

Consolidated Financial Results for the Six-month Period Ended 30 September 2023 (Japanese GAAP) (Unaudited)

Nagoya Railroad Co., Ltd.

9 November 2023

Stock exchange Listing: Tokyo Nagoya
 Securities code: 9048
 URL: <https://top.meitetsu.co.jp/>
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Scheduled date of filing of quarterly report: 10 November 2023
 Scheduled date of dividend payment commencement: -
 Supplementary explanations of quarterly financial results: Yes
 Quarterly 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 2023 (1 April 2023 - 30 September 2023)

(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 2023	283,728	7.8	15,900	56.2	17,293	47.8	9,980	28.8
Six-month period ended 30 September 2022	263,125	17.3	10,180	-	11,701	363.3	7,746	661.8

Note: Comprehensive income - for the six-month period ended 30 September 2023 ¥18,767 million [133.9%]
 for the six-month period ended 30 September 2022 ¥8,022 million [257.0%]

	Net income per share-basic	Net income per share-diluted
	Yen	Yen
Six-month period ended 30 September 2023	50.78	47.45
Six-month period ended 30 September 2022	39.42	36.83

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of 30 September 2023	1,237,918	444,016	33.9
31 March 2023	1,231,378	429,089	32.8

Reference: Shareholders' equity - as of 30 September 2023 ¥419,154 million
 as of 31 March 2023 ¥404,433 million

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 2023	—	0.00	—	20.00	20.00
Fiscal year ending 31 March 2024	—	0.00			
Fiscal year ending 31 March 2024 (forecast)			—	25.00	25.00

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

3. Forecast of consolidated financial results for the fiscal year ending 31 March 2024

(%: year-on-year)

	Operating revenues		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending 31 March 2024	594,000	7.7	30,000	32.0	32,000	21.4

	Profit attributable to owners of the parent		Net income per share-basic
	Millions of yen	%	Yen
Fiscal year ending 31 March 2024	21,000	11.4	106.85

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

Notes

- (1) Changes in significant consolidated subsidiaries during the period (changes in specific consolidated subsidiaries resulting in changes in the scope of consolidation): None
- (2) Application of accounting methods which are exceptional for quarterly 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: None
 - 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 2023	196,700,692	106,248
31 March 2023	196,700,692	172,683

(Shares)

	Average number of shares outstanding during the periods
Six-month period ended 30 September 2023	196,546,079
Six-month period ended 30 September 2022	196,544,141

* 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.

(Reference) Forecast of non-consolidated financial results for the fiscal year ending 31 March 2024

(%: year-on-year)

	Operating revenues		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending 31 March 2024	96,700	7.0	10,500	53.5	12,000	41.6

	Profit		Net income per share-basic
	Millions of yen	%	Yen
Fiscal year ending 31 March 2024	9,100	25.2	46.28

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

4. Quarterly consolidated financial statement and Main Notes

(1) Quarterly Consolidated Balance Sheets (Unaudited)

	Millions of yen	
	31 March 2023	30 September 2023
ASSETS		
Current assets		
Cash and deposits	55,291	41,917
Trade notes, accounts receivable and contract assets	61,109	59,175
Short-term loans receivable	1,834	1,829
Land and buildings for sale	77,275	77,184
Merchandise and finished goods	6,273	6,256
Work in process	670	1,473
Raw materials and supplies	5,311	5,551
Others	19,411	23,512
Allowance for doubtful accounts	(276)	(238)
Total current assets	226,902	216,662
Non-current assets		
Property and equipment		
Buildings and structures, net	301,878	302,537
Machinery, equipment and vehicles, net	78,931	78,834
Land	371,293	371,895
Lease assets, net	10,355	9,947
Construction in progress	82,424	89,644
Other properties, net	9,142	8,805
Total property and equipment	854,026	861,664
Intangible assets		
Right-of-use facilities	7,063	6,814
Goodwill	1,397	1,227
Lease assets	275	246
Other intangible assets	3,116	3,270
Total intangible assets	11,853	11,559
Investments and other assets		
Investment securities	104,030	116,883
Long-term loans receivable	358	322
Deferred tax assets	17,769	13,679
Others	16,930	17,672
Allowance for doubtful accounts	(493)	(525)
Total investments and other assets	138,596	148,032
Total non-current assets	1,004,476	1,021,256
Total assets	1,231,378	1,237,918

