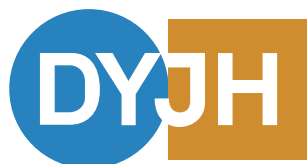


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DYNAM JAPAN HOLDINGS Co., Ltd.

(incorporated in Japan with limited liability)

(Stock Code: 06889)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

HIGHLIGHTS

- Our gross pay-ins were ¥255,403 million (or HK\$17,761 million^Δ), recording an increase of 16.3% as compared with the six months ended 30 September 2020;
- Our total revenue was ¥50,897 million (or HK\$3,540 million^Δ), recording an increase of 10.7% as compared with the six months ended 30 September 2020;
- Our profit before income tax was ¥5,586 million (or HK\$389 million^Δ), recording an increase of 278.2% as compared with the six months ended 30 September 2020;
- Our net profit for the period attributable to owners of the Company was ¥3,420 million (or HK\$238 million^Δ), recording an increase of 390.0% as compared with the six months ended 30 September 2020;
- We operated 438 halls as at 30 September 2021 (445 halls as at 30 September 2020);
- Basic earnings per share of the Company were ¥4.59 (or HK\$0.3^Δ); and
- The Board has resolved to declare an interim dividend of ¥2.4 per ordinary share.

^Δ Translated into Hong Kong dollars at the rate of ¥14.38 to HK\$1.00, the exchange rate prevailing on 30 September 2021 (i.e. the last business day in September 2021).

Note: The above % increase and decrease are referred to the changes in respect of the Japanese yen amounts but not the translated amounts in Hong Kong dollars.

The board (the “Board”) of directors (the “Directors”) of DYNAM JAPAN HOLDINGS Co., Ltd. (the “Company”) is pleased to announce the interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2021. The results have been reviewed by PricewaterhouseCoopers Aarata LLC, the Company’s auditor and the audit committee of the Company (the “Audit Committee”).

SUMMARY OF FINANCIAL RESULTS

	Six months ended 30 September			
	2021		2020	
	(unaudited)		(unaudited)	
	(in millions)			
	¥	HK\$	¥	HK\$
Gross pay-ins	255,403	17,761	219,663	16,092
Less: gross payouts	(205,264)	(14,274)	(174,408)	(12,777)
Revenue from pachinko business	50,139	3,487	45,255	3,315
Revenue from aircraft leasing business	758	53	737	54
Revenue	50,897	3,540	45,992	3,369
Pachinko business expenses	(44,791)	(3,115)	(46,396)	(3,399)
Aircraft leasing expenses	(464)	(32)	(444)	(32)
General and administrative expenses	(2,004)	(139)	(2,082)	(153)
Other income	5,025	349	6,142	450
Other operating expenses	(1,949)	(136)	(431)	(32)
Operating profit	6,714	467	2,781	203
Finance income	156	11	154	11
Finance expenses	(1,284)	(89)	(1,458)	(107)
Profit before income taxes	5,586	389	1,477	107
Income taxes	(2,170)	(151)	(788)	(58)
Net profit for the period	3,416	238	689	49
Net profit attributable to:				
Owners of the Company	3,420	238	698	50
Non-controlling interests	(4)	(0)	(9)	(1)
	3,416	238	689	49
Earnings per share				
Basic	¥4.59	HK\$0.3	¥0.91	HK\$0.1
Diluted	¥4.59	HK\$0.3	¥0.91	HK\$0.1
EBITDA ^(*)	11,187	778	7,854	575

* EBITDA is defined as earnings before finance costs, taxation, depreciation (excluding depreciation for pachinko and pachislot machines), amortisation, and net foreign exchange gain or loss.

	30 September 2021 (unaudited)		31 March 2021 (audited)	
	(in millions)			
	¥	HK\$	¥	HK\$
Non-current assets	224,751	15,629	209,283	14,697
Current assets	62,120	4,320	91,790	6,446
Current liabilities	50,813	3,534	59,812	4,200
Net current assets	11,307	786	31,978	2,246
Total assets less current liabilities	236,058	16,415	241,261	16,943
Non-current liabilities	104,735	7,283	109,289	7,675
Total equity	131,323	9,132	131,972	9,268

CURRENCY TRANSLATIONS

For the purpose of illustration only and unless otherwise specified in this Announcement, certain amounts denominated in Japanese yen are translated into Hong Kong dollars at the rate described below:

1. ¥14.38 to HK\$1.00, the exchange rate prevailing on 30 September 2021 (i.e. the last business day in September 2021).
2. ¥13.65 to HK\$1.00, the exchange rate prevailing on 30 September 2020 (i.e. the last business day in September 2020).
3. ¥14.24 to HK\$1.00, the exchange rate prevailing on 31 March 2021 (i.e. the last business day in March 2021).

No representation is made that the Japanese yen amounts could have been, or could be, converted into Hong Kong dollars, or vice versa, at such rates or at any other rates on such date or on any other dates.

BUSINESS OVERVIEW

Pachinko Hall Operation as Our Core Business

The Company is a holding company which directly holds the entire issued share capital in 8 subsidiaries including the largest pachinko hall operator Dynam. The Group operates the largest pachinko hall chain in Japan as the core business.

The Group operates the industry's largest pachinko hall network with 438 halls as at the end of September 2021.

Pachinko Game Play Summary

Pachinko is one of the most popular forms of entertainment in Japan.

Pachinko and pachislot machines

Pachinko halls offer two types of machines: pachinko and pachislot.

Pachinko resembles a pinball machine stood vertically. Small metal pachinko balls are shot continuously toward the playing field of the machine. Several pachinko balls can be earned when a pachinko ball falls into a pocket. Gameplay costs generally range from ¥0.5 to ¥4 per ball.

Pachislot is similar to the slot machines found in a casino. Inserting a token and hitting a lever rotates a reel — a spinning body on which images are displayed. Once the reel stops, the player can earn more tokens if the reel images are aligned. Gameplay costs generally range from ¥5 to ¥20 per token.

The customer borrows pachinko balls or pachislot tokens to play. Earned balls and tokens can be exchanged for prizes or recorded electronically on a member card to be used during a future visit.

Prizes

There are two types of prizes that can be exchanged for pachinko balls and pachislot tokens: general prizes and g-prizes. General prizes include household goods, snacks, tobacco and other goods typically sold at a convenience store. G-prizes include small decorated cards containing gold or silver as well as gold or silver pendants in the shape of a token.

The Group offers 1,000 different types of prizes and provides service that allows customers to select a prize from a catalog. The Group also holds various seasonal prize campaigns for festivals like Christmas and Halloween. The Group will continue to incorporate new products and popular items in order to improve our service.

