

Translation

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October 31, 2023

Consolidated Financial Results for the Six Months Ended September 30, 2023 (Under Japanese GAAP)

Company name: Nankai Electric Railway Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 9044
 URL: <https://www.nankai.co.jp/>
 Representative: Nobuyuki Okajima, Representative Director and President
 Inquiries: Satoshi Sakamoto, Chief Manager, Finance & Accounting Department
 Telephone: +81-06-6644-7145
 Scheduled date to file quarterly securities report: November 9, 2023
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative) (Percentages indicate 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	%
Six months ended September 30, 2023	117,672	8.7	14,237	50.7	13,268	61.5	8,867	24.6
September 30, 2022	108,240	18.1	9,446	148.8	8,215	226.2	7,116	348.4

Note: Comprehensive income For the six months ended September 30, 2023: ¥ 13,490 million [115.3 %]
 For the six months ended September 30, 2022: ¥ 6,267 million [258.1 %]

	Basic earnings per share	Diluted earnings per share
Six months ended September 30, 2023	Yen 78.32	Yen —
September 30, 2022	62.83	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2023	926,415	285,223	29.3
March 31, 2023	935,113	274,586	27.9

Reference: Equity As of September 30, 2023: ¥ 271,517 million
 As of March 31, 2023: ¥ 261,121 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended March 31, 2023	Yen —	Yen 0.00	Yen —	Yen 25.00	Yen 25.00
Fiscal year ending March 31, 2024	—	0.00	—	—	—
Fiscal year ending March 31, 2024 (Forecast)	—	—	—	25.00	25.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	248,000	12.1	27,200	29.4	25,400	33.9	21,800	49.1	192.52

Note: Revisions to the forecast of consolidated financial results most recently announced: Yes

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2023	113,402,446 shares	As of March 31, 2023	113,402,446 shares
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(ii) Number of treasury shares at the end of the period

As of September 30, 2023	168,425 shares	As of March 31, 2023	174,018 shares
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(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	113,229,993 shares	Six months ended September 30, 2022	113,264,885 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	38,409	25,161
Notes and accounts receivable - trade, and contract assets	23,904	27,141
Merchandise and finished goods	23,089	21,284
Work in process	586	1,533
Raw materials and supplies	3,017	3,098
Other	14,710	9,427
Allowance for doubtful accounts	△102	△111
Total current assets	103,616	87,536
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	351,213	344,477
Land	359,470	359,394
Construction in progress	28,219	33,269
Other, net	29,817	31,294
Total property, plant and equipment	768,721	768,435
Intangible assets	9,544	9,214
Investments and other assets		
Investment securities	37,581	45,648
Retirement benefit asset	2,072	2,077
Other	14,116	14,034
Allowance for doubtful accounts	△538	△532
Total investments and other assets	53,231	61,228
Total non-current assets	831,497	838,879
Total assets	935,113	926,415

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	19,453	16,581
Short-term borrowings	94,776	89,404
Current portion of bonds payable	10,000	10,000
Income taxes payable	1,658	2,526
Provision for bonuses	2,836	2,916
Other	47,803	61,877
Total current liabilities	176,529	183,306
Non-current liabilities		
Bonds payable	130,000	120,000
Long-term borrowings	239,738	220,248
Retirement benefit liability	18,719	18,882
Other	95,539	98,755
Total non-current liabilities	483,997	457,885
Total liabilities	660,526	641,192
Net assets		
Shareholders' equity		
Share capital	72,983	72,983
Capital surplus	28,145	28,149
Retained earnings	113,688	119,726
Treasury shares	△468	△454
Total shareholders' equity	214,348	220,404
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,773	16,410
Deferred gains or losses on hedges	△0	—
Revaluation reserve for land	34,484	34,480
Remeasurements of defined benefit plans	515	221
Total accumulated other comprehensive income	46,772	51,112
Non-controlling interests	13,465	13,705
Total net assets	274,586	285,223
Total liabilities and net assets	935,113	926,415

