

NIRAKU GC HOLDINGS

(Hong Kong Stock Exchange: 1245)

Cons. Fiscal Year (IFRS) (Million Yen)		Revenue	Operating profit	Profit before income tax	Profit attributable to owners of the Company	EPS (Yen)	DPS (Yen)
FY03/2020		28,046	1,955	581	179	0.15	0.10
FY03/2021		18,541	(7,203)	(8,502)	(5,481)	(4.58)	0.00
FY03/2022		22,209	861	(171)	(1,181)	(0.99)	0.40
FY03/2021	YoY	(33.9%)	-	-	-	-	-
FY03/2022	YoY	19.8%	-	-	-	-	-
Cons. Half Year (IFRS) (Million Yen)		Revenue	Operating profit	Profit before income tax	Profit attributable to Owners of the Company	EPS (Yen)	DPS (Yen)
H1 FY03/2022		10,795	2,193	1,625	1,209	1.01	0.00
H2 FY03/2022		11,414	(1,332)	(1,796)	(2,390)	-	-
H1 FY03/2023		12,363	2,099	1,626	1,063	0.89	0.17
H1 FY03/2023	YoY	14.5%	(4.3%)	0.1%	(12.1%)	-	-

Source: Company Data, WRJ Calculation

1.0 Executive Summary (24 February 2023)

Recovery and Resumption

NIRAKU GC HOLDINGS, which mainly runs pachinko & pachislot halls in eastern Japan, is showing a trend of recovery for its performance. For FY03/2023, the Company is to see a steady increase in revenue and a steady improvement in earnings. The Company has resumed payment of dividend with ¥0.17 per share for H1 (versus nothing for the previous H1), which is expected to be followed by payment with a target of achieving payout ratio of 30% on a full-year basis. For the H1 actual results, the Company benefited from a factor that the impact of Corona disaster was beginning to run its course, having resulted in a strength for revenue. On top of the mainstay Pachinko & Pachislot Hall Operations, the Company also saw a major contribution from Amusement Arcade Operations in Southeast Asia. By the way, the Company saw operating profit increased sharply in terms of an apple-to-apple comparison, i.e., excluding the impact of booking gain on release of lease liabilities as much as ¥1,349m during the same period of the previous year, which was a factor to have had boosted operating profit then to a corresponding extent. Meanwhile, for H2, the Company is to invest in “smart pachislot”, which is expected to result in operating profit for H2 rather smaller than that of H1. According to the Company, it is indispensable to invest in such new gaming machines to pursue future increase in revenue. In the first place, the market for pachinko & pachislot halls is consistently shrinking, but the Company, drastically streamlining its operations of the halls than ever before, newly opened two halls through acquisitions of ones run by trades with all their furnishings for FY03/2022, while implying its intention to continue doing so for the future as well.

IR Representative: Masataka Watanabe, Group General Affairs Dept. (masataka.watanabe@niraku.co.jp)

2.0 Company Profile

Running Pachinko & Pachislot Halls

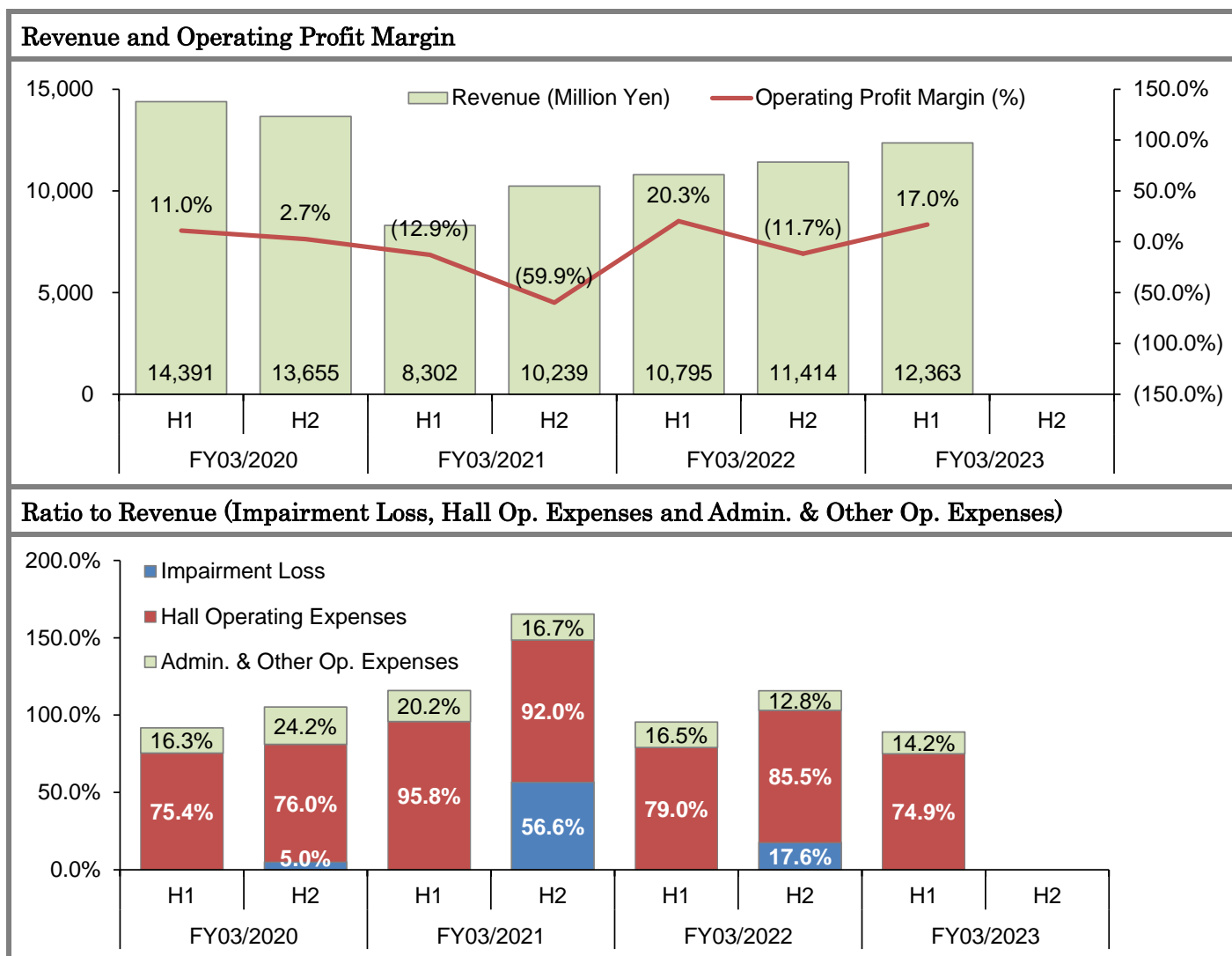
Company Name	NIRAKU GC HOLDINGS, INC. Website IR Information Share Price (Japanese) 
Established	10 January 2013
Listing	8 April 2015: Hong Kong Stock Exchange Mainboard (ticker: 1245)
Capital	¥3,000m (as of the end of September 2022)
No. of Shares	1,195,850,460 shares (as of the end of September 2022)
Main Features	<ul style="list-style-type: none"> ● Running pachinko & pachislot halls in eastern Japan (collective 49 halls) ● 20 halls in Fukushima-prefecture (9 halls in Koriyama-city) and 29 in other eastern Japan prefectures ● Running other operations in ex-Japan Asia at the same time
Segments	I . Pachinko & Pachislot Hall Operations II . Amusement Arcade Operations III. Restaurant Operations IV. Other Operations
Representative	Chairperson of the Board, Executive Director and CEO: Hisanori Taniguchi
Shareholders	HKSCC Nominees Limited 30.96%, Densho Limited 18.86%, Jikki Limited 15.14%, SMBC Trust Bank Ltd. 4.46% (as of the end of September 2022)
Head Office	Koriyama-city, Fukushima-prefecture, JAPAN
No. of Personnel	Consolidated: 1,677, unconsolidated: 11 (as of the end of September 2022)

