



July 29, 2022

**Summary of the Consolidated Financial Results for the First Quarter
of the Fiscal Year Ending March 31, 2023 (FY3/23)
(Three Months Ended June 30, 2022)**

[Japanese GAAP]

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 Stock code: 9039 URL: <https://www.hikkoshi-sakai.co.jp>
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Scheduled date of filing of Quarterly Report: August 10, 2022

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter (April 1, 2022 to June 30, 2022) of FY3/23

(1) Consolidated results of operations (Percentages represent 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	%
Three months ended Jun. 30, 2022	30,254	8.7	4,893	36.0	4,952	35.7	3,533	62.7
Three months ended Jun. 30, 2021	27,836	8.0	3,598	(14.0)	3,648	(15.7)	2,171	(23.0)

Note: Comprehensive income (millions of yen): Three months ended Jun. 30, 2022: 3,535 (up 63.2%)
 Three months ended Jun. 30, 2021: 2,166 (down 24.5%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2022	173.82	-
Three months ended Jun. 30, 2021	105.77	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of Jun. 30, 2022	100,108	78,264	78.2
As of Mar. 31, 2022	103,542	75,948	73.4

Reference: Shareholders' equity (millions of yen): As of Jun. 30, 2022: 78,264 As of Mar. 31, 2022: 75,948

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year ended Mar. 31, 2022	Yen -	Yen 30.00	Yen -	Yen 60.00	Yen 90.00
Fiscal year ending Mar. 31, 2023	-	-	-	-	-
Fiscal year ending Mar. 31, 2023 (Forecast)	-	30.00	-	65.00	95.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecast for FY3/23 (April 1, 2022 to March 31, 2023)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	52,682	4.3	5,008	3.1	5,642	8.6	3,495	8.2	171.91
Full year	106,557	2.6	10,908	1.1	11,379	0.8	7,373	9.9	362.71

Note: Revisions to the most recently announced consolidated forecast: None

*** Notes**

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

Newly added: - Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

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

3) Changes in accounting-based estimates: Yes

4) Restatements: None

(4) Number of outstanding shares (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Jun. 30, 2022:	21,162,000 shares	As of Mar. 31, 2022:	21,162,000 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2022:	832,136 shares	As of Mar. 31, 2022:	832,136 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2022:	20,329,864 shares	Three months ended Jun. 30, 2021:	20,530,133 shares
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* The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

* Cautionary statement with respect to forward-looking statements and other special items

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to the management of Sakai Moving Service at the time the materials were prepared. These materials are not promises by Sakai Moving Service regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. For a discussion of the assumptions for forecasts, precautions concerning usage and other information, please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 2.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first quarter of the current fiscal year, the Japanese economy seemed to be recovering but the outlook remains uncertain because of the Ukraine crisis and soaring raw material prices.

In Japan's moving industry, more people appeared to be relocating but conditions remained challenging due to a decline in housing starts.

As in the previous fiscal year, expenses increased because the Company paid special allowances to reward employees for working during the COVID-19 pandemic, and increased bonuses and other employee benefits. However, the average unit rate for moving services was up and the Sakai Moving Service Group focused on efficiently utilizing management resources to capture orders. As result, operating profit, ordinary profit and profit attributable to owners of parent were higher than one year earlier.

By steadily making business operations more powerful, the Group achieved higher sales than one year earlier in the Moving Services as the average unit rate for moving services was up 6.8% although the number of jobs performed decreased 0.6% to 218,667.

Net sales increased 8.7% year-on-year to 30,254 million yen, operating profit increased 36.0% to 4,893 million yen, ordinary profit increased 35.7% to 4,952 million yen, and profit attributable to owners of parent increased 62.7% to 3,533 million yen.

(2) Explanation of Financial Position

1) Current assets

Current assets decreased by 4,507 million yen, or 13.7%, from the end of the previous fiscal year to 28,344 million yen.

This was attributable mainly to a decrease of 4,395 million yen in notes and accounts receivable-trade, and contract assets.

2) Non-current assets

Non-current assets increased by 1,073 million yen, or 1.5%, from the end of the previous fiscal year to 71,764 million yen.

This was mainly attributable to an increase of 1,570 million yen in land.

3) Current liabilities

Current liabilities decreased by 5,304 million yen, or 24.0%, from the end of the previous fiscal year to 16,791 million yen. This was attributable mainly to decreases of 2,943 million yen in accounts payable-trade, 1,476 million yen in advances received and 1,071 million yen in income tax payable.

4) Non-current liabilities

Non-current liabilities decreased by 445 million yen, or 8.1%, from the end of the previous fiscal year to 5,051 million yen.

This was attributable mainly to decreases of 224 million yen in long-term borrowings and 135 million yen in asset retirement obligations.

5) Net assets

Net assets increased by 2,315 million yen, or 3.0%, from the end of the previous fiscal year to 78,264 million yen.

This was attributable mainly to an increase of 2,313 million yen in retained earnings.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

There are no revisions to the first-half and full-year forecasts for the fiscal year ending March 31, 2023, which were announced on May 6, 2022.

