DYNAM JAPAN HOLDINGS Co., Ltd.

(incorporated in Japan with limited liability)

(Stock Code: 06889)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2023

HIGHLIGHTS

— Our gross pay-ins were ¥507,852 million (or HK$29,856 million$^{\Delta}$), recording an increase of 0.2% as compared with the year ended 31 March 2022;

— Our total revenue was ¥117,206 million (or HK$6,890 million$^{\Delta}$), recording an increase of 11.5% as compared with the year ended 31 March 2022;

— Our profit before income tax was ¥3,937 million (or HK$231 million$^{\Delta}$), recording a decrease of 53.7% as compared with the year ended 31 March 2022;

— Our net profit for the period attributable to owners of the Company was ¥1,806 million (or HK$106 million$^{\Delta}$), recording a decrease of 63.9% as compared with the year ended 31 March 2022;

— We operated 429 halls as at 31 March 2023 (433 halls as at 31 March 2022);

— Basic earnings per share of the Company were ¥2.5 (or HK0.1^{\Delta}$); and

— The Board has resolved to declare a final dividend of ¥2.5 per ordinary share (interim: ¥2.5 per ordinary share).

$^{\Delta}$ Translated into Hong Kong dollars at the rate of ¥17.01 to HK$1.00, the exchange rate prevailing on 31 March 2023 (i.e. the last business day in March 2023).

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

The board (the "Board") of directors (the "Directors") of DYNAM JAPAN HOLDINGS Co., Ltd. (the "Company") is pleased to announce the annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2023. The results have been audited by PricewaterhouseCoopers Aarata LLC, the Company's auditor and the audit committee of the Company (the "Audit Committee").

CURRENCY TRANSLATIONS

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

1. ¥17.01 to HK$1.00, the exchange rate prevailing on 31 March 2023 (i.e. the last business day in March 2023).

2. ¥15.64 to HK$1.00, the exchange rate prevailing on 31 March 2022 (i.e. the last business day in March 2022).

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 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 Realise Everyday Entertainment

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

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

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

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

SUSTAINABLE GROWTH IN PROFITS

Multiple-Hall Development and Low-Cost Operations Based on Chain Store Management

Multiple-hall development

- Open new standardized halls
- Acquire other pachinko hall operators into the Group

Low-cost operations

- Introduce second-hand gaming machines proactively
- Operate flexibly halls using proprietary distribution centers
- Improve efficiency using information and communication technology ("ICT")

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.

AIRCRAFT LEASING BUSINESS

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

BUSINESS ENVIRONMENT

During the Reporting Period, in the airline industry, due to the relaxation of entry restrictions, passenger demand has shown signs of picking up, especially in Europe and the United States. In such an environment, demand for aircraft leasing which plays an important role in providing funds and liquidity to airlines, is on a recovery trend and is expected to increase in the medium term.

RECENT ACTIVITIES

During the Reporting Period, the Company acquired three aircraft for operating lease via sale and leaseback transaction. As of 31 March 2023, the Company had six owned aircraft, the aggregate net book value of the aircraft was ¥41,130 million, the weighted average age was 2.1 years, and the weighted average remaining lease term was 5.3 years. As of 31 March, 2023, the Company had committed to acquire two new aircraft which amount is ¥16,292 million.

The composition of the owned aircraft and committed aircraft as of 31 March, 2023:

Aircraft type	Owned aircraft	Committed aircraft	Total
Airbus A320 series	6	2	8

During the Reporting Period, there was no sale and disposal of aircraft.

All aircraft on lease are operating leases, there was no deferral of lease payments, and the average lease yield of the operating lease was 8.1%.

