

HONMA GOLF (6858.HK)

FY2021/22 INTERIM RESULTS

NOVEMBER 2021



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

- 237 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



PREMIUM & PERFORMANCE-DRIVEN GOLF PRODUCTS

- Complete diversified range of 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
- 4,117 POS via third party retailers & wholesalers
- Fast growing E-commerce business in China, Japan, South Korea and the US

2.

PERFORMANCE OVERVIEW



RECORD SALES AND PROFIT GROWTH VERSUS SAME PERIOD OF 2020 AND 2019

	6 MONTHS ENDED 30 SEP 2021	GROWTH VS. SAME PERIOD IN 2020 (JPY BASE)	GROWTH VS. SAME PERIOD IN 2019 (JPY BASE)
Net Sales	JPY 11,871.9MM / USD 106.8MM ⁽¹⁾	+31.1%	+12.1%
Gross Profit Margin	55.3%	+4.1pp	+5.6pp
EBITDA	JPY 2,634.9MM / USD 23.7MM ⁽¹⁾	+459.4%	+1342.0%
- EBITDA Margin	22.2%	+17.0pp	+20.5pp
Net Profit	JPY 1,348.4MM / USD 12.1MM ⁽¹⁾	+JPY 2,151.9MM	+JPY 1,399.6MM
- Net Profit Margin	11.4%	+20.2pp	+11.8pp
Reported Earnings Per Share	JPY 2.23 / HKD 0.16 ⁽¹⁾	+JPY 3.56	+JPY 2.31
Net Operating Cash Flow	JPY 3,702.4MM / USD 33.3MM ⁽¹⁾	+43.7%	+820.0%
Net Cash Position	JPY 6,067.0MM / USD 54.6MM ⁽¹⁾	+135.3%	+31.3%
Proposed Dividend	JPY 1.5 / share (Dividend Payout Ratio: 67.3%)	-	-JPY 0.14 / share

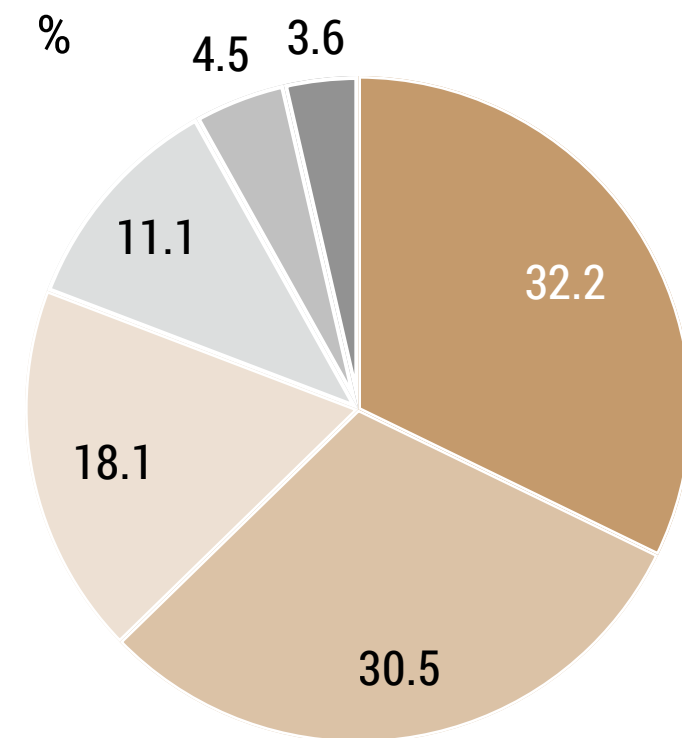
Note

(1) Exchange rate: 1 USD = 111.15 JPY; 1 HKD = 14.29 JPY

KEY FINANCIALS

SALES OVERVIEW BY MARKET

IHFY22 NET SALES
JPY 11,872 MILLION / USD 107 MILLION, +31.1%



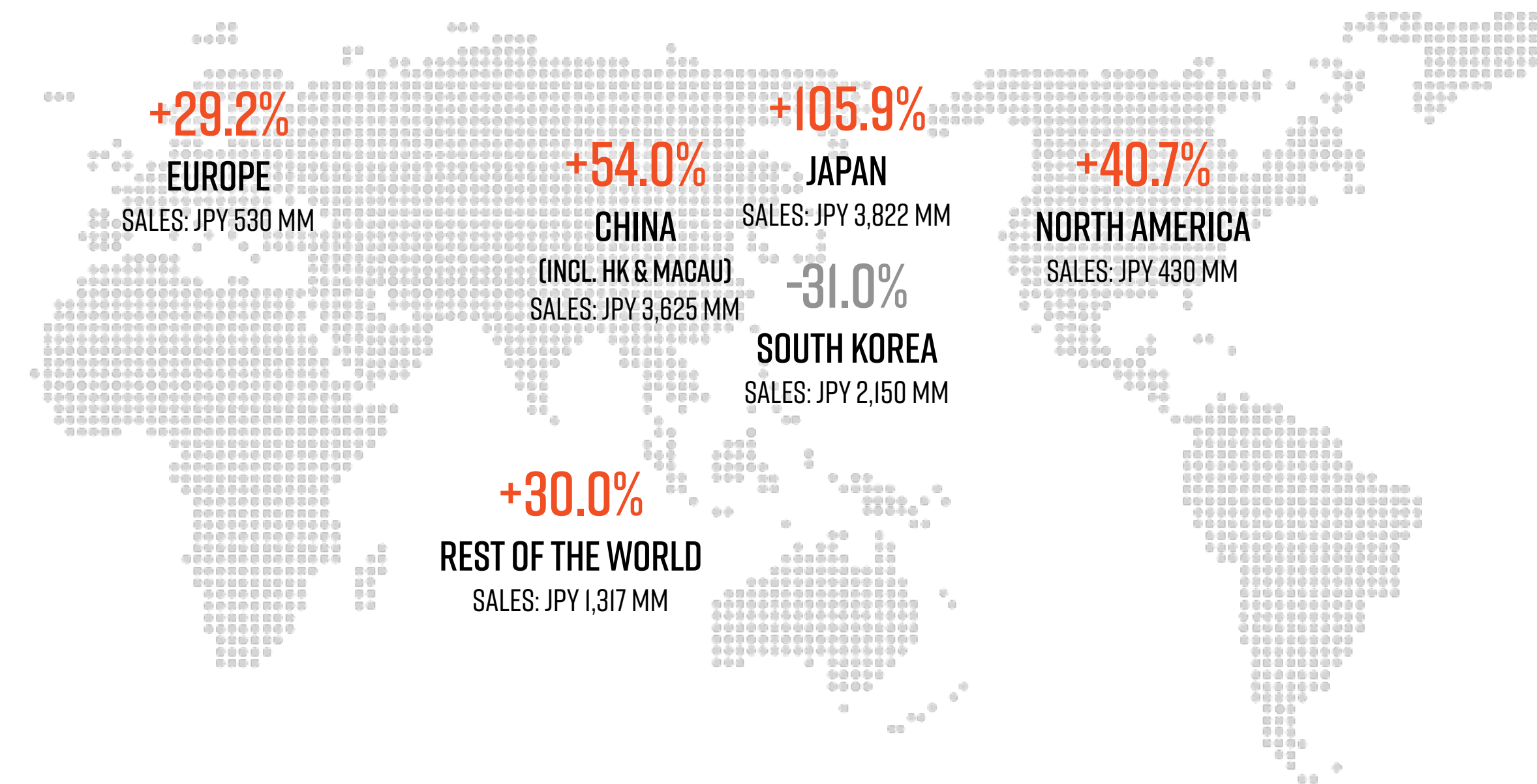
- Japan
- China (Including Hong Kong and Macau)
- Korea
- Rest of the World
- Europe
- North America

PERFORMANCE OVERVIEW

Vigorous YOY sales growth across main markets, driven by continued inroad into performance club and non-club segment and pent-up demand.

Sales from **China, Rest of the World and Europe** exceeded pre-COVID level, despite headwind from supply chain constraints.

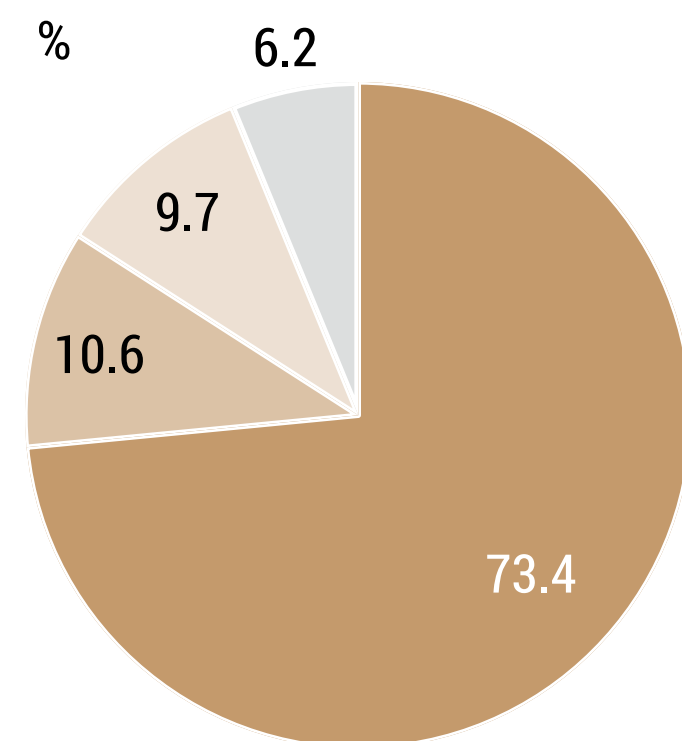
Sales from South Korea declined solely due to component shortfall, but shipment will resume from December 2021.



PERFORMANCE OVERVIEW

SALES OVERVIEW BY PRODUCT CATEGORY

IHFY22 NET SALES
JPY 11,872 MILLION / USD 107 MILLION, +31.1%



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

Sales from all product categories surged, on the back of a strong rebound of consumer demand, enhanced HONMA brand awareness and successful activation of various products

GOLF CLUBS

NET SALES +23.9% TO JPY 8,719 MILLION
GROSS MARGIN +74PP TO 58.2%



- Robust recovery across all product families and retail channels
- Sales from Tour World family +125.8%, driven by the successful activation of GS, the new performance enhancement club series launched in Jan 2021

APPARELS

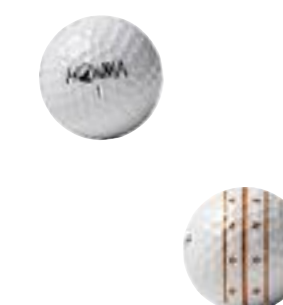
NET SALES +151.3% TO JPY 1,259 MILLION
GROSS MARGIN -16.0PP TO 53.7%



- China and Korea continued fueling growth
- Growing brand awareness and consumer mind share
- Continued upgrade of product development, merchandise planning & retail operations

GOLF BALLS

NET SALES +24.3% TO JPY 1,154 MILLION
GROSS MARGIN -4.9PP TO 44%

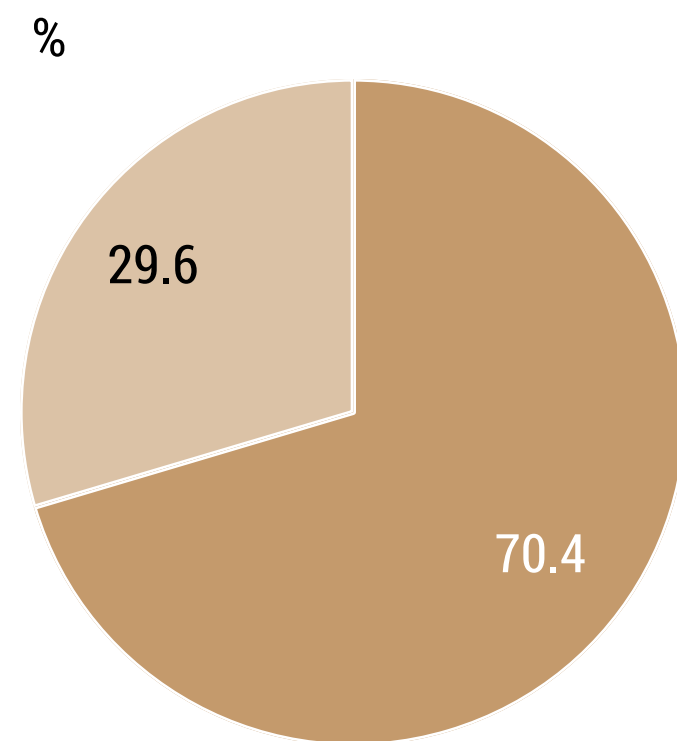


- Continued mid-double digit growth for the past 6 years with 41.1% of CAGR
- Pivoting a three product strategies targeting low, mid and high price segments

PERFORMANCE OVERVIEW

SALES OVERVIEW BY CHANNEL

IHFY22 NET SALES
JPY 11,872 MILLION / USD 107 MILLION, +31.1%



- Distributors
- DTC Channels

DIRECT-TO-CONSUMER CHANNEL

NET SALES +34.6% TO JPY 3,516 MILLION; GROSS MARGIN +4.3PP TO 60.7%

77
SELF-OPERATED STORES

- +8 new locations, net -3 stores
- Continuously upgrading store design, visual display and consumer experience
- Visible improvement in same-store-sales (SSS)

8
US MOBILE VANS

- -4 vans
- Performing fitting events at major golf courses

E-COMMERCE

- Operating in China, Japan, South Korea and the US
- Total net sales +99%; net sales from China +115%

3RD PARTY RETAILERS AND WHOLSALERS

NET SALES +29.7% TO JPY 8,356 MILLION; GROSS MARGIN +3.9PP TO 53.0%

- 4,117 POS, number of POS +182
- Sales went up as a result of pent-up demand and improved retail environment following ease of COVID related restrictions
- Sales from Japan +265.3% as most 3rd party retailers recovered from lingered business closure during the pandemic.

3.
*BUSINESS
HIGHLIGHT*



BUSINESS HIGHLIGHT



PRODUCT

GOLF CLUBS

- Strengthened focus on **super premium** and **premium performance consumer segments**
- Enriching premium performance products targeting golfers with 8-20 handicaps
- Sales from clubs rose by **23.9%**, led by sales from premium performance segment which grew by **125.8%**

NON-CLUB PRODUCTS

- Steady advancement of **ball and apparel** businesses in Asia home markets
- Ball sales exhibited a CAGR of **41.1%** over the past 6 years; apparel sales grew at a CAGR of **53.3%** over the past 3 years since its relaunch in 2019
- Sales from **apparel** went up by **151.3%** and overtook balls and accessories to become the 2nd largest product category, first time since its relaunch in Spring 2019

CHANNEL

- Continuously extending HONMA's **retail presence** with primer location, elevated visual design and merchandising display to provide better consumer experiences
- Sales from **self-operated channels up by 34.6%** while single-store-sales increased significantly, in most cases, surpassing pre-COVID level thanks to improved product offerings and continued operational optimization
- Sales from **3rd party retailers completely recovered** from the business closure during the pandemic, up by **29.7%**
- The momentum in **E-commerce** remained strong post COVID driven by profound change in consumer behavior and business environment through digital transformation

BRANDING AND CONSUMER ENGAGEMENT

- Upgraded **360 degree HONMA brand experience** in retail spaces, customer events and digital channels in pursuit of consumers in **super-premium** and **premium-performance** segments
- Enriched **TEAM HONMA** with young and uprising athletes, coaches and influencers
- Enhanced **CRM system** to better understand our consumers and nurture consumer loyalty
- Strengthened recognition by the global golf community; 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 07



Beres 07

PREMIUM PERFORMANCE SEGMENT

T//WORLD

TOUR RELEASE SERIES

SERIOUS GOLFERS HANDICAP 0-12

TR 20/21



PERFORMANCE ENHANCEMENT SERIES

GAME IMPROVEMENT GOLFERS HANDICAP 8-20

GS



OTHER CLUB PRODUCTS

PUTTERS, COUNTRY SPECIFIC MODELS,
SPECIAL EDITIONS

Daruma Series



Sakura Series



SALES FROM GOLF CLUBS SHOT UP BY **23.9% YOY (+8.0% VS 2019)** TO **JPY 8,719 MILLION**

MOST OF THE MARKETS DELIVERED MID-DOUBLE DIGIT GROWTH, IF NOT BETTER, LED BY JAPAN WHOSE SALES +151.5%

A. CLUB PORTFOLIO OPTIMIZED

TO FOCUS ON SUPER PREMIUM AND PREMIUM PERFORMANCE CONSUMERS SEGMENTS

[CONT'D]

	BERES 	TOUR WORLD 	OTHERS 
PRODUCT LAUNCH	<ul style="list-style-type: none"> Beres 07 launched since Dec 2019, amidst COVID Next generation planned to be launched in Dec 2021 	<ul style="list-style-type: none"> 2-proned product approach appealing both double and single handicappers GS was launched in Feb 2021, to be completed by TW757 in Mar 2022 	<ul style="list-style-type: none"> Putters Country specific models Special editions
SALES PERFORMANCE	<ul style="list-style-type: none"> 1H FY22 sales +0.6% 47.5% of club sales Overall growth remained flattish, hampered by temporary supply chain constraint Most major markets delivered double-digit if not triple-digit sales growth 	<ul style="list-style-type: none"> 1H FY22 sales +125.8% 20.4% of club sales Successful activation of GS, a performance enhancement product launched to enrich Tour World family 	<ul style="list-style-type: none"> 1H FY22 sales +39.7% 31.8% of club sales All-time favorite to consumers who are looking for an extinguished and exquisite cosmetics

