

(Translation)

**Consolidated Financial Results  
for the Year Ended March 31, 2022  
(Japanese GAAP)**

May 10, 2022

Company name: Kyushu Railway Company  
Stock exchange listings: Tokyo and Fukuoka  
Securities code: 9142  
URL: <https://www.jrkyushu.co.jp/>  
Representative: Yoji Furumiya, President and CEO  
Contact: Kazuyo Hisano, General Manager, Public Relations Department  
Tel.: +81-92-474-2541

Scheduled date of Ordinary General Meeting of Shareholders: June 23, 2022  
Scheduled date of dividend payment commencement: June 24, 2022  
Scheduled date of release of annual securities report: June 23, 2022  
Preparation of supplementary explanations for financial results: Yes  
Holding of a briefing on financial results: Yes

(Amounts less than one million yen, except for per share amounts, are omitted.)

**1. Consolidated Financial Results for the Year Ended March 31, 2022  
(From April 1, 2021 to March 31, 2022)**

**(1) Consolidated operating results**

(Percentages show year-on-year changes.)

	Operating revenues		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2022	329,527	12.1	3,944	—	9,237	—	13,250	—
Year ended March 31, 2021	293,914	(32.1)	(22,873)	—	(19,323)	—	(18,984)	—

(Note) Comprehensive income:

As of March 31, 2022: ¥ 11,244 million [(—)%]

As of March 31, 2021: ¥ (15,423) million [(—)%]

	Net income per share — basic	Net income per share — diluted	Return on equity	Ordinary income to total assets	Operating income to operating revenues
	Yen	Yen	%	%	%
Year ended March 31, 2022	84.34	—	3.4	1.0	1.2
Year ended March 31, 2021	(120.83)	—	(4.7)	(2.3)	(7.8)

(Reference) Equity in net income (losses) of affiliated companies:

As of March 31, 2022: ¥ (118) million

As of March 31, 2021: ¥ (83) million

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	951,980	389,024	40.8	2,471.60
As of March 31, 2021	891,379	395,408	43.8	2,483.43

(Reference) Shareholders' equity:

As of March 31, 2022: ¥388,331 million

As of March 31, 2021: ¥390,189 million

**(3) Consolidated cash flows**

	Net cash provided by operating activities	Net cash provided by (used in) investing activities	Net cash used in financing activities	Cash and cash equivalents, end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2022	56,460	(95,729)	52,539	78,709
Year ended March 31, 2021	(10,361)	(53,912)	105,870	65,019

**2. Dividends**

	Annual dividends					Total dividends (Fiscal)	Payout ratio (Consolidated)	Dividends to net assets ratio (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2021	—	0.00	—	93.00	93.00	14,629	—	3.6
Year ended March 31, 2022	—	0.00	—	93.00	93.00	14,629	110.3	3.8
Year ended March 31, 2023 (Forecast)	—	0.00	—	93.00	93.00		59.6	

**3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)**

(Percentages show year-on-year changes.)

	Operating revenues		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share — basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	381,400	15.7	29,000	635.2	30,000	224.8	24,500	84.9	155.93

## Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022 (changes in specified subsidiaries affecting the scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and restatement of revisions

- i Changes in accounting policies with revision of accounting standards: Yes
- ii Changes in accounting policies other than the above: Yes
- iii Changes in accounting estimates: Yes
- iv Restatement of revisions: No

(Notes)

ii is subject to “Changes in Accounting Policies That Are Difficult to Distinguish from Changes in Accounting Estimates.”

For details about i, please refer to “(5) Notes to Consolidated Financial Statements, Changes in Accounting Policies” on page 19 of the accompanying materials.

For details about ii and iii, please refer to “(5) Notes to Consolidated Financial Statements, Changes in Accounting Policies That Are Difficult to Distinguish from Changes in Accounting Estimates and Changes in Accounting Estimates” on page 20 of the accompanying materials.

(3) Number of shares issued (common stock)

i Number of shares issued at end of period (including treasury stock)	As of March 31, 2022	157,301,600 shares	As of March 31, 2021	157,301,600 shares
ii Number of shares of treasury stock at end of period	As of March 31, 2022	183,705 shares	As of March 31, 2021	184,600 shares
iii Average number of shares during the period	As of March 31, 2022	157,117,675 shares	As of March 31, 2021	157,116,625 shares

Note: The number of shares of treasury stock at the end of the period includes the number of shares of the Company’s stock held by the Board Benefit Trust (BBT) (FY2022/3, 183,700 shares; FY2021/3, 184,600 shares). In addition, the number of shares of the Company’s stock held by the Board Benefit Trust (BBT) is included in the treasury stock that is subtracted in the calculation of the average number of shares during the period (FY2022/3, 183,925 shares; FY2021/3, 184,975 shares).

(Reference)

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2022

(April 1, 2021–March 31, 2022)

(1) Non-consolidated operating results

(Percentages show year-on-year changes.)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2022	179,989	24.4	(1,325)	—	2,253	—	8,950	—
Year ended March 31, 2021	144,727	(32.7)	(20,591)	—	(10,853)	—	(11,145)	—

	Net income per share — basic	Net income per share — diluted
	Yen	Yen
Year ended March 31, 2022	56.97	—
Year ended March 31, 2021	(70.94)	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	805,512	329,993	41.0	2,100.29
As of March 31, 2021	752,051	338,040	44.9	2,151.52

(Reference) Shareholders’ equity:

As of March 31, 2022: ¥329,993 million

As of March 31, 2021: ¥338,040 million

## 2. Non-Consolidated Forecasts for the Fiscal Year Ending March 31, 2023 (April 1, 2022–March 31, 2023)

(Percentages show year-on-year changes.)

	Operating revenues		Operating income		Ordinary income		Net income		Net income per share — basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	210,500	17.0	18,200	—	22,700	907.2	21,100	135.7	134.29

\* This summary of financial results is not subject to audits by certified public accountants or accounting auditors.

### **Explanation of Appropriate Uses of Performance Forecasts and Other Important Items**

Performance forecasts and other forward-looking statements appearing in this document are based on currently available information and specific assumptions deemed rational, and are not assurances that the Company will achieve these forecasts. Actual performance can vary greatly depending on various factors such as fluctuations in interest rates, fluctuations in share prices, changes in exchange rates, fluctuations in the value of assets, changes in the economic and financial environment, changes in the conditions of competition, occurrences of large-scale and other disasters, and changes in regulations.

Supplementary materials have been attached to this summary of financial results.

A financial results briefing for securities analysts is scheduled to be held on May 11, 2022 (Wednesday). The presentation materials used for this briefing will be posted on the Company's website promptly after the conclusion of this briefing.

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(Explanatory Materials) Financial results for the fiscal year ended March 31, 2022

## 1. Qualitative Information on Consolidated Financial Performance

Forward-looking statements in this document are based on assessments as of the end of the fiscal year ended March 31, 2022.

From the fiscal year ended March 31, 2022, the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc.

Details are provided in “3. Consolidated Financial Statements and Major Notes, (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” and “3. Consolidated Financial Statements and Major Notes, (5) Notes to Consolidated Financial Statements (Segment Information).”

### (1) Qualitative Information on Consolidated Operating Results

#### [1] Overview of the fiscal year ended March 31, 2022

In the fiscal year ended March 31, 2022, due to the spread of COVID-19, a state of emergency was declared, and it was subsequently extended multiple times. Domestic demand remained sluggish, centered on the service sector. Due to the expansion of vaccination programs, etc., there are expectations for progress with the control of COVID-19 and with economic activity. However, new COVID-19 variants have emerged, and the timing, extent, etc., of a recovery in economic activity remain highly uncertain. Challenging conditions are expected to continue for the time being.

