

# Consolidated Financial Statements for the Fiscal Year Ended March 31, 2022 (under Japanese GAAP)

May 13, 2022

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 Annual General Meeting of Shareholders: June 29, 2022  
 Scheduled date to submit annual securities report: June 29, 2022  
 Scheduled date to commence dividend payments: June 30, 2022  
 Preparation of supplementary materials on financial results: None  
 Holding of financial results presentation meeting: None

(Million yen with fractional amounts rounded down)

## 1. Consolidated financial results for the fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(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	%
Fiscal year ended								
March 31, 2022	1,407	(13.1)	499	(52.1)	855	(33.4)	658	(12.9)
March 31, 2021	1,619	8.8	1,043	7.2	1,284	10.4	756	28.4

Note: Comprehensive income Fiscal year ended March 31, 2022: 1,638 million yen (76.1%)  
 Fiscal year ended March 31, 2021: 930 million yen (74.4%)

	Basic earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to operating revenue ratio
Fiscal year ended	Yen	%	%	%
March 31, 2022	16.46	2.9	3.4	35.5
March 31, 2021	18.91	3.5	5.3	64.4

Reference: Equity earnings (losses) of affiliates Fiscal year ended March 31, 2022: – million yen  
 Fiscal year ended March 31, 2021: – million yen

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2022	26,202	24,904	90.3	591.11
March 31, 2021	24,780	23,265	89.7	555.30

Reference: Shareholder's equity As of March 31, 2022: 23,652 million yen  
 As of March 31, 2021: 22,220 million yen

### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2022	539	(874)	(0)	2,574
March 31, 2021	947	(375)	(0)	2,800

## 2. Cash dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2021	–	0.00	–	0.00	0.00	–	–	–
March 31, 2022	–	0.00	–	5.00	5.00	200	30.4	0.9
March 31, 2023 (forecast)	–	0.00	–	0.00	0.00		–	

## 3. Consolidated financial forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	1,160	(17.6)	380	(23.9)	680	(20.5)	370	(43.8)	9.25

\* **Notes**

- (1) Changes in significant subsidiaries during the period (Transfer of specified subsidiaries resulting in changes in the scope of consolidation): None
  
- (2) 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
  
- (3) Number of shares issued (common shares)
  - (i) Total number of shares issued at the end of the period (including treasury shares)
    - As of March 31, 2022: 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 March 31, 2022: 596 shares
    - As of March 31, 2021: 563 shares
  - (iii) Average number of shares during the period
    - Fiscal year ended March 31, 2022: 40,014,377 shares
    - Fiscal year ended March 31, 2021: 40,014,387 shares

\* Consolidated financial results are outside the scope of the 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. Operating Results and Qualitative Information (4) Forecasts" on page 3 of the accompanying materials.

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## 1. Operating Results and Qualitative Information

### (1) Overview of Operating Results

During the period of current fiscal year, although COVID-19 infections have shown a certain degree of calm due to the measures of each country, the global economy surrounding the Miyakoshi Group remained uncertain due to geopolitical problems such as the conflict between Ukraine and Russia, soaring prices of crude oil, disruption of the supply chain due to shortage of semiconductors, and the rapid depreciation of yen currency in the foreign exchange market.

Meanwhile, in Shenzhen China, where the Group has established a business presence, the impact of COVID-19 temporary outbreak and the geopolitical risks of Ukraine-Russia conflict on the Group's operation is considered minor.

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 refrain from renewing long-term contracts for tenants whose rental contracts will expired.

As a result, consolidated operating revenue of fiscal year ended March 31, 2022, stood at 1,407 million yen (down 13.1% year on year). Operating profit amounted to 499 million yen (down 52.1% year on year), ordinary profit was 855 million yen (down 33.4% year on year), and profit attributable to owners of parent stood at 658 million yen (down 12.9% year on year).

#### Real Estate Development Business

The Shenzhen project promoted by the Group is 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 major cutting-edge foreign companies including Fortune Global 500 will gather from 30 countries to form a full-scale research and development base or marketing base or headquarters in China and create new innovation, through redeveloping the land (127,000 square meters) and buildings (89,000 square meters) owned by the Group's subsidiary Shenzhen Crown (China) Electronics Co., Ltd. (hereinafter referred to as "Crown Electronics"). The WIC project is one of the large-scale city renewal projects managed by People's Government of Futian District on lands (estimated 29 hectares) in Che-gong-miao area where Crown Electronics is located, and the WIC project accounts for 37% of the total scale. In December last year, Shenzhen Municipal People's Government approved the city renewal plan (the first stage of the renewal unit planning). In order to apply for the development entity of the renewal planning in the second stage, the Group executed planning and design agreement with Urban Planning & Design Institute of Shenzhen and Nikken Sekkei Ltd. The Group will start the construction as soon as possible after finalizing the various conditions for the development, and aim to announce grand open in 2026.

