# FY24.3
# Financial Results Overview, First Quarter

August 8, 2023

KYUSHU RAILWAY COMPANY

- I am Hideki Yoshiura, the general manager of Finance Department. I would like to thank everyone for taking the time to join us.

- Today, I will discuss our financial results for the first three months of the fiscal year ending March 31, 2024, our full-year performance forecast, the status of our segments, and the progress of initiatives under our medium-term business plan.

- First, I will discuss our financial results for the first three months of the fiscal year ending March 31, 2024. Please turn to slide 4.

# Contents

# I Financial Results for the First Three-Months of FY24.3

## Consolidated Financial Highlights for the Three-Month Period Ended June 30, 2023

(¥bil)

| | 3 months ended June, 30 2022 | 3 months ended June, 30 2023 | YoY | |
|---|---|---|---|---|
| **Operating revenue** | 90.4 | 97.9 | 7.4 | 108.2% |
| **Operating income** | 7.8 | 13.4 | 5.6 | 171.1% |
| **Ordinary income** | 8.5 | 13.7 | 5.1 | 160.3% |
| **Extraordinary gains and losses** | (0.2) | 8.4 | 8.6 | - |
| **Net income attributable to owners of the parent** | 6.9 | 17.7 | 10.8 | 257.1% |
| **EBITDA**※ | 14.7 | 21.1 | 6.4 | 143.4% |

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

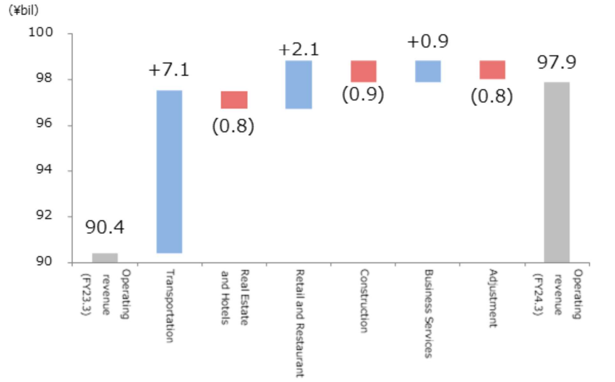
### Operating revenue・income

The sale of properties decreased, but revenues and profit increased due to such factors as modest demand recovery in each business.

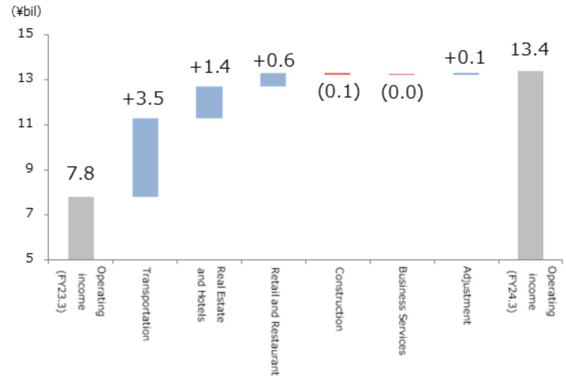
### Extraordinary gains and losses

Increased due to a gain on sale of Drug Eleven sharers, as well as other factors

### Change in operating revenue by segment




### Change in operating income by segment






- Operating revenue rose ¥7.4 billion year on year, to ¥97.9 billion, as demand recovered gradually in the railway and other businesses. Behind this demand was the easing of restrictions on behavior and the normalization of socioeconomic activity, spurred by such factors as the reclassification of COVID-19 to a Class 5 infectious disease under the Infectious Disease Control Law.

- Buoyed by the rise in operating revenue, operating income also increased ¥5.6 billion year on year, to ¥13.4 billion. EBITDA grew ¥6.4 billion year on year, to ¥21.1 billion.

- Net income attributable to owners of the parent was up ¥10.8 billion, to ¥17.7 billion, benefiting from an extraordinary gain associated with a gain on sales of shares in Drug Eleven.

- Next, I will discuss our full-year performance forecast. Please turn to slide 8.

# Consolidated Results for the First Three Months of FY24.3 (by Segment)

(¥bil)

| | 3 months ended June, 30 2022 | 3 months ended June, 30 2023 | YoY | | Major factors |
|---|---|---|---|---|---|
| Operating revenue | 90.4 | 97.9 | 7.4 | 108.2% | |
| Transportation | 31.4 | 38.5 | 7.1 | 122.7% | |
| Railway Business (non-consolidated) | 31.1 | 37.9 | 6.7 | 121.8% | Increase due to moderate recovery in demand |
| Real Estate and Hotels | 32.6 | 31.7 | (0.8) | 97.3% | |
| Real Estate Lease | 14.9 | 16.2 | 1.3 | 109.3% | Increase in revenues from leases due to moderate recovery in demand |
| Real Estate Sales | 14.4 | 10.1 | (4.3) | 69.9% | Decrease in the sale of properties, increase in the sale of condominiums |
| Hotel Business | 3.2 | 5.3 | 2.0 | 164.2% | Increase due to moderate recovery in demand |
| Retail and Restaurant | 12.3 | 14.4 | 2.1 | 117.2% | Increase due to moderate recovery in demand |
| Construction | 16.3 | 15.3 | (0.9) | 93.9% | Decrease in construction related to the Nishi-Kyushu Shinkansen |
| Business Services | 16.7 | 17.7 | 0.9 | 105.5% | |
| Operating income | 7.8 | 13.4 | 5.6 | 171.1% | |
| Transportation | 2.3 | 5.8 | 3.5 | 247.0% | |
| Railway Business (non-consolidated) | 2.5 | 5.9 | 3.3 | 230.7% | |
| Real Estate and Hotels | 5.1 | 6.6 | 1.4 | 128.9% | |
| Real Estate Lease | 3.7 | 4.0 | 0.2 | 107.9% | |
| Real Estate Sales | 1.5 | 1.7 | 0.2 | 114.2% | |
| Hotel Business | (0.1) | 0.8 | 0.9 | - | |
| Retail and Restaurant | (0.0) | 0.6 | 0.6 | - | |
| Construction | (0.4) | (0.5) | (0.1) | - | |
| Business Services | 0.9 | 0.9 | (0.0) | 98.8% | |
| EBITDA | 14.7 | 21.1 | 6.4 | 143.4% | |
| Transportation | 4.8 | 8.7 | 3.9 | 182.0% | |
| Railway Business (non-consolidated) | 4.9 | 8.7 | 3.8 | 176.9% | |
| Real Estate and Hotels | 8.6 | 10.3 | 1.7 | 120.4% | |
| Real Estate Lease | 6.6 | 7.1 | 0.4 | 107.2% | |
| Real Estate Sales | 1.5 | 1.7 | 0.2 | 114.2% | |
| Hotel Business | 0.3 | 1.4 | 1.0 | 375.2% | |
| Retail and Restaurant | 0.2 | 0.9 | 0.6 | 310.6% | |
| Construction | (0.1) | (0.3) | (0.2) | - | |
| Business Services | 1.5 | 1.6 | 0.1 | 109.1% | |

# Non-Consolidated Results for the First Three Months of FY24.3

(¥bil)

| | 3 months ended June, 30 2022 | 3 months ended June, 30 2023 | YoY | | Major Factors |
|---|---|---|---|---|---|
| **Operating revenue** | 53.4 | 56.6 | 3.1 | 106.0% | |
| **Railway transportation revenues** | 27.5 | 34.2 | 6.6 | 124.0% | Moderate recovery in demand |
| **Shinkansen** | 9.0 | 13.1 | 4.0 | 145.3% | |
| **Conventional Lines** | 18.5 | 21.1 | 2.5 | 113.6% | |
| **Other revenue** | 25.8 | 22.4 | (3.4) | 86.8% | Decrease in the sale of properties, increase in the sale of condominiums |
| **Operating expense** | 45.7 | 45.3 | (0.4) | 99.1% | |
| **Personnel expense** | 9.7 | 10.3 | 0.6 | 106.2% | |
| **Non-personnel expense** | 29.0 | 27.0 | (2.0) | 92.9% | |
| **Energy cost** | 2.2 | 2.8 | 0.5 | 123.6% | Unit price increase due to soaring resource prices |
| **Maintenance cost** | 4.6 | 5.0 | 0.4 | 109.2% | |
| **Other** | 22.1 | 19.1 | (3.0) | 86.3% | Decrease in cost of sales due to the sale of properties, increase in cost of sale due to the sale of condominiums |
| **Taxes** | 2.7 | 3.1 | 0.4 | 115.8% | |
| **Depreciation cost** | 4.2 | 4.8 | 0.6 | 114.9% | |
| **Operating income** | 7.7 | 11.3 | 3.6 | 146.8% | |
| **Non-operating income and expense** | 4.4 | 4.7 | 0.3 | 108.2% | |
| **Ordinary income** | 12.1 | 16.1 | 3.9 | 132.7% | |
| **Extraordinary gain and losses** | (0.0) | 8.2 | 8.2 | - | Increase due to a gain on the sale of Drug Eleven shares |
| **Net income** | 10.7 | 20.5 | 9.7 | 190.7% | |

