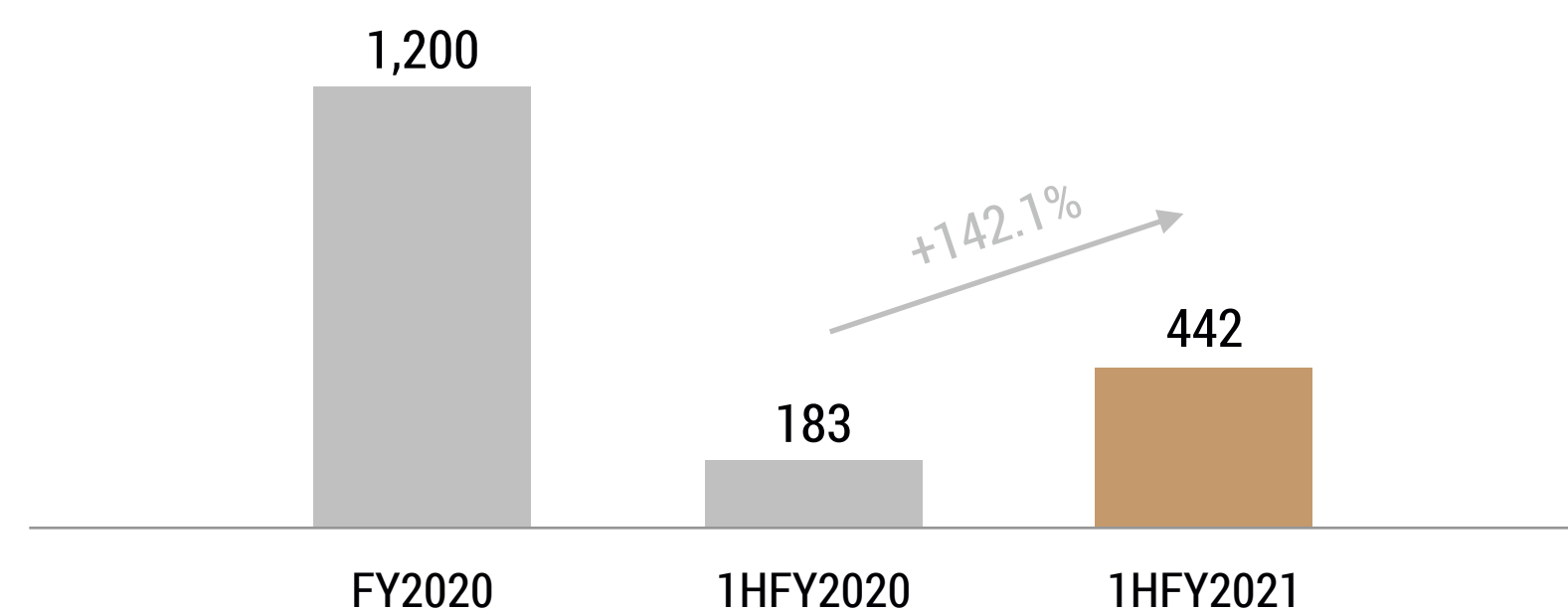
## GROSS PROFIT & GROSS MARGIN

JPY MM



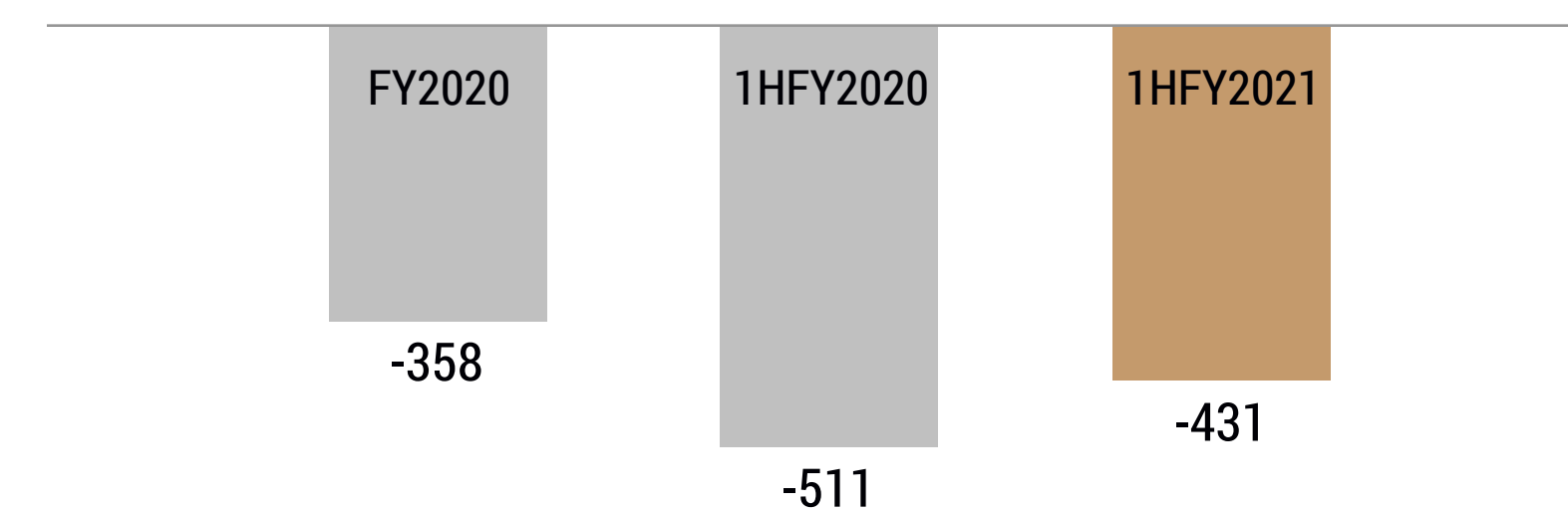
## EBITDA

JPY MM



## PROFIT BEFORE TAX

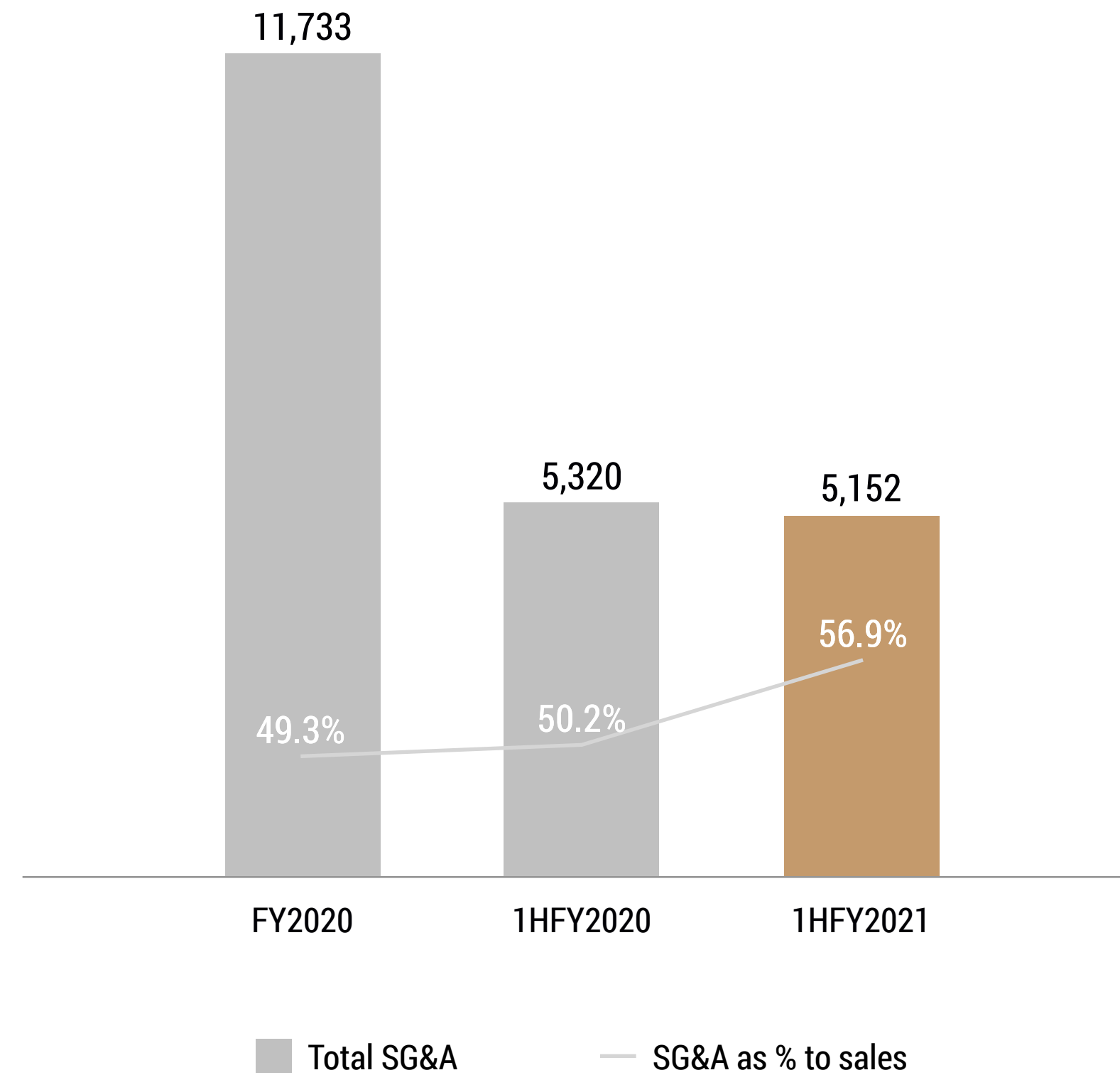
JPY MM



*AHEAD-OF-  
THE-CURVE  
INVESTMENT IN  
DISTRIBUTION  
FOOT PRINT  
TO FUEL GROWTH IN KEY  
MARKETS AND PRODUCT  
CATEGORIES*

