

(Translation)

Consolidated Financial Results
for the Nine-Month Period Ended December 31, 2022
(Japanese GAAP)

February 7, 2023

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.: +81-92-474-3677

Scheduled date for filing of quarterly report: February 10, 2023
Planned date of dividend payment commencement: —
Preparation of supplementary explanations for financial results: Yes
Holding of a briefing on quarterly financial results: No

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

1. Consolidated Financial Results for the Nine-Month Period Ended December 31, 2022
(From April 1, 2022 to December 31, 2022)

(1) Consolidated operating results

(Percentages show year-on-year changes.)

	Operating revenue		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2022	261,280	17.3	22,512	708.5	23,527	237.7	21,533	133.7
December 31, 2021	222,712	10.0	2,784	—	6,967	—	9,214	—

(Note) Comprehensive income: Nine months ended December 31, 2022: ¥24,432 million (192.1%)
Nine months ended December 31, 2021: ¥8,364 million (—%)

	Net income per share — basic	Net income per share — diluted
Nine months ended	Yen	Yen
December 31, 2022	137.05	—
December 31, 2021	58.65	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2022	976,682	398,803	40.8
As of March 31, 2022	951,980	389,024	40.8

(Reference) Shareholders' equity: As of December 31, 2022: ¥398,023 million
As of March 31, 2022: ¥388,331 million

2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2022	—	0.00	—	93.00	93.00
Year ending March 31, 2023	—	0.00	—		
Year ending March 31, 2023 (Forecast)				93.00	93.00

(Note) Revisions to the most recently disclosed dividend forecasts: No

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 revenue		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	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	26,600	100.7	169.30

(Note) Revisions to the most recently disclosed financial forecasts: No

Notes

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

(2) Application of special accounting treatment in preparing the quarterly consolidated financial statements: No

(3) 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: No

iii Changes in accounting estimates: No

iv Restatement of revisions: No

(Notes)

For details about i, please refer to “(3) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies” on page 11 of the accompanying materials.

(4) Number of shares outstanding (common stock)

i	Number of shares issued and outstanding at end of period (including treasury stock)	As of December 31, 2022	157,301,600 shares	As of March 31, 2022	157,301,600 shares
ii	Number of shares of treasury stock at end of period	As of December 31, 2022	181,487 shares	As of March 31, 2022	183,705 shares
iii	Average number of shares during the period	As of December 31, 2022	157,119,374 shares	As of December 31, 2021	157,117,600 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) (Third quarter of FY2023/3, 181,400 shares; FY2022/3, 183,700 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 (Third quarter of FY2023/3, 182,167 shares; Third quarter of FY2022/3, 184,000 shares).

* This summary of consolidated financial results is not subject to quarterly reviews by certified public accountants or corporate 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 quarterly materials are attached to this summary of consolidated financial results.

Contents of Accompanying Materials

1. Qualitative Information on Quarterly Consolidated Financial Performance.....	2
(1) Qualitative Information on Consolidated Operating Results	2
(2) Qualitative Information on Consolidated Financial Position	6
(3) Qualitative Information on Consolidated Performance Outlook.....	6
2. Quarterly Consolidated Financial Statements and Major Notes	7
(1) Consolidated Balance Sheets.....	7
(2) Quarterly Consolidated Income Statements and Quarterly Consolidated Comprehensive Income Statements	9
Quarterly Consolidated Income Statements Consolidated Cumulative Third Quarter	9
Quarterly Consolidated Comprehensive Income Statements Consolidated Cumulative Third Quarter	10
(3) Notes to Quarterly Consolidated Financial Statements.....	11
(Notes on Going Concern Assumption)	11
(Notes on Significant Changes in the Value of Shareholders' Equity).....	11
(Changes in Accounting Policies)	11
(Segment Information)	12
(Significant Subsequent Events)	12

○(Financial results presentation materials)

Financial Results for the Third Quarter of FY2023/3 (Cumulative total for the nine-month period from April to December)

1. Qualitative Information on Quarterly Consolidated Financial Performance

Forward-looking statements in this document are based on assessments as of the end of the third quarter of the fiscal year ending March 31, 2023.

