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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 2026

ANNUAL RESULTS HIGHLIGHTS

- Gross pay-ins were ¥149,054 million (or HK\$7,307 million[#]), recording an increase of 2.7% as compared with the year ended 31 March 2025;
- Revenue was ¥33,600 million (or HK\$1,648 million[#]), recording an increase of 18.7% as compared with the year ended 31 March 2025;
- Profit from continuing operations before income tax was ¥3,361 million (or HK\$165 million[#]), recording an increase of 103.4% as compared with the year ended 31 March 2025;
- Profit for the year attributable to owners of the Company from continuing operations was ¥1,759 million (or HK\$86 million[#]), recording an increase of ¥1,152 million as compared with the year ended 31 March 2025;
- The Group operates 51 halls in Japan as at the date of this announcement (31 March 2025: 49 halls);
- Basic earnings per share of the Company from continuing operations was ¥1.47 (or HK\$0.07[#]) (2025: ¥0.51); and
- The Board has resolved to declare a final dividend of ¥0.24 per ordinary share for the year ended 31 March 2026 (2025: ¥0.12 per ordinary share).

Translated into Hong Kong dollar at the rate of ¥20.40 to HK\$1.00, the exchange rate prevailing on 31 March 2026 (i.e. the last business day in March 2026).

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”) would like to announce the agreed consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2026 together with the comparative figures for the year ended 31 March 2025 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2026

	Note	2026 ¥ million	2025 ¥ million
Continuing operations			
Revenue	3	33,600	28,316
Other income	4	543	437
Other gains/(losses), net	4	258	(88)
Impairment loss on property, plant and equipment		(126)	(150)
Impairment loss on right-of-use assets		(251)	(282)
Impairment loss on other non-financial assets		(37)	–
Cost of revenue			
Hall, hotel and restaurant operating expenses	5	(22,243)	(21,488)
Cost of real estate related revenue	5	(2,728)	–
Administrative expenses	5	(4,785)	(4,211)
		4,231	2,534
Operating profit			
Finance income	6	77	73
Finance costs	6	(947)	(955)
Finance costs, net	6	(870)	(882)
Profit before income tax			
Income tax expense	7	(1,547)	(1,045)
Profit for the year from continuing operations			
Profit for the year from discontinued operation	8	776	–
Profit for the year			
Profit attributable to:			
Owners of the Company:			
Continuing operations		1,759	607
Discontinued operation		371	–
		2,130	607

	Note	2026 ¥ million	2025 ¥ million
Non-controlling interests:			
Continuing operations		55	–
Discontinued operation		405	–
		<u>460</u>	<u>–</u>
		<u>2,590</u>	<u>607</u>
Earnings per share for profit attributable to owners of the Company			
– Basic and diluted			
(expressed in Japanese Yen per share)	9		
From continuing operations		1.47	0.51
From discontinued operation		0.31	–
Profit for the year		<u>1.78</u>	<u>0.51</u>
Profit for the year		2,590	607
Other comprehensive income/(loss)			
<i>Item that will not be subsequently reclassified to profit or loss</i>			
Change in value of financial assets through other comprehensive income		61	(79)
<i>Item that have been or may be subsequently reclassified to profit or loss</i>			
Currency translation differences		(257)	37
Release of translation differences upon winding up of a subsidiary		<u>50</u>	<u>–</u>
Total comprehensive income for the year		<u>2,444</u>	<u>565</u>
Total comprehensive income attributable to:			
Owners of the Company		2,037	554
Non-controlling interest		<u>407</u>	<u>11</u>
		<u>2,444</u>	<u>565</u>

	<i>Note</i>	2026 ¥ million	2025 ¥ million
Total comprehensive income attributable to:			
Owners of the Company:			
From continuing operations		1,689	543
From discontinued operation		348	11
		<u>2,037</u>	<u>554</u>
Non-controlling interest:			
From continuing operations		24	–
From discontinued operation		383	11
		<u>407</u>	<u>11</u>
		<u>2,444</u>	<u>565</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2026

	Note	2026 ¥ million	2025 ¥ million
ASSETS			
Non-current assets			
Property, plant and equipment		18,233	17,721
Right-of-use assets		20,434	21,679
Investment properties		1,426	1,471
Intangible assets		293	236
Interests in an associate and a joint venture		1	–
Prepayments, deposits and other receivables		4,372	4,208
Financial assets at fair value through other comprehensive income		504	418
Deferred income tax assets		5,017	5,114
		<u>50,280</u>	<u>50,847</u>
Current assets			
Inventories		61	53
Properties held for sale		1,654	–
Trade receivables	11	234	199
Prepayments, deposits and other receivables		1,117	1,047
Financial assets at fair value through profit or loss		–	99
Bank deposits with maturity over 3 months		899	834
Cash and cash equivalents		11,608	10,574
		<u>15,573</u>	<u>12,806</u>
Total assets		<u><u>65,853</u></u>	<u><u>63,653</u></u>

