

FY22.3 Annual Investors Meeting

May 11, 2022

KYUSHU RAILWAY COMPANY

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Highlights

Financial results for FY22.3

- Although performance was affected by COVID-19, we remained profitable. Consolidated operating revenues, operating income, ordinary income, and net income attributable to owners of the parent all increased year on year, owing to such factors as a gradual recovery in demand and the sale of properties to a private REIT.
- Planning a year-end dividend of ¥93 per share (annual dividend: ¥93)

Performance forecasts and dividend forecasts for FY23.3

- Despite the expected influence of COVID-19 and a decline in the sale of properties, we anticipate higher revenues and income, owing to such factors as gradual demand recovery in each segment, and enhanced initiatives to reduce fixed costs in the railway business.
- In regard to dividends, planning annual dividend of ¥93.0 per share (year-end dividend only)

The medium-term business plan and key measures in the current fiscal year

- Based on the key strategies in the medium-term business plan, we will work toward completing business structural reforms (through the completion and enhancement of BPR), creating a model for building cities that promote well-being (by promoting multi-faceted city-building initiatives in the western Kyushu area and other regions), and developing businesses in new areas in which we can contribute (by strengthening BtoB, BtoG and other businesses through Business Services and Construction and other segments).

I Financial Results for FY22.3

Consolidated Financial Highlights for FY22.3

	(¥bil)			
	Results FY21.3	Results FY22.3	YoY	
Operating revenue	293.9	329.5	35.6	112.1%
Operating income	(22.8)	3.9	26.8	-
Ordinary income	(19.3)	9.2	28.5	-
Extraordinary gains and losses	(2.9)	(2.6)	0.3	-
Net income attributable to owners of the parent	(18.9)	13.2	32.2	-
EBITDA [※]	4.6	30.7	26.1	663.3%

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

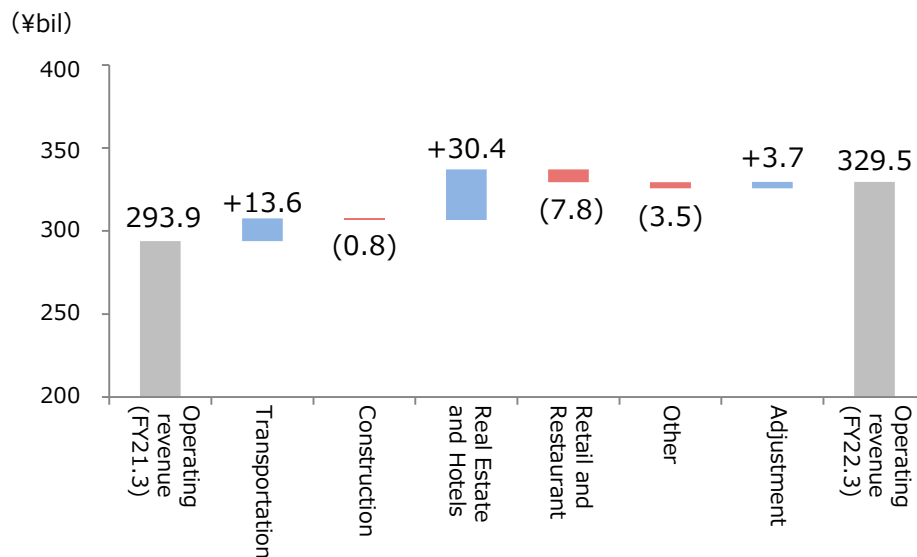
Operating revenue

Despite the continued influence of the COVID-19 infection and the change of JR Kyushu Drug Eleven to an equity-method affiliate [¥(12.4) billion], operating revenue increased due to such factors as a moderate recovery in demand in each business and the sale of properties to a private REIT.

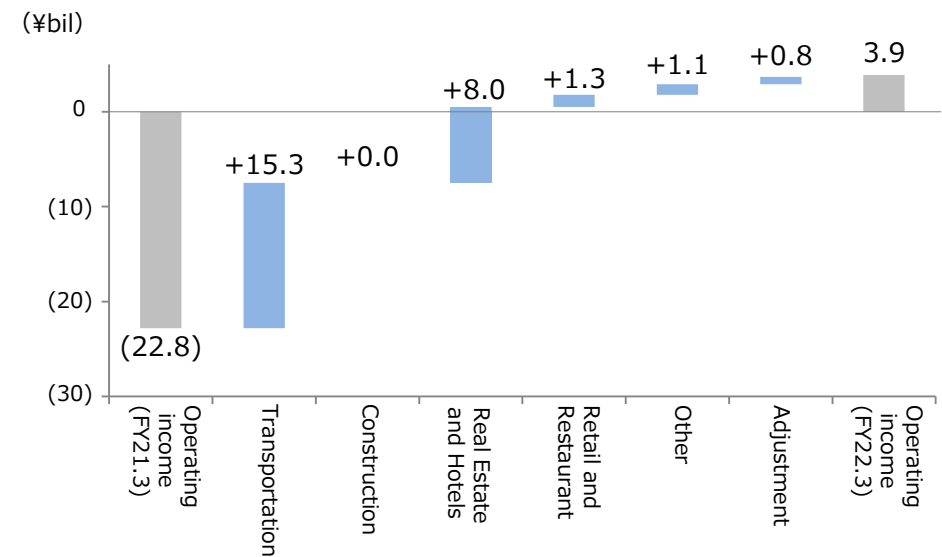
Operating income

Operating income increased due to the increase in operating revenue and continued cost reductions, etc.

Change in operating revenue by segment

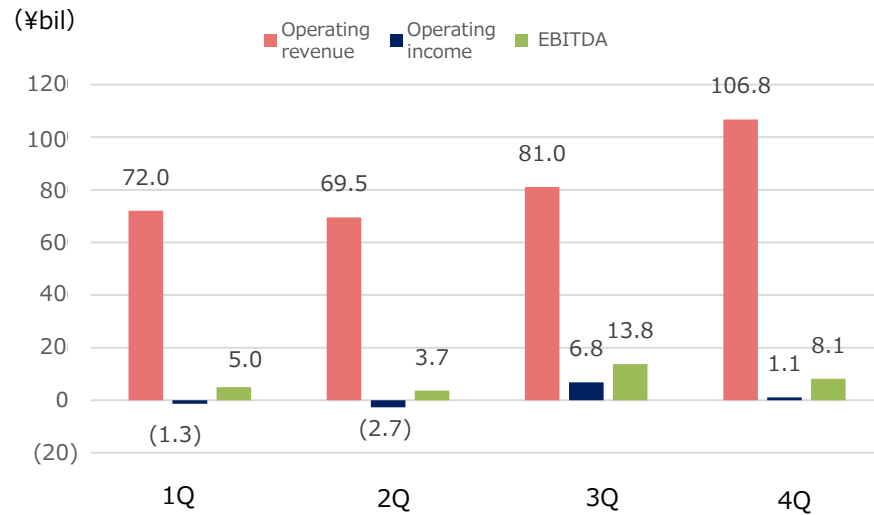


Change in operating income by segment

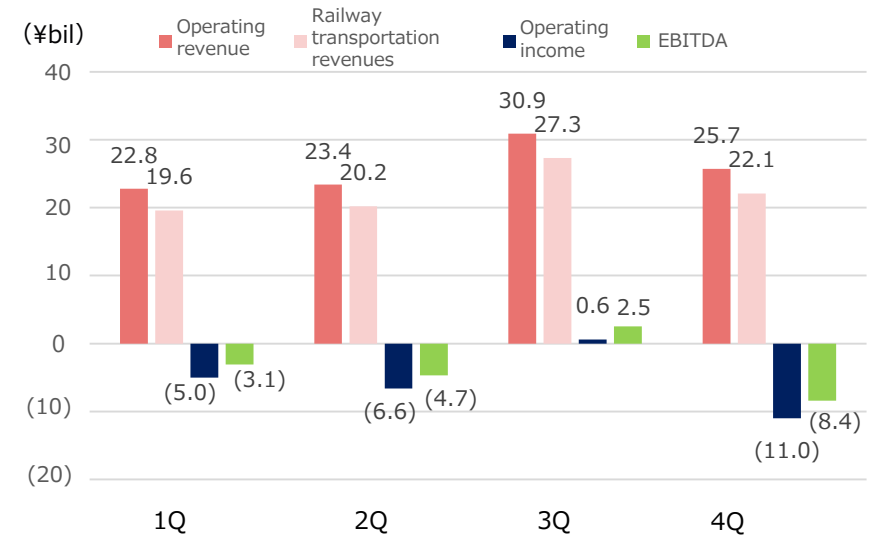


Quarterly trend of FY22.3 (Shown According to Former Segments)

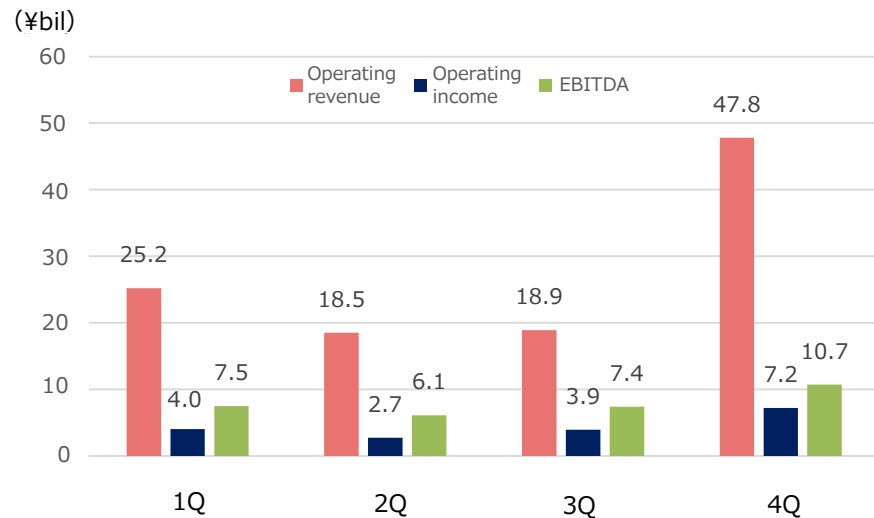
Consolidated



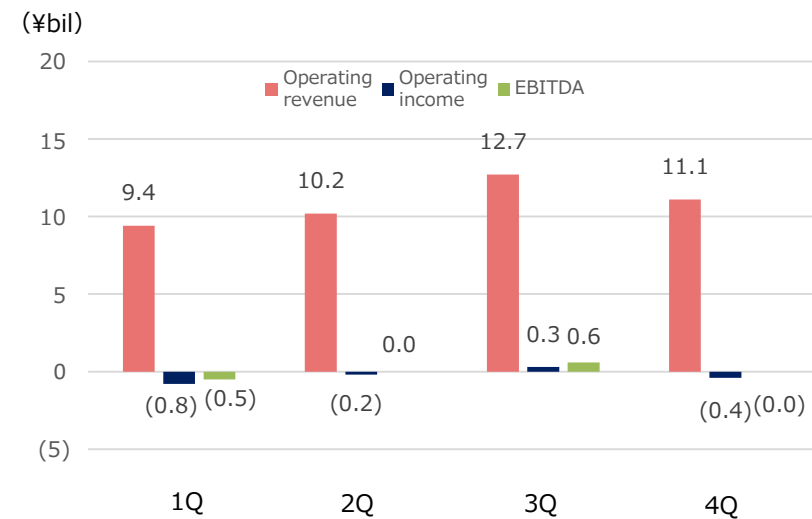
Railway Business (non-consolidated)



Real Estate and Hotels Segment



Retail and Restaurant segment



FY22.3 Segment settlement (Shown According to Former Segments)

(¥bil)

	Results FY21.3	Results FY22.3	YoY		Major factors
Operating revenue	293.9	329.5	35.6	112.1%	
Transportation	95.2	108.9	13.6	114.3%	
Railway Business (non-consolidated)	89.7	102.9	13.1	114.7%	Increase due to moderate recovery in demand
Construction	96.5	95.7	(0.8)	99.2%	
Real Estate and Hotels	80.1	110.5	30.4	138.0%	
Real Estate Lease	49.7	57.9	8.1	116.5%	Increase due to opening of Kumamoto Station Building and Miyazaki Station Building, increase due to rebound from previous fiscal year's building closures, rent reductions, etc.
Real Estate Sales	23.5	43.6	20.0	185.2%	Increase due to the sale of properties to a private REIT
Hotel Business	6.8	8.9	2.1	132.1%	Increase due to rebound from previous fiscal year's building closures
Retail and Restaurant	51.4	43.6	(7.8)	84.8%	Decrease due to transfer of a portion of holdings of the shares of JR Kyushu Drug Eleven
Other	63.6	60.0	(3.5)	94.4%	Decrease due to lower sales of construction materials
Operating income	(22.8)	3.9	26.8	-	
Transportation	(37.6)	(22.2)	15.3	-	
Railway Business (non-consolidated)	(36.6)	(22.0)	14.5	-	
Construction	6.9	7.0	0.0	101.4%	
Real Estate and Hotels	9.9	17.9	8.0	181.4%	
Real Estate Lease	12.0	14.7	2.6	122.2%	
Real Estate Sales	2.6	6.1	3.5	234.5%	
Hotel Business	(4.7)	(2.9)	1.8	-	
Retail and Restaurant	(2.5)	(1.2)	1.3	-	
Other	1.7	2.8	1.1	164.7%	
EBITDA	4.6	30.7	26.1	663.3%	
Transportation	(26.5)	(13.6)	12.8	-	
Railway Business (non-consolidated)	(26.4)	(13.7)	12.7	-	
Construction	8.0	8.0	0.0	100.7%	
Real Estate and Hotels	22.2	31.8	9.6	143.3%	
Real Estate Lease	22.0	26.4	4.4	120.1%	
Real Estate Sales	2.6	6.2	3.5	233.9%	
Hotel Business	(2.4)	(0.7)	1.6	-	
Retail and Restaurant	(1.1)	0.0	1.2	-	
Other	3.7	5.2	1.5	141.5%	

FY22.3 Non-consolidated settlement

(¥bil)

