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October 31, 2022

## Consolidated Financial Results for the Six Months Ended September 30, 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>  
 Representative: Tetsuyasu Tajima, President and Representative Director  
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 Telephone: +81-72-244-1174  
 Scheduled date to file quarterly securities report: November 10, 2022  
 Scheduled date to commence dividend payments: December 2, 2022  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

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

### 1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 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	%
Six months ended								
Sep. 30, 2022	54,428	7.8	6,305	29.8	6,424	23.7	4,480	38.6
Sep. 30, 2021	50,492	4.9	4,859	(17.5)	5,194	(14.8)	3,231	(20.6)

Note: Comprehensive income For the six months ended Sep. 30, 2022: ¥4,498 million [up 39.9%]  
 For the six months ended Sep. 30, 2021: ¥3,216 million [down 21.9%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
Sep. 30, 2022	220.37	-
Sep. 30, 2021	157.40	-

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
Sep. 30, 2022	101,466	79,227	78.1
Mar. 31, 2022	103,542	75,948	73.4

Reference: Equity

As of Sep. 30, 2022: ¥79,227 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: Yes

**\* 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 Sep. 30, 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 Sep. 30, 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)

Six months ended Sep. 30, 2022	20,329,864 shares
Six months ended Sep. 30, 2021	20,530,004 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 3.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

In the first half of the current fiscal year, although restrictions on movement of people due to the COVID-19 pandemic were eased and the Japanese economy seemed to be recovering, the outlook remains uncertain because of the rapid weakening of the yen and soaring raw material prices.

In Japan's moving industry, more people appeared to be relocating but conditions remained challenging due to a decline in housing starts.

Since July, the Company was compelled to reduce the number of jobs performed due to the renewed spread of infections among employees and their family members amid the seventh wave of the COVID-19 pandemic. In response, we stepped up the use of outside resources which drove up subcontracting costs.

By steadily making business operations more powerful, the Group achieved higher sales than one year earlier in the Moving Services as the average unit rate for moving services was up 7.7% although the number of jobs performed decreased 2.4% to 410,232.

Net sales increased 7.8% year-on-year to 54,428 million yen, operating profit increased 29.8% to 6,305 million yen, ordinary profit increased 23.7% to 6,424 million yen, and profit attributable to owners of parent increased 38.6% to 4,480 million yen.

### (2) Explanation of Financial Position

#### 1) Current assets

Current assets decreased by 4,346 million yen, or 13.2%, from the end of the previous fiscal year to 28,505 million yen.

This was attributable mainly to a decrease of 4,509 million yen in notes and accounts receivable-trade, and contract assets.

#### 2) Non-current assets

Non-current assets increased by 2,270 million yen, or 3.2%, from the end of the previous fiscal year to 72,961 million yen.

This was mainly attributable to an increase of 1,570 million yen in land.

#### 3) Current liabilities

Current liabilities decreased by 5,197 million yen, or 23.5%, from the end of the previous fiscal year to 16,899 million yen.

This was attributable mainly to an increase of 1,899 million yen in short-term borrowings, decreases of 2,787 million yen in accounts payable-trade, 1,477 million yen in accrued expenses included in other current liabilities, 1,318 million yen in advances received and 692 million yen in income tax payable.

#### 4) Non-current liabilities

Non-current liabilities decreased by 157 million yen, or 2.9%, from the end of the previous fiscal year to 5,339 million yen.

This was attributable mainly to an increase of 185 million yen in long-term borrowings, decreases of 135 million yen in asset retirement obligations and 131 million yen in lease liabilities.

#### 5) Net assets

Net assets increased by 3,278 million yen, or 4.3%, from the end of the previous fiscal year to 79,227 million yen.

This was attributable mainly to an increase of 3,260 million yen in retained earnings.

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

Please refer to the “Notice Concerning Revision of Earnings Forecasts (Japanese version only)” released today (October 31, 2022), which revises the full-year forecasts for the fiscal year ending March 31, 2023 that were announced on July 29, 2022.

