

(Translation)

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(Securities Code: 9142)

May 27, 2021

To our shareholders:

Toshihiko Aoyagi
Representative Director and President,
Corporate Officer

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

Notice of the 34th Annual General Meeting of Shareholders

Kyushu Railway Company (the “Company”) is pleased to announce the 34th Annual General Meeting of Shareholders of the Company (the “Meeting”), which will be held as indicated below.

In view of the current spread of the novel coronavirus disease (COVID-19) the Company requests that you exercise your voting rights beforehand in writing (postal mail) or via the internet, etc. and make your best efforts to refrain from attending the General Meeting of Shareholders in order to ensure the safety of our shareholders and to prevent infection. If you wish to exercise your voting rights in writing (postal mail) or via the internet, etc., please review the Reference Documents for the General Meeting of Shareholders as described hereinafter, and exercise your voting rights so they arrive or are submitted no later than 5:30 p.m. (JST) on Tuesday, June 22, 2021.

Guidance for exercising voting rights

If you are able to attend the Meeting

Submission to Receptionist at the Meeting

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

If you are unable to attend the Meeting

Exercise of voting rights by mail

Please indicate your approval or disapproval of the proposals on the enclosed voting form, and return it so that your vote is received no later than 5:30 p.m. (JST) on Tuesday, June 22, 2021.

Exercise of voting rights via the internet

Please access the website for exercising voting rights (<https://www.web54.net>). Use the “voting right exercise code” and “password” described in the enclosed voting form, and follow the directions on the screen to register your approval or disapproval of the proposals no later than 5:30 p.m. (JST) on Tuesday, June 22, 2021.

To Institutional Investors

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

Details

- 1. Date and Time:** Wednesday, June 23, 2021, at 10:00 a.m. (JST) (Reception starts at 9:00 a.m.)
- 2. Venue:** Banquet hall “TSUKUSHI,” Main building 3F, Hotel Nikko Fukuoka
2-18-25, Hakata-ekimae, Hakata-ku, Fukuoka, Japan

3. Purpose of the Meeting

Matters to be reported

1. Report on the Business Report and the Consolidated Financial Statements for the 34th fiscal year (from April 1, 2020 to March 31, 2021), and the results of audits of the Consolidated Financial Statements by the accounting auditor and the Audit and Supervisory Committee
2. Report on the Non-Consolidated Financial Statements for the 34th fiscal year (from April 1, 2020 to March 31, 2021)

Matters to be resolved

- Proposal No. 1:** Appropriation of Surplus
- Proposal No. 2:** Election of Eleven (11) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal No. 3:** Election of One (1) Director Who Is an Audit and Supervisory Committee Member

- ⊙ If the voting form is submitted with no indication of either “approval” or “disapproval” for each proposal, the shareholders in question shall be deemed to have indicated “approval” for each proposal.
- ⊙ If your voting rights are exercised multiple times by the voting form or via the internet, etc. the last vote received by the Company will be deemed to constitute the effective exercise of your voting rights. Please note that, if your vote cast via the internet, etc. and your voting form are received on the same day, the vote via the internet, etc. will be deemed to constitute the effective exercise of your voting rights.
- ⊙ If you are to attend the Meeting, you are kindly requested to present the enclosed voting form at the reception.
- ⊙ Of documents attached to this notice, “Systems for Ensuring the Appropriateness of Business Activities and the Operation Status of the Systems,” “Consolidated Statements of Changes in Net Assets,” “Notes to Consolidated Financial Statements,” “Non-Consolidated Statements of Changes in Net Assets,” and “Notes to Non-Consolidated Financial Statements” are not included in this notice since they are disclosed on the Company’s corporate website pursuant to laws, regulations, and the Company’s Articles of Incorporation.

The Business Report audited by the Audit and Supervisory Committee and Consolidated and Non-Consolidated Financial Statements audited by the Audit and Supervisory Committee and the accounting auditor consist of “Systems for Ensuring the Appropriateness of Business Activities and the Operation Status of the Systems,” “Consolidated Statements of Changes in Net Assets,” “Notes to Consolidated Financial Statements,” “Non-Consolidated Statements of Changes in Net Assets,” and “Notes to Non-Consolidated Financial Statements.”
- ⊙ Should there be any revisions to Reference Documents for the General Meeting of Shareholders, Business Reports, or Consolidated or Non-Consolidated Financial Statements, revised information will be posted on the Company’s corporate website on the internet.
- ⊙ Please be advised that no gift or equivalent is intended to be provided at the General Meeting of Shareholders.

Company’s corporate website

<https://www.jrkyushu.co.jp>

Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Appropriation of Surplus

The Company positions the return of profits to shareholders as one of the most important management policies. We believe it is important to return profits to shareholders in a stable and long-term manner. For the period through the fiscal year ending March 31, 2022, the Company has set the minimum dividend at ¥93.0 per share, with a target consolidated dividend payout ratio of 35%. In addition, the Company will repurchase its own shares as the situation demands in order to improve capital efficiency.

Although the impact of COVID-19 was extremely harsh on the Company's business results for the fiscal year ended March 31, 2021, based on the above policy, the Company has decided to pay a year-end dividend of ¥93 per share for the fiscal year ended March 31, 2021.

(1) Type of dividend property

Cash

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

¥93.00 per Company's common share

Total: ¥ 14,629,048,800

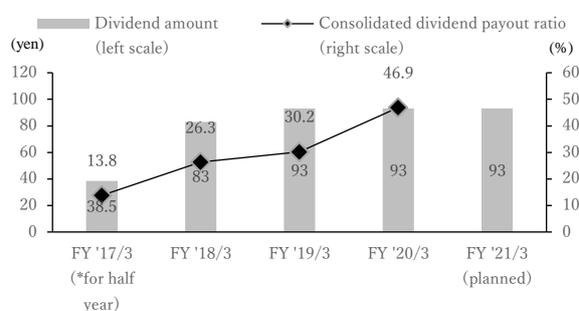
(3) Effective date of dividends from surplus

June 24, 2021

Reference:

◆Trends in dividends per share and consolidated dividend payout ratio

	Annual dividend amount per share	Consolidated dividend payout ratio
FY 3/2020	¥ 93	46.9%
FY 3/2021 (planned)	¥ 93	-



Proposal No. 2: Election of Eleven (11) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

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

Accordingly, the Company requests the election of eleven (11) directors.

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

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

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

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

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

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

The current composition of the Board of Directors includes five Independent Outside Directors out of eleven Directors who are not Audit and Supervisory Committee members, and three Independent Outside Directors out of four Directors who are Audit and Supervisory Committee members, ensuring the effectiveness of management oversight by having the majority of the Board of Directors be composed of Independent Outside Directors. Furthermore, based on the diverse experience and expertise of the Independent Outside Directors with knowledge in each field, we held even deeper discussions at meetings of the Board of Directors. Additionally, we have established a Nomination and Compensation Advisory Committee with an extremely high level of independence, composed of five Independent Outside Directors and one Inside Director and chaired by an Independent Outside Director.

Furthermore, as part of our efforts to improve governance, we held exchanges of opinions among analysts, institutional investors, and Independent Outside Directors, working to improve the transparency of the Board of Directors. This issues awareness and these initiatives are based on evaluations and discussions at the Board of Directors effectiveness evaluation implemented every year. We confirm the effects of initiatives in the effectiveness evaluation using third-party organizations and are holding discussions at meetings of the Board of Directors to further improve effectiveness.

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

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

In addition, the Company defines the knowledge and experience necessary for the Company's Board of Directors as the important fields for the Company to fulfill its mission of sustainable business operations centered in the Kyushu region, which are "railway and mobility services," "real estate and local community development," and "ESG and sustainability," defines the knowledge and experience believed necessary by the Company from the perspective of corporate management as "corporate management," "legal affairs and risk management," "finance and M&A," and "human resources and remuneration," and has nominated these diverse candidates for Director that have this knowledge and experience.

Furthermore, the spread of COVID-19 has had serious effects on the Company's business, and as we are now at an important stage in which we must come together as a region to overcome the current challenging business environment, knowledge on Kyushu is becoming increasingly important.

The Company has also expressed its endorsement of TCFD recommendations and participated in the TCFD Consortium, and it regards environmental response, which includes climate change issues such as setting medium-term targets for virtually zero CO₂ emissions by 2050, considering specific measures and formulating a road map, as one of the Group's key ESG issues (materiality).

In the new Board of Directors structure based on the above approach, the total number of Directors remains unchanged at 15, the number of Independent Outside Directors remains unchanged at eight (53% of Directors are Independent Outside Directors), and the number of female Directors increased from two to three (20% of Directors are women). Furthermore, the skillset is listed on the next page.

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

Name	Positions, etc.	Area of expertise the Company expects from candidates for Directors in particular						
		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	●		●				
Izumi Kuwano Outside Independent Female	Representative Director and President, Kabushiki Kaisha Tamanoyu		●		●			
Toshihide Ichikawa Outside Independent	Adviser, Mitsui Fudosan Co., Ltd.		●		●			●
Shinji Asatsuma Outside Independent	Former Director, Kansai Paint Co., Ltd.				●	●	●	
Kuniko Muramatsu Outside Independent Female	Representative Director, Wellness Systems Institute			●	●	●		●
Michiaki Uriu Outside Independent	Representative Director and Chairperson, Kyushu Electric Power Company, Incorporated			●	●			●
Eiichi Kuga Audit and Supervisory Committee Member Outside Independent	Chairman of Audit and Supervisory Committee					●		

Name	Positions, etc.	Area of expertise the Company expects from candidates for Directors in particular						
		Railways/ mobility services	Real estate/ local community development	ESG/ sustainability	Corporate management	Legal affairs/ risk management	Finance/ M&A	Human resources/ remuneration
Masaya Hirokawa Audit and Supervisory Committee Member							●	●
Yasunori Eto Audit and Supervisory Committee Member Outside Independent	Attorney at law, Bengoshi Hojin Hino Sogo Law Office					●		
Hiromi Fujita Audit and Supervisory Committee Member Outside Independent Female	Senior Partner Tax Accountant, Sakura Yuwa Partners Tax Accountant Corporation			●	●		●	

(4) Candidates for Director

The candidates for director are as follows:

No.	Name	Current positions and responsibilities in the Company	Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2021
1	Koji Karaike Reelection	Representative Director and Chairman Corporate Officer Chairman of the Board of Directors	12/12 (100%)
2	Toshihiko Aoyagi Reelection	Representative Director and President Corporate Officer Chief Executive Officer In charge of Auditing Department	12/12 (100%)
3	Ryuji Tanaka Reelection	Director and Senior Managing Corporate Officer Director General of Business Development Headquarters	12/12 (100%)
4	Yoji Furumiya Reelection	Director and Senior Managing Corporate Officer Director General of Corporate Planning Headquarters In charge of Public Relations Department	12/12 (100%)

No.	Name	Current positions and responsibilities in the Company	Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2021
5	Toshihiro Mori Reelection	Director and Managing Corporate Officer Chief Financial Officer 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	12/12 (100%)
6	Hiroyuki Fukunaga Reelection	Director and Managing Corporate Officer Director General of Railway Operations Headquarters General Manager of Northern Kyushu Regional Head Office	10/10 (100%)
7	Izumi Kuwano Reelection Outside Independent Female	Director	11/12 (91.6%)
8	Toshihide Ichikawa Reelection Outside Independent	Director	12/12 (100%)
9	Shinji Asatsuma Reelection Outside Independent	Director	12/12 (100%)
10	Kuniko Muramatsu Reelection Outside Independent Female	Director	10/10 (100%)
11	Michiaki Uriu New election Outside Independent	—	—

(Note) Since Mr. Hiroyuki Fukunaga and Ms. Kuniko Muramatsu were newly elected at the 33rd Annual General Meeting of Shareholders held on June 23, 2020, the number of the meetings of the Board of Directors held during their period in office differs from that for other directors.

(5) The brief biographies of the candidates

The brief biographies of the candidates are as follows:

<p>Candidate No.</p> <p>1</p>	<p>Reelection</p> <p>Koji Karaike</p> <p>Date of Birth: April 2, 1953</p> <p>Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2021: 12/12 (100%)</p> <p>Number of the Company's shares owned: 5,872 shares</p>
	<p>Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company</p> <p>Apr. 1977 Joined Japanese National Railways</p> <p>Apr. 1987 Joined Kyushu Railway Company</p> <p>Mar. 1995 General Manager of Restaurant Business of Distribution Operations Headquarters, Kyushu Railway Company</p> <p>Apr. 1996 President, JR Kyushu Food Service Inc.</p> <p>June 1997 General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company</p> <p>June 2000 Representative Director and President, JR Kyushu Food Service Inc.</p> <p>June 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</p> <p>June 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</p> <p>June 2006 Managing Director, Deputy Director General of Corporate Planning Headquarters and General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company</p> <p>June 2008 Managing Director and Deputy Director General, Corporate Planning Headquarters, Kyushu Railway Company</p> <p>June 2008 Senior Managing Director and Representative Director, General Manager of Corporate Planning Headquarters, Kyushu Railway Company</p> <p>June 2009 Representative Director and President, Kyushu Railway Company</p> <p>June 2014 Representative Director and Chairman, Kyushu Railway Company</p> <p>June 2018 Representative Director and Chairman, Corporate Officer, Kyushu Railway Company (current)</p> <p><Current responsibility in the Company> Chairman of the Board of Directors</p> <p><Important information on concurrent posts> None</p>

Reasons for nomination as candidate for director

Mr. Koji Karaike has a wealth of knowledge and expertise regarding business management. He has taken part in business management of the Company for 18 years since appointed as Director in 2003. He was appointed President from June 2009, and in this role he built a management foundation suitable for a listed company by strengthening the total capabilities of the Group, and promoted community development that shows the charm of Kyushu through various businesses such as railways and station buildings. As Chairman of the Board of the Directors since June 2014, he has supervised overall business management of the Company, etc. The Company has nominated him as a candidate for director again in light of his achievements, capabilities, and corporate management experience, as well as his outstanding personality and insight, with the expectation that he will use his abilities to realize the sustainable growth of the Company and increase its corporate value over the medium and long term.

Special interests in the Company: There is no special interest between Mr. Koji Karaike and the Company.

