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# NIRAKU GC HOLDINGS

株式会社ニラク・ジー・シー・ホールディングス

**NIRAKU GC HOLDINGS, INC.\***

*(Incorporated in Japan with limited liability)*

**(Stock Code: 1245)**

## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

### RESULTS HIGHLIGHTS

- Gross pay-ins were ¥53,181 million (or HK\$3,698 million<sup>#</sup>), recording an increase of 26.4% as compared with the same period last year;
- Revenue was ¥10,795 million (or HK\$751 million<sup>#</sup>), recording an increase of 30.0% as compared with the same period last year;
- Profit before income tax was ¥1,625 million (or HK\$113 million<sup>#</sup>), compared with the loss before income tax of ¥1,738 million for the same period last year;
- Profit for the period attributable to shareholders of the Company was ¥1,209 million (or HK\$84 million<sup>#</sup>), recording a hike of ¥2,857 million (or HK\$199 million) as compared with the same period last year;
- Basic earnings per share of the Company was ¥1.01 (or HK\$0.07<sup>#</sup>) (Six months ended 30 September 2020: basic loss per share was ¥1.38);
- The Board has resolved not to declare an interim dividend for the six months ended 30 September 2021 (Six months ended 30 September 2020: Nil); and
- The Group operated 47 halls as at 30 September 2021.

<sup>#</sup> Translated into Hong Kong dollar at the rate of ¥14.38 to HK\$1.00, the exchange rate prevailing on 30 September 2021 (i.e. the last business day in September 2021).

\* For identification purpose only

The board (the “Board”) of directors (the “Directors”) of NIRAKU GC HOLDINGS, INC.\* (the “Company” or “NIRAKU”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2021 together with the comparative figures for the six months ended 30 September 2020 as follows:

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		<b>Six months ended</b>	
		<b>30 September</b>	
	<i>Note</i>	<b>2021</b>	2020
		<b>¥ million</b>	¥ million
		<b>(Unaudited)</b>	(Unaudited)
Revenue	4	<b>10,795</b>	8,302
Other income	5	<b>331</b>	392
Other gains, net	5	<b>1,376</b>	137
Hall operating expenses	6	<b>(8,523)</b>	(7,950)
Administrative and other operating expenses	6	<b>(1,786)</b>	(1,679)
Impairment loss on loan to an associate		<b>–</b>	(271)
<b>Operating profit/(loss)</b>		<b>2,193</b>	(1,069)
Finance income		<b>39</b>	47
Finance costs		<b>(607)</b>	(716)
Finance costs, net	7	<b>(568)</b>	(669)
<b>Profit/(loss) before income tax</b>		<b>1,625</b>	(1,738)
Income tax expense	8	<b>(422)</b>	(14)
<b>Profit/(loss) for the period</b>		<b>1,203</b>	(1,752)
<b>Profit/(loss) for the period attributable to:</b>			
Owners of the Company		<b>1,209</b>	(1,648)
Non-controlling interest		<b>(6)</b>	(104)
		<b>1,203</b>	(1,752)
<b>Earnings/(loss) per share for profit/(loss) attributable to owners of the Company</b>			
– Basic and diluted (expressed in ¥ per share)	9	<b>1.01</b>	(1.38)

	<b>Six months ended</b>	
	<b>30 September</b>	
<i>Note</i>	<b>2021</b>	<b>2020</b>
	<b>¥ million</b>	<b>¥ million</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit/(loss) for the period</b>	<b>1,203</b>	<b>(1,752)</b>
<b>Other comprehensive (loss)/income</b>		
<i>Items that will not be subsequently reclassified to profit or loss</i>		
Change in value of financial assets at fair value through other comprehensive income	<b>(10)</b>	24
<i>Items that have been or may be subsequently reclassified to profit or loss</i>		
Currency translation differences	<b>(8)</b>	<b>(26)</b>
<b>Total comprehensive income/(loss) for the period</b>	<b><u>1,185</u></b>	<b><u>(1,754)</u></b>
<b>Total comprehensive income/(loss) attributable to:</b>		
Owners of the Company	<b>1,205</b>	<b>(1,650)</b>
Non-controlling interest	<b>(20)</b>	<b>(104)</b>
	<b><u>1,185</u></b>	<b><u>(1,754)</u></b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 September 2021	31 March 2021
	<i>Note</i>	¥ million (Unaudited)	¥ million (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	18,103	18,581
Right-of-use assets	12	27,381	27,949
Investment properties	11	726	737
Intangible assets	11	1,333	1,400
Prepayments, deposits and other receivables		4,357	4,545
Interest in an associate		–	–
Financial assets at fair value through other comprehensive income		563	577
Deferred income tax assets		5,758	5,765
		<b>58,221</b>	59,554
<b>Current assets</b>			
Inventories		59	21
Trade receivables	13	36	64
Prepayments, deposits and other receivables		1,082	1,327
Financial assets at fair value through profit or loss		108	106
Current income tax recoverable		267	474
Bank deposits with maturity over 3 months		71	42
Cash and cash equivalents		11,192	15,903
		<b>12,815</b>	17,937
<b>Total assets</b>		<b>71,036</b>	77,491
<b>EQUITY</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital		3,000	3,000
Reserves		18,967	17,762
		<b>21,967</b>	20,762
Non-controlling interest		(576)	(556)
<b>Total equity</b>		<b>21,391</b>	20,206

