

Consolidated Financial Results for the Nine-month Period Ended 31 December 2024 (Japanese GAAP) (Unaudited)

Nagoya Railroad Co., Ltd.

13 February 2025

Stock exchange Listing: Tokyo Nagoya
 Securities code: 9048
 URL: <https://top.meitetsu.co.jp/>
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Scheduled date of dividend payment commencement: -
 Supplementary explanations of financial results: Yes
 Financial results presentation meeting: None

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

1. Consolidated financial results for the nine-month period ended 31 December 2024 (1 April 2024 - 31 December 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 | % |
| Nine-month period ended 31 December 2024 | 507,793 | 14.5 | 38,890 | 29.1 | 43,656 | 32.7 | 32,936 | 53.0 |
| Nine-month period ended 31 December 2023 | 443,483 | 9.1 | 30,120 | 44.8 | 32,904 | 40.9 | 21,531 | 35.4 |

Note: Comprehensive income - for the nine-month period ended 31 December 2024 ¥34,323 million [18.2%]
 for the nine-month period ended 31 December 2023 ¥29,039 million [49.3%]

| | Net income per share-basic | Net income per share-diluted |
|--|----------------------------|------------------------------|
| | Yen | Yen |
| Nine-month period ended 31 December 2024 | 167.61 | 145.34 |
| Nine-month period ended 31 December 2023 | 109.54 | 102.37 |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|------------------|-----------------|-----------------|--------------|
| As of | Millions of yen | Millions of yen | % |
| 31 December 2024 | 1,381,547 | 491,295 | 33.7 |
| 31 March 2024 | 1,303,205 | 464,054 | 33.6 |

Reference: Shareholders' equity - as of 31 December 2024 ¥466,075 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 first quarter 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) | | | — | 37.50 | 37.50 |

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

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 | 695,000 | 15.6 | 44,000 | 26.6 | 49,000 | 30.5 |

| | Profit attributable to owners of the parent | | Net income per share-basic |
|-------------------------------------|--|------|-------------------------------|
| | Millions of yen | % | Yen |
| Fiscal year ending 31 March 2025 | 35,000 | 43.4 | 178.11 |

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 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: 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 31 December 2024 | 196,700,692 | 624,529 |
| 31 March 2024 | 196,700,692 | 116,752 |

(Shares)

| | Average number of shares outstanding during the period |
|---|---|
| Nine-month period ended 31 December 2024 | 196,508,927 |
| Nine-month period ended 31 December 2023 | 196,561,863 |

* 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 realise the above.

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

4. Quarterly consolidated financial statement and Main Notes

(1) Quarterly Consolidated Balance Sheets (Unaudited)

| | Millions of yen | |
|--|------------------|------------------|
| | 31 March 2024 | 31 December 2024 |
| ASSETS | | |
| Current assets | | |
| Cash and deposits | 60,388 | 55,102 |
| Trade notes, accounts receivable and contract assets | 63,831 | 65,351 |
| Short-term loans receivable | 1,814 | 1,814 |
| Land and buildings for sale | 76,717 | 82,731 |
| Merchandise and finished goods | 6,329 | 8,313 |
| Work in process | 626 | 2,336 |
| Raw materials and supplies | 5,511 | 6,393 |
| Others | 23,451 | 29,685 |
| Allowance for doubtful accounts | (185) | (215) |
| Total current assets | 238,484 | 251,513 |
| Non-current assets | | |
| Property and equipment | | |
| Buildings and structures, net | 317,548 | 319,619 |
| Machinery, equipment and vehicles, net | 83,615 | 84,729 |
| Land | 381,227 | 391,570 |
| Lease assets, net | 9,569 | 9,048 |
| Construction in progress | 90,654 | 118,009 |
| Other properties, net | 11,008 | 11,189 |
| Total property and equipment | 893,624 | 934,167 |
| Intangible assets | | |
| Right-of-use facilities | 7,945 | 6,736 |
| Goodwill | 2,294 | 2,086 |
| Lease assets | 217 | 175 |
| Other intangible assets | 3,505 | 3,657 |
| Total intangible assets | 13,963 | 12,655 |
| Investments and other assets | | |
| Investment securities | 128,202 | 153,716 |
| Long-term loans receivable | 292 | 241 |
| Deferred tax assets | 11,606 | 11,729 |
| Others | 17,525 | 17,952 |
| Allowance for doubtful accounts | (493) | (428) |
| Total investments and other assets | 157,133 | 183,211 |
| Total non-current assets | 1,064,720 | 1,130,034 |
| Total assets | 1,303,205 | 1,381,547 |

