

FY24.3

Annual Investors Meeting

May 10, 2024

KYUSHU RAILWAY COMPANY

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Highlights

Financial results and year-end dividend for FY24.3

- Owing to a recovery of demand in each segment, consolidated operating revenues, operating income, ordinary income, and net income attributable to owners of the parent all increased year on year.
- The Company booked an extraordinary loss due to provision for loss on disaster, etc., related to reconstruction of the Hisatsu Line.
- We plan to ward a year-end dividend of ¥93 per share.

Full-year performance forecasts and dividend forecasts for FY25.3

- Consolidated operating revenues, operating income, ordinary income, and net income attributable to owners of the parent are expected to be all up year on year, despite higher personnel expenses stemming from improved employee compensation, owing to a rise in railway transportation revenues, contribution of newly opened properties in the previous fiscal year, decrease in maintenance costs and costs related to openings, and other items.
- We expect to reach our numerical consolidated management targets for the final year of the medium-term business plan.
- We forecast annual dividends of ¥93 per share (and expect to reinstitute an interim dividend).

Status of segments

- Railway transportation revenues reached 95.8% of FY19.3 levels in FY24.3. In FY25.3, we expect to reach 97.6%.
- In the hotel business in FY25.3, we expect ADR of around ¥21,000 and an occupancy rate of approximately 80%.
- From FY25.3, sub-subsidiaries in the Construction Segment and Business Services Segment will be consolidated.

Progress on the medium-term business plan

- We launched GOA 2.5 self-driving trains in March 2024, which are operating in tandem with verification testing of GOA 2.0 self-driving trains.
- With the opening of the Nagasaki Marriott Hotel, we have concluded a cycle of city-building in the western Kyushu area.
- We have begun independently developing a logistics facility for the first time.

I Financial Results and Year-end Dividend for FY24.3

Consolidated Financial Highlights for FY24.3

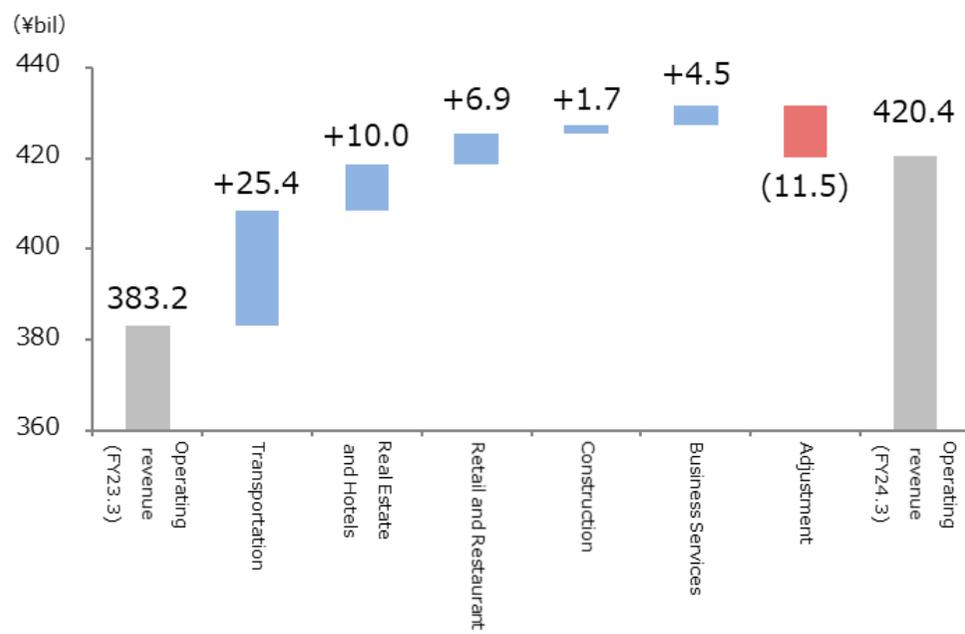
	(¥bil)		
	Results FY23.3	Results FY24.3	YoY
Operating revenue	383.2	420.4	37.1
Operating income	34.3	47.0	12.7
Ordinary income	35.7	48.9	13.2
Extraordinary gains and losses	4.5	(0.5)	(5.1)
Net income attributable to owners of the parent	31.1	38.4	7.2
EBITDA [※]	63.8	80.0	16.2

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

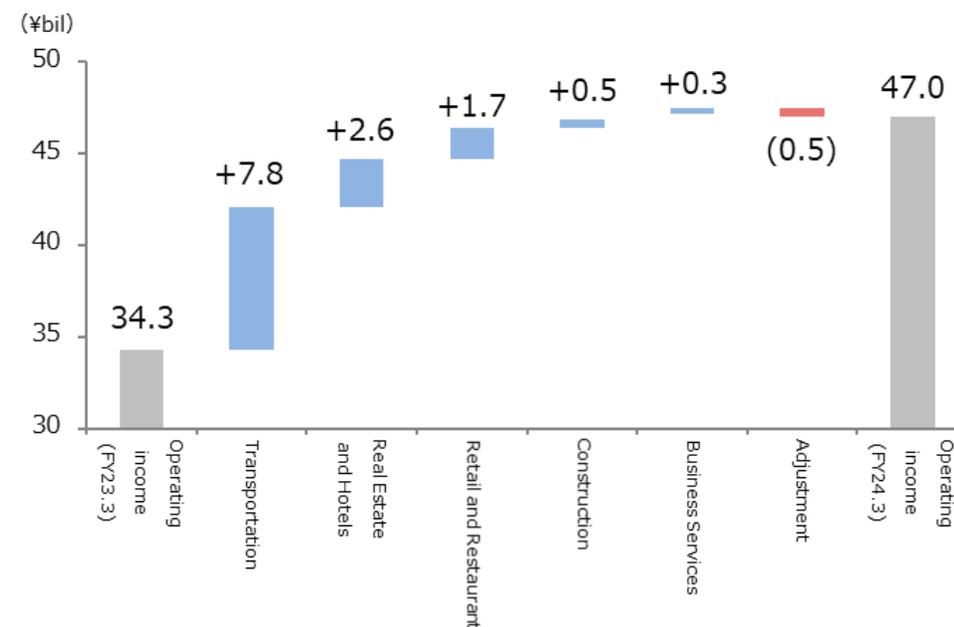
Key points

- With the further normalization of socioeconomic activity, demand recovered in the railway and other businesses, pushing up revenue and operating income year on year.
- We recorded a gain on the transfer of Drug Eleven shares as an extraordinary gain. We also posted a provision for loss on disaster due to reconstruction of the Hisatsu Line and disaster-damage losses owing to the torrential rains in June 2023 as extraordinary losses.
- We expect to pay a year-end dividend of ¥93 per share.

Change in operating revenue by segment



Change in operating income by segment



Basic Agreement on Restoration of the Hisatsu Line and Recording of Extraordinary Losses

- The Company and Kumamoto Prefecture signed a basic agreement on the restoration of the Hisatsu Line (Yatsushiro to Yoshimatsu) between Yatsushiro and Hitoyoshi, where service has been suspended due to heavy rains in July 2020.
- We are engaging in further discussions with Kumamoto Prefecture toward a “final agreement,” scheduled for the end of FY2024.

Background to the agreement

- Based on the Company’s responsibility to “maintain the transportation network,” a restoration policy for the Hisatsu Line was discussed at the “JR Hisatsu Line Review Conference,” consisting of the national government, Kumamoto Prefecture, and the Company.
- In the case of restoration of the railway, two major issues were restoration costs and sustainability. However, the following information became clear, leading to this basic agreement.
 - (1) Restoration costs could be significantly reduced by coordinating with river and road projects and applying Railway Track Improvement Act assistance.
 - (2) A commitment to the separation of infrastructure and operation, with the prefecture, municipality, or other party, as the category three railway operator, and concrete measures to create tourism demand and daily use were presented, establishing a certain level of sustainability going forward.

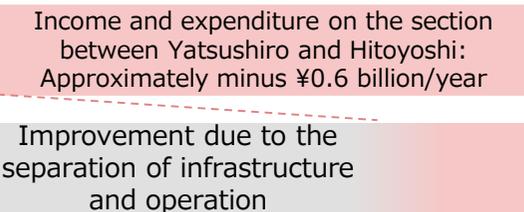
[Reference] Conceptual image for reducing restoration expenses



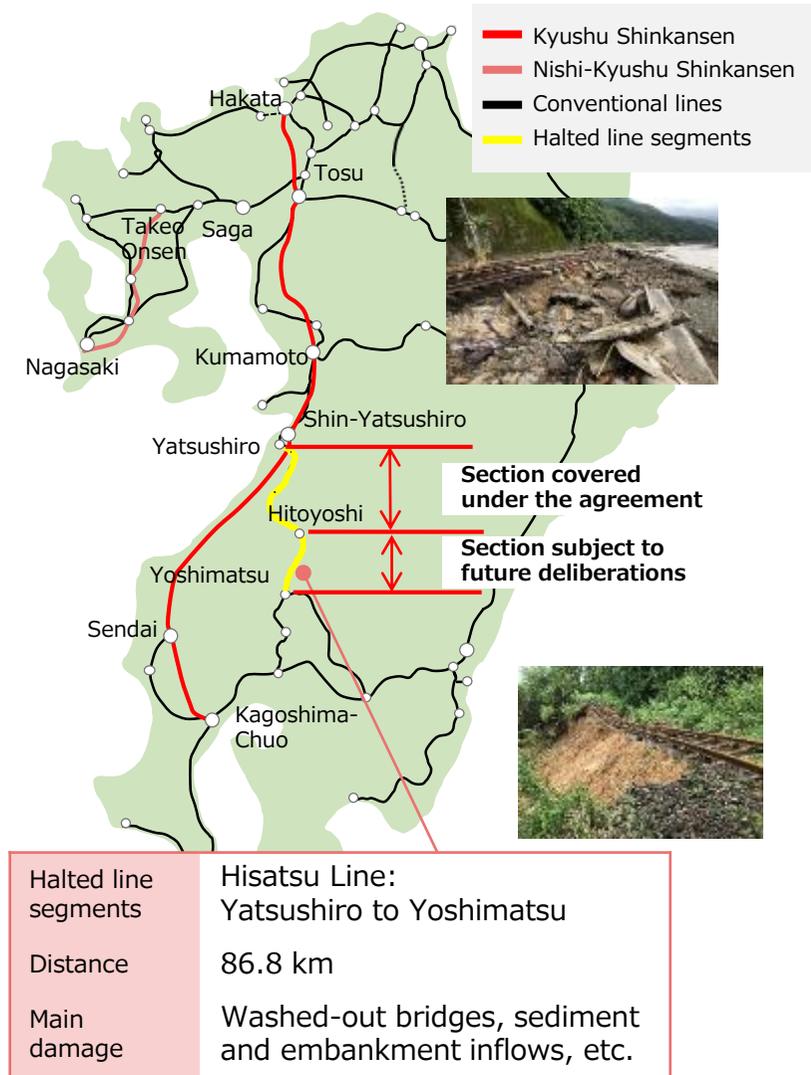
Note: The restoration amounts indicated here are calculated under specific conditions; amounts may vary depending on circumstances.

[Reference] Conceptual image of improved revenue and expenditure by separating of infrastructure and operation

Note: Based on FY20.3 results



Note: Calculations are based on FY20.3, before the disaster.
Note: Calculations assume that land and facilities are transferred to category three railway operators.



Recording of extraordinary losses in the FY24.3 results

- As a reasonable estimate of restoration expenses, etc., to restore the railway to its former condition, we have recorded a ¥2,530 million provision for loss on disaster and ¥1,055 million in disaster-damage losses as extraordinary.

Consolidated Balance Sheet and Cash Flow Statement

(¥bil)

	Results FY23.3	Results FY24.3	YoY	Major factors
Assets	996.6	1,089.1	92.4	
Current assets	197.1	221.5	24.3	Increase in accounts receivable and others
Non-current assets	799.5	867.6	68.0	Increase in property, plant and equipment (JR Nagasaki Station Building, etc.)
Fixed assets for railway business	138.6	149.8	11.1	
Liabilities	589.8	646.8	57.0	
Current liabilities	195.4	224.2	28.8	Increase in commercial papers
Non-current liabilities	394.4	422.6	28.1	Increase in corporate bonds
Net assets	406.8	442.2	35.4	

Interest-bearing debt	351.6	400.3	48.6	
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ROE	7.8%	9.1%	
D/EBITDA	5.50	5.00	
Equity ratio	40.7%	40.5%	

(¥bil)

	Results FY23.3	Results FY24.3	YoY	Major factors
Cash flows from operating activities	62.0	89.0	26.9	Increase in income before income taxes
Depreciation expense	31.8	34.9	3.1	
Cash flows from investing activities	(97.5)	(111.8)	(14.3)	Increase in purchases of fixed assets
Free cash flow	(35.4)	(22.8)	12.6	
Cash flows from financing activities	8.9	32.2	23.2	Increase in proceeds from issuance of bonds
Cash and cash equivalents	52.2	61.9	9.6	

Consolidated Results for FY24.3 (by Segment)

(¥bil)

	Results FY23.3	Results FY24.3	YoY		Major factors
Operating revenue	383.2	420.4	37.1	109.7%	
Transportation	138.3	163.7	25.4	118.4%	
Railway Business (non-consolidated)	136.5	160.4	23.9	117.6%	Increase due to moderate recovery in demand
Real Estate and Hotels	123.1	133.1	10.0	108.2%	
Real Estate Lease	62.6	70.7	8.1	113.0%	Increase in revenues from leases due to recovery in demand
Real Estate Sales	43.5	37.1	(6.4)	85.2%	Decrease in the sale of properties
Hotel Business	16.9	25.2	8.3	149.4%	Increase due to recovery in demand
Retail and Restaurant	54.7	61.7	6.9	112.7%	Increase due to recovery in demand
Construction	88.3	90.0	1.7	101.9%	
Business Services	73.4	77.9	4.5	106.1%	
Operating income	34.3	47.0	12.7	137.2%	
Transportation	2.5	10.3	7.8	412.1%	
Railway Business (non-consolidated)	3.1	10.5	7.4	335.4%	
Real Estate and Hotels	22.1	24.8	2.6	112.2%	
Real Estate Lease	14.8	15.8	0.9	106.6%	
Real Estate Sales	6.2	5.2	(1.0)	83.8%	
Hotel Business	0.9	3.6	2.7	382.7%	
Retail and Restaurant	1.4	3.2	1.7	227.3%	
Construction	5.4	5.9	0.5	109.7%	
Business Services	3.4	3.8	0.3	111.2%	
EBITDA	63.8	80.0	16.2	125.4%	
Transportation	13.1	22.3	9.2	170.1%	
Railway Business (non-consolidated)	13.5	22.1	8.6	163.6%	
Real Estate and Hotels	36.2	40.8	4.5	112.5%	
Real Estate Lease	26.7	29.0	2.3	108.8%	
Real Estate Sales	6.2	5.2	(1.0)	83.9%	
Hotel Business	3.2	6.4	3.1	197.1%	
Retail and Restaurant	2.7	4.5	1.7	165.8%	
Construction	6.5	7.0	0.5	108.1%	
Business Services	6.2	6.8	0.6	110.4%	

Non-consolidated Results for FY24.3

(¥bil)

	Results FY23.3	Results FY24.3	YoY		Major Factors
Operating revenue	211.6	234.3	22.7	110.7%	
Railway transportation revenues	121.4	145.0	23.6	119.5%	Increase due to moderate recovery in demand
Shinkansen	44.0	57.5	13.5	130.7%	
Conventional Lines	77.4	87.5	10.1	113.1%	
Other revenue	90.1	89.2	(0.9)	99.0%	
Operating expense	188.7	204.4	15.6	108.3%	
Personnel expense	40.3	45.1	4.7	111.9%	Increase in bonuses and lump-sum payments
Non-personnel expense	118.9	126.3	7.4	106.3%	
Energy cost	10.7	10.1	(0.5)	94.5%	
Maintenance cost	30.4	36.6	6.2	120.4%	Increase due to lifting of emergency restraints
Other	77.6	79.4	1.8	102.3%	
Taxes	11.5	12.4	0.9	108.1%	
Depreciation cost	17.9	20.4	2.4	113.9%	
Operating income	22.8	29.8	7.0	131.0%	
Non-operating income and expense	4.3	7.2	2.9	167.4%	
Ordinary income	27.1	37.1	10.0	136.9%	
Extraordinary gain and losses	3.8	1.0	(2.7)	26.4%	Increase due to a gain on the transfer of Drug Eleven shares Decrease due to provision for loss on disaster related to restoration of the Hisatsu Line Decrease due to loss on disaster related to the torrential rains in June 2023
Net income	25.4	32.9	7.5	129.6%	

Results by business (non-consolidated) (included in above table)

(¥bil)

		Results FY23.3	Results FY24.3	YoY	
Railway business	Operating revenue	136.5	160.4	23.9	117.6%
	Operating income	3.1	10.5	7.4	335.4%
Related businesses	Operating revenue	75.0	73.8	(1.2)	98.3%
	Operating income	19.6	19.3	(0.3)	98.3%

