

**Consolidated Financial Results
for the Year Ended March 31, 2020
(Japanese GAAP)**

May 11, 2020

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

Scheduled date of Ordinary General Meeting of Shareholders: June 23, 2020
 Scheduled date of dividend payment commencement: June 24, 2020
 Scheduled date of release of annual securities report: June 23, 2020
 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, 2020
(From April 1, 2019 to March 31, 2020)**

(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, 2020	432,644	(1.8)	49,406	(22.7)	50,613	(23.9)	31,495	(36.0)
Year ended March 31, 2019	440,358	6.5	63,885	(0.1)	66,539	(0.8)	49,240	(2.3)

(Note) Comprehensive income:

Year ended March 31, 2020: ¥25,200 million [(51.6%)]
 Year ended March 31, 2019: ¥52,105 million [11.0%]

	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, 2020	198.16	—	7.6	6.2	11.4
Year ended March 31, 2019	307.75	—	12.4	8.6	14.5

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

Year ended March 31, 2020: ¥29 million,
 Year ended March 31, 2019: ¥26 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, 2020	828,590	418,298	49.9	2,630.51
As of March 31, 2019	801,483	420,743	51.8	2,592.83

(Reference) Shareholders' equity:

As of March 31, 2020: ¥413,293 million,
 As of March 31, 2019: ¥414,853 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, 2020	60,468	(76,943)	3,369	23,817
Year ended March 31, 2019	41,473	(74,619)	5,644	36,865

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, 2019	—	41.50	—	51.50	93.00	14,880	30.2	3.8
Year ended March 31, 2020	—	46.50	—	46.50	93.00	14,754	46.9	3.6
Year ended March 31, 2021 (Forecast)	—	—	—	—	—		—	

(Note) At this point, it is difficult to rationally calculate performance forecasts. Accordingly, the Company has not yet determined the annual dividend for the fiscal year ending March 31, 2021.

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

In regard to the consolidated forecasts for the fiscal year ending March 31, 2021, due to the influence of the spread of the COVID 19 infection, future revenue trends, etc., are very unclear, and it is difficult to rationally calculate performance forecasts. Accordingly, our forecasts have not yet been determined at this point. In the future, when it becomes possible to make forecasts, we will release them promptly.

Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2020 (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: No
- ii Changes in accounting policies other than the above: No
- iii Changes in accounting estimates: No
- iv Restatement of revisions: No

(3) Number of shares outstanding (common stock)

i Number of shares issued and outstanding at end of period (including treasury stock)	As of March 31, 2020	157,301,600 shares	As of March 31, 2019	160,000,000 shares
ii Number of shares of treasury stock at end of period	As of March 31, 2020	186,100 shares	As of March 31, 2019	—
iii Average number of shares during the period	As of March 31, 2020	158,938,917 shares	As of March 31, 2019	160,000,000 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) (FY2020/3, 186,100 shares; FY2019/3, no share). 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 (FY2020/3, 124,067 shares; FY2019/3, no share).

(Reference)

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2020

(April 1, 2019–March 31, 2020)

(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, 2020	214,892	(3.2)	34,398	(24.8)	40,584	(24.5)	28,698	(35.2)
Year ended March 31, 2019	221,917	1.0	45,728	(2.2)	53,782	2.9	44,254	6.2

	Net income per share — basic	Net income per share — diluted
	Yen	Yen
Year ended March 31, 2020	180.56	—
Year ended March 31, 2019	276.59	—

(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, 2020	665,419	354,291	53.2	2,254.97
As of March 31, 2019	632,935	358,720	56.7	2,242.00

(Reference) Shareholders' equity:

As of March 31, 2020: ¥354,291 million

As of March 31, 2019: ¥358,720 million

2. Non-Consolidated Forecasts for the Fiscal Year Ending March

In regard to the non-consolidated forecasts for the fiscal year ending March 31, 2021, due to the influence of the spread of the COVID 19 infection, future revenue trends, etc., are very unclear, and it is difficult to rationally calculate performance forecasts. Accordingly, our forecasts have not yet been determined at this point. In the future, when it becomes possible to make forecasts, we will release them promptly.

* 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

Forward-looking statements appearing in this document are based on currently available information and specific assumptions deemed rational. Actual performance can vary greatly depending on various factors.

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 12, 2020 (Tuesday). The presentation materials used for this briefing will be posted on the Company's website promptly after the conclusion of this briefing.

Contents of Accompanying Materials

1. Qualitative Information on Consolidated Financial Performance	2
(1) Qualitative Information on Consolidated Operating Results	2
(2) Qualitative Information on Consolidated Financial Position	7
(3) Dividend Policies, Dividends in the Fiscal Year Ended March 31, 2020, and Forecast for Dividends in the Fiscal Year Ending March 31, 2021	8
2. Basic Policies Regarding the Selection of Accounting Standards	8
3. Consolidated Financial Statements and Major Notes	9
(1) Consolidated Balance Sheets	9
(2) Consolidated Statements of Income and Comprehensive Income	11
Consolidated Income Statements	11
Consolidated Comprehensive Income Statements	12
(3) Consolidated Statements of Changes in Net Assets	13
(4) Consolidated Statements of Cash Flows	15
(5) Notes to Consolidated Financial Statements	17
(Notes on Going Concern Assumption)	17
(Segment Information, etc.)	17
(Per Share Information).....	20
(Significant Subsequent Events)	21
(Additional Information)	22
4. Non-Consolidated Financial Statements	23
(1) Non-Consolidated Balance Sheets	23
(2) Non-Consolidated Statements of Income.....	25
(3) Non-Consolidated Statements of Changes in Net Assets.....	27

(Explanatory Materials) Financial results for the fiscal year ended March 31, 2020

1. Qualitative Information on Consolidated Financial Performance

(1) Qualitative Information on Consolidated Operating Results

[1] Overview of the fiscal year ended March 31, 2020

In the fiscal year ended March 31, 2020, Japan's economy was recording gradual expansion due to such factors as increasingly firm consumer spending against a background of favorable employment and income environments. However, from January 2020, due to the global spread of the COVID 19 infection, economic trends became increasingly unclear in Japan and overseas, and the downward pressure on business conditions strengthened.

