



九州旅客鉄道株式会社

KYUSHU RAILWAY COMPANY



FACT SHEETS 2020



Contents

1. Company Overview

- p1 Company Overview
Major Business Activities by
Consolidated Segment
- p2 Consolidated Financial
Highlights
- p3 Management Plan

2. Business Activities (Transportation Segment)

- p4 Transportation Segment
— Overview
- p5 Current Status of Railway
Business
- p6 Build Sustainable Railway
Services through
Improvement in Earnings

3. Business Activities

(Real Estate and Hotels Segment)

- p7-8 Real Estate and Hotels Segment
— Overview and Current Status
- p9 Real Estate and Hotels Segment
— Major Development Plans

4. Business Activities (The Other Segment)

- p10 The Other Segment — Current Status

5. Data

- p11-12 Financial Results
- p13 Capital Investment Amounts
- p14 Employees

6. Other

- p15 Further Strengthen Our
Management Foundation
— Implement Segment Classification
Changes, etc.
- p16 Changes in Capital Structure
Changes in Cost Structure
Outline of fares and charges in the
railway business

1. Company Overview

2. Business Activities (Transportation Segment)

3. Business Activities (Real Estate and Hotels Segment)

4. Business Activities (The Other Segment)

5. Data

6. Other

Company Overview(as of April 1, 2020)

Date established ----- April 1, 1987

Head office ----- 3-25-21 Hakata-ekimae, Hakata-ku, Fukuoka

Issued capital ----- ¥16 billion

Total number of issued shares

----- 157,301,600

Number of subsidiaries
and affiliates

----- Subsidiaries: 54
(including 44 consolidated subsidiaries)

Affiliates: 5
(including 1 affiliate accounted for under
the equity method)



Real Estate and Hotels

Real estate leasing (commercial facilities, office buildings, residential apartments, etc.), Real estate sales (condominiums), Hotel operation, Parking lot operation, Senior care services, etc.

- Consolidated subsidiaries, 18
JR Kyushu Ekibiru Holdings Inc., JR Hakata City Co., Ltd., JR Kokura City Inc., JR Nagasaki City Inc., JR Oita City, Inc., JR Kumamoto City Co., Ltd., JR Kagoshima City Inc., JR Miyazaki City Co., Ltd., JR Kyushu Building Management Co., Ltd., JR Kyushu Capital Management(Thailand)Co., Ltd., JR Kyushu Hotels And Resorts Holdings Inc., JR Kyushu Huis Ten Bosch Hotel Co., Ltd., JR Kyushu Hotels Inc., JR Kyushu Station Hotel Kokura Inc., Oyama Yumekobo, Inc., JR Kyushu Business Development(Thailand)Co., Ltd., JR Kyushu-Rent-A-Car & Parking Co., Ltd., JR Kyushu Senior Life Support, Inc.



Major Business Activities by Consolidated Segment

Transportation

Railway Services, Bus Services, Hydrofoil Ferry Services, etc.

- Consolidated subsidiaries, 5
Holding Company for Houhi Main Line, JR Kyushu Bus Company, JR Kyushu Jet Ferry Inc., JR Kyushu Service Support Co., Ltd., JR Kyushu Linen Co., Ltd.



Retail and Restaurant

Retailing, Restaurants, Agriculture

- Consolidated subsidiaries, 8
JR Kyushu Retail, Inc., JR KYUSHU DRUG ELEVEN CO., LTD.*, JR Kyushu Food Service Inc., JR Kyushu Fast Foods Inc., Inc Train D'or, Manbou Corp., Shanghai JR Kyushu Food Service Inc., JR Kyushu Farm Co., Ltd.
* JR Kyushu Drug Eleven Co., Ltd. became an equity-method affiliate due the transfer of a portion of the Company's holdings of its shares on May 28 2020.



Construction

Construction, Rolling stock mechanical equipment engineering, Electrical work, etc.

- Consolidated subsidiaries, 6
KYUTETSU CORPORATION, Sanki Construction Co., Ltd., JR Kyushu Engineering, Ltd., JR Kyushu Electric System Company, JR Kyushu Consultants Company, JR Kyushu Housing Company



Other

Construction machinery sales and rental, Advertising, Golf course operation, etc.

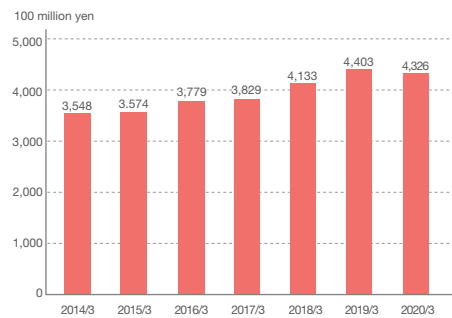
- Consolidated subsidiaries, 7
Caterpillar Kyushu Ltd., JR Kyushu Agency Co., Ltd., JR Kyushu Resort Development Co., Ltd., JR Kyushu Trading Co., Ltd., JR Kyushu System Solutions Inc., JR Kyushu Life Service Co., Ltd., JR Kyushu Business Partners Company
• Affiliate accounted for under the equity method, 1
JR Kyushu Secom Inc.



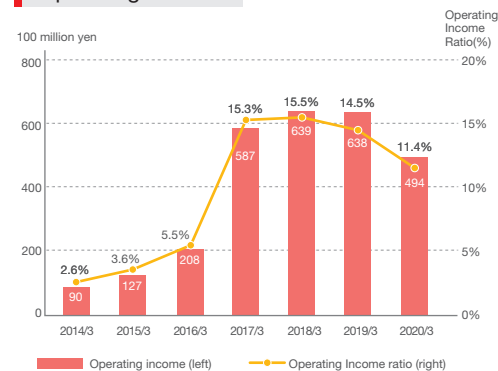
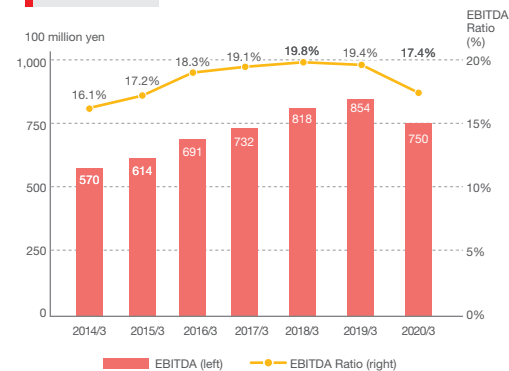
Consolidated Financial Highlights

Financial Highlights (Consolidated)

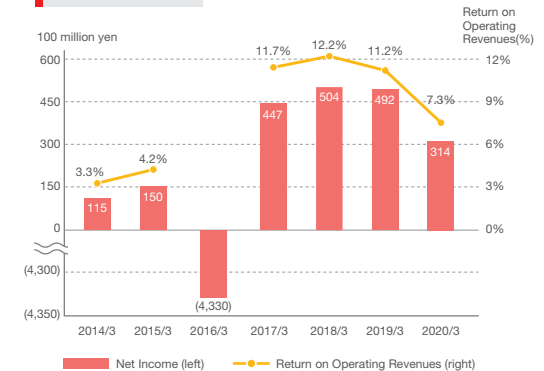
Operating Revenues



Operating Income

EBITDA^(*)

Net Income

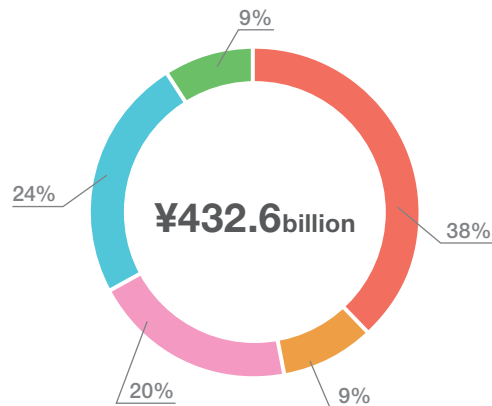


* EBITDA = Operating income + Depreciation costs + Earnings from use of the management stabilization fund (after elimination of inter-segment transactions, excluding depreciation of leased assets held for subleasing purposes)
EBITDA ratio = EBITDA ÷ Consolidated operating revenues

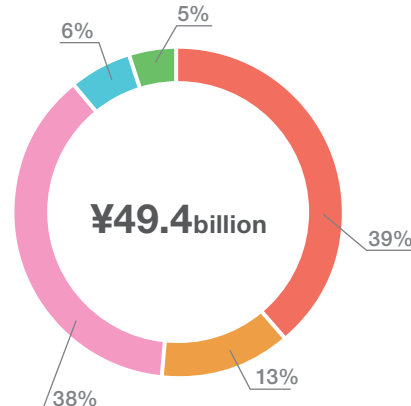
* Results in FY2020/3 were affected by such factors as a significant decline in revenues from railway transportation accompanying the spread of the COVID 19 infection.

Revenues Composition (FY2020/3, consolidated)

Operating Revenues (From External Customers)

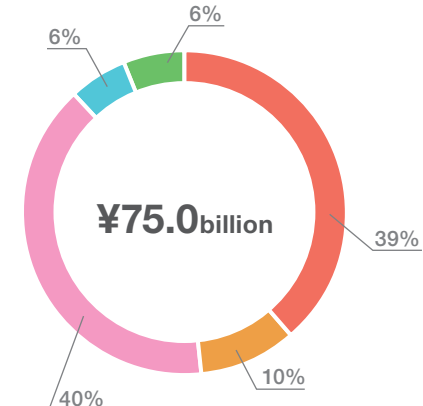


Operating Income



EBITDA

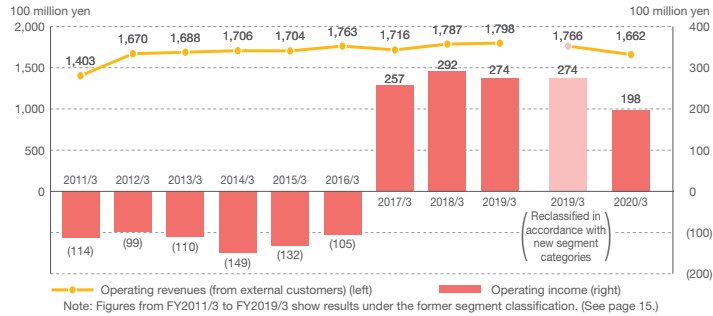
EBITDA = Operating income + Cost of depreciation (after elimination of inter-segment transactions, excluding depreciation of leased assets held for subleasing purposes)



Transportation Construction Real Estate and Hotels Retail and Restaurant Other

Notes: 1. Segment shares for operating income and EBITDA are calculated based on figures before elimination of inter-segment transactions.
2. % figures are rounded to the nearest percentage point. (In some cases, the total might not equal 100%.)

