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October 31, 2023

Consolidated Financial Results for the Six Months Ended September 30, 2023 (Under Japanese GAAP)

Company name: Sakai Moving Service Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 9039
 URL: <https://www.hikkoshi-sakai.co.jp/>
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 Scheduled date to file quarterly securities report: November 10, 2023
 Scheduled date to commence dividend payments: December 1, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate 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	%
Six months ended								
Sep. 30, 2023	57,070	4.9	7,088	12.4	7,183	11.8	4,806	7.3
Sep. 30, 2022	54,428	7.8	6,305	29.8	6,424	23.7	4,480	38.6

Note: Comprehensive income For the six months ended Sep. 30, 2023: ¥4,839 million [up 7.6%]
 For the six months ended Sep. 30, 2022: ¥4,498 million [up 39.9%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
Sep. 30, 2023	118.21	-
Sep. 30, 2022	110.18	-

Note: The Company conducted a 2-for-1 common stock split on October 1, 2023. Basic earnings per share and diluted earnings per share have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
Sep. 30, 2023	107,125	86,117	80.4
Mar. 31, 2023	109,634	82,364	75.1

Reference: Equity
 As of Sep. 30, 2023: ¥86,117 million
 As of Mar. 31, 2023: ¥82,364 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2023	-	30.00	-	65.00	95.00
Fiscal year ending Mar. 31, 2024	-	30.00			
Fiscal year ending Mar. 31, 2024 (Forecast)			-	38.00	-

Note: Revisions to the forecast of cash dividends most recently announced: Yes

The Company conducted a 2-for-1 common stock split on October 1, 2023. The actual dividend amount before the stock split is shown for the fiscal year ended March 31, 2023 and the end of the second quarter of the fiscal year ending March 31, 2024.

3. Consolidated forecast for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	113,789	3.9	12,437	5.0	12,707	5.2	8,897	8.4	218.84

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

The Company conducted a 2-for-1 common stock split on October 1, 2023. Basic earnings per share in the consolidated forecast for the fiscal year ending March 31, 2024 takes into account the effect of the stock split.

* **Notes**

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

Newly included: -

Excluded: -

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of Sep. 30, 2023	42,324,000 shares
As of Mar. 31, 2023	42,324,000 shares

(ii) Number of treasury shares at the end of the period

As of Sep. 30, 2023	1,664,272 shares
As of Mar. 31, 2023	1,664,272 shares

(iii) Average number of shares outstanding during the period

Six months ended Sep. 30, 2023	40,659,728 shares
Six months ended Sep. 30, 2022	40,659,728 shares

Note: The Company conducted a 2-for-1 common stock split on October 1, 2023. Total number of issued shares at the end of the period, number of treasury shares at the end of the period, and average number of shares outstanding during the period have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

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

* Proper use of earnings forecasts, and other special matters

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 3.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first half of the current fiscal year, Japan's economy saw a gradual pickup in economic activity following the reclassification of COVID-19 as a category 5 infection. However, the outlook remains uncertain due to the soaring prices of resources and raw materials as well as rising prices due to the weak yen.

In Japan's moving industry, market conditions remain challenging as new housing starts and the number of people moving slightly decreased.

Under these circumstances, the Sakai Moving Service Group has had to increase costs to maintain a high quality of service by such means as improving compensation and other measures in response to the issues of 2024. However, the Group achieved higher sales than one year earlier in the Moving Services as the average unit rate for moving services was up 2.9% and the number of jobs performed increased 0.6% to 412,731.

In the first quarter, Shinseiki Service Co., Ltd. and KIDS DREAM Co., Ltd. were included in the scope of the consolidation. Net sales increased 4.9% year-on-year to 57,070 million yen, operating profit increased 12.4% to 7,088 million yen, ordinary profit increased 11.8% to 7,183 million yen, and profit attributable to owners of parent increased 7.3% to 4,806 million yen.

(2) Explanation of Financial Position

1) Current assets

Current assets decreased by 2,361 million yen, or 6.5%, from the end of the previous fiscal year to 33,709 million yen.

This was attributable mainly to a decrease of 4,137 million yen in notes and accounts receivable-trade, and contract assets.

2) Non-current assets

Non-current assets decreased by 147 million yen, or 0.2%, from the end of the previous fiscal year to 73,415 million yen.

This was mainly attributable to an increase of 999 million yen in construction in progress included in other under property, plant and equipment, decreases of 485 million yen in long-term loans receivable included in investments, and other assets and 388 million yen in long-term deferred tax assets included in investments and other assets.

3) Current liabilities

Current liabilities decreased by 5,589 million yen, or 24.4%, from the end of the previous fiscal year to 17,309 million yen.

This was attributable mainly to an increase of 913 million yen in short-term borrowings, decreases of 2,836 million yen in accounts payable-trade, 1,687 million yen in advances received, and 1,375 million yen in accrued expenses included in other current liabilities.

