

Consolidated Financial Results for the Six-month Period Ended 30 September 2024 (Japanese GAAP) (Unaudited)

Nagoya Railroad Co., Ltd.

8 November 2024

Stock exchange Listing: Tokyo Nagoya
 Securities code: 9048
 URL: <https://top.meitetsu.co.jp/>
 Representative: Hiroki Takasaki, President, Director
 For further information contact: Tomonori Kawatsu, Executive Officer and General Manager, Finance and Accounting Dept.
 Tel: +81-52-588-0846

Scheduled date of filing of semi-annual securities report: 11 November 2024
 Scheduled date of dividend payment commencement: -
 Supplementary explanations of financial results: Yes
 Financial results presentation meeting: Yes (for institutional investors and analysts)

* Amounts of less than ¥1 million have been rounded down.

1. Consolidated financial results for the six-month period ended 30 September 2024 (1 April 2024 - 30 September 2024)

(1) Consolidated operating results

(%: year-on-year)

	Operating revenues		Operating income		Ordinary income		Profit attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six-month period ended 30 September 2024	334,518	17.9	24,168	52.0	28,411	64.3	21,588	116.3
Six-month period ended 30 September 2023	283,728	7.8	15,900	56.2	17,293	47.8	9,980	28.8

Note: Comprehensive income - for the six-month period ended 30 September 2024 ¥18,986 million [1.2%]
 for the six-month period ended 30 September 2023 ¥18,767 million [133.9%]

	Net income per share-basic	Net income per share-diluted
	Yen	Yen
Six-month period ended 30 September 2024	109.81	96.24
Six-month period ended 30 September 2023	50.78	47.45

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
30 September 2024	1,369,810	476,977	33.0
31 March 2024	1,303,205	464,054	33.6

Reference: Shareholders' equity - as of 30 September 2024 ¥452,336 million
 as of 31 March 2024 ¥438,487 million

Note: The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, 28 October 2022) and others from the beginning of the semi-annual period of the current fiscal year; therefore, the figures for the fiscal year ended 31 March 2024 are retroactively applied.

2. Cash dividends

	Annual dividends				
	1st quarter end	2nd quarter end	3rd quarter end	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended 31 March 2024	—	0.00	—	27.50	27.50
Fiscal year ending 31 March 2025	—	0.00			
Fiscal year ending 31 March 2025 (forecast)			—	30.00	30.00

Note: Revisions to the most recently disclosed dividend forecasts: None

3. Forecast of consolidated financial results for the fiscal year ending 31 March 2025

(%: year-on-year)

	Operating revenues		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending 31 March 2025	686,000	14.1	41,000	18.0	46,000	22.5

	Profit attributable to owners of the parent		Net income per share-basic
	Millions of yen	%	Yen
Fiscal year ending 31 March 2025	29,000	18.9	147.51

Note: Revisions to the most recently disclosed results forecasts: Yes

Notes

- (1) Significant changes in the scope of consolidation during the period: None
 Newly included: - Company name: -
 Excluded: - Company name: -
- (2) Application of accounting methods which are exceptional for semi-annual consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions
 - i) Changes in accounting policies resulting from the revision of the accounting standards: Yes
 - ii) Changes in accounting policies other than the above: None
 - iii) Changes in accounting estimates: None
 - iv) Restatement of revisions: None

(4) Number of issued shares (Common stock) (Shares)

	Number of issued shares (including treasury stock)	Number of treasury stock
As of 30 September 2024	196,700,692	62,498
31 March 2024	196,700,692	116,752

(Shares)

	Average number of shares outstanding during the period
Six-month period ended 30 September 2024	196,593,905
Six-month period ended 30 September 2023	196,546,079

* This report is not subject to audit procedures.

* Explanation for appropriate use of forecasts and other notes

The forward-looking statements such as operational forecasts contained in this statement's summary are based on information currently available to the Company and certain assumptions that the Company believes to be reasonable, and are not intended to be a promise by the Company to realize the above.

Actual results may differ from such forward-looking statements for a variety of reasons.

