

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

November 12, 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  
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 Scheduled date to submit securities report: November 12, 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 second quarter of the fiscal year ending March 31, 2022 (April 1, 2021 to September 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                             | %      |
| Second quarter ended September 30, 2021 | 717               | (4.6) | 271              | (44.3) | 420             | (27.1) | 219                                     | (34.6) |
| September 30, 2020                      | 752               | 3.0   | 487              | 1.6    | 577             | 9.4    | 335                                     | 15.8   |

Note: Comprehensive income Second quarter ended September 30, 2021: 780 million yen (257.8%)  
Second quarter ended September 30, 2020: 218million yen (1.2%)

|   | Basic earnings per share | Diluted earnings per share |
|---|--------------------------|----------------------------|
|   | Yen                      | Yen                        |
| Second quarter ended September 30, 2021 | 5.48                     | –                          |
| September 30, 2020                      | 8.37                     | –                          |

(2) Consolidated financial position

|                          | Total assets | Net assets  | Equity ratio | Net assets per share |
|--------------------------|--------------|-------------|--------------|----------------------|
|                          | Million yen  | Million yen | %            | Yen                  |
| As of September 30, 2021 | 25,490       | 24,045      | 89.8         | 571.95               |
| As of March 31, 2021     | 24,780       | 23,265      | 89.7         | 555.30               |

Reference: Shareholder's equity As of September 30, 2021: 22,886 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            | –                  | 0.00               |                   |          |        |
| Fiscal year ending March 31, 2022 (forecast) |                    | 0.00               | –                 | 5.00     | 5.00   |

Note: Revisions to the most recently announced forecast of the dividend: Yes  
 Regarding the revision of dividend forecast, please refer to “Notice Regarding Revision of Dividend Forecast” announced today (November 12, 2021).

## 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

(4) Number of shares issued (common shares)

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

|                           |                   |                       |                   |
|---------------------------|-------------------|-----------------------|-------------------|
| As of September 30, 2021: | 40,014,943 shares | As of March 31, 2021: | 40,014,943 shares |
|---------------------------|-------------------|-----------------------|-------------------|

(ii) Number of treasury shares at the end of the period

|                           |            |                       |            |
|---------------------------|------------|-----------------------|------------|
| As of September 30, 2021: | 563 shares | As of March 31, 2021: | 563 shares |
|---------------------------|------------|-----------------------|------------|

(iii) Average number of shares during the period (first six months)

|  |                   |  |                   |
|--|-------------------|--|-------------------|
| Second quarter ended September 30, 2021: | 40,014,380 shares | Second quarter ended September 30, 2020: | 40,014,395 shares |
|--|-------------------|--|-------------------|

\* 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 Six Months Ended September 30, 2021, (3) Explanation of Information on Future Forecasts, Including the Forecast of Consolidated Results" on page 3 of the accompanying materials.

○Accompanying Materials – Contents

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## 1. Qualitative Information on Consolidated Financial Results for the Six Months Ended September 30, 2021

### (1) Explanation of Operating Results

During the six months ended September 30, 2021, the global economy surrounding the Miyakoshi Group remained highly unpredictable, with risk factors such as the impact of the resurgence of COVID-19 in Southeast Asia and Russia, and the adjustment of production due to shortage of semiconductors, although the United States and China, where vaccinations are progressing, have been on recovery trend with the back of rapid economic recovery, while Japan declared state of emergency repeating due to the resurgence of COVID-19.

Meanwhile, in Shenzhen, China, where the Group has established a business presence, economic activities were expanding rapidly, 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 continues worked to strengthen the revenue base for the real estate leasing and management business, and make preparation for the start of redevelopment. The Group demolished a food supply facility and refrained from taking in new tenants who planned long-term occupancy, which would involve a large investment. Furthermore, in anticipation of the redevelopment situation, the Group will not renewing long-term contracts for tenants whose rental contracts will expired. As a result, consolidated operating revenue during the six months ended September 30, 2021, stood at 717 million yen (down 4.6% year on year). Operating profit amounted to 271 million yen (down 44.3% year on year), ordinary profit was 420 million yen (down 27.1% year on year), and profit attributable to owners of parent stood at 219 million yen (down 34.6% year on year).

#### Real Estate Development Business

Shenzhen, where the Group is advancing redevelopment, has a clear presence as an innovative 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 Guangdong-Hong Kong-Macao Greater Bay Area (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 2024 and the grand opening to take place in 2026. In addition, the Group executed a consulting services agreement with a major design firm, Nikken Sekkei Ltd, and strengthened the Shenzhen project organization in terms of human resources by hired and appointed a redevelopment manager who is highly skilled in the construction field.

At the same time, the Group is attracting companies to WIC under the commission of the Shenzhen municipal government, and more than 80 blue-chip companies from Japan, mainly listed companies, have expressed their intent to move into WIC, as well as major companies from overseas such as the United States, Germany, France, etc. have showed strong interests for WIC. The number of companies entering the WIC is expected to rise further as the development process progresses.

Regarding the new market segments restructured by Tokyo Stock Exchange, Inc. which will be operating from April 2022, after receiving the conformity judgement from the Tokyo Stock Exchange, Inc., the Group submitted to apply for "Prime Market" on September 1, 2021. The Group also changed the sector classification on the Tokyo Stock Exchange, Inc. from "Electric Appliances" to "Real Estate" since October 1, 2021. Although the Group is currently promoting WIC as a redevelopment project in Shenzhen China, the Group is aiming to become a comprehensive investment company, and WIC project has been positioned as our first investment project.