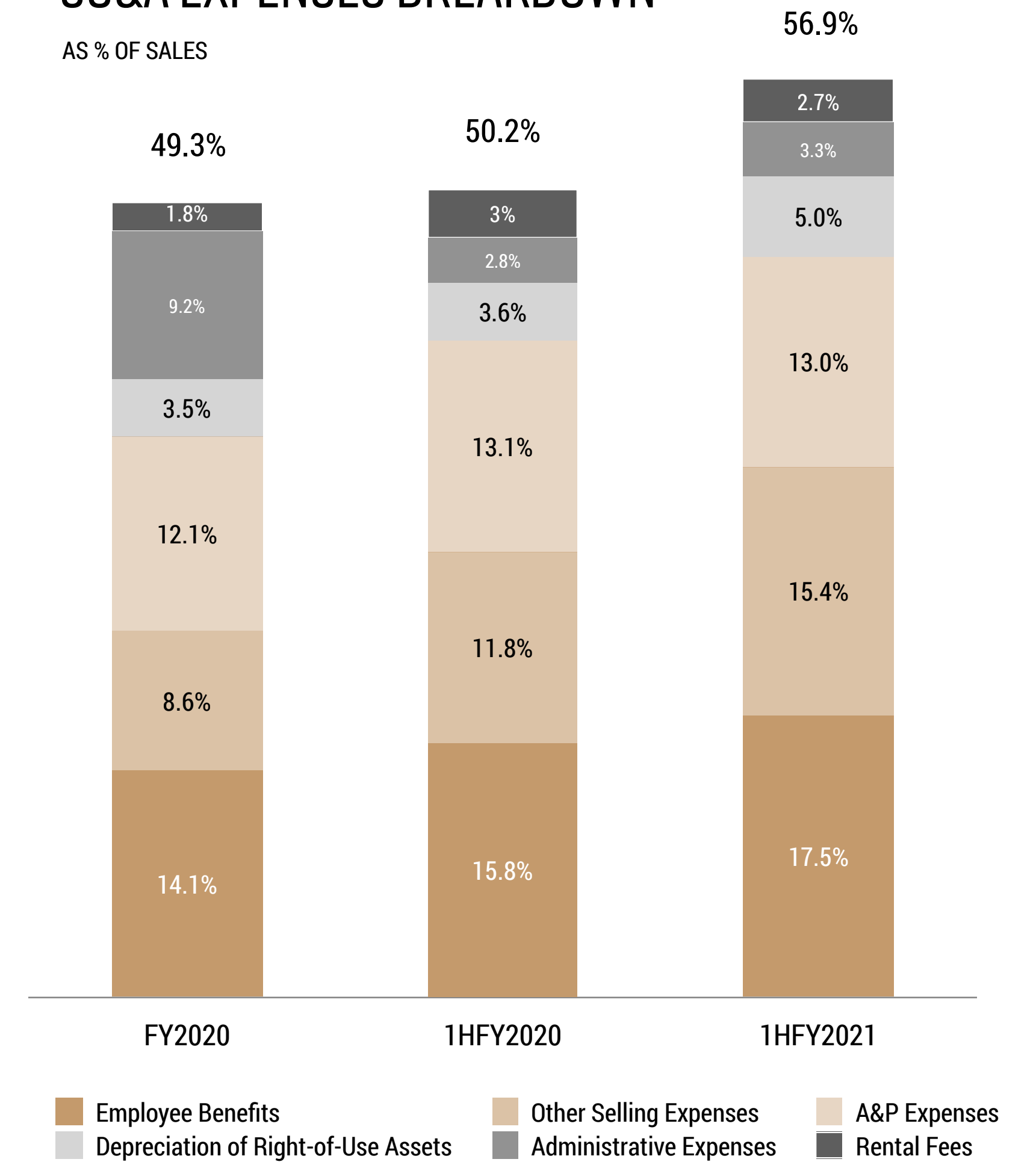
## SG&A EXPENSES

JPY MM



## SG&A EXPENSES BREAKDOWN

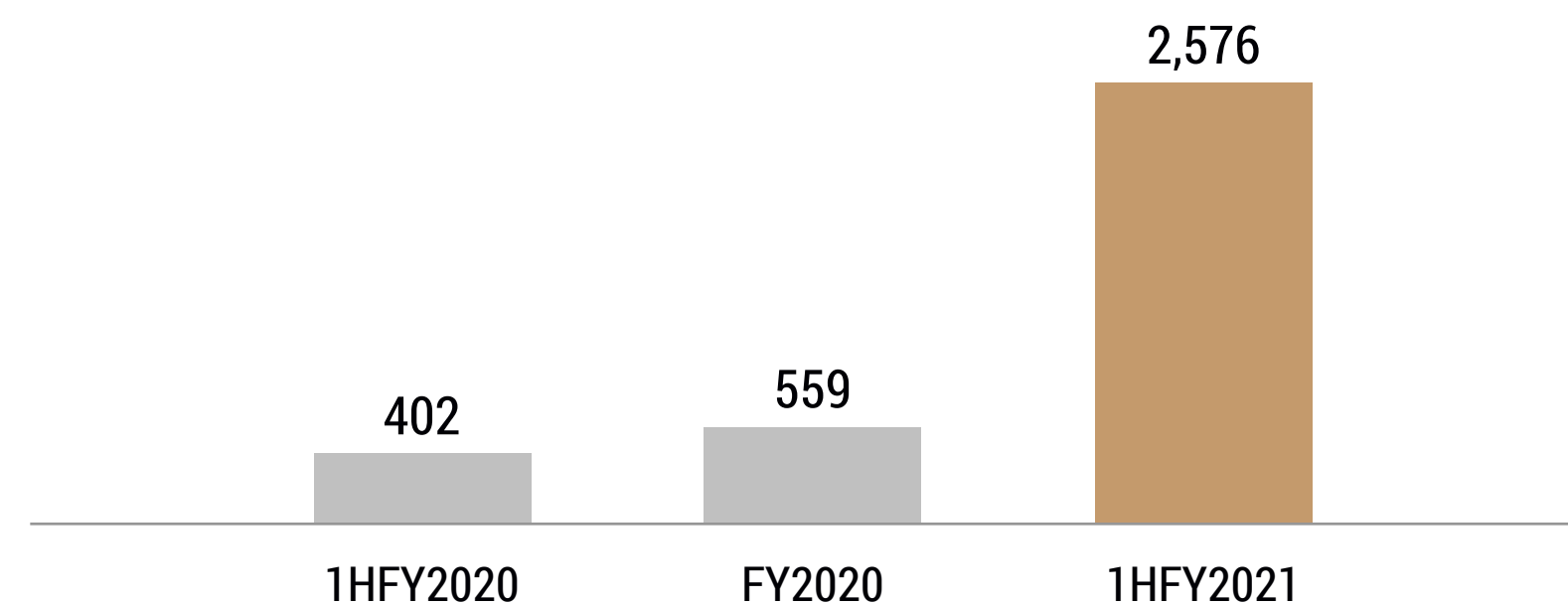
AS % OF SALES



*STRONG  
OPERATING  
CASH FLOW  
AND HEALTHY  
CAPITAL  
STRUCTURE*

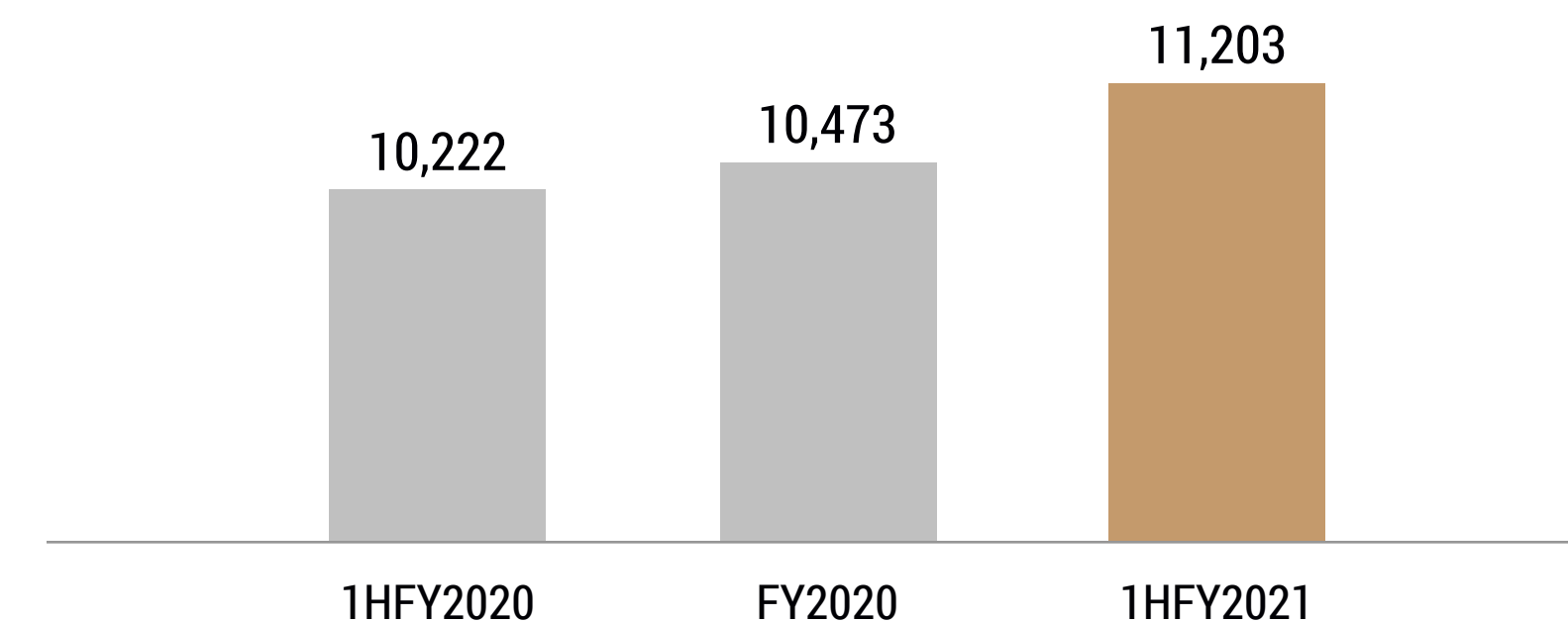
## NET OPERATING CASH FLOW

JPY MM



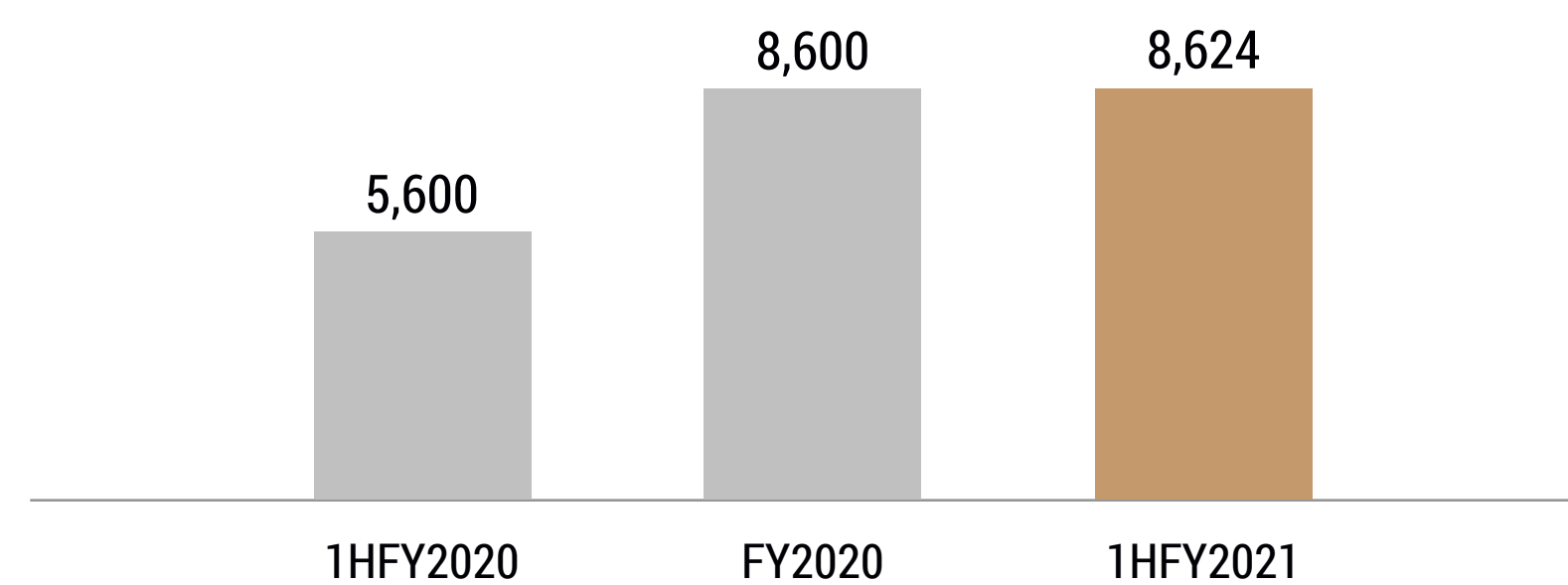
## CASH ON HAND

JPY MM



