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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 2025**

HIGHLIGHTS

- Our total revenue was ¥126,076 million (or HK\$6,560 million[△]), recording an decrease of 3.3% as compared with the year ended 31 March 2024;
- Our profit before income tax was ¥6,067 million (or HK\$315 million[△]), recording an increase of 11.6% as compared with the year ended 31 March 2024;
- Our net profit for the period attributable to owners of the Company was ¥4,009 million (or HK\$207 million[△]), recording an increase of 18.5% as compared with the year ended 31 March 2024;
- We operated 427 halls as at 31 March 2025 (433 halls as at 31 March 2024);
- Basic earnings per share of the Company were ¥5.8 (or HK\$0.3[△]); and
- The Board has resolved to declare a final dividend of ¥2.5 per ordinary share (interim: ¥2.5 per ordinary share).

[△] Translated into Hong Kong dollars at the rate of ¥19.22 to HK\$1.00, the exchange rate prevailing on 31 March 2025 (i.e. the last business day in Japan in March 2025).

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 2025. The results have been audited by PricewaterhouseCoopers Japan LLC, the Company’s auditor and the audit committee of the Company (the “Audit Committee”).

CURRENCY TRANSLATIONS

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

1. ¥19.22 to HK\$1.00, the exchange rate prevailing on 31 March 2025 (i.e. the last business day in Japan in March 2025).
2. ¥19.34 to HK\$1.00, the exchange rate prevailing on 29 March 2024 (i.e. the last business day in Japan in March 2024).

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

BUSINESS OVERVIEW

Pachinko Business

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.

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 10 to 20 years*

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

Acquiring other pachinko hall operators into the Group

Making the most of its advantage as a listed company, the Group implements schemes such as share exchange and company split to acquire other pachinko hall operators into the Group and expand its network of halls. The Group's examples up to the Reporting Period are as shown below.

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

Low-cost operations

By reaping the benefits of the economies of scale, the Group has used second-hand gaming machines, established distribution centers and leveraged ICT systems 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

According to the International Air Transport Association (IATA), the number of global air passengers in 2025 is expected to reach to 5.2 billion, a record high. World air transport demand is higher than ever before after the COVID-19 crisis. Passenger traffic is forecasted to grow annually by 4.7% according to Boeing and 3.6% according to Airbus for the next 20 years. Within that timeframe, the global newly-delivered-fleet will have reached 43,975 aircraft (of which 33,380 aircraft are narrow body) according to Boeing and 42,430 aircraft (of which 33,510 aircraft are narrow body) according to Airbus, with demand for aircraft expected to increase in line with the growth in air travel demand.

LEASE MANAGEMENT STRUCTURE WITH PROFESSIONAL TEAM

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

RECENT ACTIVITIES

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

As of 31 March 2025, Dynam Aviation had ten owned aircraft, eight managed aircraft, and two committed aircraft. The operating assets of owned aircraft amount to ¥77,232 million, with an average age of 2.9 years and an average remaining lease period of 5.2 years. All owned aircraft are narrow-body Airbus A320 series with 90% equipped with next-generation aircraft engines, and the yield* of the operating lease is 8.8% maintaining a high-quality portfolio.

Aircraft type	Owned aircraft	Managed aircraft	Committed aircraft	Total
Airbus A320 series	10	7	2	19
Boeing 737 series	0	1	0	1

* Yield = Annual lease rent/Operating assets

FINANCIAL REVIEW

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

	For the year ended 31 March				Changes ⁽³⁾ %
	2025		2024		
	(in millions, except for percentages)				
	¥	HK\$ ⁽¹⁾	¥	HK\$ ⁽²⁾	
Gross pay-ins					
— High playing cost halls	293,460	15,269	294,033	15,203	-0.2%
— Low playing cost halls	259,181	13,485	267,996	13,857	-3.3%
Total gross pay-ins	<u>552,641</u>	<u>28,754</u>	<u>562,029</u>	<u>29,060</u>	<u>-1.7%</u>
Gross payouts					
— High playing cost halls	237,744	12,370	235,567	12,180	0.9%
— Low playing cost halls	195,928	10,194	201,982	10,444	-3.0%
Total gross payouts	<u>433,672</u>	<u>22,564</u>	<u>437,549</u>	<u>22,624</u>	<u>-0.9%</u>
Revenue from pachinko business					
— High playing cost halls	55,716	2,899	58,466	3,023	-4.7%
— Low playing cost halls	63,253	3,291	66,014	3,413	-4.2%
Total revenue from pachinko business	<u>118,969</u>	<u>6,190</u>	<u>124,480</u>	<u>6,436</u>	<u>-4.4%</u>
Revenue from aircraft leasing business	<u>7,107</u>	<u>370</u>	<u>5,883</u>	<u>304</u>	<u>20.8%</u>
Total revenue	<u>126,076</u>	<u>6,560</u>	<u>130,363</u>	<u>6,740</u>	<u>-3.3%</u>

