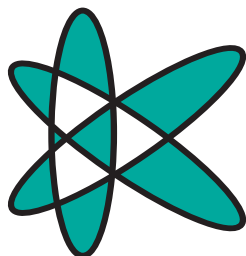


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## **Okura Holdings Limited**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 01655)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2025**

#### **FINANCIAL HIGHLIGHTS**

- Gross pay-ins increased by approximately 2.2% to approximately ¥32,556 million for FY2025 (FY2024: approximately ¥31,850 million).
- Revenue decreased by approximately 1.3% to approximately ¥6,396 million for FY2025 (FY2024: approximately ¥6,483 million).
- Operating profit decreased by approximately 31.6% to approximately ¥1,366 million for FY2025 (FY2024: approximately ¥1,996 million).
- Profit before income tax decreased by approximately 32.5% to approximately ¥1,286 million for FY2025 (FY2024: approximately ¥1,904 million).
- Profit for the year attributable to the shareholders of the Company decreased by approximately 34.3% to approximately ¥1,342 million for FY2025 (FY2024: approximately ¥2,044 million).
- Basic and diluted earnings per share amounted to approximately ¥2.24 for FY2025 (FY2024: basic and diluted earnings per share amounted to approximately ¥3.41).
- The Board does not recommend the payment of a final dividend for FY2025 (FY2024: Nil).

*Note:* The above % increases/decreases refer to the changes in respect of the Japanese Yen (“¥”) amounts.

The board (the “**Board**”) of directors (the “**Directors**”) of Okura Holdings Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (together the “**Group**”) for the year ended 30 June 2025 (the “**Year**” or “**FY2025**”), together with the comparative figures for the year ended 30 June 2024 (“**FY2024**”).

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2025**

	Note	2025 ¥ million	2024 ¥ million
Revenue	3	6,396	6,483
Other income	4	281	457
Gain on release of lease liabilities	4	—	1,032
Other (losses)/gains, net	4	(50)	92
Hall operating expenses	5	(4,552)	(5,292)
Administrative and other operating expenses	5	(709)	(776)
<b>Operating profit</b>		<b>1,366</b>	<b>1,996</b>
Finance income		63	61
Finance costs		(143)	(153)
Finance costs, net	6	(80)	(92)
<b>Profit before income tax</b>		<b>1,286</b>	<b>1,904</b>
Income tax credit	7	56	140
<b>Profit for the year attributable to shareholders of the Company</b>		<b>1,342</b>	<b>2,044</b>
<b>Earnings per share attributable to shareholders of the Company for the year (expressed in ¥ per share)</b>			
Basic and diluted	8	2.24	3.41

	Note	2025 ¥ million	2024 ¥ million
<b>Profit for the year</b>		<b>1,342</b>	2,044
<b>Other comprehensive income/(loss)</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurement of employee benefit obligations, net of tax		28	5
Changes in fair value of financial assets at fair value through other comprehensive (loss)/income, net of tax		(22)	2
		6	7
<b>Total comprehensive income for the year attributable to shareholders of the Company</b>		<b>1,348</b>	<b>2,051</b>

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2025**

	Note	2025 ¥ million	2024 ¥ million
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		7,137	8,436
Right-of-use assets		1,026	1,054
Investment properties		4,133	3,020
Intangible assets		123	126
Prepayments and deposits		568	603
Financial assets at amortised cost		995	500
Financial assets at fair value through other comprehensive income		60	93
Deferred income tax assets		959	683
		<u>15,001</u>	<u>14,515</u>
<b>Current assets</b>			
Inventories	10	114	74
Trade receivables	11	13	11
Prepayments, deposits and other receivables		180	184
Financial assets at amortised cost		—	500
Financial assets at fair value through profit or loss		119	37
Short-term bank deposits		100	100
Cash and cash equivalents		2,987	3,049
		<u>3,513</u>	<u>3,955</u>
<b>Total assets</b>		<u><u>18,514</u></u>	<u><u>18,470</u></u>
<b>Equity and liabilities</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital		20,644	20,644
Reserves		(11,527)	(12,875)
<b>Total equity</b>		<u>9,117</u>	<u>7,769</u>

	Note	2025 ¥ million	2024 ¥ million
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	13	3,328	4,047
Lease liabilities		2,303	2,625
Accruals, provisions and other payables		264	359
Employee benefit obligations		195	208
Deferred income tax liabilities		267	199
		<u>6,357</u>	<u>7,438</u>
<b>Current liabilities</b>			
Borrowings	13	883	940
Lease liabilities		474	468
Trade payables	12	11	13
Accruals, provisions and other payables		1,535	1,816
Amount due to a director		3	3
Current income tax liabilities		134	23
		<u>3,040</u>	<u>3,263</u>
<b>Total liabilities</b>		<u>9,397</u>	<u>10,701</u>
<b>Total equity and liabilities</b>		<u><u>18,514</u></u>	<u><u>18,470</u></u>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

Okura Holdings Limited (the “**Company**”) was established as a limited company in Hong Kong under the Hong Kong Companies Ordinance on 16 June 2015. The address of the Company’s registered office is Level 11, Admiralty Centre Tower II, 18 Harcourt Road, Admiralty, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in pachinko and pachislot hall operations in Japan.

The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The consolidated financial statements are presented in millions of Japanese Yen (“¥”), unless otherwise stated.

## 2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards and HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the requirements of the Hong Kong Companies Ordinance Cap. 622. HKFRS Accounting Standards are substantially consistent with IFRS Accounting Standards and the accounting policy selections that the Group has made in preparing the consolidated financial statements are such that the Group is able to comply with both IFRS Accounting Standards and HKFRS Accounting Standards. Reference to IFRS Accounting Standards, International Accounting Standards (“**IAS**”) and Interpretations developed by the IFRS Interpretations Committee (“**IFRIC**”) in the consolidated financial statements should be read as referring to the equivalent HKFRS Accounting Standards, Hong Kong Accounting Standards (“**HKAS**”) and Hong Kong (IFRIC) Interpretation (“**HK(IFRIC)-Int**”) as the case may be. Accordingly, there are no differences of accounting practice between IFRS Accounting Standards and HKFRS Accounting Standards affecting the consolidated financial statements.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards and HKFRS 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 areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the annual report.

### (a) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention except for the financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, which are stated at fair value.

**(b) New and amended standards and practice statement adopted by the Group**

The Group has applied the following new and amendments to standards and practice statement for the first time for their annual reporting period commencing 1 July 2024:

**Amendments under IFRS Accounting Standards**

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 a Sale and Leaseback
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

**Amendments under HKFRS Accounting Standards**

Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
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The adoption of these amendments to accounting standards has no material impact on the Group's financial statements.

**(c) New and amended standards and interpretation to existing standards not yet adopted by the Group**

Certain new and amendments to accounting standards and interpretation have been published that are not mandatory for 30 June 2025 reporting periods and have not been early adopted by the Group:

**Effective for  
accounting periods  
beginning on or  
after**

**Amendments under IFRS Accounting Standards**

Amendments to IAS 21 and IFRS 1	Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity (Amendments)	1 January 2026
Amendments to IFRS 9 and IFRS 7	Amendments to 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 HKFRS 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

**Amendments under HKFRS Accounting Standards**

Hong Kong Interpretation 5 (Amendments)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
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The directors are in the process of assessing the impact of these amended standards and interpretations in the period of initial application. Other than those disclosed below, the directors do not expect the adoption of these amended standards and interpretations to have a material impact on the Group's financial statements when they become effective.

### ***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 currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of IFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the consolidated statement of comprehensive income into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Group has performed, the following items might potentially impact operating profit:
  - o Foreign exchange differences currently aggregated in the line item 'other (losses)/gains, net' in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.
- The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation. In addition, since goodwill will be required to be separately presented in the statement of financial position, the Group will disaggregate goodwill and other intangible assets and present them separately in the consolidated statement of financial position.
- The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
  - o management-defined performance measures;
  - o a break-down of the nature of expenses for line items presented by function in the operating category of the consolidated statement of comprehensive income — this break-down is only required for certain nature expenses; and
  - o for the first annual period of application of IFRS 18, a reconciliation for each line item in the consolidated statement of comprehensive income between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.

