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SENKO Group Holdings Co., Ltd.

Summary of Financial Statements for the Second Quarter of the Fiscal Year Ending March 31, 2025 [Japan GAAP]

November 11, 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: Shinzo Yoshimura Tel. (03) 6862-8842

Scheduled Date of Issue of Semi-annual Financial Report: November 14, 2024
Scheduled Date of Dividend Paid: December 3, 2024
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 Six Months Ended September 30, 2024

(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	%
Six months ended September 30, 2024	414,122	9.1	16,851	14.1	16,337	9.2	10,492	18.5
Six months ended September 30, 2023	379,678	13.4	14,771	13.2	14,961	11.8	8,857	11.0

(Note) Comprehensive income

Six months ended September 30, 2024: ¥14,696 million (13.0%) Six months ended September 30, 2023: ¥13,002 million (7.6%)

	Profit per share	Diluted profit per share
	Yen	Yen
Six months ended September 30, 2024	69.90	61.84
Six months ended September 30, 2023	59.20	52.41

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2024	712,381	216,273	26.7	1,253.59
As of March 31, 2024	685,120	204,186	26.2	1,197.13

(Reference) Equity:

As of September 30, 2024: ¥189,973 million As of March 31, 2024: ¥179,208 million

2. Dividends

	Annual dividend				
	June 30	September 30	December 31	March 31	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	–	19.00	–	19.00	38.00
Fiscal year ending March 31, 2025	–	23.00			
Fiscal year ending March 31, 2025 (Forecast)			–	23.00	46.00

(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, 2025 (From April 1, 2024 to March 31, 2025)

(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, 2025	860,000	10.5	35,800	19.7	35,000	14.7	19,300	21.0	128.56

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

Notes

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 1 company (Company name) OPLUS inc.

(2) Use of accounting methods specifically for the preparation of the semi-annual 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: Yes

(d) Retrospective restatement: None

(4) Shares outstanding (Common shares)

(a) Shares outstanding (including treasury shares)

As of September 30, 2024:	157,070,496 shares	As of March 31, 2024:	157,070,496 shares

(b) Treasury shares

As of September 30, 2024:	5,527,469 shares	As of March 31, 2024:	7,372,422 shares

(c) Average number of shares (Cumulative)

Six months ended September 30, 2024:	150,115,254 shares	Six months ended September 30, 2023:	149,609,109 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 September 30, 2024: 798,089 shares; as of March 31, 2024: 805,545 shares) and Performance-linked Stock Compensation Plan for Directors (as of September 30, 2024: 784,261 shares; as of March 31, 2024: 788,972 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 September 30, 2024: 3,447,400 shares; as of March 31, 2024: 4,055,700 shares).

This document is exempt from review 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, 2025” on page 4.
- The supplementary material on financial results will be available on the Company’s website.

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1. Overview of Operating Results and Others

(1) Overview of results of operations in the six months ended September 30, 2024

In the six months ended September 30, 2024, although the economic environment showed a gradual recovery trend, mainly against the backdrop of improvement in corporate earnings and rising demand from inbound tourism, the outlook continues to be unclear due to fluctuations in exchange rates, the situation in the Middle East region, the slowdown in the Chinese economy, an increasingly frugal mindset due to the rising price of goods, and other factors.

The six-month-period performance was as follows.

(Unit: Millions of Yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024	Change	%
Operating revenue	379,678	414,122	34,443	9.1
Operating profit	14,771	16,851	2,080	14.1
Ordinary profit	14,961	16,337	1,376	9.2
Profit attributable to owners of parent	8,857	10,492	1,635	18.5

Despite the ongoing unstable business environment caused mainly by continuing rising costs, such as prices of goods and personnel expenses, the Group achieved year-on-year increases in operating revenue, operating profit, ordinary profit and profit attributable to owners of parent due to group-wide efforts to expand sales and revise tariffs and prices as well as due to the contribution of revenue from M&A and other factors.