Looking at the Group’s results, due to spread of the COVID-19 infection and to the state of emergency declarations, the railway and other businesses were affected by declining mobility demand and sluggish consumer spending. In these conditions, we worked in accordance with our recognition that our most important mission is safety in the railway business, which is our mainstay business. We steadily invested in railway safety, and in April 2021 we opened the Kumamoto Station Building, which is part of our implementation of strategic city-building initiatives in the regions around our bases. Furthermore, we rolled out a project under the title “Supporting Each Other Until It’s Over,” which expresses our wishes for the resolution of COVID-19 and the invigoration of Kyushu. We also implemented initiatives to promote “Local Community Invigoration,” such as establishing a specialized regional fund. In addition, the future course of trends in the management environment is unclear, and we implemented necessary measures in preparation for changes in the management environment. These included temporary leave for employees and other cost reduction measures, centered on the railway business, as well as revision of the investment plan.

As a result, operating revenue was up 12.1% year on year, to ¥329,527 million; operating income was ¥3,944 million (compared with operating loss of ¥22,873 million in the same period of the previous fiscal year); EBITDA was up 563.3% to ¥30,770 million; ordinary income was ¥9,237 million (compared with ordinary loss of ¥19,323 million in the same period of the previous fiscal year); and net income attributable to owners of the parent was ¥13,250 million (compared with net loss attributable to owners of the parent of ¥18,984 million in the same period of the previous fiscal year).

(Note) EBITDA in the fiscal year ended March 31, 2022, is the numerical value of operating income plus the cost of depreciation (excluding the cost of depreciation related to lease assets held for the purpose of subleasing).

Business performance by segment is as follows.

(Millions of Yen)

	Operating revenues			Operating income / loss			EBITDA		
	FY 2022/3 (April 1, 2021 – March 31, 2022)	YoY		FY 2022/3 (April 1, 2021 – March 31, 2022)	YoY		FY 2022/3 (April 1, 2021 – March 31, 2022)	YoY	
Transportation	108,918	13,624	14.3%	(22,299)	15,329	—	(13,651)	12,856	—
Construction	95,704	(819)	(0.8%)	7,087	96	1.4%	8,099	57	0.7%
Real Estate and Hotels	110,580	30,452	38.0%	17,986	8,072	81.4%	31,855	9,630	43.3%
Real estate lease	57,950	8,189	16.5%	14,752	2,680	22.2%	26,439	4,429	20.1%
Real estate sale	43,639	20,079	85.2%	6,193	3,552	134.5%	6,205	3,552	133.9%
Hotel	8,990	2,183	32.1%	(2,959)	1,839	—	(789)	1,648	—
Retail and Restaurant	43,644	(7,843)	(15.2%)	(1,241)	1,334	—	48	1,229	—
Other	60,072	(3,568)	(5.6%)	2,883	1,132	64.7%	5,245	1,537	41.5%
Total	418,920	31,844	8.2%	4,417	25,965	—	31,598	25,311	402.6%
Adjustment	(89,392)	3,768	—	(473)	852	—	(827)	820	—
Amount on the consolidated financial statements	329,527	35,613	12.1%	3,944	26,817	—	30,770	26,131	563.3%

### i) Transportation Group

In the railway business, the Company worked to secure safety and implemented measures to prevent the spread of COVID-19. On that basis, we worked to secure revenues. In addition, in order to improve profitability in the railway business, which has a high percentage of fixed costs, we reevaluated various expenses and advanced cost reductions.

In terms of safety initiatives, we implemented safety creation activities in order to steadily create safety for the entire JR Kyushu Group. The slogan of the activities was “Save lives!! Understand the rules and put them into practice.” In addition, we steadily implemented safety investment, such as new production of rolling stock and replacement of aging facilities.

In regard to services, with consideration for prevention of the COVID-19 infection, we worked to understand the needs of each customer and to meet their expectations with prompt action. In addition, we took steps to provide services that are aligned with new lifestyles, are safe, and can be used with peace of mind. These included a hygiene promotion, which was implemented in collaboration with Lion Corporation, and verification testing of limited-express tickets using QR code payment, which was implemented in cooperation with PayPay Corporation.

In marketing, for the opening of the Nishi-Kyushu Shinkansen in September 2022, we conducted a tourism campaign communicating the appeal of Saga and Nagasaki. Together with HKT48, and in cooperation with other railway companies in Kyushu, we also implemented the

“Minna no Kyushu Project.” Furthermore, we implemented a promotion to expand the use of the Internet train reservation services, with the catchphrase “For the ticket, use the Internet!” In line with the decrease in usage accompanying the spread of the COVID-19 infection, for certain discount tickets, we ended sales or revised prices. In addition, we started a new Shinkansen cargo transport business with the aim of securing new earnings opportunities.

In transportation, while implementing infection prevention measures at stations and on trains, we worked to maintain the transportation network, which is social infrastructure. Due to the impacts of heavy rain that occurred in northern Kyushu in July 2017, we are implementing substitute forms of transportation between Soeda Station and Yoake Station on the Hitahikosan Line. We have obtained the approval of related local governments regarding restoration through the introduction of a bus rapid transit (BRT) system, and we are advancing preparations for the restoration. Furthermore, due to the influence of the heavy rains in July 2020, railway facilities on the Hisatsu Line were seriously damaged, and we are implementing substitute forms of transportation on certain sections on which operation has been suspended.

In our passenger ship business, as a protection measure to prevent the spread of the COVID-19 infection, the Japanese government requested the halting of passenger transportation operations, and operations have been suspended on all scheduled routes since March 2020. Also, as an initiative to be implemented during the suspension of service on scheduled routes, from March 2021 we conducted domestic sightseeing operation of the “QUEEN BEETLE” new-style hydrofoil ferry. In addition, to expand opportunities for service, such as special operation on domestic routes, we changed the registry of the QUEEN BEETLE to Japanese registry in March 2022.

In our bus business, we reduced service in line with usage conditions, while working to create an environment in which customers can use bus services with peace of mind through measures to prevent the spread of infection. In addition, from March 2022 we introduced a dynamic-pricing fare system on a high-speed bus route. Under this system, fares are changed flexibly within a wider price range in line with the most-recent reservation circumstances.

In the field of new mobility services (MaaS), with the objective of restoring a lively atmosphere to the center of Fukuoka City, which has been affected by the influence of the COVID-19 infection, we launched sales of digital tickets on a MaaS app in conjunction with Nishi-Nippon Railroad Co., Ltd., and 18 commercial facilities in the Tenjin and Hakata areas. Also, in the northern Kyushu area, together with DAIICHI KOUTSU SANGYO Co., Ltd., and Nishi-Nippon Railroad Co., Ltd., as well as Kitakyushu City, we launched sales of digital tickets in sets with tourism tickets. In the Miyazaki region, where we have been advancing MaaS initiatives since the fiscal year ended March 31, 2021, in collaboration with Miyazaki kotsu Co., Ltd, we started a new regional transportation service utilizing bus and railway services at Nippo Main Line’s Takanahe Station. Moreover, as new area initiatives, in 2022, we moved forward with such measures as the introduction of a MaaS app in Saga Prefecture and the Yufuin region in Oita Prefecture and collaboration related to regional transportation with Kyushu Sanko Bus Co., Ltd., and TaKuRoo in Kumamoto Prefecture. We also agreed to provide information related to stations and train locations within the JR Kyushu service area through a MaaS app provided by West Japan Railway Company, and we started the provision of this service.



As a result, the Transportation Group recorded operating revenue of ¥108,918 million, up 14.3% year on year; an operating loss of ¥22,299 million (compared with operating loss of ¥37,629 million in the same period of the previous fiscal year); and negative EBITDA of ¥13,651 million (compared with negative EBITDA of ¥26,507 million in the same period of the previous fiscal year).

