Honma Golf Limited

本間高爾夫有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6858)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2022

MAJOR DEVELOPMENTS IN THE YEAR ENDED 31 MARCH 2022:

- The Group's revenue increased by 27.4% from the year ended 31 March 2021 to JPY28,971.1 million (equivalent to USD249.2 million). Two years after the outbreak of COVID-19 and with more governments easing and abandoning COVID-19 related restrictions, overall golf business continued to experience positive uptake in both participation and purchase interest. As a result, the Group's revenue from most of the markets continued demonstrating robust sales growth. See "Management Discussion and Analysis – Financial Review – Revenue".

  - *By geography.* During the year ended 31 March 2022, most of the Group's main markets recorded rock solid sales growth versus same period last year. Revenue from Japan, China, Europe and other regions rose sharply by 29.8%, 38.7%, 47.1% and 48.7%, respectively, on the back of a strong rebound of consumer demand, continued marketing activities to drive HONMA brand and product awareness and successful activation of various HONMA products. Revenue from Korea grew by 7.0%, in spite of a mid-year change in the distribution right of the Group's TW family products.

  - *By product.* During the same period, revenue from all product categories showed double digit growth across the board, led by apparel with a revenue growth of 71.6% from the year ended 31 March 2021, thanks to continued improvement in HONMA's product development, merchandise planning and retail operations. Golf clubs, golf balls and accessories exhibited similar upward growth trajectory with revenue increasing by 23.9%, 11.8% and 43.1% from the year ended 31 March 2021, respectively. Such increases were primarily driven by continued market penetration in HONMA's home markets, namely Japan, Korea and China, and successful product development and activation in the non-club business segments.

  - *By channel.* The performance of self-operated stores remained resilient, posting a steady increase of 22.0% from the year ended 31 March 2021, thanks to continued optimisation in HONMA's retail operation. At the same time, revenue from third-party retailers and wholesalers stepped up by 29.4% as sales to the Group's retail partners in Japan grew by 38.3%, recovering from extended and lingered business disruptions following the outbreak of COVID-19 pandemic.

- Gross profit margin increased by 3.8 percentage points for the year ended 31 March 2022 to reach 54.1% as compared to 50.3% for the year ended 31 March 2021, on the back of a strong improvement in the gross margin of the Group's club products.

- Full year profit before tax increased by 212.4% to reach JPY7,560.3 million (equivalent to USD65.0 million), up from JPY2,420.3 million for the year ended 31 March 2021.

- Net operating cash flow stood at JPY5,916.5 million (equivalent to USD50.9 million) for the year ended 31 March 2022, up by 48.5% as compared to the period ended 31 March 2021.

PROPOSED FINAL DIVIDEND

Proposed final dividend of JPY2.0 per share, amounting to approximately a total of JPY1,211.3 million for the year ended 31 March 2022 and representing approximately 19.6% of the Group's distributable profits for the year ended 31 March 2022. Together with the interim dividend of JPY1.5 per share paid on 28 December 2021, total dividends for the year ended 31 March 2022 will amount to JPY3.5 per share and the total dividend payout will amount to JPY2,119.7 million, representing approximately 34.2% of the Group's distributable profits for the year ended 31 March 2022.

The board of directors (the "**Board**") of Honma Golf Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2022. The annual results have been prepared in accordance with the International Financial Reporting Standards (the "**IFRS**"). In addition, the annual results have also been reviewed by the audit committee of the Company (the "**Audit Committee**").

MANAGEMENT DISCUSSION AND ANALYSIS OVERVIEW OF THE COMPANY, ITS KEY BUSINESS RESULTS AND BUSINESS OUTLOOK

Company Profile and Overview

HONMA is one of the most prestigious and iconic brands in the golf industry. Founded in 1959, the Company combines latest innovative technologies with traditional Japanese craftsmanship to provide golfers across the globe with premium, high-tech and high performance golf clubs, balls, apparels and accessories.

As the only vertically integrated golf company with rich in-house design, development and manufacturing capabilities, extensive 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 U.S. and Japan and from increased participation in new and under-penetrated markets such as Korea and China.

The Company will be celebrating its 65th anniversary of HONMA in 2023. In January 2021, HONMA stepped up its tour presence in Asia by announcing a brand new HONMA team consisting of six additional female players whom are considered rising stars by the golf industry. The announcement came right before Asian markets started its new season and attracted wide attention from younger golfers in super-premium and premium-performance segments.

Key Operating Results

Across different markets, the global golf industry has seen continued increases in the purchase interest and participation of avid golfers. With this, the management of HONMA made the decision to strengthen and streamline its product offering along the super-premium and premium-performance consumer segments. This has led to a conscious decision to enrich its TOUR WORLD club family to include a performance enhancement series and to upgrade its legacy BERES club family with a modern and sophisticated design and development approach to appeal to today's golfers.

The continued presence of COVID-19 has led governments to implement various social distancing and shelter-in-place measures at different times throughout the year, which created significant business operation challenges and slowed retail sales. Since early 2021, the golf industry however witnessed encouraging recoveries, with a good majority of the golf courses in Asia, the U.S. and Europe re-opened for play and golfers increased participation. Since then, there have been steady and visible increase in the returned and new golf participation, and rounds played rose in most of the Group's major markets.

As a result and despite the fact that the majority of the Group's self-operated stores continued to experience business interruptions during the year ended 31 March 2022, the Group's revenue increased by 27.4% as compared to the year ended 31 March 2021.

Market wise, all markets demonstrated strong if not robust growth. Revenue from Japan grew by 29.8%, on the back of a complete sales recovery in all channels and product categories. China continued to lead the way in terms of growth, delivering a year-on-year revenue growth of 38.7% thanks to continued uptake in golf participation, expansion of retail footprint and optimization of product line up. Revenue from Europe and other regions also rocketed, recording a year-on-year growth of 47.1% and 48.7%, respectively, thanks to successful activation of golf clubs products. Revenue from Korea grew by 7.0%, in spite of a mid-year change in the distribution right of the Group's TW family products. Japan, Korea and China contributed 79.3% of the Group's total revenue.

Highlights of Major Achievements

For the year ended 31 March 2022, the Company steadfastly followed its growth strategies while carefully protecting the health of its employees and financial status. Among others, the Company delivered the following major achievements which the Company believes will continue to bring satisfactory business advancements and results in the future.

- ***Re-defining the HONMA brand.*** The Company took several steps to improve its global brand positioning and communication. To re-define the HONMA brand as a dynamic, relevant and global brand among internet-savvy younger golfers, the Company completely revamped its global website and social media platforms in January 2019 and made, since then, regular and frequent visual and content updates of all its digital platforms to continuously promote HONMA's brand and product awareness and to appeal to younger golfers. The rapid increase in HONMA's digital communications has generated continued improvement in the organic traffic, conversion and other digital engagement matrixes such as bounce rate, time on site, etc.

  To create an end-to-end digital ecosystem around the re-defined brand and golfers in the super-premium and premium-performance segments, the Company revamped and/or launched customer relationship management ("**CRM**") systems in multiple markets and added various e-commerce capabilities and consumer-facing custom tools thereon, to provide consumers with the ultimate 360-degree brand experience, to strengthen HONMA's direct-to-consumer communication and to eventually increase sales both online and offline.

- ***Focusing on club products that best represent Japanese traditional craftsmanship and innovative technology in pursuit of players in super-premium and premium-performance segments.*** 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. HONMA applied several of its revolutionary proprietary technologies to the design and development of its latest BERES and TOUR WORLD products, designed for affluent and avid golfers. Following the launch of Beres Aizu and TW757 as well as continued penetration into the super-premium and premium performance consumer segments, golf club sales grew by 23.9% during the year ended 31 March 2022, reconfirming HONMA's strong brand equity and its ability to withstand economic challenges since HONMA went into the golf business in 1959.

- ***Accelerating growth in golf balls and relaunching apparel business to create a comprehensive range of golf products for golfers in the super-premium and premium-performance segments.*** Unlike its peers, HONMA continues to derive most of its revenue from the sale and distribution of golf clubs. For the year ended 31 March 2022, golf clubs generated 71.9% of the Group's total revenue. Following continued and mid-double-digit growth in revenue from golf balls over the past seven years, the Company further prioritized its product development resources and launched golf balls with its own patent in order to meet the HONMA brand positioning and play preferences of its consumers. Despite lingering negative impacts from the pandemic on the Group's retail and supply chain activities, revenue from golf balls increased by 11.8% as compared to the year ended 31 March 2021.

  In January 2019, HONMA re-launched its apparel collection in Japan and China. The apparel collection comprises of a professional and a fashion athletic line, catering to the distinctive requirements of golfers in Japan, China and Korea, both on-course and off-course. The year ended 31 March 2022 featured HONMA's 2021 Fall/Winter and 2022 Spring/Summer apparel collections and saw apparel sales grew by 71.6% during this period, fuelled by strong sales performance in China and Korea.

- ***Anchoring HONMA's growth strategies in North America and Europe while improving both markets' financial standing.*** The critical driver of HONMA North America's growth plan lies with a direct-to-consumer distribution model. For the year ended 31 March 2022 and following gradual easing of government imposed social distancing rules, the Company opened 120 new points of sales ("**POS**") in North America. As at the end of March 2022, the Company had 337 retail locations in North America, ranging from A-level (500+ square feet with golf simulator), B-level (250+ square feet and feature wall), C-level (100+ square feet) and to D-level (1-2 display only) shop in shops.

  The Company continued to make investments into its e-commerce website to create an important brand touchpoint for consumers researching and searching for HONMA products, local retailers or fitting experience. Various digital marketing efforts have been implemented to drive website traffic and target potential shoppers through re-targeting efforts in social media and search engine marketing. For the year ended 31 March 2022, the Company had seen continued increase in site visits while average order value climbed to more than one thousand U.S. dollar. The strong performance is a good evidence of HONMA's brand equity and consumer interest in the North American market.

  In Europe, HONMA continued expanding its distribution network and opened 24 new POSs in the year ended 31 March 2022, hence increasing its total POSs to 615 by 31 March 2022.

  During the year ended 31 March 2022, revenue from North America and Europe grew by 8.0% and 47.1%, respectively.

- ***360-degree brand experience built into new retail space and environments.*** The Company retained leading design and marketing agencies to renovate its retail space in order to provide ultimate brand experience and customizable consumer journey in major markets. For the year ended 31 March 2022, the Company opened six new stores in China and six in other areas of Asia, consistently applying the new retail visual identity, design concept and consumer experience elements using advanced technology. The Company also converted multiple shop-in-shops in the U.S., Japan and China using the same design concept to ultimately own its consumer space and experience in all of its major markets.

- ***Customer events.*** Customer events have always been key to the continued enhancement of HONMA's brand, product awareness and consumer mind share. During the year ended 31 March 2022, HONMA hosted 3,739 customer days across its main markets, most of which were held on golf courses with dedicated fitters.

- ***Sponsoring TEAM HONMA players.*** As at 31 March 2022, TEAM HONMA consisted of 11 professional golf players. TEAM HONMA player Hideto Tanihara claimed the title of Mitsui Sumitomo VISA Taiheiyo Masters and Golf Nippon Series JT Cup in November 2021 and December 2021, respectively. The Company believes his image, endorsement and continued success on professional golf tournaments will continue to help drive its sales growth, especially in Japan. The Company will continue to scout and solicit additional and younger players in Asia with visible social media following to anchor brand redefinition and to better appeal to younger and avid golfers.

Product Design and Development

HONMA utilizes the latest innovative technologies and traditional Japanese craftsmanship to provide golfers across the globe with aesthetically beautiful, technology-based and performance-driven golf clubs. The Group uses cutting-edge proprietary technology to design and manufacture golf clubs primarily for consumers in the super-premium and premium-performance segments who want to hit effortless shots and drive the golf balls further.

HONMA currently offers golf clubs under two major product families: BERES and TOUR WORLD, each targeting specific consumer segments. The Group leverages its innovative research methods and development capabilities to manage the product life cycle to continually generate customer interest, ensure product offerings remain up to date with the latest market trends and meet the preferences of target customers.

