

JR Kyushu Group Integrated Report

2020



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Editorial Policy

This report was developed for the purpose of imparting a deeper understanding of the JR Kyushu Group's operations (Kyushu Railway Company (JR Kyushu) and related companies) to our stakeholders. The report was prepared with reference to the International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC)* and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation from the Ministry of Economy, Trade and Industry. The editors' aim is to communicate financial and non-financial information, such as management policies, business strategies, and ESG information, to readers in a concise manner. More detailed information is available on the corporate website for those who are interested.

* A private-sector organization established in 2010 by entities such as private-sector companies, investors, accountants' organizations, and government institutions with the aim of developing an international corporate reporting framework.



Forward-looking Statements

This report contains forward-looking statements, including future outlooks and objectives of the JR Kyushu Group. These statements are judgments made by JR Kyushu based on information, projections, and assumptions available at the time of the document's creation. Please be advised that actual operating results could greatly differ from the statements in this document due to the effects of the economic situation both inside and outside Kyushu and Japan as a whole, real estate market conditions, the progress of our projects, changes in laws and regulations, and a wide range of other risk factors. The purpose of this document is not to solicit the purchase of JR Kyushu's stocks or other financial instruments in Japan. In addition, this report does not constitute an offer of securities in the United States. Based on the American Securities Act of 1933, offering or selling securities in the United States is not permitted, with the exception of cases where a company is registering securities or is exempt from registration. In cases where securities are being publicly issued in the United States, an English prospectus created on the basis of the Securities Act of 1933 will be used. The prospectus states that said securities may be acquired from an issuing company or seller and contains detailed information and financial statements on issuing companies and their management.

Toward the Next Growth Stage

JR Kyushu was established following the breakup and privatization of Japanese National Railways in 1987. Since then, we have not only worked steadily to build a robust railway business, but have also leveraged the power of the JR Kyushu Group for active city-building and community development in the form of community enhancement and invigoration.

Along the way, we have established three pillars that form our code of conduct, concepts that each and every employee of the JR Kyushu Group can keep in mind and use as a touchstone in everything that they do. These are Integrity, Growth and Evolution, and Local Community Invigoration.

With a focus on these three pillars and a view to the future, we strive to achieve our vision of what the JR Kyushu Group aims to be: A corporate group that invigorates Kyushu, Japan, and Greater Asia with safety and service as its foundation.

Integrity

**The three pillars
forming the JR Kyushu
Group's code of conduct**

**Growth
and
Evolution**

**Local
Community
Invigoration**

What we aim to be

**A corporate
group that invigorates
Kyushu, Japan,
and Greater Asia with safety
and service as its foundation**

Long-Term Vision for 2030

To contribute to the sustainable development of Kyushu through city-building/community development initiatives that leverage the distinctive characteristics of local communities, centering on safe and reliable mobility services

Medium-Term Business Plan 2019–2021

Annual business policies

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Materiality

Corporate Governance

Safety and Service
Development of Human Resources

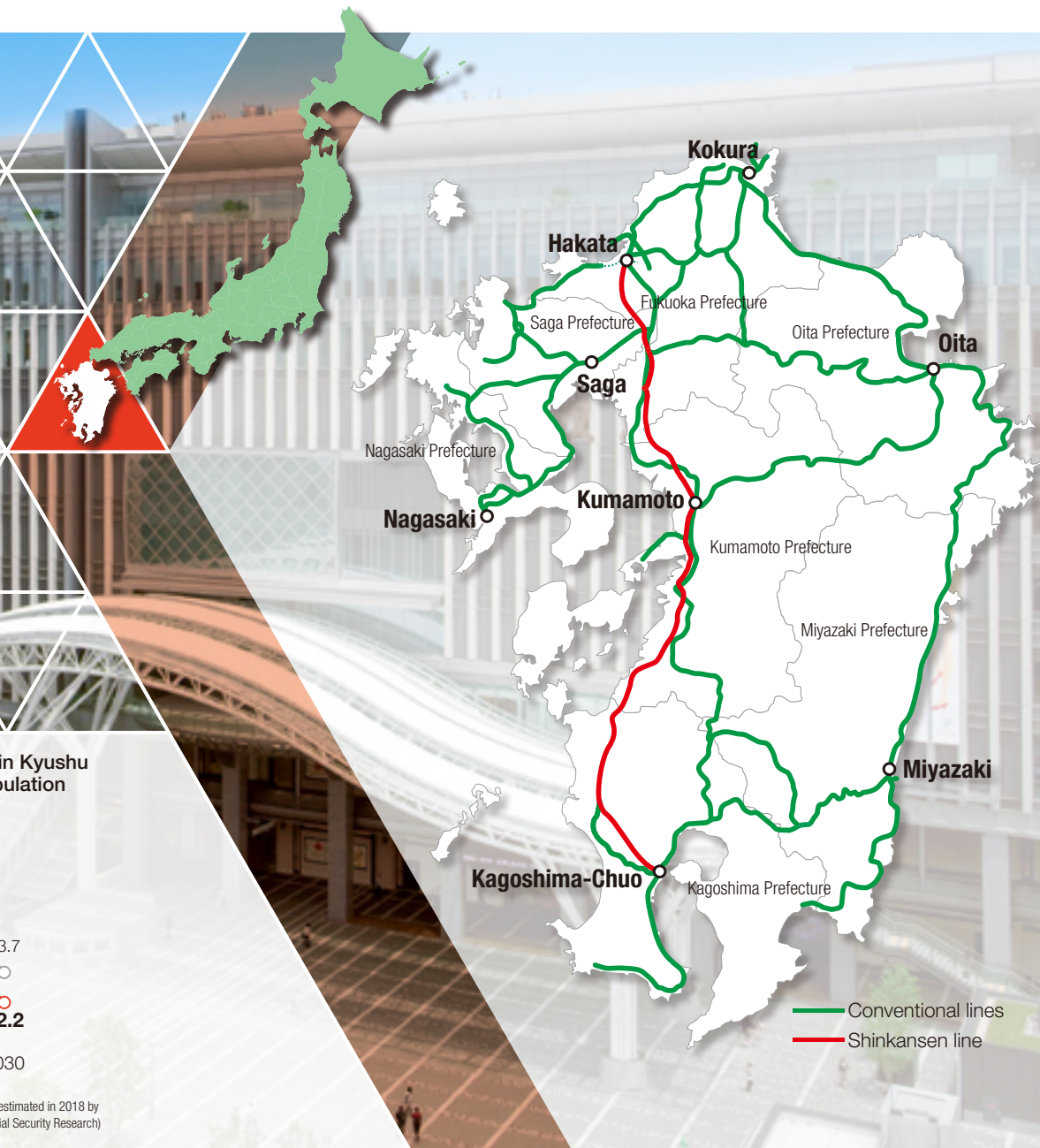
Local Community
Invigoration
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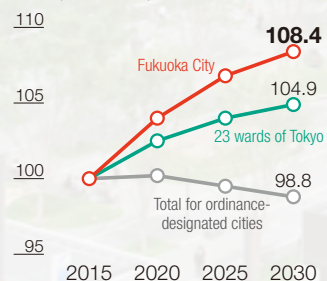
Developing Our Businesses, Centered on the Railway Business based in Kyushu

The JR Kyushu Group's first and central business is our railway network throughout Kyushu. Over the years, our business has expanded into areas such as condominiums, construction, shipping, hotels, and station buildings. These areas complement our railway business, allowing us to achieve a synergy between our various areas of business. We are dedicated to contributing to the sustainable development of Kyushu through city-building and community development initiatives that leverage the distinctive characteristics of local communities, centering on safe and reliable mobility services.



Expected increase in population of Fukuoka City

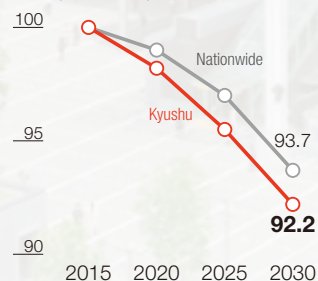
Index (2015 = 100)



Source: Regional Population Projections for Japan (estimated in 2018 by the National Institute of Population and Social Security Research)

Faster population decline in Kyushu than in the nationwide population

Index (2015 = 100)



Source: Regional Population Projections for Japan (estimated in 2018 by the National Institute of Population and Social Security Research)

Digest

Our segments have been reclassified from the fiscal year ended March 2020 to enable a more streamlined view of sales and profits and steady segment management. As a result, our segments have been reclassified from Transportation, Construction, Real Estate, Retail and Restaurants, and Other to Transportation, Real Estate and Hotels, Construction, Retail and Restaurants, and Other.

Business Overview

Operating Revenue by Segment (to outside customers)

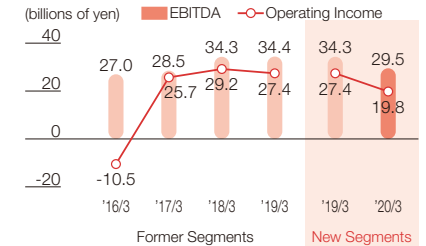
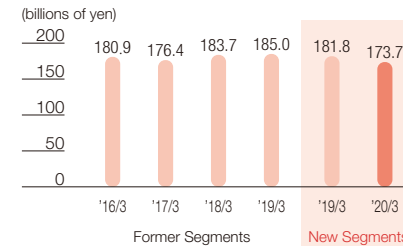
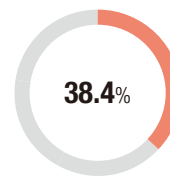
Operating Revenue

EBITDA/Operating Income

Transportation Group



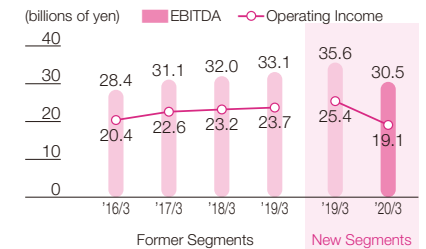
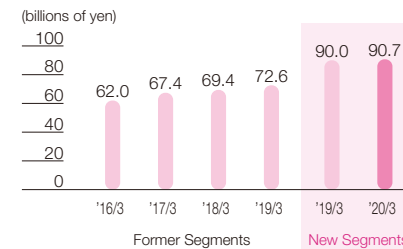
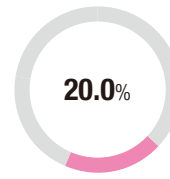
Our Transportation business comprises businesses such as our railway business, bus business, and passenger ship business. We operate a total of 22 lines (1 Shinkansen line, 8 main lines, and 13 regional lines), covering 2,273km across all seven prefectures of Kyushu. Our bus business consists of local bus, express bus and charter bus services, while our passenger ship business covers routes such as Fukuoka and Tsushima to Busan.



Real Estate and Hotels Group



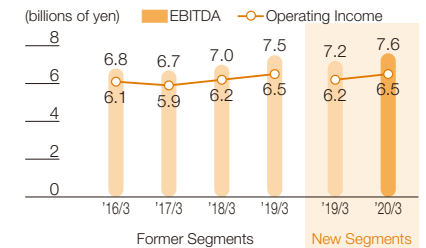
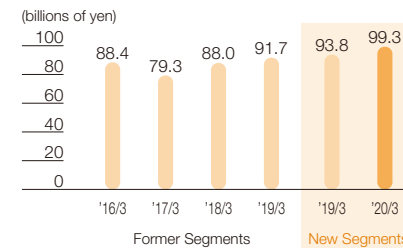
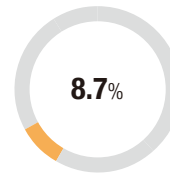
Our Real Estate and Hotels Group operates a real estate lease business (commercial facilities, offices, rental apartments, etc.), a real estate sale business (condominiums), parking lot business, retirement complexes, hotels, and tourist complexes. Affiliated companies manage the station and office buildings we own, primarily in major cities in Kyushu, as part of our property rental business.



Construction Group



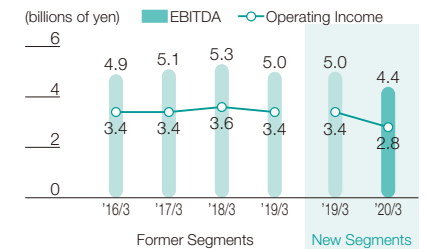
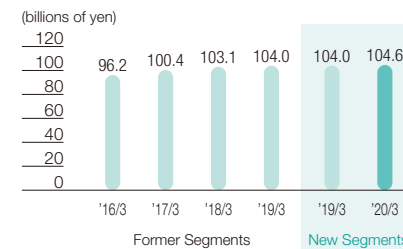
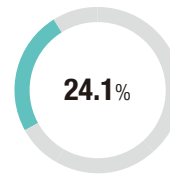
Our Construction Group comprises businesses such as our construction business, rolling stock and machinery construction, and electrical business. In our construction business, we use our specialist railway technology to carry out work related to railways, primarily civil engineering, track work, construction, and maintenance. Our civil engineering and construction work includes projects for the public and private sectors. Our rolling stock and machinery construction business designs, produces, installs, and performs maintenance for rolling stock and machinery. Our electrical business constructs and maintains electrical, HVAC and firefighting equipment for public and private facilities, primarily electrical facilities for railways. We also provide construction, sales, and construction consultancy services for housing.



Retail and Restaurant Group



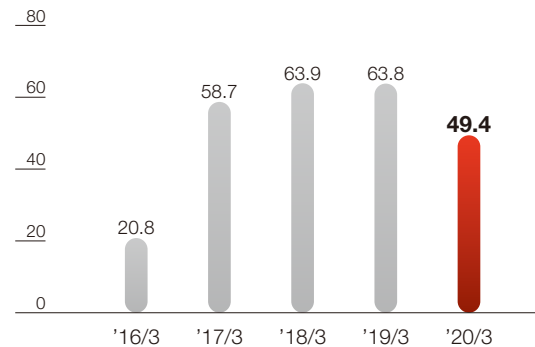
Our Retail and Restaurant Group operates in the retail, restaurant, and agriculture industries. Our retail business includes chains such as Meihingura specialist souvenir shops, Drug Eleven drugstores, and FamilyMart convenience stores. Our restaurant business includes the Umayu tavern, fast food stores, the Train d'Or bakery, and the restaurant Manbou. Our agriculture business produces and sells produce.



Financial Highlights

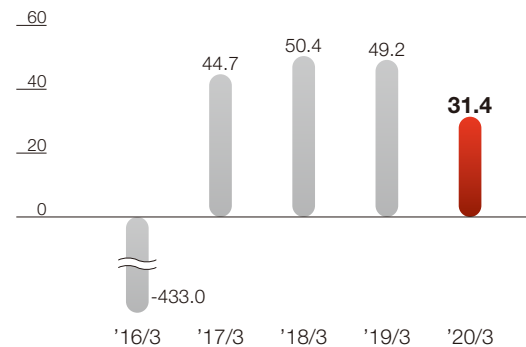
Operating Income

(billions of yen)



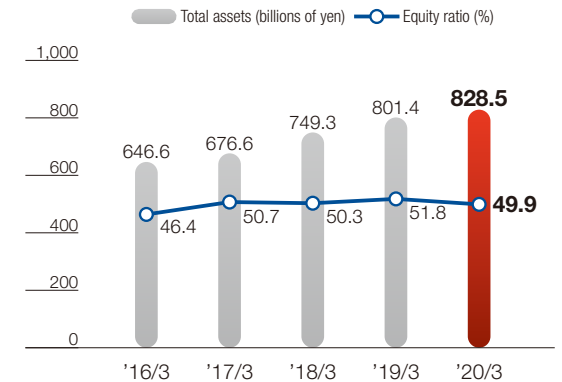
Net Income (Loss) Attributable to Owners of the Parent

(billions of yen)



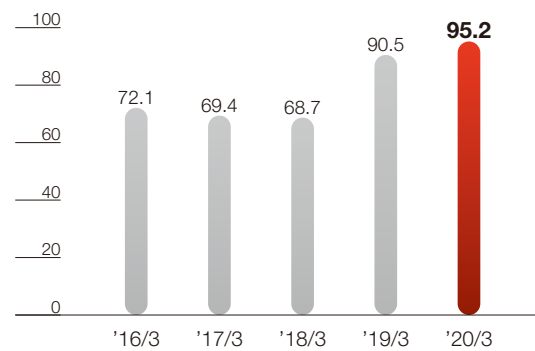
*On March 31, 2016, our Management Stabilization Fund was terminated. Consequently, an impairment loss of ¥521.5 billion was recorded on railway-related fixed assets and other assets for the year ended on the same date.

Total Assets/Equity Ratio

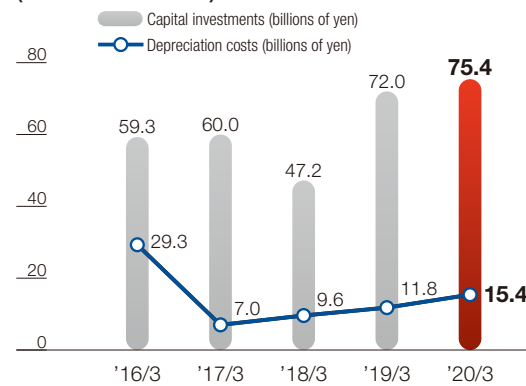


Capital Investment Amounts

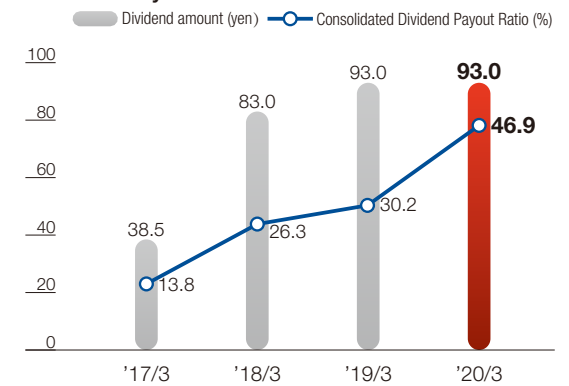
(billions of yen)



Capital Investment Amounts/Depreciation Costs (Non-Consolidated)



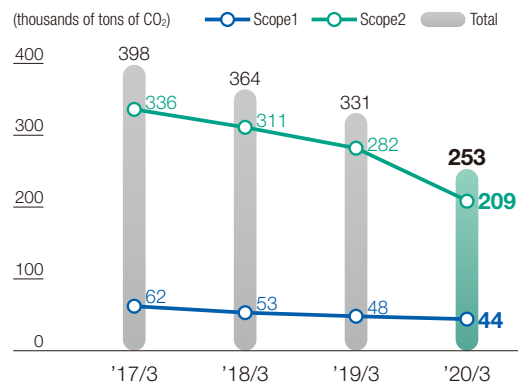
Dividends per Share/Consolidated Dividend Payout Ratio



*In FY '20/3, shares in JR Kyushu (total of 2,698,400 shares with a total value of ¥9.9 billion) were acquired and canceled.

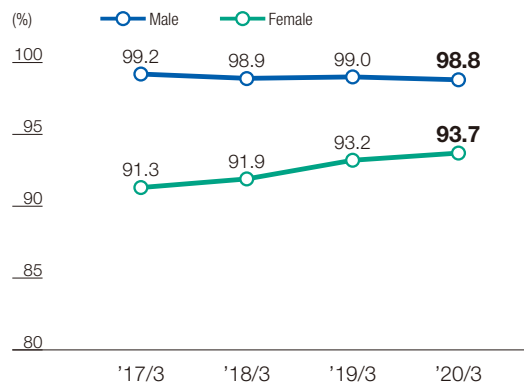
Non-Financial Information

GHG Emissions



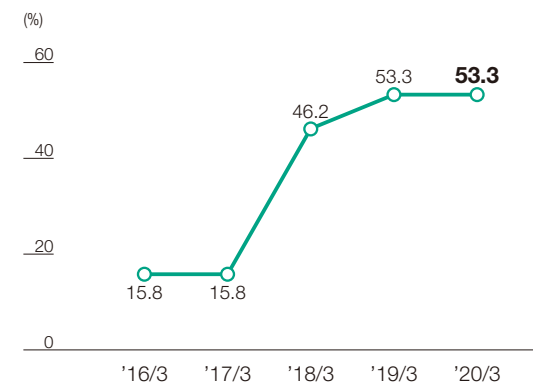
*Scope: Kyushu Railway Company alone

Employee Retention Rate



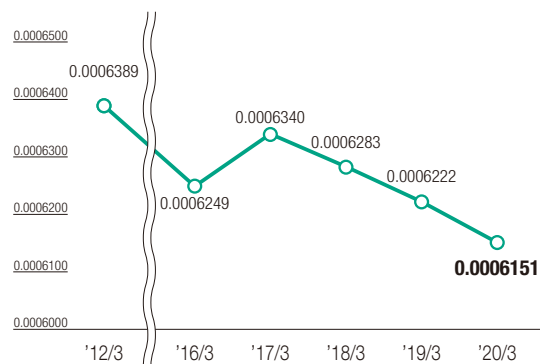
*Scope: Kyushu Railway Company alone

Ratio of Outside Directors



*Scope: Kyushu Railway Company alone

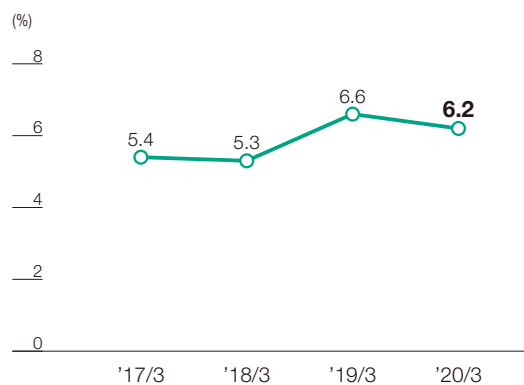
Unit Energy Consumption



*Scope: Kyushu Railway Company alone

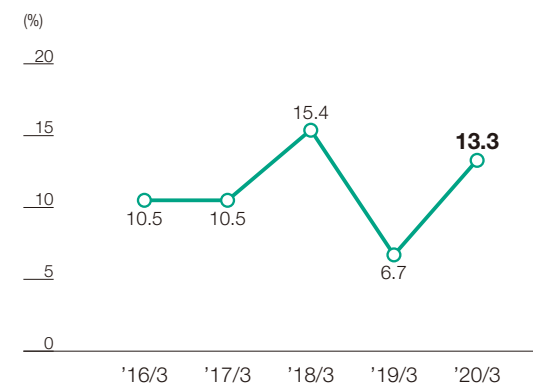
*Unit energy consumption = energy consumption (electricity, fuel, etc.)/Car-kilometers

Ratio of Female Managers



*Scope: Kyushu Railway Company alone

Ratio of Female Directors



*Scope: Kyushu Railway Company alone

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History of Value Creation Initiatives



Yufuin no Mori

This limited express service began as a high-decker train offering an expansive view from the windows. The service catapulted Yufuin Hot Springs into the public eye.



Sonic Express

Our first tilting train. The train runs between Hakata and Oita, reaching a maximum speed of 130km/h.



Amu Plaza Nagasaki

This new station building was opened in 2000, the 400th anniversary of diplomatic relations between Japan and the Netherlands. It brought lots of new things to Nagasaki, and was notable for its scale.

1987

**Established Kyushu Railway Company
(JR Kyushu)**



1987

- First revision of timetable

1988

- Began operating Yufuin no Mori express

Railway business

Related businesses

1990

1990

- International passenger ship route established Beetle 2 began sailing from Fukuoka to Busan (2 hours 55 minutes)
- Opened Shato Hanten, a luxury Chinese restaurant



1989

- Began selling MJR Sasaoka, our first condominium complex
- Established JR Kyushu Fast Foods Inc.

1992

- Established Train d'Or Ltd.
- Opened JR Uchino Country Club
- Opened Hotel Blossom Fukuoka

1991

- Commenced electric service on the Omura Line (Haiki to Huis Ten Bosch)

1993

- Launched Stationmaster's Recommended Hot Springs, a new travel product (Ekicho Osusume no Yu)

1996

- Opened Miyazaki Airport Line

1995

- First fare revision

1997

- Opened Shin-Kokura Station building (Amu Plaza)



1998

- Opened Station Hotel Kokura

1995

- Opened Huis Ten Bosch JR ANA Hotel
- Established JR Kyushu Retail, Inc.
- Established JR Kyushu Food Service Inc.

1999

- Held first JR Kyushu Walking event
- Commenced electric service on Hohi Main Line (between Kumamoto and Higo-Ōzu)



2000

- Completed the general operations system JACROS

2001

- Released new 2-ride and 4-ride concession tickets for limited express trains
- Commenced electric services on Sasaguri Line and Chikuho Main Line (Fukuoku Yutaka Line) (all of the Sasaguri Line and between Ōrio and Keisen on the Chikuho Main Line)

2001

- Opened Umayu in Akasaka, Tokyo

2000

- Opened Amu Plaza Nagasaki and JR Kyushu Hotel Nagasaki

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Opened JR Hakata City and Kyushu Shinkansen

These were our two largest projects, and the whole of the JR Kyushu Group worked together to make it a success.

These new facilities saw greater exchange across a wider area and attracted vast numbers of customers.



Ropponmatsu 421

"Connections and resonance between people" was the concept for this development project, where we worked together with the local community to vitalize the Ropponmatsu area.



2008

- Launched IC card ticketing service SUGOCA



2010

- Opened Safety Creation Center
- Fully opened Kyushu Shinkansen line
- Began operating Ibusuki no Tamatebako limited express service

2013

- Began operating the cruise train Seven Stars in Kyushu

2015

- Began operating JRKYUSHU SWEET TRAIN Aru Ressha

2018

- Strategic alliance with Alibaba Group in China

2019

- Finished renovation of Mojiko Station

2010

2003

- Opened Kyushu Shinkansen line (between Shin-Yatsushiro and Kagoshima-Chuo)
- Began operating Hayato no Kaze, Kyushu Odan Tokkyu, and Yufu DX limited express services and Nanohana DX and Isaburo/Shinpei special rapid services



2007

- Acquired stock in Drug Eleven Holdings Co., Ltd.

2009

- Began operating SL Hitoyoshi service
- Began operating Umisachi-Yamasachi limited express service

2011

- Began operating Aso Boy! limited express service
- Began operating Let's Take the A-Train limited express service

2016

- Began operating DENCHA wire type battery-powered train
- Began operating Kawasemi Yamasemi limited express service
- Listed in the First Section of the Tokyo Stock Exchange and in the Fukuoka Stock Exchange

2020



2017

- Opened Ropponmatsu 421
- Acquired all stock in Caterpillar Kyushu Ltd.
- Opened Okuhita Onsen UMEHIBIKI

2014

- Opened JR Kyushu Hotel Blossom Shinjuku

2018

- Entered hotel industry in Thailand

2009

- Began signing up members for JQ CARD, the JR Kyushu Group's credit card

2012

- Opened the hot spring inn Hana Beppu

2004

- Opened Amu Plaza Kagoshima

2006

- Opened private nursing home SJR Betsuin



2011

- Entered poultry farming industry and established JR Kyushu Tamago Farm, Inc.
- Opened Akasaka Umaya (Jing'an Temple) Shanghai

2010

- Established JR Kyushu Farm Co., Ltd., an agricultural production company
- Opened JR Hakata City

2016

- Opened the JRJP Hakata building

2015

- Opened JR Oita City and JR Kyushu Hotel Blossom Oita

2019

- Opened THE BLOSSOM HIBIYA and THE BLOSSOM HAKATA Premier
- Acquired stocks in the restaurant Manbou Corp.

Railway Business

Related Businesses

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Value Creation Process

The Path to Achieving What We Aim To Be

Building a Kyushu where people want to live, work and visit

We are implementing strategic city-building and community development initiatives
to increase populations in the areas around our railway lines.

Strengths of the JR Kyushu Group

Financial capital

- Creation of sustainable cash flow
- High financial soundness

Operating cash flow
60.4 billion yen Credit rating
AA- (R&I)

Manufactured capital

- Railway assets throughout Kyushu (stations and buildings around stations)

Number of stations
568 Number of stations with
commercial facilities
68 Tracks
2,273kmIntellectual capital/human capital/social
and relationship capital

- A corporate culture where safety is prioritized and a high quality of service is achieved
- A corporate culture that emphasizes learning and taking on challenges
- Initiatives to apply employees' ideas and observations to our business
- Support from the community

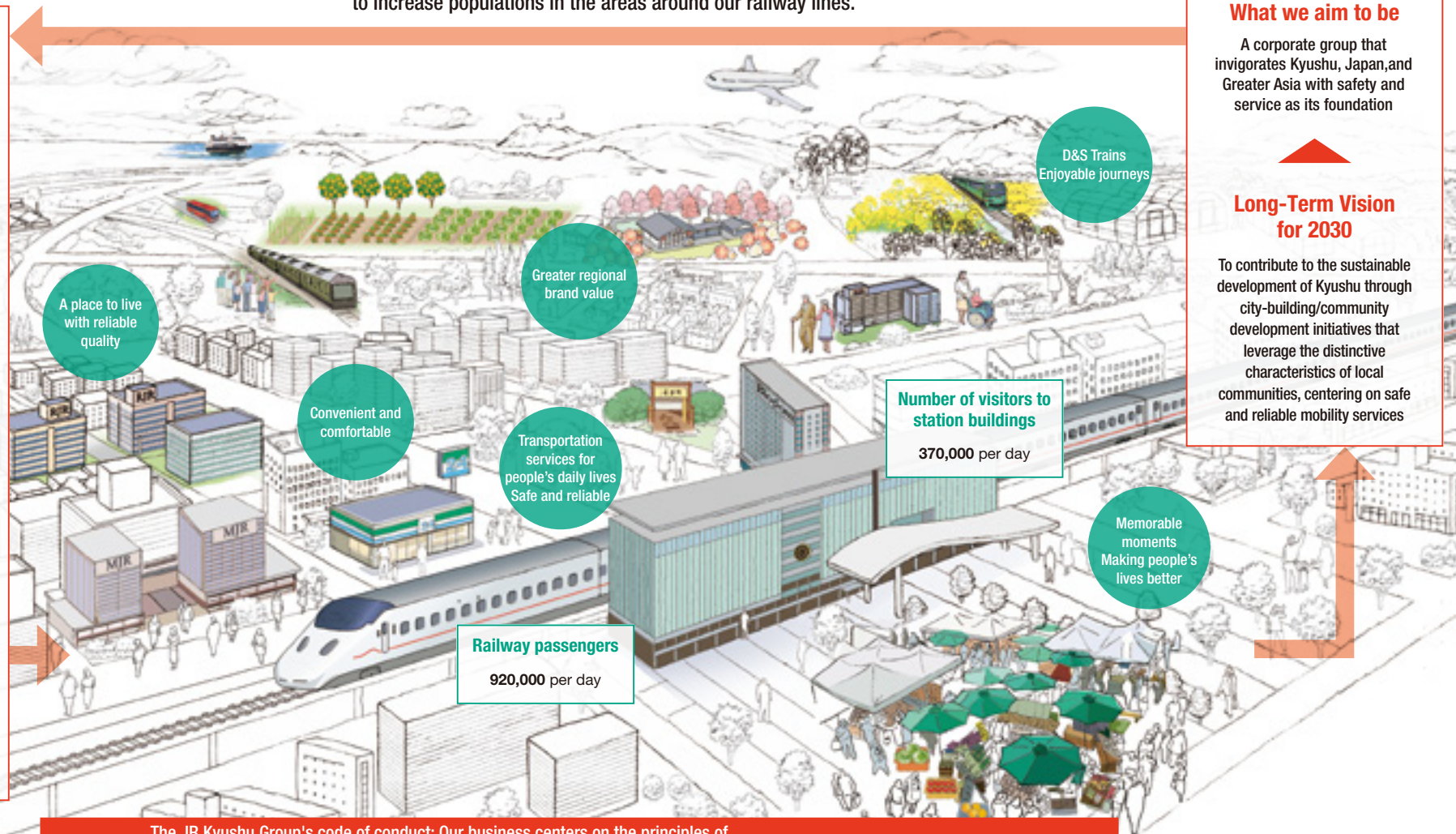
Number of employees
17,450 Number of opinion
exchange meetings between
management and employees
24 per year Number of discussions
with customers
20 per year

Natural capital

- Kyushu's rich nature, cuisine, culture and history

Number of World Heritage Sites
(Kyushu and Okinawa)
5 Ranking for total volume of hot springs
(Oita Prefecture)
1

*Source: Usage of Hot Springs 2018



The JR Kyushu Group's code of conduct: Our business centers on the principles of Integrity, Growth and Evolution, and Local Community Invigoration = ESG management

Threats

- Declining population
- Declining birthrate and aging population
- More frequent and severe natural disasters

Changes
in social
structures

- Increasing populations in urban areas
- Ongoing increase in inbound tourism demand
- Improvement of urban functions

Opportunities

Message from the President



I will think very carefully about the role we can play in invigorating Kyushu, even amidst all the turmoil caused by COVID-19 and natural disasters, and will translate those thoughts into action.