		30 September 2021	31 March 2021
	<i>Note</i>	¥ million (Unaudited)	¥ million (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	15	7,473	738
Lease liabilities	12	28,857	30,534
Provisions and other payables		2,170	2,192
Derivative financial instruments		13	16
		<u>38,513</u>	<u>33,480</u>
<b>Current liabilities</b>			
Trade payables	14	92	108
Borrowings	15	4,157	15,929
Lease liabilities	12	2,603	2,906
Accruals, provisions and other payables		3,996	4,131
Derivative financial instruments		3	3
Current income tax liabilities		281	728
		<u>11,132</u>	<u>23,805</u>
<b>Total liabilities</b>		<u>49,645</u>	<u>57,285</u>
<b>Total equity and liabilities</b>		<u>71,036</u>	<u>77,491</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 GENERAL INFORMATION

株式会社ニラク・ジー・シー・ホールディングス NIRAKU GC HOLDINGS, INC.\* 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. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

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

This condensed consolidated interim financial information was approved for issue on 19 November 2021.

## 2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 September 2021 has been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”). The condensed consolidated interim financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2021, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

## 3 ACCOUNTING POLICIES

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2021, as described in the annual financial statements.

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

### (a) New and amended standards adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 April 2021:

Amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendments to IFRS 16	COVID-19 Related Rent Concessions
Amendments to IFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021 (unaccompanied)

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

(b) New and amended standards, improvements and practice statement to existing standards (collectively, the “Amendments”) not yet adopted by the Group

		Effective for accounting periods beginning on or after
Amendments to IFRS 3	Reference to Conceptual Framework	1 January 2022
Amendments to IFRS 16	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Amendments to Annual Improvement project	Annual improvements to IFRSs 2018–2020	1 January 2022
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023
Amendments to IFRS 17	Amendments to IFRS 17	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

## 4 REVENUE AND SEGMENT INFORMATION

### (a) Revenue

	Six months ended 30 September	
	2021	2020
	¥ million	¥ million
	(Unaudited)	(Unaudited)
<b>Revenue</b>		
Gross pay-ins	53,181	42,082
Less: gross pay-outs	(42,781)	(34,598)
	<u>10,400</u>	<u>7,484</u>
Revenue from pachinko and pachislot hall business	10,400	7,484
Revenue from amusement arcades	97	526
Vending machine income	180	150
Revenue from hotel operation	3	20
Revenue from restaurant operations	115	122
	<u>10,795</u>	<u>8,302</u>

### (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 segment results, being adjusted profit/(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 condensed consolidated interim financial information.

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

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, financial assets at fair value through other comprehensive income and interest in an associate.

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 six months ended 30 September 2021 and 2020 are as follows:

	Six months ended 30 September 2021				Total ¥ million
	Pachinko and pachislot hall operations Japan ¥ million	Amusement arcade operations Southeast Asia ¥ million	Restaurant operations China ¥ million	Other Japan ¥ million	
<b>Segment revenue from external customers</b>					
Over time	10,580	97	-	3	10,680
At a point in time	-	-	23	92	115
<b>Segment revenue from external customers</b>	<u>10,580</u>	<u>97</u>	<u>23</u>	<u>95</u>	<u>10,795</u>
<b>Segment results</b>	2,207	(244)	(295)	(35)	1,633
Corporate expenses					<u>(8)</u>
Profit before income tax					1,625
Income tax expense					<u>(422)</u>
<b>Profit for the period</b>					<u><u>1,203</u></u>
<b>Other segment items</b>					
Depreciation and amortisation expenses	(1,737)	(193)	(49)	(9)	(1,988)
Impairment loss on right-of-use assets	(21)	-	(274)	-	(295)
Impairment loss on property, plant and equipment	(42)	-	(1)	-	(43)
Impairment loss on intangible assets	-	-	(9)	-	(9)
Impairment loss on irrecoverable prepayments	-	-	(56)	-	(56)
Finance income	36	3	-	-	39
Finance costs	<u>(576)</u>	<u>(31)</u>	<u>-</u>	<u>-</u>	<u>(607)</u>

	Six months ended 30 September 2020				
	Pachinko and pachislot hall operations Japan ¥ million	Amusement arcade operations Southeast Asia ¥ million	Restaurant operations China ¥ million	Other Japan ¥ million	Total ¥ million
<b>Segment revenue from external customers</b>					
Over time	7,634	526	–	20	8,180
At a point in time	–	–	–	122	122
<b>Segment revenue from external customers</b>	<u>7,634</u>	<u>526</u>	<u>–</u>	<u>142</u>	<u>8,302</u>
<b>Segment results</b>	(1,161)	(87)	(65)	(113)	(1,426)
Corporate expenses					<u>(312)</u>
Loss before income tax					(1,738)
Income tax credit					<u>(14)</u>
<b>Loss for the period</b>					<u><u>(1,752)</u></u>
<b>Other segment items</b>					
Depreciation and amortisation expenses	(2,151)	(225)	(10)	(10)	(2,396)
Impairment loss on right-of-use assets	(8)	–	–	–	(8)
Impairment loss on property, plant and equipment	(172)	(17)	–	–	(189)
Finance income	46	1	–	–	47
Finance costs	<u>(668)</u>	<u>(48)</u>	<u>–</u>	<u>–</u>	<u>(716)</u>

