

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2019 (Based on Japanese GAAP)

November 11, 2019

Company name: Konoike Transport Co.,Ltd.
 Stock exchange listing: Tokyo
 Stock code: 9025 URL <https://www.konoike.net/>
 Representative: Representative Director & President and Chief Executive Officer Tadahiko Konoike
 Executive General Manager
 Inquiries: Finance / Accounting Division Kazuo Ofuchi TEL 06-6227-4600
 Scheduled date to file Quarterly Securities Report: November 11, 2019
 Scheduled date to commence dividend payments: December 2, 2019
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

(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 September 30, 2019	156,837	8.9	6,445	0.6	6,498	(2.5)	4,211	5.2
Six months ended September 30, 2018	143,974	4.8	6,404	(1.4)	6,663	(0.4)	4,004	(7.7)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2019	76.61		76.27	
Six months ended September 30, 2018	70.60		70.33	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2019	214,700	102,006	45.9	1,819.07
As of March 31, 2019	213,254	101,563	46.1	1,772.01

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	—	18.00	—	18.00	36.00
Year ending March 31, 2020	—	18.00			
Year ending March 31, 2020 (Forecast)			—	18.00	36.00

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	313,100	6.4	11,000	0.2	11,300	(0.6)	6,900	9.7	124.39

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2019
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of September 30, 2019	56,952,442 shares	As of March 31, 2019	56,952,442 shares
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Number of treasury shares at the end of the period

As of September 30, 2019	2,731,301 shares	As of March 31, 2019	1,491,481 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2019	54,973,450 shares	Six months ended September 30, 2018	56,719,734 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	22,499	21,137
Notes and accounts receivable - trade	57,164	57,113
Costs on uncompleted works	246	300
Supplies	1,641	1,653
Other	2,464	2,837
Allowance for doubtful accounts	(82)	(78)
Total current assets	83,934	82,963
Non-current assets		
Property, plant and equipment		
Buildings and structures	110,506	111,487
Accumulated depreciation	(68,600)	(69,431)
Buildings and structures, net	41,906	42,055
Machinery, equipment and vehicles	47,365	48,467
Accumulated depreciation	(38,658)	(38,968)
Machinery, equipment and vehicles, net	8,706	9,499
Land	41,568	41,787
Leased assets	6,383	6,648
Accumulated depreciation	(2,887)	(3,151)
Leased assets, net	3,495	3,496
Construction in progress	1,301	1,900
Other	7,933	8,779
Accumulated depreciation	(6,619)	(6,974)
Other, net	1,314	1,805
Total property, plant and equipment	98,293	100,545
Intangible assets		
Goodwill	3,289	3,025
Other	3,377	3,813
Total intangible assets	6,666	6,839
Investments and other assets		
Investment securities	11,465	10,527
Long-term loans receivable	525	531
Deferred tax assets	6,026	6,646
Retirement benefit asset	179	181
Other	6,472	6,773
Allowance for doubtful accounts	(189)	(189)
Allowance for investment loss	(120)	(120)
Total investments and other assets	24,360	24,351
Total non-current assets	129,320	131,736
Total assets	213,254	214,700

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,361	12,907
Short-term borrowings	9,391	10,434
Current portion of bonds	10,000	10,000
Current portion of long-term borrowings	1,643	3,933
Accrued expenses	11,457	12,044
Income taxes payable	2,219	3,044
Other	11,333	11,168
Total current liabilities	60,406	63,534
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	10,294	7,842
Lease obligations	2,707	2,721
Deferred tax liabilities	701	669
Deferred tax liabilities for land revaluation	1,581	1,540
Retirement benefit liability	22,026	22,235
Retirement allowance for directors	129	133
Long-term accounts payable - other	1,735	1,663
Other	2,110	2,352
Total non-current liabilities	51,285	49,159
Total liabilities	111,691	112,693
Net assets		
Shareholders' equity		
Share capital	1,723	1,723
Capital surplus	790	790
Retained earnings	101,348	104,504
Treasury shares	(2,484)	(4,552)
Total shareholders' equity	101,378	102,464
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,537	3,909
Revaluation reserve for land	(4,668)	(4,627)
Foreign currency translation adjustment	314	(80)
Remeasurements of defined benefit plans	(3,284)	(3,035)
Total accumulated other comprehensive income	(3,100)	(3,832)
Share acquisition rights	321	397
Non-controlling interests	2,964	2,976
Total net assets	101,563	102,006
Total liabilities and net assets	213,254	214,700

