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NIRAKU GC HOLDINGS

株式会社ニラク·ジー·シー·ホールディングス

NIRAKU GC HOLDINGS, INC.*

(Incorporated in Japan with limited liability)

(Stock Code: 1245)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

RESULTS HIGHLIGHTS

- Gross pay-ins were ¥63,890 million (or HK$3,547 million#), recording an increase of 8.0% as compared with the same period last year;
- Revenue was ¥13,189 million (or HK$732 million#), recording an increase of 7.4% as compared with the same period last year;
- Profit before income tax was ¥969 million (or HK$54 million#), compared with the profit before income tax of ¥1,730 million for the same period last year;
- Profit for the period attributable to owners of the Company was ¥622 million (or HK$35 million#), recording a decrease of 44.3% as compared with the same period last year;
- Basic earnings per share of the Company was ¥0.52 (or HK$0.03#) (Six months ended 30 September 2022: ¥0.93);
- The Board has resolved to declare an interim dividend of ¥0.09 per common share for the six months ended 30 September 2023 (Six months ended 30 September 2022: ¥0.17 per common share); and
- The Group operated 49 halls as at 30 September 2023.

Translated into Hong Kong dollar at the rate of ¥18.01 to HK$1.00, the exchange rate prevailing on 29 September 2023 (i.e. the last business day in September 2023).

* *For identification purpose only*

The board (the "Board") of directors (the "Directors") of NIRAKU GC HOLDINGS, INC.* (the "Company" or "NIRAKU") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2023 together with the comparative figures for the six months ended 30 September 2022 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2023

	Note	Six months ended 30 September 2023 ¥ million (Unaudited)	2022 (Restated) ¥ million (Unaudited)
Continuing operations			
Revenue	*4*	**13,189**	12,282
Other income	*5*	**259**	252
Other gains, net	*5*	**389**	536
Hall operating expenses	*6*	**(10,610)**	(9,156)
Administrative expenses	*6*	**(1,828)**	(1,713)
Operating profit		**1,399**	2,201
Finance income		**47**	39
Finance costs		**(477)**	(510)
Finance costs, net	*7*	**(430)**	(471)
Profit before income tax		**969**	1,730
Income tax expense	*8*	**(361)**	(621)
Profit for the period from continuing operations		**608**	1,109
Loss for the period from discontinued operation	*9*	**(426)**	(104)
Profit for the period		**182**	1,005
Profit/(loss) for the period attributable to:			
Owners of the Company:			
Continuing operations		**622**	1,116
Discontinued operation		**(217)**	(53)
		405	1,063
Non-controlling interests:			
Continuing operations		**(14)**	(7)
Discontinued operation		**(209)**	(51)
		(223)	(58)
		182	1,005

	Note	Six months ended 30 September 2023 ¥ million (Unaudited)	2022 (Restated) ¥ million (Unaudited)
Earnings/(loss) per share for profit attributable to owners of the Company			
— Basic and diluted (expressed in ¥ per share)	10		
Profit for the period from continuing operations		**0.52**	0.93
Loss for the period from discontinued operation		**(0.18)**	(0.04)
Profit for the period		**0.34**	0.89
Profit for the period		**182**	1,005
Other comprehensive income/(loss)			
Item that will not be subsequently reclassified to profit or loss			
Change in value of financial assets through other comprehensive income		**32**	(4)
Item that has been or may be subsequently reclassified to profit or loss			
Currency translation differences		**(167)**	(178)
Total comprehensive income for the period		**47**	823
Total comprehensive income/(loss) for the period attributable to:			
Owners of the Company		**409**	933
Non-controlling interest		**(362)**	(110)
		47	823
Total comprehensive income/(loss) for the period attributable to:			
Owners of the Company:			
Continuing operations		**651**	991
Discontinued operation		**(242)**	(58)
		409	933
Non-controlling interests:			
Continuing operations		**(129)**	(55)
Discontinued operation		**(233)**	(55)
		(362)	(110)
		47	823

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	Note	30 September 2023 ¥ million (Unaudited)	31 March 2023 ¥ million (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	*12*	**17,425**	16,898
Right-of-use assets	*13*	**24,297**	25,145
Investment properties	*12*	**681**	691
Intangible assets	*12*	**317**	322
Prepayments, deposits and other receivables		**4,461**	4,426
Interest in an associate		**–**	–
Financial assets at fair value through other comprehensive income		**558**	511
Deferred income tax assets		**5,488**	5,415
		53,227	53,408
Current assets			
Inventories		**73**	67
Trade receivables	*14*	**133**	107
Prepayments, deposits and other receivables		**1,087**	982
Financial assets at fair value through profit or loss		**97**	98
Current income tax recoverable		**–**	179
Bank deposits with maturity over 3 months		**468**	528
Cash and cash equivalents		**11,122**	10,435
Total current assets		**12,980**	12,396
Total assets		**66,207**	65,804

	Note	30 September 2023 ¥ million (Unaudited)	31 March 2023 ¥ million (Audited)
EQUITY			
Equity attributable to shareholders of the Company			
Share capital		**3,000**	3,000
Reserves		**17,305**	17,028
		20,305	20,028
Non-controlling interest		**(1,096)**	(734)
Total equity		**19,209**	19,294
LIABILITIES			
Non-current liabilities			
Borrowings	*16*	**5,775**	5,765
Lease liabilities	*13*	**25,791**	26,968
Provisions and other payables		**2,191**	2,158
Derivative financial instruments		**2**	3
		33,759	34,894
Current liabilities			
Trade payables	*15*	**181**	125
Borrowings	*16*	**4,837**	4,441
Lease liabilities	*13*	**2,697**	2,762
Accruals, provisions and other payables		**5,218**	4,287
Derivative financial instruments		**1**	1
Current income tax liabilities		**305**	–
		13,239	11,616
Total liabilities		**46,998**	46,510
Net current (liabilities)/assets		**(259)**	780
Total equity and liabilities		**66,207**	65,804

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

株式会社ニラク•ジー•シー•ホールディングス NIRAKU GC HOLDINGS, INC.* (the "Company") was incorporated in Japan under the Japan Companies Act with limited liability on 10 January 2013. The address of its registered office is 1-39 Hohaccho 1-chome, Koriyama-shi, Fukushima, Japan.

