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Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]

November 10, 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

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Scheduled date of filing quarterly securities report: November 13, 2023

Scheduled date of commencing dividend payments: December 8, 2023

Trading Accounts: Yes

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes (For Institutional Investors)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 to September 30, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Ordinary revenues		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2023	94,005	22.7	23,927	62.1	16,624	65.0
September 30, 2022	76,603	8.5	14,764	(11.6)	10,073	(9.5)

(Note) Comprehensive income: Six months ended September 30, 2023: ¥ 8,942 million [-%]
Six months ended September 30, 2022: ¥ (22,352) million [-%]

	Basic earnings per share	Diluted earnings per share
Six months ended September 30, 2023	Yen 53.82	Yen 53.79
September 30, 2022	32.41	32.40

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of September 30, 2023	Millions of yen 12,352,104	Millions of yen 498,425	4.0
March 31, 2023	11,496,027	498,604	4.3

(Reference) Equity: As of September 30, 2023: ¥ 498,187 million
As of March 31, 2023: ¥ 498,342 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.

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2023	Yen -	Yen 13.50	Yen -	Yen 13.50	Yen 27.00
Fiscal year ending March 31, 2024	-	18.00			
Fiscal year ending March 31, 2024 (Forecast)			-	18.00	36.00

(Note) Revision to the forecast for dividends announced most recently: No

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

(% indicates changes from the previous corresponding period.)

	Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Yen
Full year	39,500	110.3	27,500	119.9	88.47

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2023

(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: No

2) Changes in accounting policies other than 1) above: Yes

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):

September 30, 2023: 312,370,921 shares

March 31, 2023: 312,370,921 shares

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

September 30, 2023: 7,750,597 shares

March 31, 2023: 1,549,675 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2023: 308,888,598 shares

Six months ended September 30, 2022: 310,723,597 shares

* Interim 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.

The Company falls under the category of “Specified Business Company” (a company that engages in businesses set forth in Article 17-15, Paragraph 2 of the Cabinet Office Ordinance on the Disclosure of Corporate Affairs, etc.) and has accordingly prepared the interim consolidated financial statements for the second quarter.

Interim Consolidated Financial Statements
Interim Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Cash and due from banks	2,188,107	2,681,255
Call loans and bills bought	34,784	36,784
Monetary claims bought	8,682	8,500
Trading account assets	10,598	9,224
Money held in trust	40,200	34,392
Securities	1,580,832	1,698,258
Loans and bills discounted	7,224,123	7,436,168
Foreign exchanges	11,579	9,084
Lease receivables and investments in leases	66,358	66,395
Other assets	133,877	158,250
Tangible fixed assets	107,570	108,210
Intangible fixed assets	10,835	12,397
Retirement benefit asset	74,580	77,274
Deferred tax assets	2,473	11,912
Customers' liabilities for acceptances and guarantees	40,795	46,654
Allowance for loan losses	(39,372)	(42,659)
Total assets	11,496,027	12,352,104
Liabilities		
Deposits	8,925,494	8,945,167
Negotiable certificates of deposit	326,762	296,439
Call money and bills sold	50,000	714,100
Securities sold under repurchase agreements	130,533	191,016
Cash collateral received for securities lent	402,712	471,785
Trading account liabilities	7,996	6,695
Borrowed money	1,013,860	1,045,272
Foreign exchanges	2,377	499
Borrowed money from trust account	51	70
Other liabilities	81,212	120,745
Retirement benefit liability	709	707
Provision for retirement benefits for directors (and other officers)	144	135
Provision for reimbursement of deposits	437	12
Provision for point card certificates	176	230
Provision for stockshares	914	901
Reserves under special laws	28	28
Deferred tax liabilities for land revaluation	13,215	13,215
Acceptances and guarantees	40,795	46,654
Total liabilities	10,997,422	11,853,678

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Net assets		
Share capital	60,000	60,000
Capital surplus	25,209	25,209
Retained earnings	381,782	394,638
Treasury shares	(1,071)	(6,387)
Total shareholders' equity	465,920	473,460
Valuation difference on available-for-sale securities	(8,502)	(16,178)
Deferred gains or losses on hedges	3,490	4,285
Revaluation reserve for land	26,971	26,971
Remeasurements of defined benefit plans	10,461	9,649
Total accumulated other comprehensive income	32,421	24,727
Share acquisition rights	126	126
Non-controlling interests	135	111
Total net assets	498,604	498,425
Total liabilities and net assets	11,496,027	12,352,104