The segment assets as at 30 September 2021 and 31 March 2021 are as follows:

	Pachinko and pachislot hall operations Japan ¥ million	Amusement arcade operations Southeast Asia ¥ million	Restaurant operations China ¥ million	Other Japan ¥ million	Total ¥ million
<b>As at 30 September 2021</b>					
<b>Segment assets</b>	56,697	1,378	297	739	59,111
Unallocated assets					6,167
Deferred income tax assets					<u>5,758</u>
<b>Total assets</b>					<u><u>71,036</u></u>
Addition to non-current assets other than financial instruments and deferred tax assets	<u>2,207</u>	<u>158</u>	<u>–</u>	<u>–</u>	<u>2,365</u>

	Pachinko and pachislot hall operations Japan ¥ million	Amusement arcade operations Southeast Asia ¥ million	Restaurant operations China ¥ million	Other Japan ¥ million	Total ¥ million
<b>As at 31 March 2021</b>					
<b>Segment assets</b>	62,150	1,750	576	933	65,409
Unallocated assets					6,317
Deferred income tax assets					5,765
<b>Total assets</b>					<u>77,491</u>
Addition to non-current assets other than financial instruments and deferred tax assets	<u>3,909</u>	<u>231</u>	<u>4</u>	<u>90</u>	<u>4,234</u>

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

	<b>As at 30 September 2021 ¥ million (Unaudited)</b>	<b>As at 31 March 2021 ¥ million (Audited)</b>
Japan	<b>47,684</b>	47,722
Southeast Asia	<b>784</b>	948
China	<b>–</b>	412
	<u><b>48,468</b></u>	<u>49,082</u>

No single external customer contributed more than 10% revenue to the Group's revenue for the six months ended 30 September 2021 and 2020.

## 5 OTHER INCOME AND OTHER GAINS, NET

	Six months ended 30 September	
	2021	2020
	¥ million	¥ million
	(Unaudited)	(Unaudited)
<b>Other income</b>		
Rental income	105	77
Income from expired IC and membership cards	11	8
Dividend income	9	14
Compensation and subsidies ( <i>Note</i> )	84	189
Income from scrap sales of used pachinko and pachislot machines	77	44
Others	45	60
	331	392
	331	392
<b>Other gains, net</b>		
Gain on release of lease liabilities	1,349	132
Gain on fair value changes of financial assets through profit or loss	2	4
Gain on fair value changes of derivative financial instruments	3	–
Gain/(loss) on disposal of property, plant and equipment, net	25	(16)
Loss on disposal of intangible assets	(32)	–
Others	29	17
	1,376	137
	1,376	137

*Note:*

During the six months ended 30 September 2021 and 2020, compensation and subsidies were mainly received from the Government of Japan as a financial aid to Japanese corporations during the COVID-19 pandemic.

## 6 OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging the following:

	Six months ended 30 September	
	2021	2020
	¥ million	¥ million
	(Unaudited)	(Unaudited)
Employee benefits expenses		
– Hall operations	2,280	2,456
– Administrative and others	618	570
Short-term operating lease rental expense in respect of land and buildings	65	76
Depreciation of property, plant and equipment	814	997
Depreciation of right-of-use assets	1,131	1,363
Depreciation of investment properties	11	10
Amortisation of intangible assets	32	26
Impairment loss on property, plant and equipment	43	189
Impairment loss on right-of-use assets	295	8
Impairment loss on intangible assets	9	–
Impairment loss on irrecoverable prepayments	56	–
Pachinko and pachislot machines expenses ( <i>Note</i> )	2,835	1,533

*Note:*

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

## 7 FINANCE COSTS, NET

	Six months ended 30 September	
	2021	2020
	¥ million	¥ million
	(Unaudited)	(Unaudited)
<b>Finance income</b>		
Bank interest income	1	1
Interest income on lease receivables	18	19
Other interest income	20	27
	<u>39</u>	<u>47</u>
<b>Finance costs</b>		
Bank borrowings	(51)	(108)
Lease liabilities	(431)	(498)
Provision for unwinding discount	(125)	(110)
	<u>(607)</u>	<u>(716)</u>
<b>Finance costs, net</b>	<u>(568)</u>	<u>(669)</u>

## 8 INCOME TAX EXPENSE

	Six months ended 30 September	
	2021 ¥ million (Unaudited)	2020 ¥ million (Unaudited)
Current tax		
– Japan	408	10
– Other Asian countries	(3)	(3)
	405	7
Deferred income tax	17	7
	422	14

Taxation has been provided at the appropriate rates prevailing in the countries in which the Group operates. The Group is subject to national corporate income tax, inhabitant tax and enterprise tax in Japan, which, in aggregate, resulted in effective statutory income tax rates of approximately 29.9% for the six months ended 30 September 2021 (For the six months ended 30 September 2020: 29.9%).

Taxation on other Asian countries profits has been calculated on the estimated assessable profit/(loss) for the year at the rate of taxation prevailing in the countries in which the Group operates. These rates range from 17.0% to 20.0% for the six months ended 30 September 2021 (For the six months ended 30 September 2020: same).

