

# 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 於日本註冊成立的有限公司)

Stock Code 股份代號 : 1245

## 2023/2024

INTERIM REPORT 中期報告

\* For identification purpose only 僅供識別

# Contents

	<b>Page</b>
Corporate Profile	<b>2</b>
Corporation Information and Information for Investors	<b>3</b>
Financial and Operational Highlights	<b>4</b>
Management Discussion and Analysis	<b>6</b>
Corporate Governance and Other Information	<b>13</b>
Report on Review of Interim Financial Information	<b>17</b>
Interim Condensed Consolidated Statement of Comprehensive Income	<b>19</b>
Interim Condensed Consolidated Statement of Financial Position	<b>21</b>
Interim Condensed Consolidated Statement of Changes in Equity	<b>23</b>
Interim Condensed Consolidated Statement of Cash Flows	<b>24</b>
Notes to the Interim Condensed Consolidated Financial Information	<b>25</b>

# Corporate Profile

株式会社ニラク・ジー・シー・ホールディングス NIRAKU GC HOLDINGS, INC.\* (“NIRAKU” or the “Company”, Hong Kong stock code: 1245, together with its subsidiaries, the “Group”) is a leading pachinko hall operator in Fukushima Prefecture in Japan with over 60 years of pachinko hall operation experience. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 8 April 2015.

Since the opening of the first pachinko hall in 1950, NIRAKU has been aiming in bringing enjoyable experience to customers, which forms our slogan of “Happy Time, Creation”.

NIRAKU has a strong pachinko hall network with 49 halls at present, stretching from Tokyo Metropolitan Area to Northeast Honshu, equipped with over 28,600 pachinko and pachislot machines serving customers in ten prefectures in Japan.

\* For identification purpose only

# Corporation Information and Information for Investors

## CORPORATE INFORMATION

### Executive Directors

Mr. Hisanori TANIGUCHI (*Chairman*)  
Mr. Akinori OHISHI  
Mr. Masataka WATANABE

### Non-Executive Director

Mr. Hiroshi BANNAI

### Independent Non-Executive Directors

Mr. Michio MINAKATA  
Mr. Yoshihiro KOIZUMI  
Mr. Kuraji KUTSUWATA  
Mr. Akihito TANAKA

### Audit Committee

Mr. Michio MINAKATA (*Committee Chairman*)  
Mr. Hiroshi BANNAI  
Mr. Yoshihiro KOIZUMI

### Remuneration Committee

Mr. Yoshihiro KOIZUMI (*Committee Chairman*)  
Mr. Hisanori TANIGUCHI  
Mr. Michio MINAKATA

### Nomination Committee

Mr. Hisanori TANIGUCHI (*Committee Chairman*)  
Mr. Kuraji KUTSUWATA  
Mr. Akihito TANAKA

## INFORMATION FOR INVESTORS

### Principal Bankers

Mizuho Bank, Ltd.  
Sumitomo Mitsui Bank Corporation  
The Toho Bank, Ltd.

### Auditor

PricewaterhouseCoopers  
*Certified Public Accountants*  
Registered Public Interest Entity Auditor

### Legal Adviser

Deacons

### Share Registrar

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716  
17/F Hopewell Centre  
183 Queen's Road East  
Wan Chai, Hong Kong

### Principal Place of Business in Hong Kong

805B, 8/F, Tsim Sha Tsui Centre  
66 Mody Road, Tsim Sha Tsui  
Kowloon, Hong Kong

### Headquarters in Japan and Registered Office

1-1-39 Hohaccho  
Koriyama-shi, Fukushima  
Japan 963-8811

### Stock Code

1245

### Investor and Media Relations Consultant

Strategic Financial Relations Limited

### Website

[www.ngch.co.jp](http://www.ngch.co.jp)

### Investor Relation Inquiry

e-mail: [niraku@sprg.com.hk](mailto:niraku@sprg.com.hk)

# Financial and Operational Highlights

The following table summarises the results of the Group for the financial periods ended 30 September 2023 and 2022.

