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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 2024**

HIGHLIGHTS

- Our total revenue was ¥63,753 million (or HK\$3,469 million^Δ), recording a decrease of 1.0% as compared with the six months ended 30 September 2023;
- Our profit before income taxes was ¥3,576 million (or HK\$195 million^Δ), recording an increase of 22.3% as compared with the six months ended 30 September 2023;
- Our net profit for the period attributable to owners of the Company was ¥2,190 million (or HK\$119 million^Δ), recording an increase of 16.9% as compared with the six months ended 30 September 2023;
- We operated 429 halls as at 30 September 2024 (434 halls as at 30 September 2023);
- Basic earnings per share of the Company were ¥3.1 (or HK\$0.2^Δ); and
- The Board has resolved to declare an interim dividend of ¥2.5 per ordinary share.

^Δ Translated into Hong Kong dollars at the rate of ¥18.38 to HK\$1.00, the exchange rate prevailing on 30 September 2024 (i.e. the last business day in Japan in September 2024).

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 2024. The results have been reviewed by PricewaterhouseCoopers Japan LLC, the Company’s auditor and the audit committee of the Company (the “Audit Committee”).

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. ¥18.38 to HK\$1.00, the exchange rate prevailing on 30 September 2024 (i.e. the last business day in Japan in September 2024).
2. ¥19.10 to HK\$1.00, the exchange rate prevailing on 29 September 2023 (i.e. the last business day in Japan in September 2023).
3. ¥19.34 to HK\$1.00, the exchange rate prevailing on 29 March 2024 (i.e. the last business day in Japan in March 2024).

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 BUSINESS

Business Environment

During the six months ended 30 September 2024, the economy in Japan was on its gentle recovery path thanks to a rise in inbound demand and a tendency to improve employment and household income situation. On the other hand, the future outlook remained uncertain due to the risk related to a downside swing of overseas economies, fluctuations of foreign currency exchange markets, skyrocketing prices of raw materials and energy and so on.

As for the pachinko industry during the six months ended 30 September 2024, its polarisation was deepening through its restructuring mainly due to M&A while the number of customers decreased due to diversification of leisure, etc. and suspensions and closures of pachinko halls continued. The pachislot market stayed firm as a growth in the number of customers especially in younger generations was seen mainly driven by arrivals of smart pachislot machines. On the other hand, the pachinko market was highly expected to recover as the installation of pachinko machines equipped with a function named “Lucky Trigger” offering new game performance began in addition to the installation of smart pachinko machines.

Regarding the performance of the Group’s pachinko business during the six months ended 30 September 2024, though the Group made progress in switching from pachinko to pachislot at part of halls against a backdrop of its robust utilisation rate of smart pachislot machines, the Group posted revenue decline compared with the same period of the previous year mainly driven by its lagging progress in investment of smart pachinko machines into the market in relation to pachinko machines accounting for over 60% of all pachinko and pachislot machines installed at its halls.

As for its profit during the six months ended 30 September 2024, the Group posted profit growth compared with the same period of the previous year as a result of having saved operating expenses by making efforts to reduce utility expenses, advertising expenses and so forth in addition to a decrease in repair and maintenance expenses and depreciation expenses from pachinko and pachislot machines.

The Group will continue to make efforts to improve its structure for pursuing its profitability whilst progressing its installation rate of smart pachinko and pachislot machines and working on its hall remodeling and so on.

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 429 halls as at the end of September 2024.

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 multiple reels — spinning bodies on which images are displayed. Once the reels stop, the player can earn more tokens if the winning images on the reels 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.

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 enables 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.

Multiple-hall development

The Group is implementing multiple-hall development based on its theory of chain store operations by opening new standardised halls and acquiring other pachinko hall operators into the Group to drive an increase in the number of halls.

Opening new standardised halls

The Group is controlling its initial opening costs by standardising hall types and concentrating on opening halls in smaller populated regional areas. At the same time, the Group is reaping the benefits of the economies of scale of multiple-hall development to limit purchasing cost of gaming machines and general prizes.

Targeting small business areas with 30,000 to 50,000 residents

The Group is promoting a suburban strategy for hall development by opening new halls in small regional business areas with 30,000 to 50,000 residents.

Standardising hall specifications

The Group standardises the interior layout and installation number of gaming machines of the halls. This has enabled the Group to cut down initial investment costs and period of construction.

Wood-frame halls on land leased for 10 to 20 years

As a rule of thumb, the Group constructs wood-frame halls on leased land to avoid excessive investment in land purchases, so as to scrap the halls easily if market conditions change in the future.