Amid these conditions, in accordance with the JR Kyushu Group Medium-Term Business Plan 2019–2021—Toward the Next Growth Stage, we worked to advance three priority initiatives—Further strengthen our management foundation, Further strengthen our earnings power in key businesses, and Growth and evolution in new business areas. In addition, we implemented initiatives in the areas of ESG, safety and service, and development of human resources.

The Group's results were firm through the third quarter, but subsequently, due to spread of the COVID 19 infection, people refrained from going outside, events were canceled, etc. As a result, the railway and other businesses were affected by declining mobility demand, sluggish consumer spending, etc.

As a result, operating revenues in the fiscal year ended March 31, 2020, were ¥432,644 million, down 1.8% year on year. Furthermore, the Company recorded operating income of ¥49,406 million, down 22.7%; EBITDA of ¥75,090 million, down 12.1%; ordinary income of ¥50,613 million, down 23.9%; and net income attributable to owners of the parent of ¥31,495 million, down 36.0%.

(Note) EBITDA in the fiscal year ended March 31, 2020, is the numerical value of operating income plus the cost of depreciation (excluding depreciation of leased assets held for subleasing purposes).

Business performance by segment is as follows. From the fiscal year ended March 31, 2020, the reportable segment classifications have been changed, and in the following year-on-year comparisons the figures of the previous fiscal year have been reclassified in accordance with the segment classifications after the change.

(Millions of Yen)

	Operating revenues			Operating income			EBITDA		
	FY 2020/3 (April 1, 2019 – March 31, 2020)	YoY		FY 2020/3 (April 1, 2019 – March 31, 2020)	YoY		FY 2020/3 (April 1, 2019 – March 31, 2020)	YoY	
Transportation	173,730	(8,132)	(4.5%)	19,848	(7,584)	(27.6%)	29,563	(4,788)	(13.9%)
Construction	99,385	5,568	5.9%	6,580	290	4.6%	7,689	423	5.8%
Real Estate and Hotels	90,779	685	0.8%	19,137	(6,298)	(24.8%)	30,595	(5,036)	(14.1%)
Real estate lease	55,253	1,353	2.5%	16,787	(3,906)	(18.9%)	26,126	(3,385)	(11.5%)
Real estate sale	18,921	(850)	(4.3%)	1,566	(826)	(34.6%)	1,576	(828)	(34.5%)
Hotel	16,604	182	1.1%	783	(1,564)	(66.6%)	2,891	(822)	(22.1%)
Retail and Restaurant	104,657	607	0.6%	2,825	(587)	(17.2%)	4,479	(601)	(11.8%)
Other	72,191	(507)	(0.7%)	2,284	83	3.8%	4,339	150	3.6%
Total	540,746	(1,778)	(0.3%)	50,676	(14,096)	(21.8%)	76,667	(9,852)	(11.4%)
Adjustment	(108,101)	(5,935)	—	(1,270)	(382)	—	(1,577)	(458)	—
Amount on the consolidated financial statements	432,644	(7,713)	(1.8%)	49,406	(14,479)	(22.7%)	75,090	(10,311)	(12.1%)

a. Transportation Group

In the railway business, we carried out our business operations with safety and service as our foundation. At the same time, we worked to secure revenues by fully utilizing our transportation network, centered on the Kyushu Shinkansen, and implementing various management initiatives from the perspective of our customers. In terms of safety initiatives, in order to create a safety-oriented corporate culture for the entire JR Kyushu Group, we engaged in activities that promoted safety under the slogan of “One more time. Is that OK? Let’s be sensitive to safety.” For safety investments, we updated rolling stock and steadily carried out the replacement of aging facilities. In the development of self-driving train operational equipment, from December 2019 we began to conduct test operations on the Saitozaki-Kashii segment of the Kashii Line after the operation of the last train.

In regard to services, we continued to exercise the 5S (sort, set in order, shine, standardize, sustain) methodology as a basic part of daily operations and the foundation of our services, and we made efforts to see that customer can enjoy comfortable use of transportation services by welcoming them with a smile and through pleasant greetings. In addition, we expanded the introduction of the “JR-KYUSHU FREE Wi-Fi,” a free, public wireless LAN service available in major stations and on “Design & Story” trains. Also, in regard to the use of Twitter to provide information on train operating conditions in multiple languages, we began to provide

information in Korean and Chinese in addition to Japanese and English. In these ways, we worked to provide diverse, customer-focused services.

In marketing, we worked to increase our earning power in key fields — the Shinkansen, short-distance, and inbound — and implemented city-building initiatives that leverage the appeal of railways. For the Kyushu Shinkansen, we took steps to promote usage, implementing the “Go! Waku Waku Trip with MICKEY” project from May 2019. Also, from July 2019 we held the “Kumamoto Destination Campaign” and a related tourism campaign, “Kumamoto Fall in Love.” In these ways, we worked to draw customers to the Kumamoto area. As for our “JR Kyushu Internet Reservation Service,” we enhanced our lineup of products available only online and implemented campaigns. In these ways, we advanced the shift toward usage of the Internet.

Moreover, to capture inbound demand, we promoted direct sales and advance seat reservation services through “JR KYUSHU RAIL PASS Online Booking,” a specialized reservation website for the “JR Kyushu Rail Pass.” In addition, from October we commenced an alliance with Ctrip, one of China's largest online travel agencies. In these ways, we communicated information on and encouraged sales of the pass in a manner that catered to specific countries and regions, primarily Taiwan, Hong Kong, China, and South Korea. We also undertook initiatives to boost the recognition level of the Kyushu brand and to encourage visitors to Kyushu by working in collaboration with All Nippon Airways Co., Ltd., to promote tourism and by implementing a variety of promotions. These initiatives included the promotion of Kyushu’s natural environment, food, hot springs, and historical culture and the hospitality of local community members, such as the cruise train “Seven Stars in Kyushu” and our 11 “Design & Story” trains.

