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 2023

MAJOR DEVELOPMENTS IN THE YEAR ENDED 31 MARCH 2023:

- The Group's revenue increased by 1.8% from the year ended 31 March 2022 to JPY29,495.0 million (equivalent to USD218.8 million). Three years after the outbreak of COVID-19, overall golf industry has continued to experience positive uptake in both participation and purchase interest. That being said, the unexpected COVID-19 outbreak in China and measures implemented subsequently have stalled the Group's sales growth plans. As a result, the Group's revenue growth moderated during the year ended 31 March 2023. See "Management Discussion and Analysis – Financial Review – Revenue".

  - *By geography.* During the year ended 31 March 2023, the Group's main markets recorded different sales momentum versus same period last year. Revenue from Japan and Korea rose by 15.6% and 3.8%, 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. China, on the other hand, showed a lower than expected growth of 2.0% as the market experienced widespread disruptions due to the unexpected COVID-19 outbreak in both the first quarter and third quarter of the year. Europe recorded a sales decline of 68.2%, reflecting the Group's decision to change its distribution model to an indirect one.

  - *By product.* During the same period, revenue from golf clubs showed a modest growth of 3.2%, as products across different product families continued to generate positive sales momentums. Revenue from apparels went up by 1.5% from the year ended 31 March 2022, in spite of the negative impact the Group withstood in China. Sales from golf balls edged lower by 1.1%, mainly due to the continued raw material supply challenges.

- *By channel.* The performance of self-operated stores continued to be strong, posting a steady increase of 40.2% from the year ended 31 March 2022, mainly due to a robust retail sales recovery in Japan. At the same time, revenue from third-party retailers and wholesalers decreased by 11.1% for the same period, primarily due to (i) sales decrease in Europe where the Group conducts sales all through third-party retailers and wholesalers, and (ii) channel shifting of the Group's apparel business in China to self-operated stores.

- Gross profit margin decreased by 3.3 percentage points for the year ended 31 March 2023 and reached 50.8% as compared to 54.1% for the year ended 31 March 2022, due to increased raw material prices, downward currency pressure and tightened inventory provision policies.

- Full year profit before tax decreased by 45.9% to reach JPY4,092.9 million (equivalent to USD30.4 million), down from JPY7,560.3 million for the year ended 31 March 2022.

- Net operating cash flow remained positive and stood at JPY3,675.9 million (equivalent to USD27.3 million) for the year ended 31 March 2023.

PROPOSED FINAL DIVIDEND

Proposed final dividend of JPY1.5 per share, amounting to approximately a total of JPY908.5 million for the year ended 31 March 2023 and representing approximately 27.9% of the Group's distributable profits for the year ended 31 March 2023. Together with the interim dividend of JPY1.5 per share paid on 28 December 2022, total dividends for the year ended 31 March 2023 will amount to JPY3.0 per share and the total dividend payout will amount to JPY1,817.0 million, representing approximately 55.8 % of the Group's distributable profits for the year ended 31 March 2023.

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 2023. 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 has celebrated its 65th anniversary of HONMA in 2023. Since 2021, HONMA stepped up its tour presence in Asia by retaining a HONMA team consisting of six additional female players whom are considered rising stars by the golf industry. In the meantime, the Company took several steps to improve its global brand positioning and communication in order to re-define the HONMA brand as a dynamic, relevant and global brand among younger golfers.

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 decided to strengthen and streamline its product offering around two consumer segments, namely super-premium and premium-performance consumer segments. The super-premium segment is a segment that HONMA has maintained a leading and strong market position historically. The premium-performance segment is dominated by avid golfers and has enjoyed the strongest growth momentum for years. To increase market penetration, the Group revised its product strategy by enriching its TOUR WORLD club offering to include a performance enhancement series and by upgrading its legacy BERES club family with a modern and sophisticated design and development approach to appeal to today's golfers.

The outbreak of COVID-19 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 Group's sales and supply chain operations in China experienced extended interruptions during the year ended 31 March 2023, the Group's revenue increased by 1.8% as compared to the year ended 31 March 2022.

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

Highlights of Major Achievements

For the year ended 31 March 2023, 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 initiated various programs to improve its global brand positioning and communication with target consumers. To re-define the HONMA brand as a dynamic, relevant and global brand among internet-savvy younger golfers, the Company completely revamped its global website and social media platforms and made regular and frequent visual and content updates to 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 on both earned and paid media has contributed to continued improvements 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 advanced e-commerce capabilities and consumer-centric custom tools thereon, with a view 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 craftsmanship and world standard 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 3.2% during the year ended 31 March 2023, reconfirming HONMA's strong brand equity and its ability to withstand economic challenges since HONMA went into the golf business in 1959. In particular, revenue from specialized models grew by 18.3% as compared to the year ended 31 March 2022.

- ***Accelerating growth in golf balls business 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 sales and distribution of golf clubs. For the year ended 31 March 2023, golf clubs generated 72.9% of the Group's total revenue. Following continued and mid-double-digit growth in revenue from golf balls over the past eight 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. As a result, being the largest golf balls market within the Group, Japan recorded a rock solid growth of 10.1% as compared to the year ended 31 March 2022.

  In January 2019, HONMA re-launched its apparel business. The apparel collection comprises of a professional and a fashion athletic line, catering to the distinctive requirements of golfers in China, both on-course and off-course. The year ended 31 March 2023 featured mostly HONMA's 2023 Spring/Summer collections.

- ***Reprioritising HONMA's growth strategies in North America and Europe while improving both markets' financial standing.*** North America and Europe continued to enjoy the largest golfer demographics but with varied market conditions. For the year ended 31 March 2023, the Group began to reprioritise its distribution strategy in North America and Europe by focusing on a smaller but premier group of accounts that are most capable to represent HONMA's tradition and pursue in the super-premium and premium-performance consumer segments. At the same time, the Group continued optimising its organisational set up and cost base in both markets to properly anchor their near to mid-term growth amidst social, economic and financial uncertainties.

  Following such strategic adjustment, in Europe, the Group closed 615 points of sales ("**POS**") in the year ended 31 March 2023, hence decreasing its total POSs there to 35 by 31 March 2023. During the same period, in North America, the Group opened eight new POSs, leading to a modest POS network of 345 locations.

  Despite the shift, the Company continued to make investments into its digital communication and e-commerce activities in both markets 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 2023, the Company had seen continued increase in site visits while average order value climbed to about eight hundred U.S. dollar. The strong performance is a good evidence of HONMA's brand equity and consumer interest in the North American market. Accordingly, during the year ended 31 March 2023, revenue from North America grew by 3.2% as compared to the year ended 31 March 2022.

- ***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 2023, the Company opened 18 new stores in China, one in Japan and four in other areas of Asia, consistently applying the new retail visual identity, design concept and consumer experience elements using advanced technology. The Company also upgraded multiple shop-in-shops in the U.S., Japan and China using the same design concept to ultimately present the same consumer space and experience in all of its major markets.

- ***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 2023, HONMA hosted 4,061 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 2023, TEAM HONMA consisted of eight professional golf players. The Company believes TEAM HONMA's 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, continually generate customer interest, ensure product offerings remain up to date with the latest market trends and meet the preferences of target customers.

