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DYNAM JAPAN HOLDINGS Co., Ltd.

(incorporated in Japan with limited liability)

(Stock Code: 06889)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2021

HIGHLIGHTS

— Our gross pay-ins were ¥475,163 million (or HK$33,368 million[Δ]), recording a decrease of 35.2% as compared with the year ended 31 March 2020;

— Our total revenue was ¥98,602 million (or HK$6,925 million[Δ]), recording a decrease of 30.8% as compared with the year ended 31 March 2020;

— Our profit before income tax was ¥4,342 million (or HK$305 million[Δ]), recording a decrease of 77.7% as compared with the year ended 31 March 2020;

— Our net profit for the period attributable to owners of the Company was ¥2,363 million (or HK$166 million[Δ]), recording a decrease of 81.5% as compared with the year ended 31 March 2020;

— We operated 442 halls as at 31 March 2021 (448 halls as at 31 March 2020);

— Basic earnings per share of the Company were ¥3.1 (or HK$0.2[Δ]); and

— The Board has resolved to declare an final dividend of ¥2 per ordinary share. (interim: ¥3 per ordinary share).

Δ Translated into Hong Kong dollars at the rate of ¥14.24 to HK$1.00, the exchange rate prevailing on 31 March 2021 (i.e. the last business day in March 2021).

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 annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2021. The results have been audited by PricewaterhouseCoopers Aarata LLC, the Company's auditor and the audit committee of the Company (the "Audit Committee").

SUMMARY OF FINANCIAL RESULTS

	Year ended 31 March (in millions)			
	2021		2020	
	¥	***HK$***	¥	*HK$*
Gross pay-ins	**475,163**	**33,368**	732,862	52,235
Less: gross payouts	**(378,022)**	**(26,546)**	(590,943)	(42,120)
Revenue from pachinko business	**97,141**	**6,822**	141,919	10,115
Revenue from aircraft leasing business	**1,461**	**103**	564	40
Revenue	**98,602**	**6,925**	142,483	10,155
Pachinko business expenses	**(96,673)**	**(6,789)**	(121,912)	(8,689)
Aircraft leasing expenses	**(891)**	**(63)**	(399)	(28)
General and administrative expenses	**(4,340)**	**(305)**	(5,020)	(358)
Other income	**11,561**	**812**	8,446	602
Other operating expenses	**(1,531)**	**(108)**	(2,084)	(149)
Operating profit	**6,728**	**472**	21,514	1,533
Finance income	**286**	**20**	461	33
Finance expenses	**(2,672)**	**(187)**	(2,469)	(176)
Profit before income taxes	**4,342**	**305**	19,506	1,390
Income taxes	**(1,991)**	**(140)**	(6,759)	(482)
Net profit for the year	**2,351**	**165**	12,747	908
Net profit attributable to:				
Owners of the Company	**2,363**	**166**	12,748	908
Non-controlling interests	**(12)**	**(1)**	(1)	0
Net profit for the year	**2,351**	**165**	12,747	908
Earnings per share				
Basic	**¥3.1**	**HK$0.2**	¥16.6	HK$1
Diluted	**N/A**	**N/A**	N/A	N/A
EBITDA(*)	**16,781**	**1,178**	31,151	2,363

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

	As at 31 March (in millions)			
	2021		2020	
	¥	***HK$***	¥	*HK$*
Non-current assets	**209,283**	**14,697**	221,441	15,783
Current assets	**91,790**	**6,446**	55,798	3,977
Current liabilities	**59,812**	**4,200**	44,028	3,138
Net current assets	**31,978**	**2,246**	11,770	839
Total assets less current liabilities	**241,261**	**16,943**	233,211	16,622
Non-current liabilities	**109,289**	**7,675**	98,479	7,018
Total equity	**131,972**	**9,268**	134,732	9,604

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

Previously, revenue 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 consolidated statement of profit or loss respectively. During the year ended 31 March 2021, the revenue and cost related to the aircraft leasing business were increased due to the scale of the expansion of the business activity. From the year ended 31 March 2021, revenue from aircraft leasing business has been presented separately as "Revenue from aircraft leasing business" and cost of the aircraft leasing business has been presented separately as "Aircraft leasing expenses". In addition, pachinko business expenses, which was previously disclosed as "Hall operating expenses" for the year ended 31 March 2020, have been presented as "Pachinko business expenses" from the year ended 31 March 2021.

To reflect these changes in the presentation method, "Other income" of ¥564 million was restated in "Revenue from aircraft leasing business" and "Other operating expenses" of ¥399 million was restated in "Aircraft leasing expenses" respectively for the year ended 31 March 2020.

The change in the presentation method has no impacts on the operating profit and net profit for the years ended 31 March 2020 and 2021.

Note: IFRS is International Financial Reporting Standards.

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 rates (as the case may be) described below:

1. ¥14.24 to HK$1.00, the exchange rate prevailing on 31 March 2021 (i.e. the last business day in March 2021); or

2. ¥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.

