

Summary of Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2024 [Japan GAAP]

August 10, 2023

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
 Inquiries: Title: Executive Officer, Responsible for PR & IR Name: Satoru Kokubo Tel. (03) 6862-8842

Scheduled Date of Issue of Quarterly Financial Report: August 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 Three Months Ended June 30, 2023

(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, 2023	188,340	13.9	7,659	9.8	8,053	8.4	4,571	4.8
Three months ended June 30, 2022	165,345	11.6	6,973	14.5	7,430	16.5	4,363	20.7

(Note) Comprehensive income

Three months ended June 30, 2023: ¥6,229 million (–1.4%)

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

	Profit per share	Diluted profit per share
	Yen	Yen
Three months ended June 30, 2023	30.62	27.10
Three months ended June 30, 2022	29.29	25.93

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2023	586,178	182,753	28.0	1,095.75
As of March 31, 2023	581,850	179,103	27.6	1,075.69

(Reference) Equity:

As of June 30, 2023: ¥163,896 million

As of March 31, 2023: ¥160,510 million

2. Dividends

	Annual dividend				
	June 30	September 30	December 31	March 31	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	–	17.00	–	17.00	34.00
Fiscal year ending March 31, 2024	–				
Fiscal year ending March 31, 2024 (Forecast)		17.00	–	19.00	36.00

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

(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, 2023	385,000	15.0	13,200	1.2	13,000	(2.8)	7,600	(4.8)	50.89
Fiscal year ending March 31, 2024	790,000	13.5	29,000	13.6	29,000	10.9	16,700	8.9	111.83

(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: None
 - (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, 2023:	157,070,496 shares	As of March 31, 2023:	157,070,496 shares
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 - (b) Treasury shares

As of June 30, 2023:	7,495,658 shares	As of March 31, 2023:	7,853,758 shares
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 - (c) Average number of shares (Cumulative)

Three months ended June 30, 2023:	149,321,726 shares	Three months ended June 30, 2022:	148,956,748 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, 2023: 334,566 shares; as of March 31, 2023: 334,566 shares) and Performance-linked Stock Compensation Plan for Directors (as of June 30, 2023: 316,723 shares; as of March 31, 2023: 316,723 shares). In addition, starting with the fourth quarter of the fiscal year ended March 31, 2023, the number of treasury shares at term-end includes Senko shares owned by the employee shareholding association support trust ESOP (as of June 30, 2023: 4,930,000 shares; as of March 31, 2023: 5,255,100 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, 2024" 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 three-month period of the fiscal year ending March 31, 2024 (April 1, 2023 to June 30, 2023), although economic activities have been normalizing after the infectious disease classification of COVID-19 was changed to Class 5, the outlook for the economic environment overall continues to be unclear with the protraction of the Ukraine situation and an increasingly frugal mindset due to the rising price of goods.

The three-month-period performance was as follows.

	Three months ended June 30, 2022	Three months ended June 30, 2023	Change	%
Operating revenue	165,345	188,340	22,994	13.9
Operating profit	6,973	7,659	685	9.8
Ordinary profit	7,430	8,053	623	8.4
Profit attributable to owners of parent	4,363	4,571	208	4.8

(Unit: Millions of Yen)

Despite facing the impact of declining cargo movements in logistics, along with rising purchase prices and the like, 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 three-month-period operating revenue by segment was as follows.

Logistics

	Three months ended June 30, 2022	Three months ended June 30, 2023	Change	%
Operating revenue	115,956	120,215	4,258	3.7
Segment income	6,338	6,184	(154)	(2.4)

(Unit: Millions of Yen)

Notwithstanding a focus on sales expansion and initiatives to address tariff revisions, together with the contribution of revenue from M&A, the impact of declining cargo movements was significant. As a result, operating revenue increased ¥4,258 million year on year to ¥120,215 million, and segment income fell ¥154 million year on year to ¥6,184 million.

Trading & Commerce

	Three months ended June 30, 2022	Three months ended June 30, 2023	Change	%
Operating revenue	38,667	41,288	2,620	6.8
Segment income	470	647	177	37.7

(Unit: Millions of Yen)

We strived to revise prices and expand sales while facing rising purchase prices. As a result, operating revenue increased ¥2,620 million year on year to ¥41,288 million, and segment income rose ¥177 million year on year to ¥647 million.