Transportation Segment — Overview



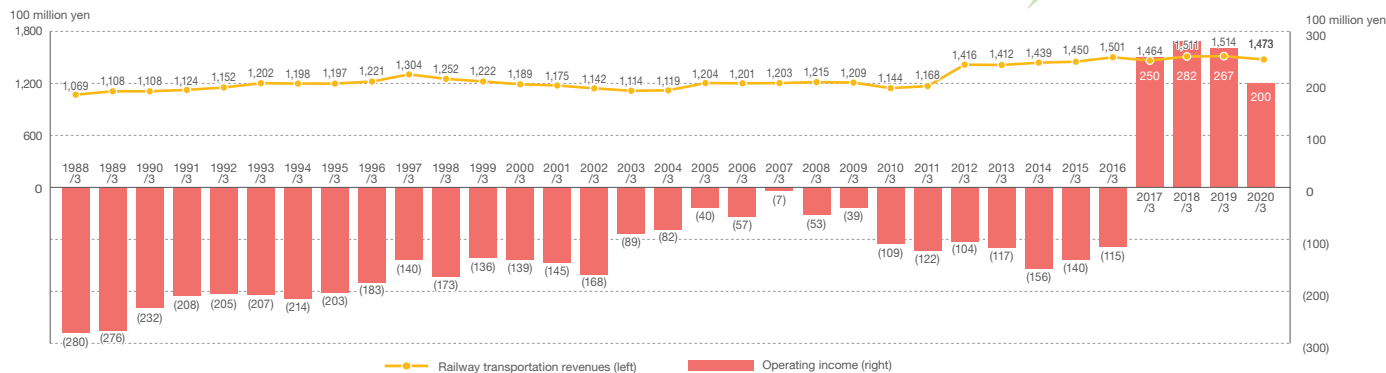
Railway Services

Route Summary
(as of March 31, 2020)

	Number of train lines	Operating Kilometers	No. of Stations	Electrification Ratio(%)
Shinkansen	1	288.9	4(11)	100
Trunk Lines	8	1,042.9	297	95
Local Lines	13	941.2	267	7
Total	22	2,273.0	568	59

Notes: Number of stations in parentheses represent the number of stations including stations served by both Shinkansen and conventional lines.

Revenues from Railway Transportation and Operating Income in the Railway Business



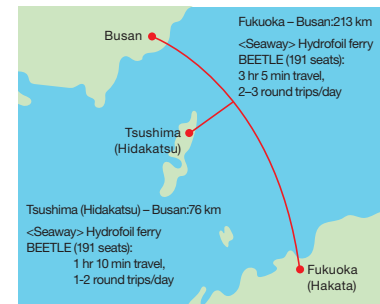
Bus Services

Number of Services by Route
(as of June 1, 2020)

Route name	No. of services	
	Total	(restated) of Kyushu Bus
Local bus		
Nogata	139	139
Ureshino	61	61
Hokusatsu	55	55
Subtotal	255	255
Expressway bus		
Fukuoka - Miyazaki	56	8
Fukuoka - Kagoshima	40	4
Fukuoka - Yamaguchi	10	6
Fukuoka - Hiroshima (daytime)	18	6
Fukuoka - Hiroshima/Fukuoka (overnight)	2	1
Fukuoka - Izumo (overnight)	2	1
Shin-Yatsushiro - Miyazaki	32	16
Miyazaki - Oita	12	2
Subtotal	172	44
Total	427	299

※: including scheduled sightseeing buses

Hydrofoil Ferry Services



※Service suspended on all routes (as of August 31, 2020)

Port terminal

Fukuoka: Hakata Port International Terminal
 Tsushima: Hidakatsu Port International Terminal
 Busan: Busan Port International Passenger Terminal

No. of services

Fukuoka - Busan: 2-3 round trips/day
 Tsushima - Busan: 1-2 round trips/day



Full restoration of Hoho Main Line

April 2016: Damaged by 2016 Kumamoto earthquakes, operation suspended on Higo-Ozu ~ Bungo-Ogi segment.
 July 2016: Operation restarted on Aso ~ Bungo-Ogi segment
 August 2020: Operation restarted on Higo-Ozu ~ Aso segment
 (Hoho Main Line: entire Kumamoto ~ Oita segment open)



Current Status of Railway Business

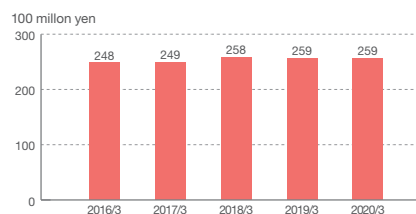
Railway Transportation Revenues

		2011 /3	2012 /3	2013 /3	2014 /3	2015 /3	2016 /3	2017 /3	2018 /3	2019 /3	2020 /3
Shinkansen	Passes	8	20	23	24	25	26	26	26	27	28
	Other	123	477	459	464	467	490	474	514	522	495
	Subtotal	131	498	482	489	493	516	501	541	549	523
Conventional Lines	Passes	286	288	291	296	293	295	294	296	297	297
	Other	750	630	637	654	663	688	668	673	668	652
	Subtotal	1,037	918	929	950	957	984	963	970	965	950
Total	Passes	294	309	314	320	319	322	321	323	324	325
	Other	874	1,107	1,097	1,118	1,131	1,179	1,143	1,188	1,190	1,147
	Subtotal	1,168	1,416	1,412	1,439	1,450	1,501	1,464	1,511	1,514	1,473
Index (FY1988/3=100)		109	132	132	135	136	140	137	141	142	138

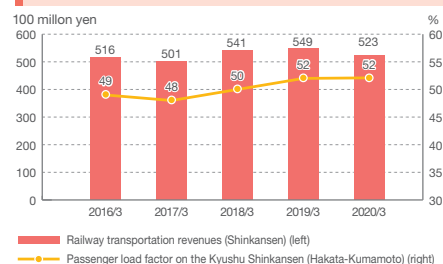
100 million yen

Railway Transportation Revenues(Short Distance*)

* Within 50 km



Railway Transportation Revenues (Shinkansen), Passenger Load Factor on the Kyushu Shinkansen (Hakata-Kumamoto)



— Railway transportation revenues (Shinkansen) (left)
 — Passenger load factor on the Kyushu Shinkansen (Hakata-Kumamoto) (right)

Transportation Data

Passenger-kilometers

		2011 /3	2012 /3	2013 /3	2014 /3	2015 /3	2016 /3	2017 /3	2018 /3	2019 /3	2020 /3
Shinkansen	Passes	66	157	176	186	188	194	196	195	199	204
	Other	423	1,666	1,605	1,639	1,674	1,735	1,655	1,809	1,832	1,745
	Subtotal	489	1,823	1,782	1,825	1,863	1,929	1,852	2,004	2,032	1,950
Conventional Lines	Passes	3,870	3,915	3,943	4,069	3,946	4,026	4,018	4,011	4,015	4,006
	Other	3,714	3,149	3,198	3,287	3,329	3,421	3,320	3,319	3,237	3,102
	Subtotal	7,585	7,064	7,141	7,357	7,275	7,448	7,339	7,331	7,252	7,108
Total	Passes	3,936	4,073	4,119	4,256	4,134	4,221	4,214	4,207	4,214	4,211
	Other	4,137	4,815	4,804	4,926	5,003	5,156	4,976	5,129	5,070	4,847
	Subtotal	8,074	8,888	8,924	9,182	9,138	9,378	9,191	9,336	9,285	9,059

Million passenger-km

Number of Passengers

		2011 /3	2012 /3	2013 /3	2014 /3	2015 /3	2016 /3	2017 /3	2018 /3	2019 /3	2020 /3
Total	Passes	196	201	203	211	206	212	213	215	217	218
	Other	101	108	110	112	113	118	118	121	121	118
	Subtotal	297	310	314	323	319	330	331	337	338	337
Shinkansen	Passes	1	2	2	2	2	2	2	2	2	2
	Other	3	9	9	10	10	10	10	11	11	11
	Subtotal	4	11	12	12	12	13	13	14	14	13

Million

Note: Numbers of Shinkansen passengers have been restated.

Train-kilometers, Car-kilometers

		2011 /3	2012 /3	2013 /3	2014 /3	2015 /3	2016 /3	2017 /3	2018 /3	2019 /3	2020 /3
Train-kilometers											
Shinkansen		3	9	10	10	10	10	9	9	9	9
Conventional Lines		65	61	61	61	61	61	60	60	56	56
Total		69	71	71	72	71	71	69	69	65	65
Car-kilometers											
Shinkansen		23	68	72	72	71	71	64	70	68	68
Conventional Lines		271	248	248	250	250	250	247	243	230	231
Total		295	317	320	322	322	322	311	314	299	299

Million-km

Number of Rolling Stocks

Number of Rolling Stocks by Type(as of March 31, 2020)

Type	SL Steam locomotive	EL Electric locomotive	DL Internal combustion locomotive	TEC Shinkansen	EC Electric railcars	DC Internal combustion railcars	PC Passenger cars	Other	Total
No. of rolling stocks	1	0	9	136	1,184	296	10	29	1,665

