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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024

ANNUAL RESULTS HIGHLIGHTS

- Gross pay-ins were ¥131,835 million (or HK\$6,817 million[#]), recording an increase of 10.0% as compared with the year ended 31 March 2023;
- Revenue was ¥26,955 million (or HK\$1,393 million[#]), recording an increase of 9.5% as compared with the year ended 31 March 2023;
- Profit from continuing operations before income tax was ¥1,831 million (or HK\$95 million[#]), recording an increase of 23.0% as compared with the year ended 31 March 2023;
- Profit for the year attributable to owners of the Company from continuing operations was ¥694 million (or HK\$36 million[#]), recording a decrease of ¥504 million as compared with the year ended 31 March 2023;
- The Group operates 49 halls in Japan as at date of this announcement (31 March 2023: 49 halls);
- Basic earnings per share of the Company from continuing operations was ¥0.58 (or HK\$0.03[#]) (2023: ¥1.00); and
- The Board has resolved to declare a final dividend of ¥0.17 per ordinary share for the year ended 31 March 2024 (2023: ¥0.11 per ordinary share).

Translated into Hong Kong dollar at the rate of ¥19.34 to HK\$1.00, the exchange rate prevailing on 28 March 2024 (i.e. the last business day in March 2024).

Note: The above % increases and decreases refer to the changes in respect of the Japanese Yen amounts but not the translated amounts in Hong Kong dollar.

* For identification purpose only

The board (the “Board”) of directors (the “Directors”) of NIRAKU GC HOLDINGS, INC.* (the “Company” or “NIRAKU”) would like to announce the agreed consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2024 together with the comparative figures for the year ended 31 March 2023 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Note	2024 ¥ million	2023 (Restated) ¥ million
Continuing operations			
Revenue	3	26,955	24,612
Other income	4	518	487
Other gains, net	4	504	156
Impairment loss on property, plant and equipment		(112)	(214)
Impairment loss on right-of-use assets		(284)	(371)
Impairment loss on financial assets		(410)	–
Hall operating expenses	5	(20,654)	(18,726)
Administrative expenses	5	(3,795)	(3,568)
Operating profit		2,722	2,376
Finance income	6	72	84
Finance costs	6	(963)	(971)
Finance costs, net	6	(891)	(887)
Profit before income tax		1,831	1,489
Income tax expense	7	(1,166)	(310)
Profit for the year from continuing operations		665	1,179
Loss for the year from discontinued operation	8	(547)	(126)
Profit for the year		118	1,053
Profit/(loss) attributable to:			
Owners of the Company:			
Continuing operations		694	1,198
Discontinued operation		(279)	(64)
		415	1,134

	Note	2024 ¥ million	2023 (Restated) ¥ million
Non-controlling interests:			
Continuing operations		(29)	(19)
Discontinued operation		(268)	(62)
		<u>(297)</u>	<u>(81)</u>
		<u>118</u>	<u>1,053</u>
Earnings/(loss) per share for profit attributable to owners of the Company			
– Basic and diluted			
(expressed in Japanese Yen per share)	9		
From continuing operations		0.58	1.00
From discontinued operation		(0.23)	(0.05)
For the year		<u>0.35</u>	<u>0.95</u>
Profit for the year		118	1,053
Other comprehensive (loss)/income			
<i>Item that will not be subsequently reclassified to profit or loss</i>			
Change in value of financial assets through other comprehensive income		19	(54)
<i>Item that have been or may be subsequently reclassified to profit or loss</i>			
Currency translation differences		(210)	(45)
Total comprehensive (loss)/income for the year		<u>(73)</u>	<u>954</u>
Total comprehensive (loss)/income attributable to:			
Owners of the Company		375	1,079
Non-controlling interest		(448)	(125)
		<u>(73)</u>	<u>954</u>

	2024	2023
Note	¥ million	(Restated) ¥ million
Total comprehensive (loss)/income attributable to:		
Owners of the Company:		
Continuing operations	684	1,118
Discontinued operation	<u>(309)</u>	<u>(39)</u>
	<u>375</u>	<u>1,079</u>
Non-controlling interests:		
Continuing operations	(151)	(88)
Discontinued operation	<u>(297)</u>	<u>(37)</u>
	<u>(448)</u>	<u>(125)</u>
	<u><u>(73)</u></u>	<u><u>954</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Note	2024 ¥ million	2023 ¥ million
ASSETS			
Non-current assets			
Property, plant and equipment		17,453	16,898
Right-of-use assets		23,752	25,145
Investment properties		668	691
Intangible assets		285	322
Interest in an associate		–	–
Prepayments, deposits and other receivables		4,148	4,426
Financial assets at fair value through other comprehensive income		534	511
Deferred income tax assets		5,048	5,415
		<u>51,888</u>	<u>53,408</u>
Current assets			
Inventories		55	67
Trade receivables	11	154	107
Prepayments, deposits and other receivables		866	982
Financial assets at fair value through profit or loss		102	98
Current income tax recoverable		–	179
Bank deposits with maturity over 3 months		345	528
Cash and cash equivalents		12,350	10,435
		<u>13,872</u>	<u>12,396</u>
Total assets		<u><u>65,760</u></u>	<u><u>65,804</u></u>