	For the six months ended 30 September			
	2023		2022	
	¥ million	HK\$ million	¥ million (Restated)	HK\$ million (Restated)
Gross pay-ins	<b>63,890</b>	<b>3,547</b>	59,179	3,210
Gross pay-outs	<b>(52,272)</b>	<b>(2,903)</b>	(48,286)	(2,619)
Revenue from pachinko and pachislot business	<b>11,618</b>	<b>644</b>	10,893	591
Revenue from amusement arcade business	<b>941</b>	<b>52</b>	887	48
Other revenue	<b>630</b>	<b>35</b>	502	27
Revenue	<b>13,189</b>	<b>732</b>	12,282	666
Hall operating expenses	<b>(10,610)</b>	<b>(589)</b>	(9,156)	(497)
Administrative expenses	<b>(1,828)</b>	<b>(101)</b>	(1,713)	(93)
Profit before income tax	<b>969</b>	<b>54</b>	1,522	83
Profit attributable to the owners of the Company	<b>622</b>	<b>35</b>	1,116	61
Earnings per share (expressed in Japanese Yen or Hong Kong dollar)	<b>0.52</b>	<b>0.03</b>	0.93	0.05
Overall revenue margin	<b>18.2%</b>	<b>18.2%</b>	18.4%	18.4%
Net profit margin	<b>4.6%</b>	<b>4.6%</b>	9.0%	9.0%
	As at 30 September 2023		As at 31 March 2023	
	¥ million	HK\$ million	¥ million	HK\$ million
Current assets	<b>12,980</b>	<b>721</b>	12,396	729
Current liabilities	<b>13,239</b>	<b>735</b>	11,616	683
Net current (liabilities)/assets	<b>(259)</b>	<b>(14)</b>	780	46
Total assets	<b>66,207</b>	<b>3,675</b>	65,804	3,869
Total assets less current liabilities	<b>52,968</b>	<b>2,940</b>	54,188	3,186
Gearing ratio	<b>1.5</b>	<b>1.5</b>	1.5	1.5

The Group had made certain retrospective adjustments to the financial information for the six months ended 30 September 2022 following the business cessation of an indirectly non-wholly owned subsidiary. Details regarding the adjustments made were provided in Note 11 to the interim condensed consolidated financial information for the six months ended 30 September 2023.

# Financial and Operational Highlights

## CURRENCY TRANSLATIONS

For the purpose of illustration only and unless otherwise specified in this interim report, certain amounts denominated in Japanese Yen (“¥”) are translated into Hong Kong dollar (“HK\$”) at the rates (as the case may be) described below:

1. ¥18.01 to HK\$1.00, the exchange rate prevailing on 29 September 2023 (i.e. the last business day in September 2023);
2. ¥18.44 to HK\$1.00, the exchange rate prevailing on 30 September 2022 (i.e. the last business day in September 2022);  
and
3. ¥17.01 to HK\$1.00, the exchange rate prevailing on 31 March 2023 (i.e. the last business day in March 2023).

No representation is made that the amounts in Japanese Yen could have been, or could be, converted into Hong Kong dollar or vice versa, at such rates or at any other rates on such date or on any other dates.

# Management Discussion and Analysis

## BUSINESS OVERVIEW

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

## BUSINESS SEGMENT ANALYSIS

### Pachinko business

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

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

### Amusement arcades business

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

### Restaurant business

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

# Management Discussion and Analysis

## PROSPECT AND FUTURE DEVELOPMENT

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

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

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

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

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

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

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

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

# Management Discussion and Analysis

## FINANCIAL REVIEW

### Revenue from Pachinko and Pachislot Business

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

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

#### *Gross pay-ins*

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

#### *Gross pay-outs*

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

#### *Revenue margin*

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

### Revenue from amusement arcade business

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

### Other revenue

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

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

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

# Management Discussion and Analysis

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

## Hall operating expenses

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

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

## Administrative expenses

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

## Finance costs

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

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

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

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

## CAPITAL STRUCTURE

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

# Management Discussion and Analysis

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

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

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

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

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

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

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

# Management Discussion and Analysis

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

## HEDGING OF FLOATING RATE BORROWINGS AND FOREIGN EXCHANGE

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

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

## GEARING RATIO

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

## CAPITAL EXPENDITURE

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

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

# Management Discussion and Analysis

## CHARGES ON ASSETS

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

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

## CONTINGENT LIABILITIES

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

## CAPITAL COMMITMENTS

Details of the Group's capital commitments as at 30 September 2023 and 31 March 2023 are set out in Note 23 to the interim condensed consolidated financial information.