At the same time, the Group is attracting companies to WIC under the commission of Shenzhen Municipal People's 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 (including Fortune Global 500) 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 market segments of Tokyo Stock Exchange, Inc., the Group 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) Overview of Financial Position

Total assets at the end of the fiscal year ended March 31, 2022, were 26,202 million yen, an increase of 1,421 million yen from the end of the previous fiscal year. This was mainly due to an increase in cash and deposits.

Total liabilities came to 1,297 million yen, a decrease of 217 million yen from the end of the previous fiscal year. This was chiefly attributable to a decrease in deferred tax liability and long-term deposits received.

Net assets came to 24,904 million yen, an increase of 1,638 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) Overview of Cash Flows

Cash and cash equivalents (hereinafter referred to as “Net cash”) at the end of the fiscal year ended March 31, 2022, were 2,574 million yen, a decrease of 225 million yen from the end of the previous fiscal year.

The increasing and decreasing factors of each cash flow are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities increased by 539 million yen from the end of the previous fiscal year due to the increase of profit before income taxes (845 million yen) and income taxes paid (428 million yen).

(Cash flows from investing activities)

Net cash provided by investing activities decreased by 874 million yen from the end of the previous fiscal year due to the payments into time deposits and purchase of long-term prepaid expenses.

(Cash flows from financing activities)

Net cash provided by financing activities is due to the purchase of treasury shares.

(4) Forecasts

Regarding the outlook of operating results, although the impacts of the convergence delay of COVID-19 and geopolitical risks such as the Ukraine-Russia conflict are minor, and it is unlikely that it will have a significant impact, the Company expects the rental income will decrease temporarily due to the demolition of existing buildings as the Company works on the real estate development of Shenzhen project. Therefore, the Company forecasts the consolidated financial results for the fiscal year ending March 31, 2023 as follows.

Operating revenue	1,160 million yen	(down 17.6% year on year)
Operating profit	380 million yen	(down 23.9% year on year)
Ordinary profit	680 million yen	(down 20.5% year on year)
Profit attributable to owners of parent	370 million yen	(down 43.8% year on year)

The forecasts mentioned above are based on the information available to the Company as of this moment and certain assumptions that are deemed reasonable, and includes potential risks and uncertainties. Therefore, actual results may differ from these forward-looking statements due to various factors.

2. Basic Concept behind the Selection of Accounting Standards

In order to ensure comparability between companies and over time, the Group prepares the consolidated financial statements according to the generally accepted accounting standards in Japan (Japanese GAAP).

Please note that, in view of domestic and overseas circumstances, the Group intends to respond appropriately to the application of IFRS standard.

### 3. Consolidated Financial Statements and Key Notes

#### (1) Consolidated Balance Sheet

	(Million yen)	
	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	8,176	9,397
Trade accounts receivable	154	323
Other	671	845
Allowance for doubtful accounts	(18)	(198)
Total current assets	8,983	10,367
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	2,117	2,317
Accumulated depreciation	(2,117)	(2,317)
Buildings and structures (net)	0	0
Machinery, equipment and vehicles	18	20
Accumulated depreciation	(16)	(18)
Machinery, equipment and vehicles (net)	1	2
Other	68	79
Accumulated depreciation	(63)	(73)
Other (net)	5	5
Total property, plant and equipment	7	7
<b>Intangible assets</b>		
Goodwill	157	118
Land-use rights	896	959
Other	0	0
Total intangible assets	1,054	1,078
<b>Investments and other assets</b>		
Investment securities	10	-
Long-term loans receivable	13,368	13,340
Other	1,356	1,408
Total investments and other assets	14,734	14,748
Total non-current assets	15,796	15,834
Total assets	24,780	26,202

(Million yen)

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Income taxes payable	102	89
Provisions for bonuses	1	2
Other	251	301
<b>Total current liabilities</b>	<b>355</b>	<b>392</b>
<b>Non-current liabilities</b>		
Deferred tax liability	349	152
Retirement benefit liability	7	7
Other	802	745
<b>Total non-current liabilities</b>	<b>1,159</b>	<b>905</b>
<b>Total liabilities</b>	<b>1,515</b>	<b>1,297</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	9,217	9,217
Capital surplus	8,962	8,962
Retained earnings	4,582	5,241
Treasury shares	(0)	(0)
<b>Total shareholders' equity</b>	<b>22,762</b>	<b>23,421</b>
<b>Accumulated other comprehensive income</b>		
Foreign currency translation adjustment	(542)	231
<b>Total accumulated other comprehensive income</b>	<b>(542)</b>	<b>231</b>
<b>Non-controlling interests</b>	<b>1,045</b>	<b>1,251</b>
<b>Total net assets</b>	<b>23,265</b>	<b>24,904</b>
<b>Total liabilities and net assets</b>	<b>24,780</b>	<b>26,202</b>

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

## Consolidated statement of income

(Million yen)

