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## Transportation Group

### Overview of the fiscal year ended March 2020

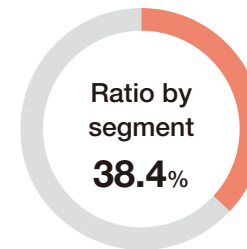
Operating revenues in the Transportation Group were ¥173.73 billion, a decrease of 4.5% compared to the previous fiscal year. Operating income came to ¥19.848 billion, down 27.6% compared with the previous fiscal year, and EBITDA fell 13.9% to ¥29.563 billion.

The decrease in operating revenues and operating income can be attributed to factors such as a reduction in revenues from railway transportation due to the impact of the COVID-19 pandemic.

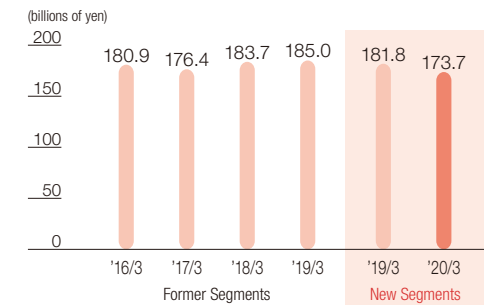
### Consolidated subsidiaries

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.

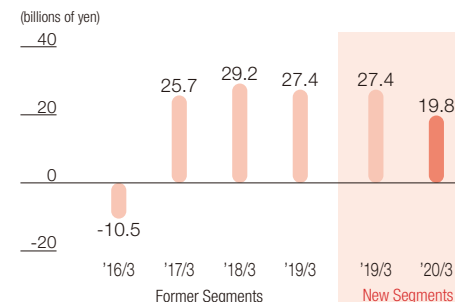
\*While we own less than 50% of the voting rights, this is still considered a consolidated subsidiary as we control the company to all intents and purposes.



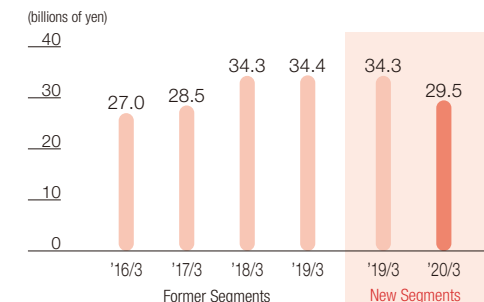
### Operating Revenues



### Operating Income



### EBITDA



(as of July 1, 2020)

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## Transportation Group

## Initiatives in the Fiscal Year Ended March 2020

Our railway business continued to develop operations founded on safety and service quality. At the same time, we fully utilized our network centered on the Kyushu Shinkansen to deploy sales measures from the customer's perspective in order to secure profits.

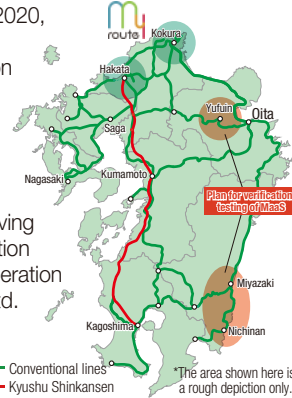
In addition to increasing earnings power in the key fields of the Shinkansen, urban areas and inbound tourism, we leveraged the appeal of the railways to advance city-building and community development. In May 2019, we launched the Go! Waku Waku Trip with MICKEY project to promote use of the Kyushu Shinkansen. In July 2019, we held the Kumamoto Destination Campaign in conjunction with the Kumamoto Fall in Love tourism campaign to attract visitors to the Kumamoto area. We promoted a shift to online reservations through promotional campaigns and the enhancement of online-only offers on the JR-KYUSHU Train Reservation service. To stimulate demand from inbound visitors, we have launched direct ticket sale and seat reservation services on the dedicated booking website for the JR Kyushu Rail Pass. We also began partnering with Ctrip, a major Chinese online travel company, in October 2019 to appeal to customers from Taiwan, Hong Kong, China and South Korea. Our initiatives to share information and drive sales are tailored to each country and region. Furthermore, we have made efforts to raise awareness of Kyushu's brand based on nature, cuisine, hot springs, history, culture and the hospitality of its people through various promotional activities and collaboration with All Nippon Airways Co., Ltd. such as Seven Stars in Kyushu Cruise Train and 11 D&S Trains.