Turning to transportation, we implemented detailed transportation-oriented initiatives coordinated with events and the seasons, such as the operation of special trains in conjunction with the Rugby World Cup 2019, and we made concerted efforts to establish an efficient transportation organization that meets the demand for each train line. At the same time, we worked to further enhance our transportation network, which is centered on the Kyushu Shinkansen. Also, due to the impacts of heavy rain that occurred in northern Kyushu in July 2017, we implemented substitute forms of transportation between Soeda Station and Yoake Station on the Hitahikosan Line. Moreover, with regard to operations between Higo-Ozu Station and Aso Station on the Houhi Main Line, which were suspended due to the impacts of the 2016 Kumamoto earthquakes, we are cooperating and making coordinated efforts with the central and local governments and advancing work targeting the resumption of service within FY2021/3.

In our passenger ship business, our operations were influenced by a decline in travel demand resulting from the status of Japan-South Korea relations, and in order to improve profitability, we took steps to reduce costs, such as revising the frequency of operations.

For our bus business, we worked to secure profits by promoting usage of the high-speed bus B&S Miyazaki, which connects with the Kyushu Shinkansen, and other high-speed bus routes, and by reevaluating certain routes.

Targeting the establishment of new mobility services, in other words “mobility as a service,” we

worked in cooperation with other transportation companies, etc. Specifically, in May 2019, we reached an agreement with Odakyu Electric Railway Co., Ltd., calling for implementing data collaboration on the shared data platform being developed by Odakyu Electric Railway and for expanding collaboration related to the consideration of services. In addition, we concluded a business alliance agreement with DAIICHI KOUTSU SANGYO Co., Ltd., to increase the convenience of transportation services. In addition, to celebrate this alliance, from June 2019 we implemented a campaign — Let’s Take a Taxi with an Internet Train Reservation and SUGOCA. In October 2019, we concluded a memorandum with Nishi-Nippon Railroad Co., Ltd. regarding cooperation in transportation services. In December 2019, we established an implementation committee to work toward verification testing of tourism-style MaaS in the Yufuin district and in Miyazaki Prefecture.

However, the Company’s revenues from railway transportation declined due to the trend toward people refrained from going outside, etc., accompanying the spread of the COVID 19 infection. From the perspective of preventing the spread of the infection, we suspended operation of certain Kyushu Shinkansen trains and limited express trains from March 20 and of certain high-speed buses from March 21. In addition, accompanying the protection measures at ports and airports instituted by the Japanese and South Korean governments, we halted all hydrofoil ferry operations from March 9.

As a result of the above efforts, the Transportation Group recorded operating revenues of ¥173,730 million, down 4.5% year on year; operating income of ¥19,848 million, down 27.6%; and EBITDA of ¥29,563 million, down 13.9%.

b. Construction Group

In the construction business, work orders have been received for the construction of elevated tracks and Shinkansen-related, condominium-related, and other projects, with construction being steadily executed. Cost reductions were also pursued.

As a result, the Construction Group recorded operating revenues of ¥99,385 million, up 5.9% year on year; operating income of ¥6,580 million, up 4.6%; and EBITDA of ¥7,689 million, up 5.8%.

c. Real Estate and Hotels Group

As for the real estate lease business, we implemented aggressive sales activities for “Kokura-shuku — 30 steps of bystreet from station,” a restaurant area that opened in March 2019 at Kokura Station, and we renovated Amu Plaza Hakata in spring 2019 and Amu Plaza Kagoshima in fall 2019. In addition, we actively held events that utilized the station squares of each station building. In these ways, we worked to expand earnings.

In the real estate sale business, sales were recorded from “MJR the Garden Kagoshima-Chuo”, “MJR Meinohamaekiminami”, and other condominium buildings, and we sought to promote sales of “MJR the Garden Kami-Kumamoto Ekimae”, “MJR the Garden Miyazaki Ekimae”, and other condominium buildings.

In the hotel business, we launched “THE BLOSSOM,” our highest-grade hotel brand. We opened “THE BLOSSOM HIBIYA” in August 2019 and “THE BLOSSOM HAKATA Premier” in September. We also worked to expand earnings by bolstering revenue management at existing hotels.

In April 2019, with the objectives of strengthening governance, leveraging economies of scale to bolster marketing capabilities and increase management efficiency, and enhancing human resources development skills, we established intermediate holding companies to oversee the station building companies and hotel companies.

However, due to the trend toward people refrained from going outside, etc., accompanying the spread of the COVID 19 infection, usage of station buildings and hotels declined. From the perspective of preventing the spread of the infection, we reduced operating hours at station buildings.

As a result, the Real Estate and Hotels Group posted operating revenues of ¥90,779 million, up 0.8% year on year; operating income of ¥19,137 million, down 24.8%; and EBITDA of ¥30,595 million, down 14.1%.

d. Retail and Restaurant Group

Turning to our retail business, we moved forward with the opening of new drugstores and convenience stores.

For the restaurant business, we took steps to expand our business area, such as opening our first cafe in Tokyo in April 2019. In addition, we worked aggressively to develop new formats, such as opening our first cinnamon roll specialty store in August.

However, due to the trend toward people refrained from going outside, etc., accompanying the spread of the COVID 19 infection, usage of convenience stores, restaurants, etc., declined, centered on facilities in stations.

As a result, the Retail and Restaurant Group recorded operating revenues of ¥104,657 million, up 0.6% year on year; operating income of ¥2,825 million, down 17.2%; and EBITDA of ¥4,479 million, down 11.8%.

e. 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 revenues of ¥72,191 million, down 0.7% year on year; operating income of ¥2,284 million, up 3.8%; and EBITDA of ¥4,339 million, up 3.6%.

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

[2] Forecasts for the Fiscal Year Ending March 31, 2020

From fiscal year 2020, we started the “JR Kyushu Group Medium-Term Business Plan 2020–2021: Toward the Next Growth Stage.” In accordance with this plan, we will advance three priority initiatives — Further Strengthen Our Management Foundation, Further Strengthen Our Earnings Power in Key Businesses, and Growth and Evolution in New Areas — and we will implement initiatives in the areas that are the foundation of all of our businesses: ESG, safety and service, and development of human resources. In addition, we will complete the finish work for the development projects in the areas around Miyazaki Station and Kumamoto Station, and we will steadily implement preparations for the opening of the Nagasaki route of the Kyushu Shinkansen.

