

(Translation)

**Consolidated Financial Results
for the Three-Month Period Ended June 30, 2020
(Japanese GAAP)**

August 4, 2020

Company name: Kyushu Railway Company
Stock exchange listings: Tokyo and Fukuoka
Securities code: 9142
URL: <http://www.jrkyushu.co.jp/>
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Scheduled date for filing of quarterly report: August 7, 2020
Scheduled date of dividend payment commencement: —
Preparation of supplementary explanations for financial results: Yes
Holding of a briefing on quarterly financial results: None

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

**1. Consolidated Financial Results for the Three-Month Period Ended June 30, 2020
(From April 1, 2020 to June 30, 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	%
Three months ended								
June 30, 2020	61,848	(38.4)	(15,703)	—	(15,234)	—	(5,119)	—
June 30, 2019	100,471	1.6	15,489	(3.6)	16,096	(6.9)	12,365	(7.9)

(Note) Comprehensive income: Three months ended June 30, 2020: ¥(6,658) million (—%)
Three months ended June 30, 2019: ¥12,234 million [(20.9%)]

	Net income per share — basic	Net income per share — diluted
Three months ended	Yen	Yen
June 30, 2020	(32.59)	—
June 30, 2019	77.28	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2020	899,431	404,307	44.4
As of March 31, 2020	828,590	418,298	49.9

(Reference) Shareholders' equity: As of June 30, 2020: ¥399,302 million
As of March 31, 2020: ¥413,293 million

2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Year ended March 31, 2020	Yen —	Yen 46.50	Yen —	Yen 46.50	Yen 93.00
Year ending March 31, 2021	—				
Year ending March 31, 2021 (Forecast)		—	—	—	—

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

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 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 three months ended June 30, 2020 (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: No
 - ii Changes in accounting policies other than the above: No
 - iii Changes in accounting estimates: No
 - iv Restatement of revisions: No
- (4) Number of shares outstanding (common stock)

i Number of shares issued and outstanding at end of period (including treasury stock)	As of June 30, 2020	157,301,600 shares	As of March 31, 2020	157,301,600 shares
ii Number of shares of treasury stock at end of period	As of June 30, 2020	186,100 shares	As of March 31, 2020	186,100 shares
iii Average number of shares during the period	As of June 30, 2020	157,301,600 shares	As of June 30, 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) (First quarter of FY2021/3, 186,100 shares; FY2020/3, 186,100 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 (First quarter of FY2021/3, 186,100 shares; First quarter of FY2020/3, no share)

* 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

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 quarterly materials are attached to this summary of consolidated financial results.

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Financial Results for the First Quarter of FY2021/3 (Cumulative total for the three-month period from April to June)

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Qualitative Information on Consolidated Operating Results

In the three month period ended June 30, 2020, Japan's economy faced downward pressure on business conditions due to the influence of the COVID 19 infection in Japan and overseas. After the government lifted the state of emergency in May 2020, consumer spending has shown signs of improvement, but the timing, extent, etc., of a recovery in economic activity remain highly uncertain, and challenging conditions are expected to continue for the time being.

Looking at the Group's results, due to spread of the COVID 19 infection, the railway and other businesses were affected by declining mobility demand, sluggish consumer spending, etc. 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 we advanced preparations for the opening of the Miyazaki and Kumamoto station buildings, which are part of our implementation of strategic city-building initiatives in the regions around our bases. On the other hand, the future course of trends in the management environment is unclear, and in preparation for changes in the management environment, we took necessary countermeasures, such as implementing aggressive, accelerated fund-raising; taking steps to reduce costs, including temporary leave for employees; and reevaluating investment plans.

As a result, operating revenues were down 38.4% year on year, to ¥61,848 million; operating loss was ¥15,703 million (compared with operating income of ¥15,489 million in the same period of the previous fiscal year); negative EBITDA was ¥9,144 million (compared with EBITDA of ¥21,378 million in the same period of the previous fiscal year); ordinary loss was ¥15,234 million (compared with ordinary income of ¥16,096 million in the same period of the previous fiscal year); and net loss attributable to owners of the parent was ¥5,119 million (compared with net income attributable to owners of the parent of ¥12,365 million in the same period of the previous fiscal year).

(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.

