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August 9, 2024

Consolidated Financial Results for the Three Months Ended June 30, 2024 (Under Japanese GAAP)

Company name: Konoike Transport Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 9025
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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								
June 30, 2024	83,706	8.8	6,458	63.6	6,857	60.2	6,327	141.3
June 30, 2023	76,923	0.6	3,948	14.7	4,279	7.9	2,622	7.5

Note: Comprehensive income For the three months ended June 30, 2024: ¥8,287 million [135.4%]
 For the three months ended June 30, 2023: ¥3,520 million [(7.8)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
June 30, 2024	119.30	–
June 30, 2023	49.48	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
June 30, 2024	287,053	142,478	48.6	2,630.16
March 31, 2024	277,056	136,081	48.1	2,512.72

Reference: Equity
 As of June 30, 2024: ¥139,495 million
 As of March 31, 2024: ¥133,266 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 March 31, 2024	–	24.00	–	41.00	65.00
Fiscal year ending March 31, 2025	–				
Fiscal year ending March 31, 2025 (Forecast)		35.00	–	35.00	70.00

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

3. Forecast of consolidated financial results for the 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
Six months ending September 30, 2024	170,000	9.3	11,500	40.6	11,600	33.1	9,300	68.1	175.35
Full year	340,000	7.9	18,000	8.2	18,000	5.7	12,000	5.7	226.33

Note: Revisions to the forecast of financial results most recently announced: Yes

* **Notes**

(1) Significant changes in the scope of consolidation during the period: None

Newly included: – companies (Company name)

Excluded: – companies (Company name)

(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: For details, please refer to the section of “(3) Notes to quarterly consolidated financial statements, (Notes on changes in accounting policies)” of “2. Quarterly consolidated financial statements and significant notes thereto” on page 9 of the attached materials.

(4) Number of issued shares (common shares)

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

As of June 30, 2024	56,952,442 shares
As of March 31, 2024	56,952,442 shares

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

As of June 30, 2024	3,915,540 shares
As of March 31, 2024	3,915,506 shares

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

Three months ended June 30, 2024	53,036,903 shares
Three months ended June 30, 2023	52,990,625 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: Yes (mandatory)

* Proper use of earnings forecasts, and other special matters
(Caution regarding forward-looking statements and others)

- The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ substantially due to various factors. For the suppositions that form the assumptions for the forecast of financial results and cautions concerning the use thereof, please refer to the section of “(3) Explanation of the forecast of consolidated financial results and other forward-looking statements” of “1. Overview of operating results and others” on page 4 of the attached materials.
- The supplementary material on financial results will be posted to the Company’s website promptly after the earnings results announcement.

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1. Overview of operating results and others

Forward-looking statements presented in this report reflect judgments made as of the end of the current quarterly accounting period and accordingly are not guarantees of future performance.

(1) Overview of operating results for the period

During the three months ended June 30, 2024, the Japanese economy exhibited signs such as increased demand from inbound travelers and significant wage revisions centered on large companies. Nevertheless, the outlook remains undeniably uncertain with sluggish personal consumption due to changes in consumer behavior and continuously rising prices due to factors such as the depreciation of the yen and chronic manpower shortages.

Amid this operating environment, the Group has embarked on the final year of the current medium-term management plan and continues to make various efforts to improve profitability under the basic policy of “Leveraging synergies between people and technology, striving to go beyond expectations in response to the changing times.” At the same time, the Group is developing proactive efforts to enhance growth potential to achieve the 2030 Vision. In June 2024, the Group resolved to establish a joint venture and acquire shares for a design and packaging business in Canada and Mexico. Through this acquisition, new services will be added to our existing business for transportation and installation of production equipment to achieve proposals for high-quality integrated transportation. Furthermore, in June, the Group acquired the shares of a company in India operating a sterilized medical equipment business. Entering the Indian market, which is in the dawn of outsourcing for hospital operations, the Group will accelerate the development of our medical business across India.

