NIRAKU GC HOLDINGS

株式会社ニラク·ジー·シー·ホールディングス

NIRAKU GC HOLDINGS, INC.*

(Incorporated in Japan with limited liability)

(Stock Code: 1245)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2025 AND APPOINTMENT OF MEMBER OF NOMINATION COMMITTEE

ANNUAL RESULTS HIGHLIGHTS

- Gross pay-ins were ¥145,091 million (or HK$7,549 million#), recording an increase of 10.1% as compared with the year ended 31 March 2024;
- Revenue was ¥28,316 million (or HK$1,473 million#), recording an increase of 5.0% as compared with the year ended 31 March 2024;
- Profit from continuing operations before income tax was ¥1,652 million (or HK$86 million#), recording a decrease of 9.8% as compared with the year ended 31 March 2024;
- Profit for the year attributable to owners of the Company from continuing operations was ¥607 million (or HK$32 million#), recording a decrease of ¥87 million as compared with the year ended 31 March 2024;
- The Group operates 49 halls in Japan as at date of this announcement (31 March 2024: 49 halls);
- Basic earnings per share of the Company from continuing operations was ¥0.51 (or HK$0.03#) (2024: ¥0.58); and
- The Board has resolved to declare a final dividend of ¥0.12 per ordinary share for the year ended 31 March 2025 (2024: ¥0.17 per ordinary share).

\# Translated into Hong Kong dollar at the rate of ¥19.22 to HK$1.00, the exchange rate prevailing on 31 March 2025 (i.e. the last business day in March 2025).

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

* *For identification purpose only*

The board (the "Board") of directors (the "Directors") of NIRAKU GC HOLDINGS, INC.* (the "Company" or "NIRAKU") would like to announce the agreed consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2025 together with the comparative figures for the year ended 31 March 2024 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2025

	Note	**2025** ***¥ million***	2024 *¥ million*
Continuing operations			
Revenue	*3*	**28,316**	26,955
Other income	*4*	**437**	518
Other (losses)/gains, net	*4*	**(88)**	504
Impairment loss on property, plant and equipment		**(150)**	(112)
Impairment loss on right-of-use assets		**(282)**	(284)
Impairment loss on financial assets		**–**	(410)
Hall operating expenses	*5*	**(21,488)**	(20,654)
Administrative expenses	*5*	**(4,211)**	(3,795)
Operating profit		**2,534**	2,722
Finance income	*6*	**73**	72
Finance costs	*6*	**(955)**	(963)
Finance costs, net	*6*	**(882)**	(891)
Profit before income tax		**1,652**	1,831
Income tax expense	*7*	**(1,045)**	(1,166)
Profit for the year from continuing operations		**607**	665
Loss for the year from discontinued operation	*8*	**–**	(547)
Profit for the year		**607**	118
Profit/(loss) attributable to:			
Owners of the Company:			
Continuing operations		**607**	694
Discontinued operation		**–**	(279)
		607	415

	Note	**2025**	2024
		¥ million	*¥ million*
Non-controlling interests:			
Continuing operations		**–**	(29)
Discontinued operation		**–**	(268)
		–	(297)
		607	118
Earnings/(loss) per share for profit attributable to owners of the Company			
— Basic and diluted (expressed in Japanese Yen per share)	*9*		
From continuing operations		**0.51**	0.58
From discontinued operation		**–**	(0.23)
For the year		**0.51**	0.35
Profit for the year		**607**	118
Other comprehensive income/(loss)			
Item that will not be subsequently reclassified to profit or loss			
Change in value of financial assets through other comprehensive income		**(79)**	19
Item that have been or may be subsequently reclassified to profit or loss			
Currency translation differences		**37**	(210)
Total comprehensive income/(loss) for the year		**565**	(73)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**554**	375
Non-controlling interest		**11**	(448)
		565	(73)

	Note	**2025** **¥ million**	2024 ¥ million
Total comprehensive income/(loss) attributable to:			
Owners of the Company:			
Continuing operations		**543**	684
Discontinued operation		**11**	(309)
		554	375
Non-controlling interests:			
Continuing operations		**–**	(151)
Discontinued operation		**11**	(297)
		11	(448)
		565	(73)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Note	**2025** **¥ million**	2024 ¥ million
ASSETS			
Non-current assets			
Property, plant and equipment		**17,721**	17,453
Right-of-use assets		**21,679**	23,752
Investment properties		**1,471**	668
Intangible assets		**236**	285
Interest in an associate		**–**	–
Prepayments, deposits and other receivables		**4,208**	4,148
Financial assets at fair value through other comprehensive income		**418**	534
Deferred income tax assets		**5,114**	5,048
		50,847	51,888
Current assets			
Inventories		**53**	55
Trade receivables	11	**199**	154
Prepayments, deposits and other receivables		**1,047**	866
Financial assets at fair value through profit or loss		**99**	102
Current income tax recoverable		**–**	–
Bank deposits with maturity over 3 months		**834**	345
Cash and cash equivalents		**10,574**	12,350
		12,806	13,872
Total assets		**63,653**	65,760

	Note	**2025** **¥ million**	2024 ¥ million
EQUITY			
Equity attributable to owners of the Company			
Share capital		**3,000**	3,000
Reserves		**17,406**	17,163
		20,406	20,163
Non-controlling interest		**(1,171)**	(1,182)
Total equity		**19,235**	18,981
LIABILITIES			
Non-current liabilities			
Borrowings	*13*	**4,998**	5,303
Lease liabilities	*14*	**23,154**	25,317
Provisions and other payables		**2,051**	2,141
Derivative financial instruments		**–**	1
		30,203	32,762
Current liabilities			
Trade payables	*12*	**111**	196
Borrowings	*13*	**4,842**	5,129
Lease liabilities	*14*	**2,813**	2,608
Accruals, provisions and other payables		**5,721**	5,657
Current income tax liabilities		**728**	427
		14,215	14,017
Total liabilities		**44,418**	46,779
Net current liabilities		**(1,409)**	(145)
Total equity and liabilities		**63,653**	65,760

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") are principally engaged in pachinko and pachislot hall operations, hotel and restaurant operations 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. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

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

These consolidated financial statements have been approved by the board of directors of the Company on 26 May 2025.

