

**Semiannual Consolidated Financial Statements
(Unaudited)**

**Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries**

*Six-month periods ended September 30, 2024 and 2023
with Independent Auditor's Review Report*

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Semiannual Consolidated Financial Statements (Unaudited)

Six-month periods ended September 30, 2024 and 2023

Contents

Independent Auditor's Review Report	1
Semiannual Consolidated Financial Statements (Unaudited)	
Semiannual Consolidated Balance Sheet (Unaudited)	4
Semiannual Consolidated Statements of Income (Unaudited)	6
Semiannual Consolidated Statements of Comprehensive Income (Unaudited)	7
Semiannual Consolidated Statements of Changes in Net Assets (Unaudited)	8
Semiannual Consolidated Statements of Cash Flows (Unaudited)	10
Notes to Semiannual Consolidated Financial Statements (Unaudited)	11

Independent Auditor's Interim Review Report

The Board of Directors
Central Nippon Expressway Company Limited

Auditor's Conclusion

We have reviewed the accompanying semiannual consolidated financial statements of Central Nippon Expressway Company Limited and its consolidated subsidiaries (the Group), which comprise the semiannual consolidated balance sheet as at September 30, 2024, and the semiannual consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the six-month periods ended September 30, 2024 and 2023, and notes to the semiannual consolidated financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying semiannual consolidated financial statements are not prepared, in all material respects, in accordance with accounting principles for semiannual consolidated financial statements generally accepted in Japan.

We have previously audited, in accordance with auditing standards generally accepted in Japan, the consolidated balance sheet of the Group as at March 31, 2024, and the related consolidated statements of income, comprehensive income, changes in net assets and cash flows for the year then ended (not presented herein); and in our report dated June 24, 2024, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as at March 31, 2024, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Auditor's Conclusion

We conducted our review in accordance with review standards for interim financial statements generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Review of the Semiannual Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our review of the semiannual consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained provides a basis for our conclusion.

Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Semiannual Consolidated Financial Statements

Management is responsible for the preparation of these semiannual consolidated financial statements in accordance with accounting principles for semiannual financial statements generally accepted in Japan, and for the internal controls as management determines are necessary to enable the preparation of semiannual consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the semiannual consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, including the disclosures related to matters of going concern as required by accounting principles for semiannual financial statements generally accepted in Japan.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Review of the Semiannual Consolidated Financial Statements

Our responsibility is to express a conclusion on these semiannual consolidated financial statements based on our review.

As part of a review in accordance with review standards for interim financial statements generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the review. We also:

- Make inquiries, primarily of management and persons responsible for financial and accounting matters and apply analytical and other interim review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan.
- Conclude based on the evidence obtained whether anything has come to our attention that causes us to believe that the semiannual consolidated financial statements are not prepared in accordance with accounting principles for semiannual financial statements generally accepted in Japan, should we determine that a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. Additionally, if we conclude that a material uncertainty exists, we are required to draw attention in our auditor's interim review report to the related disclosures in the semiannual consolidated financial statements or, if such disclosures are inadequate, to modify our conclusion. Our conclusions are based on the evidence obtained up to the date of our auditor's interim review report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether anything has come to our attention that causes us to believe that the overall presentation and disclosure of the semiannual consolidated financial statements are not prepared in accordance with accounting principles for semiannual financial statements generally accepted in Japan.
- Obtain evidence regarding the financial information of the entities or business activities within the Group as a basis for expressing a conclusion on the semiannual consolidated financial statements. We are responsible for the direction, supervision and review of the documentation of the interim review. We remain solely responsible for our conclusion.

We communicate with the Corporate Auditor and the Board of Corporate Auditors regarding the planned scope and timing of the review and significant review findings.

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our review of the semiannual consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Convenience Translation

We have reviewed the translation of these semiannual consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, based on our review, the accompanying semiannual consolidated financial statements have been properly translated on the basis described in Note 1(a).

Ernst & Young ShinNihon LLC
Nagoya, Japan

December 25, 2024

/s/ Tomohisa Yura
Tomohisa Yura
Designated Engagement Partner
Certified Public Accountant

/s/ Hirotaka Mizutani
Hirotaka Mizutani
Designated Engagement Partner
Certified Public Accountant

/s/ Mitsuhiro Otani
Mitsuhiro Otani
Designated Engagement Partner
Certified Public Accountant

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Semiannual Consolidated Balance Sheet (Unaudited)

September 30, 2024

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1(a))</i>
	<u>September 30, 2024</u>	<u>March 31, 2024</u>	<u>September 30, 2024</u>
Assets			
Current assets:			
Cash and deposits <i>(Note 9)</i>	¥ 63,406	¥ 227,530	\$ 444,237
Accounts receivable due from expressway business operations	122,792	147,998	860,310
Other accounts receivable and contract assets	50,973	59,703	357,129
Inventories	1,765,697	1,614,202	12,370,889
Other current assets	105,506	94,316	739,200
Allowance for doubtful accounts	(35)	(41)	(245)
Total current assets	<u>2,108,339</u>	<u>2,143,708</u>	<u>14,771,520</u>
 Property and equipment <i>(Notes 4 and 13):</i>			
Buildings	82,329	81,763	576,816
Structures	71,982	71,794	504,323
Machinery and equipment	129,205	127,471	905,241
Vehicles	55,110	53,991	386,114
Tools, furniture and fixtures	20,159	19,984	141,239
Land <i>(Note 4)</i>	119,863	119,976	839,788
Leased assets	8,712	9,309	61,038
Construction in progress	12,234	7,859	85,714
Less accumulated depreciation	(230,930)	(223,499)	(1,617,950)
Total property and equipment	<u>268,664</u>	<u>268,648</u>	<u>1,882,323</u>
 Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliates <i>(Notes 10 and 13)</i>	8,900	8,904	62,355
Investments in securities <i>(Notes 3, 4 and 10)</i>	438	338	3,069
Intangible fixed assets	11,840	13,897	82,954
Deferred income taxes	3,281	3,571	22,987
Asset for retirement benefits	1,732	1,598	12,135
Others <i>(Note 4)</i>	5,420	5,222	37,974
Allowance for doubtful accounts	(71)	(70)	(497)
Total investments and other assets	<u>31,540</u>	<u>33,460</u>	<u>220,977</u>
 Deferred assets:			
Bond issuance expenses for road construction	2,057	2,004	14,411
Total assets <i>(Notes 4 and 13)</i>	<u>¥ 2,410,600</u>	<u>¥ 2,447,820</u>	<u>\$ 16,889,231</u>

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1(a))</i>
	September 30, 2024	March 31, 2024	September 30, 2024
Liabilities			
Current liabilities:			
Accounts payable due to expressway business operations	¥ 88,201	¥ 162,137	\$ 617,957
Short-term debt, including current portion of long-term debt (Notes 4 and 10)	54,533	112,686	382,071
Current portion of lease obligations	1,200	1,160	8,407
Other accounts payable	22,886	41,279	160,345
Income and other taxes payable	6,636	2,300	46,493
Contract liabilities	36,631	31,704	256,645
Accrued employees' bonuses	5,154	4,905	36,110
Allowance for loss on work in process for road construction (Note 5)	1,426	1,295	9,991
Other current liabilities	8,786	8,185	61,557
Total current liabilities (Note 13)	225,453	365,651	1,579,576
Long-term liabilities:			
Long-term debt (Notes 4 and 10)	1,810,355	1,722,480	12,683,774
Lease obligations	3,689	3,116	25,846
Deferred income taxes	96	103	673
Liabilities for retirement benefits	52,295	53,115	366,391
Accrued retirement benefits for directors, audit and supervisory board members and corporate officers	146	170	1,023
Others	28,182	28,948	197,449
Total long-term liabilities (Note 13)	1,894,763	1,807,932	13,275,156
Contingent liabilities (Note 5)			
Net assets:			
Shareholder's equity (Notes 6 and 8):			
Common stock	65,000	65,000	455,405
Authorized : 520,000,000 shares			
Issued : 130,000,000 shares at September 30, 2024 and March 31, 2024			
Capital surplus	73,012	73,012	511,540
Retained earnings	153,810	137,640	1,077,629
Total shareholder's equity	291,822	275,652	2,044,574
Accumulated other comprehensive income (loss):			
Net unrealized holding gain on securities (Note 3)	361	412	2,529
Translation adjustments	46	69	322
Retirement benefits liability adjustments	(2,142)	(2,175)	(15,007)
Total accumulated other comprehensive loss	(1,735)	(1,694)	(12,156)
Non-controlling interests (Note 8)	297	279	2,081
Total net assets (Note 8)	290,384	274,237	2,034,499
Total liabilities and net assets	¥ 2,410,600	¥ 2,447,820	\$ 16,889,231

See notes to semiannual consolidated financial statements.

