

FY25.3 First Quarter Investors Meeting

August 6, 2024

KYUSHU RAILWAY COMPANY

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Highlights

Financial results for the first three months of FY25.3

- Owing to demand recovery in each segment, consolidated operating revenues, operating income, and ordinary income all increased year on year.
- Net income attributable to owners of the parent decreased year on year, owing to a decrease in a gain on the transfer of Drug Eleven shares.

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

- In Q1, we made steady progress toward our full-year financial forecasts.
- Our consolidated financial forecast remains unchanged from our announcement on May 9.
- Our dividend forecast remains unchanged, at an annual dividend of ¥93.0 per share (and expect to reinstitute an interim dividend).

Status of segments

- Railway transportation revenues were at 97.6% of FY19.3 levels and 105.2% of FY24.3 levels.
- In the hotel business, ADR and occupancy rates are on track to reach the ¥22,000 level and more than 80% in FY25.3.

Progress on the medium-term business plan

- We updated the JR Kyushu app, reduced costs through the use of new technologies, etc.
- Even after a round of city-building in the western Kyushu area, usage of Nishi-Kyushu Shinkansen remains robust.
- We signed comprehensive cooperation agreements with neighboring municipalities along the line, aiming to further increase the number of railroad users through an increase in the resident and the non-resident population.

Application to revise rail fares and charges

- On July 19, we applied for a revision rate of 15% and a rate of increase of 11.4%.

I. Financial Results for the First Three Months of FY25.3

Consolidated Financial Highlights for the Three-Month Period Ended June 30, 2024

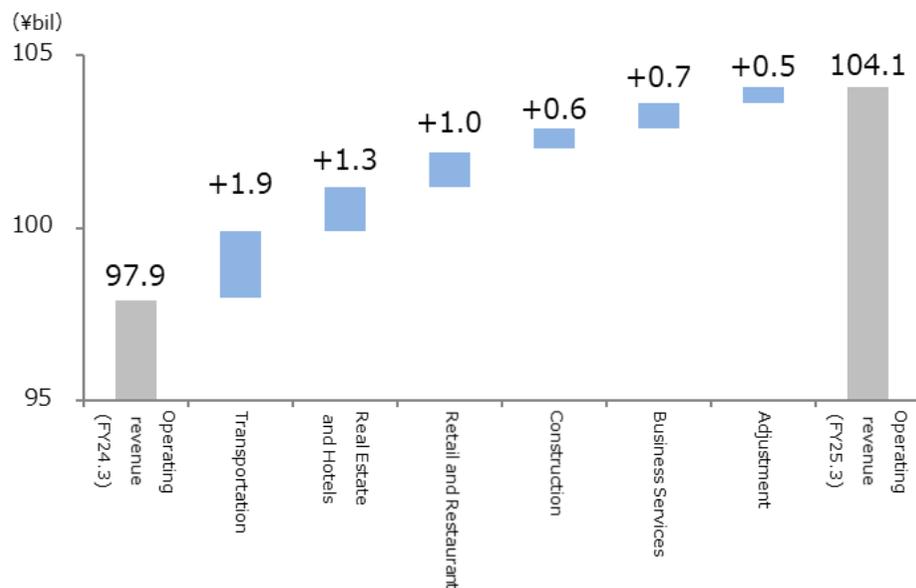
| | (¥bil) | | | |
|---|------------------------------|------------------------------|-------|--------|
| | 3 months ended June 30, 2023 | 3 months ended June 30, 2024 | YoY | |
| Operating revenue | 97.9 | 104.1 | 6.2 | 106.4% |
| Operating income | 13.4 | 14.7 | 1.2 | 109.0% |
| Ordinary income | 13.7 | 15.1 | 1.4 | 110.4% |
| Extraordinary gains and losses | 8.4 | 0.1 | (8.2) | 1.8% |
| Net income attributable to owners of the parent | 17.7 | 11.4 | (6.3) | 64.2% |
| EBITDA [※] | 21.1 | 23.6 | 2.4 | 111.8% |

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

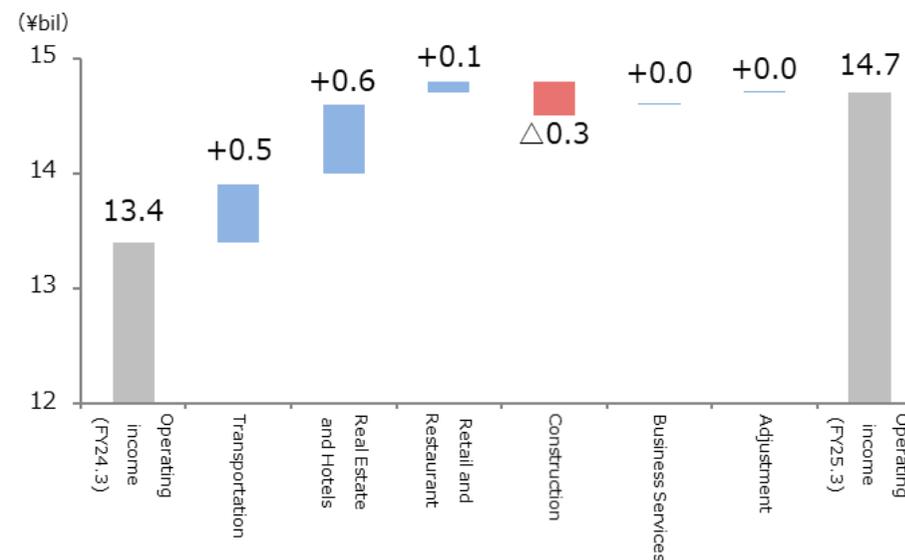
Key points

- The sale of properties decreased, but railway transportation revenue rebounded, performance at existing facilities was favorable, and properties opened in the previous fiscal year normalized. Owing to these and other factors, operating revenues and operating income were up year on year.
- Net income attributable to owners of the parent declined year on year, owing to such factors as a decrease in a gain on the transfer of Drug Eleven shares.

Change in operating revenue by segment



Change in operating income by segment



Consolidated Results for the First Three Months of FY25.3 (by Segment)

(¥bil)

| | 3 months ended June 30, 2023 | 3 months ended June 30, 2024 | YoY | | Major factors |
|--|---------------------------------|---------------------------------|-------|--------|--|
| Operating revenue | 97.9 | 104.1 | 6.2 | 106.4% | |
| Transportation | 38.5 | 40.4 | 1.9 | 105.0% | |
| Railway Business (non-consolidated) | 37.9 | 39.7 | 1.8 | 104.9% | Increase due to moderate recovery in demand |
| Real Estate and Hotels | 31.7 | 33.0 | 1.3 | 104.1% | |
| Real Estate Lease | 16.2 | 18.3 | 2.0 | 112.6% | Increase in revenues from leases due to recovery in demand |
| Real Estate Sales | 10.1 | 7.1 | (3.0) | 70.4% | Decrease in the sale of properties |
| Hotel Business | 5.3 | 7.5 | 2.2 | 142.5% | Increase due to recovery in demand |
| Retail and Restaurant | 14.4 | 15.4 | 1.0 | 107.2% | Increase due to recovery in demand |
| Construction | 15.3 | 15.9 | 0.6 | 104.3% | |
| Business Services | 17.7 | 18.4 | 0.7 | 104.0% | |
| Operating income | 13.4 | 14.7 | 1.2 | 109.0% | |
| Transportation | 5.8 | 6.4 | 0.5 | 109.8% | |
| Railway Business (non-consolidated) | 5.9 | 6.6 | 0.7 | 112.0% | |
| Real Estate and Hotels | 6.6 | 7.3 | 0.6 | 109.8% | |
| Real Estate Lease | 4.0 | 4.5 | 0.4 | 110.5% | |
| Real Estate Sales | 1.7 | 1.1 | (0.6) | 63.1% | |
| Hotel Business | 0.8 | 1.7 | 0.8 | 204.7% | |
| Retail and Restaurant | 0.6 | 0.7 | 0.1 | 123.7% | |
| Construction | (0.5) | (0.9) | (0.3) | - | |
| Business Services | 0.9 | 1.0 | 0.0 | 105.2% | |
| EBITDA | 21.1 | 23.6 | 2.4 | 111.8% | |
| Transportation | 8.7 | 9.6 | 0.9 | 110.4% | |
| Railway Business (non-consolidated) | 8.7 | 9.7 | 0.9 | 111.4% | |
| Real Estate and Hotels | 10.3 | 11.8 | 1.4 | 113.9% | |
| Real Estate Lease | 7.1 | 8.1 | 0.9 | 113.6% | |
| Real Estate Sales | 1.7 | 1.1 | (0.6) | 63.2% | |
| Hotel Business | 1.4 | 2.5 | 1.1 | 178.1% | |
| Retail and Restaurant | 0.9 | 1.1 | 0.1 | 121.5% | |
| Construction | (0.3) | (0.6) | (0.2) | - | |
| Business Services | 1.6 | 1.7 | 0.1 | 106.6% | |