2 BASIS OF PREPARATION

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

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

The Group had net current liabilities of ¥1,409 million as at 31 March 2025. The directors believed that the Group has adequate cash flows to maintain the Group's operation as the Group has unutilised banking facilities readily available to the Group amounted to ¥1,617 million as at 31 March 2025. Furthermore, the Group obtained additional banking facilities amounted to ¥1,500 million in May 2025.

On 17 April 2025, the Group has entered 2 acquisition contracts for the acquisition of 2 hotel properties, at a total consideration of ¥1,156.8 million, where 25% of the consideration would be funded by the minority shareholder.

Taking into account the above, the directors are of the opinion that the Group is able to meet in full its financial obligations as they fall due for the not less than twelve months from 31 March 2025 and it is appropriate to prepare these consolidated financial statements on a going concern basis.

(i) Amendments to IFRS Accounting Standards ("IFRS(s)") adopted by the Group

The following amendments to standards are mandatory for the first time for the financial year beginning 1 April 2024 and currently relevant to the Group:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
Amendments to IFRS 16	Lease Liability in Sale and Leaseback
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

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

(ii) New and amendments to IFRSs not yet adopted by the Group

		Effective for Accounting Period Beginning on or After
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendments to IFRS 7 and IFRS 9	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvements to IFRS Accounting Standards — Volume 11	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Certain new and amendments to IFRSs have been published that are not mandatory for 31 March 2025 reporting period and have not been early adopted by the Group. These new and amendments to IFRSs are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

IFRS 18 — Presentation and Disclosure in Financial Statements

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

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

3 REVENUE AND SEGMENT INFORMATION

(a) Revenue from continuing operations

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

	2025	2024
	¥ million	*¥ million*
Gross pay-ins	**145,091**	131,835
Less: gross pay-outs	**(120,366)**	(107,891)
Revenue from pachinko and pachislot hall business	**24,725**	23,944
Revenue from amusement arcades	**1,648**	1,687
Vending machine income	**552**	453
Revenue from hotel operations	**351**	163
Revenue from restaurant operations	**1,040**	708
	28,316	26,955

During the year ended 31 March 2025, revenue recognised that was included in the contract liabilities balances of receipt in advance relating to vending machines and unutilised balls and tokens relating to pachinko and pachislot hall business and amusement arcades at the beginning of the year amounted to ¥86 million (2024: ¥81 million) and ¥1,927 million (2024: ¥1,667 million), respectively.

As at 31 March 2025, the amount of transaction price allocated to the contract liabilities in relation to receipt in advance relating to vending machines and unutilised balls and tokens relating to pachinko and pachislot hall business and amusement arcades that are unfulfilled were ¥52 million (2024: ¥86 million) and ¥2,296 million (2024: ¥1,972 million), respectively, of which all are expected to be recognised as revenue during the next reporting period.

(b) Segment information

Management has determined the operating segments based on the reports reviewed by the CODM that are used for making strategic decisions. The CODM is identified as the executive directors of the Company. The executive directors consider the business from a service perspective and assess the performance of the operating segments based on a measure of adjusted loss before income tax and unallocated corporate expenses for the purposes of allocating resources and assessing performance. These reports are prepared on the same basis as these consolidated financial statements.

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

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

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

Capital expenditure comprises additions to property, plant and equipment, right-of-use assets, investment properties and intangible assets. Unallocated corporate expenses and income tax expenses are not included in segment results. Starting from current year, the Group will exclude inter-company service fee, exchange differences and provision for loss allowance on inter-company balances from segment results and classify these amounts as unallocated corporate expenses. Consequently, comparative figures presented have been restated to conform to the current year's presentation.

The segment information provided to the executive directors for the years ended 31 March 2025 and 2024 are as follows:

	For the year ended 31 March 2025					
	Continuing operations				Discontinued operation	
	Pachinko and pachislot hall operations	Amusement arcade operations	Other	Total	Restaurant operations	Total
	Japan	Southeast Asia	Japan & Hong Kong		China	
	¥ million	*¥ million*	*¥ million*	*¥ million*	*¥ million*	*¥ million*
Segment revenue from external customers						
Over time	25,277	1,648	351	27,276	–	27,276
At a point in time	–	–	1,040	1,040	–	1,040
Segment revenue from external customers	25,277	1,648	1,391	28,316	–	28,316
Segment results	2,353	(49)	(28)	2,276	–	2,276
Unallocated amount						(624)
Profit before income tax						1,652
Income tax expense						(1,045)
Profit for the year						607
Other segment items						
Depreciation and amortisation expenses	(3,741)	(357)	(74)	(4,172)	–	(4,172)
Impairment loss on property, plant and equipment	(142)	(8)	–	(150)	–	(150)
Impairment loss on right-of-use assets	(272)	(10)	–	(282)	–	(282)
Finance income	69	4	–	73	–	73
Finance costs	(856)	(90)	(9)	(955)	–	(955)

