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Consolidated Financial Results for Fiscal Year Ended March 31, 2023
(Under Japanese GAAP)

May 11, 2023

Company Name: Nishi-Nippon Railroad Co., Ltd. Stock exchange listings: Tokyo and Fukuoka
 Securities Code: 9031 URL <https://www.nishitetsu.co.jp/en/>
 Representative: Koichi Hayashida, President and CEO
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 Scheduled date of annual general meeting of shareholders : June 29, 2023
 Scheduled commencement date of dividend payments : June 30, 2023
 Scheduled filing date of securities report : June 29, 2023
 Preparation of supplementary materials for financial results : Yes
 Holding of financial results meeting : Yes (For institutional investors and analysts)

(Amounts rounded down to the nearest million yen.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(1) Consolidated operating results (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	%
Fiscal year ended March 31, 2023	494,643	15.8	26,150	150.2	27,901	100.0	18,368	86.0
Fiscal year ended March 31, 2022	427,159	23.4	10,451	-	13,953	-	9,873	-

(Notes) Comprehensive income Fiscal year ended March 31, 2023 26,045 million yen (114.0 %)
 Fiscal year ended March 31, 2022 12,169 million yen (- %)

	Net income per share-basic	Net income per share-diluted	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2023	233.10	232.54	10.0	3.9	5.3
Fiscal year ended March 31, 2022	125.31	124.91	5.9	1.9	2.4

(Reference) Equity in earnings of affiliated companies Fiscal year ended March 31, 2023 (416) Millions of yen
 Fiscal year ended March 31, 2022 767 Millions of yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended March 31, 2023	685,795	201,881	28.4	2,471.07
Fiscal year ended March 31, 2022	734,500	179,084	23.5	2,191.06

(Reference) Shareholders' equity Fiscal year ended March 31, 2023 194,793 Millions of yen
 Fiscal year ended March 31, 2022 172,593 Millions of yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2023	43,775	(24,600)	(19,164)	72,559
Fiscal year ended March 31, 2022	30,591	(10,344)	(1,676)	70,612

2. Dividends

	Annual dividends					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of Q1	End of Q2	End of Q3	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2022	-	12.50	-	17.50	30.00	2,370	23.9	1.4
Fiscal year ended March 31, 2023	-	15.00	-	20.00	35.00	2,767	15.0	1.5
Fiscal year ending March 31, 2024 (forecast)	-	17.50	-	17.50	35.00		28.7	

3. Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2024 (From April 1, 2023 to March 31, 2024)

(Percentages represents changes from the previous corresponding period.)

	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
First half	215,000	(15.2)	6,100	(47.1)	3,700	(71.9)	5,600	(36.2)	71.06
Full year	457,300	(7.5)	17,300	(33.8)	12,000	(57.0)	9,600	(47.7)	121.83

* Notes

- (1) Changes in important subsidiaries during the period under review (Changes in specified subsidiaries resulting in changes in scope of consolidation) : None
- (2) Change in accounting policies or estimates and restatements
- 1) Change in accounting policies due to revisions of accounting standards and other regulations : Yes
- 2) Change in accounting policies other than item 1) above : None
- 3) Change in accounting estimates : None
- 4) Restatements : None
- (Note) For details, see “(5) Notes to consolidated financial statements (Change in accounting policies)” in “3. Consolidated Financial Statements and Key Notes” on page 17 of the attachments.

(3) Number of shares issued (common stock)

1) Number of shares issued at the end of the period (including treasury stock)	Fiscal year ended March 31, 2023	79,360,186 shares	Fiscal year ended March 31, 2022	79,360,186 shares
2) Number of treasury stocks at the end of the period	Fiscal year ended March 31, 2023	530,573 shares	Fiscal year ended March 31, 2022	588,852 shares
3) Average number of shares outstanding during the period	Fiscal year ended March 31, 2023	78,801,276 shares	Fiscal year ended March 31, 2022	78,796,736 shares

(Note) The number of treasury stocks includes shares of the Company remaining in the board benefit trust (as of March 31, 2023: 243,225 shares; as of March 31, 2022: 244,266 shares).

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(1) Non-consolidated operating results

(Percentages represent year-on-year changes.)

