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

May 12, 2023

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 27, 2023

Scheduled date of commencing dividend payments: June 07, 2023

Scheduled date of filing annual securities report: June 28, 2023

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, 2023 (April 01, 2022 to March 31, 2023)

(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, 2023	160,234	9.7	18,780	(30.6)	12,508	(45.4)
March 31, 2022	146,085	26.5	27,070	(12.8)	22,906	6.2

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥ 10,235 million [-%]
Fiscal year ended March 31, 2022: ¥ (12,817) 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, 2023	40.25	40.22	2.5	0.2	11.7
March 31, 2022	73.75	73.71	4.5	0.2	18.5

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2023: ¥ - million
Fiscal year ended March 31, 2022: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2023	11,496,027	498,604	4.3	1,603.30
March 31, 2022	11,603,909	496,200	4.3	1,596.79

(Reference) Equity: As of March 31, 2023: ¥ 498,342 million
As of March 31, 2022: ¥ 495,935 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, 2023	(468,742)	65,827	(8,100)	2,154,953
March 31, 2022	216,889	(198,327)	(22,637)	2,565,955

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, 2022	-	12.00	-	12.00	24.00	7,496	32.5	1.5
March 31, 2023	-	13.50	-	13.50	27.00	8,433	67.1	1.7
Fiscal year ending March 31, 2024(Forecast)	-	18.00	-	18.00	36.00		40.7	

(Note)The Company has revised its shareholder return policy from the fiscal year ending March 31, 2024. For details, please refer to “Notice Regarding the Revision of Shareholder Return Policy” announced today.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 01, 2023 to March 31, 2024)

(% 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, 2023	19,000	28.7	13,000	29.1	41.82
Full year	39,500	110.3	27,500	119.9	88.47

* 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: No

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, 2023: 312,370,921 shares

March 31, 2022: 312,370,921 shares

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

March 31, 2023: 1,549,675 shares

March 31, 2022: 1,789,525 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2023: 310,772,458 shares

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

* 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 31,2022	As of March 31,2023
Assets		
Cash and due from banks	2,577,627	2,188,107
Call loans and bills bought	5,899	34,784
Monetary claims bought	8,000	8,682
Trading account assets	7,577	10,598
Money held in trust	42,415	40,200
Securities	1,668,228	1,580,832
Loans and bills discounted	6,901,858	7,224,123
Foreign exchanges	11,468	11,579
Lease receivables and investments in leases	63,275	66,358
Other assets	137,159	133,877
Tangible fixed assets	107,359	107,570
Buildings, net	31,941	32,121
Land	54,822	54,745
Leased assets, net	1,938	1,904
Construction in progress	1,122	1,289
Other tangible fixed assets	17,534	17,508
Intangible fixed assets	9,025	10,835
Software	6,160	7,836
Goodwill	567	426
Other intangible fixed assets	2,297	2,572
Retirement benefit asset	58,164	74,580
Deferred tax assets	6,060	2,473
Customers' liabilities for acceptances and guarantees	38,859	40,795
Allowance for loan losses	(39,070)	(39,372)
Total assets	11,603,909	11,496,027
Liabilities		
Deposits	8,729,837	8,925,494
Negotiable certificates of deposit	338,041	326,762
Call money and bills sold	-	50,000
Securities sold under repurchase agreements	229,457	130,533
Cash collateral received for securities lent	448,183	402,712
Trading account liabilities	4,848	7,996
Borrowed money	1,201,839	1,013,860
Foreign exchanges	2,714	2,377
Borrowed money from trust account	51	51
Other liabilities	97,409	81,212
Retirement benefit liability	697	709
Provision for retirement benefits for directors (and other officers)	130	144
Provision for reimbursement of deposits	1,110	437
Provision for point card certificates	150	176
Provision for stockshares	799	914
Allowance for demolition of non-current assets	307	-
Reserves under special laws	28	28
Deferred tax liabilities for land revaluation	13,241	13,215
Acceptances and guarantees	38,859	40,795
Total liabilities	11,107,708	10,997,422

