

Summary of Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2023 [Japan GAAP]

August 12, 2022

Name of Listed Company:	SENKO Group Holdings Co., Ltd.	Stock Listed on:	Tokyo Stock Exchange
Code Number:	9069	URL	https://www.senkogrouphd.co.jp/en/
Representative:	Title: President and Representative Director	Name:	Yasuhisa Fukuda
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Scheduled Date of Issue of Quarterly Financial Report: August 12, 2022 Scheduled Date of Dividend Paid: –
 Quarterly Supplemental Information Materials: Yes
 Quarterly Information Meeting: None

(Amounts less than ¥1 million have been rounded down)

1. Consolidated Operating Results for the Three Months Ended June 30, 2022

(1) Consolidated Operating Results (Cumulative) (Percentage figures represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2022	165,345	11.6	6,973	14.5	7,430	16.5	4,363	20.7
Three months ended June 30, 2021	148,102	11.1	6,091	43.9	6,377	51.9	3,616	43.1

(Note) Comprehensive income

Three months ended June 30, 2022: ¥6,318 million (47.2%)

Three months ended June 30, 2021: ¥4,293 million (89.4%)

	Profit per share	Diluted profit per share
	Yen	Yen
Three months ended June 30, 2022	29.29	25.93
Three months ended June 30, 2021	24.40	20.28

(Note) During the second quarter ended September 30, 2021, the Company finalized the provisional accounting treatment for business combinations. As a result, figures for the three months ended June 30, 2021 reflect the finalization of the provisional accounting treatment.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2022	479,891	164,249	31.3	1,006.98
As of March 31, 2022	480,487	160,657	30.6	985.67

(Reference) Equity:

As of June 30, 2022: ¥149,996 million

As of March 31, 2022: ¥146,817 million

2. Dividends

	Annual dividend				
	June 30	September 30	December 31	March 31	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	–	17.00	–	17.00	34.00
Fiscal year ending March 31, 2023	–				
Fiscal year ending March 31, 2023 (Forecast)		17.00	–	17.00	34.00

(Note) Change in the estimation of dividend for the fiscal year in this period: None

3. Forecast of Consolidated Operating Results for the Fiscal Year Ending March 31, 2023 (From April 1, 2022 to March 31, 2023)

(Percentage figures represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half ending September 30, 2022	337,000	12.0	12,500	6.8	12,600	5.3	7,500	7.8	50.35
Fiscal year ending March 31, 2023	700,000	12.3	26,700	7.8	27,000	3.4	16,000	5.0	107.41

(Note) Change in the forecast made in this period: None

Notes

- (1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries associated with change in scope of consolidation): None
- (2) Use of accounting methods specifically for the preparation of the quarterly consolidated financial statements: None
- (3) Changes in accounting principles and estimates, and retrospective restatement
- (a) Changes due to revision of accounting standards: Yes
 - (b) Changes other than in (a): None
 - (c) Changes in accounting estimates: None
 - (d) Retrospective restatement: None
- (4) Shares outstanding (Common shares)
- (a) Shares outstanding (including treasury shares)

As of June 30, 2022:	157,070,496 shares	As of March 31, 2022:	157,070,496 shares
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 - (b) Treasury shares

As of June 30, 2022:	8,113,586 shares	As of March 31, 2022:	8,117,957 shares
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 - (c) Average number of shares (Cumulative)

Three months ended June 30, 2022:	148,956,748 shares	Three months ended June 30, 2021:	148,224,994 shares
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- (Note) Starting with the third quarter of the fiscal year ended March 31, 2018, the number of treasury shares at term-end includes Senko shares owned by the trust accounts of Performance-linked Stock Compensation Plan for Employees (as of June 30, 2022: 337,905 shares; as of March 31, 2022: 338,276 shares) and Performance-linked Stock Compensation Plan for Directors (as of June 30, 2022: 338,607 shares; as of March 31, 2022: 338,607 shares).

