



FY21.3 Financial Results Overview, First Quarter

August 4, 2020
Kyushu Railway Company



KYUSHU RAILWAY COMPANY



- I am Toshihiro Mori from JR Kyushu. I would like to thank you for taking the time to participate in our presentation today.
- Before I begin the presentation, I would like to respectfully express our sympathy for those who have been harmed by the heavy rains of July 2020 and their families, as well as all others affected by these heavy rains.
- I will discuss our results in the 3-month period ended June 30, 2020, the current circumstances, the initiatives that we are now implementing, and our performance forecasts for FY2021.3.
- First, I will discuss our financial results in the first quarter of FY2021.3.
- Please turn to slide 4.

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**I . Financial Results
for the Three-month
Period Ended June 30, 2020**

Consolidated Financial Highlights for the Three-Month Period Ended June 30, 2020 (Year on Year)



	3 months ended June, 30 2019	3 months ended June, 30 2020	YoY	(¥bil)
Operating revenue	100.4	61.8	(38.6)	61.6%
Operating income	15.4	(15.7)	(31.1)	-
Ordinary income	16.0	(15.2)	(31.3)	-
Extraordinary gains and losses	0.1	7.0	6.9	-
Net income attributable to owners of the parent	12.3	(5.1)	(17.4)	-
EBITDA ^(*)	21.3	(9.1)	(30.5)	-

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

Operating revenue

Operating revenue declined substantially due to the decrease in railway transportation revenues [¥(24.6) billion] resulting from the influence of the COVID 19 infection.

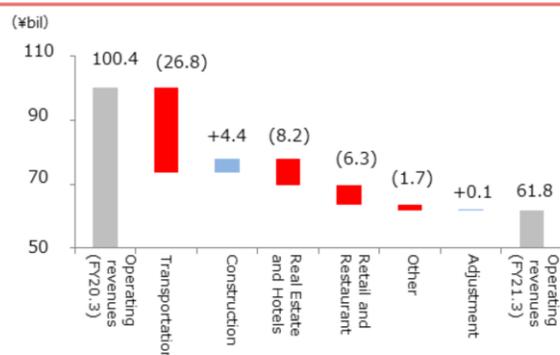
Operating income

Profits were down accompanying the decline in operating income, despite lower expenses resulting from suspension of train service and store closures.

Extraordinary gains and losses

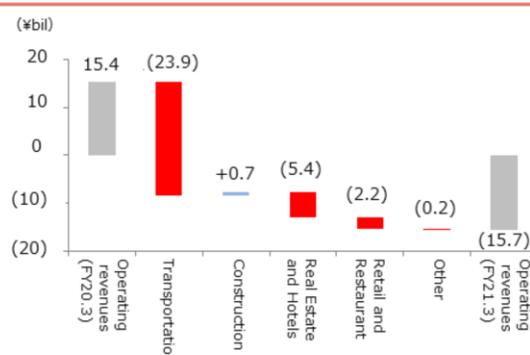
We recorded a gain on sale JR Kyushu Drug Eleven Co., Ltd., shares (+ ¥9.1 billion) and a provision for loss on disaster [(¥2.1) billion] related to the restoration of the Hitahikosan Line.

Change in operating revenue by segment



Note: Figures for changes in operating revenues and EBITDA by segment are prior to eliminating intersegment transactions and therefore do not coincide with consolidated figures.

Change in operating income by segment



- Consolidated operating revenue decreased ¥38.6 billion year on year as a result of such factors as a decline in revenues from railway transportation due to the COVID 19 infection.
- Although there were declines in expenses as a result of the suspension of train service and the closure of stores, due to significantly lower operating revenues, operating results worsened by ¥31.1 billion year on year, and we recorded an operating loss of ¥15.7 billion.
- Looking at extraordinary gains/losses, extraordinary gain increased by ¥6.9 billion year on year due to gain on the sale of shares in JR Kyushu Drug Eleven Co., Ltd., the recording of a provision for loss on disaster related to the restoration of the Hitahikosan Line, etc.
- As a result, net income/loss attributable to owners of the parent worsened by ¥17.4 billion year on year, and net loss was ¥5.1 billion. In addition, EBITDA worsened by ¥30.5 billion year on year.
- Next, I will explain the results for each segment. Please turn to the next slide.

Transportation Segment



- There was a significant decline in revenues from railway transportation due to the trend toward people staying inside accompanying the COVID 19 infection and to measures such as the suspension of train operation, etc., which were implemented with the objective of preventing the spread of the infection.
- Operations on all hydrofoil ferry routes were suspended due to a government request to halt passenger transportation.

YoY

- The year-on-year difference is almost entirely due to the influence of the COVID 19 infection.

	3 months ended June, 30 2019	3 months ended June, 30 2020	YoY	
	(¥bil)			
Operating revenue	44.1	17.3	(26.8)	39.2%
Railway Business (non-consolidated)	41.9	16.2	(25.7)	38.7%
Railway transportation revenues	37.8	13.2	(24.6)	34.9%
Operating income	9.9	(13.9)	(23.9)	-
Railway Business (non-consolidated)	9.8	(13.5)	(23.3)	-
EBITDA	12.1	(11.3)	(23.5)	-
Railway Business (non-consolidated)	11.8	(11.1)	(22.9)	-

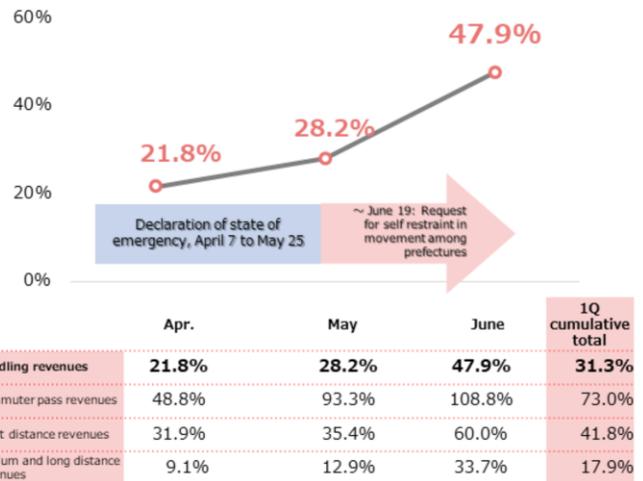
Status of suspended train operations

- We suspended operation of trains, principally during the state of emergency
- From the perspective of preventing the spread of the COVID 19 infection, we suspended operation of all limited express trains on conventional lines during the Golden Week holiday period (May 2 to May 6).