II Full-Year Performance Forecasts and Dividend Forecasts for FY25.3

Consolidated Financial Forecast Highlights for FY25.3

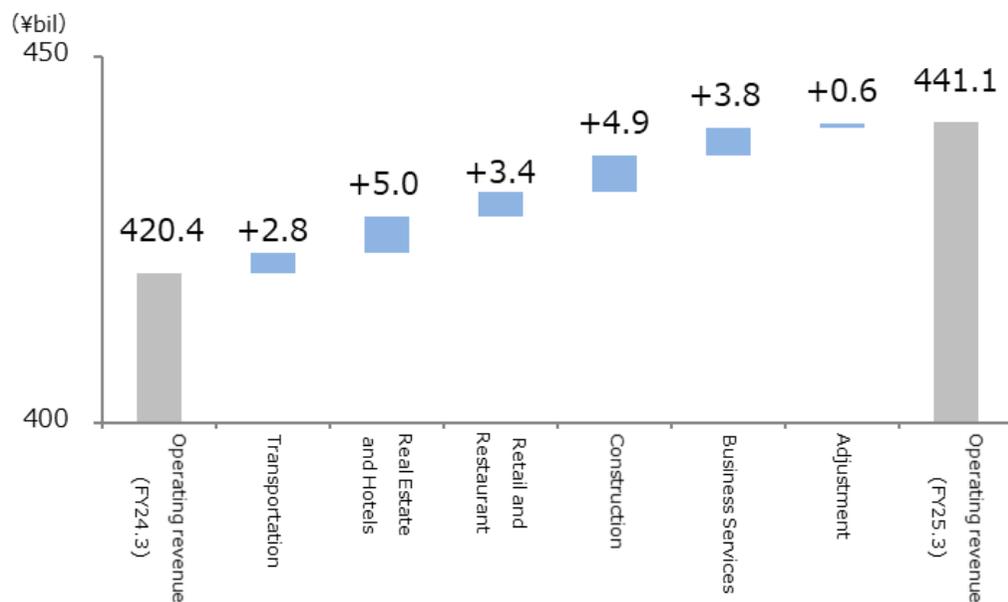
	Results FY24.3	Forecasts FY25.3	YoY	
Operating revenue	420.4	441.1	20.6	104.9%
Operating income	47.0	57.3	10.2	121.7%
Ordinary income	48.9	56.7	7.7	115.9%
Net income attributable to owners of the parent	38.4	42.2	3.7	109.8%
EBITDA	80.0	94.0	13.9	117.4%

(¥bil)		
Medium-Term Business Plan targets	Vs. targets	
440.0	1.1	100.3%
57.0	0.3	100.5%
–	–	–
–	–	–
94.0	–	100.0%

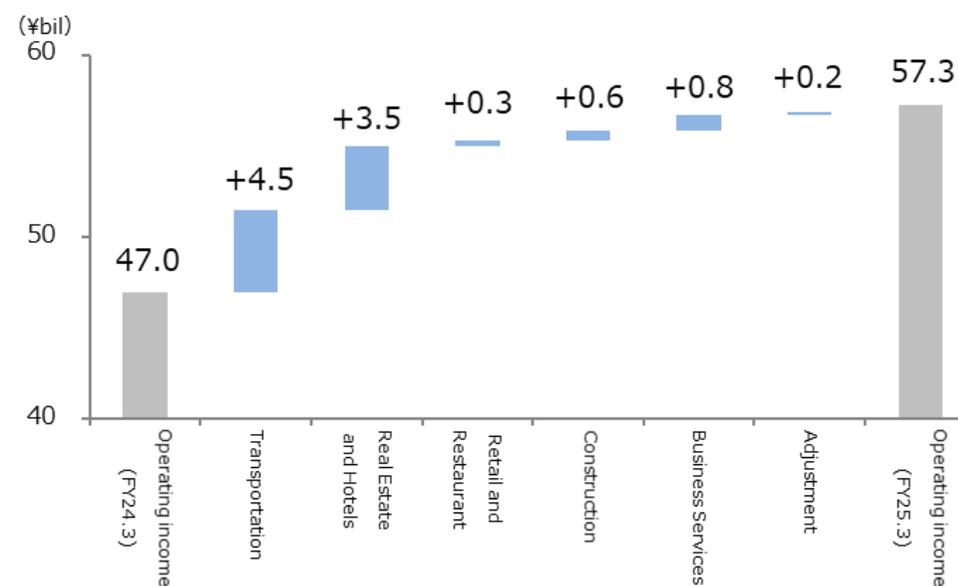
Key points

- Although personnel expenses will rise due to improved employee compensation, we expect higher railway transportation revenue and a decline in maintenance costs. These factors, plus contribution of newly opened properties in the previous fiscal year and a falloff in costs related to openings, should lead to higher operating income.
- We will make changes to the scope of consolidation, and some sub-subsidiaries in the Construction Segment and Business Services Segment will be consolidated.
- We expect to meet the targets for operating revenues, operating income, and EBITDA, as outlined in the medium-term business plan.

Change in operating revenue by segment



Change in operating income by segment



Consolidated Financial Forecasts for FY25.3 (by Segment)

(¥bil)

	Results FY24.3	Forecasts FY25.3	YoY		Major factors	Medium-Term Business Plan targets	Vs. targets	
Operating revenue	420.4	441.1	20.6	104.9%		440.0	1.1	100.3%
Transportation	163.7	166.6	2.8	101.7%	Increase due to moderate recovery in demand	163.0	3.6	102.2%
Railway Business (non-consolidated)	160.4	162.8	2.3	101.4%		159.0	3.8	102.4%
Real Estate and Hotels	133.1	138.2	5.0	103.8%		133.0	5.2	103.9%
Real Estate Lease	70.7	76.3	5.5	107.8%	Increase due to properties opened in the previous fiscal year	–	–	–
Real Estate Sales	37.1	33.5	(3.6)	90.2%	Decrease in sales of properties and increase in sales of condominiums	–	–	–
Hotel Business	25.2	28.4	3.1	112.4%	Increase due to properties opened in the previous fiscal year	–	–	–
Retail and Restaurant	61.7	65.2	3.4	105.6%		65.0	0.2	100.3%
Construction	90.0	95.0	4.9	105.4%	Increase due to consolidation of sub-subsidiaries	95.0	0.0	100.0%
Business Services	77.9	81.8	3.8	104.9%	Increase due to consolidation of sub-subsidiaries	80.0	1.8	102.3%
Operating income	47.0	57.3	10.2	121.7%		57.0	0.3	100.5%
Transportation	10.3	14.9	4.5	143.3%		17.0	(2.1)	87.6%
Railway Business (non-consolidated)	10.5	15.1	4.5	143.1%		16.5	(1.4)	91.5%
Real Estate and Hotels	24.8	28.4	3.5	114.5%		27.0	1.4	105.2%
Real Estate Lease	15.8	17.3	1.4	108.9%		–	–	–
Real Estate Sales	5.2	5.7	0.4	108.8%		–	–	–
Hotel Business	3.6	5.4	1.7	146.7%		–	–	–
Retail and Restaurant	3.2	3.6	0.3	112.3%		3.0	0.6	120.0%
Construction	5.9	6.6	0.6	110.5%		7.0	(0.4)	94.3%
Business Services	3.8	4.7	0.8	121.3%		4.0	0.7	117.5%
EBITDA	80.0	94.0	13.9	117.4%		94.0	–	100.0%
Transportation	22.3	28.1	5.7	125.7%		–	–	–
Railway Business (non-consolidated)	22.1	27.8	5.6	125.6%		–	–	–
Real Estate and Hotels	40.8	46.3	5.4	113.4%		–	–	–
Real Estate Lease	29.0	31.8	2.7	109.3%		–	–	–
Real Estate Sales	5.2	5.8	0.5	110.2%		–	–	–
Hotel Business	6.4	8.7	2.2	134.1%		–	–	–
Retail and Restaurant	4.5	5.0	0.4	110.7%		–	–	–
Construction	7.0	7.9	0.8	112.3%		–	–	–
Business Services	6.8	7.7	0.8	111.7%		–	–	–

Non-consolidated Financial Forecasts for FY25.3

(¥bil)

	Results FY24.3	Forecasts FY25.3	YoY		Major factors
Operating revenue	234.3	234.1	(0.2)	99.9%	
Railway transportation revenues	145.0	147.7	2.6	101.8%	Increase due to moderate recovery in demand
Shinkansen	57.5	58.7	1.1	102.0%	
Conventional Lines	87.5	89.0	1.4	101.7%	
Other revenue	89.2	86.4	(2.8)	96.8%	Decrease in sales of properties and increase in sales of condominiums
Operating expense	204.4	199.1	(5.3)	97.4%	
Personnel expense	45.1	47.5	2.3	105.2%	Increase due to the launch of new personnel and wage system and decrease of lump sum payment
Non-personnel expense	126.3	114.6	(11.7)	90.7%	
Energy cost	10.1	11.8	1.6	115.9%	Increase in electricity unit cost due to increase in renewable energy surcharge
Maintenance cost	36.6	29.4	(7.2)	80.2%	Decrease due to additional execution in the previous fiscal year
Other	79.4	73.4	(6.0)	92.3%	
Taxes	12.4	13.7	1.2	109.9%	
Depreciation cost	20.4	23.3	2.8	113.7%	
Operating income	29.8	35.0	5.1	117.1%	
Non-operating income and expense	7.2	1.4	(5.8)	19.3%	
Ordinary income	37.1	36.4	(0.7)	98.0%	
Extraordinary gain and losses	1.0	-	(1.0)	-	
Net income	32.9	29.3	(3.6)	89.0%	

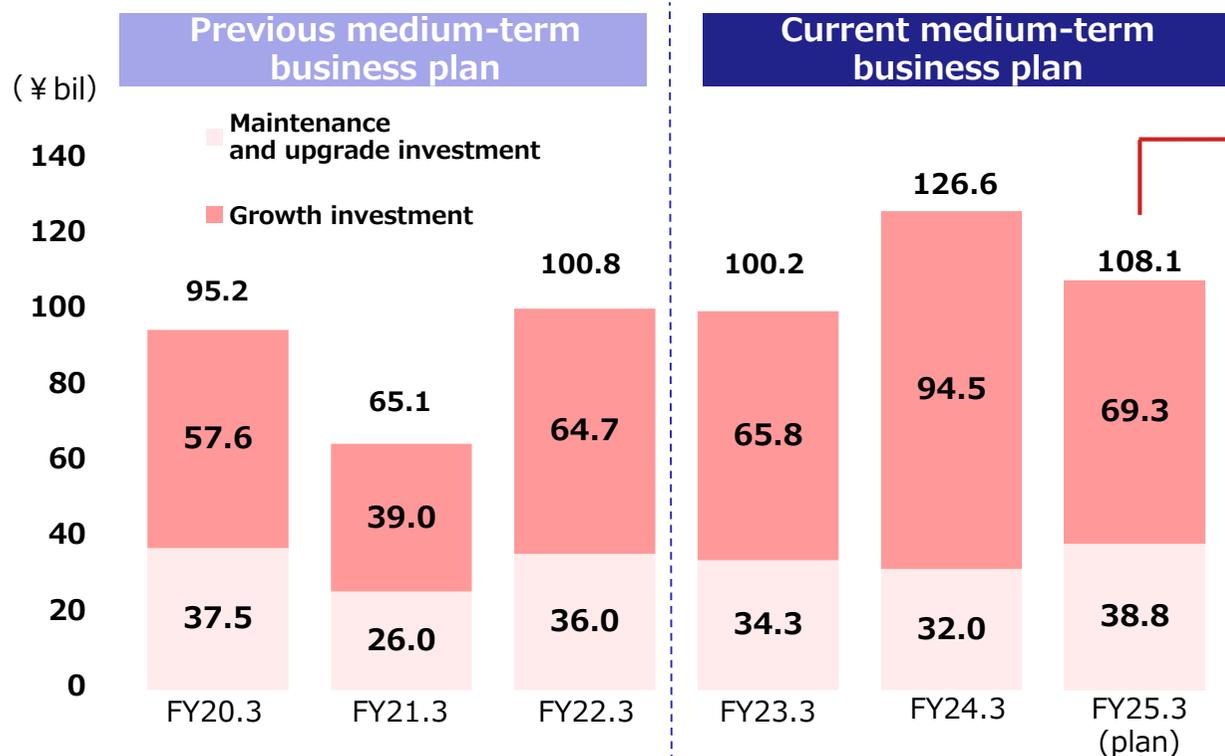
Forecasts by business (non-consolidated) (included in above table)

(¥bil)

		Results FY24.3	Forecasts FY25.3	YoY		Medium-Term Business Plan targets	Vs. targets	
Railway business	Operating revenue	160.4	162.8	2.3	101.4%	159.0	3.8	102.4%
	Operating income	10.5	15.1	4.5	143.1%	16.5	(1.4)	91.5%
Related businesses	Operating revenue	73.8	71.3	(2.5)	96.6%	-	-	-
	Operating income	19.3	19.9	0.5	102.9%	-	-	-

Capital Investment Plan

- We are making steady progress according to the capital investment plan indicated in the medium-term business plan.
- In FY25.3, we will utilize our borrowing capacity. We plan growth investments, including in the development of logistics facilities and in growth investment projects that have not yet been confirmed.



● Main capital investment projects in FY25.3

Growth investment

- ✓ LOGI STATION Fukuoka Ogori
- ✓ Toranomom 2-chome development
- ✓ Project utilizing the space above the tracks at Hakata Station

Maintenance and upgrade investment

- ✓ Relocation of railroad obstacles to utilize the space above the tracks at Hakata Station
- ✓ New production of YC1 rolling stock
- ✓ Construction to renovate the 811 series

● State of progress on unconfirmed growth investment projects

- ✓ Planning growth investment of ¥225.0 billion in the three years from FY23.3 to FY25.3
- ✓ Of the ¥90.0 billion designated as "unconfirmed" in the medium-term business plan, around 80% was allocated to the acquisition of commercial facility, office and logistics facilities by FY24.3.



the Sunny Side Mall Kokura

Acquired in July 2023
Floor space approx. 78,758m²

EBITDA	75.0	4.6	30.7	63.8	80.0	94.0
Annual dividend	14.6	14.6	14.6	14.6	14.6	14.6

Financial soundness indicators

D/EBITDA	1.9times	54.1times	10.5times	5.5times	5.0times	Approx 5 times
Equity ratio	49.9%	43.8%	40.8%	40.7%	40.5%	Approx 40%

FY25.3 Dividend Forecasts

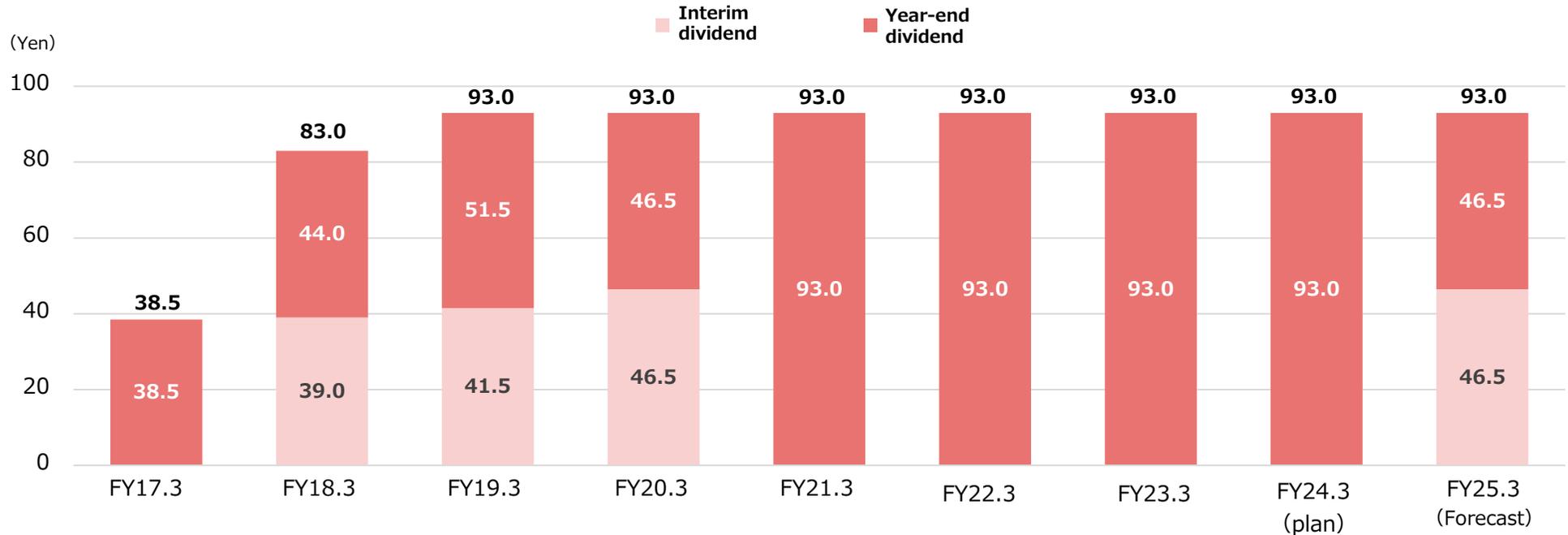
Shareholder return policy

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

FY25.3 dividend forecasts

- Taking the above-mentioned policy into consideration, **we forecast a FY25.3 dividend of ¥93.0 per share**.
- We plan to reinstate interim dividends in FY25.3.

(Reference) Annual dividends per share



Dividend payout ratio	13.8%	26.3%	30.2%	46.9%	-	110.3%	46.9%	38.0%	34.6%
Total payout ratio	13.8%	26.3%	30.2%	78.6%	-	110.3%	46.9%	38.0%	34.6%

* Implementation of a share repurchase (¥10 billion)

III Status of Segments

Transportation Segment

- In Q4 FY24.3, railway transportation revenues were on a par with Q3. In FY25.3, we expect these revenues to remain at the same level as in 2H FY24.3.
- Maintenance costs rose in FY24.3, owing to the lifting of emergency restraints during COVID-19, but we expect these costs to fall in FY25.3.

