DYNAM JAPAN HOLDINGS Co., Ltd.

(incorporated in Japan with limited liability)

(Stock Code: 06889)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

HIGHLIGHTS

— Our gross pay-ins were ¥219,663 million (or HK$16,092 million[Δ]), recording a decrease of 42.1% as compared with the six months ended 30 September 2019;

— Our total revenue was ¥45,992 million (or HK$3,369 million[Δ]), recording a decrease of 37.9% as compared with the six months ended 30 September 2019;

— Our profit before income tax was ¥1,477 million (or HK$107 million[Δ]), recording an decrease of 88.8% as compared with the six months ended 30 September 2019;

— Our net profit for the period attributable to owners of the Company was ¥698 million (or HK$50 million[Δ]), recording an decrease of 92.0% as compared with the six months ended 30 September 2019;

— We operated 445 halls as at 30 September 2020 (449 halls as at 30 September 2019);

— Basic earnings per share of the Company were ¥0.91 (or HK$0.1[Δ]); and

— The Board has resolved to declare an interim dividend of ¥3 per ordinary share.

Δ 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).

Note: The above % increases 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 2020. 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			
	2020		2019	
	(unaudited)		(unaudited as restated)	
	(in millions)			
	¥	***HK$***	¥	*HK$*
Gross pay-ins	**219,663**	**16,092**	379,269	27,543
Less: gross payouts	**(174,408)**	**(12,777)**	(305,299)	(22,171)
Revenue from pachinko business	**45,255**	**3,315**	73,970	5,372
Revenue from aircraft leasing business	**737**	**54**	82	6
Revenue	**45,992**	**3,369**	74,052	5,378
Pachinko business expenses	**(46,396)**	**(3,399)**	(61,134)	(4,439)
Aircraft leasing expenses	**(444)**	**(32)**	(86)	(6)
General and administrative expenses	**(2,082)**	**(153)**	(2,339)	(170)
Other income	**6,142**	**450**	4,369	317
Other operating expenses	**(431)**	**(32)**	(820)	(60)
Operating profit	**2,781**	**203**	14,042	1,020
Finance income	**154**	**11**	286	21
Finance expenses	**(1,458)**	**(107)**	(1,178)	(86)
Profit before income taxes	**1,477**	**107**	13,150	955
Income taxes	**(788)**	**(58)**	(4,454)	(324)
Net profit for the period	**689**	**49**	8,696	631
Net profit attributable to:				
Owners of the Company	**698**	**50**	8,691	631
Non-controlling interests	**(9)**	**(1)**	5	∆
	689	**49**	8,696	631
Earnings per share				
Basic	**¥0.91**	**HK$0.1**	¥11.35	HK$0.8
Diluted	**¥0.91**	**HK$0.1**	¥11.35	HK$0.8
EBITDA(*)	**7,854**	**575**	19,638	1,426

* EBITDA is defined as earnings before finance costs, taxation, depreciation, amortisation, and net foreign exchange gain or loss.

∆ Less than HK$0.5 million.

	30 September 2020 (unaudited)		31 March 2020 (audited)	
	(in millions)			
	¥	***HK$***	¥	*HK$*
Non-current assets	**216,127**	**15,833**	221,441	15,783
Current assets	**80,257**	**5,880**	55,798	3,977
Current liabilities	**62,683**	**4,592**	44,028	3,138
Net current assets	**17,574**	**1,288**	11,770	839
Total assets less current liabilities	**233,701**	**17,121**	233,211	16,622
Non-current liabilities	**101,473**	**7,434**	98,479	7,018
Total equity	**132,228**	**9,687**	134,732	9,604

CHANGES IN METHOD OF PRESENTATION (REVENUES AND EXPENSES RELATED TO THE AIRCRAFT LEASING BUSINESS)

Previously, revenues related to the aircraft leasing business was included in "Other income" and cost of the aircraft leasing business was included in "Other operating expenses" in the interim condensed consolidated statement of profit or loss respectively. During the six months ended 30 September 2020, the revenues and costs related to the aircraft leasing business were increased due to the scale of expansion of the business activity. For the six months ended 30 September 2020, revenue from aircraft leasing business have been presented separately as "Revenue from aircraft leasing business" and cost of the aircraft leasing business have been presented separately as "Aircraft leasing expenses". In addition, pachinko business expenses, which was previously disclosed as "Hall operating expenses" for the six months ended 30 September 2019, have been presented as "Pachinko business expenses" for the six months ended 30 September 2020.

To reflect these changes in the presentation method, "Other income" of ¥82 million (equivalent to approximately HK$6 million) was restated in "Revenue from aircraft leasing business" and "Other operating expenses" of ¥86 million (equivalent to approximately HK$6 million) was restated in "Aircraft leasing expenses" respectively for the six months ended 30 September 2019.

The change in the presentation method has no impacts on the operating profit and net profit for the period for the six months ended 30 September 2019 and 2020.

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 445 halls as at the end of September 2020.

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.

AIRCRAFT LEASING BUSINESS

New Business for Sustainable Growth

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

Dynam Aviation

Dynam Aviation was incorporated to enter the aircraft leasing business with high growth potential. Main business is operating leases focusing on the popular narrow-body aircraft in the market.