## **ii) Construction Group**

In the construction business, we leveraged specialized skills in the railway business in order to contribute to safe, stable railway operations through railway-related civil engineering, railroad track, and construction work as well as through maintenance operations and rolling stock equipment work. In railway construction, in a continuation from the previous fiscal year, we endeavored to steadily advance work related to the Nishi-Kyushu Shinkansen and the Hokuriku Shinkansen. In addition, JR Kyushu Electric System Company, a subsidiary of the Company, installed optical fiber cables in Shinkansen structures between Hakata Station and Kagoshima-Chuo station and started an optical-fiber core wire leasing service from March 2022.

Furthermore, we worked to obtain orders from government and municipal offices and from private enterprises for the construction of elevated tracks and for work related to the Shinkansen, condominiums, and other projects. We also endeavored to reduce costs.

As a result, the Construction Group posted operating revenue of ¥95,704 million, down 0.8% year on year; operating income of ¥7,087 million, up 1.4%; and EBITDA of ¥8,099 million, up 0.7%.

## **iii) Real Estate and Hotels Group**

In the real estate leasing business, we opened Amu Plaza Kumamoto in April 2021 and Nagasaki Kaido Kamome Ichiba in March 2022. On the other hand, in accordance with requests from local governments accompanying the spread of COVID-19, at our station buildings we implemented shorter operating hours and certain tenants suspended operations at stores.

In the real estate sale business, while instituting infection prevention measures at model rooms, we recorded sales from “MJR Sakaisuji Honmachi Tower,” “MJR the Garden Shimoori,” “MJR the Garden Kashii,” and other condominium buildings, and we sought to promote sales of “MJR Kumamoto The Tower,” “MJR Kumamoto Garden Court,” “MJR Kagoshima Eki Park Front,” etc. In addition, we sold assets to JR Kyushu Private REIT Inc., which began operations from March 2022.

In the hotel business, we opened THE BLOSSOM KUMAMOTO in April 2021. In the period under review, occupancy rates were sluggish due to the influence of the spread of COVID-19. However, we took steps to capture limited demand, such as sales of a plan for teleworking. There were also signs of improvement as a result of a recovery in mobility following the lifting of the state of emergency, etc.

As a result, the Real Estate and Hotels Group posted operating revenue of ¥110,580 million, up 38.0% year on year; operating income of ¥17,986 million, up 81.4%; and EBITDA of ¥31,855 million, up 43.3%.

#### **iv) Retail and Restaurant Group**

In our retail business, we renovated convenience stores, and we opened “hands be Amu Plaza Kumamoto” at Amu Plaza Kumamoto, which opened in April 2021. In addition, we implemented online openings of “Yobuko Manbou” and “FAMILK!!” on Ekicho Osusume No e-MALL, a JR Kyushu Group e-commerce site that opened in August 2021. Furthermore, in September 2021 we opened the “Famima Toranomom Hills,” our first convenience store in the Kanto region.

In the restaurant business, we took steps to expand new store openings. For example, we opened a new Cinnabon specialty cinnamon roll shop in Amu Plaza Kumamoto, which opened in April 2021. Furthermore, we took steps to create new demand. For example, in August 2021 we opened the first Umayu freestanding restaurant in a suburban location. In addition, we continued the initiative of using platform stores at Hakata Station as pop-up shops, and we also worked to further improve management efficiency, including closing unprofitable stores. Moreover, in October 2021, Nurubon Inc., which was established in August 2021 as a subsidiary of the Company, acquired and began to operate Yakiniku Nurubon, which is a yakiniku chain, and other restaurants from Amiya Co., Ltd. and Royal Foods Co., Ltd.

Moreover, stores in stations and existing restaurants were affected by the decline in mobility demand and sluggish consumption demand due to the influence of the spread of COVID-19. In addition, in May 2020, the Company transferred to TSURUHA Holdings, Inc. a portion of its holdings of the shares of JR Kyushu Drug Eleven Inc., and JR Kyushu Drug Eleven has been an equity-method affiliate from the end of the first quarter of the fiscal year ended March 31, 2021.

As a result, the Retail and Restaurant Group recorded operating revenue of ¥43,644 million, down 15.2% year on year; operating loss of ¥1,241 million (compared with operating loss of ¥2,575 million in the same period of the previous fiscal year); and EBITDA of ¥48 million (compared with negative EBITDA of ¥1,180 million in the same period of the previous fiscal year).

#### **v) Other Groups**

For the construction machinery sales and rental business, we worked to secure earnings through aggressive sales activities.

As a result, Other Groups posted operating revenue of ¥60,072 million, down 5.6% year on year; operating income of ¥2,883 million, up 64.7%; and EBITDA of ¥5,245 million, up 41.5%.

(Note) Segment EBITDA is the numerical value (before elimination of transactions between segments and excluding depreciation of leased assets held for subleasing purposes) of operating income for each segment plus the cost of depreciation.

## **[2] Forecasts for the Next Fiscal Year Ending March 31, 2023**

Due to the spread of COVID-19 vaccines, etc., both infection control and consumption activities are anticipated. Nonetheless, the timing, extent, etc., of a recovery in economic activity remain highly uncertain. Other factors are expected to include increases in energy costs. The management environment is expected to continue to be challenging.

In this setting, from the fiscal year ended March 31, 2023, we started the three-year JR Kyushu Group Medium-Term Business Plan 2022–2024. The period of this plan has been positioned as an important stage for working to rapidly return the Group to a growth track. We will advance three key strategies. The first is “completing business structural reforms,” which we have been working to implement during the spread of COVID-19. The second is “creating a model for building cities that promote well-being,” and the third is “developing businesses in new areas in which we can contribute.” The second and third strategies are for the realization of the 2030 Long-Term Vision — “We will contribute to the sustainable development of Kyushu through city-building initiatives that leverage the distinctive characteristics of local communities, centered on safe and secure mobility services.” In addition, we will also work to develop human resources for the implementation and realization of strategies, and to build foundations for advancing strategies on a Groupwide basis. These will support the implementation of the key strategies for the realization of the long-term vision. In the fiscal year ended March 31, 2023, the first year of the plan, we will advance business structural reforms and work to leverage the opening of the Nishi-Kyushu Shinkansen and to implement city-building initiatives in areas around our railway lines.

In regard to the consolidated performance forecasts for the fiscal year ended March 31, 2023, it is still not possible to forecast the timing of the resolution of the COVID-19 situation. However, we expect a moderate recovery in mobility demand and consumer spending due to both infection control and consumption activity. We expect a gain in operating revenues and increases at all levels of profit.

Full-year performance forecasts for the fiscal year ending March 31, 2023

Operating revenue	¥381,400 million (up 15.7% YoY)
Operating income	¥29,000 million (up 635.2% YoY)
Ordinary income	¥30,000 million (up 224.8% YoY)
Net income attributable to owners of the parent	¥24,500 million (up 84.9% YoY)
EBITDA	¥58,200 million (up 89.1% YoY)

Also, forecasts by segment for operating revenues, operating income, and EBITDA are as follows.

(Millions of Yen)

	Operating revenues			Operating income / loss			EBITDA		
	FY 2023/3 (April 1, 2022 – March 31, 2023)	YoY		FY 2023/3 (April 1, 2022 – March 31, 2023)	YoY		FY 2023/3 (April 1, 2022 – March 31, 2023)	YoY	
Transportation	139,200	34,907	33.5%	(200)	22,552	—	10,300	24,488	—
Real Estate and Hotels	121,400	7,691	6.8%	20,000	1,980	11.0%	34,200	2,236	7.0%
Real estate lease	61,600	3,070	5.2%	13,900	(853)	(5.8%)	25,800	(705)	(2.7%)
Real estate sale	43,200	(2,988)	(6.5%)	5,400	(825)	(13.3%)	5,400	(847)	(13.6%)
Hotel	16,600	7,609	84.6%	700	3,659	—	3,000	3,789	—
Retail and Restaurant	53,300	9,655	22.1%	1,200	2,441	—	2,500	2,451	—
Construction	86,500	(6,413)	(6.9%)	5,600	(1,455)	(20.6%)	6,700	(1,356)	(16.8%)
Business Services	70,400	869	1.3%	3,200	(135)	(4.1%)	5,600	(117)	(2.0%)
Total	470,800	46,710	11.0%	29,800	25,383	574.7%	59,300	27,702	87.7%
Adjustment	(89,400)	5,161	—	(800)	(327)	—	(1,100)	(273)	—
Amount on the consolidated financial statements	381,400	51,872	15.7%	29,000	25,055	635.2%	58,200	27,429	89.1%

(Note) The YoY increase or decrease amounts and percentages for each segment are comparisons with figures resulting from the reclassification of the results for the previous fiscal year in accordance with the new segment categories.

