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Consolidated Financial Results for the Three Months Ended June 30, 2022
(Under Japanese GAAP)

August 10, 2022

Company Name: Nishi-Nippon Railroad Co., Ltd. Stock exchange listings: Tokyo and Fukuoka
 Securities Code: 9031 URL https://www.nishitetsu.co.jp/en/
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 Scheduled filing date of quarterly securities report : August 10, 2022
 Scheduled commencement date of dividend payments : -
 Preparation of supplementary materials for quarterly financial results : None
 Scheduled quarterly financial results briefing : None

(Amounts rounded down to the nearest million yen.)

1. Consolidated financial results for the three months ended June 30, 2022

(from April 1, 2022 to June 30, 2022)

(1) Consolidated Operating Results (cumulative) (Percentages represent year-on-year changes.)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 30, 2022	119,950	34.8	5,471	-	6,087	-	3,919	-
June 30, 2021	88,978	26.4	(941)	-	(557)	-	(171)	-

(Note(s)) Comprehensive income For the three months ended June 30, 2022 6,748 million yen (- %)
 For the three months ended June 30, 2021 (27) million yen (- %)

	Net income per share-basic	Net income per share-diluted
	Yen	Yen
Three months ended		
June 30, 2022	49.75	49.60
June 30, 2021	(2.18)	-

(Note) Net income per share-diluted for the three-month period under review is not stated because a net loss per share was recorded although dilutive shares existed.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of			
June 30, 2022	738,716	183,894	24.0
March 31, 2022	734,500	179,084	23.5

(Reference) Shareholders' equity As of June 30, 2022 177,477 million yen
 As of March 31, 2022 172,593 million yen

2. Dividends

	Annual dividends				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	-	12.50	-	17.50	30.00
Fiscal year ending March 31, 2023	-				
Fiscal year ending March 31, 2023 (Forecast)		15.00	-	15.00	30.00

(Note(s)) Revision of the dividend forecast most recently announced : None

3. Consolidated financial forecast for the fiscal year ending March 31, 2023
(from April 1, 2022 to March 31, 2023)

(Percentages represent changes from the previous year for full-year results, and year-on-year changes for quarterly results.)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share-basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2022 (cumulative)	245,100	30.6	8,700	-	8,000	-	3,700	-	46.97
Full year	469,200	9.8	17,000	62.7	15,800	13.2	8,100	(18.0)	102.83

(Note) Revision of the consolidated financial forecast most recently released : Yes

* Notes

(1) Changes in important subsidiaries during the period under review : None

(Changes in specified subsidiaries resulting in changes in scope of consolidation)

(2) Adoption of special accounting treatment used in preparation of the quarterly consolidated financial statements : None

(3) Change in accounting policies or estimates and restatements

1) Change in accounting policies due to revisions of accounting standards and other regulations : None

2) Change in accounting policies other than item 1) above : None

3) Change in accounting estimates : None

4) Restatements : None

(4) Number of shares issued (common stock)

1) Number of shares issued at the end of the period (including treasury stock)

As of June 30, 2022	79,360,186 shares	As of March 31, 2022	79,360,186 shares
As of June 30, 2022	585,829 shares	As of March 31, 2022	588,852 shares
As of June 30, 2022	78,773,863 shares	As of June 30, 2021	78,786,338 shares

2) Number of treasury stocks at the end of the period

3) Average number of shares outstanding during the period (year to date)

(Note(s)) The number of treasury stocks includes the Company shares remaining in the board benefit trust (Q1 of fiscal year ending March 2023: 243,725 shares; fiscal year ended March 2022: 244,266 shares).

* Quarterly financial results are not subject to quarterly reviews by a certified public accountant or an audit firm.

* Explanation of appropriate use of financial forecasts and other special notes

Any statements on the future such as financial outlooks included in this material are based on information the Company presently has and certain assumptions the Company considers reasonable, and the Company does not intend to be committed to their realization. In addition, actual financial results may differ significantly due to various factors. For assumptions for financial forecasts and points to consider in utilizing them, please see “(3) Explanation of future forecast information such as consolidated financial forecasts” in “1. Qualitative Information on Quarterly Financial Results under Review” on page 6 of the attachments.