GOLF BALL SALES INCREASED BY **24.3% YOY (+16.5% VS 2019)** TO **JPY 1,154 MILLION**

PIVOTING A PYRAMID PRODUCT STRATEGY WHILE CONTINUOUSLY EXTENDING HONMA'S MIND AND MARKET SHARES

B.
**STEADY REVENUE
GROWTH IN
GOLF BALLS**

ACROSS ASIA HOME MARKETS



D1 2020, 2-LAYER BALL



BERES 3 STAR, 3-LAYER BALL



HONMA X4, 4-LAYER BALL

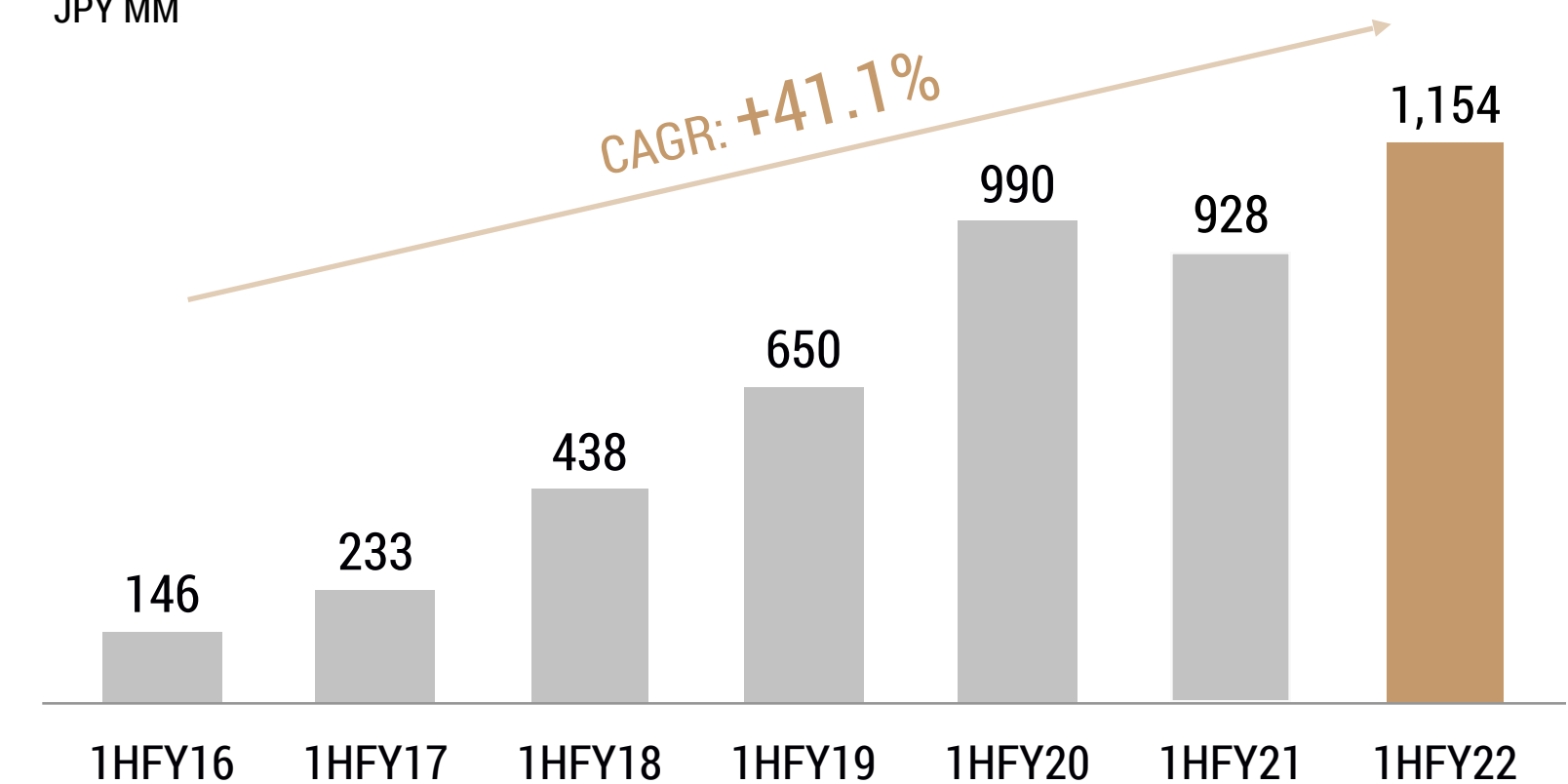


BERES 5 STAR, 6-LAYER BALL

- Continued product development efforts with Leading R&D capabilities and launched products with own patent
- Dedicated sales force and product marketing resources to drive market penetration in Japan, China and South Korea

GOLF BALL SALES

JPY MM



C.
CONTINUE
NURTURING
APPAREL BUSINESS
ACROSS ASIA HOME MARKETS

APPAREL SALES SURGED **151.3% YOY (+134.9% VS 2019)**
TO **JPY 1,259 MILLION**

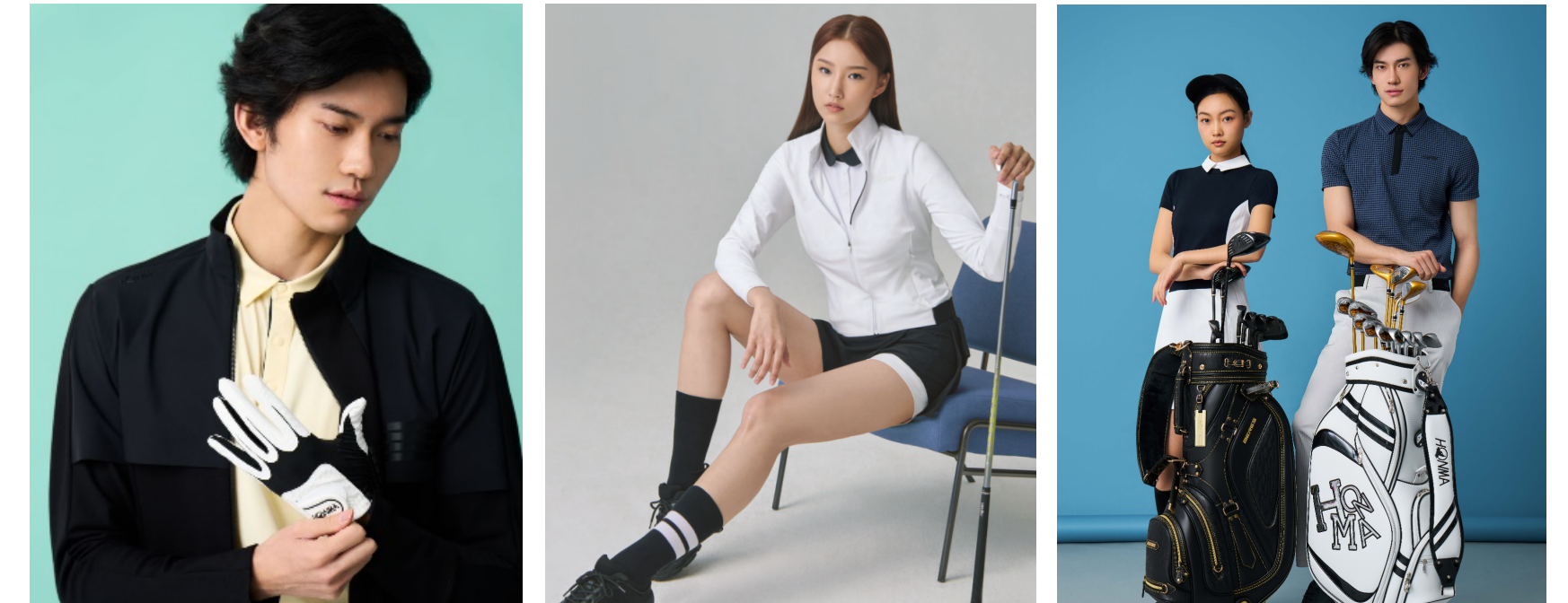
THANKS TO CONTINUOUSLY IMPROVED PRODUCT OFFERINGS
AND RETAIL OPERATION OPTIMIZATION AS WELL AS PENT DOWN
DEMAND

- Sales in Japan **+112.8%**
 - Retail partners recovering from business closure during the pandemic
 - Driving apparel product awareness through young and uprising Team HONMA pro players on tour and in marketing exposure
- Sales in Mainland China **+123.8%**
 - Fast-evolving sports market with growing mass interests in outdoor sports
 - HONMA brand apparel stores **+5 to 40** in total
 - Elevated retail operations and merchandise display
 - E-commerce campaigns and digital marketing efforts
- Sales in South Korea **+384.5%**
 - Fastest growing market in woman's sports fashion
 - HONMA brand apparel stores **+4 to 29** in total
 - Dedicated apparel team formed in 2019

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

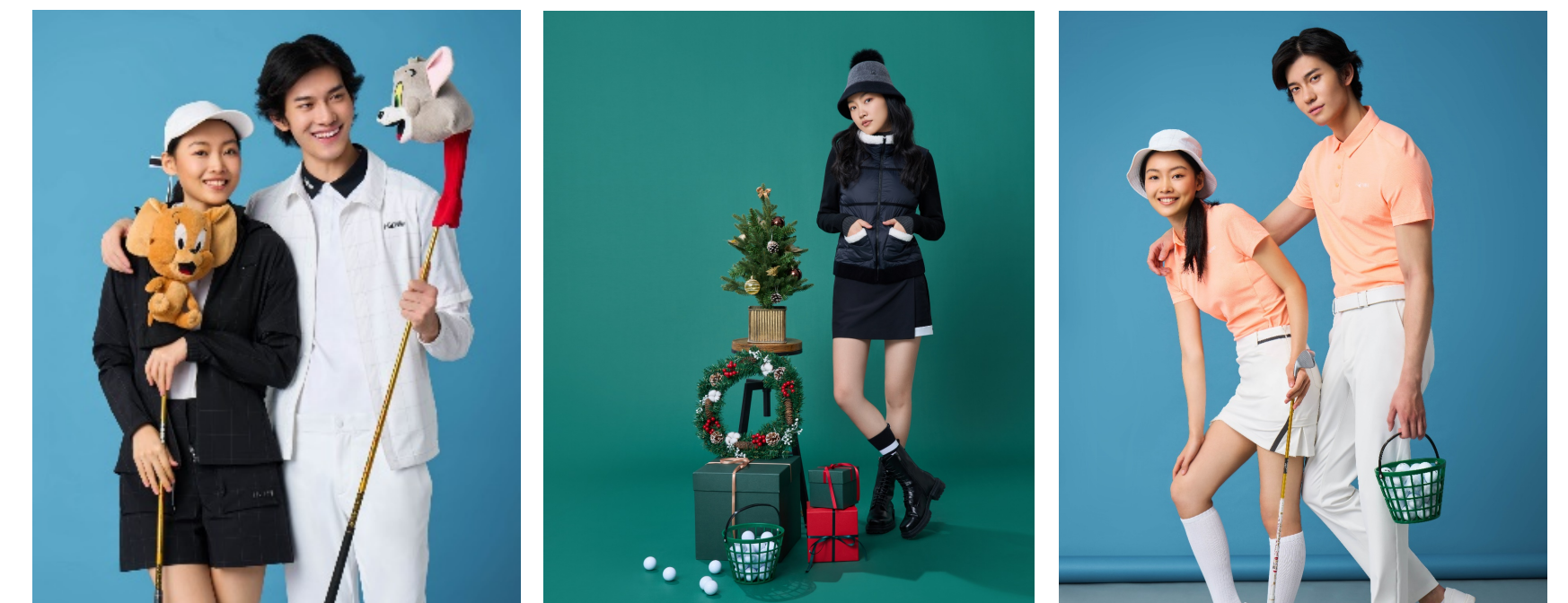
PREMIUM PERFORMANCE LINE

Professional performance wear designed for golfers to perform perfectly on the course, featuring high-tech functional fabrics and 3D synchronized cutting



FASHION ATHLETIC LINE

Trendy athleisure wear targeting golfers and pan-golfers, 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 **+34.6%**
- **77** self-owned stores; **8** new stores opened
- **8** mobile vans in the US, bring HONMA fitting experience to consumer's home course

THIRD-PARTY RETAILERS AND WHOLESALERS

CONTINUED TO DRIVE PENETRATION AND GAIN MIND SHARE

- Sales from third-party **+29.7%**
- Number of POS increased by **182** to **4,117**, led by
 - **+102** in the US and **+37** in Europe
 - Encouraged by the coming back of golfers post COVID-19 and enhanced brand recognition in both markets



E. RENEWED E-COMMERCE STRATEGIES

SUPPORTED BY UP-TO-DATE SOCIAL MEDIA AND CRM PLATFORMS

E-COMMERCE SALES JUMPED UP BY 99.0%

DRIVEN BY

- ACCELERATED DIGITAL MARKETING, IN PARTICULAR CONTENT MARKETING EFFORTS AND FULL-CHANNEL APPROACH

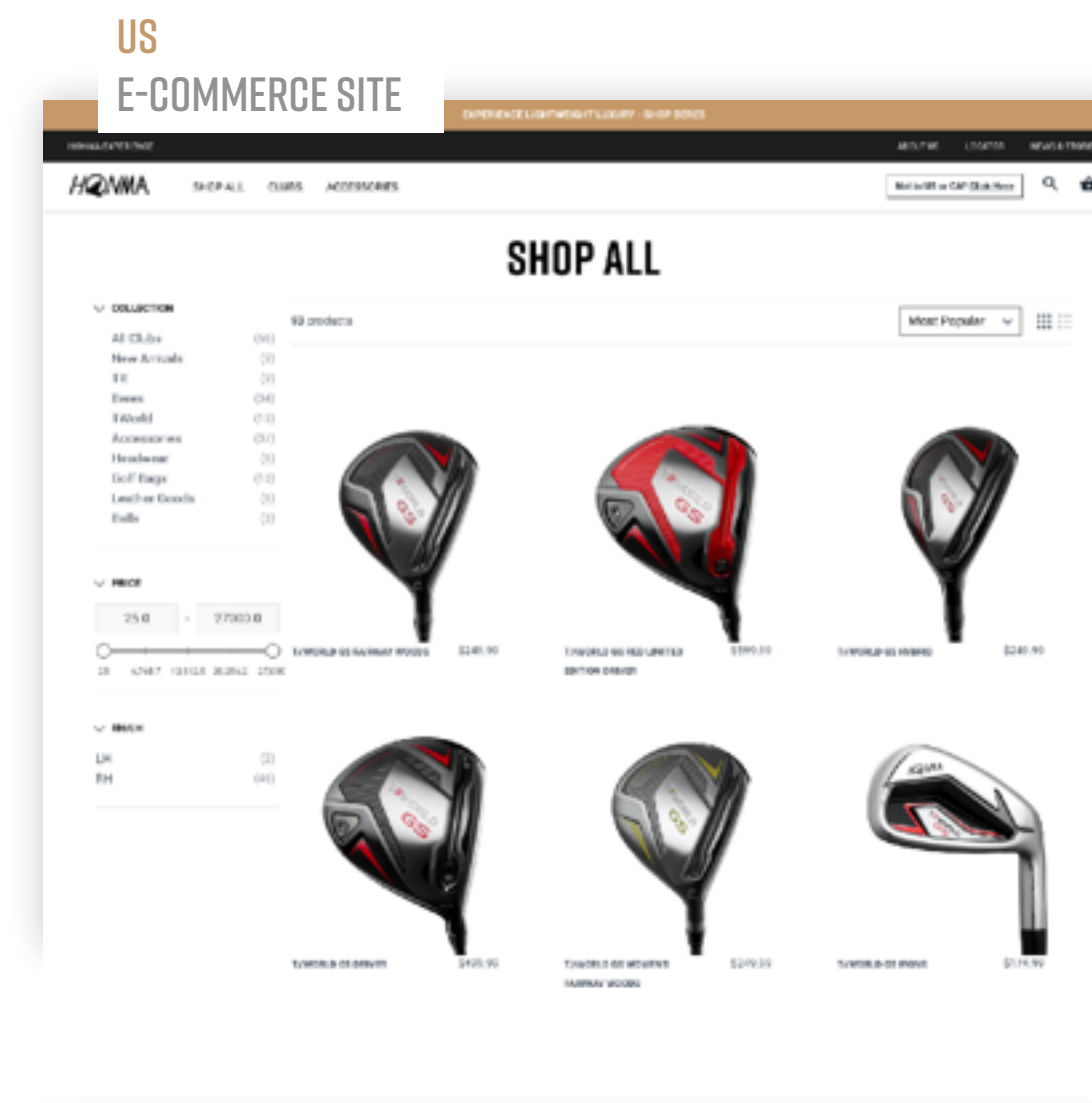
- E-commerce platforms in major markets
 - China: Tmall and JD
 - Japan & US: self-operated E-commerce site
 - South Korea: Lotte
- E-commerce sales grew significantly in all above mentioned markets, led by China whom recorded a YOY growth of +114.9%
 - 2021 'Double 11' campaign GMV +107%
- Investment into E-commerce business
 - Dedicated E-commerce team and marketing resources
 - Livestream sales campaign launched on E-commerce platforms
 - Search engine optimization and in store visual updates
 - Full channel CRM system to upgrade loyalty program and improve consumer experiences



