

SENKO Group Holdings Co., Ltd.

Summary of Financial Statements for the Fiscal Year Ended March 31, 2021 [Japan GAAP]

May 14, 2021

Name of Listed Company: SENKO Group Holdings Co., Ltd. Stock Listed on: The First Section of the 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 Annual Meeting of Shareholders: June 25, 2021 Scheduled Date of Dividend Paid: June 28, 2021
Scheduled Date of Issue of Financial Report: June 25, 2021
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 Fiscal Year Ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(1) Consolidated Operating Results (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	%
Fiscal year ended March 31, 2021	572,405	0.4	21,520	4.2	22,230	7.2	14,240	17.9
Fiscal year ended March 31, 2020	570,030	7.6	20,656	5.2	20,744	4.4	12,081	3.4

(Note) Comprehensive income

Fiscal year ended March 31, 2021: ¥17,838 million (67.1%) Fiscal year ended March 31, 2020: ¥10,677 million (1.2%)

	Profit per share	Diluted profit per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to operating revenue
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2021	93.81	78.40	11.0	5.6	3.8
Fiscal year ended March 31, 2020	79.51	73.75	9.9	6.0	3.6

(Reference) Equity in earnings (losses) of affiliates:

Fiscal year ended March 31, 2021: ¥400 million

Fiscal year ended March 31, 2020: ¥408 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2021	435,260	145,754	31.0	909.49
As of March 31, 2020	356,308	134,181	35.1	823.61

(Reference) Equity:

As of March 31, 2021: ¥134,775 million

As of March 31, 2020: ¥125,158 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2021	31,858	(46,309)	36,757	50,371
Fiscal year ended March 31, 2020	31,098	(18,030)	(9,155)	27,142

2. Dividends

	Annual dividend					Aggregate amount (Annual)	Payout ratio (Consolidated)	Dividend on equity ratio (Consolidated)
	June 30	September 30	December 31	March 31	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2020	-	13.00	-	13.00	26.00	3,969	32.7	3.2
Fiscal year ended March 31, 2021	-	13.00	-	15.00	28.00	4,219	29.8	3.2
Fiscal year ending March 31, 2022 (Forecast)	-	15.00	-	15.00	30.00		30.7	

3. Forecast of Consolidated Operating Results for the Fiscal Year Ending March 31, 2022 (From April 1, 2021 to March 31, 2022)

(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
First half ending September 30, 2021	304,000	11.2	11,100	15.1	11,100	13.6	6,500	13.5	43.86
Fiscal year ending March 31, 2022	625,000	9.2	24,600	14.3	25,000	12.5	14,500	1.8	97.85

(Note) As the Company will apply the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc. from the beginning of the fiscal year ending March 31, 2022, the above forecast of consolidated operating results is after the application of the said accounting standard, etc.

Notes

(1) Changes in significant subsidiaries during the fiscal year (Changes in specified subsidiaries associated with change in scope of consolidation): None

(2) 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

(3) Shares outstanding (Common shares)

(a) Shares outstanding (including treasury shares)

As of March 31, 2021: 152,952,221 shares As of March 31, 2020: 152,861,921 shares

(b) Treasury shares

As of March 31, 2021: 4,764,111 shares As of March 31, 2020: 898,113 shares

(c) Average number of shares

Fiscal year ended March 31, 2021: 151,799,390 shares Fiscal year ended March 31, 2020: 151,936,796 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 March 31, 2021: 341,740 shares; as of March 31, 2020: 348,880 shares) and Performance-linked Stock Compensation Plan for Directors (as of March 31, 2021: 348,873 shares; as of March 31, 2020: 352,988 shares).

[Reference] Overview of Non-Consolidated Operating Results

Non-Consolidated Operating Results for the Fiscal Year Ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(1) Non-Consolidated Operating Results

(Percentage figures represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2021	11,781	13.9	5,661	26.0	5,607	20.0	1,693	(57.6)
Fiscal year ended March 31, 2020	10,342	11.1	4,491	3.7	4,672	(0.7)	3,995	8.4

	Profit per share	Diluted profit per share
	Yen	Yen
Fiscal year ended March 31, 2021	11.16	9.29
Fiscal year ended March 31, 2020	26.29	24.36

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2021	260,559	71,131	27.1	477.24
As of March 31, 2020	216,568	76,630	35.2	501.42

(Reference) Equity:

As of March 31, 2021: ¥70,721 million

As of March 31, 2020: ¥76,198 million

This financial report is exempt from audit 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 "Forecasts" on page 3.
- The supplementary material on financial results will be available on the Company's website.

