

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

November 2, 2023

Company name: Sotetsu Holdings, Inc.
 Stock exchange listing: Tokyo
 Stock code: 9003 URL <https://www.sotetsu.co.jp>
 Representative: Representative Director, President Hideyuki Takizawa
 General Manager, Corporate Strategy Hajime Mori
 Inquiries: Division TEL 045-319-2043
 Scheduled date to file Quarterly Securities Report: November 13, 2023
 Scheduled date to commence dividend payments: December 1, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative)

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	%
Six months ended September 30, 2023	124,350	8.0	13,081	188.8	12,586	209.3	8,947	273.3
Six months ended September 30, 2022	115,098	10.3	4,529	350.0	4,069	959.5	2,396	—

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	91.32		—	
Six months ended September 30, 2022	24.46		—	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	658,411	154,154	23.4
As of March 31, 2023	646,951	145,789	22.5

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2023	—	10.00	—	15.00	25.00
Year ending March 31, 2024	—	20.00			
Year ending March 31, 2024 (Forecast)			—	20.00	40.00

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	269,500	7.9	23,400	63.1	21,900	72.0	14,300	104.9	145.96

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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

(4) Number of issued shares (common shares)

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

As of September 30, 2023	98,145,499 shares	As of March 31, 2023	98,145,499 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	171,234 shares	As of March 31, 2023	170,058 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	97,974,847 shares	Six months ended September 30, 2022	97,977,347 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	20,156	10,578
Notes and accounts receivable - trade	12,483	12,251
Inventories	28,600	34,879
Other	12,087	13,620
Allowance for doubtful accounts	(38)	(12)
Total current assets	73,290	71,318
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	182,353	184,333
Machinery, equipment and vehicles, net	36,141	37,659
Land	262,415	271,451
Right-of-use assets, net	15,399	16,138
Construction in progress	14,432	14,014
Other, net	5,968	5,707
Total property, plant and equipment	516,710	529,305
Intangible assets		
Goodwill	1,008	903
Leasehold interests in land	3,546	3,546
Other	5,091	4,778
Total intangible assets	9,646	9,228
Investments and other assets		
Investment securities	12,972	13,674
Long-term loans receivable	1,341	2,067
Retirement benefit asset	12,491	12,735
Deferred tax assets	6,703	6,265
Other	14,313	14,332
Allowance for doubtful accounts	(518)	(516)
Total investments and other assets	47,303	48,559
Total non-current assets	573,661	587,093
Total assets	646,951	658,411

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,307	9,928
Short-term borrowings	37,893	63,708
Current portion of bonds payable	–	10,000
Lease liabilities	1,173	1,398
Income taxes payable	1,346	3,717
Contract liabilities	5,927	7,235
Provision for bonuses	2,336	2,209
Other provisions	119	156
Asset retirement obligations	26	50
Other	35,456	25,331
Total current liabilities	93,586	123,736
Non-current liabilities		
Bonds payable	185,000	175,000
Long-term borrowings	132,337	115,408
Lease liabilities	16,919	18,094
Deferred tax liabilities for land revaluation	23,223	23,223
Retirement benefit liability	18,540	17,873
Long-term leasehold and guarantee deposits received	27,802	26,994
Asset retirement obligations	3,097	3,385
Other	652	540
Total non-current liabilities	407,574	380,520
Total liabilities	501,161	504,257
Net assets		
Shareholders' equity		
Share capital	38,803	38,803
Capital surplus	26,980	26,981
Retained earnings	75,842	83,320
Treasury shares	(353)	(356)
Total shareholders' equity	141,273	148,747
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,166	5,118
Revaluation reserve for land	(394)	(394)
Foreign currency translation adjustment	(411)	(384)
Remeasurements of defined benefit plans	1,062	968
Total accumulated other comprehensive income	4,423	5,307
Non-controlling interests	93	98
Total net assets	145,789	154,154
Total liabilities and net assets	646,951	658,411

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Operating revenue	115,098	124,350
Operating expenses		
Operating expenses and cost of sales of transportation	82,573	81,026
Selling, general and administrative expenses	27,995	30,242
Total operating expenses	110,568	111,268
Operating profit	4,529	13,081
Non-operating income		
Interest income	110	109
Dividend income	93	104
Foreign exchange gains	525	806
Compensation income	43	43
Reversal of clerical costs on work performed on contract	70	23
Miscellaneous income	221	79
Total non-operating income	1,064	1,165
Non-operating expenses		
Interest expenses	1,417	1,451
Miscellaneous expenses	107	209
Total non-operating expenses	1,525	1,661
Ordinary profit	4,069	12,586
Extraordinary income		
Gain on sale of non-current assets	3	26
Gain on sale of investment securities	–	3
Subsidies	447	480
Compensation income	114	–
Compensation for forced relocation	–	10
Total extraordinary income	565	520
Extraordinary losses		
Loss on sale of non-current assets	–	4
Loss on retirement of non-current assets	86	47
Loss on tax purpose reduction entry of non-current assets	428	471
Impairment losses	–	52
Loss on withdrawal from business	428	1
Other	1	0
Total extraordinary losses	945	577
Profit before income taxes	3,688	12,528
Income taxes - current	996	3,595
Income taxes - deferred	296	117
Total income taxes	1,292	3,713
Profit	2,396	8,815
Loss attributable to non-controlling interests	(0)	(131)
Profit attributable to owners of parent	2,396	8,947

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	2,396	8,815
Other comprehensive income		
Valuation difference on available-for-sale securities	1,128	952
Foreign currency translation adjustment	395	24
Remeasurements of defined benefit plans, net of tax	(55)	(94)
Share of other comprehensive income of entities accounted for using equity method	–	139
Total other comprehensive income	1,468	1,021
Comprehensive income	3,865	9,837
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,848	9,831
Comprehensive income attributable to non-controlling interests	16	5