

Consolidated Financial Results

for the Six Months Ended September 30, 2024

(Under Japanese GAAP)

November 8, 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 file semi-annual securities report: November 8, 2024
Scheduled date to commence dividend payments: –
Preparation of supplementary materials on financial results: None
Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2024	570	1.0	201	(12.6)	320	(23.8)	204	(27.8)
September 30, 2023	565	(15.2)	229	(1.1)	420	(10.1)	282	3.4

Note: Comprehensive income
Six months ended September 30, 2024: 1,372 million yen (89.1%)
Six months ended September 30, 2023: 725 million yen (-45.7%)

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	5.10	–
September 30, 2023	7.06	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
September 30, 2024	29,079	28,019	90.6	658.10
March 31, 2024	27,709	26,646	90.8	628.68

Reference: Shareholder's equity
As of September 30, 2024: 26,333 million yen
As of March 31, 2024: 25,156 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, 2024	–	0.00	–	0.00	0.00
Fiscal year ending March 31, 2025	–	0.00			
Fiscal year ending March 31, 2025 (forecast)			–	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, 2025 (from April 1, 2024 to March 31, 2025)

(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, 2025	990	(13.0)	260	(38.3)	540	(29.8)	360	(32.8)	9.00

Note: Revisions to the most recently announced financial forecasts: None

* **Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific for preparation of semi-annual consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and 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, 2024:	40,014,943 shares
As of March 31, 2024:	40,014,943 shares

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

As of September 30, 2024:	960 shares
As of March 31, 2024:	925 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024:	40,014,003 shares
Six months ended September 30, 2023:	40,014,028 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* 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, (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

(1) Explanation of Operating Results

The economy situation in Shenzhen China, where Miyakoshi Holdings, Inc. (hereinafter “Group”) has established a business presence, as the center city of the Greater Bay Area that is attracting a lot of attentions from overseas, Shenzhen’s GDP grew 5.9% in the first six months of this year compared to the same period last year. Meanwhile, the impact of the geopolitical risks such as the situation in the Middle East is considered minor.

The Group works to strengthen the revenue base for the real estate leasing and management business. The Group will refrain from taking in new tenants as well as renewing long-term contracts for tenants whose rental contracts will expired. The Group is continuously implementing measures that consider the balance in obtaining licenses and permit for development project.

Under these circumstances, consolidated financial results of the six months ended September 30, 2024 were as follows. Operating revenue was 570 million yen (up 1.0% year on year), operating profit was 201 million yen (down 12.6% year on year), ordinary profit was 320 million yen (down 23.8% year on year), and profit attributable to owners of parent was 204 million yen (down 27.8% year on year).

Real Estate Development Business

The Group’s subsidiary Shenzhen Crown (China) Electronics Co., Ltd. is promoting a huge innovation project called “World Innovation Center” (tentative name: WIC), 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. These companies will create new innovation in business and expand their business not only in China but also around the world by enjoying business services of corporate information platforms in WIC through collaboration with 13 provinces and 4 municipalities.

Regarding the WIC project, the Group is proceeding with the application for development operating entity (released on May 13, 2024) and application for amendment of city renewal unit planning (draft) (released on July 16, 2024) for block 01-01. The Group also had signed a full-scale design consulting contract with the world-renowned Nikken Sekkei Ltd., as well as a design contract with CAPOL International & Associates Group, which ranked No. 5 of Top Ten Private Engineering Design Enterprises in China (released on September 6, 2024 and October 25, 2024). After the Group obtained the approval documents for city renewal unit planning from People’s Government of Futian District, the details of the development scale, schedule, revenue plan, etc. shall be announced in due course.

At the same time, the Group is actively working to attract business under the commission of Shenzhen Municipal People’s Government. Leading blue-chip companies, mainly listed companies in Japan, have expressed their intention to enter WIC, as well as major companies overseas, particularly Fortune Global 500 in U.S. and Europe are also showing strong interest to WIC. The Group has already received letter of intent from over 100 companies in Japan, U.S. and Europe, and the number of companies entering the WIC will rise further as the development process progresses.