	For the year ended 31 March 2024 (Restated)					
	Continuing operations				Discontinued operation	
	Pachinko and pachislot hall operations	Amusement arcade operations	Other	Total	Restaurant operations	Total
	Japan	Southeast Asia	Japan & Hong Kong		China	
	¥ million	*¥ million*	*¥ million*	*¥ million*	*¥ million*	*¥ million*
Segment revenue from external customers						
Over time	24,397	1,687	163	26,247	–	26,247
At a point in time	–	–	708	708	80	788
Segment revenue from external customers	24,397	1,687	871	26,955	80	27,035
Segment results	2,317	(223)	(60)	2,034	(547)	1,487
Unallocated amount						(203)
Profit before income tax						1,284
Income tax expense						(1,166)
Profit for the year						118
Other segment items						
Depreciation and amortisation expenses	(3,619)	(347)	(51)	(4,017)	–	(4,017)
Impairment loss on property, plant and equipment	(112)	–	–	(112)	–	(112)
Impairment loss on right-of-use assets	(284)	–	–	(284)	–	(284)
Impairment loss on financial assets	–	(410)	–	(410)	–	(410)
Finance income	68	4	–	72	–	72
Finance costs	(893)	(65)	(5)	(963)	(6)	(969)

The segment assets as at 31 March 2025 and 2024 are as follows:

	Continuing operations			Discontinued operation	
	Pachinko and pachislot hall operations	**Amusement arcade operations**	**Others**	**Restaurant operations**	**Total**
	Japan	**Southeast Asia**	**Japan & Hong Kong**	**China**	
	¥ million	***¥ million***	***¥ million***	***¥ million***	***¥ million***
As at 31 March 2025					
Segment assets	**51,829**	**1,895**	**1,487**	**10**	**55,221**
Unallocated assets					**3,318**
Deferred income tax assets					**5,114**
Total assets					**63,653**
Addition to non-current assets other than financial instruments and deferred tax assets	**3,214**	**747**	**262**	**–**	**4,223**

	Pachinko and pachislot hall operations	Amusement arcade operations	Others	Restaurant operations	Total
	Japan	Southeast Asia	Japan & Hong Kong	China	
	¥ million	*¥ million*	*¥ million*	*¥ million*	*¥ million*
As at 31 March 2024					
Segment assets	53,642	1,364	1,001	11	56,018
Unallocated assets					4,694
Deferred income tax assets					5,048
Total assets					65,760
Addition to non-current assets other than financial instruments and deferred tax assets	2,802	595	154	–	3,551

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

	2025	2024
	¥ million	*¥ million*
Japan, country of domicile	**40,112**	41,560
Southeast Asia	**1,135**	870
	41,247	42,430

No single external customer contributed more than 10% revenue to the Group's revenue for the years ended 31 March 2025 and 2024.

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

	2025	2024
	¥ million	*¥ million*
Other income from continuing operations		
Rental income	**215**	231
Income from expired IC and membership cards	**29**	26
Dividend income	**25**	24
Compensation and subsidies	**38**	31
Income from scrap sales of used pachinko and pachislot machines	**97**	151
Others	**33**	55
	437	518
Other (losses)/gains, net from continuing operations		
(Loss)/gain on fair value for financial assets at fair value through profit or loss	**(4)**	4
Gain on fair value for derivative financial instruments	**1**	3
(Loss)/gain on disposal of property, plant and equipment, net	**(12)**	91
Exchange (loss)/gain, net	**(71)**	410
Others	**(2)**	(4)
	(88)	504

5 HALL OPERATING EXPENSES AND ADMINISTRATIVE EXPENSES FROM CONTINUING OPERATIONS

	2025	2024
	¥ million	*¥ million*
Auditors' remuneration		
— Audit fees	**119**	113
— Other services	**11**	7
Employee benefits expenses		
— Hall operations	**4,327**	4,263
— Administrative and others	**1,679**	1,560
Operating lease rental expense in respect of land and buildings	**284**	243
Depreciation of property, plant and equipment	**1,555**	1,476
Depreciation of right-of-use assets	**2,530**	2,453
Depreciation of investment properties	**24**	23
Amortisation of intangible assets	**63**	65
Other taxes and duties	**359**	322
Utilities expenses	**1,258**	1,149
Consumables and cleaning	**1,306**	1,042
Repairs and maintenance	**982**	624
Outsourcing service expenses	**783**	764
Prizes procurement expenses to wholesalers	**1,111**	1,142
Pachinko and pachislot machines expenses *(Note)*	**7,751**	7,890
Advertising expenses	**1,263**	976
Legal and professional fees	**174**	94
Others	**120**	243
	25,699	24,449

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

6 FINANCE COSTS, NET FROM CONTINUING OPERATIONS

	2025	2024
	¥ million	*¥ million*
Finance income from continuing operations		
Bank interest income	**15**	7
Interest income on lease receivables	**31**	32
Other interest income	**27**	33
	73	72
Finance costs from continuing operations		
Bank borrowings	**(141)**	(141)
Lease liabilities	**(684)**	(698)
Provision for unwinding discount	**(130)**	(124)
	(955)	(963)
Finance costs, net from continuing operations	**(882)**	(891)

7 INCOME TAX EXPENSE

	2025	2024
	¥ million	*¥ million*
Current income tax		
— Japan	**1,013**	721
— Other Asian countries	**61**	77
	1,074	798
Deferred income tax	**(29)**	368
Total charge for the year from continuing operations	**1,045**	1,166

8 DISCONTINUED OPERATION

Due to the spread of COVID-19 and intermittent business suspension policy imposed in China, the restaurant operation in China ("YOKOCHO business") had been suffering from persistent loss. After due and careful consideration, on 27 July 2023, a written resolution was passed by all directors of NPJ Hong Kong Limited (an indirectly non-wholly-owned subsidiary of the Company) to resolve NPJ China Yokocho Co., Ltd. ("NPJ China"), a wholly-owned subsidiary of NPJ Hong Kong Limited) to withdraw from its YOKOCHO business in China in August 2023. The YOKOCHO business officially ceased on 15 August 2023. On 19 September 2023, another written resolution was passed by the board of directors of NPJ Hong Kong Limited to approve the bankruptcy plan of the YOKOCHO business. On 1 March 2024, another written resolution was passed by the board of directors of the Company to approve for filing of a bankruptcy liquidation to the court in China. Subsequently on 17 April 2024, a bankruptcy order was granted by the Shenzhen Intermediate People's Court (the "Court") and a trustee was then appointed by the Count on 22 April 2024. The management of the Group believes that the cessation of business operation of NPJ China will improve the financial position of the Group, which is in the interests of the Company and its shareholders as a whole. As at the date of this announcement, the bankruptcy process is ongoing.

