Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2020 (Based on Japanese GAAP)

November 12, 2020

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
Inquiries: Executive General Manager Finance / Accounting Division — Kazuo Ofuchi TEL 06-6227-4600

Scheduled date to file Quarterly Securities Report: November 12, 2020
Scheduled date to commence dividend payments: December 1, 2020
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

(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, 2020	145,860	(7.0)	1,586	(75.4)	4,343	(33.2)	2,812	(33.2)
Six months ended September 30, 2019	156,837	8.9	6,445	0.6	6,498	(2.5)	4,211	5.2

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2020	53.57	53.29
Six months ended September 30, 2019	76.61	76.27

(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, 2020	238,728	103,224	41.9	1,903.59
As of March 31, 2020	223,499	99,572	43.0	1,833.07

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, 2020	–	18.00	–	18.00	36.00
Year ending March 31, 2021	–	9.00			
Year ending March 31, 2021 (Forecast)			–	9.00	18.00

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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	287,000	(7.7)	1,600	(83.5)	5,400	(43.5)	3,100	(32.5)	59.06

4. Notes

(1) Changes in significant subsidiaries during the six months ended September 30, 2020 (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:	No
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, 2020	56,952,442 shares	As of March 31, 2020	56,952,442 shares

Number of treasury shares at the end of the period

As of September 30, 2020	4,459,211 shares	As of March 31, 2020	4,481,701 shares

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2020	52,492,985 shares	Six months ended September 30, 2019	54,973,450 shares

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	29,470	40,045
Notes and accounts receivable - trade	55,680	55,060
Costs on uncompleted works	107	158
Supplies	1,631	1,648
Other	3,024	4,220
Allowance for doubtful accounts	(78)	(69)
Total current assets	89,835	101,063
Non-current assets		
Property, plant and equipment		
Buildings and structures	111,930	114,222
Accumulated depreciation	(70,915)	(72,198)
Buildings and structures, net	41,015	42,024
Machinery, equipment and vehicles	48,005	49,127
Accumulated depreciation	(39,399)	(39,909)
Machinery, equipment and vehicles, net	8,606	9,217
Land	42,577	42,691
Leased assets	7,002	7,531
Accumulated depreciation	(3,165)	(3,555)
Leased assets, net	3,837	3,975
Construction in progress	3,602	4,762
Other	8,887	9,005
Accumulated depreciation	(7,252)	(7,402)
Other, net	1,634	1,603
Total property, plant and equipment	101,272	104,274
Intangible assets		
Goodwill	2,417	2,263
Other	3,973	4,181
Total intangible assets	6,390	6,445
Investments and other assets		
Investment securities	11,704	13,111
Long-term loans receivable	497	487
Deferred tax assets	6,752	6,265
Retirement benefit asset	171	155
Other	7,184	7,232
Allowance for doubtful accounts	(177)	(176)
Allowance for investment loss	(132)	(132)
Total investments and other assets	26,000	26,944
Total non-current assets	133,663	137,664
Total assets	223,499	238,728

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,491	12,659
Short-term borrowings	9,116	8,297
Current portion of long-term borrowings	2,528	1,325
Accrued expenses	11,838	11,962
Income taxes payable	2,639	2,156
Other	13,229	13,908
Total current liabilities	52,845	50,311
Non-current liabilities		
Bonds payable	30,000	45,000
Long-term borrowings	9,172	10,222
Lease obligations	3,025	2,255
Deferred tax liabilities	564	570
Deferred tax liabilities for land revaluation	1,444	1,442
Retirement benefit liability	22,666	21,521
Retirement allowance for directors	144	137
Long-term accounts payable - other	1,626	1,582
Other	2,435	2,459
Total non-current liabilities	71,081	85,192
Total liabilities	123,926	135,503
Net assets		
Shareholders' equity		
Share capital	1,723	1,723
Capital surplus	1,908	1,908
Retained earnings	103,972	105,837
Treasury shares	(7,324)	(7,288)
Total shareholders' equity	100,278	102,181
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,294	4,317
Revaluation reserve for land	(4,688)	(4,692)
Foreign currency translation adjustment	237	(93)
Remeasurements of defined benefit plans	(2,939)	(1,787)
Total accumulated other comprehensive income	(4,096)	(2,255)
Share acquisition rights	397	459
Non-controlling interests	2,992	2,838
Total net assets	99,572	103,224
Total liabilities and net assets	223,499	238,728

