

(Translation)

**Consolidated Financial Results
for the Year Ended March 31, 2021
(Japanese GAAP)**

May 12, 2021

Company name: Kyushu Railway Company
Stock exchange listings: Tokyo and Fukuoka
Securities code: 9142
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Scheduled date of Ordinary General Meeting of Shareholders: June 23, 2021
Scheduled date of dividend payment commencement: June 24, 2021
Scheduled date of release of annual securities report: June 23, 2021
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, 2021
(From April 1, 2020 to March 31, 2021)**

(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, 2021	293,914	(32.1)	(22,873)	—	(19,323)	—	(18,984)	—
Year ended March 31, 2020	432,644	(1.8)	49,406	(22.7)	50,613	(23.9)	31,495	(36.0)

(Note) Comprehensive income:

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

As of March 31, 2020: ¥25,200 million [(51.6)%]

	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, 2021	(120.83)	—	(4.7)	(2.3)	(7.8)
Year ended March 31, 2020	198.16	—	7.6	6.2	11.4

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

As of March 31, 2021: ¥ (83) million

As of March 31, 2020: ¥29 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, 2021	891,379	395,408	43.8	2,483.43
As of March 31, 2020	828,590	418,298	49.9	2,630.51

(Reference) Shareholders' equity:

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

As of March 31, 2020: ¥413,293 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, 2021	(10,361)	(53,912)	105,870	65,019
Year ended March 31, 2020	60,468	(76,943)	3,369	23,817

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, 2020	—	46.50	—	46.50	93.00	14,754	46.9	3.6
Year ended March 31, 2021	—	0.00	—	93.00	93.00	14,629	—	3.6
Year ended March 31, 2022 (Forecast)	—	0.00	—	93.00	93.00		113.3	

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(Percentages show year-on-year changes.)

	Operating revenues		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share — basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	344,200	17.1	10,600	—	10,600	—	12,900	—	82.10

Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2021 (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, 2021	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 March 31, 2021	184,600 shares	As of March 31, 2020	186,100 shares
iii Average number of shares during the period	As of March 31, 2021	157,116,625 shares	As of March 31, 2020	158,938,917 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) (FY2021/3, 184,600 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 (FY2021/3, 184,975 shares; FY2020/3, 124,067 shares).

(Reference)

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2021

(April 1, 2020–March 31, 2021)

(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, 2021	144,727	(32.7)	(20,591)	—	(10,853)	—	(11,145)	—
Year ended March 31, 2020	214,892	(3.2)	34,398	(24.8)	40,584	(24.5)	28,698	(35.2)

	Net income per share — basic	Net income per share — diluted
	Yen	Yen
Year ended March 31, 2021	(70.94)	—
Year ended March 31, 2020	180.56	—

(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, 2021	752,051	338,040	44.9	2,151.52
As of March 31, 2020	665,419	354,291	53.2	2,254.97

(Reference) Shareholders' equity:

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

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

2. Non-Consolidated Forecasts for the Fiscal Year Ending March 2022 (April 1, 2021–March 31, 2022)

(Percentages show year-on-year changes.)

	Operating revenues		Operating income		Ordinary income		Net income		Net income per share — basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	177,200	22.4	3,500	—	4,600	—	10,100	—	64.28

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

Explanation of Appropriate Uses of Performance Forecasts and Other Important Items

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

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

A financial results briefing for securities analysts is scheduled to be held on May 13, 2021 (Thursday). The presentation materials used for this briefing will be posted on the Company's website promptly after the conclusion of this briefing.

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(Explanatory Materials) Financial results for the fiscal year ended March 31, 2021

1. Qualitative Information on Consolidated Financial Performance

(1) Qualitative Information on Consolidated Operating Results

[1] Overview of the fiscal year ended March 31, 2021

In the fiscal year ended March 31, 2021, 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, economic activity gradually began to restart. In this setting, consumer spending has shown signs of improvement. However, the infection began to spread once again from mid-January 2021. As a result, a state of emergency was declared in 11 prefectures. The timing, extent, etc., of a recovery in economic activity remain highly uncertain. Challenging conditions are expected to continue for the time being.

Looking at the Group's results, due to spread of the COVID-19 infection, the railway and other businesses were affected by declining mobility demand, sluggish consumer spending, etc. In these conditions, we steadily invested in railway safety in accordance with our recognition that our most important mission is safety in the railway business, which is our mainstay business. In addition, as part of our implementation of strategic city-building initiatives in the regions around our bases, we opened Amu Plaza Miyazaki in November 2020, and we advanced preparations for the opening of the Kumamoto Station Building in April 2021. In addition, we implemented initiatives to support "Local Community Invigoration." To that end, 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 invigoration of Kyushu. Also, in March 2021, we marked the 10th anniversary of the full opening of the Kyushu Shinkansen. With gratitude for the people who have supported JR Kyushu up to this point, and hoping for a bright future, for one night we operated the "Shooting Star Shinkansen," which had spotlights shining into the sky. 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 revenue for the fiscal year was down 32.1% year on year, to ¥293,914 million; operating loss was ¥22,873 million (compared with operating income of ¥49,406 million in the previous fiscal year); EBITDA was down 93.8% year on year, to ¥4,639 million; ordinary loss was ¥19,323 million (compared with ordinary income of ¥50,613 million in the previous fiscal year); and net loss attributable to owners of the parent was ¥18,984 million (compared with net income attributable to owners of the parent of ¥31,495 million in the previous fiscal year).