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1. Qualitative Information on Quarterly Financial Results under Review

(1) Explanation of operating results

(Unit: Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022	Change	Percentage change
Operating revenue	88,978	119,950	30,972	34.8%
Operating income (loss)	(941)	5,471	6,413	-
Ordinary income (loss)	(557)	6,087	6,645	-
Profit (loss) attributable to owners of parent	(171)	3,919	4,091	-

Operating revenue for the three-month period under review was 119,950 million yen, up 34.8% year-on-year. This was due to a recovery in demand from the same period of the previous fiscal year mainly due to an increase in sales prices in the Global Logistics business under the Logistics business caused by the continued high freight costs, and the easing of restrictions on activities in the Transportation business and Leisure and Services business caused by COVID-19 pandemic.

Accordingly, operating income was 5,471 million yen (operating loss of 941 million yen for the same period of the previous fiscal year), ordinary income was 6,087 million yen (ordinary loss of 557 million yen for the same period of the previous fiscal year), and profit attributable to owners of parent was 3,919 million yen (loss attributable to owners of parent of 171 million yen for the same period of the previous fiscal year).

The Company's business performance by segment is as follows.

In the beginning of the third quarter of the previous fiscal year, reorganization of consolidated subsidiaries accompanying absorption-type company splits took place; accordingly, changes were made to the segmentation of businesses of the relevant consolidated subsidiaries.

The segment information for the three-month period in the previous fiscal year was prepared in accordance with the segments after the change.

(Unit: Millions of yen)

	Operating revenue				Operating income or loss			
	Three months ended June 30, 2021	Three months ended June 30, 2022	Change	Percentage change	Three months ended June 30, 2021	Three months ended June 30, 2022	Change	Percentage change
Transportation	14,810	17,380	2,569	17.4%	(1,862)	(78)	1,784	-
Real Estate	13,225	14,123	898	6.8%	993	1,167	174	17.6%
Distribution Industry	16,843	16,672	(170)	(1.0%)	60	(95)	(155)	-
Logistics	37,461	62,528	25,067	66.9%	2,112	5,358	3,245	153.6%
Leisure and Services	4,231	6,634	2,403	56.8%	(2,374)	(885)	1,489	-
Subtotal	86,571	117,339	30,768	35.5%	(1,071)	5,467	6,538	-
Others	6,502	6,563	61	0.9%	196	112	(84)	(43.0%)
Adjustments	(4,095)	(3,952)	142	-	(67)	(107)	(40)	-
Consolidated	88,978	119,950	30,972	34.8%	(941)	5,471	6,413	-

1) Transportation

In the Railway and Bus businesses, revenue increased due to a recovery in demand from the same period of the previous fiscal year mainly due to the easing of restrictions on activities caused by COVID-19 pandemic. As a result, operating revenue for the Transportation business was 17,380 million yen (17.4% increase year-on-year), and operating loss was 78 million yen (operating loss of 1,862 million yen for the same period of the previous fiscal year).

The number of passengers in the Railway and Bus (public buses) businesses increased 10.9% and 5.2% year-on-year, respectively.

2) Real Estate

In the Housing business, revenue increased mainly due to the sale of condominiums, including Garden Cross Tokyo Oji. As a result, operating revenue for the Real Estate business was 14,123 million yen (6.8% increase year-on-year), and operating income was 1,167 million yen (17.6% increase year-on-year).

The number of lots sold was 102 (down 10 lots year-on-year).

3) Distribution Industry

In the Supermarkets/liquor stores business, revenue decreased mainly due to a reactionary slump in stay-at-home demand partly due to the easing of restrictions on activities caused by COVID-19 pandemic. As a result, operating revenue of the Distribution Industry business was 16,672 million yen (1.0% decrease year-on-year). Operating loss amounted to 95 million yen (operating income of 60 million yen for the same period of the previous fiscal year) due in part to a decline in gross profit margins caused by soaring purchase prices in the Supermarkets/liquor stores business.

