

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

February 9, 2024

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: February 9, 2024
 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 third quarter of the fiscal year ending March 31, 2024 (April 1, 2023 to December 31, 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	%
Third quarter ended								
December 31, 2023	855	(14.6)	350	2.3	587	(1.2)	388	21.7
December 31, 2022	1,000	(5.7)	342	(11.0)	594	(4.5)	318	0.0

Note: Comprehensive income

Third quarter ended December 31, 2023: 1,138 million yen (-21.1%)

Third quarter ended December 31, 2022: 1,442 million yen (48.3%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Third quarter ended		
December 31, 2023	9.70	–
December 31, 2022	7.97	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2023	28,000	26,817	90.3	632.08
As of March 31, 2023	26,868	25,678	90.4	607.33

Reference: Shareholder's equity

As of December 31, 2023: 25,292 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 December 31, 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 December 31, 2023: 925 shares
 - As of March 31, 2023: 909 shares
 - (iii) Average number of shares during the period (first nine months)
 - Third quarter ended December 31, 2023: 40,014,025 shares
 - Third quarter ended December 31, 2022: 40,014,266 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 Third Quarter, (3) Explanation of Information on Future Forecasts, Including the Forecast of Consolidated Results” on page 3 of the accompanying materials.

○Accompanying Materials – Contents

1. Qualitative Information on Consolidated Financial Results for the Third Quarter	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position	2
(3) Explanation of Information on Future Forecasts, Including the Forecast of Consolidated Results	3
2. Quarterly Consolidated Financial Statements and Key Notes	4
(1) Quarterly Consolidated Balance Sheet	4
(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income	5
(3) Notes to Quarterly Consolidated Financial Statements	7
(Notes on going concern assumptions)	7
(Notes on significant fluctuations in shareholders' equity)	7
(Additional information)	7
(Event after the reporting period)	7

1. Qualitative Information on Consolidated Financial Results for the Third Quarter

(1) Explanation of Operating Results

During the third quarter of the fiscal year ending March 31, 2024, due to geopolitical risks such as the prolonged situation in Ukraine and Israel, peaking out of global inflation, monetary policies which causing the interest rates remain high, the economic growth in U.S. and EU is slowing down, and the uncertainty of the future economic outlook 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) last year increased by 6.3%, exceeding the national average (5.2%) 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 third quarter of the fiscal year ending March 31, 2024, stood at 855 million yen (down 14.6% year on year). Operating profit amounted to 350 million yen (up 2.3% year on year), ordinary profit was 587 million yen (down 1.2% year on year), and profit attributable to owners of parent stood at 388 million yen (up 21.7% year on year).

Real Estate Development Business

The Group is promoting to build the World Innovation Center (tentative name: WIC), a large-scale facility 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 100 companies including major 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 nine months ended December 31, 2023, were 28,000 million yen, an increase of 1,132 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 1,183 million yen, a decrease of 6 million yen from the end of the previous fiscal year. This was chiefly attributable to a decrease in deposits received.

Net assets came to 26,817 million yen, an increase of 1,138 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, 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)	Third quarter under review (As of December 31, 2023)
Assets		
Current assets		
Cash and deposits	9,981	11,132
Trade accounts receivable	141	99
Other	814	861
Allowance for doubtful accounts	(41)	(29)
Total current assets	10,896	12,063
Non-current assets		
Property, plant and equipment	210	266
Intangible assets		
Goodwill	78	49
Land-use rights	947	968
Other	0	0
Total intangible assets	1,026	1,018
Investments and other assets		
Long-term loans receivable	13,451	13,413
Other	1,283	1,238
Total investments and other assets	14,735	14,652
Total non-current assets	15,971	15,936
Total assets	26,868	28,000
Liabilities		
Current liabilities		
Income taxes payable	70	85
Provisions	2	1
Other	305	278
Total current liabilities	378	366
Non-current liabilities		
Retirement benefit liability	8	8
Other	802	808
Total non-current liabilities	811	817
Total liabilities	1,189	1,183
Net assets		
Shareholders' equity		
Share capital	9,217	9,217
Capital surplus	8,962	8,962
Retained earnings	5,543	5,931
Treasury shares	(0)	(0)
Total shareholders' equity	23,722	24,110
Accumulated other comprehensive income		
Foreign currency translation adjustment	579	1,181
Total accumulated other comprehensive income	579	1,181
Non-controlling interests	1,376	1,525
Total net assets	25,678	26,817
Total liabilities and net assets	26,868	28,000

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

Quarterly consolidated statement of income

First nine months

(Million yen)

	Nine months ended December 31, 2022 (April 1, 2022 - December 31, 2022)	Nine months ended December 31, 2023 (April 1, 2023 - December 31, 2023)
Operating revenue	1,000	855
Operating costs	151	147
Operating gross profit	849	707
Selling, general and administrative expenses	506	356
Operating profit	342	350
Non-operating income		
Interest income	209	211
Other	41	25
Total non-operating income	251	236
Ordinary profit	594	587
Profit before income taxes	594	587
Income taxes - current	216	215
Income taxes - deferred	13	(57)
Total income taxes	229	158
Profit	364	428
Profit attributable to non-controlling interests	45	40
Profit attributable to owners of parent	318	388

Quarterly consolidated statement of comprehensive income
 First nine months

(Million yen)

	Nine months ended December 31, 2022 (April 1, 2022 - December 31, 2022)	Nine months ended December 31, 2023 (April 1, 2023 - December 31, 2023)
Profit	364	428
Other comprehensive income		
Foreign currency translation adjustment	1,078	710
Total other comprehensive income	1,078	710
Comprehensive income	1,442	1,138
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,230	990
Comprehensive income attributable to non-controlling interests	212	148

(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.

(Event after the reporting period)

(Completion of liquidation of consolidated subsidiary)

1. Date of completion: January 26, 2024.

2. Brief information of consolidated subsidiary:

Company name	Long Bang Pharmaceutical Trade Co., Ltd.
Address	502, Building A, Ji Fa Guangchang, Xi-an Road, Changchun, Jilin, China
Representative	Legal representative & Chairman Shigeno Ken
Business description	Wholesale of medicine, medical supplies, etc.
Share capital	510,000,000 yen
Shareholder and the percentage	Crown Corporation (the Group wholly-owned subsidiary) / 100%

3. Effects: The effect of the liquidation on consolidated financial statements is minor.