	Note	2026 ¥ million	2025 ¥ million
EQUITY			
Equity attributable to owners of the Company			
Share capital		3,000	3,000
Reserves		18,377	17,406
		<u>21,377</u>	<u>20,406</u>
Non-controlling interest		(81)	(1,171)
		<u>21,296</u>	<u>19,235</u>
LIABILITIES			
Non-current liabilities			
Borrowings	13	5,083	4,998
Lease liabilities	14	21,747	23,154
Provisions and other payables		2,010	2,051
Derivative financial instruments		–	–
		<u>28,840</u>	<u>30,203</u>
Current liabilities			
Trade payables	12	129	111
Borrowings	13	6,778	4,842
Lease liabilities	14	2,892	2,813
Accruals, provisions and other payables		4,993	5,721
Current income tax liabilities		925	728
		<u>15,717</u>	<u>14,215</u>
Total liabilities		<u>44,557</u>	<u>44,418</u>
Net current liabilities		<u>(144)</u>	<u>(1,409)</u>
Total equity and liabilities		<u>65,853</u>	<u>63,653</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.* (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, investment in real estate business in Japan, amusement arcade operations in Southeast Asian countries and was previously also engaged in 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 26 May 2026.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable IFRS Accounting Standards (“IFRS”) 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 areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

The Group had net current liabilities of ¥144 million as at 31 March 2026. The Directors believed that the Group has adequate cash flows to maintain the Group’s operation as the Group unutilised banking facilities readily available to the Group amounted to ¥940 million as at 31 March 2026. Furthermore, the Group obtained additional banking facilities amounted to ¥1,500 million in May 2026.

Accordingly, the Directors are of the opinion that the Group is able to meet in full its financial obligations as they fall due for not less than twelve months from 31 March 2026 and it is appropriate to prepare these consolidated financial statements on a going concern basis.

(i) Amended standards (the “Amendments”) adopted by the Group

The following Amendments to standards are mandatory for the first time for the financial year beginning 1 April 2025 and currently relevant to the Group:

Amendments to IAS 21 and IFRS 1	Lack of Exchangeability
Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37	Disclosures about Uncertainties in the Financial Statements

The application of the amendments to IFRS in the current year has had no material impact on the Group’s financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(ii) New and amended standards not yet adopted by the Group

		Effective for Accounting Period Beginning on or After
Amendments to IFRS 7 and IFRS 9	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS 7 and IFRS 9	Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvements to IFRS Accounting Standards — Volume 11	1 January 2026
Amendments to IAS 21	Translation to a Hyper Inflation Presentation Currency	1 January 2027
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 and its amendments	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

Certain new and amendments to IFRSs have been published that are not mandatory for 31 March 2026 reporting period and have not been early adopted by the Group. Other than those disclosed below, these new and amendments to IFRSs are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

IFRS 18 – Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the Group’s financial statements.

The directors are in the process of assessing the impact of IFRS 18 in the period of initial application. The directors anticipate that the application of IFRS 18 has certain impacts on the presentation and disclosure on the Group’s financial statements.

3 REVENUE AND SEGMENT INFORMATION

(a) Revenue from continuing operations

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

	2026 ¥ million	2025 ¥ million
Gross pay-ins	149,054	145,091
Less: gross pay-outs	<u>(123,363)</u>	<u>(120,366)</u>
Revenue from pachinko and pachislot hall business	25,691	24,725
Revenue from amusement arcades	1,817	1,648
Vending machine income	577	552
Revenue from hotel operations	436	351
Revenue from restaurant operations	1,335	1,040
Revenue from sales of real estates	<u>3,744</u>	<u>–</u>
	<u><u>33,600</u></u>	<u><u>28,316</u></u>

During the year ended 31 March 2026, 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 arcades at the beginning of the year amounted to ¥52 million (2025: ¥86 million) and ¥2,296 million (2025: ¥1,927 million), respectively.

As at 31 March 2026, 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 arcades that are unfulfilled were ¥27 million (2025: ¥52 million) and ¥2,392 million (2025: ¥2,296 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 chief operating decision maker (“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) investment in real estate and (iv) others, representing hotel and restaurant operations in Japan.

In August 2023, the Group has terminated the restaurant operation in China and such company was subsequently deregistered in January 2026. 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 Group exclude inter-company service fee, exchange differences and provision for loss allowance on inter-company balances from segment results and classify these amounts as unallocated corporate expenses.

The segment information provided to the executive directors for the years ended 31 March 2026 and 2025 are as follows:

	For the year ended 31 March 2026					Total ¥ million
	Pachinko and pachislot hall operations	Continuing operations			Discontinued operation	
		Amusement arcade operations	Investment in real estate	Other	Restaurants	
		Japan ¥ million	Southeast Asia ¥ million	Japan ¥ million	Japan & Hong Kong ¥ million	
Segment revenue from external customers	<u>26,268</u>	<u>1,817</u>	<u>3,744</u>	<u>1,771</u>	<u>-</u>	<u>33,600</u>
Segment results	3,168	(6)	705	(175)	776	4,468
Unallocated amount						<u>(331)</u>
Profit before income tax						4,137
Income tax expense						<u>(1,547)</u>
Profit for the year						<u><u>2,590</u></u>
Other segment items						
Depreciation and amortisation expenses	(3,861)	(411)	(12)	(86)	-	(4,370)
Impairment loss on property, plant and equipment	(82)	(16)	-	(28)	-	(126)
Impairment loss on right-of-use assets	(174)	(51)	-	(26)	-	(251)
Impairment loss on other non-financial assets	(29)	-	-	(8)	-	(37)
Finance income	70	5	2	-	-	77
Finance costs	<u>(787)</u>	<u>(89)</u>	<u>(60)</u>	<u>(11)</u>	<u>-</u>	<u>(947)</u>

