

Consolidated Financial Results for the Three-month Period Ended 30 June 2023 (Japanese GAAP) (Unaudited)

Nagoya Railroad Co., Ltd.

9 August 2023

Stock exchange Listing: Tokyo Nagoya
 Securities code: 9048
 URL: <https://top.meitetsu.co.jp/>
 Representative: Hiroki Takasaki, President, Director
 For further information contact: Tomonori Kawatsu, Executive Officer and General Manager, Finance and Accounting Dept.
 Tel: +81-52-588-0846

Scheduled date of filing of quarterly report: 10 August 2023

Scheduled date of dividend payment commencement: -

Supplementary explanations of quarterly financial results: Yes

Quarterly financial results presentation meeting: None

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

1. Consolidated results for the three-month period ended 30 June 2023 (1 April 2023 - 30 June 2023)

(1) Consolidated operating results

(%: year-on-year)

	Operating revenues		Operating income		Ordinary income		Profit attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three-month period ended 30 June 2023	140,977	12.6	7,760	84.1	9,135	72.2	7,243	127.2
Three-month period ended 30 June 2022	125,202	15.4	4,214	—	5,303	334.1	3,187	—

Note: Comprehensive income - for the three-month period ended 30 June 2023 ¥14,169 million [370.0%]
 for the three-month period ended 30 June 2022 ¥3,014 million [—%]

	Net income per share-basic	Net income per share-diluted
	Yen	Yen
Three-month period ended 30 June 2023	36.86	34.44
Three-month period ended 30 June 2022	16.22	15.15

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
30 June 2023	1,234,959	439,186	33.6
31 March 2023	1,231,378	429,089	32.8

Reference: Shareholders' equity- as of 30 June 2023 ¥414,515 million
 as of 31 March 2023 ¥404,433 million

2. Cash dividends

	Annual dividends				
	1st quarter end	2nd quarter end	3rd quarter end	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended 31 March 2023	—	0.00	—	20.00	20.00
Fiscal year ending 31 March 2024	—				
Fiscal year ending 31 March 2024 (forecast)		0.00	—	25.00	25.00

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

3. Consolidated operating results forecast for the fiscal year ending 31 March 2024

(%: year-on-year)

	Operating revenues		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six-month period ending 30 September 2023	283,000	7.6	12,500	22.8	13,000	11.1
Fiscal year ending 31 March 2024	588,000	6.6	26,500	16.6	27,500	4.3

	Profit attributable to owners of the parent		Net income per share-basic
	Millions of yen	%	Yen
Six-month period ending 30 September 2023	10,000	29.1	50.88
Fiscal year ending 31 March 2024	21,000	11.4	106.85

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

Notes

- (1) Changes in significant consolidated subsidiaries during the period (changes in specific consolidated subsidiaries resulting in changes in the scope of consolidation): None
- (2) Application of accounting methods which are exceptional for quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions
 - i) Changes in accounting policies resulting from the revision of the accounting standards: None
 - ii) Changes in accounting policies other than the above: None
 - iii) Changes in accounting estimates: None
 - iv) Restatement of revisions: None

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

	Number of issued shares (including treasury stock)	Number of treasury stock
As of		
30 June 2023	196,700,692	174,660
31 March 2023	196,700,692	172,683

(Shares)

	Average number of shares outstanding during the periods
Three-month period ended 30 June 2023	196,526,991
Three-month period ended 30 June 2022	196,571,268

* This report is not subject to audit procedures.

* Explanation for appropriate use of forecasts and other notes

The forward-looking statements such as operational forecasts contained in this statement's summary is based on information currently available to the Company and certain assumptions that the Company believes to be reasonable, It is not intended to be a promise by the Company to realize the above.

Actual results may differ from such forward-looking statements for a variety of reasons.

