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(Securities Code: 9142)

May 29, 2023

To our shareholders:

Yoji Furumiya
Representative Director and President,
Corporate Officer

Kyushu Railway Company
3-25-21, Hakata-ekimae, Hakata-ku, Fukuoka, Japan

Notice of the 36th Annual General Meeting of Shareholders

Kyushu Railway Company (the “Company”) is pleased to announce the 36th Annual General Meeting of Shareholders of the Company (the “Meeting”), which will be held as indicated below.

When the Company convenes a general meeting of shareholders, the Company takes measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (matters to which electronic provision measures apply) in electronic format, which are posted on the Company’s corporate website as the “Notice of the 36th Annual General Meeting of Shareholders.” Please access the Company’s website shown below to review the information.

The Company’s website

<https://www.jrkyushu.co.jp/company/ir/stock/meeting/> (in Japanese)

In addition to the Company’s corporate website, matters to which electronic provision measures apply are available on the website of the Tokyo Stock Exchange (TSE). Please access the TSE website shown below to review the information.

TSE website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

(Access the TSE website by using the internet address shown above, enter “Kyushu Railway” in “Issue name (company name)” or the Company’s securities code “9142” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders’ Meeting /Informational Materials for a General Shareholders’ Meeting].”)

If you are unable to attend the meeting in person, you may exercise your voting rights beforehand in writing (postal mail) or via the internet, etc., as described in “Guidance for exercising your voting rights” below. Please review the Reference Documents for the General Meeting of Shareholders, and exercise your voting rights no later than 5:30 p.m. (JST) on Thursday, June 22, 2023.

Guidance for exercising voting rights

If you are able to attend the Meeting

Submission to Receptionist at the Meeting

You are kindly requested to present the enclosed voting form at the reception.

If you are unable to attend the Meeting

Exercise of voting rights via the internet

Please review the Guidance on page 4 and register your approval or disapproval of the proposals. Register your approval or disapproval of the proposals no later than 5:30 p.m. (JST) on Thursday, June 22, 2023.

Exercise of voting rights by mail

Please indicate your approval or disapproval of the proposals on the enclosed voting form, and return it so that your vote is received no later than 5:30 p.m. (JST) on Thursday, June 22, 2023.

To Institutional Investors

The electronic voting platform operated by Investor Communications Japan Inc. (ICJ, Inc.) is available for the institutional investors.

Details

1. **Date and Time:** Friday, June 23, 2023, at 10:00 a.m. (JST) (Reception starts at 9:00 a.m.)
2. **Venue:** Banquet hall “TSUKUSHI,” Main building 3F, Hotel Nikko Fukuoka
2-18-25, Hakata-ekimae, Hakata-ku, Fukuoka, Japan

3. Purpose of the Meeting

Matters to be reported

1. Report on the Business Report and the Consolidated Financial Statements for the 36th fiscal year (from April 1, 2022 to March 31, 2023), and the results of audits of the Consolidated Financial Statements by the accounting auditor and the Audit and Supervisory Committee
2. Report on the Non-Consolidated Financial Statements for the 36th fiscal year (from April 1, 2022 to March 31, 2023)

Matters to be resolved

Proposal No. 1: Appropriation of Surplus

Proposal No. 2: Partial Amendments to the Articles of Incorporation

Proposal No. 3: Election of 11 Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

- ⊙ If the voting form is submitted with no indication of either “approval” or “disapproval” for each proposal, the shareholders in question shall be deemed to have indicated “approval” for each proposal.
- ⊙ If your voting rights are exercised multiple times by the voting form or via the internet, etc. the last vote received by the Company will be deemed to constitute the effective exercise of your voting rights. Please note that, if your vote cast via the internet, etc. and your voting form are received on the same day, the vote via the internet, etc. will be deemed to constitute the effective exercise of your voting rights.
- ⊙ If you are to attend the Meeting, you are kindly requested to present the enclosed voting form at the reception.
- ⊙ In accordance with the provisions of laws and regulations and Article 16 of the Company’s Articles of Incorporation, the matters listed below are excluded from the paper-based documents delivered to shareholders who have made a request for delivery of documents stating matters for which measures for providing information in electronic format are to be taken.
 - (i) “Systems for Ensuring the Appropriateness of Business Activities and the Operation Status of the Systems” in the Business Report
 - (ii) “Consolidated Statement of Changes in Equity” and “Notes to Consolidated Financial Statements” sections of Consolidated Financial Statements
 - (iii) “Non-consolidated Statement of Changes in Equity” and “Notes to Non-consolidated Financial Statements” sections of Non-consolidated Financial Statements
- ⊙ Should there be any revisions to matters to which electronic provision measures apply, the revised information will be posted on the Company’s corporate website and the TSE website on the internet.
- ⊙ Please be advised that no gift or equivalent is intended to be provided at the General Meeting of Shareholders.
- ⊙ Should there be any significant changes regarding the operation on the day of the General Meeting of Shareholders, shareholders will be notified on the Company’s corporate website.

Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Appropriation of Surplus

The Company positions the return of profits to shareholders as one of the most important management policies. We believe it is important to return profits to shareholders in a stable and long-term manner. For the period through the fiscal year ending March 31, 2025, the Company has set the minimum dividend at ¥93 per share, with a target consolidated dividend payout ratio of 35% and will flexibly repurchase its own shares as the situation demands.

Based on the above policy, the Company has decided to pay a year-end dividend of ¥93 per share for the fiscal year ended March 31, 2023.

(1) Type of dividend property

Cash

(2) Allotment of dividend property to shareholders and its total amount

¥93 per Company's common share

Total: ¥ 14,629,040,709

(3) Effective date of dividends from surplus

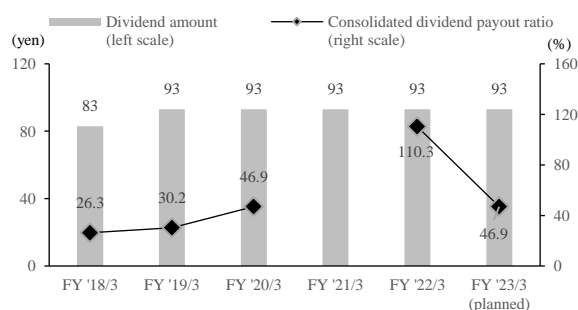
June 26, 2023

Reference:

◆Trends in dividends per share and consolidated dividend payout ratio

| | Annual dividend amount per share | Consolidated dividend payout ratio |
|---------------------|----------------------------------|------------------------------------|
| FY 3/2022 | ¥ 93 | 110.3% |
| FY 3/2023 (planned) | ¥ 93 | 46.9% |

(Note) Consolidated dividend payout ratio for the fiscal year ended March 31, 2021, is not presented because net loss attributable to owners of the parent was recorded.



Proposal No. 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the proposal

As a result of the enforcement of the Act for Partially Amending the Act on Strengthening Industrial Competitiveness and Other Related Laws and Regulations, it is now possible for a listed company to hold a general meeting of shareholders without a designated location (a so-called virtual general meeting of shareholders) under certain conditions as established in the Articles of Incorporation.

Wishing to mitigate risk when an unexpected infectious disease, natural disaster or other major emergency occurs, and bearing in mind the ongoing shift towards a digital society, the Company believes that it is in the interests of shareholders to expand the options available for the holding of a general meeting of shareholders, and thus proposes to add Article 13, paragraph 2 in Proposed Amendments in order to be able to hold a general meeting of shareholders without a designated location.

For the time being, the implementation of such a meeting shall be limited to cases when there is a state of emergency, such as the spread of a novel infectious disease or the occurrence of a large-scale disaster, making it difficult for shareholders to attend a general meeting of shareholders held at a designated location, and when it is possible to prepare the holding of such a meeting. Although the Company does not plan at this time to hold a general meeting of shareholders without a designated location, in the case where the Company holds a general meeting of shareholders without a designated location, its Board of Directors will, while giving priority to guaranteeing the exercising of shareholders rights, make such a resolution after prudently examining its necessity and suitability and provide details regarding the background of its holding and the guidelines for its holding when convening the general meeting of shareholders.

Please note that the Company received confirmation from the Minister of Economy, Trade and Industry and the Minister of Justice that the Company satisfies the requirements specified by the Orders of the Ministry of Economy, Trade and Industry and the Ministry of Justice.

2. Details of the amendments

Details of the amendments are as follows.

(Underlined portions indicate amendments.)

| Current Articles of Incorporation | Proposed amendments |
|---|--|
| <p>(Convocation of general meeting of shareholders) Article 13</p> <p>The Company shall convene an annual general meeting of the shareholders annually in June and extraordinary general meetings of the shareholders as required on the basis of the resolutions of the Board of Directors.</p> <p>(Newly established)</p> | <p>(Convocation of general meeting of shareholders) Article 13</p> <p><u>2 The Company may hold its general meeting of shareholders without a designated location for the meeting.</u></p> |

Proposal No. 3: Election of 11 Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of all 11 Directors (excluding Directors who are Audit and Supervisory Committee Members; the same shall apply hereinafter in this proposal) will expire at the conclusion of this General Meeting of Shareholders.

Accordingly, the Company requests the election of 11 Directors.

With regard to this proposal, the Company has decided the details thereof after receiving recommendation by the Company's Nomination and Compensation Advisory Committee, composed of five independent outside Directors and one inside Director, and chaired by an independent outside Director, that this proposal is appropriate from a perspective of establishing a solid management structure and strengthening its commitment for achieving the medium-term business plan and 2030 Long-Term Vision, and of further enhancing corporate governance toward sustainable growth and improvement of the Company's corporate value in the medium to long term.

Furthermore, the Company's Audit and Supervisory Committee has judged that each candidate meets the Company's selection standard for candidates for Director, and judges all of the candidates to be competent to serve as Directors of the Company having considered their achievements, expertise, and so forth.

(1) Approach to the composition of the Board of Directors to enhancing corporate value

The Group is active in transportation businesses starting with the railway business, as well as the real estate and hotels business, retail and restaurant business, construction business and business service business, and its mission is sustainable business operations centered in the Kyushu region. To fulfill this mission, while considering the overall balance of the Board of Directors, the Board of Directors selects diverse Director candidates with varying expertise and experience and works to optimize personnel to effectively and efficiently exercise those capabilities.

(2) Strengthening the corporate governance system considering dialogue with investors and third-party evaluations

In June 2018, the Company transitioned to a company with audit and supervisory committee while also adopting Corporate Officer System with aims that include strengthening the supervisory function of its Board of Directors, speeding up managerial decision-making, achieving efficient corporate management, and separating the task of business execution from those of managerial decision-making and the supervisory function.

The current composition of the Board of Directors includes five independent outside Directors out of 11 Directors who are not Audit and Supervisory Committee Members, and three independent outside Directors out of four Directors who are Audit and Supervisory Committee Members, ensuring the effectiveness of management oversight by having eight independent outside Directors out of 15 Directors. Furthermore, based on the diverse experience and expertise of outside Directors with knowledge in each field, we held even deeper discussions at meetings of the Board of Directors.

Additionally, we have established a Nomination and Compensation Advisory Committee with an extremely high level of independence, composed of five independent outside Directors and one inside Director and chaired by an independent outside Director. Furthermore, as part of our efforts to improve governance, we held meetings for exchanges of opinions among analysts, institutional investors, and independent outside Directors, working to improve the transparency of the Board of Directors. This issues awareness and these initiatives are based on evaluations and discussions at the Board of Directors effectiveness evaluation implemented every year. We confirm the effects of initiatives in the Board of Directors effectiveness evaluation and are holding discussions at meetings of the Board of Directors to further improve effectiveness.

(3) A New Board of Directors Structure and Skillset Suited to the Company's Management and Management Oversight

The Company's Board of Directors is composed of inside Directors with sufficient knowledge and experience in the main businesses operated by the Group and outside Directors who conduct effective monitoring and oversight from an independent and objective standpoint, and from the perspective of the effectiveness of oversight functions, we believe it is appropriate that the Board of Directors be composed of a majority of independent outside Directors.

In addition, with respect to the knowledge and experience (skillset) necessary for the Company's Board of Directors, the Company had previously defined "railways/mobility services," "real estate/city-building," and "ESG/sustainability" as important fields from the perspective of sustainable business operations centered in the Kyushu region, and "corporate management," "legal affairs/risk management," "finance/M&A," and "human resources/remuneration" as important fields from the perspective of corporate management. However, in order to further pursue the 2030 Long-Term Vision and other management strategies and make greater enhancements to the supervisory function, the Company has revised these to "railways/mobility services," "real estate/city-building," "sustainability," "corporate management," "legal affairs/risk management/governance," "finance/M&A," "human resources strategies," and "IT/DX." An overview of the revisions is as follows:

a. Revision from "ESG/sustainability" to "sustainability"

Based on the belief that the sustainability initiatives will lead to sustainable improvements in corporate value over the medium to long term, the skillset category name was revised to distinguish the governance, human resources strategies, and other skills that were previously classified under ESG. Furthermore, governance and human resources strategies have been specified as belonging to separate skillset categories.

b. Revision from "legal affairs/risk management" to "legal affairs/risk management/governance"

In addition to "legal affairs/risk management," the Company also reviewed the skills that were previously classified under ESG and reclassified them to specify them as skills for governance.

c. Revision from "human resources/remuneration" to "human resources strategies"

The Company clarified that this skillset category is related to "employees," and aims to create an environment in which diverse human resources can work in a dynamic and active manner. "Human resources strategies" is also a key measure in the Company's Medium-Term Business Plan.

d. New establishment of "IT/DX"

By newly establishing this skillset category, the Company has clarified its intentions regarding its goals of enhancing cyber security, improving productivity through the promotion of DX, and creating value provided to customers.

e. Deletion of skillset category groupings

Although the previous skillset categories were grouped into "important fields for the Company's sustainable business operations centered in the Kyushu region" and "knowledge and experience believed important from the perspective of corporate management," the Company deleted the skillset category groupings based on its belief that, in a broad sense, each skillset category could be classified in either grouping.

These revisions were decided by the Board of Directors following deliberations by the Nomination and Compensation Advisory Committee, taking into account agenda items for the Board of Directors, the results of the Board of Directors effectiveness evaluation, opinions of stakeholders, and other factors.

The Company's Board of Directors nominates diverse candidates for Director who have the above skills. Details of the revision of the skillset, definition, and reasons for selection are described in the following page. In addition, in the new Board of Directors structure based on the above approach, the total number of Directors is 15, the number of independent outside Directors is eight (53.3% of Directors are independent outside Directors), and the number of female Directors is four (26.7% of Directors are women). Furthermore, the skillset for each Director is listed on pages from 11 to 12.

| The current skillset | | Revised skillset | Definition | Reasons for selection |
|--|-------------------------------|--|--|---|
| Important fields for the Company's sustainable business operations centered in the Kyushu region | Railways/mobility services | → Railways/mobility services | Knowledge and experience necessary to provide mobile services centered on railway business in a safe, secure and sustainable manner | The railway business is the source of revenues and brands of the Group, and safe, secure and sustainable mobility services centered on the railway business are the foundation to promote city-building initiatives that leverage the distinctive characteristics of local communities. |
| | Real estate/city-building | → Real estate/city-building | Knowledge and experience regarding real estate necessary to promote city-building initiatives that leverage the distinctive characteristics of local communities | The real estate business is the center of the promotion of city-building initiatives that leverage the distinctive characteristics of local communities. In order for the Group to contribute to the sustainable development of Kyushu, further growth and evolution of city-building initiatives centered on the real estate business are necessary in both software and hardware. |
| | ESG/sustainability | → Sustainability | Knowledge and experience that contribute to the creation of non-financial value | The efforts to create non-financial value through proactive involvement in sustainability in consistency with management strategy will lead to improvements in sustainable corporate value over the medium to long term. |
| Knowledge and experience believed important from the perspective of corporate management | Corporate management | → Corporate management | Wide range of viewpoints and experience as a top management executive | Skills including the perspective of organizational management not based on expertise are necessary when being asked to make a judgement in the big picture. |
| | Legal affairs/risk management | → Legal affairs/risk management/ governance | Knowledge and experience regarding compliance including corporate legal affairs, appropriate risk management and corporate governance | Knowledge and experience regarding corporate governance, etc., that contribute to the improvements in the efficiency of management supervision is the foundation of sustainable improvements in corporate value. |
| | Finance/M&A | → Finance/M&A | Knowledge and experience regarding corporate finance including capital policy | Good knowledge and experience regarding corporate finance are necessary in order to formulate a financial strategy to realize the promotion of M&As and growth investments, appropriate shareholder returns, and maintenance of financial soundness for improving sustainable corporate value. |
| | Human resources/remuneration | → Human resources strategies | Knowledge and experience that contribute to the formulation of human resources strategies/development plan and the promotion of diversity | In pursuit of the realization of the 2030 Long-Term Vision, knowledge and experience regarding the development of employees, the actual players who implement the strategies, the improvement of employee engagement, and the management of diverse human resources are necessary. |

Additional skills

| | | |
|--------------|--|---|
| IT/DX | Knowledge and experience to promote and supervise DX | Enhancing cyber security, improving productivity through the promotion of DX, and creating value provided to customers will lead to improvements in sustainable corporate value over the medium to long term. |
|--------------|--|---|

[Areas of expertise the Company expects from candidates for Directors in particular]

| Name | Toshihiko Aoyagi | Yoji Furumiya | Toshihiro Mori | Hiroyuki Fukunaga | Takuma Matsushita | Yumi Akagi | Toshihide Ichikawa | Kuniko Muramatsu |
|---|--|-----------------------------|----------------------------|----------------------------|----------------------------|--|--|---|
| Current positions, etc. | Chairman Corporate Officer | President Corporate Officer | Managing Corporate Officer | Managing Corporate Officer | Managing Corporate Officer | Senior Corporate Officer Female | Adviser, Mitsui Fudosan Co., Ltd. Outside Independent | Representative Director, Wellness Systems Institute Outside Independent Female |
| Area of expertise the Company expects from candidates for Directors in particular | Railways/mobility services | ● | ● | | ● | | ● | |
| | Real estate/city-building | | | ● | | ● | | ● |
| | Sustainability | ● | ● | ● | | ● | ● | ● |
| | Corporate management | ● | ● | ● | | ● | ● | ● |
| | Legal affairs/risk management/governance | ● | ● | | ● | | ● | ● |
| | Finance/M&A | | | ● | | ● | | |
| | Human resources strategies | | ● | | | ● | ● | ● |
| | IT/DX | | | | ● | | ● | |

| Name | Hitomi Yamamoto | Takashi Tanaka | Hiroshi Ogasawara | Koji Otabe | Koji Higashi | Yasunori Eto | Hiromi Fujita |
|---|---|--|---|---|--|---|--|
| Current positions, etc. | Director and Vice President of ANA Strategic Research Institute Co., Ltd. Outside Independent Female | Representative Director and Chairperson, TOYO TEC CO., Ltd. Outside Independent | Representative Director, Chairman of the Board, YASKAWA Electric Corporation Outside Independent | Audit and Supervisory Committee Member Outside Independent | Audit and Supervisory Committee Member | Attorney at law, Bengoshi Hojin Hino Sogo Law Office Audit and Supervisory Committee Member Outside Independent | Senior Partner Tax Accountant, Sakura Yuwa Partners Tax Accountant Corporation Audit and Supervisory Committee Member Outside Independent Female |
| Area of expertise the Company expects from candidates for Directors in particular | Railways/mobility services | ● | | | | | |
| | Real estate/city-building | | ● | | | | |
| | Sustainability | ● | ● | ● | | | ● |
| | Corporate management | | ● | ● | | ● | |
| | Legal affairs/risk management/governance | | | | ● | ● | ● |
| | Finance/M&A | | ● | | | ● | ● |
| | Human resources strategies | ● | | ● | | ● | ● |
| | IT/DX | | ● | ● | ● | | |

