HONMA

2025/26 ANNUAL REPORT

HONMA GOLF LIMITED

本 間 高 爾 夫 有 限 公 司

(Incorporated in the Cayman Islands with Limited Liability)

STOCK CODE: 6858

Contents

Corporate Information

Board of Directors

Executive Directors

Mr. Liu Jianguo (劉建國) *(Chairman and President)*
Mr. Ito Yasuki (伊藤康樹)
Mr. Zuo Jun (左軍)
Mr. Liu Hongli (劉宏立)

Non-executive Directors

Mr. Yang Xiaoping (楊小平)
Mr. Soopakij Chearavanont (謝吉人)

Independent Non-executive Directors

Mr. Lu Pochin Christopher (盧伯卿)
Mr. Wang Jianguo (汪建國)
Mr. Xu Hui (徐輝)
Ms. Tian Qing (田青)

Audit Committee

Mr. Lu Pochin Christopher (盧伯卿) *(Chairman)*
Mr. Wang Jianguo (汪建國)
Mr. Xu Hui (徐輝)

Remuneration Committee

Mr. Wang Jianguo (汪建國) *(Chairman)*
Mr. Xu Hui (徐輝)
Mr. Zuo Jun (左軍)

Nomination Committee

Mr. Liu Jianguo (劉建國) *(Chairman)*
Mr. Wang Jianguo (汪建國)
Mr. Lu Pochin Christopher (盧伯卿)
Ms. Tian Qing (田青)[(1)]

Company Secretary

Ms. Sham Ying Man (岑影文)

Authorized Representatives

Mr. Zuo Jun (左軍)
Ms. Sham Ying Man (岑影文)

Auditor

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

Company's Website

www.honmagolf.com

Stock Code

6858

Note:

(1) Appointed as a member of the nomination committee of the Company (the "**Nomination Committee**") with effect from 26 June 2025.

Corporate Information

Registered Office in Cayman Islands

The offices of Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

Headquarters in Japan

35F Roppongi Hills Mori Tower
P.O. Box #62, 6-10-1
Roppongi
Minatoku
Tokyo, Japan

Shanghai Office

Building 5
99 Wenxiang Dong Road
Songjiang District
Shanghai, PRC

Principal Place of Business in Hong Kong

Room 1910, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

Cayman Islands Principal Share Registrar and Transfer Agent

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall, Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17/F, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Principal Bankers

Mizuho Bank, Ltd., Aoyama Branch
The Tokyo Tomin Bank, Limited, Setagaya Branch
Bank of China Limited, Shanghai Branch, Songjiang Sub-Branch
The Hongkong and Shanghai Banking Corporation Limited

Financial Summary

	For the year ended 31 March				
	2026	2025	2024	2023	2022
	JPY'000	JPY'000	JPY'000	JPY'000	JPY'000
Operating Results					
Revenue	**22,259,687**	21,672,142	26,222,857	29,494,999	28,971,099
Gross profit	**11,958,718**	11,784,085	13,342,688	14,988,255	15,685,627
Gross profit margin	**53.7%**	54.4%	51.2%	50.8%	54.1%
Operating (loss)/profit	**(230,723)**	185,256	2,706,208	3,856,557	5,456,791
Net profit/(loss)	**1,119,783**	(264,174)	4,828,128	3,255,605	6,191,188
Profit/(loss) before tax	**2,310,947**	(937,931)	5,152,315	4,092,869	7,560,291
Profit/(loss) for the year attributable to owners of the Company	**1,119,676**	(264,233)	4,828,057	3,255,488	6,191,197

	As at 31 March				
	2026	2025	2024	2023	2022
	JPY'000	JPY'000	JPY'000	JPY'000	JPY'000
Assets and Liabilities					
Assets					
Non-current assets	**9,332,274**	10,319,591	8,894,695	8,208,542	8,132,717
Current assets	**31,855,232**	29,789,309	33,650,502	32,158,818	33,294,755
Total assets	**41,187,506**	40,108,900	42,545,197	40,367,360	41,427,472
Equity and liabilities					
Total equity	**28,583,568**	27,680,137	28,672,380	26,030,928	25,352,602
Non-current liabilities	**1,624,106**	1,774,634	2,190,133	2,201,905	2,543,336
Current liabilities	**10,979,832**	10,654,129	11,682,684	12,134,527	13,531,534
Total liabilities	**12,603,938**	12,428,763	13,872,817	14,336,432	16,074,870
Total equity and liabilities	**41,187,506**	40,108,900	42,545,197	40,367,360	41,427,472
Net current assets	**20,875,400**	19,135,180	21,967,818	20,024,291	19,763,221
Total assets less current liabilities	**30,207,674**	29,454,771	30,862,513	28,232,833	27,895,938

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors (the "**Board**") of Honma Golf Limited (the "**Company**"), I am pleased to present you with the annual report of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2026 (the "**Year**").

Over the last twelve months, the global economic uncertainty and geopolitical tensions have continued impacting consumer confidence across major markets. Despite these headwinds, the Group achieved a full-year revenue growth of 2.7% and a return to profitability with a resilient second-half recovery. During this period, the Group has continued implementing its "single brand, multi-categories and Asia-focused" strategy, by strategically focusing on the penetration and nurturing its home markets in Asia, namely Japan, Korea and China with astatically exquisite products, while exploring and developing new categories and products to meet core consumers' evolving needs.

Focusing on golf clubs, combining Japanese traditional craftsmanship with world standard innovative technology to provide a complete golf lifestyle experience

The mission of the Group is to provide golfers with a complete golf lifestyle experience that embodies Japanese craftsmanship. As such, the Group remains committed to applying artisan-style Japanese craftsmanship and world standard innovative technology to the design, manufacturing and development of a comprehensive range of exquisitely crafted and performance-driven golf clubs. The latest BERES and TOUR WORLD products, launched in early 2026 and late 2025 respectively and crafted for affluent and avid golfers, received great consumer acceptance. BERES golf clubs for example, recorded a year-on-year revenue growth of 3.9% in spite of the fact that it was launched in the last quarter of the financial year. On the other hand, country-specific club products, designed for aspirational golf in specific countries, grew by 41.5% year on year, reconfirming Honma's strong brand equity and its ability to withstand economic challenges since the Group went into the golf business in 1959.

Other than clubs, golf balls sales expanded as well with a robust growth of 12.2%, as the Group recovered its sales in Japan, China and Korea with a pyramid of value, performance and premium products. Apparel business was nonetheless faced with continued headwinds from weakened consumer sentiment, particularly in China but the Group endeavored to upgrade its product offerings to cater to both on-course and off-course requirements of its consumers and golfers around the world.

Chairman's Statement

Outstanding operational efficiency by enhancing channel optimization, advertising efficiency and e-commerce promotion

During the last twelve months, the Group made continued investment into its brand, traditional and social media campaigns, retail experiences to continuously improve its reach, brand and product awareness in order to become a centurial golf lifestyle brand and the choice of the affluent and avid golfers of this time. In parallel, the Group implemented various plans to optimize and strategize its third-party wholesales channels. As a testament, revenue from third-party retailers and wholesalers increased by 12.3% as compared to the same period last year. Korea and China led the way and saw revenue from third-party channels grew by 56.7% and 13.4%, respectively. In particular, Korea achieved outstanding revenue growth of 55.2%, with gross margin improving by 10 percentage points. The Group will continue to develop an efficient business model to enhance channel efficiency in its home markets.

In terms of branding, the Group also achieved excellent results in its traditional and social media campaigns and sales conversions, both online and offline. During the year ended 31 March 2026, the Group kept improving its customer relationship management system to provide a one-stop shopping and brand experience platform for its loyal members and consumers. In particular, the total number of HONMA registered members in China has been increasing and reached around 200,000 as at 31 March 2026. Furthermore, the consumption conversion rate of newly registered members and the repurchase rate of existing members both improved.

Thanks to the continued development of HONMA's private sphere and presences on major ecommerce platforms, and leveraging the Group's official accounts on various media platforms around the world, revenue from e-commerce platform increased by 6.2% compared to the same period last year. The Group is committed to continuously invest into its content marketing and to drive further e-commerce presences and sales conversion.

I would like to take this opportunity to thank the management team and all employees for their hard work and contributions during the past year. I would also like to express my gratitude to the Group's shareholders, business partners and consumers for their support and trust in the Group. I am very optimistic about HONMA's business development in 2026 and beyond. Looking ahead, the Group will continue to focus on consumers' needs, undertake its social responsibilities, and apply the highest levels of traditional Japanese craftsmanship and innovative technology to its premium, high-tech and best performing golf products.

LIU Jianguo
Chairman

26 June 2026

Management Discussion and Analysis

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 footprints in Asia and a diverse range of golf clubs and golf-related products, HONMA is perfectly positioned to continuously 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.

2026 marks the 68th anniversary of the Company. In the past couple of years, HONMA has actively and continuously undertaken brand and marketing campaigns with the ultimate goal to re-define the HONMA brand as a dynamic, relevant and premium golf lifestyle brand among today's golfers. The Group maintained a team of young professional players from Asia who are considered rising stars or upcoming challengers by the golf industry. The Company also had extensive collaborations with coaches and key opinion leaders in the main Asian markets and made significant investments into its retail distribution network and digital capabilities in Japan and China so as to unify and elevate consumer experiences and purchase journey for its loyal consumers as well as the younger golfing communities.

Key Operating Results

Over the last few years, the global golf industry has seen downward adjustments in both number of rounds played and purchase interest of golfers at different stages and across different markets. These developments echoed the management's decision 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 consumer segment that HONMA has maintained a leading and strong market position for decades through the development and sales of clubs that combine Japanese astatic beauty with compromising features. The premium-performance consumer segment is dominated by avid golfers, which is the largest segment in terms of participation so far and has enjoyed the strongest growth momentum for years. To increase HONMA's penetration into both segments, the Group streamlined its product strategy by enriching its TOUR WORLD club portfolio offering to include a performance enhancement series and by renewing its legacy BERES club family with a modern and sophisticated design and development approach to appeal to today's golfers.

These consumer-centric product strategy and development efforts will continue to enhance HONMA's brand and product awareness and participation of younger and more avid golfers.

Management Discussion and Analysis

Highlights of Major Achievements

For the year ended 31 March 2026, the Company has continued implementing its long-term business strategies while carefully protecting its financial strength and cash flow. Among others, the Company has pursued and focused on the following strategic initiatives 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 premium golf brand among internet-savvy younger golfers, the Company has made constant efforts to elevate its global website and social media platforms with regular and relevant visual and content updates to continuously promote its brand and product awareness and to appeal to younger golfers. The rapid uptick in HONMA's digital communications on both earned and paid media has resulted in 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 implemented 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 09 in early 2024, the Group continuously penetrated into the super-premium and premium-performance consumer segments, especially in Asia. Revenue from BERES golf clubs rose decently by 3.9% from the year ended 31 March 2025, reconfirming HONMA's strong brand equity and its ability to withstand economic challenges since HONMA went into the golf business in 1959.

Highlights of Major Achievements (continued)

- ***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 2026, golf clubs generated 70.7% of the Group's total revenue. In addition, considering the continued and stable contribution in revenue from golf balls over the past 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.

  HONMA re-launched its apparel business in 2019. As of now, the apparel collection comprises of a professional and a fashion athletic line, both catering to the distinctive requirements of golfers in China, both on-course and off-course. The year ended 31 March 2026 featured mostly HONMA's 2025 Spring/Summer, Autumn/Winter collections and 2026 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 2026, the Group continued to reprioritise its distribution strategy in North America and Europe by focusing on a smaller but premier group of accounts that are most capable of representing 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.

  For the year ended 31 March 2026, the Group maintained a quality and modest POS network of 119 and 52 locations in North America and Europe, respectively. 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 2026, the Company had seen continued increase in site visits. The strong performance evidences HONMA's brand equity and consumer interest in the North American market.

Highlights of Major Achievements (continued)

- ***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. The Company consistently applied 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 mindshare. During the year ended 31 March 2026, HONMA continued to host 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 2026, 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 large 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.

Highlights of Major Achievements (continued)

Product Design and Development (continued)

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:

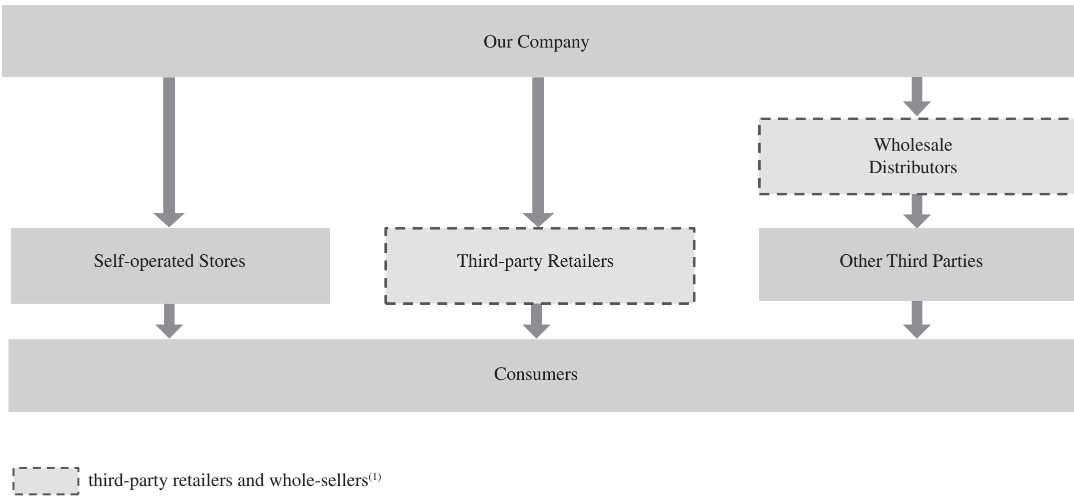
1 High Price Low Enthusiasm	**Design & Price**	2 High Price Middle Enthusiasm	**Primarily Design**	3 High Price High Enthusiasm	**Design & Performance**
4 Middle Price Low Enthusiasm	**Performance & Price**	5 Middle Price Middle Enthusiasm	**Performance & Design**	6 Middle Price High Enthusiasm	**Primarily 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. Since then, BERES and TOUR WORLD have been the two main club products for HONMA across all of its markets.

Highlights of Major Achievements (continued)

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 include 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.

Highlights of Major Achievements (continued)

Sales and Distribution Network (continued)

HONMA operates one of the largest numbers 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 2026, the Group had 85 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 2026:

	For the year ended 31 March 2026			
	Period start	Opened	Closed	Period end
Japan	30	–	–	30
China (including Hong Kong and Macau)	46	–	7	39
Rest of Asia	18	–	2	16
Total	94	–	9	85

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 2026, the Group had five fitting centers, including one in Japan, three in China and one in Korea.

As at 31 March 2026, the Group had approximately 3,218 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 2026, the Group's products were sold at 1,888 POSs of sports megastores.

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

Highlights of Major Achievements (continued)

Updating E-commerce Capabilities and Creating One Digital Ecosystem

The Group has constantly upgraded its website and relaunched its social media platforms in various countries. 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 approximately 163,000 square metres of land, the Sakata Campus is staffed with 125 craftsmen, 33 of whom are master craftsmen with approximately 36 years of experience on average. The craftsmen's dedication to product quality enables the Group to maintain the iconic and premium status of the HONMA brand. The Group continually invests in its Sakata Campus to optimise manufacturing processes and to expand its manufacturing capacity in line with sales growth.

Employees

As at 31 March 2026, the Group had 648 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.

Highlights of Major Achievements (continued)

Employees (continued)

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 JPY4,908.3 million for the year ended 31 March 2026.

The Group adopted its restricted share unit ("**RSU**") scheme in 2015 and post-IPO share option scheme in 2016 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 TW767 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 continues to present operating challenges and business uncertainties for HONMA due to global economic uncertainty and geopolitical tensions that loomed over some of its markets.

Nonetheless, 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.

Outlook (continued)

Business Outlook (continued)

The Group intends to continue pursuing the following:

- ***Sustainably 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 in recent years 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 become the centrepiece of HONMA's new consumer touchpoints and hubs and will continuously generate traffic to HONMA's extensive shop-in-shop at third-party retailers, golf courses and its online e-commerce platforms.

- ***Continuously 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 share in these markets, especially in the premium-performance segment. The Group intends to achieve this by continuously enriching its TOUR WORLD product family, leveraging HONMA's improved tour presence as well as key opinion leaders and influencers network. 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.

Outlook (continued)

Business Outlook (continued)

- ***Anchoring sustainable growth in North America and Europe based on the updated product and distribution strategy.*** North America and Europe account for more than 50% of the global golf market. During the year ended 31 March 2026, HONMA continued to shift its focus toward 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, where the 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.*** Since 2019, HONMA has actively expanded its apparel business in China, leveraging the rich industry networks and know-how of its strategic partner while promoting HONMA as a "golf lifestyle brand". To support HONMA's apparel growth ambition, the Group has created in-house design, development and sales teams in China and in addition, built a network of quality retail footprints encompassing different channels and addressing consumers of different profiles.

- ***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 costs amounted to JPY240.4 million and JPY348.8 million for the year ended 31 March 2025 and 2026, 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.

Outlook (continued)

Industry Outlook

The golf industry will continue to face multiple challenges in the year ending 31 March 2027. These challenges include intensified competition within the golf industry due to oversupply in some parts of the world, continued supply chain challenges as a result of labour shortage and increase of raw material price, and global economic and political uncertainties.

For the year ended 31 March 2026, the golf industry experienced intense competition as retailers struggled with inventories and sluggish consumer demand. The Company expects the overall golf industry to rapidly adapt itself to these challenges with short term negative impacts.

The Group also believes that the year ending 31 March 2027 will be a crucial period for it to deliver its business 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 development of all external challenges. 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 2025 to the year ended 31 March 2026:

	For the year ended 31 March				
	2026		2025		Year-on-Year Change
	JPY	*%*	*JPY*	*%*	*%*
	(In thousands, except for percentages and per share data)				
Consolidated Statement of Profit or Loss					
Revenue	**22,259,687**	**100.0**	21,672,142	100.0	2.7
Cost of sales	**(10,300,969)**	**(46.3)**	(9,888,057)	(45.6)	4.2
Gross profit	**11,958,718**	**53.7**	11,784,085	54.4	1.5
Other income and gains	**2,775,504**	**12.5**	107,367	0.5	2,485.1
Selling and distribution expenses	**(10,103,642)**	**(45.4)**	(9,650,939)	(44.5)	4.7
Administrative expenses	**(1,614,343)**	**(7.3)**	(1,532,961)	(7.1)	5.3
Provision for impairment losses on financial assets	**(219,919)**	**(1.0)**	(213,132)	(1.0)	3.2
Other expenses, net	**(233,834)**	**(1.1)**	(1,230,554)	(5.7)	(81.0)
Finance costs	**(270,532)**	**(1.2)**	(224,430)	(1.0)	20.5
Finance income	**18,995**	**0.1**	22,633	0.1	(16.1)
Profit/(loss) before tax	**2,310,947**	**10.4**	(937,931)	(4.3)	(346.4)
Income tax (expense)/credit	**(1,191,164)**	**(5.4)**	673,757	3.1	(276.8)
Profit/(loss) for the year	**1,119,783**	**5.0**	(264,174)	(1.2)	(523.9)
Earnings per share attributable to ordinary equity holders of the parent (expressed in JPY per share)					
Basic and diluted					
– For profit/(loss) for the year	**1.85**		(0.44)		(520.5)
Non-IFRS Financial Measure					
Operating (loss)/profit[1]	**(230,723)**	**(1.0)**	185,256	0.9	(224.5)
Net operating (loss)/profit[2]	**(1,023,136)**	**(4.6)**	618,294	2.9	(265.5)

* less than 0.1%.

FINANCIAL REVIEW (continued)

Notes:

(1) Operating (loss)/profit is derived from profit/(loss) before tax by (i) subtracting other income and gains and (ii) adding other expenses, net. For a reconciliation of operating (loss)/profit to profit/(loss) before tax, see "Management Discussion and Analysis Overview of the Company, Its Key Business Results and Business Outlook – Financial Review – Non-IFRS Financial Measures – Operating (Loss)/Profit".

(2) Net operating (loss)/profit is derived from profit/(loss) for the year by (i) subtracting other income and gains, (ii) adding other expenses, net and (iii) adding impact on tax related to items (i) and (ii) above. For a reconciliation of net operating (loss)/profit to profit/(loss) for the year, see "Management Discussion and Analysis Overview of the Company, Its Key Business Results and Business Outlook – Financial Review – Non-IFRS Financial Measures – Net Operating (Loss)/Profit".

Revenue

The Group's total revenue increased by 2.7% from JPY21,672.1 million for the year ended 31 March 2025 to JPY22,259.7 million for the year ended 31 March 2026.

Constant Currency Revenue

On a constant currency basis, the Group's total revenue increased by 2.7% from the year ended 31 March 2025 to the year ended 31 March 2026. For the purpose of calculating constant currency revenue, the Group has used the average exchange rate of the year ended 31 March 2025 to translate sales recorded during the year ended 31 March 2026, 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.

FINANCIAL REVIEW (continued)

Revenue (continued)

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	
					on as reported basis	on constant currency basis[1]
	2026		2025			
	JPY	%	JPY	%	%	%
	(In thousands, except for percentages)					
Golf clubs	**15,747,206**	**70.7**	15,066,896	69.5	4.5	4.6
Golf balls	**2,268,634**	**10.2**	2,021,346	9.3	12.2	12.5
Apparels	**2,936,952**	**13.2**	3,136,258	14.5	(6.4)	(6.7)
Accessories and other related[2]	**1,306,895**	**5.9**	1,447,642	6.7	(9.7)	(9.7)
Total	**22,259,687**	**100.0**	21,672,142	100.0	2.7	2.7

Notes:

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

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

Revenue from golf clubs increased by 4.5% from JPY15,066.9 million for the year ended 31 March 2025 to JPY15,747.2 million for the year ended 31 March 2026 mainly due to a stable recovery of sales in Korea of 71.5%. Revenue from China (including Hong Kong and Macau) and North America also expanded, posting a year-on-year increase of 3.7% and 9.3%, respectively. However, club sales decreased by 13.8% in Japan for the year ended 31 March 2026 due to intensified market competition and continued channel optimisation. On a constant currency basis, revenue from golf clubs increased by 4.6% during the same period.

Revenue from golf balls increased by 12.2% from JPY2,021.3 million for the year ended 31 March 2025 to JPY2,268.6 million for the year ended 31 March 2026. Golf balls sales rose by 5.1%, 4.8% and 87.3% in Japan, Korea and China (including Hong Kong and Macau), respectively. On a constant currency basis, revenue from golf balls increased by 12.5% during the same period.

FINANCIAL REVIEW (continued)

Revenue (continued)

Revenue by Product Groups (continued)

Revenue from apparels decreased by 6.4% from JPY3,136.3 million for the year ended 31 March 2025 to JPY2,937.0 million for the year ended 31 March 2026. Due to weak consumer sentiments in China and reduction in total number of stores, apparel sales in China declined by 8.2%. On a constant currency basis, revenue from apparels decreased by 6.7% during the same period.

Revenue from accessories and other related products decreased by 9.7% from JPY1,447.6 million for the year ended 31 March 2025 to JPY1,306.9 million for the year ended 31 March 2026 where most markets showed different degree of sales retraction. On a constant currency basis, revenue from accessories and other related products decreased by 9.7% during the same period. Such decrease was primarily caused by fierce market competitions across main markets.

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	
	2026		2025		on as reported basis	on constant currency basis[1]
	JPY	*%*	*JPY*	*%*	*%*	*%*
	(In thousands, except for percentages)					
Japan	**8,260,267**	**37.1**	9,045,405	41.7	(8.7)	(8.7)
Korea	**4,137,813**	**18.6**	2,666,806	12.3	55.2	57.4
China (including Hong Kong and Macau)	**6,705,181**	**30.1**	6,618,592	30.5	1.3	1.2
North America	**671,944**	**3.0**	625,342	2.9	7.5	8.1
Europe	**374,133**	**1.7**	420,968	1.9	(11.1)	(16.7)
Other regions	**2,110,349**	**9.5**	2,295,030	10.6	(8.0)	(9.1)
Total	**22,259,687**	**100.0**	21,672,142	100.0	2.7	2.7

Note:

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

FINANCIAL REVIEW (continued)

Revenue (continued)

Revenue by Geography (continued)

Revenue from Japan decreased by 8.7% from JPY9,045.4 million for the year ended 31 March 2025 to JPY8,260.3 million for the year ended 31 March 2026. The decrease was primarily attributable to a 5.4% drop in Japan's wholesales revenue and a similar degrowth of 11.9% in Japan's retail revenue as the Group continued to shift towards high-profit self-operated and wholesales channels.

Revenue from Korea showed a rock-solid rebound with full year sales grew by 55.2% from JPY2,666.8 million for the year ended 31 March 2025 to JPY4,137.8 million for the year ended 31 March 2026. Thanks to continued investment into HONMA's self-operated channels and renewal of the Group's distribution arrangement, sales grew exponentially in both channels for the year ended 31 March 2026. On a constant currency basis, revenue from Korea surged by 57.4% during the same period.

Revenue from China (including Hong Kong and Macau) improved marginally by 1.3% from JPY6,618.6 million for the year ended 31 March 2025 to JPY6,705.2 million for the year ended 31 March 2026 as overall economy and retail market sentiment in China continued to experience slowdowns and downward pressure. On a constant currency basis, revenue from China (including Hong Kong and Macau) improved by 1.2% during the same period.

Revenue from North America increased by 7.5% from JPY625.3 million for the year ended 31 March 2025 to JPY671.9 million for the year ended 31 March 2026, mainly due to successful activation of BERES 10 and country specific clubs, including co-branded products. On a constant currency basis, revenue from North America increased by 8.1% during the same period.

Revenue from Europe decreased by 11.1% from JPY421.0 million for the year ended 31 March 2025 to JPY374.1 million for the year ended 31 March 2026. On a constant currency basis, revenue from Europe decreased by 16.7% during the same period. Such decrease was partially caused by the Group's decision to change its distribution model in Europe to drive profitable sales growth.

Revenue from other regions decreased by 8.0% from JPY2,295.0 million for the year ended 31 March 2025 to JPY2,110.3 million for the year ended 31 March 2026, mainly due to unfavourable local economic circumstances which in turn weakened consumer purchasing interest and power. On a constant currency basis, revenue from other regions decreased by 9.1% during the same period.

Revenue from the Group's home markets, namely Japan, Korea and China (including Hong Kong and Macau) accounted for 85.8% of the Group's total revenue for the year ended 31 March 2026.

FINANCIAL REVIEW (continued)

Revenue (continued)

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	
	2026		2025		on as reported basis	on constant currency basis[1]
	JPY	*%*	*JPY*	*%*	*%*	*%*
	(In thousands, except for percentages)					
Self-operated stores	**10,565,904**	**47.5**	11,263,375	52.0	(6.2)	(6.4)
Third-party retailers and wholesalers	**11,693,783**	**52.5**	10,408,767	48.0	12.3	12.7
Total	**22,259,687**	**100.0**	21,672,142	100.0	2.7	2.7

Note:

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

Revenue from self-operated stores decreased by 6.2% from JPY11,263.4 million for the year ended 31 March 2025 to JPY10,565.9 million for the year ended 31 March 2026. On a constant currency basis, revenue from self-operated stores decreased by 6.4% during the same period. Such decrease was mainly caused by dissatisfactory retail sales performance in Japan where sales declined by 11.9% during the twelve-month period ended 31 March 2026. Revenue from self-operated stores in Korea rose strongly by 34.3% as compared to the same period last year.

Revenue from sales to third-party retailers and wholesalers increased by 12.3% from JPY10,408.8 million for the year ended 31 March 2025 to JPY11,693.8 million for the year ended 31 March 2026. On a constant currency basis, revenue from third-party retailers and wholesalers increased by 12.7% during the same period. Such increase was primarily due to wholesales revenue recovery in Korea and China (including Hong Kong and Macau) following continued investment into both markets and renewal of the Group's distribution arrangement in Korea.

FINANCIAL REVIEW (continued)

Cost of Sales

Cost of sales increased by 4.2% from JPY9,888.1 million for the year ended 31 March 2025 to JPY10,301.0 million for the year ended 31 March 2026. 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			
	2026		2025	
	JPY	***%***	*JPY*	*%*
	(In thousands, except for percentages)			
Raw materials	**5,315,229**	**51.6**	4,552,936	46.0
Employee benefits	**739,846**	**7.2**	832,674	8.4
Manufacturing overhead[1]	**477,557**	**4.6**	511,865	5.2
Finished goods purchased from suppliers	**3,768,338**	**36.6**	3,990,581	40.4
Total	**10,300,969**	**100.0**	9,888,057	100.0

Note:

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

Gross Profit and Gross Profit Margin

Gross profit increased by 1.5% from JPY11,784.1 million for the year ended 31 March 2025 to JPY11,958.7 million for the year ended 31 March 2026 mainly due to a strong gross margin recovery in Korea. Gross profit margin however decreased from 54.4% for the year ended 31 March 2025 to 53.7% for the year ended 31 March 2026.

FINANCIAL REVIEW (continued)

Gross Profit and Gross Profit Margin (continued)

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			
	2026		2025	
	JPY	*%*	*JPY*	*%*
	(In thousands, except for percentages)			
Golf clubs	**8,995,112**	**57.1**	8,943,957	59.4
Golf balls	**827,899**	**36.5**	554,054	27.4
Apparels	**1,606,259**	**54.7**	1,673,380	53.4
Accessories and other related[1]	**529,448**	**40.5**	612,694	42.3
Total	**11,958,717**	**53.7**	11,784,085	54.4

Note:

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

Gross profit for golf clubs increased by 0.6% from JPY8,944.0 million for the year ended 31 March 2025 to JPY8,995.1 million for the year ended 31 March 2026. Gross profit margin for golf clubs decreased from 59.4% for the year ended 31 March 2025 to 57.1% for the year ended 31 March 2026, primarily due to negative country mix. Gross profit margin of Japan lowered by 7.6 percentage points due to weakened Japanese yen and intensified market competition.

Gross profit for golf balls increased by 49.4% from JPY554.1 million for the year ended 31 March 2025 to JPY827.9 million for the year ended 31 March 2026. At the same time, gross profit margin for golf balls nicely improved from 27.4% for the year ended 31 March 2025 to 36.5% for the year ended 31 March 2026, primarily due to improved country mix and continued price management efforts albeit continued downward cost pressure.

Gross profit for apparels decreased by 4.0% from JPY1,673.4 million for the year ended 31 March 2025 to JPY1,606.3 million for the year ended 31 March 2026. Gross profit margin for apparels increased from 53.4% for the year ended 31 March 2025 to 54.7% for the year ended 31 March 2026, primarily due to tighter pricing policy and continued sourcing optimisation.

Gross profit for accessories and other related products decreased by 13.6% from JPY612.7 million for the year ended 31 March 2025 to JPY529.4 million for the year ended 31 March 2026. Gross profit margin for accessories and other related products decreased from 42.3% for the year ended 31 March 2025 to 40.5% for the year ended 31 March 2026, primarily due to compound impact from negative currency and custom duty impacts.

FINANCIAL REVIEW (continued)

Other Income and Gains

Other income and gains increased significantly from JPY107.4 million for the year ended 31 March 2025 to JPY2,775.5 million for the year ended 31 March 2026, primarily due to positive foreign exchange revaluation results following continued depreciation in the exchange rate between JPY against other currencies.

Selling and Distribution Expenses

Selling and distribution expenses increased from JPY9,650.9 million for the year ended 31 March 2025 to JPY10,103.6 million for the year ended 31 March 2026. Selling and distribution expenses as a percentage of revenue increased from 44.5% for the year ended 31 March 2025 to 45.4% for the year ended 31 March 2026. 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			
	2026		2025	
	JPY	*%*	*JPY*	*%*
	(In thousands, except for percentages)			
Employee benefits	**3,543,356**	**35.1**	3,186,357	33.0
Advertising and promotion expenses	**2,438,414**	**24.1**	2,033,987	21.1
Depreciation of right-of-use assets	**1,342,567**	**13.3**	1,335,902	13.8
Rental and other related fees	**656,395**	**6.5**	668,222	6.9
Others[(1)]	**2,122,910**	**21.0**	2,426,471	25.1
Total	**10,103,642**	**100.0**	9,650,939	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 showed a similar increase and grew from JPY1,533.0 million for the year ended 31 March 2025 to JPY1,614.3 million for the year ended 31 March 2026, mainly due to increases in administrative personnel cost.

Provision for Impairment Losses on Financial Assets

Provision for impairment losses on financial assets stood at JPY219.9 million for the year ended 31 March 2026, as compared to a provision of JPY213.1 million for the year ended 31 March 2025, primarily due to a slight increase in bad debt provisions.

FINANCIAL REVIEW (continued)

Other Expenses, Net

Other expenses substantially decreased from JPY1,230.6 million for the year ended 31 March 2025 to JPY233.8 million for the year ended 31 March 2026, primarily due to the absence of a material currency exchange loss.

Finance Costs

Finance costs increased slightly from JPY224.4 million for the year ended 31 March 2025 to JPY270.5 million for the year ended 31 March 2026, primarily due to increased borrowing costs in Japanese yen.

Finance Income

Finance income marginally lowered from JPY22.6 million for the year ended 31 March 2025 to JPY19.0 million for the year ended 31 March 2026.

Profit Before Tax

As a result of the foregoing, profit before tax for the year ended 31 March 2026 was JPY2,310.9 million.

Income Tax (Expense)/Credit

The Company incurred an income tax credit of JPY673.8 million for the year ended 31 March 2025 and recorded tax expense of JPY1,191.2 million for the year ended 31 March 2026.

Profit for the Year

As a result of the foregoing, net profit for the year ended 31 March 2026 was JPY1,119.8 million.

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 (loss)/profit and net operating (loss)/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 (loss)/profit and net operating (loss)/profit has material limitations as analytical tools, as operating (loss)/profit does not include all items that have impacted profit/(loss) before tax, the nearest IFRS performance measure, and net operating (loss)/profit does not include all items that have impacted profit/(loss) for the year, the nearest IFRS performance measure.

FINANCIAL REVIEW (continued)

Non-IFRS Financial Measures (continued)

Operating (Loss)/Profit

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

	For the year ended 31 March	
	2026	2025
	(In JPY thousands)	
Profit/(loss) before tax	**2,310,947**	(937,931)
Adjustment for:		
Other income and gains	**(2,775,504)**	(107,367)
Other expenses, net	**233,834**	1,230,554
Operating (loss)/profit	**(230,723)**	185,256

Net Operating (Loss)/Profit

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

	For the year ended 31 March	
	2026	2025
	(In JPY thousands)	
Profit/(loss) for the year	**1,119,783**	(264,174)
Adjustment for:		
Other income and gains	**(2,775,504)**	(107,367)
Other expenses, net	**233,834**	1,230,554
Impact on tax	**398,751**	(240,719)
Net operating (loss)/profit	**(1,023,136)**	618,294

FINANCIAL REVIEW (continued)

Working Capital Management

	For the year ended 31 March	
	2026	2025
Inventories turnover days[1]	**251**	315
Trade and bills receivables turnover days[2]	**61**	66
Trade and bills payables turnover days[3]	**48**	39

Notes:

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

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

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

Inventories turnover days decreased by 64 days from 315 days for the year ended 31 March 2025 to 251 days for the year ended 31 March 2026, primarily due to tighter inventory control process and modest sales growth.

Trade and bills receivables turnovers days decreased by five days from 66 days for the year ended 31 March 2025 to 61 days for the year ended 31 March 2026, mainly due to lower average trade receivable balances and modest sales growth for the 12-month period ended 31 March 2026.

Trade and bills payables turnover days increased by nine days from 39 days for the year ended 31 March 2025 to 48 days for the year ended 31 March 2026, primarily due to higher average payable balances over the period.

FINANCIAL REVIEW (continued)

Inventories

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

	As at 31 March 2026	As at 31 March 2025
	(In JPY thousands)	
Raw materials	**2,071,219**	1,545,016
Work in progress	**134,980**	795,947
Finished goods	**7,385,455**	6,408,205
Less: provision	**(2,282,740)**	(1,865,754)
Total	**7,308,914**	6,883,414

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

	As at 31 March 2026	As at 31 March 2025
	(In JPY thousands)	
Within 1 year	**4,246,558**	1,764,519
1 year to 2 years	**669,110**	2,621,517
2 to 3 years	**2,025,309**	994,152
3 to 4 years	**361,148**	1,503,226
Over 4 years	**6,789**	–
Total	**7,308,914**	6,883,414

FINANCIAL REVIEW (continued)

Inventories (continued)

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, except for TOUR WORLD products which is 12 months and carries its previous older generation for another 12 months.