Source: Company Data

3.0 Recent Trading and Prospects

H1 FY03/2023

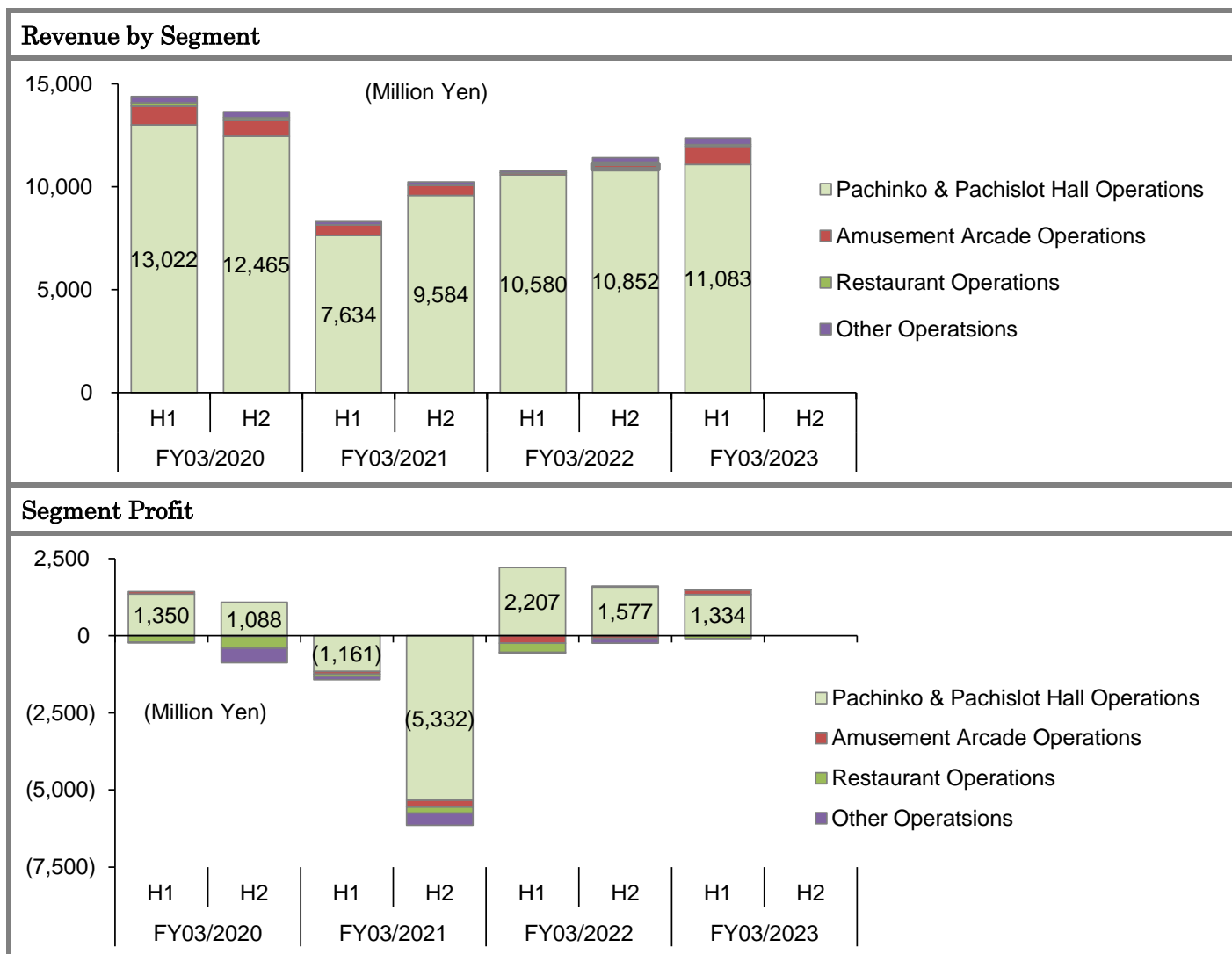
For H1 FY03/2023, revenue came in at ¥12,363m (up 14.5% YoY), operating profit ¥2,099m (down 4.3%), profit before income tax ¥1,626m (up 0.1%) and profit attributable to owners of the Company ¥1,063m (down 12.1%), while operating profit margin 17.0% (down 3.3% points).



Source: Company Data, WRJ Calculation

By segment, the mainstay Pachinko & Pachislot Hall Operations saw revenue of ¥11,083m (up 4.8% YoY), segment profit of ¥1,334m (down 39.6%) and segment profit margin of 12.0% (down 8.8% points), having accounted for 89.6% of revenue for the Company as a whole and 95.1% for segment profit. Thus, the Company's performance at the moment hinges on that of Pachinko & Pachislot Hall Operations to a considerably large extent. At the same time, it appears that Pachinko & Pachislot Hall Operations account for the bulk of total with respect to impairment loss, hall operating expenses and administrative & other operating expenses.

Meanwhile, the Company saw impairment loss of ¥676m for FY03/2020, which was followed by impairment loss of ¥5,796m for FY03/2021, having equated 5.0% and 56.6%, respectively, in terms of the ratio to revenue during the relevant period. Then, the Company saw impairment loss of ¥2,004m for FY03/2022, having declined sharply from FY03/2021. While the impairment loss for FY03/2022 was booked intensively for H2 as found in the past two years, the ratio to revenue during the relevant period came down to as low as 17.6%. By the way, for H2 FY03/2023, the Company suggests that it will see impairment loss further reduced, generating a major factor to drive earnings through FY03/2022 to FY03/2023.



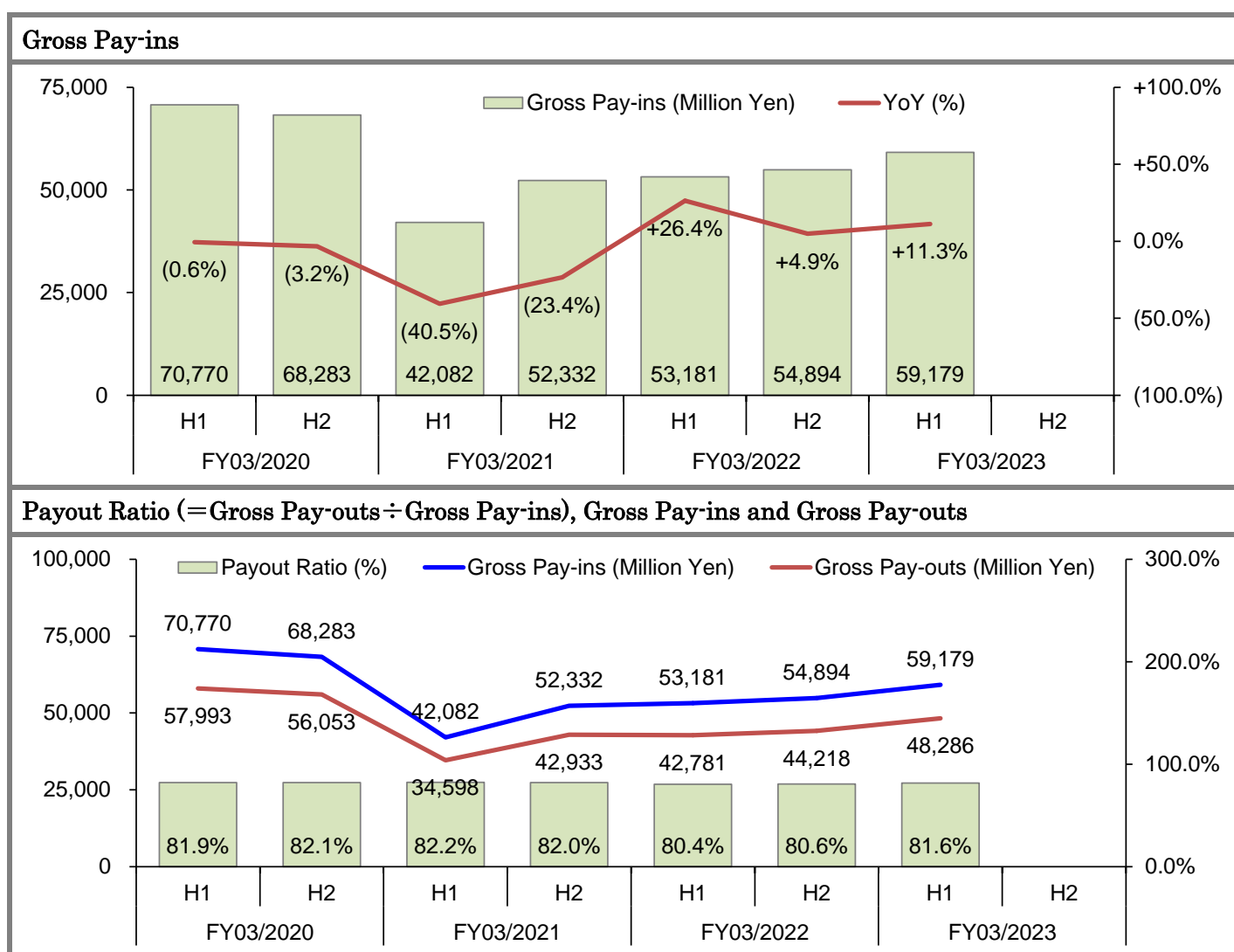
Source: Company Data, WRJ Calculation

Compared with the actual results of the past three years (FY03/2020 to FY03/2022), the Company saw a marked reduction in expenses as a result of drastic streamlining in the actual results for H1 FY03/2023. The ratio of hall operations expenses to revenue came in at 74.9%, which is the lowest ever during the relevant period. At the same time, the ratio of administrative & other operating expenses to revenue came in at 14.2%, which is the lowest ever as far as the H1 results are concerned likewise. Meanwhile, the former saw a decline of 4.1% points over the same period of the previous year and 2.3% points for the latter, having resulted in an improvement of 6.4% points, collectively, for operating profit margin. However, the Company saw operating profit margin declined by 3.3% points as above mentioned. The Company says that it saw gain on release of lease liabilities as much as ¥1,349m during the same period of the previous year, having had boosted operating profit then to a corresponding extent. In other words, when excluding the impact stemming from here, the Company saw operating profit of ¥844m during the same period of the previous year, while operating profit of ¥2,099m (up 148.7%) and operating profit margin of 17.0% (up 9.2% points) for H1 FY03/2023, implying a substantial improvement in operating profit margin due mainly to drastic streamlining in terms of an apple-to-apple comparison.

Compared with Pachinko & Pachislot Hall Operations, the Company sees revenue rather insignificant with respect to Amusement Arcade Operations, Restaurant operations and Other operations, while the same is true for segment profit, respectively. By the way, Amusement Arcade Operations reflects performance of the operations to run Japanese-style gaming arcades in Vietnam and Cambodia, Restaurant operations Japanese-style food court in Shenzhen, China and Other operations Koriyama City Hotel as well as eating and drinking establishments in Japan.