The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") are principally engaged in pachinko and pachislot hall operations, hotel and restaurant operations in Japan, amusement arcade operations in Southeast Asian countries, and restaurant operations in China. In August 2023, the Group discontinued the restaurant operations in China. Details are set out in Note 9. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

This interim condensed consolidated financial information is presented in millions of Japanese Yen ("¥"), unless otherwise stated.

This interim condensed consolidated financial information was approved for issue on 24 November 2023.

2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 September 2023 has been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" issued by the International Accounting Standards Board. The interim condensed consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2023, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

The Group had net current liabilities of ¥259 million as at 30 September 2023. The directors of the Company (the "Directors") believed that the Group has adequate cash flows to maintain the Group's operations as the Group has cash and cash equivalents of ¥11,122 million and unutilised banking facilities readily available to the Group amounted to ¥4,208 million as at 30 September 2023.

Accordingly, the Directors are of the opinion that the Group is able to meet in full its financial obligation as they fall due for the foreseeable future and it is appropriate to prepare the interim condensed consolidated financial information on a going concern basis.

3 ACCOUNTING POLICIES

Except as described below, the accounting policies adopted are consistent with those as described in the annual financial statements for the year ended 31 March 2023.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New and amended standards, improvements and practice statement to existing standards adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 April 2023:

IFRS 17	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of the amendments did not have any material impact on the Group's accounting policies.

(b) New and amended standards (collectively, the "Amendments") not yet adopted by the Group

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning on 1 April 2023 and have not been early adopted by the Group:

		Effective for accounting period on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1	Non-Current Liabilities with Covenants	1 January 2024
Amendments to IFRS 16	Lease Liability in Sale and Leaseback	1 January 2024
Amendments to IFRS 7 and IAS 7	Supplier Finance Arrangements	1 January 2024
Amendments to IAS 21	The Effect of Changes in Foreign Exchange Rate	1 January 2025
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The related impacts of the adoption of these Amendments to the Group are currently under assessment and the Group is not yet in a position to state whether any substantial changes to the Group's significant policies and presentation of the financial information will result.

4 REVENUE AND SEGMENT INFORMATION

(a) Revenue from continuing operations

An analysis of the revenue of the Group from continuing operations is as follows:

	Six months ended 30 September	
	2023	2022
		(Restated)
	¥ million	*¥ million*
	(Unaudited)	(Unaudited)
Revenue		
Gross pay-ins	**63,890**	59,179
Less: gross pay-outs	**(52,272)**	(48,286)
Revenue from pachinko and pachislot hall business	**11,618**	10,893
Revenue from amusement arcades	**941**	887
Vending machine income	**198**	191
Revenue from hotel operation	**83**	74
Revenue from restaurant operations	**349**	237
	13,189	12,282

(b) Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker ("CODM") that are used for making strategic decisions. The CODM is identified as the executive Directors. The executive Directors consider the business from a service perspective and assess the performance of the operating segments based on a measure of adjusted loss before income tax and unallocated corporate expenses for the purposes of allocating resources and assessing performance. These reports are prepared on the same basis as this interim condensed consolidated financial information.

Management has identified four reportable segments based on the types of services, namely (i) pachinko and pachislot hall operations, (ii) amusement arcade operations, (iii) restaurant operations in China and (iv) others, representing hotel, restaurant and other operations in Japan and Hong Kong.

In August 2023, the Group discontinued the restaurant operations in China. Details are set out in Note 9 to this interim results announcement.

Segment assets consist primarily of property, plant and equipment, investment properties, right-of-use assets, intangible assets, inventories, trade receivables, prepayments, deposits and other receivables, bank deposits and cash and cash equivalents. They exclude deferred income tax assets and assets used for corporate functions including financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

Capital expenditure comprises additions to property, plant and equipment, right-of-use assets, investment properties and intangible assets. Unallocated amounts and income tax expenses are not included in segment results.

The segment information provided to the executive Directors for the six months ended 30 September 2023 and 2022 are as follows:

	Six months ended 30 September 2023					
	Continuing operations				Discontinued operation	
	Pachinko and pachislot hall operations Japan ¥ *million*	Amusement arcade operations Southeast Asia ¥ *million*	Other Japan & Hong Kong ¥ *million*	Total ¥ *million*	Restaurant operations China ¥ *million*	Total ¥ *million*
Segment revenue from external customers						
Over time	11,816	941	83	12,840	–	12,840
At a point in time	–	–	349	349	78	427
Segment revenue from external customers	11,816	941	432	13,189	78	13,267
Segment results	936	129	(61)	1,004	(426)	578
Unallocated amount						(35)
Profit before income tax						543
Income tax expense						(361)
Profit for the period						182

	Six months ended 30 September 2023					
	Continuing operations				Discontinued operation	
	Pachinko and pachislot hall operations Japan ¥ *million*	Amusement arcade operations Southeast Asia ¥ *million*	Other Japan & Hong Kong ¥ *million*	Total ¥ *million*	Restaurant operations China ¥ *million*	Total ¥ *million*
Other segment items						
Depreciation and amortisation expenses	(1,739)	(176)	(22)	(1,937)	–	(1,937)
Impairment loss on right-of-use assets	(34)	–	–	(34)	–	(34)
Impairment loss on property, plant and equipment	(82)	–	–	(82)	–	(82)
Finance income	34	13	–	47	–	47
Finance costs	(450)	(25)	(2)	(477)	(6)	(483)

	Six months ended 30 September 2022 (Restated)					
	Continuing operations				Discontinued operation	
	Pachinko and pachislot hall operations Japan	Amusement arcade operations Southeast Asia	Other Japan & Hong Kong	Total	Restaurant operations China	Total
	¥ million	*¥ million*	*¥ million*	*¥ million*	*¥ million*	*¥ million*
Segment revenue from external customers						
Over time	11,083	887	75	12,045	–	12,045
At a point in time	–	–	237	237	81	318
Segment revenue from external customers	11,083	887	312	12,282	81	12,363
Segment results	1,344	153	10	1,507	(104)	1,403
Unallocated amount						223
Profit before income tax						1,626
Income tax expense						(621)
Profit for the period						1,005