With respect to financial results for the three months ended June 30, 2024, net sales increased to ¥83,706 million (8.8% increase year on year). The increase in net sales was attributable to factors that include increased transaction volume and gains in unit price hikes due to resumption of international passenger flights in the airport-related business, the recovery in unit prices for air cargo and increased transaction volume in overseas local business in the international-related business, and robust production among the Company’s customers and the ongoing acquisition of major sport work mainly for production contract work.

In terms of profits, the Company reported operating profit of ¥6,458 million (63.6% increase year on year), ordinary profit of ¥6,857 million (60.2% increase year on year), and, in part because of the disposal of strategically held stocks, profit attributable to owners of parent of ¥6,327 million (141.3% increase year on year). The increases in profits were attributable to factors including a return to profitability due to gains in transaction volume in the airport-related business, ongoing efforts to improve profitability, which constitutes a basic policy under the New Medium-Term Management Plan FY3/2023 - FY3/2025, launched in April 2022, as well as progress achieved in increasing transaction volumes and fuel cost reduction efforts in environment departments of the steel-related business, as well as ongoing streamlining operations and the receipt of appropriate unit prices.

Financial results by segment are as follows. Note that segment profit represents operating profit before deducting general and administrative expenses.

(i) Integrated Solutions Business

Net sales increased 8.5% year on year to ¥54,072 million due to resumption of international passenger flights and gains in unit price hikes in its airport-related business, ongoing acquisition of major spot work in production contract work and increased transaction volumes in environment departments of its steel-related business, increases in warehousing and transportation volume and operations at new business sites in its food products-related business.

Profit rose 63.1% year on year to ¥6,425 million due to efforts to improve profitability through higher transaction volume and fuel reduction efforts in the environment departments of the steel-related business, as well as ongoing streamlining operations and the receipt of appropriate unit prices, in addition to the return to profitability due to higher transaction volume in the airport-related business.

(ii) Domestic Logistics Business

Net sales increased 3.8% year on year to ¥13,670 million due to higher transaction volume and gains in unit price hikes in the food-related business and higher transaction volume for mail-order products in the life-related business.

Profit rose 8.6% year on year to ¥893 million due to the effects of the increase in net sales as well as our efforts to increase profitability by receiving appropriate unit prices and thorough operational streamlining.

(iii) International Logistics Business

Net sales increased 14.6% year on year to ¥15,951 million due to a recovery in air cargo freight market conditions and higher transaction volume in frozen and refrigerated warehouses in the U.S. as well as the inclusion of a subsidiary in Mexico in consolidation.

Profit increased 41.6% year on year to ¥1,078 million in part due to higher transaction volume and the impact of new inclusion of subsidiaries in consolidation.

(2) Overview of financial position for the period

(i) Total assets

As of June 30, 2024, total assets amounted to ¥287,053 million, an increase of ¥9,996 million compared to the balance as of March 31, 2024.

(ii) Current assets

As of June 30, 2024, current assets amounted to ¥145,599 million, an increase of ¥7,423 million compared to current assets as of March 31, 2024. This result is mainly attributable to an increase of ¥5,486 million in cash and deposits, and an increase of ¥1,476 million in notes and accounts receivable - trade, and contract assets.

(iii) Non-current assets

As of June 30, 2024, non-current assets amounted to ¥141,453 million, an increase of ¥2,573 million in comparison with non-current assets as of March 31, 2024. This result is mainly attributable to an increase of ¥802 million in construction in progress, an increase of ¥733 million in deferred tax assets, and an increase of ¥441 million in machinery, equipment and vehicles.

(iv) Current liabilities

As of June 30, 2024, current liabilities amounted to ¥71,097 million, an increase of ¥9,211 million compared to current liabilities as of March 31, 2024. This result is mainly attributable to an increase of ¥5,000 million in current portion of bonds payable and an increase of ¥3,869 million in accrued expenses.