Initiatives to Realise Everyday Entertainment

Our vision is to reinvent pachinko gaming as a form of everyday entertainment that everyone can easily enjoy, as a regional infrastructure. To realise everyday entertainment, we must manage our business so that our customers consider the time and money they spend in our halls are at acceptable levels for everyday entertainment.

Therefore, the Group practices chain store management as one of its management policies.

We are building a framework that enable us to fully leverage the advantages derived from multiple-hall development, and manage all hall operations at low cost.

Managing our pachinko halls at low cost leaves space to enable us to entertain customers with low playing cost games, which in turn leads to the realising of everyday entertainment.

Multiple-Hall Development and Low-Cost Operations are the Source of Profit

A feature of the Group's chain store management is multiple-hall development and low cost operations centered on low playing cost games. Devising low cost measures and the expertise needed from store openings to store management are crucial in promoting low playing cost games. By reaping the benefits of the economies of scale through multiple-hall development when purchasing game machines and general prizes, the Group has positioned itself in a strong, advantageous position to develop the pachinko hall operation business. Moving forward, we will continue to leverage our status as the pachinko industry's leading company in terms of the number of pachinko halls and steadily accumulated profits over the long term by implementing chain store management.

AIRCRAFT LEASING BUSINESS

The Company aspires to achieve a steady growth through the aircraft leasing business leveraged by strong cash flow generated from the pachinko.

Business Environment

During the reporting period, the impact of the novel coronavirus infection continued, but passenger demand gradually recovers as vaccination progressed in each country. In such an environment, demand for aircraft leasing, which plays an important role in providing funds and liquidity to airlines, is on a recovery trend and is expected to increase in the medium term.

Recent Activities

As of 30 September 2021, the Company had 3 owned aircrafts, the aggregate net book value of the aircrafts was ¥15,862 million, the weighted average age was 2.6 years, the weighted average remaining lease term was 4.1 years.

The composition of the owned aircraft and committed aircraft as of 30 September 2021:

Aircraft type	Owned aircraft	Committed aircraft	Total
Airbus A320-200	1	—	1
Airbus A320neo	1	—	1
Airbus A321neo	1	—	1
	<hr/>	<hr/>	<hr/>
Total	3	—	3
	<hr/>	<hr/>	<hr/>

For the six months ended 30 September 2021, there was no purchase, sold and disposal of aircraft.

There was no deferral of lease payments and the average lease rental yield of the operating lease business was 8.8%. There was no revenue from the finance lease business.

On 26 October 2021, after the end of the reporting period, the Company had a contract to acquire three airbus A321neo aircrafts. It is estimated that two of the aircrafts will be delivered in the second quarter of 2022, one of the aircrafts will be delivered in the third quarter of 2022.

FINANCIAL REVIEW

The following table sets forth the gross pay-ins, gross payouts, and revenue by type of hall for the periods indicated:

	Six months ended 30 September				
	2021		2020		
	(unaudited)		(unaudited)		
	(in millions, except for percentages)				
	¥	HK\$ ⁽¹⁾	¥	HK\$ ⁽²⁾	changes ⁽³⁾
Gross pay-ins					
— High playing cost halls	143,701	9,993	119,258	8,737	20.5%
— Low playing cost halls	111,702	7,768	100,405	7,355	11.3%
Total gross pay-ins	255,403	17,761	219,663	16,092	16.3%
Gross payouts					
— High playing cost halls	119,019	8,277	97,501	7,143	22.1%
— Low playing cost halls	86,245	5,997	76,907	5,634	12.1%
Total gross payouts	205,264	14,274	174,408	12,777	17.7%
Revenue from pachinko business					
— High playing cost halls	24,682	1,716	21,757	1,594	13.4%
— Low playing cost halls	25,457	1,771	23,498	1,721	8.3%
Total revenue from pachinko business	50,139	3,487	45,255	3,315	10.8%
Revenue from aircraft leasing business	758	53	737	54	2.8%
Total revenue	50,897	3,540	45,992	3,369	10.7%

(¹) Translated into Hong Kong dollars at the rate of ¥14.38 to HK\$1.00, the exchange rate prevailing on 30 September 2021 (i.e. the last business day in September 2021).

(²) Translated into Hong Kong dollars at the rate of ¥13.65 to HK\$1.00, the exchange rate prevailing on 30 September 2020 (i.e. the last business day in September 2020).

(³) The increase and decrease are referred to the changes in respect of the Japanese yen amounts but not the translated amounts in Hong Kong dollars.

FINANCIAL REVIEW

The consolidated financial results of the Group for the six months ended 30 September 2021 were as follows.

Consolidated revenue of the pachinko business and the aircraft leasing business was ¥50,897 million (equivalent to approximately HK\$3,540 million), 110.7% of the same period of the previous year. Consolidated operating profit was ¥6,714 million (equivalent to approximately HK\$467 million), 241.4% of the same period of the previous year. Consolidated net profit for the period was ¥3,416 million (equivalent to approximately HK\$238 million), 495.8% of the same period of the previous year. Consolidated revenue and profits for the six months ended 30 September 2021 increased significantly from the same period of the previous year.

Set out below is detailed performance of pachinko business and aircraft leasing business for this interim period.

PACHINKO BUSINESS

During the six months ended 30 September 2021, there was no suspension of pachinko hall operation like the one the whole pachinko industry had grappled with in April and May 2020 and a hike in operating revenues from the previous interim period was secured as a result. However, due to a high prevalence of the coronavirus variant, the declaration of state of emergency and quasi-declaration of state of emergency were often issued chiefly in urban areas, the extension of which period was repeated.

When it comes to pachinko industry, the recovery rate of operating revenue from the fiscal year ended 31 March 2020 before the outbreak of the novel coronavirus still remains at around 70% to 80% level despite operating continuously with thorough measures to contain the outbreak of the virus. From this interim period onwards, although operating revenues are expected to increase due to an ease of the restrictions on activities and so forth depending upon the progress of vaccination, the situation surrounding our industry continues to be uncertain.

Set out below is detailed performance of gross pay-ins, gross pay-outs, and revenue for this interim period.

GROSS PAY-INS

Gross pay-ins represents the amount received from pachinko balls and pachislot tokens rented to customers less unutilised balls and tokens.

Our gross pay-ins was ¥219,663 million (equivalent to approximately HK\$16,092 million) and ¥255,403 million (equivalent to approximately HK\$17,761 million) for the six months ended 30 September 2020 and 2021 respectively.

The increase was primarily due to an increase in utilisation of our machines in connection with a recovery from the outbreak of the novel coronavirus (Covid-19) during this interim period.

