

Consolidated Financial Results for the Six-month Period Ended 30 September 2022 (Japanese GAAP) (Unaudited)

Nagoya Railroad Co., Ltd.

8 November 2022

Stock exchange Listing: Tokyo Nagoya
 Securities code: 9048
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Scheduled date of filing of quarterly report: 9 November 2022
 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 results for the six-month period ended 30 September 2022 (1 April 2022 - 30 September 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	%
Six-month period ended 30 September 2022	263,125	17.3	10,180	-	11,701	363.3	7,746	661.8
Six-month period ended 30 September 2021	224,284	(1.2)	(2,644)	-	2,525	-	1,016	-

Note: Comprehensive income - for the six-month period ended 30 September 2022 ¥8,022 million [257.0%]
 for the six-month period ended 30 September 2021 ¥2,247 million [-%]

	Net income per share-basic	Net income per share-diluted
	Yen	Yen
Six-month period ended 30 September 2022	39.42	36.83
Six-month period ended 30 September 2021	5.17	4.83

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
30 September 2022	1,181,760	414,128	33.0
31 March 2022	1,186,897	411,132	32.3

Reference: Shareholders' equity- as of 30 September 2022 ¥390,082 million
 as of 31 March 2022 ¥383,323 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 2022	—	0.00	—	12.50	12.50
Fiscal year ending 31 March 2023	—	0.00			
Fiscal year ending 31 March 2023 (forecast)			—	20.00	20.00

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

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	%
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
Fiscal year ending 31 March 2023	16,000	70.8	81.37

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

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
 - 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

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

	Number of issued shares (including treasury stock)	Number of treasury stock
As of		
30 September 2022	196,700,692	158,535
31 March 2022	196,700,692	56,849

(Shares)

	Average number of shares outstanding during the periods
Six-month period ended 30 September 2022	196,544,141
Six-month period ended 30 September 2021	196,648,641

* 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) 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	91,000	6.8	6,000	29.7	7,200	20.4

	Profit		Net income per share-basic
	Millions of yen	%	yen
Fiscal year ending 31 March 2023	7,500	59.7	38.16

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 2022	30 September 2022
ASSETS		
Current assets		
Cash and deposits	50,927	41,699
Trade notes, accounts receivable and contract assets	58,877	57,407
Short-term loans receivable	1,871	1,874
Land and buildings for sale	73,181	72,108
Merchandise and finished goods	5,427	5,740
Work in process	675	1,761
Raw materials and supplies	4,620	4,944
Others	16,196	19,022
Allowance for doubtful accounts	(182)	(239)
Total current assets	211,596	204,319
Non-current assets		
Property and equipment		
Buildings and structures, net	307,840	302,271
Machinery, equipment and vehicles, net	79,359	80,372
Land	356,040	356,014
Lease assets, net	12,000	10,655
Construction in progress	61,990	70,582
Other properties, net	7,933	7,524
Total property and equipment	825,163	827,422
Intangible assets		
Right-of-use facilities	7,040	6,907
Goodwill	660	1,622
Lease assets	335	305
Other intangible assets	3,063	3,021
Total intangible assets	11,099	11,856
Investments and other assets		
Investment securities	101,661	102,733
Long-term loans receivable	431	386
Deferred tax assets	19,732	18,810
Others	17,714	16,691
Allowance for doubtful accounts	(501)	(458)
Total investments and other assets	139,037	138,162
Total non-current assets	975,301	977,440
Total assets	1,186,897	1,181,760

(1) Quarterly Consolidated Balance Sheets (Unaudited)