BUSINESS OVERVIEW

Pachinko Business

The Group operates two types of Pachinko halls with different gaming costs, centered on promoting low playing cost games.

Chain Store Management and Growth Strategy of the Group

The Group will maximize leverage of its position as the pachinko industry's leading company in terms of the number of pachinko halls and will steadily accumulate 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 used second-hand gaming machines, established distribution centers and leveraged ICT* to streamline hall operations and optimize major costs such as gaming machine and personnel expenses, which account for approximately 60% of hall operating expenses.

■ ***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.

* *Information and communication technology*

Aircraft Leasing Business

The Company aspires to achieve a steady growth through the Aircraft Leasing Business leveraged by strong cash flow generated from the pachinko.

- ***Business Environment***

  Nowadays, the percentage of operating lease in the world's aircraft exceeds about 46%, 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 hit hard by the novel coronavirus infection, 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 aircrafts such as Airbus A320 and Boeing 737. While paying close attention to the business environment of the aviation industry, we aim to build a stable and highly profitable portfolio.

FINANCIAL REVIEW

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

	For the year ended 31 March				
	2021		2020		changes[3]
	(in millions, except for percentages)				
	¥	***HK$[1]***	¥	*HK$[2]*	%
Gross pay-ins					
— High playing cost halls	**263,337**	**18,493**	410,270	29,242	–35.8%
— Low playing cost halls	**211,826**	**14,875**	322,592	22,993	–34.3%
Total gross pay-ins	**475,163**	**33,368**	732,862	52,235	–35.2%
Gross payouts					
— High playing cost halls	**215,682**	**15,146**	340,651	24,280	–36.7%
— Low playing cost halls	**162,340**	**11,400**	250,292	17,840	–35.1%
Total gross payouts	**378,022**	**26,546**	590,943	42,120	–36.0%
Revenue from pachinko business					
— High playing cost halls	**47,655**	**3,347**	69,619	4,962	–31.5%
— Low playing cost halls	**49,486**	**3,475**	72,300	5,153	–31.6%
Total revenue from pachinko business	**97,141**	**6,822**	141,919	10,115	–31.6%
Revenue from aircraft leasing business	**1,461**	**103**	564	40	159.0%
Total revenue	**98,602**	**6,925**	142,483	10,155	–30.8%

(1) Translated into Hong Kong dollars at the rate of ¥14.24 to HK$1.00, the exchange rate prevailing on 31 March 2021(i.e. the last business day in March 2021).

(2) Translated into Hong Kong dollars at the rate of ¥14.03 to HK$1.00, the exchange rate prevailing on 31 March 2020 (i.e. the last business day in March 2020).

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

The consolidated financial results of the Group for the year ended 31 March 2021 were as follows;

Consolidated revenue from the pachinko business and the aircraft leasing business was ¥98,602 million (equivalent to approximately HK$6,925 million), 69.2% of the previous year. Consolidated operating profit was ¥6,768 million (equivalent to approximately HK$472 million), 31.5% of the previous year. Consolidated net profit for the year was ¥2,351 million (equivalent to approximately HK$165 million), 18.4% of the previous year. Consolidated revenue and net profit for the year ended 31 March 2021 decreased significantly from the previous year.

Pachinko business

Since April 2020, due to the spread of novel coronavirus infection, the Japanese government has declared a state of emergency, and prefectures have requested various industries to suspend their operation. Similar request is made to pachinko halls, which is the core business of the Group. As a result, 436 halls (about 97%) were temporarily forced to close.

The Group immediately set up a Crisis Management Committee to address the issues to manage information sharing and analysis, and the planning and implementation of countermeasures. Specifically, as infection prevention measures, the Group is implementing temperature measurement before going to work for all employees and carrying out remote work for headquarters' employees. At pachinko halls, the Group is installing thermometers, ventilation system and partitions.

After taking these measures, all pachinko halls have resumed operations since June 2020. However, operating revenue after July 2020 has only recovered to 70% to 80% of the previous year's level. Although the Group secured a surplus in the fiscal year ended 31 March 2021, we cannot say that the novel coronavirus impact has ended.

Under such circumstances, the pachinko business is expected to recover moderately after June 2021, but it will be difficult to recover to the level of the year before the outbreak of novel coronavirus during this term, and the consolidated operating revenue will be higher than the previous year (before the outbreak of novel coronavirus). It is assumed that the level will remain at 80%. The Group will continue to review the cost structure of the Group and promote reforms to a management system that can generate profits even if the consolidated operating revenue is at the level of 80% compared to the previous fiscal year.

Set out below is detailed performance of our gross pay-ins, gross payouts, and revenue for this fiscal year.

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 total gross pay-ins decreased by ¥257,699 million (equivalent to approximately HK$18,097 million*), or 35.2%*, from ¥732,862 million (equivalent to approximately HK$52,235 million) for the year ended 31 March 2020 to ¥475,163 million (equivalent to approximately HK$33,368 million) for the year ended 31 March 2021.