The financial results of the discontinued business are presented in the consolidated statement of comprehensive income as discontinued operation in accordance with IFRS 5 "Non-current Assets Held for Sales and Discontinued Operations".

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

	For the year ended 31 March	
	2025	2024
	¥ million	*¥ million*
Revenue	**–**	80
Other income and losses, net	**–**	(24)
Loss on early termination of lease agreement *(Note)*	**–**	(431)
Operating expenses	**–**	(62)
Administrative expenses	**–**	(104)
Finance cost, net	**–**	(6)
Loss before tax from discontinued operation	**–**	(547)
Income tax expense	**–**	–
Loss for the year from discontinued operation	**–**	(547)
Other comprehensive gain/(loss)		
Exchange differences on translation of discontinued operation	**22**	(59)
Total comprehensive income/(loss) for the year from discontinued operation	**22**	(606)
Loss per share attributable to owners of the Company		
Basic and diluted — discontinued operation	**–**	(0.23)

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

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

	For the year ended 31 March	
	2025	2024
	¥ million	*¥ million*
Net cash outflow from operating activities	**–**	(85)
Net cash outflow from financing activities	**–**	(41)
Net decrease in cash generated by the subsidiary	**–**	(126)
Cash and cash equivalents at beginning of the year	**10**	132
Effect of exchange rate changes on cash and cash equivalents	**–**	4
	10	10

9 EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years ended 31 March 2025 and 2024.

	2025	2024
Profit/(loss) attributable to owners of the Company *(¥ million)*		
Continuing operations	**607**	694
Discontinued operation	**–**	(279)
	607	415
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share (thousands)	**1,195,850**	1,195,850
Basic and diluted earnings/(loss) per share *(¥)*		
Continuing operations	**0.51**	0.58
Discontinued operation	**–**	(0.23)
For the year	**0.51**	0.35

No diluted earnings/(loss) per share is presented as there were no potential dilutive shares during the years ended 31 March 2025 and 2024. Diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share.

10 DIVIDENDS

During the year ended 31 March 2025, the Company paid final dividend of ¥203 million (¥0.17 per common share) (2024: ¥132 million (¥0.11 per common share)) and interim dividend of ¥108 million (¥0.09 per common share) (2024: ¥108 million (¥0.09 per common share)) to their shareholders in respect of the years ended 31 March 2024 and 31 March 2025, respectively.

The board of directors of the Company declared a final dividend of ¥0.12 per common share totalling ¥144 million in respect of the year ended 31 March 2025. These consolidated financial statements do not reflect this dividend payable.

11 TRADE RECEIVABLES

	2025	2024
	¥ million	*¥ million*
Trade receivables	**199**	154

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

As at 31 March 2025 and 2024, the ageing analysis of the trade receivables, based on invoice date, is as follows:

	2025	2024
	¥ million	*¥ million*
Less than 30 days	**199**	153
Over 30 days	**–**	1
	199	154

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

The carrying amounts of trade receivables approximate their fair values as at 31 March 2025 and 2024 and are denominated in ¥.

12 TRADE PAYABLES

The ageing analysis of the trade payables based on invoice dates as at 31 March 2025 and 2024 were as follows:

	2025	2024
	¥ million	*¥ million*
Less than 30 days	**110**	195
Over 30 days	**1**	1
	111	196

The carrying amounts of trade payables approximate their fair values as at 31 March 2025 and 2024 and were denominated in ¥.

13 BORROWINGS

	2025	2024
	¥ million	*¥ million*
Non-current portion		
Bank loans	**2,294**	2,932
Syndicated loans	**2,704**	2,371
	4,998	5,303
Current portion		
Bank loans	**3,057**	3,184
Syndicated loans	**1,785**	1,945
	4,842	5,129
Total borrowings	**9,840**	10,432

As at 31 March 2025 and 2024, the Group's borrowings were repayable as follows:

	2025	2024
	¥ million	*¥ million*
Within 1 year	**4,842**	5,129
Between 1 and 2 years	**1,842**	2,387
Between 2 and 5 years	**2,576**	2,871
Over 5 years	**580**	45
	9,840	10,432

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

	2025	2024
Bank loans	**1.64%**	1.61%
Syndicated loans	**1.58%**	1.08%

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

	2025	2024
	¥ million	*¥ million*
Property, plant and equipment	**8,756**	8,946
Investment properties	**532**	553
Deposits and other receivables	**154**	158
	9,442	9,657

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

	2025	2024
	¥ million	*¥ million*
Floating rate		
— Expiring over 1 year	**1,617**	3,016

The carrying amounts of borrowings of the Group approximate their fair values as at 31 March 2025 and 2024 and were denominated in ¥. In May 2025, the Group obtained additional banking facilities amounted to ¥1,500 million.

14 LEASES

During the year ended 31 March 2025, the Group entered into a number of lease agreements for and recognised additions of right-of-use assets of ¥1,407 million (2024: ¥1,285 million).