For the year ended 31 March 2025

	Continuing operations			Discontinued operation	Total
	Pachinko and pachislot hall operations	Amusement arcade operations	Other	Restaurants	
	Japan ¥ million	Southeast Asia ¥ million	Japan & Hong Kong ¥ million	China ¥ million	
Segment revenue from external customers	25,277	1,648	1,391	–	28,316
Segment results	2,353	(49)	(28)	–	2,276
Unallocated amount					(624)
Profit before income tax					1,652
Income tax expense					(1,045)
Profit for the period					607
Other segment items					
Depreciation and amortisation expenses	(3,741)	(357)	(74)	–	(4,172)
Impairment loss on property, plant and equipment	(142)	(8)	–	–	(150)
Impairment loss on right-of-use assets	(272)	(10)	–	–	(282)
Finance income	69	4	–	–	73
Finance costs	(856)	(90)	(9)	–	(955)

The segment assets as at 31 March 2026 and 2025 are as follows:

	Continuing operations				Discontinued operation	Total
	Pachinko and pachislot hall operations	Amusement arcade operations	Investment in real estate	Others	Restaurants	
	Japan ¥ million	Southeast Asia ¥ million	Japan ¥ million	Japan & Hong Kong ¥ million	China ¥ million	
As at 31 March 2026						
Segment assets	47,694	1,996	3,006	4,797	-	57,493
Unallocated assets						3,343
Deferred income tax assets						5,017
Total assets						<u>65,853</u>
Addition to non-current assets other than financial instruments and deferred tax assets	<u>3,178</u>	<u>377</u>	<u>32</u>	<u>285</u>	<u>-</u>	<u>3,872</u>
	Continuing operations				Discontinued operation	Total
	Pachinko and pachislot hall operations	Amusement arcade operations	Investment in real estate	Others	Restaurants	
	Japan ¥ million	Southeast Asia ¥ million	Japan ¥ million	Japan & Hong Kong ¥ million	China ¥ million	
As at 31 March 2025						
Segment assets	51,829	1,895	1,487		10	55,221
Unallocated assets						3,318
Deferred income tax assets						5,114
Total assets						<u>63,653</u>
Addition to non-current assets other than financial instruments and deferred tax assets	<u>3,214</u>	<u>747</u>	<u>262</u>	<u>-</u>	<u>-</u>	<u>4,223</u>

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

	2026 ¥ million	2025 ¥ million
Japan, country of domicile	39,532	40,112
Southeast Asia	1,103	1,135
	<u>40,635</u>	<u>41,247</u>

No single external customer contributed more than 10% revenue to the Group's revenue for the years ended 31 March 2026 and 2025.

4 OTHER INCOME AND OTHER GAINS/(LOSSES), NET FROM CONTINUING OPERATIONS

	2026 ¥ million	2025 ¥ million
Other income from continuing operations		
Rental income	226	215
Income from expired IC and membership cards	33	29
Dividend income	27	25
Compensation and subsidies	51	38
Income from scrap sales of used pachinko and pachislot machines	162	97
Others	44	33
	<u>543</u>	<u>437</u>
Other gains/(losses), net from continuing operations		
Loss on fair value for financial assets at fair value through profit or loss	-	(4)
Gain on disposal of financial assets at fair value through profit or loss	2	-
Gain on fair value for derivative financial instruments	-	1
Loss on disposal of property, plant and equipment, net	(11)	(12)
Loss on disposal of intangible assets	(1)	-
Exchange gain/(loss), net	274	(71)
Others	(6)	(2)
	<u>258</u>	<u>(88)</u>

5 COST OF REVENUE AND ADMINISTRATIVE EXPENSES FROM CONTINUING OPERATIONS

	2026 ¥ million	2025 ¥ million
Auditors' remuneration		
– Audit fees	129	119
– Other services	15	11
Employee benefits expenses		
– Hall operations	4,526	4,327
– Administrative and others	1,935	1,679
Operating lease rental expense in respect of land and buildings	272	284
Depreciation of property, plant and equipment	1,686	1,555
Depreciation of right-of-use assets	2,591	2,530
Depreciation of investment properties	45	24
Amortisation of intangible assets	48	63
Other taxes and duties	443	359
Utilities expenses	1,223	1,258
Consumables and cleaning	1,047	961
Repairs and maintenance	671	982
Outsourcing service expenses	761	783
Prizes procurement expenses to wholesalers	1,224	1,111
Pachinko and pachislot machines expenses (<i>Note i</i>)	8,299	7,751
Advertising expenses	1,355	1,263
Legal and professional fees	119	174
Cost of inventories (<i>Note ii</i>)	438	345
Cost of properties sold	2,728	–
Others	201	120
	<u>29,756</u>	<u>25,699</u>

Note i: 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.

Note ii: The cost of inventories represents food and beverage costs.

6 FINANCE COSTS, NET FROM CONTINUING OPERATIONS

	2026 ¥ million	2025 ¥ million
Finance income from continuing operations		
Bank interest income	27	15
Interest income on lease receivables	29	31
Other interest income	21	27
	<u>77</u>	<u>73</u>
Finance costs from continuing operations		
Bank borrowings	(164)	(141)
Lease liabilities	(619)	(684)
Provision for unwinding discount	(164)	(130)
	<u>(947)</u>	<u>(955)</u>
Finance costs, net from continuing operations	<u>(870)</u>	<u>(882)</u>

7 INCOME TAX EXPENSE

	2026 ¥ million	2025 ¥ million
Current income tax		
— Japan	1,369	1,013
— Other Asian countries	106	61
	<u>1,475</u>	<u>1,074</u>
Deferred income tax	72	(29)
	<u>1,547</u>	<u>1,045</u>

8 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 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. Provision for loss on early termination of lease amounted ¥691 million was recognised upon the cessation of business. 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. On 17 January 2025, the entire bankruptcy proceedings was completed, NPJ China was subsequently deregistered on 7 January 2026.