TMALL FLAGSHIP STORE



JD FLAGSHIP STORE



JAPAN E-COMMERCE SITE



F.
RE-DEFINING HONMA
DYNAMIC,
MODERN,
GLOBAL

DRIVING BRAND AWARENESS ACROSS ALL MARKETS

CUSTOMER EVENTS

2,008 EVENTS (+48% YOY)

21,552 PARTICIPANTS (+40% YOY)

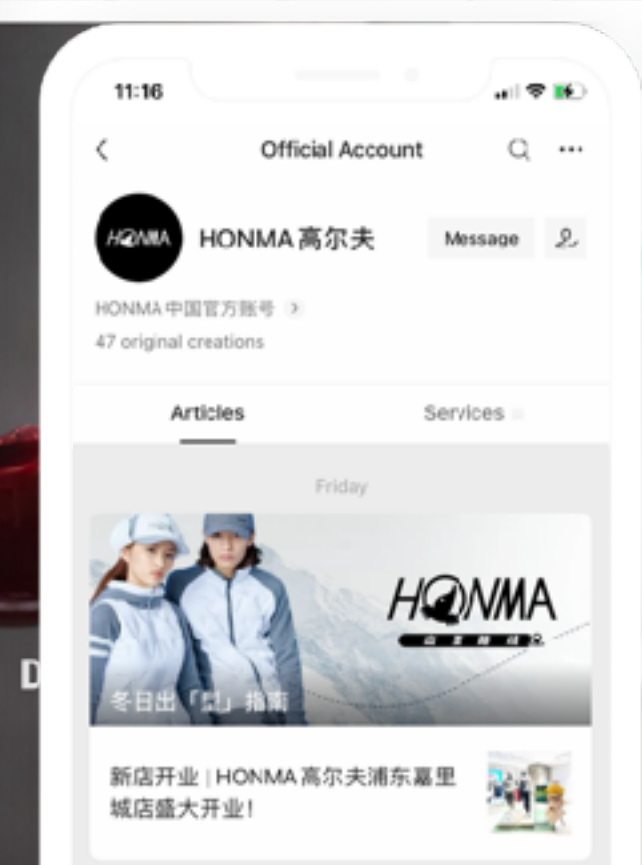
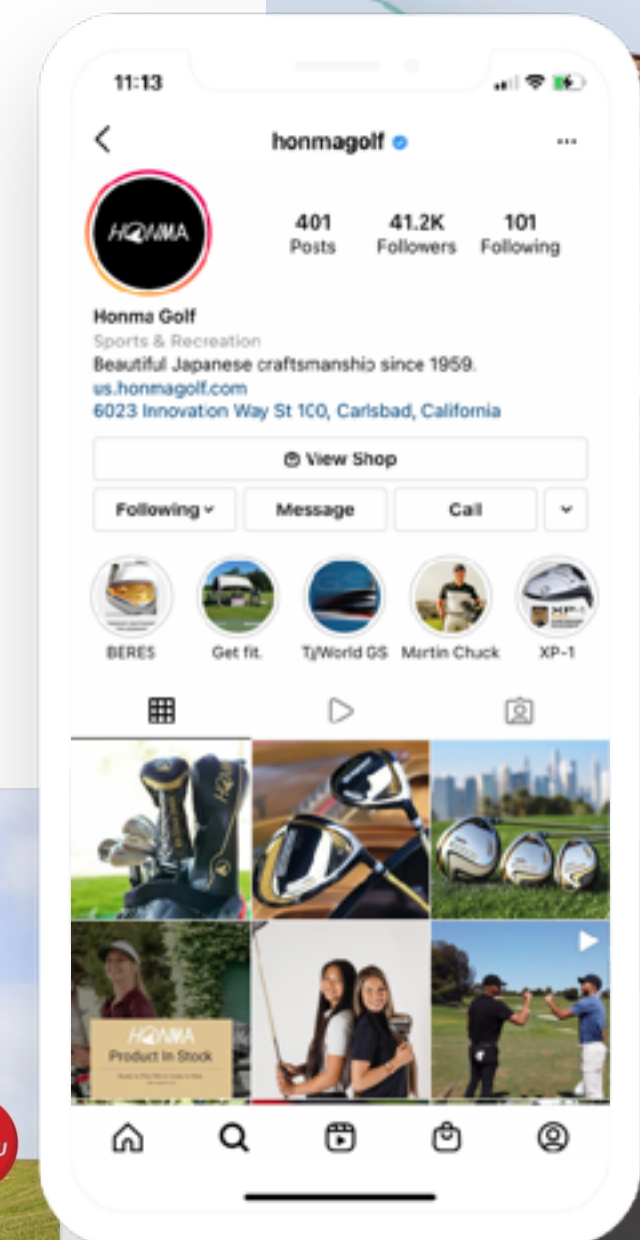
- The activities were mainly held on **golf courses** with dedicated fitters
- Integrated brand experience and retail activities targeting consumers in **super premium** and **premium performance** segments
- Key to the continued enhancement of HONMA's brand and product awareness and consumer impression
- **Increase in rounds played** following global easing of COVID related restrictions and boosted golf participation.



F.
RE-DEFINING HONMA
DYNAMIC,
MODERN,
GLOBAL
[CONT'D]

UPGRADED DIGITAL COMMUNICATION THROUGH RELAUNCHED GLOBAL WEBSITE & ALL-CHANNEL SOCIAL MEDIA ACCOUNTS

- Frequent updates on the relaunched global website and 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
 - To recruit and engage with **younger golfers**
- New forms of digital contents / campaigns rolled out during the pandemic and beyond



SPONSORING TEAM HONMA PLAYERS

15 TEAM HONMA
PRO-PLAYERS

3 JAPAN GOLF TOUR
(JGTO)

8 JAPAN LADIES
PROFESSIONAL GOLF (JLPGA)

4 KOREA LADIES
PROFESSIONAL GOLF (KLPGA)

1 EUROPEAN TOUR

- In Jan 2021, **6 uprising young JLPGA athletes** were added onto TEAM HONMA Japan
- The new partnership aims to further enhance HONMA's tour presence in Asia with its **performance-driven consumers**, especially **young millennial golfers** amid the promising trend of golf development in Asia



TEAM HONMA WINNING CHAMPIONSHIP IN PROFESSIONAL TOURS



THIDETO TANIHARA WON
2021 MITSUI SUMITOMO VISA
TAIHEIYO MASTERS



MIYU GOTO WON KANEHIDE
MIYARABI OPEN

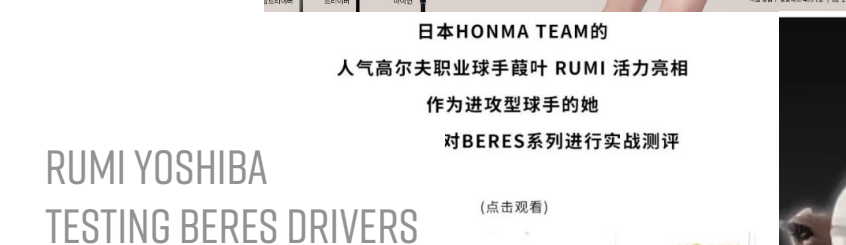
TEAM HONMA IN MARKETING AND CUSTOMER ACTIVITIES



LEE BO-MEE IN NEW GS
CAMPAIGN VIDEO



TEAM HONMA WITH FANS



RUMI YOSHIBA
TESTING BERES DRIVERS



TEAM HONMA IN GS WOW
CHALLENGE CAMPAIGN

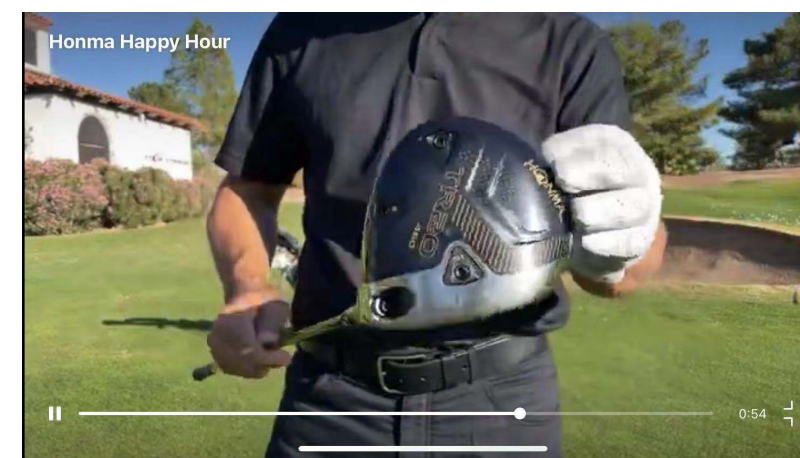
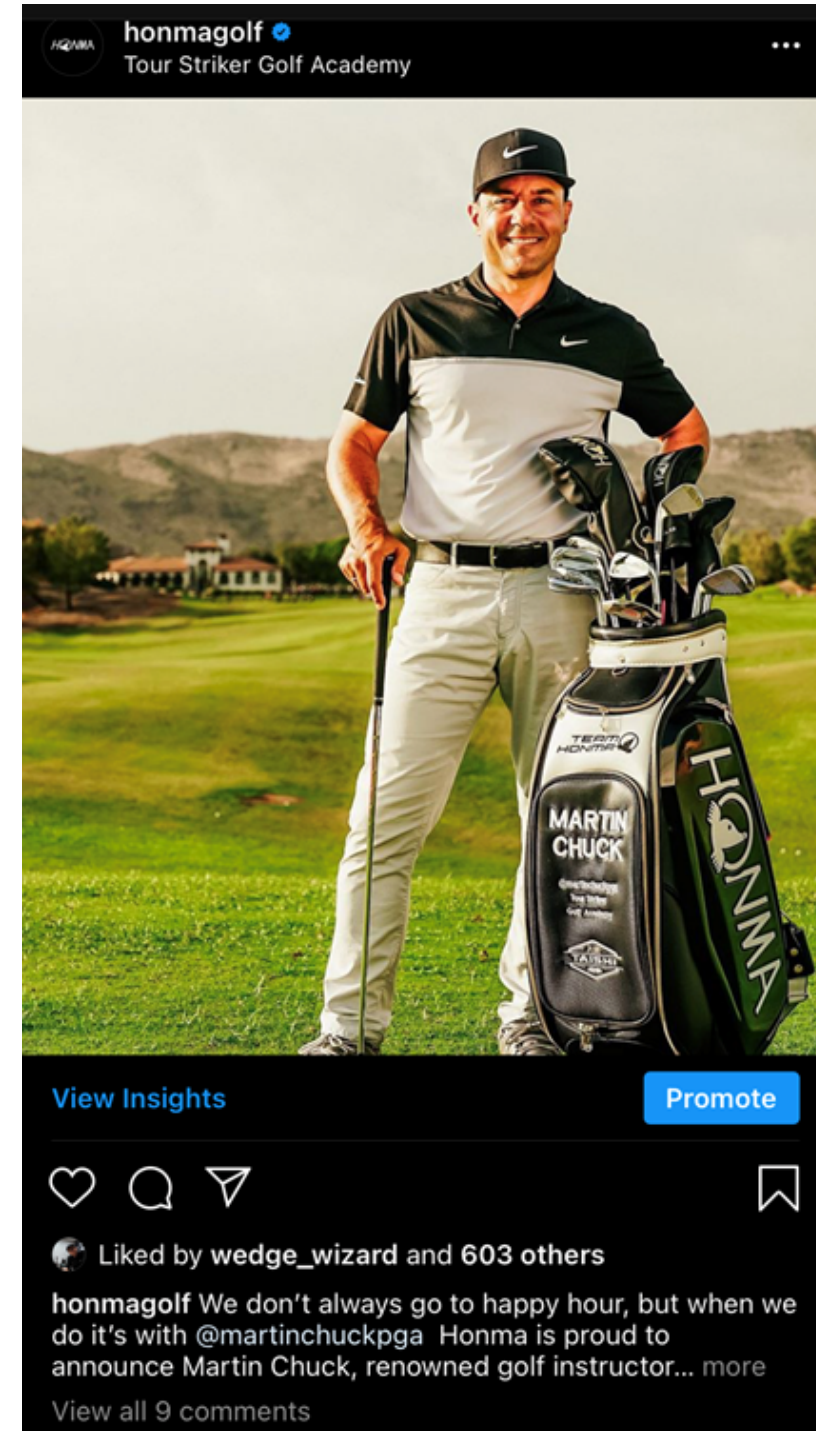
F.
RE-DEFINING HONMA
DYNAMIC,
MODERN,
GLOBAL
(CONT'D)

PARTNERSHIP WITH LOCAL PROS, COACHES & INFLUENCERS

- Collaboration with pros, instructors & industry influencers both on tour and on digital platforms in multiple markets
- To increase brand awareness with **younger, active and performance-driven** golf communities

F.
RE-DEFINING HONMA
DYNAMIC,
MODERN,
GLOBAL

[CONT'D]



US Top 50 golf instructor Martin Chuck promoting HONMA brand and products through his own social media, golf lessons and industry partners like Golf Channel and Golfpass.com

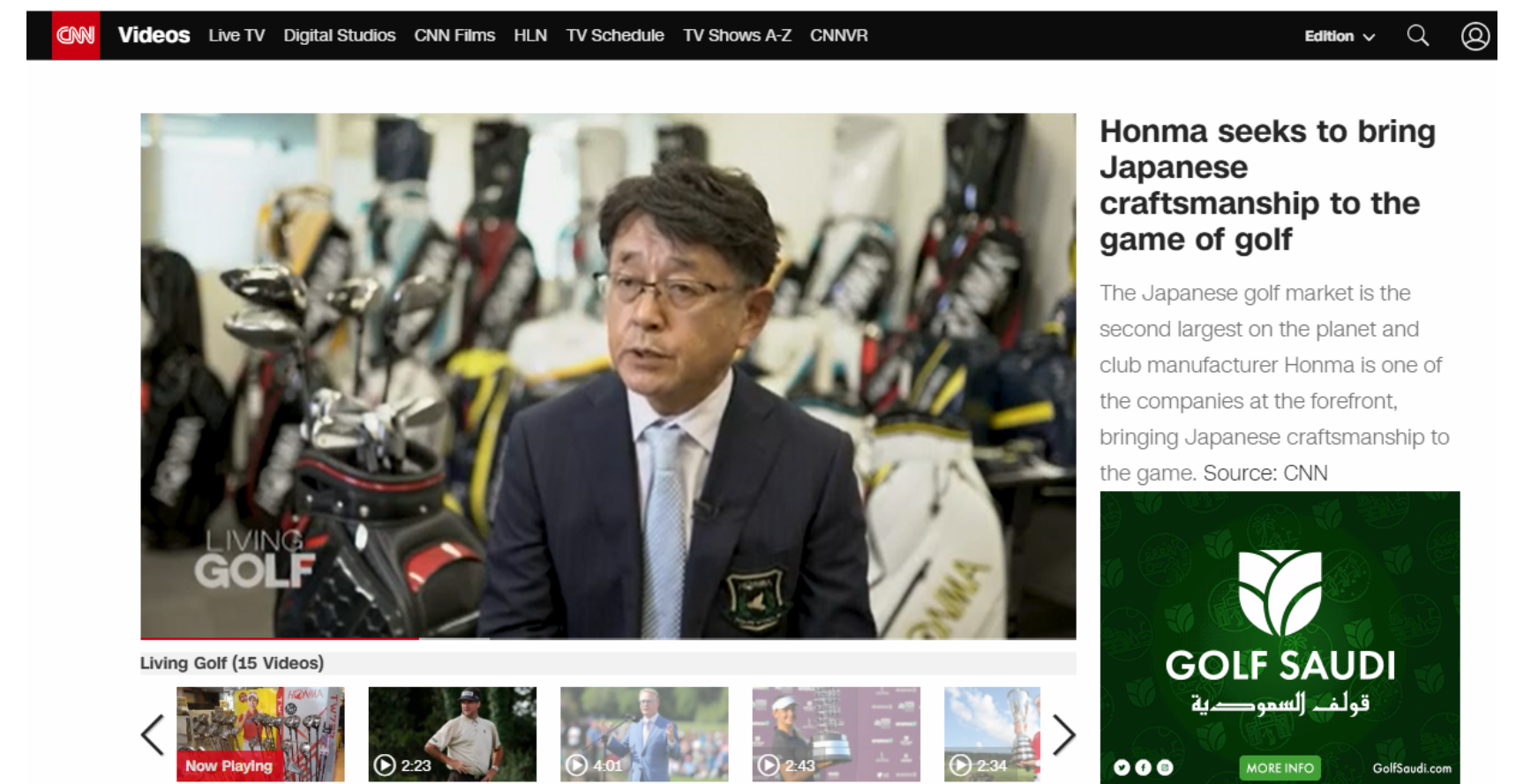
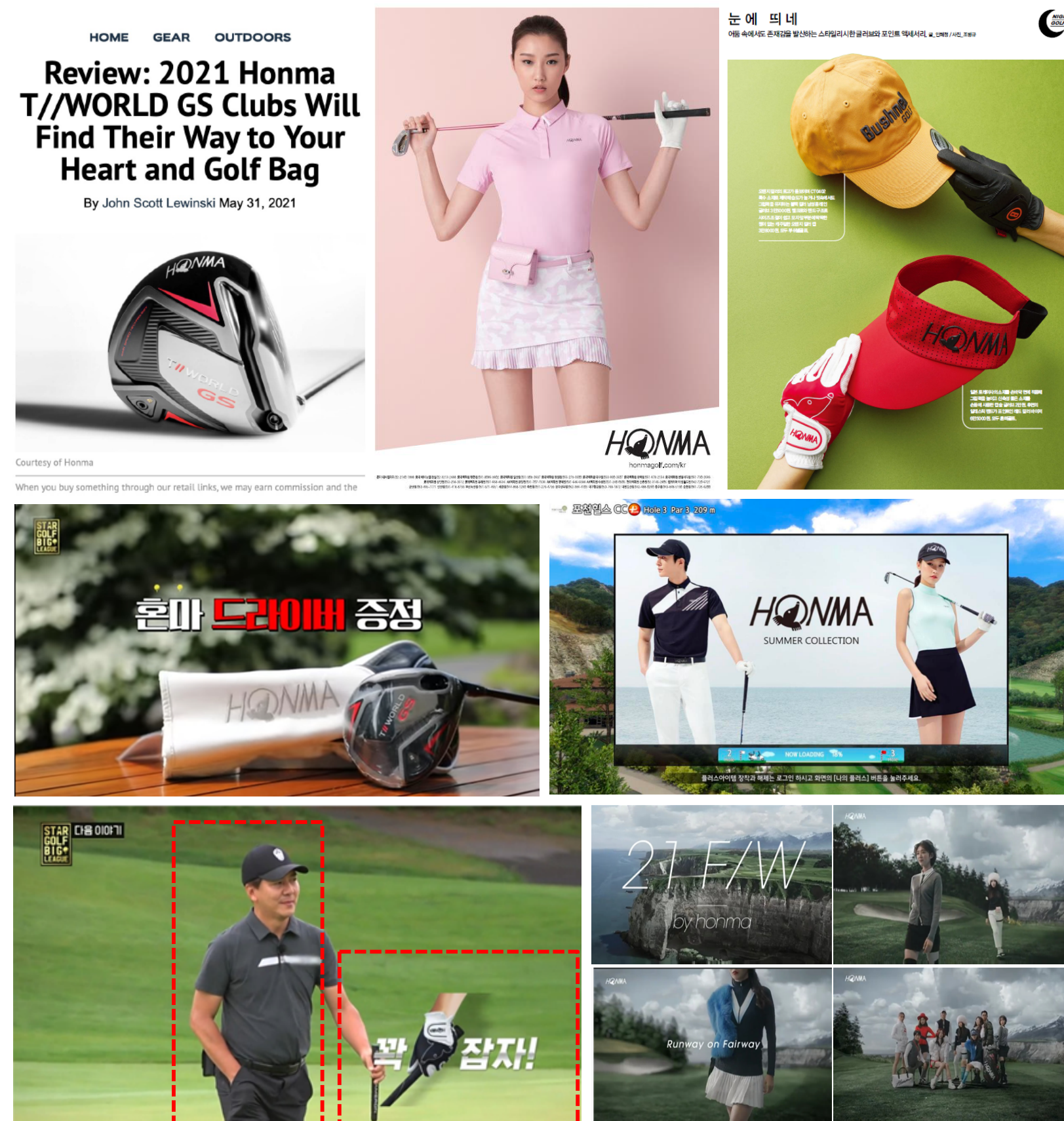
Partnership with local pros and influencers in multiple markets

