



FY21.3

Semi-Annual Investors Meeting

November 5, 2020
Kyushu Railway Company



KYUSHU RAILWAY COMPANY



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Highlights



Second Quarter Financial Results Overview and Full- Year Forecasts

- Declines in consolidated operating revenue, operating income, ordinary income, and net income
- For full-year forecasts and dividend forecasts, no change from announcement on September 24

Status of major segments

- There was a decline in August due to the trend toward people staying inside accompanying a second round of the COVID-19 infections, but generally the moderate underlying recovery trend continued.
- Currently, the results of the Go To Campaign can be seen in each business, and the moderate underlying recovery trend continues.

Medium-Term Business Plan 2019-2021

- The Company determined that the achievement of the targets in the Medium-Term Business Plan, for which the final year is the fiscal year ending March 31, 2022, will be difficult. Accordingly, the Company decided to withdraw the numerical management targets and reference indicators.
- Priority initiatives will be continued after necessary revisions are made, with consideration for circumstances.

Understanding of environment during the period with COVID-19, strategies that can be implemented

- We will advance initiatives to foster demand and business development initiatives to foster new demand.
- Making progress toward the overall completion of the Miyazaki Station west entrance development and the development in the area around Kumamoto Station
- We will accelerate initiatives to reduce costs and increase productivity, such as schedule revisions.

Understanding of issues to be considered in preparation for the period after COVID-19

- Reduced room for the use of debt due to large decline in cash flow
- We will consider securitization of real estate through private REIT formation in order to both (1) achieve sustained growth through continued real estate development in regions around our bases and (2) maintain financial soundness.



I SECOND QUARTER FINANCIAL RESULTS OVERVIEW AND FULL-YEAR FORECASTS



KYUSHU RAILWAY COMPANY

Consolidated Financial Highlights for the Six-Month Period Ended September 30, 2020



	6 months ended September 30, 2019	6 months ended September 30, 2020	YoY	(¥bil)
Operating revenue	212.8	124.5	(88.3)	58.5%
Operating income	30.2	(20.5)	(50.7)	-
Ordinary income	31.0	(19.5)	(50.5)	-
Extraordinary gains and losses	(0.8)	2.9	3.8	-
Net income attributable to owners of the parent	23.0	(10.2)	(33.2)	-
EBITDA ^(※)	42.3	(7.3)	(49.6)	-

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

Operating revenue

Substantial decline in revenue due to such factors as the decrease in railway transportation revenues resulting from the influence of the spread of the COVID-19 infection [¥(44.5) billion] and the influence of JR Kyushu Drug Eleven Co., Ltd. becoming an equity-method affiliate [¥(13.8) billion].

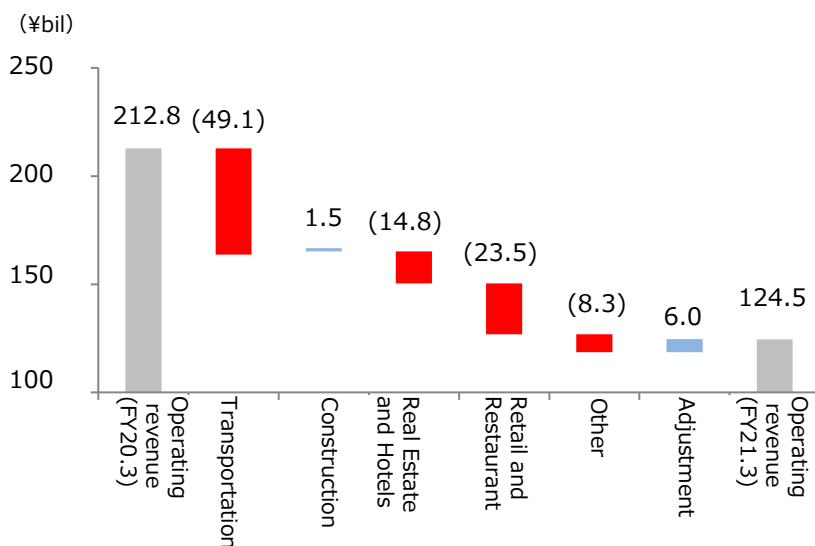
Operating income

Despite efforts to reduce costs, large decline in profits results from significant decrease in revenues.

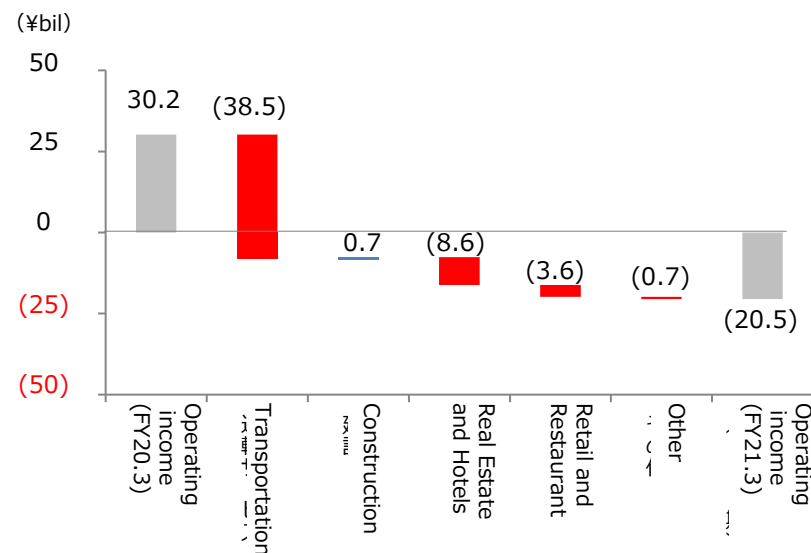
Extraordinary gains and losses

Recorded gain on sale of JR Kyushu Drug Eleven Co., Ltd. shares (+¥9.1 billion), provision for loss on disaster [¥(2.1) billion] related to the restoration of the Hitahikosan Line, and disaster-damage losses [¥(3.2) billion] due to heavy rains in July 2020.

Change in operating revenue by segment



Change in operating income by segment



Results for the First Six Months of FY21.3 (by segment)



(¥bil)

	6 months ended September 30, 2019	6 months ended September 30, 2020	YoY		Major factors
Operating revenue	212.8	124.5	(88.3)	58.5%	
Transportation	90.5	41.3	(49.1)	45.7%	Decrease in passenger demand (railway, hydrofoil ferry, bus) due to influence of the COVID-19 infection
Railway Business (non-consolidated)	86.1	38.9	(47.2)	45.2%	
Construction	34.6	36.1	1.5	104.4%	Increase in Shinkansen-related construction
Real Estate and Hotels	42.1	27.3	(14.8)	64.8%	
Real Estate Lease	27.4	22.9	(4.4)	83.7%	Decrease in revenues from leases (mainly station buildings) due to influence of the COVID-19 infection
Condominium Sales	6.5	1.9	(4.5)	29.3%	Decrease in revenue from sales of condominiums
Hotel Business	8.1	2.4	(5.7)	29.5%	Decrease in number of guests due to influence of the COVID-19 infection
Retail and Restaurant	53.0	29.4	(23.5)	55.5%	Decrease due to transfer of a portion of holdings of shares of JR Kyushu Drug Eleven and to the influence of the COVID-19 infection
Other	36.5	28.2	(8.3)	77.3%	Decrease due to the influence of the COVID-19 infection and to the transfer of the leasing and installment financing businesses
Operating income	30.2	(20.5)	(50.7)	-	
Transportation	17.3	(21.1)	(38.5)	-	
Railway Business (non-consolidated)	17.3	(20.3)	(37.7)	-	
Construction	0.2	1.0	0.7	388.3%	
Real Estate and Hotels	10.1	1.4	(8.6)	14.6%	
Real Estate Lease	8.9	5.0	(3.9)	56.0%	
Condominium Sales	0.6	(0.3)	(0.9)	-	
Hotel Business	0.5	(3.1)	(3.7)	-	
Retail and Restaurant	1.7	(1.9)	(3.6)	-	
Other	1.1	0.4	(0.7)	38.5%	
EBITDA	42.3	(7.3)	(49.6)	-	
Transportation	21.8	(15.7)	(37.6)	-	
Railway Business (non-consolidated)	21.3	(15.4)	(36.8)	-	
Construction	0.8	1.5	0.7	185.2%	
Real Estate and Hotels	15.5	7.4	(8.0)	48.1%	
Real Estate Lease	13.5	9.8	(3.7)	72.6%	
Condominium Sales	0.6	(0.3)	(0.9)	-	
Hotel Business	1.4	(2.0)	(3.4)	-	
Retail and Restaurant	2.5	(1.2)	(3.7)	-	
Other	2.1	1.2	(0.8)	59.1%	

Results for the First Six Months of FY21.3 (non-consolidated)



(¥bil)

	6 months ended September 30, 2019	6 months ended September 30, 2020	YoY		Major Factors
Operating revenue	107.5	56.2	(51.2)	52.3%	
Railway transportation revenues	77.2	32.6	(44.5)	42.3%	Influence of the COVID-19 infection
Shinkansen	28.1	9.0	(19.1)	32.1%	
Conventional Lines	49.0	23.6	(25.4)	48.2%	
Other revenue	30.2	23.6	(6.6)	77.9%	Decrease in revenue from sales of condominiums
Operating expense	83.2	70.3	(12.8)	84.5%	
Personnel expense	24.6	19.7	(4.9)	80.1%	Decline due to the transfer of the hospital business Natural decline due to a decrease in employee numbers
Non-personnel expense	45.2	36.1	(9.0)	80.0%	
Energy cost	4.7	4.0	(0.7)	84.8%	Decrease due suspension of train service
Maintenance cost	13.3	11.1	(2.2)	83.5%	
Other	27.1	21.0	(6.1)	77.4%	Decrease in cost of sales of condominiums
Taxes	6.1	5.9	(0.2)	96.4%	
Depreciation cost	7.1	8.4	1.3	118.6%	
Operating income	24.2	(14.1)	(38.3)	-	
Non-operating income and expense	5.8	9.0	3.1	153.4%	Increase in gains on investment securities
Ordinary income	30.1	(5.1)	(35.2)	-	
Extraordinary gain and losse	(0.7)	3.7	4.5		Increase due to sale of a portion of holdings of the shares of JR Kyushu Drug Eleven (+9.0) - Increase in provision for loss on disaster related to restoration of Hitahikosan Line (-2.1) Increase in disaster expenses associated with heavy rains in July 2020 (-3.2)
Net income	24.4	3.9	(20.4)	16.1%	

Consolidated Financial Highlights for FY21.3



Operating revenue

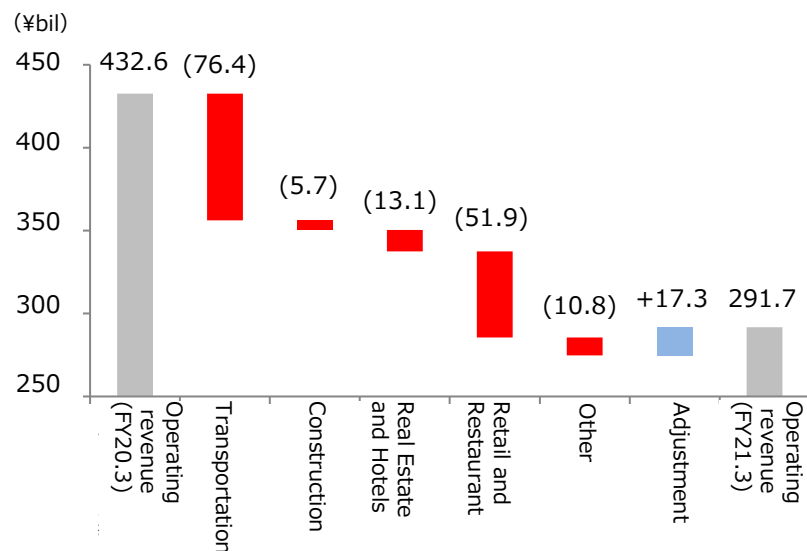
	Results FY20.3	Forecasts FY21.3	YoY	
Operating revenue	432.6	291.7	(140.9)	67.4%
Operating income	49.4	(32.3)	(81.7)	-
Ordinary income	50.6	(31.4)	(82.0)	-
Net income attributable to owners of the parent	31.4	(28.4)	(59.8)	-
EBITDA	75.0	(4.2)	(79.2)	-

Operating revenue declined significantly owing in part to a decrease in railway transportation revenues [¥(69.7) billion] and the influence of changing JR Kyushu Drug Eleven Co., Ltd. to an equity-method affiliate ([¥(39.7) billion].