The results of the discontinued operation for the years ended 31 March 2026 and 2025 are presented below:

	For the year ended 31 March	
	2026	2025
	¥ million	¥ million
Other gains	<u>776</u>	–
Profit before tax from discontinued operation	776	–
Income tax expense	<u>–</u>	–
Profit for the year from discontinued operation	<u><u>776</u></u>	<u>–</u>
Other comprehensive (loss)/gain		
Exchange differences on translation of discontinued operation	<u>(45)</u>	<u>22</u>
Total comprehensive income for the year from discontinued operation	<u><u>731</u></u>	<u><u>22</u></u>
Profit per share attributable to owners of the Company		
Basic and diluted — discontinued operation	<u><u>0.31</u></u>	<u>–</u>

Other gains from the discontinued operation represent the release of liabilities upon winding up of the subsidiary.

Upon winding up, loss from the release of translation differences amounted to ¥50 million was recognised in the consolidated statement of comprehensive income for the year ended 31 March 2026. Additionally, non-controlling interest amounted to ¥683 million was reclassified to other reserves in the consolidated statement of changes in equity.

There are no cash flow movement arising from the winding up of a subsidiary.

9 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years ended 31 March 2026 and 2025.

	2026	2025
Profit attributable to owners of the Company (¥ million)		
Continuing operations	1,759	607
Discontinued operations	371	–
	<u>2,130</u>	<u>607</u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (thousands)	<u>1,195,850</u>	<u>1,195,850</u>
Basic and diluted earnings per share (¥)		
Continuing operations	1.47	0.51
Discontinued operations	0.31	–
For the year	<u>1.78</u>	<u>0.51</u>

No diluted earnings per share is presented as there were no potential dilutive shares during the years ended 31 March 2026 and 2025. Diluted earnings per share is equal to the basic earnings per share.

10 DIVIDENDS

During the year ended 31 March 2026, the Company paid final dividend of ¥144 million (¥0.12 per common share) and interim dividend of ¥239 million (¥0.20 per common share) to their shareholders in respect of the years ended 31 March 2025 and 31 March 2026, respectively.

The board of directors of the Company declared a final dividend of ¥0.24 per common share totalling ¥287 million in respect of the year ended 31 March 2026. These consolidated financial statements do not reflect this dividend payable.

11 TRADE RECEIVABLES

	2026 ¥ million	2025 ¥ million
Trade receivables	<u>234</u>	<u>199</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 2026 and 2025, the ageing analysis of the trade receivables, based on invoice date, is as follows:

	2026 ¥ million	2025 ¥ million
Less than 30 days	234	199
Over 30 days	<u>-</u>	<u>-</u>
	<u>234</u>	<u>199</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 2026 and 2025 and are denominated in ¥.

12 TRADE PAYABLES

The ageing analysis of the trade payables based on invoice dates as at 31 March 2026 and 2025 were as follows:

	2026 ¥ million	2025 ¥ million
Less than 30 days	122	110
Over 30 days	<u>7</u>	<u>1</u>
	<u>129</u>	<u>111</u>

The carrying amounts of trade payables approximate their fair values as at 31 March 2026 and 2025 and were denominated in ¥.

13 BORROWINGS

	2026 ¥ million	2025 ¥ million
Non-current portion		
Bank loans	2,020	2,294
Syndicated loans	<u>3,063</u>	<u>2,704</u>
	<u>5,083</u>	<u>4,998</u>
Current portion		
Bank loans	4,552	3,057
Syndicated loans	<u>2,226</u>	<u>1,785</u>
	<u>6,778</u>	<u>4,842</u>
Total borrowings	<u><u>11,861</u></u>	<u><u>9,840</u></u>

As at 31 March 2026 and 2025, the Group's borrowings were repayable as follows:

	2026 ¥ million	2025 ¥ million
Within 1 year	6,778	4,842
Between 1 and 2 years	1,923	1,842
Between 2 and 5 years	2,548	2,576
Over 5 years	<u>612</u>	<u>580</u>
	<u><u>11,861</u></u>	<u><u>9,840</u></u>

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

	2026	2025
Bank loans	1.82%	1.64%
Syndicated loans	<u>2.07%</u>	<u>1.58%</u>

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

	2026 ¥ million	2025 ¥ million
Property, plant and equipment	8,523	8,756
Investment properties	1,279	532
Deposits and other receivables	<u>150</u>	<u>154</u>
	<u><u>9,952</u></u>	<u><u>9,442</u></u>

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

	2026 ¥ million	2025 ¥ million
Floating rate		
— Expiring over 1 year	<u>940</u>	<u>1,617</u>

The carrying amounts of borrowings of the Group approximate their fair values as at 31 March 2026 and 2025 and were denominated in ¥.

14 LEASES

During the year ended 31 March 2026, the Group entered into a number of lease agreements for and recognised additions of right-of-use assets of ¥1,357 million (2025: ¥1,407 million).

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

	2026 ¥ million	2025 ¥ million
Right-of-use assets		
Buildings	17,231	18,415
Leasehold improvement	3,026	3,020
Equipment and tools	140	206
Vehicle	37	38
	<u>20,434</u>	<u>21,679</u>
Lease liabilities		
Current	2,892	2,813
Non-current	21,747	23,154
	<u>24,639</u>	<u>25,967</u>

For the year ended 31 March 2026, as a result of the impairment review of CGUs with impairment indicator and annual impairment assessment on goodwill, impairment loss of approximately ¥251 million (2025: ¥282 million) has been recognised on right-of-use assets.