	For fiscal year ended March 31, 2021 (April 1, 2020 - March 31, 2021)	For fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)
Operating revenue	1,619	1,407
Operating costs	145	177
Operating gross profit	1,474	1,229
Selling, general and administrative expenses	430	730
Operating profit	1,043	499
Non-operating income		
Interest income	185	250
Expenses adjustment	45	50
Foreign currency translation gains	9	56
Other	1	1
Total non-operating income	241	359
Non-operating expenses		
Loss on disposals of noncurrent assets	-	3
Other	-	0
Total non-operating expenses	-	3
Ordinary profit	1,284	855
Extraordinary losses		
Loss on lapse of stock warrant	-	10
Total extraordinary losses	-	10
Profit before income taxes	1,284	845
Income taxes - current	369	339
Income taxes - deferred	65	(213)
Total income taxes	434	126
Profit	850	719
Profit attributable to non-controlling interests	93	60
Profit attributable to owners of parent	756	658



## Consolidated statement of comprehensive income

(Million yen)

	For fiscal year ended March 31, 2021 (April 1, 2020 - March 31, 2021)	For fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)
Profit	850	719
Other comprehensive income		
Foreign currency translation adjustment	80	919
Total other comprehensive income	80	919
Comprehensive income	930	1,638
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	823	1,432
Comprehensive income attributable to non-controlling interests	107	206

## (3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2021 (April 1, 2020 - March 31, 2021)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,217	8,962	3,826	(0)	22,005
Changes during period					
Profit attributable to owners of parent			756		756
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	756	(0)	756
Balance at end of period	9,217	8,962	4,582	(0)	22,762

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	(609)	(609)	937	22,334
Changes during period				
Profit attributable to owners of parent				756
Purchase of treasury shares				(0)
Net changes in items other than shareholders' equity	66	66	107	173
Total changes during period	66	66	107	930
Balance at end of period	(542)	(542)	1,045	23,265

For the fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,217	8,962	4,582	(0)	22,762
Changes during period					
Profit attributable to owners of parent			658		658
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	658	(0)	658
Balance at end of period	9,217	8,962	5,241	(0)	23,421

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	(542)	(542)	1,045	23,265
Changes during period				
Profit attributable to owners of parent				658
Purchase of treasury shares				(0)
Net changes in items other than shareholders' equity	774	774	206	980
Total changes during period	774	774	206	1,638
Balance at end of period	231	231	1,251	24,904

## (4) Consolidated Statements of Cash Flows

(Million yen)

	For fiscal year ended March 31, 2021 (April 1, 2020 - March 31, 2021)	For fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,284	845
Depreciation	54	58
Amortization of goodwill	39	39
Amortization of long-term prepaid expenses	153	191
Increase (decrease) in allowance for doubtful accounts	18	167
Increase (decrease) in provision for bonuses	0	0
Interest	(185)	(250)
Foreign currency translation losses (gains)	(17)	(48)
Decrease (increase) in sale receivables	(123)	(139)
Other	(23)	(144)
Subtotal	1,201	720
Interest received	128	185
Income taxes paid	(443)	(428)
Income taxes refund	61	62
Other	(0)	0
Net cash provided by operating activities	947	539
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	(1)	(1)
Purchase of long-term prepaid expenses	(467)	(102)
Loan advances	(7,450)	-
Proceeds from collection of loans receivable	7,612	18
Payments into time deposits	(8,503)	(784)
Proceeds from withdrawal of time deposits	8,428	-
Proceeds from refund of guarantee deposits	0	-
Other	6	(3)
Net cash provided by investing activities	(375)	(874)
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	(0)	(0)
Net cash provided by financing activities	(0)	(0)
Effect of exchange rate change on cash and cash equivalents	16	108
Net increase (decrease) in cash and cash equivalents	587	(225)
Cash and cash equivalents at beginning of period	2,212	2,800
Cash and cash equivalents at end of period	2,800	2,574

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumptions)

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 fiscal year ended March 31, 2022. 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 fiscal year ended March 31, 2022. In addition, there is no impact on profit and loss in the fiscal year ended March 31, 2022.

(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 fiscal year ended March 31, 2022. 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 consolidated financial statements of the fiscal year ended March 31, 2022

(Segment information)

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

(Per share information)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net assets per share	555.30 yen	591.11 yen
Profit per share	18.91 yen	16.46 yen

Notes:

1. Diluted profit per share is omitted as no residual securities were outstanding.
2. The basis of calculation are as follows:

(1) Net assets per share

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Total amount of net assets (million yen)	23,265	24,904
The amount to be deducted from total amount of net assets (million yen)	1,045	1,251
(Non-controlling interest)	(1,045)	(1,251)
Net assets related to common shares at the end of current fiscal year (million yen)	22,220	23,652
Number of common shares at the end of current fiscal year by the calculation of net assets per share	40,014,380	40,014,347

(2) Profit per share

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit attributable to owners of parent (million yen)	756	658
Amount not attributable to common shareholders (million yen)	-	-
Profit attributable to owners of parent related to common shares (million yen)	756	658
Average number of shares	40,014,387	40,014,377

(Significant subsequent events)

Not applicable