Candidate No. 2	<p style="text-align: right;">Reelection</p> <p>Toshihiko Aoyagi</p> <p>Date of Birth: August 19, 1953</p> <p>Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2021: 12/12 (100%)</p> <p>Number of the Company's shares owned: 9,452 shares</p>
	<p>Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company</p> <p>Apr. 1977 Joined Japanese National Railways</p> <p>Apr. 1987 Joined Kyushu Railway Company</p> <p>June 1998 General Manager of Transportation Department of Technology and Operations Headquarters, Kyushu Railway Company</p> <p>Apr. 2001 General Manager of Transportation Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>June 2004 General Manager of Kagoshima Regional Office, Kyushu Railway Company</p> <p>June 2005 Director, General Manager of Kagoshima Regional Office, Kyushu Railway Company</p> <p>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</p> <p>June 2008 Director, General Manager of Railway Operations Headquarters and General Manager of Planning Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>June 2008 Managing Director, General Manager of Railway Operations Headquarters and General Manager of Planning Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>June 2010 Managing Director, General Manager of Railway Operations Headquarters, General Manager of Planning Department of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company</p> <p>Aug. 2010 Managing Director, General Manager of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company</p> <p>June 2012 Senior Managing Director, General Manager of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company</p> <p>June 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</p> <p>June 2014 Representative Director and President, Kyushu Railway Company</p> <p>June 2018 Representative Director, President and Corporate Officer, Kyushu Railway Company</p>

	June 2019 Representative Director, President and Corporate Officer and Chief Executive Officer, Kyushu Railway Company (current)
	<Current responsibility in the Company> Chief Executive Officer, In charge of Auditing Department <Important information on concurrent posts> Chair, Fukuoka Association of Corporate Executives
Reasons for nomination as candidate for director	
<p>Mr. Toshihiko Aoyagi has a wealth of experience in the railway business, which is the Company's primary business, has taken part in business management of the Company for 16 years since appointed as Director in 2005 and he has been responsible for overall administration of business management of the Company in the capacities as Representative Director and Senior Managing Director from June 2013 and Representative Director and President from June 2014. As Representative Director and President, he has a wealth of knowledge and expertise regarding business management, having increased the Company's corporate value and overseen the public listing of its stock, in addition to changing the corporate structure, introducing the corporate officer system, constructing the current governance system by working on initiatives such as changing the officer remuneration system, etc. The Company has nominated him as a candidate for director again in light of his achievements, capabilities, and corporate management experience, as well as his outstanding personality and insight, with the expectation that he will use his abilities to realize the sustainable growth of the Company and increase its corporate value over the medium and long term through the promotion of important strategies such as strengthening ESG management and creating a system to support it as top management of the Group.</p>	
Special interests in the Company: There is no special interest between Mr. Toshihiko Aoyagi and the Company.	

Candidate No. 3	<p style="text-align: right;">Reelection</p> <p style="text-align: center;">Ryuji Tanaka</p> <p>Date of Birth: August 11, 1954</p> <p>Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2021: 12/12 (100%)</p> <p>Number of the Company's shares owned: 2,901 shares</p>
	<p>Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company</p> <p>Apr. 1977 Joined Japanese National Railways</p> <p>Apr. 1987 Joined Kyushu Railway Company</p> <p>Mar. 2004 General Manager of Urban Development Business Department, Kyushu Railway Company</p> <p>May 2006 General Manager of Nagasaki Regional Office, Kyushu Railway Company</p> <p>May 2007 President, JR Kyushu Huis Ten Bosch Hotel Co., Ltd.</p> <p>June 2010 Director, Deputy Director General of Business Development Headquarters and General Manager of Planning Department of Business Development Headquarters, Kyushu Railway Company</p> <p>June 2011 Director, Deputy Director General of Business Development Headquarters and General Manager of Planning & Development Department of Business Development Headquarters, Kyushu Railway Company</p> <p>June 2014 Managing Director, Deputy Director General of Business Development Headquarters and General Manager of Planning & Development Department of Business Development Headquarters, Kyushu Railway Company</p> <p>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</p> <p>June 2017 Senior Managing Director, Director General of Business Development Headquarters, Kyushu Railway Company</p> <p>June 2018 Director and Senior Managing Corporate Officer, Director General of Business Development Headquarters, Kyushu Railway Company</p> <p>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</p> <p>June 2019 Director and Senior Managing Corporate Officer, Director General of Business Development Headquarters, Kyushu Railway Company</p> <p>Apr. 2021 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</p> <p>May 2021 Director and Senior Managing Corporate Officer, Director General of Business Development Headquarters, Kyushu Railway Company (current)</p>

	<Current responsibility in the Company> Director General of Business Development Headquarters <Important information on concurrent posts> None
<p>Reasons for nomination as candidate for director</p> <p>Mr. Ryuji Tanaka has a wealth of experience and board expertise as he was primarily engaged in the operation of business development, and currently has assumed the post of Director and Senior Managing Corporate Officer and Director General of Business Development Headquarters. Since June 2010, he has participated in the management of the Company as a director, helping to increase the corporate value of the Group, particularly through the real estate and hotel business. The Company has nominated him as a candidate for director again in light of his achievements, capabilities, and corporate management experience, as well as his outstanding personality and insight, with the expectation that he will use his abilities to play a central role in strategic community development of areas where the Company is based, and in the growth and evolution of new business domains, as well as reflect this knowledge in discussions at meetings of the Board of Directors.</p>	
<p>Special interests in the Company: There is no special interest between Mr. Ryuji Tanaka and the Company.</p>	

Candidate No. 4	<p style="text-align: right;">Reelection</p> <p style="text-align: center;">Yoji Furumiya</p> Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2021: 12/12 (100%) Number of the Company's shares owned: 5,307 shares
	<p>Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company</p> <p>Apr. 1985 Joined Japanese National Railways</p> <p>Apr. 1987 Joined Kyushu Railway Company</p> <p>May 2005 General Manager of Planning Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>May 2006 General Manager of Transportation Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>June 2010 General Manager of Marketing & Sales Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>June 2011 General Manager of Customer Service Department of Railway Operations Headquarters and General Manager of Marketing & Sales Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>June 2012 General Manager of Administration Department, Kyushu Railway Company</p> <p>June 2012 Director and General Manager of Administration Department, Kyushu Railway Company</p> <p>Sept. 2012 Director, General Manager of Cruise Train Division of Railway Operations Headquarters and General Manager of Administration Department, Kyushu Railway Company</p> <p>June 2013 Director, General Manager of Administration Department, Kyushu Railway Company</p> <p>June 2016 Managing Director, Director General of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company</p> <p>June 2018 Director and Managing Corporate Officer, Director General of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company</p> <p>June 2019 Director and Senior Managing Corporate Officer, Director General of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company</p> <p>June 2020 Director and Senior Managing Corporate Officer, Director General of Corporate Planning Headquarters, Kyushu Railway Company (current)</p> <p><Current responsibility in the Company> Director General of Corporate Planning Headquarters In charge of Public Relations Department</p> <p><Important information on concurrent posts> None</p>

Reasons for nomination as candidate for director

Mr. Yoji Furumiya has a wealth of experience and broad expertise as he was primarily engaged in railway business operation and currently has assumed the post of Director and Senior Managing Corporate Officer and Director General of Corporate Planning Headquarters. Since June 2012, he has participated in the management of the Company as a director and has demonstrated his abilities in corporate governance, including the strengthening of governance. Currently, he contributes to increasing the corporate value of the Group through the promotion of the entire Group's management strategy. The Company has nominated him as a candidate for director again in light of his achievements, capabilities, and corporate management experience, as well as his outstanding personality and insight, with the expectation that he will use his abilities to play a central role in further increasing the corporate value of the Group and creating sustainable mobility services through the strengthening of Group management, as well as reflect this knowledge in discussions at meetings of the Board of Directors.

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

Candidate No. 5	<p style="text-align: right;">Reelection</p> <p style="text-align: center;">Toshihiro Mori</p> Date of Birth: March 1, 1969 <p style="text-align: right;">Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2021: 12/12 (100%)</p> <p style="text-align: right;">Number of the Company's shares owned: 1,425 shares</p>
	<p>Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company</p> <p>Apr. 1991 Joined Kyushu Railway Company</p> <p>May 2007 Director, Drug Eleven Holdings Co., Ltd.</p> <p>June 2009 President, Drug Eleven Holdings Co., Ltd.</p> <p>May 2011 General Manager of Fund Management Department, Kyushu Railway Company</p> <p>June 2013 General Manager of Finance & Accounting Department, Kyushu Railway Company</p> <p>June 2014 General Manager of Marketing & Sales Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>June 2015 General Manager of Customer Service Department of Railway Operations Headquarters and General Manager of Marketing & Sales Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>June 2017 Director, General Manager of Travel Services Headquarters, Kyushu Railway Company</p> <p>Apr. 2018 Director, Deputy Director General of Corporate Planning Headquarters and General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company</p> <p>June 2018 Senior Corporate Officer, Deputy Director General of Corporate Planning Headquarters and General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company</p> <p>June 2019 Director and Managing Corporate Officer, Chief Financial Officer, Deputy Director General of Corporate Planning Headquarters and General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company (current)</p> <p><Current responsibility in the Company> Chief Financial Officer 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</p> <p><Important information on concurrent posts> None</p>

Reasons for nomination as candidate for director

Mr. Toshihiro Mori has a wealth of experience and board expertise as he was primarily engaged in finance operations, and currently has assumed the post of Director and Managing Corporate Officer, Deputy Director General of Corporate Planning Headquarters and General Manager of Strategy Management Department. From June 2019, he served as Chief Financial Officer and participated in management as a director, and contributed to increasing the corporate value of the Group through the promotion of ESG management, the drawing up of financial strategies and the strengthening of IR. The Company has nominated him as a candidate for director again in light of his achievements, capabilities and corporate management experience, as well as his outstanding personality and insight, with the expectation that he will use his abilities to play a central role in further increasing the corporate value of the Group through the strengthening of ESG management, financial strategy and IR, as well as reflect this knowledge in discussions at meetings of the Board of Directors.

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

Candidate No. 6	<p style="text-align: right;">Reelection</p> <p>Hiroyuki Fukunaga</p> <p>Date of Birth: May 10, 1963</p> <p>Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2021: 10/10 (100%)</p> <p>Number of the Company's shares owned: 1,470 shares</p>
	<p>Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company</p> <p>Apr. 1990 Joined Kyushu Railway Company</p> <p>June 2013 General Manager of Shinkansen Operational Management Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>June 2015 Director General of Cruise Train Division of Railway Operations Headquarters and General Manager of Transportation Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>June 2016 Director, Deputy Director General of Railway Operations Headquarters, Director General of Cruise Train Division of Railway Operations Headquarters and General Manager of Transportation Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>June 2018 Senior Corporate Officer, Deputy Director General of Railway Operations Headquarters, Director General of Cruise Train Division of Railway Operations Headquarters and General Manager of Transportation Department of Railway Operations Headquarters, Kyushu Railway Company</p> <p>June 2020 Director and Managing Corporate Officer, Director General of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company (current)</p>
	<p>< Current responsibility in the Company ></p> <p>Director General of Railway Operations Headquarters General Manager of Northern Kyushu Regional Head Office</p> <p><Important information on concurrent posts></p> <p>None</p>
<p>Reasons for nomination as candidate for director</p> <p>Mr. Hiroyuki Fukunaga has a wealth of experience and broad expertise, having worked primarily in the railway business and having served as Director and Managing Corporate Officer, Director General of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company from June 2020. In particular, he contributes to increasing the corporate value of the Group through technological innovation and establishment of an efficient business operation system, particularly in the railway business. The Company has nominated him as a candidate for director again in light of his achievements and capabilities, as well as his outstanding personality and insight, with the expectation that he will use his abilities to play a central role in increasing safety and service levels along with improving profitability in the railway business.</p>	
<p>Special interests in the Company: There is no special interest between Mr. Hiroyuki Fukunaga and the Company.</p>	

Candidate No. 7	Reelection Outside Independent Female Izumi Kuwano Date of Birth: August 1, 1964 Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2021: 11/12 (91.6%) Number of the Company's shares owned: 791 shares Tenure as outside director of the Company: 7 years
	Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company 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) June 2012 Outside Director, Oita Bank, Ltd. (retired June 2020) June 2014 Director, Kyushu Railway Company (current) <Current responsibility in the Company> None <Important information on concurrent posts> Representative Director and President, Kabushiki Kaisha Tamanoyu
Reasons for nomination as candidate for outside director and outline of expected role Ms. Izumi Kuwano has a wealth of experience and broad expertise as she has been long engaged in business management of Kabushiki Kaisha Tamanoyu and has played an active role in tourism and community development. Since June 2014, she has provided the Company with valuable advice related to the promotion of tourism measures in Kyushu, etc. from an independent position as outside director, contributing to the sustainable growth of the Company and its increase in corporate value over the medium and long term. The Company has nominated her as a candidate for outside director as the Company expects her to supervise the business management and perform checking function over it based on her perspective with those experiences and insights as a professional of tourism and business management.	
Special interests in the Company: Although the Company has a business relationship with Kabushiki Kaisha Tamanoyu including payment of hotel accommodation fees, over the last three fiscal years the monetary value of the transactions from Tamanoyu has amounted to less than 1% of the Company's annual consolidated net sales, and the monetary value of the transactions from the Company has amounted to less than 2% of Tamanoyu's annual consolidated net sales and consequently, the candidate satisfies the requirements for an independent outside director as stipulated by the Company.	

<p>Candidate No.</p> <p style="text-align: center;">8</p>	<p style="text-align: right;">Reelection Outside Independent</p> <p>Toshihide Ichikawa</p> <p>Date of Birth: September 27, 1954</p> <p style="text-align: right;">Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2021: 12/12 (100%)</p> <p style="text-align: right;">Number of the Company's shares owned: – shares</p> <p style="text-align: right;">Tenure as outside director of the Company: 2 years</p>
	<p>Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company</p> <p>Apr. 1977 Joined Mitsui Fudosan Co., Ltd.</p> <p>Apr. 2003 General Manager of Roppongi-Project Development Planning Department, Mitsui Fudosan Co., Ltd.</p> <p>Apr. 2005 Managing Officer, General Manager of Roppongi-Project Development Planning Department, Mitsui Fudosan Co., Ltd.</p> <p>Aug. 2005 Managing Officer, General Manager of Tokyo Midtown Development Department, Mitsui Fudosan Co., Ltd.</p> <p>Apr. 2008 Executive Managing Officer, General Manager of Tokyo Midtown Development Department, Mitsui Fudosan Co., Ltd.</p> <p>Apr. 2009 Executive Managing Officer, Chief Operating Officer of Accommodations Business Division, Mitsui Fudosan Co., Ltd.</p> <p>June 2011 Executive Managing Director, Executive Managing Officer, Chief Operating Officer of Accommodations Business Division, Mitsui Fudosan Co., Ltd.</p> <p>Apr. 2013 Managing Director, Mitsui Fudosan Co., Ltd.</p> <p>Apr. 2013 Advisor, Mitsui Home Co., Ltd.</p> <p>June 2013 Specially Appointed Advisor, Mitsui Fudosan Co., Ltd.</p> <p>June 2013 Representative Director and President, Executive Officer, Mitsui Home Co., Ltd.</p> <p>Oct. 2018 Group Senior Officer, Mitsui Fudosan Co., Ltd.</p> <p>Apr. 2019 Advisor, Mitsui Fudosan Co., Ltd. (current)</p> <p>Apr. 2019 Standing Advisor, Mitsui Home Co., Ltd. (current)</p> <p>June 2019 Director, Kyushu Railway Company (current)</p> <hr/> <p><Current responsibility in the Company> None</p> <p><Important information on concurrent posts> Advisor, Mitsui Fudosan Co., Ltd. Standing Advisor, Mitsui Home Co., Ltd.</p>

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

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

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

Candidate No. 9	<div style="text-align: right;"> Reelection Outside Independent </div> Shinji Asatsuma Date of Birth: February 2, 1961 Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2021: 12/12 (100%) Number of the Company's shares owned: – shares Tenure as outside director of the Company: 2 years
	Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company 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. June 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. June 2019 Retired from Kansai Paint Co., Ltd. June 2019 Director, Kyushu Railway Company (current) <Current responsibility in the Company> None <Important information on concurrent posts> None
Reasons for nomination as candidate for outside director and outline of expected role Mr. Shinji Asatsuma has a wealth of knowledge and expertise regarding legal affairs, finance and accounting as he has been engaged principally in administrative operations at Kansai Paint Co., Ltd. He has been responsible for IR, contributing towards providing information to shareholders and investors and increasing corporate value, and has been involved in management as a director. Since June 2019, he has provided the Company with valuable advice related to financial strategy from an independent position as outside director, and has promoted understanding regarding the Company's financial strategy through meetings for the exchange of opinions with investors at the briefing on quarterly financial results, contributing to the sustainable growth of the Company and its increase in corporate value over the medium and long term. The Company has nominated him as a candidate for outside director as the Company expects him to supervise the business management and perform checking function over it based on his perspective with those experiences and insights as a professional of finance, IR and business management. Special interests in the Company: There is no special interest between Mr. Shinji Asatsuma and the Company. There is no business relationship between the Company and Kansai Paint Co., Ltd. Therefore, the candidate satisfies the requirements for an independent outside officer as stipulated by the Company.	