Revenue of Pachinko & Pachislot Hall Operations

For H1 FY03/2023, the Company saw revenue of ¥11,083m (up 4.8%) for Pachinko & Pachislot Hall Operations, comprising ¥10,893m (up 4.7%) of pachinko & pachislot business and ¥191m (up 6.1%) of vending machine income. With respect to the latter, the Company sees revenue related to vending machines (beverages, etc.) installed at own pachinko & pachislot halls, while revenue of pachinko & pachislot business, accounting for the bulk of revenue in this segment, corresponds to the value obtained by subtracting gross pay-outs from gross pay-ins. For H1 FY03/2023, gross pay-ins came in at ¥59,179m (up 11.3%) and gross pay-outs ¥48,286m (up 12.9%), implying payout ratio (=gross pay-outs ÷ gross pay-ins) of 81.6% (up 1.1% points). That is, to the extent that the payout ratio has increased, the increase in revenue from the pachinko and pachislot business has been less than the increase in gross pay-ins.



Source: Company Data, WRJ Calculation

In light of the fact that gross pay-ins increased by 11.3% (¥5,998m) over the same period last year, the

Company is considered to be doing quite well in its operations of pachinko & pachislot halls. At the moment, the Company's business environment is in a post-Corona state and there are trends of recovery in the market. However, it is said to be beyond expectations that the market to expand in size. According to the Company, the market for H1 has recovered to a level equating no more than some 80% of that of the state prior to Corona. In other words, the Company suggests that its share in the market is trending upward, while referring to some main factors as follows: that it saw net add-ons of ¥2,217m in gross pay-ins from new openings of two halls, that it benefited from a successful differentiation from trades by means of introducing a favorable hall layout and implementing a down-to-earth marketing activity and that it made progress in installing gaming machines often preferred by customers visiting the halls due to their gambling property relatively high. By the way, there is an aspect that payout ratio has risen as above mentioned as a result of having made progress in installing gaming machines often preferred by customers visiting the halls due to their gambling property. More importantly, however, the Company saw revenue from pachinko & pachislot business increased by 4.7%, implying that the issue has had a limited impact.

Meanwhile, the market sees so-called next generation smart gaming machines starting to get installed, which may potentially revitalize the market together with its future progress in penetration, according to the Company. In November 2020, “smart pachislot” was launched, while “smart pachinko” is scheduled to be launched in April 2023. “Smart pachislot” machines eliminate the need to use medals, allowing customers visiting the halls to enjoy a clean gaming environment. For “smart pachinko” machines, being designed to circulate balls within the machines, are said to provide customers visiting the halls with the same benefits. More importantly, both types of machines are expected to improve the functionality at the same time. With respect to the operations of the halls, it is said that the work related to balls and medals will be eliminated and the contribution of personnel expenses and costs of components associated with cleaning, maintenance and repair will decline.

Consolidated Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income	Cons.Act H1 03/2021	Cons.Act H2 03/2021	Cons.Act H1 03/2022	Cons.Act H2 03/2022	Cons.Act H1 03/2023	Cons.Act H2 03/2023	YoY Net Chg.
(Million Yen)							
Revenue	8,302	10,239	10,795	11,414	12,363	-	+1,568
Other income	392	247	331	314	253	-	(78)
Other gains / losses, net	137	36	1,376	160	500	-	(876)
Impairment loss on property, plant and equipment	-	(2,949)	-	(168)	-	-	-
Impairment loss on right-of-use assets	-	(2,643)	-	(759)	-	-	-
Impairment loss on intangible assets	-	(204)	-	(1,077)	-	-	-
Hall operating expenses	(7,950)	(9,417)	(8,523)	(9,756)	(9,257)	-	(734)
Administrative & other operating expenses	(1,679)	(1,714)	(1,786)	(1,460)	(1,760)	-	+26
Impairment loss on loan to an associate	(271)	271	-	-	-	-	-
Operating profit	(1,069)	(6,134)	2,193	(1,332)	2,099	-	(94)
Finance costs, net	(669)	(630)	(568)	(464)	(473)	-	+95
Share of results of an associate	-	-	-	-	-	-	-
Profit before income tax	(1,738)	(6,764)	1,625	(1,796)	1,626	-	+1
Income tax expense	(14)	2,912	(422)	(594)	621	-	+1,043
Profit for the year	(1,752)	(3,852)	1,203	(2,390)	1,005	-	(198)
Profit attributable to owners of the Company	(1,648)	(3,833)	1,209	(2,390)	1,063	-	(146)
Profit attributable to non-controlling interest	(104)	(19)	(6)	-	(58)	-	(52)
Other net comprehensive income	(2)	13	(18)	20	(182)	-	(164)
Total comprehensive net income for the year	(1,754)	(3,839)	1,185	(2,370)	823	-	(362)
Revenue YoY	(42.3%)	(25.0%)	+30.0%	+11.5%	+14.5%	-	-
Operating profit YoY	-	-	-	-	(4.3%)	-	-
Profit before income tax YoY	-	-	-	-	+0.1%	-	-
Profit attributable to owners of the Company YoY	-	-	-	-	(12.1%)	-	-
Hall operating expenses / Revenue	(95.8%)	(92.0%)	(79.0%)	(85.5%)	(74.9%)	-	+4.1%
Administrative and other operating expenses / Revenue	(20.2%)	(16.7%)	(16.5%)	(12.8%)	(14.2%)	-	+2.3%
Operating profit margin	(12.9%)	(59.9%)	20.3%	(11.7%)	17.0%	-	(3.3%)
Profit before income tax margin	(20.9%)	(66.1%)	15.1%	(15.7%)	13.2%	-	(1.9%)
Profit for the year margin	(21.1%)	(37.6%)	11.1%	(20.9%)	8.1%	-	(3.0%)
Profit before income tax / Income tax expense	-	-	(26.0%)	-	38.2%	-	+64.2%

Source: Company Data, WRJ Calculation

Segmented Information

Segmented Information	Cons.Act H1 03/2021	Cons.Act H2 03/2021	Cons.Act H1 03/2022	Cons.Act H2 03/2022	Cons.Act H1 03/2023	Cons.Act H2 03/2023	YoY Net Chg.
(Million Yen)							
Pachinko & Pachislot Hall Operations	7,634	9,584	10,580	10,852	11,083	-	+503
Amusement Arcade Operations	526	489	97	262	887	-	+790
Restaurant Operations	-	-	23	84	81	-	+58
Other Operations	142	166	95	216	312	-	+217
Revenue	8,302	10,239	10,795	11,414	12,363	-	+1,568
Pachinko & Pachislot Hall Operations	(41.4%)	(23.1%)	+38.6%	+13.2%	+4.8%	-	-
Amusement Arcade Operations	(41.6%)	(35.8%)	(81.6%)	(46.4%)	+814.4%	-	-
Restaurant Operations	-	-	-	-	+252.2%	-	-
Other Operations	(53.6%)	(42.0%)	(33.1%)	+30.1%	+228.4%	-	-
Revenue (YoY)	(42.3%)	(25.0%)	+30.0%	+11.5%	+14.5%	-	-
Pachinko & Pachislot Hall Operations	92.0%	93.6%	98.0%	95.1%	89.6%	-	-
Amusement Arcade Operations	6.3%	4.8%	0.9%	2.3%	7.2%	-	-
Restaurant Operations	-	-	0.2%	0.7%	0.7%	-	-
Other Operations	1.7%	1.6%	0.9%	1.9%	2.5%	-	-
Revenue (composition ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	-	-
Pachinko & Pachislot Hall Operations	(1,161)	(5,332)	2,207	1,577	1,334	-	(873)
Amusement Arcade Operations	(87)	(221)	(244)	(86)	153	-	+397
Restaurant Operations	(65)	(195)	(295)	31	(94)	-	+201
Other Operations	(113)	(393)	(35)	(153)	10	-	+45
Segment profit	(1,426)	(6,141)	1,633	1,369	1,403	-	(230)
Corporate expenses	(312)	(623)	(8)	(3,165)	223	-	+231
Profit before income tax	(1,738)	(6,764)	1,625	(1,796)	1,626	-	+1
Pachinko & Pachislot Hall Operations	(15.2%)	(55.6%)	20.9%	14.5%	12.0%	-	(8.8%)
Amusement Arcade Operations	(16.5%)	(45.2%)	(251.5%)	(32.8%)	17.2%	-	+268.8%
Restaurant Operations	-	-	-	36.9%	(116.0%)	-	-
Other Operations	(79.6%)	(236.7%)	(36.8%)	(70.8%)	3.2%	-	+40.0%
Segment profit margin	(17.2%)	(60.0%)	15.1%	12.0%	11.3%	-	(3.8%)
Corporate expenses	(3.8%)	(6.1%)	(0.1%)	(27.7%)	1.8%	-	+1.9%
Profit before income tax	(20.9%)	(66.1%)	15.1%	(15.7%)	13.2%	-	(1.9%)