OUR BUSINESS STATUS

PACHINKO BUSINESS

Covid-19's Impact

After April 2020, in order to deal with the expansion of the COVID-19, the government of Japan and each prefectural governor requested various business sectors including pachinko hall operators to suspend their business operations. In response to such request, we were left with no alternative but to temporarily close 436 number of pachinko halls, about 97% of all of our group's halls.

Since June 2020, all of such closed halls have resumed operations. However, the recovery of our operating revenue from July 2020 has stayed at the range from 70% to 80% of the operating revenue of the preceding financial year.

As for the prospect of the Company's financial results for the second half of the current financial year, it is expected that we will make a profit for the three-month period ending 31 December 2020 and for the three-month period ending 31 March 2021 and that we will make a profit for the financial year ending 31 March 2021. However, as the prospect of the Company' financial results for the current financial year is still unpredictable, the Company is not able to report any specific financial figures for the financial year ending 31 March 2021.

As countermeasures against the decline of operating revenue, during the first half of the current financial year, we have reduced the costs of machine, personnel costs, variable costs, and fixed costs and we will continue to reduce such costs. We intend to change our character by lowering the break-even point through productivity reform and restructuring so that we can continuously secure the stable earnings.

The Group will maximize leverage of its position as the pachinko industry's leading company in terms of the number of pachinko halls and our goal is to steadily secure profits over the long-term through multiple-hall development and low cost operations.

Initiatives to Realize 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 realize 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 realizing 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 standardized halls and acquiring other pachinko hall operators into the Group to drive an increase in the number of halls.

Opening new standardized halls

The Group is controlling its initial opening costs by standardizing 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.

Standardizing hall specifications

The Group standardizes 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 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 schemes such as share exchanges to acquire other pachinko hall operators into the Group and expand its network of halls. As an example, the Company acquired Yume Corporation into the Group through share exchange on 1 November 2015.

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 utilizing second-hand gaming machines, proper placement of distribution centers and utilization of ICT.

Using second-hand gaming machines and establishing distribution centers

The Group not only installs 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 halls. 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

Business Environment

Nowadays, the percentage of operating lease in the world's aircraft exceeds about 40%, and it is expected that the number of leased aircraft will increase at an accelerated pace in response to the increase in the number of aircraft in the world. Although the aviation industry has been hard by coronavirus, it is expected that the pace of growth will recover in the medium term as global aircraft demand recovers.

BUSINESS PLAN

The Company incorporated a subsidiary in Ireland, Dynam Aviation, in 2018. The Company intends to purchase mainly the narrow-body aircraft such as Airbus A320 and Boeing 737, and had a plan to purchase maximum of 20 aircrafts during the initial three years. Under the coronavirus environment, the Company becomes conscious to the market.

Disclosure under Rule 14.33D of the Listing Rules

(a) The aggregate number of aircraft owned by the lessor as at the end of the period from 1 April 2020 to 30 September 2020 (the "Reporting Period") with a breakdown by aircraft model, and the aggregate net book value of the aircraft.
- Number of aircraft: 3 (A321-200N (NEO): 1, A320-200N (NEO): 1, A320-200: 1)
- Net book value of the aircraft: ¥15,586M

(b) The aggregate number of aircraft committed to purchase as at the end of the Reporting Period with a breakdown by aircraft model, and the commitment amounts for future commitments.
- For the six months ended 30 September 2020, there was no aircraft committed to purchase.

(c) The aggregate number of aircraft sold for the Reporting Period.
- For the six months ended 30 September 2020, there was no aircraft sold.

(d) The aggregate net book value and the aggregate net gain or loss on disposal of aircraft for the Reporting Period.
- For the six months ended 30 September 2020, there was no disposal of aircraft.

(e) The average lease rental yield of each of (i) the operating lease business and (ii) the finance lease business in relation to aircraft leasing for the Reporting Period.
- Operating lease business: 8.8% (gross, annualized)
- Finance lease business: For the six months ended 30 September 2020, there was no revenue from the finance lease business.

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				
	2020 (unaudited)		2019 (unaudited as restated)		
	(in millions, except for percentages)				
	¥	***HK$*[(1)]**	¥	*HK$*[(2)]	changes[(3)]
Gross pay-ins					
— High playing cost halls	**119,258**	**8,737**	211,562	15,364	–43.6%
— Low playing cost halls	**100,405**	**7,355**	167,707	12,179	–40.1%
Total gross pay-ins	**219,663**	**16,092**	379,269	27,543	–42.1%
Gross payouts					
— High playing cost halls	**97,501**	**7,143**	175,248	12,727	–44.4%
— Low playing cost halls	**76,907**	**5,634**	130,051	9,444	–40.9%
Total gross payouts	**174,408**	**12,777**	305,299	22,171	–42.9%
Revenue from pachinko business					
— High playing cost halls	**21,757**	**1,594**	36,314	2,637	–40.1%
— Low playing cost halls	**23,498**	**1,721**	37,656	2,735	–37.6%
Total revenue from pachinko business	**45,255**	**3,315**	73,970	5,372	–38.8%
Revenue from aircraft leasing business	**737**	**54**	82	6	+798.8%
Total revenue	**45,992**	**3,369**	74,052	5,378	–37.9%

(1) 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).