Candidate No. 10	Reelection Outside Independent Female Kuniko Muramatsu Date of Birth: September 1, 1958 Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2021: 10/10 (100%) Number of the Company's shares owned: 80 shares Tenure as outside director of the Company: 1 year
	Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company Oct. 1983 Joined Texas Instruments Japan Limited Jan. 1995 General Manager of Public Relations Department, Texas Instruments Japan Limited Nov. 2003 Head of Corporate Ethics Office and Officer in charge of Diversity Promotion, Texas Instruments Japan Limited Sept. 2009 Retired form 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 (retied March 2019) June 2016 Outside Director, C'BON COSMETICS Co., Ltd. (retired June 2019) June 2016 Outside Director, YOKOWO CO., LTD. (current) Apr. 2018 Councilor, Japan Professional Football League (retired February 2021) Apr. 2018 Senior Researcher, Business Ethics Research Center (current) June 2019 Outside Director, NEC Networks & System Integration Corporation (current) June 2020 Director, Kyushu Railway Company (current) Feb. 2021 Director, Japan Women's Empowerment Professional Football League (current) <Current responsibility in the Company> None <Important information on concurrent posts> Representative Director, Wellness Systems Institute, Outside Director, YOKOWO CO., LTD., Outside Director, NEC Networks & System Integration Corporation

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

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

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

<p>Candidate No.</p> <p style="text-align: center;">11</p>	<p style="text-align: right;">New candidate Outside Independent</p> <p style="text-align: center;">Michiaki Uriu</p> <p>Date of Birth: March 18, 1949</p> <p style="text-align: right;">Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2021: –</p> <p style="text-align: right;">Number of the Company's shares owned: – shares</p> <p style="text-align: right;">Tenure as outside director of the Company: – year</p>
	<p>Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company</p> <p>Apr. 1975 Joined Kyushu Electric Power Company, Incorporated</p> <p>June 2006 General Manager of Environmental Division, Kyushu Electric Power Company, Incorporated</p> <p>June 2007 Executive Officer & Senior Manager of Corporate Planning Division, Kyushu Electric Power Company, Incorporated</p> <p>July 2008 Executive Officer & General Manager of Corporate Planning Division, Kyushu Electric Power Company, Incorporated</p> <p>June 2009 Director, Senior Managing Executive Officer & General Manager of Thermal Power Generation Division, Kyushu Electric Power Company, Incorporated</p> <p>June 2011 Executive Vice President (Representative Director) & General Manager of Thermal Power Generation Division, Kyushu Electric Power Company, Incorporated</p> <p>Apr. 2012 President (Representative Director), Kyushu Electric Power Company, Incorporated</p> <p>June 2013 Outside Director, THE NISHI-NIPPON CITY BANK, LTD.</p> <p>Oct. 2016 Outside Director, Audit and Supervisory Committee Member, THE NISHI-NIPPON CITY BANK, LTD. (current)</p> <p>June 2018 Representative Director and Chairperson, Kyushu Electric Power Company, Incorporated (current)</p> <p>June 2020 Outside Audit & Supervisory Board Member, Kyudenko Corporation (current)</p> <p><Current responsibility in the Company> None</p> <p><Important information on concurrent posts> Representative Director and Chairperson, Kyushu Electric Power Company, Incorporated Outside Director, Audit and Supervisory Committee Member, THE NISHI-NIPPON CITY BANK, LTD. Outside Audit & Supervisory Board Member, Kyudenko Corporation</p>

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

Mr. Michiaki Uriu has a wealth of experience and board expertise as he has been long engaged in business management of Kyushu Electric Power Company, Incorporated and also bears important responsibilities in the business community in Kyushu area, contributing to the development and promotion of the regional economy. Furthermore, based on his experience in sustainable management in the infrastructure industry, strengthening collaboration and regional development in Kyushu, and as a top management executive of a listed company, the Company has nominated him as a candidate for outside director as the Company expects him to supervise the business management and perform checking function over it based on his perspective with his experience and insights as a specialist in regional economic promotion and business management.

Special interests in the Company: Although the Company has a business relationship with Kyushu Electric Power Company, Incorporated including payment of the electricity costs, over the last three fiscal years the Company's income from Kyushu Electric Power Company, Incorporated has amounted to less than 1% of the Company's annual consolidated net sales, and Kyushu Electric Power Company, Incorporated's income from the Company has amounted to less than 1% of Kyushu Electric Power Company, Incorporated's annual consolidated net sales. Consequently, the candidate satisfies the requirements for an independent outside officer as stipulated by the Company.

(Notes)

1. Candidates Ms. Izumi Kuwano, Messrs. Toshihide Ichikawa and Shinji Asatsuma, Ms. Kuniko Muramatsu and Mr. Michiaki Uriu are candidates for outside director.
2. The Company has entered into limited liability agreements with Ms. Izumi Kuwano, Messrs. Toshihide Ichikawa and Shinji Asatsuma and Ms. Kuniko Muramatsu to limit their liability under Article 423, paragraph 1 of the Companies Act to the minimum liability amount stipulated by laws and regulations. If their reelection is approved, the Company will continue the said limited liability agreements with them.
In addition, if the election of Mr. Michiaki Uriu is approved, the Company will enter into the same agreements with him.
3. The Company has entered into a directors and officers liability insurance policy, as provided for in Article 430-3, paragraph 1 of the Companies Act, with an insurance company. The policy covers losses incurred from amounts of indemnification and litigation expenses, etc. that insureds are liable for in cases where a damage claim has been filed by shareholders or a third party, etc. If each candidate is elected and assumes office as a director, he or she will be an insured under the relevant insurance policy. The insurance policy is scheduled to be renewed with the same terms and conditions at the next renewal.
4. Candidates Ms. Izumi Kuwano, Messrs. Toshihide Ichikawa and Shinji Asatsuma and Ms. Kuniko Muramatsu satisfy the requirements for an independent officer as provided for by the Tokyo Stock Exchange and the Fukuoka Stock Exchange, and satisfy the Company's Independence Evaluation Criteria for Outside Officers (on page 31), and the Company has submitted notification concerning their designation as independent officer to each exchange. If their reelection is approved, the Company plans to maintain their positions as independent officer.
5. Candidate Mr. Michiaki Uriu satisfies the requirements for an independent officer as provided for by the Tokyo Stock Exchange and the Fukuoka Stock Exchange, and satisfies the Company's Independence Evaluation Criteria for Outside Officers (on page 31), and the Company plans to designate him as independent officer and submit notification concerning his designation as independent officer to each exchange if his election is approved.

Proposal No. 3: Election of One (1) Director Who Is an Audit and Supervisory Committee Member

Director who is an Audit and Supervisory Committee Member, Kazuhide Ide has given notice that he wishes to retire at the close of this Annual General Meeting of Shareholders. Therefore, it is proposed that one (1) Director who is an Audit and Supervisory Committee Member be elected as his substitute. In accordance with the Company’s Articles of Incorporation, the term of office of the Director who is an Audit and Supervisory Committee Member that is elected as a substitute will continue until the expiration of the term of office of the resigning director who is an Audit and Supervisory Committee Member. As for this proposal, the Audit and Supervisory Committee of the Company has already given their consent to this proposal in accordance with the provisions of Article 344-2, paragraph 1 of the Companies Act.

The candidate is as follows:

<p style="text-align: center;">Hiromi Fujita Date of Birth: March 8, 1960</p>	<p>New candidate Outside Independent Female</p> <p>Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2021: –</p> <p>Number of the Company’s shares owned: – shares</p> <p>Tenure as outside director of the Company: – year</p>
	<p>Career summary, position and responsibility in the Company, and important information on concurrent posts outside the Company</p> <p>Apr. 1980 Joined Nissho Iwai Corporation</p> <p>Sept. 1985 Retired from Nissho Iwai Corporation</p> <p>Jan. 1996 Part-time Lecturer, Daiei Educational System Inc.</p> <p>June 1997 Joined Shiraishi Accounting Firm</p> <p>June 2000 Retired from Shiraishi Accounting Firm</p> <p>Sept. 2000 Established Hiromi Fujita Tax Accountant Office</p> <p>Oct. 2014 Yuwa Partners Tax Accountants’ Corporation</p> <p>Oct. 2015 Representative Partner, Sakura Yuwa Partners Tax Accountants’ Corporation (current)</p> <p>Jan. 2020 Outside Director, Audit and Supervisory Committee Member, IKK Inc. (current)</p> <p><Current responsibility in the Company> None</p> <p><Important information on concurrent posts> Representative Partner, Sakura Yuwa Partners Tax Accountants’ Corporation Outside Director, Audit and Supervisory Committee Member, IKK Inc.</p>

Reasons for nomination as candidate for outside director who is an audit and supervisory committee member, and outline of expected role

After working for an accounting firm in Fukuoka, Ms. Hiromi Fujita established Hiromi Fujita Tax Accountant Office, and after two business integrations, she is now Representative Partner of Sakura Yuwa Partners Tax Accountants' Corporation.

At Sakura Yuwa Partners Tax Accountants' Corporation, she is actively involved in advanced and complex individual cases such as business succession, M&A, overseas development, and business revitalization, and the Company believes that she will demonstrate her ability to audit the execution of duties by the Board of Directors of the Company as an audit and supervisory committee member. The Company has nominated her as a candidate for outside director who is an audit and supervisory committee member because she has served as an officer at the National Federation of Business and Professional Women's Clubs of Japan and also she has been energetically working to improve the social status of women and to improve and develop the social environment for working women, with the expectation that she will contribute to the diversification of the Board of Directors of the Company as a female director.

Special interests in the Company: There is no special interest between Ms. Hiromi Fujita and the Company. There is no business relationship between the Company and Sakura Yuwa Partners Tax Accountants' Corporation. Therefore, the candidate satisfies the requirements for an independent outside officer as stipulated by the Company.

(Notes)

1. Candidate Ms. Hiromi Fujita is a candidate for outside director.
2. If the election of candidate Ms. Hiromi Fujita is approved, the Company plans to enter into a limited liability agreement with her to limit her liability under Article 423, paragraph 1 of the Companies Act to the minimum liability amount stipulated by laws and regulations.
3. The Company has entered into a directors and officers liability insurance policy, as provided for in Article 430-3, paragraph 1 of the Companies Act, with an insurance company. The policy covers losses incurred from amounts of indemnification and litigation expenses, etc. that insureds are liable for in cases where a damage claim has been filed by shareholders or a third party, etc. If Ms. Hiromi Fujita is elected and assumes office as a director, she will be an insured under the relevant insurance policy. The insurance policy is scheduled to be renewed with the same terms and conditions at the next renewal.
4. Candidate Ms. Hiromi Fujita satisfies the requirements for an independent officer as provided for by the Tokyo Stock Exchange and the Fukuoka Stock Exchange, and satisfies the Company's Independence Evaluation Criteria for Outside Officers (on page 31). If her election is approved, the Company plans to designate her as independent officer and submit notification concerning her designation as independent officer to each exchange.

Reference Documents for the General Meeting of Shareholders

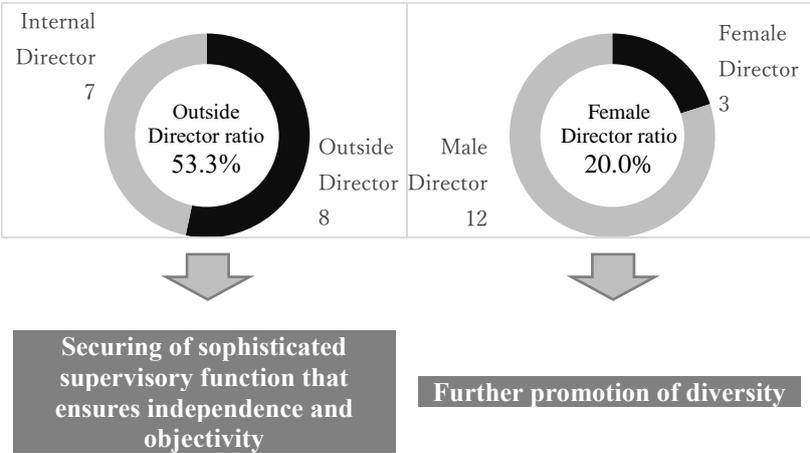
◆Constitution of the Board of Directors

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

◆Election and Dismissal of Directors

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

The constitution of the Board of Directors elected on the basis of the above policy upon approval and adoption of Proposals No. 2 and No. 3 will be as follows:



Independence Evaluation Criteria for Outside Officers

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

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

Reference: Initiatives Related to Corporate Governance

◆Corporate Governance Policy

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

◆Evaluation of the Effectiveness of the Board of Directors

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

Between December 2020 and February 2021, a third-party organization was entrusted with conducting a survey consisting of meetings with each of the directors and questionnaires for them to complete, with the third party also participating as an observer at meetings of the Board of Directors. Thereafter, using the content of the report on the survey results from a third-party organization as the base, we analyzed and evaluated the effectiveness of the Board of Directors at a meeting of the Board of Directors. An overview of the results of this evaluation is on the next page.

1. Overview of results
 - (1) Conclusion

The overall evaluation was that the Board of Directors is functioning effectively.
 - (2) Evaluation process
 - (i) Persons evaluated

All directors
 - (ii) Evaluation method

A third-party organization was entrusted with conducting a survey, as follows.

 - Questionnaire (anonymous form)
 - Participation as an observer at meetings of the Board of Directors
 - Individual interviews
 - (iii) Evaluation items

The major categories of the questionnaire were as follows.

