Honma Golf Limited
本間高爾夫有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 6858)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

MAJOR DEVELOPMENTS IN THE SIX MONTHS ENDED 30 SEPTEMBER 2024:

- The Group's revenue decreased by 25.6% from the six months ended 30 September 2023 to JPY9,814.5 million (equivalent to USD64.8 million). Since the beginning of 2023, the golf industry has been facing continued and increased market competition resulting from weakening consumer confidence and lesser participation as the global economic outlook remained subdued and certain areas of the world experienced economic slowdown. As a result, the Group's revenue showed different degrees of downward adjustments during the six months ended 30 September 2024. See "Management Discussion and Analysis – Financial Review – Revenue".

  - *By geography.* During the six months ended 30 September 2024, the Group's main markets recorded different degree of sales decline versus same period last year. Revenue from Japan marginally decreased by 0.4% while the Group focused on self-operated channels and gradually reduced the loss-making and low-efficiency wholesale channels. Such strategy resulted in a 7.6% decrease in the sales contribution from wholesale business, while retail revenue increased by 5.4% compared to the same period last year. China (including Hong Kong and Macau) experienced a decline of 11.5% as the overall economy and retail sentiment continued to experience slowdowns and downward adjustments. Korea also recorded a sales decline of 82.6%, following the Group's decision to review its distribution strategy amidst major reshuffle within Korea's golf markets.

  - *By product.* During the same period, revenue from golf clubs declined by 33.3%, mainly due to sales decline in Korea and China (including Hong Kong and Macau). The rest of the markets all showed double-digit sales growth in the revenue of golf clubs. Revenue from golf balls dropped by 17.1% as golf balls sales in Japan dropped by 21.2% compared to the six months ended 30 September 2023, resulting from continued market pressure following upward retail price adjustments made to cope with Japanese yen depreciation over the past few years. Revenue from apparels increased by 6.1% from the six months ended 30 September 2023, in spite of the weak consumer sentiments in China and reduction in total number of stores.

- *By channel.* Self-operated stores continued to exhibit strong momentum, posting a steady increase of 6.5% from the six months ended 30 September 2023, due to continued retail operational improvement in Japan and China (including Hong Kong and Macau) where retail sales grew by 5.4% and 10.0%, respectively, during the same period. Revenue from third-party retailers and wholesalers decreased by 46.3% for the same period, primarily due to wholesales revenue decrease in Japan, Korea and China (including Hong Kong and Macau) as a result of economy slowdown and channel reshuffle in Korea.

- Gross profit margin increased by 0.9 percentage points for the six months ended 30 September 2024 and reached 53.0% as compared to 52.1% for the six months ended 30 September 2023, mainly due to improved price management and continued growth in retail revenue contribution.

- For the same period, the Company reported a loss before tax of JPY1,611.9 million (equivalent to USD10.6 million), down from JPY3,635.8 million for the six months ended 30 September 2023.

- Net operating cash flow remained positive and stood at JPY4,024.4 million (equivalent to USD26.6 million) for the six months ended 30 September 2024. Net operating cash flow generated in the same period last year was JPY3,251.3 million (equivalent to USD23.1 million).

The board of directors (the "**Board**") of Honma Golf Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results (the "**Interim Results**") of the Company and its subsidiaries (the "**Group**") for the six months ended 30 September 2024. The Interim Results have been prepared in accordance with the International Financial Reporting Standards (the "**IFRS**"). In addition, the Interim Results have also been reviewed by the audit committee of the Company (the "**Audit Committee**").

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE COMPANY, ITS KEY BUSINESS RESULTS AND BUSINESS OUTLOOK

Company Profile and Overview

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

As the only vertically integrated golf company with rich in-house design, development and manufacturing capabilities, extensive retail footprint in Asia and a diverse range of golf clubs and golf-related products, HONMA is perfectly positioned to continually grow its business in Asia and beyond, benefitting from the return of golfers in mature golf markets such as the U.S. and Japan and from increased participation in new and under-penetrated markets such as Korea and China.

The Company will celebrate its 67th anniversary in 2025. In the past couple of years, HONMA has undertaken active brand and marketing campaigns in order to re-define the HONMA brand as a dynamic, relevant and premium golf lifestyle brand among younger golfers. The Group renewed its tour presence in Asia by retaining a HONMA team consisting of eight professional golfers whom are considered rising stars by the golf industry and collaborated with coaches and key opinion leaders in the main Asian markets. The Group also made significant investments into its retail distribution network and digital capabilities in Japan and China to provide a unified and improved consumer experience and journey to its loyal consumers as well as the younger golfers.

Key Operating Results

Since early 2023, 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.

Highlights of Major Achievements

For the six months ended 30 September 2024, the Company steadfastly implemented its business strategies while carefully protecting its financial strength and cash flow. Among others, the Company has continued to invest in 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 lifestyle brand among internet-savvy younger golfers, the Company has constantly upgraded 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 contributed to continued improvements in the organic traffic, conversion and other digital engagement matrixes such as bounce rate, time on site, etc.

  To create an end-to-end digital ecosystem around the re-defined brand and golfers in the super-premium and premium-performance segments, the Company 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 by 18.4% in Japan and by 49.4% in Southeast Asia from the six month ended 30 September 2023, reconfirming HONMA's strong brand equity and its ability to withstand economic challenges since HONMA went into the golf business in 1959.

- ***Accelerating growth in golf balls 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 six months ended 30 September 2024, golf clubs generated 68.0% 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.

In January 2019, HONMA re-launched its apparel business. As of now, the apparel collection comprises of a professional and a fashion athletic line, catering to the distinctive requirements of golfers in China, both on-course and off-course. The six months ended 30 September 2024 featured mostly HONMA's 2024 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 six months ended 30 September 2024, 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 to represent HONMA's tradition and pursue in the super-premium and premium-performance consumer segments. At the same time, the Group continued optimising its organisational set up and cost base in both markets to properly anchor their near to mid-term growth amidst social, economic and financial uncertainties.

  Following such strategic adjustment, in North America, the Group opened 10 points of sales ("**POS**") in the six months ended 30 September 2024, hence increasing its total POSs there to 354 by 30 September 2024. During the same period, in Europe, the Group opened 10 new POSs, leading to a modest POS network of 139 locations.

  Despite the shift, the Company continued to make investments into its digital communication and e-commerce activities in both markets to create an important brand touchpoint for consumers researching and searching for HONMA products, local retailers or fitting experience. Various digital marketing efforts have been implemented to drive website traffic and target potential shoppers through re-targeting efforts in social media and search engine marketing. For the six months ended 30 September 2024, 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.

- ***360-degree brand experience built into new retail space and environments.*** The Company retained leading design and marketing agencies to renovate its retail space in order to provide ultimate brand experience and customizable consumer journey in major markets. For the six months ended 30 September 2024, the Company opened two new stores in China, and one in other areas of Asia, consistently applying the new retail visual identity, design concept and consumer experience elements using advanced technology. The Company also upgraded multiple shop-in-shops in the U.S., Japan and China using the same design concept to ultimately present the same consumer space and experience in all of its major markets.

- ***Customer events.*** Customer events have always been key to the continued enhancement of HONMA's brand, product awareness and consumer mindshare. During the six months ended 30 September 2024, HONMA hosted 1,910 customer days across its main markets, most of which were held on golf courses with dedicated fitters.

- ***Sponsoring TEAM HONMA players.*** As at 30 September 2024, TEAM HONMA consisted of eight professional golf players. The Company believes TEAM HONMA's image, endorsement and continued success on professional golf tournaments will continue to help drive its sales growth, especially in Japan. The Company will continue to scout and solicit additional and younger players in Asia with visible social media following to anchor brand redefinition and to better appeal to younger and avid golfers.