Index to accompanying materials

1. Overview of Operating Results and Others	2
(1) Overview of operating results and others	2
(2) Financial condition	3
(3) Fundamental policy for distribution of earnings and dividends for the current and the next fiscal years	4
(4) Business risk	4
2. Basic Concept Regarding the Selection of Accounting Standards	5
3. Consolidated Financial Statements	6
(1) Consolidated balance sheets	6
(2) Consolidated statements of (comprehensive) income	8
Consolidated statements of income	8
Consolidated statements of comprehensive income	10
(3) Consolidated statements of changes in equity	11
(4) Consolidated statements of cash flows	13

1. Overview of Operating Results and Others

(1) Overview of operating results and others

(a) Overview of results of operations in the fiscal year ended March 31, 2021

In the fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021), the business environment has been highly challenging with a resurgence in the spread of the novel coronavirus disease (COVID-19) despite the gradual resumption of economic activity following the lifting of the first state of emergency.

In this environment, the Senko Group has strived to recover and improve its business performance, as part of the fourth year of the “Senko Innovation Plan 2021 (SIP21)” five-year medium-term business plan.

The following provides an outline of our main activities in the fiscal year ended March 31, 2021.

In the Logistics, we welcomed “UACJ Logistics Corporation,” which operates heavy-weight-cargo transportation and other business, and Nagase Logistics Co., Ltd. (the company name was changed to “SENKO Nagase Logistics Co., Ltd.”), which provides storage, transportation, logistics processing and other services for chemicals, to the group in December.

In logistics centers, SENKO Co., Ltd. activated the “Tachikawa Logistics Center” (Tachikawa City, Tokyo) in July and the “Kurihashi PD Center” (Kazo City, Saitama Prefecture) in February. Moreover, Runtec Corporation commenced operations of the frozen and refrigerated storage warehouses of its Moji Branch (Moji Ward, Kitakyushu City) in April and Meiko Branch (Minato Ward, Nagoya City) in March.

In the marine shipping, Senko Line Co., Ltd. launched the newly constructed chemical tanker “NISSEN MARU” in May, NIPPON MARINE CO., LTD. launched the newly constructed chemical tanker “KISSHO” in August, and Senko Line Co., Ltd. launched the newly constructed freighter “SENOU MARU” in March.

Outside Japan, the Company established the local subsidiary “Senko Logistics (Europe) GmbH” in Düsseldorf, Germany in July in an initiative to strengthen systems to develop a European logistics network.

In the Trading & Commerce, we welcomed household paper wholesale distributor “AZFIT CO., Ltd.” to the group in February, and are aiming for synergistic effects with group company AST CORPORATION, which covers the same household paper wholesale operations.

In Others, we welcomed children’s daycare center and children’s club operator “Procare Co., Ltd.” to the group in August and membership-based wholesale and retail business operator “TERAUCHI CO., LTD.” to the group in November.

Furthermore, VENUS CO., LTD., which operates day-care locations, has opened six new locations, KEIHANNA helper station Co., Ltd., which operates residential nursing homes, has opened two new locations and Life-eat Co., Ltd., which operates conveyor belt sushi chain restaurants, has opened a new location.

In regard to initiatives to reduce environment impact, SENKO Co., Ltd. received the Logistics Environmental Conservation Activity Award and the Special Logistics Environment Award in June and the 2020 Award for Excellent Business Entities Working on Modal Shift in November from the Japan Association for Logistics and Transport. In December, TOKYO NOHIN DAIKO Co., LTD. received the 2020 MLIT Minister’s Award for Companies Contributing to Environmental Conservation in the Transport Industry from Japan’s Ministry of Land, Infrastructure, Transport and Tourism.

The Company signed the United Nations Global Compact in October and was registered as a participating company. The Company supports the 10 principles related to protecting human rights, eliminating improper labor practices, conserving the environment and preventing corruption and is aiming to contribute to developing a sustainable society as a corporate group that supports people in their daily lives.

The full-year performance was as follows.