 - I Composition and management of the Board of Directors
 - II Management and business strategies
 - III Corporate ethics and risk management
 - IV Evaluation and remuneration of management
 - V Dialogue with shareholders, etc.
 - (3) Evaluation results
 - (i) Progress in relation to issues recognized in the FY2019 effectiveness evaluation
 - In the FY2019 effectiveness evaluation, issues were raised including formulation of a succession plan and improving training opportunities to enhance business understanding among outside directors.
 - Of these issues, the succession plan was formulated based on discussion at the Nomination and Compensation Advisory Committee.
 - In terms of improving training opportunities to enhance business understanding among outside directors, by providing business briefings and on-site tours for outside directors, we worked to improve issues to enhance the effectiveness of the Board of Directors.
 - Furthermore, in terms of improving training opportunities to enhance business understanding among directors, by confirming the desires of outside directors, we are aware of the need for continuous improvement.
 - (ii) Principal new issues recognized in the FY2020 effectiveness evaluation
 - We recognized that by setting a desirable structure for the Board of Directors (skillset) and selecting directors based on their skillsets, discussion that includes diverse viewpoints takes place.
 - Furthermore, we recognized that by adding one additional outside director with knowledge of ESG in June 2020, disclosure of ESG information became timelier and more appropriate. Additionally, we recognized that the disclosure of ESG information is useful in constructive dialogue with our shareholders and that appropriate feedback is being provided on the opinions gained through this dialogue with our shareholders.
 - We also recognized that the creation of an internal auditing system is progressing through the creation of internal auditing rules at the Group companies, and that the level of internal auditing throughout the Group is increasing.
 - In terms of new issues, we recognized that discussion related to the medium- to long-term strategy at meetings of the Board of Directors has yet to be improved.
2. 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 terms of training opportunities to increase the business understanding of directors, by confirming the desires of the outside directors, we are working to make further improvements.
 - Also, in terms of the medium- to long-term strategy, we are working to further improve discussion through opportunities such as submitting as agenda for the Board of Directors.

(Accompanying documents)

Business Report

(From April 1, 2020 to March 31, 2021)

1. Overview of current status of corporate group

(1) Review of operations and results

(i) Overall conditions

During the fiscal year ended March 31, 2021, the Japanese economy was faced with a downward pressure due to the impacts of COVID-19 in Japan and abroad. While personal consumption shows a recovering trend as economic activities gradually resumed after the lifting of the state of emergency by the Japanese government in May 2020, there is still great uncertainty regarding the time, extent, etc., of economic recovery given such fact as the declaration of a state of emergency again for 11 prefectures in the wake of the recurring spread of COVID-19 since the middle of January 2021. A difficult situation is thus expected to continue for the time being.

The Group has also been affected by a decrease in travel demand and a slump in personal consumption in railway and other businesses following the spread of COVID-19. Under these circumstances, the Group steadily invested in railway safety, recognizing “safety” in the railway business, the Group’s core business, as the most important mission. The Group also opened “Amu Plaza Miyazaki” in November 2020, and advanced preparations for the opening of the station building in Kumamoto in April 2021, as a part of strategic city-building initiatives in the regions around the Group’s business areas. Moreover, the Group carried out initiatives for “local community invigoration,” such as developing the “Let’s work together until that day” project, which shares the invigoration of Kyushu, which has been hoping for COVID-19 to come under control, and operating the “Shooting Star Shinkansen,” which ran while emitting lights for one night only in order to convey appreciation to everyone who has supported the Group thus far and wish for a bright future, for the 10th anniversary of the opening of all lines of the Kyushu Shinkansen in March 2021. On the other hand, anticipating changes in this unforeseeable business environment, the Group has implemented necessary measures such as proactive and front-loaded financing, cost reduction including furloughing employees, and the review and revision of investment plans.

As a result, operating revenue in the fiscal year ended March 31, 2021 was ¥293,914 million, down 32.1% year on year. Furthermore, the Group recorded operating loss of ¥22,873 million (compared with operating income of ¥49,406 million for the previous fiscal year); EBITDA of ¥4,639 million, down 93.8%; ordinary loss of ¥19,323 million (compared with ordinary income of ¥50,613 million for the previous fiscal year); and net loss attributable to owners of the parent of ¥18,984 million, (compared with net income attributable to owners of the parent of ¥31,495 million for the previous fiscal year).

(Note) EBITDA in the fiscal year ended March 31, 2021, is the numerical value obtained by adding the cost of depreciation to operating income (excluding depreciation of leased assets held for subleasing purposes).

Business performance for the fiscal year ended March 31, 2021

Operating revenue

¥293,914 million
(down 32.1% year on year)

Operating loss

¥22,873 million
(operating income of ¥49,406 million for the
previous fiscal year)

EBITDA

¥4,639 million
(down 93.8% year on year)

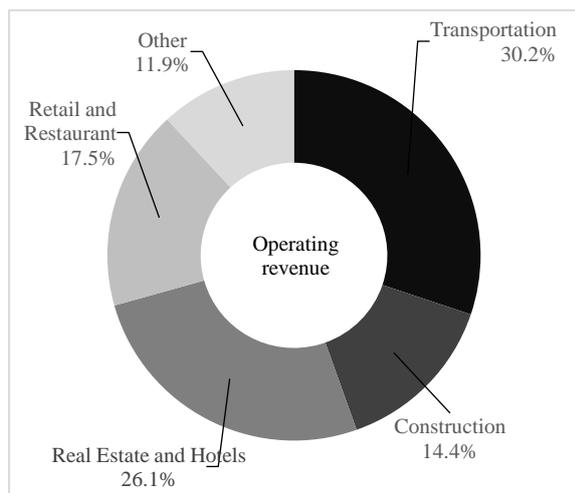
Ordinary loss

¥19,323 million
(ordinary income of ¥50,613 million for the
previous fiscal year)

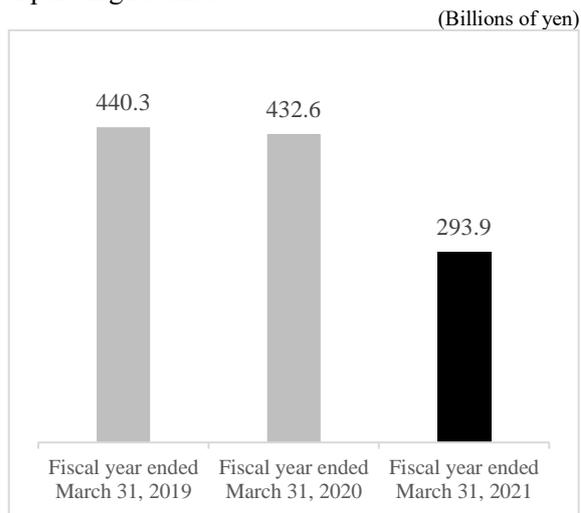
Net loss attributable to owners of the parent

¥18,984 million
(net income attributable to owners of the parent of
¥31,495 million for the previous fiscal year)

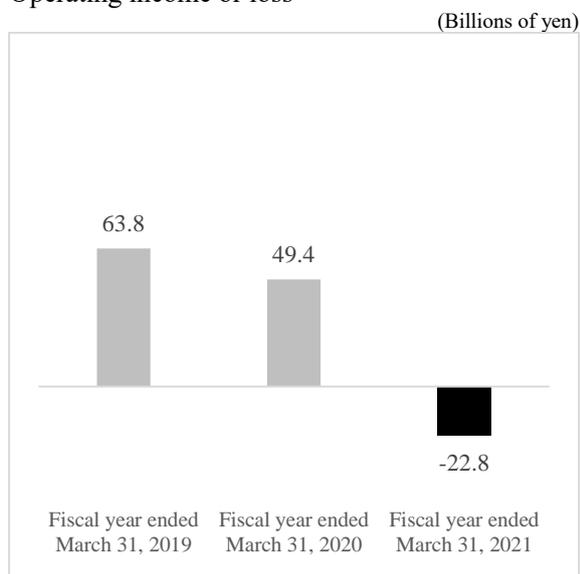
Composition by segment



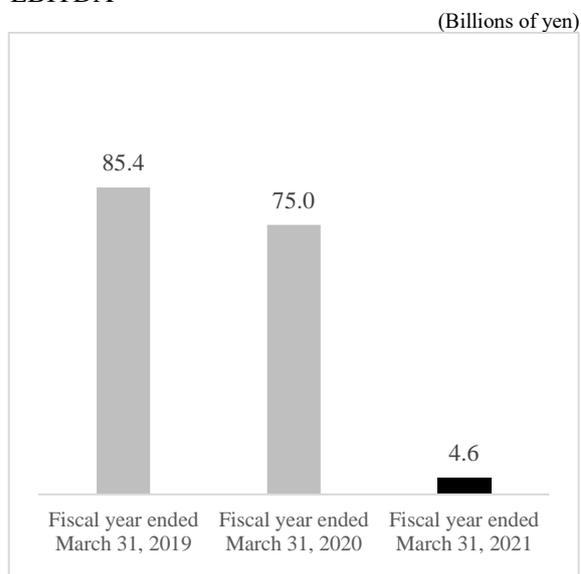
Operating revenue



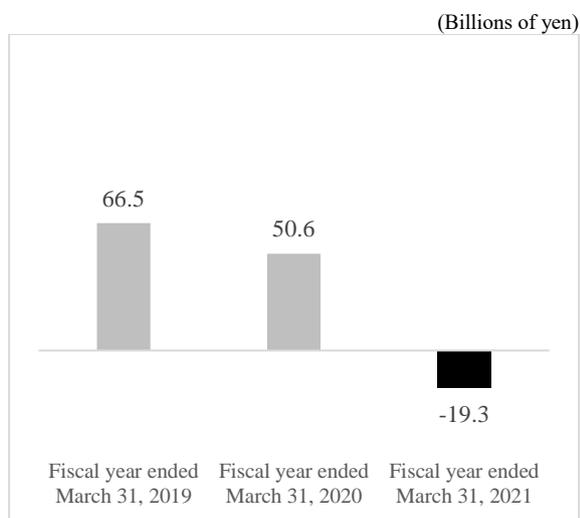
Operating income or loss



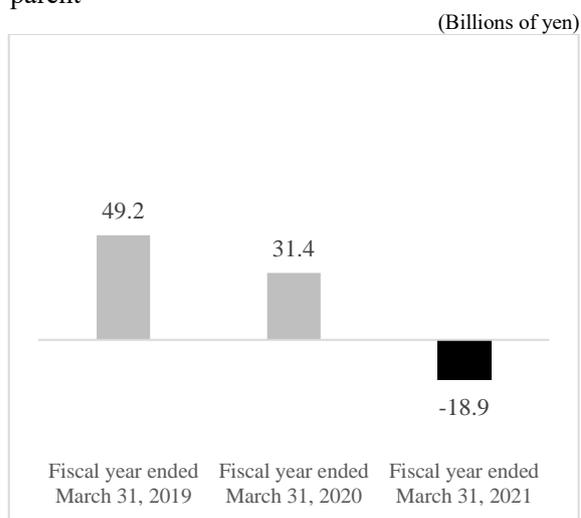
EBITDA



Ordinary income or loss



Net income or loss attributable to owners of the parent



(ii) Status by segment

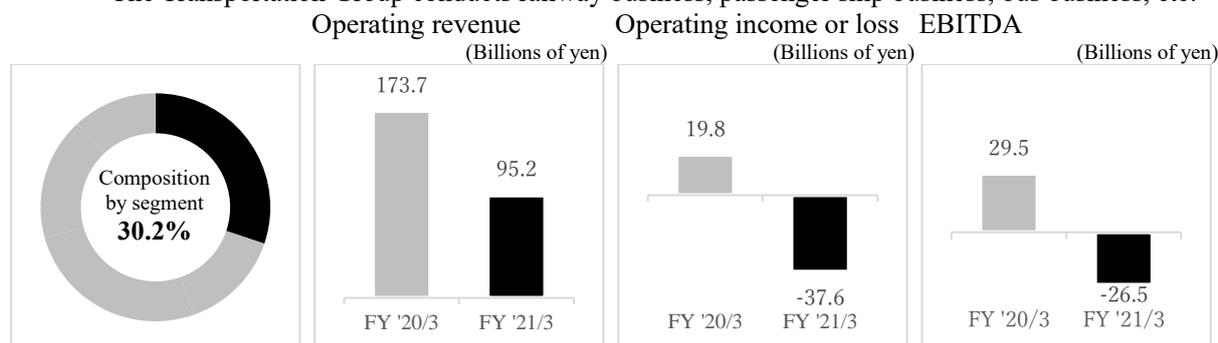
Business performance by segment is as follows:

	(Millions of yen)								
	Operating revenue			Operating income or loss			EBITDA		
	Current fiscal year	Year-on-year change		Current fiscal year	Year-on-year change		Current fiscal year	Year-on-year change	
Transportation	95,294	-78,436	-45.1%	-37,629	-57,477	–	-26,507	-56,071	–
Construction	96,523	-2,861	-2.9%	6,990	410	6.2%	8,041	351	4.6%
Real Estate and Hotels	80,127	-10,652	-11.7%	9,913	-9,224	-48.2%	22,225	-8,369	-27.4%
Real estate lease business	49,761	-5,492	-9.9%	12,072	-4,721	-28.1%	22,009	-4,122	-15.8%
Real estate sale business	23,560	4,638	24.5%	2,640	1,074	68.6%	2,652	1,076	68.3%
Hotel business	6,806	-9,798	-59.0%	-4,799	-5,577	–	-2,437	-5,323	–
Retail and Restaurant	51,488	-53,169	-50.8%	-2,575	-5,400	–	-1,180	-5,659	–
Other	63,641	-8,550	-11.8%	1,751	-533	-23.3%	3,707	-632	-14.6%
Total	387,075	-153,670	-28.4%	-21,548	-72,225	–	6,286	-70,381	-91.8%
Adjustments	-93,161	14,940	–	-1,325	-54	–	-1,647	-70	–
Consolidated	293,914	-138,730	-32.1%	-22,873	-72,279	–	4,639	-70,451	-93.8%

■ Transportation Group

[Business activities]

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



In the railway business, the Group strove for securing revenues upon ensuring safety and taking measures to prevent the spread of COVID-19 and, at the same time, worked on investment control and cost reduction.

In terms of safety, the Group steadily carried out safety investments, including the update of rolling stock, the replacement of aging facilities and other activities. In addition, certain rolling stock in operation has been equipped with a train inspection support system and a train track monitoring device since April 2020 as a part of initiatives started for making inspection work more efficient, improving equipment quality, and enhancing worker safety.

When it comes to service, the Group made efforts to help customers enjoy comfortable use of transportation services by taking positive actions in consideration of how customers feel while paying attention to prevention of COVID-19 infections. The Group also made efforts for providing diverse customer-focused services, including the expanded provision of “JR-KYUSHU FREE Wi-Fi,” a free public wireless LAN service in trains, and the posting of Help Mark stickers near priority seats.

With regard to marketing, the Group provided the “Smart Support Station” service in the Kōrimoto–Kiire segment of the Ibusuki Makurazaki Line in May 2020. In addition, besides

making efforts for increasing the use of Internet train reservation services through the launch of “Minna-no Kyushu Kippu,” an online-limited product, the Group also implemented promotional activities including a campaign for promoting the subscription to and the use of the “JR KYUPO application” in an attempt to enhance customer convenience and to promote mutual customer referral among railway and other businesses. In October 2020, the operation of new Design & Story trains named “36 plus 3” started.

Turning to transportation, the Group strove to maintain the transportation network as social infrastructure, while taking infection prevention measures at stations and on trains. The number of trains operated was reduced, on the other hand, in light of a decline in travel demand.