	Millions of yen	
	31 March 2022	30 September 2022
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Trade notes and accounts payable	67,091	47,865
Short-term loans payable	38,257	44,985
Commercial papers	36,000	25,000
Current portion of bonds payable	-	20,000
Lease obligations	2,132	1,320
Income taxes payable	5,388	4,536
Deposits received from employees	20,459	20,495
Provision for bonuses	5,193	5,627
Provision for loss on liquidation	20	20
Allowance for loss on collection of gift certificates outstanding	349	356
Others	89,620	100,550
Total current liabilities	<u>264,512</u>	<u>270,759</u>
Non-current liabilities		
Bonds payable	225,100	215,080
Long-term loans payable	155,296	153,044
Lease obligations	11,781	11,193
Deferred tax liabilities	4,646	4,122
Deferred tax liabilities for land revaluation	55,329	55,314
Accrued retirement benefits for directors	1,141	26
Provision for loss on liquidation	5,895	5,562
Employee retirement benefit liability	33,620	33,685
Others	18,442	18,843
Total non-current liabilities	<u>511,253</u>	<u>496,872</u>
Total liabilities	<u>775,765</u>	<u>767,631</u>
Net assets		
Shareholders' equity		
Common stock	101,158	101,158
Capital surplus	38,405	40,071
Retained earnings	142,815	148,125
Treasury stock	(113)	(334)
Total shareholders' equity	<u>282,266</u>	<u>289,021</u>
Accumulated other comprehensive income		
Net unrealized gains on available-for-sale securities	13,616	13,995
Deferred gains and losses on hedges	741	436
Land revaluation increment	86,257	86,223
Foreign currency translation adjustments	(16)	20
Retirement benefit adjustments	457	384
Total accumulated other comprehensive income	<u>101,057</u>	<u>101,061</u>
Non-controlling interests	<u>27,808</u>	<u>24,045</u>
Total net assets	<u>411,132</u>	<u>414,128</u>
Total liabilities and net assets	<u>1,186,897</u>	<u>1,181,760</u>

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

Millions of yen

	1 April 2021 -30 September 2021	1 April 2022 -30 September 2022
Operating revenues	224,284	263,125
Operating expenses		
Transportation, other services and cost of sales	204,555	229,142
Selling, general and administrative expenses	22,372	23,801
Total operating expenses	226,928	252,944
Operating income (loss)	(2,644)	10,180
Non-operating income		
Interest income	11	13
Dividend income	664	685
Equity in net earnings of affiliates	1,384	1,121
Subsidies for employment adjustment	2,967	577
Miscellaneous income	1,711	875
Total non-operating income	6,738	3,273
Non-operating expenses		
Interest expenses	1,499	1,406
Provision for loss on liquidation	-	95
Miscellaneous expenses	69	250
Total non-operating expenses	1,569	1,752
Ordinary income	2,525	11,701
Extraordinary income		
Gain on sales of fixed assets	341	341
Gain on contributions for construction	275	328
Gain on sales of investment securities	1,701	408
Others	315	238
Total extraordinary income	2,633	1,317
Extraordinary losses		
Loss on sales of fixed assets	35	20
Impairment loss on fixed assets	330	119
Loss on disposition of fixed assets	535	187
Loss on sales of investment securities	-	160
Loss on valuation of investment securities	91	32
Provision for loss on liquidation	286	-
Loss on reduction of property and equipment	244	248
Others	91	72
Total extraordinary losses	1,615	841
Profit before income taxes	3,543	12,177
Income taxes – current	2,683	3,877
Income taxes – deferred	(582)	321
Total income taxes	2,101	4,199
Profit	1,441	7,977
Profit attributable to:		
Non-controlling interests	424	230
Owners of the parent	1,016	7,746

Quarterly Consolidated Statements of Comprehensive Income (Unaudited)

	Millions of yen	
	1 April 2021 -30 September 2021	1 April 2022 -30 September 2022
Profit	1,441	7,977
Other comprehensive income		
Net unrealised gains and losses on available-for-sale securities	1,105	537
Deferred gains and losses on hedges	251	(321)
Land revaluation increment	(308)	-
Foreign currency translation adjustments	11	37
Retirement benefit adjustments	(141)	(58)
Share of other comprehensive income of affiliates accounted for using the equity method	(113)	(150)
Total other comprehensive income	805	44
Comprehensive income	2,247	8,022
Comprehensive income attributable to:		
Owners of the parent	1,849	7,785
Non-controlling interests	397	236

