

**Summary of Financial Statements for the Fiscal Year Ended March 31, 2019  
[Japan GAAP]**

May 10, 2019

Name of Listed Company: SENKO Group Holdings Co., Ltd. Stock Listed on: The First Section of the Tokyo Stock Exchange  
Code Number: 9069 URL <http://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. (06) 6440-5156

Scheduled Date of Annual Meeting of Shareholders: June 26, 2019 Scheduled Date of Dividend Paid: June 27, 2019  
Scheduled Date of Issue of Financial Report: June 26, 2019  
Supplemental Information Materials: Yes  
Information Meeting for Financial Results: Yes (for analysts)

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

1. Consolidated Operating Results for the Fiscal Year Ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(1) Consolidated Operating Results (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                             | %    |
| Fiscal year ended March 31, 2019 | 529,609           | 7.6 | 19,631           | 14.9 | 19,876          | 14.8 | 11,681                                  | 22.9 |
| Fiscal year ended March 31, 2018 | 492,127           | 8.1 | 17,087           | 0.0  | 17,316          | 0.1  | 9,503                                   | 6.2  |

(Note) Comprehensive income

Fiscal year ended March 31, 2019: ¥10,547 million (-18.2%)

Fiscal year ended March 31, 2018: ¥12,893 million (5.3%)

|                                  | Profit per share | Diluted profit per share | Return on equity | Ratio of ordinary profit to total assets | Ratio of operating profit to operating revenue |
|----------------------------------|------------------|--------------------------|------------------|--|--|
|                                  | Yen              | Yen                      | %                | %  | %  |
| Fiscal year ended March 31, 2019 | 76.90            | 71.31                    | 10.1             | 5.9                                      | 3.7  |
| Fiscal year ended March 31, 2018 | 62.64            | 58.08                    | 8.9              | 5.6                                      | 3.5  |

(Reference) Equity in earnings (losses) of affiliates:

Fiscal year ended March 31, 2019: ¥402 million

Fiscal year ended March 31, 2018: ¥342 million

(2) Consolidated Financial Position

|                      | Total assets | Net assets  | Equity ratio | Net assets per share |
|----------------------|--------------|-------------|--------------|----------------------|
|                      | Million yen  | Million yen | %            | Yen                  |
| As of March 31, 2019 | 340,491      | 126,895     | 35.0         | 785.08               |
| As of March 31, 2018 | 333,972      | 118,056     | 33.7         | 741.44               |

(Reference) Equity:

As of March 31, 2019: ¥119,204 million

As of March 31, 2018: ¥112,643 million

(3) Consolidated Cash Flows

|                                  | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
|                                  | Million yen                          | Million yen                          | Million yen                          | Million yen                                |
| Fiscal year ended March 31, 2019 | 27,022                               | (15,770)                             | (13,224)                             | 22,801                                     |
| Fiscal year ended March 31, 2018 | 24,567                               | (37,020)                             | 9,940                                | 23,795                                     |

2. Dividends

|  | Annual dividend |              |             |          |       | Aggregate amount (Annual) | Payout ratio (Consolidated) | Dividend on equity ratio (Consolidated) |
|--|-----------------|--------------|-------------|----------|-------|---------------------------|-----------------------------|---|
|  | June 30         | September 30 | December 31 | March 31 | Total |                           |                             |   |
|  | Yen             | Yen          | Yen         | Yen      | Yen   | Million yen               | %                           | %                                       |
| Fiscal year ended March 31, 2018             | -               | 11.00        | -           | 11.00    | 22.00 | 3,354                     | 35.1                        | 3.1                                     |
| Fiscal year ended March 31, 2019             | -               | 13.00        | -           | 13.00    | 26.00 | 3,966                     | 33.8                        | 3.4                                     |
| Fiscal year ending March 31, 2020 (Forecast) | -               | 13.00        | -           | 13.00    | 26.00 |                           | 32.4                        |   |

3. Forecast of Consolidated Operating Results for the Fiscal Year Ending March 31, 2020 (From April 1, 2019 to March 31, 2020)

(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, 2019 | 276,000           | 6.0 | 9,400            | 3.2 | 9,400           | 0.3 | 5,600                                   | (0.3) | 36.88            |
| Fiscal year ending March 31, 2020    | 560,000           | 5.7 | 20,900           | 6.5 | 21,000          | 5.7 | 12,200                                  | 4.4   | 80.35            |

Notes

(1) Changes in significant subsidiaries during the fiscal year (Changes in specified subsidiaries associated with change in scope of consolidation): Yes

Newly included: 1 company (Company name) M-Senko Logistics Co., Ltd.

(2) 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

(3) Shares outstanding (Common shares)

(a) Shares outstanding (including treasury shares)

As of March 31, 2019: 152,861,921 shares As of March 31, 2018: 152,861,921 shares

(b) Treasury shares

As of March 31, 2019: 1,024,460 shares As of March 31, 2018: 937,015 shares

(c) Average number of shares

Fiscal year ended March 31, 2019: 151,898,229 shares Fiscal year ended March 31, 2018: 151,727,416 shares

(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 March 31, 2019: 351,500 shares; as of March 31, 2018: 349,900 shares) and Performance-linked Stock Compensation Plan for Directors (as of March 31, 2019: 353,000 shares; as of March 31, 2018: 210,200 shares).