Our gross pay-ins by hall type are as follows.

Gross pay-ins for high playing cost halls increased by ¥24,443 million (equivalent to approximately HK\$1,700 million*), or 20.5%*, from ¥119,258 million (equivalent to approximately HK\$8,737 million) for the six months ended 30 September 2020 to ¥143,701 million (equivalent to approximately HK\$9,993 million) for the six months ended 30 September 2021.

Gross pay-ins for low playing cost halls increased by ¥11,297 million (equivalent to approximately HK\$786 million*), or 11.3%*, from ¥100,405 million (equivalent to approximately HK\$7,355 million) for the six months ended 30 September 2020 to ¥111,702 million (equivalent to approximately HK\$7,768 million) for the six months ended 30 September 2021.

GROSS PAYOUTS

Gross payouts represents the aggregate cost of G-prizes and general prizes exchanged at our halls by our customers.

Our gross payouts was ¥174,408 million (equivalent to approximately HK\$12,777 million) and ¥205,264 million (equivalent to approximately HK\$14,274 million) for the six months ended 30 September 2020 and 2021 respectively.

The increase was primarily due to an increase in gross pay-ins during this interim period.

Our gross payouts by hall type are as follows.

Gross payouts for high playing cost halls increased by ¥21,518 million (equivalent to approximately HK\$1,496 million*), or 22.1%*, from ¥97,501 million (equivalent to approximately HK\$7,143 million) for the six months ended 30 September 2020 to ¥119,019 million (equivalent to approximately HK\$8,277 million) for the six months ended 30 September 2021.

Gross payouts for low playing cost halls increased by ¥9,338 million (equivalent to approximately HK\$649 million*), or 12.1%*, from ¥76,907 million (equivalent to approximately HK\$5,634 million) for the six months ended 30 September 2020 to ¥86,245 million (equivalent to approximately HK\$5,997 million) for the six months ended 30 September 2021.

REVENUE FROM PACHINKO BUSINESS AND REVENUE MARGIN

Our revenue from pachinko business represents the gross pay-ins, less gross payouts to customers and our revenue margin represents revenue divided by gross pay-ins.

Our revenue from pachinko business increased by ¥4,884 million (equivalent to approximately HK\$340 million*), or 10.8%*, from ¥45,255 million (equivalent to approximately HK\$3,315 million) for the six months ended 30 September 2020 to ¥50,139 million (equivalent to approximately HK\$3,487 million) for the six months ended 30 September 2021.

Our revenue from pachinko business by hall type are as follows.

Revenue from pachinko business for high playing cost halls increased by ¥2,925 million (equivalent to approximately HK\$203 million*), or 13.4%*, from ¥21,757 million (equivalent to approximately HK\$1,594 million) for the six months ended 30 September 2020 to ¥24,682 million (equivalent to approximately HK\$1,716 million) for the six months ended 30 September 2021. The revenue margin for the six months ended 30 September 2021 decreased by 1.0 point* to 17.2% as compared with the previous interim period.

Revenue from pachinko business for low playing cost halls increased by ¥1,959 million (equivalent to approximately HK\$136 million*), or 8.3%*, from ¥23,498 million (equivalent to approximately HK\$1,721 million) for the six months ended 30 September 2020 to ¥25,457 million (equivalent to approximately HK\$1,771 million) for the six months ended 30 September 2021. The revenue margin for the six months ended 30 September 2021 decreased by 0.6 point* to 22.8% as compared with the previous interim period.

PACHINKO BUSINESS EXPENSES

Pachinko business expenses for the six months ended 30 September 2021 was ¥44,791 million (equivalent to approximately HK\$3,115 million), recording a decrease by ¥1,605 million (equivalent to approximately HK\$112 million*), or 3.5%* as compared to the previous interim period.

The decrease was primarily due to the cost reduction of our pachinko business expenses we continuously worked on during this interim period.

Our pachinko business expenses by hall type are as follows.

Pachinko business expenses for high playing cost halls decreased by ¥1,046 million (equivalent to approximately HK\$73 million*), or 4.9%*, from ¥21,297 million (equivalent to approximately HK\$1,560 million) for the six months ended 30 September 2020 to ¥20,251 million (equivalent to approximately HK\$1,408 million) for the six months ended 30 September 2021.

Pachinko business expenses for low playing cost halls decreased by ¥559 million (equivalent to approximately HK\$39 million*), or 2.2%*, from ¥25,099 million (equivalent to approximately HK\$1,839 million) for the six months ended 30 September 2020 to ¥24,540 million (equivalent to approximately HK\$1,707 million) for the six months ended 30 September 2021.

AIRCRAFT LEASING BUSINESS

Set out below is detailed performance of revenue from aircraft leasing business and aircraft leasing expenses for this interim period.

REVENUE FROM AIRCRAFT LEASING BUSINESS

Revenue from aircraft leasing business increased by ¥21 million (equivalent to approximately HK\$1 million*), or 2.8%*, from ¥737 million (equivalent to approximately HK\$54 million) for the six months ended 30 September 2020 to ¥758 million (equivalent to approximately HK\$53 million) for the six months ended 30 September 2021.

AIRCRAFT LEASING EXPENSES

Aircraft leasing expenses increased by ¥20 million (equivalent to approximately HK\$1 million*), or 4.5%*, from ¥444 million (equivalent to approximately HK\$32 million) for the six months ended 30 September 2020 to ¥464 million (equivalent to approximately HK\$32 million) for the six months ended 30 September 2021.

The increase of aircraft leasing expenses was primarily due to the increased labor cost for strengthening the Group.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses decreased by ¥78 million (equivalent to approximately HK\$5 million*), or 3.7%*, from ¥2,082 million (equivalent to approximately HK\$153 million) for the six months ended 30 September 2020 to ¥2,004 million (equivalent to approximately HK\$139 million) for the six months ended 30 September 2021.

OTHER INCOME

Other income decreased by ¥1,117 million (equivalent to approximately HK\$78 million*), or 18.2%*, from ¥6,142 million (equivalent to approximately HK\$450 million) for the six months ended 30 September 2020 to ¥5,025 million (equivalent to approximately HK\$349 million) for the six months ended 30 September 2021.

The decrease was primarily due to a decrease in the government grants from the local governments for the temporarily suspended operation of our pachinko halls in response to the requests from the local governments in connection with the outbreak of the novel coronavirus (Covid-19) during this interim period.

OTHER OPERATING EXPENSES

Other operating expenses increased by ¥1,518 million (equivalent to approximately HK\$106 million*), or 352.2%*, from ¥431 million (equivalent to approximately HK\$32 million) for the six months ended 30 September 2020 to ¥1,949 million (equivalent to approximately HK\$136 million) for the six months ended 30 September 2021.