Non-consolidated Results for the First Three Months of FY25.3

(¥bil)

| | 3 months ended June 30, 2023 | 3 months ended June 30, 2024 | YoY | | Major Factors |
|---|---------------------------------|---------------------------------|--------|--------|---|
| Operating revenue | 56.6 | 57.3 | 0.6 | 101.1% | |
| Railway transportation revenues | 34.2 | 35.9 | 1.7 | 105.2% | Increase due to moderate recovery in demand |
| Shinkansen | 13.1 | 13.9 | 0.8 | 106.6% | |
| Conventional Lines | 21.1 | 22.0 | 0.9 | 104.3% | |
| Other revenue | 22.4 | 21.3 | (1.1) | 95.0% | Decrease in the sale of properties, etc. |
| Operating expense | 45.3 | 45.0 | (0.3) | 99.3% | |
| Personnel expense | 10.3 | 11.9 | 1.5 | 115.3% | Increase with the implementation of new personnel and wage system |
| Non-personnel expense | 27.0 | 24.0 | (2.9) | 89.2% | |
| Energy cost | 2.8 | 2.4 | (0.3) | 87.5% | |
| Maintenance cost | 5.0 | 5.0 | (0.0) | 99.3% | |
| Other | 19.1 | 16.5 | (2.5) | 86.7% | Decrease in cost of sales due to the sale of properties, etc. |
| Taxes | 3.1 | 3.3 | 0.1 | 105.9% | |
| Depreciation cost | 4.8 | 5.6 | 0.8 | 117.1% | |
| Operating income | 11.3 | 12.2 | 0.9 | 108.6% | |
| Non-operating income and expense | 4.7 | 0.4 | (4.3) | 10.2% | |
| Ordinary income | 16.1 | 12.7 | (3.3) | 79.3% | |
| Extraordinary gain and losses | 8.2 | 0.1 | (8.0) | 2.4% | Decrease due to a gain on the transfer of Drug Eleven shares |
| Net income | 20.5 | 9.6 | (10.9) | 46.9% | |

(再掲) 単体事業別

(¥bil)

| | | 3 months ended June 30, 2023 | 3 months ended June 30, 2024 | YoY | |
|---------------------------|--------------------------|---------------------------------|---------------------------------|-------|--------|
| Railway business | Operating revenue | 37.9 | 39.7 | 1.8 | 104.9% |
| | Operating income | 5.9 | 6.6 | 0.7 | 112.0% |
| Related businesses | Operating revenue | 18.7 | 17.5 | (1.2) | 93.5% |
| | Operating income | 5.3 | 5.6 | 0.2 | 104.9% |

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

Consolidated Financial Forecast Highlights for FY25.3

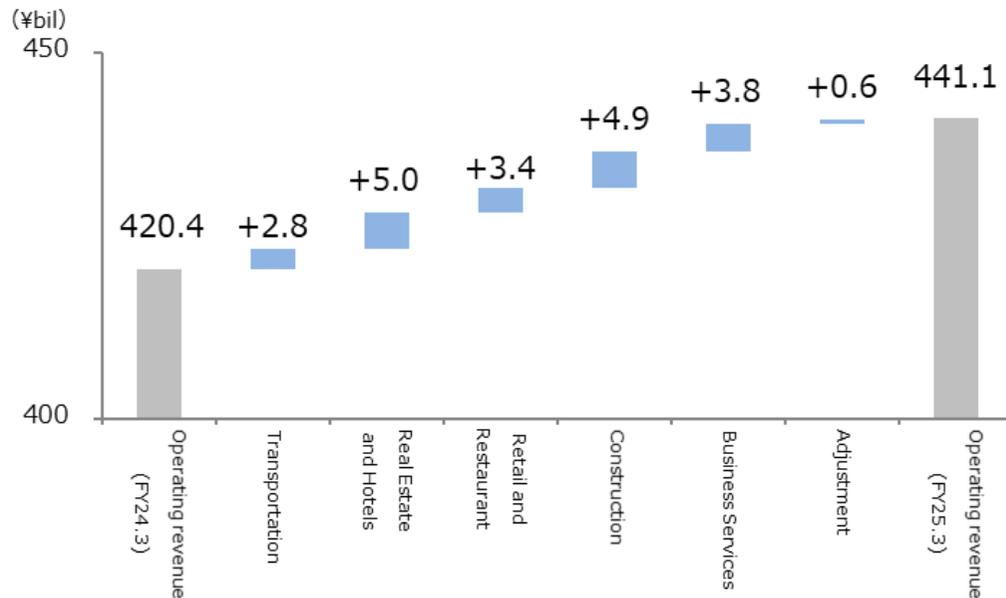
Key points

| | 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% |

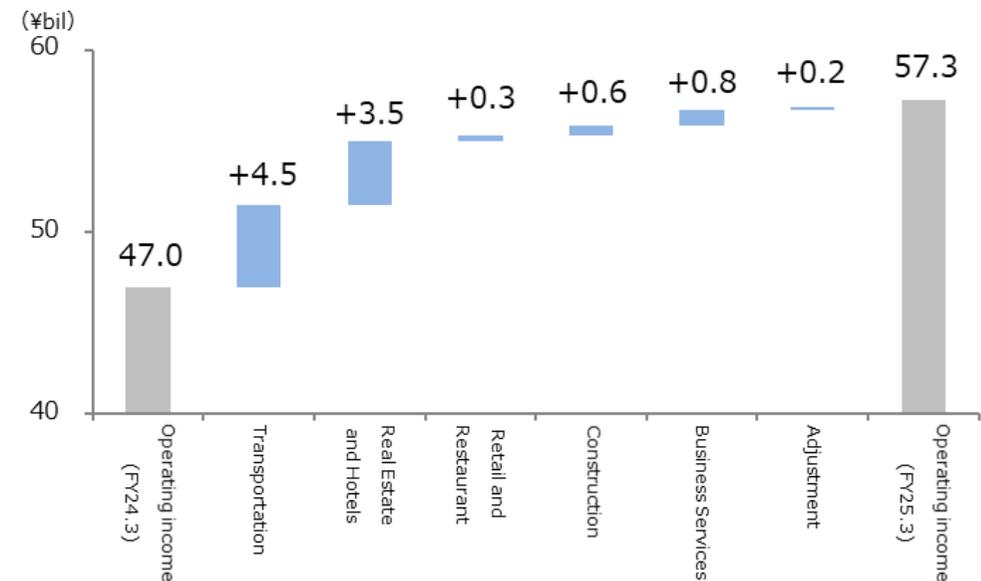
| (¥bil) | | |
|---|-------------|--------|
| Medium-Term Business Plan targets | Vs. targets | |
| 440.0 | 1.1 | 100.3% |
| 57.0 | 0.3 | 100.5% |
| – | – | – |
| – | – | – |
| 94.0 | – | 100.0% |

