

**Supplementary Materials for
Financial Results for the Year Ended March 31, 2025
and Action to Implement Management that is
Conscious of Cost of Capital and Stock Price**

May 15, 2025

Sanyo Electric Railway Co., Ltd.

TSE Prime Market 9052

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1. Summary of Financial Results for the Fiscal Year Ended March 2025 and Forecast for the Fiscal Year Ending March 2026

FY2024 Financial Results (Consolidated Results)

[Highlights of FY2024 Results]

- ⊙ Operating revenue **decreased by ¥730 million** for the entire Group
- ⊙ Operating profit **decreased by ¥261 million** for the entire Group
- The Transportation segment showed an increase in revenue and profit. This is due to passenger revenue and the number of passengers in the railway business exceeding pre-pandemic levels. This increase is also due to the impact of fare revisions in the bus business.
- The Real Estate segment experienced a decline in revenue and profit due to differences in the scale of sales transactions.

Revenues from passenger transportation increased by 4.3% from FY2023.
(Non-commuter +5.0%, commuter +3.7%)

For more information, please refer to page 5 of the Railway Business Transportation Report (Non-Consolidated Results)

(Unit: Million yen)

		FY2024 Results	FY2023 Results	Change	Change (%)	Key Factor for Change
Transportation	Operating Revenue	20,027	19,085	942	4.9%	Railway +611; Bus +175, Osaka Sanyo Taxi +149
	Operating Profit	1,272	1,126	146	13.0%	Railway +117, Bus +23
Distribution	Operating Revenue	9,455	9,626	(171)	(1.8)%	Department Store (171) (decrease in sales of women's clothing, household goods, etc.)
	Operating Profit	350	409	(58)	(14.3)%	Department Store (41)
Real Estate	Operating Revenue	5,459	6,972	(1,512)	(21.7)%	Sanyo Electric Railway (1,663) (due to differences in the scale of sales transactions)
	Operating Profit	2,117	2,439	(321)	(13.2)%	Sanyo Electric Railway (337) (due to differences in the scale of sales transactions)
Leisure & Services	Operating Revenue	2,234	2,207	27	1.2%	SANSYOU (KFC, MD, etc.) +37
	Operating Profit	171	196	(25)	(12.7)%	
Other Business	Operating Revenue	1,312	1,328	(16)	(1.2)%	
	Operating Profit	151	122	29	24.1%	
Companywide (including eliminated gain)	Operating Revenue	38,489	39,220	(730)	(1.9)%	
	Operating Profit	4,065	4,326	(261)	(6.0)%	

FY2025 Financial Results (Consolidated Forecast)

[Highlights of FY2025 Forecast]

- ⊙ Operating revenue is expected to **increase by ¥1,403 million** for the entire Group
- ⊙ Operating profit is expected to **decrease by ¥101 million** for the entire Group

- Revenue from the railway business in the Transportation segment is expected to increase due to the January 2025 fare revision and continued strong demand for excursions to Kobe Suma Sea World, Marinpia Kobe, and Suma Fishing Park. However, the railway business is expected to face a decline in profits due to rising labor and power costs.
- The Real Estate segment anticipates an increase in revenue and profit due to differences in the scale of sales transactions.

Revenues from passenger transportation is expected to increase by 1.3% from FY2024.

For more information, please refer to page 6 of the Railway Business Transportation Report (Non-Consolidated Forecast)

(Unit: Million yen)

		FY2025 Forecast	FY2024 Results	Change	Change (%)	Key Factor for Change
Transportation	Operating Revenue	20,364	20,027	337	1.7%	Railway +273, Osaka Sanyo Taxi +61
	Operating Profit	933	1,272	(339)	(26.7)%	Railway (333)
Distribution	Operating Revenue	9,423	9,455	(31)	(0.3)%	Department Store (78), Sanyo Friends (convenience stores, etc.) +43
	Operating Profit	377	350	26	7.7%	Department Store +36
Real Estate	Operating Revenue	6,437	5,459	978	17.9%	Sanyo Electric Railway +1,086 (due to differences in the scale of sales transactions)
	Operating Profit	2,432	2,117	314	14.9%	Sanyo Electric Railway +316 (due to differences in the scale of sales transactions)
Leisure & Services	Operating Revenue	2,309	2,234	74	3.3%	
	Operating Profit	90	171	(81)	(47.4)%	
Other Business	Operating Revenue	1,357	1,312	45	3.4%	
	Operating Profit	93	151	(57)	(38.2)%	
Companywide (including eliminated gain)	Operating Revenue	39,893	38,489	1,403	3.6%	
	Operating Profit	3,964	4,065	(101)	(2.5)%	

FY2024 Railway Business Transportation Report (Non-Consolidated Results)



[Passenger Revenues]

(Unit: Million yen)