(1) Qualitative Information on Consolidated Operating Results

In the third quarter of the fiscal year ending March 31, 2023, the Japanese economy showed signs of a modest rebound, centered on personal consumption. Amid the ongoing impact of COVID-19, restrictions on behavior and socioeconomic activity began to normalize. However, raw materials prices rose as the situation in the Ukraine was prolonged and the yen continued to depreciate. Owing to such factors, the future economic outlook remains uncertain.

Against this backdrop, the JR Kyushu Group advanced under the three key strategies of JR Kyushu Group Medium-Term Business Plan 2022–2024. The strategies are “completing business structural reforms,” “creating a model for building cities that promote well-being,” and “developing businesses in new areas in which we can contribute.” In addition, we focused on developing human resources for the implementation and realization of strategies, and on building foundations for advancing strategies on a Groupwide basis. Also, the Nishi-Kyushu Shinkansen opened in September 2022, with operations starting between Takeo Onsen and Nagasaki stations. To maximize the impact of the opening, the entire Group worked together on various promotions to encourage use and initiatives such as the development of the new Nagasaki Station building, which is scheduled to open in autumn 2023.

As a result, operating revenue was up 17.3% year on year, to ¥261,280 million; operating income was up 708.5%, to ¥22,512 million; EBITDA increased 95.2%, to ¥44,242 million; ordinary income was up 237.7%, to ¥23,527 million; and net income attributable to owners of the parent was up 133.7%, to ¥21,533 million.

(Note) EBITDA for the consolidated period under review 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).

The Group's business performance by segment is as follows. Reportable segments have been revised from the first quarter under review. In the year-on-year comparisons below, results from previous years have been retroactively adjusted to match the new segment classifications.

(Millions of Yen)

	Operating revenue			Operating income			EBITDA (Note 2)		
	FY2023/3, consolidated third quarter (nine months ended December 31, 2022)	YoY		FY2023/3, consolidated third quarter (nine months ended December 31, 2022)	YoY		FY2023/3, consolidated cumulative third quarter (nine months ended December 31, 2022)	YoY	
Transportation	100,989	22,966	29.4%	4,380	16,133	—	12,218	17,642	—
Real Estate and Hotels	74,707	9,664	14.9%	13,266	2,618	24.6%	23,771	2,687	12.7%
Real estate lease	46,264	2,510	5.7%	11,646	(48)	(0.4%)	20,420	(62)	(0.3%)
Real estate sale	16,493	1,924	13.2%	956	(230)	(19.4%)	971	(229)	(19.1%)
Hotel	11,949	5,229	77.8%	663	2,897	—	2,379	2,980	—
Retail and Restaurant	40,271	7,808	24.1%	1,070	1,865	—	2,033	1,897	—
Construction	56,868	(3,682)	(6.1%)	1,040	(1,577)	(60.3%)	1,828	(1,522)	(45.4%)
Business Services	51,995	3,128	6.4%	2,962	551	22.9%	4,866	741	18.0%
Total	324,832	39,886	14.0%	22,720	19,592	626.2%	44,717	21,447	92.2%
Adjustment (Note 1)	(63,552)	(1,318)	—	(208)	135	—	(475)	129	—
Amount on the consolidated financial statements	261,280	38,567	17.3%	22,512	19,727	708.5%	44,242	21,576	95.2%

(Notes) 1. Adjustments reflect the elimination of intersegment transactions.

2. Consolidated EBITDA = operating income + depreciation (after elimination of intersegment transactions, excluding the cost of depreciation related to lease assets held for the purpose of subleasing), segment EBITDA = segment operating income + segment depreciation (after elimination of intersegment transactions, excluding the cost of depreciation related to lease assets held for the purpose of subleasing)

i) Transportation Group

In the railway business, the Company worked to ensure safety and implemented measures to prevent the spread of COVID-19. In light of these factors, we worked to secure revenues. In addition, we strove to reduce costs, particularly fixed costs, which account for a high percentage of costs in the railway business.

We promoted safety creation activities based on the understanding that safety is the foundation of everything we do. The slogan of the activities was “Save lives!! Understand the rules and put them into practice.” In addition, we steadily made safety-oriented investments, such as introducing new rolling stock, replacing aging facilities, and introducing disaster-prevention measures.

