

## Summary of Financial Statements for the Third Quarter of the Fiscal Year Ending March 31, 2020 [Japan GAAP]

February 7, 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  
Inquiries: Title: Executive Officer, Responsible for PR & IR Name: Satoru Kokubo Tel. (06) 6440-5156

Scheduled Date of Issue of Quarterly Financial Report: February 14, 2020 Scheduled Date of Dividend Paid: –  
Quarterly Supplemental Information Materials: Yes  
Scheduled Date of Quarterly Information Meeting: None

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

### 1. Consolidated Operating Results for the Nine Months Ended December 31, 2019

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

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2019	427,741	6.8	17,177	8.8	17,233	7.3	10,879	13.9
Nine months ended December 31, 2018	400,565	7.4	15,794	18.3	16,065	19.3	9,552	28.5

(Note) Comprehensive income

Nine months ended December 31, 2019: ¥11,412 million (20.0%) Nine months ended December 31, 2018: ¥9,510 million (–10.0%)

	Profit per share	Diluted profit per share
	Yen	Yen
Nine months ended December 31, 2019	71.61	66.42
Nine months ended December 31, 2018	62.88	58.32

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2019	358,287	134,906	35.2	829.66
As of March 31, 2019	340,491	126,895	35.0	785.08

(Reference) Equity:

As of December 31, 2019: ¥126,078 million As of March 31, 2019: ¥119,204 million

### 2. Dividends

	Annual dividend				
	June 30	September 30	December 31	March 31	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2019	–	13.00	–	13.00	26.00
Fiscal year ending March 31, 2020	–	13.00	–		
Fiscal year ending March 31, 2020 (Forecast)				13.00	26.00

(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, 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
Fiscal year ending March 31, 2020	560,000	5.7	20,900	6.5	21,000	5.7	12,200	4.4	80.35

(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: Yes
  - (d) Retrospective restatement: None
- (4) Shares outstanding (Common shares)
- (a) Shares outstanding (including treasury shares)

As of December 31, 2019:	152,861,921 shares	As of March 31, 2019:	152,861,921 shares
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  - (b) Treasury shares

As of December 31, 2019:	897,936 shares	As of March 31, 2019:	1,024,460 shares
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  - (c) Average number of shares (Cumulative)

Nine months ended December 31, 2019:	151,927,827 shares	Nine months ended December 31, 2018:	151,918,117 shares
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- (Note) Starting with the third quarter of the fiscal year ended March 31, 2018, the number of treasury shares at term-end includes Senko shares owned by the trust accounts of Performance-linked Stock Compensation Plan for Employees (as of December 31, 2019: 348,880 shares; as of March 31, 2019: 351,500 shares) and Performance-linked Stock Compensation Plan for Directors (as of December 31, 2019: 352,988 shares; as of March 31, 2019: 353,000 shares).

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

### Cautionary statement regarding forecasts of operating results and special notes

- Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons. For information about the assumptions used for forecasts and precautions concerning the use of forecasts, please see "Forecast for the full-term of the fiscal year ending March 31, 2020" on page 3.
- The supplementary material on quarterly earnings will be available on the Company's website.

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## 1. Results of Operations and Financial Condition

### (1) Results of operations

In the nine-month period of the fiscal year ending March 31, 2020 (April 1, 2019 to December 31, 2019), the Japanese economy maintained an unclear outlook on account of the rush in demand before the consumption tax hike and the recoil in demand after the tax hike, and the slowdown in the global economy, among other factors.

The nine-month-period performance was as follows.

(Unit: Millions of Yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019	Change	%
Operating revenue	400,565	427,741	27,175	6.8
Operating profit	15,794	17,177	1,383	8.8
Ordinary profit	16,065	17,233	1,167	7.3
Profit attributable to owners of parent	9,552	10,879	1,327	13.9

Consolidated operating revenue for the nine-month period ended December 31, 2019 of the current fiscal year increased ¥27,175 million year on year to ¥427,741 million. This result mainly reflected effects of expanding sales and revising the freight charges, opening logistics centers, and making overseas Group companies and operating companies of living support services into consolidated subsidiaries.

On the profit front, despite factors that include higher costs largely stemming from rises in outsourcing costs, consolidated operating profit increased ¥1,383 million year on year to ¥17,177 million and consolidated ordinary profit increased ¥1,167 million year on year to ¥17,233 million. This upturn in profits was largely attributable to the effects of the higher revenue mentioned previously and our efforts to improve productivity. Profit attributable to owners of parent increased to ¥10,879 million, up ¥1,327 million year on year.