The increase was primarily due to an increase in impairment loss of property, plant and equipment.

FINANCE INCOME

Finance income increased by ¥2 million (equivalent to approximately HK\$0 million*), from ¥154 million (equivalent to approximately HK\$11 million) for the six months ended 30 September 2020 to ¥156 million (equivalent to approximately HK\$11 million) for the six months ended 30 September 2021.

FINANCE EXPENSES

Finance expenses decreased by ¥174 million (equivalent to approximately HK\$12 million*), from ¥1,458 million (equivalent to approximately HK\$107 million) for the six months ended 30 September 2020 to ¥1,284 million (equivalent to approximately HK\$89 million) for the six months ended 30 September 2021.

The decrease was primarily due to a decrease in foreign currency exchange loss.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2021

		Six months ended 30 September	
	Note	2021 ¥ million (unaudited)	2020 ¥ million (unaudited)
Revenue	4	50,897	45,992
Revenue from pachinko business		50,139	45,255
Revenue from aircraft leasing business		758	737
Pachinko business expenses	6	(44,791)	(46,396)
Aircraft leasing expenses	7	(464)	(444)
General and administrative expenses		(2,004)	(2,082)
Other income	8	5,025	6,142
Other operating expenses	9	(1,949)	(431)
Operating profit		6,714	2,781
Finance income	10	156	154
Finance expenses	11	(1,284)	(1,458)
Profit before income taxes		5,586	1,477
Income taxes	12	(2,170)	(788)
Net profit for the period		3,416	689
Attributable to:			
Owners of the Company		3,420	698
Non-controlling interests		(4)	(9)
		3,416	689
Earnings per share			
Basic (expressed in ¥)	19	4.59	0.91
Diluted (expressed in ¥)	19	4.59	0.91

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021	2020
Note	¥ million (unaudited)	¥ million (unaudited)
Net profit for the period	3,416	689
Other comprehensive income:		
<i>Items that will not be reclassified to profit or loss:</i>		
Changes in fair value of financial assets measured at fair value through other comprehensive income	(504)	405
— Income tax effect of changes in fair value of financial assets measured at fair value through other comprehensive income	1	(7)
	<u>(503)</u>	<u>398</u>
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	184	(538)
	<u>184</u>	<u>(538)</u>
Other comprehensive income for the period, net of tax	(319)	(140)
Total comprehensive income for the period	<u>3,097</u>	<u>549</u>
Attributable to:		
Owners of the Company	3,101	557
Non-controlling interests	(4)	(8)
	<u>3,097</u>	<u>549</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 September 2021

		At 30 September 2021 ¥ million (unaudited)	At 31 March 2021 ¥ million (audited)
	Note		
Non-current assets			
Property, plant and equipment	13, 14	115,673	96,415
Right-of-use assets		75,728	77,537
Investment properties		2,730	2,619
Intangible assets		3,191	3,348
Financial assets measured at fair value through other comprehensive income		2,951	3,405
Lease receivables		5,529	5,275
Deferred tax assets		11,833	13,412
Other non-current assets		7,116	7,272
		<u>224,751</u>	<u>209,283</u>
Current assets			
Inventories		1,201	5,080
Trade receivables	15	335	361
Lease receivables		1,982	2,007
Prizes in operation of pachinko halls		3,476	3,685
Income taxes receivables		338	3,172
Other current assets		3,539	2,824
Cash and cash equivalents		51,249	74,661
		<u>62,120</u>	<u>91,790</u>
TOTAL ASSETS		<u><u>286,871</u></u>	<u><u>301,073</u></u>
Current liabilities			
Trade and other payables	16	14,715	19,997
Borrowings		13,245	11,380
Lease payables		11,567	12,040
Provisions		1,447	1,653
Income taxes payables		795	6,215
Other current liabilities		9,044	8,527
		<u>50,813</u>	<u>59,812</u>

	At 30 September 2021 ¥ million (unaudited)	At 31 March 2021 ¥ million (audited)
Note		
Net current assets	11,307	31,978
Total assets less current liabilities	236,058	241,261
Non-current liabilities		
Deferred tax liabilities	78	56
Borrowings	19,097	22,587
Lease payables	78,817	79,899
Other non-current liabilities	1,159	1,150
Provisions	5,584	5,597
	104,735	109,289
NET ASSETS	131,323	131,972
Capital and reserves		
Share capital	15,000	15,000
Capital reserve	9,063	11,304
Retained earnings	109,019	107,104
Other components of equity	(1,722)	(1,403)
Equity attributable to owners of the Company	131,360	132,005
Non-controlling interests	(37)	(33)
TOTAL EQUITY	131,323	131,972

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 September 2021

1. GENERAL INFORMATION

DYNAM JAPAN HOLDINGS Co., Ltd. (the “Company”) was incorporated in Japan under the Companies Act on 20 September 2011. The address of its registered office and principal place of business in Japan are 2-25-1-702 Nishi-Nippori, Arakawa-ku, Tokyo 116-0013, Japan and the principal place of business in Hong Kong is Unit 1, 32/F, Hong Kong Plaza, 188 Connaught Road West, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 6 August 2012.

The interim condensed consolidated financial information of the Company 30 September 2021 consists of the Company and its subsidiaries (the “Group”). The Group has identified and disclosed two reportable segments, namely ‘Pachinko business’ and ‘Aircraft leasing business’. This interim condensed consolidated financial information is presented in millions of Japanese Yen (¥), unless otherwise stated.

The interim condensed consolidated financial information was approved and authorised for issuance by the board of directors of the Company (the “Board”) on 24 November 2021.

The interim condensed consolidated financial information has been reviewed, but not audited by PricewaterhouseCoopers Aarata LLC.

2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 September 2021 has been prepared in accordance with IAS 34, “Interim financial reporting”. The interim condensed consolidated financial information should be read in conjunction with the basis presented in the consolidated financial statements for the year ended 31 March 2021 which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

Significant accounting policies applied in the interim condensed consolidated financial information for the six months ended 30 September 2021 are the same as those applied in the consolidated financial statements for the fiscal year ended 31 March 2021 except for the following.

Pachinko and Pachislot Machines

Due to the continuous change in the Group environment of the averaged actual useful life, the Group has been using its pachinko and pachislot machines for a longer period than the past. In view of this new condition, the Group has adopted a new accounting policy of recording as Property, plant and equipment. While the adoption of new accounting policy is triggered from event and condition that differ in substance from those previously occurring, it is assessed that it is not a change in accounting policy.