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				
	2023		2022		Changes[3]
	(in millions, except for percentages)				
	¥	***HK$[1]***	¥	*HK$[2]*	%
Gross pay-ins					
— High playing cost halls	**274,204**	**16,120**	283,647	18,136	-3.3%
— Low playing cost halls	**233,648**	**13,736**	223,302	14,278	4.6%
Total gross pay-ins	**507,852**	**29,856**	506,949	32,414	0.2%
Gross payouts					
— High playing cost halls	**218,211**	**12,829**	232,354	14,856	-6.1%
— Low playing cost halls	**175,310**	**10,306**	171,007	10,934	2.5%
Total gross payouts	**393,521**	**23,135**	403,361	25,790	-2.4%
Revenue from pachinko business					
— High playing cost halls	**55,993**	**3,291**	51,293	3,280	9.2%
— Low playing cost halls	**58,338**	**3,430**	52,295	3,344	11.6%
Total revenue from pachinko business	**114,331**	**6,721**	103,588	6,624	10.4%
Revenue from aircraft leasing business	**2,875**	**169**	1,553	99	85.1%
Total revenue	**117,206**	**6,890**	105,141	6,723	11.5%

(1) Translated into Hong Kong dollars at the rate of ¥17.01 to HK$1.00, the exchange rate prevailing on 31 March 2023 (i.e. the last business day in March 2023).

(2) Translated into Hong Kong dollars at the rate of ¥15.64 to HK$1.00, the exchange rate prevailing on 31 March 2022 (i.e. the last business day in March 2022).

(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 2023 were as follows;

Consolidated revenue from the pachinko business and the aircraft leasing business was ¥117,206 million (equivalent to approximately HK$6,890 million), 111.5% of the previous year. Consolidated operating profit was ¥6,764 million (equivalent to approximately HK$398 million), 63.5% of the previous year. Consolidated net profit for the year was ¥1,798 million (equivalent to approximately HK$106 million), 36.1% of the previous year. Consolidated revenue for the year ended 31 March 2023 increased from the previous year while net profit for the year ended 31 March 2023 decreased from the previous year.

Pachinko business

In the year ended 31 March 2023, although the spread of the coronavirus (COVID-19) was periodically recurring, restrictions on activities were eased in phases under the “With Corona Policy” (“New Normal Policy”) and the flow of people and consumption activities were gradually returning to normal. On the other hand, the economic outlook remained uncertain due to lingering effects relating to the situation in Ukraine, a continuous increase in prices of materials and energy costs, and so forth.

In the pachinko industry, amid a situation where the market size was in decline due to continuous closure and discontinuance of business, operating revenue was on the rise thanks to the arrival of many popular pachinko and pachislot machines pursuant to new rules and regulations,etc. Moreover, the smart pachislot in the progress of installation from November 2022 drew a lot of attention from customers and a positive sign was appearing in the market along with the smart pachinko expected to be installed from April 2023.

As for profit or loss for the Group, while increased operating revenue was secured, profit decreased because of a huge increase in operating expenses due to a rise in depreciation expenses of pachinko and pachislot machines and unprecedented skyrocketing utilities expenses even though the Group made headway in low-cost operation and tried to improve profitability through closure of unprofitable halls.

Under this environment, we will continue to review the cost structure of the Group and make efforts to strengthen profitability with steady preparations for the smart pachinko starting from April 2023.

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 increased by ¥903 million (equivalent to approximately HK$53 million*), or 0.2%*, from ¥506,949 million (equivalent to approximately HK$32,414 million) for the year ended 31 March 2022 to ¥507,852 million (equivalent to approximately HK$29,856 million) for the year ended 31 March 2023.

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

Gross pay-ins for high playing cost halls decreased by ¥9,443 million (equivalent to approximately HK$555 million*), or 3.3%*, from ¥283,647 million (equivalent to approximately HK$18,136 million) for the year ended 31 March 2022 to ¥274,204 million (equivalent to approximately HK$16,120 million) for the year ended 31 March 2023.

Gross pay-ins for low playing cost halls increased by ¥10,346 million (equivalent to approximately HK$608 million*), or 4.6%*, from ¥223,302 million (equivalent to approximately HK$14,278 million) for the year ended 31 March 2022 to ¥233,648 million (equivalent to approximately HK$13,736 million) for the year ended 31 March 2023.