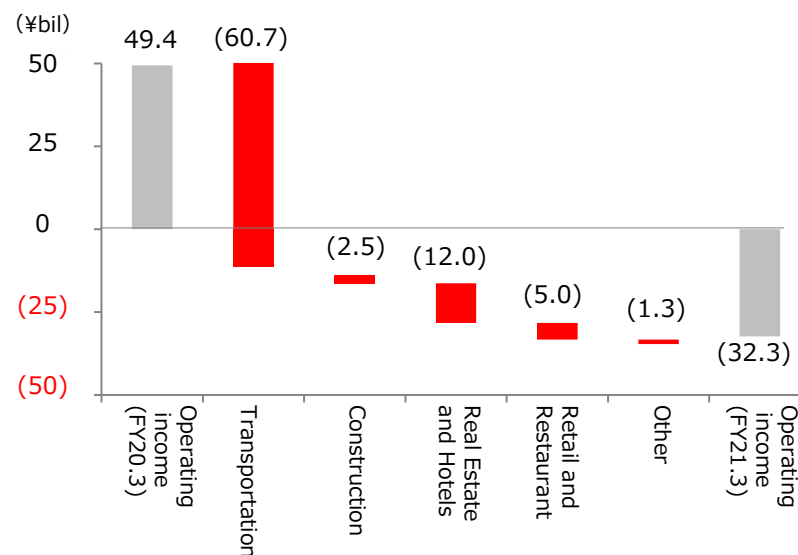
Operating income

Despite planning for cost reductions of approximately ¥14.0 billion on a non-consolidated basis and roughly ¥3.0 billion at Group companies, operating income decreased following the significant decline in operating revenue.

Change in operating revenue by segment



Change in operating income by segment



Consolidated Financial Forecasts (by segment)



(¥bil)

	Results FY20.3	Forecasts FY21.3	YoY		Major factors
Operating revenue	432.6	291.7	(140.9)	67.4%	
Transportation	173.7	97.3	(76.4)	56.0%	Decrease in passenger demand (railway, hydrofoil ferry, bus) due to influence of the COVID-19 infection
Railway Business (non-consolidated)	165.2	92.2	(73.0)	55.8%	
Construction	99.3	93.6	(5.7)	94.2%	Decrease in railway construction orders from JR Kyushu
Real Estate and Hotels	90.7	77.6	(13.1)	85.5%	
Real Estate Lease	55.2	49.5	(5.7)	89.6%	Decrease in revenues from leases (mainly station buildings) due to influence of the COVID-19 infection
Condominium Sales	18.9	21.5	2.5	113.6%	Increase in revenue from sales of condominiums
Hotel Business	16.6	6.6	(10.0)	39.7%	Decrease in number of guests due to influence of the COVID-19 infection
Retail and Restaurant	104.6	52.7	(51.9)	50.4%	Decrease due to transfer of a portion of holdings of shares of JR Kyushu Drug Eleven and to the influence of the COVID-19 infection
Other	72.1	61.3	(10.8)	84.9%	Decrease due to the influence of the COVID-19 infection and to the transfer of the leasing and installment financing businesses
Operating income	49.4	(32.3)	(81.7)	-	
Transportation	19.8	(40.9)	(60.7)	-	
Railway Business (non-consolidated)	20.0	(39.1)	(59.1)	-	
Construction	6.5	4.0	(2.5)	60.8%	
Real Estate and Hotels	19.1	7.1	(12.0)	37.1%	
Real Estate Lease	16.7	11.4	(5.3)	67.9%	
Condominium Sales	1.5	1.9	0.3	121.3%	
Hotel Business	0.7	(6.2)	(6.9)	-	
Retail and Restaurant	2.8	(2.2)	(5.0)	-	
Other	2.2	0.9	(1.3)	39.4%	
EBITDA	75.0	(4.2)	(79.2)	-	
Transportation	29.5	(29.8)	(59.3)	-	
Railway Business (non-consolidated)	28.8	(28.4)	(57.2)	-	
Construction	7.6	5.0	(2.6)	65.0%	
Real Estate and Hotels	30.5	19.7	(10.8)	64.4%	
Real Estate Lease	26.1	21.6	(4.5)	82.7%	
Condominium Sales	1.5	1.9	0.3	120.5%	
Hotel Business	2.8	(3.8)	(6.6)	-	
Retail and Restaurant	4.4	(0.8)	(5.2)	-	
Other	4.3	2.8	(1.5)	64.5%	

Non-consolidated Financial Forecasts



(¥bil)

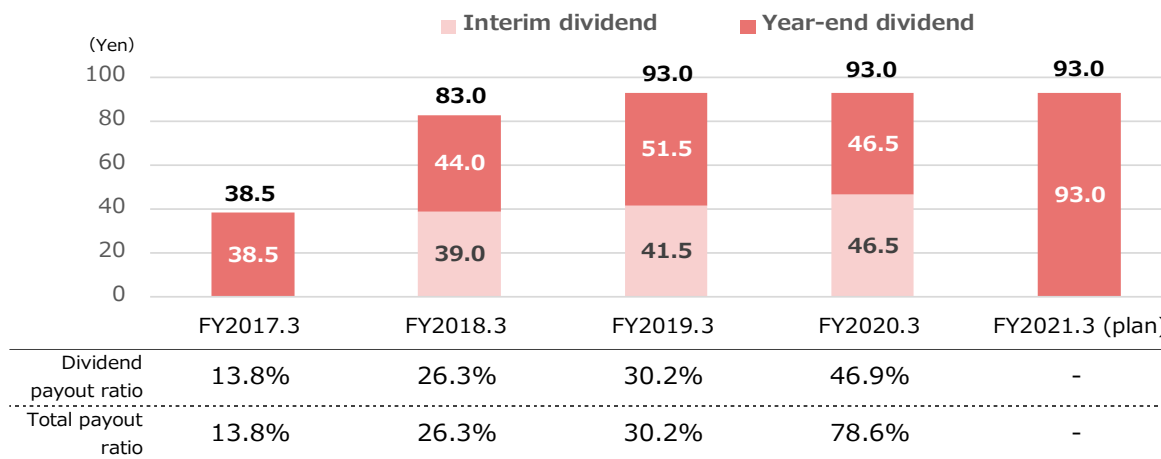
	Results FY20.3	Forecasts FY21.3	YoY		Major factors	Cost reductions
Operating revenue	214.8	145.0	(69.8)	67.5%		
Railway transportation revenues	147.3	77.6	(69.7)	52.7%	Influence of the COVID-19 infection	
Shinkansen	52.3	24.0	(28.3)	45.9%		
Conventional Lines	95.0	53.6	(41.4)	56.4%		
Other revenue	67.5	67.4	(0.1)	99.8%		
Operating expense	180.4	169.5	(10.9)	93.9%		(14.0)
Personnel expense	48.7	39.5	(9.2)	81.0%	Decline due to the transfer of the hospital business (-2.0) Natural decline due to a decrease in employee numbers	(6.0)
Non-personnel expense	105.5	101.2	(4.3)	95.9%		
Energy cost	9.2	8.4	(0.8)	91.0%		(0.5)
Maintenance cost	33.4	30.2	(3.2)	90.2%		(3.5)
Other	62.8	62.6	(0.2)	99.6%	Increase due to sale of hospital business (+2.0) Increase in cost of sales of condominiums (+1.8)	(4.0)
Taxes	10.7	10.9	0.1	101.5%		
Depreciation cost	15.4	17.9	2.4	115.8%		
Operating income	34.3	(24.5)	(58.8)	-		
Non-operating income and expense	6.1	8.7	2.5	140.6%	Increase in dividend income	
Ordinary income	40.5	(15.8)	(56.3)	-		
Extraordinary gain and losse	(6.3)	3.5	9.8	-	Increase due to sale of a portion of holdings of the shares of JR Kyushu Drug Eleven (+9.0) Rebound from increase in provision for loss on guarantees related to loss on QUEEN BEETLE, etc. (+6.5) Increase in provision for loss on disaster related to restoration of Hitahikosan Line (-2.1) Increase in disaster expenses associated with heavy rains in July 2020 (-3.3)	
Net income	28.6	(11.4)	(40.0)	-		

Dividend Forecasts



- The Company views the return of profits to shareholders as one of its most important management tasks. Accordingly, the Company believes it is important to provide stable shareholder returns over the long term.
Over the period to the fiscal year ending March 31, 2022, the Company will aim for a consolidated dividend payout ratio of 35%, with a minimum dividend per share of ¥93. In addition, to increase capital efficiency, the Company will implement share repurchases depending on the situation.
- The Company is forecasting extremely severe results for the fiscal year ending March 31, 2021. However, as a result of consideration in accordance with the above policy, the Company has decided to set the dividend forecast for the fiscal year ending March 31, 2021, at ¥93 per share.
- Up to this point, the Company has paid dividends from retained earnings in two parts — an interim dividend and a year-end dividend. However, matters such as the influence of COVID-19 on future results will require careful consideration, and accordingly we have decided to suspend the interim dividend for FY2021.3 and plans to pay dividends in one part, which will be the year-end dividend.

