

# 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

# 2021/2022

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 Condensed Consolidated Interim 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 (the “Listing Date”).

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 47 halls at present, stretching from Tokyo Metropolitan Area to Northeast Honshu, equipped with over 27,000 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

### Headquarter 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 2021 and 2020.

	For the six months ended 30 September			
	2021		2020	
	¥ million	HK\$ million	¥ million	HK\$ million
Gross pay-ins	53,181	3,698	42,082	3,083
Gross pay-outs	(42,781)	(2,975)	(34,598)	(2,535)
Revenue from pachinko and pachislot business	10,400	723	7,484	548
Revenue from amusement arcade business	97	7	526	39
Other revenue	298	21	292	21
Revenue	10,795	751	8,302	608
Hall operating expenses	(8,523)	(593)	(7,950)	(582)
Administrative and other operating expenses	(1,786)	(124)	(1,679)	(123)
Profit/(loss) before income tax	1,625	113	(1,738)	(127)
Profit/(loss) attributable to the shareholders of the Company	1,209	84	(1,648)	(121)
Profit/(loss) per share (expressed in Japanese Yen or Hong Kong dollar)	1.01	0.07	(1.38)	(0.10)
Overall revenue margin	19.6%	–	17.8%	–
Net profit/(loss) margin	11.1%	–	(21.1%)	–
	As at 30 September 2021		As at 31 March 2021	
	¥ million	HK\$ million	¥ million	HK\$ million
Current assets	12,815	891	17,937	1,260
Current liabilities	11,132	774	23,805	1,672
Net current assets/(liabilities)	1,683	117	(5,868)	(412)
Total assets	71,036	4,940	77,491	5,442
Total assets less current liabilities	59,904	4,166	53,686	3,770
Gearing ratio	1.49	–	1.69	–

# 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. ¥14.38 to HK\$1.00, the exchange rate prevailing on 30 September 2021 (i.e. the last business day in September 2021);
2. ¥13.65 to HK\$1.00, the exchange rate prevailing on 30 September 2020 (i.e. the last business day in September 2020);
3. ¥14.24 to HK\$1.00, the exchange rate prevailing on 31 March 2021 (i.e. the last business day in March 2021);

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

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. However, 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.

# Management Discussion and Analysis

## 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.



# 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 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.

# Management Discussion and Analysis

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.

# Management Discussion and Analysis

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 (Note 1)	<b>1,683</b>	(5,868)
Total equity	<b>21,391</b>	20,206
Gearing ratio (Note 2)	<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.

# Management Discussion and Analysis

## 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:

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

# Management Discussion and Analysis

## 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>10,343</b>	10,571

## CONTINGENT LIABILITIES

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

## CAPITAL COMMITMENTS

Details of the Group's capital commitments as at 30 September 2021 and 31 March 2021 are set out in Note 22 to the condensed consolidated interim financial information.

## 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 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 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. Details of the key management remuneration of the Company are set forth in Note 23(b) to the condensed consolidated interim 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 "Condensed Consolidated Financial Statements" on pages 19 to 44 of this interim report.

# Corporate Governance and Other Information

## 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.

# Corporate Governance and Other Information

## 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.

## 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 2021, the interests and short positions of the Directors and the chief executives 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:

	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 2021.

Save as disclosed above, as at 30 September 2021, 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 2021, 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:

	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 (谷口祐莉恵)	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 (谷口祐莉恵) 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 74.21% 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 2021.

Save as disclosed above, and as at 30 September 2021, 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 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 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".

\* For identification purpose only

# Report on Review of Interim Financial Information



**TO THE BOARD OF DIRECTORS OF NIRAKU GC HOLDINGS, INC.\***

*(incorporated in Japan with limited liability)*

## INTRODUCTION

We have reviewed the interim financial information set out on pages 19 to 44, 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 2021 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 a summary of significant accounting policies and other 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.

