

JR-KYUSHU

JR Kyushu Group Integrated Report 2024



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Editorial Policy

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

Environment Social Governance
価値協創ガイダンス

Forward-looking Statements

This report contains forward-looking statements, including future outlooks and objectives of the JR Kyushu Group. These statements are judgments made by the Company based on information, projections, and assumptions available at the time of the report's creation. Accordingly, please be advised that actual operating results could greatly differ from the contents of this report due to changes in people's values and lifestyles; the economic situation inside and outside Japan and the economic situation in Kyushu; real estate market conditions; the progress of respective projects; changes in laws and regulations; and a wide range of other risk factors. In addition, the purpose of this report is only to provide information. Its purpose is not to solicit transactions.

Action to Become What We Aim to Be

— Value Creation Story —

The JR Kyushu Group aims to be a corporate group that will invigorate Kyushu and transmit Kyushu vitality to the rest of Japan and Asia.

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

The JR Kyushu Group conducts its business activities according to a vision of what we aim to be and conduct that we have established in order to achieve it, striving to improve our value as a company and build a sustainable society.

What We Aim to Be

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

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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

Policies for the realization of the 2030 Long-Term Vision

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

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Value Creation Process

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JR Kyushu Group Medium-Term Business Plan 2022-2024

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Material Issues

Points that the JR Kyushu Group focuses on at all times

- E Realization of a de-carbonized society
- S Safety and service, the foundation for all of our businesses
- S Sustainable city-building
- S Development of human resources, the source of value creation
- G Sound corporate management