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Semiannual Consolidated Statements of Income (Unaudited)

Six-month periods ended September 30, 2024 and 2023

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1(a))</i>
	For the six-month periods ended		
	September 30, 2024	September 30, 2023	September 30, 2024
Operating revenues (Notes 12 and 13)	¥ 480,894	¥ 459,308	\$ 3,369,257
Operating expenses:			
Road assets leasing expenses	247,624	238,312	1,734,912
Cost of sales and administrative expenses for expressway business operations	187,757	170,639	1,315,470
Selling, general and administrative expenses	23,800	23,584	166,749
Total operating expenses	459,181	432,535	3,217,131
Operating income (Note 13)	21,713	26,773	152,126
Other income (expenses):			
Interest income	16	2	112
Interest expenses	(20)	(23)	(140)
Land and property rental fees	91	96	638
Amortization of negative goodwill (Note 13)	171	171	1,198
Equity in earnings of affiliates	225	144	1,576
Income from causative person	125	109	876
Foreign exchange loss	(10)	(21)	(70)
Gain on sales of fixed assets	1	4	7
Loss on sales of fixed assets	(2)	(3)	(14)
Loss on disposal of fixed assets	(69)	(126)	(483)
Others	130	97	910
Profit before income taxes	22,371	27,223	156,736
Income taxes:			
Current	5,886	5,972	41,238
Deferred	295	(406)	2,067
	6,181	5,566	43,305
Profit	16,190	21,657	113,431
Profit attributable to:			
Non-controlling interests	20	19	140
Owner of parent (Note 8)	¥ 16,170	¥ 21,638	\$ 113,291

See notes to semiannual consolidated financial statements.

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Semiannual Consolidated Statements of Comprehensive Income (Unaudited)

Six-month periods ended September 30, 2024 and 2023

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1(a))</i>
	For the six-month periods ended		
	September 30, 2024	September 30, 2023	September 30, 2024
Profit	¥ 16,190	¥ 21,657	\$ 113,431
Other comprehensive income (loss):			
Net unrealized holding gain on securities	1	26	7
Translation adjustments	(23)	21	(161)
Retirement benefits liability adjustments	35	933	245
Share of other comprehensive (loss) income of affiliates accounted for by the equity method	(54)	142	(378)
Total other comprehensive (loss) income	(41)	1,122	(287)
Comprehensive income	¥ 16,149	¥ 22,779	\$ 113,144
Total comprehensive income attributable to:			
Owner of parent	¥ 16,129	¥ 22,760	\$ 113,004
Non-controlling interests	¥ 20	¥ 19	\$ 140

See notes to semiannual consolidated financial statements.

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Semiannual Consolidated Statements of Changes in Net Assets (Unaudited)

Six-month periods ended September 30, 2024 and 2023

<i>Millions of yen</i>					
	Number of shares in issue	Common stock	Capital surplus	Retained earnings	Total shareholder's equity
Balance at April 1, 2023	130,000,000	¥ 65,000	¥ 73,012	¥ 128,065	¥ 266,077
Profit attributable to owner of parent for the period	—	—	—	21,638	21,638
Other changes	—	—	—	—	—
Balance at September 30, 2023	130,000,000	65,000	73,012	149,703	287,715
Balance at April 1, 2024	130,000,000	65,000	73,012	137,640	275,652
Profit attributable to owner of parent for the period	—	—	—	16,170	16,170
Other changes	—	—	—	—	—
Balance at September 30, 2024	130,000,000	¥ 65,000	¥ 73,012	¥ 153,810	¥ 291,822

<i>Millions of yen</i>						
Accumulated other comprehensive income (loss)						
	Net unrealized holding gain on securities	Translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income (loss)	Non- controlling interests	Total net assets
Balance at April 1, 2023	¥ 258	¥ 40	¥ (9,422)	¥ (9,124)	¥ 270	¥ 257,223
Profit attributable to owner of parent for the period	—	—	—	—	—	21,638
Other changes	165	21	936	1,122	19	1,141
Balance at September 30, 2023	423	61	(8,486)	(8,022)	289	280,002
Balance at April 1, 2024	412	69	(2,175)	(1,694)	279	274,237
Profit attributable to owner of parent for the period	—	—	—	—	—	16,170
Other changes	(51)	(23)	33	(41)	18	(23)
Balance at September 30, 2024	¥ 361	¥ 46	¥ (2,142)	¥ (1,735)	¥ 297	¥ 290,384

See notes to semiannual consolidated financial statements.

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Semiannual Consolidated Statements of Changes in Net Assets (Unaudited)
(continued)

Six-month periods ended September 30, 2024 and 2023

	<i>Thousands of U.S. dollars (Note 1(a))</i>			
	Common stock	Capital surplus	Retained earnings	Total shareholder's equity
Balance at April 1, 2024	\$ 455,405	\$ 511,540	\$ 964,338	\$ 1,931,283
Profit attributable to owner of parent for the period	—	—	113,291	113,291
Other changes	—	—	—	—
Balance at September 30, 2024	\$ 455,405	\$ 511,540	\$ 1,077,629	\$ 2,044,574

	<i>Thousands of U.S. dollars (Note 1(a))</i>					
	Accumulated other comprehensive income (loss)			Total accumulated other comprehensive income (loss)	Non-controlling interests	Total net assets
	Net unrealized holding gain on securities	Translation adjustments	Retirement benefits liability adjustments			
Balance at April 1, 2024	\$ 2,887	\$ 483	\$ (15,239)	\$ (11,869)	\$ 1,955	\$ 1,921,369
Profit attributable to owner of parent for the period	—	—	—	—	—	113,291
Other changes	(358)	(161)	232	(287)	126	(161)
Balance at September 30, 2024	\$ 2,529	\$ 322	\$ (15,007)	\$ (12,156)	\$ 2,081	\$ 2,034,499

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Semiannual Consolidated Statements of Cash Flows (Unaudited)

Six-month periods ended September 30, 2024 and 2023

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1(a))</i>
	For the six-month periods ended		
	September 30, 2024	September 30, 2023	September 30, 2024
Cash flows from operating activities:			
Profit before income taxes	¥ 22,371	¥ 27,223	\$ 156,736
Depreciation and amortization (Note 13)	13,282	14,184	93,057
Equity in earnings of affiliates	(225)	(144)	(1,576)
Increase in accrued employees' bonuses	249	391	1,745
Decrease in allowance for doubtful accounts	(4)	(7)	(28)
Decrease in assets and liabilities for retirement benefits	(931)	(709)	(6,523)
Interest and dividend income	(28)	(14)	(196)
Interest expenses	2,741	1,221	19,204
Loss (gain) on sales of fixed assets	1	(1)	7
Loss on disposal of fixed assets	117	126	820
Decrease (increase) in accounts receivable due from expressway business operations	23,059	(54,555)	161,557
Increase in inventories (Note 9)	(151,383)	(110,770)	(1,060,625)
Decrease in accounts payable due to expressway business operations	(89,284)	(73,423)	(625,545)
Increase (decrease) in other accounts payable	4,039	(10,887)	28,298
Others	(1,283)	2,094	(8,989)
Subtotal	(177,279)	(205,271)	(1,242,058)
Interest and dividends received	200	41	1,401
Interest paid	(2,547)	(1,161)	(17,845)
Income taxes paid	(1,487)	(1,072)	(10,418)
Net cash used in operating activities	(181,113)	(207,463)	(1,268,920)
Cash flows from investing activities:			
Increase in time deposits	(23)	(23)	(161)
Decrease in time deposits	193	—	1,352
Payment for purchase of investments in securities	(99)	—	(694)
Payments for purchase of fixed assets	(11,188)	(10,831)	(78,386)
Proceeds from sales of fixed assets	0	152	0
Others	(148)	55	(1,036)
Net cash used in investing activities	(11,265)	(10,647)	(78,925)
Cash flows from financing activities:			
Decrease in short-term loans, net	(8,128)	(91,956)	(56,947)
Proceeds from long-term loans	538	953	3,769
Repayments of long-term loans (Note 9)	(373)	(1,624)	(2,613)
Proceeds from issuance of bonds for road construction	259,008	336,006	1,814,671
Redemption of bonds for road construction (Notes 5 and 9)	(217,329)	(41,789)	(1,522,658)
Redemption of other bonds	(4,529)	—	(31,731)
Cash dividends paid to non-controlling shareholders	(2)	—	(14)
Others	(735)	(792)	(5,150)
Net cash provided by financing activities	28,450	200,798	199,327
Effect of exchange rate changes on cash and cash equivalents	(25)	34	(175)
Net decrease in cash and cash equivalents	(163,953)	(17,278)	(1,148,693)
Cash and cash equivalents at beginning of the period	226,969	125,275	1,590,198
Cash and cash equivalents at end of the period (Note 9)	¥ 63,016	¥ 107,997	\$ 441,505

See notes to semiannual consolidated financial statements.

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)

September 30, 2024

1. Summary of Significant Accounting Policies

(a) Basis of presentation

The accompanying semiannual consolidated financial statements of Central Nippon Expressway Company Limited (the “Company”) and its consolidated subsidiaries (collectively, the “Group”) are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the semiannual consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

The semiannual consolidated financial statements of the Group are prepared in accordance with the “Regulations Concerning the Terminology, Forms and Preparation Methods of Consolidated Financial Statements” (“Regulations for Consolidated Financial Statements”) (Ministry of Finance Ordinance No. 28, 1976). In addition, the Group falls under the category of a company listed in the upper column of Item 3 of the table in Article 24-5, Paragraph 1 of the Financial Instruments and Exchange Law, and prepares Type 2 semiannual consolidated financial statements in accordance with the provisions of Part 1 and Part 4 of the Regulations for Consolidated Financial Statements.

In preparing the accompanying semiannual consolidated financial statements, certain reclassifications have been made to the semiannual consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan. In addition, certain notes included herein are not required under accounting principles generally accepted in Japan but are presented as other explanatory information.

The consolidated balance sheet at March 31, 2024, presented herein for comparative purposes, is derived from the audited consolidated balance sheet.