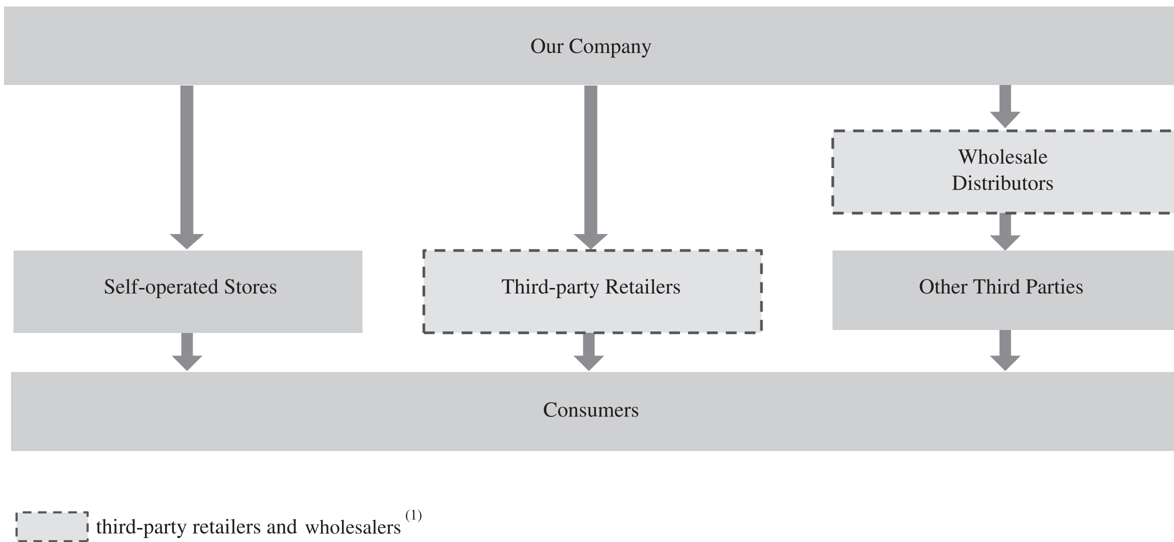
Based on extensive market research, HONMA categorises the market into nine key segments according to the importance golfers place on price, design and performance, which are correlated with their respective levels of affluence and enthusiasm towards golf, as illustrated in the chart below:

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 2023, the Group had 90 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 2023:

	For the year ended 31 March 2023			
	Period start	**Opened**	**Closed**	**Period end**
Japan	29	1	1	29
China (including Hong Kong and Macau)	33	18	10	41
U.S.	–	–	–	–
Rest of Asia	18	4	2	20
Total	80	23	13	90

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 2023, the Group had five fitting centers, including two in Japan, two in China and one in Korea.

As at 31 March 2023, the Group had approximately 3,717 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 2023, the Group's products were sold at 1,304 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 209 craftsmen, 32 of whom are master craftsmen with approximately 32 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 2023, the Group had 745 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 JPY4,723.7 million for the year ended 31 March 2023.

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 a number of brand experience stores since 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.

- ***Anchoring sustainable growth in North America and Europe based on the updated product and distribution strategy.*** North America and Europe accounts for nearly 70.0% of the global golf market. During the year ended 31 March 2023, HONMA began a journey to focus on a smaller but premier group of accounts in both markets while continuously implementing its unique direct-to-consumer communication and sales strategy. The said direct-to-consumer communication and distribution approach 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 JPY186.8 million and JPY199.7 million for the year ended 31 March 2022 and 2023, 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 2024 as the Group witnessed since the outbreak of the global health pandemic. These challenges include uncertain global public health situations, supply chain challenges, global economic and political uncertainties.

For the year ended March 31, 2023, the golf industry experienced continued rebound, 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 2023. 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 2024 will be a crucial period for it to deliver its growth strategies amidst global economic and political uncertainties. The Group is confident in its ability to mitigate the adverse impacts of such uncertainties 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 2022 to the year ended 31 March 2023:

	For the year ended 31 March				
	2023		2022		**Year-on-Year Change**
	JPY	*%*	*JPY*	*%*	*%*
	(In thousands, except for percentages and per share data)				
Consolidated Statement of Profit or Loss					
Revenue	**29,494,999**	**100.0**	28,971,099	100.0	1.8
Cost of sales	**(14,506,744)**	**(49.2)**	(13,285,472)	(45.9)	9.2
Gross profit	**14,988,255**	**50.8**	15,685,627	54.1	(4.4)
Other income and gains	**515,365**	**1.7**	2,192,521	7.6	(76.5)
Selling and distribution expenses	**(9,607,191)**	**(32.6)**	(9,316,156)	(32.2)	3.1
Administrative expenses	**(1,381,057)**	**(4.7)**	(1,339,943)	(4.6)	3.1
(Provisions for)/reversal of impairment losses on financial assets	**(31,923)**	**(0.1)**	482,906	1.7	(106.6)
Other expenses, net	**(279,053)**	**(0.9)**	(89,021)	(0.3)	213.5
Finance costs	**(124,990)**	**(0.4)**	(66,414)	(0.2)	88.2
Finance income	**13,463**	*	10,771	*	25.0
Profit before tax	**4,092,869**	**13.9**	7,560,291	26.1	(45.9)
Income tax expense	**(837,264)**	**(2.8)**	(1,369,103)	(4.7)	(38.8)
Net profit	**3,255,605**	**11.0**	6,191,188	21.4	(47.4)
Earnings per share attributable to ordinary equity holders of the parent:					
Basic and diluted					
– For profit for the year (JPY)	**5.38**		10.22		(47.4)
Non-IFRS Financial Measure					
Operating profit(1)	**3,856,557**	**13.1**	5,456,791	18.8	(29.3)
Net operating profit(2)	**2,922,546**	**9.9**	4,329,498	14.9	(32.5)

* less than 0.1%.

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 1.8% from JPY28,971.1 million for the year ended 31 March 2022 to JPY29,495.0 million for the year ended 31 March 2023.

Constant Currency Revenue

On a constant currency basis, the Group's total revenue decreased by 2.5% from the year ended 31 March 2022 to the year ended 31 March 2023. For the purpose of calculating constant currency revenue, the Group has used the average exchange rate of the year ended 31 March 2022 to translate sales recorded during the year ended 31 March 2023, 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	
	2023		2022		**on as reported basis**	**on constant currency basis[(1)]**
	JPY	*%*	*JPY*	*%*	*%*	*%*
	(In thousands, except for percentages)					
Golf clubs	**21,512,908**	**72.9**	20,843,062	71.9	3.2	(1.3)
Golf balls	**2,942,335**	**10.0**	2,974,129	10.3	(1.1)	(2.2)
Apparels	**3,009,071**	**10.2**	2,963,426	10.2	1.5	(5.3)
Accessories and other related[(2)]	**2,030,685**	**6.9**	2,190,482	7.6	(7.3)	(11.0)
Total	**29,494,999**	**100.0**	28,971,099	100.0	1.8	(2.5)

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 3.2% from JPY20,843.1 million for the year ended 31 March 2022 to JPY21,512.9 million for the year ended 31 March 2023. On a constant currency basis, revenue from golf clubs decreased by 1.3% during the same period.

Revenue from apparels increased by 1.5% from JPY2,963.4 million for the year ended 31 March 2022 to JPY3,009.1 million for the year ended 31 March 2023. On a constant currency basis, revenue from apparels decreased by 5.3% during the same period.

The steady revenue increases in golf clubs and apparels were primarily driven by continued improvement in HONMA's product development, merchandise planning and retail operations.

Revenue from golf balls decreased by 1.1% from JPY2,974.1 million for the year ended 31 March 2022 to JPY2,942.3 million for the year ended 31 March 2023, mainly due to the continued raw material supply challenges. On a constant currency basis, revenue from golf balls decreased by 2.2% during the same period.