[Reference] Overview of Non-Consolidated Operating Results

Non-Consolidated Operating Results for the Fiscal Year Ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

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

|                                  | Operating revenue |       | Operating profit |       | Ordinary profit |       | Profit      |       |
|----------------------------------|-------------------|-------|------------------|-------|-----------------|-------|-------------|-------|
|                                  | Million yen       | %     | Million yen      | %     | Million yen     | %     | Million yen | %     |
| Fiscal year ended March 31, 2019 | 9,305             | 152.0 | 4,330            | 370.3 | 4,705           | 459.4 | 3,686       | 333.0 |
| Fiscal year ended March 31, 2018 | 6,121             | -     | 1,169            | -     | 1,024           | -     | 1,107       | -     |

|                                  | Profit per share | Diluted profit per share |
|----------------------------------|------------------|--------------------------|
|                                  | Yen              | Yen                      |
| Fiscal year ended March 31, 2019 | 24.27            | 22.48                    |
| Fiscal year ended March 31, 2018 | 7.30             | 6.73                     |

(2) Non-Consolidated Financial Position

|                      | Total assets | Net assets  | Equity ratio | Net assets per share |
|----------------------|--------------|-------------|--------------|----------------------|
|                      | Million yen  | Million yen | %            | Yen                  |
| As of March 31, 2019 | 210,904      | 76,903      | 36.3         | 503.69               |
| As of March 31, 2018 | 207,909      | 77,251      | 37.0         | 506.03               |

(Reference) Equity:

As of March 31, 2019: ¥76,479 million

As of March 31, 2018: ¥76,878 million

The Company's transition to a holding company structure on April 1, 2017 has given rise to some disparities between actual results presented for the fiscal year ended March 31, 2018, and those presented for the fiscal year ended March 31, 2017. Accordingly, the percentage year-on-year changes for the fiscal year ended March 31, 2018 have been omitted because it is not possible to make adequate year-on-year comparisons.

This financial report is exempt from audit 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 "Forecasts" on page 3.

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## 1. Overview of Operating Results and Others

### (1) Overview of operating results and others

#### (a) Overview of results of operations in the fiscal year ended March 31, 2019

In the fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019), the Japanese economy has been on a path of recovery due to factors that include improvement in the employment and income environment as well as corporate earnings. The overseas economy continued to mount a modest recovery on the whole, although it has continued to have an unclear outlook due to concerns regarding the broadening trade friction between the United States and China and economic slowdown in China.

In the logistics industry where our core business lies, freight volume has been firm particularly for consumer-related and production-related cargo.

In this environment, the Senko Group has worked to expand its business areas, upgrade its operating system and strengthen its earnings capacity, as the second year of "Senko Innovation Plan 2021 (SIP21)" five-year medium-term business plan.

The following provides an outline of our main activities in the fiscal year ended March 31, 2019.

To expand its business areas, SENKO Co., Ltd. commenced operations of Higashi Fuji PD Center (Fuji City, Shizuoka Prefecture) in April, Nagareyama Logistics Center (Nagareyama City, Chiba Prefecture) in May, Koga PD Center (Koga City, Ibaraki Prefecture) and Kazo PD Center Warehouse No. 2 (Kazo City, Saitama Prefecture) in August, and Koto Warehouse (Higashiomi City, Shiga Prefecture) in November.

The Kazo PD Center Warehouse No. 2 is the first three-temperature-zone center operated jointly by SENKO Co., Ltd. and Runtec Corporation.

In April, Runtec Corporation commenced operations of its Osaka Branch Nanko Center (Osaka City), expanded its Fukuoka Branch Center (Kasuya County, Fukuoka Prefecture), and opened Keihin Branch Kawasaki FAZ Center (Kawasaki City) in December.

Outside Japan, in May SHANGHAI SENKO INTERNATIONAL FREIGHT FORWARDING INC. commenced operations of its Qingpu Logistics Center (Shanghai, China), and in November SINOTRANS SENKO INTERNATIONAL COLD LOGISTICS CO., LTD. commenced operations of its Beijing Logistics Center (Beijing, China).

In Thailand, M-Senko Logistics Co., Ltd., a joint venture with MK Restaurant Group Public Company Limited, a major restaurant chain conglomerate, started business operations in July. Moreover, we have been working to strengthen operations in the ASEAN region, having made Thailand-based Best Global Logistics Co., Ltd., which engages in the business of air and marine transport and other such operations, a Group company in September.

To upgrade the operating system, we have been actively moving ahead with labor-saving and mechanization initiatives in our distribution centers by adopting the latest technologies such as robotic arms and unmanned forklifts. Aiming to accelerate such labor-saving and mechanization initiatives, we set up the AI Project and the Robotics Project in April to promote R&D and other such endeavors and established innovatech studio Co., Ltd. in July to develop next-generation technologies and engage in system sales.

Moreover, having succeeded SENKO Co., Ltd.'s marine shipping business, Senko Line Co., Ltd. started business operations in April, and has been working to expand the marine shipping business.