[Results]

	Results FY23.3	Results FY24.3	YoY	(¥bil)
Operating revenue	138.3	163.7	25.4	118.4%
Railway Business (non-consolidated)	136.5	160.4	23.9	117.6%
Railway transportation revenues	121.4	145.0	23.6	119.5%
Operating income	2.5	10.3	7.8	412.1%
Railway Business (non-consolidated)	3.1	10.5	7.4	335.4%
EBITDA	13.1	22.3	9.2	170.1%
Railway Business (non-consolidated)	13.5	22.1	8.6	163.6%

[Forecast]

	FY24.3 Results	FY25.3 Forecasts	YoY	(¥bil)
Operating revenue	163.7	166.6	2.8	101.7%
Railway Business (non-consolidated)	160.4	162.8	2.3	101.4%
Railway transportation revenues	145.0	147.7	2.6	101.8%
Operating income	10.3	14.9	4.5	143.3%
Railway Business (non-consolidated)	10.5	15.1	4.5	143.1%
EBITDA	22.3	28.1	5.7	125.7%
Railway Business (non-consolidated)	22.1	27.8	5.6	125.6%

Main business conditions and assumptions for earnings forecasts

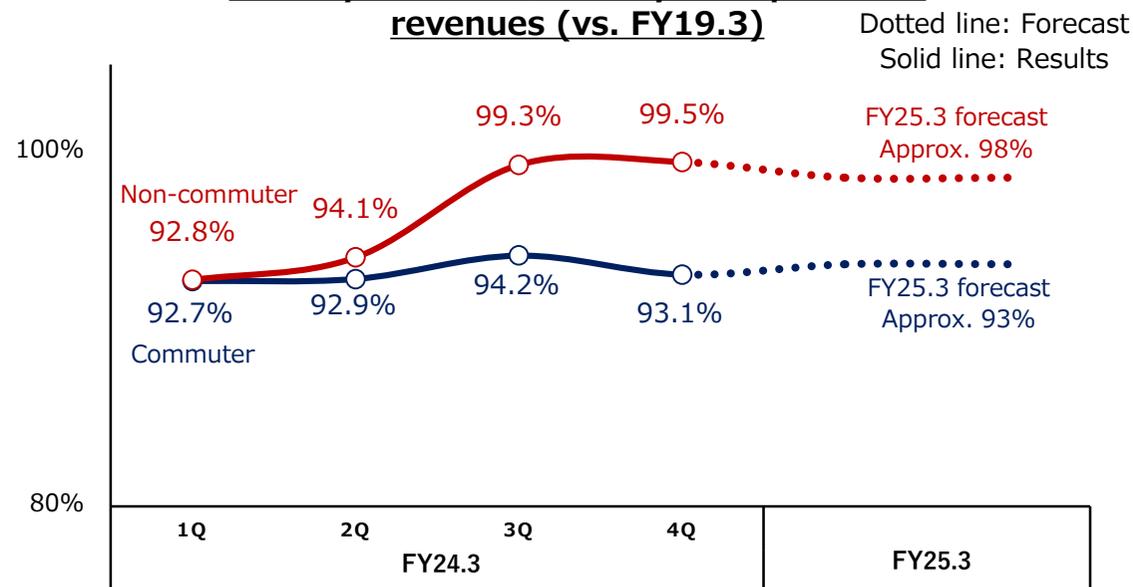
- In Q4, railway transportation revenues remained at Q3 levels, both for commuter revenues and non-commuter revenues. We anticipate the same levels in FY25.3.

[Railway transportation revenues (vs. FY19.3)]
95.8% in FY24.3 97.6% expected in FY25.3

- Maintenance costs rose in FY24.3, as we saw a resurgence in costs for maintenance that had been subject to emergency restraints or brought forward due to COVID-19. We expect these costs to decrease in FY25.3.

- In FY25.3, we expect energy costs to outpace FY24.3 levels, owing to such factors as an increase in the renewable energy power promotion surcharge.

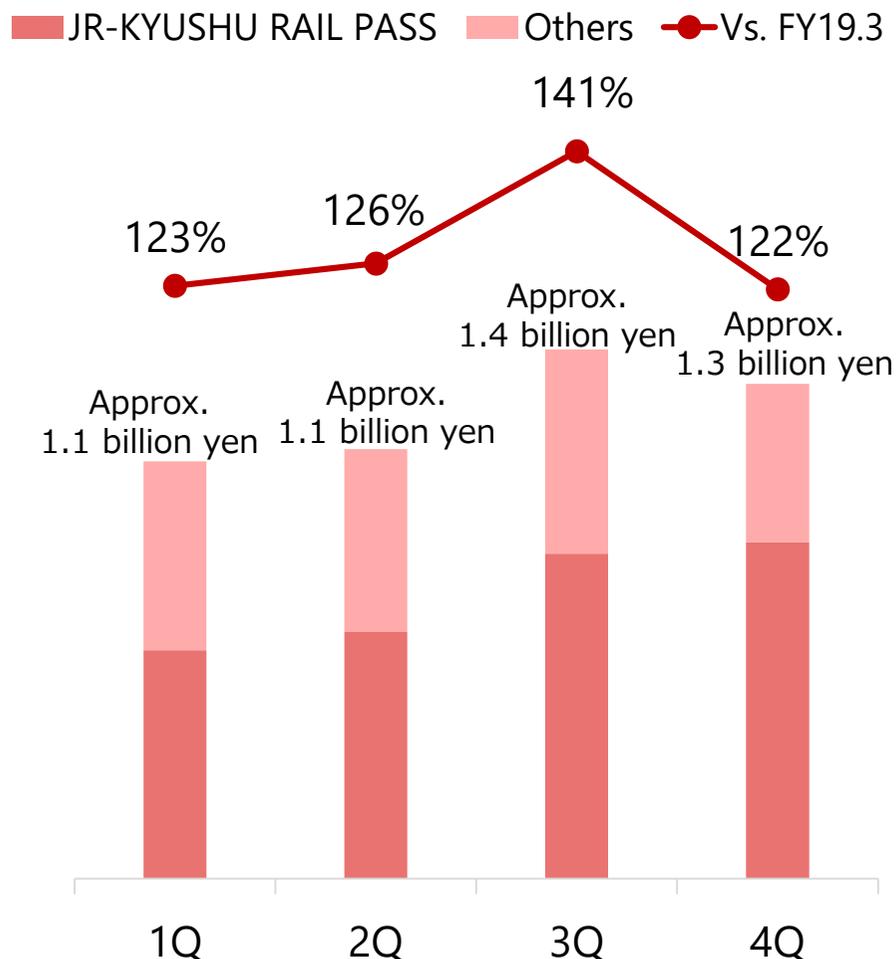
Railway business | railway transportation revenues (vs. FY19.3)



Status of Inbound Measures in the Railway Business

- The number of tickets sold remained robust, even after prices were revised on the JR-KYUSHU RAIL PASS, and inbound revenue in Q4 FY24.3 remained at Q3 levels.

Inbound revenues (approximate)



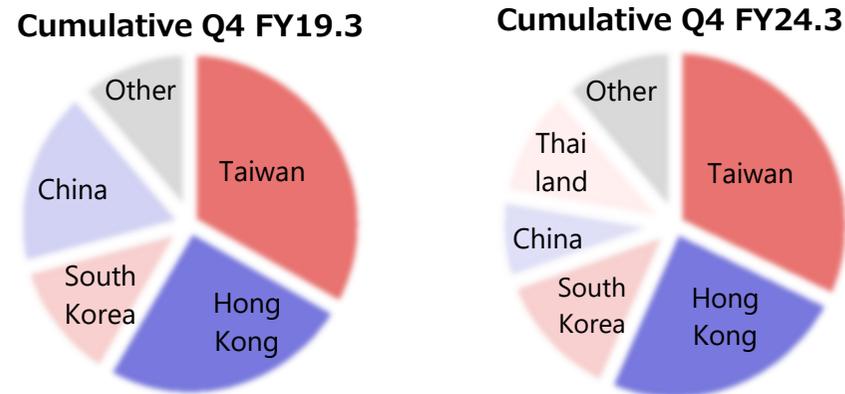
Percentage of railway transportation revenues	1Q	2Q	3Q	4Q
	Approx. 3.3%	Approx. 3.2%	Approx. 3.7%	Approx. 3.6%

Demand for JR-KYUSHU RAIL PASS

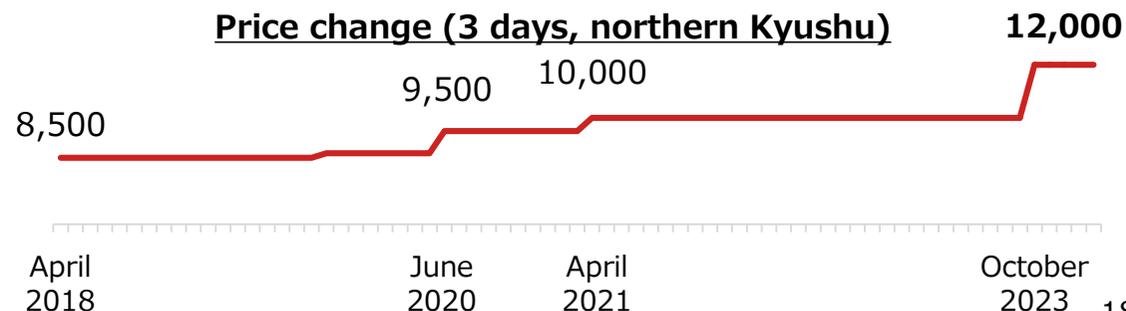
	FY19.3 Cumulative Q4	FY24.3 Cumulative Q4	
	Results	Results	Vs. FY19.3
Number of tickets sold	251,000	260,000	104%
Sales	¥2.39 billion	¥3.35 billion	140%
(Reference) Unit price*	¥8,500	~9.30 ¥10,000 10.1~ ¥12,000	118% 141%

*Price for northern Kyushu (3 days)

Sales by nationality



Price change (3 days, northern Kyushu)



Sales Measures in the Railway Business

Promotion of measures to capture and further stimulate the growing demand for mobility after the COVID-19 pandemic

Start of operations of the "KANPACHI/ICHIROKU," a new D&S train



Start of operations	April 26, 2024
Number of cars and passengers	Three cars (cars 1 and 3 are for passengers; car 2 is a lounge) Maximum occupancy of 60 people (all seats are first class, "green")
Services area and frequency	One-way service once per day between Hakata and Beppu
Travel time	Approximately 5 hours

Price* *All seats sold as travel products	Seat types	Class	Maximum seating	Fare Note: Per adult
	Sofa seats	First class ("green")	15 people	¥18,000
	Box seats		33 people	
	Private tatami room		12 people	¥23,000

- The train uses the refurbished "ISABURO/SHINPEI," a D&S train that was retired in October 2023.
- Based on the concept of "a train that samples the climate of the Yufu-Kogen Line," a different meal is served each day of the week, using ingredients from Fukuoka and Oita.



Trial of dynamic pricing

- We began dynamic pricing verification testing of "KYUSHU NET HAYATOKU 7" (regular fare ¥3,800), an Internet-only discount ticket between Hakata and Kumamoto, at different prices (¥3,400 to ¥4,200) for each train based on past passenger load factors and reservation status.



Event planning to generate travel demand and create a lively atmosphere

- Tie-up events with the popular game "Splatoon 3" were held at Hakata, Nagasaki, Oita and Kagoshima-Chuo stations. Attractions using snowballs and original goods were sold.



- To commemorate the 20th anniversary of the Kyushu Shinkansen's partial opening, events to enjoy local shochu (Japanese liquor) were held at Shin-Yatsushiro, Shin-Minamata, Izumi, Sendai, and Kagoshima-Chuo stations.



Railway Business (Transportation Data)

Railway transportation revenues

(¥bil)

	Results FY23.3	Results FY24.3	YoY		Major Factors
Total	121.4	145.0	23.6	119.5%	
Commuter pass	29.0	30.2	1.1	104.0%	
Non-commuter pass	92.3	114.8	22.4	124.3%	
Cargo	0.0	0.0	0.0	133.5%	
Shinkansen	44.0	57.5	13.5	130.7%	Gradual recovery in demand, opening of the Nishi-Kyushu Shinkansen
Commuter pass	2.7	2.9	0.2	109.4%	
Non-commuter pass	41.3	54.5	13.2	132.1%	
Conventional Lines	77.4	87.5	10.1	113.1%	Gradual recovery in demand
Commuter pass	26.3	27.2	0.9	103.5%	
Non-commuter pass	51.0	60.2	9.2	118.1%	

Passenger-kilometers

(Millions of passenger-kilometer)

	Results FY23.3	Results FY24.3	YoY	
Total	7,423	8,354	930	112.5%
Commuter pass	3,756	3,876	119	103.2%
Non-commuter pass	3,667	4,478	810	122.1%
Shinkansen	1,552	1,941	389	125.1%
Commuter pass	199	218	18	109.5%
Non-commuter pass	1,352	1,722	370	127.4%
Conventional Lines	5,871	6,412	541	109.2%
Commuter pass	3,556	3,657	100	102.8%
Non-commuter pass	2,315	2,755	440	119.0%

Real Estate and Hotels Segment: Real Estate Leasing Business

- In FY24.3, JR Hakata City drove existing station building tenant sales above pre-pandemic levels.
- In FY25.3, Amu Plaza Nagasaki annex, which opened in November 2023, will contribute to performance for the entire year.

[Results]

	FY23.3 Results	FY24.3 Results	YoY	
Operating revenue	62.6	70.7	8.1	113.0%
Operating income	14.8	15.8	0.9	106.6%
EBITDA	26.7	29.0	2.3	108.8%

(¥bil)

[Forecast]

	FY24.3 Results	FY25.3 Forecasts	YoY	
	70.7	76.3	5.5	107.8%
	15.8	17.3	1.4	108.9%
	29.0	31.8	2.7	109.3%

(¥bil)

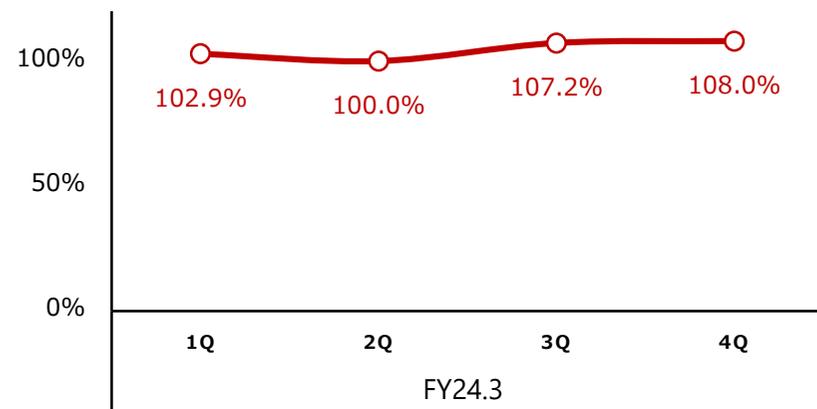
Status of key businesses

- Mainly thanks to JR Hakata City, existing station building tenant sales exceeded 100% of FY19.3 levels in each quarter.
- Leasing of office buildings was generally steady, including of those that opened in FY24.3.

Assumptions behind performance forecasts

- In FY25.3, we expect station building tenant sales to reach 105% of the previous year's levels, helped by a full year's contribution of Amu Plaza Nagasaki annex, which opened in FY24.3.
- We expect performance at office buildings and rental apartments to remain firm, as in FY24.3.

Tenant sales at key existing station buildings*
(vs. FY19.3)



*Hakata, Kokura, Nagasaki (excluding new station building), Oita, Kagoshima

Real Estate and Hotels Segment | Real Estate Sales Business

- The sale of Company properties in FY24.3 was down from FY23.3 levels, causing revenue to decline.
- In FY25.3, we expect condominium sales to be above FY24.3 levels, but we anticipate lower sales of Company properties.

[Results]

	FY23.3 Results	FY24.3 Results	YoY	
Operating revenue	43.5	37.1	(6.4)	85.2%
Operating income	6.2	5.2	(1.0)	83.8%
EBITDA	6.2	5.2	(1.0)	83.9%

(¥bil)

[Forecast]

	FY24.3 Results	FY25.3 Forecasts	YoY	
Operating revenue	37.1	33.5	(3.6)	90.2%
Operating income	5.2	5.7	0.4	108.8%
EBITDA	5.2	5.8	0.5	110.2%

(¥bil)

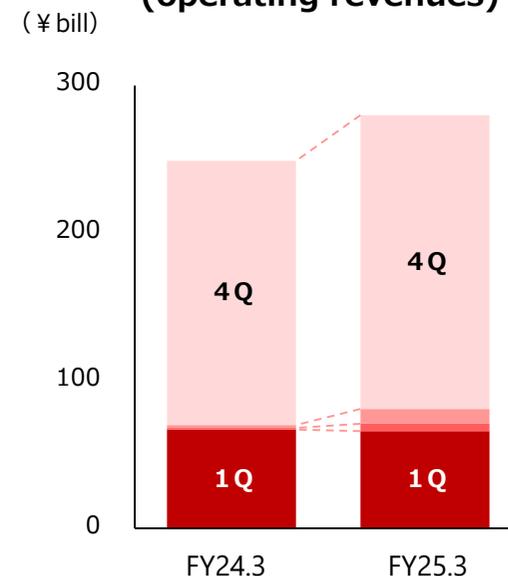
Status of key businesses

- Operating revenues from condominium sales were up slightly vs. FY23.3.
- In March 2024, we began to deliver MJR Fukagawa Sumiyoshi, the Company's first condominium in Tokyo.
- With regard to the sale of Company properties, we generated annual operating revenues of approximately ¥10.0 billion from the sale of properties such as RJR Precia Shin-Yokohama and RJR Precia Hakataeki-Minami. (FY23.3 results: Around ¥17.0 billion)

Assumptions behind performance forecasts

- We expect operating revenues from condominium sales to increase.
- We anticipate annual operating revenues of around ¥2.5 billion from the sale of Company properties, which is lower than FY24.3 levels.