Revenue from accessories and other related products decreased by 7.3% from JPY2,190.5 million for the year ended 31 March 2022 to JPY2,030.7 million for the year ended 31 March 2023. On a constant currency basis, revenue from accessories and other related products decreased by 11.0% during the same period. Such decrease was primarily caused by constrained sales in Japan to protect margin and sales decrease in Europe.

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**	
	2023		2022		**on as reported basis**	**on constant currency basis**[(1)]
	JPY	*%*	*JPY*	*%*	*%*	*%*
	(In thousands, except for percentages)					
Japan	**9,821,561**	**33.3**	8,497,160	29.3	15.6	15.6
Korea	**7,088,661**	**24.0**	6,831,638	23.6	3.8	3.8
China (including Hong Kong and Macau)	**7,795,341**	**26.4**	7,644,271	26.4	2.0	(6.9)
North America	**1,024,159**	**3.5**	992,169	3.4	3.2	(11.0)
Europe	**442,595**	**1.5**	1,393,489	4.8	(68.2)	(72.1)
Other regions	**3,322,682**	**11.3**	3,612,372	12.5	(8.0)	(18.8)
Total	**29,494,999**	**100.0**	28,971,099	100.0	1.8	(2.5)

Note:

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

For the year ended 31 March 2023, the Group's main markets recorded different sales momentum versus same period last year. Revenue from Japan, Korea, China and North America rose by 15.6%, 3.8%, 2.0% and 3.2%, 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 Japan grew by 15.6% from JPY8,497.2 million for the year ended 31 March 2022 to JPY9,821.6 million for the year ended 31 March 2023, on the back of a complete sales recovery in all channels and product categories.

Revenue from Korea recorded a growth of 3.8% from JPY6,831.6 million for the year ended 31 March 2022 to JPY7,088.7 million for the year ended 31 March 2023, thanks to continued uptake in golf participation and successful launch of new products since early 2022.

Revenue from China (including Hong Kong and Macau) had a lower than expected growth of 2.0% from JPY7,644.3 million for the year ended 31 March 2022 to JPY7,795.3 million for the year ended 31 March 2023 as the market experienced widespread disruptions due to the unexpected COVID-19 outbreak in both the first quarter and third quarter of the year. On a constant currency basis, revenue from China (including Hong Kong and Macau) decreased by 6.9% during the same period.

Revenue from North America increased by 3.2% from JPY992.2 million for the year ended 31 March 2022 to JPY1,024.2 million for the year ended 31 March 2023. On a constant currency basis, revenue from North America decreased by 11.0% during the same period.

Revenue from Europe decreased by 68.2% from JPY1,393.5 million for the year ended 31 March 2022 to JPY442.6 million for the year ended 31 March 2023. On a constant currency basis, revenue from Europe decreased by 72.1% during the same period. Such decline reflected the Group's decision to change its distribution model in Europe to an indirect one.

Revenue from other regions decreased by 8.0% from JPY3,612.4 million for the year ended 31 March 2022 to JPY3,322.7 million for the year ended 31 March 2023. On a constant currency basis, revenue from other regions decreased by 18.8% during the same period.

Revenue from the Group's home markets, namely Japan, Korea and China (including Hong Kong and Macau) accounted for 83.8% of the Group's total revenue for the year ended 31 March 2023.

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	
	2023		2022		**on as reported basis**	**on constant currency basis(1)**
	JPY	*%*	*JPY*	*%*	*%*	*%*
	(In thousands, except for percentages)					
Self-operated stores	**10,216,972**	**34.6**	7,285,013	25.1	40.2	33.5
Third-party retailers and wholesalers	**19,278,027**	**65.4**	21,686,086	74.9	(11.1)	(14.6)
Total	**29,494,999**	**100.0**	28,971,099	100.0	1.8	(2.5)

Note:

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

Revenue from self-operated stores increased by 40.2% from JPY7,285.0 million for the year ended 31 March 2022 to JPY10,217.0 million for the year ended 31 March 2023. On a constant currency basis, revenue from self-operated stores increased by 33.5% during the same period. Such increase was primarily due to a robust retail sales recovery in Japan.

Revenue from sales to third-party retailers and wholesalers decreased by 11.1% from JPY21,686.1 million for the year ended 31 March 2022 to JPY19,278.0 million for the year ended 31 March 2023. On a constant currency basis, revenue from third-party retailers and wholesalers decreased by 14.6% during the same period. Such decrease was primarily due to (i) sales decrease in Europe where the Group conducts sales all through third-party retailers and wholesalers, and (ii) channel shifting of the Group's apparel business in China to self-operated stores. Sales to the Group's retail partners in Japan grew by 32.6% as most retailers recovered from extended and lingered business closure during COVID-19 pandemic.

Cost of Sales

Cost of sales increased by 9.2% from JPY13,285.5 million for the year ended 31 March 2022 to JPY14,506.7 million for the year ended 31 March 2023. 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			
	2023		2022	
	JPY	***%***	*JPY*	*%*
	(In thousands, except for percentages)			
Raw materials	**6,811,258**	**47.4**	6,893,588	51.9
Employee benefits	**946,921**	**6.5**	1,027,491	7.7
Manufacturing overhead[1]	**575,309**	**4.0**	466,572	3.5
Finished goods purchased from suppliers	**6,103,256**	**42.1**	4,897,821	36.9
Total	**14,506,744**	**100.0**	13,285,472	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 decreased by 4.4% from JPY15,685.6 million for the year ended 31 March 2022 to JPY14,988.3 million for the year ended 31 March 2023. Gross profit margin decreased from 54.1% for the year ended 31 March 2022 to 50.8% for the year ended 31 March 2023.

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			
	2023		2022	
	JPY	***%***	*JPY*	*%*
	(In thousands, except for percentages)			
Golf clubs	**12,772,269**	**59.4**	12,114,750	58.1
Golf balls	**862,590**	**29.3**	1,352,482	45.5
Apparels	**802,934**	**26.7**	1,454,962	49.1
Accessories and other related[1]	**550,462**	**27.1**	763,433	34.9
Total	**14,988,255**	**50.8**	15,685,627	54.1

Note:

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

Gross profit for golf clubs increased by 5.4% from JPY12,114.8 million for the year ended 31 March 2022 to JPY12,772.3 million for the year ended 31 March 2023. Gross profit margin for golf clubs increased from 58.1% for the year ended 31 March 2022 to 59.4% for the year ended 31 March 2023, primarily due to continued retail price management and manufacturing cost optimization.

Gross profit for golf balls decreased by 36.2% from JPY1,352.5 million for the year ended 31 March 2022 to JPY862.6 million for the year ended 31 March 2023. Gross profit margin for golf balls decreased from 45.5% for the year ended 31 March 2022 to 29.3% for the year ended 31 March 2023, primarily due to raw material price increase and unfavourable exchange rate against U.S. dollar as the main market of the Company is located in Japan while purchases are made in U.S. dollar.

Gross profit for apparels decreased by 44.8% from JPY1,455.0 million for the year ended 31 March 2022 to JPY802.9 million for the year ended 31 March 2023. Gross profit margin for apparels decreased from 49.1% for the year ended 31 March 2022 to 26.7% for the year ended 31 March 2023, primarily due to slow moving provision impact especially in Japan and Korea.

Gross profit for accessories and other related products decreased by 27.9% from JPY763.4 million for the year ended 31 March 2022 to JPY550.5 million for the year ended 31 March 2023. Gross profit margin for accessories and other related products decreased from 34.9% for the year ended 31 March 2022 to 27.1% for the year ended 31 March 2023, primarily due to unfavourable exchange rate against U.S. dollar as the main market of the Company is located in Japan while purchases are made in U.S. dollar.