P.7

The Three Pillars

forming the JR Kyushu Group's code of conduct

Integrity / Growth and Evolution / Local Community Invigoration

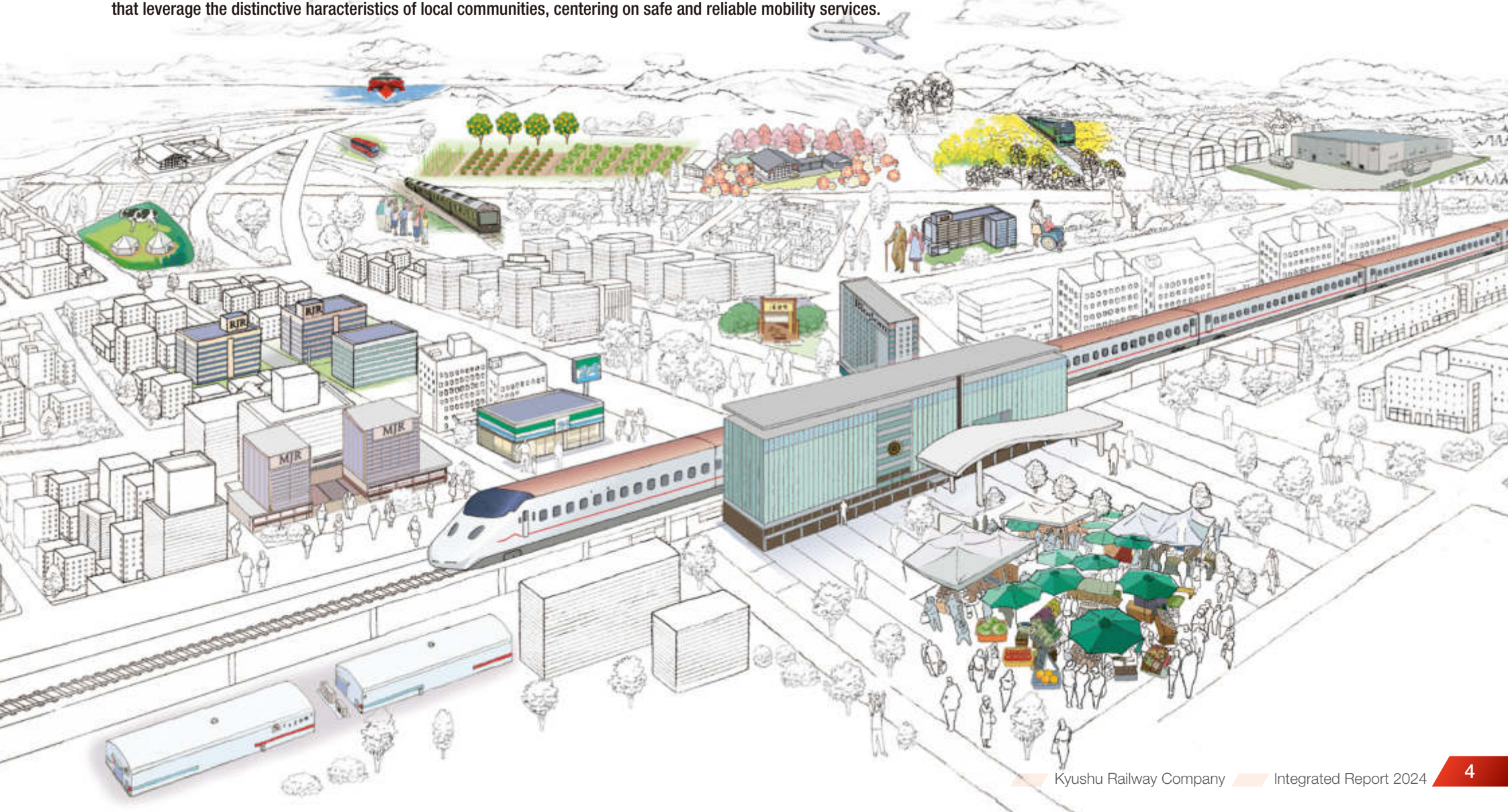
P.5

What We Aim to Be

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

The JR Kyushu Group's first and central business is our railway network throughout Kyushu. Over the years, our business has expanded into areas such as station buildings, hotels, condominiums, construction, shipping, retail and restaurants. These areas complement our railway business, allowing us to achieve a synergy between our various areas of business.

We are dedicated to contributing to the sustainable development of Kyushu through city-building and community development initiatives that leverage the distinctive haracteristics of local communities, centering on safe and reliable mobility services.



The Three Pillars

forming the JR Kyushu Group's code of conduct

Integrity / Growth and Evolution / Local Community Invigoration

To become what we aim to be, we have established key elements of our code of conduct, concepts that each and every employee of the JR Kyushu Group can keep in mind in every area of our business: **Integrity, Growth and Evolution, and Local Community Invigoration**. We call these our three pillars.

The **integrity** with which we approach safety and service in our railway operations has built trust that is a part of the value of the JR Kyushu brand and is the touchstone of the operations of all of our businesses.

Growth and evolution has taken place in our businesses and organizations thanks to our founders rising to the immense challenges in our business environment in those early days without being afraid to fail.

And **local community invigoration** is our mission and the reason for our existence. Sustainable development of communities leads to sustainable growth of our group.

These pillars are elements of our code of conduct that the JR Kyushu Group will always need to focus on, and they make our corporate culture what it is.





Integrity

Integrity is in the DNA of our group and must continue to be our code of conduct in all our actions.
In consideration to our customers, local community members, business partners, employees and their families, shareholders, and all those involved with the JR Kyushu Group, we make concerted efforts to conduct ourselves in a fair and just manner without engaging in any type of dishonest behavior.



The Three Pillars

Growth and Evolution

With passion and courage, our group has achieved growth by expanding the scale of our business and evolution by transforming our organization and business.
It is important that we create a culture where people take the initiative to learn and take on new challenges, so that every employee grows and evolves together with the JR Kyushu Group.

Local Community Invigoration

The Group cannot invigorate itself if it does not first invigorate the communities in which it operates. We must approach our business with a strong sense of purpose as a corporate group that is invigorating Kyushu.
When the JR Kyushu Group flourishes, so do our communities.









Value Creation Process

Inputs

Financial capital
- **Financial stability**
  Equity ratio: 40.5% / Credit rating: AA- (R&I)

Human capital
- **Employees who are eager to learn and take on challenges**
  Employees (JR Kyushu only): 7,576 [1*3]
  Employees (all of the JR Kyushu Group): 14,677
  Hours of training per employee: 16.8

Intellectual capital
- **Raising awareness about safety, the core principle of everything we do**
  Training sessions held at the Safety Creation Center: 265
- **Collecting knowledge about safety**
  Views shared by employees about safety: 12,835
- **Technical capabilities / customization capabilities cultivated through the railway business**
- **Knowledge about city-building and community development and collective competence in the development and operation of various businesses**
  JR Kyushu Group companies: 47[*2]