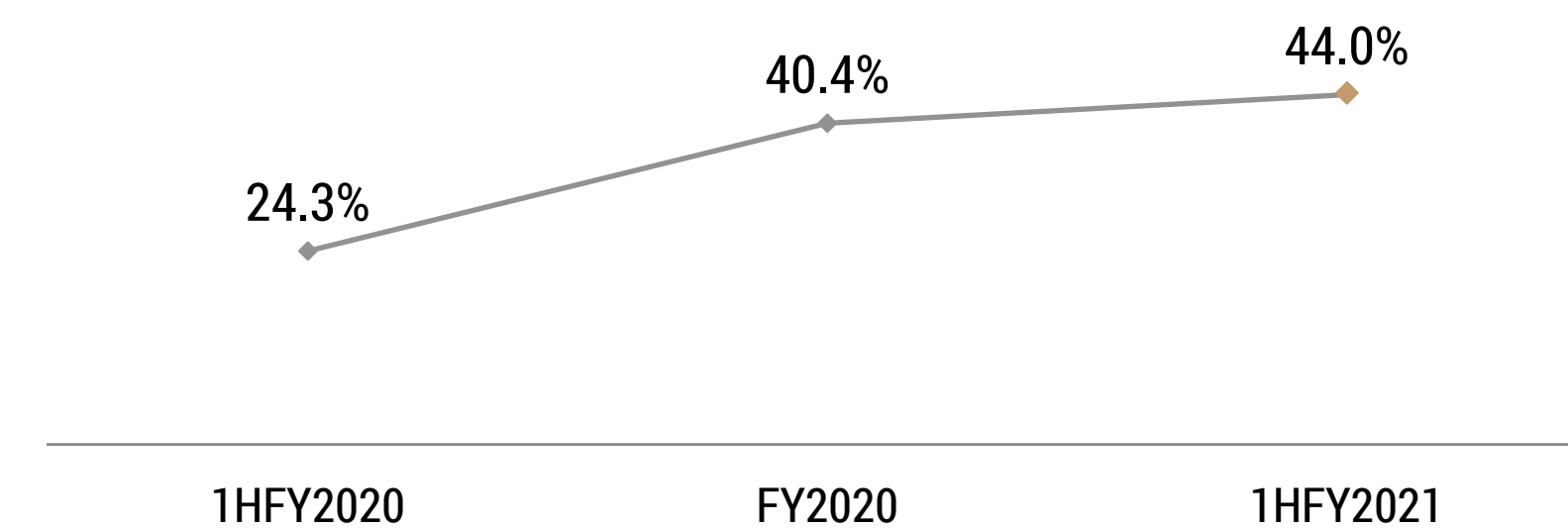
## INTEREST-BEARING LIABILITIES

JPY MM



## INTEREST-BEARING LIABILITIES / TOTAL EQUITY

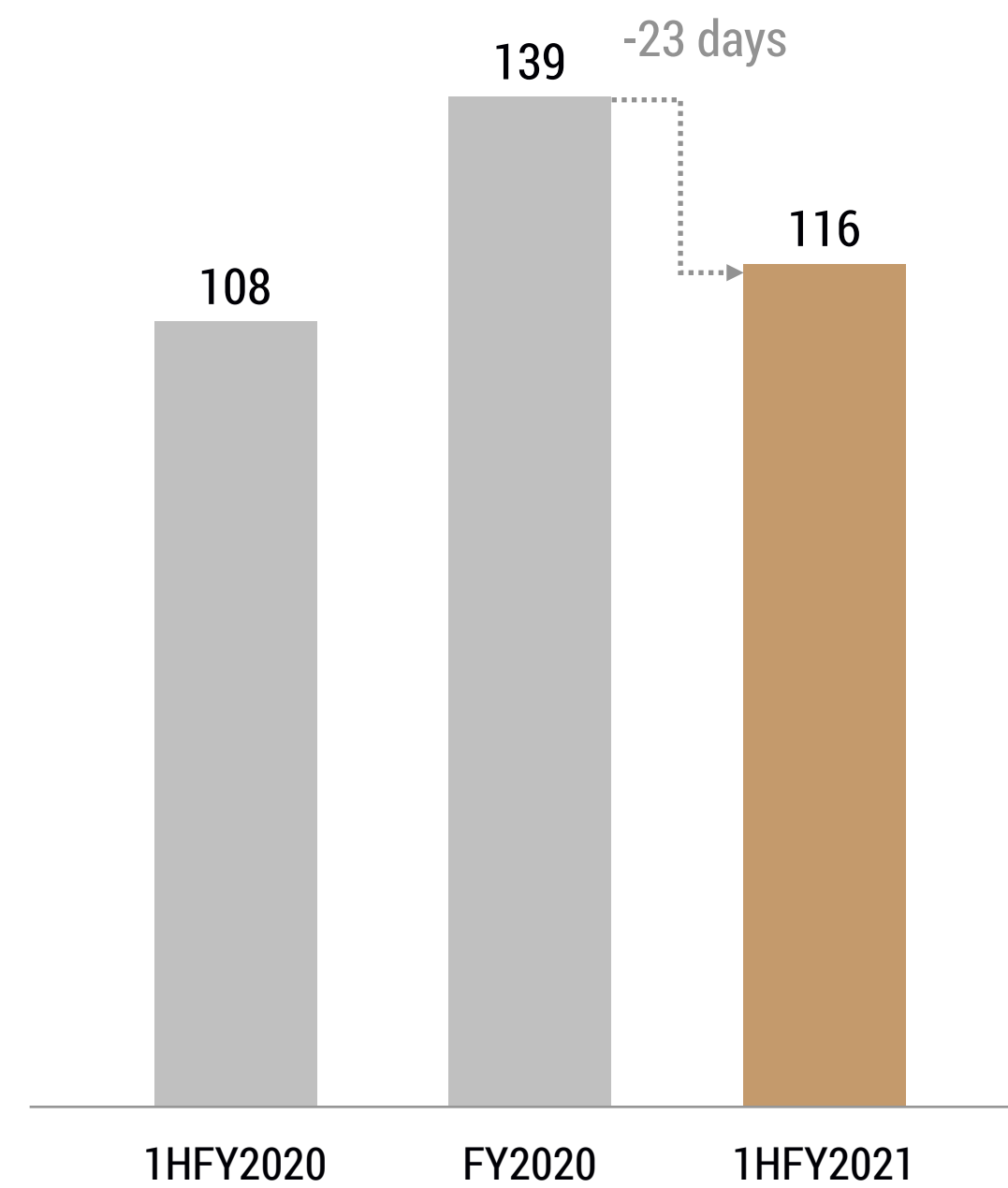
%



CONTINUED  
IMPROVEMENT  
IN WORKING  
CAPITAL  
EFFICIENCY

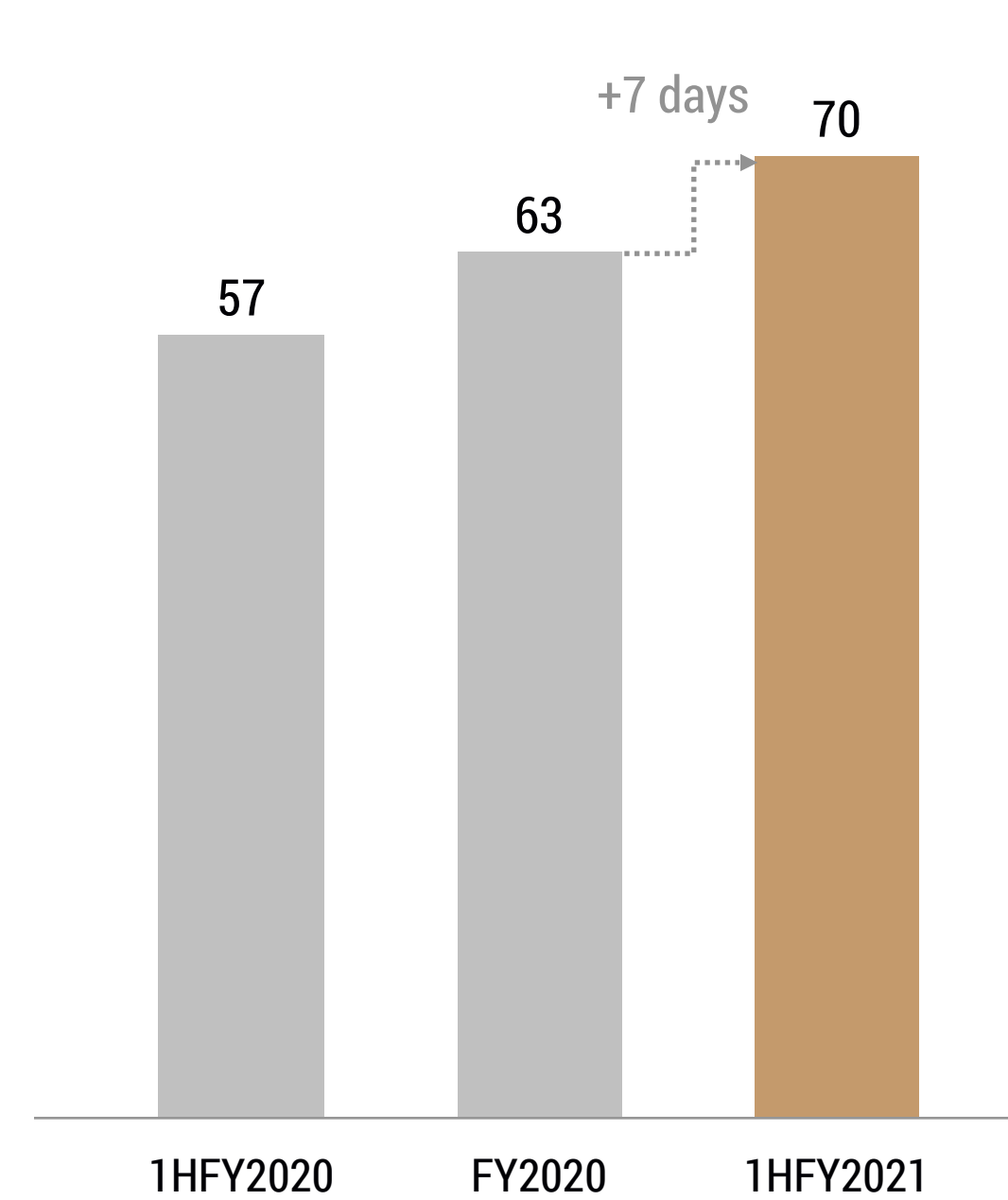
## RECEIVABLES TURNOVER DAYS (1)

JPY MM



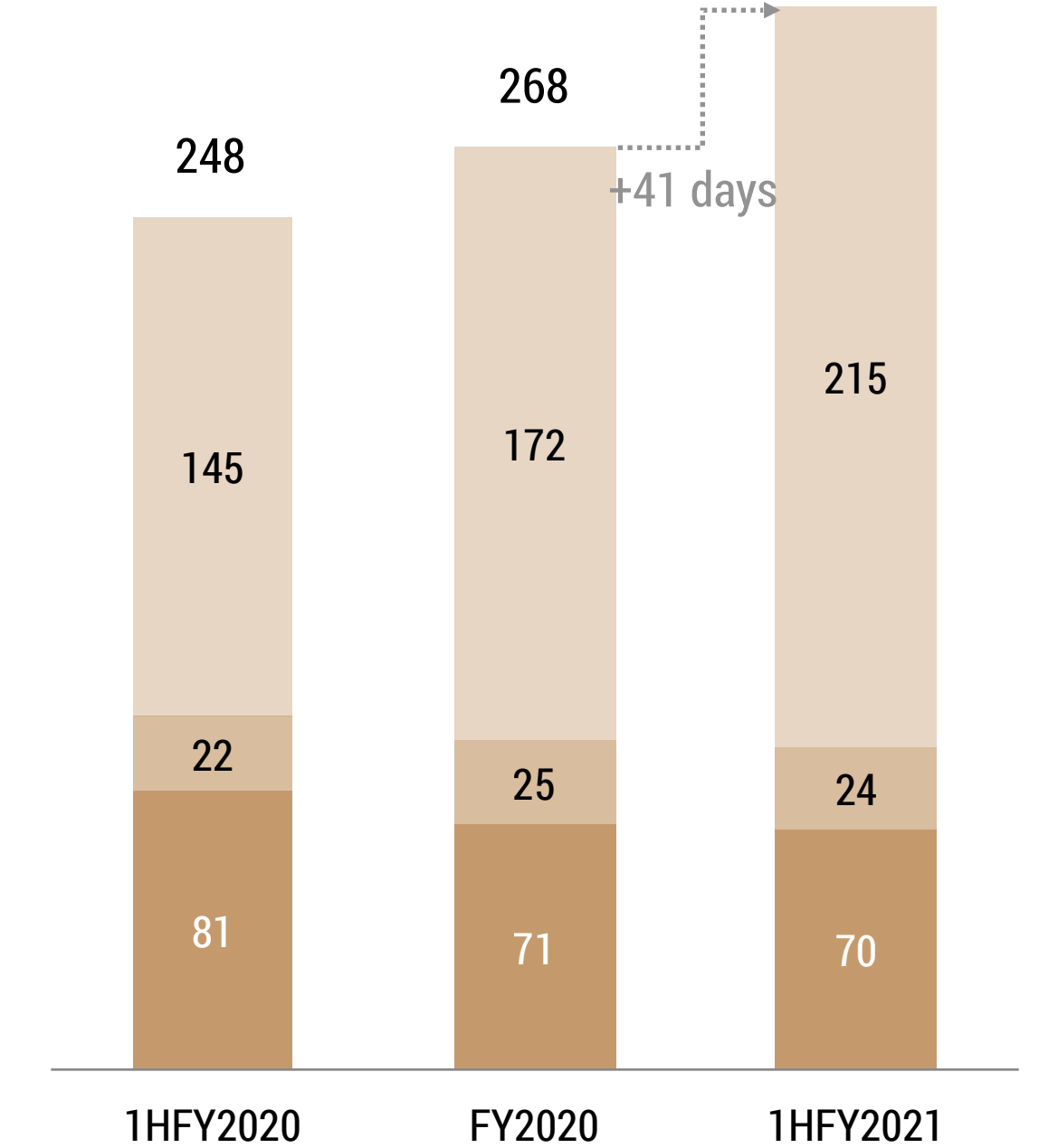
## PAYABLES TURNOVER DAYS (2)

JPY MM



## INVENTORY TURNOVER DAYS (2)

JPY MM



Raw Material Work in Process Finished Goods

### Note

- (1) Turnover days are calculated using the average of the opening, mid year and closing balance of the relevant periods
- (2) Turnover days are calculated using the average of the opening and closing balance of the relevant periods.