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 ¥9,840 million (equivalent to approximately HK$578 million*), or 2.4%*, from ¥403,361 million (equivalent to approximately HK$25,790 million) for the year ended 31 March 2022 to ¥393,521 million (equivalent to approximately HK$23,135 million) for the year ended 31 March 2023.

Our gross payouts by hall type are as follows.

Gross payouts for high playing cost halls decreased by ¥14,143 million (equivalent to approximately HK$831 million*), or 6.1%*, from ¥232,354 million (equivalent to approximately HK$14,856 million) for the year ended 31 March 2022 to ¥218,211 million (equivalent to approximately HK$12,829 million) for the year ended 31 March 2023. The decrease was primarily due to the decrease in gross pay-ins.

Gross payouts for low playing cost halls increased by ¥4,303 million (equivalent to approximately HK$253 million*), or 2.5%*, from ¥171,007 million (equivalent to approximately HK$10,934 million) for the year ended 31 March 2022 to ¥175,310 million (equivalent to approximately HK$10,306 million) for the year ended 31 March 2023. The increase was primarily due to the increase 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 increased by ¥10,743 million (equivalent to approximately HK$631 million*), or 10.4%*, from ¥103,588 million (equivalent to approximately HK$6,624 million) for the year ended 31 March 2022 to ¥114,331 million (equivalent to approximately HK$6,721 million) for the year ended 31 March 2023.

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

Revenue from pachinko business for high playing cost halls increased by ¥4,700 million (equivalent to approximately HK$276 million*), or 9.2%*, from ¥51,293 million (equivalent to approximately HK$3,280 million) for the year ended 31 March 2022 to ¥55,993 million (equivalent to approximately HK$3,291 million) for the year ended 31 March 2023. The revenue margin for the year ended 31 March 2023 increased by 2.3 points to 20.4% year-on-year.

Revenue from pachinko business for low playing cost halls increased by ¥6,043 million (equivalent to approximately HK$355 million*), or 11.6%*, from ¥52,295 million (equivalent to approximately HK$3,344 million) for the year ended 31 March 2022 to ¥58,338 million (equivalent to approximately HK$3,430 million) for the year ended 31 March 2023. The revenue margin for the year ended 31 March 2023 increased by 1.6 points to 25.0% year-on-year.

Pachinko business expenses

Pachinko business expenses for the year ended 31 March 2023 was ¥110,484 million (equivalent to approximately HK$6,494 million), recording an increase by ¥16,534 million (equivalent to approximately HK$972 million*), or 17.6%* as compared to the previous fiscal year of ¥93,950 million (equivalent to approximately HK$6,007 million). The increase in pachinko business expenses was due primarily to an increase in depreciation expenses of pachinko and pachislot machines and utilities expenses at halls.

Our Pachinko business expenses by hall type are as follows.

Pachinko business expenses for high playing cost halls increased by ¥7,877 million (equivalent to approximately HK$463 million*), or 18.6%*, from ¥42,421 million (equivalent to approximately HK$2,712 million) for the year ended 31 March 2022 to ¥50,298 million (equivalent to approximately HK$2,957 million) for the year ended 31 March 2023.

Pachinko business expenses for low playing cost halls increased by ¥8,657 million (equivalent to approximately HK$509 million*), or 16.8%*, from ¥51,529 million (equivalent to approximately HK$3,295 million) for the year ended 31 March 2022 to ¥60,186 million (equivalent to approximately HK$3,537 million) for the year ended 31 March 2023.

Aircraft leasing business

As for aircraft leasing business, the Group purchased 3 new aircraft during this reporting period, resulting in its owning 6 aircraft.

The Group will make efforts to secure and expand medium- and long-term stable revenue by working on development of an in-house system to manage lease assets.

Set out below is detailed performance of revenue from aircraft leasing business and aircraft leasing expenses for the year ended 31 March 2023.

