

Consolidated Financial Results for the Nine-month Period Ended 31 December 2020 (Japanese GAAP) (Unaudited)

Nagoya Railroad Co., Ltd.

8 February 2021

Stock exchange Listing: Tokyo Nagoya
 Securities code: 9048
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Scheduled date of filing of quarterly report: 9 February 2021
 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 2020 (1 April 2020 - 31 December 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	%
Nine-month period ended 31 December 2020	357,116	(23.6)	(9,895)	—	(3,485)	—	(8,820)	—
Nine-month period ended 31 December 2019	467,453	3.0	43,121	7.5	45,464	8.6	28,526	7.7

Note: Comprehensive income - for the nine-month period ended 31 December 2020 ¥(9,240) million [—%]
 for the nine-month period ended 31 December 2019 ¥30,243 million [25.1%]

	Net income per share-basic	Net income per share-diluted
	Yen	Yen
Nine-month period ended 31 December 2020	(44.85)	—
Nine-month period ended 31 December 2019	145.11	135.54

Note: Net income per share-diluted for the nine-month period ended 31 December 2020 is not shown in the above table, 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	%
31 December 2020	1,181,217	422,987	32.8
31 March 2020	1,164,979	438,401	34.7

Reference: Shareholders' equity- as of 31 December 2020 ¥387,222 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	—	0.00	—		
Fiscal year ending 31 March 2021 (forecast)				0.00	0.00

Note: Revisions to the most recently disclosed dividend forecasts: Yes

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

(%: year-on-year)

	Operating revenues		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending 31 March 2021	477,000	(23.4)	(20,000)	—	(13,000)	—

	Profit attributable to owners of the parent		Net income per share-basic
	Millions of yen	%	yen
Fiscal year ending 31 March 2021	(27,500)	—	(139.84)

Note: Revisions to the most recently disclosed results forecasts: Yes

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 31 December 2020	196,700,692	48,694
31 March 2020	196,700,692	36,349

(Shares)

	Average number of shares outstanding during the periods
Nine-month period ended 31 December 2020	196,658,331
Nine-month period ended 31 December 2019	196,586,411

* 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.

(Reference) Non-consolidated operating results forecast for the fiscal year ending 31 March 2021

(%: year-on-year)

	Operating revenues		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending 31 March 2021	80,000	(27.1)	(4,000)	—	(1,000)	—

	Profit		Net income per share-basic
	Millions of yen	%	yen
Fiscal year ending 31 March 2021	(10,800)	—	(54.91)

Note: Revisions to the most recently disclosed results forecasts: Yes

4. Quarterly consolidated financial statement and Main Notes

(1) Quarterly Consolidated Balance Sheets (Unaudited)

	Millions of yen	
	31 March 2020	31 December 2020
ASSETS		
Current assets		
Cash and deposits	27,702	52,592
Trade notes and accounts receivable	56,644	56,713
Short-term loans receivable	2,084	2,319
Land and buildings for sale	65,804	62,210
Merchandise and finished goods	9,019	8,414
Work in process	1,641	2,930
Raw materials and supplies	4,269	4,552
Others	22,184	22,167
Allowance for doubtful accounts	(208)	(186)
Total current assets	189,143	211,714
Non-current assets		
Property and equipment		
Buildings and structures, net	297,403	297,375
Machinery, equipment and vehicles, net	86,005	82,071
Land	367,748	365,001
Lease assets, net	9,679	12,076
Construction in progress	62,158	66,519
Other properties, net	8,776	7,676
Total property and equipment	831,771	830,720
Intangible assets		
Right-of-use facilities	5,586	5,213
Goodwill	1,211	944
Lease assets	119	89
Other intangible assets	3,085	2,958
Total intangible assets	10,002	9,205
Investments and other assets		
Investment securities	98,625	93,931
Long-term loans receivable	549	484
Deferred tax assets	18,665	19,252
Others	16,607	16,281
Allowance for doubtful accounts	(385)	(373)
Total investments and other assets	134,062	129,577
Total non-current assets	975,836	969,503
Total assets	1,164,979	1,181,217

(1) Quarterly Consolidated Balance Sheets (Unaudited)

