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Consolidated Financial Results for the Year Ended March 31, 2023 [Japanese GAAP]

May 10, 2023

Company name: Mie Kotsu Group Holdings, Inc.
 Stock exchange listing: Tokyo, Nagoya
 Securities code: 3232
 URL: <https://holdings.sanco.co.jp/>
 Representative: Yasushi Hara, President and Representative Director
 Contact: Tomonori Iwagaki, General Manager of Accounting Group
 Phone: +81-59-213-0351
 Scheduled date of Annual General Meeting of Shareholders: June 23, 2023
 Scheduled date of commencing dividend payments: June 26, 2023
 Scheduled date of filing annual securities report: June 23, 2023
 Availability of supplementary briefing material on annual financial results: None
 Holding of financial results briefing: Yes (for securities analysts and institutional investors)

(Amounts of less than one millions of yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Consolidated Operating Results (% represents increase (decrease) from the previous period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2023	93,124	10.4	6,374	112.7	6,914	65.4	3,769	70.5
March 31, 2022	84,351	3.9	2,996	642.2	4,180	109.7	2,210	-

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥ 5,200 million [305.8%]
 Fiscal year ended March 31, 2022: ¥ 1,281 million [-%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	37.78	-	7.5	4.2	6.8
March 31, 2022	22.19	-	4.6	2.5	3.6

(Reference) Share of profit (loss) of entities accounted for using equity method: Fiscal year ended March 31, 2023: ¥ 22 million
 Fiscal year ended March 31, 2022: ¥ (9) million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	167,901	52,777	31.2	525.52
March 31, 2022	165,153	48,394	29.1	482.59

(Reference) Equity: As of March 31, 2023: ¥ 52,467 million
 As of March 31, 2022: ¥ 48,101 million

(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	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	8,357	(2,494)	(3,712)	7,473
March 31, 2022	8,732	(5,152)	(3,858)	5,323

2. Cash dividends

	Annual dividends per share					Total cash dividends	Payout ratio (consolidated)	Ratio of 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	Millions of yen	%	%
March 31, 2022	-	4.00	-	4.00	8.00	797	36.1	1.7
March 31, 2023	-	5.00	-	5.00	10.00	998	26.5	2.0
Fiscal year ending March 31, 2024 (Forecast)	-	6.00	-	6.00	12.00		28.5	

(Note) Breakdown of the year-end dividend for the fiscal year ended March 31, 2024 :Ordinary dividend of ¥11.00, and commemorative dividend of ¥1.00 (80th anniversary commemorative dividend)

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% represents increase (decrease) from the previous period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	44,000	11.5	2,700	40.0	2,600	14.0	1,700	0.9	17.04
Full year	100,000	7.4	6,400	0.4	6,300	(8.9)	4,200	11.4	42.09

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): None

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

- 1) Changes in accounting policies due to the revision of accounting standards: None
- 2) Changes in accounting policies other than 1) above: None
- 3) Changes in accounting estimates: None
- 4) Retrospective restatement: None

(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, 2023: 107,301,583 shares
March 31, 2022: 107,301,583 shares

2) Number of treasury shares at the end of the period:

March 31, 2023: 7,462,274 shares
March 31, 2022: 7,628,086 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2023: 99,776,332 shares
Fiscal Year ended March 31, 2022: 99,606,826 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Non-consolidated Operating Results (% represents increase (decrease) from the previous period.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	3,071	21.9	1,920	29.3	1,926	29.1	1,131	(4.7)
March 31, 2022	2,519	(15.4)	1,484	(25.2)	1,492	(24.9)	1,187	(40.0)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	11.34	-
March 31, 2022	11.93	-

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	24,042	23,676	98.5	237.14
March 31, 2022	25,061	23,361	93.2	234.38

(Reference) Equity: As of March 31, 2023: ¥ 23,676 million
As of March 31, 2022: ¥ 23,361 million

* Financial results reports are not subjected to reviews by certified public accountants and audit corporations.

* The forecasts given in this document are based on the current available information in the company and certain reasonable assumptions of the company. And we don't commit to achieve these forecasting numbers. Actual results may differ from these forecasts by a variety of reasons.