(1) Translated into Hong Kong dollars at the rate of ¥19.22 to HK\$1.00, the exchange rate prevailing on 31 March 2025 (i.e. the last business day in Japan in March 2025).

(2) Translated into Hong Kong dollars at the rate of ¥19.34 to HK\$1.00, the exchange rate prevailing on 29 March 2024 (i.e. the last business day in Japan in March 2024).

(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 2025 were as follows;

Consolidated revenue from the pachinko business and the aircraft leasing business was ¥126,076 million (equivalent to approximately HK\$6,560 million), 96.7% of the previous year. Consolidated operating profit was ¥10,972 million (equivalent to approximately HK\$570 million), 122.1% of the previous year. Consolidated net profit for the year was ¥4,019 million (equivalent to approximately HK\$208 million), 118.7% of the previous year. Consolidated revenue for the year ended 31 March 2025 decreased from the previous year while consolidated net profit for the year ended 31 March 2025 increased from the previous year.

Pachinko Business

For the Japanese economy outlook in the fiscal year ended 31 March 2025, the moderate recovery was expected to continue and there were hopeful signs like high wage hike in the annual wage talks, update of the highest price in Nikkei 225 and so on. Meanwhile, the future still remains unclear due to the influence by the political instability in the world, price hikes and the related sluggish growth in the real wages.

In the pachinko industry, the number of pachinko halls continues to decrease due to the increase in the burden on capital expenditure in smart gaming machines, pachinko ball/pachislot token dispensers, etc. while the number of customers appears to be almost flat. Further, acquisition of pachinko halls are activated against a background where interests are aligned between major operators which want to expand commercial areas and mid or small operators which want to consolidate such areas. Smart pachislot machines released in November 2022 maintained supports from customers due to the appearance of multiple popular games, and the installation ratio of pachislot machines increased.

Under such circumstances, the Group conducted renovations for reducing the number of pachinko machines and increasing that of pachislot machines in 115 halls. Since our pachislot machine installation ratio was lower than the industry's average, we will continuously make efforts to strengthen competitiveness and obtain more supports from customers by implementing similar renovations as shown above.

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 ¥9,388 million (equivalent to approximately HK\$489 million*), or 1.7%*, from ¥562,029 million (equivalent to approximately HK\$29,060 million) for the year ended 31 March 2024 to ¥552,641 million (equivalent to approximately HK\$28,754 million) for the year ended 31 March 2025.

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

Gross pay-ins for high playing cost halls decreased by ¥573 million (equivalent to approximately HK\$30 million*), or 0.2%*, from ¥294,033 million (equivalent to approximately HK\$15,203 million) for the year ended 31 March 2024 to ¥293,460 million (equivalent to approximately HK\$15,269 million) for the year ended 31 March 2025.

Gross pay-ins for low playing cost halls decreased by ¥8,815 million (equivalent to approximately HK\$459 million*), or 3.3%*, from ¥267,996 million (equivalent to approximately HK\$13,857 million) for the year ended 31 March 2024 to ¥259,181 million (equivalent to approximately HK\$13,485 million) for the year ended 31 March 2025.

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 ¥3,877 million (equivalent to approximately HK\$202 million*), or 0.9%*, from ¥437,549 million (equivalent to approximately HK\$22,624 million) for the year ended 31 March 2024 to ¥433,672 million (equivalent to approximately HK\$22,564 million) for the year ended 31 March 2025.

Our gross payouts by hall type are as follows.

Gross payouts for high playing cost halls increased by ¥2,177 million (equivalent to approximately HK\$113 million*), or 0.9%*, from ¥235,567 million (equivalent to approximately HK\$12,180 million) for the year ended 31 March 2024 to ¥237,744 million (equivalent to approximately HK\$12,370 million) for the year ended 31 March 2025.

