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Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Under Japanese GAAP)

February 9, 2023

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 : February 9, 2023

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 Nine Months Ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

(1) Consolidated operating results (year to date) (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 | % |
| Nine months ended December 31, 2022 | 379,115 | 25.9 | 19,699 | 202.2 | 20,962 | 193.9 | 13,885 | 172.6 |
| December 31, 2021 | 301,013 | 24.1 | 6,519 | - | 7,132 | - | 5,092 | - |

(Note(s)) Comprehensive income Nine months ended December 31, 2022 24,650million yen (375.2 %)
 Nine months ended December 31, 2021 5,187million yen (- %)

| | Net income per share-basic | Net income per share-diluted |
|-------------------------------------|----------------------------|------------------------------|
| | Yen | Yen |
| Nine months ended December 31, 2022 | 176.22 | 175.75 |
| December 31, 2021 | 64.63 | 64.41 |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|-------------------------|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | % |
| As of December 31, 2022 | 679,253 | 200,348 | 28.5 |
| March 31, 2022 | 734,500 | 179,084 | 23.5 |

(Reference) Shareholders' equity As of December 31, 2022 193,348Millions of yen
 As of March 31, 2022 172,593Millions of 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 | - | 15.00 | - | | |
| Fiscal year ending March 31, 2023 (forecast) | | | | 15.00 | 30.00 |

(Note) 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 year-on-year changes.)

| Full year | 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 |
| | 497,500 | 16.5 | 24,000 | 129.6 | 24,400 | 74.9 | 15,500 | 57.0 | 196.72 |

(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)
- 2) Number of treasury stocks at the end of the period
- 3) Average number of shares outstanding during the period (year to date)

| | | | |
|-------------------------------------|-------------------|-------------------------------------|-------------------|
| As of December 31, 2022 | 79,360,186 shares | As of March 31, 2022 | 79,360,186 shares |
| As of December 31, 2022 | 550,025 shares | As of March 31, 2022 | 588,852 shares |
| Nine months ended December 31, 2022 | 78,792,708 shares | Nine months ended December 31, 2021 | 78,805,773 shares |

(Note) The number of treasury stocks includes shares of the Company remaining in the board benefit trust (as of December 31, 2022: 243,225 shares; as of March 31, 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 guarantee they will be achieved. 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 7 of the attachments.

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1. Qualitative Information on Quarterly Financial Results under Review

(1) Explanation of operating results

(Millions of yen)

| | Nine months ended December 31, 2021 | Nine months ended December 31, 2022 | Change | Percentage change |
|--|--|--|--------|-------------------|
| Operating revenue | 301,013 | 379,115 | 78,101 | 25.9% |
| Operating income | 6,519 | 19,699 | 13,179 | 202.2% |
| Ordinary income | 7,132 | 20,962 | 13,830 | 193.9% |
| Profit attributable to owners of parent | 5,092 | 13,885 | 8,792 | 172.6% |

Operating revenue for the nine-month period under review was 379,115 million yen, up 25.9% year-on-year. The reasons for the increase include: maintaining the high level of sales prices compared with the same period of the previous year, despite a decrease in air export transaction volume due to lower transportation demand in the Logistics business; and the easing of restrictions on activities in the Transportation business and Leisure and Services business caused by COVID-19.

Operating income was 19,699 million yen (202.2% increase year-on-year), ordinary income was 20,962 million yen (up 193.9% year-on-year), and profit attributable to owners of parent was 13,885 million yen (up 172.6% year-on-year).

