

(Translation)

Consolidated Financial Results
for the Nine-Month Period Ended December 31, 2019
(Japanese GAAP)

February 10, 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: February 12, 2020
Planned 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 Nine-Month Period Ended December 31, 2019
(From April 1, 2019 to December 31, 2019)

(1) Consolidated operating results

(Percentages show year-on-year changes.)

	Operating revenue		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2019	319,669	1.7	45,886	(8.6)	46,971	(10.7)	35,332	(10.4)
December 31, 2018	314,191	6.3	50,201	(2.9)	52,602	(3.0)	39,448	(1.2)

(Note) Comprehensive income: Nine months ended December 31, 2019: ¥37,840 million [(8.5%)]
Nine months ended December 31, 2018: ¥41,372 million [1.5%]

	Net income per share — basic	Net income per share — diluted
Nine months ended	Yen	Yen
December 31, 2019	221.46	—
December 31, 2018	246.55	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2019	819,695	433,615	52.2
As of March 31, 2019	801,483	420,743	51.8

(Reference) Shareholders' equity: As of December 31, 2019: ¥427,610 million
As of March 31, 2019: ¥414,853 million

2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	—	41.50	—	51.50	93.00
Year ending March 31, 2020	—	46.50	—		
Year ending March 31, 2020 (Forecast)				46.50	93.00

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

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(Percentages for the full year show year-on-year changes.)

	Operating revenue		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	442,300	0.4	56,600	(11.4)	57,200	(14.0)	42,500	(13.7)	267.23

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

Notes

(1) Changes in significant subsidiaries during the six months ended December 31, 2018 (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 December 31, 2019	160,000,000 shares	As of March 31, 2019	160,000,000 shares
ii Number of shares of treasury stock at end of period	As of December 31, 2019	2,491,900 shares	As of March 31, 2019	—
iii Average number of shares during the period	As of December 31, 2019	159,546,722 shares	As of December 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) (Third quarter of 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 (Third quarter of FY2020/3, 103,389 shares; Third quarter of FY2019/3, 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

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

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

Contents of Accompanying Materials

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Qualitative Information on Consolidated Operating Results	2
(2) Qualitative Information on Consolidated Financial Position.....	6
(3) Qualitative Information on Consolidated Performance Outlook	6
2. Quarterly Consolidated Financial Statements and Major Notes	7
(1) Consolidated Balance Sheets	7
(2) Consolidated Statements of Income and Comprehensive Income	9
Quarterly Consolidated Income Statements	
Consolidated Cumulative Third Quarter	9
Quarterly Consolidated Comprehensive Income Statements	
Consolidated Cumulative Third Quarter	10
(3) Notes to Quarterly Consolidated Financial Statements.....	11
(Notes on Going Concern Assumption)	11
(Notes on Significant Changes in the Value of Shareholders' Equity).....	11
(Additional Information).....	11
(Segment Information).....	12
(Significant Subsequent Events)	13

○(Financial results presentation materials)

Financial Results for the Third Quarter of FY2020/3 (Cumulative total for the nine-month period from April to December)

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Qualitative Information on Consolidated Operating Results

In the nine-month period ended December 31, 2019, Japan's economy recorded modest growth. Exports and production were influenced by the deceleration of overseas economies, natural disasters, etc., but consumer spending was increasingly solid against a background of a favorable job market/wage environment.

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.

As a result, operating revenue in the nine-month period ended December 31, 2019, increased 1.7% year on year, to ¥319,669 million. Operating income was down 8.6%, to ¥45,886 million; EBITDA decreased 2.2%, to ¥64,443 million; ordinary income declined 10.7%, to ¥46,971 million; and net income attributable to owners of the parent decreased 10.4%, to ¥35,332 million.

(Note) EBITDA for the consolidated period under review is the numerical value of operating income plus the cost of depreciation (excluding the cost of depreciation related to lease assets held for the purpose of subleasing).

Business performance by segment is as follows. From the three-month period ended June 30, 2019, the reportable segment classifications have been changed, and in the following year-on-year comparisons the figures for the same period of the previous fiscal year have been reclassified in accordance with the segment classifications after the change.

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.

As a result of the above efforts, the Transportation Group recorded operating revenue of ¥135,935 million, up 2.2% year on year; operating income of ¥25,826 million, up 1.2%; and EBITDA of ¥32,655, up 7.1%.

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 revenue of ¥57,288 million, up 6.6% year on year; operating income of ¥1,886 million, down 20.0% from the same period of the previous fiscal year, and EBITDA of ¥2,721 million, down 11.3% from the same period of the previous fiscal year.

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.

As a result, the Real Estate and Hotels Group posted operating revenue of ¥62,467 million, up 1.4% year on year; operating income of ¥15,056 million, down 20.9%; and EBITDA of

¥23,409 million, down 12.0%.

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.