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Change	(Unit: Millions of Yen) %
Operating revenue	570,030	572,405	2,375	0.4%
Operating profit	20,656	21,520	863	4.2%
Ordinary profit	20,744	22,230	1,486	7.2%
Profit attributable to owners of parent	12,081	14,240	2,159	17.9%

The fiscal year ended March 31, 2021 was significantly affected by the COVID-19 pandemic, but as a result of group-wide efforts to expand sales, reduce expenses, improve cost efficiency and improve productivity, as well as the promotion of M&A, consolidated operating revenue, consolidated operating profit, consolidated ordinary profit, and profit attributable to owners of parent all increased year on year.

The full-year operating revenue by segment was as follows.

Logistics

(Unit: Millions of Yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Change	%
Operating revenue	392,728	387,350	(5,377)	(1.4%)
Segment income	17,847	19,401	1,554	8.7%

Although there was an increase in cargo volume for discount stores, drugstores and other chain stores, the COVID-19 pandemic caused a significant decrease in the volume for housing-related industry, chemical-related industry, and frozen and refrigerated cargo for school lunch and restaurant industry, and as a result, operating revenue decreased ¥5,377 million year on year to ¥387,350 million. In terms of profits, together with the initiatives to expand sales, reduce expenses, improve cost efficiency and improve productivity, there were measures including turning UACJ Logistics Corporation as well as SENKO Nagase Logistics Co., Ltd. into consolidated subsidiaries, so segment income was ¥19,401 million, up ¥1,554 million year on year.

Trading & commerce

(Unit: Millions of Yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Change	%
Operating revenue	161,314	161,820	505	0.3%
Segment income	2,119	3,035	915	43.2%

Operating revenue increased ¥505 million year on year to ¥161,820 million and segment income increased ¥915 million year on year to ¥3,035 million mainly due to increased sales of daily necessities associated with increased demand for home deliveries, and the promotion of price adjustments to the sales price of household paper.

Others

(Unit: Millions of Yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Change	%
Operating revenue	15,987	23,235	7,247	45.3%
Segment income (loss)	1,419	(61)	(1,481)	—

Operating revenue increased to ¥23,235 million, up ¥7,247 million year on year primarily due to making Procare Co., Ltd. and TERAUCHI CO., LTD. into a consolidated subsidiary. On the other hand, due to the spread of COVID-19, the number of customers decreased significantly at hotels, fitness gyms, day-service nursing care facilities, restaurants, etc., and segment income fell ¥1,481 million year on year to record a segment loss of ¥61 million.

(b) Forecasts

There are concerns about a resurgence of COVID-19, so the outlook for the Japanese economy remains uncertain.

In this environment, the Senko Group heads into the final year of its five-year medium-term business plan aiming for sustainable growth as a corporate group that supports people in their daily lives.

For the next fiscal year, the Group forecasts consolidated operating revenue of ¥625,000 million, consolidated operating profit of ¥24,600 million, consolidated ordinary profit of ¥25,000 million, and profit attributable to owners of parent of ¥14,500 million.

(2) Financial condition

(a) Assets, liabilities and net assets

Total assets

Total assets as of March 31, 2021 were ¥435,260 million, ¥78,952 million higher than at the end of the previous fiscal year.

Current assets amounted to ¥163,891 million, up ¥39,680 million from the end of the previous fiscal year. This was mainly due to increases of ¥24,051 million in cash and deposits, ¥8,327 million in trade notes and accounts receivable, ¥4,621 million in merchandise and finished goods.

Non-current assets totaled ¥271,369 million, up ¥39,984 million from the end of the previous fiscal year. This was primarily due to increases of ¥38,576 million in property, plant and equipment and ¥4,020 million in intangible assets, despite a decrease of ¥2,611 million in investments and other assets.

Liabilities

Liabilities as of March 31, 2021 increased ¥67,379 million from the end of the previous fiscal year to ¥289,506 million.

Current liabilities totaled ¥133,715 million, up ¥22,076 million from the end of the previous fiscal year. This was mainly due to increases of ¥3,397 million in trade notes and accounts payable, ¥2,027 million in electronically recorded obligations - operating, ¥7,070 million in current portion of bonds payable and ¥10,009 million in current portion of convertible-bond-type bonds with share acquisition rights despite a decrease of ¥7,215 million in short-term borrowings.

Non-current liabilities totaled ¥155,791 million, up ¥45,302 million from the end of the previous fiscal year. This was mainly attributable

to increases of ¥12,952 million in bonds payable, ¥12,089 million in convertible-bond-type bonds with share acquisition rights and ¥19,048 million in long-term borrowings.

