

Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2024 (under Japanese GAAP)

August 10, 2023

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: August 10, 2023
 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, 2024 (April 1, 2023 to June 30, 2023)

(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, 2023	277	(13.1)	96	9.2	202	(8.4)	137	9.2
June 30, 2022	318	(12.8)	88	(44.0)	220	(3.9)	125	7.4

Note: Comprehensive income
 First quarter ended June 30, 2023: 322 million yen (-50.5%)
 First quarter ended June 30, 2022: 652 million yen (19.0%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First quarter ended June 30, 2023	3.43	–
June 30, 2022	3.14	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2023	27,111	26,001	90.7	614.32
As of March 31, 2023	26,868	25,678	90.4	607.33

Reference: Shareholder's equity
 As of June 30, 2023: 24,581 million yen
 As of March 31, 2023: 24,301 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, 2023	–	0.00	–	0.00	0.00
Fiscal year ending March 31, 2024	–				
Fiscal year ending March 31, 2024 (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, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2024	1,200	(9.1)	430	(7.8)	710	(9.0)	450	(10.3)	11.25

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: None
 - (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 June 30, 2023:	40,014,943 shares
As of March 31, 2023:	40,014,943 shares
 - (ii) Number of treasury shares at the end of the period

As of June 30, 2023:	909 shares
As of March 31, 2023:	909 shares
 - (iii) Average number of shares during the period (first three months)

First quarter ended June 30, 2023:	40,014,034 shares
First quarter ended June 30, 2022:	40,014,347 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 First Quarter, (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

(1) Explanation of Operating Results

During the first quarter of the fiscal year ending March 31, 2024, due to the prolonged conflict of Russia in Ukraine, soaring prices of resources and raw materials, inefficiency of monetary policies, the economic growth in U.S. and EU is slowing down, and the uncertainty of the future economic environment is increasing.

Meanwhile, Shenzhen China as the center city of the Greater Bay Area, where the Group has established a business presence, is attracting a lot of attentions from overseas, and the impact of the geopolitical risks such as the situation in Ukraine 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 project. The Group will refrain from taking in new tenants who planned long-term occupancy and involve renovation cost. Furthermore, in anticipation of the redevelopment situation, the Group will continue to refrain from renewing long-term contracts for tenants whose rental contracts will expired.

As a result, consolidated operating revenue of first quarter of the fiscal year ended March 31, 2024, stood at 277 million yen (down 13.1% year on year). Operating profit amounted to 96 million yen (up 9.2% year on year), ordinary profit was 202 million yen (down 8.4% year on year), and profit attributable to owners of parent stood at 137 million yen (up 9.2% year on year).

Real Estate Development Business

The Group is promoting 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 32 hectares) in Che-gong-miao area where Crown Electronics is located, and the WIC project accounts for 40% of the total scale. 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 90 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.

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

(Assets)

Total assets at the end of the first quarter under review were 27,111 million yen, an increase of 242 million yen from the end of the previous fiscal year. This was mainly due to increase in cash and deposits of overseas subsidiaries as the foreign currency fluctuated.

(Liabilities)

Total liabilities at the end of the first quarter under review were 1,109 million yen, a decrease of 79 million yen from the end of the previous fiscal year. This was mainly due to decrease in account payable etc.

(Net Assets)

Net assets at the end of the first quarter under review were 26,001 million yen, an increase of 322 million yen from the end of the previous fiscal year. This was mainly due to increases in foreign currency translation adjustment and retained earnings.

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

The forecasts for the fiscal year ending March 31, 2024, which we announced on May 12, 2023, remain unchanged. In the future, we will promptly provide public notification in matters necessitating the revisions of the forecasts.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	Previous fiscal year (As of March 31, 2023)	First quarter under review (As of June 30, 2023)
Assets		
Current assets		
Cash and deposits	9,981	10,260
Trade accounts receivable	141	94
Other	814	870
Allowance for doubtful accounts	(41)	(45)
Total current assets	10,896	11,179
Non-current assets		
Property, plant and equipment	210	229
Intangible assets		
Goodwill	78	68
Land-use rights	947	951
Other	0	0
Total intangible assets	1,026	1,021
Investments and other assets		
Long-term loans receivable	13,451	13,432
Other	1,283	1,248
Total investments and other assets	14,735	14,680
Total non-current assets	15,971	15,931
Total assets	26,868	27,111
Liabilities		
Current liabilities		
Income taxes payable	70	75
Provisions	2	0
Other	305	254
Total current liabilities	378	330
Non-current liabilities		
Retirement benefit liability	8	8
Other	802	770
Total non-current liabilities	811	779
Total liabilities	1,189	1,109
Net assets		
Shareholders' equity		
Share capital	9,217	9,217
Capital surplus	8,962	8,962
Retained earnings	5,543	5,680
Treasury shares	(0)	(0)
Total shareholders' equity	23,722	23,859
Accumulated other comprehensive income		
Foreign currency translation adjustment	579	721
Total accumulated other comprehensive income	579	721
Non-controlling interests	1,376	1,419
Total net assets	25,678	26,001
Total liabilities and net assets	26,868	27,111

(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, 2022 (April 1, 2022 - June 30, 2022)	Three months ended June 30, 2023 (April 1, 2023 - June 30, 2023)
Operating revenue	318	277
Operating costs	48	49
Operating gross profit	270	227
Selling, general and administrative expenses	182	131
Operating profit	88	96
Non-operating income		
Interest income	67	70
Foreign exchange gains	58	35
Other	6	0
Total non-operating income	132	105
Ordinary profit	220	202
Profit before income taxes	220	202
Income taxes - current	76	74
Income taxes - deferred	4	(22)
Total income taxes	81	52
Profit	139	149
Profit attributable to non-controlling interests	13	12
Profit attributable to owners of parent	125	137

Quarterly consolidated statement of comprehensive income
 First three months

(Million yen)

	Three months ended June 30, 2022 (April 1, 2022 - June 30, 2022)	Three months ended June 30, 2023 (April 1, 2023 - June 30, 2023)
Profit	139	149
Other comprehensive income		
Foreign currency translation adjustment	513	173
Total other comprehensive income	513	173
Comprehensive income	652	322
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	551	279
Comprehensive income attributable to non-controlling interests	101	43

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumptions)

Not applicable

(Notes on significant fluctuations in shareholders' equity)

Not applicable

(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.