4. Quarterly consolidated financial statement and Main Notes

(1) Quarterly Consolidated Balance Sheets (Unaudited)

	Millions of yen	
	31 March 2023	30 June 2023
ASSETS		
Current assets		
Cash and deposits	55,291	48,189
Trade notes, accounts receivable and contract assets	61,109	56,774
Short-term loans receivable	1,834	1,832
Land and buildings for sale	77,275	76,406
Merchandise and finished goods	6,273	6,599
Work in process	670	1,127
Raw materials and supplies	5,311	5,696
Others	19,411	25,154
Allowance for doubtful accounts	(276)	(259)
Total current assets	226,902	221,521
Non-current assets		
Property and equipment		
Buildings and structures, net	301,878	304,491
Machinery, equipment and vehicles, net	78,931	77,096
Land	371,293	371,832
Lease assets, net	10,355	10,086
Construction in progress	82,424	83,309
Other properties, net	9,142	8,900
Total property and equipment	854,026	855,715
Intangible assets		
Right-of-use facilities	7,063	6,709
Goodwill	1,397	1,304
Lease assets	275	261
Other intangible assets	3,116	3,198
Total intangible assets	11,853	11,474
Investments and other assets		
Investment securities	104,030	114,045
Long-term loans receivable	358	338
Deferred tax assets	17,769	14,872
Others	16,930	17,507
Allowance for doubtful accounts	(493)	(515)
Total investments and other assets	138,596	146,248
Total non-current assets	1,004,476	1,013,437
Total assets	1,231,378	1,234,959

(1) Quarterly Consolidated Balance Sheets (Unaudited)

	Millions of yen	
	31 March 2023	30 June 2023
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Trade notes and accounts payable	73,388	54,814
Short-term loans payable	52,876	54,320
Commercial papers	10,000	15,000
Current portion of bonds payable	30,080	30,080
Lease obligations	1,490	1,659
Income taxes payable	5,868	1,886
Deposits received from employees	20,383	20,507
Provision for bonuses	5,698	3,097
Provision for loss on liquidation	301	283
Allowance for loss on collection of gift certificates outstanding	360	360
Others	103,619	117,000
Total current liabilities	304,067	299,010
Non-current liabilities		
Bonds payable	215,000	215,000
Long-term loans payable	155,949	154,410
Lease obligations	10,678	10,201
Deferred tax liabilities	3,882	4,227
Deferred tax liabilities for land revaluation	55,506	55,506
Provision for loss on liquidation	5,560	5,440
Employee retirement benefit liability	32,539	32,764
Others	19,103	19,210
Total non-current liabilities	498,221	496,761
Total liabilities	802,289	795,772
Net assets		
Shareholders' equity		
Common stock	101,158	101,158
Capital surplus	40,144	40,144
Retained earnings	158,112	161,390
Treasury stock	(365)	(369)
Total shareholders' equity	299,050	302,323
Accumulated other comprehensive income		
Net unrealized gains on available-for-sale securities	16,490	23,203
Deferred gains and losses on hedges	143	244
Land revaluation increment	87,683	87,718
Foreign currency translation adjustments	11	13
Retirement benefit adjustments	1,053	1,011
Total accumulated other comprehensive income	105,382	112,191
Non-controlling interests	24,655	24,671
Total net assets	429,089	439,186
Total liabilities and net assets	1,231,378	1,234,959

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

Quarterly Consolidated Statements of Operations (Unaudited)

	Millions of yen	
	1 April 2022	1 April 2023
	-30 June 2022	-30 June 2023
Operating revenues	125,202	140,977
Operating expenses		
Transportation, other services and cost of sales	109,623	120,176
Selling, general and administrative expenses	11,364	13,040
Total operating expenses	120,988	133,216
Operating income	4,214	7,760
Non-operating income		
Interest income	6	9
Dividend income	667	716
Equity in net earnings of affiliates	547	875
Subsidies for employment adjustment	424	36
Miscellaneous income	355	495
Total non-operating income	2,001	2,133
Non-operating expenses		
Interest expenses	688	717
Provision for loss on liquidation	66	—
Miscellaneous expenses	156	41
Total non-operating expenses	912	758
Ordinary income	5,303	9,135
Extraordinary income		
Gain on sales of fixed assets	108	362
Gain on contributions for construction	307	418
Gain on sales of investment securities	135	73
Insurance claim income	205	4
Others	31	54
Total extraordinary income	788	913
Extraordinary losses		
Loss on sales of fixed assets	10	13
Impairment loss on fixed assets	21	16
Loss on disposition of fixed assets	167	83
Loss on sales of investment securities	160	—
Loss on valuation of investment securities	36	56
Loss on reduction of property and equipment	245	337
Others	48	2
Total extraordinary losses	690	509
Profit before income taxes	5,401	9,538
Income taxes – current	1,149	1,971
Income taxes – deferred	990	269
Total income taxes	2,140	2,240
Profit	3,261	7,297
Profit attributable to:		
Non-controlling interests	73	54
Owners of the parent	3,187	7,243