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

Except for the cessation of the YOKOCHO business as disclosed in this interim report, during the six months ended 30 September 2023, the Group did not conduct any significant investments, material acquisitions or disposals. Save for those disclosed in this interim report, 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 report.

## EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2023, the Group had 1,571 employees. The remuneration policy of the Group (including those for directors (the "Directors") and employees) is determined by the Remuneration Committee under the Board as per the performance, qualifications and competence of the employees. Details of the key management remuneration of the Company are set forth in Note 24(b) to the interim condensed consolidated financial information.

## FINANCIAL KEY PERFORMANCE INDICATORS

Certain financial key performance indicators which complement and supplement the financial disclosures are set out in "Management Discussion and Analysis" on pages 6 to 12 and the "Interim Condensed Consolidated Financial Statements" on pages 19 to 24 of this interim report.

# Corporate Governance and Other Information

## CORPORATE GOVERNANCE

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

### Code Provision C.2.1

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

## DIRECTORS’ SECURITIES TRANSACTIONS

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

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

# Corporate Governance and Other Information

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION

As at 30 September 2023, the interests and short positions of the Directors and the chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register as required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix 10 to the Listing Rules were as follows:

Name	Capacity/Nature of interest	Total	Approximate % of shareholding
Hisanori TANIGUCHI (谷口久徳)	Beneficial owner	85,624,184 common shares	7.16%
Hiroshi BANNAI (坂内弘)	Beneficial Owner	216,000 common shares	0.02%

Notes:

(1) All interests stated are long positions.

(2) There were 1,195,850,460 shares in issue as at 30 September 2023.

Save as disclosed above, as at 30 September 2023, none of the Directors and chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or required to be recorded in the register to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

# Corporate Governance and Other Information

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2023, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity/Nature of interest	Total	Approximate % of shareholding
Yoshihiro TANIGUCHI (谷口佳浩)	Beneficial owner; interest of controlled corporation; custodian <sup>(1)</sup>	98,440,000 common shares	8.23%
Seiai TANIGUCHI (谷口正愛)	Interest of a spouse <sup>(2)</sup>	85,624,184 common shares	7.16%
Yurie TANIGUCHI (谷口祐莉惠)	Interest of a spouse <sup>(3)</sup>	98,440,000 common shares	8.23%
Okada Holdings Limited	Beneficial owner <sup>(4)</sup>	80,500,000 common shares	6.73%
Universal Entertainment Corporation	Beneficial owner <sup>(4)</sup>	80,500,000 common shares	6.73%
Tiger Resort Asia Limited	Beneficial owner <sup>(4)</sup>	80,500,000 common shares	6.73%
Densho Limited	Beneficial owner	225,560,460 common shares	18.86%
Jukki Limited	Beneficial owner	181,010,000 common shares	15.14%

Notes:

- (1) The interests held by Mr. Yoshihiro TANIGUCHI (谷口佳浩) shown above include: (i) 33,580,000 shares held in his own name for his own benefit; (ii) 11,500,000 shares held by Daiki Limited\* (有限会社大喜), a company collectively wholly-owned by his children, the voting rights of which are exercisable by Mr. Yoshihiro TANIGUCHI (谷口佳浩); and (iii) 53,360,000 shares held by the YT Family Trust for the benefit of his children, namely Mr. Akinori TANIGUCHI (谷口晃紀) and Mr. Masahide TANIGUCHI (谷口昌英). SMBC Trust Bank Ltd.\* (株式会社SMBC信託銀行) is the trustee and assignee\* (受託者) of the YT Family Trust and Mr. Yoshihiro TANIGUCHI (谷口佳浩) is entitled to exercise the voting rights attached to the shares under the YT Family Trust. The interests under the YT Family Trust are equally distributed among the two beneficiaries under the YT Family Trust.
- (2) Ms. Seiai TANIGUCHI (谷口正愛) is the spouse of our Chairman and is therefore deemed to be interested in the shares that our Chairman is interested in under the SFO.
- (3) Ms. Yurie TANIGUCHI (谷口祐莉惠) is the spouse of Mr. Yoshihiro TANIGUCHI (谷口佳浩) and is therefore deemed to be interested in the shares that Mr. Yoshihiro TANIGUCHI (谷口佳浩) is interested in under the SFO.