Liquidity and Capital Resources

During the year ended 31 March 2026, the Group financed its operations primarily through cash from operations, net proceeds received from the global offering and proceeds from revolving working capital 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 2026, the Group had JPY18,159.2 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 2026.

Indebtedness

As at 31 March 2026, the Group's interest-bearing bank borrowings amounted to JPY6,134.1 million, most 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 2026 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 2026, the Group's gearing ratio was 28.9% (as at 31 March 2025, the Group's gearing ratio was 31.9%).

Capital Expenditures

The Group's capital expenditures for the year ended 31 March 2026 amounted to JPY454.3 million, which was used primarily to purchase plant machinery and equipment, office equipment and leasehold improvement. In the year ended 31 March 2026, the Group financed its capital expenditures primarily with cash generated from operations.

FINANCIAL REVIEW (continued)

Contingent Liabilities

As at 31 March 2026, 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

Pledged deposits of the Group increased from JPY6.0 million as at 31 March 2025 to JPY10.4 million as at 31 March 2026.

Material Acquisitions or Disposals and Future Plans for Major Investment

During the year ended 31 March 2026, 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 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.

FINANCIAL REVIEW (continued)

Use of Proceeds from the Global Offering (continued)

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 *(In JPY millions)*	Percentage of used amount as at 31 March 2026 *(%)*	Percentage of unused balance as at 31 March 2026 *(%)*	Percentage of amount used during the year ended 31 March 2026 *(%)*	Expected timeframe for utilizing the remaining unused net proceeds[(2)]
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	–	

FINANCIAL REVIEW (continued)

Use of Proceeds from the Global Offering (continued)

Notes:

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

(2) The expected timeframe 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 report, 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 report, 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 report, 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 2026, the unused balance of the proceeds from the global offering of approximately JPY4,972.2 million are currently deposited with creditworthy banks with no recent history of default.

Events after the Reporting Period

There is no material subsequent event undertaken by the Group after 31 March 2026.

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: JPY150.70. 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.

Biographies of Directors and Senior Management

Directors

Executive Directors

Mr. Liu Jianguo (劉建國), aged 57, was appointed as the Chairman of the Board, President and an executive director of the Company (the "**Director**") on 14 June 2016. He is the chairman of the Nomination Committee. He is also the chairman and representative director of Honma Golf Co., Ltd. ("**Honma Japan**") and a director of Honma Holdings Group Limited ("**Honma Holdings**") and certain subsidiaries of the Company. He is responsible for formulating the overall development strategies and business plans of our Group and overseeing the management and strategic development of our Group. Mr. Liu acquired our Group in 2010 and he has served as chairman of Honma Japan since June 2010. Mr. Liu has over 35 years of experience in business management. He has been the chairman of Shanghai POVOS Enterprise (Group) Co., Ltd. (上海奔騰企業(集團)有限公司), which is engaged in the development, manufacturing and marketing of household appliance products, since January 2002 and has been chairman of Zhejiang POVOS Appliance Co., Ltd. (浙江奔騰電器股份有限公司) since September 2000. From May 1991 to August 2000, Mr. Liu was the general manager of Zhejiang Changjiang Electronic Industry Co., Ltd. (浙江長江電子工業有限公司), where he was responsible for general management and daily operations of the company. Mr. Liu obtained an executive master of business administration degree from Guanghua School of Management, Peking University (北京大學), PRC, in January 2007. Mr. Liu is the father of Mr. Liu Hongli (an executive Director), the husband of Ms. Huang Wenhuan (a controlling shareholder of the Company) and the sole director of each of Kouunn Holdings Limited and Prize Ray Limited (controlling shareholders of the Company).

Mr. Ito Yasuki (伊藤康樹), aged 65, was appointed as an executive Director, Chief Marketing Officer and President of Japan Operations of the Company on 14 June 2016. He is mainly responsible for overseeing the marketing strategies and operations of our Group and overseeing our business in Japan. Mr. Ito has also served as president and representative director of Honma Japan since 21 December 2015, and as the director of the Marketing Division and the Third Overseas Sales Division since 1 February 2016. Mr. Ito joined our Group on 1 April 1985 and has served the Group for more than 41 years, during which he has gained extensive experience in the marketing of golf products. In February 1990, he joined as the senior staff of Ogikubo Office (荻窪營業所), and in April 1997, he became the manager of the Second Section of the First Department of the Sales Division. After that, he served in various positions in the Group, including as the deputy director of the Fifth Department of the Sales Division from May 2002 to March 2006, as the director of various sales and planning departments from April 2007 to April 2011, as the operating director of the Marketing Division from May 2011 to March 2014, and as the managing operating director of the Marketing Division from April 2014 to December 2015. Mr. Ito obtained a bachelor's degree in business from Seikei University, Japan, in March 1985.

Directors (continued)

Executive Directors (continued)

Mr. Zuo Jun (左軍), aged 53, was appointed as an executive Director, Chief Administrative Officer and President of China Operations of the Company on 14 June 2016. He is also a member of the remuneration committee (the "**Remuneration Committee**") of the Company. He is primarily responsible for overseeing the administrative management of our Group and overseeing our business in the PRC. Mr. Zuo has been a director of Honma Holdings since 1 November 2016. From June 2015 to June 2021, he served as a director of Honma Japan. Mr. Zuo has nearly 30 years of experience in business management and operations. Prior to joining our Group in February 2015, Mr. Zuo was a vice president of POVOS Electrical Appliance (Shanghai) Co., Ltd. (奔騰電器（上海）有限公司), a comprehensive high-tech enterprise which centres on development, manufacture and distribution of household electrical appliance, from March 2009 to December 2014. He was deputy general manager at TCL Household Appliance (Nanhai) Company (TCL小家電（南海）有限公司) from June 2006 to September 2008. From September 2004 to June 2006, he served as general manager of Shunde Ecom Intelligent Household Appliance Co., Ltd. (順德一家智能電器有限公司), a company engaged in intelligent household appliances manufacturing. He worked at Shunde Gree Household Appliance Company (順德格力小家電有限公司) as deputy general manager from June 2002 to June 2004. Mr. Zuo graduated from Central South University (中南大學, formerly known as Central South University of Technology (中南工業大學)), PRC, with a master's degree in thermal engineering in March 1996.

Mr. Liu Hongli (劉宏立), aged 32, was appointed as an executive Director on 15 September 2023. He is mainly responsible for overseeing the sales strategies and operations of the Group in China. Mr. Liu has been appointed as the Chief Executive Officer of Honma Holdings since 1 April 2026. Mr. Liu has been the General Manager for apparel of World Power International Trading (Shanghai) Company Limited (世力國際貿易（上海）有限公司) ("**World Power**") since May 2019. He has over 7 years of experience in business management and operations. Prior to joining the Group, Mr. Liu worked as an intern at advisory department of Ernst & Young (China) Advisory Limited from October 2016 to July 2017. Mr. Liu graduated from Fisher College, the United States, with an associate degree in science in May 2016. He also obtained a bachelor's degree in sports science from Nippon Sport Science University, Japan, in March 2018. Mr. Liu is the son of Mr. Liu Jianguo (the Chairman of the Board, President, an executive Director and a controlling shareholder of the Company) and Ms. Huang Wenhuan (a controlling shareholder of the Company).

Directors (continued)

Non-executive Directors

Mr. Yang Xiaoping (楊小平), aged 62, was appointed as a non-executive Director of the Company on 28 May 2018 and is responsible for providing strategic advice on the business development of the Group. Mr. Yang has been the senior vice chairman of Charoen Pokphand Group Company Limited, a substantial shareholder of the Company, since January 2017, an executive director and the vice chairman of C.P. Lotus Corporation (卜蜂蓮花有限公司), a company previously listed on the Stock Exchange (Stock Code: 121) and with its listing withdrawn on 28 October 2019, since April 2000 and January 2012, respectively, and he is also the vice chairman and chief executive officer of the Chia Tai Group (China Area) (正大集團(中國區)). Mr. Yang has been the chief executive officer of CT Bright Holdings Limited (正大光明控股有限公司) since May 2003. He has also been a non-executive director of Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司), a company listed on the Stock Exchange (Stock Code: 2318), since June 2013 and CITIC Limited (中國中信股份有限公司), a company listed on the Stock Exchange (Stock Code: 267), since August 2015. Mr. Yang has been an independent director of Jingdong Technology Holding Co., Ltd. (京東科技控股股份有限公司, formerly known as Jingdong Digits Technology Holding Co., Ltd (京東數字科技控股股份有限公司)) since June 2020.

Mr. Yang previously acted as the manager of the China Division of Nichiyo Co., Ltd. from 1989 to 1993 and the chief representative of the Beijing Office of Nichiyo Co., Ltd. from 1993 to 2001. Mr. Yang acted as a non-executive director of Tianjin Binhai Teda Logistics (Group) Corporation Limited (天津濱海泰達物流集團股份有限公司), a company listed on the Stock Exchange (Stock Code: 8348), from December 2012 to June 2020. He was also the vice-chairman of the board of directors of China Minsheng Investment (Group) Corp., Ltd (中國民生投資股份有限公司) from April 2014 to August 2023. Mr. Yang was also a non-executive director of Chery Holding Group Co., Ltd (奇瑞控股集團有限公司) from December 2019 to December 2021. He was also a non-executive director and the vice chairman of the board of directors of True Corporation Public Company Limited, a company listed on the Stock Exchange of Thailand (Symbol: TRUE), from July 2021 to March 2023. Mr. Yang was a member of The Twelfth National Committee of the Chinese People's Political Consultative Conference and the associate dean of the Institute of Global Development of Tsinghua University (清華大學全球共同發展研究院). He is the vice president of the China Institute for Rural Studies of Tsinghua University (清華大學中國農村研究院), the deputy director of the management committee of the Institute of Global Development of Tsinghua University (清華大學全球共同發展研究院) and the president of Beijing Association of Enterprises with Foreign Investment (北京外商投資企業協會). Mr. Yang holds a bachelor's degree from Jiangxi Institute of Technology (江西省工學院) and obtained a certificate for completing a doctor program in Tsinghua University (清華大學) and he also has experience studying in Japan.

Directors (continued)

Non-executive Directors (continued)

Mr. Soopakij Chearavanont (謝吉人), aged 62, was appointed as a non-executive Director of the Company on 29 November 2024. He is responsible for providing strategic advice on the business development of the Group. Mr. Chearavanont is the chairman of Charoen Pokphand Group Company Limited, which is a substantial shareholder of the Company. He is a director and the chairman of CP ALL Public Company Limited (a company listed on The Stock Exchange of Thailand (Stock Code: CPALL)) and Charoen Pokphand Foods Public Company Limited (a company listed on The Stock Exchange of Thailand (Stock Code: CPF)); the chairman and an executive director (which was re-designated from a non-executive director to an executive director on 24 February 2026) of Chia Tai Enterprises International Limited (正大企業國際有限公司) (a company listed on the Stock Exchange (Stock Code: 3839)); a non-executive director of Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司) (a company listed on the Stock Exchange (Stock Code: 2318) and the Shanghai Stock Exchange (Stock Code: 601318)); and an executive director and the chairman of C.P. Pokphand Co. Ltd. (a company previously listed on the Stock Exchange (former Stock Code: 43) and with its listing withdrawn on 18 January 2022). Mr. Chearavanont was previously a director of True Corporation Public Company Limited (a company listed on The Stock Exchange of Thailand (Stock Code: TRUE)) from February 1993 to June 2019; and an executive director and the chairman of C.P. Lotus Corporation (卜蜂蓮花有限公司) (a company previously listed on the Stock Exchange (former Stock Code: 121) and with its listing withdrawn on 28 October 2019) from April 2000 to November 2024. He obtained a Bachelor of Science degree from the College of Business and Public Administration of New York University, United States, in October 1987, and has extensive multinational investment and management experience in various industries.

Independent Non-executive Directors

Mr. Lu Pochin Christopher (盧伯卿), aged 67, was appointed as an independent non-executive Director of the Company on 18 September 2016 and he is also the chairman of the audit committee (the "**Audit Committee**") and a member of the Nomination Committee of the Company. Mr. Lu worked at Deloitte Touche Tohmatsu for approximately 34 years from 1981, where he served in various positions, including chief executive officer of Deloitte Huayong Certified Public Accountants, managing partner of Eastern China Region, co-chairman of China Service Group, and the managing partner of the client and market strategy department. Since March 2015, Mr. Lu has served as an executive director of FIT Hon Teng Limited (incorporated in the Cayman Islands under the name of Foxconn Interconnect Technology Limited), a company engaged in the manufacture, sales and service of information technology products which became listed on the Stock Exchange on 13 July 2017 (Stock Code: 6088), and he has also been its global chief operating officer and chief financial officer. From August 2015 to February 2022, Mr. Lu served as an independent director of Greenland Holdings Corporation Limited (綠地控股集團股份有限公司), a real property development company which is listed on the Shanghai Stock Exchange (Stock Code: 600606). He served as an independent non-executive director of Pantronics Holdings Limited (桐成控股有限公司) (currently known as New Huo Technology Holdings Limited (新火科技控股有限公司)), a manufacturer in the electronic manufacturing services industry which is listed on the Stock Exchange (Stock Code: 1611), from October 2016 to October 2018. Since August 2020, Mr. Lu has served as an independent director and chairman of the audit committee of Weibo Corporation (微博股份有限公司), a leading social media in China which is dual-listed on NASDAQ (Stock Code: WB) and the Stock Exchange (Stock Code: 9898).

Directors (continued)

Independent Non-executive Directors (continued)

Mr. Lu has been a member of the American Institute of Certified Public Accountants since November 1988, and he is also a member of the Shanghai Institute of Certified Public Accountants. Mr. Lu graduated from the University of Illinois at Urbana-Champaign, USA, in January 1980 with a bachelor's degree of science majoring in accountancy, and in January 1981 with a master's degree in accounting science. He was presented with the Magnolia Silver Award by the Shanghai Municipal People's Government in 2003, and the Magnolia Gold Award by the Shanghai Municipal People's Government in 2005.

Mr. Wang Jianguo (汪建國), aged 65, was appointed as an independent non-executive Director of the Company on 18 September 2016 and he is also the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company. Mr. Wang has been the chairman of Five Star Holdings Group Co., Ltd. (五星控股集團有限公司) since February 2009. Since June 2012, Mr. Wang has been concurrently the chairman of Kidswant Children Products Co., Ltd. (孩子王兒童用品股份有限公司), a company engaged in the sales and service of maternal and children products, which was listed on the National Equities Exchange and Quotations (Stock Code: 839843) from 9 December 2016 to 23 April 2018 and was listed on the Shenzhen Stock Exchange (Stock Code: 301078) on 14 October 2021. Since November 2015, Mr. Wang has been the chairman and a non-executive director of Huitongda Network Co., Ltd., a company listed on the Stock Exchange (Stock Code: 9878) on 18 February 2022. Since 19 November 2019, Mr. Wang has served as an independent non-executive director of Simcere Pharmaceutical Group Limited, a company listed on the Stock Exchange (Stock Code: 2096) on 23 October 2020.

From July 1981 to April 1993, Mr. Wang worked at Department of Commerce of Jiangsu Province (江蘇商業廳), and from April 1993 to June 2002, Mr. Wang served as general manager of Jiangsu Wujinjiaodian Corporation (江蘇省五金交電化工總公司), a state-owned company mainly engaged in the sales of home appliances, where he was primarily responsible for its overall management. From December 1998 to February 2009, Mr. Wang served as the chairman and president of Jiangsu Five Star Appliance Co., Ltd. (江蘇五星電器有限公司), a company engaged in the sales of appliances.

Mr. Wang graduated from the Australian National University, Australia, in July 2004 with an executive master's degree in business administration. He also obtained a Ph.D. in Business Administration in Global Finance from Arizona State University, U.S.A. in May 2018. He was the vice chairman of Jiangsu General Chamber of Commerce from December 2014 to July 2022. Mr. Wang was awarded the Service Industry Professional Special Contribution Award by Jiangsu Provincial People's Government in October 2014. Mr. Wang was granted the Outstanding Achievement Award by the China Chain Store & Franchise Association in November 2012. He was elected as the Model Worker of the National Business System (全國商務系統勞動模範) by the Ministry of Personnel and the Ministry of Commerce of the PRC in 2007.

Directors (continued)

Independent Non-executive Directors (continued)

Mr. Xu Hui (徐輝), aged 53, was appointed as an independent non-executive Director of the Company on 18 September 2016 and he is also a member of the Audit Committee and the Remuneration Committee of the Company. Mr. Xu has been the chief executive officer and executive director of Qingdao AInnovation Technology Group Co., Ltd. (青島創新奇智科技集團股份有限公司), a company listed on the Stock Exchange currently known as AInnovation Technology Group Co., Ltd (創新奇智科技集團股份有限公司) (Stock Code: 2121) on 27 January 2022, since February 2018 and April 2018, respectively. Mr. Xu served as vice president of Wanda Internet Technology Group (萬達網絡科技集團) from November 2016 to February 2018. He served as the vice president of Greater China, general manager of Enterprise & Partner Group (EPG) (企業與合作夥伴事業部), general manager of Customer Service and Support (CSS) (客戶服務與支持集團) of Greater China and supervisor of cloud computing support of Asia Pacific at Microsoft Corporation from March 2013 to November 2016. From November 2009 to March 2013, he served as vice president of Greater China and the general manager of East and Central China in SAP Beijing Software System Co., Ltd, a multinational software company. Mr. Xu had also served as general manager of insurance and securities industry and deputy general manager of banking industry in China of Financial Services Sector, general manager of service product line and alliance in Greater China of Global Technology Service Department and general manager of geographic expansion in China at IBM China Company Limited, from November 1996 to November 2009, successively.

Mr. Xu obtained his bachelor's degree in communications engineering from Shanghai Jiao Tong University (上海交通大學), PRC, in July 1995 and his executive master of business administration degree from Peking University (北京大學), PRC, in January 2007. He has served as an entrepreneurship mentor at Shanghai Jiao Tong University and Tongji University (同濟大學) since 2015 and at Fudan University (復旦大學) School of Management since 2016.

Ms. Tian Qing (田青), aged 41, was appointed as an independent non-executive Director of the Company on 20 December 2024 and she is also a member of the Nomination Committee. She has served at Commerce & Finance Law Offices (通商律師事務所) since April 2007, where she currently takes the role as consultant. Ms. Tian has also worked at Konpeidou Co. Ltd (株式會社金平堂) since September 2021, where she is currently the chief operating officer. She obtained a bachelor's degree in civil, commercial and economic law from China University of Political Science and Law (中國政法大學), the PRC, in July 2007.

Senior Management

The senior management of our Group, in addition to the Executive Directors listed above, is as follows:

Ms. Bian Weiwen (邊蔚文), aged 56, joined our Group on 1 November 2015 and was appointed as the Chief Financial Officer of our Group on 14 June 2016. She was also appointed as Chief Operating Officer on 27 May 2019. She is responsible for overseeing the overall financial management of our Group. Ms. Bian has over 31 years of experience in the finance industry. Prior to joining our Group, Ms. Bian served in various positions at Royal Philips Electronics Co., Ltd., which is listed on the New York Stock Exchange (stock code: PHG) and Euronext N.V. (Stock Code: PHIA), and was the head of Finance of Business Group Domestic Appliance from April 2006 to September 2015. From January 2000 to March 2006, Ms. Bian was senior manager of the Project & Trade Finance Unit of the Corporate Finance Department at ThyssenKrupp AG, a diversified industrial group which is listed on Frankfurt Stock Exchange (Stock Code: DE 000 750 0001), where her responsibilities included the arrangement and execution of project financing for major projects in various areas of the group. Ms. Bian served as associate director of the Structured Finance and Advisory Department of UBS Warburg Deutschland from September 1997 to September 1999. From April 1994 to September 1997, she was an associate at Credit Suisse First Boston, working in its China and Germany offices. Ms. Bian graduated from Fudan University (復旦大學), PRC, with a bachelor's degree in international finance in July 1992. She was presented with the Magnolia Silver Award by the Shanghai Municipal People's Government in September 2011.

Directors' Report

The Board is pleased to present its report, together with the audited consolidated financial statements of the Group, for the year ended 31 March 2026.

Principal Activities

The Company is an investment holding company. The principal activity of the Group is to design, develop, manufacture and sell a comprehensive range of golf clubs, and the Group also offers golf balls, bags, apparel and other accessories. Details of the principal activities of the principal subsidiaries are set out in note 1 to the consolidated financial statements.

Business Review

In the year ended 31 March 2026, the Group continued implementing its growth strategies, including, among others, (i) development and marketing golf clubs that target the super-premium and premium-performance consumer segments; (ii) continued diversifying its non-club product portfolios with a strong focus on its key markets; (iii) continuously rationalizing its distribution footprint by cooperation with the larger and more relevant retailers in the respective markets while elevating the in-store experience of its own retails; (iv) active marketing campaigns via traditional and social media platforms to redefine HONMA as a dynamic, relevant and premium golf lifestyle brand. The Group's products are sold in approximately 50 countries worldwide, primarily in Asia and also across North America, Europe and other regions.

Performance of the Group's Business

Full year revenue increased by 2.7% from JPY21,672.1 million for the year ended 31 March 2025 to JPY22,259.7 million (equivalent to USD147.7 million). Over the last few years, the world's golf industry has been facing continued and increased competition resulting from weakening consumer confidence as the global economy and certain areas of the world experienced lingering and material economic slowdowns. As a result, the Group's revenue showed different degrees of downward developments during the year ended 31 March 2026.

Full year operating profit increased to JPY230.7 million (equivalent to USD1.2 million), from JPY185.3 million for the year ended 31 March 2025. Net operating cash flow remained positive and stood at JPY1,109.3 million (equivalent to USD7.4 million) for the year ended 31 March 2026. Net operating cash flow generated for the year ended 31 March 2025 was JPY5,496.6 million (equivalent to USD36.2 million).

Business Review (continued)

Financial Highlights

In the year ended 31 March 2026,

- The Group's total revenue increased by 2.7% from JPY21,672.1 million for the year ended 31 March 2025 to JPY22,259.7 million (equivalent to USD147.7 million) for the year ended 31 March 2026. Over the last few years, the world's golf industry has been facing continued and increased competition resulting from weakening consumer confidence while the global economy and certain areas of the world have experienced lingering and material economic slowdowns. As a result, revenue from some markets showed different degrees of downward development during the year ended 31 March 2026 while some markets rebounded resiliently. See "Management Discussion and Analysis – Financial Review – Revenue".

  - *By geography.* During the year ended 31 March 2026, many of the Group's markets recorded positive if not robust sales developments versus the same period last year. Revenue from Korea rose by 55.2%, largely due to continued investment into the Group's direct-to-consumer businesses in the country and renewal of the Group's distributor arrangement. Similarly, sales from North America went up by 7.5%, primarily due to the successful launch of a number of country specific club products. Revenue from China (including Hong Kong and Macau) bottomed up and finished with a growth of 1.3% while China's overall economy and retail sentiment continued to slow down. Revenue from Japan decreased by 8.7% as the Group continued to focus on self-operated channels and closed down loss-making and low-efficiency wholesale accounts and points of sales.

  - *By product.* During the same period, revenue from golf clubs expanded by 4.5%, contrary to the trend observed in the first six months, largely due to the robust sales recovery in Korea and successful launch of Beres 10 and country specific golf club products. Golf balls sales witnessed an even stronger growth of 12.2% as compared to the same period last year, on the back of a strong sales recovery in Japan, Korea and China. Nonetheless, revenue from accessories and apparel products edged lower by 9.7% and 6.4%, respectively, primarily due to weaker consumer sentiments.

  - *By channel.* Revenue from self-operated stores posted a sales decline of 6.2%, contrary to the positive momentums observed in the last two years, mainly due to weaker retail performance in Japan and China (including Hong Kong and Macau) where retail sales declined by 11.9% and 1.5%, respectively. Revenue from Korea's self-operated store rose strongly by 34.3% yet unable to negate the decline in Japan and China (including Hong Kong and Macau). During the same period, revenue from third-party retailers and wholesalers increased by 12.3% while Korea and China (including Hong Kong and Macau) regained momentum. As compared to the year ended 31 March 2025, wholesales revenue expanded by 56.7% and 13.4% in Korea and China (including Hong Kong and Macau), respectively. Revenue from third-party retailers and wholesalers declined by 5.4% in Japan and by 8.9% in rest of the world, as a result of continued channel optimization efforts and gloomy economic environment in some of the ASEAN markets.

Business Review (continued)

Financial Highlights (continued)

- Gross profit increased by 1.5% for the year ended 31 March 2026 and reached JPY 11,958.7 million (equivalent to USD79.4 million) as compared to JPY11,784.1 million for the year ended 31 March 2025. Gross profit margin slightly decreased by 0.7 percentage points to reach 53.7% as compared to 54.4% for the same period last year. For the year ended 31 March 2026, Korea posted a steep gross margin improvement of 10 percentage points while Japan experienced a downward decline of 4.2 percentage points.

- Full year net profit increased to JPY1,119.8 million (equivalent to USD7.4 million), up from a loss of JPY264.2 million for the year ended 31 March 2025.

- Net operating cash flow remained positive and stood at JPY1,109.3 million (equivalent to USD7.4 million) for the year ended 31 March 2026. Net operating cash flow generated for the year ended 31 March 2025 was JPY5,496.6 million.

Outlook for 2026/2027

For the year 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.

We intend to continue pursuing the following:

a) to sustainably improve and transform HONMA brand value into customer loyalty;

b) to continuously 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;

c) to anchor sustainable growth in North America and Europe based on the updated product and distribution strategy;

d) to nurture complementary non-club product lines to provide customers with a complete golf lifestyle experience; and

e) to continue product innovation and development to cater for latest market trends.

Further discussion and analysis of the business of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an indication of likely future development in the Group's business, are set out in the section headed "Management Discussion and Analysis" in this annual report which constitutes part of this Directors' Report.

Business Review (continued)

Key Relationships

Relationship with Suppliers

The Group depends on its suppliers, whom the Group views as its strategic partners, to supply raw materials or manufacture certain of the products. The suppliers are mainly located in Japan, Taiwan, China, Hong Kong and the U.S., consisting of both bill of materials suppliers and original equipment manufacturer ("**OEM**") suppliers. The strategic partnerships with OEM suppliers have enabled the Group to diversify its product mix and offer new products at competitive prices. Most of the OEM suppliers have cooperated with the Group for over five years.

Relationship with Customers

The Group strives to provide a bespoke "HONMA shopping experience" to its customers. The Group operates the largest number of self-operated stores among major golf products companies, most of which are equipped with golf simulators to assist the customers with their purchase decisions. Certain self-operated stores offer specialised fitting centres with high-speed cameras and precision software to capture relevant swing data for the customers. The Group's sales staff are trained in relationship selling, rather than transaction-based results, and are encouraged to maintain regular contact with the customers to provide personalised updates about the Group's products.

Relationship with Employees

The Group believes that the ability to attract, motivate and retain skilled and experienced personnel, including craftsmen and employees responsible for research and development as well as quality control, is of significant importance to the long-term successful development of the Group. Through the design of discretionary performance-based bonuses and such other arrangements, the Group has managed to ensure that the employees of the Group are provided with the incentive to devote to the long-term development of the Group.

Business Review (continued)

Environmental Policies and Performance

The Group has always attached great importance to the protection of the environment, and has adopted a number of measures which are regularly carried out to manage emissions and wastes in the course of business operations, for example, (i) 5S on-site management and organization method has been implemented in the manufacturing processes; (ii) regular monitoring and maintenance are performed on key environmental protection facilities such as dust removal and sewage treatment equipment to ensure these are in proper working order in removing harmful substances; (iii) tests are regularly carried out to ensure that the water discharged is safe to the surrounding community and that it also meets the standards required by the authority; (iv) regular collection of hazardous wastes (such as cyanide and chrome) from sewage, and scraps (such as metals and coatings) are handled by qualified service providers for recycling and treatment; (v) scraps (such as metals, coatings, carbon fiber, etc.) generated in the manufacturing process are regularly monitored and reduced wherever possible for the purpose of cost and waste reduction; (vi) video conferencing system instead of air travel is used when communicating between different offices to reduce the number of business trips and carbon footprint whenever possible; (vii) wrapping materials and paper cartons are reused wherever possible, otherwise recycled properly, or disposed of responsibly; (viii) the Waste Recycling Committee has continued to explore different ways to recycle and reduce waste in the manufacturing processes; and (ix) continuous optimization of the entire production process, i.e. centralizing manufacturing efforts to shorten production cycle and minimizing raw material utilization, and reducing travel distance between raw material logistics and production through careful management of inventory location and warehouse space.

During the Year, the Group adopted the following additional measures to mitigate emissions and reduce wastes: (i) use energy saving machines and fixtures, regular checking to ensure usage efficiency; (ii) prioritise the use of water saving and energy efficient production machinery and office equipment and air-conditioners which have good temperature and humidity control; (iii) promote awareness of energy saving through circulating various guidelines to employees; (iv) inspect electricity and power equipment regularly to ensure safety and operating efficiency; and (v) reduce excessive printing by going paperless as far as possible while printed papers are reused wherever possible, subject to personal data privacy requirements.

Further details of our environmental policies and performance are set out in Environmental, Social and Government Report.

Licences, Regulatory Approvals and Compliance with Laws and Regulations

During the year ended 31 March 2026, there were no material breaches or violations of relevant laws and regulations in Japan, China, Korea, and where the Group has business entities and operation, and the Group obtained all material licences and permits necessary for its business in the jurisdictions in which the Group operates. Details of our compliance with relevant laws and regulations are set out in Environmental, Social and Governance Report.

Principal Risks and Uncertainties

A number of factors may affect the results and business operation of the Group, and principal risks and uncertainties that the Group faces and key mitigations that the Group adopts are summarized as follows:

Principal Risks and Uncertainties	Description	Key Mitigations
Risks related to unfavorable economic conditions negatively impacting consumer discretionary spending and the financial conditions of us or our distributors	We sell golf clubs, golf balls, apparel, accessories and other related products. These products are recreational in nature and are therefore discretionary purchases for consumers who are generally more willing to spend during favorable economic conditions. A severe or prolonged economic downturn could negatively impact the liquidity and cash flows of our distributors, which could result in increased delinquent or uncollectible accounts for us. During such a downturn, our business, results of operations and financial condition may also be negatively impacted.	• We trade only with recognised and creditworthy third parties, and all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis; • We maintain a diversified product portfolio spanning the super-premium and premium-performance segments through our BERES and TOUR WORLD club families; • The Group adopts a stable, conservative approach to funding, treasury and working capital management, maintaining adequate liquidity to absorb potential disruptions and optimising operational efficiencies to preserve cash during periods of economic uncertainty.

Principal Risks and Uncertainties (continued)

Principal Risks and Uncertainties	Description	Key Mitigations
Risks inherent in our reliance on active golf participation among the population	We generate all of our revenue from the sale of golf products, including golf clubs, golf balls, apparel, accessories and other related products and the provision of related services. The demand for golf products is directly related to the number of golfers and the number of rounds played by these golfers. If golf participation or the number of rounds played decreases, our business and results of operations could be adversely affected.	• We actively monitor golf participation data and industry trends across our key markets and periodically adjust marketing strategies, product development priorities and channel investments in response to shifts in participation levels; • We invest in marketing initiatives and CRM systems in major markets to drive brand engagement, attract new golfers and foster sustained brand loyalty; • We diversify our product offerings to appeal to a broader range of consumers.
Risks related to any possible deterioration in the brand image of the HONMA brand of the Company	We are dependent on our HONMA brand for all our revenue and we expect to continue relying heavily on the HONMA brand. Product defects, counterfeit products and ineffective promotional activities are all potential threats to the strength of our brand.	• We keep decent R&D investments to ensure innovative technologies and high quality in our products; • We take legal actions against counterfeit products in different markets.
Uncertainty as to maintenance of high growth rate of the business	Our ability to maintain a high growth rate in the future depends on the implementation of our growth strategies. There can be no assurance that our strategies will continue to be successful. If we are not able to implement our growth strategies effectively or adjust them as market conditions evolve, we will not be able to sustain our growth.	• We maintain the leadership in club market segment 2 and keep the engine growing in segments 5 and 6; • We strengthened the efforts on non-club business, i.e. golf balls, bags, gloves, apparels and other golf-related accessories, etc.

Principal Risks and Uncertainties (continued)

Principal Risks and Uncertainties	Description	Key Mitigations
Uncertainty as to the maintenance or expansion of the sales and distribution network	Our products are currently sold in approximately 50 countries worldwide, primarily in Asia and also across North America, Europe and other regions. We sell our products through a combination of self-operated stores and distribution channels. If we are unable to maintain or grow our sales and distribution network, we could experience a decline in sales and market share.	• We fine-tuned the channels in home markets by shutdown of non-profitable self-operated stores and expanded our distributors/dealers base; • We have installed dedicated business development teams across major markets which, through continuous dialogues with commercial property owners and trade partners, lead and drive for the expansion and optimization of HONMA's retail footprint; • We are also working with an extensive network of retail and wholesale partners to stock, display, promote and sell HONMA products. The number of POS we had with these partners is higher than the number of stores that we operate by ourselves and this in turn supplements, completes and anchors HONMA's sales and distribution network globally.
Uncertainty as to expansion into new consumer segments and product categories	We devote significant resources to developing and marketing golf clubs that appeal to new target consumer segments. However, there can be no assurance that our efforts to expand into new consumer segments will continue to be successful. If our golf clubs fail to attract our target consumers, our business, results of operations and financial condition would be materially and adversely affected.	• We keep a healthy pace on technology innovations in new consumer segments of golf clubs; • We update our products every two years using up-to-date technology and high quality materials in order to deliver tangible performance improvement and value propositions to our existing and new consumers; • We actively use digital and social media platforms to redefine the brand as a dynamic, modern and global brand and to drive brand and product awareness.

Principal Risks and Uncertainties (continued)

Principal Risks and Uncertainties	Description	Key Mitigations
Uncertainty as to the international expansion, especially in North America and Europe	As we expand into new geographic markets, we will face competition from competitors who are well established in these markets. In addition, in many of these markets, the retail market conditions, consumer behavior, operating environments and tax and regulatory requirements may differ significantly from those in our home markets of Japan, Korea and China (including Hong Kong and Macau). Moreover, our international expansion may not be successful for a number of other reasons, such as changes in consumer demand and product trends, economic fluctuations, political and social turbulences, changes in legal regulations or other conditions and difficulties. If we are not successful in expanding into new geographic markets, our business, results of operations and financial condition would be materially and adversely affected.	• We have re-organized the management team in the U.S. to fit the current growth strategy; • The new products BERES 09 and BeZEAL 3 have taken into account more technology requirements from international markets; • In Europe, we closed 84 POSs, leading to a modest POS network of 52 locations. During the same period, we opened 20 POSs while closing 271 locations and were left with 119 point of sales as at 31 March 2026.
Risks inherent in our effort to expand grow non-club sales	We set the strategy to grow the non-club business, i.e. golf balls, bags, gloves, apparels and other golf-related accessories, etc. However, there can be no assurance that our strategy on growing non-club business will continue to be successful. If our non-club products fail to attract our target consumers, our business, results of operations and financial condition would be materially and adversely affected.	• On top of the strategic partnership with Itochu Corporation to develop its apparel & accessories, we have also set up professional team in home markets, i.e. Japan, Korea and China (including Hong Kong and Macau); • We further prioritized our product development resources in golf balls and launched golf balls with our own patent, while the market of golf balls has shown decent growth in the past years.

Financial Statements

The results of the Group for the year ended 31 March 2026 and the state of the Group's financial position as at that date are set out in the financial statements on pages 163 to 170 of this annual report.

Directors' Report

Final Dividend

The Board resolved not to declare any final dividend for the year ended 31 March 2026.

Pursuant to the dividend policy adopted by the Company with effect from 27 May 2019 (the "**Dividend Policy**"), distributions of dividends are determined at the discretion of the Board. In determining whether any distribution shall be made and the amount of dividends, the Board shall take into account the Company's results of operations, cash flows, financial condition, statutory and regulatory restrictions, capital, future business plans and prospects, and any other factors which the Board may consider relevant. Any declaration and payment as well as the amount of dividends will be subject to compliance with the Company's constitutional documents and the Companies Law of the Cayman Islands.