The useful life of pachinko and pachislot machines is 2 years.

Due to this new application, compared to the case with the previous accounting treatment for expensing pachinko and pachislot machines upon purchase, depreciation expenses increased by ¥3,677 million while pachinko and pachislot machine expenses decreased by ¥25,326 million for the six months ended 30 September 2021. As the result, operating profit and profit before income taxes for the six months ended 30 September 2021 increased by ¥21,649 million respectively. In addition, pachinko and pachislot machines of ¥21,649 million were included in property, plant and equipment in the interim condensed consolidated statement of financial position. This change has an impact on pachinko business segment.

Adoption of new and revised International Financial Reporting Standards

The following new amendments to existing standards have been issued and effective for annual periods beginning on 1 April 2021 with no impact on the Group's results of operations and financial positions:

- IFRS 16 (Amendment), 'Leases'
- IFRS 9 (Amendment), 'Financial Instruments'
- IAS 39 (Amendment), 'Financial Instruments: Recognition and Measurement'
- IFRS 7 (Amendment), 'Financial Instruments: Disclosures'
- IFRS 4 (Amendment), 'Insurance Contracts'

New standards, amendments to existing standards that are published but have not yet been adopted by the Group

The new standards, amendments to existing standards and interpretations have been published before the approval date of the interim condensed consolidated financial information, but the Group has not early adopted are as follows. The impact to the interim condensed consolidated financial information through adoption is still under assessment and it is difficult to estimate at this moment.

IFRS		Mandatory for fiscal year beginning on or after	Adopted by the group from fiscal year ending	Summary of new standards and amendments
IFRS 3 (Amendment)	Business Combinations	1 January 2022	31 March 2023	Reference to the Conceptual Framework
IAS 16 (Amendment)	Property, Plant and Equipment	1 January 2022	31 March 2023	Property, Plant and Equipment — Proceeds before intended Use
IAS 37 (Amendment)	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022	31 March 2023	Onerous Contracts — Cost of Fulfilling a Contract
IFRSs (Amendment)	Annual Improvements to IFRSs 2018–2020 Cycle	1 January 2022	31 March 2023	Minor amendments with regard to IFRS 9 Financial Instruments and IFRS 16 Leases
IAS 1 (Amendment)	Presentation of Financial Statements	1 January 2023	31 March 2024	Classification of Liabilities as Current or Non-current
IAS 8 (Amendment)	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023	31 March 2024	Clarification of the definition of Accounting estimates
IAS 12 (Amendment)	Income taxes	1 January 2023	31 March 2024	Deferred Tax Related to Assets and Liabilities Arising from a single Transaction
IFRS 10 (Amendment)	Consolidated Financial Statements	To be determined	To be determined	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture
IAS 28 (Amendment)	Investments in Associates and Joint Ventures	To be determined	To be determined	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture

3. USE OF ESTIMATES AND JUDGEMENTS

In the preparation of the Group's interim condensed consolidated financial information, management is required to make estimates, judgments and assumptions about the reporting amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods, if the revision affects both current and future periods.

The estimates and underlying assumptions which have significant impact on these interim condensed consolidated financial information are the same as those of the consolidated financial information for the year ended 31 March 2021, with the exception that income taxes in the interim periods are calculated based upon the tax rate that would be applicable to estimated annual earnings.

No significant changes have been made to the estimation of the impact relating to spread of COVID-19 for the six-month period ended 30 September 2021.

4. REVENUE

	Six months ended 30 September	
	2021	2020
	¥ million	¥ million
	(unaudited)	(unaudited)
Gross pay-ins	255,403	219,663
Less: Gross payouts	(205,264)	(174,408)
Revenue from pachinko business	50,139	45,255
Revenue from aircraft leasing business	758	737
Revenue	50,897	45,992

‘Revenue from pachinko business’ recognised from the transfer of goods at a point in time in accordance with IFRS 15 ‘Revenue from contracts with customers’, and ‘Revenue from aircraft leasing business’ recognised in accordance with IFRS 16 ‘Leases’.

5. SEGMENT INFORMATION

(a) Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker that are used for making strategic decisions. The chief operating decision maker is identified as the executive directors of the Company. The executive directors consider the business from a service perspective and assess the performance of the operating segments based on a measure of adjusted profit before tax before unallocated corporate expenses for the purposes of allocating resources and assessing performance. These reports are prepared on the same basis as these consolidated financial statements.

In geographical information, revenue from external customers and non-current assets other than financial instruments and deferred tax assets of other business are disclosed as ‘Japan’. Revenue from external customers and non-current assets other than financial instruments and deferred tax assets of aircraft leasing business are disclosed as ‘Europe’ based on the location of the operations and geographical location of the assets respectively.

Segment assets consist primarily of property, plant and equipment, right-of-use assets, investment properties, intangible assets, inventories, prizes in operation of pachinko halls, lease receivables, trade receivables, other current and non-current assets and cash and cash equivalents.

Non-current assets consist primarily of property, plant and equipment, right-of-use assets, intangible assets and long-term prepaid expenses.

Unallocated corporate expenses and income tax expenses are not included in segment results.

The segment information provided to the executive directors for the six months ended 30 September 2021 and 2020 are as follows:

Six months ended 30 September 2021					
	Pachinko business ¥ million (unaudited)	Aircraft leasing business ¥ million (unaudited)	Segment Total ¥ million (unaudited)	Unallocated ¥ million (unaudited)	Total ¥ million (unaudited)
Segment revenue from external customers	50,139	758	50,897	–	50,897
Other segment items					
Depreciation and amortisation expenses	(12,616)	(367)	(12,983)	(72)	(13,055)
Impairment loss	(1,197)	–	(1,197)	(81)	(1,278)
Finance income	86	1	87	69	156
Finance expenses	(1,109)	(173)	(1,282)	(2)	(1,284)
Segment profit	8,024	122	8,146	–	8,146
Corporate expenses					(2,560)
Profit before income taxes					5,586
Income taxes					(2,170)
Net profit for the period					3,416
Addition to non-current assets other than financial instruments and deferred tax assets	33,153	–	33,153	143	33,296

Six months ended 30 September 2020					
	Pachinko business ¥ million (unaudited)	Aircraft leasing business ¥ million (unaudited)	Segment Total ¥ million (unaudited)	Unallocated ¥ million (unaudited)	Total ¥ million (unaudited)
Segment revenue from external customers	45,255	737	45,992	–	45,992
Other segment items					
Depreciation and amortisation expenses	(9,924)	(356)	(10,280)	(55)	(10,335)
Impairment loss	(34)	–	(34)	(1)	(35)
Finance income	86	5	91	63	154
Finance expenses	(1,130)	(180)	(1,310)	(148)	(1,458)
Segment profit	4,227	120	4,347	–	4,347
Corporate expenses					(2,870)
Profit before income taxes					1,477
Income taxes					(788)
Net profit for the period					689
Addition to non-current assets other than financial instruments and deferred tax assets	8,062	–	8,062	35	8,097

