

## Summary of Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2021 [Japan GAAP]

August 11, 2020

Name of Listed Company: SENKO Group Holdings Co., Ltd. Stock Listed on: The First Section of the Tokyo Stock Exchange  
Code Number: 9069 URL <https://www.senkogrouphd.co.jp/en/>  
Representative: Title: President and Representative Director Name: Yasuhisa Fukuda  
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Scheduled Date of Issue of Quarterly Financial Report: August 14, 2020 Scheduled Date of Dividend Paid: –  
Quarterly Supplemental Information Materials: Yes  
Quarterly Information Meeting: Yes (for analysts)

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

### 1. Consolidated Operating Results for the Three Months Ended June 30, 2020

(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, 2020	133,330	(2.8)	4,231	(15.3)	4,197	(15.8)	2,526	(19.6)
Three months ended June 30, 2019	137,121	6.0	4,995	6.3	4,985	2.7	3,142	7.6

(Note) Comprehensive income

Three months ended June 30, 2020: ¥2,267 million (–27.2%) Three months ended June 30, 2019: ¥3,115 million (–2.0%)

	Profit per share	Diluted profit per share
	Yen	Yen
Three months ended June 30, 2020	16.62	15.42
Three months ended June 30, 2019	20.69	19.19

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2020	360,881	134,542	34.8	827.07
As of March 31, 2020	356,308	134,181	35.1	823.61

(Reference) Equity:

As of June 30, 2020: ¥125,730 million As of March 31, 2020: ¥125,158 million

### 2. Dividends

	Annual dividend				
	June 30	September 30	December 31	March 31	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2020	–	13.00	–	13.00	26.00
Fiscal year ending March 31, 2021	–	–	–	–	–
Fiscal year ending March 31, 2021 (Forecast)	–	13.00	–	13.00	26.00

(Note) Change in the estimation of dividend for the fiscal year in this period: Yes

### 3. Forecast of Consolidated Operating Results for the Fiscal Year Ending March 31, 2021 (From April 1, 2020 to March 31, 2021)

(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, 2020	277,500	(1.6)	9,200	(11.1)	9,000	(11.4)	5,500	(14.5)	36.18
Fiscal year ending March 31, 2021	585,000	2.6	20,200	(2.2)	20,000	(3.6)	11,400	(5.6)	74.99

(Note) Change in the forecast made in this period: Yes

## 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, 2020:	152,861,921 shares	As of March 31, 2020:	152,861,921 shares
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  - (b) Treasury shares

As of June 30, 2020:	842,161 shares	As of March 31, 2020:	898,113 shares
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  - (c) Average number of shares (Cumulative)

Three months ended June 30, 2020:	152,013,893 shares	Three months ended June 30, 2019:	151,858,230 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, 2020: 348,880 shares; as of March 31, 2020: 348,880 shares) and Performance-linked Stock Compensation Plan for Directors (as of June 30, 2020: 352,988 shares; as of March 31, 2020: 352,988 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 six-month period and the full-term of the fiscal year ending March 31, 2021" 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, 2021 (April 1, 2020 to June 30, 2020), the economic environment has been highly challenging in Japan and overseas due to impact of the spread of the novel coronavirus disease (COVID-19).

The three-month-period performance was as follows.

	Three months ended June 30, 2019	Three months ended June 30, 2020	Change	%
Operating revenue	137,121	133,330	(3,790)	(2.8)
Operating profit	4,995	4,231	(763)	(15.3)
Ordinary profit	4,985	4,197	(787)	(15.8)
Profit attributable to owners of parent	3,142	2,526	(615)	(19.6)

Consolidated operating revenue for the three-month period ended June 30, 2020 of the current fiscal year decreased ¥3,790 million year on year to ¥133,330 million, with the Logistics and Others businesses being significantly affected by COVID-19 pandemic. In terms of profits, despite group-wide efforts to reduce expenses, improve cost efficiency and increase productivity, consolidated operating profit, consolidated ordinary profit and profit attributable to owners of parent all decreased year on year due to the significant impact of the decrease in operating revenue.

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

### Logistics

	Three months ended June 30, 2019	Three months ended June 30, 2020	Change	%
Operating revenue	96,390	91,593	(4,797)	(5.0)
Segment income	4,290	3,751	(539)	(12.6)

Although there was an increase in cargo volume for drugstores and other chain stores, the COVID-19 pandemic caused a significant decrease in the volume for fashion-related industry and frozen and refrigerated cargo for school lunch and restaurant industry, and as a result, operating revenue decreased ¥4,797 million year on year to ¥91,593 million. Despite efforts to reduce expenses, improve cost efficiency and increase productivity, segment income decreased ¥539 million year on year to ¥3,751 million.

### Trading & commerce

	Three months ended June 30, 2019	Three months ended June 30, 2020	Change	%
Operating revenue	36,662	38,171	1,508	4.1
Segment income	473	820	346	73.3

Operating revenue increased ¥1,508 million year on year to ¥38,171 million and segment income increased ¥346 million year on year to ¥820 million due to increased sales of household paper for large-scale mass-merchandise groups and increased sales of daily necessities associated with increased demand for home deliveries.