Gross payouts for low playing cost halls decreased by ¥6,054 million (equivalent to approximately HK\$315 million*), or 3.0%*, from ¥201,982 million (equivalent to approximately HK\$10,444 million) for the year ended 31 March 2024 to ¥195,928 million (equivalent to approximately HK\$10,194 million) for the year ended 31 March 2025.

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 ¥5,511 million (equivalent to approximately HK\$287 million*), or 4.4%*, from ¥124,480 million (equivalent to approximately HK\$6,436 million) for the year ended 31 March 2024 to ¥118,969 million (equivalent to approximately HK\$6,190 million) for the year ended 31 March 2025.

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 ¥2,750 million (equivalent to approximately HK\$143 million*), or 4.7%*, from ¥58,466 million (equivalent to approximately HK\$3,023 million) for the year ended 31 March 2024 to ¥55,716 million (equivalent to approximately HK\$2,899 million) for the year ended 31 March 2025. The revenue margin for the year ended 31 March 2025 decreased by 0.9 percentage points to 19.0% year-on-year.

Revenue from pachinko business for low playing cost halls decreased by ¥2,761 million (equivalent to approximately HK\$144 million*), or 4.2%*, from ¥66,014 million (equivalent to approximately HK\$3,413 million) for the year ended 31 March 2024 to ¥63,253 million (equivalent to approximately HK\$3,291 million) for the year ended 31 March 2025. The revenue margin for the year ended 31 March 2025 decreased by 0.2 percentage points to 24.4% year-on-year.

Pachinko Business Expenses

Pachinko business expenses for the year ended 31 March 2025 was ¥114,277 million (equivalent to approximately HK\$5,947 million), recording a decrease by ¥4,396 million (equivalent to approximately HK\$229 million*), or 3.7%* as compared to the previous fiscal year of ¥118,673 million (equivalent to approximately HK\$6,136 million). The decrease was due primarily to a decrease in depreciation expenses of pachinko and pachislot machines, hall staff costs and repair and maintenance expenses at halls.

Our Pachinko business expenses by hall type are as follows.

Pachinko business expenses for high playing cost halls decreased by ¥1,414 million (equivalent to approximately HK\$74 million*), or 2.6%*, from ¥54,645 million (equivalent to approximately HK\$2,825 million) for the year ended 31 March 2024 to ¥53,231 million (equivalent to approximately HK\$2,771 million) for the year ended 31 March 2025.

Pachinko business expenses for low playing cost halls decreased by ¥2,982 million (equivalent to approximately HK\$155 million*), or 4.7%*, from ¥64,028 million (equivalent to approximately HK\$3,311 million) for the year ended 31 March 2024 to ¥61,046 million (equivalent to approximately HK\$3,176 million) for the year ended 31 March 2025.

Aircraft Leasing Business

Set out below is detailed performance of revenue from aircraft leasing business and aircraft leasing expenses for the year ended 31 March 2025.

Revenue from Aircraft Leasing Business

Revenue from aircraft leasing business increased by ¥1,224 million (equivalent to approximately HK\$64 million*), or 20.8%*, from ¥5,883 million (equivalent to approximately HK\$304 million) for the year ended 31 March 2024 to ¥7,107 million (equivalent to approximately HK\$370 million) for the year ended 31 March 2025.

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

Aircraft Leasing Expenses

Aircraft leasing expenses increased by ¥941 million (equivalent to approximately HK\$49 million*), or 29.0%*, from ¥3,250 million (equivalent to approximately HK\$168 million) for the year ended 31 March 2024 to ¥4,191 million (equivalent to approximately HK\$218 million) for the year ended 31 March 2025.

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

General and Administrative Expenses

General and administrative expenses decreased by ¥234 million (equivalent to approximately HK\$12 million*), or 5.6%*, from ¥4,176 million (equivalent to approximately HK\$216 million) for the year ended 31 March 2024 to ¥3,942 million (equivalent to approximately HK\$205 million) for the year ended 31 March 2025. The decrease was primarily due to a decrease in fees, salaries, bonus and allowances.