On the service front, we promoted initiatives aimed at emphasizing a corporate culture founded on service. The theme of these initiatives is “I listen to customer feedback, and think and act on behalf of

the Company.” In addition, as initiatives to enhance customer convenience, we enabled limited-express tickets to be purchased via the PayPay app provided by PayPay Corporation for the entire year and launched a demonstration experiment using touch payment via credit card at ticket gates.

In marketing, to maximize the impact of opening the Nishi-Kyushu Shinkansen we held the “We, Kamome” event with local participants to bring the region together, ran the new TWO STARS 4047 D&S train, and promoted a tourism campaign aimed at communicating the appeal of Saga and Nagasaki. In addition, to encourage a recovery of inbound demand to Kyushu, in November 2022 we launched the “Welcome back to Kyushu” campaign in collaboration with the Kyushu Tourism Organization. Also, we extended the EX Service (internet reservations and ticketless boarding) area to the Kyushu Shinkansen and ran promotions to encourage use. In addition, based on customer usage and the introduction of the EX Service, we reevaluated limited-express surcharges on conventional lines, stopped selling some discount tickets, and revised prices.

In transportation, while implementing infection prevention measures at stations and on trains, we worked to maintain the transportation network, which is an important aspect of regional social infrastructure. We implemented a timetable revision in September 2022 in line with customer usage conditions. Due to the impact 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 are preparing to restore service by introducing a bus rapid transit (BRT) system along the Hitahikosan Line (nicknamed the “BRT Hikoboshi Line”). We are working to commence service in summer of 2023. We are also introducing alternative means of transportation on certain sections of the Hisatsu Line that were seriously damaged by heavy rains in July 2020.

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 of infection. In addition, in 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 our passenger ship business, owing to the easing of protection measures to prevent the spread of the COVID-19 infection, the operation of the “QUEEN BEETLE” new-style hydrofoil ferry commenced in November 2022 on the Fukuoka–Busan route.

In the field of new mobility services (MaaS), in collaboration with regional transportation operators, local governments, tourism organizations, and other entities, we promoted efforts to realize seamless transportation services using the “my route” MaaS application. In Nagasaki Prefecture, service began in August 2022 in conjunction with the opening of the Nishi-Kyushu Shinkansen. In Fukuoka Prefecture, digital tickets were sold on the MaaS app in collaboration with Showa Motors Inc., Nishi-Nippon Railroad Co., Ltd., and 15 commercial facilities in the Tenjin and Hakata areas, with the aim of stimulating demand for excursions to the city center area and improving city circulation.

As a result, the Transportation Group recorded operating revenue of ¥100,989 million, up 29.4% year on year; operating income of ¥4,380 million (compared with an operating loss of ¥11,752 million in the same period of the previous fiscal year); and EBITDA of ¥12,218 million (compared with negative EBITDA of ¥5,423 million in the same period of the previous fiscal year).

ii) Real Estate and Hotels Group

In the real estate leasing business, we have seen a moderate recovery in tenant sales at each station building, and occupancy at the offices and rental condominiums we own has remained strong. In March 2022, we also opened “Nagasaki Kaido Kamome Ichiba,” which is under the elevated railway tracks at Nagasaki Station. With moves such as these, we are making steady development progress toward the planned opening of the new Nagasaki Station building in autumn 2023. In addition, in November 2022 JR Hakata City Co., Ltd., a subsidiary, began handling outsourced property management for “VIORO,” a commercial facility in Fukuoka’s Tenjin district. This marks the Group’s first outsourced property management of another company’s commercial facilities.

In the real estate sale business, we sold one office building. We also handed over condominium units, including “MJR the Garden Kashii,” and recorded sales from them. While instituting infection prevention measures at model rooms, we engaged in sales efforts at “MJR Kumamoto The Tower,” “MJR Kumamoto Station South,” “MJR Kagoshima Eki Park Front,” and other condominium buildings.

In the hotel business, we worked actively to capture tourism demand in line with a government nationwide travel support program and the easing of protection measures. We also continued with efforts to reduce costs and improve profitability. In addition, we opened “THE BLOSSOM KYOTO” in August 2022 and promoted development of “URESHINO YADOYA” and “the Nagasaki Marriott Hotel.”

