

Consolidated Financial Results for the Fiscal Year Ended 31 March 2022 (Japanese GAAP) (Unaudited)

Nagoya Railroad Co., Ltd.

11 May 2022

Stock exchange Listing: Tokyo Nagoya
 Securities code: 9048
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Scheduled date of ordinary shareholders meeting: 28 June 2022
 Scheduled date of dividend payment commencement: 29 June 2022
 Scheduled date of filing of annual securities report: 29 June 2022
 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 results for the fiscal year ended 31 March 2022

(1 April 2021 - 31 March 2022)

(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	%
Fiscal year ended 31 March 2022	490,919	1.9	2,932	-	13,135	-	9,370	-
Fiscal year ended 31 March 2021	481,645	(22.7)	(16,354)	-	(8,146)	-	(28,769)	-

Note: Comprehensive income - for the fiscal year ended 31 March 2022 ¥8,721 million [-%]
 for the fiscal year ended 31 March 2021 ¥(24,232) million [-%]

	Net income per share-basic	Net income per share-diluted	Return on equity	Return on assets	Operating income ratio
	Yen	Yen	%	%	%
Fiscal year ended 31 March 2022	47.65	44.53	2.5	1.1	0.6
Fiscal year ended 31 March 2021	(146.29)	-	(7.4)	(0.7)	(3.4)

Reference: Equity in earnings of affiliates- for the fiscal year ended 31 March 2022 ¥3,257 million
 for the fiscal year ended 31 March 2021 ¥1,253 million

Note: Net income per share-diluted for the fiscal year ended 31 March 2021 is not shown in the above table, because net income per share was loss although there were potential common shares with dilution effects.

Note: The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020. Accounting Standards Board of Japan), etc. from the beginning of the fiscal year ended 31 March 2022. Figures for the fiscal year ended 31 March 2022 are based on the figures after application of said accounting standards.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share-basic
As of	Millions of yen	Millions of yen	%	yen
31 March 2022	1,186,897	411,132	32.3	1,949.33
31 March 2021	1,191,131	407,512	31.2	1,891.76

Reference: Shareholders' equity- as of 31 March 2022 ¥383,323 million
 as of 31 March 2021 ¥372,014 million

Note: The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020. Accounting Standards Board of Japan), etc. from the beginning of the fiscal year ended 31 March 2022. Figures for the fiscal year ended 31 March 2022 are based on the figures after application of said accounting standards.

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended 31 March 2022	39,320	(39,027)	(3,339)	50,430
Fiscal year ended 31 March 2021	19,685	(44,235)	49,413	53,459

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 2021	-	0.00	-	0.00	0.00
Fiscal year ended 31 March 2022	-	0.00	-	12.50	12.50
Fiscal year ending 31 March 2023 (forecast)	-	0.00	-	20.00	20.00

	Total cash dividends (Annual)	Payout ratio (Consolidated)	Dividend on net assets (Consolidated)
	Millions of yen	%	%
Fiscal year ended 31 March 2021	-	-	-
Fiscal year ended 31 March 2022	2,458	26.2	0.7
Fiscal year ending 31 March 2023 (forecast)		24.6	

3. Consolidated operating results forecast for the fiscal year ending 31 March 2023

(%: year-on-year)

	Operating revenues		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six-month period ending 30 September 2022	264,000	17.7	9,000	-	9,500	276.2
Fiscal year ending 31 March 2023	547,000	11.4	21,000	616.2	22,000	67.5

	Profit attributable to owners of the parent		Net income per share-basic
	Millions of yen	%	yen
Six-month period ending 30 September 2022	6,000	490.6	30.51
Fiscal year ending 31 March 2023	16,000	70.8	81.37

Notes

- (1) Changes in significant consolidated subsidiaries during the year (changes in specific consolidated subsidiaries resulting in changes in the scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of revisions
- 1) Changes in accounting policies resulting from the revision of the accounting standards: Yes
 - 2) Changes in accounting policies other than the above: None
 - 3) Changes in accounting estimates: None
 - 4) Restatement of revisions: None