(1) Quarterly Consolidated Balance Sheets (Unaudited)

| | Millions of yen | |
|---|------------------|------------------|
| | 31 March 2024 | 31 December 2024 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Current liabilities | | |
| Trade notes and accounts payable | 74,816 | 61,505 |
| Short-term loans payable | 43,574 | 44,528 |
| Current portion of bonds payable | 40,000 | 10,000 |
| Lease obligations | 1,373 | 1,221 |
| Income taxes payable | 4,619 | 5,392 |
| Deposits received from employees | 19,964 | 19,456 |
| Advances received | 68,511 | 83,853 |
| Provision for bonuses | 5,841 | 1,757 |
| Provision for loss on liquidation | 29 | 3 |
| Allowance for loss on collection of gift certificates outstanding | 369 | 375 |
| Others | 49,848 | 54,585 |
| Total current liabilities | <u>308,949</u> | <u>282,679</u> |
| Non-current liabilities | | |
| Bonds payable | 225,000 | 285,000 |
| Long-term loans payable | 179,631 | 191,536 |
| Lease obligations | 9,958 | 9,522 |
| Deferred tax liabilities | 3,229 | 6,244 |
| Deferred tax liabilities for land revaluation | 55,271 | 55,245 |
| Provision for loss on liquidation | 3,906 | 3,783 |
| Employee retirement benefit liability | 32,535 | 35,327 |
| Others | 20,669 | 20,913 |
| Total non-current liabilities | <u>530,201</u> | <u>607,572</u> |
| Total liabilities | <u>839,151</u> | <u>890,252</u> |
| Net assets | | |
| Shareholders' equity | | |
| Common stock | 101,158 | 101,158 |
| Capital surplus | 40,426 | 41,052 |
| Retained earnings | 179,468 | 207,019 |
| Treasury stock | (233) | (1,110) |
| Total shareholders' equity | <u>320,819</u> | <u>348,119</u> |
| Accumulated other comprehensive income | | |
| Net unrealised gains on available-for-sale securities | 28,631 | 29,284 |
| Deferred gains and losses on hedges | 379 | 195 |
| Land revaluation increment | 87,298 | 87,247 |
| Foreign currency translation adjustments | 24 | 26 |
| Retirement benefit adjustments | 1,332 | 1,201 |
| Total accumulated other comprehensive income | <u>117,667</u> | <u>117,955</u> |
| Non-controlling interests | <u>25,567</u> | <u>25,220</u> |
| Total net assets | <u>464,054</u> | <u>491,295</u> |
| Total liabilities and net assets | <u>1,303,205</u> | <u>1,381,547</u> |

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

Quarterly Consolidated Statements of Income (Unaudited)