OTHER BRAND PR & MEDIA EXPOSURE

- To communicate and reinforce the key brand image as being **premium, performance-driven as well as dynamic and modern** through omni channels from golf magazines and TVCs, to golf simulator ads and celebrity show virtual ads.

- 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.

F.
RE-DEFINING HONMA
DYNAMIC,
MODERN,
GLOBAL
(CONT'D)



4.
*FINANCIAL
REVIEW*

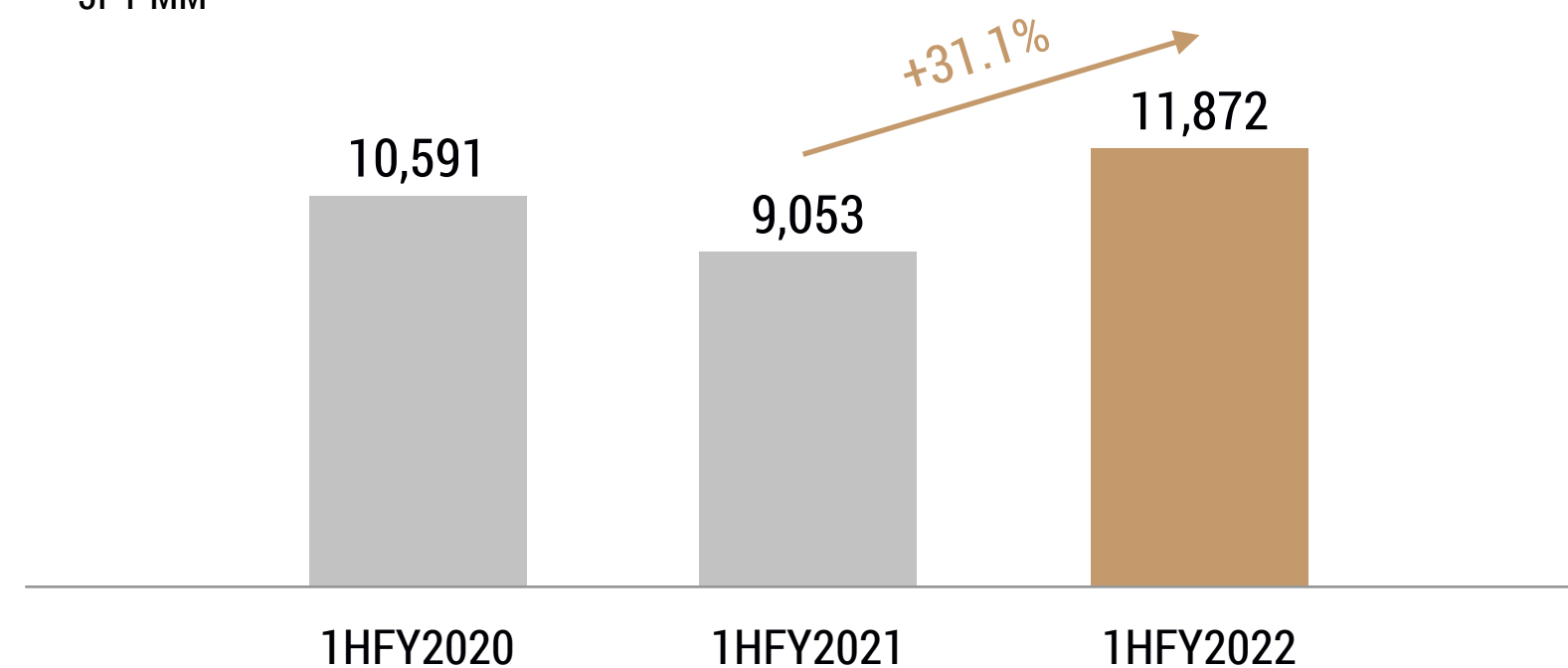


VISIBLE IMPROVEMENTS IN ALL FINANCIAL METRICS

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

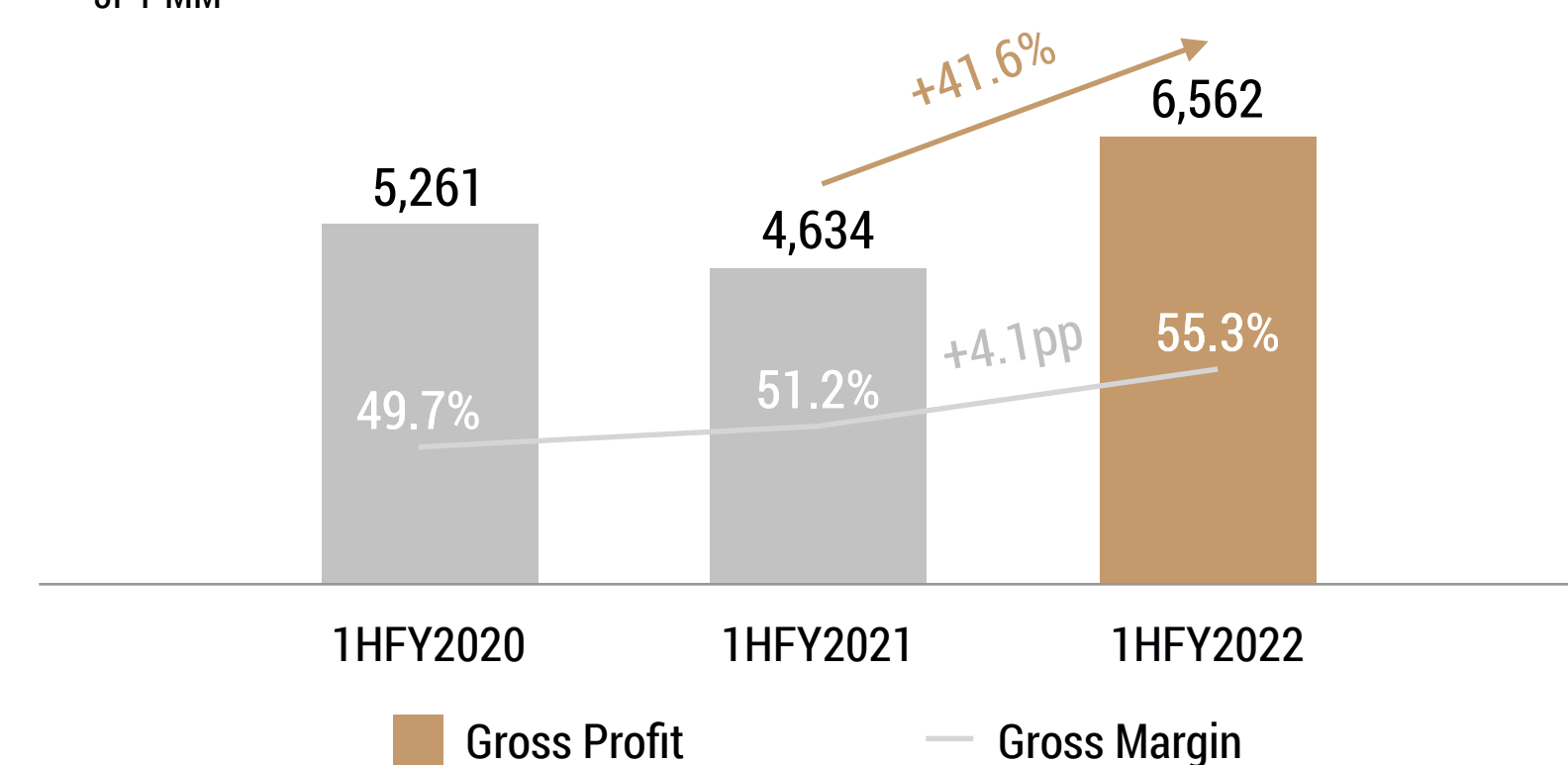
NET SALES

JPY MM



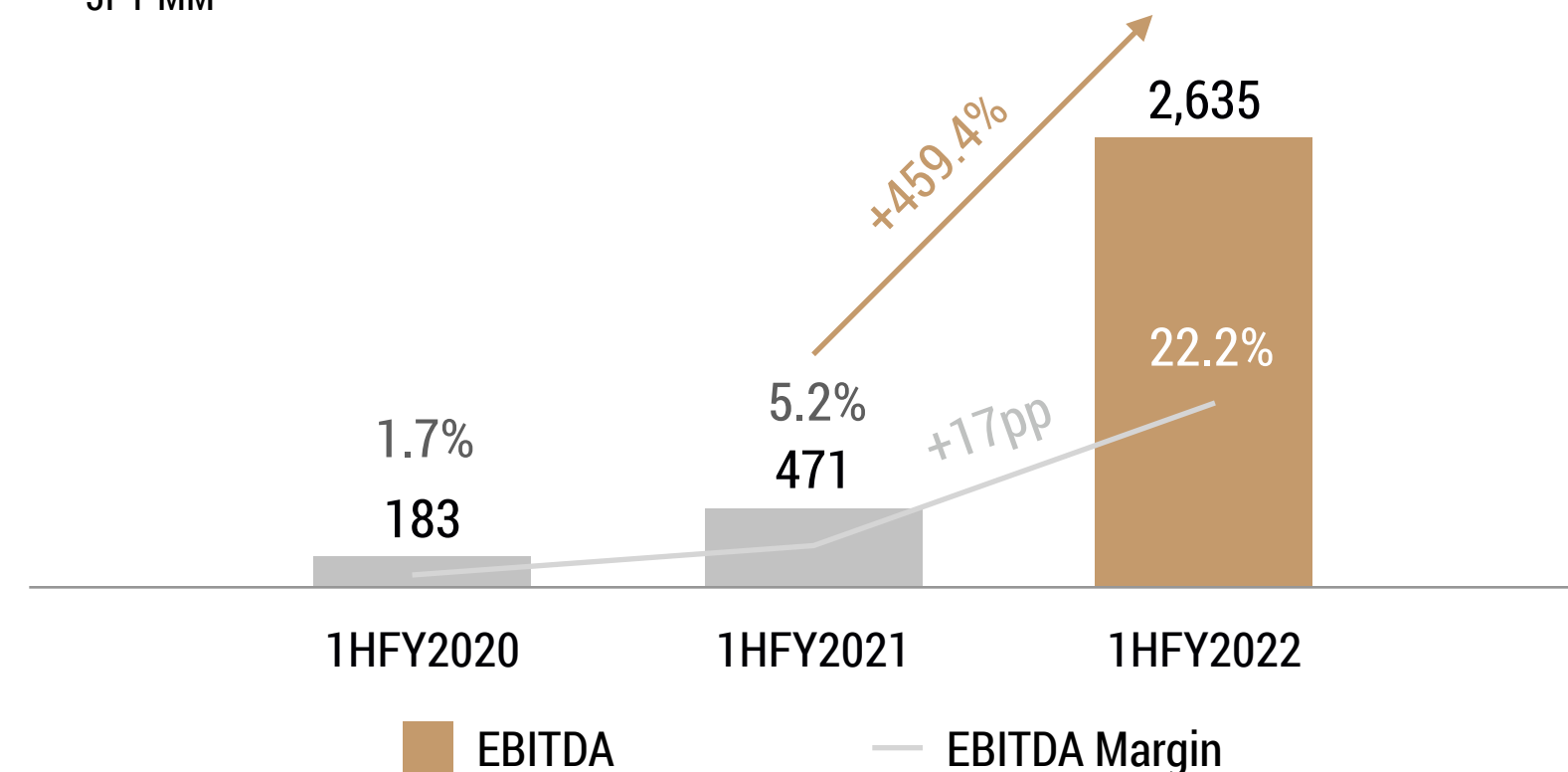
GROSS PROFIT & GROSS MARGIN

JPY MM