With respect to our modal shift, in June we received the Logistics Environment Grand Prix Award (the highest Logistics Environment Award) and three Logistics Environment Special Awards from the Japan Association for Logistics and Transport in recognition of our initiatives that include switching from the previous use of trucks to the use of railroads and marine vessels for long-distance transport. In November, we received four Awards for Excellent Business Entities Working on Modal Shift from the same association.

Furthermore, in February we were certified an Outstanding Health and Productivity Management Organization (Large Enterprise Category) in the White 500, promoted by Japan's Ministry of Economy, Trade and Industry (METI) in cooperation with Nippon Kenko Kaigi for the second consecutive year. In addition, through our efforts to promote healthy and pleasant workplace environments, Toyohashi Senko Transport Co., Ltd. and Harcob Co., Ltd. were both newly recognized in the SME (small to medium-sized enterprise) Category.

To strengthen the earnings capacity, we worked on streamlining back office operations, improving productivity at distribution sites and other initiatives.

The full-year performance was as follows.

(Unit: Millions of Yen)

|   | FY ended<br>March 31, 2018 | FY ended<br>March 31, 2019 | Change | %    |
|---|----------------------------|----------------------------|--------|------|
| Operating revenue                       | 492,127                    | 529,609                    | 37,481 | 7.6  |
| Operating profit                        | 17,087                     | 19,631                     | 2,544  | 14.9 |
| Ordinary profit                         | 17,316                     | 19,876                     | 2,559  | 14.8 |
| Profit attributable to owners of parent | 9,503                      | 11,681                     | 2,177  | 22.9 |

Consolidated operating revenue for the fiscal year ended March 31, 2019 increased 7.6% year on year to ¥529,609 million. This result mainly reflected effects of expanding sales and revising the freight charges, year-on-year differences arising with respect to ANZEN YUSO CO., LTD. and OKUMURA CO., LTD., which became consolidated subsidiaries in the previous fiscal year, as well as the effects of

making operating companies of living support services (KEIHANNA helper station Co., Ltd., VENUS CO., LTD., BLUE EARTH JAPAN Co., Ltd., etc.) and M-Senko Logistics Co., Ltd. into consolidated subsidiaries in April and in July, respectively.

On the profit front, despite factors that include higher costs largely stemming from rises in outsourcing costs and increases in fuel prices, consolidated operating profit increased to ¥19,631 million, up 14.9% year on year, and consolidated ordinary profit increased to ¥19,876 million, up 14.8% year on year. The upturn in profits was largely attributable to positive effects on profits brought about by expanding sales, revising freight charges and making entities into consolidated subsidiaries, and furthermore due to the decrease in the amount amortized for actuarial differences in accounting for retirement benefit obligations. Profit attributable to owners of parent increased to ¥11,681 million, up 22.9% year on year, partially as a result of having made Runtec Corporation and other entities into wholly owned subsidiaries.

The full-year operating revenue by segment was as follows.

### **Logistics**

Operating revenue grew 7.9% year on year to ¥375,384 million in this segment. This was mainly attributable to higher revenues generated by newly opened large facilities, expansion of sales of daily-use items, food products, apparel, and chemical products, effects of revising the freight charges, year-on-year differences related to the timing of consolidation of ANZEN YUSO CO., LTD., and making M-Senko Logistics Co., Ltd. into a consolidated subsidiary.

### **Trading & commerce**

Operating revenue grew 2.1% year on year to ¥142,294 million in this segment. This was attributable to higher revenues mainly from trade operations and sales of petroleum products, and also due to year-on-year differences related to the timing of consolidation of OKUMURA CO., LTD.

### **Others**

Operating revenue rose 135.9% year on year to ¥11,930 million in this segment. This was mainly attributable to higher revenues due to the conversion of operating companies of living support services into consolidated subsidiaries.

## **(b) Forecasts**

The Japanese economy is likely to continue to have an unclear outlook due to concerns regarding economic slowdown in China and the rest of the world.

In the logistics industry, we are likely to face an increasingly challenging business environment due to rising costs from labor shortages of drivers, etc., on top of an expected decrease in the overall freight volume of cargo and other factors.

In this environment, the Senko Group will seek to expand its business areas, etc., centering on the logistics and trading businesses, based on its five-year medium-term business plan as a corporate group that supports people's lives and industry.

For the next fiscal year, the Group forecasts consolidated operating revenue of ¥560.0 billion, consolidated operating profit of ¥20.9 billion, consolidated ordinary profit of ¥21.0 billion, and profit attributable to owners of parent of ¥12.2 billion.

## **(2) Financial condition**

### **(a) Assets, liabilities and net assets**

#### **Total assets**

Total assets as of March 31, 2019 were ¥340,491 million, ¥6,518 million higher than at the end of the previous fiscal year.

Current assets amounted to ¥117,263 million, up ¥3,114 million from the end of the previous fiscal year. This mainly reflected increases of ¥2,570 million in notes and operating accounts receivable and ¥1,219 million in merchandise and finished goods.