	Six months ended 30 September 2022 (Restated)					
	Continuing operations				Discontinued operation	
	Pachinko and pachislot hall operations Japan	Amusement arcade operations Southeast Asia	Other Japan & Hong Kong	Total	Restaurant operations China	Total
	¥ million	*¥ million*	*¥ million*	*¥ million*	*¥ million*	*¥ million*
Other segment items						
Depreciation and amortisation expenses	(1,801)	(105)	(16)	(1,922)	(40)	(1,962)
Impairment loss on right-of-use assets	(41)	–	(52)	(93)	–	(93)
Impairment loss on property, plant and equipment	(111)	–	(38)	(149)	–	(149)
Impairment loss on irrecoverable prepayments	–	–	(1)	(1)	–	(1)
Finance income	33	6	–	39	–	39
Finance costs	(474)	(36)	–	(510)	(2)	(512)

The segment assets as at 30 September 2023 and 31 March 2023 are as follows:

	Pachinko and pachislot hall operations Japan ¥ *million*	Amusement arcade operations Southeast Asia ¥ *million*	Other Japan and Hong Kong ¥ *million*	Restaurant operations China ¥ *million*	Total ¥ *million*
As at 30 September 2023					
Segment assets	**52,428**	**2,036**	**1,000**	**20**	**55,484**
Unallocated assets					**5,235**
Deferred income tax assets					**5,488**
Total assets					**66,207**
Addition to non-current assets other than financial instruments and deferred tax assets	**1,243**	**458**	**131**	**–**	**1,832**

	Pachinko and pachislot hall operations Japan ¥ *million*	Amusement arcade operations Southeast Asia ¥ *million*	Other Japan ¥ *million*	Restaurant operations China ¥ *million*	Total ¥ *million*
As at 31 March 2023					
Segment assets	52,528	1,806	766	273	55,373
Unallocated assets					5,016
Deferred income tax assets					5,415
Total assets					65,804
Addition to non-current assets other than financial instruments and deferred tax assets	2,322	534	9	–	2,865

The total non-current assets other than financial instruments and deferred tax assets, analysed by location of the assets, are as follows:

	As at 30 September 2023 *¥ million* **(Unaudited)**	As at 31 March 2023 *¥ million* (Audited)
Japan	**42,078**	42,474
Southeast Asia	**951**	877
China	**–**	–
	43,029	43,351

No single external customer contributed more than 10% revenue to the Group's revenue for the six months ended 30 September 2023 and 2022.

5 OTHER INCOME AND OTHER GAINS, NET FROM CONTINUING OPERATIONS

	Six months ended 30 September	
	2023	2022 (Restated)
	¥ million **(Unaudited)**	*¥ million* (Unaudited)
Other income from continuing operations		
Rental income	**121**	110
Income from expired IC and membership cards	**13**	12
Dividend income	**12**	13
Compensation and subsidies	**13**	15
Income from scrap sales of used pachinko and pachislot machines	**95**	87
Others	**5**	15
	259	252
Other gains, net from continuing operations		
Gain on release of lease liabilities	**–**	5
Loss on fair value of financial assets through profit or loss	**(1)**	(9)
Gain on fair value of derivative financial instruments	**1**	5
Gain on disposal of property, plant and equipment, net	**17**	10
Net exchange gain	**372**	525
	389	536

6 OPERATING PROFIT FROM CONTINUING OPERATIONS

Operating profit from continuing operations is stated after charging the following:

	Six months ended 30 September	
	2023	2022 (Restated)
	¥ million **(Unaudited)**	*¥ million* (Unaudited)
Employee benefits expenses		
— Hall operations	**2,157**	2,206
— Administrative and others	**778**	683
Short-term operating lease rental expense in respect of land and buildings	**140**	124
Depreciation of property, plant and equipment	**734**	745
Depreciation of right-of-use assets	**1,161**	1,130
Depreciation of investment properties	**11**	11
Amortisation of intangible assets	**31**	36
Impairment loss on property, plant and equipment	**82**	149
Impairment loss on right-of-use assets	**34**	93
Impairment loss on irrecoverable prepayments	**–**	1
Pachinko and pachislot machines expenses *(Note)*	**4,197**	3,046

Note:

Pachinko and pachislot machines are expensed off in the interim condensed consolidated statement of comprehensive income upon installation. The expected useful lives of these machines are less than one year.

7 FINANCE COSTS, NET FROM CONTINUING OPERATIONS

	Six months ended 30 September 2023 ¥ million (Unaudited)	2022 (Restated) ¥ million (Unaudited)
Finance income from continuing operations		
Bank interest income	**3**	1
Interest income on lease receivables	**17**	17
Other interest income	**27**	21
	47	39
Finance costs from continuing operations		
Bank borrowings	**(70)**	(71)
Lease liabilities	**(345)**	(372)
Provision for unwinding discount	**(62)**	(67)
	(477)	(510)
Finance costs, net from continuing operations	**(430)**	(471)

8 INCOME TAX EXPENSE FROM CONTINUING OPERATIONS

	Six months ended 30 September 2023 ¥ million (Unaudited)	2022 (Restated) ¥ million (Unaudited)
Current tax		
— Japan	**421**	726
— Other Asian countries	**28**	(35)
	449	691
Deferred income tax	**(88)**	(70)
Total charge for the period from continuing operations	**361**	621

Taxation has been provided at the appropriate rates prevailing in the countries in which the Group operates. The Group is subject to national corporate income tax, inhabitant tax and enterprise tax in Japan, which, in aggregate, resulted in effective statutory income tax rates of approximately 29.9% for the six months ended 30 September 2023 (For the six months ended 30 September 2022: same).