(1) Quarterly Consolidated Balance Sheets (Unaudited)

	Millions of yen	
	31 March 2023	30 September 2023
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Trade notes and accounts payable	73,388	55,633
Short-term loans payable	52,876	48,439
Commercial papers	10,000	7,000
Current portion of bonds payable	30,080	10,000
Lease obligations	1,490	1,620
Income taxes payable	5,868	3,853
Deposits received from employees	20,383	20,347
Provision for bonuses	5,698	6,033
Provision for loss on liquidation	301	283
Allowance for loss on collection of gift certificates outstanding	360	367
Others	103,619	115,127
Total current liabilities	304,067	268,705
Non-current liabilities		
Bonds payable	215,000	240,000
Long-term loans payable	155,949	159,497
Lease obligations	10,678	10,100
Deferred tax liabilities	3,882	4,248
Deferred tax liabilities for land revaluation	55,506	55,504
Provision for loss on liquidation	5,560	3,713
Employee retirement benefit liability	32,539	32,841
Others	19,103	19,288
Total non-current liabilities	498,221	525,196
Total liabilities	802,289	793,902
Net assets		
Shareholders' equity		
Common stock	101,158	101,158
Capital surplus	40,144	40,207
Retained earnings	158,112	164,053
Treasury stock	(365)	(210)
Total shareholders' equity	299,050	305,209
Accumulated other comprehensive income		
Net unrealized gains on available-for-sale securities	16,490	24,609
Deferred gains and losses on hedges	143	566
Land revaluation increment	87,683	87,771
Foreign currency translation adjustments	11	28
Retirement benefit adjustments	1,053	969
Total accumulated other comprehensive income	105,382	113,945
Non-controlling interests	24,655	24,861
Total net assets	429,089	444,016
Total liabilities and net assets	1,231,378	1,237,918

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

Quarterly Consolidated Statements of Income (Unaudited)

	Millions of yen	
	1 April 2022	1 April 2023
	-30 September 2022	-30 September 2023
Operating revenues	263,125	283,728
Operating expenses		
Transportation, other services and cost of sales	229,142	241,588
Selling, general and administrative expenses	23,801	26,239
Total operating expenses	252,944	267,827
Operating income	10,180	15,900
Non-operating income		
Interest income	13	21
Dividend income	685	757
Equity in net earnings of affiliates	1,121	1,262
Subsidies for employment adjustment	577	36
Miscellaneous income	875	1,009
Total non-operating income	3,273	3,087
Non-operating expenses		
Interest expenses	1,406	1,482
Provision for loss on liquidation	95	-
Miscellaneous expenses	250	211
Total non-operating expenses	1,752	1,694
Ordinary income	11,701	17,293
Extraordinary income		
Gain on sales of fixed assets	341	545
Gain on contributions for construction	328	419
Gain on sales of investment securities	408	73
Others	238	115
Total extraordinary income	1,317	1,153
Extraordinary losses		
Loss on sales of fixed assets	20	23
Impairment loss on fixed assets	119	152
Loss on disposition of fixed assets	187	158
Loss on sales of investment securities	160	-
Loss on valuation of investment securities	32	49
Loss on reduction of property and equipment	248	337
Provision for return of subsidies *1	-	2,288
Others	72	686
Total extraordinary losses	841	3,694
Profit before income taxes	12,177	14,753
Income taxes – current	3,877	3,807
Income taxes – deferred	321	780
Total income taxes	4,199	4,587
Profit	7,977	10,165
Profit attributable to:		
Non-controlling interests	230	185
Owners of the parent	7,746	9,980

Quarterly Consolidated Statements of Comprehensive Income (Unaudited)