(4) Candidates for Director

The candidates for director are as follows:

| No. | Name | Current positions and responsibilities in the Company | Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2023 |
|-----|--|---|--|
| 1 | Toshihiko Aoyagi Reelection | Representative Director and Chairman Corporate Officer Chairman of the Board of Directors | 12/12 (100%) |
| 2 | Yoji Furumiya Reelection | Representative Director and President Corporate Officer Chief Executive Officer In charge of Auditing Department | 12/12 (100%) |
| 3 | Toshihiro Mori Reelection | Director and Managing Corporate Officer Director General of Business Development Headquarters | 12/12 (100%) |
| 4 | Hiroyuki Fukunaga Reelection | Director and Managing Corporate Officer Director General of Railway Operations Headquarters General Manager of Northern Kyushu Regional Head Office | 12/12 (100%) |
| 5 | Takuma Matsushita Reelection | Director and Managing Corporate Officer Chief Financial Officer Director General of Corporate Planning Headquarters In charge of Public Relations Department In charge of Finance & Accounting Department | 10/10 (100%) |
| 6 | Yumi Akagi New election Female | Senior Corporate Officer Deputy Director General of Corporate Planning Headquarters General Manager of Strategy Management Department In charge of IT Strategic Planning Department | – |
| 7 | Toshihide Ichikawa Reelection Outside Independent | Director | 12/12 (100%) |
| 8 | Kuniko Muramatsu Reelection Outside Independent Female | Director | 12/12 (100%) |
| 9 | Hitomi Yamamoto Reelection Outside Independent Female | Director | 10/10 (100%) |
| 10 | Takashi Tanaka New election Outside Independent | – | – |
| 11 | Hiroshi Ogasawara New election Outside Independent | – | – |

(Note) Since Mr. Takuma Matsushita and Ms. Hitomi Yamamoto were newly elected at the 35th Annual General Meeting of Shareholders held on June 23, 2022, the number of the meetings of the Board of Directors held during their period in office differs from that for other Directors.

(5) The brief biographies of the candidates

The brief biographies of the candidates are as follows:

| | |
|---|---|
| Candidate No. 1 | Toshihiko Aoyagi Date of Birth: August 19, 1953 Reelection Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2023: 12/12 (100%) Number of the Company's shares owned: 14,439 shares |
|  | Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company Apr. 1977 Joined Japanese National Railways Apr. 1987 Joined Kyushu Railway Company June 1998 General Manager of Transportation Department of Technology and Operations Headquarters, Kyushu Railway Company Apr. 2001 General Manager of Transportation Department of Railway Operations Headquarters, Kyushu Railway Company June 2004 General Manager of Kagoshima Regional Office, Kyushu Railway Company June 2005 Director, General Manager of Kagoshima Regional Office, Kyushu Railway Company May 2006 Director, Deputy Director General of Railway Operations Headquarters, General Manager of Planning Department of Railway Operations Headquarters and General Manager of Transportation Safety Department of Railway Operations Headquarters, Kyushu Railway Company June 2008 Director, General Manager of Railway Operations Headquarters and General Manager of Planning Department of Railway Operations Headquarters, Kyushu Railway Company June 2008 Managing Director, General Manager of Railway Operations Headquarters and General Manager of Planning Department of Railway Operations Headquarters, Kyushu Railway Company June 2010 Managing Director, General Manager of Railway Operations Headquarters, General Manager of Planning Department of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company Aug. 2010 Managing Director, General Manager of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company June 2012 Senior Managing Director, General Manager of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company June 2013 Representative Director and Senior Managing Director, General Manager of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company June 2014 Representative Director and President, Kyushu Railway Company |

| | | |
|---|--|--|
| | June 2018 | Representative Director, President and Corporate Officer, Kyushu Railway Company |
| | June 2019 | Representative Director, President and Corporate Officer and Chief Executive Officer, Kyushu Railway Company |
| | Apr. 2022 | Representative Director and Chairman, Corporate Officer, Kyushu Railway Company (current) |
| | <Current responsibility in the Company> Chairman of the Board of Directors <Important information on concurrent posts> Chair, Fukuoka Association of Corporate Executives | |
| <p>Reasons for nomination as candidate for Director</p> <p>Mr. Toshihiko Aoyagi has a wealth of experience in the railway business, which is the Company's primary business, has taken part in business management of the Company for 18 years since appointed as Director in 2005 and has been responsible for overall business management of the Group in the capacities as Representative Director and President, Corporate Officer from June 2014 and Representative Director and Chairman, Corporate Officer from April 2022. As Representative Director and President, he has overseen the public listing of its stock, in addition to changing the corporate structure, introducing the corporate officer system, constructing the current governance system by working on initiatives such as changing the officer remuneration system, etc. He has been responsible for overall business management of the Group in the capacity as Chairman of the Board of Directors from April 2022 by leveraging a wealth of knowledge and expertise regarding business management to contribute to increasing the Group's corporate value. The Company has nominated him as a candidate for Director again in light of his achievements, capabilities, and corporate management experience, as well as his outstanding personality and insight, with the expectation that he will use his abilities to realize the sustainable growth of the Company and increase its corporate value over the medium and long term.</p> | | |
| <p>Special interests in the Company: There is no special interest between Mr. Toshihiko Aoyagi and the Company.</p> | | |

| | |
|---|---|
| Candidate No. 2 | <p style="text-align: right;">Reelection</p> <p style="text-align: center;">Yoji Furumiya</p> Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2023: 12/12 (100%) Number of the Company's shares owned: 11,067 shares |
|  | <p>Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company</p> <p>Apr. 1985 Joined Japanese National Railways</p> <p>Apr. 1987 Joined Kyushu Railway Company</p> <p>May 2005 General Manager of Planning Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>May 2006 General Manager of Transportation Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>June 2010 General Manager of Marketing & Sales Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>June 2011 General Manager of Customer Service Department of Railway Operations Headquarters and General Manager of Marketing & Sales Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>June 2012 General Manager of Administration Department, Kyushu Railway Company</p> <p>June 2012 Director and General Manager of Administration Department, Kyushu Railway Company</p> <p>Sept. 2012 Director, General Manager of Cruise Train Division of Railway Operations Headquarters and General Manager of Administration Department, Kyushu Railway Company</p> <p>June 2013 Director, General Manager of Administration Department, Kyushu Railway Company</p> <p>June 2016 Managing Director, Director General of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company</p> <p>June 2018 Director and Managing Corporate Officer, Director General of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company</p> <p>June 2019 Director and Senior Managing Corporate Officer, Director General of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company</p> <p>June 2020 Director and Senior Managing Corporate Officer, Director General of Corporate Planning Headquarters, Kyushu Railway Company</p> <p>Apr. 2022 Representative Director, President and Corporate Officer and Chief Executive Officer, Kyushu Railway Company (current)</p> <p><Current responsibility in the Company> Chief Executive Officer, In charge of Auditing Department</p> <p><Important information on concurrent posts> None</p> |

Reasons for nomination as candidate for Director

Mr. Yoji Furumiya has a wealth of experience in the railway business, which is the Company's primary business, and has participated in the management of the Company as a Director since June 2012. He has been responsible for overall administration of business management of the Company in the capacity as Director and Senior Managing Corporate Officer, Director General of Corporate Planning Headquarters from June 2020 and as Representative Director, President and Corporate Officer from April 2022. He worked on the formulation of the "JR Kyushu Group Medium-Term Business Plan 2022-2024" and promotion of the BPR project as Director General of Corporate Planning Headquarters. From April 2022, as Representative Director, President and Corporate Officer, he steadily implemented important strategies in the Medium-Term Business Plan aiming to put the Group back on a growth track, and contributed to strengthening the JR Kyushu Group's corporate governance. The Company has nominated him as a candidate for Director again in light of his achievements, capabilities, and corporate management experience, as well as his outstanding personality and insight, with the expectation that he will use his abilities to realize the JR Kyushu Group's sustainable growth and medium- to long-term increase of corporate value through the promotion of important strategies such as strengthening ESG management and creating a system to support it.

Special interests in the Company: There is no special interest between Mr. Yoji Furumiya and the Company.

| | |
|--|---|
| Candidate No. 3 | <p style="text-align: right;">Reelection</p> <p style="text-align: center;">Toshihiro Mori</p> <p>Date of Birth: March 1, 1969</p> <p>Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2023: 12/12 (100%)</p> <p>Number of the Company's shares owned: 2,858 shares</p> |
|  | <p>Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company</p> <p>Apr. 1991 Joined Kyushu Railway Company</p> <p>May 2007 Director, Drug Eleven Holdings Co., Ltd.</p> <p>June 2009 President, Drug Eleven Holdings Co., Ltd.</p> <p>May 2011 General Manager of Fund Management Department, Kyushu Railway Company</p> <p>June 2013 General Manager of Finance & Accounting Department, Kyushu Railway Company</p> <p>June 2014 General Manager of Marketing & Sales Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>June 2015 General Manager of Customer Service Department of Railway Operations Headquarters and General Manager of Marketing & Sales Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>June 2017 Director, General Manager of Travel Services Headquarters, Kyushu Railway Company</p> <p>Apr. 2018 Director, Deputy Director General of Corporate Planning Headquarters and General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company</p> <p>June 2018 Senior Corporate Officer, Deputy Director General of Corporate Planning Headquarters and General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company</p> <p>June 2019 Director and Managing Corporate Officer, Chief Financial Officer, Deputy Director General of Corporate Planning Headquarters and General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company</p> <p>Apr. 2022 Director and Managing Corporate Officer, Director General of Business Development Headquarters, Kyushu Railway Company (current)</p> <p><Current responsibility in the Company> Director General of Business Development Headquarters</p> <p><Important information on concurrent posts> None</p> |

Reasons for nomination as candidate for Director

Mr. Toshihiro Mori has a wealth of experience and board expertise as he was primarily engaged in finance operations, and assumed the post of Director and Managing Corporate Officer, Deputy Director General of Corporate Planning Headquarters and General Manager of Strategy Management Department from June 2019 and Director and Managing Corporate Officer, Director General of Business Development Headquarters from April 2022. As Chief Financial Officer and General Manager of Strategy Management Department, he worked on the promotion of ESG management, the formulation of financial strategies, and the strengthening of IR. Since April 2022, as Director General of Business Development Headquarters, he contributed to the improvement of the Group's corporate value through the real estate and hotel business in particular. The Company has nominated him as a candidate for Director again in light of his achievements, capabilities and corporate management experience, as well as his outstanding personality and insight, with the expectation that he will use his abilities to play a central role in further increasing the corporate value of the Group through the promotion of city-building initiatives on growth opportunities in each area of Kyushu, structural reform of the hotels business and growth investments, etc.

Special interests in the Company: There is no special interest between Mr. Toshihiro Mori and the Company.

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| Candidate No. 4 | Reelection Hiroyuki Fukunaga Date of Birth: May 10, 1963 Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2023: 12/12 (100%) Number of the Company's shares owned: 2,990 shares |
|  | <p>Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company</p> <p>Apr. 1990 Joined Kyushu Railway Company</p> <p>June 2013 General Manager of Shinkansen Operational Management Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>June 2015 Director General of Cruise Train Division of Railway Operations Headquarters and General Manager of Transportation Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>June 2016 Director, Deputy Director General of Railway Operations Headquarters, Director General of Cruise Train Division of Railway Operations Headquarters and General Manager of Transportation Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>June 2018 Senior Corporate Officer, Deputy Director General of Railway Operations Headquarters, Director General of Cruise Train Division of Railway Operations Headquarters and General Manager of Transportation Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>June 2020 Director and Managing Corporate Officer, Director General of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company (current)</p> <p>< Current responsibility in the Company > Director General of Railway Operations Headquarters General Manager of Northern Kyushu Regional Head Office <Important information on concurrent posts> None</p> |
| <p>Reasons for nomination as candidate for Director</p> <p>Mr. Hiroyuki Fukunaga has a wealth of experience and broad expertise, having worked primarily in the railway business and having served as Director and Managing Corporate Officer, Director General of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office from June 2020. In particular, he contributes to increasing the corporate value of the Group through the development of the “Future Railway Project,” among others, in view of future technological innovation and new value creation in the railway business. The Company has nominated him as a candidate for Director again in light of his achievements and capabilities, as well as his outstanding personality and insight, with the expectation that he will use his abilities to play a central role in increasing safety and service levels along with improving profitability in the railway business.</p> | |
| <p>Special interests in the Company: There is no special interest between Mr. Hiroyuki Fukunaga and the Company.</p> | |

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| Candidate No. 5 | Reelection Takuma Matsushita Date of Birth: October 16, 1967 Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2023: 10/10 (100%) Number of the Company's shares owned: 2,492 shares |
|  | <p>Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company</p> <p>Apr. 1991 Joined Kyushu Railway Company</p> <p>May 2011 Deputy General Manager of Administration Department, Kyushu Railway Company</p> <p>June 2011 General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company</p> <p>May 2014 President, JR KYUSHU DRUG ELEVEN CO., LTD.</p> <p>June 2017 Director, Deputy Director General of Business Development Headquarters and General Manager of Planning & Development Department of Business Development Headquarters, Kyushu Railway Company</p> <p>June 2018 Senior Corporate Officer, Deputy Director General of Business Development Headquarters and General Manager of Planning & Development Department of Business Development Headquarters, Kyushu Railway Company</p> <p>June 2019 Managing Corporate Officer, Deputy Director General of Business Development Headquarters and General Manager of Planning & Development Department of Business Development Headquarters, Kyushu Railway Company</p> <p>Apr. 2022 Managing Corporate Officer, Chief Financial Officer and Director General of Corporate Planning Headquarters, Kyushu Railway Company</p> <p>June 2022 Director and Managing Corporate Officer, Chief Financial Officer and Director General of Corporate Planning Headquarters, Kyushu Railway Company (current)</p> <p><Current responsibility in the Company> Chief Financial Officer Director General of Corporate Planning Headquarters In charge of Public Relations Department and Finance & Accounting Department</p> <p><Important information on concurrent posts> None</p> |
| <p>Reasons for nomination as candidate for Director and outline of expected role</p> <p>Mr. Takuma Matsushita has a wealth of experience and broad expertise as he was primarily engaged in corporate planning and business development, assumed positions of, among others, Managing Corporate Officer, Deputy Director General of Business Development Headquarters and General Manager of Planning & Development Department of Business Development Headquarters in June 2019, and Director and Managing Corporate Officer, Chief Financial Officer and Director General of Corporate Planning Headquarters in June 2022. He promoted strategic city-building initiatives in the regions around its business areas, among others, as Deputy Director General of Business Development Headquarters and General Manager of Planning & Development Department, and, since April 2022, he has contributed to the increase of the Group's corporate value through promoting ESG management, formulating financial strategies and strengthening IR as Chief Financial Officer and Director General of Corporate Planning Headquarters. The Company has nominated him as a candidate for Director again in light of his achievements and corporate management experience, as well as his outstanding personality and insight, with the expectation that he will use his abilities to realize the increase of the Group's corporate value and play a central role in establishing sustainable mobility services through strengthening ESG management, financial strategies and IR, in addition to the promotion of the Group's overall business strategies.</p> | |
| <p>Special interests in the Company: There is no special interest between Mr. Takuma Matsushita and the Company.</p> | |


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| Candidate No. 6 | <p>New election Female</p> <p>Yumi Akagi</p> <p>Date of Birth: April 2, 1968</p> <p>Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2023: - Number of the Company's shares owned: 1,675 shares</p> |
|  | <p>Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company</p> <p>Apr. 1991 Joined Kyushu Railway Company</p> <p>Mar. 2012 Deputy General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company</p> <p>June 2012 Representative Director and President of JR Kyushu Fast Foods Inc.</p> <p>June 2014 Deputy General Manager of Administration Department, Kyushu Railway Company</p> <p>July 2015 General Manager of Human Resources Department, Kyushu Railway Company</p> <p>June 2017 General Manager of Customer Service Department of Railway Operations Headquarters and General Manager of Marketing & Sales Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>June 2018 Corporate Officer, General Manager of Customer Service Department of Railway Operations Headquarters and General Manager of Marketing & Sales Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>June 2019 Corporate Officer, General Manager of Kumamoto Regional Office, Kyushu Railway Company</p> <p>Apr. 2022 Senior Corporate Officer, Deputy Director General of Corporate Planning Headquarters and General Manager of Strategy Management Department, Kyushu Railway Company (current)</p> <p><Current responsibility in the Company> Deputy Director General of Corporate Planning Headquarters General Manager of Strategy Management Department In charge of IT Strategic Planning Department</p> <p><Important information on concurrent posts> None</p> |
| <p>Reasons for nomination as candidate for Director</p> <p>Ms. Yumi Akagi has a wealth of experience and broad expertise as she was primarily engaged in corporate planning and railway operations, held positions such as Representative Director and President of JR Kyushu Fast Foods Inc., General Manager of Human Resources Department, General Manager of Customer Service Department and General Manager of Marketing & Sales Department of Railway Operations Headquarters, and General Manager of Kumamoto Regional Office. The Company has nominated her as a candidate for Director in light of her achievements and corporate management experience, as well as her outstanding personality and insight, with the expectation that she will use her abilities to realize the increase of the Group's corporate value and play a central role in establishing sustainable mobility services, as well as reflect her knowledge in discussions at meetings of the Board of Directors, through strengthening ESG management and IR, in addition to the promotion of the Group's overall business strategies and DX.</p> | |
| <p>Special interests in the Company: There is no special interest between Ms. Yumi Akagi and the Company.</p> | |