However, due to the influence of people staying at home, etc., accompanying the spread of the COVID 19 infection, mobility demand from domestic and overseas customers is declining rapidly. Also, to prevent the spread of the infection to customers or employees, we are taking such steps as suspending operation of certain trains and of hydrofoil ferries and temporarily closing or reducing operating hours at station buildings, hotels, restaurants, etc. In these circumstances, future revenue trends, etc., are very unclear, and it is difficult to rationally calculate performance forecasts. Accordingly, at this point we have not yet determined our consolidated forecasts. In the future, when it becomes possible to make forecasts, we will release them promptly.

(2) Qualitative Information on Consolidated Financial Position

[1] Assets, Liabilities, and Net Assets

Total assets as of the end of the fiscal year under review increased 3.4% compared to the previous fiscal year-end, to ¥828,590million. Due to a decrease in securities and other factors, current assets were down 11.2%, to ¥161,293 million. In addition, non-current assets rose 7.7%, to ¥667,297 million, as a result of an increase in property, plant and equipment and other factors.

Meanwhile, total liabilities increased 7.8% compared to the previous fiscal year-end, to ¥410,291 million. Due to increases in current portion of long-term debt and to other factors, current liabilities rose 16.2%, to ¥200,248 million. There was a decline in long-term debt, but non-current liabilities were up 0.8%, to ¥210,043 million, as a result of the issuance of bonds and other factors.

Furthermore, total net assets decreased 0.6% compared to the previous fiscal year-end, to ¥418,298 million, as a result of the payment of dividends, the acquisition and cancellation of treasury stock, and other factors.

[2] Cash Flows

(Cash flows from operating activities)

Net cash provided by operating activities totaled ¥60,468 million, up ¥18,994 million year on year, due to an increase related to the collection of trade receivables and other factors.

(Cash flows from investing activities)

Net cash used in investing activities was ¥76,943 million, up ¥2,324 million year on year, due to purchases of fixed assets and other factors.

(Cash flows from financing activities)

Net cash provided by financing activities came to ¥3,369 million, down ¥2,275 million year on

year, as a result of the payment of dividends and other factors.

As a result of the above, cash and cash equivalents, end of year decreased ¥13,047 million year on year, to ¥23,817 million.

(3) Dividend Policies, Dividends in the Fiscal Year Ended March 31, 2020, and Forecast for Dividends in the Fiscal Year Ending March 31, 2021

The Company views shareholder returns as an important management task, and therefore places importance on providing stable returns over the long term.

Over the period to the fiscal year ending March 31, 2022, 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.

In accordance with this policy and based on a comprehensive review of operating results and other factors, the Company is planning a year-end dividend of ¥46.50 per share for the fiscal year ended March 31, 2020. Including the interim dividend of ¥46.50 per share, the annual dividend will be ¥93 per share.

On the other hand, due to the recent influence of the spread of the COVID 19 infection, future revenue trends, etc., are very unclear, and it is difficult to rationally calculate performance forecasts for the next period. Accordingly, at this point the Company has not yet determined the dividends for the next period, including the interim 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 2019/3 (As of March 31, 2019)	FY 2020/3 As of March 31, 2020)
ASSETS		
Current assets		
Cash and time deposits	16,971	23,817
Notes and accounts receivable–trade	52,275	38,707
Fares receivable	2,732	4,126
Securities	19,926	—
Merchandise and finished goods	21,809	19,702
Work in process	22,703	28,364
Raw materials and supplies	6,819	7,574
Other	38,485	39,082
Allowance for doubtful accounts	(95)	(82)
Total current assets	181,627	161,293
Non-current assets		
Property, plant and equipment		
Buildings and fixtures (net)	241,558	268,654
Machinery, rolling stock and vehicles (net)	31,607	32,578
Land	129,344	147,736
Leased assets, net	14,909	19,953
Construction in progress	35,843	40,133
Other (net)	8,057	8,935
Net property, plant and equipment	461,321	517,992
Intangible assets	5,215	6,280
Investments and other assets		
Investment securities	24,403	38,835
Deferred tax assets	55,086	51,768
Net defined benefit assets	882	720
Other	74,362	52,537
Allowance for doubtful accounts	(1,416)	(838)
Total investments and other assets	153,318	143,024
Total noncurrent assets	619,855	667,297
Total assets	801,483	828,590

(Millions of Yen)

	FY 2019/3 (As of March 31, 2019)	FY 2020/3 (As of March 31, 2020)
LIABILITIES AND EQUITY		
Current liabilities		
Notes and accounts payable–trade	33,132	32,460
Short-term loans	9,002	10,572
Current portion of long-term debt	3,845	30,421
Payables	57,139	63,841
Accrued income taxes	5,573	3,666
Fare deposits received with regard to railway connecting services	1,731	1,175
Railway fares received in advance	5,821	4,720
Accrued bonuses	8,996	8,922
Other	47,072	44,467
Total current liabilities	172,314	200,248
Non-current liabilities		
Debt	20,000	40,000
Long-term debt	75,119	60,556
Lease obligations	5,424	10,482
Allowance for safety and environmental measures	1,879	1,609
Provision for loss on disaster	4,613	1,732
Liability for retirement benefits	58,803	53,801
Asset retirement obligations	1,603	1,690
Other	40,981	40,171
Total noncurrent liabilities	208,425	210,043
Total liabilities	380,739	410,291
EQUITY		
Shareholders' equity		
Common stock	16,000	16,000
Capital surplus	233,983	224,024
Retained earnings (Deficit)	160,558	176,329
Treasury stock	—	(599)
Total common stock	410,541	415,754
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	11,677	4,422
Deferred gains or losses on hedges	129	15
Foreign currency translation adjustments	112	158
Defined retirement benefit plans	(7,608)	(7,057)
Total accumulated other comprehensive income	4,312	(2,461)
Non-controlling interests	5,890	5,004
Total equity	420,743	418,298
TOTAL LIABILITIES AND EQUITY	801,483	828,590