Results by business (non-consolidated) (included in above table) (¥bil)

| | | 3 months ended June, 30 2022 | 3 months ended June, 30 2023 | YoY | |
|---|---|---|---|---|---|
| **Railway business** | **Operating revenue** | 31.1 | 37.9 | 6.7 | 121.8% |
| | **Operating income** | 2.5 | 5.9 | 3.3 | 230.7% |
| **Related businesses** | **Operating revenue** | 22.3 | 18.7 | (3.6) | 83.9% |
| | **Operating income** | 5.1 | 5.3 | 0.2 | 104.4% |

# Ⅱ Full-Year Performance Forecasts and Dividend Forecasts for FY24.3

## Consolidated Financial Forecast Highlights for FY24.3

(¥bil)

| | Results FY23.3 | Forecasts FY24.3 | YoY | |
|---|---|---|---|---|
| **Operating revenue** | 383.2 | 417.0 | 33.7 | 108.8% |
| **Operating income** | 34.3 | 45.7 | 11.3 | 133.1% |
| **Ordinary income** | 35.7 | 45.9 | 10.1 | 128.6% |
| **Net income attributable to owners of the parent** | 31.1 | 40.7 | 9.5 | 130.6% |
| **EBITDA** | 63.8 | 78.3 | 14.4 | 122.6% |

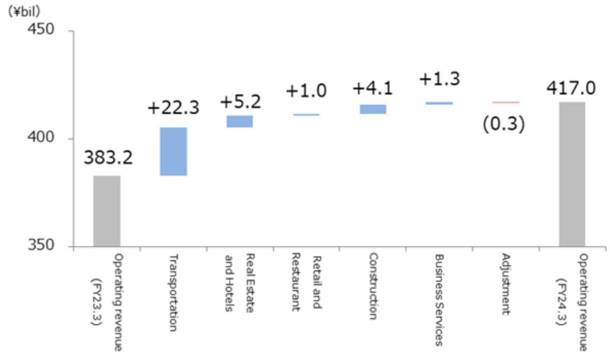
Operating revenue

Even though we expect a decrease in the sale of properties, we anticipate a rise in revenues owing to such factors as the gradual recovery of demand in each segment and the opening of the Nagasaki Station area development.

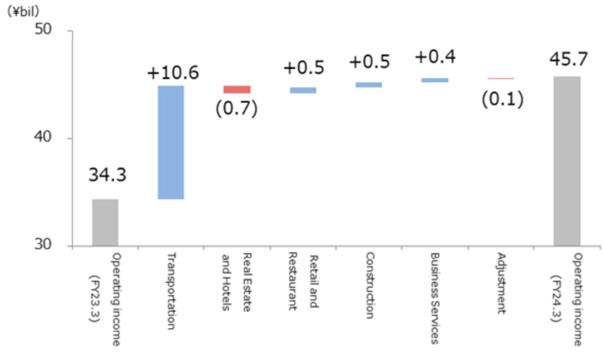
Operating income

We anticipate higher income, owing to increased operating revenues, despite rising energy costs in the railway business, expenses related to the opening of the Nagasaki Station area development, and other expenses.

### Change in operating revenue by segment




### Change in operating income by segment






- Taking into account our first-quarter performance, we leave our performance and dividend forecasts unchanged from the figures announced on May 11.

- We will continue to monitor the recovery in revenue. Along the way, we will promote various measures to meet this year's performance targets and the numerical management targets in our medium-term business plan.

- Next, I will discuss the status of our segments. Please turn to slide 13.

# Consolidated Financial Forecasts for FY24.3 (by segment)

(¥bil)

| | Results FY23.3 | Forecasts FY24.3 | YoY | | Major factors |
|---|---|---|---|---|---|
| Operating revenue | 383.2 | 417.0 | 33.7 | 108.8% | |
| Transportation | 138.3 | 160.7 | 22.3 | 116.2% | Increase due to moderate recovery in demand |
| Railway Business (non-consolidated) | 136.5 | 156.9 | 20.3 | 114.9% | |
| Real Estate and Hotels | 123.1 | 128.4 | 5.2 | 104.3% | |
| Real Estate Lease | 62.6 | 68.7 | 6.0 | 109.7% | Increase in revenues from leases due to moderate recovery in demand and opening of the New Nagasaki Station Building and other facilities |
| Real Estate Sales | 43.5 | 38.7 | (4.8) | 88.8% | Decrease in the sale of properties |
| Hotel Business | 16.9 | 21.0 | 4.0 | 124.2% | Increase due to moderate recovery in demand |
| Retail and Restaurant | 54.7 | 55.8 | 1.0 | 101.9% | |
| Construction | 88.3 | 92.5 | 4.1 | 104.7% | |
| Business Services | 73.4 | 74.8 | 1.3 | 101.8% | |
| Operating income | 34.3 | 45.7 | 11.3 | 133.1% | |
| Transportation | 2.5 | 13.2 | 10.6 | 523.2% | |
| Railway Business (non-consolidated) | 3.1 | 13.3 | 10.1 | 422.7% | |
| Real Estate and Hotels | 22.1 | 21.4 | (0.7) | 96.8% | |
| Real Estate Lease | 14.8 | 15.3 | 0.4 | 102.7% | |
| Real Estate Sales | 6.2 | 5.1 | (1.1) | 81.6% | |
| Hotel Business | 0.9 | 1.0 | 0.0 | 104.0% | |
| Retail and Restaurant | 1.4 | 2.0 | 0.5 | 141.7% | |
| Construction | 5.4 | 6.0 | 0.5 | 110.2% | |
| Business Services | 3.4 | 3.9 | 0.4 | 111.9% | |
| EBITDA | 63.8 | 78.3 | 14.4 | 122.6% | |
| Transportation | 13.1 | 25.4 | 12.2 | 193.3% | |
| Railway Business (non-consolidated) | 13.5 | 25.2 | 11.6 | 186.4% | |
| Real Estate and Hotels | 36.2 | 37.4 | 1.1 | 103.1% | |
| Real Estate Lease | 26.7 | 28.6 | 1.8 | 107.0% | |
| Real Estate Sales | 6.2 | 5.1 | (1.1) | 81.3% | |
| Hotel Business | 3.2 | 3.7 | 0.4 | 112.4% | |
| Retail and Restaurant | 2.7 | 3.3 | 0.5 | 121.1% | |
| Construction | 6.5 | 7.1 | 0.5 | 109.1% | |
| Business Services | 6.2 | 6.3 | 0.0 | 100.9% | |

# Non-consolidated Financial Forecasts for FY24.3

(¥bil)

| | Results FY23.3 | Forecasts FY24.3 | YoY | | Major factors |
|---|---|---|---|---|---|
| Operating revenue | 211.6 | 228.6 | 16.9 | 108.0% | |
| Railway transportation revenues | 121.4 | 142.8 | 21.3 | 117.6% | Increase due to moderate recovery in demand |
| Shinkansen | 44.0 | 53.9 | 9.8 | 122.4% | |
| Conventional Lines | 77.4 | 88.9 | 11.4 | 114.9% | |
| Other revenue | 90.1 | 85.8 | (4.3) | 95.2% | Decrease in the sale of properties |
| Operating expense | 188.7 | 197.1 | 8.3 | 104.4% | |
| Personnel expense | 40.3 | 41.0 | 0.6 | 101.6% | |
| Non-personnel expense | 118.9 | 122.6 | 3.6 | 103.1% | |
| Energy cost | 10.7 | 12.4 | 1.6 | 115.0% | Unit price increase due to soaring resource prices |
| Maintenance cost | 30.4 | 32.5 | 2.0 | 106.7% | Increase due to lifting of emergency restraints |
| Other | 77.6 | 77.7 | 0.0 | 100.0% | |
| Taxes | 11.5 | 12.5 | 0.9 | 108.3% | |
| Depreciation cost | 17.9 | 21.0 | 3.0 | 116.7% | |
| Operating income | 22.8 | 31.5 | 8.6 | 138.1% | |
| Non-operating income and expense | 4.3 | 5.4 | 1.0 | 124.5% | |
| Ordinary income | 27.1 | 36.9 | 9.7 | 135.9% | |
| Extraordinary gain and losses | 3.8 | 7.0 | 3.1 | 184.1% | Increase due to a gain on the transfer of Drug Eleven shares |
| Net income | 25.4 | 36.8 | 11.3 | 144.8% | |