---

*PricewaterhouseCoopers, 22/F, Prince’s Building, Central, Hong Kong  
T: +852 2289 8888, F: +852 2810 9888, [www.pwchk.com](http://www.pwchk.com)*

# 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, 19 November 2021

\* *For identification purpose only*

# Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2021

		Six months ended 30 September	
	Note	2021 ¥ million (Unaudited)	2020 ¥ million (Unaudited)
Revenue	6	10,795	8,302
Other income	7	331	392
Other gains, net	7	1,376	137
Hall operating expenses	8	(8,523)	(7,950)
Administrative and other operating expenses	8	(1,786)	(1,679)
Impairment loss on loan to an associate	20	–	(271)
<b>Operating profit/(loss)</b>		<b>2,193</b>	<b>(1,069)</b>
Finance income		39	47
Finance costs		(607)	(716)
Finance costs, net	9	(568)	(669)
<b>Profit/(loss) before income tax</b>		<b>1,625</b>	<b>(1,738)</b>
Income tax expense	10	(422)	(14)
<b>Profit/(loss) for the period</b>		<b>1,203</b>	<b>(1,752)</b>
<b>Profit/(loss) for the period attributable to:</b>			
Owners of the Company		1,209	(1,648)
Non-controlling interest		(6)	(104)
		<b>1,203</b>	<b>(1,752)</b>
<b>Earnings/(loss) per share for profit/(loss) attributable to owners of the Company</b>			
— Basic and diluted (expressed in ¥ per share)	11	1.01	(1.38)

# Interim Condensed Consolidated Statement of Comprehensive Income (CONTINUED)

For the six months ended 30 September 2021

	Note	Six months ended	
		30 September 2021	2020
		¥ million (Unaudited)	¥ million (Unaudited)
<b>Profit/(loss) for the period</b>		<b>1,203</b>	(1,752)
<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		(10)	24
<i>Items that have been or may be subsequently reclassified to profit or loss</i>			
Currency translation differences		(8)	(26)
<b>Total comprehensive income/(loss) for the period</b>		<b>1,185</b>	(1,754)
<b>Total comprehensive income/(loss) attributable to:</b>			
Owners of the Company		1,205	(1,650)
Non-controlling interest		(20)	(104)
		<b>1,185</b>	(1,754)

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 2021

	Note	30 September 2021 ¥ million (Unaudited)	31 March 2021 ¥ million (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	18,103	18,581
Right-of-use assets	14	27,381	27,949
Investment properties	13	726	737
Intangible assets	13	1,333	1,400
Prepayments, deposits and other receivables		4,357	4,545
Interest in an associate	20	–	–
Financial assets at fair value through other comprehensive income		563	577
Deferred income tax assets		5,758	5,765
		<b>58,221</b>	<b>59,554</b>
<b>Current assets</b>			
Inventories		59	21
Trade receivables	15	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>	<b>17,937</b>
<b>Total assets</b>		<b>71,036</b>	<b>77,491</b>
<b>EQUITY</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital	16	3,000	3,000
Reserves	17	18,967	17,762
		<b>21,967</b>	<b>20,762</b>
Non-controlling interest		(576)	(556)
<b>Total equity</b>		<b>21,391</b>	<b>20,206</b>

# Interim Condensed Consolidated Statement of Financial Position (CONTINUED)

As at 30 September 2021

	Note	30 September 2021 ¥ million (Unaudited)	31 March 2021 ¥ million (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	19	7,473	738
Lease liabilities	14	28,857	30,534
Provisions and other payables		2,170	2,192
Derivative financial instruments		13	16
		<b>38,513</b>	<b>33,480</b>
<b>Current liabilities</b>			
Trade payables	18	92	108
Borrowings	19	4,157	15,929
Lease liabilities	14	2,603	2,906
Accruals, provisions and other payables		3,996	4,131
Derivative financial instruments		3	3
Current income tax liabilities		281	728
		<b>11,132</b>	<b>23,805</b>
<b>Total liabilities</b>		<b>49,645</b>	<b>57,285</b>
<b>Total equity and liabilities</b>		<b>71,036</b>	<b>77,491</b>