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	143,974	156,837
Cost of sales	130,551	142,372
Gross profit	13,423	14,465
Selling, general and administrative expenses	7,018	8,019
Operating profit	6,404	6,445
Non-operating income		
Interest income	59	44
Dividend income	160	302
Rental income	52	70
Foreign exchange gains	10	—
Other	90	188
Total non-operating income	373	605
Non-operating expenses		
Interest expenses	89	100
Loss on valuation of investment securities	4	274
Foreign exchange losses	—	106
Other	19	71
Total non-operating expenses	113	553
Ordinary profit	6,663	6,498
Extraordinary income		
Gain on sales of non-current assets	42	261
Gain on sales of investment securities	—	27
Insurance claim income	14	100
Total extraordinary income	57	389
Extraordinary losses		
Loss on sales and retirement of non-current assets	40	35
Loss on valuation of investment securities	11	2
Impairment loss	23	71
Loss on disaster	271	44
Settlement package	78	6
Total extraordinary losses	424	159
Profit before income taxes	6,296	6,727
Income taxes - current	2,348	2,947
Income taxes - deferred	(111)	(509)
Total income taxes	2,237	2,438
Profit	4,059	4,289
Profit attributable to non-controlling interests	54	77
Profit attributable to owners of parent	4,004	4,211

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	4,059	4,289
Other comprehensive income		
Valuation difference on available-for-sale securities	1,003	(631)
Foreign currency translation adjustment	(524)	(401)
Remeasurements of defined benefit plans, net of tax	200	249
Share of other comprehensive income of entities accounted for using equity method	(10)	—
Total other comprehensive income	669	(783)
Comprehensive income	4,728	3,505
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,731	3,438
Comprehensive income attributable to non-controlling interests	(3)	67

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	6,296	6,727
Depreciation	3,549	3,914
Impairment loss	23	71
Amortization of goodwill	189	251
Increase (decrease) in allowance for doubtful accounts	2	(3)
Increase (decrease) in retirement benefit liability	183	198
Increase(decrease) in provision for directors' retirement benefits	(38)	4
Interest and dividend income	(219)	(346)
Rental income	(52)	(70)
Loss (gain) on valuation of investment securities	4	274
Gain on reversal of loss on valuation of investment securities	(0)	—
Interest expenses	89	100
Foreign exchange losses (gains)	6	86
Gain on sales of non-current assets	(42)	(261)
Insurance claim income	(14)	(100)
Fixed assets of retirement and loss from sale of fixed assets	40	35
Loss on valuation of investment securities	11	2
Loss (gain) on sales of investment securities	—	(27)
Loss on disaster	271	44
Settlement package	78	6
Decrease (increase) in trade receivables	(487)	(62)
Decrease (increase) in inventories	(272)	(66)
Decrease (increase) in other assets	(222)	(296)
Increase (decrease) in trade payables	47	(2,094)
Increase (decrease) in other liabilities	(26)	517
Other, net	397	497
Subtotal	9,815	9,401
Interest and dividends received	203	306
Interest paid	(91)	(99)
Rent revenue	42	59
Payments associated with disaster loss	(103)	(9)
Settlement package paid	(34)	(6)
Proceeds from insurance income	14	100
Income taxes paid	(2,795)	(1,832)
Net cash provided by (used in) operating activities	7,050	7,920
Cash flows from investing activities		
Decrease (increase) in time deposits	308	(1,756)
Net decrease (increase) in short-term loans receivable	(11)	3
Purchase of property, plant and equipment	(2,364)	(5,638)
Proceeds from sales of property, plant and equipment	290	562
Purchase of intangible assets	(310)	(731)
Purchase of investment securities	(24)	(230)
Proceeds from sales of investment securities	—	33
Long-term loan advances	(139)	(5)
Collection of long-term loans receivable	3	4
Purchase of shares of subsidiaries and associates	(52)	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(219)	—
Other, net	(466)	(431)
Net cash provided by (used in) investing activities	(2,984)	(8,189)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(251)	1,080
Proceeds from long-term borrowings	500	—
Repayments of long-term borrowings	(648)	(158)
Purchase of treasury shares	(852)	(2,085)
Dividends paid	(1,024)	(998)
Dividends paid to non-controlling interests	(42)	(54)
Repayments of finance lease obligations	(389)	(389)
Proceeds from share issuance to non-controlling shareholders	24	—
Other, net	(31)	(141)
Net cash provided by (used in) financing activities	(2,717)	(2,747)
Effect of exchange rate change on cash and cash equivalents	(102)	(66)
Net increase (decrease) in cash and cash equivalents	1,246	(3,083)
Cash and cash equivalents at beginning of period	29,114	22,279
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	25	—
Cash and cash equivalents at end of period	30,386	19,195