Forecasts by business (non-consolidated) (included in above table)

(¥bil)

| | | Results FY23.3 | Forecasts FY24.3 | YoY | |
|---|---|---|---|---|---|
| Railway business | Operating revenue | 136.5 | 156.9 | 20.3 | 114.9% |
| | Operating income | 3.1 | 13.3 | 10.1 | 422.7% |
| Related businesses | Operating revenue | 75.0 | 71.7 | (3.3) | 95.5% |
| | Operating income | 19.6 | 18.2 | (1.4) | 92.5% |

# FY24.3 Dividend Forecasts

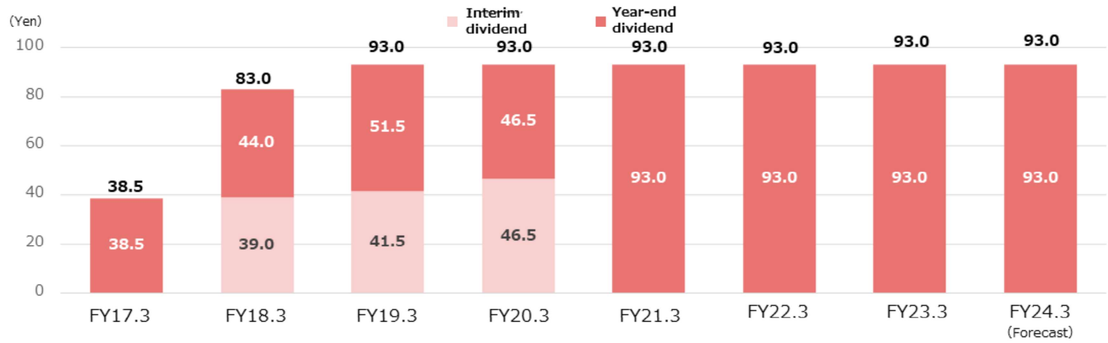
## Shareholder return policy

- JR Kyushu places importance on the stable provision of return to shareholders over the long term. Over the period to FY25.3, we will **aim for a consolidated dividend payout ratio of 35%**, **with a minimum dividend per share of ¥93.0**. We will **flexibly implement share repurchases as necessary**.

## FY24.3 dividend forecasts

- Taking the above-mentioned policy into consideration, **we forecast a FY24.3 dividend of ¥93.0 per share**.
- As in FY23.3, in FY24.3 we plan to award a single dividend at year-end (no interim dividend).

(Reference) Annual dividends per share




| | FY17.3 | FY18.3 | FY19.3 | FY20.3 | FY21.3 | FY22.3 | FY23.3 | FY24.3 (Forecast) |
|---|---|---|---|---|---|---|---|---|
| Dividend payout ratio | 13.8% | 26.3% | 30.2% | 46.9% | - | 110.3% | 46.9% | 35.9% |
| Total payout ratio | 13.8% | 26.3% | 30.2% | 78.6% | - | 110.3% | 46.9% | 35.9% |

* Implementation of a share repurchase (¥10 billion)

# Ⅲ Status of Segments

# Status of and Outlook for Key Businesses (Railway)

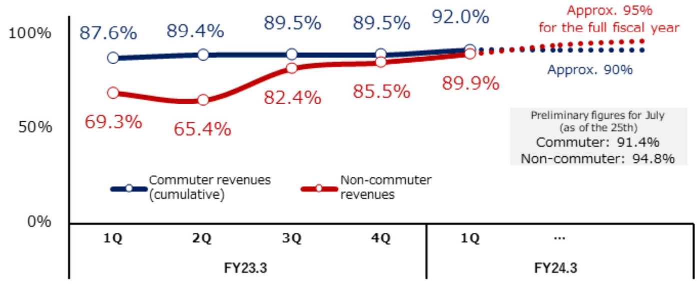
- Although revenue was slightly behind our expectations in Q1, we believe we will be able to recover the forecast levels for the full year.
- Expenses also trended higher in than the previous year, but remained within our scope of expectations.

## Revenue situation

- We expect handling revenues from railway transportation in FY24.3 to reach around 94% of FY19.3 levels.
- In Q1, handling revenues from railway transportation were at 90.3%. Commuter revenues were stronger than expected, while the recovery in non-commuter revenues was slightly slower than expected.
- On a financial reporting basis, railway transportation revenues were 92.8% (92.7% for commuter, 92.8% for non-commuter), so not as far behind expectations as handling revenues.
- In Q1, the number of passengers on the Nishi-Kyushu Shinkansen was 100.1% of FY19.3 levels.

Note: Usage is in comparison with the Kamome express between Isahaya and Nagasaki on the same days.

Handling revenues from railway transportation (vs. FY19.3)



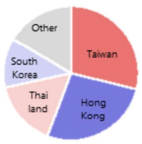

## Status of expenses and disasters

- Energy cost: Year-on-year increase in unit prices was also within expectations
  Maintenance cost: Up year on year, but progressed within expectations
- Damage due to torrential rains
  - Periods: 6/30 to 7/1、7/9 to 7/10
  - Lines damaged: Damage mainly on the Kyudai Main Line, including ballast runoff.
    (Operations suspended between Bungo-Mori and Yufuin from 7/1 to 7/19)
  - Cost of damages: Currently under review

## Status of operating measures

- **Revision on fares for reserved-seating on sightseeing trains (from October 1, 2023)**
  [Revision rate] +16% to +49% (uniform increase of ¥500)
- **Revision on prices for express train commuter passes on conventional lines (from October 1, 2023)**
  [Revision rate] +5% to +12%
- **Revision in rail pass prices for inbound travelers (from October 1, 2023)**
  [Revision rate] For JAPAN RAIL PASS, +49% to +77%
  For JR-KYUSHU RAIL PASS, +7% to 25%
  <Reference> Number of JR-KYUSHU RAIL PASSES sold in Q1
  55,000 passes (98% of FY19.3 levels)

Number of JR-KYUSHU RAIL PASSES sold in Q1 by nationality




Number of foreigners visiting Kyushu in Q1

699,000 (77% of FY19.3 levels)

Note: Preliminary figures, excluding tourist landings by ship.
Source: Ministry of Land, Infrastructure, Transport and Tourism's Kyushu District Transport Bureau

- **Expansion of touch payment verification testing (from July 12, 2023)**
  [Target stations] 5 ⇒ 50




- I will describe the status of our major segments.

- In the railway business, commuter revenues were more robust than we had anticipated, while the pace of recovery in non-commuter revenues was somewhat slower than expected. In the second half, the Company will work to recover by revising prices, including on rail passes for inbound travelers, and running promotions to stimulate travel demand.

- Energy and maintenance costs were up year on year, but they remained within the scope of our expectations for the year.

- The region experienced torrential rains twice during the period from end-June to early July. We experienced damage, mainly on the Kyudai Main Line, including ballast runoff. Operations between Bungo-Mori and Yufuin were suspended until July 19, but we have since returned to operations. The cost of damages is currently under review.

- Please turn to the next slide.

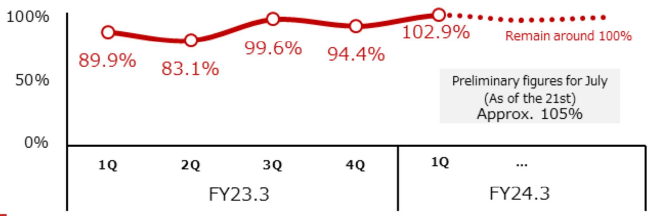
## Status of and Outlook for Key Businesses(Real Estate and Hotels)

- **In Q1, the pace of recovery exceeded expectations, especially at station buildings and hotels, reflecting rising consumer demand and mobility demand.**
- **We anticipate opening expenses of URESHINO YADOYA (scheduled to open on October 1, 2023) and JR Nagasaki Station Building in 2H.**

### Real Estate Leasing Business

- We expect tenant sales from main existing station buildings to be around 100% of FY19.3 levels.
- Boosted by a recovery in foot traffic and growing consumer demand, tenant sales from main existing station buildings were robust in Q1.
- The New Nagasaki Station Building is slated to open in autumn 2023.