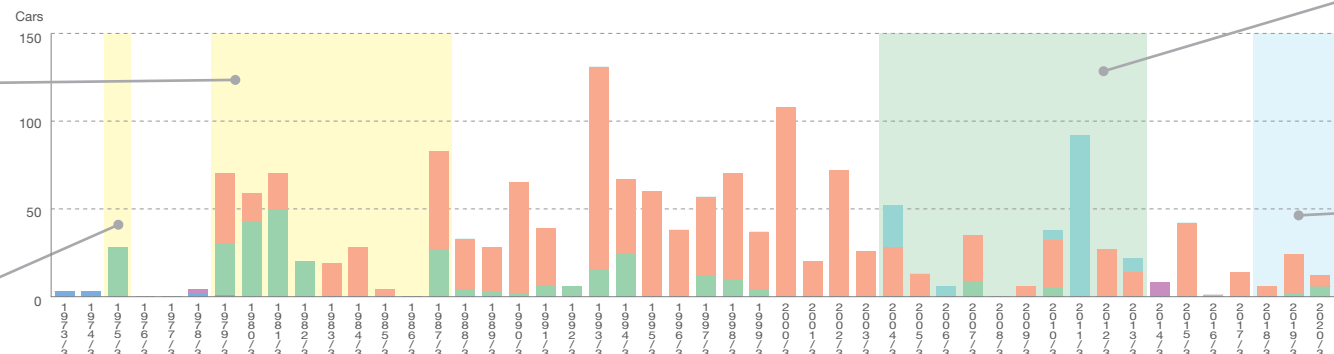
cars

Rolling Stock Fiscal Year of Manufacture (as of March 31, 2020)

Internal combustion locomotive Shinkansen Electric railcars Internal combustion railcars Passenger cars

Conventional lines (electric railcars) 415 Series
Fiscal year of manufacture: FY1979/3 to FY1987/3

Conventional lines (internal combustion railcars) KH66/KH67
Fiscal year of manufacture: FY1975/3



Note: Excluding steam locomotives and other rolling stock



Build Sustainable Railway Services through Improvement in Earnings

Background

Declining population in Kyushu, where the pace of the decline exceeds that in the nationwide population

Source: Estimated population nationwide and in the 7 prefectures of Kyushu (National Institute of Population and Social Security Research)

Year	Nationwide	Kyushu
2015	100.0	100.0
2020	99.5	99.0
2025	97.5	96.5
2030	93.7	92.2

Increasing natural disasters in Kyushu

Average annual number of incidents with 80 mm or more of precipitation in one hour in Kyushu

Source: Meteorological Agency

Period	Number of incidents
1976-1985	10
1986-1995	12
1996-2005	16
2006-2015	18

Natural phenomena causing notable damage in recent years

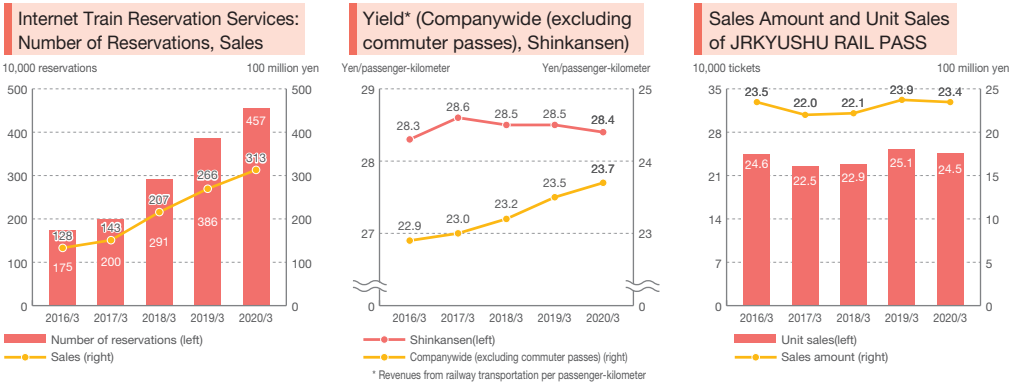
- July 2012: Heavy rain in northern Kyushu
- April 2016: Kumamoto earthquakes
- July 2017: Heavy rain in northern Kyushu
- July 2018: Heavy rain
- July 2019: Heavy rain on the rainy season front
- July 2020: Heavy rain

Countermeasures for aging facilities

JR Kyushu will pursue earnings opportunities and work to increase future productivity in order to address market contraction due to a declining population, a decrease in the working population due to a declining birth rate and an aging population, the frequent occurrence / increased severity of natural disasters, and aging facilities.

Pursuing Further Earnings Opportunities

- Increase online sales ratio by enhancing convenience of online train reservation system
- Increasing urban area earning power
- Bolster yield management
- Expand sales routes for JR Kyushu Rail Pass in cooperation with overseas travel agents and airlines
- Discovering tourism resources that utilize “Design & Story” trains



Improve Productivity

Service

- Expansion of the Smart Support Station
Providing guidance to customers from support center operators using camera and intercom equipment installed in stations
- Introduction of Assist Mars
Providing customer support from remote operators using ticket sales machines equipped with intercoms and remote operation functions

Operations

- Experimentations involving automatic driving systems
Implementing verification testing targeting the realization of self-driving trains, with a train crew member in the front of the train, but no train driver on duty
- Expanding one-person operation
Advancing one-person operation while securing safety through the introduction of platform monitoring equipment and platform detection devices

Maintenance

- Maintenance and inspections utilizing drones and robots
- Scheduled removal of unnecessary assets
- Monitoring of railways for trains in operation
Promoting inspection laborsaving with the installation of monitoring equipment on trains used to carry passengers

Energy

- Development and introduction of energy-saving train cars
Reducing energy expenses and maintenance expenses through the introduction of rolling stock with high energy efficiency
- Utilization of storage battery technology
Reducing electricity consumption through the effective use of regenerative electric power

Smart Support Station

Safety confirmation Guidance

Automated rail welding machines

Taking on the challenge of new mobility services (MaaS)

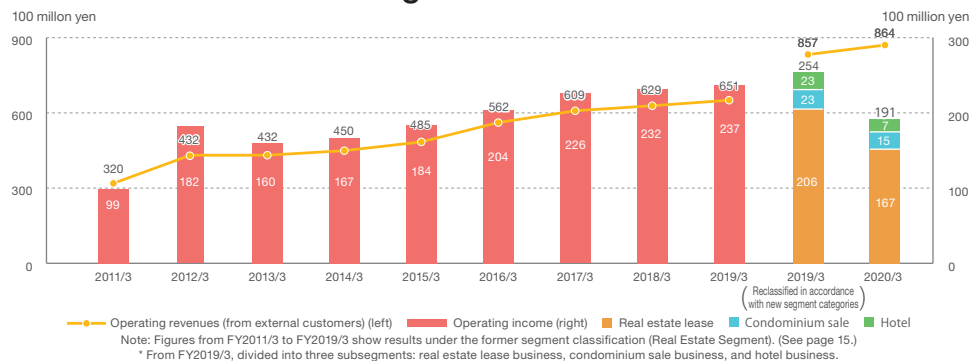
With a focus on rolling out seamless mobility services, planning to implement business alliances and start verification testing

- Conclusion of business alliance agreement with Nishi-Nippon Railroad Co., Ltd., and DAIICHI KOUTSU SANGYO Co., Ltd.
- Implementation of “my route” smartphone MaaS app together with Toyota Motor Corporation and Nishi-Nippon Railroad Co., Ltd. (Fukuoka City and Kitakyushu City)
- Announcement of plans for verification testing of MaaS (Yufu City, Oita Prefecture; Miyazaki City and Nichinan City, Miyazaki Prefecture)
- Targeting the establishment of a highly convenient public transportation network, JR Kyushu worked together with Nishi-Nippon Railroad Co., Ltd., to increase train/bus connection convenience (implemented at Shimosone Station from the March 2020 schedule revision)

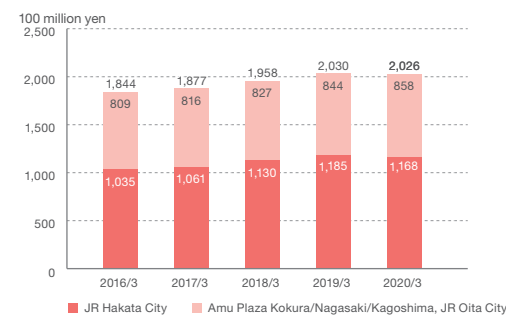
■ Kyushu Shinkansen
■ Conventional line
■ BRT restoration segment

*Area scope is an illustration

Real Estate and Hotels Segment – Overview and Current Status



Station Building Tenant Sales



① Amu Plaza Kokura



② Amu Plaza Nagasaki



③ Amu Plaza Kagoshima



④ JR Hakata City



⑤ JR Oita City

Station Buildings

Business area: Kyushu

Major Station Buildings

Building name	Date opened	Floor area (m ²)	No. of visitors (10,000) FY2020/3	Tenant sales (100 million yen) FY2020/3
① Amu Plaza Kokura	March 14, 1998	48,500	1,695	153
② Amu Plaza Nagasaki	September 21, 2000	58,500	1,148	206
③ Amu Plaza Kagoshima	September 17, 2004	64,700	1,778	262
④ JR Hakata City	March 3, 2011	240,000 *incl. Hakata Hankyu	6,860	1,168
⑤ JR Oita City	April 16, 2015	144,500	2,304	237

Office Leasing

Business area: Kyushu, extended to Tokyo metropolitan area

Overview of Office Leasing

Name	Acquired	Floor area(m ²)
① Akasaka Sanno Center Building	March, 2011	5,000
② Kojimachi Nibancho Center Building	March, 2014	44,000
③ JRJP Hakata Building	April, 2016	44,000
④ Hirakawacho Center Building	September, 2016	8,000
⑤ Shinkawa East Building	January, 2019	10,000



JRJP Hakata Building
(Commercial facilities, Office leasing)