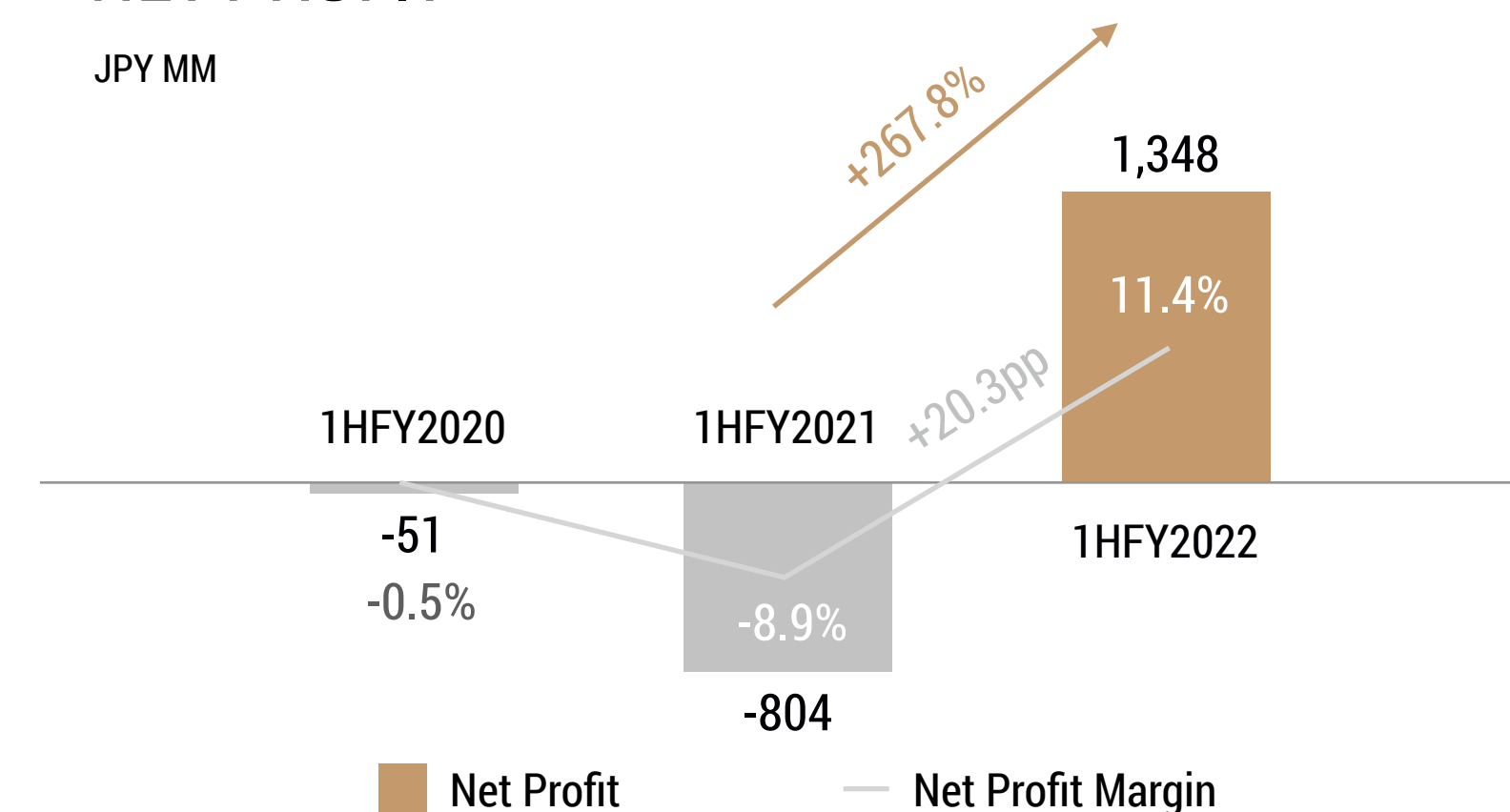
EBITDA

JPY MM



NET PROFIT

JPY MM

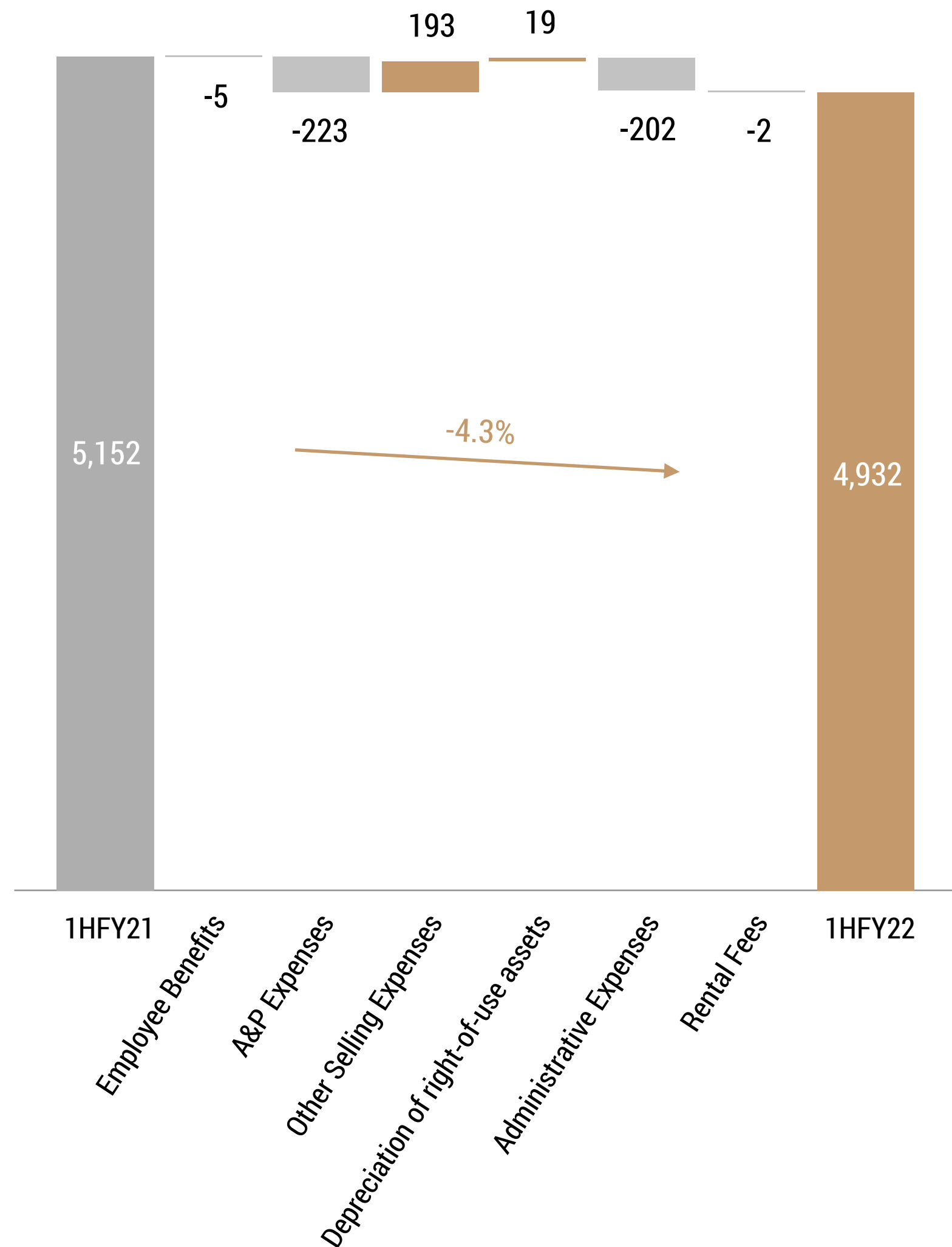


EFFECTIVE EFFICIENCY IMPROVEMENT INITIATIVES

TO FUEL GROWTH AS
WELL AS TO MITIGATE THE
NEGATIVE IMPACT FROM
COVID AND SUPPLY CHAIN
DISRUPTION

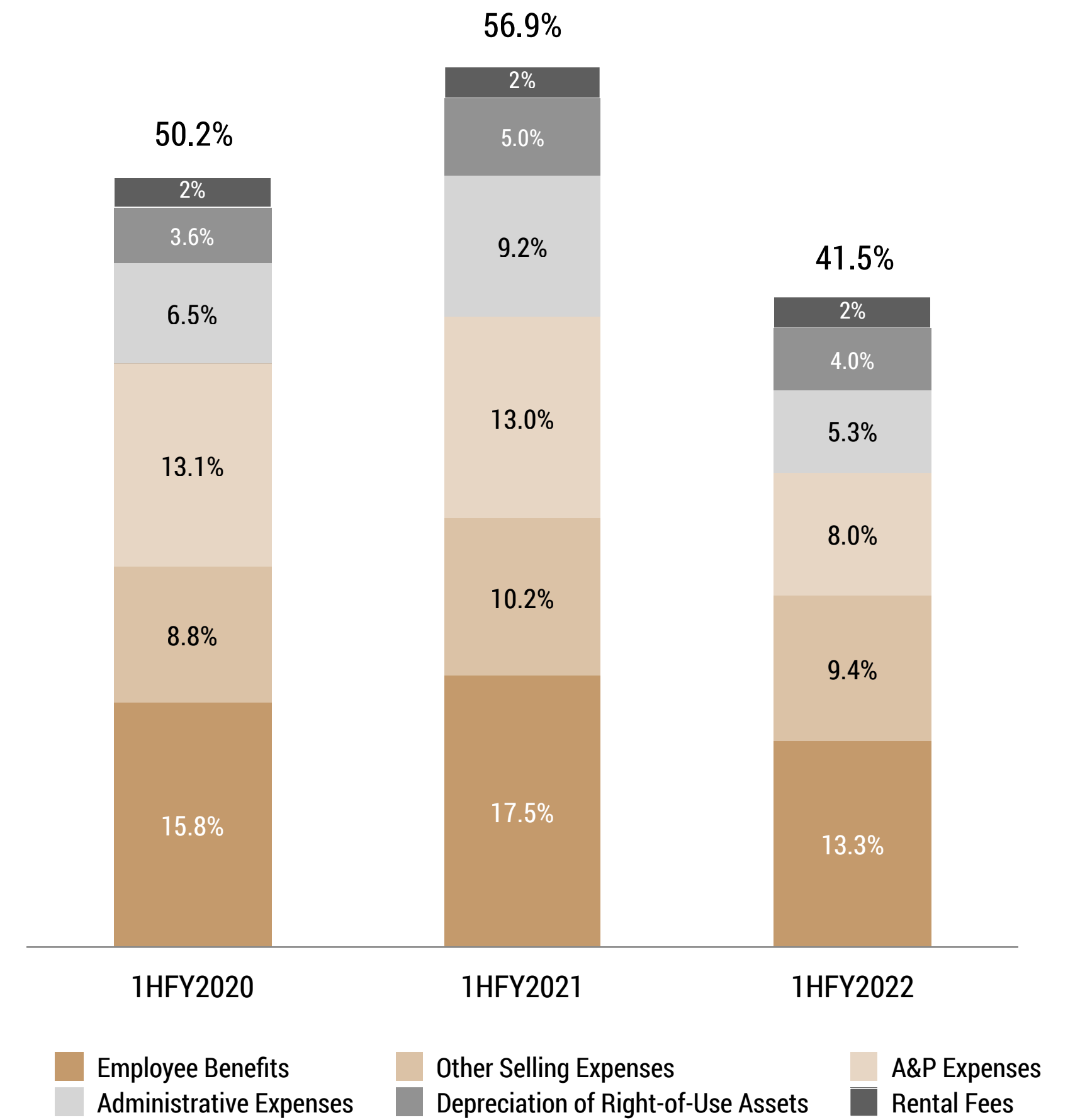
SG&A EXPENSES

JPY MM



SG&A EXPENSES BREAKDOWN

AS % OF SALES

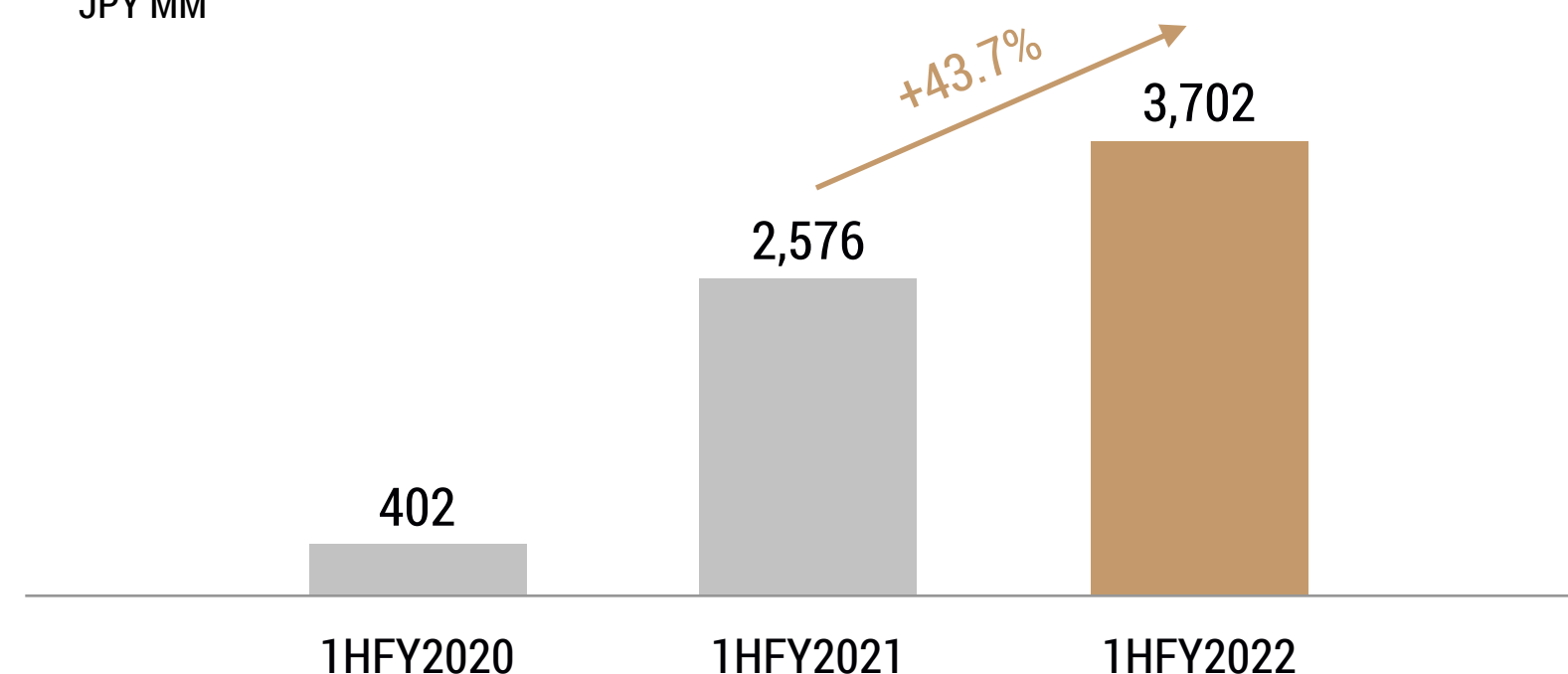


**COHERENT
POLICIES ON
STRONG CASH
LIQUIDITY AND
HEALTHY CAPITAL
STRUCTURE**

*TO ENSURE STEADY AND
SUSTAINABLE GROWTH
AMIDST UNCERTAIN
MACRO ENVIRONMENT*

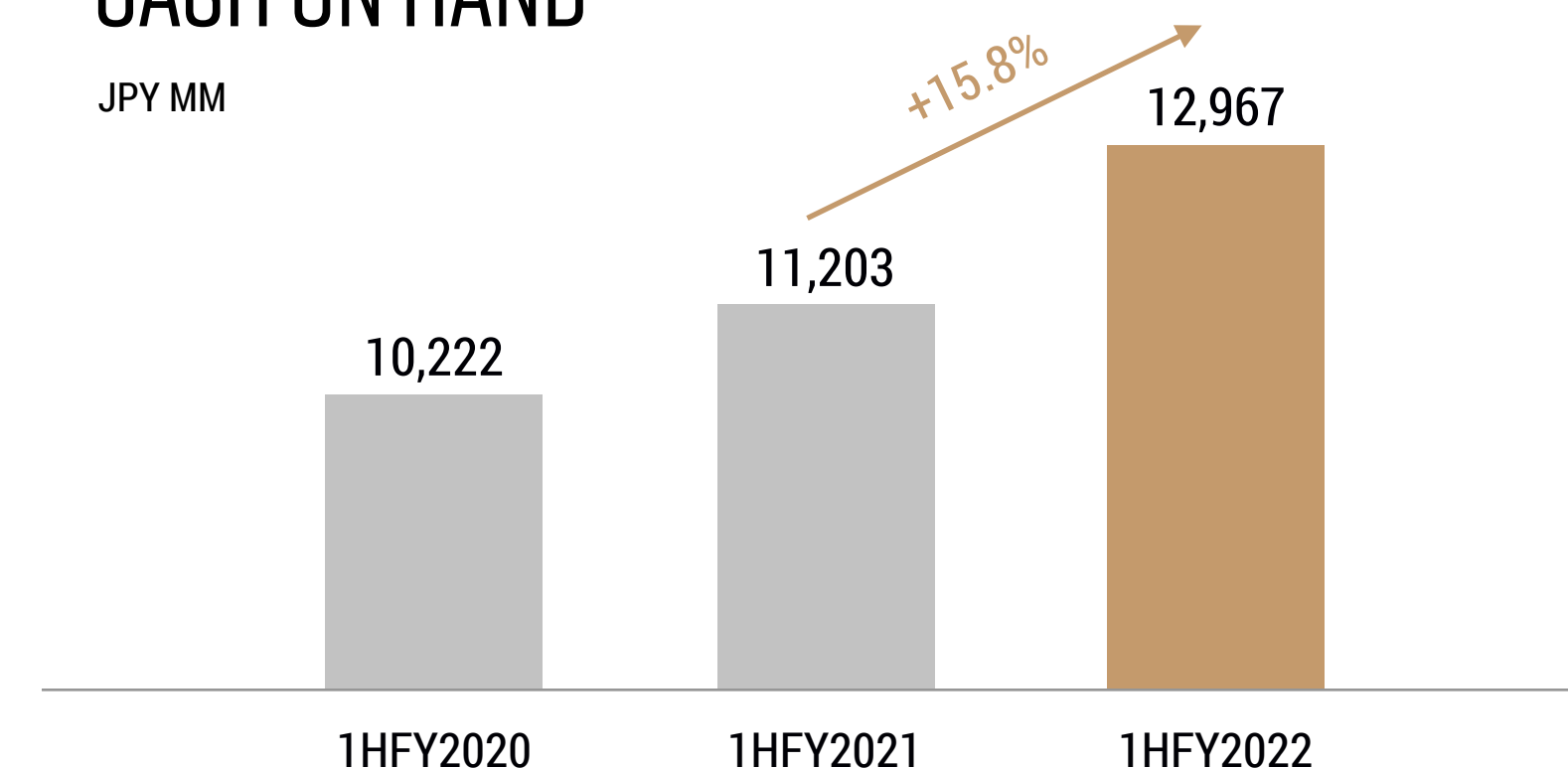
NET OPERATING CASH FLOW

JPY MM



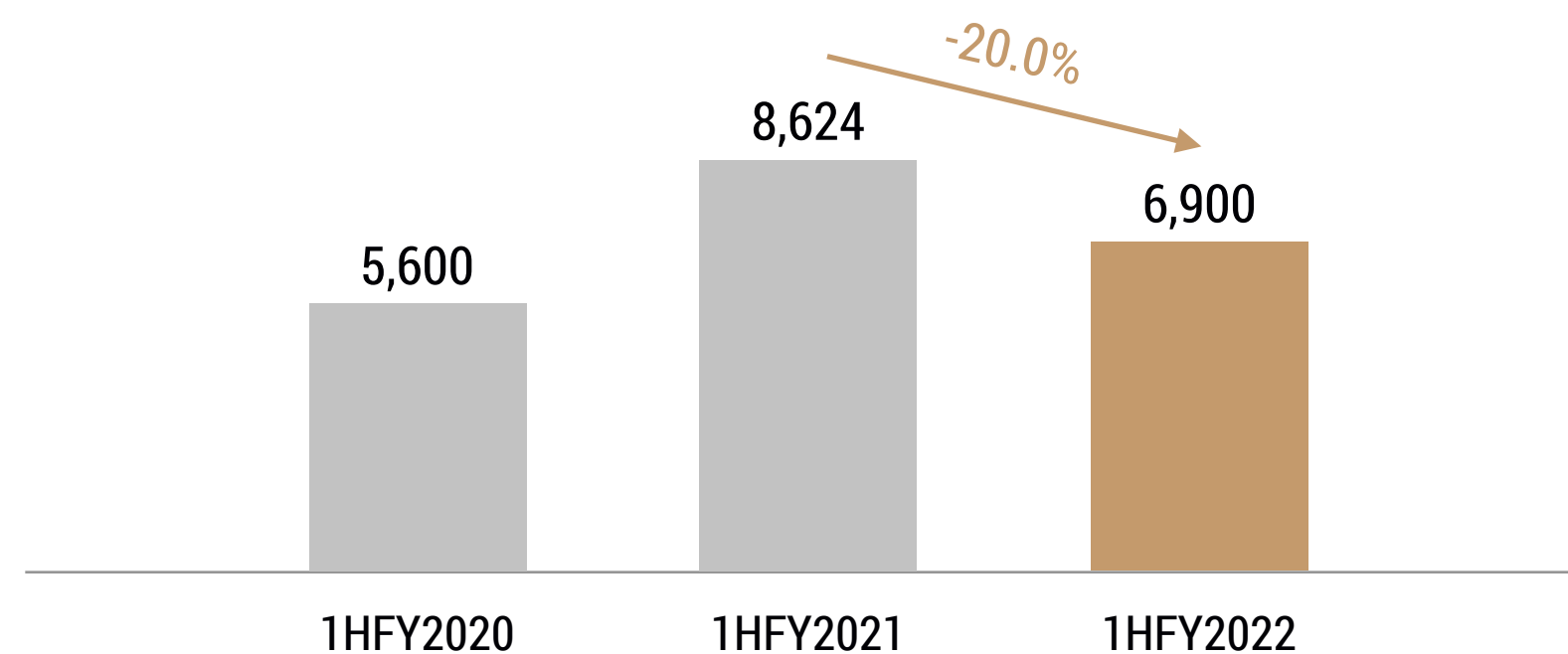
CASH ON HAND

JPY MM