Annual dividends per share



* Implementation of a share repurchase (¥10 billion)



II STATUS OF MAJOR SEGMENTS



KYUSHU RAILWAY COMPANY

Transportation Segment



【Results】

	6 months ended September 30, 2019	6 months ended September 30, 2020	YoY	(¥bil)
Operating revenue	90.5	41.3	(49.1)	45.7%
Railway Business (non-consolidated)	86.1	38.9	(47.2)	45.2%
Railway transportation revenues	77.2	32.6	(44.5)	42.3%
Operating income	17.3	(21.1)	(38.5)	-
Railway Business (non-consolidated)	17.3	(20.3)	(37.7)	-
EBITDA	21.8	(15.7)	(37.6)	-
Railway Business (non-consolidated)	21.3	(15.4)	(36.8)	-

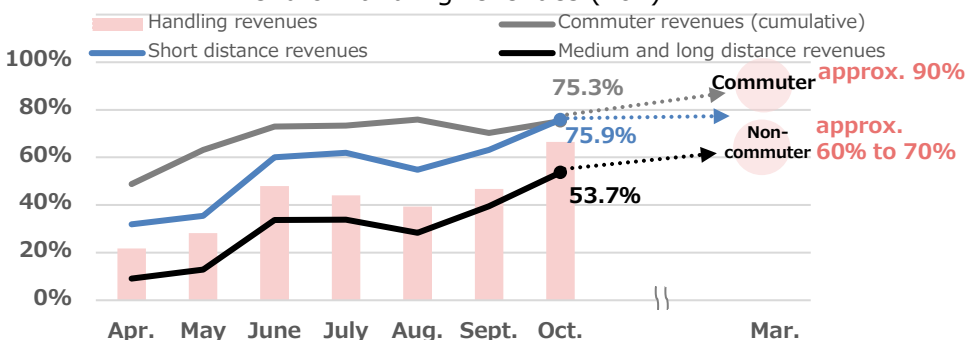
【Forecasts】

	Results FY20.3	Forecasts FY21.3	YoY	(¥bil)
Operating revenue	173.7	97.3	(76.4)	56.0%
Railway Business (non-consolidated)	165.2	92.2	(73.0)	55.8%
Railway transportation revenues	147.3	77.6	(69.7)	52.7%
Operating income	19.8	(40.9)	(60.7)	-
Railway Business (non-consolidated)	20.0	(39.1)	(59.1)	-
EBITDA	29.5	(29.8)	(59.3)	-
Railway Business (non-consolidated)	28.8	(28.4)	(57.2)	-

Railway Business

Monthly trend / Results forecast assumptions

Trend of handling revenues (YoY)



* Figures for October are preliminary figures as of October 26.

Overview

- In the first quarter, 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. As a result, circumstances remained difficult, mainly medium to long distance.
- In the second quarter, in the first half conditions were difficult due to a second round of COVID-19 infections and to the resulting trend toward people staying at home during the Bon holidays. In the second half, the number of people with the COVID-19 infection began to decline, and as a result transportation revenues turned to an underlying trend of recovery.
- Currently, the increase in the number of infected people is limited, and the moderate underlying recovery trend continues.

Status of passenger ship business

- Service on Japan-South Korea routes has been suspended since March 9 due to a government request to halt passenger transportation.
- QUEEN BEETLE new-style hydrofoil ferry arrived in Hakata Port in October. Advancing preparations for placement into service.

Status of bus business

- With some exceptions, normal operations were restarted from late July, but we implemented appropriate revisions, with consideration for the severe usage conditions.

Real Estate and Hotels Segment (1)

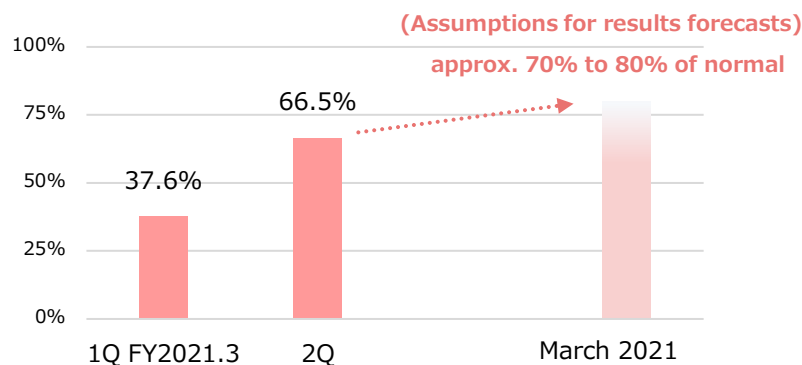


Real estate leasing business

	【Results】				【Forecasts】			
	6 months ended September 30, 2019	6 months ended September 30, 2020	YoY		Results FY20.3	Forecasts FY21.3	YoY	
Operating revenue	27.4	22.9	(4.4)	83.7%	55.2	49.5	(5.7)	89.6%
Operating income	8.9	5.0	(3.9)	56.0%	16.7	11.4	(5.3)	67.9%
EBITDA	13.5	9.8	(3.7)	72.6%	26.1	21.6	(4.5)	82.7%

Quarterly trend / Results forecast assumptions

Tenant sales at five major station buildings (YoY)



Overview

Station buildings

- In the first quarter, revenues were significantly lower due to the closure of station buildings, rent reductions offered to support tenants, etc.*
- In the second quarter, there was a decline in August due to the trend toward people staying at home accompanying a second round of the COVID-19 infections, but generally the underlying recovery trend continued.
- Currently, as this is a period of lower sales due to a rebound from the previous year's rush prior to the increase in the consumption tax, the recovery trend continues on a year-on-year basis,.

*From April to July, implemented reduced rents and exemptions from sales promotion expenses for station building tenants (approx. ¥1.9 billion)

Office buildings, rental apartments

- Solid trend, with no change in vacancy rates

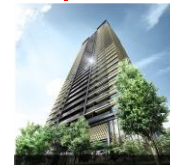
Real Estate and Hotels Segment (2)



Condominium sales business

	【Results】			(¥bil)	【Forecasts】			(¥bil)
	6 months ended September 30, 2019	6 months ended September 30, 2020	YoY		Results FY20.3	Forecasts FY21.3	YoY	
Operating revenue	6.5	1.9	(4.5)	29.3%	18.9	21.5	2.5	113.6%
Operating income	0.6	(0.3)	(0.9)	-	1.5	1.9	0.3	121.3%
EBITDA	0.6	(0.3)	(0.9)	-	1.5	1.9	0.3	120.5%

- We are planning delivery for large-scale properties in Osaka and Fukuoka for which contract signing has generally been completed.



MJR Sakaisuji
Hommachi Tower

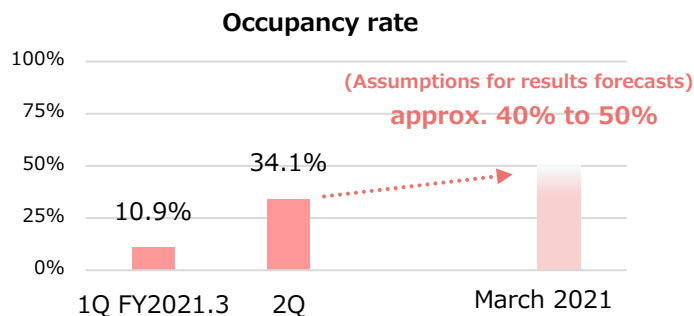


MJR Chihaya
Branchera

Hotel business

	【Results】			(¥bil)	【Forecasts】			(¥bil)
	6 months ended September 30, 2019	6 months ended September 30, 2020	YoY		Results FY20.3	Forecasts FY21.3	YoY	
Operating revenue	8.1	2.4	(5.7)	29.5%	16.6	6.6	(10.0)	39.7%
Operating income	0.5	(3.1)	(3.7)	-	0.7	(6.2)	(6.9)	-
EBITDA	1.4	(2.0)	(3.4)	-	2.8	(3.8)	(6.6)	-

Quarterly trend / Results forecast assumptions



Overview

- In the first quarter, there was a significant decrease in occupancy rates due to the influence of hotel closure and people staying at home.
- In the second quarter, there was a decline in August due to the trend toward people staying at home accompanying a second round of the COVID-19 infections, but generally the underlying recovery trend continued.
- Currently, the Go To Campaign is showing results, and the moderate underlying recovery trend continues. There are also signs of improvement in occupancy rates at hotels in Tokyo and Okinawa, where the circumstances had been especially challenging.

Retail and Restaurant Segment

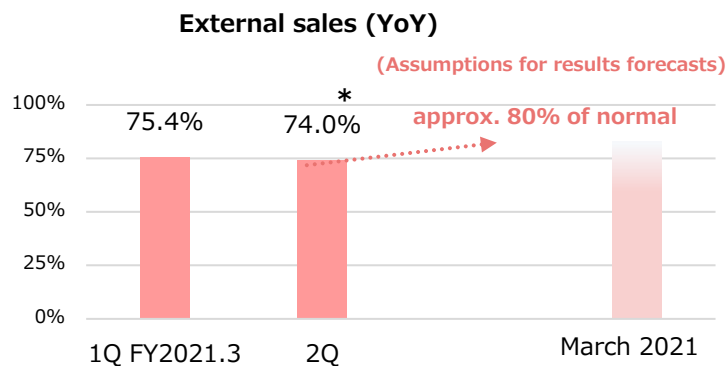


	【Results】				【Forecasts】			
	6 months ended September 30, 2019	6 months ended September 30, 2020	YoY		Results FY20.3	Forecasts FY21.3	YoY	
Operating revenue	53.0	29.4	(23.5)	55.5%	104.6	52.7	(51.9)	50.4%
Operating income	1.7	(1.9)	(3.6)	-	2.8	(2.2)	(5.0)	-
EBITDA	2.5	(1.2)	(3.7)	-	4.4	(0.8)	(5.2)	-

*Amount of influence of JR Kyushu Drug Eleven becoming an equity-method affiliate :
[¥(13.8) billion]

*Amount of influence of JR Kyushu Drug Eleven becoming an equity-method affiliate :
[¥(39.7) billion]

Quarterly trend / Results forecast assumptions



*YoY figures are calculated after subtracting the results of JR Kyushu Drug Eleven, which changed to an equity-method affiliate from the end of the first quarter of this period.

Overview

- In the first quarter, circumstances were challenging, mainly at stores in areas surrounding stations, due to significant declines in the number of visitors to facilities around stations as a result of the decline in railway passengers, closure of station buildings.
- In the second quarter, conditions continued to be solid for takeout business and stores in suburbs. At facilities around stations, the moderate underlying recovery trend continued due to an increase in the number of people in the area, but souvenir shops and other specialty stores faced challenging circumstances.
- Currently, we are seeing a recovery trend in souvenir shops, which had been sluggish, due to an increase in travelers as a result of the Go To Campaign and to the start of the use of regional common coupons.