Real Estate and Hotels Segment — Overview and Current Status

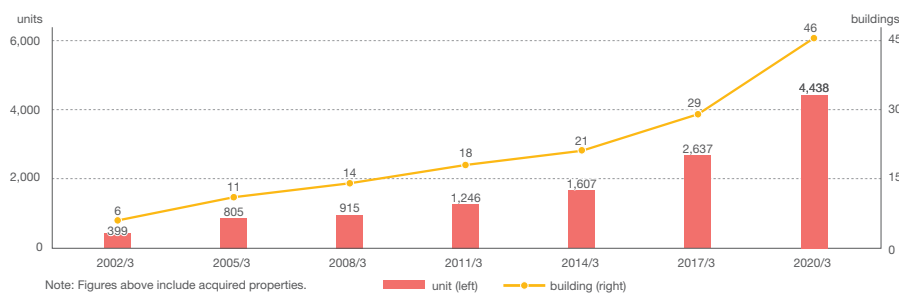
Residential Buildings

Business overview: Apartment leasing, condominium sales

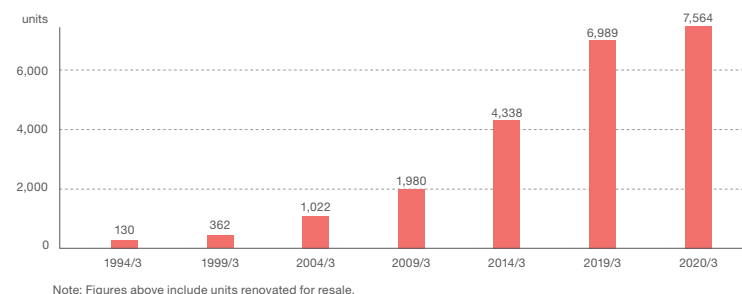
Business area: Centered on Kyushu, also extended to major urban areas in Japan

Brands: RJR (apartment leasing), MJR (condominiums)

Apartment Leasing: Number of Completed Units and Buildings (Cumulative)



Condominium Sales: Number of Delivered Units (Cumulative)



RJR Precia Koorimoto II
(Apartment leasing)



MJR the Garden
Kami-Kumamoto Ekimae
(Condominium)

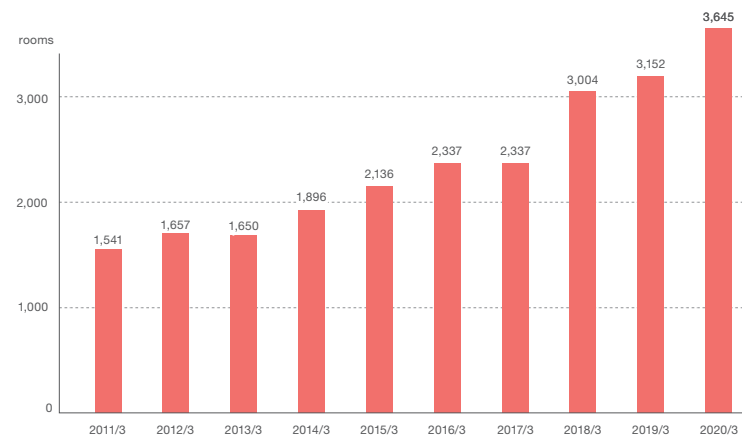
Hotels

Business area: Centered on Kyushu, also extended to Tokyo metropolitan area and Thailand

Number of Guest Rooms/Opening

Hotel name	Location	Number of rooms	Year of Opening
1 JR Kyushu Hotel Blossom Fukuoka	Fukuoka City, Fukuoka Prefecture	90	December, 1992 Rebranded and reopened on July, 2011
2 Hotel Okura JR Huis Ten Bosch	Sasebo City, Nagasaki Prefecture	320	June, 1995 Rebranded and reopened on April, 2012
3 Station Hotel Kokura	Kitakyushu City, Fukuoka Prefecture	294	April, 1998
4 JR Kyushu Hotel Nagasaki	Nagasaki City, Nagasaki Prefecture	144	September, 2000
5 JR Kyushu Hotel Kagoshima	Kagoshima City, Kagoshima Prefecture	247	South wing: Aug. 2001/North wing: Mar. 2010
6 Okuhita Onsen Umehibiki	Hita City, Oita Prefecture	32	November, 2002 Rebranded and reopened on April, 2012
7 Hana Beppu Ryokan	Beppu City, Oita Prefecture	30	September, 2003 Rebranded and reopened on April, 2012
8 JR Hotel Yakushima	Kumage District, Kagoshima Prefecture	46	October, 2005
9 JR Kyushu Hotel Kokura	Kitakyushu City, Fukuoka Prefecture	187	September, 2007
10 JR Kyushu Hotel Miyazaki	Miyazaki City, Miyazaki Prefecture	141	November, 2011
11 JR Kyushu Hotel Blossom Hakata Chuo	Fukuoka City, Fukuoka Prefecture	247	April, 2013
12 JR Kyushu Hotel Blossom Shinjuku	Shibuya-ku, Tokyo	239	August, 2014
13 JR Kyushu Hotel Blossom Oita	Oita City, Oita Prefecture	190	April, 2015
14 JR Kyushu Hotel Blossom Naha	Naha City, Okinawa Prefecture	218	June, 2017
15 Shama Lakeview Asoke Bangkok	Bangkok, Thailand	429	1999 Rebranded and reopened on April, 2018
16 Aloft Bangkok Sukhumvit 11	Bangkok, Thailand	298	2011
17 THE BLOSSOM HIBIYA	Minato-ku, Tokyo	255	August, 2019
18 THE BLOSSOM HAKATA Premier	Fukuoka City, Fukuoka Prefecture	238	September, 2019

Number of Guest Rooms at JR Kyushu Group Hotels (Cumulative)



JR Kyushu Hotel
Blossom Hakata Chuo
(Hotel)



Okuhita Onsen
Umehibiki

Real Estate and Hotels Segment — Major Development Plans

Development in Areas Surrounding Stations

Development in the Fukuoka City Metropolitan Area

《Project to utilize the former site of Sunoko elementary school》

* Joint project with Sakurajyuji Co., Ltd., and other companies

Uses: Hospital, senior citizens facility, etc.
Opening: January 2024 (planned)



《Project for effective use of site of Fukuoka east government building》

* Joint project with FUKUOKA JISHO CO.,LTD., and ASO CORPORATION

Uses: Offices, commercial facilities
Opening: Spring 2024 (planned)

《Plan for utilizing the space above the tracks at Hakata Station》
Plan for “a new city” that utilizes the space above the Hakata Station tracks in a three-dimensional manner

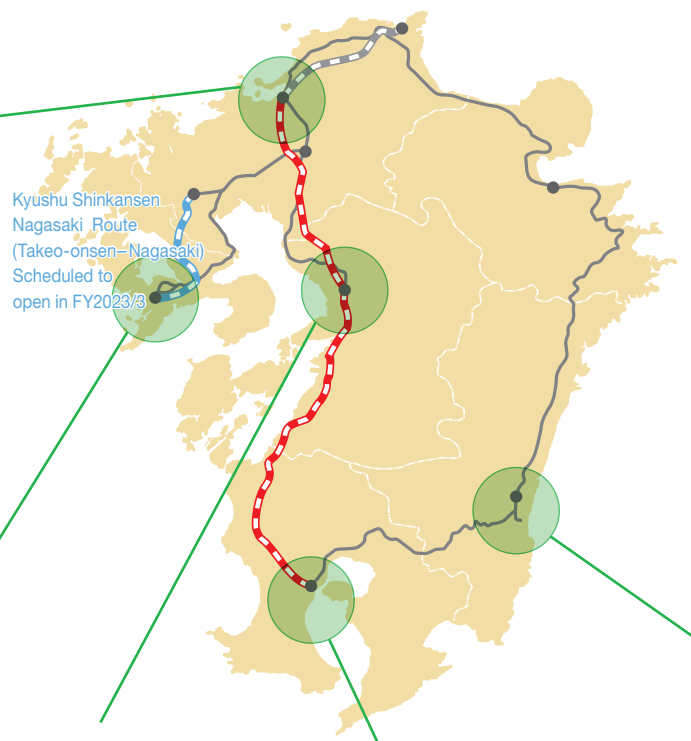


Nagasaki Station Area Development

Lot area: Approx. 18,000㎡
(including existing Amu Plaza section, approx. 35,000 ㎡)
Total floor space: Approx. 114,000 ㎡
Uses: Commercial facilities, hotel, offices, etc.
Opening: FY2023/3 (planned) opening commercial facilities under elevated tracks
Spring 2023 (planned) partial opening of new station building
FY2026/3 (planned) opening of new station building



《Plan for utilizing the space above the tracks at Hakata Station》
Plan for “a new city” that utilizes the space above the Hakata Station tracks in a three-dimensional manner



Kumamoto Station Area Development

Lot area: Approx.70,000㎡ (including area below elevated tracks)
Total floor space: Approx. 109,000㎡ (station building)
Uses: Commercial facilities, hotels, residential areas, offices, etc.
Opening: Winter 2020(planned)office buildings
Spring 2021(planned)station building, hotels



Kagoshima-Chuo Station West Entrance Development

Uses:commercial areas, office buildings, residential areas, etc.

Residential Buildings

Apartment Leasing

Name	Location	No. of total units (provisional)	Fiscal year of completion (acquisition) (provisional)
RJR Precia Tenjin South	Fukuoka City, Fukuoka Prefecture	202	2021/3
RJR Sakaisuji Hommachi Tower	Osaka City,Osaka Prefecture	144	2021/3
RJR Precia Kumamotoekimae	Kumamoto City, Kumamoto Prefecture	144	2021/3
RJR Precia Ohashiekimae	Fukuoka City, Fukuoka Prefecture	152	2021/3

Condominium Sales

Name	Location	No. of total units (provisional)	Fiscal year of delivery (provisional)
MJR Chihaya Branchera	Fukuoka City, Fukuoka Prefecture	182	2021/3
MJR Sakaisuji Hommachi Tower	Osaka City,Osaka Prefecture	296	2021/3
MJR Hiraoekimae	Fukuoka City, Fukuoka Prefecture	46	2022/3
MJR The Garden Shimoori	Onojo City, Fukuoka Prefecture	303	2022/3
MJR Miyazakiekiminami Park Side	Miyazaki City, Miyazaki Prefecture	48	2022/3
MJR The Garden Kashii	Fukuoka City, Fukuoka Prefecture	420	2022/3

Miyazaki Station West Entrance Development

《JR Miyako Twin Building (joint development with Miyakohgroup)》

Lot area: Approx. 7,300㎡

Total floor space: Approx. 37,700㎡

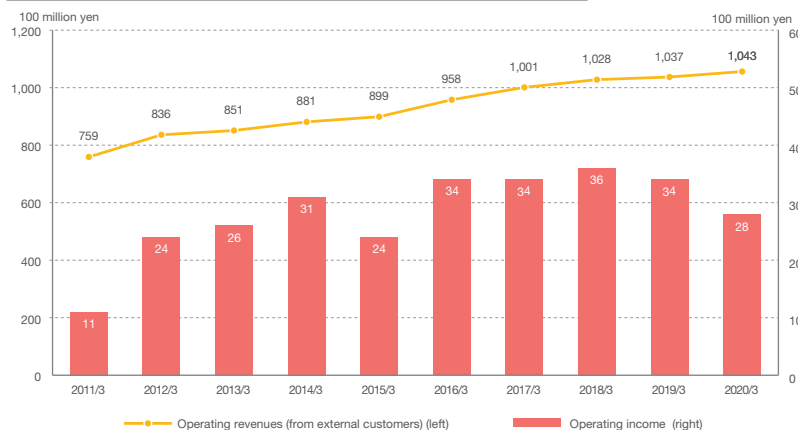
Uses: Commercial facilities, offices, etc.