Product Design and Development

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

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

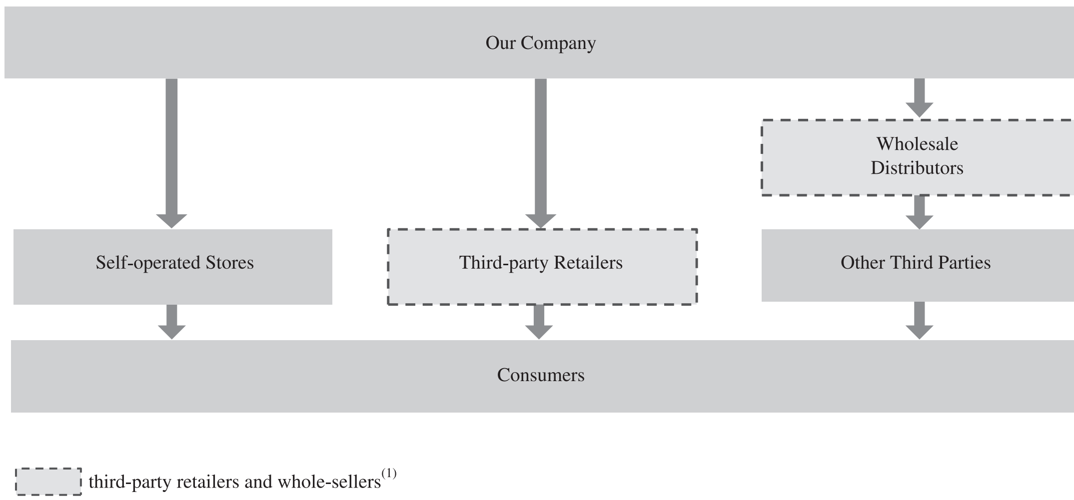
Based on extensive market research, HONMA categorises the market into nine key segments according to the importance golfers place on price, design and performance, which are correlated with their respective levels of affluence and enthusiasm towards golf, as illustrated in the chart below:

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

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

Sales and Distribution Network

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



Note:

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

HONMA operates the largest number of self-operated stores among major golf companies. Self-operated stores provide consumers with a 360-degree experience with the HONMA brand and its products. As at 30 September 2024, the Group had 93 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 six months ended 30 September 2024:

	For the six months ended 30 September 2024			
	Period start	**Opened**	**Closed**	**Period end**
Japan	29	–	–	29
China (including Hong Kong and Macau)	48	2	5	45
Rest of Asia	18	1	–	19
Total	95	3	5	93

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 30 September 2024, the Group had five fitting centers, including one in Japan, three in China and one in Korea.

As at 30 September 2024, the Group had approximately 3,665 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 30 September 2024, the Group's products were sold at 1,291 POSs of sports megastores.

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

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

Updating E-commerce Capabilities and Creating One Digital Ecosystem

The Group 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 an approximately 163,000 square metre parcel of land, the Sakata Campus is staffed with 174 craftsmen, 31 of whom are master craftsmen with approximately 33 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 30 September 2024, the Group had 689 employees worldwide, a majority of whom were based in Japan.

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

The Group offers competitive remuneration packages, including, among others, salaries, performance-based cash bonus and share-based compensation. The Group reviews its remuneration scheme regularly to ensure its consistency with market practice. Employee benefit expenses amounted to JPY2,339.6 million for the six months ended 30 September 2024.

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 economic uncertainty and geopolitical tensions that loomed over most markets.

For this year and the years ahead, the Group will continue executing its long-term growth strategy to build a world-leading golf lifestyle company leveraging HONMA's brand legacy, its expanding distribution network and innovative technologies and traditional Japanese craftsmanship.

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 form the centrepiece of HONMA's new consumer touchpoints and will act as the hub to generate traffic to HONMA's extensive shop-in-shop at third-party retailers, golf courses and its online e-commerce platforms.

- ***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 shares 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.

- ***Anchoring sustainable growth in North America and Europe based on the updated product and distribution strategy.*** North America and Europe accounts for more than 50% of the global golf market. During the six months ended 30 September 2024, HONMA continued to shift its focus on a smaller but premier group of accounts in both markets while continuously implementing its unique direct-to-consumer communication and sales strategy. The said direct-to-consumer communication and distribution approach overlays with HONMA's existing wholesales points of sale and various digital platforms, hence allowing HONMA to effectively increase its brand and product awareness while owning the entire consumer experience and purchase journey.

  Furthermore, the decision to differentiate the TOUR WORLD product offering between tour inspired better players and golfers who look for performance enhancements will provide great support to HONMA's growth strategy in North America, 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 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 expenses amounted to JPY110.6 million and JPY150.7 million for the six months ended 30 September 2023 and 2024, respectively. The research and development team of HONMA thrives to incorporate innovations in ergonomics and material sciences in its designs and collaborates closely with professional golf players to optimize product performance.

Industry Outlook

The golf industry will continue to face multiple challenges in the six months ending 31 March 2025. 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 six months ended 30 September 2024, 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 six months ending 31 March 2025 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 developments 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 periods indicated, together with the change (expressed in percentages) from the six months ended 30 September 2023 to the six months ended 30 September 2024:

	Six months ended 30 September				
	2024		2023		**Period-to-period change**
	JPY	*%*	*JPY*	*%*	*%*
	(In thousands, except for percentages and per share data)				
Consolidated statement of profit or loss (unaudited)					
Revenue	**9,814,533**	**100.0**	13,194,832	100.0	(25.6)
Cost of sales	**(4,615,267)**	**(47.0)**	(6,317,853)	(47.9)	(26.9)
Gross profit	**5,199,266**	**53.0**	6,876,979	52.1	(24.4)
Other income and gains	**56,889**	**0.6**	2,019,415	15.3	(97.2)
Selling and distribution expenses	**(4,643,379)**	**(47.3)**	(4,485,975)	(34.0)	3.5
Administrative expenses	**(823,309)**	**(8.4)**	(680,425)	(5.2)	21.0
Reversal of impairment losses on financial assets	**19,978**	**0.2**	70,853	0.5	(71.8)
Other expenses	**(1,317,251)**	**(13.4)**	(73,662)	(0.6)	1688.2
Finance costs	**(111,713)**	**(1.1)**	(97,102)	(0.7)	15.0
Finance income	**7,608**	**0.1**	5,677	*	34.0
(Loss)/Profit before tax	**(1,611,911)**	**(16.4)**	3,635,760	27.6	(144.3)
Income tax credit/(expense)	**766,344**	**7.8**	(306,257)	(2.3)	(350.2)
Net (loss)/profit	**(845,567)**	**(8.6)**	3,329,503	25.2	(125.4)
(Loss)/Earnings per share attributable to ordinary equity holders of the parent:					
Basic and diluted					
– For (loss)/profit for the period (JPY)	**(1.40)**		5.50		(125.5)
Non-IFRS financial measure					
Operating (loss)/profit[1]	**(351,549)**	**(3.6)**	1,690,007	12.8	(120.8)
Net operating profit[2]	**213,504**	**2.2**	1,648,940	12.5	(87.1)

* less than 0.1%

Notes:

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

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

Revenue

The Group's total revenue decreased by 25.6% from JPY13,194.8 million for the six months ended 30 September 2023 to JPY9,814.5 million for the six months ended 30 September 2024.

Constant Currency Revenue

On a constant currency basis, the Group's total revenue decreased by 28.4% from the six months ended 30 September 2023 to the six months ended 30 September 2024. For the purpose of calculating constant currency revenue, the Group has used the average exchange rate of the six months ended 30 September 2023 to translate sales recorded during the six months ended 30 September 2024, to the extent that the original currency for such sales is not in Japanese yen.

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

Revenue by Product Groups

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

	For the six months ended 30 September				**Period-to-period change**	
	2024		2023		**on as reported basis**	**on constant currency basis[1]**
	JPY	*%*	*JPY*	*%*	*%*	*%*
	(In thousands, except for percentages)					
Golf clubs	**6,673,752**	**68.0**	10,011,857	75.9	(33.3)	(35.6)
Golf balls	**910,033**	**9.3**	1,097,872	8.3	(17.1)	(18.6)
Apparels	**1,340,602**	**13.7**	1,263,961	9.6	6.1	(0.8)
Accessories and other related[2]	**890,146**	**9.1**	821,142	6.2	8.4	3.9
Total	**9,814,533**	**100.0**	13,194,832	100.0	(25.6)	(28.4)

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 decreased by 33.3% from JPY10,011.9 million for the six months ended 30 September 2023 to JPY6,673.8 million for the six months ended 30 September 2024 mainly due to a decline of the golf clubs sales in Korea and China (including Hong Kong and Macau) of 89.5% and 26.5%, respectively. On a constant currency basis, revenue from golf clubs decreased by 35.6% during the same period.