# 5 APPENDIX

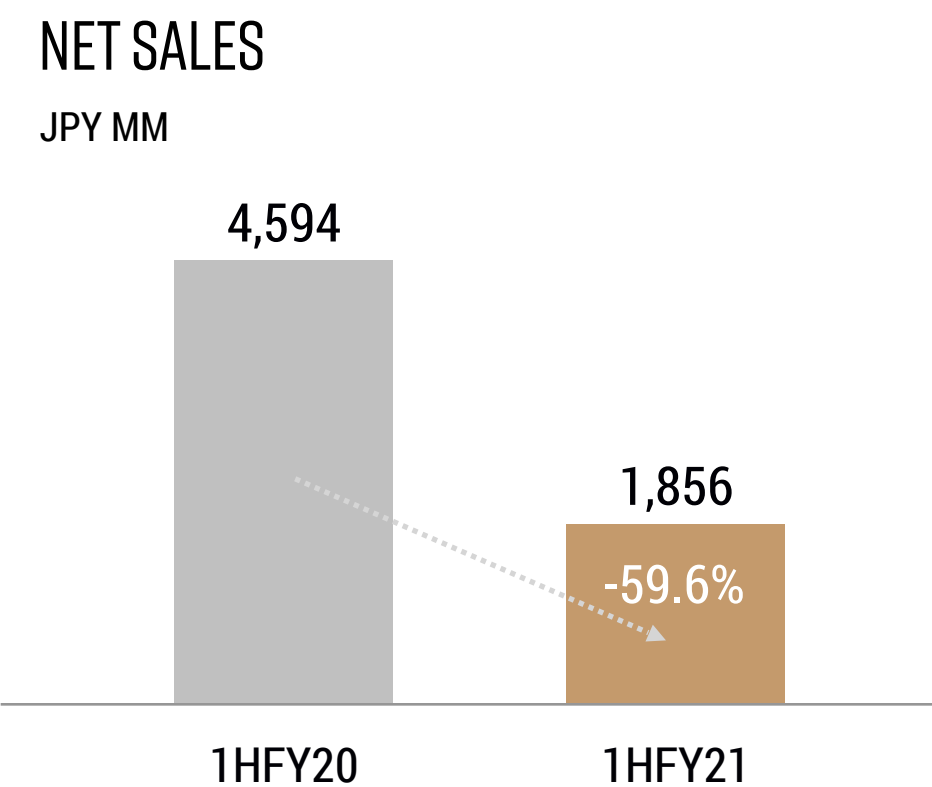
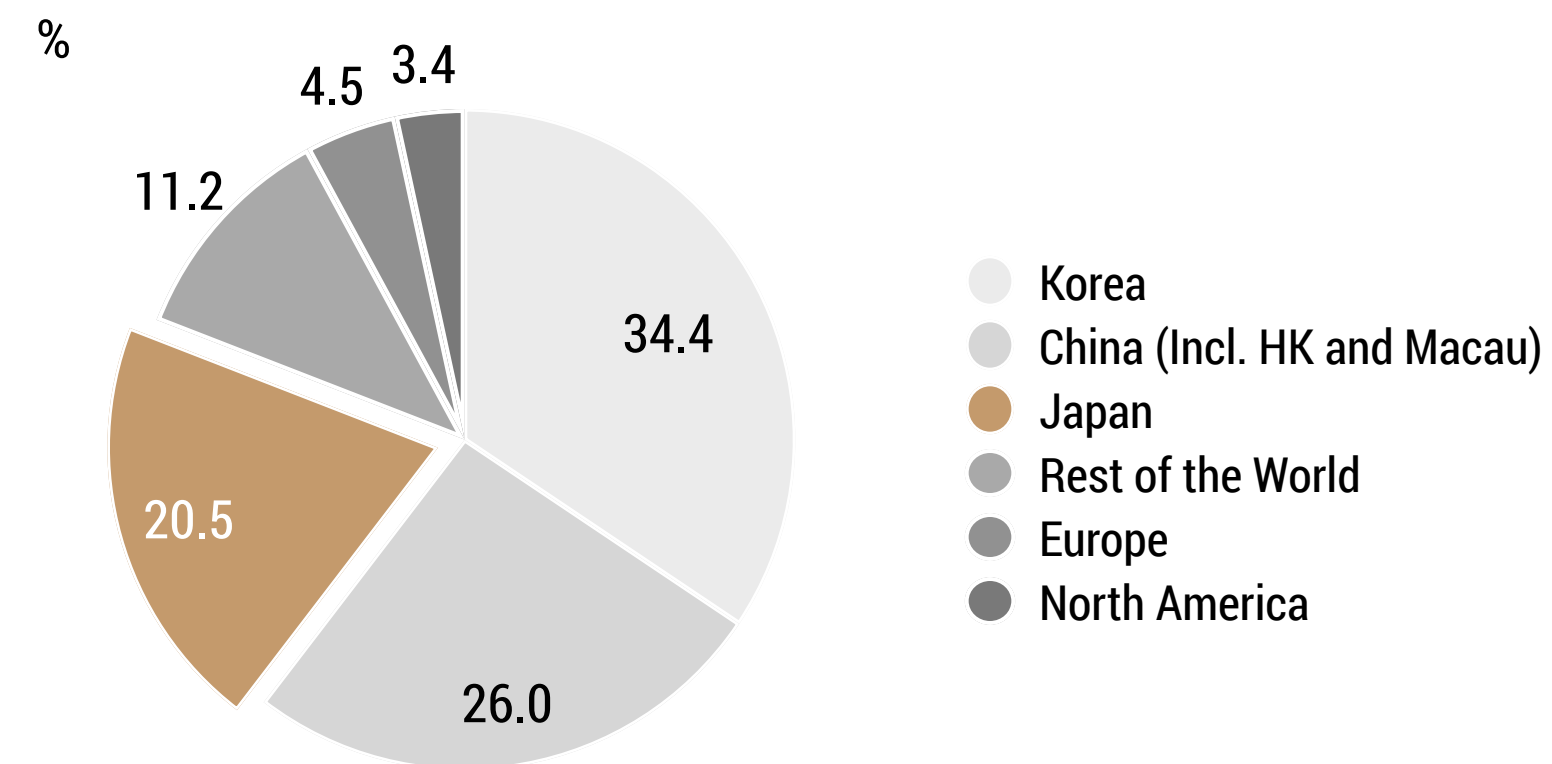


# APPENDIX I BUSINESS REVIEW BY MARKET

## HOME MARKET JAPAN



### ROBUST GROWTH ACROSS HERO PRODUCT CATEGORIES OVERALL SALES DROPPED DUE TO CLUB PORTFOLIO OPTIMISATION



### MARKET

- **2<sup>nd</sup>** largest golf equipment market in the world
- Total equipment market size in 2018 approximates to **USD 1.2 billion** by forecast <sup>(1)</sup>
- **2,290** golf facilities, representing half of the total facilities in Asia <sup>(2)</sup>
- Around **12 million** golf population <sup>(3)</sup>

### HALF YEAR REVIEW ON A CONSTANT CURRENCY BASIS

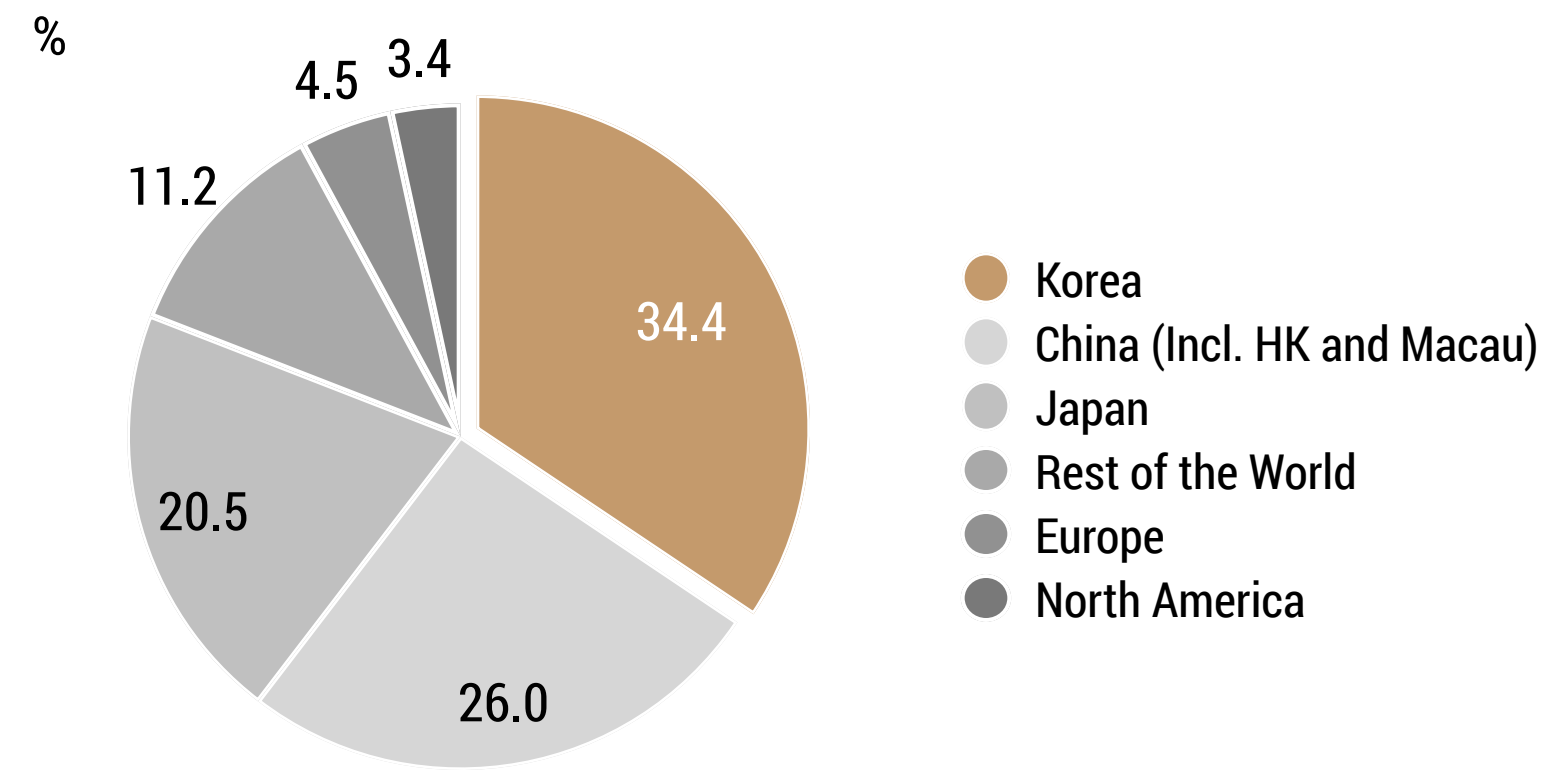
- Retail environment severely disrupted while the country continues to battle with COVID-19
- Sales from E-commerce more than doubled due to shift of consumer behavior prompted by the pandemic