Other Income

Other income increased by ¥2,651 million (equivalent to approximately HK\$138 million*), or 35.1%*, from ¥7,561 million (equivalent to approximately HK\$391 million) for the year ended 31 March 2024 to ¥10,212 million (equivalent to approximately HK\$531 million) for the year ended 31 March 2025. The increase was primarily due to an increase in sales from finance leases, income from forfeiture of unutilised balls and tokens and Insurance income.

Other Operating Expenses

Other operating expenses increased by ¥64 million (equivalent to approximately HK\$3 million*), or 2.3%*, from ¥2,842 million (equivalent to approximately HK\$147 million) for the year ended 31 March 2024 to ¥2,906 million (equivalent to approximately HK\$151 million) for the year ended 31 March 2025.

Finance Income

Finance income decreased by ¥389 million (equivalent to approximately HK\$20 million*), or 48.2%*, from ¥807 million (equivalent to approximately HK\$42 million) for the year ended 31 March 2024 to ¥418 million (equivalent to approximately HK\$22 million) for the year ended 31 March 2025. The decrease was primarily due to a decrease in gain on foreign currency exchange.

Finance Expenses

Finance expenses increased by ¥968 million (equivalent to approximately HK\$50 million*), or 22.2%*, from ¥4,355 million (equivalent to approximately HK\$225 million) for the year ended 31 March 2024 to ¥5,323 million (equivalent to approximately HK\$277 million) for the year ended 31 March 2025. The increase was primarily due to 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 2025

	<i>Note</i>	2025 ¥ million	2024 ¥ million
Revenue	6, 7(a)(b)	126,076	130,363
Revenue from pachinko business	6, 7(a)(b)	118,969	124,480
Revenue from aircraft leasing business	6, 7(a)(b)	7,107	5,883
Pachinko business expenses	8	(114,277)	(118,673)
Aircraft leasing expenses	9	(4,191)	(3,250)
General and administrative expenses		(3,942)	(4,176)
Other income		10,212	7,561
Other operating expenses		(2,906)	(2,842)
Operating profit		10,972	8,983
Finance income		418	807
Finance expenses		(5,323)	(4,355)
Profit before income taxes		6,067	5,435
Income taxes	10	(2,048)	(2,050)
Net profit for the year		4,019	3,385
Attributable to:			
Owners of the Company		4,009	3,384
Non-controlling interests		10	1
		4,019	3,385
Earnings per share			
Basic (¥)	12	5.8	4.8
Diluted (¥)		5.8	4.8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2025

	Note	2025 ¥ million	2024 ¥ million
Net profit for the year		4,019	3,385
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation surplus for properties		43	34
— Income tax effect arising from revaluation surplus for properties		(26)	—
Changes in fair value of financial assets measured at fair value through other comprehensive income		200	(720)
— Income tax effect of changes in fair value of financial assets measured at fair value through other comprehensive income		(103)	(112)
		<u>114</u>	<u>(798)</u>
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(601)	5,448
Cash flow hedge		(233)	65
— Income tax effect of changes in cash flow hedge		31	(18)
		<u>(803)</u>	<u>5,495</u>
Other comprehensive income for the year, net of tax		<u>(689)</u>	<u>4,697</u>
Total comprehensive income for the year		<u><u>3,330</u></u>	<u><u>8,082</u></u>
Attributable to:			
Owners of the Company		3,320	8,081
Non-controlling interests		10	1
		<u><u>3,330</u></u>	<u><u>8,082</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2025

	<i>Note</i>	2025 ¥ million	2024 ¥ million
Non-current assets			
Property, plant and equipment		178,232	183,361
Right-of-use assets		85,143	84,129
Investment properties		4,709	4,971
Intangible assets		7,102	7,001
Financial assets measured at fair value through other comprehensive income		1,979	1,823
Lease receivables		7,384	6,544
Deferred tax assets		10,089	10,443
Other non-current assets		6,706	6,795
		301,344	305,067
Current assets			
Inventories		3,538	2,787
Trade receivables	14	446	457
Lease receivables		2,813	1,863
Prizes in operation of pachinko halls		3,369	2,878
Income taxes receivables		15	409
Other current assets		1,837	2,475
Cash and cash equivalents		36,024	50,109
		48,042	60,978
TOTAL ASSETS		349,386	366,045
Current liabilities			
Trade and other payables	13	11,162	14,904
Borrowings		18,425	21,083
Lease liabilities		10,115	10,572
Provisions		1,513	1,523
Income taxes payables		1,048	1,480
Other current liabilities		9,698	10,749
		51,961	60,311