Taxation on other Asian countries profits has been calculated on the estimated assessable profit for the year at the rate of taxation prevailing in the countries in which the Group operates. These rates range from 17.0% to 20.0% for the six months ended 30 September 2023 (For the six months ended 30 September 2022: same).

9 DISCONTINUED OPERATION

Due to the spread of COVID-19 and intermittent business suspension policy imposed in China, the restaurant operations in China ("YOKOCHO business") had been suffering from persistent loss. After due and careful consideration, on 27 July 2023, a written resolution was passed by all directors of NPJ Hong Kong Limited (an indirectly non-wholly-owned subsidiary of the Company) to resolve NPJ China Yokocho Co., Ltd. ("NPJ China"), a wholly-owned subsidiary of NPJ Hong Kong Limited, to withdraw from its YOKOCHO business in China in August 2023. On 19 September 2023, another written resolution was passed by the board of directors of NPJ Hong Kong Limited to approve the bankruptcy plan of the YOKOCHO business and proceed with necessary closure and bankruptcy procedures. The management of the Group believes that the cessation of business operation of NPJ China will improve the financial position of the Group, which is in the interests of the Company and its shareholders as a whole.

The financial results of the discontinued business are presented in the interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income as discontinued operation in accordance with IFRS 5 "Non-current Assets Held for Sales and Discontinued Operations". Comparative figures have been restated to conform to the current period's presentation.

The results of NPJ China for the periods are presented below:

	Six months ended 30 September	
	2023	2022
	¥ million	*¥ million*
	(Unaudited)	(Unaudited)
Revenue	**78**	81
Other income and losses, net	**(3)**	(35)
Loss on early termination of lease agreement *(Note)*	**(333)**	–
Operating expenses	**(61)**	(101)
Administrative expenses	**(101)**	(47)
Finance cost, net	**(6)**	(2)
Loss before tax from discontinued operation	**(426)**	(104)
Income tax expense	**–**	–
Loss for the period from discontinued operation	**(426)**	(104)

Note:

The Company submitted an unilateral early termination request for the lease of restaurants upon cessation of YOKOCHO business. In this regard, the landlord has issued a demand notice and claimed a compensation approximately ¥576 million. Taken into account the lease liabilities of ¥243 million recognised on the book, a loss from early termination of ¥333 million is recognised in the interim condensed consolidated statement of comprehensive income for the six months ended 30 September 2023.

	Six months ended 30 September	
	2023	2022
	¥ million	*¥ million*
	(Unaudited)	(Unaudited)
Other comprehensive loss		
Exchange differences on translation of discontinued operation	**(49)**	(9)
Total comprehensive loss for the period from discontinued operation	**(475)**	(113)
Loss per share attributable to owners of the Company		
Basic and diluted — discontinued operation	**(0.18)**	(0.04)

The net cash flows incurred by NPJ China are as follows:

	Six months ended 30 September	
	2023	2022
	¥ million	*¥ million*
	(Unaudited)	(Unaudited)
Net cash outflow from operating activities	**(77)**	(86)
Net cash (outflow)/inflow from financing activities	**(45)**	111
Net (decrease)/increase in cash generated by the subsidiary	**(122)**	25
Cash and cash equivalents at beginning of the period	**132**	54
Effect of exchange rate changes on cash and cash equivalents	**6**	(8)
	16	71

10 EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 September 2023 and 2022.

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
Profit/(loss) attributable to owners of the Company (¥million)		
Continuing operations	**622**	1,116
Discontinued operation	**(217)**	(53)
	405	1,063
Weighted average number of shares for the purpose of calculating basic earnings/(loss) per share (thousands)	**1,195,850**	1,195,850
Basic and diluted earnings/(loss) per share (¥)		
Continuing operations	**0.52**	0.93
Discontinued operation	**(0.18)**	(0.04)
For the period	**0.34**	0.89

Diluted earnings/(loss) per share is the same as basic earnings/(loss) per share as there were no potential dilutive shares during the six months ended 30 September 2023 and 2022.

11 DIVIDENDS

For the six months ended 30 September 2023, the Company paid dividend of ¥132 million (¥0.11 per ordinary share) to their shareholders in respect of the year ended 31 March 2023.

The Board has declared an interim dividend of ¥0.09 per ordinary share totalling ¥108 million in respect of the six months ended 30 September 2023 (For the six months ended 30 September 2022: ¥0.17 per ordinary share totalling ¥203 million). These interim condensed consolidated financial information do not reflect this dividend payable.

12 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS

During the six months ended 30 September 2023, the Group incurred capital expenditures of approximately ¥1,346 million and ¥4 million for property, plant and equipment and intangible assets, respectively (For the six months ended 30 September 2022: ¥215 million and ¥3 million, respectively).

During the six months ended 30 September 2023, the net book amounts of disposal of property, plant and equipment amounted to approximately ¥31 million (For the six months ended 30 September 2022: ¥15 million).

As at 30 September 2023, property, plant and equipment and investment properties of ¥9,051 million and ¥563 million, respectively, (31 March 2023: ¥9,230 million and ¥572 million, respectively) were pledged to secure bank borrowings.

The Group carried out reviews of the recoverable amounts whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The reviews were performed at cash-generating unit ("CGU") level, which is determined as each individual pachinko and pachislot hall in Japan, a pachinko and pachislot hall with hotel business in Japan, each restaurant in Japan and each amusement arcade in Southeast Asia and the restaurant operations in China.

For the six months ended 30 September 2023, management assessed for whether CGUs have any impairment indicator by considering whether it recorded operating loss in recent two reporting periods and whether budget (the projected operating cashflow after overhead allocation) was met in current period. The management has reviewed the recoverability of the relevant carrying amounts of these CGUs.

The recoverable amount of a CGU is determined based on the fair value less cost of disposal or value-in-use, whichever is higher.