	Millions of yen	
	1 April 2022 -30 September 2022	1 April 2023 -30 September 2023
Profit	7,977	10,165
Other comprehensive income		
Net unrealised gains and losses on available-for-sale securities	537	7,757
Deferred gains and losses on hedges	(321)	436
Foreign currency translation adjustments	37	17
Retirement benefit adjustments	(58)	(89)
Share of other comprehensive income of affiliates accounted for using the equity method	(150)	481
Total other comprehensive income	44	8,602
Comprehensive income	8,022	18,767
Comprehensive income attributable to:		
Owners of the parent	7,785	18,454
Non-controlling interests	236	312

(3) Quarterly Consolidated Statements of Cash Flows (Unaudited)

	Millions of yen	
	1 April 2022	1 April 2023
	-30 September 2022	-30 September 2023
Cash flows from operating activities:		
Profit before income taxes	12,177	14,753
Depreciation	18,916	18,902
Impairment loss on fixed assets	119	152
Increase (decrease) in employee retirement benefit liability	44	173
Increase (decrease) in provision for bonuses	445	335
Increase (decrease) in provision for loss on liquidation	(333)	(1,865)
Increase (decrease) in other provision	(1,092)	2,737
Loss (gain) on sales of investment securities	(214)	(24)
Decrease (increase) in trade notes and accounts receivable	311	589
Decrease (increase) in inventories	290	863
Increase (decrease) in trade notes and accounts payable	(4,863)	(8,858)
Others, net	1,243	(3,461)
Subtotal	27,043	24,297
Interest and dividends received	1,479	1,623
Interest paid	(1,388)	(1,452)
Amount of subsidies for employment adjustment received	689	43
Income taxes paid	(5,215)	(5,481)
Net cash provided by (used in) operating activities	22,608	19,031

	Millions of yen	
	1 April 2022	1 April 2023
	-30 September 2022	-30 September 2023
Cash flows from investing activities:		
Purchases of fixed assets	(35,901)	(35,400)
Proceeds from sales of fixed assets	642	755
Purchases of investment securities	(310)	(872)
Proceeds from sales and redemptions of investment securities	537	139
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,312)	-
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(586)	-
Proceeds from contribution received for construction	8,153	6,754
Others, net	(6)	18
Net cash provided by (used in) investing activities	(29,783)	(28,604)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	6,961	748
Increase (decrease) in commercial papers	(11,000)	(3,000)
Proceeds from long-term debt	6,856	7,917
Repayment of long-term debt	(8,889)	(9,633)
Issuance of bonds	9,950	24,885
Redemption of bonds	-	(20,000)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(2,241)	(0)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	-	92
Dividends paid to shareholders	(2,458)	(3,916)
Others, net	(1,209)	(848)
Net cash provided by (used in) financing activities	(2,029)	(3,756)
Effect of exchange rate changes on cash and cash equivalents	(0)	9
Net increase (decrease) in cash and cash equivalents	(9,206)	(13,319)
Cash and cash equivalents at beginning of period	50,430	54,879
Cash and cash equivalents at end of period	41,224	41,559

(4) Notes to Quarterly Consolidated Statements (Unaudited)

Notes on going concern assumption: None

Notes on significant changes in shareholders' equity: None

Quarterly Consolidated Statements of Income related: Yes

*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.

Segment information

Information about reportable segments operating revenues and profit or loss for the six-month period ended 30 September 2022

(Millions of yen)

	Traffic	Transport	Real Estate	Leisure and Services	Distribution	Aviation Services	Others (*1)	Total	Adjustment (*2)	Quarterly Consolidated financial statements (*3)
Operating revenues:										
External customers	63,326	68,517	42,487	36,292	28,769	11,228	12,504	263,125	—	263,125
Intersegment sales/transfers	1,401	187	5,069	196	2,002	—	7,684	16,541	(16,541)	—
Total	64,727	68,705	47,556	36,488	30,771	11,228	20,188	279,666	(16,541)	263,125
Segment income (loss)	2,710	1,928	6,627	(531)	(1,471)	351	522	10,137	42	10,180

*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 ¥42 million was treated as intersegment elimination.

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

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)	Quarterly 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 quarterly consolidated statements of income.