	<i>Note</i>	2025 ¥ million	2024 ¥ million
Net current (liabilities)/assets		<u>(3,919)</u>	<u>667</u>
Total assets less current liabilities		<u>297,425</u>	<u>305,734</u>
Non-current liabilities			
Deferred tax liabilities		254	197
Borrowings		68,649	79,241
Lease liabilities		89,529	87,436
Other non-current liabilities		1,724	1,555
Provisions		5,933	5,817
		<u>166,089</u>	<u>174,246</u>
NET ASSETS		<u>131,336</u>	<u>131,488</u>
Capital and reserves			
Share capital		15,000	15,000
Capital reserve		5,583	5,776
Treasury shares		–	(193)
Retained earnings		107,343	106,816
Other components of equity		3,397	4,086
Equity attributable to owners of the Company		<u>131,323</u>	<u>131,485</u>
Non-controlling interests		<u>13</u>	<u>3</u>
TOTAL EQUITY		<u>131,336</u>	<u>131,488</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

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 2025 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 2025.

In the opinion of the directors of the Company, as at 31 March 2025, 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, investment properties which are carried at their fair value and derivative financial instruments which are carried at their fair values.

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

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

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

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 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates	1 January 2025	31 March 2026	Requirement to specify when a currency is exchangeable into another currency and when it is not, specify how an entity determines the exchange rate to apply when a currency is not exchangeable, and requires the disclosure of additional information when a currency is not exchangeable.
IFRS 9 (Amendment) IFRS 7 (Amendment)	Financial instruments Financial instruments: disclosure	1 January 2026	31 March 2027	Clarification for financial instruments containing factors in correlation with ESG and date of cancellation regarding settlements of financial instruments made through electric remittance systems
Amendments to IFRSs	Annual improvements to IFRS Accounting Standards — Volume 11	1 January 2026	31 March 2027	Clarification and so forth for the purpose of improvements with regard to IFRS7 Financial instruments: Disclosure, IFRS9 Financial instruments, IAS7 Statement of Cash flows, etc.
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027	31 March 2028	Redefining financial performance reporting
IFRS 10 (Amendment)	Consolidated Financial Statements	To be determined	To be determined	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture
IAS 28 (Amendment)	Investments in Associates and Joint Ventures	To be determined	To be determined	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture

6. REVENUE

	2025 ¥ million	2024 ¥ million
Gross pay-ins	552,641	562,029
Less: Gross payouts	(433,672)	(437,549)
Revenue from pachinko business	118,969	124,480
Revenue from aircraft leasing business	7,107	5,883
Revenue	126,076	130,363

'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'.

During the year ended 31 March 2025, revenue that was recognised from unutilised balls and tokens included in the beginning balance of contract liabilities amounted to ¥8,666 million (2024: ¥7,947 million).

In regard to transaction price allocated to remaining performance obligations, the Group omits the disclosure of the information on its remaining performance obligations by applying a practical expedient due to its initial expected period to fulfill being not over one year.

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

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

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

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

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

The segment information provided to the executive directors for the year ended 31 March 2025 and 2024 are as follows:

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

	Year ended 31 March 2025				Total ¥ million
	Pachinko business ¥ million	Aircraft leasing business ¥ million	Segment Total ¥ million	Unallocated ¥ million	
Segment revenue from external customers	118,969	7,107	126,076	–	126,076
Other segment items					
Depreciation and amortisation expenses	(51,353)	(3,430)	(54,783)	(64)	(54,847)
Impairment loss	(1,859)	–	(1,859)	–	(1,859)
Finance income	203	92	295	123	418
Finance expenses	(2,606)	(2,334)	(4,940)	(383)	(5,323)
Segment profit	5,471	674	6,145	–	6,145
Corporate expenses					(78)
Profit before income taxes					6,067
Income taxes					(2,048)
Net profit for the year					4,019
Addition to non-current assets other than financial instruments and deferred tax assets	56,318	–	56,318	7	56,325