4) Non-current liabilities

Non-current liabilities decreased by 672 million yen, or 15.4%, from the end of the previous fiscal year to 3,698 million yen.

This was attributable mainly to decreases of 519 million yen in long-term borrowings and 124 million yen in lease liabilities.

5) Net assets

Net assets increased by 3,752 million yen, or 4.6%, from the end of the previous fiscal year to 86,117 million yen.

This was attributable mainly to an increase of 3,718 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, 2024, which were announced on May 8, 2023.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

	(Millions of yen)	
	FY3/23 (As of Mar. 31, 2023)	Second quarter of FY3/24 (As of Sep. 30, 2023)
Assets		
Current assets		
Cash and deposits	26,424	27,982
Notes and accounts receivable-trade, and contract assets	7,279	3,141
Merchandise	679	1,162
Other	1,690	1,438
Allowance for doubtful accounts	(3)	(16)
Total current assets	36,070	33,709
Non-current assets		
Property, plant and equipment		
Buildings, net	10,798	10,701
Land	53,678	53,958
Leased assets, net	1,199	1,085
Other, net	1,076	2,051
Total property, plant and equipment	66,752	67,797
Intangible assets		
Goodwill	119	102
Other	401	361
Total intangible assets	521	463
Investments and other assets		
Other	6,298	5,162
Allowance for doubtful accounts	(8)	(8)
Total investments and other assets	6,289	5,154
Total non-current assets	73,563	73,415
Total assets	109,634	107,125
Liabilities		
Current liabilities		
Accounts payable-trade	5,606	2,770
Current portion of bonds payable	12	12
Short-term borrowings	1,373	2,287
Lease liabilities	387	401
Income taxes payable	2,609	2,253
Advances received	3,627	1,940
Provision for bonuses	854	846
Other	8,426	6,799
Total current liabilities	22,898	17,309
Non-current liabilities		
Bonds payable	66	60
Long-term borrowings	1,572	1,052
Lease liabilities	814	689
Retirement benefit liability	37	38
Asset retirement obligations	56	56
Other	1,824	1,800
Total non-current liabilities	4,370	3,698
Total liabilities	27,269	21,007

	(Millions of yen)	
	FY3/23	Second quarter of FY3/24
	(As of Mar. 31, 2023)	(As of Sep. 30, 2023)
Net assets		
Shareholders' equity		
Share capital	4,731	4,731
Capital surplus	4,949	4,949
Retained earnings	76,832	80,551
Treasury shares	(3,814)	(3,814)
Total shareholders' equity	82,700	86,418
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	74	108
Revaluation reserve for land	(409)	(409)
Total accumulated other comprehensive income	(335)	(301)
Total net assets	82,364	86,117
Total liabilities and net assets	109,634	107,125

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

(Millions of yen)

	First six months of FY3/23 (Apr. 1, 2022 to Sep. 30, 2022)	First six months of FY3/24 (Apr. 1, 2023 to Sep. 30, 2023)
Net sales	54,428	57,070
Cost of sales	33,439	34,695
Gross profit	20,988	22,375
Selling, general and administrative expenses	14,683	15,286
Operating profit	6,305	7,088
Non-operating income		
Interest income	4	3
Dividend income	9	8
Commission income	22	22
Insurance claim income	30	23
Other	63	81
Total non-operating income	130	139
Non-operating expenses		
Interest expenses	11	7
Share of loss of entities accounted for using equity method	-	27
Other	0	9
Total non-operating expenses	11	44
Ordinary profit	6,424	7,183
Extraordinary income		
Gain on sale of non-current assets	20	33
Total extraordinary income	20	33
Extraordinary losses		
Loss on disposal of non-current assets	12	6
Total extraordinary losses	12	6
Profit before income taxes	6,432	7,210
Income taxes-current	1,634	2,022
Income taxes-deferred	318	381
Total income taxes	1,952	2,403
Profit	4,480	4,806
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	4,480	4,806

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

(Millions of yen)

	First six months of FY3/23 (Apr. 1, 2022 to Sep. 30, 2022)	First six months of FY3/24 (Apr. 1, 2023 to Sep. 30, 2023)
Profit	4,480	4,806
Other comprehensive income		
Valuation difference on available-for-sale securities	18	33
Total other comprehensive income	18	33
Comprehensive income	4,498	4,839
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,498	4,839
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes to Quarterly Consolidated Financial Statements

Going-concern Assumption

Not applicable.

Changes in the Scope of Consolidation

In the first quarter of the current fiscal year, Shinseiki Service Co., Ltd. and KIDS DREAM Co., Ltd. were included in the scope of the consolidation because of their increased materiality of impact on consolidated financial statements.

Significant Changes in Shareholders' Equity

Not applicable.

Changes in Significant Subsidiaries during the Period

Not applicable.

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.