Other Income and Gains

Other income and gains decreased significantly from JPY2,192.5 million for the year ended 31 March 2022 to JPY515.4 million for the year ended 31 March 2023, primarily due to less foreign exchange gain compared to last year.

Selling and Distribution Expenses

Selling and distribution expenses increased from JPY9,316.2 million for the year ended 31 March 2022 to JPY9,607.2 million for the year ended 31 March 2023. Selling and distribution expenses as a percentage of revenue remained stable at 32.6% for the year ended 31 March 2022 and 2023. 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			
	2023		2022	
	JPY	*%*	*JPY*	*%*
	(In thousands, except for percentages)			
Employee benefits	**3,318,178**	**34.5**	3,232,196	34.7
Advertising and promotion expenses	**2,160,470**	**22.5**	2,085,342	22.4
Depreciation of right-of-use assets	**1,051,441**	**10.9**	931,415	10.0
Rental and other related fees	**590,072**	**6.1**	697,963	7.5
Others[1]	**2,487,030**	**25.9**	2,369,240	25.4
Total	**9,607,191**	**100.0**	9,316,156	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 remained relatively stable at JPY1,339.90 million for the year ended 31 March 2022 and JPY1,381.1 million for the year ended 31 March 2023.

(Provision for)/Reversal of Impairment Losses on Financial Assets

We had reversal of impairment losses on financial assets of JPY482.9 million for the year ended 31 March 2022 and provision for impairment losses on financial assets of JPY31.9 million during the same period in 2023, primarily due to one-off reversal of bad debt provision of JPY545.0 million in Japan last year.

Other Expenses, Net

Other expenses increased by 213.5% from JPY89.0 million for the year ended 31 March 2022 to JPY279.1 million for the year ended 31 March 2023, primarily due to fixed assets disposal related to inefficient stores closure.

Finance Costs

Finance costs increased by 88.2% from JPY66.4 million for the year ended 31 March 2022 to JPY125.0 million for the year ended 31 March 2023, primarily due to hike in borrowing interest rate in Japan.

Finance Income

Finance income increased by 25.0% from JPY10.8 million for the year ended 31 March 2022 to JPY13.5 million for the year ended 31 March 2023, primarily due to higher average bank deposit balance.

Profit Before Tax

As a result of the foregoing, profit before tax for the year ended 31 March 2023 was JPY4,092.9 million.

Income Tax Expense

Income tax expense decreased by 38.8% from JPY1,369.1 million for the year ended 31 March 2022 to JPY837.3 million for the year ended 31 March 2023. The Group's effective tax rate increased from 18.1% for the year ended 31 March 2022 to 20.5% for the year ended 31 March 2023.

Net Profit

As a result of the foregoing, net profit for the year ended 31 March 2023 was JPY3,255.6 million. Net profit margin for the year ended 31 March 2023 was 11.0%.

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	
	2023	2022
	(In JPY thousands)	
Profit before tax	**4,092,869**	7,560,291
Adjustment for:		
Other income and gains	**(515,365)**	(2,192,521)
Other expenses	**279,053**	89,021
Operating profit	**3,856,557**	5,456,791

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	
	2023	**2022**
	(In JPY thousands)	
Net profit	**3,255,605**	6,191,188
Adjustment for:		
Other income and gains	**(515,365)**	(2,192,521)
Other expenses	**279,053**	89,021
Impact on tax	**(96,747)**	241,810
Net operating profit	**2,922,546**	4,329,498

Working Capital Management

	For the year ended 31 March	
	2023	2022
Inventories turnover days[(1)]	**299**	293
Trade and bills receivables turnover days[(2)]	**54**	68
Trade and bills payables turnover days[(3)]	**47**	58

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 increased by six days from 293 days for the year ended 31 March 2022 to 299 days for the year ended 31 March 2023, primarily due to raw material stock up for BERES NX launch and bulk purchase and production on country specific models such as 65th and TW XP-2.

Trade and bills receivables turnovers days decreased by 14 days from 68 days for the year ended 31 March 2022 to 54 days for the year ended 31 March 2023, primarily due to strengthened collection in various markets.

On the other hand, trade and bills payables turnover days decreased by 11 days from 58 days for the year ended 31 March 2022 to 47 days for the year ended 31 March 2023, primarily due to less purchase during year end in view of high inventory level.

Inventories

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

	As at 31 March 2023	As at 31 March 2022
	(In JPY thousands)	
Raw materials	**3,244,147**	2,930,047
Work in progress	**1,547,032**	1,548,424
Finished goods	**10,634,117**	8,552,042
Less: provision	**(3,127,965)**	(1,535,677)
Total	**12,297,331**	11,494,836

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

	As at 31 March 2023	As at 31 March 2022
	(In JPY thousands)	
Within 1 year	**4,426,064**	5,763,356
1 year to 2 years	**3,862,539**	2,249,881
2 to 3 years	**2,344,487**	2,545,454
3 to 4 years	**1,664,241**	442,649
Over 4 years	**–**	493,496
Total	**12,297,331**	11,494,836

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 2023, 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 2023, the Group had JPY14,084.8 million in cash and cash equivalents, which were primarily held in Renminbi, Japanese yen and U.S. dollar. 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 2023.

Indebtedness

As at 31 March 2023, the Group's interest-bearing bank borrowings amounted to JPY7,290.0 million, mainly of which were denominated in Japanese yen and carry interest at variable rates. All of such borrowings were unsecured and most of them were payable within one year. The effective interest rate for the balance of the Group's interest-bearing bank borrowings as at 31 March 2023 ranged from 0.17% to 3.08%.

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 2023, the Group's gearing ratio was 36.3% (as at 31 March 2022, the Group's gearing ratio was 38.1%).

Capital Expenditures

The Group's capital expenditures for the year ended 31 March 2023 amounted to JPY663.5 million, which was used primarily to purchase plant machinery and equipment, office equipment and leasehold improvement. In the year ended 31 March 2023, the Group financed its capital expenditures primarily with cash generated from operations.

Contingent Liabilities

As at 31 March 2023, 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

The Group pledged deposits as collateral for the bank to issue letter of guarantee for HONMA Europe Value Added Tax declaration. The pledged deposits of the Group increased by 8.89% from JPY4.75 million as at 31 March 2022 to JPY5.17 million as at 31 March 2023, mainly due to change in exchange rate. The letter of guarantee was cancelled in early June 2023. There is no charge on the Group's assets as at the date of this announcement.