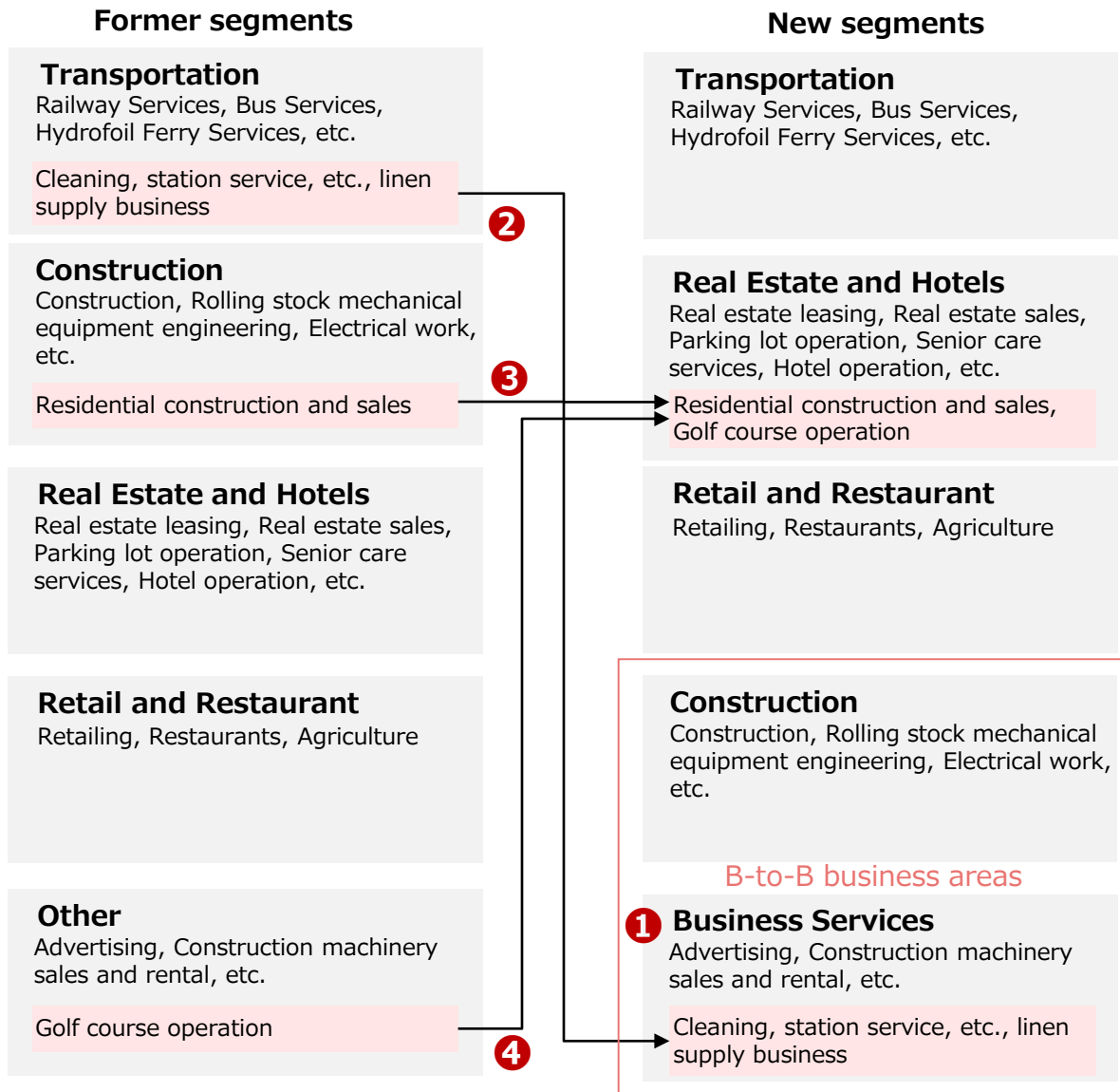
	Results FY21.3	Results FY22.3	YoY		Major Factors
Operating revenue	144.7	179.9	35.2	124.4%	
Railway transportation revenues	76.3	89.3	13.0	117.1%	Increase due to moderate recovery in demand
Shinkansen	22.4	27.4	4.9	122.1%	
Conventional Lines	53.8	61.9	8.0	115.0%	
Other revenue	68.4	90.6	22.2	132.5%	Increase due to the sale of properties to a private REIT
Operating expense	165.3	181.3	15.9	109.7%	
Personnel expense	39.3	40.8	1.4	103.7%	Increase due to results recovery
Non-personnel expense	97.5	113.2	15.6	116.0%	
Energy cost	7.9	8.6	0.6	108.6%	Unit price increases due to sharply higher crude oil prices
Maintenance cost	29.0	30.0	0.9	103.4%	
Other	60.5	74.5	13.9	123.1%	Rise in cost of sales due to the sale of properties to a private REIT
Taxes	10.8	11.3	0.5	104.8%	
Depreciation cost	17.5	15.9	(1.6)	90.6%	Decrease due to revision of depreciation method
Operating income	(20.5)	(1.3)	19.2	-	
Non-operating income and expense	9.7	3.5	(6.1)	36.8%	Decrease in dividend income
Ordinary income	(10.8)	2.2	13.1	-	
Extraordinary gain and losses	(5.7)	(2.0)	3.6	-	Rebound from the sale of a portion of holdings of the shares of JR Kyushu Drug Eleven - Rebound from disaster expenses associated with heavy rains in July 2020 Rebound from increase in provision for loss on disaster related to restoration of Hitahikosan Line Etc.
Net income	(11.1)	8.9	20.0	-	

II Performance Forecasts and Dividend Forecasts for FY23.3

Change in Segment Classifications

We are changing our segment classifications with the aim of strengthening our business portfolio (growing BtoB and BtoG businesses).

Overview of changes (April 1, 2022)



Key points of changes

1. Positioning the "Construction Segment" and the "Business Services Segment" as B-to-B business areas, promoting the establishment and growth of functional subsidiaries

1 Changing the name of the "Other Segment" to the "Business Services Segment"

2 Transferring businesses to the "Business Services Segment"

- Cleaning, station service, etc.
- Linen supply business

2. Promoting growth by strengthening collaboration with real estate businesses

3 Transferring residential construction and sales from the Construction Segment to the Real Estate and Hotels Segment

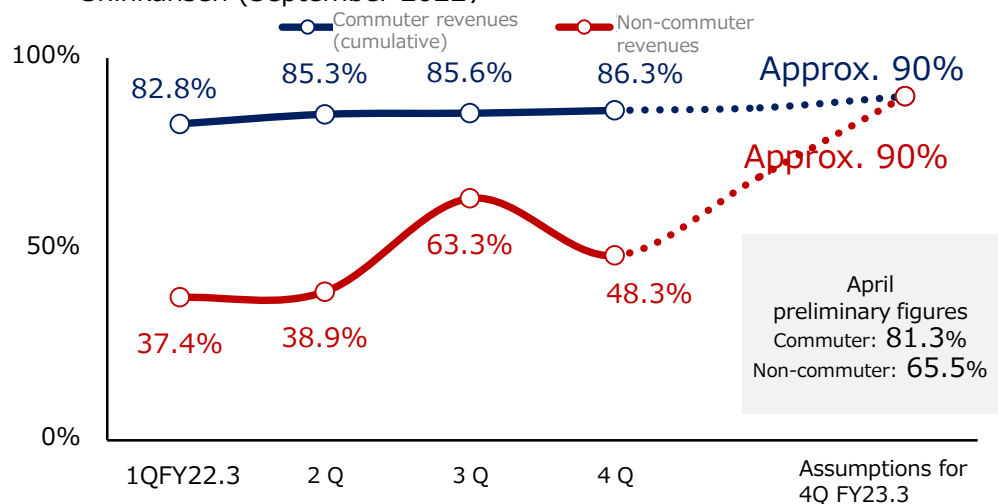
4 Transferring golf course management from the Other Segment to the Real Estate and Hotels Segment

Performance Forecast for FY23.3: Revenue Assumptions in Main Businesses

We expect the control of COVID-19 and consumer activity to cause a gradual recovery in mobility demand and consumer spending.

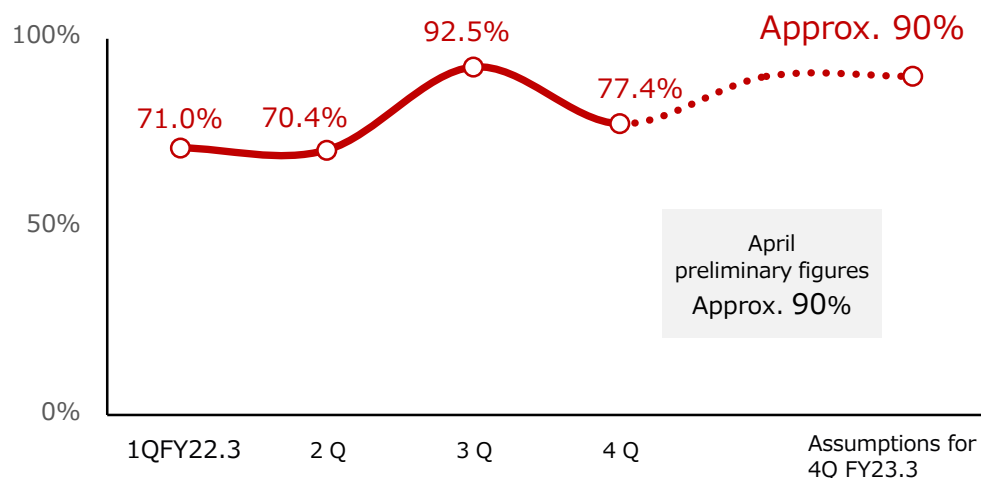
Railway Business | Handling revenues from railway transportation (vs. FY19.3)

Revenues expected to rise due to the opening of the Nishi-Kyushu Shinkansen (September 2022)



Real Estate Leasing Business | Station building*1 tenant sales (vs. FY19.3)

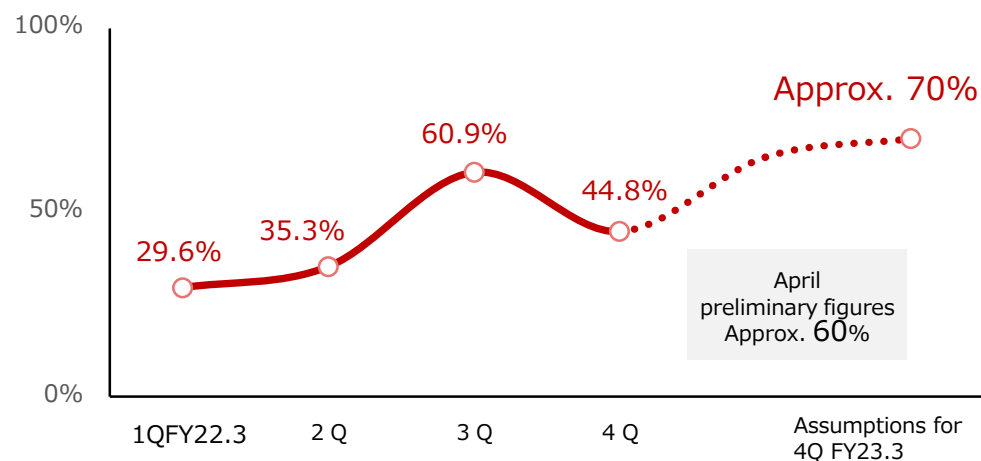
*1 Excluding Miyazaki and Kumamoto Station Buildings



Real Estate Sales Business

- We anticipate robust sales of condominiums, on a par with FY22.3.
- We expect to generate a total of around ¥17.0 billion from the sale of rental apartments and other properties to a private REIT and the sale of an office building to a third parties (Shinkawa East Building in Chuo-ku, Tokyo).

Hotel Business | Occupancy rate



Consolidated Financial Forecast Highlights for FY23.3

	Results FY22.3	Forecasts FY23.3	YoY	(¥bil)
Operating revenue	329.5	381.4	51.8	115.7%
Operating income	3.9	29.0	25.0	735.2%
Ordinary income	9.2	30.0	20.7	324.8%
Net income attributable to owners of the parent	13.2	24.5	11.2	184.9%
EBITDA	30.7	58.2	27.4	189.1%

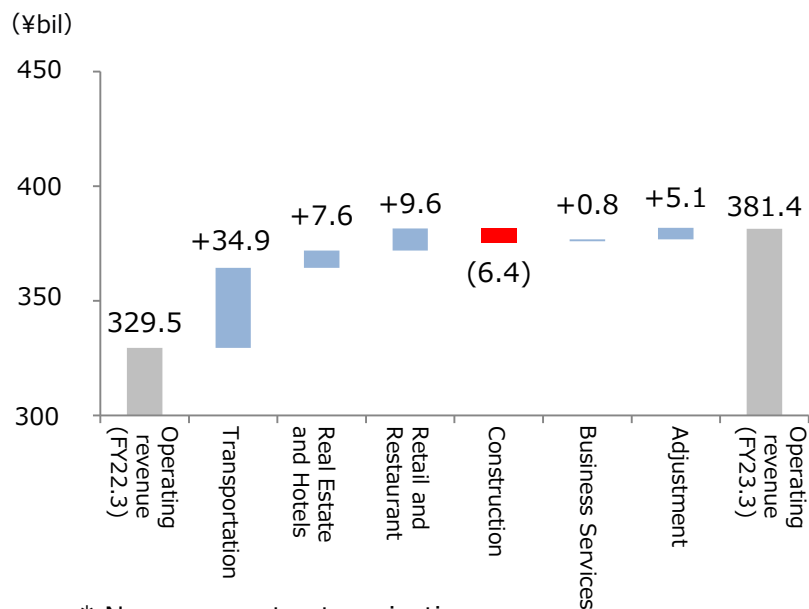
Operating revenue

Despite the impact of COVID-19 and a downturn in the sale of properties, we expect operating revenues to increase due to gradual demand recovery in each segment and other factors.

Operating income

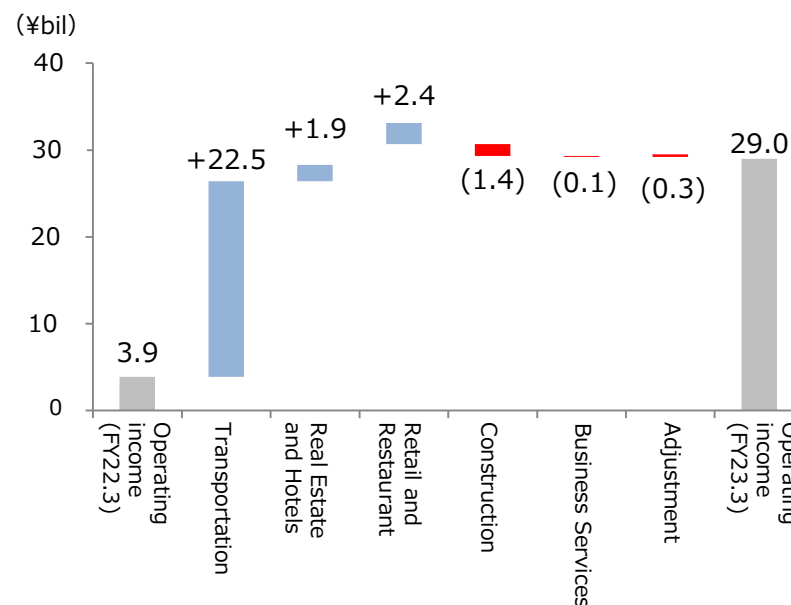
We anticipate an increase in operating income due to the impact of higher operating revenues and expect to achieve a ¥14.0 billion/year reduction in fixed costs, despite an increase in depreciation costs and a rise in expenses associated with the conclusion of Shinkansen special measures (between Hakata and Shin-Yatsushiro).

Change in operating revenue by segment*



* New segment categorization

Change in operating income by segment*



Consolidated Financial Forecasts for FY23.3 (by segment)

(Shown According to New Segments)

(¥bil)

	Results FY22.3	Forecasts FY23.3	YoY	Major factors
Operating revenue	329.5	381.4	51.8	115.7%
Transportation	104.2	139.2	34.9	133.5% Increase due to moderate recovery in demand in railway business
Railway Business (non-consolidated)	102.9	136.9	33.9	133.0%
Real Estate and Hotels	113.7	121.4	7.6	106.8%
Real Estate Lease	58.5	61.6	3.0	105.2% Increase in revenues from leases due to moderate recovery in demand
Real Estate Sales	46.1	43.2	(2.9)	93.5% Decrease in the sale of properties
Hotel Business	8.9	16.6	7.6	184.6% Increase in the number of guests due to a moderate recovery in demand
Retail and Restaurant	43.6	53.3	9.6	122.1% Increase due to a moderate recovery in demand and Nurubon's full-year contribution to results
Construction	92.9	86.5	(6.4)	93.1% Decrease in construction related to the Nishi-Kyushu Shinkansen
Business Services	69.5	70.4	0.8	101.3%
Operating income	3.9	29.0	25.0	735.2%
Transportation	(22.7)	(0.2)	22.5	-
Railway Business (non-consolidated)	(22.0)	0.1	22.1	-
Real Estate and Hotels	18.0	20.0	1.9	111.0%
Real Estate Lease	14.7	13.9	(0.8)	94.2%
Real Estate Sales	6.2	5.4	(0.8)	86.7%
Hotel Business	(2.9)	0.7	3.6	-
Retail and Restaurant	(1.2)	1.2	2.4	-
Construction	7.0	5.6	(1.4)	79.4%
Business Services	3.3	3.2	(0.1)	95.9%
EBITDA	30.7	58.2	27.4	189.1%
Transportation	(14.1)	10.3	24.4	-
Railway Business (non-consolidated)	(13.7)	10.4	24.1	-
Real Estate and Hotels	31.9	34.2	2.2	107.0%
Real Estate Lease	26.5	25.8	(0.7)	97.3%
Real Estate Sales	6.2	5.4	(0.8)	86.4%
Hotel Business	(0.7)	3.0	3.7	-
Retail and Restaurant	0.0	2.5	2.4	-
Construction	8.0	6.7	(1.3)	83.2%
Business Services	5.7	5.6	(0.1)	98.0%

Non-consolidated Financial Forecasts for FY23.3

(¥bil)

	Results FY22.3	Forecasts FY23.3	YoY		Major factors
Operating revenue	179.9	210.5	30.5	117.0%	
Railway transportation revenues	89.3	122.6	33.2	137.2%	Increase due to moderate recovery in demand
Shinkansen	27.4	43.8	16.3	159.5%	
Conventional Lines	61.9	78.8	16.8	127.3%	
Other revenue	90.6	87.9	(2.7)	97.0%	
Operating expense	181.3	192.3	10.9	106.1%	
Personnel expense	40.8	40.8	(0.0)	100.0%	
Non-personnel expense	113.2	121.2	7.9	107.0%	
Energy cost	8.6	10.1	1.4	116.4%	Unit price increases due to sharply higher crude oil prices
Maintenance cost	30.0	30.4	0.3	101.2%	
Other	74.5	80.7	6.1	108.3%	Increased expenses due to the conclusion of Shinkansen special measures
Taxes	11.3	12.2	0.8	107.6%	
Depreciation cost	15.9	18.1	2.1	113.6%	
Operating income	(1.3)	18.2	19.5	-	
Non-operating income and expense	3.5	4.5	0.9	125.7%	
Ordinary income	2.2	22.7	20.4	-	
Extraordinary gain and losses	(2.0)	(0.4)	1.6	-	
Net income	8.9	21.1	12.1	235.7%	