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

Logistics

(Unit: Millions of Yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024	Change	%
Operating revenue	243,194	267,469	24,274	10.0
Segment income	12,611	16,058	3,446	27.3

A focus on sales expansion and initiatives to address tariff revisions, together with the contribution of revenue from M&A, caused operating revenue to increase ¥24,274 million year on year to ¥267,469 million, and segment income rose ¥3,446 million year on year to ¥16,058 million.

Trading & Commerce

(Unit: Millions of Yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024	Change	%
Operating revenue	83,022	85,496	2,473	3.0
Segment income	1,082	1,229	147	13.6

We strived to revise prices and expand sales while facing rising purchase prices. As a result of this and other factors, operating revenue increased ¥2,473 million year on year to ¥85,496 million, and segment income rose ¥147 million year on year to ¥1,229 million.

Living Support

(Unit: Millions of Yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024	Change	%
Operating revenue	23,095	30,533	7,437	32.2
Segment income	624	523	(101)	(16.2)

Revenue increased owing to the contribution of revenue from M&A conducted in the previous fiscal year, the impact of the increase in the number of users and the number of customers visiting stores mainly due to the effect of opening new stores, and other factors. However, due to an increase in personnel costs, including recruitment costs, amid the labor shortages in the labor market, operating revenue increased ¥7,437 million year on year to ¥30,533 million, and segment income declined ¥101 million year on year to ¥523 million.

Business Support

(Unit: Millions of Yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024	Change	%
Operating revenue	6,514	7,160	646	9.9
Segment income	896	1,346	450	50.2

We strived to expand sales and achieve recovery in the hotel business among other initiatives while reaping the contribution of revenue from M&A. As a result, operating revenue increased ¥646 million year on year to ¥7,160 million, and segment income rose ¥450 million year on year to ¥1,346 million.

Manufacturing

(Unit: Millions of Yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024	Change	%
Operating revenue	23,694	23,249	(445)	(1.9)
Segment income (loss)	321	(310)	(632)	–

Due to the impact of a decrease in sales volume, which was mainly caused by an increasingly frugal mindset, as well as due to rising purchase prices for raw materials and other factors, operating revenue decreased ¥445 million year on year to ¥23,249 million, and segment income fell ¥632 million year on year to record a segment loss of ¥310 million.

(2) Overview of financial position in the six months ended September 30, 2024

(a) Assets, liabilities and net assets

Total assets

Total assets as of September 30, 2024 were ¥712,381 million, ¥27,260 million higher than at the end of the previous fiscal year.
Current assets amounted to ¥235,288 million, down ¥4,578 million from the end of the previous fiscal year. This was mainly due to decreases of ¥5,541 million in trade notes and accounts receivable, and contract assets and ¥1,316 million in other current assets despite an increase of ¥2,385 million in cash and deposits.
Non-current assets totaled ¥476,978 million, up ¥31,724 million from the end of the previous fiscal year. This was primarily due to increases of ¥24,765 million in property, plant and equipment, ¥3,765 million in intangible assets, and ¥3,193 million in investments and other assets.

Liabilities

Liabilities as of September 30, 2024 increased by ¥15,173 million from the end of the previous fiscal year to ¥496,107 million.
Current liabilities totaled ¥203,068 million, down ¥13,114 million from the end of the previous fiscal year. This was mainly due to decreases of ¥2,357 million in trade notes and accounts payable, ¥12,601 million in short-term borrowings, ¥1,127 million in income taxes payable, and ¥7,553 million in other current liabilities despite an increase of ¥10,000 million in current portion of bonds payable.
Non-current liabilities totaled ¥293,039 million, up ¥28,288 million from the end of the previous fiscal year. This was mainly due to increases of ¥10,000 million in bonds payable, ¥16,015 million in long-term borrowings, and ¥1,048 million in deferred tax liabilities.

Net assets

Net assets as of September 30, 2024 rose ¥12,086 million from the end of the previous fiscal year to ¥216,273 million. This was primarily due to increases of ¥6,186 million in retained earnings, ¥1,934 million in treasury shares, ¥3,589 million in foreign currency translation adjustment, and ¥1,326 million in non-controlling interests. The equity ratio as of September 30, 2024 increased by 0.5 percentage points to 26.7% from the end of the previous fiscal year.