Certain reclassifications of previously reported amounts have been made to conform the semiannual consolidated financial statements for the six-month period ended September 30, 2023, to the 2024 presentation. Such reclassifications had no effect on consolidated profit or net assets.

The translation of Japanese yen amounts into U.S. dollars is included solely for the convenience of the reader and has been made at ¥142.73 = U.S. \$1.00, the approximate rate of exchange in effect on September 30, 2024. This translation should not be construed as a representation that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollar amounts at the above or any other rate.

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

1. Summary of Significant Accounting Policies (continued)

(b) Principles of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The accompanying semiannual consolidated financial statements include the accounts of the Company and its 23 consolidated subsidiaries for the six-month periods ended September 30, 2024 and 2023. The Company has applied the equity method to its investments in 9 significant affiliates for the purpose of the semiannual consolidated financial statements for the six-month periods ended September 30, 2024 and 2023.

For affiliated companies whose semiannual period-end is different than that of the Company, the affiliated companies' financial statements have been included in consolidation on the basis of their corresponding full semiannual periods or provisional semiannual financial statements are prepared as of and for the six-month period ended September 30, which is the same as that of the Company.

The principles of consolidation are to include significant subsidiaries over which substantial control is exerted either through majority ownership of voting stock and/or by other means. In addition, significant affiliates, over which the consolidated Group exercises substantial control in various ways, are accounted for by the equity method.

All significant intercompany transactions and accounts have been eliminated in consolidation.

Other subsidiaries and affiliates are not significant in terms of their total assets, profit or loss, and retained earnings. Accordingly, these other subsidiaries and affiliates have not been consolidated nor are they accounted for by the equity method. Investments in such subsidiaries and affiliates are stated at cost unless there has been a permanent decline in the value of such investments. In such case, the Company is required to write down the investments.

Goodwill is amortized using the straight-line method over the respective determinable useful lives or a period of 5 years if the useful lives are indeterminable. Goodwill is charged to income in the year of acquisition if immaterial.

Negative goodwill is credited to income when incurred. Negative goodwill recognized on or before March 31, 2010 is being amortized using the straight-line method over a period of 20 years.

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

1. Summary of Significant Accounting Policies (continued)

(c) Foreign currency translation

All monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, and differences arising from the translation are credited or charged to income.

Assets and liabilities of the overseas subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date of the subsidiaries, and revenues and expenses are translated at the average rates of exchange for the six-month period. Differences arising from the translation are reflected in “Translation adjustments” as a component of “Accumulated other comprehensive income (loss)”.

(d) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash in banks which can be withdrawn at any time and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.

(e) Investments in securities

Securities, other than those of unconsolidated subsidiaries and affiliates, are classified into three categories: trading securities, held-to-maturity debt securities and other securities.

Trading securities, consisting of debt and marketable equity securities, are stated at fair value. Gain or loss, both realized and unrealized, is credited or charged to income. Held-to-maturity debt securities are stated at amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, reported as a separate component of Accumulated other comprehensive income (loss). Cost of securities sold is determined by the moving average method. Non-marketable securities classified as other securities are carried at cost determined by the moving average method.

Under the Companies Act of Japan (the “Act”), unrealized holding gain on other securities, net of the related taxes, is not available for distribution as dividends.

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

1. Summary of Significant Accounting Policies (continued)

(f) Inventories

Work in process for road construction is determined by the individual cost method.

Acquisition costs of work in process for road construction include costs for road construction, costs for acquiring land, related incidental costs, labor costs for road construction and removal costs and other related costs.

Interest expense incurred for work in process for road construction up to the date of completion is capitalized as a part of the work in process for road construction.

Merchandise, finished goods and work in process are principally stated at lower of cost, determined by the individual cost method, or net selling value.

Raw materials and supplies are principally stated at lower of cost, determined by the first-in first-out method, or net selling value.

(g) Allowance for doubtful accounts

Allowance for doubtful accounts is provided based on the actual historical percentage of bad debts and an estimate of uncollectible amounts determined by an assessment of individual receivables.

(h) Property and equipment (except for leased assets)

Depreciation of property and equipment of the Company and its consolidated subsidiaries is calculated principally by the straight-line method based on the estimated useful lives and the residual value determined by the Company. Significant renewals and additions are capitalized at cost. Maintenance and repairs are charged to income as incurred. The estimated useful lives of the assets are as follows:

Buildings:	3 to 50 years
Structures:	3 to 60 years
Machinery and equipment:	4 to 17 years

The Company succeeded certain property and equipment from the Japan Highway Public Corporation ("JHPC") when the Company was established on October 1, 2005. The estimated useful lives of property and equipment transferred to the Company from the JHPC are determined based on the respective estimated useful lives of used assets.

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

1. Summary of Significant Accounting Policies (continued)

(i) Intangible fixed assets (except for leased assets)

Amortization of intangible fixed assets is calculated by the straight-line method over the estimated useful lives of the respective assets.

Expenditures related to computer software development for internal use are charged to income as incurred, unless these contribute to the generation of future income or cost savings. Such expenditures are capitalized as assets and amortized by the straight-line method over their estimated useful life of 5 years.

(j) Leased assets

Leased assets under finance lease transactions which transfer ownership to the lessee are capitalized and depreciated or amortized by the method applied to assets owned by the Company.

Leased assets under finance lease transactions which do not transfer ownership to the lessee are capitalized and depreciated or amortized over the respective lease terms to a nil residual value by the straight-line method.

(k) Bond issuance expenses

Bond issuance expenses for road construction and other bond issuance expenses are capitalized and amortized by the straight-line method over the term of the bonds.

(l) Derivatives and hedging activities

The Company has entered into currency swap contracts and interest-rate swap contracts to hedge its exposure to exchange rate fluctuation risk and interest rate fluctuation risk corresponding to corporate bonds and loans denominated in foreign currencies based on internal regulations.

Gains or losses on derivatives positions designated as hedges are principally deferred until the gains or losses on the respective underlying hedged items are recognized.

Currency swap contracts that meet certain conditions are accounted for by the allocation method, which requires that the recognized foreign currency transaction be translated at the corresponding currency swap contract rate. Interest-rate swap contracts that meet certain conditions are accounted for by the special treatment. Under the treatment, the net amount to be paid or received under the contracts is added to or deducted from the interest on the hedged items, by treating them as a single item.

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

1. Summary of Significant Accounting Policies (continued)

(l) Derivatives and hedging activities (continued)

The Company measures hedge effectiveness by comparing the cumulative changes in cash flows or fair value of the hedging instrument and the hedged item, except for the currency swaps accounted for by the allocation method and the interest-rate swaps accounted for by the special treatment, for which the measurement of hedge effectiveness is omitted.

(m) Income taxes

Deferred tax assets and liabilities have been recognized in the semiannual consolidated financial statements with respect to the differences between the financial reporting and tax bases of the assets and liabilities, and were measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(n) Accrued employees' bonuses

Accrued employees' bonuses are provided at the estimated amount of bonuses to be paid to the employees in the current fiscal year which has been allocated to the six-month period ended September 30, 2024.

(o) Allowance for loss on work in process for road construction

Allowance for loss on work in process for road construction is provided at the estimated amount of losses on work in process for road construction at the end of the six-month period ended September 30, 2024 expected to be incurred, which can be reasonably estimated in order to prepare for future losses on transfer of road assets.

(p) Retirement benefits

The liabilities for retirement benefits is provided based on the amount of the projected benefit obligation reduced by the pension plan assets at fair value at the end of the period.

The retirement benefit obligation is attributed to each period based on the benefit formula method over the estimated years of service of the eligible employees.

Certain consolidated subsidiaries calculate the liabilities for retirement benefits based on the simplified method. These domestic subsidiaries have calculated their retirement benefit obligation based on the amount which would be payable at the end of the fiscal year if all eligible employees terminated their services voluntarily.

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

1. Summary of Significant Accounting Policies (continued)

(p) Retirement benefits (continued)

Actuarial gain or loss is amortized in the year following the year in which such gain or loss is recognized principally by the straight-line method over a period from 10 years to 13 years, which is within the estimated average remaining years of service of the eligible employees. Actuarial gain or loss of certain consolidated subsidiaries is fully recognized in income or loss at the time of occurrence.

Prior service cost of certain consolidated subsidiaries is amortized by the straight-line method over a period from 10 years to 13 years, which is within the estimated average remaining years of service of the eligible employees. Prior service cost of certain consolidated subsidiaries is fully charged to income as incurred.

(q) Accrued retirement benefits for directors, audit and supervisory board members and corporate officers

Directors, audit and supervisory board members and corporate officers of the Company and certain consolidated domestic subsidiaries are entitled to lump-sum payments under unfunded retirement benefits plans. An estimate of the accrued retirement benefits for these officers has been made based on internal regulations.

(r) Recognition of revenues and costs

The main performance obligations of the Company and its consolidated subsidiaries in their principal business relating to revenues from contracts with customers and the normal timing to satisfy such performance obligations (the normal timing to recognize revenues) are as follows:

(1) Expressway business

The Group engages in construction, reconstruction, maintenance, repairs, disaster recovery, and other management activities involving the expressway business.

For operating revenues associated with toll fees, the Group recognizes revenues when customers use the roads the Company manages. The Electronic Toll Collection (“ETC”) mileage program is offered to customers who join the ETC mileage program. In accordance with the ETC mileage program, customers can receive discounts on expressway tolls based on the number of points that they accumulate. When the Group gives the points to customers, the Group recognizes revenues as providing additional services to customers and the performance obligations are satisfied when the services are provided to the customers in the future.

