

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

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

June 2, 2023

Company name: Kintetsu Group Holdings Co.,Ltd.
 Stock exchange listing: Tokyo
 Stock code: 9041 URL <https://www.kintetsu-g-hd.co.jp/>
 Representative: President Toshihide Ogura
 General Manager of Accounting and Finance
 Inquiries: Naoyuki Isokawa TEL 06-6775-3465
 Division
 Scheduled date of ordinary general meeting of shareholders: June 27, 2023
 Scheduled date to file Securities Report: June 28, 2023
 Scheduled date to commence dividend payments: June 28, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts)

(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	1,561,002	125.7	67,144	—	74,612	143.4	88,779	107.6
Year ended March 31, 2022	691,512	—	3,864	—	30,658	—	42,755	—

	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	466.81	—	21.6	3.5	4.3
Year ended March 31, 2022	224.81	—	12.2	1.6	0.6

(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	2,424,755	500,262	18.2	2,323.34
As of March 31, 2022	1,895,770	421,760	20.0	1,990.85

(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	133,992	(41,855)	44,817	208,188
Year ended March 31, 2022	57,548	44,264	(102,918)	75,765

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	—	25.00	25.00	4,762	11.1	1.4
Year ended March 31, 2023	—	0.00	—	50.00	50.00	9,524	10.7	2.3
Year ending March 31, 2024 (Forecast)	—	0.00	—	50.00	50.00		21.6	

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
Six months ending September 30, 2023	881,000	41.4	33,000	141.2	28,000	10.7	15,000	(76.7)	78.87
Full year	1,820,000	16.6	84,000	25.1	74,000	(0.8)	44,000	(50.4)	231.36

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): Yes

(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	190,662,061 shares	As of March 31, 2022	190,662,061 shares
----------------------	--------------------	----------------------	--------------------

Number of treasury shares at the end of the period

As of March 31, 2023	482,673 shares	As of March 31, 2022	480,661 shares
----------------------	----------------	----------------------	----------------

Average number of shares during the period

Year ended March 31, 2023	190,182,524 shares	Year ended March 31, 2022	190,182,915 shares
---------------------------	--------------------	---------------------------	--------------------

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	78,902	217,087
Notes and accounts receivable - trade, and contract assets	59,730	224,337
Lease receivables and investments in leases	911	990
Securities	—	5,008
Merchandise and finished goods	9,575	9,638
Work in process	4,032	4,750
Raw materials and supplies	4,934	5,176
Land and buildings for sale	132,965	155,664
Other	41,054	81,649
Allowance for doubtful accounts	(537)	(2,254)
Total current assets	331,569	702,048
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	545,943	557,549
Machinery, equipment and vehicles, net	32,619	37,768
Land	671,685	679,139
Leased assets, net	27,353	26,080
Construction in progress	2,262	5,379
Other, net	9,229	58,486
Total property, plant and equipment	1,289,093	1,364,404
Intangible assets		
Goodwill	13	62,517
Leased assets	21	9
Other	13,922	107,389
Total intangible assets	13,958	169,917
Investments and other assets		
Investment securities	141,291	58,827
Long-term loans receivable	3,179	3,780
Retirement benefit asset	65,597	66,568
Deferred tax assets	11,533	12,795
Other	38,368	45,966
Allowance for doubtful accounts	(1,075)	(1,750)
Total investments and other assets	258,895	186,186
Total non-current assets	1,561,947	1,720,508
Deferred assets		
Bond issuance costs	2,252	2,199
Total deferred assets	2,252	2,199
Total assets	1,895,770	2,424,755

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	49,084	133,461
Short-term borrowings	204,018	273,229
Commercial papers	40,000	45,000
Current portion of bonds payable	12,753	43,137
Lease liabilities	5,371	16,240
Accounts payable - other	34,176	47,256
Income taxes payable	4,262	10,220
Provision for bonuses	7,912	17,281
Provision for loss on exchanging gift certificates	5,495	5,755
Provision for contract losses	—	3,470
Other	140,971	184,710
Total current liabilities	504,045	779,761
Non-current liabilities		
Bonds payable	300,191	342,054
Long-term borrowings	503,125	575,903
Lease liabilities	29,041	60,404
Deferred tax liabilities	4,187	31,081
Deferred tax liabilities for land revaluation	90,678	90,467
Retirement benefit liability	8,569	12,056
Other	34,171	32,765
Total non-current liabilities	969,964	1,144,732
Total liabilities	1,474,009	1,924,493
Net assets		
Shareholders' equity		
Share capital	126,476	126,476
Capital surplus	61,927	54,898
Retained earnings	80,555	161,795
Treasury shares	(1,150)	(1,164)
Total shareholders' equity	267,809	342,006
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,572	4,920
Deferred gains or losses on hedges	(0)	(0)
Revaluation reserve for land	87,108	89,899
Foreign currency translation adjustment	1,837	(8,346)
Remeasurements of defined benefit plans	16,293	13,371
Total accumulated other comprehensive income	110,812	99,845
Non-controlling interests	43,139	58,410
Total net assets	421,760	500,262
Total liabilities and net assets	1,895,770	2,424,755