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

	2026 ¥ million	2025 ¥ million
Depreciation of right-of-use assets from continuing operations		
Buildings	2,249	2,206
Leasehold improvement	253	223
Equipment and tools	75	86
Vehicle	14	15
	<u>2,591</u>	<u>2,530</u>
Interest expense (included in finance cost)	619	684
Expense relating to short-term leases (included in hall operating expenses)	253	284
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	19	15
Impairment loss on right-of-use assets	<u>251</u>	<u>282</u>

The total cash outflow for leases during the year ended 31 March 2026 was ¥3,944 million (2025: ¥3,921 million).

15 BUSINESS COMBINATION

Acquisition of two pachinko halls

On 30 September 2025, the Group entered into an agreement with an independent third-party to acquire two pachinko halls in Tochigi Prefecture, Japan. The acquisition was completed on 1 December 2025 at a cash consideration of ¥612 million.

The following table summarises the consideration paid for the acquisition, and the fair value of the assets acquired and liabilities assumed at the acquisition date.

	As at the date of acquisition ¥ million
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Property, plant and equipment	229
Inventory	198
Prepayments, deposits and other receivables	76
Unutilised balls and tokens	<u>(20)</u>
Total identifiable net assets	483
Goodwill	<u>129</u>
Net assets acquired	<u><u>612</u></u>
Purchase consideration	
Cash consideration	<u><u>612</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS ACTIVITIES AND VISION

In the fiscal year under review, the domestic economy has seen a continuing trend of recovery in personal consumption due to an improving employment and income environment. However, a full-scale recovery has not been achieved due to sluggish real wage growth caused by prolonged inflation from rising raw material and energy prices and the depreciation of Japanese Yen. According to the “Family Income and Expenditure Survey” by the Ministry of Internal Affairs and Communications, real consumption expenditure for all households in Japan has been negative for three consecutive years, and it is expected that consumers’ saving orientation due to a defensive attitude towards their livelihoods will continue. On the other hand, there are some signs of brightness, with some items turning positive outside of food and housing, which have been strongly affected by inflation. However, in the global economy, in addition to the prolonged situation in Ukraine, the uncertainty in the Middle East situation increases concerns that it could bring great uncertainty to the domestic economy in the future. In addition, Japan is in a position to be affected by the global economy through policy trends, as represented by the trade policy of the United States, and the business environment remains difficult to foresee. Under these circumstances, in our core pachinko business, we have continued to promote the efficient installation of gaming machines, as we did last year, and are in the process of updating our record for the largest number of installed gaming machines since our founding. As a result, gross pay-ins (pachinko and pachislot hall revenue) increased by 2.7% year-on-year to ¥149,054 million.

In our core pachinko business, we have identified the strong performance of smart gaming machines in the external environment as a significant opportunity for business growth and have actively promoted capital investment. In particular, to meet the strong needs of our customers for smart slots, which are popular in the market, we have reviewed our store layouts and increased the number of installed machines by expanding the gaming machine installation area. We also acquired two existing stores from other companies in the same industry during the period. As a result, the number of installed gaming machines reached 30,827 as at 31 March 2026, a record high since our founding, which has greatly contributed to the increase in sales.

In addition, we have continued to review our store operations during the period, thoroughly implementing initiatives to make our best-performing stores a model for others, and have worked to improve and standardise customer service at our stores. We carefully examined the initiatives and ideas of each store and horizontally deployed the best ones throughout the Company, thereby continuously striving to improve the quality of service provided to our customers. We have completed the introduction of self-service counters, which we began to introduce in earnest three years ago to make the prize exchange business contactless, but we will continue to pursue efficiency to ensure that they are filled with prizes that are supported by our customers.

Looking ahead, in addition to acquiring other companies in the same industry, we will work to build a foundation for revenue expansion through high-value strategic methods, such as expanding our operating area by acquiring land around existing stores to efficiently increase the number of gaming machines.

Our domestic food and beverage business, which operates the “Lizarran”, “Komeda” and “Gong Cha” brands, has successfully expanded its business operations.

“Lizarran” is a Spanish bar and restaurant of the Comes Group, which operates more than 300 restaurants in 14 countries on 4 continents. In addition to the five existing restaurants, we opened new restaurants in Kawasaki City, Kanagawa Prefecture, in December 2025, and in Oimachi, Tokyo, in March 2026. As the Lizarran brand as a Spanish restaurant permeates the Tokyo metropolitan area, a virtuous cycle is taking hold in which we are receiving an increasing number of inquiries for store openings in prime locations in front of stations with high passenger traffic and in station buildings from major developers. We are already preparing to open one new store in the fiscal year ending 31 March 2027, and we will continue to work to attract customers to our existing stores and maintain customer satisfaction to lead to opportunities for store openings in good locations.

“Komeda” is a brand of Komeda Holdings Co., Ltd. which operates approximately 1,000 coffee shops in Japan. The third directly managed store, which we started last year by buying it out at the strong request of the franchisor, is also doing well, and all our stores are generating stable profits. We will continue to maintain a good relationship with the franchisor and consider not only new stores but also new business formats.