The value-in-use calculations use pre-tax cash flow projections based on financial budgets approved by management covering a one-year period. Cash flows beyond the one-year period are extrapolated using the estimated growth rates stated below. The key assumptions used in the value-in-use calculations for the six months ended 30 September 2023 and 2022 are as follows:

	Six months ended 30 September					
	2023			2022		
	First year revenue growth rate	**Revenue growth rate after the first year**	**Pre-tax discount rate**	First year revenue growth rate	Revenue growth rate after the first year	Pre-tax discount rate
Pachinko and pachislot hall operations	**-10% to +33%**	**0%**	**9%**	0% to 4%	0%	9%
Amusement arcade operations	**N/A**	**N/A**	**N/A**	9%	5%	20%
Restaurant operations	**N/A**	**N/A**	**N/A**	N/A	N/A	N/A
Other operations	**5%**	**0%**	**9%**	10% to 13%	0%	9%

The discount rates applied by the Group are rates that reflect current market assessment of the time value of money and the risk specific to the CGUs. Revenue growth rate is based on past practices and expectations on market and operational development.

The fair value less cost of disposal is applied for CGU with significant self-owned property, for impairment assessment purpose. No CGU subject to impairment review for the six months ended 30 September 2023 and 2022 had significant self-owned property and no recoverable amount is derived from fair value less cost of disposal.

For the six months ended 30 September 2023, as a result of the impairment review, impairment loss of approximately ¥82 million (For the six months ended 30 September 2022: ¥149 million) and ¥34 million (For the six months ended 30 September 2022: ¥93 million) has been recognised on property, plant and equipment and right-of-use assets (Note 13) respectively. There was no impairment loss recognised for intangible assets and irrecoverable prepayments for the six months ended 30 September 2023 (For the six months ended 30 September 2022: No impairment loss was recognised for intangible assets and ¥1 million was recognised for irrecoverable prepayment).

For pachinko and pachislot hall operations, impairment loss of approximately ¥116 million was recognised for current period (For the six months ended 30 September 2022: ¥152 million).

For amusement arcade operations, no impairment loss was recognised for current period (For the six months ended 30 September 2022: Nil).

For restaurant operations, no impairment loss was recognised in current period as all underlying non-current assets had been fully impaired (For the six months ended 30 September 2022: Nil).

No impairment loss has been recognised for other operations for six months ended 30 September 2023 (For the six months ended 30 September 2022: ¥91 million).

For pachinko and pachislot operations, if the revenue growth rate in the value-in-use calculations decreased by 2% with other assumptions remain constant, addition in impairment loss of ¥62 million (For the six months ended 30 September 2022: addition in impairment loss of ¥33 million) would be recorded. If the discount rate in the value-in-use calculations increased by 1% with other assumptions remain constant, addition in impairment loss of ¥50 million (For the six months ended 30 September 2022: addition in impairment loss of ¥24 million) would be recorded.

For amusement arcade operations, if the revenue growth rate in the value-in-use calculations decreased by 2%, or the discount rate increased by 2%, with other assumptions remain constant, no additional impairment loss would be recorded (For the six months ended 30 September 2022: Same).

For restaurant operations and other operations, if the revenue growth rate decreased by 2%, or the discount rate increased by 1%, with other assumptions remain constant, addition in impairment loss would be immaterial (For the six months ended 30 September 2022: Same).

13 LEASES

During the six months ended 30 September 2023, the Group entered into a number of lease agreements for the use of equipment, staff quarters and vehicles, and therefore recognised the additions of right-of-use assets of ¥482 million (For the six months ended 30 September 2022: ¥716 million).

Amounts recognised in the interim condensed consolidated statement of financial position are as follows:

	30 September 2023	31 March 2023
	¥ million	*¥ million*
	(Unaudited)	(Audited)
Right-of-use assets		
Buildings	**21,072**	21,891
Leasehold improvement	**2,980**	3,000
Equipment and tools	**205**	223
Vehicles	**40**	31
	24,297	25,145
Lease liabilities		
Current	**2,697**	2,762
Non-current	**25,791**	26,968
	28,488	29,730

For the six months ended 30 September 2023, as a result of the impairment review, impairment loss of approximately ¥34 million (For the six months ended 30 September 2022: ¥93 million) has been recognised on right-of-use assets.

14 TRADE RECEIVABLES

	30 September 2023	31 March 2023
	¥ million	*¥ million*
	(Unaudited)	(Audited)
Trade receivables	**133**	107

Trade receivables represent commission income receivable from vending machines and income receivables from hotel and restaurant operations. The credit terms granted by the Group generally ranged from 0 to 30 days.

The ageing analysis of the trade receivables, based on invoice date, is as follows:

	30 September 2023 **¥ *million*** **(Unaudited)**	31 March 2023 ¥ *million* (Audited)
Less than 30 days	**132**	106
Over 30 days	**1**	1
	133	107

15 TRADE PAYABLES

The ageing analysis of the trade payables, based on invoice dates, were as follows:

	30 September 2023 **¥ *million*** **(Unaudited)**	31 March 2023 ¥ *million* (Audited)
Less than 30 days	**179**	51
31–90 days	**2**	74
	181	125

16 BORROWINGS

	30 September 2023 **¥ *million*** **(Unaudited)**	31 March 2023 ¥ *million* (Audited)
Non-current portion		
Bank loans	**3,665**	3,112
Syndicated loans	**2,110**	2,653
	5,775	5,765
Current portion		
Bank loans	**3,250**	2,900
Syndicated loans	**1,587**	1,541
	4,837	4,441
Total borrowings	**10,612**	10,206

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

Following the end of pandemic-related measures in late 2022, domestic and cross-border activities gradually resumed in many countries. With the restoration of socio-economic activities and benefiting from the consumer confidence regains plus steady household consumption growth, the Group's domestic business in Japan and its overseas investments in Southeast Asian countries have seen a continuous upswing in their revenue. For the six months ended 30 September 2023, revenue of the Group amounted to ¥13,189 million, recording an increase of ¥907 million, as compared to ¥12,282 million for the six months ended 30 September 2022. Profit before tax was ¥969 million for the six months ended 30 September 2023, with the net profit attributable to the owners of the Company amounted to ¥622 million. Deploying digital technology and economizing on expense remain the Group's key measures in achieving a stable return.

