

Supports business succession of small- to medium-sized manufacturing companies through business investment

This report is an English translation of part of the report issued on June 29, 2021.
For inquiries concerning the report, please contact info@stock-r.org

[7318 SERENDIP HOLDINGS Sector : Transportation Equipment]

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Mar. 2020	15,196	17.2	290	47.5	215	85.7	91	-75.8	29.7	745.9	0.0
Mar. 2021	14,460	-4.8	327	12.7	417	93.9	398	336.1	127.2	923.0	0.0
Mar. 2022 f	15,010	3.8	331	1.2	249	-40.4	175	-55.9	44.8	-	0.0

Note: Consolidated basis. Figures for the fiscal year ending March 2022 are the company's forecasts.
It conducted 1-to-10 stock split on March 10, 2021. Per share indices are adjusted retroactively.

Business Investment Company Specialized in Small- to Medium-Sized Manufacturing Companies

SERENDIP HOLDINGS' business model is to smoothly promote business succession and aim to enhance the long-term corporate value of companies with issues such as a lack of successor by dispatching executives, supporting corporate management, etc. after acquiring their shares and making them its group companies. The company targets its investment in small- to medium-sized manufacturing companies that lack a successor.

The company's business is comprised of the professional solution business (4.9% of sales composition in the fiscal year ended March 2021, same hereafter), which provides solutions for corporate management support, the investment business (6.2%) and the manufacturing business (88.9%), in which the three manufacturers acquired through M&As conduct business. Since the manufacturing business is generating most of the net sales and profit of the group, the TSE sector classification of the company is "transportation equipment."

Professional Solution Business

In the professional solution business, the company provides solutions for corporate management and technical issues by dispatching professional executives and engineers to manufacturing companies.

Investment Business

This business is handled by SERENDIP FINANCIAL SERVICES established in March 2020. The company conducts joint investments and minority investments in cooperation with financial institutions as well as provides financial advisory services. The fees corresponding to the financial advisory services and capital gain from sales of investees are the source of its revenue.

Manufacturing Business

This business is conducted by the three companies it acquired through M&As; an FA equipment manufacturer, an automobile precision component manufacturer and an automobile interior/exterior parts manufacturer.

SERENDIP HOLDINGS (7318 TSE Mothers)- - - - - July 07,2021**Financial Statements**

Statement of income	Fiscal Year	Mar. 2019		Mar. 2020		Mar.2021	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		12,961	100.0	15,196	100.0	14,460	100.0
Cost of sales		11,177	86.2	12,776	84.1	12,122	83.3
Gross profit		1,784	13.8	2,420	15.9	2,337	16.2
Selling, general and administrative expenses		1,586	12.2	2,129	14.0	2,010	13.9
Operating profit		197	1.5	290	1.9	327	2.3
Non-operating income		208	-	100	-	252	-
Non-operating expenses		289	-	175	-	162	-
Ordinary profit		115	0.9	215	1.4	417	2.9
Profit before income taxes		414	3.2	212	1.4	598	4.1
Profit attributable to owners of parent		377	2.9	91	0.6	598	2.8

Balance sheet	Fiscal Year	Mar. 2019		Mar. 2020		Mar.2021	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		6,777	47.5	5,503	42.4	6,083	41.1
Cash and deposits		3,171	22.2	2,689	20.7	3,054	20.6
Accounts receivable-trade		2,355	16.5	1,998	15.4	2,163	14.6
Inventories		736	5.2	738	5.7	647	4.4
Non-current assets		7,504	52.5	7,481	57.6	8,715	58.9
Property, plant and equipment		5,356	37.5	5,274	40.6	6,261	42.3
Intangible assets		155	1.1	175	1.4	189	1.3
Investments and other assets		1,993	14.0	2,031	15.6	2,264	15.3
Total assets		14,282	100.0	12,984	100.0	14,798	100.0
Current liabilities		5,559	38.9	4,946	38.1	5,841	39.5
Accounts payable - trade		2,827	19.8	2,031	15.6	2,068	14.0
Non-current liabilities		6,517	45.6	5,744	44.2	5,938	40.1
Net assets		2,205	15.4	2,294	17.7	3,018	20.4
Owners' equity		2,114	14.8	2,198	16.9	2,923	19.8

Statement of cash flows	Fiscal Year	Mar. 2019	Mar. 2020	Mar.2021
		(mn yen)	(mn yen)	
Cash flows from operating activities		197	1,547	992
Depreciation		629	977	857
Cash flows from investing activities		-3,249	-983	-1,386
Cash flows from financing activities		2,650	-1,058	848
Dividends paid		-	-	-
Net increase in cash and cash equivalents		-420	-495	455
Cash and cash equivalents		2,887	2,392	2,847

Note: Consolidated basis.

About Stock Research Center

Stock Research Center is engaged in the preparation of analyst reports, mainly on companies that are not sufficiently covered by analysts, based on a neutral perspective, and broadly disclose the reports to the public with an aim to revitalize the stock market.

Note: Reports prepared by Stock Research Center are created in reference to the Ministry of Economy, Trade and Industry's Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation.



■ Supporting Members

Tokyo Stock Exchange, Inc.
Nomura Securities Co., Ltd.
Ernst & Young ShinNihon LLC
Deloitte Touche Tohmatsu LLC
SBI SECURITIES Co., Ltd.
Association of Japan
TAKARA PRINTING CO., LTD.

SMBC Nikko Securities Inc.
Mizuho Securities Co., Ltd.
ICMG Co., Ltd.
BDO Sanyu
Japan Securities Dealers Association
Ichiyoshi Securities Co., Ltd.
PRONEXUS INC.

Daiwa Securities Co. Ltd.
KPMG AZSA LLC
Grant Thornton Taiyo LLC
The Securities Analysts
A&A Partners

Certification by Analysts

Analysts indicated in the reports certify that the content indicated in the report precisely reflects the personal opinions of the analysts on all securities and issuer companies discussed in the report. In addition, it is ensured that the opinions directly or indirectly indicated in the report will have no influence on the analyst's compensation in the past, present, and future upon writing the report.

Disclaimer

- The report is prepared by stock analysts affiliated with the Stock Research Center for the purpose of disclosure to a wide range of investors as reference information and not to recommend or solicit to buy or to sell any particular securities or financial instrument.
- The content and indication of the report is based on disclosed information available publicly and is prepared by adding necessary supplementary information gained through interviews by analysts. The writer of the report is, without exception, prohibited to use insider information, or to acquire such information. The information included in the report is believed to be precise and reliable, but its preciseness is not verified objectively. In addition, the report is not intended to comprehensively include all information required by investors.
- The information included in the report may become outdated due to changes in the financial market, economic environment, etc. There are risks that the prices of stocks featured directly or indirectly in the report will fall below the par value due to fluctuations in stock prices, changes in management/financial conditions of the issuers, fluctuations in exchange rates or interest rates, etc. Past performance does not imply or guarantee future performance.
- The opinions indicated in the report are subject to change without notice and the Stock Research Center has no obligation to update the information or opinions included in the report.
- The Stock Research Center does not bear any responsibility for any results, including direct losses, indirect losses, losses of profit and damages, suffered by investors due to using the report or relying on the report. Final investment decisions shall be made by investors themselves and the sole responsibility concerning the investment lies with the investors that viewed the report.
- The copyright of the report belongs to the Stock Research Center and it may not be copied, reproduced, quoted, etc. in any form without prior consent.