	Note	2024 ¥ million	2023 ¥ million
EQUITY			
Equity attributable to owners of the Company			
Share capital		3,000	3,000
Reserves		17,163	17,028
		<u>20,163</u>	<u>20,028</u>
Non-controlling interest		(1,182)	(734)
		<u>18,981</u>	<u>19,294</u>
LIABILITIES			
Non-current liabilities			
Borrowings	13	5,303	5,765
Lease liabilities	14	25,317	26,968
Provisions and other payables		2,141	2,158
Derivative financial instruments		1	3
		<u>32,762</u>	<u>34,894</u>
Current liabilities			
Trade payables	12	196	125
Borrowings	13	5,129	4,441
Lease liabilities	14	2,608	2,762
Accruals, provisions and other payables		5,657	4,287
Derivative financial instruments		–	1
Current income tax liabilities		427	–
		<u>14,017</u>	<u>11,616</u>
Total liabilities		<u>46,779</u>	<u>46,510</u>
Net current (liabilities)/assets		<u>(145)</u>	<u>780</u>
Total equity and liabilities		<u>65,760</u>	<u>65,804</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.* 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 operation in China. Details are set out in Note 8. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in millions of Japanese Yen (“¥”), unless otherwise stated.

These consolidated financial statements have been approved by the board of directors of the Company on 27 May 2024.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance Cap.622. The consolidated financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivative financial instruments) which are carried at fair value.

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

The Group had net current liabilities of ¥145 million as at 31 March 2024. The Directors believed that the Group has adequate cash flows to maintain the Group’s operation as the Group has cash and cash equivalents of ¥12,350 million and unutilised banking facilities readily available to the Group amounted to ¥3,016 million as at 31 March 2024.

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

(i) **New and amended standards and practice statement to existing standards adopted by the Group**

The Group has applied the following amendments to standards and practice statement for the first time for their annual financial year 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
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules (amendments)

The adoption of these amendments to accounting standards has no material impact on the Group's financial statements except as described below.

Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, the Group should recognise deferred tax assets and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities, and decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

Following the adoption of the amendments, the Group would recognise a separate deferred tax assets arising from the lease liabilities and a deferred tax liability arising from the right-of-use assets. However, as these new deferred tax assets and liabilities qualify for offsetting in accordance with IAS 12, there was no impact on the consolidated financial statements of the Group, except for the disclosure of the deferred tax assets and liabilities to be presented in the notes to the consolidated financial statements.

(ii) **New and amended standards and interpretation to existing standards not yet adopted by the Group**

Certain amendments to accounting standards and interpretation have been published that are not mandatory for 31 March 2024 reporting periods and have not been early adopted by the Group:

		Effective for accounting period beginning 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 a Sale and Leaseback	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to IAS 21	Lack of Exchangeability	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 Group is in the process of assessing the impact of adopting these new accounting standards and interpretation on its future reporting periods and on foreseeable future transactions.

3 REVENUE AND SEGMENT INFORMATION

(a) Revenue from continuing operations

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

	2024	2023 (Restated)
	¥ million	¥ million
Gross pay-ins	131,835	119,837
Less: gross pay-outs	<u>(107,891)</u>	<u>(97,942)</u>
Revenue from pachinko and pachislot hall business	23,944	21,895
Revenue from amusement arcades	1,687	1,710
Vending machine income	453	378
Revenue from hotel operations	163	149
Revenue from restaurant operations	<u>708</u>	<u>480</u>
	<u><u>26,955</u></u>	<u><u>24,612</u></u>

During the year ended 31 March 2024, revenue recognised that was included in the contract liabilities balances of receipt in advance relating to vending machines and unutilised balls and tokens relating to pachinko and pachislot hall business and amusement arcade at the beginning of the year amounted to ¥81 million (2023: ¥95 million) and ¥1,667 million (2023: ¥1,371 million), respectively.

As at 31 March 2024, the amount of transaction price allocated to the contract liabilities in relation to receipt in advance relating to vending machines and unutilised balls and tokens relating to pachinko and pachislot hall business and amusement arcade that are unfulfilled were ¥86 million (2023: ¥165 million) and ¥1,972 million (2023: ¥1,710 million), respectively, of which all are expected to be recognised as revenue during the next reporting period.

(b) Segment information

Management has determined the operating segments based on the reports reviewed by the CODM that are used for making strategic decisions. The CODM is identified as the executive directors of the Company. 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 consolidated financial statements.

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 operation in China and (iv) others, representing hotel and restaurant operations in Japan.

In August 2023, the Group has terminated the restaurant operation in China. As a result, the restaurant operation is reported in the current period as discontinued operation. Details are set out in Note 8.

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 corporate expenses and income tax expenses are not included in segment results.

The segment information provided to the executive directors for the years ended 31 March 2024 and 2023 are as follows:

	For the year ended 31 March 2024					
	Pachinko and pachislot hall operations	Continuing operations			Discontinued operation	
		Amusement arcade operations	Other	Total	Restaurant operations	Total
		Japan ¥ million	Southeast Asia ¥ million	Japan & Hong Kong ¥ million	¥ million	China ¥ million
Segment revenue from external customers						
Over time	24,397	1,687	163	26,247	-	26,247
At a point in time	-	-	708	708	80	788
Segment revenue from external customers	24,397	1,687	871	26,955	80	27,035
Segment results	2,419	(223)	(60)	2,136	(547)	1,589
Unallocated amount						(305)
Profit before income tax						1,284
Income tax expense						(1,166)
Profit for the year						118
Other segment items						
Depreciation and amortisation expenses	(3,619)	(347)	(51)	(4,017)	-	(4,017)
Impairment loss on property, plant and equipment	(112)	-	-	(112)	-	(112)
Impairment loss on right-of-use assets	(284)	-	-	(284)	-	(284)
Impairment loss on financial assets	-	(410)	-	(410)	-	(410)
Finance income	68	4	-	72	-	72
Finance costs	(893)	(65)	(5)	(963)	(6)	(969)