## 9 EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 September 2021 and 2020.

	Six months ended 30 September	
	2021 (Unaudited)	2020 (Unaudited)
Profit/(loss) attributable to shareholders of the Company (¥ million)	1,209	(1,648)
Weighted average number of shares for the purpose of calculating basic loss per share (thousands)	1,195,850	1,195,850
Basic and diluted earnings/(loss) per share (¥)	1.01	(1.38)

Diluted earnings/(loss) per share is the same as basic earnings/(loss) per share as there was no potential dilutive shares during the six months ended 30 September 2021.

## 10 DIVIDENDS

No dividend was paid during the six months ended 30 September 2021 and 30 September 2020.

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2021 (For the six months ended 30 September 2020: Nil).

## 11 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS

During the six months ended 30 September 2021, the Group incurred capital expenditures of approximately ¥388 million and ¥2 million for property, plant and equipment and intangible assets, respectively (For the six months ended 30 September 2020: ¥812 million and ¥25 million, respectively.)

During the six months ended 30 September 2021, the net book value of property, plant and equipment and intangible assets disposed amounted to approximately ¥11 million and ¥32 million, respectively (For the six months ended 30 September 2020: ¥32 million for properties, plant and equipment).

As at 30 September 2021, property, plant and equipment and investment properties of ¥9,572 million and ¥603 million, respectively, (31 March 2021: ¥9,790 million and ¥611 million, respectively) were pledged to secure bank borrowings.

### Impairment reviews on property, plant and equipment, right-of-use assets and other non-current assets

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

For the six months ended 30 September 2021, the management regards CGUs that were loss-making for current period and performed below management’s expectation as having impairment indicator. The management has reviewed the recoverability of the relevant carrying amounts of these CGUs.

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

The value-in-use calculations use pre-tax cash flow projections based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using the estimated growth rates stated below. The key assumptions used in the value-in-use calculations for the six months ended 30 September 2021 and 2020 are as follow:

	Six months ended 30 September			
	2021		2020	
	Revenue growth rate	Discount rate	Revenue growth rate	Discount rate
Pachinko and pachislot hall operations	0%	9%	0%	9%
Amusement arcade operations	0%	20%	0%	19.7%
Restaurant operations	0%	17%	N/A*	N/A*
Other operations	0%	9%	N/A*	N/A*

\* As no impairment indicator was identified as at 30 September 2020, no impairment assessment was performed.

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

The fair value less cost of disposal calculation is based on valuation carried out by an independent professionally qualified valuer, who holds recognised relevant professional qualifications and has recent experiences in the locations and segments of the property valued. The valuation was determined using the market approach, which largely used observable and unobservable inputs, including unit price per square meter of sales comparable for land. The fair values of the CGU subject to fair value less cost of disposal calculation is within level 3 of the fair value hierarchy.

The key assumptions used for fair value less costs of disposal calculation for the six months ended 30 September 2021 and 2020 are as follow:

	<b>Six months ended 30 September</b>	
	<b>2021</b>	2020
<b>Sales comparison approach</b>		
Land – unit price square meter	<u><u>¥97,200</u></u>	<u><u>¥97,200</u></u>

The Group's finance department includes a team that reviews the valuation performed by the independent valuer for financial reporting purposes. This team reports directly to the executive directors. Discussions of valuation processes and results are held between the valuation team and valuer at least annually.

For the six months ended 30 September 2021, as a result of the impairment review, impairment loss of approximately ¥43 million (For the six months ended 30 September 2020: ¥189 million), ¥295 million (For the six months ended 30 September 2020: ¥8 million), ¥9 million (For the six months ended 30 September 2020: Nil) and ¥56 million (For the six months ended 30 September 2020: Nil) has been recognised on property, plant and equipment, right-of-use assets, intangible assets and irrecoverable prepayments, respectively.

For pachinko and pachislot hall operations, impairment loss of approximately ¥63 million has been recognised for current period (For the six months ended 30 September 2020: ¥180 million).

For amusement arcade operations, no impairment loss was recognised for current period (For the six months ended 30 September 2020: ¥17 million).

For restaurant operations, impairment loss of approximately ¥340 million, which represents all of its non-current assets, has been recognised in current period (For the six months ended 30 September 2020: Nil).

No impairment loss has been recognised for other operations for six months ended 30 September 2021 and 2020.

For pachinko and pachislot operations, if the revenue growth rate in the value-in-use calculations decreased by 2% with other assumptions remain constant, addition in impairment loss of ¥168 million would be recorded. If the discount rate in the value-in-use calculations increased by 1% with other assumptions remain constant, addition in impairment loss of ¥184 million would be recorded. If the unit price per square meter in the fair value less cost of disposal calculation decreased by 1%, with other assumptions remain constant, addition in impairment loss would be immaterial.

For amusement arcade operations, if the revenue growth rate in the value-in-use calculations decreased by 2% with other assumptions remain constant, addition in impairment loss of ¥11 million would be recorded. If the discount rate in the value-in-use calculations increased by 2% with other assumptions remain constant, addition in impairment loss of ¥10 million would be recorded. If the operation suspensions in Vietnam and Cambodia continue until March 2022, addition in impairment loss of ¥22 million would be recorded.



For restaurant operations and other operations, if the revenue growth rate decreased by 2%, or the discount rate increased by 1%, with other assumptions remain constant, addition in impairment loss would be immaterial.

## 12 LEASES

During the six months ended 30 September 2021, the Group entered into a number of lease agreements for the use of equipment, staff quarters and vehicles, and therefore recognised the additions of right-of-use assets of ¥1,975 million.