However, revenues from railway transportation decreased significantly in the fourth quarter due to measures such as shelter-in-place orders in response to the COVID-19 pandemic. As part of efforts to prevent the spread of the disease, some Kyushu Shinkansen and limited express services were suspended from March 20, with some express bus services suspended from March 21. All hydrofoil ferry services were also suspended from March 9 in accordance with the implementation of more stringent border control measures by the Japanese and South Korean governments.

## Future Railway Business Initiatives

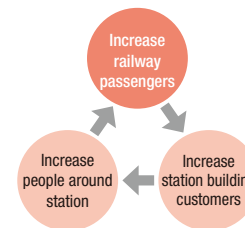
## The Challenge of New Mobility Services (MaaS)

In the fiscal year ended March 2020, we signed the contract for a business alliance with Nishi-Nippon Railroad Co., Ltd. and DAICHI KOUTSU SANGYO Co., Ltd. In addition, we started an initiative to facilitate seamless transfers at JR Shimosone Station with the March timetable revision by improving complementary guidance information between trains and buses in cooperation with Nishi-Nippon Railroad Co., Ltd. We plan to implement application verification testing in the Yufuin region and in Miyazaki Prefecture. We will continue to provide highly convenient services and promote initiatives to attract and retain customers on public transportation.



## Building Sustainable Railway Services

We will build on our initiatives for increasing earnings power in the key fields of the Shinkansen, urban areas, and inbound tourism to encourage high volumes of customers to use our railway services and expand our revenue through the business model that drives our business around our stations.



Urban areas	Promotion of measures to increase the number of people in areas around railway lines through development in the areas around stations
Inbound tourism	Driving increasing inbound tourism demand following measures to improve the runway capacity of Fukuoka Airport
Shinkansen	Creation and promotion of business and tourism demand through a combination of D&S Trains and intercity travel

## TOPICS

## Test Operations of Self-driving Train Equipment

In order to make self-driving trains a reality, we are working to develop self-driving train equipment based on ATS-DK. As part of this development, test operations began in December, 2019. The control functions (acceleration, coasting, deceleration, fixed-point stopping, etc.), driving time and ride comfort were checked and the technology was verified.



## Complete Restoration of Hohi Main Line

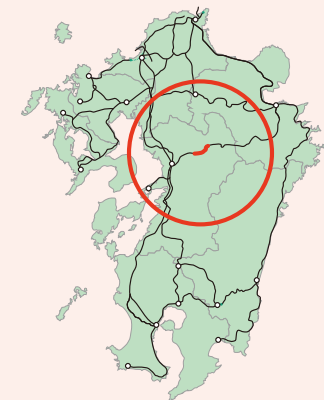
The Hohi Main Line was damaged by the Kumamoto earthquakes in April, 2016 and service between Higo-Ozu Station and Aso Station was suspended due to a large-scale landslide. The line returned to full operation on August, 8 2020 following the completion of restoration work.



Before restoration



After restoration





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## Real Estate and Hotels Group

**Overview of the fiscal year ended  
March 2020**

Operating revenues in the Real Estate and Hotels Group were ¥90.779 billion, an increase of 0.8% compared to the previous fiscal year. Operating income came to ¥19.137 billion, down 24.8% compared with the previous fiscal year, and EBITDA fell 14.1% to ¥30.595 billion.

While revenues decreased due to the impact of the COVID-19 pandemic, operating revenues increased following the opening of new hotels and operating income decreased due to an increase in taxes.

Ratio by  
segment  
**20.0%****Consolidated subsidiaries**

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-Rent-A-Car &amp; Parking Co., Ltd.

JR Kyushu Senior Life Support, Inc.

JR Kyushu Huis Ten Bosch Hotel Co., Ltd.

JR Kyushu Hotels Inc.

JR Kyushu Station Hotel Kokura Inc.

Oyama Yumekobo, Inc.