(3) Number of issued shares (Common stock)

(Shares)

	Number of issued shares (including treasury stock)	Number of treasury stock
As of 31 March 2022	196,700,692	56,849
31 March 2021	196,700,692	50,559

(Shares)

	Average number of shares outstanding during the periods
Fiscal year ended 31 March 2022	196,647,054
Fiscal year ended 31 March 2021	196,656,567

(Reference) Overview of the non-consolidated financial results

1. Non-consolidated results for the fiscal year ended 31 March 2022

(1 April 2021 - 31 March 2022)

(1) Non-consolidated operating results

(%: year-on-year)

	Operating revenues		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended 31 March 2022	85,225	8.8	4,627	-	5,980	-	4,696	-
Fiscal year ended 31 March 2021	78,316	(28.6)	(3,604)	-	(3)	-	(13,130)	-

	Net income per share-basic	Net income per share-diluted
	Yen	Yen
Fiscal year ended 31 March 2022	23.88	22.32
Fiscal year ended 31 March 2021	(66.76)	-

Note: Net income per share-diluted for the fiscal year ended 31 March 2021 is not shown in the above table, because net income per share was loss although there were potential common shares with dilution effects.

Note: The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020. Accounting Standards Board of Japan),etc. from the beginning of the fiscal year ended 31 March 2022. Figures for the fiscal year ended 31 March 2022 are based on the figures after application of said accounting standards.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share-basic
	Millions of yen	Millions of yen	%	yen
As of 31 March 2022	867,512	280,472	32.3	1426.13
31 March 2021	861,667	278,202	32.3	1414.54

Reference: Shareholders' equity- as of 31 March 2022 ¥280,472 million
as of 31 March 2021 ¥278,202 million

Note: The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020. Accounting Standards Board of Japan),etc. from the beginning of the fiscal year ended 31 March 2022. Figures for the fiscal year ended 31 March 2022 are based on the figures after application of said accounting standards.

2. Non-consolidated operating results forecast for the fiscal year ending 31 March 2023

(%: year-on-year)

	Operating revenues		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending 31 March 2023	91,400	7.2	8,400	81.5	8,400	40.5

	Profit		Net income per share-basic
	Millions of yen	%	yen
Fiscal year ending 31 March 2023	8,100	72.5	41.19

* 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 statements summary are based on information currently available to the Company and certain assumptions which are regarded as legitimate. Actual results may differ from such forward-looking statements for a variety of reasons.

4. Consolidated financial statements

(1) Consolidated Balance Sheets (Unaudited)

	Millions of yen	
	31 March 2021	31 March 2022
ASSETS		
Current assets		
Cash and deposits	54,019	50,927
Trade notes and accounts receivable	61,829	-
Trade notes, accounts receivable and contract assets	-	58,877
Short-term loans receivable	1,968	1,871
Land and buildings for sale	64,617	73,181
Merchandise and finished goods	6,154	5,427
Work in process	1,846	675
Raw materials and supplies	4,566	4,620
Others	20,282	16,196
Allowance for doubtful accounts	(187)	(182)
Total current assets	215,097	211,596
Non-current assets		
Property and equipment		
Buildings and structures, net	296,888	307,840
Machinery, equipment and vehicles, net	82,583	79,359
Land	359,179	356,040
Lease assets, net	11,625	12,000
Construction in progress	73,951	61,990
Other properties, net	7,199	7,933
Total property and equipment	831,429	825,163
Intangible assets		
Right-of-use facilities	5,379	7,040
Goodwill	854	660
Lease assets	75	335
Other intangible assets	2,912	3,063
Total intangible assets	9,222	11,099
Investments and other assets		
Investment securities	101,642	101,661
Long-term loans receivable	485	431
Deferred tax assets	16,772	19,732
Others	16,858	17,714
Allowance for doubtful accounts	(376)	(501)
Total investments and other assets	135,382	139,037
Total non-current assets	976,033	975,301
Total assets	1,191,131	1,186,897

(1) Consolidated Balance Sheets (Unaudited)