Source: Company Data, WRJ Calculation

Revenue

Revenue	Cons.Act H1	Cons.Act H2	Cons.Act H1	Cons.Act H2	Cons.Act H1	Cons.Act H2	YoY
(Million Yen)	03/2021	03/2021	03/2022	03/2022	03/2023	03/2023	Net Chg.
Gross pay-ins	42,082	52,332	53,181	54,894	59,179	-	+5,998
Less: gross pay-outs	34,598	42,933	42,781	44,218	48,286	-	+5,505
Revenue from pachinko & pachislot hall business	7,484	9,399	10,400	10,676	10,893	-	+493
Revenue from amusement arcades	526	489	97	262	887	-	+790
Vending machine income	150	185	180	176	191	-	+11
Revenue from hotel operations	20	35	3	36	74	-	+71
Revenue from restaurant operations	122	131	115	264	318	-	+203
Revenue	8,302	10,239	10,795	11,414	12,363	-	+1,568
Gross pay-ins	(40.5%)	(23.4%)	+26.4%	+4.9%	+11.3%	-	-
Less: gross pay-outs	(40.3%)	(23.4%)	+23.7%	+3.0%	+12.9%	-	-
Revenue from pachinko & pachislot hall business	(41.4%)	(23.1%)	+39.0%	+13.6%	+4.7%	-	-
Revenue from amusement arcades	(41.6%)	(35.8%)	(81.6%)	(46.4%)	+814.4%	-	-
Vending machine income	(38.8%)	(21.3%)	+20.0%	(4.9%)	+6.1%	-	-
Revenue from hotel operations	(75.6%)	(42.6%)	(85.0%)	+2.9%	-	-	-
Revenue from restaurant operations	(68.4%)	(64.3%)	(5.7%)	+101.5%	+176.5%	-	-
Revenue (YoY)	(42.3%)	(25.0%)	+30.0%	+11.5%	+14.5%	-	-
Revenue from pachinko & pachislot hall business	90.1%	91.8%	96.3%	93.5%	88.1%	-	-
Revenue from amusement arcades	6.3%	4.8%	0.9%	2.3%	7.2%	-	-
Vending machine income	1.8%	1.8%	1.7%	1.5%	1.5%	-	-
Revenue from hotel operations	0.2%	0.3%	0.0%	0.3%	0.6%	-	-
Revenue from restaurant operations	1.5%	1.3%	1.1%	2.3%	2.6%	-	-
Revenue (Composition ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	-	-

Source: Company Data, WRJ Calculation

Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows	Cons.Act H1	Cons.Act H2	Cons.Act H1	Cons.Act H2	Cons.Act H1	Cons.Act H2	YoY
(Million Yen)	03/2021	03/2021	03/2022	03/2022	03/2023	03/2023	Net Chg.
Cash flows from operating activities	472	2,666	2,802	3,116	3,708	-	+906
Cash flows from investing activities	(127)	(205)	(370)	(656)	(70)	-	+300
Free cash flows	345	2,461	2,432	2,460	3,638	-	+1,206
Cash flows from financing activities	1,391	(8,655)	(7,129)	(2,553)	(3,874)	-	+3,255

Source: Company Data, WRJ Calculation

Consolidated Statement of Financial Position

Consolidated Statement of Financial Position	Cons. Act H1 03/2021	Cons. Act H2 03/2021	Cons. Act H1 03/2022	Cons. Act H2 03/2022	Cons. Act H1 03/2023	Cons. Act H2 03/2023	YoY Net Chg.
Property, plant and equipment	21,853	18,581	18,103	17,754	17,082	-	(1,021)
Right-of-use assets	31,902	27,949	27,381	26,193	25,785	-	(1,596)
Investment properties	620	737	726	714	703	-	(23)
Intangible assets	1,562	1,400	1,333	361	366	-	(967)
Prepayments, deposits and other receivables	4,826	4,545	4,357	4,319	4,261	-	(96)
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-
FAs at fair value through other comprehensive income	600	577	563	605	598	-	+35
Deferred income tax assets	2,807	5,765	5,758	5,342	5,436	-	(322)
Non-current assets	64,170	59,554	58,221	55,288	54,231	-	(3,990)
Inventories	114	21	59	44	39	-	(20)
Trade receivables	92	64	36	74	107	-	+71
Prepayments, deposits and other receivables	1,208	1,327	1,082	1,096	1,264	-	+182
Current income tax recoverable	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss	104	106	108	105	96	-	(12)
Current income tax recoverable	-	474	267	-	-	-	(267)
Bank deposits with maturity over three months	75	42	71	242	271	-	+200
Cash and cash equivalents	15,865	15,903	11,192	11,451	11,162	-	(30)
Assets classified as held for sales	10	-	-	-	-	-	-
Current assets	17,468	17,937	12,815	13,012	12,939	-	+124
Total assets	81,638	77,491	71,036	68,300	67,170	-	(3,866)
Share capital	3,000	3,000	3,000	3,000	3,000	-	0
Reserves	21,570	17,762	18,967	16,630	17,085	-	(1,882)
Non-controlling interest	(525)	(556)	(576)	(609)	(719)	-	(143)
Total equity	24,045	20,206	21,391	19,021	19,366	-	(2,025)
Borrowings	8,660	738	7,473	6,939	6,328	-	(1,145)
Lease liabilities	31,726	30,534	28,857	28,090	27,441	-	(1,416)
Provisions and other payables	2,260	2,192	2,170	2,244	2,233	-	+63
Derivative financial instruments	22	16	13	9	5	-	(8)
Non-current liabilities	42,668	33,480	38,513	37,282	36,007	-	(2,506)
Trade payables	106	108	92	108	111	-	+19
Borrowings	8,001	15,929	4,157	4,702	4,310	-	+153
Lease liabilities	2,910	2,906	2,603	2,599	2,817	-	+214
Accruals, provisions and other payables	3,297	4,131	3,996	4,244	3,952	-	(44)
Derivative financial instruments	4	3	3	2	1	-	(2)
Current income tax liabilities	607	728	281	342	606	-	+325
Current liabilities	14,925	23,805	11,132	11,997	11,797	-	+665
Total liabilities	57,593	57,285	49,645	49,279	47,804	-	(1,841)
Total equity and liabilities	81,638	77,491	71,036	68,300	67,170	-	(3,866)
Interest bearing debt	51,297	50,107	43,090	42,330	40,896	-	(2,194)
Net debt	35,357	34,162	31,827	30,637	29,463	-	(2,364)
Equity ratio	29.5%	26.1%	30.1%	27.8%	28.8%	-	-
Net debt equity ratio	147.0%	169.1%	148.8%	161.1%	152.1%	-	-
ROE (12 months)	(8.9%)	(24.4%)	(11.7%)	(6.1%)	(6.8%)	-	-
ROA (12 months)	(2.5%)	(10.7%)	(6.7%)	(0.2%)	(0.2%)	-	-
Quick ratio	107%	67%	102%	98%	98%	-	-
Current ratio	117%	75%	115%	108%	110%	-	-

Source: Company Data, WRJ Calculation

4.0 Slogan and Business Model

Making Life Happy, Enjoyable and Fun

The Company's history started with the setup of a pachinko hall in Mito-city, Ibaraki-prefecture, by Tetsuyoshi Taniguchi, the founder, in 1950. After more than 70 years since then, the Company had the number of pachinko & pachislot halls run under management as many as collective 49 in eastern Japan as of the end of H1 FY03/2023. Meanwhile, according to Hisanori Taniguchi, current Chairperson of the Board with the Company, having succeeded management from Tetsuyoshi Taniguchi, the founder, after a period of management by Masataka Taniguchi in-between, the Company is a spicy entity with its main characteristics, i.e., that it has established own strategic dominance in Koriyama-city, Fukushima-prefecture, where it is currently based, while being able to quickly implement diverse measures as the organization not being bloated up.

In 1954, the Company newly opened NIRAKU Hall in Koriyama-city, Fukushima-prefecture, which was followed by growth of the Company driven by booming pachinko market and by economic prosperity after the Second World War. Meanwhile, the Company has been striving to provide customers visiting the halls with an agreeable atmosphere and a fun time through congenial services as the primary issue by means of standing by the corporate slogan of Making Life Happy, Enjoyable and Fun, advocated since the early days for the operations of the halls. The Company says that this "customers first" policy makes it possible to adjust itself to ever-changing trends in the market for pachinko & pachislot as well as customer preferences. The Company is trying to get at further enhancement of corporate value as an entity to create happiness to be provided for the local people, represented by customers visiting the halls.

Meanwhile, NIRAKU GC HOLDINGS, INC. was established on 10 January 2013, which was followed by consolidation of NIRAKU Corporation to have been running above-mentioned pachinko & pachislot hall operations as subsidiary under management in April of the same year. Then, on 8 April 2015, NIRAKU GC HOLDINGS, INC. got listed on the mainboard of Hong Kong Stock Exchange (ticker: 1245), while having started up operations in ex-Japan Asia by means of consolidating Dream Games Singapore Pte. Ltd. on 20 November 2017 with procurement of 100% of the shares outstanding. Elsewhere, it was on 20 June 2019, when the Company started up running Japanese-style food court in Shenzhen, China. From a long-term perspective, the Company is aiming to shift to "comprehensive entertainment company" by strengthening its operations in ex-Japan Asia like the said ones.