- From a consolidated statement of cash flow perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Group will apply the new standard from its mandatory effective date of 1 July 2027. Retrospective application is required, and so the comparative information for the financial year ending 30 June 2027 will be restated in accordance with IFRS 18.

### 3 REVENUE AND SEGMENT INFORMATION

#### (a) Revenue

	2025 ¥ million	2024 ¥ million
<b>Revenue</b>		
Gross pay-ins	32,556	31,850
Less: gross pay-outs	<u>(26,676)</u>	<u>(25,861)</u>
Revenue from pachinko and pachislot hall business	5,880	5,989
Vending machine income	94	96
Property rental	418	385
Revenue from other operations	<u>4</u>	<u>13</u>
	<u><b>6,396</b></u>	<u><b>6,483</b></u>

Except for revenue from pachinko and pachislot hall business and vending machine income which are recognised at a point-in-time, all of the Group's revenues are recognised over-time as the services are performed.

During the year ended 30 June 2025, revenue recognised that was included in the contract liabilities balances of unutilised balls and tokens at the beginning of the year amounted to ¥606 million (2024: ¥523 million). Unutilised balls and tokens have an expiry term of 1 year and the Company expects to deliver the services to satisfy the remaining performance obligations of these contract liabilities during the next reporting period.

#### (b) Segment information

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

The CODM has identified three reportable segments based on the types of services, namely (i) pachinko and pachislot hall operation, (ii) property rental and (iii) other segments which include motor vehicle rental operation, and karaoke operation (prior to the discontinuation in June 2024). These operations in the other segments do not meet the reportable segment threshold and thus they are not separately presented but included as “other segments”.

Segment assets consist primarily of property, plant and equipment, right-of-use assets, intangible assets, investment properties, inventories, prepayments, deposits and other receivables, short-term bank deposits and cash and cash equivalents. They exclude deferred income tax assets and assets used for corporate functions including financial assets at amortised cost, 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. Income tax expenses are not included in segment results.

The segment information provided to the executive directors for the years ended 30 June 2025 and 2024 are as follows:

	Year ended 30 June 2025				
	Pachinko and pachislot hall operation ¥ million	Property rental ¥ million	Other segments ¥ million	Unallocated amounts ¥ million	Total ¥ million
Segment revenue from external customers	5,974	418	4	—	6,396
Segment results	1,628	86	2	—	1,716
Unallocated amount				(430)	(430)
Income tax credit					56
Profit for the year					1,342
<b>Other segment items</b>					
Provision for impairment loss of property, plant and equipment	(1)	—	—	—	(1)
Provision for impairment loss of right-of-use assets	(2)	—	—	—	(2)
Provision for impairment loss of investment properties	—	(2)	—	—	(2)
Depreciation and amortisation	(478)	(127)	—	(34)	(639)
Finance income	—	—	—	63	63
Finance costs	(82)	(59)	—	(2)	(143)

	Year ended 30 June 2024				
	Pachinko and pachislot hall operation ¥ million	Property rental ¥ million	Other segments ¥ million	Unallocated amounts ¥ million	Total ¥ million
<b>Segment revenue from external customers</b>	<u>6,085</u>	<u>385</u>	<u>13</u>	<u>—</u>	<u>6,483</u>
<b>Segment results</b>	2,172	146	1	—	2,319
Unallocated amount				(415)	(415)
Income tax credit					<u>140</u>
<b>Profit for the year</b>					<u><u>2,044</u></u>
<b>Other segment items</b>					
Provision for impairment loss of property, plant and equipment	(151)	—	—	—	(151)
Provision for impairment loss of right-of-use assets	(96)	—	—	—	(96)
Provision for impairment loss of intangible assets	(1)	—	—	—	(1)
Provision for impairment loss of investment properties	—	(15)	—	—	(15)
Depreciation and amortisation	(520)	(79)	(5)	(37)	(641)
Finance income	—	—	—	61	61
Finance costs	<u>(97)</u>	<u>(54)</u>	<u>—</u>	<u>(2)</u>	<u>(153)</u>

The segment assets as at 30 June 2025 and 2024 are as follows:

	<b>Pachinko and pachislot hall operation ¥ million</b>	<b>Property rental ¥ million</b>	<b>Other segments ¥ million</b>	<b>Total ¥ million</b>
<b>As at 30 June 2025</b>				
<b>Segment assets</b>	<b>8,813</b>	<b>4,512</b>	<b>—</b>	<b>13,325</b>
Unallocated assets				<b>3,056</b>
Financial assets held at amortised cost				<b>995</b>
Financial assets at fair value through profit or loss				<b>119</b>
Financial assets at fair value through other comprehensive income				<b>60</b>
Deferred income tax assets				<b>959</b>
<b>Total assets</b>				<b>18,514</b>
Additions to non-current assets other than financial instruments and deferred tax assets	<u>430</u>	<u>18</u>	<u>—</u>	<u>448</u>
<b>As at 30 June 2024</b>				
<b>Segment assets</b>	<b>10,161</b>	<b>3,391</b>	<b>2</b>	<b>13,554</b>
Unallocated assets				<b>3,103</b>
Financial assets held at amortised cost				<b>1,000</b>
Financial assets at fair value through profit or loss				<b>37</b>
Financial assets at fair value through other comprehensive income				<b>93</b>
Deferred income tax assets				<b>683</b>
<b>Total assets</b>				<b>18,470</b>
Additions to non-current assets other than financial instruments and deferred tax assets	<u>1,376</u>	<u>58</u>	<u>—</u>	<u>1,434</u>

There is no single external customer contributed more than 10% revenue to the Group's revenue for the years ended 30 June 2025 and 2024.

The Group is domiciled in Japan and majority of the non-current assets of the Group as at 30 June 2025 and 2024 are located in Japan.

**4 OTHER INCOME, GAIN ON RELEASE OF LEASE LIABILITIES AND OTHER (LOSSES)/GAINS, NET**

	<b>2025</b> <b>¥ million</b>	2024 <i>¥ million</i>
<b>Other income</b>		
Income from scrap sales of used pachinko machines	230	405
Dividend income	4	8
Income from expired prepaid IC and membership card	7	7
Income from forfeited unutilised balls	23	16
Government subsidies	2	1
Others	15	20
	<u>281</u>	<u>457</u>
	<b>2025</b> <b>¥ million</b>	2024 <i>¥ million</i>
Gain on release of lease liabilities (Note)	<u>—</u>	<u>1,032</u>
	<b>2025</b> <b>¥ million</b>	2024 <i>¥ million</i>
<b>Other (losses)/gains, net</b>		
Provision for impairment loss of investment properties	(2)	(15)
Exchange (losses)/gains, net	(77)	65
(Losses)/gains on disposal of property, plant and equipment, net	(1)	2
Losses on written-off of property, plant and equipment	—	(3)
Losses on disposal of investment properties	(9)	—
Fair value changes on financial assets and financial liabilities at fair value through profit or loss	39	37
Demolition cost on investment properties	(18)	—
Others	18	6
	<u>(50)</u>	<u>92</u>

Note:

For the year ended 30 June 2024, gain on release of lease liabilities mainly represents the gain from early termination of lease in relation to the closure of one pachinko and pachislot hall in Japan.