President and CEO
Toshihiko Aoyagi

The JR Kyushu Group's Corporate DNA

About 30 years ago, JR Kyushu came into being when JNR was privatized. At the time of privatization, railway operations were around ¥30 billion in the red. We took steps to improve income and expenditure, but were also aware that we could not rely on our railway operations alone. We took up the challenge of various other businesses as well and aimed for growth.

We have overcome harsh business environments and worked hard to boost our corporate value. Even though we are being subjected to tremendous environmental change, we will meet that change head on with all our might, fulfill our role in society, and boost our corporate value.

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Message from the President

Our Business Environment

The Situation in the Fiscal Year Ended March 2020

The economy was gradually expanding in the fiscal year ended March 2020, with consumer spending becoming more stable in the context of a favorable employment and earnings environment. However, from January 2020 onwards, the global COVID-19 pandemic led to greater uncertainty in both domestic and overseas business trends and increased downward pressure on the economy. Although the JR Kyushu Group Medium-Term Business Plan 2019–2021: Toward the Next Growth Stage was implemented and a certain degree of results were achieved within the group, our railway business and other businesses suffered effects such as reduced demand for transportation and sluggish consumer spending when people stayed home and events were canceled due to the COVID-19 pandemic.

The Impact of COVID-19 and Our Response

I recognize that the COVID-19 pandemic confronts the JR Kyushu Group with the gravest crisis in our history so far. Even during the 2008 financial crisis, revenues from railway transportation did not decline by more than 10%, so the 65% year on year decrease in railway transportation revenue in the first quarter of FY2021/3 (April to June) was far worse than was initially anticipated.

Ever since JR Kyushu was established, we have developed businesses that have a strong affinity with our railway business and generate synergy. Our station building, hotel and condominium businesses are some examples of this. Those businesses were generating very beneficial cycles, but the COVID-19 pandemic has reversed those spirals.

Given the current situation, we have made it our top priority to protect employees and customers from infection. All our employees have been issued with masks, and all workplaces have been provided with disinfectant. We have strict measures in place to prevent the spread of infection and ensure that our customers feel safe when using our facilities. These measures include meticulously cleaning and disinfecting facilities such as stations, trains and station buildings, and ventilating our trains. In addition, when the state of emergency was expanded to cover the entire country in April and the government issued a

request for people to avoid traveling between prefectures for unnecessary travel or trips to their hometown, for example, I decided to cancel all limited express services on our conventional lines during the Golden Week holiday period (May 2 to 6). It was a very big decision to make, but I reached it by considering our duty to society as a provider of public transportation.

I also discussed with management how to protect our employees' jobs, and I made it clear to our employees at an early stage that their jobs were secure. I decided not to reduce our employees' wages even though we carried out short-term employment adjustments in the form of furloughs while there was temporarily less work due to steps such as reduced or canceled train services and shutdowns in our other businesses. We also discussed how to maintain a sustainable relationship with tenants in our station buildings and other premises, given that their sales would be declining dramatically, and not only while people were staying home during the state of emergency. I decided to put support measures in place, including reduced rents and deferred payment dates.

I believe that, in this time of crisis, it is absolutely essential to have a clear vision of what will happen after the pandemic is over, and to deal shrewdly with the immediate situation.

Invigorating Kyushu

I recognize that it will be a long while until COVID-19 is neutralized, in other words we will be living with COVID-19 for quite some time yet. I feel that the ensuing increase in telecommuting and web conferencing, for example, has expanded options, given people a chance to think about the true nature of work, and may have led them to reconsider their work style. I think that there will inevitably be changes in our everyday lives. However, that does not mean that the world will be completely different after COVID-19. Nevertheless, I do not think that we will return to the pre-COVID situation either. We need to consider the situation before and after the pandemic, and ascertain what needs to be done.

We engage in our work with the fervent desire to be a "company that invigorates Kyushu." That desire remains unchanged, even during the COVID-19 pandemic. I think that our

role may be even more important at such a time. I have a feeling that now is the time for us to think long and hard about what we can do to revitalize and rebuild Kyushu, and to take action.

Timeline of COVID-19 Pandemic

January	Ministry of Health, Labour and Welfare issues a warning about a mysterious outbreak of pneumonia in Wuhan
	WHO declares a Public Health Emergency of International Concern
February	Appeals for staggered work hours and telecommuting broadcast in stations and on trains
	Official request announced for the temporary closure of elementary, junior high and high schools nationwide
March	All JR Kyushu hydrofoil ferry (BEETLE) services canceled
	WHO declares the COVID-19 outbreak a pandemic
	Kyushu Shinkansen and conventional line limited express train cancellations etc. announced* ¹
April	Postponement of Tokyo Olympics and Paralympics announced
	State of emergency declared for Tokyo and six prefectures
	State of emergency expanded nationwide
	Temporary closure of station buildings and other commercial premises announced* ²
May	Cancellation announced of all conventional line limited express services during the GW period (May 2 to 6)
	Rent reductions etc. announced for station building tenants
	State of emergency lifted nationwide

Entries related to the JR Kyushu Group

*¹ Normal services resumed as of June 19

*² Phased resumption of business from May onwards

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Message from the President

Building a Sustainable Society

Long-Term Vision for 2030

Looking to the future, we can see that the population of Kyushu, our business stronghold, is expected to decrease at a faster pace than the rest of Japan. The region has also been struck by natural disasters, including the 2016 Kumamoto earthquakes and the Northern Kyushu floods of July 2017. The impact of global warming is a factor in this, and I recognize that the increasing frequency and severity of natural disasters is an issue that cannot be dodged. We can therefore assume that our business environment will become even more challenging.

Accordingly, in March 2019 we unveiled our Long-Term Vision for 2030, a clarification of what the JR Kyushu Group aims to be. We did so because we strongly felt the need to look at our business from a totally new perspective and take steps aimed at ensuring business sustainability.

Establishing sustainable mobility services is an initiative aimed at achieving our long-term vision, and one that I see as a social duty with which we have been entrusted. MaaS and self-driving train initiatives aimed at constructing more convenient public transport networks will surely be necessary for that. We are collaborating with Nishi-Nippon Railroad Co., Ltd. on urban-style MaaS, and are already trialing the services at Shimosone Station on the Nippo Main Line. We are discussing the roll out of services modeled on that trial in the Kyushu area. In December 2019, we launched test runs as part of our development of self-driving trains.

We will continue to work on the challenge of establishing safe and reliable mobility services so that we can achieve our Long-Term Vision for 2030, and also address threats such as population decline and natural disasters.

My Thoughts on ESG

JR Kyushu was established as a company responsible for social infrastructure and public transportation, and the very continuation of our business could be said to encapsulate ESG initiatives. We have always desired to invigorate Kyushu and transmit Kyushu vitality to the rest of Japan and Asia,

and I do not think that desire will ever change. That desire is incorporated in our vision of the JR Kyushu Group as “A corporate group that invigorates Kyushu, Japan, and Greater Asia with safety and service as its foundation.” In order to achieve that desire, our employees have always treasured the three pillars of our code of conduct: Integrity, Growth and Evolution, and Local Community Invigoration. Those three touchstones underpin our business. Through city-building and community development that draws upon our various businesses, we will build a Kyushu where people will want to live, work, and visit. Attracting people to areas along railway lines and creating a lively atmosphere there does not only boost convenience but also enriches people's lives, and I am convinced that it will invigorate Kyushu. I intend to continue with such initiatives, and in doing so achieve our vision of what the JR Kyushu Group aims to be.

ESG Implementation

However, up until now we had never established a system to evaluate and analyze business from the perspective of ESG. Recognizing the need to reevaluate our business from that angle, I have placed ESG at the heart of our medium-term business plan and we are engaged in initiatives.

To implement ESG management, in April 2019 we established a department responsible for ESG, and in November of the same year I launched the ESG Strategy Committee that I chair. We are now delving more deeply into the subject of points that we must focus on at all times so that the JR Kyushu Group can remain an indispensable part of society.

As a substantial governance (G) initiative, in FY2019 we added two new outside directors with expertise in real estate and IR, and the discussions at the board of directors meetings have become very animated.

I am making improvements this fiscal year as well to give the board of directors a more diverse and effective configuration, for example by appointing an outside director with ESG

expertise.

As a social (S) initiative, the JR Kyushu Group refers to personnel training as “Development of Human Resources” and we are making efforts to create comfortable environments that are easy and satisfying to work in. I have worked in the JR Kyushu Group for many years, and I know from personal experience that it is an organization with a positive and open atmosphere. I consider the JR Kyushu Group to be a place that is typified by lively communication, where people can express diverse opinions and take up new challenges. I feel that it is a very important task for me to create such an environment during the COVID-19 pandemic.

With regard to environmental (E) initiatives, I recognize that it is increasingly important to find ways to address the global

Details on the JR Kyushu Group's ESG initiatives

E Environment	Environmental Initiatives	P54
	● Introduction of energy-saving train cars ● Acquisition of BELS and ZEB certification for the employee training center	
S Social	Safety Initiatives	P38
	Service Initiatives	P42
	Development of Human Resources Initiatives	P46
	Local Community Invigoration	P51
G Governance	Communication with Stakeholders	P53
	Corporate Governance Initiatives	P26
	● Board of directors composition and skill sets ● Major actions for reinforcing corporate governance	

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Message from the President

environmental issues that are considered to be the cause of increasingly frequent and severe natural disasters. Our railway business will move forward with cuts in CO₂ emissions as we aim to increase our ratio of energy-saving train cars to 83%. We are also moving forward with new initiatives, such as acquiring ZEB (Zero Energy Building) certification for the employee training center that is now under construction.

Upcoming Challenges

I fully recognize the high risk of contagion during the COVID-19 pandemic, and also recognize that, as a company entrusted with the mission of public transportation, it is imperative that we respond appropriately to public health concerns. I am also aware that new approaches will be needed in response to societal issues such as the enhancement of diverse work styles, the maintenance of employees' health, and communication styles and employee job satisfaction in the face of new lifestyles.

Nevertheless, there will be no change to our mission of contributing to the local community and supporting people in their daily lives, even after the pandemic is over. I believe that there will instead be an even greater need for ESG and the SDGs. The JR Kyushu Group will consider how the

initiatives we have been running as a matter of course relate to ESG, and reevaluate our business operations from an ESG perspective. As social structures undergo changes due to the COVID-19 pandemic, we will also look carefully at what will not change and what needs to be changed, and will build on communication with our stakeholders as we make efforts to boost our corporate value. I intend us to contribute to the achievement of the SDG targets via our ESG initiatives.

A Message to Our Stakeholders

We provide information related to our business activities in a timely fashion via such media as our website and written reports. We also create opportunities for communication with our stakeholders, and have mechanisms in place so that feedback and requests received from stakeholders are reflected in our business activities. For example, we host events known as "Discussions with Customers" and run the JR Kyushu Customer Consultation Center, and utilize customer feedback and requests to improve the services we provide.

We also receive feedback and requests from shareholders and investors at briefings and individual meetings. As one example of how we reflect such feedback in our actions, in the fiscal year ended March 2020 we reclassified our real estate and hotels business into a single segment, and diligently expanded the extent of our disclosure, such as by releasing financial figures listed separately for our real estate lease business, condominium sales business, and hotels business.

Going forward, we will continue to make efforts to boost our corporate value while placing due importance on communication with our stakeholders. In addition, I will improve communication about the JR Kyushu Group's ESG and SDGs initiatives so that information is conveyed to stakeholders even more clearly. Even though our environment is changing dramatically, we will meet that change head on and with all our might. Going forward, I humbly request your even greater support and understanding for our business.



SUSTAINABLE DEVELOPMENT GOALS



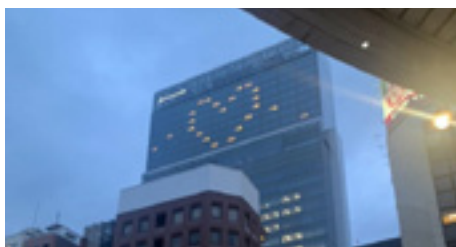
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Message from the President

Measures to Prevent the Spread of COVID-19

In response to the COVID-19 pandemic, JR Kyushu convenes strategy meetings attended by the president and executive level staff. The deliberations prioritize securing the safety of our customers and employees, and we have also implemented various initiatives aimed at sustainable coexistence with our business partners.

Business Continuity	● Maintain the transport networks, which are social infrastructure ● Implement measures to maintain corporate value with the highest priority on securing liquidity at hand
Customers	● Frequent cleaning and disinfecting of railway facilities, station buildings, hotels, and other facilities ● Request that customers be cooperative with regard to hand washing, wearing a mask, cough etiquette, not talking except when necessary, and other measures to prevent contagion, and also with regard to staggered work hours and telecommuting ● No charge for ticket reimbursements due to the impact of the COVID-19 pandemic ● Extend the period of validity of railway discount coupons for shareholders to ensure that they have an opportunity to use them ● Cancellation of all conventional line limited express services during the Golden Week holiday period (May 2 to 6)
Business partners	● Implement support measures for station building tenants such as reduced rents and deferred payment dates
Employees	● Utilize staggered work hours and telecommuting as means to ensure the safety of our employees and those who live with them ● Utilize furloughs for short-term employment adjustments made on the assumption that jobs will be retained ● No wage reductions during furloughs ● Establish paid leave for use at times such as temporary closures of elementary schools or the like in order to create a working environment that eases the worries of working parents
Local Community Invigoration	● Run the Supporting Each Other Until It's Over project (P52) ● Show health care professionals our respect and gratitude by means such as lit-up windows and blue illuminations



THE BLOSSOM HIBIYA with lit-up windows



The Amuran Ferris wheel illuminated in blue

Measures to Prevent the Spread of COVID-19 in Our Railway Business

Feature

Initiatives to reassure passengers purchasing tickets

Information about reserved seats

- Staff selling reserved seat tickets at ticketing offices (Midori-no-madoguchi) prioritize leaving vacant seats between passengers
- Display notices near reserved seat ticket vending machines showing how to reserve a seat from the seating map

Disinfect ticket vending machines and ticket gates

- Carry out the necessary sanitation work at stations

Social distancing

- Signage to remind people to maintain an appropriate distance when queuing at locations such as ticketing offices or information counters

Prevent airborne transmission

- Install plastic curtains etc. at ticket gates, ticketing offices, and similar locations



Feature

Initiatives to reassure customers utilizing stations

Provide disinfectant

- Place alcohol-based disinfectant for customer use at ticket gates in Shinkansen stations, the stations of prefectural capitals, and Kokura Station

Leave doors and windows open

- Leave automatic doors and windows open in locations such as waiting rooms

Countermeasures in restrooms

- Shut down hand dryers installed in station restrooms
- Where the toilets have lids, display signs requesting people to close the lid before flushing the toilet

Public announcements requesting cooperation

- Appeal for cooperation in the form of telecommuting and staggered work hours
- Appeal for cooperation in the form of wearing a mask and observing cough etiquette



Feature

Initiatives to reassure passengers traveling by train

Ventilate trains

- Shinkansen trains and limited expresses on conventional lines
Use the air conditioning system to replace the air inside the train with fresh air from outside
- Local trains and rapid-transit trains on conventional lines
Open and close the doors at stops and keep windows open

Disinfect trains

Public announcements requesting cooperation

- Appeal for cooperation in the form of telecommuting and staggered work hours
- Appeal for cooperation in the form of wearing a mask, showing consideration when conversing on the train, and observing cough etiquette

Take smart doors out of use



Message from the CFO

Responding to Upheavals in the Business Environment and Implementing Financial Strategies that Support Our Business Strategies

My Role as CFO

Until we became a listed company four years ago, in addition to the fact that the Japan Railway Construction, Transport and Technology Agency owned 100% of our shares, JR Kyushu had a management stabilization fund of ¥387.7 billion and the cash flow created by operating the fund enabled us to run our business operations with a low debt burden. We were also able to utilize that cash as capital investment funds, making it possible to operate our businesses with a priority on business strategies. After we became a listed company, discussions were held within the company about the nature of financial strategies that support business strategies. As a result, with the aim of defining financial strategies that can support our future growth, the role of the CFO was clarified and it was decided to implement business and financial strategies in tandem.

Chief Financial Officer

Toshihiro Mori

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Message from the CFO

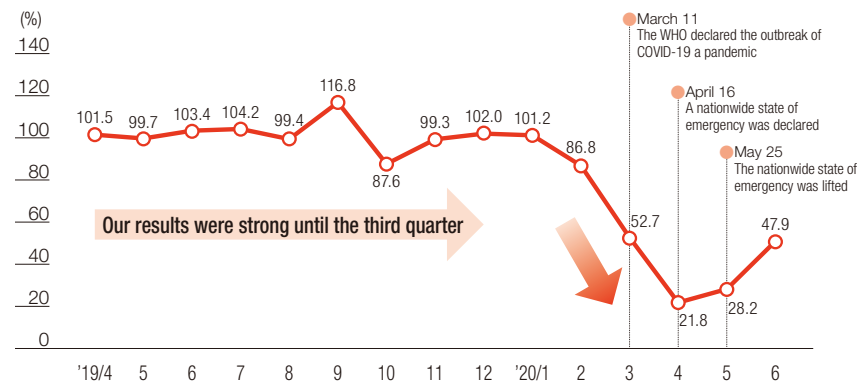
Our Performance in the Fiscal Year Ended March 2020

Our railway business and related businesses performed extremely well up until the third quarter of this fiscal year. Railway transportation revenue, in particular, was moving at its best pace ever. However, due to the COVID-19 pandemic from February onwards, we ultimately incurred a decrease in revenue and profits. Our railway business slumped to around 20% year-on-year, and even though it recovered after the state of emergency was lifted in June, it still hovers at around 50%. Railway business characteristically has difficulty generating profits when sales drop since it is a business with high fixed costs. As for our related businesses, the Hakata station building, for example, was in June still only posting sales of around 60% as compared to the previous year. Station buildings also contain retail stores and restaurants, so they and other group companies are facing very challenging situations. The pandemic has reminded us anew of the interconnectedness of the JR Kyushu Group's various businesses. The JR Kyushu Group has two key businesses: our railway and station buildings. There was a favorable cycle where the number of railway passengers increased when the number of station building customers increased, but that suddenly went into reverse and formed a vicious cycle. I had already thought that we needed to reevaluate our business portfolio in accordance with the changing environment, but this has really brought home how tough things are for businesses without a certain amount of diversity.

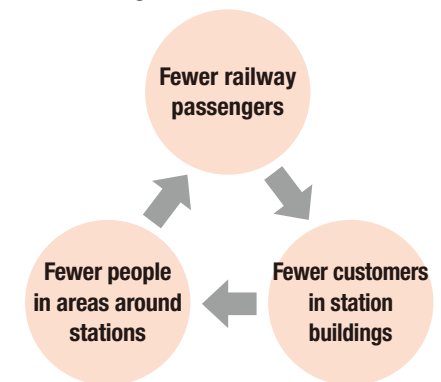
We are still suffering the effects of the pandemic and I have postponed the announcement of our performance forecast. For the foreseeable future I will be focusing on how to secure cash reserves, and how to weather these adverse conditions.

The Recent Business Situation

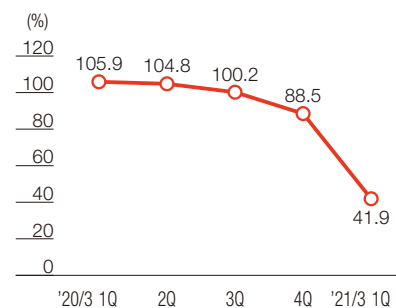
Monthly Transitions in Transportation Service Revenue (Year-on-Year)



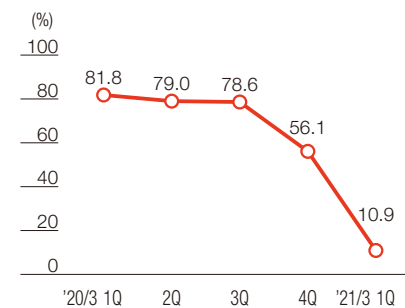
Reversal of the Favorable Cycle Under Which an Increase in Railway Passengers Drives Our Businesses in Areas Surrounding Stations



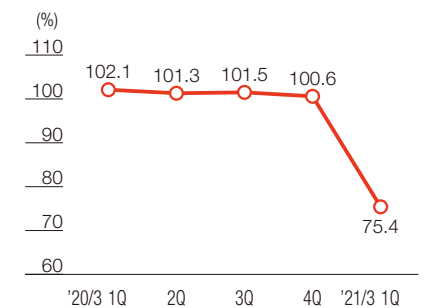
Transitions in Station Building Tenant Sales (Year-on-Year)



Transitions in Hotel Occupancy Rates



Retail and Restaurant Segment Operating Revenues (Year-on-Year)



Message from the CFO

Financial Strategies for the COVID-19 Pandemic

With regard to our financial strategies going forward, it had been posited within the company that 2030 would be a turning point, and matters such as how to balance our debt and equity were also being discussed by the board of directors. However, our discussions have now shifted their focus to how to boost our liquidity at hand in the current COVID-19 pandemic. We must, of course, not be dependent on borrowing, but I intend to handle the current situation flexibly. In addition, I recognize the need to have a moderate reserve of funds, as has been highlighted by the current pandemic. We had not imagined that railway revenue would drop so much, and this is the first time that we have experienced such a situation. However, I think that it is thanks to the fact that we had secured a certain amount of capital that we are able to carry out our business stably even in the current circumstances.

The first message that I gave with regard to our financial strategies for the pandemic was that we will protect our employees' jobs, including those at our group companies. I made it very clear to our employees that although things are unlikely to return to the way they were—and even if they do it will take a number of years—we will protect their jobs. Accordingly, based on the assumption that this challenging situation will continue, I worked out policies to secure cash reserves. To be specific, I directed the relevant departments and group companies to cut costs and also rein in or postpone investment, and maintained close communication between group companies when dealing with matters such as the utilization of assistance from the state and local governments.

Our investment policy going forward also needs to be

reviewed. Investment in railway safety will certainly be carried out as and when necessary. It is essential to deal with any partial deterioration of facilities and the effects of natural disasters. However, we will discuss steps that include asset replacement in the case of our real estate business, for example, which has ownership and management businesses. We are currently working on postponing and curbing investment, with the exception of ongoing projects such as railway safety investment and existing station building investment. Going forward I expect to move ahead with deliberations that include a review of the Medium-Term Business Plan.



Reevaluating Our Business Portfolio, and Business Sales and Takeovers

I believe that we must sort out what our business resources are and what our strengths are. In addition, we will continue to consider the reevaluation of our business portfolio by the withdrawal from, or transfer of, businesses that lack a competitive edge. Based on that stance, we have sold off a number of businesses since the last fiscal year. In our lease business, it is hard to see any fiscal merit with low interest rates continuing. Although we did discuss expanding it into new sectors, positing a move into such fields as aircraft, medical care and overseas business, we recognized that there was a limit to the extent we could expand our lease business on our own, and it was decided to sell it off.

With regard to the transfer of JR Kyushu Hospital, in addition to the fact that it would be hard for us to improve income and expenditure given that we have no expertise in hospital management, the role of the hospital as an employee benefit had declined since the time of its establishment. With that said, it is located in an area with an aging population, so we took the impact on the local community into account and decided to transfer the hospital to a medical corporation so that it can remain in operation.

Message from the CFO

It was decided to sell Drug Eleven due to the difference between its profit structure and those of the major drugstore chains, a difference that was expected to widen even further. However, since Drug Eleven is a key tenant in station buildings and other JR Kyushu Group properties, the sale took the form of a partial transfer of shares.

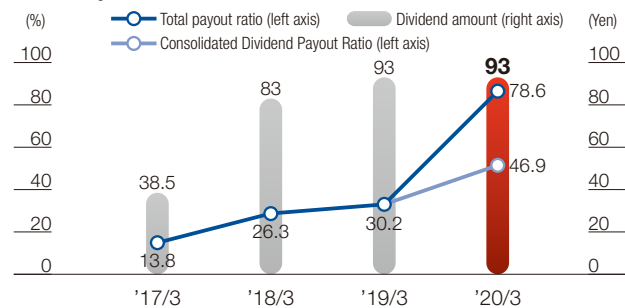
Manbou, a processed marine product company in Karatsu, Saga, became a subsidiary company in December 2019. Manbou produces squid siu mai dumplings, which are ranked as one of the most popular souvenirs of Saga Prefecture, and we want to preserve this brand. This will set a precedent as an example of a case where we have been able to leverage JR Kyushu Group outlets and supply the resource of a network that links people up. Going forward, I intend to discuss further M&As like this to preserve Kyushu brand products.

Our experience of the COVID-19 pandemic reminds me anew of the significance of engaging in projects that are not closely connected to our existing businesses, something that is also meaningful from the perspective of diversifying risks. Up until now I had simply regarded strong affinities in business cycles as synergy but, as I mentioned earlier, I feel that we need to reconsider what exactly are the strengths and resources of the JR Kyushu Group. Going forward, I intend to review business management that leverages the group's brands and networks, and can be expected to generate synergy.

Shareholder Return Policy and Dividends

We recognize the return of profits to shareholders to be an important component of our business, and we place importance on the provision of stable shareholder returns over the long term. We have built up dividends because we have traditionally invested heavily and steadily generated profits. A total payout ratio of 35% or more was announced in the Medium-Term Business Plan, and I have decided to once again set a minimum dividend per share of ¥93.0 to demonstrate that we pay dividends reliably even in situations where income and profits have decreased. We have also acquired treasury stock in order to enhance shareholder returns and capital efficiency. Since business performance trends are extremely unclear at present due to the impact of the current COVID-19 pandemic, dividends for the next fiscal period, including interim dividends, have yet to be decided.

**Dividends per Share/Consolidated Dividend Payout Ratio/
Total Payout Ratio**

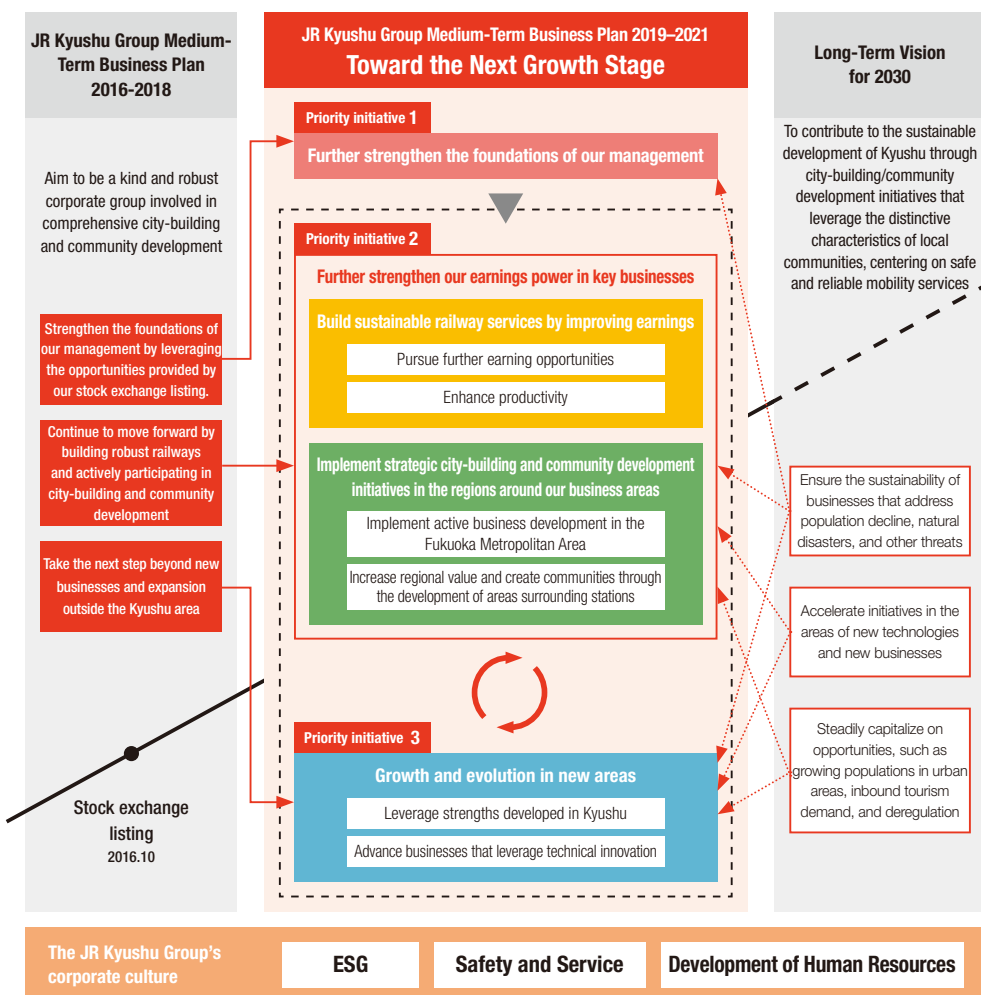


Communication with Shareholders and Investors

I place great importance on communication with our stakeholders, and in particular with our shareholders and investors. The briefings on quarterly financial results for the second and fourth quarters are held in Tokyo. As CFO, I handle the second quarterly briefing, and the president handles the fourth quarterly briefing jointly with me. We also held a discussion with an outside director at the second quarterly financial briefing in the fiscal year ended March 2020. I heard that we are the first railway company to do that. In addition, we hold one-on-one meetings in North America, Europe, and Asia once a year. I always think that neither I nor the company must ever be complacent when it comes to the disclosure of information. When listening to the diverse opinions of our various stakeholders, I am often reminded that we need to provide clear and precise explanations about subjects such as our business structure, for example. I feed the stakeholders' opinions and pointers back to the company, for example in reports to the board of directors, and going forward, I intend to continue to make conscious efforts to make good use of stakeholder feedback in our management activities.