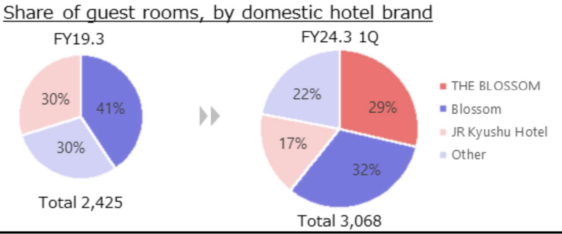
Tenant sales at key existing station buildings* (vs. FY19.3)
* Hakata, Kokura, Nagasaki (excluding new station building), Oita, Kagoshima




### Hotel business

- We assume occupancy rates of around 75%, with ADR of around ¥15,000 to ¥17,000.
- Mobility demand rose in Q1, owing to inbound demand and the categorization of COVID-19 as a Class 5 illness, prompting occupancy rates to recover to 73%. ADR entered the ¥18,000 range, above expectations, driven by higher-end hotels such as THE BLOSSOM series.

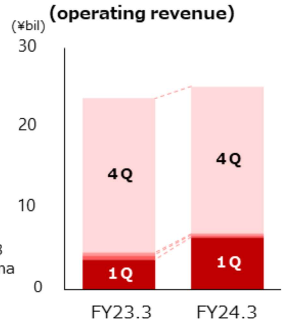
Share of guest rooms, by domestic hotel brand




### Real Estate Sales Business

- We expect operating revenue from condominiums to rise slightly from FY23.3 levels.
- With regard to property sales, in Q1 we sold RJR Precia Shin-Yokohama to a third party. We anticipate combined operating revenue of around ¥10.0 billion for the full year from the sale of properties to a private REIT and to third parties (around ¥17.0 billion in FY23.3).

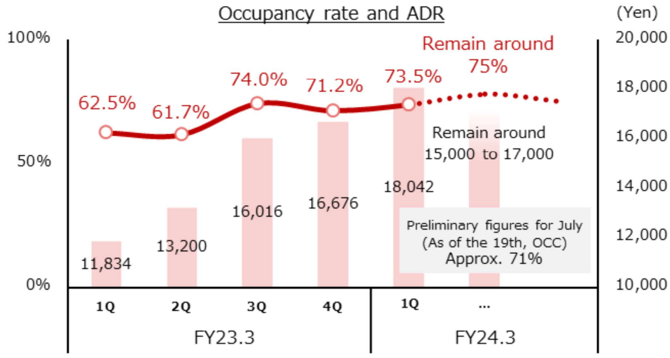
**Condominium sales forecast (operating revenue)**




RJR Precia Shin-Yokohama

Acquisition date: October 2018
Location: Kohoku-ku, Yokohama
Structure: 10 floors above ground, one below
Construction date: May 2009
Floor space: Approx. 5,171㎡
Lot area: Approx. 862㎡

Occupancy rate and ADR






➢ Next, I will describe the status of our real estate and hotels segment.

➢ In the real estate leasing business, tenant sales from our main existing station buildings made a solid start.

➢ In the real estate sales business, revenues were down, reflecting the sale of an office building in the previous year. However, in the current fiscal year, we sold one rental apartment building to a third party, and performance is moving ahead as anticipated toward slight year-on-year uptick in sales of condominiums.

➢ In the hotel business, ADR exceeded our expectations, driven by higher-end hotels such as THE BLOSSOM series. Inbound travelers accounted for approximately 40% of guestrooms, up from a pre-pandemic level of around 20%.

➢ Next, I will discuss progress on the key strategies of our medium-term business plan. Please turn to slide 23.

# Transportation Segment

- In Q1, railway transportation revenues continued the previous year's trend toward recovery, but the level was slightly below our expectations.
- Expenses in the railway business were up year on year, but remained within our scope of expectations.

【Results】

(¥bil)

| | 3 months ended June, 30 2022 | 3 months ended June, 30 2023 | YoY | |
|---|---|---|---|---|
| Operating revenue | 31.4 | 38.5 | 7.1 | 122.7% |
| Railway Business (non-consolidated) | 31.1 | 37.9 | 6.7 | 121.8% |
| Railway transportation revenues | 27.5 | 34.2 | 6.6 | 124.0% |
| Operating income | 2.3 | 5.8 | 3.5 | 247.0% |
| Railway Business (non-consolidated) | 2.5 | 5.9 | 3.3 | 230.7% |
| EBITDA | 4.8 | 8.7 | 3.9 | 182.0% |
| Railway Business (non-consolidated) | 4.9 | 8.7 | 3.8 | 176.9% |

【Forecasts】

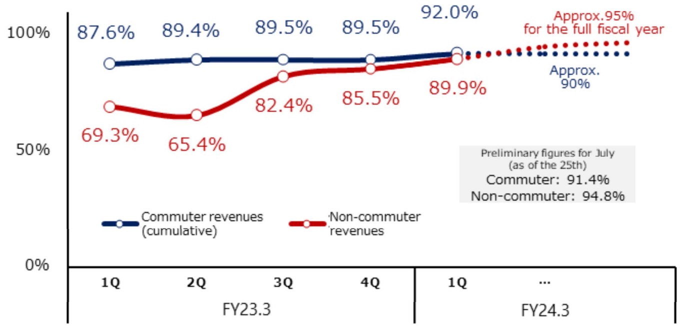
(¥bil)

| | FY23.3 Results | FY24.3 Forecasts | YoY | |
|---|---|---|---|---|
| Operating revenue | 138.3 | 160.7 | 22.3 | 116.2% |
| Railway Business (non-consolidated) | 136.5 | 156.9 | 20.3 | 114.9% |
| Railway transportation revenues | 121.4 | 142.8 | 21.3 | 117.6% |
| Operating income | 2.5 | 13.2 | 10.6 | 523.2% |
| Railway Business (non-consolidated) | 3.1 | 13.3 | 10.1 | 422.7% |
| EBITDA | 13.1 | 25.4 | 12.2 | 193.3% |
| Railway Business (non-consolidated) | 13.5 | 25.2 | 11.6 | 186.4% |

## Assumptions behind performance forecasts

- In FY24.3, we expect commuter revenues to be around 90% of FY19.3 levels, and non-commuter revenues to be around 95%.
- We expect to continue realizing the effects of a ¥14.0 billion reduction in fixed costs in the railway business, achieved in FY23.3. In addition, we anticipate ¥1.0 billion in cost reductions through emergency restraints and revenue-linked cost reductions.
- We believe energy costs in the railway business will be ¥1.6 billion higher (up 15%) than FY23.3 levels, due to soaring electricity prices.

Railway Business | Handling revenues from railway transportation (vs. FY19.3)



# Railway business (transportation data)

## Railway Transportation Revenues

(¥bil)

| | 3 months ended June, 30 2022 | 3 months ended June, 30 2023 | YoY | | Major Factors |
|---|---|---|---|---|---|
| **Total** | 27.5 | 34.2 | 6.6 | 124.0% | |
| **Commuter pass** | 7.4 | 7.7 | 0.2 | 103.8% | |
| **Non-commuter pass** | 20.1 | 26.4 | 6.3 | 131.5% | |
| **Cargo** | 0.0 | 0.0 | 0.0 | 117.6% | |
| **Shinkansen** | 9.0 | 13.1 | 4.0 | 145.3% | |
| **Commuter pass** | 0.6 | 0.7 | 0.0 | 112.6% | Gradual recovery in demand, opening of the Nishi-Kyushu Shinkansen |
| **Non-commuter pass** | 8.3 | 12.3 | 4.0 | 147.9% | |
| **Conventional Lines** | 18.5 | 21.1 | 2.5 | 113.6% | |
| **Commuter pass** | 6.8 | 7.0 | 0.2 | 102.9% | Gradual recovery in demand |
| **Non-commuter pass** | 11.7 | 14.0 | 2.3 | 119.9% | |

## Passenger-Kilometers

(Millions of passenger-kilometer)

| | 3 months ended June, 30 2022 | 3 months ended June, 30 2023 | YoY | |
|---|---|---|---|---|
| **Total** | 1,816 | 2,070 | 254 | 114.0% |
| **Commuter pass** | 1,023 | 1,047 | 23 | 102.3% |
| **Non-commuter pass** | 792 | 1,022 | 230 | 129.1% |
| **Shinkansen** | 319 | 453 | 133 | 141.7% |
| **Commuter pass** | 50 | 56 | 6 | 112.7% |
| **Non-commuter pass** | 269 | 396 | 126 | 147.1% |
| **Conventional Lines** | 1,496 | 1,617 | 120 | 108.1% |
| **Commuter pass** | 973 | 991 | 17 | 101.8% |
| **Non-commuter pass** | 522 | 626 | 103 | 119.8% |