**5 HALL OPERATING EXPENSES AND ADMINISTRATIVE AND OTHER OPERATING EXPENSES**

	<b>2025</b>	2024
	<b>¥ million</b>	¥ million
Pachinko and pachislot machines expenses (Note)	<b>2,120</b>	2,399
Auditor's remuneration		
— Audit services	<b>39</b>	35
— Non-audit services	<b>20</b>	13
Employee benefits expenses		
— Hall operating expenses	<b>779</b>	797
— Administrative and other operating expenses	<b>224</b>	235
Operating lease rental expense in respect of land and buildings	<b>10</b>	12
Depreciation and amortisation	<b>639</b>	641
Advertising and promotion expenses	<b>273</b>	271
Equipment and consumables costs	<b>68</b>	75
Provision for impairment loss of property, plant and equipment	<b>1</b>	151
Provision for impairment loss of right-of-use assets	<b>2</b>	96
Provision for impairment loss of intangible assets	—	1
Provision for impairment loss of financial assets at amortised cost	<b>5</b>	—
Repairs and maintenance	<b>106</b>	182
Other taxes and duties	<b>157</b>	144
Outsourcing service expenses	<b>66</b>	75
Utilities expenses	<b>242</b>	238
G-prize procurement expenses to wholesalers	<b>110</b>	130
Legal and professional fees	<b>51</b>	53
Consultancy fees	—	144
Travel expenses	<b>18</b>	17
Insurance fee	<b>22</b>	22
Others	<b>309</b>	337
	<b>5,261</b>	6,068

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

	2025 ¥ million	2024 ¥ million
<b>Finance income</b>		
Interest income	23	21
Interest from debt securities	<u>40</u>	<u>40</u>
	<u>63</u>	<u>61</u>
<b>Finance costs</b>		
Interest for lease liabilities	(63)	(81)
Bank borrowings interest expenses	(73)	(63)
Others	<u>(7)</u>	<u>(9)</u>
	<u>(143)</u>	<u>(153)</u>
Finance costs, net	<u>(80)</u>	<u>(92)</u>

\* The amount represents less than ¥1 million.

## 7 INCOME TAX CREDIT

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

	2025 ¥ million	2024 ¥ million
Current income tax		
— Japan	156	48
Deferred income tax		
— Japan	<u>(212)</u>	<u>(188)</u>
	<u>(56)</u>	<u>(140)</u>

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the years ended 30 June 2025 and 2024.

Japan corporate income tax include national corporate income tax, inhabitant tax, and enterprise tax, and has been calculated on the estimated assessable profit for the year. For the year ended 30 June 2025, the aggregated rates of national corporate income tax, inhabitant tax, and enterprise tax resulted in statutory income tax rates of 34.26% (2024: 34.26%).

## 8 EARNINGS PER SHARE

Basic earnings per share for the years ended 30 June 2025 and 2024 are calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of ordinary shares in issue during the years ended 30 June 2025 and 2024.

	2025	2024
Profit attributable to shareholders of the Company (¥ million)	<u>1,342</u>	<u>2,044</u>
Weighted average number of ordinary shares in issue (million) (Note)	<u>600</u>	<u>600</u>
Basic and diluted earnings per share (¥)	<u>2.24</u>	<u>3.41</u>

Note: No diluted earnings per share is presented as there was no potential dilutive share during the years ended 30 June 2025 and 2024. Diluted earnings per share is equal to the basic earnings per share.

## 9 DIVIDENDS

The board of directors did not recommend the payment of dividend for the year ended 30 June 2025 (2024: Nil).

## 10 INVENTORIES

	2025 ¥ million	2024 ¥ million
Uninstalled pachinko and pachislot machines	<u>114</u>	<u>74</u>

The cost of inventories recognised as expense and included in “Hall operating expenses” amounted to ¥2,120 million (2024: ¥2,399 million) for the year ended 30 June 2025 (Note 5).

## 11 TRADE RECEIVABLES

	2025 ¥ million	2024 ¥ million
Trade receivables	<u>13</u>	<u>11</u>

Trade receivables represent commission income receivable from vending machines, lease receivables and income receivables from other operations. The credit terms granted by the Group generally ranged from 30 to 60 days.

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

	2025 ¥ million	2024 ¥ million
Less than 30 days	<u>13</u>	<u>11</u>

The carrying amounts of the trade receivables approximate their fair values as at 30 June 2025 and 2024 and are denominated in ¥.

## 12 TRADE PAYABLES

The ageing analysis of the trade payables based on invoice dates as at 30 June 2025 and 2024 is as follows:

	2025 ¥ million	2024 ¥ million
Less than 30 days	<u>11</u>	<u>13</u>

The carrying amounts of trade payables approximate their fair values as at 30 June 2025 and 2024 and are denominated in ¥.

## 13 BORROWINGS

	2025 ¥ million	2024 ¥ million
<b>Non-current portion</b>		
Bank loans	2,245	2,870
Loans from a governmental financial institution	<u>1,083</u>	<u>1,177</u>
	3,328	4,047
<b>Current portion</b>		
Bank loans	789	839
Loans from a governmental financial institution	<u>94</u>	<u>101</u>
	883	940
Total borrowings	<u>4,211</u>	<u>4,987</u>

As at 30 June 2025 and 2024, the Group's borrowings were repayable as follows:

	<b>Bank loans</b>		<b>Loans from a governmental financial institution</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>¥ million</b>	<b>¥ million</b>	<b>¥ million</b>	<b>¥ million</b>
Within 1 year	<b>789</b>	839	<b>94</b>	101
Between 1 and 2 years	<b>685</b>	692	<b>93</b>	93
Between 2 and 5 years	<b>730</b>	1,102	<b>281</b>	281
Over 5 years	<b>830</b>	1,076	<b>709</b>	803
	<b>3,034</b>	3,709	<b>1,177</b>	1,278

The average effective interest rates (per annum) at 30 June 2025 and 2024 were set out as follows:

	<b>2025</b>	<b>2024</b>
Bank loans	<b>1.84%</b>	1.48%
Loans from a governmental financial institution	<b>2.00%</b>	0.78%

As at 30 June 2025 and 2024, the total borrowings are pledged by certain assets and their carrying values are shown as below:

	<b>2025</b>	<b>2024</b>
	<b>¥ million</b>	<b>¥ million</b>
Property, plant and equipment	<b>4,678</b>	5,172
Investment properties	<b>2,695</b>	2,374
Financial assets at fair value through other comprehensive income		
— listed equity securities	<b>47</b>	90
	<b>7,420</b>	7,636

The carrying amounts of borrowings of the Group approximate their fair values as at 30 June 2025 and 2024 and are denominated in ¥.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry and business review

The Group is a pachinko and pachislot hall operator in Japan. It currently operates 10 pachinko and pachislot halls in the Kyushu, Kanto, Kansai and Chugoku regions in Japan under the trading names “Big Apple.”, “K’s Plaza” and “SENKURA”.

The Group observed sustained and consistent customer traffic at most of its pachinko and pachislot halls in FY2025. Further, the introduction of (i) a newer version of pachislot machines in June 2022 which contains more gambling elements as compared with the former version (the “**6.5 Model Pachislot Machines**”), (ii) a new model of pachislot machines (the “**Smart Slot Machines**”) in November 2022, and (iii) a new model of pachinko machines (the “**Smart Pachinko Machines**”) in April 2023 has also contributed to the sustained customer traffic at the Group’s pachinko and pachislot halls. Furthermore, new pachinko machines equipped with functions named “Lucky Trigger” (the “**Lucky Trigger Machines**”) and “Lucky Trigger 3.0 Plus” (the “**Lucky Trigger 3.0 Plus Machines**”) and new pachislot machines equipped with a function named “Bonus Trigger” (the “**Bonus Trigger Machines**”) were introduced in the Group’s pachinko and pachislot halls in March 2024, July 2025 and June 2025, respectively. The Group expects such machines to contribute to the increase in the overall utilisation rate of pachinko and pachislot machines in the Group’s halls and generate more revenue for its pachinko and pachislot halls in the future.

The Group’s total revenue remained steady in FY2025 and recorded a slight decrease of approximately ¥87 million, or approximately 1.3%, from approximately ¥6,483 million in FY2024 to approximately ¥6,396 million in FY2025.

In addition, the Group has recorded a decrease in profit before income tax by approximately ¥618 million, or approximately 32.5%, from approximately ¥1,904 million in FY2024 to approximately ¥1,286 million in FY2025. Such decrease was mainly attributable to the absence of gain on release of lease liabilities in FY2025, while gain on release of lease liabilities of approximately ¥1,032 million was recorded in FY2024 due to the reason mentioned in the paragraph headed “Gain on release of lease liabilities” below. Such decrease in profit was partially offset by (i) the decrease in hall operating expenses by approximately ¥740 million, and (ii) the decrease in administrative and other operating expenses by approximately ¥67 million, in FY2025 as compared with that in FY2024. The Group will continue to explore new measures and opportunities to improve the Group’s operational performance and diversity its income sources.

## Continuing to diversify the Group's revenue streams

As disclosed in previous interim reports and annual reports of the Company, the management has continuously been striving to establish alternative streams of income and diversify the Group's operations into different business segments. For FY2025, the Group derived revenue from its pachinko and pachislot hall business, its vending machines, its rental properties including but not limited to premises of commercial facilities and residential units, and its other operations such as the provision of motor vehicle rental services.

