

DYNAM JAPAN ANNOUNCES FY2018/19 ANNUAL RESULTS

(Hong Kong, 23 May 2019) – **DYNAM JAPAN HOLDINGS Co., Ltd.** (“DYNAM JAPAN”, together with its subsidiaries, “the Group”, stock code: 6889), the leading pachinko hall operator in Japan, has announced its annual results for the year ended 31 March 2019 (“review year”).

During the review year, the Group recorded gross pay-ins¹ of ¥768,857 million (HK\$54,375 million*) and revenue² of ¥146,371 million (HK\$10,352 million*), representing a year-on-year decrease of 0.8% and 3.8% respectively. However, the profit before income taxation was ¥19,369 million (HK\$1,370 million*) and the net profit after taxation was ¥12,591 million (HK\$891 million*), representing an increase of 15.3% and 15.2% year-on-year respectively. Net profit increased mainly due to effective cost control measures as well as the benefits from economies of scale resulting from multi-hall development. The Board of Directors proposed to declare a final dividend of ¥6 per ordinary share.

As at 31 March 2019, the Group operated the largest pachinko hall network across Japan with a total of 450 halls. To adapt to the changing market environment over time, and centring on promoting low paying cost games to increase customer traffic, the Group opened two low playing cost halls, and converted four high playing cost halls to low playing cost halls during the reporting period. As at March 2019, the Group operated 274 low playing cost halls, which made up the majority at 61% of all of its pachinko halls as at 31 March 2019.

Although the pachinko hall industry continues to operate under a difficult environment as the number of customer decline, the Group adopted a key policy of prioritising hall creation from the customers’ viewpoint and promoting sales focusing on customers at each hall. The Group also implemented chain store management principles to lower operational costs as well as adopted multiple-hall development to create economies of scale, with the aim to maximise profit margin. Recently, the Group jointly developed video slot machines (Model Name: Fortune Frogs) with Weike Gaming Technology Pte. Ltd, which have been granted approval from The Gaming Inspection and Coordination Bureau (“DICJ”), the gaming authority of Macau, on 3 May 2019. The video slot machines are expected to be sold to casinos in Macau and contribute a new revenue stream to the Group.

¹ Gross pay-ins represents the amount received from pachinko balls and pachislot tokens rented to customers less unutilised balls and tokens.

² Revenue represents the gross pay-ins, less gross payouts to customers and revenue margin represents revenue divided by gross pay-ins.

* Translated into Hong Kong dollars at the rate of ¥14.14 to HK\$1.00, the exchange rate prevailing on 29 March 2019 (i.e., the last business day in March 2019).

Note: The above percentage increases and decreases refer to the changes in respect of the Japanese yen.

Mr Kohei SATO, Chairman and CEO of DYNAM JAPAN, said, "Under the challenging environment in the pachinko industry, we have refurbished halls and implemented various innovative sales initiatives, with the intention to grow and develop our business together with the local community. We continue with the primary goal of establishing pachinko halls as a part of the community infrastructure providing daily entertainment that everyone can easily enjoy. To realise this objective, we strive to expand our industry share of low playing cost halls and tailor our gaming halls to address the needs of the general public. Meanwhile, the Group is pleased with the approval granted by DICJ in Macau of our first video slot machine model. Looking ahead, we will continue to maintain on our leading position in the pachinko industry by developing our pachinko halls heeding customer demand, and ultimately to create value and deliver steady growth to shareholders in long run, as well as to realise our vision of reinventing pachinko into a genuinely popular entertainment.

For details, please refer to the below announcement link:

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2019/0523/LTN20190523463.pdf>

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About DYNAM JAPAN HOLDINGS Co., Ltd. (stock code: 6889)

Established in 1967, DYNAM JAPAN HOLDINGS Co., Ltd. ("DYNAM") is the largest pachinko halls operator in Japan in terms of number of halls and offers various mixes of pachinko and pachislot games with different playing costs. DYNAM benefits from its nationwide network through greater economies of scale and a more expansive geographic reach. DYNAM is a constituent of the Hang Seng Foreign Companies Composite Index.

Investor Enquiries:

DYNAM Hong Kong Co., Limited

Hisao Katsuta	+852 3769 0600	hisao_katsuta@dyjh.co.jp
Kenneth Ng	+852 3769 0600	kenneth_ng@dynamhk.com
Fax:	+852 3769 0799	

Media Enquiries:

Strategic Financial Relations Limited

Vicky Lee	+852 2864 4834	vicky.lee@sprg.com.hk
Stephanie Liu	+852 2864 4852	stephanie.liu@sprg.com.hk
Tika Lum	+852 2864 4806	tika.lum@sprg.com.hk
Fax:	+852 2527 1196	
Website:	www.sprg.com.hk	