

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2020 (Based on Japanese GAAP)

May 11, 2020

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 16, 2020
 Scheduled date to file Securities Report: June 16, 2020
 Scheduled date to commence dividend payments: June 17, 2020
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(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, 2020	122,471	5.7	10,190	2.8	10,618	2.5	6,233	5.6
Year ended March 31, 2019	115,919	12.0	9,913	9.8	10,362	8.9	5,905	5.9

	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, 2020	328.01	—	10.6	8.8	8.3
Year ended March 31, 2019	310.71	—	10.9	8.9	8.6

(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, 2020	122,773	69,824	49.9	3,228.26
As of March 31, 2019	119,184	64,614	47.4	2,973.98

(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, 2020	12,276	(6,344)	(5,401)	14,852
Year ended March 31, 2019	12,568	(1,692)	(5,567)	14,320

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, 2019	—	30.00	—	35.00	65.00	1,235	20.9	2.3
Year ended March 31, 2020	—	35.00	—	35.00	70.00	1,329	21.3	2.3
Year ending March 31, 2021 (Forecast)	—	35.00	—	35.00	70.00		22.2	

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
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	121,000	(1.2)	10,000	(1.9)	10,300	(3.0)	6,000	(3.7)	315.70

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2020

(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, 2020	19,012,000 shares	As of March 31, 2019	19,012,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2020	18,515 shares	As of March 31, 2019	6,682 shares
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Average number of shares during the period

Year ended March 31, 2020	19,004,812 shares	Year ended March 31, 2019	19,005,360 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	14,800	16,143
Notes and accounts receivable - trade	15,549	14,552
Merchandise	5	5
Supplies	166	172
Other	1,519	1,039
Allowance for doubtful accounts	(230)	(41)
Total current assets	31,810	31,872
Non-current assets		
Property, plant and equipment		
Buildings and structures	63,791	66,433
Accumulated depreciation	(35,451)	(37,317)
Buildings and structures, net	28,339	29,116
Machinery and equipment	5,165	5,768
Accumulated depreciation	(2,889)	(3,315)
Machinery and equipment, net	2,275	2,453
Vehicles	7,177	6,687
Accumulated depreciation	(6,695)	(6,200)
Vehicles, net	481	487
Land	40,514	42,178
Leased assets	12,198	12,283
Accumulated depreciation	(5,443)	(5,633)
Leased assets, net	6,755	6,650
Construction in progress	766	1,106
Other	2,605	2,637
Accumulated depreciation	(2,136)	(2,198)
Other, net	468	439
Total property, plant and equipment	79,602	82,431
Intangible assets	2,567	2,632
Investments and other assets		
Investment securities	1,664	2,227
Long-term loans receivable	21	10
Long-term prepaid expenses	112	118
Leasehold and guarantee deposits	1,775	1,892
Deferred tax assets	1,140	944
Other	596	902
Allowance for doubtful accounts	(108)	(258)
Total investments and other assets	5,204	5,836
Total non-current assets	87,373	90,900
Total assets	119,184	122,773

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,765	7,039
Short-term borrowings	17,687	16,563
Lease obligations	1,982	2,045
Income taxes payable	2,108	1,818
Accrued consumption taxes	1,034	1,221
Provision for bonuses	1,083	1,153
Provision for bonuses for directors (and other officers)	28	—
Reserve for loss on dissolution of employee's pension fund	49	49
Other	4,800	4,292
Total current liabilities	36,539	34,184
Non-current liabilities		
Long-term borrowings	4,598	5,462
Lease obligations	5,235	5,074
Deferred tax liabilities	286	385
Retirement benefit liability	6,126	5,997
Reserve for loss on dissolution of employee's pension fund	224	175
Other	1,558	1,669
Total non-current liabilities	18,030	18,764
Total liabilities	54,570	52,948
Net assets		
Shareholders' equity		
Share capital	6,547	6,547
Capital surplus	6,466	6,445
Retained earnings	43,469	48,373
Treasury shares	(10)	(40)
Total shareholders' equity	56,472	61,325
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	266	120
Remeasurements of defined benefit plans	(217)	(129)
Total accumulated other comprehensive income	48	(9)
Non-controlling interests	8,093	8,508
Total net assets	64,614	69,824
Total liabilities and net assets	119,184	122,773

Consolidated statements of income and consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Operating revenue	115,919	122,471
Operating costs	103,130	108,812
Operating gross profit	12,789	13,658
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	3	(0)
Remuneration for directors (and other officers)	627	669
Salaries and allowances	642	922
Provision for bonuses	83	93
Provision for bonuses for directors (and other officers)	24	—
Retirement benefit expenses	31	39
Taxes and dues	444	462
Other	1,017	1,282
Total selling, general and administrative expenses	2,875	3,468
Operating profit	9,913	10,190
Non-operating income		
Interest income	0	1
Dividend income	46	59
Rental income	94	108
Commission income	51	52
Gain on sales of non-current assets	103	98
Subsidy income	91	72
Electricity sale income	389	369
Miscellaneous income	191	171
Total non-operating income	968	933
Non-operating expenses		
Interest expenses	165	158
Loss on sales and retirement of non-current assets	39	18
Cost of electricity sales	244	237
Miscellaneous loss	70	91
Total non-operating expenses	519	505
Ordinary profit	10,362	10,618
Extraordinary income		
Gain on sales of non-current assets	—	385
Gain on sales of investment securities	114	—
Total extraordinary income	114	385