(Million yen)

	As of March 31,2022	As of March 31,2023
Net assets		
Share capital	60,000	60,000
Capital surplus	25,209	25,209
Retained earnings	377,217	381,782
Treasury shares	(1,237)	(1,071)
Total shareholders' equity	461,189	465,920
Valuation difference on available-for-sale securities	1,367	(8,502)
Deferred gains or losses on hedges	908	3,490
Revaluation reserve for land	26,993	26,971
Remeasurements of defined benefit plans	5,476	10,461
Total accumulated other comprehensive income	34,745	32,421
Share acquisition rights	126	126
Non-controlling interests	138	135
Total net assets	496,200	498,604
Total liabilities and net assets	11,603,909	11,496,027

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31,2022	For the fiscal year ended March 31,2023
Ordinary income	146,085	160,234
Interest income	73,499	87,112
Interest on loans and discounts	57,061	67,563
Interest and dividends on securities	11,959	15,586
Interest on call loans and bills bought	24	163
Interest on deposits with banks	2,067	2,264
Other interest income	2,387	1,534
Trust fees	178	142
Fees and commissions	33,624	33,262
Gain on trading account transactions	4,305	3,288
Other ordinary income	28,018	30,960
Other income	6,459	5,468
Recoveries of written off receivables	1	1,439
Other	6,458	4,029
Ordinary expenses	119,015	141,454
Interest expenses	3,963	20,835
Interest on deposits	837	1,765
Interest on negotiable certificates of deposit	40	37
Interest on call money and bills sold	(10)	(71)
Interest expenses on securities sold under repurchase agreements	317	6,953
Interest expenses on cash collateral received for securities lent	69	405
Interest on borrowings and rediscounts	466	320
Other interest expenses	2,241	11,422
Fees and commissions payments	12,686	12,590
Other ordinary expenses	30,957	41,969
General and administrative expenses	58,031	58,064
Other expenses	13,376	7,994
Provision of allowance for loan losses	11,251	1,923
Other	2,125	6,070
Ordinary profit	27,070	18,780
Extraordinary income	8,357	39
Gain on disposal of non-current assets	1,321	26
Reversal of reserve for financial instruments transaction liabilities	0	0
Gain on reversal of provision for dismantling of fixed assets	-	12
Gains on Cancellation of Employee Retirement Benefit Trust	7,035	-
Extraordinary losses	2,501	564
Loss on disposal of non-current assets	229	335
Impairment losses	2,272	228
Profit before income taxes	32,926	18,255
Income taxes - current	8,296	1,160
Income taxes - deferred	1,687	4,556
Total income taxes	9,984	5,717
Profit	22,942	12,538
Profit attributable to non-controlling interests	36	29
Profit attributable to owners of parent	22,906	12,508

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31,2022	For the fiscal year ended March 31,2023
Profit	22,942	12,538
Other comprehensive income	(35,759)	(2,302)
Valuation difference on available-for-sale securities	(25,960)	(9,869)
Deferred gains or losses on hedges	3,073	2,582
Remeasurements of defined benefit plans, net of tax	(12,872)	4,984
Comprehensive income	(12,817)	10,235
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(12,853)	10,206
Comprehensive income attributable to non-controlling interests	36	29

Consolidated Statements of Changes in Net Assets

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

For the fiscal year ended March 31,2023

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	60,000	25,209	377,217	(1,237)	461,189
Changes during period					
Dividends of surplus			(7,965)		(7,965)
Profit attributable to owners of parent			12,508		12,508
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				166	166
Revaluation reserve for land			21		21
Net changes in items other than shareholders' equity					
Total changes during period	-	-	4,565	165	4,730
Balance at end of period	60,000	25,209	381,782	(1,071)	465,920