The segment assets and segment liabilities as at 30 September 2021 and as at 31 March 2021 are as follows:

At 30 September 2021					
	Pachinko business ¥ million (unaudited)	Aircraft leasing business ¥ million (unaudited)	Segment Total ¥ million (unaudited)	Unallocated ¥ million (unaudited)	Total ¥ million (unaudited)
Segment assets	238,848	20,900	259,748	27,123	286,871
Segment liabilities	100,258	20,333	120,591	34,957	155,548
At 31 March 2021					
	Pachinko business ¥ million (audited)	Aircraft leasing business ¥ million (audited)	Segment Total ¥ million (audited)	Unallocated ¥ million (audited)	Total ¥ million (audited)
Segment assets	240,762	21,076	261,838	39,235	301,073
Segment liabilities	102,686	20,728	123,414	45,687	169,101

(b) Geographical information

The Group's operations are located on Japan and Europe.

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets other than financial instruments and deferred tax assets is presented based on the geographical location of the assets.

	Six months ended 30 September 2021		
	Japan ¥ <i>million</i> (unaudited)	Europe ¥ <i>million</i> (unaudited)	Total ¥ <i>million</i> (unaudited)
Segment revenue from external customers	50,139	758	50,897

	At 30 September 2021		
	Japan ¥ <i>million</i> (unaudited)	Europe ¥ <i>million</i> (unaudited)	Total ¥ <i>million</i> (unaudited)
Segment non-current assets other than financial instruments and deferred tax assets	181,638	16,367	198,005

	Six months ended 30 September 2020		
	Japan	Europe	Total
	¥ million	¥ million	¥ million
	(unaudited)	(unaudited)	(unaudited)
Segment revenue from external customers	<u>45,255</u>	<u>737</u>	<u>45,992</u>
	At 31 March 2021		
	Japan	Europe	Total
	¥ million	¥ million	¥ million
	(audited)	(audited)	(audited)
Segment non-current assets other than financial instruments and deferred tax assets	<u>164,099</u>	<u>16,557</u>	<u>180,656</u>

(c) Information about major customers

The Group's customer base is diversified and there are no customers with whom transactions have exceeded 10% of the Group's revenue.

6. PACHINKO BUSINESS EXPENSES

	Six months ended 30 September	
	2021	2020
	¥ million	¥ million
	(unaudited)	(unaudited)
Advertising expenses	1,493	882
Cleaning and ancillary services	1,315	1,578
Depreciation expenses	7,836	4,701
Hall staff costs	20,453	21,639
Pachinko and pachislot machine expenses	1,806	5,693
Depreciation expenses of right-of-use assets	4,661	5,086
Rental expenses	68	39
Repair and maintenance expenses	1,217	885
Utilities expenses	2,591	2,544
Others	3,351	3,349
	<u>44,791</u>	<u>46,396</u>

A decrease in PACHINKO BUSINESS EXPENSES was primarily due to a decrease in pachinko and pachislot machine expenses. Please refer to "pachinko and pachislot machines" in Note 2 "Basis of preparation" for more detail.

7. AIRCRAFT LEASING EXPENSES

	Six months ended 30 September	
	2021	2020
	¥ million	¥ million
	(unaudited)	(unaudited)
Depreciation expenses	309	302
Amortisation expenses	58	54
Others	97	88
	<u>464</u>	<u>444</u>

8. OTHER INCOME

	Six months ended 30 September	
	2021	2020
	¥ million	¥ million
	(unaudited)	(unaudited)
Commission from vending machines and in-store sales	1,600	1,432
Income from forfeiture of customer's membership cards	70	71
Income from catering services	280	146
Sales revenue from property held for sale	40	–
Revenue from finance leases	21	40
Net gains on sales of used machines	496	51
Rental income	322	307
Government grants	1,524	3,225
Others	672	870
	<u>5,025</u>	<u>6,142</u>

A decrease in OTHER INCOME was primarily due to a decrease in the government grants from the local governments for the temporarily suspended operation of our pachinko halls in response to the requests from the local governments in connection with the outbreak of the novel coronavirus (Covid-19) during this interim period. Government grants related to employment or other actions regarding novel coronavirus (Covid-19) infection taken by the Group are recognised in profit or loss.

9. OTHER OPERATING EXPENSES

	Six months ended 30 September	
	2021	2020
	¥ million	¥ million
	(unaudited)	(unaudited)
Disposal cost of non-financial assets	175	40
Impairment loss of non-financial assets (Note 13)	1,278	35
Cost of sales of property held for sale	27	–
Cost of sales of finance leases	15	19
Rental expenses	65	63
Others	389	274
	<u>1,949</u>	<u>431</u>

10. FINANCE INCOME

	Six months ended 30 September	
	2021	2020
	¥ million	¥ million
	(unaudited)	(unaudited)
Bank interest income	11	13
Finance leases interest income	94	87
Dividend income	15	15
Foreign exchange gain, net	3	–
Others	33	39
	<u>156</u>	<u>154</u>

11. FINANCE EXPENSES

	Six months ended 30 September	
	2021	2020
	¥ million	¥ million
	(unaudited)	(unaudited)
Interest expenses	277	252
Amortisation of syndicated bank loan charges	39	32
Foreign exchange loss, net	–	143
Interest on lease liabilities	929	989
Others	39	42
	<u>1,284</u>	<u>1,458</u>

12. INCOME TAXES

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed consolidated statement of profit or loss are:

	Six months ended 30 September	
	2021	2020
	¥ million	¥ million
	(unaudited)	(unaudited)
Current taxes	567	338
Deferred taxes	1,603	450
	2,170	788

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2021, the Group recorded addition of pachinko and pachislot machines of ¥25,332 million due to the adoption of a new accounting policy for recording the pachinko and pachislot machines as property, plant and equipment from this consolidated fiscal year on in the light of the fact that the averaged actual useful life of the machines was over 2 years.

As a result, during the six months ended 30 September 2021, the Group acquired property, plant and equipment of ¥28,109 million (2020: ¥1,155 million).

As a result of primarily reviewing recoverable amount of each cash-generating unit ("CGU") determined based on each pachinko hall, the Group recognised ¥1,278 million as impairment loss of non-financial assets during the six months ended 30 September 2021 (2020: ¥35 million).