Life Support

	Three months ended June 30, 2022	Three months ended June 30, 2023	Change	%
Operating revenue	8,475	11,888	3,413	40.3
Segment income	265	448	182	68.6

(Unit: Millions of Yen)

Owing to the contribution of revenue from M&A and initiatives such as price revisions, operating revenue increased ¥3,413 million year on year to ¥11,888 million, and segment income rose ¥182 million year on year to ¥448 million.

Business Support

	Three months ended June 30, 2022	Three months ended June 30, 2023	Change	%
Operating revenue	2,244	3,169	924	41.2
Segment income	136	387	251	184.5

(Unit: Millions of Yen)

We strived to expand sales and achieve recovery in the hotel business. As a result, operating revenue increased ¥924 million year on year to ¥3,169 million, and segment income rose ¥251 million year on year to ¥387 million.

Manufacturing

(Unit: Millions of Yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023	Change	%
Operating revenue	—	11,701	11,701	—
Segment income	—	169	169	—

Results for CHUO KAGAKU CO., LTD., which is a manufacturer of food packaging and containers and was made a consolidated subsidiary during the previous fiscal year, were operating revenue of ¥11,701 million and operating profit of ¥169 million.

With the inclusion of CHUO KAGAKU CO., LTD. into the scope of consolidation, we added the Manufacturing segment in the fourth quarter of the fiscal year ended March 31, 2023. As a result, year-on-year changes are not presented.

(2) Financial condition

Assets, liabilities and net assets

Total assets

Total assets as of June 30, 2023 were ¥586,178 million, ¥4,327 million higher than at the end of the previous fiscal year.

Current assets amounted to ¥197,196 million, down ¥4,576 million from the end of the previous fiscal year. This was mainly due to decreases of ¥3,603 million in cash and deposits and ¥4,338 million in trade notes and accounts receivable, and contract assets despite increases of ¥1,130 million in electronically recorded monetary claims - operating and ¥1,831 million in other current assets.

Non-current assets totaled ¥388,981 million, up ¥8,904 million from the end of the previous fiscal year. This was primarily due to increases of ¥6,728 million in property, plant and equipment, ¥928 million in intangible assets, and ¥1,247 million in investments and other assets.

Liabilities

Liabilities as of June 30, 2023 increased ¥677 million from the end of the previous fiscal year to ¥403,425 million.

Current liabilities totaled ¥164,271 million, down ¥1,085 million from the end of the previous fiscal year. This was mainly due to decreases of ¥3,055 million in trade notes and accounts payable, ¥3,377 million in income taxes payable and ¥3,112 million in provision for bonuses despite increases of ¥5,576 million in short-term borrowings and ¥2,198 million in other current liabilities.

Non-current liabilities totaled ¥239,153 million, up ¥1,763 million from the end of the previous fiscal year. This was mainly due to increases of ¥760 million in long-term lease liabilities and ¥1,043 million in deferred tax liabilities.

Net assets

Net assets as of June 30, 2023 rose ¥3,649 million from the end of the previous fiscal year to ¥182,753 million. This was primarily due to increases of ¥1,934 million in retained earnings and ¥655 million in foreign currency translation adjustment. The equity ratio as of June 30, 2023 increased by 0.4 percentage points to 28.0% 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, 2024

No revisions have been made to the forecast of consolidated operating results for the first half ending September 30, 2023 and the fiscal year ending March 31, 2024, announced in "Summary of Financial Statements for the Fiscal Year Ended March 31, 2023" on May 12, 2023.

2. Consolidated Financial Statements

(1) Consolidated balance sheets

(Unit: Millions of Yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	58,583	54,980
Trade notes and accounts receivable, and contract assets	97,197	92,858
Electronically recorded monetary claims - operating	4,476	5,606
Merchandise and finished goods	20,197	20,938
Work in process	909	790
Raw materials and supplies	3,136	2,913
Other	17,332	19,163
Allowance for doubtful accounts	(59)	(56)
Total current assets	201,773	197,196
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	111,914	115,843
Land	114,478	116,724
Other, net	64,218	64,772
Total property, plant and equipment	290,612	297,340
Intangible assets		
Goodwill	11,727	11,419
Other	13,553	14,788
Total intangible assets	25,280	26,208
Investments and other assets		
Investment securities	20,248	21,301
Long-term loans receivable	541	558
Retirement benefit asset	10,207	10,435
Guarantee deposits	17,034	17,452
Deferred tax assets	5,571	4,774
Other	11,360	11,693
Allowance for doubtful accounts	(780)	(782)
Total investments and other assets	64,184	65,432
Total non-current assets	380,077	388,981
Total assets	581,850	586,178