# Corporate Governance and Other Information

- (4) Okada Holdings Limited indirectly holds 70.28% interest in Universal Entertainment Corporation, which directly holds Tiger Resort Asia Limited. Accordingly, each of the Universal Entertainment Corporation and Okada Holdings Limited is deemed to be interested in such 80,500,000 shares held by Tiger Resort Asia Limited.
- (5) All interests stated are long positions.
- (6) There were 1,195,850,460 shares in issue as at 30 September 2023.

Save as disclosed above, and as at 30 September 2023, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

## 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 2023 which required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## INTERIM DIVIDEND

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

## REVIEW OF INTERIM RESULTS

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

\* For identification purpose only

# Report on Review of Interim Financial Information



TO THE BOARD OF DIRECTORS OF 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)

## INTRODUCTION

We have reviewed the interim financial information set out on pages 19 to 48, which comprises the interim condensed consolidated statement of financial position of 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”) and its subsidiaries (together, the “Group”) as at 30 September 2023 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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# Report on Review of Interim Financial Information

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 24 November 2023

\* *For identification purpose only*

# Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2023

		Six months ended 30 September	
	Note	2023 ¥ million (Unaudited)	2022 (Restated) ¥ million (Unaudited)
<b>Continuing operations</b>			
Revenue	6	13,189	12,282
Other income	7	259	252
Other gains, net	7	389	536
Hall operating expenses	8	(10,610)	(9,156)
Administrative expenses	8	(1,828)	(1,713)
<b>Operating profit</b>		<b>1,399</b>	<b>2,201</b>
Finance income		47	39
Finance costs		(477)	(510)
Finance costs, net	9	(430)	(471)
<b>Profit before income tax</b>		<b>969</b>	<b>1,730</b>
Income tax expense	10	(361)	(621)
<b>Profit for the period from continuing operations</b>		<b>608</b>	<b>1,109</b>
Loss for the period from discontinued operation	11	(426)	(104)
<b>Profit for the period</b>		<b>182</b>	<b>1,005</b>
<b>Profit/(loss) for the period attributable to:</b>			
Owners of the Company:			
Continuing operations		622	1,116
Discontinued operation		(217)	(53)
		<b>405</b>	<b>1,063</b>
Non-controlling interests:			
Continuing operations		(14)	(7)
Discontinued operation		(209)	(51)
		<b>(223)</b>	<b>(58)</b>
		<b>182</b>	<b>1,005</b>

# Interim Condensed Consolidated Statement of Comprehensive Income (CONTINUED)

For the six months ended 30 September 2023

	Note	Six months ended	
		30 September 2023	2022 (Restated)
		¥ million (Unaudited)	¥ million (Unaudited)
<b>Earnings/(loss) per share for profit attributable to owners of the Company</b>			
— Basic and diluted (expressed in ¥ per share)	12		
Profit for the period from continuing operations		0.52	0.93
Loss for the period from discontinued operation		(0.18)	(0.04)
Profit for the period		0.34	0.89
<b>Profit for the period</b>		<b>182</b>	<b>1,005</b>
<b>Other comprehensive income/(loss)</b>			
<i>Item that will not be subsequently reclassified to profit or loss</i>			
Change in value of financial assets through other comprehensive income		32	(4)
<i>Item that have been or may be subsequently reclassified to profit or loss</i>			
Currency translation differences		(167)	(178)
<b>Total comprehensive income for the period</b>		<b>47</b>	<b>823</b>
<b>Total comprehensive income/(loss) for the period attributable to:</b>			
Owners of the Company		409	933
Non-controlling interest		(362)	(110)
		47	823
<b>Total comprehensive income/(loss) for the period attributable to:</b>			
Owners of the Company:			
Continuing operations		651	991
Discontinued operation		(242)	(58)
		409	933
Non-controlling interests:			
Continuing operations		(129)	(55)
Discontinued operation		(233)	(55)
		(362)	(110)
		47	823

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# Interim Condensed Consolidated Statement of Financial Position