Company History

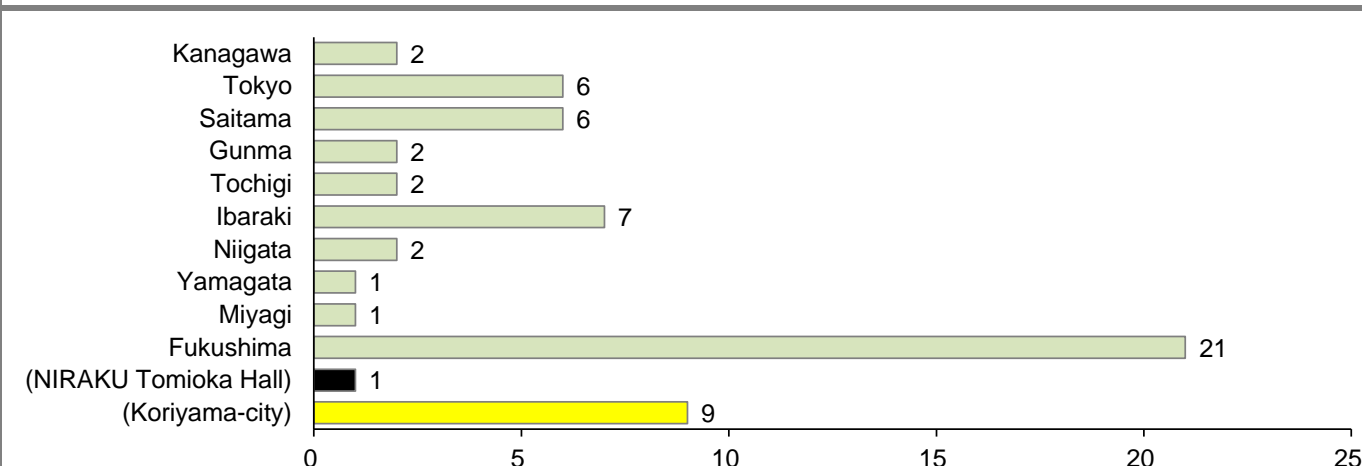
Date	Events
1954	Opened the first hall in Koriyama-city, Fukushima-prefecture, under NIRAKU brand
August 1969	Established Niraku Shoji Corporation (Nakano-ku, Tokyo)
July 1979	The NIRAKU Hall, renamed as DAIWA, opened Koriyama City Hotel
1980s	Opened four halls in Fukushima-prefecture (three in Koriyama-city)
1990 to 1997	Opened 10 halls
December 1991	Opened Nikku Club (changed to the training facility in 2000)
August 1992	Opened the 10th hall in Nakano Shimbashi

August 1998	Changed the company name to NIRAKU Corporation
2001	Opened 5 halls
2002	Renamed the name of the halls from DAIWA to NIRAKU
2002 to 2005	Opened 15 halls
February 2003	Opened the 20th hall in Soma
2006 to 2010	Opened 16 new halls in Tokyo, Fukushima-prefecture and their neighboring and conjoining prefectures
February 2010	Established a special subsidiary company NIRAKU MERRIST Corporation
November 2010	Opened the 20th hall in Fukushima Sasakino, Fukushima-prefecture
May 2011	Opened the 50th hall in Koriyama Arai, Fukushima-prefecture
January 2013	Established NIRAKU GC HOLDINGS, INC.
April 2013	NIRAKU GC HOLDINGS, INC. becomes a holding company of NIRAKU Corporation
October 2014	NIRAKU Corporation opened its first Spanish Bar-restaurant in Tokyo under the brand LIZARRAN
April 2015	Listed on the mainboard of Hong Kong Stock Exchange on 8 April 2015
April 2016	NIRAKU Corporation, opened hall in Taiheiji, Fukushima
May 2017	Established a joint holding company, NPJ Hong Kong Limited, in Hong Kong through a wholly owned subsidiary NGCH Hong Kong Limited, to enter the food court business in Shenzhen, China
November 2017	Dream Games Singapore Pte. Ltd. (based in Singapore) became a subsidiary
December 2017	NIRAKU Corporation opened hall in Hitachiomiya, Ibaraki
June 2018	NIRAKU Corporation opened the first Komeda's Coffee shop on the Niraku premises in Atago, Kazo
January 2019	NIRAKU Corporation opened the second Komeda's Coffee shop on the Niraku premises in Shinko, Iruma
March 2019	NIRAKU Corporation opened Spanish Bar-restaurant LIZARRAN in Takadanobaba, Tokyo
October 2019	NIRAKU Corporation, opened Spanish Bar-restaurant LIZARRAN in Sangenjaya, Tokyo
August 2020	NIRAKU Corporation opened hall in Omachi, Koriyama
October 2020	Second-generation subsidiary, Nexia Inc., acquired as subsidiary
July 2021	Established Ocube, INC.
November 2021	NIRAKU Corporation opened Goncha shop in S-PAL II Sendai, Sendai and Odakyu Marche Tama Center, Tokyo.
February 2022	NIRAKU Corporation opened hall in Hitachino, Ushiku
March 2022	NIRAKU Corporation opened hall in Mochida, Gyoda

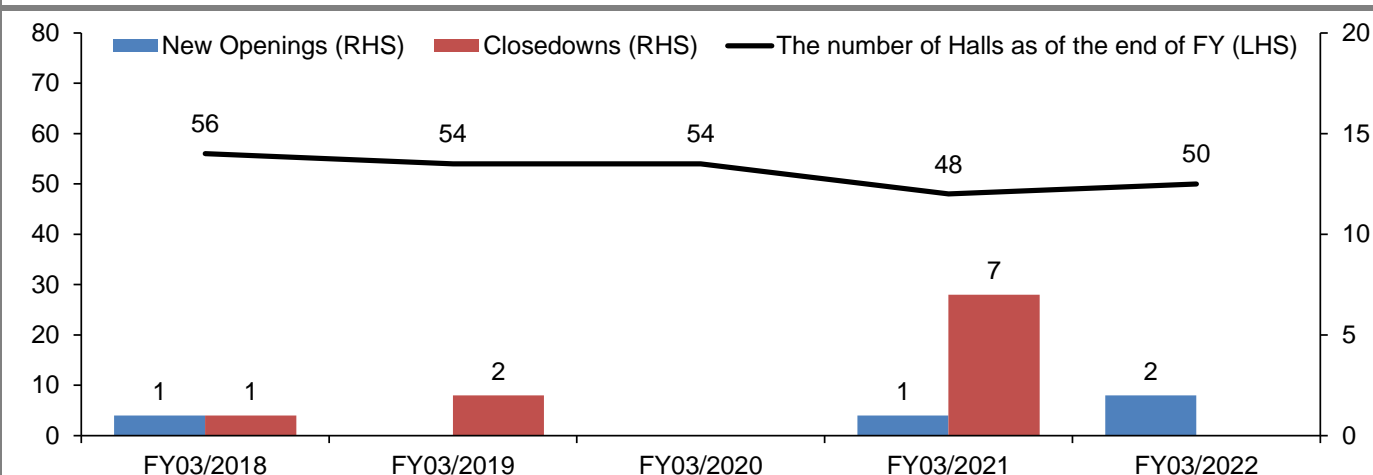
NIRAKU Corporation (100% subsidiary) / Running Pachinko & Pachislot Hall Operations

The Company is a holding company with four fully owned subsidiaries under management, i.e., NIRAKU Corporation, NEXIA INC., NGCH Hong Kong Limited and Dream Games Singapore Pte. Ltd. Meanwhile, NIRAKU Corporation runs NIRAKU MERRIST CORPORATION and Ocube INC. as 100% subsidiaries (the Company's second-generation subsidiaries), while NGCH Hong Kong Limited runs NPJ Hong Kong Limited as a 51% subsidiary (the Company's next-generation subsidiary). By the way, NPJ Hong Kong Limited runs NPJ China YOKOCHO Co., Ltd. as 100% subsidiary (subsidiary of the Company's second-generation subsidiary). At the same time, Dream Games Singapore Pte. Ltd. runs three 100% subsidiaries (the Company's second-generation subsidiaries), i.e., Dream Games (Japan) Co., Ltd., Dream Games Vietnam Co, Ltd. and Dream Games Cambodia Co., Ltd.

Pachinko & Pachislot Halls by Prefecture: Collectively 50 in the Number (as of the end of FY03/2022)



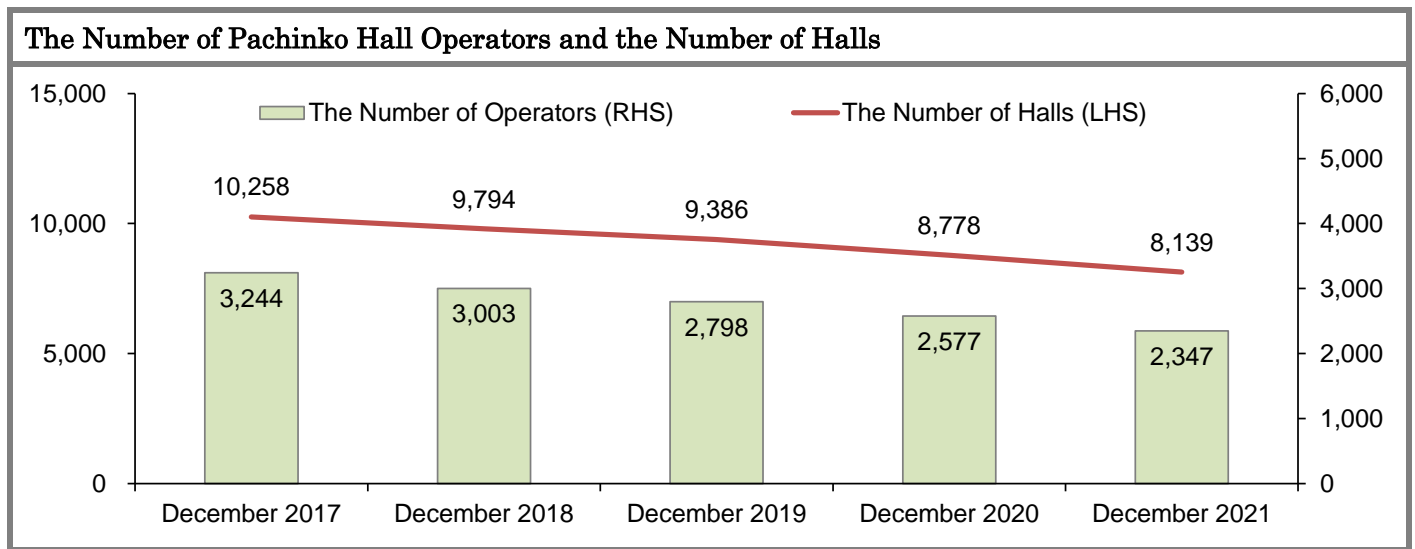
The Number of Pachinko & Pachislot Halls



Source: Company Data

The Company's performance as a whole at the moment heavily hinges on that of NIRAKU Corporation in charge of running pachinko & pachislot halls in eastern Japan, primarily in Koriyama-city, Fukushima-prefecture. As of the end of FY03/2022, the number of halls run by NIRAKU Corporation stood at 49, collectively. When including NIRAKU Tomioka Hall (Futaba-gun, Fukushima-prefecture: when to resume operations not decided yet) whose operations have been suspended due to the impact of Great East Japan Earthquake occurred on 11 March 2011, the number stood at 50, collectively. Meanwhile, there was no change in the number of halls for H1 FY03/2023, according to the Company.

