

- I am Toshihiro Mori, Director and Managing Executive Officer. I would like to thank everyone for taking the time to join us today.
- I will discuss our results in the nine-month period ended December 31, 2019, our performance forecasts for the fiscal year ending March 31, 2020, and the status of our initiatives in the Medium-Term Business Plan.
- > Please turn to slide 4.

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I. Financial Results for the Nine-month Period Ended December 31, 2019

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Consolidated Financial Highlights for the Nine-Month Period Ended December 31, 2019 (Year on Year)

-

- Operating revenue up for the third consecutive year (record high)
- <u>Operating income</u> down for the second consecutive year
- <u>Net income attributable to owners of the parent</u> down for the second consecutive year

• E	• EBITDA down for the first time in three years								
		9 months ended	9 months ended	Yo	v				
		December 31, 2018	December 31, 2019		· · · · · · · · · · · · · · · · · · ·				
	Operating revenue	314.1	319.6	5.4	101.7%				
	Operating income	50.2	45.8	(4.3)	91.4%				
	Ordinary income	52.6	46.9	(5.6)	89.3%				
	Net income attributable to owners of the parent	39.4	35.3	(4.1)	89.6%				
	EBITDA (*)	65.8	64.4	(1.4)	97.8%				

Note: EBITDA = operating income + depreciation expense (excluding depreciation of leased assets held for subleasing purposes). The same applies hereafter



- Consolidated operating revenue increased ¥5.4 billion year on year due to an increase in revenues from railway transportation and solid revenue from real estate leases.
- On the other hand, operating income declined by ¥4.3 billion year on year, due to an increase in expense for the elimination of special tax measures and an increase in depreciation for JR Kyushu, etc.
- As a result, net income attributable to owners of the parent decreased by ¥4.1 billion, and EBITDA was down by ¥1.4 billion.
- > Next, I will discuss each segment. Please turn to slide 6.

Consolidated Income Statements

(¥bil)

←

	9 months ended December, 31 2018	9 months ended December, 31 2019	Yo	Y	Major factors
Operating revenue	314.1	319.6	5.4	101.7%	Increase in railway transportation revenue, etc.
Operating expense	263.9	273.7	9.7	103.7%	Elimination of special tax measures (JR Kyushu) Increase in depreciation cost (JR Kyushu), etc.
Operating income	50.2	45.8	(4.3)	91.4%	
Non-operating income and expense	2.4	1.0	(1.3)	45.2%	Decline in gains on investment securities (JR Kyushu)
Ordinary income	52.6	46.9	(5.6)	89.3%	
Extraordinary gains and losses	(1.2)	(0.1)	1.1	-	
Net income attributable to owners of the parent	39.4	35.3	(4.1)	89.6%	
EBITDA	65.8	64.4	(1.4)	97.8%	

Segment Information [Summary]

	9 months ended December, 31 2018	9 months ended December, 31 2019	YoY		(¥ыī) Major factors
Operating revenue	314.1	319.6	5.4	101.7%	
Transportation	133.0	135.9	2.8	102.2%	
Railway Business (non-consolidated)	125.9	129.4	3.4	102.7%	Increase in revenues from railway transportation, increase due to change in revenue/expense classifications related to station buildings (+1.8), etc.
Construction	53.7	57.2	3.5	106.6%	Increase in Shinkansen-related construction, etc.
Real Estate and Hotels	61.5	62.4	0.8	101.4%	
Real Estate Lease	39.7	41.4	1.7	104.4%	
Condomini um Sales	9.3	7.8	(1.5)	83.1%	Decrease in revenue from sales of condominiums, etc.
Hotel Business	12.4	13.2	0.7	105.9%	
Retail and Restaurant	78.5	79.7	1.1	101.5%	
Other	51.7	52.6	0.8	101.7%	Increase in sales of construction materials, etc.
Operating income	50.2	45.8	(4.3)	91.4%	
Transportation	25.5	25.8	0.3	101.2%	
Railway Business (non-consolidated)	25.2	25.9	0.7		Decrease due to elimination of special tax measures and increase in depreciation, increase due to change in method of revenue/expense classifications, such as those related to station buildings (+4.0), etc.
Construction	2.3	1.8	(0.4)	80.0%	Increase in personnel cost and other expense, etc.
Real Estate and Hotels	19.0	15.0	(3.9)	79.1%	
Real Estate Lease	16.2	13.3	(2.8)	82.3%	Decrease due to change in revenue/expense classifications, such as those related to station buildings (-4.0), etc.
Condominium Sales	0.6	0.4	(0.1)	71.8%	Decrease in revenue from sales of condominiums, etc.
Hotel Business	2.1	1.2	(0.9)	57.5%	Increase in opening preparation expenses, etc.
Retail and Restaurant	2.5	2.4	(0.1)	95.5%	
Other	1.3	1.3	0.0	103.7%	
EBITDA	65.8	64.4	(1.4)	97.8%	
Transportation	30.4	32.6	2.1	107.1%	
Railway Business (non-consolidated)	29.5	32.0	2.4	108.4%	
Construction	3.0	2.7	(0.3)	88.7%	
Real Estate and Hotels	26.5	23.4	(3.1)	88.0%	
Real Estate Lease	22.7	20.2	(2.5)	88.8%	
Condomini um Sales	0.6	0.4	(0.1)	73.5%	
Hotel Business	3.1	2.7	(0.4)	85.9%	
Retail and Restaurant	3.7	3.6	(0.1)	96.6%	
Other	2.7	2.9	0.1	106.6%	

