

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 12, 2023

Company name: NISSHIN GROUP HOLDINGS Company, Limited
 Stock exchange listing: Tokyo
 Stock code: 8881 URL <https://www.nisshin-hd.co.jp/>
 Representative: Representative Director and President Yukiyoshi Tsutsumi
 Representative Director and Senior Managing Director
 Inquiries: Hideki Kuroiwa TEL 03-5360-2016
 Scheduled date of ordinary general meeting of shareholders: June 26, 2023
 Scheduled date to file Securities Report: June 27, 2023
 Scheduled date to commence dividend payments: June 27, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2023	82,348	1.1	4,194	(19.6)	4,055	(19.2)	2,763	(21.6)
Year ended March 31, 2022	81,465	0.8	5,214	(1.0)	5,017	0.2	3,522	2.9

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2023	59.12	–	4.3	3.4	5.1
Year ended March 31, 2022	75.27	–	5.6	4.5	6.4

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	120,933	65,808	54.3	1,406.12
As of March 31, 2022	114,969	64,132	55.7	1,370.11

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2023	789	(541)	(1,344)	36,103
Year ended March 31, 2022	840	(2,484)	1,854	37,200

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2022	–	0.00	–	22.00	22.00	1,031	29.2	1.6
Year ended March 31, 2023	–	0.00	–	22.00	22.00	1,031	37.2	1.6
Year ending March 31, 2024 (Forecast)	–	0.00	–	22.00	22.00		49.0	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	86,000	4.4	4,000	(4.6)	3,700	(8.8)	2,100	(24.0)	44.93

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of March 31, 2023	46,951,260 shares	As of March 31, 2022	46,951,260 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	213,592 shares	As of March 31, 2022	219,232 shares
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Average number of shares during the period

Year ended March 31, 2023	46,735,667 shares	Year ended March 31, 2022	46,798,383 shares
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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	61,302,820	60,943,865
Notes receivable, accounts receivable from completed construction contracts and other	16,344,272	14,259,955
Electronically recorded monetary claims - operating	662,069	3,659,462
Real estate for sale	3,533,277	8,477,186
Costs on real estate business	16,446,116	16,557,175
Costs on construction contracts in progress	15,284	6,278
Short-term loans receivable	2,190	2,259
Accounts receivable - other	313,702	579,908
Other	1,036,435	948,327
Allowance for doubtful accounts	(75,060)	(81,552)
Total current assets	99,581,107	105,352,867
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,278,113	7,234,768
Accumulated depreciation	(2,225,039)	(2,402,395)
Buildings and structures, net	5,053,074	4,832,372
Land	5,425,905	5,407,934
Leased assets	495,962	610,477
Accumulated depreciation	(256,421)	(292,173)
Leased assets, net	239,541	318,304
Other	422,545	522,801
Accumulated depreciation	(293,861)	(305,387)
Other, net	128,683	217,414
Total property, plant and equipment	10,847,204	10,776,025
Intangible assets		
Leased assets	39,190	35,013
Other	35,025	116,353
Total intangible assets	74,215	151,366
Investments and other assets		
Investment securities	3,147,859	3,521,592
Long-term loans receivable	265,588	279,746
Deferred tax assets	446,757	396,594
Other	662,561	503,537
Allowance for doubtful accounts	(55,312)	(48,682)
Total investments and other assets	4,467,454	4,652,789
Total non-current assets	15,388,874	15,580,181
Total assets	114,969,982	120,933,049

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	4,218,411	4,571,634
Electronically recorded obligations - operating	7,991,480	11,725,230
Short-term borrowings	10,481,426	16,676,315
Current portion of bonds payable	88,000	72,000
Lease liabilities	104,290	124,505
Income taxes payable	700,062	559,685
Provision for bonuses	523,157	551,804
Provision for warranties for completed construction	203,624	223,664
Provision for loss on construction contracts	5,905	5,769
Provision for shareholder benefit program	34,136	45,578
Advances received	571,628	292,389
Advances received on construction contracts in progress	706,691	475,737
Deposits received	1,235,742	1,249,319
Other	613,492	1,011,792
Total current liabilities	27,478,049	37,585,426
Non-current liabilities		
Bonds payable	312,000	240,000
Long-term borrowings	20,975,474	15,087,137
Lease liabilities	155,680	207,520
Provision for loss on guarantees	2,460	–
Provision for share awards for directors (and other officers)	20,964	42,314
Retirement benefit liability	1,662,796	1,707,217
Other	229,994	255,261
Total non-current liabilities	23,359,370	17,539,451
Total liabilities	50,837,420	55,124,877
Net assets		
Shareholders' equity		
Share capital	10,111,411	10,111,411
Capital surplus	425,478	427,262
Retained earnings	53,380,500	55,111,615
Treasury shares	(112,694)	(109,853)
Total shareholders' equity	63,804,696	65,540,436
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	226,354	186,235
Remeasurements of defined benefit plans	(2,665)	(7,791)
Total accumulated other comprehensive income	223,688	178,444
Non-controlling interests	104,176	89,290
Total net assets	64,132,561	65,808,171
Total liabilities and net assets	114,969,982	120,933,049

