

Quarterly consolidated financial statements
(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	14,918	35,259
Notes and accounts receivable - trade	21,947	24,737
Securities	2,178	1,870
Land and buildings for sale	123,881	130,329
Merchandise	1,836	1,744
Other	12,617	13,106
Allowance for doubtful accounts	(364)	(574)
Total current assets	177,016	206,473
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	222,247	221,754
Machinery, equipment and vehicles, net	17,412	16,394
Land	223,746	223,682
Construction in progress	5,477	7,410
Other, net	10,166	10,575
Total property, plant and equipment	479,049	479,817
Intangible assets	8,576	8,090
Investments and other assets		
Investment securities	44,680	43,075
Long-term loans receivable	411	378
Deferred tax assets	10,163	12,361
Retirement benefit asset	598	645
Other	12,614	13,258
Allowance for doubtful accounts	(286)	(238)
Total investments and other assets	68,182	69,481
Total non-current assets	555,808	557,388
Total assets	732,824	763,862

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,450	8,455
Short-term borrowings	75,224	82,905
Short-term bonds payable	7,999	–
Current portion of bonds payable	20,039	30,009
Income taxes payable	4,187	4,393
Advances received	6,293	11,148
Provision for bonuses	2,971	2,680
Provision for loss on unused gift certificate	702	738
Other	40,827	32,401
Total current liabilities	167,695	172,733
Non-current liabilities		
Bonds payable	80,000	100,000
Long-term borrowings	143,869	157,699
Long-term accounts payable - other	369	323
Deferred tax liabilities	8,825	8,852
Deferred tax liabilities for land revaluation	33,046	33,046
Provision for retirement benefits for directors (and other officers)	228	182
Retirement benefit liability	19,093	18,959
Other	25,636	27,256
Total non-current liabilities	311,069	346,321
Total liabilities	478,765	519,055
Net assets		
Shareholders' equity		
Share capital	51,466	51,466
Capital surplus	28,792	28,792
Retained earnings	150,926	142,730
Treasury shares	(21,640)	(21,648)
Total shareholders' equity	209,545	201,340
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,648	5,277
Revaluation reserve for land	36,375	36,375
Foreign currency translation adjustment	71	23
Remeasurements of defined benefit plans	(2,904)	(2,590)
Total accumulated other comprehensive income	40,191	39,085
Share acquisition rights	110	144
Non-controlling interests	4,212	4,236
Total net assets	254,058	244,806
Total liabilities and net assets	732,824	763,862

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income
Quarterly consolidated statement of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Operating revenue	165,209	108,232
Operating expenses		
Operating expenses and cost of sales of transportation	122,198	94,024
Selling, general and administrative expenses	21,041	20,061
Total operating expenses	143,239	114,086
Operating profit (loss)	21,969	(5,854)
Non-operating income		
Interest income	27	22
Dividend income	552	327
Subsidies for employment adjustment	–	586
Miscellaneous income	510	798
Total non-operating income	1,091	1,735
Non-operating expenses		
Interest expenses	1,143	1,036
Share of loss of entities accounted for using equity method	89	13
Miscellaneous expenses	392	806
Total non-operating expenses	1,625	1,856
Ordinary profit (loss)	21,435	(5,975)
Extraordinary income		
Gain on sales of investment securities	816	2,127
Subsidies	277	325
Gain on sales of non-current assets	10	47
Contribution for construction	257	24
Compensation income	1,093	–
Total extraordinary income	2,455	2,524
Extraordinary losses		
Loss on COVID-19	–	947
Loss on retirement of non-current assets	286	93
Loss on tax purpose reduction entry of non-current assets	841	19
Impairment loss	38	17
Other	–	7
Total extraordinary losses	1,166	1,085
Profit (loss) before income taxes	22,724	(4,536)
Income taxes - current	7,036	3,514
Income taxes - deferred	153	(1,773)
Total income taxes	7,189	1,741
Profit (loss)	15,534	(6,277)
Profit attributable to non-controlling interests	380	42
Profit (loss) attributable to owners of parent	15,154	(6,320)