#### Note

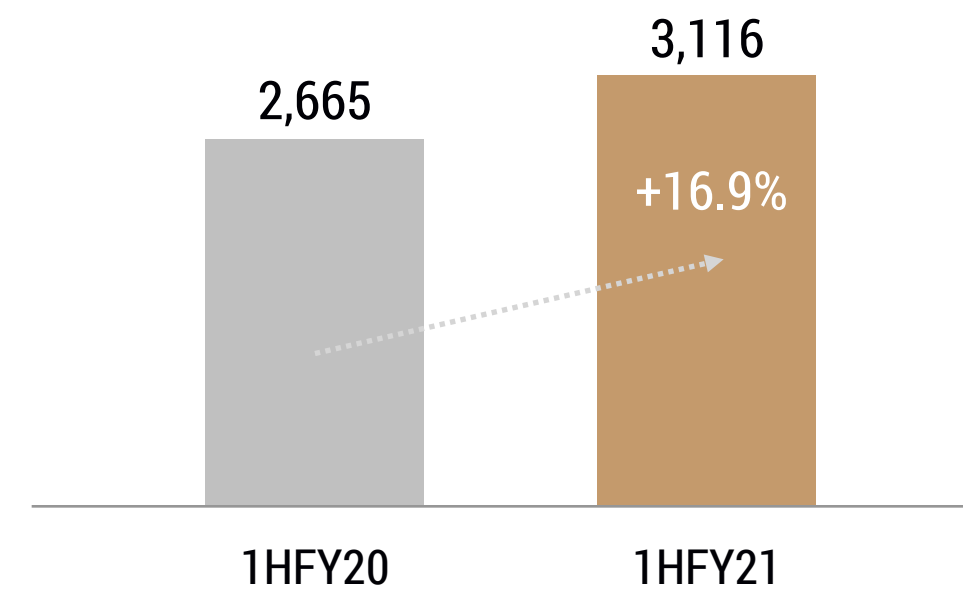
- (1) Source : Golf Around the World 2017, the R&A
- (2) 2018 Yano's White Paper on Golf Industry, Japan
- (3) Frost & Sullivan
- (4) The growth rate shown on this page are calculated on a constant currency basis



## CONTINUED DOUBLE DIGIT GROWTH INTO THE 7<sup>TH</sup> CONSECUTIVE YEAR



NET SALES  
JPY MM



# APPENDIX I BUSINESS REVIEW BY MARKET

## HOME MARKET KOREA

### MARKET

- Fast growing and under-penetrated market
- **3<sup>rd</sup>** largest golf equipment market in the world with **USD 600 million** equipment sales in 2018 by forecast <sup>(1)</sup>
- **6.3 million** of golf population, close to **15%** of total population in Korea <sup>(1)</sup>

### HALF YEAR REVIEW ON A CONSTANT CURRENCY BASIS

- 7<sup>th</sup> consecutive year of double-digit growth
- Golf club sales up by **10.3%** thanks to strong brand equity and continued partnership with Kolon
  - Beres sales increased by **85.4%**
- Growing ball and apparel business with the creation of an internal non-club sales team
  - Golf ball sales up by **41.5%**
  - Apparel sales up by **1023.9%**

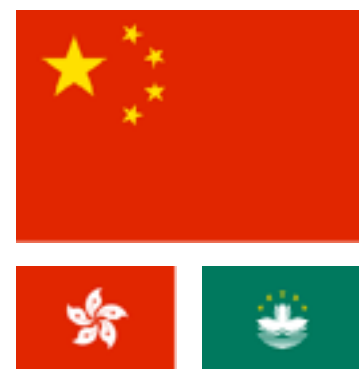
**Note**

(1) Source : KGPA, Korea Golf Association 2017

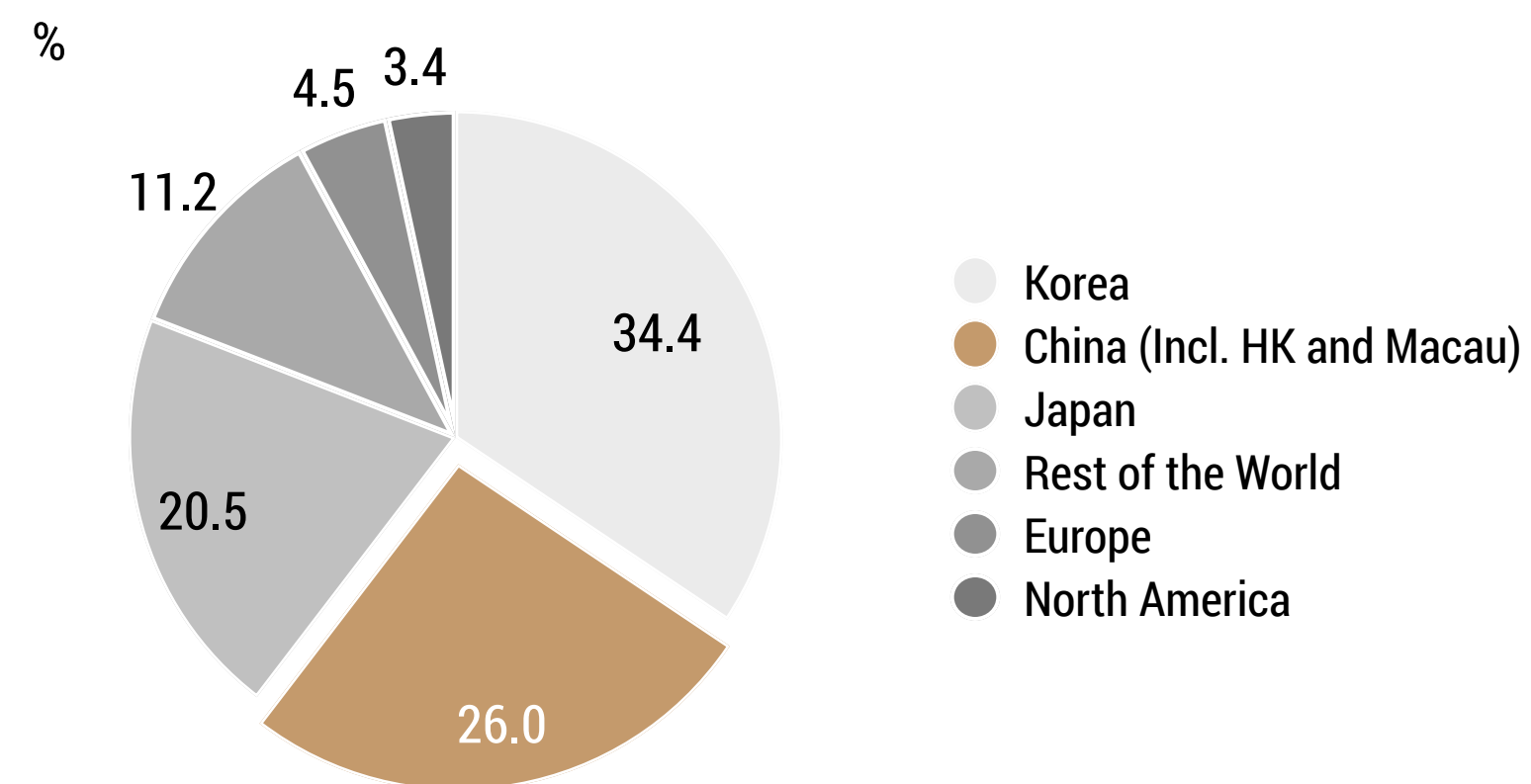
(2) The growth rate shown on this page are calculated on a constant currency basis

APPENDIX I  
BUSINESS  
REVIEW  
BY MARKET

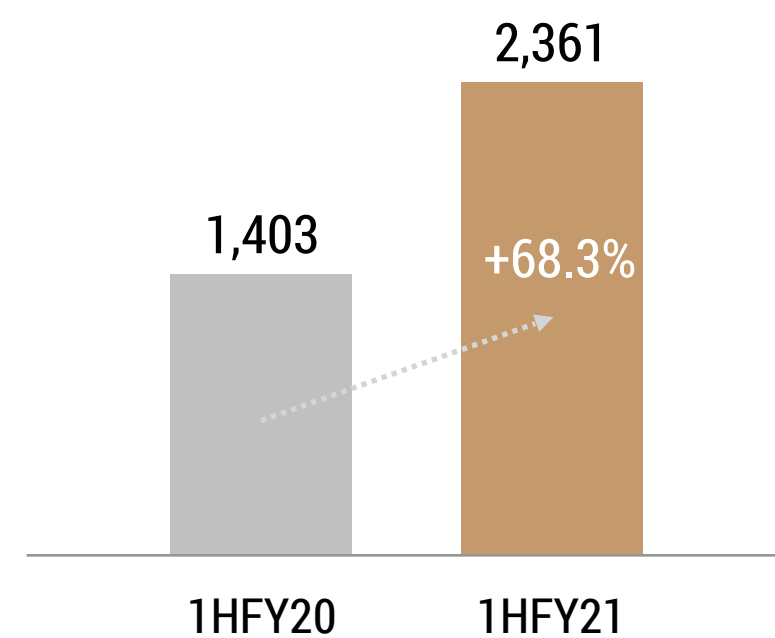
HOME MARKET  
CHINA  
(INCL. HK & MACAU)