Manufactured capital
- **Providing sustainable mobility services**
  Stations: 571 / Railway cars: 1,626
  Investment in safety: ¥18.0 billion
  Sloping areas that have been reinforced: 17
- **Development areas around railway lines**
- **Idle assets, such as space under elevated railway tracks**

Social and relationship capital
- **Customer base**
  SUGOCA cards issued: 4.31 million
  JR Kyupo members: 660,000
  Number of discussions with customers: 17
- **Cooperations with local communities, local governments, companies, etc.**
  City-building and community development carried out together with local communities
  Participants in JR Kyushu Walking: 74,288

Natural capital
- **Rich, appealing natural assets in Kyushu**
  Number of World Heritage Sites (Kyushu and Okinawa):6
  Ranking for total volume of hot springs: 1 (Oita Prefecture)
  From Usage of Hot Springs (Ministry of the Environment)
- **Energy usage**
  Crude oil converted: 210 ML

Business Activities

JR Kyushu Group Medium-Term Business Plan 2022-2024 P.18

重点戦略① Completing business structural reforms

重点戦略② Creating a model for building cities that promote well-being

重点戦略③ Developing businesses in new areas in which we can contribute

Advancing personnel strategy

Strengthening management base

Transportation | Real Estate and Hotels | Retail and Restaurant | Construction | Business Services

Strengths of the JR Kyushu Group: Brand strength, creditworthiness | Customer base | Railway network / network | Human resources (technical capabilities, administrative capabilities) | Assets | Financial base

Outputs

- **Rail services around Kyushu**
  Passenger-kilometers on railway: 7.4 billion
  Used by 870,000 passengers per day
- **Operation of services such as the cruise train Seven Stars in Kyushu and D&S Trains**
- **Operation of station buildings such as Amu Plaza**
  Major station buildings (Amu Plaza): 7
  Revenue of tenants in station buildings: ¥226.8 billion
- **Operation of condominium complexes, hotels, and retail and restaurant businesses in Kyushu and elsewhere**
  Condominiums sold: 9,691
  Rental condominiums: 4,586
  Hotels and ryokan (traditional Japanese inns): 20
  Retail stores and restaurants: 534[*1]
- **Environmental burden**
  CO_2 emissions: 412 thousand t-CO_2
  Total industrial waste: 80 thousand tons

Outcomes

Economic value

FY2025/3 targets

Operating revenue	¥440.0 billion
Operating income	¥57.0 billion
EBITDA	¥94.0 billion
ROE (reference)	More than 8%

Financial soundness indicators (as of FY2025/3)
D/EBITDA: Approximately 5 times
Equity ratio: Approximately 40%

Social value
- Initiatives for the realization of a de-carbonized society
- Ensuring the utmost safety at all times
- Implementing initiatives to enhance our corporate culture founded on service
- Creating a model for building cities that promote well-being
- Developing businesses in new areas in which we can contribute
- Advancing personnel strategy
- Enhancing communication with stakeholders

Material Issues

Points that the JR Kyushu Group focuses on at all times P.7

E

Realization of a De-carbonized Society

S

Safety and Service, the Foundation for All of Our Businesses

Sustainable City-Building

Development of Human Resources, the Source of Value Creation

G

Sound Corporate Management

*1 As of April 1, 2024 *2 As of June 30, 2024 *3 Includes employees seconded to other companies including JR Kyushu Group and excludes employees seconded to us from other companies

* Unless otherwise specified, figures are for the fiscal year ended March 2024.

Material Issues

Material issues and non-financial KPIs

Based on changes in the external environment and the specific policies for the realization of the 2030 Long-Term Vision, we re-established our material issues and established non-financial KPIs associated with our material issues for the period of the plan. The results of our employee awareness survey are a non-financial KPI of ours, and are a factor in our decisions about officer compensation (except that of outside directors and directors who are Audit and Supervisory Committee members). P.99