	Operating revenue		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2023	199,705	12.9	9,699	552.7	16,165	281.7	12,383	185.2
Fiscal year ended March 31, 2022	176,924	28.8	1,486	-	4,235	-	4,342	-

	Net income per share-basic	Net income per share-diluted
	Yen	Yen
Fiscal year ended March 31, 2023	157.15	156.77
Fiscal year ended March 31, 2022	55.11	54.94

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended March 31, 2023	592,010	136,788	23.1	1,731.12
Fiscal year ended March 31, 2022	654,310	125,383	19.1	1,586.59

(Reference) Shareholders' equity Fiscal year ended March 31, 2023 136,463 Millions of yen
Fiscal year ended March 31, 2022 124,978 Millions of yen

<Reason for the difference from previous year's non-consolidated financial results>

There are differences in operating revenues and profits from the previous fiscal year. They are due to increases in revenues resulting from demand recovery from the previous fiscal year in the Railway, Bus, Hotel, and other businesses in response to easing of restrictions on activities caused by COVID-19 or other reasons, and also from higher sales prices in the international logistics business than those in the previous fiscal year.

* The current consolidated financial results are not subject to the audit 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. They are based on certain premises to be concluded, and our company does not promise to realize such premises. For assumptions for financial forecasts and points to consider in utilizing them, please see "(4) Outlook" in "1. Overview of Results of Operations, Etc." on page 7 of the attachments.

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1. Overview of Results of Operations, Etc.

(1) Results of Operations

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Change	Percentage change
Operating revenue	427,159	494,643	67,483	15.8%
Operating income	10,451	26,150	15,699	150.2%
Ordinary income	13,953	27,901	13,947	100.0%
Profit attributable to owners of parent	9,873	18,368	8,494	86.0%

During the fiscal year under review, the Japanese economy showed signs of gradual recovery backed by political measures and other means for normalizing social and economic activities while living with COVID-19. However, prospects remained uncertain due to hikes in prices of raw materials and energy as well as rising prices associated with the prolonged situation in Ukraine and other reasons.

Operating revenue for the fiscal year under review was 494,643 million yen, up 15.8% year-on-year. The reasons for the increase include: maintaining the high level of sales prices compared with 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 caused by COVID-19 in the Transportation business and Leisure and Services business.

Operating income was 26,150 million yen (150.2% increase year-on-year), ordinary income was 27,901 million yen (up 100.0% year-on-year), and profit attributable to owners of parent was 18,368 million yen (up 86.0% year-on-year).

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

(Millions of yen)

	Operating revenue				Operating income (loss)			
	Previous fiscal year	Current fiscal year	Change	Percentage change	Previous fiscal year	Current fiscal year	Change	Percentage change
Transportation	63,857	72,069	8,212	12.9%	(4,699)	76	4,776	-
Real Estate	74,098	76,793	2,695	3.6%	8,158	8,133	(24)	(0.3%)
Retail	68,736	68,993	257	0.4%	629	87	(541)	(86.1%)
Logistics	186,168	231,813	45,645	24.5%	11,482	17,078	5,596	48.7%
Leisure and Services	21,203	32,711	11,507	54.3%	(6,625)	84	6,710	-
Subtotal	414,064	482,383	68,318	16.5%	8,945	25,461	16,516	184.6%
Others	30,146	31,665	1,519	5.0%	1,708	1,224	(483)	(28.3%)
Adjustments	(17,051)	(19,405)	(2,354)	-	(201)	(535)	(333)	-
Consolidated	427,159	494,643	67,483	15.8%	10,451	26,150	15,699	150.2%

1) Transportation

In the Railway and Bus businesses, revenue increased due to a recovery in demand from 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 72,069 million yen (12.9% increase year-on-year), and operating income came to 76 million yen (operating loss of 4,699 million yen for the previous fiscal year).

The number of passengers in the Railway and Bus (public buses) businesses increased 9.7% and 5.2% year-on-year, respectively.

2) Real Estate

In the Housing business, revenue grew due to an increase in the number of condominiums sold, including the SUNRIANT Sagamihara Station Villa. In the Leasing business, revenue was up mainly due to a recovery in lease revenue from commercial facilities. As a result, operating revenue for the Real Estate business was 76,793 million yen (3.6% increase year-on-year). Operating income was 8,133 million yen (down 0.3% year-on-year) due partly to increased expenses for renovating commercial facilities and taxes in the Leasing business.

The number of lots sold was 920 (up 27 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 68,993 million yen (0.4% increase year-on-year). Operating income amounted to 87 million yen (86.1% decrease year-on-year) in the Supermarkets/liquor stores business due to 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 previous year, resulting in an increase in revenues. As a result, operating revenue for the Logistics business was 231,813 million yen (24.5% increase year-on-year), and operating income was 17,078 million yen (up 48.7% year-on-year).

International cargo volume was down 13.0% year-on-year in Air exports, down 4.9% year-on-year in Air imports, up 6.4% year-on-year in Ocean exports, and up 8.2% year-on-year in Ocean imports.