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

1. Summary of Significant Accounting Policies (continued)

(r) Recognition of revenues and costs (continued)

(1) Expressway business (continued)

For operating revenues associated with the completion of road assets, the Group recognizes revenues when the Company transfers work in process for road construction to the Japan Expressway Holding and Debt Repayment Agency (“JEHDRA”) in accordance with “the Regulation on Accounting in the Expressway Industry (Ordinance of the Ministry of Land, Infrastructure, Transport and Tourism No. 65 of 2005).”

In principle, pursuant to Article 51 of the Act on Special Measures concerning Road Construction and Improvement of Japan (the “Special Measures Act”), expressway assets constructed by the Company shall belong to the JEHDRA after the completion of construction. At the same time, pursuant to Article 15 of the Japan Expressway Holding and Debt Repayment Agency Act of Law (the “JEHDRA Act”), the debts borne by the Company for construction shall be assumed by JEHDRA. As such, operating revenues and related operating expenses are recognized once construction of the expressway assets is completed and JEHDRA assumes ownership.

(2) Rest area business

The Group engages in construction, management and operations of rest area businesses adjacent to expressways and fueling stations.

Operating revenues associated with rest area businesses are recognized in accordance with the normal rental transactions as the Group rents commercial facilities and land in service areas adjacent to expressways.

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

1. Summary of Significant Accounting Policies (continued)

(r) Recognition of revenues and costs (continued)

(3) Other related business

In commissioned business, the Group engages in construction, reconstruction, maintenance, repairs and other commissioned activities involving the roads based on consignment of business activities from the Japanese national and local government and, in principle, operating revenues are recognized over a specific period as the performance obligations are satisfied. In addition, the percentage of completion is determined based on the ratio of actual cost to estimated total cost (the input method), since the incurred cost is considered proportional to the percentage of completion made in satisfying performance obligations. However, in the event that the construction contracts are immaterial, for example, when the period from the commencement date to the date when it is expected that the performance obligations will be fully satisfied is short, operating revenues are recognized on the transfer date as the time when the performance obligations are satisfied. In addition, in the event that the Group charges service fees before providing a service based on contracts, the Group will receive its consideration before the performance obligations are satisfied.

In other related business, except for commissioned business, the Group mainly engages in retail business and others involving the related expressway business. Operating revenues of such business are recognized when services and goods are transferred to customers. If the Company and its consolidated subsidiaries act as an agent in transactions involving retail business, operating revenues are recognized based on net selling value.

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

2. Accounting Changes

Application of Accounting Standard for Current Income Taxes and others

The Group adopted “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (“ASBJ”) Statement No.27 issued on October 28, 2022, the “Revised Accounting Standard on 2022”) and others from the beginning of the six-month period ended September 30, 2024.

In accordance with the revision of the classification of income taxes (taxation on other comprehensive income), the transitional treatment prescribed in the proviso of Paragraph 20-3 of the Revised Accounting Standard on 2022 and the transitional treatment prescribed in the proviso of Paragraph 65-2 (2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No.28, issued by the ASBJ on October 28, 2022, the “Revised Guidance on Accounting Standard on 2022”) have been applied. This accounting change has no effect on the semiannual consolidated financial statements.

In addition, the Revised Guidance on Accounting Standard on 2022 has been applied from the beginning of the current interim period to revise the treatment in the consolidated financial statements of the deferral of gains or losses arising from the sale of shares of subsidiaries and other securities among consolidated companies for tax purposes. This accounting change in accounting policy has been applied retrospectively, and the consolidated financial statements as of the year ended March 31, 2024 and the semiannual consolidated financial statements for the six-month period ended September 30, 2023 have been prepared on retrospective bases. This accounting change has no impact on the consolidated financial statements as of the year ended March 31, 2024 and the semiannual consolidated financial statements for the six-month period ended September 30, 2023.

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

3. Securities

Held-to-maturity debt securities with fair value at September 30, 2024 and March 31, 2024 are as follows:

<i>Millions of yen</i>					
Held-to-maturity debt securities					
September 30, 2024			March 31, 2024		
Carrying value	Fair value	Unrealized gain (loss)	Carrying value	Fair value	Unrealized gain (loss)
Securities with fair value not exceeding carrying value:					
Corporate bonds	¥ 99	¥ 98	¥ (1)	¥ –	¥ –
Total	¥ 99	¥ 98	¥ (1)	¥ –	¥ –
<i>Thousands of U.S. dollars</i>					
Held-to-maturity debt securities					
September 30, 2024					
Carrying value	Fair value	Unrealized gain (loss)			
Securities with fair value not exceeding carrying value:					
Corporate bonds	\$ 694	\$ 687	\$ (7)		
Total	\$ 694	\$ 687	\$ (7)		

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

3. Securities (continued)

Other securities with available market value at September 30, 2024 and March 31, 2024 are as follows:

<i>Millions of yen</i>						
Other securities						
September 30, 2024			March 31, 2024			
Acquisition cost	Carrying value	Unrealized gain (loss)	Acquisition cost	Carrying value	Unrealized gain (loss)	
Securities with carrying value exceeding acquisition cost:						
Stocks	¥ 94	¥ 290	¥ 196	¥ 116	¥ 310	¥ 194
Securities with carrying value not exceeding acquisition cost:						
Stocks	¥ 22	¥ 21	¥ (1)	—	—	—
Total	¥ 116	¥ 311	¥ 195	¥ 116	¥ 310	¥ 194

<i>Thousands of U.S. dollars</i>			
Other securities			
September 30, 2024			
Acquisition cost	Carrying value	Unrealized gain (loss)	
Securities with carrying value exceeding acquisition cost:			
Stocks	\$ 659	\$ 2,032	\$ 1,373
Securities with carrying value not exceeding acquisition cost:			
Stocks	\$ 154	\$ 147	\$ (7)
Total	\$ 813	\$ 2,179	\$ 1,366

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

3. Securities (continued)

The Company recognizes loss on impairment of individual marketable securities classified as other securities at the end of the period if the market value declines by more than 50% compared with its carrying value and if the decline is deemed to be irrecoverable.

The Company recognizes loss on impairment of individual marketable securities classified as other securities if the market value declines within a range of 30% or more, but less than 50%, when recoverability is doubtful and a significant decline of market value has occurred to such an extent that: 1) the decline has been within a range of 30% or more and then less than 50% in the last two consecutive years; 2) the issuing corporation has a net asset deficiency; or 3) the issuing corporation recorded losses in the last two consecutive years and losses in the following year are anticipated.

Financial instruments such as stocks with no market price of ¥28 million (\$196 thousand) and ¥28 million at September 30, 2024 and March 31, 2024, respectively, are not included in the above table.

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

4. Pledged Assets

At September 30, 2024 and March 31, 2024, the total assets of the Company were pledged as collateral for the following bonds pursuant to Article 8 of the Act on Expressway Companies of Japan.

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	September 30, 2024	March 31, 2024	September 30, 2024
Bonds for road construction:			
Carrying value	¥ 1,643,784	¥ 1,601,654	\$11,516,738
Face value	1,643,784	1,601,654	11,516,738
Other bonds:			
Carrying value	¥ –	¥ 4,529	\$ –
Face value	–	4,529	–

In addition, at September 30, 2024 and March 31, 2024, the total assets of the Company were also pledged as collateral for bonds in the amounts of ¥642,948 million (\$4,504,645 thousand) and ¥745,952 million, respectively, assumed by JEHDRA pursuant to Article 15 of the JEHDRA Act.

At September 30, 2024 and March 31, 2024, the following assets, other than pledged assets outlined above under requirement of the Act on Expressway Companies of Japan and the JEHDRA Act, were pledged.

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	September 30, 2024	March 31, 2024	September 30, 2024
Buildings	¥ 573	¥ 588	\$ 4,015
Structures	33	34	231
Tools, furniture and fixtures	10	10	70
Land	235	235	1,646
Investments in securities	0	0	0
Others in Investments and other assets	27	27	189

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

5. Contingent Liabilities

(Guarantee obligations)

At September 30, 2024 and March 31, 2024, the Company provides the following debt guarantees:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	September 30, 2024	March 31, 2024	September 30, 2024
JEHDRA	¥ 170,000	¥ 220,000	\$ 1,191,060

Pursuant to Article 16 of the “Act regarding the Implementation of Acts Related to Privatization of the Japan Highway Public Corporation of Japan” (the “Implementation Act”), the Company is jointly and severally liable with JEHDRA, East Nippon Expressway Company Limited (“E-NEXCO”) and West Nippon Expressway Company Limited (“W-NEXCO”) for the loans and road bonds succeeded to by JEHDRA, E-NEXCO or W-NEXCO from the JHPC (excluding loans from the Japanese government, loans succeeded to by JEHDRA and bonds held by the Japanese government).

Pursuant to Article 15 of the JEHDRA Act, the Company is jointly and severally liable for the long-term debt transferred to JEHDRA corresponding to costs incurred for road construction, reconstruction, repairs, maintenance and disaster recovery.

At September 30, 2024 and March 31, 2024, the Company is jointly and severally liable with JEHDRA for the bonds and loans of JEHDRA transferred by the Company, which were originally financed by the Company, as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	September 30, 2024	March 31, 2024	September 30, 2024
JEHDRA	¥ 672,948	¥ 775,952	\$ 4,714,832

As a result of these transfers listed above, bonds for road construction decreased by ¥128,245 million (face value) (\$898,515 thousand) for the six-month period ended September 30, 2024.