# Real Estate and Hotels Segment: Real estate leasing business

- **In Q1, station building tenant sales recovered at a faster pace than we had anticipated, centered on Hakata City, owing to an rebound in foot traffic.**
- **In office buildings and rental apartments, performance remained robust, with no major changes to vacancy rates at currently owned properties.**

【Results】

(¥bil)

| | 3 months ended June, 30 2022 | 3 months ended June, 30 2023 | YoY | |
|---|---|---|---|---|
| **Operating revenue** | 14.9 | 16.2 | 1.3 | 109.3% |
| **Operating income** | 3.7 | 4.0 | 0.2 | 107.9% |
| **EBITDA** | 6.6 | 7.1 | 0.4 | 107.2% |

【Forecasts】

(¥bil)

| FY23.3 Results | FY24.3 Forecasts | YoY | |
|---|---|---|---|
| 62.6 | 68.7 | 6.0 | 109.7% |
| 14.8 | 15.3 | 0.4 | 102.7% |
| 26.7 | 28.6 | 1.8 | 107.0% |

## Assumptions behind performance forecasts

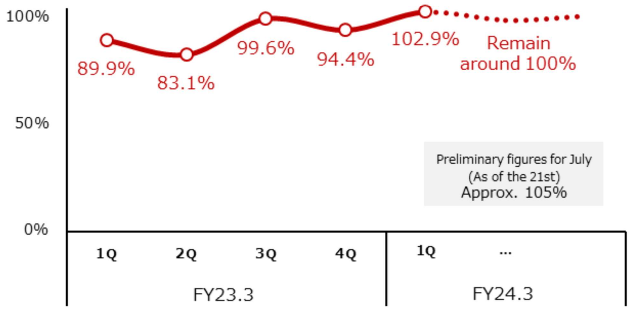
- We expect tenant sales from main existing station buildings to be around 100% of FY19.3 levels.
- At office buildings and rental apartments, we expect a decline in rents due to the sale of properties, although we expect performance to remain solid.
- Openings include the JR Kagoshima Chuo Building in April 2023, the JR Nagasaki Station Building in autumn 2023, the project to utilize the former site of Sunoko elementary school in January 2024, and CONNECT SQUARE HAKATA (the project for effective use of the site of the Fukuoka Prefecture east government building) in March 2024.

## TOPIC

- We acquired the Sunny Side Mall Kokura in July 2023.

Lot area: 36,250㎡
Floor space: 78,758㎡
Number of stores: Total of 116 stores

**Tenant sales at key existing station buildings* (vs. FY19.3)**
*Hakata, Kokura, Nagasaki (excluding new station building), Oita, Kagoshima



# Real Estate and Hotels Segment: Real Estate Sales Business

- In Q1, condominium sales were up year on year.
- In the period under review, we sold a rental apartment building, whereas we sold an office building in the same period of the previous fiscal year. As a result, the sale of properties was down year on year.

【Results】

(¥bil)

| | 3 months ended June, 30 2022 | 3 months ended June, 30 2023 | YoY | |
|---|---|---|---|---|
| Operating revenue | 14.4 | 10.1 | (4.3) | 69.9% |
| Operating income | 1.5 | 1.7 | 0.2 | 114.2% |
| EBITDA | 1.5 | 1.7 | 0.2 | 114.2% |

【Forecasts】

(¥bil)

| | FY23.3 Results | FY24.3 Forecasts | YoY | |
|---|---|---|---|---|
| Operating revenue | 43.5 | 38.7 | (4.8) | 88.8% |
| Operating income | 6.2 | 5.1 | (1.1) | 81.6% |
| EBITDA | 6.2 | 5.1 | (1.1) | 81.3% |

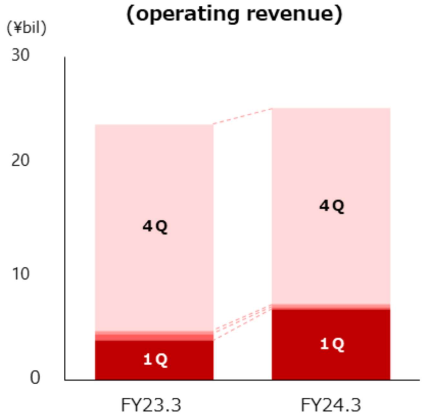
## Assumptions behind performance forecasts

- We expect operating revenue from condominiums to rise slightly from FY23.3 levels.
- With regard to property sales, in Q1 we sold RJR Precia Shin-Yokohama to a third party. We anticipate combined operating revenue of around ¥10.0billion from the sale of properties to a private REIT and to third parties (around ¥17.0 billion in FY23.3).

RJR Precia Shin-Yokohama

Acquisition date: October 2018
Location: Kohoku-ku, Yokohama
Structure: 10 floors above ground, one below
Construction date: May 2009
Floor space: Approx. 5,171㎡
Lot area: Approx. 862㎡

Condominium sales forecast (operating revenue)



# Real Estate and Hotels Segment: Hotel Business

- **In Q1, performance was much higher than anticipated due to a recovery in domestic travelers and growth in inbound demand. The percentage of inbound travelers rose from 20% before COVID-19 to 40%.**
- **ADR reached the ¥18,000 level, driven by hotels in the Tokyo metropolitan area and higher-end brands.**

【Results】

(¥bil)

| | 3 months ended June, 30 2022 | 3 months ended June, 30 2023 | YoY | |
|---|---|---|---|---|
| **Operating revenue** | 3.2 | 5.3 | 2.0 | 164.2% |
| **Operating income** | (0.1) | 0.8 | 0.9 | - |
| **EBITDA** | 0.3 | 1.4 | 1.0 | 375.2% |

【Forecasts】

(¥bil)

| | FY23.3 Results | FY24.3 Forecasts | YoY | |
|---|---|---|---|---|
| | 16.9 | 21.0 | 4.0 | 124.2% |
| | 0.9 | 1.0 | 0.0 | 104.0% |
| | 3.2 | 3.7 | 0.4 | 112.4% |

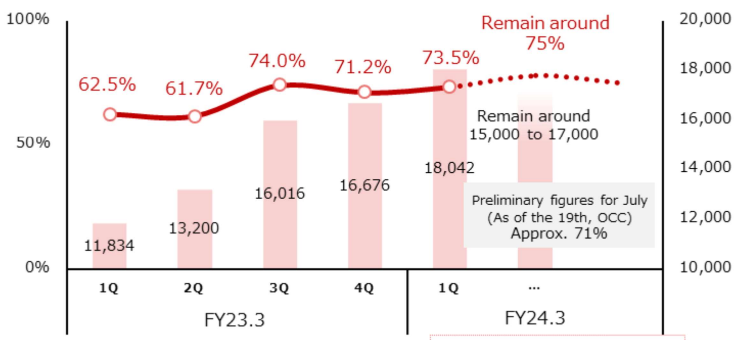
## Assumptions behind performance forecasts

- Across all hotels in Japan, we assume occupancy rates of around 75%, with ADR of around ¥15,000 to ¥17,000.
- We ceased operation of JR Kyushu Hotel Kokura (187 rooms) on March 31, 2023 and of JR Hotel Yakushima (46 rooms) on June 1, 2023.
- URESHINO YADOYA (36 rooms) is scheduled to open (on October 1, 2023).

・Total of 36 rooms (24 rooms in the main wing, 12 rooms in a separate wing)
・All rooms will be equipped with hot springs.
・All the rooms in the separate wing will be suite rooms, with space of around 80㎡ or more.

- Nagasaki Marriott Hotel (207 rooms) is scheduled to open in early 2024.

Occupancy rate and ADR




[Percentage of inbound travelers]
(As a percentage of total room sales)
Approximately 40%

# Retail and Restaurant segment

- In Q1, sales at existing stores in restaurants near stations and in suburban areas benefited from a resurgence in footfall, and performance exceeded expectations.