Progress on Our Medium-Term Business Plan

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

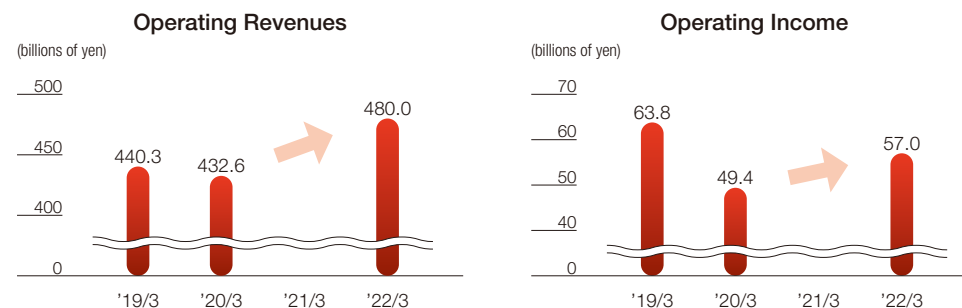


Numerical Targets

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

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

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



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

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

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Progress on Our Medium-Term Business Plan

Issues to Be Addressed

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

Priority initiative

Further strengthen the foundations of our management

1

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

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

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

Priority initiative

Further strengthen our earnings power in key businesses

2

Build sustainable railway services by improving earnings

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

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

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



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

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

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

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



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



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

Priority initiative

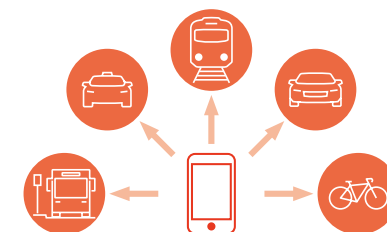
3

Growth and evolution in new areas

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

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

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



MaaS

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

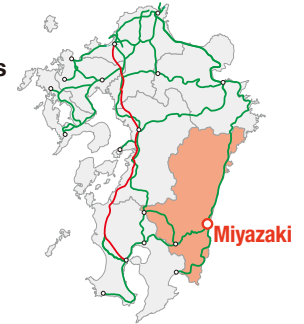
City-Building and Community Development Initiatives by the JR Kyushu Group

Development of Amu Plaza Miyazaki



Concept of City-Building and Community Development Initiatives by the JR Kyushu Group

Implementing city-building and community development initiatives to create communities where people want to live, work and visit



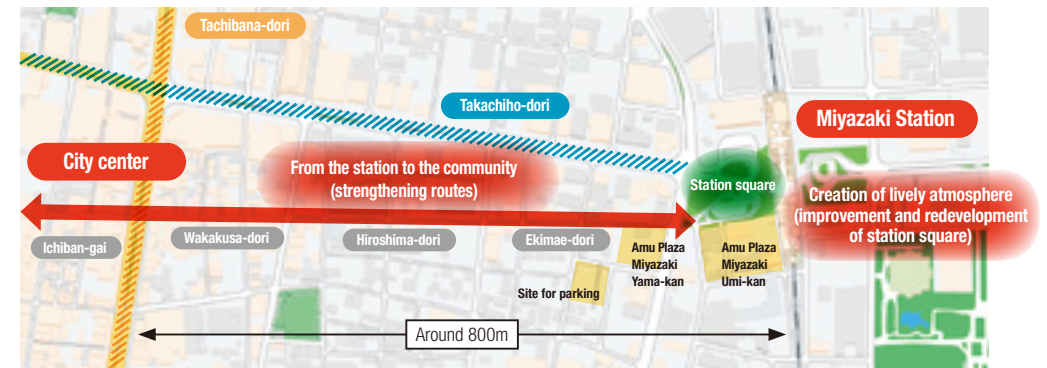
Development concept

Extend the lively atmosphere around the station to the greater community

This project is a comprehensive city-building initiative encompassing commercial facilities, homes, offices and more. Centering on station buildings and including development under railway bridges and the development of station squares, our work is a three-way effort between JR Kyushu, communities, and local governments.

This comprehensive city-building initiative is expected to boost our revenue through both our real estate operations and an increase in passengers traveling with us.

Through this project, we will extend the lively atmosphere around the new station to the greater community.



Joint development with the Miyakoh Group

We are teaming up with the Miyakoh Group for a joint development initiative that will maximize passenger traffic around Miyazaki Station in a way that brings greater prosperity to the community and strengthens ties between Miyazaki Station and the Miyazaki city center.

We have also attended discussions with the local government, Miyazaki Chamber of Commerce and Industry, and other members of the local community to further boost the appeal of the Miyazaki city center.



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Community Development by the JR Kyushu Group: Development of Amu Plaza Miyazaki

Commercial Concept

Where people can find what they were looking for

Amu Plaza Miyazaki makes people's lives richer and more enjoyable by being a place where people can find all those things they wanted to buy, eat, drink, and do.

Stores opening in Miyazaki for the first time offer new ways of living, while famous local stores create an environment that is quintessentially Miyazaki.

The rooftop is a place to relax, recharge and enjoy what Miyazaki has to offer, with a garden, travelers' shrine and observation deck. The upper floors are dedicated to office space, providing an exceptionally convenient location that will appeal to companies and their employees.

Feature Amu Sora



Named after the Japanese word for "sky", this building offers a 360-degree sky view from a height of 56m

Feature Traveler's shrine



A place to pray for customers' safe travel and for the safe operation of JR Kyushu trains and Miyakoh group buses

Feature Amu Niwa



A facility where visitors can relax, recharge and enjoy the greenery and water feature. Amu Niwa is named after the Japanese word for "garden".

Creation of a lively atmosphere through effective use of the station square

We are working together with the governments of Miyazaki City and Miyazaki Prefecture to redevelop the station square by the west gate of Miyazaki Station, while also creating a large covered square for events that will vitalize the local community (Amu Square) and areas that are easy to walk through.

The lively atmosphere around the new station extends to the Miyazaki city center city, significantly invigorating the community as a whole.



Verification testing of MaaS

In the fiscal year ended March 2020, we established a committee with Miyazaki Kotsu, other transportation providers, and various public organizations for verification testing of MaaS. The project aims to use an MaaS app to make public transport more convenient and connect public transport services with other services passengers use in their daily lives.

Purpose	To use an MaaS app to improve convenience and encourage use of public transport networks; collaborate with commercial facilities to boost foot traffic in stores, on the streets, and in the city center in general; and improve conveniences for tourists by providing information for domestic and overseas tourists.
Period	Second half of FY2020 Our initiatives in Miyazaki have been selected by the Ministry of Land, Infrastructure, Transport and Tourism as an enterprise that advances and supports MaaS in Japan. We will commence verification testing from this fall.
Area	Miyazaki City, Nichinan City, and surrounds, Miyazaki Prefecture
App	my route*

*A service that allows users to search routes combining multiple modes of transport, including public transport, driving, cycling, and walking, while also providing support for reservations, payments and other travel requirements. This facilitates smoother travel around the city and promotes travel around the areas where the app is used.



Shinsuke Yamasaki

Managing Director
JR Miyazaki City, Inc.

Our development work is a three-way effort between JR Kyushu, communities, and local governments to extend the lively atmosphere around the new Miyazaki Station building to the greater community.

What sets this development apart from other projects is the way we are working together with the Miyakoh Group, a local corporate group. We are taking the time to listen to the perspectives of everyone connected to the project, reaching out to the local community, and providing the utmost transparency as we work on community development that incorporates what every party has to offer.

Amu Plaza Miyazaki offers a variety of things that people have been looking for in their daily lives, with stores opening in Miyazaki for the first time standing alongside famous local stores and a downtown cinema complex seeing a long-awaited restoration in 15 years. Various measures have been taken to boost customer traffic, including a redevelopment of the station square at the west gate and the introduction of green slow mobility in the form of electric minibuses.

We are building stronger relationships with affiliates and working toward the opening of more facilities to further increase visitors to Miyazaki Station and play a role in vitalizing the Miyazaki city center.

Feature

City-Building and Community Development by the JR Kyushu Group

Community Development in Yufuin

Concept: A highland resort express service

We kept the lines of communication open with the people of Yufuin and sought their feedback at various points as we carried out our plan for this train. We made sure to make this a service that reflected Yufuin's image as a greenery-rich city that is ideal for a relaxing hot spring vacation.

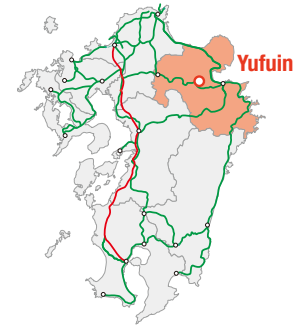


The connection between JR Kyushu and Yufuin

JR Kyushu has had ties with Yufuin ever since we were first established. At that time, tourism in Kyushu was stagnating due to factors such as expansions of the expressway network. We knew we needed to do something to address the decline in demand for railway services, and launched tourist trains to boost passenger numbers. Yufuin, meanwhile, had been working on community development since the 1970s through unique events such as film and music festivals.

Enter Yufuin no Mori. Launched in 1989, the service captures everything unique that Yufuin has to offer. The service was revolutionary in both its hard and soft elements, featuring a high-decker structure—rare at the time—along with a buffet and service by train attendants.

Yufuin no Mori has played a vital role in bringing more visitors to Yufuin to accompany its initiatives to invigorate the local community. We also worked together with Yufuin locals to build Yufuin Station and make it a place that brings people together.



Learning about the community, learning from the community

All of Yufuin no Mori's onboard staff visit Yufuin and see for themselves what the area has to offer. They also talk with Yufuin locals and bring what they have learned to the job so that they can provide a higher caliber of information and hospitality on board Yufuin no Mori.

We built on this initiative with the subsequent launch of our D&S (Design & Story) trains and Seven Stars in Kyushu.



Shin-Yufuin Station opened in December 1990

From a mode of transport to a tourist resource

Passengers' Yufuin experience begins the moment they board Yufuin no Mori. Onboard staff sell local specialties and provide commentary on the areas the train passes.

Yufuin no Mori is more than just a mode of transport; it's a tourist resource that gives passengers a glimpse into what the area has to offer and contributes to the development of the local community.



A train attendant provides commentary on nearby features

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Community Development by the JR Kyushu Group: Community Development in Yufuin

Developing the local community

The forerunner to our D&S trains, Yufuin no Mori captured the designs and stories of the local community. Yufuin no Mori is an example of how we have continuously worked together with a local community to spread the word about that community's unique features through our railway services and contribute to the development of the community. We draw on this experience today as we work to create new attractions in Kyushu, boost the value of the Kyushu "brand" and make Kyushu a place where people will want to live, work and visit. Our concept of focusing on the local community's story has been the cornerstone of the D&S train services we launched later, and is a common thread in our D&S train network and our phenomenal Seven Stars in Kyushu cruise train.



"Smile again: We'll meet again at a station with profusions of sunflowers"

Invigorating and being invigorated by local communities

Kyushu suffered several natural disasters in quick succession: heavy rains in northern Kyushu in July 2012, the Kumamoto earthquakes in 2016, and more heavy rain in the north in July 2017. We worked together with the local communities to overcome those trying times together.

After all, invigorating local communities and contributing to sustainable development is the JR Kyushu Group's mission. And it is local communities' trust in us and the results of their sustainable development that allows us to operate and grow as a business.

Feature

"Smile Again: We'll meet again at a station with profusions of sunflowers"

With the resumption of Yufuin no Mori after the rains in northern Kyushu in July 2012, around 4,000 sunflowers were planted at Yufuin Station as a welcome message from the locals.

Feature

Yufuin's message of encouragement to Kyushu

After the Kumamoto earthquakes in 2016, we operated a train painted with a message of encouragement for Kyushu, expressing our hope that Kyushu would be back on its feet as soon as possible. The Yufuin community actively expressed encouragement for the areas affected, with the staff of Yufuin's hot spring and tourism association and employees of Yufuin Station organizing events such as a walk around Yufuin from Yufuin Station.

Feature

Reconnecting the Kyudai Main Line

The heavy rains experienced by northern Kyushu in July 2017 washed away a bridge on the Kyudai Main Line, leaving it impassable. Yufuin no Mori services were diverted through Kokura and Oita for around a year.

We launched the Tsunagaru (Connect) project to reconnect the Kyudai Main Line and celebrated with the local community when the line was restored and Yufuin no Mori could operate as normal again.



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Materiality: Points that the JR Kyushu Group focuses on at all times

Principles on ESG

In recent years, growing attention has been paid to environmental, social, and governance (ESG) and to the Sustainable Development Goals (SDGs). We believe that this is a result of the widespread acceptance of the idea that contributing to the sustainability of society also supports the sustainability of companies themselves. This idea underpins what we aim to be: A corporate group that invigorates Kyushu, Japan, and Greater Asia with safety and service as its foundation.

The three pillars that form our code of conduct—Integrity, Growth and Evolution, and Local Community Invigoration—have always been kept in mind and used as a touchstone by every employee of the JR Kyushu Group. We believe that these pillars are aligned with ESG initiatives.

Framework for implementation of ESG

In November 2019, we established an ESG Strategy Committee with our president as the chairman. This positions ESG management as a key focus for JR Kyushu as a whole and addresses the matters required to strengthen and implement our initiatives in each aspect of ESG. (See the diagram of our corporate structure on page 32 for details.)

In addition, the president of JR Kyushu gave a lecture on ESG to the presidents of other companies in the JR Kyushu Group at the JR Kyushu Group Presidents' Meeting. In these ways, momentum for promoting ESG across the entire Group is growing.

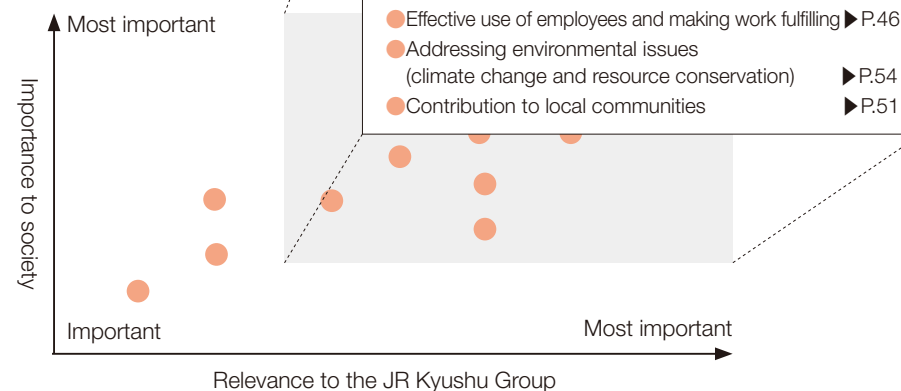
Selection of materiality (key issues)

We have identified key ESG themes that we focus on in our Medium-Term Business Plan 2019–2021.

For this plan, our five top managers discussed key elements of ESG, defined materiality as points that the JR Kyushu Group must focus on at all times, and discussed these points in terms of both importance to the JR Kyushu Group and importance to society. We identified areas where we can make use of JR Kyushu's strengths and areas that need to be prioritized in our business activities before asking our ESG Strategy Committee to discuss and approve our priorities.



Points that the JR Kyushu Group focuses on at all times (Materiality Map)



We will continue to discuss our materiality (key themes) in even greater depth through communication with our stakeholders.

Main feedback received in discussion between top managers

Our five top managers (Representative Director, President Corporate Officer, and Chief Executive Officer, Vice President and Corporate Officer, Director and Senior Managing Corporate Officer, and Director and Managing Corporate Officer) discussed our key ESG topics and the importance of each topic.



- We needed to determine “mismatches”, such as points that are important to society but not relevant to us.
- We need to further promote railways as an environmentally friendly business and make it known that railways now use less electricity.
- Natural disasters caused by climate change stop railways from operating, passenger numbers will decrease and there will be less population exchange at facilities along our lines. This will create vicious cycles such as one where these changes make regions less able to compete with other areas.

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Structure of the Board of Directors



Representative Director and Chairman
Corporate Officer
Koji Karaike

Chairman of the Board of Directors

Attendance at meetings of the Board of Directors
during the fiscal year ended March 31, 2020:
12/12 (100%)
Number of the shares in JR Kyushu
owned: 4,257 shares

Profile

Apr. 1977 Joined Japanese National Railways
Apr. 1987 Joined Kyushu Railway Company
Mar. 1995 General Manager of Restaurant Business of Distribution Operations Headquarters, Kyushu Railway Company
Apr. 1998 President, JR Kyushu Food Service Inc.
Jun. 1997 General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company
Jun. 2000 Representative Director and President, JR Kyushu Food Service Inc.
Jun. 2003 Director, Deputy Director General of Railway Operations Headquarters, General Manager of Customer Service Department of Railway Operations Headquarters and General Manager of Marketing & Sales Department of Railway Operations Headquarters, Kyushu Railway Company
Jun. 2005 Director, Deputy Director General of Railway Operations Headquarters, General Manager of Customer Service Department of Railway Operations Headquarters, General Manager of Marketing & Sales Department of Railway Operations Headquarters and Director General of Travel Services Headquarters, Kyushu Railway Company
Jun. 2006 Managing Director, Deputy Director General of Corporate Planning Headquarters and General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company
Jun. 2008 Managing Director and Deputy Director General, Corporate Planning Headquarters, Kyushu Railway Company
Jun. 2008 Senior Managing Director, Representative Director, and General Manager of Corporate Planning Headquarters, Kyushu Railway Company
Jun. 2009 Representative Director and President, Kyushu Railway Company
Jun. 2014 Representative Director and Chairman, Kyushu Railway Company
Jun. 2018 Representative Director, Chairman, and Corporate Officer, Kyushu Railway Company (current)

Important information on concurrent posts:

None



Representative Director, President
Corporate Officer, and Chief Executive
Officer
Toshihiko Aoyagi

Chief Corporate Officer,
In charge of Auditing Department

Attendance at meetings of the Board of Directors
during the fiscal year ended March 31, 2020:
11/12 (91.6%)
Number of the shares in JR Kyushu
owned: 6,776 shares

Profile

Apr. 1977 Joined Japanese National Railways
Apr. 1987 Joined Kyushu Railway Company
Jun. 1996 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
Jun. 2004 General Manager of Kagoshima Regional Office, Kyushu Railway Company
Jun. 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
Jun. 2008 Director, General Manager of Railway Operations Headquarters and General Manager of Planning Department of Railway Operations Headquarters, Kyushu Railway Company
Jun. 2008 Managing Director, General Manager of Railway Operations Headquarters and General Manager of Planning Department of Railway Operations Headquarters, Kyushu Railway Company
Jun. 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
Jun. 2012 Senior Managing Director, General Manager of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company
Jun. 2013 Senior Managing Director and Representative Director, General Manager of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company
Jun. 2014 Representative Director and President, Kyushu Railway Company
Jun. 2018 Representative Director, President and Corporate Officer, Kyushu Railway Company
Jun. 2019 Representative Director, President and Corporate Officer and Chief Executive Officer, Kyushu Railway Company (current)

Important information on concurrent posts:

None



Director and Senior Managing
Corporate Officer
Ryouji Tanaka

Director General of Business Development
Headquarters

Attendance at meetings of the Board of Directors
during the fiscal year ended March 31, 2020:
11/12 (91.6%)
Number of the shares in JR Kyushu
owned: 2,363 shares

Profile

Apr. 1977 Joined Japanese National Railways
Apr. 1987 Joined Kyushu Railway Company
Mar. 2004 General Manager of Urban Development Business Department, Kyushu Railway Company
May 2006 General Manager of Nagasaki Regional Office, Kyushu Railway Company
May 2007 President, JR Kyushu Huis Ten Bosch Hotel Co., Ltd.
Jun. 2010 Director, Deputy Director General of Business Development Headquarters and General Manager of Planning Department of Business Development Headquarters, Kyushu Railway Company
Jun. 2011 Director, Deputy Director General of Business Development Headquarters and General Manager of Planning & Development Department of Business Development Headquarters, Kyushu Railway Company
Jun. 2014 Managing Director, Deputy Director General of Business Development Headquarters and General Manager of Planning & Development Department of Business Development Headquarters, Kyushu Railway Company
Apr. 2017 Managing Director, Deputy Director General of Business Development Headquarters, General Manager of Planning & Development Department of Business Development Headquarters and General Manager of Hotel Development Department of Business Development Headquarters, Kyushu Railway Company
Jun. 2017 Senior Managing Director, Director General of Business Development Headquarters, Kyushu Railway Company
Jun. 2018 Director and Senior Managing Corporate Officer, Director General of Business Development Headquarters, Kyushu Railway Company
Apr. 2019 Director and Senior Managing Corporate Officer, Director General of Business Development Headquarters and General Manager of Hotel Development Department of Business Development Headquarters, Kyushu Railway Company
Jun. 2019 Director and Senior Managing Corporate Officer, Director General of Business Development Headquarters, Kyushu Railway Company (current)

Important information on concurrent posts:

None



Director and Senior Managing
Corporate Officer
Yoji Furumiya

Director General of Corporate Planning
Headquarters
In charge of Public Relations Dept.

Attendance at meetings of the Board of Directors
during the fiscal year ended March 31, 2020:
12/12 (100%)
Number of the shares in JR Kyushu
owned: 3,542 shares

Profile

Apr. 1985 Joined Japanese National Railways
Apr. 1987 Joined Kyushu Railway Company
May 2005 General Manager of Planning Department of Railway Operations Headquarters, Kyushu Railway Company
May 2006 General Manager of Transportation Department of Railway Operations Headquarters, Kyushu Railway Company
Jun. 2010 General Manager of Marketing & Sales Department of Railway Operations Headquarters, Kyushu Railway Company
Jun. 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
Jun. 2012 General Manager of Administration Department, Kyushu Railway Company
Jun. 2012 Director and General Manager of Administration Department, Kyushu Railway Company
Sep. 2012 Director, General Manager of Cruise Train Division of Railway Operations Headquarters and General Manager of Administration Department, Kyushu Railway Company
Jun. 2013 Director, General Manager of Administration Department, Kyushu Railway Company
Jun. 2016 Managing Director, Director General of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company
Jun. 2018 Director and Managing Corporate Officer, Director General of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company
Jun. 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
Jun. 2020 Director and Senior Managing Corporate Officer, Director General of Corporate Planning Headquarters, Kyushu Railway Company (current)

Important information on concurrent posts:

None



Director, Managing Corporate Officer,
and Chief Financial Officer
Toshihiro Mori

Deputy Director General of Corporate Planning Headquarters,
General Manager of Strategy Management Department,
In charge of IT Strategic Planning Department,
In charge of Finance & Accounting Department

Attendance at meetings of the Board of Directors
during the fiscal year ended March 31, 2020:
10/10 (100%)
Number of the shares in JR Kyushu owned: 638 shares

Profile

Apr. 1991 Joined Kyushu Railway Company
May 2007 Director, Drug Eleven Holdings Co., Ltd.
Jun. 2009 President, Drug Eleven Holdings Co., Ltd.
May 2011 General Manager of Fund Management Department, Kyushu Railway Company
Jun. 2013 General Manager of Finance & Accounting Department, Kyushu Railway Company
Jun. 2014 General Manager of Marketing & Sales Department of Railway Operations Headquarters, Kyushu Railway Company
Jun. 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
Jun. 2017 Director, General Manager of Travel Services Headquarters, Kyushu Railway Company
Apr. 2018 Director, Deputy Director General of Corporate Planning Headquarters and General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company
Jun. 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
Jun. 2019 Director, 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 (current)

Important information on concurrent posts:

None



Director and Managing Corporate Officer
Hiroyuki Fukunaga

General Manager of Railway Operations
Headquarters,
President of Northern Kyushu Regional
Head Office,
In charge of Shanghai Branch Office

Number of the shares in JR Kyushu
owned: 915 shares

Profile

Apr. 1990 Joined Kyushu Railway Company
Jun. 2013 General Manager of Shikansen Operational Management Department of Railway Operations Headquarters, Kyushu Railway Company
Jun. 2015 Director General of Cruise Train Division of Railway Operations Headquarters and General Manager of Transportation Department of Railway Operations Headquarters, Kyushu Railway Company
Jun. 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
Jun. 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
Jun. 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)

Important information on concurrent posts:

None



Director
Masayoshi Nuki

Part-time member



Attendance at meetings of the Board of Directors
during the fiscal year ended March 31, 2020:
11/12 (91.6%)
Number of the shares in JR Kyushu
owned: 2,936 shares

Profile

Apr. 1968 Joined Kyushu Electric Power Company, Incorporated
Jun. 2000 General Manager of Public Relations Department, Kyushu Electric Power Company, Incorporated
Jul. 2001 Administration Officer, General Manager of Public Relations Department, Kyushu Electric Power Company, Incorporated
Jun. 2003 Administration Officer, General Manager of Kagoshima Branch Office, Kyushu Electric Power Company, Incorporated
Jul. 2003 Executive Officer, General Manager of Kagoshima Branch Office, Kyushu Electric Power Company, Incorporated
Jun. 2007 Director and Managing Executive Officer, General Manager of Business Development Division and General Manager of Information Communication Division, Kyushu Electric Power Company, Incorporated
Jun. 2009 Representative Director and Vice President, General Manager of Customer Services Division, Kyushu Electric Power Company, Incorporated
Jun. 2010 Representative Director and Vice President, Kyushu Electric Power Company, Incorporated
Apr. 2012 Representative Director and Chairman, Kyushu Electric Power Company, Incorporated
Jun. 2013 Director, Kyushu Railway Company (current)
Jun. 2018 Senior Executive Adviser, Kyushu Electric Power Company, Incorporated (current)

Important information on concurrent posts:

Senior Executive Adviser, Kyushu Electric Power Company, Incorporated
Chair of Fukuoka Association of Corporate Executives



Director
Izumi Kuwano

Part-time member



Attendance at meetings of the Board of Directors
during the fiscal year ended March 31, 2020:
11/12 (91.6%)
Number of the shares in JR Kyushu
owned: 626 shares

Profile

Apr. 1993 Joined Kabushiki Kaisha Tamanoyu
Apr. 1995 Director and Senior Managing Officer, Kabushiki Kaisha Tamanoyu
Oct. 2003 Representative Director and President, Kabushiki Kaisha Tamanoyu (current)
Jun. 2012 Outside Director, Oita Bank, Ltd. (current)
Jun. 2014 Director, Kyushu Railway Company (current)

Important information on concurrent posts:

Representative Director and President, Kabushiki Kaisha Tamanoyu Outside Director, Oita Bank, Ltd.

*As of June 23, 2020

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Corporate Governance

0 Outside director
1 Independent director



Director
Toshihide Ichikawa
Part-time member **0 1**

Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2020:
9/10 (90.0%)
Number of shares in JR Kyushu owned: —

Profile
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.
Jun. 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.
Jun. 2013 Specially Appointed Advisor, Mitsui Fudosan Co., Ltd.
Jun. 2013 Representative Director and President, President and Executive Officer, Mitsui Home Co., Ltd.
Oct. 2018 Group Senior Officer, Mitsui Fudosan Co., Ltd.
Apr. 2019 Advisor, Mitsui Fudosan Co., Ltd. (current)
Apr. 2019 Standing Advisor, Mitsui Home Co., Ltd. (current)
Jun. 2019 Director, Kyushu Railway Company (current)
Important information on concurrent posts:
Advisor, Mitsui Fudosan Co., Ltd.
Standing Advisor, Mitsui Home Co., Ltd.