- 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% | - | - | - |

FY25.3 Dividend Forecasts

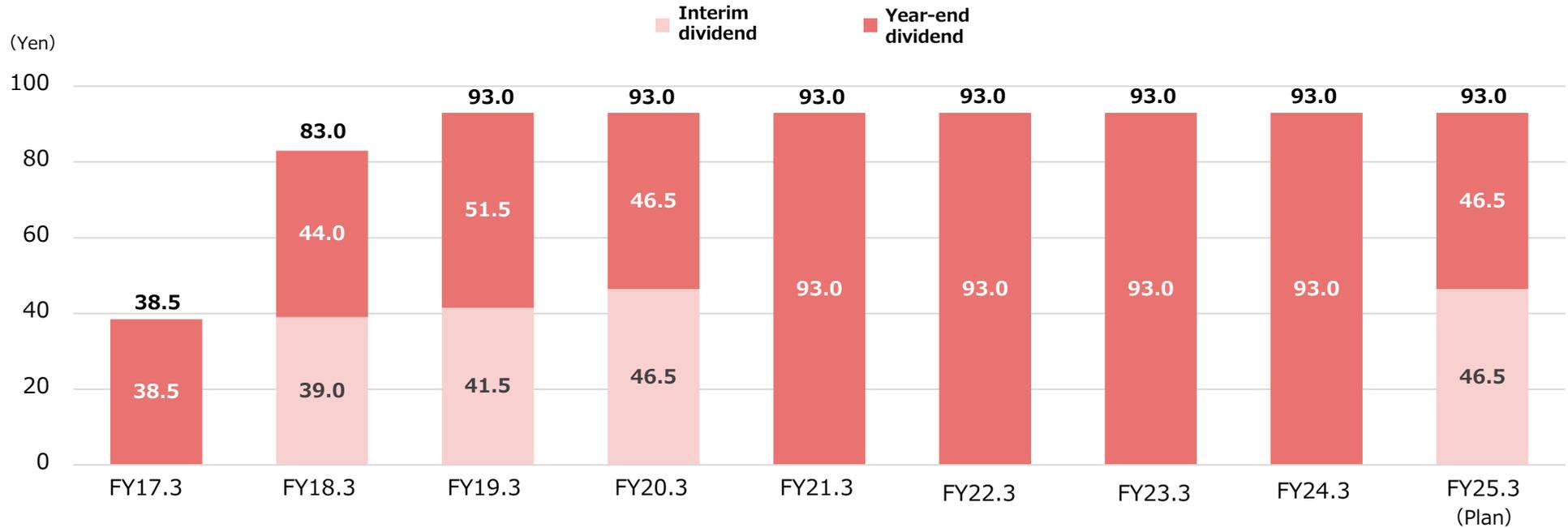
Shareholder return policy

- 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 Q1 FY25.3, railway transportation revenues were essentially at anticipated levels.
- Railway business expenses were also largely in line with expectations.

【Results】

| | (¥bil) | | | |
|-------------------------------------|------------------------------|------------------------------|-----|--------|
| | 3 months ended June 30, 2023 | 3 months ended June 30, 2024 | YoY | |
| Operating revenue | 38.5 | 40.4 | 1.9 | 105.0% |
| Railway Business (non-consolidated) | 37.9 | 39.7 | 1.8 | 104.9% |
| Railway transportation revenues | 34.2 | 35.9 | 1.7 | 105.2% |
| Operating income | 5.8 | 6.4 | 0.5 | 109.8% |
| Railway Business (non-consolidated) | 5.9 | 6.6 | 0.7 | 112.0% |
| EBITDA | 8.7 | 9.6 | 0.9 | 110.4% |
| Railway Business (non-consolidated) | 8.7 | 9.7 | 0.9 | 111.4% |

【Forecasts】

| | (¥bil) | | | |
|-------------------------------------|----------------|------------------|-----|--------|
| | FY24.3 Results | FY25.3 Forecasts | YoY | |
| 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% |

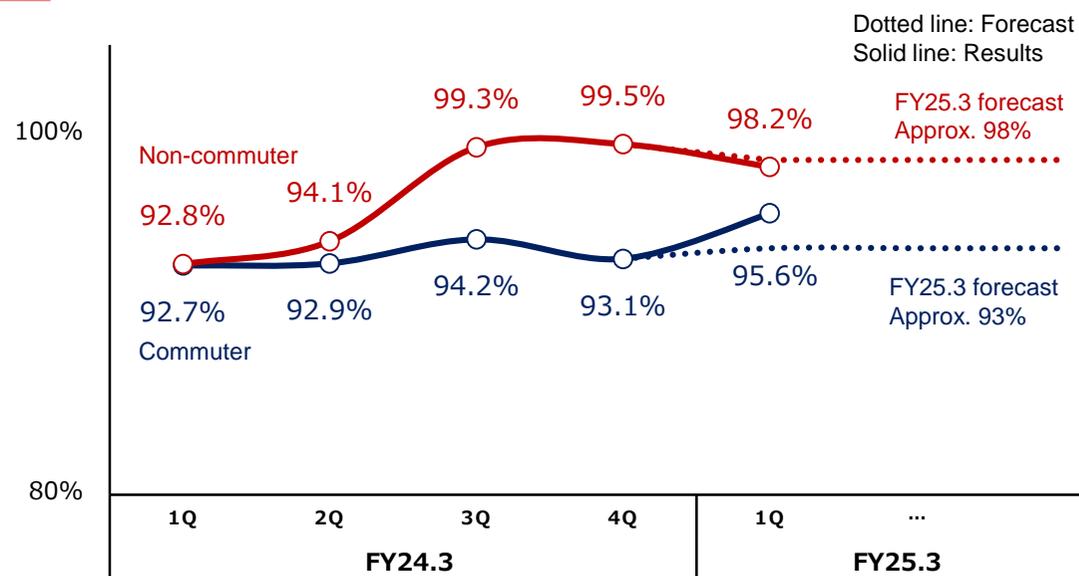
Status of Key Businesses and Assumptions behind Forecasts

- Railway revenues were largely in line with forecasts in Q1, with non-commuter revenues slightly below expectations, and commuter revenues slightly above.

[Railway transportation revenues (vs. FY19.3)]
Q1 results: 97.6% Full year expectation: 97.6%

- Railway business expenses were largely in line with expectations.

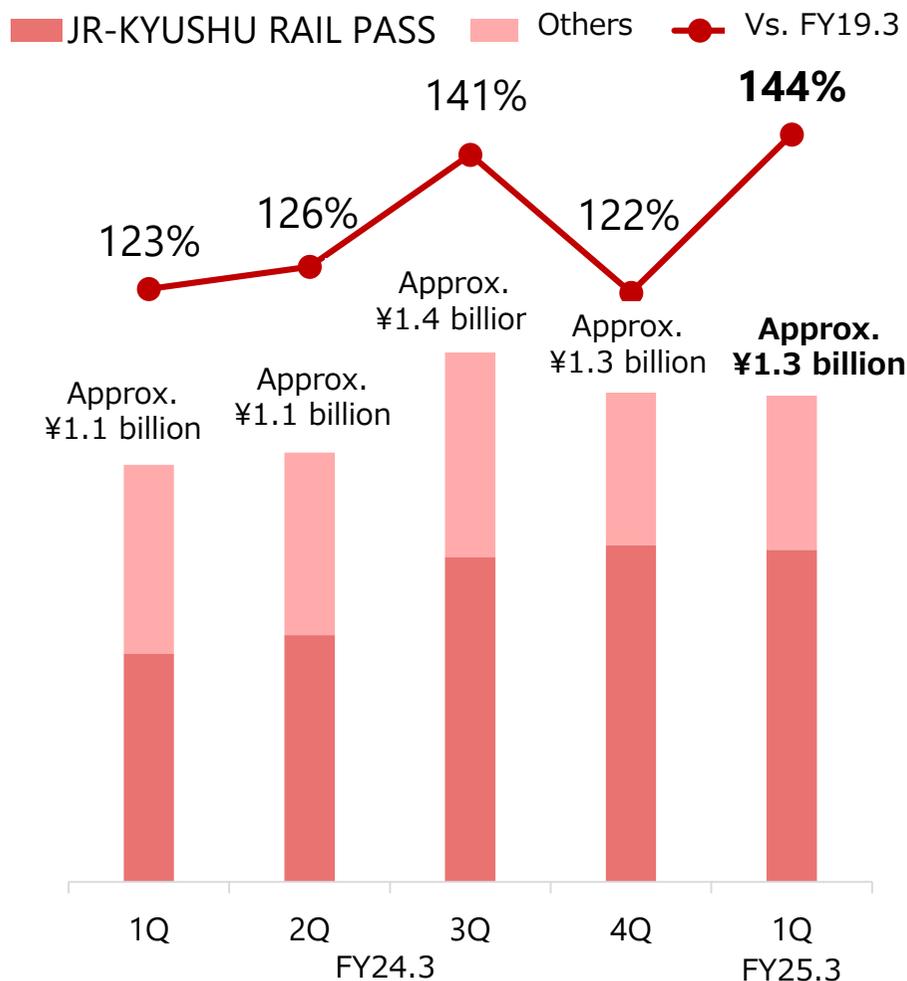
Railway Business | Railway transportation revenues (vs. FY19.3)