As at 30 September 2023

	Note	30 September 2023 ¥ million (Unaudited)	31 March 2023 ¥ million (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	17,425	16,898
Right-of-use assets	15	24,297	25,145
Investment properties	14	681	691
Intangible assets	14	317	322
Prepayments, deposits and other receivables		4,461	4,426
Interest in an associate	21	–	–
Financial assets at fair value through other comprehensive income		558	511
Deferred income tax assets		5,488	5,415
		<b>53,227</b>	<b>53,408</b>
<b>Current assets</b>			
Inventories		73	67
Trade receivables	16	133	107
Prepayments, deposits and other receivables		1,087	982
Financial assets at fair value through profit or loss		97	98
Current income tax recoverable		–	179
Bank deposits with maturity over 3 months		468	528
Cash and cash equivalents		11,122	10,435
		<b>12,980</b>	<b>12,396</b>
<b>Total assets</b>		<b>66,207</b>	<b>65,804</b>

# Interim Condensed Consolidated Statement of Financial Position (CONTINUED)

As at 30 September 2023

	Note	30 September 2023 ¥ million (Unaudited)	31 March 2023 ¥ million (Audited)
<b>EQUITY</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital	17	3,000	3,000
Reserves	18	17,305	17,028
		<b>20,305</b>	20,028
Non-controlling interest		<b>(1,096)</b>	(734)
<b>Total equity</b>		<b>19,209</b>	19,294
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	20	5,775	5,765
Lease liabilities	15	25,791	26,968
Provisions and other payables		2,191	2,158
Derivative financial instruments		2	3
		<b>33,759</b>	34,894
<b>Current liabilities</b>			
Trade payables	19	181	125
Borrowings	20	4,837	4,441
Lease liabilities	15	2,697	2,762
Accruals, provisions and other payables		5,218	4,287
Derivative financial instruments		1	1
Current income tax liabilities		305	–
		<b>13,239</b>	11,616
<b>Total liabilities</b>		<b>46,998</b>	46,510
<b>Net current (liabilities)/assets</b>		<b>(259)</b>	780
<b>Total equity and liabilities</b>		<b>66,207</b>	65,804

The above interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

# Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2023

	Attributable to shareholders of the Company									
	Share capital ¥ million	Capital surplus (Note 18(a)) ¥ million	Capital reserve (Note 18(b)) ¥ million	Legal reserve (Note 18(c)) ¥ million	Investment revaluation reserve (Note 18(d)) ¥ million	Retained earnings ¥ million	Exchange reserves ¥ million	Sub-total ¥ million	Non-controlling interest ¥ million	Total ¥ million
<b>Balance at 1 April 2022</b>	3,000	13,954	(16,028)	107	(152)	18,741	8	19,630	(609)	19,021
<b>Comprehensive income</b>										
Profit/(loss) for the period	-	-	-	-	-	1,063	-	1,063	(58)	1,005
<b>Other comprehensive loss</b>										
Financial assets at fair value through other comprehensive income, net of tax	-	-	-	-	(4)	-	-	(4)	-	(4)
Currency translation difference	-	-	-	-	-	-	(126)	(126)	(52)	(178)
<b>Total comprehensive income for the period</b>	-	-	-	-	(4)	1,063	(126)	933	(110)	823
Dividends (Note 13)	-	-	-	-	-	(478)	-	(478)	-	(478)
<b>Total transactions with owners</b>	-	-	-	-	-	(478)	-	(478)	-	(478)
<b>Balance at 30 September 2022 (Unaudited)</b>	3,000	13,954	(16,028)	107	(156)	19,326	(118)	20,085	(719)	19,366
<b>Balance at 1 April 2023</b>	3,000	13,954	(16,028)	107	(206)	19,194	7	20,028	(734)	19,294
<b>Comprehensive income</b>										
Profit for the period	-	-	-	-	-	405	-	405	(223)	182
<b>Other comprehensive loss</b>										
Financial assets at fair value through other comprehensive income, net of tax	-	-	-	-	32	-	-	32	-	32
Currency translation difference	-	-	-	-	-	-	(28)	(28)	(139)	(167)
<b>Total comprehensive income for the period</b>	-	-	-	-	32	405	(28)	409	(362)	47
Dividends (Note 13)	-	-	-	-	-	(132)	-	(132)	-	(132)
<b>Total transactions with owners</b>	-	-	-	-	-	(132)	-	(132)	-	(132)
<b>Balance at 30 September 2023 (Unaudited)</b>	3,000	13,954	(16,028)	107	(174)	19,467	(21)	20,305	(1,096)	19,209