Revenue from aircraft leasing business

Revenue from aircraft leasing business increased by ¥1,322 million (equivalent to approximately HK$78 million*), or 85.1%*, from ¥1,553 million (equivalent to approximately HK$99 million) for the year ended 31 March 2022 to ¥2,875 million (equivalent to approximately HK$169 million) for the year ended 31 March 2023.

The increase in revenue from aircraft leasing business was due primarily to the start of new lease for new aircraft acquired during this reporting period.

Aircraft leasing expenses

Aircraft leasing expenses increased by ¥873 million (equivalent to approximately HK$51 million*), or 90.8%*, from ¥961 million (equivalent to approximately HK$61 million) for the year ended 31 March 2022 to ¥1,834 million (equivalent to approximately HK$108 million) for the year ended 31 March 2023.

The increase in expenses from aircraft leasing business was due primarily to the start of new lease for new aircraft acquired during this reporting period.

General and administrative expenses

General and administrative expenses increased by ¥30 million (equivalent to approximately HK$2 million*), or 0.7%*, from ¥4,279 million (equivalent to approximately HK$274 million) for the year ended 31 March 2022 to ¥4,309 million (equivalent to approximately HK$253 million) for the year ended 31 March 2023.

Other income

Other income decreased by ¥451 million (equivalent to approximately HK$27 million*), or 4.9%*, from ¥9,114 million (equivalent to approximately HK$583 million) for the year ended 31 March 2022 to ¥8,663 million (equivalent to approximately HK$509 million) for the year ended 31 March 2023.

Other operating expenses

Other operating expenses decreased by ¥1,933 million (equivalent to approximately HK$114 million*), or 43.8%*, from ¥4,411 million (equivalent to approximately HK$283 million) for the year ended 31 March 2022 to ¥2,478 million (equivalent to approximately HK$146 million) for the year ended 31 March 2023. The main reason for the decrease was a decrease in impairment of property, plant and equipment.

Finance income

Finance income increased by ¥24 million (equivalent to approximately HK$1 million*), or 5.6%*, from ¥426 million (equivalent to approximately HK$27 million) for the year ended 31 March 2022 to ¥450 million (equivalent to approximately HK$26 million) for the year ended 31 March 2023.

Finance expenses

Finance expenses increased by ¥706 million (equivalent to approximately HK$42 million*), or 27.5%*, from ¥2,571 million (equivalent to approximately HK$164 million) for the year ended 31 March 2022 to ¥3,277 million (equivalent to approximately HK$193 million) for the year ended 31 March 2023. The main reason for the increase was an increase in interest expenses on 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 2023

	Note	**2023** **¥ million**	2022 ¥ million
Revenue	6	**117,206**	105,141
Revenue from pachinko business		**114,331**	103,588
Revenue from aircraft leasing business		**2,875**	1,553
Pachinko business expenses	8	**(110,484)**	(93,950)
Aircraft leasing expenses	9	**(1,834)**	(961)
General and administrative expenses		**(4,309)**	(4,279)
Other income		**8,663**	9,114
Other operating expenses		**(2,478)**	(4,411)
Operating profit		**6,764**	10,654
Finance income		**450**	426
Finance expenses		**(3,277)**	(2,571)
Profit before income tax		**3,937**	8,509
Income taxes	10	**(2,139)**	(3,532)
Net profit for the year		**1,798**	4,977
Net profit attributable to:			
Owners of the Company		**1,806**	4,997
Non-controlling interests		**(8)**	(20)
Net profit		**1,798**	4,977
Earnings per share	12		
Basic (¥)		**2.5**	6.8
Diluted (¥)		**2.5**	6.8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Note	**2023** **¥ million**	2022 ¥ million
Net profit for the year		**1,798**	4,977
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Revaluation surplus for properties		**158**	–
— Income tax effect arising from revaluation surplus for properties		**(50)**	–
Changes in fair value of financial assets measured at fair value through other comprehensive income		**(596)**	(1,650)
— Income tax effect of changes in fair value of financial assets measured at fair value through other comprehensive income		**(30)**	3
		(518)	(1,647)
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		**1,871**	2,128
Cash flow hedge		**(1,196)**	–
— Income tax effect of changes in cash flow hedge		**152**	–
		827	2,128
Other comprehensive income for the year, net of tax		**309**	481
Total comprehensive income for the year		**2,107**	5,458
Attributable to:			
Owners of the Company		**2,115**	5,480
Non-controlling interests		**(8)**	(22)
		2,107	5,458