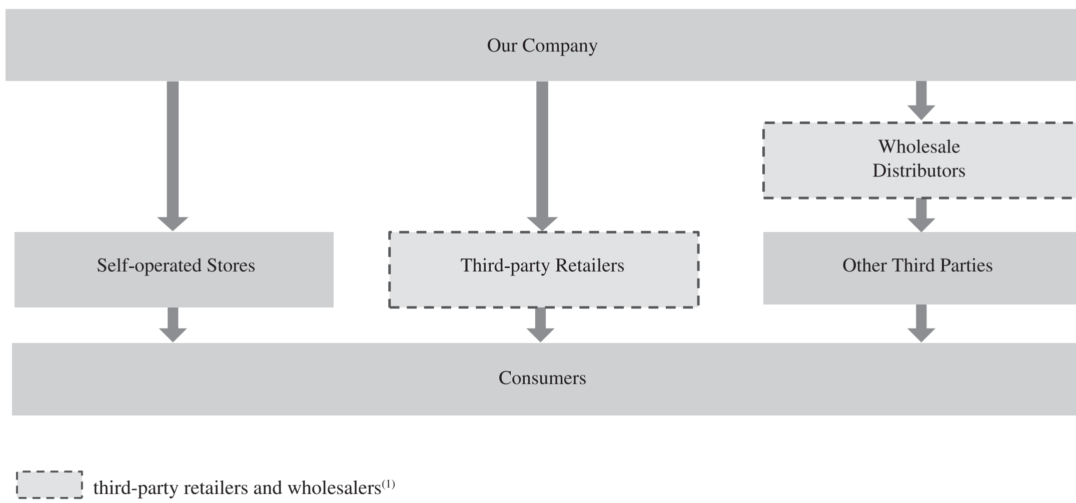
Based on extensive market research, HONMA categorises the market into nine key segments according to the importance golfers place on price, design and performance, which are correlated with their respective levels of affluence and enthusiasm towards golf, as illustrated in the chart below:

1	High Price Low Enthusiasm	**Design & Price**	2	High Price Middle Enthusiasm	**Primarily Design**	3	High Price High Enthusiasm	**Design & Performance**
4	Middle Price Low Enthusiasm	**Performance & Price**	5	Middle Price Middle Enthusiasm	**Performance & Design**	6	Middle Price High Enthusiasm	**Primarily Performance**
7	Low Price Low Enthusiasm	**Primarily Price**	8	Low Price Middle Enthusiasm	**Price & Design**	9	Low Price High Enthusiasm	**Price & Performance**

BERES golf clubs target consumers in Segment 2 or the so-called Super Premium Segment, which is the Company's traditional customer base and comprises affluent consumers willing to pay a premium price for golf clubs that offer excellent performance yet distinctively different from other golf clubs. TOUR WORLD golf clubs was first launched in 2011, target consumers in Segment 6 or the so-called Premium Performance Segment, which comprises golf enthusiasts who place a higher emphasis on performance. In the 2019 financial year, HONMA made the decision to enrich its TOUR WORLD club family to include a performance enhancement series hence creating stronger focus on the younger and avid golfers.

Sales and Distribution Network

The Company's sales and distribution network consists of HONMA-branded self-operated stores as well as third-party distributors which included retailers and wholesalers. The following diagram illustrates the structure of the Group's sales and distribution network:



Note:

(1) The Group's distributors consist of (a) third-party retailers and (b) wholesale distributors that on-sell the Group's products to other third parties.

HONMA operates the largest number of self-operated stores among major golf companies. Self-operated stores provide consumers with a 360-degree experience with the HONMA brand and its products. As at 31 March 2022, the Group had 80 HONMA-branded self-operated stores, all of which were located in Asia. The Group aims to continuously upgrade the design, visual display and consumer experience of its self-operated stores to project one consistent brand image and consumer experience. The table below sets forth the number of self-operated stores opened and closed during the year ended 31 March 2022:

	For the year ended 31 March 2022			
	Period start	**Opened**	**Closed**	**Period end**
Japan	31	–	2	29
China (including Hong Kong and Macau)	35	6	8	33
U.S	2	–	2	–
Rest of Asia	12	6	–	18
Total	80	12	12	80

To better serve avid golf enthusiasts, certain HONMA-branded self-operated stores offer fitting centers equipped with high-speed cameras and launch monitors to capture players' swing data. As at 31 March 2022, the Group had five fitting centers, including two in Japan, two in China and one in Korea.

As at 31 March 2022, the Group had approximately 4,144 POSs, representing a year-on-year increase of 209 POSs. The Group's POSs consist of (a) POS of third-party retailers ("**Retailers**") and (b) POS of wholesale distributors ("**Wholesale Distributors**") that on-sell the Group's products to other third parties and consumers. Retailers include, among others, sports megastores, which are large retailers of sports goods. As at 31 March 2022, the Group's products were sold at 1,569 POSs of sports megastores.

In Japan, the Group mainly sells products to Retailers, including nation-wide sports chain stores such as Golf 5 and Xebio. Outside Japan, the Group sells products to both Retailers and Wholesale Distributors.

The Group manages its sales and distribution network on a country-by-country basis to cater for each country's specific retail landscape and consumer demographics. The makeup of its sales and distribution network varies across regions depending on local retail landscape and its go-to-market strategy in that particular region, reflecting on the purchase behaviour of target consumers. To optimise its sales and distribution network, the Group is constantly evaluating its existing channels and exploring new channels.

Updating E-commerce Capabilities and Creating One Digital Ecosystem

The Group completely rebuilt its website and relaunched its social media platforms in various countries in January 2019. These efforts aimed to create one consistent and vibrant communication platform and brand image across all markets. The rapid expansion of digital communications generated a month-on-month double-digit growth in the organic traffic, conversion and other digital brand engagement matrixes such as bounce rate, time on site, etc.

The Company also revamped its CRM systems in key markets such as Japan, China and the U.S., and upgraded its e-commerce capabilities to provide consumers with the ultimate 360-degree brand experience and to eventually increase online sales.

Manufacturing Processes

HONMA utilizes the latest innovative technologies and traditional Japanese craftsmanship to provide golfers across the globe with aesthetically beautiful and high-tech performance-driven golf clubs. The Company is the only major golf products company that utilizes professional handcrafted techniques together with significant in-house manufacturing capabilities. The Group conducts all key manufacturing processes for golf clubs at its campus located in Sakata, Yamagata prefecture of Japan (the "**Sakata Campus**"), while outsourcing non-core processes to its well-respected suppliers. This combination of in-house and outsourced manufacturing processes enables the Group to control core technical know-how and intellectual property and ensure the quality of products while controlling production costs.

Located on an approximately 163,000 square metre parcel of land, the Sakata Campus is staffed with 218 craftsmen, 21 of whom are master craftsmen with approximately 36 years of experience on average. The craftsmen's dedication to product quality enables the Group to maintain the iconic and premium status of the HONMA brand. The Group continually invests in its Sakata Campus to optimise manufacturing processes and to expand its manufacturing capacity in line with sales growth.

Employees

As at 31 March 2022, the Group had 732 employees worldwide, a majority of whom were based in Japan.

To ensure the long-term future of HONMA, the Group hires people who identify with its core values and the Group helps its employees grow by offering on job training and career progressions within HONMA. For sales personnel in self-operated stores, the Group offers a number of training programs, including an internal golf club fitter certification program. Moreover, the Group has implemented a rigorous apprenticeship program at the Sakata Campus which was instrumental to the retention and continued nurturing of craftsmen in Sakata.

The Group offers competitive remuneration packages, including, among others, salaries, performance-based cash bonus and share-based compensation. The Group reviews its remuneration scheme regularly to ensure its consistency with market practice. Employee benefit expenses amounted to JPY4,780.8 million for the year ended 31 March 2022.

The Group adopted its restricted share unit ("**RSU**") scheme in October 2015 to incentivize its directors, management and eligible employees.

Brand Marketing

Since 1959, HONMA has committed to maintaining the traditional methods and arts used by Japanese craftsmen to make the finest golf clubs in the world. To fully capture HONMA's unique opportunities in super-premium and premium-performance consumer segments, the Group brought a series of actions that helped re-define and transform the HONMA brand in an age of explosive technological innovation.

HONMA has been perceived as the symbol for luxury and was closely associated with super-rich Asians in consumer sentiments. Extensive marketing efforts have been launched to transform this perception into a modern, premium performance focus, rooted in HONMA's unique craftsmanship and superior technology. The launch of GS series and TW757 series, both of which under the TOUR WORLD club family, have generated great media buzz and consumer purchase intent for HONMA among the younger and more avid golfers.

Outlook

Business Outlook

The current financial year continued presenting operating challenges and uncertainties for HONMA. As COVID-19 related regulatory restrictions began to ease from most areas of Asia to Europe and North America, the Company expects pent-up demand to continuously and visibly expand golf participation as well as an uptick in new orders from both golfers and HONMA's retail partners.

For the years ahead, the Group will continue executing its long-term growth strategy to build a world-leading golf lifestyle company leveraging HONMA's brand legacy, its expanding distribution network and innovative technologies and traditional Japanese craftsmanship. In the face of uncertainties posed by the COVID-19 pandemic, the Company will also pursue active actions to reduce cost, maximize liquidity and protect its employees' health.

The Group intends to continue pursuing the following:

- ***Improve and transform HONMA brand value into customer loyalty.*** Multiple branding and marketing strategies have been executed to reinforce HONMA's brand heritage and its core brand values of premium craftsmanship and performance, allowing HONMA to fully capture its unique opportunities to lead in both super-premium and premium-performance segments. Since a key part of the Group's future growth strategy lies with continuous enhancement of brand awareness and loyalty, HONMA will continue upgrading its offline and online retail experiences based on the updated HONMA brand image, retail and visual guidelines. In Asia, HONMA opened its first brand experience store in downtown Tokyo, Japan in July 2019 to present HONMA's new brand experience and customizable consumer journey to consumers in HONMA's home markets, followed by similar store openings in China, Korea, Taiwan, the U.S. and Europe. All these stores will form the centrepiece of HONMA's new consumer touchpoints and will act as the hub to generate traffic to HONMA's extensive shop-in-shop at third-party retailers, golf courses and its online e-commerce platforms.

- ***Further increase the Group's market share in home markets by maintaining its leading position in the super-premium segment while making solid inroads into the fast-growing premium-performance segment.*** Increasing market share in HONMA's home markets, namely Japan, Korea and China, which will be an increasingly important part of the Group's future growth strategy. While the Group already has a strong presence in its home markets, it believes that there is still significant room to increase its market shares in these markets, especially in the premium-performance segments. The Group intends to achieve this by continuously enriching its TOUR WORLD family, leveraging HONMA's improved international tour presence. At the same time, the Group will continuously nurture and foster stronger partnerships with its retail partners while intensifying investments in sales point product promotions that are relevant to these consumer segments.

- ***Pivoting growth in North America based on the updated product and its distribution strategy.*** North America accounts for more than half of the global golf market. During the year ended 31 March 2022, HONMA continued implementing unique direct-to-consumer distribution strategy, and now possess 65 retail POSs with elevated retail presence. The said direct-to-consumer distribution network overlays with HONMA's existing wholesales points of sale and various digital platforms, hence allowing HONMA to effectively increase its brand and product awareness while owning the entire consumer experience and purchase journey.

  Furthermore, the decision to differentiate the TOUR WORLD product offering between tour inspired better players and golfers who look for performance enhancements will provide great support to HONMA's growth strategy in North America, which market has continued to rebound with the number of golfers increasingly skewed towards premium-performance products.

- ***Nurturing complementary non-club product lines to provide customers with a complete golf lifestyle experience.*** In January 2018, HONMA announced the formation of a strategic partnership with Itochu Corporation, a leading Japanese textile and trading company. Since then, HONMA has actively expanded its apparel business, leveraging Itochu's rich industry networks and know-how while promoting HONMA as a "golf lifestyle brand". To support HONMA's apparel growth ambition, the Group has assembled dedicated apparel design and sales teams in Japan, China and Korea and created a network of quality retail footprints.

- ***Continue product innovation and development to cater for latest market trends.*** The Group devotes significant resources to new product development to ensure that its product offerings remain up to date with the latest market trends, all with close link with its manufacturing facilities in Sakata, Japan. The Group's research and development expenses amounted to JPY259.4 million and JPY186.8 million for the year ended 31 March 2021 and 2022, respectively. The research and development team of HONMA thrives to incorporate innovations in ergonomics and material sciences in its designs and collaborates closely with professional golf players to optimize product performance.

Industry Outlook

The golf industry will continue to face multiple challenges in the year ending 31 March 2023 as the Group witnessed since the outbreak of the global health pandemic. These challenges include uncertain global public health situations, increased supply chain challenges, global economic and political incidents and pace at which the global golf industry will continue to recover.