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

	2025 *¥ million*	2024 *¥ million*
Right-of-use assets		
Buildings	**18,415**	20,452
Leasehold improvement	**3,020**	2,996
Equipment and tools	**206**	255
Vehicle	**38**	49
Total right-of-use assets	**21,679**	23,752
Lease liabilities		
Current	**2,813**	2,608
Non-current	**23,154**	25,317
	25,967	27,925

For the year ended 31 March 2025, as a result of the impairment review of cash-generating units with impairment indicator and annual impairment assessment on goodwill, impairment loss of approximately ¥282 million (2024: ¥284 million) has been recognised on right-of-use assets.

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

	2025 *¥ million*	2024 *¥ million*
Depreciation of right-of-used assets from continuing operations		
Buildings	**2,206**	2,172
Leasehold improvement	**223**	184
Equipment and tools	**86**	82
Vehicle	**15**	15
	2,530	2,453
Interest expense (included in finance costs)	**684**	698
Expense relating to short-term leases (included in hall operating expenses)	**284**	230
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	**15**	13
Impairment loss of right-of-use assets	**282**	284

The total cash outflow for leases during the year ended 31 March 2025 was ¥3,921 million (2024: ¥4,674 million).

15 BUSINESS COMBINATION

Acquisition of hotel properties

On 23 August 2024, a wholly-owned subsidiary of the Company entered into share purchase agreements with a third-party seller, HATAS Holdings Co., Ltd* (ハタス株式会社) for the acquisition of 100% issued share capital of two companies (the "Acquisition"), namely KUROTAKE Co., Ltd.* (玄竹株式会社) and Kurotake Co., Ltd* (クロタケ株式会社) (together, "the Acquired Companies") which hold certain hotel properties. The Acquisition was completed on the same date at a cash consideration of ¥1 for each company and the advance of a loan amounted to ¥100 million to the Acquired Companies to facilitate their repayment of loan payable to the seller. Upon completion of the Acquisition, the Acquired Companies became indirect wholly-owned subsidiaries of the Company.

The hotel properties held by the Acquired Companies are both established onsen inns in locations attractive to leisure tourists travelling to Japan. With the addition of these two onsen inns to the Group's hotel portfolio, the management of the Group is of the view that the Group will be better positioned to capture the business opportunities brought by the recovery and development potential of the tourism industry in Japan.

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

	As at the date of acquisition *¥ million*
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Cash and cash equivalents	18
Prepayments, deposits and other receivables	64
Inventories	4
Property, plant and equipment	229
Intangible assets	3
Accruals, provisions and other payables	(31)
Borrowings	(148)
Deferred income tax liabilities	(38)
Current income tax liabilities	(9)
Total identifiable net assets	92
Goodwill	8
Net assets acquired	100
Purchase consideration	
Cash consideration	–*
Loan#	100

* less than one million

\# loan amounted to ¥100 million to the Acquired Companies was provided to facilitate their repayment of loan payable to the seller.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS ACTIVITIES AND VISION

In the current fiscal year, the domestic economy saw signs of a rebound in personal consumption, supported by improvements in the employment and income environment and an increase in inbound tourists. However, a full-fledged recovery has not been achieved due to factors such as stagnant growth in real wages caused by prolonged inflation due to rising raw material and energy prices and the depreciation of Japanese Yen. The impact of rising prices has limited real purchasing power, and consumer consciousness regarding household defense has heightened further, with a trend towards frugality expected to continue. In addition, in 2025, the outlook for the Japanese economy has become increasingly uncertain due to policy trends represented by U.S. trade policies. Coupled with recruitment difficulties and soaring raw material prices, the business environment remains challenging to predict. Under these circumstances, in our mainstay pachinko business, the Group has continued to efficiently install gaming machines, reaching the largest number of installations since our foundation. As a result, total revenue (gross pay-ins) increased by 10.1% year-on-year to ¥145,091 million and we believe we were able to firmly meet customer demand without failing behind the recovery trend in domestic economic activity. In the overseas business, despite the steady performance of the economies in Vietnam and Cambodia, existing outlets struggled due to a decrease in the allocation of disposable income to leisure activities. Consequently, revenue of Dream Games, which operates amusement arcades in both countries, decreased by 2.3% year-on-year to ¥1,648 million.

In the mainstay pachinko business, we have viewed the favorable performance of smart gaming machines in the external environment as a significant opportunity for business growth and have proactively promoted capital investment. Specifically, to meet the strong demand from customers for the popular Smart Slots in the market, we have made adjustments to outlet layouts and increased the area for gaming machine installations, achieving an increase in the number of machines. As a result, the number of installed gaming machines reached 29,192 units as of the end of March 2025, setting a new record since our foundation and significantly contributing to increased sales.

In current year, we continued to review our hall operations and accumulated a variety of know-how, such as promoting labour saving in hall management while retaining services that provide a high level of customer satisfaction. Since the self-service counters that we introduced two years ago, which made the prize exchange process contactless, we have further increased the number of halls that have introduced self-service counters during the year, and have completed the introduction of self-service POS at 46 halls (94% of the total).

In addition, given the competitive environment of existing halls, we have carried out various measures and experiments with the aim of further increasing our sales capabilities, achieving significant results such as transforming unprofitable halls into the top-performing halls in their regions. We will continue to steadily work toward creating halls which are supported by our customers.

In the domestic food and beverage business, which operates the brands "LIZARRAN", "Komeda" and "Gong Cha", has successfully expanded its business. LIZARRAN is a Spanish bar restaurant under Comess Group De Restauración S.K., which operates over 300 outlets across 14 countries on four continents. In July 2024, we opened the fourth new outlet of the Group in Yokohama City, Kanagawa Prefecture. Additionally, we ventured into a new concept of Japanese-style Spanish cuisine that combines teppanyaki and Spanish dishes, opening a Spanish restaurant under the brand "PLANCHA L" in Yokohama City. As the brand of Spanish restaurants gains traction in the Tokyo metropolitan area, there is a growing cycle of positive inquiries from major developers for new outlet openings. We are carefully working to connect these opportunities to openings in prime properties.