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Trade notes and accounts payable	56,058	53,002
Electronically recorded obligations - operating	11,091	11,431
Short-term borrowings	40,543	46,120
Lease liabilities	6,892	7,550
Income taxes payable	5,113	1,735
Provision for bonuses	7,544	4,432
Provision for bonuses for directors (and other officers)	420	151
Provision for loss on disaster	170	127
Other	37,521	39,719
Total current liabilities	165,357	164,271
Non-current liabilities		
Bonds payable	40,000	40,000
Convertible-bond-type bonds with share acquisition rights	22,054	22,047
Long-term borrowings	124,292	124,153
Lease liabilities	25,022	25,782
Provision for retirement benefits for directors (and other officers)	608	569
Provision for special repairs	256	293
Provision for share awards	494	494
Retirement benefit liability	8,479	8,454
Asset retirement obligations	2,044	2,610
Deferred tax liabilities	7,973	9,016
Other	6,163	5,731
Total non-current liabilities	237,389	239,153
Total liabilities	402,747	403,425
Net assets		
Shareholders' equity		
Share capital	28,479	28,479
Capital surplus	31,318	31,304
Retained earnings	101,984	103,919
Treasury shares	(7,712)	(7,359)
Total shareholders' equity	154,070	156,343
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,668	2,024
Deferred gains or losses on hedges	(2)	95
Foreign currency translation adjustment	3,082	3,737
Remeasurements of defined benefit plans	1,690	1,694
Total accumulated other comprehensive income	6,439	7,552
Share acquisition rights	366	352
Non-controlling interests	18,226	18,504
Total net assets	179,103	182,753
Total liabilities and net assets	581,850	586,178

(2) Consolidated statements of (comprehensive) income

(Consolidated statements of income)

(For the three months ended June 30, 2022 and 2023)

(Unit: Millions of Yen)

	Three months ended June 30, 2022 (April 1, 2022 – June 30, 2022)	Three months ended June 30, 2023 (April 1, 2023 – June 30, 2023)
Operating revenue	165,345	188,340
Operating costs	141,037	158,660
Operating gross profit	24,307	29,680
Selling, general and administrative expenses	17,334	22,020
Operating profit	6,973	7,659
Non-operating income		
Interest income	23	49
Dividend income	92	106
Foreign exchange gains	202	296
Other	625	634
Total non-operating income	944	1,088
Non-operating expenses		
Interest expenses	344	522
Other	142	170
Total non-operating expenses	487	693
Ordinary profit	7,430	8,053
Extraordinary income		
Gain on sale of investment securities	–	153
Surrender value of insurance policies	–	81
Gain on sale of non-current assets	73	37
Subsidy income	206	–
Total extraordinary income	280	271
Extraordinary losses		
Expenses related to commemoration for entity establishment	–	52
Loss on retirement of non-current assets	65	50
Loss on tax purpose reduction entry of non-current assets	206	–
Total extraordinary losses	271	103
Profit before income taxes	7,438	8,222
Income taxes - current	1,266	1,597
Income taxes - deferred	1,552	1,680
Total income taxes	2,819	3,278
Profit	4,619	4,944
Profit attributable to non-controlling interests	255	372
Profit attributable to owners of parent	4,363	4,571

(Consolidated statements of comprehensive income)
(For the three months ended June 30, 2022 and 2023)

(Unit: Millions of Yen)

	Three months ended June 30, 2022 (April 1, 2022 – June 30, 2022)	Three months ended June 30, 2023 (April 1, 2023 – June 30, 2023)
Profit	4,619	4,944
Other comprehensive income		
Valuation difference on available-for-sale securities	46	378
Deferred gains or losses on hedges	61	108
Foreign currency translation adjustment	1,634	774
Remeasurements of defined benefit plans, net of tax	(43)	21
Share of other comprehensive income of entities accounted for using equity method	–	2
Total other comprehensive income	1,698	1,285
Comprehensive income	6,318	6,229
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,721	5,684
Comprehensive income attributable to non- controlling interests	596	545