Acquiring Other Pachinko Hall Operators into the Group

Making the most of its advantage as a listed company, the Group implements business succession schemes such as share exchange and company split to acquire pachinko halls from other operators and expands its network of halls. Examples up to 30 September 2024 are given below.

Date	Details
1 November 2015	Yume Corporation acquired into the Group through share exchange
20 January 2022	One pachinko hall acquired from another operator through absorption type company split
15 December 2022	One pachinko hall acquired from another operator through absorption type company split
31 July 2023	Five pachinko halls acquired from another operator through absorption type company split
1 December 2023	Two pachinko halls acquired from another operator through absorption type company split

Low-cost operations

By reaping the benefits of the economies of scale, the Group has been promoting low cost operations. The Group controls the cost of hall operations by utilising second-hand gaming machines, proper placement of distribution centers and utilisation of ICT.

Using second-hand gaming machines and establishing distribution centers

The Group installs not only the newest and most popular hit models of gaming machines, but also an array of second-hand ones procured at low cost in its halls. The Group has established 16 distribution centers throughout Japan, each of which covers the logistical needs and facilitates the sharing of gaming machines among 20 to 30 halls, thereby saving machine expenses. The gaming machines installed in the halls are centrally managed according to coverage area by these distribution centers. The centers help the Group to flexibly manage the lineup of gaming machines in the halls.

Use of ICT systems

The Group has installed an individual ball counter system to manage the number of pachinko balls and pachislot tokens that come out of each gaming machine in the halls. This serves to improve staff's productivity and reduce personnel expenses as well as saving time and effort for customers. Apart from that, ICT systems are applied strategically to streamline and reduce the cost of corporate functions including hall management, formulation of marketing strategies, personnel administration and accounting.

AIRCRAFT LEASING BUSINESS

The Group aspires to achieve steady growth and sustainable development through the Aircraft Leasing Business.

Business Environment

According to the International Air Transport Association (IATA), the number of global air passengers in 2024 is expected to reach to 5 billion, a record high. World air transport demand is higher than ever before after the COVID-19 crisis. Passenger traffic is forecasted to grow annually by 4.7% according to Boeing and 3.6% according to Airbus for the next 20 years. Within that timeframe, the global newly-delivered-fleet will have reached 43,975 aircraft (of which 33,380 aircraft are narrow body) according to Boeing and 42,430 aircraft (of which 33,510 aircraft are narrow body) according to Airbus, with demand for aircraft expected to increase in line with the growth in air travel demand.

Lease Management Structure with Professional Team

The aircraft leasing team of Dynam Aviation consists of experienced professionals and is building solid relationships with a diverse range of airlines and financial institutions worldwide. Additionally, it acquires aircraft from airlines or leasing companies and has established a system that consistently provides commercial and technical services for the sourcing, management, and remarketing of aircraft leasing. The team is also engaged in the servicer business, which supports third-party leasing with globally standardised service frameworks and fee structures.

Highlight

During the reporting period, there were no acquisitions, sales and disposals of aircraft.

As of 30 September 2024, Dynam Aviation has 10 owned aircraft, 7 managed aircraft, and no committed aircraft. The operating assets of owned aircraft amount to ¥75,259 million, with an average age of 2.4 years and an average remaining lease period of 5.7 years. All owned aircraft are narrow-body Airbus A320 series with 90% equipped with next-generation aircraft engines, and the yield of the operating lease is 7.9% maintaining a high-quality portfolio.

Aircraft type	Owned aircraft	Managed aircraft	Committed aircraft	Total
Airbus A320 series	10	6	0	16
Boeing 737 series	0	1	0	1