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2023

	Six months ended	
	30 September	
	2023	2022
	¥ million	¥ million
	(Unaudited)	(Unaudited)
<b>Cash flows from operating activities</b>		
Cash generated from operations	3,972	4,207
Interest paid	(70)	(71)
Income tax refund/(paid), net	35	(428)
<b>Net cash generated from operating activities</b>	<b>3,937</b>	<b>3,708</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,238)	(77)
Purchase of intangible assets	(4)	(3)
Proceeds from disposal of property, plant and equipment	48	25
Proceeds from bank deposits with maturity over 3 months	502	–
Placement of bank deposits with maturity over 3 months	(442)	(29)
Interest received	3	1
Dividend received	12	13
<b>Net cash used in investing activities</b>	<b>(1,119)</b>	<b>(70)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	3,633	2,798
Repayment of borrowings	(3,227)	(3,801)
Dividends paid	(132)	(478)
Principal elements of lease payments	(2,056)	(2,019)
Interest elements of lease payments	(351)	(374)
<b>Net cash used in financing activities</b>	<b>(2,133)</b>	<b>(3,874)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>685</b>	<b>(236)</b>
Cash and cash equivalents at beginning of the period	10,435	11,451
Effect of exchange rate changes on cash and cash equivalents	2	(53)
<b>Cash and cash equivalents at end of the period</b>	<b>11,122</b>	<b>11,162</b>

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Interim Condensed Consolidated Financial Information

## 1 GENERAL INFORMATION

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

The Company is an investment holding company. The Company and its subsidiaries (together, the “Group”) are principally engaged in pachinko and pachislot hall operations, hotel and restaurant operations in Japan, amusement arcade operations in Southeast Asian countries, and restaurant operations in China. In August 2023, the Group discontinued the restaurant operation in China. Details are set out in Note 11. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

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

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

## 2 BASIS OF PREPARATION

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

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

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

# Notes to the Interim Condensed Consolidated Financial Information (CONTINUED)

## 3 ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

# Notes to the Interim Condensed Consolidated Financial Information (CONTINUED)

## 4 ESTIMATES

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 March 2023, except the discontinued operation as set out in Note 11.

## 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2023.

There have been no changes in the risk management policies since year end.

### 5.2 Liquidity risk

There was no material change in the liquidity risk since 31 March 2023.

# Notes to the Interim Condensed Consolidated Financial Information (CONTINUED)

## 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

### 5.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	Level 1 ¥million	Level 2 ¥million	Level 3 ¥million	Total ¥million
<b>As at 30 September 2023 (Unaudited)</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss				
— Trust fund	–	97	–	97
Financial assets at fair value through other comprehensive income				
— Listed securities	558	–	–	558
	<b>558</b>	<b>97</b>	<b>–</b>	<b>655</b>
<b>Liabilities</b>				
Derivative financial liabilities				
— Interest rate swaps	–	3	–	3
<b>As at 31 March 2023 (Audited)</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss				
— Trust fund	–	98	–	98
Financial assets at fair value through other comprehensive income				
— Listed securities	511	–	–	511
	<b>511</b>	<b>98</b>	<b>–</b>	<b>609</b>
<b>Liabilities</b>				
Derivative financial liabilities				
— Interest rate swaps	–	4	–	4

## 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

### 5.3 Fair value estimation (Continued)

(i) *Financial instruments in level 1*

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 represent Tokyo Stock Exchange and The Stock Exchange of Hong Kong equity investments classified as fair value through other comprehensive income which were not held for trading purpose.

(ii) *Financial instruments in level 2*

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. As at 30 September 2023, instruments included in level 2 comprise trust fund and interest rate swaps issued by financial institutions in Japan and which were classified as financial assets/liabilities at fair value through profit or loss.

There were no transfers between levels 1, 2 and 3 during the six months ended 30 September 2023.

# Notes to the Interim Condensed Consolidated Financial Information (CONTINUED)

## 6 REVENUE AND SEGMENT INFORMATION

### (a) Revenue from continuing operation

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

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

### (b) Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker ("CODM") that are used for making strategic decisions. The CODM is identified as the executive directors 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 interim condensed consolidated financial information.

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

In August 2023, the Group discontinued the restaurant operation in China. Details are set out in Note 11.