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

	(Millions of yen)	
	FY3/22 (as of Mar. 31, 2022)	Second quarter of FY3/23 (as of Sep. 30, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	23,677	24,090
Notes and accounts receivable-trade, and contract assets	7,200	2,691
Merchandise	750	631
Other	1,230	1,102
Allowance for doubtful accounts	(6)	(10)
Total current assets	32,852	28,505
Non-current assets		
Property, plant and equipment		
Buildings, net	10,430	10,900
Land	51,682	53,253
Leased assets, net	1,494	1,384
Other, net	2,011	1,133
Total property, plant and equipment	65,619	66,671
Intangible assets		
Goodwill	153	136
Contract-based intangible assets	28	-
Other	445	401
Total intangible assets	627	537
Investments and other assets		
Other	4,451	5,760
Allowance for doubtful accounts	(8)	(8)
Total investments and other assets	4,443	5,751
Total non-current assets	70,690	72,961
Total assets	103,542	101,466
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	5,331	2,543
Current portion of bonds payable	22	17
Short-term borrowings	1,555	3,455
Lease liabilities	369	384
Income taxes payable	2,767	2,075
Advances received	3,245	1,927
Provision for bonuses	836	758
Other	7,968	5,737
Total current liabilities	22,096	16,899
Non-current liabilities		
Bonds payable	78	72
Long-term borrowings	1,934	2,120
Lease liabilities	1,132	1,001
Retirement benefit liability	32	34
Asset retirement obligations	191	56
Other	2,126	2,054
Total non-current liabilities	5,497	5,339
Total liabilities	27,593	22,238

	(Millions of yen)	
	FY3/22 (as of Mar. 31, 2022)	Second quarter of FY3/23 (as of Sep. 30, 2022)
Net assets		
Shareholders' equity		
Share capital	4,731	4,731
Capital surplus	4,949	4,949
Retained earnings	70,452	73,712
Treasury shares	(3,814)	(3,814)
Total shareholders' equity	76,319	79,579
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	39	57
Revaluation reserve for land	(409)	(409)
Total accumulated other comprehensive income	(370)	(351)
Total net assets	75,948	79,227
Total liabilities and net assets	103,542	101,466



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

(Millions of yen)

	First six months of FY3/22 (Apr. 1, 2021 to Sep. 30, 2021)	First six months of FY3/23 (Apr. 1, 2022 to Sep. 30, 2022)
Net sales	50,492	54,428
Cost of sales	31,563	33,439
Gross profit	18,929	20,988
Selling, general and administrative expenses	14,070	14,683
Operating profit	4,859	6,305
Non-operating income		
Interest income	4	4
Dividend income	209	9
Commission income	23	22
Insurance claim income	25	30
Other	79	63
Total non-operating income	343	130
Non-operating expenses		
Interest expenses	8	11
Other	0	0
Total non-operating expenses	8	11
Ordinary profit	5,194	6,424
Extraordinary income		
Gain on sale of non-current assets	3	20
Total extraordinary income	3	20
Extraordinary losses		
Loss on disposal of non-current assets	11	12
Total extraordinary losses	11	12
Profit before income taxes	5,186	6,432
Income taxes-current	1,382	1,634
Income taxes-deferred	572	318
Total income taxes	1,954	1,952
Profit	3,231	4,480
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	3,231	4,480

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

(Millions of yen)

	First six months of FY3/22 (Apr. 1, 2021 to Sep. 30, 2021)	First six months of FY3/23 (Apr. 1, 2022 to Sep. 30, 2022)
Profit	3,231	4,480
Other comprehensive income		
Valuation difference on available-for-sale securities	(15)	18
Total other comprehensive income	(15)	18
Comprehensive income	3,216	4,498
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,216	4,498
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 as second quarter sets 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 half 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.*