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Consolidated Financial Results for the Year Ended March 31, 2024 [Japanese GAAP]

May 13, 2024

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 Annual General Meeting of Shareholders: June 25, 2024

Scheduled date of commencing dividend payments: June 5, 2024

Scheduled date of filing annual securities report: June 26, 2024

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, 2024 (April 1, 2023 to March 31, 2024)

(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	%
Fiscal year ended March 31, 2024	186,071	16.1	34,151	81.8	27,691	121.4
March 31, 2023	160,234	9.7	18,780	(30.6)	12,508	(45.4)

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥ 52,066 million [408.7%]
Fiscal year ended March 31, 2023: ¥ 10,235 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
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2024	90.35	90.30	5.4	0.3	18.4
March 31, 2023	40.25	40.22	2.5	0.2	11.7

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2024: ¥ (17) million
Fiscal year ended March 31, 2023: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	12,790,381	535,249	4.2	1,760.62
March 31, 2023	11,496,027	498,604	4.3	1,603.30

(Reference) Equity: As of March 31, 2024: ¥ 534,979 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.

(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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2024	783,335	(119,386)	(15,919)	2,803,038
March 31, 2023	(468,742)	65,827	(8,100)	2,154,953

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	Millions of yen	%	%
March 31, 2023	-	13.50	-	13.50	27.00	8,433	67.1	1.7
March 31, 2024	-	18.00	-	19.00	37.00	11,443	41.0	2.2
Fiscal year ending March 31, 2025(Forecast)	-	20.00	-	20.00	40.00		40.5	

(Note) The year-end dividend for the fiscal year ended March 31, 2024 shall be 19 yen, an increase of 1 yen per share from the most recent dividend forecast.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% 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
Six months ending September 30, 2024	20,000	(16.4)	13,500	(18.8)	44.42
Full year	44,000	28.8	30,000	8.3	98.73

* 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: 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):

March 31, 2024: 312,370,921 shares

March 31, 2023: 312,370,921 shares

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

March 31, 2024: 8,513,249 shares

March 31, 2023: 1,549,675 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2024: 306,484,965 shares

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

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Cash and due from banks	2,188,107	2,839,819
Call loans and bills bought	34,784	50,355
Monetary claims bought	8,682	8,779
Trading account assets	10,598	6,956
Money held in trust	40,200	24,787
Securities	1,580,832	1,783,523
Loans and bills discounted	7,224,123	7,689,192
Foreign exchanges	11,579	7,064
Lease receivables and investments in leases	66,358	69,683
Other assets	133,877	137,582
Tangible fixed assets	107,570	113,173
Buildings, net	32,121	35,941
Land	54,745	53,250
Leased assets, net	1,904	6,041
Construction in progress	1,289	112
Other tangible fixed assets	17,508	17,828
Intangible fixed assets	10,835	13,485
Software	7,836	8,649
Goodwill	426	286
Other intangible fixed assets	2,572	4,549
Retirement benefit asset	74,580	51,236
Deferred tax assets	2,473	1,826
Customers' liabilities for acceptances and guarantees	40,795	44,432
Allowance for loan losses	(39,372)	(51,517)
Total assets	11,496,027	12,790,381
Liabilities		
Deposits	8,925,494	9,225,779
Negotiable certificates of deposit	326,762	136,410
Call money and bills sold	50,000	819,300
Securities sold under repurchase agreements	130,533	196,778
Cash collateral received for securities lent	402,712	301,697
Trading account liabilities	7,996	4,443
Borrowed money	1,013,860	1,377,528
Foreign exchanges	2,377	661
Borrowed money from trust account	51	56
Other liabilities	81,212	126,157
Retirement benefit liability	709	695
Provision for retirement benefits for directors (and other officers)	144	150
Provision for reimbursement of deposits	437	1,827
Provision for point card certificates	176	199
Provision for stockshares	914	1,043
Reserves under special laws	28	38
Deferred tax liabilities	-	5,031
Deferred tax liabilities for land revaluation	13,215	12,899
Acceptances and guarantees	40,795	44,432
Total liabilities	10,997,422	12,255,132

