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August 9, 2024

Consolidated Financial Results for the Three Months Ended June 30, 2024 (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 commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

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

1. Consolidated financial results for the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(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	%
Three months ended								
Jun. 30, 2024	32,915	3.6	5,199	(7.7)	5,284	(7.2)	3,595	(6.6)
Jun. 30, 2023	31,784	5.1	5,631	15.1	5,691	14.9	3,848	8.9

Note: Comprehensive income For the three months ended Jun. 30, 2024: ¥3,565 million [down 7.3%]
 For the three months ended Jun. 30, 2023: ¥3,847 million [up 8.8%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
Jun. 30, 2024	88.42	-
Jun. 30, 2023	94.66	-

Note: The Company conducted a 2-for-1 common stock split on October 1, 2023. Basic earnings per share have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
Jun. 30, 2024	114,908	91,280	79.4
Mar. 31, 2024	120,811	89,312	73.9

Reference: Equity
 As of Jun. 30, 2024: ¥91,280 million
 As of Mar. 31, 2024: ¥89,312 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, 2024	-	30.00	-	38.00	68.00
Fiscal year ending Mar. 31, 2025	-				
Fiscal year ending Mar. 31, 2025 (Forecast)		15.00	-	40.00	55.00

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

The Company conducted a 2-for-1 common stock split on October 1, 2023. The actual dividend amount before the stock split is shown for the end of the second quarter of the fiscal year ended March 31, 2024.

3. Consolidated forecast for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	58,747	2.9	6,640	(6.3)	6,750	(6.0)	4,516	(6.0)	111.08
Full year	120,396	3.0	12,943	1.6	13,122	1.7	8,501	1.7	209.08

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

*** Notes**

- (1) Significant changes in the scope of consolidation during the period: Yes
Newly included: 1 (Company name): Sakai Pandalogi Co., Ltd.
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: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

Note: Please refer to “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies” on page 8.

(4) Number of issued shares (common shares)

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

As of Jun. 30, 2024	42,324,000 shares
As of Mar. 31, 2024	42,324,000 shares

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

As of Jun. 30, 2024	1,664,272 shares
As of Mar. 31, 2024	1,664,272 shares

(iii) Average number of shares outstanding during the period

Three months ended Jun. 30, 2024	40,659,728 shares
Three months ended Jun. 30, 2023	40,659,728 shares

Note: The Company conducted a 2-for-1 common stock split on October 1, 2023. Total number of issued shares at the end of the period, number of treasury shares at the end of the period, and average number of shares outstanding during the period have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

* Review of the attached quarterly consolidated financial statements by a certified public accountant or auditing firm: None

* 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. Overview of Results of Operations, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 3.

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1. Overview of Results of Operations

(1) Results of Operations

In the first quarter of the current fiscal year, a moderate recovery was seen due to improvements in the employment and income environment. However, the outlook remains uncertain due to factors such as fluctuations in foreign exchange rates resulting from continued high interest rates in Europe and the U.S. and rising raw material prices against a backdrop of unstable international conditions.

In Japan's moving industry, market conditions remain challenging as new housing starts and the number of people moving stayed flat.

Under these circumstances, the Group has responded to the issues of 2024 and the chronic labor shortage in the moving industry by strengthening a system to train its own drivers. It has also endeavored to support management training and improve the working environment to raise the efficiency of business operations. As a result, the number of jobs performed increased 0.7% to 220,495 and the average unit rate for moving services also remained strong, showing an increase of 1.4%. However, profits fell year-on-year due to factors such as fewer weekends in April, which is a peak season in the moving industry, than in the previous year.

In the first quarter, Sakai Pandalogi Co., Ltd. was included in the scope of the consolidation. Net sales increased 3.6% year-on-year to 32,915 million yen, operating profit decreased 7.7% to 5,199 million yen, ordinary profit decreased 7.2% to 5,284 million yen, and profit attributable to owners of parent decreased 6.6% to 3,595 million yen.

Business segment performance was as follows.

The electrical construction and reuse segments saw strong sales and profits, driven by the steady increase in the number of tasks in the moving business, which in turn boosted the performance of related services. On the other hand, profits decreased in the clean services segment due to higher personnel and other expenses.

Reportable segment	Net sales (Millions of yen)	YoY change (%)	Segment profit (Millions of yen)	YoY change (%)
Moving Services	28,298	103.2	4,675	91.0
Electrical Construction	1,326	104.0	317	113.7
Clean Services	1,367	100.5	119	85.3
Reuse	1,759	111.6	44	151.0
Other	162	102.2	132	114.4
Adjustments	-	-	(5)	-
Total	32,915	103.6	5,284	92.8

Notes: 1. Other represents the businesses which are not included in any of the reportable segments and mainly consists of real estate leasing business.