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

	Millions of yen	
	1 April 2021	1 April 2022
	-30 September 2021	-30 September 2022
Cash flows from operating activities:		
Profit before income taxes	3,543	12,177
Depreciation	18,852	18,916
Impairment loss on fixed assets	330	119
Increase (decrease) in employee retirement benefit liability	202	44
Increase (decrease) in provision for bonuses	246	445
Increase (decrease) in provision for loss on liquidation	(175)	(333)
Increase (decrease) in other provision	(1,647)	(1,092)
Loss (gain) on sales of investment securities	(1,610)	(214)
Decrease (increase) in trade notes and accounts receivable	8,260	311
Decrease (increase) in inventories	(5,359)	290
Increase (decrease) in trade notes and accounts payable	(17,605)	(4,863)
Others, net	(425)	1,243
Subtotal	4,613	27,043
Interest and dividends received	1,070	1,479
Interest paid	(1,565)	(1,388)
Amount of extra retirement payments	(46)	-
Amount of subsidies for employment adjustment received	3,225	689
Income taxes refund (paid)	1,518	(5,215)
Net cash provided by (used in) operating activities	8,814	22,608

Millions of yen

	1 April 2021 -30 September 2021	1 April 2022 -30 September 2022
Cash flows from investing activities:		
Purchases of fixed assets	(36,116)	(35,901)
Proceeds from sales of fixed assets	597	642
Purchases of investment securities	(12)	(310)
Proceeds from sales and redemptions of investment securities	1,731	537
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	-	(2,312)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	-	(586)
Proceeds from contribution received for construction	10,886	8,153
Others, net	261	(6)
Net cash provided by (used in) investing activities	(22,131)	(29,783)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	994	6,961
Increase (decrease) in commercial papers	29,999	(11,000)
Proceeds from long-term debt	10,486	6,856
Repayment of long-term debt	(12,865)	(8,889)
Issuance of bonds	-	9,950
Redemption of bonds	(25,000)	-
Purchases of shares of subsidiaries resulting in no change in scope of consolidation	-	(2,241)
Dividends paid to shareholders	(22)	(2,458)
Others, net	(1,028)	(1,209)
Net cash provided by (used in) financing activities	2,563	(2,029)
Effect of exchange rate changes on cash and cash equivalents	10	(0)
Net increase (decrease) in cash and cash equivalents	(10,743)	(9,206)
Cash and cash equivalents at beginning of period	53,459	50,430
Cash and cash equivalents at end of period	42,716	41,224

(4) Notes to Quarterly Consolidated Statements (Unaudited)

Notes on going concern assumption: None

Notes on significant changes in shareholders' equity: None

Changes in Accounting Policies

(Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has adopted the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 31, 17 June 2021, Accounting Standard Board of Japan), from the beginning of the first quarter accounting period for the fiscal year ending 31 March 2023. In accordance with the transitional treatment provided in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, the Company has decided to adopt the new accounting policies set forth by the “Implementation Guidance on Accounting Standard for Fair Value Measurement” into the future. These changes had no impact on the Company’s quarterly consolidated financial statements.

Additional Information

(Accounting estimate for the impact of COVID-19)

Assumptions including of COVID-19 when it will be contained and others described in significant accounting estimates of Consolidated Financial Statements for the years ended 31 March 2022 there are no significant changes.

Segment information

Information about reportable segments operating revenues and profit or loss for the six-month period ended 30 September 2021

(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	53,896	66,320	32,675	18,123	29,969	10,436	12,860	224,284	—	224,284
Intersegment sales/transfers	1,108	221	4,877	113	1,249	—	6,952	14,523	(14,523)	—
Total	55,005	66,542	37,553	18,237	31,218	10,436	19,813	238,807	(14,523)	224,284
Segment income (loss)	(4,087)	1,680	4,891	(5,042)	(1,479)	732	471	(2,834)	190	(2,644)

*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 ¥190 million was treated as intersegment elimination.

*3) Segment income (loss) was reconciled to operating loss 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 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.