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, 2019	Six months ended September 30, 2020
Net sales	156,837	145,860
Cost of sales	142,372	136,922
Gross profit	14,465	8,937
Selling, general and administrative expenses	8,019	7,350
Operating profit	6,445	1,586
Non-operating income		
Interest income	44	57
Dividend income	302	143
Rental income	70	73
Subsidies for employment adjustment	–	2,773
Other	188	187
Total non-operating income	605	3,235
Non-operating expenses		
Interest expenses	100	113
Share of loss of entities accounted for using equity method	–	139
Loss on valuation of investment securities	274	1
Foreign exchange losses	106	49
Other	71	175
Total non-operating expenses	553	478
Ordinary profit	6,498	4,343
Extraordinary income		
Gain on sales of non-current assets	261	37
Gain on sales of investment securities	27	–
Insurance claim income	100	–
Total extraordinary income	389	37
Extraordinary losses		
Loss on sales and retirement of non-current assets	35	31
Loss on valuation of investment securities	2	1
Impairment loss	71	–
Loss on disaster	44	–
Other	6	2
Total extraordinary losses	159	35
Profit before income taxes	6,727	4,345
Income taxes - current	2,947	2,083
Income taxes - deferred	(509)	(455)
Total income taxes	2,438	1,627
Profit	4,289	2,717
Profit (loss) attributable to non-controlling interests	77	(94)
Profit attributable to owners of parent	4,211	2,812

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit	4,289	2,717
Other comprehensive income		
Valuation difference on available-for-sale securities	(631)	1,022
Foreign currency translation adjustment	(401)	(376)
Remeasurements of defined benefit plans, net of tax	249	1,153
Share of other comprehensive income of entities accounted for using equity method	–	9
Total other comprehensive income	(783)	1,809
Comprehensive income	3,505	4,527
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,438	4,656
Comprehensive income attributable to non-controlling interests	67	(129)

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit before income taxes	6,727	4,345
Depreciation	3,914	3,959
Impairment loss	71	–
Amortization of goodwill	251	182
Increase (decrease) in allowance for doubtful accounts	(3)	(9)
Increase (decrease) in retirement benefit liability	198	201
Increase(decrease) in provision for directors' retirement benefits	4	(7)
Interest and dividend income	(346)	(201)
Rental income	(70)	(73)
Loss (gain) on valuation of investment securities	274	1
Interest expenses	100	113
Foreign exchange losses (gains)	86	28
Share of loss (profit) of entities accounted for using equity method	–	139
Subsidies for employment adjustment	–	(2,773)
Gain on sales of non-current assets	(261)	(37)
Insurance claim income	(100)	–
Fixed assets of retirement and loss from sale of fixed assets	35	31
Loss on valuation of investment securities	2	1
Loss (gain) on sales of investment securities	(27)	–
Loss on disaster	44	–
Decrease (increase) in trade receivables	(62)	560
Decrease (increase) in inventories	(66)	(71)
Decrease (increase) in other assets	(296)	(121)
Increase (decrease) in trade payables	(2,094)	(1,522)
Increase (decrease) in other liabilities	517	(1,063)
Other, net	503	660
Subtotal	9,401	4,342
Interest and dividends received	306	208
Interest paid	(99)	(89)
Rent revenue	59	62
Payments associated with disaster loss	(9)	–
Proceeds from subsidies for employment adjustment	–	1,652
Proceeds from insurance income	100	–
Income taxes paid	(1,832)	(2,261)
Other, net	(6)	(0)
Net cash provided by (used in) operating activities	7,920	3,915

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from investing activities		
Decrease (increase) in time deposits	(1,756)	165
Net decrease (increase) in short-term loans receivable	3	(49)
Purchase of property, plant and equipment	(5,638)	(5,002)
Proceeds from sales of property, plant and equipment	562	88
Purchase of intangible assets	(731)	(549)
Purchase of investment securities	(230)	(21)
Proceeds from sales of investment securities	33	–
Long-term loan advances	(5)	(4)
Collection of long-term loans receivable	4	4
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(36)
Other, net	(431)	(59)
Net cash provided by (used in) investing activities	(8,189)	(5,464)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,080	(799)
Proceeds from issuance of bonds	–	14,911
Repayments of long-term borrowings	(158)	(150)
Purchase of treasury shares	(2,085)	–
Dividends paid	(998)	(944)
Dividends paid to non-controlling interests	(54)	(27)
Repayments of finance lease obligations	(389)	(404)
Other, net	(141)	(163)
Net cash provided by (used in) financing activities	(2,747)	12,420
Effect of exchange rate change on cash and cash equivalents	(66)	(109)
Net increase (decrease) in cash and cash equivalents	(3,083)	10,762
Cash and cash equivalents at beginning of period	22,279	27,691
Cash and cash equivalents at end of period	19,195	38,453