

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

November 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: November 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 second quarter of the fiscal year ending March 31, 2024 (April 1, 2023 to September 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	%
Second quarter ended								
September 30, 2023	565	(15.2)	229	(1.1)	420	(10.1)	282	3.4
September 30, 2022	666	(7.1)	232	(14.3)	467	11.2	273	24.7

Note: Comprehensive income
 Second quarter ended September 30, 2023: 725 million yen (-45.7%)
 Second quarter ended September 30, 2022: 1,337 million yen (71.4%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Second quarter ended		
September 30, 2023	7.06	–
September 30, 2022	6.83	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2023	27,556	26,403	90.5	623.06
As of March 31, 2023	26,868	25,678	90.4	607.33

Reference: Shareholder's equity
 As of September 30, 2023: 24,931 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	–	0.00			
Fiscal year ending March 31, 2024 (forecast)			–	0.00	0.00

Note: Revisions to the most recently announced forecast of the dividend: None

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 September 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 September 30, 2023: 925 shares
 - As of March 31, 2023: 909 shares
 - (iii) Average number of shares during the period (first six months)
 - Second quarter ended September 30, 2023: 40,014,028 shares
 - Second quarter ended September 30, 2022: 40,014,311 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 Second 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 Second Quarter

(1) Explanation of Operating Results

During the second quarter of the fiscal year ending March 31, 2024, due to the geopolitical risks such as the situation in Ukraine and Israel, inflation caused by 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.

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. In addition, due to the strong performance of automobile industry, the economic management as a whole seems to be improving with the gross domestic product (GDP) in the first half of the year increased by 6.3% compared to the same period last year. Meanwhile, 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 second quarter of the fiscal year ending March 31, 2024, stood at 565 million yen (down 15.2% year on year). Operating profit amounted to 229 million yen (down 1.1% year on year), ordinary profit was 420 million yen (down 10.1% year on year), and profit attributable to owners of parent stood at 282 million yen (up 3.4% 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. Major companies such as Fortune Global 500 have showed strong interests for WIC, and more than 95 blue-chip companies have expressed their intent to move into WIC. The number of companies entering the WIC is expected to rise further as the development process progresses.

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, 2023, were 27,556 million yen, an increase of 688 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 1,152 million yen, a decrease of 37 million yen from the end of the previous fiscal year. This was chiefly attributable to a decrease in deposits received.

Net assets came to 26,403 million yen, an increase of 725 million yen from the end of the previous fiscal year. This was primarily 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)	Second quarter under review (As of September 30, 2023)
Assets		
Current assets		
Cash and deposits	9,981	10,705
Trade accounts receivable	141	99
Other	814	852
Allowance for doubtful accounts	(41)	(35)
Total current assets	10,896	11,621
Non-current assets		
Property, plant and equipment	210	235
Intangible assets		
Goodwill	78	59
Land-use rights	947	960
Other	0	0
Total intangible assets	1,026	1,020
Investments and other assets		
Long-term loans receivable	13,451	13,432
Other	1,283	1,246
Total investments and other assets	14,735	14,678
Total non-current assets	15,971	15,934
Total assets	26,868	27,556
Liabilities		
Current liabilities		
Income taxes payable	70	86
Provisions	2	1
Other	305	253
Total current liabilities	378	341
Non-current liabilities		
Retirement benefit liability	8	8
Other	802	802
Total non-current liabilities	811	811
Total liabilities	1,189	1,152
Net assets		
Shareholders' equity		
Share capital	9,217	9,217
Capital surplus	8,962	8,962
Retained earnings	5,543	5,826
Treasury shares	(0)	(0)
Total shareholders' equity	23,722	24,005
Accumulated other comprehensive income		
Foreign currency translation adjustment	579	926
Total accumulated other comprehensive income	579	926
Non-controlling interests	1,376	1,472
Total net assets	25,678	26,403
Total liabilities and net assets	26,868	27,556

(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, 2022 (April 1, 2022 - September 30, 2022)	Six months ended September 30, 2023 (April 1, 2023 - September 30, 2023)
Operating revenue	666	565
Operating costs	97	96
Operating gross profit	569	468
Selling, general and administrative expenses	336	238
Operating profit	232	229
Non-operating income		
Interest income	137	140
Foreign exchange gains	79	49
Other	18	0
Total non-operating income	235	190
Ordinary profit	467	420
Profit before income taxes	467	420
Income taxes - current	149	149
Income taxes - deferred	14	(38)
Total income taxes	164	110
Profit	303	309
Profit attributable to non-controlling interests	30	26
Profit attributable to owners of parent	273	282

Quarterly consolidated statement of comprehensive income
 First six months

(Million yen)

	Six months ended September 30, 2022 (April 1, 2022 - September 30, 2022)	Six months ended September 30, 2023 (April 1, 2023 - September 30, 2023)
Profit	303	309
Other comprehensive income		
Foreign currency translation adjustment	1,033	416
Total other comprehensive income	1,033	416
Comprehensive income	1,337	725
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,140	629
Comprehensive income attributable to non-controlling interests	197	95

(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.