| | Millions of yen | |
|--|-------------------|-------------------|
| | 1 April 2023 | 1 April 2024 |
| | -31 December 2023 | -31 December 2024 |
| Operating revenues | 443,483 | 507,793 |
| Operating expenses | | |
| Transportation, other services and cost of sales | 373,605 | 422,857 |
| Selling, general and administrative expenses | 39,757 | 46,045 |
| Total operating expenses | 413,362 | 468,902 |
| Operating income | 30,120 | 38,890 |
| Non-operating income | | |
| Interest income | 31 | 130 |
| Dividend income | 1,349 | 1,906 |
| Equity in net earnings of affiliates | 2,706 | 4,642 |
| Miscellaneous income | 1,369 | 1,119 |
| Total non-operating income | 5,456 | 7,799 |
| Non-operating expenses | | |
| Interest expenses | 2,249 | 2,569 |
| Miscellaneous expenses | 423 | 463 |
| Total non-operating expenses | 2,672 | 3,032 |
| Ordinary income | 32,904 | 43,656 |
| Extraordinary income | | |
| Gain on sales of fixed assets | 1,113 | 730 |
| Gain on contributions for construction | 471 | 903 |
| Gain on sales of investment securities | 232 | 212 |
| Gain on bargain purchase | - | 1,456 |
| Others | 120 | 63 |
| Total extraordinary income | 1,937 | 3,366 |
| Extraordinary losses | | |
| Loss on sales of fixed assets | 53 | 138 |
| Impairment loss on fixed assets | 238 | 140 |
| Loss on disposition of fixed assets | 292 | 218 |
| Loss on valuation of investment securities | 49 | - |
| Loss on reduction of property and equipment | 762 | 868 |
| Provision for return of subsidies *1 | 2,288 | - |
| Others | 961 | 32 |
| Total extraordinary losses | 4,644 | 1,397 |
| Profit before income taxes | 30,197 | 45,626 |
| Income taxes – current | 6,191 | 8,043 |
| Income taxes – deferred | 1,738 | 3,594 |
| Total income taxes | 7,929 | 11,638 |
| Profit | 22,267 | 33,988 |
| Profit attributable to: | | |
| Non-controlling interests | 736 | 1,051 |
| Owners of the parent | 21,531 | 32,936 |

Quarterly Consolidated Statements of Comprehensive Income (Unaudited)

| | Millions of yen | |
|---|-----------------------------------|-----------------------------------|
| | 1 April 2023 -31 December 2023 | 1 April 2024 -31 December 2024 |
| Profit | 22,267 | 33,988 |
| Other comprehensive income | | |
| Net unrealised gains and losses on available-for-sale securities | 6,372 | 371 |
| Deferred gains and losses on hedges | 48 | (173) |
| Foreign currency translation adjustments | 23 | 2 |
| Retirement benefit adjustments | (134) | (130) |
| Share of other comprehensive income of affiliates accounted for using the equity method | 462 | 265 |
| Total other comprehensive income | 6,771 | 335 |
| Comprehensive income | 29,039 | 34,323 |
| Comprehensive income attributable to: | | |
| Owners of the parent | 28,195 | 33,276 |
| Non-controlling interests | 843 | 1,047 |

(3) Notes to Quarterly Consolidated Financial 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 first quarter 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 quarterly 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 first quarter of the current fiscal year. The change in accounting policy has been applied retrospectively, and the quarterly consolidated financial statements and consolidated financial statements for the previous quarter 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. In addition, the balance of retained earnings at the beginning of the previous period increased by ¥521 million 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 nine-month period ended 31 December 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 | 108,249 | 105,859 | 64,090 | 77,117 | 48,271 | 18,876 | 21,017 | 443,483 | — | 443,483 |
| Intersegment sales/transfers | 2,044 | 310 | 8,420 | 471 | 2,193 | 17 | 14,108 | 27,566 | (27,566) | — |
| Total | 110,293 | 106,170 | 72,511 | 77,589 | 50,465 | 18,894 | 35,126 | 471,050 | (27,566) | 443,483 |
| Segment income (loss) | 13,381 | 2,531 | 10,882 | 3,330 | (2,019) | 622 | 1,262 | 29,991 | 129 | 30,120 |

*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 ¥129 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 nine-month period ended 31 December 2024

(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 | 118,516 | 139,807 | 71,976 | 80,835 | 49,220 | 21,456 | 25,980 | 507,793 | — | 507,793 |
| Intersegment sales/transfers | 2,278 | 316 | 9,373 | 479 | 2,246 | 50 | 17,071 | 31,816 | (31,816) | — |
| Total | 120,795 | 140,123 | 81,349 | 81,314 | 51,466 | 21,507 | 43,052 | 539,609 | (31,816) | 507,793 |
| Segment income (loss) | 18,652 | 1,519 | 11,847 | 3,578 | (914) | 1,965 | 2,346 | 38,994 | (104) | 38,890 |

*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 ¥ (104) million was treated as intersegment elimination.