Ⅲ MEDIUM-TERM BUSINESS PLAN 2019-2021



KYUSHU RAILWAY COMPANY

Withdrawal of numerical management targets and reference indicators



- Due to the influence of COVID-19, the operating environments for the Group's businesses are changing significantly. The Company determined that the achievement of the targets in the Medium-Term Business Plan, for which the final year is the fiscal year ending March 31, 2022, will be difficult. Accordingly, the Company decided to **withdraw the numerical management targets and reference indicators.**

Numerical management targets: operating revenue, ¥480.0 billion; operating income, ¥57.0 billion; revenues from railway transportation, ¥154.0 billion
Reference indicators: capital investment, ¥340.0 billion; operating cash flow, ¥220.0 billion; ROE, 8% or more

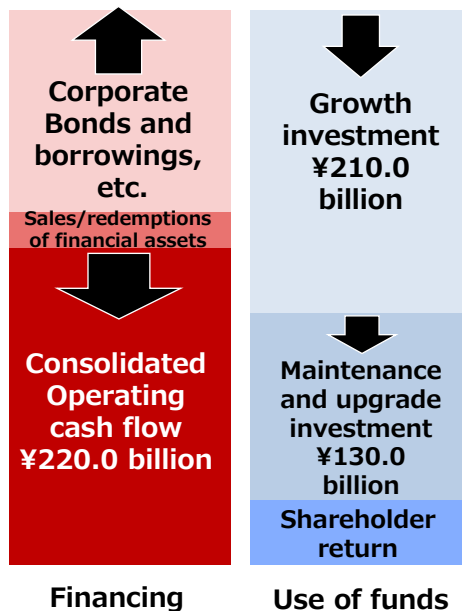
- The three priority initiatives are "Further strengthen our management foundation," "Further strengthen our earnings power in key businesses," and "Growth and evolution in new areas." With consideration for circumstances, the Company will continue to advance measures based on these initiatives, including the implementation of revisions.

Status of fund raising and fund use due to changes in the operating environment

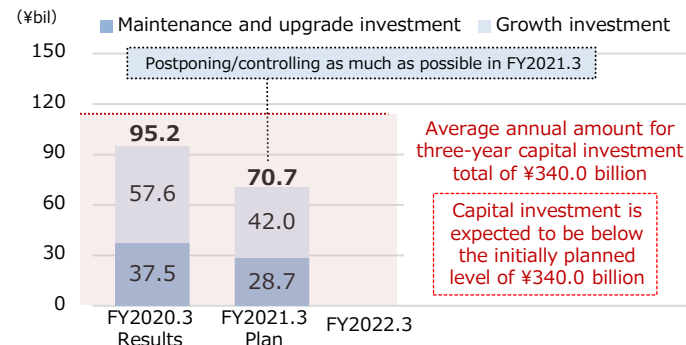
- Due to a significant decline in operating cash flow, we continue giving the highest priority to securing liquidity on hand by implementing large-scale fund-raising and controlling capital investment.
- In regard to shareholder return, we will continue our dividend policy of dividends per share of ¥93.0 or more. (We are planning to implement one dividend payment, the year-end dividend, and not to implement interim dividends.)

- Worsening of financial position due to fund-raising exceeding expectations.
Increase in interest-bearing debt to approximately 1.9 times the level at the end of FY2020.3
(¥141.5 billion → ¥271.7 billion)
*As of the end of September 2020

- FY2021.3 EBITDA forecast: Significant worsening, down ¥79.2 billion YoY (FY2020.3: ¥75.0 billion; FY2021.3 forecast: ¥(4.2) billion)
- Due to the worsening of EBITDA, operating cash flow is expected to be below the initially planned level of a three-year total of ¥220.0 billion



- In FY2021.3, due to postponement/control to the extent possible, we are planning for a level lower than in FY2020.3.
- In FY2022.3, we anticipate large-scale investment in the opening of the Kumamoto Station Building (April 2021) and in the partial opening of the Nagasaki route of the Kyushu Shinkansen (fall 2022), but we expect a level lower than the initial plan's three-year total of ¥340.0 billion.



Future Strategy



Basic policy (priority initiatives)	Major initiatives to date Future Strategy		
Further strengthen our management foundation	Revising segments and portfolios	Accelerate	Rearranging businesses and reorganizing the Group
	Growth field focus, M&A investment	Accelerate	Growth field focus, M&A investment
		New	Controlling hiring, mobilizing personnel, strategic human resource development
Further strengthen our earnings power in key businesses			
Build sustainable railway services by improving earnings	Advancing measures to increase revenues (increasing Shinkansen, inbound, and short distance earning power, etc.)	Accelerate	Transition to Internet reservations, ticketless service Baggage transport using the Kyushu Shinkansen, etc.
	Advancing measures to increase efficiency (station system reevaluation, Assist Mars, SSS, consignment, etc.)	Accelerate	Various measures to increase productivity SSS, Assist Mars, expanded one-person train operation, etc.
		New	Revision to flexible schedules aligned with the demand
Implement strategic city-building initiatives in the regions around our business areas	Increasing the value of city-building initiatives with stations as bases stations	Continue	City-building in regional bases Continued development at Miyazaki, Kumamoto, Hakata, etc.
		New	Lowering the break-even point in the hotel business
		New	Considering private REIT formation
Growth and evolution in new areas	Expanding business areas that leverage the strengths we have cultivated	Revise/control	Reevaluating new development (hotels, overseas, etc.)
	Taking on the challenge of new mobility services	Continue	Advancing initiatives centered on MaaS
	Advancing JR Kyupo and implementing Companywide digital transformation	Accelerate	Accelerating digital transformation by developing/securing human resources



IV Understanding of environment during the period with COVID-19, strategies that can be implemented



KYUSHU RAILWAY COMPANY

Understanding of environment during the period with COVID-19, strategies that can be implemented (1)



Social mission of a transportation network

We will operate our businesses with the highest priority on safety and fulfill our social mission through cooperation with the national government and local governments.

Collaborative initiatives to address the requests of the national government and local governments

- 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 Group
- Implementing temporary closure or reduced operating hours at certain station buildings, hotels, etc.

Various initiatives for stakeholders

Initiatives for customer safety

- Advancing initiatives for cleaning the interior of facilities and following guidelines to prevent infection so that customers can use the Company's services with peace of mind

Screen of ticket sales machine



Opening windows



Initiatives at facilities



- Providing information about facility congestion status (*only for crowded locations)

Notice on our website regarding the status of congestion for arrivals at Hakata Station

○博多駅に到着する列車の混雑状況

＜2020年9月28日（月）～2020年10月2日（金）平日＞

・博多駅に到着する時間帯別に混雑状況の目安を表示しています。

・快速列車および普通列車の混雑状況です。同じ時間帯でも、列車によって混雑状況には差があります。

対象路線・区間	7:00～	7:15～	7:30～	7:45～	8:00～	8:15～	8:30～	8:45～	9:00～	9:15～	9:30～	9:45～
鹿児島線・上り												
（佐賀→博多）												
鹿児島線・下り												
（博多→佐賀）												
鹿児島線・上り												
（佐賀→博多）												
鹿児島線・下り												
（博多→佐賀）												

※混雑状況の調査区間は筑前前原駅から延岡駅間です。地下鉄線内の混雑状況については福岡市交通局のホームページをご確認ください。

Maintaining our highest priority on safety at facilities and in operations



【Slope countermeasure work】
Preventing fallen rocks, landslides caused by changes resulting from localized heavy rains and typhoons, surface weathering, etc.



Replacing rolling stock



Transitioning to TPC railroad ties

Initiatives to secure the health of employees

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

Initiatives for business partners

- From April to July, we implemented measures for station building tenants, such as offering reduced rent payments, providing exemptions from sales promotion expenses, and delaying payment timing.

Understanding of environment during the period with COVID-19, strategies that can be implemented (2)



Demand creation

Railways

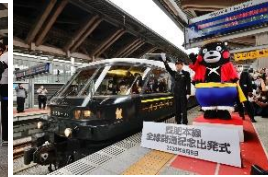
Collaboration with local governments/local community residents and initiatives to new customer groups

- Starting operation in October of the new tourist train with the name 36+3, which travels around Kyushu for five days. Collaborating with local governments/local community residents to propose new ways of enjoying travel that incorporate the appeal of Kyushu
- Starting the "Switch On! Hohi Main Line Full Opening Project" on the Hohi Main Line, for which the full opening was implemented in August. Implementing plans to foster a lively, positive attitude about the reconstruction following the Kumamoto earthquakes.
- Fostering new demand through collaborations with Disney, Pixar, the popular TV animation Demon Slayer: Kimetsu no Yaiba, and HKT48
- Extending sales of the popular Minnano Kyushu Tickets, an unlimited usage product, to December

New tourist train with the name 36+3



Departure ceremony for the full opening of the Hohi Main Line



「Train-wrap promotion for Demon Slayer: Kimetsu no Yaiba



Hotels

Providing new products, such as subscriptions and serviced offices

- Launching "Kyushu/Okinawa Hotel Pass," a subscription-style accommodation product
- Launching satellite office service in collaboration with Pasona Inc., a leading comprehensive human resources service company
- Launching monthly plan for four hotels in the Tokyo and Fukuoka regions on "goodroom Hotel Stay," a real estate leasing portal site
- Launching serviced offices at THE BLOSSOM HIBIYA through the conversion of certain hotel rooms

Converting hotel rooms to business offices (THE BLOSSOM HIBIYA)



Retail and restaurants

Advancing contactless payment methods that do not require face-to-face interaction, reevaluating strategies for store openings and closings, etc.

- Addressing new lifestyles by strengthening contactless payment methods that do not require face-to-face interaction and expanding takeout and delivery services
- Reevaluating operations in the restaurant business due to changes in operating hours and store closures
- Implementing limited-time opening of Cinnabon Online Shop in April and May 2020. Deciding to reopen the shop for September and October only due to favorable reception



Understanding of environment during the period with COVID-19, strategies that can be implemented (3)



Miyazaki Station west entrance development

- Planning opening of “Amu Plaza Miyazaki” on November 20, 2020 (Implementing advance opening of “Himuka Kirameki Ichiba,” a commercial facility located under elevated railway tracks, on October 14)
- There were some contract cancellations in the commercial area due to the influence of the COVID-19 infection, but all stores have already been determined.
- In the office area, we continue to implement measures to attract tenant.
- We will promote measures to enhance community appeal, including our MaaS initiatives, which have been selected for the Ministry of Land, Infrastructure, Transport and Tourism’s program for enterprises that advance/support MaaS in Japan.



Opening day at “Himuka Kirameki Ichiba”



Umi-kan (illustration)



Kumamoto Station area development

- Planning opening of “Amu Plaza Kumamoto” on April 23, 2021
- There were some contract cancellations in the commercial area due to the influence of the COVID-19 infection, but the contract rate is already approximately 90%. The leasing circumstances are solid.
- As with the commercial area, circumstances for the two office buildings are solid.

Status of construction of Amu Plaza Kumamoto (photographed on September 29)



Understanding of environment during the period with COVID-19, strategies that can be implemented (4)



- In regard to cost reductions, we will implement temporary measures on an urgent basis, including such as controlling personnel costs and postponing maintenance expenses.
- Moving forward, we will accelerate our initiatives in the railway and hotel businesses, where the percentage of fixed costs is high and improvement is a matter requiring immediate attention.