Consolidated Financial Statements

Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	7,383,315	9,333,177
Notes and accounts receivable - trade	6,841,965	7,733,103
Merchandise and finished goods	2,830,253	3,304,832
Real estate for sale	21,641,004	22,795,771
Work in process	226,310	299,335
Raw materials and supplies	263,435	273,028
Other	2,847,640	2,572,624
Allowance for doubtful accounts	(11,545)	(7,726)
Total current assets	42,022,380	46,304,145
Non-current assets		
Property, plant and equipment		
Buildings and structures	78,275,047	76,382,441
Accumulated depreciation	(53,380,214)	(53,178,230)
Buildings and structures, net	24,894,832	23,204,211
Machinery, equipment and vehicles	55,484,353	55,367,557
Accumulated depreciation	(33,574,174)	(35,008,639)
Machinery, equipment and vehicles, net	21,910,178	20,358,918
Tools, furniture and fixtures	5,409,036	5,330,512
Accumulated depreciation	(4,576,656)	(4,658,477)
Tools, furniture and fixtures, net	832,380	672,035
Land	54,985,120	54,654,604
Leased assets	283,309	299,909
Accumulated depreciation	(217,563)	(237,856)
Leased assets, net	65,746	62,052
Construction in progress	1,124,404	1,461,456
Total property, plant and equipment	103,812,663	100,413,279
Intangible assets		
Other	439,279	543,873
Total intangible assets	439,279	543,873
Investments and other assets		
Investment securities	10,310,330	12,018,878
Retirement benefit asset	1,257,633	1,616,827
Deferred tax assets	789,987	609,827
Other	6,633,496	6,505,011
Allowance for doubtful accounts	(112,660)	(110,233)
Total investments and other assets	18,878,787	20,640,311
Total non-current assets	123,130,730	121,597,463
Total assets	165,153,110	167,901,609

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,546,325	6,646,768
Short-term borrowings	10,665,000	11,020,000
Current portion of long-term borrowings	21,218,788	24,893,889
Lease liabilities	28,065	26,022
Income taxes payable	1,255,793	1,748,877
Provision for bonuses	835,678	1,022,924
Provision for product warranties	12,295	10,476
Other	8,674,437	8,182,415
Total current liabilities	48,236,383	53,551,374
Non-current liabilities		
Long-term borrowings	50,426,896	43,606,491
Lease liabilities	44,724	53,805
Deferred tax liabilities	1,023,836	1,417,802
Deferred tax liabilities for land revaluation	2,442,693	2,400,727
Retirement benefit liability	2,289,289	1,983,793
Provision for redemption of gift certificates of travel	156,132	154,119
Provision for repairs	233,418	285,194
Asset retirement obligations	1,766,688	1,780,758
Long-term guarantee deposits	8,742,529	8,634,597
Other	1,395,708	1,255,140
Total non-current liabilities	68,521,917	61,572,429
Total liabilities	116,758,300	115,123,804
Net assets		
Shareholders' equity		
Share capital	3,000,000	3,000,000
Capital surplus	10,422,305	10,488,281
Retained earnings	28,165,160	31,092,032
Treasury shares	(696,626)	(681,593)
Total shareholders' equity	40,890,838	43,898,720
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,738,072	4,916,159
Revaluation reserve for land	3,338,085	3,282,401
Remeasurements of defined benefit plans	134,189	370,083
Total accumulated other comprehensive income	7,210,347	8,568,645
Non-controlling interests	293,623	310,439
Total net assets	48,394,810	52,777,804
Total liabilities and net assets	165,153,110	167,901,609

Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Operating revenue		
Passenger transportation	25,767,146	32,381,884
Net sales of goods	58,584,494	60,742,806
Total operating revenue	84,351,640	93,124,690
Operating expenses		
Operating expenses and cost of sales of transportation	25,420,027	28,962,186
Cost of goods sold	37,051,792	38,761,067
Selling, general and administrative expenses	18,883,296	19,027,028
Total operating expenses	81,355,116	86,750,282
Operating profit	2,996,524	6,374,408
Non-operating income		
Interest income	2,343	2,656
Dividend income	122,563	188,378
Share of profit of entities accounted for using equity method	-	22,990
Subsidy income	1,221,973	480,870
Other	212,020	211,480
Total non-operating income	1,558,902	906,377
Non-operating expenses		
Interest expenses	343,601	323,945
Share of loss of entities accounted for using equity method	9,324	-
Other	22,395	42,351
Total non-operating expenses	375,320	366,297
Ordinary profit	4,180,105	6,914,488
Extraordinary income		
Gain on sale of non-current assets	603	25,034
Subsidy income	68,828	94,183
Compensation income	300,000	-
Other	24,669	2,177
Total extraordinary income	394,100	121,396
Extraordinary losses		
Impairment losses	471,507	880,509
Loss on disposal of non-current assets	382,486	396,971
Other	80,891	179,970
Total extraordinary losses	934,885	1,457,452
Profit before income taxes	3,639,321	5,578,432
Income taxes - current	1,615,936	1,864,865
Income taxes - deferred	(204,693)	(72,351)
Total income taxes	1,411,242	1,792,514
Profit	2,228,078	3,785,918
Profit attributable to non-controlling interests	17,879	16,829
Profit attributable to owners of parent	2,210,198	3,769,088

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	2,228,078	3,785,918
Other comprehensive income		
Valuation difference on available-for-sale securities	(767,709)	1,178,504
Remeasurements of defined benefit plans, net of tax	(179,005)	235,893
Total other comprehensive income	(946,715)	1,414,398
Comprehensive income	1,281,363	5,200,316
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,262,269	5,183,070
Comprehensive income attributable to non-controlling interests	19,094	17,246

Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,000,000	10,377,716	26,652,158	(712,244)	39,317,629
Changes during period					
Dividends of surplus			(697,197)		(697,197)
Profit attributable to owners of parent			2,210,198		2,210,198
Purchase of treasury shares				(196)	(196)
Disposal of treasury shares		44,588		15,814	60,403
Reversal of revaluation reserve for land					-
Net changes in items other than shareholders' equity					
Total changes during period	-	44,588	1,513,001	15,618	1,573,208
Balance at end of period	3,000,000	10,422,305	28,165,160	(696,626)	40,890,838

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	4,506,996	3,338,085	313,195	8,158,277	274,959	47,750,867
Changes during period						
Dividends of surplus						(697,197)
Profit attributable to owners of parent						2,210,198
Purchase of treasury shares						(196)
Disposal of treasury shares						60,403
Reversal of revaluation reserve for land						-
Net changes in items other than shareholders' equity	(768,924)	-	(179,005)	(947,929)	18,663	(929,265)
Total changes during period	(768,924)	-	(179,005)	(947,929)	18,663	643,943
Balance at end of period	3,738,072	3,338,085	134,189	7,210,347	293,623	48,394,810

For the fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,000,000	10,422,305	28,165,160	(696,626)	40,890,838
Changes during period					
Dividends of surplus			(897,899)		(897,899)
Profit attributable to owners of parent			3,769,088		3,769,088
Purchase of treasury shares		164		(302)	(138)
Disposal of treasury shares		65,811		15,334	81,146
Reversal of revaluation reserve for land			55,683		55,683
Net changes in items other than shareholders' equity					
Total changes during period	-	65,976	2,926,872	15,032	3,007,881
Balance at end of period	3,000,000	10,488,281	31,092,032	(681,593)	43,898,720

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	3,738,072	3,338,085	134,189	7,210,347	293,623	48,394,810
Changes during period						
Dividends of surplus						(897,899)
Profit attributable to owners of parent						3,769,088
Purchase of treasury shares						(138)
Disposal of treasury shares						81,146
Reversal of revaluation reserve for land						55,683
Net changes in items other than shareholders' equity	1,178,087	(55,683)	235,893	1,358,297	16,815	1,375,113
Total changes during period	1,178,087	(55,683)	235,893	1,358,297	16,815	4,382,994
Balance at end of period	4,916,159	3,282,401	370,083	8,568,645	310,439	52,777,804

Consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	3,639,321	5,578,432
Depreciation	5,488,684	4,864,206
Impairment losses	471,507	880,509
Interest and dividend income	(124,907)	(191,035)
Interest expenses	343,601	323,945
Compensation income	(300,000)	-
Subsidy income	(1,221,973)	(480,870)
Loss (gain) on disposal of non-current assets	382,486	396,971
Decrease (increase) in trade receivables	837,738	(816,640)
Decrease (increase) in inventories	(3,426,245)	(1,707,462)
Increase (decrease) in trade payables	1,991,181	1,068,525
Increase (decrease) in accrued consumption taxes	(252,292)	17,573
Decrease (increase) in other current assets	292,202	1,100,566
Increase (decrease) in other current liabilities	(263,579)	(748,125)
Other, net	61,005	117,207
Subtotal	7,918,729	10,403,803
Interest and dividends received	124,888	191,016
Interest paid	(302,436)	(298,235)
Proceeds from compensation	300,000	-
Subsidies received	1,256,376	637,157
Income taxes paid	(564,655)	(2,576,635)
Net cash provided by (used in) operating activities	8,732,902	8,357,107
Cash flows from investing activities		
Payments into time deposits	(1,860,000)	(1,510,000)
Proceeds from withdrawal of time deposits	1,510,000	1,710,000
Purchase of non-current assets	(4,115,523)	(2,480,197)
Proceeds from sale of non-current assets	4,604	45,579
Purchase of investment securities	(4,699)	(5,009)
Investments and loan advances	(182,680)	(209,817)
Proceeds from divestments and collection of loans receivable	172,188	199,975
Refund of guarantee deposits received	(948,396)	(614,449)
Guarantee deposits received	306,369	292,556
Other, net	(34,503)	76,628
Net cash provided by (used in) investing activities	(5,152,641)	(2,494,735)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(4,355,000)	355,000
Proceeds from long-term borrowings	20,725,000	19,800,000
Repayments of long-term borrowings	(19,506,012)	(22,945,304)
Purchase of treasury shares	(196)	(418)
Dividends paid	(697,197)	(897,899)
Dividends paid to non-controlling interests	(430)	(430)
Other, net	(24,628)	(23,453)
Net cash provided by (used in) financing activities	(3,858,464)	(3,712,506)
Net increase (decrease) in cash and cash equivalents	(278,203)	2,149,865
Cash and cash equivalents at beginning of period	5,601,515	5,323,312
Cash and cash equivalents at end of period	5,323,312	7,473,177