(Note) EBITDA in the fiscal year ended March 31, 2021, 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.

(Millions of Yen)

	Operating revenues			Operating income			EBITDA		
	FY 2021/3 (April 1, 2020 – March 31, 2021)	YoY		FY 2021/3 (April 1, 2020 – March 31, 2021)	YoY		FY 2021/3 (April 1, 2020 – March 31, 2021)	YoY	
Transportation	95,294	(78,436)	(45.1%)	(37,629)	(57,477)	—	(26,507)	(56,071)	—
Construction	96,523	(2,861)	(2.9%)	6,990	410	6.2%	8,041	351	4.6%
Real Estate and Hotels	80,127	(10,652)	(11.7%)	9,913	(9,224)	(48.2%)	22,225	(8,369)	(27.4%)
Real estate lease	49,761	(5,492)	(9.9%)	12,072	(4,721)	(28.1%)	22,009	(4,122)	(15.8%)
Real estate sale	23,560	4,638	24.5%	2,640	1,074	68.6%	2,652	1,076	68.3%
Hotel	6,806	(9,798)	(59.0%)	(4,799)	(5,577)	—	(2,437)	(5,323)	—
Retail and Restaurant	51,488	(53,169)	(50.8%)	(2,575)	(5,400)	—	(1,180)	(5,659)	—
Other	63,641	(8,550)	(11.8%)	1,751	(533)	(23.3%)	3,707	(632)	(14.6%)
Total	387,075	(153,670)	(28.4%)	(21,548)	(72,225)	—	6,286	(70,381)	(91.8%)
Adjustment	(93,161)	14,940	—	(1,325)	(54)	—	(1,647)	(70)	—
Amount on the consolidated financial statements	293,914	(138,730)	(32.1%)	(22,873)	(72,279)	—	4,639	(70,451)	(93.8%)

a. Transportation Group

In the railway business, we worked to secure safety and implemented measures to prevent the spread of COVID-19. On that basis, we worked to secure revenues and advanced measures to control investment and reduce costs.

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 2020, on the Kōrimoto—Kiire segment of the Ibusuki Makurazaki Line, we introduced the Smart Support Station system. Furthermore, we worked to expand usage of Internet train reservation services, such as through sales of Minna no Kyushu Kippu, a product available only through the Internet. Moreover, we implemented such measures as a campaign to promote registration and use of the JR KYUPO app. We also worked to increase customer convenience and took steps to encourage customers to patronize multiple Group businesses, including the railway business and other businesses. In October 2020, we started operation of a new D&S train, the “36+3.”

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. As one part of measures to increase operational efficiency while securing safety, from December 2020 we commenced verification testing of self-driving train operational equipment on the Kashii Line. Furthermore, the heavy rains in July 2020, caused damage to railway facilities on the Kyudai Main Line and the Hisatsu Line, and we provided substitute forms of transportation on certain sections. On the Kyudai Main Line, recovery work was completed, and service on the entire line was restarted on March 1, 2021. 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. For this line, we have reached agreement with related local governments about the restoration of service through the introduction of a bus rapid transit (BRT) system, and we are moving ahead with preparations for the restoration of service. With regard to the segment between Higo-Ozu Station and Aso Station on the Houhi Main Line, which was impassable due to the impacts of the 2016 Kumamoto earthquakes, we completed restoration work and resumed service on the entire route on August 8, 2020. In addition, in line with changes in customer usage conditions due to the influence of the spread of the COVID-19 infection, on March 13, 2021, we implemented a timetable revision that reduced the number of trains operated, centered on Shinkansen and limited-express trains on conventional lines.

In our passenger ship business, as a part of protection measures at ports and airports in order to prevent the spread of the COVID-19 infection, we received a request from the Japanese government to halt passenger transportation, and all service has been suspended on regular routes since March 9, 2020. In addition, as an initiative to be implemented during the suspension of service, from March 2021 we started domestic sightseeing operation of the “QUEEN BEETLE,” a new-style hydrofoil ferry.

In our bus business, 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, and at the same time we halted or reduced service in line with usage conditions.

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. We took steps to improve convenience. For example, at stations in Kitakyushu City, we worked to improve connections

between buses and trains, and the display of train departure times inside buses was expanded. Our model for these initiatives was our collaboration with Nishitetsu Bus at Shimosone Station on the Nippo Main Line, which began in March 2020. Moreover, in November 2020 we commenced MaaS verification testing operations in Miyazaki Prefecture, which were selected by the Ministry of Land, Infrastructure, Transport and Tourism as a 2020 Japan-style MaaS promotion/support enterprise. Through this verification testing, we advanced measures aimed at supporting the realization of seamless transportation services through collaboration among multiple transportation modes, including buses, taxis, car sharing, and bicycle sharing; promoted visits through cooperation among tourism facilities and commercial facilities, such as Amu Plaza Miyazaki; and enhanced the central urban district's suitability for excursions.

