Translation

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October 30, 2024

Consolidated Financial Results for the Six Months Ended September 30, 2024 (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
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Telephone: +81-06-6644-7145
Scheduled date to file semi-annual securities report: November 11, 2024
Scheduled date to commence dividend payments: December 5, 2024
Preparation of supplementary material on financial results: Yes
Holding of 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, 2024 (from April 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	123,579	5.0	18,256	28.2	19,822	49.4	12,550	41.5
September 30, 2023	117,672	8.7	14,237	50.7	13,268	61.5	8,867	24.6

Note: Comprehensive income For the six months ended September 30, 2024: ¥ 10,323 million [(23.5) %]
For the six months ended September 30, 2023: ¥ 13,490 million [115.3 %]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	110.84	—
September 30, 2023	78.32	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	925,021	313,482	32.3
March 31, 2024	950,650	307,102	30.8

Reference: Equity As of September 30, 2024: ¥ 298,685 million
As of March 31, 2024: ¥ 292,581 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	0.00	—	35.00	35.00
Fiscal year ending March 31, 2025	—	17.50			
Fiscal year ending March 31, 2025 (Forecast)			—	17.50	35.00

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

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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	262,400	8.6	32,700	6.1	33,000	12.6	21,200	(11.4)	187.23

Note: Revisions to the forecast of consolidated financial results most recently announced: None

* Notes

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of semi-annual 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: Yes
(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, 2024	113,402,446	shares	As of March 31, 2024	113,402,446	shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2024	173,265	shares	As of March 31, 2024	171,350	shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024	113,230,057	shares	Six months ended September 30, 2023	113,229,993	shares

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	43,286	18,992
Notes and accounts receivable - trade, and contract assets	23,009	27,470
Merchandise and finished goods	21,163	23,119
Work in process	557	1,172
Raw materials and supplies	3,300	3,360
Other	14,096	12,449
Allowance for doubtful accounts	(59)	(84)
Total current assets	105,354	86,480
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	340,717	335,991
Land	353,198	354,211
Construction in progress	34,337	28,946
Other, net	34,743	33,554
Total property, plant and equipment	762,996	752,704
Intangible assets	10,265	9,834
Investments and other assets		
Investment securities	53,524	57,453
Retirement benefit asset	4,709	4,864
Other	14,428	14,305
Allowance for doubtful accounts	(627)	(621)
Total investments and other assets	72,033	76,001
Total non-current assets	845,296	838,540
Total assets	950,650	925,021

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,244	16,200
Short-term borrowings	80,524	70,848
Current portion of bonds payable	10,000	10,000
Income taxes payable	7,615	4,874
Provision for bonuses	3,040	3,156
Other	63,577	57,846
Total current liabilities	182,002	162,927
Non-current liabilities		
Bonds payable	120,000	120,000
Long-term borrowings	220,455	207,509
Retirement benefit liability	18,962	19,163
Other	102,127	101,938
Total non-current liabilities	461,545	448,612
Total liabilities	643,548	611,539
Net assets		
Shareholders' equity		
Share capital	72,983	72,983
Capital surplus	28,153	28,167
Retained earnings	134,531	143,075
Treasury shares	(463)	(468)
Total shareholders' equity	235,205	243,758
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	21,043	18,842
Revaluation reserve for land	34,733	34,731
Remeasurements of defined benefit plans	1,598	1,353
Total accumulated other comprehensive income	57,375	54,927
Non-controlling interests	14,520	14,797
Total net assets	307,102	313,482
Total liabilities and net assets	950,650	925,021

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, 2023	Six months ended September 30, 2024
Operating revenue	117,672	123,579
Operating expenses		
Operating expenses and cost of sales of transportation	99,887	101,506
Selling, general and administrative expenses	3,546	3,816
Total operating expenses	103,434	105,322
Operating income	14,237	18,256
Non-operating income		
Interest income	13	13
Dividend income	640	3,094
Miscellaneous income	321	287
Total non-operating income	974	3,395
Non-operating expenses		
Interest expenses	1,711	1,584
Miscellaneous expenses	232	244
Total non-operating expenses	1,944	1,828
Ordinary income	13,268	19,822
Extraordinary income		
Contribution received for construction	153	8,894
Other	2	85
Total extraordinary income	156	8,980
Extraordinary losses		
Tax purpose reduction entry of contribution for construction	150	8,890
Loss on valuation of investment securities	332	－
Other	42	1,498
Total extraordinary losses	525	10,389
Profit before income taxes	12,899	18,413
Income taxes - current	2,463	4,357
Income taxes - deferred	1,466	1,179
Total income taxes	3,929	5,537
Profit	8,969	12,876
Profit attributable to non-controlling interests	101	326
Profit attributable to owners of parent	8,867	12,550

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	8,969	12,876
Other comprehensive income		
Valuation difference on available-for-sale securities	4,823	(2,294)
Deferred gains or losses on hedges	0	—
Remeasurements of defined benefit plans, net of tax	(302)	(258)
Total other comprehensive income	4,520	(2,552)
Comprehensive income	13,490	10,323
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,211	10,103
Comprehensive income attributable to non-controlling interests	278	219

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	12,899	18,413
Depreciation	13,545	13,830
Reduction entry of land contribution for construction	150	8,890
Interest and dividend income	(653)	(3,108)
Interest expenses	1,711	1,584
Contribution received for construction	(153)	(8,894)
Decrease (increase) in trade receivables	(921)	(712)
Increase (decrease) in trade payables	(4,695)	(7,063)
Decrease (increase) in inventories	777	(2,660)
Other, net	(12)	(857)
Subtotal	22,647	19,421
Interest and dividends received	622	3,107
Interest paid	(1,688)	(1,550)
Income taxes refund (paid)	(842)	(6,761)
Net cash provided by (used in) operating activities	20,739	14,218
Cash flows from investing activities		
Purchase of non-current assets	(12,605)	(17,065)
Proceeds from sale of non-current assets	3,586	364
Proceeds from contribution received for construction	6,653	5,695
Purchase of investment securities	(1,470)	(7,258)
Other, net	(318)	(351)
Net cash provided by (used in) investing activities	(4,153)	(18,616)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,860)	(190)
Net increase (decrease) in commercial papers	8,000	7,000
Proceeds from long-term borrowings	7,030	3,360
Repayments of long-term borrowings	(29,032)	(25,791)
Proceeds from issuance of bonds	—	9,931
Redemption of bonds	(10,000)	(10,000)
Dividends paid	(2,805)	(3,933)
Other, net	(200)	(373)
Net cash provided by (used in) financing activities	(29,868)	(19,996)
Net increase (decrease) in cash and cash equivalents	(13,282)	(24,394)
Cash and cash equivalents at beginning of period	37,540	42,402
Cash and cash equivalents at end of period	24,257	18,008

Segment information

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
Sales									
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

Six months ended September 30, 2024

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
Sales									
Revenues from external customers	54,769	20,543	13,993	15,179	19,034	59	123,579	—	123,579
Transactions with other segments	571	586	306	5,064	4,224	1,309	12,062	(12,062)	—
Total	55,341	21,130	14,299	20,243	23,259	1,368	135,642	(12,062)	123,579
Operating income (loss)	7,728	6,602	2,131	1,084	637	(173)	18,010	246	18,256