- > I will discuss the major segments.
- > In the Transportation segment, there was an increase in expense due to the elimination of special tax measures and an increase in depreciation for JR Kyushu, etc.
- However, there was an increase in revenue from railway transportation and a change in revenue/expense classification related to station buildings. As a result, the segment recorded higher revenue and higher income.
- In the Construction segment, there was an increase in Shinkansen-related construction work, but personnel cost and other expense increased. As a result, the segment registered higher revenue and lower income.
- In the Real Estate and Hotels Segment, results in the station building business were solid, and new properties were opened. However, hotel opening preparation expenses were recorded, and there was a change in revenue/expense classification related to station buildings, etc. As a result, the segment recorded higher revenue and lower income.
- > Next, I will discuss our non-consolidated performance. Please turn to slide 8.

Balance Sheet

	FY19.3	9 months ended December 31, 2019	Increase/ (decrease)	Major Factors
Total Assets	801.4	819.6	18.2	
Cash and time deposits	16.9	22.6	5.6	
Short-tem securities	19.9	27.1	7.2	
Money held in trust	56.9	43.0	(13.8)	Decrease due to redemption and sales of bonds, etc.
Property, plant and equipment	461.3	504.8	43.5	
Railway business assets	71.6	71.9	0.3	
Interest-bearing debt	107.9	128.6	20.7	Increase due to issuance of bonds, etc.
Net assets	420.7	433.6	12.8	
Paid-in capital	249.9	249.9	0.0	
Capital and retained earnings	160.5	180.1	19.6	

(¥bil)

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Non-consolidated Income Statements

					(¥bi)
	9 months ended December 31, 2018	9 months ended December 31, 2019			Majour Factors
Operating revenue	157.5	160.2	2.6	101.7%	
Railway transportation revenue	114.2	116.2	1.9	101.7%	Longer Golden Week holiday period, operations resumed on the Kyudai Main Line, etc.
Other revenue	43.2	43.9	0.6	101.6%	
perating expense	118.8	124.1	5.2	104.4%	
Personnel expense	37.3	36.8	(0.5)	98.5%	
Non-personnel expense	66.2	67.4	1.1	101.8%	
Energy cost	7.0	7.0	(0.0)	99.7%	
Maintenance cost	20.6	20.6	(0.0)	99.9%	
Other	38.5	39.7	1.2	103.2%	Increase due to elimination of special tax measures, etc.
Taxes	6.6	8.9	2.3	134.7%	Increase due to elimination of special tax measures, etc.
Depreciation cost	8.6	10.9	2.3	127.4%	
Operating income	38.7	36.0	(2.6)	93.2%	
Non-operating income and expense	8.4	6.1	(2.2)	73.7%	Decline in gains on investment securities, decline in dividend income, etc
Ordinary income	47.1	42.2	(4.8)	89.7%	
Extraordinary gains and losses	(0.7)	0.4	1.2	-	Decrease in disaster expenses associated with heavy rain in July 2018, Increase in disaster expenses associated with seasonal rain front heavy rains in 2019, heavy rains in August 2019, typhoon No. 17 Gain on sales due to transfer of leasing business, etc
Net income	38.4	35.0	(3.3)	91.2%	

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- Due to an increase in revenue from railway transportation and other factors, we recorded an increase in non-consolidated operating revenue. However, due to the elimination of special tax measures and to higher depreciation, etc., operating income declined.
- There was an increase in expense due to damage from heavy rains, typhoons, etc., from June to August 2019. However, there was a decline in disaster losses associated with disasters that occurred in FY2019.3, a gain on sales due to the transfer of the leasing business, etc. As a result, the balance of extraordinary gains and losses increased.
- > Please turn to the next slide.