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

	(Millions of yen)	
	FY3/22 (as of Mar. 31, 2022)	First quarter of FY3/23 (as of Jun. 30, 2022)
Assets		
Current assets		
Cash and deposits	23,677	23,688
Notes and accounts receivable-trade, and contract assets	7,200	2,805
Merchandise	750	707
Other	1,230	1,149
Allowance for doubtful accounts	(6)	(6)
Total current assets	<u>32,852</u>	<u>28,344</u>
Non-current assets		
Property, plant and equipment		
Buildings, net	10,430	11,055
Land	51,682	53,253
Leased assets, net	1,494	1,455
Other, net	2,011	1,037
Total property, plant and equipment	<u>65,619</u>	<u>66,802</u>
Intangible assets		
Goodwill	153	145
Contract-based intangible assets	28	-
Other	445	432
Total intangible assets	<u>627</u>	<u>577</u>
Investments and other assets		
Other	4,451	4,392
Allowance for doubtful accounts	(8)	(8)
Total investments and other assets	<u>4,443</u>	<u>4,384</u>
Total non-current assets	<u>70,690</u>	<u>71,764</u>
Total assets	<u>103,542</u>	<u>100,108</u>
Liabilities		
Current liabilities		
Accounts payable-trade	5,331	2,387
Current portion of bonds payable	22	17
Short-term borrowings	1,555	2,235
Lease liabilities	369	372
Income taxes payable	2,767	1,696
Advances received	3,245	1,768
Provision for bonuses	836	268
Other	7,968	8,047
Total current liabilities	<u>22,096</u>	<u>16,791</u>
Non-current liabilities		
Bonds payable	78	72
Long-term borrowings	1,934	1,710
Lease liabilities	1,132	1,085
Retirement benefit liability	32	33
Asset retirement obligations	191	56
Other	2,126	2,094
Total non-current liabilities	<u>5,497</u>	<u>5,051</u>
Total liabilities	<u>27,593</u>	<u>21,843</u>

	(Millions of yen)	
	FY3/22 (as of Mar. 31, 2022)	First quarter of FY3/23 (as of Jun. 30, 2022)
Net assets		
Shareholders' equity		
Share capital	4,731	4,731
Capital surplus	4,949	4,949
Retained earnings	70,452	72,766
Treasury shares	(3,814)	(3,814)
Total shareholders' equity	76,319	78,633
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	39	41
Revaluation reserve for land	(409)	(409)
Total accumulated other comprehensive income	(370)	(368)
Total net assets	75,948	78,264
Total liabilities and net assets	103,542	100,108

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**(Quarterly Consolidated Statement of Income)****(For the Three-month Period)**

(Millions of yen)

	First three months of FY3/22 (Apr. 1, 2021 to Jun. 30, 2021)	First three months of FY3/23 (Apr. 1, 2022 to Jun. 30, 2022)
Net sales	27,836	30,254
Cost of sales	16,881	17,681
Gross profit	10,955	12,573
Selling, general and administrative expenses	7,356	7,680
Operating profit	3,598	4,893
Non-operating income		
Interest income	2	2
Dividend income	8	8
Commission income	11	10
Insurance claim income	2	8
Other	29	34
Total non-operating income	55	65
Non-operating expenses		
Interest expenses	4	5
Other	0	0
Total non-operating expenses	4	5
Ordinary profit	3,648	4,952
Extraordinary income		
Gain on sale of non-current assets	2	7
Gain on sale of investment securities	0	-
Total extraordinary income	3	7
Extraordinary losses		
Loss on disposal of non-current assets	0	-
Total extraordinary losses	0	-
Profit before income taxes	3,650	4,960
Income taxes-current	1,306	1,353
Income taxes-deferred	172	73
Total income taxes	1,479	1,426
Profit	2,171	3,533
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	2,171	3,533

(Quarterly Consolidated Statement of Comprehensive Income)**(For the Three-month Period)**

(Millions of yen)

	First three months of FY3/22 (Apr. 1, 2021 to Jun. 30, 2021)	First three months of FY3/23 (Apr. 1, 2022 to Jun. 30, 2022)
Profit	2,171	3,533
Other comprehensive income		
Valuation difference on available-for-sale securities	(5)	2
Total other comprehensive income	(5)	2
Comprehensive income	2,166	3,535
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	2,166	3,535
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes to Quarterly Consolidated Financial Statements

Going-concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Changes in Accounting Policies That Are Difficult to Distinguish from Changes in Accounting-based Estimates

Changes in depreciation method of property, plant and equipment

The Company and its consolidated subsidiaries have changed the property, plant and equipment (excluding leased assets) depreciation method. In prior years, these assets were depreciated using the declining-balance method. Beginning with the first quarter of the current fiscal year, the straight-line method is used for all depreciation.

In previous years, the Company steadily increased the number of jobs performed by actively making capital investments to expand its scale of operations. Now that a national network of branch offices has been completed, capital investment has leveled off. Currently, the Group's policy is to stabilize the number of jobs performed.

To address the current changing business environment, the Company is also stepping up efforts to "decarbonize" its operations and has set the reduction of CO2 emissions toward 2030 as one of the more important management priorities. As part of this initiative, we are promoting collaboration with our partners, and we anticipate stable operation of our fleet of vehicles.

Under these circumstances, we have reexamined the depreciation method of our property, plant and equipment from the viewpoint of more appropriate periodic accounting of profit and loss. The Company's policy is to stabilize the number of jobs performed and even out capital investment in view of the changes in the business environment. In addition, the Company believes that its existing facilities and vehicle fleet will operate stably. For these reasons, the Company has determined that the change to the straight-line method, which allocates expenses equally, is reasonable and more appropriately reflects economic reality.

The effect on this change on operating profit, ordinary profit and profit attributable to owners of parent in the first quarter of the current fiscal year is insignificant.

This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including the attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.