	Millions of yen	
	31 March 2021	31 March 2022
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Trade notes and accounts payable	72,424	67,091
Short-term loans payable	53,920	38,257
Commercial papers	-	36,000
Current portion of bonds payable	25,000	-
Lease obligations	1,727	2,132
Income taxes payable	2,808	5,388
Deposits received from employees	20,680	20,459
Provision for bonuses	5,088	5,193
Provision for loss on liquidation	178	20
Allowance for loss on collection of gift certificates outstanding	1,739	349
Others	98,212	89,620
Total current liabilities	281,782	264,512
Non-current liabilities		
Bonds payable	215,100	225,100
Long-term loans payable	156,355	155,296
Lease obligations	11,384	11,781
Deferred tax liabilities	3,770	4,646
Deferred tax liabilities for land revaluation	55,222	55,329
Accrued retirement benefits for directors	1,279	1,141
Provision for loss on liquidation	5,963	5,895
Allowance for loss on collection of gift certificates outstanding	405	-
Employee retirement benefit liability	32,893	33,620
Others	19,461	18,442
Total non-current liabilities	501,836	511,253
Total liabilities	783,619	775,765
Net assets		
Shareholders' equity		
Common stock	101,158	101,158
Capital surplus	35,289	38,405
Retained earnings	132,675	142,815
Treasury stock	(101)	(113)
Total shareholders' equity	269,022	282,266
Accumulated other comprehensive income		
Net unrealized gains on available-for-sale securities	15,402	13,616
Deferred gains and losses on hedges	183	741
Land revaluation increment	86,853	86,257
Foreign currency translation adjustments	(35)	(16)
Retirement benefit adjustments	587	457
Total accumulated other comprehensive income	102,991	101,057
Non-controlling interests	35,497	27,808
Total net assets	407,512	411,132
Total liabilities and net assets	1,191,131	1,186,897

(2) Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income (Unaudited)
Consolidated Statements of Operations (Unaudited)

	Millions of yen	
	1 April 2020 -31 March 2021	1 April 2021 -31 March 2022
Operating revenues	481,645	490,919
Operating expenses		
Transportation, other services and cost of sales	451,261	442,132
Selling, general and administrative expenses	46,739	45,855
Total operating expenses	498,000	487,987
Operating income (loss)	(16,354)	2,932
Non-operating income		
Interest income	25	22
Dividend income	1,259	1,171
Equity in net earnings of affiliates	1,253	3,257
Subsidies for employment adjustment	7,175	4,184
Miscellaneous income	2,913	5,012
Total non-operating income	12,626	13,648
Non-operating expenses		
Interest expenses	3,231	2,927
Provision for loss on liquidation	122	52
Miscellaneous expenses	1,064	466
Total non-operating expenses	4,418	3,445
Ordinary income (loss)	(8,146)	13,135
Extraordinary income		
Gain on sales of fixed assets	441	2,050
Gain on contributions for construction	4,378	21,697
Gain on sales of investment securities	2,520	3,199
Others	572	1,532
Total extraordinary income	7,913	28,480
Extraordinary losses		
Loss on sales of fixed assets	215	100
Impairment loss on fixed assets	9,334	1,967
Loss on disposition of fixed assets	639	1,250
Loss on sales of investment securities	3,327	-
Loss on valuation of investment securities	47	146
Provision for loss on liquidation	1,758	329
Loss on reduction of property and equipment	3,941	21,140
Others	3,026	610
Total extraordinary losses	22,291	25,546
Profit (loss) before income taxes	(22,525)	16,069
Income taxes – current	3,896	7,424
Income taxes – deferred	1,290	(1,655)
Total income taxes	5,186	5,769
Profit (Loss)	(27,712)	10,300
Profit (loss) attributable to:		
Non-controlling interests	1,057	929
Owners of the parent	(28,769)	9,370

Consolidated Statements of Comprehensive Income (Unaudited)