Net assets

Net assets as of March 31, 2021 rose ¥11,573 million from the end of the previous fiscal year to ¥145,754 million. This was primarily due to increases of ¥10,301 million in retained earnings, ¥2,429 million in remeasurements of defined benefit plans and ¥1,977 million in non-controlling interests, despite a decrease of ¥3,986 million in purchase of treasury shares. The equity ratio as of March 31, 2021 decreased by 4.1 percentage points to 31.0% from the end of the previous fiscal year.

(b) Cash flows

Cash and cash equivalents as of March 31, 2021 increased by ¥23,228 million from the end of the previous fiscal year to ¥50,371 million.

Net cash provided by operating activities amounted to ¥31,858 million. This was mainly due to outlays of ¥4,483 million in gain on bargain purchase and ¥6,822 million in income taxes paid, despite profit before income taxes of ¥22,602 million, depreciation of ¥17,419 million and impairment losses of ¥3,053 million.

Net cash used in investing activities totaled ¥46,309 million. This was mainly due to purchase of property, plant and equipment of ¥33,618 million and purchase of shares of subsidiaries resulting in change in scope of consolidation of ¥11,386 million.

Net cash provided by financing activities totaled ¥36,757 million. This was mainly due to proceeds from long-term borrowings of ¥21,566 million and proceeds from issuance of bonds of ¥42,110 million, despite repayments of long-term borrowings of ¥14,510 million, repayments of finance lease obligations of ¥4,465 million, purchase of treasury shares of ¥4,312 million and dividends paid of ¥3,967 million.

(c) Performance indicators associated with cash flows

Fiscal years ended March 31	2017	2018	2019	2020	2021
Equity ratio (%)	35.1	33.7	35.0	35.1	31.0
Market capitalization equity ratio (%)	38.0	37.7	41.0	35.7	35.7
Interest-bearing debt to cash flow ratio	4.1	4.9	4.2	3.6	5.2
Interest coverage ratio	21.9	25.4	26.2	28.3	27.7

Notes: Equity ratio: Equity / Total assets

Market capitalization equity ratio: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flows

Interest coverage ratio: Operating cash flows / Interest expenses

- All figures are based on the consolidated financial statements.
- Market capitalization is calculated by multiplying the fiscal year-end stock price and the number of shares issued at the end of the fiscal year (after deducting treasury shares).
- Operating cash flows are the figure shown in the consolidated statement of cash flows. Interest-bearing debt is the sum of all liabilities on the consolidated balance sheet on which interest is paid. Interest expenses are the figure shown in the consolidated statement of cash flows.

(3) Fundamental policy for distribution of earnings and dividends for the current and the next fiscal years

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 accordance with this policy, the year-end dividend for the fiscal year ended March 31, 2021 had been set at ¥13.00 per share, but considering the steady progress in earnings during the fiscal year, we intend to make this ¥15.00 per share, and combined with the already declared interim dividend of ¥13.00, the total annual dividend is expected to be ¥28.00.

Regarding the dividend forecast for the fiscal year ending March 31, 2022, based on the forecast of operating results, the Company plans to pay an annual dividend of ¥30.00 per share (interim dividend of ¥15.00, year-end dividend of ¥15.00).

(4) Business risk

From the most recent Securities Report (dated June 25, 2020), which includes a section about business and other risks, the following matters should be added. Please view the following URL for information on additional matters and such Securities Report.

Additional matters (Quarterly Securities Report for the third quarter of fiscal year ended March 31, 2021 Part 1. Information on the Company, 2. Overview of the Business, (1) Business Risk - Infectious Disease)

<https://www.senkogrouphd.co.jp/ir/pdf/20210212.pdf> (Japanese only)

Financial Report

<https://www.senkogrouphd.co.jp/ir/pdf/20200625.pdf> (Japanese only)

2. Basic Concept Regarding the Selection of Accounting Standards

To facilitate comparisons of its consolidated financial statements across time periods and with other companies, the Senko Group intends to prepare its consolidated financial statements based on Japanese generally accepted accounting principles (JGAAP) for the time being. With regard to the adoption of International Financial Reporting Standards (IFRS), the Company intends to respond to this issue appropriately while giving consideration to various circumstances in Japan and overseas.

