

Consolidated Financial Results for the Three-month Period Ended 30 June 2020 (Japanese GAAP) (Unaudited)

Nagoya Railroad Co., Ltd.

6 August 2020

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

Scheduled date of filing of quarterly report: 7 August 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 three-month period ended 30 June 2020 (1 April 2020 - 30 June 2020)

(1) Consolidated operating results (%: year-on-year)

	Operating revenues		Operating income		Ordinary income		Profit attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three-month period ended 30 June 2020	109,052	(25.7)	(10,250)	—	(8,526)	—	(7,622)	—
Three-month period ended 30 June 2019	146,680	2.5	12,507	12.1	13,833	14.4	9,208	21.4

Note: Comprehensive income - for the three-month period ended 30 June 2020 ¥(7,937) million [-%]
 for the three-month period ended 30 June 2019 ¥6,177 million [(25.1%)]

	Net income per share-basic	Net income per share-diluted
	Yen	Yen
Three-month period ended 30 June 2020	(38.76)	—
Three-month period ended 30 June 2019	46.87	43.75

Note: Net income per share-diluted for the three-month period ended 30 June 2020 is not shown in the above table, because net income per share was loss although there are potential common shares with dilution effects.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
30 June 2020	1,147,303	424,325	34.0
31 March 2020	1,164,979	438,401	34.7

Reference: Shareholders' equity- as of 30 June 2020 ¥389,837 million
 as of 31 March 2020 ¥403,771 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 2020	—	0.00	—	25.00	25.00
Fiscal year ending 31 March 2021	—	—	—	—	—
Fiscal year ending 31 March 2021 (forecast)	—	—	—	—	—

Note: The dividend forecast for the fiscal year ending 31 March 2021 has not been determined.

3. Consolidated operating results forecast for the fiscal year ending 31 March 2021

The consolidated operating results forecast for the fiscal year ending 31 March 2021 is undetermined because it is difficult to reasonably calculate the impact of COVID-19 at this time. We will announce it as soon as it becomes possible to disclose the operating results forecast.

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: None
 - 4) Restatement of revisions: None

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

	Number of issued shares (including treasury stock)	Number of treasury stock
As of		
30 June 2020	196,700,692	37,205
31 March 2020	196,700,692	36,349

(Shares)

	Average number of shares outstanding during the periods
Three-month period ended 30 June 2020	196,663,953
Three-month period ended 30 June 2019	196,469,584

* This report is not subject to audit procedures.

* Explanation for appropriate use of forecasts and other notes
The operating results forecasts are undetermined because it is difficult to reasonably calculate the impact of COVID-19 at this time.

4. Quarterly consolidated financial statements and Main Notes

(1) Quarterly Consolidated Balance Sheets (Unaudited)

	Millions of yen	
	31 March 2020	30 June 2020
ASSETS		
Current assets		
Cash and deposits	27,702	33,672
Trade notes and accounts receivable	56,644	42,385
Short-term loans receivable	2,084	2,089
Land and buildings for sale	65,804	57,716
Merchandise and finished goods	9,019	9,229
Work in process	1,641	1,484
Raw materials and supplies	4,269	4,370
Others	22,184	19,376
Allowance for doubtful accounts	(208)	(205)
Total current assets	189,143	170,119
Non-current assets		
Property and equipment		
Buildings and structures, net	297,403	295,858
Machinery, equipment and vehicles, net	86,005	83,995
Land	367,748	368,237
Lease assets, net	9,679	11,032
Construction in progress	62,158	64,746
Other properties, net	8,776	8,480
Total property and equipment	831,771	832,350
Intangible assets		
Right-of-use facilities	5,586	5,500
Goodwill	1,211	1,122
Lease assets	119	105
Other intangible assets	3,085	2,919
Total intangible assets	10,002	9,647
Investments and other assets		
Investment securities	98,625	96,218
Long-term loans receivable	549	529
Deferred tax assets	18,665	22,270
Others	16,607	16,549
Allowance for doubtful accounts	(385)	(381)
Total investments and other assets	134,062	135,186
Total non-current assets	975,836	977,184
Total assets	1,164,979	1,147,303

(1) Quarterly Consolidated Balance Sheets (Unaudited)