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 2021

	Attributable to shareholders of the Company									
	Share capital ¥ million	Capital surplus (Note 17(a)) ¥ million	Capital reserve (Note 17(b)) ¥ million	Legal reserve (Note 17(c)) ¥ million	Investment revaluation reserve (Note 17(d)) ¥ million	Retained earnings ¥ million	Exchange reserves ¥ million	Sub-total ¥ million	Non-controlling interest ¥ million	Total ¥ million
<b>Balance at 1 April 2020</b>	3,000	13,954	(16,028)	107	(177)	25,403	(39)	26,220	(421)	25,799
<b>Comprehensive loss</b>										
Loss for the period	-	-	-	-	-	(1,648)	-	(1,648)	(104)	(1,752)
<b>Other comprehensive income/(loss)</b>										
Financial assets at fair value through other comprehensive income, net of tax	-	-	-	-	24	-	-	24	-	24
Currency translation difference	-	-	-	-	-	-	(26)	(26)	-	(26)
<b>Total comprehensive income/(loss) for the period</b>	-	-	-	-	24	(1,648)	(26)	(1,650)	(104)	(1,754)
<b>Balance at 30 September 2020 (Unaudited)</b>	3,000	13,954	(16,028)	107	(153)	23,755	(65)	24,570	(525)	24,045
<b>Balance at 1 April 2021</b>	3,000	13,954	(16,028)	107	(160)	19,922	(33)	20,762	(556)	20,206
<b>Comprehensive income</b>										
Profit for the period	-	-	-	-	-	1,209	-	1,209	(6)	1,203
<b>Other comprehensive (loss)/income</b>										
Financial assets at fair value through other comprehensive income, net of tax	-	-	-	-	(10)	-	-	(10)	-	(10)
Currency translation difference	-	-	-	-	-	-	6	6	(14)	(8)
<b>Total comprehensive (loss)/income for the period</b>	-	-	-	-	(10)	1,209	6	1,205	(20)	1,185
<b>Balance at 30 September 2021 (Unaudited)</b>	3,000	13,954	(16,028)	107	(170)	21,131	(27)	21,967	(576)	21,391

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 2021

	Six months ended 30 September	
	2021	2020
	¥ million	¥ million
	(Unaudited)	(Unaudited)
<b>Cash flows from operating activities</b>		
Cash generated from operations	3,498	861
Interest paid	(51)	(108)
Income tax paid	(645)	(281)
	<hr/>	<hr/>
Net cash generated from operating activities	2,802	472
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(385)	(812)
Purchase of intangible assets	(2)	(25)
Proceeds from disposal of property, plant and equipment	36	16
Proceeds from bank deposits with maturity over 3 months	–	675
Placement of bank deposits with maturity over 3 months	(29)	–
Interest received	1	5
Dividend received	9	14
	<hr/>	<hr/>
Net cash used in investing activities	(370)	(127)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	2,183	5,925
Repayment of borrowings	(7,220)	(2,350)
Principal elements of lease payments	(1,661)	(1,686)
Interest elements of lease payments	(431)	(498)
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	(7,129)	1,391
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(4,697)</b>	<b>1,736</b>
Cash and cash equivalents at beginning of the period	15,903	14,128
Effect of exchange rate changes on cash and cash equivalents	(14)	1
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	<b>11,192</b>	<b>15,865</b>

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

# 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.

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

### 3 ACCOUNTING POLICIES (CONTINUED)

#### (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.

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

## 4 ESTIMATES

The preparation of condensed consolidated interim 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 condensed consolidated interim 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 consolidated financial statements for the year ended 31 March 2021.

## 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 condensed consolidated interim 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 as at 31 March 2021.