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

(Millions of yen)

| | Operating revenue | | | | Operating income (loss) | | | |
|----------------------|--|--|---------|----------------------|--|--|---------|----------------------|
| | Nine months ended December 31, 2021 | Nine months ended December 31, 2022 | Change | Percentage change | Nine months ended December 31, 2021 | Nine months ended December 31, 2022 | Change | Percentage change |
| Transportation | 47,943 | 53,329 | 5,385 | 11.2% | (3,318) | 254 | 3,572 | - |
| Real Estate | 50,069 | 47,138 | (2,930) | (5.9%) | 5,410 | 4,165 | (1,244) | (23.0%) |
| Retail | 52,461 | 52,491 | 30 | 0.1% | 625 | 22 | (602) | (96.4%) |
| Logistics | 125,954 | 194,746 | 68,791 | 54.6% | 7,737 | 15,445 | 7,707 | 99.6% |
| Leisure and Services | 15,548 | 22,825 | 7,276 | 46.8% | (4,861) | (495) | 4,365 | - |
| Subtotal | 291,977 | 370,531 | 78,554 | 26.9% | 5,593 | 19,392 | 13,798 | 246.7% |
| Others | 21,276 | 22,032 | 755 | 3.6% | 1,073 | 649 | (423) | (39.5%) |
| Adjustments | (12,240) | (13,448) | (1,208) | - | (147) | (342) | (195) | - |
| Consolidated | 301,013 | 379,115 | 78,101 | 25.9% | 6,519 | 19,699 | 13,179 | 202.2% |

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. As a result, operating revenue for the Transportation business was 53,329 million yen (11.2% increase year-on-year), and operating income was 254 million yen (operating loss of 3,318 million yen for the same period of the previous fiscal year).

The number of passengers in the Railway and Bus (public buses) businesses increased 8.5% and 4.1% year-on-year, respectively.

2) Real Estate

In the Leasing business, revenue increased mainly due to a recovery in lease revenue from commercial facilities, while in the Housing business, revenue decreased mainly due to a drop in the number of condominiums sold. As a result, operating revenue for the Real Estate business was 47,138 million yen (5.9% decrease year-on-year). Operating income was 4,165 million yen (down 23.0% year-on-year) due partly to increased expenses for repairs and taxes in the Leasing business.

The number of lots sold was 451 (down 89 lots year-on-year).

3) Retail

In the Supermarkets/liquor stores business, sales at the existing stores fell due to consumers' intensified focus on saving caused by higher inflation. On the other hand, in the Sales of miscellaneous everyday items business, sales increased mainly due to the contribution of new stores. As a result, operating revenue of the Retail business was 52,491 million yen (0.1% increase year-on-year). Operating income amounted to 22 million yen (96.4% decrease year-on-year) due to a decline in gross profit margins caused by soaring purchase prices in the Supermarkets/liquor stores business, an increase in utility costs caused by higher energy prices, and other factors.

4) Logistics

In the Global Logistics business, although air export volume declined due to a decrease in transportation demand, sales prices remained high compared with the same period of the previous year, resulting in an increase in revenues. As a result, operating revenue for the Logistics business was 194,746 million yen (54.6% increase year-on-year), and operating income was 15,445 million yen (up 99.6% year-on-year).

International cargo volume was down 9.8% year-on-year in Air exports, down 3.8% year-on-year in Air imports, up 12.0% year-on-year in Ocean exports, and up 9.2% 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 restrictions on activities caused by COVID-19. As a result, operating revenue for the Leisure and Services business was 22,825 million yen (46.8% increase year-on-year), and operating loss was 495 million yen (operating loss of 4,861 million yen for the same period of the previous fiscal year).

6) Others

Other operating revenue was 22,032 million yen (3.6% increase year-on-year) mainly due to an increase in revenue from large construction orders in the Construction related business. Operating income amounted to 649 million yen (down 39.5% year-on-year) due partly to a decrease in sales volume in the Metal recycling business.