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

Notes on Significant Changes in Shareholders' Equity: None

Notes on Going Concern Assumption: None

Notes to Quarterly Consolidated Statements of Income

*1 Provision for return of subsidies

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

Notes to Quarterly Consolidated Statements of Cash Flows

Quarterly consolidated statements of cash flows for the third quarter of the current fiscal year has not been prepared. Depreciation (including amortisation related to intangible assets excluding goodwill) and amortisation of goodwill for the third quarter of the current fiscal year are as follows.

| | Millions of yen | |
|--------------------------|-----------------------------------|-----------------------------------|
| | 1 April 2023 -31 December 2023 | 1 April 2024 -31 December 2024 |
| Depreciation | 28,731 | 30,983 |
| Amortisation of goodwill | 240 | 208 |

Significant subsequent events: Yes

Business combination through acquisition

The Company's consolidated subsidiary, Meitetsu Transportation Co., Ltd., resolved to take over the special combined delivery service business from Nippon Express Co., Ltd. by absorption-type split in a written resolution of the board of directors on 21 August 2024, based on Article 370 of the Companies Act and Article 24 of Meitetsu Transportation Co., Ltd.'s Articles of Incorporation, and concluded an absorption-type split agreement. Based on this, the absorption-type split was carried out on 1 January 2025.

1. Outline of the business combination

(1) Name of the acquired company and its business

Name of the acquired company: Nippon Express Co., Ltd.
Business line: Special combined delivery service business

(2) Main reasons for the business combination

Meitetsu Transportation Co., Ltd. and Nippon Express Co., Ltd. signed a capital and business alliance agreement on 25 December 2015. Since that time, the companies have collaborated in the special combined delivery service business.

At the same time, rising energy prices, chronic labour shortages for truck drivers, changes in laws concerning work-style reform, etc. have combined in recent years to cause rising labour and outsourcing costs. Further, total domestic freight volume is likely to decline due to a decreasing population in Japan and changes to the industrial structure. Accordingly, the industry does not expect meaningful increases in total freight volume for the combined delivery services market in the future.

Given this environment, the companies in question have decided to cooperate with each other in the promotion and development of the special combined delivery service business, judging that the further mutual use of business resources, expertise, and other management resources of the two groups is essential in solving issues and improving service levels in response to the recent changes in the business environment.

The transaction consists of two stages. The first transaction was a share transfer from Nippon Express Co., Ltd. to Meitetsu Transportation Co., Ltd. on 1 April 2024, in which all of the issued shares of NX Transport Co., Ltd. were transferred, and the second transaction is this transaction.

(3) Date of business combination

1 January 2025

(4) Legal form of the business combinations

Absorption-type split with Meitetsu Transportation Co., Ltd. as the successor company and Nippon Express Co., Ltd. as the splitting company.

(5) Name of the controlling entity after the business combination

Meitetsu Transportation Co., Ltd.

(6) Main reason for deciding to acquire the company

Meitetsu Transportation Co., Ltd. took over Nippon Express Co., Ltd.'s special combined delivery service business in exchange for shares.

2. Acquisition cost of the acquired business

Unsettled

3. Contents and amounts of major acquisition-related costs

Unsettled

4. Goodwill, reason for recognising goodwill, amortisation method and amortisation period

Unsettled

5. Amounts of assets acquired and liabilities assumed on the day of the business combination

Unsettled