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

5. Contingent Liabilities (continued)

(Contingent Liabilities)

On November 10, 2023, the Company announced that there was an error in the design of the bearing replacement work on the Tomei Expressway and that the Company had undertaken seismic reinforcement work based on certain drawings in the contract documents being mistaken on the Fuji-Yoshida Line of the Chuo Expressway.

As a result, estimated losses are recorded as allowance for loss on work in process for road construction for incurred expenses that can be reasonably estimated, however additional costs may be incurred.

6. Shareholder's Equity

The Act provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met.

Under the Act, upon the issuance and sale of new shares of common stock, the entire amount of the proceeds is required to be accounted for as common stock, although a company may, by resolution of the Board of Directors, account for an amount not exceeding one-half of the proceeds of the sale of new shares as capital surplus.

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

7. Leases

Future minimum lease payments subsequent to September 30, 2024 under non-cancellable operating leases related to road assets are summarized as follows:

Periods ending September 30,	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
2025	¥ 455,469	\$ 3,191,123
2026 and thereafter	16,985,177	119,002,151
	¥ 17,440,646	\$ 122,193,274

Pursuant to Article 13.5 of the JEHDRA Act and Article 6.2 of the Act on Expressway Companies of Japan, the Company and JEHDRA, the lessor, review the agreements including road assets leasing fees approximately every 5 years, which allows each party to propose amendments to the extent deemed necessary after the review.

However, if the agreement for the road assets leasing fees does not meet the criteria specified in Article 17 of the JEHDRA Act, or if any events that may adversely affect fair and efficient operations are noted, for example, both may propose amendments to the agreement at any time.

Lease fees may be increased or decreased in proportion to the amount of expressway tolls received from expressway users, if the actual toll amounts received fall short or are in excess of the estimated toll amounts.

Future minimum lease payments subsequent to September 30, 2024 under non-cancellable operating leases other than road assets are summarized as follows:

Periods ending September 30,	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
2025	¥ 1,423	\$ 9,970
2026 and thereafter	4,034	28,263
	¥ 5,457	\$ 38,233

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

8. Amounts per Share

Per share amounts for the six-month periods ended September 30, 2024 and 2023 are as follows:

	<i>Yen</i>		<i>U.S. dollars</i>
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Profit attributable to owner of parent:			
Basic	¥ 124.39	¥ 166.45	\$ 0.87

Basic profit attributable to owner of parent per share has been computed based on the profit attributable to owner of parent and the weighted-average number of shares of common stock outstanding during the period.

Diluted profit per share has not been presented because there were no potentially dilutive shares of common stock for the six-month periods ended September 30, 2024 and 2023.

Net assets per share as of September 30, 2024 and March 31, 2024 are as follows:

	<i>Yen</i>		<i>U.S. dollars</i>
	<u>September 30, 2024</u>	<u>March 31, 2024</u>	<u>September 30, 2024</u>
Net assets	¥ 2,231.44	¥ 2,107.37	\$ 15.63

Amounts per share of net assets have been computed based on the net assets available for distribution to the owner of parent and the number of shares of common stock outstanding at the end of the semiannual period or year end.

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

8. Amounts per Share (continued)

The financial data used in the computation of basic profit attributable to owner of parent per share for the six-month periods ended September 30, 2024 and 2023 is summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2024	2023	2024
Profit attributable to owner of parent	<u>¥ 16,170</u>	<u>¥ 21,638</u>	<u>\$ 113,291</u>
Adjusted profit attributable to owner of parent	<u>¥ 16,170</u>	<u>¥ 21,638</u>	<u>\$ 113,291</u>
	<i>Thousands of shares</i>		
	2024	2023	
Weighted-average number of shares of common stock outstanding	130,000	130,000	

The financial data used in the computation of net assets per share at September 30, 2024 and March 31, 2024 is summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	September 30, 2024	March 31, 2024	September 30, 2024
Total net assets	<u>¥ 290,384</u>	<u>¥ 274,237</u>	<u>\$ 2,034,499</u>
Deduction from total net assets:			
Non-controlling interests	<u>297</u>	<u>279</u>	<u>2,081</u>
Total net assets available to common shares	<u>¥ 290,087</u>	<u>¥ 273,958</u>	<u>\$ 2,032,418</u>
	<i>Thousands of shares</i>		
	September 30, 2024	March 31, 2024	
Number of shares of common stock used in the calculation of net assets per share	130,000	130,000	

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

9. Supplemental Information on Semiannual Consolidated Statements of Cash Flows

Reconciliations of cash and deposits at September 30, 2024 and 2023, and cash and cash equivalents in the accompanying semiannual consolidated statements of cash flows for the six-month periods then ended are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	September 30		
	2024	2023	2024
Cash and deposits	¥ 63,406	¥ 108,535	\$ 444,237
Deposits over three months	(390)	(538)	(2,732)
Cash and cash equivalents	¥ 63,016	¥ 107,997	\$ 441,505

As described in Note 1 (r) “Recognition of revenues and costs,” in principle, expressway assets constructed by the Company shall be transferred to JEHDRA after the completion of construction. Concurrently, the debts financed by the Company for construction shall be assumed by JEHDRA.

For the six-month periods ended September 30, 2024 and 2023, expressway assets constructed by the Company in the amounts of ¥93,451 million (\$654,740 thousand) and ¥88,076 million, respectively, were transferred to JEHDRA pursuant to Articles 51.2 through 51.4 of the Special Measures Act and, concurrently, the long-term loans of ¥323 million (\$2,263 thousand) related to ¥373 million (\$2,613 thousand) and ¥1,564 million related to ¥1,624 million for six-month periods ended September 30, 2024 and 2023, and bonds for road construction of ¥128,245 million (\$898,515 thousand) related to ¥217,329 million (\$1,522,658 thousand) and ¥41,789 million for the six-month periods ended September 30, 2024 and 2023, respectively, were assumed by JEHDRA pursuant to Article 15.1 of the JEHDRA Act.

Non-cash transactions outlined above are recognized and included in decrease in inventories, repayments of long-term loans and redemption of bonds for road construction in the semiannual consolidated statements of cash flows for the six-month periods ended September 30, 2024 and 2023.

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

10. Financial Instruments and Related Disclosures

Fair value of financial instruments

The carrying value of financial instruments on the accompanying semiannual consolidated balance sheet at September 30, 2024 and consolidated balance sheet at March 31, 2024 and their estimated fair value are shown in the following table.

Cash and deposits have not been presented due to the fact that the fair value of cash and deposits approximates the carrying value since cash has characteristic of cash and deposits are settled in a short period of time. In addition, accounts receivable due from expressway business operations, other accounts receivable and contract assets, accounts payable due to expressway business operations, short-term loans, other accounts payable and income and other taxes payable have not been presented due to the fact that the fair value of these items approximates the carrying value since these items are settled in a short period of time.

<i>Millions of yen</i>						
	September 30, 2024			March 31, 2024		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
Assets:						
Investments in securities (*1)	¥ 410	¥ 409	¥ (1)	¥ 310	¥ 310	¥ –
Total assets	¥ 410	¥ 409	¥ (1)	¥ 310	¥ 310	¥ –
Liabilities:						
Bonds for road construction (*2)	¥ 1,643,784	¥ 1,640,851	¥ (2,933)	¥ 1,601,654	¥ 1,595,382	¥ (6,272)
Current portion of other bonds	–	–	–	4,529	4,522	(7)
Long-term loans for road construction (*2)	170,633	158,197	(12,436)	170,418	161,026	(9,392)
Other long-term loans (*2)	50,471	49,686	(785)	50,521	49,651	(870)
Total liabilities	¥ 1,864,888	¥ 1,848,734	¥ (16,154)	¥ 1,827,122	¥ 1,810,581	¥ (16,541)

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

10. Financial Instruments and Related Disclosures (continued)

Fair value of financial instruments (continued)

<i>Thousands of U.S. dollars</i>			
September 30, 2024			
	Carrying value	Fair value	Difference
Assets:			
Investments in securities (*1):	\$ 2,873	\$ 2,866	\$ (7)
Total assets	<u>\$ 2,873</u>	<u>\$ 2,866</u>	<u>\$ (7)</u>
Liabilities:			
Bonds for road construction (*2)	\$ 11,516,738	\$ 11,496,189	\$ (20,549)
Current portion of other bonds	—	—	—
Long-term loans for road construction (*2)	1,195,495	1,108,365	(87,130)
Other long-term loans (*2)	353,612	348,112	(5,500)
Total liabilities	<u>\$ 13,065,845</u>	<u>\$ 12,952,666</u>	<u>\$ (113,179)</u>

*1 Financial instruments such as stocks with no market price at September 30, 2024 and March 31, 2024 are not included above tables, and are summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	September 30, 2024	March 31, 2024	September 30, 2024
Unlisted stocks:			
Investments in securities	¥ 8,928	¥ 8,932	\$ 62,551

*2 Bonds for road construction, long-term loans for road construction and other long-term loans include both current and non-current balances.

*3 Please refer to Note 11 “Derivative Financial Instruments and Hedging Activities” for information on derivative transactions.

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

10. Financial Instruments and Related Disclosures (continued)

Breakdown of fair value of financial instruments by hierarchy level

Fair value of financial instruments is categorized into the following three hierarchy levels according to the observability and materiality of the inputs used to calculate the fair value.