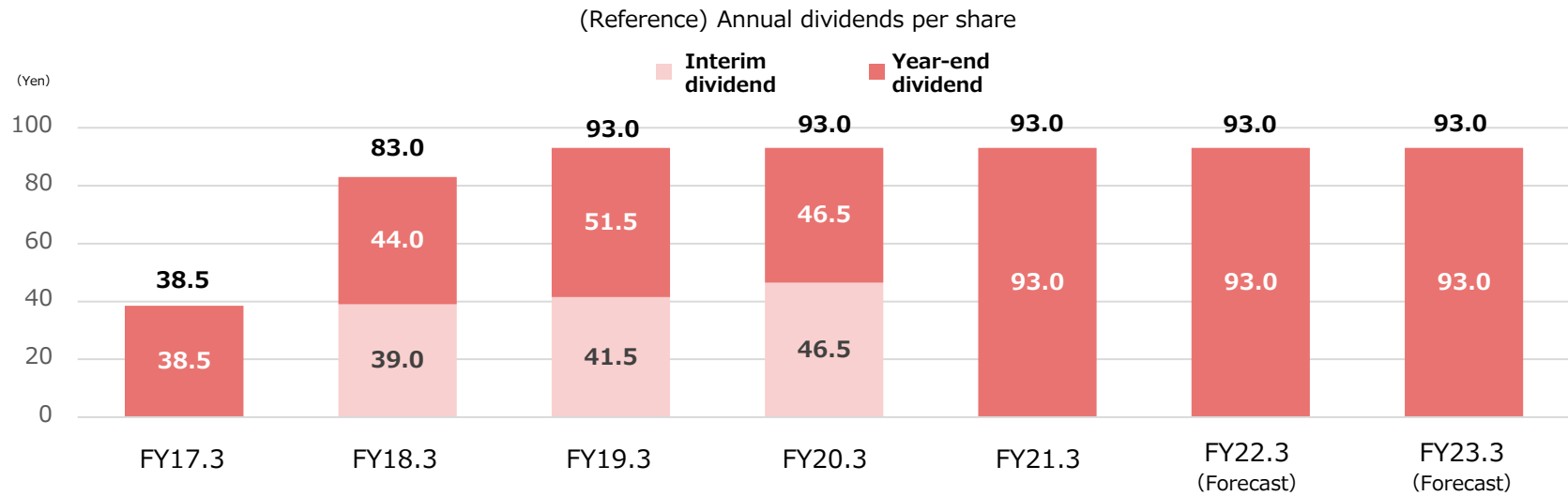
FY23.3 dividend forecasts

Shareholder return policy

- JR Kyushu places importance on the stable provision of return to shareholders over the long term. Over the period to FY25.3, we will **aim for a consolidated dividend payout ratio of 35%, with a minimum dividend per share of ¥93.0.** We will **flexibly implement share repurchases as necessary.**

FY23.3 dividend forecasts

- We are forecasting continued extremely severe results for FY23.3. However, as a result of consideration in accordance with the above policy, **the dividend forecast for FY23.3 is ¥93.0 per share.**
- In FY23.3 we plan to pay dividends in one part, which will be the year-end dividend, with no interim dividend.** This is due to the need to carefully consider the influence on future results of matters such as the COVID-19 infection.



Dividend payout ratio	13.8%	26.3%	30.2%	46.9%	-	110.3%	59.6%
Total payout ratio	13.8%	26.3%	30.2%	78.6%	-	110.3%	59.6%

* Implementation of a share repurchase (¥10 billion)

(Reference) Transportation Segment

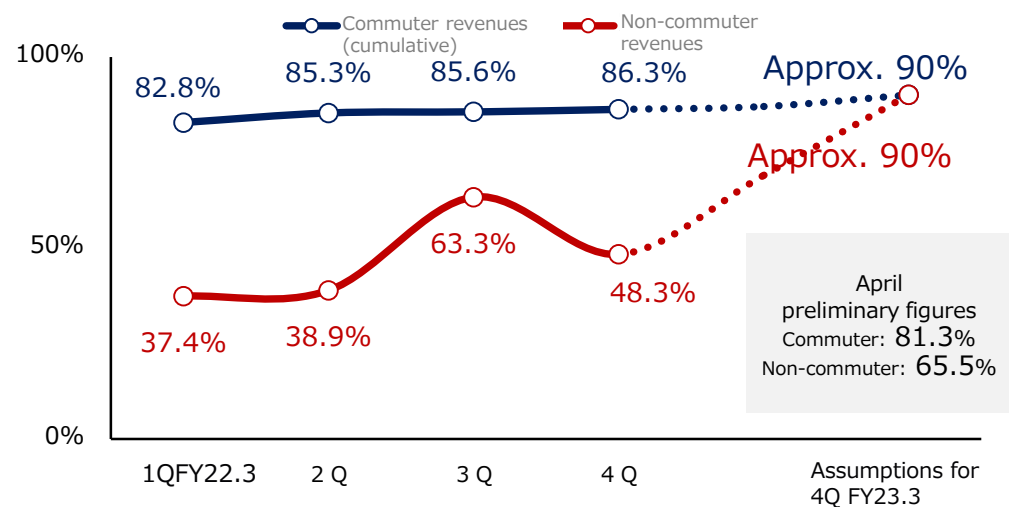
Results (Former Segments)

	FY21.3 Results	FY22.3 Results	YoY	
Operating revenue	95.2	108.9	13.6	114.3%
Railway Business (non-consolidated)	89.7	102.9	13.1	114.7%
Railway transportation revenues	76.3	89.3	13.0	117.1%
Operating income	(37.6)	(22.2)	15.3	-
Railway Business (non-consolidated)	(36.6)	(22.0)	14.5	-
EBITDA	(26.5)	(13.6)	12.8	-
Railway Business (non-consolidated)	(26.4)	(13.7)	12.7	-

Forecasts (New Segments)

	FY22.3 Results	FY23.3 Forecasts	YoY	
Operating revenue	104.2	139.2	34.9	133.5%
Railway Business (non-consolidated)	102.9	136.9	33.9	133.0%
Railway transportation revenues	89.3	122.6	33.2	137.2%
Operating income	(22.7)	(0.2)	22.5	-
Railway Business (non-consolidated)	(22.0)	0.1	22.1	-
EBITDA	(14.1)	10.3	24.4	-
Railway Business (non-consolidated)	(13.7)	10.4	24.1	-

Railway Business | Handling revenues from railway transportation (vs. FY19.3)



Railway Business | Assumptions behind performance forecasts

- Our performance forecasts for FY23.3 anticipate increased revenues due to the opening of the Nishi-Kyushu Shinkansen (September 2022).
- In Q4 FY23.3, we expect commuter revenues (cumulative) and non-commuter revenues to recover to around 90% of FY19.3 levels.
- We expect to achieve ¥14.0 billion in fixed cost reductions and ¥4.0 billion in cost reductions through emergency restraints and revenue-linked cost reductions.

(Reference) Real Estate and Hotels Segment: Real estate leasing business

Real estate leasing business

Results (Former Segments)

(¥bil)

	FY21.3 Results	FY22.3 Results	YoY	
Operating revenue	49.7	57.9	8.1	116.5%
Operating income	12.0	14.7	2.6	122.2%
EBITDA	22.0	26.4	4.4	120.1%

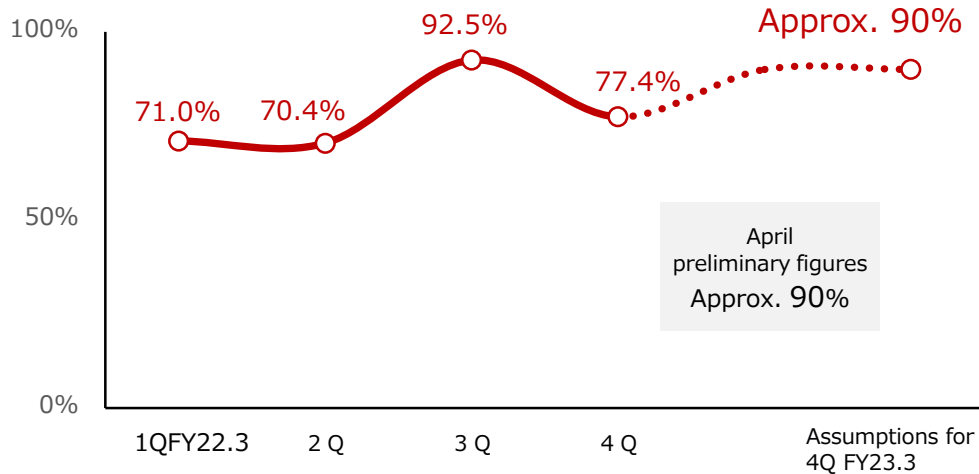
Forecasts (New Segments)

(¥bil)

	FY22.3 Results	FY23.3 Forecasts	YoY	
	58.5	61.6	3.0	105.2%
	14.7	13.9	(0.8)	94.2%
	26.5	25.8	(0.7)	97.3%

Station building*1 tenant sales (vs. FY19.3)

*1 Excluding Miyazaki and Kumamoto Station Buildings



Assumptions behind performance forecasts

- In Q4 FY23.3, we expect tenant sales at five station buildings to recover to around 90% of FY19.3 levels.
- In office buildings and rental apartments, we anticipate solid performance, with no sign of major changes in vacancy rates at existing properties.
- Despite a decline in rents stemming from the sale of properties, we expect higher earnings from station buildings and other items.

(Reference) Real Estate and Hotels Segment: Real estate sales and hotel businesses

Real estate sales business

Results (Former Segments)

	FY21.3 Results	FY22.3 Results	YoY	
Operating revenue	23.5	43.6	20.0	185.2%
Operating income	2.6	6.1	3.5	234.5%
EBITDA	2.6	6.2	3.5	233.9%

(¥bil)

Forecasts (New Segments)

	FY22.3 Results	FY23.3 Forecasts	YoY	
Operating revenue	46.1	43.2	(2.9)	93.5%
Operating income	6.2	5.4	(0.8)	86.7%
EBITDA	6.2	5.4	(0.8)	86.4%

(¥bil)

Hotel business

Results (Former Segments)

	FY21.3 Results	FY22.3 Results	YoY	
Operating revenue	6.8	8.9	2.1	132.1%
Operating income	(4.7)	(2.9)	1.8	-
EBITDA	(2.4)	(0.7)	1.6	-

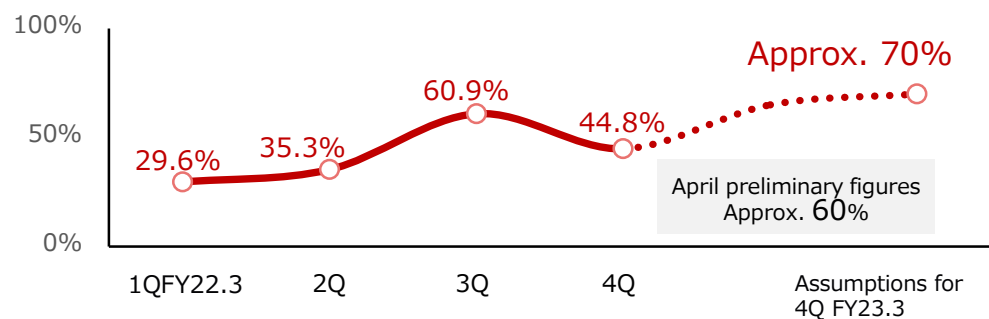
(¥bil)

Forecasts (New Segments)

	FY22.3 Results	FY23.3 Forecasts	YoY	
Operating revenue	8.9	16.6	7.6	184.6%
Operating income	(2.9)	0.7	3.6	-
EBITDA	(0.7)	3.0	3.7	-

(¥bil)

Occupancy rate



Assumptions behind performance forecasts

- We anticipate solid sales of condominiums, on a par with FY22.3 levels.
- We expect to generate a total of around ¥17.0 billion from the sale of rental apartments and other properties to a private REIT and the sale of an office building to a third parties (Shinkawa East Building in Chuo-ku, Tokyo)

Assumptions behind performance forecasts

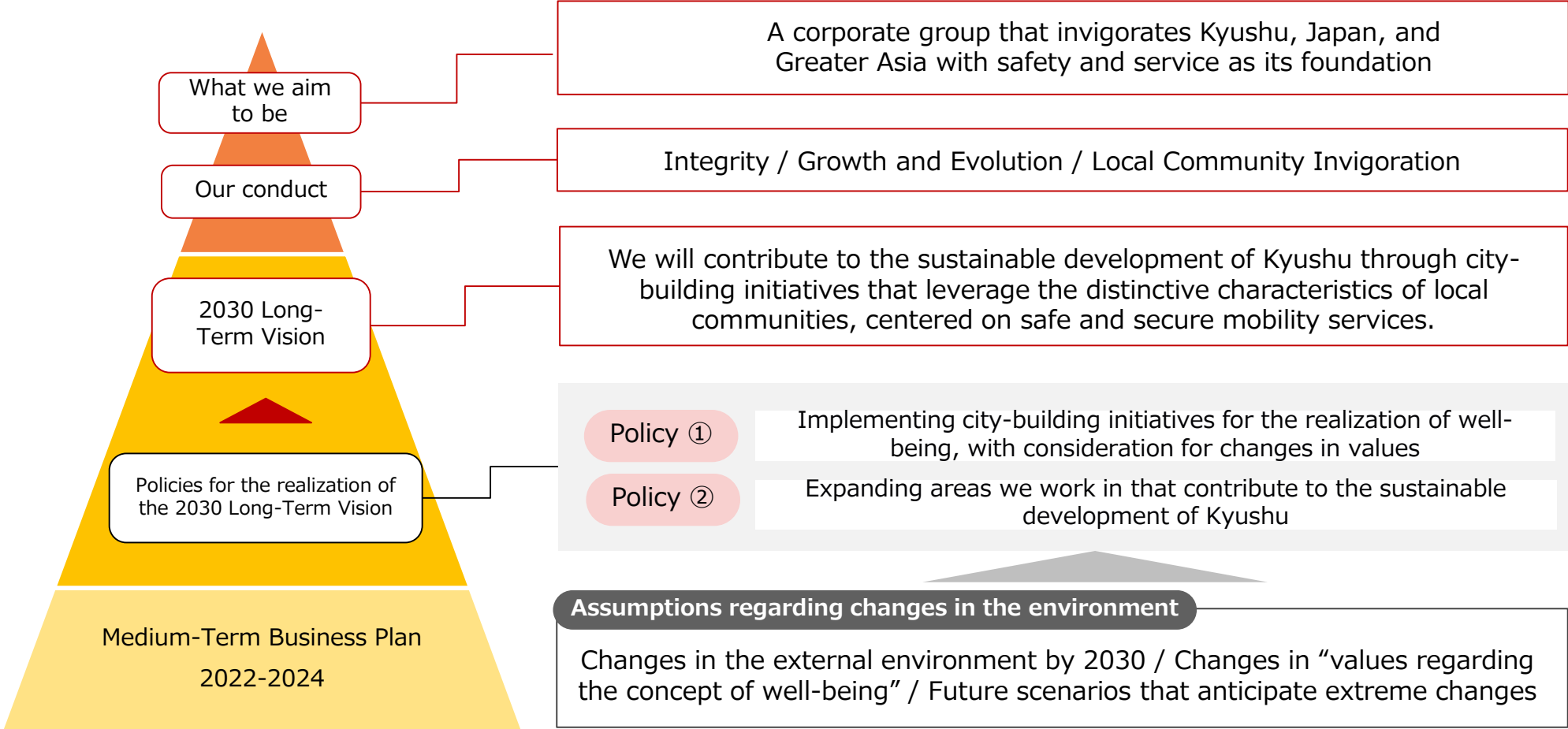
- In Q4 FY23.3, we expect occupancy rates to recover to around 70%.