Quarterly Consolidated Statements of Comprehensive Income (Unaudited)

	Millions of yen	
	1 April 2022	1 April 2023
	-30 June 2022	-30 June 2023
Profit	3,261	7,297
Other comprehensive income		
Net unrealised gains and losses on available-for-sale securities	(157)	6,536
Deferred gains and losses on hedges	14	98
Foreign currency translation adjustments	13	2
Retirement benefit adjustments	(24)	(44)
Share of other comprehensive income of affiliates accounted for using the equity method	(92)	279
Total other comprehensive income	(246)	6,871
Comprehensive income	3,014	14,169
Comprehensive income attributable to:		
Owners of the parent	2,917	14,016
Non-controlling interests	97	152

(3) Notes to Quarterly Consolidated Statements (Unaudited)

Notes on going concern assumption: None

Notes on significant changes in shareholders' equity: None

Segment information

Information about reportable segments operating revenues and profit or loss for the three-month period ended 30 June 2022

(Millions of yen)

	Traffic	Transport	Real Estate	Leisure and Services	Distribution	Aviation Services	Others (*1)	Total	Adjustment (*2)	Quarterly Consolidated financial statements (*3)
Operating revenues:										
External customers	31,989	33,671	16,817	17,735	14,307	5,207	5,473	125,202	—	125,202
Intersegment sales/transfers	736	87	2,625	97	943	—	3,956	8,446	(8,446)	—
Total	32,725	33,758	19,442	17,833	15,250	5,207	9,430	133,649	(8,446)	125,202
Segment income (loss)	2,243	780	2,047	(291)	(577)	(152)	67	4,117	96	4,214

*1) “Others” is a business segment that is not considered a reportable segment. It includes the business of equipment maintenance, information processing, insurance agency and others.

*2) Segment income (loss) adjustment amounting to ¥96 million was treated as intersegment elimination.

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

Information about reportable segments operating revenues and profit or loss for the three-month period ended 30 June 2023

(Millions of yen)

	Traffic	Transport	Real Estate	Leisure and Services	Distribution	Aviation Services	Others (*1)	Total	Adjustment (*2)	Quarterly Consolidated financial statements (*3)
Operating revenues:										
External customers	35,491	34,160	22,506	23,971	14,028	5,430	5,388	140,977	—	140,977
Intersegment sales/transfers	697	84	2,837	128	873	8	4,519	9,148	(9,148)	—
Total	36,188	34,245	25,343	24,099	14,902	5,438	9,908	150,126	(9,148)	140,977
Segment income (loss)	4,258	294	3,666	685	(977)	(158)	(63)	7,704	55	7,760

*1) “Others” is a business segment that is not considered a reportable segment. It includes the business of equipment maintenance, information processing, insurance agency and others.

*2) Segment income (loss) adjustment amounting to ¥55 million was treated as intersegment elimination.

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

Subsequent events : Yes

Bonds issued

Based on the resolution of the Board of Directors of the Company on 7 March 2023, the Company issued the 68th Series Unsecured Straight Bonds and the 69th Series Unsecured Straight Bonds as shown below.

1. Bonds issue name: 68th Series Unsecured Straight Bonds (Sustainability Bond)
2. Total amount of issue: ¥10 billion
3. Issue value: ¥100 per face value of ¥100
4. Coupon: 0.375% per annum
5. Issue date: 13 July 2023
6. Maturity date: 13 July 2028
7. Use of proceeds: New funds rising for business that meets qualifying criteria established in Sustainability Finance Framework

1. Bonds issue name: 69th Series Unsecured Straight Bonds
2. Total amount of issue: ¥15 billion
3. Issue value: ¥100 per face value of ¥100
4. Coupon: 0.794% per annum
5. Issue date: 13 July 2023
6. Maturity date: 13 July 2033
7. Use of proceeds: Loan repayment funds