The Company will evaluate its Dividend Policy and distributions made from time to time. Further details of the Dividend Policy are set out in the section headed "Corporate Governance Report – Dividend Policy" in this annual report.

Distributable Reserves

As at 31 March 2026, the Company's distributable reserves calculated under the Companies Act (As Revised) of the Cayman Islands comprise the share premium and retained profits totaling approximately JPY8,530.7 million (JPY7,890.5 million as at 31 March 2025).

Reserves

Changes to the reserves of the Group during the year ended 31 March 2026 are set out in the consolidated statement of changes in equity in this annual report.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the year ended 31 March 2026 are set out in note 15 to the consolidated financial statements in this annual report.

Share Capital

Details of movements in the share capital of the Company during the year ended 31 March 2026 are set out in note 32 to the consolidated financial statements in this annual report.

Bank Borrowings and Other Loans

Details of bank borrowings and other loans of the Group as at 31 March 2026 are set out in note 28 to the consolidated financial statements in this annual report.

Charge on Assets

Pledged deposits of the Group increased from JPY6.0 million as at 31 March 2025 to JPY10.4 million as at 31 March 2026, mainly due to certain banks' policy to restrict movement of funds standing to the credit of inactive current accounts.

Donation

No charitable donation was made by the Group during the year ended 31 March 2026.

Financial Summary

A summary of the published results and the assets and liabilities of the Group for the last five financial years is set out on page 4 of this annual report. This summary does not form part of the audited consolidated financial statements.

Purchase, Sale or Redemption of Listed Securities of the Company

During the year ended 31 March 2026, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

Restricted Share Unit Scheme and Post-IPO Share Option Scheme

Restricted Share Unit Scheme

On 20 October 2015, the Restricted Share Unit Scheme (the "**RSU Scheme**") was approved and adopted by the then shareholders of the Company. The purpose of the RSU Scheme is to incentivize directors, senior management and employees of the Company or any of its subsidiaries (the "**RSU Eligible Persons**") for their contribution to the Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company. The Board selects the RSU Eligible Persons to receive RSUs under the RSU Scheme at its discretion. The RSU Scheme was valid and effective for a period of ten (10) years from the date of the first grant of the RSUs, being 20 October 2015, and it expired on 19 October 2025. The maximum number of RSUs that may be granted under the RSU Scheme in aggregate (excluding RSUs that have lapsed or been cancelled in accordance with the rules of the RSU Scheme) shall be such number of shares of the Company (the "**Shares**") held or to be held by the trustee for the RSU Scheme for the purpose of the RSU Scheme from time to time. There is no maximum entitlement for each RSU Eligible Person under the rules of the RSU Scheme. Further details of the principal terms of the RSU Scheme are set out in the Prospectus.

Restricted Share Unit Scheme and Post-IPO Share Option Scheme (continued)

Restricted Share Unit Scheme (continued)

The Company has appointed The Core Trust Company Limited (the "**RSU Trustee**") as the trustee to assist in the administration of the RSU Scheme. The Company may (i) allot and issue Shares to the RSU Trustee and/or Taisai Holdings Ltd. (the "**RSU Nominee**", a company indirectly wholly-owned by the RSU Trustee) to be held by the RSU Trustee and/or the RSU Nominee and which will be used to satisfy the Shares underlying the RSUs upon exercise and/or (ii) direct and procure the RSU Trustee to receive existing Shares from any Shareholder or purchase existing Shares (either on-market or off-market) to satisfy the Shares underlying the RSUs upon exercise. All the Shares underlying the RSUs granted and to be granted under the RSU Scheme will be transferred, allotted or issued to the RSU Trustee and/or the RSU Nominee. At the date of this annual report, the Company intended to satisfy the Shares underlying all RSUs granted and to be granted under the RSU Scheme (upon exercise) with the existing Shares held or to be held by the RSU Trustee from time to time, and did not intend to issue any new Shares under the RSU Scheme. At 1 April 2025 and 31 March 2026, the number of RSUs available for grant under the RSU Scheme was 5,232,410 and nil, respectively. As at the date of this annual report, RSUs in respect of 18,333,312 underlying Shares were granted under the RSU Scheme for the benefit of RSU Eligible Persons pursuant to the RSU Scheme.

An Eligible Person selected by the Board to be granted RSUs under the RSU Scheme may accept the RSUs in such manner set out in the grant letter. The grant letter shall also set out the vesting criteria, conditions, and the time schedule when the RSUs will vest. RSUs held by a participant in the RSU Scheme (the "**RSU Participant**") that are vested as evidenced by the vesting notice may be exercised (in whole or in part) by the RSU Participant serving an exercise notice in writing on the RSU Trustee and copied to the Company. Any exercise of RSUs must be in respect of a board lot of 500 Shares each or an integral multiple thereof (except where the number of RSUs which remains unexercised is less than one board lot). Upon receipt of an exercise notice, the Board shall direct and procure the RSU Trustee to, within three (3) business days, transfer the Shares underlying the RSUs exercised (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) to the RSU Participant which the Company has allotted and issued to the RSU Trustee as fully paid up Shares or which the RSU Trustee has either acquired by purchasing existing Shares or by receiving existing Shares from any shareholder, subject to the RSU Participant paying the exercise price (where applicable) and all tax, stamp duty, levies and charges applicable to such transfer to the RSU Trustee or as the RSU Trustee directs.

The RSU Participant shall serve the exercise notice within three (3) months after receiving the Vesting Notice. The RSU Trustee will not hold the Shares underlying the RSUs vested for the RSU Participant after this three (3) months period. If the exercise notice is not served during this three (3) months period or the Shares underlying the RSUs exercised cannot be transferred to the RSU Participant pursuant to the preceding paragraph due to the RSU Participant not being able to provide sufficient information to effect the transfer, the RSUs vested or exercised (as the case may be) shall lapse unless otherwise agreed by the Board at its absolute discretion.

Restricted Share Unit Scheme and Post-IPO Share Option Scheme (continued)

Restricted Share Unit Scheme (continued)

A RSU Participant does not have any contingent interest in any Shares underlying the RSUs unless and until such Shares are actually transferred to the RSU Participant. Further, a RSU Participant may not exercise voting rights in respect of the Shares underlying the RSUs prior to their exercise and, unless otherwise specified by the Board in its entire discretion in the RSU grant letter to the RSU Participant, nor do they have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any Shares underlying the RSUs.

The grantees of the RSUs granted under the RSU Scheme as referred to in the table below are not required to pay for the grant of any RSU under the RSU Scheme.

Details of the RSUs granted under the RSU Scheme and outstanding as at 31 March 2026 and details of the vesting period and the movements in RSUs during the year ended 31 March 2026 are set out below:

Name of grantee of RSU	Position(s) held with the Group	Number of Shares represented by RSUs at 1 April 2025	Date of grant	Vesting period	Granted during the Year	Vested/ exercised during the Year	Cancelled during the Year	Lapsed during the Year	Number of Shares represented by RSUs at 31 March 2026
Director of the Company									
Mr. Liu Jianguo	Chairman of the Board, President and Executive Director	285,675	03-Nov-2015	Note (3)	–	–	–	–	285,675
Sub-total		285,675			–	–	–	–	285,675

Restricted Share Unit Scheme and Post-IPO Share Option Scheme (continued)

Restricted Share Unit Scheme (continued)

Name of grantee of RSU	Position(s) held with the Group	Number of Shares represented by RSUs at 1 April 2025	Date of grant	Vesting period	Granted during the Year	Vested/ exercised during the Year	Cancelled during the Year	Lapsed during the Year	Number of Shares represented by RSUs at 31 March 2026
Employees in aggregate									
Senior management of the Company, and directors and other executive managers of the subsidiaries of the Company (excluding those who are also Directors of the Company)									
One senior management of the Company, and one other executive manager of a subsidiary of the Company		381,030	03-Nov-2015	Note (3)	–	–	–	–	381,030
		94,770	31-May-2016	Note (3)	–	–	–	–	94,770
Other employees of the Group									
55 other employees of the Group		438,165	03-Nov-2015	Note (3)	–	–	190,515	–	247,650
		38,220	31-May-2016	Note (3)	–	–	38,220	–	–
Sub-total		952,185			–	–	228,735	–	723,450
Total		1,237,860			–	–	228,735	–	1,009,125

Restricted Share Unit Scheme and Post-IPO Share Option Scheme (continued)

Restricted Share Unit Scheme (continued)

Notes:

(1) No exercise price or purchase price is required for the exercise or vesting of the RSUs granted to the RSU Participants under the RSU Scheme as referred to in the above.

(2) The RSU Participants shall serve the exercise notice within three (3) months after receiving the vesting notice.

(3) Subject to the vesting conditions, the RSUs granted to the participants during the years ended 31 March 2016 and 2017 under the RSU Scheme shall be vested in accordance with the vesting schedule as follows:

(i) as to 40% on the date on which the shares of the Company are listed on the Stock Exchange;

(ii) as to 30% on 30 April 2018 or the date on which the Company publishes its annual results for the year ended 31 March 2018 (whichever is earlier); and

(iii) as to 30% on 2 November 2026.

Restricted Share Unit Scheme and Post-IPO Share Option Scheme (continued)

Post-IPO Share Option Scheme

On 18 September 2016, a post-IPO share option scheme (the "**Post-IPO Share Option Scheme**") was approved and adopted by the then shareholders of the Company. The purpose of the Post-IPO Share Option Scheme is to provide incentives and/or rewards to directors or employees of the Group who in the sole discretion of the Board has contributed or will contribute to the Group (the "**Eligible Persons**") for their contribution to, and continuing efforts to promote the interests of, the Group.

Subject to the terms of the Post-IPO Share Option Scheme, the Board shall be entitled at any time within the period of ten (10) years after the adoption date, being 18 September 2016 to 17 September 2026, to grant options to any Eligible Persons as the Board in its absolute discretion selects. As at 31 March 2026, the remaining life of the Post-IPO Share Option Scheme is approximately six months. No offer shall be made and no option shall be granted to any participant in the Post-IPO Share Option Scheme (the "**Participant**") in circumstances prohibited by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") at a time when the Participant would or might be prohibited from dealing in the Shares by the Listing Rules or by any applicable rules, regulations or law. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or other interim period; and (ii) the deadline for the Company to publish its interim or annual results announcement under the Listing Rules; and ending on the date of actual publication of such results announcement.

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and all other share option schemes existing at such time of the Company shall not in aggregate exceed 60,905,000 Shares (representing 10% of the total number of Shares in issue as at the Listing Date, the "**Scheme Mandate Limit**"), which represents approximately 10.06% of the total number of Shares in issue as at the date of the annual report. The Company may renew the Scheme Mandate Limit at any time subject to prior shareholders' approval but in any event, the total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option schemes of the Company under the limit as refreshed must not exceed 10% of the Shares in issue as at the date of approval of the renewal of the Scheme Mandate Limit.

At 1 April 2025 and 31 March 2026, the number of options available for grant under the Post-IPO Share Option Scheme was 60,905,000 and 60,905,000, respectively.

The maximum number of Shares issued and to be issued upon exercise of the options granted and to be granted to any Eligible Person under the Post-IPO Share Option Scheme and any other share option schemes of the Company (including exercised, cancelled and outstanding options) in any 12-month period shall not at the time of grant exceed 1% of the Shares in issue, unless otherwise separately approved by shareholders in general meeting with such Eligible Person and his/her associates abstaining from voting.

Restricted Share Unit Scheme and Post-IPO Share Option Scheme (continued)

Post-IPO Share Option Scheme (continued)

An offer made to the Participant is open for acceptance by the Participant for a period of 28 days from the date of the offer made. Participants shall accept the offer by returning the duly signed duplicate letter clearly stating the number of Shares in respect of which the offer is accepted, with payment of HK$1.00 as consideration for the acceptance of an option granted to them.

Subject to the terms of grant of any option, an option may be exercised by the grantee of the option at any time during the option period and in accordance with the vesting schedule and other terms specified in the offer. No option may be vested more than 10 years after the date of grant. Subject to earlier terminations by the Company in general meetings or by the Board, the Post-IPO Share Option Scheme shall be valid and effective for a period of 10 years commencing from the adoption date.

The exercise price shall be a price determined by the Board and notified to an Eligible Person but in any event shall be at least the higher of:

- the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant of the option, which must be a business day;

- the average of the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date; and

- the nominal value of a Share on the date of grant.

Further details of the principal terms of the Post-IPO Share Option Scheme are set out in the Prospectus.

During the period from 18 September 2016 to 31 March 2026, no option had been granted or agreed to be granted by the Company pursuant to the Post-IPO Share Option Scheme.

Directors' Report

Directors

The Directors of the Company during the year ended 31 March 2026 and up to the date of this annual report were:

Name	Position
Mr. Liu Jianguo (劉建國)	Executive Director, Chairman and President
Mr. Ito Yasuki (伊藤康樹)	Executive Director, Chief Marketing Officer and President of Japan Operations
Mr. Zuo Jun (左軍)	Executive Director, Chief Administrative Officer and President of China Operations
Mr. Liu Hongli (劉宏立)	Executive Director
Mr. Yang Xiaoping (楊小平)	Non-executive Director
Mr. Soopakij Chearavanont (謝吉人)	Non-executive Director
Mr. Lu Pochin Christopher (盧伯卿)	Independent Non-executive Director
Mr. Wang Jianguo (汪建國)	Independent Non-executive Director
Mr. Xu Hui (徐輝)	Independent Non-executive Director
Ms. Tian Qing (田青)	Independent Non-executive Director

In accordance with the articles of association of the Company, Mr. Liu Jianguo, Mr. Liu Hongli, Mr. Yang Xiaoping and Mr. Wang Jianguo will retire and, being eligible, will offer themselves for re-election at the forthcoming AGM.

Change in Directors' Biographical Details under Rule 13.51B(1) of the Listing Rules

Change in Directors' biographical details which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

– Mr. Liu Hongli, executive Director, has been appointed as the Chief Executive Officer of Honma Holdings since 1 April 2026.

– Mr. Soopakij Chearavanont, non-executive Director, has been re-designated from a non-executive director to an executive director of Chia Tai Enterprises International Limited (正大企業國際有限公司) (a company listed on the Stock Exchange (Stock Code: 3839)) on 24 February 2026.

Directors' Service Contracts and Letters of Appointment

The service contract with each of the executive Directors is for a fixed term of three years. The letter of appointment with each of the non-executive Directors and the independent non-executive Directors is for a fixed term of three years. The service contracts and the letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the articles of association of the Company and the applicable Listing Rules.

None of the Directors has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

Confirmation of Independence of Independent Non-executive Directors

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors (being Mr. Lu Pochin Christopher, Mr. Wang Jianguo, Mr. Xu Hui and Ms. Tian Qing), and the Company considers such Directors to be independent for the year ended 31 March 2026.

Directors' and Controlling Shareholders' Interests in Transactions, Arrangements or Contracts of Significance

Save as the related party transactions as disclosed in note 37 to the consolidated financial statements and the connected transactions as disclosed in the section headed "Connected Transactions" in this annual report, there were no transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director and/or any of its connected entity had a material interest, whether directly or indirectly, and there were no transactions, arrangements or contracts of significance between the Company or any of its subsidiaries and the Company's controlling shareholders or any of its subsidiaries, subsisted at the end of, or at any time during the year ended 31 March 2026.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 March 2026, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix C3 to the Listing Rules or as the Company is aware were as follows:

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures (continued)

Interests in the Company

Name of Director/Chief Executive	Capacity/Nature of interest	Number of Shares or underlying Shares interested[1]	Approximate percentage of interest[5]
Mr. Liu Jianguo[2]	Founder and the sole beneficiary of a trust/Interest of controlled corporation	234,227,100 (L)	
	Beneficial owner	285,675 (L)	
		234,512,775 (L)	38.72%
Mr. Ito Yasuki[3]	Beneficial owner	108,856 (L)	0.02%
Mr. Zuo Jun[4]	Beneficial owner	254,020 (L)	0.04%

Notes:

(1) The letter "L" denotes the person's long position in such Shares or underlying Shares.

(2) Vistra Trust (Hong Kong) Limited ("**Vistra Trust**") is the trustee of the trust established by Mr. Liu Jianguo who is also the sole beneficiary of the trust. Vistra Trust holds the entire issued share capital of Dazzling Coast Limited ("**Dazzling**"), which in turn holds the entire share capital of Prize Ray Limited ("**Prize Ray**"), which holds the entire share capital of Kouunn Holdings Limited, which beneficially owned 234,227,100 Shares. As Mr. Liu Jianguo is the founder and the sole beneficiary of the trust as well as the sole director of Kouunn Holdings Limited, by virtue of the SFO, Mr. Liu Jianguo is deemed to be interested in the Shares held by Kouunn Holdings Limited. Mr. Liu Jianguo was interested in 285,675 restricted share units ("**RSUs**") granted to him under the RSU Scheme entitling him to receive 285,675 Shares upon vesting.

(3) Mr. Ito Yasuki directly held 108,856 Shares.

(4) Mr. Zuo Jun directly held 254,020 Shares.

(5) The calculation is based on the total number of 605,642,500 Shares in issue as at 31 March 2026.

Save as disclosed above, as at 31 March 2026, none of the Directors or the chief executive of the Company had any interests or short positions in any of the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 31 March 2026, the following persons (other than the Directors and the chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO or as the Company is aware:

Name	Nature of interest	Number of Shares or underlying Shares Interested[1]	Approximate percentage of interest[8]
Kouunn Holdings Limited[2][4][5]	Beneficial owner	234,227,100 (L)	38.67%
Dazzling Coast Limited[4]	Interest of controlled corporation	234,227,100 (L)	38.67%
Prize Ray Limited[4]	Interest of controlled corporation	234,227,100 (L)	38.67%
Vistra Trust (Hong Kong) Limited ("**Vistra Trust**")[4]	Trustee	234,227,100 (L)	38.67%
Ms. Huang Wenhuan (黃文歡)[3]	Interest of spouse	234,512,775 (L)	38.72%
Gold Genius Development Limited[2][5]	Person having a security interest in Shares	47,000,000 (L)	7.76%
Splendid Steed Investments Limited[5]	Interest of controlled corporation	47,000,000 (L)	7.76%
Mr. Ma Jianrong[5]	Interest of controlled corporation	47,000,000 (L)	7.76%
Charoen Pokphand Group Company Limited[6]	Interest of controlled corporation	181,296,500 (L)	29.93%

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares (continued)

Notes:

(1) The letter "L" denotes the person's long position in such Shares or underlying Shares.

(2) 47,000,000 Shares held by Kouunn Holdings Limited were pledged in favour of Gold Genius Development Limited.

(3) Ms. Huang Wenhuan (黃文歡) is the wife of Mr. Liu Jianguo and, by virtue of the SFO, is deemed to be interested in the Shares and the underlying Shares in which Mr. Liu Jianguo was interested.

(4) Vistra Trust is the trustee of the trust established by Mr. Liu Jianguo who is also the sole beneficiary of the trust. Vistra Trust holds the entire issued share capital of Dazzling, which in turn holds the entire share capital of Prize Ray, which holds the entire share capital of Kouunn Holdings Limited, which beneficially owned 234,227,100 Shares. By virtue of the SFO, Mr. Liu Jianguo, Vistra Trust, Dazzling and Prize Ray are deemed to be interested in the same parcel of Shares held by Kouunn Holdings Limited.

(5) Mr. Ma Jianrong holds the entire issued share capital of Splendid Steed Investments Limited, which in turn holds the entire share capital of Gold Genius Development Limited, which had a security interest in 47,000,000 Shares pledged by Kouunn Holdings Limited in its favour. By virtue of the SFO, Mr. Ma Jianrong and Splendid Steed Investments Limited are deemed to be interested in the same parcel of Shares in which Gold Genius Development Limited had a security interest.

(6) These Shares were held by Chia Tai Primrose Holdings Limited (正大平樂控股有限公司) which was 100% controlled by Chia Tai Giant Far Limited (正大鉅發有限公司) ("**CTGF**"). CTGF was 100% controlled by CT Bright Group Company Limited (正大光明集團有限公司) ("**CTBG**"). CTBG was 100% controlled by CPG Overseas Company Limited which was in turn 100% controlled by Charoen Pokphand Group Company Limited.

(7) The calculation is based on the total number of 605,642,500 Shares in issue as at 31 March 2026.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2026.

Major Customers and Suppliers

The Group has a large and diverse customer base. During the year ended 31 March 2026, sales to the Group's five largest customers accounted for approximately 22.0% of the Group's total sales for the same period (of which sales to the Group's single largest customer accounted for approximately 11.2% of the Group's total sales for the same period).

The Group depends on suppliers to supply raw materials or manufacture certain of the products. In the year ended 31 March 2026, purchases from the Group's five largest suppliers accounted for approximately 57.5% of the Group's total purchases from all suppliers for the year (of which purchases from the Group's single largest supplier accounted for approximately 18.7% of the Group's total purchases for the year).

All of the Group's five largest customers and suppliers are independent third parties. None of the Directors, their close associates or the shareholders which to the best knowledge of the Directors, own more than 5% of the number of issued shares (excluding treasury shares, if any) of the Company, had any interest in any of the five largest customers or suppliers during the year ended 31 March 2026.

Pre-emptive Rights

There is no provision for pre-emptive rights under the articles of association of the Company, although there are no restrictions against such rights under the laws in the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders of the Company.

Emolument Policy

The Directors believe that the ability to attract, motivate and retain skilled and experienced personnel, including the craftsmen and employees responsible for research and development as well as quality control, is of significant importance to the long-term successful development of the Group. The remuneration package of the Group's employees includes salaries, allowances, benefit in kind and performance related bonuses. The Group has established a remuneration committee to review the policy and structure of the remuneration for the Directors and senior management and make recommendations on the remuneration packages of individual executive Directors and senior management. In general, the Group determines the emolument payable to its directors based on each director's qualifications, experience, time commitment and responsibilities, salaries paid by comparable companies as well as the performance of the Group. The Group also provides various incentives through the implementation of share award scheme(s) to better motivate its directors and employees.

Employee Benefits

Particulars of the employee benefits of the Group are set out in note 31 to the consolidated financial statements in this annual report.

Pursuant to code provision E.1.5 in Part 2 of the CG Code (as defined below), the annual remuneration of executive Directors and the senior management, by band for the year ended 31 March 2026 is set out below:

Remuneration band (in JPY)	Number of individuals
10,000,001-15,000,000	2
15,000,001-20,000,000	–
20,000,001-25,000,000	–
25,000,001-	3

Public Float

As at the latest practicable date prior to the issue of this annual report and based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained minimum public float of 25% as required under the Listing Rules.

Rights to Acquire the Company's Securities and Equity-linked Agreements

Save as disclosed under the section headed "Restricted Share Unit Scheme and Post-IPO Share Option Scheme" above, at no time during the Year was the Company, or any of its holding companies or subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, nor did the Company enter into any equity-linked agreement.

Directors' Interests in Competing Business

During the year ended 31 March 2026 and up to the date of this annual report, none of the Directors and directors of the Company's subsidiaries, or their respective associates had interests in business, which compete or are likely to compete either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

Permitted Indemnity Provision

Every Director, auditor or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director, auditor or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favour, or in which he/she is acquitted. Subject to the Companies Act (As Revised) of the Cayman Islands, if any Director or other person shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge, or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Director or person so becoming liable as aforesaid from any loss in respect of such liability. Such provisions were in force throughout the year ended 31 March 2026 and are currently in force. The Company has arranged for appropriate insurance cover for Directors' liabilities in respect of legal actions that may be brought against the Directors.

Use of Proceeds from the Global Offering

On 6 October 2016, the Company's Shares were listed on the Stock Exchange. A total of 133,991,000 Shares with nominal value of US$0.0000025 each were issued at HK$10.00 per Share for a total of HK$1,339,910,000 under the global offering of the Company. The net proceeds raised by the Company from the above mentioned global offering, after deducting the underwriting fees and commissions and expenses paid by the Company in connection with the global offering, amounted to approximately JPY16,798.0 million. Details of the Group's use of proceeds as at 31 March 2026 are set out in the section headed "Management Discussion and Analysis – Financial Review – Use of Proceeds from the Global Offering" in this annual report.

Connected Transactions

Mr. Liu Jianguo, an executive Director and a controlling shareholder of the Company, is a connected person of the Company under the Listing Rules. Each of Shanghai POVOS Enterprise (Group) Co., Ltd. (上海奔騰企業（集團）有限公司) ("**Shanghai POVOS**") and Shanghai POVOS Power Engineering Co., Ltd. (上海奔騰電工有限公司) ("**Shanghai POVOS Power Engineering**") is controlled by Mr. Liu Jianguo and is therefore an associate of Mr. Liu Jianguo and hence a connected person of the Company under the Listing Rules.

On 31 December 2013, a property lease agreement was entered into between Shanghai POVOS (as the lessor) and World Power (being a member of the Group, as the lessee). The property lease agreement was subsequently renewed on 6 June 2016. On 31 December 2019, World Power and Shanghai POVOS entered into a renewal agreement regarding the aforementioned lease for a term of one year commencing on 1 January 2020. The renewal agreement was automatically renewed for a term of one year commencing on each of 1 January 2021, 1 January 2022, 1 January 2023, 1 January 2024 (as supplemented) and 1 January 2025 (as supplemented), and is to be automatically renewed if neither party terminates the agreement at the expiry of the renewal lease term. On each of 1 January 2024 and 1 January 2025, a warehouse lease agreement was entered into between Shanghai POVOS Power Engineering (as the lessor) and World Power (as the lessee) for a term of one year commencing on 1 January 2024 and 1 January 2025, respectively.

The transactions under the property lease agreement (as renewed) and the warehouse lease agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules and related party transactions disclosed in note 37 to the audited consolidated financial statements in this annual report in accordance with International Accounting Standards 24 "Related Party Disclosure".

In March 2026, a new property lease agreement was entered into between Shanghai POVOS Power Engineering (as the lessor) and World Power (as the lessee) in connection with renting certain premises in Shanghai for the use of office and warehouse for a term of one year commencing on 1 April 2026. The transactions under the new property lease agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

As the highest relevant "percentage ratio" (other than the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules is expected to be less than 5% and the total consideration is expected to be less than HK$3,000,000, in aggregate on an annual basis, the above transactions are exempt from the annual review, annual reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.76(1) of the Listing Rules.

Subsequent Events

Particulars of important events affecting the Group that have occurred since the year ended 31 March 2026 are stated in note 42 to the consolidated financial statements in this annual report.

Audit Committee

The Audit Committee has reviewed the accounting principles and policies adopted by the Group and discussed the Group's risk management, internal controls and financial reporting matters with the management. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 March 2026.

Auditor

The financial statements for the year ended 31 March 2026 have been audited by Ernst & Young who shall retire at the forthcoming AGM and, being eligible, will offer themselves for re-appointment. A resolution will be proposed at the forthcoming AGM to re-appoint Ernst & Young as the auditor of the Company.

Save as otherwise stated, all references above to other sections, reports or notes in this annual report form part of this Directors' report.

On behalf of the Board
LIU Jianguo
Chairman

26 June 2026

Corporate Governance Report

The board of directors (the "**Board**") of the Company is pleased to report to the shareholders of the Company on the corporate governance of the Company for the year ended 31 March 2026 (the "**Corporate Governance Report**").

Corporate Governance Culture

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that its shareholders wealth will be maximized in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure (i) satisfactory and sustainable returns to shareholders; (ii) that the interests of those who deal with the Company are safeguarded; (iii) that overall business risk is understood and managed appropriately; (iv) delivery of high-quality products and services to the satisfaction of customers; and (v) that high standards of ethics are maintained.

Corporate Governance Practices

The Board is committed to achieving good corporate governance standards.

The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "**CG Code**") contained in Part 2 of Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as the basis of the Company's corporate governance practices.

In the opinion of the directors of the Company (the "**Directors**"), throughout the year ended 31 March 2026 (the "**Year**"), the Company has complied with all code provisions as set out in the CG Code, save for the deviations from code provisions C.2.1 and C.5.1 of the CG Code which are explained in the relevant paragraphs of this Corporate Governance Report.

The Board will from time to time review, monitor and enhance its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' and relevant employees' dealings in the Company's securities.

Specific enquiry has been made with all Directors and the Directors have confirmed that they have complied with the Model Code and the Company's own code of conduct regarding directors' securities transactions throughout the Year.

No incident of non-compliance of the Company's own code of conduct regarding relevant employees' securities transactions by the relevant employees was noted by the Company.

Board of Directors

The Company is headed by an effective Board which assumes responsibility for its leadership and control and be collectively responsible for promoting the Company's success by directing and supervising the Company's affairs. Directors make decisions objectively in the best interests of the Company and its shareholders.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. The Board regularly reviews the contribution required from a Director to perform his/her responsibilities to the Company, and assesses whether a Director is spending sufficient time in performing his/her responsibilities that are commensurate with his/her roles and the Board responsibilities. The Board includes a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

Board Composition

The Board currently comprises ten Directors, consisting of four executive Directors, two non-executive Directors and four independent non-executive Directors.

The composition of the Board is as follows:

Executive Directors

Mr. Liu Jianguo (劉建國) *(Chairman and President)*
Mr. Ito Yasuki (伊藤康樹)
Mr. Zuo Jun (左軍)
Mr. Liu Hongli (劉宏立)

Non-executive Directors

Mr. Yang Xiaoping (楊小平)
Mr. Soopakij Chearavanont (謝吉人)

Independent Non-executive Directors

Mr. Lu Pochin Christopher (盧伯卿)
Mr. Wang Jianguo (汪建國)
Mr. Xu Hui (徐輝)
Ms. Tian Qing (田青)

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

The biographical information of the Directors is set out in the section headed "Biographies of Directors and Senior Management" on pages 36 to 42 of this annual report.

Except for Mr. Liu Hongli is the son of Mr. Liu Jianguo (the chairman of the Board, president, an executive Director and a controlling shareholder of the Company), none of the members of the Board has any relationship (including financial, business, family or other material/relevant relationship) with one another.

Board Meetings

Code provision C.5.1 of the CG Code stipulates that regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

During the Year, the Board held two regular meetings to approve the annual results for the year ended 31 March 2025 and the interim results for the six months ended 30 September 2025. The Company has not held quarterly board meeting as the Company does not announce its results quarterly.

The Chairman also held a meeting with the independent non-executive Directors without the presence of other Directors during the Year.

Chairman and Chief Executive

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 chairman and president of the Company are both held by Mr. Liu Jianguo who provides leadership and is responsible for the effective functioning of the Board. He is also responsible for formulating the overall development strategies and business plans of the Group.

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.

Independent Non-executive Directors

During the Year, the Board at all times had four independent non-executive Directors and the number of independent non-executive Directors at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Board Independence Evaluation

The Company has established mechanisms to ensure independent views and input are available to the Board (the "**Board Independence Evaluation Mechanisms**"), which set out the processes and procedures to ensure a strong independent element on the Board that allows the Board to effectively exercise independent judgment to better safeguard shareholders' interests. The objectives of the Board Independence Evaluation Mechanisms are to improve Board effectiveness, maximize strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance.

A summary of the Board Independence Evaluation Mechanisms is set out below:

- The Board ensures the appointment of at least three independent non-executive Directors and at least one-third of its members being independent non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time), with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. Further, independent non-executive Directors will be appointed to Board committees as required under the Listing Rules and as far as practicable to ensure independent views are available to the Board.

- The Nomination Committee strictly adheres to the nomination policy of the Company (the "**Nomination Policy**") with regard to the nomination and appointment of independent non-executive Directors, and is mandated to assess annually the independence of independent non-executive Directors to ensure that they can continually exercise independent judgement.

- Directors (including independent non-executive Directors) are entitled to seek further information from the management on the matters to be discussed at Board meetings and, where necessary, independent advice from external professional advisers at the Company's expense.

- A Director (including independent non-executive Director) or any of his/her close associates who has or deemed to have a material interest in a contract or arrangement shall not vote or be counted in the quorum on any Board resolution approving the same.

During the Year, all Directors have completed the independence evaluation in the form of a questionnaire individually, and the Board independence evaluation report was presented to the Board and the evaluation results were satisfactory.

The implementation and effectiveness of the Board Independence Evaluation Mechanisms are reviewed on an annual basis. During the Year, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanisms and the results were satisfactory.

Appointment and Re-election of Directors

The non-executive Directors (including independent non-executive Directors) are appointed for a specific term of three years, subject to renewal after the expiry of the then current term.

The articles of association of the Company provide that all Directors appointed to fill a casual vacancy or as an addition to the Board shall be subject to re-election by shareholders at the first annual general meeting after appointment.

All Directors are subject to retirement by rotation and re-election at the annual general meetings. Under the articles of association of the Company, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election.

Responsibilities of Directors

The Board should assume responsibility for leadership and control of the Company and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the local senior management led by Mr. Ito Yasuki and Mr. Zuo Jun, who are the respective presidents of Japan operations and China operations.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and other relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Reading materials on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the Year, the following Directors read materials on relevant topics and/or attended training session(s) arranged by professional institution(s)/professional firm(s):

Directors	Type of Training Note
Executive Directors	
Mr. Liu Jianguo	A&B
Mr. Ito Yasuki	A&B
Mr. Zuo Jun	A&B
Mr. Liu Hongli	A&B
Non-executive Directors	
Mr. Yang Xiaoping	A&B
Mr. Soopakij Chearavanont	A&B
Independent Non-executive Directors	
Mr. Lu Pochin Christopher	A&B
Mr. Wang Jianguo	A&B
Mr. Xu Hui	A&B
Ms. Tian Qing	A&B

Note:

A: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

B: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

Board Committees

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are posted on the websites of Hong Kong Exchanges and Clearing Limited ("**HKEX**") and the Company and are available to shareholders of the Company upon request.

All Board committees of the Company comprise a majority of independent non-executive Directors, and the list of the chairman and members of each Board committee is set out in the section headed "Corporate Information" on page 2 of this annual report.

Audit Committee

The Audit Committee consists of three independent non-executive Directors. The members are:

Mr. Lu Pochin Christopher *(Chairman)*
Mr. Wang Jianguo
Mr. Xu Hui

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, and environmental, social and governance issues, effectiveness of the internal audit function, scope of audit and appointment of external auditor, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the Year, the Audit Committee held two meetings to review, among other things, (i) the annual results and reports in respect of the year ended 31 March 2025 and the interim results and reports in respect of the six months ended 30 September 2025; (ii) the continuing connected transaction; (iii) the effectiveness of the risk management and internal control systems and internal audit function; (iv) the arrangements for employees to raise concerns about possible improprieties in financial reporting, internal control or other matters; (v) the implementation and effectiveness of the Whistleblowing Policy for employees of the Group and those who deal with the Group to raise concerns; (vi) the appointment of external auditor and their relevant scope of works; and (vii) the amendment of terms of reference of the Audit Committee to include certain environmental, social and governance duties.

The Audit Committee also met the external auditor without the presence of the executive Directors and the management during the Year.

Remuneration Committee

The Remuneration Committee consists of two independent non-executive Directors and one executive Director. The members are:

Mr. Wang Jianguo *(Chairman)*
Mr. Xu Hui
Mr. Zuo Jun

The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy, as well as making recommendations to the Board on the remuneration of all Directors and senior management; assessing performance of executive Directors and approving the terms of executive Directors' service contracts; reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; and ensuring that no Director or any of his associates is involved in deciding his own remuneration, as well as reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules. The Company has adopted the model described in code provision E.1.2(c)(ii) of the CG Code.

During the Year, the Remuneration Committee met twice to review the Company's policy and structure for the remuneration of all Directors and senior management, remuneration of all Directors and senior management, and make recommendations to the Board on the terms and remuneration packages in the new service contracts entered into with three executive Directors and the new letters of appointment entered into with three independent non-executive Directors.

The Company's remuneration policy is to ensure that the remuneration offered to employees, (including senior management) and the Directors is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of each executive Director is also determined with reference to salaries paid by salaries paid by comparable companies, time commitment and responsibilities of the Director, the remuneration policy of the Company and performance of the Group. The remuneration for the executive Directors comprises basic salary. The remuneration policy for non-executive Directors and independent non-executive Directors is to ensure that non-executive Directors and independent non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the non-executive Directors and independent non-executive Directors mainly comprises director's fee which is determined with reference to salaries paid by comparable companies, time commitment and responsibilities of the Director, the remuneration policy of the Company and performance of the Group. Individual Directors and senior management have not been involved in deciding their own remuneration.