### Others

	Three months ended June 30, 2019	Three months ended June 30, 2020	Change	%
Operating revenue	4,067	3,565	(502)	(12.3)
Segment income (loss)	395	(242)	(638)	—

Due to the spread of COVID-19, the number of customers decreased significantly at hotels, fitness gyms, day-service nursing care facilities, restaurants, etc., and operating revenue decreased ¥502 million year on year to ¥3,565 million, while segment income fell ¥638 million year on year to record a segment loss of ¥242 million.

(2) Financial condition

Assets, liabilities and net assets

**Total assets**

Total assets as of June 30, 2020 were ¥360,881 million, ¥4,572 million higher than at the end of the previous fiscal year.

Current assets amounted to ¥129,227 million, up ¥5,017 million from the end of the previous fiscal year. This was mainly due to increases of ¥8,080 million in cash and deposits, ¥1,544 million in merchandise and finished goods and ¥2,709 million in other current assets, despite a decrease of ¥6,948 million in trade notes and accounts receivable.

Non-current assets totaled ¥230,966 million, down ¥418 million from the end of the previous fiscal year. This was primarily due to a decrease of ¥6,771 million in total investments and other assets, despite an increase of ¥6,276 million in property, plant and equipment.

**Liabilities**

Liabilities as of June 30, 2020 increased ¥4,211 million from the end of the previous fiscal year to ¥226,339 million.

Current liabilities totaled ¥103,846 million, down ¥7,792 million from the end of the previous fiscal year. This was mainly due to decreases of ¥4,226 million in trade notes and accounts payable, ¥2,942 million in income taxes payable and ¥2,200 million in provision for bonuses, despite an increase of ¥1,674 million in short-term borrowings.

Non-current liabilities totaled ¥122,492 million, up ¥12,003 million from the end of the previous fiscal year. This was mainly attributable to an increase of ¥12,152 million in long-term borrowings.

**Net assets**

Net assets as of June 30, 2020 rose ¥361 million from the end of the previous fiscal year to ¥134,542 million. This was primarily due to an increase of ¥595 million in retained earnings, despite a decrease of ¥192 million in non-controlling interests. The equity ratio as of June 30, 2020 decreased by 0.3 percentage points to 34.8% from the end of the previous fiscal year.

(3) Forecast for the six-month period and the full-term of the fiscal year ending March 31, 2021

Based on the information and estimations available at this time, the forecast of operating results for the fiscal year ending March 31, 2021, which was not yet determined in the “Summary of Financial Statements for the Fiscal Year Ended March 31, 2020 [Japan GAAP]” released on May 13, 2020, is as follows.

For details, please refer to “Notice Regarding Forecast of Consolidated Operating Results and the Dividend Forecast,” which was announced today.

(a) Forecast of consolidated operating results for the six months ending September 30, 2020 (from April 1, 2020 to September 30, 2020)

	Operating revenue	Operating profit	Ordinary profit	Profit attributable to owners of parent	Profit per share
Previous Forecast (A) (announced on May 13, 2020)	Million yen –	Million yen –	Million yen –	Million yen –	Yen –
Revised Forecast (B)	277,500	9,200	9,000	5,500	36.18
Amount of change (B - A)	–	–	–	–	
Change (%)	–	–	–	–	
(Reference) Actual results for the six months ended September 30, 2019	282,070	10,343	10,155	6,431	42.34

(b) Forecast of consolidated operating results for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

	Operating revenue	Operating profit	Ordinary profit	Profit attributable to owners of parent	Profit per share
Previous Forecast (A) (announced on May 13, 2020)	Million yen –	Million yen –	Million yen –	Million yen –	Yen –
Revised Forecast (B)	585,000	20,200	20,000	11,400	74.99
Amount of change (B - A)	–	–	–	–	
Change (%)	–	–	–	–	
(Reference) Actual results for the fiscal year ended March 31, 2020	570,030	20,656	20,744	12,081	79.51

(Reference) Fundamental policy for distribution of earnings and the dividend forecast of the fiscal year ending March 31, 2021

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.

Regarding the dividend forecast for the fiscal year ending March 31, 2021, which was not yet determined in the “Summary of Financial Statements for the Fiscal Year Ended March 31, 2020 [Japan GAAP]” released on May 13, 2020, based on the forecast of operating results announced today, the Company plans to pay an annual dividend of ¥26.00 per share (interim dividend of ¥13.00, year-end

dividend of ¥13.00).