Measures that will be implemented rapidly

Railways



Consideration of thorough measures

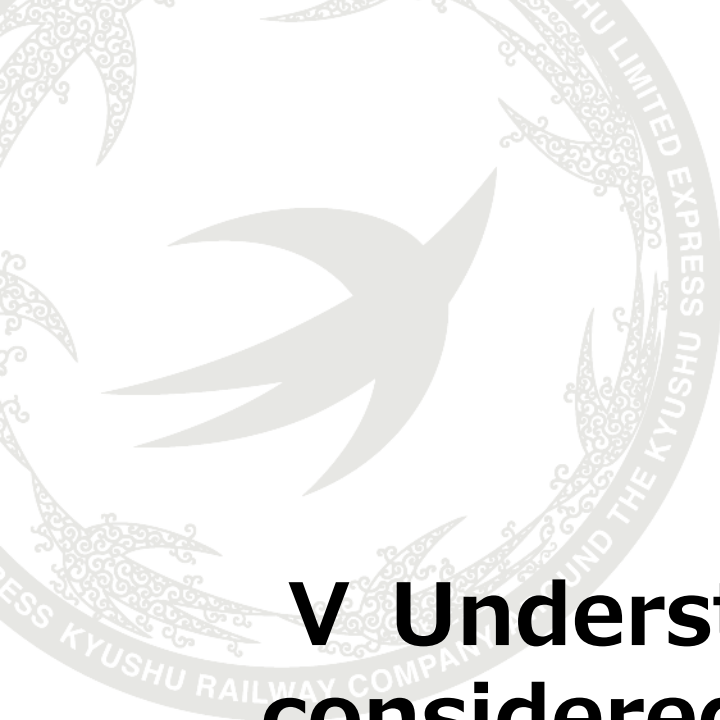
Fixed-expense reduction: Reevaluating operational administration system

Maintenance and upgrade investment reevaluation: Carefully examining replacement/upgrade timing

Hotels

Measures that will be implemented rapidly

Fixed-expense reduction: Reevaluating operational administration systems, including such measures as bringing consigned operations in-house and reevaluating workforce requirements



V Understanding of issues to be considered in preparation for the period after COVID-19

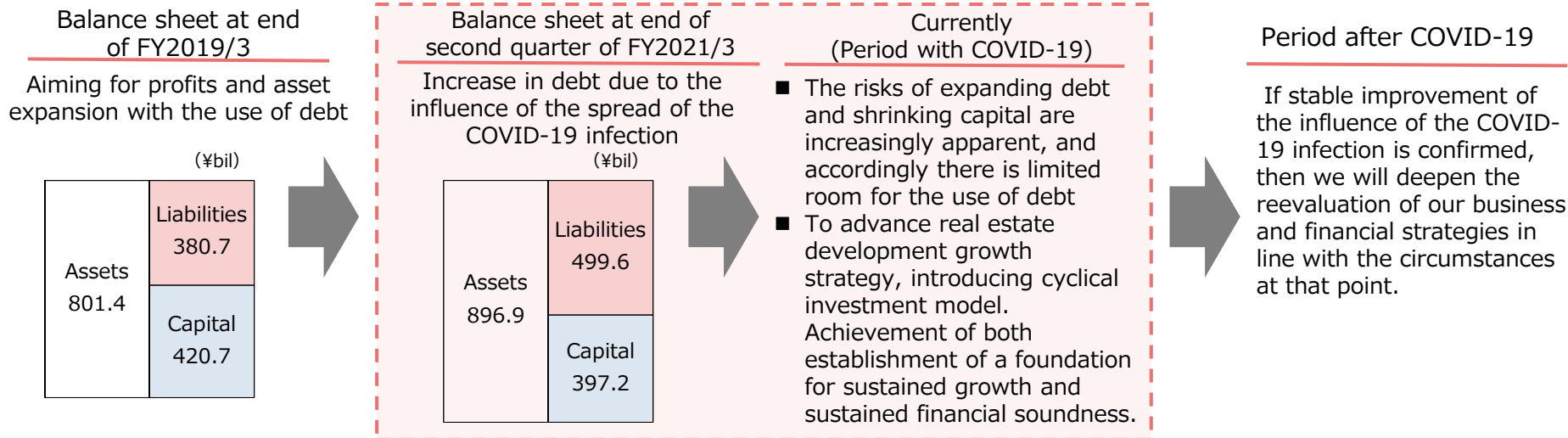


KYUSHU RAILWAY COMPANY

Understanding of issues to be considered in preparation for the period after COVID-19 (1)



Approach to future business strategies and financial strategies



Business strategies

Advancing growth investment and increased efficiency

Advancing "city-building and community development" initiatives that leverage regional characteristics, centered on sustainable mobility services

Implementing growth field focus, M&A investment

Financial strategies

Maintain financial soundness and provide stable shareholder return over the long term

Necessity of a certain level of capital in accordance with the perspective of business sustainability. Maintaining ratings, securing sufficient financial strength to purchase superior properties

Implementing stable shareholder return over the long term

Through real estate securitization via private REIT formation, achieve both sustained growth strategies/increase capital efficiency and sustained financial soundness.

Aiming for sustainable corporate growth and increases in corporate value over the medium to long term

Understanding of issues to be considered in preparation for the period after COVID-19 (2)



Improving earnings, centered on the railway business

- With ongoing, large-scale declines in railway users, there is a need for fundamental improvement, especially in the area of costs.
- Without limiting ourselves to independent initiatives, we will thoroughly revise business administration through collaboration with other transportation companies and venture companies as well as other measures.
- From this fiscal year, starting to disclose profitability for train lines with an average of less than 2,000 passengers per day. Working together with local governments and residents in the areas around our railway lines to improve earnings of regional routes.

【Maintenance vision for railway signal facilities】

Background

Acceleration of the decline in the working-age population

A major theme is the appropriate allocation of management resources through **increased efficiency, reduced maintenance expenses, etc.**

Development objectives

Phase(1) Mechanization of facility inspection operations

Synergistic creation of added value

Utilization and application of data

Phase(2) **CBM utilizing data**
Through analysis of big data, implementation of safe yet efficient repairs that anticipate facility failures and the timing of facility aging.

Economizing labor

Failure analysis

Workability

Future extension

Reevaluating our business portfolio

- Considering withdrawal/downsizing for businesses with a poor future outlook, with consideration for changes in the operating environment.
- Temporary restraints on new capital investment in hotels and overseas projects
- Growth field focus, continued M&A investment

Promoting city-building through development in areas around stations

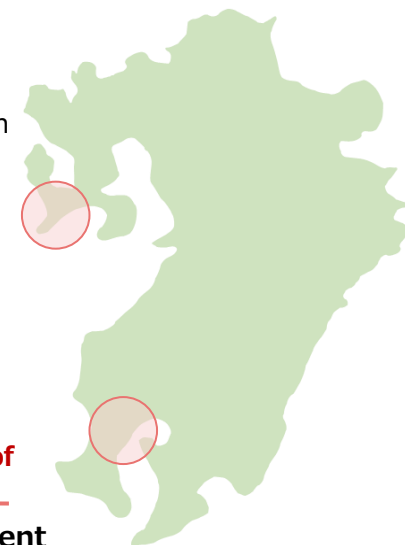
Nagasaki Station area development

- FY2023/3: Opening under elevated railway tracks (planned)
- Spring 2023: Partial opening of new station building (planned)
- FY2026/3: Full opening of new station building (planned)



Development at the west entrance of Kagoshima-Chuo Station

Considering integrated development incorporating commercial facilities, offices, and residences



Considering private REIT formation

- Establishing foundation for sustained growth in real estate business through cyclical investment model
- Rolling out new business initiatives through acquisition of development profit and diversification of funding methods
- Expanding profit opportunities through participation in asset management business

Understanding of issues to be considered in preparation for the period after COVID-19 (3)

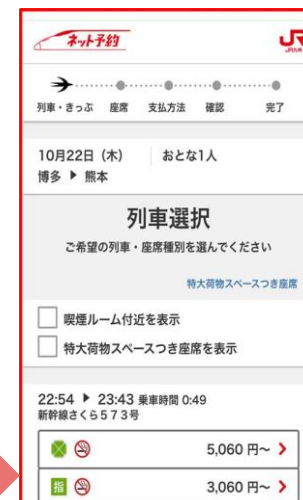
Advancing MaaS

Advancing collaboration with transportation companies and the expansion of initiatives

- Collaboration between an ANA airport access website and JR Kyushu Internet train reservations
 - Advancing the realization of seamless transportation services
- Building a sustainable public transportation network through collaboration with Nishi-Nippon Railroad Co., Ltd.
 - Considering further development of initiatives, which began at JR Shimosone Station in March, in order to enhance convenience by establishing new connection bus routes and increasing connecting service.
- Expanding service through the “my route” app from Toyota Motor Corporation
 - Planning MaaS verification testing in Miyazaki Prefecture (for further information, see page 37)



ANA airport access website



Automatic linking of date, segment, and train information

Advancing digital transformation strategy

Advancing “Optimization through enhancement of existing businesses” and “Reform through the creation of future businesses”

- Considering the establishment of an organizational unit to advance the digital strategy
 - Starting to implement administrative reforms, principally in railway business operations and back office work

Optimization through enhancement of existing businesses

Reform through the creation of future businesses

Customers (Maximizing earnings)

In digital areas, strengthening customer contact points and promoting marketing

- Expanding Internet reservations / ticketless service
- Digital marketing (Kyupo)
- Using digital technologies to improve customer experience, etc.

Operations (Increasing efficiency / reducing costs)

Using digital/ICT technologies that contribute to efficient operational administration

- Using IoT, AI
- Advancing data analysis
- Promoting smart device utilization, etc.

Office work (Enhancing productivity, diversifying working styles)

Using digital technologies to reform working styles

- Digital workplaces
- RPA, OCR, chatbots
- Considering working-style diversification, etc.

Future business/operations

Taking on the challenges of creating new businesses and services and of reforming operations

- Advancing MaaS
- Realizing self-driving
- Considering new services / business models, etc.