Non-current assets totaled ¥223,195 million, up ¥3,428 million from the end of the previous fiscal year. This was primarily due to increases of ¥2,143 million in property, plant and equipment and ¥1,275 million in intangible assets.

#### **Liabilities**

Liabilities as of March 31, 2019 decreased ¥2,320 million from the end of the previous fiscal year to ¥213,595 million.

Current liabilities totaled ¥98,669 million, down ¥7,379 million from the end of the previous fiscal year. This was mainly due to a decrease of ¥7,770 million in short-term loans payable.

Non-current liabilities totaled ¥114,926 million, up ¥5,059 million from the end of the previous fiscal year. This was primarily due to increases of ¥1,464 million in long-term loans payable and ¥3,157 million in lease obligations.

#### **Net assets**

Net assets as of March 31, 2019 rose ¥8,838 million from the end of the previous fiscal year to ¥126,895 million. This was mainly attributable to increases of ¥8,015 million in retained earnings and ¥2,225 million in non-controlling interests, despite decreases of ¥424 million in valuation difference on available-for-sale securities and ¥877 million in remeasurements of defined benefit plans. The equity ratio increased by 1.3 percentage points to 35.0% from the end of the previous fiscal year.

(b) Cash flows

Cash and cash equivalents at end of period decreased by ¥993 million year on year to ¥22,801 million.

Net cash provided by operating activities amounted to ¥27,022 million. This was mainly due to profit before income taxes of ¥18,901 million, depreciation of ¥14,334 million, an increase in cash due to an increase in notes and accounts payable-trade of ¥871 million and an increase in cash due to a decrease in consumption taxes refund receivable of ¥1,440 million, and despite a ¥2,138 million decrease in cash from an increase in notes and accounts receivable-trade and income taxes paid of ¥7,649 million.

Net cash used in investing activities totaled ¥15,770 million. This was mainly due to the purchase of property, plant and equipment of ¥24,375 million, purchase of shares of subsidiaries resulting in change in scope of consolidation of ¥1,380 million and purchase of shares of subsidiaries and associates of ¥1,295 million, despite proceeds from the sales of property, plant and equipment of ¥14,094 million.

Net cash used in financing activities totaled ¥13,224 million. This was mainly due to net decrease in short-term loans payable of ¥5,331 million, repayment of long-term loans payable of ¥9,865 million, repayments of finance lease obligations of ¥3,871 million, and cash dividends paid of ¥3,659 million, despite proceeds from long-term loans payable of ¥7,711 million and proceeds from share issuance to non-controlling shareholders of ¥2,305 million.

(c) Performance indicators associated with cash flows

| Fiscal years ended March 31              | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|------|------|------|------|------|
| Equity ratio (%)                         | 28.4 | 32.6 | 35.1 | 33.7 | 35.0 |
| Market capitalization equity ratio (%)   | 38.1 | 36.4 | 38.0 | 37.6 | 41.0 |
| Interest-bearing debt to cash flow ratio | 5.7  | 5.7  | 4.1  | 4.9  | 4.2  |
| Interest coverage ratio                  | 15.5 | 14.7 | 21.9 | 25.4 | 26.2 |

Notes:

Equity ratio: Equity / Total assets

Market capitalization equity ratio: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flows

Interest coverage ratio: Operating cash flows / Interest expenses

- All figures are based on the consolidated financial statements.
- Market capitalization is calculated by multiplying the fiscal year-end stock price and the number of shares issued at the end of the fiscal year (after deducting treasury shares).
- Operating cash flows are the figure shown in the consolidated statement of cash flows. Interest-bearing debt is the sum of all liabilities on the consolidated balance sheet on which interest is paid. Interest expenses are the figure shown in the consolidated statement of cash flows.

(3) Fundamental policy for distribution of earnings and dividends for the current and the next fiscal years

While securing internal reserves necessary for future business development and management structure reinforcement, the basic policy of the Company is to return profits to shareholders by implementing stable dividends and dividends that are linked to business results with the aim of enhancing the return to its shareholders.

In accordance with this policy, the year-end dividend for the fiscal year ended March 31, 2019 is set at ¥13.00 per share as previously forecasted. Combined with the already declared interim dividend of ¥13.00, the total annual dividend is expected to be ¥26.00.

For the next fiscal year's dividend, we expect an annual dividend of ¥26.00 per share (interim dividend of ¥13.00, year-end dividend of ¥13.00), based on business results forecasts.

(4) Business risk

No discussion of business and other risks is presented here because there have been no significant changes involving these risks since the most recent Securities Report (dated June 27, 2018), which includes a section about business and other risks.

## **2. Basic Concept Regarding the Selection of Accounting Standards**

To facilitate comparisons of its consolidated financial statements across time periods and with other companies, the Senko Group intends to prepare its consolidated financial statements based on Japanese generally accepted accounting principles (JGAAP) for the time being. With regard to the adoption of International Financial Reporting Standards (IFRS), the Company intends to respond to this issue appropriately while giving consideration to various circumstances in Japan and overseas.