(Statement of Income by Segment)

(Millions of yen)

| | Operating revenue | | | | Operating income (loss) | | | |
|--|---|---|---------|--------------------------|---|---|---------|--------------------------|
| | Nine months ended December 31, 2021 | Nine months ended December 31, 2022 | Change | Percentage change (%) | Nine months ended December 31, 2021 | Nine months ended December 31, 2022 | Change | Percentage change (%) |
| Transportation | 47,943 | 53,329 | 5,385 | 11.2 | (3,318) | 254 | 3,572 | - |
| Railway | 12,884 | 14,428 | 1,543 | 12.0 | 156 | 950 | 794 | 508.9 |
| Bus | 33,032 | 36,477 | 3,445 | 10.4 | (3,135) | (719) | 2,415 | - |
| (Bus, net) *1 | [30,328] | [33,856] | [3,527] | [11.6] | - | - | - | - |
| Other | 8,093 | 8,419 | 325 | 4.0 | (356) | (29) | 327 | - |
| Adjustments | (6,067) | (5,996) | 70 | - | 17 | 53 | 35 | - |
| Real Estate | 50,069 | 47,138 | (2,930) | (5.9) | 5,410 | 4,165 | (1,244) | (23.0) |
| Leasing | 18,254 | 18,520 | 266 | 1.5 | 4,045 | 3,579 | (465) | (11.5) |
| Housing | 25,998 | 23,018 | (2,980) | (11.5) | 788 | 343 | (444) | (56.4) |
| Other | 8,844 | 8,702 | (142) | (1.6) | 576 | 309 | (267) | (46.4) |
| Adjustments | (3,028) | (3,102) | (74) | - | (0) | (67) | (66) | - |
| Retail | 52,461 | 52,491 | 30 | 0.1 | 625 | 22 | (602) | (96.4) |
| Supermarkets/liquor stores | 48,884 | 48,687 | (196) | (0.4) | 567 | 122 | (444) | (78.4) |
| Sales of miscellaneous everyday items | 3,587 | 3,805 | 218 | 6.1 | 120 | 64 | (56) | (46.6) |
| Adjustments | (10) | (1) | 9 | - | (62) | (164) | (101) | - |
| Logistics | 125,954 | 194,746 | 68,791 | 54.6 | 7,737 | 15,445 | 7,707 | 99.6 |
| Global logistics | 131,851 | 208,212 | 76,360 | 57.9 | 7,566 | 15,494 | 7,927 | 104.8 |
| Domestic logistics | 8,001 | 7,813 | (188) | (2.4) | 286 | 91 | (195) | (68.2) |
| Adjustments | (13,898) | (21,279) | (7,380) | - | (116) | (140) | (24) | - |
| Leisure and Services | 15,548 | 22,825 | 7,276 | 46.8 | (4,861) | (495) | 4,365 | - |
| Hotel | 12,049 | 19,057 | 7,008 | 58.2 | (4,763) | (1,627) | 3,135 | - |
| (Hotel, net) *2 | [6,096] | [11,258] | [5,161] | [84.7] | - | - | - | - |
| Travel | 999 | 1,839 | 839 | 84.0 | (563) | 140 | 704 | - |
| Facility outline | 3,248 | 3,188 | (59) | (1.8) | 684 | 727 | 42 | 6.1 |
| Other | 5,877 | 7,380 | 1,503 | 25.6 | (245) | 222 | 467 | - |
| Adjustments | (6,626) | (8,641) | (2,015) | - | 25 | 41 | 16 | - |
| Subtotal | 291,977 | 370,531 | 78,554 | 26.9 | 5,593 | 19,392 | 13,798 | 246.7 |
| Others | 21,276 | 22,032 | 755 | 3.6 | 1,073 | 649 | (423) | (39.5) |
| Adjustments | (12,240) | (13,448) | (1,208) | - | (147) | (342) | (195) | - |
| Consolidated | 301,013 | 379,115 | 78,101 | 25.9 | 6,519 | 19,699 | 13,179 | 202.2 |

*1 Operating revenues for the Bus business, excluding intercompany transactions, increased 11.6%.

*2 Operating revenues for the Hotel business, excluding intercompany transactions, increased 84.7%.