For the operation of pachinko hall, the Group considered an individual pachinko hall as a CGU based on business activities.

The recoverable amount of the CGU is determined from the higher of fair value less costs of disposal and value in use.

The key assumptions for the value in use calculations, approved by managements are those regarding the remaining useful lives of the significant properties of CGU, discount rates, revenue growth rates, gross pay-ins from customers and operating costs during the period.

The remaining useful lives of the significant properties of CGU are the period for which value in use is calculated. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the circumstances specific to the CGU.

The revenue growth rates are estimated zero at 30 September 2021 and 2020, respectively.

The Group reviewed carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered impairment losses. In order to determine whether an indicator of impairment exists, property, plant, and equipment are generally grouped by the lowest level that generates independent cash flow.

The rate used to discount the cash flow projections from the CGU's operating result is 3.67% (2020: 3.85%).

14. CAPITAL COMMITMENTS

The commitments at the end of the reporting period are as follows:

	At 30 September 2021 ¥ million (unaudited)	At 31 March 2021 ¥ million (audited)
Capital commitment purchase of property, plant and equipment	1,662	–
	<u>1,662</u>	<u>–</u>

15. TRADE RECEIVABLES

The Group's credit terms generally range from 1 to 30 days for those trade receivables. The aging analysis of the trade receivables, based on invoice date, is as follows:

	At 30 September 2021 ¥ million (unaudited)	At 31 March 2021 ¥ million (audited)
1 to 30 days	325	343
31 to 60 days	1	10
Over 60 days	9	8
	<u>335</u>	<u>361</u>

16. TRADE AND OTHER PAYABLES

	At 30 September 2021 ¥ million (unaudited)	At 31 March 2021 ¥ million (audited)
Trade payables	1,007	1,032
Halls construction and system payables	872	658
Other tax expenses	866	7,245
Pachinko and pachislot machine payables	4,848	4,363
Accrued staff costs	5,874	5,395
Advertisement and promotions	181	76
Housing rent	186	205
Others	881	1,023
	<u>14,715</u>	<u>19,997</u>

The aging analysis of the trade payables, based on invoice date, is as follows:

	At 30 September 2021 ¥ million (unaudited)	At 31 March 2021 ¥ million (audited)
1 to 30 days	1,003	1,025
31 to 60 days	—	—
Over 60 days	4	7
	<u>1,007</u>	<u>1,032</u>

17. TREASURY SHARES

Changes of the Company's treasury shares for the six months ended 30 September 2021 and 2020 are as follows:

		Six months ended 30 September 2021		2020	
	<i>Note</i>	Number of Ordinary share (unaudited)	¥ million (unaudited)	Number of Ordinary share (unaudited)	¥ million (unaudited)
Balance at the beginning of the period		—	—	—	—
Increase in treasury shares	(i), (ii)	21,195,400	2,241	6,951,600	755
Decrease in treasury shares	(iii)	21,195,400	2,241	6,612,600	718
Balance at the end of the period		<u>—</u>	<u>—</u>	<u>339,000</u>	<u>37</u>

Notes:

- (i) The increase of 21,195,400 treasury shares consists of: 21,195,400 shares acquired as treasury shares subject to Article 156 (replacement of the third paragraph of Article 165) of the Company Law of Japan (the Japan Company Law).

The Company held the general meeting on 24 June 2021 where the general mandate to repurchase shares of the Company was granted within the range of 75,270,129 shares.

- (ii) The increase of 6,951,600 treasury shares consists of: 6,951,600 shares acquired as treasury shares subject to Article 156 (replacement of the third paragraph of Article 165) of the Company Law of Japan (the Japan Company Law).

The Company held the general meeting on 24 June 2020 where the general mandate to repurchase shares of the Company was granted within the range of 76,598,589 shares.

- (iii) The decrease of 21,195,400 and 6,612,600 treasury shares is due to the cancellation of shares subject to Article 178 of the Japan Company Law.

The Rules Governing the listing of Securities on the Stock Exchange provide that the listing of all repurchased shares shall be automatically cancelled upon repurchase and the certificates of such repurchased shares must be cancelled and destroyed as soon as reasonably practicable following settlement of any such repurchase. Hence, in compliance with Rule 10.06(5) of the Listing Rules, all repurchased shares will be cancelled without undue delay and the certificates for those securities will be cancelled and destroyed. The issued shares and capital reserve of the Company shall also be reduced accordingly.

18. DIVIDENDS

Dividends declared and paid/ payable to its shareholders by:	Six months ended 30 September			
	2021		2020	
	Dividend per share ¥	Total Dividends ¥ million (unaudited)	Dividend per share ¥	Total Dividends ¥ million (unaudited)
Final dividend paid	<u>2.00</u>	<u>1,505</u>	<u>3.00</u>	<u>2,298</u>
		<u>1,505</u>		<u>2,298</u>

On 24 November 2021, the Board declared an interim dividend of ¥2.40 per ordinary share of the Company, which is payable on 12 January 2022 to the shareholders of the Company.

19. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following:

	Six months ended 30 September	
	2021 ¥ million (unaudited)	2020 ¥ million (unaudited)
Earnings for the purpose of calculating basic earnings per share	<u>3,420</u>	<u>698</u>
Weighted average number of shares	<u>745,872,588</u>	<u>764,703,659</u>
Basic earnings per share (¥)	<u>4.59</u>	<u>0.91</u>

Diluted earnings per share was the same as basic earnings per share for the six months ended 30 September 2021 and 2020 as there were no dilutive potential ordinary shares in existence during the six months ended 30 September 2021 and 2020.

20. SIGNIFICANT SUBSEQUENT EVENT

(Purchase and Leasing Arrangement of Three Aircrafts)

On 26 October 2021 (after trading hours), a subsidiary of Dynam Aviation entered into the Aircraft Sale Agreement with Wizz Air Hungary Ltd. ("Wizz") pursuant to which, among other things, Wizz agreed to assign to the subsidiary of Dynam Aviation and the subsidiary of Dynam Aviation has agreed to accept the assignment of Wizz's rights (under the Original Purchase Contract) to purchase and take delivery of the Aircrafts from Airbus S.A.S. between Wizz and Airbus S.A.S. and also entered into a Lease Agreement with Wizz on 26 October 2021 (after trading hours), pursuant to which the Aircrafts will be leased by the subsidiary of Dynam Aviation to Wizz or an affiliate within the Group of Wizz.

Due to strict confidentiality provisions, the Group shall not disclose conditions of the transaction including the purchase price.

Two of the Aircrafts will be delivered in the second quarter of 2022 and one of the Aircrafts will be delivered in the third quarter of 2022.