“Gong Cha”, a global tea café brand born in Taiwan, has also become popular in Japan, and our Group has been operating two stores since 2021. Both stores are ranked in the top group of the customer satisfaction ranking conducted by “Gong Cha Japan” and have succeeded in operating stores with high customer satisfaction, such as becoming a regular winner of the franchisor’s awards. We have received many inquiries from the franchisor about opening new stores, and we plan to open three new stores in the fiscal year ending 31 March 2027.

As a result of these factors, net sales of the domestic food and beverage business amounted to ¥1,335 million, increased by 28.4% from the previous fiscal year. This was not only due to the effect of new stores but also other positive factors including the increase in average customer spending across different stores. On the other hand, there are also concerns such as rising purchase costs and a tight labour market, and we will work to improve the accuracy of managing these issues to achieve both sustainability and reproducibility.

In the hotel management business, we operate a city hotel with 84 rooms in front of the station in Koriyama City, Fukushima Prefecture, where our head office is located. In August 2024, we purchased and began operating two lodging facilities. One of these is a long-established luxury hot spring inn located in the centre of Achi village, which boasts the best starry sky in Japan, while the other one was closed in June 2025 due to the condition of the building and facilities. While consumption for domestic travel and transportation is strong, there are still challenges in attracting guests to hot spring inns during the off-season, and we will continue to work on creating a system to attract them. As for the city hotel, we were able to increase sales by 20.5% year-on-year by capturing group accommodations for corporate training and leisure demand.

Nexia Inc., our real estate subsidiary, has completed a rental apartment building in a prime location in Koriyama City, which has been in full operation since this fiscal year. As at 31 March 2026, the occupancy rate was 100%, and even there were move-outs due to job transfers, etc., the demand remains strong and we can always maintain a state of near-full occupancy.

Last fiscal year, we established a new subsidiary, NBI Holdings Co., Ltd., for the purpose of a completely new business. This business aims to contribute to regional revitalisation activities, an important initiative actively promoted by the Japanese government. It seeks to redirect the flow of capital, which tends to be concentrated in Tokyo, to local economies by turning regional inns and hotels into financial products and providing investment opportunities to investors. This aligns with our goal of achieving the “revitalisation of the local economy”.

We believe that there are many promising inns and hotels in rural Japan with hidden potential that can be revitalized by investing sufficient capital and expertise. The revitalization of these inns and hotels will attract new tourists, which will in turn create employment in the region, lead to an inflow of funds into the surrounding local industries and enrich the community. The introduction of a real estate investment trust (“REIT”) structure will also enable long-term, consistent business operations without frequent changes in ownership of the accommodation facilities, allowing them to operate for a long time as symbolic facilities rooted in the community.

To establish a system for operating a private REIT for this purpose, we have been preparing to obtain the necessary administrative licenses. In June 2025, we completed the registration for the Comprehensive Real Estate Investment Advisory Business under the jurisdiction of the Ministry of Land, Infrastructure, Transport and Tourism, and in November 2025, we completed the registration for the Investment Management Business under the Financial Instruments and Exchange Act under the jurisdiction of the Financial Services Agency, thereby fulfilling the qualification requirements for REIT management. In December 2025, we established Furusato Partners, Inc., a new platform for collaboration with regional banks throughout Japan. Based on this platform, we will vigorously promote regional revitalization initiatives in each region.

In our Southeast Asian business, through our subsidiary Dream Games, we operate arcade games and kids' playgrounds mainly in AEON malls in both Vietnam and Cambodia. Although Vietnam's gross domestic product ("GDP") growth rate increased from 7.1% in the previous year to 8.0%, and Cambodia's slowed from 6.0% to 5.5%, both countries have maintained high growth rates. In Vietnam, the competitive environment with other companies in the same mall has intensified at existing stores, resulting in a dispersion of customers, and the increase in the number of low-priced competitors on the city's roadsides has led to a lack of growth in the number of customers, resulting in a slight increase in net sales of 0.4%. In Cambodia, although the border conflict with Thailand has had an impact on the domestic economy, our own stores have maintained high customer support, resulting in a significant increase in sales by 27.1% over the previous year.

As a result, the operating revenue of Dream Games increased by 10.2% year-on-year to ¥1,817 million. During the current fiscal year, we opened one new store as planned in Vietnam, bringing the total number of operating locations to 13 as at 31 March 2026, with 10 in Vietnam and 3 in Cambodia.

According to the International Monetary Fund, both Vietnam and Cambodia are expected to see strong economic growth of more than 1% above the world average from 2026 onward. We also believe that both countries are still in the process of economic development, and that consumption and the leisure market will continue to expand. On the other hand, with Vietnam's GDP per capita reaching US\$5,000, the market and competitive environment are changing from moment to moment. While paying close attention to structural changes in the domestic economies of both countries, we plan to work on building a revenue base by developing multiple types of standard business formats according to location and area, developing new prize game specialty formats, and planning to open small and medium-sized stores in local malls, although the basic premise is to open stores in AEON malls.

As our mid-term strategy, the Group will focus on increasing the number of gaming machines installed and securing net sales in our core pachinko business as important issues, and will actively invest through mergers and acquisitions to aim for a system that can secure stable profits. At the same time, we will also proceed with investments to renovate existing stores and promote digitalization to create competitiveness and improve operational efficiency. From a long-term perspective, we will continue to work on expanding the foundation of our food and beverage and lodging businesses, which are entertainment businesses other than the pachinko business. In Japan, we also plan to enter new businesses centred on real estate, premised on an aging and maturing society and a declining population, and to build business models that can attract the flow of funds for that purpose.