For the year ended March 31, 2022, the golf industry has however experienced encouraging recoveries, while a good majority of the golf courses in Asia, the U.S. and Europe re-opened for play and golfers increased participation.

These positive developments have in part contributed to the Group's revenue increase for the year ended 31 March 2022 across all major markets. The Company does expect the overall golf industry to gradually adapt itself to the new norm and to continue showing positive rebound in participation and purchase interest.

The Group also believes that the year ending 31 March 2023 will be a crucial period for it to execute its growth strategies amidst global health challenge. The Group is confident in its ability to mitigate the adverse impacts of the global heath pandemic and will seize every possible opportunity to preserve cash, to optimize its operational efficiencies in order to foster a solid foundation for the mid- and long-term development with respect to its brand, products, distribution channel, employees and supply chain. The Group endeavours to promote sustainable business development and strives to create long-term value for all of its shareholders.

The Group will stay alert to the developments of all external challenges including those posed by COVID-19. The Group will also continue reviewing its existing business strategies from time to time and take necessary actions to mitigate business risks while safeguarding the health and safety of its employees and teams.

FINANCIAL REVIEW

The following table is a summary of the Group's consolidated statement of profit or loss with line items in absolute amounts and as percentages of the Group's total revenue for the years indicated, together with the change (expressed in percentages) from the year ended 31 March 2021 to the year ended 31 March 2022:

	For the year ended 31 March				
	2022		2021		**Year-on-Year Change**
	JPY	*%*	*JPY*	*%*	*%*
	(In thousands, except for percentages and per share data)				
Consolidated Statement of Profit or Loss					
Revenue	**28,971,099**	**100.0**	22,735,119	100.0	27.4
Cost of sales	**(13,285,472)**	**(45.9)**	(11,289,914)	(49.7)	17.7
Gross profit	**15,685,627**	**54.1**	11,445,205	50.3	37.0
Other income and gains	**2,192,521**	**7.6**	1,538,719	6.8	42.5
Selling and distribution expenses	**(9,316,156)**	**(32.2)**	(8,930,887)	(39.3)	4.3
Administrative expenses	**(857,037)**	**(3.0)**	(1,217,804)	(5.4)	(29.6)
Other expenses, net	**(89,021)**	**(0.3)**	(351,232)	(1.5)	(74.7)
Finance costs	**(66,414)**	**(0.2)**	(76,225)	(0.3)	(12.9)
Finance income	**10,771**	**0.1**	12,531	0.1	(14.0)
Profit before tax	**7,560,291**	**26.1**	2,420,307	10.6	212.4
Income tax expense	**(1,369,103)**	**(4.7)**	(561,201)	(2.5)	144.0
Net profit	**6,191,188**	**21.4**	1,859,106	8.2	233.0
Earnings per share attributable to ordinary equity holders of the parent:					
Basic and diluted					
– For profit for the year (JPY)	**10.22**		3.07		232.9
Non-IFRS Financial Measure					
Operating profit(1)	**5,456,791**	**18.8**	1,232,820	5.4	342.6
Net operating profit(2)	**4,329,498**	**14.9**	759,751	3.3	469.9

Notes:

(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. For a reconciliation of operating profit to profit before tax, see "Management Discussion and Analysis – Financial Review – Non-IFRS Financial Measures – Operating Profit".

(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. For a reconciliation of net operating profit to net profit see "Management Discussion and Analysis – Financial Review– Non-IFRS Financial Measures – Net Operating Profit".

Revenue

The Group's total revenue increased by 27.4% from JPY22,735.1 million for the year ended 31 March 2021 to JPY28,971.1 million for the year ended 31 March 2022.

Constant Currency Revenue

On a constant currency basis, the Group's total revenue increased by 22.7% from the year ended 31 March 2021 to the year ended 31 March 2022. For the purpose of calculating constant currency revenue, the Group has used the average exchange rate of the year ended 31 March 2021 to translate sales recorded during the year ended 31 March 2022, to the extent that the original currency for such sales is not in Japanese yen.

Constant currency revenue is used to supplement measures that were prepared in accordance with IFRS. It is however not a measure of financial performance under IFRS and should not be considered as an alternative to measures presented in accordance with IFRS.

Revenue by Product Groups

The Group offers golfers a complete golf lifestyle experience through an extensive portfolio of HONMA-branded golf clubs, golf balls, bags, apparels and other accessories. The following table shows revenue by product groups in absolute amounts and as percentages of the Group's total revenue for the years indicated:

	For the year ended 31 March				Year-on-Year Change	
	2022		2021		on as reported basis	on constant currency basis[1]
	JPY	*%*	*JPY*	*%*	*%*	*%*
	(In thousands, except for percentages)					
Golf clubs	**20,843,062**	**71.9**	16,818,174	74.0	23.9	19.6
Golf balls	**2,974,129**	**10.3**	2,659,248	11.7	11.8	9.7
Apparels	**2,963,426**	**10.2**	1,727,014	7.6	71.6	58.0
Accessories and other related[2]	**2,190,481**	**7.6**	1,530,683	6.7	43.1	39.5
Total	**28,971,099**	**100.0**	22,735,119	100.0	27.4	22.7

Notes:

(1) For further information, see "—Constant Currency Revenue".

(2) Include golf bags, golf club head covers, footwear, gloves, headwear and other golf-related accessories.

Revenue from golf clubs increased by 23.9% from JPY16,818.2 million for the year ended 31 March 2021 to JPY20,843.1 million for the year ended 31 March 2022. The increase was primarily due to continued investment in product development and successful activation of the latest products under the Group's BERES and TW families. On a constant currency basis, revenue from golf clubs increased by 19.6% during the same period.

Revenue from golf balls increased by 11.8% from JPY2,659.2 million for the year ended 31 March 2021 to JPY2,974.1 million for the year ended 31 March 2022. On a constant currency basis, revenue from golf balls increased by 9.7% during the same period.

Revenue from apparels increased by 71.6% from JPY1,727.0 million for the year ended 31 March 2021 to JPY2,963.4 million for the year ended 31 March 2022. On a constant currency basis, revenue from apparels increased by 58.0% during the same period.

Revenue from accessories and other related products increased by 43.1% from JPY1,530.7 million for the year ended 31 March 2021 to JPY2,190.5 million for the year ended 31 March 2022. On a constant currency basis, revenue from accessories and other related products increased by 39.5% during the same period.

The steady revenue increases in golf clubs, golf balls, apparel as well as accessories and other related products were primarily driven by continued product development efforts as well as deeper market penetration in HONMA's home markets, namely Japan, Korea and China.

Revenue by Geography

The Group's products are sold in approximately 50 countries worldwide, primarily in Asia and also across North America, Europe and other regions. The following table sets forth revenue from regions by absolute amounts and as percentages of total revenue for the years indicated:

	For the year ended 31 March				Year-on-Year Change	
	2022		2021		**on as reported basis**	**on constant currency basis(1)**
	JPY	*%*	*JPY*	*%*	*%*	*%*
	(In thousands, except for percentages)					
Japan	**8,497,160**	**29.3**	6,544,915	28.8	29.8	29.8
Korea	**6,831,638**	**23.6**	6,383,392	28.1	7.0	7.0
China (including Hong Kong and Macau)	**7,644,271**	**26.4**	5,512,022	24.2	38.7	23.5
North America	**992,169**	**3.4**	918,542	4.0	8.0	1.5
Europe	**1,393,489**	**4.8**	947,473	4.2	47.1	35.5
Other regions	**3,612,372**	**12.5**	2,428,775	10.7	48.7	45.6
Total	**28,971,099**	**100.0**	22,735,119	100.0	27.4	22.7

Note:

(1) For further information, see "—Constant Currency Revenue".

For the year ended 31 March 2022, all of the Group's markets reported record sales growth versus same period last year. Revenue from Japan, Korea, China, North America, Europe and other regions rose robustly by 29.8%, 7.0%, 38.7%, 8.0%, 47.1% and 48.7%, respectively, on the back of a strong rebound of consumer demand, continued marketing activities to drive HONMA brand awareness and successful activation of various HONMA products.

Revenue from Japan grew robustly by 29.8% from JPY6,544.9 million for the year ended 31 March 2021 to JPY8,497.2 million for the year ended 31 March 2022.

Revenue from Korea recorded a growth of 7.0% from JPY6,383.4 million for the year ended 31 March 2021 to JPY6,831.6 million for the year ended 31 March 2022, despite a mid-year change in the distributorship of the Group's TW family products.

Revenue from China (including Hong Kong and Macau) rose by 38.7% from JPY5,512.0 million for the year ended 31 March 2021 to JPY7,644.3 million for the year ended 31 March 2022. On a constant currency basis, revenue from China (including Hong Kong and Macau) went up by 23.5% during the same period.

Revenue from North America and Europe increased by 8.0% and 47.1% from JPY918.5 million and JPY947.5 million for the year ended 31 March 2021 to JPY992.2 million and JPY1,393.5 million for the year ended 31 March 2022, respectively. On a constant currency basis, revenue from North America and Europe increased by 1.5% and 35.5%, respectively.

Revenue from other regions rose strongly by 48.7% from JPY2,428.8 million for the year ended 31 March 2021 to JPY3,612.4 million for the year ended 31 March 2022. On a constant currency basis, revenue from other regions increased by 45.6% during the same period.

Revenue from the Group's home markets, namely Japan, Korea and China (including Hong Kong and Macau) accounted for 79.3% of the Group's total revenue for the year ended 31 March 2022.

Revenue by Sales and Distribution Channels

The Group has an extensive sales and distribution network that allows the Group to address a broad customer base in its target markets. The Group's sales and distribution network consists of HONMA-branded self-operated stores as well as POSs owned and managed by third-party retailers and wholesalers. The Group's third-party retailer and wholesaler partners include (a) Retailers, including various national and regional sports megastores, and (b) Wholesale Distributors that on-sell the Group's products to other third-party retailers and consumers. The following table sets forth revenue from self-operated stores and POSs in absolute amounts and as percentages of total revenue for the years indicated:

	For the year ended 31 March				**Year-on-Year Change**	
	2022		2021		**on as reported basis**	**on constant currency basis(1)**
	JPY	*%*	*JPY*	*%*	*%*	*%*
	(In thousands, except for percentages)					
Self-operated stores	**7,285,013**	**25.1**	5,972,588	26.3	22.0	15.9
Third-party retailers and wholesalers	**21,686,085**	**74.9**	16,762,531	73.7	29.4	25.0
Total	**28,971,099**	**100.0**	22,735,119	100.0	27.4	22.7

Note:

(1) For further information, see "—Constant Currency Revenue".

Revenue from self-operated stores increased by 22.0% from 5,972.6 million for the year ended 31 March 2021 to JPY7,285.0 million for the year ended 31 March 2022. On a constant currency basis, revenue from self-operated stores increased by 15.9% during the same period. Such increase was primarily due to renewed product offering and continued optimization of HONMA's retail operation.

Revenue from sales to third-party retailers and wholesalers increased by 29.4% from JPY16,762.5 million for the year ended 31 March 2021 to JPY21,686.1 million for the year ended 31 March 2022. On a constant currency basis, revenue from third-party retailers and wholesalers increased by 25.0% during the same period thanks to pent-up demand. Sales to the Group's retail partners in Japan grew by 38.3% as most retailers recovered from extended and lingered business closure during COVID-19 pandemic.

Cost of Sales

Cost of sales increased by 17.7% from JPY11,289.9 million for the year ended 31 March 2021 to JPY13,285.5 million for the year ended 31 March 2022. The table below sets forth a breakdown of the key components of cost of sales, each expressed in absolute amounts and as percentages of the total cost of sales during the years indicated:

	For the year ended 31 March			
	2022		2021	
	JPY	***%***	*JPY*	*%*
	(In thousands, except for percentages)			
Raw materials	**6,893,588**	**51.9**	6,043,896	53.5
Employee benefits	**1,027,491**	**7.7**	1,139,338	10.1
Manufacturing overhead[1]	**466,572**	**3.5**	620,559	5.5
Finished goods purchased from suppliers	**4,897,821**	**36.9**	3,486,121	30.9
Total	**13,285,472**	**100.0**	11,289,914	100.0

Note:

(1) Includes depreciation and amortisation of property, plant and equipment, other manufacturing overhead and cost of services rendered.