(2) Translated into Hong Kong dollars at the rate of ¥13.77 to HK$1.00, the exchange rate prevailing on 30 September 2019 (i.e. the last business day in September 2019).

(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 2020 were as follows;

Consolidated revenue of the pachinko business and the aircraft leasing business was ¥45,992 million (equivalent to approximately HK$3,369 million), 62.1% of the same period of the previous year. Consolidated operating profit was ¥2,781 million (equivalent to approximately HK$203 million), 19.8% of the same period of the previous year. Consolidated net profit for the period was ¥689 million (equivalent to approximately HK$50 million), 7.9% of the same period of the previous year. Consolidated revenue and profits for the six months ended 30 September 2020 decreased significantly from the same period of the previous year.

Changes in method of presentation (Revenues and expenses related to the aircraft leasing business)

Previously, revenues related to the aircraft leasing business was included in "Other income" and cost of the aircraft leasing business was included in "Other operating expenses" in the interim condensed consolidated statement of profit or loss respectively. During the six months ended 30 September 2020, the revenues and costs related to the aircraft leasing business were increased due to the scale of the expansion of the business activity. For the six months ended 30 September 2020, revenue from aircraft leasing business have been presented separately as "Revenue from aircraft leasing business" and cost of the aircraft leasing business have been presented separately as "Aircraft leasing expenses". In addition, pachinko business expenses, which was previously disclosed as "Hall operating expenses" for the six months ended 30 September 2019, have been presented as "Pachinko business expenses" for the six months ended 30 September 2020.

To reflect these changes in the presentation method, "Other income" of ¥82 million (equivalent to approximately HK$6 million) was restated in "Revenue from aircraft leasing business" and "Other operating expenses" of ¥86 million (equivalent to approximately HK$6 million) was restated in "Aircraft leasing expenses" respectively for the six months ended 30 September 2019.

The change in the presentation method has no impacts on the operating profit and net profit for the period for the six months ended 30 September 2019 and 2020.

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 2020, the Group was significantly affected by the spread of the coronavirus infection (Covid-19).

In April 2020, following the Japanese government's state of emergency declaration, the prefectural governors requested pachinko halls in their respective prefectures to suspend operation. In response to these requests, 436 of the 448 pachinko halls in the Group were forced to temporarily suspend operation.

After the beginning of May, the Group's pachinko halls have resumed operations sequentially, but operating income remains at 70% to 80% of the previous year's level. In addition, the Group is striving to drastically reduce operating expenses. Going forward, the Group will continue to take thorough preventive measures against infectious diseases in the hall and strive to recover our business performance by providing a game space where customers can feel at ease.

Even in such an environment, the Group believes that it is the mission of the pachinko business to provide time and space that all employees can truly enjoy from the customer's perspective. Taking this transformational period as an opportunity, the Group will realize further corporate growth toward achieving the vision of becoming a "regional infrastructure".

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 ¥379,269 million (equivalent to approximately HK$27,543 million) and ¥219,663 million (equivalent to approximately HK$16,092 million) for the six months ended 30 September 2019 and 2020 respectively.

The decrease was primarily due to the decrease in utilisation of our machines in connection with the outbreak of the 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 decreased by ¥92,304 million (equivalent to approximately HK$6,762 million*), or 43.6%*, from ¥211,562 million (equivalent to approximately HK$15,364 million) for the six months ended 30 September 2019 to ¥119,258 million (equivalent to approximately HK$8,737 million) for the six months ended 30 September 2020.

Gross pay-ins for low playing cost halls decreased by ¥67,302 million (equivalent to approximately HK$4,931 million*), or 40.1%*, from ¥167,707 million (equivalent to approximately HK$12,179 million) for the six months ended 30 September 2019 to ¥100,405 million (equivalent to approximately HK$7,355 million) for the six months ended 30 September 2020.

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 ¥305,299 million (equivalent to approximately HK$22,171 million) and ¥174,408 million (equivalent to approximately HK$12,777 million) for the six months ended 30 September 2019 and 2020 respectively.

The decrease was primarily due to the decrease in gross pay-ins in connection with the outbreak of the coronavirus (Covid-19) during this interim period.

Our gross payouts by hall type are as follows.

Gross payouts for high playing cost halls decreased by ¥77,747 million (equivalent to approximately HK$5,696 million*), or 44.4%*, from ¥175,248 million (equivalent to approximately HK$12,727 million) for the six months ended 30 September 2019 to ¥97,501 million (equivalent to approximately HK$7,143 million) for the six months ended 30 September 2020.

Gross payouts for low playing cost halls decreased by ¥53,144 million (equivalent to approximately HK$3,893 million*), or 40.9%*, from ¥130,051 million (equivalent to approximately HK$9,444 million) for the six months ended 30 September 2019 to ¥76,907 million (equivalent to approximately HK$5,634 million) for the six months ended 30 September 2020.

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 ¥28,715 million (equivalent to approximately HK$2,104 million*), or 38.8%*, from ¥73,970 million (equivalent to approximately HK$5,372 million) for the six months ended 30 September 2019 to ¥45,255 million (equivalent to approximately HK$3,315 million) for the six months ended 30 September 2020.