Material issues (points that the JR Kyushu Group focuses on at all times)	Principles of our material issues	JR Kyushu Group Medium-Term Business Plan 2022-2024			
		Major initiatives	Major objectives / indicators		Progress ('24/3)
E Realization of a de-carbonized society P.55-60	We will contribute to the de-carbonization of society as a whole by providing and promoting the usage of seamless mobility, centered on the railway business. To support the realization of a de-carbonized society, we are aiming for net zero CO_2 emissions by 2050.	**Initiatives for the realization of a de-carbonized society**	● CO_2 emissions	● JR Kyushu non-consolidated emissions in FY2031/3 50% reduction compared to FY2014/3	40.6% reduction
			● Disclosure of environment-related information	● Groupwide Scope 1 and 2 emissions Tracking emissions ● Groupwide Scope 3 emissions Starting to calculate	412 thousand t-CO_2 1,055 thousand t-CO_2
			● Green building	● Acquisition of green building certification: 1 or more cases	4 case (JR Kagoshima-Chuo Building) ('23/4) JR Nagasaki Station Building ('23/7) JR Kyushu Engineering, Ltd. Fukuoka Manufacturing Plant ('23/8) Construction Department Office ('24/2)
S Safety and service, the foundation for all of our businesses P.62-69	Safety and service is the foundation for all of our businesses, and remains as important as ever. The starting point of everything we do is providing our customers and other stakeholders with peace of mind and earning their trust.	**Ensuring the utmost safety at all times**	● Safety	● Accidents in the railway business that result in fatalities among customers*1 0 cases ● Occupational accidents that result in fatalities among employees, etc. 0 cases	1 case (1 passenger injured) 0 cases
		Implementing initiatives to enhance our corporate culture founded on service	● Service	● Score of service ranking*2 90 or more points	86.8 points for station unit, 90.7 points for conductor unit
S Sustainable city-building P.34-42	Our city-building and community development projects are about making Kyushu a place where people will want to live, work, and visit. The reason this is possible is because the JR Kyushu Group has deep roots in the communities and has grown with them. In addition to implementing city-building initiatives for the realization of well-being for people that reflect the changes we have seen in our external environment and people's values, we will make use of the strengths we have built in our existing businesses to expand areas we work in that contribute to the sustainable development of Kyushu.	**Creating a model for building cities that promote well-being Developing businesses in new areas in which we can contribute**	● Resident population in regions around development areas	● Monitoring indicators	—
			● Creating employment through new development projects	● Monitoring indicators	—
S Development of human resources, the source of value creation*3 P.70-86	It is our personnel who create the value of our company. In addition to efforts to develop personnel who take the initiative to learn and take on new challenges, we are working to make JR Kyushu a company that is easy and satisfying to work in. Creating an environment where diverse personnel can thrive will further increase the value of the JR Kyushu Group as a company and lead to sustainable growth.	**Advancing personnel strategy**	● Employee engagement	● Results of employee awareness survey Continued YoY improvement ● Exchanges of opinions between executives and employees 40 times per year or more	0.09 point increase 82 times (1,923 persons) (Of these, a meeting for all employees:36 times)
			● Diversity (promoting women's participation and advancement in the workplace)	● Ratio of female employees among new employees 30% or more ● Ratio of female managers (end of FY2031/3) 10% or more	15.5% 6.4%
			● Comfortable environments that are easy and satisfying to work in	● Ratio of male employees who take childcare leave 50% or more	132.4%
			● Health management	● Ratio of special health guidance given to relevant employees 80% or more	75.2% (results for '23/3)
			● Re-skilling support	● Development of employees skilled in digital technologies 500 people or more ● Participation in external learning 500 people or more per year	547 persons 2,516 persons
G Sound corporate management P.90-108	We strive to achieve highly effective corporate governance to ensure transparency and fairness in our management. We will also work to enhance mutual communication with our stakeholders and build steady, long-standing relationships of trust.	**Enhancing communication with stakeholders**	● Institutional investors	● Continuing to hold financial results presentations, etc.; sharing of investors' opinions at meetings of the Board of Directors	Financial results presentations:5 times Sharing at meetings of the Board of Directors:6 times
				● Large meetings (IR Day events) offering opportunity to talk with outside directors 1 or more events per year	1 time
			● Individual investors	● Offering opportunities for exchange, such as presentations, tours, etc. 5 or more times per year	10 times
			● Customers	● Discussions with customers 10 or more times per year	17 times
			● Local communities	● Building sustainable relationships with local communities	—

*1 Accidents for which the Group is responsible *2 Survey of actual conditions for station / conductor service, conducted by an outside party (a perfect score is 100 points) *3 Objectives / indicators related to the development of human resources are for JR Kyushu

Message from the President



Representative Director, President, Corporate Officer, and Chief Executive Officer
Yoji Furumiya

