

(Translation)

August 6, 2019  
Kyushu Railway Company

**Main Questions and Answers from the Financial Results Teleconference,  
First Quarter, FY2020/3**

**Q. Looking at railway transportation revenues, conventional lines and non-commuter pass travel recorded high growth. Was this due to the restoration of the Kyudai Main Line? Are there any other special factors?**

A. The Kyudai Main Line, which was restored in July 2018, had an influence, but we believe that the longer Golden Week (10 consecutive holidays) had a more significant influence.

**Q. The expectation of recovery expenses due to the influence of the heavy rains in July is listed as a significant subsequent event. Will this have an effect on revenues?**

A. Shinkansen service was partially suspended, but mainly the suspension of service occurred on conventional lines in southern Kyushu. The influence on revenues will be insignificant.

**Q. In the Real Estate and Hotels segment, considering the change in revenue/expense classifications related to station buildings, there will be a small increase in profits, but on the other hand the full-year forecast is for a decline in profits. Does this reflect an unexpected upward swing, or is this within expectations?**

A. For the first quarter, this is within expectations. Looking ahead, there will be hotel opening expenses, and accordingly for the full fiscal year, there is no change to the forecast for lower profits.

**Q. Has the worsening of Japan-South Korea relations had an influence?**

A. There was almost no influence on the first quarter results. On the other hand, looking at the “JR Kyushu Rail Pass” for inbound overseas tourists starting in July, sales to tourists from South Korea are slow, and in July the hydrofoil ferries business was down 30% year on year. Accordingly, we are carefully monitoring the influence of this issue.

**Q. The Company will be releasing a long-term financial strategy. In that regard, what types of strategies will the Company be considering, and when will the strategy be announced?**

A. We announced our 2030 vision in the Medium-Term Business Plan, and we are currently considering key performance indicators (KPIs) for 2030. We are also considering the timing of the announcement.

**Q. There were reports that the Company would disclose earnings by route. Would you describe the timing of the announcement and the background to the decision to make this disclosure? Also, will earnings by route and MaaS be announced at the same time?**

A. In regard to transportation in a region with a shrinking population, we believe that we must consider issues together with local governments and residents, and we are discussing the announcement of earnings. The scope and timing of announcements are under consideration, and this will be made public as preparations are completed.

There is no direct relationship between the announcement of earnings by route and MaaS. In regard to MaaS, we are advancing cooperative initiatives with other companies, but these are still at the verification testing stage, and there are no initiatives that are proceeding in tandem with the announcement of earnings by route.