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Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [Japanese GAAP]

May 13, 2022

Company name: Hirogin Holdings, Inc.

Stock exchange listing: Tokyo

Code number: 7337

URL: <https://www.hirogin-hd.co.jp/>

Representative: Toshio Heya, Representative Director and President

Contact: Atsushi Nakamuro, Senior Manager Accounting Department

Phone: 082-245-5151

Scheduled date of Annual General Meeting of Shareholders: June 24, 2022

Scheduled date of commencing dividend payments: June 06, 2022

Scheduled date of filing annual securities report: June 27, 2022

Trading Accounts: Yes

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes (For Institutional Investors)

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 01, 2021 to March 31, 2022)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Ordinary revenues		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2022	146,085	26.5	27,070	(12.8)	22,906	6.2
March 31, 2021	115,478	-	31,042	-	21,574	-

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥ (12,817) million [(129.6)%]
Fiscal year ended March 31, 2021: ¥ 43,243 million [-%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Ordinary profit to ordinary revenues ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	73.75	73.71	4.5	0.2	18.5
March 31, 2021	69.26	69.22	4.3	0.3	26.8

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2022: ¥ - million
Fiscal year ended March 31, 2021: ¥ 181 million

(Note) As the Company was incorporated on October 01, 2020, year-on-year changes for fiscal 2020 are not presented.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2022	11,603,909	496,200	4.3	1,596.79
March 31, 2021	11,009,572	516,880	4.6	1,664.01

(Reference) Equity: As of March 31, 2022: ¥ 495,935 million
As of March 31, 2021: ¥ 516,632 million

(Note) Capital adequacy ratio = (Net assets – Share acquisition rights – Non-controlling interests) / Total assets

This ratio is not the capital adequacy ratio specified by the Notice on Capital Adequacy Ratio Regulations.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2022	216,889	(198,327)	(22,637)	2,565,955
March 31, 2021	1,486,338	(370,404)	(9,312)	2,570,007

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2021	-	-	-	12.00	12.00	3,748	17.3	0.7
March 31, 2022	-	12.00	-	12.00	24.00	7,496	32.5	1.5
Fiscal year ending March 31, 2023(Forecast)	-	13.50	-	13.50	27.00		33.5	

(Notes) 1. As the Company was incorporated on October 01, 2020, figures for and before the end of the first half of fiscal 2020 are not presented.

2. The Hiroshima Bank, Ltd., which has become the Company's wholly owned subsidiary through a sole-share transfer, paid an interim dividends of 12 yen per share (3,748 million yen in total) in fiscal 2020. If combined with the fiscal year-end dividend the Company paid, it would result in an annual dividends of 24 yen per share, 7,496 million yen in total, consolidated payout ratio of 34.6%, and consolidated ratio of dividends to net assets of 1.4%.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 01, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Yen
Six months ended September 30, 2022	18,500	10.7	12,500	12.3	40.24
Full year	37,000	36.7	25,000	9.1	80.49

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: Yes

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2022: 312,370,921 shares

March 31, 2021: 312,370,921 shares

2) Total number of treasury shares at the end of the period:

March 31, 2022: 1,789,525 shares

March 31, 2021: 1,897,128 shares

3) Average number of shares during the period:

Fiscal Year ended March 31, 2022: 310,556,892 shares

Fiscal Year ended March 31, 2021: 311,472,995 shares

(Note) The Company was incorporated through a sole-share transfer on October 01, 2020. Therefore, the average number of shares outstanding (common shares) during fiscal 2020 was obtained by applying the Hiroshima Bank, Ltd.'s average number of shares outstanding during the period from April 01 to September 30, 2020 – which was prior to the Company's incorporation – and using the Company's average number of shares outstanding during the period from October 01, 2020, to March 31, 2021.

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The forecasts above were prepared based on information available as of the date of publication of this document. Actual financial results may differ from the forecast figures due to various factors in the future.

Consolidated Financial Statements

Consolidated Balance Sheets

(Million yen)

	As of March 31,2021	As of March 31,2022
Assets		
Cash and due from banks	2,580,736	2,577,627
Call loans and bills bought	942	5,899
Monetary claims bought	7,533	8,000
Trading account assets	6,501	7,577
Money held in trust	45,727	42,415
Securities	1,479,829	1,668,228
Loans and bills discounted	6,480,841	6,901,858
Foreign exchanges	15,463	11,468
Lease receivables and investments in leases	60,231	63,275
Other assets	129,018	137,159
Tangible fixed assets	110,904	107,359
Buildings, net	32,609	31,941
Land	57,242	54,822
Leased assets, net	2,031	1,938
Construction in progress	285	1,122
Other tangible fixed assets	18,734	17,534
Intangible fixed assets	9,308	9,025
Software	6,947	6,160
Goodwill	675	567
Other intangible fixed assets	1,685	2,297
Retirement benefit asset	85,864	58,164
Deferred tax assets	1,487	6,060
Customers' liabilities for acceptances and guarantees	36,251	38,859
Allowance for loan losses	(41,072)	(39,070)
Total assets	11,009,572	11,603,909
Liabilities		
Deposits	8,344,597	8,729,837
Negotiable certificates of deposit	325,478	338,041
Securities sold under repurchase agreements	255,685	229,457
Cash collateral received for securities lent	382,445	448,183
Trading account liabilities	3,607	4,848
Borrowed money	1,024,872	1,201,839
Foreign exchanges	1,985	2,714
Borrowed money from trust account	47	51
Other liabilities	90,468	97,409
Retirement benefit liability	670	697
Provision for retirement benefits for directors (and other officers)	96	130
Provision for reimbursement of deposits	1,745	1,110
Provision for point card certificates	137	150
Provision for stockshares	609	799
Allowance for demolition of non-current assets	768	307
Reserves under special laws	28	28
Deferred tax liabilities	9,588	-
Deferred tax liabilities for land revaluation	13,605	13,241
Acceptances and guarantees	36,251	38,859
Total liabilities	10,492,691	11,107,708