(Unit: Yen)

	Annual dividend		
	September 30	March 31	Total
Previous Forecast (announced on May 13, 2020)	—	—	—
Revised Forecast	13.00	13.00	26.00
(Reference) Actual results for the fiscal year ended March 31, 2020	13.00	13.00	26.00

## 2. Consolidated Financial Statements

### (1) Consolidated balance sheets

(Unit: Millions of Yen)

	As of March 31, 2020	As of June 30, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	28,479	36,559
Trade notes and accounts receivable	74,361	67,413
Electronically recorded monetary claims - operating	2,651	1,992
Merchandise and finished goods	8,368	9,913
Work in process	679	1,081
Raw materials and supplies	567	462
Other	9,125	11,834
Allowance for doubtful accounts	(21)	(27)
<b>Total current assets</b>	<b>124,210</b>	<b>129,227</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	64,141	73,348
Land	61,669	62,882
Other, net	45,166	41,024
<b>Total property, plant and equipment</b>	<b>170,978</b>	<b>177,255</b>
Intangible assets		
Goodwill	7,762	7,538
Other	5,391	5,692
<b>Total intangible assets</b>	<b>13,154</b>	<b>13,231</b>
Investments and other assets		
Investment securities	17,662	15,548
Long-term loans receivable	3,452	268
Retirement benefit asset	2,094	2,240
Guarantee deposits	14,556	14,755
Deferred tax assets	5,996	4,756
Other	4,269	3,239
Allowance for doubtful accounts	(779)	(327)
<b>Total investments and other assets</b>	<b>47,251</b>	<b>40,480</b>
<b>Total non-current assets</b>	<b>231,384</b>	<b>230,966</b>
Deferred assets		
Business commencement expenses	713	687
<b>Total deferred assets</b>	<b>713</b>	<b>687</b>
<b>Total assets</b>	<b>356,308</b>	<b>360,881</b>

	As of March 31, 2020	As of June 30, 2020
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	40,985	36,758
Electronically recorded obligations - operating	6,559	6,858
Current portion of bonds payable	48	48
Short-term borrowings	29,252	30,926
Lease obligations	3,673	3,822
Income taxes payable	3,745	802
Provision for bonuses	5,433	3,233
Provision for bonuses for directors (and other officers)	401	102
Other	21,537	21,293
Total current liabilities	111,638	103,846
Non-current liabilities		
Bonds payable	17,072	17,048
Convertible bond-type bonds with share acquisition rights	10,019	10,017
Long-term borrowings	55,839	67,991
Lease obligations	13,912	14,144
Provision for retirement benefits for directors (and other officers)	201	191
Provision for special repairs	90	88
Provision for share-based remuneration	271	271
Retirement benefit liability	7,060	6,942
Asset retirement obligations	1,145	1,190
Other	4,876	4,607
Total non-current liabilities	110,489	122,492
Total liabilities	222,127	226,339
<b>Net assets</b>		
Shareholders' equity		
Share capital	26,528	26,528
Capital surplus	29,770	29,767
Retained earnings	70,901	71,497
Treasury shares	(652)	(632)
Total shareholders' equity	126,548	127,161
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	779	1,111
Deferred gains or losses on hedges	14	11
Foreign currency translation adjustment	256	(213)
Remeasurements of defined benefit plans	(2,439)	(2,340)
Total accumulated other comprehensive income	(1,390)	(1,431)
Share acquisition rights	432	414
Non-controlling interests	8,590	8,397
Total net assets	134,181	134,542
Total liabilities and net assets	356,308	360,881



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

(Consolidated statements of income)

(For the three months ended June 30, 2019 and 2020)

(Unit: Millions of Yen)

	Three months ended June 30, 2019 (April 1, 2019–June 30, 2019)	Three months ended June 30, 2020 (April 1, 2020–June 30, 2020)
Operating revenue	137,121	133,330
Operating costs	121,108	117,673
Operating gross profit	16,012	15,657
Selling, general and administrative expenses	11,017	11,425
Operating profit	4,995	4,231
Non-operating income		
Interest income	35	31
Dividend income	71	74
Other	437	430
Total non-operating income	544	535
Non-operating expenses		
Interest expenses	275	285
Other	279	284
Total non-operating expenses	554	569
Ordinary profit	4,985	4,197
Extraordinary income		
Gain on sales of non-current assets	–	422
Gain on extinguishment of tie-in shares	51	–
Insurance claim income	32	–
Total extraordinary income	83	422
Extraordinary losses		
Loss on COVID-19 impact	–	333
Loss on tax purpose reduction entry of non-current assets	–	44
Litigation settlement	55	–
Total extraordinary losses	55	378
Profit before income taxes	5,014	4,242
Income taxes - current	705	530
Income taxes - deferred	1,024	1,127
Total income taxes	1,730	1,657
Profit	3,283	2,584
Profit attributable to non-controlling interests	141	58
Profit attributable to owners of parent	3,142	2,526

(Consolidated statements of comprehensive income)  
(For the three months ended June 30, 2019 and 2020)

(Unit: Millions of Yen)

	Three months ended June 30, 2019 <small>(April 1, 2019–June 30, 2019)</small>	Three months ended June 30, 2020 <small>(April 1, 2020–June 30, 2020)</small>
Profit	3,283	2,584
Other comprehensive income		
Valuation difference on available-for-sale securities	(340)	348
Deferred gains or losses on hedges	(38)	(4)
Foreign currency translation adjustment	166	(761)
Remeasurements of defined benefit plans, net of tax	44	99
Total other comprehensive income	(168)	(317)
Comprehensive income	3,115	2,267
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,931	2,547
Comprehensive income attributable to non-controlling interests	184	(279)