

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 12, 2023

Company name: Sanyo Electric Railway
 Stock exchange listing: Tokyo
 Stock code: 9052 URL <https://www.sanyo-railway.co.jp/>
 Representative: President and Representative Director Kazuhiro Uekado
 Executive Officer, Manager of Accounting
 Inquiries: Daisuke Mizutani TEL 078-612-2032
 Division
 Scheduled date of ordinary general meeting of shareholders: June 28, 2023
 Scheduled date to file Securities Report: June 29, 2023
 Scheduled date to commence dividend payments: June 29, 2023
 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, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Operating revenue		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, 2023	38,913	13.9	3,491	132.8	3,804	112.9	2,664	(55.3)
Year ended March 31, 2022	34,151	—	1,499	—	1,787	—	5,967	—

	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, 2023	119.94	—	5.5	3.5	9.0
Year ended March 31, 2022	268.55	—	13.4	1.7	4.4

(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, 2023	111,167	49,644	44.7	2,234.38
As of March 31, 2022	108,755	46,971	43.2	2,114.02

(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, 2023	5,158	(6,716)	1,142	8,301
Year ended March 31, 2022	6,142	(4,174)	791	8,716

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, 2022	—	15.00	—	15.00	30.00	666	11.2	1.5
Year ended March 31, 2023	—	15.00	—	15.00	30.00	667	25.0	1.4
Year ending March 31, 2024 (Forecast)	—	15.00	—	15.00	30.00		32.5	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

Percentages indicate year-on-year changes

	Operating revenue		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	38,487	(1.1)	2,926	(16.2)	2,937	(22.8)	2,049	(23.1)	92.26

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(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: Yes

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, 2023	22,330,598 shares	As of March 31, 2022	22,330,598 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	112,072 shares	As of March 31, 2022	111,303 shares
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Average number of shares during the period

Year ended March 31, 2023	22,218,952 shares	Year ended March 31, 2022	22,219,809 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	6,784	8,369
Notes and accounts receivable - trade, and contract assets	3,733	3,367
Securities	1,999	–
Merchandise and finished goods	980	985
Land and buildings for sale in lots	4,888	6,111
Other	1,379	1,784
Allowance for doubtful accounts	(10)	(14)
Total current assets	19,757	20,604
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	38,845	38,664
Machinery, equipment and vehicles, net	11,382	10,162
Land	27,203	29,291
Construction in progress	565	636
Other, net	738	605
Total property, plant and equipment	78,736	79,361
Intangible assets	613	646
Investments and other assets		
Investment securities	5,834	6,543
Long-term loans receivable	51	53
Retirement benefit asset	2,615	2,760
Deferred tax assets	117	159
Other	1,043	1,053
Allowance for doubtful accounts	(14)	(15)
Total investments and other assets	9,648	10,554
Total non-current assets	88,997	90,562
Total assets	108,755	111,167

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,219	4,752
Short-term borrowings	5,464	7,702
Income taxes payable	925	563
Provision for bonuses	627	548
Provision for bonuses for directors (and other officers)	16	25
Other	8,359	9,108
Total current liabilities	22,613	22,701
Non-current liabilities		
Bonds payable	6,000	6,000
Long-term borrowings	26,471	26,069
Deferred tax liabilities	1,570	2,053
Retirement benefit liability	1,632	1,536
Long-term deferred contribution for construction	38	42
Leasehold and guarantee deposits received	3,168	2,855
Other	287	263
Total non-current liabilities	39,170	38,820
Total liabilities	61,783	61,522
Net assets		
Shareholders' equity		
Share capital	10,090	10,090
Capital surplus	7,037	7,057
Retained earnings	27,814	29,812
Treasury shares	(177)	(198)
Total shareholders' equity	44,765	46,761
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,582	2,169
Remeasurements of defined benefit plans	624	713
Total accumulated other comprehensive income	2,206	2,883
Total net assets	46,971	49,644
Total liabilities and net assets	108,755	111,167

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Operating revenue	34,151	38,913
Operating expenses		
Operating expenses and cost of sales of transportation	27,687	30,198
Selling, general and administrative expenses	4,963	5,222
Total operating expenses	32,651	35,421
Operating profit	1,499	3,491
Non-operating income		
Interest income	1	1
Dividend income	163	179
Gain on adjustment of accounts payable	37	276
Share of profit of entities accounted for using equity method	0	0
Miscellaneous income	432	189
Total non-operating income	635	647
Non-operating expenses		
Interest expenses	244	246
Loss on adjustment of account payable	33	36
Miscellaneous expenses	69	51
Total non-operating expenses	347	334
Ordinary profit	1,787	3,804
Extraordinary income		
Contribution received for construction	553	210
Gain on compensation income for expropriation	1	10
Gain on sale of non-current assets	6,741	–
Subsidy income	158	–
Compensation income for absence from work	60	–
Subsidies for employment adjustment	15	–
Gain on sale of investment securities	3	–
Total extraordinary income	7,535	221
Extraordinary losses		
Tax purpose reduction entry of contribution for construction	553	210
Loss on retirement of non-current assets	39	26
Reduction entry of land compensation income for expropriation	1	10
Loss on reduction of non current assets with subsidy income	158	–
Loss due to temporary closed	66	–
Loss on sale of non-current assets	0	–
Total extraordinary losses	819	247
Profit before income taxes	8,503	3,777
Income taxes - current	931	956
Income taxes - deferred	1,604	156
Total income taxes	2,536	1,112
Profit	5,967	2,664
Profit attributable to owners of parent	5,967	2,664