(Million yen)

	As of March 31,2021	As of March 31,2022
Net assets		
Share capital	60,000	60,000
Capital surplus	25,209	25,209
Retained earnings	361,215	377,217
Treasury shares	(1,311)	(1,237)
Total shareholders' equity	445,112	461,189
Valuation difference on available-for-sale securities	27,327	1,367
Deferred gains or losses on hedges	(1,938)	908
Revaluation reserve for land	27,781	26,993
Remeasurements of defined benefit plans	18,348	5,476
Total accumulated other comprehensive income	71,519	34,745
Share acquisition rights	126	126
Non-controlling interests	121	138
Total net assets	516,880	496,200
Total liabilities and net assets	11,009,572	11,603,909

Consolidated Statements of Income and Comprehensive Income
 Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Ordinary income	115,478	146,085
Interest income	71,390	73,499
Interest on loans and discounts	58,832	57,061
Interest and dividends on securities	10,132	11,959
Interest on call loans and bills bought	7	24
Interest on deposits with banks	486	2,067
Other interest income	1,931	2,387
Trust fees	128	178
Fees and commissions	28,852	33,624
Gain on trading account transactions	4,134	4,305
Other ordinary income	5,552	28,018
Other income	5,418	6,459
Recoveries of written off receivables	1	1
Other	5,417	6,458
Ordinary expenses	84,435	119,015
Interest expenses	4,585	3,963
Interest on deposits	1,249	837
Interest on negotiable certificates of deposit	41	40
Interest on call money and bills sold	(10)	(10)
Interest expenses on securities sold under repurchase agreements	420	317
Interest expenses on cash collateral received for securities lent	81	69
Interest on borrowings and rediscounts	630	466
Other interest expenses	2,172	2,241
Fees and commissions payments	9,456	12,686
Other ordinary expenses	797	30,957
General and administrative expenses	57,800	58,031
Other expenses	11,796	13,376
Provision of allowance for loan losses	9,736	11,251
Other	2,060	2,125
Ordinary profit	31,042	27,070
Extraordinary income	481	8,357
Gain on disposal of non-current assets	14	1,321
Reversal of reserve for financial instruments transaction liabilities	9	0
Gain on step acquisitions	86	-
Gain on reversal of provision for dismantling of fixed assets	371	-
Gains on Cancellation of Employee Retirement Benefit Trust	-	7,035
Extraordinary losses	589	2,501
Loss on disposal of non-current assets	149	229
Impairment losses	439	2,272
Profit before income taxes	30,934	32,926
Income taxes - current	10,360	8,296
Income taxes - deferred	(1,000)	1,687
Total income taxes	9,360	9,984
Profit	21,574	22,942
Profit attributable to non-controlling interests	-	36
Profit attributable to owners of parent	21,574	22,906

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Profit	21,574	22,942
Other comprehensive income	21,668	(35,759)
Valuation difference on available-for-sale securities	12,322	(25,960)
Deferred gains or losses on hedges	3,086	3,073
Remeasurements of defined benefit plans, net of tax	6,264	(12,872)
Share of other comprehensive income of entities accounted for using equity method	(4)	-
Comprehensive income	43,243	(12,817)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	43,243	(12,853)
Comprehensive income attributable to non-controlling interests	-	36

Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31,2021

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	54,573	30,740	347,714	(998)	432,030
Changes during period					
Changes by share transfer	5,426	(5,426)			-
Dividends of surplus			(7,964)		(7,964)
Profit attributable to owners of parent			21,574		21,574
Purchase of treasury shares				(789)	(789)
Disposal of treasury shares		3		259	262
Cancellation of treasury shares		(108)	(108)	216	-
Net changes in items other than shareholders' equity					
Total changes during period	5,426	(5,531)	13,501	(313)	13,082
Balance at end of period	60,000	25,209	361,215	(1,311)	445,112

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	15,010	(5,025)	27,781	12,084	49,850	176	-	482,057
Changes during period								
Changes by share transfer								-
Dividends of surplus								(7,964)
Profit attributable to owners of parent								21,574
Purchase of treasury shares								(789)
Disposal of treasury shares								262
Cancellation of treasury shares								-
Net changes in items other than shareholders' equity	12,317	3,086	-	6,264	21,668	(49)	121	21,741
Total changes during period	12,317	3,086	-	6,264	21,668	(49)	121	34,823
Balance at end of period	27,327	(1,938)	27,781	18,348	71,519	126	121	516,880