Status of Inbound Measures in the Railway Business

- In Q1 FY25.3, inbound revenue remained essentially at FY24.3 2H levels.

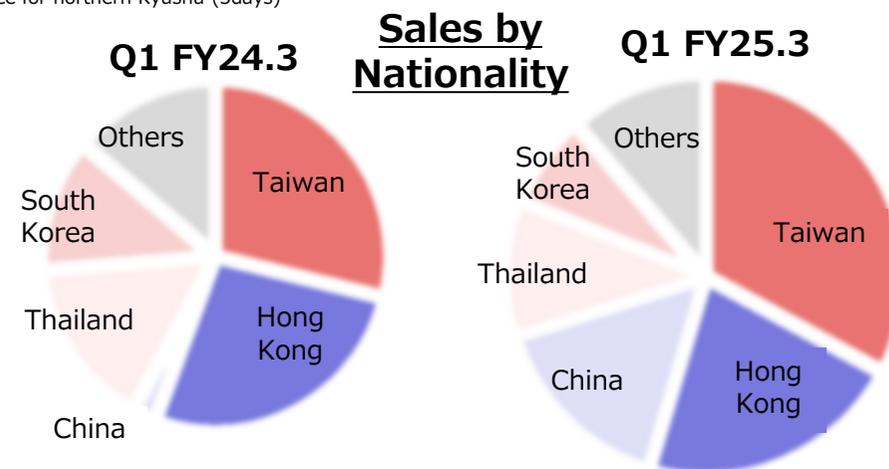
Inbound Revenue (approximate)



Demand for JR-KYUSHU RAIL PASS

| | FY19.3 1Q | FY24.3 1Q | FY25.3 1Q | | |
|-------------------------|---------------|---------------|---------------|------------|------------|
| | Results | Results | Results | Vs. FY19.3 | Vs. FY24.3 |
| Number of tickets sold | 57,000 | 55,000 | 71,000 | 126% | 128% |
| Sales | ¥0.51 billion | ¥0.61 billion | ¥0.89 billion | 176% | 145% |
| (Reference) Unit price* | ¥ 8,500 | ¥ 10,000 | ¥ 12,000 | 141% | 120% |

*Price for northern Kyushu (3days)



Price Change (3 Days, northern Kyushu)



Percentage of railway transportation revenues

| | | | | |
|--------------|--------------|--------------|--------------|--------------|
| 1Q FY24.3 | 2Q FY24.3 | 3Q FY24.3 | 4Q FY24.3 | 1Q FY25.3 |
| Approx. 3.3% | Approx. 3.2% | Approx. 3.7% | Approx. 3.6% | Approx. 3.6% |

Railway Business (Transportation Data)

Railway transportation revenues

| | 3 months ended June 30, 2023 | 3 months ended June 30, 2024 | YoY | | Major Factors |
|---------------------------|---------------------------------|---------------------------------|-----|--------|----------------------------|
| Total | 34.2 | 35.9 | 1.7 | 105.2% | |
| Commuter pass | 7.7 | 8.0 | 0.2 | 103.1% | |
| Non-commuter pass | 26.4 | 27.9 | 1.5 | 105.8% | |
| Cargo | 0.0 | 0.0 | 0.0 | 129.5% | |
| Shinkansen | 13.1 | 13.9 | 0.8 | 106.6% | |
| Commuter pass | 0.7 | 0.8 | 0.0 | 107.3% | Gradual recovery in demand |
| Non-commuter pass | 12.3 | 13.1 | 0.8 | 106.6% | |
| Conventional Lines | 21.1 | 22.0 | 0.9 | 104.3% | |
| Commuter pass | 7.0 | 7.2 | 0.1 | 102.7% | Gradual recovery in demand |
| Non-commuter pass | 14.0 | 14.8 | 0.7 | 105.1% | |

Passenger-kilometers

(Millions of passenger-kilometer)

| | 3 months ended June 30, 2023 | 3 months ended June 30, 2024 | YoY | |
|---------------------------|---------------------------------|---------------------------------|-----|--------|
| Total | 2,070 | 2,105 | 34 | 101.7% |
| Commuter pass | 1,047 | 1,062 | 14 | 101.4% |
| Non-commuter pass | 1,022 | 1,042 | 20 | 102.0% |
| Shinkansen | 453 | 451 | △ 1 | 99.6% |
| Commuter pass | 56 | 60 | 3 | 105.9% |
| Non-commuter pass | 396 | 391 | △ 5 | 98.7% |
| Conventional Lines | 1,617 | 1,653 | 36 | 102.3% |
| Commuter pass | 991 | 1,002 | 11 | 101.1% |
| Non-commuter pass | 626 | 651 | 25 | 104.1% |

Real Estate and Hotels Segment: Real Estate Leasing Business

- Station building tenant sales in FY25.3 Q1 are exceeding expectations, driven by JR Hakata City.
- In May 2024, we acquired a site in Fukuoka Prefecture to develop what will become our sixth logistics facility.

【Results】

| | 3 months ended June 30, 2023 | 3 months ended June 30, 2024 | YoY | |
|-------------------|---------------------------------|---------------------------------|-----|--------|
| Operating revenue | 16.2 | 18.3 | 2.0 | 112.6% |
| Operating income | 4.0 | 4.5 | 0.4 | 110.5% |
| EBITDA | 7.1 | 8.1 | 0.9 | 113.6% |

(¥bil)

【Forecasts】

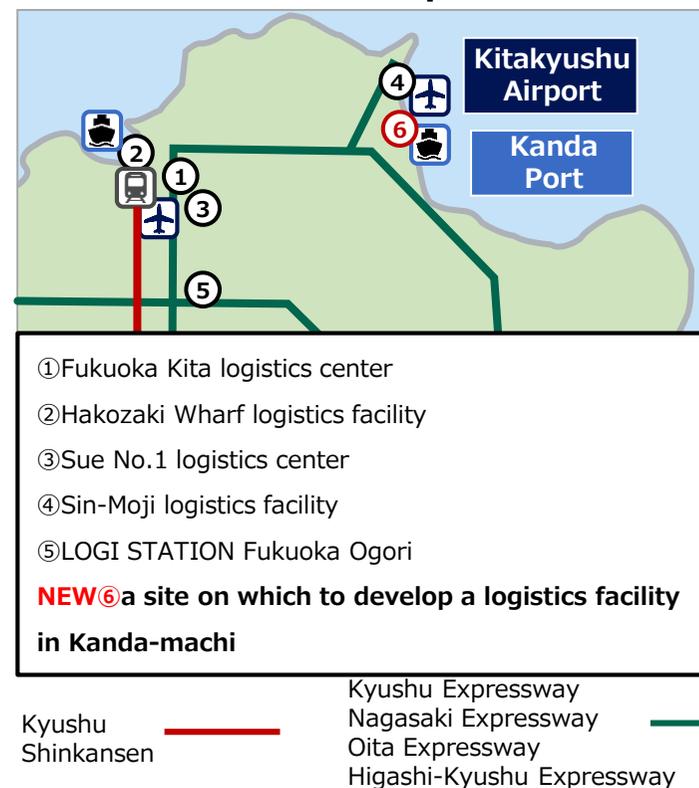
| | FY24.3 Results | FY25.3 Forecasts | YoY | |
|-------------------|-------------------|---------------------|-----|--------|
| Operating revenue | 70.7 | 76.3 | 5.5 | 107.8% |
| Operating income | 15.8 | 17.3 | 1.4 | 108.9% |
| EBITDA | 29.0 | 31.8 | 2.7 | 109.3% |