Quarterly financial results reports are exempt from quarterly reviews conducted by certified public accountants or an audit corporation.

Cautionary statement regarding forecasts of operating results and special notes

- Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons. For information about the assumptions used for forecasts and precautions concerning the use of forecasts, please see "Forecast for the first half period and the full-term of the fiscal year ending March 31, 2023" on page 3.
- The supplementary material on quarterly earnings will be available on the Company's website.

Index to accompanying materials

1. Results of Operations and Financial Condition	2
(1) Results of operations.....	2
(2) Financial condition.....	3
(3) Forecast for the first half period and the full-term of the fiscal year ending March 31, 2023	3
2. Consolidated Financial Statements.....	4
(1) Consolidated balance sheets.....	4
(2) Consolidated statements of (comprehensive) income	6
Consolidated statements of income	
For the three months ended June 30, 2021 and 2022.....	6
Consolidated statements of comprehensive income	
For the three months ended June 30, 2021 and 2022.....	7

1. Results of Operations and Financial Condition

(1) Results of operations

In the three-month period of the fiscal year ending March 31, 2023 (April 1, 2022 to June 30, 2022), amid an economic environment in which measures to stem the spread of COVID-19 have been relaxing and economic and social activities are normalizing, there are signs of economic recovery. However, the outlook at present continues to be unclear, with the protraction of the Ukraine situation and monetary tightening occurring on a global scale.

The three-month-period performance was as follows.

	Three months ended June 30, 2021	Three months ended June 30, 2022	Change	%
Operating revenue	148,102	165,345	17,242	11.6
Operating profit	6,091	6,973	881	14.5
Ordinary profit	6,377	7,430	1,052	16.5
Profit attributable to owners of parent	3,616	4,363	747	20.7

Despite facing rising fuel prices and overseas purchase prices, along with dwindling demand for COVID-19 related products, as economic and social activities have been normalizing, we are seeing an accompanying recovery in demand, and owing to group-wide efforts to expand sales and revise pricing, along with the effect of promoting M&A, the Group achieved year-on-year increases in operating revenue, operating profit, ordinary profit and profit attributable to owners of parent.

The three-month-period operating revenue by segment was as follows.

Note that effective from the first quarter ended June 30, 2022, a newly changed classification and aggregation method for reportable segments has been applied, and the data used for comparison and analysis of the three months ended June 30, 2022 is based on the newly changed classification.

Logistics

	Three months ended June 30, 2021	Three months ended June 30, 2022	Change	%
Operating revenue	104,646	115,956	11,310	10.8
Segment income	5,729	6,338	608	10.6

Amid an apparent recovery in cargo volumes, resulting from the normalizing economic and social activities, we strived to expand sales and revise pricing while reaping the contribution of revenue from M&A we conducted in the previous fiscal year. As a result, operating revenue increased ¥11,310 million year on year to ¥115,956 million, and segment income rose ¥608 million year on year to ¥6,338 million.

Trading & commerce

	Three months ended June 30, 2021	Three months ended June 30, 2022	Change	%
Operating revenue	35,396	38,667	3,271	9.2
Segment income	629	470	(159)	(25.3)

In addition to the contribution from revenue from household paper wholesale distributor Cartas Co., Ltd., which was made a consolidated subsidiary in the previous fiscal year, we worked on expanding sales and improving cost efficiency among other initiatives. However, as a result of decreased demand for packaging used for takeaways and deliveries, and rising purchase prices due to yen depreciation, among other factors, operating revenue increased by ¥3,271 million year on year to ¥38,667 million and segment income fell ¥159 million year on year to ¥470 million.

