

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

Nagoya Railroad Co., Ltd.

8 August 2022

Stock exchange Listing: Tokyo Nagoya
 Securities code: 9048
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Scheduled date of filing of quarterly report: 9 August 2022
 Scheduled date of dividend payment commencement: -
 Supplementary explanations of quarterly financial results: Yes
 Quarterly financial results presentation meeting: None

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

1. Consolidated results for the three-month period ended 30 June 2022

(1 April 2022 - 30 June 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	%
Three-month period ended 30 June 2022	125,202	15.4	4,214	-	5,303	334.1	3,187	-
Three-month period ended 30 June 2021	108,447	(0.6)	(1,813)	-	1,221	-	(854)	-

Note: Comprehensive income - for the three-month period ended 30 June 2022 ¥3,014 million [-%]
 for the three-month period ended 30 June 2021 ¥(1,842) million [-%]

	Net income per share-basic	Net income per share-diluted
	Yen	Yen
Three-month period ended 30 June 2022	16.22	15.15
Three-month period ended 30 June 2021	(4.35)	-

Note: Net income per share-diluted for the three-month period ended 30 June 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) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
30 June 2022	1,186,619	411,292	32.5
31 March 2022	1,186,897	411,132	32.3

Reference: Shareholders' equity- as of 30 June 2022 ¥385,383 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	-				
Fiscal year ending 31 March 2023 (forecast)		0.00	-	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	%
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

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 June 2022	196,700,692	192,461
31 March 2022	196,700,692	56,849

(Shares)

	Average number of shares outstanding during the periods
Three-month period ended 30 June 2022	196,571,268
Three-month period ended 30 June 2021	196,649,452

* 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. Quarterly consolidated financial statement and Main Notes

(1) Quarterly Consolidated Balance Sheets (Unaudited)

	Millions of yen	
	31 March 2022	30 June 2022
ASSETS		
Current assets		
Cash and deposits	50,927	40,476
Trade notes, accounts receivable and contract assets	58,877	51,349
Short-term loans receivable	1,871	1,871
Land and buildings for sale	73,181	74,018
Merchandise and finished goods	5,427	5,264
Work in process	675	1,139
Raw materials and supplies	4,620	4,799
Others	16,196	30,386
Allowance for doubtful accounts	(182)	(247)
Total current assets	211,596	209,057
Non-current assets		
Property and equipment		
Buildings and structures, net	307,840	304,288
Machinery, equipment and vehicles, net	79,359	78,640
Land	356,040	355,703
Lease assets, net	12,000	11,588
Construction in progress	61,990	67,991
Other properties, net	7,933	7,652
Total property and equipment	825,163	825,866
Intangible assets		
Right-of-use facilities	7,040	7,015
Goodwill	660	569
Lease assets	335	320
Other intangible assets	3,063	2,926
Total intangible assets	11,099	10,830
Investments and other assets		
Investment securities	101,661	104,796
Long-term loans receivable	431	413
Deferred tax assets	19,732	18,771
Others	17,714	17,300
Allowance for doubtful accounts	(501)	(417)
Total investments and other assets	139,037	140,865
Total non-current assets	975,301	977,561
Total assets	1,186,897	1,186,619

(1) Quarterly Consolidated Balance Sheets (Unaudited)

	Millions of yen	
	31 March 2022	30 June 2022
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Trade notes and accounts payable	67,091	49,554
Short-term loans payable	38,257	42,370
Commercial papers	36,000	36,000
Lease obligations	2,132	2,000
Income taxes payable	5,388	1,587
Deposits received from employees	20,459	20,598
Provision for bonuses	5,193	2,541
Provision for loss on liquidation	20	20
Allowance for loss on collection of gift certificates outstanding	349	348
Others	89,620	103,459
Total current liabilities	<u>264,512</u>	<u>258,481</u>
Non-current liabilities		
Bonds payable	225,100	235,100
Long-term loans payable	155,296	151,781
Lease obligations	11,781	11,461
Deferred tax liabilities	4,646	4,589
Deferred tax liabilities for land revaluation	55,329	55,327
Accrued retirement benefits for directors	1,141	44
Provision for loss on liquidation	5,895	5,792
Employee retirement benefit liability	33,620	33,659
Others	18,442	19,089
Total non-current liabilities	<u>511,253</u>	<u>516,845</u>
Total liabilities	<u>775,765</u>	<u>775,326</u>
Net assets		
Shareholders' equity		
Common stock	101,158	101,158
Capital surplus	38,405	40,309
Retained earnings	142,815	143,550
Treasury stock	(113)	(416)
Total shareholders' equity	<u>282,266</u>	<u>284,601</u>
Accumulated other comprehensive income		
Net unrealized gains on available-for-sale securities	13,616	13,339
Deferred gains and losses on hedges	741	766
Land revaluation increment	86,257	86,252
Foreign currency translation adjustments	(16)	(2)
Retirement benefit adjustments	457	425
Total accumulated other comprehensive income	<u>101,057</u>	<u>100,781</u>
Non-controlling interests	<u>27,808</u>	<u>25,909</u>
Total net assets	<u>411,132</u>	<u>411,292</u>
Total liabilities and net assets	<u>1,186,897</u>	<u>1,186,619</u>