5) Leisure and Services

In the Hotel business, revenue increased due to higher occupancy from 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 32,711 million yen (54.3% increase year-on-year), and operating income was 84 million yen (operating loss of 6,625 million yen for the previous fiscal year).

6) Others

Other operating revenue was 31,665 million yen (5.0% increase year-on-year) mainly due to an increase in revenue from large construction orders in the Construction-related business. Operating income amounted to 1,224 million yen (down 28.3% 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)			
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Change	Percentage change (%)	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Change	Percentage change (%)
Transportation	63,857	72,069	8,212	12.9	(4,699)	76	4,776	-
Railway	17,153	19,506	2,353	13.7	(11)	909	921	-
Bus	43,439	48,845	5,405	12.4	(4,558)	(1,096)	3,462	-
(Bus, net) *1	[39,840]	[45,302]	[5,461]	[13.7]	-	-	-	-
Other	12,116	12,445	328	2.7	19	291	271	-
Adjustments	(8,851)	(8,727)	124	-	(148)	(27)	121	-
Real Estate	74,098	76,793	2,695	3.6	8,158	8,133	(24)	(0.3)
Leasing	24,389	24,922	533	2.2	5,417	4,472	(945)	(17.4)
Housing	42,016	44,237	2,220	5.3	2,158	3,350	1,191	55.2
Other	11,748	11,887	138	1.2	661	451	(209)	(31.7)
Adjustments	(4,055)	(4,252)	(196)	-	(79)	(140)	(61)	-
Retail	68,736	68,993	257	0.4	629	87	(541)	(86.1)
Supermarkets/liquor stores	63,914	63,804	(109)	(0.2)	563	171	(392)	(69.5)
Sales of miscellaneous everyday items	4,832	5,191	358	7.4	153	117	(35)	(23.1)
Adjustments	(10)	(2)	8	-	(87)	(202)	(114)	-
Logistics	186,168	231,813	45,645	24.5	11,482	17,078	5,596	48.7
Global logistics	196,205	247,340	51,135	26.1	11,380	17,197	5,817	51.1
Domestic logistics	10,577	10,345	(231)	(2.2)	299	110	(189)	(63.2)
Adjustments	(20,614)	(25,872)	(5,258)	-	(196)	(228)	(31)	-
Leisure and Services	21,203	32,711	11,507	54.3	(6,625)	84	6,710	-
Hotel	16,338	26,981	10,642	65.1	(6,471)	(1,488)	4,982	-
(Hotel, net) *2	[8,270]	[16,286]	[8,016]	[96.9]	-	-	-	-
Travel	1,329	2,633	1,303	98.0	(707)	196	903	-
Facility outline	4,019	4,243	224	5.6	619	712	93	15.1
Other	8,513	10,790	2,277	26.7	(30)	627	658	-
Adjustments	(8,997)	(11,937)	(2,939)	-	(35)	36	72	-
Subtotal	414,064	482,383	68,318	16.5	8,945	25,461	16,516	184.6
Others	30,146	31,665	1,519	5.0	1,708	1,224	(483)	(28.3)
Adjustments	(17,051)	(19,405)	(2,354)	-	(201)	(535)	(333)	-
Consolidated	427,159	494,643	67,483	15.8	10,451	26,150	15,699	150.2

*1 Operating revenues for the Bus business, excluding intercompany transactions, increased 13.7%.

*2 Operating revenues for the Hotel business, excluding intercompany transactions, increased 96.9%.

(Transaction volume)

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

	Unit	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Change	Percentage change (%)
Number of passengers	Thousand passengers	87,801	96,357	8,556	9.7
Non-commuter	Thousand passengers	34,448	40,513	6,065	17.6
Commuter	Thousand passengers	53,353	55,844	2,491	4.7
Passenger revenue	Millions of yen	16,299	18,563	2,264	13.9
Non-commuter	Millions of yen	9,046	11,004	1,958	21.6
Commuter	Millions of yen	7,253	7,559	305	4.2

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

	Unit	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Change	Percentage change (%)
Number of passengers	Thousand passengers	199,058	209,330	10,272	5.2
Non-commuter	Thousand passengers	107,884	119,637	11,753	10.9
Commuter	Thousand passengers	91,174	89,693	(1,481)	(1.6)
Passenger revenue	Millions of yen	35,084	40,015	4,931	14.1
Non-commuter	Millions of yen	24,875	29,485	4,610	18.5
Commuter	Millions of yen	10,209	10,530	320	3.1

3) Number of units sold (Real Estate)

	Unit	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Change	Percentage change (%)
Number of units sold	Unit	893	920	27	3.0
Condominium	Dwelling unit	693	763	70	10.1
Detached house	Unit	194	142	(52)	(26.8)
Renovation	Dwelling unit	6	15	9	150.0