Despite the above efforts, due to the influence of COVID-19, revenues declined significantly in the railway, passenger ship, and bus businesses, and the Transportation Group recorded operating revenue of ¥95,294 million, down 45.1% year on year; an operating loss of ¥37,629 million (compared with operating income of ¥19,848 million in the previous fiscal year); and negative EBITDA of ¥26,507 million (compared with EBITDA of ¥29,563 million in the previous fiscal year).

b. Construction Group

In the construction business, we leveraged specialized skills in the railway business in order to contribute to safe, stable railway operations through railway-related civil engineering, railroad track, and construction work as well as through maintenance operations and rolling stock equipment work. In railway construction, in a continuation from the previous fiscal year, we endeavored to steadily advance work related to the Nishi-Kyushu Shinkansen and to the Hokuriku Shinkansen, as well as other work, which included work on the Kumamoto Station area development, such as “Amu Plaza Kumamoto,” which opened in April 2021.

In addition, we endeavored to receive orders for the construction of elevated tracks, Shinkansen-related work, condominium-related work, public agency work, and private-sector work, as well as to reduce costs.

As a result, the Construction Group posted operating revenue of ¥96,523 million, down 2.9% year on year; operating income of ¥6,990 million, up 6.2% year on year; and EBITDA of ¥8,041 million, an increase of 4.6% year on year.

c. Real Estate and Hotels Group

In the real estate lease business, we worked to create an environment in which customers can use services with peace of mind. In November 2020, we opened Amu Plaza Miyazaki. In addition, we started accepting tenants at such rental apartment facilities as RJR Precia Tenjin South, from May 2020, and RJR Precia Kumamotoekimae, from February 2021. However, revenues were lower as a result of the influence of measures implemented due to the spread of the COVID-19 infection, such as station building closures and operating hour reductions, as well as rent reductions to support tenants that operate stores.

In the real estate sale business, while temporarily closing model rooms and instituting infection

prevention measures, we recorded sales from “MJR Sakaisuji Honmachi Tower,” “MJR Chihaya Branchera,” “MJR the Garden Kagoshima-Chuo,” and other condominium buildings, and we sought to promote sales of “MJR the Garden Shimoori,” “MJR the Garden Kashii,” etc.

In the hotel business, due to the influence of COVID-19, we closed 8 of the 16 facilities in Japan. After reopening, we utilized the tourism support measures of the national government and local governments, created a plan for teleworking, etc. In these ways, we worked to capture limited demand. However, due to self-restraint in mobility, the cancellation of events, lower inbound demand, etc., revenues recorded a significant decline.

As a result, the Real Estate and Hotels Group posted operating revenue of ¥80,127 million, down 11.7% year on year; operating income of ¥9,913 million, down 48.2% year on year; and EBITDA of ¥22,225 million, down 27.4% year on year.

d. Retail and Restaurant Group

In our retail business, we moved forward with convenience store opening and renovation initiatives. In addition, we focused on taking steps to limit the decline in demand, such as the November 2020 opening of Tokyu Hands Miyazaki at Amu Plaza Miyazaki. In May 2020, 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. has been excluded from the scope of consolidation and included in the scope of application of the equity-method.

In the restaurant business, we advanced new openings, such as the opening in July 2020 of Meinohama Marché at the Fukuoka City Subway’s Meinohama Station, as well as the opening in September 2020 of a premium bread shop and a restaurant that is a collaborative venture between a pizza restaurant and a chicken specialty restaurant. In November 2020, a restaurant specializing in beef tongue was opened at Amu Plaza Miyazaki. In addition, we started new initiatives, such as the use of pop-up shops for platform stores at Hakata Station. On the other hand, we took steps to further increase management efficiency, such as closing unprofitable restaurants.

Nonetheless, due to the influence of COVID-19, revenues at station stores and existing restaurants declined substantially. As a result of this significant decline in revenues, the Retail and Restaurant Group recorded operating revenue of ¥51,488 million, down 50.8% year on year; an operating loss of ¥2,575 million (compared with operating income of ¥2,825 million in the previous fiscal year); and negative EBITDA of ¥1,180 million (compared with EBITDA of ¥4,479 million in the previous fiscal year).

e. Other Groups

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

Nonetheless, COVID-19 had an effect, and Other Groups posted operating revenue of ¥63,641 million, down 11.8% year on year; operating income of ¥1,751 million, down 23.3% year on year; and EBITDA of ¥3,707 million, down 14.6% year on year.

(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 Next Fiscal Year Ending March 31, 2022

It is not possible to forecast the timing of the resolution of the COVID-19 situation. For the Group, railway operations and other businesses are affected by a decline in mobility demand and sluggish consumer spending. In FY2022/3, we expect the management environment to remain challenging.

In this setting, while making necessary corrections, we will continue to advance three priority initiatives — Further strengthen our management foundation, Further strengthen our earnings power in key businesses, and Growth and evolution in new areas — which are included in the “JR Kyushu Group Medium-Term Business Plan 2019–2021: Toward the Next Growth Stage.” We will also continue to implement initiatives in the areas that are the foundation of all of our businesses: ESG, safety and service, and development of human resources.

The railway business is significantly influenced by the decline in mobility demand. However, with consideration for infection countermeasures, safety and service will remain our foundation, and we will accelerate reforms of the cost structure, which has high fixed costs. In addition, we will also implement measures to secure earnings, such as the commercialization of Shinkansen cargo transport, the generation of mobility demand through collaboration with development projects in areas surrounding stations, etc. We will also steadily advance preparations for the opening of the Nishi-Kyushu Shinkansen, which is scheduled to open in fall 2022.

In the real estate business, we will work to increase city value based on stations, such as the opening of the Kumamoto Station building. In addition, we will also advance initiatives in new fields, such as participation in the logistics facility leasing business and preparation for the start of the use of private REITs.