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Net assets		
Share capital	60,000	60,000
Capital surplus	25,209	25,209
Retained earnings	381,782	400,829
Treasury shares	(1,071)	(7,111)
Total shareholders' equity	465,920	478,927
Valuation difference on available-for-sale securities	(8,502)	23,949
Deferred gains or losses on hedges	3,490	1,303
Revaluation reserve for land	26,971	26,269
Remeasurements of defined benefit plans	10,461	4,529
Total accumulated other comprehensive income	32,421	56,052
Share acquisition rights	126	126
Non-controlling interests	135	142
Total net assets	498,604	535,249
Total liabilities and net assets	11,496,027	12,790,381

Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Ordinary income	160,234	186,071
Interest income	87,112	106,494
Interest on loans and discounts	67,563	82,350
Interest and dividends on securities	15,586	20,137
Interest on call loans and bills bought	163	419
Interest on deposits with banks	2,264	1,226
Other interest income	1,534	2,360
Trust fees	142	175
Fees and commissions	33,262	36,233
Gain on trading account transactions	3,288	2,300
Other ordinary income	30,960	29,303
Other income	5,468	11,562
Recoveries of written off receivables	1,439	40
Other	4,029	11,522
Ordinary expenses	141,454	151,920
Interest expenses	20,835	33,581
Interest on deposits	1,765	4,074
Interest on negotiable certificates of deposit	37	32
Interest on call money and bills sold	(71)	(157)
Interest expenses on securities sold under repurchase agreements	6,953	9,809
Interest expenses on cash collateral received for securities lent	405	684
Interest on borrowings and rediscounts	320	361
Other interest expenses	11,422	18,776
Fees and commissions payments	12,590	12,268
Other ordinary expenses	41,969	27,905
General and administrative expenses	58,064	57,991
Other expenses	7,994	20,172
Provision of allowance for loan losses	1,923	13,907
Other	6,070	6,265
Ordinary profit	18,780	34,151
Extraordinary income	39	7,120
Gain on disposal of non-current assets	26	697
Reversal of reserve for financial instruments transaction liabilities	0	-
Gain on reversal of provision for dismantling of fixed assets	12	-
Gains on cancellation of employee retirement benefit trust	-	6,423
Extraordinary losses	564	1,325
Loss on disposal of non-current assets	335	204
Impairment losses	228	1,110
Provision of reserve for financial instruments transaction liabilities	-	10
Profit before income taxes	18,255	39,945
Income taxes - current	1,160	17,711
Income taxes - deferred	4,556	(5,500)
Total income taxes	5,717	12,211
Profit	12,538	27,734
Profit attributable to non-controlling interests	29	42
Profit attributable to owners of parent	12,508	27,691

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	12,538	27,734
Other comprehensive income	(2,302)	24,332
Valuation difference on available-for-sale securities	(9,869)	32,452
Deferred gains or losses on hedges	2,582	(2,187)
Remeasurements of defined benefit plans, net of tax	4,984	(5,931)
Comprehensive income	10,235	52,066
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,206	52,023
Comprehensive income attributable to non-controlling interests	29	42

Consolidated Statements of Changes in Equity

For the 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	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

For the fiscal year ended March 31, 2024

(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			(9,794)		(9,794)
Profit attributable to owners of parent			27,691		27,691
Purchase of treasury shares				(6,294)	(6,294)
Disposal of treasury shares		0		435	435
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)
Revaluation reserve for land			701		701
Net changes in items other than shareholders' equity					
Total changes during period	-	0	19,046	(6,039)	13,006
Balance at end of period	60,000	25,209	400,829	(7,111)	478,927