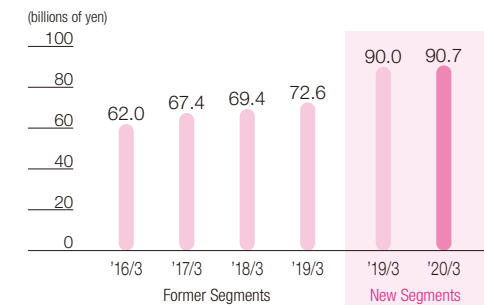
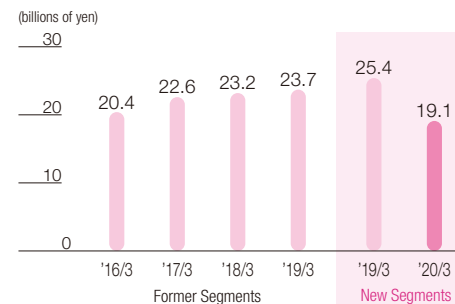
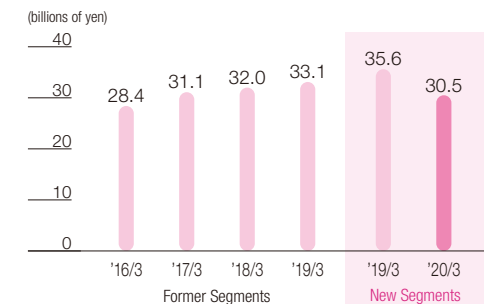
JR Kyushu Business Development  
(Thailand) Co., Ltd.

JR Kyushu Ekibiru Holdings Inc.

JR Kyushu Capital Management  
(Thailand) Co., Ltd.

JR Kyushu Hotels And Resorts Holdings Inc.

(as of July 1, 2020)

**Operating Revenues****Operating Income****EBITDA**

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## Real Estate and Hotels Group

## Initiatives in the Fiscal Year Ended March 2020

Initiatives to increase revenues in our real estate rental business included active sales activities for the Side Street 30 Steps from Kokura Station restaurant area which opened in March 2019, the renovation of Amu Plaza Hakata and Amu Plaza Kagoshima in spring and fall of 2019 respectively, and many events utilizing spaces such as squares in front of each station building.

In addition to recording sales at condominium complexes such as MJR the Garden Kagoshima-Chuo and MJR Meinohama Eki Minami, our real estate sales business worked to promote sales at MJR the Garden Kami-Kumamoto Ekimae and MJR the Garden Miyazaki Ekimae.

In our hotel business, we built our top brand THE BLOSSOM, opening THE BLOSSOM HIBIYA in August and THE BLOSSOM HAKATA Premier in September 2019. We also strengthened revenue management and worked to expand revenue in our existing hotels.

In April 2019, we established intermediate holding companies for our station building and hotel companies to strengthen governance and use economies of scale to improve competitiveness, management efficiency, and employee training.

However, use of hotels and station buildings decreased in the fourth quarter due to measures such as shelter-in-place orders in response to the COVID-19 pandemic. The operating hours of station buildings were also reduced as part of measures to prevent the spread of the disease.

## Future Initiatives

We are implementing initiatives to support population growth in the areas around our railway lines through investment to implement strategic city-building and community development initiatives in the regions around our business areas.

## Development at west gate of Miyazaki Station

To be opened in November 2020

Uses: Commercial facilities (station building, etc.), offices, etc.

Lot area: Approx. 7,300m<sup>2</sup>

Total floor space: Approx. 37,700m<sup>2</sup>



## Development in the area around Kumamoto Station

To be opened in spring 2021

Uses: Commercial facilities (station building, etc.), hotels, offices, residences, etc.

Lot area: Approx. 70,000m<sup>2</sup>

Total floor space: Approx. 107,000m<sup>2</sup>



## Development in the area around Nagasaki Station

Partial opening in 2023

Full opening in 2025

Uses: Commercial facilities (station building, etc.), hotels, offices, etc.

Lot area: Approx. 18,000m<sup>2</sup>

Total floor space: Approx. 114,000m<sup>2</sup>



## Development in the Fukuoka Metropolitan Area

● Development of properties acquired through public offerings

- Project for the utilization of the former site of Sunoko Elementary School
- Project for the effective use of the site of the Fukuoka-higashi prefectural government building

● Plan for utilizing the space above the tracks at Hakata Station

A study on the implementation of plans for utilizing the space above the tracks at Hakata Station in a three-dimensional manner has begun



## TOPICS

## Opening of two THE BLOSSOM brand hotels

JR Kyushu Hotels Inc. established THE BLOSSOM, the highest-prestige brand among its accommodation-oriented hotels, and opened THE BLOSSOM HIBIYA and THE BLOSSOM HAKATA Premier in August and September, 2019 respectively.



## Opening of “Kokura-shuku: side street 30 steps from the station”

“Kokura-shuku: side street 30 steps from the station” opened in March, 2019 on the first floor of the East Building of Amu Plaza Kokura, managed by JR Kokura City Inc. This open space next to the ticket gates of Kokura Station features a lineup of eight appealing stores.