BUSINESS SEGMENT ANALYSIS

Pachinko business

Supported by the government measures to bolster domestic economy and the uptrend in disposable income, pachinko revenue recorded a considerably increase of ¥4,711 million for the six months ended 30 September 2023 from ¥59,179 million in prior period to ¥63,890 million in current period.

In spite of various measures taken to stimulate the economic activities, the persistent contraction in pachinko market, the increase in commodity prices due to geopolitical instability compounded by the high inflation rate have affected consumers' spending power, constituting a hurdle to business recovery. Investing in new pachinko halls and frequent replacement of game machines are the Group's main focus on broadening its revenue and boosting hall traffic. For the six months ended 30 September 2023, investment placed on machine replacement amounted to ¥4,197 million, an increase of ¥1,151 million as compared to the same period in prior year. Apart from complying with the gaming regulation change, more resources are put in machine replacement to provide parlor visitors with full enjoyment as new model machines are featured with popular animations, which in turn driving higher customer turnover rate. The Group strives to curtail its spending through streamlining operating structure and deploying digital technology to improve productivity in order to maintain a sustainable growth.

Amusement arcades business

Robust domestic demand and rising incomes in Southeast Asian countries favoured the rapid economic rebound. Households spending on children surges and leisure consumption sentiment remains positive, leading to an appreciable profit increase in this business segment. For the six months ended 30 September 2023, revenue from this business segment amounted to ¥941 million, which has already bounced back to pre-pandemic level. The management is confident in achieving persistent revenue growth in Southeast Asian markets.

Restaurant business

The Group's franchised food and beverage business comprises 3 Spanish restaurants named "LIZARRAN", 2 cafés named "KOMEDA" as well as 2 Taiwanese bubble tea cafés called "Gong Cha", which are all located in Japan. Revenue from this sector surged by 47%, from ¥237 million for the six months ended 30 September 2022 to ¥349 million in current period. The revitalisation of inbound travelling and the popularity of café visiting, being part of living culture among domestic consumers, contributed to a sustainable recovery in this sector.

PROSPECT AND FUTURE DEVELOPMENT

Amid the global economic slowdown and increasing geopolitical complexity, the Group is resilient and adamant in optimising its return through new technology deployment and effective cost control. The Group is open to any possible options for market expansion including business buyout and new outlet set up.

Continuous improvement, addressing customer needs as well as reacting to social changes are the vital factors in business success. In response to the accelerated demand on contactless technologies, the Group has commenced the installation of Smart Slots machines and Smart Pachinko machines during the current period. These new machines eliminate the need for deploying physical balls, enhance measures against infectious diseases and improve level of enjoyment. Positive feedbacks were evidenced by a steady upturn in gross revenue. Further, a self-serviced prize-exchange system named "Self-POS", which was first rollout in 10 pachinko halls last financial year, has extended to 31 halls in current period, allowing customers to exchange their prizes freely, and on the other hand, enhancing labour-saving.

Food and beverage market in Japan is showing signs of stabilizing, sales generated from "LIZARRAN" restaurants and "KOMEDA" cafés exceeded pre-pandemic level, as social activities and inbound travelling gradually returned to normal. The Group is optimistic in this sector and has scheduled to open two "LIZARRAN" restaurants in Yokohama and a "KOMEDA" café in an Aeon Mall by 2024.

Contrarily, enveloped by the weak domestic economic recovery, hospitality business in China continued to be critical. During the third quarter of 2023, the Board decided to withdraw its YOKOCHO business and proceed with necessary closure procedures. The management believes that the cessation of YOKOCHO business operation will improve the financial position of the Group, which is in the interests of the Company and its shareholders as a whole.

Partnering with Aeon, a renowned shopping mall developer, remains the key strategic approach of the Group in its Southeast Asian investment. In addition to the rollout of 2 new arcades in Cambodia in December 2022, coupled with Aeon's business plan on mall development, a new store in Vietnam is in the pipeline.

Responding to the global call for climate action, as well as supporting the nationwide campaign called "Deco Katsu" as advocated by the Ministry of Environment in Japan, the Group has introduced the "Natural Biz" policy, encouraging staff to wear causal outfit instead of business attire, aiming to neutralise carbon emission.

Acting as a nexus point for various entertainment activities within the region, earlier this financial year, the Group opened a YouTube channel named "Active Local Engine" for promoting traditional culture, popular local cuisines and leisure activities within Fukushima prefecture.

The economy ahead is expected to be volatile as geopolitical pressure remains unsettled in the short run. Nevertheless, the Group has demonstrated resilience amidst the severity of economic condition. The Group sees every challenge as a motivation to grow and learn, and to strengthen up. The Group embraces its motto of "Happy Time, Creation"; brings joy to players; establishes a rapport and long-term relationship with customers and business partners; and strives for sustainable returns to shareholders.

FINANCIAL REVIEW

Revenue from Pachinko and Pachislot Business

Revenue from pachinko and pachislot business is derived from gross pay-ins netted with gross pay-outs.

Revenue from pachinko and pachislot business recorded an increase of ¥725 million, or 6.7%, from ¥10,893 million for the six months ended 30 September 2022 to ¥11,618 million for the same period in 2023. The rise in revenue was attributable to the gradual recovery of hall traffic after the relaxation of pandemic measures, together with additional revenue generated from a pachinko hall which was rollout in the fourth quarter of 2022.

Gross pay-ins

Gross pay-ins recorded a considerable increase of ¥4,711 million, or 8.1%, from ¥59,179 million for the six months ended 30 September 2022 to ¥63,890 million for the same period in current year which was resulted from the factors as explained above.

Gross pay-outs

Gross pay-outs, being the aggregate cost of G-prizes and general prizes exchanged by customers, increased by ¥3,986 million, or 8.3%, from ¥48,286 million for the six months ended 30 September 2022 to ¥52,272 million for the same period in 2023 which corresponded with the rise in gross pay-ins.

Revenue margin

Revenue margin recorded at 18.2% for the six months ended 30 September 2023, which was relatively stable as compared to 18.4% for the same period last year. The management continued to review pay-out ratio to stimulate customers' visit and improve revenue margin.

