

Summary of Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2022 [Japan GAAP]

August 12, 2021

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. (03) 6862-8842

Scheduled Date of Issue of Quarterly Financial Report: August 13, 2021 Scheduled Date of Dividend Paid: –
 Quarterly Supplemental Information Materials: Yes
 Quarterly Information Meeting: None

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

1. Consolidated Operating Results for the Three Months Ended June 30, 2021

(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, 2021	148,102	11.1	6,095	44.0	6,381	52.0	3,608	42.8
Three months ended June 30, 2020	133,330	(2.8)	4,231	(15.3)	4,197	(15.8)	2,526	(19.6)

(Note) Comprehensive income

Three months ended June 30, 2021: ¥4,290 million (89.3%)

Three months ended June 30, 2020: ¥2,267 million (-27.2%)

	Profit per share	Diluted profit per share
	Yen	Yen
Three months ended June 30, 2021	24.34	20.24
Three months ended June 30, 2020	16.62	15.42

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2021	430,388	147,684	31.7	920.71
As of March 31, 2021	435,260	145,754	31.0	909.49

(Reference) Equity:

As of June 30, 2021: ¥136,487 million

As of March 31, 2021: ¥134,775 million

2. Dividends

	Annual dividend				
	June 30	September 30	December 31	March 31	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	–	13.00	–	15.00	28.00
Fiscal year ending March 31, 2022	–	–	–	–	–
Fiscal year ending March 31, 2022 (Forecast)	–	15.00	–	15.00	30.00

(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, 2022 (From April 1, 2021 to March 31, 2022)

(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, 2021	304,000	11.2	11,100	15.1	11,100	13.6	6,500	13.5	43.86
Fiscal year ending March 31, 2022	625,000	9.2	24,600	14.3	25,000	12.5	14,500	1.8	97.85

(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: Yes
 - (b) Changes other than in (a): None
 - (c) Changes in accounting estimates: None
 - (d) Retrospective restatement: None

(Note) For details, please refer to “(Changes in accounting policies)” in “(3) Notes to quarterly consolidated financial statements” of “2. Quarterly Consolidated Financial Statements and Significant Notes Thereto” on page 8 of the attached materials (Japanese only).

(4) Shares outstanding (Common shares)

(a) Shares outstanding (including treasury shares)

As of June 30, 2021:	152,952,221 shares	As of March 31, 2021:	152,952,221 shares
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(b) Treasury shares

As of June 30, 2021:	4,711,119 shares	As of March 31, 2021:	4,764,111 shares
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(c) Average number of shares (Cumulative)

Three months ended June 30, 2021:	148,224,994 shares	Three months ended June 30, 2020:	152,013,893 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, 2021: 341,740 shares; as of March 31, 2021: 341,740 shares) and Performance-linked Stock Compensation Plan for Directors (as of June 30, 2021: 348,873 shares; as of March 31, 2021: 348,873 shares).

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

Cautionary statement regarding forecasts of operating results and special notes

- Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons. For information about the assumptions used for forecasts and precautions concerning the use of forecasts, please see “Forecast for the first half period and the full-term of the fiscal year ending March 31, 2022” 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, 2022 (April 1, 2021 to June 30, 2021), the economic environment has continued to be harsh as a result of constraints on economic activities brought about by the declaration of a state of emergency to counter the spread of the novel coronavirus disease (COVID-19), and the outlook at present continues to be unclear.

The three-month-period performance was as follows.

(Unit: Millions of Yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021	Change	%
Operating revenue	133,330	148,102	14,771	11.1
Operating profit	4,231	6,095	1,863	44.0
Ordinary profit	4,197	6,381	2,183	52.0
Profit attributable to owners of parent	2,526	3,608	1,081	42.8

Amid signs that cargo volumes are recovering in the Logistics business, we made group-wide efforts to expand sales, improve cost efficiency and enhance productivity, as well as promote M&A, and as a result, consolidated operating revenue, consolidated operating profit, consolidated ordinary profit, and profit attributable to owners of parent all increased year on year.