Operating assets

¥75,259 million



Average age of aircraft

2.4 years



Average remaining lease period

5.7 years



Narrow body aircraft ratio

100%



Next-generation aircraft ratio

90%



Yield

7.9%

FINANCIAL REVIEW

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

	Six months ended 30 September				
	2024		2023		changes ⁽³⁾
	(unaudited)		(unaudited)		
(in millions, except for percentages)					
	¥	HK\$ ⁽¹⁾	¥	HK\$ ⁽²⁾	
Gross pay-ins					
— High playing cost halls	146,376	7,963	145,059	7,595	0.9%
— Low playing cost halls	130,485	7,099	133,763	7,003	-2.5%
Total gross pay-ins	<u>276,861</u>	<u>15,062</u>	<u>278,822</u>	<u>14,598</u>	<u>-0.7%</u>
Gross payouts					
— High playing cost halls	118,559	6,450	115,813	6,064	2.4%
— Low playing cost halls	98,125	5,338	100,822	5,278	-2.7%
Total gross payouts	<u>216,684</u>	<u>11,788</u>	<u>216,635</u>	<u>11,342</u>	<u>0.0%</u>
Revenue from pachinko business					
— High playing cost halls	27,817	1,513	29,246	1,531	-4.9%
— Low playing cost halls	32,360	1,761	32,941	1,725	-1.8%
Total revenue from pachinko business	<u>60,177</u>	<u>3,274</u>	<u>62,187</u>	<u>3,256</u>	<u>-3.2%</u>
Revenue from aircraft leasing business	<u>3,576</u>	<u>195</u>	<u>2,188</u>	<u>115</u>	<u>63.4%</u>
Total revenue	<u>63,753</u>	<u>3,469</u>	<u>64,375</u>	<u>3,371</u>	<u>-1.0%</u>

(1) Translated into Hong Kong dollars at the rate of ¥18.38 to HK\$1.00, the exchange rate prevailing on 30 September 2024 (i.e. the last business day in Japan in September 2024).

(2) Translated into Hong Kong dollars at the rate of ¥19.10 to HK\$1.00, the exchange rate prevailing on 29 September 2023 (i.e. the last business day in Japan in September 2023).

(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 2024 were as follows;

Consolidated revenue of the pachinko business and the aircraft leasing business was ¥63,753 million (equivalent to approximately HK\$3,469 million), 99.0% of the same period of the previous year. Consolidated operating profit was ¥6,044 million (equivalent to approximately HK\$329 million), 137.4% of the same period of the previous year. Consolidated net profit for the period was ¥2,190 million (equivalent to approximately HK\$119 million), 116.9% of the same period of the previous year. Consolidated revenue for the six months ended 30 September 2024 decreased from the same period of the previous year while net profit for the six months ended 30 September 2024 increased from the same period of the previous year.

Set out below is detailed performance of pachinko business and aircraft leasing business for the six months ended 30 September 2024.

PACHINKO BUSINESS

Set out below is detailed performance of gross pay-ins, gross pay-outs, and revenue for the six months ended 30 September 2024.

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 ¥278,822 million (equivalent to approximately HK\$14,598 million) and ¥276,861 million (equivalent to approximately HK\$15,062 million) for the six months ended 30 September 2023 and 2024 respectively.

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

Gross pay-ins for high playing cost halls increased by ¥1,317 million (equivalent to approximately HK\$72 million*), or 0.9%*, from ¥145,059 million (equivalent to approximately HK\$7,595 million) for the six months ended 30 September 2023 to ¥146,376 million (equivalent to approximately HK\$7,963 million) for the six months ended 30 September 2024.

Gross pay-ins for low playing cost halls decreased by ¥3,278 million (equivalent to approximately HK\$178 million*), or 2.5%*, from ¥133,763 million (equivalent to approximately HK\$7,003 million) for the six months ended 30 September 2023 to ¥130,485 million (equivalent to approximately HK\$7,099 million) for the six months ended 30 September 2024.

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 ¥216,635 million (equivalent to approximately HK\$11,342 million) and ¥216,684 million (equivalent to approximately HK\$11,788 million) for the six months ended 30 September 2023 and 2024 respectively.

Our gross payouts by hall type are as follows.

Gross payouts for high playing cost halls increased by ¥2,746 million (equivalent to approximately HK\$149 million*), or 2.4%*, from ¥115,813 million (equivalent to approximately HK\$6,064 million) for the six months ended 30 September 2023 to ¥118,559 million (equivalent to approximately HK\$6,450 million) for the six months ended 30 September 2024.

Gross payouts for low playing cost halls decreased by ¥2,697 million (equivalent to approximately HK\$147 million*), or 2.7%*, from ¥100,822 million (equivalent to approximately HK\$5,278 million) for the six months ended 30 September 2023 to ¥98,125 million (equivalent to approximately HK\$5,338 million) for the six months ended 30 September 2024.

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 decreased by ¥2,010 million (equivalent to approximately HK\$108 million*), or 3.2%*, from ¥62,187 million (equivalent to approximately HK\$3,256 million) for the six months ended 30 September 2023 to ¥60,177 million (equivalent to approximately HK\$3,274 million) for the six months ended 30 September 2024.

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

Revenue from pachinko business for high playing cost halls decreased by ¥1,429 million (equivalent to approximately HK\$77 million*), or 4.9%*, from ¥29,246 million (equivalent to approximately HK\$1,531 million) for the six months ended 30 September 2023 to ¥27,817 million (equivalent to approximately HK\$1,513 million) for the six months ended 30 September 2024. The revenue margin for the six months ended 30 September 2024 decreased by 1.2 percentage points* to 19.0% as compared with the same period of the previous year.