- Level 1 fair value : Fair value calculated based on quoted market prices in active markets for the assets or liabilities, which are among the inputs to calculate observable fair value.
- Level 2 fair value : Fair value calculated using inputs to calculate observable fair value other than that used in the calculation of Level 1 fair value.
- Level 3 fair value : Fair value calculated using inputs related to calculate the unobservable fair value.

When more than one input is used in the calculation of fair value, the fair value is classified based on the lowest level of input that is significant to the fair value measurement as a whole.

Financial instruments recorded at fair value at September 30, 2024 and March 31, 2024 in the consolidated balance sheets are as follows:

	<i>Millions of yen</i>			
	September 30, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments in securities:				
Other securities				
Stocks	¥ 311	¥ –	¥ –	¥ 311
Total assets	¥ 311	¥ –	¥ –	¥ 311
	<i>Millions of yen</i>			
	March 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments in securities:				
Other securities				
Stocks	¥ 310	¥ –	¥ –	¥ 310
Total assets	¥ 310	¥ –	¥ –	¥ 310

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

10. Financial Instruments and Related Disclosures (continued)

Breakdown of fair value of financial instruments by hierarchy level (continued)

<i>Thousands of U.S. dollars</i>				
September 30, 2024				
	Level 1	Level 2	Level 3	Total
Assets:				
Investments in securities:				
Other securities				
Stocks	\$ 2,179	\$ –	\$ –	\$ 2,179
Total assets	\$ 2,179	\$ –	\$ –	\$ 2,179

Financial instruments other than those recorded at fair value at September 30, 2024 and March 31, 2024 in the consolidated balance sheets are as follows:

<i>Millions of yen</i>				
September 30, 2024				
	Level 1	Level 2	Level 3	Total
Assets:				
Investments in securities				
Held-to-maturity debt securities				
Corporate bonds	¥ 98	¥ –	¥ –	¥ 98
Total assets	¥ 98	¥ –	¥ –	¥ 98

Liabilities:				
Bonds for road construction (*)	¥ –	¥ 1,640,851	¥ –	¥ 1,640,851
Long-term loans for road construction (*)	–	158,197	–	158,197
Other long-term loans (*)	–	49,686	–	49,686
Total liabilities	¥ –	¥ 1,848,734	¥ –	¥ 1,848,734

<i>Millions of yen</i>				
March 31, 2024				
	Level 1	Level 2	Level 3	Total
Liabilities:				
Bonds for road construction (*)	¥ –	¥ 1,595,382	¥ –	¥ 1,595,382
Current portion of other bonds	–	4,522	–	4,522
Long-term loans for road construction (*)	–	161,026	–	161,026
Other long-term loans (*)	–	49,651	–	49,651
Total liabilities	¥ –	¥ 1,810,581	¥ –	¥ 1,810,581

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

10. Financial Instruments and Related Disclosures (continued)

Breakdown of fair value of financial instruments by hierarchy level (continued)

<i>Thousands of U.S. dollars</i>				
September 30, 2024				
	Level 1	Level 2	Level 3	Total
Assets:				
Investments in securities				
Held-to-maturity debt securities				
Corporate bonds	\$ 687	\$ –	\$ –	\$ 687
Total assets	<u>\$ 687</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 687</u>
Liabilities:				
Bonds for road construction (*)	\$ –	\$ 11,496,189	\$ –	\$ 11,496,189
Long-term loans for road construction (*)	–	1,108,365	–	1,108,365
Other long-term loans (*)	–	348,112	–	348,112
Total liabilities	<u>\$ –</u>	<u>\$ 12,952,666</u>	<u>\$ –</u>	<u>\$ 12,952,666</u>

* Bonds for road construction, long-term loans for road construction and other long-term loans include both current and non-current balances.

Explanation of valuation methods used to calculate fair value and inputs used to calculate fair value is as follows:

Investments in securities

Fair value of listed stocks and corporate bonds is measured using quoted market prices. As they are traded in an active market, they are classified as Level 1 fair value.

Bonds for road construction and other bonds

Fair value of bonds issued by the Company is calculated mainly based on market prices. As they are traded infrequently in the market and are not considered to be quoted market prices in an active market, they are classified as Level 2 fair value.

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

10. Financial Instruments and Related Disclosures (continued)

Breakdown of fair value of financial instruments by hierarchy level (continued)

Long-term loans for road construction and other long-term loans

Fair value of long-term loans with floating interest rates is measured based on the carrying value, since these items reflect market interest rates in the short term and there have been no significant changes in the Company's financial condition that would negatively impact its credit status after execution. Fair value of long-term loans with fixed interest rates is calculated based on the discounted present value of the principal and interest payments using the corresponding fixed interest rates for new debt with the same terms and conditions. As they are not considered to be quoted market prices in an active market, they are classified as Level 2 fair value.

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

11. Derivative Financial Instruments and Hedging Activities

The contract amount and the fair value of the derivative instruments outstanding which qualified for hedge accounting at September 30, 2024 and March 31, 2024 are as follows:

			<i>Millions of yen</i>		
			September 30, 2024		
Hedge accounting method	Hedging instrument	Main hedged item	Contract amount	Contract amount payable after one year	Fair value
Allocation method for currency swaps	Currency swaps	Bonds for road construction	¥ 73,784	¥ 44,326	*1
Total			¥ 73,784	¥ 44,326	
			<i>Millions of yen</i>		
			March 31, 2024		
Hedge accounting method	Hedging instrument	Main hedged item	Contract amount	Contract amount payable after one year	Fair value
Allocation method for currency swaps	Currency swaps	Bonds for road construction	¥ 160,784	¥ 71,701	*1
Allocation method for currency swaps	Currency swaps	Other bonds	4,529	—	*2
Allocation method for currency swaps	Currency swaps	Short-term loans	8,044	—	*3
Integrated treatment of interest rate and currency swaps (special treatment, allocation method)	Currency swaps including interest-rate swaps	Bonds for road construction	10,870	—	*4
Total			¥ 184,227	¥ 71,701	
			<i>Thousands of U.S. dollars</i>		
			September 30, 2024		
Hedge accounting method	Hedging instrument	Main hedged item	Contract amount	Contract amount payable after one year	Fair value
Allocation method for currency swaps	Currency swaps	Bonds for road construction	\$ 516,948	\$ 310,558	*1
Total			\$ 516,948	\$ 310,558	

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

11. Derivative Financial Instruments and Hedging Activities (continued)

- *1 Because the currency swap contracts using the allocation method are accounted for as combined with the bonds for road construction as hedged items, their fair value is included in the fair value of such bonds for road construction.
- *2 Because the currency swap contracts using the allocation method are accounted for as combined with the other bonds as hedged items, their fair value is included in the fair value of such other bonds.
- *3 Because the currency swap contracts using the allocation method are accounted for as combined with the short-term loans as hedged items, their fair value is included in the fair value of such short-term loans.
- *4 Because the currency swap contracts using the allocation method and interest-rate swap contracts using the special treatment of interest-rate swaps are accounted for as combined with the bonds for road construction as hedged items, their fair value is included in the fair value of such bonds for road construction.

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

12. Revenue Recognition

Disaggregation of revenues from contracts with customers by segment

A disaggregation of revenues from contracts with customers for the six-month periods ended September 30, 2024 and 2023 is as follows:

<i>Millions of yen</i>				
2024				
Reportable segments				
	Expressway business	Rest area business	Other related business	Total
Toll fee	¥350,684	¥ –	¥ –	¥350,684
Completion of road assets	93,451	–	–	93,451
Revenues in commissioned business	0	–	15,511	15,511
Others	573	5,332	3,032	8,937
Revenues from contracts with customers	444,708	5,332	18,543	468,583
Other revenues	1	11,996	314	12,311
Sales to third parties	¥444,709	¥ 17,328	¥ 18,857	¥480,894

<i>Millions of yen</i>				
2023				
Reportable segments				
	Expressway business	Rest area business	Other related business	Total
Toll fee	¥341,459	¥ –	¥ –	¥341,459
Completion of road assets	88,076	–	–	88,076
Revenues in commissioned business	1	–	9,532	9,533
Others	571	5,002	2,940	8,513
Revenues from contracts with customers	430,107	5,002	12,472	447,581
Other revenues	1	11,404	322	11,727
Sales to third parties	¥430,108	¥ 16,406	¥ 12,794	¥459,308

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

12. Revenue Recognition (continued)

Disaggregation of revenues from contracts with customers by segment (continued)

<i>Thousands of U.S. dollars</i>				
2024				
	Reportable segments			Total
	Expressway business	Rest area business	Other related business	
Toll fee	\$ 2,456,975	\$ –	\$ –	\$ 2,456,975
Completion of road assets	654,740	–	–	654,740
Revenues in commissioned business	0	–	108,674	108,674
Others	4,014	37,357	21,243	62,614
Revenues from contracts with customers	3,115,729	37,357	129,917	3,283,003
Other revenues	7	84,047	2,200	86,254
Sales to third parties	\$ 3,115,736	\$ 121,404	\$ 132,117	\$ 3,369,257

Information to provide a basis for understanding revenues from contracts with customers

The Group describes information to provide a basis for understanding revenues from contracts with customers in Note 1 (r) “Recognition of revenues and costs.”