### 3. Consolidated Financial Statements and Significant Notes Thereto

#### (1) Consolidated balance sheets

(Unit: Millions of Yen)

|   | As of March 31, 2018 | As of March 31, 2019 |
|---|----------------------|----------------------|
| <b>Assets</b>                           |                      |                      |
| Current assets                          |                      |                      |
| Cash and deposits                       | 24,995               | 25,232               |
| Notes and operating accounts receivable | 70,526               | 73,097               |
| Merchandise and finished goods          | 7,293                | 8,513                |
| Work in process                         | 351                  | 670                  |
| Raw materials and supplies              | 536                  | 583                  |
| Other                                   | 10,460               | 9,181                |
| Allowance for doubtful accounts         | (16)                 | (14)                 |
| Total current assets                    | 114,148              | 117,263              |
| Non-current assets                      |                      |                      |
| Property, plant and equipment           |                      |                      |
| Buildings and structures                | 146,448              | 142,722              |
| Accumulated depreciation                | (91,402)             | (78,077)             |
| Buildings and structures, net           | 55,045               | 64,645               |
| Machinery, equipment and vehicles       | 59,003               | 62,543               |
| Accumulated depreciation                | (38,496)             | (40,819)             |
| Machinery, equipment and vehicles, net  | 20,506               | 21,723               |
| Tools, furniture and fixtures           | 7,270                | 8,398                |
| Accumulated depreciation                | (5,731)              | (6,656)              |
| Tools, furniture and fixtures, net      | 1,539                | 1,742                |
| Land                                    | 59,613               | 59,669               |
| Leased assets                           | 13,002               | 16,875               |
| Accumulated depreciation                | (6,085)              | (6,751)              |
| Leased assets, net                      | 6,916                | 10,124               |
| Construction in progress                | 16,449               | 4,308                |
| Total property, plant and equipment     | 160,071              | 162,214              |
| Intangible assets                       |                      |                      |
| Goodwill                                | 6,522                | 7,446                |
| Other                                   | 4,225                | 4,576                |
| Total intangible assets                 | 10,747               | 12,022               |
| Investments and other assets            |                      |                      |
| Investment securities                   | 22,642               | 20,260               |
| Long-term loans receivable              | 3,709                | 3,888                |
| Net defined benefit asset               | 3,658                | 3,088                |
| Guarantee deposits                      | 12,118               | 13,271               |
| Deferred tax assets                     | 4,317                | 5,138                |
| Other                                   | 3,718                | 4,019                |
| Allowance for doubtful accounts         | (1,216)              | (709)                |
| Total investments and other assets      | 48,947               | 48,958               |
| Total non-current assets                | 219,766              | 223,195              |
| Deferred assets                         |                      |                      |
| Business commencement expenses          | 57                   | 32                   |
| Total deferred assets                   | 57                   | 32                   |
| Total assets                            | 333,972              | 340,491              |



|   | As of March 31, 2018 | As of March 31, 2019 |
|---|----------------------|----------------------|
| <b>Liabilities</b>  |                      |                      |
| Current liabilities                                       |                      |                      |
| Notes and operating accounts payable-trade                | 37,418               | 37,603               |
| Electronically recorded obligations-operating             | 7,189                | 7,047                |
| Current portion of bonds                                  | 48                   | 48                   |
| Short-term loans payable                                  | 29,351               | 21,580               |
| Lease obligations   | 3,073                | 3,181                |
| Income taxes payable                                      | 4,509                | 4,242                |
| Provision for bonuses                                     | 4,625                | 5,253                |
| Provision for directors' bonuses                          | 197                  | 347                  |
| Provision for loss on disaster                            | –                    | 103                  |
| Other   | 19,634               | 19,261               |
| Total current liabilities                                 | 106,048              | 98,669               |
| Non-current liabilities                                   |                      |                      |
| Bonds payable   | 17,168               | 17,120               |
| Convertible bond-type bonds with share acquisition rights | 10,039               | 10,029               |
| Long-term loans payable                                   | 63,232               | 64,696               |
| Lease obligations   | 7,342                | 10,500               |
| Provision for directors' retirement benefits              | 159                  | 180                  |
| Provision for special repairs                             | 82                   | 80                   |
| Provision for share-based remuneration                    | –                    | 124                  |
| Net defined benefit liability                             | 6,901                | 6,970                |
| Asset retirement obligations                              | 819                  | 1,011                |
| Other   | 4,120                | 4,212                |
| Total non-current liabilities                             | 109,866              | 114,926              |
| Total liabilities   | 215,915              | 213,595              |
| <b>Net assets</b>   |                      |                      |
| Shareholders' equity                                      |                      |                      |
| Capital stock   | 26,528               | 26,528               |
| Capital surplus   | 29,730               | 29,841               |
| Retained earnings   | 54,968               | 62,983               |
| Treasury shares   | (590)                | (697)                |
| Total shareholders' equity                                | 110,637              | 118,656              |
| Accumulated other comprehensive income                    |                      |                      |
| Valuation difference on available-for-sale securities     | 1,775                | 1,350                |
| Deferred gains or losses on hedges                        | (61)                 | (3)                  |
| Foreign currency translation adjustment                   | 334                  | 122                  |
| Remeasurements of defined benefit plans                   | (42)                 | (920)                |
| Total accumulated other comprehensive income              | 2,005                | 548                  |
| Share acquisition rights                                  | 373                  | 424                  |
| Non-controlling interests                                 | 5,040                | 7,265                |
| Total net assets  | 118,056              | 126,895              |
| Total liabilities and net assets                          | 333,972              | 340,491              |