Type of train	Period of suspension	Suspension rate (YoY)
Kyushu Shinkansen	March 20 to June 12	19%
Conventional line limited express	March 20 to June 18	28%
Conventional line local trains	April 11 to May 31	8%
D&S trains	March 20 to June 18	65%

* Continued suspension of certain D&S trains

Trend of handling revenues (YoY)



Status of hydrofoil ferry business

Service suspended on all routes since March 9, 2020, in accordance with a government request to halt passenger transportation
[1Q operating revenues: ¥(0.4) billion YoY]

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- I will explain the results in the Transportation Segment.
- In the railway business, revenues from railway transportation declined substantially due to the influence of the COVID 19 infection.
- In particular, looking at the period from April to May, people refrained from going out due to the declaration of a state of emergency. In addition, during the Golden Week holiday period, we suspended operation of all conventional line limited express trains. Due to these and other factors, revenues declined significantly, mainly medium to long distance revenues. Even in June, after the lifting of the state of emergency, people were still refraining from going out, and the recovery was limited to a moderate pace.
- Furthermore, in the hydrofoil ferry business, operations remain suspended due to the government's request.
- Consequently, revenues were down by ¥26.8 billion year on year, and operating profit/loss worsened by ¥23.9 billion.
- Please turn to slide 7.

Railway business



Railway Transportation Revenues

(¥bil)

	3 months ended June, 30 2019	3 months ended June, 30 2020	YoY		Major Factors
Total	37.8	13.2	(24.6)	34.9%	
Commuter pass	8.3	6.1	(2.1)	73.8%	
Non-commuter pass	29.5	7.0	(22.4)	24.0%	
Shinkansen	13.3	3.2	(10.0)	24.5%	Decline due to influence of COVID 19
Commuter pass	0.7	0.6	(0.1)	85.4%	Decrease due to rebound from previous year's longer Golden Week holiday period
Non-commuter pass	12.6	2.6	(9.9)	21.0%	
Conventional Lines	24.4	9.9	(14.5)	40.6%	Decline due to influence of COVID 19
Commuter pass	7.6	5.5	(2.0)	72.7%	Decrease due to suspension of all limited-express trains during Golden Week period
Non-commuter pass	16.8	4.4	(12.4)	26.1%	Decrease due to rebound from previous year's longer Golden Week holiday period

Passenger-Kilometers

(Millions of passenger-kilometer)

	3 months ended June, 30 2019	3 months ended June, 30 2020	YoY	
Total	2,361	1,155	(1,205)	48.9%
Commuter pass	1,122	850	(272)	75.8%
Non-commuter pass	1,238	304	(933)	24.6%
Shinkansen	493	135	(357)	27.6%
Commuter pass	52	44	(8)	84.5%
Non-commuter pass	440	91	(349)	20.7%
Conventional Lines	1,867	1,019	(848)	54.6%
Commuter pass	1,070	806	(263)	75.3%
Non-commuter pass	797	213	(584)	26.8%

Real Estate and Hotels Segment



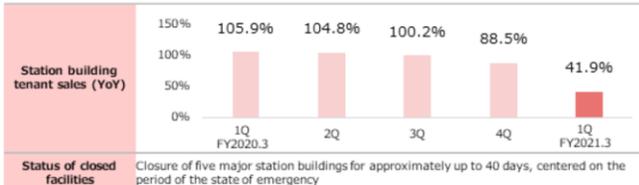
- In the real estate lease business, revenues were significantly lower due to the closure of station buildings, rent reductions offered to support tenants, etc.
- In the hotel business, there was a significant decrease in occupancy rates due to the influence of hotel closure and people staying at home.

YoY

● In the real estate lease business and the hotel business, the year-on-year differences are almost entirely due to the influence of the COVID 19 infection.. (¥bil)

	3 months ended June, 30 2019	3 months ended June, 30 2020	YoY	
Operating revenue	19.7	11.5	(8.2)	58.4%
Real Estate Lease	13.3	10.2	(3.1)	76.4%
Condominium Sales	2.3	0.4	(1.9)	20.1%
Hotel Business	3.9	0.8	(3.1)	20.9%
Operating income	5.0	(0.3)	(5.4)	-
Real Estate Lease	4.4	1.6	(2.7)	37.6%
Condominium Sales	0.1	(0.2)	(0.3)	-
Hotel Business	0.4	(1.8)	(2.2)	-
EBITDA	7.6	2.6	(5.0)	34.2%
Real Estate Lease	6.6	4.0	(2.6)	60.6%
Condominium Sales	0.1	(0.2)	(0.3)	-
Hotel Business	0.8	(1.2)	(2.0)	-

Real Estate Lease



Status of closed facilities Closure of five major station buildings for approximately up to 40 days, centered on the period of the state of emergency

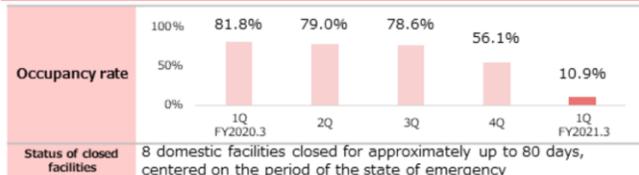
Support measures for station building tenants