Life Support

	Three months ended June 30, 2021	Three months ended June 30, 2022	Change	%
Operating revenue	6,443	8,475	2,031	31.5
Segment income (loss)	(315)	265	581	—

As people's everyday lives have been normalizing, the segment saw a recovery in the number of users and the number of customers visiting stores, new stores were opened, and M&A we conducted in the previous fiscal year also contributed to revenue. As a result, operating revenue increased ¥2,031 million year on year to ¥8,475 million, and segment income of ¥265 million was achieved after an improvement of ¥581 million year on year.

Business Support

(Unit: Millions of Yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022	Change	%
Operating revenue	1,614	2,244	629	39.0
Segment income	39	136	96	242.8

The segment strived to expand sales and improve cost efficiency while reaping the contribution of revenue from M&A we conducted in the previous fiscal year. As a result, operating revenue increased ¥629 million year on year to ¥2,244 million, and segment income rose ¥96 million year on year to ¥136 million.

(2) Financial condition

Assets, liabilities and net assets

Total assets

Total assets as of June 30, 2022 were ¥479,891 million, ¥596 million lower than at the end of the previous fiscal year.

Current assets amounted to ¥167,242 million, down ¥3,791 million from the end of the previous fiscal year. This was mainly due to decreases of ¥1,423 million in cash and deposits and ¥3,537 million in trade notes and accounts receivable, and contract assets despite an increase of ¥1,381 million in other current assets.

Non-current assets totaled ¥312,649 million, up ¥3,195 million from the end of the previous fiscal year. This was primarily due to increases of ¥1,942 million in property, plant and equipment and ¥1,121 million in intangible assets.

Liabilities

Liabilities as of June 30, 2022 decreased ¥4,187 million from the end of the previous fiscal year to ¥315,642 million.

Current liabilities totaled ¥132,463 million, down ¥5,182 million from the end of the previous fiscal year. This was mainly due to decreases of ¥3,497 million in trade notes and accounts payable, ¥3,404 million in income taxes payable and ¥2,661 million in provision for bonuses despite an increase of ¥2,915 million in other current liabilities.

Non-current liabilities totaled ¥183,178 million, up ¥994 million from the end of the previous fiscal year. This was primarily due to an increase of ¥927 million in deferred tax liabilities.

Net assets

Net assets as of June 30, 2022 rose ¥3,591 million from the end of the previous fiscal year to ¥164,249 million. This was primarily due to increases of ¥1,818 million in retained earnings and ¥1,298 million in foreign currency translation adjustment. The equity ratio as of June 30, 2022 increased by 0.7 percentage points to 31.3% from the end of the previous fiscal year.

(3) Forecast for the first half period and the full-term of the fiscal year ending March 31, 2023

No revisions have been made to the forecast of consolidated operating results for the first half ending September 30, 2022 and the fiscal year ending March 31, 2023, announced in "Summary of Financial Statements for the Fiscal Year Ended March 31, 2022" on May 13, 2022.

2. Consolidated Financial Statements

(1) Consolidated balance sheets

(Unit: Millions of Yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	45,093	43,670
Trade notes and accounts receivable, and contract assets	91,893	88,356
Electronically recorded monetary claims - operating	3,543	3,683
Merchandise and finished goods	14,183	13,738
Work in process	95	104
Raw materials and supplies	845	934
Other	15,411	16,793
Allowance for doubtful accounts	(34)	(37)
Total current assets	171,033	167,242
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	91,096	92,441
Land	90,313	90,513
Other, net	50,229	50,626
Total property, plant and equipment	231,639	233,581
Intangible assets		
Goodwill	12,564	12,733
Other	11,159	12,111
Total intangible assets	23,723	24,844
Investments and other assets		
Investment securities	17,957	18,093
Long-term loans receivable	279	254
Retirement benefit asset	7,703	7,876
Guarantee deposits	14,388	14,755
Deferred tax assets	5,115	4,400
Other	9,066	9,272
Allowance for doubtful accounts	(418)	(430)
Total investments and other assets	54,091	54,223
Total non-current assets	309,454	312,649
Deferred assets		
Business commencement expenses	0	0
Total deferred assets	0	0
Total assets	480,487	479,891