For FY03/2021, when the impact of Corona disaster became substantial, the Company newly opened one hall through acquisition of one run by trade with all its furnishings, while having had closed down 7 halls at the same time. With respect to the latter, one of them was of “constative closedown” planned originally and the remaining 6 halls were closed down with a strategy to reallocate management resources looking to the advent of post-Corona state in the near future. Thus, all of them were closed down in a proactive manner, according to the Company. Meanwhile, for FY03/2022, when the impact of Corona disaster was rather relaxed, the Company newly opened two halls through acquisitions of ones run by trades with all their furnishings toward the end of the fiscal year, while not having closed down any. Given a remarkable progress made in streamlining for the operations of halls on the occasion of prevailing impact of Corona disaster, the Company has been seeing a break-even point for the operations lowered, while the Company opened all those new halls by utilizing the knowhow accumulated here. Going forward, the Company is to take the measure of halls run by trades to see if a sufficient improvement in the balance of receipts and expenditures could be pursued or not by means of adopting the operations by the Company, looking to an opportunity to add them in under management, which is expected to increase the number of halls to operate and/or the number of gaming machines installed.



Source: [Yano Research Institute Ltd.](#)

The number of pachinko halls operated in Japan is believed to have peaked in 1995 with 18,244 halls, while data from Yano Research Institute Ltd. indicates that the number had shrunk to 8,139 in December 2021, less than half the number at the peak. In Japan, the population continues to shrink and the diversification of entertainment continues, forcing a consistent shrinkage in the market for the Company's Pachinko & Pachislot Hall Operations, belonging to the existing domain of entertainment. For example, the number of pachinko hall operators declined by 27.7% through December 2017 to December 2021 and by 20.7% for the number of halls. Meanwhile, the number of halls per operator came in at 3.5 for December 2021, when based on a simple calculation, having increased by 9.7% during the relevant period. In other words, the size of the market is shrinking, while the number of halls per operator is increasing, implying a consolidation going on. In fact, pachinko hall operators being inferior in funding ability and/or suffering from successor problems are forced to withdraw from the operations, implying a consolidation further going on for the future. Under such business environment, the Company intends to continue steadily making money as one of the survivors in the market.

For FY03/2021, the Company closed down NIRAKU Bizutsukan-Dori Hall (Koriyama-city, Fukushima-prefecture) on 14 June 2020. However, this was of “constructive closedown” planned originally, having had been conducted in conjunction with the project to newly open a large-scale hall in the neighborhood, according to the Company. In fact, the Company did newly open NIRAKU Koriyama-Omachi Hall (Koriyama-city, Fukushima-prefecture) with the number of gaming machines installed as many as 1,029 units (644 units of pachinko and 385 units of pachislot) on 8 August 2020 in the middle of prevailing impact of Corona disaster. The Company says that the number of gaming machines installed equates roughly double in terms of comparison with NIRAKU Bizutsukan-Dori Hall (Koriyama-city, Fukushima-prefecture) which saw a “constructive closedown.”

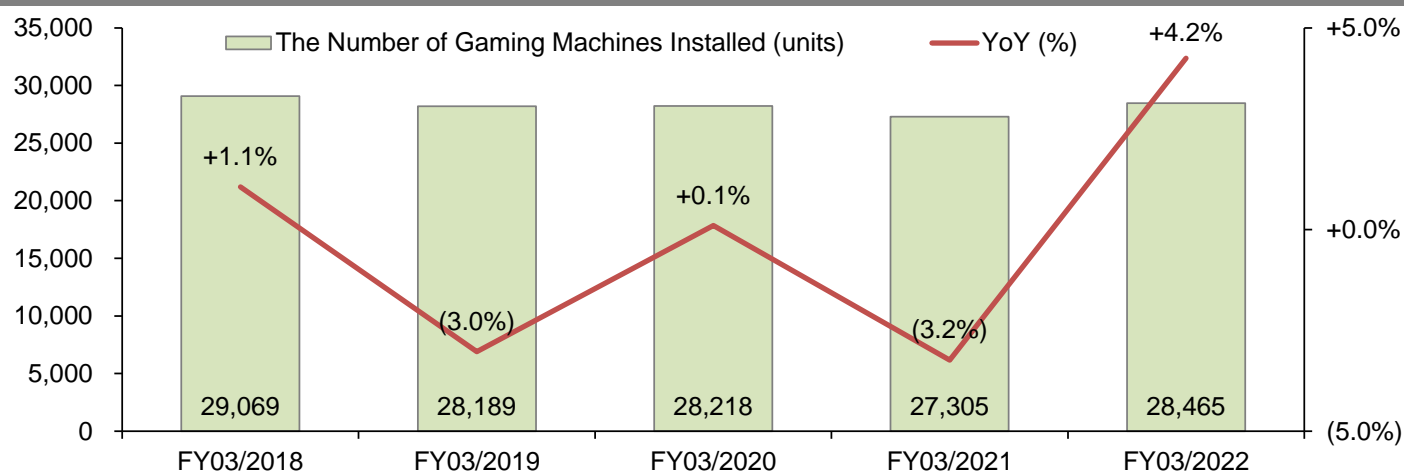
NIRAKU Koriyama-Omachi Hall (Koriyama-city, Fukushima-prefecture / newly opened on 8 August 2020)



Source: Company Data

It appears that NIRAKU Koriyama-Omachi Hall (Koriyama-city, Fukushima-prefecture) has substantially contributed to a recovery in revenue for the Company as a whole for FY03/2022. In addition to its favorable location, the Company says that it benefits from a factor to be able to utilize own strengths in various aspects here. In the first place, the Company also says that it is advantageous that the hall has a large size in the number of gaming machines installed. For the sake of newly open NIRAKU Koriyama-Omachi Hall (Koriyama-city, Fukushima-prefecture), the Company used a method of “inuki” or that of carrying out acquisition of one run by trade with its all furnishings of the existing premises, including interior decorating, equipment, etc. with no restoration to original state, having resulted in acquisition of both premises and land in this case. According to the Company, this method is highly regarded in a respect that it requires initial costs less than setting up new ones which needs to incur expenses on design and construction.

The Number of Gaming Machines (Pachinko & Pachislot) Installed



NIRAKU Hitachino-Ushiku Hall

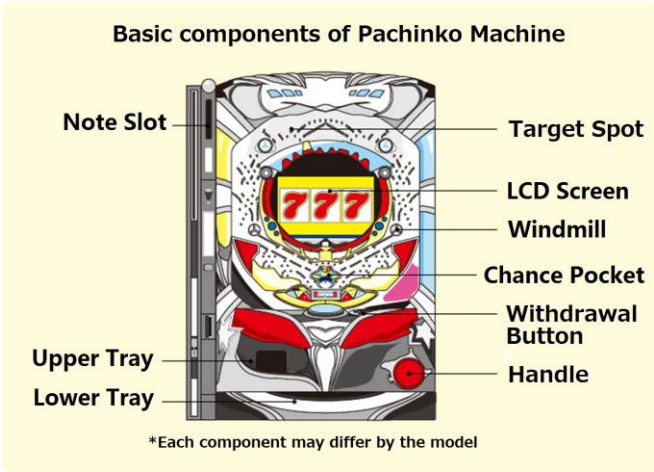
NIRAKU Gyoda-Mochida Hall



Source: Company Data

For FY03/2021, the number of halls operated with the Company saw net decrease by no less than 6 as a result of the above-mentioned new opening and closedowns, which have had led to decrease for the number of gaming machines (pachinko & pachislot) installed for the Company as a whole at the same time, but the number has recovered for FY03/2022. On 11 February 2022, the Company newly opened NIRAKU Hitachino-Ushiku Hall (Ushiku-city, Ibaraki-prefecture / the number of gaming machines installed of 656 units, comprising pachinko of 420 units and pachislot of 236 units), which was followed by another one of NIRAKU Gyoda-Mochida Hall (Gyoda-city, Saitama-prefecture / 504 units comprising 360 units and 144 units, respectively) on 25 March 2022, having increased the number of gaming machines (pachinko & pachislot) to a corresponding extent for the Company as a whole. Meanwhile, the Company newly opened both of them through acquisition of halls run by trades with all their furnishings as found in the case of NIRAKU Koriyama-Omachi Hall (Koriyama-city, Fukushima-prefecture). In this case, the Company acquired land and premises versus premises only for both of them and the land is leased for both. As mentioned earlier, there was no change in the number of halls for H1 FY03/2023 and thus the same with respect to the number of gaming machines (pachinko and pachislot) installed with the Company.