Gross Profit and Gross Profit Margin

Gross profit increased by 37.0% from JPY11,445.2 million for the year ended 31 March 2021 to JPY15,685.6 million for the year ended 31 March 2022. Gross profit margin increased from 50.3% for the year ended 31 March 2021 to 54.1% for the year ended 31 March 2022.

Gross Profit and Gross Profit Margin by Product Groups

The following table sets forth a breakdown of gross profit and gross profit margin by product groups for the years indicated:

	For the year ended 31 March			
	2022		2021	
	JPY	***%***	*JPY*	*%*
	(In thousands, except for percentages)			
Golf clubs	**12,114,750**	**58.1**	8,616,029	51.2
Golf balls	**1,352,482**	**45.5**	1,195,413	45.0
Apparels	**1,454,962**	**49.1**	1,023,706	59.3
Accessories and other related[1]	**763,433**	**34.9**	610,057	39.9
Total	**15,685,627**	**54.1**	11,445,205	50.3

Note:

(1) Include golf bags, golf club head covers, footwear, gloves, headwear and other golf-related accessories.

Gross profit for golf clubs increased by 40.6% from JPY8,616.0 million for the year ended 31 March 2021 to JPY12,114.8 million for the year ended 31 March 2022. Gross profit margin for golf clubs increased from 51.2% for the year ended 31 March 2021 to 58.1% for the year ended 31 March 2022, primarily due to continued retail price management and manufacturing cost optimization.

Gross profit for golf balls increased by 13.1% from JPY1,195.4 million for the year ended 31 March 2021 to JPY1,352.5 million for the year ended 31 March 2022. Gross profit margin for golf balls remained relatively stable at 45.0% and 45.5% for the year ended 31 March 2021 and 2022, respectively.

Gross profit for apparels increased by 42.1% from JPY1,023.7 million for the year ended 31 March 2021 to JPY1,455.0 million for the year ended 31 March 2022. Gross profit margin for apparels decreased from 59.3% for the year ended 31 March 2021 to 49.1% for the year ended 31 March 2022, primarily due to inventory provision policy alignment and clearance of 2020 inventories.

Gross profit for accessories and other related products increased by 25.1% from JPY610.1 million for the year ended 31 March 2021 to JPY763.4 million for the year ended 31 March 2022. Gross profit margin for accessories and other related products decreased from 39.9% for the year ended 31 March 2021 to 34.9% for the year ended 31 March 2022, primarily due to extreme purchase cost pressure amidst supply chain constraints.

Other Income and Gains

Other income and gains increased significantly from JPY1,538.7 million for the year ended 31 March 2021 to JPY2,192.5 million for the year ended 31 March 2022, primarily due to an increase in foreign exchange gain of JPY947.8 million.

Selling and Distribution Expenses

Selling and distribution expenses increased from JPY8,930.9 million for the year ended 31 March 2021 to JPY9,316.2 million for the year ended 31 March 2022. Selling and distribution expenses as a percentage of revenue decreased from 39.3% for the year ended 31 March 2021 to 32.2% for the year ended 31 March 2022, primarily due to economies of scale from the Group's robust sales expansion. The following table sets forth a breakdown of selling and distribution expenses by absolute amounts and percentages of total selling and distribution expenses for the years indicated:

	For the year ended 31 March			
	2022		2021	
	JPY	***%***	*JPY*	*%*
	(In thousands, except for percentages)			
Employee benefits	**3,232,196**	**34.7**	3,128,828	35.0
Advertising and promotion expenses	**2,085,342**	**22.4**	2,218,561	24.8
Depreciation of right-of-use assets	**931,415**	**10.0**	987,987	11.1
Rental fees	**697,963**	**7.5**	357,667	4.0
Others[1]	**2,369,240**	**25.4**	2,237,844	25.1
Total	**9,316,156**	**100.0**	8,930,887	100.0

Note:

(1) Include distribution costs, depreciation and amortisation of certain tangible and intangible assets, travel expenses, consumables and other expenses.

Administrative Expenses

Administrative expenses decreased by 29.6% from JPY1,217.8 million for the year ended 31 March 2021 to JPY857.0 million for the year ended 31 March 2022, primarily due to a decrease in bad debt provision.

Other Expenses, Net

Other expenses decreased by 74.7% from JPY351.2 million for the year ended 31 March 2021 to JPY89.0 million for the year ended 31 March 2022, absent material provision for impairment of property, plant and equipment and restructuring expenses.

Finance Costs

Finance costs decreased by 12.9% from JPY76.2 million for the year ended 31 March 2021 to JPY66.4 million for the year ended 31 March 2022, primarily due to lower lease liability interest.

Finance Income

Finance income decreased by 14.0% from JPY12.5 million for the year ended 31 March 2021 to JPY10.8 million for the year ended 31 March 2022, primarily due to minor movements in Company's cash balance.

Profit Before Tax

As a result of the foregoing, profit before tax for the year ended 31 March 2022 was JPY7,560.3 million.

Income Tax Expense

Income tax expense increased by 144.0% from JPY561.2 million for the year ended 31 March 2021 to JPY1,369.1 million for the year ended 31 March 2022. The Group's effective tax rate decreased from 23.2% for the year ended 31 March 2021 to 18.1% for the year ended 31 March 2022.

Net Profit

As a result of the foregoing, net profit for the year ended 31 March 2022 was JPY6,191.2 million. Net profit margin for the year ended 31 March 2022 was 21.4%.

Non-IFRS Financial Measures

In addition to the IFRS measures in its consolidated financial statements, the Group also uses the non-IFRS financial measures of operating profit and net operating profit to evaluate its operating performance. The Group believes that such non-IFRS measures provide useful information to investors in understanding and evaluating its consolidated results of operations in the same manner as its management and in comparing financial results across accounting periods on a like-for-like basis.

The use of operating profit and net operating profit has material limitations as analytical tools, as operating profit does not include all items that have impacted profit before tax, the nearest IFRS performance measure, and net operating profit does not include all items that have impacted net profit, the nearest IFRS performance measure.

Operating Profit

The Group derives operating profit from profit before tax by (i) subtracting other income and gains and (ii) adding other expenses. Operating profit eliminates the effect of other income and gains and other expenses, which are primarily related to non-recurring events. The following table reconciles operating profit to profit before tax for the years indicated:

	For the year ended 31 March	
	2022	2021
	(In JPY thousands)	
Profit before tax	**7,560,291**	2,420,307
Adjustment for:		
Other income and gains	**(2,192,521)**	(1,538,719)
Other expenses	**89,021**	351,232
Operating profit	**5,456,791**	1,232,820

Net Operating Profit

The Group derives net operating profit from net profit by (i) subtracting other income and gains, (ii) adding other expenses, and (iii) adding impact on tax related to items (i) and (ii) above. Net operating profit eliminates the effect of other income and gains and other expenses, which are primarily related to non-recurring events. The following table reconciles net operating profit to net profit for the years indicated:

	For the year ended 31 March	
	2022	2021
	(In JPY thousands)	
Net profit	**6,191,188**	1,859,106
Adjustment for:		
Other income and gains	**(2,192,521)**	(1,538,719)
Other expenses	**89,021**	351,232
Impact on tax	**241,810**	88,132
Net operating profit	**4,329,498**	759,751

Working Capital Management

	For the year ended 31 March	
	2022	2021
Inventories turnover days[(1)]	**293**	314
Trade and bills receivables turnover days[(2)]	**68**	112
Trade and bills payables turnover days[(3)]	**58**	69

Notes:

(1) Inventories turnover days are calculated using the average of opening balance and closing balance of inventories for a year divided by cost of sales for the relevant year and multiplied by 365 days.

(2) Trade and bills receivables turnover days are calculated using the average of opening balance and closing balance of trade and bills receivables for a year divided by revenue for the relevant year and multiplied by 365 days.

(3) Trade and bills payables turnover days are calculated using the average of opening balance and closing balance of trade and bills payables for a year divided by cost of sales for the relevant year and multiplied by 365 days.

Inventories turnover days decreased by 21 days from 314 days for the year ended 31 March 2021 to 293 days for the year ended 31 March 2022, primarily due to continuous inventory management. Trade and bills receivables turnovers days decreased by 44 days from 112 days for the year ended 31 March 2021 to 68 days for the year ended 31 March 2022, primarily due to strengthened collection efforts post COVID-19. On the other hand, trade and bills payables turnover days decreased by 11 days from 69 days for the year ended 31 March 2021 to 58 days for the year ended 31 March 2022, primarily due to higher goods consumption in the year.

Inventories

The following table sets forth the balance of the Group's inventories as at the dates indicated:

	As at 31 March 2022	As at 31 March 2021
	(In JPY thousands)	
Raw materials	**2,930,047**	2,375,810
Work in progress	**1,548,424**	1,421,394
Finished goods	**8,552,042**	7,060,058
Less: provision	**(1,535,677)**	(1,033,923)
Total	**11,494,836**	9,823,339

The following table sets forth aging analysis of the Group's inventories as at the dates indicated:

	As at 31 March 2022	As at 31 March 2021
	(In JPY thousands)	
Within 1 year	**5,763,355**	4,474,564
1 year to 2 years	**2,249,881**	3,400,240
2 to 3 years	**2,545,454**	901,664
3 to 4 years	**442,649**	678,960
Over 4 years	**493,496**	367,911
Total	**11,494,836**	9,823,339

The Group prepares its inventory aging analysis with reference to product launch date, instead of capitalisation date. For example, inventories reported as aged between two to three years in the table above represent inventories relating to products that were launched two to three years before the relevant balance sheet date. Such inventories may have been produced and/or procured and hence capitalised more recently than as shown in the said aging analysis.

The Group adopted this approach of inventory aging analysis because it allows the Group to implement a more effective inventory management process relative to each product's life cycle. The Group typically launches new club, ball and accessory products every 24 months and carries its previous older generation for another 12 months.

Liquidity and Capital Resources

During the year ended 31 March 2022, the Group financed its operations primarily through cash from operations, net proceeds received from the global offering and proceeds from bank loans. The Group intends to finance its expansion and business operations by internal resources and through organic and sustainable growth, bank borrowings, as well as the net proceeds received from the global offering.

As at 31 March 2022, the Group had JPY14,454.6 million in cash and cash equivalents, which were primarily held in U.S. dollar, Japanese yen and Renminbi. The Group's cash and cash equivalents primarily consist of cash on hand and demand deposits.

A substantial portion of the Group's operation is based in Japan, and a substantial portion of the Group's revenue and expenditures are denominated and settled in Japanese yen. As a result, the Group's currency risk is limited, and the Group did not use any derivative contracts to hedge against such risk as at 31 March 2022.

Indebtedness

As at 31 March 2022, the Group's interest-bearing bank borrowings amounted to JPY7,700.0 million, mainly of which were denominated in Japanese yen and carry interest at variable rates. All of such borrowings were unsecured and payable within two years. The effective interest rate for the balance of the Group's interest-bearing bank borrowings as at 31 March 2022 ranged from 0.33% to 1.07%.

Gearing Ratio

The Group's gearing ratio is calculated by dividing (i) the sum of interest-bearing bank borrowings and lease liabilities by (ii) total equity. As at 31 March 2022, the Group's gearing ratio was 38.1% (as at 31 March 2021, the Group's gearing ratio was 49.4%).

Capital Expenditures

The Group's capital expenditures for the year ended 31 March 2022 amounted to JPY272.4 million, which was used primarily to purchase plant machinery and equipment, office equipment and leasehold improvement. In the year ended 31 March 2022, the Group financed its capital expenditures primarily with cash generated from operations.

Contingent Liabilities

As at 31 March 2022, the Group did not have any significant contingent liabilities.

Funding and Treasury Policy

The Group adopts a stable, conservative approach on its funding and treasury policy, aiming to maintain an optimal financial position, the most economical finance costs and minimal financial risks. The Group regularly reviews its funding requirements to maintain adequate financial resources in order to support its current business operations as well as its future investments and expansion plans.

Charge on Assets

There was no charge on the Group's assets as at 31 March 2022.

Material Acquisitions and Future Plans for Major Investment

During the year ended 31 March 2022, the Group did not conduct any material investments, acquisitions or disposals. In addition, save for the expansion plans as disclosed in the sections headed "Business" and "Future Plans and Use of Proceeds" in the prospectus (the "**Prospectus**") of the Company dated 23 September 2016, the Group has no specific plan for major investment or acquisition for major capital assets or other businesses. However, the Group will continue to identify new opportunities for business development.