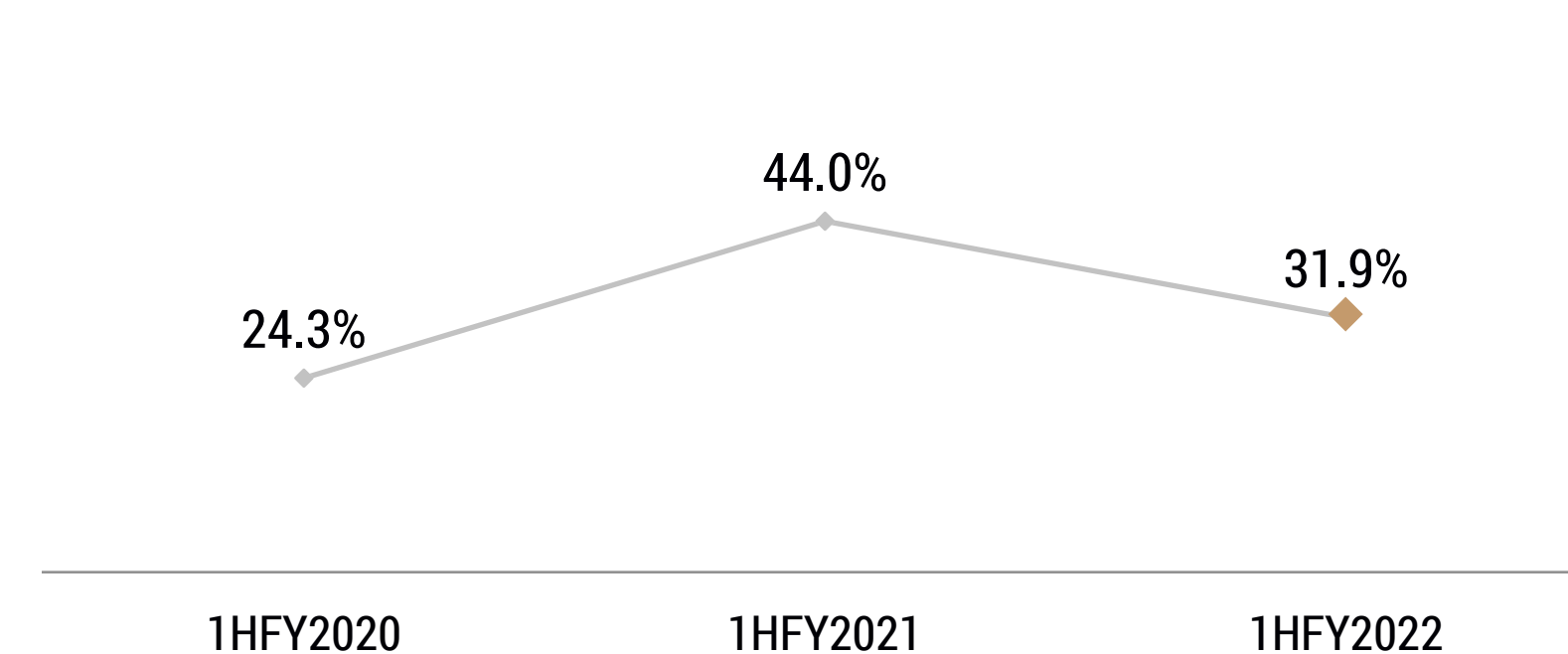
INTEREST-BEARING LIABILITIES

JPY MM



INTEREST-BEARING LIABILITIES / TOTAL EQUITY

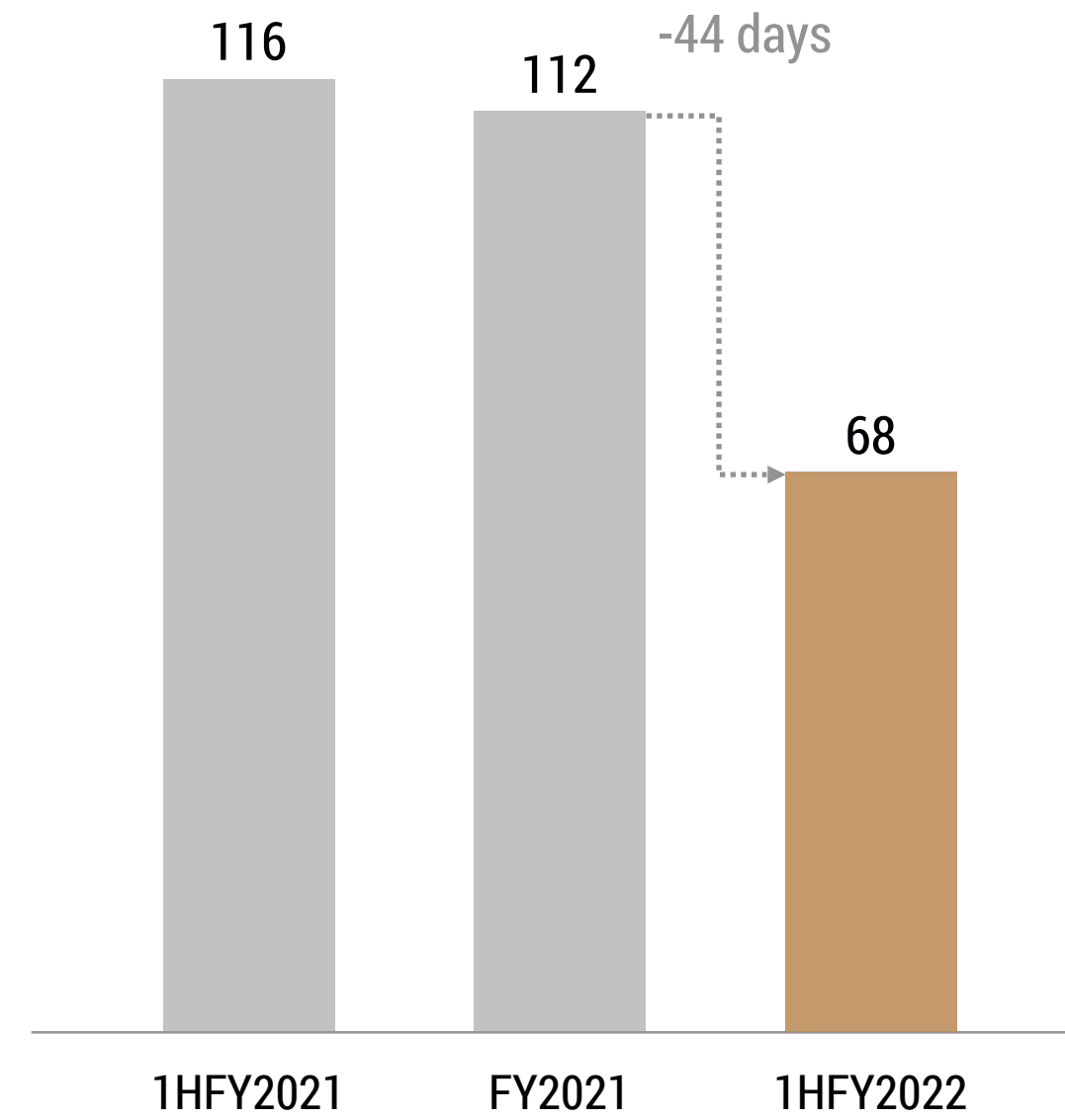
%



**STRENGTHENED
WORKING CAPITAL
EFFICIENCY
POST COVID-19**

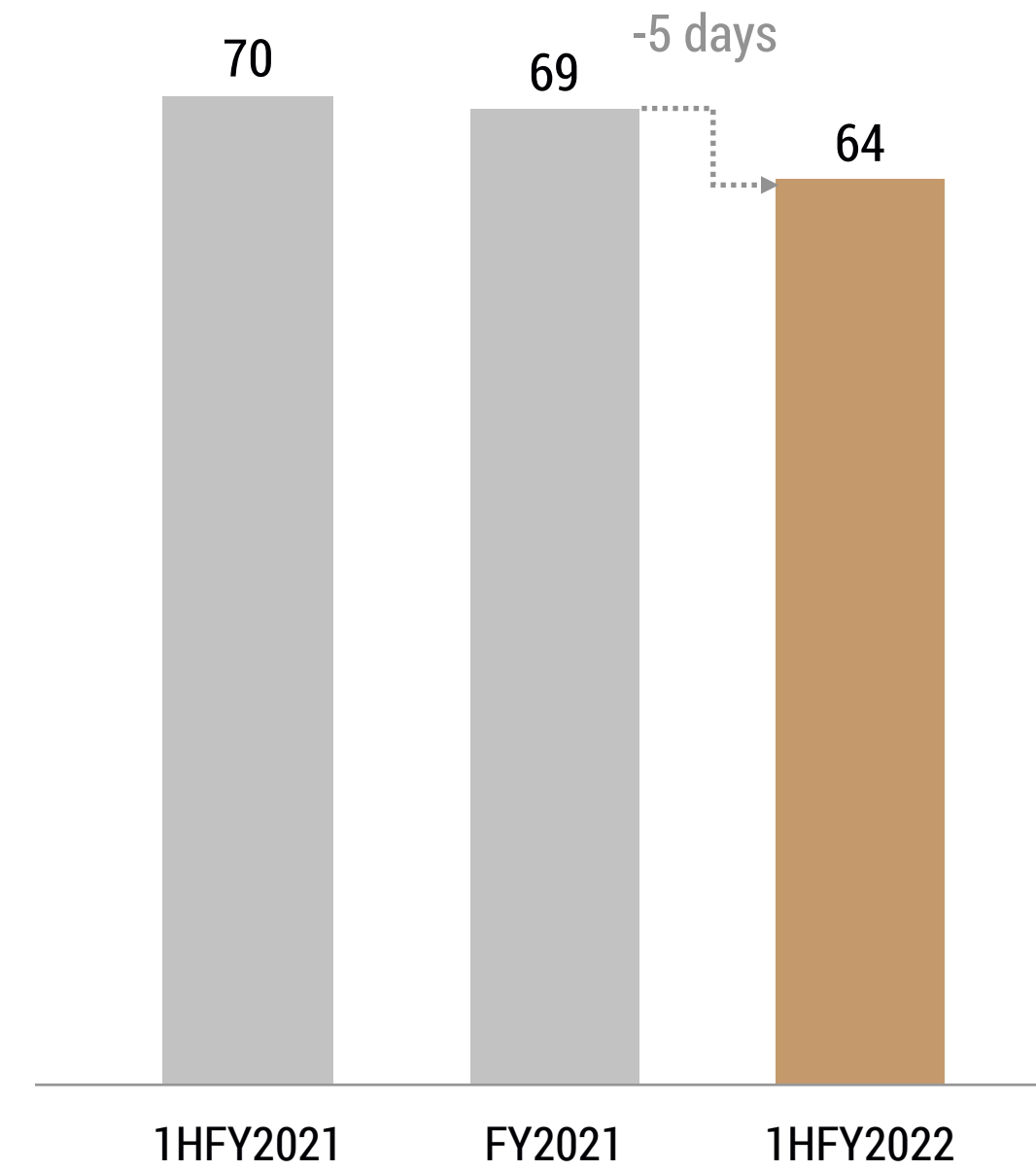
RECEIVABLES TURNOVER DAYS (1)

JPY MM



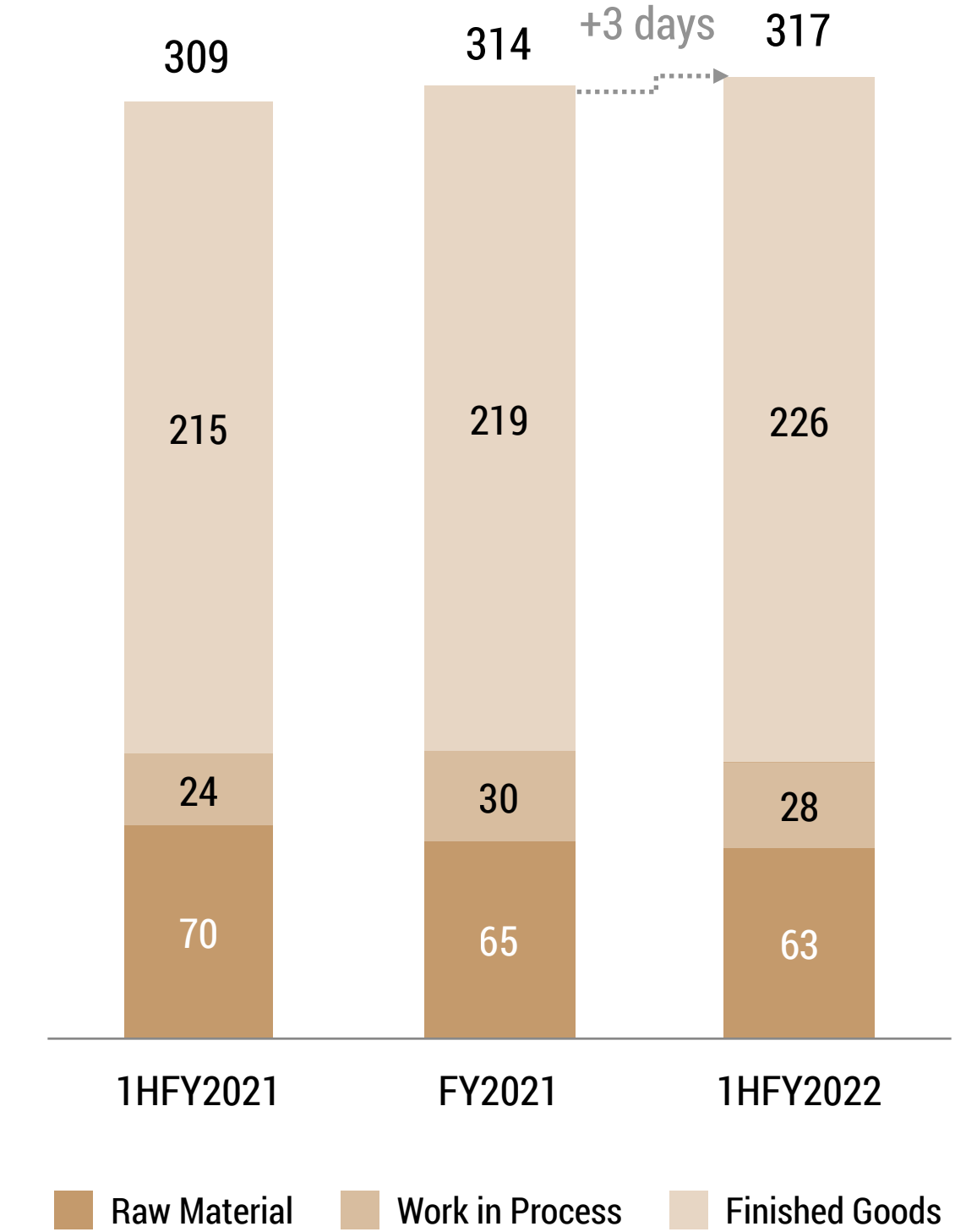
PAYABLES TURNOVER DAYS (2)

JPY MM



INVENTORY TURNOVER DAYS (2)

JPY MM



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.
OUTLOOK



OUTLOOK

OUTLOOK

In the remaining of FY2022, we expect sales growth momentum to continue, fueled by the renewals of multiple club products and festive season sales, leading the way to a solid full year results.