	Millions of yen	
	31 March 2020	30 June 2020
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Trade notes and accounts payable	77,526	48,022
Short-term loans payable	45,995	57,170
Current portion of bonds payable	10,000	25,000
Lease obligations	1,932	1,940
Income taxes payable	8,180	2,298
Deposits received from employees	19,949	20,378
Provision for bonuses	6,091	2,466
Provision for loss on liquidation	1,088	527
Allowance for loss on collection of gift certificates outstanding	1,838	1,836
Others	90,185	100,849
Total current liabilities	262,787	260,490
Non-current liabilities		
Bonds payable	175,100	170,100
Long-term loans payable	161,514	164,264
Lease obligations	8,884	10,438
Deferred tax liabilities	3,116	2,665
Deferred tax liabilities for land revaluation	56,110	56,105
Accrued retirement benefits for directors	1,344	1,318
Provision for loss on liquidation	4,403	4,273
Allowance for loss on collection of gift certificates outstanding	380	372
Employee retirement benefit liability	32,514	32,982
Others	20,422	19,966
Total non-current liabilities	463,790	462,487
Total liabilities	726,577	722,978
Net assets		
Shareholders' equity		
Common stock	101,158	101,158
Capital surplus	35,266	35,305
Retained earnings	167,207	153,907
Treasury stock	(59)	(62)
Total shareholders' equity	303,572	290,308
Accumulated other comprehensive income		
Net unrealised gains on available-for-sale securities	13,012	12,136
Deferred gains and losses on hedges	(617)	(388)
Land revaluation increment	87,227	87,216
Foreign currency translation adjustments	(27)	(29)
Retirement benefit adjustments	603	594
Total accumulated other comprehensive income	100,198	99,529
Non-controlling interests	34,630	34,487
Total net assets	438,401	424,325
Total liabilities and net assets	1,164,979	1,147,303

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

	Millions of yen	
	1 April 2019 -30 June 2019	1 April 2020 -30 June 2020
Operating revenues	146,680	109,052
Operating expenses		
Transportation, other services and cost of sales	120,590	107,857
Selling, general and administrative expenses	13,582	11,446
Total operating expenses	134,173	119,303
Operating income (loss)	12,507	(10,250)
Non-operating income		
Interest income	7	4
Dividend income	1,287	717
Equity in net earnings of affiliates	549	377
Subsidies for employment adjustment	-	1,156
Miscellaneous income	486	404
Total non-operating income	2,330	2,660
Non-operating expenses		
Interest expenses	834	798
Miscellaneous expenses	169	137
Total non-operating expenses	1,004	936
Ordinary income (loss)	13,833	(8,526)
Extraordinary income		
Gain on sales of fixed assets	81	115
Gain on contributions for construction	452	433
Gain on sales of investment securities	120	497
Others	60	126
Total extraordinary income	714	1,172
Extraordinary losses		
Loss on sales of fixed assets	3	15
Impairment loss on fixed assets	22	16
Loss on disposition of fixed assets	94	62
Loss on valuation of investment securities	-	948
Loss on reduction of property and equipment	397	372
Others	6	697
Total extraordinary losses	524	2,111
Profit (loss) before income taxes	14,024	(9,465)
Income taxes – current	3,739	1,436
Income taxes – deferred	386	(3,470)
Total income taxes	4,126	(2,034)
Profit (loss)	9,898	(7,431)
Profit (loss) attributable to:		
Non-controlling interests	689	191
Owners of the parent	9,208	(7,622)

Quarterly Consolidated Statements of Comprehensive Income (Unaudited)

	Millions of yen	
	1 April 2019 -30 June 2019	1 April 2020 -30 June 2020
Profit (loss)	9,898	(7,431)
Other comprehensive income		
Net unrealised gains and losses on available-for-sale securities	(3,476)	(782)
Deferred gains and losses on hedges	(87)	236
Foreign currency translation adjustments	0	(1)
Retirement benefit adjustments	(16)	1
Share of other comprehensive income of affiliates accounted for using the equity method	(141)	41
Total other comprehensive income	(3,720)	(505)
Comprehensive income	6,177	(7,937)
Comprehensive income attributable to:		
Owners of the parent	5,540	(8,187)
Non-controlling interests	637	250

(3) Notes to Quarterly Consolidated Statements (Unaudited)

Notes on going concern assumption: None

Notes on significant changes in shareholders' equity: None

Additional Information

(Accounting estimate for the impact of COVID-19)

It is difficult to accurately predict how COVID-19 will spread in the future or when the pandemic will come to an end. However, the Company estimates future cash flows for the impairment of fixed assets, the recoverability of deferred tax assets and other matters assuming that during the fiscal year ending 31 March 2021, economic activities would be limited under certain restrictions, but that the situation will gradually normalize over a certain period of time, potentially from June 2020 onwards.

Segment information

Information about reportable segments for the three-month period ended 30 June 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	41,959	34,162	16,092	12,524	31,721	5,479	4,740	146,680	—	146,680
Intersegment sales/transfer	547	86	2,638	357	3,374	—	4,543	11,547	(11,547)	—
Total	42,506	34,249	18,730	12,882	35,095	5,479	9,283	158,227	(11,547)	146,680
Segment income	8,045	1,541	2,221	210	235	116	8	12,380	127	12,507

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

*2) Segment income adjustment amounting to ¥127 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 three-month period ended 30 June 2020 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	21,000	30,030	26,805	2,350	19,621	4,411	4,832	109,052	—	109,052
Intersegment sales/transfer	523	71	2,463	83	2,141	—	4,424	9,709	(9,709)	—
Total	21,523	30,102	29,269	2,434	21,763	4,411	9,256	118,762	(9,709)	109,052
Segment income (loss)	(8,638)	(390)	5,617	(5,125)	(1,294)	(216)	(49)	(10,097)	(152)	(10,250)

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

*2) Segment income (loss) adjustment amounting to ¥(152) million was treated as intersegment elimination.

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