(Transaction volume)

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

| | Unit | Nine months ended December 31, 2021 | Nine months ended December 31, 2022 | Change | Percentage change (%) |
|----------------------|------------------------|--|--|--------|--------------------------|
| Number of passengers | Thousand passengers | 66,933 | 72,636 | 5,703 | 8.5 |
| Non-commuter | Thousand passengers | 25,734 | 29,582 | 3,848 | 15.0 |
| Commuter | Thousand passengers | 41,199 | 43,054 | 1,855 | 4.5 |
| Passenger revenue | Millions of yen | 12,266 | 13,732 | 1,466 | 12.0 |
| Non-commuter | Millions of yen | 6,729 | 8,011 | 1,281 | 19.0 |
| Commuter | Millions of yen | 5,536 | 5,721 | 184 | 3.3 |

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

| | Unit | Nine months ended December 31, 2021 | Nine months ended December 31, 2022 | Change | Percentage change (%) |
|----------------------|------------------------|--|--|---------|--------------------------|
| Number of passengers | Thousand passengers | 152,395 | 158,685 | 6,290 | 4.1 |
| Non-commuter | Thousand passengers | 82,038 | 89,808 | 7,770 | 9.5 |
| Commuter | Thousand passengers | 70,357 | 68,877 | (1,480) | (2.1) |
| Passenger revenue | Millions of yen | 26,599 | 29,829 | 3,230 | 12.1 |
| Non-commuter | Millions of yen | 18,754 | 21,725 | 2,970 | 15.8 |
| Commuter | Millions of yen | 7,844 | 8,104 | 259 | 3.3 |

3) Number of units sold (Real Estate)

| | Unit | Nine months ended December 31, 2021 | Nine months ended December 31, 2022 | Change | Percentage change (%) |
|----------------------|---------------|--|--|--------|--------------------------|
| Number of units sold | Unit | 540 | 451 | (89) | (16.5) |
| Condominium | Dwelling unit | 411 | 343 | (68) | (16.5) |
| Detached house | Unit | 125 | 97 | (28) | (22.4) |
| Renovation | Dwelling unit | 4 | 11 | 7 | 175.0 |

4) Transaction volume of international cargo (Logistics)

| | Unit | Nine months ended December 31, 2021 | Nine months ended December 31, 2022 | Change | Percentage change (%) |
|--------------|-------------------|--|--|--------|--------------------------|
| Air Export | Thousand tons | 110 | 99 | (10) | (9.8) |
| Air Import | Thousand cases | 295 | 284 | (11) | (3.8) |
| Ocean Export | Thousand TEU | 70 | 79 | 8 | 12.0 |
| Ocean Import | Thousand TEU | 97 | 106 | 8 | 9.2 |

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 | Nine months ended December 31, 2021 | Nine months ended December 31, 2022 | Change | Percentage change (%) |
|---------|------|--|--|---------------|--------------------------|
| ADR | Yen | 6,702 [6,865] | 8,333 [8,333] | 1,631 [1,468] | 24.3 [21.4] |
| OCC | % | 38.9 [39.0] | 69.0 [69.0] | 30.1P [30.0P] | - |
| Rev PAR | Yen | 2,604 [2,676] | 5,753 [5,753] | 3,149 [3,077] | 120.9 [115.0] |

Note: Figures in brackets are for existing hotels. Hotels operating in both previous and current fiscal years are in the scope.

(2) Explanation of financial position

(Millions of yen)

| | As of March 31, 2022 | As of December 31, 2022 | Change |
|-----------------------|----------------------|-------------------------|----------|
| Total Assets | 734,500 | 679,253 | (55,246) |
| Total Liabilities | 555,416 | 478,905 | (76,510) |
| Total Net Assets | 179,084 | 200,348 | 21,263 |
| Interest-bearing debt | 347,793 | 331,749 | (16,044) |

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

Assets fell 55,246 million yen from the end of the previous fiscal year to 679,253 million yen, mainly due to the direct reduction of contribution for construction, which had been recorded as advances received, from the acquisition cost of the fixed assets acquired, in conjunction with the partial completion of the Tenjin-Omuta Line continuous grade separation project in the Railway business.