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

(Millions of Yen)

	FY 2019/3 (April 1, 2018 – March 31, 2019)	FY 2020/3 (April 1, 2019 – March 31, 2020)
OPERATING REVENUES	440,358	432,644
OPERATING EXPENSES		
Transportation, other services and cost of sales	273,001	273,400
Selling, general and administrative expenses	103,471	109,838
Total operating expenses	376,473	383,238
OPERATING INCOME	63,885	49,406
NON-OPERATING INCOME		
Interest income	69	71
Dividend income	397	443
Gain on assets held in trust	1,849	1,330
Other	1,501	1,016
Total non-operating income	3,817	2,863
NON-OPERATING EXPENSES		
Interest expense	945	1,298
Other	217	357
Total non-operating expenses	1,163	1,655
ORDINARY INCOME	66,539	50,613
EXTRAORDINARY GAINS		
Construction grants received	16,360	29,419
Other	2,199	5,055
Total extraordinary gains	18,560	34,475
EXTRAORDINARY LOSSES		
Losses from provision for cost reduction of fixed assets	16,176	29,333
Impairment loss	910	7,939
Disaster-damage losses	847	682
Provision for loss on disaster	446	686
Other	2,281	3,355
Total extraordinary losses	20,661	41,997
INCOME BEFORE INCOME TAXES	64,438	43,091
INCOME TAXES		
Current	10,060	6,916
Deferred	4,666	4,181
Total income taxes	14,727	11,097
NET INCOME	49,711	31,993
NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	471	498
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	49,240	31,495

Consolidated Comprehensive Income Statements

(Millions of Yen)

	FY 2019/3 (April 1, 2018 – March 31, 2019)	FY 2020/3 (April 1, 2019 – March 31, 2020)
NET INCOME	49,711	31,993
OTHER COMPREHENSIVE INCOME		
Unrealized gain on available-for-sale securities	1,678	(7,272)
Deferred gains or losses on hedges	176	(114)
Foreign currency translation adjustments	(23)	60
Defined retirement benefit plans	562	533
Total other comprehensive income	2,394	(6,792)
COMPREHENSIVE INCOME	52,105	25,200
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent	51,657	24,722
Non-controlling interests	448	478

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2019

(Millions of Yen)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total Shareholders' equity
Balance at beginning of current year	16,000	234,270	124,997	375,268
Changes of items during the year				
Dividends of surplus			(13,680)	(13,680)
Net income attributable to owners of the parent			49,240	49,240
Changes in the ownership interest by purchases of shares of consolidates subsidiaries		(287)		(287)
Net changes of items other than shareholders' equity				
Total changes of items during the year	—	(287)	35,560	35,273
Balance at end of current year	16,000	233,983	160,558	410,541

	Accumulated other comprehensive income					Non-controlling interests	Total equity
	Unrealized gain 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	9,981	(47)	133	(8,171)	1,895	6,037	383,201
Changes of items during the year							
Dividends of surplus							(13,680)
Net income attributable to owners of the parent							49,240
Changes in the ownership interest by purchases of shares of consolidates subsidiaries							(287)
Net changes of items other than shareholders' equity	1,696	176	(20)	563	2,416	(147)	2,269
Total changes of items during the year	1,696	176	(20)	563	2,416	(147)	37,542
Balance at end of current year	11,677	129	112	(7,608)	4,312	5,890	420,743

For the fiscal year ended March 31, 2020

(Millions of Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance at beginning of current year	16,000	233,983	160,558	—	410,541
Changes of items during the year					
Dividends of surplus			(15,680)		(15,680)
Net income attributable to owners of the parent			31,495		31,495
Purchase of treasury stocks				(10,598)	(10,598)
Cancellation of treasury stocks		(9,999)		9,999	—
Changes in the ownership interest by purchases of shares of consolidates subsidiaries		40			40
Change of scope of consolidation			(43)		(43)
Net changes of items other than shareholders' equity					
Total changes of items during the year	—	(9,958)	15,771	(599)	5,213
Balance at end of current year	16,000	224,024	176,329	(599)	415,754

	Accumulated other comprehensive income					Non-controlling interests	Total equity
	Unrealized gain 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	11,677	129	112	(7,608)	4,312	5,890	420,743
Changes of items during the year							
Dividends of surplus							(15,680)
Net income attributable to owners of the parent							31,495
Purchase of treasury stocks							(10,598)
Cancellation of treasury stocks							—
Changes in the ownership interest by purchases of shares of consolidates subsidiaries							40
Change of scope of consolidation							(43)
Net changes of items other than shareholders' equity	(7,255)	(114)	46	550	(6,773)	(885)	(7,659)
Total changes of items during the year	(7,255)	(114)	46	550	(6,773)	(885)	(2,445)
Balance at end of current year	4,422	15	158	(7,057)	(2,461)	5,004	418,298

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	FY 2019/3 (April 1, 2018– March 31, 2019)	FY 2020/3 (April 1, 2019 – March 31, 2020)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income taxes	64,438	43,091
Depreciation costs	21,928	26,748
Impairment loss	910	7,939
Losses from provision for cost reduction of fixed assets	16,176	29,333
Loss on disaster	847	682
Increase in provision for loss on disaster	446	686
Increase (Decrease) in allowance for doubtful accounts	542	(516)
Increase (Decrease) in liability for retirement benefits	(3,910)	(4,527)
Increase (Decrease) in allowance for safety and environmental measures	(1,318)	(270)
Interest and dividends income	(467)	(515)
Interest expense	945	1,298
Construction grants received	(16,360)	(29,419)
Insurance income accompanying disasters	(1,000)	–
(Increase) decrease in trade receivables	(9,881)	6,160
(Increase) decrease in inventories	(6,154)	(3,940)
Increase (Decrease) in trade payables	(4,709)	(1,672)
Gain on assets held in trust	(1,849)	(1,330)
Other	(5,970)	(366)
Subtotal	54,612	73,378
Proceeds from insurance income	1,000	–
Interest and dividends income received	476	507
Interest expense paid	(872)	(994)
Gain on assets held in trust received	1,853	1,394
Loss on disaster paid	(3,205)	(4,422)
Income taxes (paid) refund	(12,389)	(9,394)
Net cash provided by operating activities	41,473	60,468