During the six months ended 30 September 2021, the Group received COVID-19-related rent concessions in the form of wavier or reduction on fixed monthly rental and has accounted such rent concessions as lease modifications.

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

	<b>30 September 2021 ¥ million (Unaudited)</b>	31 March 2021 ¥ million (Audited)
<b>Right-of-use assets</b>		
Buildings	26,845	27,286
Leasehold improvement	254	355
Equipment and tools	246	263
Vehicles	36	45
	<u>27,381</u>	<u>27,949</u>
<b>Lease liabilities</b>		
Current	2,603	2,906
Non-current	28,857	30,534
	<u>31,460</u>	<u>33,440</u>

For the six months ended 30 September 2021, as a result of the impairment review, impairment loss of approximately ¥295 million (2020: ¥8 million) has been recognised on right-of-use assets. Refer to Note 11 for details of the impairment review.

## 13 TRADE RECEIVABLES

	<b>30 September 2021 ¥ million (Unaudited)</b>	31 March 2021 ¥ million (Audited)
Trade receivables	<u>36</u>	<u>64</u>

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

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

	<b>30 September 2021 ¥ million (Unaudited)</b>	31 March 2021 ¥ million (Audited)
Less than 30 days	<u>36</u>	<u>64</u>

#### 14 TRADE PAYABLES

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

	<b>30 September 2021 ¥ million (Unaudited)</b>	31 March 2021 ¥ million (Audited)
Less than 30 days	2	108
31–90 days	<u>90</u>	<u>–</u>
	<u>92</u>	<u>108</u>

#### 15 BORROWINGS

	<b>30 September 2021 ¥ million (Unaudited)</b>	31 March 2021 ¥ million (Audited)
<b>Non-current portion</b>		
Bank loans	3,053	738
Syndicated loans	<u>4,420</u>	<u>–</u>
	<u>7,473</u>	<u>738</u>
<b>Current portion</b>		
Bank loans	2,160	3,740
Syndicated loans	<u>1,997</u>	<u>12,189</u>
	<u>4,157</u>	<u>15,929</u>
Total borrowings	<u>11,630</u>	<u>16,667</u>

As at 31 March 2021, the Group was not able to comply with certain financial covenants for part of the Group's bank borrowings and reclassified borrowings of approximately ¥7,063 million, representing the non-current portion of total borrowings of approximately ¥14,758 million, to current liabilities. In June 2021, subsequent to obtaining written consents from the banks on waiving their rights to request immediate repayment, management reclassified the portion of relevant borrowings that was scheduled to be paid after 12 months from the date of waiver letter from current to non-current.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS OVERVIEW**

With the rollout of vaccines and increasing number of people received vaccinations, Japan has seen a downtrend in Coronavirus Disease 2019 (“COVID-19”) infections. Tapering off the coronavirus countermeasures as previously imposed by the local government, the domestic consumer spending in Japan has seen an improving sign. Howbeit the upside in Japan, the impact of COVID-19 continues to be severe in Southeast Asian countries including the Group’s investments in Vietnam and Cambodia, where social-distancing measures and district-level lockdowns have led to a huge damage on the Group’s business as all amusement arcades were required to suspend their operations during the current financial period. Nevertheless, YOKOCHO restaurants have resumed their operations in August 2021 providing Japanese mid-end food and beverages to customers. For the six months ended 30 September 2021, revenue of the Group amounted to ¥10,795 million, recording a surge of ¥2,493 million, as compared to ¥8,302 million for the six months ended 30 September 2020. The Group’s revenue margin was improved by 1.8%, turning around the Group’s net margin from a loss margin of 21.1% for the six months ended 30 September 2020 to a net profit margin of 11.1% in current period, generating a net profit attributable to owners of ¥1,209 million for the six months ended 30 September 2021 as compared to a net loss of ¥1,648 million in prior period. Effective cost controls continue to be an important measure to the Group for achieving a stable positive return.

### **BUSINESS SEGMENT ANALYSIS**

#### **Pachinko business**

Pachinko revenue recorded an increase of ¥2,916 million for the six months ended 30 September 2021 from ¥7,484 million in prior period to ¥10,400 million in current period. As COVID-19 panic subsided and the state of emergency in Japan was subsequently lifted, the pachinko business has noted a steady improvement, but the overall hall traffic has yet to rebound to pre-pandemic level. This phenomenon can be explained as the impact of change of consumer behavior during the pandemic and the enduring pachinko industry recession. Expanding the market share through opening new or acquiring existing halls; increasing customer turnover via providing a wide variety of game machines; and prudent spending to maintain a stable positive return remain to be the Group’s business strategies. In August 2020, a large size hall named Oomachi was opened in the Koriyama city, contributing to an additional gross pay-in of ¥1,778 million for the six months ended 30 September 2021. Machine replacement exercise was largely restored. The amount invested in machine replacement had increased from ¥1,533 million for the six months ended 30 September 2020 to ¥2,835 million in current period, enabling customers to enjoy new model machines and in return, increasing hall traffic. With the implementation of effective cost saving measures such as streamlining operating structure, bargain for rental concession and review expenditure thoroughly, the administrative and other operating expenses were able to maintain at the same level as prior period.