Expected condominium sales (operating revenues)



Real Estate and Hotels Segment | Hotel Business

- ADR increased in FY24.3, centering on THE BLOSSOM, rising above ¥20,000 in 2H.
- In FY25.3, we expect occupancy rates and ADR to be around 2H FY24.3 levels.

[Results]

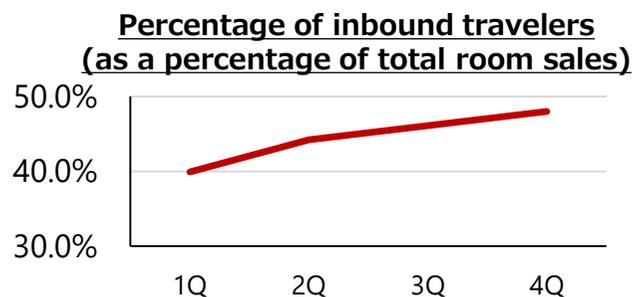
	FY23.3 Results	FY24.3 Results	YoY	
Operating revenue	16.9	25.2	8.3	149.4%
Operating income	0.9	3.6	2.7	382.7%
EBITDA	3.2	6.4	3.1	197.1%

[Forecast]

	FY24.3 Results	FY25.3 Forecasts	YoY	
Operating revenue	25.2	28.4	3.1	112.4%
Operating income	3.6	5.4	1.7	146.7%
EBITDA	6.4	8.7	2.2	134.1%

Status of key businesses

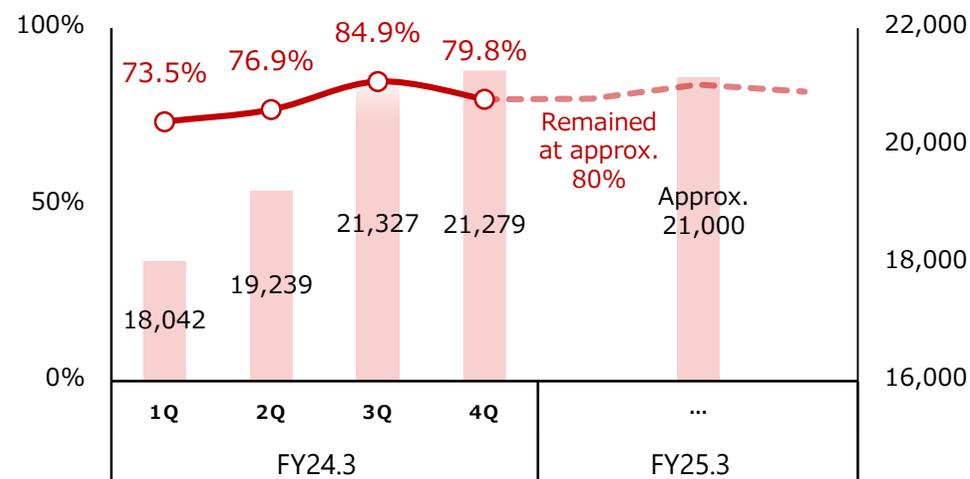
- The percentage of inbound travelers was up during the year. The increase in ADR centered on THE BLOSSOM-branded facilities, which receive a particularly high percentage of inbound travelers.
- Occupancy rates were up overall, accounting for around 70% to 80% of the total.



Assumptions behind performance forecasts

- We assume occupancy rates at all hotels in Japan at around 80%, with ADR of approximately ¥21,000.
- URESHINO YADOYA and Nagasaki Marriott Hotel, which opened in FY24.3, will contribute to performance for the entire year.

Occupancy rates and ADR



Retail and Restaurant Segment

- In FY24.3, a resurgence in footfall led to positive performance at retail stores and restaurants.
- In FY25.3, we look forward to higher revenues, due to increased sales at existing stores, as well as sales from new stores.

[Results]

	(¥bil)			
	FY23.3 Results	FY24.3 Results	YoY	
Operating revenue	54.7	61.7	6.9	112.7%
Operating income	1.4	3.2	1.7	227.3%
EBITDA	2.7	4.5	1.7	165.8%

[Forecast]

	(¥bil)			
	FY24.3 Results	FY25.3 Forecasts	YoY	
	61.7	65.2	3.4	105.6%
	3.2	3.6	0.3	112.3%
	4.5	5.0	0.4	110.7%

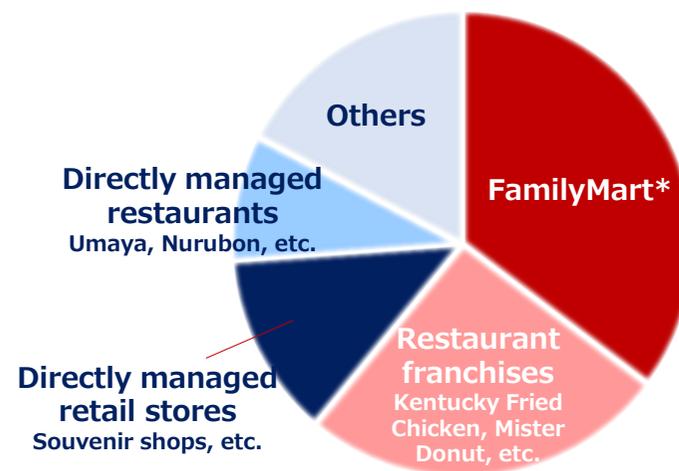
Status of key businesses

- A recovery in travel demand and footfall led to a year-on-year increase in sales at existing retail stores and restaurants, centered on major subsidiaries.

Assumptions behind performance forecasts

- Sales at existing convenience stores and specialty stores both exceeded 100% of the previous year's levels.
- We plan to open new stores at franchise chains, which accounted for around 60% of operating revenues In FY24.3.

Approximate breakdown of operating revenues in the Retail and Restaurant Segment



Note: FamilyMart consists of directly managed stores and stores operated as a franchisee.

Construction Segment

- In FY24.3, revenues and income were up year on year, owing to construction related to the New Nagasaki Station Building, Hokuriku Shinkansen, Hokkaido Shinkansen, and other projects.
- In FY25.3, we will consolidate our sub-subsidiaries, as the businesses have become more important to our medium- to long-term management strategy.

[Results]

	(¥bil)			
	FY23.3 Results	FY24.3 Results	YoY	
Operating revenue	88.3	90.0	1.7	101.9%
Operating income	5.4	5.9	0.5	109.7%
EBITDA	6.5	7.0	0.5	108.1%

[Forecast]

	(¥bil)			
	FY24.3 Results	FY25.3 Forecasts	YoY	
	90.0	95.0	4.9	105.4%
	5.9	6.6	0.6	110.5%
	7.0	7.9	0.8	112.3%

Status of key businesses

- In FY24.3, revenues and income increased owing to construction projects related to the New Nagasaki Station Building, which opened in November 2023, as well as the Hokuriku Shinkansen, the Hokkaido Shinkansen, and a development project utilizing the space above the tracks at Hakata Station, among others.

Assumptions behind performance forecasts

- One management strategy in our medium-term business plan is to “strengthen our BtoB and BtoG businesses.” Accordingly, we will consolidate the sub-subsidiaries shown at right, owing to their increased importance to our management strategy over the medium to long term.

Sub-subsidiaries to be consolidated

Company name	Parent company	Business details	Notes
Kyutetsu Built Co, Ltd.	KYUTETSU CORPORATION	General Construction	—
Metalstar Kyushu, Ltd.	JR Kyushu Engineering, Ltd.	Manufacturing and installation of architectural hardware	Acquired in April 2022
Arima Electric Facilities Co., Ltd	JR Kyushu Electric System Company	Installation of electrical equipment	Acquired in December 2019
Nishiden Co., Ltd	Same as above	Production and installation of various signs, switchboards, etc.	Acquired in November 2020

Business Services Segment

- In FY24.3, revenues and income were up due to increased material deliveries, advertising placements, etc.
- In FY25.3, we will consolidate sub-subsidiaries in this business due to their increased importance to our management strategy over the medium to long term.

[Results]

(¥bil)

	FY23.3 Results	FY24.3 Results	YoY	
Operating revenue	73.4	77.9	4.5	106.1%
Operating income	3.4	3.8	0.3	111.2%
EBITDA	6.2	6.8	0.6	110.4%

[Forecast]

(¥bil)

	FY24.3 Results	FY25.3 Forecasts	YoY	
Operating revenue	77.9	81.8	3.8	104.9%
Operating income	3.8	4.7	0.8	121.3%
EBITDA	6.8	7.7	0.8	111.7%

Status of key businesses

- Revenues and income increased year on year due to increased deliveries of railroad and construction materials and advertising placements.
- In the construction equipment sales business, sales of new equipment struggled, but used equipment sales made up for this situation.

Assumptions behind performance forecasts

- One management strategy in our medium-term business plan is to “strengthen our BtoB and BtoG businesses.” Accordingly, we will consolidate the sub-subsidiaries shown at right, owing to their increased importance to our management strategy over the medium to long term.

Sub-subsidiaries to be consolidated

Company name	Parent company	Business details	Notes
CK Rental Ltd.	Caterpillar Kyushu Ltd.	Construction equipment rental and maintenance	Acquired in August 2019
Premium Logix Ltd.	JR Kyushu Trading Co., Ltd.	Transportation of heavy items such as precision equipment and pianos	Acquired in October 2022
BSS Co, Ltd.	JR Kyushu System Solutions Inc.	IT solution business, business planning, etc.	Acquired in September 2019
With-Unity Co., Ltd.	Same as above	Contracted development and maintenance of medical and business systems	Acquired in June 2022

IV Progress of the Medium-Term Business Plan

JR Kyushu Group Medium-Term Business Plan 2022-2024

Three key strategies of the medium-term business plan

Robustly promoting three key strategies during the stage for returning the Company to a growth track

Completing business structural reforms

Key strategy ①

Railway business	Stabilizing profitability
Hotel business	Increasing competitiveness of existing hotels
Retail and Restaurant business	Increasing the competitiveness of brands and of stores/restaurants
Construction business	Implementing transition in primary focus from inside the Group to outside

Key strategies for the realization of the long-term vision

Key strategy ②

Creating a model for building cities that promote well-being

Key strategy ③

Developing businesses in new areas in which we can contribute

Developing human resources for the implementation and realization of strategies

Building foundations for advancing strategies on a Groupwide basis

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.

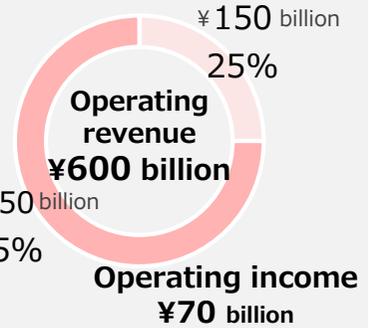
Policy ①

Implementing city-building initiatives for the realization of well-being, with consideration for changes in values

Policy ②

Expanding areas we work in that contribute to the sustainable development of Kyushu

FY31.3 (numerical targets)



○ : Railway transportation revenue ○ : Other revenues

Numerical targets, etc. (FY25.3)

[Consolidated]

Operating revenue **¥440 billion** Operating income **¥57 billion**
EBITDA **¥94 billion** ROE **More than 8%** [reference]

[By segment*]

(¥bil)

Segment name	Operating revenue	Operating income
Transportation	163	17
Real Estate and Hotels	133	27
Retail and Restaurant	65	3
Construction	95	7
Business Services	80	4

[Cumulative investment planned for 2022–2024]

¥340 billion

¥225 billion

(including items that have not been confirmed)

¥115 billion

¥58 billion

Investment plan

Bonds, borrowings, etc.

Consolidated operating cash flow **¥230 billion**

(Reference) Fund-raising (plan)

Financial soundness indicators (end-FY25.3)

D/EBITDA **Approx. 5 times**

Capital adequacy ratio **Approx. 40%**

■ : Growth investment (including M&A)
■ : Maintenance and upgrade investment
■ : Safety investment

Shareholder return policy

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

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

State of Progress of the Medium-Term Business Plan

		To FY24.3	FY25.3
Key strategies	(1) Completing business structural reforms	<ul style="list-style-type: none"> ● Achieving ¥14.0 billion reduction in fixed costs in the railway business ● Launch the Future Railway Project 	<ul style="list-style-type: none"> ● Steadily implement the Future Railway Project ● Restructure hotel subsidiaries
	(2) Creating a model for building cities that promote well-being	<ul style="list-style-type: none"> ● Open the Nishi-Kyushu Shinkansen ● Open the JR Nagasaki Station Building 	<ul style="list-style-type: none"> ● Conduct city-building in the Fukuoka area ● Promote the development of logistics real estate
	(3) Developing businesses in new areas in which we can contribute	<ul style="list-style-type: none"> ● Establish an intermediate holding company in the construction segment 	<ul style="list-style-type: none"> ● Enter the grid-based storage battery business
ESG	Environmental (E)	<ul style="list-style-type: none"> ● Acquire green building certification 	<ul style="list-style-type: none"> ● Plan to start disclosing Groupwide Scope 3 emissions
	Social (S)	<ul style="list-style-type: none"> ● Formulate a personnel strategy 	<ul style="list-style-type: none"> ● Launch a new personnel and wage system
	Governance (G)	<ul style="list-style-type: none"> ● Begin linking non-financial KPIs and executive compensation ● Revise the Board of Directors skillset 	

Key Strategy ① Completing Business Structural Reforms | Railway Business (Future Railway Project)



- We introduced Japan's first GOA* 2.5 self-driving trains in March, and we have commenced verification testing of GOA 2.0 self-driving trains.
- One year after its launch, the "future management of income and expenses" program has led to changes in employees' awareness of income and expenses.

Expanding and going deeper on self-driving trains

- In March 2024, we commenced operation of GOA 2.5* self-driving trains throughout the Kashii Line (25.4 km, between Saitozaki and Umi stations).

*GOA = Grade of Automation



— Area covered by GOA 2.5 self-driving trains
 — Area covered by GOA 2.0 self-driving trains



- In March 2024, we began verification testing of GOA 2.0 self-driving trains on part of the Kagoshima Main Line (between Orio and Futsukaichi)
 - *The section on which GOA 2.0 self-driving trains can operate is between Mojiko and Arao (151.6km)
- We will feed back the results of verification testing into GOA 2.5 self-driving trains, to reduce their high burden of installation.

Objective	Automation of speed control will further improve safety and enable the driver to focus on responding to abnormal conditions.
Characteristics	(1) Manual intervention by the driver possible (2) No need for additional ground facilities, simplified onboard facilities (3) Realization of ideal automatic operation through accumulation of driving records in a database

Examples of changes after the introduction of "future management of income and expenses"

- One year has passed since the introduction of "future management of income and expenses," a customized version of "amoeba management" for railroads, and we have fostered awareness of income and expenditures in each workplace.

Specific example

The department that manages train operations is allocated revenue based on the number of passenger-kilometers transported, so the department sets a target for the number of hours of delay and works to minimize that number, thereby minimizing customer losses due to train delays and reducing overtime work by employees.

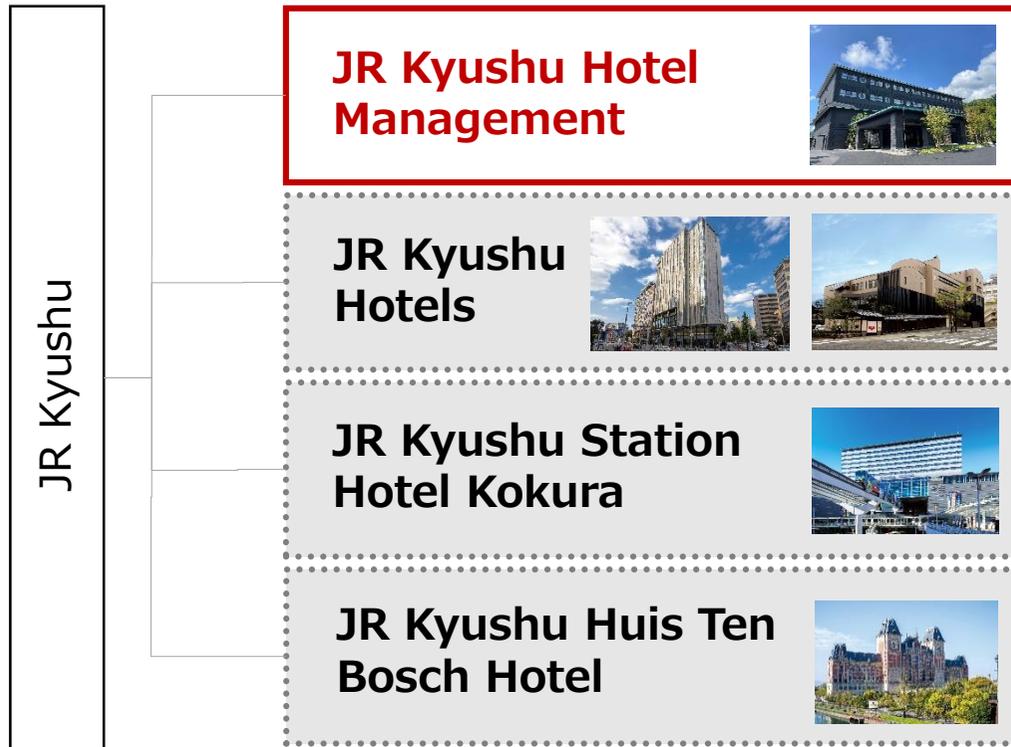


GOA2.5	Operation in which crew members of self-driving trains (staff with in-house qualifications other than the driver) are on board at the front of the train to perform emergency stop operations, etc.
GOA2.0	Operation in which drivers are on board at the front of the train to perform manual interventions and other operations depending on the situation

Key Strategy ① Completing Business Structural Reforms | Restructure Hotel-Operating Companies

- We plan to increase the resilience of our management base and strengthen overall facility management capabilities through a merger.
- We will review the personnel and wage systems in conjunction with the reorganization. We aim to realize a more rewarding and comfortable work environment and to become the hotel of choice for employees, customers, and external partners.