(¥bil)

Status of Key Businesses

- In Q1, overall station building tenant sales were up by over 10% year on year, driven by JR Hakata City.
- In FY24.3 Q1, performance at JR Nagasaki City (Amu Plaza Nagasaki, Annex and Kamome Ichiba) was almost as expected.
- Leasing of office buildings is generally steady, including at CONNECT SQUARE HAKATA, which was completed in March 2024.
- We acquired a site on which to develop a logistics facility (May 2024)
 - Location: Kanda-machi, Miyako-gun, Fukuoka
 - Lot area: 28,076m²
 - Completion: Scheduled for end-FY26.3
 - Use: Presumed use is primarily as a warehouse for the automotive industry

Location of Acquired Site



Real Estate and Hotels Segment: Real estate Sales business

- Condominium sales were up slightly year on year in FY25.3 1Q.
- Property sales were decrease in revenue due to reflection to the sales in FY24.3 1Q.

【Results】

| | ¥bil | | | |
|-------------------|---------------------------------|---------------------------------|-------|-------|
| | 3 months ended June 30, 2023 | 3 months ended June 30, 2024 | YoY | |
| Operating revenue | 10.1 | 7.1 | (3.0) | 70.4% |
| Operating income | 1.7 | 1.1 | (0.6) | 63.1% |
| EBITDA | 1.7 | 1.1 | (0.6) | 63.2% |

【Forecasts】

| | ¥bil | | | |
|-------------------|-------------------|---------------------|-------|--------|
| | 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% |

Status of key businesses

- In March 2024, we began delivering “MJR Fukagawa Sumiyoshi,” our first development property in Tokyo. In the current terms, we plan to begin delivering “MJR Hakata The Residence,” “MJR Chihaya Mid-Square,” and other properties.

MJR Fukagawa Sumiyoshi

Location: Koto-ku, Tokyo
 Structure: 14 floors above ground
 Delivery date: Since March 2024
 Units: 165
 Sales status: All sold

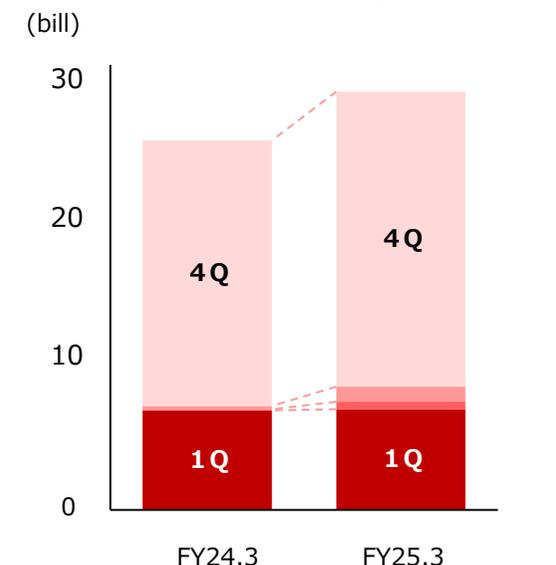


MJR Hakata The Residence

Location: Hakata-ku, Fukuoka
 Structure: 14 floors above ground
 Delivery date: March 2025 (scheduled)
 Units: 262
 Sales status: Sales in progress



Actual and forecast sales of condominiums (operating revenue)



*Figures for 1Q are results.

- Property sales were down, compared with results in FY24.3 1Q. In full-year FY25.3, operating revenue is expected to be approximately ¥2.5 billion, which is lower than FY24.3 levels.

Real Estate and Hotels Segment: Hotel Business

- As in the previous fiscal year, in FY25.3 Q1, hotels with a high ratio of inbound guests continued to be a driving force, with ADR outpacing expectations and overall occupancy rates as a whole essentially in line with the forecast.

【Results】

【Forecasts】

| | 3 months ended | | YoY | |
|-------------------|----------------|---------------|-----|--------|
| | June 30, 2023 | June 30, 2024 | | |
| Operating revenue | 5.3 | 7.5 | 2.2 | 142.5% |
| Operating income | 0.8 | 1.7 | 0.8 | 204.7% |
| EBITDA | 1.4 | 2.5 | 1.1 | 178.1% |

| | FY24.3 | | YoY | |
|-------------------|---------|-----------|-----|--------|
| | Results | Forecasts | | |
| 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

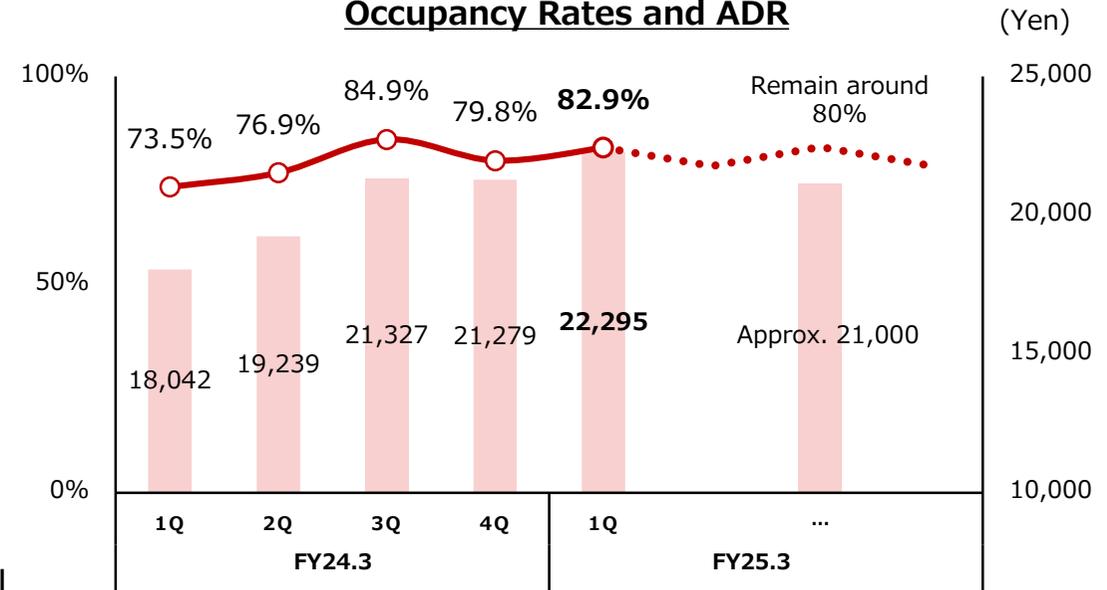
- The ratio of inbound guests exceeded 50% overall, driven in particular by THE BLOSSOM brand.

Percentage of Inbound Guests
(as a percentage of total room sales)



- In Q1, occupancy rates and ADR were around 83% and approximately ¥22,000, respectively, above FY24.3 Q4 levels.
- URESHINO YADOYA and the Nagasaki Marriott Hotel will contribute to performance for all of FY25.3

Occupancy Rates and ADR



Retail and Restaurant Segment

- In FY25.3 Q1, performance at existing retail stores and restaurants was favorable, leading to higher revenue and income.

