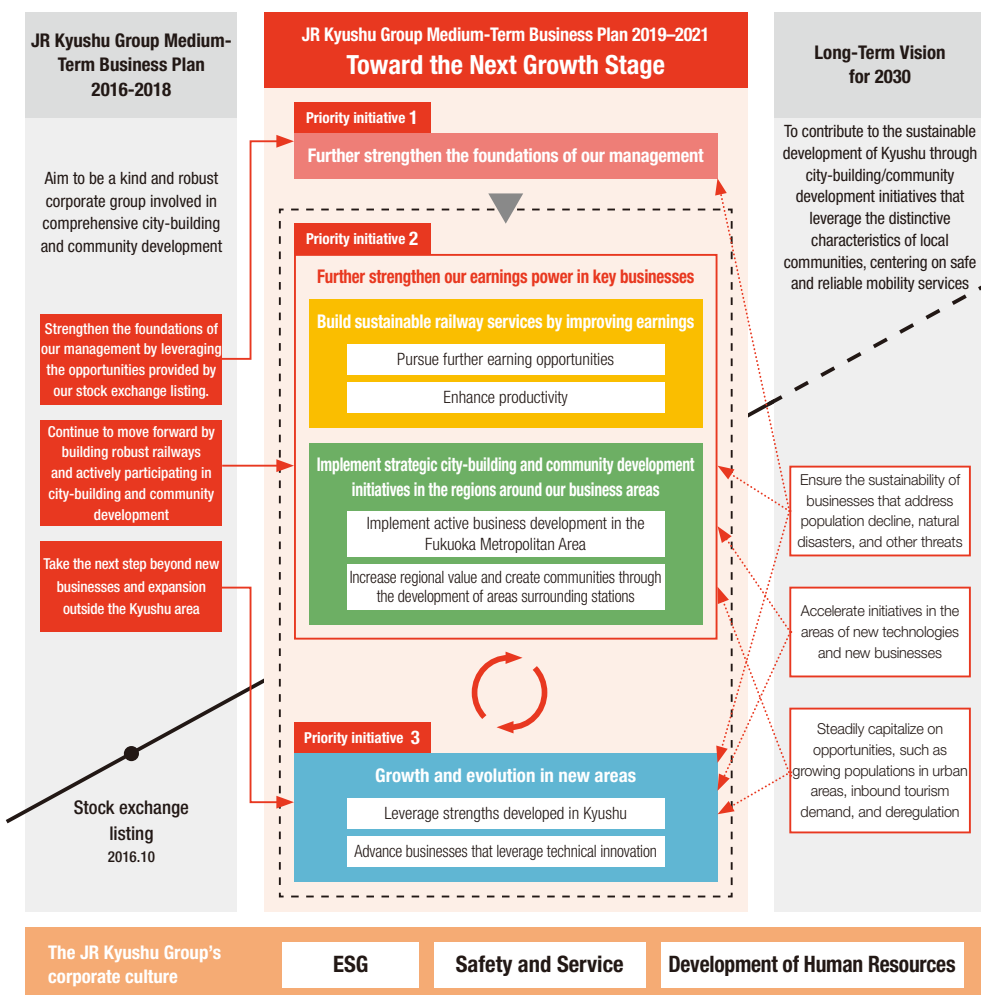


## Progress on Our Medium-Term Business Plan

The JR Kyushu Group Medium-Term Business Plan 2019–2021 looks back to the issues and long-term vision identified in our previous medium-term business plan and plans for our next growth stage, with a focus on further strengthening the foundations of our management, further strengthening our earnings power in key businesses, and growth and evolution in new areas.

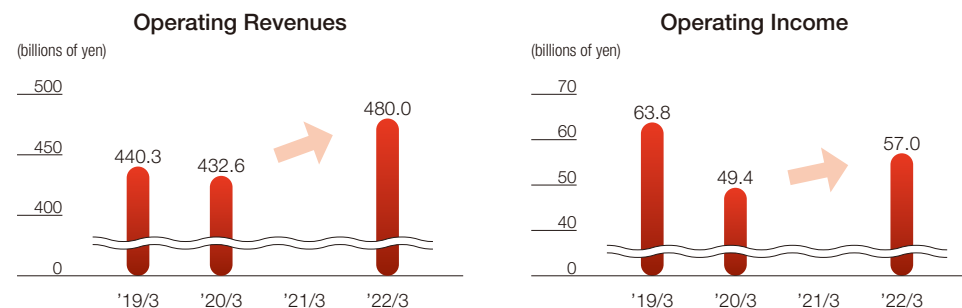


### Numerical Targets

We have set target management indicators of ¥480 billion in consolidated operating revenues and ¥57 billion in consolidated operating income for the fiscal year ending March 2022, the final year of our Medium-Term Business Plan.

Group results for the fiscal year ended March 2020 were strong until the third quarter, but the effects of the COVID-19 pandemic, such as cancellations of events and people refraining from going out and cancellations of events, caused a drop in demand and stagnation of individual consumption in our railway business and various other businesses.

As a result, operating revenues decreased 1.8% from the previous consolidated fiscal year to ¥432.644 billion and operating income decreased 22.7% from the previous consolidated fiscal year to ¥49.406 billion.



