

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: Kobe Electric Railway Co.,Ltd.
 Stock exchange listing: Tokyo
 Stock code: 9046 URL <https://www.shintetsu.co.jp/>
 Representative: President and Representative Director Nobuhiko Terada
 Inquiries: Manager of Corporate Planning Department Yoshiyuki Sakamoto TEL 078-576-8671
 Scheduled date of ordinary general meeting of shareholders: June 15, 2023
 Scheduled date to file Securities Report: June 16, 2023
 Scheduled date to commence dividend payments: –
 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	21,321	3.9	1,391	30.6	998	53.1	676	30.3
Year ended March 31, 2022	20,517	–	1,065	–	652	–	519	–

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/Operating revenue
	Yen	Yen	%	%	%
Year ended March 31, 2023	84.16	–	3.2	1.1	6.5
Year ended March 31, 2022	64.68	–	2.5	0.7	5.2

(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	90,804	21,243	23.4	2,643.57
As of March 31, 2022	92,351	20,626	22.3	2,566.48

(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	3,422	(1,355)	(1,886)	1,436
Year ended March 31, 2022	2,809	(1,073)	(1,840)	1,256

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	–	0.00	–	0.00	0.00	–	–	–
Year ended March 31, 2023	–	0.00	–	0.00	0.00	–	–	–
Year ending March 31, 2024 (Forecast)	–	0.00	–	0.00	0.00	–	–	–

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	22,100	3.7	1,430	2.8	870	(12.8)	620	(8.3)	77.15

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: 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, 2023	8,061,566 shares	As of March 31, 2022	8,061,566 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	25,598 shares	As of March 31, 2022	24,592 shares
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Average number of shares during the period

Year ended March 31, 2023	8,036,565 shares	Year ended March 31, 2022	8,037,397 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	1,262	1,443
Accounts receivable - trade	1,284	1,097
Short-term loans receivable	69	66
Land and buildings for sale	279	274
Merchandise	121	123
Supplies	396	418
Other	2,576	2,246
Allowance for doubtful accounts	(0)	–
Total current assets	5,988	5,670
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	41,519	40,523
Machinery, equipment and vehicles, net	5,434	5,121
Land	34,691	34,912
Construction in progress	240	126
Other, net	551	546
Total property, plant and equipment	82,436	81,230
Intangible assets		
Other	577	576
Total intangible assets	577	576
Investments and other assets		
Investment securities	1,126	1,217
Long-term loans receivable	352	285
Retirement benefit asset	1,419	1,405
Other	468	435
Allowance for doubtful accounts	(17)	(17)
Total investments and other assets	3,348	3,326
Total non-current assets	86,362	85,133
Total assets	92,351	90,804

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	2,692	2,206
Short-term borrowings	29,298	18,463
Income taxes payable	91	130
Advances received	975	819
Provision for bonuses	49	51
Other	2,634	3,012
Total current liabilities	35,741	24,683
Non-current liabilities		
Long-term borrowings	29,539	38,686
Deferred tax liabilities	255	224
Deferred tax liabilities for land revaluation	3,471	3,471
Retirement benefit liability	108	112
Long-term accounts payable - other	812	773
Long-term guarantee deposits	928	933
Other	866	676
Total non-current liabilities	35,982	44,877
Total liabilities	71,724	69,560
Net assets		
Shareholders' equity		
Share capital	11,710	11,710
Retained earnings	6,974	7,650
Treasury shares	(88)	(91)
Total shareholders' equity	18,596	19,270
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	250	333
Deferred gains or losses on hedges	0	0
Revaluation reserve for land	1,503	1,503
Remeasurements of defined benefit plans	275	136
Total accumulated other comprehensive income	2,029	1,973
Total net assets	20,626	21,243
Total liabilities and net assets	92,351	90,804