For the fiscal year ended March 31,2022

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	60,000	25,209	361,215	(1,311)	445,112
Cumulative effects of changes in accounting policies			(195)		(195)
Restated balance	60,000	25,209	361,020	(1,311)	444,917
Changes during period					
Dividends of surplus			(7,496)		(7,496)
Profit attributable to owners of parent			22,906		22,906
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		75	75
Revaluation reserve for land			788		788
Net changes in items other than shareholders' equity					
Total changes during period	-	0	16,197	74	16,271
Balance at end of period	60,000	25,209	377,217	(1,237)	461,189

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	27,327	(1,938)	27,781	18,348	71,519	126	121	516,880
Cumulative effects of changes in accounting policies		(225)			(225)			(421)
Restated balance	27,327	(2,164)	27,781	18,348	71,293	126	121	516,459
Changes during period								
Dividends of surplus								(7,496)
Profit attributable to owners of parent								22,906
Purchase of treasury shares								(0)
Disposal of treasury shares								75
Revaluation reserve for land								788
Net changes in items other than shareholders' equity	(25,960)	3,073	(788)	(12,872)	(36,547)	-	16	(36,530)
Total changes during period	(25,960)	3,073	(788)	(12,872)	(36,547)	-	16	(20,258)
Balance at end of period	1,367	908	26,993	5,476	34,745	126	138	496,200

Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Cash flows from operating activities		
Profit before income taxes	30,934	32,926
Depreciation	4,709	6,052
Impairment losses	439	2,272
Gains on Cancellation of Employee Retirement Benefit Trust	-	(7,035)
Share of loss (profit) of entities accounted for using equity method	(181)	-
Loss (gain) on step acquisitions	(86)	-
Increase (decrease) in allowance for loan losses	6,853	(2,002)
Decrease (increase) in retirement benefit asset	(15,011)	34,736
Increase (decrease) in retirement benefit liability	3	27
Increase (decrease) in provision for retirement benefits for directors (and other officers)	9	34
Increase (decrease) in provision for reimbursement of deposits	(785)	(635)
Increase (decrease) in provision for point card certificates	(4)	12
Increase (decrease) in provision for share awards	61	190
Increase (decrease) in reserves under special laws	(9)	(0)
Increase (decrease) in allowance for demolition of non-current assets	(408)	(461)
Interest income	(71,390)	(73,499)
Interest expenses	4,585	3,963
Loss (gain) related to securities	(7,730)	2,157
Loss (gain) on disposal of non-current assets	135	(1,092)
Net decrease (increase) in trading account assets	(260)	(1,075)
Net increase (decrease) in trading account liabilities	(206)	1,240
Net decrease (increase) in loans and bills discounted	(61,449)	(421,016)
Net increase (decrease) in deposits	818,469	385,239
Net increase (decrease) in negotiable certificates of deposit	163,769	12,562
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	383,836	191,966
Net decrease (increase) in due from banks (excluding due from Bank of Japan)	(1,192)	(943)
Net decrease (increase) in call loans	6,056	(5,424)
Net increase (decrease) in call money	76,264	(26,228)
Net increase (decrease) in cash collateral received for securities lent	61,437	65,737
Net decrease (increase) in foreign exchanges - assets	19,526	3,994
Net increase (decrease) in foreign exchanges - liabilities	(1,516)	729
Amortization of goodwill	-	135
Interest received	77,497	78,205
Interest paid	(4,794)	(4,051)
Other, net	5,579	(50,254)
Subtotal	1,495,141	228,464
Income taxes paid	(8,803)	(11,574)
Net cash provided by (used in) operating activities	1,486,338	216,889

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Cash flows from investing activities		
Purchase of securities	(831,611)	(921,805)
Proceeds from sale of securities	430,328	597,047
Proceeds from redemption of securities	88,936	126,735
Increase in money held in trust	(35,811)	(7)
Decrease in money held in trust	8	3,004
Purchase of tangible fixed assets	(19,977)	(5,211)
Purchase of intangible fixed assets	(2,342)	(2,706)
Proceeds from sale of tangible fixed assets	799	4,752
Payments for retirement of tangible fixed assets	(14)	(97)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(719)	(39)
Net cash provided by (used in) investing activities	(370,404)	(198,327)
Cash flows from financing activities		
Repayments of subordinated borrowings	-	(15,000)
Dividends paid	(7,957)	(7,509)
Dividends paid to non-controlling interests	-	(19)
Purchase of treasury shares	(789)	(0)
Proceeds from sale of treasury shares	0	0
Repayments of lease liabilities	(564)	(107)
Net cash provided by (used in) financing activities	(9,312)	(22,637)
Effect of exchange rate change on cash and cash equivalents	(14)	23
Net increase (decrease) in cash and cash equivalents	1,106,606	(4,052)
Cash and cash equivalents at beginning of period	1,463,401	2,570,007
Cash and cash equivalents at end of period	2,570,007	2,565,955