Measure	Period	Impact	Amount of influence in the 1st quarter Approximately ¥(1.5) billion
Fixed rent reductions	April to May	During period of closure: 50% reduction During period of operation: 10% to 30% reduction	
Reduction of sales promotion expense payments	April to May	100% reduction	

In addition to the above, postponed payment of fixed rent and certain expenses in April and May

Office buildings / rental apartments Solid trend, with no change in vacancy rates

Hotels



Status of closed facilities 8 domestic facilities closed for approximately up to 80 days, centered on the period of the state of emergency

- I will explain the results in the Real Estate and Hotels Segment.
- In the station building business, which is the center of the real estate lease business, tenant sales were down by about 60% year on year due to building closure and people refraining from going out. In addition, due to the influence of rent reductions, etc., that were offered to support tenants, revenues declined by a substantial margin.
- The hotel business was significantly affected by hotel closure and people refraining from going out, and occupancy rates declined by a large margin.
- Consequently, revenues were down by ¥8.2 billion year on year, and operating profit/loss worsened by ¥5.4 billion.
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Retail and Restaurant Segment

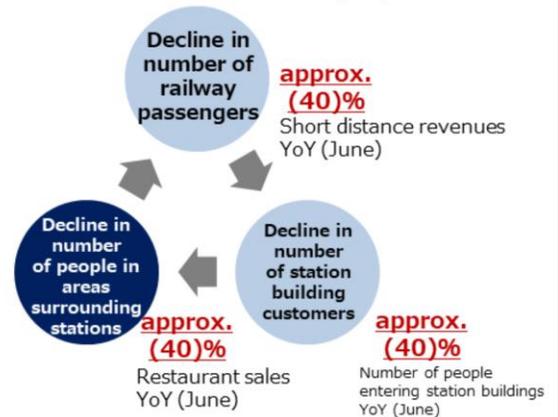
- Conditions were difficult, mainly at stores in areas surrounding stations, due to a decline in railway passengers and a significant decline in the number of visitors to facilities around stations as a result of the closure of station buildings, etc.
- Challenging conditions are expected to continue, especially in the restaurant business, as people refrain from going out.

YoY

- The year-on-year difference is almost entirely due to the influence of the COVID 19 infection.

	3 months ended June, 30 2019	3 months ended June, 30 2020	YoY	
Operating revenue	26.0	19.6	(6.3)	75.4%
Operating income	0.7	(1.5)	(2.2)	-
EBITDA	1.1	(1.0)	(2.2)	-

- Due to the transfer of a portion of our shares in JR Kyushu Drug Eleven Co., Ltd., from the end of the first quarter JR Kyushu Drug Eleven became an entity accounted for using the equity method.
[(Reference)JR Kyushu Drug Eleven's operating revenue in the 1st quarter was ¥12.4 billion]



Status of each business

Retail business	Drugstores	Restaurant business	Fast food
	<ul style="list-style-type: none"> ● Favorable sales of masks, etc., despite difficult conditions, mainly at stores in areas surrounding stations 1Q: Basically in line with previous year 		<ul style="list-style-type: none"> ● Support from takeout and on-line sales April to May: Down approximately 30% YoY June: Down approximately 20% YoY
Convenience stores	<ul style="list-style-type: none"> ● Difficult conditions, mainly at stores in areas surrounding stations April to May: Down approximately 30% YoY June: Recovery back to level that is down approximately 20% YoY 	Izakaya, restaurants	<ul style="list-style-type: none"> ● Sluggish, major influence from people refraining from going out April to May: Down approximately 80% YoY June: Recovery back to level that is down approximately 40% YoY

- I will discuss the Retail and Restaurant Segment.
- Conditions were difficult, mainly at stores in areas surrounding stations, due to the decline in railway passengers and to significant declines in the number of visitors to facilities around stations as a result of the closure of station buildings, etc.
- In particular, in the restaurant business, results were firm in fast food takeout, etc., but izakaya and restaurant facilities faced difficult circumstances due to the influence of people refraining from going out.
- Consequently, revenues were down by ¥6.3 billion year on year, and operating profit/loss worsened by ¥2.2 billion.
- Next, I will discuss the recent circumstances and our current initiatives. Please turn to slide 13.

Segment Information [Summary]



(¥bil)

	3 months ended June, 30 2019	3 months ended June, 30 2020	YoY		Major factors
Operating revenue	100.4	61.8	(38.6)	61.6%	
Transportation	44.1	17.3	(26.8)	39.2%	Influence of the COVID 19 infection, etc.
Railway Business (non-consolidated)	41.9	16.2	(25.7)	38.7%	
Construction	12.4	16.8	4.4	135.9%	Increase in Shinkansen-related construction, etc.
Real Estate and Hotels	19.7	11.5	(8.2)	58.4%	
Real Estate Lease	13.3	10.2	(3.1)	76.4%	Influence of the COVID 19 infection, etc.
Condominium Sales	2.3	0.4	(1.9)	20.1%	
Hotel Business	3.9	0.8	(3.1)	20.9%	Influence of the COVID 19 infection, etc.
Retail and Restaurant	26.0	19.6	(6.3)	75.4%	Influence of the COVID 19 infection, etc.
Other	16.1	14.3	(1.7)	88.9%	Decrease due to transfer of leasing/installment financing businesses, etc.
Operating income	15.4	(15.7)	(31.1)	-	
Transportation	9.9	(13.9)	(23.9)	-	Influence of the COVID 19 infection, etc.
Railway Business (non-consolidated)	9.8	(13.5)	(23.3)	-	
Construction	(0.5)	0.2	0.7	-	Increase in Shinkansen-related construction, etc.
Real Estate and Hotels	5.0	(0.3)	(5.4)	-	
Real Estate Lease	4.4	1.6	(2.7)	37.6%	Influence of the COVID 19 infection, etc.
Condominium Sales	0.1	(0.2)	(0.3)	-	
Hotel Business	0.4	(1.8)	(2.2)	-	Influence of the COVID 19 infection, etc.
Retail and Restaurant	0.7	(1.5)	(2.2)	-	Influence of the COVID 19 infection, etc.
Other	0.3	0.1	(0.2)	37.1%	Decrease due to transfer of leasing/installment financing businesses, etc.
EBITDA	21.3	(9.1)	(30.5)	-	
Transportation	12.1	(11.3)	(23.5)	-	
Railway Business (non-consolidated)	11.8	(11.1)	(22.9)	-	
Construction	(0.2)	0.5	0.7	-	
Real Estate and Hotels	7.6	2.6	(5.0)	34.2%	
Real Estate Lease	6.6	4.0	(2.6)	60.6%	
Condominium Sales	0.1	(0.2)	(0.3)	-	
Hotel Business	0.8	(1.2)	(2.0)	-	
Retail and Restaurant	1.1	(1.0)	(2.2)	-	
Other	0.8	0.5	(0.3)	62.2%	

