

(Translation)

December 9, 2022
Kyushu Railway Company

Opening Remarks for JR KYUSHU IR DAY 2022
(President & CEO Yoji Furumiya)

Greetings, I am Yoji Furumiya. I was appointed president in April 2022. Thank you for coming to JR Kyushu's IR DAY.

Three years have passed since the first case of COVID-19 was discovered. During these three years, the pandemic has been very damaging to the JR Kyushu Group, as well as the economy and society of Japan and Kyushu.

I believe it is important to invigorate companies and employees in order to overcome this situation, and will do my best to once again increase the motivation of our employees.

The other day, we announced the JR Kyushu Group's results for the first half of the fiscal year ending March 31, 2023. In the first quarter, revenue was relatively favorable, but in the second quarter, revenue was weak, owing to a seventh wave of COVID-19 cases. JR Kyushu was profitable for the first half, but results were not that great. However, the Nishi-Kyushu Shinkansen line opened on September 23, and the government nationwide travel support program and other initiatives have also been launched, resulting in a rebound in revenues in October and November. In the railway business, medium-to-long-distance handling revenues were around 80% the pre-pandemic level, and station building tenant sales have come close to pre-pandemic levels, though it varies somewhat by area. Since there is talk about the possibility of an eighth wave of COVID-19 cases, we will manage operations while keeping a close eye on the situation.

Under our medium-term business plan that commenced this fiscal year, the next three years will be period for returning to a growth track. With the aim of restoring profits to pre-pandemic levels, we have set a target of ¥57.0 billion for operating income in the fiscal year ending March 31, 2025, the same amount we targeted in the fiscal year ended March 31, 2022, the final year of the previous medium-term business plan. From the fiscal year ending March 31, 2026, to the fiscal year ending March 31, 2031, JR Kyushu aim to realize sustained growth, and its current medium-term business plan is an important period for preparing for this next stage. In order to achieve sustained growth, it will be necessary to continue investing in the safety of our railway business and investing in growth in the real estate business, while also investing in our employees. In addition, it is important to consider the best way to deploy new technologies for creating the future of railways. We understand there are many issues we need to resolve during the medium-term business plan, including addressing environmental issues.

The Nishi-Kyushu Shinkansen opened for service on September 23, and we have seen a large number of customers come to the Nagasaki area. Although passenger numbers on the Kyushu Shinkansen have been around 80% the pre-pandemic level, passengers on the Nishi-Kyushu Shinkansen are more than 100% the pre-pandemic level. On the weekends in particular, a fairly large number of people have come to visit the Saga and Nagasaki areas. I believe it is important to draw out the benefits of the opening of the Nishi-Kyushu Shinkansen to the western Kyushu area. We must therefore encourage the successful opening of the Nagasaki Station building in about a year, as well as Japanese hotels in the Ureshino Onsen region and the Marriot Hotel in Nagasaki. In spring 2023, the Nanakuma subway line will be extended in Fukuoka City, so JR Kyushu is keen to invest aggressively in the Fukuoka metropolitan area.

JR Kyushu is also focusing investments in its employees and human resources. Soon after I became president, I had to participate in a large number of events that reduced opportunities to exchange opinions with employees, but lately I have been keen to interact with employees, and I will do my best to motivate and invigorate our employees through more communication, including with key personnel. In addition to the creation of a new human resource strategy, we will focus our efforts on revitalizing the JR Kyushu Group and as a result, the entire Kyushu region.

Lastly, I believe IR DAY is an invaluable opportunity to interact with investors and other stakeholders while sharing opinions on a wide range of topics, and look forward to meeting with you. The discussions we have here will be shared internally with our employees, in addition to the Board of Directors.

Today, we will give presentations about the railway of the future, as well as development of areas around Nagasaki Station, and the CFO will discuss progress on ESG initiatives. We have set aside some time for discussions between the outside directors and investors, so please share your valuable thoughts with us. Again, thank you for coming today.