"Komeda" is a brand of Komeda Holdings Co., Ltd., which operates approximately 1,000 coffee shops in Japan. Due to the strong wishes of franchisor, we opened our third outlet in this quarter by acquiring directly managed outlet. We will continue to maintain a good relationship with our franchisees and explore initiatives for new business formats.

The globally renowned tea cafe brand "Gong Cha", originating from Taiwan, has gained popularity in Japan. Since 2021, our Group has been operating two Gong Cha outlets. Both outlets rank among the top group in Gong Cha Japan's customer satisfaction rankings, with one outlet achieving the number one spot out of 176 outlets nationwide, demonstrating successful outlet management with high customer satisfaction.

In the hotel management business, we purchased and began operating two hotel properties in August 2024. One of them is a long-established luxury hot spring inn facility located in the heart of Achi Village, which boasts Japan's best starry sky, and the Group positions this as a foothold for its full-scale entry into the business, aiming to pursue the Group's synergy.

Nexia Inc., a subsidiary that operates real estate business, acquired a land during the year, which was located in a prime area of Koriyama City. The construction of a rental apartment was completed in March 2025, and occupancy began in the same month. We will continue to consider acquiring prime properties while maintaining our investment standards.

During the current year, a subsidiary, NBI Holdings Co., Ltd., was established, aiming at stretching the Group's business to real estate sector. We are preparing to obtain administrative permits and licenses to create a structure for future private real estate investment trust ("REIT") operations. We are making preliminary arrangements, including communication with financial institutions and external investors, to ensure establishment of private REIT operations quickly once the permits and licenses are obtained. We anticipate confirming the initial results of these efforts in the next fiscal year.

In terms of business in Southeast Asia, we are primarily managing arcade games and kids' play areas within AEON malls in both Vietnam and Cambodia at Dream Games, a subsidiary. Vietnam's gross domestic product ("GDP") growth rate increased from 5.1% in previous year to 7.1%, and Cambodia's GDP growth rate increased from 5.0% in previous year to 6.0%, indicating that the economies in both countries remained strong. However, in Vietnam, the consumer price index remained high with a tendency for spending to prioritize essential goods, leading to stagnant customer attraction at existing outlets. In Cambodia, the first half of the fiscal year was affected by the downturn in the Chinese economy, but this impact was removed by the second half, resulting in sales surpassing last year's figures.

As a result, revenue at Dream Games decreased by 2.3% year-on-year to ¥1,648 million. During the current year, we opened 1 outlet and closed down 1 unprofitable outlet. As at 31 March 2025, we have a total of 11 operating outlets, eight in Vietnam and three in Cambodia.

According to the data from the International Monetary Fund, both Vietnam and Cambodia in 2025 are expected to achieve robust economic growth of over 5%. We believe that both countries are still in the process of economic development, and that consumption and the leisure markets will continue to expand. While continuing to observe carefully for changes in the competitive environment and the structural changes in the domestic economies of both countries, we are also planning to work on building a steady earning base by developing multiple types of standard business formats depending on location and area, opening new speciality business formats of arcade prize game and opening small and medium-sized outlets outside AEON Malls.

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

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

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

1) Properly appropriate the profits generated to employees, customers, local communities, environment, the entire earth, vendors and shareholders.

2) Conduct management that can contribute to society with sustainability from a medium- to long-term perspective, rather than from a short-term perspective.

3) Constantly make efforts in new areas boldly and manage our business with entrepreneurial spirit for the sustainable development of the Company.

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

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

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

FINANCIAL REVIEW

Revenue from Pachinko and Pachislot Business

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

Revenue from pachinko and pachislot business increased by ¥781 million, or 3.3%, from ¥23,944 million in 2024 to ¥24,725 million in 2025. The increase in revenue was attributable to the continued recovery of economy in Japan, and replacement of gaming machines which triggered higher customer turnover and improved the hall traffic.

Gross pay-ins

For the year ended 31 March 2025, the Group's gross pay-ins from pachinko and pachislot business amounted to ¥145,091 million, comprising revenue from 47 suburban halls and 2 urban halls. The increase in gross pay-ins by ¥13,256 million, or 10.1%, as compared to last year was resulted from the factors explained above.

Gross pay-outs

Gross pay-outs, being the aggregate cost of G-prizes and general prizes exchanged by customers, increased from ¥107,891 million in 2024 to ¥120,366 million in 2025, an increase of ¥12,475 million, or 11.6%, which corresponded to the rise in gross pay-ins.

Revenue margin

The revenue margin decreased by 1.2%, from 18.2% for the year ended 31 March 2024 to 17.0% in current year. The decline in revenue margin was due to the increase in pay-out ratio to stimulate customer visits which, in short-term, lowered the profit margin.

Revenue from Amusement Arcade Business

Revenue from amusement arcade business decreased by ¥39 million or 2.3%, from ¥1,687 million in 2024 to ¥1,648 million in current year. The amount comprised revenue derived from Vietnam and Cambodia amounting to ¥1,042 million and ¥606 million, respectively (2024: ¥1,135 million and ¥552 million, respectively). The drop in revenue was due to the decrease in sales income generated from Vietnam as the closure of one unprofitable arcade and temporary suspension of the northern arcades caused by the impact of typhoon in Vietnam; nevertheless, revenue from Cambodia in the current year outperformed the results in 2024.

Other revenue

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

Vending machines income amounted to ¥552 million in 2025. The increase of ¥99 million as compared to ¥453 million in 2024 was resulted from the increase in customer turnover rate as mentioned above.

Income from hotel operation amounted to ¥351 million in 2025, recording an increase of ¥188 million as compared to ¥163 million in 2024. The increase in hotel income was mainly attributed to the acquisition of two onsen inns in late August 2024, contributing an additional income of ¥187 million.