Revenue from golf balls dropped by 17.1% from JPY1,097.9 million for the six months ended 30 September 2023 to JPY910.0 million for the six months ended 30 September 2024 as golf balls sales in Japan went down by 21.2%, mainly due to continued market competition following upward retail price adjustment to cope with Japanese yen depreciation over the past few years. On a constant currency basis, revenue from golf balls decreased by 18.6% during the same period.

Revenue from apparels increased by 6.1% from JPY1,264.0 million for the six months ended 30 September 2023 to JPY1,340.6 million for the six months ended 30 September 2024, in spite of weak consumer sentiments in China. On a constant currency basis, revenue from apparels decreased by 0.8% during the same period.

Revenue from accessories and other related products increased by 8.4% from JPY821.1 million for the six months ended 30 September 2023 to JPY890.1 million for the six months ended 30 September 2024. On a constant currency basis, revenue from accessories and other related products increased by 3.9% during the same period. Such increase was primarily attributable to improved product offerings since spring 2024.

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 periods indicated:

	For the six months ended 30 September				**Period-to-period change**	
	2024		2023		**on as reported basis**	**on constant currency basis(1)**
	JPY	*%*	*JPY*	*%*	*%*	*%*
	(In thousands, except for percentages)					
Japan	**4,156,839**	**42.4**	4,172,787	31.6	(0.4)	(0.4)
Korea	**686,837**	**7.0**	3,942,808	29.9	(82.6)	(83.1)
China (including Hong Kong and Macau)	**3,122,951**	**31.8**	3,529,130	26.7	(11.5)	(17.8)
North America	**413,800**	**4.2**	335,024	2.5	23.5	14.6
Europe	**261,392**	**2.7**	135,861	1.0	92.4	78.3
Other regions	**1,172,714**	**11.9**	1,079,222	8.2	8.7	2.0
Total	**9,814,533**	**100.0**	13,194,832	100.0	(25.6)	(28.4)

Note:

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

Revenue from Japan marginally decreased by 0.4% from JPY4,172.8 million for the six months ended 30 September 2023 to JPY4,156.8 million for the six months ended 30 September 2024. The decrease was primarily attributable to the decline of 7.6% in Japan's wholesales revenue as the Group focused on high-profit self-operated channels and gradually reduced the loss-making and low-efficiency wholesale channels. During the same period, the retail business in Japan increased by 5.4%, on the back of continued retail operation improvements, marketing activities to drive HONMA brand and product awareness, and successful activation of various HONMA products.

Revenue from Korea recorded a decline of 82.6% from JPY3,942.8 million for the six months ended 30 September 2023 to JPY686.8 million for the six months ended 30 September 2024, as the Group revisited its distribution network amidst market reshuffle. On a constant currency basis, revenue from Korea decreased by 83.1% during the same period.

Revenue from China (including Hong Kong and Macau) experienced a decline of 11.5% from JPY3,529.1 million for the six months ended 30 September 2023 to JPY3,123.0 million for the six months ended 30 September 2024 as overall economy and retail market sentiment in China continued to experience downward pressure. On a constant currency basis, revenue from China (including Hong Kong and Macau) decreased by 17.8% during the same period.

Revenue from North America increased by 23.5% from JPY335.0 million for the six months ended 30 September 2023 to JPY413.8 million for the six months ended 30 September 2024, mainly due to improved distribution network and launch of BERES09 and Ladygo. On a constant currency basis, revenue from North America increased by 14.6% during the same period.

Revenue from Europe increased by 92.4% from JPY135.9 million for the six months ended 30 September 2023 to JPY261.4 million for the six months ended 30 September 2024. On a constant currency basis, revenue from Europe increased by 78.3% during the same period. Such increase reconfirmed the Group's decision to change its distribution model in Europe to an indirect one.

Revenue from other regions increased by 8.7% from JPY1,079.2 million for the six months ended 30 September 2023 to JPY1,172.7 million for the six months ended 30 September 2024, mainly due to improved pricing policy and successful activation of BERES products. On a constant currency basis, revenue from other regions increased by 2.0% during the same period.

Revenue from the Group's home markets, namely Japan, Korea and China (including Hong Kong and Macau) accounted for 81.2% of the Group's total revenue for the six months ended 30 September 2024.

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 periods indicated:

	For the six months ended 30 September				Period-to-period change	
	2024		2023		**on as reported basis**	**on constant currency basis(1)**
	JPY	*%*	*JPY*	*%*	*%*	*%*
	(In thousands, except for percentages)					
Self-operated stores	**5,507,627**	**56.1**	5,170,582	39.2	6.5	2.6
Third-party retailers and wholesalers	**4,306,906**	**43.9**	8,024,250	60.8	(46.3)	(48.3)
Total	**9,814,533**	**100.0**	13,194,832	100.0	(25.6)	(28.4)

Note:

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

Revenue from self-operated stores increased by 6.5% from JPY5,170.6 million for the six months ended 30 September 2023 to JPY5,507.6 million for the six months ended 30 September 2024. On a constant currency basis, revenue from self-operated stores increased by 2.6% during the same period. Such increase was mainly due to a robust retail sales performance in Japan and mainland China where sales grew by 5.4% and 13.0%, respectively, during the same period.

Revenue from sales to third-party retailers and wholesalers decreased by 46.3% from JPY8,024.3 million for the six months ended 30 September 2023 to JPY4,306.9 million for the six months ended 30 September 2024. On a constant currency basis, revenue from third-party retailers and wholesalers decreased by 48.3% during the same period. Such decrease was primarily due to wholesales revenue decrease in Japan, Korea and China (including Hong Kong and Macau) as a result of economy slowdown and channel reshuffle.

Cost of Sales

Cost of sales decreased by 26.9% from JPY6,317.9 million for the six months ended 30 September 2023 to JPY4,615.3 million for the same period in 2024. 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 periods indicated:

	For the six months ended 30 September			
	2024		2023	
	JPY	***%***	*JPY*	*%*
	(In thousands, except for percentages)			
Raw materials	**1,918,093**	**41.6**	2,893,516	45.8
Employee benefits	**368,468**	**8.0**	701,287	11.1
Manufacturing overhead[1]	**207,607**	**4.5**	359,482	5.7
Finished goods purchased from suppliers	**2,121,099**	**46.0**	2,363,568	37.4
Total	**4,615,267**	**100.0**	6,317,853	100.0

Note:

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

Gross Profit and Gross Profit Margin

Gross profit decreased by 24.4% from JPY6,877.0 million for the six months ended 30 September 2023 to JPY5,199.3 million for the same period in 2024. Gross profit margin increased from 52.1% for the six months ended 30 September 2023 to 53.0% for the same period in 2024.

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 periods indicated:

	For the six months ended 30 September			
	2024		2023	
	JPY	***%***	*JPY*	*%*
	(In thousands, except for percentages)			
Golf clubs	**4,028,687**	**60.4**	5,935,944	59.3
Golf balls	**252,992**	**27.8**	318,691	29.0
Apparels	**767,915**	**57.3**	356,200	28.2
Accessories and other related[1]	**149,672**	**16.8**	266,144	32.4
Total	**5,199,265**	**53.0**	6,876,979	52.1

Note:

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

Gross profit for golf clubs decreased by 32.1% from JPY5,935.9 million for the six months ended 30 September 2023 to JPY4,028.7 million for the same period in 2024. Gross profit margin for golf clubs increased from 59.3% for the six months ended 30 September 2023 to 60.4% for the same period in 2024, primarily due to sales decline in Korea and China while price management were strengthened.

Gross profit for golf balls decreased by 20.6% from JPY318.7 million for the six months ended 30 September 2023 to JPY253.0 million for the same period in 2024. Gross profit margin for golf balls decreased from 29.0% for the six months ended 30 September 2023 to 27.8% for the same period in 2024, primarily due to negative exchange rate movements between U.S. dollar and Japanese yen.