In regard to the consolidated performance forecasts for FY2022/3, it is still not possible to forecast the timing of the resolution of the COVID-19 situation. However, we expect a moderate recovery in mobility demand and consumer spending due to the spread of vaccines, etc. We expect an increase in operating revenues, and a return to profitability at all levels of profit.

Full-year performance forecasts for FY2022/3

Operating revenue	¥344,200 million (up 17.1% YoY)
Operating income	¥10,600 million (operating loss of ¥22,873 million in previous fiscal year)
Ordinary income	¥10,600 million (ordinary loss of ¥19,323 million in previous fiscal year)
Net income attributable to owners of the parent	¥12,900 million (net loss attributable to owners of parent of ¥18,984 million in previous fiscal year)
EBITDA	¥37,900 million (increase of 717.0 % YoY)

* In regard to the method of depreciation for railway business fixed assets, previously the Company primarily used the declining-balance method. However, from FY2022/3, the Company will change to mainly using the straight-line method. In addition, in regard to rolling stock, the Company will change to useful life in line with usage condition. As a result, in comparison with before the change, depreciation in the railway business is expected to decline by approximately ¥3.1 billion.

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

(Millions of Yen)

	Operating revenues			Operating income			EBITDA		
	FY 2022/3 (April 1, 2021 – March 31, 2022)	YoY		FY 2022/3 (April 1, 2021 – March 31, 2022)	YoY		FY 2022/3 (April 1, 2021 – March 31, 2022)	YoY	
Transportation	127,500	32,205	33.8%	(12,300)	25,329	—	(3,400)	23,107	—
Construction	94,900	(1,623)	(1.7%)	4,900	(2,090)	(29.9%)	5,800	(2,241)	(27.9%)
Real Estate and Hotels	97,900	17,772	22.2%	16,400	6,486	65.4%	30,600	8,374	37.7%
Real estate lease	59,400	9,638	19.4%	14,000	1,927	16.0%	25,800	3,790	17.2%
Real estate sale	23,000	(560)	(2.4%)	2,200	(440)	(16.7%)	2,200	(452)	(17.1%)
Hotel	15,500	8,693	127.7%	200	4,999	—	2,600	5,037	—
Retail and Restaurant	47,300	(4,188)	(8.1%)	500	3,075	—	1,700	2,880	—
Other	57,500	(6,141)	(9.7%)	2,100	348	19.9%	4,600	892	24.1%
Total	425,100	38,024	9.8%	11,600	33,148	—	39,300	33,013	525.1%
Adjustment	(80,900)	12,261	—	(1,000)	325	—	(1,400)	247	—
Amount on the consolidated financial statements	344,200	50,285	17.1%	10,600	33,473	—	37,900	33,260	717.0%

(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 7.6% compared to the previous fiscal year-end, to ¥891,379 million. Due to an increase in securities and other factors, current assets were up 24.6%, to ¥200,906 million. In addition, non-current assets rose 3.5%, to ¥690,472 million, as a result of purchases of property, plant and equipment and other factors.

Meanwhile, total liabilities increased 20.9% compared to the previous fiscal year-end, to ¥495,971 million. Current liabilities declined 27.7%, to ¥144,681 million, due to a decline in current portion of long-term debt and other factors. Non-current liabilities were up 67.2%, to ¥351,290 million, as a result of the issuance of bonds, an increase in long-term debt, and other factors.

Furthermore, total net assets decreased 5.5% compared to the previous fiscal year-end, to ¥395,408 million. This was due to such factors as a decline in retained earnings resulting from a net loss attributable to owners of parent, the payment of dividends, and other factors.

[2] Cash Flows

(Cash flows from operating activities)

Net cash used in operating activities totaled ¥10,361 million (compared with net cash provided by operating activities of ¥60,468 million in the previous fiscal year), due to a decrease in railway transportation revenues and other factors.

(Cash flows from investing activities)

Net cash used in investing activities was ¥53,912 million, down ¥23,031 million year on year, due to declines in purchases of fixed assets and other factors.

(Cash flows from financing activities)

Net cash provided by financing activities came to ¥105,870 million, up ¥102,500 million year on year, as a result of long-term debt, the issuance of bonds, and other factors.

As a result of the above, cash and cash equivalents, end of year increased ¥41,201 million year on year, to ¥65,019 million.

(3) Dividend Policies, Dividends in the Fiscal Year Ended March 31, 2021, and Forecast for Dividends in the Fiscal Year Ending March 31, 2022

The Company views shareholder returns as one of its important management tasks, and therefore places importance on providing stable returns over the long term. Over the period to the fiscal year ending March 31, 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

Results were extremely severe in FY2021/3. However, in accordance with the above policy, the Company is planning a year-end dividend of ¥93 per share for the fiscal year ended March 31, 2021.

It is not possible to forecast the timing of the resolution of the COVID-19 infection. Results in FY2022/3 are expected to be extremely severe. However, in accordance with the above policy, the Company is planning an annual dividend of ¥93 per share.

Under the Articles of Incorporation, the Company is able to pay interim dividends, with a record date of September 30, through resolution of the Board of Directors, and the Company has paid dividends from retained earnings in two parts — an interim dividend and a year-end dividend. However, matters such as the influence of COVID 19 on results will require careful consideration, and accordingly, in regard to the dividends for FY2021.3 and FY2022.3, the Company has decided to suspend the interim dividend and plans to pay dividends in one part through the year-end dividend.