【Results】

(¥bil)

| | 3 months ended June, 30 2022 | 3 months ended June, 30 2023 | YoY | |
|---|---|---|---|---|
| Operating revenue | 12.3 | 14.4 | 2.1 | 117.2% |
| Operating income | (0.0) | 0.6 | 0.6 | - |
| EBITDA | 0.2 | 0.9 | 0.6 | 310.6% |

【Forecasts】

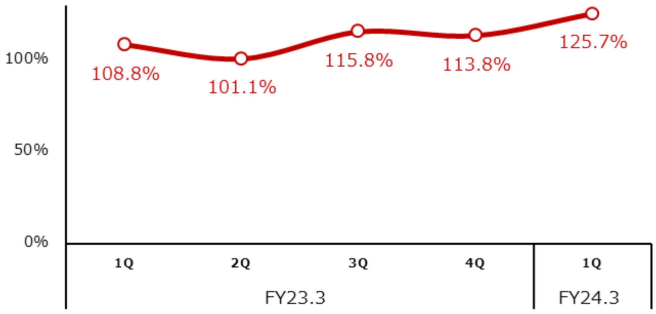
(¥bil)

| | FY23.3 Results | FY24.3 Forecasts | YoY | |
|---|---|---|---|---|
| Operating revenue | 54.7 | 55.8 | 1.0 | 101.9% |
| Operating income | 1.4 | 2.0 | 0.5 | 141.7% |
| EBITDA | 2.7 | 3.3 | 0.5 | 121.1% |

## Status of Key Businesses

- The convenience store business and the restaurant-related franchise business drove performance. Performance was also strong at souvenir-related specialty stores.
- Existing store sales were more than 100% of levels for the same period of the previous year, centered on major subsidiaries.

Segment store sales (vs. FY19.3)




Note: Results exclude JR Kyushu Drug Eleven (as we sold all shares in that company in May 2023).

## TOPIC

- In June 2023, FUJIBAMBI Co., Ltd. became a subsidiary. This company produces and sells confectioneries, centered on "brown sugar donut sticks."

  Headquarters: Kita-ku, Kumamoto City
  Established: 1976

# Construction Segment, Business Services Segment

## Construction Segment

【Results】

(¥bil)

| | 3 months ended June, 30 2022 | 3 months ended June, 30 2023 | YoY | |
|---|---|---|---|---|
| **Operating revenue** | 16.3 | 15.3 | (0.9) | 93.9% |
| **Operating income** | (0.4) | (0.5) | (0.1) | - |
| **EBITDA** | (0.1) | (0.3) | (0.2) | - |

【Forecasts】

(¥bil)

| | FY23.3 Results | FY24.3 Forecasts | YoY | |
|---|---|---|---|---|
| Operating revenue | 88.3 | 92.5 | 4.1 | 104.7% |
| Operating income | 5.4 | 6.0 | 0.5 | 110.2% |
| EBITDA | 6.5 | 7.1 | 0.5 | 109.1% |

## Business Services Segment

【Results】

(¥bil)

| | 3 months ended June, 30 2022 | 3 months ended June, 30 2023 | YoY | |
|---|---|---|---|---|
| **Operating revenue** | 16.7 | 17.7 | 0.9 | 105.5% |
| **Operating income** | 0.9 | 0.9 | (0.0) | 98.8% |
| **EBITDA** | 1.5 | 1.6 | 0.1 | 109.1% |

【Forecasts】

(¥bil)

| | FY23.3 Results | FY24.3 Forecasts | YoY | |
|---|---|---|---|---|
| Operating revenue | 73.4 | 74.8 | 1.3 | 101.8% |
| Operating income | 3.4 | 3.9 | 0.4 | 111.9% |
| EBITDA | 6.2 | 6.3 | 0.0 | 100.9% |

# Ⅳ Progress of the Medium-Term Business Plan

# JR Kyushu Group Medium-Term Business Plan 2022-2024

## Three key strategies of the medium-term business plan

**Robustly promoting three key strategies during the stage for returning the Company to a growth track**

**Completing business structural reforms** — **Key strategy ①**

| | |
|---|---|
| Railway business | Stabilizing profitability |
| Hotel business | Increasing competitiveness of existing hotels |
| Retail and Restaurant business | Increasing the competitiveness of brands and of stores/restaurants |
| Construction business | Implementing transition in primary focus from inside the Group to outside |

**Key strategies for the realization of the long-term vision**

**Key strategy ②** Creating a model for building cities that promote well-being

**Key strategy ③** Developing businesses in new areas in which we can contribute

**Developing human resources for the implementation and realization of strategies**

**Building foundations for advancing strategies on a Groupwide basis**

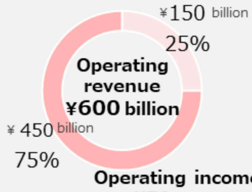
## 2030 Long-Term Vision

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

**Policy ①** Implementing city-building initiatives for the realization of well-being, with consideration for changes in values

**Policy ②** Expanding areas we work in that contribute to the sustainable development of Kyushu

FY31.3 (numerical targets)




**Operating income ¥70 billion**

: Railway transportation revenue : Other revenues

## Numerical targets, etc. (FY25.3)

**【Consolidated】**

**Operating revenue** ¥**440** billion **Operating income** ¥**57** billion

**EBITDA** ¥**94** billion **ROE** [reference] **More than 8%**

**【By segment*】** (¥bil)

| Segment name | Operating revenue | Operating income |
|---|---|---|
| Transportation | 163 | 17 |
| Real Estate and Hotels | 133 | 27 |
| Retail and Restaurant | 65 | 3 |
| Construction | 95 | 7 |
| Business Services | 80 | 4 |

* Segment operating revenues and operating income are prior to elimination of inter-segment transactions.

**【Cumulative investment planned for 2022–2024】**

| Investment plan | (Reference) Fund-raising (plan) |
|---|---|
| **¥340 billion** | |
| **¥225 billion** (including items that have not been confirmed) | Bonds, borrowings, etc. |
| ¥115 billion | Consolidated operating cash flow ¥230 billion |
| ¥58 billion | |

: Growth investment (including M&A)
: Maintenance and upgrade investment
: Safety investment

Financial soundness indicators (end-FY25.3)

| | |
|---|---|
| D/EBITDA | Approx. **5 times** |
| Capital adequacy ratio | Approx. **40%** |

**Shareholder return policy** — JR Kyushu places importance on the stable provision of return to shareholders over the long term. Over the period to FY25.3, we will **aim for a consolidated dividend payout ratio of 35%, with a minimum dividend per share of ¥93.0**. We will flexibly implement share repurchases as necessary.



- We are positioning the three-year period covered by our medium-term business plan through the fiscal year ending March 31, 2025 as the stage for returning the Company to a growth track, with a view to realizing our 2030 Long-Term Vision. We are pursuing three key strategies in this regard.

- Please turn to the next slide.

## Key strategy❶ Completing Business Structural Reforms: Railway Business Through The Future Railway Project

- **Taking a railway business streamlined through BPR as our starting point, we will work to advance mobility and strengthen our management base through the "Future Railway Project" to create the "railway of the future" that will drive city-building in Kyushu.**

### "Future maintenance"

The future we wish to realize: A maintenance system that is very safe and productive, and through the use of accumulated data allows anyone to participate and advance.

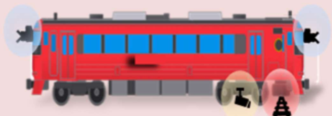
**[Examples of track maintenance]**

**On-board track patrol**

Employees regularly go along operating lines to check and assess conditions along the track, such as whether trains are rocking or whether obstructions are present.

**Target image**

**Track inspections and automatic assessments**



Install measurement devices such as cameras and lasers on trains and automatically transmit information to our offices to perform automatic judgments on obstructions and abnormalities.

[Anticipated results]
- Reduced employee workload, leading to higher productivity
- Improved safety and sustainability as a result of quantitative evaluations that do not rely on experience
- More and more frequent collection of information to realize CBM and minimize life cycle costs

**Current situation**


We have installed equipment on four operating trains that we have already been operating on some lines since 2020. New inspection equipment is under development with the aim of expanding operations to all lines.

**Walking inspections**

Employees regularly conduct walking inspections to check and assess the condition of track joints, switches, and other equipment, as well as changes in the surrounding environment.

**Current situation**


Multifunctional inspection vehicles are under development. As soon as they are finished, we will begin the high-frequency collection of travel data. Development of AI to support and automate decisions on inspection is a challenge for the future.



- We are undertaking business structural reforms in the railway business. Let me introduce "Future maintenance", which we are pursuing as part of the Future Railway Project.

- With regard to track maintenance, employees regularly go along operating trains to check conditions along the track. They also conduct regular walking inspections to assess track conditions. By installing measurement devices so the train itself can handle these tasks and make decisions automatically, more information can be collected with greater frequency. We expect these moves to help realize CBM and minimize life cycle costs.