	Millions of yen	
	1 April 2020 -31 March 2021	1 April 2021 -31 March 2022
Profit (Loss)	(27,712)	10,300
Other comprehensive income		
Net unrealised gains and losses on available-for-sale securities	2,067	(1,646)
Deferred gains and losses on hedges	823	566
Land revaluation increment	-	(308)
Foreign currency translation adjustments	(8)	19
Retirement benefit adjustments	166	(112)
Share of other comprehensive income of affiliates accounted for using the equity method	430	(97)
Total other comprehensive income	3,479	(1,578)
Comprehensive income	(24,232)	8,721
Comprehensive income attributable to:		
Owners of the parent	(25,509)	7,850
Non-controlling interests	1,276	871

(3) Consolidated Statements of Changes in Net Assets (Unaudited)
Fiscal year ended 31 March 2021

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the fiscal year start	101,158	35,266	167,207	(59)	303,572
Cumulative effects of changes in accounting policies					-
Restated balance	101,158	35,266	167,207	(59)	303,572
Changes of items during the year					
Cash dividends			(4,917)		(4,917)
Profit(Loss) attributable to owners of the parent			(28,769)		(28,769)
Purchase of treasury stock				(42)	(42)
Disposal of treasury stock		(0)		0	0
Reversal for land revaluation increment			(73)		(73)
Transfer from retained earnings to capital surplus		0	(0)		-
Change in the fiscal year of consolidated subsidiaries			(772)		(772)
Change in treasury shares arising from change in equity in entities accounted for using equity method				-	-
Change in ownership interest of parent related to transactions with non-controlling interests		23			23
Net changes in items other than shareholders' equity for the year					
Total changes of items during the year	-	23	(34,532)	(41)	(34,550)
Balance at the fiscal year end	101,158	35,289	132,675	(101)	269,022

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Net unrealised gains on available-for-sale securities	Deferred gains and losses on hedges	Land revaluation increment	Foreign currency translation adjustments	Retirement benefit adjustments	Total accumulated other comprehensive income		
Balance at the fiscal year start	13,012	(617)	87,227	(27)	603	100,198	34,630	438,401
Cumulative effects of changes in accounting policies								-
Restated balance	13,012	(617)	87,227	(27)	603	100,198	34,630	438,401
Changes of items during the year								
Cash dividends								(4,917)
Profit(Loss) attributable to owners of the parent								(28,769)
Purchase of treasury stock								(42)
Disposal of treasury stock								0
Reversal for land revaluation increment								(73)
Transfer from retained earnings to capital surplus								-
Change in the fiscal year of consolidated subsidiaries								(772)
Change in treasury shares arising from change in equity in entities accounted for using equity method								-
Change in ownership interest of parent related to transactions with non-controlling interests								23
Net changes in items other than shareholders' equity for the year	2,389	800	(373)	(7)	(16)	2,793	867	3,660
Total changes of items during the year	2,389	800	(373)	(7)	(16)	2,793	867	(30,889)
Balance at the fiscal year end	15,402	183	86,853	(35)	587	102,991	35,497	407,512

Fiscal year ended 31 March 2022

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the fiscal year start	101,158	35,289	132,675	(101)	269,022
Cumulative effects of changes in accounting policies			356		356
Restated balance	101,158	35,289	133,031	(101)	269,378
Changes of items during the year					
Cash dividends			-		-
Profit(Loss) attributable to owners of the parent			9,370		9,370
Purchase of treasury stock				(13)	(13)
Disposal of treasury stock		(0)		1	0
Reversal for land revaluation increment			413		413
Transfer from retained earnings to capital surplus		0	(0)		-
Change in the fiscal year of consolidated subsidiaries					-
Change in treasury shares arising from change in equity in entities accounted for using equity method				(0)	(0)
Change in ownership interest of parent related to transactions with non-controlling interests		3,115			3,115
Net changes in items other than shareholders' equity for the year					
Total changes of items during the year	-	3,115	9,784	(11)	12,887
Balance at the fiscal year end	101,158	38,405	142,815	(113)	282,266