(b) Cash flows

Cash and cash equivalents as of September 30, 2024 increased by ¥1,480 million from the end of the previous fiscal year to ¥80,765 million.
Net cash provided by operating activities amounted to ¥21,612 million. This was mainly due to a decrease in funds due to a decrease in accrued liabilities of ¥7,564 million and income taxes paid of ¥7,392 million, despite profit before income taxes of ¥17,703 million, depreciation of ¥14,276 million, and increased funds due to a decrease in accounts receivable - trade, and contract assets of ¥8,981 million.
Net cash used in investing activities totaled ¥34,627 million. This was mainly due to purchase of property, plant and equipment of ¥27,025 million and purchase of shares of subsidiaries resulting in change in scope of consolidation of ¥6,768 million.
Net cash provided by financing activities totaled ¥13,272 million. This was mainly due to proceeds from long-term borrowings of ¥24,238 million and proceeds from issuance of bonds of ¥19,897 million, despite net decrease in short-term borrowings of ¥15,437 million, repayments of long-term borrowings of ¥6,402 million, repayments of finance lease liabilities of ¥4,945 million, and dividends paid of ¥2,949 million.

(3) Forecast for the full-term of the fiscal year ending March 31, 2025

Considering the consolidated operating results for the six months ended September 30, 2024 and the current circumstances, we have revised our full-year forecast of consolidated operating results for the fiscal year ending March 31, 2025 announced on May 13, 2024, as follows.

For details, please refer to “Notice Regarding Revisions to Full-Year Forecast of Consolidated Operating Results, Dividends of Surplus (Interim Dividend and Increased Dividend), and Year-End Dividend Forecast (Increased Dividend),” which was announced today.

Forecast of consolidated operating results for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

	Operating revenue	Operating profit	Ordinary profit	Profit attributable to owners of parent	Profit per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	850,000	34,000	33,400	18,000	120.24
Revised forecast (B)	860,000	35,800	35,000	19,300	128.56
Amount of change (B - A)	10,000	1,800	1,600	1,300	
Change (%)	1.2	5.3	4.8	7.2	
Actual results for the fiscal year ended March 31, 2024	778,370	29,906	30,503	15,944	106.25

(Reference) Fundamental policy for distribution of earnings and dividends for the current fiscal year

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 addition, under this policy, the Company aims to pay dividends with a payout ratio of 40% by the final fiscal year of the medium-term business plan (April 2022 to March 2027).

In accordance with this policy, we will pay a dividend of ¥23.00 per share for the interim dividend for the fiscal year ending March 31, 2025, an increase of ¥2.00 from the dividend forecast of ¥21.00 per share announced on May 13, 2024, considering the steady progress in consolidated operating results during the six months ended September 30, 2024. In addition, the Company has set the year-end dividend forecast to ¥23.00 per share, an increase of ¥2.00 from ¥21.00 per share. As a result, the forecast of the total annual dividend is expected to be ¥46.00 per share (interim dividend of ¥23.00 and year-end dividend of ¥23.00).

(Yen)

	Dividend per share		
	September 30	March 31	Total
Previous forecast (announced on May 13, 2024)	21.00	21.00	42.00
Forecasted dividend		23.00	46.00
Current dividend per share	23.00		
Previous dividend per share (fiscal year ended March 31, 2024)	19.00	19.00	38.00