Moreover, the performance outlook was prepared based on information available as of the release date of these materials, and there are cases where actual performance differs from outlook figures due to various factors that arise going forward.

## **(2) Qualitative Information on Consolidated Financial Position**

### **[1] Assets, Liabilities, and Net Assets**

Total assets as of the end of the current consolidated fiscal year increased 6.8% compared to the previous fiscal year-end, to ¥951,980 million. Due to an increase in cash and time deposits and other factors, current assets were up 2.9%, to ¥206,722 million. Non-current assets increased 7.9%, to ¥745,257 million, due to the acquisition of property, plant and equipment and other factors.

Meanwhile, total liabilities increased 13.5% compared to the previous fiscal year-end, to ¥562,955 million. Due to the issuance of commercial papers, etc., current liabilities were up 25.8%, to ¥182,074 million. Non-current liabilities were up 8.4%, to ¥380,881 million, as a result of the issuance of bonds and other factors.

Furthermore, total net assets decreased 1.6% compared to the previous fiscal year-end, to ¥389,024 million. This was due to a decline in non-controlling interests and other factors.

### **[2] Cash Flows**

(Cash flows from operating activities)

Net cash provided by operating activities totaled ¥56,460 million (compared with net cash used in operating activities of ¥10,361 million in the previous fiscal year), due to improvement in income (loss) before income taxes.

(Cash flows from investing activities)

Net cash used in investing activities was ¥95,729 million, up ¥41,816 million year on year, due to an increase in purchases of fixed assets and other factors.

(Cash flows from financing activities)

Net cash provided by financing activities was ¥52,539 million, down ¥53,330 million year on year, as a result of a decline in fund-raising.

As a result of the above, cash and cash equivalents, end of year increased ¥13,690 million year on year, to ¥78,709 million.

## **(3) Dividend Policies, Dividends in the Fiscal Year Ended March 31, 2022, and Forecast for Dividends in the Fiscal Year Ending March 31, 2023**

The Company views shareholder returns as one of its important management tasks, and therefore places importance on providing stable returns over the long term. Over the period to the fiscal year ending March 31, 2025, the Company will aim for a consolidated dividend payout ratio of 35%, with a minimum dividend per share of ¥93.0. In addition, to increase capital efficiency, the Company will implement share repurchases depending on the situation.

Results were extremely severe in the fiscal year ended March 31, 2022. However, in accordance with the above policy, the Company is planning a year-end dividend of ¥93.0 per share for the fiscal year ended March 31, 2022.

It is not possible to forecast the timing of the resolution of the COVID-19 infection. Results in the fiscal year ended March 31, 2023 are expected to be extremely severe. However, in accordance with the above policy, the Company is planning an annual dividend of ¥93.0 per share.

Under the Articles of Incorporation, the Company is able to pay interim dividends, with a record date of September 30, through resolution of the Board of Directors. However, matters such as the influence of COVID-19 on results will require careful consideration, and accordingly, in regard to the dividends for the fiscal year ended March 31, 2022, and the fiscal year ending March 31, 2023, the Company has decided to suspend the interim dividend and plans to pay dividends in one part through the year-end dividend.

## **2. Basic Policies Regarding the Selection of Accounting Standards**

The Company employs Japanese generally accepted accounting principles (JGAAP). The Company will examine the possibility of adopting International Financial Reporting Standards (IFRS) in the future based on trends in accounting standards in Japan.

### 3. Consolidated Financial Statements and Major Notes

#### (1) Consolidated Balance Sheets

(Millions of Yen)

	FY 2021/3 (As of March 31, 2021)	FY 2022/3 (As of March 31, 2022)
<b>ASSETS</b>		
Current assets		
Cash and time deposits	22,927	39,709
Notes and accounts receivable–trade	50,857	—
Notes and accounts receivable–trade, and contract assets	—	45,536
Fares receivable	1,059	2,224
Securities	42,096	39,027
Merchandise and finished goods	13,583	19,757
Work in process	20,429	19,630
Raw materials and supplies	8,352	8,058
Other	41,646	32,821
Allowance for doubtful accounts	(47)	(42)
Total current assets	200,906	206,722
Non-current assets		
Property, plant and equipment		
Buildings and fixtures (net)	284,255	312,746
Machinery, rolling stock and vehicles (net)	38,047	44,001
Land	153,553	147,142
Leased assets, net	19,664	19,668
Construction in progress	28,498	44,040
Other (net)	8,002	7,708
Total property, plant and equipment	532,021	575,308
Intangible assets	3,940	5,735
Investments and other assets		
Investment securities	45,162	45,086
Deferred tax assets	55,252	62,996
Net defined benefit assets	873	1,007
Other	54,062	56,191
Allowance for doubtful accounts	(840)	(1,067)
Total investments and other assets	154,510	164,214
Total non-current assets	690,472	745,257
Total assets	891,379	951,980

(Millions of Yen)

	FY 2021/3 (As of March 31, 2021)	FY 2022/3 (As of March 31, 2022)
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Notes and accounts payable–trade	31,942	28,908
Short-term loans	6,885	6,070
Commercial papers	—	35,000
Current portion of long-term debt	4,674	8,780
Payables	47,952	46,564
Accrued income taxes	2,749	1,693
Fare deposits received with regard to railway connecting services	3,060	1,705
Railway fares received in advance	4,737	4,818
Accrued bonuses	5,814	7,066
Other	36,864	41,466
<b>Total current liabilities</b>	<b>144,681</b>	<b>182,074</b>
Non-current liabilities		
Bonds	80,000	120,000
Long-term debt	159,383	153,336
Lease obligations	11,522	11,584
Allowance for safety and environmental measures	1,412	854
Provision for loss on disaster	3,773	2,115
Liability for retirement benefits	50,507	48,890
Asset retirement obligations	1,462	1,448
Other	43,227	42,649
<b>Total noncurrent liabilities</b>	<b>351,290</b>	<b>380,881</b>
<b>Total liabilities</b>	<b>495,971</b>	<b>562,955</b>
<b>NET ASSETS</b>		
Shareholders' equity		
Common stock	16,000	16,000
Capital surplus	224,021	225,847
Retained earnings (Deficit)	150,017	147,941
Treasury stock	(594)	(591)
<b>Total common stock</b>	<b>389,445</b>	<b>389,198</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,079	4,781
Foreign currency translation adjustments	(186)	(441)
Defined retirement benefit plans	(6,148)	(5,206)
<b>Total accumulated other comprehensive income</b>	<b>743</b>	<b>(866)</b>
<b>Non-controlling interests</b>	<b>5,218</b>	<b>692</b>
<b>Total net assets</b>	<b>395,408</b>	<b>389,024</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>891,379</b>	<b>951,980</b>



**(2) Consolidated Statements of Income and Comprehensive Income**  
**Consolidated Income Statements**

(Millions of Yen)

