

Summary of Financial Statements for the Third Quarter of the Fiscal Year Ending March 31, 2024 [Japan GAAP]

February 9, 2024

Name of Listed Company: SENKO Group Holdings Co., Ltd. Stock Listed on: 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: February 14, 2024 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 Nine Months Ended December 31, 2023

(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, 2023	582,786	13.1	25,382	16.5	25,647	14.7	15,152	1.4
Nine months ended December 31, 2022	515,298	10.7	21,786	7.1	22,362	6.4	14,947	18.5

(Note) Comprehensive income

Nine months ended December 31, 2023: ¥20,098 million (2.7%) Nine months ended December 31, 2022: ¥19,577 million (48.1%)

	Profit per share	Diluted profit per share
	Yen	Yen
Nine months ended December 31, 2023	101.09	89.53
Nine months ended December 31, 2022	100.28	88.81

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2023	637,876	199,816	27.4	1,157.63
As of March 31, 2023	581,850	179,103	27.6	1,075.69

(Reference) Equity:

As of December 31, 2023: ¥174,511 million As of March 31, 2023: ¥160,510 million

2. Dividends

	Annual dividend				
	June 30	September 30	December 31	March 31	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	–	17.00	–	17.00	34.00
Fiscal year ending March 31, 2024	–	19.00	–		
Fiscal year ending March 31, 2024 (Forecast)				19.00	38.00

(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, 2024 (From April 1, 2023 to March 31, 2024)

(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, 2024	780,000	12.0	29,700	16.3	29,700	13.6	17,000	10.8	113.41

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

As of December 31, 2023:	157,070,496 shares	As of March 31, 2023:	157,070,496 shares
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 - (b) Treasury shares

As of December 31, 2023:	6,322,094 shares	As of March 31, 2023:	7,853,758 shares
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 - (c) Average number of shares (Cumulative)

Nine months ended December 31, 2023:	149,886,169 shares	Nine months ended December 31, 2022:	149,049,945 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, 2023: 805,545 shares; as of March 31, 2023: 334,566 shares) and Performance-linked Stock Compensation Plan for Directors (as of December 31, 2023: 788,972 shares; as of March 31, 2023: 316,723 shares). In addition, starting with the fourth quarter of the fiscal year ended March 31, 2023, the number of treasury shares at term-end includes Senko shares owned by the employee shareholding association support trust ESOP (as of December 31, 2023: 4,230,300 shares; as of March 31, 2023: 5,255,100 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, 2024" 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, 2024 (April 1, 2023 to December 31, 2023), although economic activities have been normalizing after the reclassification of COVID-19 to Class 5, the outlook for the economic environment overall continues to be unclear with the worsening situation in the Middle East and the protraction of the Ukraine situation, concerns about the future of the Chinese economy, and an increasingly frugal mindset due to the rising price of goods.

The nine-month-period performance was as follows.

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Change	%
Operating revenue	515,298	582,786	67,487	13.1
Operating profit	21,786	25,382	3,596	16.5
Ordinary profit	22,362	25,647	3,285	14.7
Profit attributable to owners of parent	14,947	15,152	204	1.4

(Unit: Millions of Yen)

Despite facing the impact of declining cargo movements in logistics, along with rising purchase prices and the like, owing to group-wide efforts to expand sales and revise tariffs and prices, along with the effect of promoting M&A, the Group achieved year-on-year increases in operating revenue, operating profit, ordinary profit and profit attributable to owners of parent.

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

Logistics

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Change	%
Operating revenue	360,342	372,374	12,031	3.3
Segment income	20,095	21,616	1,521	7.6

(Unit: Millions of Yen)

Notwithstanding the impact of declining cargo movements, a focus on sales expansion and initiatives to address tariff revisions, together with the effect of promoting M&A, caused operating revenue to increase ¥12,031 million year on year to ¥372,374 million, and segment income rose ¥1,521 million year on year to ¥21,616 million.

Trading & Commerce

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Change	%
Operating revenue	119,326	127,454	8,128	6.8
Segment income	1,892	1,882	(10)	(0.5)

(Unit: Millions of Yen)

Although we strived to revise prices and expand sales, we faced rising purchase prices and a decline in sales volume. As a result, operating revenue increased ¥8,128 million year on year to ¥127,454 million, and segment income declined ¥10 million year on year to ¥1,882 million.