Revenue from restaurant operations amounted to ¥1,040 million for the year ended 31 March 2025, increased by ¥332 million, or 46.9%, as compared to ¥708 million in last year. Other than the increasing popularity of "KOMEDA" cafés, during the current year, a "KOMEDA" café, a "LIZARRAN" restaurant and a new private branded restaurant named "PLANCHA L" were opened, contributing an additional revenue of ¥256 million.

Hall operating expenses

Hall operating expenses increased by ¥834 million, or 4.0%, from ¥20,654 million in 2024 to ¥21,488 million in current year. Major components of hall operating expenses are pachinko and pachislot machine expenses, staff cost for hall staff and depreciation expenses, amounting to ¥7,751 million, ¥4,327 million and ¥3,560 million, respectively, for the year ended 31 March 2025 (31 March 2024: ¥7,890 million, ¥4,263 million and ¥3,480 million, respectively).

The rise in hall operating expenses was resulted from (i) minor work being carried out in various halls to provide a better playing environment to visitors; and (ii) increase in staff and utilities expenses due to inflation.

Administrative expenses

Administrative expenses increased by ¥416 million, or 11.0% from ¥3,795 million for the year ended 31 March 2024 to ¥4,211 million in 2025 as a result of the increase in staff wages and launch of various promotional events to boost up sales.

Impairment loss

Impairment loss on property, plant and equipment and right-of-use assets amounted to ¥432 million in current year. The International Accounting Standard 36 "Impairment of Assets" ("IAS 36") requires that assets be carried at no more than their recoverable amount. If an asset's carrying value exceeds the amount that could be received through use or selling the asset, then the asset is impaired and IAS 36 requires a company to make provision for the impairment loss. Non-financial assets other than goodwill are tested for impairment when there are events that indicate that the related asset values may not be recoverable, and the Group carries out reviews of the recoverable amounts of each cash-generating units ("CGUs").

The management noted that the Group's financial performance is highly sensitive to changes in market situations. Taking into account the keen competition within the industries, the management assessed for whether each of the CGU have any impairment indicator by considering whether the CGU recorded operating loss after overhead allocation with a performance below budget (defined as not fulfilling the projected operating cash flow after overhead allocation), or consecutive operating loss after overhead allocation for 2 years, unless the CGU is still in investment stage, and performed impairment assessments over pachinko and pachislot hall operations, amusement arcade operations and hotel operations by assessing the recoverable amounts of the CGU, determined as the higher of their value-in-use and fair value less cost of disposal. As a result, the Group recognised an impairment loss of ¥150 million and ¥282 million over plant, property and equipment and right-of-use assets, respectively for the year ended 31 March 2025 (31 March 2024: ¥112 million and ¥284 million over plant, property and equipment and right-of-use assets, respectively).

Finance costs

Finance costs, net amounted to ¥882 million for the year ended 31 March 2025 as compared to ¥891 million in 2024. The drop was attributable to the decrease in interest expense on lease liabilities and borrowings.

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

Profit attributable to owners of the Company of ¥607 million was recorded for the year ended 31 March 2025, as compared to ¥695 million in prior year. The decrease in profit was due to the impact of exchange loss, netted with the continued economic recovery in domestic market.

Basic earnings per share for the year ended 31 March 2025 was ¥0.51 (31 March 2024: ¥0.58). The Board has declared a final dividend of ¥0.12 per common share for the year ended 31 March 2025 (31 March 2024: ¥0.17).

CAPITAL STRUCTURE

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

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

The table below sets forth the information regarding the cash and bank balances, borrowings, lease liabilities, working capital, total equity and gearing ratio of the Group as at 31 March 2025 and 2024:

	As at 31 March	
	2025	2024
	¥ million	*¥ million*
Cash and cash equivalents	**10,574**	12,350
Bank deposits with maturity over 3 months	**834**	345
	11,408	12,695
Bank loans	**5,351**	6,116
Syndicated loans	**4,489**	4,316
Lease liabilities	**25,967**	27,925
	35,807	38,357
Total equity	**19,235**	18,981
Gearing ratio *(Note 1)*	**1.3**	1.4
Working capital *(Note 2)*	**(1,409)**	(145)

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

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

As at 31 March 2025, net current liabilities of the Group totalled ¥1,409 million (31 March 2024: ¥145 million), and current ratio was 0.90 as at 31 March 2025 (31 March 2024: 0.99). As at 31 March 2025, there were cash and cash equivalents of ¥10,574 million (31 March 2024: ¥12,350 million), in which ¥9,604 million was denominated in Japanese Yen, ¥501 million was denominated in United States dollar, ¥400 million was denominated in Hong Kong dollar and ¥69 million was denominated in other currencies. As at 31 March 2025, the Group had total borrowings and lease liabilities of ¥35,807 million (31 March 2024: ¥38,357 million). Current portion of bank borrowings and current portion of lease liabilities amounted to ¥7,655 million as at 31 March 2025 (31 March 2024: ¥7,737 million).

The Group's bank borrowings during the current period comprised bank loans and syndicated loans. As at 31 March 2025, the total bank borrowings amounted to ¥9,840 million (31 March 2024: ¥10,432 million), with average effective interest rates on bank borrowings ranged from 1.58% to 1.64% (31 March 2024: 1.08% to 1.61%) per annum. Approximately 3.4% of bank borrowings as at 31 March 2025 were fixed rate borrowings.