On 26 July 2018, the Company entered into two agreements pursuant to which the Company subscribed for two series of bonds issued by Sinwa Co., Ltd.\* (株式会社しんわ) (the “**Bond Issuer**”) in an aggregate amount of ¥1,000 million (the “**Bonds**”). On 25 January 2019, 24 January 2020, 25 January 2021, 25 January 2022, 27 January 2023 and 25 January 2024, the Company, the Bond Issuer and Everglory Capital Co., Ltd. (株式会社エバークローリー・キャピタル) (“**Everglory Capital**”) entered into amendment agreements to, among others, extend the maturity/redemption date of the second series of the Bonds (the “**2nd Series Bond**”), increase its interest rate and include Everglory Capital as a guarantor to guarantee the obligations of the Bond Issuer of its obligations under the 2nd Series Bond. On 30 July 2021, the Company, the Bond Issuer and Everglory Capital entered into an amendment agreement to, among others, extend the maturity/redemption date of the first series of the Bonds (the “**1st Series Bond**”), increase its interest rate for the extended period, and include Everglory Capital as a guarantor to guarantee the obligations of the Bond Issuer of its obligations under the 1st Series Bond. On 30 July 2024, the Company, the Bond Issuer and Everglory Capital entered into another amendment agreement to further extend the maturity/redemption date of the 1st Series Bond. Such amendments enable the Group to extend its investment and generate more income from the Bonds, which constitutes a stable revenue stream for the Group. For details, please refer to the announcements of the Company dated 26 July 2018, 25 January 2019, 24 January 2020, 25 January 2021, 30 July 2021, 25 January 2022, 27 January 2023, 25 January 2024 and 30 July 2024 and the circulars of the Company dated 29 October 2021 and 30 September 2024.

The Group will continue exploring alternative streams of income to improve its financial performance.

## Coping with obstacles and uncertainties from regulatory measures

As disclosed in the previous interim reports and annual reports of the Company, the “Regulations to Partially Amend Regulations on the Entertainment and Amusement Trades Rationalising Act and Regulations on Certifying Machines and Conducting Type Test on Machines” issued by the National Public Safety Commission of Japan on 1 February 2018 and revised in May 2020 and May 2021 (the “**2018 Regulations**”) has continued to have an adverse impact on the pachinko and pachislot industry in Japan by reducing the attractiveness of the game and contributing to the continuous decline of

pachinko and pachislot players, as pachinko and pachislot machines with a higher gaming element were required to gradually phase out of the pachinko industry in batches. The phasing out and replacement of all pachinko and pachislot machines with a higher gaming element was completed by the Group by the end of January 2022.

In response to the 2018 Regulations, the Group's management has been striving to source the most attractive machines available in the market to provide a favourable mix of machines in the Group's pachinko and pachislot halls to increase customer traffic. The Group introduced the 6.5 Model Pachislot Machines, the Smart Slot Machines, the Smart Pachinko Machines, the Lucky Trigger Machines, the Lucky Trigger 3.0 Plus Machines and the Bonus Trigger Machines in June 2022, November 2022, April 2023, March 2024, July 2025 and June 2025, respectively with an aim of attracting more customers and improving the Group's revenue. For the 6.5 Model Pachislot Machines, the applicable voluntary regulations revised the upper limit on the number of games during advantageous section and the method of managing the upper limit on medal pay-out, which enable machines to be designed so that players always have a chance to win. The Smart Slot Machines and Smart Pachinko Machines serve to eliminate and replace the need to insert physical tokens or pachinko balls directly into the machines to play and instead the number of tokens or pachinko balls a customer has is transferred onto an electronic card. The Lucky Trigger Machines and Lucky Trigger 3.0 Plus Machines enable customers to expect higher payouts and are able to attract the younger generation. The Bonus Trigger Machines are designed in a way that hitting a bonus activates special gameplay, providing a simpler and more approachable experience without relying on high-risk gaming elements. The Company has observed that the Smart Slot Machines have remained popular among customers for their relatively high gaming element and the ease of handling tokens and such Smart Slot Machines have led to a steady increase of customer traffic at most of the Group's pachinko and pachislot halls in FY2025. As of 30 June 2025, the ratio of Smart Slot Machines to the Group's total installed pachislot machines were approximately 60.4%, accounting for approximately 28.7% of the Group's installed machines in total. It is therefore expected that the Smart Slot Machines will continue to attract more players. Furthermore, the Lucky Trigger 3.0 Plus Machines have gained significant popularity among customers and outperformed the previous model, Lucky Trigger Machines. Moving forward, the Company will closely monitor the performance of the aforementioned machines at its pachinko and pachislot halls and implement suitable marketing and promotion schemes.

In Japan, new banknotes were issued in July 2024. Pachinko hall operators nationwide have been taking steps to update their equipment for the new banknotes, which has imposed a significant financial burden due to the high expenses involved. However, the Group has taken early steps to address this issue and completed the purchase of the necessary equipment compatible with the new banknotes during FY2024 at its pachinko and pachislot halls. Although the impact of such is not immediately clear, the Group

expects small pachinko hall operators, with more limited capital resources to be eliminated from the market due to the high expenses involved, thus allowing the Group to acquire more customers in the market.

### **Market threats and prospects**

Although the past financial years have been challenging for Japan's pachinko industry overall due to the overall global macroeconomic environment, which has generally led to decreased number of customers and higher operating costs, the Group's operational and financial performance has remained steady for FY2025 as a result of the management's efforts in prioritising the Group's resources in maintaining sustainable customer traffic, and taking proactive steps to manage its operating costs. In order to diversify the Group's customer base, the Group also introduced new pachinko and pachislot machines with higher level of digitalisation, such as the Smart Slot Machines and Smart Pachinko Machines and adopted the use of social media and other digital marketing methods to enhance the attractiveness of its halls among younger generation. As the Group considers that many customers have become more concerned with personal hygiene following the outbreak of the Coronavirus Disease 2019 a few years ago, it has implemented various measures to assure the health and safety of its customers who come to their pachinko and pachislot halls. For instance, the Company has adopted a prize-exchange system called "Self-POS System" at several of its pachinko and pachislot halls which enables customers to exchange their prizes on their own without requiring the assistance of the Group's staff, thereby reducing the need for human interaction between the Group's staff and the customers. The implementation of the Self-POS system together with the introduction of the Smart Slot Machines and Smart Pachinko Machines have also greatly contributed to the improvement in work efficiency and reduced the number of manpower required at the Group's pachinko and pachislot halls.

The management will continue to adopt the above strategies and consider introducing and installing further new models of pachinko and pachislot machines in order to encourage customer traffic and enhance the Group's operational and financial performance. Further, new banknotes were issued in Japan in July 2024 and the Group has taken proactive steps to update its pachinko and pachislot machines that are compatible with the new banknotes early on. It has completed the necessary large-scale capital investment, such as the installation of the necessary peripheral devices and software catered for the new banknotes during FY2024. As there were no future plans for any major capital investment as at the date of this announcement, the Group expects its operational and financial performance to improve steadily and smoothly in the future. The Group will continue to explore new opportunities to diversify into other business segments to expand the Group's sources of revenue.

## FINANCIAL REVIEW

### Revenue

The Group's total revenue is comprised of revenue from (i) pachinko and pachislot hall business, being gross pay-ins less gross pay-outs, (ii) vending machine income, (iii) property rental, and (iv) other operations including motor vehicle rental services. During FY2025, revenue from pachinko and pachislot hall business remained the majority source of income for the Group, accounting for approximately 91.9% of the Group's total revenue (FY2024: approximately 92.4%). The Group's total revenue decreased slightly by approximately ¥87 million, or 1.3%, from approximately ¥6,483 million in FY2024, to approximately ¥6,396 million in FY2025. This decrease was mainly a result of the decrease in approximately 1.8% in revenue generated from the Group's overall pachinko and pachislot business, from approximately ¥5,989 million in FY2024 to approximately ¥5,880 million in FY2025, primarily due to the closure of one of the Group's pachinko and pachislot halls, K's Plaza Ohato (as defined below) in January 2024 as disclosed in the Company's announcement dated 9 January 2024, which was partially offset by general improvement in revenue from other pachinko and pachislot halls due to sustaining popularity of the new pachinko and pachislot machines as mentioned above.