III The Medium-Term Business Plan and Key Measures in the Current Fiscal Year

Toward the Realization of “the 2030 Long-Term Vision”

The Group’s “What We Aim to Be,” “Our Conduct,” and “the 2030 Long-Term Vision” remain unchanged. Taking changes in the operating environment into account in our scenario planning, we are working toward “Implementing city-building initiatives for the realization of well-being” and “Expanding areas we work in that contribute to the sustainable development of Kyushu” to realize “the 2030 Long-Term Vision.”

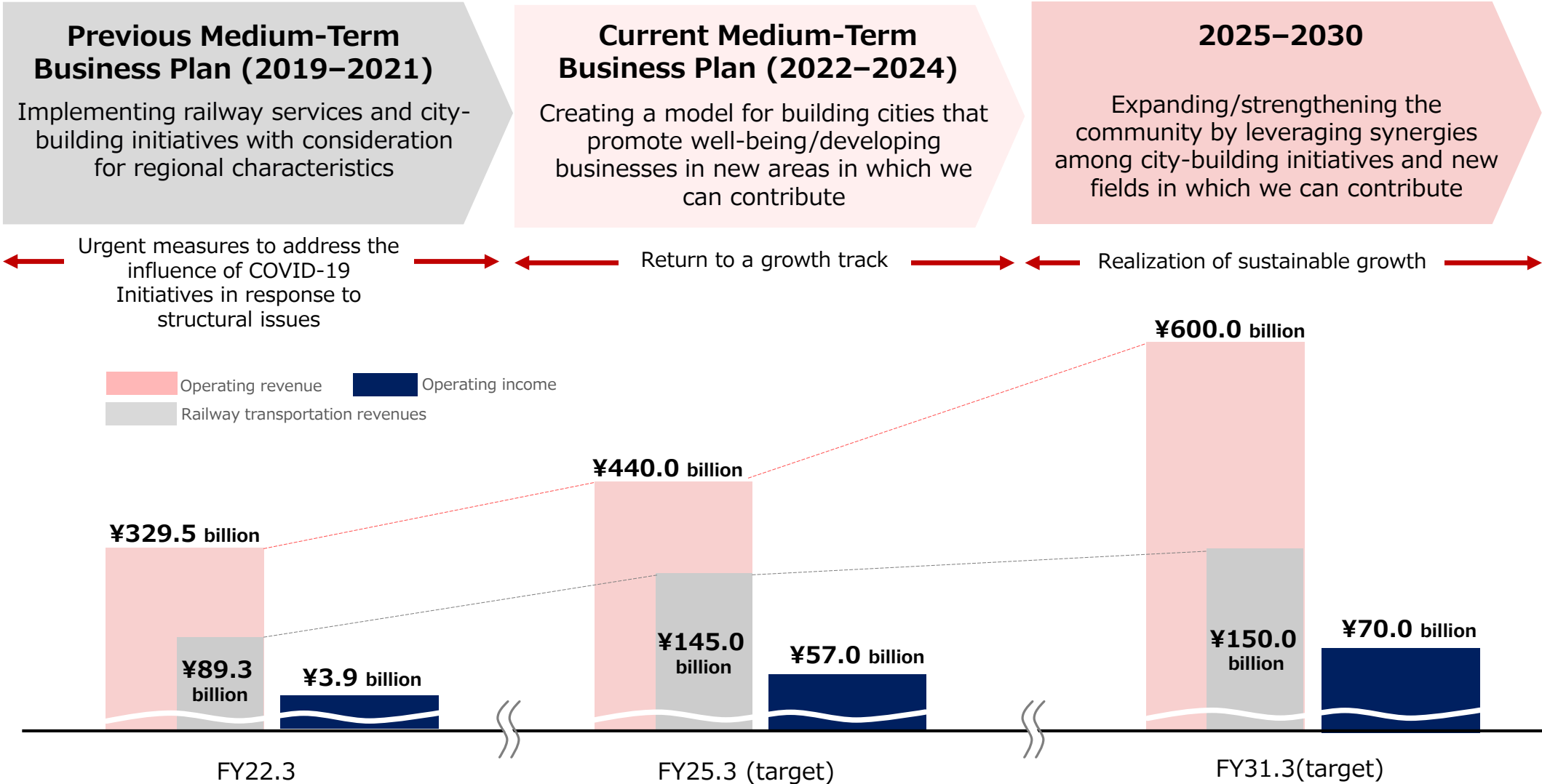
Management Plan Framework



Steps toward the Realization of “the 2030 Long-Term Vision”

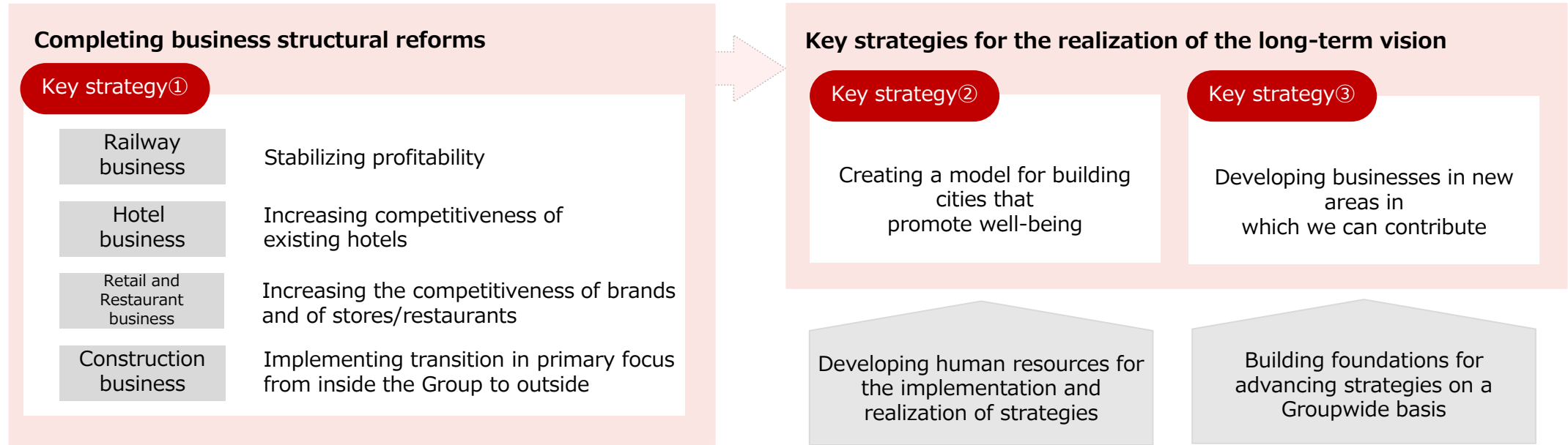
Targeting the realization of “the 2030 Long-Term Vision,” over the period of the current medium-term business plan, we will work to return to a growth track and subsequently strive to realize sustainable growth.

Positioning of each term, results, and targets



Key Measures for the Current Fiscal Year

Key strategies in the medium-term business plan



Key measures for the current fiscal year

Key strategy①	Completing business structural reforms	<ul style="list-style-type: none"> Complete and strengthen BPR(*1) in the railway business
Key strategy②	Creating a model for building cities that promote well-being	<ul style="list-style-type: none"> Create demand through the opening of the Nishi-Kyushu Shinkansen, promote multi-faceted city-building initiatives in the western Kyushu area Accelerate initiatives toward the FY24.3 opening of BRT for the Hitahikosan line and promote MaaS
Key strategy③	Developing businesses in new areas in which we can contribute	<ul style="list-style-type: none"> Consider M&A and business alliances as new targets for areas in which we can contribute Strengthen BtoB and BtoG areas in such segments as Business Services and Construction
	Developing human resources Building foundations	<ul style="list-style-type: none"> Consider revising the personnel and wage system, develop human resources skilled in digital technologies Build the digital foundations needed to promote DX, etc.

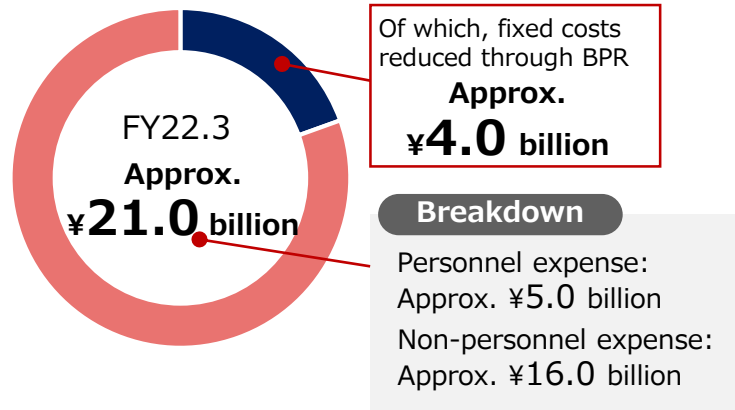
*1 | Business Process Re-engineering

Key strategy ① Completing business structural reforms: Reduce Costs in the Railway Business through BPR

We expect to achieve fixed cost reductions in the railway business by ¥14.0 billion in the current fiscal year, and we will continue working to further strengthen BPR.

Cost reductions in the previous fiscal year

- Reduced mainly through urgent control measures and revenue-linked expenses
- Achieved to brought forward some fixed cost reductions due to BPR



* Note: Cost reductions are compared with FY20.3 and exclude extraordinary items.

Main BPR initiatives

Establish new service systems

By utilizing DX and other initiatives, realize employee-free stations, discontinue ticket-sales counters, and reduce operating hours.



Promote use of the JR Kyushu app and internet reservations

Establish a new rolling stock and ground equipment systems

Renovate rolling stock to increase boarding efficiency, handle internally those operations related to rolling stock and equipment that are currently being outsourced, eliminate ticket gate equipment, etc.



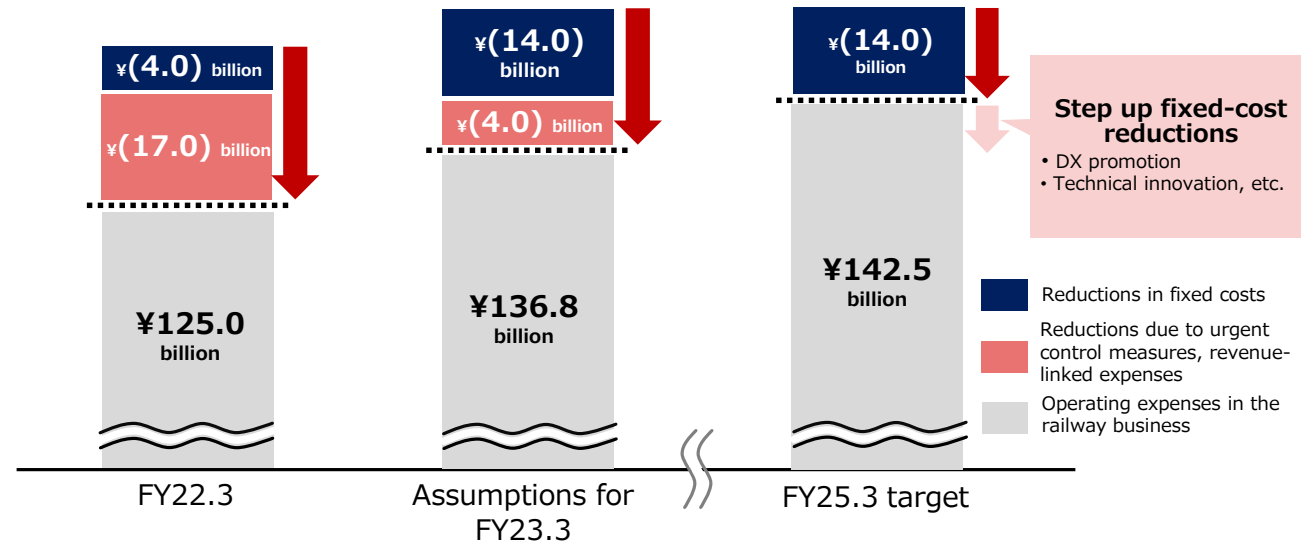
Use longer seats in rolling stock

Increase efficiency of inspection and maintenance

- Revise replacement standards by enhancing inspection accuracy.
- Reduce labor requirements by changing rolling stock materials.
- Revise inspection/maintenance operations based on train lines' state of use.

Step up reductions in fixed costs

- Despite accumulating depreciation costs and increased expenses such as those at the conclusion of Shinkansen special measures, we plan to complete BPR this fiscal year and reduced fixed costs in perpetuity by ¥14.0 billion per year.



Securing Revenues in the Railway Business: Ticket Reevaluation, Shift to On-Line Sales

We will strengthen yield management by focusing on measures we can implement swiftly, such as reevaluating tickets and shifting to on-line sales.

Reevaluation of various types of tickets

Initiatives in the previous fiscal year

- 1 Reevaluated prices of discount tickets sold on-line
- 2 Discontinued sales of discount tickets sold at counters
 - Discount Shinkansen tickets: completely discontinued
 - Discount tickets on conventional lines: discontinued of around 70%
- 3 Discontinued of sets of tickets for multiple rides
 - Ordinary sets of tickets for multiple rides: completely discontinued
 - Multiple rides for limited express surcharges: discontinued some sets of tickets

Initiatives in the current fiscal year

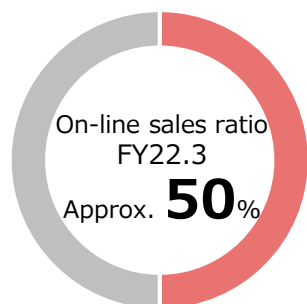
- 1 Review limited express surcharges on conventional lines (April 2022)
- 2 Introduce the EX Service*¹ (June 2022)
- 3 Reevaluate pricing on for online sales of discount tickets and discontinue some of them (June 2022)



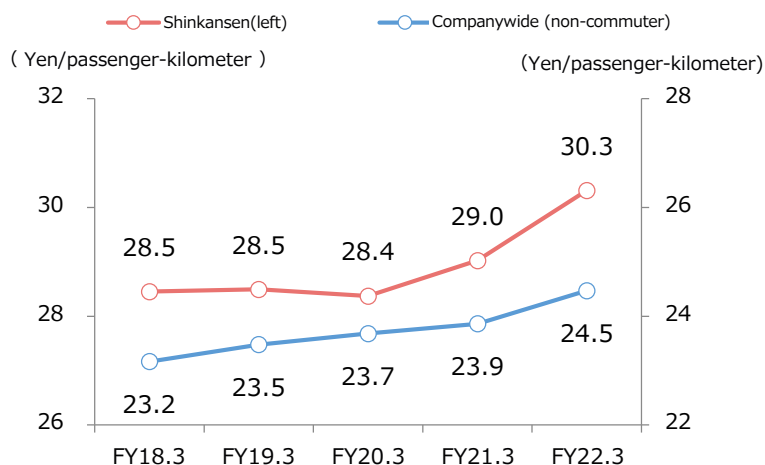
*1 An internet reservation and ticketless boarding service that can be used on the Tokaido, Sanyo, and all Kyushu Shinkansen lines (between Tokyo and Kagoshima-chuo)

Reference: Discount tickets on-line sales ratio and yield results

In main areas on conventional lines



In previous fiscal year, shifted to on-line sales for all discount Shinkansen tickets



Our position on the fare system

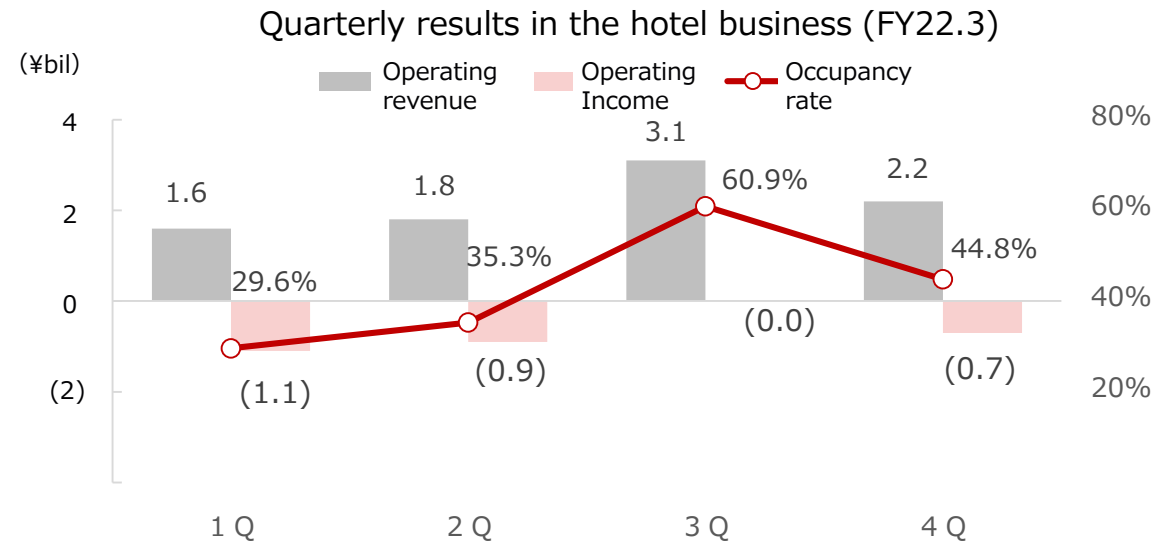
- We believe that more flexibility in setting fares would lead to better and more sustainable service.
- We would like to consider revisions based on changes in the operating environment, but current provisions are too severe to allow for revisions.
- We view commuter pass fares, Shinkansen express charges, and cost-of-income calculation procedures as particular issues.