As a result, the Real Estate and Hotels Group posted operating revenue of ¥74,707 million, up 14.9% year on year; operating income of ¥13,266 million, up 24.6%; and EBITDA of ¥23,771 million, up 12.7%.

iii) Retail and Restaurant Group

In the retail business, we ran the Nishi-Kyushu Shinkansen Kamome Fair and sought to build back revenues from station stores, especially souvenir shops, amid a modest recovery in mobility demand and personal consumption. We also made progress on opening new and renovating existing convenience stores. To reinforce our roadside store offerings, our subsidiary, JR Kyushu Retail, Inc. entered a franchise agreement with Chateraise Co., Ltd. Also, April 2022 marked the opening of the first store under this agreement, a confectionery shop called Chateraise Sawara-ku Hara.

In the restaurant business, we opened restaurants in suburban commercial facilities, such as “Mitsui Shopping Park LaLaport FUKUOKA” and “THE OUTLETS KITAKYUSHU.” We also worked to enhance management efficiency, such as by closing unprofitable restaurants.

As a result, the Retail and Restaurant Group posted operating revenue of ¥40,271 million, up 24.1% year on year; operating income of ¥1,070 million (compared with an operating loss of ¥794 million in the same period of the previous fiscal year); and EBITDA of ¥2,033 million (compared with EBITDA of ¥135 million in the same period of the previous fiscal year).

iv) Construction Group

In the construction business, we leveraged specialized skills in the railway business to ensure 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, we made steady progress on such projects as new Shinkansen- and Haga Utsunomiya

LRT-related construction, and worked to generate new orders. However, construction volume fell year on year in line with the completion of construction on the Nishi-Kyushu 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 work related to condominiums and other projects. We also endeavored to reduce costs.

As a result, the Construction Group recorded operating revenue of ¥56,868 million, down 6.1% year on year; operating income of ¥1,040 million, down 60.3%; and EBITDA of ¥1,828 million, down 45.4%.

v) Business Services Group

For the construction machinery sales, rental, and advertising business, we worked to secure earnings through aggressive sales activities. In addition, as part of our alliance strategy in the field of information systems, our subsidiary, JR Kyushu System Solutions Inc., signed a business alliance agreement with Keyware Kyusyu Inc. in April 2022 for the co-creation of cloud data center services, and with OCH Co., Ltd. in June 2022 to promote efforts to provide new services such as supporting the realization of future work styles.

As a result, the Business Services Group posted operating revenue of ¥51,995 million, up 6.4% year on year; operating income of ¥2,962 million, up 22.9%; and EBITDA of ¥4,866 million, up 18.0%.

(Note) EBITDA for the consolidated period under review 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).

(2) Qualitative Information on Consolidated Financial Position

Total assets as of December 31, 2022, increased 2.6% compared with the previous fiscal year-end, to ¥976,682 million. Current assets decreased 1.9%, to ¥202,868 million, due to the redemption of securities and other factors. Non-current assets increased 3.8%, to ¥773,814 million, due principally to the acquisition of property, plant and equipment, etc.

Meanwhile, total liabilities increased 2.7% compared with the previous fiscal year-end, to ¥577,879 million. Current liabilities decreased 0.5%, to ¥181,135 million, due to payment of accounts payable-trade and payables and other factors. Non-current liabilities were up 4.2%, to ¥396,744 million, due to an increase in long-term debt and other factors.

Furthermore, total net assets increased 2.5% compared with the previous fiscal year-end, to ¥398,803 million, due primarily to an increase in retained earnings.

(3) Qualitative Information on Consolidated Performance Outlook

The Company has not revised its full-year forecast for the fiscal year ending March 31, 2023, from that disclosed on November 1, 2022.