4) Logistics

In the Global Logistics business, revenue increased mainly due to an increase in sales prices owing to high freight costs and an increase in the import and export transaction volume owing to firm transportation demand. As a result, operating revenue for the Logistics business was 62,528 million yen (66.9% increase year-on-year), and operating income was 5,358 million yen (153.6% increase year-on-year).

International cargo volume increased 0.5% year-on-year in Air exports, 4.9% year-on-year in Air imports, 30.5% year-on-year in Ocean exports, and 11.3% year-on-year in Ocean imports.

5) Leisure and Services

In the Hotel business, revenue increased due to higher occupancy from the same period of the previous fiscal year mainly due to the easing of voluntary travel restrictions in Japan caused by COVID-19 pandemic. As a result, operating revenue for the Leisure and Services business was 6,634 million yen (56.8% increase year-on-year), and operating loss was 885 million yen (operating loss of 2,374 million yen for the same period of the previous fiscal year).

6) Others

Other operating revenue amounted to 6,563 million yen (0.9% increase year-on-year) mainly due to an increase in revenue from large construction orders in the Construction related business, while a decrease in revenue mainly caused by a decline in orders received in the Vehicle maintenance related business. Operating income was 112 million yen (43.0% decrease year-on-year) due partly to a decrease in gross profit in the Vehicle maintenance related business.

(Statements of Income by Segment)

(Unit: Millions of yen)

	Operating revenue				Operating income (loss)			
	Three months ended June 30,2021	Three months ended June 30,2022	Change	Percentage change (%)	Three months ended June 30,2021	Three months ended June 30,2022	Change	Percentage change (%)
Transportation	14,810	17,380	2,569	17.4	(1,862)	(78)	1,784	-
Railway	4,102	4,745	642	15.7	20	546	526	-
Bus	10,297	11,909	1,611	15.7	(1,619)	(559)	1,059	-
(Bus, net) *1	[9,407]	[11,032]	[1,624]	[17.3]	-	-	-	-
Other	2,270	2,605	334	14.7	(295)	(114)	180	-
Adjustments	(1,860)	(1,879)	(18)	-	30	48	17	-
Real Estate	13,225	14,123	898	6.8	993	1,167	174	17.6
Leasing	5,903	5,975	71	1.2	1,143	1,229	86	7.6
Housing	5,316	6,288	971	18.3	(377)	(207)	170	-
Other	2,980	2,876	(104)	(3.5)	226	165	(60)	(26.7)
Adjustments	(975)	(1,016)	(40)	-	1	(20)	(21)	-
Distribution Industry	16,843	16,672	(170)	(1.0)	60	(95)	(155)	-
Supermarket/liquor store	15,755	15,477	(277)	(1.8)	62	(90)	(153)	-
Sales of miscellaneous everyday items	1,092	1,195	103	9.4	10	6	(3)	(33.8)
Adjustments	(5)	(0)	4	-	(12)	(11)	1	-
Logistics	37,461	62,528	25,067	66.9	2,112	5,358	3,245	153.6
Global Logistics	39,045	71,638	32,593	83.5	2,053	5,357	3,303	160.9
Domestic logistics	2,619	2,639	20	0.8	123	66	(57)	(46.5)
Adjustments	(4,203)	(11,749)	(7,546)	-	(65)	(65)	(0)	-
Leisure and Services	4,231	6,634	2,403	56.8	(2,374)	(885)	1,489	-
Hotel	3,266	5,495	2,228	68.2	(2,031)	(989)	1,042	-
(Hotel, net) *2	[1,471]	[3,069]	[1,598]	[108.6]	-	-	-	-
Travel	258	606	347	134.3	(280)	(35)	245	-
Facility outline	874	976	101	11.6	49	173	124	248.7
Other	1,849	2,291	442	23.9	(118)	(46)	71	-
Adjustments	(2,018)	(2,735)	(717)	-	5	11	6	-
Subtotal	86,571	117,339	30,768	35.5	(1,071)	5,467	6,538	-
Others	6,502	6,563	61	0.9	196	112	(84)	(43.0)
Adjustments	(4,095)	(3,952)	142	-	(67)	(107)	(40)	-
Consolidated	88,978	119,950	30,972	34.8	(941)	5,471	6,413	-

*1 Operating revenues for the Bus business, excluding intercompany transactions, increased 17.3%.