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

(Consolidated statements of income)

(Unit: Millions of Yen)

|  | Fiscal year ended<br>March 31, 2018<br>(April 1, 2017–March 31, 2018) | Fiscal year ended<br>March 31, 2019<br>(April 1, 2018–March 31, 2019) |
|--|---|---|
| Operating revenue  | 492,127   | 529,609   |
| Operating cost   | 440,671   | 471,129   |
| Operating gross profit   | 51,456  | 58,479  |
| Selling, general and administrative expenses                                 | 34,369  | 38,847  |
| Operating profit   | 17,087  | 19,631  |
| Non-operating income   |   |   |
| Interest income  | 101   | 122   |
| Dividend income  | 136   | 146   |
| Share of profit of entities accounted for using equity method                | 342   | 402   |
| Land and house rent received   | 264   | 246   |
| Other  | 1,086   | 1,175   |
| Total non-operating income   | 1,931   | 2,093   |
| Non-operating expenses   |   |   |
| Interest expenses  | 976   | 1,035   |
| Other  | 725   | 813   |
| Total non-operating expenses   | 1,701   | 1,849   |
| Ordinary profit  | 17,316  | 19,876  |
| Extraordinary income   |   |   |
| Subsidy income   | 638   | 1,586   |
| Gain on sales of non-current assets  | 444   | 370   |
| Gain on sales of investment securities                                       | 66  | 259   |
| Gain on liquidation of subsidiaries and associates                           | –   | 79  |
| Reversal of allowance for doubtful accounts for subsidiaries and associates  | –   | 34  |
| Delinquency charges  | 157   | –   |
| Total extraordinary income   | 1,307   | 2,330   |
| Extraordinary losses   |   |   |
| Loss on reduction of non-current assets                                      | 651   | 1,565   |
| Loss on valuation of shares of subsidiaries and associates                   | –   | 675   |
| Loss on retirement of non-current assets                                     | 126   | 334   |
| Loss on liquidation of subsidiaries  | –   | 200   |
| Provision of allowance for doubtful accounts for subsidiaries and associates | 43  | 149   |
| Loss on office withdrawal  | 310   | 133   |
| Loss on disaster   | –   | 111   |
| Provision for loss on disaster   | –   | 103   |
| Impairment loss  | –   | 31  |
| Loss on liquidation of subsidiaries  | 204   | –   |
| Loss on business withdrawal  | 169   | –   |
| Loss on valuation of investments in capital of subsidiaries and associates   | 56  | –   |
| Expenses related to closing of stores  | 53  | –   |
| Expenses related to commemorative works for centennial anniversary           | 39  | –   |
| Loss on sales of non-current assets  | 30  | –   |
| Total extraordinary losses   | 1,688   | 3,304   |

|  | Fiscal year ended<br>March 31, 2018<br>(April 1, 2017–March 31, 2018) | Fiscal year ended<br>March 31, 2019<br>(April 1, 2018–March 31, 2019) |
|--|---|---|
| Profit before income taxes                       | 16,936  | 18,901  |
| Income taxes-current                             | 5,778   | 7,102   |
| Income taxes-deferred                            | (8)   | (295)   |
| Total income taxes                               | 5,769   | 6,806   |
| Profit   | 11,167  | 12,094  |
| Profit attributable to non-controlling interests | 1,663   | 413   |
| Profit attributable to owners of parent          | 9,503   | 11,681  |

(Consolidated statements of comprehensive income)

(Unit: Millions of Yen)

|  | Fiscal year ended<br>March 31, 2018<br>(April 1, 2017–March 31, 2018) | Fiscal year ended<br>March 31, 2019<br>(April 1, 2018–March 31, 2019) |
|--|---|---|
| Profit   | 11,167  | 12,094  |
| Other comprehensive income                                     |   |   |
| Valuation difference on available-for-sale securities          | 430   | (433)   |
| Deferred gains or losses on hedges                             | (65)  | 58  |
| Foreign currency translation adjustment                        | 104   | (294)   |
| Remeasurements of defined benefit plans, net of tax            | 1,256   | (877)   |
| Total other comprehensive income                               | 1,725   | (1,547)   |
| Comprehensive income   | 12,893  | 10,547  |
| Comprehensive income attributable to                           |   |   |
| Comprehensive income attributable to owners of parent          | 11,158  | 10,227  |
| Comprehensive income attributable to non-controlling interests | 1,734   | 320   |

**(3) Consolidated statements of changes in equity**

Fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)