Life Support

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Change	%
Operating revenue	27,746	35,361	7,615	27.4
Segment income	245	996	751	306.2

(Unit: Millions of Yen)

Owing to the contribution of revenue from M&A and initiatives such as price revisions, operating revenue increased ¥7,615 million year on year to ¥35,361 million, and segment income rose ¥751 million year on year to ¥996 million.

Business Support

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Change	%
Operating revenue	7,879	10,362	2,483	31.5
Segment income	839	1,610	771	91.9

(Unit: Millions of Yen)

We strived to expand sales and achieve recovery in the hotel business among other initiatives. As a result, operating revenue increased ¥2,483 million year on year to ¥10,362 million, and segment income rose ¥771 million year on year to ¥1,610 million.

Manufacturing

(Unit: Millions of Yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Change	%
Operating revenue	–	36,932	36,932	–
Segment income	–	816	816	–

Results for CHUO KAGAKU CO., LTD., which is a manufacturer of food packaging and containers and was made a consolidated subsidiary during the previous fiscal year, were operating revenue of ¥36,932 million and operating profit of ¥816 million.

With the inclusion of CHUO KAGAKU CO., LTD. into the scope of consolidation, we added the Manufacturing segment in the fourth quarter of the fiscal year ended March 31, 2023. As a result, year-on-year changes are not presented.

(2) Financial condition

Assets, liabilities and net assets

Total assets

Total assets as of December 31, 2023 were ¥637,876 million, ¥56,025 million higher than at the end of the previous fiscal year.

Current assets amounted to ¥227,432 million, up ¥25,659 million from the end of the previous fiscal year. This was mainly due to increases of ¥9,949 million in cash and deposits, ¥13,433 million in trade notes and accounts receivable, and contract assets, ¥1,299 million in electronically recorded monetary claims - operating and ¥1,209 million in other current assets.

Non-current assets totaled ¥410,443 million, up ¥30,366 million from the end of the previous fiscal year. This was primarily due to increases of ¥22,384 million in property, plant and equipment, ¥3,513 million in intangible assets, and ¥4,468 million in investments and other assets.

Liabilities

Liabilities as of December 31, 2023 increased ¥35,312 million from the end of the previous fiscal year to ¥438,059 million.

Current liabilities totaled ¥173,796 million, up ¥8,439 million from the end of the previous fiscal year. This was mainly due to increases of ¥4,404 million in trade notes and accounts payable, ¥4,075 million in short-term borrowings and ¥2,111 million in other current liabilities despite decreases of ¥1,383 million in income taxes payable and ¥2,739 million in provision for bonuses.

Non-current liabilities totaled ¥264,263 million, up ¥26,873 million from the end of the previous fiscal year. This was mainly due to increases of ¥24,968 million in long-term borrowings and ¥1,116 million in deferred tax liabilities.

Net assets

Net assets as of December 31, 2023 rose ¥20,712 million from the end of the previous fiscal year to ¥199,816 million. This was primarily due to increases of ¥9,540 million in retained earnings, ¥1,481 million in treasury shares, ¥2,509 million in foreign currency translation adjustment, and ¥6,727 million in non-controlling interests. The equity ratio as of December 31, 2023 decreased by 0.2 percentage points to 27.4% from the end of the previous fiscal year.

(3) Forecast for the full-term of the fiscal year ending March 31, 2024

No revisions have been made to the forecast of consolidated operating results for the fiscal year ending March 31, 2024, announced in "Summary of Financial Statements for the Second Quarter of the Fiscal Year Ending March 31, 2024" on November 13, 2023.

2. Consolidated Financial Statements

(1) Consolidated balance sheets

(Unit: Millions of Yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	58,583	68,533
Trade notes and accounts receivable, and contract assets	97,197	110,630
Electronically recorded monetary claims - operating	4,476	5,775
Merchandise and finished goods	20,197	20,176
Work in process	909	847
Raw materials and supplies	3,136	3,011
Other	17,332	18,541
Allowance for doubtful accounts	(59)	(85)
Total current assets	201,773	227,432
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	111,914	116,492
Land	114,478	122,733
Other, net	64,218	73,769
Total property, plant and equipment	290,612	312,996
Intangible assets		
Goodwill	11,727	13,889
Other	13,553	14,904
Total intangible assets	25,280	28,794
Investments and other assets		
Investment securities	20,248	21,661
Long-term loans receivable	541	660
Retirement benefit asset	10,207	10,972
Guarantee deposits	17,034	18,383
Deferred tax assets	5,571	4,962
Other	11,360	12,843
Allowance for doubtful accounts	(780)	(831)
Total investments and other assets	64,184	68,653
Total non-current assets	380,077	410,443
Total assets	581,850	637,876