	Millions of yen	
	31 March 2020	31 December 2020
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Trade notes and accounts payable	77,526	53,489
Short-term loans payable	45,995	47,524
Current portion of bonds payable	10,000	25,000
Lease obligations	1,932	1,752
Income taxes payable	8,180	1,871
Deposits received from employees	19,949	20,877
Provision for bonuses	6,091	1,246
Provision for loss on liquidation	1,088	413
Allowance for loss on collection of gift certificates outstanding	1,838	1,875
Others	90,185	104,283
Total current liabilities	262,787	258,334
Non-current liabilities		
Bonds payable	175,100	200,100
Long-term loans payable	161,514	170,824
Lease obligations	8,884	11,807
Deferred tax liabilities	3,116	2,593
Deferred tax liabilities for land revaluation	56,110	55,678
Accrued retirement benefits for directors	1,344	1,210
Provision for loss on liquidation	4,403	4,186
Allowance for loss on collection of gift certificates outstanding	380	359
Employee retirement benefit liability	32,514	33,224
Others	20,422	19,910
Total non-current liabilities	463,790	499,895
Total liabilities	726,577	758,229
Net assets		
Shareholders' equity		
Common stock	101,158	101,158
Capital surplus	35,266	35,305
Retained earnings	167,207	153,638
Treasury stock	(59)	(96)
Total shareholders' equity	303,572	290,005
Accumulated other comprehensive income		
Net unrealised gains on available-for-sale securities	13,012	10,580
Deferred gains and losses on hedges	(617)	(193)
Land revaluation increment	87,227	86,287
Foreign currency translation adjustments	(27)	(32)
Retirement benefit adjustments	603	575
Total accumulated other comprehensive income	100,198	97,216
Non-controlling interests	34,630	35,764
Total net assets	438,401	422,987
Total liabilities and net assets	1,164,979	1,181,217

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

	Millions of yen	
	1 April 2019 -31 December 2019	1 April 2020 -31 December 2020
Operating revenues	467,453	357,116
Operating expenses		
Transportation, other services and cost of sales	383,162	332,249
Selling, general and administrative expenses	41,170	34,762
Total operating expenses	424,332	367,012
Operating income (loss)	43,121	(9,895)
Non-operating income		
Interest income	21	14
Dividend income	1,836	1,240
Equity in net earnings of affiliates	2,148	1,053
Subsidies for employment adjustment	-	5,502
Miscellaneous income	1,213	1,554
Total non-operating income	5,221	9,364
Non-operating expenses		
Interest expenses	2,449	2,427
Miscellaneous expenses	428	527
Total non-operating expenses	2,878	2,954
Ordinary income (loss)	45,464	(3,485)
Extraordinary income		
Gain on sales of fixed assets	595	344
Gain on contributions for construction	458	720
Gain on sales of investment securities	901	2,520
Reversal of provision for loss on liquidation	4,816	-
Others	213	244
Total extraordinary income	6,984	3,830
Extraordinary losses		
Loss on sales of fixed assets	262	167
Impairment loss on fixed assets	1,472	1,350
Loss on disposition of fixed assets	722	289
Loss on valuation of investment securities	-	995
Loss on reduction of property and equipment	402	637
Others	52	1,432
Total extraordinary losses	2,911	4,872
Profit (loss) before income taxes	49,537	(4,527)
Income taxes – current	12,171	2,947
Income taxes – deferred	6,008	(203)
Total income taxes	18,179	2,743
Profit (loss)	31,357	(7,271)
Profit (loss) attributable to:		
Non-controlling interests	2,830	1,549
Owners of the parent	28,526	(8,820)

Quarterly Consolidated Statements of Comprehensive Income (Unaudited)

	Millions of yen	
	1 April 2019 -31 December 2019	1 April 2020 -31 December 2020
Profit (loss)	31,357	(7,271)
Other comprehensive income		
Net unrealised gains and losses on available-for-sale securities	(855)	(2,485)
Deferred gains and losses on hedges	(49)	439
Foreign currency translation adjustments	(5)	(5)
Retirement benefit adjustments	(37)	4
Share of other comprehensive income of affiliates accounted for using the equity method	(165)	78
	(1,114)	(1,969)
Total other comprehensive income	(1,114)	(1,969)
Comprehensive income	30,243	(9,240)
Comprehensive income attributable to:		
Owners of the parent	27,323	(10,768)
Non-controlling interests	2,919	1,527

(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)

The company is limited economic activities under certain restrictions during fiscal year ending March 2021. And in estimating for the impairment of fixed assets, the recoverability of deferred tax assets and other matters, the company assumes that new cases of COVID-19 will peak in January 2021 and gently decrease from February 2021 through a certain point of time .

Segment information

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

(Millions of yen)

	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 maintenance, 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.

Information about reportable segments for the nine-month period ended 31 December 2020 was as follows.

(Millions of yen)

	Traffic	Transport	Real Estate	Leisure and Service	Distribution	Aviation Services	Others (*1)	Total	Adjustment (*2)	Quarterly consolidated financial statements (*3)
Operating revenues:										
External customers	77,454	96,546	57,899	15,352	75,036	16,106	18,720	357,116	—	357,116
Intersegment sales/transfer	1,560	335	6,903	304	6,513	—	11,862	27,479	(27,479)	—
Total	79,014	96,882	64,803	15,656	81,549	16,106	30,582	384,596	(27,479)	357,116
Segment income (loss)	(11,867)	2,068	9,549	(10,056)	(1,868)	1,704	699	(9,770)	(125)	(9,895)

*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 ¥(125) million was treated as intersegment elimination.

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