APPENDIX



KYUSHU RAILWAY COMPANY

Balance Sheet and Cash Flow Statement



Balance Sheet

(¥bil)

	FY20.3	6 months ended September 30, 2020	YoY	Major factors
Total Assets	828.5	896.9	68.3	
Cash and time deposits	23.8	42.9	19.1	
Short-term securities	-	71.4	71.4	Increase in negotiable certificates of deposit
Property, plant and equipment	517.9	523.0	5.0	
Railway business assets	89.1	93.5	4.4	
Interest-bearing debt	141.5	271.7	130.2	Increase due to long-term loans and issuance of bonds
Net assets	418.2	397.2	(21.0)	
Capital and paid-in capital	240.0	240.0	(0.0)	
Retained earnings	176.3	158.7	(17.6)	

Cash flow statement

(¥bil)

	6 months ended September 30, 2019	6 months ended September 30, 2020	YoY	Major factors
Cash flows from operating activities	39.1	(15.1)	(54.3)	Decrease due to loss before income taxes
Depreciation expense	12.5	14.1	1.6	
Cash flows from investing activities	(22.4)	(19.4)	3.0	
Capital expenditures	(59.7)	(57.3)	2.4	
Free cash flow	16.6	(34.6)	(51.3)	
Cash flows from financing activities	(9.0)	125.2	134.2	Increase due to loans and issuance of bonds
Cash and cash equivalents	44.5	114.4	69.8	

Railway business (transportation data)



Railway Transportation Revenues

(¥bil)

	6 months ended September 30, 2019	6 months ended September 30, 2020	YoY		Major Factors
Total	77.2	32.6	(44.5)	42.3%	
Commuter pass	16.8	13.0	(3.7)	77.7%	
Non-commuter pass	60.3	19.5	(40.8)	32.4%	
Shinkansen	28.1	9.0	(19.1)	32.1%	Decline due to influence of COVID-19
Commuter pass	1.4	1.2	(0.1)	86.9%	Decrease due to rebound from previous year's longer Golden Week holiday period
Non-commuter pass	26.6	7.7	(18.9)	29.1%	
Conventional Lines	49.0	23.6	(25.4)	48.2%	Decline due to influence of COVID-19
Commuter pass	15.3	11.8	(3.5)	76.9%	Decrease due to suspension of all limited-express trains during Golden Week period
Non-commuter pass	33.6	11.8	(21.8)	35.1%	Decrease due to rebound from previous year's longer Golden Week holiday period

Passenger-Kilometers

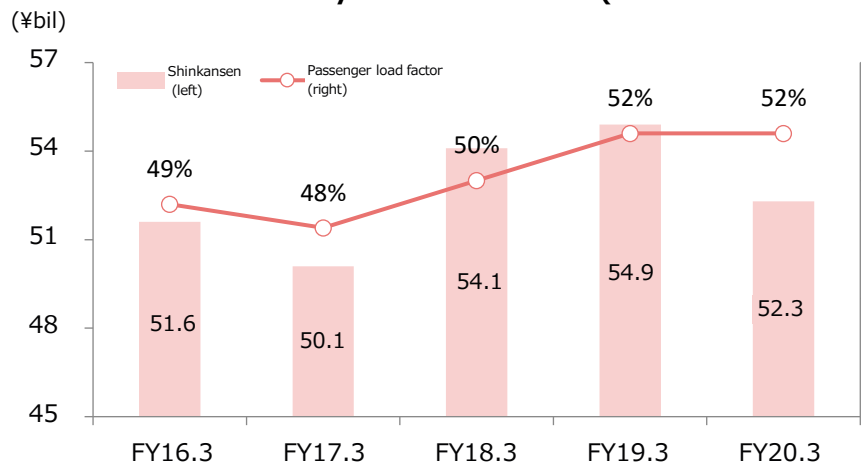
(Millions of passenger-kilometer)

	6 months ended September 30, 2019	6 months ended September 30, 2020	YoY	
Total	4,853	2,626	(2,226)	54.1%
Commuter pass	2,270	1,792	(478)	78.9%
Non-commuter pass	2,582	834	(1,748)	32.3%
Shinkansen	1,049	360	(688)	34.3%
Commuter pass	108	91	(16)	84.7%
Non-commuter pass	940	268	(672)	28.5%
Conventional Lines	3,804	2,266	(1,537)	59.6%
Commuter pass	2,162	1,700	(461)	78.6%
Non-commuter pass	1,641	565	(1,075)	34.5%

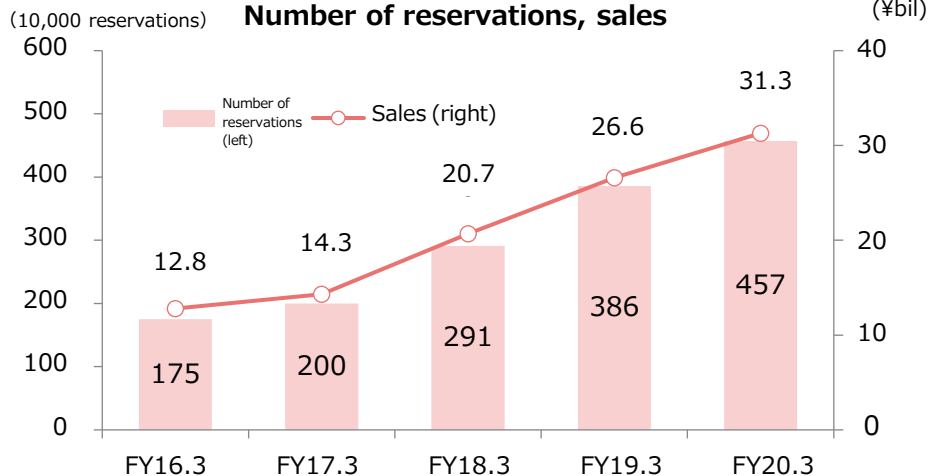
Trends in the Railway Business



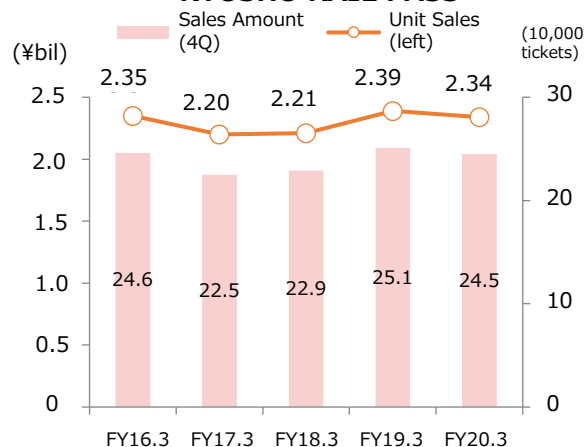
Railway transportation revenues (Shinkansen), passenger load factor on the Kyushu Shinkansen (Hakata – Kumamoto)



Internet train reservation services: Number of reservations, sales



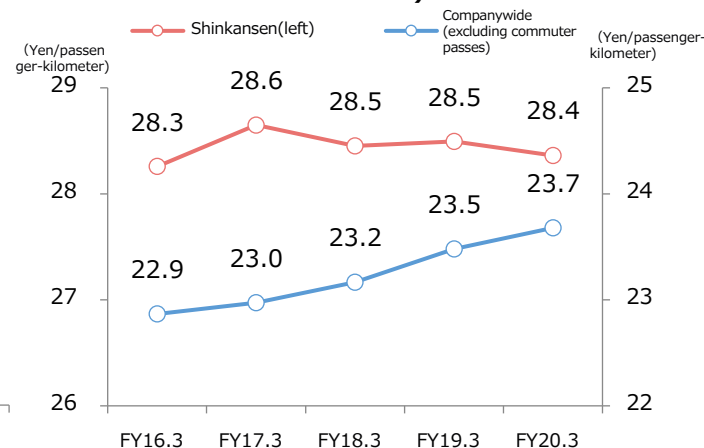
Sales Amount and Unit Sales of JR-KYUSHU RAIL PASS



Railway transportation revenues (short distance)



Yield (Companywide (excluding commuter passes), Shinkansen)



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.
- In regard to the Hisatsu Line, after the announcement of the river improvement policy, we plan to consider restoration methods, with consideration for the policy.

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

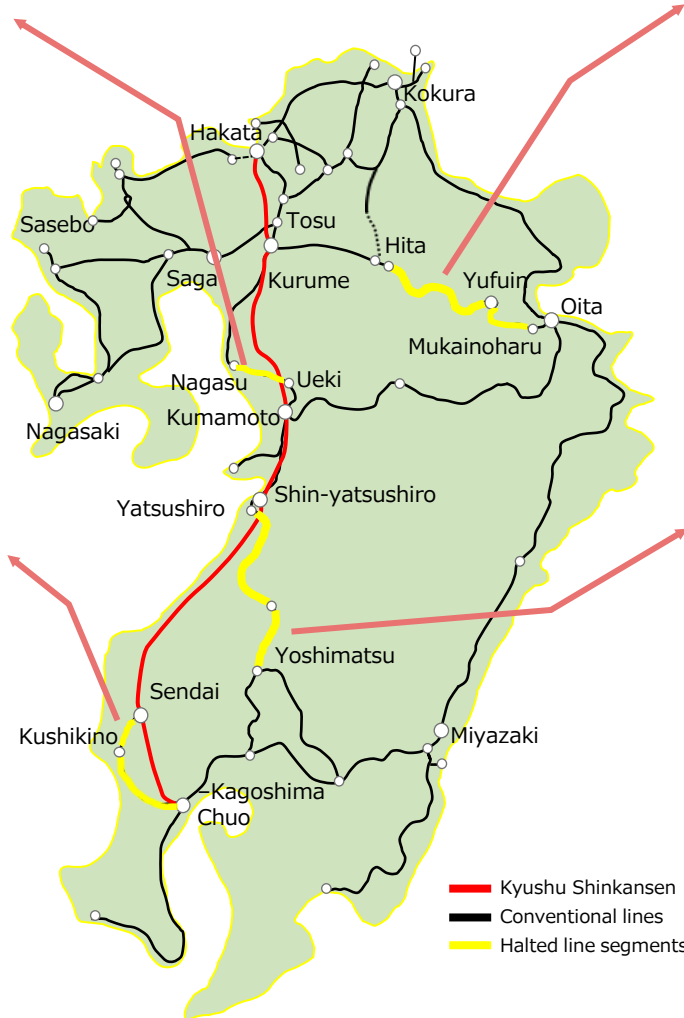
Restoration timing -July 27: Kushikino – Kagoshima Chuo
-August 1: Sendai – Kushikino



Kushikino –
Kagoshima Chuo



Sendai – Kushikino



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 : Hita – Bungo-Mori
-August 29:
Shōnai – Mukainoharu
-On the Bungo-Mori – Shōnai segment,
aiming to restart operations within
FY2021/3



Segments that are suspended

Hisatsu Line
Yatsushiro – Yoshimatsu

Distance 86.8 km

Major damage Bridges washed away, rock and debris influx, embankment influx, etc.