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	691,512	1,561,002
Operating expenses		
Operating expenses and cost of sales of transportation	572,943	1,305,987
Selling, general and administrative expenses	114,704	187,869
Total operating expenses	687,647	1,493,857
Operating profit	3,864	67,144
Non-operating income		
Interest income	145	1,273
Dividend income	1,029	689
Gain on adjustment of non-exchanging gift certificates	1,030	1,049
Share of profit of entities accounted for using equity method	21,851	8,710
Subsidies for employment adjustment	8,423	1,225
Foreign exchange gains	403	4,121
Other	4,062	2,897
Total non-operating income	36,945	19,966
Non-operating expenses		
Interest expenses	7,386	8,837
Provision of allowance for loss on exchanging gift certificates	1,010	1,047
Other	1,755	2,613
Total non-operating expenses	10,152	12,498
Ordinary profit	30,658	74,612
Extraordinary income		
Contribution received for construction	5,177	4,130
Gain on sale of non-current assets	20,668	637
Gain on sale of securities	2,893	569
Gain on step acquisitions	—	47,536
Gain on bargain purchase	10,863	—
Other	1,348	498
Total extraordinary income	40,952	53,374
Extraordinary losses		
Tax purpose reduction entry of contribution for construction	5,136	3,518
Loss on sale of non-current assets	50	448
Loss on retirement of non-current assets	885	1,259
Impairment losses	11,121	13,340
Other	2,279	2,535
Total extraordinary losses	19,472	21,102
Profit before income taxes	52,138	106,884
Income taxes - current	6,528	13,057
Income taxes - deferred	2,605	2,307
Total income taxes	9,134	15,364
Profit	43,003	91,519
Profit attributable to non-controlling interests	247	2,740
Profit attributable to owners of parent	42,755	88,779

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	43,003	91,519
Other comprehensive income		
Valuation difference on available-for-sale securities	171	392
Revaluation reserve for land	(1,460)	—
Foreign currency translation adjustment	897	(6,564)
Remeasurements of defined benefit plans, net of tax	10,905	(4,022)
Share of other comprehensive income of entities accounted for using equity method	5,846	(4,206)
Total other comprehensive income	16,360	(14,401)
Comprehensive income	59,363	77,118
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	59,149	75,021
Comprehensive income attributable to non-controlling interests	214	2,097

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	126,476	61,884	40,829	(1,424)	227,766
Cumulative effects of changes in accounting policies			(1,448)		(1,448)
Restated balance	126,476	61,884	39,380	(1,424)	226,318
Changes during period					
Dividends of surplus					—
Profit (loss) attributable to owners of parent			42,755		42,755
Purchase of treasury shares				(32)	(32)
Disposal of treasury shares		0		40	40
Change in scope of consolidation			8		8
Change in scope of equity method				265	265
Decrease (increase) of capital surplus by change of share to consolidated subsidiary		42			42
Reversal of revaluation reserve for land			(1,589)		(1,589)
Change in treasury shares arising from change in equity in entities accounted for using equity method				(0)	(0)
Purchase of shares of consolidated subsidiaries		0			0
Net changes in items other than shareholders' equity					
Total changes during period	—	43	41,175	273	41,491
Balance at end of period	126,476	61,927	80,555	(1,150)	267,809

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	6,995	0	89,894	(9,300)	5,238	92,829	17,899	338,494
Cumulative effects of changes in accounting policies								(1,448)
Restated balance	6,995	0	89,894	(9,300)	5,238	92,829	17,899	337,046
Changes during period								
Dividends of surplus								–
Profit (loss) attributable to owners of parent								42,755
Purchase of treasury shares								(32)
Disposal of treasury shares								40
Change in scope of consolidation								8
Change in scope of equity method								265
Decrease (increase) of capital surplus by change of share to consolidated subsidiary								42
Reversal of revaluation reserve for land								(1,589)
Change in treasury shares arising from change in equity in entities accounted for using equity method								(0)
Purchase of shares of consolidated subsidiaries								0
Net changes in items other than shareholders' equity	(1,423)	(0)	(2,785)	11,137	11,055	17,982	25,239	43,222
Total changes during period	(1,423)	(0)	(2,785)	11,137	11,055	17,982	25,239	84,714
Balance at end of period	5,572	(0)	87,108	1,837	16,293	110,812	43,139	421,760