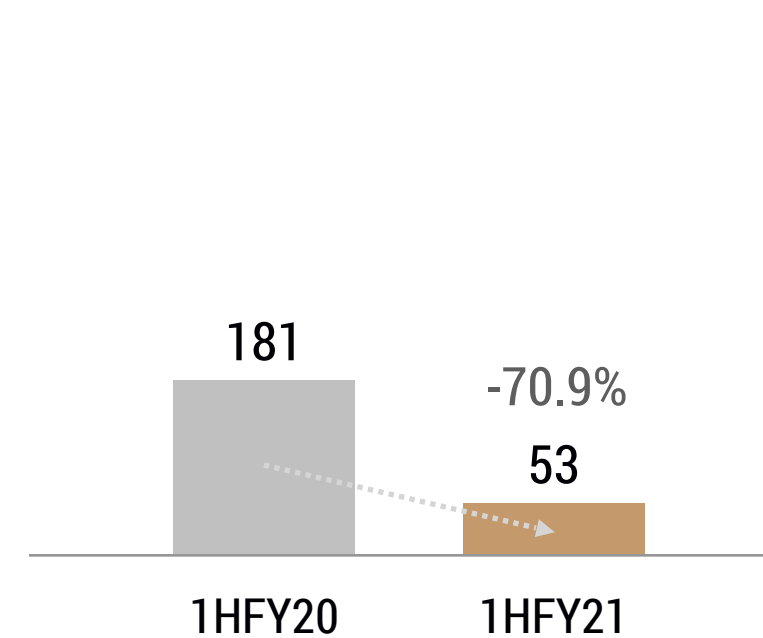
APPAREL SALES BOOMED AFTER APPAREL  
LINE RELAUNCH AND POS EXPANSION



NET SALES MAINLAND CHINA  
JPY MM



NET SALES HONG KONG  
JPY MM



MARKET

- New and developing golf market
- 496 golf courses, around 1 million golf population <sup>(1)</sup>
- Solid and growing demand in active wear and fashion-athletic apparel

HALF YEAR REVIEW ON A CONSTANT CURRENCY BASIS

Mainland China

- Starting from May, strong sales recovery following consumption sentiment rebound and golf courses re-opening
- Golf club sales up by 102.9%
- Golf ball sales up by 28.7%
- Strengthened E-commerce strategy: sales from Tmall and JD flagship store more than quadrupled.

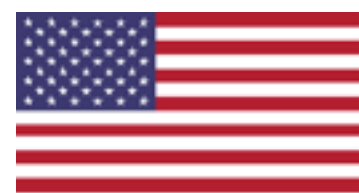
Note

- (1) Source : Forward Golf White Paper Report 2017
- (2) The growth rate shown on this page are calculated on a constant currency basis

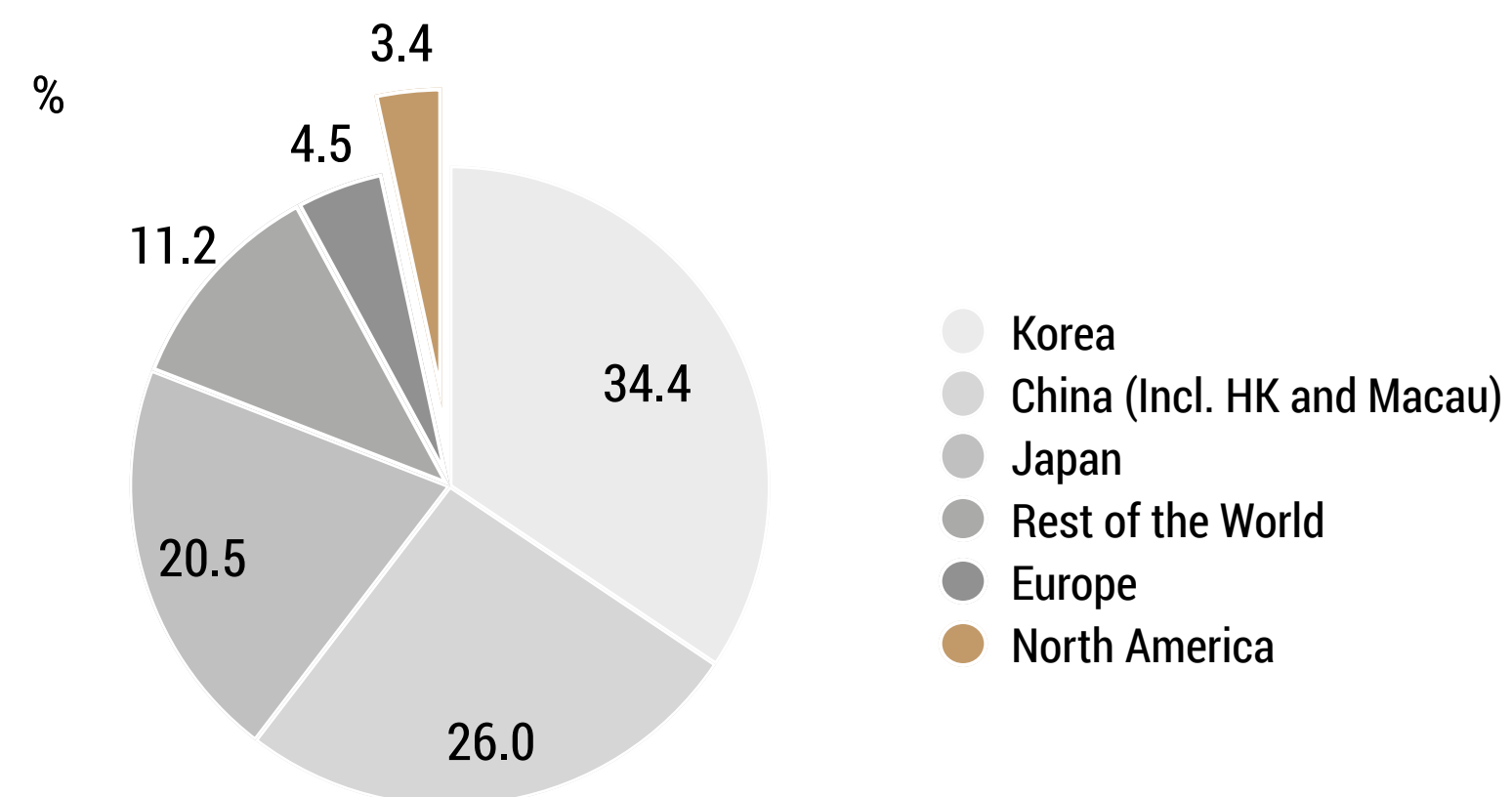


# APPENDIX I BUSINESS REVIEW BY MARKET

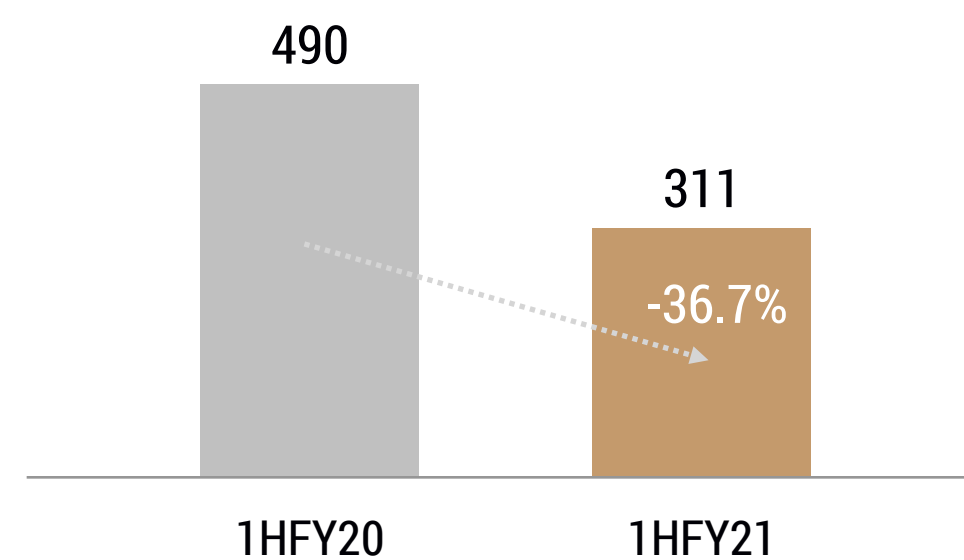
## NEW MARKET NORTH AMERICA



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



NET SALES  
JPY MM



### MARKET

- Largest golf market in the world with **53%** of the global golf retail sales <sup>(1)</sup>
- 2018 golf equipment sales approximates to **USD 4.3 billion** by forecast <sup>(1)</sup>
- Around **24 million** golf participants <sup>(1)</sup>