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

Logistics

(Unit: Millions of Yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021	Change	%
Operating revenue	91,593	102,553	10,959	12.0
Segment income	3,751	5,839	2,087	55.6

Amid an apparent recovery in cargo volumes, which declined drastically in the corresponding period of the previous fiscal year, we strived to expand sales, improve cost efficiency and enhance productivity while reaping the contribution of revenue from M&A we conducted in the previous fiscal year. As a result, operating revenue increased ¥10,959 million year on year to ¥102,553 million, and segment income rose ¥2,087 million year on year to ¥5,839 million.

Trading & commerce

(Unit: Millions of Yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021	Change	%
Operating revenue	38,171	37,090	(1,081)	(2.8)
Segment income	820	782	(38)	(4.7)

In addition to making household paper wholesale distributor AZFIT CO., Ltd. a consolidated subsidiary in April, we worked on expanding sales, improving cost efficiency among other initiatives. However, in part as a result of applying the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations, and in part due to rising purchase prices in fuel sales, among other factors, operating revenue decreased by ¥1,081 million year on year to ¥37,090 million and segment income fell ¥38 million year on year to ¥782 million.

Others

(Unit: Millions of Yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021	Change	%
Operating revenue	3,565	8,459	4,893	137.2
Segment loss	(242)	(310)	(68)	—

In addition to making membership-based general wholesale and retail business operator TERAUCHI CO., LTD. a consolidated subsidiary in January 2021, we worked on expanding sales, improving cost efficiency among other initiatives. However, in part due to the continued impact of COVID-19, operating revenue rose ¥4,893 million year on year to ¥8,459 million while segment loss was ¥310 million, a deterioration of ¥68 million year on year.

(2) Financial condition

Assets, liabilities and net assets

Total assets

Total assets as of June 30, 2021 were ¥430,388 million, ¥4,872 million lower than at the end of the previous fiscal year.

Current assets amounted to ¥149,505 million, down ¥14,386 million from the end of the previous fiscal year. This was mainly due to decreases of ¥15,046 million in cash and deposits and ¥3,499 million in trade notes and accounts payable, and contract assets despite an increase of ¥3,077 million in other current assets.

Non-current assets totaled ¥280,883 million, up ¥9,514 million from the end of the previous fiscal year. This was primarily due to increases of ¥5,494 million in property, plant and equipment and ¥2,877 million in investments and other assets.

Liabilities

Liabilities as of June 30, 2021 decreased ¥6,802 million from the end of the previous fiscal year to ¥282,704 million.

Current liabilities totaled ¥123,576 million, down ¥10,138 million from the end of the previous fiscal year. This was mainly due to decreases of ¥1,541 million in trade notes and accounts payable, ¥1,357 million in short-term borrowings, ¥4,288 million in income taxes payable and ¥2,426 million in provision for bonuses.

Non-current liabilities totaled ¥159,127 million, up ¥3,336 million from the end of the previous fiscal year. This was mainly attributable to increases of ¥1,786 million in long-term borrowings and ¥955 million in other non-current liabilities.

Net assets

Net assets as of June 30, 2021 rose ¥1,930 million from the end of the previous fiscal year to ¥147,684 million. This was primarily due to an increase of ¥1,375 million in retained earnings. The equity ratio as of June 30, 2021 increased by 0.7 percentage points to 31.7% from the end of the previous fiscal year.

(3) Forecast for the first half period and the full-term of the fiscal year ending March 31, 2022

No revisions have been made to the forecast of consolidated operating results for the first half ending September 30, 2021 and the fiscal year ending March 31, 2022, announced in "Summary of Financial Statements for the Fiscal Year Ended March 31, 2021" on May 14, 2021.

2. Consolidated Financial Statements

(1) Consolidated balance sheets

(Unit: Millions of Yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	52,530	37,483
Trade notes and accounts receivable	82,689	–
Trade notes and accounts receivable, and contract assets	–	79,189
Electronically recorded monetary claims - operating	2,519	3,534
Merchandise and finished goods	12,990	12,931
Work in process	316	378
Raw materials and supplies	651	720
Other	12,221	15,298
Allowance for doubtful accounts	(28)	(31)
Total current assets	163,891	149,505
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	80,201	84,287
Land	81,628	84,119
Other, net	47,723	46,642
Total property, plant and equipment	209,554	215,048
Intangible assets		
Goodwill	10,689	10,457
Other	6,485	7,859
Total intangible assets	17,174	18,316
Investments and other assets		
Investment securities	17,398	20,251
Long-term loans receivable	507	1,612
Retirement benefit asset	5,471	5,632
Guarantee deposits	13,086	13,366
Deferred tax assets	4,936	3,556
Other	3,647	3,498
Allowance for doubtful accounts	(407)	(399)
Total investments and other assets	44,640	47,517
Total non-current assets	271,369	280,883
Deferred assets		
Business commencement expenses	0	0
Total deferred assets	0	0
Total assets	435,260	430,388