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

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

# Notes to the Interim Condensed Consolidated Financial Information (CONTINUED)

## 6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

### (b) Segment information (Continued)

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

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

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

# Notes to the Interim Condensed Consolidated Financial Information (CONTINUED)

## 6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

### (b) Segment information (Continued)

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

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

# Notes to the Interim Condensed Consolidated Financial Information (CONTINUED)

## 6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

### (b) Segment information (Continued)

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

	Pachinko and pachislot hall operations Japan ¥ million	Amusement arcade operations Southeast Asia ¥ million	Other Japan and Hong Kong ¥ million	Restaurant operations China ¥ million	Total ¥ million
<b>As at 30 September 2023</b>					
Segment assets	52,428	2,036	1,000	20	55,484
Unallocated assets					5,235
Deferred income tax assets					5,488
<b>Total assets</b>					<b>66,207</b>
Addition to non-current assets other than financial instruments and deferred tax assets					
	1,243	458	131	–	1,832
<b>As at 31 March 2023</b>					
Segment assets	52,528	1,806	766	273	55,373
Unallocated assets					5,016
Deferred income tax assets					5,415
<b>Total assets</b>					<b>65,804</b>
Addition to non-current assets other than financial instruments and deferred tax assets					
	2,322	534	9	–	2,865

# Notes to the Interim Condensed Consolidated Financial Information (CONTINUED)

## 6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

### (b) Segment information (Continued)

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

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

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

## 7 OTHER INCOME AND OTHER GAINS, NET FROM CONTINUING OPERATIONS

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

## Notes to the Interim Condensed Consolidated Financial Information (CONTINUED)

### 8 OPERATING PROFIT FROM CONTINUING OPERATIONS

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

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

Note:

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

## Notes to the Interim Condensed Consolidated Financial Information (CONTINUED)

### 9 FINANCE COSTS, NET FROM CONTINUING OPERATIONS

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

### 10 INCOME TAX EXPENSE FROM CONTINUING OPERATIONS

	Six months ended 30 September	
	2023	2022 (Restated)
	¥ million (Unaudited)	¥ million (Unaudited)
Current tax		
— Japan	421	726
— Other Asian countries	28	(35)
	449	691
Deferred income tax	(88)	(70)
	361	621

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

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

# Notes to the Interim Condensed Consolidated Financial Information (CONTINUED)

## 11 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 Yokochō Co., Ltd. (“NPJ China”), a wholly-owned subsidiary of NPJ Hong Kong Limited) to withdraw from its YOKOCHO business in China in August 2023. On 19 September 2023, another written resolution was passed by the Board of NPJ Hong Kong Limited to approve the bankruptcy plan of the YOKOCHO business, proceed with necessary closure and bankruptcy procedures. The management of the Group believes that the cessation of business operation of NPJ China will improve the financial position of the Group, which is in the interests of the Company and its shareholders as a whole.

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

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

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

Note:

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

## Notes to the Interim Condensed Consolidated Financial Information (CONTINUED)

### 11 DISCONTINUED OPERATION (CONTINUED)

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

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

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

## Notes to the Interim Condensed Consolidated Financial Information (CONTINUED)

### 12 EARNINGS/(LOSS) PER SHARE

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

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

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

### 13 DIVIDENDS

For the six months ended 30 September 2023, the Company paid dividend of ¥132 million (¥0.11 per ordinary share) to their shareholders in respect of the year ended 31 March 2023 (For the six months ended 30 September 2022: ¥478 million (¥0.4 per ordinary share)).

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

## Notes to the Interim Condensed Consolidated Financial Information (CONTINUED)

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

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

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

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

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

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

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

## Notes to the Interim Condensed Consolidated Financial Information (CONTINUED)

### 14 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS (CONTINUED)

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

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

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

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

For the six months ended 30 September 2023, as a result of the impairment review, impairment loss of approximately ¥82 million (For the six months ended 30 September 2022: ¥149 million) and ¥34 million (For the six months ended 30 September 2022: ¥93 million) has been recognised on property, plant and equipment and right-of-use assets (Note 15) respectively. There was no impairment loss recognised for intangible assets and irrecoverable prepayments for the six months ended 30 September 2023 (For the six months ended 30 September 2022: No impairment loss was recognised for intangible assets and ¥1 million was recognised for irrecoverable prepayments).

## Notes to the Interim Condensed Consolidated Financial Information (CONTINUED)

### 14 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS (CONTINUED)

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

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

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

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

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

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

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

## Notes to the Interim Condensed Consolidated Financial Information (CONTINUED)

### 15 LEASES

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

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

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

For the six months ended 30 September 2023, as a result of the impairment review, impairment loss of approximately ¥34 million (For the six months ended 30 September 2022: ¥93 million) has been recognised on right-of-use assets. Refer to Note 14 for details of the impairment review.