3. Consolidated Financial Statements

(1) Consolidated balance sheets

(Unit: Millions of Yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	28,479	52,530
Trade notes and accounts receivable	74,361	82,689
Electronically recorded monetary claims - operating	2,651	2,519
Merchandise and finished goods	8,368	12,990
Work in process	679	316
Raw materials and supplies	567	651
Other	9,125	12,221
Allowance for doubtful accounts	(21)	(28)
Total current assets	124,210	163,891
Non-current assets		
Property, plant and equipment		
Buildings and structures	145,107	169,354
Accumulated depreciation	(80,965)	(89,153)
Buildings and structures, net	64,141	80,201
Machinery, equipment and vehicles	67,912	77,660
Accumulated depreciation	(44,383)	(52,603)
Machinery, equipment and vehicles, net	23,528	25,056
Tools, furniture and fixtures	9,333	10,384
Accumulated depreciation	(7,061)	(7,995)
Tools, furniture and fixtures, net	2,272	2,388
Land	61,669	81,628
Leased assets	19,245	20,025
Accumulated depreciation	(6,173)	(6,231)
Leased assets, net	13,071	13,793
Construction in progress	6,293	6,484
Total property, plant and equipment	170,978	209,554
Intangible assets		
Goodwill	7,762	10,689
Other	5,391	6,485
Total intangible assets	13,154	17,174
Investments and other assets		
Investment securities	17,662	17,398
Long-term loans receivable	3,452	507
Retirement benefit asset	2,094	5,471
Guarantee deposits	14,556	13,086
Deferred tax assets	5,996	4,936
Other	4,269	3,647
Allowance for doubtful accounts	(779)	(407)
Total investments and other assets	47,251	44,640
Total non-current assets	231,384	271,369
Deferred assets		
Business commencement expenses	713	0
Total deferred assets	713	0
Total assets	356,308	435,260

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Trade notes and accounts payable	40,985	44,383
Electronically recorded obligations - operating	6,559	8,586
Current portion of bonds payable	48	7,118
Current portion of convertible-bond-type bonds with share acquisition rights	—	10,009
Short-term borrowings	29,252	22,036
Lease obligations	3,673	4,253
Income taxes payable	3,745	5,377
Provision for bonuses	5,433	6,247
Provision for bonuses for directors (and other officers)	401	420
Provision for loss on disaster	—	68
Other	21,537	25,211
Total current liabilities	111,638	133,715
Non-current liabilities		
Bonds payable	17,072	30,024
Convertible-bond-type bonds with share acquisition rights	10,019	22,108
Long-term borrowings	55,839	74,887
Lease obligations	13,912	14,881
Provision for retirement benefits for directors (and other officers)	201	260
Provision for special repairs	90	98
Provision for share awards	271	149
Retirement benefit liability	7,060	7,103
Asset retirement obligations	1,145	869
Other	4,876	5,407
Total non-current liabilities	110,489	155,791
Total liabilities	222,127	289,506
Net assets		
Shareholders' equity		
Share capital	26,528	26,564
Capital surplus	29,770	29,806
Retained earnings	70,901	81,203
Treasury shares	(652)	(4,638)
Total shareholders' equity	126,548	132,936
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	779	1,759
Deferred gains or losses on hedges	14	32
Foreign currency translation adjustment	256	57
Remeasurements of defined benefit plans	(2,439)	(10)
Total accumulated other comprehensive income	(1,390)	1,839
Share acquisition rights	432	410
Non-controlling interests	8,590	10,568
Total net assets	134,181	145,754
Total liabilities and net assets	356,308	435,260

(2) Consolidated statements of (comprehensive) income

(Consolidated statements of income)