### HALF YEAR REVIEW ON A CONSTANT CURRENCY BASIS

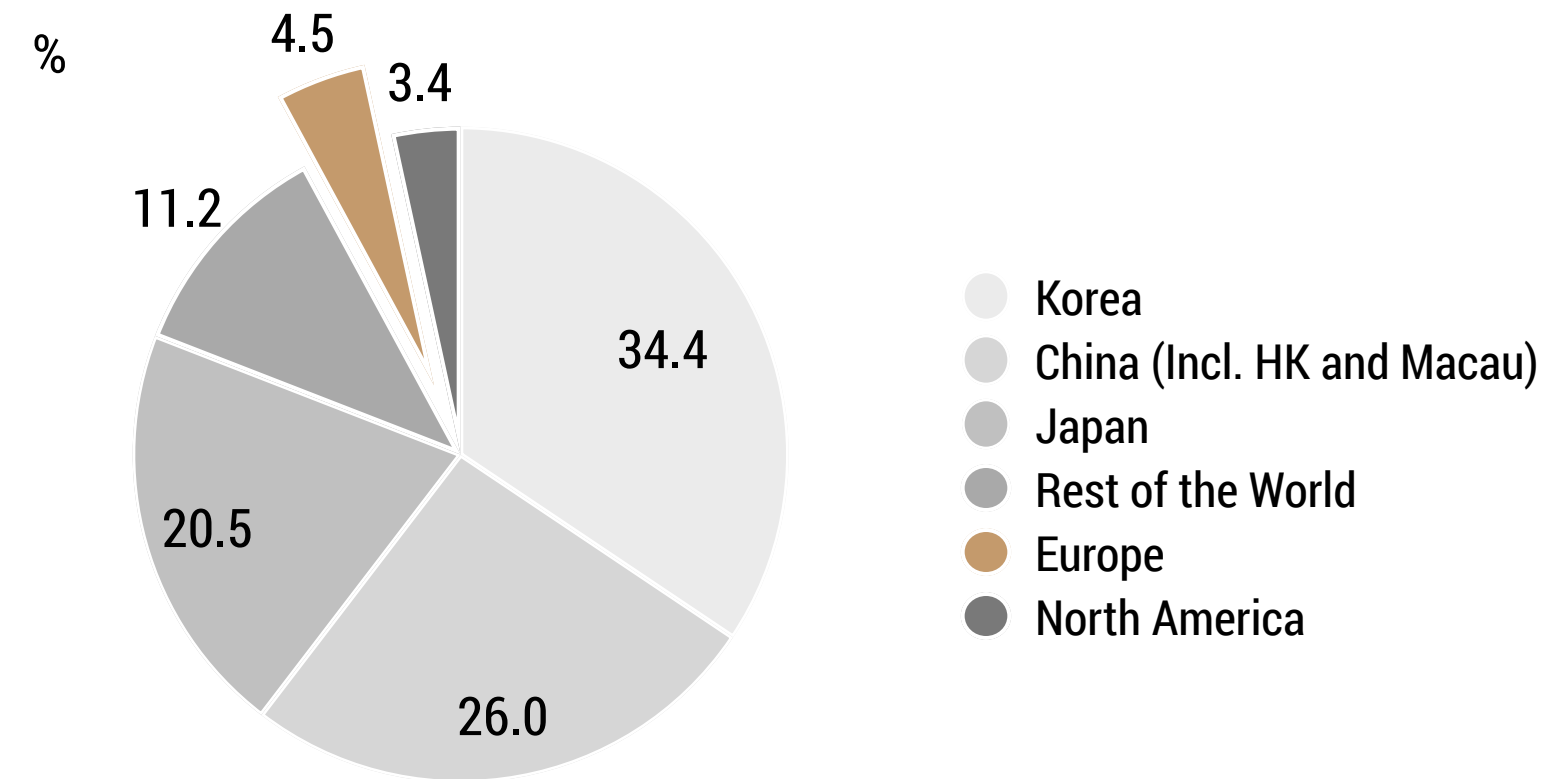
- Retail environment severely disrupted due to the pandemic and social distancing policies
- Continued executing HONMA's unique DTC distribution strategy
  - +125 POS to 549 in total
  - +5 mobile vans to 14 in total

**Note**

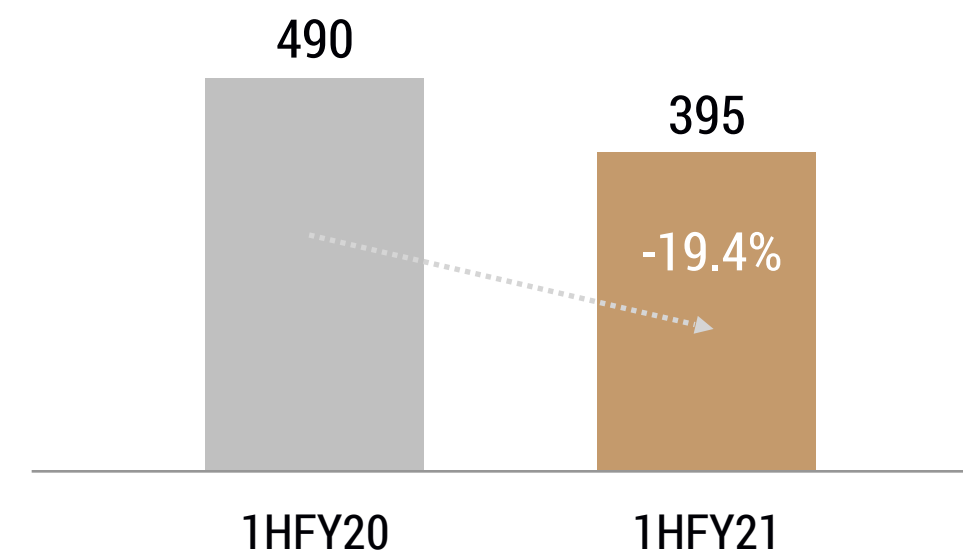
(1) Source : Golf DataTech's 2018 research report  
 (2) The growth rate shown on this page are calculated on a constant currency basis



## EFFECTIVE AWARENESS ELEVATION AND CONTINUED POS INCREASE



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' golf equipment sales, which approximates to **USD 1 billion** <sup>(1)</sup>

## HALF YEAR REVIEW ON A CONSTANT CURRENCY BASIS

- Continued channel penetration and enhancing brand awareness  
+23 POS to 563 in total  
426 demo days / fitting events

### Note

(1) Source : KGPA, Korea Golf Association 2017

(2) The growth rate shown on this page are calculated on a constant currency basis

# APPENDIX I BUSINESS REVIEW BY MARKET

## NEW MARKET EUROPE

# CONSOLIDATED P&L

|   | For the six months ended 30 September |              |                   |              | Year-on-Year Change |
|---|---------------------------------------|--------------|-------------------|--------------|---------------------|
|   | 2019.9.30<br>JPY                      | %            | 2018.9.30<br>JPY  | %            |                     |
| <b>Consolidated Statement of Profit or Loss</b> |                                       |              |                   |              |                     |
| <b>Revenue</b>                                  | <b>9,052,973</b>                      | <b>100.0</b> | <b>10,590,973</b> | <b>100.0</b> | <b>-14.5</b>        |
| Cost of sales                                   | -4,418,599                            | -48.8        | -5,330,135        | -50.3        | -17.1               |
| <b>Gross profit</b>                             | <b>4,634,374</b>                      | <b>51.2</b>  | <b>5,260,838</b>  | <b>49.7</b>  | <b>-11.9</b>        |
| Other income and gains                          | 362,048                               | 4.0          | 36,652            | 0.3          | 887.8               |
| Selling and distribution expenses               | -4,319,244                            | -47.7        | -4,627,977        | -43.7        | -6.7                |
| Administrative expenses                         | -832,987                              | -9.2         | -691,916          | -6.5         | 20.4                |
| Other (expenses)/income, net                    | -244,568                              | -2.7         | -519,534          | -4.9         | -52.9               |
| Finance costs                                   | -39,108                               | -0.4         | -28,476           | -0.3         | 37.3                |
| Finance income                                  | 8,109                                 | 0.1          | 59,680            | 0.6          | -86.4               |
| <b>Profit before tax</b>                        | <b>-431,376</b>                       | <b>-4.8</b>  | <b>-510,733</b>   | <b>-4.8</b>  | <b>-15.5</b>        |
| Income tax expense                              | -372,149                              | -4.1         | 459,495           | 4.3          | -181.0              |
| <b>Net profit</b>                               | <b>-803,525</b>                       | <b>-8.9</b>  | <b>-51,238</b>    | <b>-0.5</b>  | <b>1,468.2</b>      |
| <br>  |                                       |              |                   |              |                     |
| Operating Profit                                | -548,856                              | -6.1         | -28,458           | -0.3         | 1,828.7             |
| Net Operating Profit                            | -850,219                              | -9.4         | 392,072           | 3.7          | -316.9              |

**Note**

- (1) Operating profit is derived from profit before tax by (i) subtracting other income and gains, (ii) adding other expenses, (iii) adding listing expenses and (iv) 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 listing expenses, (iv) adding RSU expenses and (v) adding impact on tax. The Group referred to such measure as adjusted net profit in the Group's Interim Results Announcement for the Six Months Ended 30 September 2019 dated 29 November 2019

# CONSOLIDATED BALANCE SHEET

|   | For the six months ended 30 September                            |                   |
|---|--|-------------------|
|   | 2019.9.30  | 2019.3.31         |
|   | JPY  |                   |
|   | <i>(In thousands, except for percentages and per share data)</i> |                   |
| <b>Consolidated Statement of Financial Position</b> |  |                   |
| <b>Assets</b>                                       |  |                   |
| Non-current assets                                  | 8,985,203  | 9,825,389         |
| Current assets                                      | 27,358,893   | 30,354,928        |
| Total Assets  | 36,344,096   | 40,180,317        |
| <b>Liabilities</b>                                  |  |                   |
| Non-current Liabilities                             | 2,070,706  | 2,975,818         |
| Current Liabilities                                 | 14,664,017   | 6,363,274         |
| Total Liabilities                                   | 16,734,723   | 9,339,092         |
| <b>Net current assets</b>                           | <b>12,694,876</b>  | <b>23,991,654</b> |
| <b>Total assets less current liabilities</b>        | <b>21,680,079</b>  | <b>33,817,043</b> |
| Net Assets  | 19,609,373   | 30,841,225        |
| Total Equity  | 19,609,373   | 23,005,386        |

*For more inquires, please contact  
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