

(Translation)

August 9, 2023

Kyushu Railway Company

**Main Questions and Answers from the Financial Results Web Conference,
First Quarter, FY2024/3**

- Q. How was performance compared with your plans? Please describe results for each business.
- A. In the Railway Business, commuter revenues were higher than expected, but non-commuter revenues were behind expectations. Overall, operating revenue was in line with our expectations. Revenue was slightly above expectations in the Real Estate Leasing, Hotel, and Retail and Restaurant businesses. Expenses were generally in line with expectations, although energy costs in the Railway Business were slightly below expectations. As a result, first-quarter results were generally within our range of expectations.
- Q. Approximately what impact do you expect to see from the price revisions on various railway tickets slated to take place from October?
- A. We anticipate a total annual revenue increase of around ¥1.0 billion.
- Q. How would you assess the status of reservations during the Obon holidays?
- A. The Obon reservation status is weaker for us than for other JR companies, but because of last-minute reservations and the use of non-reserved seating, we will not know for sure until the actual results are available. Our reservation rate is not much different than at other JR companies, so we think our numbers will not be too bad.
- Q. What do you see as the reason the recovery in reservations has been poor at other JR companies?
- A. The situation is the same as during the Golden Week holidays. We will analyze this situation internally.
- Q. How are results for the Nishi-Kyushu Shinkansen? Are any measures in place to sustain the effects of the opening?
- A. In the first quarter, the number of passengers was 100.1% of the pre-opening number on express trains in FY2019/3. Although the number of passengers has decreased slightly year on year as the effect of the opening wanes, performance is still strong. We are planning events in areas around railway lines, and we hope to work with everyone in the community to invigorate the area.

- Q. Touch payment is expanding, but will this lead to a lower turnover rate at ticket gates because of the slower response speed compared to IC cards?
- A. Verification testing is currently underway, but we are not seeing this sort of disadvantage at this point. We will consider introducing the system based on usage.
- Q. The other day, JR East had an accident involving overhead wires. I assume that JR Kyushu is leveraging technology to reduce costs, but should we assume that the risk of accidents increases as costs are reduced?
- A. The introduction of new technologies does not increase the risk of accidents, as maintaining safety features is a prerequisite.
- Q. To what extent will an increase in tenant sales at station buildings affect performance? I assume that the percentages of fixed and variable rents will change. What are the business categories of tenants that are experiencing favorable sales?
- A. We will refrain from responding about the percentages of fixed and variable rents, but increases in tenant revenue contribute to our own revenue to some extent. With regard to business categories, tenant sales are up across the board, but increases are particularly noteworthy in high-end goods and souvenirs.
- Q. Semiconductor-related investment is booming in Kyushu. Does this affect your business? Is your business changing as a result?
- A. We have not felt any clear impact yet, but in Kumamoto the population in areas along train lines could increase. If that happened, we might expect some impact going forward, centered on railway demand. For example, we might see an increase in long-distance travel to Hakata and Kagoshima. Also, Kumamoto Prefecture is planning a new railway line, and we expect that to have some impact.

<A Cautionary Note>

* Please note that this document is a brief summary prepared at the discretion of the Company rather than a verbatim transcript of the questions posed and answers given on the day of the presentation. Furthermore, the statements in this document are judgments made by JR Kyushu based on information and projections available as well as assumptions at the time of the presentation's preparation. Please be advised that actual operating results could greatly differ from the statements in this document due to the COVID-19 situation, changes in people's values and lifestyles, the effects of the economic situation both inside and outside Kyushu and Japan as a whole, real estate market conditions, the progress of our projects, changes in laws and regulations, and a wide range of other risk factors.