*2 Operating revenues for the Hotel business, excluding intercompany transactions, increased 108.6%.

(Transaction volume)

1) Number of railway passengers / passenger revenue (Transportation)

	Unit	Three months ended June 30,2021	Three months ended June 30,2022	Change	Percentage change (%)
Number of passengers	Thousand passengers	21,822	24,194	2,372	10.9
Non-commuter	Thousand passengers	7,986	9,749	1,763	22.1
Commuter	Thousand passengers	13,836	14,445	609	4.4
Passenger revenue	Millions of yen	3,909	4,521	612	15.7
Non-commuter	Millions of yen	2,052	2,615	562	27.4
Commuter	Millions of yen	1,856	1,906	49	2.7

2) Number of public bus passenger / passenger revenue (Transportation)

	Unit	Three months ended June 30,2021	Three months ended June 30,2022	Change	Percentage change (%)
Number of passengers	Thousand passengers	50,114	52,697	2,583	5.2
Non-commuter	Thousand passengers	25,670	29,287	3,617	14.1
Commuter	Thousand passengers	24,444	23,409	(1,035)	(4.2)
Passenger revenue	Millions of yen	8,347	9,751	1,404	16.8
Non-commuter	Millions of yen	5,688	6,993	1,305	22.9
Commuter	Millions of yen	2,659	2,758	98	3.7

3) Number of units sold (Real Estate)

	Unit	Three months ended June 30,2021	Three months ended June 30,2022	Change	Percentage change (%)
Number of units sold	Unit	112	102	(10)	(8.9)
Condominium	Dwelling unit	90	76	(14)	(15.6)
Detached house	Lot	19	24	5	26.3
Renovation	Dwelling unit	3	2	(1)	(33.3)

4) Transaction volume of international cargo (Logistics)

	Unit	Three months ended June 30,2021	Three months ended June 30,2022	Change	Percentage change (%)
Air Export	Thousand tons	36	36	0	0.5
Air Import	Thousand cases	95	100	4	4.9
Ocean Export	Thousand TEU	19	25	6	30.5
Ocean Import	Thousand TEU	32	35	3	11.3

5) Average daily rate (ADR) of hotels targeting mainly domestic customers, occupancy rate (OCC) and revenue per available room (Rev PAR) (Leisure and Services)

	Unit	Three months ended June 30,2021	Three months ended June 30,2022	Change	Percentage change (%)
ADR	Yen	6,551 [6,691]	7,377 [7,377]	826 [686]	12.6 [10.3]
OCC	%	25.3 [25.7]	62.6 [62.6]	37.3P [36.9P]	-
Rev PAR	Yen	1,657 [1,717]	4,621 [4,621]	2,964 [2,904]	178.9 [169.1]

(Note(s)) Figures in parentheses are for existing hotels. Hotels operating in both previous and current fiscal years are in the scope.

(2) Explanation of financial position

(Unit: Millions of yen)

	As of March 31, 2021	As of June 30, 2022	Change
Total Assets	734,500	738,716	4,215
Total Liabilities	555,416	554,822	(594)
Total Net Assets	179,084	183,894	4,810
Interest-bearing debt	347,793	343,834	(3,959)

(Note) Interest-bearing debt is the sum of borrowings and Bonds payable.

Assets increased 4,215 million yen from the end of the previous fiscal year to 738,716 million yen mainly due to an increase in investment securities and land and buildings for sale, while notes and accounts receivable - trade, and contract assets decreased.