For the year ended 31 March 2023 (Restated)

	Continuing operations			Total	Discontinued operation	Total
	Pachinko and pachislot hall operations	Amusement arcade operations	Other		Restaurant operations	
		Japan ¥ million	Southeast Asia ¥ million		Japan & Hong Kong ¥ million	
Segment revenue from external customers						
Over time	22,273	1,710	149	24,132	–	24,132
At a point in time	–	–	480	480	172	652
	<u>22,273</u>	<u>1,710</u>	<u>629</u>	<u>24,612</u>	<u>172</u>	<u>24,784</u>
Segment revenue from external customers						
	2,287	155	(108)	2,334	(126)	2,208
Unallocated amount						<u>(845)</u>
Profit before income tax						1,363
Income tax expense						<u>(310)</u>
Profit for the year						<u><u>1,053</u></u>
Other segment items						
Depreciation and amortisation expenses	(3,577)	(495)	(26)	(4,098)	(73)	(4,171)
Impairment loss on property, plant and equipment	(176)	–	(38)	(214)	–	(214)
Impairment loss on right-of-use assets	(319)	–	(52)	(371)	–	(371)
Impairment loss on irrecoverable prepayments	–	–	(1)	(1)	–	(1)
Finance income	67	17	–	84	–	84
Finance costs	(925)	(42)	(4)	(971)	(8)	(979)
	<u>(925)</u>	<u>(42)</u>	<u>(4)</u>	<u>(971)</u>	<u>(8)</u>	<u>(979)</u>

The segment assets as at 31 March 2024 and 2023 are as follows:

	Pachinko and pachislot hall operations	Amusement arcade operations	Others	Restaurant operations	Total
	Japan ¥ million	Southeast Asia ¥ million	Japan & Hong Kong ¥ million	China ¥ million	¥ million
As at 31 March 2024					
Segment assets	53,420	1,364	1,001	11	55,796
Unallocated assets					4,916
Deferred income tax assets					5,048
Total assets					65,760
Addition to non-current assets other than financial instruments and deferred tax assets	<u>2,802</u>	<u>595</u>	<u>154</u>	<u>-</u>	<u>3,551</u>
	Pachinko and pachislot hall operations	Amusement arcade operations	Others	Restaurant operations	Total
	Japan ¥ million	Southeast Asia ¥ million	Japan & Hong Kong ¥ million	China ¥ million	¥ million
As at 31 March 2023					
Segment assets	52,528	1,806	273	766	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	<u>2,322</u>	<u>534</u>	<u>-</u>	<u>9</u>	<u>2,865</u>

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

	2024 ¥ million	2023 ¥ million
Japan, country of domicile	41,560	42,474
Southeast Asia	870	877
	<u>42,430</u>	<u>43,351</u>

No single external customer contributed more than 10% revenue to the Group's revenue for the years ended 31 March 2024 and 2023.

4 OTHER INCOME AND OTHER GAINS, NET FROM CONTINUING OPERATIONS

	2024 ¥ million	2023 (Restated) ¥ million
Other income from continuing operations		
Rental income	231	221
Income from expired IC and membership cards	26	24
Dividend income	24	25
Compensation and subsidies	31	19
Income from scrap sales of used pachinko and pachislot machines	151	152
Others	55	46
	<u>518</u>	<u>487</u>
Other gains, net from continuing operations		
Gain on release of lease liabilities	-	37
Gain/(loss) on fair value for financial assets at fair value through profit or loss	4	(7)
Gain on fair value for derivative financial instruments	3	7
Gain/(loss) on disposal of property, plant and equipment, net	87	(10)
Exchange gain, net	410	111
Others	-	18
	<u>504</u>	<u>156</u>

5 HALL OPERATING EXPENSES AND ADMINISTRATIVE EXPENSES FROM CONTINUING OPERATIONS

	2024	2023
	¥ million	(Restated) ¥ million
Auditors' remuneration		
– Audit fees	113	112
– Other services	7	22
Employee benefits expenses		
– Hall operations	4,263	4,285
– Administrative	1,560	1,394
Operating lease rental expense in respect of land and buildings	243	243
Depreciation of property, plant and equipment	1,476	1,468
Depreciation of right-of-use assets	2,453	2,618
Depreciation of investment properties	23	23
Amortisation of intangible assets	65	62
Other taxes and duties	322	343
Utilities expenses	1,149	1,201
Consumables and cleaning	1,042	845
Repairs and maintenance	624	309
Outsourcing service expenses	764	709
Prizes procurement expenses to wholesalers	1,142	1,013
Pachinko and pachislot machines expenses (<i>Note</i>)	7,890	6,537
Advertising expenses	976	893
Impairment loss on irrecoverable prepayments	–	1
Legal and professional fees	94	109
Others	243	107
	<u>24,449</u>	<u>22,294</u>

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

6 FINANCE COSTS, NET FROM CONTINUING OPERATIONS

	2024	2023
	¥ million	(Restated) ¥ million
Finance income from continuing operations		
Bank interest income	7	2
Interest income on lease receivables	32	34
Other interest income	33	48
	<u>72</u>	<u>84</u>
Finance costs from continuing operations		
Bank borrowings	(141)	(101)
Lease liabilities	(698)	(742)
Provision for unwinding discount	(124)	(128)
	<u>(963)</u>	<u>(971)</u>
Finance costs, net from continued operations	<u>(891)</u>	<u>(887)</u>