Building a corporate group where people are our greatest asset and our employees are glad they work for JR Kyushu

Progress on the JR Kyushu Group Medium-Term Business Plan 2022-2024

I am confident that we can achieve our targets; the issue is getting people to go places

This is the final year of the JR Kyushu Group Medium-Term Business Plan 2022-2024, which began in the fiscal year ended March 2023. A particularly key strategy for the fiscal year ended March 2024 was creating a model for building cities that promote well-being. The opening of the Nishi-Kyushu Shinkansen (September 2022) and the JR Nagasaki Station building created demand in areas around railway lines and vitalized the area around Nagasaki Station, and we were able to achieve our original financial targets. In the fiscal year ending March 2025, while labor costs are increasing due to improvement of employee pay and benefits with the start of our new wage system, inbound tourism has now surpassed pre-COVID levels and new businesses such as our logistics and real estate businesses have expanded. As a result, I am confident that we can achieve the targets of our MTBP, including our operating revenue of 440 billion yen and our operating income of 57 billion yen.

Our figures have returned to pre-COVID levels, but a point for concern is that customer numbers are still only around 95% of what they were prior to the pandemic. The number of customers from overseas has increased, but we are struggling to increase weekday business users. The main causes are probably things like the normalization of online meetings. Street gatherings and events are also gradually increasing, but we have abandoned our optimism that things will go back the way they were before COVID. I think we need to actively roll out measures to encourage people to go places, including various events, trialling dynamic pricing, and planning D&S (Design & Story) trains and consider ways to maintain and expand profits with 95% of our original passenger traffic.

My message on what we aim to be and our management philosophy

Management have a duty to make employees' work fulfilling

This is my third year as CEO after being appointed in the fiscal year ended March 2023. Our experiences of the pandemic have taught me once again that the JR Kyushu Group's greatest asset is people. While future business strategies are obviously important, I think my greatest duty as CEO is to make this a corporate group where our employees understand the significance of working to invigorate Kyushu and the importance of the role they play, and are glad to work for JR Kyushu.

The pandemic took a toll in a number of ways; for example, bonuses were dramatically decreased. We took bold measures to ensure the survival of our railway business, and were even criticized in the media at times. Under these circumstances, employees did not know where the Company was headed and became dissatisfied. Some even left the Company.

The first thing I did after becoming CEO was increase wages. I had resolved to do that first even before I assumed my role as CEO. First and foremost, we need to reward our employees for enduring that hard period, and show them in no uncertain terms that we are committed to mending the rift that has formed between the Company and its employees.

I also created opportunities for direct dialog with employees. Some of the employees confronted me aggressively with their dissatisfaction with the Company, but I felt keenly that environments where site employees and senior management can hash things out are what the JR Kyushu Group needs going forward. While online meetings are convenient, when it comes to the important discussions, I encourage people to talk with the other parties face to face and bring back those interpersonal connections.

With that said, it is also true that the pandemic brought about resilience and growth in many employees. Their working environment changed due to moves like workplace transfers, and this allowed them to see value in their work for JR Kyushu that they had not noticed before. Some told me "I realized how fortunate I was before" or "it reaffirmed what an important role I play in society." This was a difficult time for both the Company and its employees, but now I see that it was valuable too.

Further discussion on what we aim to be

In my message at the beginning of the fiscal year, I told our employees that all employees are the stars of the show, and asked them all to think for themselves and act proactively and boldly to carve out a future for Kyushu. We cannot use the pandemic as an excuse anymore. I wanted to impart upon each employee a strong message that they have a duty to carry out our Long-Term Vision of invigorating Kyushu.

My concern now is whether our employees have internalized the message of senior management. It was with this in mind that I began considering revisions to our management principle of "What we aim to be" and the three pillars of our code of conduct, both of which we have followed for more than 10 years now.

Our home ground is Kyushu, and obviously I have no intention of changing the core principle of working together with Kyushu. What I think is that we probably need to change the messaging to something that resonates more with our employees. "What we aim to be" is "a corporate group that will invigorate Kyushu and transmit Kyushu vitality to the rest of Japan and Asia with safety and service as foundations," and the three pillars of our conduct are "Integrity," "Growth and Evolution," and "Local Community Invigoration." We are racking our brains to find a way of expressing these that is better suited to the changes in the times and the structure of JR Kyushu's businesses. After extensive consideration, I think there are also arguments for not changing it.