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Extraordinary losses		
Impairment loss	11	151
Loss on valuation of investment securities	—	14
Provision of allowance for doubtful accounts	185	—
Loss on disaster	25	16
Compensation for damage	62	—
Total extraordinary losses	284	182
Profit before income taxes	10,192	10,821
Income taxes - current	3,451	3,425
Income taxes - deferred	(160)	139
Total income taxes	3,290	3,565
Profit	6,901	7,256
Profit attributable to		
Profit attributable to owners of parent	5,905	6,233
Profit attributable to non-controlling interests	996	1,022
Other comprehensive income		
Valuation difference on available-for-sale securities	(84)	(152)
Remeasurements of defined benefit plans, net of tax	49	119
Total other comprehensive income	(34)	(32)
Comprehensive income	6,866	7,223
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,877	6,176
Comprehensive income attributable to non-controlling interests	988	1,047

Consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,547	6,466	38,562	(9)	51,566
Changes during period					
Dividends of surplus			(997)		(997)
Profit attributable to owners of parent			5,905		5,905
Purchase of treasury shares				(0)	(0)
Purchase of shares of consolidated subsidiaries					
Net changes in items other than shareholders' equity					
Total changes during period	–	–	4,907	(0)	4,906
Balance at end of 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 period	325	(250)	75	6,999	58,641
Changes during period					
Dividends of surplus					(997)
Profit attributable to owners of parent					5,905
Purchase of treasury shares					(0)
Purchase of shares of consolidated subsidiaries					
Net changes in items other than shareholders' equity	(59)	32	(27)	1,093	1,066
Total changes during period	(59)	32	(27)	1,093	5,973
Balance at end of period	266	(217)	48	8,093	64,614

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,547	6,466	43,469	(10)	56,472
Changes during period					
Dividends of surplus			(1,330)		(1,330)
Profit attributable to owners of parent			6,233		6,233
Purchase of treasury shares				(29)	(29)
Purchase of shares of consolidated subsidiaries		(21)			(21)
Net changes in items other than shareholders' equity					
Total changes during period		(21)	4,903	(29)	4,852
Balance at end of period	6,547	6,445	48,373	(40)	61,325

	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 period	266	(217)	48	8,093	64,614
Changes during period					
Dividends of surplus					(1,330)
Profit attributable to owners of parent					6,233
Purchase of treasury shares					(29)
Purchase of shares of consolidated subsidiaries					(21)
Net changes in items other than shareholders' equity	(146)	88	(57)	415	357
Total changes during period	(146)	88	(57)	415	5,209
Balance at end of period	120	(129)	(9)	8,508	69,824

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	10,192	10,821
Depreciation	5,002	5,190
Increase (decrease) in allowance for doubtful accounts	178	(39)
Increase (decrease) in provision for bonuses	71	69
Increase (decrease) in provision for bonuses for directors (and other officers)	(5)	(28)
Increase (decrease) in retirement benefit liability	176	41
Interest and dividend income	(46)	(61)
Interest expenses	165	158
Loss on sales and retirement of non-current assets	39	18
Loss (gain) on valuation of investment securities	—	14
Decrease (increase) in trade receivables	(212)	1,278
Increase (decrease) in trade payables	157	(895)
Increase (decrease) in accrued consumption taxes	325	336
Gain on sales of non-current assets	(103)	(483)
Increase/decrease in other assets/liabilities	162	(401)
Other, net	(55)	68
Subtotal	16,049	16,088
Interest and dividends received	47	60
Interest paid	(166)	(160)
Income taxes paid	(3,362)	(3,716)
Income taxes refund	0	5
Net cash provided by (used in) operating activities	12,568	12,276
Cash flows from investing activities		
Payments into time deposits	(833)	(1,362)
Proceeds from withdrawal of time deposits	838	614
Purchase of property, plant and equipment	(1,780)	(4,676)
Proceeds from sales of property, plant and equipment	166	603
Purchase of intangible assets	(358)	(391)
Purchase of investment securities	(303)	(89)
Proceeds from sales of investment securities	156	10
Payments of leasehold deposits	(119)	(193)
Proceeds from refund of leasehold deposits	146	83
Loan advances	(11)	(16)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(95)	(146)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	549	—
Purchase of shares of subsidiaries and associates	—	(705)
Other, net	(48)	(72)
Net cash provided by (used in) investing activities	(1,692)	(6,344)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(150)	(97)
Proceeds from long-term borrowings	892	2,097
Repayments of long-term borrowings	(2,875)	(3,191)
Net decrease (increase) in treasury shares	(0)	(29)
Dividends paid	(997)	(1,330)
Dividends paid to non-controlling interests	(151)	(191)
Repayments of lease obligations	(2,117)	(2,189)
Purchase of treasury shares of subsidiaries	—	(462)
Other, net	(165)	(5)
Net cash provided by (used in) financing activities	(5,567)	(5,401)
Effect of exchange rate change on cash and cash equivalents	—	—
Net increase (decrease) in cash and cash equivalents	5,308	531
Cash and cash equivalents at beginning of period	9,012	14,320
Cash and cash equivalents at end of period	14,320	14,852