Material Acquisitions or Disposals and Future Plans for Major Investment

During the year ended 31 March 2023, 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 2023	Percentage of unused balance as at 31 March 2023	Percentage of amount used during the year ended 31 March 2023	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 2023, the unused balance of the proceeds from the global offering of approximately JPY4,942.2 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 JPY1.5 per share, amounting to approximately a total of JPY908.5 million for the year ended 31 March 2023 (the "**2022/2023 Final Dividend**"), representing approximately 27.9% of the Group's distributable profits for the year ended 31 March 2023. The 2022/2023 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:JPY134.83. 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 2023 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2023

	Notes	Year ended 31 March	
		2023	2022
		JPY'000	*JPY'000*
REVENUE	*4*	**29,494,999**	28,971,099
Cost of sales	*8*	**(14,506,744)**	(13,285,472)
Gross profit		**14,988,255**	15,685,627
Other income and gains	*4*	**515,365**	2,192,521
Selling and distribution expenses		**(9,607,191)**	(9,316,156)
Administrative expenses		**(1,381,057)**	(1,339,943)
(Provision for)/reversal of impairment losses on financial assets		**(31,923)**	482,906
Other expenses, net	*5*	**(279,053)**	(89,021)
Finance costs	*6*	**(124,990)**	(66,414)
Finance income	*7*	**13,463**	10,771
PROFIT BEFORE TAX	*8*	**4,092,869**	7,560,291
Income tax expense	*9*	**(837,264)**	(1,369,103)
PROFIT FOR THE YEAR		**3,255,605**	6,191,188
Attributable to:			
Owners of the parent		**3,255,488**	6,191,197
Non-controlling interests		**117**	(9)
		3,255,605	6,191,188
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		**5.38**	10.22

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2023

	Year ended 31 March	
	2023	2022
	JPY'000	*JPY'000*
PROFIT FOR THE YEAR	**3,255,605**	6,191,188
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(473,625)**	(304,649)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(473,625)**	(304,649)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Defined benefit plan:		
Remeasurement gains	**40,536**	126,414
Income tax effect	**(12,631)**	(41,329)
	27,905	85,085
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**2,798**	(61)
Income tax effect	**(897)**	24
	1,901	(37)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**29,806**	85,048
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(443,819)**	(219,601)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**2,811,786**	5,971,587
Attributable to:		
Owners of the parent	**2,811,669**	5,971,596
Non-controlling interests	**117**	(9)
	2,811,786	5,971,587

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

	Notes	At 31 March 2023 *JPY'000*	2022 *JPY'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*12*	**1,749,959**	2,007,915
Right-of-use assets	*13*	**1,812,846**	1,599,034
Freehold land	*14*	**1,940,789**	1,940,789
Intangible assets		**128,376**	119,608
Finance lease receivables	*15*	**245,878**	308,503
Other non-current assets		**925,474**	863,366
Deferred tax assets		**1,405,220**	1,293,502
Total non-current assets		**8,208,542**	8,132,717
CURRENT ASSETS			
Inventories	*16*	**12,297,331**	11,494,836
Trade and bills receivables	*17*	**3,513,495**	5,248,073
Prepayments, deposits and other receivables		**2,133,498**	1,951,412
Due from a related party		**32,446**	58,934
Finance lease receivables	*15*	**92,102**	82,199
Pledged deposits	*18*	**5,169**	4,747
Cash and cash equivalents	*18*	**14,084,777**	14,454,554
Total current assets		**32,158,818**	33,294,755
CURRENT LIABILITIES			
Trade and bills payables	*19*	**1,302,164**	2,395,067
Other payables and accruals		**2,735,039**	2,457,039
Interest-bearing bank borrowings	*20*	**6,690,000**	7,100,000
Lease liabilities	*21*	**1,110,858**	817,134
Income tax payable		**296,466**	762,294
Total current liabilities		**12,134,527**	13,531,534
NET CURRENT ASSETS		**20,024,291**	19,763,221
TOTAL ASSETS LESS CURRENT LIABILITIES		**28,232,833**	27,895,938

		At 31 March	
	Notes	**2023**	2022
		JPY'000	*JPY'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	*20*	**600,000**	600,000
Lease liabilities	*21*	**1,042,379**	1,146,783
Net employee defined benefit liabilities	*22*	**349,300**	465,019
Deferred tax liabilities		**112,123**	223,220
Other non-current liabilities		**98,103**	108,314
Total non-current liabilities		**2,201,905**	2,543,336
NET ASSETS		**26,030,928**	25,352,602
EQUITY			
Equity attributable to owners of the parent			
Share capital	*23*	**153**	153
Reserves		**26,076,301**	25,398,092
		26,076,454	25,398,245
Non-controlling interests		**(45,526)**	(45,643)
Total equity		**26,030,928**	25,352,602

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 March 2023

		Year ended 31 March	
	Notes	**2023**	2022
		JPY'000	*JPY'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**4,092,869**	7,560,291
Adjustments for:			
Provision for impairment of property, plant and equipment	*12*	**81,548**	–
Write-down of inventories to net realisable value	*8*	**1,592,288**	501,754
Provision for/(reversal of) impairment of trade receivables		**31,923**	(482,906)
Net losses on disposal of property, plant and equipment and intangible assets	*8*	**144,035**	40,263
Net gain on disposal of right-of-use assets	*8*	**(620)**	(26,940)
COVID-19-related rent concessions from lessors		**(18,527)**	(43,596)
Depreciation of property, plant and equipment	*12*	**628,515**	598,154
Depreciation of right-of-use assets	*13*	**1,051,441**	975,011
Amortisation of intangible assets		**76,032**	104,233
Defined benefit plan expenses	*22*	**65,760**	66,046
Foreign exchange gains		**(641,627)**	(1,611,600)
Finance costs	*6*	**124,990**	66,414
Finance income	*7*	**(13,463)**	(10,771)
		7,215,164	7,736,353
Increase in inventories		**(2,394,783)**	(2,173,251)
Decrease in trade and bills receivables		**1,702,655**	793,086
Decrease/(increase) in prepayments, deposits and other receivables		**59,054**	(530,552)
Decrease/(increase) in an amount due from a related party		**26,488**	(58,934)
(Increase)/decrease in pledged deposits		**(422)**	30,720
Increase in other non-current assets		**(59,310)**	(20,965)
(Decrease)/increase in trade and bills payables		**(1,092,903)**	595,925
Increase in other payables and accruals		**265,330**	774,333
(Decrease)/increase in other non-current liabilities		**(10,211)**	12,577
Payment of the defined benefit obligations		**(140,084)**	(102,638)
Contributions in plan assets		**(859)**	(2,588)
Cash generated from operating activities		**5,570,119**	7,054,066
Interest received		**13,463**	10,771
Interest paid		**(124,990)**	(66,414)
Income tax paid		**(1,782,726)**	(1,081,968)
Net cash flows generated from operating activities		**3,675,866**	5,916,455

	Year ended 31 March	
	2023	2022
	JPY'000	*JPY'000*
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment and intangible assets	**(663,545)**	(272,383)
Proceeds from disposal of items of property, plant and equipment and intangible assets	**271**	38,322
Decrease in finance lease receivables	**92,517**	76,980
Net cash flows used in investing activities	**(570,757)**	(157,081)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank borrowings	**79,260,000**	34,420,000
Repayment of bank borrowings	**(79,670,000)**	(34,745,570)
Principal portion of lease payments	**(1,100,976)**	(1,070,738)
Dividends paid	**(2,133,460)**	(1,940,121)
Net cash flows used in financing activities	**(3,644,436)**	(3,336,429)
Net (decrease)/increase in cash and cash equivalents	**(539,327)**	2,422,945
Cash and cash equivalents at the beginning of year	**14,454,554**	10,771,897
Effect of foreign exchange rate changes, net	**169,550**	1,259,712
Cash and cash equivalents at the end of year	**14,084,777**	14,454,554
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents as stated in the consolidated statement of financial position	**14,084,777**	14,454,554

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 that of the offices of Maples Corporate Services Limited, which is 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 PREPARATION

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 2023. 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).