Information on the relationship between satisfying performance obligations based on contracts with customers and cash flows arising from the contracts, and the amounts and terms of revenues projected to be recognized subsequent to the balance sheet date from contracts with customers at the end of fiscal six-month period

The relationship between satisfying performance obligations based on contracts with customers and cash flows arising from the contracts, and the amounts and terms of revenues projected to be recognized subsequent to the balance sheet date from contracts with customers at the end of each fiscal six-month period have not been presented as the difference is immaterial.

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

13. Segment Information

(1) Outline of reporting segments

Reportable segments of the Group are components for which separate financial information is available and whose operating results are regularly reviewed by the management to determine the allocation of management resources and assess the business performance.

The Group's business segments are classified by different products and services based on their business domains. The Group's business segments consist of the following reportable segments: expressway business, rest area business and other related business.

Details on the reportable segments are as follows:

- Expressway business : Construction, reconstruction, maintenance, repairs, disaster recovery, and other management activities involving the expressway business
- Rest area business : Construction, management and operations of rest area businesses adjacent to expressways
- Other related business : Commissioned business, tourism promotion business, real estate business, truck terminal business, facilities utilization business, overseas business, and technology sales business and other related business

(2) Calculation method of net sales, income or loss, assets, liabilities and other items by each reportable segment

The accounting policies applied by each reporting segment are consistent with those described in Note 1 "Summary of Significant Accounting Policies."

Segment income presented in segment information is calculated based on operating income in the semiannual consolidated statements of income.

In addition, property and equipment and intangible fixed assets related to common departments in the Company are not allocated to reportable segments. Related expenses, however, are allocated to each reportable segment based on a rational method.

Intersegment sales and transfers are determined in reference to market actual value.

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

13. Segment Information (continued)

(2) Calculation method of net sales, income or loss, assets, liabilities and other items by each reportable segment (continued)

(Change in reportable segments and other)

Effective from the beginning of the six-month period ended September 30, 2023, the Company has changed the allocation method of selling, general and administrative expenses that cannot be directly allocated to each reportable segment in order to more appropriately manage the business performance of each segment.

Segment information for the six-month period ended September 30, 2023 has been presented based on the calculation method after the change.

(3) Information on net sales, income or loss, assets, liabilities and other items by each reportable segment as of and for the six-month periods ended September 30, 2024 and 2023:

<i>Millions of yen</i>						
2024						
	Reportable segments			Total	Adjustments	Consolidated
	Expressway business	Rest area business	Other related business			
Sales to third parties	¥ 444,709	¥ 17,328	¥ 18,857	¥ 480,894	¥ –	¥ 480,894
Intersegment sales and transfers	11	51	7	69	(69)	–
Net sales	444,720	17,379	18,864	480,963	(69)	480,894
Segment income	¥ 17,472	¥ 3,938	¥ 297	¥ 21,707	¥ 6	¥ 21,713
Segment assets	¥ 2,068,728	¥ 172,473	¥ 24,134	¥ 2,265,335	¥ 145,265	¥ 2,410,600
Segment liabilities	1,814,416	–	50,471	1,864,887	255,329	2,120,216
Other items:						
Depreciation and amortization	11,372	1,769	141	13,282	–	13,282
Investments in affiliates	6,639	–	2,261	8,900	–	8,900
Increase in property and equipment and intangible fixed assets	9,794	618	82	10,494	999	11,493

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

13. Segment Information (continued)

(3) Information on net sales, income or loss, assets, liabilities and other items by each reportable segment as of and for the six-month periods ended September 30, 2024 and 2023: (continued)

<i>Millions of yen</i>						
2023						
	Reportable segments				Adjustments	Consolidated
	Expressway business	Rest area business	Other related business	Total		
Sales to third parties	¥ 430,108	¥ 16,406	¥ 12,794	¥ 459,308	¥ –	¥ 459,308
Intersegment sales and transfers	10	3	9	22	(22)	–
Net sales	430,118	16,409	12,803	459,330	(22)	459,308
Segment income	¥ 23,205	¥ 3,359	¥ 205	¥ 26,769	¥ 4	¥ 26,773
Segment assets	¥ 1,810,162	¥ 171,535	¥ 20,383	¥ 2,002,080	¥ 188,807	¥ 2,190,887
Segment liabilities	1,587,727	–	50,572	1,638,299	272,586	1,910,885
Other items:						
Depreciation and amortization	12,250	1,794	140	14,184	–	14,184
Investments in affiliates	6,010	–	2,287	8,297	–	8,297
Increase in property and equipment and intangible fixed assets	7,393	890	52	8,335	801	9,136
<i>Thousands of U.S. dollars</i>						
2024						
	Reportable segments				Adjustments	Consolidated
	Expressway business	Rest area business	Other related business	Total		
Sales to third parties	\$ 3,115,736	\$ 121,404	\$ 132,117	\$ 3,369,257	\$ –	\$ 3,369,257
Intersegment sales and transfers	77	357	49	483	(483)	–
Net sales	3,115,813	121,761	132,166	3,369,740	(483)	3,369,257
Segment income	\$ 122,413	\$ 27,591	\$ 2,080	\$ 152,084	\$ 42	\$ 152,126
Segment assets	\$ 14,493,996	\$ 1,208,386	\$ 169,088	\$ 15,871,470	\$ 1,017,761	\$ 16,889,231
Segment liabilities	12,712,226	–	353,611	13,065,837	1,788,895	14,854,732
Other items:						
Depreciation and amortization	79,675	12,394	988	93,057	–	93,057
Investments in affiliates	46,514	–	15,841	62,355	–	62,355
Increase in property and equipment and intangible fixed assets	68,619	4,330	575	73,524	6,999	80,523

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

13. Segment Information (continued)

(3) Information on net sales, income or loss, assets, liabilities and other items by each reportable segment as of and for the six-month periods ended September 30, 2024 and 2023: (continued)

Adjustments in the above tables:

The adjustments of segment income in the amounts of ¥6 million (\$42 thousand) and ¥4 million for the six-month periods ended September 30, 2024 and 2023, respectively, are eliminations of intersegment transactions.

The adjustments of segment assets in the amounts of ¥145,265 million (\$1,017,761 thousand) and ¥188,807 million at September 30, 2024 and 2023, respectively, include corporate assets not allocated to reportable segments, mainly consisting of cash, deposits and assets related to common departments in the Company.

The adjustments of segment liabilities in the amounts of ¥255,329 million (\$1,788,895 thousand) and ¥272,586 million at September 30, 2024 and 2023, respectively, include corporate liabilities not allocated to reportable segments, principally consisting of other accounts payable and liabilities for retirement benefits.

The adjustments of increase in property and equipment and intangible fixed assets in the amounts of ¥999 million (\$6,999 thousand) and ¥801 million for the six-month periods ended September 30, 2024 and 2023, respectively, include corporate assets not allocated to reportable segments, principally consisting of system development by the Company.

Segment income corresponds to operating income in the semiannual consolidated statements of income.

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

13. Segment Information (continued)

Related information

Information on each product and service for the six-month periods ended September 30, 2024 and 2023 is analyzed as follows:

	<i>Millions of yen</i>			
	2024			
	Toll fee	Completion of road assets	Other	Total
Sales to third parties	¥ 350,684	¥ 93,451	¥ 36,759	¥ 480,894
	<i>Millions of yen</i>			
	2023			
	Toll fee	Completion of road assets	Other	Total
Sales to third parties	¥ 341,459	¥ 88,076	¥ 29,773	¥ 459,308
	<i>Thousands of U.S. dollars</i>			
	2024			
	Toll fee	Completion of road assets	Other	Total
Sales to third parties	\$ 2,456,975	\$ 654,740	\$ 257,542	\$ 3,369,257

As more than 90% of the consolidated net sales for the six-month periods ended September 30, 2024 and 2023 were made in Japan, the disclosure of geographical segment information has been omitted.

As more than 90% of property and equipment in the semiannual consolidated balance sheets as of September 30, 2024 and 2023 were located in Japan, the disclosure of information on property and equipment by country or geographic region has been omitted.

Sales to JEHDRA amounted to ¥93,452 million (\$654,747 thousand) and ¥88,077 million by the expressway business segment for the six-month periods ended September 30, 2024 and 2023, respectively.

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

13. Segment Information (continued)

Related information (continued)

There was no loss on impairment of fixed assets by reportable segment for the six-month periods ended September 30, 2024 and 2023.

Information on amortization of goodwill and the remaining balance by reportable segment as of and for the six-month periods ended September 30, 2024 and 2023, respectively, is as follows:

<i>Millions of yen</i>						
2024						
	Expressway business	Rest area business	Other related business	Total	Adjustments	Consolidated
Amortization of goodwill	¥ 18	¥ –	¥ –	¥ 18	¥ –	¥ 18
Remaining balance	45	–	–	45	–	45
<i>Millions of yen</i>						
2023						
	Expressway business	Rest area business	Other related business	Total	Adjustments	Consolidated
Amortization of goodwill	¥ 27	¥ –	¥ –	¥ 27	¥ –	¥ 27
Remaining balance	90	–	–	90	–	90
<i>Thousands of U.S. dollars</i>						
2024						
	Expressway business	Rest area business	Other related business	Total	Adjustments	Consolidated
Amortization of goodwill	\$ 126	\$ –	\$ –	\$ 126	\$ –	\$ 126
Remaining balance	315	–	–	315	–	315

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

13. Segment Information (continued)

Related information (continued)

Information on amortization of negative goodwill arising from business combinations before April 1, 2010 and the remaining balance by reportable segment as of and for the six-month periods ended September 30, 2024 and 2023, respectively, is as follows:

<i>Millions of yen</i>						
2024						
	Expressway business	Rest area business	Other related business	Total	Adjustments	Consolidated
Amortization of negative goodwill	¥ –	¥ –	¥ –	¥ –	¥ 171	¥ 171
Remaining balance	–	–	–	–	1,276	1,276
<i>Millions of yen</i>						
2023						
	Expressway business	Rest area business	Other related business	Total	Adjustments	Consolidated
Amortization of negative goodwill	¥ –	¥ –	¥ –	¥ –	¥ 171	¥ 171
Remaining balance	–	–	–	–	1,618	1,618
<i>Thousands of U.S. dollars</i>						
2024						
	Expressway business	Rest area business	Other related business	Total	Adjustments	Consolidated
Amortization of negative goodwill	\$ –	\$ –	\$ –	\$ –	\$ 1,198	\$ 1,198
Remaining balance	–	–	–	–	8,940	8,940

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

14. Subsequent Events

(1) Issuance of Corporate Bond and Commercial Paper

The Company issued a general corporate bond and commercial paper to finance funds pursuant to Article 5.1.1 and 5.1.2 of the Act on Expressway Companies of Japan. A statutory lien was pledged in accordance with the applicable law.