(Millions of Yen)

	FY 2019/3 (April 1, 2018 – March 31, 2019)	FY 2020/3 (April 1, 2019 – March 31, 2020)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment, and Intangible assets	(105,937)	(109,947)
Proceeds from redemption of marketable securities	15,600	—
Purchases of investment securities	(2,552)	(21,706)
Proceeds from sales of money held in trust	—	12,259
Proceeds from construction grants received	15,253	17,998
Collection of short-term loans receivable	0	16,647
Other	3,016	7,805
Net cash provided by (used in) investing activities	(74,619)	(76,943)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase (decrease) in short-term loans payable	4,544	995
Proceeds from long-term loans payable	2,051	15,550
Repayment of long-term loans payable	(5,793)	(4,034)
Payments for long-term accounts payable	(341)	(345)
Proceeds from issuance of bonds	20,000	20,000
Proceeds from lease and guarantee deposits received	1,420	1,380
Repayments of lease and guarantee deposits received	(1,104)	(937)
Purchases of treasury stocks	—	(10,598)
Cash dividends paid	(13,680)	(15,680)
Cash dividends paid to non-controlling shareholders	(54)	(72)
Other	(1,397)	(2,887)
Net cash used in financing activities	5,644	3,369
Effect of exchange rate change on cash and cash equivalents	(14)	58
Net increase (decrease) in cash and cash equivalents	(27,514)	(13,047)
Cash and cash equivalents, beginning of year	64,379	36,865
Cash and cash equivalents, end of year	36,865	23,817

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

No relevant events

(Segment Information, etc.)

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 and sells condominiums and other properties. The Retail and Restaurant engages in retail, restaurant, and agriculture businesses.

2. Methods for Calculating Sales, Income, 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, 2019

(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	176,668	33,717	85,777	103,749	40,445	440,358	—	440,358
Inside Group	5,194	60,099	4,317	300	32,254	102,166	(102,166)	—
Total	181,863	93,817	90,094	104,050	72,699	542,524	(102,166)	440,358
Segment income	27,433	6,289	25,436	3,412	2,201	64,773	(887)	63,885
Segment assets	247,099	66,132	393,851	48,336	97,369	852,790	(51,306)	801,483
Other items								
Depreciation costs	6,918	976	10,195	1,668	2,400	22,159	(230)	21,928
Increase in property, plant and equipment and intangible assets	35,828	2,438	51,199	2,210	7,189	98,867	(380)	98,487

(Notes) 1. “Others” 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 ¥887 million deduction from segment income reflects the elimination of intersegment transactions.

(2) The ¥51,306 million deduction from segment assets includes a downward adjustment of ¥121,670 million in reflection of the elimination of intersegment liabilities and ¥70,364 million in corporate assets not allocated to reportable segments

(3) The ¥230 million deduction under depreciation costs reflects the elimination of intersegment transactions.

(4) The ¥380 million deduction under increase in fixed assets reflects the elimination of intersegment transactions.

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

For the fiscal year ended March 31, 2020

(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	166,266	37,597	86,441	104,366	37,973	432,644	—	432,644
Inside Group	7,464	61,788	4,338	291	34,218	108,101	(108,101)	—
Total	173,730	99,385	90,779	104,657	72,191	540,746	(108,101)	432,644
Segment income	19,848	6,580	19,137	2,825	2,284	50,676	(1,270)	49,406
Segment assets	242,175	73,556	424,222	49,698	93,636	883,290	(54,700)	828,590
Other items								
Depreciation costs	9,715	1,109	11,457	1,654	3,119	27,055	(306)	26,748
Increase in property, plant and equipment and intangible assets	23,597	2,935	56,086	3,752	9,040	95,412	368	95,781

(Notes) 1. “Others” 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 ¥1,270 million deduction from segment income reflects the elimination of intersegment transactions.
 - (2) The ¥54,700 million deduction from segment assets includes a downward adjustment of ¥121,019 million in reflection of the elimination of intersegment liabilities and ¥66,319 million in corporate assets not allocated to reportable segments
 - (3) The ¥306 million deduction under depreciation costs reflects the elimination of intersegment transactions.
 - (4) The ¥368 million deduction under increase in fixed assets reflects the elimination of intersegment transactions.
3. Segment income has been adjusted for the operating income figure on the consolidated income statements.

4. Matters Related to Changes in Reportable Segments

From the fiscal year ended March 31, 2020, the segment categories have been changed in order to recognize segment sales and profits in a more practical manner and to steadily advance segment management. As a result, the previous segment classifications, the Transportation segment, the Construction segment, the Real Estate segment, the Retail and Restaurant segment, and the Other segment, have been changed to the Transportation segment, the Construction segment, the Real Estate and Hotels segment, the Retail and Restaurant segment, and the Other segment.

Segment information for the fiscal year ended March 31, 2020, has been prepared based on the segment classifications after the change.

(Per Share Information)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net assets per share	¥2,592.83	¥2,630.51
Net income per share	¥307.75	¥198.16

(Notes) 1. Earnings per share–diluted is not shown because no applicable shares existed.

2. In calculating net income 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 in the calculation of the average number of shares during the period. In the fiscal year ended March 31, 2020, the average number of shares of treasury stock, which was subtracted in calculating net income per share, was 124,067 shares.

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

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Total net assets (millions of yen)	420,743	418,298
Amount deducted from total net assets (millions of yen)	5,890	5,004
(Included non-controlling interests (millions of yen))	(5,890)	(5,004)
Net assets at end of year relating to common stock (millions of yen)	414,853	413,293
Amount of common stock at end of year used for calculating net assets per share (shares)	160,000,000	157,115,500

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

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net income attributable to owners of the parent (millions of yen)	49,240	31,495
Amount not belonging to ordinary shareholders (millions of yen)	—	—
Net income attributable to common stock owners of the parent (millions of yen)	49,240	31,495
Weighted-average numbers of ordinary shares (shares)	160,000,000	158,938,917

(Significant Subsequent Events)

Transfer of shares of a subsidiary

At a Board of Directors meeting held on April 30, 2020, the Company resolved to transfer to TSURUHA Holdings, Inc. (hereinafter, “TSURUHA”), a portion of its holdings of the shares of JR Kyushu Drug Eleven Inc. (hereinafter, “the concerned company”), and on the same date JR Kyushu and TSURUHA concluded a share transfer agreement.