Revenue from pachinko business for low playing cost halls decreased by ¥581 million (equivalent to approximately HK\$31 million*), or 1.8%*, from ¥32,941 million (equivalent to approximately HK\$1,725 million) for the six months ended 30 September 2023 to ¥32,360 million (equivalent to approximately HK\$1,761 million) for the six months ended 30 September 2024. The revenue margin for the six months ended 30 September 2024 increased by 0.2 percentage points* to 24.8% as compared with the same period of the previous year.

PACHINKO BUSINESS EXPENSES

Pachinko business expenses decreased by ¥1,512 million (equivalent to approximately HK\$82 million*), or 2.6%*, from ¥59,208 million (equivalent to approximately HK\$3,099 million) for the six months ended 30 September 2023 to ¥57,696 million (equivalent to approximately HK\$3,138 million) for the six months ended 30 September 2024.

Our pachinko business expenses by hall type are as follows.

Pachinko business expenses for high playing cost halls decreased by ¥164 million (equivalent to approximately HK\$9 million*), or 0.6%*, from ¥27,146 million (equivalent to approximately HK\$1,421 million) for the six months ended 30 September 2023 to ¥26,982 million (equivalent to approximately HK\$1,467 million) for the six months ended 30 September 2024.

Pachinko business expenses for low playing cost halls decreased by ¥1,348 million (equivalent to approximately HK\$73 million*), or 4.2%*, from ¥32,062 million (equivalent to approximately HK\$1,678 million) for the six months ended 30 September 2023 to ¥30,714 million (equivalent to approximately HK\$1,671 million) for the six months ended 30 September 2024.

AIRCRAFT LEASING BUSINESS

Set out below is detailed performance of revenue from aircraft leasing business and aircraft leasing expenses for the six months ended 30 September 2024.

REVENUE FROM AIRCRAFT LEASING BUSINESS

Revenue from aircraft leasing business increased by ¥1,388 million (equivalent to approximately HK\$75 million*), or 63.4%*, from ¥2,188 million (equivalent to approximately HK\$115 million) for the six months ended 30 September 2023 to ¥3,576 million (equivalent to approximately HK\$195 million) for the six months ended 30 September 2024.

The increase was primarily due to an increase in the number of aircraft managed and leased compared with the same period of the previous year.

AIRCRAFT LEASING EXPENSES

Aircraft leasing expenses increased by ¥720 million (equivalent to approximately HK\$39 million*), or 54.5%*, from ¥1,322 million (equivalent to approximately HK\$69 million) for the six months ended 30 September 2023 to ¥2,042 million (equivalent to approximately HK\$111 million) for the six months ended 30 September 2024.

The increase was primarily due to an increase in the number of aircraft managed and leased compared with the same period of the previous year.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses decreased by ¥221 million (equivalent to approximately HK\$12 million*), or 10.3%*, from ¥2,144 million (equivalent to approximately HK\$112 million) for the six months ended 30 September 2023 to ¥1,923 million (equivalent to approximately HK\$105 million) for the six months ended 30 September 2024.

OTHER INCOME

Other income increased by ¥1,075 million (equivalent to approximately HK\$58 million*), or 27.1%*, from ¥3,963 million (equivalent to approximately HK\$207 million) for the six months ended 30 September 2023 to ¥5,038 million (equivalent to approximately HK\$274 million) for the six months ended 30 September 2024.

The increase was mainly due to insurance income and an increase in income from forfeiture of unutilised balls and tokens.

OTHER OPERATING EXPENSES

Other operating expenses decreased by ¥178 million (equivalent to approximately HK\$10 million*), or 14.1%*, from ¥1,264 million (equivalent to approximately HK\$67 million) for the six months ended 30 September 2023 to ¥1,086 million (equivalent to approximately HK\$60 million) for the six months ended 30 September 2024.

The decrease was primarily due to a decrease in disposal cost of non-financial assets.

FINANCE INCOME

Finance income decreased by ¥219 million (equivalent to approximately HK\$12 million*), or 52.3%*, from ¥419 million (equivalent to approximately HK\$22 million) for the six months ended 30 September 2023 to ¥200 million (equivalent to approximately HK\$11 million) for the six months ended 30 September 2024.

FINANCE EXPENSES

Finance expenses increased by ¥773 million (equivalent to approximately HK\$42 million*), or 40.8%*, from ¥1,895 million (equivalent to approximately HK\$100 million) for the six months ended 30 September 2023 to ¥2,668 million (equivalent to approximately HK\$145 million) for the six months ended 30 September 2024.