Outside of Japan, we will seek to grow our existing businesses and create new business opportunities while responding to changes in the business environment in each country, with an eye to transplanting our domestic business know-how to our overseas businesses.

In 2021, the Group resolved the Environmental, Social and Governance (“ESG”) Management Declaration, which is the basic concept for conducting sustainable business, “The Group prioritizes 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:

- 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 realized, 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 realize 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 ¥966 million, or 3.9%, from ¥24,725 million for the year ended 31 March 2025 to ¥25,691 million for the year ended 31 March 2026. The rise in revenue was attributable to (i) the additional revenue generated from two pachinko halls which were newly acquired during the current period; (ii) the continuous improvement in hall performance as a result of economic recovery; and (iii) the increase in gross pay-outs boosting customer turnover.

Gross pay-ins

For the year ended 31 March 2026, the Group’s gross pay-ins from pachinko and pachislot business amounted to ¥149,054 million, comprising revenue from 49 suburban halls and 2 urban halls. The increase in gross pay-ins by ¥3,963 million, or 2.7%, 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 ¥120,366 million for the year ended 31 March 2025 to ¥123,363 million for the year ended 31 March 2026, an increase of ¥2,997 million, or 2.5%, which corresponded to the rise in gross pay-ins.

Revenue margin

Revenue margin recorded at 17.2% for the year ended 31 March 2026, which was relatively stable as compared to 17.0% for the year ended 31 March 2025. 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 increased by ¥169 million or 10.3%, from ¥1,648 million for the year ended 31 March 2025 to ¥1,817 million in the current fiscal year. The amount comprised revenue derived from Vietnam and Cambodia amounting to ¥1,046 million and ¥771 million, respectively (2025: ¥1,042 million and ¥606 million, respectively). The increase in revenue was attributable to the continuous growth in entertainment industry in Southeast Asian countries.

Revenue from sales of real estate business

Revenue from sales of real estate business represents income generated from a start up business which focuses on investing in hotels and potential properties with high resell value. During the year ended 31 March 2026, several transactions were taken place, generating a total revenue of ¥3,744 million.

Other revenue

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

Vending machines income amounted to ¥577 million for the year ended 31 March 2026. The increase of ¥25 million as compared to ¥552 million for the year ended 31 March 2025 was resulted from the increase in customer turnover rate as mentioned above.

Income from hotel operation amounted to ¥436 million for the year ended 31 March 2026, recording an increase of ¥85 million as compared to ¥351 million for the year ended 31 March 2025. The robust increase in hotel income was attributable to the acquisition of two hot spring ryokan inns in August 2024 and the increase in room rate as compared to last year.

Revenue from restaurant operations amounted to ¥1,335 million for the year ended 31 March 2026, increased by ¥295 million, or 28.4%, as compared to ¥1,040 million for the year ended 31 March 2025. Other than the increasing popularity of “KOMEDA” cafés, two “LIZARRAN” restaurants and a new private branded restaurant named “PLANCHAL” which were opened between the second quarter of last financial year and the current financial year had contributed an additional revenue of ¥290 million.

Hall, hotel and restaurant operating expenses

Hall, hotel and restaurant operating expenses increased by ¥755 million, or 3.5%, from ¥21,488 million for the year ended 31 March 2025 to ¥22,243 million in the current fiscal year. Major components of hall, hotel and restaurant operating expenses are pachinko and pachislot machine expenses, staff cost for hall staff and depreciation expenses, amounting to ¥8,299 million, ¥4,526 million and ¥3,961 million, respectively, for the year ended 31 March 2026 (31 March 2025: ¥7,751 million, ¥4,327 million and ¥3,560 million, respectively).

Hall, hotel and restaurant operating expenses increased as a result of the installation of more smart machines to stimulate player visits and the increase in staff and utilities expenses due to inflation.

Administrative expenses

Administrative expenses increased by ¥574 million, or 13.6% from ¥4,211 million for the year ended 31 March 2025 to ¥4,785 million for the year ended 31 March 2026 as a result of the increase in staff wages and launch of various promotional events to boost up sales during the current fiscal year.

Impairment loss

Impairment loss on property, plant and equipment, right-of-use assets and other non-financial assets amounted to ¥414 million in the current fiscal 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-financial assets other than goodwill 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 assessed for whether each of the CGU have any impairment indicator by considering whether the CGU recorded operating loss after overhead allocation with a performance below budget (defined as not fulfilling the projected operating cash flow after overhead allocation), or consecutive operating loss after overhead allocation for 2 years, unless the CGU is still in investment stage and performed impairment assessments over pachinko and pachislot hall operations, amusement arcade operations and hotel 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 ¥126 million, ¥251 million and ¥37 million over plant, property and equipment, right-of-use assets and other non-financial assets

respectively for the year ended 31 March 2026 (31 March 2025: ¥150 million and ¥282 million over plant, property and equipment and right-of-use assets, respectively).

Finance costs

Finance costs, net amounted to ¥870 million for the year ended 31 March 2026 as compared to ¥882 million for the year ended 31 March 2025. The drop was attributable to the decrease in interest expense on lease liabilities offset with mild increase in interest expense on borrowings.

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

Profit attributable to owners of the Company of ¥2,130 million was recorded for year ended 31 March 2026, as compared to ¥607 million in the previous fiscal year. Profit increased noticeably, mainly attributable to the introduction of real estate business during the year, and the continuous improvement in revenue across different business segments outweighing the rise in hall and administrative expenses.