## **Amusement arcades business**

The pandemic has deeply cracked the amusement arcade business where the Group operated in Vietnam and Cambodia. Since the announcement of district-level lockdown by Vietnamese government and Cambodian government to curb COVID-19 surge, all arcades, in Vietnam and in Cambodia, were forced to suspend their operations. Prolonged restrictions imposed by local government had caused hardest-hit on the amusement segment leading to a tremendous fall of 81.6% in revenue from ¥526 million for the six months ended 30 September 2020 to ¥97 million in current period. Albeit the underperformed results in current period, the management foresees a steady pick-up in the fourth quarter of the financial year after the local governments announced the lifting of restrictions and reopening cross-border activities, allowing all amusement arcades to resume their businesses in 2021.

## **Restaurant business**

Complying with the request from Tokyo Metropolitan government, according to declaration of the State of Emergency, all 3 franchised Spanish restaurants under the name “LIZARRAN” were required to shorten their business days and business hours. As a result, income generated from this sector was plunged by 70% to ¥15 million for the six months ended 30 September 2021 as compared to ¥50 million for the same period in prior year. The management expects a gradual improvement in this sector after the ease of restriction was announced by the Japanese government in late October 2021. Benefiting from the full operation of pachinko halls, the 2 franchised cafés, “KOMEDA”, locating in the vicinity of pachinko halls had recorded a stable increase of income of 10%, to ¥77 million for the six months ended 30 September 2021. “YOKOCHO”, an array of Japanese restaurants situated in Shenzhen Upper Hills commercial building in China, had resumed its business since August 2021, generating an income of ¥23 million in current period. The management had shifted their business strategy from providing high-end food and beverage to positioning on mid-end products, which better meets the demand of customers in China.

## **PROSPECT AND FUTURE DEVELOPMENT**

As the spread of the infections contains, governments around the world are preparing for exit strategies to reanimate their economies. Despite the negative impact of the pandemic may continue to last for months, with the invincible belief, flexible and adaptable to change, the Group is positive in restoring hall traffic and starting new investments. A new hall equipped with 600 game machines is scheduled to open in the fourth quarter in Ibaraki province, northern part of Kanto area.

Seeing the increasing popularity of bubble tea in Japan, during the interim period, Niraku Corporation, a wholly-owned subsidiary of the Group, entered into a franchise agreement with Gong Cha, a renowned Taiwanese tea chain store company, to open the Group’s first ever bubble tea café. The two pioneer Gong Cha cafés will commence their business in the third quarter.

Stepping into human resources business, an indirect wholly-owned subsidiary, OOCube Inc., was established in Japan in July 2021, providing manpower dispatching and introduction service.

Allying with large Japanese shopping mall developers, like Aeon, as the paramount for selecting new outlet location remains the business strategy of the Group in its Southeast Asian investments. The management is planning to open 2 new game centres in Vietnam in the coming year, bringing in new revenue and strengthening Dream Games's market share.

With the relaxation of restrictions across countries, global economy is expected to recover at a steady pace. The Group looks forward to a post-pandemic era and is prepared to grab every opportunity in a rapid changing environment. The Group continues to uphold its motto — “Happy, Time, Creation”; bring joy to players; establish a rapport, long-term relationship with customers and business partners; and strive for sustainable returns to shareholders.

## **FINANCIAL REVIEW**

### **Revenue from Pachinko and Pachislot Business**

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

Revenue from pachinko and pachislot business recorded a surge of ¥2,916 million, or 39.0%, from ¥7,484 million for the six months ended 30 September 2020 to ¥10,400 million for the same period in 2021. The hike in revenue was attributable to the resumption of pachinko hall operations and gradual recovery of hall traffic after the removal of state of emergency order imposed by the government of Japan in early 2021.

#### *Gross pay-ins*

Gross pay-ins recorded a notable increase of ¥11,099 million, or 26.4%, from ¥42,082 million for the six months ended 30 September 2020 to ¥53,181 million for the same period in current year.

#### *Gross pay-outs*

Gross pay-outs, being the aggregate cost of G-prizes and general prizes exchanged by customers, increased by ¥8,183 million, or 23.7%, from ¥34,598 million for the six months ended 30 September 2020 to ¥42,781 million for the same period in 2021 which corresponded to the rise in gross pay-ins.

#### *Revenue margin*

The revenue margin increased by 1.8% from 17.8% for the six months ended 30 September 2020 to 19.6% for the same period in current year. The increase in revenue margin was due to slight adjustment of pay-out ratio to stimulate customers' visit.

## Revenue from amusement arcade business

Revenue from amusement arcade business dropped from ¥526 million for the six months ended 30 September 2020 to ¥97 million for the same period in 2021. The amount comprised revenue derived from Vietnam and Cambodia amounting to ¥93 million and ¥4 million, respectively (30 September 2020: ¥459 million and ¥67 million, respectively). The plunge in revenue was due to the lockdown and social distancing measures imposed by local governments, causing a relatively prolonged closure of game centres in both Vietnam and Cambodia.

## Other revenue

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

Vending machine income amounted to ¥180 million for the six months ended 30 September 2021. The increase of ¥30 million, or 20.0%, as compared to ¥150 million for the six months ended 30 September 2020 was attributable to the uplift of the state of emergency previously declared by the government in Japan, allowing all pachinko halls to resume their businesses.