7 INCOME TAX EXPENSE FROM CONTINUING OPERATIONS

	2024	2023
	¥ million	(Restated) ¥ million
Current income tax		
— Japan	721	346
— Other Asian countries	77	(27)
	<u>798</u>	<u>319</u>
Deferred income tax	368	(9)
	<u>1,166</u>	<u>310</u>

8 DISCONTINUED OPERATION

Due to the spread of COVID-19 and intermittent business suspension policy imposed in China, the restaurant operation 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 Yokochoco Co., Ltd. (“NPJ China”), a wholly-owned subsidiary of NPJ Hong Kong Limited) to withdraw from its YOKOCHO business in China in August 2023. The YOKOCHO business officially ceased on 15 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. On 1 March 2024, another written resolution was passed by the board of directors of the Company to approve for filing of a bankruptcy liquidation to the court in China. Subsequently on 17 April 2024, a bankruptcy order was granted by the Shenzhen Intermediate People’s Court (the “Court”) and a trustee was then appointed by the Court on 22 April 2024. 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. As at the date of this annual results announcement, the bankruptcy process is ongoing.

The financial results of the discontinued business are presented in the 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 year’s presentation.

The results of NPJ China for the two years are presented below:

	For the year ended 31 March	
	2024	2023
	¥ million	¥ million
Revenue	80	172
Other income and losses, net	(24)	(2)
Loss on early termination of lease agreement (<i>Note</i>)	(431)	–
Operating expenses	(62)	(145)
Administrative expenses	(104)	(143)
Finance cost, net	(6)	(8)
	<hr/>	<hr/>
Loss before tax from discontinued operation	(547)	(126)
Income tax expense	–	–
	<hr/>	<hr/>
Loss for the year from discontinued operation	<u>(547)</u>	<u>(126)</u>

Note: The Company submitted an unilateral early termination request for the lease of restaurants upon cessation of YOKOCHO business. In this regard, the landlord filed an arbitration claim demanding a total compensation of approximately ¥674 million. Taken into account the lease liabilities of ¥243 million recognised on the book, a loss from early termination of ¥431 million is recognised in the consolidated statement of comprehensive income for the year ended 31 March 2024.

	For the year ended 31 March	
	2024	2023
	¥ million	¥ million
Other comprehensive (loss)/income		
Currency translation differences of discontinued operation	<u>(59)</u>	<u>50</u>
	<hr/>	<hr/>
Total comprehensive loss for the year from discontinued operation	<u>(606)</u>	<u>(76)</u>

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

	For the year ended 31 March	
	2024 ¥ million	2023 ¥ million
Net cash outflow from operating activities	(85)	(95)
Net cash (outflow)/inflow from financing activities	(41)	173
	<u> </u>	<u> </u>
Net (decrease)/increase in cash generated by the subsidiary	(126)	78
	<u> </u>	<u> </u>
Cash and cash equivalents at beginning of the year	132	55
Effect of exchange rate changes on cash and cash equivalents	4	(1)
	<u> </u>	<u> </u>
	<u>10</u>	<u>132</u>

9 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 years ended 31 March 2024 and 2023.

	2024	2023
Profit/(loss) attributable to owners of the Company (¥ million)		
Continuing operations	694	1,198
Discontinued operation	(279)	(64)
	<u> </u>	<u> </u>
	<u>415</u>	<u>1,134</u>
	<u> </u>	<u> </u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share (thousands)	<u>1,195,850</u>	<u>1,195,850</u>
	<u> </u>	<u> </u>
Basic and diluted earnings/(loss) per share (¥)		
Continuing operations	0.58	1.00
Discontinued operation	(0.23)	(0.05)
For the year	<u>0.35</u>	<u>0.95</u>

No diluted earnings/(loss) per share is presented as there were no potential dilutive shares during the years ended 31 March 2024 and 2023. Diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share.

10 DIVIDENDS

During the year ended 31 March 2024, the Company paid final dividend of ¥132 million (¥0.11 per common share) and interim dividend of ¥108 million (¥0.09 per common share) to their shareholders in respect of the years ended 31 March 2023 and 31 March 2024, respectively.

The board of directors of the Company declared a final dividend of ¥0.17 per common share totalling ¥203 million in respect of the year ended 31 March 2024. These consolidated financial statements do not reflect this dividend payable.

11 TRADE RECEIVABLES

	2024 ¥ million	2023 ¥ million
Trade receivables	<u>154</u>	<u>107</u>

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

As at 31 March 2024 and 2023, the ageing analysis of the trade receivables, based on invoice date, is as follows:

	2024 ¥ million	2023 ¥ million
Less than 30 days	153	106
Over 30 days	<u>1</u>	<u>1</u>
	<u>154</u>	<u>107</u>

The maximum exposure to credit risk at the reporting date is the carrying value of the receivable mentioned above. The Group does not hold any collateral as security.

The carrying amounts of trade receivables approximate their fair values as at 31 March 2024 and 2023 and are denominated in ¥.

12 TRADE PAYABLES

The ageing analysis of the trade payables based on invoice dates as at 31 March 2024 and 2023 were as follows:

	2024 ¥ million	2023 ¥ million
Less than 30 days	195	51
Over 30 days	1	74
	<u>196</u>	<u>125</u>

The carrying amounts of trade payables approximate their fair values as at 31 March 2024 and 2023 and were denominated in ¥.