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| Candidate No. 7 | Reelection Outside Independent Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2023: 12/12 (100%) Number of the Company's shares owned: – shares Tenure as outside Director of the Company: 4 years |
|  | Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company Apr. 1977 Joined Mitsui Fudosan Co., Ltd. Apr. 2003 General Manager of Roppongi-Project Development Planning Department, Mitsui Fudosan Co., Ltd. Apr. 2005 Managing Officer, General Manager of Roppongi-Project Development Planning Department, Mitsui Fudosan Co., Ltd. Aug. 2005 Managing Officer, General Manager of Tokyo Midtown Development Department, Mitsui Fudosan Co., Ltd. Apr. 2008 Executive Managing Officer, General Manager of Tokyo Midtown Development Department, Mitsui Fudosan Co., Ltd. Apr. 2009 Executive Managing Officer, Chief Operating Officer of Accommodations Business Division, Mitsui Fudosan Co., Ltd. June 2011 Executive Managing Director, Executive Managing Officer, Chief Operating Officer of Accommodations Business Division, Mitsui Fudosan Co., Ltd. Apr. 2013 Managing Director, Mitsui Fudosan Co., Ltd. Apr. 2013 Advisor, Mitsui Home Co., Ltd. June 2013 Specially Appointed Advisor, Mitsui Fudosan Co., Ltd. June 2013 Representative Director and President, Chief Executive Officer, Mitsui Home Co., Ltd. Oct. 2018 Group Senior Officer, Mitsui Fudosan Co., Ltd. Apr. 2019 Advisor, Mitsui Fudosan Co., Ltd. (scheduled to retire in June 2023) Apr. 2019 Standing Advisor, Mitsui Home Co., Ltd. (scheduled to retire in June 2023) June 2019 Director, Kyushu Railway Company (current) |
| | <Current responsibility in the Company> None <Important information on concurrent posts> Advisor, Mitsui Fudosan Co., Ltd. Standing Advisor, Mitsui Home Co., Ltd. |

Reasons for nomination as candidate for outside Director and outline of expected role

Mr. Toshihide Ichikawa has a wealth of expertise and experience regarding the real estate and housing business, and insight regarding management from his experience as a Director, having been involved primarily in the housing development and building business at Mitsui Fudosan Co., Ltd., with a record of achievements in city-building that is charming and overflows with activity as General Manager of Tokyo Midtown Development Department, in addition to serving as Chief Operating Officer of Accommodations Business Division, who comprehends various lifestyle spaces, from the lease business to hotels, from the perspective of the length of stay and services. Since June 2019, he has provided the Company with valuable advice related to real estate development, which is a pillar of the Company's growth strategy, and human resources, remuneration, etc. as top management of a listed company from an independent position as outside Director, contributing to the sustainable growth of the Company and its increase in corporate value over the medium and long term. The Company has nominated him as a candidate for outside Director as the Company expects him to supervise the business management and perform checking function over it based on his perspective with those experiences and insights as a professional of real estate and business management, particularly given his high level of skill and expertise in projects of a similar scale and multipurpose nature to the urban development projects that the Group aspires to carry out.

Special interests in the Company: There is no special interest between Mr. Toshihide Ichikawa and the Company. There is no business relationship between the Company and Mitsui Fudosan Co., Ltd. and Mitsui Home Co., Ltd. Therefore, the candidate satisfies the requirements for an independent outside officer as stipulated by the Company.

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| Candidate No. 8 | Reelection Outside Independent Female Kuniko Muramatsu Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2023: 12/12 (100%) Number of the Company's shares owned: 535 shares Tenure as outside Director of the Company: 3 years Date of Birth: September 1, 1958 |
|  | Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company Oct. 1983 Joined Texas Instruments Japan Limited Jan. 1995 General Manager of Public Relations Department, Texas Instruments Japan Limited Nov. 2003 Head of Corporate Ethics Office and Officer in charge of Diversity Promotion, Texas Instruments Japan Limited Sept. 2009 Retired from Texas Instruments Japan Limited Oct. 2009 Chief Researcher, Business Ethics Research Center Jan. 2010 Representative Director, Wellness Systems Institute (current) Jan. 2014 Director, Japan Professional Football League (J.LEAGUE) Apr. 2016 Representative Director, GEWEL (retired March 2019) June 2016 Outside Director, C'BON COSMETICS Co., Ltd. (retired June 2019) June 2016 Outside Director, YOKOWO CO., LTD. (current) Apr. 2018 Councilor, Japan Professional Football League (retired February 2021) Apr. 2018 Senior Researcher, Business Ethics Research Center (current) June 2019 Outside Director, NEC Networks & System Integration Corporation (scheduled to retire in June 2023) June 2020 Director, Kyushu Railway Company (current) June 2022 Member of the Board (Outside), ROHM Co., Ltd. (current) <Current responsibility in the Company> None <Important information on concurrent posts> Representative Director, Wellness Systems Institute, Outside Director, YOKOWO CO., LTD., Outside Director, NEC Networks & System Integration Corporation, Member of the Board (Outside), ROHM Co., Ltd. |

Reasons for nomination as candidate for outside Director and outline of expected role

Ms. Kuniko Muramatsu has served as General Manager of Public Relations Department, Head of Corporate Ethics Office as well as the officer in charge of diversity promotion at a foreign-affiliated semiconductor manufacturer. After this, she resolved to create a foundation for a sustainable society, and while establishing and managing a company on her own, she worked as an advisor for the promotion of the improvement of corporate ethics, sustainability and diversity. Furthermore, she deepened her knowledge of not only the promotion of local regions, but Kyushu itself through her activities as Director of the Japan Professional Football League, etc. Since June 2020, she has provided the Company with valuable advice related to ESG strategy from an independent position as outside Director, and has promoted understanding regarding the Company's ESG strategy through meetings for the exchange of opinions with investors at JR KYUSHU IR DAY, contributing to the sustainable growth of the Company and its increase in corporate value over the medium and long term. The Company has nominated her as a candidate for outside Director as the Company expects her to supervise the business management and perform checking function over it based on her perspective from her deep knowledge and insight regarding the promotion of corporate ethics, CSR, sustainability and diversity cultivated through her career history.

Special interests in the Company: There is no special interest between Ms. Kuniko Muramatsu and the Company. As the Company has no business relationship with Wellness Systems Institute, YOKOWO CO., LTD. and ROHM Co., Ltd., the candidate satisfies the requirements for an independent outside Director as stipulated by the Company. Although the Company has a business relationship with NEC Networks & System Integration Corporation including payment for construction work, over the last three fiscal years the Company's income from that company has amounted to less than 1% of the Company's annual consolidated net sales, and said company's income from the Company has amounted to less than 1% of said company's annual consolidated net sales. Consequently, the candidate satisfies the requirements for an independent outside officer as stipulated by the Company.


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| Candidate No. 9 | <p style="text-align: right;">Reelection Outside Independent Female</p> <p style="text-align: center;">Hitomi Yamamoto</p> <p>Date of Birth: December 3, 1960</p> <p>Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2023: 10/10 (100%)</p> <p>Number of the Company's shares owned: 538 shares</p> <p>Tenure as outside Director of the Company: 1 year</p> |
|  | <p>Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company</p> <p>Apr. 1981 Joined ALL NIPPON AIRWAYS CO., LTD.</p> <p>Apr. 2011 General Manager of Inflight Service Crew Department II, Inflight Services Division, ALL NIPPON AIRWAYS CO., LTD.</p> <p>Nov. 2012 Deputy General Manager of OSC Quality Promotion Office, ALL NIPPON AIRWAYS CO., LTD.</p> <p>Apr. 2013 Leave of absence under Human Resources Department, ALL NIPPON AIRWAYS CO., LTD. (seconded to ALL NIPPON AIRWAYS TRADING CO., LTD.)</p> <p>Apr. 2015 Executive Vice President, Deputy Manager in charge of Operations Division, and General Manager of Inflight Services Center, ALL NIPPON AIRWAYS CO., LTD.</p> <p>Apr. 2016 Executive Vice President, Manager in charge of ANA Brand Inflight Services Division, Deputy Manager in charge of Operations Division, and General Manager of Inflight Services Center, ALL NIPPON AIRWAYS CO., LTD.</p> <p>Apr. 2017 Member of the Board, Executive Vice President, Manager in charge of Promotion of Advancement of Women in the Group, Manager in charge of ANA Brand Inflight Services Division, Deputy Manager in charge of Operations Division, General Manager of Inflight Services Center, and Deputy General Manager of Tokyo Olympic and Paralympic Games Promotion Division, ALL NIPPON AIRWAYS CO., LTD.</p> <p>Apr. 2019 Member of the Board, Managing Executive Vice President, Manager in charge of Promotion of Advancement of Women in the Group, Manager in charge of ANA Brand Inflight Services Division, Deputy Manager in charge of Operations Division, General Manager of Inflight Services Center, and Deputy General Manager of Tokyo Olympic and Paralympic Games Promotion Division, ALL NIPPON AIRWAYS CO., LTD.</p> <p>Apr. 2020 Member of the Board, Managing Executive Vice President, in charge of Group D&I Promotion Department, ANA Blue Base Integrated Training Center, and Office for Government Aircraft Operations, ALL NIPPON AIRWAYS CO., LTD. (retired March 2021)</p> <p>Apr. 2021 Director and Vice President, ANA Strategic Research Institute Co., Ltd. (current)</p> <p>June 2022 Director, Kyushu Railway Company (current)</p> <p>June 2022 Outside Audit and Supervisory Board Member, West Nippon Expressway Company Limited (current)</p> |

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| | <Current responsibility in the Company> None <Important information on concurrent posts> Director and Vice President, ANA Strategic Research Institute Co., Ltd., Outside Audit and Supervisory Board Member, West Nippon Expressway Company Limited |
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Reasons for nomination as candidate for outside Director and outline of expected role

Ms. Hitomi Yamamoto has worked for ALL NIPPON AIRWAYS CO., LTD. where she was mainly engaged in cabin attendant administration and guidance, and in operations, and she has a wealth of knowledge and insight regarding safety, services, promoting the active participation of women, and diversity. Currently, she is the Director and Vice President of ANA Strategic Research Institute Co., Ltd., and while also in charge of industry-academic projects there, she is ever deepening her insights into tourism and regional revitalization. Since June 2022, she has provided the Company with valuable advice related to safety, services, and human resources strategies from an independent position as outside Director, contributing to the sustainable growth of the Company and its increase in corporate value over the medium and long term. The Company has nominated her as a candidate for outside Director as the Company expects her to supervise the business management and perform checking function over it based on her perspective informed by her in-depth insight and knowledge relating to services, safety, diversity, crisis management and human resources strategies that she has accumulated throughout her career.

Special interests in the Company: There is no special interest between Ms. Hitomi Yamamoto and the Company. As the Company has no business relationship with ANA Strategic Research Institute Co., Ltd., the candidate satisfies the requirements for an independent outside Director as stipulated by the Company. Although the Company has a business relationship with ALL NIPPON AIRWAYS CO., LTD. including payment of travel fares, over the last three fiscal years the Company's income from that company has amounted to less than 1% of the Company's annual consolidated net sales, and said company's income from the Company has amounted to less than 1% of said company's annual consolidated net sales. Consequently, the candidate satisfies the requirements for an independent outside officer as stipulated by the Company. In addition, although the Company has a business relationship with West Nippon Expressway Company Limited including contracting of construction work, over the last three fiscal years the Company's income from that company has amounted to less than 1% of the Company's annual consolidated net sales, and said company's income from the Company has amounted to less than 1% of said company's annual consolidated net sales. Consequently, the candidate satisfies the requirements for an independent outside officer as stipulated by the Company.

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| <p>Candidate No.</p> <p style="text-align: center;">10</p> | <p style="text-align: right;">New election Outside Independent</p> <p style="text-align: center;">Takashi Tanaka</p> <p>Date of Birth: September 10, 1952</p> <p>Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2023: -</p> <p>Number of the Company's shares owned: - shares</p> <p>Tenure as outside Director of the Company: -</p> |
|  | <p>Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company</p> <p>Apr. 1975 Joined The Daiwa Bank, Ltd. (current Resona Bank, Limited)</p> <p>Oct. 2003 Executive Officer, General Manager of System Planning Department, Resona Holdings, Inc.</p> <p>Oct. 2003 Director of THE NARA BANK, LTD.</p> <p>June 2006 Representative Director and President, Resona Trust & Banking Company, Limited (current Resona Bank, Limited) (retired April 2009)</p> <p>June 2009 Representative Director and Vice President, TOYO TECH CO., LTD.</p> <p>June 2011 Representative Director and President, TOYO TECH CO., LTD.</p> <p>June 2020 Representative Director and Chairman, TOYO TECH CO., LTD.</p> <p>Apr. 2021 Representative Director and Chairman, TOYO TECH CO., LTD., and Director and Chairman, Tec Building Service Co., Ltd. (current Toyo Tec Building Service Co., Ltd.) (current)</p> <p><Important information on concurrent posts> Representative Director and Chairman, TOYO TECH CO., LTD. Director and Chairman, Toyo Tec Building Service Co., Ltd.</p> |
| <p>Reasons for nomination as candidate for outside Director and outline of expected role</p> <p>Mr. Takashi Tanaka has a wealth of knowledge and insights in finance, accounting, and IT/DX as he was engaged in business management of Resona Bank Limited, and led the integration of the banking system, among others, as Chief Information Officer. Currently, he is increasing his knowledge of transportation security and stationed security services etc. as Director and Chairman of TOYO TECH CO., LTD. The Company has nominated him as a candidate for outside Director as the Company expects him to supervise the business management and perform a checking function over it based on his perspective with his experience and insights as a specialist in safety and security services, finance, and IT/DX.</p> <p>Special interests in the Company: There is no special interest between Mr. Takashi Tanaka and the Company. As the Company has no business relationship with TOYO TECH CO., LTD. and Toyo Tec Building Service Co., Ltd., the candidate satisfies the requirements for an independent outside Director as stipulated by the Company.</p> | |

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| Candidate No. 11 | <p style="text-align: right;">New election Outside Independent</p> <p>Hiroshi Ogasawara</p> <p>Date of Birth: September 19, 1955</p> <p>Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2023: -</p> <p>Number of the Company's shares owned: - shares</p> <p>Tenure as outside Director of the Company: -</p> |
|  | <p>Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company</p> <p>Mar. 1979 Joined YASKAWA Electric Mfg. Co., Ltd. (current YASKAWA Electric Corporation)</p> <p>June 2006 Director, Deputy General Manager of Motion Control Div., YASKAWA Electric Corporation</p> <p>Mar. 2007 Director, General Manager of Drives Div., YASKAWA Electric Corporation</p> <p>Mar. 2011 Director, General Manager of Motion Control Div., YASKAWA Electric Corporation</p> <p>June 2012 Managing Executive Officer, General Manager of Motion Control Div., YASKAWA Electric Corporation</p> <p>June 2013 Director and Managing Executive Officer, General Manager of Motion Control Div., YASKAWA Electric Corporation</p> <p>Mar. 2014 Director and Managing Executive Officer, General Manager of Corporate Technology Div., YASKAWA Electric Corporation</p> <p>Mar. 2015 Representative Director and Senior Executive Managing Officer, General Manager of Corporate Technology Div., YASKAWA Electric Corporation</p> <p>Mar. 2016 Representative Director and President, General Manager of Corporate Technology Div., YASKAWA Electric Corporation</p> <p>Mar. 2017 Representative Director and President, Manager of Diversity Management Div., YASKAWA Electric Corporation</p> <p>Mar. 2018 Representative Director and President, Manager of ICT Strategy Div., YASKAWA Electric Corporation</p> <p>Mar. 2022 Representative Director and Chairman of the Board; President, YASKAWA Electric Corporation</p> <p>Mar. 2023 Representative Director and Chairman of the Board, YASKAWA Electric Corporation (current)</p> <p><Important information on concurrent posts> Representative Director and Chairman of the Board, YASKAWA Electric Corporation</p> |

Reasons for nomination as candidate for outside Director and outline of expected role

Mr. Hiroshi Ogasawara has a wealth of knowledge and insights in corporate management, information and communication technology, and human resources strategies as he had been long engaged in business management of YASKAWA Electric Corporation, and also worked on the formulation and promotion of DX strategies as Manager of ICT Strategy Div. and promoted diversity in human resources, among other things.

The Company has nominated him as a candidate for outside Director as the Company expects him to supervise the business management and perform a checking function over it based on his perspective with those experiences and insights as a professional of IT/DX, human resources strategies, and business management.

Special interests in the Company: There is no special interest between Mr. Hiroshi Ogasawara and the Company. Although the Company has a business relationship with YASKAWA Electric Corporation including real estate lease, over the last three fiscal years the Company's income from that company has amounted to less than 1% of the Company's annual consolidated net sales, and said company's income from the Company has amounted to less than 1% of said company's annual consolidated net sales. Consequently, the candidate satisfies the requirements for an independent outside officer as stipulated by the Company.

(Notes)

1. Candidates Mr. Toshihide Ichikawa, Ms. Kuniko Muramatsu, Ms. Hitomi Yamamoto, Mr. Takashi Tanaka and Mr. Hiroshi Ogasawara are candidates for outside Director.
2. The Company has entered into limited liability agreements with Mr. Toshihide Ichikawa, Ms. Kuniko Muramatsu and Ms. Hitomi Yamamoto to limit their liability under Article 423, paragraph (1) of the Companies Act to the minimum liability amount stipulated by laws and regulations. If their reelection is approved, the Company will continue the said limited liability agreements with them.
In addition, if the election of Mr. Takashi Tanaka and Mr. Hiroshi Ogasawara is approved, the Company will enter into the same agreements with them.
3. The Company has entered into a directors and officers liability insurance policy, as provided for in Article 430-3, paragraph (1) of the Companies Act, with an insurance company. The policy covers losses incurred from amounts of indemnification and litigation expenses, etc. that insureds are liable for in cases where a damage claim has been filed by shareholders or a third party, etc. If each candidate is elected and assumes office as a Director, he or she will be an insured under the relevant insurance policy. The insurance policy is scheduled to be renewed with the same terms and conditions at the next renewal. The insurance premiums are in principle fully borne by the Company. The policy will not cover losses such as compensation for damages incurred by an insured in cases where they are sued with a claim for damages arising from conduct in violation of laws, etc.
4. Candidates Mr. Toshihide Ichikawa, Ms. Kuniko Muramatsu and Ms. Hitomi Yamamoto satisfy the requirements for an independent officer as provided for by the Tokyo Stock Exchange and the Fukuoka Stock Exchange, and satisfy the Company's Independence Evaluation Criteria for Outside Officers, and the Company has submitted notification concerning their designation as independent officer to each exchange. If their reelection is approved, the Company plans to maintain their positions as independent officer.
5. Candidates Mr. Takashi Tanaka and Mr. Hiroshi Ogasawara satisfy the requirements for an independent officer as provided for by the Tokyo Stock Exchange and the Fukuoka Stock Exchange, and satisfy the Company's Independence Evaluation Criteria for Outside Officers, and the Company plans to designate them as independent officer and submit notification concerning their designation as independent officer to each exchange if their election is approved.