	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	1,367	908	26,993	5,476	34,745	126	138	496,200
Changes during period								
Dividends of surplus								(7,965)
Profit attributable to owners of parent								12,508
Purchase of treasury shares								(0)
Disposal of treasury shares								166
Revaluation reserve for land								21
Net changes in items other than shareholders' equity	(9,869)	2,582	(21)	4,984	(2,324)	-	(2)	(2,327)
Total changes during period	(9,869)	2,582	(21)	4,984	(2,324)	-	(2)	2,403
Balance at end of period	(8,502)	3,490	26,971	10,461	32,421	126	135	498,604

Consolidated Statements of Cash Flows

(Million 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	32,926	18,255
Depreciation	6,052	6,111
Impairment losses	2,272	228
Gains on Cancellation of Employee Retirement Benefit Trust	(7,035)	-
Increase (decrease) in allowance for loan losses	(2,002)	302
Decrease (increase) in retirement benefit asset	34,736	(16,416)
Increase (decrease) in retirement benefit liability	27	12
Increase (decrease) in provision for retirement benefits for directors (and other officers)	34	13
Increase (decrease) in provision for reimbursement of deposits	(635)	(672)
Increase (decrease) in provision for point card certificates	12	25
Increase (decrease) in provision for share awards	190	114
Increase (decrease) in reserves under special laws	(0)	(0)
Increase (decrease) in allowance for demolition of non-current assets	(461)	(307)
Interest income	(73,499)	(87,112)
Interest expenses	3,963	20,835
Loss (gain) related to securities	2,157	19,093
Loss (gain) on disposal of non-current assets	(1,092)	308
Net decrease (increase) in trading account assets	(1,075)	(3,021)
Net increase (decrease) in trading account liabilities	1,240	3,148
Net decrease (increase) in loans and bills discounted	(421,016)	(322,265)
Net increase (decrease) in deposits	385,239	195,656
Net increase (decrease) in negotiable certificates of deposit	12,562	(11,279)
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	191,966	(187,978)
Net decrease (increase) in due from banks (excluding due from Bank of Japan)	(943)	(21,481)
Net decrease (increase) in call loans	(5,424)	(29,567)
Net increase (decrease) in call money	(26,228)	(48,923)
Net increase (decrease) in cash collateral received for securities lent	65,737	(45,470)
Net decrease (increase) in foreign exchanges - assets	3,994	(110)
Net increase (decrease) in foreign exchanges - liabilities	729	(337)
Amortization of goodwill	135	140
Interest received	78,205	88,340
Interest paid	(4,051)	(19,458)
Other, net	(50,254)	(23,457)
Subtotal	228,464	(465,272)
Income taxes paid	(11,574)	(3,469)
Net cash provided by (used in) operating activities	216,889	(468,742)

(Million yen)

	For the fiscal year ended March 31,2022	For the fiscal year ended March 31,2023
Cash flows from investing activities		
Purchase of securities	(921,805)	(587,510)
Proceeds from sale of securities	597,047	583,708
Proceeds from redemption of securities	126,735	76,726
Increase in money held in trust	(7)	(6,006)
Decrease in money held in trust	3,004	8,004
Purchase of tangible fixed assets	(5,211)	(4,546)
Purchase of intangible fixed assets	(2,706)	(4,748)
Proceeds from sale of tangible fixed assets	4,752	239
Payments for retirement of tangible fixed assets	(97)	(39)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(39)	-
Net cash provided by (used in) investing activities	(198,327)	65,827
Cash flows from financing activities		
Repayments of subordinated borrowings	(15,000)	-
Dividends paid	(7,509)	(7,957)
Dividends paid to non-controlling interests	(19)	(32)
Purchase of treasury shares	(0)	(0)
Proceeds from sale of treasury shares	0	-
Repayments of lease liabilities	(107)	(109)
Net cash provided by (used in) financing activities	(22,637)	(8,100)
Effect of exchange rate change on cash and cash equivalents	23	12
Net increase (decrease) in cash and cash equivalents	(4,052)	(411,002)
Cash and cash equivalents at beginning of period	2,570,007	2,565,955
Cash and cash equivalents at end of period	2,565,955	2,154,953