(Millions of Yen)

	Operating revenues			Operating income			EBITDA		
	FY 2021/3, First Quarter (Three months ended June 30, 2020)	YoY		FY 2021/3, First Quarter (Three months ended June 30, 2020)	YoY		FY 2021/3, First Quarter (Three months ended June 30, 2020)	YoY	
Transportation	17,303	(26,875)	(60.8%)	(13,984)	(23,900)	—	(11,371)	(23,500)	—
Construction	16,861	4,457	35.9%	263	767	—	504	746	—
Real Estate and Hotels	11,516	(8,220)	(41.6%)	(353)	(5,413)	—	2,635	(5,062)	(65.8%)
Real estate lease	10,201	(3,147)	(23.6%)	1,660	(2,757)	(62.4%)	4,048	(2,637)	(39.4%)
Real estate sale	482	(1,916)	(79.9%)	(204)	(382)	—	(202)	(383)	—
Hotel	833	(3,156)	(79.1%)	(1,809)	(2,272)	—	(1,210)	(2,042)	—
Retail and Restaurant	19,619	(6,389)	(24.6%)	(1,511)	(2,272)	—	(1,096)	(2,242)	—
Other	14,317	(1,789)	(11.1%)	135	(229)	(62.9%)	510	(309)	(37.8%)
Total	79,619	(38,816)	(32.8%)	(15,450)	(31,048)	—	(8,817)	(30,367)	—
Adjustment (Note)	(17,770)	194	—	(252)	(143)	—	(327)	(155)	—
Amount on the consolidated financial statements	61,848	(38,622)	(38.4%)	(15,703)	(31,192)	—	(9,144)	(30,523)	—

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

2. Consolidated EBITDA = operating income + depreciation (after elimination of intersegment transactions, excluding depreciation of leased assets held for subleasing purposes), segment EBITDA = segment operating income + segment depreciation (after elimination of intersegment transactions, excluding depreciation of leased assets held for subleasing purposes)

a. Transportation Group

In the railway business, due to the effect of people staying inside as a result of the declaration of a state of emergency, requests for suspension of business operations, etc., railway transportation revenues declined substantially, decreasing 21.8% year on year in April, 28.2% in May, and 47.9% in June. In this setting, we advanced measures to control investment and reduce costs while securing safety.

In terms of safety initiatives, we steadily implemented safety investment, such as updating rolling stock and replacing aging facilities. In addition, from April 2020, we installed train inspection support systems and train track monitoring equipment on certain trains used to carry passengers. We commenced initiatives to increase efficiency of inspection operations, enhance equipment quality, and increase safety for employees.

In regard to services, with consideration for prevention of the COVID 19 infection, we worked to

facilitate comfortable usage by understanding the attitudes of customers and aggressively taking action. In addition, on trains we expanded the introduction of the “JR-KYUSHU FREE Wi-Fi,” a free, public wireless LAN service. Also, we posted notices regarding the Help Mark system on priority seating. In these ways, we worked to provide diverse, customer-focused services.

In marketing, from May, on the Kōrimoto—Kiire segment of the Ibusuki Makurazaki Line, we introduced the Smart Support Station system. In addition, we rolled out a project under the title “Until the day the state of emergency is lifted, let’s stay strong together.” Through this project, we worked with a commitment to supporting the resolution of COVID 19 and took steps to promote the vitality of Kyushu. Moreover, we implemented a campaign to promote registration and use of the JR KYUPO app, for which service started from March 2020. We also implemented promotional measures in line with usage conditions, worked to increase customer convenience, and took steps to encourage customers to patronize multiple Group businesses, including the railway business and other businesses.

In transportation, while implementing infection prevention measures at stations and on trains, we worked to maintain the transportation network, which is social infrastructure. On the other hand, with consideration for the decline in mobility demand, we reduced the number of trains operated by approximately 20% for Shinkansen and conventional lines combined. 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 in August 2020.

In our passenger ship business, accompanying the protection measures at ports and airports instituted by the Japanese and South Korean governments in order to prevent the spread of the COVID 19 infection, we halted operations on all routes.

Our bus business was affected by people staying inside due to the government’s declaration of a state of emergency and requests for suspension of business operations. We took such steps as halting or reducing service on certain bus routes, and in addition, through measures to prevent the spread of infection, we worked to create an environment in which customers can use bus services with peace of mind.