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	5,967	2,664
Other comprehensive income		
Valuation difference on available-for-sale securities	0	587
Remeasurements of defined benefit plans, net of tax	(113)	88
Total other comprehensive income	(112)	676
Comprehensive income	5,854	3,341
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,854	3,341
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,090	7,037	22,570	(175)	39,522
Cumulative effects of changes in accounting policies			(56)		(56)
Restated balance	10,090	7,037	22,513	(175)	39,466
Changes during period					
Dividends of surplus			(666)		(666)
Profit attributable to owners of parent			5,967		5,967
Purchase of treasury shares				(1)	(1)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	5,300	(1)	5,298
Balance at end of period	10,090	7,037	27,814	(177)	44,765

	Accumulated other comprehensive income			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	1,581	738	2,319	41,842
Cumulative effects of changes in accounting policies				(56)
Restated balance	1,581	738	2,319	41,786
Changes during period				
Dividends of surplus				(666)
Profit attributable to owners of parent				5,967
Purchase of treasury shares				(1)
Net changes in items other than shareholders' equity	0	(113)	(112)	(112)
Total changes during period	0	(113)	(112)	5,185
Balance at end of period	1,582	624	2,206	46,971

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,090	7,037	27,814	(177)	44,765
Changes during period					
Dividends of surplus			(667)		(667)
Profit attributable to owners of parent			2,664		2,664
Purchase of treasury shares				(71)	(71)
Disposal of treasury shares		19		50	70
Net changes in items other than shareholders' equity					
Total changes during period	–	19	1,997	(21)	1,996
Balance at end of period	10,090	7,057	29,812	(198)	46,761

	Accumulated other comprehensive income			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	1,582	624	2,206	46,971
Changes during period				
Dividends of surplus				(667)
Profit attributable to owners of parent				2,664
Purchase of treasury shares				(71)
Disposal of treasury shares				70
Net changes in items other than shareholders' equity	587	88	676	676
Total changes during period	587	88	676	2,672
Balance at end of period	2,169	713	2,883	49,644

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	8,503	3,777
Depreciation	4,041	4,211
Decrease (increase) in retirement benefit asset	(55)	(106)
Increase (decrease) in retirement benefit liability	(21)	(8)
Increase (decrease) in provision for bonuses	129	(78)
Increase (decrease) in provision for bonuses for directors (and other officers)	11	9
Share of loss (profit) of entities accounted for using equity method	(0)	(0)
Interest and dividend income	(164)	(180)
Interest expenses	244	246
Subsidy income	(158)	–
Loss on retirement of property, plant and equipment	114	96
Loss (gain) on sale of property, plant and equipment	(6,741)	–
Decrease (increase) in trade receivables	(349)	(180)
Decrease (increase) in inventories	226	(1,190)
Increase (decrease) in trade payables	(649)	(104)
Decrease (increase) in other current assets	254	(445)
Increase (decrease) in other current liabilities	572	197
Increase (decrease) in other non-current liabilities	(250)	(322)
Transfer construction in progress to operating expenses	(10)	(8)
Other, net	287	800
Subtotal	5,984	6,712
Interest and dividends received	164	180
Interest paid	(243)	(247)
Income taxes refund (paid)	237	(1,486)
Net cash provided by (used in) operating activities	6,142	5,158
Cash flows from investing activities		
Payments into time deposits	(0)	(13)
Proceeds from withdrawal of time deposits	10	13
Purchase of property, plant and equipment	(11,711)	(7,363)
Proceeds from sale of property, plant and equipment	6,979	–
Purchase of investment securities	(57)	(2)
Decrease(Increase) in long-term prepaid expenses	(22)	(229)
Purchase of investments and other assets	(108)	(157)
Proceeds from decrease in investments and other assets	8	380
Proceeds from long-term deferred contribution received for construction	489	1,029
Subsidies received	158	–
Other, net	80	(374)
Net cash provided by (used in) investing activities	(4,174)	(6,716)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(500)	2,000
Proceeds from long-term borrowings	7,040	4,900
Repayments of long-term borrowings	(5,047)	(5,064)
Dividends paid	(666)	(667)
Other, net	(35)	(25)
Net cash provided by (used in) financing activities	791	1,142
Net increase (decrease) in cash and cash equivalents	2,759	(415)
Cash and cash equivalents at beginning of period	5,957	8,716
Cash and cash equivalents at end of period	8,716	8,301