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

	Note	**2023** **¥ million**	2022 ¥ million
Non-current assets			
Property, plant and equipment		**146,876**	118,648
Right-of-use assets		**76,741**	73,850
Investment properties		**4,119**	3,263
Intangible assets		**3,730**	3,440
Financial assets measured at fair value through other comprehensive income		**1,706**	2,255
Lease receivables		**6,681**	6,483
Deferred tax assets		**9,811**	10,964
Other non-current assets		**6,778**	7,031
		256,442	225,934
Current assets			
Inventories		**1,616**	1,064
Trade receivables	*14*	**407**	332
Lease receivables		**1,880**	1,977
Prizes in operation of pachinko halls		**2,896**	2,921
Income taxes receivables		**804**	671
Other current assets		**1,958**	4,014
Cash and cash equivalents		**59,605**	56,508
		69,166	67,487
TOTAL ASSETS		**325,608**	293,421
Current liabilities			
Trade and other payables	*13*	**14,732**	12,312
Borrowings		**16,629**	12,945
Lease liabilities		**10,749**	11,245
Provisions		**1,540**	1,386
Income taxes payables		**600**	844
Other current liabilities		**9,590**	8,592
		53,840	47,324
Net current assets		**15,326**	20,163
Total assets less current liabilities		**271,768**	246,097

	Note	2023 ¥ million	2022 ¥ million
Non-current liabilities			
Deferred tax liabilities		**30**	116
Borrowings		**55,538**	30,196
Lease liabilities		**80,948**	78,017
Other non-current liabilities		**1,137**	1,170
Provisions		**5,688**	5,616
		143,341	115,115
NET ASSETS		**128,427**	130,982
Capital and reserves			
Share capital		**15,000**	15,000
Capital reserve		**7,129**	8,152
Treasury shares		**(70)**	(35)
Retained earnings		**106,977**	108,840
Other components of equity		**(611)**	(920)
Equity attributable to owners of the Company		**128,425**	131,037
Non-controlling interests		**2**	(55)
TOTAL EQUITY		**128,427**	130,982

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

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 2023 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 24 May 2023.

In the opinion of the directors of the Company, as at 31 March 2023, 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. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The following new amendments to existing standards have been issued and effective for annual periods beginning on 1 April 2022 with no material impact on the Group's results of operations and financial positions:

— IAS 37 (Amendment), 'Provisions, Contingent Liabilities and Contingent Assets'

— IFRSs (Amendment), 'Annual Improvements to IFRSs 2018–2020 Cycles'

— IAS 16 (Amendment), 'Property, Plant and Equipment'

— IFRS 3 (Amendment), 'Business Combinations'

5. 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 ending	Summary of new standards and amendments
IAS 1 (Amendment)	Presentation of Financial Statements	1 January 2023	31 March 2024	Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies
IAS 8 (Amendment)	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023	31 March 2024	Clarification of the Definition of Accounting estimates
IAS 12 (Amendment)	Income Taxes	1 January 2023	31 March 2024	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
IFRS 10 (Amendment)	Consolidated Financial Statements	To be determined	To be determined	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture
IAS 28 (Amendment)	Investments in Associates and Joint Ventures	To be determined	To be determined	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture

6. REVENUE

	2023	2022
	¥ million	*¥ million*
Gross pay-ins	**507,852**	506,949
Less: Gross payouts	**(393,521)**	(403,361)
Revenue from pachinko business	**114,331**	103,588
Revenue from aircraft leasing business	**2,875**	1,553
Revenue	**117,206**	105,141

'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'.