Non-consolidated Income Statements



(¥bil)

	3 months ended June, 30 2019	3 months ended June, 30 2020	YoY		Major Factors
Operating revenue	51.3	24.1	(27.1)	47.1%	
Railway transportation revenues	37.8	13.2	(24.6)	34.9%	Influence of the COVID 19 infection, etc.
Other revenue	13.4	10.9	(2.5)	81.3%	Decline in revenue from sales of condominiums, etc.
Operating expense	38.0	34.5	(3.5)	90.6%	
Personnel expense	12.4	11.2	(1.1)	90.7%	Decline due to the transfer of the hospital business, lower compensation due to suspension of train service, etc.
Non-personnel expense	19.4	16.5	(2.8)	85.2%	
Energy cost	2.3	1.9	(0.3)	83.2%	Decrease due suspension of train service, etc.
Maintenance cost	5.2	4.8	(0.3)	93.7%	
Other	11.9	9.7	(2.1)	81.8%	Decrease in cost of sales of condominiums, etc.
Taxes	2.6	2.5	(0.1)	92.9%	
Depreciation cost	3.4	4.1	0.6	119.2%	
Operating income	13.2	(10.3)	(23.5)	-	
Non-operating income and expense	4.8	9.0	4.2	188.4%	Increase in gains on investment securities, etc.
Ordinary income	18.0	(1.2)	(19.3)	-	
Extraordinary gain and losse	0.1	6.9	6.8	-	Increase due to sale of a portion of holdings of the shares of JR Kyushu Drug Eleven Increase in provision for loss on disaster related to restoration of Hitahikosan Line, etc.
Net income	15.1	7.8	(7.2)	52.0%	

II Recent Circumstances, Current Initiatives, and Results Forecasts

Duties that the JR Kyushu Group Must Fulfill Now

We will work together with stakeholders to overcome COVID 19 and fulfill our social duty as a mobility services company in Kyushu as we continue striving to be a trusted corporate group.

Society

- Maintaining transportation network as social infrastructure
- Suspending operation of all conventional line limited express trains during the Golden Week holiday period with the objective of preventing the spread of infection resulting from travel between prefectures.
- Exercising self-restraint in regard to events held by the JR Kyushu Group.
- Implementing temporary closure or reduced operating hours at certain station buildings, hotels, etc.

Customers Business partners

- Frequent cleaning and disinfecting of railway facilities, station buildings, hotels, and other facilities.
- Implementing measures to support station building tenants, such as offering reduced rent payments and delaying payment timing.

Employees

- Providing information, such as comments from Company leaders to employees.
- Implementing short-term employment adjustments, such as temporary leave, while remaining committed to maintaining employment.
- Utilizing staggered commuting times and teleworking, with the objective of securing the safety of employees and their family members.

Shareholders

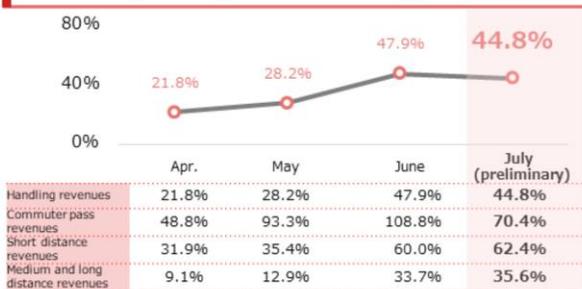
- Advancing measures to maintain corporate value, with the highest priority on securing liquidity at hand.

Recent Circumstances and Current Initiatives (Transportation Segment)



- Circumstances remain challenging in regard to handling revenues, mainly medium to long distance revenues.
- To enable customers to use train services with peace of mind, even during the COVID 19 crisis, we are strengthening Internet reservation services, which do not rely on face-to-face sales, and implementing train ventilation, disinfection, etc.
- We are implementing sales promotion initiatives to foster railway usage demand through the roll-out of new unlimited usage products, etc.

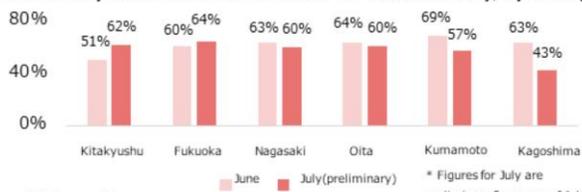
Preliminary handling revenues for July (YoY)



[Reference]

* Figures for July are preliminary figures as of July 26

Preliminary short-distance revenues for June and July, by area (YoY)



[Reference]

* Figures for July are preliminary figures as of July 26

Status of reserved-seat reservations for the Bon holiday period (as of July 21)

Reserved-seat reservation rate for Shinkansen and conventional lines	10.0% (Reference : previous year 36.7%)
Reserved-seat reservation rate for D&S trains	17.8% (Reference : previous year 38.9%)

Initiatives to enable customers to use train services with peace of mind

- Strengthening Internet train reservation service
Promoting Internet reservations through the introduction of discount products



- Initiatives for ventilation, disinfection, etc., of station facilities and trains

(Shinkansen / conventional line limited express)

Air exchange through air conditioning equipment

(Conventional line local trains/rapid-service trains)

Opening windows, opening doors when trains are

stopped, etc.