HEDGING OF FLOATING RATE BORROWINGS AND FOREIGN EXCHANGE

As at 31 March 2025, the Group had two floating to fixed interest rate swap contracts with banks in Japan (i.e. the Group pays fixed interest rates and receives interests at floating rate). These interest rate swap contracts were entered into as a measure to manage interest rate risk in relation to loans of the Group. As interest rates of some of the Group's loans are on a floating rate basis, the floating to fixed interest rate swap contracts enabled the Group to reduce the volatility in the amount of interest being paid. For the year ended 31 March 2025, gain on fair value for interest rate swap contracts amounted to ¥1 million (31 March 2024: ¥3 million).

The Group did not carry out significant foreign currency investment and its debts were all denominated in Japanese Yen as at 31 March 2025. 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 1.3 as at 31 March 2025 (31 March 2024: 1.4).

CAPITAL EXPENDITURE

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

	As at 31 March	
	2025	2024
	¥ million	*¥ million*
Property, plant and equipment	**1,986**	2,289
Right-of-use assets	**1,407**	1,258
Intangible assets	**3**	4
Investment property	**827**	–
	4,223	3,551

CHARGES ON ASSETS

As at 31 March 2025 and 2024, the carrying values of charged assets were as below:

	As at 31 March	
	2025	2024
	¥ million	*¥ million*
Property, plant and equipment	**8,756**	8,946
Investment properties	**532**	553
Deposits and other receivables	**154**	158
	9,442	9,657

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2025 and 2024.

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

Except for the Acquisition of two companies as disclosed in this annual results announcement, during the year ended 31 March 2025, the Group did not conduct any significant investments, material acquisitions or disposals. Save for those disclosed in this annual results announcement, the Group had no plan authorised by the Board for other material investments or additions of capital assets as at the date of this annual results announcement.

SUBSEQUENT EVENTS

On 17 April 2025, NBI Regional Revitalization Investment Co., Ltd. ("NBII"), an indirect non-wholly-owned subsidiary of the Company, entered into a Purchase and Sale Agreement with an independent third party seller for the acquisition of land and building (a 10-storey building which was constructed as a hot spring ryokan inn) located at Shizukuishi-cho, Iwate-gun, Japan at a total consideration of ¥358.4 million. The acquisition was completed on 30 April 2025.

In addition, NBII entered into another Purchase and Sale Agreement with an independent third party seller on 18 April 2025 for the acquisition of land and buildings (a two-storey building and 12 annexed single-storey buildings constructed as a hot spring ryokan inn with 11 private villas) located at Kokonoe-machi, Kusu-gun, Japan at a total consideration of ¥798.4 million. The acquisition was subsequently completed on 1 May 2025.

As the tourism industry in Japan has been undergoing a strong revival since the COVID-19 pandemic, the management of the Group considers that these acquisitions present a great opportunity for the Group to further expand its hospitality business.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2025, the Group had 1,270 employees. The remuneration policy of the Group (including those for directors and employees) is determined by the Remuneration Committee under the Board as per the performance, qualifications and competence of the employees.

FINAL DIVIDEND

The Board has declared a final dividend of ¥0.12 per common share for the year ended 31 March 2025 (31 March 2024: ¥0.17) on 26 May 2025 and the final dividend will be payable on 15 July 2025 to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company at the close of business on 13 June 2025.

The exchange rate for the conversion of Japanese Yen to Hong Kong dollar for the dividend distributed to the Shareholders in the currency other than Japanese Yen is based on the average currency rates prevailing five trading days immediately prior to 26 May 2025 (being 19 to 23 May 2025).

CORPORATE GOVERNANCE

During the year ended 31 March 2025, the Company has adopted and complied with all the applicable principles and code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), with the exception for code provision C.2.1, which requires the roles of chairman and chief executive to be separated and should be performed by different individuals.

Code Provision C.2.1

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "Model Code") as its own code of conduct regarding securities transactions by Directors. Having made specific enquiry with all Directors, the Directors confirmed that they had complied with the required standard set out in the Model Code and the Company's code of conduct during the year ended 31 March 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company did not redeem any of its listed securities during the year ended 31 March 2025. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities (including sale of treasury shares, if any) during the year ended 31 March 2025. As at 31 March 2025, the Company did not hold any treasury shares.

APPOINTMENT OF MEMBER OF THE NOMINATION COMMITTEE

The Board hereby announces that Ms. Reiko HACHISUKA, an independent non-executive Director, has been appointed as a member of the nomination committee of the Company with effect from 25 May 2025.

AUDIT COMMITTEE

The audit committee of the Company had reviewed, together with the management and external auditor, the accounting principles and policies adopted by the Group and the audited consolidated financial statements of the Group for the year ended 31 March 2025.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on this preliminary announcement.

ANNUAL GENERAL MEETING AND RECORD DATE

The annual general meeting of the Company (the "2025 AGM") will be held on 30 June 2025 at 2-1-24, Hohaccho, Koriyama-shi, Fukushima, 963-8811, Japan. Notice of the 2025 AGM will be published and sent to Shareholders in due course. The right to attend and vote at the 2025 AGM will be granted to the Shareholders whose names appear on the Company's share register at the close of business on 24 June 2025.

In order for those Shareholders whose names have not been registered on the Company's share register to be eligible to attend and vote at the 2025 AGM, all properly completed, duly stamped and executed transfer documents accompanied by the relevant share certificates should be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong before 4:30 p.m. (Hong Kong time) on 24 June 2025.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (www.hkexnews.hk) and the Company (www.ngch.co.jp), and the annual report of the Company for the year ended 31 March 2025 containing all the information required by the Listing Rules will be sent to the Shareholders and will be published on the respective websites of the Stock Exchange and the Company in due course.

On behalf of the Board
株式会社ニラク・ジー・シー・ホールディングス
NIRAKU GC HOLDINGS, INC.*
Hisanori TANIGUCHI
Chairman, Executive Director and Chief Executive Officer

Fukushima, Japan, 26 May 2025

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

* *for identification purpose only*