Pursuant to code provision E.1.5 of the CG code, details of the remuneration of the senior management (other than Directors) by bands are set out in note 11 to the consolidated financial statements in this annual report.

Nomination Committee

The Nomination Committee consists of three independent non-executive Directors and one executive Director. The members are:

Mr. Liu Jianguo *(Chairman)*
Mr. Wang Jianguo
Mr. Lu Pochin Christopher
Ms. Tian Qing (appointed on 26 June 2025)

The principal duties of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and making recommendation on any proposed changes to the Board to complement the Company's corporate strategy; formulating a policy of selection and nomination of directors and the procedures for the sourcing of suitably qualified director for consideration of the Board; making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors; supporting the Company's regular evaluation of the Board's performance; and assessing the independence of the independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's board diversity policy (the "**Board Diversity Policy**"). The Nomination Committee would discuss and agree on measurable objectives for achieving diversity of the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During the Year, the Nomination Committee met twice to review the structure, size and composition of the Board and the effectiveness of the Board Diversity Policy and the Nomination Policy, to assess the independence of the independent non-executive Directors, to consider the qualifications of the retiring Directors standing for election at the 2025 annual general meeting, to make recommendation to the Board on the term terms and remuneration packages in the new service contracts entered into with three executive Directors and the new letters of appointment entered into with three independent non-executive Directors. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained and the gender diversity has been achieved by end of 2025.

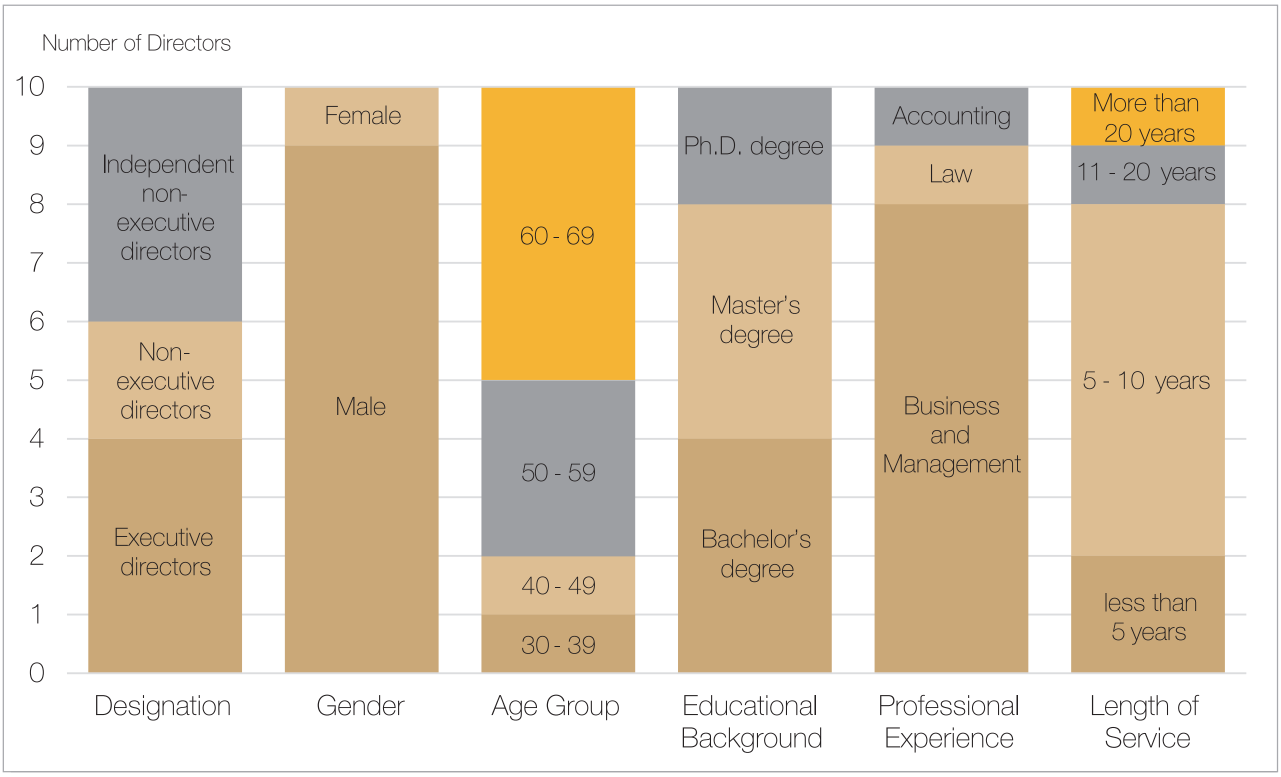
Board Diversity Policy

The Company has adopted the Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognises and embraces the benefits of having a diverse Board. The Board continuously seeks to enhance its effectiveness and to maintain the highest standards of corporate governance and recognises diversity at Board level as an essential element in maintaining competitive advantage and sustainable development.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Company is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a Director. The ultimate decision of selection of relevant candidates will be based on merit and contribution that the selected candidates will bring to the Board or senior management. The Board reviews the Board Diversity Policy on an annual basis to ensure its effectiveness.

The achievement of the above objectives will be measurable on an objective review by the Company's shareholders of the overall composition of the Board, the diversity of background and experience of the Directors and the effectiveness of the Board in promoting shareholders' interests. The Board will also review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. At present, the Nomination Committee considered that the Board is sufficiently diverse. The Board strives to ensure that it has the appropriate balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business, and to ensure that the Directors devote sufficient time and make contributions to the Company that are commensurate with their role and board responsibilities.

The following chart shows the diversity profile of the Board as at 31 March 2026:



Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at the date of this annual report:

	Female	Male
Board	10%	90%
Senior Management	20%	80%
Other employees	49%	51%
Overall workforce	49%	51%

Further details on gender ratio in the workforce of the Group are set out in the Environmental, Social and Governance Report.

The Company has also taken, and will continue to take, steps to promote diversity at all levels of its workforce. Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination. Appropriate emphasis on maintaining gender diversity has been placed in the review of board composition, board diversity and succession plan to ensure a pipeline of potential successors in achieving and maintaining gender diversity at the Board and the senior management level. The Board is committed to improving greater gender diversity in the Board, senior management and other employees of the Group. The Group has achieved 10% (1) of female Directors, 20% (1) of female senior management and 49% (332) of female employees by the end of March 2026 and considers that the above current gender diversity is satisfactory.

Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted the Nomination Policy which sets out the selection criteria and process and considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Nomination Policy sets out the criteria for assessing the suitability and potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Characters including integrity, honesty and fairness

- Backgrounds and qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business operation and corporate strategy

- Commitment to understanding the Company and its industry, willingness to devote adequate time to discharge duties as a Board member and abilities to assist the Board in fulfilling its responsibilities

- Requirement for the Board to have a sufficient number of independent non-executive Directors in accordance with the Listing Rules and assessment of the independence of the candidate

- The Board Diversity Policy and any measurable objectives adopted by the Nomination Committee for achieving diversity of the Board. Diversity of the Board will be considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a Director

- Such other factors relating to the Company's business model and specific needs from time to time, and the contribution that the selected candidate will bring to the Board

The Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings as follows:

(a) Appointment of New Director

- The Nomination Committee will, taking into account the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort on suitable candidates;

- The Nomination Committee may consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertisements, recommendations from an independent agency firm and proposals from shareholders of the Company with due consideration given to the criteria;

- The Nomination Committee may adopt any process it deems appropriate in evaluating the suitability of the candidates, such as conducting interviews, background checks, presentations and third-party reference checks;

- Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;

- The Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment and the proposed remuneration package; and

- The Board will have the final authority on determining the selection of nominees and all appointment of Directors will be confirmed by the filing of the consent to act as Director of the relevant Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment as Director, as the case may be).

(b) Re-election of Director at General Meeting

- The Nomination Committee will evaluate and recommend retiring Director(s) to the Board for re-appointment by giving due consideration to the following:

  (i) the overall contribution and service to the Company of the retiring Director(s), including attendance of Board meetings (and where applicable, general meetings) and the level of participation and performance on the Board; and

  (ii) whether the retiring Director(s) continue(s) to satisfy the criteria as set out under the Nomination Policy.

- The Nomination Committee and/or the Board shall then make recommendation to shareholders of the Company in respect of the proposed re-election of Director(s) at the general meeting.

During the Year, there was no change in the composition of the Board.

The Nomination Committee will review the Nomination Policy, as appropriate, to ensure its effectiveness.

Corporate Governance Functions

The Board is also responsible for performing the functions set out in code provision A.2.1 of the CG Code. These include: to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; to review and monitor the training and continuous professional development of Directors and senior management; to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and to review the Company's compliance with the CG Code as set out in Appendix C1 to the Listing Rules and disclosure in the Corporate Governance Report.

During the Year, the Board reviewed the Company's corporate governance policies and practices, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code by the Directors and relevant employees and the Company's compliance with the CG Code.

Attendance Records of Directors and Committee Members

The attendance records of each Director at the Board meetings, Board committee meetings and the annual general meeting held during the Year are set out in the table below:

	Attendance/Number of Meetings during the Year				
Name of Director	Board	Audit Committee	Nomination Committee	Remuneration Committee	Annual General Meeting
Mr. Liu Jianguo	2/2	N/A	2/2	N/A	1/1
Mr. Ito Yasuki	2/2	N/A	N/A	N/A	1/1
Mr. Zuo Jun	2/2	N/A	N/A	2/2	1/1
Mr. Liu Hongli	2/2	N/A	N/A	N/A	0/1
Mr. Yang Xiaoping	2/2	N/A	N/A	N/A	0/1
Mr. Soopakij Chearavanont	2/2	N/A	N/A	N/A	0/1
Mr. Lu Pochin Christopher	2/2	2/2	2/2	N/A	1/1
Mr. Wang Jianguo	2/2	2/2	2/2	2/2	0/1
Mr. Xu Hui	2/2	2/2	N/A	2/2	0/1
Ms. Tian Qing*	2/2	N/A	1/1	N/A	0/1

* Ms. Tian Qing was appointed as a member of the nomination committee of the Company on 26 June 2025

Risk Management and Internal Controls

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

All material subsidiaries of the Company perform annual enterprise risk assessment and internal control system review to identify, evaluate and manage significant risks (including environmental, social and governance ("**ESG**") risks) associated with its long term strategy and day-to-day operation. All material risks (including ESG risks), once identified, are quantified financially and responded with concrete risk actions. These actions are reviewed annually to determine the effectiveness of the risk management system and to resolve material internal control defects.

The Company has an internal audit function which is performed by the external audit teams heading by the Company's chief financial officer. The internal audit teams are responsible for performing independent review of the adequacy and effectiveness of the risk management system and internal control system. The Company reviews its enterprise risk map on an annual basis and the risk mitigating actions on a semi-annual basis. The Board has reviewed the effectiveness of the internal audit function and the review result is satisfactory.

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management system and internal control system for the Year. The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, reviewed the risk management system and internal control system of the Group, including the financial, operational and compliance controls, for the Year, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and ESG performance and reporting, as well as staff qualifications, experience and relevant resources.

Arrangements are in place to facilitate employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Group.

The Company has in place the Whistleblowing Policy for employees of the Group and those who deal with the Group to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matters related to the Company.

The Company has also in place the Anti-Corruption Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Group to report any suspected corruption and bribery. Employees can also make anonymous reports to the internal audit department and the legal department, which is responsible for investigating the reported incidents and taking appropriate measures. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

During the Year, the Company held 1 anti-corruption training and briefing to all employees, and no non-compliance case in relation to bribery and corruption was identified.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees for handling and dissemination of inside information, monitoring information disclosure and responding to enquiries.

Directors' Responsibility in Respect of the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 March 2026.

The Directors have prepared the financial statements in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board. Appropriate accounting policies have also been used and applied consistently except the adoption of revised standards, amendments to standards and interpretation.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 158 to 162 of this annual report.

Auditor's Remuneration

An analysis of the remuneration paid or payable to the external auditor of the Company, Messrs. Ernst & Young, in respect of audit services and non-audit services for the year ended 31 March 2026 is set out below:

Service Category	Fees Paid/Payable
Audit Services	JPY145,500,000
Non-audit Services	
– Internal control	JPY19,500,000
– statutory tax filing and consultancy on other tax related matters	JPY20,500,000
	JPY185,500,000

Company Secretary

Ms. Sham Ying Man is the company secretary of the Company. The primary contact person at the Company is Ms. Bian Weiwen, the chief financial officer of the Company. Ms. Sham Ying Man is a senior manager of Company Secretarial Services of Tricor Services Limited, a member of Vistra Group. The company secretary attended sufficient professional training as required under the Listing Rules for the year ended 31 March 2026 to update her skills and knowledge.

Shareholders' Rights

To safeguard shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of HKEX and the Company after each general meeting.

Right to Call an Extraordinary General Meeting

Pursuant to the article 12.3 of the articles of association of the Company, general meetings may be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, not less than one-tenth of the voting rights, on a one vote per share basis, of the Company which carry the right of voting at general meetings of the Company. Shareholders should follow the requirements and procedures as set out in the articles of association of the Company for convening a general meeting.

Putting Forward Proposals at General Meetings

There are no provisions in the articles of association of the Company or the Companies Law of the Cayman Islands for shareholders to put forward new proposals at general meetings. Shareholders who wish to put forward a proposal may request the Company to convene a general meeting in accordance with the procedures set out in the paragraph headed "Right to call an Extraordinary General Meeting" above. A shareholder who wishes to propose a person for election as a director of the Company should lodge a written notice of his/her intention to propose such person for election and also a notice in writing signed by the person to be proposed of his/her willingness to be elected as a director of the Company at Room 1910, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong, for the attention of the company secretary of the Company. For details, please refer to the "Procedures for Shareholders to Propose a Person for Election as Director" of the Company which is posted on the Company's website.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the following address and provide their full name(s), contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Address:	31 Floor, No.100, Century Ave., Pudong New Area, Shanghai, PRC (For the attention of the Board of Directors/Chief Investor Relations Officer)
Email:	IR@honma.hk

For enquiries about shareholdings, shareholders should direct their enquiries to the Company's Hong Kong share registrar, the details of which are as follows:

Name:	Computershare Hong Kong Investor Services Limited
Address:	17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Tel No.:	(852) 2862 8555
Fax No.:	(852) 2865 0990

Communication with Shareholders and Investor Relations

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with shareholders and the investment community. Shareholders may make any enquiries with respect to the Company by following the steps set out in the paragraph headed "Putting Forward Enquiries to the Board" above.

At the annual general meeting, Directors (including non-executive Directors), in particular, the chairmen of the Board committees or their delegates, appropriate senior executives and external auditor are available to meet shareholders, understand their views and answer their enquiries.

Shareholders' Communication Policy

The Company has in place a Shareholders' Communication Policy. The policy aims at streamlining policies and procedures for provision of appropriate and timely information about the Company to the shareholders, as well as ensuring that shareholders' views and concerns are appropriately addressed. According to the Shareholders' Communication Policy, information of the Company is communicated to its shareholders mainly through annual reports, interim reports, annual general meetings and other general meetings that may be convened, as well as other publications and corporate communications on the websites of HKEX and the Company.

The Company has established a number of channels for maintaining an on-going dialogue with its shareholders as follows:

(a) Shareholders' Enquiries

Shareholders may make any enquiries with respect to the Company by following the steps set out in the paragraph headed "Putting Forward Enquiries to the Board" above.

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available.

(b) Corporate Communications

Corporate Communications have the meaning ascribed thereto in the Listing Rules, including but are not limited to (i) the directors' report, the annual accounts together with a copy of the auditor's report, (ii) the interim report, (iii) notice of general meeting, (iv) a listing document, (v) a circular, and (vi) a form of proxy.

Corporate Communications should be made available to the shareholders in a timely manner. They should be in plain language and in both English and Chinese versions.

Shareholders are encouraged to provide, amongst other things, their contact details (in particular, their email address) to the Hong Kong share registrar of the Company in order to facilitate timely and effective communications.

(c) Corporate Website

A dedicated "Investor Relations" section is available on the Company's website which provides the shareholders with the corporate information, such as Corporate Communications and financial highlights of the Group. Also, it provides information on corporate governance of the Group as well as the compositions and functions of the Board and the Board committees.

The Company publishes its results announcement on the websites of HKEX and the Company after the results have been approved by the Board. The results announcement contains the performance and results of the Group, details on the recommended dividend payment (if any) and closure of the register of members and any other information required to be disclosed under the Listing Rules from time to time.

Information released by the Company for publication on the website of the HKEX is also posted on the website of the Company promptly. Such information includes but is not limited to annual reports, interim reports, announcements, circulars, notices of general meetings and any other information required to be published under the Listing Rules from time to time.

Press releases and newsletters issued by the Company from time to time are also available on the website of the Company.

Information on the website of the Company is updated on a regular basis.

(d) General Meetings

General meetings provide an opportunity for constructive communication between the Company and its shareholders.

Appropriate arrangements for the general meetings shall be put in place to encourage shareholders' participation.

Notices of annual general meeting, related circulars and forms of proxy will be distributed to the shareholders at least 21 days (or any other period required under the Listing Rules or the articles of association of the Company from time to time) prior to the respective annual general meeting. The circulars will set out details of the proposed resolutions and other relevant information. The forms of proxy shall also be provided to the shareholders for appointing proxies to attend and vote at the annual general meeting on their behalf.

Directors (including non-executive Directors), in particular, the chairman of the Board committees or their delegates, appropriate senior executives and external auditor shall attend the annual general meeting to answer questions from shareholders.

Proceedings of the Company's general meetings will be reviewed from time to time to ensure that they are in compliance with the requirements under the articles of association of the Company, the Listing Rules and the applicable laws of the Cayman Islands, and follow good corporate governance practices. Separate resolution on each substantially separate issue will be proposed for voting at the general meeting. The chairman of the general meeting will propose to vote the resolutions (except resolutions which relate purely to procedural or administrative matters) by poll in accordance with the articles of association of the Company. Scrutineer will be appointed for the vote-taking at the general meeting. The voting results will be published on the websites of HKEX and the Company subsequent to the close of the general meeting.

(e) Investment Market Communications

To facilitate communication between the Company, shareholders and the investment community, results briefings, conferences, meetings and non-deal roadshows are conducted with shareholders, potential investors and analysts from time to time.

Directors and employees of the Company who have contacts or dialogues with investors, analysts, media or other interested third parties are required to comply with the disclosure obligations and requirements under the Listing Rules and applicable laws and regulations.

The Board reviews the implementation and effectiveness of the Shareholders' Communication Policy on an annual basis to ensure that it reflects current best practices in communications with the shareholders and the investment community. The most recent review was conducted in June 2026, and the result was satisfactory. Channels for shareholders and stakeholders to communicate their views on various matters affecting the Company and steps to solicit and understand their views are also considered to be sufficient.

Constitutional Documents

During the Year, the Company had not made any changes to its memorandum and articles of association. An up-to-date version of the Company's memorandum and articles of association is available on the websites of HKEX and the Company.

Dividend Policy

The Company has adopted the Dividend Policy on payment of dividends. Under the Dividend Policy, the Company intends to declare and pay no less than 50% of its profits attributable to owners of the Company on an annual basis as dividends to its shareholders, subject to the conditions and factors as set out in the Dividend Policy.

The Board has the discretion to declare and pay dividends to the shareholders of the Company, subject to the articles of association of the Company and all applicable laws and regulations and the factors set out in the Dividend Policy.

The Board shall take into account the following factors of the Group when considering the declaration and payment of dividends:

- results of operations;
- cash flows;
- financial condition;
- statutory and regulatory restrictions on the payment of dividends by the Company;
- the Company's capital requirements;
- future business plans and prospects; and
- any other factors that the Board may consider relevant.

Depending on the financial conditions of the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board as final dividend, interim dividend, special dividend or any distribution of net profits that the Board may deem appropriate. Any final dividend for a financial year will be subject to shareholders' approval. The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate.

Environmental, Social and Governance Report

Report Introduction

This Environmental, Social and Governance Report ("**ESG Report**") has been prepared in accordance with the Environmental, Social, and Governance Reporting Code (Appendix C2 to the Main Board Listing Rules) ("**ESG Reporting Code**") of the Stock Exchange of Hong Kong Limited ("**HKEX**"). This ESG Report sets out the progress made by Honma Golf Limited ("**HONMA**" or "**the Company**") and its subsidiaries (collectively referred to as "**we**", "**us**", "**ours**", or '**the Group**') regarding environmental, social and governance ('**ESG**') initiatives during the period from 1 April 2025 to 31 March 2026 (the "**Reporting Period**"). It aims to disclose, in a transparent and open manner, the Group's ESG policies, measures and performance beyond its financial results, in order to address the concerns and expectations of various stakeholders regarding the Group's sustainable development.

Reporting Scope

The scope of this ESG report covers the Sakata Campus, the Research & Development and Manufacturing Centre of golf clubs in Japan ("**Sakata Campus**"), along with the administrative offices ("**Offices**") and self-operating stores ("**Stores**") across Korea, Japan, and the People's Republic of China (the "**PRC**" or "**Mainland China**"), where golf clubs and golf-related products are sold to customers (collectively "**In-scope Locations**").

We employ a total of 648 (2025: 682) staff globally. This ESG Report covers a total of 609 (2025: 637) staff at the In-scope Locations, which comprise the locations where the Group's major business activities are conducted.

Reporting Principles

In preparing this ESG report, the Group adheres to the four fundamental reporting principles set out in the ESG Reporting Code. These reporting principles and the manner in which the Group has applied them in this ESG report are set out below:

Reporting Principles	How it is applied to this Report
Materiality	This ESG Report addresses the key environmental and social issues that are of significance to various stakeholders. These material issues were identified through deliberations by the Board of Directors (the "**Board**") and the Audit Committee, discussions between the Board and management, and engagement with a broad range of stakeholders. Further details on the materiality assessment process, including the identification of material issues and the corresponding internal and external materiality matrix, are presented in the "Stakeholder Engagement" section of this ESG Report.
Quantitative	Information relating to the standards, methodologies, assumptions and calculation approaches used in quantifying environmental and social key performance indicators ("**KPIs**"), including the principal emission sources and applicable conversion factors, is disclosed in this ESG Report. Detailed information is provided in the notes accompanying the relevant KPIs.

Reporting Principles (continued)

Reporting Principles	How it is applied to this Report
Balance	This ESG Report provides a fair, balanced and accurate representation of the Group's environmental, social and governance performance during the Reporting Period. Information has been presented in an objective manner, avoiding any bias arising from selective disclosure, omission or inappropriate presentation
Consistency	To ensure meaningful comparability of ESG performance over time, the Group applies consistent reporting principles, methodologies and calculation approaches wherever practicable. Where there are any changes in reporting scope, methodologies, assumptions or other factors that may affect the comparability of key performance indicators, appropriate explanations and disclosures are provided in this ESG Report.

Release Method

This ESG Report is prepared in both English and Chinese and is published electronically on HONMA's official website (https://honmagolf.com/cn) and the HKEXnews website (https://www.hkexnews.hk). In the event of any inconsistency or discrepancy between the English and Chinese versions of this ESG Report, the English version shall prevail.

About the Group

HONMA designs, develops, manufactures and markets a range of premium golf clubs and golf-related products that combine elegant aesthetics with exceptional performance. Established in 1959, HONMA has built a strong reputation as a leading golf brand, recognized for its exquisite craftsmanship, commitment to innovation and uncompromising product quality. We operate our own golf club manufacturing facility in Sakata City, Yamagata Prefecture of Japan, where all major manufacturing processes for golf clubs are carried out. Non-core manufacturing activities are outsourced to reputable suppliers. Our skilled craftsmen and R&D staff possess extensive experience, with our master craftsmen averaging over 33 years' experience. We continue to uphold the superior quality and craftsmanship that define our iconic brand. This integrated manufacturing model enables the Group to preserve its core expertise and intellectual property, while maintaining stringent quality standards and effective cost management.

We engage with customers through a network of self-operated retail stores, as well as third-party retailers and wholesalers, delivering a 360-degree brand experience across key markets worldwide, including Asia, the United States, Europe and other regions. In addition to enhancing both online and offline customer engagement, the Group continues to monitor evolving market trends and consumer preferences to strengthen brand awareness, deepen customer loyalty and support sustainable business growth.

Environmental, Social and Governance Report

Board Statement

Sustainability is a key priority for the Group, with the Board bearing overall responsibility for overseeing ESG-related matters and integrating sustainability considerations into the Group's business strategy and operations. To support effective ESG governance, the Board has established an Audit Committee and engaged external professional consultants to work closely with relevant department heads in planning and implementing ESG initiatives, as well as identifying and assessing ESG-related risks. The Board receives regular updates from the Audit Committee, reviews the Group's ESG strategy and materiality assessment results, oversees the identification and management of ESG risks and opportunities, and monitors progress towards the achievement of the Group's ESG objectives and targets.

The Group is committed to continuously strengthening its ESG practices and embedding sustainable development considerations into its business operations and strategic planning. The Board regularly reviews and refines the Group's sustainability vision, strategy and related initiatives to ensure alignment with its long-term development objectives. The Board also places strong emphasis on stakeholder expectations and actively participates in the identification, assessment and management of material ESG issues. In addition, it oversees ESG-related risk management activities, reviews and provides guidance on the implementation of relevant risk mitigation measures, and works to proactively identify, manage and mitigate risks that may affect the Group's sustainable development.

The Group has established environmental targets covering greenhouse gas emissions, energy efficiency and water efficiency, using 2022 as the baseline year, to strengthen the management and monitoring of its environmental performance. Progress against these targets is regularly reviewed and assessed to evaluate the effectiveness of related initiatives. During the Reporting Period, we remain committed to continuously monitoring our ESG performance, reviewing progress towards our sustainability objectives, and refining the targets and initiatives where appropriate, with a view to driving ongoing improvement and enhancing the effectiveness of its sustainability management.

This ESG Report outlines the Group's management approach and performance in the aforementioned areas and other ESG-related aspects. The information contained in this report is true, accurate and complete, and does not contain any false statements, misleading representations or material omissions. The Board of Directors assumes overall responsibility for the contents of this ESG Report, which was reviewed and approved by the Board on 26 June 2025.

Sustainability Management

Sustainable Development Governance Structure

The Group places strong emphasis on corporate sustainability and is committed to integrating ESG principles into its strategic planning and day-to-day operations. Drawing on relevant international and domestic standards, frameworks and best practices, the Group has established a three-tier ESG governance framework comprising the Board of Directors, the Audit Committee and functional departments, creating a clear top-down governance and implementation mechanism. To strengthen ESG management, the Group also engages external professional advisers to conduct annual ESG risk assessments. These assessments are coordinated by the Audit Committee and implemented in collaboration with the heads of each business division to ensure the effective execution of ESG initiatives across the organisation. This governance framework oversees the Group's ESG management, including the identification, assessment and management of ESG-related risks and opportunities, while promoting the integration of sustainable practices into daily operations and enhancing the Group's long-term resilience and value creation.

The Group's ESG governance structure and respective responsibilities are set out below:

Aspect	Regulatory Roles	Responsibilities
The highest governance body	Board of Directors	• Comprehensively assess the Group's key ESG risks, including climate-related risks, and oversee the effective integration of ESG risk management into the Group's existing risk management and internal control systems; • Regularly review and monitor the Group's ESG performance, including progress towards climate-related objectives and targets; • Evaluate the effectiveness of the ESG governance framework and review the Group's ESG policies and practices to ensure compliance with applicable legal and regulatory requirements; • Review and approve the content of the annual ESG Report; • Consider and approve the Group's ESG strategies, objectives, plans and annual work programme.

Sustainability Management (continued)

Sustainable Development Governance Structure (continued)

Aspect	Regulatory Roles	Responsibilities
Management level	Audit Committee	• Oversee and monitor the implementation of the Group's ESG policies and practices, ensuring compliance with applicable laws, regulations and internal requirements; • Coordinate the allocation and management of resources, including personnel, technology and financial resources, required to identify, assess, manage, and monitor climate-related risks and opportunities; • Establish climate governance and sustainability work plans, and drive the implementation of relevant climate-related initiatives; and measures • Oversee the establishment, implementation and ongoing effectiveness of the Group's risk management and internal control systems.

Sustainability Management (continued)

Sustainable Development Governance Structure (continued)

Aspect	Regulatory Roles	Responsibilities
Execution level	Head of each business department	• Organise, coordinate, and drive the implementation of ESG-related initiatives in accordance with the responsibilities across relevant functions and departments; • Continuously identify, assess, and monitor risks that may affect the Group's operations and business performance, including ESG-related risks arising from operational actives and internal control efficiency; • To promptly escalate and report any material ESG risks identify to management for review and appropriate section.
External support level	External Professional Consultant	• Conduct annual independent reviews of the Group's risk management and internal control systems; • Ensure that the procedures for identifying, assessing, and managing significant risk effectively address the key aspects of the Group's risk management and internal control framework; • Assist the Group in identifying and assessing material issues.

Stakeholder Engagement

The Group places great importance on maintaining open and constructive dialogue with its stakeholders. Through well-established communication mechanisms and a variety of engagement channels, we seek to understand and respond to stakeholders' expectations and concerns regarding ESG-related matters, while continuously enhancing our ESG management practices. The Group's key stakeholders include customers, suppliers, shareholders and investors, employees, the media, local communities, non-governmental organisations and the general public. Through ongoing engagement, we actively exchange views on ESG-related issues, explore implementation approaches and share best practices. The insights and feedback received through these interactions are incorporated into our decision-making and management processes, enabling us to continuously refine our ESG initiatives and strengthen the Group's long-term sustainability performance.

The Group's key stakeholder groups, their principal concerns and expectations, and the corresponding communication channels are set out below:

Stakeholder groups	Expectations	Typical communication channels
Customers	➢ Product quality ➢ Product warranty ➢ Product price ➢ Product performance ➢ Return policy ➢ Innovation and development of new products ➢ Product safety ➢ Product branding ➢ Shopping experience	➢ Direct engagement through the Group's retail point of sales ➢ Interaction with professional after-sales service teams, enabling customers to provide feedback and receive product adjustments tailored to their preferences ➢ Organisation of golf events and product trial activities, allowing customers to experience products and provide direct feedback ➢ Indirect engagement through designated representatives in various markets via Group's digital platforms (e.g., global website, social media channels, and local CRM systems) ➢ Regular communication through email and telephone ➢ Global website, social media platforms and E-commerce platforms ➢ Financial reports, announcements and circulars and other publicly available information

Stakeholder Engagement (continued)

Stakeholder groups	Expectations	Typical communication channels
Suppliers	➢ Stable business relationship ➢ Fair and honest dealing ➢ Timely information sharing ➢ Settlement of the invoice in a timely manner ➢ Sufficient products/services	➢ Regular communication through email or telephone ➢ Periodic meetings and progress updates to discuss operational performance and collaboration matters ➢ Face-to-face meetings, which include visits to factories during the entire product development process ➢ Supplier evaluations
Shareholders and investors	➢ Return on investment ➢ Information disclosure and transparency ➢ Protect the rights and interests of shareholders ➢ Disclose relevant and accurate information promptly ➢ Improve corporate governance ➢ Run the business in compliance with laws and regulations ➢ Combat corruption and uphold integrity	➢ Regular non-deal roadshows and conference calls to engage with analysts, potential investors and shareholders ➢ Maintain ongoing communication with investors through the dedicated investor relations team via email, telephone, and other appropriate channels ➢ Participate in investor conferences, forums and summits organised by reputable brokers and securities companies ➢ Provide regular updates on the Group's performance through shareholder communications and Annual General Meeting ➢ Financial reports, results announcements, press releases, circulars, and other publicly available information ➢ Comply with all applicable disclosure requirements for listed companies ➢ Publish relevant information on the websites of the HKEX and the Company

Stakeholder Engagement (continued)

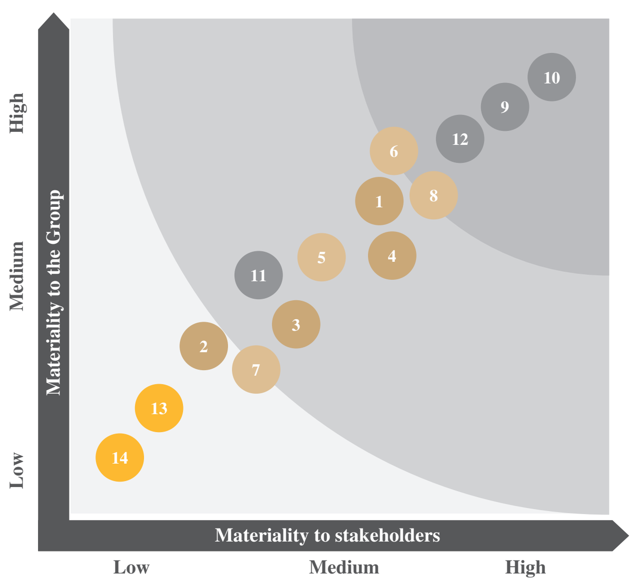
Stakeholder groups	Expectations	Typical communication channels
Employees	➢ Vocational training ➢ Career planning, development, and opportunities ➢ Salaries and welfare ➢ Work environment ➢ Health and safety protection ➢ Innovation ➢ Intellectual property rights ➢ Competitiveness	➢ Regular team sharing sessions ➢ Guidance, coaching and feedback provided by line managers ➢ Employee notice boards and internal announcements ➢ Employee training programs, workshops, and briefing sessions ➢ Monthly orientation for newly onboarded employees ➢ Employee activities and team-building exercises ➢ Employee handbook
Local communities, non-government organisations and the general public	➢ Employment opportunities ➢ Ecological environment ➢ Community development ➢ Social community ➢ Dedication to public welfare ➢ Charitable donations ➢ Reduction in pollutant emissions ➢ Reduction in waste	➢ Environmental protection initiatives ➢ Community investment and service programs ➢ Open testing facility on weekends to support youth participation in golf and facilitate skills development

Stakeholder Engagement (continued)

Stakeholder groups	Expectations	Typical communication channels
Media	➢ Transparency of information ➢ Good media relations	➢ Information disclosed through the websites of the HKEX and the Company ➢ Financial reports, announcements and circulars and other publicly available information ➢ Press conference for new products ➢ Regular press releases and corporate updates on new product launches, store openings and other business developments

Materiality Assessment

The Group place significant importance on the identification, assessment and management of sustainability issues. We identify material ESG issues by referring to the ESG Reporting code and taking into account the expectations and views of key internal and external shareholders. We then categorise these issues into different areas. During the Reporting Period, there have been no significant changes to our stakeholder base, business or operating environment compared with the previous year. Therefore, the Board, the Audit Committee and management have confirmed that the results of the materiality matrix from the previous financial year remain applicable to the current financial year and continue to address stakeholder expectations; we will therefore continue to apply them this year.



Materiality Assessment (continued)

Environment	Employees
1. Environmental compliance	5. Salaries and welfare
2. Investment in environmental protection	6. Occupational Health and safety protection
3. Greenhouse gas emissions	7. Employee diversification
4. Waste management	8. Training and career development

Business	Community
9. Product safety	13. Community development
10. Product quality	14. Charitable donations and community service
11. Intellectual property rights	
12. Supply chain management	

The Group offers a diversified portfolio of products, including golf clubs, golf balls, golf bags and apparel accessories, and is committed to delivering a comprehensive golf lifestyle experience to customers. Product quality and safety were identified as the most material issues in the Group's materiality assessment, illustrating its fundamental importance to our business and brand reputation. In addition, employee training and development, occupational health and safety, and responsible supply chain management remain key areas of focus for the Group.

The Group is committed to continuously enhancing its ESG performance to meet stakeholder expectations and proactively address sustainability-related risks and opportunities. During the Reporting Period, our ESG efforts were guided by four subject areas: "Green Development, Ecological Win-Win", "Inclusiveness and Care, Joint Growth For All", "Craftsmanship Shapes Quality, and Responsibility Drives Management", and "Giving Back to Society, Co-Creating a Better Future", which collectively support the Group's long-term sustainable development objectives.

Green Development, Ecological Win-Win

The Group recognises that climate change presents significant global challenges and remains committed to fulfilling its environmental responsibilities. We strive to incorporate environmental sustainability considerations into our business operations and decision-making processes, while continuously working to minimise the environmental impact of our activities.