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

Gross pay-ins for high playing cost halls decreased by ¥146,933 million (equivalent to approximately HK$10,318 million*), or 35.8%*, from ¥410,270 million (equivalent to approximately HK$29,242 million) for the year ended 31 March 2020 to ¥263,337 million (equivalent to approximately HK$18,493 million) for the year ended 31 March 2021.

Gross pay-ins for low playing cost halls decreased by ¥110,766 million (equivalent to approximately HK$7,779 million*), or 34.3%*, from ¥322,592 million (equivalent to approximately HK$22,993 million) for the year ended 31 March 2020 to ¥211,826 million (equivalent to approximately HK$14,875 million) for the year ended 31 March 2021.

Gross payouts

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

Our total gross payouts decreased by ¥212,921 million (equivalent to approximately HK$14,952 million*), or 36.0%*, from ¥590,943 million (equivalent to approximately HK$42,120 million) for the year ended 31 March 2020 to ¥378,022 million (equivalent to approximately HK$26,546 million) for the year ended 31 March 2021.

Our gross payouts by hall type are as follows.

Gross payouts for high playing cost halls decreased by ¥124,969 million (equivalent to approximately HK$8,776 million*), or 36.7%*, from ¥340,651 million (equivalent to approximately HK$24,280 million) for the year ended 31 March 2020 to ¥215,682 million (equivalent to approximately HK$15,146 million) for the year ended 31 March 2021. The decrease was primarily due to the decrease in gross pay-ins.

Gross payouts for low playing cost halls decreased by ¥87,952 million (equivalent to approximately HK$6,176 million*), or 35.1%*, from ¥250,292 million (equivalent to approximately HK$17,840 million) for the year ended 31 March 2020 to ¥162,340 million (equivalent to approximately HK$11,400 million) for the year ended 31 March 2021. The decrease was primarily due to the decrease in gross pay-ins.

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 from pachinko business represents revenue from pachinko business divided by gross pay-ins.

Our revenue decreased by ¥44,778 million (equivalent to approximately HK$3,145 million*), or 31.6%*, from ¥141,919 million (equivalent to approximately HK$10,115 million) for the year ended 31 March 2020 to ¥97,141 million (equivalent to approximately HK$6,822 million) for the year ended 31 March 2021.

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

Revenue from pachinko business for high playing cost halls decreased by ¥21,964 million (equivalent to approximately HK$1,542 million*), or 31.5%*, from ¥69,619 million (equivalent to approximately HK$4,962 million) for the year ended 31 March 2020 to ¥47,655 million (equivalent to approximately HK$3,347 million) for the year ended 31 March 2021. The revenue margin for the year ended 31 March 2021 increased by 1.1 points to 18.1% year-on-year, reflecting decreased ratio of gross payouts to gross pay-ins.

Revenue from pachinko business for low playing cost halls decreased by ¥22,814 million (equivalent to approximately HK$1,602 million*), or 31.6%*, from ¥72,300 million (equivalent to approximately HK$5,153 million) for the year ended 31 March 2020 to ¥49,486 million (equivalent to approximately HK$3,475 million) for the year ended 31 March 2021.The revenue margin for the year ended 31 March 2021 increased by 1.0 points to 23.4% year-on-year, reflecting decreased ratio of gross payouts to gross pay-ins.

Pachinko business expenses

Pachinko business expenses for the year ended 31 March 2021 was ¥96,673 million (equivalent to approximately HK$6,789 million), recording a decrease by ¥25,239 million (equivalent to approximately HK$1,772 million*), or 20.7%* as compared to the previous fiscal year of ¥121,912 million (equivalent to approximately HK$8,689 million).

Our Pachinko business expenses by hall type are as follows.

Pachinko business expenses for high playing cost halls decreased by ¥10,115 million (equivalent to approximately HK$710 million*), or 18.6%*, from ¥54,522 million (equivalent to approximately HK$3,886 million) for the year ended 31 March 2020 to ¥44,407 million (equivalent to approximately HK$3,118 million) for the year ended 31 March 2021.

Pachinko business expenses for low playing cost halls decreased by ¥15,124 million (equivalent to approximately HK$1,062 million*), or 22.4%*, from ¥67,390 million (equivalent to approximately HK$4,803 million) for the year ended 31 March 2020 to ¥52,266 million (equivalent to approximately HK$3,670 million) for the year ended 31 March 2021.

Aircraft leasing business

The business environment of the aircraft leasing industry as a whole for the year ended 31 March 2021 has continued to operate under a severe business environment. Aircraft operations are suspended around the world due to the spread of the novel coronavirus infection, and around the world leasing companies are requested to defer leasing fees.

Under such business environment, the Group refrained from purchasing new aircrafts during the year ended 31 March 2021, 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 year ended 31 March 2021, 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 2.2 years, and average remaining lease period is as long as 4.5 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 the year ended 31 March 2021.