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

Revenue from pachinko business for high playing cost halls decreased by ¥14,557 million (equivalent to approximately HK$1,066 million*), or 40.1%*, from ¥36,314 million (equivalent to approximately HK$2,637 million) for the six months ended 30 September 2019 to ¥21,757 million (equivalent to approximately HK$1,594 million) for the six months ended 30 September 2020. The revenue margin for the six months ended 30 September 2020 increased by 1.0 point* to 18.2% as compared with the previous interim period.

Revenue from pachinko business for low playing cost halls decreased by ¥14,158 million (equivalent to approximately HK$1,037 million*), or 37.6%*, from ¥37,656 million (equivalent to approximately HK$2,735 million) for the six months ended 30 September 2019 to ¥23,498 million (equivalent to approximately HK$1,721 million) for the six months ended 30 September 2020. The revenue margin for the six months ended 30 September 2020 increased by 0.9 point* to 23.4% as compared with the previous interim period.

PACHINKO BUSINESS EXPENSES

Pachinko business expenses for the six months ended 30 September 2020 was ¥46,396 million (equivalent to approximately HK$3,399 million), recording a decrease by ¥14,738 million (equivalent to approximately HK$1,080 million*), or 24.1%* as compared to the previous interim period.

The decrease was primarily due to the cost reduction of our pachinko business expenses in response to the significant decrease in gross pay-ins during this interim period.

Our pachinko business expenses by hall type are as follows.

Pachinko business expenses for high playing cost halls decreased by ¥6,022 million (equivalent to approximately HK$441 million*), or 22.0%*, from ¥27,319 million (equivalent to approximately HK$1,984 million) for the six months ended 30 September 2019 to ¥21,297 million (equivalent to approximately HK$1,560 million) for the six months ended 30 September 2020.

Pachinko business expenses for low playing cost halls decreased by ¥8,716 million (equivalent to approximately HK$639 million*), or 25.8%*, from ¥33,815 million (equivalent to approximately HK$2,455 million) for the six months ended 30 September 2019 to ¥25,099 million (equivalent to approximately HK$1,839 million) for the six months ended 30 September 2020.

AIRCRAFT LEASING BUSINESS

The business environment of the aircraft leasing industry as a whole during this interim period has continued to operate under a severe business environment. Aircraft operations are suspended around the world due to the spread of the new coronavirus infection, and around the world leasing companies are requested to defer leasing fees.

Under such business environment, the Group has not yet purchased new aircraft in this interim period, but we have strengthened our organization to expand our business while we have managed the three aircrafts purchased in the previous consolidated fiscal year. Furthermore, there was no deferral of lease payments during the current interim period, and there was no significant impact on business results.

In addition, our aircraft portfolio is limited to the narrow-body aircraft with high liquidity, average age is as young as 1.7 years, and average remaining lease period is as long as 5.0 years. We believe that we are in a position with a high advantage.

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 ¥655 million (equivalent to approximately HK$48 million*), or 798.8%*, from ¥82 million (equivalent to approximately HK$6 million) for the six months ended 30 September 2019 to ¥737 million (equivalent to approximately HK$54 million) for the six months ended 30 September 2020.

The increase of revenue from aircraft leasing business was primarily due to the increased number of the aircraft owned by the Group.

AIRCRAFT LEASING EXPENSES

Aircraft leasing expenses increased by ¥358 million (equivalent to approximately HK$26 million*), or 416.3%*, from ¥86 million (equivalent to approximately HK$6 million) for the six months ended 30 September 2019 to ¥444 million (equivalent to approximately HK$32 million) for the six months ended 30 September 2020.

The increase of aircraft leasing expenses was primarily due to the increased number of the aircraft owned by the Group and increased labor cost primarily due to strengthening our organization.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses decreased by ¥257 million (equivalent to approximately HK$19 million*), or 11.0%*, from ¥2,339 million (equivalent to approximately HK$170 million) for the six months ended 30 September 2019 to ¥2,082 million (equivalent to approximately HK$153 million) for the six months ended 30 September 2020.

OTHER INCOME

Other income increased by ¥1,773 million (equivalent to approximately HK$130 million*), or 40.6%*, from ¥4,369 million (equivalent to approximately HK$317 million) for the six months ended 30 September 2019 to ¥6,142 million (equivalent to approximately HK$450 million) for the six months ended 30 September 2020.

The increase was primarily due to 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 coronavirus (Covid-19) during this interim period.

OTHER OPERATING EXPENSES

Other operating expenses decreased by ¥389 million (equivalent to approximately HK$28 million*), or 47.4%*, from ¥820 million (equivalent to approximately HK$60 million) for the six months ended 30 September 2019 to ¥431 million (equivalent to approximately HK$32 million) for the six months ended 30 September 2020.

The decrease was primarily due to the decrease of impairment loss of property, plant and equipment.

FINANCE INCOME

Finance income decreased by ¥132 million (equivalent to approximately HK$10 million*), from ¥286 million (equivalent to approximately HK$21 million) for the six months ended 30 September 2019 to ¥154 million (equivalent to approximately HK$11 million) for the six months ended 30 September 2020.

FINANCE EXPENSES

Finance expenses increased by ¥280 million (equivalent to approximately HK$21 million*), from ¥1,178 million (equivalent to approximately HK$86 million) for the six months ended 30 September 2019 to ¥1,458 million (equivalent to approximately HK$107 million) for the six months ended 30 September 2020.