4. Semi-annual consolidated financial statement and Main Notes

(1) Semi-annual Consolidated Balance Sheets (Unaudited)

	Millions of yen	
	31 March 2024	30 September 2024
ASSETS		
Current assets		
Cash and deposits	60,388	75,381
Trade notes, accounts receivable and contract assets	63,831	62,120
Short-term loans receivable	1,814	1,815
Land and buildings for sale	76,717	80,734
Merchandise and finished goods	6,329	8,495
Work in process	626	1,502
Raw materials and supplies	5,511	6,003
Others	23,451	26,882
Allowance for doubtful accounts	(185)	(208)
Total current assets	238,484	262,728
Non-current assets		
Property and equipment		
Buildings and structures, net	317,548	320,109
Machinery, equipment and vehicles, net	83,615	85,089
Land	381,227	387,985
Lease assets, net	9,569	8,876
Construction in progress	90,654	104,285
Other properties, net	11,008	11,353
Total property and equipment	893,624	917,699
Intangible assets		
Right-of-use facilities	7,945	7,159
Goodwill	2,294	2,145
Lease assets	217	189
Other intangible assets	3,505	3,581
Total intangible assets	13,963	13,075
Investments and other assets		
Investment securities	128,202	147,315
Long-term loans receivable	292	260
Deferred tax assets	11,606	11,709
Others	17,525	17,470
Allowance for doubtful accounts	(493)	(449)
Total investments and other assets	157,133	176,307
Total non-current assets	1,064,720	1,107,082
Total assets	1,303,205	1,369,810

(1) Semi-annual Consolidated Balance Sheets (Unaudited)

	Millions of yen	
	31 March 2024	30 September 2024
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Trade notes and accounts payable	74,816	64,387
Short-term loans payable	43,574	37,375
Current portion of bonds payable	40,000	40,000
Lease obligations	1,373	1,093
Income taxes payable	4,619	6,666
Deposits received from employees	19,964	19,539
Advances received	68,511	76,049
Provision for bonuses	5,841	6,665
Provision for loss on liquidation	29	3
Allowance for loss on collection of gift certificates outstanding	369	375
Others	49,848	52,843
Total current liabilities	<u>308,949</u>	<u>304,999</u>
Non-current liabilities		
Bonds payable	225,000	275,000
Long-term loans payable	179,631	184,195
Lease obligations	9,958	9,460
Deferred tax liabilities	3,229	3,792
Deferred tax liabilities for land revaluation	55,271	55,250
Provision for loss on liquidation	3,906	3,783
Employee retirement benefit liability	32,535	35,532
Others	20,669	20,819
Total non-current liabilities	<u>530,201</u>	<u>587,834</u>
Total liabilities	<u>839,151</u>	<u>892,833</u>
Net assets		
Shareholders' equity		
Common stock	101,158	101,158
Capital surplus	40,426	40,896
Retained earnings	179,468	195,659
Treasury stock	(233)	(105)
Total shareholders' equity	<u>320,819</u>	<u>337,609</u>
Accumulated other comprehensive income		
Net unrealised gains on available-for-sale securities	28,631	26,158
Deferred gains and losses on hedges	379	12
Land revaluation increment	87,298	87,258
Foreign currency translation adjustments	24	52
Retirement benefit adjustments	1,332	1,245
Total accumulated other comprehensive income	<u>117,667</u>	<u>114,727</u>
Non-controlling interests	<u>25,567</u>	<u>24,640</u>
Total net assets	<u>464,054</u>	<u>476,977</u>
Total liabilities and net assets	<u>1,303,205</u>	<u>1,369,810</u>

(2) Semi-annual Consolidated Statements of Income and Consolidated Statements of Comprehensive Income (Unaudited)

Semi-annual Consolidated Statements of Income (Unaudited)