* 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.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2024

		Six months ended 30 September	
	Note	2024 ¥ million (unaudited)	2023 ¥ million (unaudited)
Revenue	4	63,753	64,375
Revenue from pachinko business		60,177	62,187
Revenue from aircraft leasing business		3,576	2,188
Pachinko business expenses	6	(57,696)	(59,208)
Aircraft leasing expenses	7	(2,042)	(1,322)
General and administrative expenses		(1,923)	(2,144)
Other income		5,038	3,963
Other operating expenses		(1,086)	(1,264)
Operating profit		6,044	4,400
Finance income		200	419
Finance expenses		(2,668)	(1,895)
Profit before income taxes		3,576	2,924
Income taxes	8	(1,386)	(1,050)
Net profit for the period		2,190	1,874
Attributable to:			
Owners of the Company		2,190	1,873
Non-controlling interests		0	1
		2,190	1,874
Earnings per share			
Basic (¥)	12	3.1	2.6
Diluted (¥)	12	3.1	2.6

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2024

	Six months ended 30 September	
Note	2024 ¥ million (unaudited)	2023 ¥ million (unaudited)
Net profit for the period	2,190	1,874
Other comprehensive income:		
<i>Items that will not be reclassified to profit or loss:</i>		
Revaluation surplus for properties	43	—
— Income tax effect arising from revaluation surplus for properties	(24)	—
Changes in fair value of financial assets measured at fair value through other comprehensive income	116	(735)
— Income tax effect of changes in fair value of financial assets measured at fair value through other comprehensive income	10	(64)
	<u>145</u>	<u>(799)</u>
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	(2,879)	4,761
Cash flow hedge	(1,063)	748
— Income tax effect of changes in cash flow hedge	148	(101)
	<u>(3,794)</u>	<u>5,408</u>
Other comprehensive income for the period, net of tax	<u>(3,649)</u>	4,609
Total comprehensive income for the period	<u>(1,459)</u>	<u>6,483</u>
Attributable to:		
Owners of the Company	(1,459)	6,482
Non-controlling interests	0	1
	<u>(1,459)</u>	<u>6,483</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 September 2024

	Note	At 30 September 2024 ¥ million (unaudited)	At 31 March 2024 ¥ million (audited)
Non-current assets			
Property, plant and equipment		179,108	183,361
Right-of-use assets		85,929	84,129
Investment properties		4,963	4,971
Intangible assets		7,373	7,001
Financial assets measured at fair value through other comprehensive income		1,588	1,823
Lease receivables		6,893	6,544
Deferred tax assets		10,102	10,443
Other non-current assets		7,047	6,795
		<u>303,003</u>	<u>305,067</u>
Current assets			
Inventories		3,182	2,787
Trade receivables	9	438	457
Lease receivables		1,879	1,863
Prizes in operation of pachinko halls		3,484	2,878
Income taxes receivables		0	409
Other current assets		2,193	2,475
Cash and cash equivalents		38,916	50,109
		<u>50,092</u>	<u>60,978</u>
TOTAL ASSETS		<u><u>353,095</u></u>	<u><u>366,045</u></u>
Current liabilities			
Trade and other payables	10	11,673	14,904
Borrowings		17,823	21,083
Lease liabilities		10,462	10,572
Provisions		1,480	1,523
Income taxes payables		1,216	1,480
Other current liabilities		9,914	10,749
		<u>52,568</u>	<u>60,311</u>

	At 30 September 2024 ¥ million (unaudited)	At 31 March 2024 ¥ million (audited)
Net current (liabilities)/assets	<u>(2,476)</u>	<u>667</u>
Total assets less current liabilities	<u>300,527</u>	<u>305,734</u>
Non-current liabilities		
Deferred tax liabilities	103	197
Borrowings	74,577	79,241
Lease liabilities	90,052	87,436
Other non-current liabilities	1,740	1,555
Provisions	<u>5,767</u>	<u>5,817</u>
	<u>172,239</u>	<u>174,246</u>
NET ASSETS	<u><u>128,288</u></u>	<u><u>131,488</u></u>
Capital and reserves		
Share capital	15,000	15,000
Capital reserve	5,583	5,776
Treasury shares	–	(193)
Retained earnings	107,265	106,816
Other components of equity	<u>437</u>	<u>4,086</u>
Equity attributable to owners of the Company	<u>128,285</u>	<u>131,485</u>
Non-controlling interests	<u>3</u>	<u>3</u>
TOTAL EQUITY	<u><u>128,288</u></u>	<u><u>131,488</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 September 2024

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 as at 30 September 2024 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 on 25 November 2024.