4) Transaction volume of international cargo (Logistics)

	Unit	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Change	Percentage change (%)
Air export	Thousand tons	146	127	(19)	(13.0)
Air import	Thousand cases	394	375	(19)	(4.9)
Ocean export	Thousand TEU	96	102	6	6.4
Ocean import	Thousand TEU	129	140	10	8.2

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	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Change	Percentage change (%)
ADR	Yen	6,727 [6,864]	8,736 [8,736]	2,009 [1,872]	29.9 [27.3]
OCC	%	40.4 [40.6]	70.6 [70.6]	30.2P [30.0P]	-
Rev PAR	Yen	2,718 [2,788]	6,167 [6,167]	3,449 [3,379]	126.9 [121.2]

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

(2) Financial Position

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Change
Total Assets	734,500	685,795	(48,705)
Total Liabilities	555,416	483,913	(71,502)
Total Net Assets	179,084	201,881	22,797
Interest-bearing debt	347,793	334,875	(12,918)

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

Assets fell 48,705 million yen from the end of the previous fiscal year to 685,795 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 71,502 million yen from the end of the previous fiscal year to 483,913 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 22,797 million yen from the end of the previous fiscal year to 201,881 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) Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Change
Cash and cash equivalents at end of period	70,612	72,559	1,946

	Full year		Change
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	
Cash flows from operating activities	30,591	43,775	13,184
Cash flows from investing activities	(10,344)	(24,600)	(14,256)
Free cash flows (operating activities + investing activities)	20,247	19,174	(1,072)
Cash flows from financing activities	(1,676)	(19,164)	(17,488)

Cash and cash equivalents as of the end of the fiscal year under review increased by 1,946 million yen from the end of the previous fiscal year to 72,559 million yen.

Net cash provided by operating activities amounted totaled 43,775 million yen, an increase by 13,184 million yen from the previous fiscal year, mainly due to profit before income taxes of 27,646 million yen, depreciation of 18,354 million yen, and income taxes paid of 6,218 million yen.

Net cash used in investing activities totaled 24,600 million yen, an increase of 14,256 million yen from the previous fiscal year, mainly due to the purchase of non-current assets of 22,262 million yen and purchase of investment securities of 6,140 million yen.

Net cash used in financing activities totaled 19,164 million yen, an increase of 17,488 million yen from the previous fiscal year, mainly due to a net decrease in borrowings of 14,131 million yen and dividends paid of 2,566 million yen.

(4) Outlook

For the fiscal year ending March 2024, we expect operating revenue of 457,300 million yen (down 7.5% from the previous fiscal year) and operating income of 17,300 million yen (down 33.8% from the previous fiscal year) due to a recovery in demand in the Railway, Bus, and Hotel businesses despite the leveling off of sales prices, which had been soaring in the international logistics business.

Ordinary income is expected to be 12,000 million yen (down 57.0% from the previous fiscal year), mainly due to an increase in equity in losses of affiliated companies, and profit attributable to owners of parent is expected to be 9,600 million yen (down 47.7% from the previous fiscal year).

(Millions of yen)

	Fiscal year ended March 31, 2023 (results)	Fiscal year ending March 31, 2024 (forecast)	Change	Percentage change
Operating revenue	494,643	457,300	(37,343)	(7.5%)
Operating income	26,150	17,300	(8,850)	(33.8%)
Ordinary income	27,901	12,000	(15,901)	(57.0%)
Profit attributable to owners of parent	18,368	9,600	(8,768)	(47.7%)

(Millions of yen)

	Operating revenue				Operating income			
	Fiscal year ended March 31, 2023 (results)	Fiscal year ending March 31, 2024 (forecast)	Change	Percentage change	Fiscal year ended March 31, 2023 (results)	Fiscal year ending March 31, 2024 (forecast)	Change	Percentage change
Transportation	72,069	76,500	4,430	6.1%	76	1,900	1,823	-
Real Estate	76,793	87,700	10,906	14.2%	8,133	8,100	(33)	(0.4%)
Retail	68,993	69,700	706	1.0%	87	300	212	243.2%
Logistics	231,813	176,400	(55,413)	(23.9%)	17,078	6,100	(10,978)	(64.3%)
Leisure and Services	32,711	39,900	7,188	22.0%	84	1,100	1,015	-
Subtotal	482,383	450,200	(32,183)	(6.7%)	25,461	17,500	(7,961)	(31.3%)
Others	31,665	30,500	(1,165)	(3.7%)	1,224	800	(424)	(34.7%)
Adjustments	(19,405)	(23,400)	(3,994)	-	(535)	(1,000)	(464)	-
Consolidated	494,643	457,300	(37,343)	(7.5%)	26,150	17,300	(8,850)	(33.8%)

*The forecasts have been prepared based on information currently available to the Company, and actual results may differ from the forecasts due to various factors in the future.