Structural Reforms in the Hotel Business

Accelerate various initiatives to increase the competitiveness of existing hotels.

Improve the break-even occupancy rate

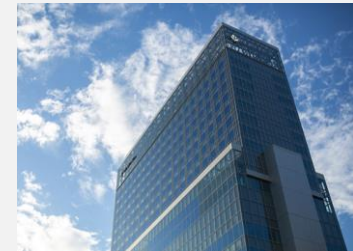
- **Maintain a 25% reduction in personnel costs vs. pre-COVID levels** by advancing multi-skilling, etc.
- In Q3 of FY22.3, cost reductions advanced to the point where we could achieve break-even **with an occupancy rate of approximately 60%.**



Major topics for future consideration

- **Rebuild** THE BLOSSOM and other existing **hotel brands.**
- Undertake **renovations** in line with changes in the operating environment.
- Strengthen operational capabilities as a hotel group through **developing human resources.**

30



THE BLOSSOM brand hotels

Key strategy ② Creating a model for building cities that promote well-being: City-Building in the Western Kyushu Area

Taking the opening of the Nishi-Kyushu Shinkansen as a trigger, we will promote multi-faceted development in the western Kyushu area and seek to maximize the impact of opening.

Expanding the non-resident population by enhancing mobility



Opening of the Nishi-Kyushu Shinkansen

Start of operation: September 23, 2022
Operating segment: Between Takeo Onsen and Nagasaki (approximately 66km)



Operating the TWO STARS 4047 (new D&S train)

Start of operation: September 23, 2022
Operating on two routes between Takeo Onsen and Nagasaki, "western Kyushu sea tour train" makes a circuit around western Kyushu



Expanding the MaaS (my route) area

- Saga Prefecture (January 2022)
- Nagasaki Prefecture (summer 2022)



Through multi-faceted development, expanding the resident population, the non-resident population, and employment



New Nagasaki Station Building area development (fall 2023)

- Implementing a multi-faceted development project as the land gateway to Nagasaki, an international tourism city. Including hotels (Nagasaki Marriott Hotel), commercial facilities, offices, parking lots, etc.
- Implementing environmental burden reduction, infection countermeasures, introduction of next-generation AI/ICT.



Ureshino Japanese-style inn development (fall 2023)

- Implementing development at Ureshino Onsen, one of Japan's top three hot springs for beautiful skin.
- Demonstrating consideration for the environment, such as binary power generation, use of heat from the hot springs, etc.



Akane-sasu Hizenhamashuku (January 2022)

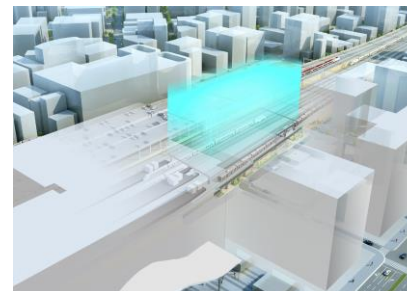
- Accommodation facility created by renovating a private house owned by a sake brewer.



Key strategy ② Creating a model for building cities that promote well-being: City-Building in the Fukuoka Area

In the city of Fukuoka, where the amount and rate of population growth are the largest among ordinance-designated cities in Japan, we are advancing city-building. We are positioning the enhancement of the Hakata Station terminal functions through extension of the Nanakuma Line of the Fukuoka City subway system* as an opportunity.

Major development projects in the Fukuoka area



Name	<p>Project to utilize the former site of Sunoko elementary school</p> <p>Note: Joint development by eight companies, with Sakurajyuji Co., Ltd. as the representative company</p>	<p>Project for effective use of site of Fukuoka Prefecture east government building</p> <p>Note: Joint development by three companies, with Kyushu Railway as the representative company</p>	<p>Project utilizing the space above the tracks at Hakata Station</p>	<p>New project</p> <p>Aburayama Shimin no Mori and other renewal projects</p> <p>Note: Joint development by nine companies, with Kyushu Railway as the representative company</p>
Uses	<p>Multi-faceted development incorporating private retirement home, commercial facilities, etc.</p>	<p>Office buildings (partly commercial stores)</p>	<p>Offices, hotels, and commercial facilities and squares that create energy</p>	<p>Multi-faceted, experience-type outdoor businesses</p>
Opening	<p>January 2024</p>	<p>March 2024</p>	<p>End 2028</p>	<p>During FY24.3</p>
Lot area	<p>Approximately 8,560 m²</p>	<p>Approximately 2,700m²</p>	<p>Approximately 5,200m²</p>	<p>Approximately 140ha</p>

* Scheduled to open in March 2023. Approximately 82,000 people per day are expected to use the extended portion (between Tenjin Minami and Hakata), of which 23,000 per day are expected to be new users, by Fukuoka city.

Key strategy② Creating a model for building cities that promote well-being: Promoting MaaS

To further promote MaaS, we are strengthening cooperation and expanding initiatives involving regional transportation companies.

Examples of recent initiatives

1 Expansion of the "my route" Area

- Following the Fukuoka, Miyazaki, and other areas, we are cooperating with related local governments, transportation companies, and other entities for "my route" (a multi-modal mobility service) in Saga prefecture. Service became available in Saga Prefecture in January 2022 and in the Yufuin area of Oita Prefecture in February 2022.
- "my route" enables multi-modal route search (connects all modes of transportation and suggests optimal routes), the provision of tourist and event information, digital ticket purchases, and other activities.



2 Cooperation with Nishi-Nippon Railroad and the city of Kitakyushu

- At Tobata Station (Kitakyushu), our ticket offices and windows selling Nishitetsu Bus commuter tickets are positioned next to each other to improve customer convenience.
- In Kitakyushu, we performed construction to improve the station-front plaza area, which included expanding the space for bus parking. We also enhanced the station's functionality as a transportation node, supporting collaboration among businesses.



3 Cooperation with Kyushu Sanko Bus and TaKuRoo

- Introduced an AI on-demand transportation service and utilizing "my route"
- Providing a seamless regional transportation network by linking local buses, taxis, and railways
- Creating safe and secure public transportation, contributing to local communities, and improving the attractiveness and convenience of tourism in Kumamoto Prefecture



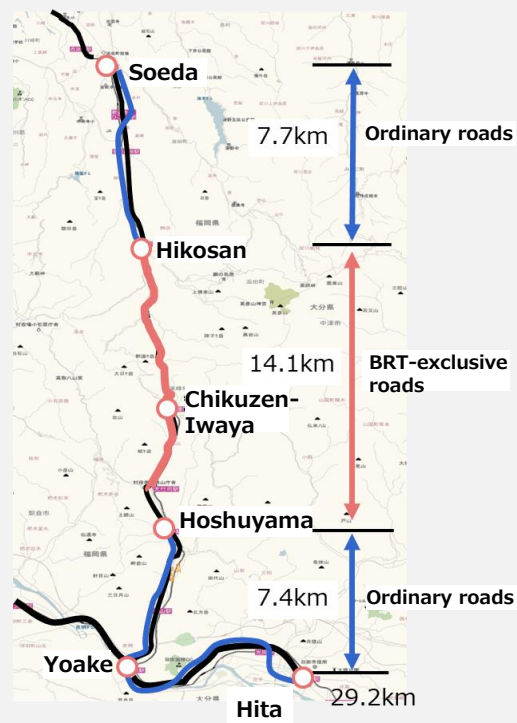
Key strategy ② Creating a model for building cities that promote well-being: Transitioning to BRT for the Hitahikosan Line

Building a model for sustainable mobility services

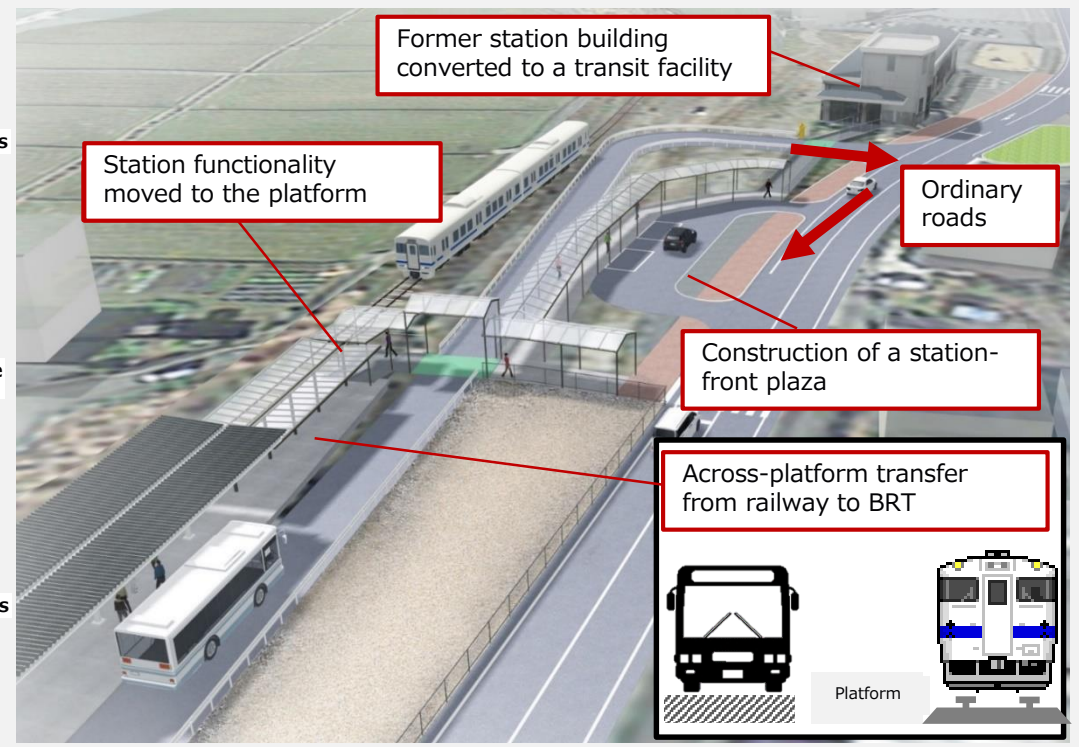
- The decision was made to introduce a BRT system on the route between Soeda Station and Yoake Station, which had become impassible due to damage in July 2017.
 - In addition to **the development of BRT-exclusive roads, in certain areas the BRT will operate on ordinary roads near residential areas.**
 - **Bus stops will also be increased** in areas other than train stations for **added convenience.**
 - To be carbon-neutral, the introduction of EV buses is under consideration.
- The project will involve expenditures of around ¥2.6 billion, and reconstruction work is expected to take around three years. **Services is targeted to commence in FY24.3.**



BRT operating segment



Artist rendering of Soeda Station after reconstruction



Note: This artist rendering of the completed building is subject to change.

Key strategies ③ Developing businesses in new areas in which we can contribute: Strengthening the Business Portfolio

We will continuously monitor the businesses and flexibly reconfigure the business portfolio.

	Major initiatives over the past three years		Future directions
	Expanding business areas	Business revision / withdrawal	
Transportation Railway services, bus services, hydrofoil ferry services, etc.		<ul style="list-style-type: none"> Revised the system for operating hydrofoil ferries 	<ul style="list-style-type: none"> Continue with monitoring Focus resources on growth fields, collaborate with other companies, consider downsizing, withdrawals and other decisions, as necessary
Real Estate and Hotels Real estate leasing, real estate sales, parking lot operation, senior care services, hotel operation, residential construction and sales, golf course operation, etc.	<ul style="list-style-type: none"> Entered the asset management business 	<ul style="list-style-type: none"> Revised business in the areas of residential construction and sales (detached houses) 	
Retail and Restaurant Retailing, restaurants, agriculture	<ul style="list-style-type: none"> Acquired a processed marine products company Acquired a suburban barbecue restaurant 	<ul style="list-style-type: none"> Transferred a majority of shares in the drugstore business Withdrew from overseas businesses 	<ul style="list-style-type: none"> Actively promote M&A and business alliances Strengthen BtoB business, particularly in the Construction and Business Services segments, and aim to grow by actively strengthening M&A and expanding areas, etc. Actively accept orders for public construction work that supports city infrastructure, including fields other than railways
Construction Construction, rolling stock mechanical equipment engineering, electrical work, etc.	<ul style="list-style-type: none"> Acquired companies that perform electrical work 		
Business Services Advertising, construction machinery sales and rental, cleaning, station service, linen supply business, etc.	<ul style="list-style-type: none"> Acquired companies in the construction machinery rental business Acquired companies in the system business 	<ul style="list-style-type: none"> Sold the leasing business 	
Group, Other	<ul style="list-style-type: none"> Established specialized regional funds to promote business portfolio revision 	<ul style="list-style-type: none"> Sold the hospital business 	<ul style="list-style-type: none"> Consider energy-related business as a new business field

Key strategies ③ Developing businesses in new areas in which we can contribute: Strengthen BtoB and BtoG Businesses

We will strengthen BtoB and BtoG businesses with an eye to expanding areas in which we can contribute and enhancing business sustainability.

Strengthening areas of BtoB business

Initiatives to date

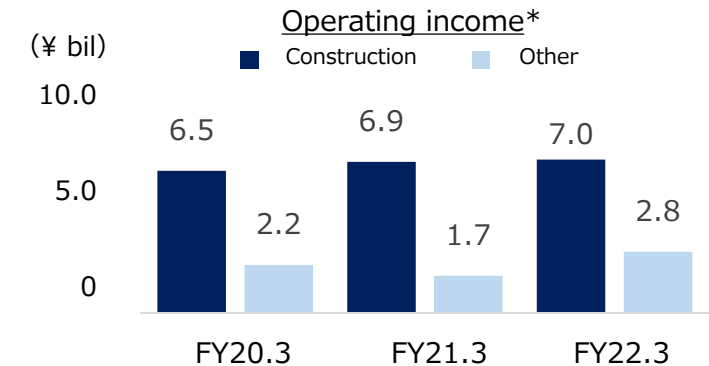
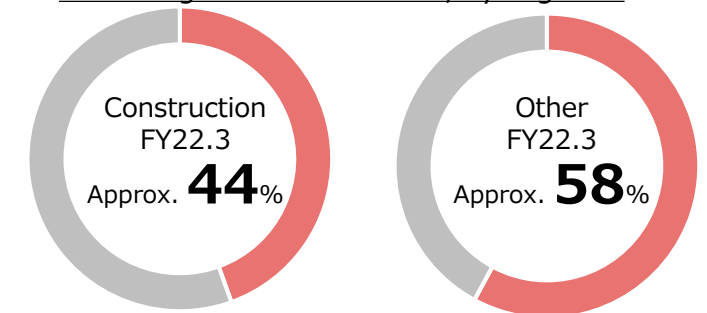


- Since companies in these areas were first established, the Construction and Other segments have mainly handled orders from JR Kyushu and been positioned as functional subsidiaries.
- Through the accumulation of expertise and reinforcement of human resources, in recent years we have secured orders from outside the Group, such as for construction on the Hokuriku Shinkansen and the Tokyo Metro.



- Caterpillar Kyushu, which we acquired in 2017, is increasing profits by expanding its sales network, cross-selling with other Group companies and others and taking advantage of our solid financial position and other synergies.
- Profits in the Construction and Other segments have been stable, despite COVID-19.