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

### 5.2 Liquidity risk

As at 31 March 2021, the Group was not able to comply with certain financial covenants for part of the Group's bank borrowings amounting to approximately ¥14,758 million ("Relevant Borrowings"). Such non-compliance of the covenants would grant the banks (the "Relevant Banks") the right to request for immediate repayment of the borrowings. As a result, the Group reclassified borrowings of approximately ¥7,063 million, representing the non-current portion of borrowings of approximately ¥14,758 million, to current liabilities. In June 2021, the Group obtained written consents from Relevant Banks on waiving their rights to request immediate repayment arising from the aforementioned non-compliance of financial covenants and therefore, the Relevant Borrowings will only be due for repayment in accordance with the original repayment terms. Upon receipt of the waiver letter, 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.

Other than the above, there was no material change in the contractual undiscounted cash flows for financial liabilities.

# Notes to the Condensed Consolidated Interim 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 2021 (Unaudited)</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss				
— Unlisted securities	–	108	–	108
Financial assets at fair value through other comprehensive income				
— Listed securities	563	–	–	563
	<b>563</b>	<b>108</b>	<b>–</b>	<b>671</b>
<b>Liabilities</b>				
Derivative financial liabilities				
— Interest rate swaps	–	16	–	16
	Level 1 ¥ million	Level 2 ¥ million	Level 3 ¥ million	Total ¥ million
<b>As at 31 March 2021 (Audited)</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss				
— Unlisted securities	–	106	–	106
Financial assets at fair value through other comprehensive income				
— Listed securities	577	–	–	577
	577	106	–	683
<b>Liabilities</b>				
Derivative financial liabilities				
— Interest rate swaps	–	19	–	19

## 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 2021, instruments included in level 2 comprise unlisted securities 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 2021.

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

## 6 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)
	<hr/>	<hr/>
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
	<hr/>	<hr/>
	10,795	8,302

### (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.

# Notes to the Condensed Consolidated Interim 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 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>	<b>10,580</b>	<b>97</b>	<b>23</b>	<b>95</b>	<b>10,795</b>
<b>Segment results</b>	<b>2,207</b>	<b>(244)</b>	<b>(295)</b>	<b>(35)</b>	<b>1,633</b>
Corporate expenses					(8)
Profit before income tax					1,625
Income tax expense					(422)
<b>Profit for the period</b>					<b>1,203</b>
<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	(576)	(31)	–	–	(607)



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

## 6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

### (b) Segment information (Continued)

	Six months ended 30 September 2020				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	7,634	526	–	20	8,180
At a point in time	–	–	–	122	122
<b>Segment revenue from external customers</b>	<b>7,634</b>	<b>526</b>	<b>–</b>	<b>142</b>	<b>8,302</b>
<b>Segment results</b>	<b>(1,161)</b>	<b>(87)</b>	<b>(65)</b>	<b>(113)</b>	<b>(1,426)</b>
Corporate expenses					(312)
Loss before income tax					(1,738)
Income tax credit					(14)
<b>Loss for the period</b>					<b>(1,752)</b>
<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	(668)	(48)	–	–	(716)

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

## 6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

### (b) Segment information (Continued)

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>					
Segment assets	56,697	1,378	297	739	59,111
Unallocated assets					6,167
Deferred income tax assets					5,758
<b>Total assets</b>					<b>71,036</b>
Addition to non-current assets other than financial instruments and deferred tax assets					
	2,207	158	–	–	2,365
<b>As at 31 March 2021</b>					
Segment assets	62,150	1,750	576	933	65,409
Unallocated assets					6,317
Deferred income tax assets					5,765
<b>Total assets</b>					<b>77,491</b>
Addition to non-current assets other than financial instruments and deferred tax assets					
	3,909	231	4	90	4,234

# Notes to the Condensed Consolidated Interim 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 2021 ¥ million (Unaudited)	As at 31 March 2021 ¥ million (Audited)
Japan	47,684	47,722
Southeast Asia	784	948
China	–	412
	<b>48,468</b>	<b>49,082</b>

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

## 7 OTHER INCOME AND OTHER GAINS, NET

	Six months ended 30 September 2021 ¥ million (Unaudited)	2020 ¥ million (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 (Note)	84	189
Income from scrap sales of used pachinko and pachislot machines	77	44
Others	45	60
	<b>331</b>	<b>392</b>
<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
	<b>1,376</b>	<b>137</b>

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

## 7 OTHER INCOME AND OTHER GAINS, NET (CONTINUED)

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.