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Trade notes and accounts payable	50,675	47,177
Electronically recorded obligations - operating	9,076	9,393
Current portion of bonds payable	24	–
Short-term borrowings	36,335	37,153
Lease obligations	4,632	5,325
Income taxes payable	5,052	1,647
Provision for bonuses	6,585	3,924
Provision for bonuses for directors (and other officers)	427	116
Provision for loss on disaster	416	388
Other	24,420	27,336
Total current liabilities	137,646	132,463
Non-current liabilities		
Bonds payable	40,000	40,000
Convertible-bond-type bonds with share acquisition rights	22,081	22,074
Long-term borrowings	86,746	86,274
Lease obligations	15,970	16,575
Provision for retirement benefits for directors (and other officers)	573	556
Provision for special repairs	196	245
Provision for share awards	336	335
Retirement benefit liability	7,050	6,959
Asset retirement obligations	950	975
Deferred tax liabilities	4,987	5,914
Other	3,291	3,266
Total non-current liabilities	182,183	183,178
Total liabilities	319,830	315,642
Net assets		
Shareholders' equity		
Share capital	28,479	28,479
Capital surplus	31,545	31,543
Retained earnings	91,737	93,555
Treasury shares	(8,159)	(8,155)
Total shareholders' equity	143,602	145,423
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,472	1,531
Deferred gains or losses on hedges	70	115
Foreign currency translation adjustment	755	2,053
Remeasurements of defined benefit plans	916	873
Total accumulated other comprehensive income	3,215	4,573
Share acquisition rights	388	386
Non-controlling interests	13,451	13,866
Total net assets	160,657	164,249
Total liabilities and net assets	480,487	479,891

(2) Consolidated statements of (comprehensive) income

(Consolidated statements of income)

(For the three months ended June 30, 2021 and 2022)

(Unit: Millions of Yen)

	Three months ended June 30, 2021 (April 1, 2021 – June 30, 2021)	Three months ended June 30, 2022 (April 1, 2022 – June 30, 2022)
Operating revenue	148,102	165,345
Operating costs	127,382	141,037
Operating gross profit	20,720	24,307
Selling, general and administrative expenses	14,628	17,334
Operating profit	6,091	6,973
Non-operating income		
Interest income	23	23
Dividend income	77	92
Foreign exchange gains	–	202
Other	641	625
Total non-operating income	742	944
Non-operating expenses		
Interest expenses	297	344
Other	159	142
Total non-operating expenses	456	487
Ordinary profit	6,377	7,430
Extraordinary income		
Subsidy income	248	206
Gain on sale of non-current assets	–	73
Total extraordinary income	248	280
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	243	206
Loss on retirement of non-current assets	73	65
Loss on COVID-19 impact	103	–
Loss on disaster	8	–
Total extraordinary losses	428	271
Profit before income taxes	6,197	7,438
Income taxes - current	789	1,266
Income taxes - deferred	1,534	1,552
Total income taxes	2,324	2,819
Profit	3,873	4,619
Profit attributable to non-controlling interests	256	255
Profit attributable to owners of parent	3,616	4,363

(Consolidated statements of comprehensive income)
(For the three months ended June 30, 2021 and 2022)

(Unit: Millions of Yen)

	Three months ended June 30, 2021 (April 1, 2021 – June 30, 2021)	Three months ended June 30, 2022 (April 1, 2022 – June 30, 2022)
Profit	3,873	4,619
Other comprehensive income		
Valuation difference on available-for-sale securities	(78)	46
Deferred gains or losses on hedges	(24)	61
Foreign currency translation adjustment	489	1,634
Remeasurements of defined benefit plans, net of tax	33	(43)
Total other comprehensive income	420	1,698
Comprehensive income	4,293	6,318
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,933	5,721
Comprehensive income attributable to non-controlling interests	359	596