Revenue from aircraft leasing business

Revenue from aircraft leasing business increased by ¥897 million (equivalent to approximately HK$63 million*), or 159.0%*, from ¥564 million (equivalent to approximately HK$40 million) for the year ended 31 March 2020 to ¥1,461 million (equivalent to approximately HK$103 million) for the year ended 31 March 2021.

The increase of revenue from aircraft leasing business was due primarily to three aircrafts recorded aircraft leasing revenue throughout the fiscal year ended 31 March 2021.

Aircraft leasing expenses

Aircraft leasing expenses increased by ¥492 million (equivalent to approximately HK$35 million*), or 123.3%*, from ¥399 million (equivalent to approximately HK$28 million) for the year ended 31 March 2020 to ¥891 million (equivalent to approximately HK$63 million) for the year ended 31 March 2021.

General and administrative expenses

General and administrative expenses decreased by ¥680 million (equivalent to approximately HK$48 million*), or 13.5%*, from ¥5,020 million (equivalent to approximately HK$358 million) for the year ended 31 March 2020 to ¥4,340 million (equivalent to approximately HK$305 million) for the year ended 31 March 2021.

Other income

Other income increased by ¥3,115 million (equivalent to approximately HK$219 million*), or 36.9%*, from ¥8,446 million (equivalent to approximately HK$602 million) for the year ended 31 March 2020 to ¥11,561 million (equivalent to approximately HK$812 million) for the year ended 31 March 2021. The main reason for the increase is receiving of the government grants.

Other operating expenses

Other operating expenses decreased by ¥553 million (equivalent to approximately HK$39 million*), or 26.5%*, from ¥2,084 million (equivalent to approximately HK$149 million) for the year ended 31 March 2020 to ¥1,531 million (equivalent to approximately HK$108 million) for the year ended 31 March 2021.

Finance income

Finance income decreased by ¥175 million (equivalent to approximately HK$12 million*), or 38.0%*, from ¥461 million (equivalent to approximately HK$33 million) for the year ended 31 March 2020 to ¥286 million (equivalent to approximately HK$20 million) for the year ended 31 March 2021. The main reason of the decrease is the decrease of interest income.

Finance expenses

Finance expenses increased by ¥203 million (equivalent to approximately HK$14 million*), or 8.2%*, from ¥2,469 million (equivalent to approximately HK$176 million) for the year ended 31 March 2020 to ¥2,672 million (equivalent to approximately HK$187 million) for the year ended 31 March 2021. The main reason of the increase is the increase of interest expenses of the bank borrowings.

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2021

	Note	**2021** **¥ million**	2020 ¥ million
Revenue	7, 8	**98,602**	142,483
Revenue from pachinko business	7, 8	**97,141**	141,919
Revenue from aircraft leasing business	7, 8	**1,461**	564
Pachinko business expenses	9	**(96,673)**	(121,912)
Aircraft leasing expenses	10	**(891)**	(399)
General and administrative expenses	11	**(4,340)**	(5,020)
Other income	13(a)	**11,561**	8,446
Other operating expenses	13(b)	**(1,531)**	(2,084)
Operating profit		**6,728**	21,514
Finance income	14	**286**	461
Finance expenses	15	**(2,672)**	(2,469)
Profit before income tax		**4,342**	19,506
Income taxes	16	**(1,991)**	(6,759)
Net profit for the year		**2,351**	12,747
Net profit attributable to:			
Owners of the Company		**2,363**	12,748
Non-controlling interests		**(12)**	(1)
Net profit		**2,351**	12,747
Earnings per share	18		
Basic (¥)		**3.1**	16.6
Diluted (¥)		**3.1**	16.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2021

	Note	**2021** **¥ million**	2020 ¥ million
Net profit for the year		**2,351**	12,747
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
Changes in fair value of financial assets measured at fair value through other comprehensive income/(loss)		**526**	(921)
— Income tax effect of changes in fair value of financial assets measured at fair value through other comprehensive (loss)/income		**(33)**	45
		493	(876)
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		**409**	(304)
		409	(304)
Other comprehensive income/(loss) for the year, net of tax		**902**	(1,180)
Total comprehensive income for the year		**3,253**	11,567
Attributable to:			
Owners of the Company		**3,265**	11,567
Non-controlling interests		**(12)**	0
		3,253	11,567

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	Note	2021 ¥ million	2020 ¥ million
Non-current assets			
Property, plant and equipment		**96,415**	105,206
Right-of-use assets		**77,537**	79,048
Investment properties		**2,619**	2,928
Intangible assets		**3,348**	3,623
Financial assets measured at fair value through other comprehensive income		**3,405**	2,813
Lease receivables		**5,275**	5,478
Deferred tax assets		**13,412**	14,706
Other non-current assets		**7,272**	7,639
		209,283	221,441
Current assets			
Inventories		**5,080**	3,378
Trade receivables	*19*	**361**	554
Lease receivables		**2,007**	2,137
Prizes in operation of pachinko halls		**3,685**	4,574
Income tax receivables		**3,172**	1,894
Other current assets		**2,824**	1,451
Cash and cash equivalents		**74,661**	41,810
		91,790	55,798
TOTAL ASSETS		**301,073**	277,239
Current liabilities			
Trade and other payables	*20*	**19,997**	14,801
Borrowings		**11,380**	3,008
Lease liabilities		**12,040**	12,185
Provisions		**1,653**	2,054
Income taxes payables		**6,215**	3,301
Other current liabilities		**8,527**	8,679
		59,812	44,028
Net current assets		**31,978**	11,770
Total assets less current liabilities		**241,261**	233,211