	Year ended 31 March 2024				
	Pachinko business ¥ million	Aircraft leasing business ¥ million	Segment Total ¥ million	Unallocated ¥ million	Total ¥ million
Segment revenue from external customers	124,480	5,883	130,363	–	130,363
Other segment items					
Depreciation and amortisation expenses	(52,703)	(2,679)	(55,382)	(62)	(55,444)
Impairment loss	(335)	–	(335)	–	(335)
Finance income	175	219	394	413	807
Finance expenses	(2,565)	(1,780)	(4,345)	(10)	(4,355)
Segment profit	5,259	1,072	6,331	–	6,331
Corporate expenses					(896)
Profit before income taxes					5,435
Income taxes					(2,050)
Net profit for the year					<u>3,385</u>
Addition to non-current assets other than financial instruments and deferred tax assets	61,796	35,870	97,666	58	97,724

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

The segment assets and segment liabilities as at 31 March 2025 and 2024 are as follows:

	As at 31 March 2025				
	Pachinko business ¥ million	Aircraft leasing business ¥ million	Segment Total ¥ million	Unallocated ¥ million	Total ¥ million
Segment assets	250,425	80,777	331,202	18,184	349,386
Segment liabilities	102,336	74,543	176,879	41,171	218,050
	As at 31 March 2024				
	Pachinko business ¥ million	Aircraft leasing business ¥ million	Segment Total ¥ million	Unallocated ¥ million	Total ¥ million
Segment assets	253,870	85,877	339,747	26,298	366,045
Segment liabilities	109,143	79,523	188,666	45,891	234,557

(b) Information about geographical areas

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

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 2025		
	Japan ¥ million	Ireland ¥ million	Total ¥ million
Segment revenue from external customers	118,969	7,107	126,076

	As at 31 March 2025		
	Japan ¥ million	Ireland ¥ million	Total ¥ million
Segment non-current assets other than financial instruments and deferred tax assets	197,811	78,046	275,857

	Year ended 31 March 2024		
	Japan ¥ million	Ireland ¥ million	Total ¥ million
Segment revenue from external customers	124,480	5,883	130,363

	As at 31 March 2024		
	Japan ¥ million	Ireland ¥ million	Total ¥ million
Segment non-current assets other than financial instruments and deferred tax assets	197,460	82,427	279,887

(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

	2025 ¥ million	2024 ¥ million
Advertising expenses	2,539	2,914
Cleaning and ancillary services	2,355	2,538
Depreciation expenses	42,008	43,377
Hall staff costs	36,811	37,931
Pachinko and pachislot machine expenses	2,919	3,156
Depreciation expenses of right-of-use assets	8,819	9,023
Rental expenses	286	31
Repair and maintenance expenses	2,836	3,646
Utilities expenses	6,930	7,067
Others	8,774	8,990
	<u>114,277</u>	<u>118,673</u>

9. AIRCRAFT LEASING EXPENSES

	2025 ¥ million	2024 ¥ million
Depreciation expenses	3,190	2,450
Amortisation expenses	240	229
Others	761	571
	<u>4,191</u>	<u>3,250</u>

10. INCOME TAXES

	2025 ¥ million	2024 ¥ million
Current taxes — Japan Profits Tax Provision for the year	<u>1,689</u>	<u>1,689</u>
Current taxes — Overseas Provision for the year	<u>42</u>	<u>47</u>
Deferred taxes Provision for the year	<u>317</u>	<u>314</u>
Income tax expense	<u>2,048</u>	<u>2,050</u>

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

	2025 ¥ million	2024 ¥ million
Profit before tax	<u>6,068</u>	<u>5,435</u>
Japan Profits Tax rate	31%	31%
Tax at the domestic income tax rate	1,909	1,710
Income that is not permanently taxable	(3)	(4)
Expenses that are not permanently deductible	427	395
Tax effect of temporary differences not recognised	47	40
Tax losses not recognised	97	(6)
Effect of different tax rates of subsidiaries	(392)	(187)
Effect of change in tax rates	(96)	86
Impairment loss of goodwill	63	–
Others	<u>(4)</u>	<u>16</u>
Income tax expense	<u>2,048</u>	<u>2,050</u>

The Company and all domestic subsidiaries applied for approval of a Group tax sharing system during the fiscal year ended 31 March 2025 under review and will adopt this system from the fiscal year ended 31 March 2026. As a result, the aforementioned entities apply tax effect accounting that assumes the adoption of the Group tax sharing system from the fiscal year ended 31 March 2025 under review.

