

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

February 10, 2023

Name of Listed Company:	SENKO Group Holdings Co., Ltd.	Stock Listed on:	Tokyo Stock Exchange
Code Number:	9069	URL	<a href="https://www.senkogrouphd.co.jp/en/">https://www.senkogrouphd.co.jp/en/</a>
Representative:	Title: President and Representative Director	Name:	Yasuhisa Fukuda
Inquiries:	Title: Executive Officer, Responsible for PR & IR	Name:	Satoru Kokubo
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Scheduled Date of Issue of Quarterly Financial Report: February 14, 2023      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 Nine Months Ended December 31, 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	%
Nine months ended December 31, 2022	515,298	10.7	21,786	7.1	22,362	6.4	14,947	18.5
Nine months ended December 31, 2021	465,449	9.6	20,334	16.9	21,018	19.0	12,611	8.7

(Note) Comprehensive income

Nine months ended December 31, 2022: ¥19,577 million (48.1%)      Nine months ended December 31, 2021: ¥13,220 million (9.0%)

	Profit per share	Diluted profit per share
	Yen	Yen
Nine months ended December 31, 2022	100.28	88.81
Nine months ended December 31, 2021	86.05	71.43

(Note) During the second quarter ended September 30, 2022, the Company finalized the provisional accounting treatment for business combinations. As a result, figures for the nine months ended December 31, 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 December 31, 2022	563,394	178,353	28.4	1,072.47
As of March 31, 2022	480,818	160,854	30.5	985.67

(Reference) Equity:

As of December 31, 2022: ¥160,031 million      As of March 31, 2022: ¥146,817 million

(Note) During the second quarter ended September 30, 2022, the Company finalized the provisional accounting treatment for business combinations. As a result, figures for the fiscal year ended March 31, 2022 reflect the finalization of the provisional accounting treatment.

### 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	–	17.00	–		
Fiscal year ending March 31, 2023 (Forecast)				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
Fiscal year ending March 31, 2023	700,000	12.3	26,700	7.8	27,000	3.4	16,000	5.0	107.34

(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): Yes

Newly included: 1 company (Company name) CHUO KAGAKU CO., LTD.

(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 December 31, 2022:	157,070,496 shares	As of March 31, 2022:	157,070,496 shares
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(b) Treasury shares

As of December 31, 2022:	7,852,978 shares	As of March 31, 2022:	8,117,957 shares
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(c) Average number of shares (Cumulative)

Nine months ended December 31, 2022:	149,049,945 shares	Nine months ended December 31, 2021:	146,554,033 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 December 31, 2022: 334,937 shares; as of March 31, 2022: 338,276 shares) and Performance-linked Stock Compensation Plan for Directors (as of December 31, 2022: 317,960 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 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.

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## 1. Results of Operations and Financial Condition

### (1) Results of operations

In the nine-month period of the fiscal year ending March 31, 2023 (April 1, 2022 to December 31, 2022), there were signs of economic recovery following the relaxation of measures to stem the spread of COVID-19 and the progressive normalization of economic and social activity. Nevertheless, with a resurgence in COVID-19 caused by the seventh and eighth waves of infection, the prolongation of the Ukraine situation, and foreign exchange rate volatility against the backdrop of a global tightening of monetary policy, it remains difficult to be optimistic about the business environment.

The nine-month-period performance was as follows.

(Unit: Millions of Yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022	Change	%
Operating revenue	465,449	515,298	49,849	10.7
Operating profit	20,334	21,786	1,451	7.1
Ordinary profit	21,018	22,362	1,343	6.4
Profit attributable to owners of parent	12,611	14,947	2,336	18.5

Despite facing rising electricity tariffs, fuel prices, and purchase prices, along with dwindling demand for COVID-19 related products, owing to group-wide efforts to expand sales and revise tariffs and prices, 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 nine-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 nine months ended December 31, 2022 is based on the newly changed classification.

### Logistics

(Unit: Millions of Yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022	Change	%
Operating revenue	329,722	360,342	30,619	9.3
Segment income	18,921	20,095	1,173	6.2

Despite rising electricity tariffs and fuel prices, we strived to expand sales and revise pricing while reaping the contribution of revenue from M&A. As a result, operating revenue increased ¥30,619 million year on year to ¥360,342 million, and segment income rose ¥1,173 million year on year to ¥20,095 million.