Director
Shinji Asatsuma
Part-time member **0 1**

Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2020:
10/10 (100%)
Number of shares in JR Kyushu owned: —

Profile
Apr. 1984 Joined Kansai Paint Co., Ltd.
Apr. 2012 Executive Officer, General Manager of Corporate Planning Office, Kansai Paint Co., Ltd.
Apr. 2015 Managing Executive Officer, General Manager of International Div., Kansai Paint Co., Ltd.
Jun. 2016 Director, Managing Executive Officer, General Manager of Administration Div., Kansai Paint Co., Ltd.
Apr. 2017 Director, Managing Executive Officer, General Manager of Administration Div., General Manager of Corporate Administration Div., Kansai Paint Co., Ltd.
Apr. 2018 Director, Managing Executive Officer in charge of Management, Corporate Planning, Human Resources Planning, General Manager of Administration Div., Kansai Paint Co., Ltd.
Apr. 2019 Director, Kansai Paint Co., Ltd.
Jun. 2019 Retired from Kansai Paint Co., Ltd.
Jun. 2019 Director, Kyushu Railway Company (current)
Important information on concurrent posts:
None



Director
Kuniko Muramatsu
Part-time member **0 1**

Number of shares in JR Kyushu owned: —

Profile
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
Sep. 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)
Jun. 2016 Outside Director, C'BON COSMETICS Co., Ltd. (retired June 2019)
Jun. 2016 Outside Director, YOKOWO CO., LTD. (current)
Apr. 2018 Councillor, Japan Professional Football League (current)
Apr. 2018 Senior Researcher, Business Ethics Research Center (current)
Jun. 2019 Outside Director, NEC Networks & System Integration Corporation (current)
Jun. 2020 Director, Kyushu Railway Company (current)
Important information on concurrent posts:
Representative Director, Wellness Systems Institute, Outside Director, YOKOWO CO., LTD., Outside Director, NEC Networks & System Integration Corporation



Director, Audit and Supervisory Committee member
Eiichi Kuga
Full-time member
Chairman of Audit and Supervisory Committee **0 1**

Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2020:
12/12 (100%)
Number of the shares in JR Kyushu owned: 1,287 shares

Profile
Apr. 1981 Joined National Police Agency
Apr. 2006 Director-General of Kagoshima Prefectural Police
Sep. 2007 Director-General of Tokyo Metropolitan Government Office for Youth Affairs and Public Safety
Sep. 2009 Director-General of Security Dept. of Tokyo Metropolitan Police Department
Feb. 2011 Director-General of Kanagawa Prefectural Police
Apr. 2013 Director-General of Imperial Guard Headquarters
Aug. 2015 Retired from Imperial Guard Headquarters
Dec. 2015 Advisor, Nippon Life Insurance Company
May 2016 Retired from Nippon Life Insurance Company
Jun. 2016 Full-time Audit & Supervisory Board member, Kyushu Railway Company
Jun. 2018 Director, Audit and Supervisory Committee member, Kyushu Railway Company (current)
Important information on concurrent posts:
None



Director, Audit and Supervisory Committee member
Masaya Hirokawa
Full-time member
Audit & Supervisory Committee Member

Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2020:
12/12 (100%)
Number of the shares in JR Kyushu owned: 3,114 shares

Profile
Apr. 1985 Joined Japanese National Railways
Apr. 1987 Joined Kyushu Railway Company
Mar. 2005 General Manager of IT Strategic Planning Division of Corporate Planning Headquarters, Kyushu Railway Company
Jun. 2008 General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company
Jun. 2011 General Manager of Planning Department of Business Development Headquarters, Kyushu Railway Company
Jun. 2012 General Manager of Finance & Accounting Department, Kyushu Railway Company
Jun. 2013 General Manager of Kumamoto Regional Office, Kyushu Railway Company
Jun. 2013 Director, General Manager of Kumamoto Regional Office, Kyushu Railway Company
Jun. 2015 Director, Deputy Director General of Corporate Planning Headquarters and General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company
Jun. 2016 Director, General Manager of Administration Department, Kyushu Railway Company
Jun. 2017 Managing Director, General Manager of Administration Department, Kyushu Railway Company
Jun. 2018 Director and Managing Corporate Officer, General Manager of Administration Department, Kyushu Railway Company
Jun. 2019 Director, Audit and Supervisory Committee member, Kyushu Railway Company (current)
Important information on concurrent posts:
None



Director, Audit and Supervisory Committee member
Kazuhide Ide
Part-time member
Audit & Supervisory Committee Member **0 1**

Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2020:
12/12 (100%)
Number of the shares in JR Kyushu owned: 1,287 shares

Profile
Apr. 1964 Joined The Kangyo Bank Ltd. (currently Mizuho Financial Group, Inc.)
Apr. 1989 Manager of Related Business Department of Planning Division, The Dai-ichi Kangyo Bank, Ltd. (currently Mizuho Financial Group, Inc.)
Jun. 1990 Manager of Lottery Department, The Dai-ichi Kangyo Bank, Ltd.
Jun. 1992 Director, Manager of Personnel and Planning Dept., The Dai-ichi Kangyo Bank, Ltd.
May 1994 Director, Manager of Personnel Dept., The Dai-ichi Kangyo Bank, Ltd.
Apr. 1995 Director and Managing Officer, The Dai-ichi Kangyo Bank, Ltd.
Mar. 1997 Retired from The Dai-ichi Kangyo Bank, Ltd.
Apr. 1997 Advisor, The Chikuhō Bank, Ltd.
Jun. 1997 Representative Director and Vice President, The Chikuhō Bank, Ltd.
Apr. 1999 Representative Director and President, The Chikuhō Bank, Ltd.
Apr. 2006 Representative Director and Chairman, The Chikuhō Bank, Ltd.
Jun. 2012 Director and Chairman, The Chikuhō Bank, Ltd.
Jun. 2015 Outside Audit & Supervisory Board member, Kyushu Railway Company
Jun. 2016 Chairman, The Chikuhō Bank, Ltd.
Jun. 2018 Director, Audit and Supervisory Committee member, Kyushu Railway Company (current)
Jul. 2018 Counselor, The Chikuhō Bank, Ltd. (current)
Important information on concurrent posts:
Counselor, The Chikuhō Bank, Ltd.



Director, Audit and Supervisory Committee member
Yasunori Eto
Part-time member
Audit & Supervisory Committee Member **0 1**

Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2020:
12/12 (100%)
Number of the shares in JR Kyushu owned: 276 shares

Profile
Apr. 1985 Appointed as a public prosecutor
Apr. 2009 Deputy Chief Prosecutor, Kagoshima District Public Prosecutors Office
Apr. 2011 Public prosecutor, Osaka District Public Prosecutors Office
Sep. 2011 Retired as Public prosecutor
Oct. 2011 Registered as an attorney at law
Attorney at law, Bengoshi Hojin Hino Sogo Law Office (current)
Jun. 2018 Director, Audit and Supervisory Committee member, Kyushu Railway Company (current)
Important information on concurrent posts:
Attorney at law

Policy and procedures for nominating Directors

Candidates for directorship are chosen by the Board of Directors on the basis of selection standards specified by the Board of Directors, which include a high level of ethics, personality, character, and management performance, based on a report by the Nomination and Compensation Advisory Committee. If a Director ceases to satisfy the selection standards, significantly impairs the corporate value of Kyushu Railway Company through negligence of their duties or falls under any reason for disqualification, the Board of Directors will deliberate on the dismissal of the Director according to a report by the Nomination and Compensation Advisory Committee and proposes dismissal to the General Meeting of Shareholders. When nominating candidates for Directors who will also be an Audit and Supervisory Committee member, consent must be obtained from the committee in advance.

*As of June 23, 2020

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Corporate Governance

Skill sets in the Board of Directors

JR Kyushu's Board of Directors nominates a diverse range of Board of Directors candidates who have the knowledge and experience necessary to fulfill the company's mission of sustainable business operations (see (i) in the table) and to run the company (see (ii) in the table).

Name	Positions, etc.	Area of expertise that are particularly expected from candidates for directorship						
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Railways/ mobility services	Real estate/ local community development	ESG/ sustainability	Corporate management	Legal affairs/risk management	Finance/ M&A	Human resources/ remuneration
Koji Karaike	Chairman Corporate Officer		●		●			
Toshihiko Aoyagi	President Corporate Officer	●		●	●			●
Ryuji Tanaka	Senior Managing Corporate Officer		●					
Yoji Furumiya	Senior Managing Corporate Officer	●				●		
Toshihiro Mori	Managing Corporate Officer	●		●			●	
Hiroyuki Fukunaga	Managing Corporate Officer	●						
Masayoshi Nuki O I	Advisor, Kyushu Electric Power Company, Incorporated			●	●			●
Izumi Kuwano O I F	President, Kabushiki Kaisha Tamanoyu		●		●			
Toshihide Ichikawa O I	Adviser, Mitsui Fudosan Co., Ltd.		●		●			●
Shinji Asatsuma O I	Former Director, Kansai Paint Co., Ltd.				●	●	●	
Kuniko Muramatsu O I F	Representative Director, Wellness Systems Institute			●	●	●		●
Eiichi Kuga A O I	Chairman of Audit and Supervisory Committee					●		
Masaya Hirokawa A							●	●
Kazuhide Ide A O I	Advisor, The Chikuhō Bank, Ltd.				●		●	
Yasunori Eto A O I	Attorney at law, Bengoshi Hojin Hino Sogo Law Office					●		

Executive Officers (excluding Executive Officers who are also Directors)

Managing Executive Officer	Tomiyuki Maekawa	Deputy Director General of Railway Operations Headquarters, General Manager of Planning & Transportation Safety Department
Managing Executive Officer	Takuma Matsushita	Deputy Director General of Business Development Headquarters, General Manager of Development Department
Senior Executive Officer	Junya Matsumoto	President of JR Kyushu Hotels And Resorts Holdings Inc. President of JR Kyushu Hotels Inc.
Senior Executive Officer	Yasushi Imahayashi	Deputy Director General of Business Development Headquarters, General Manager of Construction Development Department
Senior Executive Officer	Koji Higashi	General Manager of Administration Department, In charge of Human Resources Department
Executive Officer	Hiroyuki Fukuzawa	General Manager of Planning Department, Business Development Headquarters and Supervisor in Cards Division
Executive Officer	Kimiaki Hyodo	General Manager of Tokyo Regional Office
Executive Officer	Hisashi Yamane	President of Caterpillar Kyushu Ltd.
Executive Officer	Yumi Akagi	General Manager of Kumamoto Regional Office
Executive Officer	Keisuke Nishikawa	General Manager of Nagasaki Regional Office
Executive Officer	Masatoshi Iwasaki	General Manager of Finance & Accounting Department
Executive Officer	Michiya Sadakari	General Manager of Oita Regional Office
Executive Officer	Shinji Sawakame	General Manager of Condominium Development Department, Business Development Headquarters
Executive Officer	Wataru Tanaka	General Manager of Hotel Development Department, Business Development Headquarters
Executive Officer	Tomonori Uwabu	General Manager of Customer Service Department and Marketing & Sales Department, Railway Operations Headquarters
Executive Officer	Hiddenori Matsuo	Director General of Cruise Train Division of Railway Operations Headquarters and General Manager of Transportation Department
Executive Officer	Hiroyuki Nakamura	General Manager of Kagoshima Regional Office
Executive Officer	Motomichi Miura	General Manager of Human Resources Department

O Outside I Independent director A Audit and Supervisory Committee member F Female

*As of June 23, 2020

*As of June 23, 2020

Corporate Governance

Interview with an Outside Director



Outside Director

Toshihide Ichikawa

Leveraging My Knowledge and Experience of the Real Estate Business to Contribute to Sustainable Growth

Looking back at my first year as an outside director

A year has now passed since I was appointed outside director, and I have been impressed by how diligent a company JR Kyushu is. Its function is, of course, to keep the railways running safely and with precision, and its operations make that a given. Furthermore, I am full of admiration for the way that JR Kyushu maintains a constant state of alertness in its work, both day and night. When I look at properties such as the Hakata Station building, I can really see how far JR Kyushu has progressed in the real estate and retail businesses in the 30 years since privatization, despite being a company that has

mainly operated railway services.

The chairman and other executive officers ensure that the board of directors has an atmosphere where we can all express our opinions freely. Outside directors are expected to bring a different perspective on things. At the board meetings, directors from outside of JR Kyushu express opinions that are revelatory and convincing. I think that we discuss matters thoroughly from a variety of angles. I feel that this is thanks to the synergy produced by having a majority of outside directors combined with the steady handling of the board meetings by the JR Kyushu executives.

Leveraging my experience as a real estate expert and a manager

At Mitsui Fudosan, I have been involved in all aspects of real estate, including the office building and residential sectors, as well as large mixed use developments. Accordingly, I believe that my experience in the real estate and retail businesses can be of use. I also intend to draw upon my experience as president of Mitsui Home, a company listed on the TSE, so that I can serve as a business adviser.

Quantitative analyses such as NOI and IRR are carried out for each real estate proposal under discussion, and due attention is also paid to the individual characteristics of the real estate. I offer my opinions at that time, based on my own expertise in real estate. There have also been times when I have given advice on how our real estate should be managed, and times when I have presented a quantitative evaluation and qualitative information predicting the real estate environment in the near future and recommended that it would be better to block the implementation of a project based on previously received information. I feel that I am required to act sometimes as an adviser and sometimes as a stopper.

The real estate business today and its challenges

JR Kyushu has increased the population in areas alongside its railway tracks and boosted the value of those areas by carrying out development of areas around our railway lines

based on our railway business, also creating a favorable spiral of expanding profits thanks to the synergy between the railway and the commercial facilities. This excellent outcome is down to the diverse range of know-how it has acquired as it utilizes its unused land to develop condominiums and commercial facilities. Going forward, I think JR Kyushu will be made even stronger by confronting challenges such as liquidity when it transitions to the stage where it engages in earnest with the purchase and development of land. Constructing facilities, filling them with tenants, and then selling them on once they have become a profitable commodity. Or, when purchasing commodities, making decisions in line with profits and investment criteria. On the basis that all real estate has liquidity, I believe that a company should categorize all the real estate in its possession and divide it into property that must be kept at all costs and property that may be put up for sale. In my opinion, the next step for JR Kyushu is a stage where financing and real estate will be very closely connected.

One major challenge will be to identify where to invest as the population decreases. I hear that some people are asking why JR Kyushu is investing outside of its region (i.e., outside of Kyushu and overseas). As a listed company, it has to generate profits so that it can both meet its investors' expectations by achieving growth and also continue to operate. With the population of Kyushu on the decrease, I believe it is imperative to leverage the strengths that the company has built up in Kyushu, and to move beyond the region with businesses that are expected to be eminently competitive.

In conclusion

I think that JR Kyushu's strong can-do spirit and the value it places on taking up challenges are huge strengths of the company. Even though there is a risk of falling into a downward spiral as in the case of the COVID-19 pandemic, I really want JR Kyushu to leverage its can-do spirit. In my position as an outside director, I too intend to contribute to the achievement of sustainable growth in order to meet the expectations of our stakeholders.

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Corporate Governance

Interview with an Outside Director



Outside Director
Izumi Kuwano

It is when times are tough that we need to unite as a team with local communities and consider things from a long-term perspective

JR Kyushu changes and challenges

I can remember how, when I was first appointed as a director, the whole company was working enthusiastically as a team towards the goal of taking the company public. Things changed once JR Kyushu was listed on the TSE, with a diversity of shareholders and investors expressing a wide range of opinions. While the company is now literally exposed to outside scrutiny, the change also created new partnerships, including ones with regional customers and local

governments. I believe that the ways in which the company communicates and explains things to those partners, and its dialogs with them, are becoming increasingly important. I feel that those challenges are still works in progress; I believe that improvements are needed. In my opinion, JR Kyushu has now reached a stage where it must engage properly with a diversity of stakeholders. However, two new outside directors were appointed last year, and I feel that the board of directors is operating soundly, with even livelier exchanges of opinions, discussions in even greater depth, and the expression of different opinions from a wide range of perspectives.

Yufuin's development and the JR Kyushu connection

I would like to cite Yufuin as an example of JR Kyushu's community development initiatives. The town used to be known as Okubeppuyufuin (Japanese for "Yufuin at the back of Beppu"), and was not regarded as being particularly special. Yufuin had been developing its own events to revitalize the local community since the 1970s, which included a film festival and a music festival, and I think that JR Kyushu played a major role in connecting the area to the outside world. When the station was rebuilt in 1990, JR Kyushu held discussions with the local people about what a station should be. They decided that it should be a place where people meet, and that led to the creation of spaces such as galleries where people can mingle. As its name suggests, the resort train Yufuin no Mori has become a symbol of the development carried out jointly by the local community and JR Kyushu. It encapsulates their fervent desire to create a community that matches its beautiful surroundings, and a train fit to traverse those beautiful landscapes. I believe that these outcomes are due to JR Kyushu leveraging its distinctive angle of incorporating transport into tourism in order to vitalize local communities.

I personally want Yufuin to continue to be a town where visitors can enjoy the charms of the unchanging rhythms of its daily life. Nevertheless, in order to remain attractive to visitors, there must also be change, and the local community itself has to evolve as well. For example, with new mobility services a

subject for discussion between JR Kyushu and Yufuin in the near future, I would like to make the town a safe and pleasant place for visitors and residents alike via measures such as tourism-style MaaS linking various forms of transportation.

Diversity

Women play an active role in various sectors of the JR Kyushu Group, for example serving as president of a group company. I'm pleased to say that those female employees have been trained within the company. Nevertheless, although another female outside director joined the board this year to make two of us, in terms of number I think that the composition of the board of directors is still not sufficient. It is important that the presence of women, and their proportional representation, becomes the norm for decision-making bodies. Going forward, further work needs to be done on this point.

In conclusion

COVID-19 is currently having a huge impact, and I certainly did not think that the movement of people being a risk factor would affect us this much. With that said, I think that JR Kyushu deserves high praise for the speed of its response. For example, I commend the management's decision to suspend limited express services during the Golden Week holidays, thereby curbing travel between different prefectures. This decision was based on an objective understanding of the impact that COVID-19 would have on society. Going forward, the effects of the COVID-19 pandemic will continue to be felt in various forms, but I believe that at times like these it is essential to engage more closely with the region, uniting with local communities and considering things from a long-term perspective. I will maintain that stance in my activities in my local community, and will continue to fulfill my role as an outside director.

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Corporate Governance

Fundamental approach

The JR Kyushu Group is involved in a variety of businesses based on safety and service born of our own strengths. From the base of our operations in Kyushu, we continue to take on the challenge of invigorating Kyushu, Japan as a whole, and the greater Asia area in a tireless and enthusiastic manner.

In order to realize this objective, JR Kyushu aims to be a corporation that earns lasting trust from customers, local community members, business partners, employees and their families, and shareholders. To this end, JR Kyushu is establishing and improving frameworks and systems for decisive and prompt decision-making, as well as for appropriate disclosure of information, while guaranteeing transparency and fairness in management. We are also further enhancing our efforts in corporate governance to realize continuous growth and improvement in corporate value over the medium to long-term.

Strengthening our corporate governance framework based on communication with investors and third-party evaluations

From June 2018, JR Kyushu transitioned to a company with an audit and supervisory committee and introduced an executive officer system. The purpose of these changes was to strengthen the supervisory function of our Board of Directors, enable faster decision-making by management, and ensure efficient corporate management, in addition to separating management's decision-making and supervision from the business operations of the company.

Five of our 11 directors who are not Audit and Supervisory Committee members and three of our four directors who are also Audit and Supervisory Committee members are independent outside directors. Appointing independent outside directors as the majority of our directors ensures effective supervision of our management practices. We appoint directors with a variety of experience and expertise to enable more in-depth discussion at Board of Directors meetings. In the fiscal year ended March 2020, we appointed independent outside directors familiar with real estate, finance, and investor relations. Independent outside directors with corporate experience, expertise in ESG management, and experience as an outside director for a listed

company joined us in the fiscal year ending March 2021.

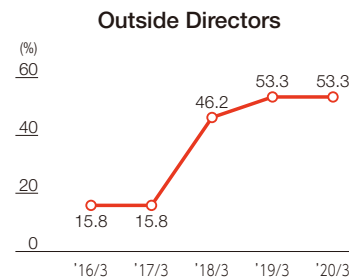
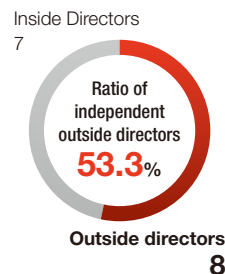
We have also established a highly independent Nomination and Compensation Advisory Committee chaired by an independent outside director and comprising five independent outside directors and one director of JR Kyushu. Our measures to improve governance also include initiatives to improve the transparency of our Board of Directors, including discussions between our independent outside directors and parties such

as analysts and institutional investors. We identify issues and set initiatives based on the verifications and discussions that take place during the annual evaluation of the effectiveness of our Board of Directors. In the fiscal year ended March 2020, the results of our effectiveness evaluation were confirmed by a third-party organization and discussed at our Board of Directors' meeting to further improve effectiveness in future.

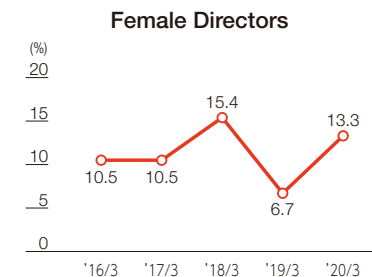
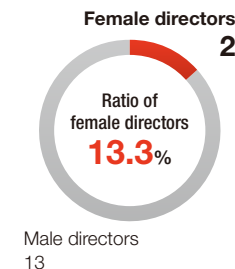
Main initiatives to strengthen our corporate governance

FY2019/3	FY2020/3	FY2021/3
- Transitioned to a company with an audit and supervisory committee - Introduced an executive officer system in conjunction with the change in supervisory committee structure - Introduced third-party evaluation in evaluating the effectiveness of the Board of Directors - Established the Nomination and Compensation Advisory Committee (with an Outside Director appointed as chairman)	- Established the position of Chief Financial Officer (CFO) - Appointed two additional Outside Directors with expertise on real estate, IR and finance - Raised the percentage of outside directors to 53.3% (8/15) - Introduced the performance-linked share-based remuneration plan "Board Benefit Trust" - Revision of the amount of remuneration for directors - Reinforcement of the management of business segments (the establishment of holding companies in station building and hotel businesses and a change in segment classification)	- Appoint a female outside director familiar with ESG management for greater diversity - Disclose skill sets of directors - Decrease the size of our Nomination and Compensation Advisory Committee for more efficient operations

Ratio of independent outside directors



Ratio of female directors



*As of the end of June in the following year

*As of the end of June in the following year

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Corporate Governance

Board of Directors

The Board of Directors makes decisions on matters determined by law and important matters stipulated by the rules of the Board of Directors. The Board also supervises the business operations of directors, senior executive officers, and executive officers. The Board of Directors meets once a month, as a general rule, and comprises a total of 15 members, including 11 directors (excluding directors who are Audit and Supervisory Committee members) and four directors who are Audit and Supervisory Committee members. Eight outside directors have been appointed in order to further strengthen the supervisory function over the Board of Directors.

In addition, JR Kyushu has established the Executive Committee, which in principle meets once a week. In accordance with the stipulations in the Articles of Incorporation, the committee deliberates items determined by the Board of Directors regarding the delegation of

authority as well as important items pertaining to JR Kyushu's operation. Furthermore, JR Kyushu has set up the Group Executive Committee, which deliberates management strategies such as the JR Kyushu Group's management vision and the allocation of management resources as well as important items related to individual companies in the JR Kyushu Group. By overseeing the management of group companies, the Group Executive Committee works to enhance the JR Kyushu Group's comprehensive strengths.

Audit and Supervisory Committee

The Audit and Supervisory Committee receives reports on important matters related to audits, holds discussions, and passes resolutions. The Audit and Supervisory Committee meets once a month, as a general rule, and holds extraordinary meetings when necessary. The committee consists of four members (including three outside directors)

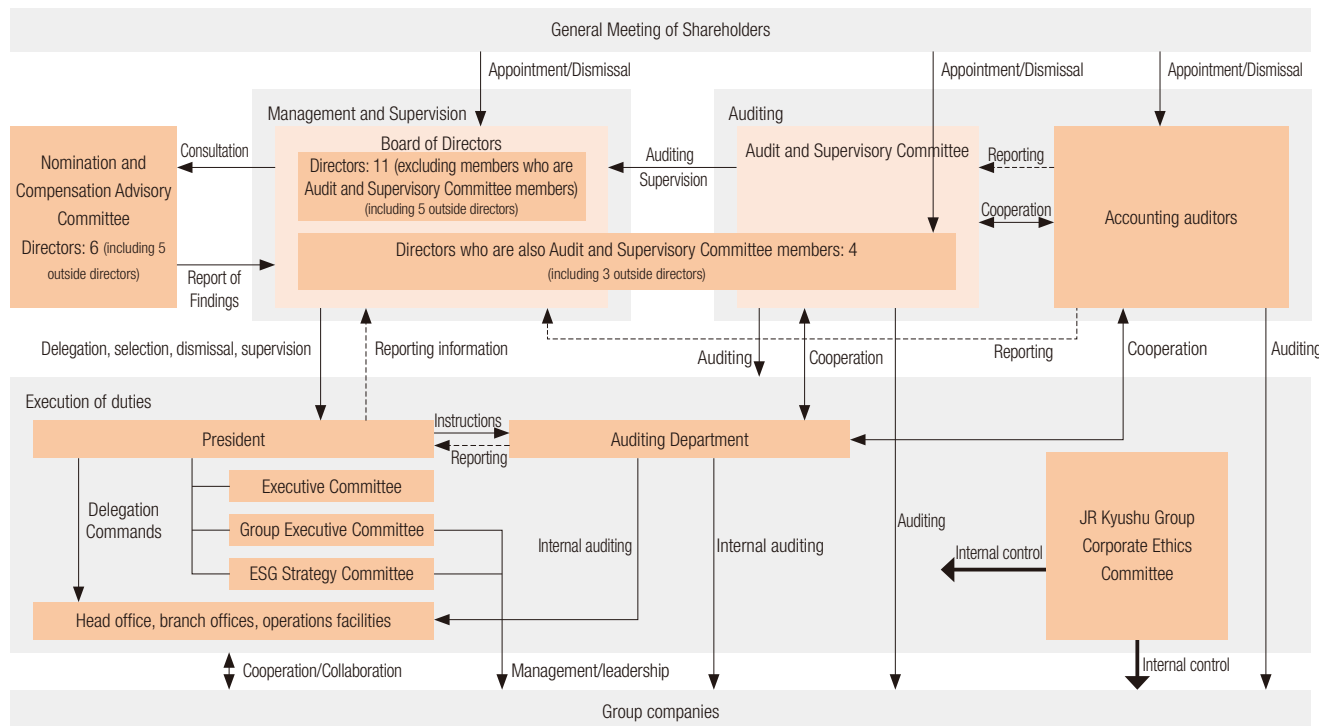
and conducts audits concerning the execution of duties by directors, senior executive officers, and executive officers.

Nomination and Compensation Advisory Committee

JR Kyushu has established the Nomination and Compensation Advisory Committee, which serves as an advisory body to the Board of Directors. The committee comprises the president and five outside directors (chaired by an outside director). In regard to the appointment and dismissal of directors and the compensation of executive directors, decisions are made by the Board of Directors with consideration for reports from the Nomination and Compensation Advisory Committee. In this way, JR Kyushu is working to strengthen the transparency and objectivity of the decision-making process for nominations and compensation.

Candidates for our latest director positions were selected after discussion at the General Meeting of Shareholders in June 2020. The candidates for our independent outside director positions, including three shareholder-to-director candidates, underwent multiple assessments of their qualifications, accomplishments and expertise. The directors who were selected included Kuniko Muramatsu, a new independent outside director. The directors who were selected included Kuniko Muramatsu, a new independent outside director who has corporate experience, expertise in ESG management, and experience as an outside director for a listed company. On selecting these directors, we spoke with the Board of Directors about why the candidates proposed by the company were ideal for these roles. Our Board of Directors submitted the company's proposal for the selection of these candidates at the General Meeting of Shareholders according to our report.

Corporate Governance Structure (as of July 1, 2020)



Corporate Governance Structure (as of July 1, 2020)

Institutional design	Company with an audit and supervisory committee
Number of directors (parentheses indicate outside directors)	15 (8)
Term of directors	Directors (excluding members who are Audit and Supervisory Committee members): 1 year Directors who are also Audit and Supervisory Committee members: 2 years
Voluntary Advisory Committees	Nomination and Compensation Advisory Committee

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Corporate Governance

Compensation for Directors

Policy for determining compensation level and calculation methods

In order to ensure that a director is provided an appropriate level of compensation based on their role and responsibilities, JR Kyushu has in place a system that takes into account a director's motivation toward improving business performance and corporate value, with the amount of compensation determined at an appropriate level with reference to resources such as surveys conducted by specialist external organizations.

Compensation structure

● Directors (excluding outside directors and directors who are Audit and Supervisory Committee members)

Compensation for these directors comprises fixed basic remuneration and performance-linked remuneration (hereafter referred to as "share-based remuneration"). Share-based remuneration shall be restricted to no more than 20% of total remuneration.

The short-term key performance indicator (KPI) is the consolidated operating profit of each fiscal year that constitutes management figures in the Medium-Term Business Plan, and the medium to long term KPI is the ratio of Total Shareholders Return (TSR) to the rate of TOPIX growth over the period of the Medium-Term Business Plan (three fiscal years).

● Outside Directors and Directors who are Audit and Supervisory Committee Members

In consideration of their responsibilities, these directors' remuneration consists only of basic remuneration.

	Basic remuneration	Linked to business performance (share-based remuneration)
Directors (excluding outside directors and directors who are Audit and Supervisory Committee members)	●	●
Outside Directors and Directors Who Are Audit and Supervisory Committee Members	●	—

● : Included in remuneration

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). The amount of remuneration for directors who are Audit and Supervisory Committee members was approved to be up to ¥120 million annually. With respect to the Board Benefit Trust performance-linked share-based remuneration plan, JR Kyushu will contribute money to a trust separate from the aforementioned amount of remuneration, up to a maximum of ¥600 million over three fiscal years (of which ¥390 million is allocated for directors) to serve as funds for acquisition of shares to be provided in the future.

Method for calculating remuneration linked to business performance (share-based remuneration)

● Share-based performance-linked remuneration plan outline

The Share-based Performance-linked Remuneration Plan is a performance-linked share-based remuneration plan under which the company's shares are acquired through a trust that is established using monetary funds contributed by the company. Each director receives through the trust a number of shares in JR Kyushu equivalent to the number of points granted to them in accordance with their position and the degree to which performance is achieved, pursuant to the Rules on Provision of Shares to Officers established by JR Kyushu through its Board of Directors. In principle, the directors receive the company's shares upon their retirement.

● Maximum number of company shares to be provided to directors and calculation method thereof

Pursuant to the Rules on Provision of Shares to Officers established by the Board of Directors, the company grants each director points that are calculated at a prescribed time each year during the trust period. The points are calculated using a coefficient (ranging from 0.0 to 2.0) that varies depending on a director's position, consolidated operating profit each fiscal year, and the degree to which performance has been achieved in terms of the ratio of Total Shareholders Return (TSR) to the rate of TOPIX growth over the period of the Medium-Term Business Plan (three fiscal years). The number of company shares to be provided to each director is calculated by multiplying the number of points granted to a director by 1.0.

The decision of remuneration linked to business performance for the fiscal year ended March 2020 took into account that the consolidated operating income was ¥49,406 million where ¥56,600 million had been set as the target.

Procedures for determining compensation

When determining remuneration for directors (excluding directors who are Audit and Supervisory Committee members), the Nomination and Compensation Advisory Committee submits its findings to the Board of Directors, with the Board then determining remuneration within the total value limits imposed by the resolution of the General Meeting of Shareholders. 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.

Total remuneration for directors in each category, total amount of remuneration by type, and number of directors receiving remuneration amount

Category	Remuneration amount (millions of yen)	Total amount of remuneration, etc., by type (millions of yen)			Number of persons paid
		Basic remuneration	Linked to business performance	Share-based remuneration	
Directors (excluding Audit and Supervisory Committee members and outside directors)	310	276	17	16	7
Directors (Audit and Supervisory Committee members) (excluding outside directors)	37	37	—	—	2
Outside directors	81	81	—	—	8
Total	429	395	17	16	17

Notes

1. Director compensation amounts do not include the employee portion of compensation for directors who double as employees.
2. The above amounts include compensation paid during the term of office of one director (Audit and Supervisory Committee member) who resigned at the conclusion of the 32nd Annual General Meeting of Shareholders held on June 21, 2019.
3. "Share-based remuneration" indicated above includes provision for stock benefits based on the performance-based stock compensation plan.

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Corporate Governance

Effectiveness of the Board of Directors

Recognizing that ensuring the effectiveness of the Board of Directors leads to medium and long term improvement of corporate value, JR Kyushu conducts hearings with the directors and gives questionnaires to them for the purpose of analyzing and evaluating the Board's effectiveness and then discloses an overview of the results in our Corporate Governance Report.