Opening: November 2020(planned)



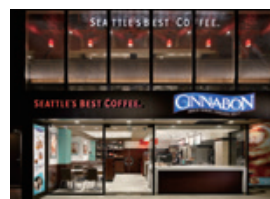
The Other Segment — Current Status

Retail and Restaurant Segment



Major Stores(as of April 1, 2020)

Retail	FamilyMart (210 stores) Drug Eleven (205 stores, of which 4 stores outside Kyushu)
Food and beverage	Umayu (24 stores, of which 11 stores outside Kyushu) Kentucky Fried Chicken (42 stores) Seattle's Best Coffee (51 stores, of which 14 stores outside Kyushu)

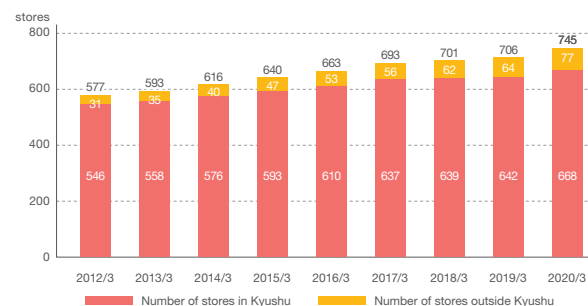


SEATTLE'S BEST COFFEE / CINNABON Roppongi

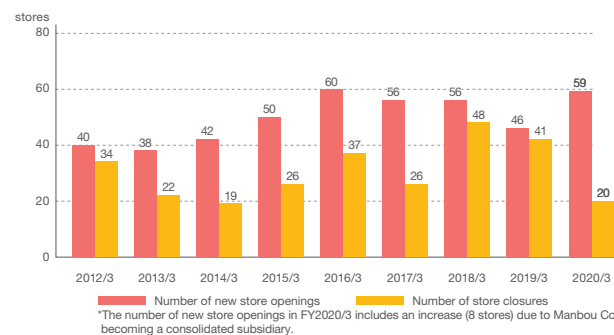


Akasaka-Umayu Shinjuku

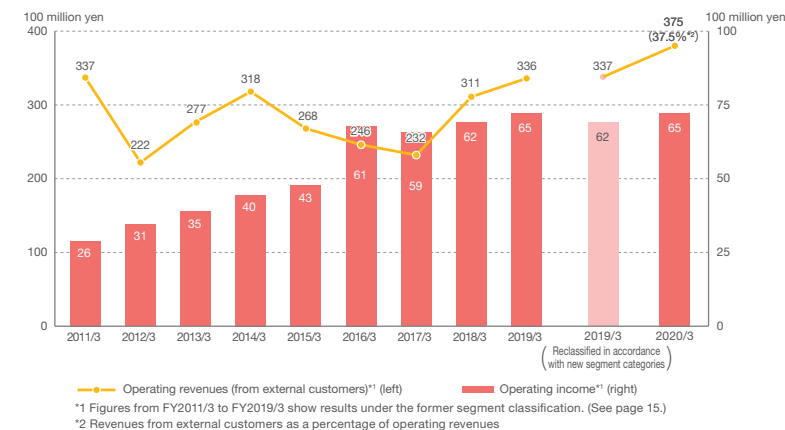
Number of Stores in the Retail and Restaurant Segment (Cumulative)



Number of Store Openings and Closures in the Retail and Restaurant Segment



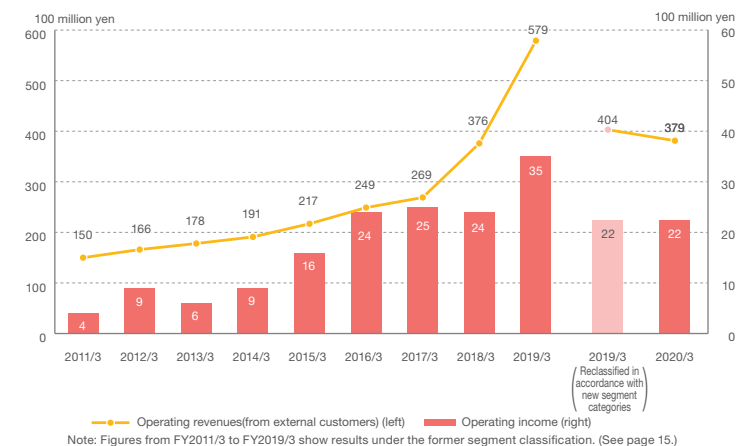
Construction Segment



Major Project Orders Received Recently

- Kyushu Shinkansen (Nagasaki route) related work (design, track work, civil engineering work)
- Hokuriku Shinkansen related work (track work, civil engineering work)

Other Segment



- Caterpillar Kyushu Ltd. became a consolidated subsidiary in October 2017
- From April 1, 2019, the hotel business and the seniors business were consolidated into the Real Estate and Hotels Segment.

Financial Results (Consolidated)

	2003/3	2004/3	2005/3	2006/3	2007/3	2008/3	2009/3	2010/3	2011/3	2012/3	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2019/3 New segment	2020/3
Total assets	9,978	9,760	9,746	9,695	9,869	9,777	9,478	9,756	10,166	10,086	10,398	11,062	11,409	6,466	6,766	7,495	8,014	8,014	8,285
Total liabilities	3,457	3,185	3,061	3,001	3,035	2,929	2,680	2,858	3,256	3,061	3,099	3,659	3,697	3,409	3,282	3,663	3,807	3,807	4,102
Total shareholders' equity	6,455	6,502	6,611	6,621	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Non-controlling interests*	66	72	72	73	(73)	(60)	(54)	(58)	(61)	(67)	(75)	(77)	(47)	(54)	(54)	(60)	(58)	(58)	(50)
Total net assets	—	—	—	—	6,834	6,848	6,798	6,897	6,910	7,024	7,298	7,403	7,712	3,057	3,484	3,832	4,207	4,207	4,182
Operating revenues (from external customers)	2,348	2,516	2,547	2,564	2,658	3,112	2,999	2,926	2,971	3,328	3,428	3,548	3,574	3,779	3,829	4,133	4,403	4,403	4,326
Transportation	1,377	1,376	1,465	1,474	1,490	1,505	1,477	1,379	1,403	1,670	1,688	1,706	1,704	1,763	1,716	1,787	1,798	1,766	1,662
Construction	181	341	238	202	243	294	222	323	337	222	277	318	268	246	232	311	336	337	375
Real Estate and Hotels (Real Estate)	191	193	227	247	261	248	228	290	320	432	432	450	485	562	609	629	651	857	864
Retail and Restaurant	391	393	404	408	411	804	817	767	759	836	851	881	899	958	1,001	1,028	1,037	1,037	1,043
Other	207	213	210	232	251	259	253	164	150	166	178	191	217	249	269	376	579	404	379
Operating income (loss)	(3)	15	40	50	74	82	76	19	20	147	120	90	127	208	587	639	638	638	494
Transportation	(84)	(83)	(39)	(57)	(0)	(43)	(36)	(105)	(114)	(99)	(110)	(149)	(132)	(105)	257	292	274	274	198
Construction	8	29	12	10	14	15	7	28	26	31	35	40	43	61	59	62	65	62	65
Real Estate and Hotels (Real Estate)	64	71	62	95	45	96	95	92	99	182	160	167	184	204	226	232	237	254	191
Retail and Restaurant	6	5	4	8	11	20	16	16	11	24	26	31	24	34	34	36	34	34	28
Other	2	(0)	0	(2)	2	(0)	(1)	(2)	4	9	6	9	16	24	25	24	35	22	22
Adjustments	(0)	(6)	(1)	(3)	1	(5)	(4)	(10)	(6)	(0)	1	(8)	(9)	(9)	(16)	(7)	(8)	(8)	(12)
Non-operating income (expenses)	86	86	87	81	94	94	69	69	65	55	52	121	127	111	18	30	26	26	12
Non-operating income	18	15	8	7	10	13	12	10	8	8	7	7	8	7	29	39	38	38	28
Non-operating expenses	79	71	71	68	67	60	63	54	54	54	52	6	6	7	11	8	11	11	16
Earnings from use of the management stabilization fund	147	142	149	143	151	141	120	113	111	101	97	120	125	111	—	—	—	—	—
Ordinary income	83	102	127	132	169	177	146	88	86	202	173	212	255	320	605	670	665	665	506
Extraordinary gains (losses)	4	17	22	(117)	52	(8)	(99)	(20)	(26)	(6)	(46)	11	21	(4,764)	(49)	(22)	(21)	(21)	(75)
Extraordinary gains	264	184	220	128	205	153	207	112	184	213	104	112	363	697	306	166	185	185	344
Extraordinary losses	259	166	197	245	153	161	307	132	211	219	151	101	342	5,462	355	188	206	206	419
Net income (loss) attributable to owners of the parent	38	52	110	(10)	133	92	18	22	21	67	60	115	150	(4,330)	447	504	492	492	314
Net cash provided by operating activities	324	384	352	407	511	305	197	361	387	484	446	396	461	634	285	876	414	414	604
Net cash provided by (used in) investing activities	(220)	(176)	(277)	(225)	(500)	(312)	(141)	(507)	(798)	(485)	(445)	(590)	(692)	90	(183)	(683)	(746)	(746)	(769)
Free cash flow	103	208	74	182	11	(6)	55	(146)	(410)	(1)	1	(194)	(231)	724	102	193	(331)	(331)	(164)
Net cash provided by (used in) financing activities	(161)	(134)	(18)	(82)	(58)	(95)	(155)	9	387	(5)	(9)	221	198	(400)	(6)	(91)	56	56	33
Net increase (decrease) in cash and cash equivalents	(58)	75	56	100	(46)	(103)	(99)	(136)	(23)	(5)	(7)	26	(30)	324	95	101	(275)	(275)	(130)

Notes: 1. "Shareholders' equity" has been replaced by "Total net assets" pursuant to the Companies Act of Japan, which came into force on May 1, 2006. The display methods of related figures and items have been adjusted to reflect this change. Non-controlling interests (previously minority interests) are included in net assets in FY2007/3 and beyond, and restated figures are displayed in parentheses.