【Results】

| | | | (¥bil) | |
|-------------------|---------------------------------|---------------------------------|--------|--------|
| | 3 months ended June 30, 2023 | 3 months ended June 30, 2024 | YoY | |
| Operating revenue | 14.4 | 15.4 | 1.0 | 107.2% |
| Operating income | 0.6 | 0.7 | 0.1 | 123.7% |
| EBITDA | 0.9 | 1.1 | 0.1 | 121.5% |

【Forecasts】

| | | | (¥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% |

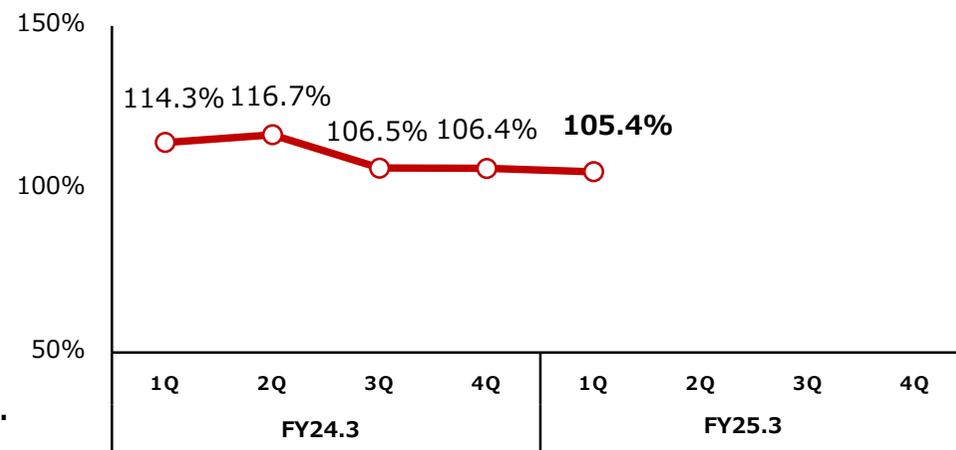
Status of Key Businesses

- Owing to a recovery in travel demand and footfall, revenue at existing retail stores and restaurants exceeded the previous year's level, centered on key subsidiaries.
- Performance at new stores was broadly in line with expectations.

Assumptions behind Performance Forecasts

- We assume sales will exceed the previous year's levels, both at existing convenience stores and specialty stores.
- We plan to open new franchise stores, which accounted for around 60% of operating revenues in FY24.3.

Segment Store Sales (Year on Year)



Construction Segment, Business Services Segment

Construction Segment

【Results】

| | (¥bil) | | | |
|-------------------|---------------------------------|---------------------------------|-------|--------|
| | 3 months ended June 30, 2023 | 3 months ended June 30, 2024 | YoY | |
| Operating revenue | 15.3 | 15.9 | 0.6 | 104.3% |
| Operating income | (0.5) | (0.9) | (0.3) | - |
| EBITDA | (0.3) | (0.6) | (0.2) | - |

【Forecasts】

| | (¥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% |

Business Services Segment

【Results】

| | (¥bil) | | | |
|-------------------|---------------------------------|---------------------------------|-----|--------|
| | 3 months ended June 30, 2023 | 3 months ended June 30, 2024 | YoY | |
| Operating revenue | 17.7 | 18.4 | 0.7 | 104.0% |
| Operating income | 0.9 | 1.0 | 0.0 | 105.2% |
| EBITDA | 1.6 | 1.7 | 0.1 | 106.6% |

【Forecasts】

| | (¥bil) | | | |
|--|-------------------|---------------------|-----|--------|
| | FY24.3 Results | FY25.3 Forecasts | YoY | |
| | 77.9 | 81.8 | 3.8 | 104.9% |
| | 3.8 | 4.7 | 0.8 | 121.3% |
| | 6.8 | 7.7 | 0.8 | 111.7% |

IV Progress on 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.

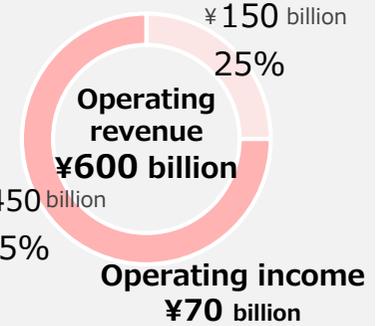
Policy ①

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.

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

- On May 29, the JR Kyushu app has undergone its first major update. Introduce a new measure to attract new app users.
- Use new technology to manufacture railroad parts, helping to reduce maintenance costs.

Update of the JR Kyushu app

- The JR Kyushu app has undergone its first major update at the end of May. The same discount tickets can now be purchased on the website and the app, and operability has been improved.
- “Kyushu App Lottery Ticket, ” which determines travel destinations by drawing lots within the app, was released on a limited basis for the first 10,000 pairs of customers. We are working to attract new app users and expand the customer base.

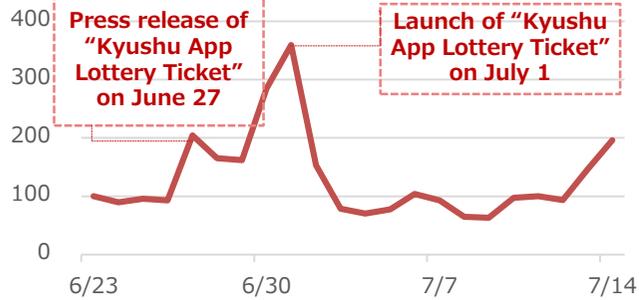
Cumulative Downloads

Approx. 2.33 million
*As of July 14, 2024

(Reference) Population of Fukuoka Prefecture
Approx. 12.6 million

*As of October 1, 2023
Source: “Population Estimates” (MIC Statistics Bureau)

Number of Downloads Following the Launch of the Lottery Tickets



Note: Number of downloads on June 23 = 100

Implementing new technology to efficiently repair railroad components

- The technology will enable repairs at minimal cost by using resin and metal printing technology to manufacture discontinued items.

Example of Repair Flow

Generator gear



Additive manufacturing

Laminated molding

Finish machining

Resin parts



- Table stopper for express trains
- Lampshades for D&S trains, etc.

Metal parts



- Table arms for express trains, etc.

| Name of ticket | Price | Set segments | Winning Pairs |
|---------------------------|--------|--|---------------|
| Kyushu App Lottery Ticket | ¥5,000 | Unlimited travel on JR Kyushu lines for 3 days | 300 |
| | | Fukuoka city zone to Kagoshima-chuo* | 500 |
| | | Hakata ~ Kumamoto * | 2,500 |
| | | Hakata ~ Nagasaki * | 2,500 |
| | | Hakata ~ Oita * | 4,200 |



* Round-trip reserved seats

Key Strategy ① Completing Business Structural Reforms | Relocating to a New Environmentally Friendly Railyard

- We will relocate from an aging railyard, which is more than 100 years old, to a new environmentally friendly railyard.