	Note	**2021** **¥ million**	2020 ¥ million
Non-current liabilities			
Deferred tax liabilities		**56**	21
Borrowings		**22,587**	10,220
Lease liabilities		**79,899**	81,611
Other non-current liabilities		**1,150**	1,027
Provisions		**5,597**	5,600
		109,289	98,479
NET ASSETS		**131,972**	134,732
Capital and reserves			
Share capital	*21*	**15,000**	15,000
Capital reserve		**11,304**	12,741
Retained earnings		**107,104**	109,317
Other components of equity		**(1,403)**	(2,305)
Equity attributable to owners of the Company		**132,005**	134,753
Non-controlling interests		**(33)**	(21)
TOTAL EQUITY		**131,972**	134,732

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. GENERAL INFORMATION

DYNAM JAPAN HOLDINGS Co., Ltd. (the "Company") was incorporated in Japan under the Companies Act on 20 September 2011. The address of its registered office and principal place of business in Japan are 2-25-1-702 Nishi-Nippori, Arakawa-ku, Tokyo 116-0013, Japan and the principal place of business in Hong Kong is Unit 1, 32nd Floor, 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 consolidated financial statements of the Company as at 31 March 2021 consist 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 consolidated financial information was approved and authorised for issuance by the Board of Directors on 26 May 2021.

In the opinion of the directors of the Company, as at 31 March 2021, Mr. Yoji Sato and Sato Family Members are the ultimate controlling parties of the Company.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets measured at fair value through other comprehensive income and investment properties which are carried at their fair value.

3. USE OF ESTIMATES AND JUDGEMENTS

In the preparation of the Group's consolidated financial statements, 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.

4. 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 consolidated statement of profit or loss respectively. During the year ended 31 March 2021, 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 year ended 31 March 2021, 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 year ended 31 March 2020, have been presented as "Pachinko business expenses" from the year ended 31 March 2021.

To reflect these changes in the presentation method, "Other income" of ¥564 million was restated in "Revenue from aircraft leasing business" and "Other operating expenses" of ¥399 million was restated in "Aircraft leasing expenses" respectively for the year ended 31 March 2020.

The change in the presentation method has no impacts on the operating profit and net profit for the year ended 31 March 2020 and 2021.

5. 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 material 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'

6. 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 consolidated financial statements, but the Group has not early adopted are as follows. The impact to the consolidated financial statements through adoption is still under investigation 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

7. REVENUE

	2021	2020
	¥ million	*¥ million*
Gross pay-ins	**475,163**	732,862
Less: Gross payouts	**(378,022)**	(590,943)
Revenue from pachinko business	**97,141**	141,919
Revenue from aircraft leasing business	**1,461**	564
Revenue	**98,602**	142,483

'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'.

8. 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.

During the year ended 31 March 2021, the revenues and costs related to the aircraft leasing business were increased due to the scale of the expansion of the aircraft leasing business activity. The management has recognized the 'Aircraft leasing business" as a main business as well as the pachinko business and identified and disclosed two reportable segments based on the types of services, namely 'Pachinko business' and 'Aircraft leasing business' from the year ended 31 March 2021.

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 year ended 31 March 2020 was also restated.

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 year ended 31 March 2021 and 2020 are as follows:

(a) Information about revenue, profit, assets and liabilities

	Year ended 31 March 2021				
	Pachinko business ***¥ million***	**Aircraft leasing business** ***¥ million***	**Segment Total** ***¥ million***	**Unallocated** ***¥ million***	**Total** ***¥ million***
Segment revenue from external customers	**97,141**	**1,461**	**98,602**	**–**	**98,602**
Other segment items					
Depreciation and amortization expenses	**(19,618)**	**(705)**	**(20,323)**	**(71)**	**(20,394)**
Impairment loss	**(214)**	**–**	**(214)**	**(1)**	**(215)**
Finance income	**139**	**6**	**145**	**115**	**260**
Finance expenses	**(2,126)**	**(358)**	**(2,484)**	**–**	**(2,484)**
Segment profit	**9,878**	**224**	**10,102**	**–**	**10,102**
Corporate expenses					**(5,760)**
Profit before income taxes					**4,342**
Income taxes					**(1,991)**
Net profit for the year					**2,351**
Addition to non-current assets other than financial instruments and deferred tax assets	**13,257**	**–**	**13,257**	**66**	**13,323**