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Net unrealised gains on available-for-sale securities	Deferred gains and losses on hedges	Land revaluation increment	Foreign currency translation adjustments	Retirement benefit adjustments	Total accumulated other comprehensive income		
Balance at the fiscal year start	15,402	183	86,853	(35)	587	102,991	35,497	407,512
Cumulative effects of changes in accounting policies							(156)	200
Restated balance	15,402	183	86,853	(35)	587	102,991	35,341	407,712
Changes of items during the year								
Cash dividends								-
Profit(Loss) attributable to owners of the parent								9,370
Purchase of treasury stock								(13)
Disposal of treasury stock								0
Reversal for land revaluation increment								413
Transfer from retained earnings to capital surplus								-
Change in the fiscal year of consolidated subsidiaries								-
Change in treasury shares arising from change in equity in entities accounted for using equity method								(0)
Change in ownership interest of parent related to transactions with non-controlling interests								3,115
Net changes in items other than shareholders' equity for the year	(1,786)	557	(596)	19	(129)	(1,934)	(7,532)	(9,467)
Total changes of items during the year	(1,786)	557	(596)	19	(129)	(1,934)	(7,532)	3,420
Balance at the fiscal year end	13,616	741	86,257	(16)	457	101,057	27,808	411,132

(4) Consolidated Statements of Cash Flows (Unaudited)

Millions of yen

	1 April 2020 -31 March 2021	1 April 2021 -31 March 2022
Cash flows from operating activities:		
Profit (loss) before income taxes	(22,525)	16,069
Depreciation	39,351	38,538
Impairment loss on fixed assets	9,334	1,967
Amortisation of goodwill	356	384
Increase (decrease) in allowance for doubtful accounts	(24)	121
Increase (decrease) in provision for bonuses	(808)	91
Increase (decrease) in provision for loss on liquidation	654	(225)
Increase (decrease) in other provision	620	(1,449)
Increase (decrease) in employee retirement benefit liability	612	554
Interest and dividend income	(1,284)	(1,194)
Interest expense	3,231	2,927
Subsidies for employment adjustment	(7,296)	(4,184)
Share of (gain) loss of entities accounted for using equity method	(1,253)	(3,257)
Loss (gain) on sale of fixed assets	(226)	(1,950)
Loss on disposition of fixed assets	637	783
Loss (gain) on valuation of investment securities	47	146
Loss (gain) on sales of investment securities	807	(3,199)
Gain on contributions for construction	(4,378)	(21,697)
Decrease (increase) in trade notes and accounts receivable	(5,889)	1,946
Decrease (increase) in inventories	8,506	(1,131)
Extra retirement payments	12	46
Increase (decrease) in trade notes and accounts payable	(563)	(9,316)
Others, net	6,858	20,703
Subtotal	26,782	36,675
Interest and dividends received	1,992	1,762
Interest paid	(3,219)	(2,991)
Amount of extra retirement payments	(12)	(46)
Amount of subsidies for employment adjustment received	6,733	4,606
Income taxes paid	(12,591)	(685)
Net cash provided by (used in) operating activities	19,685	39,320

	Millions of yen	
	1 April 2020 -31 March 2021	1 April 2021 -31 March 2022
Cash flows from investing activities:		
Purchases of fixed assets	(62,090)	(63,989)
Proceeds from sales of fixed assets	1,454	3,641
Purchases of investment securities	(110)	(406)
Proceeds from sales and redemptions of investment securities	2,883	3,272
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	520
Purchases of shares of subsidiaries resulting in change in scope of consolidation	(374)	-
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(747)	-
Payments of short-term loans receivable	(538)	(14)
Proceeds from collection of short-term loans receivable	416	179
Payments of long-term loans receivable	(31)	(36)
Proceeds from collection of long-term loans receivable	23	22
Proceeds from contribution received for construction	14,992	17,676
Others, net	(112)	106
Net cash provided by (used in) investing activities	<u>(44,235)</u>	<u>(39,027)</u>
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(2,000)	(2,573)
Increase (decrease) in commercial papers	-	35,998
Proceeds from long-term debt	26,375	17,162
Repayment of long-term debt	(22,583)	(31,539)
Issuance of bonds	64,707	9,956
Redemption of bonds	(10,000)	(25,000)
Purchases of shares of subsidiaries resulting in no change in scope of consolidation	(31)	(5,445)
Repayments of lease obligations	(1,760)	(1,609)
Proceeds from sales of treasury stock	0	0
Purchase of treasury stock	(42)	(13)
Dividends paid to non-controlling shareholders	(331)	(251)
Dividends paid to shareholders	(4,920)	(25)
Net cash provided by (used in) financing activities	<u>49,413</u>	<u>(3,339)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(8)</u>	<u>16</u>
Net increase (decrease) in cash and cash equivalents	<u>24,856</u>	<u>(3,028)</u>
Cash and cash equivalents at beginning of period	<u>32,011</u>	<u>53,459</u>
Increase (decrease) in cash and cash equivalents resulting from change in the fiscal period of consolidated subsidiaries	(3,407)	-
Cash and cash equivalents at end of period	<u>53,459</u>	<u>50,430</u>