In my management role, I am keenly conscious of how much words matter. In particular, amid the uncertainty in society, I feel that it is increasingly important to strongly and clearly communicate with all of our stakeholders, including our employees. As the person delivering messages, all I want is for them to be received. In Japanese, I call this omoi. The characters that are typically used mean "thoughts" or "feelings." Instead, I use the character 念, which means a larger idea or message.

The 2030 Long-Term Vision and the next Medium-Term Business Plan

Redefining the third pillar

In our 2030 Long-Term Vision, we declared Group targets of 600 billion yen in operating revenue and 70 billion yen in operating income. What kind of growth strategies should we take in future to be the kind of company that Kyushu needs? Our new Medium-Term Business Plan must clearly lay out a roadmap for this.

We are currently working on formulating the next MTBP. The final year of that plan will be the fiscal year ending March 2028, and by then our goals for 2030 will need to be in sight. In order to accomplish this, we need to set a direction for a third pillar of our business in addition to our existing two pillars (our railway and our Real Estate and Hotels business).

We are considering this from various angles. In addition to solidly developing non-travel-dependent businesses such as logistics, real estate and construction, for which we are planting the seeds during this MTBP, bold strategies including M&A will probably also be needed. I am conscious that this is a time when I need to make major decisions as a manager.

Turning changes in our external environment into new businesses

The pandemic has abated, but the external environment in which we are managing the Group continues to change dramatically. Inflation has caused prices to increase and the decline in the population is not stopping. And the risk of natural disasters caused by climate change is set to grow in future. These changes in our external environment pose major management risks, but I also see them as good opportunities to create new businesses.

For example, in Kyushu, the fact that Taiwanese semiconductor giant TSMC has expanded into Kumamoto Prefecture is a major plus for the JR Kyushu Group. It has been a boon for the areas around our railway lines: in addition to opening a new station, we are considering advancing our logistics and real estate businesses to meet demand from semiconductor-related industries. In future, we could also consider, say, building housing for Taiwanese employees who are posted here.

Aiming for sustainable growth in Kyushu

Kyushu's presence is essential in order for us to achieve our vision. The development of Kyushu is our mission, and in order to achieve that mission, it is important to grow the Group itself sustainably. We will carry out various strategies to that end.

Active community development in cooperation with communities

First, we will continue building cities that promote well-being, an endeavor we have focused on in this MTBP. So far, most of our projects have been in limited areas, such as the areas around Hakata Station and outside Nagasaki Station. I want to expand the scope a little and carry out community development with a new concept that you could call "compact cities".

We have already signed agreements for cooperations with cities and towns around Fukuoka City, and talks about new urban functions are underway. In Kasuya Town, which has many families with children, nursery schools next to stations are apparently popular because they are extremely convenient. Kasuya Town has six stations. We are considering ways to utilize the convenient public transport services and set up urban functions adjacent to the stations to make Kasuya a town where everyone can go about their lives with ease. We will also conduct research on accessible city-building. Likewise, we are working on a "Park & Ride" concept for municipalities around Fukuoka City, like Sasaguri Town. Roads to central Fukuoka are severely congested during the commuter rush. Enabling people to use the railway will alleviate that congestion and also be better for the environment. A Park & Ride system will also give people more options for places to live and invigorate communities. We will work together more closely with local governments and companies on initiatives like this to invigorate communities despite the declining population.

With that said, the decline in resident populations around local lines that are not near urban centers is something we cannot stop on our own. The number of customers using the railway is also decreasing, and while we can make contributions like creating demand among inbound tourists, I want to conduct discussions with members of those communities in various forms so that we can find a way forward for those communities' transport networks, with or without the railway.

Sustainable transport networks rooted in communities' distinctive characteristics

On our local lines as they are now, the stations are far apart and we are conscious that railway use is decreasing because people's nearest stations are too far from their homes. Buses are one way of meeting communities' transportation needs as bus stops can be set up close together. We have already introduced one such service—the BRT (Bus Rapid Transit System) Hikoboshi Line on the Hitahikosan Line—and passenger numbers are greater than when that section of the line was serviced by trains. We will come together with local communities on BRTs and other sustainable transport networks rooted in communities' distinctive characteristics.