Railway business

Transportation Revenue

					(¥	
	9 months ended December, 2018	9 months ended December, 2019	Y	ρY	Majour Factors	
Total	114.2	116.2	1.9	101.7%		
Commuter pass	24.8	25.1	0.3	101.3%		
Non-commuter pass	89.4	91.0	1.6	101.8%		
Shinkansen	41.7	42.2	0.4		Basic trend (approx. 101%)	
Commuter pass	2.0	2.1	0.0	103.9%	 Increase due to longer Golden Week holiday period Decrease due to rebound from broadcast of the NHK 	
Non-commuter pass	39.7	40.1	0.4	101.1%	Taiga Drama "Sego-don" period drama, etc	
Conventional Lines	72.5	73.9	1.4		Basic trend (approx. 100%)	
Commuter pass	22.7	23.0	0.2	101.1%	 Increase due to longer Golden Week holiday period Operations resumed on Kyudai Main Line (resumed of 	
Non-commuter pass	Non-commuter pass 49.7 50.9 1.1	102.4%	July 14, 2018), etc.			

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(VE3)

Passenger-Kilometers

			(Millions of pa	assenger-kilometers)
	9 months ended December, 2018	9 months ended December, 2019	Yo	(
Total	708.0	717.3	9.3	101.3%
Commuter pass	326.7	330.1	3.4	101.1%
Non-commuter pass	381.3	387.2	5.8	101.5%
Shinkansen	154.5	156.9	2.3	101.6%
Commuter pass	15.1	15.7	0.5	103.7%
Non-commuter pass	139.3	141.2	1.8	101.3%
Conventional Lines	553.5	560.4	6.9	101.29
Commuter pass	311.5	314.4	2.8	100.9%
Non-commuter pass	241.9	246.0	4.0	101.7%

- Looking at revenue from railway transportation, on the Shinkansen, there was a rebound from the broadcast of an NHK Taiga drama in the previous year, but the longer Golden Week holiday period and firm demand led to an increase of 1.2% in revenue.
- ➢ In addition, on conventional lines, in addition to the longer Golden Week holiday period and operations were resumed on the Kyudai Main Line. As a result, revenue was up 2.0%.
- > Next, I will explain our forecasts for performance in FY2020.3.
- Please turn to slide 11.

II. Forecasts for FY20.3

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Consolidated Financial Highlights for FY20.3

						(¥bil)
	Results FY19.3	Forecasts FY20.3 (11/5)	Forecasts FY 20.3 (2/10)	YoY		Difference from previous forecast
Operating revenue	440.3	442.3	442.3	1.9	100.4%	-
Operating income	63.8	56.6	56.6	(7.2)	88.6%	-
Ordinary income	66.5	57.2	57.2	(9.3)	86.0%	-
Net income attributable to owners of the parent	49.2	42.5	42.5	(6.7)	86.3%	-
EBITDA	85.4	82.3	82.3	(3.1)	96.4%	-

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* From FY2020.3, the method of recording revenues/expenses related compensated construction work has changed.



- The issues in Japan-South Korea relations are ongoing, and there is concern about the spread of the new coronavirus. However, results have been solid up to the third quarter, and accordingly our forecasts for FY2020.3 remain unchanged.
- > Next, I will discuss the status of our initiatives for the medium-term business plan.
- > Please turn to slide 16.