Liabilities dropped 76,510 million yen from the end of the previous fiscal year to 478,905 million yen, mainly due to a decrease in interest-bearing debt and a decrease in advances received following the partial completion of the Tenjin-Omuta Line continuous grade separation project in the Railway business.

Net assets rose 21,263 million yen from the end of the previous fiscal year to 200,348 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 forecasts for the fiscal year ending March 31, 2023 have been changed from those announced on November 10, 2022, based on the business results of the nine-month period under review and the future outlook for each business segment.

Operating revenue is expected to exceed the previous forecast. The reasons for this include: an increase in selling prices compared with the previous forecast, despite the current downward trend in freight costs due to a decrease in transportation demand in the Global Logistics business; and a recovery in demand from the Bus and Hotel businesses.

Each income is expected to exceed the previous forecast due to an increase in sales of high-gross profit margin properties and a decrease in selling expenses in the Housing business.

(Millions of yen)

| | Fiscal year ending March 31, 2023 (forecast) (Previously published value) | Fiscal year ending March 31, 2023 (forecast) | Change | Percentage change |
|--|---|--|--------|-------------------|
| Operating revenue | 495,800 | 497,500 | 1,700 | 0.3% |
| Operating income | 20,000 | 24,000 | 4,000 | 20.0% |
| Ordinary income | 20,500 | 24,400 | 3,900 | 19.0% |
| Profit attributable to owners of parent | 12,800 | 15,500 | 2,700 | 21.1% |

(Millions of yen)

| | Operating revenue | | | | Operating income (loss) | | | |
|----------------------|---|--|---------|----------------------|---|--|--------|----------------------|
| | Fiscal year ending March 31, 2023 (forecast) (Previously published value) | Fiscal year ending March 31, 2023 (forecast) | Change | Percentage change | Fiscal year ending March 31, 2023 (forecast) (Previously published value) | Fiscal year ending March 31, 2023 (forecast) | Change | Percentage change |
| Transportation | 69,900 | 70,700 | 800 | 1.1% | (800) | 0 | 800 | - |
| Real Estate | 78,400 | 77,100 | (1,300) | (1.7%) | 5,900 | 7,300 | 1,400 | 23.7% |
| Retail | 69,500 | 69,500 | - | - | 0 | 0 | - | - |
| Logistics | 233,200 | 234,700 | 1,500 | 0.6% | 16,100 | 16,700 | 600 | 3.7% |
| Leisure and Services | 31,000 | 31,900 | 900 | 2.9% | (1,500) | (500) | 1,000 | - |
| Subtotal | 482,000 | 483,900 | 1,900 | 0.4% | 19,700 | 23,500 | 3,800 | 19.3% |
| Others | 31,800 | 31,800 | - | - | 1,000 | 1,100 | 100 | 10.0% |
| Adjustments | (18,000) | (18,200) | (200) | - | (700) | (600) | 100 | - |
| Consolidated | 495,800 | 497,500 | 1,700 | 0.3% | 20,000 | 24,000 | 4,000 | 20.0% |

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly consolidated balance sheet

(Millions of yen)