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	126,476	61,927	80,555	(1,150)	267,809
Cumulative effects of changes in accounting policies					—
Restated balance	126,476	61,927	80,555	(1,150)	267,809
Changes during period					
Dividends of surplus			(4,762)		(4,762)
Profit (loss) attributable to owners of parent			88,779		88,779
Purchase of treasury shares				(51)	(51)
Disposal of treasury shares		(0)		37	37
Increase from accounting period changes of consolidated subsidiaries			14		14
Reversal of revaluation reserve for land			(2,791)		(2,791)
Change in treasury shares arising from change in equity in entities accounted for using equity method				0	0
Purchase of shares of consolidated subsidiaries		(7,542)			(7,542)
Sale of shares of consolidated subsidiaries		514			514
Net changes in items other than shareholders' equity					
Total changes during period	—	(7,029)	81,239	(13)	74,196
Balance at end of period	126,476	54,898	161,795	(1,164)	342,006

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	5,572	(0)	87,108	1,837	16,293	110,812	43,139	421,760
Cumulative effects of changes in accounting policies								–
Restated balance	5,572	(0)	87,108	1,837	16,293	110,812	43,139	421,760
Changes during period								
Dividends of surplus								(4,762)
Profit (loss) attributable to owners of parent								88,779
Purchase of treasury shares								(51)
Disposal of treasury shares								37
Increase from accounting period changes of consolidated subsidiaries								14
Reversal of revaluation reserve for land								(2,791)
Change in treasury shares arising from change in equity in entities accounted for using equity method								0
Purchase of shares of consolidated subsidiaries								(7,542)
Sale of shares of consolidated subsidiaries								514
Net changes in items other than shareholders' equity	(651)	–	2,790	(10,184)	(2,922)	(10,967)	15,271	4,304
Total changes during period	(651)	–	2,790	(10,184)	(2,922)	(10,967)	15,271	78,501
Balance at end of period	4,920	(0)	89,899	(8,346)	13,371	99,845	58,410	500,262

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	52,138	106,884
Depreciation	51,269	63,618
Amortization of goodwill	8	2,443
Gain on bargain purchase	(10,863)	–
Reduction entry of land contribution for construction	5,136	3,518
Loss on retirement of non-current assets	1,051	1,483
Impairment losses	11,121	13,340
Contribution received for construction	(5,177)	(4,130)
Loss (gain) on sale of non-current assets	(20,618)	(189)
Loss (gain) on sale of securities	(2,896)	(559)
Increase (decrease) in retirement benefit liability	10,539	(5,832)
Increase (decrease) in other provisions	2,687	7,078
Interest and dividend income	(1,174)	(1,962)
Interest expenses	7,386	8,837
Subsidies for employment adjustment	(8,423)	(1,225)
Share of loss (profit) of entities accounted for using equity method	(21,851)	(8,710)
Loss (gain) on step acquisitions	–	(47,536)
Decrease (increase) in trade receivables and contract assets	(9,206)	62,725
Decrease (increase) in inventories	15,662	(23,592)
Increase (decrease) in trade payables	4,860	(32,939)
Other, net	(28,436)	21,643
Subtotal	53,213	164,895
Interest and dividends received	4,016	4,984
Interest paid	(7,521)	(8,900)
Proceeds from subsidies for employment adjustment	9,276	1,218
Income taxes refund (paid)	(1,435)	(28,206)
Net cash provided by (used in) operating activities	57,548	133,992
Cash flows from investing activities		
Purchase of short-term and long-term investment securities	(5,662)	(2,730)
Proceeds from sale and redemption of short-term and long-term investment securities	18,254	7,899
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(573)	(19,183)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	36	–
Purchase of property, plant and equipment and intangible assets	(33,180)	(32,508)
Proceeds from sale of property, plant and equipment and intangible assets	58,709	905
Proceeds from contribution received for construction	5,177	4,130
Loan advances	(1,304)	(886)
Proceeds from collection of loans receivable	806	856
Other, net	2,000	(339)
Net cash provided by (used in) investing activities	44,264	(41,855)

(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	(30,087)	31,024
Proceeds from long-term borrowings	39,210	109,860
Repayments of long-term borrowings	(94,106)	(94,786)
Net increase (decrease) in commercial papers	(5,000)	5,000
Proceeds from issuance of bonds	—	49,755
Redemption of bonds	(31,704)	(12,753)
Proceeds from share issuance to non-controlling shareholders	24,835	—
Repayments of lease liabilities	(6,004)	(13,504)
Dividends paid	—	(4,762)
Dividends paid to non-controlling interests	(28)	(593)
Proceeds from sale of treasury shares	2	1
Purchase of treasury shares	(32)	(51)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	—	1,227
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(25,597)
Other, net	(2)	—
Net cash provided by (used in) financing activities	(102,918)	44,817
Effect of exchange rate change on cash and cash equivalents	538	(4,509)
Net increase (decrease) in cash and cash equivalents	(567)	132,444
Cash and cash equivalents at beginning of period	76,321	75,765
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	11	—
Increase (decrease) in cash and cash equivalents	—	(21)
Cash and cash equivalents at end of period	75,765	208,188