(Unit: Millions of Yen)

|   | Shareholders' equity |                 |                   |                 |                            |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
|   | Capital stock        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at the beginning of current period  | 26,528               | 25,411          | 48,654            | (657)           | 99,937                     |
| Changes of items during period  |                      |                 |                   |                 |                            |
| Dividends of surplus  |                      |                 | (3,354)           |                 | (3,354)                    |
| Profit attributable to owners of parent   |                      |                 | 9,503             |                 | 9,503                      |
| Purchases of treasury shares  |                      |                 |                   | (455)           | (455)                      |
| Disposal of treasury shares   |                      | (13)            |                   | 522             | 509                        |
| Change of scope of consolidation  |                      |                 | 165               |                 | 165                        |
| Change in ownership interest of parent due to transactions with non-controlling interests |                      | 4,332           |                   |                 | 4,332                      |
| Net changes of items other than shareholders' equity                                      |                      |                 |                   |                 | –                          |
| Total changes of items during period  | –                    | 4,319           | 6,314             | 67              | 10,700                     |
| Balance at end of current period  | 26,528               | 29,730          | 54,968            | (590)           | 110,637                    |

|   | Accumulated other comprehensive income            |                                    |   |   |  | Share Acquisition rights | Non-controlling interests | Total net assets |
|---|---|------------------------------------|---|---|--|--------------------------|---------------------------|------------------|
|   | Valuation differences on available-for-securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                          |                           |                  |
| Balance at the beginning of current period  | 1,391   | 1                                  | 250                                     | (1,293)                                 | 350  | 396                      | 13,406                    | 114,090          |
| Changes of items during period  |   |                                    |   |   |  |                          |                           |                  |
| Dividends of surplus  |   |                                    |   |   | –  |                          |                           | (3,354)          |
| Profit attributable to owners of parent   |   |                                    |   |   | –  |                          |                           | 9,503            |
| Purchases of treasury shares  |   |                                    |   |   | –  |                          |                           | (455)            |
| Disposal of treasury shares   |   |                                    |   |   | –  |                          |                           | 509              |
| Change of scope of consolidation  |   |                                    |   |   | –  |                          |                           | 165              |
| Change in ownership interest of parent due to transactions with non-controlling interests |   |                                    |   |   | –  |                          |                           | 4,332            |
| Net changes of items other than shareholders' equity                                      | 383   | (63)                               | 83                                      | 1,250                                   | 1,654  | (22)                     | (8,366)                   | (6,734)          |
| Total changes of items during period  | 383   | (63)                               | 83                                      | 1,250                                   | 1,654  | (22)                     | (8,366)                   | 3,966            |
| Balance at end of current period  | 1,775   | (61)                               | 334                                     | (42)                                    | 2,005  | 373                      | 5,040                     | 118,056          |

|   | Shareholders' equity |                 |                   |                 |                            |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
|   | Capital stock        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at the beginning of current period  | 26,528               | 29,730          | 54,968            | (590)           | 110,637                    |
| Changes of items during period  |                      |                 |                   |                 |                            |
| Dividends of surplus  |                      |                 | (3,660)           |                 | (3,660)                    |
| Profit attributable to owners of parent   |                      |                 | 11,681            |                 | 11,681                     |
| Purchases of treasury shares  |                      |                 |                   | (127)           | (127)                      |
| Disposal of treasury shares   |                      | (2)             |                   | 20              | 17                         |
| Change of scope of consolidation  |                      |                 | (5)               |                 | (5)                        |
| Change in ownership interest of parent due to transactions with non-controlling interests |                      | 114             |                   |                 | 114                        |
| Net changes of items other than shareholders' equity                                      |                      |                 |                   |                 | –                          |
| Total changes of items during period  | –                    | 111             | 8,015             | (107)           | 8,018                      |
| Balance at end of current period  | 26,528               | 29,841          | 62,983            | (697)           | 118,656                    |

|   | Accumulated other comprehensive income            |                                    |   |   |  | Share Acquisition rights | Non-controlling interests | Total net assets |
|---|---|------------------------------------|---|---|--|--------------------------|---------------------------|------------------|
|   | Valuation differences on available-for-securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                          |                           |                  |
| Balance at the beginning of current period  | 1,775   | (61)                               | 334                                     | (42)                                    | 2,005  | 373                      | 5,040                     | 118,056          |
| Changes of items during period  |   |                                    |   |   |  |                          |                           |                  |
| Dividends of surplus  |   |                                    |   |   | –  |                          |                           | (3,660)          |
| Profit attributable to owners of parent   |   |                                    |   |   | –  |                          |                           | 11,681           |
| Purchases of treasury shares  |   |                                    |   |   | –  |                          |                           | (127)            |
| Disposal of treasury shares   |   |                                    |   |   | –  |                          |                           | 17               |
| Change of scope of consolidation  |   |                                    |   |   | –  |                          |                           | (5)              |
| Change in ownership interest of parent due to transactions with non-controlling interests |   |                                    |   |   | –  |                          |                           | 114              |
| Net changes of items other than shareholders' equity                                      | (424)   | 57                                 | (212)                                   | (877)                                   | (1,457)                                      | 51                       | 2,225                     | 820              |
| Total changes of items during period  | (424)   | 57                                 | (212)                                   | (877)                                   | (1,457)                                      | 51                       | 2,225                     | 8,838            |
| Balance at end of current period  | 1,350   | (3)                                | 122                                     | (920)                                   | 548  | 424                      | 7,265                     | 126,895          |