The details are as follows:

	<u>Total amount issued</u>	<u>Interest rate</u>	<u>Issue price</u>	<u>Issuance date</u>	<u>Redemption date</u>
Central Nippon Expressway Company Limited Issue of Series 32 EUR300,000,000 CP	¥48,114 million (\$337,098 thousand)	0.000% per annum	99.067% of face value	October 3, 2024	January 6, 2025
Central Nippon Expressway Company Limited Issue of Series 33 U.S.\$40,000,000 CP	¥5,751 million (\$40,293 thousand)	0.000% per annum	98.733% of face value	October 7, 2024	January 7, 2025
Central Nippon Expressway Company Limited Issue of Series 34 EUR225,000,000 CP	¥35,854 million (\$251,202 thousand)	0.000% per annum	99.101% of face value	October 7, 2024	January 7, 2025
Central Nippon Expressway Company Limited Issue of Series 43 U.S.\$330,000,000	¥51,226 million (\$358,901 thousand)	4.756% per annum	100% of face value	November 29, 2024	November 21, 2025

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

14. Subsequent Events (continued)

(1) Issuance of Corporate Bond and Commercial Paper (continued)

In addition, the Company issued a general corporate bond to finance funds pursuant to Article 5.1.1 and 5.1.2 of the Act on Expressway Companies of Japan. A statutory lien was pledged in accordance with the applicable law.

The details are as follows:

	<u>Total amount issued</u>	<u>Interest rate</u>	<u>Issue price</u>	<u>Issuance date</u>	<u>Redemption date</u>
No.109 Bond of Central Nippon Expressway Company Limited	¥115,000 million (\$805,717 thousand)	0.905% per annum	100% of face value	November 27, 2024	November 27, 2029

The following special provisions were attached to the above bond.

- (i) JEHDRA is jointly and severally liable with the Company for the corresponding obligation, to the extent that the obligation related to the bond is assumed by JEHDRA pursuant to the JEHDRA Act.
- (ii) When the obligation is assumed by JEHDRA, total assets of JEHDRA will be additionally pledged as collateral for bond holders.
- (iii) The order of lien by bond holders is equivalent to that of holders of the Japan Expressway Holding and Debt Repayment Agency Bond.

(2) Loan agreement

The Company entered into a loan agreement with Bank of Communications to finance funds pursuant to Article 5.1.1 and 5.1.2 of the Act on Expressway Companies of Japan.

The details on the loan agreement are as follows:

	<u>Total amount issued</u>	<u>Terms of repayment</u>	<u>Collateral</u>	<u>Execution date</u>	<u>Maturity date</u>
Loans for road construction from Bank of Communications	¥8,512 million (\$59,637 thousand)	Lump-sum repayment	None	November 29, 2024	November 21, 2025

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

14. Subsequent Events (continued)

(3) Acquisition of a consolidated subsidiary and establishment of a subsidiary

(a) Acquisition of Yocht Co., Ltd.

On October 1, 2024, NEXCO Central Nippon Services Co., Ltd., the Company's consolidated subsidiary, acquired 541 shares of Yocht Co., Ltd. at a cost of ¥34 million (\$238 thousand). The purpose of this acquisition is to expand temporary staffing services. As a result, Yocht Co., Ltd. became a consolidated subsidiary of the Company.

The voting rights to be acquired equal 51.0%.

Yocht Co., Ltd., whose total assets amounted to ¥78 million (\$546 thousand), total liabilities amounted to ¥43 million (\$301 thousand), and net assets amounted to ¥35 million (\$245 thousand) as of March 31, 2024, has been engaged in expansion of temporary staffing services.

(b) Establishment of a subsidiary

On December 5, 2024, Central Nippon Exis Co., Ltd., the Company's consolidated subsidiary, established a wholly-owned consolidated subsidiary, Central Nippon Commercial Facilities Management Co., Ltd., for the purpose of engaging in businesses related to the exclusive management of expressway commercial facilities in service areas, parking areas and others.

The management of expressway commercial facilities of the businesses conducted by Central Nippon Highway Advance Co., Ltd., the Central Nippon Exis Co., Ltd.'s subsidiary, is scheduled to be split off and succeeded to Central Nippon Commercial Facilities Management Co., Ltd.

The share capital of Central Nippon Exis Co., Ltd. is ¥20 million (\$140 thousand) and the Company obtained 40,000 shares of Central Nippon Commercial Facilities Management Co., Ltd., representing 100.0% of the voting rights, at a cost of ¥40 million (\$280 thousand).

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

15. Significant Subsidiaries and Affiliates

The Company's consolidated subsidiaries and significant affiliates accounted for by the equity method at September 30, 2024 are presented as follows:

Name	Ownership interest	Country of incorporation	Subsidiaries / affiliates
Central Nippon Exis Co., Ltd.	100.0%	Japan	Consolidated subsidiary
Central Nippon Extoll Yokohama Co., Ltd.	100.0	Japan	Consolidated subsidiary
Central Nippon Extoll Nagoya Co., Ltd.	100.0	Japan	Consolidated subsidiary
Central Nippon Highway Patrol Tokyo Co., Ltd.	100.0	Japan	Consolidated subsidiary
Central Nippon Highway Patrol Nagoya Co., Ltd.	100.0	Japan	Consolidated subsidiary
Central Nippon Highway Engineering Tokyo Co., Ltd.	100.0	Japan	Consolidated subsidiary
Central Nippon Highway Engineering Nagoya Co., Ltd.	100.0	Japan	Consolidated subsidiary
Central Nippon Highway Maintenance Tomei Co., Ltd.	100.0	Japan	Consolidated subsidiary
Central Nippon Highway Maintenance Chuoh Co., Ltd.	100.0	Japan	Consolidated subsidiary
Central Nippon Highway Maintenance Nagoya Co., Ltd.	100.0	Japan	Consolidated subsidiary
Central Nippon Highway Maintenance Hokuriku Co., Ltd.	100.0	Japan	Consolidated subsidiary
NEXCO Central Nippon Services Co., Ltd.	100.0	Japan	Consolidated subsidiary
Central-NEXCO Technical Marketing Co., Ltd.	100.0	Japan	Consolidated subsidiary
NEXCO Central Nippon Investment LLC	100.0	Japan	Consolidated subsidiary
NEXCO Highway Solutions of America Inc.	100.0	United States of America	Consolidated subsidiary
NEXCO-CENTRAL Philippines Inc.	100.0	Republic of the Philippines	Consolidated subsidiary
OASIS PARK Co., Ltd.	54.3	Japan	Consolidated subsidiary
Central Nippon Highway Retail Co., Ltd.	100.0	Japan	Consolidated subsidiary
Central Nippon Highway Advance Co., Ltd.	100.0	Japan	Consolidated subsidiary
Central Nippon Exis International Co., Ltd.	100.0	Taiwan	Consolidated subsidiary
Central-NEXCO Auto Service Co., Ltd.	100.0	Japan	Consolidated subsidiary
NEXCO Central Nippon Development Co., Ltd.	100.0	Japan	Consolidated subsidiary
Hakone Turnpike Limited	100.0	Japan	Consolidated subsidiary

Central Nippon Expressway Company Limited
and its Consolidated Subsidiaries

Notes to Semiannual Consolidated Financial Statements (Unaudited)
(Continued)

15. Significant Subsidiaries and Affiliates (continued)

Name	Ownership interest	Country of incorporation	Subsidiaries / affiliates
Hokuriku Highway Terminal Co., Ltd.	27.7%	Japan	Equity-method affiliate
NEXCO System Solutions Co., Ltd.	33.3	Japan	Equity-method affiliate
Nippon Expressway Research Institute Co., Ltd.	33.3	Japan	Equity-method affiliate
Nexco Insurance Services Co., Ltd.	33.3	Japan	Equity-method affiliate
Nippon Expressway Toll Technology Co., Ltd.	30.3	Japan	Equity-method affiliate
Japan Expressway International Co., Ltd.	29.4	Japan	Equity-method affiliate
Central Nippon Facilities Management Co., Ltd.	20.0	Japan	Equity-method affiliate
Deros Japan Co., Ltd.	30.3	Japan	Equity-method affiliate
Central Nippon Farm Suzunari Co., Ltd.	39.0	Japan	Equity-method affiliate