Generally, there is a presumption that a majority of voting rights results in control. 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 3	*Reference to the Conceptual Framework*
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to IFRS Standards 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

The nature and the impact of the revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IFRS 3 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* (the "Conceptual Framework") issued in June 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 has applied the amendments prospectively to business combinations that occurred on or after 1 April 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) 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 as determined by IAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 April 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) 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 Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 April 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to IFRS Standards 2018-2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendment that is 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. The Group has applied the amendment prospectively from 1 April 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[2]
IFRS 17	*Insurance Contracts*[1]
Amendments to IFRS 17	*Insurance Contracts*[1, 5]
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*[6]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[2, 4]
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to IAS 8	*Definition of Accounting Estimates*[1]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

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

2 Effective for annual periods beginning on or after 1 January 2024

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024

5 As a consequence of the amendments to IFRS 17 issued in October 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

6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of IFRS 17

While the adoption of some of the revised IFRSs may result in changes in accounting policies, none of these IFRSs is expected to have a significant impact on the Group's results of operations and financial position.

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	
	2023	2022
	JPY'000	*JPY'000*
Japan	**9,821,561**	8,497,160
Korea	**7,088,661**	6,831,638
China (including Hong Kong and Macau)	**7,795,341**	7,644,271
North America	**1,024,159**	992,169
Europe	**442,595**	1,393,489
Other regions	**3,322,682**	3,612,372
	29,494,999	28,971,099

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

(b) Non-current assets

	At 31 March	
	2023	2022
	JPY'000	*JPY'000*
Japan	**4,415,451**	4,754,665
Other Asia Pacific Area	**1,105,387**	644,157
North America	**108,660**	231,860
Europe	**2,472**	36,664
	5,631,970	5,667,346

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 JPY5,547,264,000 (2022: JPY4,775,477,000) was derived from one major customer for the year ended 31 March 2023.

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	
	2023	2022
	JPY'000	*JPY'000*
Revenue from contracts with customers		
Sale of goods	**29,403,716**	28,890,172
Rendering of services	**91,283**	80,927
	29,494,999	28,971,099

	Year ended 31 March	
	2023	2022
	JPY'000	*JPY'000*
Other income and gains		
Foreign exchange gains, net	**450,095**	2,066,650
Government grants	**2,890**	25,968
Gain on disposal of right-of-use assets, net	**620**	26,940
Others	**61,760**	72,963
	515,365	2,192,521

	Year ended 31 March	
	2023	2022
	JPY'000	*JPY'000*
Types of goods or services		
Sale of golf related products	**29,403,716**	28,890,172
Rendering of services relating to golf related products	**91,283**	80,927
Total revenue from contracts with customers	**29,494,999**	28,971,099
Timing of revenue recognition		
Goods transferred at a point in time	**29,403,716**	28,890,172
Services transferred over time	**91,283**	80,927
Total revenue from contracts with customers	**29,494,999**	28,971,099

The disaggregation of the Group's revenue based on the geographical region for the year ended 31 March 2023 is included in note 3.

5. OTHER EXPENSES, NET

	Year ended 31 March	
	2023	2022
	JPY'000	*JPY'000*
Net losses on disposal of property, plant and equipment and intangible assets	**144,035**	40,263
Provision for impairment of property, plant and equipment	**81,548**	–
Others	**53,470**	48,758
	279,053	89,021

6. FINANCE COSTS

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

	Year ended 31 March	
	2023	2022
	JPY'000	*JPY'000*
Interest on bank borrowings	**94,752**	42,347
Interest on lease liabilities	**30,238**	24,067
	124,990	66,414

7. FINANCE INCOME

	Year ended 31 March	
	2023	2022
	JPY'000	*JPY'000*
Interest income	**12,951**	10,292
Others	**512**	479
	13,463	10,771

8. PROFIT BEFORE TAX

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

	Notes	Year ended 31 March 2023 JPY'000	2022 JPY'000
Cost of inventories sold		**14,450,080**	13,228,218
Cost of services provided		**56,664**	57,254
Depreciation of property, plant and equipment	*12*	**628,515**	598,154
Depreciation of right-of-use assets	*13*	**1,051,441**	975,011
Amortisation of intangible assets		**76,032**	104,233
Research and development costs		**199,698**	186,763
Provision for impairment of property, plant and equipment	*12*	**81,548**	–
Provision for/(reversal of) impairment of trade receivables	*17*	**31,923**	(482,906)
Lease payments not included in the measurement of lease liabilities		**221,901**	219,137
Auditors' remuneration		**122,967**	107,689
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages and salaries		**3,646,614**	3,741,927
Pension and social security costs		**339,424**	348,990
Defined benefit plan expenses	*22*	**65,760**	66,046
Employee benefits		**419,442**	387,536
Other benefits		**252,410**	236,346
		4,723,650	4,780,845
Foreign exchange gains, net	*4*	**(450,095)**	(2,066,650)
Write-down of inventories to net realisable value		**1,592,288**	501,754
Net losses on disposal of items of property, plant and equipment and intangible assets	*5*	**144,035**	40,263
Net gain on disposal of right-of-use assets	*5*	**(620)**	(26,940)

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 were subject to income tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year (2022: 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 (2022: 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% (2022: 25%).

The subsidiaries incorporated in Taiwan and Thailand are subject to income tax at the rates of 20% and 20% on the assessable profits (2022: 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 (2022: 21%), as well as state tax at a rate of approximately 8.84% (2022: 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 (2022: 8.5%), as well as cantonal and communal taxes at rates ranging from 2% to 5% (2022: 2% to 5%).

Tax in the statement of profit or loss represents:

	Year ended 31 March	
	2023	2022
	JPY'000	*JPY'000*
Current income tax – Hong Kong	**1,074,002**	1,148,362
Current income tax – PRC	**1,756**	311,502
Deferred tax	**(238,494)**	(90,761)
	837,264	1,369,103

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			
	2023		2022	
	JPY'000	*%*	*JPY'000*	*%*
Profit before tax	**4,092,869**		7,560,291	
Tax at the statutory tax rate (30.62% for the year ended 31 March 2023, and 30.62% for the year ended 31 March 2022)	**1,253,236**	**30.62**	2,314,961	30.62
Different tax rates or tax bases for entities outside Japan	**(854,137)**	**(20.87)**	(1,049,725)	(13.89)
Expense not deductible	**1,749**	**0.04**	17,301	0.23
Income not subject to tax	**(107,032)**	**(2.62)**	(241,351)	(3.19)
Effect of withholding tax on the distributable profits of the Group's subsidiaries in the PRC and Japan	**(106,071)**	**(2.59)**	159,217	2.11
Impact of unrecognised tax losses and temporary differences	**649,519**	**15.87**	168,700	2.23
Tax charge at the Group's effective rate	**837,264**	**20.45**	1,369,103	18.11

10. DIVIDENDS

	Year ended 31 March	
	2023	2022
	JPY'000	*JPY'000*
Proposed final – JPY1.50 per ordinary share (2022: JPY2.00)	**908,464**	1,211,285
Interim declared – JPY1.50 (2022: JPY1.50) per ordinary share	**908,464**	908,500

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. The 2022 final dividend and 2023 interim dividend were paid on 10 October 2022 and 28 December 2022, respectively.

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

The calculation of basic earnings per share is 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 2023 and 2022 in respect of a dilution as the Group had no potentially ordinary dilutive shares in issue during the years ended 31 March 2023 and 2022.

