

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2019 (Based on Japanese GAAP)

May 9, 2019

Company name: HAMAKYOREX CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 9037 URL <http://www.hamakyorex.co.jp>
 Representative: President Hidenori Osuka
 Inquiries: Executive officer Yoshiyuki Takeuchi TEL 053-444-0054
 Scheduled date of ordinary general meeting of shareholders: June 18, 2019
 Scheduled date to file Securities Report: June 18, 2019
 Scheduled date to commence dividend payments: June 19, 2019
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(1) Consolidated operating results

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	%
Year ended March 31, 2019	115,919	12.0	9,913	9.8	10,362	8.9	5,905	5.9
Year ended March 31, 2018	103,476	4.3	9,029	13.6	9,516	13.0	5,575	10.3

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2019	310.71	—	10.9	8.9	8.6
Year ended March 31, 2018	293.35	—	11.3	8.6	8.7

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	119,184	64,614	47.4	2,973.98
As of March 31, 2018	112,520	58,641	45.8	2,717.22

(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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2019	12,568	(1,692)	(5,567)	14,320
Year ended March 31, 2018	11,673	(4,475)	(7,094)	9,012

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2018	—	22.50	—	22.50	45.00	855	15.3	1.7
Year ended March 31, 2019	—	30.00	—	35.00	65.00	1,235	20.9	2.3
Year ending March 31, 2020 (Forecast)	—	35.00	—	35.00	70.00		21.5	

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
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	121,000	4.4	10,500	5.9	10,800	4.2	6,200	5.0	326.22

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2019

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2019	19,012,000 shares	As of March 31, 2018	19,012,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2019	6,682 shares	As of March 31, 2018	6,514 shares
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Average number of shares during the period

Year ended March 31, 2019	19,005,360 shares	Year ended March 31, 2018	19,005,542 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	9,530	14,800
Notes and accounts receivable - trade	14,362	15,549
Merchandise	16	5
Supplies	93	166
Other	1,029	1,519
Allowance for doubtful accounts	(44)	(230)
Total current assets	24,988	31,810
Non-current assets		
Property, plant and equipment		
Buildings and structures	63,432	63,791
Accumulated depreciation	(33,603)	(35,451)
Buildings and structures, net	29,829	28,339
Machinery and equipment	5,025	5,165
Accumulated depreciation	(2,530)	(2,889)
Machinery and equipment, net	2,494	2,275
Vehicles	7,440	7,177
Accumulated depreciation	(6,984)	(6,695)
Vehicles, net	455	481
Land	40,530	40,514
Leased assets	11,375	12,198
Accumulated depreciation	(4,772)	(5,443)
Leased assets, net	6,602	6,755
Construction in progress	453	766
Other	2,312	2,605
Accumulated depreciation	(1,886)	(2,136)
Other, net	426	468
Total property, plant and equipment	80,793	79,602
Intangible assets	2,150	2,567
Investments and other assets		
Investment securities	1,524	1,664
Long-term loans receivable	23	21
Long-term prepaid expenses	150	112
Leasehold and guarantee deposits	1,623	1,775
Deferred tax assets	821	1,140
Other	551	596
Allowance for doubtful accounts	(108)	(108)
Total investments and other assets	4,587	5,203
Total non-current assets	87,531	87,373
Total assets	112,520	119,184

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,777	7,765
Short-term loans payable	17,294	17,687
Lease obligations	1,883	1,982
Income taxes payable	1,922	2,108
Accrued consumption taxes	804	1,034
Provision for bonuses	880	1,083
Provision for bonuses for directors (and other officers)	34	28
Reserve for loss on dissolution of employee's pension fund	2	49
Other	4,602	4,800
Total current liabilities	34,201	36,539
Non-current liabilities		
Long-term loans payable	6,792	4,598
Lease obligations	5,172	5,235
Deferred tax liabilities	356	286
Retirement benefit liability	5,815	6,126
Reserve for loss on dissolution of employee's pension fund	39	224
Other	1,500	1,558
Total non-current liabilities	19,676	18,030
Total liabilities	53,878	54,570
Net assets		
Shareholders' equity		
Capital stock	6,547	6,547
Capital surplus	6,466	6,466
Retained earnings	38,562	43,469
Treasury shares	(9)	(10)
Total shareholders' equity	51,566	56,472
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	325	266
Remeasurements of defined benefit plans	(250)	(217)
Total accumulated other comprehensive income	75	48
Non-controlling interests	6,999	8,093
Total net assets	58,641	64,614
Total liabilities and net assets	112,520	119,184

Consolidated statements of income and consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Operating revenue	103,476	115,919
Operating cost	91,915	103,130
Operating gross profit	11,561	12,789
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	59	3
Remuneration for directors (and other officers)	567	627
Salaries and allowances	527	642
Provision for bonuses	68	83
Provision for bonuses for directors (and other officers)	33	24
Retirement benefit expenses	23	31
Taxes and dues	412	444
Other	839	1,017
Total selling, general and administrative expenses	2,531	2,875
Operating profit	9,029	9,913
Non-operating income		
Interest income	0	0
Dividend income	33	46
Rent income	91	94
Commission income	49	51
Gain on sales of non-current assets	122	103
Subsidy income	177	91
Electrical Sales Income	395	389
Miscellaneous income	159	191
Total non-operating income	1,031	968
Non-operating expenses		
Interest expenses	193	165
Loss on sales and retirement of non-current assets	25	39
Cost of electricity sales	254	244
Miscellaneous loss	70	70
Total non-operating expenses	544	519
Ordinary profit	9,516	10,362
Extraordinary income		
Gain on sales of investment securities	—	114
Total extraordinary income	—	114

