

# Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2022 (under Japanese GAAP)

August 6, 2021

Name of the Listed Company: Miyakoshi Holdings, Inc.  
 Listed Stock Exchanges: Tokyo Stock Exchange  
 Securities Code: 6620 URL: <http://www.miyakoshi-holdings.com>  
 Representative: Kunimasa Miyakoshi, Representative Director Chairman & CEO  
 Contact: Keita Itakura, Director and Managing Executive Officer Tel: +81-3-3298-7111  
 Scheduled date to submit securities report: August 6, 2021  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary materials on quarterly financial results: None  
 Holding of financial results presentation meeting: None

(Million yen with fractional amounts rounded down)

## 1. Consolidated financial results for the first quarter of the fiscal year ending March 31, 2022 (April 1, 2021 to June 30, 2021)

(1) Consolidated operating results (Percentages indicate year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter ended June 30, 2021	365	2.5	158	(31.0)	229	(16.5)	117	(26.7)
June 30, 2020	356	(2.7)	229	(4.4)	274	5.5	159	14.6

Note: Comprehensive income  
 First quarter ended June 30, 2021: 547 million yen (887.1%)  
 First quarter ended June 30, 2020: 55 million yen (-81.8%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First quarter ended June 30, 2021	2.93	–
June 30, 2020	3.99	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2021	25,333	23,813	89.6	566.95
As of March 31, 2021	24,780	23,265	89.7	555.30

Reference: Shareholder's equity  
 As of June 30, 2021: 22,686 million yen  
 As of March 31, 2021: 22,220 million yen

## 2. Cash dividends

	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	–	0.00	–	0.00	0.00
Fiscal year ending March 31, 2022	–				
Fiscal year ending March 31, 2022 (forecast)		0.00	–	0.00	0.00

Note: Revisions to the most recently announced forecast of the dividend: No

## 3. Consolidated financial forecasts for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal year ending March 31, 2022	1,250	(22.8)	580	(44.4)	930	(27.6)	510	(32.6)	12.75

Note: Revisions to the most recently announced financial forecasts: None

\* **Notes**

(1) Changes in significant subsidiaries during the period (Transfer of specified subsidiaries resulting in changes in the scope of consolidation): None

(2) Application of specific accounting for preparing the quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies other than (i): None

(iii) Change in accounting estimates: None

(iv) Restatement: None

Note: For details, please refer to "2. Quarterly Consolidated Financial Statements and Key Notes, (3) Notes to Quarterly Consolidated Financial Statements (Changes in accounting policies)" on page 8 of the accompanying materials.

(4) Number of shares issued (common shares)

(i) Total number of shares issued at the end of the period (including treasury shares)

As of June 30, 2021:	40,014,943 shares	As of March 31, 2021:	40,014,943 shares
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(ii) Number of treasury shares at the end of the period

As of June 30, 2021:	563 shares	As of March 31, 2021:	563 shares
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(iii) Average number of shares during the period (first three months)

First quarter ended June 30, 2021:	40,014,380 shares	First quarter ended June 30, 2020:	40,014,406 shares
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\* Quarterly financial results are outside the scope of the quarterly review by certified public accountants or audit corporations.

\* Proper use of earnings forecasts, and other special matters

Financial results forecasts and other forward-looking statements contained in this material are based on information available to the Company as of this moment and certain assumptions that are deemed reasonable. Therefore, actual results may differ significantly from these forward-looking statements due to various factors. For assumptions underlying the forecasts and notes to the use of the forecasts, please refer to "1. Qualitative Information on Consolidated Financial Results for the First Quarter Ended June 30, 2021, (3) Explanation of Information on Future Forecasts, Including the Forecast of Consolidated Results" on page 3 of the accompanying materials.

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## 1. Qualitative Information on Consolidated Financial Results for the First Quarter Ended June 30, 2021

### (1) Explanation of Operating Results

During the first quarter of the fiscal year ending March 31, 2022, the global economy surrounding the Miyakoshi Group remained uncertain, with risk factors such as the resurgence of COVID-19 with new variants and the intensifying conflict between the United States and China remaining, although the economy was on a recovery track as the spread of COVID-19 was halted to a certain extent by the progress of vaccinations.

Meanwhile, in Shenzhen, China, where the Group has established a business presence, economic activities were expanding rapidly, with a GDP growth rate of 13.4% year on year (12.7% in China) in the first half of the year, thanks to the contribution of increasing domestic consumption, in addition to investments in the manufacturing industry, leveraged by the early containment of COVID-19.

In this environment, the Group worked to strengthen the revenue base for the real estate leasing and management business and closed a food supply facility. It also refrained from taking in new tenants who planned long-term occupancy, which would involve a large investment, in preparation for the start of real estate redevelopment.