Sales promotions to foster demand

- Fostering demand for railway usage through roll-outs of Minnano Kyushu Tickets, a low-price, unlimited-usage product, etc.
- Implementing the "Minna no Kyushu Project," an initiative to invigorate local communities, and other initiatives



HKT48 × JR九州
みんなの九州
プロジェクト
—九州を元気に!—



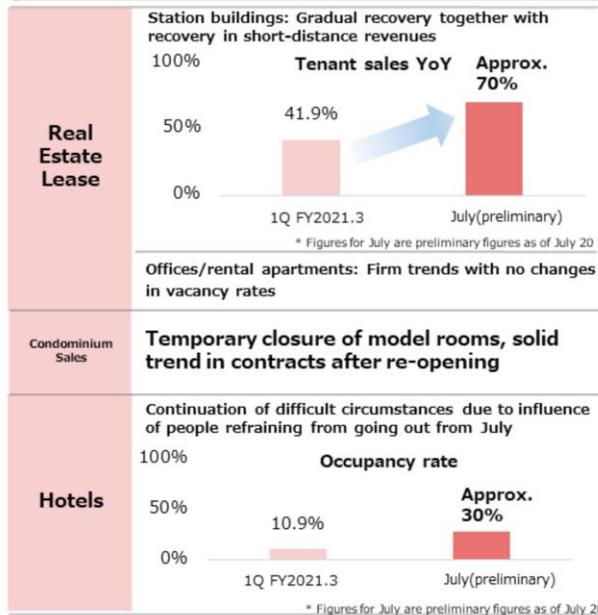
- I will discuss the Transportation Segment.
- In the railway business, handling revenues from railway transportation are showing signs of a recovery trend after having hit bottom in April. However, people refraining from going out continues to have an influence, mainly on medium to long distance revenues.
- To enable customers to use railway services with peace of mind, we are strengthening initiatives to prevent the spread of COVID 19, such as bolstering Internet reservation services, which do not rely on face-to-face sales, and implementing train ventilation, disinfection, etc.
- Meanwhile, we will take steps to expand demand, with consideration for the COVID 19 situation. These include the launch of discount products such as Minna no Kyushu Kippu, which is an unlimited usage product available only through Internet reservations.
- Please turn to the next slide.

Recent Circumstances and Current Initiatives (Real Estate and Hotels Segment)



- We are implementing measures so that customers can use our service with peace of mind, even during the COVID 19 crisis.
- In the real estate lease business, results did not recover to the previous year's level. On the other hand, in offices and rental apartments, the trends are firm with no changes in vacancy rates. In the hotel business, circumstances remain challenging.
- We will keep to our basic strategy of city-building, centered on stations, and advance the development of the areas around two station buildings.

Recent status in each business



Status of Miyazaki and Kumamoto station area development

- Favorable progress in development construction and leasing

Miyazaki Station Area Development



Planned date of opening	November 20, 2020 * Himuka Kirameki Market (Commercial area under elevated railway tracks): October 14
Major area development	<ul style="list-style-type: none"> ● JR Miyako Twin Building (commercial facilities, offices) ● Condominiums ● MJR the Garden Miyazaki Ekimae (182 units) ● MJR Miyazakieki Minami Park Side (48 units)

Kumamoto Station Area Development



Planned date of opening	Spring 2021 (station building)
Major area development	<ul style="list-style-type: none"> ● Kumamoto Station West Building (provisional name), Kumamoto Station North Building (provisional name) (commercial facilities, offices) ● Hotel (approximately 200 rooms) ● MJR Kumamoto The Tower (230 units) ● RJR Precia Kumamoto Ekimae (144 units)

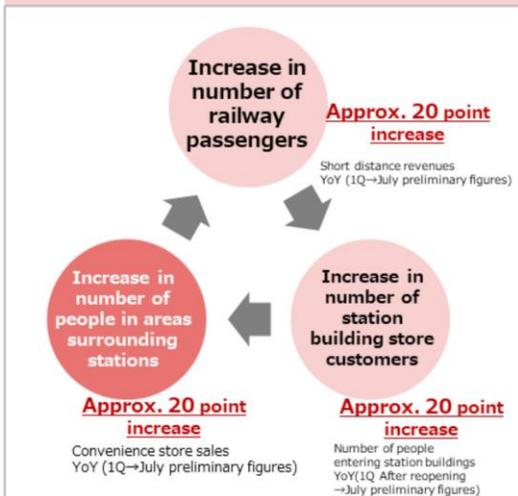
- I will discuss the Real Estate and Hotels Segment.
- In the station building business, which is part of the real estate lease business, short distance revenues are recovering and there are signs of a gradual recovery trend tenant sales. However, results have not recovered back to the previous year's level. On the other hand, in the office building and rental apartment business, there have been no changes in vacancy rates before and after the COVID 19 crisis, and results have been firm.
- In the hotel business, even after the lifting of the state of emergency, business and tourism usage remains lower, and the difficult circumstances continue.
- Even in this type of challenging environment, we are keeping to our basic strategy of city-building, centered on stations, and working toward the overall completion of the Miyazaki and Kumamoto station buildings.
- Please turn to the next slide.

Recent Circumstances and Current Initiatives (Retail and Restaurant Segment)



- In the retail business, there is a gradual recovery trend, centered on stores in suburbs. We are advancing sales area improvement, etc., with consideration for demand from people staying at home.
- In the restaurant business, there is a recovery trend, centered on fast food. We are strengthening initiatives for takeout and on-line sales, which are favorable.

In preparation for a recovery in the railway business, we are working to further strengthen our earning power by creating sales areas in line with customer needs, etc.