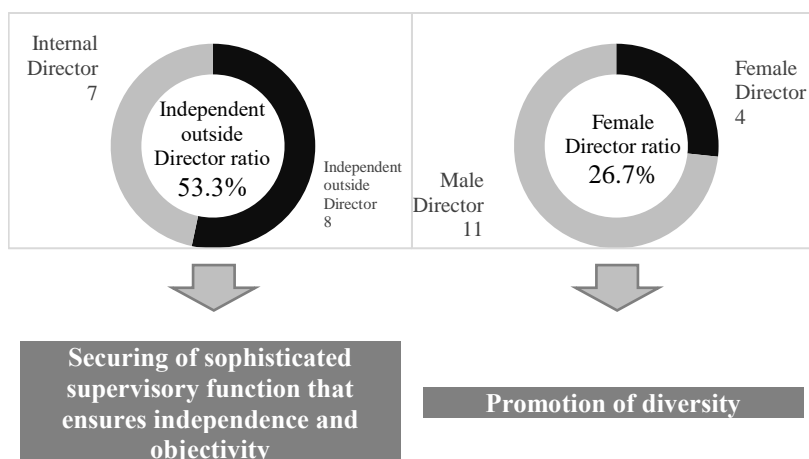
◆Constitution of the Board of Directors

The Company’s Board of Directors appoints a diverse range of Director candidates with varying expertise and experience, while considering the notion of striking a balance in the Board of Directors overall, and accordingly aims to develop an optimal workforce capable of effectively and efficiently carrying out such functions. Currently, it comprises inside Directors who are well versed in the activities of each business division as well as a number of outside Directors who offer advice based on their wide range of expertise and, from an independent standpoint, provide monitoring and supervisory functions in a highly effective manner. Besides electing female Directors, persons who have sufficient expertise on finance and accounting are elected for Audit and Supervisory Committee Members, in addition to those having knowledge on legal affairs.

◆Election and Dismissal of Directors

When nominating Directors, considering factors such as reports made by the “Nomination and Compensation Advisory Committee,” the Board of Directors decides on candidates based on a selection standard determined by the Board of Directors, such that values a high level of ethics, personality, character and management ability. The Board of Directors makes a proposal to a General Meeting of Shareholders regarding the dismissal of a Director, after considering factors such as reports made by the “Nomination and Compensation Advisory Committee,” and deliberating on the matter, if such Director ceases to satisfy the aforementioned selection standard, or if corporate value has become significantly impaired as a result of such Director having exercised negligence with respect to his or her professional duties, or if circumstances are such that would constitute grounds for disqualification otherwise. Approval of the Audit and Supervisory Committee is to be obtained prior to nominating a candidate for Director who is an Audit and Supervisory Committee Member.

The constitution of the Board of Directors elected on the basis of the above policy upon approval and adoption of Proposal No. 3 will be as follows:



Independence Evaluation Criteria for Outside Officers

Outside officers shall be deemed to be independent if they do not fall under any of the following items:

1. a current executive director, executive officer, corporate officer, or employee (hereinafter, “executive”) of the Company or any of its subsidiaries (hereinafter, “Group companies”), or someone who has served in such a position in the past ten fiscal years
2. a spouse or relative by blood or marriage within the second degree of a current executive of a Group company (to the extent such a person is deemed to be an important party), or of someone who has served in such a position in the past three fiscal years
3. an entity of whom the Company is a major business partner (that is, a recipient of payment from the Company in excess of 2% of said recipient’s average consolidated sales over the period of the previous three fiscal years), or, in the event such an entity is a corporation, an executive person of said corporation
4. a major business partner of the Company (that is, an entity that makes payments to the Company that account for over 2% of the Company’s average consolidated sales over the period of the preceding three fiscal years), or, in the event such a business partner is a corporation, an executive person of said corporation
5. a major lender to the Company (that is, an entity that provides loans to the Company in excess of 2% of the Company’s average consolidated assets over the period of the preceding three fiscal years), or, in the event such a lender is a corporation, an executive of said corporation
6. a legal expert, etc., whose remuneration received from the Company, other than officers’ compensation, exceeds ¥10 million on average per annum over the period of the preceding three fiscal years, or, if such an expert belongs to a corporation, 2% of the consolidated sales of said corporation over the same period
7. a director or executive of an organization that receives donations in excess of ¥10 million on average per annum from the Company over the period of the preceding three fiscal years
8. a major shareholder of the Company (that is, a shareholder who holds 10% or more of the total number of voting rights of the Company), or, in the event such a shareholder is a corporation, an executive of said corporation
9. a spouse or relative by blood or marriage within the second degree of a person who falls under any of items (3) through (8) (to the extent such a person is deemed to be an important party)
10. in addition to the preceding items, a person who is unable to independently perform duties as an outside director or an outside corporate auditor due to a conflict of interest with the Company or to other exceptional circumstances

Reference: Initiatives Related to Corporate Governance

◆Corporate Governance Policy

The Company aims to be a corporation in which customers, local community members, business partners, employees and their families, and shareholders can have lasting trust. To this end, the Company is establishing and improving frameworks and systems for decisive and prompt decision making as well as appropriate disclosure of information, while guaranteeing transparency and fairness in management. The Company is also further enhancing its efforts in corporate governance to realize continuous growth and long-term improvement in corporate value.

◆Evaluation of the Effectiveness of the Board of Directors

Recognizing that securing the effectiveness of the Board of Directors leads to the medium to long term improvement of corporate value, the Company conducts hearings with the Directors and gives questionnaires to them for the purpose of advancing analysis and evaluation in related to said efficiency and then discloses an overview of the results in the Corporate Governance Report.

Between December 2022 and February 2023, we conducted a questionnaire survey for the Directors to complete. Thereafter, we analyzed and evaluated the effectiveness of the Board of Directors at a meeting of the Board of Directors. An overview of the results of this evaluation is as follows.

Overview of results

1. Conclusion
The overall evaluation was that the Board of Directors is functioning effectively.
2. Evaluation process
 - (i) Persons evaluated
All Directors
 - (ii) Evaluation method
An anonymous questionnaire survey was conducted.
 - (iii) Evaluation items
The major categories of the questionnaire were as follows.
 - I Composition and management of the Board of Directors
 - II Management and business strategies
 - III Corporate ethics and risk management
 - IV Evaluation and remuneration of management
 - V Dialogue with shareholders, etc.

3. Progress, etc. in relation to issues recognized in the FY2021 effectiveness evaluation

| Evaluation items | FY2021 issues (P) | FY2022 initiatives (D) | Evaluation (C) | Future initiatives (A) |
|--|--|---|---|---|
| I Composition and management of the Board of Directors | In order to fulfill the roles and responsibilities of the Board of Directors, a diverse range of director candidates with varying expertise and experience should be appointed while considering the notion of striking a balance in the Board of Directors overall, and the workforce should be optimized to ensure it is capable of effectively and efficiently carrying out such functions. | Appropriately appoint members to ensure the knowledge, experience, capabilities, and also diversity. | Consideration is being given to optimizing the workforce to ensure it is capable of effectively and efficiently carrying out functions, while considering the notion of striking a balance in the Board of Directors overall. | Consider optimizing the workforce, including a review of skill sets, at the Nomination and Compensation Advisory Committee to ensure that functions are being carried out effectively and efficiently while considering the notion of striking a balance in the Board of Directors overall. |
| II Management and business strategies | Efforts to improve corporate value through DX (digital transformation) should be confirmed. | Report to the Board of Directors on the “JR Kyushu Group DX Strategy 2022-2024” to become a company that maximizes the use of digital technology to create efficient, high-quality value. | Reports on the “JR Kyushu Group DX Strategy 2022-2024” were made, but reports regarding DX should be further enhanced to improve corporate value. | Make timely and appropriate reports regarding DX to the Board of Directors to improve corporate value. |

* As shown in the table above, the Company will strive to improve corporate value by repeating the PDCA cycle every year.

4. Major issues recognized in the FY2022 effectiveness evaluation and initiatives for FY2023

| Evaluation items | FY2022 issues (P) | FY2023 initiatives (D) |
|--|---|--|
| I Composition and management of the Board of Directors | Consideration should be given to reviewing the requirements for agenda items for the Board of Directors. | Hold discussions on agenda items for the Board of Directors so that items to be discussed are appropriately included in the agenda. |
| II Management and business strategies | Progress on the Medium-Term Business Plan should be reported. | Report to the Board of Directors on the progress of the Medium-Term Business Plan in a timely and appropriate manner. |
| | Reporting on initiatives to improve corporate value through DX should be further enhanced. | Report to the Board of Directors on the progress of the “JR Kyushu Group DX Strategy 2022-2024” and other matters regarding DX promotion in a timely and appropriate manner. |
| IV Evaluation and remuneration of management | The contents of deliberations by the Nomination and Compensation Advisory Committee and other matters should be further enhanced. | Report to the Board of Directors on the agenda, etc. of the Nomination and Compensation Advisory Committee in a timely and appropriate manner. |

Business Report

(From April 1, 2022 to March 31, 2023)

1. Overview of current status of corporate group

(1) Review of operations and results

(i) Overall conditions

In the fiscal year ended March 31, 2023, the Japanese economy showed signs of a modest rebound, centered on personal consumption. Amid the ongoing impact of COVID-19, restrictions on behavior and socioeconomic activity began to normalize. However, raw materials prices rose as the situation in the Ukraine was prolonged and the yen continued to depreciate. Owing to such factors, the future economic outlook remains uncertain.

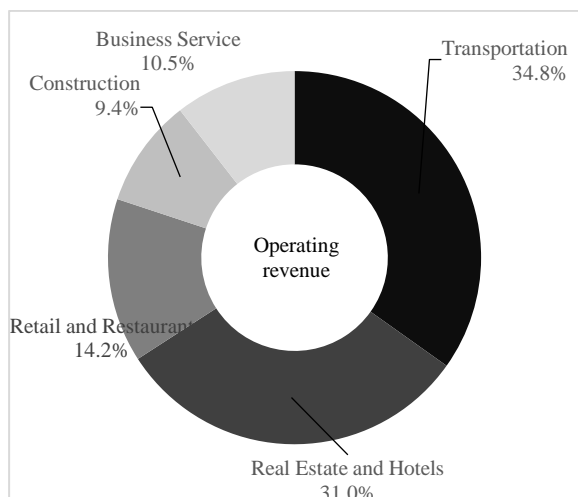
Against this backdrop, the JR Kyushu Group advanced under the three key strategies of JR Kyushu Group Medium-Term Business Plan 2022–2024. The strategies are “completing business structural reforms,” “creating a model for building cities that promote well-being,” and “developing businesses in new areas in which we can contribute.” In addition, we focused on developing human resources for the implementation and realization of strategies, and on building foundations for advancing strategies on a Groupwide basis. Also, the Nishi-Kyushu Shinkansen opened in September 2022, with operations starting between Takeo Onsen and Nagasaki stations. To maximize the impact of the opening, the entire Group worked together on various promotions to encourage use and initiatives such as the development of the New Nagasaki Station Building, which is scheduled to open in autumn 2023.

As a result, operating revenue was ¥383,242 million, up 16.3% year on year; operating income was ¥34,323 million, up 770.2% year on year; EBITDA was ¥63,891 million, up 107.6%; ordinary income was ¥35,700 million, up 286.5% year on year; and net income attributable to owners of the parent was ¥31,166 million, up 135.2% year on year.

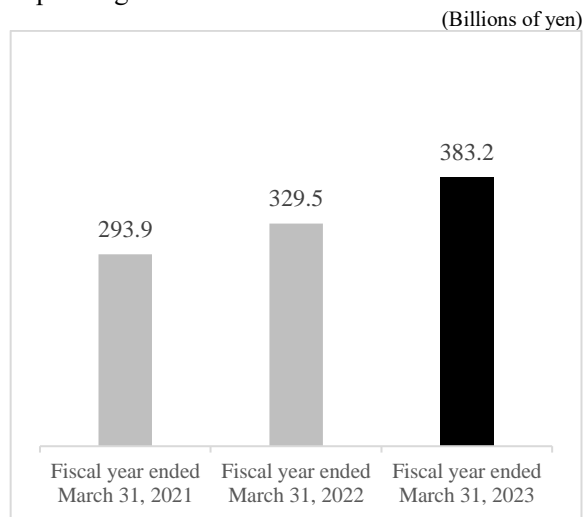
(Note) EBITDA in the fiscal year ended March 31, 2023, is the numerical value obtained by adding the cost of depreciation to operating income (excluding depreciation of leased assets held for subleasing purposes).

| Business performance for the fiscal year ended March 31, 2023 | |
|---|---|
| Operating revenue | Operating income |
| ¥383,242 million (up 16.3% year on year) | ¥34,323 million (up 770.2% year on year) |
| EBITDA | Ordinary income |
| ¥63,891 million (up 107.6% year on year) | ¥35,700 million (up 286.5% year on year) |
| Net income attributable to owners of the parent | |
| ¥31,166 million (up 135.2% year on year) | |

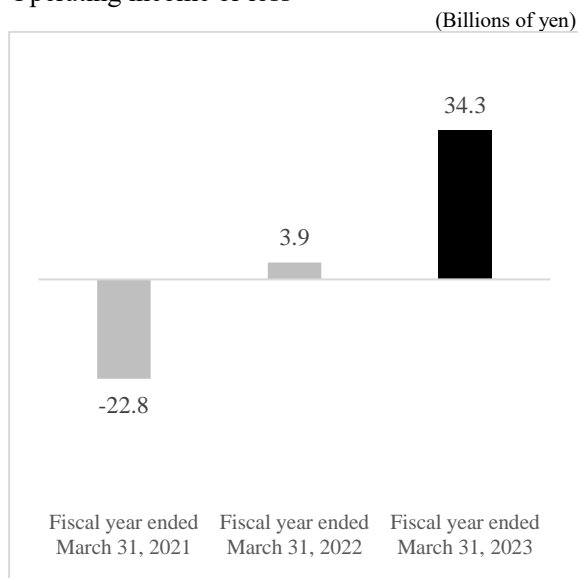
Composition by segment



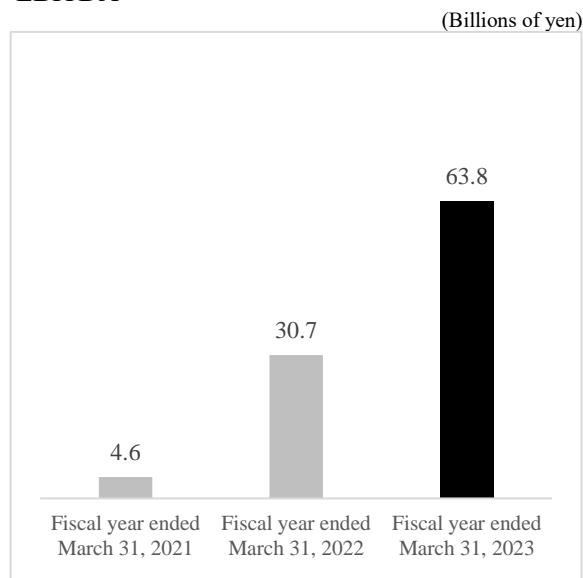
Operating revenue



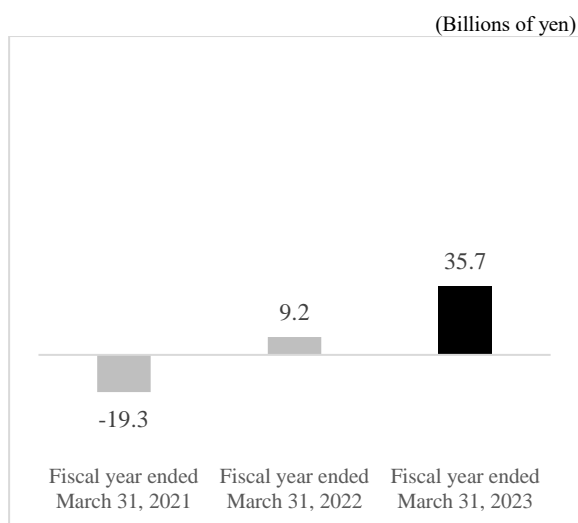
Operating income or loss



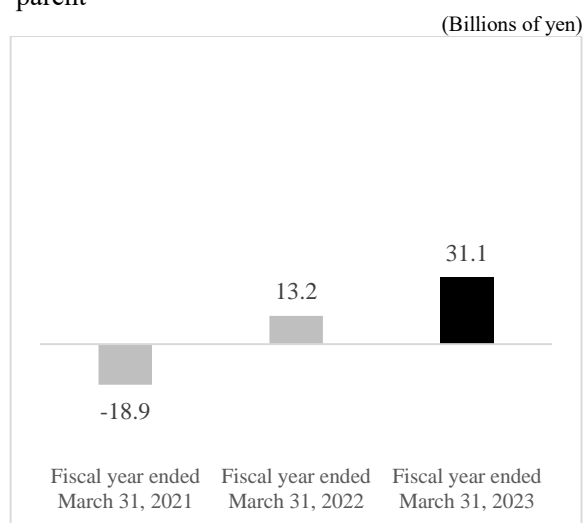
EBITDA



Ordinary income or loss



Net income or loss attributable to owners of the parent



(ii) Status by segment

The Group's business performance by segment is as follows. From the fiscal year ended March 31, 2023, for the purpose of strengthening the entire Group's business portfolio, the existing segment classification has been changed from "transportation services," "construction," "real estate and hotels," "retail and restaurant," and "other" to "transportation services," "real estate and hotels," "retail and restaurant," "construction," and "business services." In the year-on-year comparisons below, results from previous years have been retroactively adjusted to match the new segment classifications.