13 BORROWINGS

	2024 ¥ million	2023 ¥ million
Non-current portion		
Bank loans	2,932	3,112
Syndicated loans	2,371	2,653
	<u>5,303</u>	<u>5,765</u>
Current portion		
Bank loans	3,184	2,900
Syndicated loans	1,945	1,541
	<u>5,129</u>	<u>4,441</u>
Total borrowings	<u>10,432</u>	<u>10,206</u>

As at 31 March 2024 and 2023, the Group's borrowings were repayable as follows:

	2024 ¥ million	2023 ¥ million
Within 1 year	5,129	4,441
Between 1 and 2 years	2,387	2,366
Between 2 and 5 years	2,871	3,281
Over 5 years	45	118
	<u>10,432</u>	<u>10,206</u>

The average effective interest rates (per annum) at the end of each reporting period were set out as follows:

	2024	2023
Bank loans	1.61%	1.57%
Syndicated loans	1.08%	0.97%

At the end of each reporting period, the total borrowings are pledged by certain assets and their carrying values are shown as below:

	2024 ¥ million	2023 ¥ million
Property, plant and equipment	8,946	9,230
Investment properties	553	572
Deposits and other receivables	158	162
	<u>9,657</u>	<u>9,964</u>

The undrawn borrowing facilities of the Group at each reporting period are as follows:

	2024 ¥ million	2023 ¥ million
Floating rate		
— Expiring over 1 year	3,016	1,682

The carrying amounts of borrowings of the Group approximate their fair values as at 31 March 2024 and 2023 and were denominated in ¥.

14 LEASES

During the year ended 31 March 2024, the Group entered into a number of lease agreements for and recognised additions of right-of-use assets of ¥1,258 million (2023: ¥1,932 million).

(a) Amounts recognised in the consolidated statement of financial position

	2024 ¥ million	2023 ¥ million
Right-of-use assets		
Buildings	20,452	21,891
Leasehold improvement	2,996	3,000
Equipment and tools	255	223
Vehicles	49	31
	<u>23,752</u>	<u>25,145</u>
Lease liabilities		
Current	2,608	2,762
Non-current	25,317	26,968
	<u>27,925</u>	<u>29,730</u>

For the year ended 31 March 2024, as a result of the impairment review of CGUs with impairment indicator and annual impairment assessment on goodwill, impairment loss of approximately ¥284 million (2023: ¥371 million) has been recognised on right-of-use assets.

(b) Amounts recognised in the consolidated statement of comprehensive income

	2024 ¥ million	2023 (Restated) ¥ million
Depreciation of right-of-used assets from continuing operations		
Buildings	2,172	2,329
Leasehold improvement	184	231
Equipment and tools	82	43
Vehicles	15	15
	<u>2,453</u>	<u>2,618</u>
Interest expense (included in finance costs)	698	742
Expense relating to short-term leases (included in hall operating expenses)	230	232
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	13	11
	<u>941</u>	<u>1,006</u>

The total cash outflow for leases during the year ended 31 March 2024 was ¥4,674 million (2023: ¥3,856 million).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS ACTIVITIES AND VISION

In the current fiscal year, the domestic economy saw further normalisation of economic activities due to factors such as the reclassification of Novel Coronavirus (COVID-19)'s category to Class 5 under the Act on the Prevention of Infectious Diseases, and an improvement in the employment and income environment, including the highest rate of wage increase in 30 years in the annual spring wage negotiations, and at the same time, there were signs of a pick-up in personal consumption. On the other hand, growth in personal consumption remained subdued due to the effects of rising prices and monetary tightening, but service consumption showed a relatively steady recovery. Under these circumstances, in our mainstay pachinko business, the Group focused on grasping customer needs and profit opportunities accurately and improving our pachinko halls management capabilities. In addition, we increased the number of amusement machines installed by 1.6% compared to the previous fiscal year, expanding our revenue base by equivalent amount as opening one new hall. As a result, total revenue (gross pay-ins) increased by 10.0% year-on-year to ¥131,835 million and we believe we were able to firmly meet customer demand without falling behind the recovery trend in domestic economic activity. In the overseas business, the Gross Domestic Product ("GDP") growth rates of Vietnam and Cambodia slowed as their economies were affected by the slowdown in the Chinese economy. Consequently, revenue from Dream Games, which operates amusement arcades in both countries, decreased by 1.3% year-on-year to ¥1,687 million.

In the mainstay pachinko business, Smart Slots, the next-generation of new amusement machines introduced in November 2022, continue to receive high support from customers. To grasp the trend of the market need, we had made full use of the strong network we had built up with amusement machine manufacturers and distributors, and strategically purchased the most effective number of machines in a competitive environment, and focused on creating a hall that could meet the customers' needs. In particular, in order to enable more customers to enjoy Smart Slots machines, which are popular in the market, hall layouts were revamped, and the machine footprint was quickly expanded.

Therefore, the number of slot machines increased significantly by 5.3% compared to previous year. In the installation of existing machines, we have also made steady efforts to analyse the trends of customers and competitors and reflected them in appropriate hall development. As a result, we were able to attract more customers than the market's rate of customer recovery and increase our market share in the areas where we operate. We believe that we were able to achieve solid results as a year of post-pandemic.

In the current fiscal year, we continued to review our hall operations and accumulated a variety of know-how, such as promoting labour saving in hall management while retaining services that provide a high level of customer satisfaction. Since the self-service counters that we introduced last year, which made the prize exchange process contactless, has been well received by our customers, we have further increased the number of halls that have introduced them during the year, and have completed the introduction of self-service POS at 37 halls, representing 75% hall coverage.