Gross profit for apparels increased by 115.6% from JPY356.2 million for the six months ended 30 September 2023 to JPY767.9 million for the same period in 2024. Gross profit margin for apparels increased from 28.2% for the six months ended 30 September 2023 to 57.3% for the same period in 2024, mainly due to a one-off inventory provision for the six months ended 30 September 2023.

Gross profit for accessories and other related products decreased by 43.8% from JPY266.1 million for the six months ended 30 September 2023 to JPY149.7 million for the same period in 2024. Gross profit margin for accessories and other related products decreased from 32.4% for the six months ended 30 September 2023 to 16.8% for the same period in 2024, primarily because trade in business increased at negative margin.

Other Income and Gains

Other income and gains decreased from JPY2,019.4 million for the six months ended 30 September 2023 to JPY56.9 million for the same period in 2024, primarily due to a decrease in foreign exchange gains.

Selling and Distribution Expenses

Selling and distribution expenses increased from JPY4,486.0 million for the six months ended 30 September 2023 to JPY4,643.4 million for the same period in 2024. Selling and distribution expenses as a percentage of revenue increased from 34.0% for the six months ended 30 September 2023 to 47.3% for the same period in 2024. 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 periods indicated:

	For the six months ended 30 September			
	2024		2023	
	JPY	*%*	*JPY*	*%*
	(In thousands, except for percentages)			
Employee benefits	**1,594,532**	**34.3**	1,516,812	33.8
Advertising and promotion expenses	**976,192**	**21.0**	886,078	19.8
Depreciation of right-of-use assets	**686,436**	**14.8**	584,352	13.0
Rental and other related fees	**324,807**	**7.0**	263,942	5.9
Others[1]	**1,061,412**	**22.9**	1,234,791	27.5
Total	**4,643,379**	**100.0**	4,485,975	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 increased by 21.0% from JPY680.4 million for the six months ended 30 September 2023 to JPY823.3 million for the same period in 2024.

Reversal of Impairment Losses on Financial Assets

We had reversal for impairment losses on financial assets of JPY70.9 million for the six months ended 30 September 2023 and reversal of impairment losses on financial assets of JPY20.0 million for the same period in 2024, due to reversal of bad debt provision in line with IFRS rules.

Other Expenses

Other expenses increased from JPY73.7 million for the six months ended 30 September 2023 to JPY1,317.3 million for the same period in 2024, primarily due to foreign exchange loss.

Finance Costs

Finance costs increased by 15.0% from JPY97.1 million for the six months ended 30 September 2023 to JPY111.7 million for the same period in 2024, primarily due to increased borrowing costs.

Finance Income

Finance income increased by 34.0% from JPY5.7 million for the six months ended 30 September 2023 to JPY7.6 million for the same period in 2024, primarily due to higher average bank deposit balances.

(Loss)/Profit Before Tax

As a result of the foregoing, loss before tax for the six months ended 30 September 2024 was JPY1,611.9 million.

Income Tax Credit/(Expense)

We had income tax expense of JPY306.3 million for the six months ended 30 September 2023 and income tax credit of JPY766.3 million for the same period in 2024. The Group's effective tax rate decreased from negative 8.4% for the six months ended 30 September 2023 to negative 47.5% for the same period in 2024.

Net (Loss)/Profit

As a result of the foregoing, net loss for the six months ended 30 September 2024 was JPY845.6 million. Net loss margin for the six months ended 30 September 2024 was 8.6%.

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

Operating (Loss)/Profit

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

	For the six months ended 30 September	
	2024	2023
	(In JPY thousands)	
(Loss)/Profit before tax	**(1,611,911)**	3,635,760
Adjustment for:		
Other income and gains	**(56,889)**	(2,019,415)
Other expenses	**1,317,251**	73,662
Operating (loss)/profit	**(351,549)**	1,690,007

Net Operating Profit

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

	For the six months ended 30 September	
	2024	2023
	(In JPY thousands)	
Net (loss)/profit	**(845,567)**	3,329,503
Adjustment for:		
Other income and gains	**(56,889)**	(2,019,415)
Other expenses	**1,317,251**	73,662
Impact on tax	**(201,291)**	265,190
Net operating profit	**213,504**	1,648,940

Working Capital Management

	For the twelve months ended	
	30 September 2024	31 March 2024
Inventories turnover days[(1)]	**335**	321
Trade and bills receivables turnover days[(2)]	**46**	53
Trade and bills payables turnover days[(3)]	**24**	34

Notes:

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

Inventories turnover days increased by 14 days from 321 days for the twelve months ended 31 March 2024 to 335 days for the twelve months ended 30 September 2024, primarily due to lower sales in the past 12 months. Overall inventory level decreased by 10.3%.

Trade and bills receivables turnovers days slightly decreased by seven days from 53 days for the twelve months ended 31 March 2024 to 46 days for the twelve months ended 30 September 2024, primarily due to receivables reducing by 53% as compared to the six months ended 30 September 2023.

Trade and bills payables turnover days decreased by 10 days from 34 days for the twelve months ended 31 March 2024 to 24 days for the twelve months ended 30 September 2024, primarily due to lower purchase during the third quarter of 2024, which resulted in lower payables.

Inventories

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

	As at 30 September 2024	As at 31 March 2024
	(In JPY thousands)	
Raw materials	**1,939,116**	2,692,537
Work in progress	**1,127,801**	1,285,914
Finished goods	**8,032,682**	9,611,749
Less: provision	**(1,964,985)**	(3,411,094)
Total	**9,134,614**	10,179,106

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

	As at 30 September 2024	As at 31 March 2024
	(In JPY thousands)	
Within 1 year	**4,384,099**	4,126,435
1 year to 2 years	**1,877,452**	1,795,347
2 to 3 years	**2,008,488**	2,699,420
3 to 4 years	**864,575**	1,557,904
Total	**9,134,614**	10,179,106

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

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

Liquidity and Capital Resources

During the six months ended 30 September 2024, the Group financed its operations primarily through cash from operations, net proceeds received from the global offering and proceeds from bank loans. The Group intends to finance its expansion and business operations by internal resources and through organic and sustainable growth, bank borrowings, as well as the net proceeds received from the global offering.

As at 30 September 2024, the Group had JPY18,054.6 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 30 September 2024.

Indebtedness

As at 30 September 2024, the Group's interest-bearing bank borrowings amounted to JPY6,240.0 million, mainly of which were denominated in Japanese yen and carry interest at variable rates. All of such borrowings were unsecured and most of them were payable within one year. The effective interest rate for the balance of the Group's interest-bearing bank borrowings as at 30 September 2024 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 30 September 2024, the Group's gearing ratio was 32.0% (as at 31 March 2024, the Group's gearing ratio was 34.1%).

Capital Expenditures

The Group's capital expenditures for the six months ended 30 September 2024 amounted to JPY440.0 million, which was used primarily to purchase plant machinery and equipment, office equipment and leasehold improvement. In the six months ended 30 September 2024, the Group financed its capital expenditures primarily with cash generated from operations.

Contingent Liabilities

As at 30 September 2024, the Group did not have any significant contingent liabilities.

Funding and Treasury Policy

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

Charge on Assets

The pledged deposits of the Group decreased by 73.9% from JPY22.0 million as at 31 March 2024 to JPY5.7 million as at 30 September 2024, mainly due to release of pledge.

Material Acquisitions or Disposals and Future Plans for Major Investment

During the six months ended 30 September 2024, 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.

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

Intended use of proceeds	Percentage of intended use of proceeds	Intended use of proceeds from the global offering	Percentage of used amount as at 30 September 2024	Percentage of unused balance as at 30 September 2024	Percentage of amount used during the six months ended 30 September 2024	Expected timeframe for utilizing the remaining unused net proceeds[2]
	(%)	*(In JPY millions)*	*(%)*	*(%)*	*(%)*	
Potential strategic acquisitions	29.4	4,939	–	29.4	–	–[3]
Sales and marketing activities in North America and Europe	15.1	2,536	15.1	–	–	N/A
Sales and marketing activities in home markets of Japan, Korea and China (including Hong Kong and Macau)	15.1	2,536	15.1	–	–	N/A
Capital expenditures	13.0	2,184	13.0	–	–	N/A
Repayment of interest-bearing bank borrowings	17.3	2,906	17.1	0.2[4]	–	N/A[4]
Providing funding for working capital and other general corporate purposes	10.1	1,697	10.1	–	–	N/A
Total	100.0	16,798	70.4	29.6	–	

Notes:

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

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

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

As at 30 September 2024, 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 30 September 2024.