7. 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.

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

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

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

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

The segment information provided to the executive directors for the year ended 31 March 2023 and 2022 are as follows:

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

	Year ended 31 March 2023				
	Pachinko business	**Aircraft leasing business**	**Segment Total**	**Unallocated**	**Total**
	¥ million	***¥ million***	***¥ million***	***¥ million***	***¥ million***
Segment revenue from external customers	**114,331**	**2,875**	**117,206**	**–**	**117,206**
Other segment items					
Depreciation and amortization expenses	**(45,518)**	**(1,404)**	**(46,922)**	**(58)**	**(46,980)**
Impairment loss	**(257)**	**–**	**(257)**	**–**	**(257)**
Finance income	**200**	**91**	**291**	**159**	**450**
Finance expenses	**(2,254)**	**(701)**	**2,955**	**(322)**	**(3,277)**
Segment profit	**5,006**	**442**	**5,448**	**–**	**5,448**
Corporate expenses					**(1,511)**
Profit before income taxes					**3,937**
Income taxes					**(2,139)**
Net profit for the year					**1,798**
Addition to non-current assets other than financial instruments and deferred tax assets	**56,765**	**24,249**	**81,014**	**16**	**81,030**

	Year ended 31 March 2022				
	Pachinko business	Aircraft leasing business	Segment Total	Unallocated	Total
	¥ million	*¥ million*	*¥ million*	*¥ million*	*¥ million*
Segment revenue from external customers	103,588	1,553	105,141	–	105,141
Other segment items					
Depreciation and amortisation expenses	(30,589)	(750)	(31,339)	(50)	(31,389)
Impairment loss	(2,430)	–	(2,430)	–	(2,430)
Finance income	247	1	248	178	426
Finance expenses	(2,227)	(343)	(2,570)	(1)	(2,571)
Segment profit	9,400	252	9,652	–	9,652
Corporate expenses					(1,143)
Profit before income taxes					8,509
Income taxes					(3,532)
Net profit for the year					4,977
Addition to non-current assets other than financial instruments and deferred tax assets	55,336	–	55,336	2	55,338

The segment assets and segment liabilities as at 31 March 2023 and 2022 are as follows:

	As at 31 March 2023				
	Pachinko business	**Aircraft leasing business**	**Segment Total**	**Unallocated**	**Total**
	¥ million	***¥ million***	***¥ million***	***¥ million***	***¥ million***
Segment assets	**254,970**	**47,282**	**302,252**	**23,356**	**325,608**
Segment liabilities	**113,374**	**45,471**	**158,845**	**38,336**	**197,181**

	As at 31 March 2022				
	Pachinko business	Aircraft leasing business	Segment Total	Unallocated	Total
	¥ million	*¥ million*	*¥ million*	*¥ million*	*¥ million*
Segment assets	243,962	22,431	266,393	27,028	293,421
Segment liabilities	104,846	20,761	125,607	36,832	162,439

(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 2023		
	Japan	**Europe**	**Total**
	¥ million	***¥ million***	***¥ million***
Segment revenue from external customers	**114,331**	**2,875**	**117,206**

	As at 31 March 2023		
	Japan	**Europe**	**Total**
	¥ million	***¥ million***	***¥ million***
Segment non-current assets other than financial instruments and deferred tax assets	**190,278**	**41,717**	**231,995**

	Year ended 31 March 2022		
	Japan	Europe	Total
	¥ million	*¥ million*	*¥ million*
Segment revenue from external customers	103,588	1,553	105,141

	As at 31 March 2022		
	Japan	Europe	Total
	¥ million	*¥ million*	*¥ million*
Segment non-current assets other than financial instruments and deferred tax assets	182,315	17,488	199,803

(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.