	FY 2021/3 (April 1, 2020 – March 31, 2021)	FY 2022/3 (April 1, 2021 – March 31, 2022)
OPERATING REVENUES	293,914	329,527
OPERATING EXPENSES		
Transportation, other services and cost of sales	225,037	232,566
Selling, general and administrative expenses	91,750	93,016
Total operating expenses	316,788	325,583
OPERATING INCOME (LOSS)	(22,873)	3,944
NON-OPERATING INCOME		
Interest income	79	96
Dividend income	613	578
Gain on assets held in trust	1,715	2,033
Subsidies for employment adjustment	2,151	1,921
Infection prevention cooperation money	386	1,100
Other	1,217	1,869
Total non-operating income	6,163	7,600
NON-OPERATING EXPENSES		
Interest expense	1,727	1,515
Other	885	791
Total non-operating expenses	2,612	2,307
ORDINARY INCOME (LOSS)	(19,323)	9,237
EXTRAORDINARY GAINS		
Construction grants received	19,599	6,216
Disaster recovery expense subsidy	0	1,106
Gain on sales of shares of subsidiaries and associates	9,144	—
Other	1,521	2,258
Total extraordinary gains	30,265	9,581
EXTRAORDINARY LOSSES		
Losses from provision for cost reduction of fixed assets	19,339	6,006
Impairment loss	6,580	3,196
Provision for loss on disaster	3,491	408
Disaster-damage losses	1,879	329
Other	1,917	2,246
Total extraordinary losses	33,208	12,186
INCOME (LOSS) BEFORE INCOME TAXES	(22,265)	6,633
INCOME TAXES		
Current	3,386	2,045
Refund of income taxes	(908)	—
Deferred	(5,982)	(8,299)
Total income taxes	(3,503)	(6,253)
NET INCOME (LOSS)	(18,761)	12,886
NET INCOME (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	222	(364)
NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT	(18,984)	13,250

## Consolidated Comprehensive Income Statements

(Millions of Yen)

	FY 2021/3 (April 1, 2020 – March 31, 2021)	FY 2022/3 (April 1, 2021 – March 31, 2022)
NET INCOME (LOSS)	(18,761)	12,886
OTHER COMPREHENSIVE INCOME		
Unrealized gain on available-for-sale securities	2,646	(2,301)
Deferred gains or losses on hedges	(15)	–
Foreign currency translation adjustments	(193)	(254)
Defined retirement benefit plans	900	913
Total other comprehensive income	3,338	(1,641)
COMPREHENSIVE INCOME	(15,423)	11,244
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent	(15,609)	11,640
Non-controlling interests	186	(395)

**(3) Consolidated Statements of Changes in Net Assets**  
For the fiscal year ended March 31, 2021

(Millions of Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance at beginning of current year	16,000	224,024	176,329	(599)	415,754
Changes of items during the year					
Dividends of surplus			(7,314)		(7,314)
Net loss attributable to owners of the parent			(18,984)		(18,984)
Cancellation of treasury stocks				4	4
Capital increase of consolidated subsidiaries		(7)			(7)
Changes in the ownership interest by purchases of shares of consolidated subsidiaries		4			4
Change of scope of consolidation			(12)		(12)
Net changes of items other than shareholders' equity					
Total changes of items during the year	—	(2)	(26,311)	4	(26,309)
Balance at end of current year	16,000	224,021	150,017	(594)	389,445

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current year	4,422	15	158	(7,057)	(2,461)	5,004	418,298
Changes of items during the year							
Dividends of surplus							(7,314)
Net loss attributable to owners of the parent							(18,984)
Cancellation of treasury stocks							4
Capital increase of consolidated subsidiaries							(7)
Changes in the ownership interest by purchases of shares of consolidated subsidiaries							4
Change of scope of consolidation							(12)
Net changes of items other than shareholders' equity	2,656	(15)	(345)	909	3,205	214	3,419
Total changes of items during the year	2,656	(15)	(345)	909	3,205	214	(22,890)
Balance at end of current year	7,079	—	(186)	(6,148)	743	5,218	395,408

For the fiscal year ended March 31, 2022

(Millions of Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance at beginning of current year	16,000	224,021	150,017	(594)	389,445
Cumulative effects of changes in accounting policies			(698)		(698)
Restated balance	16,000	224,021	149,319	(594)	388,747
Changes of items during the year					
Dividends of surplus			(14,629)		(14,629)
Net income attributable to owners of the parent			13,250		13,250
Purchase of treasury stocks				(0)	(0)
Cancellation of treasury stocks				2	2
Changes in the ownership interest by purchases of shares of consolidates subsidiaries		1,826			1,826
Net changes of items other than shareholders' equity					
Total changes of items during the year	—	1,826	(1,378)	2	450
Balance at end of current year	16,000	225,847	147,941	(591)	389,198

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current year	7,079	(186)	(6,148)	743	5,218	395,408
Cumulative effects of changes in accounting policies						(698)
Restated balance	7,079	(186)	(6,148)	743	5,218	394,709
Changes of items during the year						
Dividends of surplus						(14,629)
Net income attributable to owners of the parent						13,250
Purchase of treasury stocks						(0)
Cancellation of treasury stocks						2
Changes in the ownership interest by purchases of shares of consolidates subsidiaries						1,826
Net changes of items other than shareholders' equity	(2,297)	(254)	942	(1,610)	(4,526)	(6,136)
Total changes of items during the year	(2,297)	(254)	942	(1,610)	(4,526)	(5,685)
Balance at end of current year	4,781	(441)	(5,206)	(866)	692	389,024

#### (4) Consolidated Statements of Cash Flows

(Millions of Yen)

	FY 2021/3 (April 1, 2020– March 31, 2021)	FY 2022/3 (April 1, 2021 – March 31, 2022)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) before income taxes	(22,265)	6,633
Depreciation costs	29,379	29,027
Losses from provision for cost reduction of fixed assets	19,339	6,006
Impairment loss	6,580	3,196
Increase in provision for loss on disaster	3,491	408
Loss on disaster	1,879	329
Increase (Decrease) in allowance for doubtful accounts	(17)	221
Increase (Decrease) in liability for retirement benefits	(1,937)	(466)
Increase (Decrease) in allowance for safety and environmental measures	(196)	(557)
Interest and dividends income	(692)	(675)
Interest expense	1,727	1,515
Construction grants received	(19,599)	(6,216)
Disaster recovery expense subsidy	(0)	(1,106)
Gain on sales of shares of subsidiaries and associates	(9,144)	–
(Increase) decrease in trade receivables	(10,622)	4,157
(Increase) decrease in inventories	4,523	20,179
Increase (Decrease) in trade payables	7,446	(4,308)
Gain on assets held in trust	(1,715)	(2,033)
Subsidies for employment adjustment	(2,151)	(1,921)
Infection prevention cooperation money	(386)	(1,100)
Other	(11,015)	3,793
Subtotal	(5,378)	57,080
Interest and dividends income received	668	638
Interest expense paid	(1,624)	(1,419)
Gain on assets held in trust received	1,713	2,021
Loss on disaster paid	(3,479)	(3,151)
Income taxes paid	(4,226)	(1,884)
Amount received as subsidies for employment adjustment	1,663	2,128
Amount received as infection prevention cooperation money	301	1,045
Amount received as disaster recovery expense subsidy	–	0
Net cash provided by operating activities	(10,361)	56,460

(Millions of Yen)

	FY 2021/3 (April 1, 2020 – March 31, 2021)	FY 2022/3 (April 1, 2021 – March 31, 2022)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment, and Intangible assets	(95,205)	(101,475)
Purchases of investment securities	(2,687)	(4,108)
Proceeds from construction grants	24,797	8,498
Collection of short-term loans receivable	4,220	343
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	12,311	–
Other	2,650	1,013
Net cash provided by (used in) investing activities	(53,912)	(95,729)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net increase (decrease) in short-term loans payable	(3,146)	(798)
Net increase (decrease) in commercial papers	–	35,000
Proceeds from long-term loans payable	103,636	2,751
Repayment of long-term loans payable	(30,111)	(4,673)
Payments for long-term accounts payable	(259)	(262)
Proceeds from issuance of bonds	40,000	40,000
Proceeds from lease and guarantee deposits received	5,752	1,712
Repayments of lease and guarantee deposits received	(1,621)	(1,366)
Cash dividends paid	(7,314)	(14,629)
Cash dividends paid to non-controlling shareholders	(7)	(7)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(2,296)
Other	(1,057)	(2,889)
Net cash used in financing activities	105,870	52,539
Effect of exchange rate change on cash and cash equivalents	(198)	419
Net increase (decrease) in cash and cash equivalents	41,397	13,690
Cash and cash equivalents, beginning of year	23,817	65,019
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(196)	–
Cash and cash equivalents, end of year	65,019	78,709

## **(5) Notes to Consolidated Financial Statements**

### **(Notes on Going Concern Assumption)**

No relevant events

### **(Changes in Accounting Policies)**

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter, “Accounting Standard for Revenue Recognition”), etc., from the beginning of the current consolidated fiscal year. The Company has decided to recognize as revenue the amount expected to be received in exchange for promised goods or services at the point when control of the goods or services is transferred to the customer. The major resulting changes are as follows.