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: JPY142.78. No representation is made that any amount in USD and JPY could have been or could be converted at the above rates or at any other rates or at all.

FINANCIAL INFORMATION

The financial information set out below in this announcement represents an extract from the interim condensed consolidated financial statements, which is unaudited but has been reviewed by the Company's independent auditor, Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", and by the Audit Committee.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 September 2024

	Notes	FOR THE SIX MONTHS ENDED 30 SEPTEMBER	
		2024	2023
		(Unaudited) ***(JPY'000)***	*(Unaudited)* *(JPY'000)*
Revenue	*4*	**9,814,533**	13,194,832
Cost of sales		**(4,615,267)**	(6,317,853)
Gross profit		**5,199,266**	6,876,979
Other income and gains	*4*	**56,889**	2,019,415
Selling and distribution expenses		**(4,643,379)**	(4,485,975)
Administrative expenses		**(823,309)**	(680,425)
Reversal of impairment losses on financial assets		**19,978**	70,853
Other expenses	*4*	**(1,317,251)**	(73,662)
Finance costs	*5*	**(111,713)**	(97,102)
Finance income		**7,608**	5,677
(LOSS)/PROFIT BEFORE TAX	*6*	**(1,611,911)**	3,635,760
Income tax credit/(expense)	*7*	**766,344**	(306,257)
(LOSS)/PROFIT FOR THE PERIOD		**(845,567)**	3,329,503
Attributable to:			
Owners of the parent		**(845,628)**	3,329,450
Non-controlling interests		**61**	53
		(845,567)	3,329,503
(LOSS)/PROFIT PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
Basic and diluted			
– For (loss)/profit for the period (JPY)	*8*	**(1.40)**	5.50

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2024

	Note	FOR THE SIX MONTHS ENDED 30 SEPTEMBER	
		2024	2023
		(Unaudited) ***(JPY'000)***	*(Unaudited)* *(JPY'000)*
(LOSS)/PROFIT FOR THE PERIOD		**(845,567)**	3,329,503
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**327,867**	(625,962)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**327,867**	(625,962)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Defined benefit plans:			
Remeasurement (loss)/gains	*17*	**(10,937)**	151,743
Income tax effect		**3,349**	(45,308)
		(7,588)	106,435
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value		**(4,454)**	5,148
Income tax effect		**2,475**	(1,536)
		(1,979)	3,612
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		**(9,567)**	110,047
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**318,300**	(515,915)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(527,267)**	2,813,588
Attributable to:			
Owners of the parent		**(527,328)**	2,813,535
Non-controlling interests		**61**	53
		(527,267)	2,813,588

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 September 2024

	Notes	**30 September 2024**	31 March 2024
		(Unaudited) ***(JPY'000)***	*(Audited)* *(JPY'000)*
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**2,078,947**	1,999,628
Right-of-use assets		**2,250,148**	2,420,763
Freehold land	*11*	**1,940,789**	1,940,789
Intangible assets		**69,446**	89,907
Finance lease receivables		**127,691**	173,802
Other non-current assets		**690,425**	787,616
Net employee defined benefit assets	*17*	**224,578**	145,506
Deferred tax assets		**2,260,859**	1,336,684
Total non-current assets		**9,642,883**	8,894,695
CURRENT ASSETS			
Inventories	*12*	**9,134,614**	10,179,106
Trade and bills receivables	*13*	**1,875,170**	4,040,780
Prepayments, deposits and other receivables		**1,205,094**	2,579,699
Due from a related party	*20(c)*	**103,742**	105,212
Finance lease receivables		**90,336**	106,586
Pledged deposits	*14*	**5,735**	21,999
Cash and cash equivalents	*14*	**18,054,555**	16,617,120
Total current assets		**30,469,246**	33,650,502
CURRENT LIABILITIES			
Trade and bills payables	*15*	**483,780**	1,050,444
Other payables and accruals		**3,303,019**	2,596,044
Interest-bearing bank borrowings	*16*	**5,703,540**	6,411,180
Lease liabilities		**1,246,553**	1,358,166
Income tax payable		**279,719**	266,850
Total current liabilities		**11,016,611**	11,682,684
NET CURRENT ASSETS		**19,452,635**	21,967,818
TOTAL ASSETS LESS CURRENT LIABILITIES		**29,095,518**	30,862,513

	Notes	30 September 2024	31 March 2024
		(Unaudited)	*(Audited)*
		(JPY'000)	*(JPY'000)*
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	*16*	**536,460**	578,820
Lease liabilities		**1,229,040**	1,419,304
Deferred tax liabilities		**11,800**	84,327
Other non-current liabilities		**81,569**	107,682
Total non-current liabilities		**1,858,869**	2,190,133
Net assets		**27,236,649**	28,672,380
EQUITY			
Equity attributable to owners of the parent			
Share capital	*18*	**153**	153
Reserves		**27,281,890**	28,717,682
		27,282,043	28,717,835
Non-controlling interests		**(45,394)**	(45,455)
Total equity		**27,236,649**	28,672,380

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 September 2024

	Notes	FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024 (Unaudited) (JPY'000)	2023 (Unaudited) (JPY'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		**(1,611,911)**	3,635,760
Adjustments for:			
Provision for impairment of property, plant and equipment	*6*	**23,221**	42,291
Write-down of inventories to net realizable value	*6*	**586,260**	702,101
Reversal of impairment of trade receivables	*6*	**(19,978)**	(88,918)
Impairment of other receivables	*6*	**–**	18,065
Net losses on disposal of items of property, plant and equipment and intangible assets	*6*	**26,157**	21,300
Net (gain)/loss on disposal of right-of-use assets	*6*	**(6,823)**	3,892
Depreciation of property, plant and equipment	*6*	**291,950**	354,646
Depreciation of right-of-use assets	*6*	**686,436**	584,352
Amortisation of intangible assets	*6*	**26,788**	30,438
Defined benefit plan expenses	*17*	**26,106**	29,278
Foreign exchange losses/(gains)		**1,064,954**	(1,692,428)
Finance costs	*5*	**111,713**	97,102
Finance income		**(7,608)**	(5,677)
		1,197,265	3,732,202
Decrease in inventories		**458,232**	398,495
Decrease/(increase) in trade and bills receivables		**2,185,588**	(260,696)
Decrease in prepayments, deposits and other receivables		**1,374,605**	353,937
Decrease/(increase) in pledged deposits		**16,264**	(601)
Decrease/(increase) in an amount due from a related party		**1,470**	(46,224)
Decrease in other non-current assets		**92,737**	34,281
Decrease in trade and bills payables		**(566,664)**	(346,129)
Decrease in other payables and accruals		**(199,418)**	(215,602)
(Decrease)/increase in other non-current liabilities		**(41,775)**	8,147
Payment of the defined benefit obligation	*17*	**(116,115)**	(80,990)
Cash generated from operations		**4,402,189**	3,576,820
Interest received		**7,608**	5,677
Interest paid		**(111,713)**	(97,102)
Income tax paid		**(273,698)**	(234,099)
Net cash flows generated from operating activities		**4,024,386**	3,251,296

	Note	FOR THE SIX MONTHS ENDED 30 SEPTEMBER	
		2024	2023
		(Unaudited)	*(Unaudited)*
		(JPY'000)	*(JPY'000)*
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment and intangible assets		**(440,367)**	(251,320)
Proceeds from disposal of items of property, plant and equipment and intangible assets		**585**	2,872
Decrease in finance lease receivables		**53,623**	51,525
Net cash flows used in investing activities		**(386,159)**	(196,923)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank borrowings		**35,382,360**	36,540,000
Repayment of bank borrowings		**(36,132,360)**	(37,290,000)
Principal portion of lease payments		**(783,944)**	(699,364)
Net cash flows used in financing activities		**(1,533,944)**	(1,449,364)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**2,104,283**	1,605,009
Cash and cash equivalents at beginning of period		**16,617,120**	14,084,777
Effect of foreign exchange rate changes, net		**(666,848)**	970,178
CASH AND CASH EQUIVALENTS AT END OF PERIOD	*14*	**18,054,555**	16,659,964
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position	*14*	**18,054,555**	16,659,964

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 September 2024

1. CORPORATE 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 at the offices of Maples Corporate Services Limited, PO 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 were principally engaged in the manufacture and sales of golf related products.