2. The -5 million yen adjustment to segment profit includes elimination for inter-segment transactions.

3. Total segment profit is adjusted with ordinary profit shown on the consolidated financial statements.

(2) Financial Position

1) Current assets

Current assets decreased by 6,379 million yen, or 15.2%, from the end of the previous fiscal year to 35,612 million yen.

This was attributable mainly to a decrease of 5,670 million yen in notes and accounts receivable-trade, and contract assets.

2) Non-current assets

Non-current assets increased by 475 million yen, or 0.6%, from the end of the previous fiscal year to 79,296 million yen.

This was mainly attributable to a decrease of 327 million yen in deferred tax assets included in investments and other assets, while there was an increase of 638 million yen in land.

3) Current liabilities

Current liabilities decreased by 8,064 million yen, or 29.6%, from the end of the previous fiscal year to 19,135 million yen. This was attributable mainly to decreases of 3,724 million yen in accounts payable-trade, 1,651 million yen in advances received, and 1,254 million yen in income taxes payable.

4) Non-current liabilities

Non-current liabilities increased by 192 million yen, or 4.5%, from the end of the previous fiscal year to 4,492 million yen.

This was attributable mainly to an increase of 367 million yen in long-term borrowings.

5) Net assets

Net assets increased by 1,968 million yen, or 2.2%, from the end of the previous fiscal year to 91,280 million yen.

This was attributable mainly to an increase of 1,998 million yen in retained earnings.

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

There are no revisions to the first half and full-year forecasts for the fiscal year ending March 31, 2025, which was announced on May 8, 2024.

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

(Millions of yen)

	FY3/24 (As of Mar. 31, 2024)	First quarter of FY3/25 (As of Jun. 30, 2024)
Assets		
Current assets		
Cash and deposits	29,539	29,027
Notes and accounts receivable-trade, and contract assets	9,781	4,111
Merchandise	1,320	1,304
Other	1,362	1,183
Allowance for doubtful accounts	(12)	(14)
Total current assets	41,991	35,612
Non-current assets		
Property, plant and equipment		
Buildings, net	10,790	10,740
Land	56,763	57,402
Leased assets, net	798	770
Other, net	2,081	2,155
Total property, plant and equipment	70,434	71,068
Intangible assets		
Goodwill	85	76
Other	328	445
Total intangible assets	413	521
Investments and other assets		
Other	7,982	7,715
Allowance for doubtful accounts	(9)	(10)
Total investments and other assets	7,972	7,705
Total non-current assets	78,820	79,296
Total assets	120,811	114,908

	(Millions of yen)	
	FY3/24 (As of Mar. 31, 2024)	First quarter of FY3/25 (As of Jun. 30, 2024)
Liabilities		
Current liabilities		
Accounts payable-trade	6,881	3,156
Short-term borrowings	2,787	1,847
Lease liabilities	354	365
Income taxes payable	2,763	1,508
Advances received	3,490	1,839
Provision for bonuses	852	306
Other	10,069	10,109
Total current liabilities	27,199	19,135
Non-current liabilities		
Long-term borrowings	1,358	1,725
Lease liabilities	449	411
Retirement benefit liability	41	42
Asset retirement obligations	56	56
Other	2,394	2,256
Total non-current liabilities	4,300	4,492
Total liabilities	31,499	23,628
Net assets		
Shareholders' equity		
Share capital	4,731	4,731
Capital surplus	4,949	4,949
Retained earnings	83,487	85,485
Treasury shares	(3,814)	(3,814)
Total shareholders' equity	89,354	91,352
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	366	337
Revaluation reserve for land	(409)	(409)
Total accumulated other comprehensive income	(42)	(72)
Total net assets	89,312	91,280
Total liabilities and net assets	120,811	114,908

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

(Millions of yen)

	First three months of FY3/24 (Apr. 1, 2023 to Jun. 30, 2023)	First three months of FY3/25 (Apr. 1, 2024 to Jun. 30, 2024)
Net sales	31,784	32,915
Cost of sales	18,302	19,391
Gross profit	13,482	13,523
Selling, general and administrative expenses	7,850	8,323
Operating profit	5,631	5,199
Non-operating income		
Interest income	1	7
Dividend income	15	27
Share of profit of entities accounted for using equity method	0	-
Other	47	58
Total non-operating income	64	93
Non-operating expenses		
Interest expenses	3	5
Share of loss of entities accounted for using equity method	-	1
Other	1	2
Total non-operating expenses	4	8
Ordinary profit	5,691	5,284
Extraordinary income		
Gain on sale of non-current assets	14	10
Other	0	-
Total extraordinary income	14	10
Extraordinary losses		
Loss on disposal of non-current assets	0	0
Total extraordinary losses	0	0
Profit before income taxes	5,706	5,295
Income taxes-current	1,706	1,354
Income taxes-deferred	150	345
Total income taxes	1,857	1,699
Profit	3,848	3,595
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	3,848	3,595