	Year ended 31 March 2020				
	Pachinko business *¥ million* (restated)	Aircraft leasing business *¥ million* (restated)	Segment Total *¥ million* (restated)	Unallocated *¥ million* (restated)	Total *¥ million* (restated)
Segment revenue from external customers	141,919	564	142,483	–	142,483
Other segment items					
Depreciation and amortization expenses	(20,881)	(276)	(21,157)	(109)	(21,266)
Impairment loss	(708)	–	(708)	(10)	(718)
Finance income	143	142	285	147	432
Finance expenses	(1,916)	(147)	(2,063)	(2)	(2,065)
Segment profit	25,816	161	25,977	–	25,977
Corporate expenses					(6,471)
Profit before income taxes					19,506
Income taxes					(6,759)
Net profit for the year					12,747
Addition to non-current assets other than financial instruments and deferred tax assets	17,689	17,292	34,981	972	35,953

The segment assets and segment liabilities as at 31 March 2021 and 2020 are as follows:

	As at 31 March 2021				
	Pachinko business	**Aircraft leasing business**	**Segment Total**	**Unallocated**	**Total**
	¥ million	***¥ million***	***¥ million***	***¥ million***	***¥ million***
Segment assets	**240,762**	**21,076**	**261,838**	**39,235**	**301,073**
Segment liabilities	**102,686**	**20,728**	**123,414**	**45,687**	**169,101**

	As at 31 March 2020				
	Pachinko business	Aircraft leasing business	Segment Total	Unallocated	Total
	¥ million	*¥ million*	*¥ million*	*¥ million*	*¥ million*
	(restated)	(restated)	(restated)	(restated)	(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

(b) Information about geographical areas

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.

	Year ended 31 March 2021		
	Japan	**Europe**	**Total**
	¥ million	***¥ million***	***¥ million***
Segment revenue from external customers	**97,141**	**1,461**	**98,602**

	As at 31 March 2021		
	Japan	**Europe**	**Total**
	¥ million	***¥ million***	***¥ million***
Segment non-current assets other than financial instruments and deferred tax assets	**164,099**	**16,557**	**180,656**

	Year ended 31 March 2020		
	Japan	Europe	Total
	¥ million	*¥ million*	*¥ million*
	(restated)	(restated)	(restated)
Segment revenue from external customers	141,919	564	142,483

	As at 31 March 2020		
	Japan	Europe	Total
	¥ million	*¥ million*	*¥ million*
	(restated)	(restated)	(restated)
Segment non-current assets other than financial instruments and deferred tax assets	174,699	17,000	191,699

(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.

9. PACHINKO BUSINESS EXPENSES

	2021	2020
	¥ million	*¥ million*
Advertising expenses	**1,793**	3,419
Cleaning and ancillary services	**3,130**	3,808
Depreciation expenses	**9,457**	10,224
Hall staff costs	**41,402**	47,282
Pachinko and pachislot machine expenses	**16,489**	27,753
Depreciation expenses of right-of-use assets	**9,895**	10,349
Rental expenses	**50**	169
Repair and maintenance expenses	**1,735**	3,413
Utilities expenses	**4,659**	5,554
Others	**8,063**	9,941
	96,673	121,912

10. AIRCRAFT LEASING EXPENSES

	2021	2020
	¥ million	*¥ million*
Depreciation expenses	**594**	218
Amortisation expenses	**111**	58
Others	**186**	123
	891	399

11. GENERAL AND ADMINISTRATIVE EXPENSES

	2021 **¥ million**	2020 *¥ million*
Salaries, bonus and allowances	**2,960**	3,151
Audit fee	**99**	99
Non-audit fee	**3**	3
Others	**1,278**	1,767
	4,340	5,020

12. STAFF COSTS AND DIRECTORS' EMOLUMENTS

	2021 **¥ million**	2020 *¥ million*
Salaries, bonus and allowances	**47,575**	54,170
Contribution to defined contribution retirement plans	**948**	933
	48,523	55,103

13. OTHER INCOME AND OTHER OPERATING EXPENSES

(a) Other income

	2021 **¥ million**	2020 *¥ million*
Commission from vending machines and in-store sales	**3,035**	4,729
Income from forfeiture of customer's membership cards	**146**	205
Income from catering services	**413**	918
Sales revenue from property held for sale	**21**	68
Revenue from finance leases	**116**	480
Net gains on disposals of used machines	**150**	420
Rental income	**622**	652
Government grants(*)	**5,544**	–
Others	**1,514**	974
	11,561	8,446

* Government grants related to employment or other actions regarding coronavirus (Covid-19) infection taken by the Group are recognized in profit or loss.