Evaluation process

- Surveys by a third-party organization
 - Questionnaires for all directors (anonymous)
 - Observations of Board of Directors' meetings
 - Individual interviews with all directors

Reporting of feedback from third-party institutions to the Board of Directors

Main evaluation points

- Composition and management of the Board of Directors
- Management and business strategies
- Corporate ethics and risk management
- Evaluation and remuneration of management
- Dialog with shareholders

Evaluation results for the fiscal year ending March 2020

(1) Progress in relation to issues recognized in the FY2019/3 effectiveness evaluation

In the FY2019/3 effectiveness evaluation, issues raised included the clarification of risks involved in individual resolutions, the formulation of a succession plan, and the appointment and dismissal of the CEO.

With regard to the clarification of risks involved in individual resolutions, it was confirmed that steady improvements have been achieved through a rethinking of Board of Directors materials and of explanations given at Board of Directors meetings.

In relation to the issues of the formulation of a succession plan and the appointment and dismissal of the CEO, it was recognized that further improvements should be made, through measures such as more in-depth discussions centered on the Nomination and Compensation Advisory Committee established in March 2019.

(2) Principal new issues recognized in the FY2020/3 effectiveness evaluation

After our transition to a company with an audit and supervisory committee system in June 2018, directors who were also Audit and Supervisory Committee members, and who had deepened their understanding of the execution of our business through auditing, began participating in discussions of the Board of Directors and exercising voting rights, confirming that the effectiveness of the Board of Directors has improved from the perspective of corporate governance.

In addition, it was confirmed that by delegating authority for important parts of the execution of our business to directors in accordance with the Articles of Incorporation and resolutions passed by the Board of Directors for certain matters that are particularly important for the management of the company, the Board of Directors has been able to secure sufficient time for more in-depth discussions before taking decisions, through measures such as tabling discussion items across multiple meetings of the Board.

Furthermore, through the appointment of two additional outside directors who are knowledgeable in the areas of real estate, finance, and IR in June 2019, the number of outside directors on the Board of Directors rose to represent to a majority (53.3%). As a result, it is confirmed that this diverse base of experience and expertise has enabled more meaningful discussions at meetings of the Board of Directors.

In terms of new issues, it was recognized that there is a need to increase the number of opportunities for outside directors to develop greater understanding of our business.

Future initiatives

Based on this effectiveness evaluation, the Board of Directors will seek to make further improvements, centered on the following matters, in order to enhance the functionality of the Board of Directors.

- In relation to the issues of the formulation of a succession plan and the appointment and dismissal of the CEO, more in-depth discussions will be conducted, primarily by the Nomination and Compensation Advisory Committee.
- With regard to the need to increase the number of study opportunities for outside directors to further facilitate their understanding of our business, we are seeking to improve the situation through measures such as providing explanations of our business or tours of facilities to outside directors.

Auditing

Auditing by the Audit and Supervisory Committee

Our Audit and Supervisory Committee has four members, three of whom are outside directors. In addition to members with legal affairs, we appoint members with sufficient expertise on finance and accounting. Below are details on the attendance of each member of the Audit and Supervisory Committee members in the financial year ending March 2020.

	Name	Attendance rate (attendance/ total number of meetings)
Full-time members	Eiichi Kuga (outside)	13/13 (100%)
	Yasuko Goto	3/3 (100%)
	Masaya Hirokawa	10/10 (100%)
Part-time members	Kazuhide Ide (outside)	12/13 (92.3%)
	Yasunori Eto (outside)	13/13 (100%)

*Yasuko Goto resigned at the end of the 32nd Annual General Meeting of Shareholders held on June 21, 2019. Since Mr. Masaya Hirokawa was newly selected at the 32nd Annual General Meeting of Shareholders held on June 21, 2019, the number of the meetings held during his period in office differs from that for other directors.

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Corporate Governance

Our Audit and Supervisory Committee meetings are used for purposes such as formulating audit plans, creating audit reports, inquiring about the progress of directors' work, and facilitating discussion with the President and outside directors. In the auditing plan for the fiscal year ended March 2020, our focuses were safety initiatives, initiatives for our Medium-Term Business Plan, and Work System Reform.

Each member audits our directors' work by attending key meetings such as those of the Board of Directors, reviewing documentation about matters such as key decisions, and visiting head office, branch offices, operations facilities, and group companies to assess the current state of operations and finances.

Our outside members are particularly instrumental in this, using their specialist knowledge and background to provide necessary advice and suggestions during discussions of proposals among the Audit and Supervisory Committee. Our full-time members gather information from our executive department and work together with our internal auditing department to ensure the effectiveness of the auditing and supervision by the committee.

The committee works from our Audit and Supervisory Committee Office. Four staff members carry out administrative work necessary for the running of the committee, such as calling committee meetings and creating minutes.

Internal auditing

JR Kyushu has established an Auditing Department at its head office to serve as an institution for conducting internal audits. The department consists of 14 members. Internal audits are carried out for the purpose of gaining an accurate understanding of the management activities of JR Kyushu and its group companies as well as for improving operational efficiency through appropriate advice and recommendations and contributing to sound business development. Specifically, the Auditing Department carries out audits of the head office, branch offices, on-site operations, and group companies based on auditing plans for each fiscal year. The department reports the results of these audits to the president.

Two meetings were held between the Audit and Supervisory Committee, internal auditors, and account auditors in the fiscal year ended March 2020 to facilitate a strong working relationship between the three parties and share information on audit

plans, methods, and results. Additional communication also takes place as necessary between the Audit and Supervisory Committee and the accounting auditor and between the Audit and Supervisory Committee and the internal auditing department to share the necessary information and discuss various matters, enabling more in-depth auditing by all parties involved.

Status of Share Holding

Investment shares held for purposes other than pure investment (listed shares only)

JR Kyushu holds investment shares for purposes other than pure investment in cases where it is judged that such holdings would contribute to increases in corporate value over the medium to long term from perspectives such as ongoing business operations or the expansion of earnings through the strengthening of business alliances and relationships.

Meanwhile, the company attempts to reduce shares with respect to holdings for which it has been determined that the rationale for continued holding is no longer sufficient.

Given our long-term vision of taking on challenges involving new mobility services (MaaS), we believe that the notion of achieving sustainable growth of the JR Kyushu Group, beginning with our railway business, requires partner companies with which it is possible to maintain cooperative relationships in the long run without being susceptible to factors such as short-term economic developments.

Based on that perspective, the company acquires shares of companies in the mobility domain, mainly centering on the railway business, when such a move is deemed capable of facilitating greater corporate value for both parties on discussion and approval by the Board of Directors.

On an annual basis, the Board of Directors assesses whether or not to hold individual investment shares for purposes other than pure investment, examining factors such as whether the purpose of maintaining the holdings is appropriate in order to achieve our long-term vision, whether gains associated with the holdings cover the company's cost of capital, or whether there are other prospects for future improvement.

As a result, processes such as transferee selection and specific consultation to prepare for sale will take place with regards to unnecessary shares for purposes other than pure investment.

Furthermore, at a meeting held in August 2019, the Board of Directors conducted assessments of whether or not to hold individual shares for purposes other than pure investment, and determined to reduce those for which the rationale for continued holding is no longer sufficient.

With respect to exercising voting rights of our shares for purposes other than pure investment, the company casts opposing votes when there are concerns regarding corporate governance, and otherwise exercises its voting rights upon consideration of whether or not a proposal will contribute to enabling growth of the entity concerned, improving its corporate value, or other positive outcomes.

Investment Shares Held for Purposes Other Than Pure Investment

	Number of issues	Total amounts in balance sheet (millions of yen)
Unlisted shares	34	2,138
Shares other than unlisted shares	13	23,728

Issues for Which The Number of Shares Increased in FY2020/3

	Number of issues	Total acquisition cost related to the increase in the number of shares (millions of yen)	Reasons for the increase in the number of shares
Unlisted shares	—	—	—
Shares other than unlisted shares	4	15,983	To improve the value of JR Kyushu by maintaining and strengthening cooperative relationships to achieve sustainable growth of the JR Kyushu Group, beginning with the railway business

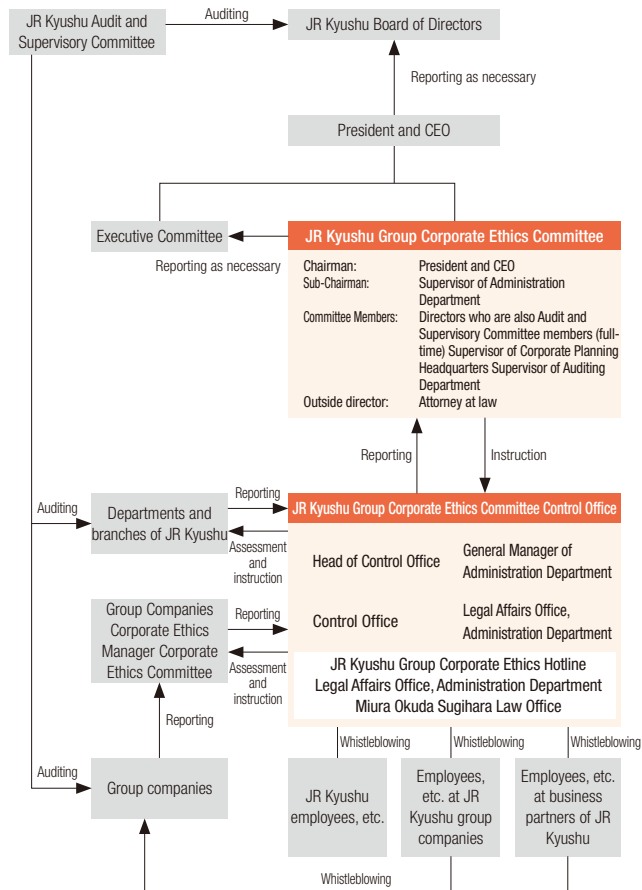
Issues for Which The Number of Shares Decreased in FY2020/3

	Number of issues	Total sale value related to the decrease in the number of shares (millions of yen)
Unlisted shares	5	43
Other shares	1	74

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Corporate Governance

Corporate Ethics Framework Map



JR Kyushu Group Corporate Ethics Committee

The JR Kyushu Group Corporate Ethics Committee, chaired by the President of JR Kyushu, was formed to establish the corporate ethics of the JR Kyushu Group and adjudicate on matters necessary to ensure full compliance with laws and regulations. Matters reported to the JR Kyushu Group Corporate Ethics Hotline are reported to the JR Kyushu Group Corporate Ethics Committee.

Internal Whistleblowing System

A JR Kyushu Group Corporate Ethics Hotline is available in both JR Kyushu and an external law office to handle feedback and inquiries about matters such as corporate ethics and law. The hotline can be used by anyone in the JR Kyushu Group or its business partners to report any concerns about business operations or an individual's actions from a corporate ethics or legal perspective. Information provided by whistleblowers will be kept in strict confidence. Whistleblowers will not be treated unfairly on the basis of requesting a consultation.

Corporate Ethics Initiatives in the JR Kyushu Group

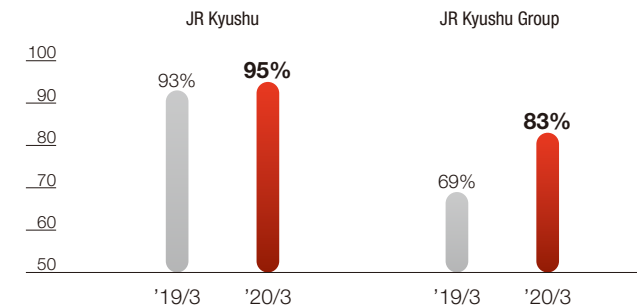
Employee training

All employees, including those in group companies, receive a copy of the JR Kyushu Group Corporate Ethics Handbook. The handbook incorporates specific examples of corporate ethics initiatives, such as creating a workplace with ethical measures such as harassment prevention and running a fair business that prevents corruption and other ethical issues. Employees receive annual training on corporate ethics through methods such as e-learning based on the JR Kyushu Group Code of Ethics to ensure legal compliance by every employee.

In the fiscal year ended March 2019, all employees in the JR Kyushu Group were asked whether they knew that the

JR Kyushu Group has a corporate ethics hotline. 93% of JR Kyushu employees and an average of 69% of group company employees answered that they were aware of the hotline. Making all employees aware of the hotline was therefore a key focus in our e-learning and other training in the fiscal year ended March 2020. When all employees in the JR Kyushu Group were asked whether they were aware of the JR Kyushu Group Corporate Ethics Hotline in the fiscal year ended March 2020, the number of JR Kyushu employees who were aware of it increased by 2% to 95% and the average among group company employees increased by 14% to 83%.

Percentage of employees who were aware that the JR Kyushu Group has a corporate ethics hotline



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Corporate Governance

Corporate ethics seminar

Since the fiscal year ended March 2019, the JR Kyushu Group has designated October as a month for strengthening corporate ethics. Various corporate ethics initiatives are carried out during this month, including a JR Kyushu Group Corporate Ethics Seminar. In the fiscal year ended March 2020, the JR Kyushu Group experienced unauthorized access from an external party, which resulted in personal information being leaked. We asked an outside expert to give a seminar to improve our knowledge of measures for the handling of personal information.

Our Legal Affairs Office, Administration Department, and consulting attorney have given presentations on matters such as the recent revision of the Civil Code, sexual harassment, abuse of power, and the Act against Unjustifiable Premiums and Misleading Representations. Management such as site managers and the heads of each branch received training on sexual harassment and abuse of power in response to recent factors such as a revision in the Act on the Comprehensive Promotion of Labour Policies and the recent increase in inquiries about these matters within JR Kyushu.

Training and seminars held in the fiscal year ended March 2020

Seminars by outside experts	● Seminar on the Companies Act for directors ● Seminar for new directors ● Seminar on corporate ethics in the JR Kyushu Group ● Seminar on the Act against Unjustifiable Premiums and Misleading Presentations ● Seminar on compliance for directors
Presentations by consulting attorney	● Presentation on revision of the Civil Code ● Workshop on prevention of harassment
Off-site corporate ethics presentations by Legal Affairs Office	● Corporate ethics training during training by position ● Corporate ethics training on request by group companies ● Corporate ethics training for branches, Transportation Department, etc.

Information Security

Building of an information security framework

An online store in the JR Kyushu Group was accessed by an unauthorized party, which resulted in personal information and credit card details being leaked. To strengthen security throughout the JR Kyushu Group, we formed a CSIRT (Computer Security Incident Response Team) to carry out systematic initiatives to prepare for future information security incidents.

Overview of CSIRT

(Computer Security Incident Response Team)

Name	JR Kyushu CSIRT (JRQ-CSIRT)
Scope	JR Kyushu and other companies in the JR Kyushu Group
Role	● Clear communication about incident report desk to ensure early notification of incidents ● Rapid response and support in the event of an incident ● Information gathering, timely warnings, and security training during normal operations

Initiatives to Improve Information Security

In the fiscal year ended March 2020, we established the JR Kyushu CSIRT. Specific measures include establishing incident response procedures, creating a framework for rapid response and support in the event of an incident, and formulating guidelines for disclosure outside the company.

We have also worked to improve security awareness through incident training based on anticipated cases of unauthorized access to our systems, along with targeted email training. Measures are being taken to identify and fix vulnerabilities.

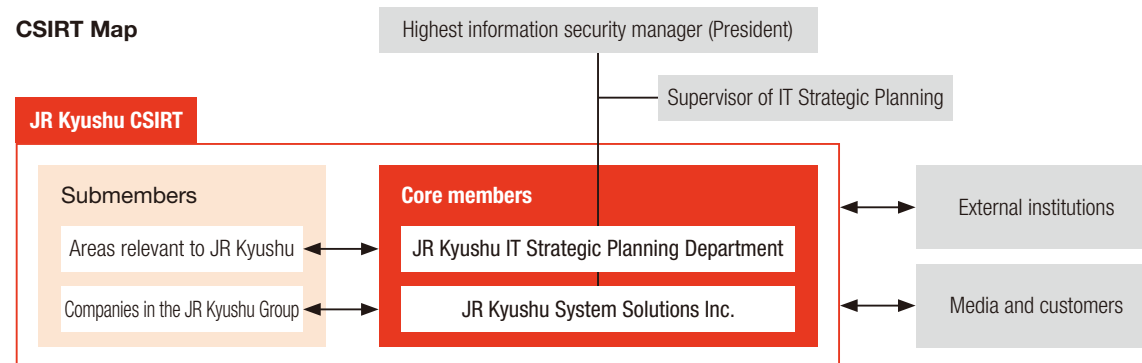


Training on handling information security incidents



Reports on completion of vulnerability diagnostics

CSIRT Map



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Safety

Fundamental Approach

We approach our safety improvement initiatives with the mindset that safety requires initiative.

Safety Control Structure

With proactive involvement from top management, we have established safety management regulations for the purpose of establishing a safety control structure and maintaining and improving transportation safety. In addition, by appropriately operating a PDCA cycle for safety control and implementing activities such as safety audits and safety checks, we carry out checks of our internal safety control structure in an ongoing effort to further ensure safety.

Safety Promotion Committee

Meetings of our Corporate Safety Promotion Committee are held monthly to share safety information and discuss how to prevent railway accidents, hindrances to transportation, and occupational disasters and how to prevent reoccurrence of any incidents that do occur. Matters such as measures and information that are adopted by the committee are disseminated mainly through Safety Promotion Committee meetings held in each branch or department. Furthermore, to ensure unified safety practices among the whole of the JR Kyushu Group, these Safety Promotion Committee meetings are attended by persons in charge of safety at JR Kyushu Group companies, and measures and safety-related information that are adopted are disseminated to group companies.



Meetings of the Corporate Safety Promotion Committee



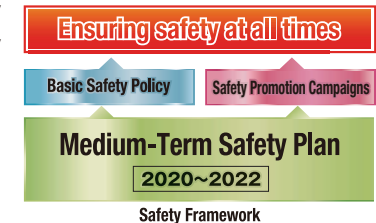
Safety Promotion Committees at branches

Safety principles

1. Safety is the highest priority in transportation operations.
2. Ensuring safety is based on exact observance of rules and procedures, and is achieved through our continuous effort.
3. Strict checks and thorough communication are the most important elements of ensuring safety.
4. Everyone in every role must work together to ensure safety.
5. If you are unsure what to do, take the safest action.

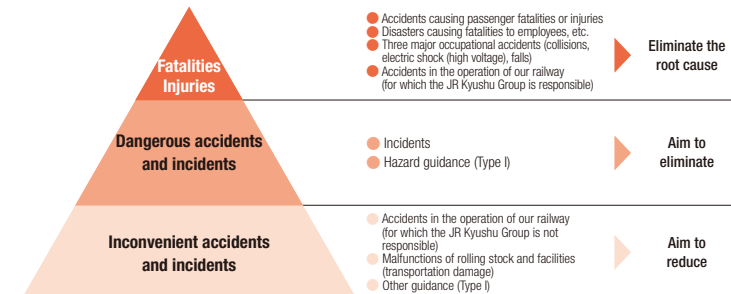
The Two Pillars of Safety

The JR Kyushu Group is working on a three-year Medium-Term Safety Plan (2020-2022) to implement measures that ensure the utmost safety at all times. There are two pillars in these initiatives. The first is a Basic Safety Policy containing key points for each year based on the Medium-Term Safety Plan. This is applied in each department, branch, and group company. The other is actions to ensure safety, centering on key themes each year, based on the unchanging mindset that safety requires initiative.



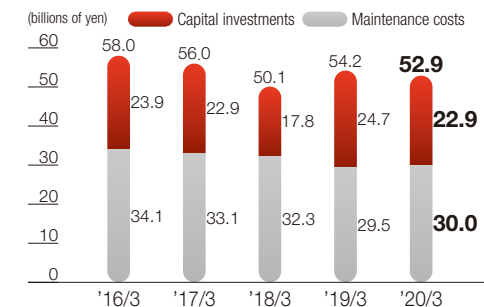
Setting Targets

To turn our principle of ensuring the utmost safety at all times into tangible improvements, targets are set according to the following principles.



Capital Investment Related to Safety

In the fiscal year ended March 2020, we invested ¥22.9 billion in replacement of obsolete facilities, safety and disaster-damage prevention measures, measures for reliable transportation, and rolling stock projects. ¥30 billion was also spent as repair expenses for the maintenance and management of railway facilities, for a total of ¥52.9 billion.



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Safety

Initiatives to ensure safety

Top priorities Initiatives to eliminate signal violations and collision violations*

Prevention of signal violations

- Use of measures such as simulator training to ensure that employees understand the importance of carrying out basic operations correctly and are committed to doing so.
- Thorough checks to ensure correct execution of basic operations and ongoing instruction until these become second nature.



Prevention of collision violations*

- Thorough training on prevention of collisions for employees, etc.
- Use of train collision warning system to prevent collisions caused by human error.
- Safety patrols for assessment and improvement of workplace conditions.



*Collisions that violate our rules on collision prevention

Simulator training

The accident in 2017 that damaged the railway facilities at our Nogata Rolling Stock Center taught us that there are cases where an employee knows something intellectually but cannot act on it in a real situation. To counteract this, we have introduced a simulator on site and have revised our training system to improve employees' understanding of how to handle abnormal situations and ability to respond to these situations. Training takes place on site in small groups and in general training sessions attended by all relevant employees.



On-site simulator

Ongoing initiatives

1 Enhancement of systems to improve safety

Safety audits and inspections, safety conferences, safety discussion gatherings, views shared by employees about safety

2 Improvement of the skills of employees, etc. in ensuring safety

Self-improvement, competitions, abnormal event training, various other training

3 Prevention of railway accidents, etc.

Preparation of backup equipment, measures for railway accidents and incidents

4 Strong measures against intensifying environmental issues

Measures for earthquakes and tsunamis, stronger disaster prevention, case by case measures for situations such as terrorism

5 Prevention of accidents involving trains and facilities

Replacement of trains and facilities and renovation of trains



Self-improvement



Measures for sloping surface

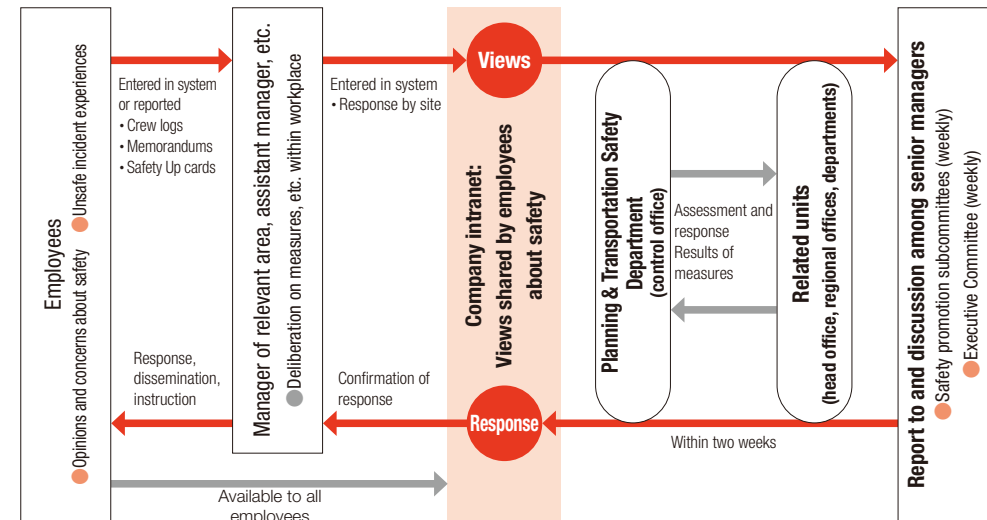


Further installation of ATS-DK

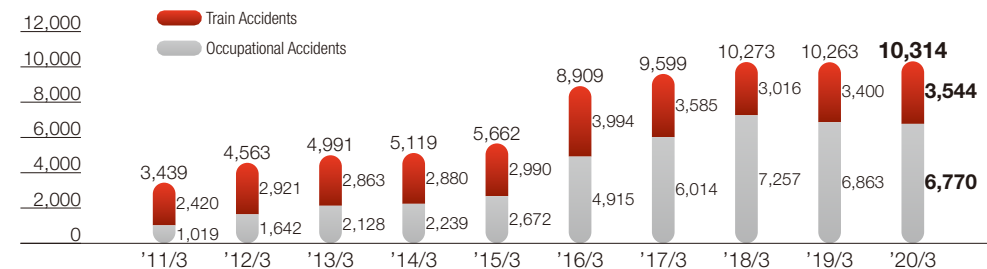
Views shared by employees about safety

Our system for views shared by employees about safety is used to allow employees to share opinions and concerns about safety, unsafe incident experiences, and unsafe incidents that may occur to prevent accidents and other hazards before they occur. Details and solutions are reported to the Executive Committee within two weeks and information is shared with all employees via our intranet.

Process for views shared by employees about safety



Number of Views Shared by Employees about Safety over the Last 10 Years



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Safety

Examples of Improvements as a Result of Views Shared by Employees about Safety

Examples of improvements

View

"There are gaps and differences in level between the train and platform at Sotaro Station on the Nippo Main Line and Yunohira Station and Onigase Station on the Kyudai Main Line. I think this is very dangerous because passengers could injure their feet or fall through the gaps when getting on or off trains. I hope you will consider this matter."

Measure

After confirming that the gaps and differences in level were within the standards, we painted the areas orange so that passengers would notice them more easily when getting off trains.



Strong measures against intensifying environmental issues: measures for disasters caused by heavy rain

In the fiscal year ended March 2020, we carried out work in 29 areas to reinforce sloping areas alongside the tracks that may be affected by heavy rain or typhoons and prevent rockfall and collapse due to deterioration over time.



Before the measures were carried out



After the measures were carried out

TOPICS

Disaster caused by heavy rain in late June to late July 2019

192 areas of our railway facilities, mainly in southern Kyushu, were damaged during the rainy season in 2019, causing services to be suspended on a large number of lines. 58 areas on the Hisatsu Line, 41 areas on the Nippo Main Line, 29 areas on the Nichinan Line, 24 areas on the Kagoshima Main Line, and 40 areas on other lines were damaged. The main causes were collapses of cut slopes, embankments being washed away, debris being carried onto the lines, and fallen trees.

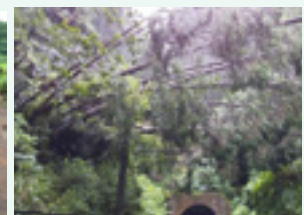
Large areas of embankments were washed away between Kobayashi and Nishi-Kobayashi on the Kitto Line, causing services to be suspended for a long time, but with the hard work of the people and organizations involved, we were able to carry out the necessary discussions and repair work at a good pace and resumed services on the line around 1 month after the disaster occurred.



Collapse of cut slopes

Embankments
washed away

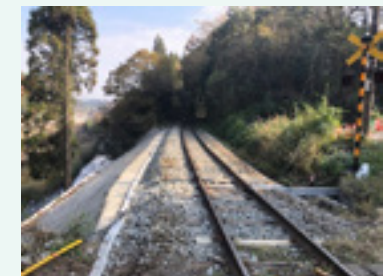
Debris on lines



Fallen trees



At the time of the disaster



Restoration

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Safety

New initiatives

- 1 Maintenance tailored to the condition of rolling stock and facilities
- 2 Disaster measures using external data
- 3 Implementation of ICT for wider use of information
- 4 Use of drones for more accurate maintenance inspections
- 5 Inspections using trains with cameras and sensors
- 6 Use of smart devices to prevent human error



Train approach warning system



Drone inspections



Inspections via commercial trains

Initiatives for verification in order to take the next steps

- 1 Fundamental revision of maintenance cycle by introducing CBM
- 2 Prevention of unsafe actions by employees, etc. through use of sensors and AI
- 3 Use of AI image recognition to detect issues that may endanger passengers
- 4 New maintenance methods using robot technology



AI image recognition



Robot suits



CBM of vehicles

Adoption of RED EYE:

Using commercial rolling stock to improve efficiency of conventional line inspections

Commercial rolling stock has been fitted with Japan's first camera systems with elemental technology to improve the efficiency of some of our inspection operations in our railway facilities, improving the quality of our facilities and the safety for our personnel. These camera trains are called RED EYE trains.

- Cameras and other equipment fitted at the front of commercial rolling stock reduce the patrol work that needs to be done by personnel and improve quality.
- Japan's first rooftop 4K cameras reduce inspection work and improve safety.

Conventional inspections and checks

Check area around tracks

A staff member rides on a commercial train to check the area around the tracks and make judgments



Future inspections and checks

Video footage is automatically transferred for automatic judgments about faulty areas



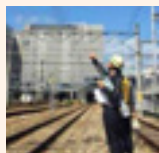
Location of equipment on train



Image of clearance limit analysis results

Inspection of facilities around train lines

A staff member walks around the area to carry out checks and make judgments



Images of the facilities from the rooftop 4K cameras are checked and judged from an inspection office



Equipment on roof of train



Image of inspection of facilities around train lines using images from cameras

Joint development for CBM* of railway signal facilities

*Condition-based maintenance. Maintenance that is carried out only when deemed necessary based on the condition of the facilities.

In March 2019, we worked together with Nippon Signal Co., Ltd. and Kyosan Electric Mfg. Co., Ltd. to develop technology and methods that can be used for CBM for electric switch machines and track circuit devices. We are analyzing various data from our ongoing condition monitoring system, past maintenance inspections, and facility faults and using the results to predict when a fault or deterioration will occur in facilities and build a model to assist in decision making about facility repairs.

● Method of joint development

1. Accurate repairs of facility faults according to predictions
2. Proposal of facility replacement plan according to predictions of deterioration

Development targets

Phase 1
Mechanization of equipment inspection operations

Utilization of data

Batch management of data

Synergistic creation of added value

Phase 2
Data-driven CBM

Safe and efficient facility repairs based on predictions of fault and deterioration times using big data analysis

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Service

Fundamental Approach

Since 1991, JR Kyushu has worked to enhance service through a variety of measures. In 2003, we formulated the Service Charter, which employees recite each day and always keep in mind. Since the fiscal year ended March 2008, we have accelerated our initiatives to further promote a corporate culture founded on service. Themes are set for each year's activities for further implementation. Our theme for the fiscal year ending March 2021 is further improvement of service based on the mindset "Notice, approach, and reach out - it starts with you."

Service Charter

- 1 We are grateful to the customers who select JR Kyushu.
- 2 We listen to customers, think from the customer's perspective, and pursue customer satisfaction.
- 3 We always greet customers with a sense of hospitality and remember that every customer is important.

Listening to Customer Feedback

We listen to all feedback from passengers to understand what customers are concerned about and what they are not satisfied with. We place the highest importance on responding rapidly to customers' requests.