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 six months ended September 30, 2021, were 25,490 million yen, an increase of 710 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 1,445 million yen, a decrease of 69 million yen from the end of the previous fiscal year. This was chiefly attributable to a decrease in deposits received and long-term deposits received, etc.

Net assets increased 780 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

The forecasts for the fiscal year ending March 31, 2022, which we announced on May 14, 2021, remain unchanged. In the future, we will promptly provide public notification in matters necessitating the revisions of the forecasts.

For the year-end dividend forecast, please refer to “Notice Regarding Revision of Dividend Forecast” announced today (November 12, 2021).

## 2. Quarterly Consolidated Financial Statements and Key Notes

### (1) Quarterly Consolidated Balance Sheet

(Million yen)

|                                    | Previous fiscal year<br>(As of March 31, 2021) | Second quarter under review<br>(As of September 30, 2021) |
|------------------------------------|--|---|
| Assets                             |  |   |
| Current assets                     |  |   |
| Cash and deposits                  | 8,176  | 8,709   |
| Trade accounts receivable          | 154  | 291   |
| Other                              | 671  | 707   |
| Allowance for doubtful accounts    | (18)   | (108)   |
| Total current assets               | 8,983  | 9,599   |
| Non-current assets                 |  |   |
| Property, plant and equipment      | 7  | 7   |
| Intangible assets                  |  |   |
| Goodwill                           | 157  | 137   |
| Land-use rights                    | 896  | 937   |
| Other                              | 0  | 0   |
| Total intangible assets            | 1,054  | 1,076   |
| Investments and other assets       |  |   |
| Long-term loans receivable         | 13,368   | 13,354  |
| Other                              | 1,366  | 1,453   |
| Total investments and other assets | 14,734   | 14,807  |
| Total non-current assets           | 15,796   | 15,891  |
| Total assets                       | 24,780   | 25,490  |

(Million yen)

|  | Previous fiscal year<br>(As of March 31, 2021) | Second quarter under review<br>(As of September 30, 2021) |
|--|--|---|
| Liabilities                                  |  |   |
| Current liabilities                          |  |   |
| Income taxes payable                         | 102  | 80  |
| Provisions                                   | 1  | 1   |
| Other  | 251  | 204   |
| Total current liabilities                    | 355  | 285   |
| Non-current liabilities                      |  |   |
| Retirement benefit liability                 | 7  | 7   |
| Other  | 1,151  | 1,151   |
| Total non-current liabilities                | 1,159  | 1,159   |
| Total liabilities                            | 1,515  | 1,445   |
| Net assets                                   |  |   |
| Shareholders' equity                         |  |   |
| Share capital                                | 9,217  | 9,217   |
| Capital surplus                              | 8,962  | 8,962   |
| Retained earnings                            | 4,582  | 4,802   |
| Treasury shares                              | (0)  | (0)   |
| Total shareholders' equity                   | 22,762   | 22,981  |
| Accumulated other comprehensive income       |  |   |
| Foreign currency translation adjustment      | (542)  | (95)  |
| Total accumulated other comprehensive income | (542)  | (95)  |
| Non-controlling interests                    | 1,045  | 1,159   |
| Total net assets                             | 23,265   | 24,045  |
| Total liabilities and net assets             | 24,780   | 25,490  |

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

## Quarterly consolidated statement of income

First six months

(Million yen)

|  | Six months ended September 30, 2020<br>(April 1, 2020 - September 30, 2020) | Six months ended September 30, 2021<br>(April 1, 2021 - September 30, 2021) |
|--|---|---|
| Operating revenue                                | 752   | 717   |
| Operating costs                                  | 75  | 85  |
| Operating gross profit                           | 676   | 632   |
| Selling, general and administrative expenses     | 189   | 361   |
| Operating profit                                 | 487   | 271   |
| Non-operating income                             |   |   |
| Interest income                                  | 81  | 121   |
| Other  | 17  | 30  |
| Total non-operating income                       | 99  | 152   |
| Non-operating expenses                           |   |   |
| Foreign exchange losses                          | 10  | -   |
| Loss on disposals of noncurrent assets           | -   | 3   |
| Total non-operating expenses                     | 10  | 3   |
| Ordinary profit                                  | 577   | 420   |
| Profit before income taxes                       | 577   | 420   |
| Income taxes - current                           | 176   | 162   |
| Income taxes - deferred                          | 23  | 7   |
| Total income taxes                               | 199   | 170   |
| Profit   | 377   | 249   |
| Profit attributable to non-controlling interests | 42  | 30  |
| Profit attributable to owners of parent          | 335   | 219   |



Quarterly consolidated statement of comprehensive income  
 First six months

(Million yen)

|  | Six months ended September 30, 2020<br>(April 1, 2020 - September 30, 2020) | Six months ended September 30, 2021<br>(April 1, 2021 - September 30, 2021) |
|--|---|---|
| Profit   | 377   | 249   |
| Other comprehensive income                                     |   |   |
| Foreign currency translation adjustment                        | (159)   | 530   |
| Total other comprehensive income                               | (159)   | 530   |
| Comprehensive income   | 218   | 780   |
| Comprehensive income attributable to                           |   |   |
| Comprehensive income attributable to owners of parent          | 201   | 666   |
| Comprehensive income attributable to non-controlling interests | 16  | 114   |

(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 six months ended September 30, 2021. 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 second 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 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.