	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								(9,794)
Profit attributable to owners of parent								27,691
Purchase of treasury shares								(6,294)
Disposal of treasury shares								435
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)
Revaluation reserve for land								701
Net changes in items other than shareholders' equity	32,452	(2,187)	(701)	(5,931)	23,630	-	7	23,637
Total changes during period	32,452	(2,187)	(701)	(5,931)	23,630	-	7	36,644
Balance at end of period	23,949	1,303	26,269	4,529	56,052	126	142	535,249

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	18,255	39,945
Depreciation	6,111	6,566
Impairment losses	228	1,110
Gains on cancellation of employee retirement benefit trust	-	(6,423)
Share of loss (profit) of entities accounted for using equity method	-	17
Increase (decrease) in allowance for loan losses	302	12,144
Decrease (increase) in retirement benefit asset	(16,416)	29,767
Increase (decrease) in retirement benefit liability	12	(14)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	13	5
Increase (decrease) in provision for reimbursement of deposits	(672)	1,390
Increase (decrease) in provision for point card certificates	25	22
Increase (decrease) in provision for share awards	114	128
Increase (decrease) in reserves under special laws	(0)	10
Increase (decrease) in allowance for demolition of non-current assets	(307)	-
Interest income	(87,112)	(106,494)
Interest expenses	20,835	33,581
Loss (gain) related to securities	19,093	(5,185)
Loss (gain) on disposal of non-current assets	308	(492)
Net decrease (increase) in trading account assets	(3,021)	3,642
Net increase (decrease) in trading account liabilities	3,148	(3,552)
Net decrease (increase) in loans and bills discounted	(322,265)	(465,068)
Net increase (decrease) in deposits	195,656	300,285
Net increase (decrease) in negotiable certificates of deposit	(11,279)	(190,351)
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	(187,978)	363,667
Net decrease (increase) in due from banks (excluding due from Bank of Japan)	(21,481)	(3,626)
Net decrease (increase) in call loans	(29,567)	(15,667)
Net increase (decrease) in call money	(48,923)	835,544
Net increase (decrease) in cash collateral received for securities lent	(45,470)	(101,015)
Net decrease (increase) in foreign exchanges - assets	(110)	4,514
Net increase (decrease) in foreign exchanges - liabilities	(337)	(1,715)
Amortization of goodwill	140	140
Interest received	88,340	104,357
Interest paid	(19,458)	(32,377)
Other, net	(23,457)	(25,458)
Subtotal	(465,272)	779,400
Income taxes refund (paid)	(3,469)	3,934
Net cash provided by (used in) operating activities	(468,742)	783,335

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from investing activities		
Purchase of securities	(587,510)	(417,446)
Proceeds from sale of securities	583,708	228,069
Proceeds from redemption of securities	76,726	72,916
Increase in money held in trust	(6,006)	(5,503)
Decrease in money held in trust	8,004	21,803
Purchase of tangible fixed assets	(4,546)	(11,573)
Purchase of intangible fixed assets	(4,748)	(5,865)
Proceeds from sale of tangible fixed assets	239	1,350
Payments for retirement of tangible fixed assets	(39)	(28)
Purchase of stocks of equity method affiliate	-	(3,109)
Net cash provided by (used in) investing activities	65,827	(119,386)
Cash flows from financing activities		
Dividends paid	(7,957)	(9,772)
Dividends paid to non-controlling interests	(32)	(35)
Purchase of treasury shares	(0)	(6,294)
Proceeds from sale of treasury shares	-	277
Repayments of lease liabilities	(109)	(93)
Net cash provided by (used in) financing activities	(8,100)	(15,919)
Effect of exchange rate change on cash and cash equivalents	12	56
Net increase (decrease) in cash and cash equivalents	(411,002)	648,085
Cash and cash equivalents at beginning of period	2,565,955	2,154,953
Cash and cash equivalents at end of period	2,154,953	2,803,038