A merger of four hotel-operating companies



Merger with JR Kyushu Hotel Management as the surviving company on October 1, 2024 (scheduled) *

Directions to be pursued through the reorganization

Comprehensive facility operations

- Strengthen property management capabilities as a hotel operator by combining know-how in the operation of all types of lodging facilities
- **Aim for 50% share of profits from external projects (Operation through building lease and management contract)**

Creating a company that is easy to work for

- Implement batch hiring and systematic training
- **Raise wage levels, introduce a transparent evaluation system, and conduct personnel operations across facilities**

Strengthening the management base

- **Improve organizational mobility, enabling the promotion of proactive and consistent strategies and measures**
- Increase efficiency and level of operations by consolidating common operations
- Promote the joint procurement of materials, foodstuffs, etc.

* Oyama Yumekobo, Inc. was not included in the restructuring because it was not a wholly owned subsidiary at the stage of consideration. JR Kyushu Business Development (Thailand) Co., Ltd. is also not included in the restructuring, because it is based overseas and it is hard to imagine how this company would benefit from the reorganization. The name of the new merged company has not yet been decided.

Key Strategy ② Creating a Model for Building Cities That Promote Well-Being | City-Building in the Western Kyushu Area

- We have opened the “Amu Plaza Nagasaki annex” and the “Nagasaki Marriott Hotel” and renovated existing station buildings. Development of the western Kyushu area and area around Nagasaki Station has been completed.

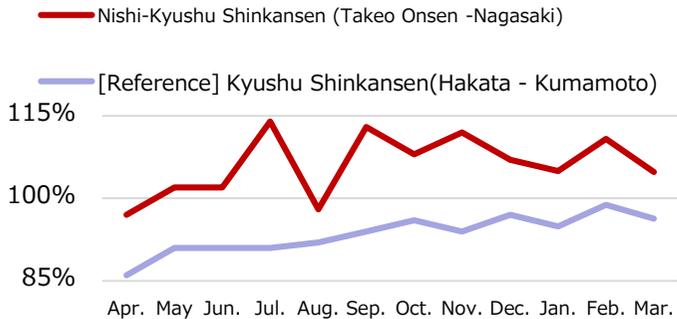


Number of people using the Nishi-Kyushu Shinkansen in its second year since opening (September 23, 2023 to March 22, 2024)

Approx. 7,100 people/day

Note: **Approx. 6,600 people/day** used the Shinkansen in its first year of opening.

Number of people using the Nishi-Kyushu Shinkansen, compared with FY19.3



Notes: Results are for the section between Takeo Onsen and Nagasaki. In the first year of opening, the number of people is for the period from September 23, 2022 and September 22, 2023. The comparison with 2018 levels is for the Kamome limited express on the section between Isahaya and Nagasaki.

B Opening of the Nagasaki Marriott Hotel

- Opening on January 16, 2024
- 207 guest rooms (including 28 suites)



B Renovation of the existing station buildings

- Renovated on March 1, 2024
- Contains 28 stores, with one of the largest “food floors” in Nagasaki



January 2022 March 2022 September 2022 April 2023 November 2023 **New** January 2024 **New** March 2024

A Akane-sasu Hizenhamashuku
Accommodation in an old private home



B Kamome Ichiba
Souvenirs, dining, etc.



Nishi-Kyushu Shinkansen



C Under the elevated tracks at Saga Station Renovation



B Amu Plaza Nagasaki annex
D URESHINO YADOYA



B Nagasaki Marriott Hotel



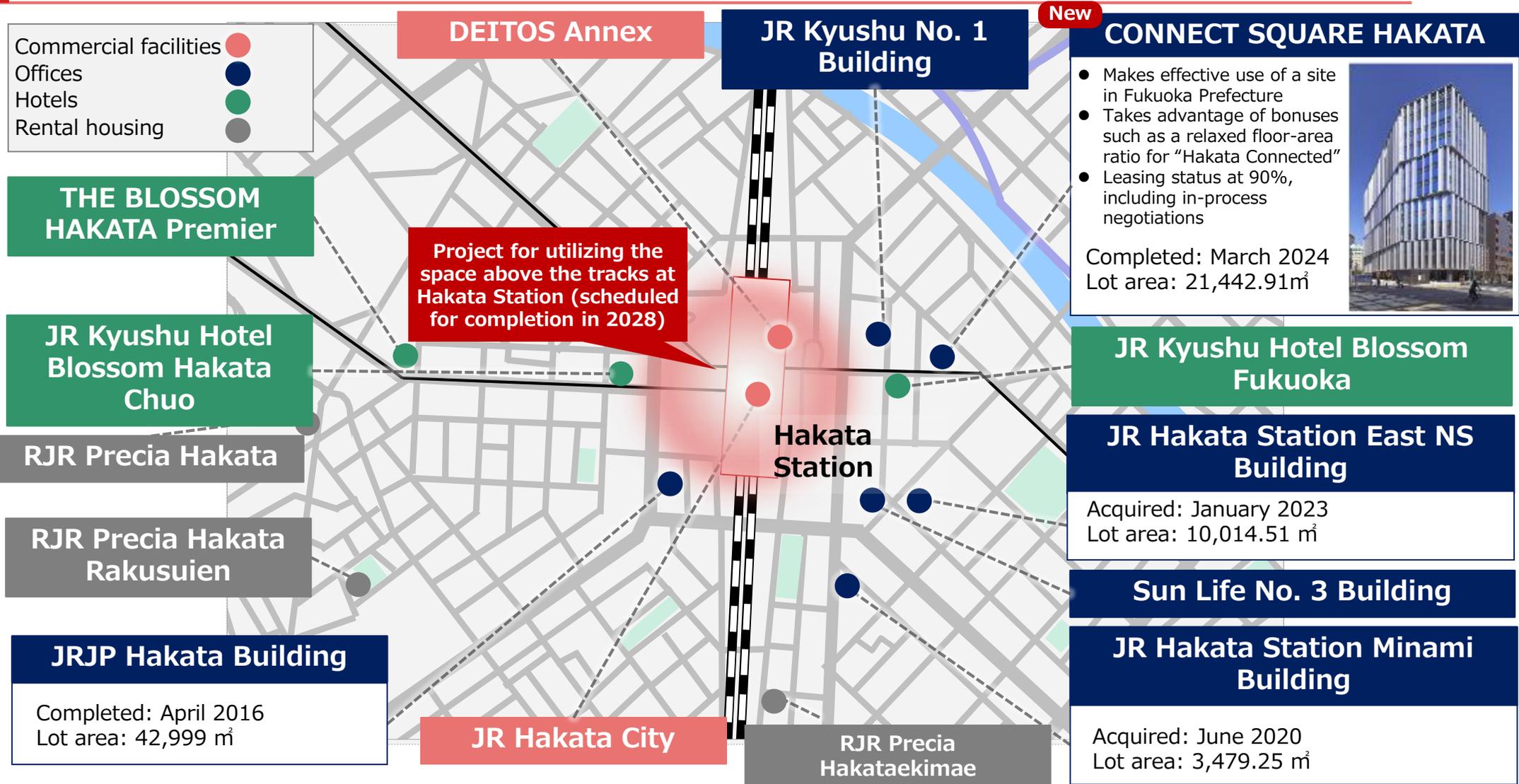
B Renovation of the existing station buildings



Key Strategy ② Creating a Model for Building Cities That Promote Well-Being | City-Building in the Fukuoka Area

- We are promoting city-building, including collaboration with outside entities such as the “Hakata Connected” project in Fukuoka City
- We will continue to aggressively prepare and enhance the value of the area around Hakata station through city-building

Major real estate development and acquisition projects in the Hakata Station area*

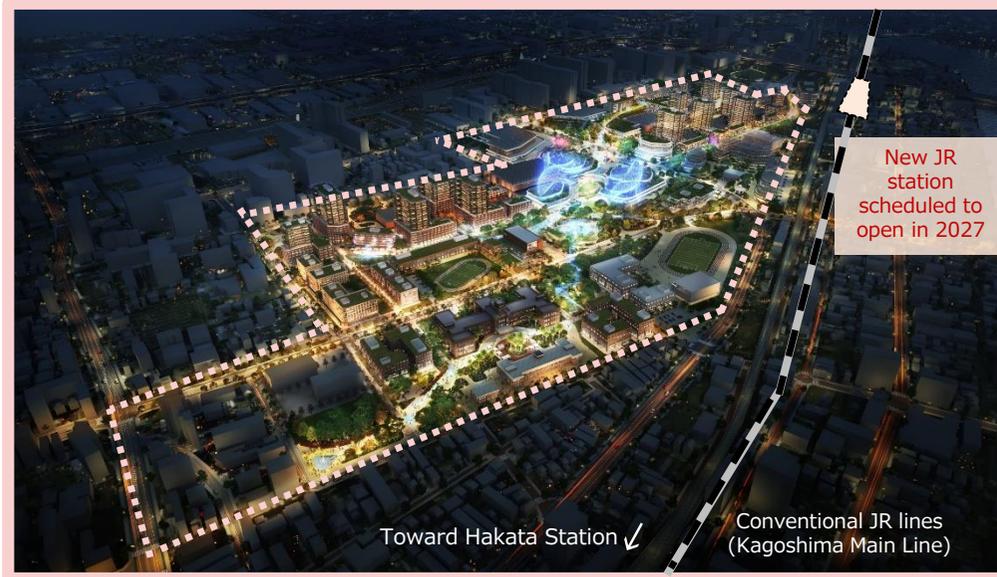


Note: RJR Precia Hakata, RJR Precia Hakata Rakusuien and RJR Precia Hakataekimae are owned by JR Kyushu Private Reit, Inc. JRJP Hakata Building and CONNECT SQUARE HAKATA are jointly owned with another company. JR Kyushu Hotel Blossom Hakata Chuo is operated under a building lease.

Key Strategy ② Creating a Model for Building Cities That Promote Well-Being

City-Building along Our Railway Lines

- We responded to the “Kyushu University Hakozaki Campus Site Area Land Use Business Application” and were selected as the preferred bidder for providing multiple types of value through urban development along our railway lines.



HAKOZAKI Green Innovation Campus concept

Creation of green spaces

- Create parks and street squares that connect to the community.

Creation and growth of new industries

- Create a research base for the IOWN next-generation communication technology concept and an innovation center where various players gather to create a new industry.

Realization of “Manabimachi” where Kyushu’s learning is concentrated.

- Develop an international school and other facilities. Pass on Kyushu University’s 100-year legacy and provide educational functions.

Creation of new lifestyles

- Implement services such as biometric authentication to complete various service authentication and payment, such as store payments, home keys, etc.



Area for transfer	Approx. 28.5ha
Corporate groups that are preferred negotiators	Sumitomo Corporation (representative company), Kyushu Railway Company , Saibu Gas, Shimizu Corporation, Daiwa House Industry, Tokyu Land Corporation, The Nishinippon Shimbun, Nishi-Nippon Railroad
Other	Determination of the land use operator through preferential negotiation is expected around the second half of fiscal 2025.

Key Strategy ② Creating a Model for Building Cities That Promote Well-Being

Promoting Logistics Real Estate Development

- We are entering the logistics facilities business, and we have already begun on our first development project.
- We will actively promote both acquisition and development, while leveraging alliances with other companies.

Main developments and acquisitions

④ Logistics facility in Moji-ku, Kitakyushu

- Close to the Shin Moji Ferry Terminal
- Approx. 2.4 km from Shin Moji IC

Location: Moji-ku, Kitakyushu, Fukuoka Prefecture
 Lot area: 14,428 m²
 Acquisition date: March 2024



② Hakozaki Wharf logistics facility

- Located approximately 1.7km from an urban expressway entrance/exit

Location: Higashi-ku, Fukuoka, Fukuoka Prefecture
 Lot area: 25,657 m²
 Acquisition date: March 2023



① Fukuoka Kita Logistics Center

- The Company's first logistics facility acquisition
- Within 5 km of Fukuoka IC

Location: Kasuya-machi, Kasuya-gun, Fukuoka Prefecture
 Lot area: 11,683 m²
 Acquisition date: March 2023



③ Sue No. 1 Logistics Center

- Approx. 3.3 km from Fukuoka IC
- Partially acquired from Yoshida Kaiun
- Signed an agreement with Yoshida Kaiun and will continue to cooperate with them in the future

Location: Sue-machi, Kasuya-gun, Fukuoka Prefecture
 Lot area: 12,452 m²
 Acquisition date: December 2023



⑤ LOGI STATION Fukuoka Ogori

- First property developed by the Company
- Approximately 1.5 km from the Chikugo Ogori IC
- Multi-tenant type with plans for a refrigerated section and a warehouse for hazardous materials to meet a variety of needs

Location: Ogori, Fukuoka Prefecture
 Lot area: 85,870 m²
 Date of completion: July 2025 (scheduled)



Key Strategy ② Create a Model for Building Cities That Promote Well-Being | Rediscover and Utilizing Regional Resources

- We are discovering people who are contributing to the attraction and liveliness of the region through the “Kyushu DREAM STATION” and the “Kyushu Tourism Urban Development Award.”
- Collaboration with both initiatives helped in the realization of the new D&S train.

Kyushu DREAM STATION



- In an aim to further invigorate the station and surrounding area together with the local residents, we are searching for “Nigiwai Partners” who can work together with us. Continued from FY2021.
- We received numerous applications again in fiscal 2023, and we selected three business entities as “Nigiwai Partners.”



- IFOO Co., Ltd. was in charge of renovating the Kirishima-Jingu Station interior. Upon being selected as a “Nigiwai Partner,” IFOO designed the new D&S train, the “KANPACHI/ICHIROKU”

New D&S train, “KANPACHI/ICHIROKU”

Train design by IFOO



Kyushu Tourism Urban Development Award



- The Nishi-Kyushu Tourism Urban Development Award, which was launched in FY2022, recognizes the presence of people committed to attractive city-building. In FY2023, this award was expanded to encompass all of Kyushu, and the award will continue in FY2024.
- In addition to the grand prize, there are four Gold Prizes in the categories of “food,” “manufacturing,” “invigoration” and “lodging (hospitality).” Awards are given to those who contribute to the creation of local attractions in their respective fields.
- BEPPU PROJECT, a non-profit organization that contributes to the revitalization of entire regions through art, won the grand prize in FY2023. After winning the grand prize, BEPPU PROJECT took charge of art direction for the interior of the new D&S train, “KANPACHI/ICHIROKU.”