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income
(cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Operating revenue	108,240	117,672
Operating expenses		
Operating expenses and cost of sales of transportation	95,412	99,887
Selling, general and administrative expenses	3,381	3,546
Total operating expenses	98,794	103,434
Operating income	9,446	14,237
Non-operating income		
Interest income	13	13
Dividend income	524	640
Miscellaneous income	316	321
Total non-operating income	854	974
Non-operating expenses		
Interest expenses	1,798	1,711
Miscellaneous expenses	286	232
Total non-operating expenses	2,085	1,944
Ordinary income	8,215	13,268
Extraordinary income		
Contribution received for construction	178	153
Subsidies	195	—
Other	16	2
Total extraordinary income	390	156
Extraordinary losses		
Loss on valuation of investment securities	—	332
Tax purpose reduction entry of contribution for construction	158	150
Loss on liquidation of subsidiaries and associates	197	—
Other	237	42
Total extraordinary losses	593	525
Profit before income taxes	8,012	12,899
Income taxes - current	1,134	2,463
Income taxes - deferred	△354	1,466
Total income taxes	779	3,929
Profit	7,233	8,969
Profit attributable to non-controlling interests	116	101
Profit attributable to owners of parent	7,116	8,867

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	7,233	8,969
Other comprehensive income		
Valuation difference on available-for-sale securities	△797	4,823
Deferred gains or losses on hedges	—	0
Remeasurements of defined benefit plans, net of tax	△168	△302
Total other comprehensive income	△965	4,520
Comprehensive income	6,267	13,490
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,223	13,211
Comprehensive income attributable to non-controlling interests	44	278

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	8,012	12,899
Depreciation	13,738	13,545
Reduction entry of land contribution for construction	158	150
Interest expenses	1,798	1,711
Contribution received for construction	△178	△153
Decrease (increase) in trade receivables	2,701	△921
Increase (decrease) in trade payables	△5,749	△4,695
Decrease (increase) in inventories	△272	777
Other, net	△1,956	△666
Subtotal	18,252	22,647
Interest and dividends received	526	622
Interest paid	△1,798	△1,688
Income taxes refund (paid)	△1,609	△842
Net cash provided by (used in) operating activities	15,371	20,739
Cash flows from investing activities		
Purchase of non-current assets	△16,955	△12,605
Proceeds from sale of non-current assets	138	3,586
Proceeds from contribution received for construction	5,681	6,653
Purchase of investment securities	△195	△1,470
Other, net	△522	△318
Net cash provided by (used in) investing activities	△11,852	△4,153
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	△1,730	△2,860
Net increase (decrease) in commercial papers	7,000	8,000
Proceeds from long-term borrowings	11,200	7,030
Repayments of long-term borrowings	△21,309	△29,032
Redemption of bonds	—	△10,000
Dividends paid	△2,809	△2,805
Other, net	△260	△200
Net cash provided by (used in) financing activities	△7,909	△29,868
Net increase (decrease) in cash and cash equivalents	△4,390	△13,282
Cash and cash equivalents at beginning of period	36,101	37,540
Cash and cash equivalents at end of period	31,710	24,257

Segment information

Six months ended September 30, 2022

Information on operating revenue and operating income or loss by reported segment

(Millions of yen)

	Transportation	Real Estate	Distribution	Leisure and Services	Construction	Other	Total	Adjustment	Consolidated
Operating revenue									
Revenues from external customers	45,834	22,280	11,565	13,312	15,184	62	108,240	—	108,240
Transactions with other segments	501	513	258	5,000	4,134	1,018	11,427	△11,427	—
Total	46,335	22,794	11,824	18,312	19,319	1,080	119,668	△11,427	108,240
Operating income (loss)	△885	6,657	925	1,624	980	△49	9,254	192	9,446

Six months ended September 30, 2023

Information on operating revenue and operating income or loss by reported segment

(Millions of yen)

	Transportation	Real Estate	Distribution	Leisure and Services	Construction	Other	Total	Adjustment	Consolidated
Operating revenue									
Revenues from external customers	48,068	24,668	12,770	14,510	17,586	66	117,672	—	117,672
Transactions with other segments	563	549	294	5,586	4,585	1,247	12,826	△12,826	—
Total	48,632	25,218	13,064	20,097	22,172	1,313	130,498	△12,826	117,672
Operating income (loss)	3,456	7,072	1,616	1,701	173	△58	13,961	276	14,237