We have already seen satisfying developments from October and November's operational figures. Supply chain hiccup in South Korea has also been relieved and shipments are resumed from December.

From a mid-term perspective, 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 pivot **growth in North America and Europe** based on the updated product and DTC distribution strategies.
- 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 the remaining of FY2022, including

- supply chain challenges under inflation pressure
- sustained outbreak of COVID-19 which may continue to cause market turbulence and uncertainties.

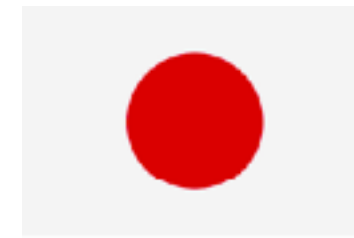
In face of such challenges, HONMA will continue to take active actions to optimize cost efficiency, maximize liquidity and protect its employees' health, in order to foster a solid foundation for the mid- and long-term development

6.
APPENDIX

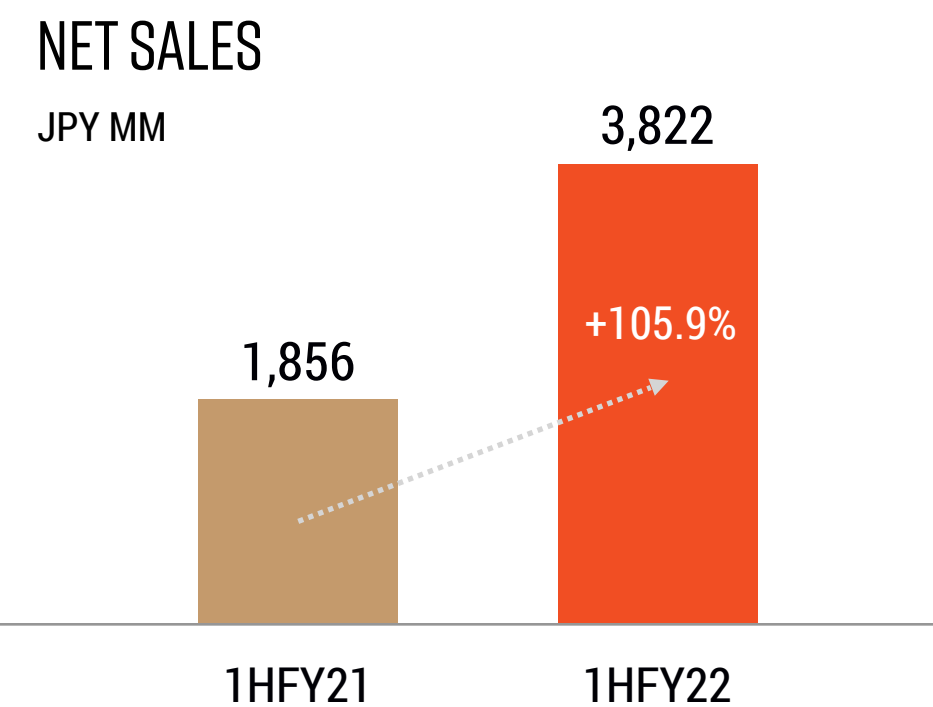
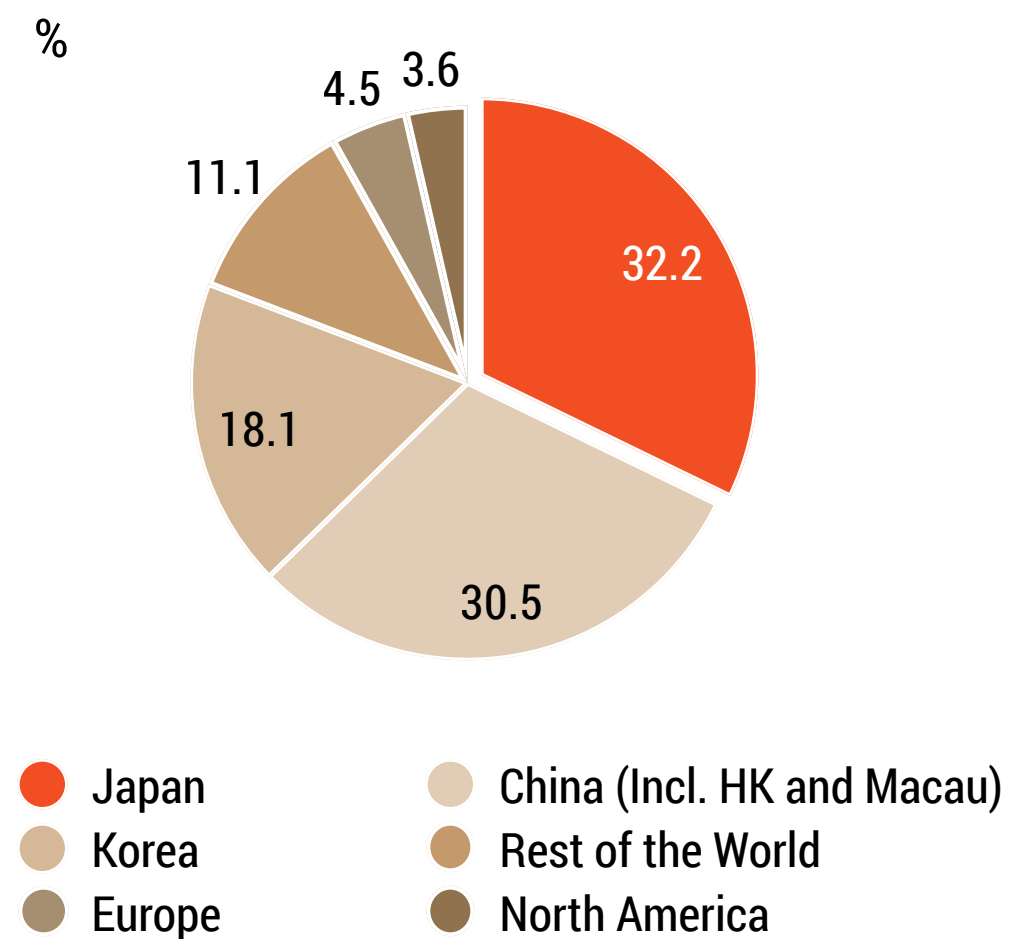


APPENDIX I BUSINESS REVIEW BY MARKET

HOME MARKET JAPAN



STRONG RECOVERY FOLLOWING LIFTING OF COVID-RELATED RESTRICTIONS



MARKET

- **2nd** largest golf equipment market in the world
- Total golf product market size in 2020 approximates to **USD 1.7 billion** by forecast ⁽¹⁾
- **2,290** golf facilities, representing half of the total facilities in Asia ⁽²⁾
- Around **12 million** golf population ⁽³⁾
- Hideki Matsuyama's win in the US Masters Championship in Apr 2021 is seen to be a boost for Japan's golf market

HALF YEAR PERFORMANCE REVIEW

- Japan's retail business shows strong recovery following the easing of COVID related restrictions
- Golf club sales **+151.5%**, golf ball **+40.5%**, apparel **+112.8%**
- Sales from third party distributors **+265.3%**, from self-owned channels **+18.8%**

Note

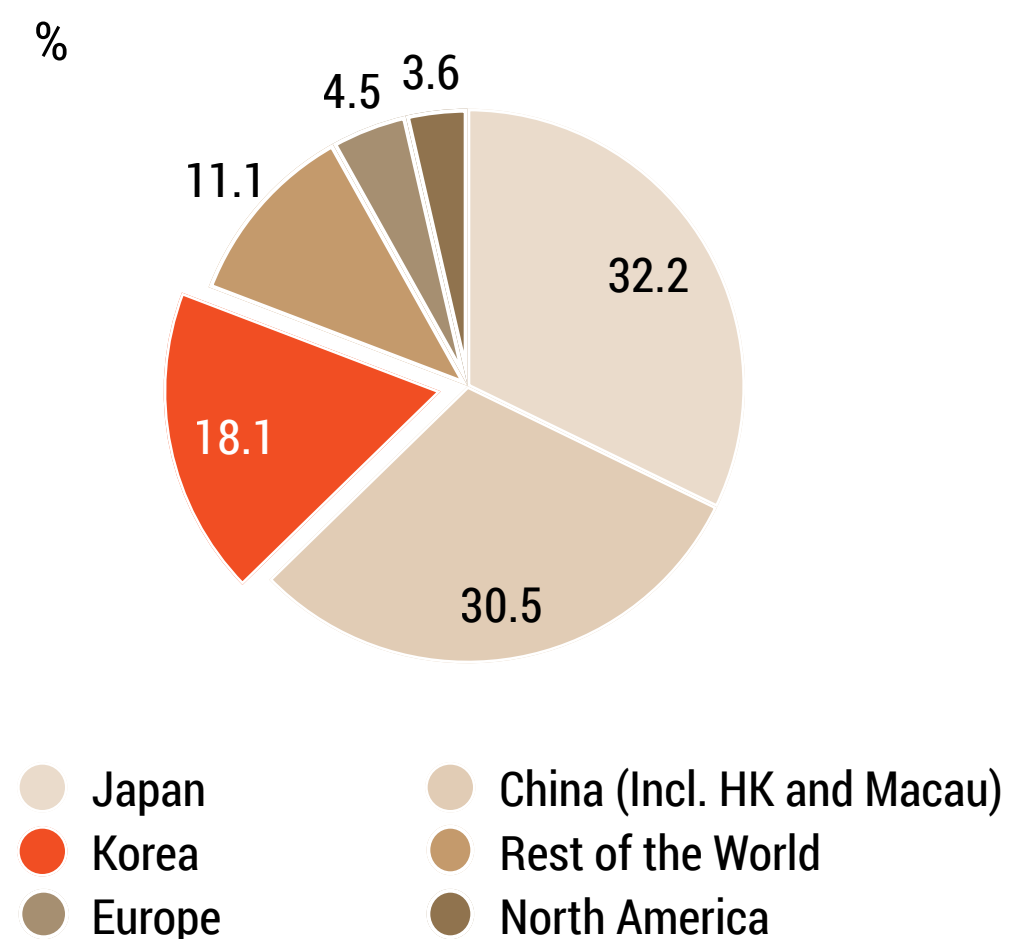
- (1) 2020 Yano's White Paper on Golf Industry, Japan
- (2) 2018 Yano's White Paper on Golf Industry, Japan
- (3) Frost & Sullivan

APPENDIX I BUSINESS REVIEW BY MARKET

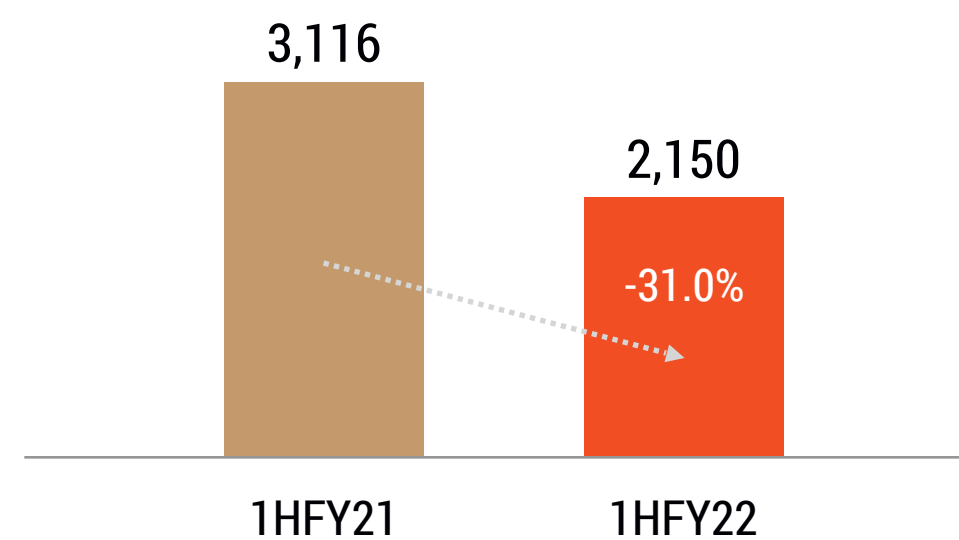
HOME MARKET KOREA



SALES DECLINED DUE TO COMPONENT SHORTFALL



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⁾

HALF YEAR PERFORMANCE REVIEW

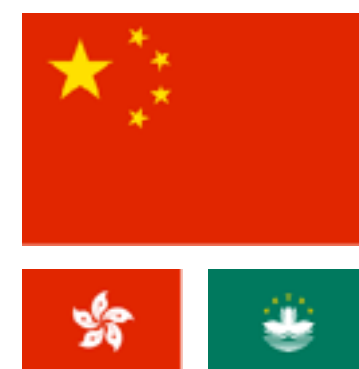
- South Korea sales declined due to club product component shortfall. Up to the reporting date, the constraint has been substantially relieved and shipments are expected to resume from December 2021
- Apparel sales **+384.5%**; addition of **4** new apparel brand stores to a total of **29**

Note

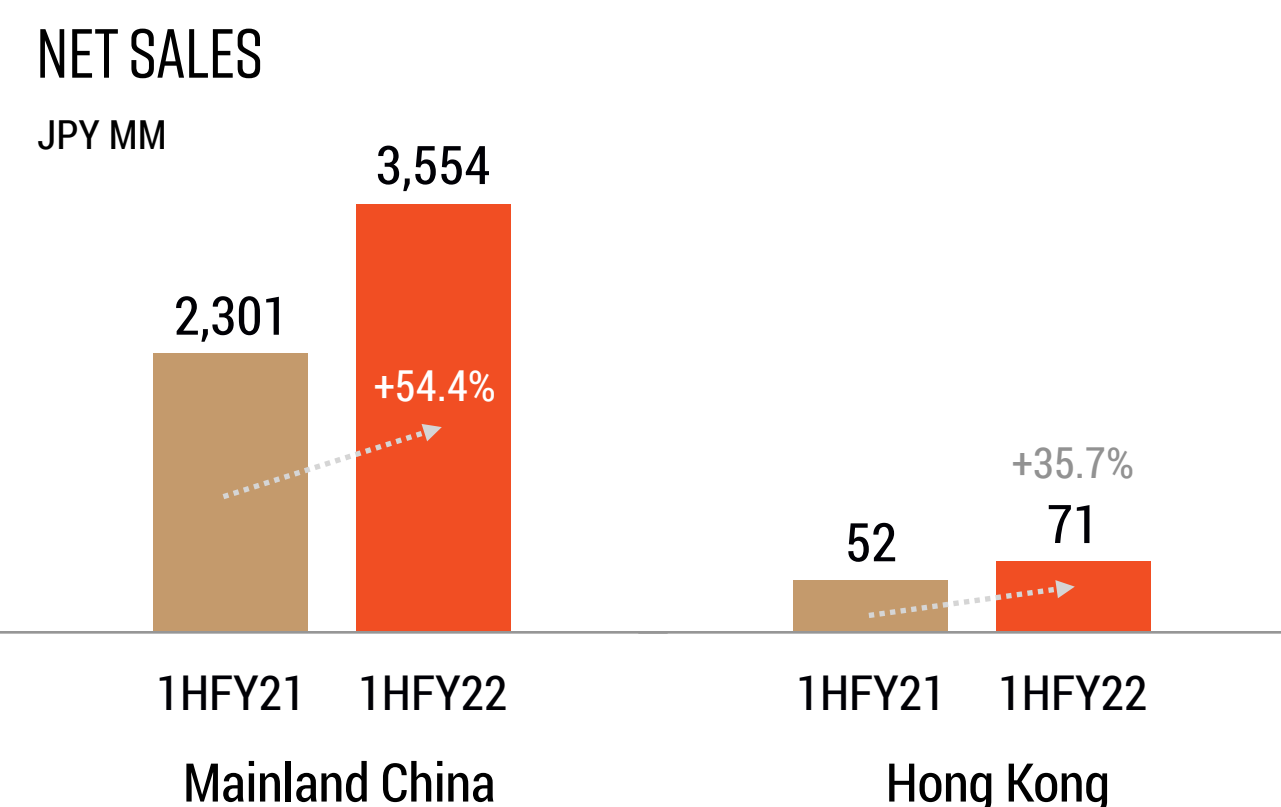
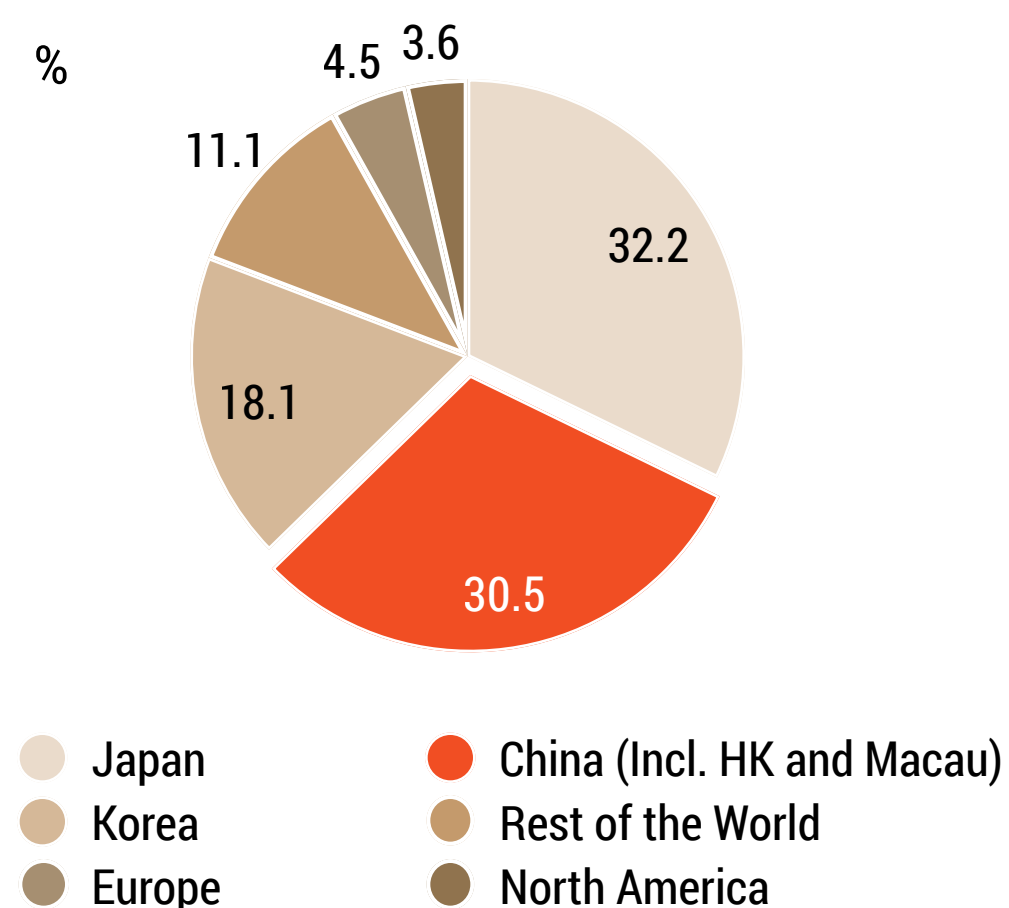
(1) Source : KGPA, Korea Golf Association 2017