Art direction inside the train by BEPPU PROJECT



State of Progress on Non-Financial KPIs

	Materiality	Objectives/Indicators		Progress (FY24.3)	
E	Realization of a de-carbonized society	● CO ₂ emissions	● JR Kyushu non-consolidated emissions in FY31.3	50% reduction compared to FY14.3	Reduced by 54.0% (FY23.3 result) 308 thousand t-CO ₂ JR Kyushu alone 596 thousand t-CO ₂ Groupwide basis Expect to disclose by FY25.3 4 cases
		● Disclosure of environment-related information	● Groupwide Scope 1 and 2 emissions ● Groupwide Scope 3 emissions	Tracking emissions Starting to calculate	
		● Green building	● Acquisition of green building certification	One or more cases	
S	Safety and service, the foundation for all of our businesses	● Safety	● Accidents in the railway business that result in fatalities among customers ● Occupational accidents that result in fatalities among employees, etc.	0 cases 0 cases	2 case (2 customers injured) 0 cases
		● Service	● Score of service ranking	90 or more points	Stations 86.8 points Crew 90.7 points
	Sustainable city-building	● Resident population in regions around development areas	● Monitoring indicators		—
		● Creating employment through new development projects	● Monitoring indicators		—
Development of human resources, the source of value creation	● Employee engagement	● Results of employee attitude survey ● Exchanges of opinions between executives and employees	Continued YoY improvement 40 times per year or more	Up 0.09 points 82 times (1,932 people)	
	● Diversity (promoting women's participation and advancement in the workplace)	● Ratio of female employees among new employees	30% or more	15.5%	
	● Comfortable environments that are easy and satisfying to work in	● Ratio of female managers (End of FY31.3)	10% or more	6.4%	
	● Health management	● Ratio of male employees who take childcare leave	50% or more	132.4%	
	● Re-skilling support	● Ratio of special health guidance given to relevant employees ● Development of employees skilled in digital technologies ● Participation in external distance learning	80% or more 500 people or more 500 people or more per year	75.2% (FY23.3 result) 547 people 2,516 people	
G	Sound corporate management	● Institutional investors	● Continuing to hold financial results presentations, etc.; sharing of investors' opinions at meetings of the Board of Directors		—
		● Individual investors	● Large meetings (IR Day events) offering opportunity to talk with outside directors	1 or more events per year	1 time
		● Customers	● Offering opportunities for exchange, such as presentations, tours, etc.	5 or more times per year	10 times
		● Local communities	● Discussions with customers ● Building sustainable relationships with local communities	10 or more times per year	17 times —

Key Issues for Management Going Forward

<p>Our understanding of the current situation</p>	<ul style="list-style-type: none"> ● Various measures are generally in line with plans, and we expect to achieve our numerical targets, so we are on the way to “returning the Company to a growth track.” ● Going forward, we will enter the phase of “realizing sustainable growth” as we work to achieve our long-term vision. 						
<p>New changes in the external environment that require monitoring</p>	<table border="1"> <tr> <td data-bbox="526 446 952 718">[Socioeconomic]</td> <td data-bbox="952 446 2184 718">Arrival of an inflationary era, accelerating population decline, growing inbound consumption, and rising expectations for management to be aware of cost of capital and stock prices</td> </tr> <tr> <td data-bbox="526 718 952 877">[Kyushu]</td> <td data-bbox="952 718 2184 877">Increase in semiconductor-related investment in Kyushu</td> </tr> <tr> <td data-bbox="526 877 952 1029">[Railway]</td> <td data-bbox="952 877 2184 1029">Revision of cost-of-income calculation procedures, increased public interest in local lines</td> </tr> </table>	[Socioeconomic]	Arrival of an inflationary era, accelerating population decline, growing inbound consumption, and rising expectations for management to be aware of cost of capital and stock prices	[Kyushu]	Increase in semiconductor-related investment in Kyushu	[Railway]	Revision of cost-of-income calculation procedures, increased public interest in local lines
[Socioeconomic]	Arrival of an inflationary era, accelerating population decline, growing inbound consumption, and rising expectations for management to be aware of cost of capital and stock prices						
[Kyushu]	Increase in semiconductor-related investment in Kyushu						
[Railway]	Revision of cost-of-income calculation procedures, increased public interest in local lines						
<p>Key issues for management going forward</p>	<ul style="list-style-type: none"> ● The Company’s position and ideal management philosophy from a medium- to long-term perspective ● Capital allocation and business portfolio based on capital efficiency and other factors (investment strategy, return policy, financial strategy) ● Target KPIs (financial, non-financial) ● Business strategies for our mainstay railway and real estate businesses ● Creation and expansion of a third pillar of business to follow the railway and real estate businesses 						

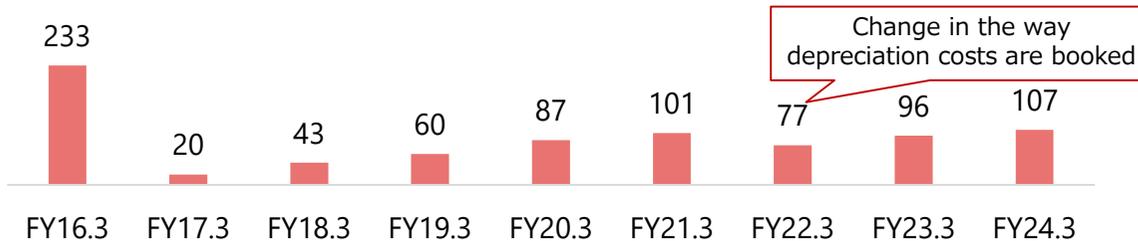
Medium- to Long-Term Issues in the Railway Business and Fare Revisions

- As one measure for addressing the medium- to long-term challenges we face in the railway business, we are preparing to apply for fare revisions in response to revised cost-of-income calculation procedures.

Our understanding of key issues

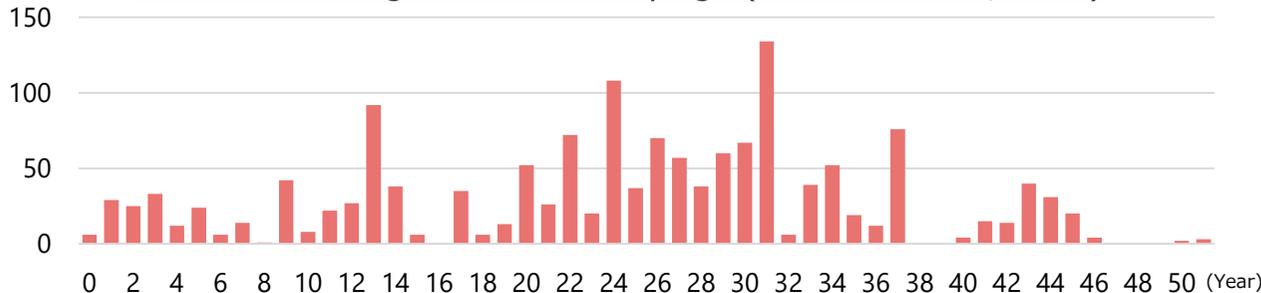
(1) Depreciation costs and the book value of assets in the railway business decreased due to impairment losses on fixed assets held in the railway business at the end of FY16.3, but depreciation costs are now increasing due to subsequent investment in maintenance, renovation and others.

Depreciation costs in the railway business (millions of yen)



(2) As facilities and rolling stocks age, including rolling stock plants that are more than 100 years old, we need to invest in and repair facilities to maintain and improve safety and service levels, as well as to respond to increasingly severe disasters and reduce the burden on the environment.

Number of rolling stocks in use by age (as of March 31, 2024)



(3) We need to continuously improve the treatment of employees and other aspects of the Company's operations to ensure a stable supply of the human resources needed to continue to provide transportation services.

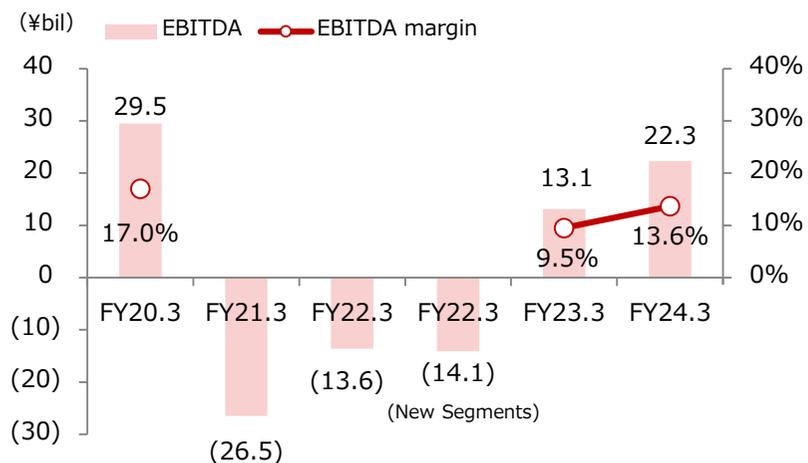
[Reference] Key revisions in cost-of-income calculation procedures

- Specification of the treatment of impairment losses based on impairment accounting**
 The depreciation of impaired fixed assets in the railway business is recorded at cost, taking into account individual circumstances, such as using the amount reported on tax returns.
- Improvement of calculation method of depreciation and amortization, etc.**
 To promote capital investment that contributes to sustainable rail transportation services, record depreciation and other expenses considered for periods longer than three years and accelerate depreciation for capital investment that is highly necessary from a policy standpoint.
- Improved handling of maintenance expenses related to disasters**
 Maintenance expenses for railway facilities recorded as extraordinary losses, which have increased due to more severe and more frequent disasters, are also recorded in cost.
- Improvements in the method of calculating personnel expenses**
 From the viewpoint of securing the human resources necessary for the future, the rate of increase in personnel expenses for railway operators (actual figures) and the "growth rate" based on the Basic Survey on Wage Structure, etc., are reflected so that wage increases can be reflected appropriately.

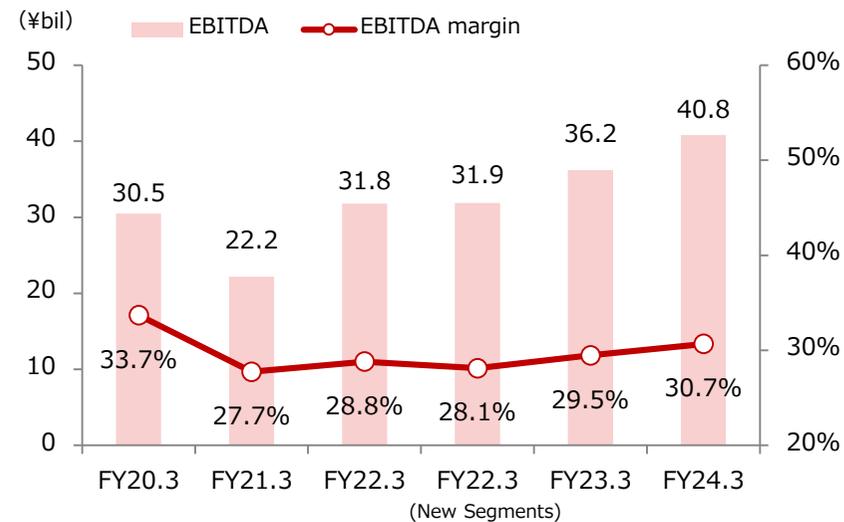
APPENDIX

EBITDA by Segment

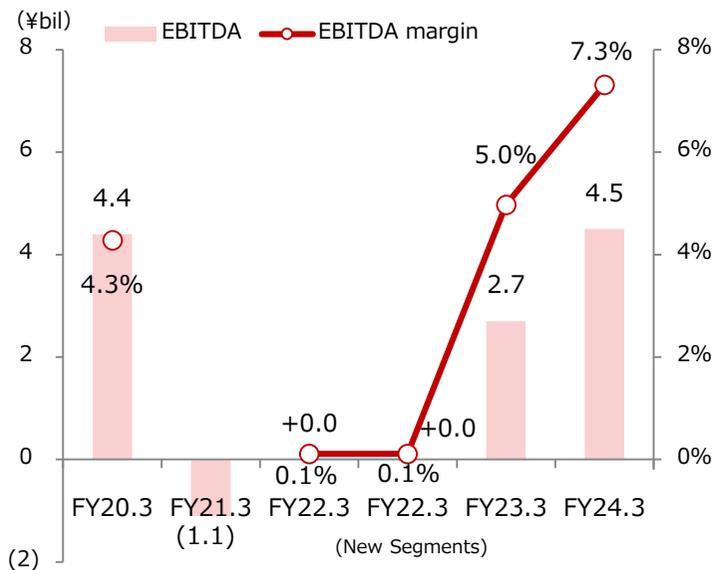
Transportation



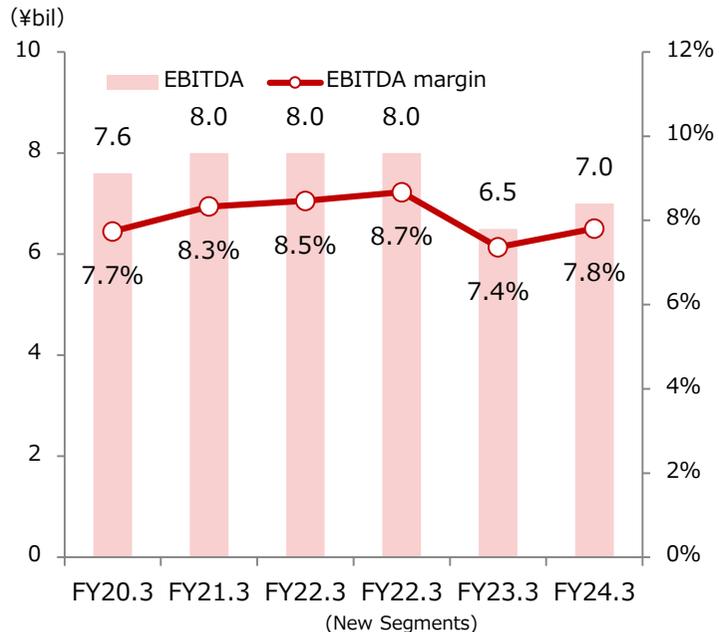
Real Estate and Hotels



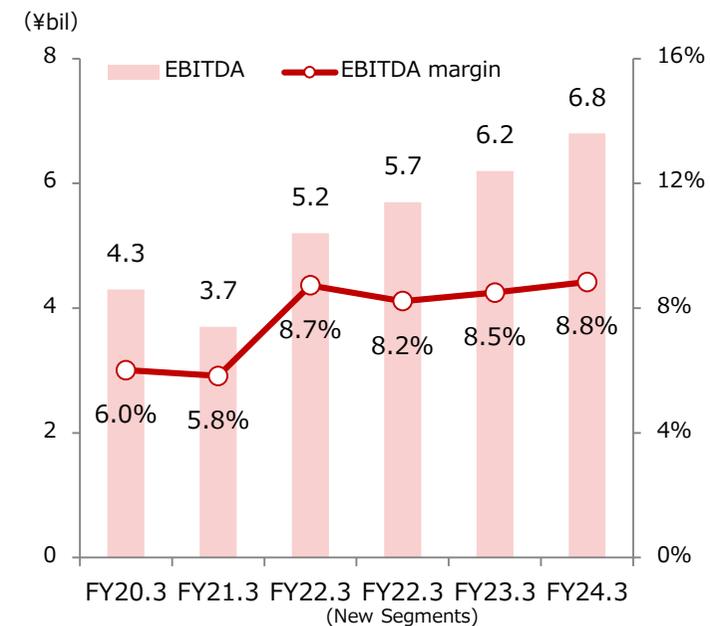
Retail and Restaurant



Construction



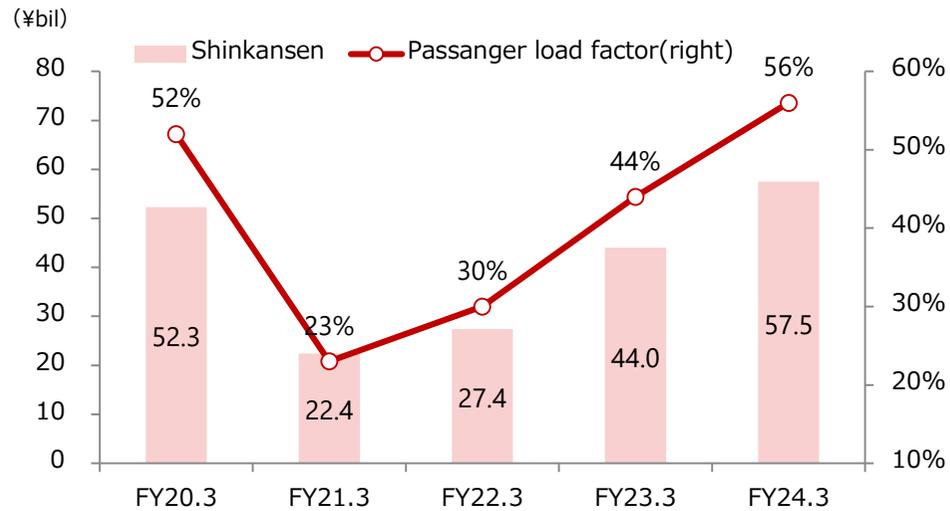
Business Services



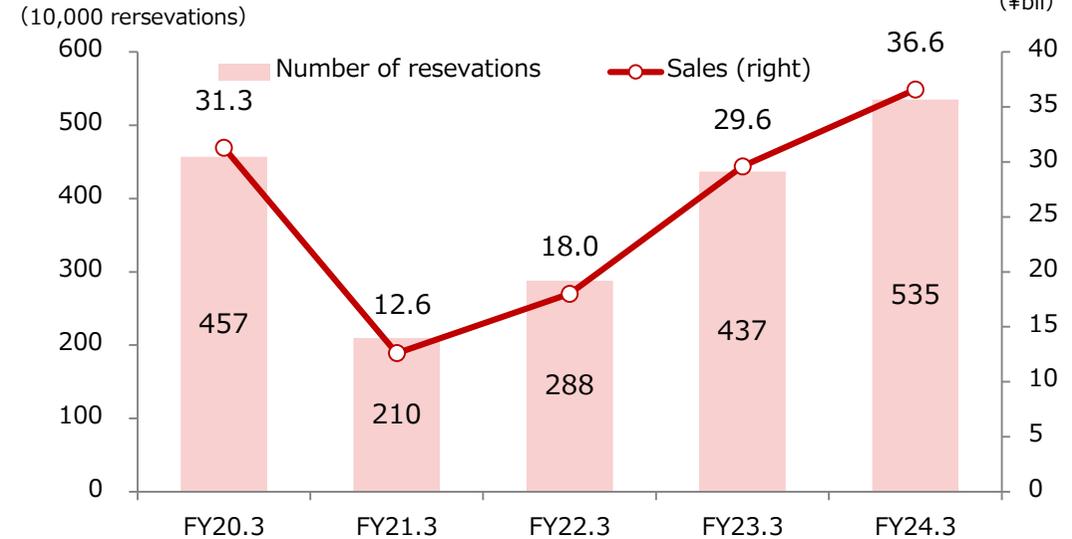
* Figures by segment are prior to eliminating intersegment transactions.