The increase was primarily due to the increased interest expenses of the borrowings.

* 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 2020

	Note	Six months ended 30 September 2020 ¥ million (unaudited)	2019 ¥ million (unaudited) (restated)
Revenue	4	**45,992**	74,052
Revenue from pachinko business		**45,255**	73,970
Revenue from aircraft leasing business		**737**	82
Pachinko business expenses	5	**(46,396)**	(61,134)
Aircraft leasing expenses	6	**(444)**	(86)
General and administrative expenses		**(2,082)**	(2,339)
Other income	7	**6,142**	4,369
Other operating expenses	8	**(431)**	(820)
Operating profit		**2,781**	14,042
Finance income	9	**154**	286
Finance expenses	10	**(1,458)**	(1,178)
Profit before income taxes		**1,477**	13,150
Income taxes	11	**(788)**	(4,454)
Net profit for the period		**689**	8,696
Attributable to:			
Owners of the Company		**698**	8,691
Non-controlling interests		**(9)**	5
		689	8,696
Earnings per share			
Basic (expressed in ¥)	17	**0.91**	11.35
Diluted (expressed in ¥)	17	**0.91**	11.35

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2020

	Note	Six months ended 30 September **2020** *¥ million* **(unaudited)**	2019 *¥ million* (unaudited)
Net profit for the period		**689**	8,696
Other comprehensive (loss)/income:			
Items that will not be reclassified to profit or loss:			
Changes in fair value of financial assets measured at fair value through other comprehensive income		**405**	(748)
— Income tax effect of changes in fair value of financial assets measured at fair value through other comprehensive income		**(7)**	5
		398	(743)
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(538)**	(614)
		(538)	(614)
Other comprehensive loss for the period, net of tax		**(140)**	(1,357)
Total comprehensive income for the period		**549**	7,339
Attributable to:			
Owners of the Company		**557**	7,333
Non-controlling interests		**(8)**	6
		549	7,339

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2020

	Note	**At 30 September 2020 ¥ million (unaudited)**	At 31 March 2020 ¥ million (audited)
Non-current assets			
Property, plant and equipment	*12*	**100,588**	105,206
Right-of-use assets		**79,027**	79,048
Investment properties		**2,890**	2,928
Intangible assets		**3,476**	3,623
Financial assets measured at fair value through other comprehensive income		**3,067**	2,813
Lease receivables		**5,354**	5,478
Deferred tax assets		**14,254**	14,706
Other non-current assets		**7,471**	7,639
		216,127	221,441
Current assets			
Inventories		**2,181**	3,378
Trade receivables	*13*	**396**	554
Lease receivables		**2,070**	2,137
Prizes in operation of pachinko halls		**4,430**	4,574
Other current assets		**3,340**	3,345
Cash and cash equivalents		**67,840**	41,810
		80,257	55,798
TOTAL ASSETS		**296,384**	277,239
Current liabilities			
Trade and other payables	*14*	**14,487**	14,801
Borrowings		**21,932**	3,008
Lease payables		**12,019**	12,185
Provisions		**2,493**	2,054
Income taxes payables		**3,608**	3,301
Other current liabilities		**8,144**	8,679
		62,683	44,028
Net current assets		**17,574**	11,770
Total assets less current liabilities		**233,701**	233,211

	Note	At 30 September 2020 ¥ million (unaudited)	At 31 March 2020 ¥ million (audited)
Non-current liabilities			
Deferred tax liabilities		**24**	21
Borrowings		**13,312**	10,220
Lease payables		**81,362**	81,611
Other non-current liabilities		**1,193**	1,027
Provisions		**5,582**	5,600
		101,473	98,479
NET ASSETS		**132,228**	134,732
Capital and reserves			
Share capital		**15,000**	15,000
Capital reserve		**12,023**	12,741
Treasury shares	*15*	**(37)**	–
Retained earnings		**107,717**	109,317
Other components of equity		**(2,446)**	(2,305)
Equity attributable to owners of the Company		**132,257**	134,753
Non-controlling interests		**(29)**	(21)
TOTAL EQUITY		**132,228**	134,732

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 September 2020

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 2020 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'.

The interim condensed consolidated financial information was approved and authorised for issuance by the Board of Directors on 25 November 2020.

The interim condensed consolidated financial information has been reviewed, but not audited.

2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 September 2020 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 2020 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 2020 are the same as those applied in the consolidated financial statements for the fiscal year ended 31 March 2020 except for the following.

Changes in method of presentation (Revenues and expenses related to the aircraft leasing business)

Previously, revenues from the aircraft leasing business was included in "Other income" and cost of the aircraft leasing business was included in "Other operating expenses" in the interim condensed consolidated statement of profit or loss respectively. During the six months ended 30 September 2020, the revenues and costs related to the aircraft leasing business were increased due to the scale of the expansion of the business activity. From the six months ended 30 September 2020, revenue from aircraft leasing business have been presented separately as "Revenue from aircraft leasing business" and cost of the aircraft leasing business have been presented separately as "Aircraft leasing expenses". In addition, pachinko business expenses, which was previously disclosed as "Hall operating expenses" for the six months ended 30 September 2019, have been presented as "Pachinko business expenses" from the six months ended 30 September 2020.