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	20,517	21,321
Operating expenses		
Operating expenses and cost of sales of transportation	16,884	17,341
Selling, general and administrative expenses	2,567	2,587
Total operating expenses	19,452	19,929
Operating profit	1,065	1,391
Non-operating income		
Interest income	1	1
Dividend income	27	31
Reversal of clerical costs on work performed on contract	15	101
Subsidy income	83	33
Miscellaneous income	197	69
Total non-operating income	325	237
Non-operating expenses		
Interest expenses	577	560
Miscellaneous expenses	161	70
Total non-operating expenses	738	630
Ordinary profit	652	998
Extraordinary income		
Contribution received for construction	466	768
Other	–	60
Total extraordinary income	466	828
Extraordinary losses		
Tax purpose reduction entry of contribution for construction	466	768
Impairment losses	3	59
Other	3	139
Total extraordinary losses	474	967
Profit before income taxes	644	859
Income taxes - current	93	169
Income taxes - deferred	30	13
Total income taxes	124	183
Profit	519	676
Profit attributable to owners of parent	519	676

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	519	676
Other comprehensive income		
Valuation difference on available-for-sale securities	3	82
Deferred gains or losses on hedges	(0)	(0)
Remeasurements of defined benefit plans, net of tax	(23)	(138)
Total other comprehensive income	(20)	(56)
Comprehensive income	499	620
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	499	620
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	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,710	6,502	(85)	18,127
Cumulative effects of changes in accounting policies		(44)		(44)
Restated balance	11,710	6,457	(85)	18,083
Changes during period				
Profit attributable to owners of parent		519		519
Purchase of treasury shares			(2)	(2)
Reversal of revaluation reserve for land		(2)		(2)
Net changes in items other than shareholders' equity				
Total changes during period	–	516	(2)	513
Balance at end of period	11,710	6,974	(88)	18,596

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	246	1	1,500	298	2,047	20,174
Cumulative effects of changes in accounting policies						(44)
Restated balance	246	1	1,500	298	2,047	20,130
Changes during period						
Profit attributable to owners of parent						519
Purchase of treasury shares						(2)
Reversal of revaluation reserve for land						(2)
Net changes in items other than shareholders' equity	3	(0)	2	(23)	(17)	(17)
Total changes during period	3	(0)	2	(23)	(17)	496
Balance at end of period	250	0	1,503	275	2,029	20,626

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity			
	Share capital	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,710	6,974	(88)	18,596
Changes during period				
Profit attributable to owners of parent		676		676
Purchase of treasury shares			(3)	(3)
Reversal of revaluation reserve for land		0		0
Net changes in items other than shareholders' equity				
Total changes during period	-	676	(3)	673
Balance at end of period	11,710	7,650	(91)	19,270

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	250	0	1,503	275	2,029	20,626
Changes during period						
Profit attributable to owners of parent						676
Purchase of treasury shares						(3)
Reversal of revaluation reserve for land						0
Net changes in items other than shareholders' equity	82	(0)	(0)	(138)	(56)	(56)
Total changes during period	82	(0)	(0)	(138)	(56)	616
Balance at end of period	333	0	1,503	136	1,973	21,243

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	644	859
Depreciation	2,434	2,326
Impairment losses	3	59
Increase (decrease) in net defined benefit asset and liability	(253)	(182)
Interest and dividend income	(29)	(32)
Interest expenses	577	560
Contribution received for construction	(466)	(768)
Reduction entry of land contribution for construction	466	768
Decrease (increase) in trade receivables	(368)	187
Decrease (increase) in inventories	77	(19)
Increase (decrease) in trade payables	696	(822)
Other, net	(318)	1,139
Subtotal	3,464	4,076
Interest and dividends received	30	33
Interest paid	(579)	(557)
Income taxes paid	(106)	(130)
Net cash provided by (used in) operating activities	2,809	3,422
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,727)	(1,771)
Purchase of investment securities	(300)	(300)
Proceeds from sale and redemption of investment securities	195	306
Loan advances	(10)	(18)
Proceeds from collection of loans receivable	56	87
Proceeds from contribution received for construction	839	511
Other, net	(127)	(171)
Net cash provided by (used in) investing activities	(1,073)	(1,355)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(755)	(615)
Proceeds from long-term borrowings	10,992	17,560
Repayments of long-term borrowings	(11,875)	(18,633)
Purchase of treasury shares	(2)	(3)
Repayments of lease liabilities	(198)	(194)
Net cash provided by (used in) financing activities	(1,840)	(1,886)
Net increase (decrease) in cash and cash equivalents	(104)	180
Cash and cash equivalents at beginning of period	1,360	1,256
Cash and cash equivalents at end of period	1,256	1,436