2. Consolidated Financial Statements

(1) Consolidated balance sheets

(Unit: Millions of Yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	81,637	84,022
Trade notes and accounts receivable, and contract assets	110,742	105,200
Electronically recorded monetary claims - operating	5,417	4,897
Merchandise and finished goods	19,231	19,506
Work in process	780	972
Raw materials and supplies	3,060	3,006
Other	19,081	17,764
Allowance for doubtful accounts	(83)	(82)
Total current assets	239,866	235,288
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	118,947	135,562
Land	124,096	131,348
Other, net	87,750	88,649
Total property, plant and equipment	330,795	355,560
Intangible assets		
Goodwill	24,079	26,916
Other	14,330	15,258
Total intangible assets	38,409	42,175
Investments and other assets		
Investment securities	22,276	22,702
Long-term loans receivable	669	632
Retirement benefit asset	17,907	18,451
Guarantee deposits	18,566	19,518
Deferred tax assets	5,914	6,151
Other	11,613	12,719
Allowance for doubtful accounts	(899)	(933)
Total investments and other assets	76,048	79,242
Total non-current assets	445,254	476,978
Deferred assets		
Business commencement expenses	–	113
Total deferred assets	–	113
Total assets	685,120	712,381

(Unit: Millions of Yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Trade notes and accounts payable	60,478	58,121
Electronically recorded obligations - operating	11,650	11,507
Current portion of bonds payable	–	10,000
Current portion of convertible-bond-type bonds with share acquisition rights	22,026	22,012
Short-term borrowings	53,448	40,846
Lease liabilities	9,907	10,150
Income taxes payable	7,733	6,606
Provision for bonuses	8,605	9,257
Provision for bonuses for directors (and other officers)	423	227
Provision for loss on disaster	48	29
Other	41,860	34,307
Total current liabilities	216,183	203,068
Non-current liabilities		
Bonds payable	40,000	50,000
Long-term borrowings	161,716	177,731
Lease liabilities	33,815	33,694
Provision for retirement benefits for directors (and other officers)	480	1,014
Provision for special repairs	255	293
Provision for share awards	363	355
Retirement benefit liability	8,741	9,217
Asset retirement obligations	2,987	3,156
Deferred tax liabilities	10,677	11,725
Other	5,714	5,851
Total non-current liabilities	264,750	293,039
Total liabilities	480,934	496,107
Net assets		
Shareholders' equity		
Share capital	28,479	28,479
Capital surplus	31,283	30,928
Retained earnings	112,317	118,504
Treasury shares	(7,421)	(5,486)
Total shareholders' equity	164,659	172,425
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,995	2,961
Deferred gains or losses on hedges	88	(216)
Foreign currency translation adjustment	5,256	8,846
Remeasurements of defined benefit plans	6,207	5,955
Total accumulated other comprehensive income	14,548	17,547
Share acquisition rights	351	346
Non-controlling interests	24,627	25,953
Total net assets	204,186	216,273
Total liabilities and net assets	685,120	712,381

(2) Consolidated statements of (comprehensive) income

(Consolidated statements of income)

(Unit: Millions of Yen)

	Six months ended September 30, 2023 (April 1, 2023 – September 30, 2023)	Six months ended September 30, 2024 (April 1, 2024 – September 30, 2024)
Operating revenue	379,678	414,122
Operating costs	320,046	348,946
Operating gross profit	59,632	65,175
Selling, general and administrative expenses	44,860	48,323
Operating profit	14,771	16,851
Non-operating income		
Interest income	109	176
Dividend income	138	158
Foreign exchange gains	363	–
Other	1,156	1,145
Total non-operating income	1,767	1,480
Non-operating expenses		
Interest expenses	1,071	1,443
Other	505	550
Total non-operating expenses	1,577	1,993
Ordinary profit	14,961	16,337
Extraordinary income		
Gain on bargain purchase	–	1,111
Subsidy income	92	720
Gain on sale of non-current assets	76	375
Gain on sale of investment securities	153	–
Surrender value of insurance policies	84	–
Total extraordinary income	407	2,207
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	92	620
Loss on retirement of non-current assets	99	124
Loss on office withdrawal	–	34
Loss on sale of non-current assets	–	34
Impairment losses	–	27
Expenses related to commemoration for entity establishment	75	–
Compensation expenses	64	–
Total extraordinary losses	332	842
Profit before income taxes	15,036	17,703
Income taxes - current	4,993	6,120
Income taxes - deferred	503	366
Total income taxes	5,497	6,487
Profit	9,538	11,215
Profit attributable to non-controlling interests	681	722
Profit attributable to owners of parent	8,857	10,492