The Group derived income from vending machines installed at its halls provided by vending machine operators under service agreements. The vending machines sell drinks and food and the Group shares a certain portion of income generated by such vending machines. The Group's vending machine income remained generally stable, with a decrease of approximately ¥2 million, or approximately 2.1%, from approximately ¥96 million in FY2024 to approximately ¥94 million in FY2025.

The Group derived rental income from renting out (i) car parks, (ii) commercial facilities, (iii) residential units, and (iv) premises to G-prize wholesalers. Property rental income increased by approximately ¥33 million, or approximately 8.6%, from approximately ¥385 million in FY2024 to approximately ¥418 million in FY2025 mainly due to (i) an increase of approximately ¥12 million in property rental income as a result of securing a new tenant for one of the Group's investment properties in September 2024, and (ii) an increase of approximately ¥14 million in income from renting out car parks following the closure of K's Plaza Ohato in January 2024 which parking lot was previously used free of charge by its customers.

The Group derived income from other operations mainly relating to the provision of motor vehicle rental services. Such income from other operations decreased by approximately ¥9 million, or approximately 69.2%, from approximately ¥13 million in FY2024 to approximately ¥4 million in FY2025.

### **Gross pay-ins**

The Group's gross pay-ins represent the gross amount received from customers for the rental of pachinko balls and pachislot tokens. Gross pay-ins are primarily affected by the level of customer spending at the Group's pachinko and pachislot halls. The Group's accounting policy recognises gross pay-ins net of consumption tax. The consumption tax rate in Japan was 10% during FY2025.

The Group's gross pay-ins recorded an increase of approximately ¥706 million, or approximately 2.2%, from approximately ¥31,850 million in FY2024 to approximately ¥32,556 million in FY2025 mainly due to the generally improved performance across the Group's pachinko and pachislot halls in FY2025.

### **Gross pay-outs.**

The Group's gross pay-outs represent the aggregate cost of G-prizes and general prizes exchanged by the Group's customers, taking into consideration the G-prize mark-up and the value of any unutilised balls and tokens during the relevant period. The Group's gross pay-outs recorded an increase of approximately ¥815 million, or approximately 3.2%, from approximately ¥25,861 million in FY2024 to approximately ¥26,676 million in FY2025 as a result of the increase in gross pay-ins for the reasons mentioned above.

### **Revenue margin**

Revenue margin for the Group's pachinko and pachislot business represented the Group's revenue from pachinko and pachislot hall business divided by gross pay-ins. The level of revenue margin is dependent on the combination of the payout ratio of the pachinko and pachislot machines, the G-prize mark-up imposed and the mix of pachinko and pachislot machines with different jackpot probability in the Group's halls, and as a result of the resultant changes in customer behavior (i.e., rounds of play and machine utilisation). The Group's revenue margin decreased slightly from approximately 18.8% for FY2024 to approximately 18.1% for FY2025 primarily due to the increased pay-out ratio of revenue from pachislot machines in FY2025 as compared with that in FY2024.

### **Other income**

The Group's other income is mainly comprised of (i) income from sales of used pachinko and pachislot machines to machines broker for reselling in the second-hand market, and (ii) income from forfeited unutilised balls.

Other income decreased by approximately ¥176 million, or approximately 38.5%, from approximately ¥457 million in FY2024 to approximately ¥281 million in FY2025, mainly due to a decline in scrap sales of used pachinko machines by approximately ¥175 million due to a reduction in the selling quantities of such used pachinko machines in FY2025.

### **Gain on release of lease liabilities**

The Group recorded gain on release of lease liabilities of approximately ¥1,032 million in FY2024 while none was recorded in FY2025. Such gains in FY2024 mainly represented the early termination of the lease of the properties of one of the Group's pachinko and pachislot halls and parking lots, i.e., BA. Shunan Hall at Azakaisakuminami, Oazakuriya, Shunan-Shi, Yamaguchi Prefecture, Japan in November 2023 as disclosed in the Company's announcement dated 9 November 2023.

### **Other losses/gains, net**

Other losses/gains, net are mainly comprised of (i) the provision for impairment loss of investment properties, (ii) net exchange gains/losses, (iii) losses on disposal of investment properties, (iv) fair value changes on financial assets and financial liabilities at fair value through profit or loss, (v) demolition cost on investment properties, and (vi) other gains which are mainly comprised of insurance claims.

The Group recorded other net losses of approximately ¥50 million in FY2025 as opposed to other net gains of approximately ¥92 million in FY2024. The other net losses of approximately ¥50 million in FY2025 was mainly attributable to (i) an exchange loss of approximately ¥77 million in FY2025 as opposed to an exchange gain of approximately ¥65 million in FY2024, (ii) expenses of approximately ¥18 million incurred for the demolition of the real property that was previously used by one of the Group's pachinko and pachislot halls (the “**Real Property**”) for the purpose of leasing out the land to a new tenant in the future, and (iii) losses on disposal of investment properties of approximately ¥9 million relating to such Real Property.

### **Hall operating expenses and administrative and other operating expenses**

Hall operating expenses decreased by approximately ¥740 million, or approximately 14.0%, from approximately ¥5,292 million in FY2024 to approximately ¥4,552 million in FY2025. This is primarily due to (i) the decrease in pachinko and pachislot machines expenses by approximately ¥279 million, or approximately 11.6%, from approximately ¥2,399 million in FY2024 to approximately ¥2,120 million in FY2025 as a result of the acquisition of less new machines in FY2025 as compared with that in 2024, (ii) the recognition of impairment loss on the Group's property, plant and equipment of approximately ¥151 million in FY2024 as the recoverable amount of one of the Group CGUs is below its carrying amount as of 30 June 2024 while there was no such situation as of 30 June 2025, (iii) the recognition of impairment loss of right-of-use assets of approximately ¥96 million in FY2024 as the recoverable amount of one of the Group

CGUs is below its carrying amount as of 30 June 2024 while there was no such situation as of 30 June 2025, and (iv) the decrease in repair and maintenance expenses by approximately ¥82 million, or approximately 46.3%, from approximately ¥177 million in FY2024 to approximately ¥95 million in FY2025 as the Group has incurred additional expenses to update its equipment for the new banknotes in FY2024 and such update has been substantially completed in FY2025.

Administrative and other operating expenses decreased by approximately ¥67 million, or approximately 8.6%, from approximately ¥776 million in FY2024 to approximately ¥709 million in FY2025, primarily due to the consultancy services expenses of approximately ¥144 million recorded in FY2024, primarily attributable to a one-off business feasibility study for a potential web 3.0 business opportunity which was no longer pursued in FY2025, which was partially offset by the increase in depreciation and amortisation expenses by approximately ¥40 million in FY2025.

### **Impairment loss for cash-generating units**

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. The Group’s management carries out impairment assessment when there are events that indicate that the related asset values may not be recoverable, and when impairment indicators exist for the Group’s cash-generating units (“CGUs”).

In FY2024, the Group’s management regarded operating loss for FY2024 or performing below management expectation, defined as not fulfilling the projected operating profit or loss for FY2024, as the impairment indicator. For FY2025, the Company continued to apply the aforementioned impairment indicator and the management identified two CGUs (FY2024: four CGUs) had resulted in operating loss or not fulfilling management’s expectations for FY2025, and therefore the management considered there were impairment indicators for these CGUs. The management accordingly performed impairment assessment to assess the recoverable amounts of these CGUs. Goodwill must be tested for impairment annually regardless of whether impairment indicators are present. Therefore, the CGU containing allocated goodwill was also tested, resulting in a total of three CGUs undergoing impairment assessments.

The Group’s management determined if the recoverable amount of the CGUs subject to impairment assessment would be higher than their carrying amounts. The recoverable amount of a CGU is determined as the value-in-use or fair value less cost of disposal, whichever is higher. Accordingly, the recoverable amount of two CGUs were determined by their value-in-use, and the remaining one CGU was determined by its fair value less cost of disposal.