(Millions of yen)

| | Operating revenue | | | Operating income | | | EBITDA (Note 2) | | |
|----------------------------|---------------------|---------------------|-------|---------------------|---------------------|--------|---------------------|---------------------|--------|
| | Current fiscal year | Year-on-year change | | Current fiscal year | Year-on-year change | | Current fiscal year | Year-on-year change | |
| Transportation | 138,318 | 34,026 | 32.6% | 2,522 | 25,275 | – | 13,138 | 27,327 | – |
| Real Estate and Hotels | 123,110 | 9,402 | 8.3% | 22,107 | 4,088 | 22.7% | 36,285 | 4,321 | 13.5% |
| Real estate lease business | 62,610 | 4,080 | 7.0% | 14,892 | 139 | 0.9% | 26,720 | 215 | 0.8% |
| Real estate sale business | 43,589 | -2,599 | -5.6% | 6,253 | 27 | 0.4% | 6,273 | 25 | 0.4% |
| Hotel business | 16,911 | 7,921 | 88.1% | 961 | 3,921 | – | 3,291 | 4,080 | – |
| Retail and Restaurant | 54,781 | 11,136 | 25.5% | 1,410 | 2,652 | – | 2,724 | 2,675 | – |
| Construction | 88,370 | -4,542 | -4.9% | 5,442 | -1,612 | -22.9% | 6,505 | -1,551 | -19.3% |
| Business Service | 73,488 | 3,957 | 5.7% | 3,486 | 150 | 4.5% | 6,246 | 529 | 9.3% |
| Total | 478,069 | 53,980 | 12.7% | 34,970 | 30,553 | 691.8% | 64,900 | 33,303 | 105.4% |
| Adjustments (Note 1) | -94,826 | -265 | – | -646 | -174 | – | -1,009 | -182 | – |
| Consolidated | 383,242 | 53,714 | 16.3% | 34,323 | 30,379 | 770.2% | 63,891 | 33,120 | 107.6% |

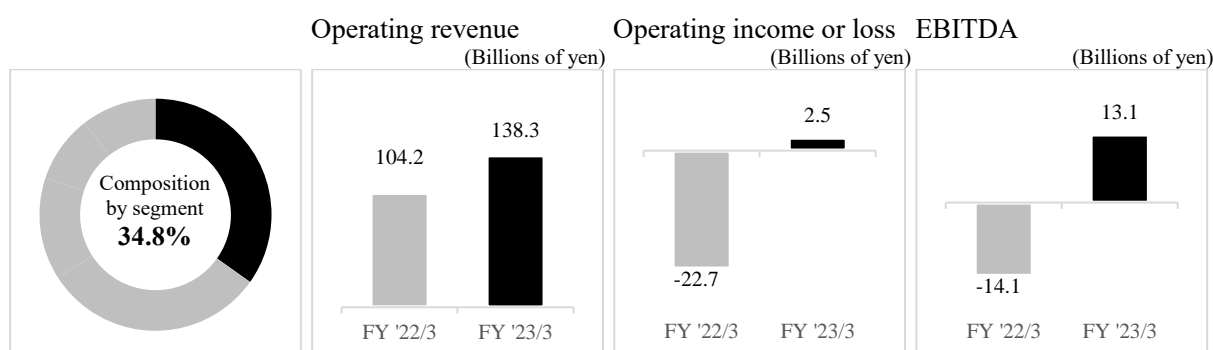
(Notes) 1. Adjustments reflect the elimination of intersegment transactions.

2. Consolidated EBITDA = operating income + depreciation (after elimination of intersegment transactions, excluding depreciation of leased assets held for subleasing purposes), segment EBITDA = segment operating income + segment depreciation (after elimination of intersegment transactions, excluding depreciation of leased assets held for subleasing purposes)

■ Transportation Group

[Business activities]

The Transportation Group conducts railway business, passenger ship business, and bus business.



In the railway business, the Company worked to ensure safety and implemented measures to prevent the spread of COVID-19. In light of these factors, we worked to secure revenues. In addition, we strove to reduce costs, particularly fixed costs, which account for a high percentage of costs in the railway business.

We promoted safety creation activities based on the understanding that safety is the foundation of everything we do. The slogan of the activities was “Save lives! Understand the rules and put them into practice.” In addition, we steadily made safety-oriented investments, such as introducing new rolling stock, replacing aging facilities, and introducing disaster-prevention measures.

On the service front, we promoted initiatives aimed at emphasizing a corporate culture founded on service. The theme of these initiatives is “I listen to customer feedback, and think and act on behalf of the Company.” In addition, as initiatives to enhance customer convenience, we enabled limited express tickets to be purchased via the PayPay app provided by PayPay Corporation for the entire year and launched a demonstration experiment using touch payment via credit card at ticket gates.

In marketing, to maximize the impact of opening the Nishi-Kyushu Shinkansen, we held the “Watashitachi Kamome” event with local participants to bring the region together, ran the new TWO STARS 4047 D&S train, and promoted a tourism campaign aimed at communicating the appeal of Saga and Nagasaki. In addition, to encourage a recovery of inbound demand to Kyushu, we conducted the “Welcome back to Kyushu” campaign, as well as Kyushu Ressa Tabi (Ressa Tabi means “train travel to enjoy sauna facilities”) in collaboration with sauna facilities located in prefectures in Kyushu. In addition, based on customer usage and the introduction of the EX Service, we re-evaluated limited-express surcharges on conventional lines, stopped selling some discount tickets, and revised prices.

In transportation, while implementing infection-prevention measures at trains and at stations, we worked to maintain the transportation network, which is an important aspect of regional social infrastructure. In March 2023, in order to further improve safety and allow for train drivers to focus on emergency responses, etc., we newly started test runs of trains using a “driver assistance and automatic operating system” that assists the driver’s operations, for the area between Akama and Kurume of the Kagoshima Main Line. In addition, we revised the timetable in September 2022 and March 2023 in line with customer usage conditions. Due to the impact of heavy rain that occurred in northern Kyushu in July 2017, we are implementing substitute forms of transportation between Soeda Station and Yoake Station on the Hitahikosan Line. We prepared to restore service by introducing a bus rapid transit (BRT) system along the Hitahikosan Line (nicknamed the “BRT Hikoboshi Line”), which will start operation in August 2023. We are also introducing alternative means of transportation on certain sections of the Hisatsu Line that were seriously damaged by heavy rains in July 2020.

In our bus business, we reduced service in line with usage conditions, while working to create an environment in which customers can use bus services with peace of mind through measures to prevent of infection. In addition, we introduced a dynamic pricing fare system on a high-speed bus route. Under this system, fares are changed flexibly within a wider price range in line with the most-recent reservation circumstances. Furthermore, we started selling commuter passes via “Bus Mori!” a smartphone app provided by WELLNET CORPORATION.

In our passenger ship business, owing to the easing of protection measures to prevent the spread of the COVID-19 infection, the operation of the “QUEEN BEETLE” new-style hydrofoil ferry commenced in November 2022 on the Fukuoka–Busan route.

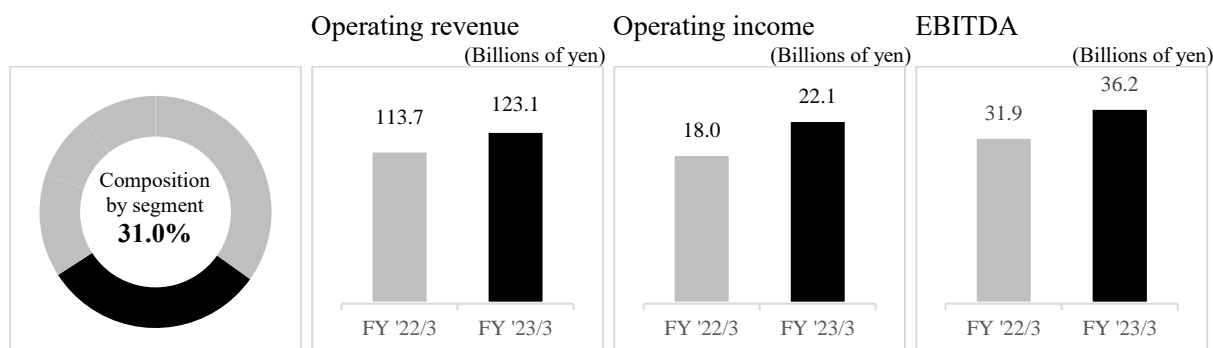
In the field of new mobility services (mobility as a service or MaaS), in collaboration with regional transportation operators, local governments, tourism organizations and other entities, we promoted efforts to realize seamless transportation services using the “my route” MaaS application. As part of service development across the Kyushu region, a new service began in Nagasaki and Kumamoto prefectures. Moreover, in Fukuoka and Kumamoto prefectures, digital tickets were sold on the MaaS app in collaboration with a transportation organization and commercial facilities, with the aim of stimulating demand for excursions and improving city circulation. In Nagasaki Prefecture, as a demonstration experiment using QR codes, we started selling QR code-based digital tickets. Under this system, customers can specify the stations to get on and off at and buy a ticket from their smartphones.

As a result, the Transportation Group posted operating revenue of ¥138,318 million, up 32.6% year on year; operating income of ¥2,522 million (operating loss was ¥22,752 million in the previous fiscal year); and EBITDA of ¥13,138 million (negative EBITDA was ¥14,188 million in the previous fiscal year).

■ Real Estate and Hotels Group

[Business activities]

The Real Estate Group conducts real estate lease business (commercial facilities, offices, apartments, etc.), real estate sale business (condominiums), hotel business, etc.



In the real estate leasing business, we have seen a moderate recovery in tenant sales at each station building, and occupancy at the offices and rental condominiums we own has remained strong. In March 2022, we also opened “Nagasakikaido Kamome Ichiba” which is under the elevated railway tracks at Nagasaki Station. With moves such as these, we are making steady development progress toward the planned opening of the new Nagasaki Station Building in autumn 2023. Moreover, we actively invested in growth area, including development of JR Kumamoto Kasuga Kita Building and JR Kagoshima Chuo Building, as well as acquisition of office buildings and logistics facilities in Fukuoka Prefecture. In addition, in November 2022, JR Hakata City Co., Ltd., a subsidiary, began handling outsourced property management for “VIORO,” a commercial facility in Fukuoka’s Tenjin district. This marks the Group’s first outsourced property management of another company’s commercial facilities.

In the real estate sale business, we sold an office building and a rental apartment building. We also handed over condominium units, including “MJR Kumamoto The Tower” and “MJR the Garden Kashii,” and recorded sales from them. While instituting infection-prevention measures at model rooms, we engaged in sales efforts at “MJR Kagoshima Eki Park Front,” “MJR Hakata The Residence,” “MJR Chihaya Mid Square,” and other condominium buildings.

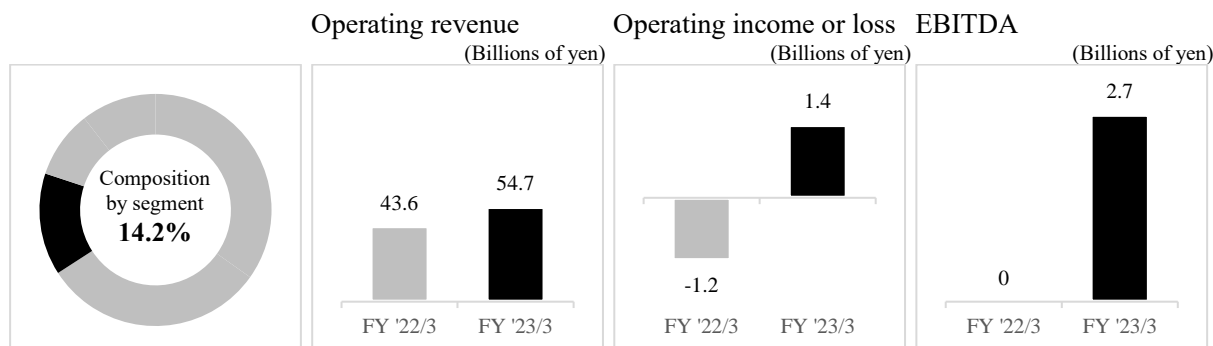
In the hotel business, we worked actively to capture tourism demand in line with a government nationwide travel support program and the easing of protection measures. We also continued with efforts to reduce costs and improve profitability. In addition, we opened “THE BLOSSOM KYOTO” in August 2022 and promoted development of “URESHINO YADOYA” and the “Nagasaki Marriott Hotel.”

As a result, the Real Estate Group posted operating revenue of ¥123,110 million, up 8.3% year on year; operating income of ¥22,107 million, up 22.7%; and EBITDA of ¥36,285 million, up 13.5%.

■ Retail and Restaurant Group

[Business activities]

The Retail and Restaurant Group is engaged in not only retail business but also restaurant business and agriculture.



In the retail business, we ran the Nishi-Kyushu Shinkansen Kamome Fair and sought to build back revenues from station stores, especially souvenir shops, amid a modest recovery in mobility demand and personal consumption. We also made progress on opening new and renovating existing convenience stores. To reinforce our roadside store offerings, our subsidiary, JR Kyushu Retail, Inc. entered a franchise agreement with Chateraise Co., Ltd. Also, April 2022 marked the opening of the first store under this agreement, a confectionery shop called Chateraise Sawara-ku Hara.

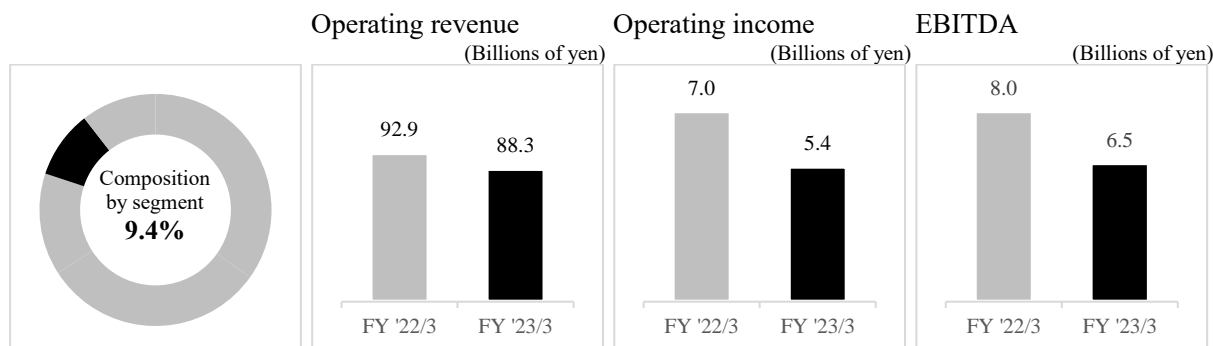
In the restaurant business, we opened restaurants in suburban commercial facilities, such as “Mitsui Shopping Park LaLaport FUKUOKA” and “THE OUTLETS KITAKYUSHU,” seeking to build back revenues from stores around the stations. We also enhanced management efficiency, such as by closing unprofitable restaurants.

As a result, the Retail and Restaurant Group posted operating revenue of ¥54,781 million, up 25.5% year on year; operating income of ¥1,410 million (operating loss was ¥1,241 million in the previous fiscal year), and EBITDA of ¥2,724 million (EBITDA of ¥48 million in the previous fiscal year).

■ Construction Group

[Business activities]

The Construction Group performs construction, vehicle equipment- and machinery-related operations, electrical work, etc.



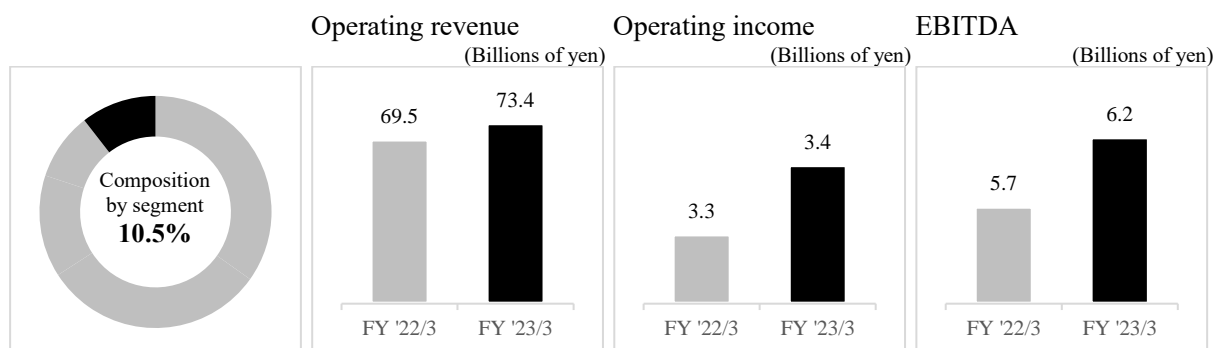
In the construction business, we leveraged specialized skills in the railway business to ensure safe, stable railway operations through railway-related civil engineering, railroad track, and construction work as well as through maintenance operations and rolling stock equipment work, and also streamlined the maintenance operations by, for example, jointly developing robots that allow for the automation of certain types of train maintenance work. In railway construction, we made steady progress on such projects as new Shinkansen- and Haga Utsunomiya LRT-related construction, and worked to generate new orders. However, construction volume fell year on year in line with the completion of construction on the Nishi-Kyushu Shinkansen. Also, JR Kyushu Electric System Company, a subsidiary of the Company, laid a fiber optic cable in March 2022 between Hakata Station and Kagoshima-Chuo Station, and started a service to rent the core fiber optic cable. In addition, the Group worked to win orders for public-sector and private-sector construction projects, including condominium, and reduce costs.

As a result, the Construction Group posted operating revenue of ¥88,370 million, down 4.9% year on year; operating income of ¥5,442 million, down 22.9%; and EBITDA of ¥6,505 million, down 19.3%.

■ Business Service Group

[Business activities]

The Business Service Group is engaged in construction machinery sales and rental business, advertising business, system-related business, etc.



For the construction machinery sales and rental business, on the back of stable demand, we worked to expand earnings through aggressive sales activities. We also acquired new orders and implemented cost reductions mainly for the advertising business. In addition, as part of our alliance strategy in the field of information systems, our subsidiary, JR Kyushu System Solutions Inc., signed a business alliance agreement with Keyware Kyusyu Inc. in April 2022 for the co-creation of cloud data center services, and with OCH Co., Ltd. in June 2022 to promote efforts to provide new services such as supporting the realization of future work styles.

As a result, the Business Service Group posted operating revenue of ¥73,488 million, up 5.7% year on year; operating income of ¥3,486 million, up 4.5%; and EBITDA of ¥6,246 million, up 9.3%.

(Note) EBITDA for the consolidated period under review is the numerical value obtained by adding the cost of depreciation to operating income (including intersegment transactions, excluding the cost of depreciation related to lease assets held for the purpose of subleasing).

(2) Issues to be addressed

The Group aims to implement “what it aims to be” as “a corporate group that invigorates Kyushu, Japan, and Greater Asia with safety and service as its foundation,” and “we will contribute to the sustainable development of Kyushu through city-building initiatives that leverage the distinctive characteristics of local communities, centered on safe and secure mobility services,” articulating the “2030 Long-Term Vision.”

The business environment surrounding the Group has changed significantly with the outbreak of the COVID-19 infection. In addition, the uncertainty of future changes in the business area is increasing further. Even under such circumstances, in order to realize “2030 Long-Term Vision,” together with focusing on the major external environmental changes expected by 2030 and the changes in abundant values of people affected by those changes, considering future scenarios that assume extreme changes, we have formulated two policies as “Policies for the realization of the 2030 Long-Term Vision.”