2. Basic Policies Regarding the Selection of Accounting Standards

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

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Millions of Yen)

	FY 2020/3 (As of March 31, 2020)	FY 2021/3 (As of March 31, 2021)
ASSETS		
Current assets		
Cash and time deposits	23,817	22,927
Notes and accounts receivable–trade	38,707	50,857
Fares receivable	4,126	1,059
Securities	—	42,096
Merchandise and finished goods	19,702	13,583
Work in process	28,364	20,429
Raw materials and supplies	7,574	8,352
Other	39,082	41,646
Allowance for doubtful accounts	(82)	(47)
Total current assets	161,293	200,906
Non-current assets		
Property, plant and equipment		
Buildings and fixtures (net)	268,654	284,255
Machinery, rolling stock and vehicles (net)	32,578	38,047
Land	147,736	153,553
Leased assets, net	19,953	19,664
Construction in progress	40,133	28,498
Other (net)	8,935	8,002
Net property, plant and equipment	517,992	532,021
Intangible assets	6,280	3,940
Investments and other assets		
Investment securities	38,835	45,162
Deferred tax assets	51,768	55,252
Net defined benefit assets	720	873
Other	52,537	54,062
Allowance for doubtful accounts	(838)	(840)
Total investments and other assets	143,024	154,510
Total noncurrent assets	667,297	690,472
Total assets	828,590	891,379

(Millions of Yen)

	FY 2020/3 (As of March 31, 2020)	FY 2021/3 (As of March 31, 2021)
LIABILITIES AND EQUITY		
Current liabilities		
Notes and accounts payable–trade	32,460	31,942
Short-term loans	10,572	6,885
Current portion of long-term debt	30,421	4,674
Payables	63,841	47,952
Accrued income taxes	3,666	2,749
Fare deposits received with regard to railway connecting services	1,175	3,060
Railway fares received in advance	4,720	4,737
Accrued bonuses	8,922	5,814
Other	44,467	36,864
Total current liabilities	200,248	144,681
Non-current liabilities		
Debt	40,000	80,000
Long-term debt	60,556	159,383
Lease obligations	10,482	11,522
Allowance for safety and environmental measures	1,609	1,412
Provision for loss on disaster	1,732	3,773
Liability for retirement benefits	53,801	50,507
Asset retirement obligations	1,690	1,462
Other	40,171	43,227
Total noncurrent liabilities	210,043	351,290
Total liabilities	410,291	495,971
EQUITY		
Shareholders' equity		
Common stock	16,000	16,000
Capital surplus	224,024	224,021
Retained earnings (Deficit)	176,329	150,017
Treasury stock	(599)	(594)
Total common stock	415,754	389,445
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,422	7,079
Deferred gains or losses on hedges	15	—
Foreign currency translation adjustments	158	(186)
Defined retirement benefit plans	(7,057)	(6,148)
Total accumulated other comprehensive income	(2,461)	743
Non-controlling interests	5,004	5,218
Total equity	418,298	395,408
TOTAL LIABILITIES AND EQUITY	828,590	891,379

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

(Millions of Yen)

	FY 2020/3 (April 1, 2019 – March 31, 2020)	FY 2021/3 (April 1, 2020 – March 31, 2021)
OPERATING REVENUES	432,644	293,914
OPERATING EXPENSES		
Transportation, other services and cost of sales	273,400	225,037
Selling, general and administrative expenses	109,838	91,750
Total operating expenses	383,238	316,788
OPERATING INCOME (LOSS)	49,406	(22,873)
NON-OPERATING INCOME		
Interest income	71	79
Dividend income	443	613
Gain on assets held in trust	1,330	1,715
Subsidies for employment adjustment	—	2,151
Other	1,016	1,604
Total non-operating income	2,863	6,163
NON-OPERATING EXPENSES		
Interest expense	1,298	1,727
Loss on investments in investment securities	23	369
Other	333	515
Total non-operating expenses	1,655	2,612
ORDINARY INCOME (LOSS)	50,613	(19,323)
EXTRAORDINARY GAINS		
Construction grants received	29,419	19,599
Gain on sales of shares of subsidiaries and associates	764	9,144
Other	4,291	1,522
Total extraordinary gains	34,475	30,265
EXTRAORDINARY LOSSES		
Losses from provision for cost reduction of fixed assets	29,333	19,339
Impairment loss	7,939	6,580
Provision for loss on disaster	686	3,491
Disaster-damage losses	682	1,879
Other	3,355	1,917
Total extraordinary losses	41,997	33,208
INCOME (LOSS) BEFORE INCOME TAXES	43,091	(22,265)
INCOME TAXES		
Current	6,916	3,386
Refund of income taxes	—	(908)
Deferred	4,181	(5,982)
Total income taxes	11,097	(3,503)
NET INCOME (LOSS)	31,993	(18,761)
NET INCOME ATTRIBUTABLE TO NON- CONTROLLING INTERESTS	498	222
NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT	31,495	(18,984)

Consolidated Comprehensive Income Statements

(Millions of Yen)