(v) Non-current liabilities

As of June 30, 2024, non-current liabilities amounted to ¥73,477 million, a decrease of ¥5,612 million compared to non-current liabilities as of March 31, 2024. This result is mainly attributable to a decrease of ¥5,000 million in bonds payable, a decrease of ¥883 million in long-term borrowings, and an increase of ¥354 million in retirement benefit liability.

(vi) Net assets

As of June 30, 2024, net assets amounted to ¥142,478 million, an increase of ¥6,397 million in comparison with net assets as of March 31, 2024. This result is mainly attributable to an increase of ¥4,437 million in retained earnings and an increase of ¥1,686 million in foreign currency translation adjustment.

(3) Explanation of the forecast of consolidated financial results and other forward-looking statements

With respect to the forecast of consolidated financial results for the six months ending September 30, 2024, the Company expects net sales will almost match the previously announced forecast. Although we expect factors contributing to revenue increases such as a recovery in the air cargo freight market in the international-related business, an increase in the transportation volume of railway freight cars in India, and unit price revisions and new orders in the airport-related business, we are also expecting factors decreasing revenue, such as decreases in the transportation volume and yard operations in the life-related business. In terms of profits, as we have secured unit-price revisions for each field, most importantly for the airport-related business, and transportation and warehousing volumes in overseas local businesses have progressed strongly, we expect operating profit, ordinary profit and profit attributable to owners of parent to exceed the figures in the previously announced forecast. Accordingly, the Company has revised figures in the forecast of consolidated financial results for the six months ending September 30, 2024.

Regarding the forecast of consolidated financial results for the fiscal year ending March 31, 2025, we expect the business environment in which the Company operates to experience change, including the production trends of customers and trends in the export and import of cargo, due to sudden changes on the foreign exchange market stemming from uncertainty in the outlook for the US economy. Currently, we are in the process of carefully reviewing the impact on the Company's financial results, and we plan to announce it once our review is complete.

For details, please refer to the "Notice Concerning Revisions to Forecast of Financial Results for the Six Months Ending September 30, 2024" (in Japanese) announced today (August 9, 2024).

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	70,034	75,521
Notes and accounts receivable - trade, and contract assets	62,165	63,641
Costs on construction contracts in progress	63	78
Supplies	1,903	2,027
Other	4,631	4,909
Allowance for doubtful accounts	(621)	(578)
Total current assets	138,176	145,599
Non-current assets		
Property, plant and equipment		
Buildings and structures	124,483	125,588
Accumulated depreciation	(80,053)	(81,217)
Buildings and structures, net	44,429	44,371
Machinery, equipment and vehicles	54,367	55,445
Accumulated depreciation	(42,829)	(43,466)
Machinery, equipment and vehicles, net	11,537	11,979
Land	43,575	43,941
Leased assets	5,734	5,718
Accumulated depreciation	(2,881)	(2,950)
Leased assets, net	2,853	2,768
Construction in progress	1,115	1,917
Other	10,127	10,527
Accumulated depreciation	(8,159)	(8,431)
Other, net	1,968	2,095
Total property, plant and equipment	105,479	107,073
Intangible assets		
Goodwill	1,336	1,452
Other	4,087	4,006
Total intangible assets	5,424	5,458
Investments and other assets		
Investment securities	13,565	13,673
Long-term loans receivable	257	242
Deferred tax assets	5,695	6,429
Retirement benefit asset	469	661
Other	8,141	8,068
Allowance for doubtful accounts	(153)	(153)
Total investments and other assets	27,976	28,921
Total non-current assets	138,880	141,453
Total assets	277,056	287,053