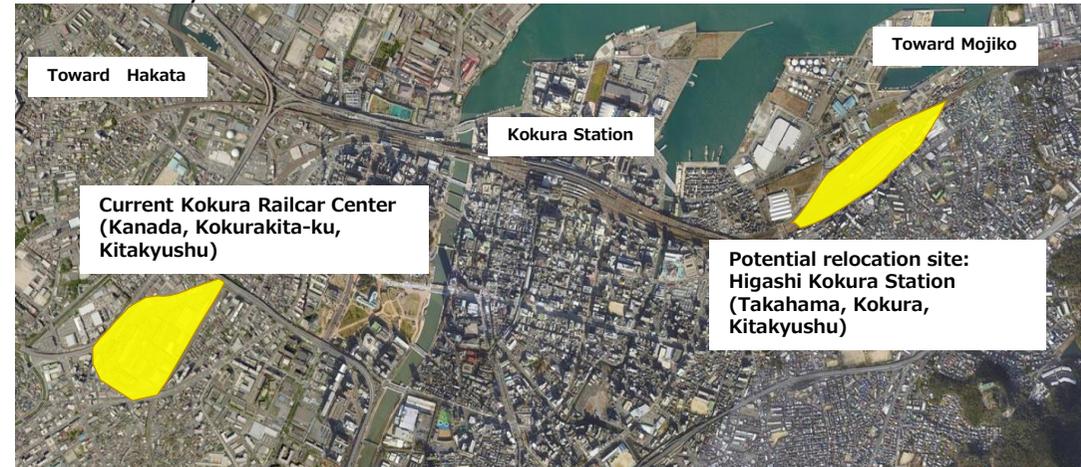
Background and Objectives

- Kokura Railcar Center, our only rolling stock factory for conventional lines, is more than 100 years old. We need to address the aging of facilities and equipment.



Proposed Relocation Site and Completion Date

- Discussions are underway to acquire Higashi-Kokura Station (a freight station owned by Japan Freight Railway Company) as a potential relocation site. We aim to acquire the site by the end of this fiscal year.



Map data © OpenStreetMap contribution

Relocating to the New Railyard

- We will build a new environmentally friendly railyard to achieve sustainable vehicle inspections and relocate functions.

| | |
|--|---|
| Compactness | Make the railyard compact by introducing new technologies and building efficient inspection lines |
| Efficient vehicle inspections | Make vehicle inspections efficient by reducing days for inspection days and reducing labor requirements |
| Contribution to the global environment | Use solar energy and achieve ZEB |

- By introducing new technology and through other means, we aim to achieve a railyard that is compact—approximately half the size of the current location.

| | | |
|--------------------------|--|--------------------------------|
| Current location | Kokura Railcar Center | Approx. 158,000 m ² |
| Proposed relocation site | Higashi Kokura Station (freight station) | Approx. 78,000 m ² |

- We plan to complete construction by the end of fiscal 2031. We expect total investment to reach about ¥48.0 billion.

Key Strategy ② Creating a Model for Building Cities That Promote Well-Being | Maximizing the Effect of Opening Nishi-Kyushu Shinkansen

- September 2024 will mark the second anniversary of the opening of Nishi-Kyushu Shinkansen, and performance has been steady.
- The number of commuter pass users is increasing, our understanding is that the impact of opening the Nishi-Kyushu Shinkansen continues to materialize.

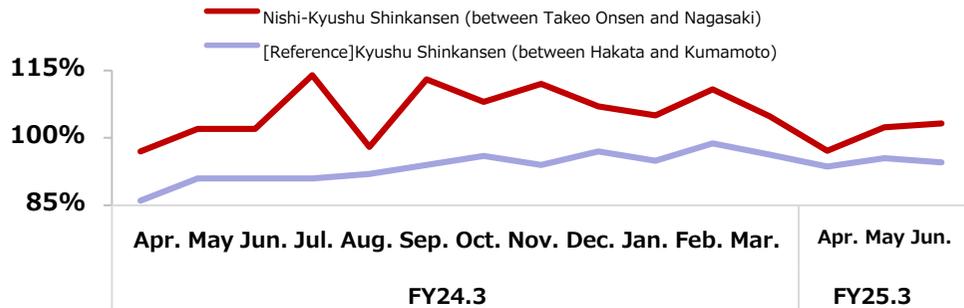
Usage of the Nishi-Kyushu Shinkansen

Usage of the Nishi-Kyushu Shinkansen in its second year since opening (September 23, 2023 to June 22, 2024)

Approx. **7,000** people/day

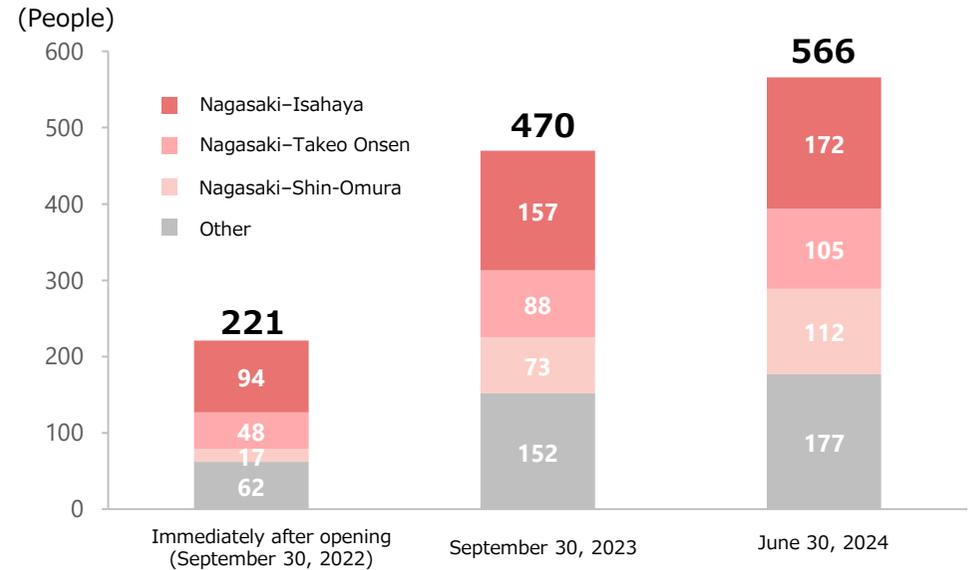
Note: Number of people using the line in its first year
Approx. **6,600** people/day

Number of People Using the Nishi-Kyushu Shinkansen vs. FY19.3



Note: Number of people using Nishi-Kyushu Shinkansen in its first year are results of traffic between Takeo Onsen and Nagasaki. In the first year of opening, the number of people is for the period from September 22, 2022 and September 22, 2023. Note: Figures for FY2018 are comparisons with usage number on the Kamome express between Isahaya and Nagasaki.

Number of Commuters Using the Nishi-Kyushu Shinkansen



Status of Operations at JR Nagasaki Station Building

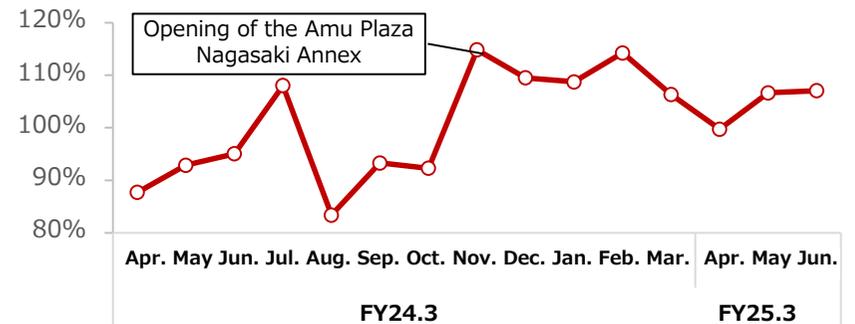


Number of Visitors in the Six Months Since the Annex Opened

Approx. **13.24 million**
Of which, approx. **5.06 million** to the Annex

(Reference) Population of Nagasaki Prefecture
Approx. 1.26 million
Note: As of October 1, 2023
Source: "Population Estimates" (MIC Statistics Bureau)