Pachinko Machine (basic configuration)



Pachinko Machines Installed



Inside of Hall



General Prizes



Source: Company Data


NIRAKU Corporation (100% subsidiary) / Operations of Hotel and Eating & Drinking Establishments

In addition to the above-mentioned Pachinko & Pachislot Hall Operations, NIRAKU Corporation also runs those of hotel and eating & drinking establishments. In July 1979, NIRAKU Corporation newly opened Koriyama City Hotel, a business hotel with basic amenities, which is located in front of JR Koriyama Station in Koriyama-city, Fukushima-prefecture, where the Company is based, while having 11 floors with a total floor space of 2,944 square meters and/or 84 guest rooms.

Koriyama City Hotel	Spanish Bar-restaurant LIZARRAN	
		
	Shimbashi	Sangenjaya

Source: Company Data

Meanwhile, in October 2014, NIRAKU Corporation newly opened Spanish Bar-restaurant LIZARRAN through a franchising contract with Comess Group De Restauración S.K. (the Comess Group), while currently running operations for two of them based in Shimbashi and Sangenjaya. The one based in Takadanobaba, newly opened in March 2019, was closed down in June 2022.

Komeda's Coffee Shop	
	
NIRAKU Kazo-Atago Hall	NIRAKU Iruma-Shinko Hall

Source: Company Data

Further, in June 2018, NIRAKU Corporation entered into a franchising contract with Komeda Co., Ltd., which runs the chain of Komeda's Coffee Shop, a full-service coffee shop originated in Nagoya, having newly opened the first one on the premises of NIRAKU Kazo-Atago Hall (Kazo-city, Saitama-prefecture), a pachinko & pachislot hall operated by the Company. Then, this was followed by the second one on the premises of NIRAKU Iruma-Shinko Hall (Iruma-city, Saitama-prefecture) in January 2019.

Gong Cha



Source: Company Data

Finally, in November 2021, NIRAKU Corporation entered into a franchising contract with Gong Cha Japan LTD., expanding the Gong Cha chain to provide Gong Cha (global tea brand) originally from Taiwan, having newly opened a shop of Gong Cha S-PAL Sendai II (Sendai-city, Miyagi-prefecture) and another one of Gong Cha Odakyu Tama Center (Tama-city, Tokyo).

NIRAKU Corporation (100% subsidiary) / Subsidiaries (the Company's second-generation subsidiaries)

NIRAKU Corporation runs NIRAKU MERRIST CORPORATION and Ocube INC. as 100% subsidiaries (the Company's second-generation subsidiaries). The former runs operations to improve employment conditions for people with disabilities, while the latter runs operations of temporary staffing, staff agency and human resources consulting services, including all those operations to develop a second career for NIRAKU Corporation employees.

NEXIA INC. (100% subsidiary)

NEXIA INC. runs operations to own real estate comprising lands and buildings of pachinko & pachislot halls operated by NIRAKU Corporation, office buildings & condominiums for third-party renting, etc. as well as implementing investment associated with them.

NGCH Hong Kong Limited (100% subsidiary)

NGCH Hong Kong Limited was established as a bridgehead for business developments in ex-Japan Asia, holding a 51% stake in NPJ Hong Kong Limited (the Company's second-generation subsidiary). Meanwhile, NPJ Hong Kong Limited holds a 100% stake in NPJ China YOKOCHO Co., Ltd. (subsidiary of the Company's second-generation subsidiary), with which the Company started up operations of running Japanese-style food court based on the concept of YOKOCHO at Shenzhen Upper Hills, an urban complex commercial facility located in Shenzhen, China, on 20 June 2019.

Prior to the startup of the operations here, the Company had to see some initial investment, having had suffered from loss to a corresponding extent for FY03/2019. Meanwhile, after the startup, the operations were forced to suffer from customer attraction situation lower than anticipated, which was followed by the impact of prevailing Corona disaster, having had led to a suspension for the operations since February 2020. Then, the operations were resumed in August 2021, which was followed by the lifting of the zero-Covid policy by the local government most recently. Still, this issue has led to a surge in the number of infected individuals in the location, implying that it is too early to dispel any uncertainty for the future, according to the Company.

Dream Games Singapore Pte. Ltd, (100% subsidiary)

Dream Games Singapore Pte. Ltd. runs three 100% subsidiaries (the Company's second-generation subsidiaries), i.e., Dream Games (Japan) Co., Ltd., Dream Games Vietnam Co, Ltd. and Dream Games Cambodia Co., Ltd., while running operations of Japanese-style amusement arcades in Vietnam and Cambodia through them. At the moment, the Company has the operations in 9 locations in Vietnam and two for Cambodia. Meanwhile, it was 20 November 2017, when the Company acquired all the shares outstanding of Dream Games Singapore Pte. Ltd. as the first step for aiming to shift to "comprehensive entertainment company" as well as promoting "globalization of business portfolio".

Amusement Arcade of Tan Phu Celadon (Ho Chi Minh-city, Vietnam)



Source: Company Data

For FY03/2022, the impact of Corona disaster was substantial in Vietnam and Cambodia, having had resulted in a situation that the actual operations were almost always suspended in all the locations. Given a situation like this, the Company had written off goodwill generated by the above-mentioned acquisition. Meanwhile, since the beginning of FY03/2023, the government of Cambodia has rather relaxed its Corona policy, which was followed by the equivalent with the government of Vietnam. Consequently, the operations at all the locations have been resumed and thus the number of customers visiting the arcades has been substantially recovering, according to the Company. In the actual results for H1 FY03/2023, the segment of Amusement Arcade Operations to reflect the performance of the operations here saw revenue of ¥887m (up 814.4% YoY), segment profit of ¥153m (versus minus ¥244m during the same period of the previous year) and segment profit margin of 17.2% (up 268.8% points).

5.0 Financial Statements

Consolidated Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income (Million Yen)	Cons.Act FY 03/2018	Cons.Act FY 03/2019	Cons.Act FY 03/2020	Cons.Act FY 03/2021	Cons.Act FY 03/2022	YoY Net Chg.
Revenue	26,554	28,325	28,046	18,541	22,209	+3,668
Other income	606	551	1,074	639	645	+6
Other gains / losses, net	121	54	400	173	1,536	+1,363
Impairment loss on property, plant and equipment	-	-	(213)	(2,949)	(168)	+2,781
Impairment loss on right-of-use assets	-	-	(463)	(2,643)	(759)	+1,884
Impairment loss on intangible assets	-	-	-	(204)	(1,077)	(873)
Hall operating expenses	(22,640)	(22,875)	(21,234)	(17,367)	(18,279)	(912)
Administrative & other operating expenses	(3,918)	(4,502)	(5,655)	(3,393)	(3,246)	+147
Impairment loss on loan to an associate	-	-	-	-	-	-
Operating profit	723	1,553	1,955	(7,203)	861	+8,064
Finance costs, net	(510)	(455)	(1,374)	(1,299)	(1,032)	+267
Share of results of an associate	-	(5)	-	-	-	-
Profit before income tax	213	1,093	581	(8,502)	(171)	+8,331
Income tax expense	(273)	(549)	(717)	2,898	(1,016)	(3,914)
Profit for the year	(60)	544	(136)	(5,604)	(1,187)	+4,417
Profit attributable to owners of the Company	(15)	610	179	(5,481)	(1,181)	+4,300
Profit attributable to non-controlling interest	(45)	(66)	(315)	(123)	(6)	+117
Other net comprehensive income	(272)	70	(286)	11	2	(9)
Total comprehensive net income for the year	(332)	614	(422)	(5,593)	(1,185)	+4,408
Revenue YoY	(9.0%)	+6.7%	(1.0%)	(33.9%)	+19.8%	-
Operating profit YoY	(49.5%)	+114.8%	+25.9%	-	-	-
Profit before income tax YoY	(76.4%)	+413.1%	(46.8%)	-	-	-
Profit attributable to owners of the Company YoY	-	-	(70.7%)	-	-	-
Hall operating expenses / Revenue	(85.3%)	(80.8%)	(75.7%)	(93.7%)	(82.3%)	+11.4%
Administrative and other operating expenses / Revenue	(14.8%)	(15.9%)	(20.2%)	(18.3%)	(14.6%)	+3.7%
Operating profit margin	2.7%	5.5%	7.0%	(38.8%)	3.9%	+42.7%
Profit before income tax margin	0.8%	3.9%	2.1%	(45.9%)	(0.8%)	+45.1%
Profit for the year margin	(0.2%)	1.9%	(0.5%)	(30.2%)	(5.3%)	+24.9%
Profit before income tax / Income tax expense	(128.2%)	(50.2%)	(123.4%)	-	-	-

