

Consolidated Financial Results for the Nine-month Period Ended 31 December 2019 (Japanese GAAP) (Unaudited)

Nagoya Railroad Co., Ltd.

7 February 2020

Stock exchange Listing: Tokyo Nagoya
 Securities code: 9048
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Scheduled date of filing of quarterly report: 10 February 2020

Scheduled date of dividend payment commencement: -

Supplementary explanations of quarterly financial results: Yes

Quarterly financial results presentation meeting: None

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

1. Consolidated results for the nine-month period ended 31 December 2019

(1 April 2019 - 31 December 2019)

(1) Consolidated operating results

(%: year-on-year)

	Operating revenues		Operating income		Ordinary income		Profit attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine-month period ended 31 December 2019	467,453	3.0	43,121	7.5	45,464	8.6	28,526	7.7
Nine-month period ended 31 December 2018	453,749	1.7	40,121	2.6	41,850	3.9	26,488	3.6

Note: Comprehensive income - for the nine-month period ended 31 December 2019 ¥30,243 million [25.1%]
 for the nine-month period ended 31 December 2018 ¥24,169 million [(39.6%)]

	Net income per share-basic	Net income per share-diluted
	Yen	Yen
Nine-month period ended 31 December 2019	145.11	135.54
Nine-month period ended 31 December 2018	138.48	125.85

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of 31 December 2019	1,168,787	450,283	35.6
31 March 2019	1,141,409	425,027	34.4

Reference: Shareholders' equity- as of 31 December 2019 ¥415,555 million
 as of 31 March 2019 ¥393,026 million

2. Cash dividends

	Annual dividends				
	1st quarter end	2nd quarter end	3rd quarter end	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended 31 March 2019	-	0.00	-	27.50	27.50
Fiscal year ending 31 March 2020	-	0.00	-		
Fiscal year ending 31 March 2020 (forecast)				27.50	27.50

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

Note: Special dividends of ¥2.50 have been included in cash dividends for the fiscal year ended 31 March 2019 and the fiscal year ending 31 March 2020 (forecast), respectively.

3. Consolidated operating results forecast for the fiscal year ending 31 March 2020

(%: year-on-year)

	Operating revenues		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending 31 March 2020	639,000	2.6	50,000	1.1	52,000	0.8

	Profit attributable to owners of the parent		Net income per share-basic
	Millions of yen	%	yen
Fiscal year ending 31 March 2020	30,000	(1.5)	152.64

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

Notes

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

Note: Please refer to (4) Notes to Quarterly Consolidated Statements (Unaudited), Changes in accounting estimates.

(4) Number of issued shares (Common stock)

	Number of issued shares including treasury stock	Number of treasury stock
As of 31 December 2019	196,700,692	34,111
31 March 2019	196,306,458	27,784

	Average number of shares outstanding during the periods
Nine-month period ended 31 December 2019	196,586,411
Nine-month period ended 31 December 2018	191,282,958

* This report is not subject to audit procedures.

* Explanation for appropriate use of forecasts and other notes
The forward-looking statements such as operational forecasts contained in this statements summary are based on information currently available to the Company and certain assumptions which are regarded as legitimate.
Actual results may differ from such forward-looking statements for a variety of reasons.

4. Quarterly consolidated financial statements

(1) Quarterly Consolidated Balance Sheets (Unaudited)

	Millions of yen	
	31 March 2019	31 December 2019
ASSETS		
Current assets		
Cash and deposits	20,870	27,878
Trade notes and accounts receivable	63,297	59,656
Short-term loans receivable	2,425	2,313
Securities	5,000	12,000
Land and buildings for sale	61,670	65,348
Merchandise and finished goods	9,074	11,151
Work in process	904	2,323
Raw materials and supplies	4,000	4,339
Others	15,635	20,678
Allowance for doubtful accounts	(212)	(214)
Total current assets	182,665	205,473
Non-current assets		
Property and equipment		
Buildings and structures, net	292,470	290,750
Machinery, equipment and vehicles, net	85,311	86,246
Land	362,296	365,100
Lease assets, net	10,449	9,829
Construction in progress	46,168	53,988
Other properties, net	8,231	8,300
Total property and equipment	804,926	814,216
Intangible assets		
Right of using facilities	6,060	5,465
Goodwill	1,567	1,300
Lease assets	171	133
Other intangible assets	2,979	3,052
Total intangible assets	10,779	9,952
Investments and other assets		
Investment securities	112,082	112,307
Long-term loans receivable	605	569
Deferred tax assets	14,900	10,230
Others	15,845	16,401
Allowance for doubtful accounts	(395)	(364)
Total investments and other assets	143,038	139,144
Total non-current assets	958,744	963,313
Total assets	1,141,409	1,168,787

(1) Quarterly Consolidated Balance Sheets (Unaudited)