To support this commitment, the Group has established a robust environmental compliance management framework to ensure adherence to applicable environmental laws, regulations and requirements across all jurisdictions in which it operates, including Japan and Mainland China. In Japan, both the Sakata Campus and retail operations are subject to stringent environmental compliance requirements. In particular, the Sakata Campus undergoes regular inspections by local authorities, and the Group continues to invest significant resources to maintain compliance and ensure the protection of the surrounding environment. The principal environmental laws and regulations applicable to our operations in Japan include, but are not limited to:

➢ *Water Pollution Control Act, Air Pollution Control Act, Noise Regulation Law, Vibration Regulation Law, Soil Contamination Countermeasures Law.*

Furthermore, our stores in mainland China strictly comply with the relevant environmental laws and regulations in China, which include, but are not limited to:

➢ *Environmental Protection Law of the People's Republic of China, Environmental Protection Tax Law of the People's Republic of China, Water Pollution Prevention and Control Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, Law of the People's of China on the Prevention and Control of Environmental Pollution by Solid Wastes.*

The Group's sales operations have a limited direct impact on the environment and natural resources. Nevertheless, we remain committed to responsible resource management and continuously monitor our energy and resource consumption. Where appropriate, we implement practical improvement measures to enhance environmental performance and support the achievement of the Group's environmental objectives. The environmental management strategies and initiatives adopted by the Group are outlined in this section. During the Reporting Period, the Group did not receive any reports of, nor was it subject to, any material non-compliance with applicable environmental laws and regulations in any of its operating locations (2025: Nil).

Greenhouse Gas ("GHG") Emissions Management

During the Reporting Period, the Group's direct Scope 1 GHG emissions amounted to 878 tonnes, primarily arising from fuel consumption associated with boiler operations and vehicle use at the Sakata Campus. Compared with the previous year, Scope 1 emissions increased during the Reporting Period, mainly due to higher transportation demand driven by increased employee business travel and logistics activities within the campus. In addition, heavier snowfall during the Reporting Period resulted in more frequent use of on-site vehicles and snow-removal equipment, contributing to higher fuel consumption and associated emissions.

Green Development, Ecological Win-Win (continued)

Greenhouse Gas ("GHG") Emissions Management (continued)

Indirect Scope 2 greenhouse gas emissions were mainly attributable to purchased electricity consumed across the Group's operations. Electricity is used to support manufacturing processes at the Sakata Campus, as well as general operational needs such as lighting, heating and air conditioning at the Sakata Campus and retail stores in Japan and Mainland China. During the Reporting Period, Scope 2 emissions increased slightly by 4% compared with the previous year.

The Group's Scope 3 greenhouse gas emissions currently comprise Category 5 (waste generated in operations) and Category 6 (business travel). Emissions from waste generated in operations mainly result from the treatment and disposal of waste plastics, wood waste, paper waste and chemical waste, while business travel emissions primarily arise from air travel undertaken for business purposes. The Group will continue to evaluate the relevance of additional Scope 3 categories and seek to enhance the completeness of its emissions disclosures over time.

To effectively monitor and manage greenhouse gas emissions, the Group has implemented the following measures:

Vehicles Management

- ➢ Fuel vehicles must be refuelled at regular service stations. Employees are required to ensure that tyre pressure is maintained at the recommended level before operating a vehicle and to adopt fuel-efficient driving practices, including avoiding sudden acceleration, harsh braking and unnecessary idling. Drivers are also encouraged to maintain a safe following distance and minimise fuel consumption wherever practicable. Within the Sakata Campus, vehicles must not be left idling when stationary;

- ➢ To reduce travel-related emissions and energy consumption, communication between offices is encouraged to be conducted through video conferencing or teleconferencing facilities wherever practicable. In addition, employees are encouraged to utilise carpooling arrangements for daily commuting and travel to external meetings whenever feasible.

Manufacturing Process Management

- ➢ Implement the 5S on-site management and organisation methods across all manufacturing operations;

- ➢ Conduct regular monitoring and inspections of the boiler emissions at the manufacturing facility;

- ➢ Perform routine maintenance and inspection of key environmental protection equipment to minimise environmental impacts and optimise the use of natural resources; and

- ➢ Continuously enhance production processes by streamlining operations, shortening production cycles and improving resource utilisation. In addition, to minimise the transportation of raw materials and work-in-progress within the factory through effective inventory management and warehouse layout optimisation.

Green Development, Ecological Win-Win (continued)

Waste Management

The Group is committed to fulfilling its environmental responsibilities and has established a comprehensive waste management framework to oversee waste generated from its production and operational activities. Our manufacturing processes generate both non-hazardous waste, such as carbon fibre waste, and hazardous waste, including waste metals, paints and other chemical by-products. To ensure the proper handling of such waste, the Group strictly complies with the Waste Management and Public Cleansing Act and other applicable environmental laws and regulations and has implemented structured waste management policies and procedures aimed at minimising the environmental impact of its operations.

To manage hazardous waste effectively, the Group applies stringent control measures throughout the collection, treatment and disposal process. For example, wastewater containing cyanide or chromium generated during electroplating activities is treated through a dedicated wastewater treatment system incorporating processes such as evaporation and filtration before being discharged in compliance with applicable regulatory standards. In addition, high-efficiency dust extraction systems have been installed in grinding areas to control airborne particulates, maintain a safe working environment and protect the health and safety of employees. All hazardous waste is collected and disposed of by qualified third-party service providers in accordance with relevant regulatory requirements.

To further strengthen waste management and minimise waste generation, the Group has also implemented the following measures:

Waste Management at Sakata Campus

- Hazardous waste, including cyanide- and chromium-containing waste, is collected, recycled and treated by qualified service providers in accordance with applicable regulatory requirements;
- Waste materials generated during manufacturing, such as metal scrap, paint residue, and carbon fibre waste, are regularly monitored and minimised wherever practicable to reduce both waste generation and resource consumption;
- Environmentally friendly-and low-impact pain materials are prioritised when decorating new stores and the refurbishment of existing stores;
- Recycle strapping tape;
- A solvent recovery system is utilised to recycle approximately 80-90% of waste organic solvents used in cleaning processes; and
- The Waste Recycling Committee continues to explore and implement opportunities to increase recycling, improve resource efficiency and reduce waste generated throughout the manufacturing process.

Green Development, Ecological Win-Win (continued)

Waste Management (continued)

Waste Management in Offices

- Implement initiatives to reduce paper consumption across the workplace;
- Promote digital workflows and electronic documentation to minimise paper use and printing;
- Encourage the reuse and recycling of packaging materials, including plastic bags, paper bags, and cardboard boxes;
- Maximise the reuse of packaging materials and cardboard cartons, and ensure appropriate recycling or disposal when reuse is not feasible;
- Advance paperless operations by leveraging digital tools for meetings, communication and document management, reduce unnecessary printing; and
- Promote the reuse of printed materials where appropriate, while ensuring compliance with data privacy and information security requirements.

Energy Use and Resource Conservation

Energy Conservation

During the Reporting Period, the primary sources of energy consumed at the Group's operations were fuel oil, liquefied petroleum gas ("**LPG**"), gas, and electricity. Overall electricity consumption increased slightly by 5% compared with the previous year. The Group remains committed to improving energy efficiency and will continue to explore opportunities and adopt appropriate technologies to reduce energy consumption, thereby supporting the achievement of its environmental objectives.

To promote the efficient use of energy and enhance energy management, the Group has implemented the following measures:

Energy-Saving Measures at Sakata Campus

- More than half of the electricity consumed at the Sakata Campus is sourced from locally generated wind power, supporting the Group's transition towards cleaner energy sources;
- The Sakata Campus prioritises the use of energy-efficient air-conditioning systems. During the Reporting Period, an additional air-conditioning unit was replaced with a high-efficiency model to further improve energy performance; and
- Air-conditioning filters are cleaned and maintained regularly to enhance operating efficiency, improve cooling performance, and reduce electricity consumption.

Energy Use and Resource Conservation (continued)

Energy Conservation (continued)

Energy-Saving Measures in Offices and Retail Stores

- All electricity consumed at Tokyo's Roppongi Mori Tower and Azabudai Hills Mori JP Tower is 100% generated by renewable energy;

- The Group's headquarters is equipped with 464 LED lighting fixtures, including 250 motion-sensor-controlled units, helping to improve energy efficiency and reduce unnecessary electricity consumption;

- LED lighting is prioritised in the new establishments and renovations of Stores. During the Reporting Period, a total of 161 LED fixtures were installed and replaced across seven retail locations;

- Energy-efficient air-conditioning systems are prioritised in new establishment and renovation projects. During the Reporting Period, three stores upgraded their air-conditioning systems to high efficiency models; and

- Prioritize in installing air-conditioning systems equipped with effective temperature and humidity control functions, to maintain a comfortable working environment for employees while minimising unnecessary energy consumption associated with excessive heating or cooling.

Water Conservation

Water is utilised in the golf club electroplating process, and wastewater generated during manufacturing is treated through evaporation, filtration and other treatment processes before being discharged into the designated sewerage system in compliance with applicable standards. The Group sources all its water from municipal supply networks and experienced no issues in obtaining an adequate water supply during the Reporting Period.

To promote the efficient use of water resources and minimise water consumption, the Group has implemented the following water management measures:

- Conduct regular testing of discharged wastewater to ensure compliance with applicable regulatory requirements an minimise potential impacts on the surrounding environment and local communities;

- Install water-saving sensor taps wherever practicable to reduce unnecessary water consumption; and

- Display water conservation reminders and awareness materials in office and retail stores to encourage employees to use water responsibly and promote water-saving practices in daily operations.

Energy Use and Resource Conservation (continued)

Packaging Materials Management

The Group's use of packaging materials is limited mainly to the packaging of finished products for customers. As packaging is provided only when required, the quantity consumed is relatively small and does not have a significant environmental impact. Accordingly, packaging material consumption was considered immaterial.

Climate Change

HONMA remains committed to strengthening its ESG governance and supporting the achievement of national carbon reduction goals through a range of proactive measures to address the challenges posed by climate change. The Group aligns its climate-related disclosures with the requirements of Part D of the HKEX ESG Reporting Code and references the recommendations of the International Sustainability Standards Board (ISSB) IFRS S2 Climate-related Disclosures framework to ensure transparent, consistent and decision-useful reporting of climate-related risks and opportunities.

Guided by the four pillars of governance, strategy, risk management, and metrics and targets, the Group has established a structured climate risk management framework to enhance its ability to identify, assess and manage both physical and transition climate risks. Through the development of tailored response strategies and continuous improvement of its climate resilience, HONMA seeks to support the long-term sustainability of its business operations while contributing to the transition to a low-carbon economy.

Governance

HONMA has established a three-tier ESG governance framework comprising the highest governance body, management level, execution level, and external support level, which serves as the foundation of its climate governance structure. As the Group's highest decision-making body for climate-related matters, the Board has overall responsibility for overseeing climate-related strategy, risk management and disclosures. The Board has delegated responsibility to the Audit Committee for overseeing the identification, assessment and management of climate-related risks and opportunities, providing guidance on the development and implementation of climate-related targets, and monitoring the execution of relevant initiatives by responsible departments. The Audit Committee reports to the Board on climate-related matters annually, ensuring that climate-related risks, opportunities and progress against targets are regularly reviewed and considered in the Group's strategic decision-making processes.

At the management level, relevant functional departments are responsible for the day-to-day implementation of climate and ESG initiatives and work closely with the Audit Committee to ensure effective execution of the Group's climate strategies and objectives. During the Reporting Period, ESG and climate-related training was provided to members of the Audit Committee to enhance their understanding of climate-related issues and their potential implications for the Group's operations and long-term development. While climate-related performance is not currently linked to remuneration arrangements, the Group will continue to assess the appropriateness of incorporating climate-related considerations into its incentive mechanisms in the future, taking into account regulatory developments, market practices and operational needs. Further details of the Group's ESG governance framework are set out in the "Sustainability Management" section of this ESG Report.

Climate Change (continued)

Strategy

HONMA is committed to enhancing the transparency of its climate-related disclosures and strengthening its understanding of the risks, opportunities and potential impacts associated with climate change. Considering the nature of its business operations, the Group has identified two key physical risks and three key transition risks that may have a material impact on its business, while also recognising four potential climate-related opportunities. These risks and opportunities have been assessed across the short term (within three years), medium term (three to five years) and long term (more than five years), considering both the physical impacts of climate change and the challenges and opportunities arising from the transition to a low-carbon economy.

To strengthen climate resilience, the Group has evaluated the potential impact of identified climate-related risks on its business objectives and assessed its risk tolerance levels. Based on this assessment, the Group has developed corresponding mitigation and adaptation measures to address both physical risks, such as extreme weather events and natural disasters, and transition risks arising from policy and regulatory developments, technological advancements and evolving market preferences. Through proactive risk management and forward-looking planning, HONMA aims to enhance its ability to respond to climate-related challenges while supporting the sustainable development of its business.

Climate-Related Risks

Risk type		Climate-related risk description	Impact period	Potential financial impact	Mitigation measures
Physical risks	Acute risks	The increasing frequency and severity of extreme weather events, such as heavy rainfall, snowstorms and typhoons, may adversely affect the safety and integrity of the Group's facilities and production equipment, disrupt employees' commuting arrangements, and impact employee well-being and the continuity of normal business operations.	Medium to short term	• Increased operating costs • Increased employee insurance and subsidiary costs • Reduced revenue	• Enhance the resilience of buildings through disaster-resistant design and the installation of flood protection and waterproofing measures • Invest in appropriate insurance for plants and equipment to mitigate the potential financial impacts of climate-related events • Establish emergency response plans, closely monitor weather warnings issued by meteorological bureau, and, where necessary, implement remote working arrangements and virtual meetings to safeguard employee safety and ensure business continuity
	Chronic risks	Prolonged periods of elevated temperatures resulting from climate change may increase the Group's energy consumption due to greater reliance on cooling systems, potentially impacting business continuity.	Long term	• Increased operating costs • Reduced revenue	• Prioritise the selection and upgrading of high-efficiency, energy-saving cooling systems, and conduct regular maintenance to ensure optimal operating performance and energy efficiency • Regularly assess and diversify the geographical distribution of suppliers to reduce dependence on single region and enhance supply chain resilience against climate-related disruption

Climate-Related Risks (continued)

Risk type		Climate-related risk description	Impact period	Potential financial impact	Mitigation measures
Transition risks	Laws and regulations	Changes in climate-related policies and regulations at both the domestic and international levels may increase the Company's compliance costs.	Medium to short term	• Increased compliance costs	• Established a dedicated compliance monitoring function to track developments in domestic and international climate-related policies and regulations, regularly assess their potential impact on the Company, and develop appropriate risk management and mitigation measures.
	Market	Increasing awareness of sustainability among consumers and investors may shift market demand towards more sustainable products. If the Group's products are not perceived as meeting such expectations, demand for its products could decline.	Long to medium term	• Increased operating costs • Reduced revenue	• Establish a regular market monitoring and analysis framework, strengthen the tracing of sustainability and consumer trends, optimise supply chain management, and respond proactively to evolving market developments.
	Reputation	Failure to fulfil corporate social responsibilities or to effectively manage the potential impacts of climate change may adversely affect stakeholders' perceptions of the Company, including those of investors, customers and the wider community.	Long term	• Damage to corporate reputation • Decline in investment	• Set carbon reduction targets and maintain transparent communication with stakeholders on climate-related initiatives and progress, enabling the Group to address stakeholder expectations, respond to concerns and strengthen stakeholder trust.

Climate-Related Opportunities

Types of opportunities		Description of climate-related opportunity	Impact timeframe	Potential financial impact	Mitigation measures
Energy and resources	Resource efficiency	Achieving direct cost savings through digitalisation and the adoption of technology-driven solutions.	Medium to short term	• Reduced operating costs	• Leverage digital transformation and smart technologies to improve operational efficiency and optimise cost management. • Strengthen resource conservation initiatives, including energy and water efficiency measures, to lower operating expenses and support sustainable operations.
	Financing opportunities	The growing integration of ESG considerations into lending decisions presents an opportunity for the Company to secure more favourable financing terms by demonstrating progress in sustainability performance and climate-related targets.	Long to medium term	• Reduced financing costs	• Explore green financing opportunities through instruments such as green bonds and green loans to support sustainable development initiatives, while benefiting from favourable policies and enhanced market recognition.
Products and services	Shifts in consumer preferences	Growing consumer preference for environmentally friendly products may increase market demand for green and low-carbon products.	Medium to short term	• Increased revenue	• Enhance the Company's market competitiveness by strengthening its green and low-carbon brand image, demonstrating its commitment to social responsibility, and attracting environmentally conscious consumers.
	Investor preferences	Growing investor preference for low-carbon and environmentally responsible businesses may increase investment flows to companies with strong sustainability performance, improving access to capital and supporting more stable financial performance.	Long to medium term	• Increased revenue	• Enhance investor confidence by demonstrating the Company's commitment to sustainability and its achievements in this area, thereby fostering long-term and stable financing relationships.

Climate-Related Opportunities (continued)

Risk Management

The Group conducts annual corporate risk assessment and review of its internal control systems to identify, assess and manage material risks that may affect its long-term strategic objectives and day-to-day operations. Climate-related risks have been integrated into the Group's overall risk management framework, and all identified material risks, including ESG-related risks, are subject to evaluation and financial impact assessment, with appropriate mitigation measures developed and implemented. In addition, the Group reviews the effectiveness of its risk management and internal control systems on a regular basis and promptly addresses any identified control deficiencies, ensuring the continuous enhancement of its risk governance and management framework.

Risk identification

Regularly conduct climate risk identification and assessment exercises by collecting and analysing historical climate-related data, monitoring industry developments and reviewing relevant policy and regulatory trends. Based on this analysis, identify and evaluate climate-related risks and opportunities that may affect the Group's operations and business performance, and maintain an up-to-date register of climate-related risks and opportunities.

Risk assessment

Conduct a comprehensive assessment of the likelihood and potential impact of identified climate-related risks and opportunities. Based on the assessment results, determine their overall risk ratings, prioritise climate-related risks according to their significance, and identify those requiring enhanced monitoring and management.

Risk response

Develop targeted mitigation measures and action plans for climate-related risks identified as significant. Manage and mitigate these risks through appropriate strategies, including risk avoidance, reduction and transfer, while proactively identifying and pursuing climate-related opportunities that may support the Group's long-term resilience and sustainable growth.

Risk monitoring

Continue to monitor the emerging climate-related risks and opportunities, regularly review and update our climate risk and opportunity register, and maintain a structured reporting mechanism to management. This enables the Board and senior management to remain informed of material climate-related developments in a timely manner, supporting effective oversight, risk management and decision-making.

Climate-Related Opportunities (continued)

Climate-related Risks Management Process

To effectively manage the physical risks associated with climate change, the Group has established the "Emergency Response Plan for Sudden Environmental Incidents", based on the principle of "prevention first and a combination of prevention and emergency response". The plan covers risk prevention and preparedness, early warning mechanisms, emergency response procedures and post-incident recovery arrangements. It also includes assessments of potential environmental risks, emergency resource requirements and inventory preparedness to strengthen the Group's resilience and response capabilities. In addition, the Group regularly conducts emergency response training and drills to enhance employees' awareness of climate-related risks and their ability to respond effectively to emergency situations. During the Reporting Period, the Group did not identify any material climate-related risks, and no changes were made to its risk management processes as a result of newly identified climate-related risks.

Metrics and Targets

To support China's national "3060" carbon neutrality targets, HONMA remains committed to enhancing the transparency, measurability and effectiveness of its climate actions with quantitative performance indicators. Building on its annual environmental targets, the Group has established a medium-term greenhouse gas emissions reduction target, using FY2024/25 as the baseline year. By 2030, the Group aims to reduce the intensity of its Scope 1 and Scope 2 greenhouse gas emissions (measured per million yen of revenue) by 5%. This target reflects HONMA's transition from emissions measurement and disclosure towards the implementation of concrete decarbonisation initiatives, embedding climate considerations into its long-term business strategy and operational planning. During the Reporting Period, the Group's Scope 1 and Scope 2 greenhouse gas emissions intensity was 0.127 tonnes of CO_2 equivalent per million yen of revenue, representing a slight increase compared with the previous year. In response, the Group is actively developing and implementing a range of energy efficiency and emissions reduction initiatives to support the achievement of its climate objectives over the medium and long term.

Climate-Related Opportunities (continued)

Metrics and Targets (continued)

Metrics	2025/26 target	2025/26 target achievement status	2026/27 target
Energy efficiency target	Subject to there being no material changes to the Group's business model or operating profile, energy intensity is excepted to remain at or below FY2025 baseline level of 0.332 MWh per million yen of revenue	During the Reporting Period, energy intensity amounted to 0.347 MWh per million yen of revenue, slightly higher than the previous year. The Group will continue to optimise its production processes and improve energy efficiency to support the reduction of energy consumption over time.	Energy intensity shall be maintained at or below the level recorded in FY2025.
Water resource use efficiency target	Subject to there being no significant changes to the Group's business model, water consumption intensity is targeted to remain at or below the FY2025 level of 2.72 tonnes per million yen of revenue	During the Reporting Period, the water consumption intensity was 2.28 tonnes per million yen of revenue, representing a 16% decrease compared with the previous year.	Water consumption intensity shall decrease compare with FY2025.
Hazardous and non-hazardous waste reduction targets	As the increase in non-hazardous waste during this Reporting Period was mainly due to exceptional circumstances, and both hazardous and non-hazardous waste are currently being managed effectively, the Group has not set waste reduction targets at this stage. We will continue to monitor waste generation and consider establishing appropriate targets should waste volumes increase significantly in the future.		

To support the achievement of our environmental targets, the Group has established a comprehensive monitoring mechanism to track key environmental performance indicators and regularly review progress against its objectives. During the Reporting Period, the Group invested a total of JPY4.5 million in replacing energy-efficient air-conditioning equipment, demonstrating its continued commitment to improving energy efficiency and reducing carbon emissions. While climate-related considerations have not yet been incorporated into the Group's remuneration and incentive arrangements, nor has an internal carbon pricing mechanism been adopted, the Group will continue to monitor regulatory developments and industry best practices and explore opportunities to further strengthen its carbon management approach. Detailed environmental performance data are presented in the "Key Performance Indicators" section of this ESG Report.

Inclusiveness and Care, Joint Growth for All

The Group is committed to a people-centred culture, recognising employees as a key driver of its long-term success. We strive to provide a fair, transparent and inclusive workplace, while complying with applicable labour laws and continuously enhancing our performance management, remuneration, benefits and talent development practices. We also prioritise employee wellbeing by fostering effective communication, promoting employee care initiatives, and cultivating a supportive and harmonious working environment.

Employment Management

Compliant Employment

The Group firmly believes that attracting, developing and retaining talented individual is fundamental to its long-term success and sustainable growth. We are committed to providing equal opportunities and maintaining a fair and inclusive workplace, while strictly complying with all applicable labour laws and regulations in the jurisdictions where we operate, including but not limited to:

- Japan's *Labour Standards Act; Act on Employment Contracts; Minimum Wage Act; Act on Childcare Leave, Caregiver Leave, and other Measures for the Welfare of Workers Caring for Children or Other Family Members; Act on Stabilisation of Employment of Elderly Persons; Health Insurance Act; Employee's Pension Insurance Act; Act on the Arrangement of Related Acts to Promote Work Style Reform;*

- China's *Labour Law; Law of the People's Republic of China on Employment Contracts; Provisions of the People's Republic of China on the Prohibition of Child Labour; Social Insurance Law; Employment Promotion Law; Law on the Protection of Women's Rights and Interests; Law of the People's Republic of China on the Protection of Persons with Disabilities.*

Internally, the Group has established a range of policies and procedures, including the "HONMA Employee Handbook", "HONMA Personnel Administration System Compilation", "Store Management Manual" and "Management Employment Rules", to promote consistent, transparent, and effective personnel management across the organisation.

Inclusiveness and Care, Joint Growth for All (continued)

Labour Standards

The Group adheres to high standards of labour ethics and maintains a zero-tolerance approach to child labour and forced labour. To mitigate related risks, we have established robust recruitment and employment practices, including candidate assessments, interviews and medical examinations, to ensure compliance with applicable labour requirements. To prevent child labour, minimum age requirements are clearly defined during the recruitment process, and all job applicants are subject to identity verification and eligibility checks. Prior to commencement of employment, prospective employees must provide valid identification documents to the Administration or Human Resources department for verification.

To prevent forced labour and other labour-related violations, the Group has established procedures for reporting, investigation and remediation. These include:

(i) Conducting initial reviews of concerns raised through employee reporting channels and other sources;

(ii) Carrying out investigations into reported cases and obtain feedback from relevant parties;

(iii) Determining appropriate actions in accordance with the Group's policies and procedures, with cases referred to the Disciplinary Committee where necessary; and

(iv) Implementing corrective measures to address confirmed issues and prevent recurrence. Through these measures, the Group seeks to uphold ethical labour practices and ensure compliance with applicable laws and regulations.

Furthermore, throughout the recruitment process, including job advertisements, interviews and the signing of employment contracts, the Human Resources department clearly communicates the nature of the position, key responsibilities, working arrangements and employment terms, ensuring that all employees enter into employment contracts voluntarily and with a full understanding of their rights and obligations.

The Group strictly complies with the labour laws and regulations of the jurisdictions in which it operates and is committed to safeguarding employees' lawful rights and interests. We also recognise the importance of work-life balance and employees' entitlement to adequate rest and leave. Accordingly, the Group provides a comprehensive range of paid leave benefits in accordance with applicable regulations, including annual leave, sick leave, marriage leave, maternity leave, paternity leave and personal leave.

The Sakata Campus actively supports employees in balancing their work and family responsibilities by providing overtime exemptions and related support measures for employees with pre-school-aged children, in accordance with applicable legal requirements. In addition, the Group promotes a range of flexible working arrangements to support eligible employees with childcare responsibilities, including staggered working hours, remote working arrangements, reduced working hours, additional leave entitlements and other family-friendly support measures, thereby enhancing workplace flexibility and employee wellbeing.

Inclusiveness and Care, Joint Growth for All (continued)

Labour Standards (continued)

Employees who are required to work overtime must obtain prior approval from their line manager. The Group provides overtime pay or compensatory leave, as appropriate, in compliance with applicable legal and regulatory requirements. In the Group's Japanese operations, where employees are required to work beyond statutory working hours, the Group enters into the necessary written agreements with employees and submits the required documentation to the Labour Standards Inspection Office in accordance with applicable legal requirements. The Group also strictly prohibits any unlawful employment practices, including the collection of employee deposits, the withholding of identity documents and the use of corporal punishment, and is committed to safeguarding the rights and welfare of all employees.

Should any instances of child labour or forced labour be identified, the Group will promptly report the matter to the legal department and take appropriate action against the responsible parties in accordance with applicable laws and regulations. During the Reporting Period, the Group did not record any material non-compliance with labour-related laws and regulations, nor were there any cases involving child labour or forced labour (2025: Nil).

Diversity, Equality and Inclusion

The Group recognises that attracting, developing and retaining talented employees is essential to its long-term success and sustainable growth. As an equal opportunity employer, we are committed to fostering a diverse, inclusive and respectful workplace, and prohibit discrimination of any kind based on age, gender, family status, sexual orientation, disability, race, religion or political beliefs across all aspects of employment, including recruitment, performance management, promotion and training. The Human Resources Department adheres strictly to the Group's policies and procedures throughout the recruitment process, ensuring that all candidates are assessed fairly and provided with equal opportunities.

The selection, appointment and promotion of employees are based solely on merit, taking into consideration factors such as professional qualifications, skills, job suitability, performance and contributions to the Group. These processes are conducted through rigorous and objective assessment procedures. The Group also maintains a zero-tolerance approach to nepotism and any other practices that may compromise fairness or transparency, ensuring that employment-related decisions are made in an open, equitable and merit-based manner.

During the Reporting Period, the Group did not identify any material non-compliance with employment-related laws and regulations.

Inclusiveness and Care, Joint Growth for All (continued)

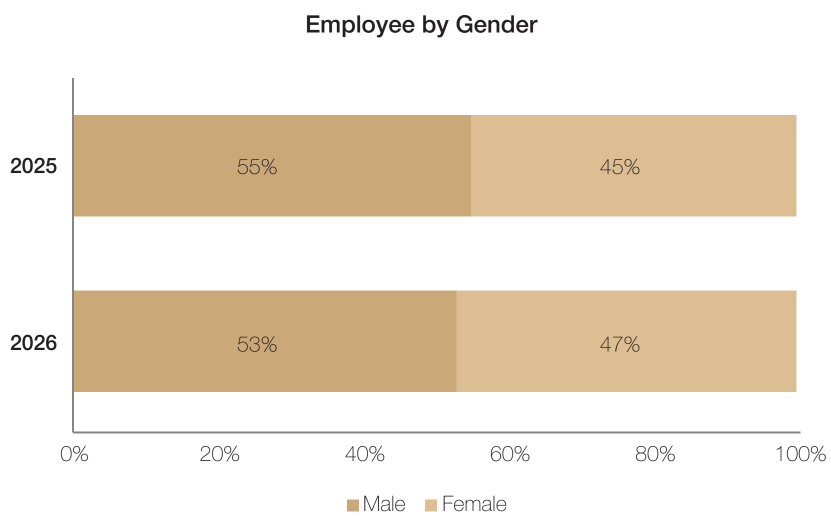
Compensation and Welfare

The Group has established a comprehensive remuneration and benefits framework covering salaries, bonuses, employee benefits and various allowances, with the aim of providing a fair and competitive total rewards package that attracts, motivates and retains talented employees. We comply with applicable labour laws and regulations in all jurisdictions where we operate and provide employees with comprehensive statutory benefits and protections. In Mainland China, the Group makes the required social insurance contributions for all employees in accordance with relevant legislation, including the Labour Law of the People's Republic of China and the Social Insurance Law of the People's Republic of China, and offers additional benefits such as communication, transportation, meal, accommodation and travel allowances. In Japan, the Group complies with applicable employment and social security legislation, including the Labour Insurance Act, Employment Insurance Act and other relevant regulations, fulfils all related insurance contribution obligations in accordance with legal requirements.

The Group also offers competitive long-term incentive programmes to promote employee engagement and retention. In Japan, employees participate in defined benefit schemes in line with local market practice. At the Group level, a restricted share unit scheme is in place to incentivise directors, senior management and key employees, aligning their interests with the Group's long-term development and performance objectives. The Group's employee benefits framework, encompassing both statutory and supplementary benefits, is clearly set out in the Employee Handbook to ensure employees are fully informed of their entitlements. In addition, employees' performance, capabilities and contributions to the Group are key factors considered in decisions relating to promotions, bonuses and other incentive awards.

Current Workforce

As at 31 March 2026, the Group had a total workforce of 609 employees across its operations, including 270 employees in Mainland China, 314 employees in Japan and 25 employees in Korea. All employees within the reporting scope were employed on a full-time basis. The distribution of employees by gender is presented in the chart below:



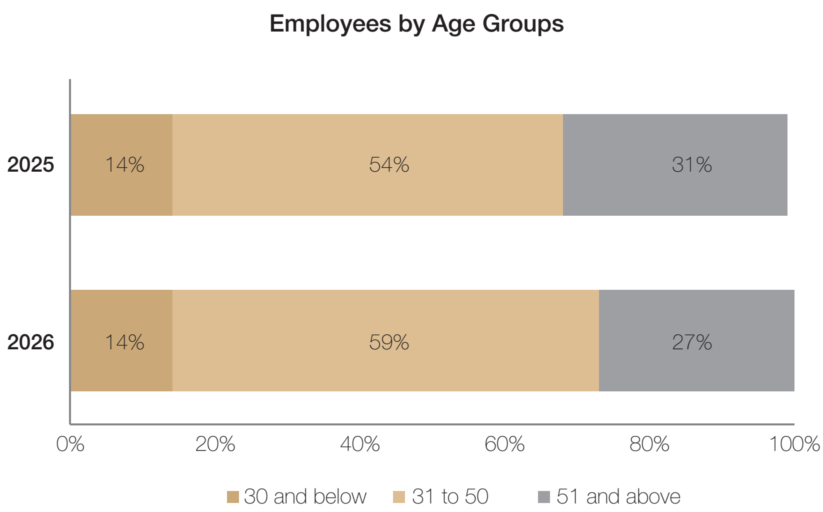
Inclusiveness and Care, Joint Growth for All (continued)

Current Workforce (Continued)

At the Sakata Campus in Japan, the male-to-female employee ratio of the workforce was approximately 3.2:1. Given the labour-intensive nature of certain manufacturing processes, the production workforce has historically been predominantly male.

At the end of the Reporting Period, the Group's employee profile in Mainland China remained predominantly female, driven by the significant proportion of staff engaged in golf equipment and apparel retail operations. Compared with the previous year, the male-to-female ratio of employees in Mainland China was 1:3.4, remaining broadly stable with no significant changes in the overall gender composition.

The number and proportion of employees by age group are shown in the figure below:



Overall, the age profile of the workforce remained relatively stable during the Reporting Period, with no significant changes observed across age groups. Compared with the previous year, the proportion of employees aged 51 and above decreased slightly, while the proportion of employees aged between 31 and 50 increased marginally.

Inclusiveness and Care, Joint Growth for All (continued)

Employee's Turnover

During the Reporting Period, a total of 134 employees left the Group across Mainland China and Japan, comprising 86 employees in Mainland China and 48 employees in Japan. The overall employee turnover rate was 21%. Compared with the previous year, the Group recorded a lower turnover rate, primarily attributable to the stable operation of its apparel retail network and a significant reduction in store restructuring activities, in line with its overall business development strategy.

Development and Training

The Group recognises that the continuous development of employees' skills, knowledge and capabilities is fundamental to its long-term success. To support employee growth and career development, we have established a comprehensive training and development framework, offering a wide range of internal and external learning opportunities for employees at all levels, including management, sales and marketing personnel, and operational and support staff. Training programs cover areas such as induction and onboarding, job-specific skills development, professional and technical competencies, management capability enhancement, and advanced leadership and development initiatives.

To support the preservation of HONMA's brand heritage and craftsmanship, the Group provides tailored training programmes for office and retail employees, covering topics such as golf industry knowledge, product care and maintenance, new product briefings and customer engagement skills. For retail staff, we have established a structured training system supported by specialist training resources to strengthen product knowledge and enhance customer service excellence. Employees at the Sakata Campus receive dedicated training in manufacturing techniques, quality control and workplace safety to support operational excellence and maintain high standards of product quality and safety.

The Group develops tailored training programmes to address the specific operational requirements and talent development needs of each business division. At the Sakata Campus, employees are provided with multi-skilling and apprenticeship programmes designed to broaden their capabilities while facilitating the transfer of technical expertise and craftsmanship from experienced artisans to the next generation. Onboarding training for new employees covers the Group's policies, corporate background and the fundamentals of golf. In addition, the Group operates professional certification programmes for retail sales personnel, including an in-house golf club fitter certification scheme, to strengthen and validate their technical expertise and service capabilities.

To ensure the relevance and effectiveness of training activities, the Human Resources Department is responsible for developing the annual training plan, while individual business units oversee implementation. Employees' learning outcomes are evaluated upon completion of training to assess the effectiveness of the programmes and mastery of relevant knowledge and skills. The Group also conducts regular reviews of training implementation, gathers feedback from departments and participants, and continuously refines its training framework to support employees' long-term professional development.

During the Reporting Period, employees across the Group completed a total of approximately 6,992 training hours, representing an average of approximately 11.48 training hours per employee. Total training hours decreased slightly compared with the previous year, primarily due to lower employee turnover and a reduced number of new hires, which resulted in lower demand for induction training.

Occupational Health and Safety

The Group has established a comprehensive occupational health and safety management framework and regularly engages qualified independent third parties to inspect and assess production equipment, workplace conditions and fire safety facilities. Through these measures, the Group seeks to maintain a safe and healthy working environment and minimise occupational health and safety risks to employees. In addition to complying with applicable employment-related laws and regulations, the Group is committed to adhering to all relevant occupational health and safety laws, regulations and standards in the jurisdictions where it operates, including but not limited to:

- *Japan's Labour Standards Act and Industrial Safety and Health Act;*

- *China's Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, Measures for the Determination of Work-related injuries of the People's Republic of China, and Work Injury Insurance Regulations of the People's Republic of China.*

Over the past three years, including the Reporting Period, the Group has not experienced any work-related fatalities. During the Reporting Period, no significant cases of work-related injuries were recorded (2025: Nil), nor were there any significant breaches of occupational health and safety laws and regulations. Should a serious injury occur during work, the Group will handle the matter in strict accordance with applicable laws and regulations and report it to the relevant local authorities to determine whether the incident constitutes a work-related injury.