(b) Other operating expenses

	2021 ¥ million	2020 ¥ million
Disposal cost of non-financial assets	**225**	608
Impairment loss of non-financial assets	**215**	718
Cost of sales of property held for sale	**10**	26
Cost of sales of finance leases	**60**	180
Rental cost	**130**	130
Others	**891**	422
	1,531	2,084

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 consolidated statement of profit or loss respectively. During the year ended 31 March 2021, the revenues and costs related to the aircraft leasing business were increased due to the scale of the expansion of the business activity. The management has recognized the 'Aircraft leasing business" as a main business as well as the pachinko business and identified and disclosed two reportable segments based on the types of services, namely 'Pachinko business' and 'Aircraft leasing business' from the year ended 31 March 2021. From the year ended 31 March 2021, 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".

To reflect these changes in the presentation method, "Other income" of ¥564 million was restated in "Revenue from aircraft leasing business" and "Other operating expenses" of ¥399 million was restated in "Aircraft leasing expenses" respectively for the year ended 31 March 2020.

14. FINANCE INCOME

	2021 ¥ million	2020 ¥ million
Bank interest income	**22**	175
Finance leases interest income	**164**	173
Dividend income	**26**	29
Others	**74**	84
	286	461

15. FINANCE EXPENSES

	2021 ¥ million	2020 ¥ million
Interest expenses	**511**	185
Amortisation of syndicated loan charges	**74**	82
Foreign exchange loss, net	**31**	237
Interest on lease liabilities	**1,973**	1,880
Others	**83**	85
	2,672	2,469

16. INCOME TAXES

	2021	2020
	¥ million	*¥ million*
Current taxes — Japan Profits Tax		
Provision for the year	**686**	6,396
	686	6,396
Current taxes — Overseas		
Provision for the year	**9**	37
	9	37
Deferred taxes		
Provision for the year	**1,296**	326
Income tax expense	**1,991**	6,759

Hong Kong profits tax included in overseas taxation above has been provided at a rate of approximately 16.5% on the estimated assessable profit for the year ended 31 March 2021.

The reconciliation between the income tax expense and the product of profit before tax multiplied by the Japan Profits Tax rate is as follows:

	2021	2020
	¥ million	*¥ million*
Profit before tax	**4,342**	19,506
Japan Profits Tax rate	**31%**	31%
Tax at the domestic income tax rate	**1,366**	6,136
Tax effect of income that is not taxable	**(2)**	(10)
Tax effect of expenses that are not deductible	**506**	573
Tax effect of temporary differences not recognised	**21**	(7)
Tax losses not recognised	**178**	124
Effect of different tax rates of subsidiaries	**(103)**	(69)
Others	**25**	12
Income tax expense	**1,991**	6,759

17. DIVIDENDS

Dividends declared and paid/payable to its shareholders by:	**2021** Dividend per share ¥	**2021** Total dividends ¥ million	2020 Dividend per share ¥	2020 Total dividends ¥ million
— Interim	**3.00**	**2,278**	6.00	4,596
— Final	**2.00**	**1,505**	3.00	2,298
		3,783		6,894

On 26 May 2021, the Board of Directors declared a final dividend of ¥2.00 per ordinary share of the Company, which is payable on 25 June 2021 to the shareholders of the Company.

The amount of proposed final dividend for the year ended 31 March 2021 is based on 752,701,296 shares in issue as at 26 May 2021 when the consolidated financial statements was approved by the Board of directors.

If the Group owns any treasury shares as at 7 June 2021 when is the dividend record date, the amount of proposed final dividend represents the number of shares in issue, which exclude the number of treasury shares owned by the Group as at the date, multiplied by the amount of dividend per share.

18. EARNINGS PER SHARE

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

	2021 ***¥ million***	2020 *¥ million*
Earnings for the purpose of calculating basic earnings per share	**2,363**	12,748
Weighted average number of ordinary shares	**761,174,145**	765,985,896
Basic earnings per share (¥)	**3.1**	16.6

Diluted earnings per share was the same as basic earnings per share for the year ended 31 March 2021 and 2020 as there were no dilutive potential ordinary shares in existence during the year ended 31 March 2021 and 2020.

19. TRADE RECEIVABLES

The Group's credit terms generally range from 1 to 30 days for those trade receivables.

The gross carrying amount of trade receivable is 361 million yen as at 31 March 2021 (2020: 554 million yen).

The Group's aging analysis of trade receivables, based on invoice date, is as follows:

	2021	2020
	¥ million	*¥ million*
1 to 30 days	**343**	525
31 days to 60 days	**10**	15
Over 60 days	**8**	14
	361	554

There is no significant past due balance nor loss allowance provision recognised for trade receivables as at 31 March 2021 (2020: Nil).

20. TRADE AND OTHER PAYABLES

	2021	2020
	¥ million	*¥ million*
Trade payables	**1,032**	1,238
Halls construction and system payables	**658**	1,129
Other tax expenses	**7,245**	3,190
Pachinko and pachislot machine payables	**4,363**	1,108
Accrued staff costs	**5,395**	6,363
Advertisement and promotions	**76**	191
Housing rent	**205**	213
Others	**1,023**	1,369
	19,997	14,801

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

	2021	2020
	¥ million	*¥ million*
1 to 30 days	**1,025**	1,187
31 days to 60 days	**–**	–
Over 60 days	**7**	51
	1,032	1,238

21. TREASURY SHARES

Changes of the Company's treasury shares for the year ended 31 March 2021 are as follow.