The Group is aiming to become a comprehensive investment company, and the WIC project has been positioned as our first investment project. The WIC project is not just a rental project. The Group aims to create a project that will be the foundation for sustainable development of the Group through value co-creation with clients who place importance on the environment, society and governance (ESG).

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 were 29,079 million yen, an increase of 1,369 million yen from the end of the previous fiscal year. This was mainly due to increase in cash and deposits of overseas subsidiaries caused by the fluctuation in exchange rates.

(Liabilities)

Total liabilities were 1,060 million yen, a decrease of 2 million yen from the end of the previous fiscal year. This was mainly due to increase in accounts payable and decrease in long-term accounts payable etc.

(Net Assets)

Net assets were 28,019 million yen, an increase of 1,372 million yen from the end of the previous fiscal year. This was mainly due to increases in 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, 2025, which we announced on May 10, 2024, remain unchanged. In the future, we will promptly provide public notification in matters necessitating the revisions of the forecasts.

2. Semi-annual Consolidated Financial Statements and Key Notes

(1) Semi-annual Consolidated Balance Sheet

(Million yen)

	Previous fiscal year (As of March 31, 2024)	Semi-annual under review (As of September 30, 2024)
Assets		
Current assets		
Cash and deposits	11,003	12,109
Trade accounts receivable	80	113
Other	832	898
Allowance for doubtful accounts	(24)	(27)
Total current assets	11,891	13,095
Non-current assets		
Property, plant and equipment	261	375
Intangible assets		
Goodwill	39	19
Land-use rights	926	988
Other	0	0
Total intangible assets	966	1,008
Investments and other assets		
Long-term loans receivable	13,413	13,591
Other	1,176	1,008
Total investments and other assets	14,589	14,599
Total non-current assets	15,818	15,984
Total assets	27,709	29,079
Liabilities		
Current liabilities		
Income taxes payable	81	71
Provisions	2	2
Other	191	374
Total current liabilities	274	448
Non-current liabilities		
Retirement benefit liability	8	9
Other	778	602
Total non-current liabilities	787	611
Total liabilities	1,062	1,060
Net assets		
Shareholders' equity		
Share capital	9,217	9,217
Capital surplus	8,962	8,962
Retained earnings	6,079	6,283
Treasury shares	(0)	(0)
Total shareholders' equity	24,258	24,462
Accumulated other comprehensive income		
Foreign currency translation adjustment	897	1,870
Total accumulated other comprehensive income	897	1,870
Non-controlling interests	1,490	1,685
Total net assets	26,646	28,019
Total liabilities and net assets	27,709	29,079

(2) Semi-annual Consolidated Statement of Income and Semi-annual Consolidated Statement of Comprehensive Income

Semi-annual consolidated statement of income

(Million yen)

	Six months ended September 30, 2023 (April 1, 2023 - September 30, 2023)	Six months ended September 30, 2024 (April 1, 2024 - September 30, 2024)
Operating revenue	565	570
Operating costs	96	112
Operating gross profit	468	458
Selling, general and administrative expenses	238	257
Operating profit	229	201
Non-operating income		
Interest income	140	140
Foreign exchange gains	49	-
Other	0	0
Total non-operating income	190	140
Non-operation expenses		
Foreign exchange losses	-	21
Other	-	0
Total non-operation expenses	-	21
Ordinary profit	420	320
Profit before income taxes	420	320
Income taxes – current	149	130
Income taxes – deferred	(38)	(38)
Total income taxes	110	92
Profit	309	228
Profit attributable to non-controlling interests	26	24
Profit attributable to owners of parent	282	204

Semi-annual consolidated statement of comprehensive income

(Million yen)

	Six months ended September 30, 2023 (April 1, 2023 - September 30, 2023)	Six months ended September 30, 2024 (April 1, 2024 - September 30, 2024)
Profit	309	228
Other comprehensive income		
Foreign currency translation adjustment	416	1,143
Total other comprehensive income	416	1,143
Comprehensive income	725	1,372
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	629	1,177
Comprehensive income attributable to non-controlling interests	95	194

(3) Notes to Semi-annual Consolidated Financial Statements

(Notes on going concern assumptions)

Not applicable.

(Notes on significant fluctuations in shareholders' equity)

Not applicable.