Percentage of external sales, by segment*



* Calculated on the basis of former segments

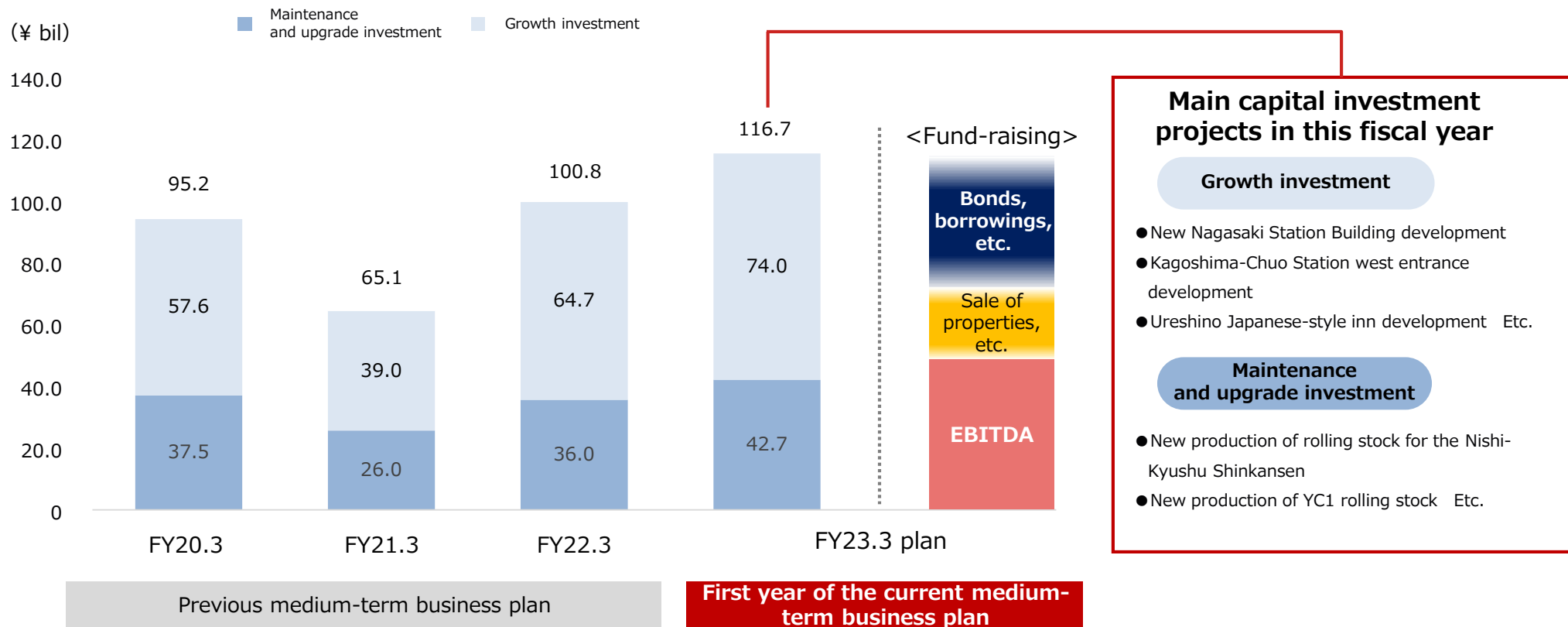
Future directions

In BtoB and BtoG businesses, which will be less susceptible to demographic changes, we will accelerate M&A, expand business areas, and promote business alliances. As a result, we aim to grow these businesses into pillars for the Group.

Capital Investment Plan

This fiscal year, we will continue making maintenance and upgrade investments, such as investing in rolling stock for the Nishi-Kyushu Shinkansen. We will accelerate growth investments to expand our development pipelines, using cash obtained through the sale of properties to a private REIT and in other ways, in addition to utilizing our debt capacity.

Capital investment amounts



ESG Initiatives

We will promote initiatives to achieve the non-financial KPIs listed in the medium-term business plan.

For certain items, a link with officer compensation will also be considered.

Status of major initiatives

E

Realization of a decarbonized society

Reduction of CO₂ emissions

- Utilization of renewable energy
 - Purchased renewable electricity generated by Osaka Gas at wind farms and other facilities in Saga Prefecture for use at stations along the Chikuhi Line (January 2022)
 - Signed an on-site PPA with Shin-Idemitsu, introduction of solar power generation at the Nagasaki works (April 2022)



Disclosure of environment-related information

- Started studying amounts of energy usage with a view to achieving Groupwide Scope 1 and 2 emissions
- Calculated and disclosed Scope 3 emissions for JR Kyushu on a non-consolidated basis (April 2022)

S

Safety and service, the foundation for all of our businesses

Safety

- Launched “Safety Creation Activities 2022”
- Conducting six rounds of training at the Safety Creation Center



Service

- Started “Toward a Corporate Culture Founded on Service 2022” project



Development of human resources, the source of value creation

Employee engagement

- Conducted and are analyzing results of an employee awareness survey
- Began considering a new personnel and wage system

Re-skilling support

- Develop human resources skilled in digital technologies
 - Holding the Digital-1 Grand Prix (presentation of initiatives utilizing digital tools) (February 2022)

G

Sound corporate management

Enhancing communication with stakeholders

- Maintain and strengthen dialogue with each stakeholder



APPENDIX

Consolidated Balance Sheet and Cash Flow Statement

Consolidated Balance Sheet

(¥bil)

	Results FY21.3	Results FY22.3	YoY	Major factors
Total Assets	891.3	951.9	60.6	
Cash and time deposits	22.9	39.7	16.7	
Short-term securities	42.0	39.0	(3.0)	
Property, plant and equipment	532.0	575.3	43.2	Increase due to Kumamoto Station Building opening
Railway business assets	98.0	109.2	11.1	
Interest-bearing debt	250.9	323.1	72.2	Increase due to bonds and commercial paper
Net assets	395.4	389.0	(6.3)	Decrease due to dividend payments
Capital and paid-in capital	240.0	241.8	1.8	
Retained earnings	150.0	147.9	(2.0)	

ROE	-4.7%	3.4%
D/EBITDA	54.09	10.50
Equity ratio	43.8%	40.8%

Consolidated Cash flow statement

(¥bil)

	Results FY21.3	Results FY22.3	YoY	Major factors
Cash flows from operating activities	(10.3)	56.4	66.8	Increase in income before income taxes
Depreciation expense	29.3	29.0	(0.3)	
Cash flows from investing activities	(53.9)	(95.7)	(41.8)	Decrease due to rebound from transfer of a portion of holdings of the shares of JR Kyushu Drug Eleven
Capital expenditures	(95.2)	(101.4)	(6.2)	
Free cash flow	(64.2)	(39.2)	25.0	
Cash flows from financing activities	105.8	52.5	(53.3)	Decrease in fund-raising
Cash and cash equivalents	65.0	78.7	13.6	

Railway business (transportation data)

Railway Transportation Revenues

(¥bil)

	Results FY21.3	Results FY22.3	YoY		Major Factors
Total	76.3	89.3	13.0	117.1%	
Commuter pass	26.2	27.9	1.6	106.2%	
Non-commuter pass	50.0	61.4	11.4	122.8%	
Cargo	0.0	0.0	0.0	-	
Shinkansen	22.4	27.4	4.9	122.1%	
Commuter pass	2.4	2.4	0.0	100.4%	Increase due to gradual recovery in demand
Non-commuter pass	20.0	24.9	4.9	124.8%	
Conventional Lines	53.8	61.9	8.0	115.0%	
Commuter pass	23.8	25.4	1.6	106.8%	Increase due to gradual recovery in demand
Non-commuter pass	30.0	36.4	6.4	121.5%	

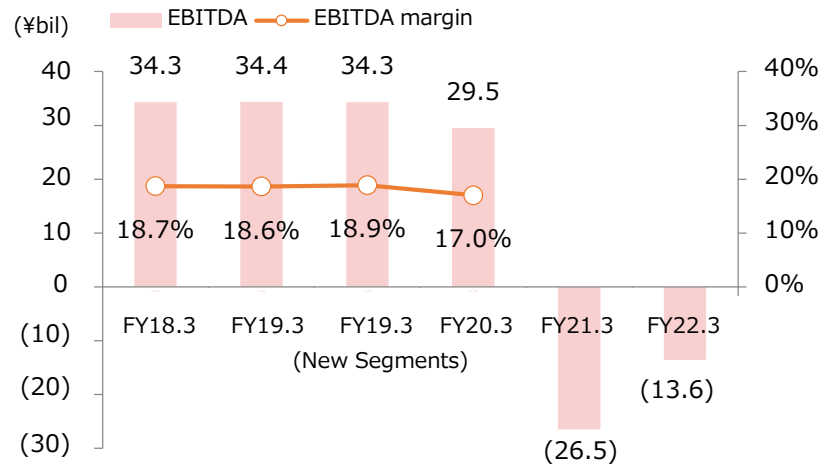
Passenger-Kilometers

(Millions of passenger-kilometer)

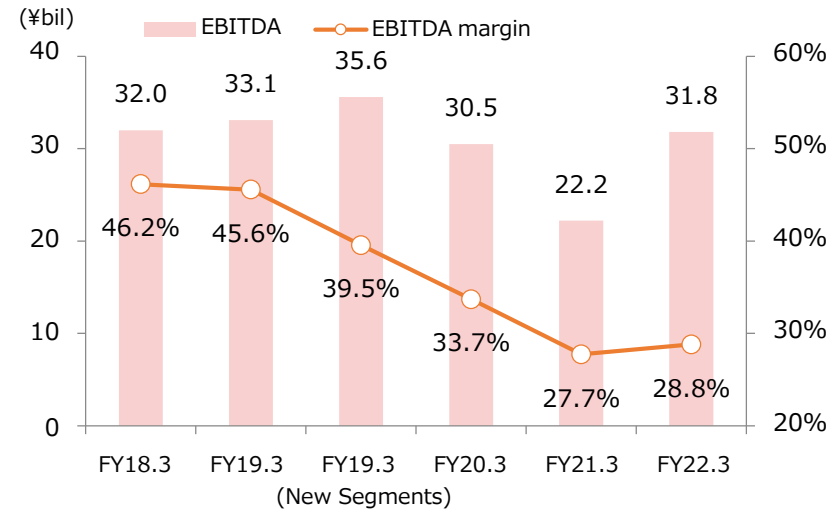
	Results FY21.3	Results FY22.3	YoY	
Total	5,564	6,132	567	110.2%
Commuter pass	3,466	3,620	154	104.5%
Non-commuter pass	2,098	2,511	413	119.7%
Shinkansen	868	1,002	134	115.5%
Commuter pass	177	178	0	100.4%
Non-commuter pass	690	824	133	119.3%
Conventional Lines	4,696	5,130	433	109.2%
Commuter pass	3,288	3,442	154	104.7%
Non-commuter pass	1,407	1,687	279	119.9%

EBITDA by Segment

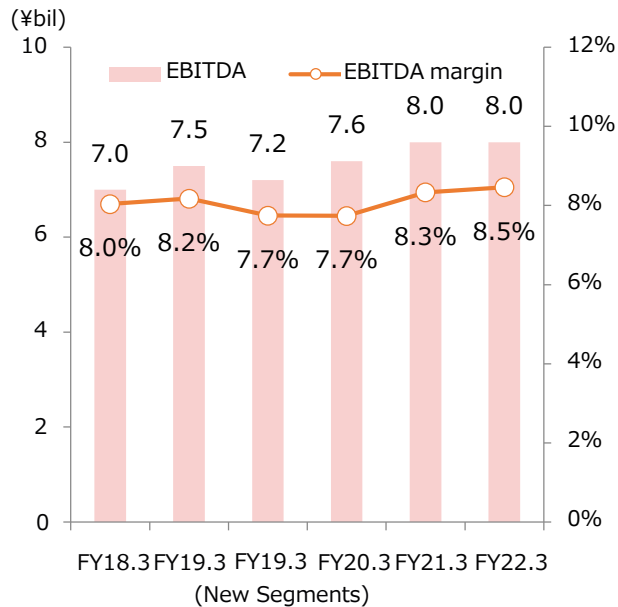
Transportation



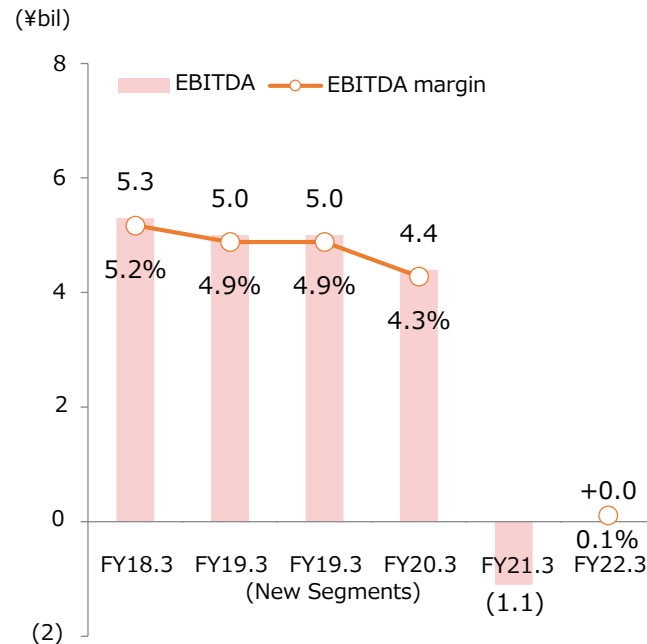
Real Estate and Hotels



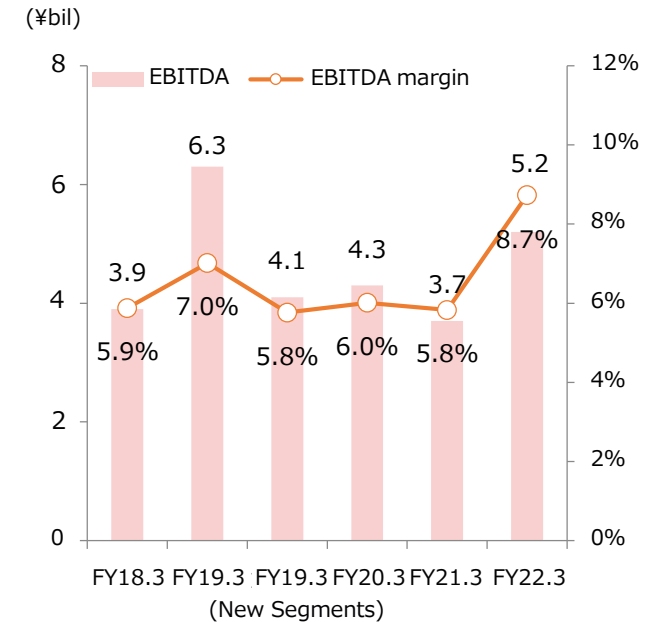
Construction



Retail and Restaurant



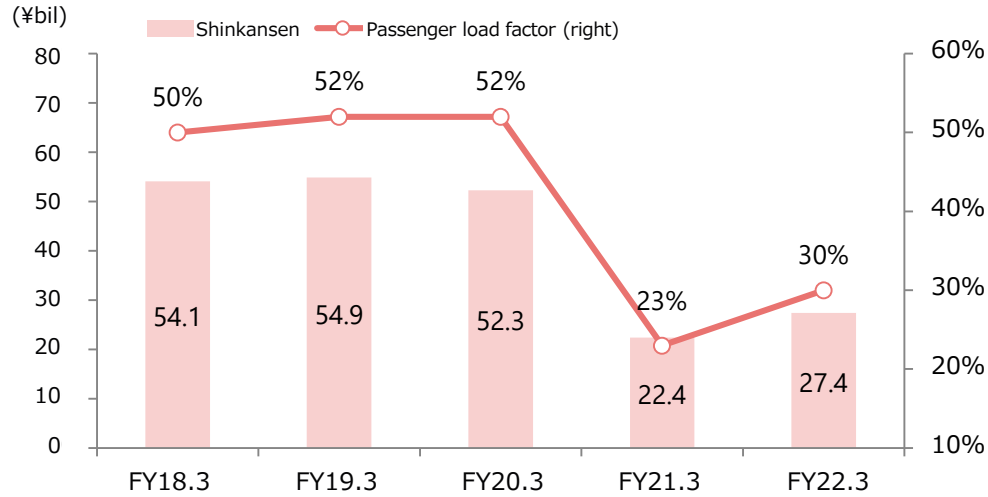
Other



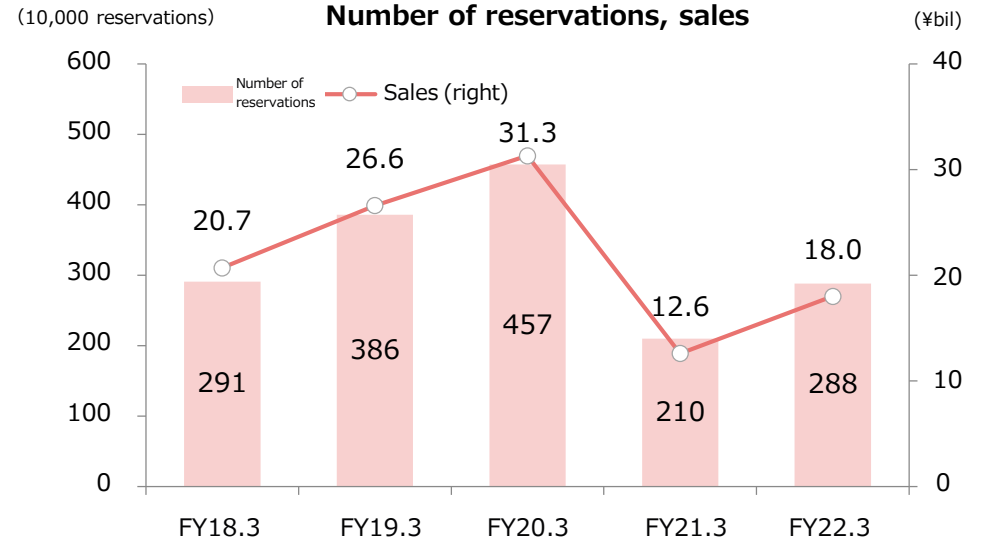
* Figures by segment are prior to eliminating intersegment transactions.