8. PACHINKO BUSINESS EXPENSES

	2023	2022
	¥ million	*¥ million*
Advertising expenses	**2,980**	2,849
Cleaning and ancillary services	**2,438**	2,435
Depreciation expenses	**36,240**	21,019
Hall staff costs	**37,413**	39,656
Pachinko and pachislot machine expenses	**3,844**	3,229
Depreciation expenses of right-of-use assets	**8,969**	9,274
Rental expenses	**56**	117
Repair and maintenance expenses	**2,602**	2,265
Utilities expenses	**7,257**	5,088
Others	**8,685**	8,018
	110,484	93,950

The increase in pachinko business expenses was mainly due to an increase in depreciation expenses of pachinko and pachislot machines and utilities expenses at halls.

9. AIRCRAFT LEASING EXPENSES

	2023	2022
	¥ million	*¥ million*
Depreciation expenses	**1,254**	632
Amortisation expenses	**150**	118
Others	**430**	211
	1,834	961

10. INCOME TAXES

	2023	2022
	¥ million	*¥ million*
Current taxes — Japan Profits Tax		
Provision for the year	**814**	876
Under-provision in prior years	**–**	7
	814	883
Current taxes — Overseas		
Provision for the year	**33**	2
	33	2
Deferred taxes		
Provision for the year	**1,292**	2,647
Income tax expense	**2,139**	3,532

Ireland Profits Tax included in overseas taxation above has been provided at rates of 25.0% on the estimated assessable profit for the year ended 31 March 2022 and 2023. No provision for Hong Kong Profits Tax has been made for the year ended 31 March 2022 and 2023 as the Group did not generate any assessable profits arising in Hong Kong during that year.

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

	2023	2022
	¥ million	*¥ million*
Profit before tax	**3,937**	8,509
Japan Profits Tax rate	**31%**	31%
Tax at the domestic income tax rate	**1,239**	2,677
Tax effect of income that is not taxable	**(82)**	(2)
Tax effect of expenses that are not deductible	**679**	556
Tax effect of temporary differences not recognised	**20**	275
Tax losses not recognised	**333**	74
Under provision in prior years	**–**	7
Effect of different tax rates of subsidiaries	**(61)**	(51)
Others	**11**	(4)
Income tax expense	**2,139**	3,532

11. DIVIDENDS

Dividends declared and paid/ payable to its shareholders by:	**2023 Dividend per share ¥**	**Total dividends *¥ million***	2022 Dividend per share ¥	Total dividends *¥ million*
— Interim	**2.50**	**1,791**	2.40	1,756
— Final	**2.50**	**1,783**	2.60	1,878
		3,574		3,634

On 24 May 2023, the Board of Directors declared a final dividend of ¥2.50 per ordinary share of the Company, which is payable on 23 June 2023 to the shareholders of the Company.

The amount of proposed final dividend for the year ended 31 March 2023 is based on 713,486,296 shares in issue as at 24 May 2023 when the consolidated financial statements were approved by the Board of directors.

If the Group owns any treasury shares as at 5 June 2023 when is the dividend record date, the amount of proposed final dividend represents the number of shares in issue, which excludes the number of treasury shares owned by the Group as at the date, multiplied by the amount of dividend per share.

12. EARNINGS PER SHARE

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

	2023	2022
	¥ million	*¥ million*
Earnings for the purpose of calculating basic earnings per share	**1,806**	4,997
Weighted average number of ordinary shares	**718,357,825**	737,594,048
Basic earnings per share (¥)	**2.5**	6.8

Diluted earnings per share was the same as basic earnings per share for the year ended 31 March 2023 and 2022 as there were no dilutive potential ordinary shares in existence during the year ended 31 March 2023 and 2022.