2. For FY2013/3 and prior, adjustments for expenses related to seconded employees are included in non-operating expenses. For FY2014/3 and beyond, adjustments for expenses related to seconded employees are included in operating expenses.

3. The segment classifications were changed from April 1 2019. Figures for operating revenues (from external customers) and operating income for FY2019/3 and previous fiscal years show results under the former segment classification. (See page 15.) The name of the Real Estate segment was changed to the Real Estate and Hotels segment.

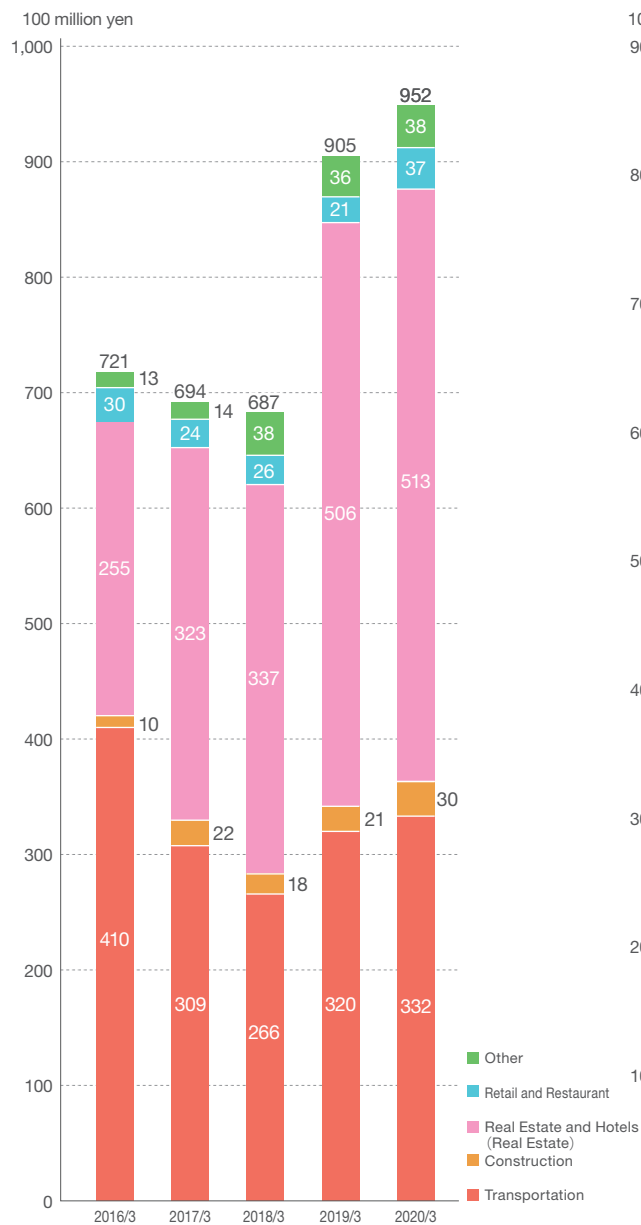
Financial Results(Non-Consolidated)

100 million yen

	1988 /3	2000 /3	2001 /3	2002 /3	2003 /3	2004 /3	2005 /3	2006 /3	2007 /3	2008 /3	2009 /3	2010 /3	2011 /3	2012 /3	2013 /3	2014 /3	2015 /3	2016 /3	2017 /3	2018 /3	2019 /3	2020 /3
Total assets	7,801	9,262	9,416	9,133	9,070	8,988	8,921	8,941	9,093	8,979	8,819	9,032	9,345	9,279	9,574	10,157	10,482	5,369	5,555	5,813	6,329	6,654
Total liabilities	801	2,866	2,860	2,658	2,610	2,507	2,411	2,402	2,456	2,323	2,209	2,338	2,635	2,494	2,563	3,032	3,079	2,745	2,580	2,549	2,742	3,111
Total shareholders' equity	6,999	6,395	6,555	6,475	6,460	6,481	6,509	6,539	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total net assets	—	—	—	—	—	—	—	—	6,637	6,655	6,610	6,694	6,710	6,785	7,010	7,125	7,402	2,623	2,975	3,263	3,587	3,542
Operating revenues	1,298	1,611	1,605	1,529	1,497	1,503	1,602	1,606	1,620	1,611	1,570	1,543	1,584	1,907	1,930	1,961	2,001	2,111	2,122	2,197	2,219	2,148
Railway services	1,266	1,388	1,379	1,346	1,308	1,311	1,391	1,399	1,410	1,410	1,387	1,298	1,329	1,599	1,610	1,625	1,632	1,691	1,649	1,713	1,722	1,652
Revenues from transportation	1,069	1,189	1,175	1,142	1,114	1,119	1,204	1,201	1,203	1,215	1,209	1,144	1,168	1,416	1,412	1,439	1,450	1,501	1,464	1,511	1,514	1,473
Other revenues	197	199	203	204	194	191	187	197	207	194	178	154	160	183	198	186	182	190	185	201	207	178
Revenues from related businesses	32	221	225	181	188	191	210	207	210	201	182	245	255	307	319	335	368	419	472	484	497	496
Operating expenses	1,587	1,740	1,729	1,652	1,531	1,529	1,597	1,591	1,599	1,583	1,527	1,568	1,615	1,864	1,914	1,980	1,982	2,056	1,687	1,729	1,761	1,804
Personnel expenses	768	838	801	782	671	624	596	569	558	561	553	533	535	533	543	582	557	542	531	513	497	487
Non-personnel expenses	559	655	662	606	602	657	740	767	795	764	713	764	798	969	1,027	1,062	1,085	1,162	1,025	1,043	1,065	1,055
Energy expenses	73	71	69	68	66	68	69	65	62	64	68	61	62	75	79	94	97	88	80	88	94	92
Repair expenses	218	202	217	202	203	217	244	301	281	302	268	279	293	322	329	340	365	389	378	363	372	334
Operating expenses	267	380	374	335	332	371	426	400	451	397	375	424	442	571	618	627	623	684	566	590	598	628
Taxes and dues	17	34	36	36	39	37	42	43	42	42	42	43	43	44	51	50	51	58	60	75	80	107
Depreciation costs	241	212	229	226	217	210	218	210	203	214	217	226	238	317	292	284	287	293	70	96	118	154
Operating income (loss)	(288)	(129)	(123)	(122)	(34)	(26)	4	15	21	27	42	(24)	(31)	42	15	(19)	18	54	434	467	457	343
From railway services	(280)	(139)	(145)	(168)	(89)	(82)	(40)	(57)	(7)	(53)	(39)	(109)	(122)	(104)	(117)	(156)	(140)	(115)	250	282	267	200
From non-railway services	(7)	9	22	45	55	56	45	73	28	81	81	84	91	147	132	137	159	169	184	185	189	143
Non-operating income (expenses)	303	182	180	177	91	88	89	83	97	101	74	73	78	59	60	135	145	128	40	55	80	61
Non-operating income	21	18	11	10	14	12	5	4	9	12	13	12	19	11	15	22	25	24	51	62	96	73
Non-operating expenses	1	1	1	2	70	66	66	64	63	52	59	53	51	52	53	7	5	6	10	6	15	11
Earnings from use of the management stabilization fund	283	165	170	169	147	142	149	143	151	141	120	113	111	101	97	120	125	111	—	—	—	—
Ordinary income	15	52	56	55	57	62	93	99	118	129	117	48	46	102	75	116	163	182	475	522	537	405
Extraordinary gains (losses)	20	0	0	0	(9)	(3)	(47)	(45)	46	1	(92)	(9)	(4)	8	(41)	7	9	(4,819)	(42)	(23)	(9)	(63)
Extraordinary gains	39	58	33	117	256	177	213	121	197	141	187	98	152	207	103	103	342	694	302	153	183	345
Extraordinary losses	18	58	33	117	265	181	261	166	150	140	279	108	156	199	144	95	332	5,513	345	177	193	409
Net income (loss)	9	28	30	11	12	26	29	9	89	77	16	18	28	33	20	72	95	(4,444)	376	416	442	286