After this transfer, JR Kyushu will continue to hold 49% of the shares of the concerned company. Accompanying this transfer, from the fiscal year ending March 31, 2021, the concerned company will no longer be a consolidated subsidiary of JR Kyushu, and JR Kyushu will account for the concerned company as an equity-method affiliate.

(1) Name of recipient of share transfer

TSURUHA Holdings, Inc.

(2) Name, business activities, and relationship with JR Kyushu of the concerned company

Name: JR Kyushu Drug Eleven Inc.

Business activities: Retail sales of pharmaceuticals, cosmetics, daily-use items, etc.; dispensing pharmacy operations

Relationship with JR Kyushu: Transactions including store leasing, etc.

(3) Overview of transaction, including legal form

Transfer of a portion of the issued shares of the concerned company, with cash as the only consideration received

(4) Reason for the transfer

The TSURUHA Group operates drugstores and dispensing pharmacies throughout Japan, and it strives to contribute to local communities while leveraging strengths in business formats and store names that are aligned with each region. In addition, the TSURUHA Group has achieved increases in profitability through economies of scale. JR Kyushu decided that the best course of action was to aim for further growth for the concerned company as a business that has both local roots and profitable operations. To that end, JR Kyushu will transfer a portion of its shares in the concerned company to TSURUHA, thereby facilitating further growth in the concerned company’s sales and corporate value. This will enable the concerned company to utilize the business know-how and other management resources of the TSURUHA Group while leveraging its own strengths and characteristics.

(5) Timing of the transfer

May 28, 2020 (planned)

(6) Number of transferred shares, status of shareholding before and after the transfer, transfer price, gain/loss on transfer

(i) Number of transferred shares and status of shareholding before and after the transfer

(a) Number of shares before the change: 5,221,076 shares (Ratio of voting rights: 100.0%)

(b) Number of transferred shares: 2,662,749 shares

(c) Number of shares after the change: 2,558,327 shares (Ratio of voting rights: 49.0%)

(2) Transfer price: ¥14.0 billion

(ii) Gain/loss on transfer: The Company expects to record an extraordinary gain of approximately ¥9.0 billion in the fiscal year ending March 31, 2021.

(7) Name of reportable segment that includes the concerned company

Retail and Restaurant Group

(Additional Information)

Occurrence of damage due to seasonal rain front heavy rains in 2019, etc.

Railway facilities were damaged by the seasonal rain front heavy rains in 2019, etc. Under extraordinary losses in the consolidated income statements for the fiscal year ended March 31, 2020, the repair and other expenses that were incurred in the fiscal year under review as a result of this damage were recorded as disaster-damage losses. In addition, the repair and other expenses that we expect to incur due to this damage from the fiscal year ending March 31, 2021, onward were recorded as provision for loss on disaster based on rational estimations of their amounts.

4. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Millions of Yen)

	FY 2019/3 (As of March 31, 2019)	FY 2020/3 (As of March 31, 2020)
ASSETS		
Current assets		
Cash and time deposits	1,673	5,826
Fares receivable	2,567	4,045
Accounts receivable-trade	41,985	35,313
Securities	11,226	-
Real estate for sale	8,434	5,118
Costs on uncompleted construction contracts	19,460	23,817
Supplies	6,428	6,933
Other	5,266	6,365
Allowance for doubtful accounts	(0)	(0)
Total current assets	97,042	87,419
Non-current assets		
Fixed assets for railway business		
Property, plant and equipment	668,960	687,650
Accumulated depreciation	(597,302)	(600,082)
Property, plant and equipment (net)	71,658	87,567
Intangible assets	827	1,606
Net fixed assets for railway operations	72,485	89,174
Fixed assets for other business		
Property, plant and equipment	292,401	330,106
Accumulated depreciation	(47,858)	(53,533)
Property, plant and equipment (net)	244,543	276,573
Intangible assets	440	536
Net fixed assets for other business	244,983	277,109
Fixed assets relating to both businesses		
Property, plant and equipment	36,466	36,815
Accumulated depreciation	(17,469)	(17,850)
Property, plant and equipment (net)	18,997	18,965
Intangible assets	143	93
Net fixed assets relating to both businesses	19,140	19,058
Construction in progress		
Railway business	23,381	17,900
Other business	6,091	16,305
Relating to both businesses	30	155
Total construction in progress	29,502	34,360
Investments and other assets		
Investment securities	19,254	30,523
Stocks of subsidiaries and affiliated companies	41,869	42,282
Long-term prepaid expenses	5,689	7,415
Deferred tax assets	46,429	42,955
Other	58,571	35,470
Allowance for doubtful accounts	(72)	(70)
Provision for investment losses	(1,961)	(280)
Total investments and other assets	169,780	158,296
Total noncurrent assets	535,893	578,000
Total assets	632,935	665,419

(Millions of Yen)