2.1 BASIS OF PREPARATION

The interim condensed financial information for the six months ended 30 September 2024 has been prepared in accordance with IAS 34 *Interim Financial Reporting.* The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2024.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2024, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

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

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 April 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

3. OPERATING 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 sales of golf related products and 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 resources allocation and performance assessment. Accordingly, no operating segment information is presented.

Revenues are attributed to geographic areas based on the location of customers as follows:

	For the six months ended 30 September	
	2024	2023
	(Unaudited) ***(JPY'000)***	*(Unaudited)* *(JPY'000)*
Japan	**4,156,839**	4,172,787
China (including Hong Kong and Macau)	**3,122,951**	3,529,130
Rest of the world	**1,172,714**	1,079,222
Korea	**686,837**	3,942,808
North America	**413,800**	335,024
Europe	**261,392**	135,861
Total	**9,814,533**	13,194,832

Information about major customers

No revenue amounting to 10% or more of the Group's revenue was derived from sales to a single customer for the six months ended 30 September 2024.

For the six months ended 30 September 2023, revenue of approximately JPY3,512,852,000 was derived from sales to a single customer.

4. REVENUE, OTHER INCOME AND GAINS, OTHER EXPENSES

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

	For the six months ended 30 September	
	2024	2023
	(Unaudited) ***(JPY'000)***	*(Unaudited)* *(JPY'000)*
Revenue		
Sale of goods	**9,783,259**	13,103,514
Rendering of services	**31,274**	91,318
Total	**9,814,533**	13,194,832
Other income and gains		
Government grants	**16,222**	39,636
Gain on disposal of right-of-use assets, net	**6,823**	–
Rental income	**1,162**	1,130
Foreign exchange gains, net	**–**	1,912,301
Others	**32,682**	66,348
Total	**56,889**	2,019,415

	For the six months ended 30 September	
	2024	2023
	(Unaudited) ***(JPY'000)***	*(Unaudited)* *(JPY'000)*
Other expenses		
Foreign exchange losses, net	**1,263,956**	–
Net losses on disposal of property, plant and equipment and intangible assets	**26,157**	21,300
Provision for impairment of property, plant and equipment	**23,221**	42,291
Others	**3,917**	10,071
Total	**1,317,251**	73,662

The disaggregation of the Group's revenue from contracts with customers, including the sale of goods and rendering of services above, for the six months ended 30 September 2024 and 2023, respectively are as follows:

	For the six months ended 30 September	
	2024	2023
	(Unaudited) ***(JPY'000)***	*(Unaudited)* *(JPY'000)*
Types of goods or services		
Sale of golf related products	**9,783,259**	13,103,514
Rendering of services relating to golf related products	**31,274**	91,318
Total	**9,814,533**	13,194,832
Timing of revenue recognition		
Goods transferred at a point in time	**9,783,259**	13,103,514
Services transferred over time	**31,274**	91,318
Total	**9,814,533**	13,194,832

The disaggregation of the Group's revenue based on the geographical region for the six months ended 30 September 2024 is included in note 3.

5. FINANCE COSTS

	For the six months ended 30 September	
	2024	2023
	(Unaudited) ***(JPY'000)***	*(Unaudited)* *(JPY'000)*
Interest on bank borrowings	**81,255**	78,048
Interest on lease liabilities	**30,458**	19,054
Total	**111,713**	97,102

6. (LOSS)/PROFIT BEFORE TAX

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

		For the six months ended 30 September	
	Notes	**2024**	2023
		(Unaudited) ***(JPY'000)***	*(Unaudited)* *(JPY'000)*
Cost of inventories sold		**4,599,912**	6,273,022
Cost of service provided		**15,355**	44,831
Depreciation of property, plant and equipment	*10*	**291,950**	354,646
Depreciation of right-of-use assets		**686,436**	584,352
Amortisation of intangible assets		**26,788**	30,438
Research and development costs		**150,745**	110,637
Provision for impairment of property, plant and equipment		**23,221**	42,291
Reversal of impairment of trade receivables		**(19,978)**	(88,918)
Impairment of other receivables		**–**	18,065
Lease payments not included in the measurement of lease liabilities		**111,115**	123,362
Employee benefit expense:			
Wages and salaries		**1,775,439**	1,696,139
Pension and social security costs		**196,421**	172,245
Defined benefit plan expenses	*17*	**26,106**	29,278
Employee benefits		**198,958**	190,822
Other benefits		**142,669**	142,463
		2,339,593	2,230,947
Foreign exchange losses/(gains), net		**1,263,956**	(1,912,301)
Write-down of inventories to net realisable value		**586,260**	702,101
Net losses on disposal of items of property, plant and equipment and intangible assets		**26,157**	21,300
Net (gain)/loss on disposal of right-of-use assets		**(6,823)**	3,892

7. INCOME TAX

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

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and BVI.

The subsidiaries incorporated in Hong Kong are subject to income tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the six months ended 30 September 2024 (six months ended 30 September 2023: 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 aggregate effective statutory tax rates for these taxes were 30.62% for the six months ended 30 September 2024 (six months ended 30 September 2023: 30.62%).

The provision for the PRC corporate income tax is based on the statutory rate of 25% for the assessable profits of the Group's PRC subsidiary as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008.

During the six months ended 30 September 2024, the Company's subsidiary incorporated and operating in the United States is subject to a federal corporation income tax rate of 21% (six months ended 30 September 2023: 21%), as well as state tax at 8.84% (six months ended 30 September 2023: 8.84%).

The subsidiaries incorporated in Taiwan and Thailand are subject to income tax at the rates of 20% and 20% on the assessable profits (six months ended 30 September 2023: 20% and 20%), respectively.

During the six months ended 30 September 2024, the Company's subsidiary incorporated and operating in Switzerland was subject to federal corporation income tax at a rate of 8.5% (six months ended 30 September 2023: 8.5%), as well as cantonal and communal taxes at rates ranging 2% to 5% (six months ended 30 September 2023: 2% to 5%).

The major components of income tax expense of the Group are as follows:

	For the six months ended 30 September	
	2024	2023
	(Unaudited) ***(JPY'000)***	*(Unaudited)* *(JPY'000)*
Current income tax	**286,567**	323,578
Deferred tax	**(1,052,911)**	(17,321)
Total	**(766,344)**	306,257

8. (LOSS)/PROFIT PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculations of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 September 2024 and 2023 in respect of a dilution as the Group had no potentially ordinary shares in issue during those periods.

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

	For the six months ended 30 September	
	2024	2023
	(Unaudited) ***(JPY'000)***	*(Unaudited)* *(JPY'000)*
(Loss)/profit		
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**(845,628)**	3,329,450

	Number of shares For the six months ended 30 September	
	2024	2023
	('000)	*('000)*
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**605,643**	605,643

9. DIVIDENDS

	For the six months ended 30 September	
	2024	2023
	(Unaudited) ***(JPY'000)***	*(Unaudited)* *(JPY'000)*
Final declared – JPY1.50 per ordinary share (2023: JPY1.50 per ordinary share)	**908,464**	908,464

On 20 September 2024, the Company's shareholders approved the 2023 proposed final dividend with a total amount of JPY908,464,000 (six months ended 30 September 2023: JPY908,464,000).

The directors did not declare any interim dividend for the six months ended 30 September 2024.