### **Value-in-use approach**

The value-in-use calculations use pre-tax cash flow projections over the CGUs useful life, which is based on financial budgets approved by management. The cash flow projections cover the remaining useful lives of the respective CGUs (if the remaining useful lives are below five years) or a period of five years, whichever is shorter. For the pre-tax cash flow projections beyond the period of five years, management extrapolates the projections by assuming zero growth rate for subsequent years.

The value of inputs and key assumptions used by the management under the value-in-use approach included the following:

- (i) the revenue growth of the Group is 0% to 1% for the twelve months ending 30 June 2026 after taking into account the performance of each of the CGUs in FY2025 and incorporating management's latest plans for each CGU, and maintains at zero growth from 30 June 2026 onwards, after considering that there are no announced or foreseeable changes in regulations or machine types;
- (ii) the pre-tax discount rate is 9.32%; and
- (iii) there is no change in the size and scale of the Group's operations.

Save as disclosed above, there are no significant changes in the value of the inputs and assumptions from those previously adopted in FY2024.

### **Fair value less cost of disposal approach**

The recoverable amount of one CGU with significant self-owned properties was determined based on fair value less cost of disposal calculations performed by the management with reference to recent market quotation of similar fixed assets and the valuation performed by an independent professionally qualified valuer. The management considered that the income and market approach adopted in the valuation, with assumptions such as monthly rental per square metre, discount rate, and vacancy rate, are appropriate to reflect the current market situation and the fair value of the CGU.

### ***Value of inputs and key assumptions***

In determining the fair value less cost of disposal of the aforementioned one CGU, monthly rental per square metre, discount rate, and vacancy rate were considered as the key assumptions.

### ***No subsequent changes to the valuation methods adopted***

Saved as disclosed above, there have been no changes to the valuation methods (including valuation assumptions) adopted in relation to impairment testing.

## **Profit before income tax**

Profit before income tax decreased by approximately ¥618 million, or approximately 32.5%, from approximately ¥1,904 million in FY2024 to approximately ¥1,286 million in FY2025. This was mainly attributable to the absence of gain on release of lease liabilities in FY2025, while gain on release of lease liabilities of approximately ¥1,032 million was recorded in FY2024, as elaborated above.

## **Profit for the year attributable to shareholders of the Company**

Profit for the year attributable to shareholders of the Company decreased by approximately ¥702 million, or approximately 34.3%, from approximately ¥2,044 million for FY2024 to approximately ¥1,342 million for FY2025. This was mainly due to the reasons mentioned in the paragraph headed “Profit before income tax” above.

## **ANALYSIS OF FINANCIAL POSITION**

### **LIQUIDITY AND FINANCIAL RESOURCES**

The Company’s primary uses of cash are for the payment of all operating expenses, staff costs, various operating expenses, fund and repayments of its interest and principal of bank borrowings and capital expenditure. These have been funded through a combination of cash generated from operations and borrowings.

As at 30 June 2025, the Company had total borrowings of approximately ¥4,211 million (30 June 2024: approximately ¥4,987 million), of which approximately 72.0% represented bank borrowings and approximately 28.0% represented loans from a governmental financial institution. The Company’s borrowings are all denominated in Japanese Yen.

### **Investment policy**

The Group adopted a treasury and investment policy for financial assets and financial liabilities that sets out overall principles as well as detailed approval processes of the Group’s investment activities. Such policy includes, amongst other things, the following:

- (i) investments in low liquidity products being avoided;
- (ii) investments should be yield-earning in nature and the primary objectives of investment activities are to diversify the Group’s investments and control their risk;
- (iii) investments should be undertaken only in situations where the Group has surplus cash not required for short or medium term of use; and
- (iv) investments should be undertaken only to the extent that adequate liquid capital is maintained.

The Group's finance division is responsible for the initial assessment and analysis on the expected benefit and potential risk of the Group's investment activities and compiling of relevant data and information from banks. The Group's investment decisions are made on a case-by-case basis and after due and careful consideration of a number of factors, including but not limited to the Group's short and medium-term cash requirement, the market conditions, the economic developments, the anticipated investment conditions, the investment cost, the duration of the investment and the expected benefit and potential loss of the investment.

For any investments, formal approval must be obtained from the Board before the execution or disposal of any investment. The Group's finance division is also responsible for reporting the status of the Group's investment activities to the Directors regularly. The report should include the total investment return.

### **Funding and treasury policy**

The Group has adopted a prudent financial management approach towards its funding and treasury policy and thus maintained a healthy liquidity position for FY2025. To manage the liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time. For FY2025, the Group did not use any risk hedging instrument.

### **Cash and cash equivalents**

As at 30 June 2025, the Company had cash and cash equivalents of approximately ¥2,987 million (30 June 2024: approximately ¥3,049 million), and short-term bank deposits of approximately ¥100 million (30 June 2024: approximately ¥100 million). The Company's cash and cash equivalents and short-term bank deposits are denominated in Japanese Yen, US Dollar and HK Dollar.

### **Capital structure**

As at 30 June 2025, the capital structure of the Group comprised share capital and reserves. As at 30 June 2025, equity attributable to shareholders of the Company amounted to approximately ¥9,117 million (30 June 2024: approximately ¥7,769 million). As at 30 June 2025, total assets of the Group amounted to approximately ¥18,514 million (30 June 2024: approximately ¥18,470 million).

## Borrowings

The following table illustrates the maturity profile of the Group's borrowings:

	As at 30 June 2025		As at 30 June 2024	
	¥ million	%	¥ million	%
Within 1 year	883	21.0	940	18.9
Between 1 year and 2 years	778	18.5	785	15.7
Between 2 years and 5 years	1,011	24.0	1,383	27.7
Over 5 years	1,539	36.5	1,879	37.7
	<u>4,211</u>	<u>100.0</u>	<u>4,987</u>	<u>100.0</u>

As illustrated above, the proportion of the Group's borrowings repayable within 1 year, and repayable between 1 year and 2 years increased, while the borrowings repayable between 2 years and 5 years, and repayable over 5 years decreased. The change of maturity profile of the Group's borrowings was primarily due to repayment of long-term borrowings during FY2025. As at 30 June 2025, approximately 38.1% of the Group's borrowings, amounted to approximately ¥1,604 million were subject to a fixed interest rate and approximately 61.9% of the Group's borrowings, amounted to approximately ¥2,607 million were subject to a floating interest rate.

## Pledged assets

As at 30 June 2025, the Group's pledged assets, including (i) property, plant and equipment, (ii) investment properties, and (iii) listed securities, with a total carrying amount of approximately ¥7,420 million (30 June 2024: approximately ¥7,636 million) to secure certain general banking facilities of the Group. The decrease by approximately ¥216 million from approximately ¥7,636 million as at 30 June 2024 to approximately ¥7,420 million as at 30 June 2025 was mainly due to (i) no additional pledged assets are required by the bank, and (ii) the decrease in the carrying amount of those pledged assets.

## Gearing ratio

The gearing ratio, being the aggregate of interest-bearing loans and lease liabilities less cash and cash equivalents divided by total equity of the Company, was approximately 31.0% as at 30 June 2025 (30 June 2024: approximately 39.3%). The decrease was mainly attributable to the repayments of loans during FY2025.

## Interest rate and foreign exchange exposure

The Group is exposed to interest rate risk as its bank balances and some of its bank borrowings are carried at variable rates. The Group manages its interest rate exposure with a focus on reducing its overall cost of debt and exposure to changes in interest rates. During FY2025, the Group did not use any hedge instrument or interest rate swap to manage its interest rate exposure.

The Group operates in Japan and its business transactions are principally denominated in Japanese Yen. However, it is exposed to foreign exchange risks associated with US Dollars for expenses it incurs in such currency. The Group's finance division monitors the Group's foreign exchange fluctuation exposure closely. In light of the continued fluctuation of Japanese Yen against US Dollars in recent years, the Group will continue to look for opportunities to manage its exposures in US Dollars by maintaining significant amount of its cash and bank balances in Japanese Yen.

## Contractual and capital commitments

As a lessor, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	As a lessor	
	As at 30 June	
	2025	2024
	¥ million	¥ million
Not later than 1 year	<u>57</u>	<u>53</u>

As at 30 June 2025, the Group did not have capital commitments which were contracted but not provided for in respect of purchase of property, plant and equipment (30 June 2024: nil).