		FY2024 Results	FY2023 Results	Vs. FY2023 Results	
				Change	Change (%)
Non-commuter		6,775	6,456	319	5.0%
Commuter	Commuting (work)	5,710	5,494	215	3.9%
	Commuting (school)	790	774	15	2.0%
	Total	6,500	6,269	230	3.7%
Total		13,276	12,725	550	4.3%

[Number of Passengers]

(Unit: Thousand people)

		FY2024 Results	FY2023 Results	Vs. FY2023 Results	
				Change	Change (%)
Non-commuter		21,619	20,738	880	4.2%
Commuter	Commuting (work)	29,181	28,205	975	3.5%
	Commuting (school)	9,281	9,059	222	2.5%
	Total	38,463	37,264	1,198	3.2%
Total		60,082	58,003	2,079	3.6%

FY2025 Railway Business Transportation Report (Non-Consolidated Forecast)



[Passenger Revenues]

(Unit: Million yen)

		FY2025 Forecast	FY2024 Results	Vs. FY2024 Results	
				Change	Change (%)
Non-commuter		6,856	6,775	80	1.2%
Commuter	Commuting (work)	5,808	5,710	98	1.7%
	Commuting (school)	777	790	(13)	(1.7)%
	Total	6,586	6,500	85	1.3%
Total		13,442	13,276	166	1.3%

[Number of Passengers]

(Unit: Thousand people)

		FY2025 Forecast	FY2024 Results	Vs. FY2024 Results	
				Change	Change (%)
Non-commuter		21,632	21,619	13	0.1%
Commuter	Commuting (work)	29,189	29,181	8	0.0%
	Commuting (school)	9,117	9,281	(163)	(1.8)%
	Total	38,307	38,463	(155)	(0.4)%
Total		59,940	60,082	(142)	(0.2)%

Capital Investment (Consolidated)

(Unit: Million yen)

	FY2025 Plan	FY2024 Results	Change	Change (%)
Transportation	6,781	4,759	2,021	42.5%
Distribution	311	75	236	314.0%
Real Estate	2,093	2,456	(362)	(14.8)%
Leisure & Services	32	143	(110)	(77.3)%
Other Business	24	24	-	-%
Total	9,243	7,458	1,784	23.9%

FY2024 Key Components of Capital Investment Results

(Unit: Million yen)

Transportation Sanyo Electric Railway	4,473	Seismic reinforcement under Tarumi elevated railway, renewal of the MOLT I Tarumi, support for next-generation tickets (QR codes, credit cards, and other contactless payments), new construction of the 5000 series vehicles, extension of the Beppu Station platform, and more
Transportation Sanyo Bus	226	Eight bus cars, etc.
Distribution Sanyo Department Store	70	Replacement of in-store network equipment, air conditioners, etc.
Real Estate Sanyo Electric Railway	2,456	Acquisition of S-Cute Marunouchi, construction of the Charm Akashi Nishishinmachi, and more

FY2025 Key Components of the Capital Investment Plan

(Unit: Million yen)

Transportation Sanyo Electric Railway	6,568	New construction of the 6000 series vehicles, renewal of the MOLT I Tarumi, addition of barrier-free access at stations such as Nishishikama, Matogata, Fujie, and Kasumigaoka, renewal of substations, and more
Transportation Sanyo Bus	211	Five bus cars, etc.
Distribution Sanyo Department Store	306	Replacing air conditioners, remodeling the sales floor, and more
Real Estate Sanyo Electric Railway	2,093	Acquisition of profitable real estate, construction of the Charm Akashi Nishishinmachi, and more

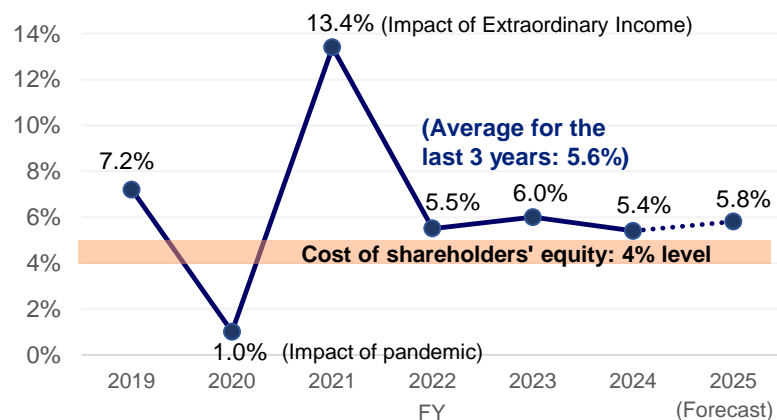
2. Action to Implement Management that is Conscious of Cost of Capital and Stock Price