Furthermore, as a part of efforts for greater operational efficiency with safety secured, the Group started the demonstrative operation of self-driving train operational equipment in the Kashii Line in December 2020. Incidentally, while the Group had to provide substitute transportation service for certain sections of the Kyudai Main Line and the Hisatsu Line due to damage caused to railroad facilities by the “2020 Kyushu Floods” in July 2020, restoration work was completed for the Kyudai Main Line and the operation of its entire line resumed on March 1, 2021. Furthermore, with regard to the Hitahikosan Line, where substitute transportation service is provided between Soeda Station and Yoake Station due to the impacts of “July 2017 Northern Kyushu Heavy Rain,” the Group has reached agreement with related municipalities regarding service restoration through the introduction of a bus rapid transit (BRT) system, and preparation for service restoration is now underway. With regard to the section of the Houhi Main Line from Higo-Ozu Station to Aso Station, operation for which was suspended due to the impacts of “2016 Kumamoto earthquakes,” restoration work was completed, and service has resumed on the entire line on August 8, 2020. In response to changes in the status of passenger use due to the impacts of the spread of COVID-19, the timetable was revised on March 13, 2021 to reduce the number of trains operated, mainly Shinkansen and limited express trains.

In the passenger ship business, upon request by the Japanese government to suspend passenger transportation as a part of quarantine measures for preventing the spread of COVID-19, the Group continued the suspension of all services on regular routes, effective since March 9, 2020. On the other hand, as an alternative operation during the said service suspension, the Group started the domestic cruise service with the new hydrofoil ferry “Queen Beetle” in March 2021.

In the bus business, while trying to create an environment in which passengers can take buses with peace of mind through efforts to prevent the spread of infection, the Group suspended or reduced service in accordance with the status of use by passengers.

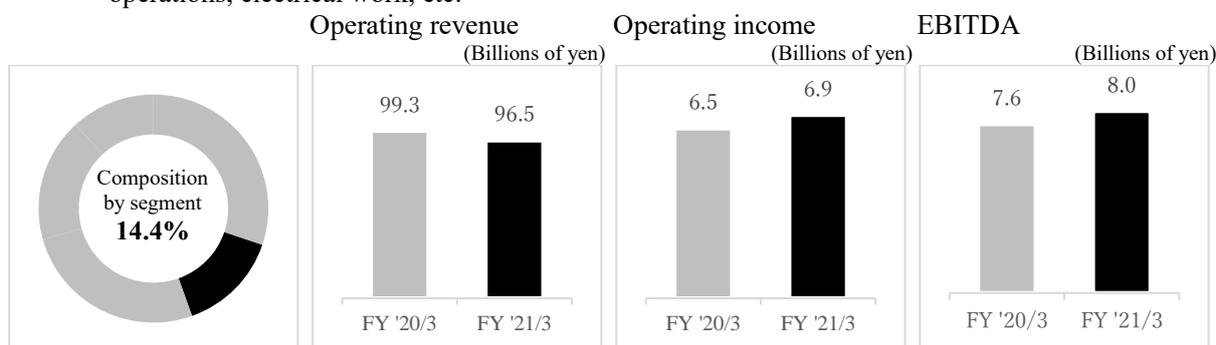
In the area of new mobility services (MaaS), the Group promoted efforts toward the establishment of a sustainable public transportation network, pivoted on the collaboration with DAIICHI KOUTSU SANGYO Co., Ltd., and Nishi-Nippon Railroad Co., Ltd. Taking the collaboration with Nishitetsu Bus at Shimo-Sone Station on the Nippo Main Line that started in March 2020 as a model, the Group improved connections between buses and trains and extended the initiative to display train departure time in buses, thereby trying to improve passenger convenience. In addition, in November 2020, the Group started a MaaS demonstration test in Miyazaki Prefecture, which was selected by the Ministry of Land, Infrastructure, Transport and Tourism as one of “FY2020 Projects for Promoting and Supporting Japanese MaaS.” The Group has thus promoted efforts for realizing seamless transportation services through collaboration among diverse modes of transportation including buses, taxis, shared cars, and shared bicycles, while cooperating with commercial facilities such as “Amu Plaza Miyazaki” and tourism facilities to increase visitors from outside and also to enhance circulation within the central urban area.

However, due to a significant decline in revenues in the railway, passenger ship, and bus businesses affected by COVID-19, the Transportation Group posted operating revenue of ¥95,294 million, down 45.1% year on year; operating loss of ¥37,629 million (operating income was ¥19,848 million in the previous fiscal year), and negative EBITDA of ¥26,507 million (EBITDA was ¥29,563 million in the previous fiscal year).

■ Construction Group

[Business activities]

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



In the construction business, the Group contributed to safe and stable transportation in the railway business through civil engineering, track and building work, maintenance work, and rolling stock machinery and equipment work related to railways, utilizing our railway expertise. With regard to railway construction, the Group continued to work on construction related to the Western Kyushu Shinkansen and Hokuriku Shinkansen from the previous fiscal year, and with regard to other construction, we worked to steadily carry out construction work for the development of the area around Kumamoto Station, including “Amu Plaza Kumamoto,” which has opened in April 2021.

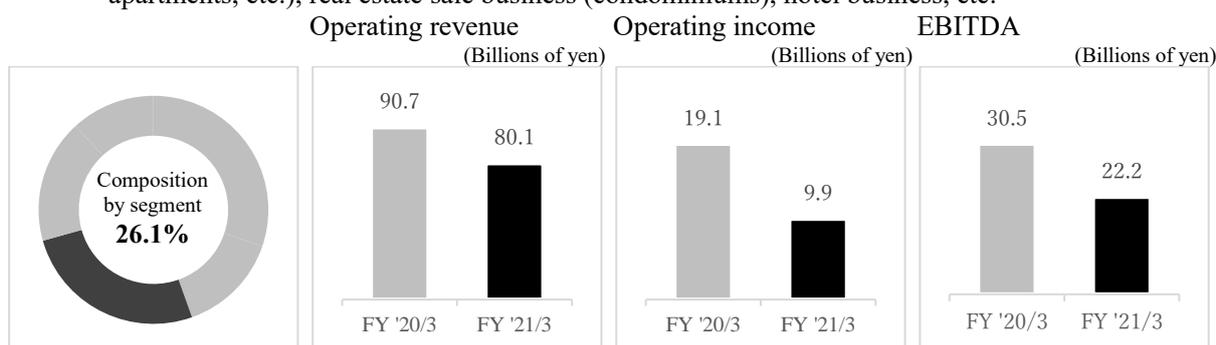
In addition, the Group worked to win orders for public-sector and private-sector construction projects, including railway elevation work, Shinkansen-related work, condominium constructions, and reduce costs.

As a result, the Construction Group posted operating revenue of ¥96,523 million, down 2.9% year on year; operating income of ¥6,990 million, up 6.2%; and EBITDA of ¥8,041 million, up 4.6%.

■ Real Estate and Hotels Group

[Business activities]

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



As for the real estate lease business, striving to create an environment in which customers can keep their peace of mind while visiting, the Group opened “Amu Plaza Miyazaki” in November 2020. The Group also started accepting tenants at “RJR Precia Tenjin South,” a rental apartment building, in May 2020, at “RJR Precia Kumamoto Ekimae” in February 2021 and at other properties. Revenues decreased, however, affected by the closure and shortened operating hours of station buildings, rent reduction and exemption for the purpose of supporting store tenants, etc., in response to the COVID-19 pandemic.

In the real estate sale business, while showrooms were temporarily closed and infection prevention measures were taken, sales were recorded from “MJR Sakaisuji Honmachi Tower,” “MJR Chihaya Branchera,” “MJR the Garden Kagoshima-Chuo,” and other condominium buildings. In addition, sales efforts were made for “MJR the Garden Shimoori,” “MJR the Garden Kashii,” and other condominium buildings.

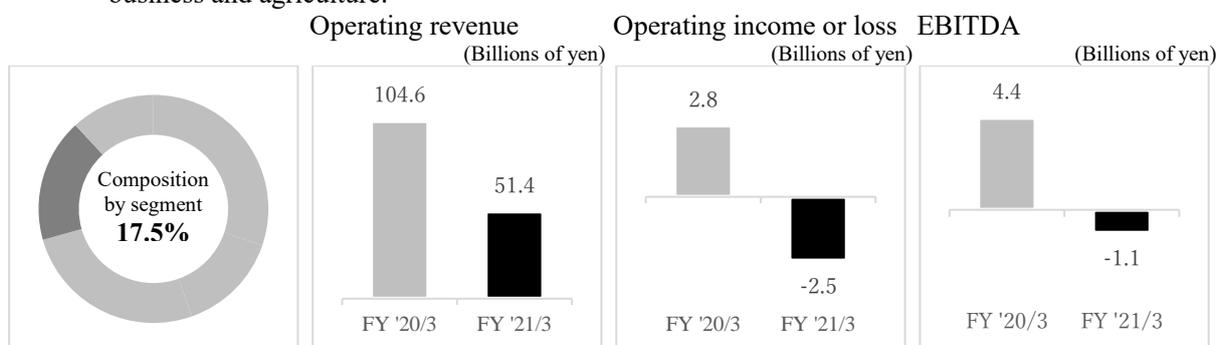
In the hotel business, the Group closed eight (8) out of sixteen (16) facilities in Japan due to the impact of COVID-19. After resuming operation, the Group attempted to capture limited demand by utilizing tourism support measures by national and local governments, creating teleworking packages, etc. However, due to self-restraints on traveling, cancellation of events, disappearance of inbound tourism demand, etc., revenues decreased significantly.

As a result, the Real Estate Group posted operating revenue of ¥80,127 million, down 11.7% year on year; operating income of ¥9,913 million, down 48.2%; and EBITDA of ¥22,225 million, down 27.4%.

■ Retail and Restaurant Group

[Business activities]

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



In the retail business, besides making a progress in opening new/renovated convenience stores, the Group strove to put a brake on the decline in demand by, for instance, opening the “Tokyu Hands Miyazaki store” in “Amu Plaza Miyazaki” in November 2020. In May 2020, the Group transferred a part of its equity in JR KYUSHU DRUG ELEVEN CO., LTD. to TSURUHA Holdings, Inc. As a result, the company was excluded from the scope of consolidation and included in the scope of application of the equity method at the end of the first quarter of the fiscal year ended March 31, 2021.

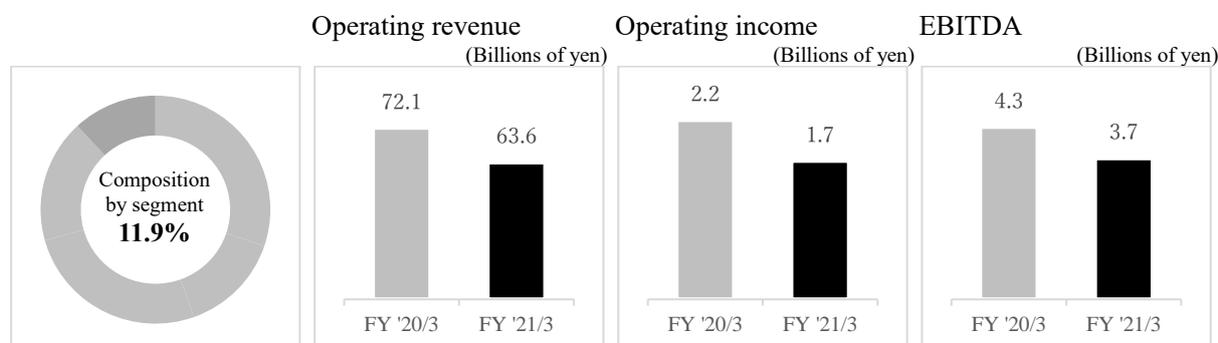
For the restaurant business, the Group made progress in opening new establishments, opening “Meinohama Marché” at the Fukuoka City Subway’s Meinohama Station in July 2020, and in September 2020 a collaborative restaurant by a pizzeria and a chicken specialty restaurant, as well as a premium shokupan (Japanese milk bread) specialty store, and in November 2020 a beef tongue specialty restaurant at “Amu Plaza Miyazaki.” The Group also started a new initiative, utilizing retail spaces on platforms of Hakata Station as pop-up stores. On the other hand, the Group tried to increase management efficiency further by closing unprofitable restaurants and taking other actions.

Due to a significant decline in revenues, however, from stores in the premises of stations and existing restaurants affected by COVID-19, the Retail and Restaurant Group posted operating revenue of ¥51,488 million, down 50.8% year on year; operating loss of ¥2,575 million (operating income was ¥2,825 million in the previous fiscal year), and negative EBITDA of ¥1,180 million (EBITDA was ¥4,479 million in the previous fiscal year).

■ Other Group

[Business activities]

The Other Group is engaged in advertising business, construction machinery sales and rental business, golf course operation business, etc.



For the construction machinery sales and rental business, aggressive sales activities were conducted to secure earnings.

However, due to the impact of COVID-19, the Other Groups posted operating revenue of ¥63,641 million, down 11.8% year on year; operating income of ¥1,751 million, down 23.3%; and EBITDA of ¥3,707 million, down 14.6%.

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

(2) Issues to be addressed

The Group articulates “what it aims to be” as “a corporate group that invigorates Kyushu, Japan, and Greater Asia with safety and service as its foundation.” While discontinuous changes in the operating environment are anticipated in the future including a progression in population decline, increased severity of natural disasters, technological innovation, and the emergence of new business models, in order to realize “what it aims to be,” the Group upholds the “2030 Long-Term Vision”: “we will contribute to the sustainable development of Kyushu through city-building initiatives that leverage the distinctive characteristics of local communities, centered on safe and secure mobility services.”

While the business environment surrounding the Group has been changed significantly due to COVID-19, under this “2030 Long-Term Vision,” in order to fulfill its social responsibility as a corporate group providing mobility services in Kyushu, the Group intends to take on the challenge of establishing sustainable mobility services by seeking to incorporate new technologies, collaborate with other companies, etc. for the purpose of enhancing customer convenience while further improving its railroad services by leveraging the strength of regular mass transport. Furthermore, the Group intends to contribute to the sustainable development of Kyushu, which is the central business area for the Group, through city-building initiatives that leverage the distinctive characteristics of local communities, which the Group has so far pursued in Hakata, Oita, etc.

While target management indicators were given in the “JR Kyushu Group Medium-Term Business Plan 2019–2021: Toward the Next Growth Stage,” a three-year plan that started in the fiscal year ended March 31, 2020, they were withdrawn in November 2020 in the wake of a significant change in the business environment surrounding the Group due to the impacts of COVID-19.

The Group will continue to work on three priority initiatives upheld in the said Medium-Term Business Plan—“Further strengthen our management foundation,” “Further strengthen our earnings

power in key businesses,” and “Growth and evolution in new business areas”— by making necessary revisions to them in light of the current and future situations. We will continue to devote our efforts to “ESG,” “safety and service,” and “development of human resources,” which constitute the foundation for all of our businesses.

Further Strengthen Our Management Foundation

The Group intends to strengthen its management foundation further by bolstering governance and implementing efficient segment management.

With regard to bolstering governance, as a result of adding two outside directors in addition to introducing a performance-linked share-based remuneration plan in June 2019, the majority of the Board of Directors is now composed of outside directors. The Group also intends to continue the enhancement of objectivity and transparency in procedures pertaining to officer nomination, compensation, etc. through the “Nomination and Compensation Advisory Committee” chaired by an outside director.

For the purpose of efficient segment management, a dedicated intermediate holding company for the station building business has been established in April 2019 to maximize economies of scale and strengthen the competitiveness. Efforts will also be continued on strategic revision and construction of our business portfolio by utilizing M&A and other means.