In the field of new mobility services (MaaS), we advanced initiatives targeting the establishment of a sustainable public transportation network, centered on collaboration with DAIICHI KOUTSU SANGYO Co., Ltd., and Nishi-Nippon Railroad Co., Ltd. As a model case for enhancing the convenience of transfers, from March 2020, Nishitetsu Bus routes were established linking the station and residential districts in surrounding areas at Shimosone Station on the Nippo Main Line, the schedules of existing bus routes were revised, and JR Kyushu and Nishitetsu Bus mutually provided departure time guidance on buses and in the station. In addition, we implemented promotional measures, such as a point service campaign offered implemented jointly with Nishi-Nippon Railroad Co., Ltd. Moreover, through the tourism-style MaaS verification testing implementation committee that was established in December 2019 in the Yufuin district and in Miyazaki Prefecture, we considered the best approach for MaaS in an environment influenced by COVID 19, and preparations were made for the implementation of verification testing.

As a result of the above efforts, the Transportation Group recorded operating revenues of ¥17,303 million, down 60.8% year on year; an operating loss of ¥13,984 million (compared with operating income of ¥9,916 million in the same period of the previous fiscal year), and negative EBITDA of ¥11,371 million (compared with EBITDA of ¥12,128 million in the same period of the previous fiscal year).

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 posted operating revenues of ¥16,861 million, up 35.9% year on year; operating income of ¥263 million (compared with operating loss of ¥503 million in the same period of the previous fiscal year); and EBITDA of ¥504 million (compared with negative EBITDA of ¥242 million in the same period of the previous fiscal year).

c. Real Estate and Hotels Group

In the real estate business, to prevent the spread of the COVID 19 infection, we closed or reduced the operating hours of commercial facilities operated by our subsidiaries. Of these, at 8 facilities, we implemented measures to support tenants that have opened stores, such as offering reductions of fixed rent payments and delays for the payment of rent and expenses. In addition, from May 2020, we started accepting tenants at RJR Precia Tenjin South, a rental apartment facility.

In the real estate sale business, while temporarily closing model rooms and instituting infection prevention measures, we recorded sales from “Marks City Futsukaichi,” “MJR the Garden Kagoshima-Chuo,” and other condominium buildings, and we sought to promote sales of “MJR Sakaisuji Hommachi Tower,” “MJR Chihaya Branchera,” etc.

In the hotel business, due to the influence of COVID 19, we closed 8 of the 16 facilities in Japan. In sales initiatives, we utilized the tourism support measures of local governments, created a plan for teleworking, etc. In these ways, we worked to capture limited demand.

As a result, the Real Estate and Hotels Group posted operating revenues of ¥11,516 million, down 41.6% year on year; operating loss of ¥353 million (compared with operating income of ¥5,059 million in the same period of the previous fiscal year); and EBITDA of ¥2,635 million, down 65.8%.

d. Retail and Restaurant Group

In our retail business, we moved forward with the opening of new convenience stores. In addition, to support further growth in the drugstore business and increases in corporate value, we transferred to TSURUHA Holdings, Inc. a portion of our holdings of the shares of JR Kyushu Drug Eleven Inc. Accompanying this transfer, from the end of the first quarter of the fiscal year ending March 31, 2021, JR Kyushu Drug Eleven Inc. became an equity-method affiliate.

In the restaurant business, we advanced new openings, such as the opening in June in Tokyo of a restaurant specializing in beef tongue. In addition, we worked to expand demand outside of

restaurants, such as offering limited-time online sales of cinnamon rolls.

Nonetheless, due to the influence of COVID 19, the number of customers of stores located at stations declined, and as a result of the government's declaration of a state of emergency, certain restaurants were closed or had reduced operating hours. Consequently, usage of convenience stores, restaurants, etc., declined.

As a result, the Retail and Restaurant Group recorded operating revenues of ¥19,619 million, down 24.6% year on year; operating loss of ¥1,511 million (compared with operating income of ¥761 million in the same period of the previous fiscal year); and negative EBITDA of ¥1,096 million (compared with EBITDA of ¥1,145 million in the same period of the previous fiscal year).

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 ¥14,317 million, down 11.1% year on year; operating income of ¥135 million, down 62.9%; and EBITDA of ¥510 million, down 37.8%.

(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 June 30, 2020, increased 8.5% compared with the previous fiscal year-end, to ¥899,431 million. Current assets increased 46.2%, to ¥235,830 million, due to an increase in cash and time deposits and other factors. Non-current assets decreased 0.6%, to ¥663,600 million, due principally to the progress of depreciation.