As a result, the Retail and Restaurant Group recorded operating revenue of ¥79,726 million, up 1.5% year on year; operating income of ¥2,437 million, down 4.5%; and EBITDA of ¥3,651 million, down 3.4%.

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 revenue of ¥52,669 million, up 1.7% year on year; operating income of ¥1,389 million, up 3.7%; and EBITDA of ¥2,911 million, up 6.6%.

(Note) EBITDA for the consolidated period under review is the numerical value of operating income plus the cost of depreciation (excluding the cost of depreciation related to lease assets held for the purpose of subleasing).

(2) Qualitative Information on Consolidated Financial Position

Total assets as of December 31, 2019, were up 2.3% compared with the previous fiscal year-end, to ¥819,695 million. Current assets were down 3.7%, to ¥174,986 million due to a decline in accounts receivable–trade, etc. Non-current assets increased 4.0%, to ¥644,709 million, due to the acquisition of property, plant and equipment.

Meanwhile, total liabilities increased 1.4% compared with the previous fiscal year-end, to ¥386,080 million. Current liabilities were down 3.1%, to ¥167,055 million, due to a decrease in payables, etc. Non-current liabilities were up 5.1%, to ¥219,024 million, as a result of the issuance of bonds, etc.

Furthermore, total equity increased 3.1% compared with the previous fiscal year-end, to ¥433,615 million, due to increases in retained earnings and other factors.

(3) Qualitative Information on Consolidated Performance Outlook

In regard to our full-year forecasts for the fiscal year ending March 31, 2020, there have been no revisions to the forecasts announced on November 5, 2019.

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

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Millions of Yen)

	FY 2019/3 (As of March 31, 2019)	FY 2020/3, Third Quarter (As of December 31, 2019)
ASSETS		
Current assets		
Cash and time deposits	16,971	22,645
Notes and accounts receivable–trade	52,275	37,339
Fares receivable	2,732	2,383
Securities	19,926	27,189
Merchandise and finished goods	21,809	20,979
Work in process	22,703	38,484
Raw materials and supplies	6,819	9,460
Other	38,485	16,581
Allowance for doubtful accounts	(95)	(76)
Total current assets	181,627	174,986
Non-current assets		
Property, plant and equipment		
Buildings and fixtures (net)	241,558	256,864
Machinery, rolling stock and vehicles (net)	31,607	27,742
Land	129,344	137,610
Lease assets (net)	14,909	18,583
Construction in progress	35,843	56,432
Other (net)	8,057	7,597
Net property, plant and equipment	461,321	504,830
Intangible assets	5,215	4,663
Investments and other assets		
Investment securities	24,403	25,480
Deferred tax assets	55,086	49,081
Net defined benefit assets	882	837
Money held in trust	56,901	43,014
Other	17,461	18,192
Allowance for doubtful accounts	(1,416)	(1,391)
Total investments and other assets	153,318	135,214
Total noncurrent assets	619,855	644,709
Total assets	801,483	819,695

(Millions of Yen)

	FY 2019/3 (As of March 31, 2019)	FY 2020/3, Third Quarter (As of December 31, 2019)
LIABILITIES AND EQUITY		
Current liabilities		
Notes and accounts payable–trade	33,132	26,700
Short-term loans	9,002	10,247
Current portion of long-term debt	3,845	11,771
Payables	57,139	37,554
Accrued income taxes	5,573	2,390
Fare deposits received with regard to railway connecting services	1,731	1,900
Railway fares received in advance	5,821	6,043
Accrued bonuses	8,996	4,883
Other	47,072	65,564
Total current liabilities	172,314	167,055
Non-current liabilities		
Corporate bonds	20,000	40,000
Long-term debt	75,119	66,679
Allowance for safety and environmental measures	1,879	1,879
Allowance for disaster-damage losses	4,613	3,968
Liability for retirement benefits	58,803	55,208
Asset retirement obligations	1,603	1,619
Other	46,405	49,669
Total noncurrent liabilities	208,425	219,024
Total liabilities	380,739	386,080
EQUITY		
Shareholders' equity		
Common stock	16,000	16,000
Capital surplus	233,983	233,985
Retained earnings (Deficit)	160,558	180,166
Treasury stock	—	(9,172)
Total common stock	410,541	420,979
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	11,677	13,428
Gain (loss) on deferred hedges	129	16
Foreign currency translation adjustments	112	133
Defined retirement benefit plans	(7,608)	(6,948)
Total accumulated other comprehensive income	4,312	6,630
Non-controlling interests	5,890	6,005
Total equity	420,743	433,615
TOTAL LIABILITIES AND EQUITY	801,483	819,695

(2) Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Income Statements

Consolidated Cumulative Third Quarter

(Millions of Yen)