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Extraordinary losses		
Loss on retirement of non-current assets	60	—
Impairment loss	43	11
Loss on transfer and closing of logistics center	134	—
Provision of allowance for doubtful accounts	—	185
Loss on disaster	—	25
Compensation for damage	—	62
Total extraordinary losses	238	284
Profit before income taxes	9,278	10,192
Income taxes - current	2,981	3,451
Income taxes - deferred	(85)	(160)
Total income taxes	2,896	3,290
Profit	6,382	6,901
Profit attributable to		
Profit attributable to owners of parent	5,575	5,905
Profit attributable to non-controlling interests	807	996
Other comprehensive income		
Valuation difference on available-for-sale securities	88	165
Remeasurements of defined benefit plans, net of tax	21	49
Total other comprehensive income	110	215
Comprehensive income	6,492	7,117
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,663	5,877
Comprehensive income attributable to non-controlling interests	829	1,239

Consolidated statements of changes in equity

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,547	6,466	33,794	(9)	46,799
Changes of items during period					
Dividends of surplus			(807)		(807)
Profit attributable to owners of parent			5,575		5,575
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	4,767	(0)	4,767
Balance at end of current period	6,547	6,466	38,562	(9)	51,566

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	251	(264)	(12)	6,291	53,078
Changes of items during period					
Dividends of surplus					(807)
Profit attributable to owners of parent					5,575
Purchase of treasury shares					(0)
Net changes of items other than shareholders' equity	74	14	88	707	796
Total changes of items during period	74	14	88	707	5,563
Balance at end of current period	325	(250)	75	6,999	58,641

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,547	6,466	38,562	(9)	51,566
Changes of items during period					
Dividends of surplus			(997)		(997)
Profit attributable to owners of parent			5,905		5,905
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	4,907	(0)	4,906
Balance at end of current period	6,547	6,466	43,469	(10)	56,472

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	325	(250)	75	6,999	58,641
Changes of items during period					
Dividends of surplus					(997)
Profit attributable to owners of parent					5,905
Purchase of treasury shares					(0)
Net changes of items other than shareholders' equity	(59)	32	(27)	1,093	1,066
Total changes of items during period	(59)	32	(27)	1,093	5,973
Balance at end of current period	266	(217)	48	8,093	64,614

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	9,278	10,192
Depreciation	4,944	5,002
Increase (decrease) in allowance for doubtful accounts	51	178
Increase (decrease) in provision for bonuses	67	71
Increase (decrease) in provision for bonuses for directors (and other officers)	(0)	(5)
Increase (decrease) in retirement benefit liability	121	176
Interest and dividend income	(33)	(46)
Interest expenses	193	165
Loss on sales and retirement of noncurrent assets	85	39
Decrease (increase) in notes and accounts receivable - trade	(1,396)	(212)
Increase (decrease) in notes and accounts payable - trade	642	157
Increase (decrease) in accrued consumption taxes	(457)	325
Increase/decrease in other assets/liabilities	665	162
Other, net	(74)	(154)
Subtotal	14,087	16,053
Interest and dividend income received	33	47
Interest expenses paid	(190)	(166)
Income taxes paid	(2,258)	(3,362)
Income taxes refund	0	(3)
Net cash provided by (used in) operating activities	11,673	12,568
Cash flows from investing activities		
Payments into time deposits	(746)	(833)
Proceeds from withdrawal of time deposits	601	838
Purchase of property, plant and equipment	(3,845)	(1,780)
Proceeds from sales of property, plant and equipment	128	166
Purchase of intangible assets	(311)	(358)
Purchase of investment securities	(2)	(303)
Proceeds from sales of investment securities	—	156
Payments for leasehold deposits	(110)	(119)
Collection of leasehold deposits	343	146
Payments of loans receivable	(34)	(11)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(468)	(95)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	549
Other, net	(29)	(48)
Net cash provided by (used in) investing activities	(4,475)	(1,692)

	(Millions of yen)	
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,380)	(150)
Proceeds from long-term loans payable	510	892
Repayments of long-term loans payable	(3,264)	(2,875)
Net decrease (increase) in treasury shares	(0)	(0)
Cash dividends paid	(807)	(997)
Dividends paid to non-controlling interests	(121)	(151)
Repayments of lease obligations	(2,024)	(2,117)
Other, net	(5)	(165)
Net cash provided by (used in) financing activities	(7,094)	(5,567)
Effect of exchange rate change on cash and cash equivalents	—	—
Net increase (decrease) in cash and cash equivalents	103	5,308
Cash and cash equivalents at beginning of period	8,909	9,012
Cash and cash equivalents at end of period	9,012	14,320