On 24 November 2023, the board of directors declared the payment of an interim dividend of JPY1.50 per ordinary share totaling approximately JPY908,464,000 for the six months ended 30 September 2023.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2024, the Group acquired items of property, plant and equipment with a cost of JPY425,306,000 (six months ended 30 September 2023: JPY367,720,000). Depreciation for items of property, plant and equipment was JPY291,950,000 during the period (six months ended 30 September 2023: JPY354,646,000). Assets with a net book value of JPY22,185,000 were disposed of by the Group during the six months ended 30 September 2024 (six months ended 30 September 2023: JPY21,300,000), resulting in a net loss on disposal of JPY22,185,000 (six months ended 30 September 2023: JPY21,300,000).

An impairment of JPY23,221,000 (2023: JPY42,491,000) has been provided for certain loss-making shops during the six months ended 30 September 2024 with recoverable amount of nil. 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.

11. FREEHOLD LAND

The carrying amounts of the Group's freehold land is JPY1,940,789,000 as at 30 September 2024 and 31 March 2024. The freehold land, which is located in Japan, is owned by Honma Golf Co., Ltd., a limited liability company incorporated under the laws of Japan.

12. INVENTORIES

	30 September 2024	31 March 2024
	(Unaudited) ***(JPY'000)***	*(Audited)* *(JPY'000)*
Raw materials	**1,939,116**	2,692,537
Work in progress	**1,127,801**	1,285,914
Finished goods	**8,032,682**	9,611,749
Subtotal	**11,099,599**	13,590,200
Provision for inventories	**(1,964,985)**	(3,411,094)
Total	**9,134,614**	10,179,106

13. TRADE AND BILLS RECEIVABLES

	30 September 2024	31 March 2024
	(Unaudited) *(JPY'000)*	*(Audited)* *(JPY'000)*
Trade receivables	**1,761,295**	3,806,145
Bills receivable	**258,819**	400,836
Subtotal	**2,020,114**	4,206,981
Impairment of trade receivables	**(144,944)**	(166,201)
Total	**1,875,170**	4,040,780

The Group's trading terms with its customers are mainly on credit. The credit period is ranging 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 at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	30 September 2024	31 March 2024
	(Unaudited) *(JPY'000))*	*(Audited)* *(JPY'000)*
Within 1 month	**1,205,389**	3,070,137
Over 1 and within 3 months	**254,231**	352,702
Over 3 and within 12 months	**29,636**	162,064
Over 1 year	**127,095**	55,041
Total	**1,616,351**	3,639,944

14. CASH AND CASH EQUIVALENTS

	30 September 2024	31 March 2024
	(Unaudited) *(JPY'000)*	*(Audited)* *(JPY'000)*
Cash and bank balances	**18,054,555**	16,617,120
Time deposits	**5,735**	21,999
Subtotal	**18,060,290**	16,639,119
Less: pledged deposits for litigation	**–**	(15,967)
Others	**(5,735)**	(6,032)
Cash and cash equivalents	**18,054,555**	16,617,120

15. TRADE AND BILLS PAYABLES

	30 September 2024	31 March 2024
	(Unaudited) ***(JPY'000)***	*(Audited)* *(JPY'000)*
Trade payables	**482,424**	1,030,960
Bills payable	**1,356**	19,484
Total	**483,780**	1,050,444

An ageing analysis of the trade and bills payables of the Group as at the end of the reporting period, based on the invoice date, is as follows:

	30 September 2024	31 March 2024
	(Unaudited) ***(JPY'000)***	*(Audited)* *(JPY'000)*
Within 3 months	**483,552**	1,041,251
Over 3 months	**228**	9,193
Total	**483,780**	1,050,444

16. INTEREST-BEARING BANK BORROWINGS

	30 September 2024	31 March 2024
	(Unaudited) ***(JPY'000)***	*(Audited)* *(JPY'000)*
Current		
Bank loans – unsecured	**5,703,540**	6,411,180
Non-Current		
Bank loans – unsecured	**536,460**	578,820
Total	**6,240,000**	6,990,000
Analysed into:		
Bank loans repayable:		
Within one year	**5,703,540**	6,411,180
In the second year	**84,720**	84,720
In the third to fifth years, inclusive	**254,160**	254,160
Beyond five years	**197,580**	239,940
Total	**6,240,000**	6,990,000

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

	30 September 2024	31 March 2024
	(Unaudited)	*(Audited)*
Effective interest rates	**0.17% to 3.08%**	0.17% to 3.08%

As at 30 September 2024 and 31 March 2024, there were no properties pledged to secure bank borrowings granted to the Group.

17. EMPLOYEE DEFINED BENEFIT PLANS

Net employee defined benefit liability:

	30 September 2024	31 March 2024
	(Unaudited) ***(JPY'000)***	(Audited) (JPY'000)
Retirement benefit plans	**224,578**	145,506

The Group operates funded defined benefit plan for all its qualified employees in Japan and Taiwan and the majority of the plan is operated in Japan.

Under the plans, the employees are entitled to a guaranteed fixed retirement benefits on attainment of retirement age of 60.

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

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

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

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

The most recent actuarial valuations of the plan assets and the present value of the defined benefit 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 interim condensed consolidated statement of profit or loss in respect of the plans are as follows:

	For the six months ended 30 September	
	2024	2023
	(Unaudited) ***(JPY'000)***	*(Unaudited)* *(JPY'000)*
Current service cost	**26,666**	28,350
Interest cost	**(560)**	928
Net benefit expenses	**26,106**	29,278
Recognised in cost of sales	**9,059**	10,160
Recognised in selling and distribution costs	**11,542**	12,944
Recognised in administrative expenses	**5,505**	6,174
Total	**26,106**	29,278

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

Changes for the six months ended 30 September 2024 in the defined benefit obligation and fair value of plan assets:

	1 April 2024	**Service cost**	**Net interest**	**Sub-total included in profit or loss**	**Benefits paid**	**Return on plan assets**	**Experience adjustments**	**Actuarial changes arising from changes in financial assumptions**	**Sub-total included in other comprehensive income**	**Contributions by employer**	**30 September 2024**
	(JPY'000)	***(JPY'000)***	***(JPY'000)***	***(JPY'000)***	***(JPY'000)***	***(JPY'000)***	***(JPY'000)***	***(JPY'000)***	***(JPY'000)***	***(JPY'000)***	***(JPY'000)***
Defined benefit obligation	**1,984,896**	**26,666**	**7,124**	**33,790**	**(190,052)**	**–**	**–**	**(16,553)**	**(16,553)**	**–**	**1,812,081**
Fair value of plan assets	**(2,130,402)**	**–**	**(7,684)**	**(7,684)**	**73,694**	**27,490**	**–**	**–**	**27,490**	**243**	**(2,036,659)**
Benefit assets	**(145,506)**	**26,666**	**(560)**	**26,106**	**(116,358)**	**27,490**	**–**	**(16,553)**	**10,937**	**243**	**(224,578)**

Changes for the six months ended 30 September 2023 in the defined benefit obligation and fair value of plan assets:

	1 April 2023	Service cost	Net interest	Sub-total included in profit or loss	Benefits paid	Return on plan assets	Experience adjustments	Actuarial changes arising from changes in financial assumptions	Sub-total included in other comprehensive income	Contributions by employer	30 September 2023
	(JPY'000)	*(JPY'000)*	*(JPY'000)*	*(JPY'000)*	*(JPY'000)*	*(JPY'000)*	*(JPY'000)*	*(JPY'000)*	*(JPY'000)*	*(JPY'000)*	*(JPY'000)*
Defined benefit obligation	2,237,991	28,350	6,569	34,919	(143,237)	–	2,244	(14,005)	(11,761)	–	2,117,912
Fair value of plan assets	(1,888,691)	–	(5,641)	(5,641)	62,247	(139,982)	–	–	(139,982)	–	(1,972,067)
Benefit liability	349,300	28,350	928	29,278	(80,990)	(139,982)	2,244	(14,005)	(151,743)	–	145,845

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

	30 September 2024	31 March 2024
	(Unaudited)	*(Audited)*
	(JPY'000)	*(JPY'000)*
Stocks, quoted in an active market	**1,060,181**	1,096,013
Bonds	**768,682**	813,738
General account of life insurance companies	**148,297**	148,048
Others	**59,499**	72,603

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

	30 September 2024	31 March 2024
	(Unaudited)	*(Audited)*
	(JPY'000)	*(JPY'000)*
Method of allocating projected retirement benefits	**Projected unit credit method**	Projected unit credit method
Discount rate	**0.73%**	0.73%
Salary increase rate (age-based, on average)	**3.90%**	3.90%
Turnover rate (age-based, on average)	**6.60%**	6.60%
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	
		30 September 2024	31 March 2024
		(Unaudited)	*(Audited)*
Assumption	*Change in assumption*	***(JPY'000)***	*(JPY'000)*
Discount rate	Increase by 0.5%	**(44,150)**	(44,088)
	Decrease by 0.5%	**44,150**	44,088

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 assumptions, keeping all other assumption 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 obligation as at 30 September 2024 is 3.8 years (31 March 2024: 4.3 years).