Liabilities decreased 594 million yen from the end of the previous fiscal year to 554,822 million yen mainly due to a decrease in notes and accounts payable - trade and interest-bearing debt.

Net assets increased 4,810 million yen from the end of the previous fiscal year to 183,894 million yen mainly due to an increase in retained earnings mainly owing to the posting of profit attributable to owners of parent and an increase in foreign currency translation adjustment.

(3) Explanation of future forecast information such as consolidated financial forecasts

The consolidated financial forecast for the six-month period ending September 30, 2022 and the full-year consolidated financial forecast have been changed from those announced on May 12, 2022, based on the business results of the three-month period under review and the future outlook for each business segment.

For details, please refer to "Notice Concerning Revision of Financial Forecast" announced on August 10, 2022.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly consolidated balance sheet

(Unit: Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	70,828	70,016
Notes and accounts receivable - trade, and contract assets	59,077	56,561
Land and buildings for sale	58,980	60,312
Merchandise and finished goods	3,839	4,160
Work in process	258	490
Raw materials and supplies	2,019	2,031
Other	16,634	19,186
Allowance for doubtful accounts	(215)	(233)
Total current assets	211,422	212,526
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	187,495	186,351
Machinery, equipment and vehicles, net	14,602	13,938
Land	129,278	131,324
Construction in progress	99,130	99,582
Other, net	7,383	7,492
Total property, plant and equipment	437,890	438,688
Intangible assets		
Goodwill	429	416
Other	3,597	3,550
Total intangible assets	4,026	3,967
Investments and other assets		
Investment securities	47,523	49,216
Retirement benefit assets	4,040	4,063
Deferred tax assets	11,706	11,917
Other	18,232	18,675
Allowance for doubtful accounts	(342)	(339)
Total investments and other assets	81,160	83,533
Total fixed assets	523,077	526,189
Total Assets	734,500	738,716

(Unit: Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	39,119	33,536
Short-term borrowings	48,898	49,724
Current portion of Bonds payable	-	7,000
Accrued consumption taxes	1,496	2,499
Income taxes payable	1,478	2,626
Advances received	76,423	76,523
Provision for bonuses	4,583	7,991
Other provisions	169	75
Other	26,226	29,155
Total current liabilities	198,394	209,133
Long-term liabilities		
Bonds payable	152,000	145,000
Long-term borrowings	146,895	142,110
Deferred tax liabilities	1,572	1,098
Other provisions	454	473
Retirement benefit liability	22,913	22,908
Long-term guarantee deposits	27,740	28,767
Other	5,445	5,330
Total long-term liabilities	357,021	345,689
Total Liabilities	555,416	554,822
Net assets		
Shareholders' equity		
Common stock	26,157	26,157
Capital surplus	12,608	12,608
Retained earnings	127,430	129,965
Treasury stock	(1,278)	(1,272)
Total shareholders' equity	164,918	167,459
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,544	6,434
Deferred gains or losses on hedges	(591)	(305)
Foreign currency translation adjustment	1,227	3,415
Remeasurements of defined benefit plans	492	474
Total accumulated other comprehensive income	7,674	10,018
Subscription rights to shares	405	401
Non-controlling interests	6,085	6,014
Total Net Assets	179,084	183,894
Total liabilities and net assets	734,500	738,716

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income

Quarterly consolidated statement of income

(Three-month period)

(Unit: Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Operating revenue	88,978	119,950
Operating expenses		
Operating expenses and cost of sales of transportation	82,856	107,193
Selling, general and administrative expenses	7,064	7,285
Total operating expenses	89,920	114,479
Operating income (loss)	(941)	5,471
Non-operating income		
Interest income	6	4
Dividend income	367	512
Foreign exchange gains	75	474
Miscellaneous income	1,183	510
Total non-operating income	1,632	1,501
Non-operating expenses		
Interest expenses	520	552
Share of loss of entities accounted for using equity method	362	311
Bond issuance costs	286	-
Miscellaneous expenses	77	22
Total non-operating expenses	1,247	885
Ordinary income (loss)	(557)	6,087
Extraordinary gains		
Gain on sales of fixed assets	1,104	-
Contribution for construction	14	1
Total extraordinary income	1,118	1
Extraordinary losses		
Loss on reduction of non-current assets for tax purposes	14	1
Impairment losses	52	-
Total extraordinary losses	66	1
Income before income taxes	494	6,088
Income taxes - current	801	2,449
Income taxes - deferred	(331)	(637)
Total income taxes	470	1,811
Profit	24	4,276
Profit attributable to non-controlling interests	196	357
Profit (loss) attributable to owners of parent	(171)	3,919