(Unit: Millions of Yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Trade notes and accounts payable	44,383	42,841
Electronically recorded obligations - operating	8,586	8,942
Current portion of bonds payable	7,118	7,118
Current portion of convertible-bond-type bonds with share acquisition rights	10,009	10,007
Short-term borrowings	22,036	20,679
Lease obligations	4,253	4,333
Income taxes payable	5,377	1,089
Provision for bonuses	6,247	3,821
Provision for bonuses for directors (and other officers)	420	110
Provision for loss on disaster	68	25
Other	25,211	24,606
Total current liabilities	133,715	123,576
Non-current liabilities		
Bonds payable	30,024	30,000
Convertible-bond-type bonds with share acquisition rights	22,108	22,102
Long-term borrowings	74,887	76,673
Lease obligations	14,881	15,621
Provision for retirement benefits for directors (and other officers)	260	272
Provision for special repairs	98	102
Provision for share awards	149	149
Retirement benefit liability	7,103	6,948
Asset retirement obligations	869	894
Other	5,407	6,363
Total non-current liabilities	155,791	159,127
Total liabilities	289,506	282,704
Net assets		
Shareholders' equity		
Share capital	26,564	26,564
Capital surplus	29,806	29,772
Retained earnings	81,203	82,578
Treasury shares	(4,638)	(4,585)
Total shareholders' equity	132,936	134,330
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,759	1,706
Deferred gains or losses on hedges	32	8
Foreign currency translation adjustment	57	418
Remeasurements of defined benefit plans	(10)	23
Total accumulated other comprehensive income	1,839	2,156
Share acquisition rights	410	391
Non-controlling interests	10,568	10,805
Total net assets	145,754	147,684
Total liabilities and net assets	435,260	430,388

(2) Consolidated statements of (comprehensive) income

(Consolidated statements of income)

(For the three months ended June 30, 2020 and 2021)

(Unit: Millions of Yen)

	Three months ended June 30, 2020 (April 1, 2020–June 30, 2020)	Three months ended June 30, 2021 (April 1, 2021–June 30, 2021)
Operating revenue	133,330	148,102
Operating costs	117,673	127,382
Operating gross profit	15,657	20,720
Selling, general and administrative expenses	11,425	14,624
Operating profit	4,231	6,095
Non-operating income		
Interest income	31	23
Dividend income	74	77
Other	430	641
Total non-operating income	535	742
Non-operating expenses		
Interest expenses	285	297
Other	284	159
Total non-operating expenses	569	456
Ordinary profit	4,197	6,381
Extraordinary income		
Subsidy income	–	248
Gain on sale of non-current assets	422	–
Total extraordinary income	422	248
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	44	243
Loss on COVID-19 impact	333	103
Loss on retirement of non-current assets	–	73
Loss on disaster	–	8
Total extraordinary losses	378	428
Profit before income taxes	4,242	6,200
Income taxes - current	530	789
Income taxes - deferred	1,127	1,541
Total income taxes	1,657	2,330
Profit	2,584	3,870
Profit attributable to non-controlling interests	58	261
Profit attributable to owners of parent	2,526	3,608

(Consolidated statements of comprehensive income)
(For the three months ended June 30, 2020 and 2021)

(Unit: Millions of Yen)

	Three months ended June 30, 2020 <small>(April 1, 2020–June 30, 2020)</small>	Three months ended June 30, 2021 <small>(April 1, 2021–June 30, 2021)</small>
Profit	2,584	3,870
Other comprehensive income		
Valuation difference on available-for-sale securities	348	(78)
Deferred gains or losses on hedges	(4)	(24)
Foreign currency translation adjustment	(761)	489
Remeasurements of defined benefit plans, net of tax	99	33
Total other comprehensive income	(317)	420
Comprehensive income	2,267	4,290
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,547	3,925
Comprehensive income attributable to non-controlling interests	(279)	364