The change in the applicable tax rate for the current fiscal year is due to the Tax Measures to Secure Financial Resources for Strengthening Defense Capability on 31 March 2025 with the Special Defense Corporation Tax set to be applied from fiscal years beginning on or after 1 April 2026.

In response to this, the Group have changed the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities related to temporary differences that are expected to be resolved in or after fiscal years beginning on or after 1 April 2026 from 31% to 32%.

Due to the impact of this tax rate change, deferred tax assets after offsetting with deferred tax liabilities have increased by ¥87 million, and deferred tax expenses for the current fiscal year have decreased by ¥96 million.

The Group operates in jurisdictions that have enacted tax system to apply the GloBE Rules. This tax system has been applied in some European and Asian countries where the Group operates from the fiscal year ended 31 March 2025. Nevertheless, the impact is expected to be immaterial.

11. DIVIDENDS

Dividends declared and paid/ payable to its shareholders by:	2025		2024	
	Dividend per share ¥	Total dividends ¥ million	Dividend per share ¥	Total dividends ¥ million
— Interim	2.50	1,741	2.50	1,762
— Final	2.50	1,741	2.50	1,741
		<u>3,482</u>		<u>3,503</u>

On 26 May 2025, the Board of Directors declared a final dividend of ¥2.50 per ordinary share of the Company, which is payable on 25 June 2025 to the shareholders of the Company.

The amount of proposed final dividend for the year ended 31 March 2025 is based on 696,443,096 shares in issue as at 26 May 2025 when the consolidated financial statements were approved by the Board of directors.

If the Group owns any treasury shares as at 4 June 2025 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:

	2025 ¥ million	2024 ¥ million
Earnings for the purpose of calculating basic earnings per share	<u>4,009</u>	<u>3,384</u>
Weighted average number of ordinary shares	<u>696,443,096</u>	<u>707,832,866</u>
Basic earnings per share (¥)	<u>5.8</u>	<u>4.8</u>

Diluted earnings per share was the same as basic earnings per share for the year ended 31 March 2025 and 2024 as there were no dilutive potential ordinary shares in existence during the year ended 31 March 2025 and 2024.

13. TRADE AND OTHER PAYABLES

	2025 ¥ million	2024 ¥ million
Trade payables	926	1,073
Halls construction and system payables	858	1,365
Other tax expenses	1,685	3,387
Pachinko and pachislot machine payables	869	913
Accrued staff costs	5,359	6,399
Advertisement and promotions	89	129
Housing rent	136	191
Others	1,240	1,447
	<u>11,162</u>	<u>14,904</u>

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

	2025 ¥ million	2024 ¥ million
1 to 30 days	892	1,073
31 days to 60 days	–	–
Over 60 days	34	–
	<u>926</u>	<u>1,073</u>

14. TRADE RECEIVABLES

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

	2025 ¥ million	2024 ¥ million
1 to 30 days	433	445
31 days to 60 days	13	6
Over 60 days	0	6
	<u>446</u>	<u>457</u>

There is no significant past due balance nor loss allowance provision recognised for trade receivables and lease receivables as at 31 March 2025 (2024: 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 C1 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 C2.1

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

However, the Board believes that Mr. Akira HOSAKA, in his dual capacity as the chairman of the Board and chief executive, provided strong and consistent leadership for the development of the 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 26 May 2025, and the final dividend will be payable on 25 June 2025 to the Shareholders whose names appear on the Company's share register at close of business on 4 June 2025. Based on the assumption that 696,443,096 Shares shall be in issue as at 4 June 2025, it is expected that the final dividend payable will amount to approximately ¥1,741 million (equivalent to approximately HK\$94 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, neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including any sale of treasury shares (as defined under the Listing Rules)). The Company did not hold any treasury shares (as defined under the Listing Rules) as at 31 March 2025.

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 (<https://www.dyjh.co.jp>). The annual report of the Company for the year ended 31 March 2025 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 (operating leases); 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 C1 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 C3 to the Listing Rules

“Reporting Period”
報告対象期間

the period from 1 April 2024 to 31 March 2025

“Yume Corporation”
夢コーポレーション

Yume Corporation Co., Ltd., a stock company incorporated in Japan with limited liability. Yume Corporation is a wholly-owned subsidiary of the Company

By order of the Board
DYNAM JAPAN HOLDINGS Co., Ltd.
Akira HOSAKA
Chairman of the Board

Tokyo, Japan, 26 May 2025

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