### Trading & commerce

(Unit: Millions of Yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022	Change	%
Operating revenue	109,188	119,326	10,137	9.3
Segment income	1,933	1,892	(41)	(2.1)

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 revising prices and expanding sales, as well as improving cost efficiency among other initiatives. However, as a result of decreased demand for packaging used for takeaways and deliveries, and rising purchase prices, among other factors, operating revenue increased by ¥10,137 million year on year to ¥119,326 million and segment income fell ¥41 million year on year to ¥1,892 million.

### Life Support

(Unit: Millions of Yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022	Change	%
Operating revenue	21,086	27,746	6,660	31.6
Segment income (loss)	(340)	245	586	—

As people's everyday lives have been normalizing, we 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 ¥6,660 million year on year to ¥27,746 million, and segment income rose ¥586 million year on year to ¥245 million.

## Business Support

(Unit: Millions of Yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022	Change	%
Operating revenue	5,440	7,879	2,438	44.8
Segment income	674	839	165	24.5

We strived to expand sales and improve cost efficiency while reaping the contribution of revenue from M&A. As a result, operating revenue increased ¥2,438 million year on year to ¥7,879 million, and segment income rose ¥165 million year on year to ¥839 million.

### (2) Financial condition

Assets, liabilities and net assets

#### Total assets

Total assets as of December 31, 2022 were ¥563,394 million, ¥82,576 million higher than at the end of the previous fiscal year.

Current assets amounted to ¥211,316 million, up ¥40,282 million from the end of the previous fiscal year. This was mainly due to increases of ¥11,685 million in cash and deposits, ¥16,136 million in trade notes and accounts receivable, and contract assets, ¥6,533 million in merchandise and finished goods, and ¥2,298 million in raw materials and supplies.

Non-current assets totaled ¥352,078 million, up ¥42,293 million from the end of the previous fiscal year. This was primarily due to increases of ¥35,750 million in property, plant and equipment, ¥1,528 million in intangible assets, and ¥5,014 million in investments and other assets.

#### Liabilities

Liabilities as of December 31, 2022 increased ¥65,077 million from the end of the previous fiscal year to ¥385,041 million.

Current liabilities totaled ¥157,243 million, up ¥19,597 million from the end of the previous fiscal year. This was mainly due to increases of ¥10,658 million in trade notes and accounts payable and ¥3,337 million in electronically recorded obligations - operating.

Non-current liabilities totaled ¥227,797 million, up ¥45,480 million from the end of the previous fiscal year. This was mainly due to increases of ¥38,518 million in long-term borrowings, ¥3,140 million in lease obligations, ¥1,033 million in asset retirement obligations, and ¥1,878 million in deferred tax liabilities.

#### Net assets

Net assets as of December 31, 2022 rose ¥17,498 million from the end of the previous fiscal year to ¥178,353 million. This was primarily due to increases of ¥9,854 million in retained earnings, ¥3,289 million in foreign currency translation adjustment, and ¥4,306 million in non-controlling interests. The equity ratio as of December 31, 2022 decreased by 2.1 percentage points to 28.4% from the end of the previous fiscal year.

### (3) Forecast for 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 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 December 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	45,093	56,778
Trade notes and accounts receivable, and contract assets	91,893	108,030
Electronically recorded monetary claims - operating	3,543	4,825
Merchandise and finished goods	14,183	20,717
Work in process	95	933
Raw materials and supplies	845	3,144
Other	15,411	16,945
Allowance for doubtful accounts	(34)	(59)
Total current assets	171,033	211,316
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	91,096	101,038
Land	90,313	106,152
Other, net	50,229	60,197
Total property, plant and equipment	231,639	267,389
Intangible assets		
Goodwill	12,104	11,786
Other	11,949	13,796
Total intangible assets	24,054	25,583
Investments and other assets		
Investment securities	17,957	18,602
Long-term loans receivable	279	662
Retirement benefit asset	7,703	8,395
Guarantee deposits	14,388	17,013
Deferred tax assets	5,115	4,464
Other	9,066	10,733
Allowance for doubtful accounts	(418)	(766)
Total investments and other assets	54,091	59,105
Total non-current assets	309,784	352,078
Deferred assets		
Business commencement expenses	0	0
Total deferred assets	0	0
<b>Total assets</b>	<b>480,818</b>	<b>563,394</b>