Recognition of the current situation

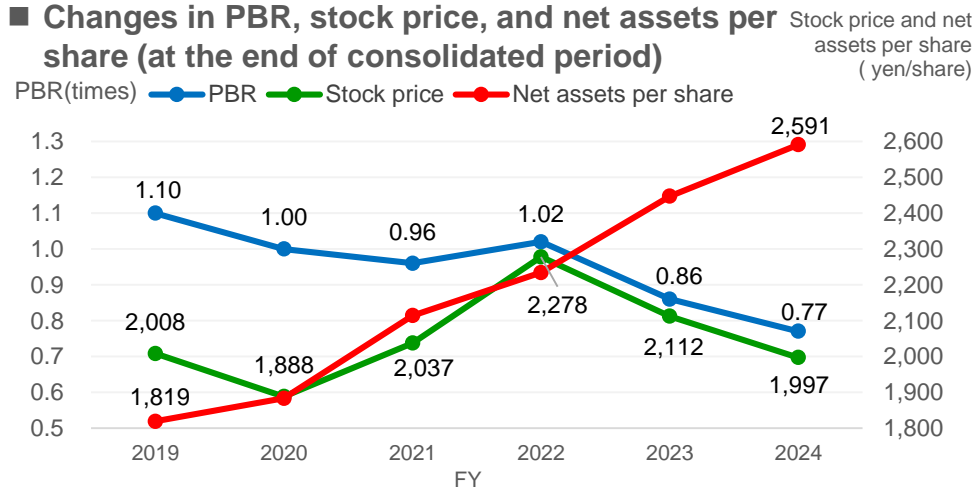
- While we have achieved a return on equity (ROE) that exceeds the estimated cost of shareholders' equity (approximately 4% level), the anticipated rise in the cost of shareholders' equity due to rising interest rates underscores the **need for further enhancing ROE**
- Net assets per share have increased significantly, reaching approximately 1.4 times the level at the end of FY2019. This growth can be attributed to a combination of factors, including the large extraordinary profit due to the sale of real estate holdings during the pandemic, the subsequent steady recovery of business performance, and the rising market value of shares held. Conversely, **the rate of increase in net assets has outpaced that of profit growth, and the price-to-book ratio (PBR) is trending downward**
- In addition, while investors recognize the company's stable earnings, as demonstrated by its consistent profitability during the pandemic, **there is a lack of discernible medium- to long-term profit growth strategies, and expectations seem to remain modest**

It is imperative to **enhance profitability by optimizing asset efficiency and strategically allocating funds to growth investments**. At the same time, we must **address the rapid increase in net assets**

Change in ROE



Changes in PBR, stock price, and net assets per share (at the end of consolidated period)



Improvement Policy: Initiatives for improving PBR and corporate value

- We will strive to improve ROE and reduce cost of capital, aiming to increase PBR and corporate value, by promoting initiatives based on three pillars: **strengthening and stabilizing profitability, seeking an optimal capital structure, and engaging in dialogue with shareholders and investors.**
- In the next Medium-Term Management Plan, which is currently being formulated and will commence in April 2026, we anticipate an augmentation of safety-related investments in the railway business. **With respect to ROE, which is a target indicator for return on capital, we will aim for a level of approximately 6% by the end of the final fiscal year of the plan. To achieve further improvement in the long term,** we will conduct in-depth studies on the following items during the current fiscal year and launch full-scale initiatives in the next Medium-Term Management Plan.

Direction

Improve ROE

Strengthen and stabilize profitability

Seek optimal capital structure

Reduce cost of capital

Engage in dialogue with shareholders and investors

Action Policy

- In addition to maintaining our investment in creating safer, more secure, and more comfortable transportation, promote studies and research on improving the efficiency of business operations (including IT and DX-related initiatives), such as the introduction of one-person train operations; and strengthen investment that contributes to these efforts
- Ensure that appropriate revenues are secured, including fare revisions, in response to changes in the income structure due to inflation and significant investments
- In the Real Estate segment, which we position as a growth area, expand profits by recording gains on sales through systematic asset turnover and strengthening our profit base by reinvesting the recovered funds. In addition to the continued development and acquisition of income-generating properties, expand profits by recording gains on sales through systematic asset turnover
- Enhance the return on investment by establishing indicators based on capital costs as key investment decision-making criteria for the Real Estate segment
- Explore opportunities to generate new revenue by assessing potential business ventures, such as mergers and acquisitions, and strategic business alliances
- Strengthen our investment in the recruitment and development of human capital, as it is a fundamental source for implementing various initiatives
- Consider capital policy, including the purchase of treasury stock
- Utilize funds from the sale of cross-shareholdings to improve capital efficiency
- Consider appropriate levels of interest-bearing debt while maintaining financial discipline
- Review the shareholder return policy while maintaining financial discipline and considering shareholder and investor expectations
- Communicate the Group's business and financial strategies properly by enhancing the disclosure of financial and non-financial information. For example, include quantitative information in the financial results presentation documents and qualitative information, such as ESG, in the Integrated Report