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,843	14,093
Short-term borrowings	4,005	4,018
Current portion of bonds payable	10,000	15,000
Current portion of long-term borrowings	1,640	2,507
Provision for bonuses for directors (and other officers)	312	62
Accrued expenses	13,126	16,996
Income taxes payable	3,399	3,457
Other	14,557	14,961
Total current liabilities	61,886	71,097
Non-current liabilities		
Bonds payable	45,000	40,000
Long-term borrowings	4,120	3,236
Lease liabilities	2,484	2,377
Deferred tax liabilities	612	568
Deferred tax liabilities for land revaluation	1,087	1,087
Retirement benefit liability	22,184	22,538
Retirement allowance for directors	82	79
Long-term accounts payable - other	629	619
Other	2,888	2,970
Total non-current liabilities	79,089	73,477
Total liabilities	140,975	144,574
Net assets		
Shareholders' equity		
Share capital	1,723	1,723
Capital surplus	1,908	1,908
Retained earnings	130,161	134,598
Treasury shares	(6,400)	(6,400)
Total shareholders' equity	127,393	131,830
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,116	5,203
Revaluation reserve for land	(5,482)	(5,482)
Foreign currency translation adjustment	5,882	7,569
Remeasurements of defined benefit plans	357	374
Total accumulated other comprehensive income	5,873	7,665
Non-controlling interests	2,814	2,983
Total net assets	136,081	142,478
Total liabilities and net assets	277,056	287,053

(2) Quarterly consolidated statements of income and comprehensive income
Quarterly consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	76,923	83,706
Cost of sales	68,980	72,493
Gross profit	7,942	11,212
Selling, general and administrative expenses	3,994	4,753
Operating profit	3,948	6,458
Non-operating income		
Interest income	20	44
Dividend income	143	158
Foreign exchange gains	294	230
Other	60	164
Total non-operating income	519	597
Non-operating expenses		
Interest expenses	74	68
Share of loss of entities accounted for using equity method	51	95
Loss on valuation of investments in capital	39	–
Other	21	35
Total non-operating expenses	187	199
Ordinary profit	4,279	6,857
Extraordinary income		
Gain on sale of non-current assets	3	4
Gain on sale of investment securities	–	1,911
Total extraordinary income	3	1,915
Extraordinary losses		
Loss on sale and retirement of non-current assets	12	19
Loss on valuation of investment securities	2	0
Total extraordinary losses	15	19
Profit before income taxes	4,267	8,752
Income taxes - current	2,332	3,141
Income taxes - deferred	(730)	(830)
Total income taxes	1,602	2,310
Profit	2,665	6,442
Profit attributable to non-controlling interests	43	115
Profit attributable to owners of parent	2,622	6,327

Quarterly consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	2,665	6,442
Other comprehensive income		
Valuation difference on available-for-sale securities	381	82
Foreign currency translation adjustment	388	1,668
Remeasurements of defined benefit plans, net of tax	33	12
Share of other comprehensive income of entities accounted for using equity method	51	82
Total other comprehensive income	855	1,844
Comprehensive income	3,520	8,287
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,410	8,118
Comprehensive income attributable to non-controlling interests	109	168

(3) Notes to quarterly consolidated financial statements

(Significant accounting policies for preparation of the quarterly consolidated financial statements)

The quarterly consolidated financial statements are prepared in accordance with Article 4, paragraph 1 of the Standard for Preparation of the Quarterly Financial Statements established by Tokyo Stock Exchange, Inc. and the accounting standards for quarterly consolidated financial statements generally accepted in Japan (provided, however, the Company applies the practice of omitting the descriptions provided for in Article 4, paragraph 2 of the aforementioned Standard for Preparation of the Quarterly Financial Statements).

(Notes on changes in accounting policies)

Application of “Accounting Standard for Current Income Taxes,” Etc.

The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the “Revised Accounting Standard of 2022”) and other relevant ASBJ regulations from the beginning of the first quarter of the fiscal year ending March 31, 2025.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatment in the proviso of paragraph 65-2 (2) of “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022, the “Revised Guidance on Application of 2022”). This has no impact on the quarterly consolidated financial statements.