## 8 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 (Note)	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.

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

### 9 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
	<b>39</b>	<b>47</b>
<b>Finance costs</b>		
Bank borrowings	(51)	(108)
Lease liabilities	(431)	(498)
Provision for unwinding discount	(125)	(110)
	<b>(607)</b>	<b>(716)</b>
<b>Finance costs, net</b>	<b>(568)</b>	<b>(669)</b>

### 10 INCOME TAX EXPENSE

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

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).

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

## 11 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	2020
	(Unaudited)	(Unaudited)
Profit/(loss) attributable to shareholders of the Company (¥ million)	<b>1,209</b>	(1,648)
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 (¥)	<b>1.01</b>	(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.

## 12 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).

## 13 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.

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

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

#### 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.

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

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

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

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:

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

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 (Note 14), 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.



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

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

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 13 for details of the impairment review.

### 15 TRADE RECEIVABLES

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

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.

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

## 15 TRADE RECEIVABLES (CONTINUED)

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	<b>36</b>	64

## 16 SHARE CAPITAL

	<b>Number of shares (thousands)</b>	<b>Share capital ¥ million</b>
<b>Ordinary shares, issued and fully paid:</b>		
At 30 September 2020, 1 April 2021 and 30 September 2021	1,195,850	3,000

## 17 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.

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

### 18 TRADE PAYABLES

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

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

### 19 BORROWINGS

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

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. Refer to Note 5.2 for further details.

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

### 20 INTEREST IN AN ASSOCIATE

	30 September 2021 ¥ million (Unaudited)	31 March 2021 ¥ million (Audited)
Investment in unlisted shares, at cost	5	5
Share of results:		
At 1 April	(5)	(5)
Share of loss	-	-
<b>Interest in an associate</b>	<b>-</b>	<b>-</b>

Details of the associate as at 30 September 2021 and 31 March 2021 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 2021	31 March 2021
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.

### 21 CONTINGENCIES

As at 30 September 2021, the Group did not have any significant contingent liabilities (31 March 2021: same).

### 22 COMMITMENTS

#### Capital commitments

The outstanding capital commitments not provided for in the condensed consolidated interim financial information are as follows:

	30 September 2021 ¥ million (Unaudited)	31 March 2021 ¥ million (Audited)
Contracted but not provided for		
Purchase of property, plant and equipment	211	5

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

## 23 RELATED PARTY TRANSACTIONS

For the purposes of this condensed consolidated interim 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 condensed consolidated interim financial information, the following transactions were carried out with related parties:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	2020
	<b>¥ million</b>	¥ million
	<b>(Unaudited)</b>	(Unaudited)
<b>Interest income</b>		
Yes! E-Sports Asia Holdings Limited	–	7
<b>Service fee expenses</b>		
Niraku USA, Inc.	12	13

The interest income received during the six months ended 30 September 2020 was in relation to the loan to an associate, YEAH as disclosed in Note 20.

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:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	2020
	<b>¥ million</b>	¥ million
	<b>(Unaudited)</b>	(Unaudited)
Directors' fees	136	130
Basic salaries, allowances and other benefits in kind	3	21
Employee's contribution to pension scheme	3	3
	<b>142</b>	<b>154</b>

# NIRAKU GC HOLDINGS



This interim report is printed on environmentally friendly paper  
本中期報告以環保紙印製