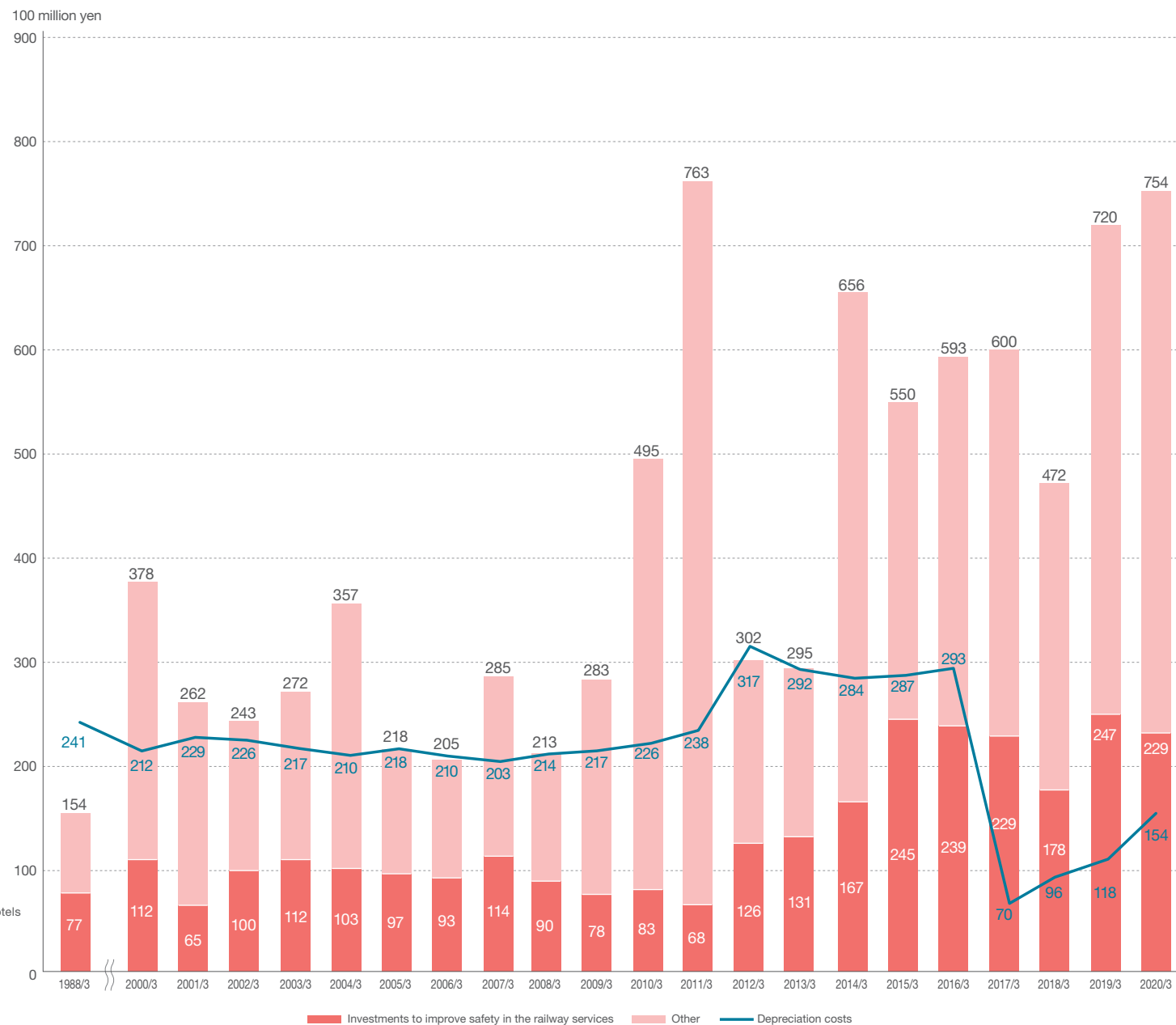
Notes: 1. "Shareholders' equity" has been replaced by "Total net assets" pursuant to the Companies Act of Japan, which came into force on May 1, 2006. The display methods of related figures and items have been adjusted to reflect this change.
2. For FY2013/3 and prior, adjustments for expenses related to seconded employees are included in non-operating expenses. For FY2014/3 and beyond, adjustments for expenses related to seconded employees are included in operating expenses.

Capital Investment Amounts(Consolidated)



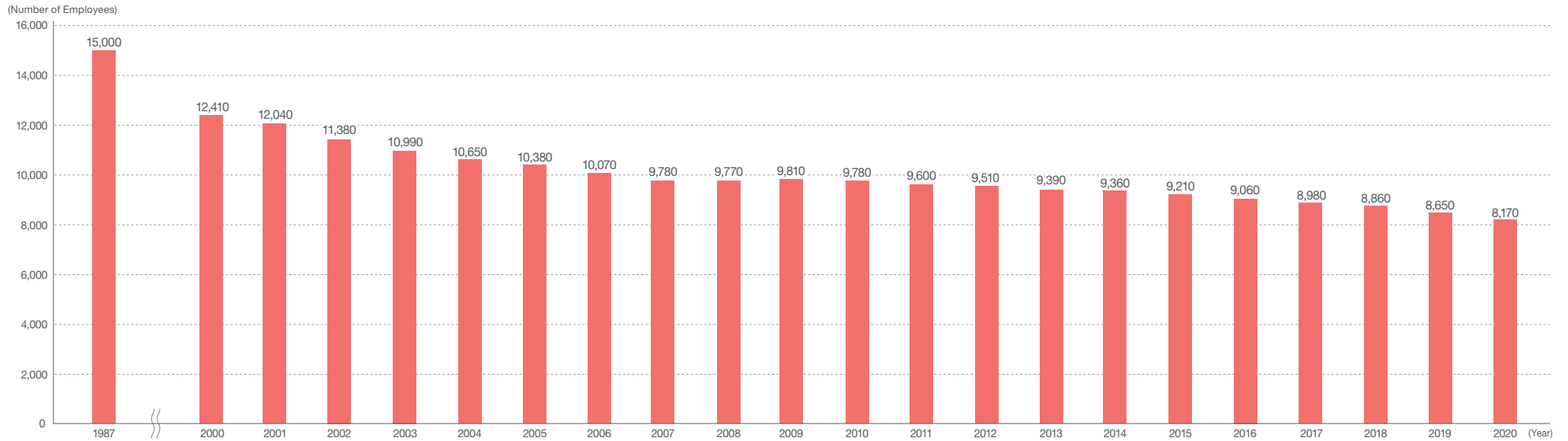
Note: Figures for FY2019/3 and previous fiscal years show results under the former segment classification. (See page 15.)

Capital Investment Amounts(Non-Consolidated)

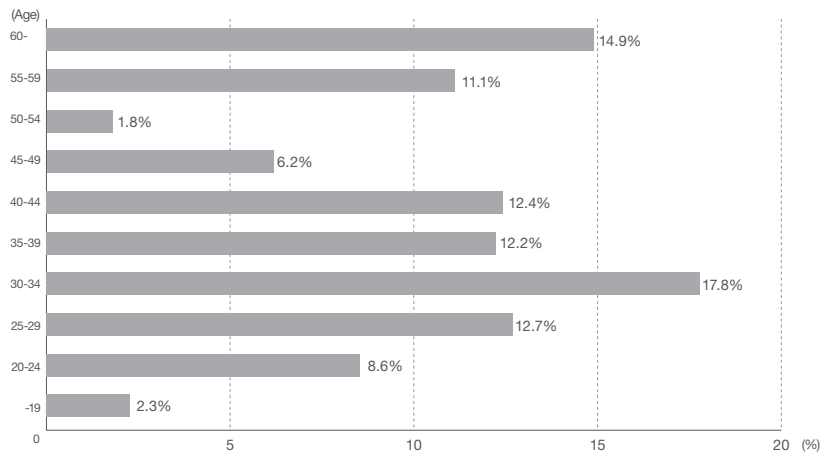


Employees

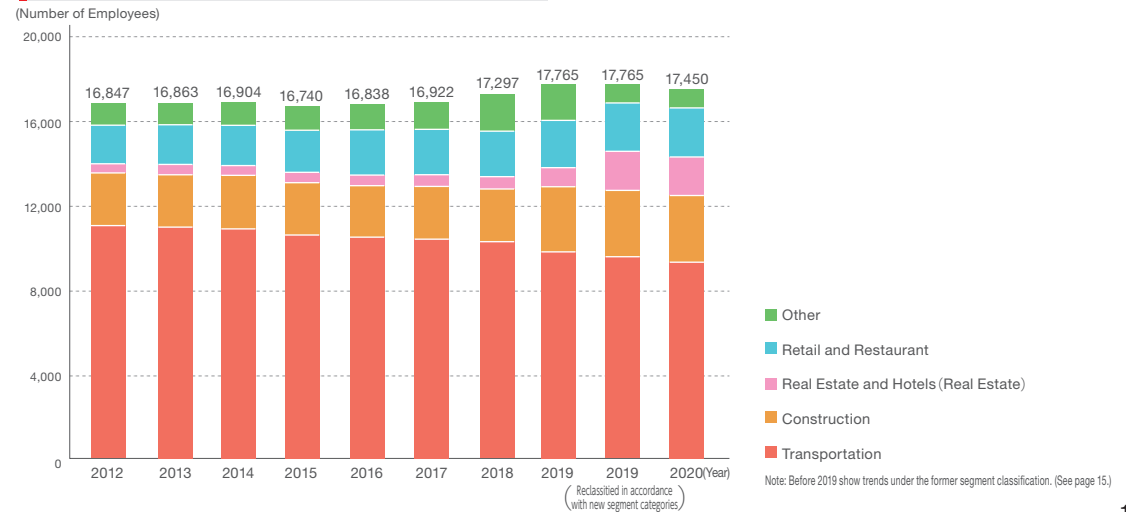
Number of Employees (Non-Consolidated) as of April 1