(Unit: Millions of Yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 – March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)
Operating revenue	570,030	572,405
Operating costs	503,687	500,653
Operating gross profit	66,342	71,751
Selling, general and administrative expenses	45,686	50,231
Operating profit	20,656	21,520
Non-operating income		
Interest income	110	71
Dividend income	143	148
Share of profit of entities accounted for using equity method	408	400
Revenue from subsidies	–	506
Rental income from land and buildings	302	333
Other	1,250	1,472
Total non-operating income	2,216	2,934
Non-operating expenses		
Interest expenses	1,099	1,171
Foreign exchange losses	236	–
Other	792	1,052
Total non-operating expenses	2,128	2,223
Ordinary profit	20,744	22,230
Extraordinary income		
Gain on bargain purchase	–	4,483
Gain on sale of non-current assets	58	488
Gain on reversal of asset retirement obligations	–	348
Subsidy income	578	312
Gain on sale of investment securities	–	38
Gain on reversal of tax purpose reduction entry of non-current assets	237	–
Insurance claim income	144	–
Gain on extinguishment of tie-in shares	51	–
Gain on termination of retirement benefit plan	46	–
Total extraordinary income	1,117	5,671
Extraordinary losses		
Impairment losses	210	3,053
Amortization of business commencement expenses	–	560
Loss on COVID-19 impact	–	494
Loss on tax purpose reduction entry of non-current assets	564	337
Loss on retirement of non-current assets	159	310
Loss on valuation of investment securities	113	277
Provision for loss on disaster	–	68
Loss on office withdrawal	–	60
Loss on sale of non-current assets	–	56
Provision of allowance for doubtful accounts	–	36
Provision of allowance for doubtful accounts for subsidiaries and associates	208	29
Loss on disaster	–	15
Loss on liquidation of subsidiaries	355	–
Loss on return of subsidies	237	–
Loss on valuation of shares of subsidiaries and associates	189	–
Settlement package	117	–
Litigation settlement	55	–
Total extraordinary losses	2,213	5,299

	Fiscal year ended March 31, 2020 (April 1, 2019 – March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)
Profit before income taxes	19,648	22,602
Income taxes - current	7,009	8,195
Income taxes - deferred	102	(313)
Total income taxes	7,111	7,881
Profit	12,536	14,721
Profit attributable to non-controlling interests	455	480
Profit attributable to owners of parent	12,081	14,240

	Fiscal year ended March 31, 2020 (April 1, 2019 – March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)
Profit	12,536	14,721
Other comprehensive income		
Valuation difference on available-for-sale securities	(560)	1,025
Deferred gains or losses on hedges	21	17
Foreign currency translation adjustment	199	(354)
Remeasurements of defined benefit plans, net of tax	(1,519)	2,429
Total other comprehensive income	(1,859)	3,117
Comprehensive income	10,677	17,838
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,078	17,476
Comprehensive income attributable to non-controlling interests	598	362

(3) Consolidated statements of changes in equity

Fiscal year ended March 31, 2020 (April 1, 2019 – March 31, 2020)

(Unit: Millions of Yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	26,528	29,841	62,983	(697)	118,656
Changes during period					
Issuance of new shares					–
Dividends of surplus			(3,967)		(3,967)
Profit attributable to owners of parent			12,081		12,081
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		4		46	50
Change in scope of consolidation		42	(195)		(152)
Change in ownership interest of parent due to transactions with non-controlling interests		(119)			(119)
Net changes in items other than shareholders' equity					–
Total changes during period	–	(71)	7,918	45	7,892
Balance at end of period	26,528	29,770	70,901	(652)	126,548

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,350	(3)	122	(920)	548	424	7,265	126,895
Changes during period								
Issuance of new shares					–			–
Dividends of surplus					–			(3,967)
Profit attributable to owners of parent					–			12,081
Purchase of treasury shares					–			(0)
Disposal of treasury shares					–			50
Change in scope of consolidation					–			(152)
Change in ownership interest of parent due to transactions with non-controlling interests					–			(119)
Net changes in items other than shareholders' equity	(571)	17	134	(1,519)	(1,938)	7	1,324	(606)
Total changes during period	(571)	17	134	(1,519)	(1,938)	7	1,324	7,285
Balance at end of period	779	14	256	(2,439)	(1,390)	432	8,590	134,181

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	26,528	29,770	70,901	(652)	126,548
Changes during period					
Issuance of new shares	36	35			71
Dividends of surplus			(3,971)		(3,971)
Profit attributable to owners of parent			14,240		14,240
Purchase of treasury shares				(4,312)	(4,312)
Disposal of treasury shares		(0)		326	325
Change in scope of consolidation			32		32
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Net changes in items other than shareholders' equity					—
Total changes during period	36	36	10,301	(3,986)	6,387
Balance at end of period	26,564	29,806	81,203	(4,638)	132,936