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

2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 September 2024 has been prepared in accordance with International Accounting Standard (“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 2024 which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

Material accounting policies applied in the interim condensed consolidated financial information for the six months ended 30 September 2024 are the same as those applied in the consolidated financial statements for the fiscal year ended 31 March 2024 except for the following.

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 2024 with no impact on the Group’s results of operations and financial positions:

- IAS 1 (Amendment), “Presentation of Financial Statements”
- IAS 7 (Amendment), “Statement of Cash Flows”
- IFRS 7 (Amendment), “Financial instruments: Disclosures”
- IFRS 16 (Amendment), “Leases”
- IAS 12 (Amendment), “Income taxes”

The amendment to IAS 12 clarified that IAS 12 is applicable to the income taxes arising from the tax legislation enacted or substantively enacted for the introduction of the GloBE (Global Anti-Base Erosion) Rules as the second pillar of BEPS (Base Erosion and Profit Shifting) by OECD (Organisation for Economic Co-operation and Development). However, a temporary exception is provided which requires companies to not recognise or disclose information about deferred tax assets and deferred tax liabilities related to income taxes that arise from the GloBE Rules. The Group has retroactively applied the exception provided by IAS 12. Therefore, the Group has not recognised or disclosed information about deferred tax assets and deferred tax liabilities related to income taxes that arise from the GloBE Rules.

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
IAS 21 (Amendment)	The effects of Changes in Foreign Exchange rates	1 January 2025	31 March 2026	Requirement to specify when a currency is exchangeable into another currency and when it is not, specify how an entity determines the exchange rate to apply when a currency is not exchangeable, and requires the disclosure of additional information when a currency is not exchangeable
IFRS 9 (Amendment)	Financial instruments	1 January 2026	31 March 2027	Clarification for financial instruments containing factors in correlation with ESG and date of cancellation regarding settlements of financial instruments made through electric remittance systems
IFRS 7 (Amendment)	Financial instruments: Disclosure			
Amendments to IFRSs	Annual improvements to IFRS Accounting Standards-Volume 11	1 January 2026	31 March 2027	Clarification and so forth for the purpose of improvements with regard to IFRS7 Financial instruments: Disclosure, IFRS9 Financial instruments, IAS7 Statement of Cash flows, etc.
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027	31 March 2028	Redefining financial performance reporting
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			

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 impacts on that interim condensed consolidated financial information are the same as those of the consolidated financial statements for the year ended 31 March 2024, 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.

4. REVENUE

	Six months ended 30 September	
	2024	2023
	¥ million	¥ million
	(unaudited)	(unaudited)
Gross pay-ins	276,861	278,822
Less: Gross payouts	(216,684)	(216,635)
Revenue from pachinko business	60,177	62,187
Revenue from aircraft leasing business	3,576	2,188
Revenue	63,753	64,375

'Revenue from pachinko business' is 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' is 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 business except for aircraft leasing 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.

Segment liabilities mainly comprise borrowings, lease liabilities, provisions and other current and non-current liabilities.

The segment information provided to the executive directors for the six months ended 30 September 2024 and 2023 are as follows:

	Six months ended 30 September 2024				
	Pachinko business ¥ million (unaudited)	Aircraft leasing business ¥ million (unaudited)	Segment Total ¥ million (unaudited)	Unallocated ¥ million (unaudited)	Total ¥ million (unaudited)
Segment revenue from external customers	60,177	3,576	63,753	-	63,753
Other segment items					
Depreciation and amortisation expenses	(26,084)	(1,718)	(27,802)	(30)	(27,832)
Impairment loss	(807)	-	(807)	-	(807)
Finance income	95	53	148	52	200
Finance expenses	(1,280)	(1,171)	(2,451)	(217)	(2,668)
Segment profit	3,914	415	4,329	-	4,329
Corporate expenses					(753)
Profit before income taxes					3,576
Income taxes					(1,386)
Net profit for the period					2,190
Addition to non-current assets other than financial instruments and deferred tax assets	<u>33,073</u>	<u>-</u>	<u>33,073</u>	<u>5</u>	<u>33,078</u>

