

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 13, 2022

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 17, 2022
 Scheduled date to file Securities Report: June 20, 2022
 Scheduled date to commence dividend payments: June 20, 2022
 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, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	34,151	–	1,499	–	1,787	–	5,967	–
Year ended March 31, 2021	43,490	(15.8)	781	(81.1)	941	(77.6)	422	(85.3)

	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, 2022	268.55	–	13.4	1.7	4.4
Year ended March 31, 2021	19.03	–	1.0	1.0	1.8

(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, 2022	108,755	46,971	43.2	2,114.02
As of March 31, 2021	99,605	41,842	42.0	1,883.09

(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, 2022	6,142	(4,174)	791	8,716
Year ended March 31, 2021	2,020	(4,454)	(597)	5,957

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, 2021	–	0.00	–	15.00	15.00	333	78.8	0.8
Year ended March 31, 2022	–	15.00	–	15.00	30.00	666	11.2	1.5
Year ending March 31, 2023 (Forecast)	–	15.00	–	15.00	30.00		31.0	

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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	37,872	10.9	3,055	103.7	3,052	70.8	2,147	(64.0)	96.67

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(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, 2022	22,330,598 shares	As of March 31, 2021	22,330,598 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	111,303 shares	As of March 31, 2021	110,413 shares
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Average number of shares during the period

Year ended March 31, 2022	22,219,809 shares	Year ended March 31, 2021	22,220,745 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	6,035	6,784
Notes and accounts receivable - trade	2,799	–
Notes and accounts receivable - trade, and contract assets	–	3,733
Securities	–	1,999
Merchandise and finished goods	1,017	980
Land and buildings for sale in lots	5,225	4,888
Other	1,975	1,379
Allowance for doubtful accounts	(2)	(10)
Total current assets	17,050	19,757
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	35,770	38,845
Machinery, equipment and vehicles, net	11,410	11,382
Land	22,425	27,203
Construction in progress	1,711	565
Other, net	846	738
Total property, plant and equipment	72,165	78,736
Intangible assets	450	613
Investments and other assets		
Investment securities	5,870	5,834
Long-term loans receivable	56	51
Retirement benefit asset	2,589	2,615
Deferred tax assets	179	117
Other	1,258	1,043
Allowance for doubtful accounts	(15)	(14)
Total investments and other assets	9,938	9,648
Total non-current assets	82,554	88,997
Total assets	99,605	108,755

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,109	7,219
Short-term borrowings	5,947	5,464
Income taxes payable	64	925
Provision for bonuses	497	627
Provision for bonuses for directors (and other officers)	4	16
Provision for such as gift certificate	232	–
Other	7,604	8,359
Total current liabilities	21,459	22,613
Non-current liabilities		
Bonds payable	6,000	6,000
Long-term borrowings	24,496	26,471
Deferred tax liabilities	141	1,570
Retirement benefit liability	1,515	1,632
Long-term deferred contribution for construction	413	38
Leasehold and guarantee deposits received	3,410	3,168
Other	326	287
Total non-current liabilities	36,303	39,170
Total liabilities	57,762	61,783
Net assets		
Shareholders' equity		
Share capital	10,090	10,090
Capital surplus	7,037	7,037
Retained earnings	22,570	27,814
Treasury shares	(175)	(177)
Total shareholders' equity	39,522	44,765
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,581	1,582
Remeasurements of defined benefit plans	738	624
Total accumulated other comprehensive income	2,319	2,206
Total net assets	41,842	46,971
Total liabilities and net assets	99,605	108,755

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

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Operating revenue	43,490	34,151
Operating expenses		
Operating expenses and cost of sales of transportation	37,805	27,687
Selling, general and administrative expenses	4,903	4,963
Total operating expenses	42,708	32,651
Operating profit	781	1,499
Non-operating income		
Interest income	1	1
Dividend income	158	163
Share of profit of entities accounted for using equity method	1	0
Subsidies for employment adjustment	153	172
Miscellaneous income	336	297
Total non-operating income	650	635
Non-operating expenses		
Interest expenses	251	244
Cost for take-over bid	142	–
Miscellaneous expenses	97	103
Total non-operating expenses	491	347
Ordinary profit	941	1,787
Extraordinary income		
Gain on sale of non-current assets	0	6,741
Contribution for construction	563	553
Subsidy income	–	158
Compensation income for absence from work	–	60
Subsidies for employment adjustment	29	15
Gain on sale of investment securities	23	3
Gain on compensation income for expropriation	30	1
Total extraordinary income	648	7,535
Extraordinary losses		
Tax purpose reduction entry of contribution for construction	563	553
Loss on reduction of non current assets with subsidy income	–	158
Loss due to temporary closed	94	66
Loss on retirement of non-current assets	17	39
Reduction entry of land compensation income for expropriation	1	1
Loss on sale of non-current assets	–	0
Impairment losses	47	–
Loss on valuation of investment securities	33	–
Total extraordinary losses	758	819
Profit before income taxes	830	8,503
Income taxes - current	115	931
Income taxes - deferred	254	1,604
Total income taxes	369	2,536
Profit	461	5,967
Profit attributable to non-controlling interests	38	–
Profit attributable to owners of parent	422	5,967