Meanwhile, total liabilities increased 20.7% compared with the previous fiscal year-end, to ¥495,124 million. Current liabilities fell 26.8%, to ¥146,545 million, due to payment of payables. Non-current liabilities were up 66.0%, to ¥348,578 million, as a result of the issuance of bonds and an increase in long-term debt and other factors.

Furthermore, total equity decreased 3.3% compared with the previous fiscal year-end, to ¥404,307 million, due primarily to a decrease in retained earnings resulting from the recording of a net loss attributable to owners of the parent and the payment of dividends, etc.

(3) Qualitative Information on Consolidated Performance Outlook

In regard to the performance forecasts for FY2021.3, due to the influence 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.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Millions of Yen)

	FY 2020/3 (As of March 31, 2020)	FY 2021/3, First Quarter (As of June 30, 2020)
ASSETS		
Current assets		
Cash and time deposits	23,817	85,221
Notes and accounts receivable–trade	38,707	25,842
Fares receivable	4,126	686
Securities	—	50,031
Merchandise and finished goods	19,702	11,502
Work in process	28,364	30,545
Raw materials and supplies	7,574	9,536
Other	39,082	22,535
Allowance for doubtful accounts	(82)	(71)
Total current assets	161,293	235,830
Non-current assets		
Property, plant and equipment		
Buildings and fixtures (net)	268,654	268,855
Machinery, rolling stock and vehicles (net)	32,578	32,232
Land	147,736	148,890
Leased assets, net	19,953	18,781
Construction in progress	40,133	37,167
Other (net)	8,935	8,325
Net property, plant and equipment	517,992	514,252
Intangible assets	6,280	3,896
Investments and other assets		
Investment securities	38,835	42,428
Deferred tax assets	51,768	54,283
Net defined benefit assets	720	751
Other	52,537	48,806
Allowance for doubtful accounts	(838)	(818)
Total investments and other assets	143,024	145,451
Total noncurrent assets	667,297	663,600
Total assets	828,590	899,431

(Millions of Yen)

	FY 2020/3 (As of March 31, 2020)	FY 2021/3, First Quarter (As of June 30, 2020)
LIABILITIES		
Current liabilities		
Notes and accounts payable–trade	32,460	15,513
Short-term loans	10,572	9,798
Current portion of long-term debt	30,421	21,937
Payables	63,841	31,369
Accrued income taxes	3,666	521
Fare deposits received with regard to railway connecting services	1,175	1,818
Railway fares received in advance	4,720	5,090
Accrued bonuses	8,922	5,676
Other	44,467	54,817
Total current liabilities	200,248	146,545
Non-current liabilities		
Debt	40,000	80,000
Long-term debt	60,556	159,403
Allowance for safety and environmental measures	1,609	1,609
Allowance for disaster-damage losses	1,732	3,699
Liability for retirement benefits	53,801	52,832
Asset retirement obligations	1,690	1,283
Other	50,653	49,751
Total noncurrent liabilities	210,043	348,578
Total liabilities	410,291	495,124
EQUITY		
Shareholders' equity		
Common stock	16,000	16,000
Capital surplus	224,024	224,017
Retained earnings (Deficit)	176,329	163,835
Treasury stock	(599)	(599)
Total shareholders' equity	415,754	403,253
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	4,422	2,744
Deferred gains or losses on hedges	15	6
Foreign currency translation adjustments	158	95
Defined retirement benefit plans	(7,057)	(6,798)
Total accumulated other comprehensive income	(2,461)	(3,950)
Non-controlling interests	5,004	5,005
Total equity	418,298	404,307
TOTAL LIABILITIES AND EQUITY	828,590	899,431

(2) Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Income Statements

Consolidated Cumulative First Quarter

(Millions of Yen)