Recent status in the retail business

- With consideration for demand from people staying at home, improve sales areas and product lineups



Recent status of restaurant business

- Strengthen takeout/on-line sales



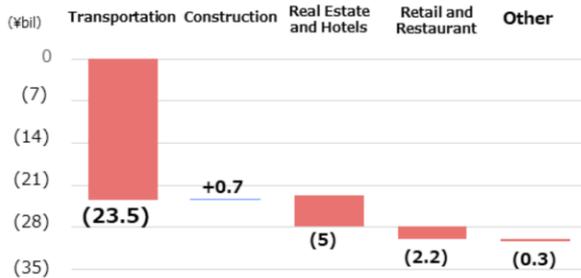
- I will discuss the Retail and Restaurant Segment.
- In the retail business, there is a recovery trend, mainly at stores in the suburbs. To address demand from people staying at home, we will work to improve sales areas and product lineups.
- In addition, in the restaurant business, we are seeing a recovery, mainly at fast food restaurants, and accordingly we are strengthening initiatives for takeout and on-line sales, which are favorable.
- Please turn to the next slide.

Recent Circumstances and Current Initiatives (Cash flow management)



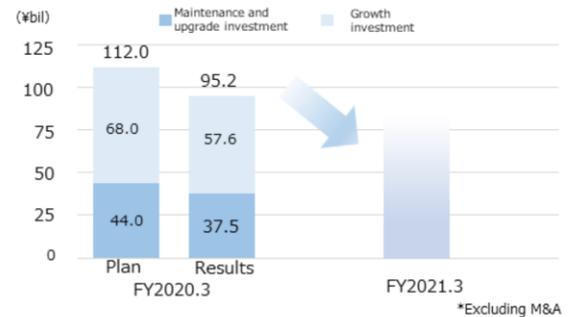
- We are raising funds on a large scale so that we can ride out the continued influence of the COVID 19 infection.
- We are postponing/limiting investment other than railway safety investment and investment in the Miyazaki and Kumamoto station area development projects. In addition, we are advancing initiatives to thoroughly reduce costs.

Amount of decline in EBITDA by segment in 1st quarter (YoY)



Reevaluating growth investment, maintenance and upgrade investment

- Considering reevaluation of capital investment on a scale of several tens of billions of yen



Status of fund-raising

New borrowing	¥100.0 billion
Bond issuance	¥40.0 billion
Establishment of commitment line	¥120.0 billion
CP issuance	Acquisition of (a-1+) short-term rating

Initiatives to reduce costs

- Controlling personnel costs through the use of temporary leave, etc.
- Implementing significant reductions in operational expenses, such as advertising and promotion expenses
- Thoroughly reevaluating operations by using IT tools, etc.
- Controlling and postponing maintenance expenses, other than expenses related to safety

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- Next, I will discuss the area of cash flow management.
- Assuming that, in a worst case scenario, the revenue situation will remain the same as it was during the state of emergency, we have already raised ¥140.0 billion.
- In the first quarter, EBITDA declined by ¥30.5 billion year on year. However, due to fund-raising implemented to date, we have secured sufficient funds to ride out the continued influence of the COVID 19 infection.
- Besides, in accordance with thinking that, for the time being, liquidity at hand is the highest priority, we will limit/postpone capital investment as much as possible, other than railway safety investment and capital investment in the Miyazaki and Kumamoto station area development projects.
- In addition, in regard to non-consolidated personnel and non-personnel expenses, we are now aiming to reduce expenses by approximately ¥10.0 billion more than the reduction that we had estimated at the beginning of the term. Group companies are also moving forward with reductions in expenses.
- Next, I will explain our forecasts for performance and dividends in FY2021.3. Please turn to the next slide.

Forecasts for FY21.3



- Due to the influence of COVID 19 infection, future revenue trends are very unclear, and it is difficult to rationally calculate performance forecasts. Accordingly, at this point we have not yet determined our consolidated forecasts.
- At this point, our annual dividends have not yet been determined, including the interim dividend.
- In the future, when it becomes possible to make a forecast, we will release it promptly.

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- With consideration for the explanations provided up to this point, I will discuss our performance forecast and annual dividends for FY2021.3. Due to the influence of COVID 19 infection, future revenue trends, etc., are very unclear, and it is difficult to rationally calculate a performance forecast. Accordingly, our forecasts have not yet been determined at this point. In the future, when it becomes possible to make a forecast, we will release it promptly.
- Next, I will discuss the status of major damage caused by heavy rains in July 2020. Please turn to the next slide.

Status of major damage caused by heavy rains in July 2020



- Over the period from July 3 to 10, 17 train lines were damaged and operation was suspended on 20 routes.
- On certain segments of the Kyudai Main Line and the Hisatsu Line, restoration is expected to require a considerable amount of time due to bridges being washed away, etc.

Segments that are suspended	Kagoshima Main Line (Kumamoto area) Nagasu - Ueki
Distance	25.2 km
Major damage	Rock and debris influx
Restoration timing	August 3



Segments that are suspended	Kagoshima Main Line (Kumamoto area) Sendai - Kagoshima Chuo
Distance	46.1 km
Major damage	Rock and debris influx
Restoration timing	-July 27: Kushikino - Kagoshima Chuo -August 1: Sendai - Kushikino



Kushikino - Kagoshima Chuo Sendai - Kushikino

* Operation on the Sendai - Kumanojo segment limited to rolling stock entering from Hisatsu Orange Railway



— Kyushu Shinkansen
— Conventional lines
— Halted line segments

Segments that are suspended	Kyudai Main Line Hita - Mukainoharu
Distance	80.1 km
Major damage	Bridges washed away, rock and debris influx, embankment influx, etc.
Restoration timing	-August 8 (planned): Hita - Bungo-Mori -End of August (planned): Shōnai - Mukainoharu -Not yet determined: Bungo-Mori - Shōnai



Segments that are suspended	Hisatsu Line Yatsushiro - Yoshimatsu
Distance	86.8 km
Major damage	Bridges washed away, rock and debris influx, embankment influx, etc.
Restoration timing	Not yet determined



- The heavy rains in July 2020, which have caused concern, resulted in damage throughout Kyushu, mainly in Kumamoto Prefecture, and operation was temporarily suspended on 20 routes.
- We are currently advancing network restoration work. However, on certain segments of the Kyudai Main Line and the Hisatsu Line, there has been serious damage, such as bridges being washed away. Moving forward, we will advance detailed examinations into such issues as restoration methods. We will release information regarding the costs and timing of restoration as these examinations move forward.
- Next, I will discuss initiatives to establish sustainable mobility services. Please turn to the next slide.