Trends in the Railway Business

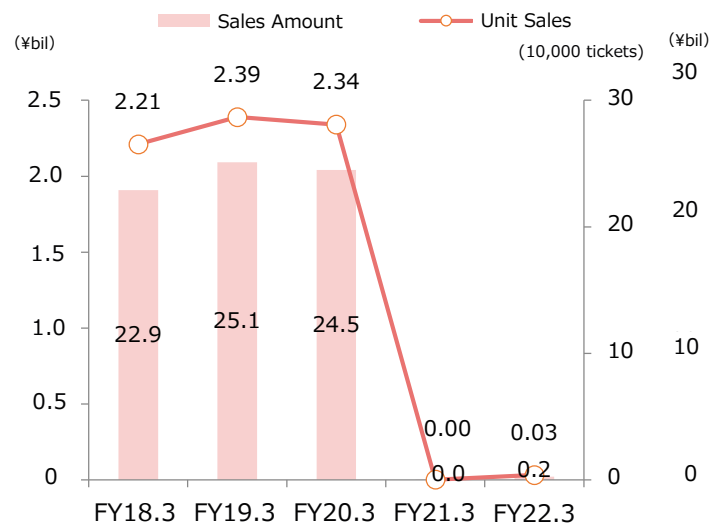
Railway transportation revenues (Shinkansen), passenger load factor on the Kyushu Shinkansen (Hakata – Kumamoto)



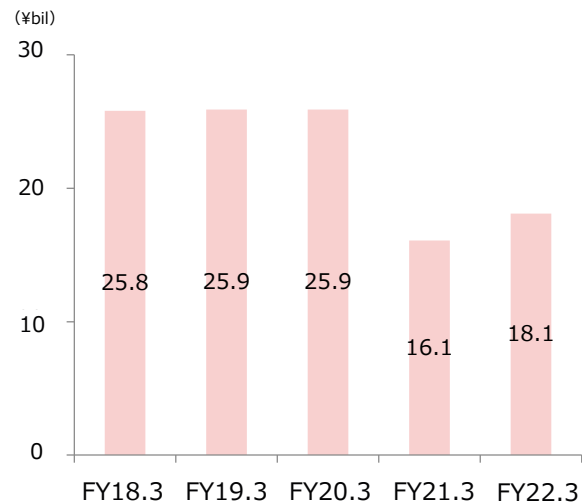
Internet train reservation services: Number of reservations, sales



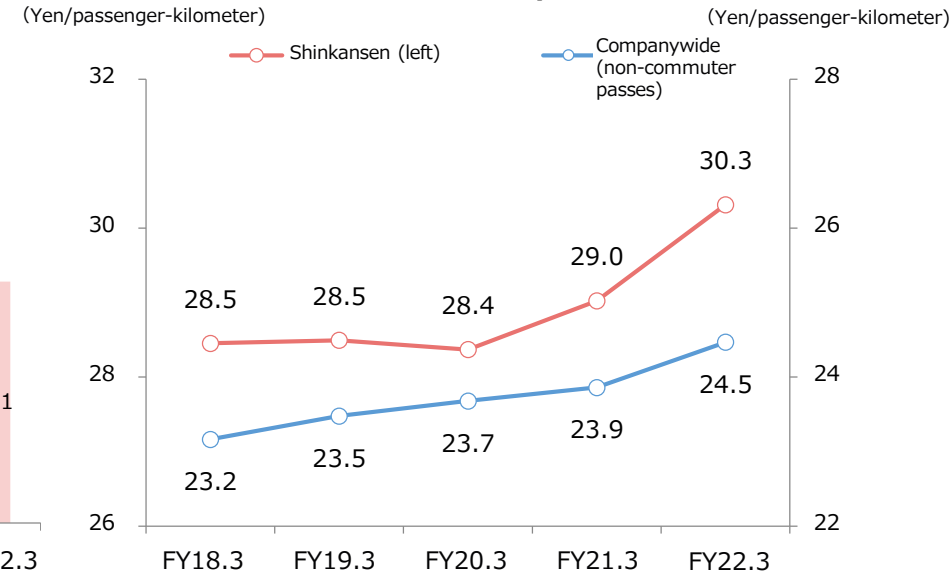
Sales Amount and Unit Sales of JR-KYUSHU RAIL PASS



Railway transportation revenues (short distance)

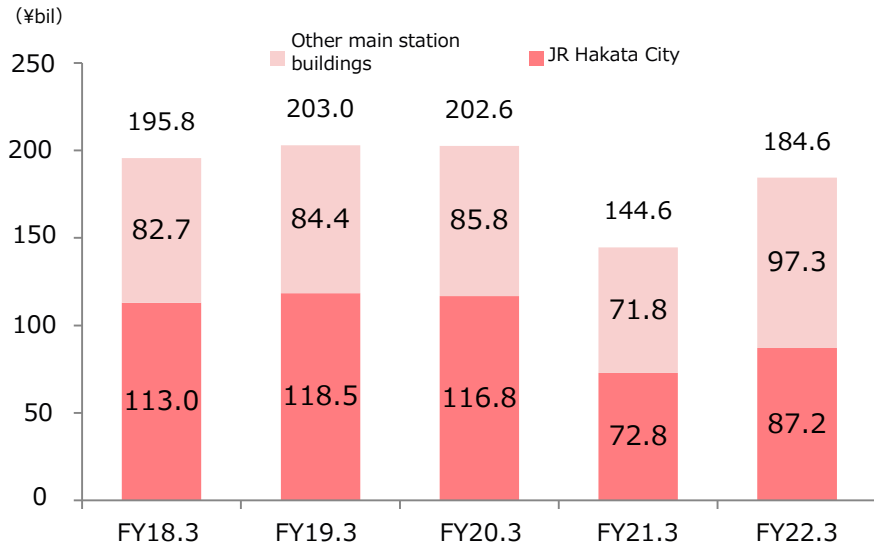


Yield (Companywide (non-commuter passes), Shinkansen)



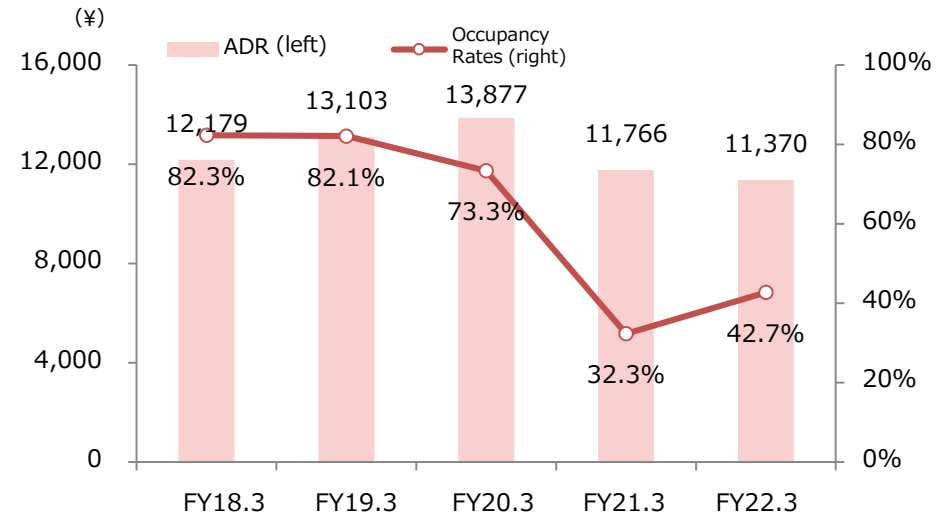
Trends in the Real Estate and Hotel Businesses

Station building tenant sales

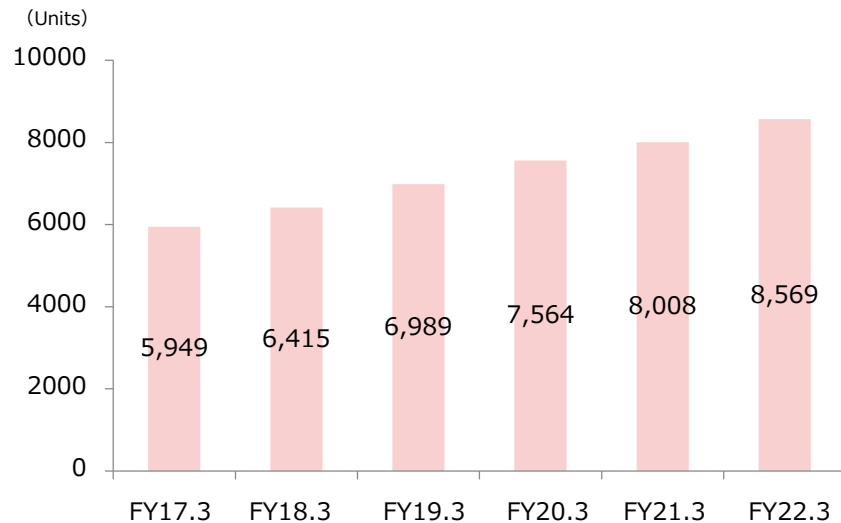


* Other main station buildings include the Miyazaki and Kumamoto Station Buildings from FY21.3.

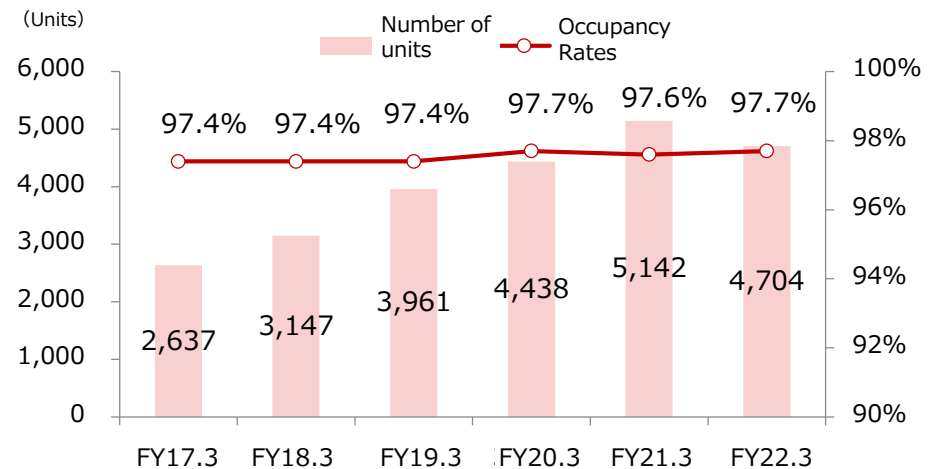
Hotel occupancy rates and average unit prices



Unit sales of condominiums (cumulative)



Rental apartment numbers (cumulative) and occupancy rate



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

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

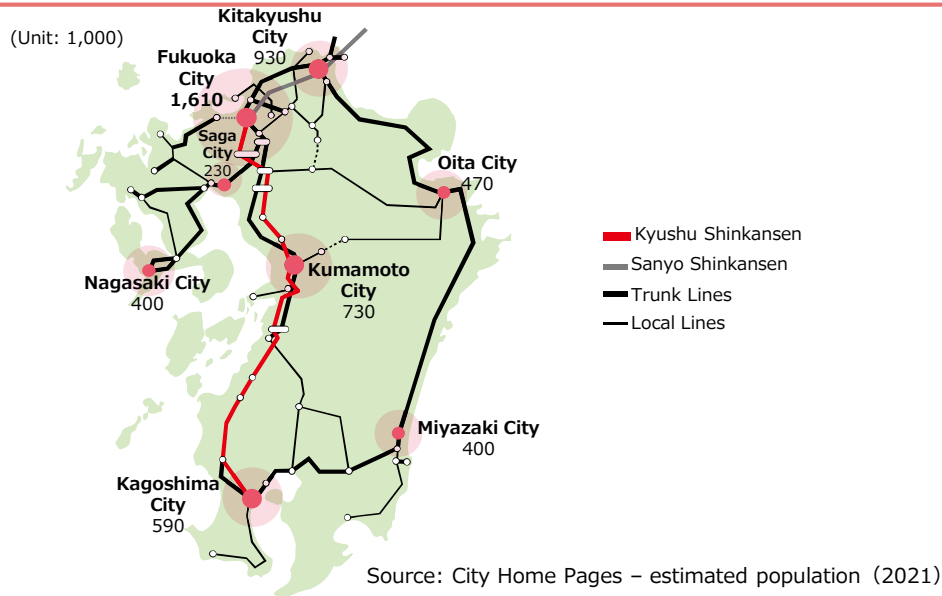
Overview of Major Development Pipelines

Name	Location	Schedule	Floor space/Lot area Units/Rooms	Notes (Uses, etc.)
Nagasaki Station area development	Nagasaki City, Nagasaki Prefecture	March 2022: Opening under elevated railway tracks Fall 2023: Full opening of new station building * Moved forward from plan of FY26.3	Floor space: Approx. 102,000㎡	<ul style="list-style-type: none"> Multi-faceted development incorporating commercial facilities, hotels, offices, etc. Considering environment burden reduction measures, use of AI/ICT
Kagoshima-Chuo Station West Entrance Development	Kagoshima City, Kagoshima Prefecture	Fall 2021: Start of construction Spring 2023: Phase 1 development opening From FY2025: Phase II development opening	Lot area: Approx. 9,500㎡ Floor space: Approx. 25,400㎡ (phase 1 development)	<ul style="list-style-type: none"> Phase 1: commercial facilities, offices, multi story parking garage; phase 2: multi-faceted development, including residences, etc. Considering infection countermeasures, environment burden reduction measures, use of ICT
Project to utilize the former site of Sunoko elementary School <small>* Joint development by eight companies, with Sakurajyuji Co., Ltd. as the representative company</small>	Chuo-ku, Fukuoka City	January 2024: Opening	Lot area: Approx. 8,560㎡ Floor space: Approx. 27,000㎡	Multi-faceted development incorporating private retirement home, commercial facilities, etc.
Project for effective use of site of Fukuoka Prefecture east government building <small>* Joint development by three companies, with Kyushu Railway as the representative company</small>	Hakata-ku, Fukuoka City	Spring 2022: Start of construction March 2024: Opening	Lot area: Approx. 2,700㎡ Floor space: Approx. 22,000㎡	<ul style="list-style-type: none"> Office buildings (partly commercial stores) Introducing automatic cleaning robot, solar power generation, etc.
Ureshino Japanese-style inn development	Ureshino City, Saga Prefecture	Fall 2023: Opening:	Lot area: Approx. 9,600㎡	
THE BLOSSOM KYOTO (Hotel development in Shimogyo-ku, Kyoto City)	Shimogyo-ku, Kyoto City	Winter 2020: Start of construction Summer 2022: Opening	180 rooms Floor space: Approx. 9,600㎡	
Toranomon 2-chome category 1 urban redevelopment project <small>* Joint development by six companies, with NIPPON STEEL KOWA REAL ESTATE CO., LTD., as the Group representative for the acquisition of reserved floor area.</small>	Minato-ku, Tokyo	Winter 2020: Start of construction Spring 2025: Planned completion	Lot area: Approx. 22,500㎡ Floor space: Approx. 180,700㎡	Office buildings (partly commercial stores)
Aburayama Shimin no Mori and other renewal projects <small>* Joint development by nine companies, with Kyushu Railway as the representative company</small>	Minami-ku, Fukuoka City	July 2022: Start of construction FY2024.3: Renewed facility opening	Lot area: Approx. 140ha	Accommodation (camping, glamping), commerce, outdoor parks, farms, others
Project utilizing the space above the tracks at Hakata Station	Hakata-ku, Fukuoka City	End 2028: Opening	Lot area: Approx. 5,200㎡	Offices, hotels, and commercial operations, and plazas, etc.

