

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: G-7 HOLDINGS Inc.
 Stock exchange listing: Tokyo
 Stock code: 7508 URL <https://www.g-7holdings.co.jp/>
 Representative: Representative Director, Chairman, Tatsumi Kaneda
 President and CEO
 Managing Director and General Manager of Business Management Division Yasumasa Kishimoto TEL 078-797-7705
 Inquiries: Yasumasa Kishimoto
 Scheduled date of ordinary general meeting of shareholders: June 29, 2023
 Scheduled date to file Securities Report: June 30, 2023
 Scheduled date to commence dividend payments: June 13, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(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	176,922	5.0	6,504	(12.7)	6,813	(13.5)	3,824	(27.2)
Year ended March 31, 2022	168,525	3.0	7,448	5.5	7,877	7.8	5,255	8.2

	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	86.78	–	14.9	12.2	3.7
Year ended March 31, 2022	119.28	–	23.0	14.9	4.4

(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	57,202	26,757	46.8	607.25
As of March 31, 2022	54,145	24,747	45.4	558.17

(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	3,959	(3,308)	(1,996)	15,683
Year ended March 31, 2022	5,633	(3,245)	(1,618)	17,028

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	–	35.00	–	19.00	–	1,608	30.6	7.0
Year ended March 31, 2023	–	19.00	–	19.00	38.00	1,674	43.8	6.5
Year ending March 31, 2024 (Forecast)	–	20.00	–	20.00	40.00		32.0	

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	185,000	4.6	7,700	18.4	8,000	17.4	5,500	43.8	124.82

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: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: Yes

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	44,063,754 shares	As of March 31, 2022	44,063,754 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	446 shares	As of March 31, 2022	424 shares
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Average number of shares during the period

Year ended March 31, 2023	44,063,319 shares	Year ended March 31, 2022	44,063,350 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	17,033	15,688
Accounts receivable - trade	3,992	4,395
Merchandise and finished goods	6,854	7,982
Other	1,627	2,205
Allowance for doubtful accounts	(10)	(13)
Total current assets	29,498	30,259
Non-current assets		
Property, plant and equipment		
Buildings and structures	23,207	25,867
Accumulated depreciation	(14,830)	(15,420)
Buildings and structures, net	8,376	10,446
Machinery, equipment and vehicles	2,013	2,015
Accumulated depreciation	(1,554)	(1,579)
Machinery, equipment and vehicles, net	458	436
Land	5,086	5,166
Construction in progress	143	19
Other	6,961	7,648
Accumulated depreciation	(5,289)	(5,792)
Other, net	1,672	1,856
Total property, plant and equipment	15,737	17,924
Intangible assets		
Goodwill	437	16
Other	294	276
Total intangible assets	731	292
Investments and other assets		
Investment securities	417	465
Leasehold and guarantee deposits	5,525	5,932
Deferred tax assets	2,133	2,255
Other	274	254
Allowance for doubtful accounts	(173)	(181)
Total investments and other assets	8,177	8,725
Total non-current assets	24,647	26,943
Total assets	54,145	57,202

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	8,479	8,896
Short-term borrowings	8,000	6,300
Income taxes payable	1,180	984
Provision for bonuses	1,081	1,029
Other	4,571	4,619
Total current liabilities	23,313	21,829
Non-current liabilities		
Long-term borrowings	1,300	3,000
Deferred tax liabilities for land revaluation	42	42
Provision for retirement benefits for directors (and other officers)	731	78
Asset retirement obligations	2,192	3,792
Retirement benefit liability	807	767
Other	1,010	934
Total non-current liabilities	6,084	8,615
Total liabilities	29,398	30,444
Net assets		
Shareholders' equity		
Share capital	1,785	1,785
Capital surplus	2,905	2,783
Retained earnings	20,415	22,566
Treasury shares	(0)	(0)
Total shareholders' equity	25,106	27,135
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	203	251
Revaluation reserve for land	(514)	(514)
Foreign currency translation adjustment	(196)	(169)
Remeasurements of defined benefit plans	(4)	54
Total accumulated other comprehensive income	(511)	(378)
Non-controlling interests	152	–
Total net assets	24,747	26,757
Total liabilities and net assets	54,145	57,202

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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	168,525	176,922
Cost of sales	126,215	133,568
Gross profit	42,309	43,353
Selling, general and administrative expenses	34,860	36,848
Operating profit	7,448	6,504
Non-operating income		
Interest income	1	1
Dividend income	4	6
Commission income	156	164
Sponsorship money income	167	247
Subsidy income	23	2
Dividend income of insurance	96	–
Gain on sale of investment securities	79	10
Other	179	90
Total non-operating income	709	523
Non-operating expenses		
Interest expenses	28	29
Loss on disposal of non-current assets	134	133
Provision of allowance for doubtful accounts	33	15
Corporate funeral costs	34	–
Other	47	36
Total non-operating expenses	280	213
Ordinary profit	7,877	6,813
Extraordinary income		
Compensation income	62	–
Total extraordinary income	62	–
Extraordinary losses		
Loss on valuation of investment securities	12	–
Impairment losses	450	765
Retirement benefits for directors (and other officers)	–	500
Loss on business of subsidiaries and associates	6	–
Total extraordinary losses	469	1,265
Profit before income taxes	7,470	5,548
Income taxes - current	2,342	1,893
Income taxes - deferred	(95)	(169)
Total income taxes	2,247	1,724
Profit	5,223	3,824
Profit attributable to non-controlling interests	(32)	–
Profit attributable to owners of parent	5,255	3,824