To reflect these changes in the presentation method, "Other income" of ¥82 million was restated in "Revenue from aircraft leasing business" and "Other operating expenses" of ¥86 million was restated in "Aircraft leasing expenses" respectively for the six months ended 30 September 2019.

The change in the presentation method has no impacts on the operating profit and net profit for the period for the six months ended 30 September 2019 and 2020.

Grants from the government

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the related costs that are intended to be compensated by the grant are recognized as expenses.

Treasury share

The Company's own equity instruments which are reacquired are recognised at cost including acquisition related costs, after tax effects, as a deduction from equity.

When the Company cancels treasury shares, carrying amount of the shares is recognised as the deduction to capital reserves.

No gain or loss is recognised in profit or loss on reacquisition, sale, or cancellation of the Group's own equity instruments. Any differences between the carrying amount and the consideration is recognised in equity.

Adoption of new and revised International Financial Reporting Standards

The following new standards and amendments have been issued and effective for annual periods beginning on 1 April 2020 with no impact on the Group's results of operations and financial positions:

— IFRS 3 (Amendment), 'Business Combinations'
— IAS 1 (Amendment), 'Presentation of Financial Statements'
— IAS 8 (Amendment), 'Accounting Policies, Changes in Accounting Estimates and Errors'

New standards, amendments to existing standards and interpretations 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 ended	Summary of new standards and amendments
IAS 1 (Amendment)	Presentation of Financial Statements	1 January 2022	31 March 2023	Classification of Liabilities as Current or Non-Current
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 IFRS 16 Leases

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 2020, 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 September 30, 2020.

4. REVENUE AND SEGMENT INFORMATION

(a) Revenue

	Six months ended 30 September	
	2020	2019
	¥ million	*¥ million*
	(unaudited)	(unaudited) (restated)
Gross pay-ins	**219,663**	379,269
Less: Gross payouts	**(174,408)**	(305,299)
Revenue from pachinko business	**45,255**	73,970
Revenue from aircraft leasing business	**737**	82
Revenue	**45,992**	74,052

'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'.

(b) 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 this consolidated financial statements.

Previously, the Group had carried on a single business geographical location for management purpose, which the operations of pachinko halls and those related services were in Japan, and all the assets were principally located in Japan. Accordingly, there was only one single reportable segment of the Group which was regularly reviewed by the chief operating decision maker.

From the six months ended 30 September 2020, management has identified and disclosed two reportable segments based on the types of services, namely 'Pachinko business' and 'Aircraft leasing business', due to the scale of the expansion of the aircraft leasing business activity.

In geographical information, 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. Revenue from external customers and non-current assets other than financial instruments and deferred tax assets of other business are disclosed as 'Japan'.

Segment information for the six months ended 30 September 2019 was also reclassified.

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 2020 and 2019 are as follows:

	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	**72**	**5**	**77**	**62**	**139**
Finance expenses	**(1,056)**	**(185)**	**(1,241)**	**–**	**(1,241)**
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**

	Six months ended 30 September 2019				
	Pachinko business	Aircraft leasing business	Segment Total	Unallocated	Total
	¥ million	*¥ million*	*¥ million*	*¥ million*	*¥ million*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	(restated)	(restated)	(restated)	(restated)	(restated)
Segment revenue from external customers	73,970	82	74,052	–	74,052
Other segment items					
Depreciation and amortisation expenses	(10,290)	(37)	(10,327)	(48)	(10,375)
Impairment loss	(302)	–	(302)	(9)	(311)
Finance income	67	100	167	73	240
Finance expenses	(976)	(20)	(996)	(1)	(997)
Segment profit	16,029	75	16,104	–	16,104
Corporate expenses					(2,954)
Profit before income taxes					13,150
Income taxes					(4,454)
Net profit for the period					8,696
Addition to non-current assets other than financial instruments and deferred tax assets	10,052	4,750	14,802	846	15,648

The segment assets and segment liabilities as at 30 September 2020 and as at 31 March 2020 are as follows:

	As at 30 September 2020				
	Pachinko business	**Aircraft leasing business**	**Segment Total**	**Unallocated**	**Total**
	¥ million	***¥ million***	***¥ million***	***¥ million***	***¥ million***
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**	**(unaudited)**
Segment assets	**239,032**	**20,585**	**259,617**	**36,767**	**296,384**
Segment liabilities	**105,593**	**20,789**	**126,382**	**37,774**	**164,156**

	As at 31 March 2020				
	Pachinko business	Aircraft leasing business	Segment Total	Unallocated	Total
	¥ million	*¥ million*	*¥ million*	*¥ million*	*¥ million*
	(audited) (restated)	(audited) (restated)	(audited) (restated)	(audited) (restated)	(audited) (restated)
Segment assets	227,613	21,625	249,238	28,001	277,239
Segment liabilities	91,311	21,651	112,962	29,545	142,507

(c) 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 2020		
	Japan	**Europe**	**Total**
	¥ million	***¥ million***	***¥ million***
	(unaudited)	**(unaudited)**	**(unaudited)**
Segment revenue from external customers	**45,255**	**737**	**45,992**

	As at 30 September 2020		
	Japan	**Europe**	**Total**
	¥ million	***¥ million***	***¥ million***
	(unaudited)	**(unaudited)**	**(unaudited)**
Segment non-current assets other than financial instruments and deferred tax assets	**164,801**	**16,175**	**180,976**

	Six months ended 30 September 2019		
	Japan	Europe	Total
	¥ million	*¥ million*	*¥ million*
	(unaudited)	(unaudited)	(unaudited)
	(restated)	(restated)	(restated)
Segment revenue from external customers	73,970	82	74,052

	As at 31 March 2020		
	Japan	Europe	Total
	¥ million	*¥ million*	*¥ million*
	(unaudited)	(unaudited)	(unaudited)
	(restated)	(restated)	(restated)
Segment non-current assets other than financial instruments and deferred tax assets	168,638	17,000	185,638

(d) 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.