Trends in the Railway Business

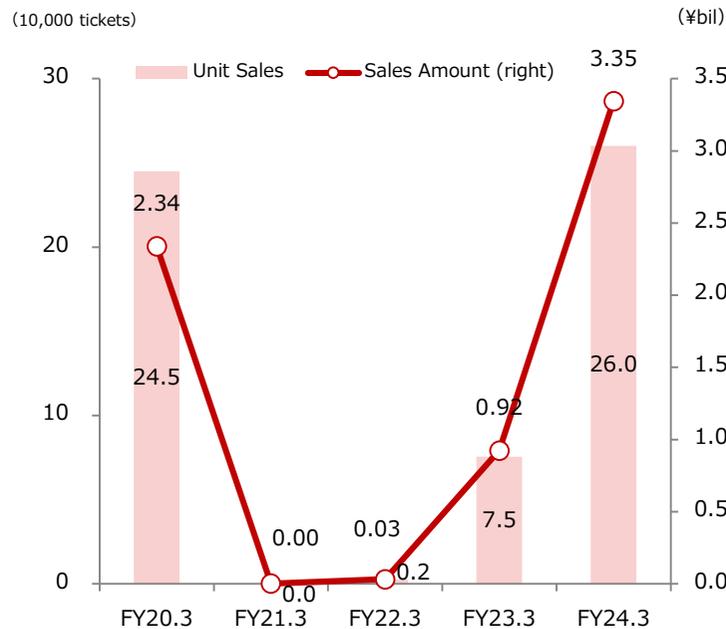
Railway transportation revenues (Shinkansen), passenger load factor on the Kyushu Shinkansen (Hakata-Kumamoto)



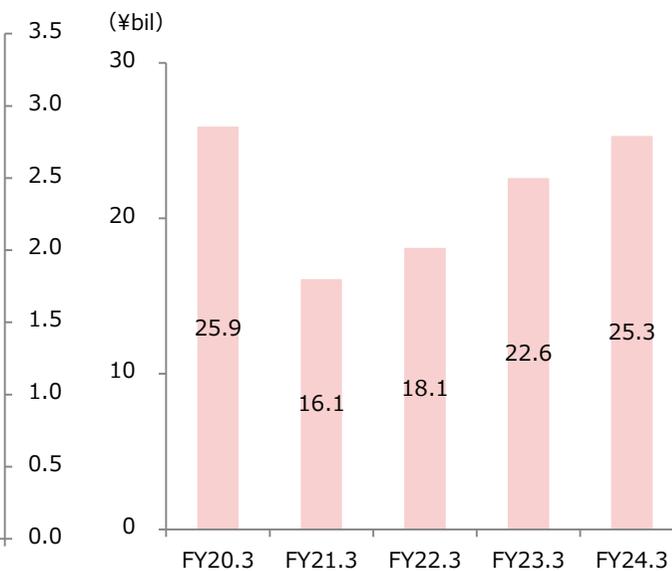
Internet train reservation services: Number of reservations, sales



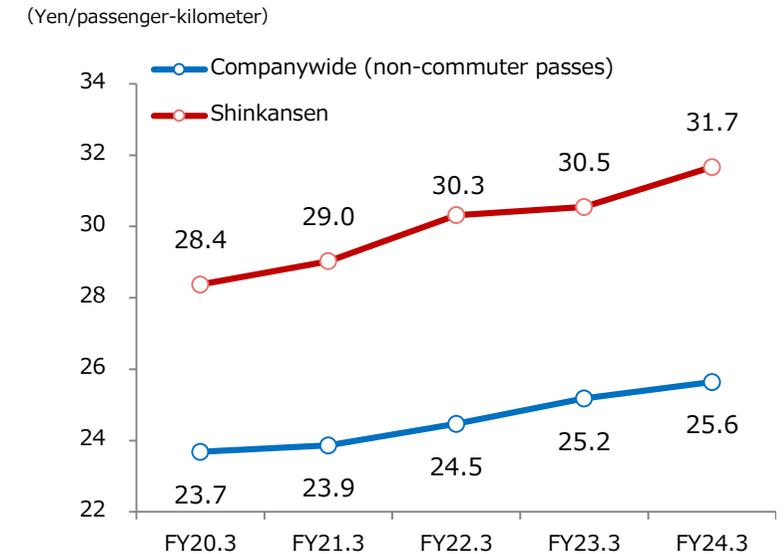
Sales Amount and Unit Sales of JR-KYUSHU RAIL PASS



Railway transportation revenues (short distance)

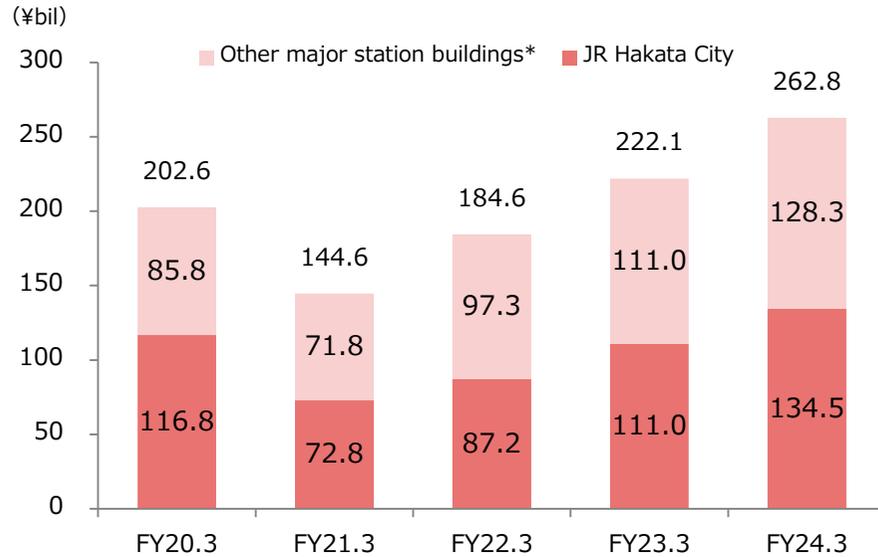


Yield (Companywide (non-commuter passes), Shinkansen)



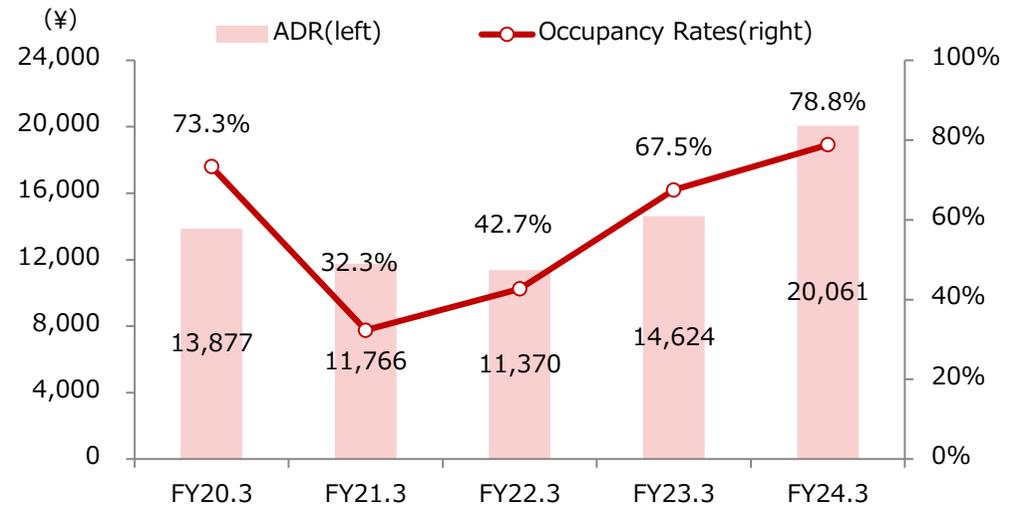
Trends in the Real Estate and Hotel Businesses

Station building tenant sales

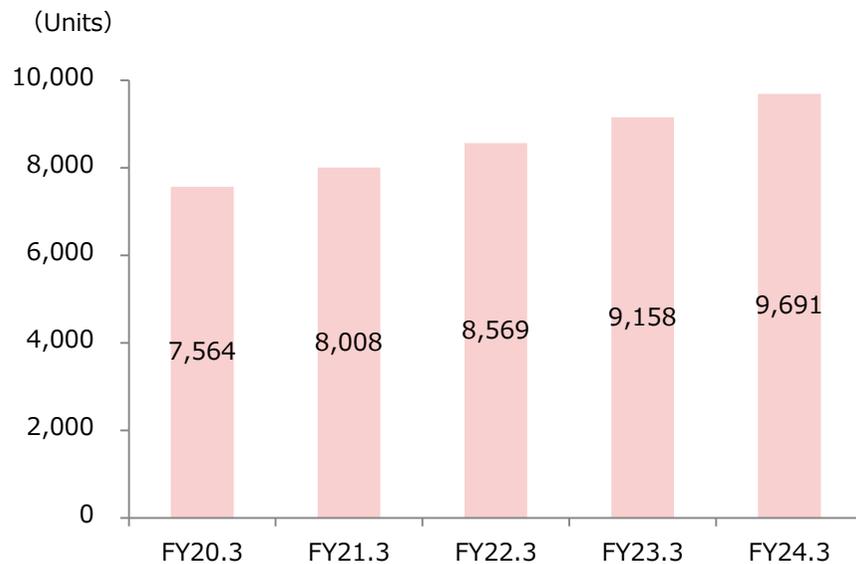


* Other main station buildings include the Miyazaki and Kumamoto Station Buildings from FY21.3.

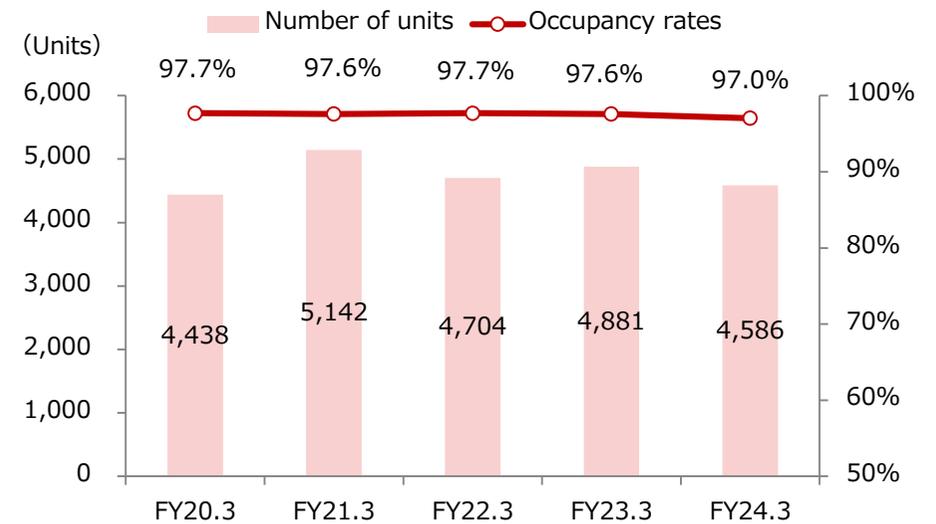
Hotel occupancy rates and average unit prices



Unit sales of condominiums (cumulative)



Rental apartment numbers (cumulative) and occupancy rate



* Numbers of rooms are as of the end of each fiscal year (excluding the sale of properties to a private REIT, etc.)
 * Occupancy rates are averages of the figures at the end of each month (excluding the year of opening for newly opened properties; excluding newly acquired properties)

Overview of Major Development Pipelines

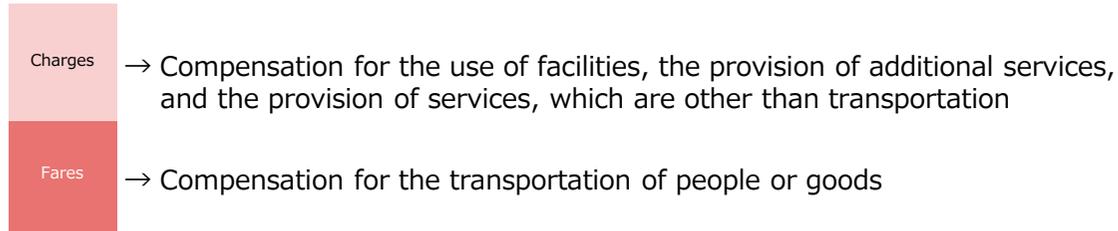
Name	Location	Schedule	Floor space/Lot area/Units/Rooms	Notes (Uses, etc.)
Kagoshima-Chuo Station West Entrance Development	Kagoshima City, Kagoshima Prefecture	Autumn 2021: Start of construction April 2023: Phase I development opening From FY2025: Phase II development opening	Lot area: Approx. 9,500㎡ Floor space: Approx. 25,400㎡ (Phase I development)	<ul style="list-style-type: none"> Phase I: commercial facilities, offices, multi-story parking garage; Phase II: multi-faceted development, including residences, etc. Considering infection countermeasures, environment burden reduction measures, use of ICT
Toranomon 2-chome category 1 urban redevelopment project * Joint development by six companies, with NIPPON STEEL KOWA REAL ESTATE CO., LTD., as the Group representative for the acquisition of reserved floor area.	Minato-ku, Tokyo	Winter 2020: Start of construction Spring 2025: Planned completion	Lot area: Approx. 22,500㎡ Floor space: Approx. 180,700㎡	Office buildings (partly commercial stores)
Project utilizing the space above the tracks at Hakata Station	Hakata-ku, Fukuoka City	End 2028: Planned completion	Lot area: Approx. 5,200㎡ Floor space: Approx. 50,000㎡	Offices, hotels, and commercial operations, and plazas, etc.
Kajiya-cho No. 1 Urban Area Redevelopment Project	Kagoshima City, Kagoshima Prefecture	Fiscal 2024: Urban planning decision Fiscal 2025: Business plan approval	Lot area: Approx. 5,500㎡	<ul style="list-style-type: none"> Plan for a complex of condominiums and commercial facilities Street stores will be located along the train street to create a bustling atmosphere. Establish a plaza for events, etc.
Former site of Kyushu University Hakozaki Campus	Higashi-ku, Fukuoka City	April 2024: Acquisition of preferential negotiating rights 2H Fiscal 2025: Project launch expected	Lot area: Approx. 28.5ha	<ul style="list-style-type: none"> Sumitomo Corporation will be the representative company, and eight companies including us will participate in the project. Specific business plans are to be developed through preferential negotiation with the offeror.

Note: Schedules are subject to change

Railway Business—Outline of Fares/Charges and Depreciation costs

Outline of Fares/Charges

Breakdown of fares/charges

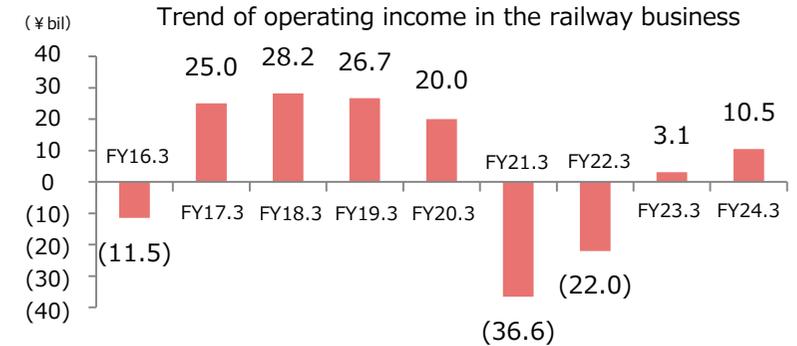


Procedures for establishing and adjusting fares/charges

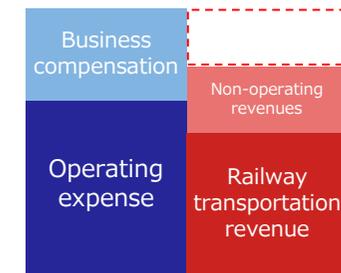
- Establishing/adjusting the upper limit for fares and Shinkansen express charges requires the approval from the Minister of the Ministry of Land, Infrastructure, Transport and Tourism(MLIT).
- Establishing/adjusting fares and Shinkansen express charges within the scope of the upper limit and establishing/adjusting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

Examination standards for upper limit fares/charges

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



If examination standards are met (illustration)

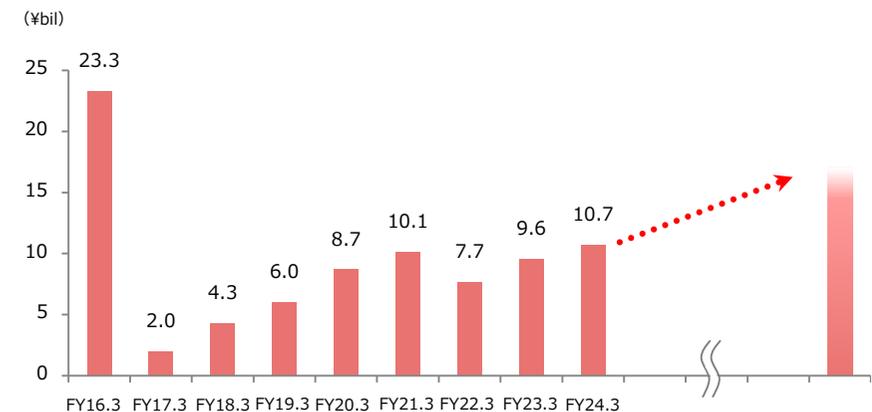


Expense > Revenue

(Reference) MLIT web site

Gradual increase in depreciation costs

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



Our Routes and Position in Relation to Airport Access Railway and TSMC's Kumamoto Plant

- With the entry of TSMC and the construction of airport access railway, the Kumamoto area is expected to see an increase in interaction and population along the rail line.
- We plan to build a new station between Sanrigi Station and Haramizu Station on the Houhi Main Line in the spring of 2027.