As a result, consolidated operating revenue during the first quarter under review stood at 365 million yen (up 2.5% year on year). Operating profit amounted to 158 million yen (down 31.0% year on year), ordinary profit was 229 million yen (down 16.5% year on year), and profit attributable to owners of parent stood at 117 million yen (down 26.7% year on year).

#### Real Estate Development Business

Shenzhen, where the Group is advancing redevelopment, has a clear presence as a core engine of economic development through innovation, bringing together some of the world's most cutting-edge companies in high-tech, finance, and medicine, as the central city of the Greater Bay Area, the largest economic zone in South China, and enjoys the support of the Chinese central government. In this advanced Greater Bay Area, the Group is proceeding with a project to build the World Innovation Center (tentative name: WIC), a large-scale facility with a total floor area of 700,000 square meters where 200 global companies will gather from around the world to form a full-scale research and development base or headquarters in China. The development project is currently in the process of applying to the local government for inclusion in Shenzhen's urban renewal project, with the aim of starting construction as soon as possible after finalizing the various conditions for the development, with the first phase to be completed in 2023 and the grand opening to take place in 2025.

At the same time, as a result of energetic efforts to attract companies to the WIC under the commission of the Shenzhen municipal government, close to 80 blue-chip companies from Japan, mainly listed companies, have expressed their intent to move into the WIC, and the number of companies entering the WIC is expected to rise further as the development process progresses. In addition, in parallel with our efforts in Japan, we have also started to attract top-class global companies from overseas such as the United States and Europe, and our efforts to reach out to large corporations are now fully underway.

While we are actively recruiting human resources, we will continue to make efforts to carefully select and acquire talented personnel who will be responsible for the future of the Group, with a view to the progress of the Shenzhen project and the expansion of our business.

Segment information is omitted because the Group has only one segment, namely Real estate development, leasing and management.

### (2) Explanation of Financial Position

Total assets at the end of the first quarter under review were 25,333 million yen, an increase of 552 million yen from the end of the previous fiscal year. This was mainly due to an increase in cash and deposits, etc. of overseas subsidiaries, reflecting fluctuations in exchange rates.

Total liabilities came to 1,520 million yen, an increase of 5 million yen from the end of the previous fiscal year. This was chiefly attributable to an increase in the liabilities of overseas subsidiaries due to fluctuations in exchange rates, offsetting a decrease in deposits received, etc.

Net assets increased 547 million yen from the end of the previous fiscal year. This was primarily due to increases in retained earnings and foreign currency translation adjustment.

(3) Explanation of Information on Future Forecasts, Including the Forecast of Consolidated Results

With regard to the future economic outlook, the situation is likely to remain uncertain, given the greater spread of COVID-19, but we have decided that the impact of COVID-19 on the Group is minor at this time and is unlikely to have a significant impact.

Therefore, the results forecasts for the fiscal year ending March 31, 2022, which we announced on May 14, 2021, remain unchanged.

## 2. Quarterly Consolidated Financial Statements and Key Notes

### (1) Quarterly Consolidated Balance Sheet

(Million yen)

	Previous fiscal year (As of March 31, 2021)	First quarter under review (As of June 30, 2021)
Assets		
Current assets		
Cash and deposits	8,176	8,544
Trade accounts receivable	154	259
Other	671	749
Allowance for doubtful accounts	(18)	(62)
Total current assets	8,983	9,490
Non-current assets		
Property, plant and equipment	7	7
Intangible assets		
Goodwill	157	147
Land-use rights	896	937
Other	0	0
Total intangible assets	1,054	1,085
Investments and other assets		
Long-term loans receivable	13,368	13,354
Other	1,366	1,395
Total investments and other assets	14,734	14,750
Total non-current assets	15,796	15,843
Total assets	24,780	25,333

(Million yen)

	Previous fiscal year (As of March 31, 2021)	First quarter under review (As of June 30, 2021)
Liabilities		
Current liabilities		
Income taxes payable	102	91
Provisions	1	0
Other	251	208
Total current liabilities	355	300
Non-current liabilities		
Retirement benefit liability	7	7
Other	1,151	1,212
Total non-current liabilities	1,159	1,219
Total liabilities	1,515	1,520
Net assets		
Shareholders' equity		
Share capital	9,217	9,217
Capital surplus	8,962	8,962
Retained earnings	4,582	4,700
Treasury shares	(0)	(0)
Total shareholders' equity	22,762	22,879
Accumulated other comprehensive income		
Foreign currency translation adjustment	(542)	(193)
Total accumulated other comprehensive income	(542)	(193)
Non-controlling interests	1,045	1,127
Total net assets	23,265	23,813
Total liabilities and net assets	24,780	25,333