Interim Consolidated Statements of Income and Comprehensive Income

Interim Consolidated Statements of Income (For the six months)

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Ordinary income	76,603	94,005
Interest income	41,207	50,805
Interest on loans and discounts	31,242	39,786
Interest and dividends on securities	8,113	9,537
Trust fees	67	78
Fees and commissions	15,919	17,305
Gain on trading account transactions	2,216	1,167
Other ordinary income	15,659	14,835
Other income	1,532	9,813
Ordinary expenses	61,839	70,077
Interest expenses	6,433	15,595
Interest on deposits	664	1,665
Fees and commissions payments	6,053	5,619
Other ordinary expenses	14,031	13,924
General and administrative expenses	29,288	28,549
Other expenses	6,031	6,388
Ordinary profit	14,764	23,927
Extraordinary income	22	7
Gain on reversal of provision for dismantling of fixed assets	12	-
Gain on disposal of non-current assets	10	6
Reversal of reserve for financial instruments transaction liabilities	0	0
Extraordinary losses	212	92
Loss on disposal of non-current assets	157	82
Impairment losses	55	10
Profit before income taxes	14,573	23,842
Income taxes - current	3,359	13,170
Income taxes - deferred	1,136	(5,964)
Total income taxes	4,496	7,206
Profit	10,077	16,636
Profit attributable to non-controlling interests	3	11
Profit attributable to owners of parent	10,073	16,624

Interim Consolidated Statements of Comprehensive Income (For the six months)

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	10,077	16,636
Other comprehensive income	(32,429)	(7,693)
Valuation difference on available-for-sale securities	(36,156)	(7,676)
Deferred gains or losses on hedges	4,120	794
Remeasurements of defined benefit plans, net of tax	(393)	(812)
Comprehensive income	(22,352)	8,942
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(22,355)	8,931
Comprehensive income attributable to non-controlling interests	3	11

Interim Consolidated Statements of Changes in Equity

For the six months ended September 30, 2022

(Millions of 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			(3,748)		(3,748)
Profit attributable to owners of parent			10,073		10,073
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				166	166
Reversal of revaluation reserve for land			(19)		(19)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	6,305	166	6,472
Balance at end of period	60,000	25,209	383,523	(1,071)	467,661

	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								(3,748)
Profit attributable to owners of parent								10,073
Purchase of treasury shares								(0)
Disposal of treasury shares								166
Reversal of revaluation reserve for land								(19)
Net changes in items other than shareholders' equity	(36,156)	4,120	19	(393)	(32,410)	-	(28)	(32,438)
Total changes during period	(36,156)	4,120	19	(393)	(32,410)	-	(28)	(25,966)
Balance at end of period	(34,789)	5,029	27,012	5,083	2,335	126	109	470,234

For the six months ended September 30, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	60,000	25,209	381,782	(1,071)	465,920
Changes during period					
Dividends of surplus			(4,216)		(4,216)
Profit attributable to owners of parent			16,624		16,624
Purchase of treasury shares				(5,293)	(5,293)
Disposal of treasury shares		0		158	158
Retained earnings increased sales associated with a increase in equity method affiliates			447		447
Increase of treasury shares by increasing of entities accounted for using equity method				(181)	(181)
Net changes in items other than shareholders' equity					
Total changes during period	-	0	12,855	(5,315)	7,539
Balance at end of period	60,000	25,209	394,638	(6,387)	473,460

	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	(8,502)	3,490	26,971	10,461	32,421	126	135	498,604
Changes during period								
Dividends of surplus								(4,216)
Profit attributable to owners of parent								16,624
Purchase of treasury shares								(5,293)
Disposal of treasury shares								158
Retained earnings increased sales associated with a increase in equity method affiliates								447
Increase of treasury shares by increasing of entities accounted for using equity method								(181)
Net changes in items other than shareholders' equity	(7,676)	794	-	(812)	(7,693)	-	(24)	(7,718)
Total changes during period	(7,676)	794	-	(812)	(7,693)	-	(24)	(178)
Balance at end of period	(16,178)	4,285	26,971	9,649	24,727	126	111	498,425