New Station on the Houhi Main Line

Location : Houhi Main Line
 Sanrigi – Haramizu (3.2km)
 Target date to open : Spring 2027
 Status : Concluded a memorandum of understanding with Kikuyo Town, Kumamoto Prefecture in December 2023

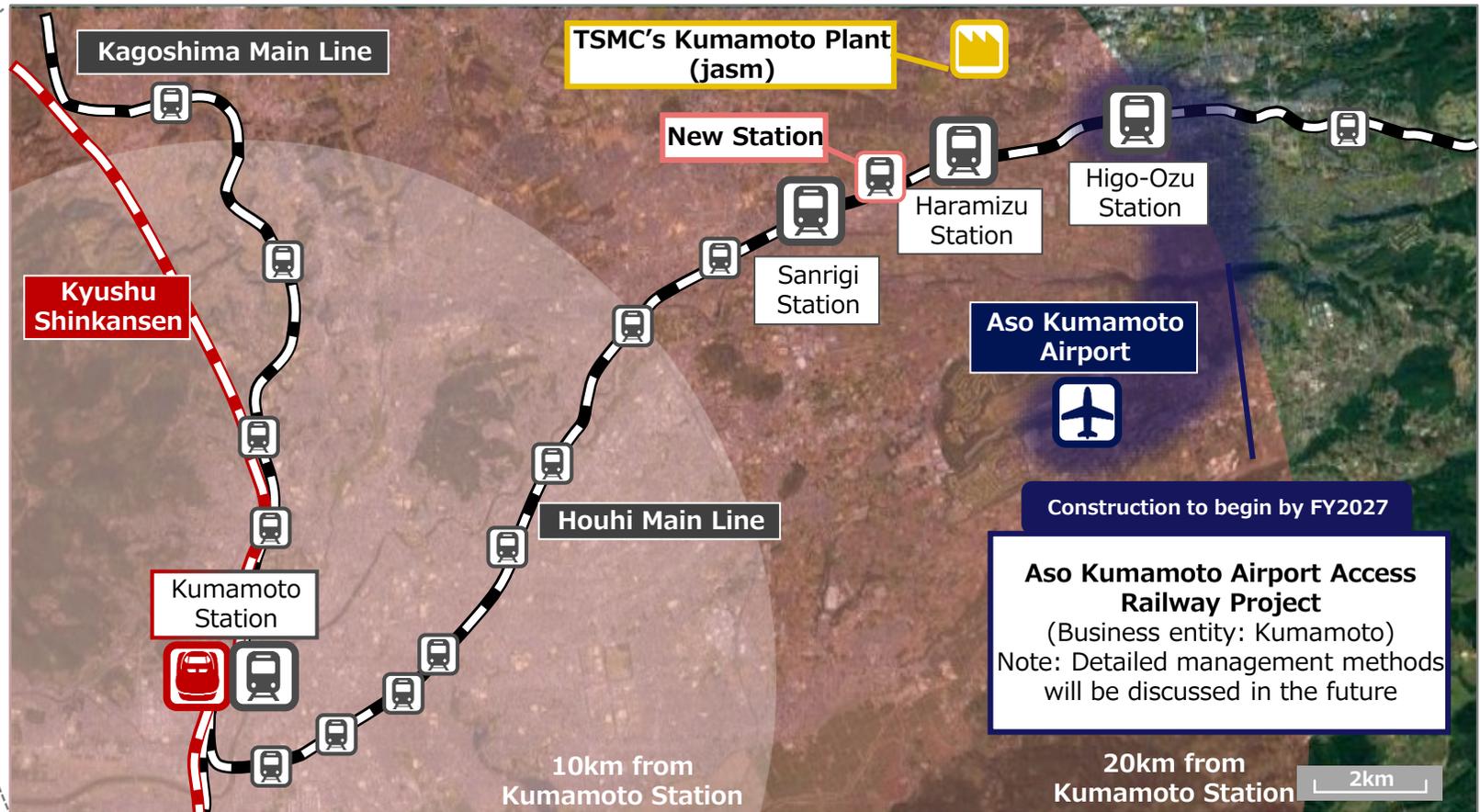
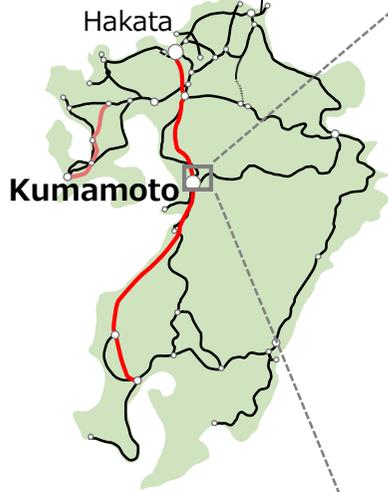


TSMC's Kumamoto Plant (The First Plant)

Location: Kikuyo Town, Kumamoto Prefecture
 Start of operation: Planned on December 2024
 Notes: The second plant is scheduled to be constructed in the vicinity of the first plant with the goal of operating from the end of 2027.

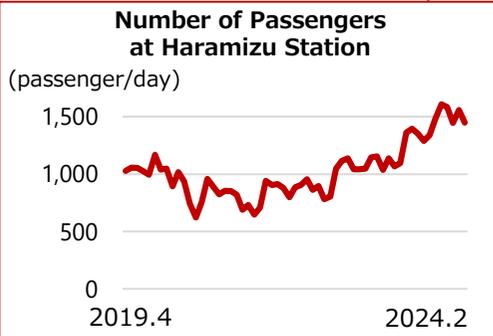


- Kyushu Shinkansen
- Nishi-Kyushu Shinkansen
- Conventional Lines



Construction to begin by FY2027

Aso Kumamoto Airport Access Railway Project
 (Business entity: Kumamoto)
 Note: Detailed management methods will be discussed in the future

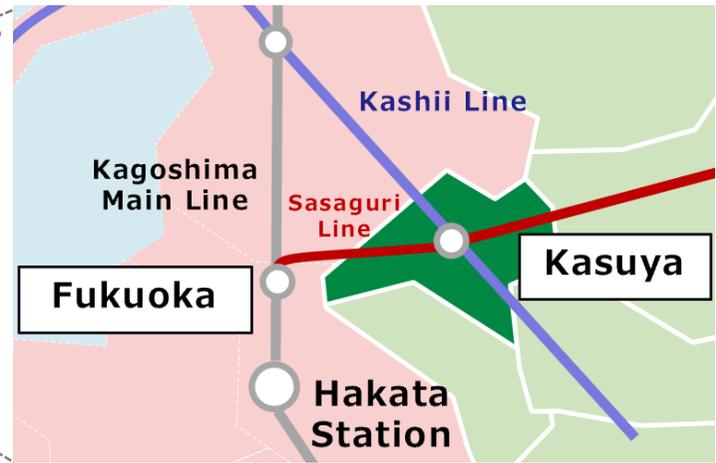
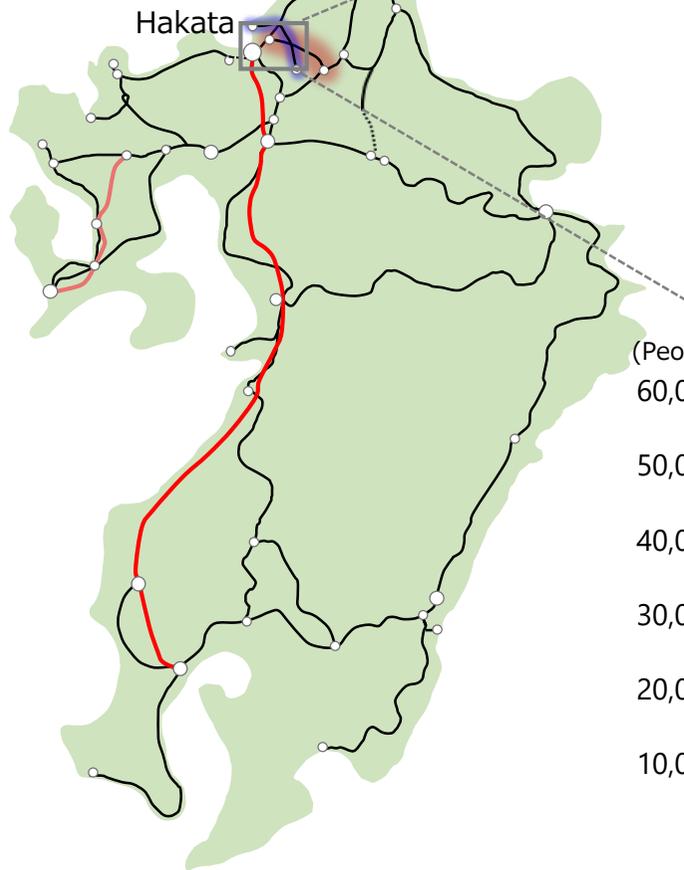


Comprehensive Collaborative Agreement with the Kasuya Town

- The number of passengers on the Sasaguri Line, which connects to Hakata Station, is on the rise.
- On May 7, 2024, we signed a comprehensive cooperation agreement with the Kasuya Town, a municipality along the line, aiming to further revitalize the Sasaguri and Kashii lines and realize Kasuya's vision of being "a town where people want to continue living" by improving the convenience of public transportation and the attractiveness of the town.

Overview of Kasuya and the Sasaguri and Kashii lines

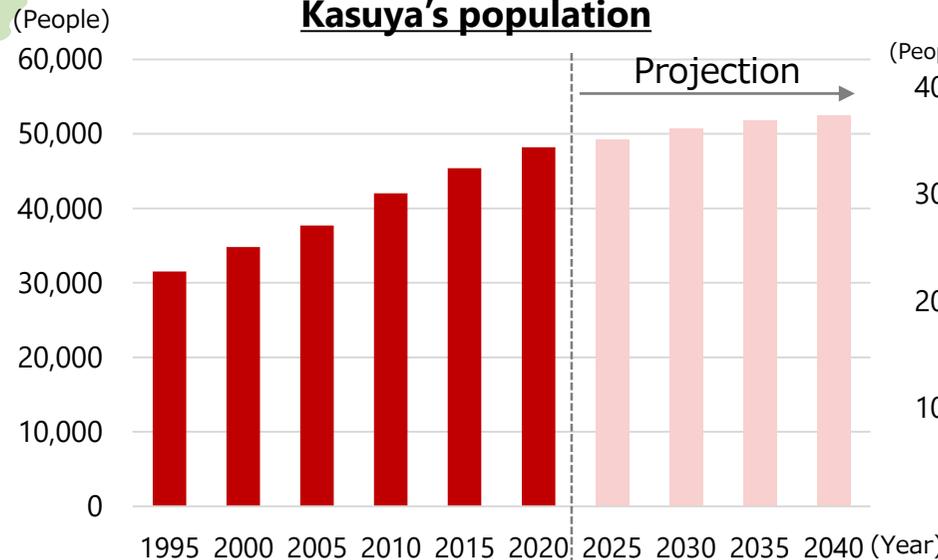
- Kyushu Shinkansen
- Nishi-Kyushu Shinkansen
- Conventional lines



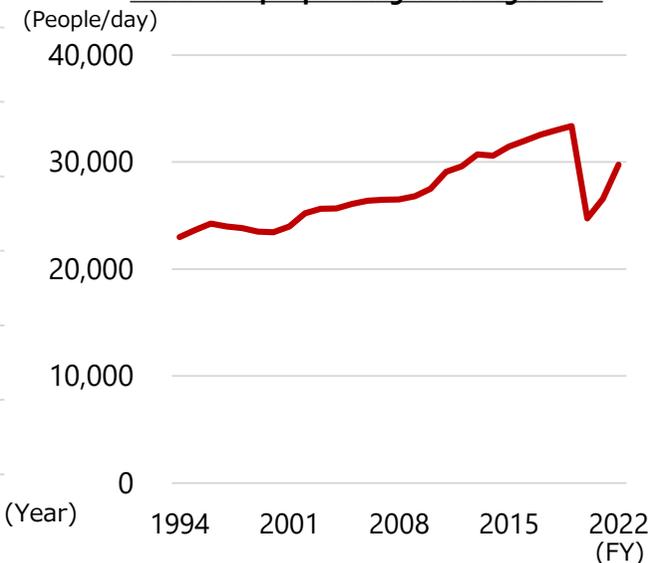
Related items

1. City-building that is friendly to children and the elderly
2. City-building for compactness and networking
3. City-building for wellbeing
4. Environment-friendly city-building
5. Disaster-resistant city-building

Kasuya's population



Number of people using the Sasaguri Line



Sources: "Population Census," Ministry of Internal Affairs and Communications; "Population Projections by Region in Japan (2023)," National Institute of Population and Social Security Research

Initiatives and Policies for Improving Our Return on Capital and Market Valuation

Recognition of the current situation

- We recognize improving return on capital and market valuation as an important management issue.
 - We plan to meet the numerical management targets for fiscal 2024 indicated in our current medium-term business plan.
 - In realizing the path toward achieving our 2030 Long-Term Vision, we recognize that improving return on capital and enhancing market valuation are important issues for increasing corporate value, while remaining conscious of the cost of capital.

Fiscal 2023 initiatives

- **Railway**
 - Initiatives to increase the top line, implementation of Future Railway, continue to realize effects of BPR
- **Real estate, hotels**
 - Promoting efforts to increase yields across the business portfolio

Shareholder returns

- **Shareholder return policy**
 - Stable provision of return over the long term
 - Implement share repurchases flexibly, as necessary

	Share prices (¥)	PBR (times)	ROE (%)	PER (times)
FY21.3	2,574	1.0	-4.7	-
FY22.3	2,507	1.0	3.4	29.7
FY23.3	2,949	1.1	7.8	14.9
FY24.3	3,543	1.3	9.1	14.5
FY25.3 (forecast)	-	-	9.5	-

Policy

- **We will continue to promote management with an awareness of cost of capital and profitability through reviews of the business portfolio and sincere efforts to engage in constructive dialogue with the capital markets.**

Dialogue with Shareholders and Investors in FY24.3

Details of communications

Targeting institutional investors and analysts:

Financial results briefings, IR Day, small meetings, facility tours, one-on-one meetings

Targeting individual investors:

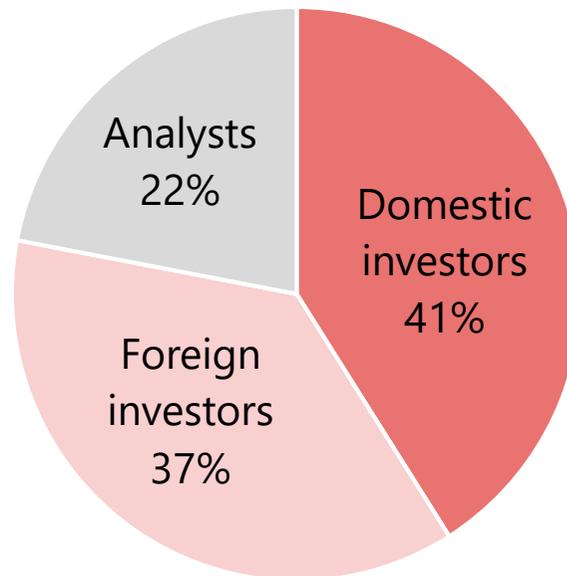
Company information sessions, shareholder events, shareholder e-newsletters, shareholder questionnaires

Dialogues conducted

Respondents: President, CFO, outside directors, director and managing corporate officer, senior corporate officer, head of the IR section

Number of meetings for institutional investors and analysts: **218**

Opportunities for exchange with individual investors: **10**

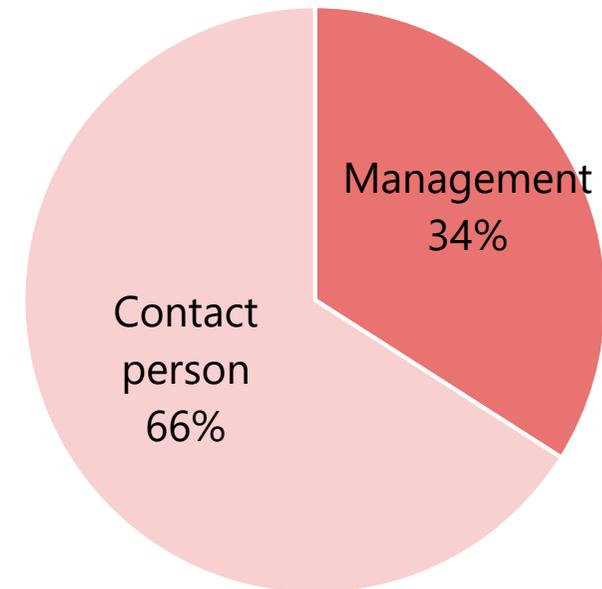


Feedback to the Board of Directors

Number of reports to the Board of Directors: Six

Main measures implemented based on feedback:

- Conducted demonstration test of biodiesel fuel to reduce Scope 1 emissions
- Expanded the number of projects covered under the TCFD
- Accelerated Groupwide disclosure of Scope 3 emissions
- Developed a new personnel strategy
- Revised the skillset of the Board of Directors
- Enhanced integrated reporting



Forward-Looking Statements

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

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

IR materials can be viewed on our corporate website:

https://www.jrkyushu.co.jp/company/ir_eng/library/earnings/