Use of Proceeds from the Global Offering

The Company was listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 6 October 2016. The net proceeds from the Company's global offering amounted to JPY16,798.0 million, which are intended to be applied in compliance with the intended use of proceeds as set out in the section headed "Net Proceeds from the Global Offering" in the Company's Announcement of Offer Price and Allotment Results dated 5 October 2016.

The following table sets forth the status of the use of proceeds from the global offering[1]:

Intended use of proceeds	Percentage of intended use of proceeds	Intended use of proceeds from the global offering	Percentage of used amount as at 31 March 2022	Percentage of unused balance as at 31 March 2022	Expected timeframe for utilizing the remaining unused net proceeds[2]
	(%)	*(In JPY millions)*	*(%)*	*(%)*	
Potential strategic acquisitions	29.4	4,939	–	29.4	–[3]
Sales and marketing activities in North America and Europe	15.1	2,536	15.1	–	N/A
Sales and marketing activities in home markets of Japan, Korea and China (including Hong Kong and Macau)	15.1	2,536	15.1	–	N/A
Capital expenditures	13.0	2,184	13.0	–	N/A
Repayment of interest-bearing bank borrowings	17.3	2,906	17.1	0.2[4]	N/A[4]
Providing funding for working capital and other general corporate purposes	10.1	1,697	10.1	–	N/A
Total	100.0	16,798	70.4	29.6	

Notes:

(1) The figures in the table are approximate figures.

(2) The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.

(3) As at the date of this announcement, the Group had not identified, committed to or entered into negotiations with any acquisition targets for its use of net proceeds from the global offering; hence it has no specific expected timeframe for fully utilizing such proceeds. The Group will continue to prudently evaluate potential acquisition targets within the golf products industry based on, among other factors, their brand recognition, geographic footprint, distribution network, product offerings and financial condition, with a goal of identifying potential acquisition targets that best fit its growth strategies.

(4) As at the date of this announcement, the Group has repaid the interest-bearing bank borrowings intended to be repaid through the proceeds from the global offering in full. The difference between the intended use of proceeds from the global offering and the actual repayment was due to the changes in foreign exchange rates. For the remaining unused net proceeds, the Group plans to use for general corporate purpose. As at the date of this announcement, the Group has not used the remaining 0.2% of the unused balance and will evaluate suitable usage based on its business needs.

As at 31 March 2022, the unused balance of the proceeds from the global offering of approximately JPY4,972.2 million are currently deposited with creditworthy banks with no recent history of default.

Events after the Reporting Period

Final Dividend

The Board recommends the payment of a final dividend of JPY2.0 per share, amounting to approximately a total of JPY1,211.3 million for the year ended 31 March 2022 (the "**2021/2022 Final Dividend**"), representing approximately 19.6% of the Group's distributable profits for the year ended 31 March 2022. The 2021/2022 Final Dividend is subject to the approval of the Company's shareholders at the forthcoming annual general meeting (the "**AGM**").

Exchange Rate Conversion

Unless otherwise specified, amounts denominated in USD have been translated, for the purpose of illustration only, into JPY at the exchange rate of USD1.00:JPY116.25. No representation is made that any amount in USD and JPY could have been or could be converted at the above rates or at any other rates or at all.

FINANCIAL INFORMATION

The consolidated annual results of the Group for the year ended 31 March 2022 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2022

		Year ended 31 March	
	Notes	**2022**	2021
		JPY'000	*JPY'000*
REVENUE	*4*	**28,971,099**	22,735,119
Cost of sales	*8*	**(13,285,472)**	(11,289,914)
Gross profit		**15,685,627**	11,445,205
Other income and gains	*4*	**2,192,521**	1,538,719
Selling and distribution expenses		**(9,316,156)**	(8,930,887)
Administrative expenses		**(857,037)**	(1,217,804)
Other expenses, net	*5*	**(89,021)**	(351,232)
Finance costs	*6*	**(66,414)**	(76,225)
Finance income	*7*	**10,771**	12,531
PROFIT BEFORE TAX	*8*	**7,560,291**	2,420,307
Income tax expense	*9*	**(1,369,103)**	(561,201)
PROFIT FOR THE YEAR		**6,191,188**	1,859,106
Attributable to:			
Owners of the parent		**6,191,197**	1,859,041
Non-controlling interests		**(9)**	65
		6,191,188	1,859,106
Earnings per share attributable to ordinary equity holders of the parent (expressed in JPY per share)	*11*		
Basic and diluted			
– For profit for the year		**10.22**	3.07

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2022

	Year ended 31 March	
	2022	2021
	JPY'000	*JPY'000*
PROFIT FOR THE YEAR	**6,191,188**	1,859,106
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(304,649)**	(80,225)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(304,649)**	(80,225)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Defined benefit plans:		
Remeasurement gains	**126,414**	118,351
Income tax effect	**(41,329)**	(29,623)
	85,085	88,728
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**(61)**	1,684
Income tax effect	**24**	(495)
	(37)	1,189
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**85,048**	89,917
OTHER COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR, NET OF TAX	**(219,601)**	9,692
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**5,971,587**	1,868,798
Attributable to:		
Owners of the parent	**5,971,596**	1,868,733
Non-controlling interests	**(9)**	65
	5,971,587	1,868,798

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2022

	Notes	**At 31 March 2022** *JPY'000*	2021 *JPY'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*12*	**2,007,915**	2,348,288
Right-of-use assets	*13*	**1,599,034**	2,374,208
Freehold land	*14*	**1,940,789**	1,940,789
Intangible assets		**119,608**	207,812
Finance lease receivables	*15*	**308,503**	67,187
Other non-current assets		**863,366**	842,462
Deferred tax assets		**1,293,502**	1,081,362
Total non-current assets		**8,132,717**	8,862,108
CURRENT ASSETS			
Inventories	*16*	**11,494,836**	9,823,339
Trade and bills receivables	*17*	**5,248,073**	5,558,253
Prepayments, deposits and other receivables		**1,951,412**	1,420,860
Due from a related party		**58,934**	–
Finance lease receivables	*15*	**82,199**	21,573
Pledged deposits	*18*	**4,747**	35,467
Cash and cash equivalents	*18*	**14,454,554**	10,771,897
Total current assets		**33,294,755**	27,631,389
CURRENT LIABILITIES			
Trade and bills payables	*19*	**2,395,067**	1,799,142
Other payables and accruals		**2,457,039**	1,650,510
Interest-bearing bank borrowings	*20*	**7,100,000**	8,000,000
Lease liabilities	*21*	**817,134**	982,405
Income tax payable		**762,294**	384,398
Total current liabilities		**13,531,534**	12,816,455
NET CURRENT ASSETS		**19,763,221**	14,814,934
TOTAL ASSETS LESS CURRENT LIABILITIES		**27,895,938**	23,677,042

	Notes	At 31 March 2022 JPY'000	2021 JPY'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	*20*	**600,000**	25,570
Lease liabilities	*21*	**1,146,783**	1,518,006
Net employee defined benefit liabilities	*22*	**465,019**	630,613
Deferred tax liabilities		**223,220**	85,980
Other non-current liabilities		**108,314**	95,737
Total non-current liabilities		**2,543,336**	2,355,906
NET ASSETS		**25,352,602**	21,321,136
EQUITY			
Equity attributable to owners of the parent			
Share capital	*23*	**153**	153
Reserves		**25,398,092**	21,366,617
		25,398,245	21,366,770
Non-controlling interests		**(45,643)**	(45,634)
Total equity		**25,352,602**	21,321,136

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2022

	Notes	Year ended 31 March 2022 JPY'000	2021 JPY'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**7,560,291**	2,420,307
Adjustments for:			
Provision for impairment of property, plant and equipment	*12*	**–**	96,433
Write-down of inventories to net realisable value	*8*	**501,754**	211,189
(Reversal of)/provision for impairment of trade receivables		**(482,906)**	2,320
Net losses on disposal of property, plant and equipment and intangible assets	*8*	**40,263**	41,948
Net (gain)/loss on disposal of right-of-use assets	*8*	**(26,940)**	11,674
COVID-19-related rent concessions from lessors	*8*	**(43,596)**	(99,925)
Depreciation of property, plant and equipment	*12*	**598,154**	673,498
Depreciation of right-of-use assets	*13*	**975,011**	1,087,911
Amortisation of intangible assets		**104,233**	121,113
Defined benefit plan expenses	*22*	**66,046**	73,326
Foreign exchange gains		**(1,611,600)**	(422,357)
Finance costs	*6*	**66,414**	76,225
Finance income	*7*	**(10,771)**	(12,531)
		7,736,353	4,281,131
Increase in inventories		**(2,173,251)**	(444,563)
Decrease in trade and bills receivables		**793,086**	2,830,689
Increase in prepayments, deposits and other receivables		**(530,552)**	(614,302)
Increase in an amount due from a related party		**(58,934)**	–
Decrease/(increase) in pledged deposits		**30,720**	(35,467)
Increase in other non-current assets		**(20,965)**	(12,080)
Increase/(decrease) in trade and bills payables		**595,925**	(698,827)
Increase/(decrease) in other payables and accruals		**774,333**	(415,781)
Increase in other non-current liabilities		**12,577**	29,145
Payment of the defined benefit obligations		**(102,638)**	(226,514)
Contributions in plan assets		**(2,588)**	(2,657)
Cash generated from operating activities		**7,054,066**	4,690,774
Interest received		**10,771**	12,531
Interest paid		**(66,414)**	(76,225)
Japan income tax (paid)/refunded		**(18,993)**	709,246
Overseas income tax paid		**(1,062,975)**	(1,353,480)
Net cash flows generated from operating activities		**5,916,455**	3,982,846

	Year ended 31 March	
	2022	2021
	JPY'000	*JPY'000*
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment and intangible assets	**(272,383)**	(601,577)
Proceeds from disposal of items of property, plant and equipment and intangible assets	**38,322**	9,118
Decrease in finance lease receivables	**76,980**	20,970
Net cash flows used in investing activities	**(157,081)**	(571,489)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings	**34,420,000**	77,305,570
Repayment of bank borrowings	**(34,745,570)**	(77,880,000)
Principal portion of lease payments	**(1,070,738)**	(1,017,559)
Dividends paid	**(1,940,121)**	(1,811,459)
Net cash flows used in financing activities	**(3,336,429)**	(3,403,448)
Net increase in cash and cash equivalents	**2,422,945**	7,909
Cash and cash equivalents at the beginning of year	**10,771,897**	10,472,793
Effect of foreign exchange rate changes, net	**1,259,712**	291,195
Cash and cash equivalents at the end of year	**14,454,554**	10,771,897
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents as stated in the consolidated statement of financial position	**14,454,554**	10,771,897

1. CORPORATE AND GROUP INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands on 7 October 2013. The registered office address of the Company is the offices of Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. Shares of the Company were listed (the "Listing") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 6 October 2016 (the "Listing Date").

The Company is an investment holding company. The Company's subsidiaries are principally engaged in the manufacture and sale of golf related products.

2.1 BASIS OF PRESENTATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. These financial statements are presented in Japanese Yen ("JPY") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained earnings, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to IFRS 16	*COVID-19-Related Rent Concessions beyond 30 June 2021*

The nature and the impact of the revised IFRSs are described below:

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(b) Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months (the "2021 Amendment"). Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period Earlier application is permitted.

    During the year ended 31 March 2022, certain monthly lease payments for the leases of the Group's shops and office properties have been reduced or waived by the lessors upon reducing the scale of production as a result of the pandemic and there are no other changes to the terms of the leases. The Group has adopted the 2021 Amendment on 1 April 2021 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the pandemic during the year ended 31 March 2022. Accordingly, a reduction in the lease payments arising from the rent concessions of JPY43,596,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 March 2022.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
IFRS 17	*Insurance Contracts*[2]
Amendments to IFRS 17	*Insurance Contracts*[2,5]
Amendments to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*[2]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2,4]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to IAS 8	*Disclosure of Accounting Estimates*[2]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[1]
Annual Improvements to IFRS Standards 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41[1]

1 Effective for annual periods beginning on or after 1 January 2022

2 Effective for annual periods beginning on or after 1 January 2023

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the amendments to IAS 1, International Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised in October 2020 to align the corresponding wording with no change in conclusion

5 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to IFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments on the Group's accounting policy disclosures.

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted.