In addition, given the competitive environment of existing halls, we had carried out various measures and experiments with the aim of further increasing our sales capabilities, we believed that we had achieved certain level of success. We consider that this will also lead to more options for corporate restructuring methods in the event of mergers and acquisitions.

In the domestic food and beverage business, we opened a new “LIZARRAN” outlet in Tachikawa City, Tokyo in April 2023. As a result of the Spanish restaurant brand gaining some penetration in the Tokyo metropolitan area, we have begun to receive inquiries from major developers to open new outlets, and the business environment is improving with more opportunities for opening new outlets in favorable locations.

Nexia Inc., a subsidiary that operates real estate business, invested a total of ¥880 million in March 2024 to acquire a property in a prime location in Koriyama City. We will continue to consider acquiring prime properties while maintaining our investment standards.

In terms of business in Southeast Asia, the economies of Vietnam and Cambodia were ahead of Japan in the recovery from the damage caused by COVID-19, but economic growth in both countries has declined due to factors such as a slowdown in exports and slump in the real estate industry. Vietnam’s GDP growth rate slowed from 8.0% in previous year to 5.1% in current year, and Cambodia’s GDP growth rate also decreased slightly from 5.2% to 5.0%, indicating that the post-pandemic economic recovery has hit a plateau in 2023.

Consequently, operating revenue of Dream Games, a subsidiary that operates amusement arcades in Vietnam and Cambodia, decreased slightly by 1.3% year-on-year to ¥1,687 million. Particularly in the second half of the year, customer sentiment declined and the overall number of customers in the malls where we operated our outlets declined, with a strong negative impact on the leisure industry. From the beginning, we did not plan to open any new outlets in this fiscal year, and as a result of closing down one outlet, as of the end of March 2024, we have a total of 11 operating outlets, 8 in Vietnam and 3 in Cambodia.

Although GDP growth rates of Vietnam and Cambodia in 2023 have slowed compared to the previous year, according to the data from the International Monetary Fund, strong economic growth is expected to continue at over 5% in these two countries. We believe that both countries are still in the process of economic development, and that consumption and leisure markets will continue to expand. The amusement arcade business in both Vietnam and Cambodia is based on the strategy of opening outlets in leading shopping malls. In particular, a lot of new AEON malls are scheduled to open in Vietnam from 2025, but the competitive environment is gradually becoming more severe. While continuing to develop the operating structure of the organisation, we are also planning to work on building a steady earnings base by developing multiple types of standard business formats depending on location and area, opening a new speciality business format of arcade prize game and planning to open small and medium-sized outlets outside of AEON malls.

The joint business operating a Japanese restaurant food court, YOKOCHO, in Shenzhen, Guangdong Province, China, opened in July 2019, was indefinitely suspended in February 2020 due to the spread of COVID-19 in China. The business was subsequently resumed in August 2021, as the COVID-19 situation in China seemed to have calmed down. However, the business environment did not improve and the situation remained unstable, so we ceased the business in August 2023.

As a medium-term strategy, the Group's priority is to increase the number of amusement machines installed and to secure sales in pachinko business as the core business, and will actively invest in new hall openings and merger and acquisition with the aim of establishing a structure that can ensure stable earnings. At the same time, investments will be made to refurbish existing halls and to promote digitalisation with the aim of further increasing operational efficiency. Furthermore, from a long-term perspective, we plan to expand into new businesses and build business models domestically based on the premise of an aging, mature society and a declining population.

Outside Japan, we will also seek to grow existing businesses and create new business opportunities while responding to changes in the business environment in each country.

In 2021, the Group resolved the Environmental, Social and Governance (“ESG”) Management Declaration, which is the basic concept for conducting sustainable business, “The Group prioritises the public interest and considers its employees, customers, business partners, local communities, and the entire earth as a whole to be stakeholders. We aim for management that can achieve sustainable growth together with all”. The concept of ESG, which is the benchmark for sustainable growth, is becoming increasingly important in business, as it serves as an index for selecting investment targets worldwide. In addition, Sustainable Development Goals established for the purpose of achieving a sustainable world are having a positive impact on corporate management. The ESG Management Declaration sets out the following three specific points to be focused on:

1. Properly appropriate the profits generated to employees, customers, local communities, environment, the entire earth, vendors and shareholders.
2. Conduct management that can contribute to society with sustainability from a medium- to long-term perspective, rather than from a short-term perspective.
3. Constantly make efforts in new areas boldly and manage our business with entrepreneurial spirit for the sustainable development of the Company.

These three objectives will also be important in shaping a new corporate culture for the next era of the Group.

The history of the Group’s pachinko hall business is over 70 years. The reason we have been able to continue our business for more than 70 years is that we always place emphasis on our relationship with the community and have always been aware of harmonious coexistence with the community. Entities cannot continue their businesses on their own, and there is a greater need than ever for them to not only pursue profits for themselves but also develop together with society. Especially in Fukushima Prefecture, which is our key location in Japan, it is still halfway through reconstruction from the Great East Japan Earthquake, but as a longer-term issue, increasing the production and labor force population is regarded as a major challenge. If this long-term declining trend continues, we cannot expect the revitalization of the local economy. On the other hand, if the revitalization of the local economy cannot be realised, the production and labor force population will not increase, and we cannot expect to retain or increase customers in the pachinko hall business, which is the core business of the Group. Resolving the local issues in each region where our Group operates, will create new business opportunities and lead to the mitigation of future business risks simultaneously. We regard the pursuit of regional development through our business activities as an important task for future operations.