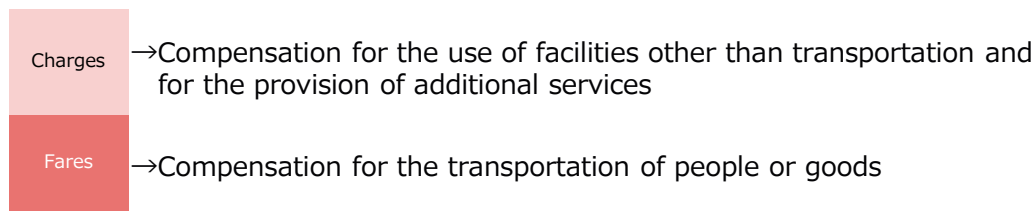
Restoration timing Not yet determined



Railway Business

— Outline of Fares/Charges and Measures to Increase Revenues

● Fares/charges



● Procedures for establishing and adjusting fares/charges

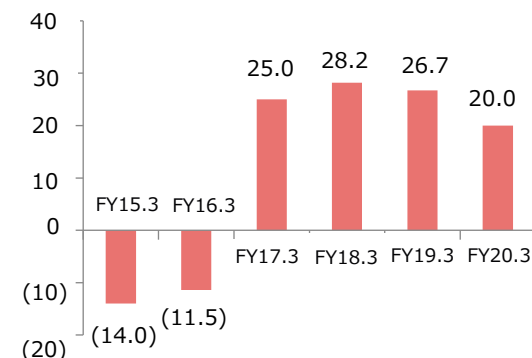
- Establishing/adjusting the upper limit for fares and Shinkansen express charges requires the approval from the Minister of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT).
- Establishing/adjusting fares and Shinkansen express charges within the scope of the upper limit and establishing/adjusting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

● Examination standards for upper limit fares/charges

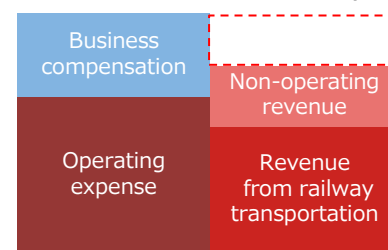
- Prior to giving approval for establishing/adjusting the upper limit on fares, the Minister of the MLIT must confirm that the new upper limit does not exceed "total cost," which is the sum of the proper operating costs if it were to carry out efficient management and the proper profit calculated pursuant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

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

(¥bil) Operating income in the railway business



If examination standards are met (illustration)



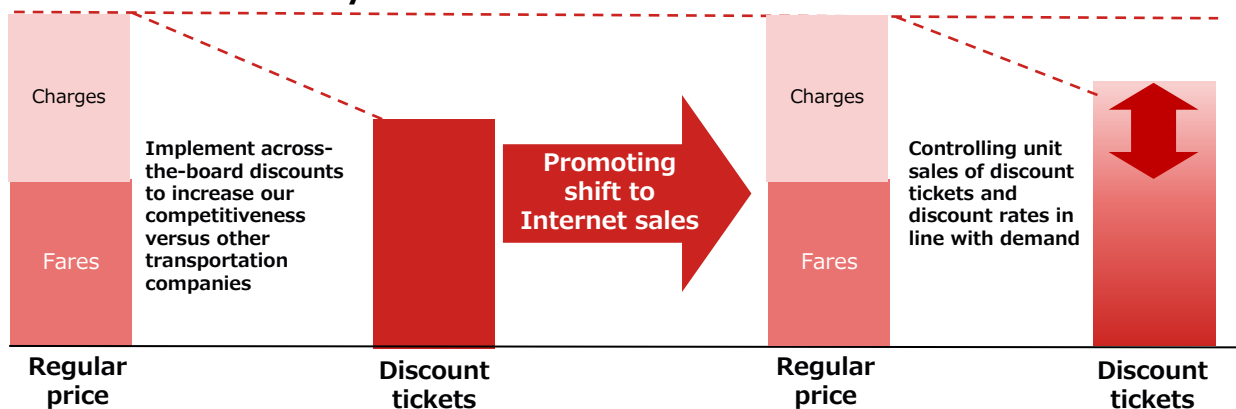
Expense > Revenue

(Reference) MLIT web site

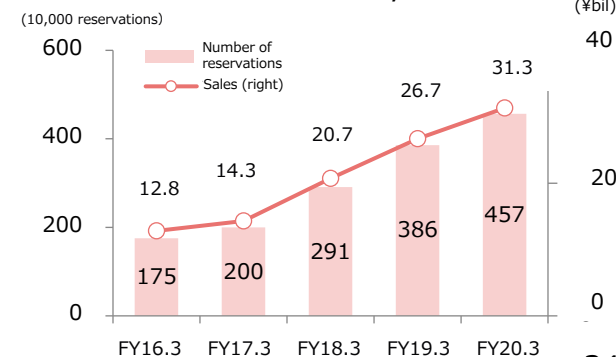
Advancing measures to increase sales using Internet sales

Previously

Current initiatives



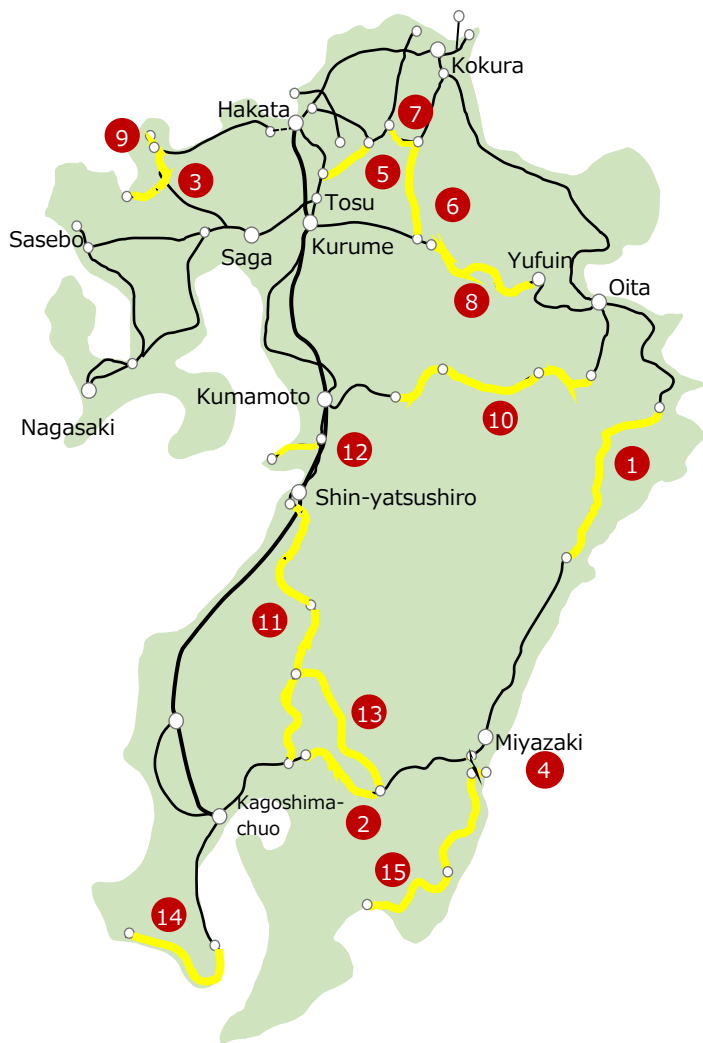
Internet train reservation services: Number of reservations, sales



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.
- 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 FY2020.3 (¥ million)	Average number of passengers (passengers/day)
				Operating profit (loss)	FY2020.3
①	Nippo Main Line	Saiki – Nobeoka	58.4	(746)	858
②		Miyakonojō – Kokubu	42.2	(368)	1,389
③	Chikuhi Line	Imari – Karatsu	33.1	(235)	214
④	Miyazaki Airport Line	Tayoshi – Miyazaki Airport	1.4	10	1,854
⑤	Chikuho Main Line	Keisen – Haruda	20.8	(84)	467
⑥	Hitahikosan Line	Tagawa-Gotōji – Yoake	38.7	—	— (299)
⑦	Gotoji Line	Shin-Iizuka – Tagawa-Gotōji	13.3	(167)	1,272
⑧	Kyudai Main Line	Hita – Yufuin	51.5	(95)	1,756
⑨	Karatsu Line	Karatsu – Nishi-Karatsu	2.2	(185)	1,024
⑩	Hohi Main Line	Higo-Ozu – Miyaji	30.8	—	— (1,854)
		Miyaji – Bungo-Taketa	34.6	(289)	96 (463)
		Bungo-Taketa – Miemachi	23.9	(174)	917 (1,331)
⑪	Hisatsu Line	Yatsushiro – Hitoyoshi	51.8	(621)	414
		Hitoyoshi – Yoshimatsu	35.0	(270)	106
		Yoshimatsu – Hayato	37.4	(370)	605
⑫	Misumi Line	Uto – Misumi	25.6	(242)	1,187
⑬	Kitto Line	Yoshimatsu – Miyakonojō	61.6	(319)	451
⑭	Ibusuki Makurazaki Line	Ibusuki – Makurazaki	42.1	(354)	277
⑮	Nichinan Line	Tayoshi – Aburatsu	44.0	(403)	1,133
		Aburatsu – Shibushi	42.9	(357)	199

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>

Overview of Major Development Pipelines



Name	Location	Schedule	Floor space/Lot area Units/Rooms	Notes (Uses, etc.)
Miyazaki Station West Entrance Development *Joint development with Miyazaki Kotsu	Miyazaki City, Miyazaki Prefecture	Spring 2019: Start of construction November 20, 2020: Station building opening * Advance opening of area under elevated railway tracks on October 14	Lot area: Approx. 7,300㎡	Development of commercial areas, office buildings, etc.
Kumamoto Station area development	Nishi Ward, Kumamoto City	Spring 2019: Commenced construction of station building April 23, 2021: Opening of station building	Lot area: Approx. 70,000㎡ (including area below elevated tracks) Floor space: Approx. 109,000㎡ (sta. building)	Area below elevated tracks: Commercial area Sta. building: Commercial area, movie theaters, hotels, etc. Multilayered parking lots: 2,100 parking spaces Residential areas: MJR, RJR, SJR, etc.
Nagasaki City Station area development	Nagasaki City, Nagasaki Prefecture	FY2023/3: Opening under elevated railway tracks Spring 2023: Partial opening of new station building FY2026/3: Full opening of new station building	Lot area: Approx. 18,000㎡	Promotion of development in area surrounding station out of consideration for Shinkansen tentative opening Potentially integrated development of commercial areas, hotels, office buildings, etc.
Kagoshima-Chuo Station West Entrance Development	Kagoshima City, Kagoshima Prefecture	Undecided	Undecided	Potentially integrated development of commercial areas, office buildings, residential areas, etc.
Shimoori development	Onojo City, Fukukoka Prefecture	Winter 2019: Start of construction Spring 2022: Planned opening	Lot area: Approx. 13,000㎡	Integrated development incorporating commercial facilities, residences, etc.
MJR/RJR Sakaisuji Hommachi Tower	Chuo Ward, Osaka City	End of February 2021: Completion	Floor space: Approx. 47,470㎡	296 condominium units 144 apartment units
Hotel development in Shimogyo Ward, Kyoto City	Shimogyo Ward, Kyoto City	Winter 2020: Start of construction Summer 2022: Planned opening	180 rooms (planned) Floor space: Approx. 9,600㎡	
Toranomon 2-chome category 1 urban redevelopment project * Joint development by six companies, with NIPPON STEEL KOWA REAL ESTATE CO., LTD., as the Group representative for the acquisition of reserved floor area.	Minato Ward, Tokyo Prefecture	September 2020: Start of construction November 2023: Planned completion	Lot area: Approx. 22,500㎡ Floor space: Approx. 180,700㎡	Office building (certain commercial stores)

Note: Schedules are subject to change

Overview of Miyazaki Station West Entrance Development and MaaS Initiatives



Miyazaki Station West Entrance Development



JR Miyako Twin Building

*Joint development with Miyazaki Kotsu

Umi-kan (commercial facility floor space: 9,800 m²)

- 1st to 6th floors: Commercial facilities (5th & 6th floors: Cinema complex)
- 7th to 10th floors: Offices

Yama-kan (commercial facility floor space: 6,300 m²)

- 1st to 6th floors: Commercial facilities

“Himuka Kirameki Market” (Under elevated railway tracks) (commercial facility floor space: 2,700 m²)

- Souvenirs / food and beverages / sundries / services

Details of MaaS verification testing in Miyazaki Prefecture

- Verification testing period
Planned for November 6, 2020 (Fri) to March 12, 2021 (Fri)
- Implementation area
Miyazaki Prefecture: Miyazaki City, Nichinan City, and their suburbs
- MaaS app used: “my route”*
*Multi-modal mobility service developed and provided by Toyota Motor Corporation and Toyota Financial Services Corporation
- Other
 - Selected for the Ministry of Land, Infrastructure, Transport and Tourism’s program for enterprises that advance/support MaaS in Japan
 - Providing services, such as multiple route searching and ticket reservation/payment services, and providing a variety of content combining mobility services with lifestyle services and tourism.