## Notes to the Interim Condensed Consolidated Financial Information (CONTINUED)

### 16 TRADE RECEIVABLES

	<b>30 September 2023 ¥ million (Unaudited)</b>	31 March 2023 ¥ million (Audited)
Trade receivables	<b>133</b>	107

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

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

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

### 17 SHARE CAPITAL

	<b>Number of shares (thousands)</b>	<b>Share capital ¥million</b>
<b>Ordinary shares, issued and fully paid:</b>		
At 30 September 2022, 1 April 2023 and 30 September 2023	1,195,850	3,000

# Notes to the Interim Condensed Consolidated Financial Information (CONTINUED)

## 18 RESERVES

### (a) Capital surplus

Under the Japan Companies Act, certain portion of the consideration from the issuance of share capital shall be credited to the share capital and the remaining of the consideration shall be credited to capital surplus.

### (b) Capital reserve

Capital reserve represents the difference between the value of net assets of the subsidiary acquired by the Company and the share capitals in acquired subsidiaries under common control.

### (c) Legal reserve

The Japan Companies Act provides that a 10% dividend paid during the year shall be appropriated as legal reserve (a component of either capital surplus or retained earnings) until an aggregate amount of legal capital reserve and legal retained earnings equals 25% of share capital. The legal reserve may be used to reduce a deficit or transfer to share capital upon approval of the general meeting of shareholders.

### (d) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of financial assets through other comprehensive income held at the end of the reporting period.

## 19 TRADE PAYABLES

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

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

## Notes to the Interim Condensed Consolidated Financial Information (CONTINUED)

### 20 BORROWINGS

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

### 21 INTEREST IN AN ASSOCIATE

	30 September 2023 ¥ million (Unaudited)	31 March 2023 ¥ million (Audited)
Investment in unlisted shares, at cost	5	5
Share of results:		
At 1 April	(5)	(5)
Share of loss	-	-
Interest in an associate	-	-

# Notes to the Interim Condensed Consolidated Financial Information (CONTINUED)

## 21 INTEREST IN AN ASSOCIATE (CONTINUED)

Details of the associate as at 30 September 2023 and 31 March 2023 are as follows:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Interest held	
				30 September 2023	31 March 2023
Yes! E-Sports Asia Holdings Limited ("YEAH")	Hong Kong, limited liability company	Provision for e-sports events services	50,000 shares with paid up capital of USD100,000	40%	40%

There is no contingent liability relating to the Group's interest in the associate.

## 22 CONTINGENCIES

As at 30 September 2023, the Group did not have any significant contingent liabilities (31 March 2023: same).

## 23 COMMITMENTS

### Capital commitments

The outstanding capital commitments no provided or in the interim condensed consolidated financial information are as follows:

	30 September 2023 ¥ million (Unaudited)	31 March 2023 ¥ million (Audited)
Contracted but not provided for		
Purchase of property, plant and equipment	101	102

# Notes to the Interim Condensed Consolidated Financial Information (CONTINUED)

## 24 RELATED PARTY TRANSACTIONS

For the purposes of this interim condensed consolidated financial information, parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

### (a) Transactions with related parties

Other than those transactions and balances disclosed elsewhere in the interim condensed consolidated financial information, the following transactions were carried out with related parties:

	Six months ended 30 September	
	2023	2022
	¥ million	¥ million
	(Unaudited)	(Unaudited)
<b>Service fee expenses</b>		
Niraku USA, Inc.	16	15

The service fee paid was related to provision of gaming research services carried out by Niraku USA, Inc. and provision of training to employees of the Group in USA. Niraku USA, Inc. is a firm controlled by certain parties among the controlling shareholders of the Company.

The transactions with related parties were conducted in the ordinary course of the business based on terms mutually agreed between the relevant parties.

### (b) Key management compensation

Key management includes directors (executive, non-executive and external directors) and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 September	
	2023	2022
	¥ million	¥ million
	(Unaudited)	(Unaudited)
Directors' fees	147	150
Basic salaries, allowances and other benefits in kind	19	29
Employee's contribution to pension scheme	3	3
	169	182

# NIRAKU GC HOLDINGS



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