	FY 2020/3 (April 1, 2019 – March 31, 2020)	FY 2021/3 (April 1, 2020 – March 31, 2021)
NET INCOME (LOSS)	31,993	(18,761)
OTHER COMPREHENSIVE INCOME		
Unrealized gain on available-for-sale securities	(7,272)	2,646
Deferred gains or losses on hedges	(114)	(15)
Foreign currency translation adjustments	60	(193)
Defined retirement benefit plans	533	900
Total other comprehensive income	(6,792)	3,338
COMPREHENSIVE INCOME	25,200	(15,423)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent	24,722	(15,609)
Non-controlling interests	478	186

(3) Consolidated Statements of Changes in Net Assets

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
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current year	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

For the fiscal year ended March 31, 2021

(Millions of Yen)

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

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

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	FY 2020/3 (April 1, 2019– March 31, 2020)	FY 2021/3 (April 1, 2020 – March 31, 2021)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income taxes	43,091	(22,265)
Depreciation costs	26,748	29,379
Impairment loss	7,939	6,580
Losses from provision for cost reduction of fixed assets	29,333	19,339
Increase in provision for loss on disaster	686	3,491
Loss on disaster	682	1,879
Increase (Decrease) in allowance for doubtful accounts	(516)	(17)
Increase (Decrease) in liability for retirement benefits	(4,527)	(1,937)
Increase (Decrease) in allowance for safety and environmental measures	(270)	(196)
Interest and dividends income	(515)	(692)
Interest expense	1,298	1,727
Construction grants received	(29,419)	(19,599)
Gain on sales of shares of subsidiaries and associates	(764)	(9,144)
(Increase) decrease in trade receivables	6,160	(10,622)
(Increase) decrease in inventories	(3,940)	4,523
Increase (Decrease) in trade payables	(1,672)	7,446
Gain on assets held in trust	(1,330)	(1,715)
Subsidies for employment adjustment	–	(2,151)
Other	397	(11,102)
Subtotal	73,378	(5,077)
Interest and dividends income received	507	668
Interest expense paid	(994)	(1,624)
Gain on assets held in trust received	1,394	1,713
Loss on disaster paid	(4,422)	(3,479)
Income taxes paid	(9,394)	(4,226)
Amount received as subsidies for employment adjustment	–	1,663
Net cash provided by operating activities	60,468	(10,361)

(Millions of Yen)

	FY 2020/3 (April 1, 2019 – March 31, 2020)	FY 2021/3 (April 1, 2020 – March 31, 2021)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment, and Intangible assets	(109,947)	(95,205)
Purchases of investment securities	(21,706)	(2,687)
Proceeds from sales of money held in trust	12,259	—
Proceeds from construction grants	17,998	24,797
Collection of short-term loans receivable	16,647	4,220
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	12,311
Other	7,805	2,650
Net cash provided by (used in) investing activities	(76,943)	(53,912)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase (decrease) in short-term loans payable	995	(3,146)
Proceeds from long-term loans payable	15,550	103,636
Repayment of long-term loans payable	(4,034)	(30,111)
Payments for long-term accounts payable	(345)	(259)
Proceeds from issuance of bonds	20,000	40,000
Proceeds from lease and guarantee deposits received	1,380	5,752
Repayments of lease and guarantee deposits received	(937)	(1,621)
Purchases of treasury stocks	(10,598)	—
Cash dividends paid	(15,680)	(7,314)
Cash dividends paid to non-controlling shareholders	(72)	(7)
Other	(2,887)	(1,057)
Net cash used in financing activities	3,369	105,870
Effect of exchange rate change on cash and cash equivalents	58	(198)
Net increase (decrease) in cash and cash equivalents	(13,047)	41,397
Cash and cash equivalents, beginning of year	36,865	23,817
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(196)
Cash and cash equivalents, end of year	23,817	65,019

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

No relevant events

(Additional Information)

Restoration of the Hitahikosan Line

Due to the influence of the heavy rains in northern Kyushu in July 2017, we are implementing substitute forms of transportation on the Soeda-Yoake segment of the Hitahikosan Line. At the sixth meeting regarding the restoration of the Hitahikosan Line, which was held on July 16, 2020, it was decided that service on the line would be restored and an agreement was reached on the method of restoration.

Accordingly, in the consolidated fiscal year, expenses related to removal and repair of railway facilities were rationally estimated, and provision for loss on disaster of ¥2,097 million and disaster-damage losses of ¥41 million were recorded under extraordinary losses in the consolidated income statements.

Occurrence of damage due to heavy rains in July 2020

Due to the influence of the heavy rains in July 2020, which occurred throughout Kyushu in July 2020, damage occurred on multiple routes, including the Kyudai Main Line and the Hisatsu Line. This damage included bridges being washed away and damage to tracks. Among the recovery expenses, etc., resulting from this damage, in regard to recovery expenses, etc., that can be reasonably estimated at this point, extraordinary losses were recorded in the consolidated income statements for the consolidated fiscal year. Recovery expenses, etc., for the consolidated fiscal year were recorded as “disaster-damage losses” and a reasonable estimate of the amount of recovery expenses, etc., anticipated in the next consolidated fiscal year and thereafter was recorded as “provision for loss on disaster.”

In regard to the Hisatsu Line, expenses, etc., that could occur but are difficult to reasonably estimate are not included in “provision for loss on disaster.”

Accounting estimates related to the influence of the COVID-19 infection

It is still not possible to forecast the timing of the resolution of the COVID-19 infection. Accordingly, the Company has prepared accounting estimates for fixed asset impairment accounting and the recoverability of deferred tax assets based on the assumption that the influence will continue to a certain extent beyond FY 2021.3, but that due to the spread of vaccines, etc., mobility demand and consumer spending will gradually recover.