2. Basic Approach to the Selection of Accounting Standards

The Group prepares its consolidated financial statements in accordance with Japanese GAAP. However, we intend to respond appropriately to the adoption of International Financial Reporting Standards (IFRS), with consideration given to internal and external circumstances.

3. Consolidated Financial Statements and Key Notes

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	70,828	72,796
Notes and accounts receivable - trade, and contract assets	59,077	59,546
Land and buildings for sale	58,980	63,898
Merchandise and finished goods	3,839	3,971
Work in process	258	237
Raw materials and supplies	2,019	2,176
Consumption taxes receivable	157	3,975
Others	16,476	13,408
Allowance for doubtful accounts	(215)	(268)
Total current assets	211,422	219,742
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	187,495	190,327
Machinery, equipment and vehicles, net	14,602	12,616
Land	129,278	130,871
Construction in progress	99,130	29,080
Other, net	7,383	10,312
Total property, plant and equipment	437,890	373,207
Intangible assets		
Goodwill	429	321
Others	3,597	3,523
Total intangible assets	4,026	3,844
Investments and other assets		
Investment securities	47,523	56,163
Retirement benefit assets	4,040	3,787
Deferred tax assets	11,706	8,159
Others	18,232	21,207
Allowance for doubtful accounts	(342)	(317)
Total investments and other assets	81,160	89,000
Total fixed assets	523,077	466,053
Total Assets	734,500	685,795

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	39,119	43,561
Short-term borrowings	48,898	49,163
Current portion of bonds payable	-	7,000
Consumption taxes payable	1,496	1,132
Income taxes payable	1,478	2,850
Advances received	76,423	5,739
Provision for bonuses	4,583	6,355
Other provisions	169	340
Others	26,226	28,282
Total current liabilities	198,394	144,426
Long-term liabilities		
Bonds payable	152,000	145,000
Long-term borrowings	146,895	133,711
Deferred tax liabilities	1,572	109
Other provisions	454	569
Retirement benefit liability	22,913	21,967
Long-term guarantee deposits	27,740	30,218
Others	5,445	7,910
Total long-term liabilities	357,021	339,486
Total Liabilities	555,416	483,913
Net assets		
Shareholders' equity		
Common stock	26,157	26,157
Capital surplus	12,608	12,608
Retained earnings	127,430	143,194
Treasury stock	(1,278)	(1,166)
Total shareholders' equity	164,918	180,794
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,544	8,182
Deferred gains or losses on hedges	(591)	(195)
Foreign currency translation adjustment	1,227	5,293
Remeasurements of defined benefit plans	492	718
Total accumulated other comprehensive income	7,674	13,999
Subscription rights to shares	405	324
Non-controlling interests	6,085	6,763
Total Net Assets	179,084	201,881
Total liabilities and net assets	734,500	685,795

(2) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Operating revenue	427,159	494,643
Operating expenses		
Operating expenses and cost of sales of transportation	387,695	438,461
Selling, general and administrative expenses	29,012	30,030
Total operating expenses	416,708	468,492
Operating income	10,451	26,150
Non-operating income		
Interest income	38	257
Dividend income	1,072	1,238
Share of profit of entities accounted for using equity method	767	-
Foreign exchange gains	457	1,024
Miscellaneous income	3,887	2,125
Total non-operating income	6,224	4,645
Non-operating expenses		
Interest expenses	2,197	2,197
Share of loss of entities accounted for using equity method	-	416
Bond issuance costs	286	-
Miscellaneous expenses	238	282
Total non-operating expenses	2,722	2,895
Ordinary income	13,953	27,901
Extraordinary gains		
Gain on sales of fixed assets	4,910	121
Advances received on construction contracts	25	75,274
Contribution for construction	389	795
Others	53	1,411
Total extraordinary income	5,378	77,603
Extraordinary losses		
Loss on reduction of non-current assets for tax purposes	395	74,254
Loss on retirement of non-current assets	39	3,060
Impairment losses	2,283	300
Others	475	243
Total extraordinary losses	3,193	77,858
Income before income taxes	16,138	27,646
Income taxes - current	3,340	6,887
Income taxes - deferred	1,869	1,236
Total income taxes	5,210	8,124
Profit	10,927	19,522
Profit attributable to non-controlling interests	1,054	1,154
Profit attributable to owners of parent	9,873	18,368