Initiatives to Address Customer Feedback

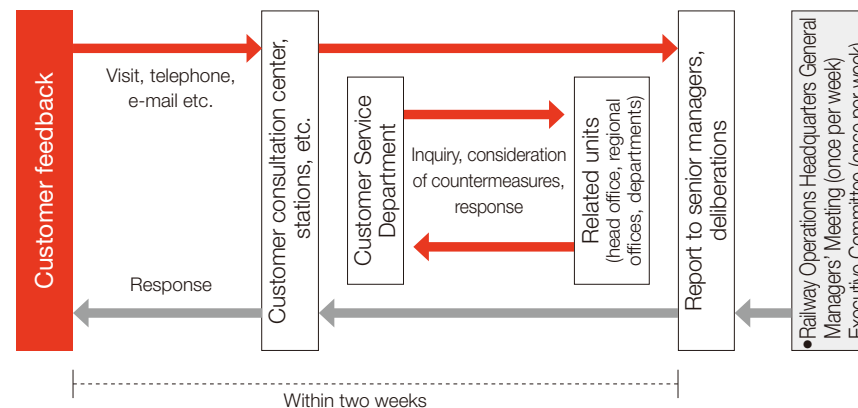
As we mention in our Service Charter, customer feedback is the starting point of our efforts to enhance service. We listen to customer feedback and strive to understand what customers are concerned about and what they are not satisfied with. We place the highest importance on responding rapidly to their requests and on working to enhance service.

In addition to messages received directly from customers, we seek feedback through

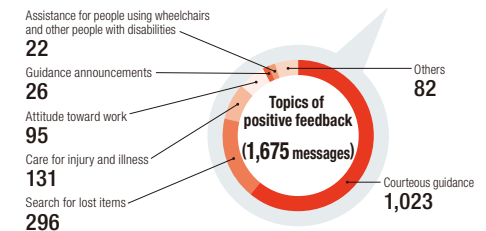
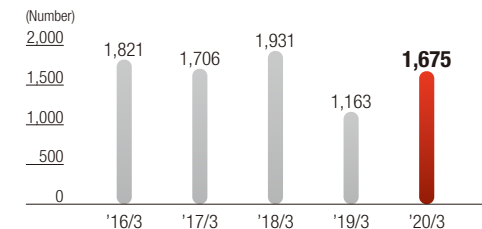
various avenues such as online and by phone. We received around 9,200 feedback messages in the fiscal year ended March 2020, containing compliments, feedback, and requests. We strive to report feedback to senior managers, deliberate, and provide a response to the customer within two weeks, and to rapidly share and analyze the feedback within the company and apply it to specific improvement measures.

In the event that it is difficult to make improvements immediately, future measures are considered by the Committee to Enhance Our Corporate Culture Founded on Service, which has the president and other related officers as members. In these ways, we are working to enhance service quality.

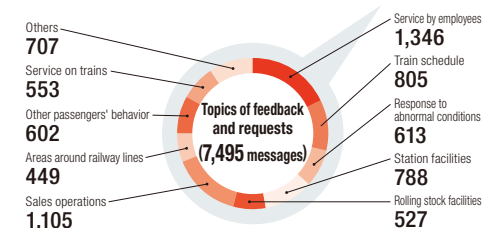
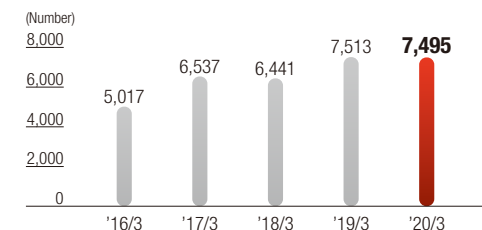
Flow of Customer Feedback



Number of compliments



Number of feedback messages and requests



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Service

Initiatives to Enhance Service Quality

Initiatives Based on Customer Feedback

Help Mark

To make our railway more accessible for passengers whose need for help or accommodations might otherwise go undetected, we have placed Help Mark* stickers and awareness-raising posters near priority seats on our trains. We ask other passengers to provide assistance for passengers with a Help Mark or Help Card, such as giving them a seat or approaching passengers who appear to be struggling.

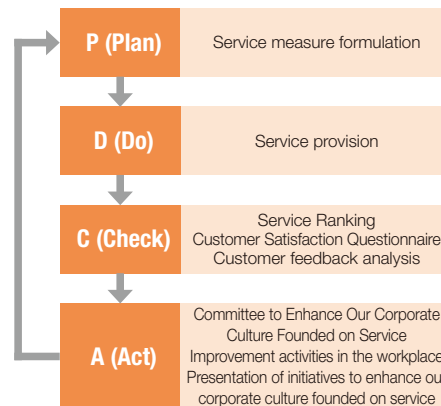
*The Help Mark is provided for people whose need for help or accommodations might otherwise go undetected, such as those with prosthetic legs or replaced joints, those with severe illnesses or other internal disabilities, and those in early stages of pregnancy. This lets people nearby know that the passenger needs assistance. Passengers also wear a Help Card for this purpose.



Fully non-smoking stations

In the past, our stations in Fukuoka and some areas of the Kitakyushu Metropolitan Area were fully non-smoking while other areas, measures were taken to separate the smoking and non-smoking areas, such as setting up ashtrays at the ends of platforms. Smoke-free initiatives have been expanded, with all JR Kyushu stations now fully non-smoking apart from some smoking rooms on the Kyushu Shinkansen line. This change was made in the interest of fully applying the partial amendment to the Health Promotion Act on April 1, 2020 and in response to feedback from customers who wanted smoke-free stations.

We are implementing a variety of initiatives to enhance service quality. We periodically obtain the cooperation of customers in answering the Customer Satisfaction Questionnaire, which we use to measure customer satisfaction and to enhance various services based on the content of the evaluations received. We also implement a Service Ranking, which involves formulating evaluation standards for each service and utilizing external research to conduct evaluations. The diagram below shows the flow of initiatives to leverage customer feedback and enhance service quality.



Service Ranking

In our station, travel, and train crew units, we are fostering a sense of positive competition by quantifying and ranking the results of semiannual service surveys. Through this initiative, we are working to enhance awareness of customer reception at each worksite and promote active improvement of service.

Customer Satisfaction Questionnaire

In the fiscal year ended March 2020 we implemented an Internet survey, which received 17,648 responses. We reflect the complaints we receive in specific improvements, and are considering a joint initiative with other railway companies to improve elements such as passengers' behavior on trains and in stations.

Service on JR Kyushu's Railways



Committee to Enhance Our Corporate Culture Founded on Service

To comprehensively consider items related to service at JR Kyushu, we implement improvement activities based on the formulation of service strategies, and advance the establishment of a foundation for the enhancement of service quality, a committee chaired by the president and including general managers and regional office manager among its members that meets once per month.

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Service

Fostering Awareness of Service

A Presentation of Initiatives to Enhance Our Corporate Culture Founded on Service

Fourteen worksites that were selected from within the company gave presentations about excellent initiatives in the fiscal year ended March 2020 that were implemented to enhance our corporate culture founded on service. Employees from the selected worksites enthusiastically announced how they drew on their ingenuity, and these ideas were then rolled out in the worksites of those who attended the meeting. In this way, these ideas were linked to



A Presentation of Initiatives to Enhance Our Corporate Culture Founded on Service



Customer support training

new service improvement initiatives.

We are carrying out various initiatives to increase awareness of improving service at our group companies and among all of our employees.

Developing Employees Who Provide Excellent Service

We are rolling out roleplay-based training for all station and onboard employees based on likely scenarios such as service at the ticket gates and on board trains, as well as situations such as passengers who need to be accompanied and assistance for blind passengers using a cane. A Customer Company Championship is also held

for our station and onboard staff, with regional and company-wide competitions. Employees compete to improve customer satisfaction, working on elements such as speech and demeanor. We invite elderly passengers and passengers with disabilities to attend customer support training about the best ways for station and onboard staff to assist passengers who may need help.

In the fiscal year ended March 2020, we began awarding qualifications as Service Care-Fitters*. Over 80 employees now hold this qualification. We will continue to pursue initiatives to ensure passengers' safety, peace of mind, and comfort as they use our railway services.

*A national qualification in which employees learn a caretaking mindset and techniques for assisting passengers so that they can help and interact with passengers in a way that puts them at ease. This fosters good communication not only with elderly passengers and passengers with disabilities but with passengers in general. (Source: Website of The Nippon Care-Fit Education Institute)



A Customer Company Championship

Examples of Training

Name of training	Number of participants	Overview
Customer reception seminar	Approx. 40 people	This training aims to enhance guidance and customer service abilities. Participants learn how to ensure that the type of service that is necessary on the front lines is well established in worksites, and they acquire know-how about responding to feedback from customers.
Customer support training	Approx. 200 people	To enable customers with physical disabilities and elderly customers to use stations and trains with peace of mind, this training aims to have employees on the front lines (station employees, train crew members, etc.) learn about new accessibility laws and regulations and acquire knowledge and skills related to appropriate support, and then apply this training in each workplace.
E-learning	All employees	This training aims to deepen understanding of "Toward a Corporate Culture Founded on Service 2020"
Training for the Service Care-Fitters qualification	Approx. 80 people	Employees learn the techniques and hospitality necessary to make train travel stress-free for elderly passengers and passengers with disabilities.



A Service Care-Fitter

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Service

Initiatives to Enhance a Culture of Mutual Praise

We believe that through praise we can draw out the motivation and independence of employees and further enhance service based on the added value created by each employee. We are implementing a range of activities on that basis.

Specifically, we have established a variety of recognition systems for employees who have received compliments from customers. Employees' pay slips contain compliments and messages of gratitude from customers, and employees can send each other thank you cards to express their gratitude to each other. Employees who have provided outstanding service and received messages of gratitude from customers and colleagues are recognized each month with awards. A Service Round-Table Discussion is held twice a year, where employees who have received awards exchange opinions with the President and the general manager of the Customer Service Department. In addition, we recognize employees who have provided especially superior service through the Service of the Year Awards. We will use the excellent initiatives of award winners as a reference in ongoing work to share information to facilitate the provision of services that are aligned with the sentiments of customers.



Service Round-Table Discussion



Service of the Year Awards

Initiatives to Improve Customer Service Skills in Group Companies

We hold competitions to improve customers service skills in group companies as an initiative to improve service and customer satisfaction.

**The 10th JBM Customer Service Roleplay Competition
(JR Kyushu Building Management Co., Ltd.)**

20 staff members from the stores in the 10 station buildings around Kyushu managed by JR Kyushu Building Management participated in a customer service competition. The participants competed on customer service in Food Delivery, Restaurants, and Goods and Service categories.

**The 11th Customer Service Roleplay Competition
(JR Kyushu Retail, Inc.)**

12 winners of heats were selected from stores operated and managed by JR Kyushu Retail to represent their stores in a competition covering the customers service skills used on a daily basis. The competition was watched by around 280 employees from affiliated stores and the JR West Group.

**S-1 Grand Prix 2019
(JR Kyushu Hotels And Resorts Holdings Inc.)**

JR Kyushu Hotels And Resorts Holdings Inc. holds the S-1 Grand Prix to further improve service throughout the JR Kyushu Hotels Group. Reception staff from all 15 facilities presented roleplays in pairs.



Development of Human Resources

Fundamental Approach

As part of our aim to develop employees who are eager to learn and take on challenges, we are implementing initiatives based on the themes of a corporate culture that emphasizes learning, a workplace environment that fosters action, comfortable environments that are easy to work in, and satisfaction.

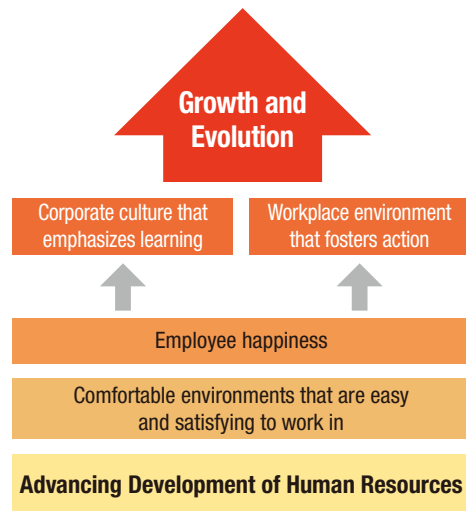


Image of new training center for employees

Corporate Culture that Emphasizes Learning, Workplace Environment that Fosters Action

Development of Human Resources is a major pillar of the corporate culture we are striving to build in the JR Kyushu Group. To ensure the sustainable growth of the JR Kyushu Group, each and every employee needs to learn and challenge themselves to achieve continuous growth and evolution.

It is also important for employees at all levels to be self-aware and conscious of the

knowledge and skills required in their daily work in order to make the JR Kyushu Group a strong organization.

The JR Kyushu Group has many systems for employees who are enthusiastic about growing and learning. We use these to help our employees learn and become the best they can be.

Our declaration: “Let’s learn! Let’s try!”

Our vision for our employees

In addition to dedicating themselves to our core principles of safety and service, employees must recognize that they are the foundation of sustainable growth of the JR Kyushu Group. Employees must never settle for how they are now—they must apply their experience and the things they have learned to bold new challenges and work to make the group even better in future.

Employees must be willing to learn and grow and give 100% to their learning

- Employees must give 100% to growing as an employee, either through our various training programs or through their own self-learning
- Employees must place importance on having the desire to learn and must dedicate themselves to improving their knowledge of our work

Employees must apply their knowledge and experience both to their own growth and evolution and that of the company

- Employees must apply their knowledge and experience to improving their service and contributing to the improvement of their workplace and the company as a whole
- Employees must involve themselves in instruction and training to pass on their techniques and skills to more junior employees and employees they are managing

Employees must place importance on working relationships and work to build a positive workplace and encourage other employees

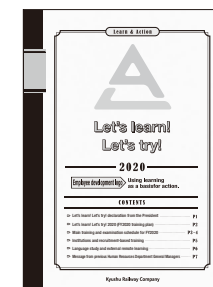
- Employees must actively communicate with their supervisors, colleagues, and employees they are managing during the course of their daily work, using internal systems as necessary, to create a transparent environment that is easy to work in
- Managers must apply the knowledge of health, harassment, etc. that they have gained through training and self-learning to build a good working environment

Basic Training Plan

Our basic training plan for the fiscal year ending March 2021 centers on the concept “Let’s learn! Let’s try!” to foster a mindset in which JR Kyushu Group employees understand our vision for our employees and work on their growth. We are working on further sharing human resources development initiatives among the JR Kyushu Group and taking them further.



Conduct Training Competition



“Let’s learn! Let’s try! 2020”

We issue a booklet describing the main points of our training plan and details of our employee training to disseminate this information to all employees.

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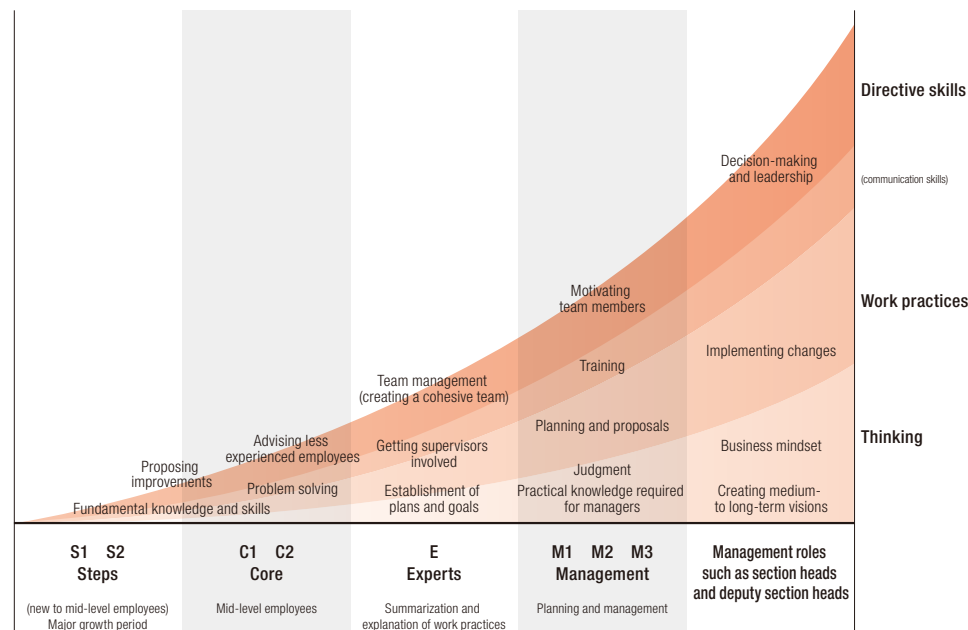
Development of Human Resources

Training for each position

We provide training aligned with each growth stage for various positions, such as training for new employees, training for employees who have been promoted, training for new

managers, and training for new frontline managers. In training by position, employees study topics such as mindsets, active communication, and management methods.

Knowledge and skills expected for each position



Self-learning program

We have a variety of programs to help employees develop the ability to think and act on their own initiative. These include internal and external remote learning, language study, and opportunities to study overseas or at Japanese universities and graduate schools to help each employee reach their goals. Our language study includes the JR Kyushu English

School, where employees can learn English via their home computers or smartphones. We also have self-learning systems such as one where employees who have obtained a new qualification can have the cost of the exam reimbursed by the company and award systems such as our Grand Prize for Learning, to recognize employees who have spent the year obtaining a qualification.

Main training systems in the fiscal year ending March 2021

Type	Employees	Details	Theme, etc. of training
Training for each position	New Executive Officers	Executive Officer training	Attendees learn the knowledge required to make investment judgments and points they need to be aware of as a member of the management team
	New managers	Training for new managers	Management mindsets, leadership, employee training, organization management
	New site managers	Training for people advancing to new management positions	Mindsets and roles of site managers, skills for strengthening organizations
	Employees advancing to their first management role (assistant manager, representative of section manager, etc.)	Training for employees' new role as managers	Practical knowledge required for employees' new role as managers; instruction and training of employees
	Employees promoted to E-rank positions	Training for employees promoted to E-rank positions	Mindsets for supervisory roles, the basics of team management
	Employees promoted to C-rank positions	Training for employees promoted to C-rank positions	Reflection and setting new goals, communication with more junior employees
	New employees	Training for new employees	Basic knowledge of railways and the fundamentals of the working world
Recruitment-based training	Managers	JR Kyushu Management School	Management mechanisms and principles; measures to increase the value of the company
	M3-rank employees	Globis courses	Marketing, fundamental management strategies, critical thinking
	M1- and M2-rank career track employees and employees who have completed leader training	Training for the next generation of managers	Problem solving, communication, fundamentals of finance, rapport building
	E-rank expert employees	Training for assistant management candidates	Motivation of employees, instruction based on personality type, delegation
	All employees	Future Creation Program HIRAMEKI	Employees learn the mindsets of management and create a future for themselves and the company
	Expert employees age 35 and under who have been with us for at least four years	Leader training	Employees learn the skills necessary to lead in future and improve on their strengths

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Development of Human Resources

JRK Activities

JRK activities are small-group activities that have been implemented since the founding of JR Kyushu. The content of these activities covers a wide range, including not only improving methods for advancing work and reducing costs but also increasing revenues, enhancing services, implementing local community invigoration initiatives, and promoting health. Decisions on these activities reflect consultation regarding the types of issues that people actually encounter on the front lines. In the fiscal year ended March 2020, a total of 5,214 JR Kyushu employees participated in 776 groups, and 12 teams from 12 companies participated at the JR Group company announcement. The employees shared stories about problems they had solved in their workplaces, and those who had carried out the best problem-solving activities received prizes. The event reflected the JR Kyushu activity slogan of “cheerful, fun, and energetic.”



Future Creation Program HIRAMEKI

From the fiscal year ended March 2019, we started the Future Creation Program HIRAMEKI as a representative initiative for our “workplace environment that fosters action.” This is a new business proposal system to which any JR Kyushu employee can submit ideas, regardless of their years of service at JR Kyushu or experience. A key feature of this system is that when an idea is proposed and adopted, the employee who made the proposal is assigned to the new business project. This is not a system where people make proposals and then let someone else implement them. Personnel reassignments are a part of the system, which fosters an eagerness to contribute directly to the realization of a new business idea.



Comfortable environments that are easy and satisfying to work in

JR Kyushu strives to ensure that our workplaces are safe, fulfilling, and enjoyable for all employees.

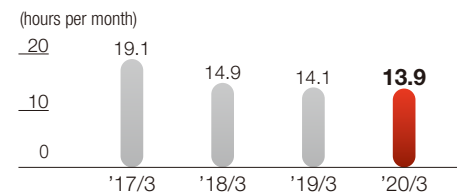
Health Management

JR Kyushu believes that health-related awareness and action on the part of every employee contribute to the health of the company. On that basis, we formulate a basic policy for health management each year. The slogan for the fiscal year ending March 2021 is “I will! Shifting from reactive to proactive health management”. We carry out a variety of activities to promote specific actions in which employees work more actively to improve their health. In addition, we have established a Health Management Office within the company. The office's activities include workplace visits and health consultations, with a central role played by industrial physicians and public health nurses. In these ways, we are working to support employee health management.

Progress in implementation of basic policy for health management in the fiscal year ended March 2020

	Target	Results
Employees who have received a medical checkup via Ningen Dock	50% or more	55.7%
Employees who have received a stress check	100%	99.9%

Average overtime



Prevention of overworking

To prevent overworking and promote a good work-life balance, as a general rule, employees must not do more than eight hours of overtime in one day, and overtime and working on non-work days must total less than 45 hours per month and 360 hours per year. Our main initiatives are as follows.

- Working hours are assessed through objective records using equipment such as an IC card
- Regular monitoring of overtime and work on non-work days
- Employees whose overtime and work on non-work days exceed 80 hours per month to meet with an industrial physician

Building Systems that Support Diverse Working Styles

Changes in our management environment include a decreasing working population due to a declining birth rate and an aging population, as well as the diversification of values regarding working style. To respond flexibly to these changes, we have taken steps to establish systems that support diverse working styles. From the fiscal year ending March 2021, we have raised the maximum age to 70 for employees who wish to work past the age of 65. In particular, we are implementing initiatives to support the employees who are raising the next generation of children. We acquired the Kurumin mark (certification awarded to companies providing strong support for working parents) for all of our previous five action plans in 2007, 2009, 2012, 2015, and 2018.

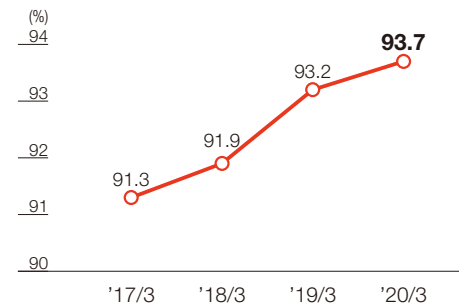
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Development of Human Resources

Creating workplaces where women will thrive

JR Kyushu has formulated an action plan for the promotion of women's participation and advancement in our company based on the Act on Promotion of Women's Participation and Advancement in the Workplace. During the period of the plan that extended from April 1, 2016 to April 1, 2019, we achieved our objective to raise our ratio of female managers to 6%. For the period of our current plan (April 1, 2019 to March 31, 2022), we have announced the objective of a retention rate of 95% or more for female employees. We are working to establish a workplace environment that facilitates the continual participation and advancement of women. In November 2019, we received grade 2 Eruboshi certification from the Ministry of Health, Labour and Welfare, recognizing our strong implementation of initiatives to promote the participation and advancement of women according to the Act on Promotion of Women's Participation and Advancement in the Workplace. We are building on this progress to create a working environment where women can continue their career and thrive at JR Kyushu. We are actively working to facilitate the participation and advancement of women so that all of our employees have something to aim for and a workplace that brings them fulfillment.

Retention of Female Employees



Recruitment Principles and Activities at JR Kyushu

Diversity is a priority in JR Kyushu's recruitment, and we use fair selection policies that do not discriminate by gender, nationality or any other facet of candidates' identity.

Recruitment policies that focus on diversity

Employees are selected fairly, regardless of religion, gender, age, sexuality, disability, nationality, or any other facet of their identity. We strive for diversity and welcome employees from all walks of life. We recruit employees of all ages, with and without experience. We welcome returnees from overseas universities, overseas students, and students with disabilities.

Employment of People with Disabilities

JR Kyushu is actively working to employ people with disabilities, and as of June 2020 the percentage of employees with disabilities was 2.74%. In addition, in April 2019 we established JR Kyushu Palette Work Inc. with the objective of employing people with disabilities. Moving forward, we will work to further expand employment of people with disabilities by creating an environment that is even easier to work in.

Internships

JR Kyushu offers internships to offer prospective employees a glimpse of our workplaces that cannot be seen at job fairs or on our website and allow them to experience what it's like to work here and what kind of employees succeed. Interns gain an in-depth understanding of our company, preventing situations where an employee is hired but discovers that JR Kyushu is a poor fit for them. Internships are also an opportunity for interns to learn new things and gain new insights, and provide a point of reference for job seekers' research on industries.



Development of Human Resources

TOPICS

Establishment of JR Kyushu Palette Work Inc.

In April 2019, the JR Kyushu Group established JR Kyushu Palette Work Inc. to further promote employment of people with disabilities. During the preparations, we identified the operations involved in running the company and conducted practical training during the hiring process. We applied to register JR Kyushu Palette Work Inc. as a special subsidiary. The company's main activities in the fiscal year ending March 2021 include sorting and delivering internal mail, rolling posters, setting up amenities for Seven Stars, printing business cards, and cleaning, and we plan to further expand operations in future. Six staff members with disabilities currently work for JR Kyushu Palette Work Inc.



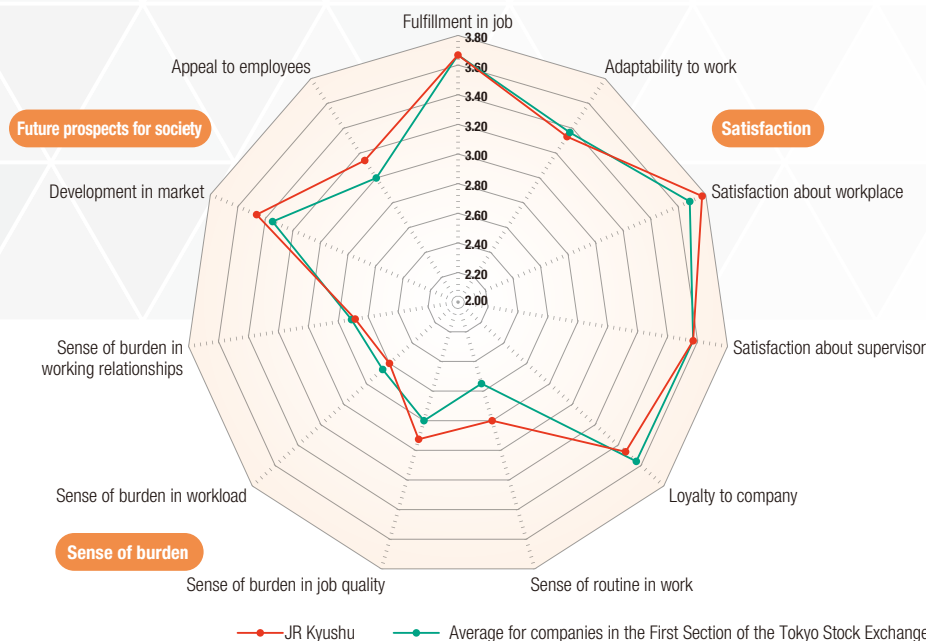
Employee awareness survey

JR Kyushu conducts regular surveys to assess employees' awareness. The survey ascertains employees' awareness about their job and workplace. We analyze factors that influence employees' awareness according to their age and nature of their work and apply this data to future measures to invigorate our organization and improve employee satisfaction.

The results of our survey in the fiscal year ended March 2020 indicated that while our employees felt

optimistic about JR Kyushu's prospects for future growth, they felt that they were going through the motions in their work and their loyalty to the company was somewhat low.

We intend to respond to this by expanding our measures to praise various improvements in employees' daily work, improve management skills through management training and other position-specific training, hold discussion sessions in each department and branch, and revise our HR measures.



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Local Community Invigoration

Fundamental Approach

We believe the mission of the JR Kyushu Group is to conduct environmental development (a benefit to local areas), cultivate local traditions and cultures together with local residents, and serve as a guide through the next stage of progress. We believe that invigoration of local communities invigorates us in turn, and we will keep the initiatives continuously by addressing the following initiatives.

D&S Trains

The highly unique designs of our D&S (Design & Story) trains are rooted in the stories of each region. In addition to the distinctive, sophisticated look and interior of JR Kyushu's rolling stock, each train is full of unique features that capture the culture of the communities around the lines and the scenes passengers can see from the window. By adding to the appeal of these trains, we are helping to increase Kyushu's overall brand value and to attract customers to the Kyushu region.

On the Aru Ressha, passengers can admire natural scenery such as mountain and sea views from a luxurious space, while enjoying multiple courses of sweets made from an abundance of Kyushu materials. Every element of the train exudes Kyushu culture, from lovingly produced local foods to original containers made with care by local craftspeople.

Kawasemi Yamasemi runs alongside the Kuma River, with majestic mountains on either side. The train is named after two wild birds found in the area—the common kingfisher (*kawasemi*) and crested kingfisher (*yamasemi*)—and features an emerald green and deep green color scheme representing the fresh water of the Kuma River and the lush forest of the Kuma region. Local specialties are sold or events are held on board at times to add extra excitement to passengers' journey.



Seven Stars in Kyushu Cruise Train

We launched the Seven Stars in Kyushu cruise train to introduce passengers to the abundant nature, delicious food, fascinating culture and history, and warm hospitality of Kyushu.

Passengers see the highlights of each of Kyushu's seven prefectures and get to know friendly locals, providing a train experience like no other. Every moment of the journey brings something warm, vibrant and new, and the glow of the Seven Stars experience lasts long after passengers' journey ends.

A warm welcome from the whole of Kyushu

Seven Stars in Kyushu's hospitality is not just on the train. Passengers receive a warm welcome from friendly locals, not just during stops but while passing through each community. That human warmth is another part of what makes visiting Kyushu so wonderful.



JR Kyushu Walking

We hold JR Kyushu Walking events to help people discover places of interest around stations in Kyushu. Held since May 1999, the event held in the fiscal year ended March 2020 was the 20th JR Kyushu Walking event.

Courses are designed with cooperation from local governments and communities and feature themes such as the nature, famous sights, cuisine and festivals of each region. With people becoming increasingly health-conscious, our 2019 event attracted over 120,000 walkers. The courses center on stations to encourage people to use railways and build the JR Kyushu Group's fan base. JR Kyushu Walking events are the product of that close, ongoing communication with local communities.