Further Strengthen Our Earnings Power in Key Businesses

(i) Build sustainable railway services by improving earnings

The railway business has been strongly affected by a decline in travel demand in the wake of COVID-19. Against such a backdrop, with safety and service based on infection control measures as its foundation, the Group intends to accelerate efforts for improving earnings of the railway business, which has a high fixed cost, with measures including a redefinition of the level of service to correspond to the change in demand.

For the Shinkansen, the Group intends to continue reinforcement on yield management and improve customer convenience further through the extension of EX Service’s (Tokaido Sanyo Shinkansen online reservation & ticketless boarding service) coverage to the Kyushu Shinkansen. It also intends to gain new earning opportunities by commercializing Shinkansen freight service.

For short distance travel, the Group intends to create travel demand in collaboration with the development at the west gate of Miyazaki Station, the development in the area around Kumamoto Station, etc.

In addition, the Group will proactively create new values for train travel anticipating a post-COVID-19 travel demand, discovering new tourism resources in Kyushu through the operation of Design & Story trains including “36 plus 3.”

For improving productivity, focusing on flexible, demand-based timetable setting in response to the prolonged impact of COVID-19, the Group intends to promote measures such as reviewing and revising the operation structure of stations and slimming down on facilities and equipment. At the same time, productivity improvement for the future will be continued, by taking opportunities of streamlining and labor saving through the utilization of new technologies.

In addition, the Group will steadily proceed with the preparation for the start of operation of the Western Kyushu Shinkansen, which is scheduled to start operation around the fall of 2022.

(ii) Strategic city-building initiatives in the regions around our business areas

In implementing active business development in the Fukuoka metropolitan area, it is intended to promote real estate acquisition and development by various methods, primarily in Hakata in particular, which is the gateway to Kyushu and Asia.

Specifically, the Group won two public tenders in Fukuoka for the “project for the effective use of the site of the Fukuoka-higashi prefectural government building,” and the “project for the

utilization of the former site of Sunoko elementary school.” Of these two, the former project is located in the area subject to “Hakata Connected” initiative proposed by the city government of Fukuoka. The Group hopes to contribute to improving urban functions around Hakata Station in terms of both physical infrastructure and lifestyle.

Meanwhile, in order to enhance the value of communities centered on a station, for the developments at the west gate of Miyazaki Station and in the area around Kumamoto Station, the Group will work on creating a lively atmosphere in the area through development. The Group will also proceed with the steady execution of development plans for areas around Nagasaki Station and the west gate of Kagoshima-Chuo Station, and the preparation for formulating the master plan for the development of the space above the tracks at Hakata Station, all of which are in store under the current and subsequent medium-term business plans.

In addition, the Group intends to significantly reduce fixed costs while also expanding products that are in line with new lifestyles and strengthening operational capacity, mainly in the hotel business, which has been significantly affected by a decline in guest travel demand due to COVID-19.

Growth and Evolution in New Business Areas

The Group will strive for the sustainable growth and further leap of its businesses by identifying long-term trends in technological innovations.

With regard to the new mobility services (MaaS), a collaboration is underway with other transportation operators and other entities. We will continue to work toward the realization of seamless and convenient mobility services sustainable in the future by, for instance, repeating demonstration experiments using smartphone application programs with our collaborators.

With regard to automatic train operation, for the future we are aiming to realize the type of automatic train operation whereby a train attendant who is not a train driver boards the first car of a train (GOA 2.5) in order to secure necessary personnel as the working population decreases in the future. We have conducted verification operations using a train in operation with a driver on board since December 2020, and intend to repeat various verifications and consultations with the Japanese government.

In the real estate development business, an entry into logistic facilities leasing will be considered as demand for logistic facilities is rising against the backdrop of the growth of the EC market and other factors. In addition, for the purpose of developing the foundation for sustained growth of the real estate development business on the basis of a cyclical investment model, and for expanding earning opportunities through participation in asset management business, the Group intends to promote initiatives towards private offering of REIT products.

Furthermore, to address local issues, it is intended to establish a localized fund to invest in small and medium-sized companies based in Kyushu, companies providing locally based products and services, etc., thereby strengthening collaborations with local companies lacking successors, those affected by COVID-19, etc.

ESG

The Group will strengthen and advance initiatives in each ESG area in order to remain a corporate group that contributes to local communities through its business activities.

In 2019, the “ESG Strategy Committee” was established, which deepens discussion on values to be provided by leveraging the strengths of the Group and topics to be addressed preferentially for these values (materiality), and thereby enhance information disclosed to stakeholders through an Integrated Report and other documents.

The Group also announced its endorsement of the “Task Force on Climate-related Financial Disclosures (TCFD)” recommendations in February 2021 and disclosed climate-related information in accordance with TCFD recommendations. The Group regards the climate change issue as one of key ESG issues (materiality), and, in order to address the climate change issue, the Group is going to

develop a road map by setting intermediate goals and examining specific measures toward attaining the goal of virtually zero CO₂ emission by 2050.

Safety

“Safety” is the most important mission for the Group and the source of its corporate value.

Against COVID-19, the Group will implement thorough measures to prevent infection, putting utmost priority on the maintenance of customers’ and employees’ health.

In railway business, we intend to develop measures with the slogan of “establish unshakable safety” in accordance with the “Medium-Term Safety Plan (2020-2022).” We intend to continuously implement railway accident prevention, disaster prevention measures, rolling stock and facility breakdowns prevention, employee education and training, etc. On the other hand, we also intend to work to prevent human errors through the innovation of equipment management methods such as CBM (Condition Based Maintenance) by introducing new technologies such as IoT, image recognition, etc., and the utilization of smart devices.

The Group takes cybersecurity reinforcement to be an important agenda also. In addition to ensuring measures for incidents such as leaks of personal information on the Group’s websites and reinforcing the incident response framework, it is intended to improve IT governance in the Group through the reinforcement of information security infrastructure and IT personnel and organizations.

Service

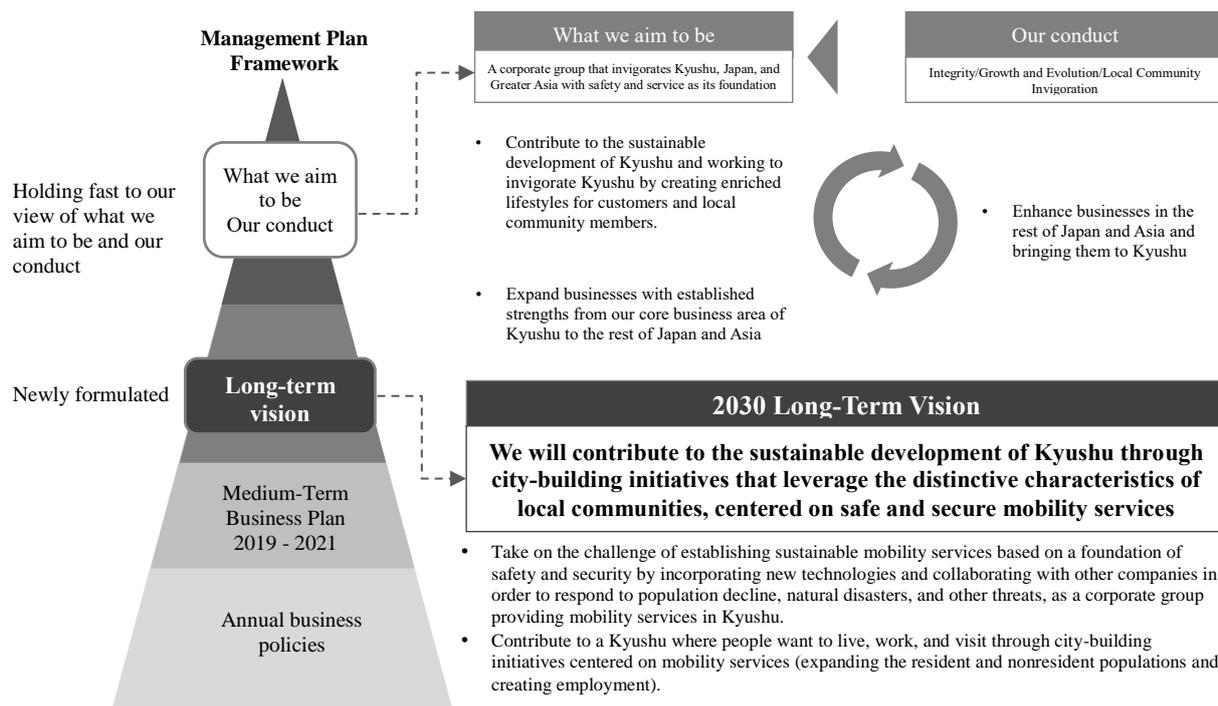
The Group aims to be a corporate group that continues to be chosen by customers by providing services that cater to needs and expectations diversifying with changes in the times and environment. It is intended to reflect feedback from customers and employees on products and measures taken in a positive manner and to improve employees’ skills through practical education and training as well as encouragement for qualification acquisition. With regard to COVID-19, it is also intended to provide services in line with new lifestyles upon the proper implementation of infection prevention measures.

Development of Human Resources

The Group will endeavor to create an environment in which employees can feel “happy” and work in a “dynamic and active” manner and to promote human resources development conducive to the foundation for the sustainable growth of the Group.

For the pursuit of ease of work for employees and the creation of worthwhileness of work, it is intended to improve employees’ productivity and curb long work hours through the use of digital technology and other means and to construct an efficient and flexible management structure. The Group will also augment efforts for health management and diversity promotion including all Group companies.

<Reference> The Group's Management Plan Framework



<Reference> The Group's Approach to ESG (Responses to Climate Change)

- Announcement of Endorsement of TCFD Recommendations and Implementation of Information Disclosure



The adoption of the Paris Agreement prompted globally widespread moves toward a post-carbon society. In recent years, natural disasters considered to be consequences of global warming have already been occurring, frequently and with greater severity, greatly affecting business activities. Therefore, the Group regards the climate change issue as one of key ESG issues (materiality), and is implementing measures to address this issue.

Against such a backdrop, in February 2021 the Group expressed its endorsement of recommendations by the Task Force on Climate-related Financial Disclosures (TCFD^{*1}) established by the Financial Stability Board (FSB) and participated in the “TCFD Consortium” of Japan organized by companies supporting TCFD.

The Group also participated in a support program run by the Ministry of Environment for companies to analyze their own climate risks and opportunities in line with the TCFD recommendations, and conducted a scenario analysis.

The Group intends to contribute to the realization of a sustainable society by continuing to facilitate information disclosure in accordance with TCFD recommendations and promoting environment-related initiatives.

<Major scenarios used in the said scenario analysis>

Scenarios used mainly to analyze transition risks	IEA: SDS, STEPS, DRS
Scenarios used mainly to analyze physical risks	IPCC: RCP2.6, RCP8.5

An analysis was made of impacts of climate change on the railway business of the Group in accordance with 2°C and 4°C scenarios^{*2} set out by specialized organizations such as IPCC (Intergovernmental Panel on Climate Change) and IEA (International Energy Agency).

As a result of the analysis, under the 2°C scenario, while an increase in cost is expected due to a rise in carbon tax and the prevalence of renewable energy, opportunities for increasing sales are found to be obtainable if the environmental superiority of railroad can be maintained, as it is expected to result in conversion of passengers from alternative means of transport. In addition, under the 4°C scenario, the frequency and severity of natural disasters caused by climate change would cause damage to railway assets, which would increase costs for repairs and reduce sales due to the suspension of operations.

The Group will continue to work toward the realization of a 2°C world so that we can achieve a sustainable society for both society and ourselves.

*1 An international organization established by the Financial Stability Board (FSB), which aims to promote information disclosure and dialogue with investors and other stakeholders by encouraging companies to view climate change as a long-term business risk and opportunity.

*2 Including IEA 2020 scenario of 2.7°C or higher

For details, please refer to the website: https://www.jrkyushu.co.jp/company/esg/pdf/210217_tcfid.pdf

(3) Outline of financing and capital expenditure

(i) Outline of financing

In the fiscal year ended March 31, 2021, the Group issued ¥40 billion domestic straight bond to finance capital investment and borrowed ¥103.6 billion as long-term loans from financial institutions.

(ii) Outline of capital expenditure

The total amount of capital investment made during the fiscal year ended March 31, 2021 is ¥65.1 billion, which is roughly described below.

(a) Major assets acquired or completed during the fiscal year ended March 31, 2021 are as follows:

(Transportation Group)

Installation of platform screen doors (from Shimoyamato to Chikuzen-Maebaru Stations)

(Real Estate and Hotels Group)

JR Miyakoh Twin Building

JR Kumamoto Shirakawa Building

JR Hakata Station South Building

RJR Sakaisuji Honmachi Tower

RJR Precia Ohashi Ekimae

RJR Precia Tenjin South

RJR Precia Kumamoto Ekimae

JR Kumamoto Kasuga South Building

SJR Chihaya Garden

(b) Major construction work underway includes the following.

(Transportation Group)

YC1 series storage battery-equipped diesel-electric rolling stock

821 series AC suburban-type rolling stock

Renewal of Super Intelligent Resource and Innovated Utility for Shinkansen Management (SIRIUS)

(Real Estate and Hotels Group)

Toranomon 2-chome development

Development of a hotel in Shimogyo-ku, Kyoto-shi

JR Kumamoto Station Building

Shimoori development

RJR Chidoricho (provisional name)

(4) Trends in assets and income

(i) Trends in assets and income of the Group

(Millions of yen)

	31st fiscal year ended March 31, 2018	32nd fiscal year ended March 31, 2019	33rd fiscal year ended March 31, 2020	(Current fiscal year) 34th fiscal year ended March 31, 2021
Operating revenue	413,371	440,358	432,644	293,914
Ordinary income or loss	67,045	66,539	50,613	-19,323
Net income or loss attributable to owners of the parent	50,410	49,240	31,495	-18,984
Net income or loss per share (yen)	315.07	307.75	198.16	-120.83
Total assets	749,391	801,483	828,590	891,379
Total equity	383,201	420,743	418,298	395,408
Equity ratio (%)	50.3	51.8	49.9	43.8

(ii) Company assets and income of the Company

(Millions of yen)

	31st fiscal year ended March 31, 2018	32nd fiscal year ended March 31, 2019	33rd fiscal year ended March 31, 2020	(Current fiscal year) 34th fiscal year ended March 31, 2021
Operating revenue	219,725	221,917	214,892	144,727
Railway business	171,300	172,209	165,204	89,773
Other business	48,424	49,707	49,688	54,954
Ordinary income or loss	52,270	53,782	40,584	-10,853
Net income or loss	41,654	44,254	28,698	-11,145
Net income or loss per share (yen)	260.34	276.59	180.56	-70.94
Total assets	581,351	632,935	665,419	752,051
Total equity	326,388	358,720	354,291	338,040
Equity ratio (%)	56.1	56.7	53.2	45.0

(Note) Because the Company has applied “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) since the beginning of the fiscal year ended March 31, 2019 and thereby changed the presentation method, Total assets and Equity ratio in the fiscal year ended March 31, 2018 were retrospectively restated to reflect the said change in the presentation method.