	Millions of yen	
	1 April 2023	1 April 2024
	-30 September 2023	-30 September 2024
Operating revenues	283,728	334,518
Operating expenses		
Transportation, other services and cost of sales	241,588	279,661
Selling, general and administrative expenses	26,239	30,688
Total operating expenses	267,827	310,350
Operating income	15,900	24,168
Non-operating income		
Interest income	21	55
Dividend income	757	1,215
Equity in net earnings of affiliates	1,262	4,092
Miscellaneous income	1,045	824
Total non-operating income	3,087	6,187
Non-operating expenses		
Interest expenses	1,482	1,685
Miscellaneous expenses	211	258
Total non-operating expenses	1,694	1,944
Ordinary income	17,293	28,411
Extraordinary income		
Gain on sales of fixed assets	545	550
Gain on contributions for construction	419	784
Gain on sales of investment securities	73	180
Gain on bargain purchase	-	1,456
Others	115	50
Total extraordinary income	1,153	3,022
Extraordinary losses		
Loss on sales of fixed assets	23	37
Impairment loss on fixed assets	152	127
Loss on disposition of fixed assets	158	99
Loss on valuation of investment securities	49	-
Loss on reduction of property and equipment	337	760
Provision for return of subsidies *1	2,288	-
Others	686	37
Total extraordinary losses	3,694	1,062
Profit before income taxes	14,753	30,371
Income taxes – current	3,807	5,976
Income taxes – deferred	780	2,437
Total income taxes	4,587	8,413
Profit	10,165	21,957
Profit attributable to:		
Non-controlling interests	185	369
Owners of the parent	9,980	21,588

Semi-annual Consolidated Statements of Comprehensive Income (Unaudited)

	Millions of yen	
	1 April 2023	1 April 2024
	-30 September 2023	-30 September 2024
Profit	10,165	21,957
Other comprehensive income		
Net unrealised gains and losses on available-for-sale securities	7,757	(2,316)
Deferred gains and losses on hedges	436	(363)
Foreign currency translation adjustments	17	26
Retirement benefit adjustments	(89)	(86)
Share of other comprehensive income of affiliates accounted for using the equity method	481	(231)
Total other comprehensive income	8,602	(2,971)
Comprehensive income	18,767	18,986
Comprehensive income attributable to:		
Owners of the parent	18,454	18,687
Non-controlling interests	312	298

(3) Semi-annual Consolidated Statements of Cash Flows (Unaudited)

Millions of yen

	1 April 2023	1 April 2024
	-30 September 2023	-30 September 2024
Cash flows from operating activities:		
Profit before income taxes	14,753	30,371
Depreciation	18,902	20,304
Impairment loss on fixed assets	152	127
Increase (decrease) in employee retirement benefit liability	173	(416)
Increase (decrease) in provision for bonuses	335	429
Increase (decrease) in provision for loss on liquidation	(1,865)	(149)
Increase (decrease) in other provisions	2,737	(78)
Gain on bargain purchase	–	(1,456)
Loss (gain) on sales of investment securities	(24)	(178)
Decrease (increase) in trade notes and accounts receivable	589	7,111
Decrease (increase) in inventories	863	(5,959)
Increase (decrease) in trade notes and accounts payable	(8,858)	(11,443)
Others, net	(3,417)	(6,023)
Subtotal	24,341	32,638
Interest and dividends received	1,623	2,148
Interest paid	(1,452)	(1,678)
Income taxes paid	(5,481)	(3,310)
Net cash provided by (used in) operating activities	19,031	29,797

Millions of yen

	1 April 2023 -30 September 2023	1 April 2024 -30 September 2024
Cash flows from investing activities:		
Payments into time deposits	(50)	(20,060)
Purchases of fixed assets	(35,400)	(41,232)
Proceeds from sales of fixed assets	755	1,018
Purchases of investment securities	(872)	(19,542)
Proceeds from sales and redemptions of investment securities	139	206
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	12
Proceeds from contribution received for construction	6,754	8,645
Others, net	69	(192)
Net cash provided by (used in) investing activities	(28,604)	(71,144)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	748	(10,814)
Increase (decrease) in commercial papers	(3,000)	-
Proceeds from long-term debt	7,917	8,396
Repayment of long-term debt	(9,633)	(4,021)
Issuance of bonds	24,885	49,837
Redemption of bonds	(20,000)	-
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(0)	(982)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	92	-
Dividends paid to shareholders	(3,916)	(5,361)
Others, net	(848)	(708)
Net cash provided by (used in) financing activities	(3,756)	36,345
Effect of exchange rate changes on cash and cash equivalents	9	19
Net increase (decrease) in cash and cash equivalents	(13,319)	(4,981)
Cash and cash equivalents at beginning of period	54,879	60,025
Cash and cash equivalents at end of period	41,559	55,043

(4) Notes to Semi-annual Consolidated Statements (Unaudited)

Notes on Change in Accounting Policy

(Application of the Accounting Standard for Current Income Taxes and others)

The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, 28 October 2022. Hereinafter referred to as the “2022 Revised Accounting Standard”.) and others from the beginning of the semi-annual period of the current fiscal year.