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	779	14	256	(2,439)	(1,390)	432	8,590	134,181
Changes during period								
Issuance of new shares					—			71
Dividends of surplus					—			(3,971)
Profit attributable to owners of parent					—			14,240
Purchase of treasury shares					—			(4,312)
Disposal of treasury shares					—			325
Change in scope of consolidation					—			32
Change in ownership interest of parent due to transactions with non-controlling interests					—			0
Net changes in items other than shareholders' equity	980	18	(198)	2,429	3,229	(21)	1,977	5,185
Total changes during period	980	18	(198)	2,429	3,229	(21)	1,977	11,573
Balance at end of period	1,759	32	57	(10)	1,839	410	10,568	145,754

(4) Consolidated statements of cash flows

(Unit: Millions of Yen)

	Fiscal year ended March 31, 2020 (April 1, 2019 – March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)
Cash flows from operating activities		
Profit before income taxes	19,648	22,602
Depreciation	15,565	17,419
Amortization of goodwill	705	798
Increase (decrease) in allowance for doubtful accounts	171	(78)
Decrease (increase) in retirement benefit asset	(139)	(3,376)
Increase (decrease) in retirement benefit liability	(670)	2,472
Increase (decrease) in provision for bonuses	176	570
Increase (decrease) in provision for share awards	271	(121)
Increase (decrease) in provision for loss on disaster	(103)	68
Interest and dividend income	(253)	(220)
Foreign exchange losses (gains)	67	(109)
Interest expenses	1,099	1,171
Loss (gain) on sale of non-current assets	(52)	(431)
Gain on bargain purchase	–	(4,483)
Gain on reversal of asset retirement obligations	–	(348)
Subsidy income	(578)	(312)
Loss on retirement of non-current assets	159	310
Impairment losses	210	3,053
Amortization of business commencement expenses	–	560
Loss on tax purpose reduction entry of non-current assets	564	337
Provision of allowance for doubtful accounts	–	36
Provision of allowance for doubtful accounts for subsidiaries and associates	–	29
Loss (gain) on liquidation of subsidiaries	355	–
Loss on return of subsidies	237	–
Gain on reversal of tax purpose reduction entry of non-current assets	(237)	–
Loss on valuation of shares of subsidiaries and associates	189	–
Insurance claim income	(144)	–
Settlement package	117	–
Litigation settlement	55	–
Loss (gain) on extinguishment of tie-in shares	(51)	–
Gain on termination of retirement benefit plan	(46)	–
Decrease (increase) in trade receivables	(2,866)	(1,539)
Decrease (increase) in inventories	131	(682)
Increase (decrease) in accrued liabilities	1,572	1,947
Increase (decrease) in accrued consumption taxes	2,317	551
Decrease (increase) in consumption taxes refund receivable	545	(1,773)
Other	(5)	444
Subtotal	39,013	38,895
Subsidies received	578	312
Settlement package paid	(105)	–
Subsidies returned	(237)	–
Interest and dividends received	594	622
Interest paid	(1,097)	(1,150)
Income taxes paid	(7,645)	(6,822)
Net cash provided by (used in) operating activities	31,098	31,858

	Fiscal year ended March 31, 2020 (April 1, 2019 – March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)
Cash flows from investing activities		
Payments into time deposits	(2,738)	(2,069)
Proceeds from withdrawal of time deposits	3,934	1,803
Purchase of property, plant and equipment	(17,449)	(33,618)
Proceeds from sale of property, plant and equipment	1,182	1,455
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(11,386)
Payments of guarantee deposits	(2,043)	(987)
Other	(916)	(1,505)
Net cash provided by (used in) investing activities	(18,030)	(46,309)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	212	334
Proceeds from long-term borrowings	5,210	21,566
Repayments of long-term borrowings	(6,978)	(14,510)
Repayments of finance lease obligations	(3,924)	(4,465)
Proceeds from issuance of bonds	–	42,110
Purchase of treasury shares	–	(4,312)
Proceeds from sale of treasury shares	–	106
Proceeds from share issuance to non-controlling shareholders	803	–
Dividends paid	(3,964)	(3,967)
Dividends paid to non-controlling interests	(170)	(169)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(152)	–
Other	(191)	65
Net cash provided by (used in) financing activities	(9,155)	36,757
Effect of exchange rate change on cash and cash equivalents	45	(157)
Net increase (decrease) in cash and cash equivalents	3,958	22,149
Cash and cash equivalents at beginning of period	22,801	27,142
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	315	1,078
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	66	–
Cash and cash equivalents at end of period	27,142	50,371