(5) Major businesses (As of March 31, 2021)

Major business activities of the Group are as follows:

(i) Transportation Group

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

The overview of railway operations is given below.

Overview of railway operations

Railway line	Area	Operating kilometers (km)	Number of stations
Kyushu Shinkansen	Hakata to Kagoshima-Chuo	288.9	4 (11)
Sanyo Main Line	Shimonoseki to Moji	6.3	-
Kagoshima Main Line	Mojiko to Yatsushiro and Sendai to Kagoshima	281.6	96
Kashii Line	Saitozaki to Umi	25.4	14
Sasaguri Line	Keisen to Yoshizuka	25.1	9
Chikuhi Line	Meinohama to Karatsu and Yamamoto to Imari	68.3	29
Misumi Line	Uto to Misumi	25.6	8
Hisatsu Line	Yatsushiro to Hayato	124.2	26
Ibusuki Makurazaki Line	Kagoshima-Chuo to Makurazaki	87.8	35
Nagasaki Main Line	Tosu to Hizen-Koga to Nagasaki and Kikitsu to Nagayo to Urakami	148.8	40
Karatsu Line	Kubota to Nishi-Karatsu	42.5	12
Sasebo Line	Hizen-Yamaguchi to Sasebo	48.8	13
Omura Line	Haiki to Isahaya	47.6	11
Kyudai Main Line	Kurume to Oita	141.5	35
Houhi Main Line	Oita to Kumamoto	148.0	35
Nippo Main Line	Kokura to Oita to Kagoshima	462.6	109
Hitahikosan Line	Jono to Yoake	68.7	22
Nichinan Line	Minami-Miyazaki to Shibushi	88.9	27
Kitto Line	Yoshimatsu to Miyakonojo	61.6	15
Chikuho Main Line	Wakamatsu to Haruda	66.1	23
Gotoji Line	Tagawa-Gotoji to Shin-Iizuka	13.3	4
Miyazaki Airport Line	Tayoshi to Miyazaki Airport	1.4	1
Total	-	2,273.0	568

(Notes)

1. A number in parentheses in the Number of stations column includes the number of stations served by both the Shinkansen and a conventional line.
2. The number of stations may not include the number of stations at both ends of a section.
3. The number of train cars owned by the Company is 1,671 (1,325 electric trains, 10 passenger cars, 299 diesel trains, 10 locomotives, and 27 others).

(ii) Construction Group

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

(iii) Real Estate and Hotels Group

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

(iv) Retail and Restaurant Group

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

(v) Other Group

The Other Group is engaged in advertising business, construction machinery sales and rental business, golf course operation business, etc.

(6) Main locations (As of March 31, 2021)

The Company

Head office (Fukuoka)

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

(7) Employees (As of March 31, 2021)

Reportable segments	Number of employees	Year-on-year change
Transportation Group	8,912	333 decrease
Construction Group	3,126	19 decrease
Real Estate and Hotels Group	1,756	62 decrease
Retail and Restaurant Group	916	1,448 decrease
Other Group	951	73 increase
Total	15,661	1,789 decrease

(Note) The number of employees represents the total numbers of regular employees, temporary employees, loaned employees accepted, and contract employees.

(8) Major parent companies and subsidiaries

(i) Parent Companies

Not applicable.

(ii) Subsidiaries

Company name	Capital	Ownership of the Company (%)	Major businesses
KYUTETSU CORPORATION	¥216 million	72.7	Civil engineering, architecture, track construction work business
JR Kyushu Ekibiru Holdings Inc.	¥100 million	100.0	Real estate lease business
JR HAKATA CITY Co., Ltd.	¥1,150 million	— (100.0)	Real estate lease business
JR Kyushu Business Development (Thailand) Co., Ltd.	375 million THB	49.0 (73.0)	Real estate lease business
JR Kyushu Retail, Inc.	¥490 million	100.0	Merchandise sales business

(Notes)

1. The numbers within the parentheses indicate the ratios of capital contribution that include the number of shares of subsidiaries of the Company held.
2. JR KYUSHU DRUG ELEVEN CO., LTD. became an equity-method affiliate through the partial sale of its shares in May 2020.

(9) Major lenders and the amount of borrowings (As of March 31, 2021)

(Millions of yen)

Lenders	The Amount of borrowings
The Bank of Fukuoka, Ltd.	20,115
The Nishi-Nippon City Bank, Ltd.	20,115

2. Corporate share information (As of March 31, 2021)

- (1) Total number of shares authorized to be issued: 640,000,000 shares
- (2) Total number of shares issued: 157,301,600 shares
- (3) Total number of shareholders: 127,253 shareholders
- (4) Major shareholders (top 10 shareholders)

Shareholder name	Number of shares held (shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	14,131,000	8.98
Custody Bank of Japan, Ltd. (Trust Account)	7,292,900	4.64
RAILWAY HOLDINGS L.L.C	7,162,200	4.55
STATE STREET BANK WEST CLIENT - TREATY 505234	4,471,146	2.84
TAIYO LIFE INSURANCE COMPANY	3,200,000	2.03
Nippon Life Insurance Company	3,128,000	1.99
Custody Bank of Japan, Ltd. (Trust Account 7)	2,468,100	1.57
Meiji Yasuda Life Insurance Company	2,416,800	1.54
Custody Bank of Japan, Ltd. (Trust Account 5)	2,246,300	1.43
Central Japan Railway Company	2,077,900	1.32

(Notes)

1. The Company does not hold treasury stock.
 2. Treasury stock does not include 184,600 shares of the Company's stock owned by the Trust Account of the Board Benefit Trust.
- (5) Shares granted to officers of the Company as remuneration for their performance of duties during the fiscal year under review
- 1,500 shares of common stock of the Company were granted to each Director (excluding Directors who are Audit and Supervisory Committee members).

3. Matters pertaining to stock acquisition rights (As of March 31, 2021)
Not applicable.

4. Officers of the Company

(1) Names, etc. of Directors (As of March 31, 2021)

	Name		Position and responsibility in the Company, and significant concurrent positions outside the Company
1	Koji Karaike		Representative Director and Chairman Corporate Officer
2	Toshihiko Aoyagi		Representative Director and President Corporate Officer Chief Executive Officer In charge of Auditing Department
3	Ryuji Tanaka		Senior Managing Corporate Officer Director General of Business Development Headquarters
4	Yoji Furumiya		Senior Managing Corporate Officer Director General of Corporate Planning Headquarters In charge of Public Relations
5	Toshihiro Mori		Managing Corporate Officer Chief Financial Officer Deputy Director General of Corporate Planning Headquarters General Manager of Strategy Management Department In charge of IT Strategic Planning Department and Finance & Accounting Department
6	Hiroyuki Fukunaga		Managing Corporate Officer Director General of Railway Operations Headquarters General Manager of Northern Kyushu Regional Head Office
7	Masayoshi Nuki	Outside Independent	Senior Executive Adviser, Kyushu Electric Power Company, Incorporated Chair, Fukuoka Association of Corporate Executives
8	Izumi Kuwano	Outside Independent Female	Representative Director and President, Kabushiki Kaisha Tamanoyu
9	Toshihide Ichikawa	Outside Independent	Advisor, Mitsui Fudosan Co., Ltd Permanent Advisor, Mitsui Home Co., Ltd.
10	Shinji Asatsuma	Outside Independent	
11	Kuniko Muramatsu	Outside Independent Female	Representative Director, Wellness Systems Institute Outside Director, YOKOWO CO., LTD. Outside Director, NEC Networks & System Integration Corporation
12	Eiichi Kuga	Outside Independent	Audit and Supervisory Committee member (Full time)
13	Masaya Hirokawa		Audit and Supervisory Committee member (Full time)
14	Kazuhide Ide	Outside Independent	Audit and Supervisory Committee member Counselor, The Chikuho Bank, Ltd.
15	Yasunori Eto	Outside Independent	Audit and Supervisory Committee member Attorney at law, Bengoshi Hojin Hino Sogo Law Office

(Notes)

- Directors, Masayoshi Nuki, Izumi Kuwano, Toshihide Ichikawa, Shinji Asatsuma, and Kuniko Muramatsu as well as directors (Audit and Supervisory Committee members) Eiichi Kuga, Kazuhide Ide, and Yasunori Eto are outside directors. The Company has registered those eight directors with stock exchanges on which the Company is listed as independent officers.
- Director (Audit and Supervisory Committee member) Masaya Hirokawa has been in charge of the Finance Department of the Company for a considerable period and has considerable expertise on finance and accounting.
- Directors Hayato Maeda and Koji Toshima retired at the end of the 33rd Annual General Meeting of Shareholders held on June 23, 2020.
- In order to enhance information gathering, increase the effectiveness of audit through sufficient coordination with the Internal Audit Department and other departments, and strengthen audit and supervisory functions, Messrs. Eiichi Kuga and Masaya Hirokawa have been selected as full-time member of the Audit and Supervisory Committee.
- Relationships between the Company and significant entities which outside officers concurrently serve are as follows.
 - Director Masayoshi Nuki serves concurrently as a senior executive adviser at Kyushu Electric Power Company, Incorporated, with which the Company has a business relationship, including payment of charges for electricity used.

- (2) Director Izumi Kuwano serves concurrently as representative director and president of Kabushiki KaishaTamanoyu with which the Company has a business relationship, including payment of hotel accommodation fees in the travel business.
- (3) Director Kazuhide Ide serves concurrently as a senior executive advisor at The Chikuho Bank, Ltd., with which the Company has a business relationship, including the borrowing of funds.
- (4) There are no special relationships between the Company and any significant entity which any outside director concurrent serves other than (1) from (3) above.

(2) Remuneration, etc. of Directors

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

The Board of Directors of the Group resolved the decision policy regarding the details of remuneration, etc. for individual officers at the meeting held on February 24, 2021. Upon the said resolution by the Board of Directors, the Board had consulted the Nomination and Compensation Advisory Committee regarding the content of the resolution and received the report of the latter's findings.

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

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

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

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

2. Composition of Remuneration

- a. Directors (excluding outside directors and directors who are Audit and Supervisory Committee members)

Reflecting the decision made at the Annual General Meeting of Shareholders held on June 21, 2019, to introduce the performance-linked share-based remuneration plan called the "Board Benefit Trust," the compensation mix is composed of a fixed basic remuneration and a performance-linked remuneration (share-based), of which the amount fluctuates based on the Company's business performance. Performance-linked remuneration (share-based) for directors (excluding outside directors and directors who are Audit and Supervisory Committee members) shall be restricted to no more than 20% of total remuneration.

As for the key performance indicators (KPI) used for the performance-linked remuneration (share-based), in the short-term, the KPI is set as consolidated operating profit of each fiscal year which constitutes management figures in the Medium-Term Business Plan, and in the medium to long term the KPI is set as 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). By further clarifying in this way the linkage between remuneration for executive directors, and business performance and the value of Company shares, the objective is to ensure that not only the benefits of higher share prices, but also the risks of falling share prices are shared with shareholders, thereby further strengthening the motivation for directors to contribute to improvements in business performance and corporate value over the medium to long term.

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

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

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

3. Limits on Officers' Compensation

The amount of remuneration for directors (excluding directors who are Audit and Supervisory Committee members) was approved to be up to ¥420 million annually (of which up to ¥60 million is for outside directors) at the 32nd Annual General Meeting of Shareholders held on June 21, 2019. As of the end of the 32nd Annual General Meeting of Shareholders held on June 21, 2019, the number of Directors will be 11 (including five (5) outside directors). It was resolved at the 31st Annual General Meeting of Shareholders held on June 22, 2018 that the amount of remuneration for Directors who are Audit and Supervisory Committee members be up to ¥120 million. As of the end of the 31st Annual General Meeting of Shareholders held on June 22, 2018, the number of Directors who are Audit and Supervisory Committee Members is four (4) (including three (3) outside directors).

In addition, with regard to performance-linked share-based remuneration plan "Board Benefit Trust," it was resolved at the 32nd Annual General Meeting of Shareholders held on June 21, 2019 that the Company contribute funds to the trust up to ¥600 million (¥390 million of which for Directors), apart from the above amount of remuneration, over three fiscal years as funds for the acquisition of shares to be provided in the future.

4. Method of Calculating Performance-linked Remuneration (Share-based)

a. Outline of the Plan

The Plan is a performance-linked share-based remuneration plan under which the Company's shares are acquired through a trust which is established using monetary funds contributed by the Company (the "Trust"), and whereby each director is provided through the Trust with the Company's shares of whose number is 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 the Company through its Board of Directors. The Directors are to receive the Company's shares upon their retirement, in principle.

b. Maximum Number of Company Shares to Be Provided to Directors and Calculation Method Thereof

Pursuant to the "Rules on Provision of Shares to Officers" specified by the Board of Directors, at the specified time of each year during the trust period, the Company grants each director points calculated on the basis of a Director's position as well as consolidated operating profit of each fiscal year and a coefficient (from 0.0 to 2.0) corresponding to the degree of performance achieved based on the ratio of total shareholders return (TSR) to the TOPIX growth rate over the period of the Medium-Term Business Plan (three fiscal years). The number of the Company's shares to be provided to each Director is obtained by multiplying the number of points granted to the Director by 1.0.

Whereas the consolidated operating profit of ¥56,600 million was the target indicator in determining remuneration linked to business performance for the fiscal year under review, the consolidated operating profit recorded was ¥49,406 million.

5. Procedure for Determining Compensation

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

Department, was delegated authority by the Board of Directors to determine remuneration. Remuneration for directors who are Audit and Supervisory Committee members is determined through discussion among directors who are Audit and Supervisory Committee members, within the total value limits imposed by the resolution of the General Meeting of Shareholders.

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

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

Category	Number of persons	Total amount of remuneration, etc. (Millions of yen)	Total amount of remuneration, etc., by type		
			Basic remuneration (Millions of yen)	Performance-linked remuneration (Millions of yen)	Stock compensation (Millions of yen)
Directors (excluding Audit and Supervisory Committee members) [of which, outside directors]	13 [6]	310 [36]	267 [36]	3	39
Directors who are Audit and Supervisory Committee members [of which, outside directors]	4 [3]	77 [45]	77 [45]	-	-
Total	17 [9]	388 [81]	345 [81]	3	39

(Notes)

1. The above amounts include remunerations paid during terms of office to two directors who retired at the conclusion of the 33rd Annual General Meeting of Shareholders held on June 23, 2020.
2. The Company abolished the retirement bonus program for officers at the conclusion of the 29th Annual General Meeting of Shareholders held on June 21, 2016. For the directors and corporate auditors who remained in office after the conclusion of the said Annual General Meeting of Shareholders, it was decided that payments of retirement benefits corresponding to their respective periods in office up to the abolishment of the retirement benefits payment system are to be made when the respective individual retires.
3. The Company's shares constitute non-monetary remuneration, etc., and conditions, etc. of their allotment are as described in "4. (2) (i) Policy, etc. concerning decisions on the details of remuneration, etc. for officers, etc." The status of delivery in the fiscal year under review is described in "2. (5) Matters pertaining to shares granted to officers as remunerations, etc."
4. The Company introduced the performance-linked share-based remuneration plan called the "Board Benefit Trust (BBT)" in July 2019. The performance-linked remuneration prior to the introduction of this plan was calculated based on the degree of achievement against the full-year consolidated operating income target for fiscal year ended March 31, 2019, using consolidated operating income, which represents the Company's operating results for a single year, as an indicator based on the characteristics of the Company's business. Consolidated operating income for the fiscal year ended March 31, 2019, was ¥63,885 million.