| | As of March 31, 2022 | As of December 31, 2022 |
|--|----------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 70,828 | 61,274 |
| Notes and accounts receivable - trade, and contract assets | 59,077 | 57,454 |
| Land and buildings for sale | 58,980 | 71,040 |
| Merchandise and finished goods | 3,839 | 4,490 |
| Work in process | 258 | 738 |
| Raw materials and supplies | 2,019 | 2,160 |
| Others | 16,634 | 19,415 |
| Allowance for doubtful accounts | (215) | (264) |
| Total current assets | 211,422 | 216,308 |
| Fixed assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 187,495 | 191,424 |
| Machinery, equipment and vehicles, net | 14,602 | 12,829 |
| Land | 129,278 | 131,600 |
| Construction in progress | 99,130 | 24,124 |
| Other, net | 7,383 | 7,683 |
| Total property, plant and equipment | 437,890 | 367,661 |
| Intangible assets | | |
| Goodwill | 429 | 394 |
| Others | 3,597 | 3,519 |
| Total intangible assets | 4,026 | 3,914 |
| Investments and other assets | | |
| Investment securities | 47,523 | 56,698 |
| Retirement benefit assets | 4,040 | 4,130 |
| Deferred tax assets | 11,706 | 9,201 |
| Others | 18,232 | 21,668 |
| Allowance for doubtful accounts | (342) | (330) |
| Total investments and other assets | 81,160 | 91,369 |
| Total fixed assets | 523,077 | 462,944 |
| Total Assets | 734,500 | 679,253 |

(Millions of yen)

| | As of March 31, 2022 | As of December 31, 2022 |
|---|----------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 39,119 | 48,032 |
| Short-term borrowings | 48,898 | 50,143 |
| Current portion of bonds payable | - | 7,000 |
| Accrued consumption taxes | 1,496 | 1,204 |
| Income taxes payable | 1,478 | 2,039 |
| Advances received | 76,423 | 4,727 |
| Provision for bonuses | 4,583 | 2,382 |
| Other provisions | 169 | 110 |
| Others | 26,226 | 29,255 |
| Total current liabilities | 198,394 | 144,895 |
| Long-term liabilities | | |
| Bonds payable | 152,000 | 145,000 |
| Long-term borrowings | 146,895 | 129,605 |
| Deferred tax liabilities | 1,572 | 1,097 |
| Other provisions | 454 | 540 |
| Retirement benefit liability | 22,913 | 22,905 |
| Long-term guarantee deposits | 27,740 | 29,538 |
| Others | 5,445 | 5,323 |
| Total long-term liabilities | 357,021 | 334,009 |
| Total Liabilities | 555,416 | 478,905 |
| Net assets | | |
| Shareholders' equity | | |
| Common stock | 26,157 | 26,157 |
| Capital surplus | 12,608 | 12,608 |
| Retained earnings | 127,430 | 138,722 |
| Treasury stock | (1,278) | (1,204) |
| Total shareholders' equity | 164,918 | 176,284 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 6,544 | 8,118 |
| Deferred gains or losses on hedges | (591) | 191 |
| Foreign currency translation adjustment | 1,227 | 8,316 |
| Remeasurements of defined benefit plans | 492 | 437 |
| Total accumulated other comprehensive income | 7,674 | 17,063 |
| Subscription rights to shares | 405 | 352 |
| Non-controlling interests | 6,085 | 6,646 |
| Total Net Assets | 179,084 | 200,348 |
| Total liabilities and net assets | 734,500 | 679,253 |

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income
Quarterly consolidated statement of income
(Nine-month period)

(Millions of yen)