Source: Company Data, WRJ Calculation

Segmented Information

Segmented Information	Cons.Act FY 03/2018	Cons.Act FY 03/2019	Cons.Act FY 03/2020	Cons.Act FY 03/2021	Cons.Act FY 03/2022	YoY Net Chg.
(Million Yen)						
Pachinko & Pachislot Hall Operations	25,799	26,388	25,487	17,218	21,432	+4,214
Amusement Arcade Operations	417	1,535	1,663	1,015	359	(656)
Restaurant Operations	-	-	304	-	107	+107
Other Operations	338	402	592	308	311	+3
Revenue	26,554	28,325	28,046	18,541	22,209	+3,668
Pachinko & Pachislot Hall Operations	(10.9%)	+2.3%	(3.4%)	(32.4%)	+24.5%	-
Amusement Arcade Operations	-	+268.1%	+8.3%	(39.0%)	(64.6%)	-
Restaurant Operations	-	-	-	-	-	-
Other Operations	+53.6%	+18.9%	+47.3%	(48.0%)	+1.0%	-
Revenue (YoY)	(9.0%)	+6.7%	(1.0%)	(33.9%)	+19.8%	-
Pachinko & Pachislot Hall Operations	97.2%	93.2%	90.9%	92.9%	96.5%	-
Amusement Arcade Operations	1.6%	5.4%	5.9%	5.5%	1.6%	-
Restaurant Operations	-	-	1.1%	-	0.5%	-
Other Operations	1.3%	1.4%	2.1%	1.7%	1.4%	-
Revenue (compstion ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	-
Pachinko & Pachislot Hall Operations	1,223	2,314	2,438	(6,493)	3,784	+10,277
Amusement Arcade Operations	(74)	153	56	(308)	(330)	(22)
Restaurant Operations	-	(92)	(597)	(260)	(264)	(4)
Other Operations	(213)	(145)	(493)	(506)	(188)	+318
Segment profit	936	2,230	1,404	(7,567)	3,002	+10,569
Corporate expenses	(723)	(1,132)	(823)	(935)	(3,173)	(2,238)
Profit before income tax	213	1,093	581	(8,502)	(171)	+8,331
Pachinko & Pachislot Hall Operations	4.7%	8.8%	9.6%	(37.7%)	17.7%	+55.4%
Amusement Arcade Operations	(17.7%)	10.0%	3.4%	(30.3%)	(91.9%)	(61.6%)
Restaurant Operations	-	-	(196.4%)	-	(246.7%)	-
Other Operations	(63.0%)	(36.1%)	(83.3%)	(164.3%)	(60.5%)	+103.8%
Segment profit margin	3.5%	7.9%	5.0%	(40.8%)	13.5%	+54.3%
Corporate expenses	(2.7%)	(4.0%)	(2.9%)	(5.0%)	(14.3%)	(9.2%)
Share of results of an associate	-	(0.0%)	-	-	-	-
Profit before income tax	0.8%	3.9%	2.1%	(45.9%)	(0.8%)	+45.1%

Source: Company Data, WRJ Calculation

Revenue

Revenue	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.Act FY	YoY Net Chg.
(Million Yen)	03/2018	03/2019	03/2020	03/2021	03/2022	
Gross pay-ins	138,493	141,731	139,053	94,414	108,075	+13,661
Less: gross pay-outs	113,230	115,850	114,046	77,531	86,999	+9,468
Revenue from pachinko & pachislot hall business	25,263	25,881	25,007	16,883	21,076	+4,193
Revenue from amusement arcades	417	1,535	1,663	1,015	359	(656)
Vending machine income	536	507	480	335	356	+21
Revenue from hotel operations	158	132	143	55	39	(16)
Revenue from restaurant operations	180	270	753	253	379	+126
Revenue	26,554	28,325	28,046	18,541	22,209	+3,668
Gross pay-ins	(3.2%)	+2.3%	(1.9%)	(32.1%)	+14.5%	-
Less: gross pay-outs	(1.3%)	+2.3%	(1.6%)	(32.0%)	+12.2%	-
Revenue from pachinko & pachislot hall business	(11.0%)	+2.4%	(3.4%)	(32.5%)	+24.8%	-
Revenue from amusement arcades	-	+268.1%	+8.3%	(39.0%)	(64.6%)	-
Vending machine income	(5.0%)	(5.4%)	(5.3%)	(30.2%)	+6.3%	-
Revenue from hotel operations	+21.5%	(16.5%)	+8.3%	(61.5%)	(29.1%)	-
Revenue from restaurant operations	+100.0%	+50.0%	+178.9%	(66.4%)	+49.8%	-
Revenue (YoY)	(9.0%)	+6.7%	(1.0%)	(33.9%)	+19.8%	-

Source: Company Data, WRJ Calculation

Consolidated Statement of Financial Position

Consolidated Statement of Cash Flows	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.Act FY	YoY Net Chg.
(Million Yen)	03/2018	03/2019	03/2020	03/2021	03/2022	
Cash flows from operating activities	2,950	4,565	5,470	2,723	5,389	+2,666
Cash flows from investing activities	(2,698)	(4,986)	(165)	(658)	(863)	(205)
Free cash flows	252	(421)	5,305	2,065	4,526	+2,461
Cash flows from financing activities	1,942	6	(6,342)	(277)	(8,932)	(8,655)

Source: Company Data, WRJ Calculation

Per Share Data

Per Share Data (Before Adjustments for Split) (Yen)	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.Act FY	YoY Net Chg.
	03/2018	03/2019	03/2020	03/2021	03/2022	
No. of shares FY end (million shares)	1,196	1,196	1,196	1,196	1,196	-
Earnings per share	(0.013)	0.510	0.150	(4.580)	(0.990)	-
Dividend per share	0.12	0.15	0.10	0.00	0.40	-
Payout ratio	-	29.4%	66.7%	-	-	-
Per Share Data (After Adjustments for Split) (Yen)	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.Act FY	YoY Net Chg.
	03/2018	03/2019	03/2020	03/2021	03/2022	
Share split factor	1	1	1	1	1	-
Earnings per share	(0.013)	0.510	0.150	(4.580)	(0.990)	-
Dividend per share	0.12	0.15	0.10	0.00	0.40	-

Source: Company Data, WRJ Calculation

Consolidated Statement of Cash Flows

Consolidated Statement of Financial Position (Million Yen)	Cons.Act FY 03/2018	Cons.Act FY 03/2019	Cons.Act FY 03/2020	Cons.Act FY 03/2021	Cons.Act FY 03/2022	YoY Net Chg.
Property, plant and equipment	26,207	28,523	22,257	18,581	17,754	(827)
Right-of-use assets	-	-	32,072	27,949	26,193	(1,756)
Investment properties	662	650	630	737	714	(23)
Intangible assets	1,571	1,662	1,601	1,400	361	(1,039)
Prepayments, deposits and other receivables	3,751	4,208	5,119	4,545	4,319	(226)
Financial assets at fair value through profit or loss	52	100	-	-	-	-
FAs at fair value through other comprehensive income	953	911	565	577	605	+28
Deferred income tax assets	1,565	1,588	2,822	5,765	5,342	(423)
Non-current assets	34,808	37,642	65,066	59,554	55,288	(4,266)
Inventories	57	109	40	21	44	+23
Trade receivables	57	53	48	64	74	+10
Prepayments, deposits and other receivables	1,312	1,020	1,026	1,327	1,096	(231)
Current income tax recoverable	300	-	-	-	-	-
Financial assets at fair value through profit or loss	-	-	100	106	105	(1)
Current income tax recoverable	-	-	-	474	-	(474)
Bank deposits with maturity over three months	43	43	750	42	242	+200
Cash and cash equivalents	15,594	15,176	14,128	15,903	11,451	(4,452)
Current assets	17,363	16,401	16,092	17,937	13,012	(4,925)
Total assets	52,171	54,043	81,158	77,491	68,300	(9,191)
Share capital	3,000	3,000	3,000	3,000	3,000	0
Reserves	24,176	24,617	23,220	17,762	16,630	(1,132)
Non-controlling interest	(40)	(106)	(421)	(556)	(609)	(53)
Total equity	27,136	27,511	25,799	20,206	19,021	(1,185)
Borrowings	10,854	11,792	9,853	738	6,939	+6,201
Lease liabilities	3,247	2,717	32,035	30,534	28,090	(2,444)
Provisions and other payables	2,111	2,226	2,270	2,192	2,244	+52
Derivative financial instruments	8	27	22	16	9	(7)
Non-current liabilities	16,220	16,762	44,180	33,480	37,282	+3,802
Trade payables	247	294	114	108	108	0
Borrowings	3,886	4,290	3,233	15,929	4,702	(11,227)
Lease liabilities	888	703	2,542	2,906	2,599	(307)
Accruals, provisions and other payables	3,793	4,353	4,404	4,131	4,244	+113
Derivative financial instruments	1	4	4	3	2	(1)
Current income tax liabilities	-	126	882	728	342	(386)
Current liabilities	8,815	9,770	11,179	23,805	11,997	(11,808)
Total liabilities	25,035	26,532	55,359	57,285	49,279	(8,006)
Total equity and liabilities	52,171	54,043	81,158	77,491	68,300	(9,191)
Interest bearing debt	18,875	19,502	47,663	50,107	42,330	(7,777)
Net debt	3,238	4,283	32,785	34,162	30,637	(3,525)
Equity ratio	52.0%	50.9%	31.8%	26.1%	27.8%	-
Net debt equity ratio	11.9%	15.6%	127.1%	169.1%	161.1%	-
ROE (12 months)	(0.1%)	2.2%	0.7%	(23.8%)	(6.0%)	-
ROA (12 months)	0.4%	2.1%	0.9%	(10.7%)	(0.2%)	-
Quick ratio	178%	156%	134%	67%	98%	-
Current ratio	197%	168%	144%	75%	108%	-

Source: Company Data, WRJ Calculation

Disclaimer

Information here is a summary of “IR Information” of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. “IR Information” of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage, etc.

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