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	461	5,967
Other comprehensive income		
Valuation difference on available-for-sale securities	883	0
Remeasurements of defined benefit plans, net of tax	299	(113)
Total other comprehensive income	1,182	(112)
Comprehensive income	1,644	5,854
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,611	5,854
Comprehensive income attributable to non-controlling interests	32	–

Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,090	6,854	22,480	(173)	39,251
Changes during period					
Dividends of surplus			(333)		(333)
Profit attributable to owners of parent			422		422
Purchase of treasury shares				(2)	(2)
Change in ownership interest of parent due to transactions with non-controlling interests		183			183
Net changes in items other than shareholders' equity					
Total changes during period	–	183	89	(2)	270
Balance at end of period	10,090	7,037	22,570	(175)	39,522

	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	692	466	1,158	1,113	41,524
Changes during period					
Dividends of surplus					(333)
Profit attributable to owners of parent					422
Purchase of treasury shares					(2)
Change in ownership interest of parent due to transactions with non-controlling interests					183
Net changes in items other than shareholders' equity	888	272	1,161	(1,113)	47
Total changes during period	888	272	1,161	(1,113)	318
Balance at end of period	1,581	738	2,319	–	41,842

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

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	830	8,503
Depreciation	3,916	4,041
Impairment losses	47	–
Decrease (increase) in retirement benefit asset	(31)	(55)
Increase (decrease) in retirement benefit liability	78	(21)
Increase (decrease) in provision for bonuses	(95)	129
Increase (decrease) in provision for bonuses for directors (and other officers)	(42)	11
Increase(decrease) in provision for such as gift certificate	2	–
Share of loss (profit) of entities accounted for using equity method	(1)	(0)
Interest and dividend income	(160)	(164)
Interest expenses	251	244
Loss (gain) on valuation of investment securities	33	–
Subsidies for employment adjustment	(182)	(188)
Subsidy income	–	(158)
Loss on retirement of property, plant and equipment	299	114
Loss (gain) on sale of property, plant and equipment	–	(6,741)
Decrease (increase) in trade receivables	(261)	(349)
Decrease (increase) in inventories	(627)	226
Increase (decrease) in trade payables	(286)	(649)
Decrease (increase) in other current assets	(461)	254
Increase (decrease) in other current liabilities	39	572
Increase (decrease) in other non-current liabilities	(319)	(250)
Transfer construction in progress to operating expenses	386	(10)
Other, net	13	226
Subtotal	3,430	5,734
Interest and dividends received	160	164
Interest paid	(252)	(243)
Subsidies received	182	249
Income taxes refund (paid)	(1,500)	237
Net cash provided by (used in) operating activities	2,020	6,142
Cash flows from investing activities		
Payments into time deposits	(0)	(0)
Proceeds from withdrawal of time deposits	50	10
Purchase of property, plant and equipment	(5,471)	(11,711)
Proceeds from sale of property, plant and equipment	0	6,979
Proceeds from sale of securities	701	–
Purchase of investment securities	(4)	(57)
Decrease(Increase) in long-term prepaid expenses	(2)	(22)
Purchase of investments and other assets	(183)	(108)
Proceeds from decrease in investments and other assets	12	8
Proceeds from long-term deferred contribution received for construction	522	489
Subsidies received	–	158
Other, net	(79)	80
Net cash provided by (used in) investing activities	(4,454)	(4,174)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	575	(500)
Proceeds from long-term borrowings	5,250	7,040
Repayments of long-term borrowings	(5,058)	(5,047)
Dividends paid	(333)	(666)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(990)	–
Other, net	(39)	(35)
Net cash provided by (used in) financing activities	(597)	791
Net increase (decrease) in cash and cash equivalents	(3,031)	2,759
Cash and cash equivalents at beginning of period	8,988	5,957
Cash and cash equivalents at end of period	5,957	8,716