Consolidated Financial Forecasts (By segment)

	Results	Forecast	s FY20.3				Major Factors
	FY19.3	(11/5)	(2/10)	C-/	C-A C-B		(C-B)
	A	В					(0-0)
Operating revenue	440.3	442.3	442.3	1.9	100.4%	-	
T rans portatio n	181.8	180.4	180.4	(1.4)	99.2%	-	
Railway Business (non-consolidated)	172.2	171.1	171.1	(1.1)	99.4%	-	
Construction	93.8	98.0	98.0	4.1	104.5%	-	
Real Estate and Hotels	90.0	93.1	93.1	3.0	103.3%	-	
Real Estate Lease	53.9	54.8	54.8	0.8	101.7%	-	
Condo minium Sales	19.7	19.8	19.8	0.0	100.1%	-	
Hotel business	16.4	18.5	18.5	2.0	112.7%	-	
Retail and Restaurant	104.0	106.6	106.6	2.5	102.5%	-	
Other	72.6	69.9	69.9	(2.7)	96.1%	-	
perating income	63.8	56.6	56.6	(7.2)	88.6%	-	
Transportation	27.4	25.7	25.7	(1.7)	93.7%	-	
Railway Business (non-consolidated)	26.7	25.2	25.2	(1.5)	94.1%	-	
Construction	6.2	6.6	6.6	0.3	104.9%	-	
Real Estate and Hotels	25.4	20.1	20.1	(5.3)	79.0%	-	
Real Estate Lease	20.6	16.6	16.6	(4.0)	80.2%	-	
Condominium Sales	2.3	1.9	1.9	(0.4)	79.4%	-	
Hotel business	2.3	1.6	1.6	(0.7)	68.1%	-	
Retail and Restaurant	3.4	2.9	2.9	(0.5)	85.0%	-	
Other	2.2	2.1	2.1	(0.1)	95.4%	-	
BITDA	85.4	82.3	82.3	(3.1)	96.4%	-	
T rans portatio n	34.3	35.4	35.4	1.0	103.1%	-	
Railway Business (non-consolidated)	32.8	33.7	33.7	0.8	102.6%	-	
Construction	7.2	7.4	7.4	0.1	101.8%	-	
Real Estate and Hotels	35.6	31.1	31.1	(4.5)	87.3%	-	
Real Estate Lease	29.5	25.6	25.6	(3.9)	86.7%	-	
Condo minium Sales	2.4	1.9	1.9	(0.5)	79.0%	-	
Hotel business	3.7	3.6	3.6	(0.1)	96.9%	-	
Retail and Restaurant	5.0	4.7	4.7	(0.3)	92.5%	-	
Other	4.1	4.5	4.5	0.3	107.4%	-	

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Non-consolidated Financial Forecasts

						(¥t
	Results					
	FY19.3 A	(11/5) B	(2/10) C	C-A		C-B
Operating revenue	221.9	221.1	221.1	(0.8)	99.6%	
Railway transportation revenue	151.4	153.5	153.5	2.0	101.3%	
Shinkansen	54.9	55.7	55.7	0.7	101.4%	
Conventional Lines	96.5	97.8	97.8	1.2	101.3%	
Other revenue	70.4	67.6	67.6	(2.8)	96.0%	
Operating expense	176.1	181.5	181.5	5.3	103.0%	
Personnel expense	49.7	49.1	49.1	(0.6)	98.7%	
Non-personnel expense	106.5	106.1	106.1	(0.4)	99.6%	
Energy cost	9.4	9.6	9.6	0.1	101.8%	
Maintenance cost	37.2	32.6	32.6	(4.6)	87.5%	
Other	59.8	63.9	63.9	4.0	106.7%	
Taxes	8.0	11.1	11.1	3.0	137.6%	
Depreciation cost	11.8	15.2	15.2	3.3	128.4%	
Operating income	45.7	39.6	39.6	(6.1)	86.6%	
Non-operating income and expense	8.0	4.8	4.8	(3.2)	59.6%	
Ordinary income	53.7	44.4	44.4	(9.3)	82.6%	
Extraordinary gains and losses	(0.9)	(0.2)	(0.2)	0.7	-	
Net income	44.2	36.7	36.7	(7.5)	82.9%	

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Position and Priority Initiatives of the JR Kyushu Group Medium-Term Business Plan 2019-2021



Building sustainable railway services by improving revenue and expenditure



- This slide shows the status of our initiatives in the railway business, as we work to strengthen our earning power in core businesses.
- Aiming to pursue further earnings opportunities, we announced plans to operate a new D&S train — "36 plus 3." In addition, we reached agreements with JR Central and JR West regarding the extension of the EX Service area to the Kyushu Shinkansen, with a target date of spring 2022.
- In efforts to increase productivity, as one facet of the development of self-driving train equipment, we started to conduct test operations on a segment of the Kashii Line. To maintain the railway network over the long term, we will work to maintain and increase safety and to enhance efficiency.
- In addition, the effect on results from the worsening of Japan-South Korea relations is limited at this point. Moving forward, we will continue to monitor this situation.
- Please turn to the next slide.