The Group places the highest priority on the health, safety and well-being of its employees and has established the "Company Heath and Safety Policy" to provide a clear framework for managing occupational health and safety. To support the effective implementation of this policy, the Group has established an Employee Safety Committee responsible for promoting safety awareness and training, conducting regular inspections, and maintaining comprehensive incident reporting and investigation procedures. Where potential hazards or non-compliance are identified, the Committee promptly recommends corrective actions and provides the necessary support to address the issues.

In Japan, dedicated personnel are responsible for convening monthly health and safety meetings to review the effectiveness of relevant measures and discuss workplace safety and hygiene matters. Regular safety training programmes are also conducted at the Sakata Campus to strengthen employees' safety awareness and adherence to operational procedures. In addition, the Group recognises departments that maintain exemplary health and safety records throughout the year, thereby encouraging a proactive safety culture across the organisation. During the Reporting Period, the scope of the Group's occupational health and safety measures was expanded in line with relevant regulatory developments, extending coverage beyond direct employees to include all personnel working on-site, such as contractors and other non-employee workers.

Occupational Health and Safety (continued)

The Group has also incorporated detailed health and safety guidelines into its Employee Handbook to ensure that relevant policies and requirements are effectively communicated to all employees. For positions involving occupational health risks, medical examinations are arranged upon commencement of employment, during employment and upon departure from the Group to support the ongoing monitoring of employee health. The Group conducts regular workplace inspections in areas where occupational hazards may be present, provides appropriate personal protective equipment ("PPE"), and maintains relevant insurance coverage to further safeguard employees. In addition, contingency measures have been developed to address extreme weather conditions, including floods, heavy rainfall, typhoons and heatwaves, considering the specific circumstances of individual workplaces and office environments. Through these measures, the Group continues to enhance its occupational health and safety management framework and provide a safe and healthy working environment for all personnel.

Safety at the Sakata Campus

The Group recognises that employees at the Sakata Campus may be exposed to significant occupational health and safety risks as part of their daily manufacturing activities, including contact with organic solvents, dust and other potentially hazardous substances, as well as the operation of machinery and participation in labour-intensive processes. Thereby, the Group places strong emphasis on risk prevention and workplace safety and continually enhances its protective measures to safeguard the health, safety and well-being of employees.

To further strengthen occupational health and safety safeguards, the Group has implemented a range of enhanced protective measures for employees at the Sakata Campus, including:

➢ Provide employees with appropriate PPE, including earplugs, safety goggles, face shields, protective clothing and gloves, to mitigate occupational health and safety risks;

➢ Maintain dedicated rest areas within production workshops to allow employees to take breaks when necessary;

➢ For processes involving the use of organic solvents, install waste liquid collection systems in operational areas and engage qualified waste management service providers to handle and dispose of waste materials, minimise employee's exposure to hazardous substances;

➢ Equip grinding workshops with dust extraction and collection systems to reduce airborne particulate matter and improve workplace air quality;

➢ Install and maintain appropriate fire safety systems, including indoor and outdoor fire hydrants automatic fire alarm systems, emergency power supplies and smoke detectors, and conduct regular inspections to ensure their proper functioning;

➢ Perform annual self-inspections of LPG-powered equipment to identify and mitigate potential safety hazards; and

➢ Arrange biannual health examinations and stress assessments for employees, exceeding the requirements of applicable Japanese regulations, and adjust work arrangements where necessary based on the results. Greater attention is given to employees who operate machinery to ensure they remain fit for duty and able to perform their work safely.

Safety in Office and Stores

Employees in offices and retail stores are generally not engaged in labour-intensive work and are not exposed to high-risk operational environments. Therefore, the occupational health and safety risks associated with these roles are relatively low. Nevertheless, the Group recognises that employees may still encounter certain health and safety risks in their daily work and remains committed to providing a safe, healthy and supportive working environment. To this end, regular safety training and awareness programmes are conducted to promote employee well-being and strengthen workplace safety awareness.

The Group arranges pre-employment medical examinations for new employees in offices and retail stores and provides annual health check-ups for existing employees. To further enhance workplace safety, property management companies responsible for office buildings and retail premises regularly organise fire drills and conduct indoor air quality assessments. In office locations, the Group engages third-party service providers to maintain indoor greenery, helping to create a comfortable and pleasant working environment that supports employee well-being. Retail stores are equipped with CCTV surveillance systems and other security measures to enhance workplace security and minimise safety risks.

The Group will continue to strengthen its occupational health and safety management practices, promote employee health and safety awareness, and implement appropriate measures to reduce the risk of workplace incidents and injuries wherever practicable.

Craftsmanship Shapes Quality, and Responsibility Drives Management

This section provides an overview of the Group's key policies, management approaches and initiatives in the areas of supply chain management, product responsibility and anti-corruption, which play an important role in maintaining operational resilience, strengthening stakeholder trust and supporting the Group's long-term sustainable development.

Sustainable Supply Chain Management

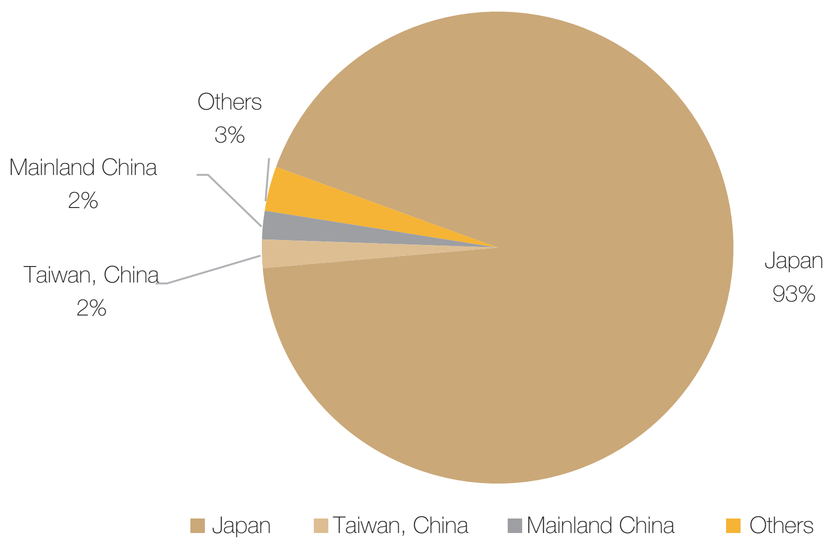
The Group collaborates with a diverse network of key suppliers, including providers of golf clubs, soft goods, apparel and consumables, as well as service providers that support its operations in areas such as human resources. The Group is committed to strengthening responsible supply chain management through rigorous supplier selection, evaluation and onboarding processes. By promoting sustainable practices throughout its supply chain and fostering long-term relationships built on mutual trust and shared value, the Group seeks to enhance supply chain resilience and contribute to sustainable development.

Sustainable Supply Chain Management (continued)

Golf club

The Group retains the core manufacturing processes at the Sakata Campus, while outsourcing non-core production activities to strategic supplier partners. Its supplier network also includes raw material suppliers, such as Bill of Materials ("BOM") suppliers providing clubheads, carbon fibre fabric and other key materials, as well as several original equipment manufacturers ("OEMs") responsible for producing golf club components, golf balls, apparel and other related products. As at the end of the Reporting Period, the Group maintained a network of 715 authorised supplier partners providing products and/or services, spanning multiple countries and regions worldwide.

Distribution of Golf Club Suppliers by Location



The Group has established a comprehensive supplier selection and evaluation framework, which is subject to regular review and continuous enhancement. Suppliers are managed through a structured approach in accordance with internal policies and procedures, including the "Qualified Supplier Management System" and "Inventory Management System". In addition, the Group conducts annual supplier assessments using the Supplier Selection Evaluation Form to evaluate supplier performance and determine whether existing suppliers remain suitable for ongoing cooperation.

When selecting new supplier partners, the Group requires suppliers to demonstrate compliance with the Group's quality standards, stable delivery capabilities and adequate production capacity. Prospective suppliers are evaluated through a comprehensive assessment process that includes competitive tendering and quotation comparisons, with preference given to suppliers that offer strong overall value and cost competitiveness. The key assessment criteria include:

1. General corporate information such as their background, history and their reputation in the industry;

2. Sustainability practices;

3. Research and development;

4. Quality control and product safety;

Sustainable Supply Chain Management (continued)

Golf club (continued)

5. Punctuality in meeting deadlines;

6. Supply chain management; and

7. Employee and environmental safety.

This preliminary screening and due diligence process is documented in the relevant assessment records and retained for future reference. Where appropriate, the Group conducts further due diligence with prospective supplier partners following the initial assessment process, including:

1. Conduct on-site assessments to gain a thorough understanding of supplier's production processes;

2. Evaluate supplier's operational management systems and other relevant business practices;

3. Review production facilities, equipment and other asset resources; and

4. Analyse financial statements to assess supplier's financial stability and overall financial health.

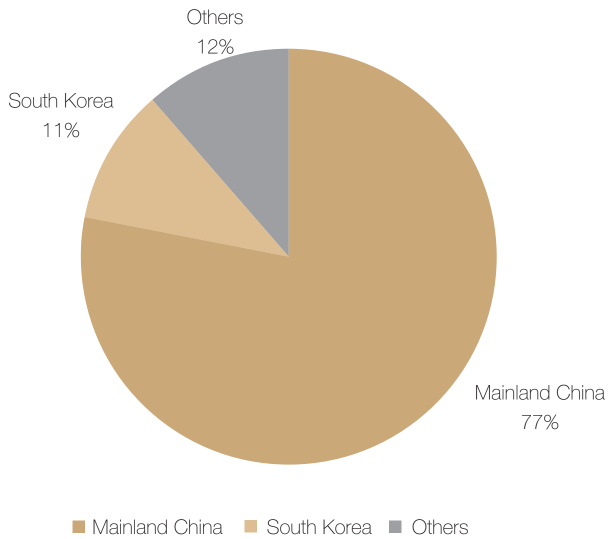
During the partnership, the Group conducts regular supplier reviews and may arrange site visits by quality control personnel to assess whether suppliers' production processes continue to meet the Group's quality, operational and compliance requirements. These reviews help ensure that the quality and standards of procured products are consistently maintained. The Group seeks to build long-term relationships with suppliers that demonstrate strong performance and alignment with its expectations, while suppliers that fail to meet the required standards may be subject to corrective actions, suspension or termination of the business relationship, as appropriate.

Sustainable Supply Chain Management (continued)

Apparel

In addition to the golf club business, the Group also operates an apparel retail segment, for which effective supply chain management is equally important to supporting the Group's sustainable development objectives. Accordingly, the apparel supply chain is described in greater detail below. Suppliers to the apparel business primarily provide finished garments, fabrics, down materials, trims and accessories. At the end of the Reporting Period, the Group worked with a total of 107 suppliers supporting its apparel operations.

Distribution of Apparels Suppliers by Location



The criteria for selecting new apparel suppliers are aligned with those applied across the Group's broader supplier base. All prospective suppliers are evaluated in accordance with established policies and procedures to ensure a fair, consistent and comprehensive assessment process. To support effective supplier management within the apparel business, the Group has established a range of internal controls and assessment mechanisms, including the "Supplier Confirmation Process", "Garment Supplier Evaluation Form", "Apparel Inspection Benchmarks and Inspection Standards", and "Fabric Accessories Supplier Evaluation Form".

Sustainable Supply Chain Management (continued)

Apparel (continued)

In addition to assessing product quality, service capability and operational performance, the Group places significant emphasis on suppliers' environmental and sustainability performance. We actively encourage suppliers to adopt environmentally responsible products and services and to promote sustainable practices throughout their operations. For example, when evaluating fabric suppliers, one of the key considerations is whether their products have obtained BLUESIGN certification. BLUESIGN is an independent certification system that works with stakeholders across the textile industry to promote the responsible use of resources and minimise impacts on human health and the environment throughout the production process. By prioritising suppliers whose products and manufacturing processes have been independently certified, the Group seeks to ensure that its supply chain aligns with recognised environmental and social responsibility standards, thereby supporting sustainable and responsible growth.

Supplier performance is continuously monitored throughout the business relationship. In addition, the Group engages qualified independent testing organisations with expertise in applicable product safety and quality requirements to conduct inspections of fabrics and finished products. Test results are reviewed by the Group, and any identified issues are promptly investigated and addressed through appropriate corrective actions to help ensure ongoing product quality, compliance and supply chain integrity.

Product Responsibility

HONMA is one of the most recognised and respected brands in the golf industry. By combining cutting-edge technology with traditional Japanese craftsmanship, the Group is dedicated to delivering premium golf clubs that offer exceptional performance, superior quality and refined aesthetics to golfers around the world. We recognise that product responsibility extends throughout the entire product lifecycle, from design and manufacturing to distribution and customer use, and remain committed to upholding the highest standards of product quality, safety and customer service.

Product Quality Management

The Group has established a comprehensive product quality management system that covers both its own manufacturing operations and those of its supplier partners. Key quality assurance measures include:

➢ For the Group's manufacturing operations, all carbon fibre shafts undergo rigorous testing to verify compliance with the Group's quality standards for strength, flexibility, weight distribution and vibration frequency;

➢ For supplier-manufactured components, the Group's quality control personnel inspect all incoming materials and products to ensure they meet the Group's quality and aesthetic requirements. The Group also conducts periodic site visits to suppliers to monitor production processes and verify compliance with its product specifications and manufacturing standards;

➢ The Group's golf clubs are certified under the SG Mark certification scheme. Products bearing the SG Mark comply with SG Standards, which are developed based on the expertise and input of consumers, manufacturers, distributors, testing and inspection organisations, and government authorities to ensure product safety and regulatory compliance;

➢ During the final assembly process in Japan, the Group's quality assurance team conducts a series of rigorous tests on finished products, including impact durability and torsional strength testing, to verify product quality and minimise the risk of product defects or recalls. In addition, specialist staff at the Sakata Campus work directly with customers at the on-site driving range to test and fine-tune golf clubs, providing personalised fitting services and enhancing the overall customer experience; and

➢ The Group continues to invest in advanced assembly and testing equipment to strengthen its testing capabilities, improve manufacturing precision and support the continuous enhancement of product quality.

Product Responsibility (continued)

After-sales Management of Products

The Group has established a comprehensive customer complaint handling framework and standardised procedures to address customer feedback received through various channels, including telephone, email and WeChat. Customer complaints are promptly recorded, investigated and followed up by the customer service team to ensure timely resolution. Retail customers may return defective products or utilise warranty services in accordance with the Group's policies, while clear guidelines govern the handling of returns, exchanges and product repairs. Where a product issue is attributable to the Group, appropriate remedial actions, such as product replacement or complimentary repair services, will be provided. Customer feedback is also incorporated into product improvement initiatives to enhance product performance and customer satisfaction. To ensure product quality, all products undergo comprehensive quality inspections prior to dispatch, and only products that meet the Group's quality standards are released for sale and delivery to customers.

During the Reporting Period, the Group did not receive any significant consumer complaints, nor were there any instances requiring product recalls due to safety or health issues (2025: Nil), reflecting the effective operation of the relevant quality control measures.

Protection of Intellectual Property

The BERES series, one of the premium product lines within HONMA's Star Series, features clubheads finished using a proprietary gold-plating process developed through years of dedicated research and development. This specialised in-house technology reflects HONMA's craftsmanship and innovation, while further differentiating its products within the golf equipment market.

To safeguard its technological expertise and brand value, the Group has implemented comprehensive intellectual property protection measures and holds a portfolio of patents, trademarks and other intellectual property rights related to the design, manufacture and sale of golf clubs and other golf-related products. During the Reporting Period, the Group had 10 patent applications pending (2025: 18 patents pending). To strengthen the protection of its intellectual property assets, the Group strictly complies with applicable intellectual property laws and regulations and enters into confidentiality agreements with employees and relevant third parties.

All research and development personnel are required to sign confidentiality and proprietary information agreements, which stipulate that inventions, designs and technologies developed in the course of their employment belong to the Group. In addition, the Group works closely with legal advisers and relevant regulatory authorities, including the State Administration for Industry and Commerce of China, to monitor and identify potential infringements of its intellectual property rights and to take appropriate legal action where necessary. During the Reporting Period, the Group was not involved in any material intellectual property disputes, nor was it subject to any claims of intellectual property infringement (2025: Nil).

Product Responsibility (continued)

Consumer Information Protection

The Group is committed to complying with all applicable laws and regulations relating to consumer rights and personal data protection and regards information privacy and data security as fundamental principles underpinning its operations. To safeguard personal information, the Group has established comprehensive policies, procedures and management systems governing data privacy and information security and has communicated the relevant requirements to all employees to ensure effective implementation across its operations.

The Group complies with all applicable laws and regulations relating to consumer rights and personal data protection, including but not limited to:

- *Japan's Act on the Protection of Personal Information and Basic Act on Consumer Policies.*

- *China's Law of the People's Republic of China on the Protection of Consumer Rights and Interests, Data Security Law of the People's Republic of China, and various guidelines and laws in the People's Republic of China related to personal data protection, such as the Cybersecurity Law of the People's Republic of China.*

The Group only collects and uses customers' personal data with their explicit consent and solely for legitimate business purposes, such as providing after-sales services, promoting new products and services, and supporting customer engagement activities. The unauthorised disclosure of customer information to third parties is strictly prohibited. To safeguard personal data, the Group has established a comprehensive information privacy and data protection framework, including "Customer Personal Information Protection Policy", "About Customer Personal Information", "Personal Information Protection and Management Regulations", "Personal Information Protection and Management Regulations", "Personal Information Protection Operation Manual", and "Personal Information Security Management Rules". These policies and procedures are designed to ensure the secure, proper and compliant handling of personal data throughout its lifecycle.

To further strengthen data security, the Group has implemented a tiered access control system and established clear requirements for data retention and disposal. Customer information is classified as confidential and access is restricted to authorised management personnel. Employees requiring access for legitimate business purposes must obtain prior approval from their department head and the Human Resources Department. Any breach of the Group's data privacy policies may result in disciplinary action, including termination of employment and, where appropriate, legal proceedings.

During the Reporting Period, the Group was not aware of any material non-compliance with applicable laws and regulations relating to customer data privacy and protection (2025: Nil).

Anti-Corruption

The Group is committed to maintaining high standards of ethical conduct and fostering a corporate culture built on integrity, accountability and fairness. To prevent, detect and address all forms of corruption, bribery and fraud, the Group has established a comprehensive anti-corruption framework, including policies and procedures covering declarations of interests, whistleblowing mechanisms and internal audits. These requirements are communicated to all employees to promote a strong culture of compliance and ethical behaviour.

The Group adopts a zero-tolerance approach to corruption, bribery and other unlawful conduct. Relevant requirements are clearly set out in the Employee Handbook and incorporated into induction training for new employees. During the Reporting Period, the Group conducted 12 anti-corruption training sessions, reaching over 95% of employees and Board members, with an average of two training hours completed per participant. These initiatives reinforced employees' understanding of the Group's anti-corruption expectations, strengthened awareness of corruption-related risks and enhanced their ability to identify and prevent unethical conduct.

To mitigate potential or actual conflicts of interest, all employees are required to submit declarations of interests on a regular basis. Any employee who fails to disclose a conflict of interest or a change in circumstances will be subject to investigation and, where appropriate, disciplinary action, including termination of employment for serious breaches of the Group's policies.

Employees who believe that their own interests or those of the Group have been compromised, or who become aware of bribery, extortion, fraud, money laundering, corruption or other misconduct, as well as breaches of the Group's policies and procedures, are encouraged to report such concerns through the Group's whistleblowing channels, including a dedicated reporting email address and online platform. Reports may be made on a named or anonymous basis, and employees may also raise concerns directly with senior management where appropriate. All reported cases are reviewed and investigated by the relevant functions in a timely manner. Where sufficient evidence exists, internal audit procedures may be initiated, and investigation outcomes and decisions are communicated to the whistleblower (where applicable), relevant management personnel and the Human Resources Department.

Where misconduct is substantiated and found to be serious in nature, particularly where it has caused harm to employees or material loss or reputational damage to the Group, appropriate disciplinary action will be taken, including termination of employment where warranted. The Group also reserves the right to pursue legal action against the individuals concerned, and cases involving potential violations of law may be referred to the relevant authorities for further investigation and action.

Anti-Corruption (continued)

The Group is committed to complying with all applicable laws and regulations relating to anti-corruption, anti-bribery and ethical business conduct, including but not limited to:

- *Japan's Criminal Code and Corporate Rehabilitation Act.*

- *China's Anti-Money Laundering Law of the People's Republic of China.*

During the Reporting Period, the Group did not have any material non-compliance in relation to corruption, and no concluded cases of corruption were brought against the Company or its employees (2025: Nil).

Giving Back to Society, Co-Creating a Better Future

During the reporting period, the Group's resources were primarily focused on strengthening its core business operations, and accordingly, investment in community engagement activities remained relatively limited. Nevertheless, the Group remains committed to fulfilling its social responsibilities and creating positive social impact. Going forward, we will continue to advance our community investment and social responsibility initiatives and seek opportunities to make meaningful and long-term contributions to the communities in which we operate.

Appendix 1: Performance Data Summary

Environmental Category	Unit	2026	2025
Air Emissions[1]			
Sulphur oxides (NOx)	kg	412	382
Nitrogen oxides (SOx)	kg	2,907	2,460
Particulate matter (PM)	kg	25	24
Greenhouse Gas Emissions			
Direct greenhouse gas emission (Scope 1)[2]	Tonnes of carbon dioxide equivalent	878	691
Indirect greenhouse gas emission (Scope 2)[3]	Tonnes of carbon dioxide equivalent	1,954	1,882
Indirect greenhouse gas emission (Scope 3)[4]	Tonnes of carbon dioxide equivalent	404	562
Total greenhouse gas emissions	Tonnes of carbon dioxide equivalent	3,236	3,135
Greenhouse gas emissions intensity	Tonnes of carbon dioxide equivalent/million yen	0.15	0.15
Energy			
Total energy consumption	kWh	7,720	6,984
Energy consumption intensity	kWh/million yen	0.35	0.32

1 Air emissions primarily arise from the consumption of unleaded petrol and diesel in vehicles and production equipment.

2 Scope 1 greenhouse gas emissions for the reporting period were calculated in accordance with the methodologies set out in the Hong Kong Stock Exchange's Appendix 2: Reporting Guidance on Environmental KPIs and the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004).

3 The Group adopted a location-based approach for the calculation of Scope 2 greenhouse gas emissions during the reporting period. Emission factors were sourced from the Announcement on the Publication of 2023 Carbon Dioxide Emission Factors for Electricity issued by China's Ministry of Ecology and Environment, as well as relevant electricity emission factor data published by Japan's Ministry of the Environment.

4 Scope 3 greenhouse gas emissions comprise emissions from Category 5 (waste generated in operations) and Category 6 (business travel). The calculation methodology adopted is based on the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).

Appendix 1: Performance Data Summary (continued)

Environmental Category	Unit	2026	2025
Indirect energy consumption – purchased electricity	kWh	4,504	4,273
LPG	kWh	2,096	1,757
Fuel	kWh	1,120	954
Water consumption			
Total water consumption	Tonnes	50,791	58,779
Water consumption intensity	Tonnes/million yen	2.28	2.71
Packaging materials consumption			
Total packaging materials consumption[5]	Tonnes	3	4
Packaging materials consumption intensity	kg/million yen	0.14	0.17
Waste			
Chemical waste	Tonnes	9	11
Chemical waste intensity	kg/million yen	0.41	0.51
Paper	Tonnes	79	71
Carbon fibre	Tonnes	4	3
Others[6]	Tonnes	127	210
Total non-hazardous waste	Tonnes	210	284
Non-hazardous waste intensity	Tonnes/million yen	9.44	13.11

5 Packaging materials primarily comprise the paper used in the packaging of the Group's products.

6 Others include waste plastics, polyethylene, wood shavings, scrap metal and waste paint.

Appendix 1: Performance Data Summary (continued)

Social category		Unit	2026	2025
Employment				
Total Number of Employee[7]		Person	609	651
By gender	Male	Person	320	358
	Female	Person	289	293
By age	30 years old or below	Person	84	94
	31-50 years old	Person	362	353
	51 years old or above	Person	163	204
By region	Mainland China	Person	270	277
	Japan and Korea	Person	339	374
Turnover Rate[8]				
Total employee turnover rate		%	21	22
By gender	Female	%	17	10
	Male	%	26	36
By age	30 years old or below	%	40	69
	31-50 years old	%	18	19
	50 years old or above	%	19	2
By region	Mainland China	%	31	43
	Japan and Korea	%	13	6

7 All employees within the reporting scope were employed on a full-time basis during the reporting period.

8 Staff turnover rate: Number of full-time employees who left the Group during the reporting period/average number of full-time employees at the beginning and end of the reporting period *100

Appendix 1: Performance Data Summary (continued)

Social category		Unit	2026	2025
Health and Safety				
Number of deaths due to work		Person	0	0
Death rate due to work		%	0	0
Number of working days lost due to injury		Day	0	0
Percentage of Trained Employee				
Total percentage of trained employee		%	100%	100%
By gender	Female	%	47	45
	Male	%	53	55
By employee level	Senior Management	%	3	3
	Management	%	29	25
	General staff	%	68	72
Average Training Hours Per Employee				
Total average training hours per employee		Hour	11.48	11.58
By gender	Female	Hour	15.27	14.66
	Male	Hour	8.05	9.05
By employee level	Senior management	Hour	6.15	2.74
	Management	Hour	12.65	12.15
	General staff	Hour	11.24	11.77

Appendix 1: Performance Data Summary (continued)

Social category		Unit	2026	2025
Supply Chain Management				
Total number of supplier – Golf Club		Unit	715	706
By region	Japan	Unit	666	662
	Mainland China	Unit	16	14
	Taiwan, China	Unit	15	15
	Others[9]	Unit	18	15
Total number of supplier – Apparel		Unit	107	84
By region	Mainland Chine	Unit	82	70
	Korea	Unit	12	7
	Others[10]	Unit	13	7

9 Other regions include the rest of South-East Asia, Scotland, Denmark and the United States, amongst others.

10 Other regions include Japan and Italy, amongst others.

Appendix 2: Index of ESG Indicators

<table>
<tr><th colspan="2">Subject Areas, Aspects, General Disclosures and KPIs</th><th>Corresponding Section</th></tr>
<tr><td colspan="3">A. Environmental</td></tr>
<tr><td colspan="3">A1 Emissions</td></tr>
<tr><td colspan="2">General Disclosure

Information on:

(a) the policies; and

(b) compliance with relevant laws and regulations that have a significant impact on the issuer

relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</td><td>Green Development, Ecological Win-Win</td></tr>
<tr><td>A1.1</td><td>The types of emissions and respective emissions data.</td><td>Performance Data Summary</td></tr>
<tr><td>A1.3</td><td>Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</td><td>Performance Data Summary</td></tr>
<tr><td>A1.4</td><td>Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</td><td>Performance Data Summary</td></tr>
<tr><td>A1.5</td><td>Description of emissions target(s) set and steps taken to achieve them.</td><td>Greenhouse Gas (“GHG”) Emissions Management</td></tr>
<tr><td>A1.6</td><td>Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.</td><td>Waste Management</td></tr>
<tr><td colspan="3">A2 Use of Resources</td></tr>
<tr><td colspan="2">General Disclosure

Policies on the efficient use of resources, including energy, water and other raw materials.</td><td>Energy Use and Resource Conservation</td></tr>
<tr><td>A2.1</td><td>Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in ’000s) and intensity (e.g. per unit of production volume, per facility)</td><td>Performance Data Summary</td></tr>
</table>

Appendix 2: Index of ESG Indicators (continued)

<table>
<tr><th colspan="2">Subject Areas, Aspects, General Disclosures and KPIs</th><th>Corresponding Section</th></tr>
<tr><td>A2.2</td><td>Water consumption in total and intensity (e.g. per unit of production volume, per facility)</td><td>Performance Data Summary</td></tr>
<tr><td>A2.3</td><td>Description of energy use efficiency target(s) set and steps taken to achieve them.</td><td>Energy Use and Resource Conservation</td></tr>
<tr><td>A2.4</td><td>Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.</td><td>Energy Use and Resource Conservation</td></tr>
<tr><td>A2.5</td><td>Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.</td><td>Packaging Materials Management</td></tr>
<tr><td colspan="3">A3 The Environment and Natural Resources</td></tr>
<tr><td colspan="2">General Disclosure

Policies on minimising the issuer's significant impacts on the environment and natural resources.</td><td>Green Development, Ecological Win-Win</td></tr>
<tr><td>A3.1</td><td>Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.</td><td>Green Development, Ecological Win-Win</td></tr>
<tr><td colspan="3">B. Social</td></tr>
<tr><td colspan="3">B1 Employment</td></tr>
<tr><td colspan="2">General Disclosure

Information on:

(a) the policies; and

(b) compliance with relevant laws and regulations that have a significant impact on the issuer

relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</td><td>Employment Management</td></tr>
<tr><td>B1.1</td><td>Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.</td><td>Performance Data Summary</td></tr>
<tr><td>B1.2</td><td>Employee turnover rates by gender, age group and region.</td><td>Performance Data Summary</td></tr>
</table>

Appendix 2: Index of ESG Indicators (continued)

Subject Areas, Aspects, General Disclosures and KPIs		Corresponding Section
B2 Health and Safety		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		Occupational Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each	Performance Data Summary
B2.2	Lost days due to work injury.	Performance Data Summary
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Occupational Health and Safety
B3 Development and Training		
General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		Development and Training
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Performance Data Summary
B3.2	Average number of hours of training completed per employee by gender and employee category.	Performance Data Summary
B4 Labor Standards		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		Labor Standards

Appendix 2: Index of ESG Indicators (continued)

<table>
<tr><th colspan="2">Subject Areas, Aspects, General Disclosures and KPIs</th><th>Corresponding Section</th></tr>
<tr><td>B4.1</td><td>Description of measures to review employment practices to avoid child and forced labor.</td><td>Labor Standards</td></tr>
<tr><td>B4.2</td><td>Description of steps taken to eliminate such practices when discovered.</td><td>Labor Standards</td></tr>
<tr><td colspan="3">B5 Supply Chain Management</td></tr>
<tr><td colspan="2">General Disclosure

Policies on managing environmental and social risks of the supply chain.</td><td>Sustainable Supply Chain Management</td></tr>
<tr><td>B5.1</td><td>Number of suppliers by geographical region.</td><td>Performance Data Summary</td></tr>
<tr><td>B5.2</td><td>Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.</td><td>Sustainable Supply Chain Management</td></tr>
<tr><td>B5.3</td><td>Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.</td><td>Sustainable Supply Chain Management</td></tr>
<tr><td>B5.4</td><td>Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.</td><td>Sustainable Supply Chain Management</td></tr>
<tr><td colspan="3">B6 Product Responsibility</td></tr>
<tr><td colspan="2">General Disclosure

Information on:

(a) the policies; and

(b) compliance with relevant laws and regulations that have a significant impact on the issuer

relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</td><td>Product Responsibility</td></tr>
<tr><td>B6.1</td><td>Percentage of total products sold or shipped subject to recalls for safety and health reasons.</td><td>Product Responsibility</td></tr>
<tr><td>B6.2</td><td>Number of products and service related complaints received and how they are dealt with.</td><td>Product Responsibility</td></tr>
</table>

Appendix 2: Index of ESG Indicators (continued)

Subject Areas, Aspects, General Disclosures and KPIs		Corresponding Section
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility
B7 Anti-corruption		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		Anti-corruption
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Anti-corruption
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
B8 Community Investment		
General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		Giving Back to Society, Co-Creating a Better Future
B8.1	Focus areas of contribution (e.g., education, environmental concerns, labor needs, health, culture, sports).	Giving Back to Society, Co-Creating a Better Future
B8.2	Resources contributed (e.g., money or time) to the focus areas.	Giving Back to Society, Co-Creating a Better Future

Appendix 2: Index of ESG Indicators (continued)

Part D: Climate-related Disclosures		Reference Section
Governance	19 (a). An issuer shall disclose the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about: (i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities; (ii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities; (iii) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities; (iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities, including whether and how related performance metrics are included in remuneration policies	Climate Change – Governance

Appendix 2: Index of ESG Indicators (continued)

Part D: Climate-related Disclosures		Reference Section
	19 (b). An issuer shall disclose the management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about: (i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and (ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	Climate Change – Governance
Strategy	20. An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall: (a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term; (b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk; (c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and (d) explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making	Climate Change – Strategy

Appendix 2: Index of ESG Indicators (continued)

Part D: Climate-related Disclosures		Reference Section
	21. An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose: (a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and (b) a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	Climate Change – Strategy

Appendix 2: Index of ESG Indicators (continued)

Part D: Climate-related Disclosures		Reference Section
	22 (a). An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about: (i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities; (ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect); (iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and (iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40;	Climate Change – Strategy
	22 (b). An issuer shall disclose information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).	
	23. An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	

Appendix 2: Index of ESG Indicators (continued)

Part D: Climate-related Disclosures		Reference Section
	24 (a). An issuer shall disclose qualitative and quantitative information about how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; 24 (b). An issuer shall disclose qualitative and quantitative information about the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.	Qualitative information: Climate Change – Strategy Quantitative information: Application of financial effect relief. Company currently does not have the capability to track and record the relevant financial data in a complete and accurate manner.
	25 (a). The issuer shall provide qualitative and quantitative disclosures about how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration: (i) its investment and disposal plans; and (ii) its planned sources of funding to implement its strategy;	
	25 (b). The issuer shall provide qualitative and quantitative disclosures about how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	

Appendix 2: Index of ESG Indicators (continued)

Part D: Climate-related Disclosures		Reference Section
	26 (a). An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of: (i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis; (ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and (iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;	Adoption of reasonable information and capabilities relief. Company currently does not have the capability to conduct climate scenario analysis in a complete and accurate manner.

Appendix 2: Index of ESG Indicators (continued)

Part D: Climate-related Disclosures		Reference Section
	26 (b). An issuer shall disclose how and when the climate-related scenario analysis was carried out, including: (i) information about the inputs used, including: (1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios; (2) whether the analysis included a diverse range of climate-related scenarios; (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; (4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change; (5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; (6) time horizons the issuer used in the analysis; and (7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis); (ii) the key assumptions the issuer made in the analysis; and (iii) the reporting period in which the climate-related scenario analysis was carried out.	Adoption of reasonable information and capabilities relief. Company currently does not have the capability to conduct climate scenario analysis in a complete and accurate manner.

