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Consolidated Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]

November 11, 2022

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 14, 2022

Scheduled date of commencing dividend payments: December 09, 2022

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, 2022 (April 01, 2022 to September 30, 2022)

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

	Ordinary revenues		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2022	76,603	8.5	14,764	(11.6)	10,073	(9.5)
September 30, 2021	70,630	-	16,705	-	11,135	-

(Note) Comprehensive income: Six months ended September 30, 2022: ¥ (22,352) million [-%]
Six months ended September 30, 2021: ¥ 10,317 million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2022	32.41	32.40
September 30, 2021	35.86	35.84

(Note) As the Company was incorporated on October 01, 2020, year-on-year changes for the six months ended September 30, 2021 are not presented.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of September 30, 2022	11,791,578	470,234	4.0
March 31, 2022	11,603,909	496,200	4.3

(Reference) Equity: As of September 30, 2022: ¥ 469,997 million
As of March 31, 2022: ¥ 495,935 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
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	-	12.00	-	12.00	24.00
Fiscal year ending March 31, 2023	-	13.50			
Fiscal year ending March 31, 2023 (Forecast)			-	13.50	27.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023(April 01, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Yen
Full year	37,000	36.7	25,000	9.1	80.49

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

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2022

(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: Yes

2) Changes in accounting policies other than 1) above: No

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, 2022: 312,370,921 shares

March 31, 2022: 312,370,921 shares

2) Total number of treasury shares at the end of the period:

September 30, 2022: 1,548,996 shares

March 31, 2022: 1,789,525 shares

3) Average number of shares during the period:

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

Six months ended September 30, 2021: 310,532,011 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

(Million yen)

	As of March 31,2022	As of September 30,2022
Assets		
Cash and due from banks	2,577,627	2,412,676
Call loans and bills bought	5,899	29,925
Monetary claims bought	8,000	8,115
Trading account assets	7,577	11,812
Money held in trust	42,415	43,701
Securities	1,668,228	1,769,370
Loans and bills discounted	6,901,858	7,085,476
Foreign exchanges	11,468	9,382
Lease receivables and investments in leases	63,275	64,505
Other assets	137,159	159,184
Tangible fixed assets	107,359	107,329
Intangible fixed assets	9,025	9,523
Retirement benefit asset	58,164	60,346
Deferred tax assets	6,060	19,485
Customers' liabilities for acceptances and guarantees	38,859	40,163
Allowance for loan losses	(39,070)	(39,421)
Total assets	11,603,909	11,791,578
Liabilities		
Deposits	8,729,837	8,596,078
Negotiable certificates of deposit	338,041	382,127
Call money and bills sold	-	538,700
Securities sold under repurchase agreements	229,457	340,153
Cash collateral received for securities lent	448,183	400,397
Trading account liabilities	4,848	9,036
Borrowed money	1,201,839	894,987
Foreign exchanges	2,714	1,504
Borrowed money from trust account	51	56
Other liabilities	97,409	102,283
Retirement benefit liability	697	716
Provision for retirement benefits for directors (and other officers)	130	123
Provision for reimbursement of deposits	1,110	755
Provision for point card certificates	150	218
Provision for stockshares	799	774
Allowance for demolition of non-current assets	307	-
Reserves under special laws	28	28
Deferred tax liabilities for land revaluation	13,241	13,237
Acceptances and guarantees	38,859	40,163
Total liabilities	11,107,708	11,321,344

(Million yen)

	As of March 31,2022	As of September 30,2022
Net assets		
Share capital	60,000	60,000
Capital surplus	25,209	25,209
Retained earnings	377,217	383,523
Treasury shares	(1,237)	(1,071)
Total shareholders' equity	461,189	467,661
Valuation difference on available-for-sale securities	1,367	(34,789)
Deferred gains or losses on hedges	908	5,029
Revaluation reserve for land	26,993	27,012
Remeasurements of defined benefit plans	5,476	5,083
Total accumulated other comprehensive income	34,745	2,335
Share acquisition rights	126	126
Non-controlling interests	138	109
Total net assets	496,200	470,234
Total liabilities and net assets	11,603,909	11,791,578

Interim Consolidated Statements of Income and Comprehensive Income

Interim Consolidated Statements of Income (For the six months)

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Ordinary income	70,630	76,603
Interest income	35,562	41,207
Interest on loans and discounts	28,599	31,242
Interest and dividends on securities	5,726	8,113
Trust fees	91	67
Fees and commissions	16,430	15,919
Gain on trading account transactions	2,273	2,216
Other ordinary income	12,414	15,659
Other income	3,857	1,532
Ordinary expenses	53,925	61,839
Interest expenses	1,749	6,433
Interest on deposits	449	664
Fees and commissions payments	5,983	6,053
Other ordinary expenses	11,249	14,031
General and administrative expenses	29,693	29,288
Other expenses	5,248	6,031
Ordinary profit	16,705	14,764
Extraordinary income	0	22
Gain on reversal of provision for dismantling of fixed assets	-	12
Gain on disposal of non-current assets	0	10
Reversal of reserve for financial instruments transaction liabilities	0	0
Extraordinary losses	664	212
Loss on disposal of non-current assets	125	157
Impairment losses	539	55
Profit before income taxes	16,041	14,573
Income taxes - current	4,547	3,359
Income taxes - deferred	347	1,136
Total income taxes	4,894	4,496
Profit	11,147	10,077
Profit attributable to non-controlling interests	11	3
Profit attributable to owners of parent	11,135	10,073

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

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Profit	11,147	10,077
Other comprehensive income	(829)	(32,429)
Valuation difference on available-for-sale securities	893	(36,156)
Deferred gains or losses on hedges	(1,014)	4,120
Remeasurements of defined benefit plans, net of tax	(707)	(393)
Comprehensive income	10,317	(22,352)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,306	(22,355)
Comprehensive income attributable to non-controlling interests	11	3

Interim Consolidated Statements of Changes in Net Assets

For the six months ended September 30, 2021

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	60,000	25,209	361,215	(1,311)	445,112
Cumulative effects of changes in accounting policies			(195)		(195)
Restated balance	60,000	25,209	361,020	(1,311)	444,917
Changes during period					
Dividends of surplus			(3,748)		(3,748)
Profit attributable to owners of parent			11,135		11,135
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				75	75
Reversal of revaluation reserve for land			132		132
Net changes in items other than shareholders' equity					
Total changes during period	-	-	7,519	75	7,594
Balance at end of period	60,000	25,209	368,540	(1,236)	452,512

	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	27,327	(1,938)	27,781	18,348	71,519	126	121	516,880
Cumulative effects of changes in accounting policies		(225)			(225)			(421)
Restated balance	27,327	(2,164)	27,781	18,348	71,293	126	121	516,459
Changes during period								
Dividends of surplus								(3,748)
Profit attributable to owners of parent								11,135
Purchase of treasury shares								(0)
Disposal of treasury shares								75
Reversal of revaluation reserve for land								132
Net changes in items other than shareholders' equity	893	(1,014)	(132)	(707)	(962)	-	(7)	(969)
Total changes during period	893	(1,014)	(132)	(707)	(962)	-	(7)	6,624
Balance at end of period	28,220	(3,179)	27,649	17,641	70,331	126	113	523,084

For the six months ended September 30,2022

(Million 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