(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, sells condominiums and other properties, and conducts hotel operations, etc. The Retail and Restaurant engages in retail, restaurant, and agriculture businesses.

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

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

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

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

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

For the fiscal year ended March 31, 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 downward adjustment to segment income reflects the elimination of intersegment transactions.

(2) The ¥54,700 million downward adjustment to 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 segments.

(3) The ¥306 million downward adjustment to depreciation costs reflects the elimination of intersegment transactions.

(4) The ¥368 million upward adjustment to increase in property, plant and equipment and intangible 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, 2021

(Millions of yen)

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

- (Notes) 1. “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 ¥1,325 million downward adjustment to segment income (loss) reflects the elimination of intersegment transactions.
 - (2) The ¥5,532 million upward adjustment to addition to segment assets includes a downward adjustment of ¥127,400 million in reflection of the elimination of intersegment liabilities and ¥132,933 million in corporate assets not allocated to segments.
 - (3) The ¥322 million downward adjustment to depreciation costs reflects the elimination of intersegment transactions.
 - (4) The ¥3,532 million downward adjustment to increase in fixed assets reflects the elimination of intersegment transactions.
3. Segment income (loss) has been adjusted for the operating loss figure on the consolidated income statements.

(Per Share Information)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net assets per share	¥2,630.51	¥2,483.43
Net income (loss) per share	¥198.16	¥ (120.83)

(Notes) 1. For FY2020/3, earnings per share–diluted is not shown because no dilutive shares existed. For FY2021/3, earnings per share–diluted is not shown because there was a net loss per share and no dilutive shares existed.

2. In calculating net assets per share, the Company's shares in the Board Benefit Trust (BBT), which are recorded as treasury stock in the equity section, are included in the treasury stock that is subtracted from the total number of shares issued at the end of the period (FY2020/3: 186,100 shares; FY2021/3: 184,600 shares).

In addition, in calculating net income (loss) per share or net loss per share, these shares are included in the treasury stock that is subtracted in the calculation of the average number of shares during the period (FY2020/3: 124,067 shares; FY2021/3: 184,975 shares).

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

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Total net assets (millions of yen)	418,298	395,408
Amount deducted from total net assets (millions of yen)	5,004	5,218
(Included non-controlling interests (millions of yen))	(5,004)	(5,218)
Net assets at end of year relating to common stock (millions of yen)	413,293	390,189
Amount of common stock at end of year used for calculating net assets per share (shares)	157,115,500	157,117,000

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

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net income (loss) attributable to owners of the parent (millions of yen)	31,495	(18,984)
Amount not belonging to ordinary shareholders (millions of yen)	—	—
Net income (loss) attributable to common stock owners of the parent (millions of yen)	31,495	(18,984)
Weighted-average numbers of ordinary shares (shares)	158,938,917	157,116,625

(Significant Subsequent Events)

No relevant events

4. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Millions of Yen)

	FY 2020/3 (As of March 31, 2020)	FY 2021/3 (As of March 31, 2021)
ASSETS		
Current assets		
Cash and time deposits	5,826	13,595
Fares receivable	4,045	979
Accounts receivable-trade	35,313	40,382
Securities	—	42,096
Real estate for sale	5,118	7,022
Costs on uncompleted construction contracts	23,817	15,929
Supplies	6,933	7,663
Other	6,365	22,730
Allowance for doubtful accounts	(0)	(0)
Total current assets	87,419	150,400
Non-current assets		
Fixed assets for railway business		
Property, plant and equipment	687,650	700,707
Accumulated depreciation	(600,082)	(603,924)
Property, plant and equipment (net)	87,567	96,782
Intangible assets	1,606	1,281
Net fixed assets for railway operations	89,174	98,064
Fixed assets for other business		
Property, plant and equipment	330,106	357,875
Accumulated depreciation	(53,533)	(60,248)
Property, plant and equipment (net)	276,573	297,626
Intangible assets	536	425
Net fixed assets for other business	277,109	298,052
Fixed assets relating to both businesses		
Property, plant and equipment	36,815	32,111
Accumulated depreciation	(17,850)	(15,025)
Property, plant and equipment (net)	18,965	17,086
Intangible assets	93	67
Net fixed assets relating to both businesses	19,058	17,153
Construction in progress		
Railway business	17,900	12,142
Other business	16,305	11,922
Relating to both businesses	155	68
Total construction in progress	34,360	24,133
Investments and other assets		
Investment securities	30,523	30,134
Stocks of subsidiaries and affiliated companies	42,282	35,346
Long-term prepaid expenses	7,415	7,682
Deferred tax assets	42,955	46,123
Other	35,470	45,388
Allowance for doubtful accounts	(70)	(68)
Provision for investment losses	(280)	(359)
Total investments and other assets	158,296	164,247
Total noncurrent assets	578,000	601,651
Total assets	665,419	752,051

(Millions of Yen)