(3) Outline of limited liability agreement

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

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

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

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

(5) Major activities of Outside Officers

Position	Name	Attendance		Major Remarks
		Board of Directors	Audit and Supervisory Committee	
Director	Masayoshi Nuki	11/12	–	Mr. Masayoshi Nuki has made appropriate remarks that were necessary in the deliberation of proposals from his viewpoint as a specialist in regional economic revitalization and business management, using his many years of experience and insight as a corporate manager.
	Izumi Kuwano	11/12	–	Ms. Izumi Kuwano has made appropriate remarks that were necessary in the deliberation of proposals from her viewpoint as a specialist in tourism and business management, using her many years of experience and insight as a corporate manager.
	Toshihide Ichikawa	12/12	–	Mr. Toshihide Ichikawa has made appropriate remarks that were necessary in the deliberation of proposals from his viewpoint as a specialist in real estate and business management, using his many years of experience and insight as a corporate manager.
	Shinji Asatsuma	12/12	–	Mr. Shinji Asatsuma has made appropriate remarks that were necessary in the deliberation of proposals from his viewpoint as a specialist in finance, IR and business management, using his many years of experience and insight as a corporate manager.
	Kuniko Muramatsu	10/10	–	Ms. Kuniko Muramatsu has made appropriate remarks that were necessary in the deliberation of proposals based on her deep knowledge and insight regarding the promotion of corporate ethics, CSR, sustainability and diversity, using her many years of experience and insight as a corporate manager.
Director (Audit and Supervisory Committee member)	Eiichi Kuga	12/12	13/13	Mr. Eiichi Kuga has made recommendations and suggestions to ensure the validity and appropriateness of the decision making of the Board of Directors, and has made appropriate remarks, audit reports, etc. that were necessary in the deliberation of proposals at the Audit and Supervisory Committee using his many years of experience and insight as a person with governmental experience.
	Kazuhide Ide	12/12	13/13	Mr. Kazuhide Ide has made recommendations and suggestions to ensure the validity and appropriateness of the decision making of the Board of Directors, and has made appropriate remarks, audit reports, etc. that were necessary in the deliberation of proposals at the Audit and Supervisory Committee using his many years of experience and insight as a person with experience in the financial industry.
	Yasunori Eto	12/12	13/13	Mr. Yasunori Eto has made recommendations and suggestions to ensure the validity and appropriateness of the decision making of the Board of Directors, and has made appropriate remarks, audit reports, etc. that were necessary in the deliberation of proposals at the Audit and Supervisory Committee using his many years of experience and insight as a lawyer.

(Note) Since Ms. Kuniko Muramatsu was newly elected at the 33rd Annual General Meeting of Shareholders held on June 23, 2020, the number of the meetings of the Board of Directors held during her period in office differs from that for other directors.

5. Matters related to accounting auditor

(1) Name of accounting auditor

Deloitte Touche Tohmatsu LLC

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

(i) Amount of remuneration, etc. in the current fiscal year ¥74 million

(Notes)

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

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

¥191 million

(3) Details of non-audit services

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

(4) Matters related to limited liability agreement

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

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

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

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

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

Consolidated Balance Sheets

(As of March 31, 2021)

(Millions of yen)

Account item	Amount	Account item	Amount
Assets		Liabilities	
Current assets	200,906	Current liabilities	144,681
Cash and deposits	22,927	Notes and accounts payable - trade	31,942
Notes and accounts receivable - trade	50,857	Short-term loans	6,885
Fares receivable	1,059	Current portion of long-term debt	4,674
Securities	42,096	Payable	47,952
Merchandise and finished goods	13,583	Accrued income taxes	2,749
Work in process	20,429	Fare deposits received with regard to railway connecting services	3,060
Raw materials and supplies	8,352	Railway fares received in advance	4,737
Other	41,646	Accrued bonuses	5,814
Allowance for doubtful accounts	(47)	Other	36,864
Non-current assets	690,472	Non-current liabilities	351,290
Property, plant and equipment	532,021	Bonds	80,000
Buildings and structures (net)	284,255	Long-term debt	159,383
Machinery, rolling stock and vehicles (net)	38,047	Lease obligations	11,522
Land	153,553	Allowance for safety and environmental measures	1,412
Leased assets, net	19,664	Allowance for disaster-damage losses	3,773
Construction in progress	28,498	Liability for retirement benefits	50,507
Other (net)	8,002	Asset retirement obligations	1,462
Intangible assets	3,940	Other	43,227
Investments and other assets	154,510	Total liabilities	495,971
Investment securities	45,162	Equity	
Deferred tax assets	55,252	Shareholders' equity	389,445
Net defined benefit asset	873	Common stock	16,000
Other	54,062	Capital surplus	224,021
Allowance for doubtful accounts	(840)	Retained earnings	150,017
		Treasury stock	(594)
		Accumulated other comprehensive income	743
		Unrealized gain on available-for-sale securities	7,079
		Foreign currency translation adjustments	(186)
		Defined retirement benefit plans	(6,148)
		Non-controlling interests	5,218
		Total equity	395,408
Total Assets	891,379	Total Liabilities and Equity	891,379

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

Consolidated Statements of Income

(From April 1, 2020 to March 31, 2021)

(Millions of yen)

Account item	Amount	
Operating revenue	293,914	
Operating expenses		
Transportation, other services and cost of sales	225,037	
Selling, general and administrative expenses	91,750	316,788
Operating loss	22,873	
Non-operating income		
Interest income	79	
Dividend income	613	
Gains on investments in money held in trust	1,715	
Subsidies for employment adjustment	2,151	
Other	1,604	6,163
Non-operating expenses		
Interest expense	1,727	
Loss on investments in securities	369	
Other	515	2,612
Ordinary loss	19,323	
Extraordinary gains		
Construction grants received	19,599	
Gain on sale of shares of subsidiaries and associates	9,144	
Other	1,522	30,265
Extraordinary losses		
Loss from provision for cost reduction of fixed assets	19,339	
Impairment loss	6,580	
Provision for loss on disaster	3,491	
Disaster-damage losses	1,879	
Other	1,917	33,208
Loss before income taxes	22,265	
Income taxes - current	3,386	
Income taxes - refund	(908)	
Income taxes - deferred	(5,982)	(3,503)
Loss	18,761	
Net income attributable to non-controlling interests	222	
Loss attributable to owners of the parent	18,984	

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

Non-Consolidated Balance Sheets

(As of March 31, 2021)

(Millions of yen)

Account item	Amount	Account item	Amount
Assets		Liabilities	
Current assets	150,400	Current liabilities	114,600
Cash and deposits	13,595	Current portion of long-term debt	11,841
Fares receivables	979	Payables	70,513
Accounts receivable-trade	40,382	Fare deposits received with regard to railway connecting services	3,060
Securities	42,096	Deposits received	2,142
Real estate for sale	7,022	Railway fares received in advance	4,736
Costs on uncompleted construction contracts	15,929	Advances received	9,744
Supplies	7,663	Accrued bonuses	2,570
Other	22,730	Provision for point card certificates	751
Allowance for doubtful accounts	(0)	Other	9,239
Non-current assets	601,651	Non-current liabilities	299,411
Fixed assets for railway business	98,064	Bonds	80,000
Fixed assets for other business	298,052	Long-term debt	154,933
Fixed assets relating to both businesses	17,153	Employees' severance and retirement benefits	37,101
Construction in progress	24,133	Allowance for safety and environmental measures	1,412
Investments and other assets	164,247	Allowance for disaster-damage losses	3,773
Investment securities	30,134	Provision for guarantee obligations	11,014
Stocks of subsidiaries and associated companies	35,346	Asset retirement obligations	527
Long-term prepaid expenses	7,682	Other	10,647
Deferred tax assets	46,123		
Other	45,388	Total liabilities	414,011
Allowance for doubtful accounts	(68)	Equity	
Provision for investment losses	(359)	Shareholders' equity	331,445
		Common stock	16,000
		Capital surplus	224,022
		Capital surplus	171,908
		Other	52,113
		Retained earnings	92,017
		Other	92,017
		Reserve for deferred gain of fixed assets	7,686
		Retained earnings carried forward	84,330
		Treasury stock	(594)
		Valuation and translation adjustments	6,594
		Unrealized gain on available-for-sale securities	6,594
		Total equity	338,040
Total Assets	752,051	Total Liabilities and Total Equity	752,051

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

Non-Consolidated Statements of Income

(From April 1, 2020 to March 31, 2021)

(Millions of yen)

Account item	Amount	
Railway business		
Operating revenue	89,773	
Operating expenses	126,383	
Operating loss		36,610
Other businesses		
Operating revenue	54,954	
Operating expenses	38,935	
Operating income		16,018
Total operating loss		20,591
Non-operating income		
Interest income	38	
Dividend income	9,152	
Gain on investments in money held in trust	1,715	
Other	1,221	12,127
Non-operating expenses		
Interest expenses	1,088	
Provision for loss on guarantees, etc.	487	
Loss on investments in securities	369	
Other	444	2,389
Ordinary loss		10,853
Extraordinary gains		
Construction grants received	19,570	
Gain on sale of shares of subsidiaries and associates	9,071	
Other	995	29,637
Extraordinary losses		
Losses from provision for cost reduction of fixed assets	19,310	
Provision for loss on disaster	3,491	
Disaster-damage losses	2,128	
Impairment loss	5,011	
Provision for loss on guarantees, etc.	3,059	
Other	2,348	35,350
Loss before income taxes		16,567
Income taxes - current	97	
Income taxes - refund	(908)	
Income taxes - deferred	(4,610)	(5,421)
Loss		11,145

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

Audit Report
Audit Report on the Consolidated Financial Statements (Translation)

Independent Auditor's Report

May 7, 2021

To the Board of Directors
Kyushu Railway Company

Deloitte Touche Tohmatsu LLC

Fukuoka Office

Kappei Isomata [Seal]

Certified Public Accountant
Designated Unlimited Liability Partner

Kiyofumi Iemoto [Seal]

Certified Public Accountant
Designated Unlimited Liability Partner

Keisuke Takao [Seal]

Certified Public Accountant
Designated Unlimited Liability Partner

Audit Opinion

Pursuant to Article 444, paragraph (4) of the Companies Act, we have audited the consolidated financial statements of Kyushu Railway Company, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the notes to the consolidated financial statements applicable to the fiscal year from April 1, 2020 through March 31, 2021.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Group, which consisted of Kyushu Railway Company and its consolidated subsidiaries, applicable to the fiscal year ended March 31, 2021 in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan; this includes the maintenance and operation of internal control deemed necessary by management for the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- When auditing the consolidated financial statements, examine internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making risk assessments, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates and validity of related notes thereto made by management.
- Conclude on the appropriateness of preparing the consolidated financial statements with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and notes thereto are in accordance with accounting standards generally accepted in Japan, as well as evaluate the presentation, structure, and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly present the underlying transactions and accounting events.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We report to the Audit and Supervisory Committee regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence, matters that may reasonably be deemed to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Conflicts of Interest

We or engagement partners have no interests in the Company and its consolidated subsidiaries, which should be stated in compliance with the Certified Public Accountants Act.

(End)

Audit Report
Audit Report on the Non-Consolidated Financial Statements (Translation)

Independent Auditor's Report

May 7, 2021

To the Board of Directors
Kyushu Railway Company

Deloitte Touche Tohmatsu LLC

Fukuoka Office

Kappei Isomata [Seal]

Certified Public Accountant
Designated Unlimited Liability Partner

Kiyofumi Iemoto [Seal]

Certified Public Accountant
Designated Unlimited Liability Partner

Keisuke Takao [Seal]

Certified Public Accountant

Designated Unlimited Liability Partner

Audit Opinion

Pursuant to Article 436, paragraph (2)-1 of the Companies Act, we have audited the consolidated financial statements of Kyushu Railway Company, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in equity and the notes to the non-consolidated financial statements and the accompanying supplemental schedules (the “non-consolidated financial statements, etc.”) applicable to the fiscal year from April 1, 2020 through March 31, 2021.

In our opinion, the non-consolidated financial statements, etc. referred to above present fairly, in all material respects, the financial position and results of operations of Kyushu Railway Company applicable to the fiscal year ended March 31, 2021 in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements, etc. section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit and Supervisory Committee for the Non-Consolidated Financial Statements, etc.

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements, etc. in accordance with accounting principles generally accepted in Japan; this includes the maintenance and operation of internal control deemed necessary by management for the preparation and fair presentation of the non-consolidated financial statements, etc. that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements, etc. with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements, etc.

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements, etc. as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the non-consolidated financial statements, etc. based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these non-consolidated financial statements, etc.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- When auditing the non-consolidated financial statements, etc., obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making risk assessments, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of preparing the non-consolidated financial statements, etc. with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the non-consolidated financial statements, etc. or, if the notes to the non-consolidated financial statements, etc. on material uncertainty are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements, etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the non-consolidated financial statements, etc. and notes to the non-consolidated financial statements are in accordance with accounting standards generally accepted in Japan, as well as evaluate the presentation, structure, and content of the non-consolidated financial statements, etc. including the related notes thereto, and whether the non-consolidated financial statements, etc. fairly present the underlying transactions and accounting events.

We report to the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and to communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Conflicts of Interest

We or engagement partners have no interests in the Company, which should be stated in compliance with the Certified Public Accountants Act.

(End)

Audit Report of the Audit and Supervisory Committee (Translation)

Audit Report

The Audit and Supervisory Committee of the Company has audited the Directors’ execution of their duties during the 34th fiscal year, from April 1, 2020, to March 31, 2021. The Committee hereby reports the methods and results of the audit as follows:

1. Methods of the Audit and Details Thereof

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

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

- (2) The Audit and Supervisory Committee confirmed whether the financial auditor maintained its independence and carried out its audits in an appropriate manner, received reports from the financial auditor on the status of the execution of its duties and, when necessary, requested explanations.
Also, the Audit and Supervisory Committee received a notification from the financial auditor that it is taking steps to improve the “system for ensuring appropriate execution of duties” (matters specified in the items under Article 131 of the Company Accounting Ordinance) in accordance with the “Quality Control Standards Relating to Auditing” (Business Accounting Council, October 28, 2005) and other standards, and requested explanations when necessary.

Based on the foregoing methods, the Audit and Supervisory Committee examined the Business Report and the related supplementary schedules, the consolidated financial statements, non-consolidated financial statements and the accompanying supplemental schedules for the 34th fiscal year under review.

2. Results of audit:

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

In our opinion:

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

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

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

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

May 8, 2021

Kyushu Railway Company, the Audit and Supervisory Committee

Eiichi Kuga [Seal]

Audit and Supervisory Committee Member (Full time)

Masaya Hirokawa [Seal]

Audit and Supervisory Committee Member (Full time)

Kazuhide Ide [Seal]

Audit and Supervisory Committee Member

Yasunori Eto [Seal]

Audit and Supervisory Committee Member

(Note)

Mr. Eiichi Kuga, Mr. Kazuhide Ide and Mr. Yasunori Eto are outside directors as defined in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.

(End)