Railway Business — Outline of Fares/Charges and Measures to Increase Revenues

Fares/charges

Charges

→Compensation for the use of facilities other than transportation and for the provision of additional services

→Compensation for the transportation of people or goods

• Procedures for establishing and adjusting fares/charges

 Establishing/adjusting the upper limit for fares and Shinkansen express charges requires the approval from the Minister of the Ministry of Land, Infrastructure, Transport and Tourism(MLIT).
 Establishing/adjusting fairs and Shinkansen express charges within the scope of the upper limit and establishing/adjusting conventional line express charges, etc., can be handled by notification to the Minister of the MLIT.

• Examination standards for upper limit fares/charges

• Prior to giving approval for establishing/adjusting the upper limit on fares, the Minister of the MLIT must confirm that the new upper limit does not exceed "total cost," which is the sum of the proper operating costs if it were to carry out efficient management and the proper profit calculated pursuant to specified methods.

(The Company implemented a substantial fare revision, other than consumption tax revision, in 1996)





- Next, I will explain an outline of fares/charges and measures to increase revenues in the railway business.
- Payments for tickets consist of fares and charges. The upper limit for fares and Shinkansen express charges requires approval from the Minister of Land, Infrastructure, Transport and Tourism. On the other hand, establishing/adjusting the discount rate within the scope of the upper limit can be handled with only notification.
- Accordingly, we are offering discounts to increase our competitiveness versus other transportation companies. We previously utilized only paper tickets, and as a result it was difficult to implement flexible pricing measures.
- To improve this situation, the Company is working to expand the Internet train reservation service, which enables us to control unit sales of discount tickets and discount rates, in line with demand and supply. Internet sales are increasing in terms of both ticket numbers and share, and this is contributing to higher revenue in the railway business.
- > Please turn to the next slide.

(Ybil) Operating income in the railway business



If examination standards are met (illustration)



Expense > Revenue

(Reference) MLIT web site

Implementing Strategic City-Building Initiatives in the Regions Around our Business

Kumamoto Station Area Development

Plan for new development of Kumamoto Station West Building (provisional name) on the Shinkansen entrance side of Kumamoto Station. mpletion planned for December 2020, 1st and 2nd floors: commercial facilities/offices; 3rd and 4th floors: offices)



Nagasaki Station Area Development

Announcement of the development overview for the new station building, etc., which will be the center of city-building in Nagasaki Station area development

- · Majority of existing commercial facilities/hotels will be left, and a new station building will be constructed. In addition, we will also develop a new area under elevated railway tracks in an integrated manner.
- In hotels, we are in negotiations to conclude an agreement with Marriott Hotels, the premier brand of Marriott International.

[Schedule] Spring 2023: Partial opening (certain commercial and parking facilities, all offices) FY2026/3 : Full opening

[Overview of new station building]

· Site area: Approximately 18,000 m (including existing Amu Plaza section, approximately 35,000m)

· Total floor space: Approximately 114,000m

· Use: Commercial facilities, offices, parking lots, hotels





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- construction near the building, sales are firm
- Miyazaki Station west entrance development Two condominium buildings are under

- Next, I will explain the status of progress with major development projects in strategic city-building initiatives in the regions around our business areas.
 - With the Kumamoto Station area development and the Miyazaki Station west entrance development, we are making steady progress with station building tenant leasing and construction. In addition, in Kumamoto we are planning a second office building, and in Miyazaki we are recording firm sales at two condominium buildings that are under construction in the area around the station.
 - > In addition, we announced the development overview for the Nagasaki Station area development. The majority of the existing commercial and hotel facilities will be left. We will construct a station building with a new integrated development concept, including commercial and hotel facilities, offices, etc. In hotels, we are in negotiations to conclude an agreement with Marriott International. We are planning for the opening of certain operations in spring 2023 and the full opening in FY2026.3.
 - \succ Please turn to the next slide.