Age Distribution of Employees (Non-Consolidated) as of April 1, 2020



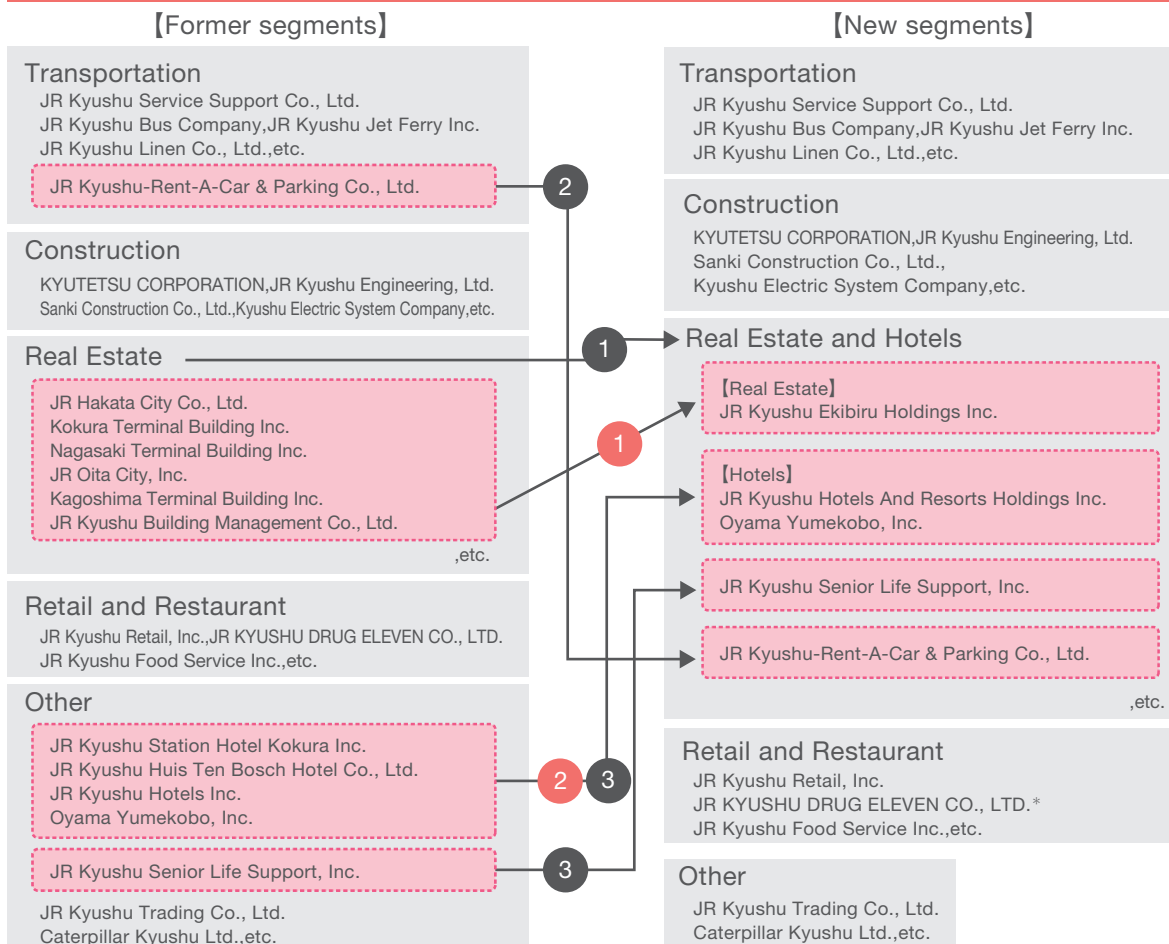
Number of Employees (Consolidated) as of March 31



Further Strengthen Our Management Foundation — Implement Segment Classification Changes, etc.

We will steadily advance segment management by establishing intermediate holding companies in the station building business and the hotel business, changing segment classifications, etc.

Overview of segment classification changes, etc. (April 1, 2019)



Establish intermediate holding companies in the station building and hotel business ① ②

Change segment classifications and revenue/expense classifications

【Segment Classification Changes】① ② ③

Segment classification and name changed in order to seamlessly strengthen the real estate and hotel businesses.

【Change in revenue/expense classification】

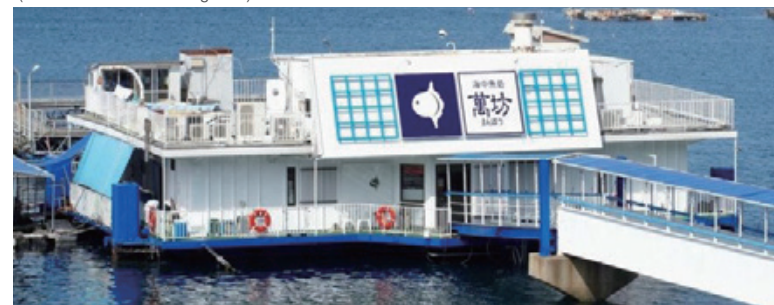
We will recognize business profit/loss more practically, through changing allocation criteria for station building rent (revenue) and fixed asset tax (expense) between the Transportation segment and the Real Estate and Hotels segment

*JR Kyushu Drug Eleven Co., Ltd. became an equity-method affiliate due to the transfer of a portion of the Company's holdings of its shares on May 28 2020.

Reevaluating Our Business Portfolio

Business acquisition

Acquisitions of businesses that lead to synergies with existing businesses, promotion of tourism in Kyushu, and the fostering of demand for railway transportation
December 2019: Acquisition of shares of Manbou Corp.
(Retail and restaurant segment)



Business restructuring/sale

- A** October 2019: Transfer of JR Kyushu Financial Management Company (Other segment)
In the leasing and installment financing businesses, methods of fund-raising have diversified against a background of lower market interest rates, and lease accounting standards have changed. Due to these and other factors, we determined that it would be difficult to achieve significant growth. In this setting, to foster further development, JR Kyushu decided that the best option was for these businesses to grow under the management of The Higo Bank, which has extensive financial know-how and a solid customer base. Accordingly, JR Kyushu transferred 90% of its shareholdings.
- B** April 2020: Transfer of hospital business
To make a continued contribution to regional medical care in the future, JR Kyushu decided that the best course of action was to facilitate the efficient provision of high-quality medical care by entrusting management to an external medical institution with a strong track record. Accordingly, JR Kyushu transferred the business to Medical Corporation Wakaba.
- C** May 2020: Transfer of a portion of shares of JR Kyushu Drug Eleven Co., Ltd. (Retail and restaurant segment)
Made a subsidiary in 2007. Results improved as a result of such initiatives as T-point sales promotion, measures to address inbound demand, etc., but the management environment in the drugstore business remained challenging due to dramatic changes in industry circumstances. For further development, JR Kyushu decided that the best course of action was to aim for growth for the concerned company as a business that has both local roots and profitable operations by utilizing the business know-how and other management resources of the TSURUHA Group. Accordingly, JR Kyushu transferred 51% of its shareholdings to TSURUHA Holdings, Inc. (change to equity-method affiliate from FY2021/3).

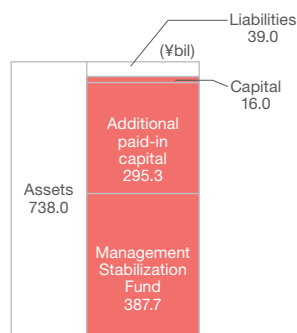
Changes in Capital Structure

● Capital calculated as difference between assets and liabilities at time of privatization of Japanese National Railways in 1987

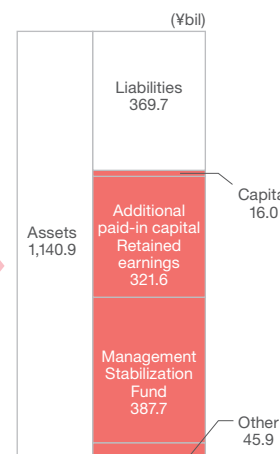
● JR Kyushu established with excessive levels of capital (additional paid-in capital) due to low levels of liabilities
Note: The three JR companies on the Japanese mainland had limited capital due to inheriting liabilities from Japanese National Railways.

● Management Stabilization Fund (¥387.7 billion) depleted in FY2016/3 to direct funds to Shinkansen lease fees (prepaid expenses)
Impairment losses on fixed assets held in the railway business (approximately ¥520.0 billion) stemming from depletion of the Management Stabilization Fund
⇒ Capital still higher than peers, despite decrease, as a result of circumstances surrounding establishment

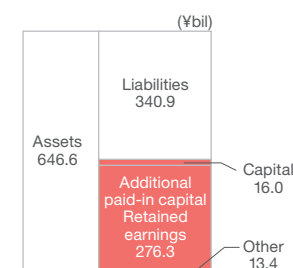
At Time of Establishment: 1987
(Non-Consolidated)



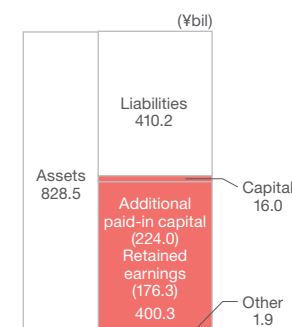
Prior to Depletion of Management Stabilization Fund: March 31, 2015
(Consolidated)



After Depletion of Management Stabilization Fund: March 31, 2016
(Consolidated)



March 31, 2020
(Consolidated)



Changes in Cost Structure

Elimination of Special Tax Measures

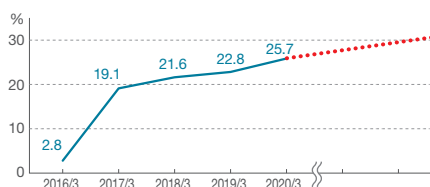
- Elimination of special tax measures (special tax breaks implemented following the privatization of Japanese National Railways and provisions extending the period of these breaks) effective March 31, 2019 (period extending provisions eliminated effective March 31, 2017)
- Inability to accurately calculate tax reduction amount as tax amounts are based on evaluations by municipal governments
- Amount of impact on performance in FY2019/3 estimated to be approximately ¥4.8 billion (to be recorded under taxes and non-personnel expenses)

Depreciation Costs of the Railway Business

- Decrease in depreciation costs in conjunction with impairment losses on fixed assets held in the railway business (approximately ¥520.0 billion) recorded on March 31, 2016
- Capital investment of between ¥25.0 billion and ¥30.0 billion a year conducted in railway business (excluding rolling stocks) after impairment losses
- Gradual increase in depreciation costs going forward due to continuation of current trends (risk for upturns stemming from rolling stock upgrades)

Corporate Tax Rate

- Disparity between tax burden and effective tax rate (30.5% in FY2020/3) due to significant temporary differences associated with impairment losses (income used for taxation purposes lower than income used for accounting purposes)
- Gradual increase in tax rates as temporary differences associated with impairment losses resulted in the recording of new deferred tax assets
- Current trends to continue over foreseeable future but long-term trends undetermined



Outline of fares and charges in the railway business

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)

Calculation method of total cost

- Total cost = Operating costs, etc. + Operational return
- Operating costs, etc. = Personnel expenses, overhead, etc.
(Optimal cost calculated by "Yard-stick formula") + Taxes, depreciation, etc.

Expenses		Revenues
Operational return	Dividends, etc.	Increased revenues from revised fares
	Interest expense	
Total cost Operating costs, etc.	Taxes, depreciation, etc.	Revenues from current fares
	Personnel expenses, overhead, etc. (Optimal cost calculated by "Yard-stick formula")	Revenues from express charges
		Transportation incidentals

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements, including future outlooks and objectives of the JR Kyushu Group.

These statements are judgments made by the Company based on information, projections, and assumptions available at the time of the document's creation.

Accordingly, please be advised that actual operating results could greatly differ from the contents of this document due to the effects of the economic situation inside and outside Japan, and of the Kyushu area, real estate market conditions, the progress of respective projects, changes in laws and regulations, and a wide range of other risk factors.