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

### Logistics

(Unit: Millions of Yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019	Change	%
Operating revenue	283,706	297,850	14,143	5.0
Segment income	13,159	14,867	1,708	13.0

Operating revenue increased ¥14,143 million year on year to ¥297,850 million and segment income rose ¥1,708 million year on year to ¥14,867 million. This was mainly attributable to the effects of opening logistic centers in the previous fiscal year, opening Inzai Logistics Center and Oita PD Center, whose operations were commenced by SENKO Co., Ltd. in May and October of this fiscal year, respectively, and opening Kansai Branch Center, whose operations were commenced by Runtec Corporation in July, as well as the effect of expanding sales and revising the freight charges, and making seven overseas Group companies into consolidated subsidiaries.

### Trading & commerce

(Unit: Millions of Yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019	Change	%
Operating revenue	108,094	117,974	9,879	9.1
Segment income	1,807	1,583	(224)	(12.4)

Operating revenue increased ¥9,879 million year on year to ¥117,974 million and segment income fell ¥224 million year on year to ¥1,583 million. Although sales of household paper products for large-scale mass-merchandise groups grew, there were higher costs largely stemming from rises in outsourcing costs.

### Others

(Unit: Millions of Yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019	Change	%
Operating revenue	8,764	11,916	3,152	36.0
Segment income	1,132	1,247	115	10.2

Operating revenue increased ¥3,152 million year on year to ¥11,916 million and segment income increased ¥115 million year on year to ¥1,247 million. This was mainly attributable to making Life-eat Co., Ltd., which manages the food and drink business, into a consolidated subsidiary, and opening new nursing care and fitness locations.

(2) Financial condition

Assets, liabilities and net assets

**Total assets**

Total assets as of December 31, 2019 were ¥358,287 million, ¥17,795 million higher than at the end of the previous fiscal year.

Current assets amounted to ¥128,520 million, up ¥11,257 million from the end of the previous fiscal year. This mainly reflected increases of ¥7,276 million in trade notes and accounts receivable and ¥1,429 million in merchandise and finished goods.

Non-current assets totaled ¥229,753 million, up ¥6,558 million from the end of the previous fiscal year. This was primarily due to increases of ¥7,218 million in property, plant and equipment and ¥1,237 million in intangible assets, despite a decrease of ¥1,897 million in investments and other assets.

**Liabilities**

Liabilities as of December 31, 2019 increased ¥9,784 million from the end of the previous fiscal year to ¥223,380 million.

Current liabilities totaled ¥113,795 million, up ¥15,125 million from the end of the previous fiscal year. This was mainly due to increases of ¥7,043 million in trade notes and accounts payable and ¥9,808 million in short-term borrowings, despite decreases of ¥2,916 million in income taxes payable and ¥1,846 million in provision for bonuses.

Non-current liabilities totaled ¥109,585 million, down ¥5,341 million from the end of the previous fiscal year. This was primarily due to a decrease of ¥7,887 million in long-term borrowings, despite an increase of ¥2,394 million in long-term lease obligations.

**Net assets**

Net assets as of December 31, 2019 rose ¥8,011 million from the end of the previous fiscal year to ¥134,906 million. This was mainly attributable to increases of ¥6,740 million in retained earnings and ¥1,130 million in non-controlling interests. The equity ratio as of December 31, 2019 increased by 0.2 percentage points to 35.2% from the end of the previous fiscal year.

(3) Forecast for the full-term of the fiscal year ending March 31, 2020

No revisions have been made to the forecast of consolidated operating results for the fiscal year ending March 31, 2020, announced in "Summary of Financial Statements for the Fiscal Year Ended March 31, 2019" on May 10, 2019.

## 2. Consolidated Financial Statements

### (1) Consolidated balance sheets

(Unit: Millions of Yen)

	As of March 31, 2019	As of December 31, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	25,232	24,632
Trade notes and accounts receivable	71,311	78,587
Electronically recorded monetary claims - operating	1,785	2,446
Merchandise and finished goods	8,513	9,942
Work in process	670	1,121
Raw materials and supplies	583	743
Other	9,181	11,075
Allowance for doubtful accounts	(14)	(28)
<b>Total current assets</b>	<b>117,263</b>	<b>128,520</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	64,645	65,557
Land	59,669	60,663
Other, net	37,899	43,212
<b>Total property, plant and equipment</b>	<b>162,214</b>	<b>169,432</b>
Intangible assets		
Goodwill	7,446	7,903
Other	4,576	5,356
<b>Total intangible assets</b>	<b>12,022</b>	<b>13,260</b>
Investments and other assets		
Investment securities	20,260	18,703
Long-term loans receivable	3,888	3,544
Retirement benefit asset	3,088	3,540
Guarantee deposits	13,271	13,995
Deferred tax assets	5,138	3,924
Other	4,019	3,976
Allowance for doubtful accounts	(709)	(624)
<b>Total investments and other assets</b>	<b>48,958</b>	<b>47,060</b>
<b>Total non-current assets</b>	<b>223,195</b>	<b>229,753</b>
Deferred assets		
Business commencement expenses	32	12
<b>Total deferred assets</b>	<b>32</b>	<b>12</b>
<b>Total assets</b>	<b>340,491</b>	<b>358,287</b>

