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May 15, 2023

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under Japanese GAAP)

Company name: Mars Group Holdings Corporation
 Listing: Tokyo Stock Exchange Prime
 Stock code: 6419 (URL: <https://www.mars-ghd.co.jp/>)
 Representative: President and CEO Akihiro Matsunami
 Inquiries: Director Joji Takahashi (Tel:+81-3-3352-8555)
 Scheduled date of annual general meeting of shareholders: June 29, 2023
 Scheduled date to commence dividend payments: June 30, 2023
 Scheduled date to file annual securities report: June 30, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal 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	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2023	20,346	34.7	4,126	161.4	4,730	89.0	3,144	69.5
March 31, 2022	15,103	2.3	1,578	39.6	2,502	63.2	1,855	129.9

Note: Comprehensive income For the fiscal year ended March 31, 2023: 3,951 million yen [36.2%]
 For the fiscal year ended March 31, 2022: 2,901 million yen [43.2%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended					
March 31, 2023	190.17	-	5.7	7.6	20.3
March 31, 2022	110.23	-	3.5	4.2	10.5

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended March 31, 2023: - million yen

For the fiscal year ended March 31, 2022: - million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of				
March 31, 2023	63,922	56,307	88.1	3,429.37
March 31, 2022	60,135	54,241	90.2	3,221.26

Reference: Equity

As of March 31, 2023: 56,307 million yen

As of March 31, 2022: 54,241 million yen

(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
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2023	943	(2,106)	(2,163)	22,700
	3,567	423	(1,295)	26,003

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2022	-	35.00	-	35.00	70.00	1,181	63.5	2.2
March 31, 2023	-	35.00	-	35.00	70.00	1,156	36.8	2.1
Fiscal year ended March 31, 2024 (Forecast)	-	40.00	-	45.00	85.00		31.2	

3. Forecast of consolidated financial results for the fiscal 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		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	
First half	13,000	73.3	2,800	224.6	3,000	150.5	1,900	130.3	114.89
Full year	28,000	37.6	6,700	62.4	7,100	50.1	4,500	43.1	272.12

*** Notes**

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

Newly included: - companies (Company name)

Excluded: - companies (Company name)

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

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

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

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

As of March 31, 2023	22,720,000 shares
As of March 31, 2022	22,720,000 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2023	6,300,865 shares
As of March 31, 2022	5,881,224 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2023	16,537,093 shares
Fiscal year ended March 31, 2022	16,830,261 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

- All forward-looking statements in this document such as financial forecasts and outlooks are based on the information currently available to and certain assumptions deemed reasonable by the company and are not a promise that the company is committed to achieving them. In addition, they may be materially different from actual results etc. due to various factors.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	26,003,862	22,700,571
Notes and accounts receivable - trade	3,005,808	4,430,108
Operating loans	929,652	811,761
Lease receivables and investments in leases	529,837	412,793
Securities	349,930	349,965
Merchandise and finished goods	1,379,910	2,183,557
Work in process	205,651	172,942
Raw materials and supplies	1,225,298	3,247,645
Other	341,099	869,685
Allowance for doubtful accounts	△148	△56,412
Total current assets	33,970,902	35,122,618
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,355,838	13,297,263
Accumulated depreciation	△7,763,911	△8,070,508
Buildings and structures, net	5,591,926	5,226,755
Machinery, equipment and vehicles	403,557	402,657
Accumulated depreciation	△351,977	△360,407
Machinery, equipment and vehicles, net	51,579	42,250
Tools, furniture and fixtures	3,494,292	3,540,377
Accumulated depreciation	△3,304,963	△3,385,673
Tools, furniture and fixtures, net	189,328	154,703
Land	8,443,151	9,628,287
Leased assets	235,314	149,652
Accumulated depreciation	△71,886	△56,833
Leased assets, net	163,428	92,818
Construction in progress	—	19,470
Total property, plant and equipment	14,439,415	15,164,285
Intangible assets	322,900	306,158
Investments and other assets		
Investment securities	9,224,289	11,471,098
Deferred tax assets	866,975	445,157
Other	1,803,641	1,904,944
Allowance for doubtful accounts	△493,116	△491,481
Total investments and other assets	11,401,790	13,329,720
Total non-current assets	26,164,105	28,800,163
Total assets	60,135,008	63,922,782

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,321,481	2,858,476
Lease liabilities	332,746	268,902
Income taxes payable	841,440	1,052,319
Provision for bonuses	278,356	342,507
Other	869,441	944,796
Total current liabilities	3,643,466	5,467,002
Non-current liabilities		
Lease liabilities	474,057	294,372
Provision for retirement benefits for directors (and other officers)	205,135	177,990
Retirement benefit liability	444,311	585,916
Asset retirement obligations	60,986	61,447
Other	1,065,052	1,028,684
Total non-current liabilities	2,249,543	2,148,410
Total liabilities	5,893,010	7,615,412
Net assets		
Shareholders' equity		
Share capital	7,934,100	7,934,100
Capital surplus	8,371,830	8,371,830
Retained earnings	49,237,574	51,144,527
Treasury shares	△12,006,629	△12,655,002
Total shareholders' equity	53,536,874	54,795,454
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	726,532	1,641,643
Remeasurements of defined benefit plans	△21,408	△129,727
Total accumulated other comprehensive income	705,123	1,511,915
Total net assets	54,241,998	56,307,370
Total liabilities and net assets	60,135,008	63,922,782

(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statements of Income)

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	15,103,447	20,346,659
Cost of sales	6,639,240	9,109,140
Gross profit	8,464,206	11,237,518
Selling, general and administrative expenses	6,885,463	7,110,844
Operating profit	1,578,742	4,126,673
Non-operating income		
Dividend income	429,596	509,311
Gain on investments in investment partnerships	103,508	—
Subsidies for employment adjustment	102,707	3,780
Cooperation income	125,261	28,422
Other	163,296	75,517
Total non-operating income	924,370	617,031
Non-operating expenses		
Loss on investments in investment partnerships	—	10,058
Commission for purchase of treasury shares	402	3,349
Total non-operating expenses	402	13,407
Ordinary profit	2,502,710	4,730,297
Extraordinary income		
Gain on sale of land	—	1,894
Gain on sale of investment securities	1,373,603	543,186
Gain on liquidation of subsidiaries and associates	—	2,208
Total extraordinary income	1,373,603	547,289
Extraordinary losses		
Impairment losses	—	509,386
Loss on sale of land	—	3,966
Loss on valuation of investment securities	548,745	395
Loss on valuation of shares of subsidiaries	154,972	—
Retirement benefits for directors (and other officers)	46,668	3,120
Total extraordinary losses	750,386	516,868
Profit before income taxes	3,125,928	4,760,718
Income taxes - current	1,334,370	1,681,022
Income taxes - deferred	△63,564	△65,152
Total income taxes	1,270,806	1,615,870
Profit	1,855,121	3,144,848
Profit attributable to owners of parent	1,855,121	3,144,848

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	1,855,121	3,144,848
Other comprehensive income		
Valuation difference on available-for-sale securities	976,397	915,111
Remeasurements of defined benefit plans, net of tax	69,733	△108,319
Total other comprehensive income	1,046,130	806,791
Comprehensive income	2,901,251	3,951,640
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,901,251	3,951,640