| | Nine months ended December 31, 2021 | Nine months ended December 31, 2022 |
|---|--|--|
| Operating revenue | 301,013 | 379,115 |
| Operating expenses | | |
| Operating expenses and cost of sales of transportation | 273,069 | 337,150 |
| Selling, general and administrative expenses | 21,424 | 22,266 |
| Total operating expenses | 294,493 | 359,416 |
| Operating income | 6,519 | 19,699 |
| Non-operating income | | |
| Interest income | 21 | 167 |
| Dividend income | 979 | 1,093 |
| Foreign exchange gains | 331 | 1,070 |
| Miscellaneous income | 2,729 | 1,333 |
| Total non-operating income | 4,062 | 3,663 |
| Non-operating expenses | | |
| Interest expenses | 1,639 | 1,654 |
| Share of loss of entities accounted for using equity method | 1,380 | 551 |
| Miscellaneous expenses | 429 | 194 |
| Total non-operating expenses | 3,449 | 2,400 |
| Ordinary income | 7,132 | 20,962 |
| Extraordinary gains | | |
| Gain on sales of fixed assets | 2,583 | 114 |
| Advances received on construction contracts | - | 74,926 |
| Contribution for construction | 37 | 472 |
| Others | 46 | 1,411 |
| Total extraordinary income | 2,667 | 76,925 |
| Extraordinary losses | | |
| Loss on reduction of non-current assets for tax purposes | 35 | 73,648 |
| Loss on retirement of non-current assets | - | 2,959 |
| Impairment losses | 147 | 5 |
| Loss on valuation of investment securities | 391 | - |
| Others | 63 | - |
| Total extraordinary losses | 637 | 76,613 |
| Income before income taxes | 9,162 | 21,274 |
| Income taxes - current | 1,820 | 4,951 |
| Income taxes - deferred | 1,604 | 1,286 |
| Total income taxes | 3,425 | 6,238 |
| Profit | 5,737 | 15,035 |
| Profit attributable to non-controlling interests | 644 | 1,150 |
| Profit attributable to owners of parent | 5,092 | 13,885 |

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

(Millions of yen)

| | Nine months ended December 31, 2021 | Nine months ended December 31, 2022 |
|--|--|--|
| Profit | 5,737 | 15,035 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (2,483) | 1,572 |
| Deferred gains or losses on hedges | (1) | (14) |
| Foreign currency translation adjustment | 896 | 4,580 |
| Remeasurements of defined benefit plans, net of tax | (25) | (55) |
| Share of other comprehensive income of entities accounted for using equity method | 1,065 | 3,532 |
| Total other comprehensive income | (549) | 9,614 |
| Comprehensive income | 5,187 | 24,650 |
| (Components) | | |
| Comprehensive income attributable to owners of parent | 4,526 | 23,274 |
| Comprehensive income attributable to non-controlling interests | 661 | 1,376 |

(3) Notes to quarterly consolidated financial statements

(Notes to assumptions of going concern)

Not applicable.

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

Not applicable.

(Segment information)

Nine-month period in the previous fiscal year (from April 1, 2021 to December 31, 2021)

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

(Millions of yen)

| | Reporting segment | | | | | | Others (Note) ¹ | Adjustments (Note) ² | Amount posted to the quarterly consolidated statement of income |
|--------------------------|-------------------|-------------|--------|-----------|-------------------------|---------|-------------------------------|------------------------------------|---|
| | Transportation | Real Estate | Retail | Logistics | Leisure and Services | Total | | | |
| Operating revenue | 47,943 | 50,069 | 52,461 | 125,954 | 15,548 | 291,977 | 21,276 | (12,240) | 301,013 |
| Segment income (loss) | (3,318) | 5,410 | 625 | 7,737 | (4,861) | 5,593 | 1,073 | (147) | 6,519 |

(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 (147) million yen in segment income (loss) is the net of (587) million yen administrative expenses of parent company that are not attributable to the reporting segments and 440 million yen of intersegment eliminations.

Nine-month period under review (from April 1, 2022 to December 31, 2022)

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

(Millions of yen)

| | Reporting segment | | | | | | Others (Note) ¹ | Adjustments (Note) ² | Amount posted to the quarterly consolidated statement of income |
|--------------------------|-------------------|-------------|--------|-----------|-------------------------|---------|-------------------------------|------------------------------------|---|
| | Transportation | Real Estate | Retail | Logistics | Leisure and Services | Total | | | |
| Operating revenue | 53,329 | 47,138 | 52,491 | 194,746 | 22,825 | 370,531 | 22,032 | (13,448) | 379,115 |
| Segment income (loss) | 254 | 4,165 | 22 | 15,445 | (495) | 19,392 | 649 | (342) | 19,699 |

(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 (342) million yen in segment income (loss) is the net of (597) million yen administrative expenses of parent company that are not attributable to the reporting segments and 254 million yen of intersegment eliminations.