The first is to evolve the city-building that the Group has been promoting mainly around the terminal station to advance “Implementing city-building initiatives for the realization of well-being, with consideration for changes in values.” Kyushu is roughly divided into two areas; providing numerous values to around the terminal station and along the railway lines, together with aiming to build a local community that “wants to live, work, and visit,” for rural areas, we aim to coordinate local governments and other forms of transportation, and expand the nonresident population by rediscovering and using local resources.

The second is to promote “Expanding areas we work in that contribute to the sustainable development of Kyushu.” We will leverage the strengths of the Group to strengthen and expand the business portfolio and to expand the areas of contribution to the environment, local economy, and local communities. In particular, the realization of a de-carbonized society is considered to be an important theme, and we will create new value not only from a “defensive” viewpoint to reduce CO₂ emissions toward net zero CO₂ emissions by 2050, but will also promote “offensive” initiatives.

Furthermore, regarding ESG initiatives, we set material issues and non-financial KPIs that accompany them, with the aim of realizing the 2030 Long-Term Vision. Some non-financial KPIs are linked with officer remuneration to enhance their effectiveness.

In the “JR Kyushu Group Medium-Term Business Plan 2022-2024” set to start in the fiscal year ending March 31, 2023, we positioned the three years as an important stage for the Group to return to a growth trajectory at an early stage. We are promoting three priority strategies, “Completing business structural reforms,” “Creating a model for building cities that promote well-being,” and “Developing businesses in new areas in which we can contribute.” In addition, we will continue to work on “Developing human resources for the implementation and realization of strategies” and “Building foundations for advancing strategies on a Groupwide basis” to support the execution of priority strategies.

Completing business structural reforms

We recognize that the business structural reforms that have been promoted since the previous Medium-Term Business Plan are urgent issues, and we will complete structural reform of our main businesses starting with the railway business and the hotel business during the period of the Medium-Term Business Plan.

We made an operating profit for the railway business for the fiscal year ended March 31, 2023, for the first time in three periods through the completion of BPR (Business Process Re-engineering), etc. However, to cope with future cost increases due mainly to energy and raw material price hikes, we will aim to realize a sustainable and stable profitable structure through the implementation of the “Future Railway Project,” etc. in view of future technological innovation and new value creation. Also, for the hotel business, by renewing existing facilities, rebuilding brand strategy, and strengthening asset management function, etc., we will strive to improve the competitiveness of existing hotels. Together, we will strive to improve brand and store competitiveness by enhancing the franchise business and renewing existing stores of the retail and restaurant business, and for the construction business, implementing a transition in primary focus from inside the Group to outside by enhancing the business system.

Creating a model for building cities that promote well-being

Recognizing growth opportunities in each area of Kyushu, together with promoting the real estate development including offices, commerce, housing, during the Medium-Term Business Plan period, we will focus on city-building in the western Kyushu area and the Fukuoka area.

In the western Kyushu area, we will promote the Nishi Kyushu Shinkansen which started in September 2022 as a trigger for city-building. Specifically, running the new D&S Train, “TWO STARS 4047,” providing MaaS-related services in the western Kyushu area, promoting New Nagasaki Station Building development including the “Nagasaki Marriott Hotel,” and developing URESHINO YADOYA, etc., we will work to revitalize the western Kyushu area together with local communities.

In the Fukuoka area, extension of Fukuoka City Subway’s Nanakuma Line enhances the Hakata Station terminal functions and is an opportunity for promotion of mixed-use development projects including the “Project for effective use of the site of the Fukuoka east government building,” the “Project to utilize of the former site of Sunoko elementary school,” and the “Project for utilizing the space above the tracks at Hakata Station” aimed to start during 2028. We will also work to provide seamless mobile services through the development of new stations on the Kagoshima Main Line and expansion of MaaS-related services in cooperation with local governments and other companies. In addition, we will promote development along the railway lines that respond to the diversification of lifestyles, such as commercial development under the elevated Orio Station, while making efforts for an experience-based, complex-style outdoor business through participating in the “renewal for projects for areas such as Aburayama Citizens' Forest.”

Regarding MaaS, we will expand cooperation with other transportation companies through the multi-modal mobility service “my route” developed and provided by Toyota Motor Corporation and Toyota Financial Services Corporation throughout Kyushu. In addition, we will work to build a model for sustainable mobility services following the commencement of operation of the Hitahikosan Line BRT in August 2023.

Developing businesses in new areas in which we can contribute

The main business of the Group is centered on the BtoC business, which has the characteristic of being susceptible to impacts of changes of demographics. By strengthening BtoB and BtoG businesses that are not susceptible to impacts of changes of demographics, we aim to expand the scope of contribution to the development of Kyushu and improve business sustainability.

Specifically, in the construction and business service segments which are centered on the BtoB and BtoG business, by strengthening M&A and alliance strategies, we aim to expand the scope of business areas and business domains to make them the pillars of the Group in addition to BtoC business. In addition, leveraging the strengths of the entire Group, which have been cultivated through multi-faceted strategies, through accepting more construction work of urban infrastructure and maintenance/management operations not limited to railways, as well as entering a storage battery business, etc., we will search for business areas in which we can develop a competitive edge and expand our businesses.

Developing human resources for the implementation and realization of strategies

As the Group’s management strategy, business model, and labor market change, we have formulated a new personnel strategy with two basic policies: “Build a company where employees gain job satisfaction and work energetically” and “Develop human resources that have vitality and practical capability.” In accordance with these policies, we will maximize the power of the “individuality” of diverse employees responsible for strategy and will realize the growth of the Group by reforming the personnel system in various areas such as “hiring and placement,” “development,” and “evaluation.”

Specifically, we will pursue the personnel strategy’s four pillars including “Provide opportunities for challenge and growth for enthusiastic and capable employees, and support them,” “Allow for employees with diverse values and capabilities to create new value,” “Evaluate employees based on

their efforts and results,” and “Promote the establishment of an environment that provides flexible work style options and health management.”

Building foundations for advancing strategies on a Groupwide basis

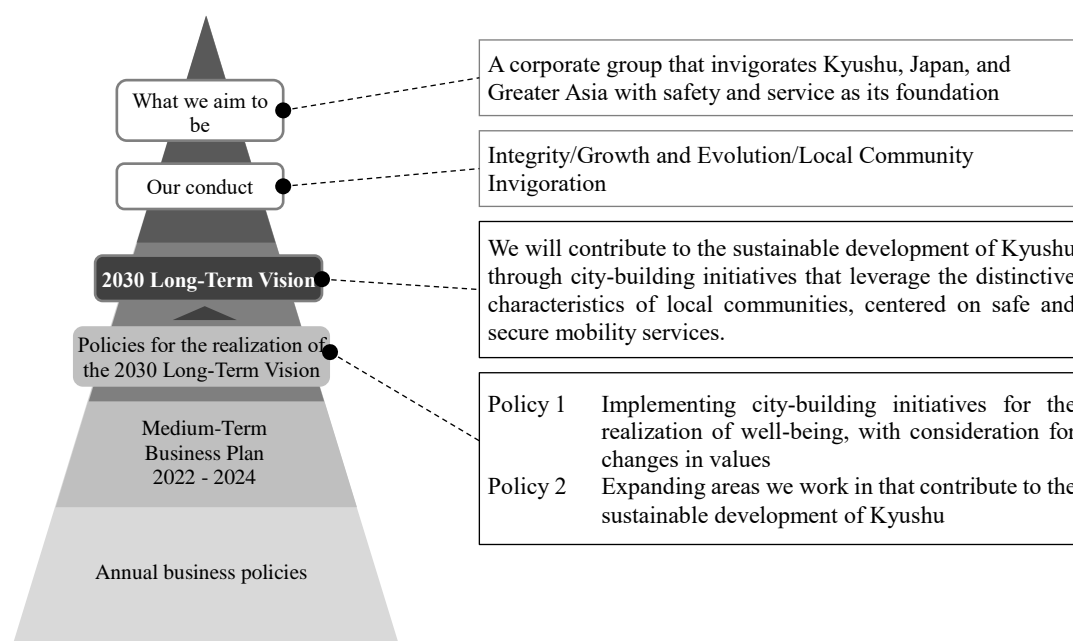
As a foundation to promote the strategy, we made changes in segment classifications for the purpose of strengthening our business portfolio in April 2022, and established the Regional Strategy Department for the purpose of strengthening BtoG businesses and building sustainable mobility services on a Groupwide basis. In addition, efforts to strengthen the collaboration within the Group and the account management function will be made through, for example, establishing a new intermediate holding company in the construction segment, establishing the Business Management Headquarters and introducing a new account management system in the Railway Operations Headquarters.

In addition, we will develop a customer management infrastructure for the purpose of accelerating data-driven marketing on a Groupwide basis and work on strengthening flexibility of the business portfolio.

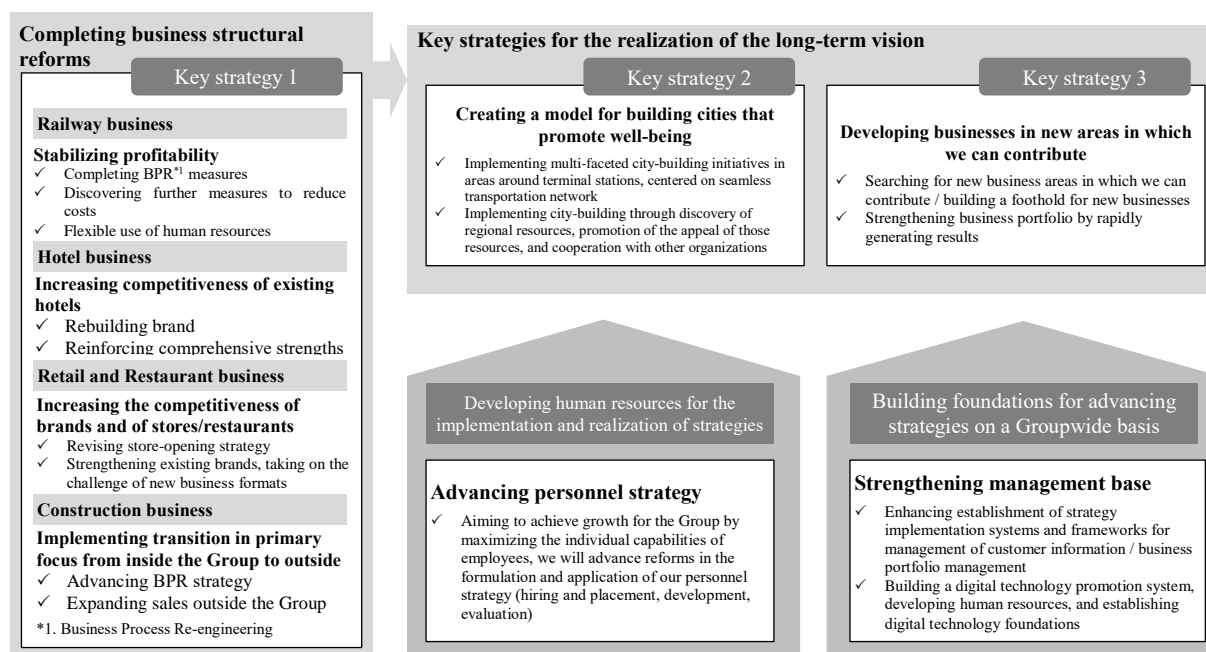
In the area of DX promotion, based on the JR Kyushu Group DX Strategy 2022-2024, we will promote digital technology-oriented measures in three areas: “Increasing customer experience value,” “Operations / maintenance reform,” and “Work style reforms / productivity improvement.” We will do so while focusing on establishing infrastructure and a system to promote and develop human resources.

<Reference> Outline of JR Kyushu Group Medium-Term Business Plan 2022-2024

The Group’s Management Plan Framework



Key strategies of Medium-Term Business Plan 2022-2024



Numerical management targets (Consolidated)

| | | | | | |
|-------------------|------------------------------|------------------|-----------------------------|--------|-----------------------------|
| Operating revenue | ¥440.0 billion (FY2025/3) | Operating income | ¥57.0 billion (FY2025/3) | EBITDA | ¥94.0 billion (FY2025/3) |
|-------------------|------------------------------|------------------|-----------------------------|--------|-----------------------------|

Shareholder return policy

JR Kyushu places importance on the stable provision of return to shareholders over the long term. Over the period to FY2025/3, we will aim for a consolidated dividend payout ratio of 35%, with a minimum dividend per share of ¥93. We will flexibly implement share repurchases as necessary.

For more information, please visit our website.

https://www.jrkyushu.co.jp/company/ir_eng/policy/plan/

(3) Outline of financing and capital expenditure

(i) Outline of financing

In the fiscal year ended March 31, 2023, the Group issued ¥25 billion domestic straight bond to finance capital investment and borrowed ¥30.4 billion as long-term loans from financial institutions.

(ii) Outline of capital expenditure

The total amount of capital investment made during the fiscal year ended March 31, 2023 is ¥100.2 billion, which is roughly described below.

(a) Major assets acquired or completed during the fiscal year ended March 31, 2022 are as follows:

(Real Estate and Hotels Group)

JR Hakata Station East NS Building
i-PRO Building
Hakozakifuto Logistic Facility
North Fukuoka Logistic Center
JR Kumamoto Kasuga North Building
THE BLOSSOM KYOTO
Umi-machi Logistic Facility (limited proprietary right of land)
RJR Precia Urakami Ekiminami
RJR Precia Korimoto Square
RJR Precia Esaka Ekimae

(b) Major construction work underway includes the following.

(Transportation Group)

New Shinkansen (Western Kyushu Shinkansen)
Restoration of Hitahikosan Line BRT
YC1 series storage battery-equipped diesel-electric rolling stock

(Real Estate and Hotels Group)

JR Kagoshima Chuo Building
Development around Nagasaki Station
RJR Doshomachi (provisional name)
Development of the space above the tracks at Hakata Station
SJR The Class Otemon
RJR Precia Chidoricho (provisional name)
RJR Omorikita (provisional name)

(4) Trends in assets and income

(i) Trends in assets and income of the Group

(Millions of yen)

| | 33rd fiscal year ended March 31, 2020 | 34th fiscal year ended March 31, 2021 | 35th fiscal year ended March 31, 2022 | (Current fiscal year) 36th fiscal year ended March 31, 2023 |
|--|---|---|---|--|
| Operating revenue | 432,644 | 293,914 | 329,527 | 383,242 |
| Ordinary income or loss | 50,613 | -19,323 | 9,237 | 35,700 |
| Net income or loss attributable to owners of the parent | 31,495 | -18,984 | 13,250 | 31,166 |
| Net income or loss per share (yen) | 198.16 | -120.83 | 84.34 | 198.36 |
| Total assets | 828,590 | 891,379 | 951,980 | 996,699 |
| Total equity | 418,298 | 395,408 | 389,024 | 406,850 |
| Equity ratio (%) | 49.9 | 43.8 | 40.8 | 40.7 |

(ii) Company assets and income of the Company

(Millions of yen)

| | 33rd fiscal year ended March 31, 2020 | 34th fiscal year ended March 31, 2021 | 35th fiscal year ended March 31, 2022 | (Current fiscal year) 36th fiscal year ended March 31, 2023 |
|------------------------------------|---|---|---|--|
| Operating revenue | 214,892 | 144,727 | 179,989 | 211,610 |
| Railway business | 165,204 | 89,773 | 102,957 | 136,511 |
| Other business | 49,688 | 54,954 | 77,031 | 75,098 |
| Ordinary income or loss | 40,584 | -10,853 | 2,253 | 27,151 |
| Net income or loss | 28,698 | -11,145 | 8,950 | 25,408 |
| Net income or loss per share (yen) | 180.56 | -70.94 | 56.97 | 161.71 |
| Total assets | 665,419 | 752,051 | 805,512 | 844,051 |
| Total equity | 354,291 | 338,040 | 329,993 | 339,948 |
| Equity ratio (%) | 53.2 | 44.9 | 41.0 | 40.3 |

(5) Major businesses (As of March 31, 2023)

Major business activities of the Group are as follows:

(i) Transportation Group

The Transportation Group conducts railway business, passenger ship business, bus business, etc.

The overview of railway operations is given below.

Overview of railway operations

| Railway line | Area | Operating kilometers (km) | Number of stations |
|-------------------------|---|---------------------------|--------------------|
| Kyushu Shinkansen | Hakata to Kagoshima-Chuo | 288.9 | 4 (11) |
| Nishi Kyushu Shinkansen | Takeo Onsen to Nagasaki | 69.6 | 1 (5) |
| Sanyo Main Line | Shimonoseki to Moji | 6.3 | – |
| Kagoshima Main Line | Mojiko to Yatsushiro and Sendai to Kagoshima | 281.6 | 96 |
| Kashii Line | Saitozaki to Umi | 25.4 | 14 |
| Sasaguri Line | Keisen to Yoshizuka | 25.1 | 9 |
| Chikuhi Line | Meinohama to Karatsu and Yamamoto to Imari | 68.3 | 29 |
| Misumi Line | Uto to Misumi | 25.6 | 8 |
| Hisatsu Line | Yatsushiro to Hayato | 124.2 | 26 |
| Ibusuki Makurazaki Line | Kagoshima-Chuo to Makurazaki | 87.8 | 35 |
| Nagasaki Main Line | Tosu to Hizen-Koga to Nagasaki and Kikitsu to Nagayo to Urakami | 148.8 | 40 |
| Karatsu Line | Kubota to Nishi-Karatsu | 42.5 | 12 |
| Sasebo Line | Kohoku to Sasebo | 48.8 | 13 |
| Omura Line | Haiki to Isahaya | 47.6 | 13 |
| Kyudai Main Line | Kurume to Oita | 141.5 | 35 |
| Houhi Main Line | Oita to Kumamoto | 148.0 | 35 |
| Nippo Main Line | Kokura to Oita to Kagoshima | 462.6 | 109 |
| Hitahikosan Line | Jono to Yoake | 68.7 | 22 |
| Nichinan Line | Minami-Miyazaki to Shibushi | 88.9 | 27 |
| Kitto Line | Yoshimatsu to Miyakonojo | 61.6 | 15 |
| Chikuho Main Line | Wakamatsu to Haruda | 66.1 | 23 |
| Gotoji Line | Tagawa-Gotoji to Shin-Iizuka | 13.3 | 4 |
| Miyazaki Airport Line | Tayoshi to Miyazaki Airport | 1.4 | 1 |
| Total | – | 2,342.6 | 571 |

(Notes)

1. A number in parentheses in the Number of stations column includes the number of stations served by both the Shinkansen and a conventional line.
2. The number of stations may not include the number of stations at both ends of a section.
3. The number of train cars owned by the Company is 1,663 (1,312 electric trains, 10 passenger cars, 303 diesel trains, 11 locomotives, and 27 others).