**(4) Consolidated statements of cash flows**

(Unit: Millions of Yen)

|  | Fiscal year ended<br>March 31, 2018<br>(April 1, 2017 – March 31, 2018) | Fiscal year ended<br>March 31, 2019<br>(April 1, 2018 – March 31, 2019) |
|--|---|---|
| <b>Cash flows from operating activities</b>                                      |   |   |
| Profit before income taxes   | 16,936  | 18,901  |
| Depreciation   | 12,439  | 14,334  |
| Impairment loss  | –   | 31  |
| Loss (gain) on sales of investment securities                                    | (66)  | (259)   |
| Loss on valuation of shares of subsidiaries and associates                       | –   | 675   |
| Loss on valuation of investments in capital of subsidiaries and associates       | 56  | –   |
| Loss (gain) on sales of non-current assets                                       | (413)   | (348)   |
| Loss on retirement of non-current assets   | 126   | 334   |
| Loss on reduction of non-current assets  | 651   | 1,565   |
| Subsidy income   | (638)   | (1,586)   |
| Loss on disaster   | –   | 111   |
| Loss (gain) on liquidation of subsidiaries and associates                        | –   | (79)  |
| Loss on liquidation of subsidiaries  | –   | 200   |
| Loss on office withdrawal  | –   | 133   |
| Decrease (increase) in net defined benefit asset                                 | 470   | (57)  |
| Increase (decrease) in net defined benefit liability                             | (256)   | (598)   |
| Increase (decrease) in provision for bonuses                                     | 189   | 584   |
| Increase (decrease) in provision for share-based remuneration                    | –   | 124   |
| Increase (decrease) in provision for loss on disaster                            | –   | 103   |
| Interest and dividend income   | (237)   | (272)   |
| Interest expenses  | 976   | 1,035   |
| Decrease (increase) in notes and accounts receivable-trade                       | (3,862)   | (2,138)   |
| Decrease (increase) in inventories   | 62  | (1,547)   |
| Increase (decrease) in notes and accounts payable-trade                          | 2,259   | 871   |
| Increase (decrease) in accrued consumption taxes                                 | 2,119   | (647)   |
| Decrease (increase) in consumption taxes refund receivable                       | (2,055)   | 1,440   |
| Other  | (373)   | 484   |
| <b>Subtotal</b>  | <b>28,386</b>   | <b>33,397</b>   |
| Proceeds from subsidy income   | 1,891   | 1,586   |
| Interest and dividend income received  | 519   | 718   |
| Interest expenses paid   | (967)   | (1,030)   |
| Income taxes paid  | (5,262)   | (7,649)   |
| <b>Net cash provided by (used in) operating activities</b>                       | <b>24,567</b>   | <b>27,022</b>   |
| <b>Cash flows from investing activities</b>                                      |   |   |
| Payments into time deposits  | (318)   | (3,595)   |
| Proceeds from withdrawal of time deposits  | 417   | 2,412   |
| Purchase of property, plant and equipment  | (37,041)  | (24,375)  |
| Proceeds from sales of property, plant and equipment                             | 11,121  | 14,094  |
| Purchase of investment securities  | (387)   | (116)   |
| Proceeds from sales of investment securities                                     | 155   | 377   |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | (2,140)   | (1,380)   |
| Purchase of shares of subsidiaries and associates                                | (5,131)   | (1,295)   |
| Payments for guarantee deposits  | (1,332)   | (1,576)   |
| Other  | (2,362)   | (315)   |
| <b>Net cash provided by (used in) investing activities</b>                       | <b>(37,020)</b>   | <b>(15,770)</b>   |

|   | Fiscal year ended<br>March 31, 2018<br>(April 1, 2017 – March 31, 2018) | Fiscal year ended<br>March 31, 2019<br>(April 1, 2018 – March 31, 2019) |
|---|---|---|
| <b>Cash flows from financing activities</b>   |   |   |
| Net increase (decrease) in short-term loans payable   | 9,777   | (5,331)   |
| Proceeds from long-term loans payable   | 22,105  | 7,711   |
| Repayment of long-term loans payable  | (17,792)  | (9,865)   |
| Repayments of finance lease obligations   | (3,854)   | (3,871)   |
| Proceeds from issuance of bonds   | 10,000  | –   |
| Proceeds from share issuance to non-controlling shareholders  | –   | 2,305   |
| Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation | (6,883)   | (169)   |
| Cash dividends paid   | (3,340)   | (3,659)   |
| Other   | (71)  | (343)   |
| <b>Net cash provided by (used in) financing activities</b>  | <b>9,940</b>  | <b>(13,224)</b>   |
| Effect of exchange rate change on cash and cash equivalents   | 55  | (115)   |
| <b>Net increase (decrease) in cash and cash equivalents</b>   | <b>(2,456)</b>  | <b>(2,087)</b>  |
| Cash and cash equivalents at beginning of period  | 26,197  | 23,795  |
| Increase in cash and cash equivalents from newly consolidated subsidiary  | 55  | 1,093   |
| <b>Cash and cash equivalents at end of period</b>   | <b>23,795</b>   | <b>22,801</b>   |