(5) Notes to Consolidated Statements (Unaudited)

Notes on going concern assumption: None

Changes in Accounting Policies

(Accounting Standard for Revenue Recognition, etc.)

The Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, March 31, 2020, Accounting Standards Board of Japan), etc. from the beginning of the fiscal year ended 31 March 2022. The Company has recognized revenue in the amount expected to be received in exchange for promised goods or services when control of promised goods or services is transferred to the customer.

The main changes due to the adoption of the Revenue Recognition Accounting Standard and other standards are as follows.

(i) Revenue recognition related to commuter pass sales

In the traffic business, the revenue related to the commuter pass sales of the railway business had been previously recognized on a monthly basis from the month of sale, but since the performance obligation is satisfied over the valid period of the commuter pass, the recognition time has been changed to a monthly installment from the month in which the valid period starts.

(ii) Revenue recognition related to principal / agent transactions

In the leisure and services business, the revenue related to planned tour in the travel industry had been previously recognized in the net amount after deducting the payment amount to the supplier from the gross amount of consideration received from the customer, but for transactions for which the role in the provision of goods or services to the customer corresponds to the principal, the process has been changed to recognize revenue based on the gross amount of consideration received from the customer.

In the distribution business, the revenue related to the digestive purchase of the department store business had been previously recognized in the gross amount of consideration received from the customer, but for transactions in which the role in providing goods or services to the customer corresponds to the agent, we have changed to a process to recognize as revenue a net amount after deducting the payment amount from the gross amount of consideration received from the customer.

For the adoption of the Revenue Recognition Accounting Standard and other standards, the Company has followed the transitional treatment provided for in the proviso of Paragraph 84 of the accounting standard. Accordingly, the cumulative effect of retroactively applying the new accounting policies prior to the beginning of the fiscal year ended 31 March 2022 has been added to or subtracted from retained earnings at the beginning of the period.

As a result, although operating revenues for the fiscal year ended 31 March 2022 decreased by ¥19,279 million, the impact on operating income, ordinary income, and profit before income taxes was immaterial. In addition, as the cumulative effect was reflected in net assets at the beginning of the current fiscal year, the beginning balance of retained earnings increased by ¥356 million in the consolidated statements of changes in net assets.

Due to the adoption of the Revenue Recognition Accounting Standard and other standards, “Trade notes and accounts receivable”, which were presented under “current assets” in the consolidated balance sheet for the previous fiscal year, have been included in “Trade notes, accounts receivable and contract assets” from the fiscal year ended 31 March 2022. In accordance with the transitional treatment provided in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, reclassification based on the new presentation method has not been carried out for the previous fiscal year.

(Accounting Standard for Fair Value Measurement, etc.)

The Company has adopted the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, 4 July 2019, Accounting Standards Board of Japan), etc. from the beginning of the fiscal year ended 31 March 2022. In accordance with the transitional treatment provided in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, 4 July 2019, Accounting Standards Board of Japan), the Company has decided to adopt the new accounting policies set forth by the Fair Value Measurement Accounting Standard and other standards into the future. These changes had no impact on the Company’s consolidated financial statements.