(ii) Real Estate and Hotels Group

The Real Estate Group conducts real estate lease business (commercial facilities, offices, apartments, etc.), real estate sale business (condominiums), parking lot management, senior citizen business, hotel business, tourist complex management, etc.

(iii) Retail and Restaurant Group

The Retail and Restaurant Group is engaged in not only retail business but also restaurant business and agriculture.

(iv) Construction Group

The Construction Group performs construction, vehicle equipment- and machinery-related operations, electrical work, and construction consultant.

(v) Business Service Group

We engage in the construction machinery sales and rental business, wholesale business, station operation, cleaning and maintenance business, advertisement business, and system-related business, etc.

(6) Main locations (As of March 31, 2023)

The Company

Head office (Fukuoka)

Tokyo Regional Office (Chiyoda-ku, Tokyo), Northern Kyushu Regional Head Office (Kitakyushu-shi), Nagasaki Regional Office (Nagasaki-shi, Nagasaki), Oita Regional Office (Oita-shi, Oita), Kumamoto Regional Office (Kumamoto-shi), Kagoshima Regional Office (Kagoshima-shi, Kagoshima)

(7) Employees (As of March 31, 2023)

| Reportable segments | Number of employees | Year-on-year change |
|------------------------------|---------------------|---------------------|
| Transportation Group | 6,010 | 496 decrease |
| Real Estate and Hotels Group | 1,889 | 30 increase |
| Retail and Restaurant Group | 940 | 22 decrease |
| Construction Group | 2,964 | 20 decrease |
| Business Service Group | 2,466 | 95 decrease |
| Total | 14,269 | 603 decrease |

(Notes)

1. The number of employees represents the total numbers of regular employees, temporary employees, loaned employees accepted, and contract employees.
2. Reportable segments have been revised from the fiscal year under review. In the year-on-year comparisons, results from previous years have been retroactively adjusted to match the new segment classifications.

(8) Major parent companies and subsidiaries

(i) Parent Companies

Not applicable.

(ii) Subsidiaries

| Company name | Capital | Ownership of the Company (%) | Major businesses |
|---|-----------------|------------------------------|---|
| JR Kyushu Ekibiru Holdings Inc. | ¥100 million | 100.0 | Real estate lease business |
| JR HAKATA CITY Co., Ltd. | ¥1,150 million | — (100.0) | Real estate lease business |
| JR Kyushu Business Development (Thailand) Co., Ltd. | 375 million THB | 49.0 (73.0) | Hotel business |
| JR Kyushu Retail, Inc. | ¥490 million | 100.0 | Merchandise sales business |
| KYUTETSU CORPORATION | ¥216 million | 100.0 | Civil engineering, architecture, track construction work business |
| Caterpillar Kyushu Ltd. | ¥100 million | 100.0 | Construction machinery sales and rental business |
| JR Kyushu Business Partners Company | ¥100 million | 100.0 | Entrustment of finance-related business |

(Notes) The numbers within the parentheses indicate the ratios of capital contribution that include the number of shares of subsidiaries of the Company held.

(9) Major lenders and the amount of borrowings (As of March 31, 2023)

(Millions of yen)

| Lenders | The Amount of borrowings |
|----------------------------------|--------------------------|
| The Bank of Fukuoka, Ltd. | 22,112 |
| The Nishi-Nippon City Bank, Ltd. | 22,112 |

2. Corporate share information (As of March 31, 2023)

- (1) Total number of shares authorized to be issued: 640,000,000 shares
- (2) Total number of shares issued: 157,301,600 shares
- (3) Total number of shareholders: 175,571 shareholders
- (4) Major shareholders (top 10 shareholders)

| Shareholder name | Number of shares held (shares) | Shareholding ratio (%) |
|--|--------------------------------|------------------------|
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 22,789,700 | 14.49 |
| Custody Bank of Japan, Ltd. (Trust Account) | 10,831,800 | 6.89 |
| RAILWAY HOLDINGS L.L.C. | 7,162,200 | 4.55 |
| TAIYO LIFE INSURANCE COMPANY | 3,200,000 | 2.03 |
| Nippon Life Insurance Company | 3,128,000 | 1.99 |
| Meiji Yasuda Life Insurance Company | 2,296,000 | 1.46 |
| Central Japan Railway Company | 2,077,900 | 1.32 |
| East Japan Railway Company | 1,974,100 | 1.25 |
| West Japan Railway Company | 1,972,100 | 1.25 |
| JR Kyushu Employee Shareholders Association | 1,877,757 | 1.19 |

(Notes)

- Shareholding ratio is calculated by deducting treasury stock (87 shares).
 - Treasury stock does not include 181,400 shares of the Company's stock owned by the Trust Account of the Board Benefit Trust.
- (5) Shares granted to officers of the Company as remuneration for their performance of duties during the fiscal year under review
- 1,400 shares of common stock of the Company were granted to one Director (excluding Directors who are Audit and Supervisory Committee Members).

3. Matters pertaining to stock acquisition rights (As of March 31, 2023)
Not applicable.

4. Officers of the Company

(1) Names, etc. of Directors (As of March 31, 2023)

| | Name | | Position and responsibility in the Company, and significant concurrent positions outside the Company |
|----|--------------------|----------------------------|---|
| 1 | Toshihiko Aoyagi | | Representative Director and Chairman Corporate Officer Chair, Fukuoka Association of Corporate Executives |
| 2 | Yoji Furumiya | | Representative Director and President Corporate Officer Chief Executive Officer In charge of Auditing Department |
| 3 | Toshihiro Mori | | Managing Corporate Officer Director General of Business Development Headquarters |
| 4 | Hiroyuki Fukunaga | | Managing Corporate Officer Director General of Railway Operations Headquarters General Manager of Northern Kyushu Regional Head Office |
| 5 | Takuma Matsushita | | Managing Corporate Officer Chief Financial Officer Director General of Corporate Planning Headquarters In charge of Public Relations Department and Finance & Accounting Department |
| 6 | Koji Karaike | | Senior Executive Adviser Chairman of Kyushu Tourism Promotion Organization |
| 7 | Toshihide Ichikawa | Outside Independent | Advisor, Mitsui Fudosan Co., Ltd Standing Advisor, Mitsui Home Co., Ltd. |
| 8 | Shinji Asatsuma | Outside Independent | Outside Director, Nippon Sheet Glass Co., Ltd. |
| 9 | Kuniko Muramatsu | Outside Independent Female | Representative Director, Wellness Systems Institute Outside Director, YOKOWO CO., LTD. Outside Director, NEC Networks & System Integration Corporation Member of the Board (Outside), ROHM Co., Ltd. |
| 10 | Michiaki Uriu | Outside Independent | Representative Director and Chairperson, Kyushu Electric Power Company, Incorporated Outside Director, Audit and Supervisory Committee Member, THE NISHI-NIPPON CITY BANK, LTD. Outside Director, RKB MAINICHI HOLDINGS CORPORATION |
| 11 | Hitomi Yamamoto | Outside Independent Female | Director and Vice President, ANA Strategic Research Institute Co., Ltd. Outside Audit and Supervisory Board Member, West Nippon Expressway Company Limited |
| 12 | Koji Otabe | Outside Independent | Audit and Supervisory Committee Member (Full time) |
| 13 | Koji Higashi | | Audit and Supervisory Committee Member (Full time) |
| 14 | Yasunori Eto | Outside Independent | Audit and Supervisory Committee Member Attorney at law, Bengoshi Hojin Hino Sogo Law Office |
| 15 | Hiromi Fujita | Outside Independent Female | Audit and Supervisory Committee Member Representative Partner, Sakura Yuwa Partners Tax Accountants' Corporation Outside Director, Audit and Supervisory Committee Member, IKK Holdings Inc. |

(Notes)

- Directors, Mr. Toshihide Ichikawa, Mr. Shinji Asatsuma, Ms. Kuniko Muramatsu, Mr. Michiaki Uriu, and Ms. Hitomi Yamamoto as well as Directors (Audit and Supervisory Committee Members) Mr. Koji Otabe, Mr. Yasunori Eto, and Ms. Hiromi Fujita are outside Directors. The Company has registered those eight Directors with stock exchanges on which the Company is listed as independent officers.
- Directors (Audit and Supervisory Committee Members) Mr. Koji Higashi and Ms. Hiromi Fujita have considerable knowledge of finance and accounting as follows.
 - Mr. Koji Higashi has been in charge of the Finance Department of the Company for a considerable period.
 - Ms. Hiromi Fujita is a Certified Tax Accountant.
- Directors Mr. Ryuji Tanaka, Ms. Izumi Kuwano, Mr. Eiichi Kuga, and Mr. Masaya Hirokawa retired at the end of the

35th Annual General Meeting of Shareholders held on June 23, 2022.

4. In order to enhance information gathering, increase the effectiveness of audit through sufficient coordination with the Internal Audit Department and other departments, and strengthen audit and supervisory functions, Mr. Koji Otabe and Mr. Koji Higashi have been selected as full-time members of the Audit and Supervisory Committee.
5. Relationships between the Company and significant entities which outside officers concurrently serve are as follows.
 - (1) Director Ms. Kuniko Muramatsu serves concurrently as outside Director of NEC Networks & System Integration Corporation, with which the Company has a business relationship, including payment for construction work.
 - (2) Director Mr. Michiaki Uriu serves concurrently as Representative Director and Chairperson at Kyushu Electric Power Company, Incorporated, with which the Company has a business relationship, including payment of charges for electricity used. He also serves as outside Director, Audit and Supervisory Committee Member of THE NISHI-NIPPON CITY BANK, LTD., and the company and the Company have a business relationship such as borrowing funds.
 - (3) Director Ms. Hitomi Yamamoto serves concurrently as outside Audit and Supervisory Board Member of West Nippon Expressway Company Limited, with which the Company has a business relationship, including contracting of construction work.
 - (4) There are no special relationships between the Company and any significant entity which any outside director concurrent serves other than (1) to (3) above.

(2) Remuneration, etc. of Directors

- (i) Policy, etc. concerning decisions on the details of remuneration, etc. for officers, etc.

The Board of Directors of the Group resolved the decision policy regarding the details of remuneration, etc. for individual officers at the meeting held on May 10, 2022. Upon the said resolution by the Board of Directors, the Board had consulted the Nomination and Compensation Advisory Committee regarding the content of the resolution and received the report of the latter's findings.

With regard to remuneration, etc. for individual officers for the fiscal year under review, the Board of Directors also confirmed that the procedure for determining the details of remuneration, etc. and such details thus determined were consistent with the said decision policy and that the report of the Nomination and Compensation Advisory Committee was respected. The Board thus judged that they were in accordance with the said decision policy.

The decision policy regarding the details of remuneration, etc. for individual officers is described below.

1. Basic Policy concerning the Determination of Remuneration and the Company's View on Remuneration Level

This is how remuneration for Directors is determined. Basic remuneration, at the fixed amount, is determined at a level commensurate with their role and responsibilities, and remuneration linked to business performance (monetary compensation and stock compensation) has a structure that takes into account Directors' motivation for improving business performance and corporate value. The amount of remuneration is determined at an appropriate level in light of surveys conducted by external specialized organizations and other information.

2. Composition of Remuneration

a. Directors (excluding outside Directors and Directors who are Audit and Supervisory Committee Members)

Basic remuneration at the fixed amount and performance-linked remuneration comprise remuneration for Directors. Performance-linked remuneration consists of monetary remuneration that fluctuates according to corporate performance, etc. and stock compensation. Performance-linked remuneration functions as a short-term and long-term incentive for improving business performance and corporate value. Performance-linked remuneration shall be provided within a general scope not exceeding around 20% of total remuneration for Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members).

As for performance-linked remuneration (monetary remuneration), consolidated operating income for each fiscal year shall be set as a key performance indicator (KPI) for steadily improving results toward the goal of achieving targets set for each fiscal year.

As for the key performance indicators (KPI) used for the performance-linked remuneration (share-based), in the short-term, the KPI is set as consolidated operating profit of each fiscal year, and in the medium to long term a KPI based on a rank shall be set for stock compensation, comparing the Company's Total Shareholders Return (TSR) with TSR of competitors in the period of the Medium-Term Business Plan (three fiscal years). By further clarifying in this way the linkage between remuneration for executive Directors, and business performance and the value of Company shares, the objective is to ensure that not only the benefits of higher share prices, but also the risks of falling share prices are shared with shareholders, thereby further strengthening the motivation for Directors to contribute to improvements in business performance and corporate value over the medium to long term. Furthermore, incentives adopting employee awareness survey findings as evaluation items shall be set to quantitatively assess the degree of human resources strategy realization.

Basic remuneration and performance-linked remuneration (monetary remuneration) are paid monthly during a Director's term of office, and remuneration linked to business performance (stock compensation) is paid when a Director retires.

b. Outside Directors and Directors Who Are Audit and Supervisory Committee Members

In consideration of their responsibilities, the remuneration of outside Directors and Directors who are Audit and Supervisory Committee Members consists of basic remuneration only.

3. Limits on Officers' Compensation

The amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) was approved to be up to ¥420 million annually (of which up to ¥60 million is for outside Directors) at the 32nd Annual General Meeting of Shareholders held on June 21, 2019. As of the end of the 32nd Annual General Meeting of Shareholders held on June 21, 2019, the number of Directors will be 11 (including five outside Directors). It was resolved at the 31st Annual General Meeting of Shareholders held on June 22, 2018 that the amount of remuneration for Directors who are Audit and Supervisory Committee Members be up to ¥120 million. As of the end of the 31st Annual General Meeting of Shareholders held on June 22, 2018, the number of Directors who are Audit and Supervisory Committee Members is four (including three outside Directors).

In addition, with regard to performance-linked share-based remuneration plan "Board Benefit Trust," it was resolved at the 35th Annual General Meeting of Shareholders held on June 23, 2022 that the Company contributes funds to the trust up to ¥600 million (¥390 million of which for Directors), apart from the above amount of remuneration, over three fiscal years as funds for the acquisition of shares to be provided in the future. The Company shall grant Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) a specified number points determined upon having given consideration to factors relating to respective fiscal years such as their positions based on the Rules on Provision of Shares to Officers, and the extent to which business performance has achieved the targets stipulated by the Medium-term Business Plan. Each point granted to the Directors, etc. shall be converted into one common share of the Company at the time of the provision of the Company's Shares, etc. (provided, however, in case where the Company's shares become the subject of a share split, allotment of shares without contribution, or consolidation of shares, etc. after this proposal is approved, the maximum number of points, accumulated number of points granted or the conversion rate shall be adjusted in a reasonable manner in proportion to the relevant ratio, etc.). The total number of points granted to Directors in each fiscal year shall be up to 43,000. The total number of points granted to Senior Executive Officers in each fiscal year shall be up to 23,000.

4. Method of Calculating Performance-linked Remuneration

a. Method of Calculating Performance-linked Remuneration (Monetary Remuneration) Provided to Directors

Remuneration shall be provided with 10% of basic remuneration at the fixed amount as the

upper limit by varying the amount of remuneration by the KPI of 0.0 to 2.0 (1.0 set as a standard) according to the degree of consolidated operating income achievement in each fiscal year.

b. Method of Calculating Performance-linked Remuneration (Stock Compensation)

Short-term incentives in stock compensation are calculated with the use of a coefficient ranging from 0.0 to 2.0 (1.0 set as a standard) that corresponds to the degree to which the consolidated operating income target for each fiscal year is achieved. Long-term incentives are calculated with the use of KPI ranging from 0.0 to 2.0 (1.0 set as a standard) that corresponds to a rank obtained by comparing the Company's TSR with TSR of competitors in the period of the Medium-Term Business Plan (three fiscal years).

Points up to 5% of the long-term incentives explained above are added, taking into consideration employee awareness survey findings in three fiscal years from April 2022 to March 2025 (linked to the period of the Medium-Term Business Plan).

Points are not subtracted in cases where no improvement is made.

The number of the Company's shares to be provided to each Director is obtained by multiplying the number of points granted to the concerned Director by 1.0.

Whereas the consolidated operating income for FY2021 of ¥10,600 million was the target indicator in determining remuneration linked to business performance for the fiscal year under review, the consolidated operating income recorded was ¥3,944 million.

5. Procedure for Determining Compensation

When determining remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members), the Nomination and Compensation Advisory Committee, whose members consist of the president and outside Directors, submits its findings to the Board of Directors, with the president delegated by the Board of Directors then determining remuneration within the total value limits imposed by the resolution of the General Meeting of Shareholders. The reason for delegating authority is because the president is deemed the most suitable for evaluating each Director while taking a broad overview of the Company's business performance as a whole. In the current fiscal year, Mr. Yoji Furumiya, who is Representative Director and President Corporate Officer, Chief Executive Officer, and in charge of Auditing Department, was delegated authority by the Board of Directors to determine remuneration. Remuneration for Directors who are Audit and Supervisory Committee Members is determined through discussion among Directors who are Audit and Supervisory Committee Members, within the total value limits imposed by the resolution of the General Meeting of Shareholders.

The Nomination and Compensation Advisory Committee is chaired by an outside Director, and at least half of its members are outside Directors. The committee engages in discussions with respect to policies on determining specifics of remuneration for Directors, and the remuneration specifics for Directors individually, and other such matters, and accordingly plays a role in enhancing fairness and objectivity with respect to remuneration. In the fiscal year under review, the committee deliberated on the basic policy on remuneration (basic remuneration and performance-linked remuneration) for Directors, KPI for the performance-linked share-based remuneration, etc. Individual remuneration for Directors in the fiscal year under review has been deemed as being in line with this policy as the current levels for basic remuneration are appropriate, and performance-based stock compensation does not have problems with regard to ensuring the linkage with business performance.

(ii) Total amount of remuneration, etc. paid to Directors and Directors who are Audit and Supervisory Committee Members

| Category | Number of persons | Total amount of remuneration, etc. (Millions of yen) | Total amount of remuneration, etc., by type | |
|--|-------------------|--|---|--------------------------------------|
| | | | Basic remuneration (Millions of yen) | Stock compensation (Millions of yen) |
| Directors (excluding Audit and Supervisory Committee Members) [of which, outside Directors] | 13 [6] | 311 [36] | 298 [36] | 12 |
| Directors who are Audit and Supervisory Committee Members [of which, outside Directors] | 6 [4] | 80 [47] | 80 [47] | - |
| Total | 19 [10] | 391 [83] | 379 [83] | 12 |

(Notes)

1. The above amounts include remunerations paid during terms of office to four Directors who retired at the conclusion of the 35th Annual General Meeting of Shareholders held on June 23, 2022.
2. The Company abolished the retirement bonus program for officers at the conclusion of the 29th Annual General Meeting of Shareholders held on June 21, 2016. For the Directors and corporate auditors who remained in office after the conclusion of the said Annual General Meeting of Shareholders, it was decided that payments of retirement benefits corresponding to their respective periods in office up to the abolishment of the retirement benefits payment system are to be made when the respective individual retires.
3. The Company's shares constitute non-monetary remuneration, etc., and conditions, etc. of their allotment are as described in "4. (2) (i) Policy, etc. concerning decisions on the details of remuneration, etc. for officers, etc."
4. Performance-linked Remuneration (monetary remuneration) was introduced by a resolution at a meeting of the Board of Directors held on May 10, 2022, and the Company had no record of payment in the fiscal year under review.