Appendix 2: Index of ESG Indicators (continued)

<table>
<tr><th colspan="2">Part D: Climate-related Disclosures</th><th>Reference Section</th></tr>
<tr><td rowspan="2">Risk Management</td><td>27 (a). An issuer shall disclose information about the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:

(i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);

(ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks;

(iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);

(iv) whether and how the issuer prioritises climate-related risks relative to other types of risks;

(v) how the issuer monitors climate-related risks; and

(vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period</td><td rowspan="2">Climate Change – Risk Management</td></tr>
<tr><td>27 (b). An issuer shall disclose information about the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities);</td></tr>
</table>

Appendix 2: Index of ESG Indicators (continued)

Part D: Climate-related Disclosures		Reference Section
	27 (c). An issuer shall disclose information about the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	Climate Change – Risk Management
Metrics and Targets	28. An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO2 equivalent, classified as: (a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; and (c) Scope 3 greenhouse gas emissions.	Performance Data Summary

Appendix 2: Index of ESG Indicators (continued)

Part D: Climate-related Disclosures		Reference Section
	29. An issuer shall: (a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions; (b) disclose the approach it uses to measure its greenhouse gas emissions including: (i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions; (ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and (iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes; (c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and (d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)	Performance Data Summary

Appendix 2: Index of ESG Indicators (continued)

Part D: Climate-related Disclosures		Reference Section
	30. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	Climate Change – Metrics and Targets
	31. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	Reasonable Information Relief Adopted
	32. An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	
	33. An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	Climate Change – Metrics and Targets
	34. An issuer shall disclose: (a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and (b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	Climate Change – Metrics and Targets
	35. An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	Climate Change – Metrics and Targets

Appendix 2: Index of ESG Indicators (continued)

Part D: Climate-related Disclosures		Reference Section
	36. An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks	Performance Data Summary
	37. An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose: (a) the metric used to set the target; (b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives); (c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region); (d) the period over which the target applies; (e) the base period from which progress is measured; (f) milestones or interim targets (if any); (g) if the target is quantitative, whether the target is an absolute target or an intensity target; and (h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	Climate Change – Metrics and Targets

Appendix 2: Index of ESG Indicators (continued)

<table>
<tr><th colspan="2">Part D: Climate-related Disclosures</th><th>Reference Section</th></tr>
<tr><td rowspan="2"></td><td>38. An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:

(a) whether the target and the methodology for setting the target has been validated by a third party;

(b) the issuer's processes for reviewing the target;

(c) the metrics used to monitor progress towards reaching the target; and

(d) any revisions to the target and an explanation for those revisions</td><td>Climate Change – Metrics and Targets</td></tr>
<tr><td>39. An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.</td><td>Climate Change – Metrics and Targets</td></tr>
</table>

Appendix 2: Index of ESG Indicators (continued)

Part D: Climate-related Disclosures		Reference Section
	40. For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose: (a) which greenhouse gases are covered by the target; (b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target; (c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target; (d) whether the target was derived using a sectoral decarbonisation approach; and (e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose: (i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits; (ii) which third-party scheme(s) will verify or certify the carbon credits; (iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and (iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).	Climate Change – Metrics and Targets
	41. In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).	Climate Change – Metrics and Targets

Independent Auditor's Report

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

Independent auditor's report

To the shareholders of Honma Golf Limited

(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Honma Golf Limited (the "Company") and its subsidiaries (the "Group") set out on pages 163 to 260, which comprise the consolidated statement of financial position as at 31 March 2026, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2026, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Key audit matters (continued)

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters	How our audit addressed the key audit matter
Inventory provision	
The total inventories and related inventory provision as at 31 March 2026 amounted to JPY9,592 million and JPY2,283 million, respectively. The Group makes provision for the inventories by assessing the inventories' net realisable values. The determination as to whether the inventories are impaired requires a high level of management's judgement and estimates, whereby the Group considers specific factors including the ageing of the inventories, the subsequent or estimated selling prices, and the forecasted market demand. This matter was significant to our audit because the carrying amount of inventories was material to the financial statements and significant management's judgement and estimates were used in assessing the net realisable values of inventories. The accounting policies, significant accounting judgements and estimates and disclosures about inventories and the inventory provision are included in notes 2.4, 3 and 22 to the financial statements.	Our audit procedures included reviewing the methodologies and parameters for the calculation of the net realisable values of the inventories, and assessing the consistency of the provisioning policy applied and the rationale for recording inventory write-down. We also tested the underlying data used by management to identify and quantify obsolete and slow-moving inventories, including testing the ageing calculation, comparing management's estimation against historical usage and, recalculating the provision for samples of inventories. Furthermore, we reviewed subsequent sales or usage of inventories after the end of the reporting period. We also focused on the adequacy of the disclosures in the financial statements regarding the inventory provision.

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Shun Lung Wai (practising certificate number: P06860).

Certified Public Accountants
Hong Kong
26 June 2026

Consolidated Statement of Profit or Loss

Year Ended 31 March 2026

	Notes	2026 JPY'000	2025 JPY'000
		Year ended 31 March	
REVENUE	5	**22,259,687**	21,672,142
Cost of sales		**(10,300,969)**	(9,888,057)
Gross profit		**11,958,718**	11,784,085
Other income and gains	5	**2,775,504**	107,367
Selling and distribution expenses		**(10,103,642)**	(9,650,939)
Administrative expenses		**(1,614,343)**	(1,532,961)
Provision for impairment losses on financial assets		**(219,919)**	(213,132)
Other expenses, net	6	**(233,834)**	(1,230,554)
Finance costs	7	**(270,532)**	(224,430)
Finance income	8	**18,995**	22,633
PROFIT/(LOSS) BEFORE TAX	9	**2,310,947**	(937,931)
Income tax (expense)/credit	12	**(1,191,164)**	673,757
PROFIT/(LOSS) FOR THE YEAR		**1,119,783**	(264,174)
Attributable to:			
Owners of the parent		**1,119,676**	(264,233)
Non-controlling interests		**107**	59
		1,119,783	(264,174)
Earnings/(loss) per share attributable to ordinary equity holders of the parent (expressed in JPY per share)	14		
Basic and diluted			
– For profit/(loss) for the year		**1.85**	(0.44)

Consolidated Statement of Comprehensive Income

Year Ended 31 March 2026

	Notes	Year ended 31 March 2026 JPY'000	2025 JPY'000
PROFIT/(LOSS) FOR THE YEAR		**1,119,783**	(264,174)
OTHER COMPREHENSIVE (LOSS)/INCOME			
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(424,769)**	152,338
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods		**(424,769)**	152,338
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Defined benefit plans:			
Remeasurement gains	31	**303,813**	35,553
Income tax effect	21	**(103,374)**	(10,389)
		200,439	25,164
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value		**11,498**	4,246
Income tax effect	21	**(3,520)**	(1,354)
		7,978	2,892
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		**208,417**	28,056
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX		**(216,352)**	180,394
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**903,431**	(83,780)
Attributable to:			
Owners of the parent		**903,324**	(83,839)
Non-controlling interests		**107**	59
		903,431	(83,780)

Consolidated Statement of Financial Position

At 31 March 2026

	Notes	2026 JPY'000	2025 JPY'000
		At 31 March	
NON-CURRENT ASSETS			
Property, plant and equipment	15	**1,986,320**	2,343,083
Right-of-use assets	16	**2,096,527**	2,188,057
Freehold land	17	**1,940,789**	1,940,789
Intangible assets	18	**80,887**	98,827
Finance lease receivables	19	**14,695**	92,794
Other non-current assets	20	**820,336**	848,188
Net employee defined benefit assets	31	**820,505**	399,575
Deferred tax assets	21	**1,572,215**	2,408,278
Total non-current assets		**9,332,274**	10,319,591
CURRENT ASSETS			
Inventories	22	**7,308,914**	6,883,414
Trade and bills receivables	23	**3,744,413**	3,738,052
Prepayments, deposits and other receivables	24	**2,306,809**	1,616,610
Tax recoverable		**423**	27,907
Due from a related party	37(a)	**239,025**	89,787
Finance lease receivables	19	**86,000**	77,556
Pledged deposits	25	**10,435**	5,957
Cash and cash equivalents	25	**18,159,213**	17,350,026
Total current assets		**31,855,232**	29,789,309
CURRENT LIABILITIES			
Trade and bills payables	26	**1,633,947**	1,067,488
Other payables and accruals	27	**2,257,211**	2,101,745
Interest-bearing bank borrowings	28	**5,724,720**	6,024,720
Lease liabilities	29	**1,055,381**	1,181,395
Income tax payable		**308,573**	278,781
Total current liabilities		**10,979,832**	10,654,129
NET CURRENT ASSETS		**20,875,400**	19,135,180
TOTAL ASSETS LESS CURRENT LIABILITIES		**30,207,674**	29,454,771

Consolidated Statement of Financial Position

At 31 March 2026

	Notes	At 31 March 2026 JPY'000	2025 JPY'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	28	**409,380**	494,100
Lease liabilities	29	**1,074,616**	1,138,421
Deferred tax liabilities	21	**6,591**	10,063
Other non-current liabilities	30	**133,519**	132,050
Total non-current liabilities		**1,624,106**	1,774,634
NET ASSETS		**28,583,568**	27,680,137
EQUITY			
Equity attributable to owners of the parent			
Share capital	32	**153**	153
Reserves	34	**28,628,704**	27,725,380
		28,628,857	27,725,533
Non-controlling interests		**(45,289)**	(45,396)
Total equity		**28,583,568**	27,680,137

Liu Jianguo
Director

Zuo Jun
Director

Consolidated Statement of Changes in Equity

Year Ended 31 March 2026

	Notes	Share capital JPY'000	Surplus reserve JPY'000	Exchange translation reserve JPY'000	Equity-settled share-based payment reserve JPY'000	Fair value reserve JPY'000	Share premium JPY'000	Retained profits JPY'000	Total JPY'000	Non-controlling interests JPY'000	Total equity JPY'000
		Attributable to owners of the parent									
		Note 32	Note 34(i)*	Note 34(iii)*	Note 33*	Note 34(ii)*	*	*			
At 1 April 2025		153	1,060,017	(1,103,835)	466,546	13,812	16,584,008	10,704,832	27,725,533	(45,396)	27,680,137
Profit for the year		–	–	–	–	–	–	1,119,676	1,119,676	107	1,119,783
Other comprehensive income for the year:											
Exchange differences on translation of foreign operations		–	–	(424,769)	–	–	–	–	(424,769)	–	(424,769)
Remeasurement gains on defined benefit plans		–	–	–	–	–	–	200,439	200,439	–	200,439
Gain on equity instruments at fair value through other comprehensive income, net of tax		–	–	–	–	7,978	–	–	7,978	–	7,978
Total comprehensive income for the year		–	–	(424,769)	–	7,978	–	1,320,115	903,324	107	903,431
At 31 March 2026		153	1,060,017	(1,528,604)	466,546	21,790	16,584,008	12,024,947	28,628,857	(45,289)	28,583,568

Consolidated Statement of Changes in Equity

Year Ended 31 March 2026

		Attributable to owners of the parent									
		Share capital	Surplus reserve	Exchange translation reserve	Equity-settled share-based payment reserve	Fair value reserve	Share premium	Retained profits	Total	Non–controlling interests	Total equity
		JPY'000	JPY'000	JPY'000	JPY'000	JPY'000	JPY'000	JPY'000	JPY'000	JPY'000	JPY'000
	Notes	Note 32	Note 34(i)*	Note 34(iii)*	Note 33*	Note 34(ii)*	*	*			
At 1 April 2024		153	1,060,017	(1,256,173)	466,546	10,920	16,584,008	11,852,364	28,717,835	(45,455)	28,672,380
Loss for the year		–	–	–	–	–	–	(264,233)	(264,233)	59	(264,174)
Other comprehensive income for the year:											
Exchange differences on translation of foreign operations		–	–	152,338	–	–	–	–	152,338	–	152,338
Remeasurement gains on defined benefit plans		–	–	–	–	–	–	25,164	25,164	–	25,164
Gain on equity instruments at fair value through other comprehensive income, net of tax		–	–	–	–	2,892	–	–	2,892	–	2,892
Total comprehensive loss for the year		–	–	152,338	–	2,892	–	(239,069)	(83,839)	59	(83,780)
Dividends declared	13	–	–	–	–	–	–	(908,463)	(908,463)	–	(908,463)
At 31 March 2025		153	1,060,017	(1,103,835)	466,546	13,812	16,584,008	10,704,832	27,725,533	(45,396)	27,680,137

* These reserve accounts comprise the consolidated reserves of JPY 28,628,704,000 (2025: JPY27,725,380,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year Ended 31 March 2026

	Notes	2026 JPY'000	2025 JPY'000
		Year ended 31 March	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**2,310,947**	(937,931)
Adjustments for:			
Provision for impairment of property, plant and equipment	15	**169,736**	17,392
Provision for impairment of right-of-use assets	16	**9,331**	–
Write-down of inventories to net realisable value	9	**1,268,264**	1,077,525
Provision for impairment of trade receivables	23	**219,919**	213,132
Net losses on disposal of property, plant and equipment and intangible assets	9	**25,774**	33,630
Net gains on disposal of right-of-use assets	9	**(2,016)**	(11,674)
Depreciation of property, plant and equipment	15	**616,077**	874,650
Depreciation of right-of-use assets	16	**1,342,567**	1,335,902
Amortisation of intangible assets	18	**37,742**	54,148
Defined benefit plan expenses	31	**53,633**	48,462
Foreign exchange (gains)/losses		**(2,446,749)**	679,010
Finance costs	7	**270,532**	224,430
Finance income	8	**(18,995)**	(22,633)
		3,856,762	3,586,043
(Increase)/decrease in inventories		**(1,693,764)**	2,218,167
(Increase)/decrease in trade and bills receivables		**(226,280)**	89,596
(Increase)/decrease in prepayments, deposits and other receivables		**(690,352)**	720,317
(Increase)/decrease in an amount due from a related party		**(149,238)**	15,425
(Placement)/withdrawal of pledged deposits		**(4,478)**	16,042
Decrease/(increase) in other non-current assets		**35,830**	(57,680)
Increase in trade and bills payables		**566,459**	17,044
Increase/(decrease) in other payables and accruals		**155,466**	(299,009)
Increase/(decrease) in other non-current liabilities		**1,469**	(11,555)
Payment for the defined benefit obligations		**(170,188)**	(267,218)
Contributions in plan assets		**(562)**	240
Cash generated from operations		**1,681,124**	6,027,412
Interest received		**18,995**	22,633
Interest paid		**(270,532)**	(224,430)
Income tax paid		**(320,336)**	(328,974)
Net cash flows generated from operating activities		**1,109,251**	5,496,641

continued/…

Consolidated Statement of Cash Flows

Year Ended 31 March 2026

	Notes	Year ended 31 March 2026 JPY'000	2025 JPY'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment and intangible assets		**(454,281)**	(1,560,867)
Decrease in finance lease receivables		**79,449**	109,467
Net cash flows used in investing activities		**(374,832)**	(1,451,400)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank borrowings		**67,680,000**	69,543,540
Repayment of bank borrowings		**(68,064,720)**	(70,014,720)
Principal portion of lease payments	41	**(1,458,734)**	(1,510,766)
Dividends paid	41	**–**	(908,463)
Net cash flows used in financing activities		**(1,843,454)**	(2,890,409)
Net (decrease)/increase in cash and cash equivalents		**(1,109,035)**	1,154,832
Cash and cash equivalents at the beginning of year		**17,350,026**	16,617,120
Effect of foreign exchange rate changes, net		**1,918,222**	(421,926)
Cash and cash equivalents at the end of year		**18,159,213**	17,350,026
Analysis of balances of cash and cash equivalents			
Cash and cash equivalents as stated in the consolidated statement of financial position	25	**18,159,213**	17,350,026

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.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place and date of incorporation/registration	Nominal value of issued ordinary shares/registered share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Seiyou Holdings Limited	British Virgin Islands ("BVI") 25 October 2013	USD1,000	100%	–	Investment holding
Honma Holdings Group Limited	Hong Kong 18 November 2013	USD10	–	100%	Investment holding and trading
World Power International Trading (Shanghai) Co., Ltd.*	PRC/Mainland China 27 December 2013	RMB10,000,000	–	100%	Trading
Hong Kong Honma Golf Company Limited	Hong Kong 2 April 1996	HKD28,782,200	–	100%	Trading
Honma Golf Co., Ltd. ("Honma Japan")	Japan 18 February 1959	JPY500,000,000	–	100%	Manufacture and sale of golf related products
Taiwan Honma Golf Co., LTD	Taiwan 10 June 1996	NTD68,000,000	–	100%	Trading
Honma Golf (Thailand) Company Limited ("Honma Thailand")**	Thailand 28 May 1997	THB2,000,000	–	48.99%	Trading
Honma Golf US Ltd.	United States 28 November 2016	USD100	–	100%	Trading
Honma Golf Europe GmbH	Switzerland 9 February 2017	CHF20,000	–	100%	Trading

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Notes:

* World Power International Trading (Shanghai) Co., Ltd. is registered as a wholly-foreign-owned enterprise under PRC law.

** Honma Thailand is accounted for as a subsidiary of the Group even though the Group has only a 48.99% equity interest in this company because the Group has the power to control the board of directors and to govern the financial and operating policies of Honma Thailand. The Group holds 48.99% of the total shares of Honma Thailand, which are ordinary shares. The rest of the shares of Honma Thailand, being 51.01% of the total shares, are preference shares. Each preference share only entitles the holder to one fifth of the voting right as compared to each ordinary share. As a result, the Group is entitled to appoint all directors to the board of directors of Honma Thailand.

Honma Thailand has been in the process of liquidation since January 2017 and the process has not been completed by the date of approval of these financial statements.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations) as 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.

2. ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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 2026. 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 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/(loss) 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 the related assets (including goodwill), liabilities, any non-controlling interest and the exchange translation reserve; and recognises the fair value of any investment retained and 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. ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies and disclosures

The Group has adopted amendments to IAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

2.3 Issued but not yet effective IFRS Accounting Standards

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended HKFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]
Annual Improvements to IFRS Accounting Standards – Volume 11	*Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7*[2]

1 Effective for annual periods beginning on or after 1 January 2026

2 Effective for annual/reporting periods beginning on or after 1 January 2027

3 No mandatory effective date yet determined but available for adoption

2. ACCOUNTING POLICIES (continued)

2.3 Issued but not yet effective IFRS Accounting Standards (continued)

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows,* IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The application of IFRS 18 is not expected to have a material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and statement of cash flows and additional disclosure will be included in the financial statements.

Save as disclosed above, none of the other new and revised IFRS Accounting Standards is expected to have a significant impact on the Group's results of operations and financial position.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies

Fair value measurement

The Group measures its bills receivable and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and net employed defined benefit assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group, or of a parent of the Group.

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Category	Annual rate
Building	2% to 33%
Machinery	6% to 11%
Leasehold improvements	Shorter of the lease terms and 20% to 100%
Motor vehicles	14% to 50%
Equipment, furniture and fittings	12.5% to 50%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Intangible assets are amortised on the straight-line basis over the following useful economic lives:

Licences	10 years
Software	3 to 10 years
Telephone use right	Infinite life

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Freehold land

Land is stated at actual cost on initial recognition less accumulated impairment. The Group's land is in Japan, which is freehold and not depreciated. The Group's land is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Shops	2 to 5 years
Office properties	2 to 3 years
Motor vehicles	2 to 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Leases (continued)

Group as a lessee (continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Leases (continued)

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in other income and gains in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as other income and gains in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases. At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance income on the net investment in the lease is recognised in the statement of profit or loss so as to provide a constant periodic rate of return over the lease terms.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Investments and other financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Impairment of financial assets (continued)

General approach (continued)

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below:

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Impairment of financial assets (continued)

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables that contain a significant financing component, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, interest-bearing bank borrowings, other payables and accruals, and other non-current liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred taxes assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(a) Sale of golf related products

Revenue from the sale of golf related products is recognised at the point in time when control of the asset is transferred to the customer, generally on acceptance of the golf related products. The normal credit terms are 30 to 120 days for major customers. Payment in advance is required for some contracts.

Some contracts for the sale of golf related products provide customers with rights of return, giving rise to variable consideration.

Rights of return

For contracts which provide a customer with a right to return the goods, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Sales rebates

Sales rebates may be provided to certain customers once the products purchased during the period exceed a threshold specified in the contract. Rebates are settled by the delivery of products. To estimate the variable consideration for the expected future rebates, the most likely amount method is used.

(b) Rendering of services

The Group provides services relating to golf related products. The performance obligation is satisfied over time as services are rendered. Payment is generally due within 30 to 45 days upon completion of services and acceptance by the customer.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Revenue recognition (continued)

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Right-of-return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods and any potential decreases in the value of the returned goods. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned goods.

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Share-based payments

Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted by using an income approach (discounted cash flow method, in particular).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in the employee benefit expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Other employee benefits

Pension schemes

Subsidiaries of the Group incorporated in Hong Kong operate a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Defined benefit plans

Subsidiaries of the Group incorporated in Japan and Taiwan operate defined benefit pension plans which require contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit actuarial valuation method.

Remeasurements arising from defined benefit pension plans, comprising actuarial gains and losses, the effect of the asset ceiling (excluding the amount included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained profits through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in the statement of profit or loss at the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring related costs.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Other employee benefits (continued)

Defined benefit plans (continued)

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under "cost of sales", "selling and distribution expenses" and "administrative expenses" in the consolidated statement of profit or loss by function:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

- net interest expense or income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Foreign currencies

These financial statements are presented in JPY, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain subsidiaries operating overseas other than subsidiaries in Japan are currencies other than the JPY. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into JPY at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange translation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into JPY at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into JPY at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's financial statements requires management to make significant judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are disclosed in notes 15,16,17,18 and 31 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimation uncertainty (continued)

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 23 to the financial statements.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The key assumptions and inputs used in estimating future taxable profits include forecasted revenue and operating profit ratio. Further details are disclosed in note 21 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimation uncertainty (continued)

Defined benefit plans

The cost of the defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, salary increase rate, mortality rate and turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with those of the currencies of the post-employment benefit obligation with at least an “AA” rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on condition that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. The salary increase rate is based on expected future inflation rates for the respective countries. The turnover rate is based on historical analysis of the withdrawal rate. Further details are disclosed in note 31 to the financial statements.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated selling expenses. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in market conditions. Management reassesses these estimates at each reporting date after considering specific factors such as the ageing of the inventories, the subsequent or estimated selling price and forecasted market demand. Further details are disclosed in note 22 to the financial statements.

4. 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	
	2026	2025
	JPY'000	JPY'000
Japan	**8,260,268**	9,045,405
China (including Hong Kong and Macau)	**6,705,181**	6,618,592
Korea	**4,137,813**	2,666,806
North America	**671,944**	625,342
Europe	**374,132**	420,967
Other regions	**2,110,349**	2,295,030
Total revenue	**22,259,687**	21,672,142

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

4. OPERATING SEGMENT INFORMATION (continued)

Geographic information (continued)

(b) Non-current assets

	At 31 March	
	2026	2025
	JPY'000	JPY'000
Japan	**5,244,197**	5,666,778
Other Asia Pacific area	**942,471**	920,312
North America	**28,147**	46,030
Total non-current assets	**6,214,815**	6,633,120

The non-current asset information above is based on the locations of the assets and excludes financial instruments, net employee defined benefit assets and deferred tax assets.

Information about major customers

Revenue amounting to 10% or more of the Group's revenue was derived from sales to a single customer, amounting to approximately JPY2,433,770,000 for the year ended 31 March 2026.

No revenue amounting to 10% or more of the Group's revenue was derived from sales to a single customer for the year ended 31 March 2025.

5. 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	
	2026	2025
	JPY'000	JPY'000
Revenue from contracts with customers		
Sale of goods	**22,191,943**	21,604,162
Rendering of services	**67,744**	67,980
Total revenue	**22,259,687**	21,672,142

	Year ended 31 March	
	2026	2025
	JPY'000	JPY'000
Other income and gains		
Foreign exchange gains, net	**2,661,830**	–
Government grants*	**13,779**	16,344
Gain on disposal of right-of-use assets, net	**2,016**	11,674
Compensation income	**575**	533
Others	**97,304**	78,816
Total other income and gains	**2,775,504**	107,367

* The income-related government grants were mainly financial incentives provided by local government authorities in Japan. There are no unfulfilled conditions or contingencies relating to these grants.

5. REVENUE, OTHER INCOME AND GAINS (continued)

	Year ended 31 March	
	2026	2025
	JPY'000	JPY'000
Types of goods or services		
Sale of golf related products	**22,191,943**	21,604,162
Rendering of services relating to golf related products	**67,744**	67,980
Total	**22,259,687**	21,672,142
Timing of revenue recognition		
Goods transferred at a point in time	**22,191,943**	21,604,162
Services transferred over time	**67,744**	67,980
Total	**22,259,687**	21,672,142

The disaggregation of the Group's revenue based on the geographical region for the year ended 31 March 2026 is included in note 4 to the financial statements.

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	Year ended 31 March	
	2026	2025
	JPY'000	JPY'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of golf related products	**412,510**	605,561

5. REVENUE, OTHER INCOME AND GAINS (continued)

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are as follows:

	Year ended 31 March	
	2026	2025
	JPY'000	JPY'000
Amounts expected to be recognised as revenue:		
Within one year	**508,193**	412,510

6. OTHER EXPENSES, NET

	Year ended 31 March	
	2026	2025
	JPY'000	JPY'000
Net losses on disposal of property, plant and equipment and intangible assets	**25,774**	33,630
Provision for impairment of property, plant and equipment	**169,736**	17,392
Provision for impairment of right-of-use assets	**9,331**	–
Foreign exchange loss, net	**–**	1,113,958
Others	**28,993**	65,574
Total	**233,834**	1,230,554

7. FINANCE COSTS

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

	Year ended 31 March	
	2026	2025
	JPY'000	JPY'000
Interest on bank borrowings	**209,426**	164,753
Interest on lease liabilities	**61,106**	59,677
Total	**270,532**	224,430

8. FINANCE INCOME

	Year ended 31 March	
	2026	2025
	JPY'000	JPY'000
Interest income	**18,995**	22,633

9. PROFIT/(LOSS) BEFORE TAX

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

		Year ended 31 March	
		2026	2025
	Notes	**JPY'000**	JPY'000
Cost of inventories sold		**10,271,202**	9,858,297
Cost of services provided		**29,767**	29,760
Depreciation of property, plant and equipment	15	**616,077**	874,650
Depreciation of right-of-use assets	16	**1,342,567**	1,335,902
Amortisation of intangible assets	18	**37,742**	54,148
Research and development costs		**348,784**	240,380
Provision for impairment of property, plant and equipment	15	**169,736**	17,392
Provision for impairment of right-of-use assets	16	**9,331**	–
Provision for impairment of trade receivables	23	**219,919**	213,132
Lease payments not included in the measurement of lease liabilities	36(b)	**194,502**	222,147
Auditors' remuneration		**145,510**	140,880
Employee benefit expense (including directors' and chief executive's remuneration (note 10):			
Wages and salaries		**3,866,799**	3,569,648
Pension and social security costs*		**345,059**	343,301
Defined benefit plan expenses	31	**53,633**	48,462
Employee benefits		**430,028**	412,643
Other benefits		**212,819**	202,034
Total		**4,908,338**	4,576,088
Foreign exchange (gains)/loss, net	5/6	**(2,661,830)**	1,113,958
Write-down of inventories to net realisable value		**1,268,264**	1,077,525
Net losses on disposal of items of property, plant and equipment and intangible assets	6	**25,774**	33,630
Net gain on disposal of right-of-use assets	5	**(2,016)**	(11,674)

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 March	
	2026	2025
	JPY'000	JPY'000
Fees	**37,475**	38,424
Other emoluments:		
Salaries, allowances and benefits in kind	**98,103**	86,407
Pension scheme contributions	**11,557**	11,236
Subtotal	**109,660**	97,643
Total	**147,135**	136,067

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	Year ended 31 March	
	2026	2025
	JPY'000	JPY'000
Mr. Lu Pochin Christopher	**10,389**	10,722
Mr. Xu Hui	**6,270**	6,407
Mr. Wang Jianguo	**6,270**	6,407
Ms. Tian Qing *	**6,234**	2,100
Total	**29,163**	25,636

* Ms. Tian Qing was appointed as an independent non-executive director on 20 December 2024.

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors

	Fees JPY'000	Salaries, allowances and benefits in kind JPY'000	Pension scheme contributions JPY'000	Total remuneration JPY'000
Year ended 31 March 2026				
Executive directors:				
Mr. Liu Jianguo	–	47,884	3,459	51,343
Mr. Liu Hongli	–	28,668	3,344	32,012
Mr. Yasuki Ito	–	10,932	1,642	12,574
Mr. Zuojun	–	10,619	3,112	13,731
Subtotal	–	98,103	11,557	109,660
Non-executive directors:				
Mr. Yang Xiaoping	4,156	–	–	4,156
Mr. Soopakij Chearavanont **	4,156	–	–	4,156
Subtotal	8,312	–	–	8,312
Total	8,312	98,103	11,557	117,972

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors (continued)

	Fees JPY'000	Salaries, allowances and benefits in kind JPY'000	Pension scheme contributions JPY'000	Total remuneration JPY'000
Year ended 31 March 2025				
Executive directors:				
Mr. Liu Jianguo	–	36,079	3,425	39,504
Mr. Liu Hongli	–	28,765	3,348	32,113
Mr. Yasuki Ito	–	10,939	1,388	12,327
Mr. Zuojun	–	10,624	3,075	13,699
Subtotal	–	86,407	11,236	97,643
Non-executive directors:				
Mr. Yang Xiaoping	4,289	–	–	4,289
Mr. Ho Ping-hsien Robert *	4,289	–	–	4,289
Mr. Soopakij Chearavanont **	4,210	–	–	4,210
Subtotal	12,788	–	–	12,788
Total	12,788	86,407	11,236	110,431

* Mr. Ho Ping-hsien Robert passed away on 18 September 2024.

** Mr. Soopakij Chearavanont was appointed as a non-executive director on 29 November 2024.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included one director (2025: two). Details of the directors' remuneration are set out in note 10 above. Details of the total remuneration of the remaining four (2025: three) highest paid employees who are neither a director nor the chief executive of the Group are as follows:

	Year ended 31 March	
	2026	2025
	JPY'000	JPY'000
Salaries, allowances and benefits in kind	**225,339**	131,340
Pension scheme contributions	**29,705**	3,525
Total	**255,044**	134,865

The number of the non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees Year ended 31 March	
	2026	2025
HKD1,000,001 to HKD1,500,000	**–**	1
HKD1,500,001 to HKD2,000,000	**1**	1
HKD2,500,001 to HKD3,000,000	**1**	–
HKD3,500,001 to HKD4,000,000	**–**	1
HKD4,000,001 to HKD4,500,000	**1**	–
HKD4,500,001 to HKD5,000,000	**1**	–
Total	**4**	3

12. 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 on 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 (2025: 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 (2025: 30.62%).

The subsidiary of the Company registered in 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% (2025: 25%).

The subsidiaries incorporated in Taiwan and Thailand are subject to income tax at the rates of 20% and 20% on the assessable profits (2025: 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 (2025: 21%), as well as state tax at a rate of approximately 8.84% (2025: 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 (2025: 8.5%), as well as cantonal and communal taxes at rates ranging from 2% to 5% (2025: 2% to 5%).

Tax in the statement of profit or loss represents:

	Year ended 31 March	
	2026	2025
	JPY'000	JPY'000
Current		
Charge for the period	**364,377**	539,949
Overprovision in prior periods	**(29)**	–
Deferred tax (note 21)	**826,816**	(1,213,706)
Total	**1,191,164**	(673,757)

12. INCOME TAX (continued)

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

	Year ended 31 March			
	2026		2025	
	JPY'000	%	JPY'000	%
Profit/(loss) before tax	2,310,947		(937,931)	
Tax at the statutory tax rate (30.62% for the years ended 31 March 2026 and 2025)	707,612	30.62	(287,194)	30.62
Different tax rates or tax bases for entities outside Japan	(314,400)	(13.60)	(255,383)	27.23
Expenses not deductible for tax	33,523	1.45	72,012	(7.68)
Income not subject to tax	(199,594)	(8.64)	(35,293)	3.76
Adjustments in respect of current tax of previous periods	(54)	(0.00)	–	–
Effect of withholding tax on the distributable profits of the Group's subsidiaries in Mainland China and Japan	–	–	(70,183)	7.48
Impact of unrecognised tax losses and temporary differences	964,077	41.72	(97,716)	10.42
Tax charge/(credit) at the Group's effective rate	1,191,164	51.54	(673,757)	71.83

13. DIVIDENDS

	Year ended 31 March	
	2026	2025
	JPY'000	JPY'000
Proposed final – Nil (2025: Nil) per ordinary share	–	–
Interim declared – Nil (2025: Nil) per ordinary share	–	–

The directors did not declare any interim and final dividends for 2026.

14. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings (2025: loss) per share is based on the profit attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares outstanding during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2026 and 2025 in respect of a dilution as the Group had no dilutive potentially ordinary shares outstanding during the years ended 31 March 2026 and 2025.

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

	Year ended 31 March	
	2026	2025
	JPY'000	JPY'000
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent	**1,119,676**	(264,233)

	Number of shares	
	2026	2025
	'000	'000
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	**605,643**	605,643

15. PROPERTY, PLANT AND EQUIPMENT

	Building JPY'000	Machinery JPY'000	Leasehold improvements JPY'000	Motor vehicles JPY'000	Equipment, furniture and fittings JPY'000	Construction in progress JPY'000	Total JPY'000
31 March 2026							
Cost:							
At 1 April 2025	6,518,044	1,981,793	3,709,684	24,745	2,016,909	5,295	14,256,470
Additions	33,072	59,547	128,455	1,490	208,184	4,889	435,637
Transfer from construction in progress	–	3,017	358	–	209	(3,584)	–
Disposals	(28,308)	(67,789)	(116,530)	–	(231,951)	–	(444,578)
Exchange realignment	–	2,098	164,425	–	17,027	–	183,550
At 31 March 2026	6,522,808	1,978,666	3,886,392	26,235	2,010,378	6,600	14,431,079
Accumulated depreciation:							
At 1 April 2025	5,856,095	1,783,375	2,165,501	21,514	1,539,388	–	11,365,873
Depreciation provided during the year	65,654	55,715	261,956	745	232,007	–	616,077
Disposals	(26,018)	(67,431)	(75,216)	–	(215,748)	–	(384,413)
Exchange realignment	–	2,041	132,943	–	12,508	–	147,492
At 31 March 2026	5,895,731	1,773,700	2,485,184	22,259	1,568,155	–	11,745,029
Accumulated impairment:							
At 1 April 2025	93,339	1,697	386,220	–	66,258	–	547,514
Impairment provided during the year	10,630	–	149,494	–	8,460	1,152	169,736
Disposals	(2,290)	(196)	(31,435)	–	(470)	–	(34,391)
Exchange realignment	–	–	15,840	–	1,031	–	16,871
At 31 March 2026	101,679	1,501	520,119	–	75,279	1,152	699,730
Net book value:							
At 31 March 2026	525,398	203,465	881,089	3,976	366,944	5,448	1,986,320

15. PROPERTY, PLANT AND EQUIPMENT (continued)

	Building JPY'000	Machinery JPY'000	Leasehold improvements JPY'000	Motor vehicles JPY'000	Equipment, furniture and fittings JPY'000	Construction in progress JPY'000	Total JPY'000
31 March 2025							
Cost:							
At 1 April 2024	6,461,817	2,008,131	2,995,753	46,731	1,784,547	214,366	13,511,345
Additions	82,379	16,778	678,560	4,180	510,754	5,295	1,297,946
Transfer from construction in progress	–	11,300	184,006	–	13,438	(208,744)	–
Disposals	(26,152)	(53,742)	(106,614)	(26,166)	(288,502)	–	(501,176)
Exchange realignment	–	(674)	(42,021)	–	(3,328)	(5,622)	(51,645)
At 31 March 2025	6,518,044	1,981,793	3,709,684	24,745	2,016,909	5,295	14,256,470
Accumulated depreciation:							
At 1 April 2024	5,798,277	1,761,312	1,907,830	46,590	1,436,809	–	10,950,818
Depreciation provided during the year	79,424	76,454	335,204	1,090	382,478	–	874,650
Disposals	(21,606)	(53,742)	(65,540)	(26,166)	(278,252)	–	(445,306)
Exchange realignment	–	(649)	(11,993)	–	(1,647)	–	(14,289)
At 31 March 2025	5,856,095	1,783,375	2,165,501	21,514	1,539,388	–	11,365,873
Accumulated impairment:							
At 1 April 2024	93,339	1,697	390,201	–	75,662	–	560,899
Impairment provided during the year	–	–	16,596	–	796	–	17,392
Disposals	–	–	(17,718)	–	(10,044)	–	(27,762)
Exchange realignment	–	–	(2,859)	–	(156)	–	(3,015)
At 31 March 2025	93,339	1,697	386,220	–	66,258	–	547,514
Net book value:							
At 31 March 2025	568,610	196,721	1,157,963	3,231	411,263	5,295	2,343,083

The Group considers each individual retail store as a separately identifiable cash-generating unit. Management performed impairment assessments for the retail stores that had impairment indicator. The recoverable amounts of these shops 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. An impairment of JPY169,736,000 (2025: JPY19,064,000) has been provided for certain loss-making shops during the year ended 31 March 2026 with recoverable amount of nil.