	Six months ended 30 September 2023				
	Pachinko business ¥ million (unaudited)	Aircraft leasing business ¥ million (unaudited)	Segment Total ¥ million (unaudited)	Unallocated ¥ million (unaudited)	Total ¥ million (unaudited)
Segment revenue from external customers	62,187	2,188	64,375	–	64,375
Other segment items					
Depreciation and amortisation expenses	(26,427)	(1,068)	(27,495)	(31)	(27,526)
Impairment loss	(326)	–	(326)	–	(326)
Finance income	84	117	201	218	419
Finance expenses	(1,260)	(635)	(1,895)	(0)	(1,895)
Segment profit	2,707	606	3,313	–	3,313
Corporate expenses					(389)
Profit before income taxes					2,924
Income taxes					(1,050)
Net profit for the period					<u>1,874</u>
Addition to non-current assets other than financial instruments and deferred tax assets	<u>38,430</u>	<u>26,513</u>	<u>64,943</u>	<u>7</u>	<u>64,950</u>

Note: There is no transaction between segments and corporate income and expenses not attributed to any particular segment are defined as “Unallocated”.

The segment assets and segment liabilities as at 30 September 2024 and as at 31 March 2024 are as follows:

	At 30 September 2024				
	Pachinko business ¥ million (unaudited)	Aircraft leasing business ¥ million (unaudited)	Segment Total ¥ million (unaudited)	Unallocated ¥ million (unaudited)	Total ¥ million (unaudited)
Segment assets	251,347	79,324	330,671	22,424	353,095
Segment liabilities	104,641	75,615	180,256	44,551	224,807

	At 31 March 2024				
	Pachinko business ¥ million (audited)	Aircraft leasing business ¥ million (audited)	Segment Total ¥ million (audited)	Unallocated ¥ million (audited)	Total ¥ million (audited)
Segment assets	253,870	85,877	339,747	26,298	366,045
Segment liabilities	109,143	79,523	188,666	45,891	234,557

(b) Geographical information

The Group's operations are located in 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 2024		
	Japan ¥ million (unaudited)	Europe ¥ million (unaudited)	Total ¥ million (unaudited)
Segment revenue from external customers	60,177	3,576	63,753

	At 30 September 2024		
	Japan ¥ million (unaudited)	Europe ¥ million (unaudited)	Total ¥ million (unaudited)
Segment non-current assets other than financial instruments and deferred tax assets	202,001	76,147	278,148

	Six months ended 30 September 2023		
	Japan ¥ million (unaudited)	Europe ¥ million (unaudited)	Total ¥ million (unaudited)
Segment revenue from external customers	<u>62,187</u>	<u>2,188</u>	<u>64,375</u>
	At 31 March 2024		
	Japan ¥ million (audited)	Europe ¥ million (audited)	Total ¥ million (audited)
Segment non-current assets other than financial instruments and deferred tax assets	<u>197,460</u>	<u>82,427</u>	<u>279,887</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	
	2024 ¥ million (unaudited)	2023 ¥ million (unaudited)
Advertising expenses	1,319	1,474
Cleaning and ancillary services	1,176	1,266
Depreciation expenses	21,414	21,779
Hall staff costs	18,344	18,857
Pachinko and pachislot machine expenses	1,641	1,664
Depreciation expenses of right-of-use assets	4,416	4,496
Repair and maintenance expenses	1,746	1,888
Utilities expenses	3,794	3,936
Others	3,846	3,848
	<u>57,696</u>	<u>59,208</u>

7. AIRCRAFT LEASING EXPENSES

	Six months ended	
	30 September	
	2024	2023
	¥ million	¥ million
	(unaudited)	(unaudited)
Depreciation expenses	1,595	970
Amortisation expenses	123	98
Others	324	254
	2,042	1,322

8. INCOME TAXES

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

	Six months ended	
	30 September	
	2024	2023
	¥ million	¥ million
	(unaudited)	(unaudited)
Current taxes	1,001	1,272
Deferred taxes	385	(222)
	1,386	1,050

9. 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	At
	30 September	31 March
	2024	2024
	¥ million	¥ million
	(unaudited)	(audited)
1 to 30 days	429	445
31 to 60 days	5	6
Over 60 days	4	6
	438	457

10. TRADE AND OTHER PAYABLES

	At 30 September 2024 ¥ million (unaudited)	At 31 March 2024 ¥ million (audited)
Trade payables	1,040	1,073
Halls construction and system payables	2,065	1,365
Other tax expenses	436	3,387
Pachinko and pachislot machine payables	1,292	913
Accrued staff costs	5,129	6,399
Advertisement and promotions	81	129
Housing rent	157	191
Others	1,473	1,447
	<u>11,673</u>	<u>14,904</u>

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

	At 30 September 2024 ¥ million (unaudited)	At 31 March 2024 ¥ million (audited)
1 to 30 days	985	1,073
31 to 60 days	–	–
Over 60 days	55	–
	<u>1,040</u>	<u>1,073</u>

11. DIVIDENDS

During the six months ended 30 September 2024 and 2023, the Company made the following distributions.