Businesses Involved Local Community Invigoration

Agriculture business

An increasing quantity of farm land is being abandoned due to a lack of successors. JR Kyushu began its agricultural business to help to reinvigorate Kyushu's farming industry. JR Kyushu Farm Co., Ltd. began by growing leeks in Oita Prefecture, and now grows produce on seven farms. We have launched the Uchi no Tamago brand of eggs to supply safe and delicious eggs.



Sixth-sector industry in ume plum growing area

Oyama Yumekobo, Inc., which joined the JR Kyushu Group in January 2016, operates in the Oyama-machi area of Hita City, an area famous for its ume plums, producing ume products such as umeshu (ume liqueur). In the fiscal year ended March 2020, the company pickled 32 tons of ume for umeshu. In addition to working with local growers to ensure a steady supply of ume, the company grows its own ume as a sixth-sector industry.



Manbou Corp. joins the JR Kyushu Group

In 2019, Manbou Corp. joined the JR Kyushu Group. Manbou Corp. is known for opening Japan's first restaurant in the sea and for being the birthplace of squid siu mai dumplings, helping to make Yobuko squid a brand.

We work together with Manbou Corp. on community development to contribute to the development of the area's food culture and tourism industry while maintaining the products and brand that Manbou has built and the local character that gives it its value.



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Local Community Invigoration

TOPICS

VIVISTOP HAKATA opened to provide creative activities for kids and support innovation

JR HAKATA CITY Co., Ltd. opened VIVISTOP HAKATA to provide creative activities for kids and support innovation.

Operated by VIVITA Inc., VIVISTOP is a creative learning environment with locations around the world. It connects people from various countries, facilitates global networks between experts and helps bring kids' ideas to life.

The new VIVISTOP HAKATA is a place where kids can learn through creative activities that their possibilities are limitless and aspire to become amazing creators and innovators who make the world a better place. JR HAKATA CITY uses its exposure to provide full support for the innovations that are made in VIVISTOP.

VIVISTOP HAKATA is open to everyone in fourth grade (age around 9-10 in Japan) and over, breaking down economic, social and regional barriers. Kids can use a variety of creative tools for free, including the latest technology such as laser cutters and 3D printers and module-based tool set developed by VIVITA Inc.

**The “Supporting Each Other Until It's Over” project: A project launched with the hope that recovery from COVID-19 will come soon**

All of us at JR Kyushu express our heartfelt hope that you are all well and that the end of the COVID-19 pandemic will come soon. We have launched the “Supporting Each Other Until It's Over” project to carry out various initiatives together with local people and businesses.

Phase 1

Opening of the website “Ouchi De Asobo!” (Let's Play At Home!), a special website where people who have to stay at home can have fun doing activities such as coloring pictures of our trains and doing paper crafts.

Phase 2

Streaming of videos expressing our solidarity with local communities in Kyushu by spreading some Kyushu cheer until these times end and we can breathe a sigh of relief and return to normal life.

Phase 3

Creation of content that families can enjoy at home by onboard staff of our D&S Trains. This handmade content is posted on our special site as “Let's Play At Home! Presented by Onboard Staff”.



Dialog with Stakeholders

Discussions with Customers

We hold discussions with customers to find out their thoughts on the JR Kyushu Group. We hold two to three local meetings in eight regions around Kyushu, where customer advocates who are appointed for a year at a time share a variety of opinions. We also hold two central Discussions with Customers each year, where representatives from each region talk with our management. These activities allow us to gather valuable feedback that we can use to improve the JR Kyushu Group's services and products, as well as allowing us to give customers a more in-depth understanding of the JR Kyushu Group.

Number of discussions with customers **20**



Hakata City-Building Promotion Council

The Hakata Station area is a gateway to Kyushu and to Asia as a whole. The Hakata City-Building Promotion Council works on community development where those who live, work and visit the area are front and center, with the aim of making this an area that people love and are proud of and that has an appeal for this new age. In the fiscal year ended March 2020, the final year of our Action Plan (2017-2019), we worked on activities related to our basic concept of making the area an enjoyable place to walk and building a beautiful, stress-free community. JR Kyushu is the office of the Hakata City-Building Promotion Council. We are also a member of the committee, and carry out ongoing initiatives to promote community development in Hakata.

Number participants
in cleanup days **3,730**



Opinion Exchange Meetings between Management and Employees

JR Kyushu holds regular opinion exchange meetings between management and employees to promote a transparent organizational culture. Our management visits workplaces throughout Kyushu, where they provide updates on the company and its policies and encourage employees to share their impressions of their daily work along with questions and suggestions. This fosters a closer relationship between management and employees and sparks active discussion.

Number of feedback sessions **24**



Shinkansen Festa

In October 2019, we held the Shinkansen Festa 2019 in Kumamoto, a public event at the Kumamoto General Rolling Stock Center on the Kyushu Shinkansen line. Held for the 9th time since the full opening of the Kyushu Shinkansen, the event offered tours of the inside of a Shinkansen train, rides on a train used for inspections of the tracks, and opportunities to try using electrical and communication equipment, along with a stamp rally and goods, food, and drinks for sale.

Number of visitors Around **15,600**



Dialog with Business Partners

In September 2019, we revised the JR Kyushu Group's procurement policy to promote ESG in material procurement together with our business partners. Points such as compliance with laws and social norms, fair operations, and prevention of corruption are more clearly indicated. We appreciate our business partners' understanding and cooperation with our policies. In the fiscal year ended March 2020, we asked an external expert to speak about the environment around the JR Kyushu Group from an ESG perspective and the group's future initiatives in this area. We also actively promote communication with business partners through questionnaires and direct visits for discussions.

Workshops **1**

Visits **8** companies

Questionnaires Around **205** companies



Dialog with Shareholders and Investors

JR Kyushu actively creates opportunities for dialog with shareholders and investors through venues such as the General Meeting of Shareholders, presentations of financial results, individual meetings between management and institutional investors, facility tours, and presentations for individual investors. These activities allow us to provide information on the JR Kyushu Group's businesses and growth strategies and hear various feedback. The feedback we receive is shared at meetings of our management team and Board of Directors and used to improve our management. Our first opinion exchange meeting with investors by one of our outside directors and analysts was held after our presentation of our financial results for the second quarter of the fiscal year ended March 2020, sparking active discussion.

Number of discussions between
management and institutional investors **108**

Number of discussions between
management and individual investors **7**



Environmental Initiatives

Basic Policy on Environmental Conservation Activities

Our basic principles and policies on environmental conservation activities were established by our Ecology Committee, which we established in 1999. After implementing various environmental conservation activities, we revised our basic principles and policies in 2008 to account for changes in the state of environmental issues.

Our railway business is the cornerstone of JR Kyushu. Trains are an energy-efficient, environmentally friendly way to travel and we have worked to make them even more so by adopting energy-saving train cars to achieve more efficient energy usage and reducing CO₂ emissions to combat global warming.

Pollutants that place a burden on the environment are properly managed and treated and we are working to recycle resources and reduce waste to further reduce our environmental footprint.

Basic Principle

The JR Kyushu Group will make concerted efforts to implement environmental conservation and thereby contribute to the creation of a sustainable society.

Basic Policies

1. By introducing environmental conservation technologies and using originality and ingenuity in relation to these, we will promote efficient energy use and strive to reduce CO₂ emissions, which are a cause of global warming.
2. We will not only promote waste reduction and recycling and strive for efficient use of resources but also manage and dispose of environmental pollutants appropriately.
3. We will strive to provide safe and comfortable transportation so that even more customers can use environmentally friendly railways.

Environmental Management System

The JR Kyushu Group has constructed an environmental management system for the implementation of environmental conservation activities.

In March 1999, in order to continuously implement environmental conservation measures, we established the Ecology Committee, which is chaired by the president, as a body to deliberate and decide on necessary matters including the basic policies. In the committee, four special sub-committees have been established as bodies for planning, mainly implementation programs, target setting, results reporting, and activity promotion for various environmental issues.

In addition, in April 2019 we revised the system, changing the membership of the committee and starting participation by JR Kyushu Group companies in the sub-committees. Moving forward, we will announce group-wide themes regarding environmental conversation and work to further strengthen collaboration.

Ecology Committee Organizational Chart



ISO14001 Certification

The Kokura Rolling Stock Center has obtained ISO14001, an international certification for environmental management systems.

Three companies in the JR Kyushu Group have also obtained this certification (one as an affiliate of the Kokura Rolling Stock Center).



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Environmental Initiatives

Setting Numerical Targets to Combat Global Warming

In September 2015, we formulated the JR Kyushu Low-Carbon Society Action Plan as a set of new voluntary targets to combat global warming.

JR Kyushu Low-Carbon Society Action Plan

In the railway division, we intend to achieve the following two targets by the fiscal year ending March 2031

- 1) Increase the rate of introduction of energy-saving train cars to 83%.
- 2) Reduce unit energy consumption to 2.5% below the level in the fiscal year ended March 2012.

Please note that, in accordance with such factors as future changes in the transportation system, we will revise these targets as necessary.

Introduction of energy-saving train cars

The introduction of energy-saving train cars is an initiative that JR Kyushu has been constantly implementing since its establishment. For our electric trains, we have been introducing cars that incorporate lightweight car bodies made of stainless steel and aluminum as well as VVVF inverters and regeneration brakes that use electricity efficiently. Meanwhile, for our diesel trains, we have been introducing cars equipped with high-efficiency engines that require less fuel consumption, and we have also been replacing the engines in our existing diesel trains with high-efficiency engines. Noteworthy is the fact that all Kyushu Shinkansen cars are energy-saving train cars.

In the fiscal year ended March 2020, we produced 12 new energy-saving train cars: six in the new YC1 series diesel-electric rolling stock equipped with a storage battery and 6 in the 821series AC suburban-type rolling stock. Energy-saving train cars accounted for 79.2% of our total rolling stock as of the fiscal year ended March 2020.

821 series AC suburban-type rolling stock

This series includes a main circuit system that utilizes full SiC technologies in order to reduce the environmental burden. In comparison with the existing 415 series rolling stock, electricity consumption has been reduced by about 70%.

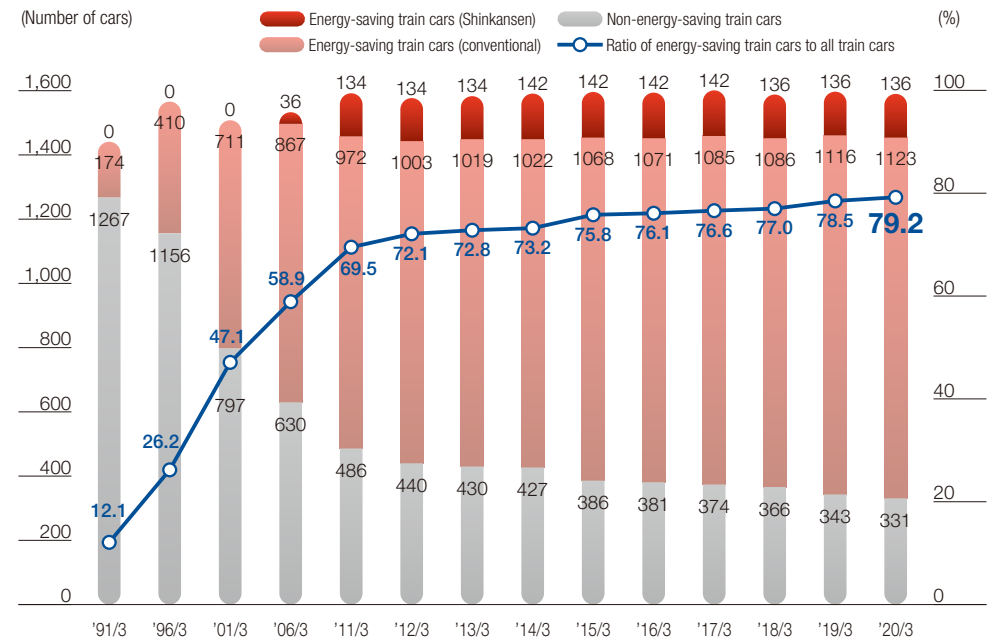


YC1 series diesel-electric rolling stock equipped with storage battery

In this series, the regenerative power created during braking is used to charge the storage battery, and then utilized during acceleration, providing the advantage of effective use of energy. In comparison with existing diesel trains (KIHA66/67 series), fuel consumption has been reduced by about 20%.

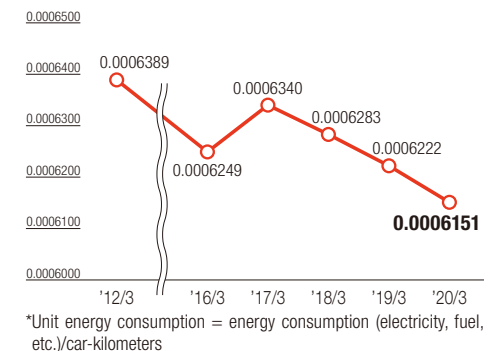


Number and Percentage of Energy-Saving Train Cars



Unit energy consumption

In the fiscal year ended March 2020, our unit energy consumption was 3.7% lower than in the fiscal year ended March 2012—meeting our numerical target—as a result of initiatives such as the introduction of energy-saving train cars and LED facilities. We will continue to improve on the efficiency of our business activities through a variety of energy-saving initiatives in future.



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Environmental Initiatives

Initiatives to Prevent Global Warming

Introduction of new power interchanging device in the Shin-Miyama feeder station

In November 2019, the first power interchanging device on our Shinkansen line was introduced in the Shin-Miyama feeder station. Introducing this device enables flexible interchanging of power. The regenerative power created when the train decelerates is used to run the train in areas where power is supplied from a different transformation station, enabling effective use of power. Introducing this device is expected to enable around 3% of the Kyushu Shinkansen's energy to be used more effectively.



Acquisition of BELS and ZEB at employee training center

Our employee training center is currently being rebuilt. To make it more environmentally friendly, we have used a ZEB Ready building that reduces energy consumption by 57% and received certification under the Building-Housing Energy-efficiency Labeling System (BELS).



Use of solar power

JR Kyushu Electric System Company is operating a megasolar power generation business to harness renewable energy by making effective use of unused land. This enables us to sell power without emitting greenhouse gases. JR Kyushu Linen Co., Ltd. generates solar power on the roof of its factory.

Company name	Power station	Power estimated to be generated over 1 year
JR Kyushu Electric System	Miyakonojo Solar Power Station	Around 2.1 million kWh
	Kusu Solar Power Station	Around 2.4 million kWh
JR Kyushu Linen	Factory roof	Around 270,000 kWh



Tree planting

JR Kyushu Trading Co., Ltd. has formed the JR Kyushu Trading Mori Yunomae forestry agreement with the municipal government of Yunomae Town in Kumamoto Prefecture, along with local companies and other organizations. In accordance with this agreement, JR Kyushu Trading employees and 90 members of the community took part in a tree planting event, where they planted cedar seedlings. Caterpillar Kyushu Ltd. has also formed the Caterpillar Forest agreement for forestry creation and maintenance with the Nichinan City government as part of the Miyazaki prefectural government's company forest system. JR Kyushu Resort Development Co., Ltd. received the Minister of the Environment Award for Excellent Contributors to the Natural Environment on Greenery Day in 2019 for initiatives such as working with environmental greening organizations on projects such as tree planting, environmental conservation, and awareness-raising.



Implementation of 3R initiatives

The JR Kyushu Group is helping to build a recycling society by implementing measures to make effective use of resources through the three Rs: reduce, reuse, recycle. As a part of this effort, we are working to reduce the volume of waste in construction by studying designs and methods for limiting waste as well as ways to reuse waste. In addition, we are working to reduce the materials used in construction and to introduce materials that make it possible to limit the volume of materials that are disposed of. Furthermore, the industrial waste that is generated is processed appropriately under the Waste Management and Public Cleansing Act.

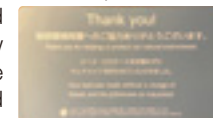
Use of environmentally friendly materials

To address the issue of plastics in our seas, we are successively switching to more environmentally friendly materials.

- We have switched to biodegradable straws on board Seven Stars in Kyushu
- Straws used in the bar lounge of the Okuhita Onsen UMEHIBIKI inn are now made from locally grown cedar



- At Station Hotel Kokura, cards used by guests to indicate that they do not require their room to be cleaned are now made from Limex, an environmentally friendly limestone material, instead of plastic. The packaging film used for amenities is now made from a reusable sugarcane-based material.



Efficient facilities at THE BLOSSOM HAKATA Premier

In September 2019, we opened THE BLOSSOM HAKATA Premier. Energy is monitored and controlled from a central office to reduce energy consumption. Water conservation practices are also in place: water is reused, water-saving devices are installed on taps, and water-efficient equipment is used.



Initiatives for paperless practices and reduction of copy paper usage

We are working to make processes such as internal meetings paperless through measures such as using monitors and projectors and introducing an internal system to digitalize ledgers. We are also working to reduce the use of copy paper. The individual recognition feature of IC cards is used to visualize how much copy paper each department is using and measures are taken accordingly. 5.6% less copy paper was purchased in the fiscal year ended March 2020.



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Environmental Initiatives

Management of Chemical Substances

JR Kyushu appropriately manages and disposes of chemical substances that affect the environment in accordance with the relevant laws.

Initiatives under the PRTR Act

Chemical substances used in each area of our business are appropriately managed according to the PRTR Act (Act concerning Pollutant Release and Transfer Register). In the fiscal year ended March 2020, we reported information such as our emissions from organic solvents used to paint trains at our Kokura Rolling Stock Center and Kumamoto General Rolling Stock Center.

Emissions and transfer of chemical substances under the PRTR Act

Chemical substance	Emissions in the air	Transfer to groundwater	Transfer outside work site (unit: kg)
Asbestos	0.0	0.0	8,300.0
Ethylbenzene	1,500.0	0.0	0.0
Xylene	1,800.0	0.0	0.0
Styrene	4,700.0	0.0	0.0
Toluene	3,598.7	2.1	54.0
Methylnaphthalene	38.9	0.0	0.0
Total	11,637.6	2.1	8,354.0

Measures against CFCs

As CFCs are known to damage the ozone layer, we register any CFCs used at each of our locations and record filling and collection volumes when using or disposing of CFCs. All CFCs are appropriately managed. In accordance with the Act on Rational Use and Proper Management of Fluorocarbons that was enacted in April 2015, we are carrying out measures such as inspections to prevent CFC leakage. In the fiscal year ended March 2020, our total leakage of CFCs was 1,732t-CO₂, which we reported to the relevant minister in the Japanese government according to the on Rational Use and Proper Management of Fluorocarbons.

Management of PCB waste

PCBs (polychlorinated biphenyls) were previously used as insulating oils for our rolling stock and electrical facilities, but we have now switched to non-PCB oils by phasing out or redesigning older trains and facilities. Waste from used PCBs is managed according to the relevant laws and regulations.

We now use mineral oil as our insulating oil. As equipment without zero PCB certification may contain traces of PCBs in its insulating oil, we are analyzing PCB in the oil, storing the oil appropriately, and successively disposing of it.

The Environmental Footprint of JR Kyushu

INPUT

Resource input

Energy usage

Crude oil converted	182,000 kℓ
Electricity	646,022,000 kWh
(Electricity for railway division only: 626,699,000 kWh)	
Gas	434,000 m ³
Other fuels	15,000 kℓ

Resource usage

Water	765,000 m ³
(2,455,000 m ³ for the whole JR Kyushu Group)	
Copy paper (converted to A4)	46,683,000 sheets

OUTPUT

Environmental footprint

CO₂ emissions generated by energy consumption

251,000 t-CO ₂
(Emissions for railway division only: 244,000 t-CO ₂)

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Transportation Group

Overview of the fiscal year ended March 2020

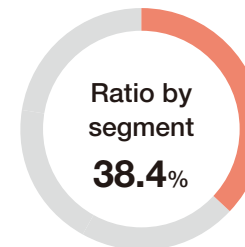
Operating revenues in the Transportation Group were ¥173.73 billion, a decrease of 4.5% compared to the previous fiscal year. Operating income came to ¥19.848 billion, down 27.6% compared with the previous fiscal year, and EBITDA fell 13.9% to ¥29.563 billion.

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

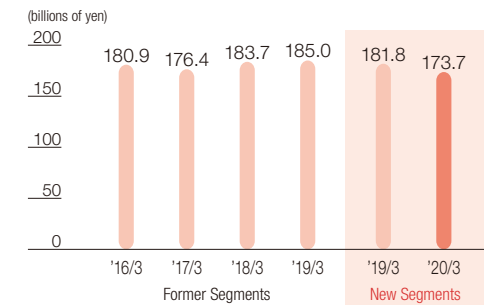
Consolidated subsidiaries

Holding Company for Houhi Main Line*
JR Kyushu Bus Company
JR Kyushu Jet Ferry Inc.
JR Kyushu Service Support Co., Ltd.
JR Kyushu Linen Co., Ltd.

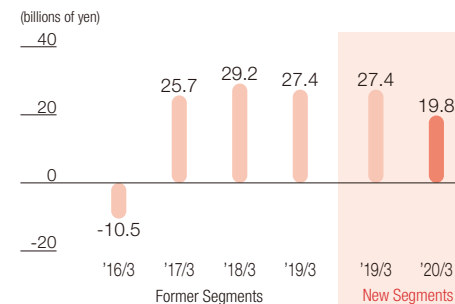
*While we own less than 50% of the voting rights, this is still considered a consolidated subsidiary as we control the company to all intents and purposes.



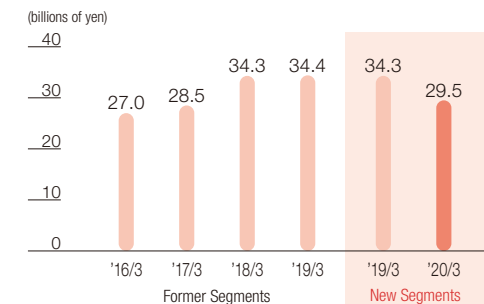
Operating Revenues



Operating Income



EBITDA



(as of July 1, 2020)

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Transportation Group

Initiatives in the Fiscal Year Ended March 2020

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

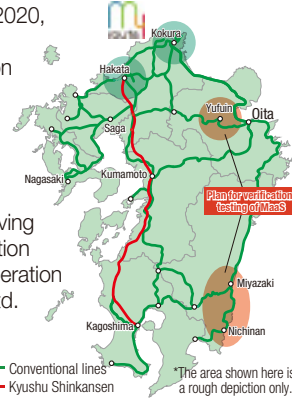
In addition to increasing earnings power in the key fields of the Shinkansen, urban areas and inbound tourism, we leveraged the appeal of the railways to advance city-building and community development. In May 2019, we launched the Go! Waku Waku Trip with MICKEY project to promote use of the Kyushu Shinkansen.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

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

Future Railway Business Initiatives

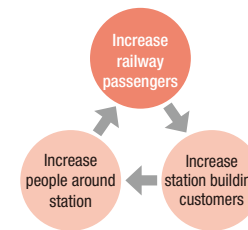
The Challenge of New Mobility Services (MaaS)

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



Building Sustainable Railway Services

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



Urban areas

Promotion of measures to increase the number of people in areas around railway lines through development in the areas around stations

Inbound tourism

Driving increasing inbound tourism demand following measures to improve the runway capacity of Fukuoka Airport

Shinkansen

Creation and promotion of business and tourism demand through a combination of D&S Trains and intercity travel

TOPICS

Test Operations of Self-driving Train Equipment

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



Complete Restoration of Hohi Main Line

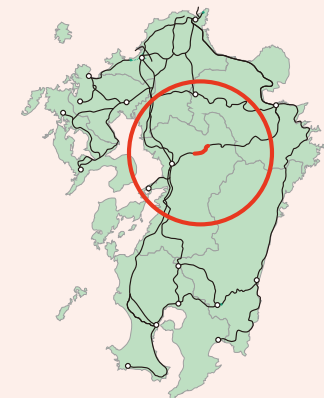
The Hohi Main Line was damaged by the Kumamoto earthquakes in April, 2016 and service between Higo-Ozu Station and Aso Station was suspended due to a large-scale landslide. The line returned to full operation on August, 8 2020 following the completion of restoration work.



Before restoration



After restoration



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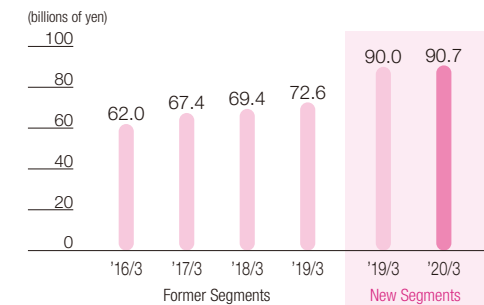
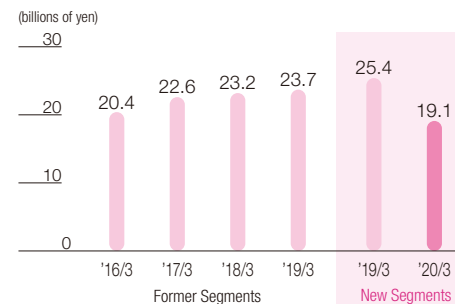
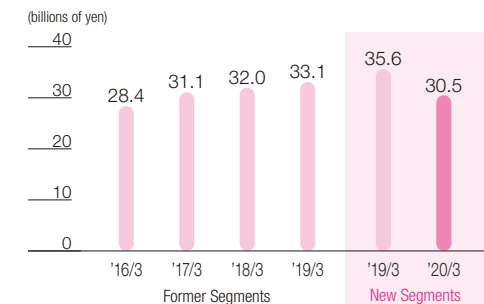
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Real Estate and Hotels Group

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

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

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

Ratio by
segment
20.0%**Operating Revenues****Operating Income****EBITDA****Consolidated subsidiaries**

JR Hakata City Co., Ltd.

JR Kokura City Inc.

JR Nagasaki City Inc.

JR Oita City, Inc.

JR Kumamoto City Co., Ltd.

JR Kagoshima City Inc.

JR Miyazaki City Co., Ltd.

JR Kyushu Building Management Co., Ltd.

JR Kyushu-Rent-A-Car & Parking Co., Ltd.

JR Kyushu Senior Life Support, Inc.

JR Kyushu Huis Ten Bosch Hotel Co., Ltd.

JR Kyushu Hotels Inc.

JR Kyushu Station Hotel Kokura Inc.

Oyama Yumekobo, Inc.

JR Kyushu Business Development

(Thailand) Co., Ltd.

JR Kyushu Ekibiru Holdings Inc.

JR Kyushu Capital Management

(Thailand) Co., Ltd.

JR Kyushu Hotels And Resorts Holdings Inc.

(as of July 1, 2020)

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Real Estate and Hotels Group

Initiatives in the Fiscal Year Ended March 2020

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

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

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

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

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

Future Initiatives

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

Development at west gate of Miyazaki Station

To be opened in November 2020

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

Lot area: Approx. 7,300m²

Total floor space: Approx. 37,700m²



Development in the area around Kumamoto Station

To be opened in spring 2021

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

Lot area: Approx. 70,000m²

Total floor space: Approx. 107,000m²



Development in the area around Nagasaki Station

Partial opening in 2023

Full opening in 2025

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

Lot area: Approx. 18,000m²

Total floor space: Approx. 114,000m²



Development in the Fukuoka Metropolitan Area

● Development of properties acquired through public offerings

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

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

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



TOPICS

Opening of two THE BLOSSOM brand hotels

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



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

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



Construction Group

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

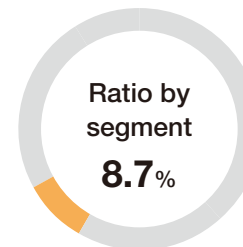
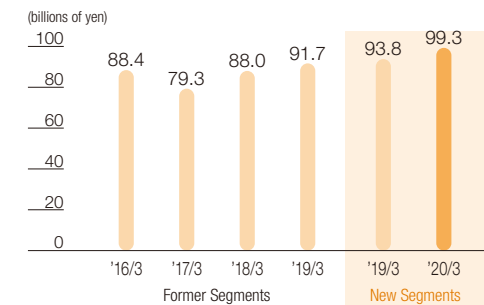
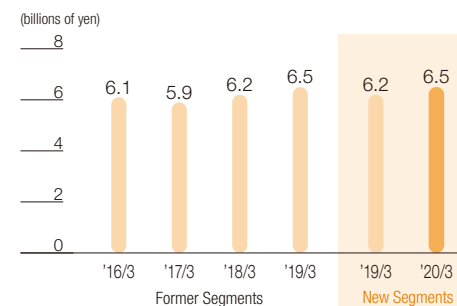
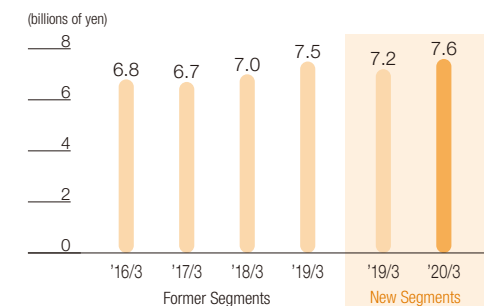
Operating revenues in the Construction Group were ¥99.385 billion, an increase of 5.9% compared to the previous fiscal year. Operating income came to ¥6.58 billion, up 4.6% compared with the previous fiscal year, and EBITDA rose 5.8% to ¥7.689 billion.

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

Consolidated subsidiaries

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

(as of July 1, 2020)

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

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Retail and Restaurant Group

Overview of the fiscal year ended
March 2020

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

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

Consolidated subsidiaries

JR Kyushu Retail, Inc.

JR KYUSHU DRUG ELEVEN CO., LTD.*

JR Kyushu Food Service Inc.

JR Kyushu Fast Foods Inc

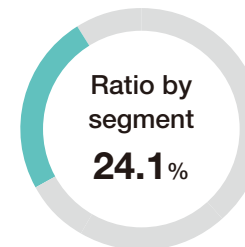
Inc Train D'or

Manbou Corp.

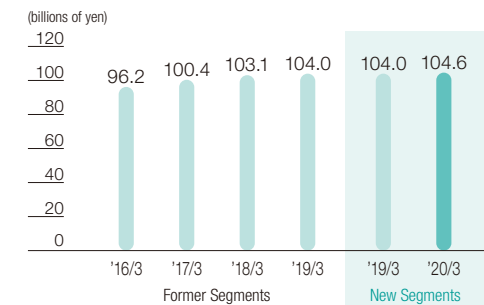
Shanghai JR Kyushu Food Service Inc.

JR Kyushu Farm Co., Ltd.