	Millions of yen	
	31 March 2019	31 December 2019
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Trade notes and accounts payable	77,694	62,187
Short-term loans payable	52,763	56,815
Current portion of bonds payable	10,000	10,000
Lease obligations	2,470	2,283
Income taxes payable	7,277	5,210
Deposits received from employees	19,440	20,125
Provision for bonuses	5,935	1,695
Provision for loss on liquidation	478	776
Allowance for loss on collection of gift certificates outstanding	1,827	1,836
Others	82,073	95,611
Total current liabilities	<u>259,960</u>	<u>256,543</u>
Non-current liabilities		
Bonds payable	165,880	175,100
Long-term loans payable	158,299	159,319
Lease obligations	9,118	8,633
Deferred tax liabilities	4,068	5,344
Deferred tax liabilities for land revaluation	56,571	56,216
Accrued retirement benefits for directors	1,363	1,261
Provision for loss on liquidation	10,009	4,371
Allowance for loss on collection of gift certificates outstanding	393	357
Employee retirement benefit liability	31,406	31,861
Others	19,311	19,493
Total non-current liabilities	<u>456,421</u>	<u>461,960</u>
Total liabilities	<u>716,381</u>	<u>718,504</u>
Net assets		
Shareholders' equity		
Common stock	100,778	101,158
Capital surplus	34,939	35,474
Retained earnings	142,912	166,474
Treasury stock	(30)	(53)
Total shareholders' equity	<u>278,600</u>	<u>303,054</u>
Accumulated other comprehensive income		
Net unrealised gains on available-for-sale securities	25,224	24,148
Deferred gains and losses on hedges	81	27
Land revaluation difference	88,052	87,330
Foreign currency translation adjustments	(24)	(30)
Retirement benefit adjustments	1,092	1,024
Total accumulated other comprehensive income	<u>114,426</u>	<u>112,500</u>
Non-controlling interests	<u>32,001</u>	<u>34,727</u>
Total net assets	<u>425,027</u>	<u>450,283</u>
Total liabilities and net assets	<u>1,141,409</u>	<u>1,168,787</u>

(2) Quarterly Consolidated Statements of Income (Unaudited)

	Millions of yen	
	2018	2019
Operating revenues	453,749	467,453
Operating expenses		
Transportation, other services and cost of sales	373,652	383,162
Selling, general and administrative expenses	39,975	41,170
Total operating expenses	413,628	424,332
Operating income	40,121	43,121
Non-operating income		
Interest income	24	21
Dividend income	1,607	1,836
Equity in net earnings of affiliates	2,008	2,148
Miscellaneous income	1,234	1,213
Total non-operating income	4,875	5,221
Non-operating expenses		
Interest expenses	2,614	2,449
Miscellaneous expenses	531	428
Total non-operating expenses	3,146	2,878
Ordinary income	41,850	45,464
Extraordinary income		
Gain on sales of fixed assets	739	595
Gain on contributions for construction	134	458
Gain on sales of investment securities	14	901
Reversal of provision for loss on liquidation	-	4,816
Others	204	213
Total extraordinary income	1,093	6,984
Extraordinary losses		
Loss on sales of fixed assets	169	262
Impairment loss on fixed assets	254	1,472
Loss on disposition of fixed assets	275	722
Provision for loss on liquidation	560	-
Loss on reduction of property and equipment	109	402
Others	89	52
Total extraordinary losses	1,458	2,911
Profit before income taxes	41,485	49,537
Income taxes-current	10,600	12,171
Income taxes-deferred	1,742	6,008
Total income taxes	12,343	18,179
Profit	29,142	31,357
Profit attributable to:		
Non-controlling interests	2,654	2,830
Owners of the parent	26,488	28,526

(3) Quarterly Consolidated Statements of Comprehensive Income (Unaudited)

	Millions of yen	
	Nine-month periods ended 31 December	
	2018	2019
Profit	29,142	31,357
Other comprehensive income		
Net unrealised gains and losses on available-for-sale securities	(4,305)	(855)
Deferred gains and losses on hedges	(291)	(49)
Land revaluation difference	(186)	-
Foreign currency translation adjustments	(0)	(5)
Retirement benefit adjustments	130	(37)
Share of other comprehensive income of affiliates accounted for using the equity method	(319)	(165)
Total other comprehensive income	(4,973)	(1,114)
Comprehensive income	24,169	30,243
Comprehensive income attributable to:		
Owners of the parent	21,600	27,323
Non-controlling interests	2,568	2,919

(4) Notes to Quarterly Consolidated Statements (Unaudited)

Notes on going concern assumption: None

Notes on significant changes in shareholders' equity: None

Changes in accounting estimates

(Provision for loss on liquidation)

The Company recorded a provision for loss on liquidation in preparation for the expense for demolition of buildings, associated with the Meitetsu Nagoya Station District Redevelopment Project, but has changed the estimate following the progress of the redevelopment plan. As a result of this change, profit before income taxes for the nine-month period ended 31 December 2019 increased by ¥ 4,816 million.

Segment information

Information about reportable segments for the nine-month period ended 31 December 2018 was as follows.

	Traffic	Transport	Real Estate	Leisure and Service	Distribution	Aviation Services	Others (*1)	Total	Adjustment (*2)	Quarterly consolidated financial statements (*3)
Operating revenues:										
External customers	125,053	103,988	49,733	39,055	96,887	19,906	19,125	453,749	—	453,749
Intersegment sales/transfer	1,738	304	7,893	1,115	10,047	—	11,491	32,591	(32,591)	—
Total	126,792	104,292	57,626	40,170	106,935	19,906	30,617	486,341	(32,591)	453,749
Segment income	21,164	5,749	7,138	1,636	1,109	2,765	235	39,801	320	40,121

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

*2) Segment income adjustment amounting to ¥320 million was treated as intersegment elimination.

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

Information about reportable segments for the nine-month period ended 31 December 2019 was as follows.

	Traffic	Transport	Real Estate	Leisure and Service	Distribution	Aviation Services	Others (*1)	Total	Adjustment (*2)	Quarterly consolidated financial statements (*3)
Operating revenues:										
External customers	125,988	105,761	59,009	38,436	98,243	19,993	20,020	467,453	—	467,453
Intersegment sales/transfer	1,752	306	7,929	1,089	9,953	—	14,436	35,469	(35,469)	—
Total	127,740	106,068	66,939	39,526	108,197	19,993	34,456	502,923	(35,469)	467,453
Segment income	22,505	5,371	8,374	1,613	706	2,814	1,527	42,913	207	43,121

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

*2) Segment income adjustment amounting to ¥207 million was treated as intersegment elimination.

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