(Consolidated statements of comprehensive income)

(Unit: Millions of Yen)

	Six months ended September 30, 2023 (April 1, 2023 – September 30, 2023)	Six months ended September 30, 2024 (April 1, 2024 – September 30, 2024)
Profit	9,538	11,215
Other comprehensive income		
Valuation difference on available-for-sale securities	682	(42)
Deferred gains or losses on hedges	82	(368)
Foreign currency translation adjustment	2,191	3,301
Remeasurements of defined benefit plans, net of tax	(5)	(235)
Share of other comprehensive income of entities accounted for using equity method	512	825
Total other comprehensive income	3,463	3,481
Comprehensive income	13,002	14,696
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,685	13,491
Comprehensive income attributable to non-controlling interests	1,317	1,205

(3) Consolidated statements of cash flows

(Unit: Millions of Yen)

	Six months ended September 30, 2023 (April 1, 2023 – September 30, 2023)	Six months ended September 30, 2024 (April 1, 2024 – September 30, 2024)
Cash flows from operating activities		
Profit before income taxes	15,036	17,703
Depreciation	12,979	14,276
Amortization of goodwill	695	1,259
Increase (decrease) in allowance for doubtful accounts	8	(34)
Decrease (increase) in retirement benefit asset	(534)	(543)
Increase (decrease) in retirement benefit liability	20	(367)
Increase (decrease) in provision for bonuses	538	451
Increase (decrease) in provision for share awards	(494)	(7)
Interest and dividend income	(247)	(334)
Interest expenses	1,071	1,443
Loss (gain) on sale of non-current assets	(70)	(341)
Loss on tax purpose reduction entry of non-current assets	92	620
Subsidy income	(92)	(720)
Gain on bargain purchase	–	(1,111)
Loss (gain) on sale of investment securities	(153)	–
Surrender value of insurance policies	(84)	–
Loss on retirement of non-current assets	99	124
Loss on office withdrawal	–	34
Impairment losses	–	27
Expenses related to commemoration for entity establishment	75	–
Compensation expenses	64	–
Decrease (increase) in accounts receivable - trade, and contract assets	(4,469)	8,981
Decrease (increase) in inventories	(572)	(138)
Increase (decrease) in accrued liabilities	471	(7,564)
Other	3,062	(4,410)
Subtotal	27,499	29,347
Subsidies received	92	691
Interest and dividends received	539	399
Interest paid	(1,056)	(1,433)
Income taxes paid	(5,024)	(7,392)
Cash flows from operating activities	22,049	21,612
Cash flows from investing activities		
Payments into time deposits	(1,826)	(2,303)
Proceeds from withdrawal of time deposits	1,847	1,704
Purchase of property, plant and equipment	(21,843)	(27,025)
Proceeds from sale of property, plant and equipment	158	1,394
Purchase of intangible assets	(313)	(604)
Purchase of investment securities	(668)	(363)
Payments of guarantee deposits	(1,258)	(1,274)
Proceeds from refund of guarantee deposits	162	502
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,593)	(6,768)
Other	535	110
Cash flows from investing activities	(24,801)	(34,627)

	Six months ended September 30, 2023 (April 1, 2023 – September 30, 2023)	Six months ended September 30, 2024 (April 1, 2024 – September 30, 2024)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(7,708)	(15,437)
Proceeds from long-term borrowings	30,629	24,238
Repayments of long-term borrowings	(7,423)	(6,402)
Repayments of finance lease liabilities	(4,195)	(4,945)
Proceeds from issuance of bonds	–	19,897
Purchase of treasury shares	(0)	(406)
Dividends paid	(2,630)	(2,949)
Dividends paid to non-controlling interests	(444)	(626)
Other	133	(95)
Cash flows from financing activities	8,360	13,272
Effect of exchange rate change on cash and cash equivalents	1,157	1,223
Net increase (decrease) in cash and cash equivalents	6,765	1,480
Cash and cash equivalents at beginning of period	56,147	79,284
Cash and cash equivalents at end of period	62,912	80,765