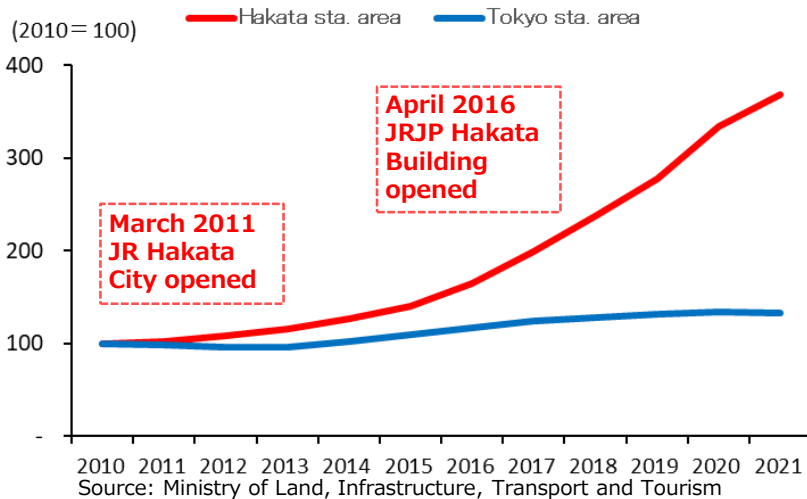
Kyushu has one of the best economic bases in Japan: Fukuoka is a rapidly growing city

- Kyushu is positioned as the "10% economy of Japan" (in terms of gross regional product, total population, total area, number of establishments, etc.)
- In particular, The Fukuoka Metropolitan Area is a city with high growth potential with a population that is expected to continue to increase in the future

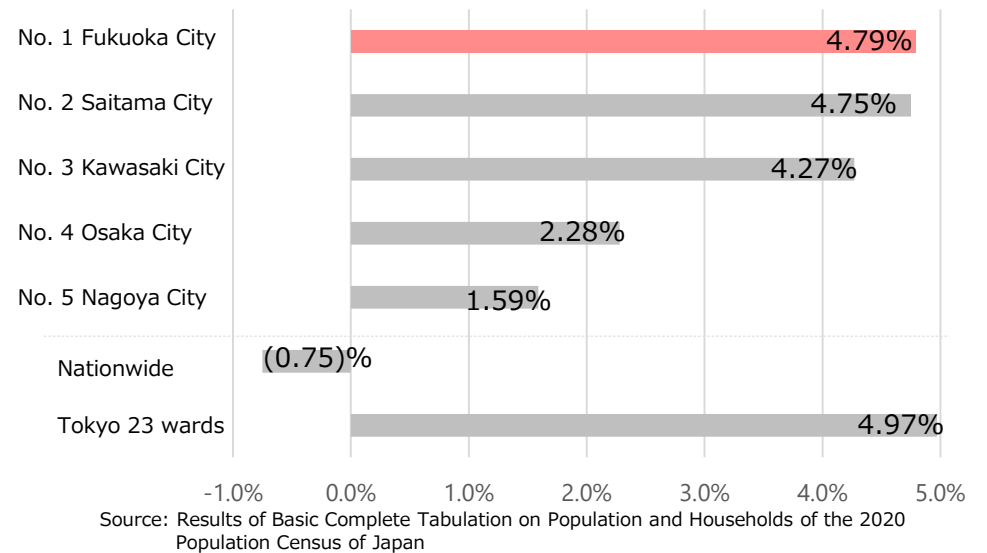
Major cities and population in Kyushu



Land price trend around Hakata Station

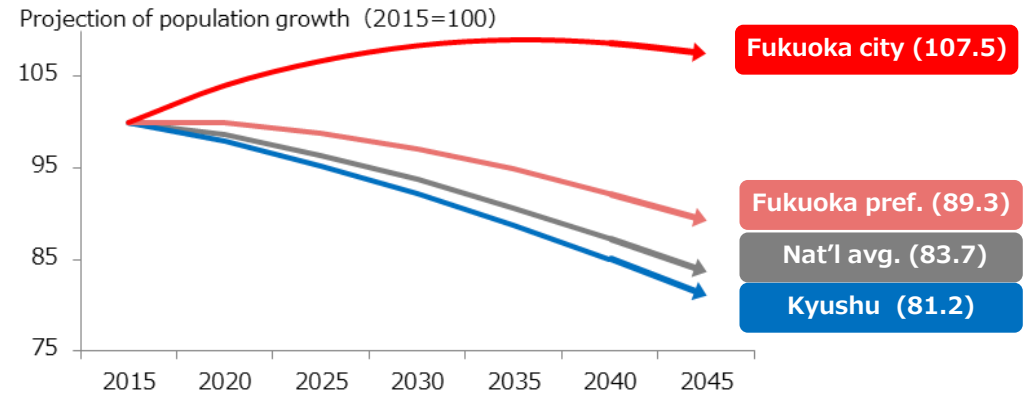


Ordinance-designated cities with high rates of population growth (2015 to 2020)



Urbanization of Fukuoka and decreasing populations in regional cities

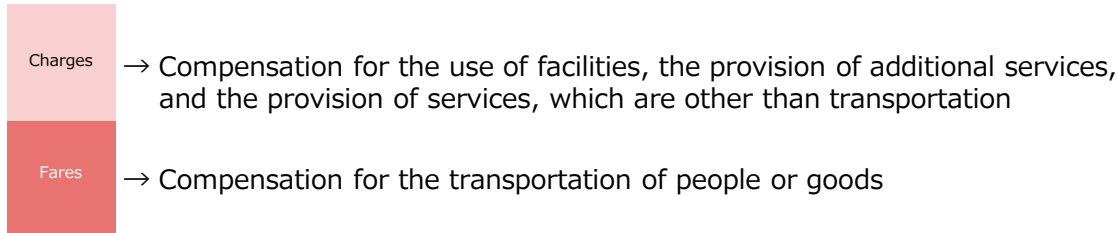
Population declining in Kyushu overall as population becomes concentrated in Fukuoka



Railway Business—Outline of Fares/Charges and Measures to Increase Revenues

Outline of Fares/Charges

Breakdown of fares/charges

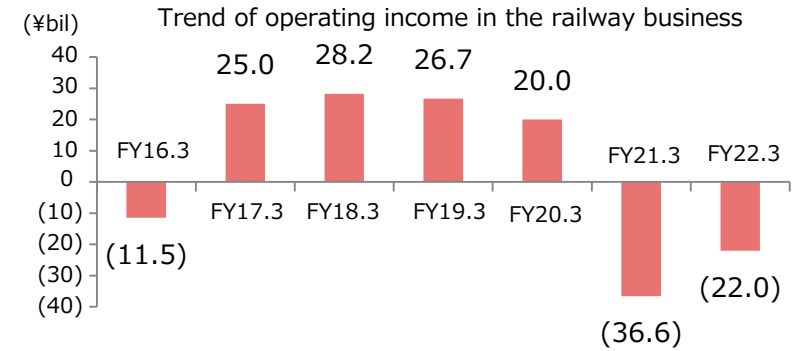


Procedures for establishing and adjusting fares/charges

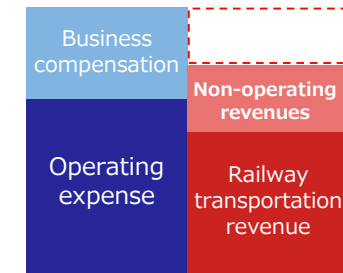
- Establishing/adjusting the upper limit for fares and Shinkansen express charges requires the approval from the Minister of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT).
- Establishing/adjusting fares and Shinkansen express charges within the scope of the upper limit and establishing/adjusting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

Examination standards for upper limit fares/charges

- Prior to giving approval for establishing/adjusting the upper limit on fares, the Minister of the MLIT must confirm that the new upper limit does not exceed "total cost," which is the sum of the proper operating costs if it were to carry out efficient management and the proper profit calculated pursuant to specified methods.
- (The Company implemented a substantial fare revision, other than consumption tax revision, in 1996)



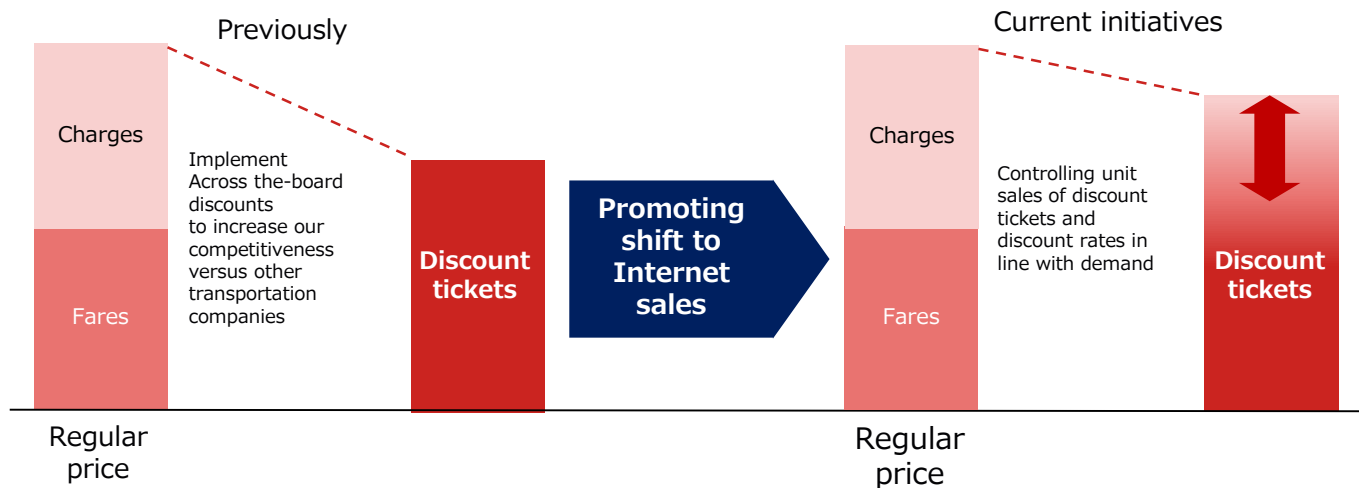
If examination standards are met (illustration)



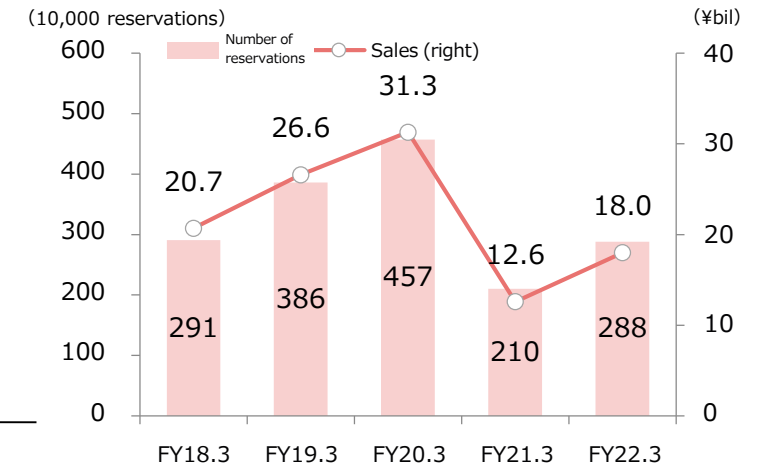
Expense > Revenue

(Reference) MLIT web site

Advancing measures to increase sales using Internet sales



Internet train reservation services: Number of reservations, sales



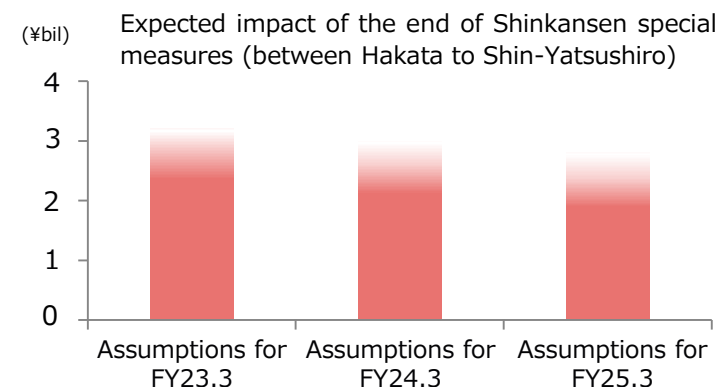
Railway Business Expenses

Special tax measures

- In FY22.3, the impact of Shinkansen special measures (between Hakata to Shin-Yatsushiro) was approximately ¥3.4 billion.
- Special tax measures for the Kyushu Shinkansen (between Hakata and Shin-Yatsushiro) ended at the close of FY22.3.

Name	Details of the special measures				Settlement item
	Item	Tax base			
		~ FY17.3	~ FY22.3	FY23.3	
Shinkansen special measures	Property tax*1	1/6	1/3	Ended	Non-personnel expenses

*1 Tax on Shinkansen-related assets borrowed from the Japan Railway Construction, Transport and Technology Agency



Depreciation costs

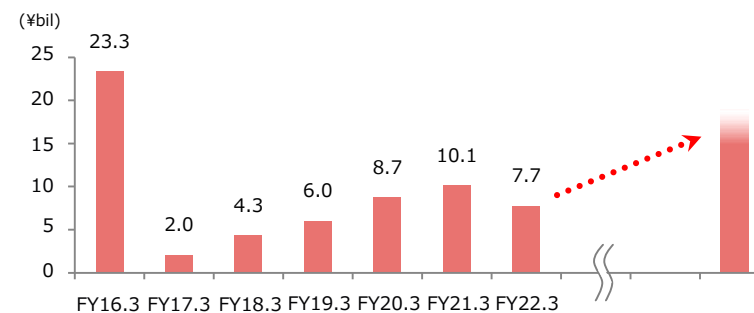
■ Change in depreciation method

- In line with usage conditions, changing the depreciation method and depreciation period for railway business fixed assets
- Amount of influence: Expected reduction in depreciation of ¥3.4 billion in FY22.3

Items	Affected assets	Details
Change in depreciation method	All assets	Declining-balance method → Straight-line method
Change in depreciation period	Rolling stock	Legal useful life (13 years) → Economic useful life (20 years)

■ Gradual increase in depreciation costs

- Decrease in depreciation costs in conjunction with impairment losses on fixed assets held in the railway business (approximately ¥520.0 billion) recorded on March 31, 2016
- Capital investment of between ¥25.0 billion and ¥30.0 billion a year conducted in railway business after impairment losses
- Gradual increase of ¥1.0–2.0 billion per year in depreciation costs going forward due to continuation of current trends



Damage to the Hisatsu Line due to Heavy Rains in July 2020

- Based on the information currently available, **we estimate railway restoration costs to be approximately ¥23.5 billion.**
- We are participating in the JR Hisatsu Line Review Conference held by the Ministry of Land, Infrastructure, Transport and Tourism and Kumamoto Prefecture, and considering methods for restoring the Hisatsu Line.



Halted line segments	Hisatsu Line: Yatsushiro to Yoshimatsu
Distance	86.8 km
Main damage	Washed-out bridges, sediment and embankment inflows, etc.
Restoration period	Undetermined
Approximate restoration costs	Approx. ¥23.5 billion ^{*1}



*1 • We have calculated approximate restoration costs for restoring the bridges crossing the Kumagawa (Kumagawa Railway Bridge No. 1 and Kumagawa Railway Bridge No. 2), making reference to estimated high-water levels based on the Basic Policy for River Improvement, revised in December 2021.
 • Excepting the section above, approximate restoration costs have been calculated for restoring general rail sections to the same heights as before the flooding.

Forward-Looking Statements

These materials contain forward-looking statements concerning business forecasts, targets, etc. of the JR Kyushu Group.

These statements are judgments made by the Company based on information, projections, and assumptions available at the time of the materials' creation. Accordingly, please be advised that actual operating results could greatly differ from the contents of the materials due to the influence of COVID-19; changes in people's values and lifestyles; the economic situation inside and outside Japan and the economic situation in Kyushu; real estate market conditions; the progress of respective projects; changes in laws and regulations; and a wide range of other risk factors.

IR materials can be viewed on our corporate website:
https://www.jrkyushu.co.jp/company/ir_eng/library/earnings/