5. PACHINKO BUSINESS EXPENSES

	Six months ended 30 September	
	2020	2019
	¥ million	*¥ million*
	(unaudited)	(unaudited)
Advertising expenses	**882**	1,697
Cleaning and ancillary services	**1,578**	1,903
Depreciation expenses	**4,701**	5,014
Hall staff costs	**21,639**	24,536
Pachinko and pachislot machine expenses	**5,693**	13,174
Depreciation expenses of right-of-use assets	**5,086**	5,120
Rental expenses	**39**	87
Repair and maintenance expenses	**885**	1,667
Utilities expenses	**2,544**	3,062
Others	**3,349**	4,874
	46,396	61,134

6. AIRCRAFT LEASING EXPENSES

	Six months ended 30 September	
	2020	2019
	¥ million	*¥ million*
		(unaudited)
	(unaudited)	(restated)
Depreciation expenses	**302**	32
Amortisation expenses	**54**	5
Others	**88**	49
	444	86

7. OTHER INCOME

	Six months ended 30 September	
	2020	2019
	¥ million	*¥ million*
		(unaudited)
	(unaudited)	(restated)
Commission from vending machines and in-store sales	**1,432**	2,415
Income from forfeiture of customer's membership cards	**71**	105
Income from catering services	**146**	481
Sales revenue from property held for sale	**–**	26
Revenue from finance leases	**40**	334
Net gains on disposals of used machines	**51**	142
Rental income	**307**	324
Government grants	**3,225**	–
Others	**870**	542
	6,142	4,369

8. OTHER OPERATING EXPENSES

	Six months ended 30 September	
	2020	2019
	¥ million	*¥ million*
		(unaudited)
	(unaudited)	(restated)
Disposal cost of non-financial assets	**40**	143
Impairment loss of non-financial assets	**35**	311
Cost of sales of property held for sale	**–**	5
Cost of sales of finance leases	**19**	107
Rental expenses	**63**	75
Others	**274**	179
	431	820

9. FINANCE INCOME

	Six months ended 30 September	
	2020	2019
	¥ million	*¥ million*
	(unaudited)	(unaudited)
Bank interest income	**13**	117
Finance leases interest income	**87**	81
Dividend income	**15**	18
Others	**39**	70
	154	286

10. FINANCE EXPENSES

	Six months ended 30 September	
	2020	2019
	¥ million	*¥ million*
	(unaudited)	(unaudited)
Interest expenses	**252**	40
Amortisation of syndicated bank loan charges	**32**	42
Foreign exchange loss, net	**143**	97
Interest on lease liabilities	**989**	957
Others	**42**	42
	1,458	1,178

11. 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	
	2020	2019
	¥ million	*¥ million*
	(unaudited)	(unaudited)
Current taxes	**338**	4,657
Deferred taxes	**450**	(203)
	788	4,454

12. CAPITAL COMMITMENTS

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

	At 30 September 2020 ¥ *million* (unaudited)	At 31 March 2020 ¥ *million* (audited)
Capital commitment for purchase of property, plant and equipment	**50**	55
	50	55

13. 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 2020 ¥ *million* (unaudited)	At 31 March 2020 ¥ *million* (audited)
1 to 30 days	**376**	525
31 to 60 days	**14**	15
Over 60 days	**6**	14
	396	554

14. TRADE AND OTHER PAYABLES

	At 30 September 2020 ¥ *million* (unaudited)	At 31 March 2020 ¥ *million* (audited)
Trade payables	**1,130**	1,238
Halls construction and system payables	**583**	1,129
Other tax expenses	**4,924**	3,190
Pachinko and pachislot machine payables	**974**	1,108
Accrued staff costs	**5,767**	6,363
Advertisement and promotions	**124**	191
Housing rent	**204**	213
Others	**781**	1,369
	14,487	14,801

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

	At 30 September 2020 ¥ million (unaudited)	At 31 March 2020 ¥ million (audited)
1 to 30 days	**1,083**	1,187
31 to 60 days	**5**	–
Over 60 days	**42**	51
	1,130	1,238

15. TREASURY SHARES

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

	Note	**Number of ordinary share** (unaudited)	**¥ million** (unaudited)
At 31 March 2020 and 1 April 2020		–	–
Increase in treasury shares	*(i)*	6,951,600	755
Decrease in treasury shares	*(ii)*	6,612,600	718
At 30 September 2020		339,000	37

Notes:

(i) 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.

(ii) The decrease of 6,612,600 treasury shares is due to the cancellation of shares subject to Article 178 of the Japan Company Law.

The Listing Rules of the Stock Exchange of Hong Kong 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.