(Significant Loan agreement)

On 29 October 2021, the Group entered into a loan agreement of ¥12,000 million with Mizuho Bank, Ltd., and Sumitomo Mitsui Banking Corporation. The execution date is scheduled for 28 December 2021. The loan agreement is unsecured and will be joint guaranteed by the Company and DYNAM Co., Ltd., a subsidiary of the Company.

CORPORATE GOVERNANCE

Compliance with the corporate governance code

During the Reporting Period, the Company has complied with all applicable code provisions set out in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules except for the following deviations.

Code Provision A.2.1

Code provision A.2.1 provides that the roles of chairman and chief executive should be performed by different individuals. During the Reporting Period, Mr. Makoto SAKAMOTO has been in both roles.

However, the Board believes that Mr. Makoto SAKAMOTO, in his dual capacity as the chairman of the Board and chief executive, provided strong and consistent leadership for the development of the Group, and this was beneficial and in the interests of the Company and the Shareholders. Further, the Board considers that a balance of power and authority was ensured by the Board composition, with over half of the Board members being independent non-executive Directors.

Code Provision E.1.3

Code provision E.1.3 stipulates that the notice for an annual general meeting (the “AGM”) should be sent to shareholders by issuer at least 20 clear business days before the meeting. The AGM of the Company for the year ended 31 March 2021 was held on 24 June 2021, while the AGM notice was despatched on 2 June 2021. The above arrangement complied with the articles of incorporation of the Company in respect of the minimum notice period of 21 calendar days but the AGM notice period was less than 20 clear business days before the AGM.

Under the Companies Act of Japan (Act No. 86 of 2005, as amended and supplemented from time to time) (the “Companies Act”) and the articles of incorporation of the Company, the Company is required to hold an AGM within three months after the expiration of each financial year (i.e. on or before 30 June 2021). The Companies Act also requires that the notice for the AGM be despatched together with the audited financial statements under the Japanese Generally Accepted Accounting Principles, which must be approved by the Board. On the other hand, the annual report of the Company must contain audited financial statements prepared under the International Financial Reporting Standards as required under the Listing Rules. As a result, more time was required to finalize the annual report which accompanied the AGM notice being despatched to the Shareholders.

Compliance with the model code for securities transactions by directors and “rules on prevention of insider dealings” by directors

The Company has adopted the Model Code and the “Rules on Prevention of Insider Dealings” as a code of conduct regarding Directors’ transactions of the listed securities of the Company. The “Rules on Prevention of Insider Dealings”, in addition to the Model Code, has been formulated and adopted by the Company on 1 April 2014 for Directors and employees of the Company who are likely to have access to unpublished inside information of the Group (last amended on 1 June 2021). The Company has made specific enquiry to all of the Directors, and all of the Directors have confirmed that they have complied with the required standard of dealings as set out in the Model Code and the “Rules on Prevention of Insider Dealings” throughout the Reporting Period.

Audit committee’s review of financial statements

The unaudited interim condensed consolidated financial statements of the Group for the Reporting Period have been reviewed by PricewaterhouseCoopers Aarata LLC, the external auditor of the Company, in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the International Federation of Accountants. The audit committee of the Company has also reviewed the unaudited interim condensed consolidated financial statements of the Group for the Reporting Period.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

During the Reporting Period, save as disclosed herein, there was no changes to the information relating to the Directors which are required to be disclosed by the Directors pursuant to Rule 13.51B(1) of the Listing Rules.

INTERIM DIVIDENDS

The Board declared an interim dividend of ¥2.40 per ordinary Share in respect of the Reporting Period, payable on 12 January 2022 to the Shareholders whose names appear on the Company’s share register as at the close of business on 13 December 2021. Based on the assumption that 731,505,896 Shares shall be in issue as at 13 December 2021, it is expected that the interim dividend payable will amount to approximately ¥1,756 million (equivalent to approximately HK\$122 million).

In the case when the dividends are distributed to the Shareholders in Hong Kong dollars, the exchange rate for the conversion of Japanese yen to Hong Kong dollar are based on the average currency rates prevailing five business days immediately before 24 November 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, the Company repurchased its Shares on the Stock Exchange, details of which are as follows:

Month/Year	Number of Shares repurchased	Highest price paid per Share HK\$	Lowest price paid per Share HK\$	Aggregate consideration paid HK\$
June 2021	3,726,600	7.28	7.01	26,921,078
July 2021	5,242,600	7.45	7.10	38,420,578
August 2021	8,270,000	7.64	7.08	61,553,048
September 2021	3,956,200	8.18	7.51	30,967,874
	<u>21,195,400</u>			<u>157,862,578</u>

All of the above-described Shares repurchased were subsequently cancelled. The number of issued shares of the Company as of 30 September 2021 was 731,505,896.

Save as disclosed above, neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.dyjh.co.jp>). The interim report of the Company for the six months ended 30 September 2021 containing all the information required by the Listing Rules will be despatched to the Shareholders and made available for review on the aforesaid websites in due course.

DEFINITIONS

In this announcement (other than the Report on Review of the Interim Condensed Consolidated Financial Information), unless the context otherwise requires, the following words and expressions shall have the following meanings.

“Cabin Plaza” キャビンプラザ	Cabin Plaza Co., Ltd., a stock company incorporated in Japan with limited liability. Cabin Plaza is a wholly-owned subsidiary of the Company
“Director(s)” 取締役	the director(s) of the Company
“Dynam” ダイナム	DYNAM Co., Ltd., a stock company incorporated in Japan with limited liability. Dynam is a wholly-owned subsidiary of the Company
“Dynam Aviation” ダイナムアビエーション	Dynam Aviation Ireland Limited., a company incorporated in Ireland with limited liability. Dynam Aviation is a wholly-owned subsidiary of the Company
“Yume Corporation” 夢コーポレーション	Yume Corporation Co., Ltd., a stock company incorporated in Japan with limited liability. Yume Corporation is a wholly-owned subsidiary of the Company

By order of the Board
DYNAM JAPAN HOLDINGS Co., Ltd.
Makoto SAKAMOTO
Chairman of the Board

Tokyo, Japan, 24 November 2021

As of the date of this announcement, the executive director of the Company is Mr. Makoto SAKAMOTO, the non-executive directors of the Company are Mr. Yoji SATO, Mr. Kohei SATO and Mr. Akira HOSAKA, and the independent non-executive directors of the Company are Mr. Mitsutoshi KATO, Mr. Thomas Chun Kee YIP, Mr. Kei MURAYAMA, Mr. Kiyohito KANDA and Mr. Koji KATO