	Note	Number of ordinary shares	¥ million
At 31 March 2020, and 1 April 2020		–	–
Increase in treasury shares	*(i)*	13,284,600	1,437
Decrease in treasury shares	*(ii)*	13,284,600	1,437
At 31 March 2021		–	–

Notes:

(i) The increase of 13,284,600 treasury shares consists of: 13,284,600 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 hold 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.

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**	**Aggregate consideration paid** *¥ million*
July 2020	211,000	16
August 2020	3,970,800	440
September 2020	2,769,800	300
October 2020	30,800	3
January 2021	2,042,000	213
February 2021	1,320,200	142
March 2021	2,940,000	323
	13,284,600	1,437

(ii) The decrease of 13,284,600 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.

CORPORATE GOVERNANCE

The Company is committed to the principles of corporate governance and corporate responsibility consistent with prudent management. The Board believes that such commitment will in the long term serve to enhance the Shareholders' value. The Company has applied the principles and adopted all code provisions, where applicable, as set out in the Code as contained in Appendix 14 to the Listing Rules as its own code of corporate governance.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the Reporting Period, the Directors consider that the Company has applied the principles and complied with all applicable code provisions set out in the Code except for the following deviations.

Code Provision E.1.3

Code provision E.1.3 stipulates that notice for an annual general meeting (the "AGM") should be sent to the shareholders at least 20 clear business days before the meeting. The AGM for the year ended 31 March 2020 was held on 24 June 2020, while the AGM notice was dispatched on 2 June 2020. The above arrangement complies with the Articles of Incorporation in respect of the minimum notice period of 21 days but the AGM notice period is less than 20 clear business days before the AGM.

Under the Companies Act and the Articles of Incorporation, the Company was 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 the notice for the AGM to be dispatched together with the audited financial statements under Japanese Generally Accepted Accounting Principles, which must be approved by the Board. On the other hand, the annual report must contain audited financial statements prepared under the IFRS as required under the Listing Rules. As a result, more time was required to finalize the annual report which accompanies the AGM notice to be dispatched to the Shareholders.

The AGM for the Reporting Period will be held on 24 June 2021 and its notice will be dispatched on 2 June 2021, which will not satisfy the minimum notice period as required by the code provision E.1.3, for the same reason as stated in the preceding paragraph.

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, the roles of the chairman and chief executive were performed by Mr. Kohei SATO until 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 Company and its subsidiaries, 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 during the Reporting Period, with over half of the Board members being independent non-executive Directors.

Mr. Kohei SATO resigned as the chairman of the Board with effect from 27 April 2020, and Mr. Tatsuji FUJIMOTO was appointed and resigned as the chairman of the Board on 27 April 2020 and 24 June 2020 respectively. Mr. Makoto SAKAMOTO has been appointed as the chairman of the Board on 24 June 2020. Mr. Kohei SATO also resigned as chief executive officer with effect from 27 April 2020 and Mr. Makoto SAKAMOTO has been appointed as the chief executive officer on the same date.

From 24 June 2020, 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.

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 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 at 1 April 2014 for Directors (last revised on 27 February 2020), executive officers and employees of the Company who are likely to have access to unpublished inside information of the Group. The Company has made specific enquiries to all of the Directors, and all 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.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Company has established the audit committee of the Company (the "Audit Committee") in accordance with the requirements of the Listing Rules. The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Kiyohito KANDA (chairman), Mr. Thomas Chun Kee YIP and Mr. Koji KATO.

The primary duties of the Audit Committee are to formulate the audit policy and audit plan, to audit the execution by Directors and executive officers of their respective duties and prepare the audit committee reports, to review the financial information and the auditor's reports and review the reports made by the internal audit team of the Group, to oversee the financial reporting process, risk management and internal control systems, and to perform other duties and responsibilities as assigned by the Board.

FINAL DIVIDEND

The Board proposed to declare a final dividend of ¥2 per ordinary Share for the Reporting Period on 26 May 2021, and the final dividend will be payable on 25 June 2021 to the Shareholders whose names appear on the Company's share register at close of business on 7 June 2021. Based on the assumption that 752,701,296 Shares shall be in issue as at 7 June 2021, it is expected that the final dividend payable will amount to approximately ¥1,505 million (equivalent to approximately HK$106 million). No Shareholder has waived or agreed to waive any dividends.

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 ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.dyjh.co.jp). The annual report of the Company for the year ended 31 March 2021 containing all the information required by the Listing Rules will be dispatched to the Shareholders and made available for review on the aforesaid websites in due course.

By order of the Board
DYNAM JAPAN HOLDINGS Co., Ltd.
Makoto SAKAMOTO
Chairman of the Board and Chief Executive Officer

Tokyo, Japan, 26 May 2021

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