The Group has applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group will recognise a deferred tax asset and a deferred tax liability for deductible and taxable temporary differences associated with right-of-use assets and lease liabilities, and recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained profits at the beginning of the earliest comparative period presented.

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRSs 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 9 *Financial Instruments:* clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- IFRS 16 *Leases:* removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and has only one reportable operating segment: the manufacture and sale of golf related products and the rendering of services relating to such products. Management monitors the operating results of its business units as a whole for the purpose of making decisions about resource allocation and performance assessment. Accordingly, no further operating segment information is presented.

Geographic information

(a) Revenue from external customers

	Year ended 31 March	
	2022	2021
	JPY'000	*JPY'000*
Japan	**8,497,160**	6,544,915
Korea	**6,831,638**	6,383,392
China (including Hong Kong and Macau)	**7,644,271**	5,512,022
North America	**992,169**	918,542
Europe	**1,393,489**	947,473
Other regions	**3,612,372**	2,428,775
	28,971,099	22,735,119

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	At 31 March	
	2022	2021
	JPY'000	*JPY'000*
Japan	**4,754,665**	5,381,199
Other Asia Pacific countries	**644,157**	736,904
North America	**231,860**	727,151
Europe	**36,664**	25,843
	5,667,346	6,871,097

The non-current asset information above is based on the locations of the assets and excludes the non-current portion of finance lease receivables, other non-current assets and deferred tax assets.

Information about major customers

Revenue of approximately JPY4,775,477,000 (2021: JPY5,284,022,000) was derived from one major customer for the year ended 31 March 2022.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold and services rendered, after allowances for returns and trade discounts during the year.

An analysis of revenue and other income and gains is as follows:

	Year ended 31 March	
	2022	2021
	JPY'000	*JPY'000*
Revenue from contracts with customers		
Sale of goods	**28,890,172**	22,650,106
Rendering of services	**80,927**	85,013
	28,971,099	22,735,119

	Year ended 31 March	
	2022	2021
	JPY'000	*JPY'000*
Other income and gains		
Foreign exchange gains, net	**2,066,650**	1,118,897
Government grants	**25,968**	79,634
Gain on disposal of right-of-use assets, net	**26,940**	–
Compensation income	**–**	277,189
Others	**72,963**	62,999
	2,192,521	1,538,719

	Year ended 31 March	
	2022	2021
	JPY'000	*JPY'000*
Types of goods or services		
Sale of golf related products	**28,890,172**	22,650,106
Rendering of services relating to golf related products	**80,927**	85,013
Total revenue from contracts with customers	**28,971,099**	22,735,119
Timing of revenue recognition		
Goods transferred at a point in time	**28,890,172**	22,650,106
Services transferred over time	**80,927**	85,013
Total revenue from contracts with customers	**28,971,099**	22,735,119

The disaggregation of the Group's revenue based on the geographical region for the year ended 31 March 2022 is included in note 3.

5. OTHER EXPENSES, NET

	Year ended 31 March	
	2022	2021
	JPY'000	*JPY'000*
Employee termination benefits	**–**	178,647
Net losses on disposal of property, plant and equipment and intangible assets	**40,263**	41,948
Net loss on disposal of right-of-use assets	**–**	11,674
Provision for impairment of property, plant and equipment	**–**	96,433
Others	**48,758**	22,530
	89,021	351,232

6. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	Year ended 31 March	
	2022	2021
	JPY'000	*JPY'000*
Interest on bank borrowings	**42,347**	34,881
Interest on lease liabilities	**24,067**	41,344
	66,414	76,225

7. FINANCE INCOME

	Year ended 31 March	
	2022	2021
	JPY'000	*JPY'000*
Interest income	**10,292**	12,007
Others	**479**	524
	10,771	12,531

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		Year ended 31 March	
	Notes	**2022**	2021
		JPY'000	*JPY'000*
Cost of inventories sold		**13,202,607**	11,214,724
Cost of services provided		**82,865**	75,190
Depreciation of property, plant and equipment	*12*	**598,154**	673,498
Depreciation of right-of-use assets	*13*	**975,011**	1,087,911
Amortisation of intangible assets		**104,233**	121,113
Research and development costs		**186,763**	259,399
Provision for impairment of property, plant and equipment	*12*	**–**	96,433
(Reversal of)/provision for impairment of trade receivables	*17*	**(482,906)**	2,320
Lease payments not included in the measurement of lease liabilities		**219,137**	129,471
Auditors' remuneration		**107,689**	91,772
Employee benefit expense:			
Wages and salaries		**3,741,927**	3,675,086
Pension and social security costs		**348,990**	305,484
Defined benefit plan expenses	*22*	**66,046**	73,326
Employee benefits		**387,536**	415,414
Other benefits		**236,346**	177,002
		4,780,845	4,646,312
Foreign exchange gains, net	*4*	**(2,066,650)**	(1,118,897)
Write-down of inventories to net realisable value		**501,754**	211,189
Net losses on disposal of items of property, plant and equipment and intangible assets	*5*	**40,263**	41,948
Net (gain)/loss on disposal of right-of-use assets	*5*	**(26,940)**	11,674

9. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Company and the Company's subsidiary incorporated in the BVI are not subject to corporate income tax ("CIT") as they do not have a place of business (other than a registered office) or carry any business in the Cayman Islands and BVI.

The subsidiaries of the Company incorporated in Hong Kong are subject to income tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year (2021: 16.5%).

Pursuant to the rules and regulations of Japan, the subsidiary incorporated in Japan is subject mainly to corporate tax, inhabitant tax and enterprise tax, and the effective statutory tax rate for these taxes was 30.62% for the year (2021: 30.62%).

The subsidiary of the Company registered in the Mainland China is subject to PRC enterprise income tax on the taxable income as reported in its PRC statutory accounts adjusted in accordance with relevant PRC income tax laws based on a statutory rate of 25% (2021: 25%).

The subsidiaries incorporated in Taiwan and Thailand are subject to income tax at the rates of 20% and 20% on the assessable profits (2021: 20% and 20%), respectively.

The Company's subsidiary incorporated and operating in the United States was subject to federal corporation income tax at a rate of 21% during the year (2021: 21%), as well as state tax at a rate of approximately 8.84% (2021: 8.84%).

The Company's subsidiary incorporated and operating in Switzerland was subject to federal corporation income tax at a rate of 8.5% during the year (2021: 8.5%), as well as cantonal and communal taxes at rates ranging from 2% to 5% (2021: 2% to 5%).

Tax in the statement of profit or loss represents:

	Year ended 31 March	
	2022	2021
	JPY'000	*JPY'000*
Current income tax – Hong Kong	**1,148,362**	537,260
Current income tax – PRC	**311,502**	–
Deferred tax	**(90,761)**	23,941
	1,369,103	561,201

A reconciliation of the tax charge applicable to profit before tax at the statutory rate for Japan to the tax charge at the effective tax rate is as follows:

	Year ended 31 March			
	2022		2021	
	JPY'000	*%*	*JPY'000*	*%*
Profit before tax	**7,560,291**		2,420,307	
Tax at the statutory tax rate (30.62% for the year ended 31 March 2022, and 30.62% for the year ended 31 March 2021)	**2,314,961**	**30.62**	741,098	30.62
Different tax rates or tax basis for entities outside Japan	**(1,377,203)**	**(18.22)**	(629,507)	(26.01)
Expense not deductible	**144,946**	**1.92**	23,259	0.96
Income not subject to tax	**(41,518)**	**(0.55)**	(30,761)	(1.27)
Effect of withholding tax on the distributable profits of the Group's subsidiaries in the PRC and Japan	**159,217**	**2.11**	(46,870)	(1.94)
Impact of unrecognised tax losses and temporary differences	**168,700**	**2.23**	503,982	20.82
Tax charge at the Group's effective rate	**1,369,103**	**18.11**	561,201	23.18

10. DIVIDENDS

	Year ended 31 March	
	2022	2021
	JPY'000	*JPY'000*
Proposed final – JPY2.00 per ordinary share (2021: JPY1.70)	**1,211,285**	1,029,592
Interim declared – JPY1.50 (2021: JPY1.50) per ordinary share	**908,500**	908,464
Dividend declared by the Company	**1,940,121**	1,811,459

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

11. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculations of basic and diluted earnings per share are based on the profit attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2022 and 2021 in respect of a dilution as the Group had no potentially ordinary dilutive shares in issue during the years ended 31 March 2022 and 2021.

The following reflects the income and the share data used in the basic earnings per share computation:

	Year ended 31 March	
	2022	2021
	JPY'000	*JPY'000*
Earnings		
Profit attributable to ordinary equity holders of the parent	**6,191,197**	1,859,041

	Number of shares	
	2022	2021
	('000)	*('000)*
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**605,643**	605,643

12. PROPERTY, PLANT AND EQUIPMENT

	Building	Machinery	Leasehold improvements	Motor vehicles	Equipment, furniture and fittings	Construction in progress	Total
	JPY'000	*JPY'000*	*JPY'000*	*JPY'000*	*JPY'000*	*JPY'000*	*JPY'000*
31 March 2022							
Cost:							
At 1 April 2021	6,601,512	2,223,430	2,205,180	48,107	1,702,646	3,648	12,784,523
Additions	22,722	16,477	168,562	856	64,247	16,922	289,786
Transfer from construction in progress	–	–	–	–	20,174	(20,174)	–
Disposals	–	(43,935)	(124,837)	(670)	(8,190)	–	(177,632)
Exchange realignment	–	2,513	112,141	–	11,042	–	125,696
At 31 March 2022	6,624,234	2,198,485	2,361,046	48,293	1,789,919	396	13,022,373
Accumulated depreciation:							
At 1 April 2021	5,761,304	1,790,365	1,034,908	43,063	1,398,616	–	10,028,256
Depreciation provided during the year	87,272	100,752	307,085	2,170	100,875	–	598,154
Disposals	–	(43,764)	(45,572)	(604)	(7,129)	–	(97,069)
Exchange realignment	–	1,927	69,701	–	7,488	–	79,116
At 31 March 2022	5,848,576	1,849,280	1,366,122	44,629	1,499,850	–	10,608,457
Accumulated impairment:							
At 1 April 2021	93,339	1,868	242,351	198	70,223	–	407,979
Disposals	–	(171)	(1,162)	(67)	(578)	–	(1,978)
At 31 March 2022	93,339	1,697	241,189	131	69,645	–	406,001
Net book value:							
At 31 March 2022	682,319	347,508	753,735	3,533	220,424	396	2,007,915

	Building	Machinery	Leasehold improvements	Motor vehicles	Equipment, furniture and fittings	Construction in progress	Total
	JPY'000	*JPY'000*	*JPY'000*	*JPY'000*	*JPY'000*	*JPY'000*	*JPY'000*
31 March 2021							
Cost:							
At 1 April 2020	6,594,479	2,189,951	2,060,746	45,989	1,559,603	83,767	12,534,535
Additions	–	4,338	229,321	2,118	139,499	136,147	511,423
Transfer from construction in progress	7,033	30,690	149,407	–	30,274	(217,404)	–
Disposals	–	(2,500)	(279,244)	–	(30,726)	–	(312,470)
Exchange realignment	–	951	44,950	–	3,996	1,138	51,035
At 31 March 2021	6,601,512	2,223,430	2,205,180	48,107	1,702,646	3,648	12,784,523
Accumulated depreciation:							
At 1 April 2020	5,659,451	1,695,075	842,641	38,573	1,280,202	–	9,515,942
Depreciation provided during the year	101,853	97,251	333,735	4,490	136,169	–	673,498
Disposals	–	(2,500)	(166,063)	–	(20,237)	–	(188,800)
Exchange realignment	–	539	24,595	–	2,482	–	27,616
At 31 March 2021	5,761,304	1,790,365	1,034,908	43,063	1,398,616	–	10,028,256
Accumulated impairment:							
At 1 April 2020	86,314	1,868	227,309	198	68,461	–	384,150
Impairment provided during the year	7,025	–	77,609	–	11,799	–	96,433
Disposals	–	–	(62,567)	–	(10,037)	–	(72,604)
At 31 March 2021	93,339	1,868	242,351	198	70,223	–	407,979
Net book value:							
At 31 March 2021	746,869	431,197	927,921	4,846	233,807	3,648	2,348,288

13. RIGHT-OF-USE ASSETS

	Shops	**Office properties**	**Motor vehicles**	**Total**
	JPY'000	***JPY'000***	***JPY'000***	***JPY'000***
Carrying amount at 1 April 2021	**1,910,056**	**411,917**	**52,235**	**2,374,208**
Addition	**493,146**	**25,197**	**30,757**	**549,100**
Depreciation during the year	**(814,485)**	**(150,190)**	**(10,336)**	**(975,011)**
Revision of a lease term arising from a change in the non-cancellable period of a lease	**(386,652)**	**–**	**(36,429)**	**(423,081)**
Exchange realignment	**67,313**	**1,489**	**5,016**	**73,818**
Carrying amount at 31 March 2022	**1,269,378**	**288,413**	**41,243**	**1,599,034**

	Shops	Office properties	Motor vehicles	Total
	JPY'000	*JPY'000*	*JPY'000*	*JPY'000*
Carrying amount at 1 April 2020	1,641,104	196,513	60,057	1,897,674
Addition	1,108,534	379,349	27,842	1,515,725
Depreciation during the year	(899,622)	(151,747)	(36,542)	(1,087,911)
Revision of a lease term arising from a change in the non-cancellable period of a lease	(9,551)	(13,887)	(756)	(24,194)
Exchange realignment	69,591	1,689	1,634	72,914
Carrying amount at 31 March 2021	1,910,056	411,917	52,235	2,374,208

14. FREEHOLD LAND

The carrying amount of the Group's freehold land is analysed as follows:

	Year ended 31 March	
	2022	2021
	JPY'000	*JPY'000*
Cost:		
As at 1 April and 31 March	**1,940,789**	1,940,789
Impairment:		
As at 1 April and 31 March	**–**	–
Net book value:		
As at 31 March	**1,940,789**	1,940,789

The freehold land is owned by Honma Golf Co., Ltd. ("**Honma Japan**") and is located in Japan.