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

	Year ended 31 March	
	2023	2022
	JPY'000	*JPY'000*
Earnings		
Profit attributable to ordinary equity holders of the parent	**3,255,488**	6,191,197

	Number of shares	
	2023	2022
	('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 2023							
Cost:							
At 1 April 2022	**6,624,234**	**2,198,485**	**2,361,046**	**48,293**	**1,789,919**	**396**	**13,022,373**
Additions	**14,774**	**20,837**	**386,435**	**–**	**148,258**	**20,642**	**590,946**
Transfer from construction in progress	**8,226**	**2,454**	**–**	**–**	**5,826**	**(16,506)**	**–**
Disposals	**(186,556)**	**(246,437)**	**(360,116)**	**(1,562)**	**(62,423)**	**–**	**(857,094)**
Exchange realignment	**–**	**1,669**	**60,214**	**–**	**4,594**	**–**	**66,477**
At 31 March 2023	**6,460,678**	**1,977,008**	**2,447,579**	**46,731**	**1,886,174**	**4,532**	**12,822,702**
Accumulated depreciation:							
At 1 April 2022	**5,848,576**	**1,849,280**	**1,366,122**	**44,629**	**1,499,850**	**–**	**10,608,457**
Depreciation provided during the year	**79,662**	**89,787**	**352,659**	**1,314**	**105,093**	**–**	**628,515**
Disposals	**(184,041)**	**(244,147)**	**(216,771)**	**(667)**	**(55,507)**	**–**	**(701,133)**
Exchange realignment	**–**	**1,615**	**55,542**	**–**	**3,853**	**–**	**61,010**
At 31 March 2023	**5,744,197**	**1,696,535**	**1,557,552**	**45,276**	**1,553,289**	**–**	**10,596,849**
Accumulated impairment:							
At 1 April 2022	**93,339**	**1,697**	**241,189**	**131**	**69,645**	**–**	**406,001**
Impairment provided during the year	**–**	**–**	**76,830**	**–**	**4,718**	**–**	**81,548**
Disposals	**–**	**–**	**(9,023)**	**(131)**	**(2,501)**	**–**	**(11,655)**
At 31 March 2023	**93,339**	**1,697**	**308,996**	**–**	**71,862**	**–**	**475,894**
Net book value:							
At 31 March 2023	**623,142**	**278,776**	**581,031**	**1,455**	**261,023**	**4,532**	**1,749,959**

	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

An impairment of JPY81,548,000 (2022: Nil) has been provided for self-operated stores during the year ended 31 March 2023 with recoverable amount of nil. The recoverable amounts of these self-operated stores have been determined based on a value in use calculation using cash flow projections based on financial budgets covering a period over the remaining useful lives of the relevant assets.

13. RIGHT-OF-USE ASSETS

	Shops	**Office properties**	**Motor vehicles**	**Total**
	JPY'000	***JPY'000***	***JPY'000***	***JPY'000***
Carrying amount at 1 April 2022	**1,269,378**	**288,413**	**41,243**	**1,599,034**
Addition	**1,261,847**	**–**	**33,487**	**1,295,334**
Depreciation during the year	**(900,178)**	**(147,571)**	**(3,692)**	**(1,051,441)**
Revision of a lease term arising from a change in the non-cancellable period of a lease	**(2,928)**	**–**	**(39,804)**	**(42,732)**
Exchange realignment	**4,915**	**4,128**	**3,608**	**12,651**
Carrying amount at 31 March 2023	**1,633,034**	**144,970**	**34,842**	**1,812,846**

	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

14. FREEHOLD LAND

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

	Year ended 31 March	
	2023	2022
	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 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	
	2023	2022
	JPY'000	*JPY'000*
Within one year	**92,451**	82,700
After one year but within two years	**94,532**	84,961
After two years but within three years	**71,983**	86,873
After three years but within four years	**71,841**	66,151
After four years but within five years	**12,332**	66,021
After five years	**–**	11,333
Total minimum finance lease receivables	**343,139**	398,039
Unearned finance income	**(5,159)**	(7,337)
Total net finance lease receivables	**337,980**	390,702
Portion classified as current assets	**(92,102)**	(82,199)
Non-current portion	**245,878**	308,503

	At 31 March	
	2023	2022
	JPY'000	*JPY'000*
Within one year	**92,102**	82,199
After one year but within two years	**93,520**	84,102
After two years but within three years	**70,571**	85,394
After three years but within four years	**69,852**	64,390
After four years but within five years	**11,935**	63,728
After five years	**–**	10,889
Total present value of minimum finance lease receivables	**337,980**	390,702

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	
	2023	2022
	JPY'000	*JPY'000*
Raw materials	**3,244,147**	2,930,047
Work in progress	**1,547,032**	1,548,424
Finished goods	**10,634,117**	8,552,042
	15,425,296	13,030,513
Less: provision	**(3,127,965)**	(1,535,677)
	12,297,331	11,494,836

17. TRADE AND BILLS RECEIVABLES

	At 31 March	
	2023	2022
	JPY'000	*JPY'000*
Trade receivables	**3,620,586**	5,295,751
Bills receivable	**97,593**	184,156
	3,718,179	5,479,907
Less: provision	**(204,684)**	(231,834)
	3,513,495	5,248,073

The Group's trading terms with its customers are mainly on credit. The credit period ranges from 30 to 120 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	
	2023	2022
	JPY'000	*JPY'000*
Within 1 month	**2,751,126**	3,934,777
1 to 3 months	**291,022**	460,544
3 to 12 months	**349,646**	578,073
Over 1 year	**24,108**	90,523
	3,415,902	5,063,917

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

	At 31 March	
	2023	2022
	JPY'000	*JPY'000*
Opening balance	**231,834**	758,808
Addition	**38,215**	65,517
Reversal	**(6,292)**	(548,423)
Amount written off as uncollectable	**(59,073)**	(44,068)
Ending balance	**204,684**	231,834

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 2023

	Expected loss rates	**Gross carrying amounts**	**Impairment**
		JPY'000	***JPY'000***
General item:			
Current and past due within 6 months	**1.97%**	**3,361,619**	**66,202**
Past due 6 to 12 months past due	**40.78%**	**203,458**	**82,973**
Past due over 1 year past due	**100.00%**	**55,509**	**55,509**
		3,620,586	**204,684**

As at 31 March 2022

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

18. CASH AND CASH EQUIVALENTS

	At 31 March	
	2023	2022
	JPY'000	*JPY'000*
Cash and bank balances	**14,084,777**	14,454,554
Time deposits	**5,169**	4,747
	14,089,946	14,459,301
Less: pledged deposits for letters of guarantee	**(5,169)**	(4,747)
Cash and cash equivalents	**14,084,777**	14,454,554
Denominated in JPY	**2,626,691**	2,192,188
Denominated in USD	**558,720**	1,494,167
Denominated in HKD	**134,645**	273,963
Denominated in TWD	**47,033**	63,407
Denominated in RMB	**10,532,286**	9,551,663
Denominated in other currencies	**185,402**	879,166
	14,084,777	14,454,554

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	
	2023	2022
	JPY'000	*JPY'000*
Trade payables	**1,302,164**	2,393,326
Bills payable	**–**	1,741
	1,302,164	2,395,067

The ageing analysis of trade and bills payables as at 31 March 2023 and 2022 is as follows:

	At 31 March	
	2023	2022
	JPY'000	*JPY'000*
Within 3 months	**1,287,287**	2,324,078
Over 3 months	**14,877**	70,989
	1,302,164	2,395,067

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	
	2023	2022
	JPY'000	*JPY'000*
Current		
Bank loans – unsecured	**6,690,000**	7,100,000
Non-current		
Bank loans – unsecured	**600,000**	600,000
	7,290,000	7,700,000
Analysed into:		
Bank loans repayable:		
Within one year	**6,690,000**	7,100,000
In the second year	**21,180**	–
In the third to fifth years, inclusive	**275,340**	190,620
Beyond five years	**303,480**	409,380
	7,290,000	7,700,000

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

	At 31 March	
	2023	2022
Effective interest rates	**0.17%-3.08%**	0.33%-1.07%

At 31 March 2023 and 2022, there were no properties pledged to secure bank borrowings granted to the Group.