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit (loss)	15,534	(6,277)
Other comprehensive income		
Valuation difference on available-for-sale securities	(762)	(1,364)
Remeasurements of defined benefit plans, net of tax	150	314
Share of other comprehensive income of entities accounted for using equity method	39	(48)
Total other comprehensive income	(571)	(1,098)
Comprehensive income	14,963	(7,376)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,586	(7,426)
Comprehensive income attributable to non- controlling interests	376	49

(3) Quarterly consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit (loss) before income taxes	22,724	(4,536)
Depreciation	10,035	9,967
Amortization of intangible assets	220	213
Impairment loss	38	17
Loss on tax purpose reduction entry of non-current assets	841	19
Proceeds from contribution for construction	(257)	(24)
Loss (gain) on sales of investment securities	(816)	(2,127)
Interest and dividend income	(580)	(350)
Interest expenses	1,143	1,036
Subsidies for employment adjustment	–	(586)
Loss on COVID-19	–	947
Increase (decrease) in retirement benefit liability	479	284
Decrease (increase) in retirement benefit asset	(112)	12
Decrease (increase) in trade receivables	8,252	(2,929)
Decrease (increase) in inventories	(953)	(6,980)
Increase (decrease) in trade payables	(1,613)	(1,420)
Increase (decrease) in accrued consumption taxes	2,399	(419)
Decrease (increase) in other current assets	2,000	332
Increase (decrease) in other current liabilities	(8,704)	768
Other, net	797	1,158
Subtotal	35,893	(4,615)
Interest and dividends received	580	351
Interest paid	(1,150)	(1,029)
Subsidies for employment adjustment received	–	581
Loss on COVID-19 paid	–	(662)
Income taxes paid	(7,125)	(3,112)
Net cash provided by (used in) operating activities	28,197	(8,487)
Cash flows from investing activities		
Purchase of non-current assets	(11,076)	(13,617)
Proceeds from sales of non-current assets	12	112
Proceeds from contribution received for construction	170	158
Purchase of investment securities	(2,078)	(1,290)
Proceeds from sales of investment securities	1,777	3,344
Purchase of shares of subsidiaries and associates	(1,099)	(336)
Loan advances	(655)	(949)
Collection of loans receivable	603	783
Other, net	(33)	(315)
Net cash provided by (used in) investing activities	(12,379)	(12,110)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(7,102)	6,258
Net increase (decrease) in short-term bonds payable	1,000	(7,999)
Proceeds from long-term borrowings	5,710	19,330
Repayments of long-term borrowings	(7,350)	(4,076)
Proceeds from issuance of bonds	–	29,843
Redemption of bonds	(10,022)	(19)
Dividends paid	(1,872)	(1,876)
Dividends paid to non-controlling interests	(25)	(25)
Purchase of treasury shares	(8)	(8)
Other, net	(514)	(487)
Net cash provided by (used in) financing activities	(20,187)	40,938

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net increase (decrease) in cash and cash equivalents	(4,368)	20,340
Cash and cash equivalents at beginning of period	21,377	14,911
Cash and cash equivalents at end of period	17,009	35,251

(4) Notes on quarterly consolidated financial statements

Notes on premise of going concern

No items to report.

Notes on significant changes in the amount of shareholders' equity

No items to report.

Additional information

(Accounting estimates associated with the impact of the spread of novel coronavirus disease (COVID-19))

Regarding the impact of the spread of COVID-19 on the Group, this is based on the premise that economic activity in Japan will gradually recover from the situation in April and May of this year, and that there will be no further declarations of a state of emergency, requests for business closures, or large-scale restrictions on outing. Accounting estimates such as impairment losses on non-current assets and the recoverability of deferred tax assets have been made assuming that domestic demand will have recovered to a certain level by the end of the current fiscal year, despite the degree of recovery varying from business to business, and inbound demand will not recover during the current fiscal year.