13. TRADE AND OTHER PAYABLES

	2023	2022
	¥ million	*¥ million*
Trade payables	**985**	977
Halls construction and system payables	**1,390**	651
Other tax expenses	**2,613**	1,738
Pachinko and pachislot machine payables	**3,801**	2,258
Accrued staff costs	**4,886**	5,365
Advertisement and promotions	**152**	104
Housing rent	**193**	195
Others	**712**	1,024
	14,732	12,312

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

	2023	2022
	¥ million	*¥ million*
1 to 30 days	**985**	973
31 days to 60 days	**–**	–
Over 60 days	**–**	4
	985	977

14. TRADE RECEIVABLES

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

	2023	2022
	¥ million	*¥ million*
1 to 30 days	**384**	327
31 days to 60 days	**14**	–
Over 60 days	**9**	5
	407	332

There is no significant past due balance nor loss allowance provision recognised for trade receivables as at 31 March 2023 (2022: Nil).

15. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period.

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 Part 2 of the Code except for the following deviations.

Code Provision C.2.1

Code provision C.2.1 as set out in Part 2 of the Code 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. Makoto SAKAMOTO.

However, the Board believes that Mr. Makoto SAKAMOTO, in his dual capacity as the chairman of the Board and chief executive, provided strong and consistent leadership for the development of the 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.

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 on 1 April 2014 for Directors (last revised on 17 June 2022), 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.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Company has established 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 include, but not limited to, the following: (i) to formulate the audit policy and audit plan; (ii) to audit the execution by Directors and executive officers of their respective duties and prepare the Audit Committee's reports; (iii) to review the financial information and the auditor's reports and review the reports made by the internal audit team of the Group; (iv) to oversee the financial reporting process, risk management and internal control systems; and (v) to perform other duties and responsibilities as assigned by the Board.

FINAL DIVIDEND

The Board proposed to declare a final dividend of ¥2.5 per ordinary Share for the Reporting Period on 24 May 2023, and the final dividend will be payable on 23 June 2023 to the Shareholders whose names appear on the Company's share register at close of business on 5 June 2023. Based on the assumption that 713,486,296 Shares shall be in issue as at 5 June 2023, it is expected that the final dividend payable will amount to approximately ¥1,783 million (equivalent to approximately HK$105 million). No Shareholder has waived or agreed to waive any dividends.

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

During the Reporting Period, the Company repurchased its Shares on the Hong Kong 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$*
May 2022	1,000	6.72	6.72	6,720
June 2022	1,404,000	6.98	6.71	9,712,432
July 2022	2,428,000	7.19	7.00	17,328,470
August 2022	766,800	7.00	6.05	5,038,186
September 2022	718,000	6.25	5.78	4,401,798
October 2022	646,000	6.10	5.62	3,842,084
November 2022	169,800	5.12	4.98	859,022
December 2022	53,600	5.40	5.15	279,490
February 2023	1,167,400	5.40	5.07	6,140,530
March 2023	1,724,600	5.33	5.10	9,063,530
	9,079,200			56,672,262

All of the above-described Shares repurchased were subsequently cancelled. The number of issued Shares as of 31 March 2023 and as at the date of this report was 714,275,096 and 713,486,296 respectively.

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 2023 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.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings.

"Aircraft Leasing Business" 航空機リース事業	the business of (a) acquisition of aircraft; (b) leasing of aircraft (including operating leases and finance leases (which include financing arrangements in sale and leaseback transactions)); and (c) disposal of aircraft
"Board" 当社取締役会	the board of Directors of the Company
"Code" CGコード	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules as applicable from time to time
"Companies Act" 会社法	the Companies Act of Japan (Act No. 86 of 2005, as amended)
"Company" 当社	DYNAM JAPAN HOLDINGS Co., Ltd., a stock company incorporated in Japan with limited liability
"Director(s)" 当社取締役	the director(s) of the Company
"Group" 当社グループ又は DYJHグループ	the Company and its subsidiaries at the relevant time

"Listing Rules" 上場規則	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended from time to time)
"Model Code" モデルコード	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Reporting Period" 報告対象期間	the period from 1 April 2022 to 31 March 2023
"Yume Corporation" 夢コーポレーション	Yume Corporation Co., Ltd., a stock company incorporated in Japan with limited liability. Yume Corporation is a wholly-owned subsidiary of the Company

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

Tokyo, Japan, 24 May 2023

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.