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

(Millions of yen)

	First three months of FY3/24 (Apr. 1, 2023 to Jun. 30, 2023)	First three months of FY3/25 (Apr. 1, 2024 to Jun. 30, 2024)
Profit	3,848	3,595
Other comprehensive income		
Valuation difference on available-for-sale securities	(1)	(29)
Total other comprehensive income	(1)	(29)
Comprehensive income	3,847	3,565
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,847	3,565
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes to Quarterly Consolidated Financial Statements**Changes in Accounting Policies**

Sakai Moving Service has applied the Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022) from the beginning of the first quarter of the fiscal year ending March 31, 2025.

Revisions concerning the accounting classification of income taxes (taxation of other comprehensive income) are made in accordance with the transitional treatment stipulated in the proviso of Paragraph 20-3 of this revised accounting standard and with Paragraph 65-2, Item 2 of Implementation Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022). There is no effect of the change in accounting policies on the quarterly consolidated financial statements.

For the revision concerning the change in the treatment in the consolidated financial statements of the tax deferral of gains or losses on sales of shares of subsidiaries, etc. between consolidated companies, Sakai Moving Service has applied the Implementation Guidance on Accounting Standard for Tax Effect Accounting from the beginning of the first quarter of the current fiscal year. There is no effect of the change in accounting policies on the quarterly and fiscal year consolidated financial statements for the previous fiscal year.

Going-concern Assumption

Not applicable.

Changes in the Scope of Consolidation

In the first quarter of the current fiscal year, Sakai Pandalogi Co., Ltd. was included in the scope of the consolidation because of its increased materiality of impact on the consolidated financial statements.

Significant Changes in Shareholders' Equity

Not applicable.

Quarterly Consolidated Statement of Cash Flows

A quarterly consolidated statement of cash flows for the first three months of FY3/25 has not been prepared. Depreciation (includes amortization expenses related to intangible assets minus goodwill) and goodwill amortization for the first three months of FY3/24 and FY3/25 is as follows.

	(Millions of yen)	
	First three months of FY3/24 (Apr. 1, 2023 to Jun. 30, 2023)	First three months of FY3/25 (Apr. 1, 2024 to Jun. 30, 2024)
Depreciation	338	431
Amortization of goodwill	8	8

Segment and Other Information

Segment information

I. First three months of FY3/24 (Apr. 1, 2023 to Jun. 30, 2023)

1. Information related to net sales and profit or loss for each reportable segment

(Millions of yen)

	Reportable segment				
	Moving Services	Electrical Construction	Clean Services	Reuse	Subtotal
Net sales					
Sales to external customers	27,412	1,274	1,361	1,577	31,625
Inter-segment sales and transfers	0	960	10	10	981
Total	27,412	2,235	1,371	1,587	32,607
Segment profit	5,138	279	140	29	5,587

	Other (Note 1)	Total	Adjustments (Note 2)	Amounts shown on the quarterly consolidated statement of income (Note 3)
Net sales				
Sales to external customers	159	31,784	-	31,784
Inter-segment sales and transfers	21	1,002	(1,002)	-
Total	180	32,787	(1,002)	31,784
Segment profit	115	5,703	(12)	5,691

Notes: 1. Other represents the business segments which are not included in any of the reportable segments and mainly consists of real estate leasing business.

2. The -12 million yen adjustment to segment profit includes elimination for inter-segment transactions.

3. Segment profit is adjusted with ordinary profit shown on the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

Not applicable.

II. First three months of FY3/25 (Apr. 1, 2024 to Jun. 30, 2024)

1. Information related to net sales and profit or loss for each reportable segment

(Millions of yen)

	Reportable segment				
	Moving Services	Electrical Construction	Clean Services	Reuse	Subtotal
Net sales					
Sales to external customers	28,298	1,326	1,367	1,759	32,752
Inter-segment sales and transfers	10	1,004	32	10	1,058
Total	28,309	2,330	1,400	1,770	33,811
Segment profit	4,675	317	119	44	5,157

	Other (Note 1)	Total	Adjustments (Note 2)	Amounts shown on the quarterly consolidated statement of income (Note 3)
Net sales				
Sales to external customers	162	32,915	-	32,915
Inter-segment sales and transfers	30	1,089	(1,089)	-
Total	193	34,004	(1,089)	32,915
Segment profit	132	5,290	(5)	5,284

Notes: 1. Other represents the business segments which are not included in any of the reportable segments and mainly consists of real estate leasing business.

2. The -5 million yen adjustment to segment profit includes elimination for inter-segment transactions.

3. Segment profit is adjusted with ordinary profit shown on the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

Not applicable.

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.