The revision regarding the classification of income taxes (taxation on other comprehensive income) is based on the transitional treatment stipulated in the proviso of paragraph 20-3 of the 2022 Revised Accounting Standard and the proviso paragraph 65-2(2) of “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, 28 October 2022. Hereinafter referred to as the “2022 Revised Implementation Guidance”). The change in accounting policy has no impact on the semi-annual consolidated financial statements.

In addition, the Company has adopted the 2022 Revised Implementation Guidance for the revision related to the revised treatment in consolidated financial statements of the deferral for tax purposes of gains or losses arising from the sale of shares of subsidiaries and other securities among consolidated companies, effective as of the beginning of the semi-annual period of the current fiscal year. The change in accounting policy has been applied retrospectively, and the semi-annual consolidated financial statements and consolidated financial statements for the previous semi-annual period and the previous fiscal year have been prepared on a retrospective basis. With respect to the treatment of the tax effect of deferring for tax purposes the gain or losses arising from the sale of shares of subsidiaries and other securities among consolidated companies, if deferred tax assets or deferred tax liabilities are recognised for the temporary difference related to the gain or loss on the sale in the financial statements of the entity that sold such shares of subsidiaries and other securities, in the process of consolidated accounting, the Company had not adjusted the amount of deferred tax assets or deferred tax liabilities relating to such temporary differences, but it has decided to reverse the deferred tax assets or deferred tax liabilities related to such temporary differences. As a result, compared to the consolidated balance sheet for the previous fiscal year before the retrospective application, deferred tax liabilities decreased by 521 million yen. In addition, the balance of retained earnings at the beginning of the previous period increased by 521 million yen due to the cumulative effect reflected in net assets at the beginning of the previous period.

Notes on Segment information, etc.

Information about reportable segments operating revenues and profit or loss for the six-month period ended 30 September 2023

(Millions of yen)

	Traffic	Transport	Real Estate	Leisure and Services	Distribution	Aviation Services	Others (*1)	Total	Adjustment (*2)	Semi-annual consolidated financial statements (*3)
Operating revenues:										
External customers	71,307	69,143	39,970	48,128	30,156	11,933	13,087	283,728	—	283,728
Intersegment sales/transfers	1,328	204	5,546	236	1,510	8	8,638	17,472	(17,472)	—
Total	72,636	69,347	45,517	48,365	31,666	11,941	21,725	301,201	(17,472)	283,728
Segment income (loss)	8,063	994	6,682	1,824	(1,902)	(325)	481	15,819	81	15,900

- *1) “Others” is a business segment that is not considered a reportable segment. It includes the business of equipment maintenance, information processing, insurance agency and others.
- *2) Segment income (loss) adjustment amounting to ¥81 million was treated as intersegment elimination.
- *3) Segment income (loss) was reconciled to operating income in the accompanying semi-annual consolidated statements of income.

Information about reportable segments operating revenues and profit or loss for the six-month period ended 30 September 2024

(Millions of yen)

	Traffic	Transport	Real Estate	Leisure and Services	Distribution	Aviation Services	Others (*1)	Total	Adjustment (*2)	Semi-annual consolidated financial statements (*3)
Operating revenues:										
External customers	78,055	91,356	55,103	49,571	30,697	13,458	16,275	334,518	—	334,518
Intersegment sales/transfers	1,472	224	6,164	298	1,523	23	10,328	20,035	(20,035)	—
Total	79,527	91,581	61,268	49,870	32,221	13,482	26,603	354,554	(20,035)	334,518
Segment income (loss)	11,840	1,051	9,196	1,400	(1,148)	797	899	24,036	131	24,168

- *1) “Others” is a business segment that is not considered a reportable segment. It includes the business of equipment maintenance, information processing, insurance agency and others.
- *2) Segment income (loss) adjustment amounting to ¥131 million was treated as intersegment elimination.
- *3) Segment income (loss) was reconciled to operating income in the accompanying semi-annual consolidated statements of income.

Notes on Significant Changes in Shareholders' Equity: None

Notes on Going Concern Assumption: None

Notes to Semi-annual Consolidated Statements of Income

*1 Provision for return of subsidies

It's the amount of the subsidies for employment adjustment that our consolidated subsidiary Meitetsu World Travel Inc. has already received and is scheduled to return.