MaaS verification testing background

Public transportation challenges

Declining birth rate and aging population, declining population, labor shortage
Decline in people visiting central urban districts
+ COVID-19 threat

Rise of new mobility services
Trend toward digitalization

Opening of Amu Plaza Miyazaki
Opportunity to activate Miyazaki central urban district

MaaS utilization

Major verification testing initiatives

- Collaboration with various transportation modes
- Realizing seamless transportation services
- Collaboration between transportation and commerce/tourism

Aims

- Enhancing convenience for community residents/tourists
- Promoting usage of public transportation institutions
- Promoting visits to urban districts / enhancing suitability for excursions

“Creating mobility demand” and “building sustainable public transportation networks”

Overview of Kumamoto Station Area Development



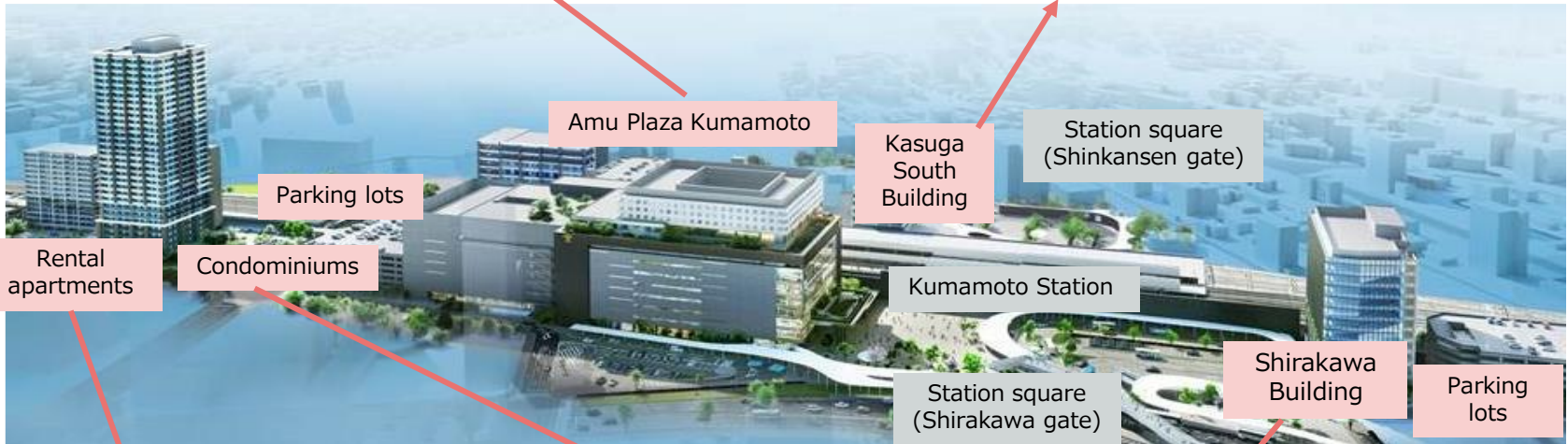
JR Kumamoto Station Building

JR Kumamoto Station Building
 April 23, 2021: Planned opening
 Total floor space: Approximately 109,000m²
 Number of hotel rooms: 203 rooms (planned)
 1st to 8th floors: Amu Plaza Kumamoto
 (commercial, weddings)
 9th to 12th floors: THE BLOSSOM KUMAMOTO
 (hotel)



JR Kumamoto Kasuga South Building

December 2020: Planned start of construction
 (Opening of commercial facilities planned for spring 2021)
 Total floor space: Approximately 3,600 m²
 1st floor: Commercial, services
 2nd to 4th floors: Offices



RJR Precia Kumamoto Ekimae

January 2021: Start of construction (planned)
 Total number of units: 144 units



MJR Kumamoto The Tower

February 2023: Start of construction (planned)
 Total number of units: 230 units



JR Kumamoto Shirakawa Building

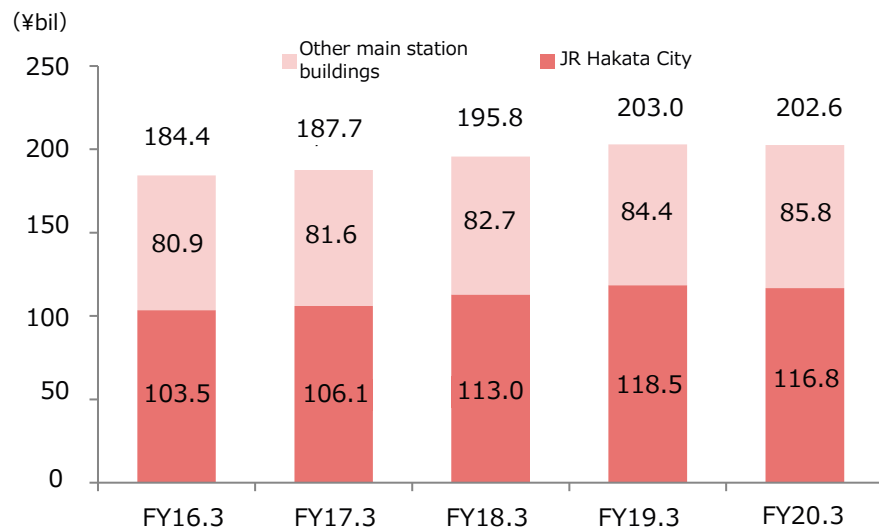
December 2020: Planned start of construction
 (Opening of commercial facilities planned for spring 2021)
 Total floor space: Approximately 17,000 m²
 1st to 3rd floors: Amu Plaza Kumamoto (BicCamera)
 4th to 12th floors: Offices



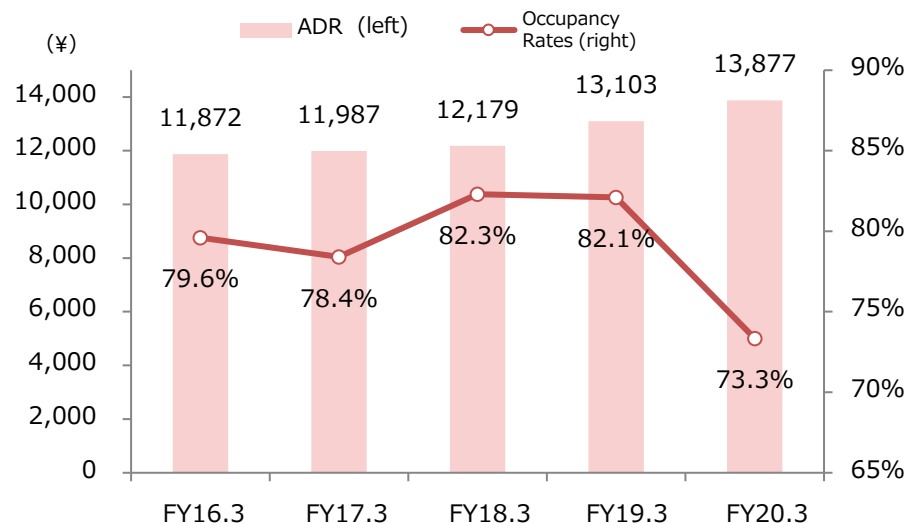
Trends in the Real Estate and Hotel Businesses



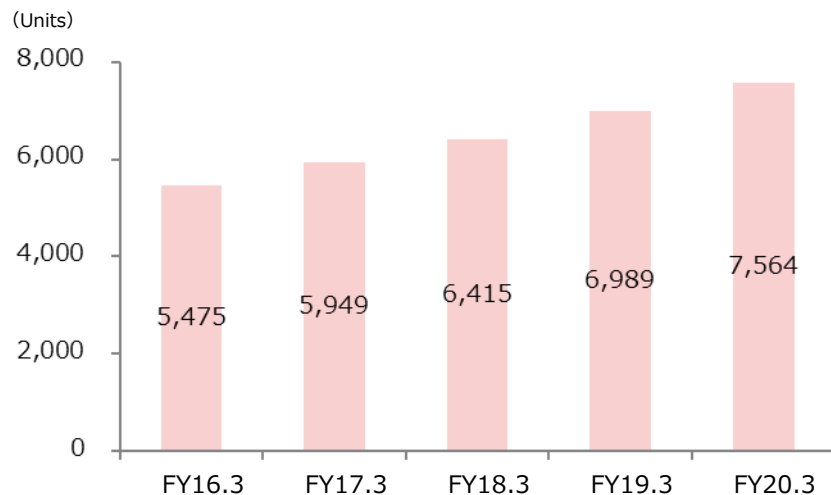
Station building tenant sales



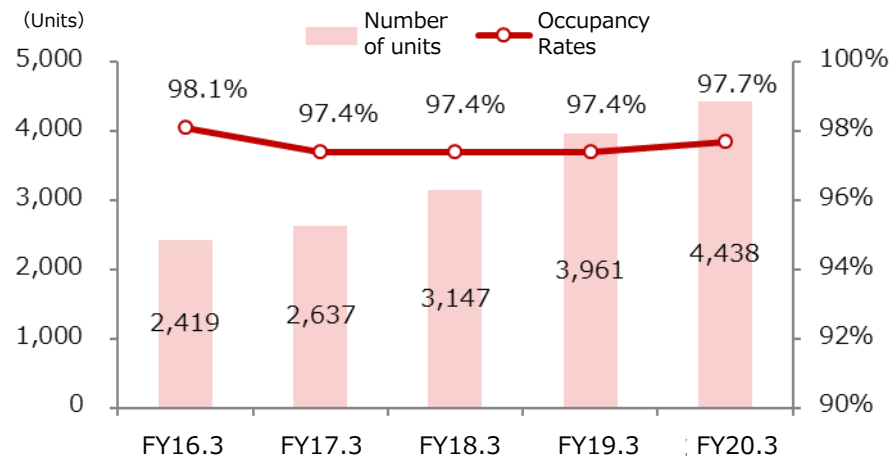
Hotel occupancy rates and average unit prices



Unit sales of condominiums (cumulative)



Rental apartment numbers (cumulative) and occupancy rate



* Numbers of rooms are as of the end of each fiscal year

* Occupancy rates are averages of the figures at the end of each month (excluding the year of opening for newly opened properties; excluding newly acquired properties)

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/