Initiatives to Establish Sustainable Mobility Services



MaaS initiatives

- Together with Nishi-Nippon Railroad, from March we have been implementing initiatives to increase the convenience of railway-bus transfers at Shimosone Station. These initiatives have been highly evaluated, and we are considering expanding the area in which they are implemented.
- Our initiatives in Miyazaki have been selected by the Ministry of Land, Infrastructure, Transport and Tourism as an enterprise that advances/supports MaaS in Japan. We will commence verification testing from this fall.



Hitahikosan Line restoration through BRT

- In regard to the Soeda-Yoake segment, which has been suspended since July 2017, we have decided to restore service with BRT.
- In addition to the preparation of roads for exclusive BRT use, on certain segments, BRT will run on general roads near to residential areas. In these ways, we will increase convenience. Through the establishment of new stops, the number of stops will be increased from 10 to 23.
- Construction will take approximately 3 years, and working expenses are expected to be approximately ¥2.6 billion.

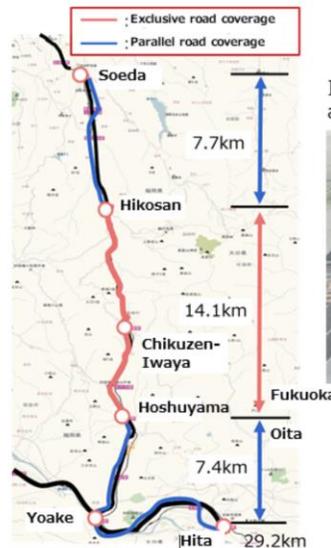


Illustration of Soeda Station after restoration



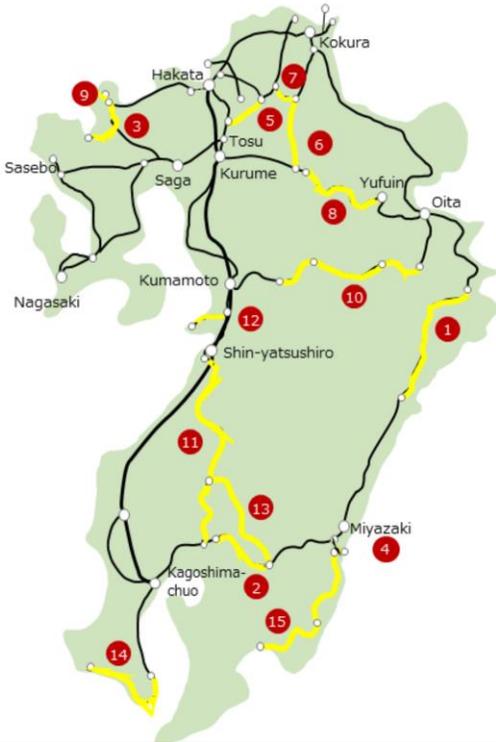
- In regard to MaaS, which is one of our goals under the 2030 Long-Term Vision, we are advancing initiatives to strengthen collaboration with Nishi-Nippon Railroad and other transportation companies.
- From March 2020, we commenced initiatives to enhance the convenience of transfers between our railway lines and Nishi-Nippon Railroad's bus services at JR Shimosone Station. Moving forward, by expanding the area and providing highly convenient services, we will continue to advance initiatives aimed at generating and securing customers who use public transportation organizations.
- In addition, we have been advancing MaaS-related initiatives in Miyazaki, and we were recently selected by the Ministry of Land, Infrastructure, Transport and Tourism as a company that advances/supports MaaS in Japan. We will commence verification testing from this fall. We will work together with local communities to build a sustainable transportation network.
- Also, for the Hitahikosan Line, on which certain segments have been suspended due to heavy rains that occurred in northern Kyushu in July 2017, we decided to restore the suspended segments through BRT. On certain segments, from the perspective of enhancing convenience for residents in the areas around our railway line, we plan to operate BRTs that will run on general roads near to residential areas and to increase the number of stops. In this way, we plan to operate BRT in line with the circumstances in local communities.
- Please turn to the next slide.

Initiatives to Establish Sustainable Mobility Services



Disclosure of profitability by train line

- We will disclose profitability for train lines that had an average of less than 2,000 passengers per day in May 2020.
- We will share the difficult situation with regard to profitability with local governments and residents in areas around our railway lines. Aiming to enhance the sustainability of train lines, we will advance collaborative initiatives.