	FY 2019/3 (As of March 31, 2019)	FY 2020/3 (As of March 31, 2020)
LIABILITIES AND EQUITY		
Current liabilities		
Current portion of long-term debt	3,000	23,608
Payables	77,308	87,625
Accrued income taxes	727	-
Accrued consumption taxes	-	313
Fare deposits received with regard to railway connecting services	1,731	1,175
Deposits received	2,669	6,058
Railway fares received in advance	5,711	4,710
Advances received	25,832	18,728
Accrued bonuses	5,515	5,121
Provision for point card certificates	662	762
Other	4,825	5,433
Total current liabilities	127,983	153,536
Non-current liabilities		
Bonds	20,000	40,000
Long-term debt	65,000	56,892
Employees' severance and retirement benefits	43,557	39,262
Allowance for safety and environmental measures	1,879	1,609
Provision for loss on disaster	4,613	1,732
Provision for guarantee obligations	806	7,467
Asset retirement obligations	131	189
Other	10,242	10,439
Total noncurrent liabilities	146,231	157,591
Total liabilities	274,215	311,128
EQUITY		
Shareholders' equity		
Common stock	16,000	16,000
Capital surplus		
Capital surplus	171,908	171,908
Other	62,113	52,113
Total capital surplus	234,021	224,022
Retained earnings (Deficit)		
Other		
Reserve for deferred gain of fixed assets	5,951	7,638
Retained earnings carried forward	91,507	102,838
Total retained earnings (Deficit)	97,459	110,477
Treasury stock	-	(599)
Total common stock	347,481	349,900
Valuation and translation adjustment		
Unrealized gain on available-for-sale securities	11,239	4,390
Net valuation and translation adjustment	11,239	4,390
Total equity	358,720	354,291
TOTAL LIABILITIES AND EQUITY	632,935	665,419

(2) Non-Consolidated Statements of Income

(Millions of Yen)

	FY 2019/3 (April 1, 2018 – March 31, 2019)	FY 2020/3 (April 1, 2019 – March 31, 2020)
RAILWAY BUSINESS		
Operating revenues		
Income from railway passenger traffic	151,482	147,381
Trackage revenue	546	575
Miscellaneous income of transportation	20,181	17,247
Total operating revenues	172,209	165,204
Operating expenses		
Transportation expenses	121,323	117,874
General and administrative expenses	10,629	11,175
Taxes	7,413	7,337
Depreciation costs	6,075	8,727
Total operating expenses	145,442	145,115
Operating income	26,767	20,089
OTHER BUSINESSES		
Operating revenues		
Revenue from real estate sale	19,746	18,900
Revenue from real estate lease	26,157	25,835
Other	3,803	4,951
Total operating revenues	49,707	49,688
Operating expenses		
Cost of sales	23,664	24,479
Selling, general and administrative expenses	667	766
Taxes	652	3,400
Depreciation costs	5,762	6,732
Total operating expenses	30,746	35,379
Operating income	18,960	14,308
TOTAL OPERATING INCOME	45,728	34,398
NON-OPERATING INCOME		
Interest income	10	23
Dividend income	6,436	5,484
Gain on assets held in trust	1,849	1,330
Other	1,321	505
Total non-operating income	9,617	7,343
NON-OPERATING EXPENSES		
Interest expense	640	763
Provision for loss on guarantees, etc.	768	135
Other	155	258
Total non-operating expenses	1,563	1,156
ORDINARY INCOME	53,782	40,584

(Millions of Yen)

	FY 2019/3 (April 1, 2018 – March 31, 2019)	FY 2020/3 (April 1, 2019 – March 31, 2020)
EXTRAORDINARY GAINS		
Construction grants received	16,350	29,211
Other	2,015	5,388
Total extraordinary gains	18,366	34,599
EXTRAORDINARY LOSSES		
Losses from provision for cost reduction of fixed assets	16,165	29,125
Loss on disaster	960	738
Provision for loss on disaster	446	686
Provision for loss on guarantees, etc.	-	6,525
Other	1,782	3,825
Total extraordinary losses	19,354	40,900
INCOME BEFORE INCOME TAXES	52,793	34,284
INCOME TAXES		
Current	3,050	931
Deferred	5,488	4,654
Total income taxes	8,539	5,585
NET INCOME	44,254	28,698

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

For the fiscal year ended March 31, 2019

(Millions of Yen)

	Shareholders' equity						
	Retained earnings	Retained earnings			Retained earnings		
		Additional Paid-in Capital	Other capital surplus	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	62,113	234,021	5,480	61,404	66,884
Changes of items during the year							
Dividends of surplus						(13,680)	(13,680)
Net income						44,254	44,254
Provision of reserve for deferred gain of fixed assets					470	(470)	-
Net changes of items other than shareholders' equity							
Total changes of items during the year	-	-	-	-	470	30,103	30,574
Balance at end of current year	16,000	171,908	62,113	234,021	5,951	91,507	97,459

	Shareholders' equity	Valuation and Translation Adjustments	Total equity
	Total Shareholders' equity	Net Unrealized Holding Gains (Losses) on Securities	
Balance at beginning of current year	316,906	9,482	326,388
Changes of items during the year			
Dividends of surplus	(13,680)		(13,680)
Net income	44,254		44,254
Provision of reserve for deferred gain of fixed assets	-		-
Net changes of items other than shareholders' equity		1,756	1,756
Total changes of items during the year	30,574	1,756	32,331
Balance at end of current year	347,481	11,239	358,720

For the fiscal year ended March 31, 2020

(Millions of Yen)

	Shareholders' equity						
	Retained earnings	Retained earnings			Retained earnings		
		Additional Paid-in Capital	Other capital surplus	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	62,113	234,021	5,951	91,507	97,459
Changes of items during the year							
Dividends of surplus						(15,680)	(15,680)
Net income						28,698	28,698
Provision of reserve for deferred gain of fixed assets					1,687	(1,687)	-
Purchase of treasury stocks							
Cancellation of treasury stocks			(9,999)	(9,999)			
Net changes of items other than shareholders' equity							
Total changes of items during the year	-	-	(9,999)	(9,999)	1,687	11,330	13,018
Balance at end of current year	16,000	171,908	52,113	224,022	7,638	102,838	110,477

	Shareholders' equity		Valuation and Translation Adjustments	Total equity
	Treasury stock	Total Shareholders' equity	Net Unrealized Holding Gains (Losses) on Securities	
Balance at beginning of current year	-	347,481	11,239	358,720
Changes of items during the year				
Dividends of surplus		(15,680)		(15,680)
Net income		28,698		28,698
Provision of reserve for deferred gain of fixed assets		-		-
Purchase of treasury stocks	(10,598)	(10,598)		(10,598)
Cancellation of treasury stocks	9,999	-		-
Net changes of items other than shareholders' equity			(6,848)	(6,848)
Total changes of items during the year	(599)	2,419	(6,848)	(4,428)
Balance at end of current year	(599)	349,900	4,390	354,291