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

Millions of yen

	1 April 2021 -30 June 2021	1 April 2022 -30 June 2022
Operating revenues	108,447	125,202
Operating expenses		
Transportation, other services and cost of sales	99,219	109,623
Selling, general and administrative expenses	11,041	11,364
Total operating expenses	110,260	120,988
Operating income (loss)	(1,813)	4,214
Non-operating income		
Interest income	5	6
Dividend income	626	667
Equity in net earnings of affiliates	640	547
Subsidies for employment adjustment	1,471	424
Miscellaneous income	1,116	355
Total non-operating income	3,858	2,001
Non-operating expenses		
Interest expenses	761	688
Provision for loss on liquidation	-	66
Miscellaneous expenses	62	156
Total non-operating expenses	824	912
Ordinary income	1,221	5,303
Extraordinary income		
Gain on sales of fixed assets	199	108
Gain on contributions for construction	272	307
Gain on sales of investment securities	716	135
Insurance claim income	0	205
Others	111	31
Total extraordinary income	1,300	788
Extraordinary losses		
Loss on sales of fixed assets	23	10
Impairment loss on fixed assets	103	21
Loss on disposition of fixed assets	213	167
Loss on sales of investment securities	-	160
Loss on valuation of investment securities	86	36
Provision for loss on liquidation	286	-
Loss on reduction of property and equipment	241	245
Others	39	48
Total extraordinary losses	995	690
Profit before income taxes	1,527	5,401
Income taxes – current	1,353	1,149
Income taxes – deferred	771	990
Total income taxes	2,124	2,140
Profit (Loss)	(597)	3,261
Profit (loss) attributable to:		
Non-controlling interests	257	73
Owners of the parent	(854)	3,187

Quarterly Consolidated Statements of Comprehensive Income (Unaudited)

	Millions of yen	
	1 April 2021 -30 June 2021	1 April 2022 -30 June 2022
Profit (Loss)	(597)	3,261
Other comprehensive income		
Net unrealised gains and losses on available-for-sale securities	(980)	(157)
Deferred gains and losses on hedges	193	14
Land revaluation increment	(308)	-
Foreign currency translation adjustments	11	13
Retirement benefit adjustments	(14)	(24)
Share of other comprehensive income of affiliates accounted for using the equity method	(147)	(92)
Total other comprehensive income	(1,245)	(246)
Comprehensive income	(1,842)	3,014
Comprehensive income attributable to:		
Owners of the parent	(1,974)	2,917
Non-controlling interests	132	97

(3) 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)

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

Information about reportable segments operating revenues and profit or loss for the three-month period ended 30 June 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	26,557	32,998	16,479	7,184	14,993	4,347	5,886	108,447	-	108,447
Intersegment sales/transfers	563	78	2,431	74	561	5	3,738	7,453	(7,453)	-
Total	27,120	33,077	18,911	7,258	15,555	4,352	9,624	115,901	(7,453)	108,447
Segment income (loss)	(1,779)	889	2,642	(3,151)	(561)	(158)	178	(1,940)	127	(1,813)

*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 ¥127 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 three-month period ended 30 June 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	31,989	33,671	16,817	17,735	14,307	5,207	5,473	125,202	-	125,202
Intersegment sales/transfers	736	87	2,625	97	943	-	3,956	8,446	(8,446)	-
Total	32,725	33,758	19,442	17,833	15,250	5,207	9,430	133,649	(8,446)	125,202
Segment income (loss)	2,243	780	2,047	(291)	(577)	(152)	67	4,117	96	4,214

*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 ¥96 million was treated as intersegment elimination.

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