(3) Outline of limited liability agreement

Pursuant to the provision of Article 427, paragraph (1) of the Companies Act, the Company has entered into agreements with its outside Directors limiting their liability under Article 423, paragraph (1) of the Companies Act. The maximum amount of the liability under such agreements is prescribed to be the minimum liability amount provided for in laws and regulations.

(4) Outline of the directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy, as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company, and the said insurance policy covers the amount of indemnification and litigation expenses to be borne by the insured upon a claim for damages filed by a shareholder, third party, etc.

As a general rule, insurance premiums are borne by the Company. Damages such as damages that the insured will bear due to a claim for damages caused by violation of the law will not be covered by the insurance contract.

The insured persons in the said insurance policy are major executives of the Company and its subsidiaries including directors, auditors, and corporate officers.

(5) Major activities of Outside Officers

| Position | Name | Attendance | | | Major Remarks |
|---|--------------------|--------------------|---------------------------------|--|---|
| | | Board of Directors | Audit and Supervisory Committee | Nomination and Compensation Advisory Committee | |
| Director | Toshihide Ichikawa | 12/12 | – | 5/5 | Mr. Toshihide Ichikawa has made appropriate remarks that were necessary in the deliberation of proposals from his viewpoint as a specialist in real estate and business management, using his many years of experience and insight as a corporate manager. |
| | Shinji Asatsuma | 12/12 | – | 5/5 | Mr. Shinji Asatsuma has made appropriate remarks that were necessary in the deliberation of proposals from his viewpoint as a specialist in finance, IR and business management, using his many years of experience and insight as a corporate manager. |
| | Kuniko Muramatsu | 12/12 | – | 4/5 | Ms. Kuniko Muramatsu has made appropriate remarks that were necessary in the deliberation of proposals based on her deep knowledge and insight regarding the promotion of corporate ethics, CSR, sustainability and diversity, using her many years of experience and insight as a corporate manager. |
| | Michiaki Uriu | 10/12 | – | 3/5 | Mr. Michiaki Uriu has made appropriate remarks that were necessary in the deliberation of proposals from his viewpoint as a specialist in regional economic revitalization and business management, using his many years of experience and insight as a corporate manager. |
| | Hitomi Yamamoto | 10/10 | – | 3/3 | Ms. Hitomi Yamamoto has made appropriate remarks that were necessary in the deliberation of proposals based on her deep knowledge and insight regarding safety, services, promotion of the active participation of women, and diversity, using her many years of experience and insight as a corporate manager. |
| Director (Audit and Supervisory Committee Member) | Koji Otabe | 10/10 | 10/10 | – | Mr. Koji Otabe has made recommendations and suggestions to ensure the validity and appropriateness of the decision making of the Board of Directors, and has made appropriate remarks, audit reports, etc. that were necessary in the deliberation of proposals at the Audit and Supervisory Committee using his many years of experience and insight as a person with governmental experience. |

| | | | | | |
|--|---------------|-------|-------|---|--|
| | Yasunori Eto | 12/12 | 15/15 | – | Mr. Yasunori Eto has made recommendations and suggestions to ensure the validity and appropriateness of the decision making of the Board of Directors, and has made appropriate remarks, audit reports, etc. that were necessary in the deliberation of proposals at the Audit and Supervisory Committee using his many years of experience and insight as a lawyer. |
| | Hiromi Fujita | 12/12 | 15/15 | – | Ms. Hiromi Fujita has made recommendations and suggestions to ensure the validity and appropriateness of the decision making of the Board of Directors, and has made appropriate remarks, audit reports, etc., that were necessary in the deliberation of proposals at the Audit and Supervisory Committee using her many years of experience and insight as a tax accountant. |

(Note) Since Ms. Hitomi Yamamoto was newly elected at the 35th Annual General Meeting of Shareholders held on June 23, 2022, the number of the meetings of the Board of Directors and Nomination and Compensation Advisory Committee held during her period in office differs from that for other Directors.

(Note) Since Mr. Koji Otabe was newly elected at the 35th Annual General Meeting of Shareholders held on June 23, 2022 the number of the meetings of the Board of Directors and Audit and Supervisory Committee held during his period in office differs from that for other Directors.

5. Matters related to accounting auditor

(1) Name of accounting auditor

Deloitte Touche Tohmatsu LLC

(2) Amount of remuneration, etc., for accounting auditor

(i) Amount of remuneration, etc. in the current fiscal year ¥76 million

(Notes)

1. The Audit and Supervisory Committee made a consent regarding the amount of remuneration for the accounting auditor pursuant to Article 399, paragraphs (1) and (3) of the Companies Act upon confirmation and consideration of the content of the auditing plan, the status of performance of duties, the basis for the estimate of audit fee, etc. by the accounting auditor.
2. Among significant subsidiaries of the Company, overseas subsidiaries were audited by certified public accountants or corporate auditors (including those who have a qualification equivalent to those qualifications) other than the accounting auditor of the Company.

(ii) Cash and other profits payable by the Company or its subsidiaries to the accounting auditor

¥127 million

(3) Details of non-audit services

The Company and its subsidiaries entrust various consulting services, duties outside the provisions of Article 2, paragraph (1) of the Certified Public Accountants Act (non-auditing duty), to the accounting auditor and pays compensation accordingly.

(4) Matters related to limited liability agreement

No agreement specified in Article 427, paragraph (1) of the Companies Act was concluded between the accounting auditor and the Company.

(5) Policy regarding determination of dismissal or non-reappointment of accounting auditor

The Company has a policy such that the Audit and Supervisory Committee will dismiss an accounting auditor upon consent of all committee members if the accounting auditor is found to fall under any condition specified in any item of paragraph (1) of Article 340 of the Companies Act, in which case a committee member selected by the Audit and Supervisory Committee shall report to the effect that the accounting auditor has been dismissed and describe reasons for dismissal at the first General Meeting of Shareholders convened after the dismissal.

It is also a policy of the Company not to reappoint an accounting auditor in accordance with the decision of the Audit and Supervisory Committee if it is deemed appropriate not to reappoint the accounting auditor in comprehensive light of the status of performance of duties by the accounting auditor and other various factors.

Amounts indicated were rounded down to the unit used for presentation. Numbers for non-monetary values and information per share, however, were rounded to the nearest unit.

Consolidated Balance Sheets

(As of March 31, 2023)

(Millions of yen)

| Account item | Amount | Account item | Amount |
|--|----------------|---|----------------|
| Assets | | Liabilities | |
| Current assets | 197,145 | Current liabilities | 195,418 |
| Cash and deposits | 37,283 | Notes and accounts payable - trade | 27,292 |
| Notes and accounts receivable - trade, and contract assets | 49,960 | Short-term loans | 1,996 |
| Fares receivable | 2,761 | Commercial paper | 20,000 |
| Securities | 15,022 | Current portion of bonds payable | 20,000 |
| Merchandise and finished goods | 17,723 | Current portion of long-term debt | 18,392 |
| Work in process | 38,136 | Payable | 50,234 |
| Raw materials and supplies | 9,274 | Accrued income taxes | 1,224 |
| Other | 27,047 | Fare deposits received with regard to railway connecting services | 2,275 |
| Allowance for doubtful accounts | (63) | Railway fares received in advance | 5,410 |
| Non-current assets | 799,554 | Accrued bonuses | 8,107 |
| Property, plant and equipment | 632,205 | Other | 40,484 |
| Buildings and structures (net) | 324,158 | Non-current liabilities | 394,431 |
| Machinery, rolling stock and vehicles (net) | 66,416 | Bonds | 125,000 |
| Land | 165,060 | Long-term debt | 166,225 |
| Leased assets, net | 20,787 | Lease obligations | 10,452 |
| Construction in progress | 48,111 | Allowance for safety and environmental measures | 230 |
| Other (net) | 7,671 | Provision for loss on disaster | 809 |
| Intangible assets | 6,203 | Liability for retirement benefits | 46,729 |
| Investments and other assets | 161,145 | Asset retirement obligations | 1,828 |
| Investment securities | 50,381 | Other | 43,154 |
| Deferred tax assets | 55,512 | Total liabilities | 589,849 |
| Net defined benefit asset | 967 | Equity | |
| Other | 55,476 | Shareholders' equity | 405,709 |
| Allowance for doubtful accounts | (1,192) | Common stock | 16,000 |
| | | Capital surplus | 225,814 |
| | | Retained earnings | 164,479 |
| | | Treasury stock | (584) |
| | | Accumulated other comprehensive income | 343 |
| | | Unrealized gain on available-for-sale securities | 4,562 |
| | | Foreign currency translation adjustments | (201) |
| | | Defined retirement benefit plans | (4,017) |
| | | Non-controlling interests | 797 |
| | | Total equity | 406,850 |
| Total Assets | 996,699 | Total Liabilities and Equity | 996,699 |

(Note) The above figures are rounded down to the nearest ¥1 million.

Consolidated Statements of Income

(From April 1, 2022 to March 31, 2023)

(Millions of yen)

| Account item | Amount | |
|--|----------------|---------|
| Operating revenue | 383,242 | |
| Operating expenses | | |
| Transportation, other services and cost of sales | 245,253 | |
| Selling, general and administrative expenses | 103,665 | 348,918 |
| Operating income | 34,323 | |
| Non-operating income | | |
| Interest income | 96 | |
| Dividend income | 633 | |
| Gains on investments in money held in trust | 1,632 | |
| Gains on investment securities | 603 | |
| Foreign exchange gains | 515 | |
| Other | 744 | 4,226 |
| Non-operating expenses | | |
| Interest expense | 1,685 | |
| Loss on valuation of derivatives | 385 | |
| Other | 778 | 2,849 |
| Ordinary income | 35,700 | |
| Extraordinary gains | | |
| Construction grants received | 13,579 | |
| Gains on sale of investment securities | 2,822 | |
| Other | 1,677 | 18,079 |
| Extraordinary losses | | |
| Loss from provision for cost reduction of fixed assets | 8,314 | |
| Impairment loss | 3,322 | |
| Other | 1,845 | 13,481 |
| Income before income taxes | 40,298 | |
| Income taxes - current | 1,655 | |
| Income taxes - deferred | 7,367 | 9,022 |
| Net income | 31,275 | |
| Net income attributable to non-controlling interests | 108 | |
| Net income attributable to owners of the parent | 31,166 | |

(Note) The above figures are rounded down to the nearest ¥1 million.

Non-Consolidated Balance Sheets

(As of March 31, 2023)

(Millions of yen)

| Account item | Amount | Account item | Amount |
|---|----------------|---|----------------|
| Assets | | Liabilities | |
| Current assets | 152,005 | Current liabilities | 156,789 |
| Cash and deposits | 26,334 | Commercial paper | 20,000 |
| Fares receivables | 2,630 | Current portion of bonds payable | 20,000 |
| Accounts receivable-trade | 34,078 | Current portion of long-term debt | 14,242 |
| Securities | 15,022 | Payables | 64,748 |
| Real estate for sale | 8,435 | Fare deposits received with regard to railway connecting services | 2,275 |
| Real estate for sale in process | 36,012 | Deposits received | 3,940 |
| Supplies | 8,660 | Railway fares received in advance | 5,320 |
| Other | 20,831 | Advances received | 11,061 |
| Allowance for doubtful accounts | (1) | Accrued bonuses | 4,268 |
| Non-current assets | 692,045 | Other | 10,932 |
| Fixed assets for railway business | 138,695 | Non-current liabilities | 347,313 |
| Fixed assets for other business | 326,589 | Bonds | 125,000 |
| Fixed assets relating to both businesses | 17,703 | Long-term debt | 159,149 |
| Construction in progress | 42,907 | Employees' severance and retirement benefits | 35,526 |
| Investments and other assets | 166,149 | Allowance for safety and environmental measures | 230 |
| Investment securities | 33,291 | Provision for loss on disaster | 809 |
| Stocks of subsidiaries and associated companies | 38,739 | Provision for guarantee obligations | 16,875 |
| Long-term prepaid expenses | 8,936 | Asset retirement obligations | 919 |
| Deferred tax assets | 45,699 | Other | 8,803 |
| Other | 40,049 | | |
| Allowance for doubtful accounts | (567) | Total liabilities | 504,102 |
| | | Equity | |
| | | Shareholders' equity | 336,456 |
| | | Common stock | 16,000 |
| | | Capital surplus | 224,022 |
| | | Capital surplus | 171,908 |
| | | Other | 52,113 |
| | | Retained earnings | 97,018 |
| | | Other | 97,018 |
| | | Reserve for deferred gain of fixed assets | 11,190 |
| | | Retained earnings carried forward | 85,828 |
| | | Treasury stock | (584) |
| | | Valuation and translation adjustments | 3,492 |
| | | Unrealized gain on available-for-sale securities | 3,492 |
| | | Total equity | 339,948 |
| Total Assets | 844,051 | Total Liabilities and Total Equity | 844,051 |

(Note) The above figures are rounded down to the nearest ¥1 million.

Non-Consolidated Statements of Income

(From April 1, 2022 to March 31, 2023)

(Millions of yen)

| Account item | Amount | |
|--|---------|---------------|
| Railway business | | |
| Operating revenue | 136,511 | |
| Operating expenses | 133,364 | |
| Operating income | | 3,146 |
| Other businesses | | |
| Operating revenue | 75,098 | |
| Operating expenses | 55,432 | |
| Operating income | | 19,666 |
| Total operating income | | 22,813 |
| Non-operating income | | |
| Interest income | 147 | |
| Dividend income | 4,254 | |
| Gain on investments in money held in trust | 1,632 | |
| Other | 1,551 | 7,586 |
| Non-operating expenses | | |
| Interest expenses | 1,104 | |
| Provision for loss on guarantees, etc. | 1,079 | |
| Loss on valuation of derivatives | 385 | |
| Other | 678 | 3,248 |
| Ordinary income | | 27,151 |
| Extraordinary gains | | |
| Construction grants received | 13,543 | |
| Gains on sale of investment securities | 2,821 | |
| Other | 1,223 | 17,589 |
| Extraordinary losses | | |
| Losses from provision for cost reduction of fixed assets | 8,278 | |
| Impairment loss | 2,013 | |
| Provision for loss on guarantees, etc. | 2,219 | |
| Other | 1,274 | 13,786 |
| Income before income taxes | | 30,953 |
| Income taxes - current | (2,261) | |
| Income taxes - deferred | 7,806 | 5,544 |
| Net income | | 25,408 |

(Note) The above figures are rounded down to the nearest ¥1 million.

Audit Report of the Audit and Supervisory Committee (Translation)

Audit Report

The Audit and Supervisory Committee of the Company has audited the Directors’ execution of their duties during the 36th fiscal year, from April 1, 2022, to March 31, 2023. The Committee hereby reports the methods and results of the audit as follows:

1. Methods of the Audit and Details Thereof

The Audit and Supervisory Committee received reports regularly from Directors, employees, etc. on the resolutions of the Board of Directors concerning the matters listed in Article 399-13, paragraph (1), items (i)(b) and (i)(c) of the Companies Act as well as the development and operation status of the system that has been put in place based on said resolutions (internal control system), and then requested explanation as necessary, expressed its opinion and conducted audits by the following methods.

- (1) In accordance with the Audit and Supervisory Committee Standards, and in line with the audit policy, audit plan, division of duties, etc., established by the Audit and Supervisory Committee, the Committee, while maintaining good communications with the internal auditing department and other employees and striving to collect information and improve the audit environment, attended important meetings, received reports from Directors, employees, etc. on matters concerning their execution of duties, requested explanation as necessary, inspected important authorized documents, etc., and conducted investigations regarding the status of the business operations and properties of the Company at Head Office and major business sites. Regarding the Company’s subsidiaries, the Audit and Supervisory Committee sought to facilitate communication and exchange information with directors, statutory auditors and others of the Company’s subsidiaries and, when necessary, received reports from these subsidiaries on the status of their businesses or visited the sites directly for investigation.

- (2) The Audit and Supervisory Committee confirmed whether the financial auditor maintained its independence and carried out its audits in an appropriate manner, received reports from the financial auditor on the status of the execution of its duties and, when necessary, requested explanations.
Also, the Audit and Supervisory Committee received a notification from the financial auditor that it is taking steps to improve the “system for ensuring appropriate execution of duties” (matters specified in the items under Article 131 of the Company Accounting Ordinance) in accordance with the “Quality Control Standards Relating to Auditing” (Business Accounting Council, November 16, 2021) and other standards, and requested explanations when necessary.

Based on the foregoing methods, the Audit and Supervisory Committee examined the Business Report and the related supplementary schedules, the consolidated financial statements, non-consolidated financial statements and the accompanying supplemental schedules for the 36th fiscal year under review.

2. Results of audit:

- (1) Result of audit of the Business Report, etc.

In our opinion:

- a. the Business Report and the related supplementary schedules fairly represent the conditions of the Company in accordance with the applicable laws and ordinances and with the Company’s Articles of Incorporation;

- b. with respect to the Directors' execution of their duties, there are no fraudulent acts or material facts of violation of applicable laws and ordinances or of the Company's Articles of Incorporation; and
- c. the contents of the resolutions of the Board of Directors regarding internal control systems are appropriate. Furthermore, there are no matters that we should point out regarding the contents of the Business Report and Directors' execution of their duties related to internal control systems.

- (2) Result of audit of the consolidated financial statements, non-consolidated financial statements and the related supplementary schedules

In our opinion, the methods and results of the audit conducted by the financial auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

May 8, 2023

Kyushu Railway Company, the Audit and Supervisory Committee

Koji Otabe [Seal]
Audit and Supervisory Committee Member (Full time)
Koji Higashi [Seal]
Audit and Supervisory Committee Member (Full time)
Yasunori Eto [Seal]
Audit and Supervisory Committee Member
Hiromi Fujita [Seal]
Audit and Supervisory Committee Member

(Note) Mr. Koji Otabe, Mr. Yasunori Eto, and Ms. Hiromi Fujita are outside Directors as defined in Article 2, item (xv) and Article 331, paragraph (6) of the Companies Act.

(End)