Categories of Growth Investment

	Investment category		Characteristics	Major investments
Within	1	Station building development	 Development centered on commercial facilities, using sites owned by the Company Generating synergy effects between the railway business and related businesses 	 JR Hakata City (Commercial facilities, etc.) JR Oita City (Commercial facilities, etc.) Amu Plaza Kagoshima(Commercial facilities, etc.)
n Kyushu	2	Development in areas surrounding station buildings and around railway lines	 In addition to the use of sites owned by the Company, we will acquire public recruitment/bidding projects and develop a wide range of assets. Generating synergy effects between the railway business and related businesses 	 Ropponmatsu 421, etc.(Commercial facilities, etc.) JRJP Hakata Building (offices, etc.) Fukuoka east government building (offices, etc.) JR Kyushu Hotel Blossom Hakata Chuo (Hotels) Rental/condominium/senior citizen housing
Outside of Kyushu	3	Development outside of Kyushu	 Acquiring public recruitment/bidding projects and developing a wide range of assets. 	 Nibancho Center Building (Offices) JR Kyushu Hotel Blossom Shinjuku (Hotels) MJR/RJR Sakaisuji Honmmachi Tower (Condominium/rental)

In investment category ①,the timing of the opening cannot be controlled due to urban planning, etc.
Accordingly, we will work to achieve ongoing increases in cash generating capability by continuing to implement investments in categories ② and ③.

[Station building opening timing and area development in Oita and Kumamoto]

					•										(
Before	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Amu Plaza Kokura (1998/3) Amu Plaza Nagasaki (2000/9) Amu Plaza Kagoshima(2004/9	(201	ata City 11/3)	Plaza K (20 2012: 2014: 2015: 2016:	Commercia (under eleva Condominiu Station bu commercia Condominiu	ea develo (0ita l facilities ated railway t inding, hotels l facilities ms for senior	<pre>pment p) racks) condomin citizens</pre>	-	acilities	Entrance	2018: Co (u 2020: Of <u>2021: Si</u> Planning	rea deve (Kum ommercial nder eleva fices (nort tation bui o subseque	amoto Sta a Developm ening in Sp 2021) elopment facilities ated railwa th building, hot ilding, hot ent develo facilities, e	tion pent Partia ring (spring) t project by tracks) , west built tels pment of		

(Year)

- > I will explain the Company's growth investments in three investment categories.
- First, investment category ① involves station building development utilizing the stations that are the foundation of our operations. Using sites owned by the Company, these investments will involve development centered on commercial facilities, and we can expect high rates of return.
- ➢ In addition, in investment category ②, we will implement city-building development initiatives in areas surrounding station buildings and around railway lines. In addition to the use of sites owned by the Company, we will leverage public recruitment/bidding projects and work to develop a wide range of assets, and we can expect comparatively high returns.
- Investments in the Kyushu region will be the core investments in categories ① and ②, and we anticipate Groupwide synergy effects, such as with railway operations and retail/restaurant operations.
- Finally, development projects outside of the Kyushu region have been positioned as investment category ③.
- With station building investment projects in category ①, it is difficult for the Company to control the timing of the opening, due to local governments' urban planning, etc., including Shinkansen openings and the elevation of tracks. Accordingly, we are working to achieve ongoing increases in cash generating capability by continuing to implement investments in categories ② and ③.
- Please turn to the next slide.

Implementing Strategic City-Building Initiatives in the Regions Around our Business -Initiatives in the Oita Station area



- Next, I will explain our city-building strategy, using the development in the Oita Station area as an example.
- In the Oita Station area, the Oita Station Building, which is in investment category ①, was opened in 2015, and an integrated development project, including hotel and residential facilities, was implemented in the station area as an investment category ② project. In these ways, we worked to expand earnings.
- At "Amu Plaza Oita" at the station building, the high level of customer drawing power that is characteristic of a station has also been a superior asset in attracting tenants, and sales continue to increase. In addition, through events in cooperation with the local shopping district, we are also working to create a lively atmosphere. Development initiatives implemented in cooperation with the local community are fostering demand and helping to increase short-distance revenues.
- As a result, the atmosphere in the area around the station has become more lively, and since 2018 we have continued to implement new development initiatives, such as rental apartments and condominiums. We will also work to implement this type of strategic city-building initiative in Miyazaki, Kumamoto, Nagasaki, etc.
- Please turn to the next slide.