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	81,465,366	82,348,045
Cost of sales	69,115,185	71,446,665
Gross profit	12,350,181	10,901,379
Selling, general and administrative expenses		
Advertising expenses	267,544	271,087
Commission expenses	275,120	215,854
Provision of allowance for doubtful accounts	22,940	27,685
Provision for shareholder benefit program	34,136	45,578
Remuneration for directors (and other officers)	396,731	329,840
Salaries and allowances	2,712,536	2,541,093
Bonuses	403,061	328,337
Provision for bonuses	402,114	430,007
Retirement benefit expenses	117,498	115,898
Provision for retirement benefits for directors (and other officers)	6,270	–
Provision for share awards for directors (and other officers)	21,626	25,416
Depreciation	193,790	155,258
Taxes and dues	519,315	455,359
Other	1,763,068	1,765,179
Total selling, general and administrative expenses	7,135,756	6,706,598
Operating profit	5,214,425	4,194,780
Non-operating income		
Interest income	1,575	2,264
Dividend income	17,406	18,923
Penalty income	11,909	30,650
Reversal of allowance for doubtful accounts	30,774	28,554
Reversal of provision for loss on guarantees	642	51
Reversal of provision for shareholder benefit program	8,323	534
Gain on reversal of share awards for directors (and other officers)	–	492
Gain on sale of securities	28,905	–
Insurance return	30,535	150,607
An introduction fee	36,128	30,326
Other	48,907	42,857
Total non-operating income	215,109	305,263
Non-operating expenses		
Interest expenses	377,591	426,711
Commission expenses	6,351	10,122
Other	28,142	7,457
Total non-operating expenses	412,084	444,291
Ordinary profit	5,017,449	4,055,753

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Extraordinary income		
Gain on sale of non-current assets	234,679	9,058
Gain on sale of investment securities	–	54,604
Total extraordinary income	234,679	63,662
Extraordinary losses		
Loss on valuation of investment securities	–	19,999
Loss on retirement of non-current assets	13,680	870
Loss on liquidation of subsidiaries and associates	156,470	–
Other	–	78
Total extraordinary losses	170,150	20,949
Profit before income taxes	5,081,978	4,098,466
Income taxes - current	1,426,407	1,250,758
Income taxes - deferred	121,227	65,264
Total income taxes	1,547,634	1,316,022
Profit	3,534,344	2,782,443
Profit attributable to non-controlling interests	11,668	19,407
Profit attributable to owners of parent	3,522,675	2,763,036

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	3,534,344	2,782,443
Other comprehensive income		
Valuation difference on available-for-sale securities	3,693	(40,118)
Foreign currency translation adjustment	–	–
Remeasurements of defined benefit plans, net of tax	2,072	(5,125)
Total other comprehensive income	5,766	(45,243)
Comprehensive income	3,540,110	2,737,199
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,528,441	2,717,792
Comprehensive income attributable to non-controlling interests	11,668	19,407

Consolidated statements of changes in equity

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	10,111,411	427,432	50,698,293	(25,395)	61,211,742
Cumulative effects of changes in accounting policies	–	–	3,832	–	3,832
Restated balance	10,111,411	427,432	50,702,126	(25,395)	61,215,575
Changes during period					
Dividends of surplus	–	–	(844,301)	–	(844,301)
Effect of Change of scope of consolidation	–	(1,954)	–	–	(1,954)
Change in ownership interest of parent due to transactions with non-controlling interests	–	–	–	–	–
Profit attributable to owners of parent	–	–	3,522,675	–	3,522,675
Purchase of treasury shares	–	–	–	(87,298)	(87,298)
Disposal of treasury shares	–	–	–	–	–
Net changes in items other than shareholders' equity	–	–	–	–	–
Total changes during period	–	(1,954)	2,678,374	(87,298)	2,589,121
Balance at end of period	10,111,411	425,478	53,380,500	(112,694)	63,804,696

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	222,660	–	(4,738)	217,922	137,095	61,566,759
Cumulative effects of changes in accounting policies	–	–	–	–	–	3,832
Restated balance	222,660	–	(4,738)	217,922	137,095	61,570,592
Changes during period						
Dividends of surplus	–	–	–	–	–	(844,301)
Effect of Change of scope of consolidation	–	–	–	–	–	(1,954)
Change in ownership interest of parent due to transactions with non-controlling interests	–	–	–	–	–	–
Profit attributable to owners of parent	–	–	–	–	–	3,522,675
Purchase of treasury shares	–	–	–	–	–	(87,298)
Disposal of treasury shares	–	–	–	–	–	–
Net changes in items other than shareholders' equity	3,693	–	2,072	5,766	(32,918)	(27,152)
Total changes during period	3,693	–	2,072	5,766	(32,918)	2,561,968
Balance at end of period	226,354	–	(2,665)	223,688	104,176	64,132,561