## Capital expenditures

The Group's capital expenditures mainly consisted of expenditures on additions to property, plant and equipment, right-of-use assets, investment properties and intangible assets. The Group incurred capital expenditures of approximately ¥448 million for FY2025 (FY2024: approximately ¥1,480 million), a majority of which came from property, plant and equipment, and right-of-use assets. Out of such capital expenditures for FY2025, the capital expenditures of approximately ¥248 million from property, plant and equipment was mainly due to the purchase of pachinko's hall equipment and tools, and approximately ¥182 million from right-of-use assets was mainly due the extension of the lease term of the land and building of one of the Group's pachinko and pachislot halls. These capital expenditures were financed by the Group's internal funds and borrowing from financial institutions.

## **Contingent liabilities**

As at 30 June 2025, the Company did not have any material contingent liabilities or guarantees.

## **SIGNIFICANT INVESTMENTS**

As at 30 June 2025, the Group held investments primarily in (i) investment properties of approximately ¥4,133 million, which represented land and premises situated in Japan and are rented out/to be rented out under operating leases, and (ii) financial assets of approximately ¥1,174 million, which represented the Bonds issued by the Bond Issuer, trust funds, and listed and unlisted securities. As at 30 June 2025, save as the 1st Series Bond and the 2nd Series Bond which in aggregate constituted approximately 5.4% of the Company's total assets and the K's Plaza Ohato Property (as defined below) which constituted approximately 10.0% of the Company's total assets, the Group did not hold any other significant investment with a value of 5% or more of the Company's total assets.

### **Investment properties**

The Group's investment properties comprise properties for office, residential and parking purposes which are rented out/to be rented out under operating leases and held by the Company for long-term rental yields. All of the Group's investment properties are stated at historical cost less accumulated depreciation and impairment losses. Impairment loss will be recognised by the Group where the valuation results indicate that the carrying amount of the investment properties exceed its recoverable amount. Impairment loss of approximately ¥2 million was recognised on the Group's investment properties for FY2025 (FY2024: approximately ¥15 million). The recoverable amounts for investment properties are stated at fair value less cost of disposal based on valuations performed by an independent professionally qualified valuer or management. The valuations were determined using the income approach or the sales comparison approach. The fair values of all investment properties are within level 3 of the fair value hierarchy.

The valuations of the Group's investment properties are dependent on various key assumptions and inputs, including but not limited to (i) the monthly rental per square meter of the investment property, (ii) a capitalisation rate of 5.1% to 10.1% based on that of similar properties, (iii) a discount rate of 4.8% to 9.8% based on that of similar properties, (iv) the vacancy rate after expiry of the lease terms of the investment property, and (v) the unit price per square meter of land based on sales comparables occurred in the property market.

Save as disclosed herein, there have been no significant changes in the value of inputs or key assumptions adopted and no subsequent changes to the valuation methods adopted.

Furthermore, as disclosed in the announcement of the Company dated 9 January 2024, the management had closed down one of the Group's pachinko and pachislot halls, K's Plaza Ohato\* (ケイズプラザ大波止) located at 10-5, Motofuna-machi, Nagasaki City, Nagasaki Prefecture, Japan (the "**Land**") ("**K's Plaza Ohato**"). As the Land and the building erected on the Land (the "**Building**", together with the Land, "**K's Plaza Ohato Property**") are owned by the Group, the management is in the process of leasing out the Building in order to generate rental income which can serve as the Group's stable source of cash flow and revenue.

As at 30 June 2025, the fair value of the K's Plaza Ohato Property was approximately ¥1,860 million, which constitutes approximately 10.0% of the Company's total assets. For FY2025, no gains have been generated from K's Plaza Ohato Property as the Building has not yet been leased out.

As at the date of this announcement, the Company planned to continue to hold these investment properties for long-term rental yields.

### **Financial assets and financial liabilities**

In relation to the Group's financial assets, the Group recorded a gain of approximately ¥39 million for the fair value changes on financial assets and financial liabilities at fair value through profit or loss in FY2025 (FY2024: approximately ¥37 million), which was primarily attributable to fluctuations in the market prices of the underlying assets in the Company's investments. Although changes in market conditions will continue to result in fair value gains or losses from financial assets, the Directors are of the view that the investment in financial assets will help to increase the average yield earned from the excess funds from the Group's business overall. To the best of their knowledge and as at the date of this announcement, the Directors do not foresee any default or any impairment to be made to any financial assets held by the Group.

Furthermore, as disclosed in the previous interim reports and annual reports of the Company, on 26 July 2018, the Company entered into two agreements with the Bond Issuer, pursuant to which the Company subscribed for two series of Bonds at face value issued by the Bond Issuer, in an aggregate amount of ¥1,000 million. The Bond Issuer is a company incorporated under the laws of Japan and headquartered in Fukuoka, Japan, engaging in the business of commercial and consumer finance. Completion of the subscription of such Bonds took place on 27 July 2018. On 25 January 2019, the Company, the Bond Issuer and Everglory Capital entered into an amendment agreement to, among others, extend the maturity/redemption date of the 2nd Series Bond and include Everglory Capital as a guarantor to guarantee the obligations of the Bond Issuer of its obligations under the 2nd Series Bond. Everglory Capital is a company incorporated under the laws of Japan and headquartered in Tokyo, Japan, principally engaged in investment and financial advisory businesses in Japan. On 24 January 2020, the Company, the Bond Issuer and Everglory Capital entered into an agreement to further extend the maturity/redemption date of the 2nd Series Bond and increase its

interest rate for the extended period. On 25 January 2021, the Company, the Bond Issuer and Everglory Capital entered into an amendment agreement to further extend the maturity/redemption date of the 2nd Series Bond. On 30 July 2021, the Company, the Bond Issuer and Everglory Capital entered into an amendment agreement to, among others, extend the maturity/redemption date of the 1st Series Bond, increase its interest rate for the extended period, and include Everglory Capital as a guarantor to guarantee the obligations of the Bond Issuer of its obligations under the 1st Series Bond. On 25 January 2022, the Company, the Bond Issuer and Everglory Capital entered into an amendment agreement to further extend the maturity/redemption date of the 2nd Series Bond. On 27 January 2023, the Company, the Bond Issuer and Everglory Capital entered into an amendment agreement to further extend the maturity/redemption date of the 2nd Series Bond. On 25 January 2024, the Company, the Bond Issuer and Everglory Capital entered into an amendment agreement to further extend the maturity/redemption date of the 2nd Series Bond. On 30 July 2024, the Company, the Bond Issuer and Everglory Capital entered into an amendment agreement to further extend the maturity/redemption date of the 1st Series Bond. For details, please refer to the announcements of the Company dated 26 July 2018, 25 January 2019, 24 January 2020, 25 January 2021, 30 July 2021, 25 January 2022, 27 January 2023, 25 January 2024 and 30 July 2024 and the circulars of the Company dated 29 October 2021 and 30 September 2024.

As at 30 June 2025, the total carrying amount of the 1st Series Bond and the 2nd Series Bond was approximately ¥995 million, which in aggregate constitutes approximately 5.4% of the Company's total assets. Such total carrying amount was the approximate total fair value of the 1st Series Bond and the 2nd Series Bond. For FY2025, the amount of interest earned by the Group under each of the 1st Series Bond and the 2nd Series Bond is approximately ¥20 million and ¥20 million, respectively.

The Company expects that the subscription of the Bonds will allow the Group to earn a higher yield. In light of the ongoing uncertainty in the business outlook of the pachinko industry, the Directors consider the additional amount of interest to be received by the Group pursuant to the extension of the maturity/redemption date and/or change of interest rate (as the case may be) of the 1st Series Bond and the 2nd Series Bond will continue to generate a stable source of cash flow and income for the Group, which is beneficial to the Group's financial position. Therefore, the Company will continue with this investment in accordance with the terms of the Bonds.

Save as disclosed herein, the Group did not hold any significant investments as at 30 June 2025.