The Company has applied the Revised Guidance on Application of 2022 from the beginning of the first quarter of the current fiscal year in relation to revisions to the treatment in consolidated financial statements in the event of deferring gains and losses on sales for tax purposes associated with the sale of subsidiary stocks between consolidated companies. The change in the accounting policy has been applied retrospectively. Therefore, the new accounting policy was reflected in the consolidated financial statements for the same period of the previous fiscal year and for the previous fiscal year. This has no impact on the quarterly consolidated financial statements for the quarter in the previous year or the consolidated financial statements for the previous fiscal year.

(Notes to segment information, etc.)

I. Three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

1. The amounts of net sales and profits or losses by reportable segment

(Millions of yen)

	Reportable segments				Other (Note 1)	Total	Adjust- ments (Note 2)	Amount recorded in quarterly consoli- dated statement of income (Note 3)
	Integrated Solutions Business	Domestic Logistics Business	Inter- national Logistics Business	Total				
Net sales								
Net sales to outside customers	49,831	13,172	13,917	76,921	2	76,923	–	76,923
Intersegment sales or transfers	238	503	32	774	156	930	(930)	–
Total	50,069	13,675	13,949	77,695	158	77,853	(930)	76,923
Segment profit (loss)	3,939	822	761	5,524	(58)	5,465	(1,517)	3,948

(Notes) 1. The “Other” category refers to business segments not associated with the reportable segments, with such business including software development and maintenance services as well as information processing outsourcing services.

2. The ¥(1,517) million presented as adjustments to segment profit (loss) includes ¥4 million in intersegment eliminations and ¥(1,522) million in corporate expenses not allocated to a reportable segment. Corporate expenses constitute costs associated with general affairs and other administrative departments of the Company.

3. “Segment profit (loss)” has been adjusted to the operating profit reported in the quarterly consolidated statement of income.

2. Information relating to impairment losses on non-current assets or goodwill for each reportable segment

(Significant impairment loss on non-current assets)

Not applicable.

(Significant changes in amount of goodwill)

Not applicable.

(Significant gain on bargain purchase)

Not applicable.

II. Three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

1. The amounts of net sales and profits or losses by reportable segment

(Millions of yen)

	Reportable segments				Other (Note 1)	Total	Adjust- ments (Note 2)	Amount recorded in quarterly consoli- dated statement of income (Note 3)
	Integrated Solutions Business	Domestic Logistics Business	Inter- national Logistics Business	Total				
Net sales								
Net sales to outside customers	54,072	13,670	15,951	83,694	11	83,706	–	83,706
Intersegment sales or transfers	250	393	42	686	207	893	(893)	–
Total	54,322	14,064	15,993	84,380	219	84,599	(893)	83,706
Segment profit (loss)	6,425	893	1,078	8,397	(42)	8,354	(1,895)	6,458

(Notes) 1. The “Other” category refers to business segments not associated with the reportable segments, with such business including software development and maintenance services as well as information processing outsourcing services.

2. The ¥(1,895) million presented as adjustments to segment profit (loss) includes ¥5 million in intersegment eliminations and ¥(1,900) million in corporate expenses not allocated to a reportable segment. Corporate expenses constitute costs associated with general affairs and other administrative departments of the Company.
3. “Segment profit (loss)” has been adjusted to the operating profit reported in the quarterly consolidated statement of income.

2. Information relating to impairment losses on non-current assets or goodwill for each reportable segment

(Significant impairment loss on non-current assets)

Not applicable.

(Significant changes in amount of goodwill)

Not applicable.

(Significant gain on bargain purchase)

Not applicable.

(Notes on significant changes in the amount of shareholders' equity)

Not applicable.

(Notes on premise of going concern)

Not applicable.

(Notes to quarterly consolidated statements of cash flows)

Quarterly consolidated statements of cash flows for the three months ended June 30, 2024 are not prepared. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the three months ended June 30, 2024 are as follows.

	(Millions of yen)	
	Three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)	Three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)
Depreciation	1,975	2,078
Amortization of goodwill	57	57