- These developments should also improve employee productivity and safety and facilitate data-driven assessments of the situation. As a result, we anticipate a more participatory and more sophisticated maintenance system that will help improve the profitability and sustainability of the railroad.

- We have already installed equipment on four operating trains, and this equipment is replacing on-board track patrols by employees on some lines. For walking inspections, as well, we are developing a multifunctional inspection vehicle to enable the collection of track data. In the medium term, our challenge is to develop AI to support and automate inspection decisions.

- Please turn to the next slide.

## Key strategy❶ Completing Business Structural Reforms: Retail and Restaurant Business

● We will improve management through structural reforms and the support of outside specialists. By promoting the reinforcement of existing businesses and brands, we aim to further enhance competitiveness and improve profitability.

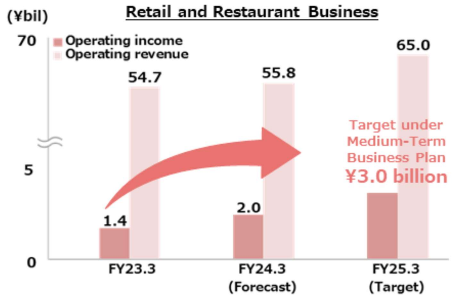
**Issues**

- ●Obsolescence of proprietary brands
- ●Addressing stores and business formats that remain lackluster even post-COVID
- ●Pursuing additional drivers of growth

**Target image**

**Enhanced competitiveness and improved profitability**

- ●Proprietary brands have been invigorated by strengthening product appeal, reviewing purchasing and consumer attraction measures, etc.
- ●Structural reforms are complete
- ●Expanded openings of strong businesses
- ●Taking on the challenges of new businesses and business formats




### Specialty shops (souvenir): Reinforcing existing businesses

- During COVID-19, JR Kyushu Retail expanded business by creating limited-period themed stores and introducing original and limited-edition products with regional characteristics to stimulate new demand stimulation and promote self-consumption.
- Business at specialty shops has performed well due to the synergistic effects of measures taken since COVID-19, as well as a recovery in footfall.

**Sales at specialty shops (existing shops) in Q1 FY24.3**
**106% of pre-COVID levels**

**[Nishi-Kyushu Shinkansen Kamome Fair]**
—Sold original JR Kyushu Retail items at the opening of the Nishi-Kyushu Shinkansen, such as the "Shinkansen Kamome Long Baumkuchen" and the "Shinkansen Kamome Ballpoint Pen"

**[Other examples]**
2020
— **"TOKYO BANANA"** sold at Hakata Station and other locations for a limited time
2021
—First in-station sales of specialty products (botamochi and udon) from **"Suke-san Udon,"** a popular udon noodle shop
2022
—Sold "Pepetama," a signature product of **"Rarukii,"** a popular Fukuoka pasta shop

### Restaurants: Structural reforms and rebranding

- Since COVID-19, JR Kyushu Food Service has engaged in structural reforms, mainly involving the elimination of underperforming stores, but the business situation remains severe.
- Since June 2023, the company has been working to rebuild and strengthen its major brands with support from "GEMINI," which has extensive consulting expertise in the food and beverage industry.

**Structural reforms**

**Price revisions**
Raise product prices to reflect rising raw material costs and worker shortages
↓
Sustained recovery in customer traffic post-COVID, while average customer spend increased
Note: Increase of around 20% for major brands

**Review of store openings**
Discontinue operations at underperforming stores and open new stores in areas that can benefit from earnings increases
↓
Number of loss-making stores fell by half from end-FY21.3 to Q1 FY24.3

**Rebranding**

*GEMINI Strategy Group*
Promotion of measures to revitalize existing brands
Dispatch of support personnel
Execution of measures at individual stores
Management of progress, consolidation of effects
JR九州フードサービス

- ●Brand redefinition
- ●Improved procurement of food ingredients
- ●Review of measures to attract customers and reservation order system
- ●Improvement of menus and food preparation
- ●Reinforcement of management by the numbers
- ●Enhanced recruitment, training, and evaluation of culinary personnel



➢ Next, I will explain our initiatives aimed at "completing business structural reforms" in the retail and restaurant business. A key strategy under the current medium-term business plan outlines our policy toward "increasing the competitiveness of brands and of stores/restaurants" in the retail and restaurant businesses. We are making progress in such areas as revising our store-opening strategy and strengthening existing businesses.

➢ For the business of stores mainly specializing in souvenirs, we worked to counter the pandemic-driven sales decline by creating limited-period themed stores and introducing original and limited-edition products with regional characteristics. These efforts, plus a recovery in footfall, helped drive up first-quarter sales to 106% of pre-pandemic levels.

➢ In the Japanese-style pubs and restaurant business, we pushed forward with structural reforms centered on price revisions and the closure of underperforming facilities. In addition, in June 2023 we enlisted the support of an outside specialist, and we have been working to restructure and strengthen our major brands in order to fundamentally improve our management.

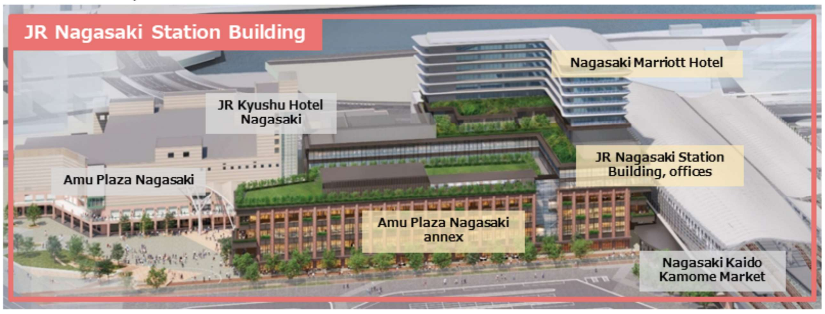
➢ Please turn to the next slide.

## Key strategy❷ Creating a model for building cities that promote well-being: Nagasaki Station area development

- **Implementing a multi-faceted development project as the land gateway to Nagasaki, an international tourism city, including hotels, commercial facilities, offices, and parking lots, to create energy and interaction and promote city-building in Nagasaki**

### JR Nagasaki Station Building (scheduled to open in fall 2023)

- Total floor space of around 160,000㎡ (including the new station building, existing station building, and commercial facilities under elevated railway tracks), and development of a station building second in scale to Hakata
- June 2023 marks the official naming of the JR Nagasaki Station Building, which combines part of the expansion and an existing part of the building
- In the Amu Plaza Nagasaki annex, 86 stores are scheduled to open, bringing the total to 246 stores in all of Amu Plaza Nagasaki when it opens.

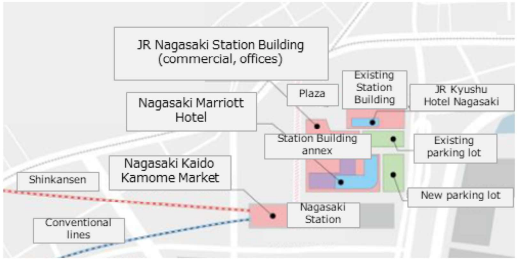



**[Floor space and number of shops]**

| | Floor space | Sales floor space | Number of stores (expected*2) |
|---|---|---|---|
| New station building | Approx. 102,000㎡ | Approx. 21,700㎡ | 86 |
| Commercial facilities | Approx. 41,000㎡ | Approx. 21,700㎡ | 86 |
| Hotels | Approx. 20,000㎡ | - | - |
| Offices | Approx. 9,000㎡ | - | - |
| Parking lots | Approx. 900 units | - | - |
| Commercial facilities under elevated railway tracks | Approx. 4,400㎡ | Approx. 2,200㎡ | 55 |
| Existing station building*1 | Approx. 58,500㎡ | Approx. 24,000㎡ | 105 |
| Parking lots | Approx. 600 units | - | - |
| Total | Approx. 160,000㎡ | Approx. 47,900㎡ | 246 |

*1: Including JR Kyushu Hotel Nagasaki
*2: At the scheduled opening of Amu Plaza Nagasaki annex in fall 2023

**[Overview of the Nagasaki Station area development]**




### Nagasaki Marriott Hotel (scheduled to open in early 2024)

MARRIOTT NAGASAKI

Guest rooms: Total of 207 rooms
Floor space: Approx. 20,000㎡
Floors: Above-ground floors 1, 7–13
Other: 70% of guest rooms have balconies



- Ahead of the commencement of the Nagasaki Station area development this autumn, we have decided on its name, the “JR Nagasaki Station Building.” This will be our second-largest station building, after the one in Hakata.