The Group aims to realise our corporate philosophy of “Providing happy times for people by making the world cheerful, fun and entertaining”, and will continue to take on the challenges of constantly responding to social changes, aiming to be a company that will continue for more than 100 years ahead of us. Under the ESG Management Declaration, which is the basic concept for conducting sustainable business, we will continue to strive to become a company that is indispensable to society and can meet the expectations of all stakeholders, considering the development and ideal form of our business.

FINANCIAL REVIEW

Revenue from Pachinko and Pachislot Business

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

Revenue from pachinko and pachislot business increased by ¥2,049 million, or 9.3%, from ¥21,895 million in 2023 to ¥23,944 million in 2024. The increase in revenue was attributable to the continued recovery of economy in Japan, and replacement of gaming machines which triggered higher customer turnover and improved the hall traffic.

Gross pay-ins

For the year ended 31 March 2024, the Group’s gross pay-ins from pachinko and pachislot business amounted to ¥131,835 million, comprising revenue from 47 suburban halls and 2 urban halls. The increase in gross pay-ins by ¥11,998 million, or 10.0%, as compared to last year was resulted from the factors explained above.

Gross pay-outs

Gross pay-outs, being the aggregate cost of G-prizes and general prizes exchanged by customers, increased from ¥97,942 million in 2023 to ¥107,891 million in 2024, an increase of ¥9,949 million, or 10.2%, which corresponded to the rise in gross pay-ins.

Revenue margin

Revenue margin recorded at 18.2% for the year ended 31 March 2024, which was relatively stable as compared to 18.3% in 2023. 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 decreased by ¥23 million or 1.3%, from ¥1,710 million in 2023 to ¥1,687 million in current year. The amount comprised revenue derived from Vietnam and Cambodia amounting to ¥1,135 million and ¥552 million, respectively (2023: ¥1,316 million and ¥394 million, respectively). The slight decrease in revenue was resulted from the drop in sales income generated from Vietnam as one of the popular game machines was discontinued during the year, netted with additional income 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 machines income amounted to ¥453 million in 2024. The increase of ¥75 million as compared to ¥378 million in 2023 was resulted from the increase in customer turnover rate as mentioned above.

Income from hotel operation amounted to ¥163 million in 2024, recording an increase of ¥14 million as compared to 2023 of ¥149 million. The increase in hotel income was resulted from mild increase in occupancy rate by 4% as compared to last year.

Revenue from restaurant operations amounted to ¥708 million for the year ended 31 March 2024, increased by ¥228 million, or 47.5%, as compared to ¥480 million in last year. The increasing popularity of “KOMEDA” café, and the opening of a “LIZARRAN” restaurant in early 2023 were the main drivers to the revenue increase in this sector.

Hall operating expenses

Hall operating expenses increased by ¥1,928 million, or 10.3%, from ¥18,726 million in 2023 to ¥20,654 million 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 ¥7,890 million, ¥4,263 million and ¥3,480 million, respectively, for the year ended 31 March 2024 (31 March 2023: ¥6,537 million, ¥4,386 million and ¥3,612 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; and (ii) minor work being carried out in various halls to provide a better playing environment to visitors.

Administrative expenses

Administrative expenses increased by ¥227 million, or 6.4% from ¥3,568 million for the year ended 31 March 2023 to ¥3,795 million in 2024 as a result of the increase in staff wages during the current year.

Impairment loss

Impairment loss on property, plant and equipment, right-of-use assets and other non-current assets amounted to ¥586 million in current year. The International Accounting Standard 36 “Impairment of Assets” (“IAS 36”) requires that assets be carried at no more than their recoverable amount. If an asset’s carrying value exceeds the amount that could be received through use or selling the asset, then the asset is impaired and IAS 36 requires a company to make provision for the impairment loss. Non-current assets other than goodwill and intangible assets with indefinite useful life are tested for impairment when there are events that indicate that the related asset values may not be recoverable, and the Group carries out reviews of the recoverable amounts of each cash-generating units (“CGUs”).

The management noted that the Group’s financial performance is highly sensitive to changes in market situations. Taking into account the keen competition within the industries, the management considered CGU with operating loss recorded in recent two reporting periods and whether budget was met in current period as having impairment indicator, and performed impairment assessments over pachinko and pachislot hall operations, amusement arcade operations and restaurant operations by assessing the recoverable amounts of the CGU, determined as the higher of their value-in-use and fair value less cost of disposal. As a result, the Group recognised an impairment loss of ¥112 million and ¥284 million over plant, property and equipment, right-of-use assets and other non-current assets, respectively for the year ended 31 March 2024 (31 March 2023: ¥214 million, ¥371 million and ¥1 million over plant, property and equipment, right-of-use assets and other non-current assets, respectively).

Finance costs

Finance costs, net amounted to ¥891 million for the year ended 31 March 2024 as compared to ¥887 million in 2023. The increase was due to the overall increase in interest rate.

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

Profit attributable to owners of the Company of ¥694 million was recorded for year ended 31 March 2024, as compared to ¥1,198 million in prior year. The decrease in profit was due to the increase in income tax expense by ¥856 million, netted with continued economic recovery in Japan and replacement of game machines with “Smart Slots” machines which in turn drove more hall traffic.

Basic earnings per share for the year ended 31 March 2024 was ¥0.58 (31 March 2023: ¥1.00). The board of directors of the Company (the “Board”) has declared a final dividend of ¥0.17 per common share for the year ended 31 March 2024 (31 March 2023: ¥0.11).