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	10,927	19,522
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,364)	1,637
Deferred gains or losses on hedges	3	(8)
Foreign currency translation adjustment	1,644	2,961
Remeasurements of defined benefit plans, net of tax	308	225
Share of other comprehensive income of entities accounted for using equity method	1,649	1,706
Total other comprehensive income	1,241	6,522
Comprehensive income	12,169	26,045
(Components)		
Comprehensive income attributable to owners of parent	11,052	24,693
Comprehensive income attributable to non-controlling interests	1,117	1,352

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	26,157	12,622	120,103	(1,220)	157,661
Cumulative effects of changes in accounting policies			(554)		(554)
Restated balance	26,157	12,622	119,548	(1,220)	157,106
Changes during period					
Dividends of surplus			(1,974)		(1,974)
Profit attributable to owners of parent			9,873		9,873
Purchase of treasury shares				(220)	(220)
Disposal of treasury shares		(16)		163	146
Purchase of shares of consolidated subsidiaries		(13)			(13)
Transfer from retained earnings to capital surplus		16	(16)		
Net changes in items other than shareholders' equity					
Total changes during period	-	(13)	7,882	(57)	7,811
Balance at end of period	26,157	12,608	127,430	(1,278)	164,918

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total Net Assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Accumulated other comprehensive income			
Balance at beginning of period	8,909	(852)	(1,745)	184	6,495	442	5,346	169,946
Cumulative effects of changes in accounting policies								(554)
Restated balance	8,909	(852)	(1,745)	184	6,495	442	5,346	169,391
Changes during period								
Dividends of surplus								(1,974)
Profit attributable to owners of parent								9,873
Purchase of treasury shares								(220)
Disposal of treasury shares								146
Purchase of shares of consolidated subsidiaries								(13)
Transfer from retained earnings to capital surplus								
Net changes in items other than shareholders' equity	(2,364)	260	2,973	308	1,178	(36)	738	1,880
Total changes during period	(2,364)	260	2,973	308	1,178	(36)	738	9,692
Balance at end of period	6,544	(591)	1,227	492	7,674	405	6,085	179,084

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	26,157	12,608	127,430	(1,278)	164,918
Changes during period					
Dividends of surplus			(2,568)		(2,568)
Profit attributable to owners of parent			18,368		18,368
Purchase of treasury shares				(8)	(8)
Disposal of treasury shares		(35)		119	83
Transfer from retained earnings to capital surplus		35	(35)		
Net changes in items other than shareholders' equity					
Total changes during period	-	-	15,764	111	15,875
Balance at end of period	26,157	12,608	143,194	(1,166)	180,794

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total Net Assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Accumulated other comprehensive income			
Balance at beginning of period	6,544	(591)	1,227	492	7,674	405	6,085	179,084
Changes during period								
Dividends of surplus								(2,568)
Profit attributable to owners of parent								18,368
Purchase of treasury shares								(8)
Disposal of treasury shares								83
Transfer from retained earnings to capital surplus								
Net changes in items other than shareholders' equity	1,638	395	4,065	225	6,324	(81)	678	6,921
Total changes during period	1,638	395	4,065	225	6,324	(81)	678	22,797
Balance at end of period	8,182	(195)	5,293	718	13,999	324	6,763	201,881