Quarterly consolidated statement of comprehensive income
(Three-month period)

(Unit: Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	24	4,276
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,998)	(109)
Deferred gains or losses on hedges	(2)	(0)
Foreign currency translation adjustment	975	1,589
Remeasurements of defined benefit plans, net of tax	(7)	(18)
Share of other comprehensive income of entities accounted for using equity method	981	1,010
Total other comprehensive income	(51)	2,471
Comprehensive income (loss)	(27)	6,748
(Components)		
Comprehensive income (loss) attributable to owners of parent	(282)	6,263
Comprehensive income attributable to non-controlling interests	254	484

(3) Notes to quarterly consolidated financial statements

(Notes to assumptions on going concern)

Not applicable.

(Notes if there is a significant change in the amount of shareholders' equity)

Not applicable.

(Segment information)

Three-month period in the previous fiscal year (From April 1, 2021 to June 30, 2021)

1. Information on operating revenue, income or loss by reporting segment

(Unit: Millions of yen)

	Reporting segment						Other (Note) ¹	Adjustments (Note) ²	Amount posted to the quarterly consolidated statement of income
	Transportation	Real Estate	Distribution Industry	Logistics	Leisure and Services	Total			
Operating revenue	14,810	13,225	16,843	37,461	4,231	86,571	6,502	(4,095)	88,978
Segment income (loss)	(1,862)	993	60	2,112	(2,374)	(1,071)	196	(67)	(941)

- (Notes) 1. "Other" consists of business segments that are not included in any of the reporting segments and includes the IC card business, the Vehicle Maintenance related business, the Construction related business, and the Metal Recycling business.
2. An adjustment of (67) million yen in segment income (loss) is the net of (199) million yen administrative expenses of parent company that are not attributable to the reporting segments and 131 million yen of intersegment eliminations.
3. The segment information above was prepared and shown according to the changed classification of reporting segments following the reorganization of consolidated subsidiaries.

Three-month period under review (From April 1, 2022 to June 30, 2022)

1. Information on operating revenue, income or loss by reporting segment

(Unit: Millions of yen)

	Reporting segment						Other (Note) ¹	Adjustments (Note) ²	Amount posted to the quarterly consolidated statement of income
	Transportation	Real Estate	Distribution Industry	Logistics	Leisure and Services	Total			
Operating revenue	17,380	14,123	16,672	62,528	6,634	117,339	6,563	(3,952)	119,950
Segment income (loss)	(78)	1,167	(95)	5,358	(885)	5,467	112	(107)	5,471

- (Notes) 1. "Other" consists of business segments that are not included in any of the reporting segments and includes the IC card business, the Vehicle Maintenance related business, the Construction related business, and the Metal Recycling business.
2. An adjustment of (107) million yen in segment income (loss) is the net of (196) million yen administrative expenses of parent company that are not attributable to the reporting segments and 89 million yen of intersegment eliminations.

2. Matters related to changes to reporting segments, etc.

The Company implemented an absorption-type company split in which Nishitetsu Plaza Corporation in the Leisure and Services business passed on its restaurant business to Nishitetsu Store Inc. in the Distribution Industry business at the beginning of the third quarter of the previous fiscal year with the aim of improving profitability. As a result of this reorganization, the restaurant business of Nishitetsu Plaza Corporation was changed from Leisure and Services business to Distribution Industry business.

The segment information for the three-month period in the previous fiscal year was prepared in accordance with the segments after the change.