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. Quarterly Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Millions of Yen)

	FY 2022/3 (As of March 31, 2022)	FY 2023/3, Third Quarter (As of December 31, 2022)
ASSETS		
Current assets		
Cash and time deposits	39,709	44,032
Notes and accounts receivable—trade, and contract assets	45,536	41,849
Fares receivable	2,224	3,708
Securities	39,027	25,122
Merchandise and finished goods	19,757	14,895
Work in process	19,630	40,949
Raw materials and supplies	8,058	9,992
Other	32,821	22,369
Allowance for doubtful accounts	(42)	(51)
Total current assets	206,722	202,868
Non-current assets		
Property, plant and equipment		
Buildings and fixtures (net)	312,746	314,005
Machinery, rolling stock and vehicles (net)	44,001	65,294
Land	147,142	153,134
Lease assets (net)	19,668	21,230
Construction in progress	44,040	41,383
Other (net)	7,708	7,494
Net property, plant and equipment	575,308	602,541
Intangible assets	5,735	6,345
Investments and other assets		
Investment securities	45,086	49,568
Deferred tax assets	62,996	58,770
Net defined benefit assets	1,007	925
Other	56,191	56,680
Allowance for doubtful accounts	(1,067)	(1,019)
Total investments and other assets	164,214	164,926
Total non-current assets	745,257	773,814
Total assets	951,980	976,682

(Millions of Yen)

	FY 2022/3 (As of March 31, 2022)	FY 2023/3, Third Quarter (As of December 31, 2022)
LIABILITIES		
Current liabilities		
Notes and accounts payable–trade	28,908	17,301
Short-term loans	6,070	6,157
Commercial papers	35,000	20,000
Current portion of bonds	—	20,000
Current portion of long-term loans	8,780	14,451
Payables	46,564	42,202
Accrued income taxes	1,693	549
Fare deposits received with regard to railway connecting services	1,705	1,868
Railway fares received in advance	4,818	5,537
Accrued bonuses	7,066	3,834
Other	41,466	49,231
Total current liabilities	182,074	181,135
Non-current liabilities		
Corporate bonds	120,000	125,000
Long-term loans	153,336	166,387
Allowance for safety and environmental measures	854	854
Allowance for disaster-damage losses	2,115	1,711
Net defined benefit liabilities	48,890	47,816
Asset retirement obligations	1,448	1,473
Other	54,234	53,500
Total non-current liabilities	380,881	396,744
Total liabilities	562,955	577,879
NET ASSETS		
Shareholders' equity		
Common stock	16,000	16,000
Capital surplus	225,847	225,815
Retained earnings	147,941	154,845
Treasury stock	(591)	(584)
Total shareholders' equity	389,198	396,076
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	4,781	6,473
Foreign currency translation adjustments	(441)	81
Remeasurements of defined benefit plans	(5,206)	(4,607)
Total accumulated other comprehensive income	(866)	1,947
Non-controlling interests	692	779
Total net assets	389,024	398,803
TOTAL LIABILITIES AND NET ASSETS	951,980	976,682

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

Quarterly Consolidated Income Statements Consolidated Cumulative Third Quarter

(Millions of Yen)

	FY 2022/3, Third Quarter (Nine months ended December 31, 2021)	FY 2023/3, Third Quarter (Nine months ended December 31, 2022)
OPERATING REVENUE	222,712	261,280
OPERATING EXPENSE		
Transportation, other services and cost of sales	151,514	164,575
Selling, general and administrative expense	68,412	74,192
Total operating expense	219,927	238,767
OPERATING INCOME	2,784	22,512
NON-OPERATING INCOME		
Interest income	70	72
Dividend income	573	628
Gain on assets held in trust	1,693	1,292
Other	3,687	1,108
Total non-operating income	6,025	3,102
NON-OPERATING EXPENSE		
Interest expense	1,119	1,226
Other	722	861
Total non-operating expense	1,842	2,087
ORDINARY INCOME	6,967	23,527
EXTRAORDINARY GAINS		
Construction grants received	637	3,597
Gain on sales of investment securities	—	2,821
Other	475	1,011
Total extraordinary gains	1,113	7,431
EXTRAORDINARY LOSSES		
Loss on reduction of noncurrent assets	627	3,516
Provision for loss on disaster	806	—
Disaster-damage losses	146	—
Other	500	1,188
Total extraordinary losses	2,079	4,705
INCOME BEFORE INCOME TAXES	6,001	26,253
INCOME TAXES -Current	761	841
INCOME TAXES -Deferred	(3,726)	3,767
Total income taxes	(2,965)	4,609
NET INCOME	8,967	21,644
NET INCOME (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(247)	110
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	9,214	21,533