- In May, we appointed a general manager for the Nagasaki Marriott Hotel, and we are making steady progress toward the opening of this facility in early 2024.

- Please turn to the next slide.

## Key strategy❷ Creating a model for building cities that promote well-being: City-Building in the Kyushu Area

- In addition to the Fukuoka and western Kyushu areas, we are pursuing new developments and acquiring properties in the northern Kyushu and Kagoshima areas.
- We will contribute to expand the non-resident population by utilizing the transportation network to promote city-building around railway lines and at terminal stations.

**Commercial facilities under elevated railway tracks at Orio Station (new development)**

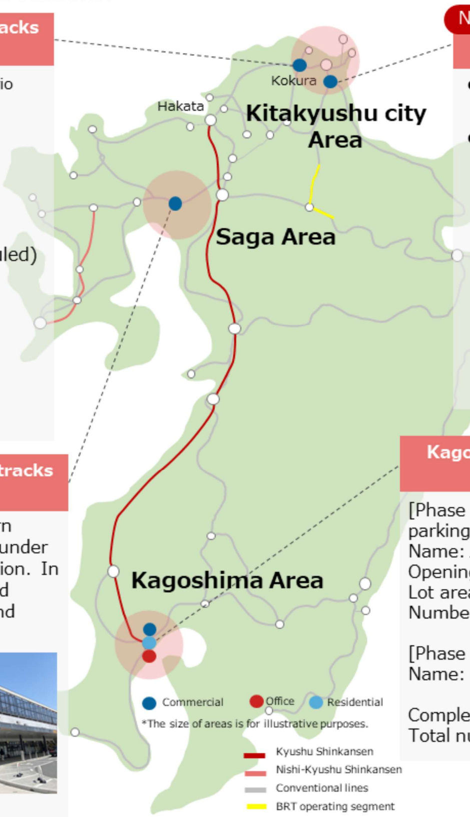
- We are promoting city-building in the area around Orio Station as a comprehensive improvement project for the Orio area. We kicked off these efforts with a new station building in January 2021.

(Ekimachi-1chome Orio)
Name : えきマチ1丁目 折尾
Opening date: September 2023 (scheduled)
Lot area: Approx. 10,700㎡
Number of stores: Total of 29 stores (scheduled)

**Commercial facilities under elevated railway tracks at Saga Station (renewal)**

- As one aspect of our city-building in the western Kyushu area, we are fully renovating the area under the elevated tracks on the west side of the station. In addition to daily station users and neighborhood residents, the facility will also target tourists and business travelers.

(SAGAHATSU)
Name: サガハツ
Opening date: April 2023
Lot area: Approx. 2,800㎡
Number of stores:
Total of 19 stores




New **Commercial facility adjoining Shimosone Station (acquisition)**

- Large, community-based commercial facility adjacent to JR Shimosone Station
- Aim to secure stable revenues and at the same time increase the value of the property by replacing stores and holding events, etc., utilizing the JR Kyushu Group's know-how in the operation of commercial facilities

Name: Sunny Side Mall Kokura
Acquisition date: July 2023
Lot area: 36,250㎡
Floor space: 78,758㎡
Number of stores: Total of 116 stores

**Kagoshima-Chuo Station west entrance development (new development)**

[Phase I development: commercial facilities, offices, multistory parking garage]
Name: JR Kagoshima-Chuo Building /AMU WE (commercial zone)
Opening: April 2023
Lot area: Approx. 6,500㎡
Number of stores: Total of 16 stores

[Phase II development: condominiums]
Name: MJR Kagoshima-Chuo Ekimae
THE GARDEN
Completion date: January 2026 (scheduled)
Total number of units: 156 units

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- ➢ In addition to the Fukuoka and western Kyushu areas, we are moving forward with new developments and acquiring properties in the Kitakyushu and Kagoshima areas. We opened a complex in the Kagoshima area this April. Furthermore, in July we acquired a large commercial facility adjacent to JR Shimosone Station, in the Kitakyushu area.

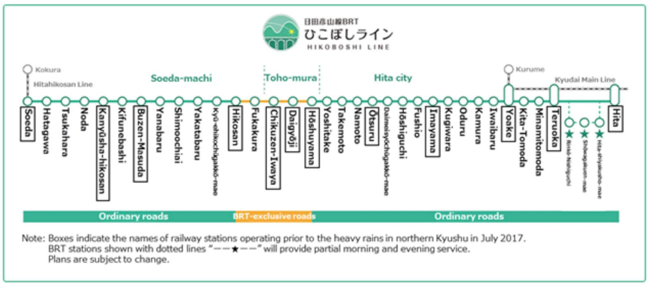
- ➢ We also continue working to develop the retail space under elevated tracks in various areas. This April, we developed “SAGAHATSU,” a retail space under the elevated tracks at Saga Station, and in September we plan to develop retail space under the elevated tracks at Orio Station.

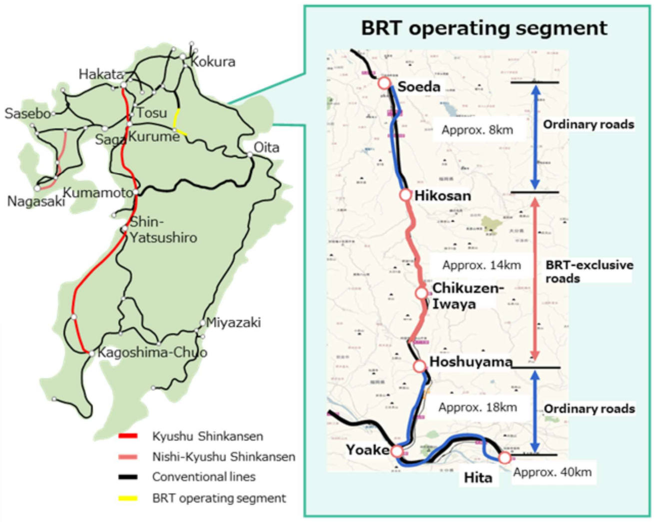
- ➢ Going forward, we will leverage transportation networks to actively promote city-building in areas around railway lines and at terminal stations, thereby contributing to expansion of the non-resident population.

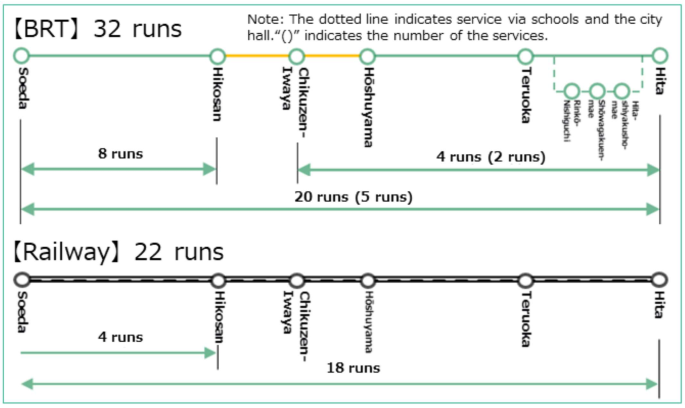
- ➢ Please turn to the next slide.

## Key strategy❷ Creating a model for building cities that promote well-being: The BRT on the Hitahikosan Line

- **On August 28, BRT service is scheduled to commence on the Soeda–Yoake/Hita segment, which a disaster made impassible in July 2017.**
- **The number of stations is set to triple from pre-disaster levels, with around 1.5 times the number of runs, providing routes closely connected to the community.**




**Average time required**

| | Soeda - Hikosan | Chikuzen-Iwaya - Hita | Soeda - Hita |
|---|---|---|---|
| BRT (Direct route) | Approx. 16 min | Approx. 59 min | Approx. 1 hr 32 min |
| BRT (Via schools and the city hall) | – | Approx. 1 hr 2 min | Approx. 1 hr 37 min |

| | Soeda - Hikosan | Chikuzen-Iwaya - Hita | Soeda - Hita |
|---|---|---|---|
| Railway (2017) | Approx. 12 min | Approx. 33 min | Approx. 56 min |



- Last, I would like to talk about the BRT on the Hitahikosan Line.
- Torrential rains in early July damaged some parts of the dedicated road, but we are hard at work in preparation for the opening on August 28.
- As indicated in the timetable we announced the other day, we have set the number of runs at around 1.5 times the number of trains formerly run on this route. By increasing the number of runs during commuting hours and daytime hours, we have made the schedule more convenient and useful for everyone in the community.
- This concludes my presentation. Thank you for your attention.

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