Dividends declared and paid/payable to its shareholders by:	Six months ended 30 September			
	2024	2023		
	Dividend per share ¥	Total Dividends ¥ million (unaudited)	Dividend per share ¥	Total Dividends ¥ million (unaudited)
Final dividend paid	2.50	<u>1,741</u>	2.50	<u>1,783</u>
		<u>1,741</u>		<u>1,783</u>

On 25 November 2024, the Board of Directors declared an interim dividend of ¥2.50 per ordinary share of the Company, which is payable on 10 January 2025 to the shareholders of the Company.

12. EARNINGS PER SHARE

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

	Six months ended	
	30 September	
	2024	2023
	¥ million	¥ million
	(unaudited)	(unaudited)
Earnings for the purpose of calculating basic earnings per share	<u>2,190</u>	<u>1,873</u>
Weighted average number of shares	<u>696,443,096</u>	<u>711,697,552</u>
Basic earnings per share (¥)	<u>3.1</u>	<u>2.6</u>

Diluted earnings per share was the same as basic earnings per share for the six months ended 30 September 2024 and 2023 as there were no dilutive potential ordinary shares in existence during the six months ended 30 September 2024 and 2023.

13. EVENTS AFTER THE REPORTING PERIOD

(Entering into new purchase and lease agreement of aircraft)

On 7 November 2024, Dynam Aviation entered into the new purchase and lease agreement of two aircraft with Wizz Air Fleet Management Ltd. (“Wizz”). This agreement for each aircraft will be executed to Wizz or an affiliate within the group of Wizz in the second half of the year ended 31 March 2026.

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

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 C1 to the Listing Rules except for the following deviation.

Code Provision C.2.1

Code provision C.2.1 provides that the roles of chairman and chief executive should be performed by different individuals. During the Reporting Period, Mr. Akira HOSAKA served concurrently in both roles.

However, the Board believes that Mr. Akira HOSAKA, 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.

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 2022). 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 Japan 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, the change in the information relating to the Directors which is required to be disclosed by the Directors pursuant to Rule 13.51B(1) of the Listing Rules is as follows:

- (1) As disclosed in the announcement of the Company dated 25 June 2024, on 25 June 2024 Mr. Makoto SAKAMOTO retired as a non-executive Director.

INTERIM DIVIDENDS

The Board declared an interim dividend of ¥2.5 per ordinary Share in respect of the Reporting Period, payable on 10 January 2025 to the Shareholders whose names appear on the Company's share register as at the close of business on 12 December 2024. Based on the assumption that 696,443,096 Shares shall be in issue as at 12 December 2024, it is expected that the interim dividend payable will amount to approximately ¥1,741 million (equivalent to approximately HK\$95 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 25 November 2024.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury Shares (as defined under the Listing Rules), if any) during the Reporting Period.

The Company cancelled 2,300,000 Shares which were repurchased but not cancelled in the previous financial year on 30 April 2024. The number of issued Shares as of 30 September 2024 was 696,443,096.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.dyjh.co.jp>). The interim report of the Company for the six months ended 30 September 2024 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, unless the context otherwise requires, the following words and expressions shall have the following meanings.

“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
“Group” 当社グループ又はDYJHグループ	the Company and its subsidiaries at the relevant time
“high playing cost” 高貸玉	playing cost of 4 yen per pachinko ball and 20 yen per pachislot token
“low playing cost” 低貸玉	playing cost of less than 4 yen per pachinko ball and less than 20 yen per pachislot token
“Reporting Period” 報告対象期間	the period from 1 April 2024 to 30 September 2024
“smart pachinko machine” スマートパチンコ機	a pachinko machine which can be electronically played without touching any pachinko ball circulating therein and can electronically store payout information. Since no pachinko ball is touched, it is expected there will be merits such as extermination of fraud, prevention of infectious diseases and reduction of burdens on hall staff and customers in carrying pachinko balls

“smart pachislot machine”
スマートパチスロ機

a pachislot machine which can be electronically played without any pachislot token and can electronically store payout information. Since no pachislot token is used, it is expected there will be merits such as extermination of fraud, prevention of infectious diseases and reduction of burdens on hall staff and customers in carrying pachislot tokens

“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.
Akira HOSAKA
Chairman of the Board

Tokyo, Japan, 25 November 2024

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