The actuarial valuation showed that the market value of plan assets was JPY2,036,659,000 as at 30 September 2024 (31 March 2024: JPY2,130,402,000), and represented 112% (31 March 2024: 107%) of the defined benefit obligation that had accrued to qualifying employees. The sufficiency of JPY224,578,000 as at 30 September 2024 (31 March 2024: JPY145,506,000) is expected to be cleared over the remaining service period.

18. SHARE CAPITAL

	30 September 2024	31 March 2024
	(Unaudited)	*(Audited)*
Issued capital in USD (As at 30 September 2024 and as at 31 March 2024: 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

19. CAPITAL COMMITMENTS

At the end of the reporting period, the Group did not have any significant contractual commitments (31 March 2024: Nil).

20. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Name and relationship

Related party	**Relationships**
Shanghai POVOS Enterprise (Group) Co., Ltd.	Company controlled by the shareholder

(b) Related party transactions

In addition to the transactions and balances disclosed elsewhere in the interim condensed consolidated financial information, the Group had the following material transactions with related party during the period:

	For the six months ended 30 September	
	2024	2023
	(Unaudited) ***(JPY'000)***	*(Unaudited)* *(JPY'000)*
Rental expense charged by a related party Shanghai POVOS Enterprise (Group) Co., Ltd.	**28,308**	17,970

(c) Balances with related party

	30 September 2024	31 March 2024
	(Unaudited) ***(JPY'000)***	*(Audited)* *(JPY'000)*
Due from a related party Shanghai POVOS Enterprise (Group) Co., Ltd.	**103,742**	105,212

Rental deposits included in due from a related party were interest-free and unsecured and had no fixed repayment terms.

(d) Compensation of key management personnel of the Group

	For the six months ended 30 September	
	2024	2023
	(Unaudited) ***(JPY'000)***	*(Unaudited)* *(JPY'000)*
Short-term employee benefits	**80,944**	66,978
Pension scheme contributions	**5,864**	4,193
Total compensation paid to key management personnel	**86,808**	71,171

21. 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:

Financial assets – debt instruments at amortised cost

	30 September 2024	31 March 2024
	(Unaudited) ***(JPY'000)***	*(Audited)* *(JPY'000)*
Trade receivables	**1,616,351**	3,639,944
Pledged deposits	**5,735**	21,999
Cash and cash equivalents	**18,054,555**	16,617,120
Financial assets included in prepayments, deposits and other receivables	**313,992**	274,610
Finance lease receivables	**218,027**	280,388
Other non-current assets	**605,483**	677,128
Total	**20,814,143**	21,511,189

Financial assets – debt instruments at fair value through other comprehensive income

	30 September 2024	31 March 2024
	(Unaudited) ***(JPY'000)***	*(Audited)* *(JPY'000)*
Trade and bills receivables	**258,819**	400,836

Financial assets – equity instruments at fair value through other comprehensive income

	30 September 2024	31 March 2024
	(Unaudited) ***(JPY'000)***	*(Audited)* *(JPY'000)*
Equity instruments at fair value through other comprehensive income	**19,651**	10,912

Financial liabilities – at amortised cost

	30 September 2024	31 March 2024
	(Unaudited)	*(Audited)*
	(JPY'000)	*(JPY'000)*
Trade and bills payables	**483,780**	1,050,444
Interest-bearing bank borrowings	**6,240,000**	6,990,000
Financial liabilities included in other payables and accruals	**2,056,620**	1,152,575
Financial liabilities included in other non-current liabilities	**8,778**	9,245
Total	**8,789,178**	9,202,264

22. 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**	
	30 September 2024	31 March 2024	**30 September 2024**	31 March 2024
	(Unaudited)	*(Audited)*	***(Unaudited)***	*(Audited)*
	(JPY'000)	*(JPY'000)*	***(JPY'000)***	*(JPY'000)*
Interest-bearing bank borrowings	**536,460**	578,820	**494,858**	539,318

Financial assets and liabilities not presented at their fair value on the interim condensed consolidated statements of financial position mainly represent 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, their fair values are approximate to their carrying amounts largely due to the short term maturities of these instruments.

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. The fair values have been assessed to be approximate to their carrying amounts.

The Group has estimated the fair value of bills receivables 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 interim condensed consolidated statements of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of each of the reporting periods.

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 analyzes 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 audit committee twice a year for interim and annual financial reporting.

The fair value of the non-current portion of interest-bearing bank borrowings has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The differences between the carrying amounts and fair values of those financial liabilities are not significant.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments.

Assets measured at fair value:

As at 30 September 2024

	Level 1	**Level 2**	**Level 3**	**Total**
	(Unaudited) ***JPY'000***	***(Unaudited)*** ***JPY'000***	***(Unaudited)*** ***JPY'000***	***(Unaudited)*** ***JPY'000***
Equity instruments at fair value through other comprehensive income	19,551	–	100	19,651
Bills receivable	–	258,819	–	258,819
Total	19,551	258,819	100	278,470

As at 31 March 2024

	Level 1	Level 2	Level 3	Total
	(Audited) *JPY'000*	*(Audited)* *JPY'000*	*(Audited)* *JPY'000*	*(Audited)* *JPY'000*
Equity instruments at fair value through other comprehensive income	10,812	–	100	10,912
Bills receivable	–	400,836	–	400,836
Total	10,812	400,836	100	411,748

The Group did not have any financial liability measured at fair value as at 30 September 2024 (31 March 2024: Nil).

During the six months ended 30 September 2024, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (six months ended 30 September 2023: Nil).

23. EVENT AFTER THE REPORTING PERIOD

To the date of approval of the interim condensed consolidated financial information, there is no material subsequent event undertaken by the Group.

OTHER INFORMATION

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the six months ended 30 September 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company (including any sale of treasury shares (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"))). As at 30 September 2024, there were no treasury shares (as defined under the Listing Rules) held by the Company.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 September 2024.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions as set out in Part 2 of the Corporate Governance Code (the "**CG Code**") as contained in Appendix C1 to the Listing Rules. Throughout the six months ended 30 September 2024, the Company has complied with all applicable code provisions as set out in the CG Code save for the deviation from code provision C.2.1.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

Having made specific enquiry of all directors of the Company (the "**Directors**"), all of them have confirmed that they have complied with the Model Code and the Company's own code regarding directors' securities transactions throughout the six months ended 30 September 2024.

AUDIT COMMITTEE

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

The Audit Committee has reviewed and discussed the Interim Results for the six months ended 30 September 2024. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes for the six months ended 30 September 2024 as set out in this announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the six months ended 30 September 2024. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by The Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and consequently no assurance has been expressed by Ernst & Young on this announcement.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the website of Hong Kong Exchanges and Clearing Limited ("**HKEX**") (www.hkexnews.hk) and that of the Company (www.honmagolf.com).

The interim report will be published on the website of HKEX and that of the Company (and will be dispatched to the shareholders of the Company, where applicable) in due course.

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

Hong Kong, 29 November 2024

As at the date of this announcement, the executive directors of the Company are Mr. Liu Jianguo, Mr. Ito Yasuki, Mr. Zuo Jun and Mr. Liu Hongli; the non-executive directors of the Company are Mr. Yang Xiaoping and Mr. Soopakij Chearavanont; and the independent non-executive directors of the Company are Mr. Lu Pochin Christopher, Mr. Wang Jianguo and Mr. Xu Hui.