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Income before income taxes	16,138	27,646
Depreciation	19,411	18,354
Amortization of goodwill	168	174
Impairment losses	2,283	300
Loss on retirement of non-current assets	107	1,503
Loss on reduction of non-current assets for tax purposes	395	74,254
Contribution for construction	(414)	(76,070)
Share of loss (profit) of entities accounted for using equity method	(767)	416
Loss (gain) on sale of non-current assets	(4,893)	(121)
Increase (decrease) in provision for bonuses	(186)	1,746
Increase (decrease) in retirement benefit liability	136	(174)
Decrease (increase) in retirement benefit asset	(226)	(221)
Increase (decrease) in other provisions	42	285
Interest and dividend income	(1,111)	(1,496)
Interest expenses	2,197	2,197
Loss (gain) on sale of investment securities	(42)	(1,411)
Decrease (increase) in trade receivables	(10,765)	3,955
Decrease (increase) in inventories	2,957	(4,185)
Decrease (increase) in other assets	(1,584)	4,173
Increase (decrease) in trade payables	(1,649)	(1,718)
Increase (decrease) in accrued consumption taxes	1,941	(4,186)
Increase (decrease) in guarantee deposits received	2,933	2,428
Increase (decrease) in other liabilities	2,776	2,014
Others	900	404
Subtotal	30,750	50,267
Interest and dividends received	4,218	1,832
Interest paid	(2,073)	(2,105)
Income taxes paid	(2,303)	(6,218)
Cash flows from operating activities	30,591	43,775
Cash flows from investing activities		
Purchase of non-current assets	(25,899)	(22,262)
Proceeds from sale of non-current assets	9,107	857
Purchase of investment securities	(5,255)	(6,140)
Proceeds from sale of investment securities	205	1,792
Payments for investments in capital	(2,314)	(1,544)
Proceeds from divestments	4,926	9
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,547)	14
Loan advances	-	(5,098)
Proceeds from collection of loans receivable	-	3,571
Proceeds from contribution received for construction	10,313	4,009
Others	119	191
Cash flows from investing activities	(10,344)	(24,600)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(152)	415
Net increase (decrease) in commercial papers	(10,000)	-
Proceeds from long-term borrowings	1,234	10,100
Repayments of long-term borrowings	(18,751)	(24,647)
Proceeds from issuance of bonds	30,000	-
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(36)	-
Proceeds from sale of treasury shares	109	2
Purchase of treasury shares	(220)	(8)
Repayments of lease liabilities	(1,562)	(1,568)
Dividends paid	(1,975)	(2,566)
Dividends paid to non-controlling interests	(322)	(891)
Cash flows from financing activities	(1,676)	(19,164)
Effect of exchange rate change on cash and cash equivalents	996	1,936
Net increase (decrease) in cash and cash equivalents	19,567	1,946
Cash and cash equivalents at beginning of period	51,045	70,612
Cash and cash equivalents at end of period	70,612	72,559

(5) Notes to quarterly consolidated financial statements

(Notes to assumptions of going concern)

Not applicable.

(Change in accounting policies)

(Adoption of Financial Accounting Standards Board Accounting Standards Codification (ASC) 842, Leases)

Effective from the current fiscal year, certain overseas consolidated subsidiaries adopting U.S. GAAP have adopted ASC 842, Leases. Therefore, in principle, all leases of lessees in the foreign consolidated subsidiaries are recorded as assets and liabilities in the consolidated balance sheet.

In adopting this accounting standard, we adopt the method in which the cumulative effect of adopting this accounting standard, which is permitted as a transitional measure, is recognized at the date of commencement of adoption.

The adoption of this accounting standard does not have a material impact on the consolidated financial statements.

(Segment information)

1. Overview of reportable segments

The Group's reportable segments are the components of the Group for which separate financial information is available and which are subject to periodic review by the Board of Directors to determine the allocation of management resources and to assess performance.

The Group is engaged in a wide range of business activities centering on the Transportation, including the Railway and Bus businesses. The business operations are managed by classifying the businesses of the Company and group companies by business type.

Accordingly, the Group consists of five reportable business segments: Transportation, Real Estate, Retail, Logistics, and Leisure and Services. Transportation includes the Railway business and the Bus business. Real Estate includes the Leasing business and the Housing business. Retail includes the Supermarkets/liquor stores business. Logistics includes the Global Logistics business. Leisure and Services includes the Hotel business, Travel business, and Advertising business.

2. Information related to operating revenue, profit or loss, and other items for each reportable segment

Fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segment						Others (Note)	Adjustments	Amount recorded in Consolidated Financial Statements
	Transportation	Real Estate	Retail	Logistics	Leisure and Services	Total			
Operating revenue									
(1) Operating revenue to external customers	62,958	68,950	68,677	185,799	18,544	404,929	22,230	-	427,159
(2) Intersegment operating revenue and transfers	899	5,148	58	369	2,659	9,134	7,916	(17,051)	-
Total	63,857	74,098	68,736	186,168	21,203	414,064	30,146	(17,051)	427,159
Segment income (loss)	(4,699)	8,158	629	11,482	(6,625)	8,945	1,708	(201)	10,451
Other Items									
Depreciation	7,456	5,670	926	1,796	2,928	18,777	1,058	(424)	19,411
Amortization of goodwill	27	-	-	141	-	168	-	-	168
Impairment losses	-	1,289	301	-	693	2,283	-	-	2,283

(Note) "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.

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segment						Others (Note)	Adjustments	Amount recorded in Consolidated Financial Statements
	Transportation	Real Estate	Retail	Logistics	Leisure and Services	Total			
Operating revenue									
(1) Operating revenue to external customers	71,194	71,965	68,926	231,370	29,746	473,203	21,440	-	494,643
(2) Intersegment operating revenue and transfers	875	4,828	67	443	2,965	9,180	10,225	(19,405)	-
Total	72,069	76,793	68,993	231,813	32,711	482,383	31,665	(19,405)	494,643
Segment profit	76	8,133	87	17,078	84	25,461	1,224	(535)	26,150
Other Items									
Depreciation	6,387	5,694	866	1,911	2,697	17,557	1,182	(385)	18,354
Amortization of goodwill	-	48	-	126	-	174	-	-	174
Impairment losses	-	11	285	-	-	297	3	-	300

(Note) "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.