Income from hotel operation amounted to ¥3 million for the six months ended 30 September 2021, recording a significant drop of ¥17 million, or 85%, as compared to the six months ended 30 September 2020 of ¥20 million. The hit on hotel income was due to the earthquake that happened in February 2021 causing a large scale of damages on the building itself which led to a six months' closure for hotel retrofit.

Revenue from restaurant operations amounted to ¥115 million for the six months ended 30 September 2021. The fall of ¥7 million, or 5.0% as compared to ¥122 million for the six months ended 30 September 2020 was resulted from the resumption of YOKOCHO business in August 2021 bringing in an additional revenue of ¥23 million; netted with the decrease in income from Lizarran as a result of COVID-19 impact.

## Hall operating expenses

Hall operating expenses increased by ¥573 million, or 7.2%, from ¥7,950 million for the six months ended 30 September 2020 to ¥8,523 million for the same period in current year. Major components of hall operating expenses are pachinko and pachislot machine expenses, staff cost for hall staff and depreciation expenses, amounting to ¥2,835 million, ¥2,280 million and ¥1,894 million, respectively, for the six months ended 30 September 2021 (30 September 2020: ¥1,533 million, ¥2,456 million and ¥2,220 million, respectively).

The rise in hall operating expenses was mainly resulted from more frequent replacement of new pachinko and pachislot machines to attract customers' visit and to comply with gaming regulations.

## **Administrative and other operating expenses**

Administrative and other operating expenses amounted to ¥1,786 million for the six months ended 30 September 2021 recorded an increase of ¥107 million, or 6.4%, as compared to same period in prior year of ¥1,679 million. The rise is mainly due to impairment loss of ¥339 million which was provided for during the current period, netted with drop in administrative expense as effective cost control continues to be the major measure of the Group in maintaining a stable net return.

## **Finance costs**

Finance costs, net amounted to ¥568 million for the six months ended 30 September 2021, recorded a drop of ¥101 million, or 15.1%, as compared to ¥669 million for the same period in 2020 as less bank borrowings were made during the current period.

## **Profit/(loss) attributable to shareholders of the Company, basic earnings/(loss) per share and dividend**

Profit attributable to shareholders of the Company of ¥1,209 million was recorded for the six months ended 30 September 2021, as compared to the loss of ¥1,648 million for the six months ended 30 September 2020. The turnaround was resulted from full operations of all pachinko halls and regaining of customer visit as mentioned above.

Basic earnings per share for the six months ended 30 September 2021 was ¥1.01 (basic loss per share for the six months ended 30 September 2020: ¥1.38). The Board has resolved not to declare an interim dividend for the six months ended 30 September 2021 (30 September 2020: nil).

## **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 30 September 2021 and 31 March 2021, and operating cash flows before movements in working capital of the Group for the six months ended 30 September 2021 and 2020, respectively:

	<b>As at 30 September 2021 ¥ million</b>	As at 31 March 2021 ¥ million
Cash and cash equivalents	<b>11,192</b>	15,903
Bank deposits with maturity over 3 months	<b>71</b>	42
	<b>11,263</b>	15,945
Bank loans	<b>5,213</b>	4,478
Syndicated loans	<b>6,417</b>	12,189
Lease liabilities	<b>31,460</b>	33,440
	<b>43,090</b>	50,107
Working capital ( <i>Note 1</i> )	<b>1,683</b>	(5,868)
Total equity	<b>21,391</b>	20,206
Gearing ratio ( <i>Note 2</i> )	<b>1.5</b>	1.7
	<b>For the six months ended 30 September 2021 ¥ million</b>	2020 ¥ million
Operating cash flows before movements in working capital	<b>3,245</b>	861

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

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

As at 30 September 2021, net current assets of the Group totalled ¥1,683 million (31 March 2021: net current liabilities ¥5,868 million), and current ratio was 1.15 as at 30 September 2021 (31 March 2021: 0.75). As at 30 September 2021, there were cash and cash equivalents of ¥11,192 million (31 March 2021: ¥15,903 million), in which ¥10,105 million was denominated in Japanese Yen, ¥764 million was denominated in United States dollar, ¥261 million was denominated in Hong Kong dollar and ¥62 million was denominated in other currencies. As at 30 September 2021, the Group had total borrowings and lease liabilities of ¥43,090 million (31 March 2021: ¥50,107 million). Current portion of bank borrowings and current portion of lease liabilities amounted to ¥6,760 million as at 30 September 2021 (31 March 2021: ¥18,835 million).



The Group's bank borrowings during the current period comprised bank loans and syndicated loans. As at 30 September 2021, the total bank borrowings amounted to ¥11,630 million (31 March 2021: ¥16,667 million), with average effective interest rates on bank borrowings ranged from 0.98% to 1.65% (31 March 2021: 0.67% to 1.68%) per annum. Approximately 8.6% of bank borrowings as at 30 September 2021 were fixed rate borrowings.

## **HEDGING OF FLOATING RATE BORROWINGS AND FOREIGN EXCHANGE**

As at 30 September 2021, the Group had three floating to fixed interest rate swap contracts with banks in Japan (i.e. the Group pays fixed interest rates and receives interests at floating rate). These interest rate swap contracts were entered into as a measure to manage interest rate risk in relation to loans of the Group. As interest rates of some of the Group's loans are on a floating rate basis, the floating to fixed interest rate swap contracts enabled the Group to reduce the volatility in the amount of interest being paid. For the six months ended 30 September 2021, gain on fair value for interest rate swap contracts amounted to ¥3 million (for the six months ended 30 September 2020: Nil).