APPENDIX I BUSINESS REVIEW BY MARKET

HOME MARKET CHINA (INCL. HK & MACAU)



ROBUST GROWTH DRIVEN BY SUCCESSFUL GROWTH STRATEGIES AND UNPRECEDENTED INCREASE IN DEMAND



MARKET

- New and fast growing golf market
- **496** golf courses, around **1 million** golf population ⁽¹⁾
- Solid and growing demand in active wear and fashion-athletic apparel

HALF YEAR PERFORMANCE REVIEW

MAINLAND CHINA

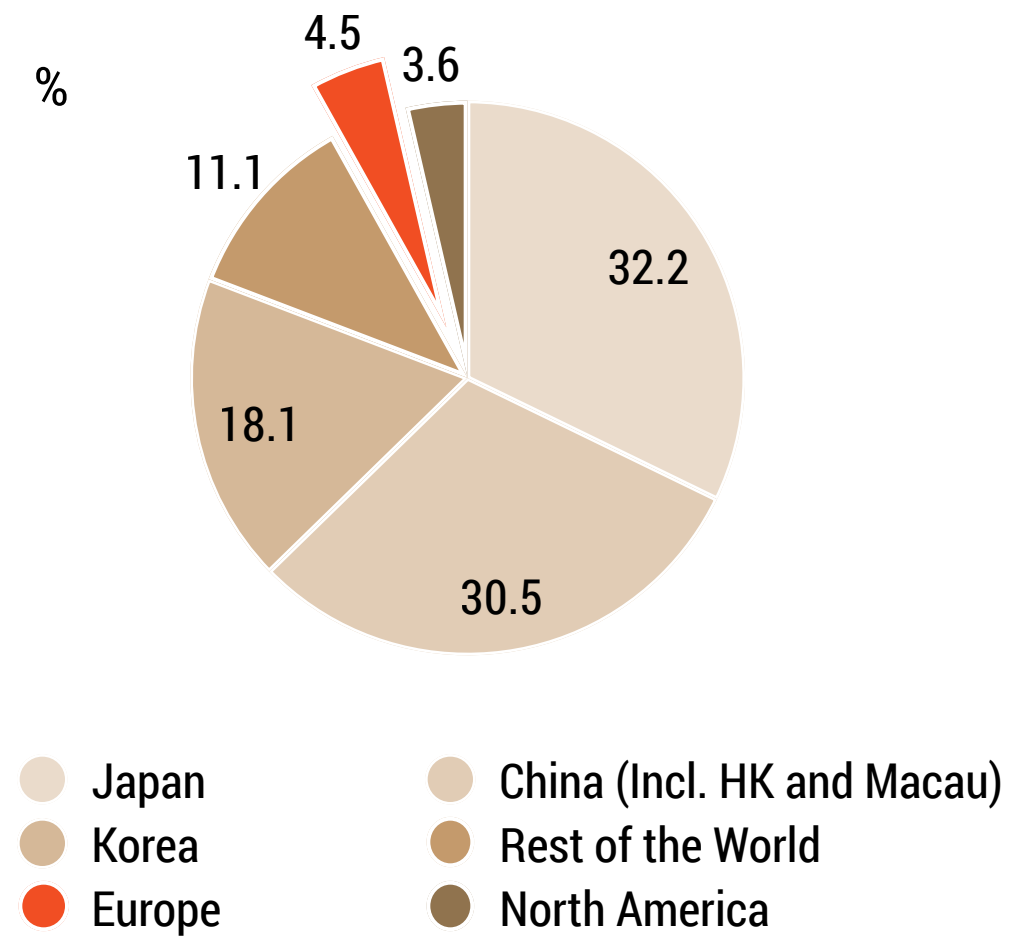
- Strong growth momentum remained into FY22 (**116%** sales growth in FY11)
- Evolving sports market with growing interests in outdoor sports
- Golf club sales **+38.8%**, golf ball **+13.0%**, apparel **+123.8%**
- Addition of **5** new apparel brand stores to a total of **40**

Note

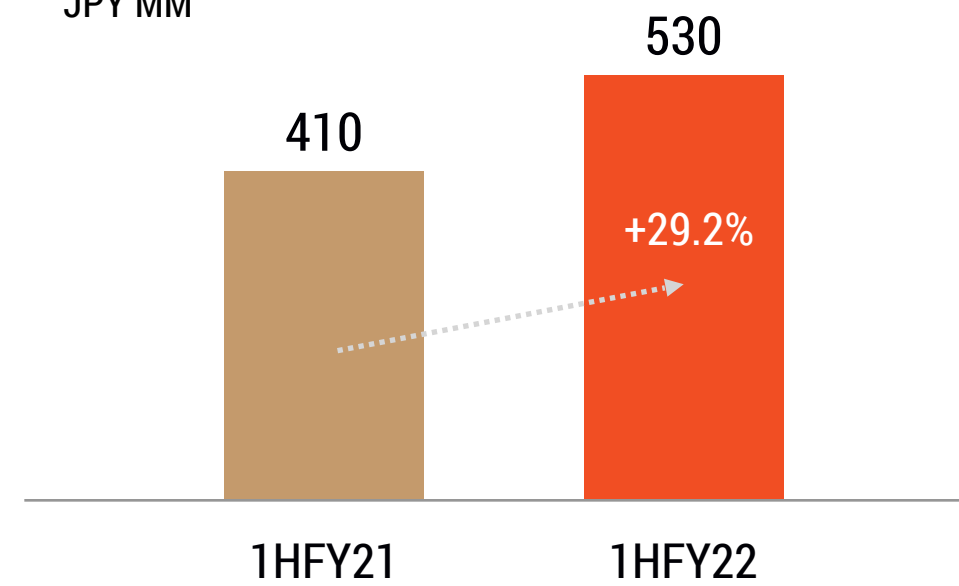
(1) Source : Forward Golf White Paper Report 2017



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's golf equipment sales, which approximates to **USD 1 billion** ⁽¹⁾

HALF YEAR PERFORMANCE REVIEW

- Enhanced brand awareness and product recognition with performance-driven club segments
- Club sales **+37.3%**, Tour World sales **+193.2%**
- POS **+37** to **628** in total

Note

(1) Source : KGPA, Korea Golf Association 2017

APPENDIX I BUSINESS REVIEW BY MARKET

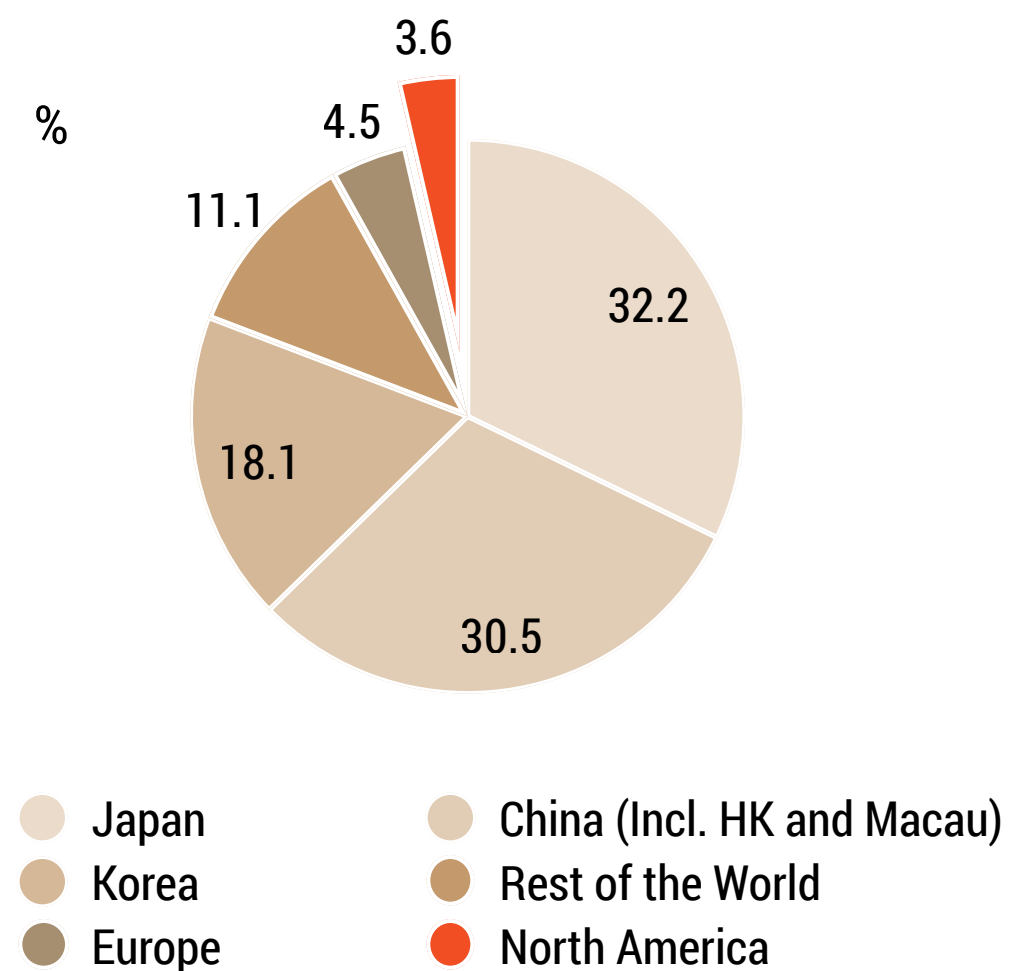
NEW MARKET EUROPE

APPENDIX I BUSINESS REVIEW BY MARKET

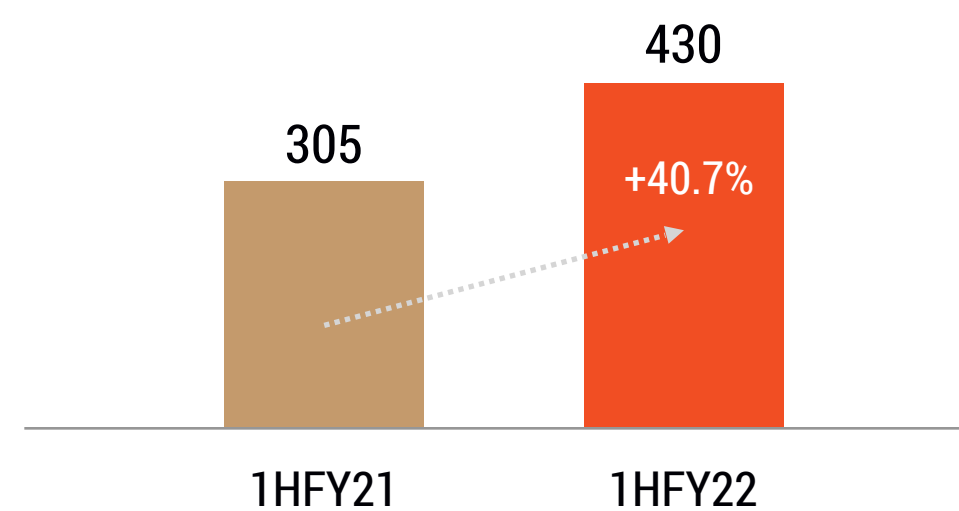
NEW MARKET NORTH AMERICA



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 ⁽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

HALF YEAR PERFORMANCE REVIEW

- Enhanced brand and product awareness through effective Direct-to-Consumer (DTC) approach
- Golf club sales **+27.5%**; Tour World sales **+226.9%**
- POS **+100** to **336** in total; **8** mobile vans performing fitting events on major golf courses

Note

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

CONSOLIDATED P&L

	For the six months ended 30 September				YoY Change %
	2021.9.30 JPY	%	2020.9.30 JPY	%	
Consolidated Statement of Profit or Loss					
Revenue	11,871,947	100.0	9,052,973	100.0	31.1
Cost of sales	-5,310,098	-44.7	-4,418,599	-48.8	20.2
Gross profit	6,561,849	55.3	4,634,374	51.2	41.6
Other income and gains	203,763	1.7	362,048	4.0	-43.7
Selling and distribution expenses	-4,301,589	-36.2	-4,319,244	-47.7	-0.4
Administrative expenses	-630,604	-5.3	-832,987	-9.2	-24.3
Other (expenses)/income, net	-47,588	-0.4	-244,568	-2.7	-80.5
Finance costs	-45,365	-0.4	-39,108	-0.4	16.0
Finance income	6,029	0.1	8,109	0.1	-25.7
Profit before tax	1,746,495	14.7	-431,376	-4.8	504.9
Income tax expense	-398,144	-3.4	-372,149	-4.1	7.0
Net profit	1,348,351	11.4	-803,525	-8.9	N/A
Earnings per share attributable to ordinary equity holders of the parent					
Basic and diluted	2.23		-1.33		N/A
Non-IFRS Financial Measures					
Operating Profit	1,590,320	13.4	-548,856	-6.1	N/A
Net Operating Profit	1,194,550	10.1	-850,219	-9.4	N/A

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

	For the six months ended 30 September	
	2021.9.30	2021.3.31
	JPY	
	<i>(In thousands, except for percentages and per share data)</i>	
Consolidated Statement of Financial Position		
Assets		
Non-current assets	8,090,354	8,862,108
Current assets	29,361,191	27,631,389
Total Assets	37,451,545	36,493,497
Liabilities		
Non-current Liabilities	1,972,733	2,355,906
Current Liabilities	13,822,733	12,816,455
Total Liabilities	15,795,466	15,172,361
Net current assets	15,538,458	14,814,934
Total assets less current liabilities	23,628,812	23,677,042
Net Assets	21,656,079	21,321,136
Total Equity	21,656,079	21,321,136

CONSOLIDATED CASH FLOWS

	For the six months ended 30 September	
	2021.9.30	2020.9.30
	<i>JPY</i>	
	<i>(In thousands, except for percentages and per share data)</i>	
Cash and cash equivalents at the beginning of year	10,771,897	10,472,793
Net cash flows generated from operating activities	3,702,380	2,576,358
Net cash (used in) investing activities	-50,854	-384,109
Net cash flows (used in) financing activities	-1,643,774	-1,328,983
Net increase/(decrease) in cash and cash equivalents	2,007,752	863,266
Cash and cash equivalents at the end of year	12,967,030	11,202,593



For more inquiries, please contact
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