Additional Information

(Accounting estimate for the impact of COVID-19)

It is difficult to accurately predict how COVID-19 will spread in the future or when it will be contained. And in estimating future cash flows for the impairment of fixed assets, the recoverability of deferred tax assets and other matters, the Company assumes that the domestic economic activity will slowly recover toward the middle of fiscal year 2022 as the COVID-19 gradually converges.

Segment information

(1) General information about reportable segments

The reportable segments of the Company are those units for which separate financial statements can be obtained among the constituent units of the Company and which are regularly examined by the Board of Directors to determine the allocation of management resources and to assess business performance.

The Group is engaged in diversified business activities involving traffic, transport, real estate, leisure, distribution, aviation services, equipment maintenance and others. On the basis of the above activities, the Company's reportable segments are "Traffic," "Transport," "Real Estate," "Leisure and Services," "Distribution" and "Aviation Services."

The business descriptions of the reportable segments are as follows:

- Traffic: business related to railroads, buses and taxis
- Transport: business related to trucking and maritime transportation
- Real Estate: real estate development, real estate leasing and building maintenance
- Leisure and Services: business related to hotels, restaurants, tourist facilities and travel
- Distribution: department store operations and distributions of other merchandise sales
- Aviation Services: business related to general aviation and flight catering

(2) Basis of measurement for reportable segment operating revenues, profit or loss, assets and other material items

Reportable segment income (loss) figures are on an operating income(loss) basis. Intersegment sales and transfers are based on prevailing market prices.

As described in changes the accounting policies, the Company has adopted the Revenue Recognition Accounting Standard and other standards from the beginning of the fiscal year ended 31 March 2022 and has changed in accounting for revenue recognition. We have also changed the method of calculating profit or loss for business segments.

With this change, compared to the conventional method, operating revenues for the fiscal year ended 31 March 2022 decreased by ¥192 million in the transport business, by ¥44,894 million in the distribution business, by ¥525 million in the others business, and increased by ¥223 million in the traffic business, by ¥139 million in the real estate business, by ¥17,317 million in the leisure and services business.

In addition, the impact on segment income (loss) was immaterial.

(3) Information about reportable segment operating revenues, profit or loss, assets and other material items

Information about reportable segments as of and for the fiscal year ended 31 March 2021 was as follows.

(Millions of yen)

	Traffic	Transport	Real Estate	Leisure and Services	Distribution	Aviation Services	Others (*1)	Total	Adjustment (*2)	Consolidated financial statements (*3)
Operating revenues:										
External customers	102,917	128,451	77,048	19,654	102,803	22,983	27,787	481,645	-	481,645
Intersegment sales/transfer	2,078	450	8,354	352	8,469	-	18,074	37,779	(37,779)	-
Total	104,995	128,901	85,402	20,007	111,272	22,983	45,862	519,425	(37,779)	481,645
Segment income (loss)	(17,866)	2,350	10,667	(13,008)	(2,185)	1,959	1,752	(16,329)	(24)	(16,354)
Segment assets	516,326	122,313	302,226	29,674	37,073	27,219	74,547	1,109,381	81,749	1,191,131
Other items										
Depreciation	18,351	6,985	6,013	1,233	1,185	2,279	3,710	39,760	(409)	39,351
Amortisation of goodwill	-	-	351	-	-	-	5	356	-	356
Impairment loss on fixed assets	932	0	2,752	4,918	626	-	103	9,334	-	9,334
Increase in property and equipment and intangible assets	16,869	8,788	11,037	1,623	786	4,920	3,911	47,937	-	47,937

*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) Adjustment is as follows

- (1) Segment income (loss) adjustment amounting to ¥(24) million was treated as intersegment elimination.
- (2) Segment assets adjustment amounting to ¥81,749 million consisted of unallocated general corporate assets amounting to ¥110,521 million, net of intersegment elimination of ¥(28,772) million. Such general corporate assets consisted mainly of cash, deposits and investment securities.
- (3) Depreciation adjustment amounting to ¥(409) million was treated as intersegment elimination.