Growth and Evolution in New Areas

Strategic reevaluation of business portfolio and new business initiatives

- During the current fiscal year, we have already concluded agreements to transfer our leasing business (October 2019) and hospital business (planned date of transfer: April 2020)
- In December 2019, we made Manbou Corp.(Karatsu City, Saga Prefecture) a subsidiary. Manbou manufactures and sells squid steamed dumplings and operates an underwater restaurant.(Net sales (FY2019/8): approximately ¥1.1 billion)
- Leveraging the Group's retail and restaurant businesses, we will work to expand sales routes, business activities, etc. In addition, by bolstering initiatives to encourage customers to visit communities, we will also work to foster tourism and generate demand for railway transportation.

Status of Caterpillar Kyushu, Ltd., after it became a subsidiary

After it became a subsidiary, profitability increased due to efforts to increase revenues by strengthening after-sales maintenance for existing customers and by revising operations, such as implementing rigorous inventory management.
Leveraging construction machinery to develop new customers in cooperation with Group companies

(Sales and rental mediation services for construction machinery for construction companies engaged in railway-related construction, etc.)

• We will continue to implement initiatives to expand earnings, such as strengthening the construction machinery rental business field, where demand is expanding.



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- > Next, I will discuss initiatives related to "growth and evolution in new areas."
- In the strategic reevaluation of our business portfolio, in addition to the transfer of our leasing business, we are planning to transfer our hospital business in April 2020.
- On the other hand, in December 2019 we made Manbou Corp a subsidiary. Manbou manufactures and sells squid steamed dumplings, etc. Leveraging the Group's retail and restaurant businesses, we will work to expand sales routes, business activities, etc. In addition, by bolstering initiatives to encourage customers to visit communities, we will also work to foster tourism and generate demand for railway transportation.
- Furthermore, for Caterpillar Kyushu Co., Ltd., which we made a subsidiary in October 2017, we are working to expand revenues and to increase profitability by revising operations, such as implementing rigorous inventory management. Moving forward, we will continue to implement initiatives to expand earnings, such as creating synergies through cooperation among Group companies and strengthening in the rental business field.
- > Please turn to the next slide.



Souvenirs [Ika shao-mai] (Squid steamed dumplings)



[Manbou underwater seafood restaurant]

Take on the challenge of new mobility services (MaaS)

Advancing initiatives with other transportation companies

- Implementing business alliances with a focus on rolling out seamless mobility services and starting verification testing
- Conclusion of business alliance agreement with DAIICHI KOUTSU SANGYO Co., Ltd. (May 2019)
- Collaboration with "MaaS Japan," which is led by Odakyu Electric Railway Co., Ltd. (May 2019)
- Conclusion of business alliance agreement with Nishi-Nippon Railroad Co., Ltd. (October 2019)



- One of the goals that we are aiming for under the 2030 Long-Term Vision is to take on the challenge of establishing new mobility services, known as MaaS, and to leverage MaaS to improve our profits.
- To work toward the realization of that vision, in the current fiscal year we collaborated with DAIICHI KOUTSU SANGYO Co., Ltd.; "MaaS Japan," which is led by Odakyu Electric Railway Co., Ltd.; and Nishi-Nippon Railroad Co., Ltd..
- In December 2019, we established a Verification Testing Committee in the Yufuin region and Miyazaki Prefecture. We are planning verification testing using "EMot" Maas App in the Yufuin region and "my route" in Miyazaki City, Nichinan City, etc.
- Moving forward, we will continue working to expand MaaS through alliances with other companies in the same industry and with companies in other industries, collaboration with local governments and local communities, and other initiatives.
- > This concludes my presentation. Thank you for your attention.

Forward-Looking Statements

These materials contain forward-looking statements concerning business forecasts, targets, etc. of the JR Kyushu Group.

The Company decided on these forward-looking statements based on the available information, as well as Company estimates and assumptions, at the time these materials were created. Please note that actual performance may vary greatly depending on the impact of various factors such as the economic environment in Kyushu as well as greater Japan and overseas, the condition of the real estate market, the progress of each individual project, changes in laws and regulations, and a wide range of other risks.

IR materials can be viewed on our corporate website: http://www.jrkyushu.co.jp/company/ir_eng/library/earnings/

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