	FY 2020/3 (As of March 31, 2020)	FY 2021/3 (As of March 31, 2021)
LIABILITIES AND EQUITY		
Current liabilities		
Current portion of long-term debt	23,608	11,841
Payables	87,625	70,513
Fare deposits received with regard to railway connecting services	1,175	3,060
Deposits received	6,058	2,142
Railway fares received in advance	4,710	4,736
Advances received	18,728	9,744
Accrued bonuses	5,121	2,570
Provision for point card certificates	762	751
Other	5,747	9,239
Total current liabilities	153,536	114,600
Non-current liabilities		
Bonds	40,000	80,000
Long-term debt	56,892	154,933
Employees' severance and retirement benefits	39,262	37,101
Allowance for safety and environmental measures	1,609	1,412
Provision for loss on disaster	1,732	3,773
Provision for guarantee obligations	7,467	11,014
Asset retirement obligations	189	527
Other	10,439	10,647
Total noncurrent liabilities	157,591	299,411
Total liabilities	311,128	414,011
EQUITY		
Shareholders' equity		
Common stock	16,000	16,000
Capital surplus		
Capital surplus	171,908	171,908
Other	52,113	52,113
Total capital surplus	224,022	224,022
Retained earnings (Deficit)		
Other		
Reserve for deferred gain of fixed assets	7,638	7,686
Retained earnings carried forward	102,838	84,330
Total retained earnings (Deficit)	110,477	92,017
Treasury stock	(599)	(594)
Total common stock	349,900	331,445
Valuation and translation adjustment		
Valuation difference on available-for-sale securities	4,390	6,594
Net valuation and translation adjustment	4,390	6,594
Total equity	354,291	338,040
TOTAL LIABILITIES AND EQUITY	665,419	752,051

(2) Non-Consolidated Statements of Income

(Millions of Yen)

	FY 2020/3 (April 1, 2019 – March 31, 2020)	FY 2021/3 (April 1, 2020 – March 31, 2021)
RAILWAY BUSINESS		
Operating revenues		
Income from railway passenger traffic	147,381	76,325
Trackage revenue	575	500
Miscellaneous income of transportation	17,247	12,947
Total operating revenues	165,204	89,773
Operating expenses		
Transportation expenses	117,874	99,173
General and administrative expenses	11,175	10,004
Taxes	7,337	7,050
Depreciation costs	8,727	10,155
Total operating expenses	145,115	126,383
Operating income (loss)	20,089	(36,610)
OTHER BUSINESSES		
Operating revenues		
Revenue from real estate sale	18,900	23,498
Revenue from real estate lease	25,835	26,983
Other	4,951	4,472
Total operating revenues	49,688	54,954
Operating expenses		
Cost of sales	24,479	26,998
Selling, general and administrative expenses	766	753
Taxes	3,400	3,765
Depreciation costs	6,732	7,417
Total operating expenses	35,379	38,935
Operating income	14,308	16,018
TOTAL OPERATING INCOME (LOSS)	34,398	(20,591)
NON-OPERATING INCOME		
Interest income	23	38
Dividend income	5,484	9,152
Gain on assets held in trust	1,330	1,715
Other	505	1,221
Total non-operating income	7,343	12,127
NON-OPERATING EXPENSES		
Interest expense	763	1,088
Provision for loss on guarantees, etc.	135	487
Loss on investments in investment securities	23	369
Other	234	444
Total non-operating expenses	1,156	2,389
ORDINARY INCOME (LOSS)	40,584	(10,853)

(Millions of Yen)

	FY 2020/3 (April 1, 2019 – March 31, 2020)	FY 2021/3 (April 1, 2020 – March 31, 2021)
EXTRAORDINARY GAINS		
Construction grants received	29,211	19,570
Gain on sales of shares of subsidiaries and associates	1,159	9,071
Other	4,229	995
Total extraordinary gains	34,599	29,637
EXTRAORDINARY LOSSES		
Losses from provision for cost reduction of fixed assets	29,125	19,310
Provision for loss on disaster	686	3,491
Loss on disaster	738	2,128
Impairment loss	928	5,011
Provision for loss on guarantees, etc.	6,525	3,059
Other	2,896	2,348
Total extraordinary losses	40,900	35,350
INCOME (LOSS) BEFORE INCOME TAXES	34,284	(16,567)
INCOME TAXES		
Current	931	97
Refund of income taxes	—	(908)
Deferred	4,654	(4,610)
Total income taxes	5,585	(5,421)
NET INCOME (LOSS)	28,698	(11,145)

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

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	Shareholders' equity	Valuation difference on available-for-sale 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

For the fiscal year ended March 31, 2021

(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	52,113	224,022	7,638	102,838	110,477
Changes of items during the year							
Dividends of surplus						(7,314)	(7,314)
Net loss						(11,145)	(11,145)
Provision of reserve for deferred gain of fixed assets					47	(47)	-
Disposal of treasury shares							
Net changes of items other than shareholders' equity							
Total changes of items during the year	-	-	-	-	47	(18,507)	(18,459)
Balance at end of current year	16,000	171,908	52,113	224,022	7,686	84,330	92,017

	Shareholders' equity		Valuation and Translation Adjustments	Total equity
	Treasury stock	Total Shareholders' equity	Net Unrealized Holding Gains (Losses) on Securities	
Balance at beginning of current year	(599)	349,900	4,390	354,291
Changes of items during the year				
Dividends of surplus		(7,314)		(7,314)
Net loss		(11,145)		(11,145)
Provision of reserve for deferred gain of fixed assets		-		-
Disposal of treasury shares	4	4		4
Net changes of items other than shareholders' equity			2,203	2,203
Total changes of items during the year	4	(18,454)	2,203	(16,250)
Balance at end of current year	(594)	331,445	6,594	338,040