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January 31, 2023

Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Under Japanese GAAP)

Company name: Sakai Moving Service Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 9039
 URL: <https://www.hikkoshi-sakai.co.jp>
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 Scheduled date to file quarterly securities report: February 10, 2023
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
Dec. 31, 2022	78,351	7.0	7,942	25.6	8,121	20.6	5,570	32.5
Dec. 31, 2021	73,228	4.5	6,323	(11.3)	6,735	(12.2)	4,203	(18.4)

Note: Comprehensive income For the nine months ended Dec. 31, 2022: ¥5,617 million [up 34.9%]
 For the nine months ended Dec. 31, 2021: ¥4,163 million [down 19.8%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
Dec. 31, 2022	274.01	-
Dec. 31, 2021	204.91	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
Dec. 31, 2022	99,939	79,736	79.8
Mar. 31, 2022	103,542	75,948	73.4

Reference: Equity

As of Dec. 31, 2022: ¥79,736 million
 As of Mar. 31, 2022: ¥75,948 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2022	-	30.00	-	60.00	90.00
Fiscal year ending Mar. 31, 2023	-	30.00	-		
Fiscal year ending Mar. 31, 2023 (Forecast)				65.00	95.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated forecast for FY3/23 (from April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	108,057	4.0	10,908	1.1	11,379	0.8	7,373	9.9	362.71

Note: Revisions to the consolidated forecast most recently announced: None

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: -

Excluded: -

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: Yes

(iii) Changes in accounting estimates: Yes

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of Dec. 31, 2022	21,162,000 shares
As of Mar. 31, 2022	21,162,000 shares

(ii) Number of treasury shares at the end of the period

As of Dec. 31, 2022	832,136 shares
As of Mar. 31, 2022	832,136 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended Dec. 31, 2022	20,329,864 shares
Nine months ended Dec. 31, 2021	20,513,210 shares

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

* Proper use of earnings forecasts, and other special matters

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to the management of Sakai Moving Service at the time the materials were prepared. These materials are not promises by Sakai Moving Service regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. For a discussion of the assumptions for forecasts, precautions concerning usage and other information, please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 2.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first nine months of the current fiscal year, economic activity slowly recovered even as the pandemic continued to affect the economy. The outlook for the economy remains uncertain because of inflation caused by the yen's depreciation and rising prices of resources.

In Japan's moving industry, market conditions remain challenging because of declines in housing starts and the number of people relocating to a different residence or location.

The Sakai Moving Service Group continued to conduct effective sales activities that resulted in the receipt of orders while reflecting considerations involving the working hours of employees. Due to these activities, the Sakai Moving Service Group achieved higher sales than one year earlier in the Moving Services as the average unit rate for moving services was up 7.2% although the number of jobs performed decreased 2.4% to 610,876.

Net sales increased 7.0% year-on-year to 78,351 million yen, operating profit increased 25.6% to 7,942 million yen, ordinary profit increased 20.6% to 8,121 million yen, and profit attributable to owners of parent increased 32.5% to 5,570 million yen.

(2) Explanation of Financial Position

1) Current assets

Current assets decreased by 6,100 million yen, or 18.6%, from the end of the previous fiscal year to 26,751 million yen.

This was attributable mainly to decreases of 1,338 million yen in cash and deposits, and 4,709 million yen in notes and accounts receivable-trade, and contract assets.

2) Non-current assets

Non-current assets increased by 2,498 million yen, or 3.5%, from the end of the previous fiscal year to 73,188 million yen.

This was mainly attributable to an increase of 1,996 million yen in land.

3) Current liabilities

Current liabilities decreased by 6,807 million yen, or 30.8%, from the end of the previous fiscal year to 15,289 million yen.

This was attributable mainly to an increase of 2,187 million yen in short-term borrowings, decreases of 2,533 million yen in accounts payable-trade, 2,259 million yen in income tax payable, 1,880 million yen in advances received and 1,067 million yen in accrued expenses included in other current liabilities.

4) Non-current liabilities

Non-current liabilities decreased by 582 million yen, or 10.6%, from the end of the previous fiscal year to 4,914 million yen.

This was attributable mainly to decreases of 221 million yen in lease liabilities, 135 million yen in asset retirement obligations and 123 million yen in long-term borrowings.

5) Net assets

Net assets increased by 3,787 million yen, or 5.0%, from the end of the previous fiscal year to 79,736 million yen.

This was attributable mainly to an increase of 3,740 million yen in retained earnings.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

There are no revisions to the full-year forecast for the fiscal year ending March 31, 2023, which were announced on October 31, 2022.