#### **(1) Revenue recognition related to contract work**

Previously, in regard to construction contracts, the percentage of completion method was applied to work for which it was possible to accurately confirm the degree of progress, and the completed-contract method was applied to other work. From the current consolidated fiscal year, this has been changed to the method of recognizing revenue over a certain period of time as performance obligations are fulfilled. In regard to work for which it is not possible to rationally estimate the percentage of progress related to the fulfillment of performance obligations, the cost-recovery method is applied.

#### **(2) Revenue recognition related to agent transactions**

For certain transactions, previously the Company recognized as revenue the total amount of consideration received from the customer. From the current consolidated fiscal year, for transactions in which the role of the Group corresponds to that of an agent in the provision of goods or services to the customer, the net amount, calculated by subtracting the amount paid to the supplier from the amount received from the customer, is recognized as revenue.

#### **(3) Revenue recognition related to seniors business**

Previously, in regard to certain lump-sum move-in fees at private retirement homes, revenue was recognized at the point when it was confirmed that repayment would not be required. From the current consolidated fiscal year, the Company has decided to estimate a rational period of time related to the fulfillment of performance obligations and to recognize revenue over a certain period of time in accordance with the percentage of progress.

The application of the Accounting Standard for Revenue Recognition, etc., is in accordance with the transitional treatment stipulated in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of retrospectively applying the new accounting policy prior to the beginning of the current consolidated fiscal year has been added to or deducted from retained earnings at the beginning of the current consolidated fiscal year, and the new accounting policy has been applied from this starting balance.

In addition, “notes and accounts receivable–trade,” which were presented under “current assets” in the consolidated balance sheet for the previous consolidated fiscal year, are included in “notes and accounts receivable–trade, and contract assets”, from the current consolidated

fiscal year. In accordance with the transitional treatment stipulated in paragraph 89-2 of the Accounting Standard for Revenue Recognition, prior fiscal years have not been reclassified using the new presentation method.

In comparison with the figures before the application of the Accounting Standard for Revenue Recognition, etc., this had the result of decreasing operating revenue by ¥4,001 million, decreasing operating expenses by ¥4,089 million, and increasing each of operating income, ordinary income, and income before income taxes by ¥88 million.

The cumulative effect was reflected in total net assets at the beginning of the current consolidated fiscal year, and as a result the starting balance of retained earnings in the consolidated statement of changes in net assets was decreased by ¥698 million.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter, “fair value measurement accounting standard”), etc., from the beginning of the current consolidated fiscal year. In accordance with the transitional treatment stipulated in article 19 of the fair value measurement accounting standard and article 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), the Company has decided to prospectively apply the new accounting policies specified by the fair value measurement accounting standard. The application of the fair value measurement accounting standard had no effect on the consolidated financial statements.

### **(Changes in Accounting Policies That Are Difficult to Distinguish from Changes in Accounting Estimates and Changes in Accounting Estimates)**

(Changes in method of depreciation and useful life for property, plant and equipment)

In regard to the method of depreciation for property, plant and equipment, previously the Company primarily used the declining-balance method. However, from the current consolidated fiscal year, the Company has changed to mainly using the straight-line method.

In the Company’s railway business, the current rolling stock is becoming obsolete. The Medium-Term Business Plan includes the policy of developing and expanding the introduction of energy-saving rolling stock with the objective of efficient energy usage. In accordance with this policy, as replacements for conventional-line rolling stock, the Company is advancing the new production of 821 series AC suburban-type rolling stock, YC1 series storage battery-equipped diesel-electric rolling stock, etc. In addition, future plans call for a substantial amount of investment in new rolling stock, such as the new production of Shinkansen rolling stock at the time of the opening of the Nishi-Kyushu Shinkansen route.

With consideration for these changes in the management environment and future investment plans in the railway business, the Company reconsidered the pattern of consumption of the future economic benefit for all property, plant and equipment, including that in the railway business. As a result, the Company determined that from the current consolidated fiscal year the economic situation would be more appropriately reflected if the Company changed to mainly using the straight-line method for property, plant and equipment.



In addition, the useful life of the Company's property, plant and equipment was in line with the same standards as the method stipulated in the Corporation Tax Act. However, with the change in the method of depreciation, the useful life has been revised to the estimated economic useful life from the current consolidated fiscal year. This revision was decided with comprehensive consideration for the physical useful life of property, plant and equipment as well as the usage record, etc.

Due to these changes, in comparison with the previous method, for the current consolidated fiscal year, operating income, ordinary income, and income before income taxes each increased by ¥3,470 million.

The influence on segment information is described in "Segment Information."

**(Additional information)**

(Occurrence of damage due to rainstorms and heavy rains in the period from August 7, 2021, to August 23, 2021)

Due to the influence of the heavy rains that occurred throughout Kyushu in August 2021, damage occurred on multiple lines, including the Sasebo Line and the Kyudai Main Line. This damage included deformation of tracks over bridges and flooding of tracks. Among the recovery expenses, etc., resulting from this damage, extraordinary losses were recorded in the consolidated income statements for the current consolidated fiscal year. Recovery expenses, etc., for the current consolidated fiscal year were recorded as "disaster-damage losses" and a reasonable estimate of the amount of recovery expenses, etc., anticipated in the next consolidated fiscal year and thereafter was recorded as "provision for loss on disaster."

## **(Segment Information)**

### **1. Outline of Reportable Segments**

The reportable segments the Company reports are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors, etc., to regularly evaluate how to allocate resources and assess their business performance.

The Company primarily engages in the railway business and has four reportable segments: Transportation, Construction, Real Estate and Hotels, and Retail and Restaurant.

The Transportation segment conducts the railway, bus, and passenger ship businesses. The Construction segment performs construction, vehicle equipment- and machinery-related operations, and electrical work. The Real Estate and Hotels segment leases station buildings and other real estate, sells condominiums and other properties, and conducts hotel operations, etc. The Retail and Restaurant engages in retail, restaurant, and agriculture businesses.

### **2. Methods for Calculating Sales, Income (Loss), Assets, and Other Items by Reportable Segment**

The accounting methods used for reportable segments are generally the same as those contained in “Significant matters that serve as the basis for preparing consolidated financial statements.”

Inter-segment internal revenue and transfers are based on market prices, etc.

Figures for reportable segment profit are on an operating income basis.