3. Difference between the total amount of reportable segment income and the amount recorded in the consolidated financial statements and major breakdown of such differences (matters relating to adjustment of differences)

(Millions of yen)

Profit	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Reportable segment total	8,945	25,461
Profit in the "Other" category	1,708	1,224
Elimination of intersegment transactions	554	283
Corporate expenses (Note)	(756)	(819)
Operating income in consolidated financial statements	10,451	26,150

(Note) Corporate expenses are primarily administrative expenses of the parent company not attributable to any reporting segment.

Fiscal year ended March 31, 2022

(Millions of yen)

Other Items	Reportable segment total	Others	Adjustments	Amount recorded in Consolidated Financial Statements
Depreciation	18,777	1,058	(424)	19,411
Impairment losses	2,283	-	-	2,283

Fiscal year ended March 31, 2023

(Millions of yen)

Other Items	Reportable segment total	Others	Adjustments	Amount recorded in Consolidated Financial Statements
Depreciation	17,557	1,182	(385)	18,354
Impairment losses	297	3	-	300

(Per-share information)

Item	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net assets per share	2,191.06 yen	2,471.07 yen
Net income per share-basic	125.31 yen	233.10 yen
Net income per share-diluted	124.91 yen	232.54 yen

(Notes) 1. The basis for calculating net income per share and diluted net income per share is as follows:

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net income per share-basic		
Profit attributable to owners of parent (millions of yen)	9,873	18,368
Amount not attributable to common shareholders (millions of yen)	-	-
Profit attributable to owners of parent relating to common shares (millions of yen)	9,873	18,368
Average number of shares outstanding during the period (thousands of shares)	78,796	78,801
Net income per share-diluted		
Adjustments of profit attributable to owners of parent (millions of yen)	-	-
Increase in the number of common shares (thousands of shares)	249	189
(Share acquisition rights (thousands of shares))	(249)	(189)
Summary of dilutive shares that were not included in the calculation of diluted net income per share because of their anti-dilutive effect	-	-

2. The basis for calculating net assets per share is as follows:

	As of March 31, 2022	As of March 31, 2023
Total net assets (millions of yen)	179,084	201,881
Amount to be deducted from total net assets (millions of yen)	6,491	7,088
(Share acquisition rights (millions of yen))	(405)	(324)
(Non-controlling interests (millions of yen))	(6,085)	(6,763)
Net assets at the end of the period relating to common shares (millions of yen)	172,593	194,793
Number of common shares at the end of the period used to calculate net assets per share (thousands of shares)	78,771	78,829

3. For calculating net income per share and diluted net income per share, average number of shares outstanding during the period excludes the Company's shares held by the Board Benefit Trust (206,000 shares in the previous fiscal year and 243,000 shares in the fiscal year under review).

(Material subsequent events)

(Transfer of non-current assets)

On April 3, 2023, the Company transferred the non-current assets held by the Company.

1. Reason for transfer

The Nishishin Palace and Residential Gallery Nishishin owned by the Company were transferred to make effective use of management resources.

2. Details of the transferred assets

Nishishin Palace

Location: 2-221-3, Nishishin, Sawara-ku, Fukuoka City, Fukuoka Prefecture, and others

Site area: 6,216.28 m²

Building size: Four stories above ground, steel-framed reinforced concrete, total floor area of 12,216.27 m²

Residential Gallery Nishishin

Location: 2-221-32, Nishishin, Sawara-ku, Fukuoka City, Fukuoka Prefecture

Site area: 1,105.99 m²

Building size: Two stories above ground, steel construction, total floor area of 687.17 m²

3. Overview of the transferee

(1) Name	Social Medical Corporation Taiseikai
(2) Location	1-1-35, Nishishin, Sawara-ku, Fukuoka City, Fukuoka Prefecture
(3) Title and name of representative	Yasuo Kuroda, President
(4) Details of business	Management of Fukuoka Kinen Hospital
(5) Opened	January 1959
(6) Relations with the Company	There is no capital or personal relationship between the transferee and the Group, and the transferee is not a related party.

4. Schedule of transfer

Date of contract: December 28, 2022

Date of transfer: April 3, 2023

5. Impact on profits and losses

As a result of this transfer of non-current assets, the Company expects to recognize the gain on the sale of non-current assets of approximately 6,500 million yen as an extraordinary income for the first quarter of the fiscal year ending March 2024.