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	10,111,411	425,478	53,380,500	(112,694)	63,804,696
Cumulative effects of changes in accounting policies	–	–	–	–	–
Restated balance	10,111,411	425,478	53,380,500	(112,694)	63,804,696
Changes during period					
Dividends of surplus	–	–	(1,031,921)	–	(1,031,921)
Effect of Change of scope of consolidation	–	–	–	–	–
Change in ownership interest of parent due to transactions with non-controlling interests	–	1,784	–	–	1,784
Profit attributable to owners of parent	–	–	2,763,036	–	2,763,036
Purchase of treasury shares	–	–	–	(26)	(26)
Disposal of treasury shares	–	–	–	2,866	2,866
Net changes in items other than shareholders' equity	–	–	–	–	–
Total changes during period	–	1,784	1,731,114	2,840	1,735,739
Balance at end of period	10,111,411	427,262	55,111,615	(109,853)	65,540,436

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	226,354	–	(2,665)	223,688	104,176	64,132,561
Cumulative effects of changes in accounting policies	–	–	–	–	–	–
Restated balance	226,354	–	(2,665)	223,688	104,176	64,132,561
Changes during period						
Dividends of surplus	–	–	–	–	–	(1,031,921)
Effect of Change of scope of consolidation	–	–	–	–	–	–
Change in ownership interest of parent due to transactions with non-controlling interests	–	–	–	–	(34,292)	(32,508)
Profit attributable to owners of parent	–	–	–	–	–	2,763,036
Purchase of treasury shares	–	–	–	–	–	(26)
Disposal of treasury shares	–	–	–	–	–	2,866
Net changes in items other than shareholders' equity	(40,118)	–	(5,125)	(45,243)	19,407	(25,836)
Total changes during period	(40,118)	–	(5,125)	(45,243)	(14,885)	1,675,609
Balance at end of period	186,235	–	(7,791)	178,444	89,290	65,808,171

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	5,081,978	4,098,466
Depreciation	356,150	332,100
Increase (decrease) in allowance for doubtful accounts	(8,779)	(25)
Increase (decrease) in provision for bonuses	68,035	28,647
Increase (decrease) in retirement benefit liability	(74,414)	46,569
Increase (decrease) in other provisions	(533,878)	50,235
Interest and dividend income	(18,982)	(21,188)
Gain on maturity of insurance contract	(30,535)	(150,607)
Interest expenses	377,591	426,711
Commission expenses	6,351	10,122
Loss (gain) on valuation of investment securities	–	19,999
Loss on retirement of property, plant and equipment and intangible assets	13,680	870
Loss (gain) on sale of property, plant and equipment and intangible assets	(234,679)	(9,058)
Loss (gain) on liquidation of subsidiaries and associates	156,470	–
Decrease (increase) in trade receivables	(5,296,942)	(913,076)
Decrease (increase) in inventories	314,193	(5,069,185)
Decrease (increase) in other assets	(300,176)	2,286
Increase (decrease) in trade payables	2,622,573	4,086,973
Increase (decrease) in other liabilities	358,862	(129,120)
Increase (decrease) in other non-current liabilities	61,829	(1,848)
Other, net	(61,791)	(12,719)
Subtotal	2,857,536	2,796,153
Income taxes refund	406	3,372
Income taxes paid	(1,659,352)	(1,614,265)
Interest and dividends received	19,197	21,214
Interest paid	(377,641)	(416,655)
Net cash provided by (used in) operating activities	840,145	789,818

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from investing activities		
Payments into time deposits	(41,304,503)	(41,632,503)
Proceeds from withdrawal of time deposits	38,086,409	40,895,007
Proceeds from sale and redemption of investment securities	499,048	395,979
Purchase of investment securities	(232,714)	(380,030)
Loan advances	–	(500)
Proceeds from collection of loans receivable	660	588
Purchase of property, plant and equipment and intangible assets	(443,199)	(179,824)
Proceeds from sale of property, plant and equipment and intangible assets	918,975	80,871
Payments for retirement of property, plant and equipment and intangible assets	(13,680)	–
Proceeds from maturity of insurance funds	61,277	331,880
Other payments	(77,038)	(81,024)
Other proceeds	20,557	27,924
Net cash provided by (used in) investing activities	(2,484,208)	(541,630)
Cash flows from financing activities		
Proceeds from short-term borrowings	15,201,497	20,943,909
Repayments of short-term borrowings	(18,063,541)	(18,953,430)
Proceeds from long-term borrowings	17,454,800	12,847,700
Repayments of long-term borrowings	(11,540,025)	(14,531,627)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(46,540)	(406,119)
Dividends paid	(843,753)	(1,031,207)
Purchase of treasury shares	(87,298)	(26)
Repayments of lease liabilities	(126,447)	(115,714)
Redemption of bonds	(88,000)	(88,000)
Other payments	(6,351)	(10,122)
Net cash provided by (used in) financing activities	1,854,337	(1,344,638)
Net increase (decrease) in cash and cash equivalents	210,275	(1,096,450)
Cash and cash equivalents at beginning of period	36,990,040	37,200,316
Cash and cash equivalents at end of period	37,200,316	36,103,865