Segment name	Operating Revenues*		Operating Income*	
	'20/3	'22/3	'20/3	'22/3
Transportation	173.7	184.0	19.8	21.0
Construction	99.3	98.0	6.5	6.0
Real Estate and Hotels	90.7	113.0	19.1	24.0
Retail and Restaurant	104.6	115.0	2.8	4.0
Others	72.1	76.0	2.2	2.5
Total	432.6	480.0	49.4	57.0

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

Introduction Digest	Financial and Non- Financial Highlights	History of Value Creation Initiatives Value Creation Process	Message from the President Message from the CFO	<b>Progress on Our Medium- Term Business Plan</b> Feature	Materiality	Corporate Governance	Safety and Service Development of Human Resources	Local Community Invigoration Dialog with Stakeholders	Environmental Initiatives	Information on Segments Overview Financial Information Investor Information
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## Progress on Our Medium-Term Business Plan

### Issues to Be Addressed

In addition to carrying out the three priority initiatives in our Medium-Term Business Plan—further strengthening the foundations of our management, further strengthening our earnings power in key businesses, and growth and evolution in new areas—we are focusing on ESG, safety and service, and Development of Human Resources, which are fundamental elements in all of our businesses.

#### Priority initiative

#### Further strengthen the foundations of our management

1

The JR Kyushu Group aims to further strengthen the foundations of its management through strengthening of governance and efficient segment management.

To strengthen our governance, we appointed an additional two outside directors in June 2019 and introduced a performance-linked share-based remuneration plan. An outside director with knowledge about ESG joined us in June 2020. The majority of the members of our Nomination and Compensation Advisory Committee are outside directors to improve the objectivity and transparency of our procedures for nominating and compensating directors.

To ensure efficient segment management, the station building and hotel companies that we established in April 2019 are each run through a holding company to make the best possible use of economies of scale and make both businesses more competitive. We are also working to create a strategic business portfolio through measures such as M&A and build a strong management framework. In December 2019, we acquired Manbou Corp. as a subsidiary. Manbou Corp. produces and sells squid siu mai dumplings, a specialty in Saga Prefecture. Shares in JR Kyushu Financial Management Company, a business that primarily handles leases and hire purchases, were transferred in October 2019 and a hospital business was transferred to a medical company in April 2020. In May 2020, the majority of shares in JR KYUSHU DRUG ELEVEN CO., LTD. were transferred to form a company accounted for using the equity method.

#### Priority initiative

#### Further strengthen our earnings power in key businesses

2

#### Build sustainable railway services by improving earnings

In addition to improving revenue in our key areas—the Shinkansen, urban areas, and inbound tourism—we are working to increase the value of Kyushu's brand and promote travel to Kyushu by raising the caliber of our Seven Stars in Kyushu service and D&S trains.

Various initiatives are in place for the Kyushu Shinkansen, including continuous strengthening of our yield management and the use of EX services (the online reservations and ticketless boarding service used for the Tokaido and Sanyo Shinkansen) to make the service even more convenient for passengers. We have also introduced the new 36 Plus 3 D&S train, which explores new tourist attractions in Kyushu, adding new value to our passengers' train journeys.

With a chronic labor shortage expected in future, we see this as an opportunity to improve efficiency and save labor through the use of new technology, and are working to enhance productivity for the future. We are also steadily preparing for the opening of the Nagasaki route of the Kyushu Shinkansen, which runs between Takeo Onsen and Nagasaki Stations.



### Implement strategic city-building and community development initiatives in the regions around our business areas

We are actively working on expanding our businesses in the Fukuoka metropolitan area, with a particular focus on acquiring and developing real estate in Hakata, the gateway to Kyushu and Asia at large, through a variety of methods including public offering.

We have secured two public offerings in Fukuoka City, one for effective use of the site of the Fukuoka-Higashi prefectural government building and the other for the utilization of the former site of Sunoko Elementary School. The former is in the Hakata Connected area promoted by the Fukuoka City government. Through projects like these, we will contribute to the improvement of urban functions—both hard and soft—in the area around Hakata Station.

As part of our work to increase regional value and create communities through the development of areas surrounding stations, we are putting the finishing touches on development of the areas surrounding Miyazaki and Kumamoto Stations, where preparations are underway to open station buildings. We are also working on basic plans for development of the area around Nagasaki Station and a plan for utilizing the space above the tracks at Hakata Station.



Project for the effective use of the site of the Fukuoka-higashi prefectural government building



Project for the utilization of the former site of Sunoko Elementary School

#### Priority initiative

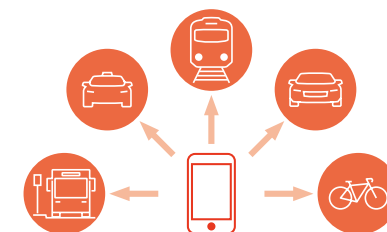
3

#### Growth and evolution in new areas

The JR Kyushu Group notices long-term trends in technical innovation and applies these in our work to achieve sustainable growth and further advances.

We are working with other transportation providers to build a new mobility service (MaaS). Plans for the future include a proof-of-concept with affiliates using a smartphone app, with the aim of making this into a seamless, convenient mobility service with prospects for continuous usage in future.

Initiatives for self-driving trains are underway to mitigate labor shortages as the working population decreases in future. Onboard staff other than drivers will be the main staff on the trains of the future. We plan to complete a proof-of-concept on trains in operation with drivers on board, along with conducting the necessary verifications and conducting discussions with the Japanese government.



MaaS