Revenue from amusement arcade business

Revenue from amusement arcade business surged from ¥887 million for the six months ended 30 September 2022 to ¥941 million for the same period in 2023. The amount comprised revenue derived from Vietnam and Cambodia amounting to ¥658 million and ¥283 million, respectively (30 September 2022: ¥721 million and ¥166 million, respectively). The rise was attributable to the full operation of all amusement arcades after cancellation of pandemic restrictions, plus additional revenue generated from two amusement arcades which were newly opened in Cambodia at the end of 2022.

Other revenue

Other revenue represents incomes from vending machines, hotel and restaurant operations.

Vending machine income amounted to ¥198 million for the six months ended 30 September 2023. The increase of ¥7 million, or 3.7%, as compared to ¥191 million for the six months ended 30 September 2022 was resulted from the increase in customer turnover rate as mentioned above.

Income from hotel operation amounted to ¥83 million for the six months ended 30 September 2023, recording an increase of ¥9 million as compared to the six months ended 30 September 2022 of ¥74 million. The increase in hotel income was resulted from an increase in occupancy rate by 4.4% as compared to same period last year.

Revenue from restaurant operations amounted to ¥349 million for the six months ended 30 September 2023, increased by 47.3%, as compared to ¥237 million for the six months ended 30 September 2022. The increasing popularity of "KOMEDA" cafés and the opening of a "LIZARRAN" restaurant in the first quarter of 2023 were the main drivers to the revenue increase in this sector.

Hall operating expenses

Hall operating expenses increased by ¥1,454 million, or 15.9%, from ¥9,156 million for the six months ended 30 September 2022 to ¥10,610 million for the same period in current year. Major components of hall operating expenses are pachinko and pachislot machine expenses, staff cost for hall staff and depreciation expenses, amounting to ¥4,197 million, ¥1,733 million and ¥1,736 million, respectively, for the six months ended 30 September 2023 (30 September 2022: ¥3,046 million, ¥2,206 million and ¥1,806 million, respectively).

The rise in hall operating expenses was resulted from (i) more frequent replacement of new pachinko and pachislot machines during the current period; (ii) increase in utility expense due to the rise in energy cost; and (iii) minor work being carried out in various halls to provide a better playing environment to visitors.

Administrative expenses

Administrative expenses amounted to ¥1,828 million for the six months ended 30 September 2023, recorded an increase of ¥115 million, or 6.7%, as compared to the same period in prior year of ¥1,713 million. The increase in administrative expense was mainly due to the increase in staff related costs and travelling expenses as all business activities were resumed after the pandemic incident.

Finance costs

Finance costs, net amounted to ¥430 million for the six months ended 30 September 2023, recorded a drop of ¥41 million, or 8.7%, as compared to ¥471 million for the same period in 2022 as a result of the decrease in lease related interest costs in the current period.

Profit attributable to owners of the Company, basic earnings per share and dividend

Profit attributable to owners of the Company of ¥622 million was recorded for the six months ended 30 September 2023, as compared to ¥1,116 million for the six months ended 30 September 2022. The fall in profit was mainly because more spending was allocated to gaming machine replacement to comply with gaming regulation and to boost customer turnover rate.

Basic earnings per share for the six months ended 30 September 2023 was ¥0.52 (30 September 2022: ¥0.93). The Board has declared an interim dividend of ¥0.09 per common share for the six months ended 30 September 2023 (30 September 2022: ¥0.17 per common share).

CAPITAL STRUCTURE

The Group principally meets its working capital and other liquidity requirements through a combination of capital contributions, including cash flow from operations and bank borrowings. The Group's daily operation is mainly financed by operating cash flows, and relied on short-term and long-term borrowings for financing working capital, future expansion plans and unexpected needs. The Group's treasury objective is mainly to ensure there is sufficient cash flow to meet the payment of expenses, loans and to fund any capital expenditure and commitment that the Group may have from time to time. The Group's cash surpluses are placed in short-term and long-term fixed deposits to maintain liquidity. The Group has not experienced any difficulty in repaying its borrowings.

The Group's principal business activities are carried out in Japan, with income, expenditure, assets and liabilities mainly denominated in Japanese Yen, as such, the Group does not have any material foreign exchange exposure.

The table below sets forth the information regarding the cash and bank balances, borrowings, lease liabilities, working capital, total equity and gearing ratio of the Group as at 30 September 2023 and 31 March 2023, and operating cash flows before movements in working capital of the Group for the six months ended 30 September 2023 and 2022, respectively:

	As at 30 September 2023	As at 31 March 2023
	¥ million	*¥ million*
Cash and cash equivalents	**11,122**	10,435
Bank deposits with maturity over 3 months	**468**	528
	11,590	10,963
Bank loans	**6,915**	6,012
Syndicated loans	**3,697**	4,194
Lease liabilities	**28,488**	29,730
	39,100	39,936
Working capital *(Note 1)*	**(259)**	780
Total equity	**19,209**	19,294
Gearing ratio *(Note 2)*	**1.5**	1.5

Note 1: Working capital being current assets less current liabilities.

Note 2: Gearing ratio is calculated as total borrowings less cash and cash equivalents divided by equity.

	For the six months ended 30 September	
	2023	2022
	¥ million	*¥ million*
Operating cash flows before movements in working capital	**3,003**	4,314

As at 30 September 2023, net current liabilities of the Group totalled ¥259 million (31 March 2023: net current assets ¥780 million), and current ratio was 0.98 as at 30 September 2023 (31 March 2023: 1.07). As at 30 September 2023, there were cash and cash equivalents of ¥11,122 million (31 March 2023: ¥10,435 million), in which ¥9,946 million was denominated in Japanese Yen, ¥696 million was denominated in United States dollar, ¥360 million was denominated in Hong Kong dollar and ¥120 million was denominated in other currencies. As at 30 September 2023, the Group had total borrowings and lease liabilities of ¥39,100 million (31 March 2023: ¥39,936 million). Current portion of bank borrowings and current portion of lease liabilities amounted to ¥7,534 million as at 30 September 2023 (31 March 2023: ¥7,203 million).