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- 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 31 March 2024 and 2023:

	As at 31 March	
	2024	2023
	¥ million	¥ million
Cash and cash equivalents	12,350	10,435
Bank deposits with maturity over 3 months	345	528
	<u>12,695</u>	<u>10,963</u>
Bank loans	6,116	6,012
Syndicated loans	4,316	4,194
Lease liabilities	27,925	29,730
	<u>38,357</u>	<u>39,936</u>
Total equity	18,981	19,294
Gearing ratio (<i>Note 1</i>)	1.4	1.5
Working capital (<i>Note 2</i>)	<u>(145)</u>	<u>780</u>

Note 1: Gearing ratio is calculated as total borrowings less cash and cash equivalents divided by equity.

Note 2: Working capital being current assets less current liabilities.

As at 31 March 2024, net current liabilities of the Group totalled ¥145 million (31 March 2023: net current assets ¥780 million), and current ratio was 0.99 as at 31 March 2024 (31 March 2023: 1.07). As at 31 March 2024, there were cash and cash equivalents of ¥12,350 million (31 March 2023: ¥10,435 million), in which ¥11,009 million was denominated in Japanese Yen, ¥795 million was denominated in United States dollar, ¥449 million was denominated in Hong Kong dollar and ¥97 million was denominated in other currencies. As at 31 March 2024, the Group had total borrowings and lease liabilities of ¥38,357 million (31 March 2023: ¥39,936 million). Current portion of bank borrowings and current portion of lease liabilities amounted to ¥7,737 million as at 31 March 2024 (31 March 2023: ¥7,203 million).

The Group's bank borrowings during the current period comprised bank loans and syndicated loans. As at 31 March 2024, the total bank borrowings amounted to ¥10,432 million (31 March 2023: ¥10,206 million), with average effective interest rates on bank borrowings ranged from 1.08% to 1.61% (31 March 2023: 0.97% to 1.57%) per annum. Approximately 4.9% of bank borrowings as at 31 March 2024 were fixed rate borrowings.

HEDGING OF FLOATING RATE BORROWINGS AND FOREIGN EXCHANGE

As at 31 March 2024, 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 year ended 31 March 2024, gain on fair value for interest rate swap contracts amounted to ¥3 million (31 March 2023: ¥7 million).

The Group did not carry out significant foreign currency investment and its debts were all denominated in Japanese Yen as at 31 March 2024. 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 1.4 as at 31 March 2024 (31 March 2023: 1.5).

CAPITAL EXPENDITURE

Capital expenditure 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 31 March	
	2024	2023
	¥ million	¥ million
Property, plant and equipment	2,289	929
Right-of-use assets	1,258	1,932
Intangible assets	4	4
	<u>3,551</u>	<u>2,865</u>

CHARGES ON ASSETS

As at 31 March 2024 and 2023, the carrying values of charged assets were as below:

	2024	2023
	¥ million	¥ million
Property, plant and equipment	8,946	9,230
Investment properties	553	572
Deposits and other receivables	158	162
	<u>9,657</u>	<u>9,964</u>

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2024 and 2023.

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

Save for those disclosed in this annual 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 annual results announcement.

There is no important event affecting the Company that have occurred since the end of the financial year.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2024, the Group had 1,334 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.

FINAL DIVIDEND

The Board has declared a final dividend of ¥0.17 per common share for the year ended 31 March 2024 (31 March 2023: ¥0.11) on 27 May 2024 and the final dividend will be payable on 12 July 2024 to the shareholders of the Company (the “Shareholders”) whose names appear on the register of members of the Company at the close of business on 12 June 2024.

The exchange rate for the conversion of Japanese Yen to Hong Kong dollar for the dividend distributed to the Shareholders in the currency other than Japanese Yen is based on the average currency rates prevailing five trading days immediately prior to 27 May 2024 (being 20 to 24 May 2024).

CORPORATE GOVERNANCE

During the year ended 31 March 2024, 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 C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 of the Company (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 C3 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 year ended 31 March 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company did not redeem any of its listed securities during the year ended 31 March 2024. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the year ended 31 March 2024.

AUDIT COMMITTEE

The audit committee of the Company had reviewed, together with the management and external auditor, the accounting principles and policies adopted by the Group and the audited consolidated financial statements of the Group for the year ended 31 March 2024.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on this preliminary announcement.

ANNUAL GENERAL MEETING AND RECORD DATE

The annual general meeting of the Company (the "2024 AGM") will be held on 28 June 2024 at 2-1-24, Hohaccho, Koriyama-shi, Fukushima, 963-8811, Japan. Notice of the 2024 AGM will be published and issued to Shareholders in due course. The right to attend and vote at the 2024 AGM will be granted to the Shareholders whose names appear on the Company's share register at the close of business on 24 June 2024.

In order for those Shareholders whose names have not been registered on the Company's share register to be eligible to attend and vote at the 2024 AGM, all properly completed, duly stamped and executed transfer documents accompanied by the relevant share certificates should be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong before 4:30 p.m. (Hong Kong time) on 24 June 2024.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (www.hkexnews.hk) and the Company (www.ngch.co.jp), and the annual report of the Company for the year ended 31 March 2024 containing all the information required by the Listing Rules will be dispatched to the Shareholders 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
Chairman, Executive Director and Chief Executive Officer
Hisanori TANIGUCHI

Fukushima, Japan, 27 May 2024

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

* *for identification purpose only*