21. LEASE LIABILITIES

	At 31 March	
	2023	2022
	JPY'000	*JPY'000*
At beginning of year	**1,963,917**	2,500,411
Addition	**1,295,334**	549,100
Accretion of interest	**30,238**	24,067
Payment	**(1,131,214)**	(1,094,805)
Revision of a lease term arising from a change in the non-cancellable period of a lease	**(37,961)**	(71,796)
COVID-19-related rent concessions from lessors	**(18,527)**	(43,596)
Exchange realignment	**51,450**	100,536
At end of year	**2,153,237**	1,963,917

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 2023 and 2022 is as follows:

	At 31 March	
	2023	2022
	JPY'000	*JPY'000*
Within one year	**1,119,853**	822,878
In the second year	**695,167**	654,276
In the third to five years, inclusive	**382,255**	494,676
After five years	**–**	14,172
Total undiscounted lease liabilities	**2,197,275**	1,986,002
Discount amount	**(44,038)**	(22,085)
Total present value of lease liabilities	**2,153,237**	1,963,917
Portion classified as current liabilities	**(1,110,858)**	(817,134)
Non-current portion	**1,042,379**	1,146,783
Analysed into:		
Lease liabilities:		
Within one year	**1,110,858**	817,134
In the second year	**675,228**	647,641
In the third to fifth years, inclusive	**367,151**	485,302
Beyond five years	**–**	13,840
	2,153,237	1,963,917

22. EMPLOYEE DEFINED BENEFIT PLAN

Net employee defined benefit liabilities:

	At 31 March	
	2023	2022
	JPY'000	*JPY'000*
Retirement benefit plans	**349,300**	465,019

The Group operates funded defined benefit plan 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 plan 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 they are 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 its retirement benefit plans 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	
	2023	2022
	JPY'000	*JPY'000*
Current service cost	**64,190**	65,893
Interest cost	**1,570**	153
Net benefit expenses	**65,760**	66,046
Recognised in cost of sales	**22,819**	22,918
Recognised in selling and distribution costs	**29,074**	29,200
Recognised in administrative expenses	**13,867**	13,928
	65,760	66,046

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 2023 in the defined benefit obligations and fair value of plan assets:

	1 April 2022	**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 2023**
	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	**2,410,661**	**64,190**	**8,891**	**73,081**	**(217,698)**	**–**	**(30,143)**	**2,090**	**(28,053)**	**–**	**2,237,991**
Fair value of plan assets	**(1,945,642)**	**–**	**(7,321)**	**(7,321)**	**77,614**	**(12,483)**	**–**	**–**	**(12,483)**	**(859)**	**(1,888,691)**
Benefit liability	**465,019**	**64,190**	**1,570**	**65,760**	**(140,084)**	**(12,483)**	**(30,143)**	**2,090**	**(40,536)**	**(859)**	**349,300**

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

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

	At 31 March	
	2023	2022
	JPY'000	*JPY'000*
Stocks	**946,708**	1,001,638
Bonds	**735,584**	738,782
General account of life insurance companies	**146,920**	145,772
Others	**59,479**	59,450
Total	**1,888,691**	1,945,642

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

	At 31 March	
	2023	2022
Method of allocating projected retirement benefits	**Projected unit credit method**	Projected unit credit method
Discount rate	**0.58%**	0.37%
Salary increase rate (age-based, on average)	**3.90%**	3.90%
Turnover rate (age-based, on average)	**6.60%**	6.60%

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

	Increase/(decrease) in defined benefit obligations		
		At 31 March	
		2023	2022
Assumption	*Change in assumption*	***JPY'000***	*JPY'000*
Discount rate	Increase by 0.5%	**(72,655)**	(82,793)
	Decrease by 0.5%	**72,655**	82,793

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 2023 and 2022 were 4.8 years and 5.4 years, respectively.

The actuarial valuation showed that the market values of plan assets were JPY1,888,691,000 and JPY1,945,642,000 as at 31 March 2023 and 2022 and represented 84% and 81% of the defined benefit obligations, respectively, that had accrued to qualified employees. The deficiencies of JPY349,300,000 and JPY465,019,000 as at 31 March 2023 and 2022, respectively, are expected to be cleared over the remaining service period.

23. SHARE CAPITAL

	At 31 March	
	2023	2022
Issued capital in USD: (As of 31 March 2023: 20,000,000,000 authorised shares of USD0.0000025 each, 605,642,500 ordinary shares in issue; as of 31 March 2022: 20,000,000,000 authorised shares of USD0.0000025 each, 605,642,500 ordinary shares in issue)	**1,514**	1,514
Equivalent to JPY	**153,000**	153,000

24. 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 JPY1,295,334,000 and JPY1,295,334,000, respectively, in respect of lease arrangements for office properties, shops and motor vehicles (31 March 2022: JPY549,100,000 and JPY549,100,000).

(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 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 movements	–	–	100,536
Final dividend payable	–	1,940,121	–
At 31 March 2022 and 1 April 2022	7,700,000	–	1,963,917
Changes from financing cash flows	(410,000)	(2,133,460)	(1,100,976)
New leases	–	–	1,295,334
Interest expenses	–	–	30,238
Interest paid classified as operating cash flows	–	–	(30,238)
Revision of a lease term arising from a change in the non-cancellable period of a lease term	–	–	(37,961)
COVID-19-related rent concessions from lessors	–	–	(18,527)
Foreign exchange movements	–	–	51,450
Final dividend payable	–	2,133,460	–
At 31 March 2023	7,290,000	–	2,153,237

(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	
	2023	2022
	JPY'000	*JPY'000*
Within operating activities	**252,139**	243,204
Within financing activities	**1,100,976**	1,070,738
	1,353,115	1,313,942

OTHER INFORMATION

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the year ended 31 March 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

FINAL DIVIDEND

The Board recommends the payment of the 2022/2023 Final Dividend of JPY1.5 per share for the year ended 31 March 2023, amounting to approximately a total of JPY908.5 million, representing approximately 27.9% of the Group's distributable profits for the year ended 31 March 2023, 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 2022, total dividends for the year ended 31 March 2023 will amount to JPY3.0 per share and the total dividend payout will amount to JPY1,817.0 million, representing approximately 55.8% of the Group's distributable profits for the year ended 31 March 2023.

The 2022/2023 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 2022/2023 Final Dividend, if approved by the Company's shareholders at the forthcoming AGM, will be paid on Tuesday, 10 October 2023 to the shareholders of the Company whose names appear on the register of members of the Company as at Friday, 22 September 2023.

The distribution of the 2022/2023 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 Tuesday, 12 September 2023 to Friday, 15 September 2023, 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, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 11 September 2023 (Hong Kong time) for registration.

Subject to the approval of the declaration of 2022/2023 Final Dividend at the forthcoming AGM, the register of members of the Company will also be closed on Friday, 22 September 2023 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, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Thursday, 21 September 2023 (Hong Kong time) for registration.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions as set out in Part 2 of Corporate Governance Code (the "**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**"). Throughout the year ended 31 March 2023, the Company has complied with all applicable code provisions as set out in the CG Code save for the deviations from code provisions C.2.1 and C.5.1.

Code provision C.2.1 of the 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.

Code provision C.5.1 of the 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 2022 and the interim results for the six months ended 30 September 2022. The Company has not held regular quarterly Board meetings as the Company does not announce its results quarterly.

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 2023.

AUDIT COMMITTEE

The Company 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 2023. 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 2023 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

Hong Kong, 21 June 2023

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.