### 3. Information on Sales, Income, Assets, and Other Items by Reportable Segment

For the fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(Millions of yen)

	Reportable Segments				Other (Note 1)	Total	Adjustment (Note 2)	Amount on the consolidated financial statements (Note 3)
	Transportation	Construction	Real Estate and Hotels	Retail and Restaurant				
Operating Revenues								
Outside Customers	88,656	42,359	76,621	51,330	34,947	293,914	—	293,914
Inside Group	6,637	54,164	3,506	157	28,694	93,161	(93,161)	—
Total	95,294	96,523	80,127	51,488	63,641	387,075	(93,161)	293,914
Segment income (loss)	(37,629)	6,990	9,913	(2,575)	1,751	(21,548)	(1,325)	(22,873)
Segment assets	231,568	72,468	447,889	30,842	103,078	885,846	5,532	891,379
Other items								
Depreciation costs	11,121	1,050	12,311	1,395	3,822	29,701	(322)	29,379
Increase in property, plant and equipment and intangible assets	13,998	1,854	34,237	3,240	11,344	64,675	(3,532)	61,143

(Notes) 1. “Other” represents categories of business that are not included in reportable segments and includes the construction machinery sales and rental business, etc.

2. The following adjustments have been made.

(1) The ¥1,325 million downward adjustment to segment income (loss) reflects the elimination of intersegment transactions.

(2) The ¥5,532 million upward adjustment to addition to segment assets includes a downward adjustment of ¥127,400 million in reflection of the elimination of intersegment liabilities and ¥132,933 million in corporate assets not allocated to segments.

(3) The ¥322 million downward adjustment to depreciation costs reflects the elimination of intersegment transactions.

(4) The ¥3,532 million downward adjustment to increase in fixed assets reflects the elimination of intersegment transactions.

3. Segment income (loss) has been adjusted for the operating loss figure on the consolidated income statements.

For the fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(Millions of yen)

	Reportable Segments				Other (Note 1)	Total	Adjustment (Note 2)	Amount on the consolidated financial statements (Note 3)
	Transportation	Construction	Real Estate and Hotels	Retail and Restaurant				
Operating Revenues								
Outside Customers	102,009	42,579	106,711	43,433	34,794	329,527	—	329,527
Inside Group	6,908	53,125	3,869	210	25,278	89,392	(89,392)	—
Total	108,918	95,704	110,580	43,644	60,072	418,920	(89,392)	329,527
Segment income (loss)	(22,299)	7,087	17,986	(1,241)	2,883	4,417	(473)	3,944
Segment assets	262,201	74,627	464,945	32,964	109,072	943,811	8,168	951,980
Other items								
Depreciation costs	8,648	1,011	13,869	1,290	4,562	29,381	(354)	29,027
Increase in property, plant and equipment and intangible assets	32,847	2,802	60,295	3,213	7,232	106,390	(84)	106,306

- (Notes) 1. “Other” represents categories of business that are not included in reportable segments and includes the construction machinery sales and rental business, etc.
2. The following adjustments have been made.
- (1) The ¥473 million downward adjustment to segment income (loss) reflects the elimination of intersegment transactions.
  - (2) The ¥8,168 million upward adjustment to addition to segment assets includes a downward adjustment of ¥128,199 million in reflection of the elimination of intersegment liabilities and ¥136,368 million in corporate assets not allocated to segments.
  - (3) The ¥354 million downward adjustment to depreciation costs reflects the elimination of intersegment transactions.
  - (4) The ¥84 million downward adjustment to increase in fixed assets reflects the elimination of intersegment transactions.
3. Segment income (loss) has been adjusted for the operating income figure on the consolidated income statements.

#### **4. Information regarding changes to reportable segments, etc.**

(Application of Accounting Standard for Revenue Recognition, etc.)

As described in “Changes in Accounting Policies” the Company has applied the Accounting Standard for Revenue Recognition, etc., from the current consolidated fiscal year and changed the method of accounting for revenue recognition. As a result, the Company has similarly changed the method of calculating segment income or loss.

As a result of this change, in comparison with the previous method, operating revenue decreased by ¥689 million in Transportation, decreased by ¥258 million in Construction, decreased by ¥105 million in Real Estate and Hotels, decreased by ¥1,439 million in Retail and Restaurant, and decreased by ¥1,821 million in Other. Segment income increased by ¥88 million in Real Estate and Hotels.

(Changes in method of depreciation and useful life for property, plant and equipment)

As described in “Changes in Accounting Policies That Are Difficult to Distinguish from Changes in Accounting Estimates and Changes in Accounting Estimates,” previously the Company primarily used the declining-balance method of depreciation for property, plant and equipment. However, from the current consolidated fiscal year the Company has changed to mainly using the straight-line method. In addition, with the change in the method of depreciation, the useful life has been revised to the estimated economic useful life from the current consolidated fiscal year. Due to these changes, in comparison with the previous method, the segment loss in the transportation segment for the current consolidated fiscal year improved by ¥3,494 million.

**(Per Share Information)**

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net assets per share	¥2,483.43	¥2,471.60
Net income (loss) per share	¥(120.83)	¥ 84.34

(Notes) 1. For the fiscal year ended March 31, 2021, earnings per share–diluted is not shown because there was a net loss per share and no dilutive shares existed. For the fiscal year ended March 31, 2022, earnings per share–diluted is not shown because no dilutive shares existed.

2. In calculating net assets per share, the Company’s shares in the Board Benefit Trust (BBT), which are recorded as treasury stock in the equity section, are included in the treasury stock that is subtracted from the total number of shares issued at the end of the period (FY2021/3: 184,600 shares; FY2022/3: 183,700 shares).

In addition, in calculating net income per share or net loss per share, these shares are included in the treasury stock that is subtracted in the calculation of the average number of shares during the period (FY2021/3: 184,975 shares; FY2022/3: 183,925 shares).

3. The following is the basis for calculating net assets per share.

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Total net assets (millions of yen)	395,408	389,024
Amount deducted from total net assets (millions of yen)	5,218	692
[Included non-controlling interests (millions of yen)]	[5,218]	[692]
Net assets at end of year relating to common stock (millions of yen)	390,189	388,331
Amount of common stock at end of year used for calculating net assets per share (shares)	157,117,000	157,117,895

4. The following is the basis for calculating net income (loss) per share.

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net income (loss) attributable to owners of the parent (millions of yen)	(18,984)	13,250
Amount not belonging to ordinary shareholders (millions of yen)	—	—
Net income (loss) attributable to common stock owners of the parent (millions of yen)	(18,984)	13,250
Weighted-average numbers of ordinary shares (shares)	157,116,625	157,117,675

**(Significant Subsequent Events)**

No relevant events

## 4. Non-Consolidated Financial Statements

### (1) Non-Consolidated Balance Sheets

(Millions of Yen)

	FY 2021/3 (As of March 31, 2021)	FY 2022/3 (As of March 31, 2022)
<b>ASSETS</b>		
Current assets		
Cash and time deposits	13,595	25,388
Fares receivable	979	2,142
Accounts receivable-trade	40,382	30,732
Securities	42,096	39,027
Real estate for sale	7,022	13,096
Real estate for sale in process	15,929	17,118
Supplies	7,663	7,396
Other	22,730	25,238
Allowance for doubtful accounts	(0)	(0)
Total current assets	150,400	160,140
Non-current assets		
Fixed assets for railway business		
Property, plant and equipment	700,707	708,307
Accumulated depreciation	(603,924)	(601,660)
Property, plant and equipment (net)	96,782	106,646
Intangible assets	1,281	2,561
Net fixed assets for railway operations	98,064	109,207
Fixed assets for other business		
Property, plant and equipment	357,875	360,799
Accumulated depreciation	(60,248)	(60,387)
Property, plant and equipment (net)	297,626	300,412
Intangible assets	425	356
Net fixed assets for other business	298,052	300,768
Fixed assets relating to both businesses		
Property, plant and equipment	32,111	33,841
Accumulated depreciation	(15,025)	(15,078)
Property, plant and equipment (net)	17,086	18,763
Intangible assets	67	102
Net fixed assets relating to both businesses	17,153	18,865
Construction in progress		
Railway business	12,142	23,809
Other business	11,922	15,680
Relating to both businesses	68	10
Total construction in progress	24,133	39,500
Investments and other assets		
Investment securities	30,134	30,116
Stocks of subsidiaries and affiliated companies	35,346	38,582
Long-term prepaid expenses	7,682	8,218
Deferred tax assets	46,123	52,815
Other	45,028	47,610
Allowance for doubtful accounts	(68)	(314)
Total investments and other assets	164,247	177,030
Total noncurrent assets	601,651	645,372
Total assets	752,051	805,512