The Group did not carry out significant foreign currency investment and its debts were all denominated in Japanese Yen as at 30 September 2021. As the functional currency of certain subsidiaries are different from the Company, the Group will be exposed to foreign exchange risk arising from such exposure, namely in Singapore Dollar, Vietnamese Dong, Cambodian Riel and Renminbi against Japanese Yen. The management is assessing the significance of the foreign currency exposures faced by the Group and will consider adopting appropriate measures to mitigate the risk, including but not limited to entering into currency hedges.

## **GEARING RATIO**

The gearing ratio, defined as the aggregate of interest-bearing loans and lease liabilities less cash and cash equivalents, divided by total equity, was 1.5 as at 30 September 2021 (31 March 2021: 1.7).

## 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:

	<b>As at 30 September 2021 ¥ million</b>	As at 31 March 2021 ¥ million
Property, plant and equipment	<b>388</b>	1,718
Right-of-use assets	<b>1,975</b>	2,293
Investment properties	–	183
Intangible assets	<b>2</b>	40
	<b><u>2,365</u></b>	<u>4,234</u>

## CHARGES ON ASSETS

As at 30 September 2021 and 31 March 2021, the carrying values of charged assets were as below:

	<b>As at 30 September 2021 ¥ million</b>	As at 31 March 2021 ¥ million
Property, plant and equipment	<b>9,572</b>	9,790
Investment properties	<b>603</b>	611
Deposits and other receivables	<b>168</b>	170
	<b><u>10,343</u></b>	<u>10,571</u>

## CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 September 2021 and 31 March 2021.

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

During the six months ended 30 September 2021, the Group did not conduct any significant investments, material acquisitions or disposals. Save for those disclosed in this interim results announcement, the Group had no plan authorised by the Board for other material investments or additions of capital assets as at the date of this interim results announcement.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 September 2021, the Group had 1,571 employees. The remuneration policy of the Group (including those for directors and employees) is determined by the Remuneration Committee under the Board as per the performance, qualifications and competence of the employees.

## **CORPORATE GOVERNANCE**

During the six months ended 30 September 2021, the Company has adopted and complied with all the applicable principles and code provisions of the Corporate Governance Code and Corporate Governance Report (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”), with the exception for code provision A.2.1, which requires the roles of chairman and chief executive to be separated and should be performed by different individuals, and code provision E.1.3, which requires that notice for an annual general meeting should be sent to the shareholders at least 20 clear business days before the meeting.

### **Code Provision A.2.1**

Under code provision A.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 (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 our shareholders as a whole.

### **Code Provision E.1.3**

Code provision E.1.3 stipulates that notice for an annual general meeting (the “AGM”) should be sent to its shareholders by the issuer at least 20 clear business days before the meeting. The AGM of the Company for the year ended 31 March 2021 was held on 29 July 2021 (the “2021 AGM”), while the notice for the 2021 AGM was despatched on 7 July 2021. The above arrangement complied with the articles of incorporation of the Company (the “Articles of Incorporation”) prepared pursuant to the Companies Act in respect of the minimum notice period of 21 calendar days (the date of sending and the date of the meeting shall not be included within this period) for AGM but the notice period for the 2021 AGM was less than 20 clear business days before the 2021 AGM.

The Companies Act also requires the notice for the AGM to be despatched together with the audited financial statements under the Japanese Generally Accepted Accounting Principles, which must be approved by the Board. On the other hand, the annual report must contain audited financial statements prepared under the IFRS as required under the Listing Rules. As a result, more time was required to finalise the annual report which accompanied the AGM notice despatched to the shareholders of the Company.

### **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”) as its own code of conduct regarding securities transactions by Directors. Having made specific enquiry with all Directors, the Directors confirmed that they had complied with the required standard set out in the Model Code and the Company’s code of conduct during the six months ended 30 September 2021.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

The Company did not redeem any of its listed securities during the six months ended 30 September 2021. Neither the Company nor any of its subsidiaries purchased or sold any of the Company’s listed securities during the six months ended 30 September 2021.

### **CHANGE TO INFORMATION IN RESPECT OF DIRECTORS**

There is no change in information of the Directors since the date of the Company’s Annual Report 2021 which required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### **INTERIM DIVIDEND**

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2021 (30 September 2020: Nil).

## REVIEW OF INTERIM RESULTS

The audit committee of the Company has reviewed the unaudited condensed consolidated interim financial information and the Interim Report for the six months ended 30 September 2021 and discussed the financial related matters with the management. The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 September 2021 has been reviewed by the Company's auditor, PricewaterhouseCoopers, in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

## PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.ngch.co.jp](http://www.ngch.co.jp)), and the interim report of the Company for the six months ended 30 September 2021 will be dispatched to the shareholders of the Company and will be published on the respective websites of the Stock Exchange and the Company in due course.

On behalf of the Board

**NIRAKU GC HOLDINGS, INC.\***

株式会社ニラク・ジー・シー・ホールディングス

**Hisanori TANIGUCHI**

*Chairman, Executive Director and Chief Executive Officer*

Fukushima, Japan, 19 November 2021

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

\* for identification purpose only