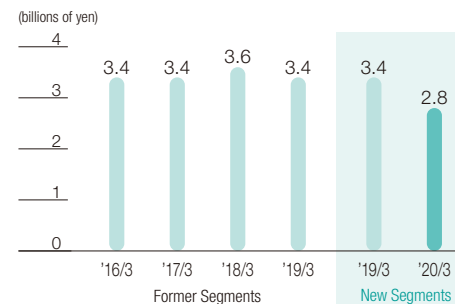
* Company accounted for using the equity method
(as of July 1, 2020)



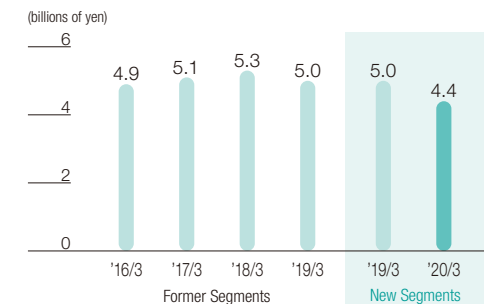
Operating Revenues



Operating Income



EBITDA



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Financial Information

CONSOLIDATED FIVE-YEAR SUMMARY

	Former Segments			New Segments		(billions of yen)
	FY2016/3	FY2017/3	FY2018/3	FY2019/3	FY2020/3	
OPERATING REVENUES	377.9	382.9	413.3	440.3	432.6	
Transportation Segment	180.9	176.4	183.7	185.0	181.8	173.7
Real Estate and Hotels Segment	62.0	67.4	69.4	72.6	90.0	90.7
Retail and Restaurant Segment	96.2	100.4	103.1	104.0	104.0	104.6
Construction Segment	88.4	79.3	88.0	91.7	93.8	99.3
Other Segment	58.1	60.9	67.4	89.8	72.6	72.1
OPERATING INCOME (LOSS)	20.8	58.7	63.9	63.8		49.4
Transportation Segment	(10.5)	25.7	29.2	27.4	27.4	19.8
Real Estate and Hotels Segment	20.4	22.6	23.2	23.7	25.4	19.1
Retail and Restaurant Segment	3.4	3.4	3.6	3.4	3.4	2.8
Construction Segment	6.1	5.9	6.2	6.5	6.2	6.5
Other Segment	2.4	2.5	2.4	3.5	2.2	2.2
EBITDA	69.1	73.2	81.8	85.4		75.0
Transportation Segment	27.0	28.5	34.3	34.4	34.3	29.5
Real Estate and Hotels Segment	28.4	31.1	32.0	33.1	35.6	30.5
Retail and Restaurant Segment	4.9	5.1	5.3	5.0	5.0	4.4
Construction Segment	6.8	6.7	7.0	7.5	7.2	7.6
Other Segment	3.3	3.3	3.9	6.3	4.1	4.3
NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT	(433.0)	44.7	50.4	49.2		31.4
CAPITAL INVESTMENT AMOUNTS (NON-CONSOLIDATED)	59.3	60.0	47.2	72.0		75.4
DEPRECIATION COSTS (NON-CONSOLIDATED)	29.3	7.0	9.6	11.8		15.4
NET CASH PROVIDED BY OPERATING ACTIVITIES	63.4	28.5	87.6	41.4		60.4
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	9.0	(18.3)	(68.3)	(74.6)		(76.9)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(40.0)	(0.6)	(9.1)	5.6		3.3
TOTAL ASSETS	646.6	676.6	749.3	801.4		828.5
TOTAL LIABILITIES	340.9	328.2	366.1	380.7		410.2
TOTAL EQUITY	305.7	348.4	383.2	420.7		418.2
PER SHARE FIGURES (YEN)						
Net Income	(2,706.81)	279.70	315.07	307.75		198.16
Net Assets	1,876.72	2,144.00	2,357.27	2,592.83		2,630.51
Dividends	—	38.5	83.00	93.00		93.00
FINANCIAL RATIO (%)						
Equity Ratio	46.4	50.7	50.3	51.8		49.9
Operating Income to Operating Revenues	5.5	15.3	15.5	14.5		11.4
Payout Ratio	—	13.8	26.3	30.2		46.9
OTHERS						
Number of Passengers (Million)	330	331	337	338		337
Number of Employees	16,838	16,922	17,297	17,765		17,450
Number of Shares Outstanding (Thousand)	320	160,000	160,000	160,000		157,301

- *1 Operating revenues, operating income or losses, and EBITDA for each segment are before cancellation of transactions between segments.
- *2 EBITDA for each segment consists of operating income plus depreciation costs, except for the Transportation Group in the fiscal year ended March 2016. EBITDA for the Transportation Group in that year consisted of operating income plus depreciation costs and revenue from the operation of the Management Stabilization Fund. From the fiscal year ended March 2017 onward, EBITDA for the Transportation Group consists of operating income plus depreciation costs.
- *3 On August 18, 2016, our shares were split, with each common share becoming 500 shares. Net income per share and net assets per share are calculated as if our stock split has always been in effect.
- *4 Our consolidated results and financial situation for the fiscal year ended March 2016 are affected by factors such as the impairment loss on fixed assets for our railway business.
- *5 Changes such as the Partial Amendments to Accounting Standard for Tax Accounting (ASBJ Statement No. 28, February 16, 2018) were enacted from the beginning of the fiscal year ended March 2019. These accounting standards have been applied retroactively to key management indexes for the fiscal year ended March 2018.
- *6 Our Board Benefit Trust (BBT) was introduced from the fiscal year ended March 2020. When calculating the net assets per share for the fiscal year ended March 2020, common shares in JR Kyushu that were held in trust and recorded as treasury stock are included in the treasury stock deducted from the total issued shares at the end of the fiscal year. When calculating the net income per share for the fiscal year ended March 2020, common shares in JR Kyushu that were held in trust and recorded as treasury stock are included in the treasury stock deducted from the average number of shares throughout the fiscal year.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview

We conduct transportation operations in the Kyushu region of Japan, covering the largest railway network in the region. We also operate a number of non-transportation businesses, including the leasing and sale of real estate, hotels, retail and restaurants, and construction. These businesses directly or indirectly benefit from and are supported by the strength of our railway business and the strength of the JR Kyushu brand. For the fiscal year ended March 2020, we recorded consolidated operating revenues of ¥432.644 billion, consolidated operating income of ¥49.406 billion, and consolidated net income attributable to owners of the parent of ¥31.495 billion. For the same period, our consolidated EBITDA was ¥75.090 billion.

Results of Operations

Operating Revenues

Factors such as the COVID-19 pandemic caused a decrease in revenue in our railway and other businesses, resulting in our first decrease in operating revenues in 10 years. Operating revenues decreased 1.8% from the previous consolidated fiscal year to ¥432.644 billion.

Operating Expenses

Operating expenses increased 1.8% from the previous fiscal year to ¥383.238 billion. Transportation, other services and cost of sales increased 0.1% from the previous fiscal year to ¥273.4 billion. This is attributable to increased sales in the construction business. Selling, general and administrative expenses increased 6.2% from the previous fiscal year to ¥109.838 billion. This is due to an increase in taxes as a result of the elimination of special tax measures for our company and an increase in depreciation costs.

Operating Income

Operating income decreased 22.7% from the previous consolidated fiscal year to ¥49.406 billion. Furthermore, the ratio of operating income to operating revenues was 14.5% in the previous consolidated fiscal year and 11.4% in this consolidated fiscal year.

Non-Operating Income and Expenses

Non-operating income decreased 25.0% from the previous fiscal year to ¥2.863 billion. This is attributable to a decrease in gains from our long-term investments. Non-operating expenses increased 42.3% from the previous fiscal year to ¥1.655 billion. This is due to an increase in interest expenses.

Ordinary Income

Ordinary income decreased 23.9% from the previous fiscal year to ¥50.613 billion. Furthermore, the ratio of ordinary income to operating revenues was 15.1% in the previous fiscal year and 11.7% in this fiscal year.

Extraordinary Gains and Losses

The balance of extraordinary gains and losses worsened by ¥5.421 billion from the previous fiscal year to extraordinary losses of ¥7.522 billion. This is attributable to impairment losses incurred during the construction of the new hydrofoil ferry QUEEN BEETLE.

Net Income Attributable to Owners of the Parent

Net income attributable to owners of the parent decreased 36.0% from the previous fiscal year to ¥31.495 billion.

Segment Overview (Operating Revenues)

Transportation Segment

Operating revenues in the transportation segment decreased 4.5% from the previous fiscal year to ¥173.730 billion. This is attributable to a reduction in revenues from railway transportation on Shinkansen and conventional lines, which fell 2.7% to ¥147.381 billion from the previous fiscal year, due to the impact of the COVID-19 pandemic. Passenger-kilometers on Shinkansen trains fell 4.0% year-on-year to ¥1.950 billion. Commuter pass revenue increased 2.9% from the previous fiscal year to ¥2.817 billion and non-commuter pass revenue decreased 5.2% to ¥49.507 billion. Overall revenue fell 4.8% to ¥52.325 billion. Passenger-kilometers on conventional lines fell 2.0% year-on-year to ¥7.108 billion. Commuter pass revenue increased 0.2% from the previous fiscal year to ¥29.779 billion and non-commuter pass revenue decreased 2.3% to ¥65.276 billion. Overall revenue fell 1.5% to ¥95.055 billion.

Construction Segment

Operating revenues in the construction segment increased 5.9% from the previous fiscal year to ¥99.385 billion. This is attributable to an increase in construction work related to the Nagasaki route of the Kyushu Shinkansen.

Real Estate and Hotels Segment

Operating revenues in the real estate and hotels segment increased 0.8% from the previous fiscal year to ¥90.779 billion. This is attributable to the opening of THE BLOSSOM HIBIYA and THE BLOSSOM HAKATA Premier.

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Retail and Restaurant Segment

Operating revenues in the retail and restaurant segment increased 0.6% from the previous fiscal year to ¥104.657 billion. This is attributable to an increase in revenue from fast food outlets following an increase in the number of locations.

Other Segment

Operating revenues in other segment decreased 0.7% from the previous fiscal year to ¥72.191 billion. This is attributable to the transfer of the leasing and installment financing business.

Financial Status Analysis

Total assets as of the end of the fiscal year under review increased 3.4% year-on-year to ¥828.590 billion. Due to a decrease in securities and other factors, current assets fell 11.2% year-on-year to ¥161.293 billion. Fixed assets increased 7.7% from the end of the previous consolidated fiscal year to ¥667.297 billion due to factors such as an increase tangible fixed assets (property, plant, and equipment).

Meanwhile, total liabilities increased 7.8% compared to the previous fiscal year to ¥410.291 billion. Due to an increase in the current portion of long-term debt and other factors, current liabilities rose 16.2% to ¥200.248 billion. Despite a decline in long-term debt, non-current liabilities were up 0.8%, to ¥210.043 billion as a result of the issuance of bonds and other factors.

Furthermore, total equity decreased 0.6% compared to the previous fiscal year to ¥418.298 billion. This is attributable to the payment of dividends, the acquisition and cancellation of treasury stock, and other factors.

Cash Flows

Net cash provided by operating activities totaled ¥60.468 billion, up ¥18.994 billion year-on-year due to an increase related to the collection of trade receivables and other factors.

Net cash used in investment activities was ¥76.943 billion, up

¥2.324 billion year-on-year, due to the purchase of non-current assets and other factors.

Net cash provided by financing activities came to ¥3.369 billion, down ¥2.275 billion year-on-year as a result of the payment of dividends and other factors.

As a result of the above, cash and cash equivalents at the end of the fiscal year decreased ¥13.047 billion year-on-year to ¥23.817 billion.

Dividend Policy

We consider the return of profits to shareholders to be an important component of our business, and we place importance on the provision of stable shareholder returns over the long term. Over the period to the fiscal year ending March 2022, we will aim for a consolidated dividend payout ratio of 35%, with a minimum dividend per share of ¥93.0. In addition, we will implement treasury stock repurchases as the situation requires in order to increase capital efficiency. Based on this policy, our end-of-year dividends were ¥46.50 per share based on an overall decision encompassing factors such as business performance. Annual dividends of ¥93 per share were also paid in addition to the interim dividends of ¥46.50 per share. Furthermore, we intend to allocate internal reserves to investments for maintaining and upgrading railway facilities and to growth investments in order to contribute to the sustainable development of the Kyushu region through city-building and community development initiatives that leverage the distinctive characteristics of local communities, centered on safe, reliable mobility services.

In addition, the Articles of Incorporation state that JR Kyushu may, by resolution of the Board of Directors, distribute interim dividends with a record date of September 30 of each year. Our policy is to pay dividends from retained earnings twice a year, an interim dividend and a year-end dividend. The decision-making bodies for the annual payment of dividends from retained earnings is the Board of Directors for interim dividends and the General Meeting of Shareholders for year-end dividends.

Risk Factors

Our railway network connects Kyushu's major cities through services such as the Kyushu Shinkansen. In addition to the railway business, we are developing businesses centered around Kyushu in fields that are highly compatible with the railway business, including our real estate (station building commercial facilities, condominiums, hotels, etc.), retail and restaurant businesses.

Of the items included in this report relating to factors such as the current business and financial situation, those that may have a significant impact on the judgment of investors are indicated in this section.

However, it should be noted that this is not a comprehensive list of all risks related to JR Kyushu Group and its contents are based on the assessment of the JR Kyushu Group as of the end of the fiscal year ended March 2020.

Risk Factors

1. Risks related to infectious diseases
2. Risks related to population trends such as declining birthrate and aging population
3. Risks related to natural disasters
4. Risks related to economic trends and international affairs
5. Risks related to the Medium-Term Business Plan
6. Risks related to information technology (IT)
7. Risks related to protection of personal data
8. Risks related to competition
9. Risks related to the value of the group's assets
10. Risks related to third-party service providers and business partners
11. Risks related to environmental regulations
12. Risks related to the Transportation Group
13. Risks related to the Real Estate and Hotels Group (Refer to our Business Risks booklet for details.)

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CONSOLIDATED BALANCE SHEETS

Kyushu Railway Company and Consolidated Subsidiaries

	FY2019/3	FY2020/3
(millions of yen)		
ASSETS		
Current assets		
Cash and time deposit	16,971	23,817
Notes and accounts receivable-trade	52,275	38,707
Fares receivable	2,732	4,126
Securities	19,926	—
Merchandise and finished goods	21,809	19,702
Work in process	22,703	28,364
Raw materials and supplies	6,819	7,574
Other	38,485	39,082
Allowance for doubtful accounts	(95)	(82)
Total current assets	181,627	161,293
Non-current assets		
Property, plant and equipment		
Buildings and fixtures (net)	241,558	268,654
Machinery, rolling stock and vehicles (net)	31,607	32,578
Land	129,344	147,736
Leased assets (net)	14,909	19,953
Construction in progress	35,843	40,133
Other (net)	8,057	8,935
Net property, plant and equipment	461,321	517,992
Intangible assets	5,215	6,280
Investments and other assets		
Investment securities	24,403	38,835
Deferred tax assets	55,086	51,768
Net defined benefit assets	882	720
Other	74,362	52,537
Allowance for doubtful accounts	(1,416)	(838)
Total investments and other assets	153,318	143,024
Total non-current assets	619,855	667,297
Total assets	801,483	828,590

	FY2019/3	FY2020/3
(millions of yen)		
LIABILITIES AND EQUITY		
Current liabilities		
Notes and accounts payable trade	33,132	32,460
Short-term loans	9,002	10,572
Current portion of long-term debt	3,845	30,421
Payables	57,139	63,841
Accrued income taxes	5,573	3,666
Fare deposits received with regard to railway connecting services	1,731	1,175
Railway fares received in advance	5,821	4,720
Accrued bonuses	8,996	8,922
Other	47,072	44,467
Total current liabilities	172,314	200,248
Non-current liabilities		
Debt	20,000	40,000
Long-term debt	75,119	60,556
Lease obligations	5,424	10,482
Allowance for safety and environmental measures	1,879	1,609
Provision for loss on disaster	4,613	1,732
Liability for retirement benefits	58,803	53,801
Asset retirement obligations	1,603	1,690
Other	40,981	40,171
Total non-current liabilities	208,425	210,043
Total liabilities	380,739	410,291
EQUITY		
Shareholders' equity		
Common stock	16,000	16,000
Capital surplus	233,983	224,024
Retained earnings (deficit)	160,558	176,329
Treasury stock	—	(599)
Total common stock	410,541	415,754
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	11,677	4,422
Deferred gains or losses on hedges	129	15
Foreign currency translation adjustments	112	158
Defined retirement benefit plans	(7,608)	(7,057)
Total accumulated other comprehensive income	4,312	(2,461)
Non-controlling interests	5,890	5,004
Total equity	420,743	418,298
TOTAL LIABILITIES AND EQUITY	801,483	828,590

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CONSOLIDATED STATEMENTS OF INCOME

Kyushu Railway Company and Consolidated Subsidiaries

(millions of yen)

	FY2019/3	FY2020/3
OPERATING REVENUES	440,358	432,644
OPERATING EXPENSES		
Transportation, other services and cost of sales	273,001	273,400
Selling, general and administrative expenses	103,471	109,838
Total operating expenses	376,473	383,238
OPERATING INCOME	63,885	49,406
NON-OPERATING INCOME		
Interest income	69	71
Dividend income	397	443
Gains on assets held in trust	1,849	1,330
Other	1,501	1,016
Total non-operating income	3,817	2,863
NON-OPERATING EXPENSES		
Interest expense	945	1,298
Other	217	357
Total non-operating expenses	1,163	1,655
ORDINARY INCOME	66,539	50,613
EXTRAORDINARY GAINS		
Construction grants received	16,360	29,419
Other	2,199	5,055
Total extraordinary gains	18,560	34,475
EXTRAORDINARY LOSSES		
Losses from provision for cost reduction of fixed assets	16,176	29,333
Impairment losses	910	7,939
Disaster-damage losses	847	682
Provision for loss on disaster	446	686
Other	2,281	3,355
Total extraordinary losses	20,661	41,997
INCOME BEFORE INCOME TAXES	64,438	43,091
INCOME TAXES		
Current	10,060	6,916
Deferred	4,666	4,181
Total income taxes	14,727	11,097
NET INCOME	49,711	31,993
NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	471	498
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	49,240	31,495

CONSOLIDATED COMPREHENSIVE INCOME STATEMENTS

(millions of yen)

	FY2019/3	FY2020/3
NET INCOME	49,711	31,993
OTHER COMPREHENSIVE INCOME		
Unrealized gain on available-for-sale securities	1,678	(7,272)
Deferred gains or losses on hedges	176	(114)
Foreign currency translation adjustments	(23)	60
Defined retirement benefit plans	562	533
Total other comprehensive income	2,394	(6,792)
COMPREHENSIVE INCOME	52,105	25,200
Total comprehensive income attributable to:		
Owners of the parent	51,657	24,722
Non-controlling interests	448	478

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Financial Information

CONSOLIDATED STATEMENTS OF CASH FLOWS

Kyushu Railway Company and Consolidated Subsidiaries

(millions of yen)

	FY2019/3	FY2020/3
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income taxes	64,438	43,091
Depreciation costs	21,928	26,748
Impairment loss	910	7,939
Losses from provision for cost reduction of fixed assets	16,176	29,333
Loss on disaster	847	682
Increase in provision for loss on disaster	446	686
Increase (Decrease) in allowance for doubtful accounts	542	(516)
Increase (Decrease) in liability for retirement benefits	(3,910)	(4,527)
Increase (Decrease) in allowance for safety and environmental measures	(1,318)	(270)
Interest and dividends income	(467)	(515)
Interest expense	945	1,298
Construction grants received	(16,360)	(29,419)
Insurance income accompanying disasters	(1,000)	—
(Increase) decrease in trade receivables	(9,881)	6,160
(Increase) decrease in inventories	(6,154)	(3,940)
Increase (Decrease) in trade payables	(4,709)	(1,672)
Gains on assets held in trust	(1,849)	(1,330)
Other	(5,970)	(366)
Subtotal	54,612	73,378
Proceeds from insurance income	1,000	—
Interest and dividends income received	476	507
Interest expense paid	(872)	(994)
Gain on assets held in trust received	1,853	1,394
Loss on disaster paid	(3,205)	(4,422)
Income taxes (paid) refund	(12,389)	(9,394)
Net cash provided by operating activities	41,473	60,468

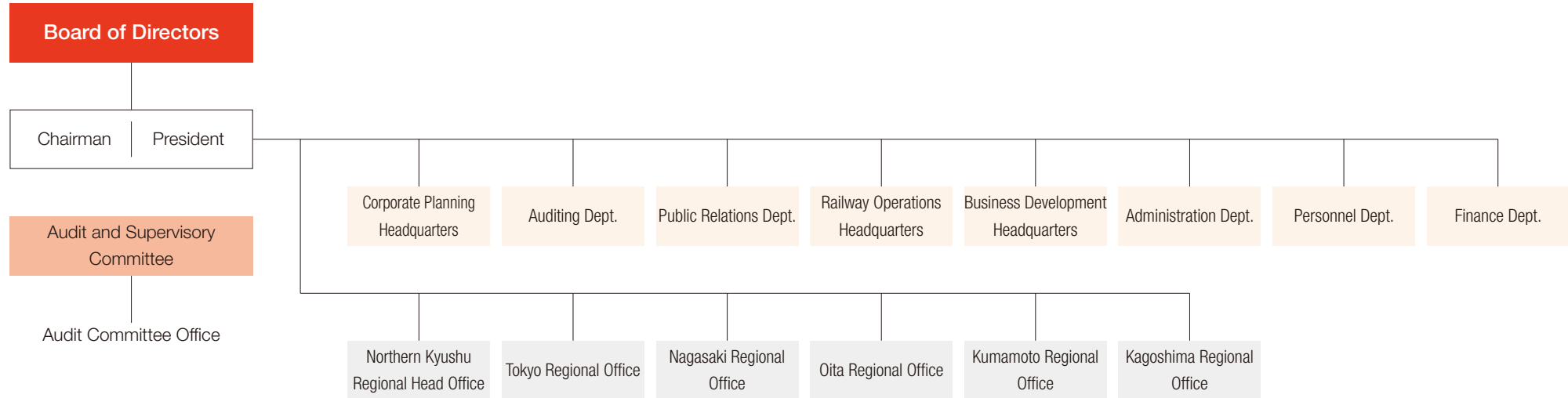
(millions of yen)

	FY2019/3	FY2020/3
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment, and Intangible assets	(105,937)	(109,947)
Proceeds from redemption of marketable securities	15,600	—
Purchases of investment securities	(2,552)	(21,706)
Proceeds from sale of money held in trust	—	12,259
Proceeds from construction grants received	15,253	17,998
Collection of short-term loans receivable	0	16,647
Other	3,016	7,805
Net cash provided by (used in) investing activities	(74,619)	(76,943)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase (decrease) in short-term loans payable	4,544	995
Proceeds from long-term loans payable	2,051	15,550
Repayment of long-term loans payable	(5,793)	(4,034)
Payments for long-term accounts payable	(341)	(345)
Proceeds from issuance of bonds	20,000	20,000
Proceeds from lease and guarantee deposits received	1,420	1,380
Repayments of lease and guarantee deposits received	(1,104)	(937)
Purchases of treasury stocks	—	(10,598)
Cash dividends paid	(13,680)	(15,680)
Cash dividends paid to non-controlling shareholders	(54)	(72)
Other	(1,397)	(2,887)
Net cash used in financing activities	5,644	3,369
EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS	(14)	58
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(27,514)	(13,047)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	64,379	36,865
CASH AND CASH EQUIVALENTS, END OF YEAR	36,865	23,817

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Overview

ORGANIZATIONAL CHART



Consolidated subsidiaries

TRANSPORTATION GROUP

Holding Company for Houhi Main Line*1
JR Kyushu Bus Company
JR Kyushu Jet Ferry Inc.
JR Kyushu Service Support Co., Ltd.
JR Kyushu Linen Co., Ltd.

CONSTRUCTION GROUP

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

REAL ESTATE AND HOTELS GROUP

JR Hakata City Co., Ltd.
JR Kokura City Inc.
JR Nagasaki City Inc.
JR Oita City, Inc.
JR Kumamoto City Co., Ltd.
JR Kagoshima City Inc.
JR Miyazaki City Co., Ltd.
JR Kyushu Building Management Co., Ltd.
JR Kyushu-Rent-A-Car & Parking Co., Ltd.
JR Kyushu Senior Life Support, Inc.
JR Kyushu Huis Ten Bosch Hotel Co., Ltd.
JR Kyushu Hotels Inc.
JR Kyushu Station Hotel Kokura Inc.

Oyama Yumekobo, Inc.
JR Kyushu Business Development
(Thailand) Co., Ltd.
JR Kyushu Ekibiru Holdings Inc.
JR Kyushu Capital Management
(Thailand) Co., Ltd.
JR Kyushu Hotels And Resorts Holdings Inc.

RETAIL AND RESTAURANT GROUP

JR Kyushu Retail, Inc.
JR KYUSHU DRUG ELEVEN CO., LTD.*2
JR Kyushu Food Service Inc.
JR Kyushu Fast Foods Inc
Inc Train D'or
Manbou Corp.
Shanghai JR Kyushu Food Service Inc.
JR Kyushu Farm Co., Ltd.

OTHER GROUP COMPANIES

JR Kyushu Agency Co., Ltd.
Caterpillar Kyushu Ltd.
JR Kyushu Resort Development Co., Ltd.
JR Kyushu Trading Co., Ltd.
JR Kyushu Life Service Co., Ltd.
JR Kyushu System Solutions Inc.
JR Kyushu Business Partners Company
JR Kyushu Secom Inc.*2

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

*2 Company accounted for using the equity method

(as of July 1, 2020)

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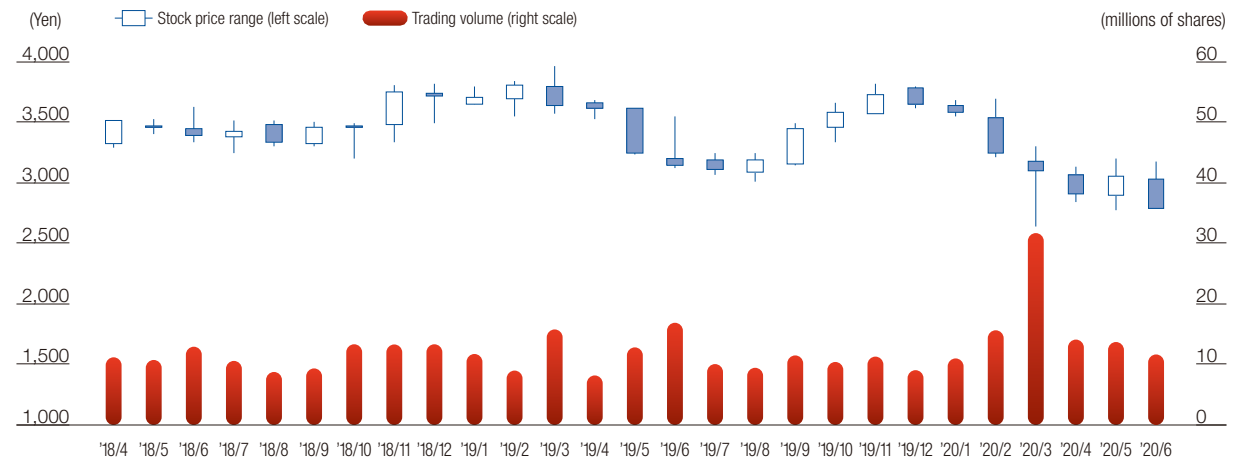
Investor Information

Stock Exchange Listings	Tokyo Stock Exchange, First Section Fukuoka Stock Exchange
Securities code	9142
Business year	April 1 to March 31 of the following year
Record Date for Voting Rights	Every March 31
Ordinary General Meeting of Shareholders	Meeting held every June
Record Date for Dividends	Year-end: Every March 31 Interim: Every September 30
Share Unit Number	100 shares
Total Number of Authorized Shares	640,000,000 shares
Total Number of Issued Shares	157,301,600 shares

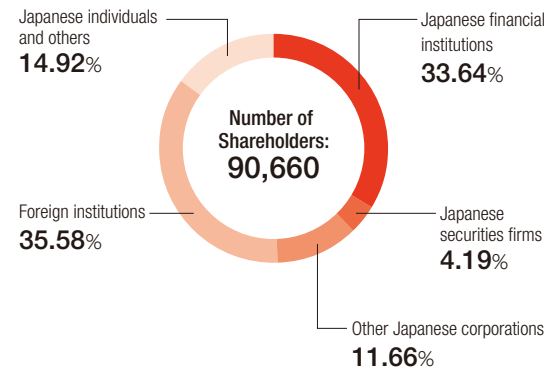
(as of Tuesday, March 31, 2020)

Major Shareholders(as of Tuesday, March 31, 2020)	% Voting rights
The Master Trust Bank of Japan, Ltd. (Trust Account)	8.38
Japan Trustee Services Bank, Ltd. (Trust Account)	4.14
RAILWAY HOLDINGS, L.L.C. Standing proxy: Operations Headquarters, Morgan Stanley MUFG Securities Co., Ltd.	4.09
CGMI PB CUSTOMER ACCOUNT Standing proxy: Securities Operations Department, Citibank, N.A., Tokyo Branch	3.94
STATE STREET BANK WEST CLIENT - TREATY 505234 Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department	3.23
Japan Trustee Services Bank, Ltd. (Trust Account 5)	2.15
Taiyo Life Insurance Company	2.03
NIPPON LIFE INSURANCE COMPANY	1.99
JP MORGAN CHASE BANK 385151 Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department	1.75
JP Morgan Securities Japan Co., Ltd.	1.74

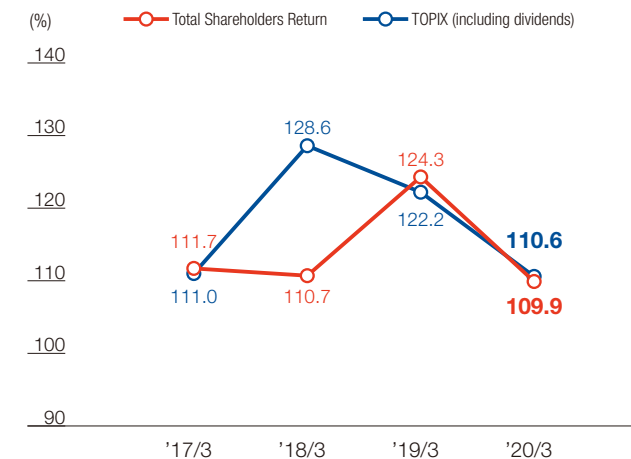
Stock Price Range/Trading Volume



Distribution of Share Ownership by Type of Shareholder (as of March 31, 2020)



Total Shareholders Return





For More Information

Strategy Management Department
Corporate Planning Headquarters (IR)
E-mail: ir.info@jrkyushu.co.jp
URL: <http://www.jrkyushu.co.jp/company/ir>