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Trade notes and accounts payable	56,058	60,462
Electronically recorded obligations - operating	11,091	12,171
Short-term borrowings	40,543	44,618
Lease liabilities	6,892	7,972
Income taxes payable	5,113	3,729
Provision for bonuses	7,544	4,804
Provision for bonuses for directors (and other officers)	420	330
Provision for loss on disaster	170	72
Other	37,521	39,633
Total current liabilities	165,357	173,796
Non-current liabilities		
Bonds payable	40,000	40,000
Convertible-bond-type bonds with share acquisition rights	22,054	22,033
Long-term borrowings	124,292	149,261
Lease liabilities	25,022	25,573
Provision for retirement benefits for directors (and other officers)	608	584
Provision for special repairs	256	346
Provision for share awards	494	—
Retirement benefit liability	8,479	8,771
Asset retirement obligations	2,044	2,912
Deferred tax liabilities	7,973	9,090
Other	6,163	5,688
Total non-current liabilities	237,389	264,263
Total liabilities	402,747	438,059
Net assets		
Shareholders' equity		
Share capital	28,479	28,479
Capital surplus	31,318	31,260
Retained earnings	101,984	111,525
Treasury shares	(7,712)	(6,230)
Total shareholders' equity	154,070	165,034
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,668	2,297
Deferred gains or losses on hedges	(2)	(69)
Foreign currency translation adjustment	3,082	5,591
Remeasurements of defined benefit plans	1,690	1,656
Total accumulated other comprehensive income	6,439	9,476
Share acquisition rights	366	351
Non-controlling interests	18,226	24,953
Total net assets	179,103	199,816
Total liabilities and net assets	581,850	637,876

(2) Consolidated statements of (comprehensive) income

(Consolidated statements of income)

(For the nine months ended December 31, 2022 and 2023)

(Unit: Millions of Yen)

	Nine months ended December 31, 2022 (April 1, 2022 – December 31, 2022)	Nine months ended December 31, 2023 (April 1, 2023 – December 31, 2023)
Operating revenue	515,298	582,786
Operating costs	438,622	490,685
Operating gross profit	76,676	92,101
Selling, general and administrative expenses	54,889	66,718
Operating profit	21,786	25,382
Non-operating income		
Interest income	86	172
Dividend income	191	223
Foreign exchange gains	212	310
Other	1,973	1,881
Total non-operating income	2,463	2,587
Non-operating expenses		
Interest expenses	1,158	1,666
Other	729	656
Total non-operating expenses	1,888	2,322
Ordinary profit	22,362	25,647
Extraordinary income		
Gain on sale of investment securities	40	288
Compensation income	–	246
Gain on sale of non-current assets	143	188
Subsidy income	206	92
Surrender value of insurance policies	–	84
Gain on bargain purchase	1,651	–
Total extraordinary income	2,042	900
Extraordinary losses		
Compensation expenses	–	320
Loss on withdrawal from business	–	287
Loss on sale of shares of subsidiaries and associates	–	143
Loss on tax purpose reduction entry of non-current assets	206	139
Loss on retirement of non-current assets	106	107
Expenses related to commemoration for entity establishment	–	75
Loss on office withdrawal	136	–
Total extraordinary losses	449	1,074
Profit before income taxes	23,955	25,474
Income taxes - current	6,296	7,360
Income taxes - deferred	1,832	1,652
Total income taxes	8,129	9,013
Profit	15,825	16,460
Profit attributable to non-controlling interests	878	1,308
Profit attributable to owners of parent	14,947	15,152

(Consolidated statements of comprehensive income)
(For the nine months ended December 31, 2022 and 2023)

(Unit: Millions of Yen)

	Nine months ended December 31, 2022 (April 1, 2022 – December 31, 2022)	Nine months ended December 31, 2023 (April 1, 2023 – December 31, 2023)
Profit	15,825	16,460
Other comprehensive income		
Valuation difference on available-for-sale securities	181	656
Deferred gains or losses on hedges	(221)	(87)
Foreign currency translation adjustment	2,900	2,380
Remeasurements of defined benefit plans, net of tax	(96)	(32)
Share of other comprehensive income of entities accounted for using equity method	987	719
Total other comprehensive income	3,751	3,637
Comprehensive income	19,577	20,098
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	18,112	18,189
Comprehensive income attributable to non- controlling interests	1,464	1,909