	As of March 31, 2022	As of December 31, 2022
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	50,675	61,333
Electronically recorded obligations - operating	9,076	12,413
Current portion of bonds payable	24	–
Short-term borrowings	36,335	32,644
Lease obligations	4,632	5,960
Income taxes payable	5,052	2,489
Provision for bonuses	6,585	4,253
Provision for bonuses for directors (and other officers)	427	318
Provision for loss on disaster	416	247
Other	24,420	37,582
<b>Total current liabilities</b>	<b>137,646</b>	<b>157,243</b>
Non-current liabilities		
Bonds payable	40,000	40,000
Convertible-bond-type bonds with share acquisition rights	22,081	22,060
Long-term borrowings	86,746	125,264
Lease obligations	15,970	19,110
Provision for retirement benefits for directors (and other officers)	573	600
Provision for special repairs	196	280
Provision for share awards	336	325
Retirement benefit liability	7,050	7,413
Asset retirement obligations	950	1,983
Deferred tax liabilities	5,120	6,998
Other	3,291	3,758
<b>Total non-current liabilities</b>	<b>182,317</b>	<b>227,797</b>
<b>Total liabilities</b>	<b>319,963</b>	<b>385,041</b>
Net assets		
Shareholders' equity		
Share capital	28,479	28,479
Capital surplus	31,545	31,547
Retained earnings	91,737	101,591
Treasury shares	(8,159)	(7,966)
<b>Total shareholders' equity</b>	<b>143,602</b>	<b>153,651</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,472	1,643
Deferred gains or losses on hedges	70	(127)
Foreign currency translation adjustment	755	4,044
Remeasurements of defined benefit plans	916	820
<b>Total accumulated other comprehensive income</b>	<b>3,215</b>	<b>6,380</b>
Share acquisition rights	388	366
Non-controlling interests	13,648	17,954
<b>Total net assets</b>	<b>160,854</b>	<b>178,353</b>
<b>Total liabilities and net assets</b>	<b>480,818</b>	<b>563,394</b>

**(2) Consolidated statements of (comprehensive) income**

(Consolidated statements of income)

(For the nine months ended December 31, 2021 and 2022)

(Unit: Millions of Yen)

	Nine months ended December 31, 2021 (April 1, 2021 – December 31, 2021)	Nine months ended December 31, 2022 (April 1, 2022 – December 31, 2022)
Operating revenue	465,449	515,298
Operating costs	398,717	438,622
Operating gross profit	66,731	76,676
Selling, general and administrative expenses	46,396	54,889
Operating profit	20,334	21,786
Non-operating income		
Interest income	79	86
Dividend income	159	191
Foreign exchange gains	20	212
Other	1,876	1,973
Total non-operating income	2,136	2,463
Non-operating expenses		
Interest expenses	908	1,158
Other	543	729
Total non-operating expenses	1,452	1,888
Ordinary profit	21,018	22,362
Extraordinary income		
Gain on bargain purchase	–	1,651
Subsidy income	248	206
Gain on sale of non-current assets	82	143
Gain on sale of investment securities	–	40
Total extraordinary income	330	2,042
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	243	206
Loss on office withdrawal	–	136
Loss on retirement of non-current assets	124	106
Loss on COVID-19 impact	211	–
Loss on disaster	8	–
Total extraordinary losses	587	449
Profit before income taxes	20,761	23,955
Income taxes - current	5,890	6,296
Income taxes - deferred	1,547	1,832
Total income taxes	7,438	8,129
Profit	13,323	15,825
Profit attributable to non-controlling interests	712	878
Profit attributable to owners of parent	12,611	14,947



(Consolidated statements of comprehensive income)  
(For the nine months ended December 31, 2021 and 2022)

(Unit: Millions of Yen)

	Nine months ended December 31, 2021 (April 1, 2021 – December 31, 2021)	Nine months ended December 31, 2022 (April 1, 2022 – December 31, 2022)
Profit	13,323	15,825
Other comprehensive income		
Valuation difference on available-for-sale securities	(195)	181
Deferred gains or losses on hedges	(4)	(221)
Foreign currency translation adjustment	(3)	2,900
Remeasurements of defined benefit plans, net of tax	101	(96)
Share of other comprehensive income of entities accounted for using equity method	–	987
Total other comprehensive income	(103)	3,751
Comprehensive income	13,220	19,577
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,624	18,112
Comprehensive income attributable to non- controlling interests	595	1,464