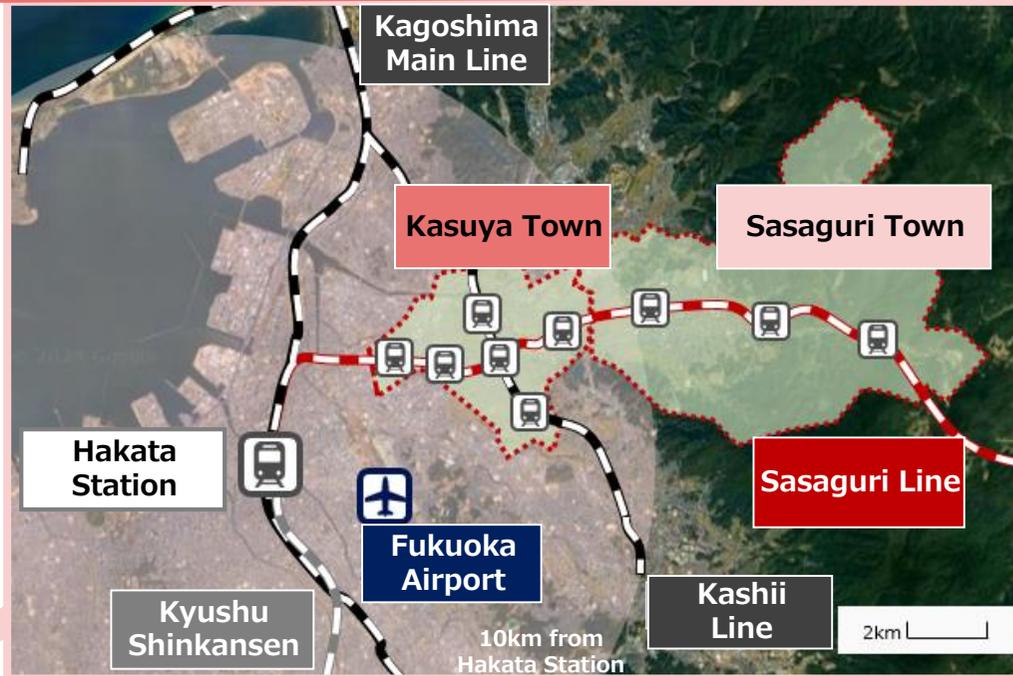
Nagasaki Station: Short-Distance Revenues vs. FY19.3



Key Strategy ② Creating a Model for Building Cities That Promote Well-Being | Comprehensive Collaboration Agreements with Local Governments along the line

- We have signed comprehensive collaboration agreements with the Kasuya Town and the Sasaguri Town, which are located in the Fukuoka metropolitan area, and rail usage is on the rise.
- By working with municipalities along the line, we aim to increase the resident and the non-resident population and the number of rail users.

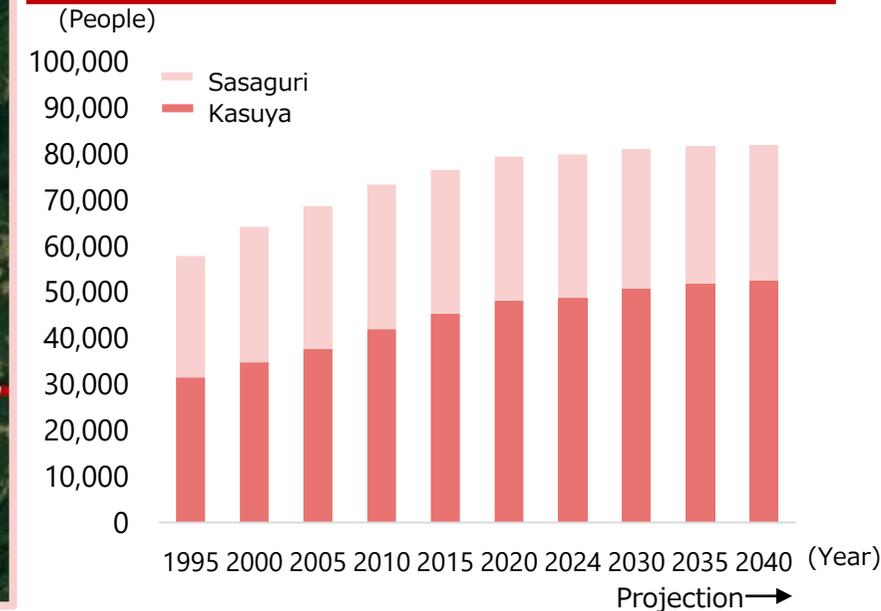
Sasaguri Line and Locations of the Kasuya Town and the Sasaguri Town



- Kyushu Shinkansen
- Nishi-Kyushu Shinkansen
- Conventional lines

Images ©2024 TerraMetrics, Airbus, Google; Map data ©2024 Google

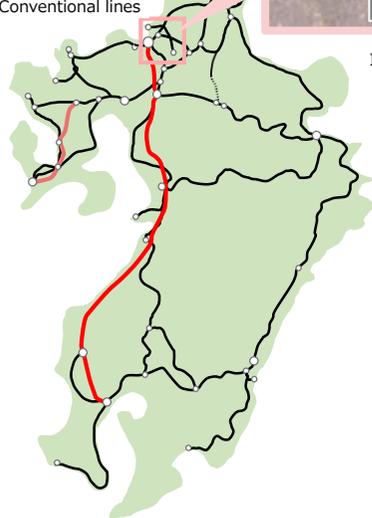
Populations of Kasuya and Sasaguri



Source: "Population Census" and "Population, Demographic Change, and Number of Households Based on Basic Resident Registers; and National Institute of Population and Social Security Research, 'Population Projections by Region in Japan (2023 Projection)'," Ministry of Internal Affairs and Communications

Examples of Anticipated Initiatives

| Kasuya | Sasaguri |
|--|---|
| <ul style="list-style-type: none"> • Concentration of urban functions at the station, strengthening of secondary transportation connections, etc. | <ul style="list-style-type: none"> • With abundant tourism and natural resources, discovering and communicating the appeal of its historical culture and tourist attractions |



V. About the Application to Revise Rail Fares and Charges

About the Application to Revise Rail Fares and Charges

- On July 19, we filed an application for approval of a change in the maximum rail fares and charges for our railway business.
- We determined that the application of revise is necessary to resolve issues for continuation of our railway business.

Background and Objectives of Application

- Transportation demand is not expected to return to pre-COVID-19 levels due to the development of the expressway network, population decline and aging in the Kyushu area that surpasses the national average, and a further decrease in usage due to the lifestyle changes.
- We have been working to reduce fixed costs and improve productivity since before the pandemic, we expect to continue to face difficult business conditions due in part to increased expenses resulting from the recent sharp rise in electricity rates and the prices of goods.
- It has become difficult to secure stable funds for capital investments and repairs necessary to maintain and improve safety and service, renew and extend the service life of aging rolling stock and equipment, and respond to increasingly severe disasters and the demand for carbon neutrality. Furthermore, We face an urgent need to improve compensation and the workplace environment in order to secure a stable workforce.

Overview of Application

| | |
|----------------------------------|---|
| Scheduled date of implementation | April 1, 2025 (the first revision in 29 years, since January 1996) |
| Increased revenues | ¥16.9 billion (Rate of increase:11.4%) |
| Percentage revision | <p>Overall on fares and charges : 15.0% revision</p> <ul style="list-style-type: none"> • Regular Rail Fares : average 14.6% revision • Commuter Rail Fares work commuter passes : average 30.3% revision school commuter passes : average 16.0% revision <p>※We will not revise the discount rate for school commuter passes.</p> <ul style="list-style-type: none"> • Shinkansen Express Charges : average 12.4% revision <p>※The express charges applicable to the use of non-reserved seats between some adjacent stations, etc., and the express charges on the Nishi-Kyushu Shinkansen will remain unchanged</p> |

Future Initiatives

| Main subjects of Capital Investment Plan | Investment amount |
|--|----------------------|
| Extending the service life of railway facilities (FY2024~FY2027) | Around ¥7.5 billion |
| Bringing in next-generation rolling stock (FY2024~FY2030) | Around ¥12.5 billion |
| Modification existing rolling stock: (FY2024~FY2030) | Around ¥11.0 billion |
| Developing next-generation rolling stock inspection facilities (FY2024~FY2031) | Around ¥48.0 billion |
| Introducing and expanding ticketless services (FY2024~FY2027) | Around ¥3.0 billion |

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/