	As of March 31, 2019	As of December 31, 2019
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	37,603	44,646
Electronically recorded obligations - operating	7,047	7,327
Current portion of bonds	48	48
Short-term borrowings	21,580	31,389
Lease obligations	3,181	3,570
Income taxes payable	4,242	1,325
Provision for bonuses	5,253	3,406
Provision for bonuses for directors (and other officers)	347	256
Provision for loss on disaster	103	–
Other	19,261	21,823
<b>Total current liabilities</b>	<b>98,669</b>	<b>113,795</b>
Non-current liabilities		
Bonds payable	17,120	17,072
Convertible bond-type bonds with share acquisition rights	10,029	10,022
Long-term borrowings	64,696	56,808
Lease obligations	10,500	12,895
Provision for retirement benefits for directors (and other officers)	180	193
Provision for special repairs	80	94
Provision for share-based remuneration	124	157
Retirement benefit liability	6,970	6,379
Asset retirement obligations	1,011	1,152
Other	4,212	4,808
<b>Total non-current liabilities</b>	<b>114,926</b>	<b>109,585</b>
<b>Total liabilities</b>	<b>213,595</b>	<b>223,380</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	26,528	26,528
Capital surplus	29,841	29,765
Retained earnings	62,983	69,724
Treasury shares	(697)	(651)
<b>Total shareholders' equity</b>	<b>118,656</b>	<b>125,366</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,350	1,395
Deferred gains or losses on hedges	(3)	12
Foreign currency translation adjustment	122	49
Remeasurements of defined benefit plans	(920)	(745)
<b>Total accumulated other comprehensive income</b>	<b>548</b>	<b>711</b>
Share acquisition rights	424	432
Non-controlling interests	7,265	8,396
<b>Total net assets</b>	<b>126,895</b>	<b>134,906</b>
<b>Total liabilities and net assets</b>	<b>340,491</b>	<b>358,287</b>

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

(Consolidated statements of income)

(For the nine months ended December 31, 2018 and 2019)

(Unit: Millions of Yen)

	Nine months ended December 31, 2018 (April 1, 2018–December 31, 2018)	Nine months ended December 31, 2019 (April 1, 2019–December 31, 2019)
Operating revenue	400,565	427,741
Operating cost	355,840	376,481
Operating gross profit	44,725	51,259
Selling, general and administrative expenses	28,931	34,081
Operating profit	15,794	17,177
Non-operating income		
Interest income	94	82
Dividend income	142	140
Other	1,394	1,298
Total non-operating income	1,631	1,521
Non-operating expenses		
Interest expenses	834	820
Other	526	644
Total non-operating expenses	1,360	1,465
Ordinary profit	16,065	17,233
Extraordinary income		
Insurance claim income	–	144
Gain on extinguishment of tie-in shares	–	51
Gain on termination of retirement benefit plan	–	46
Gain on sales of non-current assets	346	42
Subsidy income	1,268	–
Gain on sales of investment securities	178	–
Gain on liquidation of subsidiaries and associates	79	–
Reversal of allowance for doubtful accounts for subsidiaries and associates	43	–
Total extraordinary income	1,916	284
Extraordinary losses		
Impairment loss	–	121
Loss on liquidation of subsidiaries	–	111
Loss on retirement of non-current assets	86	96
Provision of allowance for doubtful accounts for subsidiaries and associates	–	79
Litigation settlement	–	55
Loss on valuation of shares of subsidiaries and associates	585	49
Loss on tax purpose reduction entry of non-current assets	1,256	–
Provision for loss on disaster	204	–
Loss on liquidation of subsidiaries	168	–
Loss on office withdrawal	133	–
Loss on disaster	31	–
Total extraordinary losses	2,468	515
Profit before income taxes	15,514	17,002
Income taxes - current	4,650	4,568
Income taxes - deferred	976	1,186
Total income taxes	5,627	5,755
Profit	9,886	11,247
Profit attributable to non-controlling interests	334	368
Profit attributable to owners of parent	9,552	10,879



(Consolidated statements of comprehensive income)  
(For the nine months ended December 31, 2018 and 2019)

(Unit: Millions of Yen)

	Nine months ended December 31, 2018 <small>(April 1, 2018–December 31, 2018)</small>	Nine months ended December 31, 2019 <small>(April 1, 2019–December 31, 2019)</small>
Profit	9,886	11,247
Other comprehensive income		
Valuation difference on available-for-sale securities	(548)	52
Deferred gains or losses on hedges	35	17
Foreign currency translation adjustment	(148)	(79)
Remeasurements of defined benefit plans, net of tax	285	174
Total other comprehensive income	(376)	165
Comprehensive income	9,510	11,412
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,221	10,998
Comprehensive income attributable to non-controlling interests	288	414