15. FINANCE LEASE RECEIVABLES

The total future lease payments receivable under finance leases and their present values were as follows:

	At 31 March	
	2022	2021
	JPY'000	*JPY'000*
Within one year	**82,700**	21,627
After one year but within two years	**84,961**	21,715
After two years but within three years	**86,873**	22,168
After three years but within four years	**66,151**	22,258
After four years but within five years	**66,021**	1,855
After five years	**11,333**	–
Total minimum finance lease receivables	**398,039**	89,623
Unearned finance income	**(7,337)**	(863)
Total net finance lease receivables	**390,702**	88,760
Portion classified as current assets	**(82,199)**	(21,573)
Non-current portion	**308,503**	67,187

	At 31 March	
	2022	2021
	JPY'000	*JPY'000*
Within one year	**82,199**	21,573
After one year but within two years	**84,102**	21,561
After two years but within three years	**85,394**	21,909
After three years but within four years	**64,390**	21,897
After four years but within five years	**63,728**	1,820
After five years	**10,889**	–
Total present value of minimum finance lease receivables	**390,702**	88,760

The Group applies a simplified approach in calculating ECLs prescribed by IFRS 9, which permits the use of the lifetime expected losses for lease receivables. All of the finance lease receivables are not past due. To measure the expected credit losses, finance lease receivables have been grouped based on shared credit risk characteristics and the days past due. The determination of expected credit losses has also incorporated forward-looking information. All the finance lease receivables are classified as Stage 1 without any significant increase in credit risk tracked since initial recognition. The expected credit loss rates for finance lease receivables that were not yet past due are minimal.

16. INVENTORIES

	At 31 March	
	2022	2021
	JPY'000	*JPY'000*
Raw materials	**2,930,047**	2,375,810
Work in progress	**1,548,424**	1,421,394
Finished goods	**8,552,042**	7,060,058
	13,030,513	10,857,262
Less: provision	**(1,535,677)**	(1,033,923)
	11,494,836	9,823,339

17. TRADE AND BILLS RECEIVABLES

	At 31 March	
	2022	2021
	JPY'000	*JPY'000*
Trade receivables	**5,295,751**	6,197,088
Bills receivable	**184,156**	119,973
	5,479,907	6,317,061
Less: provision	**(231,834)**	(758,808)
	5,248,073	5,558,253

The Group's trading terms with its customers are mainly on credit. The credit period ranges from 30 to 180 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	At 31 March	
	2022	2021
	JPY'000	*JPY'000*
Within 1 month	**3,934,777**	4,238,812
1 to 3 months	**460,544**	482,576
3 to 12 months	**578,073**	457,835
Over 1 year	**90,523**	259,057
	5,063,917	5,438,280

The movements in provision for impairment of trade receivables are as follows:

	At 31 March	
	2022	2021
	JPY'000	*JPY'000*
Opening balance	**758,808**	757,107
Addition	**65,517**	2,320
Reversal	**(548,423)**	–
Amount written off as uncollectable	**(44,068)**	(619)
Ending balance	**231,834**	758,808

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 March 2022

	Expected loss rates	**Gross carrying amounts**	**Impairment**
		JPY'000	***JPY'000***
General item:			
Current and within 6 months	**1.89%**	**5,065,485**	**95,723**
6 to 12 months past due	**51.01%**	**192,190**	**98,035**
Over 1 year past due	**100.00%**	**38,076**	**38,076**
		5,295,751	**231,834**

As at 31 March 2021

	Expected loss rates	Gross carrying amounts	Impairment
		JPY'000	*JPY'000*
General item:			
Current and within 6 months	1.77%	5,473,118	96,970
6 to 12 months past due	46.92%	117,060	54,928
Over 1 year past due	100.00%	606,910	606,910
		6,197,088	758,808

18. CASH AND CASH EQUIVALENTS

	At 31 March	
	2022	2021
	JPY'000	*JPY'000*
Cash and bank balances	**14,454,554**	10,771,897
Time deposits	**4,747**	35,467
	14,459,301	10,807,364
Less: pledged deposits	**(4,747)**	(35,467)
Cash and cash equivalents	**14,454,554**	10,771,897
Denominated in JPY	**2,192,188**	1,220,253
Denominated in USD	**1,494,167**	7,016,355
Denominated in HKD	**273,963**	190,432
Denominated in TWD	**63,407**	105,406
Denominated in RMB	**9,551,663**	2,082,348
Denominated in other currencies	**879,166**	157,103
	14,454,554	10,771,897

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and six months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

19. TRADE AND BILLS PAYABLES

	At 31 March	
	2022	2021
	JPY'000	*JPY'000*
Trade payables	**2,393,326**	1,799,142
Bills payable	**1,741**	–
	2,395,067	1,799,142

The ageing analysis of trade and bills payables as at 31 March 2022 and 2021 is as follows:

	At 31 March	
	2022	2021
	JPY'000	*JPY'000*
Within 3 months	**2,324,078**	1,739,453
Over 3 months	**70,989**	59,689
	2,395,067	1,799,142

The trade and bills payables are non-interest-bearing and normally settled on terms of two to four months.

20. INTEREST-BEARING BANK BORROWINGS

	At 31 March	
	2022	2021
	JPY'000	*JPY'000*
Current		
Bank loans – unsecured	**7,100,000**	8,000,000
Non-current		
Bank loans – unsecured	**600,000**	25,570
	7,700,000	8,025,570
Analysed into:		
Bank loans repayable:		
Within one year	**7,100,000**	8,000,000
In the second year	**600,000**	25,570
	7,700,000	8,025,570

The Group's bank borrowings bore interest at effective interest rates as follows:

	At 31 March	
	2022	2021
Effective interest rates	**0.33%-1.07%**	0.33%-0.54%

At 31 March 2022 and 2021, there were no properties pledged to secure bank borrowings granted to the Group.

21. LEASE LIABILITIES

	At 31 March	
	2022	2021
	JPY'000	*JPY'000*
At beginning of year	**2,500,411**	2,043,316
Addition	**549,100**	1,515,725
Accretion of interest	**24,067**	41,344
Payment	**(1,094,805)**	(1,058,903)
Revision of a lease term arising from a change in the non-cancellable period of a lease	**(71,796)**	(12,520)
COVID-19-related rent concessions from lessors	**(43,596)**	(99,925)
Exchange realignment	**100,536**	71,374
At end of year	**1,963,917**	2,500,411

The Group has applied the practical expedient to all eligible rent concessions granted by the lessors for leases of certain shops and office properties during the year.

Maturity profile of lease liabilities as at 31 March 2022 and 2021 is as follows:

	At 31 March	
	2022	2021
	JPY'000	*JPY'000*
Within one year	**822,878**	995,071
In the second year	**654,276**	622,334
In the third to five years, inclusive	**494,676**	824,723
After five years	**14,172**	89,231
Total undiscounted lease liabilities	**1,986,002**	2,531,359
Discount amount	**(22,085)**	(30,948)
Total present value of lease liabilities	**1,963,917**	2,500,411
Portion classified as current liabilities	**(817,134)**	(982,405)
Non-current portion	**1,146,783**	1,518,006
Analysed into:		
Lease liabilities:		
Within one year	**817,134**	982,405
In the second year	**647,641**	617,178
In the third to fifth years, inclusive	**485,302**	813,887
Beyond five years	**13,840**	86,941
	1,963,917	2,500,411

22. EMPLOYEE DEFINED BENEFIT PLANS

Net employee defined benefit liabilities:

	At 31 March	
	2022	2021
	JPY'000	*JPY'000*
Retirement benefit plans	**465,019**	630,613

The Group operates funded defined benefit plans for all its qualified employees in Japan and Taiwan. Under the plans, the employees are entitled to retirement benefits on attainment of a retirement age of 60.

The Group's defined benefit plans are post-employment benefit plans, which require contributions to be made to a separately administered fund. The plans have the legal form of a foundation and it is administrated by independent trustees with the assets held separately from those of the Group. The trustees are responsible for the determination of the investment strategy of the plans.

The trustees review the level of funding in the plan by the end of each reporting period. Such a review includes the asset-liability matching strategy and investment risk management policy. This includes employing the use of annuities and longevity swaps to manage the risks. The trustees decide the contributions based on the results of the annual review.

The plans are exposed to interest rate risk, the risk of changes in the life expectancy for pensioners and equity market risk.

Honma Japan partly shifted from defined benefit corporate pension plans to defined contribution pension plans in January 2017.

The most recent actuarial valuations of the plan assets and the present value of the defined benefit obligation have been carried out by Mizuho Trust & Banking Co., Ltd. and Professional Actuary Management Consulting Co., Ltd. which are members of the actuarial societies of Japan and Taiwan, using the projected unit credit actuarial valuation method.

The total expenses recognised in the consolidated statement of profit or loss in respect of the plans are as follows:

	At 31 March	
	2022	2021
	JPY'000	*JPY'000*
Current service cost	**65,893**	70,762
Interest cost	**153**	2,564
Net benefit expenses	**66,046**	73,326
Recognised in cost of sales	**22,918**	25,444
Recognised in selling and distribution costs	**29,200**	32,419
Recognised in administrative expenses	**13,928**	15,463
	66,046	73,326

The following tables summarise the components of net benefit expenses recognised in the statement of profit or loss and the funded status and amounts recognised in the statement of financial position for the plans:

Changes for the year ended 31 March 2022 in the defined benefit obligations and fair value of plan assets:

	1 April 2021	**Current service cost**	**Net interest**	**Sub-total included in profit or loss**	**Benefits paid**	**Return on plan assets**	**Actuarial changes arising from changes in financial assumptions**	**Experience adjustments**	**Sub-total included in other comprehensive income**	**Contributions by employer**	**31 March 2022**
	JPY'000	***JPY'000***	***JPY'000***	***JPY'000*** ***(note 8)***	***JPY'000***	***JPY'000***	***JPY'000***	***JPY'000***	***JPY'000***	***JPY'000***	***JPY'000***
Defined benefit obligation	**2,553,076**	**65,893**	**8,064**	**73,957**	**(171,028)**	**–**	**(45,228)**	**(116)**	**(45,344)**	**–**	**2,410,661**
Fair value of plan assets	**(1,922,463)**	**–**	**(7,911)**	**(7,911)**	**68,390**	**(81,070)**	**–**	**–**	**(81,070)**	**(2,588)**	**(1,945,642)**
Benefit liability	**630,613**	**65,893**	**153**	**66,046**	**(102,638)**	**(81,070)**	**(45,228)**	**(116)**	**(126,414)**	**(2,588)**	**465,019**

Changes for the year ended 31 March 2021 in the defined benefit obligations and fair value of plan assets:

	1 April 2020	Current service cost	Net interest	Sub-total included in profit or loss	Benefits paid	Return on plan assets	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in other comprehensive income	Contributions by employer	31 March 2021
	JPY'000	*JPY'000*	*JPY'000*	*JPY'000* *(note 8)*	*JPY'000*	*JPY'000*	*JPY'000*	*JPY'000*	*JPY'000*	*JPY'000*	*JPY'000*
Defined benefit obligation	2,860,169	70,762	8,287	79,049	(631,204)	–	245,172	(110)	245,062	–	2,553,076
Fair value of plan assets	(1,955,360)	–	(5,723)	(5,723)	404,690	(363,413)	–	–	(363,413)	(2,657)	(1,922,463)
Benefit liability	904,809	70,762	2,564	73,326	(226,514)	(363,413)	245,172	(110)	(118,351)	(2,657)	630,613

The major categories of the fair value of the total plan assets are as follows:

	At 31 March	
	2022	2021
	JPY'000	*JPY'000*
Stocks	**1,001,638**	974,580
Bonds	**738,782**	751,727
General account of life insurance companies	**145,772**	144,204
Others	**59,450**	51,952
Total	**1,945,642**	1,922,463

The principal actuarial assumptions used in determining the defined benefit obligations for the retirement benefit plans are shown below:

	At 31 March	
	2022	2021
Method of allocating projected retirement benefits	**Projected unit credit method**	Projected unit credit method
Discount rate	**0.37%**	0.32%
Salary increase rate (age-based, on average)	**3.90%**	1.90%
Turnover rate (age-based, on average)	**6.60%**	4.90%

A quantitative sensitivity analysis for the significant assumption is shown below:

	Increase/(decrease) in defined benefit obligations		
		At 31 March	
		2022	2021
Assumption	*Change in assumption*	***JPY'000***	*JPY'000*
Discount rate	Increase by 0.5%	**(82,793)**	(105,302)
	Decrease by 0.5%	**82,793**	105,302

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.

The average durations of the defined benefit plan obligations as at 31 March 2022 and 2021 were 5.4 years and 6.6 years, respectively.

The actuarial valuation showed that the market values of plan assets were JPY1,945,642,000 and JPY1,922,463,000 as at 31 March 2022 and 2021 and represented 81% and 75% of the defined benefit obligations, respectively, that had accrued to qualified employees. The deficiencies of JPY465,019,000 and JPY630,613,000 as at 31 March 2022 and 2021, respectively, are expected to be cleared over the remaining service period.

23. SHARE CAPITAL AND TREASURY SHARES

	At 31 March	
	2022	2021
Issued capital: (As of 31 March 2022: 20,000,000,000 authorised shares of USD0.0000025 each, 605,642,500 ordinary shares in issue; as of 31 March 2021: 20,000,000,000 authorised shares of USD0.0000025 each, 605,642,500 ordinary shares in issue) USD	**1,514**	1,514
Equivalent to JPY	**153,000**	153,000

24. SHARE-BASED PAYMENT

The Company operates a restricted share unit scheme ("the Scheme") for the purpose of providing incentives and rewards to eligible participants who will contribute to the success of the Group's operations. The Scheme includes three batches, which became effective on 20 October 2015 and 31 May 2016 ("2015 and 2016 RSU scheme") and 6 October 2017 ("2017 RSU scheme").

2015 and 2016 RSU scheme

By a resolution of the board of directors on 20 October 2015 and 31 May 2016, the Group granted 17,554,550 shares represented by RSUs and 952,250 shares represented by RSUs, respectively, for the purpose of providing incentives and rewards to eligible participants who will contribute to the success of the Group's operations in future years. All the RSUs granted were based on the Company's and individuals' performance. The vesting schedule of the RSUs is 40% on the date on which the shares of the Company are listed on The Stock Exchange of Hong Kong Limited, 30% after 12 months from the Listing Date and 30% after 24 months from the Listing Date.

During the year ended 31 March 2018, agreed by employees who accepted the grant of the above RSUs, 286,042 shares represented by RSUs were cancelled and the vesting schedule of the above RSUs was modified to 40% on the date on which the shares of the Company are listed on The Stock Exchange of the Hong Kong Limited, 30% on 30 April 2018 or the date on which the Company publishes its annual results for the fiscal year ended 31 March 2018 (whichever is earlier) and 30% on 30 April 2019 or the date on which the Company publishes its annual results for the fiscal year ended 31 March 2019 (whichever is earlier), which was accounted for as cancellation and modification of share-based payment.

During the year ended 31 March 2020, the vesting schedule of the above RSUs was modified to 40% on the date on which the shares of the Company are listed on The Stock Exchange of Hong Kong Limited, 30% on 30 April 2018 or the date on which the Company publishes its annual results for the fiscal year ended 31 March 2018 (whichever is earlier) and 30% on 19 October 2025, which was accounted for as cancellation and modification of share-based payment.

2017 RSU scheme

During the year ended 31 March 2018, the Group granted 318,396 shares represented by RSUs, which has been approved by the board of directors, for the purpose of providing incentives and rewards to eligible participants who will contribute to the success of the Group's operations in future years. All the RSUs granted were based on the Company's and individuals' performance. The vesting schedule of the RSUs is 50% on 30 April 2018 or the date on which the Company publishes its annual results for the fiscal year ended 31 March 2018 (whichever is earlier) and 50% on 30 April 2019 or the date on which the Company publishes its annual results for the fiscal year ended 31 March 2019 (whichever is earlier).

During the year ended 31 March 2021, the vesting schedule of the above RSUs was modified to 50% on 30 April 2018 or the date on which the Company publishes its annual results for the fiscal year ended 31 March 2018 (whichever is earlier) and 50% on 19 October 2025, which was accounted for as cancellation and modification of share-based payment.

The following RSUs were outstanding during the year:

	At 31 March	
	2022	2021
	JPY'000	*JPY'000*
At the beginning of the year	**3,409,169**	3,746,909
Forfeited during the year	**(202,683)**	(337,740)
Total	**3,206,486**	3,409,169

The Group had no RSU expenses during the years ended 31 March 2022 and 31 March 2021.

25. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of JPY549,100,000 and JPY549,100,000, respectively, in respect of lease arrangements for office properties, shops and motor vehicles (31 March 2021: JPY1,515,725,000 and JPY1,515,725,000).

(b) Changes in liabilities arising from financing activities are as follows:

	Interest-bearing bank borrowings	Dividend payable included in other payables	Lease liabilities
	JPY'000	*JPY'000*	*JPY'000*
At 1 April 2020	8,600,000	–	2,043,316
Changes from financing cash flows	(574,430)	(1,811,459)	(1,017,559)
New leases	–	–	1,515,725
Interest expenses	–	–	41,344
Interest paid classified as operating cash flows	–	–	(41,344)
Revision of a lease term arising from a change in the non-cancellable period of a lease term		–	(12,520)
COVID-19-related rent concessions from lessors	–	–	(99,925)
Foreign exchange movement	–	–	71,374
Final dividend payable	–	1,811,459	–
At 31 March 2021 and 1 April 2021	8,025,570	–	2,500,411
Changes from financing cash flows	(325,570)	(1,940,121)	(1,070,738)
New leases	–	–	549,100
Interest expenses	–	–	24,067
Interest paid classified as operating cash flows	–	–	(24,067)
Revision of a lease term arising from a change in the non-cancellable period of a lease term		–	(71,796)
COVID-19-related rent concessions from lessors	–	–	(43,596)
Foreign exchange movement	–	–	100,536
Final dividend payable	–	1,940,121	–
At 31 March 2022	7,700,000	–	1,963,917

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	Year ended 31 March	
	2022	2021
	JPY'000	JPY'000
Within operating activities	**243,204**	170,815
Within financing activities	**1,070,738**	1,017,559
	1,313,942	1,188,374

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 March 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

FINAL DIVIDEND

The Board recommends the payment of the 2021/2022 Final Dividend of JPY2.0 per share for the year ended 31 March 2022, amounting to approximately a total of JPY1,211.3 million, representing approximately 19.6% of the Group's distributable profits for the year ended 31 March 2022, which is subject to the approval of the Company's shareholders at the forthcoming AGM. Together with the interim dividend of JPY1.5 per share paid on 28 December 2021, total dividends for the year ended 31 March 2022 will amount to JPY3.5 per share and the total dividend payout will amount to JPY2,119.7 million, representing approximately 34.2% of the Group's distributable profits for the year ended 31 March 2022.

The 2021/2022 Final Dividend will be declared in Japanese Yen and paid in Hong Kong dollars, the exchange rate of which will be calculated based on the rate of exchange as quoted to the Company by The Hongkong and Shanghai Banking Corporation Limited at its middle rate of exchange as at the record date for determining such dividend entitlement.

The 2021/2022 Final Dividend, if approved by the Company's shareholders at the forthcoming AGM, will be paid on Monday, 10 October 2022 to the shareholders of the Company whose names appear on the register of members of the Company as at Thursday, 22 September 2022.

The distribution of the 2021/2022 Final Dividend will not be subject to withholding tax under the Cayman Islands laws.

CLOSURE OF REGISTER OF MEMBERS

For determining entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 9 September 2022 to Thursday, 15 September 2022, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, investors are required to lodge all transfer documents accompanied by the relevant share certificates with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 8 September 2022 (Hong Kong time).

Subject to the approval of the declaration of 2021/2022 Final Dividend at the forthcoming AGM, the register of members of the Company will also be closed on Thursday, 22 September 2022 during which day no transfer of shares will be registered. In order to be qualified for the proposed final dividend, investors are required to lodge all transfer documents accompanied by the relevant share certificates with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 21 September 2022 (Hong Kong time).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In December 2021, the Stock Exchange has announced amendments to the Corporate Governance Code ("**CG Code**") as contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The new requirements under the CG Code will apply to corporate governance reports of listed issuers for financial year commencing on or after 1 January 2022. Throughout the year ended 31 March 2022, the Company has applied the principles and practices as set out in the CG Code applicable for the financial year under review (the "**then CG Code**") and has adopted it as the code for the Company's corporate governance practices.

Throughout the year ended 31 March 2022, the Company has complied with all code provisions as set out in the then CG Code save for the deviations from code provisions A.1.1 and A.2.1.

Code provision A.1.1 of the then CG Code requires the holding of regular Board meetings for at least four times a year. During the year, the Board held two regular meetings to approve the annual results for the year ended 31 March 2021 and the interim results for the six months ended 30 September 2021. The Company has not held regular quarterly Board meetings as the Company does not announce its results quarterly.

Code provision A.2.1 of the then CG Code stipulates that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual. The positions of the chairman and president of the Company are both held by Mr. Liu Jianguo. With the assistance of Mr. Ito Yasuki and Mr. Zuo Jun, the respective presidents of Japan operations and China operations overseeing the Group's business in Japan and China, the Board believes that this arrangement would allow for effective and efficient planning and implementation of business decisions and strategies under the strong and consistent leadership and should be beneficial to the management and development of the Group's business.

The Board will continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions.

Having made specific enquiry of all directors of the Company (the "**Directors**"), all of them have confirmed that they had complied with the Model Code and the Company's own code regarding directors' securities transactions throughout the year ended 31 March 2022.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the CG Code. As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely Mr. Lu Pochin Christopher, Mr. Wang Jianguo and Mr. Xu Hui. Mr. Lu Pochin Christopher is the chairman of the Audit Committee.

The Audit Committee has reviewed and discussed the annual results of the Group for the year ended 31 March 2022. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes for the year ended 31 March 2022 as set out in this announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and consequently no assurance has been expressed by Ernst & Young on this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the website of Hong Kong Exchanges and Clearing Limited ("**HKEX**") (www.hkexnews.hk) and that of the Company (www.honmagolf.com). The annual report will be dispatched to the shareholders of the Company and will be available on the website of HKEX and that of the Company in due course.

For and on behalf of the Board
Honma Golf Limited
本間高爾夫有限公司
Liu Jianguo
Chairman

28 June 2022

As at the date of this announcement, the executive directors of the Company are Mr. Liu Jianguo, Mr. Ito Yasuki, Mr. Murai Yuji and Mr. Zuo Jun; the non-executive directors of the Company are Mr. Yang Xiaoping and Mr. Ho Ping-hsien Robert; and the independent non-executive directors of the Company are Mr. Lu Pochin Christopher, Mr. Wang Jianguo and Mr. Xu Hui.