(Millions of Yen)

	FY 2021/3 (As of March 31, 2021)	FY 2022/3 (As of March 31, 2022)
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Commercial papers	—	35,000
Current portion of long-term debt	11,841	8,041
Payables	70,513	65,696
Fare deposits received with regard to railway connecting services	3,060	1,705
Deposits received	2,142	1,937
Railway fares received in advance	4,736	4,818
Advances received	9,744	12,376
Accrued bonuses	2,570	3,796
Other	9,991	12,669
Total current liabilities	114,600	146,043
Non-current liabilities		
bonds	80,000	120,000
Long-term debt	154,933	146,892
Employees' severance and retirement benefits	37,101	36,289
Allowance for safety and environmental measures	1,412	854
Provision for loss on disaster	3,773	2,115
Provision for guarantee obligations	11,014	13,576
Asset retirement obligations	527	518
Other	10,647	9,228
Total noncurrent liabilities	299,411	329,475
Total liabilities	414,011	475,519
NET ASSETS		
Shareholders' equity		
Common stock	16,000	16,000
Capital surplus		
Capital surplus	171,908	171,908
Other	52,113	52,113
Total capital surplus	224,022	224,022
Retained earnings (Deficit)		
Other		
Reserve for deferred gain of fixed assets	7,686	7,686
Retained earnings carried forward	84,330	78,552
Total retained earnings (Deficit)	92,017	86,238
Treasury stock	(594)	(591)
Total common stock	331,445	325,669
Valuation and translation adjustment		
Valuation difference on available-for-sale securities	6,594	4,323
Net valuation and translation adjustment	6,594	4,323
Total net assets	338,040	329,993
TOTAL LIABILITIES AND NET ASSETS	752,051	805,512

## (2) Non-Consolidated Statements of Income

(Millions of Yen)

	FY 2021/3 (April 1, 2020 – March 31, 2021)	FY 2022/3 (April 1, 2021 – March 31, 2022)
<b>RAILWAY BUSINESS</b>		
Operating revenues		
Income from railway passenger traffic	76,325	89,374
Trackage revenue	500	440
Miscellaneous income of transportation	12,947	13,142
Total operating revenues	89,773	102,957
Operating expenses		
Transportation expenses	99,173	99,813
General and administrative expenses	10,004	10,282
Taxes	7,050	7,166
Depreciation costs	10,155	7,741
Total operating expenses	126,383	125,004
Operating loss	(36,610)	(22,046)
<b>OTHER BUSINESSES</b>		
Operating revenues		
Revenue from real estate sale	23,498	43,597
Revenue from real estate lease	26,983	29,610
Other	4,472	3,823
Total operating revenues	54,954	77,031
Operating expenses		
Cost of sales	26,998	43,208
Selling, general and administrative expenses	753	747
Taxes	3,765	4,167
Depreciation costs	7,417	8,187
Total operating expenses	38,935	56,310
Operating income	16,018	20,721
<b>TOTAL OPERATING LOSS</b>	<b>(20,591)</b>	<b>(1,325)</b>
<b>NON-OPERATING INCOME</b>		
Interest income	38	156
Dividend income	9,152	2,724
Gain on assets held in trust	1,715	2,033
Subsidies for employment adjustment	692	1,308
Other	528	1,351
Total non-operating income	12,127	7,575
<b>NON-OPERATING EXPENSES</b>		
Interest expense	1,088	960
Provision for loss on guarantees, etc.	487	2,408
Other	814	626
Total non-operating expenses	2,389	3,995
<b>ORDINARY INCOME (LOSS)</b>	<b>(10,853)</b>	<b>2,253</b>



(Millions of Yen)

	FY 2021/3 (April 1, 2020 – March 31, 2021)	FY 2022/3 (April 1, 2021 – March 31, 2022)
<b>EXTRAORDINARY GAINS</b>		
Construction grants received	19,570	6,156
Disaster recovery expense subsidy	0	1,106
Other	10,065	1,951
Total extraordinary gains	29,637	9,214
<b>EXTRAORDINARY LOSSES</b>		
Losses from provision for cost reduction of fixed assets	19,310	5,949
Impairment loss	5,011	2,462
Provision for loss on disaster	3,491	408
Loss on disaster	2,128	360
Other	5,407	2,106
Total extraordinary losses	35,350	11,286
<b>INCOME (LOSS) BEFORE INCOME TAXES</b>	<b>(16,567)</b>	<b>181</b>
<b>INCOME TAXES</b>		
Current	97	(2,049)
Refund of income taxes	(908)	—
Deferred	(4,610)	(6,719)
Total income taxes	(5,421)	(8,769)
<b>NET INCOME (LOSS)</b>	<b>(11,145)</b>	<b>8,950</b>

### (3) Non-Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2021

(Millions of Yen)

	Shareholders' equity						
	Common stock	Capital surplus			Retained earnings		
		Additional paid-in capital	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
					Provision of reserve for deferred gain of fixed assets	Retained earnings carried Forward	
Balance at beginning of current year	16,000	171,908	52,113	224,022	7,638	102,838	110,477
Changes of items during the year							
Dividends of surplus						(7,314)	(7,314)
Net loss						(11,145)	(11,145)
Provision of reserve for deferred gain of fixed assets					47	(47)	-
Disposal of treasury stocks							
Net changes of items other than shareholders' equity							
Total changes of items during the year	-	-	-	-	47	(18,507)	(18,459)
Balance at end of current year	16,000	171,908	52,113	224,022	7,686	84,330	92,017

	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized holding gains (losses) on securities	
Balance at beginning of current year	(599)	349,900	4,390	354,291
Changes of items during the year				
Dividends of surplus		(7,314)		(7,314)
Net loss		(11,145)		(11,145)
Provision of reserve for deferred gain of fixed assets		-		-
Disposal of treasury stocks	4	4		4
Net changes of items other than shareholders' equity			2,203	2,203
Total changes of items during the year	4	(18,454)	2,203	(16,250)
Balance at end of current year	(594)	331,445	6,594	338,040

For the fiscal year ended March 31, 2022

(Millions of Yen)

	Shareholders' equity						
	Common stock	Capital surplus			Retained earnings		
		Additional paid-in capital	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
					Provision of reserve for deferred gain of fixed assets	Retained earnings carried forward	
Balance at beginning of current year	16,000	171,908	52,113	224,022	7,686	84,330	92,017
Cumulative effects of changes in accounting policies						(100)	(100)
Restated balance	16,000	171,908	52,113	224,022	7,686	84,230	91,917
Changes of items during the year							
Dividends of surplus						(14,629)	(14,629)
Net income						8,950	8,950
Purchase of treasury stocks							
Disposal of treasury stocks							
Net changes of items other than shareholders' equity							
Total changes of items during the year	-	-	-	-	-	(5,678)	(5,678)
Balance at end of current year	16,000	171,908	52,113	224,022	7,686	78,552	86,238

	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized holding gains (losses) on securities	
Balance at beginning of current year	(594)	331,445	6,594	338,040
Cumulative effects of changes in accounting policies		(100)		(100)
Restated balance	(594)	331,345	6,594	337,939
Changes of items during the year				
Dividends of surplus		(14,629)		(14,629)
Net income		8,950		8,950
Purchase of treasury stocks	(0)	(0)		(0)
Disposal of treasury stocks	2	2		2
Net changes of items other than shareholders' equity			(2,270)	(2,270)
Total changes of items during the year	2	(5,675)	(2,270)	(7,946)
Balance at end of current year	(591)	325,669	4,323	329,993