## (2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income

## Quarterly consolidated statement of income

First three months

(Million yen)

	Three months ended June 30, 2020 (April 1, 2020 - June 30, 2020)	Three months ended June 30, 2021 (April 1, 2021 - June 30, 2021)
Operating revenue	356	365
Operating costs	31	43
Operating gross profit	325	322
Selling, general and administrative expenses	95	164
Operating profit	229	158
Non-operating income		
Interest income	41	60
Other	9	11
Total non-operating income	50	71
Non-operating expenses		
Foreign exchange losses	4	0
Total non-operating expenses	4	0
Ordinary profit	274	229
Profit before income taxes	274	229
Income taxes - current	84	88
Income taxes - deferred	10	7
Total income taxes	94	95
Profit	179	133
Profit attributable to non-controlling interests	20	16
Profit attributable to owners of parent	159	117



Quarterly consolidated statement of comprehensive income  
 First three months

(Million yen)

	Three months ended June 30, 2020 (April 1, 2020 - June 30, 2020)	Three months ended June 30, 2021 (April 1, 2021 - June 30, 2021)
Profit	179	133
Other comprehensive income		
Foreign currency translation adjustment	(124)	414
Total other comprehensive income	(124)	414
Comprehensive income	55	547
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	56	465
Comprehensive income attributable to non-controlling interests	(0)	81

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumptions)

Not applicable

(Notes on significant fluctuations in shareholders' equity)

Not applicable

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company began applying the Accounting Standard for Revenue Recognition (ASBJ Statement No.29 issued on March 31, 2020, hereinafter the "Revenue Recognition Accounting Standard") and related measures at the beginning of the first quarter under review. Accordingly, the Company recognizes amounts expected to be received in exchange for promised goods or services as revenue at the point where control over the goods and services has been transferred to the customer.

For the application of the Revenue Recognition Accounting Standard and the like, the Company follows the provisional treatment prescribed in the proviso in Paragraph 84 of the same Standard, but the practice has no effect on the balance of retained earnings at the beginning of the first quarter under review.

In addition, there is no impact on profit and loss in the first quarter under review. Moreover, in accordance with the provisional treatment stipulated in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), information that decomposes revenue from contracts with customers for the first quarter of the previous fiscal year is not stated.

(Application of accounting standard for fair value measurement, etc.)

The Company started applying the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, hereinafter the "Fair Value Measurement Accounting Standard"), etc. from the beginning of the first quarter under review. Accordingly, the Company will apply new accounting policies prescribed in the Fair Value Measurement Accounting Standard and the like in the future in accordance with the provisional treatment stipulated in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019).

The application of the Fair Value Measurement Accounting Standard and others mentioned above has no impact on quarterly consolidated financial statements.

(Additional information)

(Accounting estimates associated with the spread of COVID-19)

There are no significant changes to the assumptions regarding the impact of COVID-19 for making the accounting estimates described in the notes (significant accounting estimates) in the securities report for the previous fiscal year.

(Significant subsequent events)

Dissolution and liquidation of a consolidated subsidiary

At a meeting of the Board of Directors held on July 5, 2021, the Company resolved to dissolve and liquidate its consolidated subsidiary LongBank Pharmaceutical Trade Co., Ltd.

1. Reason for the dissolution and liquidation

The consolidated subsidiary has been engaging in the wholesale business of pharmaceuticals and medical equipment, etc. in China, but the Company has decided to dissolve and liquidate it from the perspective of improving the efficiency of the Group's management resources.

2. Overview of the consolidated subsidiary

- (1) Name: LongBank Pharmaceutical Trade Co., Ltd.
- (2) Address: Room 502, Block A, Jifa Plaza, Xian Dalu, Changchun, Jilin Province, China
- (3) Representative: Ken Shigeno, Legal Representative, Chairman
- (4) Business: Wholesale of pharmaceuticals and medical equipment, etc.
- (5) Share capital: 510,000,000 yen
- (6) Shareholder and its shareholding ratio: Crown Corporation (wholly owned subsidiary of the Company) 100%

3. Schedule of the dissolution and liquidation

- July 9, 2021 Resolved at a meeting of shareholders of the consolidated subsidiary and dissolved
- January 31, 2022 (planned) Completion of liquidation

4. Status of the consolidated subsidiary and its total liabilities (as of March 31, 2021)

- Total assets 123 million yen
- Total liabilities 28 million yen

5. Impact of the dissolution and liquidation on profit and loss

The impact of the dissolution and liquidation of the consolidated subsidiary on the Company's financial results for the current fiscal year is currently under close investigation.

6. Impact of the dissolution and liquidation on operating activities, etc.

The impact of the dissolution and liquidation of the consolidated subsidiary on the Company's operating activities is minor.