	FY 2019/3, Third Quarter (Nine months ended December 31, 2018)	FY 2020/3, Third Quarter (Nine months ended December 31, 2019)
OPERATING REVENUE	314,191	319,669
OPERATING EXPENSE		
Transportation, other services and cost of sales	189,135	192,390
Selling, general and administrative expense	74,854	81,392
Total operating expense	263,989	273,783
OPERATING INCOME	50,201	45,886
NON-OPERATING INCOME		
Interest income	52	50
Dividend income	397	440
Gain on assets held in trust	1,413	1,003
Other	1,309	705
Total non-operating income	3,172	2,199
NON-OPERATING EXPENSE		
Interest expense	672	939
Other	99	175
Total non-operating expense	771	1,114
ORDINARY INCOME	52,602	46,971
EXTRAORDINARY GAINS		
Construction grants received	713	1,943
Gain on sales of shares of subsidiaries and associates	—	764
Gain on sales of trusts	—	574
Insurance proceeds related to natural disasters	1,000	—
Other	153	174
Total extraordinary gains	1,867	3,457
EXTRAORDINARY LOSSES		
Losses from provision for cost reduction of fixed assets	707	1,915
Provision for loss on disaster	1,092	1,071
Disaster-damage losses	319	317
Other	1,035	289
Total extraordinary losses	3,155	3,593
INCOME BEFORE INCOME TAXES	51,314	46,835
INCOME TAXES		
Current	6,795	6,156
Deferred	4,951	5,161
Total income taxes	11,747	11,318
NET INCOME	39,567	35,517
NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	119	184
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	39,448	35,332

Quarterly Consolidated Comprehensive Income Statements
Consolidated Cumulative Third Quarter

(Millions of Yen)

	FY 2019/3, Third Quarter (Nine months ended December 31, 2018)	FY 2020/3, Third Quarter (Nine months ended December 31, 2019)
NET INCOME	39,567	35,517
OTHER COMPREHENSIVE INCOME		
Unrealized gain on available-for-sale securities	891	1,751
Gain (loss) on deferred hedges	157	(113)
Foreign currency translation adjustments	6	28
Defined retirement benefit plans	749	656
Total other comprehensive income	1,804	2,323
COMPREHENSIVE INCOME	41,372	37,840
TOTAL COMPREHENSIVE INCOME		
ATTRIBUTABLE TO:		
Owners of the parent	41,277	37,650
Non-controlling interests	95	189

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

None

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

None

(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. Among the recovery expense, etc., resulting from this damage, extraordinary losses were recorded in the quarterly consolidated income statements for the consolidated cumulative third quarter. Recovery expense, etc., for the consolidated cumulative third quarter were recorded as “disaster-damage losses” and a reasonable estimate of the amount of recovery expense, etc., anticipated in the consolidated cumulative fourth quarter and thereafter was recorded as “provision for loss on disaster.”

(Segment Information)

FY 2019/3, Third Quarter (Nine-Month Period Ended December 31, 2018)

Information Related to Operating Revenue and Income 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 Revenue								
Outside Customers	129,161	19,300	58,360	78,299	29,068	314,191	—	314,191
Inside Group	3,878	34,458	3,223	230	22,705	64,496	(64,496)	—
Total	133,040	53,758	61,584	78,530	51,774	378,687	(64,496)	314,191
Segment income	25,509	2,359	19,033	2,553	1,340	50,796	(595)	50,201

- (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 ¥595 million deduction from segment income reflects the elimination of intersegment transactions.
3. Segment income has been adjusted for the operating income figure on the quarterly consolidated income statements.

FY 2020/3, Third Quarter (Nine-Month Period Ended December 31, 2019)

1. Information Related to Operating Revenue and Income 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 Revenue								
Outside Customers	130,348	23,044	59,167	79,492	27,616	319,669	—	319,669
Inside Group	5,587	34,243	3,300	233	25,053	68,417	(68,417)	—
Total	135,935	57,288	62,467	79,726	52,669	388,087	(68,417)	319,669
Segment income	25,826	1,886	15,056	2,437	1,389	46,597	(710)	45,886

- (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 ¥710 million deduction from segment income reflects the elimination of intersegment transactions.
3. Segment income has been adjusted for the operating income figure on the quarterly consolidated income statements.

2. Matters Related to Changes in Reportable Segments

From the three-month period ended June 30, 2019, 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 nine-month period ended December 31, 2019, has been prepared based on the segment classifications after the change.

(Significant Subsequent Events)

The Company adopted a resolution at a meeting of the Board of Directors held on February 10, 2020, to cancel treasury shares in accordance with Article 178 of the Companies Act of Japan.

1. Type of shares to be cancelled: Shares of common stock of the Company
2. Total number of shares to be cancelled: 2,698,400 shares
(Percentage of total number of issued shares prior to cancellation: 1.69%)
3. Planned date of cancellation: February 25, 2020

(Reference)

After the cancellation, the total number of the Company's issued shares will be 157,301,600 shares.