	FY 2020/3, First Quarter (Three months ended June 30, 2019)	FY 2021/3, First Quarter (Three months ended June 30, 2020)
OPERATING REVENUES	100,471	61,848
OPERATING EXPENSES		
Transportation, other services and cost of sales	59,115	53,703
Selling, general and administrative expenses	25,866	23,848
Total operating expenses	84,981	77,551
OPERATING INCOME (LOSS)	15,489	(15,703)
NON-OPERATING INCOME		
Interest income	20	20
Dividend income	247	371
Gain on assets held in trust	436	366
Other	244	297
Total non-operating income	949	1,055
NON-OPERATING EXPENSES		
Interest expense	298	381
Other	44	205
Total non-operating expenses	342	587
ORDINARY INCOME (LOSS)	16,096	(15,234)
EXTRAORDINARY GAINS		
Construction grants received	1,763	787
Gain on sales of shares of subsidiaries and associates	-	9,144
Other	136	271
Total extraordinary gains	1,899	10,203
EXTRAORDINARY LOSSES		
Losses from provision for cost reduction of fixed assets	1,744	753
Provision for loss on disaster	-	2,187
Other	36	180
Total extraordinary losses	1,780	3,121
INCOME (LOSS) BEFORE INCOME TAXES	16,215	(8,151)
INCOME TAXES		
Current	1,786	129
Deferred	2,072	(3,156)
Total income taxes	3,858	(3,027)
NET INCOME (LOSS)	12,356	(5,124)
NET LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(9)	(4)
NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT	12,365	(5,119)

Quarterly Consolidated Comprehensive Income Statements
Consolidated Cumulative First Quarter

(Millions of Yen)

	FY 2020/3, First Quarter (Three months ended June 30, 2019)	FY 2021/3, First Quarter (Three months ended June 30, 2020)
NET INCOME (LOSS)	12,356	(5,124)
OTHER COMPREHENSIVE INCOME		
Unrealized gain on available-for-sale securities	(195)	(1,686)
Gain (loss) on deferred hedges	(81)	(8)
Foreign currency translation adjustments	25	(80)
Defined retirement benefit plans	129	240
Total other comprehensive income	(122)	(1,534)
COMPREHENSIVE INCOME	12,234	(6,658)
TOTAL COMPREHENSIVE INCOME		
ATTRIBUTABLE TO:		
Owners of the parent	12,252	(6,609)
Non-controlling interests	(17)	(49)

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

None

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

None

(Segment Information)

FY 2020/3, First Quarter (Three-Month Period Ended June 30, 2019)

Information Related to Operating Revenues and Income (Loss) by Segment

(Millions of Yen)

	Reportable Segment				Others (Note 1)	Total	Adjustment (Note 2)	Quarterly Consolidated Statements of Income (Note 3)
	Transportation	Construction	Real Estate and Hotels	Retail and Restaurant				
Operating Revenues								
Outside Customers	42,355	5,441	18,698	25,937	8,037	100,471	—	100,471
Inside Group	1,823	6,962	1,038	71	8,069	17,965	(17,965)	—
Total	44,178	12,403	19,736	26,009	16,107	118,436	(17,965)	100,471
Segment income (loss)	9,916	(503)	5,059	761	364	15,598	(109)	15,489

(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 ¥109 million deduction from segment income (loss) reflects the elimination of intersegment transactions.

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

FY 2021/3, First Quarter (Three-Month Period Ended June 30, 2020)

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

(Millions of Yen)

	Reportable Segment				Others (Note 1)	Total	Adjustment (Note 2)	Quarterly Consolidated Statements of Income (Note 3)
	Transportation	Construction	Real Estate and Hotels	Retail and Restaurant				
Operating Revenues								
Outside Customers	15,715	8,320	10,753	19,593	7,466	61,848	—	61,848
Inside Group	1,588	8,541	763	25	6,851	17,770	(17,770)	—
Total	17,303	16,861	11,516	19,619	14,317	79,619	(17,770)	61,848
Segment income (loss)	(13,984)	263	(353)	(1,511)	135	(15,450)	(252)	(15,703)

(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 ¥252 million deduction from segment income (loss) reflects the elimination of intersegment transactions.

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

2 Information related to assets for each reportable segment

(Significant decrease in assets due to decline in the number of subsidiaries)

Due to the exclusion from the scope of consolidation of JR Kyushu Drug Eleven, in comparison with the previous fiscal year, assets in the Retail and Restaurant segment were down ¥18,488 million.

(Significant Subsequent Events)

Due to the influence of July 2020 heavy rains that occurred in various parts of Kyushu in July 2020, damage occurred on the Kyudai Main Line, Hisatsu Line, and other lines, including bridges being washed away and damage to tracks. While we expect to incur repair and other expenses as a result, amount estimations cannot be rationally made at this time as we are currently investigating the details of this damage.