16. DIVIDENDS

During the six months ended 30 September 2020 and 2019, the Company made the following distributions, which is shown in the interim condensed consolidated statement of changes in equity.

	Six months ended 30 September			
	2020		2019	
Dividends declared and paid/ payable to its shareholders by:	**Dividend per share ¥**	**Total Dividends *¥ million* (unaudited)**	Dividend per share ¥	Total Dividends *¥ million* (unaudited)
Final dividend paid	**3.00**	**2,298**	6.00	4,596
		2,298		4,596

On 25 November 2020, the Board of Directors declared an interim dividend of ¥3.00 per ordinary share of the Company, which is payable on 13 January 2021 to the shareholders of the Company.

17. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2020 *¥ million* (unaudited)	2019 *¥ million* (unaudited)
Earnings for the purpose of calculating basic earnings per share	**698**	8,691
Weighted average number of shares	**764,703,659**	765,985,896
Basic earnings per share (¥)	**0.91**	11.35

Diluted earnings per share was the same as basic earnings per share for the six months ended 30 September 2020 and 2019 as there were no dilutive potential ordinary shares in existence during the six months ended 30 September 2020 and 2019.

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. Kohei SATO had been in both roles till 26 April 2020.

However, the Board believes that Mr. Kohei SATO, 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.

On 24 April 2020, Mr. Tatsuji FUJIMOTO has been appointed as the chairman of the Board, and Mr. Makoto SAKAMATO has been appointed as the chief executive officer. From 24 June 2020, Mr. Tatsuji FUJIMOTO has retired as the chairman of the Board, and Mr. Makoto SAKAMOTO has been in both roles. However, the Board considers that this is beneficial and in the interests of the Company and the Shareholders and that a balance of power and authority are ensured for the same reasons as mentioned in the preceding paragraph.

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 2020 was held on 24 June 2020, while the AGM notice was despatched on 2 June 2020. 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 2020). 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 27 February 2020). 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, the changes in 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 are as follows:

(1) As disclosed in the announcement of the Company dated 27 April 2020, on 27 April 2020, due to health issue, Mr. Kohei SATO resigned (a) as chairman of the Board, chief executive officer, president, executive officer, member of nomination committee and member of remuneration committee of the Company, (b) chairman of the board and director of Dynam, and (c) director and chief executive officer of Dynam Hong Kong. Further, on 27 April 2020 following his resignation stated above, Mr. Kohei SATO was re-designated from an executive Director to a non-executive Director.

(2) As disclosed in the announcement of the Company dated 27 April 2020, on 27 April 2020, Mr. Tatsuji FUJIMOTO was appointed as chairman of the Board and a member of the nomination committee and the remuneration committee of the Company; and Mr. Makoto SAKAMOTO was appointed as chief executive officer and president of the Company.

(3) On 16 June 2020, Mr. Tatsuji FUJIMOTO retired as representative director, director and president of Dynam; and Mr. Akira HOSAKA was appointed as representative director and president of Dynam.

(4) As disclosed in the announcement of the Company dated 24 June 2020, on 24 June 2020, Mr. Tatsuji FUJIMOTO retired as non-executive Director, chairman of the Board, and member of nomination committee and member of remuneration committee of the Company; Mr. Noriaki USHIJIMA retired as non-executive Director; Mr. Ichiro TAKANO retired as non-executive Director, and chairman and member of audit committee of the Company; Mr. Makoto SAKAMOTO was appointed as executive Director, chairman of the Board, and member of nomination committee and remuneration committee of the Company; Mr. Akira HOSAKA was appointed as non-executive Director; Mr. Koji KATO was appointed as independent non-executive Director and member of audit committee of the Company; and Mr. Kiyohito KANDA was appointed as chairman of audit committee of the Company.

(5) Considering that the results of the Group are expected to be negatively impacted by the outbreak and expansion of the Covid-19, the Company has decided that the remuneration of each Director is reduced by 10% from May 2020 to March 2021 (the monthly remuneration in June of each Director was cut by 30%). Also, the bonus of each Director that was supposed to be paid in June 2020 was not paid.

INTERIM DIVIDENDS

The Board declared an interim dividend of ¥3 per ordinary Share in respect of the Reporting Period, payable on 13 January 2021 to the Shareholders whose names appear on the Company's share register as at the close of business on 14 December 2020. Based on the assumption that 759,003,496 Shares shall be in issue as at 14 December 2020, it is expected that the interim dividend payable will amount to approximately ¥2,277 million (equivalent to approximately HK$167 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 2020.

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$*
July 2020	211,000	5.70	5.50	1,177,722
August 2020	3,970,800	9.01	6.42	31,981,062
September 2020	2,769,800	8.10	7.64	21,863,066
	6,951,600			55,021,850

All of the above-described Shares repurchased were subsequently cancelled. The number of issued Shares as of 30 September 2020 was 759,373,296.

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 2020 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.

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. ¥13.65 to HK$1.00, the exchange rate prevailing on 30 September 2020 (i.e. the last business day in September 2020).

2. ¥13.77 to HK$1.00, the exchange rate prevailing on 30 September 2019 (i.e. the last business day in September 2019).

3. ¥14.03 to HK$1.00, the exchange rate prevailing on 31 March 2020 (i.e. the last business day in March 2020).

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.

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, 25 November 2020

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