No.	Name of line	Segment	Operating kilometers (Km)	Profitability in FY2019.3	
				Operating profit (loss) (¥ million)	Average number of passengers (passengers/day) FY2019.3
①	Nippo Main Line	Saiki – Nobeoka	58.4	(674)	889
②		Miyakonojō – Kokubu	42.2	(392)	1,438
③	Chikuhi Line	Imari – Karatsu	33.1	(193)	222
④	Miyazaki Airport Line	Tayoshi – Miyazaki Airport	1.4	(6)	1,918
⑤	Chikuho Main Line	Kelsen – Haruda	20.8	—	— (534) [※]
⑥	Hitaohsō Line	Tagawa-Gotōji – Yoake	38.7	—	— (299) [※]
⑦	Gotoji Line	Shin-Iizuka – Tagawa-Gotōji	13.3	(179)	1,315
⑧	Kyūdai Main Line	Hita – Yufuin	51.5	(254)	1,756 (2,027) [※]
⑨	Karatsu Line	Karatsu – Nishi-Karatsu	2.2	(229)	1,005
⑩	Hohi Main Line	Higo-Ozu – Miyaji	30.8	—	— (1,854) [※]
		Miyaji – Bungo-Taketa	34.6	(348)	101 (463) [※]
⑪	Hisatsu Line	Bungo-Taketa – Miemachi	23.9	(206)	951 (1,331) [※]
		Yatsushiro – Hitoyoshi	51.8	(573)	455
		Hitoyoshi – Yoshimatsu	35.0	(261)	105
		Yoshimatsu – Hayato	37.4	(359)	656
⑫	Misumi Line	Uto – Misumi	25.6	(273)	1,242
⑬	Kitto Line	Yoshimatsu – Miyakonojō	61.6	(341)	465
⑭	Ibusuki Makurazaki Line	Ibusuki – Makurazaki	42.1	(405)	291
⑮	Nichinan Line	Tayoshi – Aburatsu	44.0	(485)	1,160
		Aburatsu – Shibushi	42.9	(398)	193

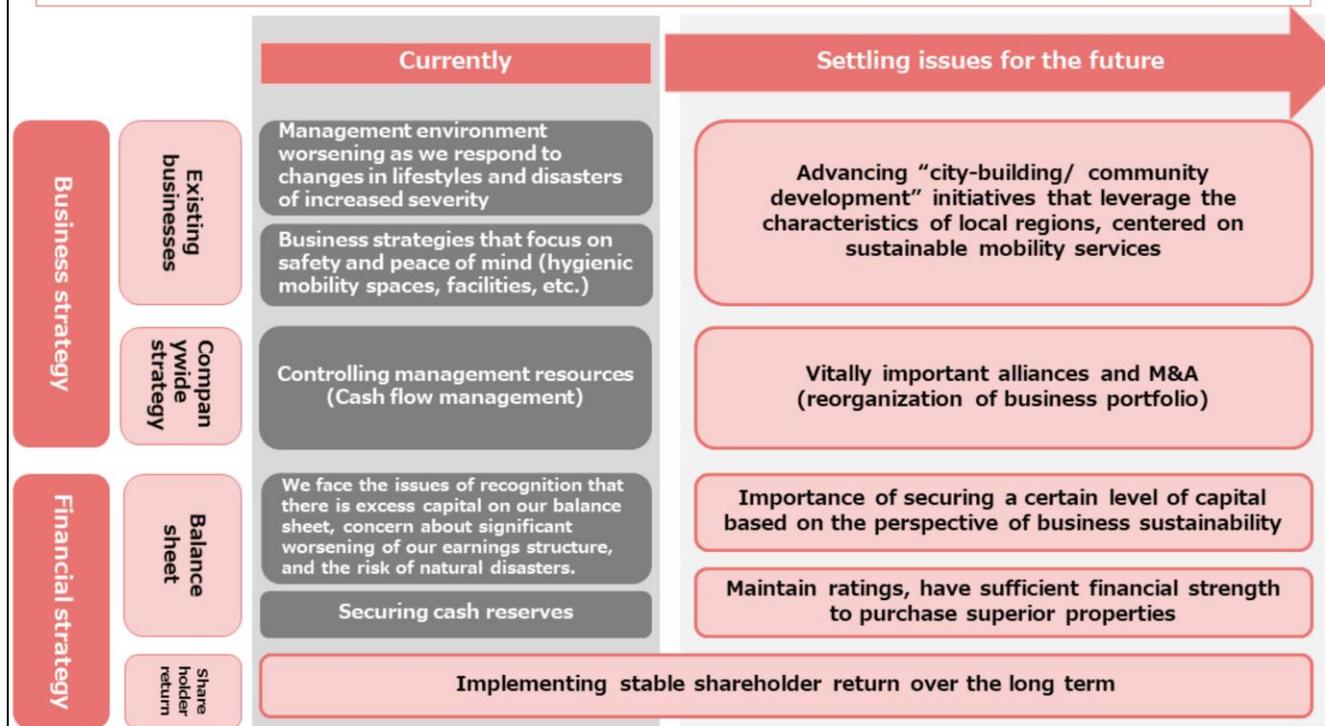
Please use the link below (Company website) to confirm the assumptions, details of calculation methods etc.
 > Usage status by train line : <https://www.jrkyushu.co.jp/company/info/data/senkubetsu.html>

- Targeting the activation of regional routes, we disclosed profitability by train line in order to share usage information with local governments and residents in the areas around our railway lines.
- First, to promote a shared understanding of the difficult circumstances, we will collaborate with local governments and residents in the areas around our railway lines, advance the consideration of initiatives linked to increasing usage on each line, and aim to build a sustainable transportation network.
- Please turn to the next slide.

Outline of Future Plans

2030 Long-Term Vision

We will contribute to the sustainable development of Kyushu through city-building/ community development initiatives that leverage the distinctive characteristics of local communities, centered on safe and secure mobility services.



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- I will discuss the Group's outline of future plans.
- As explained previously, currently our highest priority is the reorganization of existing businesses affected by the COVID 19 infection. By working together with stakeholders on initiatives that will enable us to move past the current circumstances, we will do our utmost in regard to business sustainability.
- On the other hand, with a view toward the period after COVID 19, in collaboration with various stakeholders, we are advancing city-building/community development initiatives centered on sustainable mobility services and moving ahead with consideration of the further reevaluation of our business portfolio. Going forward, we will report on our progress.
- Moreover, even as we work to maintain financial soundness, there is no change to our recognition that we have excess capital on our balance sheet. We recognize the importance of shareholder return, and we are moving forward with consideration of the reevaluation of our financial strategy.
- 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/