Quarterly Consolidated Comprehensive Income Statements
Consolidated Cumulative Third Quarter

(Millions of Yen)

	FY 2022/3, Third Quarter (Nine months ended December 31, 2021)	FY 2023/3, Third Quarter (Nine months ended December 31, 2022)
NET INCOME	8,967	21,644
OTHER COMPREHENSIVE INCOME		
Unrealized gain on available-for-sale securities	(1,425)	1,686
Foreign currency translation adjustments	17	503
Remeasurements of defined benefit plans	805	598
Total other comprehensive income	(603)	2,788
COMPREHENSIVE INCOME	8,364	24,432
TOTAL COMPREHENSIVE INCOME		
ATTRIBUTABLE TO:		
Owners of the parent	8,624	24,346
Non-controlling interests	(260)	86

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

None

(Notes on Significant Changes in the Value of Shareholders' Equity)

None

(Changes in Accounting Policies)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has adopted the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021, hereinafter, the "Implementation Guidance") from the beginning of the first quarter of the consolidated fiscal year ending March 31, 2023. In accordance with the transitional treatment stipulated in Paragraph 27-2 of the Implementation Guidance, the new accounting policies set forth by the Implementation Guidance will be applied prospectively.

Accordingly, certain investment trusts that were previously stated at acquisition cost as securities whose fair value was deemed extremely difficult to determine are now stated at fair value in the consolidated balance sheets. This change has no material impact on the quarterly financial statements.

(Segment Information)

I FY 2022/3, Third Quarter (Nine-Month Period Ended December 31, 2021)

1. Information Related to Operating Revenue and Income (Loss) by Segment

(Millions of Yen)

	Reportable Segment					Total	Adjustment (Note 1)	Quarterly Consolidated Statements of Income (Note 2)
	Transportation	Real Estate and Hotels	Retail and Restaurant	Construction	Business Services			
Operating Revenue								
Outside Customers	74,498	62,159	32,315	27,784	25,953	222,712	—	222,712
Inside Group	3,525	2,883	146	32,766	22,912	62,234	(62,234)	—
Total	78,023	65,043	32,462	60,550	48,866	284,946	(62,234)	222,712
Segment income (loss)	(11,752)	10,648	(794)	2,617	2,410	3,128	(344)	2,784

(Notes) 1. The ¥344million deduction from segment income (loss) reflects the elimination of intersegment transactions.

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

II FY 2023/3, Third Quarter (Nine-Month Period Ended December 31, 2022)

1. Information Related to Operating Revenue and Income by Segment

(Millions of Yen)

	Reportable Segment					Total	Adjustment (Note 1)	Quarterly Consolidated Statements of Income (Note 2)
	Transportation	Real Estate and Hotels	Retail and Restaurant	Construction	Business Services			
Operating Revenue								
Outside Customers	97,442	71,501	40,040	23,487	28,809	261,280	—	261,280
Inside Group	3,547	3,206	230	33,381	23,186	63,552	(63,552)	—
Total	100,989	74,707	40,271	56,868	51,995	324,832	(63,552)	261,280
Segment income	4,380	13,266	1,070	1,040	2,962	22,720	(208)	22,512

(Notes) 1. The ¥208 million deduction from segment income reflects the elimination of intersegment transactions.

2. Segment income has been adjusted for the operating income figure on the quarterly consolidated income statements.

2. Information regarding changes to reportable segments, etc.

The Company has changed its segment classifications from the first quarter under review, with the aim of strengthening the business portfolio on a Groupwide basis. As a result of this change, the former “Transportation,” “Construction,” “Real Estate and Hotels,” “Retail and Restaurant,” and “Other” segments have been revised to the “Transportation,” “Real Estate and Hotels,” “Retail and Restaurant,” “Construction,” and “Business Services” segments.

Segment information for the third quarter of the previous fiscal year is presented based on the revised segment classifications.

(Significant Subsequent Events)

None