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

	(Millions of yen)	
	FY3/22 (as of Mar. 31, 2022)	Third quarter of FY3/23 (as of Dec. 31, 2022)
Assets		
Current assets		
Cash and deposits	23,677	22,339
Notes and accounts receivable-trade, and contract assets	7,200	2,491
Merchandise	750	645
Other	1,230	1,285
Allowance for doubtful accounts	(6)	(11)
Total current assets	32,852	26,751
Non-current assets		
Property, plant and equipment		
Buildings, net	10,430	10,767
Land	51,682	53,679
Leased assets, net	1,494	1,296
Other, net	2,011	1,148
Total property, plant and equipment	65,619	66,892
Intangible assets		
Goodwill	153	127
Contract-based intangible assets	28	-
Other	445	411
Total intangible assets	627	539
Investments and other assets		
Other	4,451	5,765
Allowance for doubtful accounts	(8)	(8)
Total investments and other assets	4,443	5,757
Total non-current assets	70,690	73,188
Total assets	103,542	99,939
Liabilities		
Current liabilities		
Accounts payable-trade	5,331	2,797
Current portion of bonds payable	22	12
Short-term borrowings	1,555	3,742
Lease liabilities	369	387
Income taxes payable	2,767	508
Advances received	3,245	1,365
Provision for bonuses	836	218
Other	7,968	6,256
Total current liabilities	22,096	15,289
Non-current liabilities		
Bonds payable	78	66
Long-term borrowings	1,934	1,811
Lease liabilities	1,132	911
Retirement benefit liability	32	35
Asset retirement obligations	191	56
Other	2,126	2,033
Total non-current liabilities	5,497	4,914
Total liabilities	27,593	20,203

	(Millions of yen)	
	FY3/22 (as of Mar. 31, 2022)	Third quarter of FY3/23 (as of Dec. 31, 2022)
Net assets		
Shareholders' equity		
Share capital	4,731	4,731
Capital surplus	4,949	4,949
Retained earnings	70,452	74,193
Treasury shares	(3,814)	(3,814)
Total shareholders' equity	76,319	80,060
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	39	85
Revaluation reserve for land	(409)	(409)
Total accumulated other comprehensive income	(370)	(323)
Total net assets	75,948	79,736
Total liabilities and net assets	103,542	99,939

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**(Quarterly Consolidated Statement of Income)****(For the Nine-month Period)**

(Millions of yen)

	First nine months of FY3/22 (Apr. 1, 2021 to Dec. 31, 2021)	First nine months of FY3/23 (Apr. 1, 2022 to Dec. 31, 2022)
Net sales	73,228	78,351
Cost of sales	45,839	48,628
Gross profit	27,389	29,723
Selling, general and administrative expenses	21,065	21,780
Operating profit	6,323	7,942
Non-operating income		
Interest income	6	7
Dividend income	211	12
Insurance claim income	26	35
Other	181	140
Total non-operating income	427	195
Non-operating expenses		
Interest expenses	13	17
Other	1	0
Total non-operating expenses	15	17
Ordinary profit	6,735	8,121
Extraordinary income		
Gain on sale of non-current assets	13	29
Other	0	-
Total extraordinary income	13	29
Extraordinary losses		
Loss on disposal of non-current assets	10	12
Total extraordinary losses	10	12
Profit before income taxes	6,738	8,138
Income taxes-current	1,790	1,951
Income taxes-deferred	744	615
Total income taxes	2,535	2,567
Profit	4,203	5,570
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	4,203	5,570

(Quarterly Consolidated Statement of Comprehensive Income)**(For the Nine-month Period)**

(Millions of yen)

	First nine months of FY3/22 (Apr. 1, 2021 to Dec. 31, 2021)	First nine months of FY3/23 (Apr. 1, 2022 to Dec. 31, 2022)
Profit	4,203	5,570
Other comprehensive income		
Valuation difference on available-for-sale securities	(40)	46
Total other comprehensive income	(40)	46
Comprehensive income	4,163	5,617
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,163	5,617
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes to Quarterly Consolidated Financial Statements

Going-concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Changes in the Scope of Consolidation or Application of the Equity Method

Changes in the Scope of the Equity Method

In the second quarter of the current fiscal year, CANDEAL Co., Ltd. was included in the scope of the equity method as the Company acquired a portion of the common shares of CANDEAL.

Changes in Accounting Policies That Are Difficult to Distinguish from Changes in Accounting-based Estimates

Changes in depreciation method of property, plant and equipment

The Company and its consolidated subsidiaries have changed the property, plant and equipment (excluding leased assets) depreciation method. In prior years, these assets were depreciated using the declining-balance method. Beginning with the first quarter of the current fiscal year, the straight-line method is used for all depreciation.

In previous years, the Company steadily increased the number of jobs performed by actively making capital investments to expand its scale of operations. Now that a national network of branch offices has been completed, capital investment has leveled off. Currently, the Group's policy is to stabilize the number of jobs performed.

To address the current changing business environment, the Company is also stepping up efforts to "decarbonize" its operations and has set the reduction of CO2 emissions toward 2030 as one of the more important management priorities. As part of this initiative, we are promoting collaboration with our partners, and we anticipate stable operation of our fleet of vehicles.

Under these circumstances, we have reexamined the depreciation method of our property, plant and equipment from the viewpoint of more appropriate periodic accounting of profit and loss. The Company's policy is to stabilize the number of jobs performed and even out capital investment in view of the changes in the business environment. In addition, the Company believes that its existing facilities and vehicle fleet will operate stably. For these reasons, the Company has determined that the change to the straight-line method, which allocates expenses equally, is reasonable and more appropriately reflects economic reality.

The effect on this change on operating profit, ordinary profit and profit attributable to owners of parent in the first nine months of the current fiscal year is insignificant.

This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including the attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.