*3) Segment income (loss) was reconciled to operating loss in the accompanying consolidated statements of income.

Information about reportable segments as of and for the fiscal year ended 31 March 2022 was as follows.

(Millions of yen)

	Traffic	Transport	Real Estate	Leisure and Services	Distribution	Aviation Services	Others (*1)	Total	Adjustment (*2)	Consolidated financial statements (*3)
Operating revenues:										
External customers	113,269	134,369	79,503	47,294	62,367	23,364	30,751	490,919	-	490,919
Intersegment sales/transfer	2,476	397	9,913	278	2,285	-	15,809	31,159	(31,159)	-
Total	115,745	134,766	89,416	47,572	64,652	23,364	46,560	522,079	(31,159)	490,919
Segment income (loss)	(4,960)	3,086	11,085	(8,385)	(2,054)	1,453	1,971	2,195	736	2,932
Segment assets	500,520	121,655	314,832	32,755	36,213	29,779	70,950	1,106,707	80,190	1,186,897
Other items										
Depreciation	18,024	7,105	5,446	1,050	1,084	2,582	3,641	38,935	(396)	38,538
Amortisation of goodwill	-	-	351	28	-	-	5	384	-	384
Impairment loss on fixed assets	481	0	654	169	479	-	183	1,967	-	1,967
Increase in property and equipment and intangible assets	17,242	7,239	13,647	1,398	1,745	4,563	4,050	49,887	-	49,887

*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) Adjustment is as follows

- (1) Segment income (loss) adjustment amounting to ¥736 million was treated as intersegment elimination.
- (2) Segment assets adjustment amounting to ¥80,190 million consisted of unallocated general corporate assets amounting to ¥110,492 million, net of intersegment elimination of ¥(30,302) million. Such general corporate assets consisted mainly of cash, deposits and investment securities.
- (3) Depreciation adjustment amounting to ¥(396) million was treated as intersegment elimination.

*3) Segment income (loss) was reconciled to operating income in the accompanying consolidated statements of income.

Per share information

	1 April 2020 -31 March 2021	1 April 2021 -31 March 2022
Net assets per share-basic	1,891.76 yen	1,949.33 yen
Net income (loss) per share-basic	(146.29) yen	47.65 yen
Net income per share-diluted	- yen	44.53 yen

(1)Net income per share-diluted for the fiscal year ended 31 March 2021 is not shown in the above table, because net income per share was loss although there were potential common shares with dilution effects.

(2)The basis for calculating of net income (loss) per share basic and net income per diluted was as follows.

	1 April 2020 -31 March 2021	1 April 2021 -31 March 2022
Net income (loss) per share-basic		
Profit (loss) attributable to owners of the parent (Millions of yen)	(28,769)	9,370
Profit not attributable to common shareholders (Millions of yen)	-	-
Profit (loss) attributable to owners of the parent related to common stock (Millions of yen)	(28,769)	9,370
Average number of shares outstanding during the periods(share)	196,656,567	196,647,054
Net income per share-diluted		
Adjustments to profit attributable to owners of the parent (Millions of yen)	-	-
[Of the avobe, interest expenses after deducting the portion of payments equivalent to income taxes (Millions of yen)]	[-]	[-]
Increase in the number of common stock (share)	-	13,798,078
[Of the avobe, convertible bond (share)]	[-]	[13,798,078]
Descriptions of potentially dilutive common stock with an anti-dilutive effect that was not included in the computation of net income per share-diluted	-	

(3)The basis for calculating of net assets per share-basic was as follows.

	As of 31 March 2021	As of 31 March 2022
Total net assets (Millions of yen)	407,512	411,132
Amounts deducted from total net assets (Millions of yen)	35,497	27,808
[Of the avobe, non-controlling interests (Millions of yen)]	[35,497]	[27,808]
Net assets related to common stock (Millions of yen)	372,014	383,323
Number of common stock used for the calculation of net assets per share (share)	196,650,133	196,643,843

Subsequent events : None