Basic earnings per share for the year ended 31 March 2026 was ¥1.78 (31 March 2025: ¥0.51). The Board has declared a final dividend of ¥0.24 per common share for the year ended 31 March 2026 (31 March 2025: ¥0.12).

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 2026 and 2025:

	As at 31 March	
	2026 ¥ million	2025 <i>¥ million</i>
Cash and cash equivalents	11,608	10,574
Bank deposits with maturity over 3 months	899	834
	12,507	11,408
Bank loans	6,572	5,351
Syndicated loans	5,289	4,489
Lease liabilities	24,639	25,967
	36,500	35,807
Total equity	21,296	19,235
Gearing ratio (<i>Note 1</i>)	1.2	1.3
Working capital (<i>Note 2</i>)	(144)	(1,409)

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 2026, net current liabilities of the Group totalled ¥144 million (31 March 2025: ¥1,409 million), and current ratio was 0.99 (31 March 2025: 0.90). As at 31 March 2026, there were cash and cash equivalents of ¥11,608 million (31 March 2025: ¥10,574 million), in which ¥10,474 million was denominated in Japanese Yen, ¥678 million was denominated in United States dollar, ¥411 million was denominated in Hong Kong dollar and ¥45 million was denominated in other currencies. As at 31 March 2026, the Group had total borrowings and lease liabilities of ¥36,500 million (31 March 2025: ¥35,807 million). Current portion of bank borrowings and current portion of lease liabilities amounted to ¥9,670 million as at 31 March 2026 (31 March 2025: ¥7,655 million).

The Group's bank borrowings during the current period comprised bank loans and syndicated loans. As at 31 March 2026, the total bank borrowings amounted to ¥11,861 million (31 March 2025: ¥9,840 million), with average effective interest rates on bank borrowings ranged from 1.82% to 2.07% (31 March 2025: 1.58% to 1.64%) per annum. Approximately 1.5% of bank borrowings as at 31 March 2026 were fixed rate borrowings.

HEDGING OF FLOATING RATE BORROWINGS AND FOREIGN EXCHANGE

As at 31 March 2026, the Group had one floating to fixed interest rate swap contract with bank in Japan (i.e. the Group pays fixed interest rates and receives interests at floating rate). This interest rate swap contract was 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 contract enabled the Group to reduce the volatility in the amount of interest being paid. For the year ended 31 March 2026, there was no change in fair value for interest rate swap contracts (31 March 2025: fair value gain of ¥1 million).

The Group did not carry out significant foreign currency investment and its debts were all denominated in Japanese Yen as at 31 March 2026. 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 and Cambodian Riel 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 1.2 as at 31 March 2026 (31 March 2025: 1.3).

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	
	2026	2025
	¥ million	¥ million
Property, plant and equipment	2,377	1,986
Right-of-use assets	1,357	1,407
Intangible assets	138	3
Investment property	–	827
	<u>3,872</u>	<u>4,223</u>

CHARGES ON ASSETS

As at 31 March 2026 and 2025, the carrying values of charged assets were as below:

	As at 31 March	
	2026	2025
	¥ million	¥ million
Property, plant and equipment	8,523	8,756
Investment properties	1,279	532
Deposits and other receivables	150	154
	9,952	9,442

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2026 and 2025.

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

Except for the acquisitions and disposals in this annual results announcement, during the year ended 31 March 2026, the Group did not conduct any significant investments, material acquisitions or disposals. 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.

SUBSEQUENT EVENT

On 3 April 2026, the Group completed the disposal of certain properties held for sales with carrying amount of ¥763 million to an independent third-party at a consideration of approximately ¥1,004 million.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2026, the Group had 1,207 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 ¥0.24 per common share for the year ended 31 March 2026 (31 March 2025: ¥0.12) on 26 May 2026 and the final dividend will be payable on 15 July 2026 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 2026.

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 26 May 2026 (being 18 to 22 May 2026).

CORPORATE GOVERNANCE

During the year ended 31 March 2026, 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 (the “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 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 2026.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company did not redeem any of its listed securities during the year ended 31 March 2026. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities (including sale of treasury shares, if any) during the year ended 31 March 2026. As at 31 March 2026, the Company did not hold any treasury shares.

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 2026.

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 2026 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 the preliminary announcement.

ANNUAL GENERAL MEETING AND RECORD DATE

The annual general meeting of the Company (the “2026 AGM”) will be held on 29 June 2026 at 2-1-24, Hohaccho, Koriyama-shi, Fukushima, 963-8811, Japan. Notice of the 2026 AGM will be published and sent to Shareholders in due course. The right to attend and vote at the 2026 AGM will be granted to the Shareholders whose names appear on the Company’s share register at the close of business on 23 June 2026.

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 2026 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 23 June 2026.

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 2026 containing all the information required by the Listing Rules will be sent 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
株式会社ニラク・ジー・シー・ホールディングス
NIRAKU GC HOLDINGS, INC.*
Hisanori TANIGUCHI

Chairman, Executive Director and Chief Executive Officer

Fukushima, Japan, 26 May 2026

As at the date of this announcement, the executive Directors are Hisanori TANIGUCHI and Masataka WATANABE; the non-executive Directors are Hiroshi BANNAI and Hidenori MOROTA; and the independent non-executive Directors are Michio MINAKATA, Yoshihiro KOIZUMI, Kuraji KUTSUWATA, Akihito TANAKA and Reiko HACHISUKA.

** for identification purpose only*