16. RIGHT-OF-USE ASSETS

	Shops	Office properties	Motor vehicles	Total
	JPY'000	JPY'000	JPY'000	JPY'000
Carrying amount at 1 April 2025	**1,771,169**	**343,211**	**73,677**	**2,188,057**
Addition	**1,192,999**	**10,188**	**–**	**1,203,187**
Depreciation during the year	**(1,193,751)**	**(142,119)**	**(6,697)**	**(1,342,567)**
Revision of a lease term arising from a change in the non-cancellable period of a lease	**(31,878)**	**–**	**–**	**(31,878)**
Impairment	**(9,331)**	**–**	**–**	**(9,331)**
Exchange realignment	**86,078**	**2,981**	**–**	**89,059**
Carrying amount at 31 March 2026	**1,815,286**	**214,261**	**66,980**	**2,096,527**

	Shops	Office properties	Motor vehicles	Total
	JPY'000	JPY'000	JPY'000	JPY'000
Carrying amount at 1 April 2024	2,011,040	364,994	44,729	2,420,763
Addition	1,085,575	373,738	35,645	1,494,958
Depreciation during the year	(1,182,288)	(146,917)	(6,697)	(1,335,902)
Revision of a lease term arising from a change in the non-cancellable period of a lease	(126,303)	(247,257)	–	(373,560)
Exchange realignment	(16,855)	(1,347)	–	(18,202)
Carrying amount at 31 March 2025	1,771,169	343,211	73,677	2,188,057

17. FREEHOLD LAND

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

	Year ended 31 March	
	2026	2025
	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.

18. INTANGIBLE ASSETS

31 March 2026

	Licences JPY'000	Software JPY'000	Telephone use right JPY'000	Total JPY'000
Cost at 1 April 2025, net of accumulated amortisation and impairment	**551**	**92,306**	**5,970**	**98,827**
Additions	**–**	**18,797**	**–**	**18,797**
Amortisation provided during the year	**(201)**	**(37,541)**	**–**	**(37,742)**
Exchange realignment	**–**	**1,005**	**–**	**1,005**
At 31 March 2026	**350**	**74,567**	**5,970**	**80,887**
At 31 March 2026:				
Cost	**5,596**	**1,014,518**	**41,767**	**1,061,881**
Accumulated amortisation	**(5,246)**	**(939,951)**	**–**	**(945,197)**
Impairment	**–**	**–**	**(35,797)**	**(35,797)**
Net carrying amount	**350**	**74,567**	**5,970**	**80,887**

31 March 2025

	Licences JPY'000	Software JPY'000	Telephone use right JPY'000	Total JPY'000
Cost at 1 April 2024, net of accumulated amortisation and impairment	923	83,014	5,970	89,907
Additions	–	69,130	–	69,130
Disposal	–	(5,580)	–	(5,580)
Amortisation provided during the year	(372)	(53,776)	–	(54,148)
Exchange realignment	–	(482)	–	(482)
At 31 March 2025	551	92,306	5,970	98,827
At 31 March 2025:				
Cost	5,596	977,437	41,767	1,024,800
Accumulated amortisation	(5,045)	(885,131)	–	(890,176)
Impairment	–	–	(35,797)	(35,797)
Net carrying amount	551	92,306	5,970	98,827

19. FINANCE LEASE RECEIVABLES

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

	At 31 March	
	2026	2025
	JPY'000	JPY'000
Within one year	**86,371**	77,889
After one year but within two years	**14,827**	80,226
After two years but within three years	**–**	13,773
Total minimum finance lease receivables	**101,198**	171,888
Unearned finance income	**(503)**	(1,538)
Total net finance lease receivables	**100,695**	170,350
Portion classified as current assets	**(86,000)**	(77,556)
Non-current portion	**14,695**	92,794

	At 31 March	
	2026	2025
	JPY'000	JPY'000
Within one year	**86,000**	77,556
After one year but within two years	**14,695**	79,252
After two years but within three years	**–**	13,542
Total present value of minimum finance lease receivables	**100,695**	170,350

During the year, JPY1,088,000 (2025: JPY1,504,000) was recognised as the finance income from finance lease receivables.

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 since initial recognition. The expected credit loss for finance lease receivables that were not yet past due is minimal.

20. OTHER NON-CURRENT ASSETS

	At 31 March	
	2026	2025
	JPY'000	JPY'000
Equity instruments at fair value through other comprehensive income		
Unlisted equity investments, at fair value	**100**	100
Listed equity investments, at fair value	**37,836**	26,414
	37,936	26,514
Rental deposits	**673,911**	759,310
Long-term prepaid expenses	**108,489**	62,364
Total	**820,336**	848,188

21. DEFERRED TAX

Deferred tax assets

	Unrealised profit JPY'000	Tax losses JPY'000	Impairment of inventories JPY'000	Accrued payroll JPY'000	Bad debt JPY'000	Lease liabilities JPY'000	Others JPY'000	Total JPY'000
At 1 April 2024	553,661	388,325	238,407	22,724	2,680	682,092	193,534	2,081,423
Deferred tax (charged)/credited to profit or loss during the year	(115,509)	1,404,603	(81,384)	(10,851)	203	(70,153)	13,882	1,140,791
Exchange realignment	(37,067)	(9,002)	(6,876)	–	–	(4,040)	(2,865)	(59,850)
Gross deferred tax assets at 31 March 2025	401,085	1,783,926	150,147	11,873	2,883	607,899	204,551	3,162,364
At 1 April 2025	401,085	1,783,926	150,147	11,873	2,883	607,899	204,551	3,162,364
Deferred tax (charged)/credited to profit or loss during the year	(26,502)	(732,409)	47,590	(11,873)	1,642	(79,497)	(86,081)	(887,130)
Exchange realignment	37,712	12,708	21,590	–	–	30,621	11,500	114,131
Gross deferred tax assets at 31 March 2026	412,295	1,064,225	219,327	–	4,525	559,023	129,970	2,389,365

21. DEFERRED TAX (continued)

Deferred tax liabilities

	Right-of-use assets JPY'000	Defined benefit plans JPY'000	Change in fair value JPY'000	Depreciation allowance in excess of related depreciation JPY'000	Withholding tax JPY'000	Total JPY'000
At 1 April 2024	694,853	43,229	6,657	14,144	70,183	829,066
Deferred tax charged to other comprehensive income during the year	–	10,389	1,354	–	–	11,743
Deferred tax charged/(credited) to profit or loss during the year	(65,679)	67,028	–	(4,081)	(70,183)	(72,915)
Exchange realignment	(3,745)	–	–	–	–	(3,745)
Gross deferred tax liabilities at 31 March 2025	625,429	120,646	8,011	10,063	–	764,149
At 1 April 2025	625,429	120,646	8,011	10,063	–	764,149
Deferred tax charged to other comprehensive income during the year	–	103,374	3,520	–	–	106,894
Deferred tax charged/(credited) to profit or loss during the year	(97,190)	40,348	–	(3,472)	–	(60,314)
Exchange realignment	13,012	–	–	–	–	13,012
Gross deferred tax liabilities at 31 March 2026	541,251	264,368	11,531	6,591	–	823,741

21. DEFERRED TAX (continued)

Deferred tax liabilities (continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	At 31 March	
	2026 JPY'000	2025 JPY'000
Net deferred tax assets recognised in the consolidated statement of financial position	1,572,215	2,408,278
Net deferred tax liabilities recognised in the consolidated statement of financial position	6,591	10,063

Deferred tax assets have not been recognised in respect of the following items:

	At 31 March	
	2026 JPY'000	2025 JPY'000
Tax losses	8,559,551	5,641,970
Deductible temporary differences	3,037,889	2,193,035
Total	11,597,440	7,835,005

The Group has tax losses of JPY4,504,793,000 (2025: JPY5,260,027,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has tax losses of JPY876,128,000 (2025: Nil) expiring in one to five years and JPY3,178,630,000 (2025: JPY381,942,000) expiring in one to ten years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

21. DEFERRED TAX (continued)

Deferred tax liabilities (continued)

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. In addition, pursuant to the tax law in Japan, a 20.24% withholding tax is levied on dividends declared to foreign investors from the enterprises established in Japan. A 5% withholding tax is levied on dividends declared to Hong Kong investors from enterprises established in Japan pursuant to the tax treaty between Japan and Hong Kong. Furthermore, pursuant to the tax law in Taiwan, a 20% withholding tax is levied on dividends declared to foreign investors from the enterprises established in Taiwan. The Group is therefore liable for withholding taxes on dividends distributed by the subsidiary established in Mainland China in respect of earnings generated from 1 January 2008 and by the subsidiaries established in Japan and Taiwan.

As at 31 March 2026 and 2025, there were no significant unrecognised deferred tax liabilities for taxes that would be payable on the unremitted earnings of the Group's subsidiaries as the Group has no liability to additional tax should such amounts be remitted due to the availability of double taxation relief.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

22. INVENTORIES

	At 31 March	
	2026	2025
	JPY'000	JPY'000
Raw materials	**2,071,219**	1,545,016
Work in progress	**134,980**	795,947
Finished goods	**7,385,455**	6,408,205
Subtotal	**9,591,654**	8,749,168
Less: Provision	**(2,282,740)**	(1,865,754)
Net carrying amount	**7,308,914**	6,883,414

23. TRADE AND BILLS RECEIVABLES

	At 31 March	
	2026	2025
	JPY'000	JPY'000
Trade receivables	**4,289,494**	3,981,044
Bills receivable	**8,126**	117,738
Subtotal	**4,297,620**	4,098,782
Less: Provision	**(553,207)**	(360,730)
Net carrying amount	**3,744,413**	3,738,052

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	
	2026	2025
	JPY'000	JPY'000
Within 1 month	**3,493,696**	3,468,029
1 to 3 months	**236,946**	133,558
3 to 12 months	**5,645**	14,365
Over 1 year	**–**	4,362
Total	**3,736,287**	3,620,314

23. TRADE AND BILLS RECEIVABLES (continued)

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

	At 31 March 2026 JPY'000	At 31 March 2025 JPY'000
Opening balance	360,730	166,201
Addition	301,750	226,081
Reversal	(81,831)	(12,949)
Amount written off as uncollectable	(27,442)	(18,603)
Ending balance	553,207	360,730

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, customer type and rating). 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 2026

	Expected loss rates	Gross carrying amounts JPY'000	Impairment JPY'000
Defaulted receivables	82.30%	592,871	487,960
Current and past due within 6 months	1.25%	3,673,705	45,950
6 to 12 months past due	28.93%	5,095	1,474
Over 1 year past due	100.00%	17,823	17,823
Total		4,289,494	553,207

23. TRADE AND BILLS RECEIVABLES (continued)

As at 31 March 2025

	Expected loss rates	Gross carrying amounts JPY'000	Impairment JPY'000
Defaulted receivables	100.00%	298,905	298,905
Current and past due within 6 months	1.23%	3,665,432	45,151
6 to 12 months past due	31.25%	48	15
Over 1 year past due	100.00%	16,659	16,659
Total		3,981,044	360,730

Transferred financial assets that are derecognised in their entirety

At 31 March 2026, the Group endorsed certain bills receivable accepted by banks in Japan (the "Derecognised Bills") with a carrying amount in aggregate of JPY123,314,000 (2025: JPY478,165,000). The Derecognised Bills had a maturity of one month to four months at the end of the reporting period. In accordance with the Law, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the "Continuing Involvement"). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 31 March	
	2026	2025
	JPY'000	JPY'000
Prepaid rental expenses	**22,893**	46,766
Prepaid expenses	**140,732**	116,919
Deductible input value added tax	**492,174**	29,117
Advances to suppliers	**1,276,812**	985,628
Rental deposits	**253,236**	161,223
Other receivables	**16,633**	13,774
Right-of-return assets	**104,329**	263,183
Impairment allowance	**–**	–
Total	**2,306,809**	1,616,610

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts.

There were no movements in the provision for impairment of other receivables in either the current or the prior year.

The Group applies a general approach in calculating ECLs for other receivables and rental deposits. Other receivables related to debtors that are in default are classified as Stage 3 and the lifetime ECL rate was estimated to be 100% based on historical credit loss experience. The remaining other receivables and rental deposits are classified as Stage 1 without any significant increase in credit risk since initial recognition. Their recoverability was assessed with reference to the credit status of the debtors, and the expected credit loss as at 31 March 2026 was considered to be insignificant.

The carrying amount of prepayments, deposits and other receivables approximates to their fair value due to their short term maturity.

25. CASH AND CASH EQUIVALENTS

	At 31 March	
	2026	2025
	JPY'000	JPY'000
Cash and bank balances	**18,159,213**	17,350,026
Time deposits	**10,435**	5,957
Subtotal	**18,169,648**	17,355,983
Less: Others	**(10,435)**	(5,957)
Cash and cash equivalents	**18,159,213**	17,350,026

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to JPY17,652,347,000 (31 March 2025: JPY16,649,506,000). The RMB is not freely convertible into other currencies, however, under the Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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 three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

26. TRADE AND BILLS PAYABLES

	At 31 March	
	2026	2025
	JPY'000	JPY'000
Trade payables	**1,633,947**	1,067,488

The ageing analysis of trade and bills payables as at 31 March 2026 and 2025 is as follows:

	At 31 March	
	2026	2025
	JPY'000	JPY'000
Within 3 months	**1,630,565**	1,067,488
Over 3 months	**3,382**	–
Total	**1,633,947**	1,067,488

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

27. OTHER PAYABLES AND ACCRUALS

	At 31 March	
	2026	2025
	JPY'000	JPY'000
Payables for purchase of property, plant and equipment	**108,041**	79,841
Contract liabilities	**508,193**	412,510
Staff payroll and welfare payables	**336,535**	366,211
Other tax payables	**135,493**	117,290
Refund liabilities	**269,020**	328,553
Other payables and accruals	**899,929**	797,340
Total	**2,257,211**	2,101,745

Financial liabilities included in the above balances are non-interest-bearing and have no significant balances with ageing over one year.

Details of contract liabilities are as follows:

		At 31 March	
	2026	2025	2024
	JPY'000	JPY'000	JPY'000
Sale of golf related products	**508,193**	412,510	605,561

The fluctuations in contract liabilities as at 31 March 2026 and 2025 were mainly due to the fluctuations in sales rebate and short-term advances received from customers in relation to the sale of golf related products.

28. INTEREST-BEARING BANK BORROWINGS

	At 31 March	
	2026	2025
	JPY'000	JPY'000
Current		
Bank loans – unsecured	**5,724,720**	6,024,720
Non-current		
Bank loans – unsecured	**409,380**	494,100
Total	**6,134,100**	6,518,820
Analysed into:		
Bank loans repayable:		
Within one year	**5,724,720**	6,024,720
In the second year	**84,720**	63,540
In the third to fifth years, inclusive	**254,160**	254,160
Beyond five years	**70,500**	176,400
Total	**6,134,100**	6,518,820

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

	At 31 March	
	2026	2025
Effective interest rates	**0.17% to 3.08%**	0.17% to 3.08%

At 31 March 2026 and 2025, there were no properties pledged to secure bank borrowings granted to the Group.

29. LEASE LIABILITIES

	At 31 March	
	2026	2025
	JPY'000	JPY'000
At beginning of year	**2,319,816**	2,777,470
Addition	**1,203,187**	1,459,035
Accretion of interest	**61,106**	59,677
Payment	**(1,519,840)**	(1,570,443)
Revision of a lease term arising from a change in the non-cancellable period of a lease	**(33,894)**	(385,234)
Exchange realignment	**99,622**	(20,689)
At end of year	**2,129,997**	2,319,816

29. LEASE LIABILITIES (continued)

Maturity profile of lease liabilities as at 31 March 2026 and 2025 is as follows:

	At 31 March	
	2026	2025
	JPY'000	JPY'000
Within one year	**1,083,590**	1,195,052
In the second year	**955,106**	726,039
In the third to five years, inclusive	**140,283**	470,584
Total undiscounted lease liabilities	**2,178,979**	2,391,675
Discount amount	**(48,982)**	(71,859)
Total present value of lease liabilities	**2,129,997**	2,319,816
Portion classified as current liabilities	**(1,055,381)**	(1,181,395)
Non-current portion	**1,074,616**	1,138,421
Analysed into:		
Lease liabilities:		
Within one year	**1,055,381**	1,181,395
In the second year	**1,021,078**	700,483
In the third to fifth years, inclusive	**53,538**	437,938
Total	**2,129,997**	2,319,816

30. OTHER NON-CURRENT LIABILITIES

	At 31 March	
	2026	2025
	JPY'000	JPY'000
Asset retirement obligations	**127,220**	122,927
Rental deposits received as lessor	**6,299**	9,123
Total	**133,519**	132,050

The Group makes provision for rehabilitation costs expected to arise on the closure of shops. The provision is determined based on the assessments of the cost per square metre to rehabilitate the shops. The estimation is reviewed on an ongoing basis and revised where appropriate.

31. EMPLOYEE DEFINED BENEFIT PLANS

Net employee defined benefit assets/(liabilities):

	At 31 March	
	2026	2025
	JPY'000	JPY'000
Retirement benefit plans	**820,505**	399,575

The Group operates funded defined benefit plans for all its qualified employees in Japan and Taiwan and the majority of the plans are operated in Japan.

Under the plans, the employees are entitled to guaranteed fixed retirement benefits on attainment of a retirement age of 60.

The Group's defined benefit plans are post-employment benefit plans, which require contributions to be made to a separately administered fund. The plans have the legal form of a foundation and 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.

31. EMPLOYEE DEFINED BENEFIT PLANS (continued)

The trustees review the level of funding in the plans 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 obligations 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, respectively, 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	
	2026	2025
	JPY'000	JPY'000
Current service cost	**60,111**	49,643
Interest income	**(6,478)**	(1,181)
Net benefit expenses	**53,633**	48,462
Recognised in cost of sales	**18,611**	16,817
Recognised in selling and distribution expenses	**23,712**	21,426
Recognised in administrative expenses	**11,310**	10,219
Total	**53,633**	48,462

31. EMPLOYEE DEFINED BENEFIT PLANS (continued)

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

Changes for the year ended 31 March 2026 in the defined benefit obligations and fair value of plan assets:

	1 April 2025 JPY'000	Current service cost JPY'000	Net interest JPY'000	Sub-total included in profit or loss JPY'000 (note 9)	Benefits paid JPY'000	Return on plan assets JPY'000	Actuarial changes arising from changes in financial assumptions JPY'000	Experience adjustments JPY'000	Sub-total included in other comprehensive income JPY'000	Contributions by employer JPY'000	31 March 2026 JPY'000
Defined benefit obligations	1,534,497	60,111	23,053	83,164	(299,383)	–	(45,709)	317	(45,392)	–	1,272,886
Fair value of plan assets	(1,934,072)	–	(29,531)	(29,531)	129,195	(258,421)	–	–	(258,421)	(562)	(2,093,391)
Benefit asset	(399,575)	60,111	(6,478)	53,633	(170,188)	(258,421)	(45,709)	317	(303,813)	(562)	(820,505)

Changes for the year ended 31 March 2025 in the defined benefit obligations and fair value of plan assets:

	1 April 2024 JPY'000	Current service cost JPY'000	Net interest JPY'000	Sub-total included in profit or loss JPY'000 (note 9)	Benefits paid JPY'000	Return on plan assets JPY'000	Actuarial changes arising from changes in financial assumptions JPY'000	Experience adjustments JPY'000	Sub-total included in other comprehensive income JPY'000	Contributions by employer JPY'000	31 March 2025 JPY'000
Defined benefit obligations	1,984,896	49,643	14,478	64,121	(451,014)	–	(63,448)	(58)	(63,506)	–	1,534,497
Fair value of plan assets	(2,130,402)	–	(15,659)	(15,659)	183,796	27,953	–	–	27,953	240	(1,934,072)
Benefit asset	(145,506)	49,643	(1,181)	48,462	(267,218)	27,953	(63,448)	(58)	(35,553)	240	(399,575)

31. EMPLOYEE DEFINED BENEFIT PLANS (continued)

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

	At 31 March	
	2026	2025
	JPY'000	JPY'000
Stocks	**928,395**	988,069
Bonds	**589,729**	743,248
General account of life insurance companies	**150,468**	149,216
Others	**424,799**	53,539

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

	At 31 March	
	2026	2025
Method of allocating projected retirement benefits	**Projected unit credit method**	Projected unit credit method
Discount rate	**2.25%**	1.53%
Mortality (Mortality Table published by Ministry of Health, Labour and Welfare dated on)	**26 March 2015**	26 March 2015

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

		Increase/(decrease) in defined benefit obligations At 31 March	
		2026	2025
Assumption	*Change in assumption*	**JPY'000**	JPY'000
Discount rate	Increase by 0.5%	**(31,159)**	(37,960)
	Decrease by 0.5%	**31,159**	37,960

31. EMPLOYEE DEFINED BENEFIT PLANS (continued)

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 2026 and 2025 were 4.7 years and 4.4 years, respectively.

The actuarial valuation showed that the market values of plan assets were JPY2,093,391,000 and JPY1,934,072,000 as at 31 March 2026 and 2025 and represented 164% and 126% of the defined benefit obligations, respectively, that had accrued to qualified employees. The sufficiency of JPY820,505,000 and sufficiency of JPY399,575,000 as at 31 March 2026 and 2025, respectively, were expected to be cleared over the remaining service period.

32. SHARE CAPITAL

	At 31 March	
	2026	**2025**
Issued capital in USD: (As at 31 March 2026: 20,000,000,000 authorised shares of USD0.0000025 each, 605,642,500 ordinary shares in issue; as at 31 March 2025: 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

33. SHARE-BASED PAYMENT

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

2015 and 2016 RSU scheme

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

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

During the year ended 31 March 2021, the vesting schedule of the above RSUs was modified to 40% on the date on which the shares of the Company were listed on The Main Board of The Stock Exchange of Hong Kong Limited, 30% on 30 April 2018 or the date on which the Company published its annual results for the fiscal year ended 31 March 2018 (whichever is earlier) and 30% on 19 October 2025, which was accounted for as the cancellation and modification of share-based payment.

33. SHARE-BASED PAYMENT (continued)

2017 RSU scheme

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

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

The following RSUs were outstanding during the year:

	At 31 March	
	2026	2025
	JPY'000	JPY'000
At the beginning of the year	**1,237,860**	2,805,387
Cancelled during the year	**–**	(1,518,387)
Forfeited during the year	**(228,735)**	(49,140)
Total	**1,009,125**	1,237,860

The Group had no RSU expenses during the year ended 31 March 2026 (31 March 2025: Nil).

34. RESERVES

(i) Surplus reserve

Pursuant to the related countries' regulations and the subsidiaries' board meetings, the Group made appropriations to the reserve fund based on net profits.

(ii) Fair value reserve

The fair value reserve represents the valuation difference in the fair value of equity instruments measured at fair value through other comprehensive income.

(iii) Exchange translation reserve

The exchange translation reserve refers to the foreign currency translation differences that occurred when consolidating the financial statements of foreign subsidiaries prepared in foreign currencies.

35. CONTINGENT LIABILITIES

As at 31 March 2026 and 2025, the Group had no significant contingent liabilities.

36. OPERATING LEASE COMMITMENTS

As lessor

The Group leases retail shops, under operating lease arrangements, with a lease term of five to six years. The terms of the leases generally also require the tenants to provide for periodic rent adjustments according to the then prevailing market conditions. Rental income from retail shops for the year was JPY2,346,000 (2025: JPY2,292,000).

Operating lease commitments as at 31 March 2026

The undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	At 31 March	
	2026	2025
	JPY'000	JPY'000
Within one year		
After one year but within two years	**2,346**	2,292
After two years but within three years	**–**	2,292
Total	**2,346**	4,584

36. OPERATING LEASE COMMITMENTS (continued)

As lessee

The Group leases certain of its office properties, shops and motor vehicles under operating lease arrangements. Lease terms of these lease contracts are disclosed in note 2.4 to the financial statements.

(a) Right-of-use assets and lease liabilities

Detailed information regarding right-of-use assets and lease liabilities is set out in notes 16 and 29, respectively, to the financial statements.

(b) The amounts recognised in profit or loss in relation to leases are as follows:

	At 31 March	
	2026	2025
	JPY'000	JPY'000
Interest on lease liabilities	**61,106**	59,677
Depreciation charge of right-of-use assets	**1,342,567**	1,335,902
Expense relating to short-term leases	**194,502**	222,147
Net gain on disposal of right-of-use assets	**(2,016)**	(11,674)
Total amount recognised in profit or loss	**1,596,159**	1,606,052

(c) Total cash outflows for leases and non-cash additions to right-of-use assets and lease liabilities are disclosed in notes 41(c) and 41(a) to the financial statements, respectively.

37. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Group include:

Related party	Relationship
Shanghai POVOS Enterprise (Group) Co., Ltd.	Company controlled by a shareholder

(a) Transactions with a related party

	Year ended 31 March	
	2026	2025
	JPY'000	JPY'000
Rental expense charged by a related party		
Shanghai POVOS Enterprise (Group) Co., Ltd.*	**53,927**	40,401

The rental expense was charged by the related party according to the prices and terms agreed between the party and the subsidiaries.

* The related party transaction also constitutes a continuing connected transaction as defined in Chapter 14A of the Listing Rules.

	At 31 March	
	2026	2025
	JPY'000	JPY'000
Due from a related party		
Shanghai POVOS Enterprise (Group) Co., Ltd.*	**239,025**	89,787

Included in the amounts due from a related party, prepaid rental expenses amounted to JPY116,150,000 (2025: JPY34,777,000). And rental deposits amounted to JPY122,875,000 (2025: JPY55,010,000).

Rental deposits included in amounts due from a related party were interest-free and unsecured and had no fixed repayment terms.

37. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Compensation of key management personnel of the Group:

	Year ended 31 March	
	2026	2025
	JPY'000	JPY'000
Short-term employee benefits	161,247	161,967
Pension scheme contributions	32,279	11,586
Total compensation paid to key management personnel	193,526	173,553

Further details of directors' emoluments are included in note 10 to the financial statements.

38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

31 March 2026

Financial assets

	Financial assets at amortised cost JPY'000	Debt instruments at fair value through other comprehensive income JPY'000	Equity instruments at fair value through other comprehensive income JPY'000	Total JPY'000
Trade and bills receivables	3,736,287	8,126	–	3,744,413
Pledged deposits	10,435	–	–	10,435
Cash and cash equivalents	18,159,213	–	–	18,159,213
Financial assets included in prepayments, deposits and other receivables	269,869	–	–	269,869
Finance lease receivables	100,695	–	–	100,695
Other non-current assets	673,911	–	37,936	711,847
Total	22,950,410	8,126	37,936	22,996,472

Financial liabilities

	Financial liabilities at amortised cost JPY'000
Trade and bills payables	1,633,947
Interest-bearing bank borrowings	6,134,100
Financial liabilities included in other payables and accruals	1,007,970
Financial liabilities included in other non-current liabilities	6,299
Total	8,782,316

38. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

31 March 2025

Financial assets

	Financial assets at amortised cost JPY'000	Debt instruments at fair value through other comprehensive income JPY'000	Equity instruments at fair value through other comprehensive income JPY'000	Total JPY'000
Trade and bills receivables	3,620,314	117,738	–	3,738,052
Pledged deposits	5,957	–	–	5,957
Cash and cash equivalents	17,350,026	–	–	17,350,026
Financial assets included in prepayments, deposits and other receivables	174,997	–	–	174,997
Finance lease receivables	170,350	–	–	170,350
Other non-current assets	759,310	–	26,514	785,824
Total	22,080,954	117,738	26,514	22,225,206

Financial liabilities

	Financial liabilities at amortised cost JPY'000
Trade and bills payables	1,067,488
Interest-bearing bank borrowings	6,518,820
Financial liabilities included in other payables and accruals	877,181
Financial liabilities included in other non-current liabilities	9,123
Total	8,472,612

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	31 March 2026	31 March 2025	**31 March 2026**	31 March 2025
	JPY'000	JPY'000	**JPY'000**	JPY'000
Financial liabilities				
Interest-bearing bank borrowings	**6,134,100**	6,518,820	**6,103,157**	6,471,999

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade receivables, financial assets included in prepayments, deposits and other receivables, trade and bills payables, current portion of interest-bearing bank borrowings and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

Management has assessed that the fair values of rental deposits paid as lessee included in other non-current assets and rental deposits received as lessor included in other non-current liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. It has been assessed that the fair values approximate to the carrying amounts.

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for the non-current portion of interest-bearing bank borrowings as at 31 March 2026 were assessed to be insignificant.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the board of directors. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the vice president responsible for finance. The valuation process and results are discussed with the board of directors once a year for annual financial reporting.

The Group has estimated the fair value of bills receivable by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair values of unlisted equity investments have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The directors believe that the estimated fair values which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they are the most appropriate values at the end of each reporting period.

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

31 March 2026

	Level 1 JPY'000	Level 2 JPY'000	Level 3 JPY'000	Total JPY'000
Equity instruments at fair value through other comprehensive income	37,836	–	100	37,936
Bills receivable	–	8,126	–	8,126
Total	37,836	8,126	100	46,062

31 March 2025

	Level 1 JPY'000	Level 2 JPY'000	Level 3 JPY'000	Total JPY'000
Equity instruments at fair value through other comprehensive income	26,414	–	100	26,514
Bills receivable	–	117,738	–	117,738
Total	26,414	117,738	100	144,252

During the years ended 31 March 2026 and 2025, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings, trade and bills payables, and financial liabilities included in other payables and accruals. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables, cash and short-term deposits, which arise directly from its operations. The main risks faced by the Group are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group does not hold or issue derivative financial instruments either for hedging or for trading purposes. The board of directors reviews and agrees policies for managing each of the risks which are summarised below:

Interest rate risk

The Group's exposure to risk of changes in market interest rates relates primarily to the Group's bank borrowings with floating interest rates. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts and using interest rate swap contracts.

As at 31 March 2026, if interest rates had been 100 basis points higher/lower with all other variables held constant, profit before tax for the year would have been JPY61,341,000 lower/higher (2025: profit before tax for the year would have been JPY65,188,000 lower/higher), mainly as a result of the higher/lower interest expense on floating rate bank borrowings.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. Approximately 6.3% (2025: 7.2%) of the Group's sales for the year were denominated in currencies other than the functional currencies of the operating units making the sale, whilst approximately 67.1% (2025: 46.7%) of costs for the year were denominated in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the foreign exchange rates, with all other variables held constant, of the Group's (loss)/profit before tax (due to changes in the translated value of monetary assets and liabilities):

	Increase/(decrease) in rate of foreign currency	Increase/(decrease) in (loss)/profit before tax
	%	JPY'000
Year ended 31 March 2026		
If RMB strengthens against JPY	**5**	**673,454**
If RMB weakens against JPY	**(5)**	**(673,454)**
If JPY strengthens against USD	**5**	**(171,988)**
If JPY weakens against USD	**(5)**	**171,988**
Year ended 31 March 2025		
If RMB strengthens against JPY	5	661,069
If RMB weakens against JPY	(5)	(661,069)
If JPY strengthens against USD	5	(278,928)
If JPY weakens against USD	(5)	278,928

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables).

The Group trades only with recognised and creditworthy third parties and related parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The carrying amounts of cash and cash equivalents, pledged deposits, trade and bills receivables, financial assets included in prepayments, deposits and other receivables, finance lease receivables and rental deposits included in other non-current assets in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets. The Group has no other financial assets which carry significant exposure to credit risk.

Further qualitative and quantitative information regarding trade receivables, which apply the simplified approach under IFRS 9, is disclosed in note 23 to the financial statements.

All the carrying amounts of financial assets at amortised cost and bills receivable, applying the general approach under IFRS 9, were classified in Stage 1 in terms of ECLs as at 31 March 2026 and 31 March 2025.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial liabilities and financial assets (e.g., trade receivables and other financial assets) and projected cash flows from operations.

The Group maintains a balance between continuity of funding and flexibility through the use of interest-bearing loans and borrowings.

The maturity profile of the Group's financial liabilities as at 31 March 2026 and 2025, based on contractual undiscounted payments, is as follows:

31 March 2026

	On demand JPY'000	Less 1 year JPY'000	Over 1 year JPY'000	Total JPY'000
Trade and bills payables	–	1,633,947	–	1,633,947
Financial liabilities included in other payables and accruals	1,007,970	–	–	1,007,970
Interest-bearing bank borrowings	–	5,737,438	424,160	6,161,598
Lease liabilities	–	1,083,590	1,095,389	2,178,979
Other non-current liabilities	–	–	6,299	6,299
Total	1,007,970	8,454,975	1,525,848	10,988,793

31 March 2025

	On demand JPY'000	Less 1 year JPY'000	Over 1 year JPY'000	Total JPY'000
Trade and bills payables	–	1,067,488	–	1,067,488
Financial liabilities included in other payables and accruals	877,181	–	–	877,181
Interest-bearing bank borrowings	–	5,974,385	603,312	6,577,697
Lease liabilities	–	1,195,052	1,196,623	2,391,675
Other non-current liabilities	–	–	9,123	9,123
Total	877,181	8,236,925	1,809,058	10,923,164

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy debt to equity ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2026 and 2025.

The Group monitors capital, which is the total equity, using a debt-to-equity ratio, which is interest-bearing bank borrowings plus lease liabilities divided by total equity. The debt-to-equity ratios as at the end of the reporting periods were as follows:

	31 March 2026 JPY'000	31 March 2025 JPY'000
Interest-bearing bank borrowings	**6,134,100**	6,518,820
Lease liabilities	**2,129,997**	2,319,816
Total debt	**8,264,097**	8,838,636
Total equity	**28,583,568**	27,680,137
Debt-to-equity ratio	**29%**	32%

41. 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 JPY1,203,187,000 and JPY1,203,187,000, respectively, in respect of lease arrangements for office properties, shops and motor vehicles (31 March 2025: JPY1,494,958,000 and JPY1,459,035,000, respectively).

(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 31 March 2024 and 1 April 2024	6,990,000	–	2,777,470
Changes from financing cash flows	(471,180)	(908,463)	(1,510,766)
New leases	–	–	1,459,035
Interest expenses	–	–	59,677
Interest paid classified as operating cash flows	–	–	(59,677)
Revision of a lease term arising from a change in the non-cancellable period of a lease term	–	–	(385,234)
Foreign exchange movements	–	–	(20,689)
Interim and final dividends payable	–	908,463	–
At 31 March 2025 and 1 April 2025	6,518,820	–	2,319,816
Changes from financing cash flows	(384,720)	–	(1,458,734)
New leases	–	–	1,203,187
Interest expenses	–	–	61,106
Interest paid classified as operating cash flows	–	–	(61,106)
Revision of a lease term arising from a change in the non-cancellable period of a lease term	–	–	(33,894)
Foreign exchange movements	–	–	99,622
At 31 March 2026	6,134,100	–	2,129,997

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(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	
	2026	2025
	JPY'000	JPY'000
Within operating activities	**255,608**	281,824
Within financing activities	**1,458,734**	1,510,766
Total	**1,714,342**	1,792,590

42. EVENT AFTER THE REPORTING PERIOD

There was no material subsequent event undertaken by the Group after 31 March 2026.

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	At 31 March	
	2026	2025
	JPY'000	JPY'000
NON-CURRENT ASSET		
Investment in a subsidiary	466,646	466,646
CURRENT ASSETS		
Prepayments, deposits and other receivables	5,422	5,580
Due from subsidiaries	8,072,014	7,423,050
Cash and cash equivalents	3,295	3,427
Total current assets	8,080,731	7,432,057
CURRENT LIABILITIES		
Other payables and accruals	16,669	8,158
NET CURRENT ASSETS	8,064,062	7,423,899
TOTAL ASSETS LESS CURRENT LIABILITIES	8,530,708	7,890,545
NET ASSETS	8,530,708	7,890,545
EQUITY		
Share capital	153	153
Reserves (note)	8,530,555	7,890,392
Total equity	8,530,708	7,890,545

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Equity-settled share-based payment reserve JPY'000	Accumulated losses JPY'000	Share premium JPY'000	Total JPY'000
Balance at 31 March 2024	466,546	(8,000,346)	16,584,008	9,050,208
Total comprehensive loss for the year	–	(251,352)	–	(251,352)
Dividend declared	–	(908,464)	–	(908,464)
Balance at 31 March 2025	466,546	(9,160,162)	16,584,008	7,890,392
Total comprehensive income for the year	**–**	**640,163**	**–**	**640,163**
Balance at 31 March 2026	**466,546**	**(8,519,999)**	**16,584,008**	**8,530,555**

44. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 June 2026.

HONMA GOLF LIMITED
本間高爾夫有限公司