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## Construction Group

**Overview of the fiscal year ended  
March 2020**

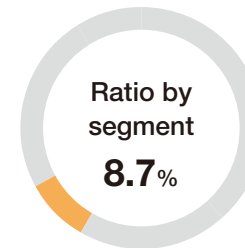
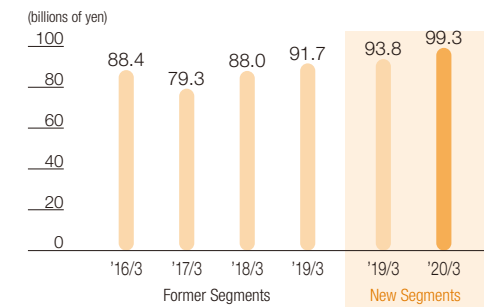
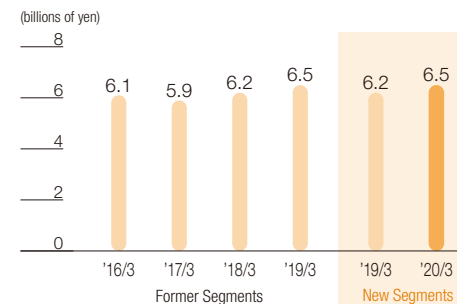
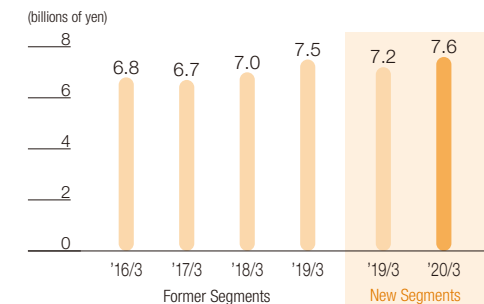
Operating revenues in the Construction Group were ¥99.385 billion, an increase of 5.9% compared to the previous fiscal year. Operating income came to ¥6.58 billion, up 4.6% compared with the previous fiscal year, and EBITDA rose 5.8% to ¥7.689 billion.

Operating revenues and operating income increased due to an increase in Shinkansen-related construction.

**Consolidated subsidiaries**

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

(as of July 1, 2020)

**Operating Revenues****Operating Income****EBITDA**

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## Retail and Restaurant Group

Overview of the fiscal year ended  
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Operating revenues in the Retail and Restaurant Group were ¥104.657 billion, an increase of 0.6% compared to the previous fiscal year. Operating income came to ¥2.825 billion, down 17.2% compared with the previous fiscal year, and EBITDA fell 11.8% to ¥4.479 billion.

While revenues decreased due to the impact of the COVID-19 pandemic, operating revenues increased as a result of increased revenue from fast food outlets. Operating income decreased due to an increase in expenses associated with new store openings.

## Consolidated subsidiaries

JR Kyushu Retail, Inc.

JR KYUSHU DRUG ELEVEN CO., LTD.\*

JR Kyushu Food Service Inc.

JR Kyushu Fast Foods Inc

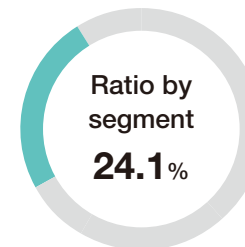
Inc Train D'or

Manbou Corp.

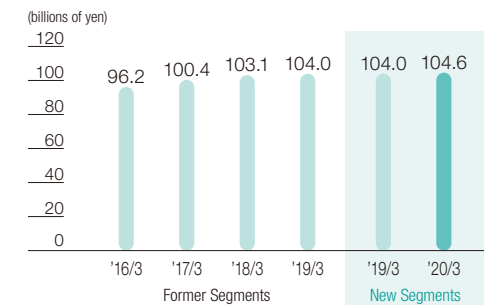
Shanghai JR Kyushu Food Service Inc.

JR Kyushu Farm Co., Ltd.

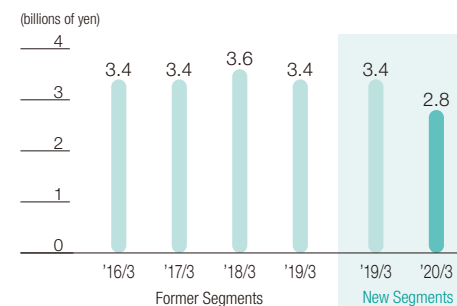
\* Company accounted for using the equity method  
(as of July 1, 2020)



## Operating Revenues



## Operating Income



## EBITDA