The Group's bank borrowings during the current period comprised bank loans and syndicated loans. As at 30 September 2023, the total bank borrowings amounted to ¥10,612 million (31 March 2023: ¥10,206 million), with average effective interest rates on bank borrowings ranged from 1.00% to 1.55% (31 March 2023: 0.97% to 1.57%) per annum. Approximately 5.7% of bank borrowings as at 30 September 2023 were fixed rate borrowings. As at 30 September 2023, the Group had unutilised bank facilities of ¥4,208 million (31 March 2023: ¥1,225 million). The Directors are of the opinion that the Group is able to meet in full its financial obligation as they fall due for the foreseeable future.

HEDGING OF FLOATING RATE BORROWINGS AND FOREIGN EXCHANGE

As at 30 September 2023, the Group had three floating to fixed interest rate swap contracts with banks in Japan (i.e. the Group pays fixed interest rates and receives interests at floating rate). These interest rate swap contracts were entered into as a measure to manage interest rate risk in relation to loans of the Group. As interest rates of some of the Group's loans are on a floating rate basis, the floating to fixed interest rate swap contracts enabled the Group to reduce the volatility in the amount of interest being paid. For the six months ended 30 September 2023, gain on fair value for interest rate swap contracts amounted to ¥1 million (For the six months ended 30 September 2022: ¥5 million).

The Group did not carry out significant foreign currency investment and its debts were all denominated in Japanese Yen as at 30 September 2023. As the functional currency of certain subsidiaries are different from the Company, the Group will be exposed to foreign exchange risk arising from such exposure, namely in Singapore Dollar, Vietnamese Dong, Cambodian Riel and Renminbi against Japanese Yen. The management is assessing the significance of the foreign currency exposures faced by the Group and will consider adopting appropriate measures to mitigate the risk, including but not limited to entering into currency hedges.

GEARING RATIO

The gearing ratio, defined as the aggregate of interest-bearing loans and lease liabilities less cash and cash equivalents, divided by total equity, was 1.5 as at 30 September 2023 (31 March 2023: 1.5).

CAPITAL EXPENDITURE

Capital expenditure is mainly comprised of expenditure for (i) the purchase of property, plant and equipment mainly used for construction of buildings, and (ii) the purchase of equipment and tools for the maintenance of our pachinko and pachislot hall and amusement arcade operations. The table below shows a breakdown of the capital expenditure for the indicated periods:

	As at 30 September 2023 *¥ million*	As at 31 March 2023 *¥ million*
Property, plant and equipment	**1,346**	929
Right-of-use assets	**482**	1,932
Intangible assets	**4**	4
	1,832	2,865

CHARGES ON ASSETS

As at 30 September 2023 and 31 March 2023, the carrying values of charged assets were as below:

	As at 30 September 2023 *¥ million*	As at 31 March 2023 *¥ million*
Property, plant and equipment	**9,051**	9,230
Investment properties	**563**	572
Deposits and other receivables	**160**	162
	9,774	9,964

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 September 2023 and 31 March 2023.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Except for the cessation of the YOKOCHO business as disclosed in this interim results announcement, during the six months ended 30 September 2023, the Group did not conduct any significant investments, material acquisitions or disposals. Save for those disclosed in this interim results announcement, the Group had no plan authorised by the Board for other material investments or additions of capital assets as at the date of this interim results announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2023, the Group had 1,571 employees. The remuneration policy of the Group (including those for Directors and employees) is determined by the remuneration committee under the Board as per the performance, qualifications and competence of the employees.

CORPORATE GOVERNANCE

During the six months ended 30 September 2023, the Company has adopted and complied with all the applicable principles and code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), with the exception for code provision C.2.1, which requires the roles of chairman and chief executive to be separated and should be performed by different individuals.

Code Provision C.2.1

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Our Chairman currently holds both positions. Since April 2010, our Chairman has been the key leadership figure of our Group who has been primarily involved in the formulation of business strategies and determination of the overall direction of our Group. He has also been chiefly responsible for our Group's operations as he directly supervises our executive officers (other than himself) and members of our senior management. Taking into account the continuation of the implementation of our business plans, the Directors (including our independent non-executive Directors) consider our Chairman is the best candidate for both positions and the present arrangements are beneficial to and in the interests of our Company and the shareholders as a whole.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding securities transactions by Directors. Having made specific enquiry with all Directors, the Directors confirmed that they had complied with the required standard set out in the Model Code and the Company's code of conduct during the six months ended 30 September 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company did not redeem any of its listed securities during the six months ended 30 September 2023. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the six months ended 30 September 2023.

CHANGE IN INFORMATION IN RESPECT OF DIRECTORS

There is no change in information of the Directors since the date of the Company's Annual Report 2023 which required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

INTERIM DIVIDEND

The Board has declared an interim dividend of ¥0.09 per common share for the six months ended 30 September 2023 (30 September 2022: ¥0.17 per common share).

REVIEW OF INTERIM RESULTS

The audit committee of the Company has reviewed the unaudited interim condensed consolidated financial information and the Interim Report of the Group for the six months ended 30 September 2023 and discussed the financial related matters with the management. The unaudited interim condensed consolidated financial information of the Group for the six months ended 30 September 2023 has been reviewed by the Company's auditor, PricewaterhouseCoopers, in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.ngch.co.jp), and the interim report of the Company for the six months ended 30 September 2023 will be dispatched to the shareholders of the Company and will be published on the respective websites of the Stock Exchange and the Company in due course.

On behalf of the Board
NIRAKU GC HOLDINGS, INC.*
株式会社ニラク▪ジー▪シー▪ホールディングス
Hisanori TANIGUCHI
Chairman, Executive Director and Chief Executive Officer

Fukushima, Japan, 24 November 2023

As at the date of this announcement, the executive Directors are Hisanori TANIGUCHI, Akinori OHISHI and Masataka WATANABE; the non-executive Director is Hiroshi BANNAI; and the independent non-executive Directors are Michio MINAKATA, Yoshihiro KOIZUMI, Kuraji KUTSUWATA and Akihito TANAKA.

* *for identification purpose only*