## HUMAN RESOURCES

### Employees and remuneration policies

As at 30 June 2025, the Group had 357 employees (30 June 2024: 352 employees), almost all of whom were based in Japan, and of whom 307 were stationed at the Group's pachinko and pachislot halls. For newly recruited employees, the Group has prepared a series of training sessions which mainly focuses on pachinko and pachislot hall operations and customer service. Upon appointment of every three years, as required by the Public Safety Commission in Japan, each hall manager is required to attend the training course conducted by the Public Safety Commission.

The staff costs include all salaries and benefits payable to the Group's employees and staff, including the Directors. The total staff costs for FY2025 amounted to approximately ¥1,003 million (FY2024: approximately ¥1,032 million), which accounted for approximately 19.1% (FY2024: approximately 17.0%) of the Group's total operating expenses, including the remuneration of the Directors.

The Directors and employees receive compensation in the form of salaries, and where applicable, allowances, bonuses and other benefits-in-kind, including the Group's contribution to the pension scheme. The Company's policy concerning the remuneration of the Directors and employees is that the amount of remuneration is determined on the basis of the relevant Director's or employee's experience, responsibility, performance and the time devoted to the Group's business.

Apart from basic remuneration, share options may be granted to individual Directors and employees under the share option scheme (the "**Share Option Scheme**") adopted by the Company on 10 April 2017, by reference to their performance.

### The Share Option Scheme

On 10 April 2017, the Company adopted the Share Option Scheme. The principal terms of the Share Option Scheme were summarised in the paragraph headed "Statutory and General Information — F. Share Option Scheme" in Appendix VI to the prospectus of the Company dated 28 April 2017.

The purpose of the Share Option Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and providing benefits in the form of share options of the Company to eligible participants ("**Eligible Participants**") and for such other purposes as the Board approves from time to time.

Eligible Participants includes, among others, any full-time or part-time employees, or potential employees, executives or officers (including executive, non-executive and independent non-executive directors) of the Company or any of its subsidiaries and suppliers.

As at 1 July 2024 and at 30 June 2025, the maximum number of shares of the Company (the “**Shares**”) in respect of which options under the Share Option Scheme and any other share option schemes of the Company may be granted is 10% of the issued Shares as at the date of the Company’s listing (i.e., 15 May 2017), being 50,000,000 Shares. The total number of Shares available for issue under the Share Option Scheme is 50,000,000 Shares, which represented approximately 8.3% of the total number of Shares in issue (excluding treasury shares) as at the date of this announcement.

Since the adoption of the Share Option Scheme, and up to the date of this announcement, no option was granted, exercised, cancelled or lapsed under the Share Option Scheme. Accordingly, the total number of Shares that may be issued in respect of share options granted under the Share Option Scheme during the year ended 30 June 2025 divided by the weighted average number of Shares in issue (excluding treasury shares) for FY2025 was nil. As at 30 June 2025, there was no share option outstanding under the Share Option Scheme.

### **ISSUE FOR CASH OF EQUITY SECURITIES**

During FY2025, the Company did not issue for cash any equity securities (including securities convertible into equity securities) or sell any treasury shares for cash.

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

During FY2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities (including treasury shares).

### **MATERIAL ACQUISITIONS AND/OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

During FY2025, the Group did not conduct any material acquisitions or disposals of subsidiaries, associates and joint ventures.

### **IMPORTANT EVENTS AFTER THE REPORTING PERIOD**

On 25 July 2025, (i) Mr. Katsuya YAMAMOTO (the “**Vendor**”), a controlling shareholder (as defined under the Listing Rules) and the chief executive officer of the Company, an executive Director and the chairman of the Board, and (ii) Ichikura Limited (the “**Purchaser**”), a substantial shareholder (as defined under the Listing Rules) of the Company had entered into a share purchase agreement, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase a total of 303,000,000 Shares, representing 50.5% of the entire issued share capital of the Company (the “**Transaction**”). Completion of the Transaction took place on 28 July 2025 at a consideration of HK\$48,480,000, based on the closing price of the Shares as quoted on the Stock Exchange on the date of the closing of the transfer of such Shares. For details, please refer to the announcement of the Company dated 25 July 2025.

Saved as disclosed, there are no significant events after the year ended 30 June 2025 up to the date of this announcement.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL INVESTMENTS**

Save for those disclosed in this announcement, the Group has no plan authorised by the Board for other material investments or additions of capital assets as at the date of this announcement.

## **FINAL DIVIDEND**

No final dividend for FY2025 has been recommended by the Board (FY2024: Nil).

## **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 FY2025 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 FY2025. 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 the preliminary announcement.

## **AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS**

The audit committee of the Board, together with the Board and its external auditor, had reviewed the accounting principles and policies adopted by the Group and the annual results and the consolidated financial statements for FY2025.

## **CORPORATE GOVERNANCE**

The Directors consider that the Company has applied the principles of the Corporate Governance Code (the “**CG Code**”) set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and complied with the code provisions, where applicable, during FY2025 as set out in the CG Code, except for the following deviation:

### **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. For the Group, Mr. Katsuya YAMAMOTO holds both of such positions. Mr. Katsuya YAMAMOTO has been primarily responsible for overseeing the Group's general management and business development and for formulating business strategies and policies for the Group's business management and operations since the Group was founded in 1984. The Company and the Directors (including the independent non-executive Directors) believe the combined roles of Mr. Katsuya YAMAMOTO provide for better leadership of the Board and management and allow for more focus on developing the Group's business

strategies and implementation of policies and objectives, and therefore the present arrangements are beneficial to and in the interests of the Company and its shareholders as a whole.

The Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that (i) the decision to be made by the Board requires approval by at least a majority of the Directors, and the Company believes that there is sufficient check and balance in the Board, (ii) Mr. Katsuya YAMAMOTO and other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that they act for the benefit and in the best interests of the Company and will make decisions for the Group accordingly, and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals with sufficient number thereof being independent non-executive Directors who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategies and other key business, financial, and operational policies of the Group are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of chairman of the Board and chief executive is necessary. The Directors strive to achieve a high standard of corporate governance (which is of critical importance to the Group's development) to protect the interest of shareholders of the Company.

#### **REQUIREMENT IN CONNECTION WITH PUBLICATION OF “NON-STATUTORY ACCOUNTS” UNDER SECTION 436 OF THE HONG KONG COMPANIES ORDINANCE CAP. 622**

The financial information relating to FY2025 and the financial information relating to FY2024 included in this preliminary announcement of annual results of 2024/2025 does not constitute the Company's statutory annual consolidated financial statements for those years but, in respect of FY2024, is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622 of the laws of Hong Kong) (the “**Companies Ordinance**”) is as follows:

The financial statements for FY2025 have yet to be reported on by the Company's auditor and will be delivered to the Registrar of Companies in due course. The Company had delivered the financial statements for FY2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on these financial statements for FY2024. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Companies Ordinance.

## **MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the required standards for securities transactions by the Directors. Specific enquiries have been made to all the Directors and all Directors have confirmed that they had complied with the required standards, where applicable, set out in the Model Code for FY2025.

## **ANNUAL GENERAL MEETING**

The Company will hold its annual general meeting on Friday, 21 November 2025 (the “**2025 AGM**”), the notice of which will be published and despatched to the Company’s shareholders in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement of the shareholders of the Company to attend and vote at the 2025 AGM, the register of members of the Company will be closed from Tuesday, 18 November 2025 to Friday, 21 November 2025 (both dates inclusive), during which period no transfer of Shares will be effected. The record date will be Friday, 21 November 2025. In order to qualify for attending and voting at the 2025 AGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company’s Hong Kong share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, 17 November 2025.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.okura-holdings.com](http://www.okura-holdings.com). The annual report of the Company for FY2025 will be despatched to the Company’s shareholders (where applicable) and published on the aforesaid websites in due course.

By Order of the Board  
**Okura Holdings Limited**  
**Katsuya YAMAMOTO**

*Chief Executive Officer, Executive Director and  
Chairman of the Board*

Hong Kong, 29 September 2025

*As at the date of this announcement, the Board comprises five Directors, of which (i) two are executive Directors, namely Mr. Katsuya YAMAMOTO and Mr. Yutaka KAGAWA; and (ii) three are independent non-executive Directors, namely Mr. Kazuyuki YOSHIDA, Ms. Mariko YAMAMOTO and Mr. Yuji MATSUZAKI.*

\* For identification purpose only