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	5,223	3,824
Other comprehensive income		
Valuation difference on available-for-sale securities	(75)	47
Foreign currency translation adjustment	(28)	27
Remeasurements of defined benefit plans, net of tax	15	58
Total other comprehensive income	(88)	133
Comprehensive income	5,134	3,957
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,166	3,957
Comprehensive income attributable to non-controlling interests	(32)	–

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,785	2,905	16,834	(0)	21,525
Changes during period					
Dividends of surplus			(1,674)		(1,674)
Profit attributable to owners of parent			5,255		5,255
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	3,581	(0)	3,581
Balance at end of period	1,785	2,905	20,415	(0)	25,106

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	278	(514)	(167)	(19)	(422)	160	21,263
Changes during period							
Dividends of surplus							(1,674)
Profit attributable to owners of parent							5,255
Purchase of treasury shares							(0)
Net changes in items other than shareholders' equity	(75)	–	(28)	15	(88)	(8)	(96)
Total changes during period	(75)	–	(28)	15	(88)	(8)	3,484
Balance at end of period	203	(514)	(196)	(4)	(511)	152	24,747

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,785	2,905	20,415	(0)	25,106
Changes during period					
Dividends of surplus			(1,674)		(1,674)
Profit attributable to owners of parent			3,824		3,824
Change in ownership interest of parent due to transactions with non-controlling interests		(121)			(121)
Change in scope of consolidation			1		1
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	(121)	2,151	(0)	2,029
Balance at end of period	1,785	2,783	22,566	(0)	27,135

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	203	(514)	(196)	(4)	(511)	152	24,747
Changes during period							
Dividends of surplus							(1,674)
Profit attributable to owners of parent							3,824
Change in ownership interest of parent due to transactions with non-controlling interests							(121)
Change in scope of consolidation							1
Purchase of treasury shares							(0)
Net changes in items other than shareholders' equity	47	–	27	58	133	(152)	(18)
Total changes during period	47	–	27	58	133	(152)	2,010
Balance at end of period	251	(514)	(169)	54	(378)	–	26,757

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	7,470	5,548
Depreciation	1,868	1,930
Amortization of goodwill	79	62
Impairment losses	450	765
Increase (decrease) in allowance for doubtful accounts	(523)	10
Insurance claim income	(96)	–
Increase (decrease) in provision for retirement benefits for directors (and other officers)	–	(653)
Increase (decrease) in provision for bonuses	(40)	(52)
Increase (decrease) in retirement benefit liability	35	(40)
Retirement benefits for directors (and other officers)	–	500
Interest and dividend income	(6)	(8)
Subsidy income	(23)	(2)
Compensation income	(62)	–
Interest expenses	28	29
Corporate funeral costs	34	–
Loss (gain) on sale of investment securities	(79)	(10)
Loss on retirement of property, plant and equipment	134	133
Loss (gain) on sale of property, plant and equipment	(7)	(10)
Loss (gain) on valuation of investment securities	12	–
Loss on business of subsidiaries and associates	6	–
Decrease (increase) in guarantee deposits	(61)	(62)
Foreign exchange losses (gains)	(47)	15
Decrease (increase) in trade receivables	(638)	(405)
Decrease (increase) in inventories	(322)	(1,122)
Decrease (increase) in other assets	272	(90)
Increase (decrease) in trade payables	180	415
Increase (decrease) in accrued consumption taxes	(295)	(100)
Increase (decrease) in other liabilities	(38)	188
Other, net	79	(16)
Subtotal	8,411	7,024
Interest and dividends received	6	8
Subsidies received	23	2
Interest paid	(24)	(25)
Proceeds from insurance income	96	–
Payments of retirement benefits for directors (and other officers)	–	(500)
Proceeds from compensation	62	–
Income taxes refund	150	84
Income taxes paid	(3,091)	(2,634)
Net cash provided by (used in) operating activities	5,633	3,959

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from investing activities		
Payments for acquisition of businesses	–	(130)
Purchase of property, plant and equipment	(2,877)	(2,664)
Proceeds from sale of property, plant and equipment	20	17
Purchase of investment securities	(0)	(0)
Purchase of shares of subsidiaries and associates	(3)	–
Proceeds from sale of investment securities	119	26
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	–	(23)
Loan advances	(9)	–
Proceeds from collection of loans receivable	4	4
Payments of leasehold and guarantee deposits	(475)	(510)
Proceeds from refund of leasehold and guarantee deposits	109	108
Guarantee deposits received	32	15
Proceeds from cancellation of insurance funds	13	–
Other, net	(181)	(152)
Net cash provided by (used in) investing activities	(3,245)	(3,308)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	(3,000)
Proceeds from long-term borrowings	–	3,000
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(250)
Proceeds from share issuance to non-controlling shareholders	24	–
Purchase of treasury shares	(0)	(0)
Dividends paid	(1,620)	(1,722)
Other payments	(23)	(24)
Net cash provided by (used in) financing activities	(1,618)	(1,996)
Effect of exchange rate change on cash and cash equivalents	4	1
Net increase (decrease) in cash and cash equivalents	773	(1,344)
Cash and cash equivalents at beginning of period	16,254	17,028
Cash and cash equivalents at end of period	17,028	15,683