Business conditions remain difficult for our railway business, as Kyushu is experiencing greater population decline than the national average and we need to address increasingly severe natural disasters. Thus far, all of JR Kyushu's employees have racked their brains to address this through measures such as reduction of fixed costs, but with the partial amendment of the Ministry of Land, Infrastructure, Transport and Tourism's guidelines for revenue cost calculations on April 1 this year, we applied to the Minister of Land, Infrastructure, Transport and Tourism on July 19 for revision of our fares from April 1, 2025.

We will utilize the additional revenue generated through this revision to thoroughly ensure safety and peace of mind in our railway business, maintain the quality of our customer service, and upgrade and extend the life of aging rolling stock and facilities, as well as improving employees' pay, benefits and working conditions, to provide sustainable transportation services.

Initiatives to address ESG issues

Turning environmental issues into business opportunities

We are conscious that environmental responses are an important duty of corporations and are carrying out various initiatives. The JR Kyushu Group is striving to turn environmental issues into business opportunities.

Last year, we utilized areas around our railway lines in Kumamoto City, Kumamoto Prefecture to install storage battery stations with reused batteries from electric vehicles (EVs). This plays a role in handling demand for renewable energy from variable sources, such as solar and wind energy, and we want to utilize it to contribute to greater popularization of renewable energy in Kyushu. It also has a function for supplying electricity in the event of a natural disaster, another point that has earned high praise. Storage battery businesses require qualified chief electrical engineers, a qualification possessed by many employees in the JR Kyushu Group's railway business. This is a new business where we can utilize our employees' skills, so utilizing the strengths of this qualified human capital is enabling us to expand our business domain.

Additionally, as resources are limited, we need to shift away from single use and create a cycle of usage. The pollution of oceans with plastic waste is a global issue. As a measure to reduce plastic usage, we are working to reduce the use of plastic in the bentos we provide on board tourist trains. We are also addressing the issue of discarded PET bottles through a project we have launched to recycle the plastic of PET bottles to make new ones. We collect discarded PET bottles from areas like stations, trains and station buildings throughout the JR Kyushu Group and supply them to a recycling plant. Through these initiatives, we are

working to build a circular society. We hope to create business opportunities by working to address these environmental issues.

Strengthening Group governance to support diversification

As we proactively create businesses to achieve our 2030 Long-Term Vision, I believe that we also need to focus on strengthening our Group governance framework. In addition to building a framework for self-auditing by each Group company, we must appoint personnel with expert knowledge who can perform checks in each segment. I am also conscious that developing management personnel to handle auditing operations is a management issue as critical as creating new businesses.

Creating a company that is cheerful and fun

From the perspective of human capital, we are placing additional focus on measures that will make our employees feel a sense of significance from working at JR Kyushu. We have been successively increasing wages since the previous fiscal year, but they are still not at what we can call a satisfactory level, even for the Kyushu area. We will continue increasing the level of our wages and roll out human resources systems to reward employees who challenge themselves to difficult targets.

We have also launched a project we have named “The Cheerful and Fun Company Project”. The aim of this project is to create a company where all employees can thrive, and encompasses dialog for the purpose of internal branding and the promotion of diversity, equity and inclusion (DE&I).



An example of our internal branding initiatives is the TV commercial we made to praise our employees for their effort and make them feel proud of their work. Our company branding was originally aimed at external parties, but we changed our approach as we judged that bringing back employees’ sense of fulfillment was a pressing management issue. Going forward, we will disseminate information, including in our TV commercials, with internal branding in mind.



Creating a company with mutual recognition of diverse values

In our DE&I initiatives, we are conducting extensive dialog-based training to create workplaces where people notice their own biases, understand each other and recognize each other’s diverse values.

We had already conducted training that incorporated good things that were being done in other workplaces to create opportunities for dialog between employees in different workplaces and foster mutual understanding. By approaching this from the perspective of DE&I, we hope to change the way our employees think. Becoming an organization where diverse personnel can thrive will enable us to attract excellent personnel and allow the whole company to grow.

We have also made various improvements to our HIRAMEKI Project, where employees suggest ideas for new businesses and then create those businesses. Candidates are now given more time before their presentations to executives, and more opportunities for learning are provided through Company workshops and training at the Graduate School of Project Design. We have high hopes that our employees’ ideas will lead to businesses that drive JR Kyushu forward in future.

To our stakeholders

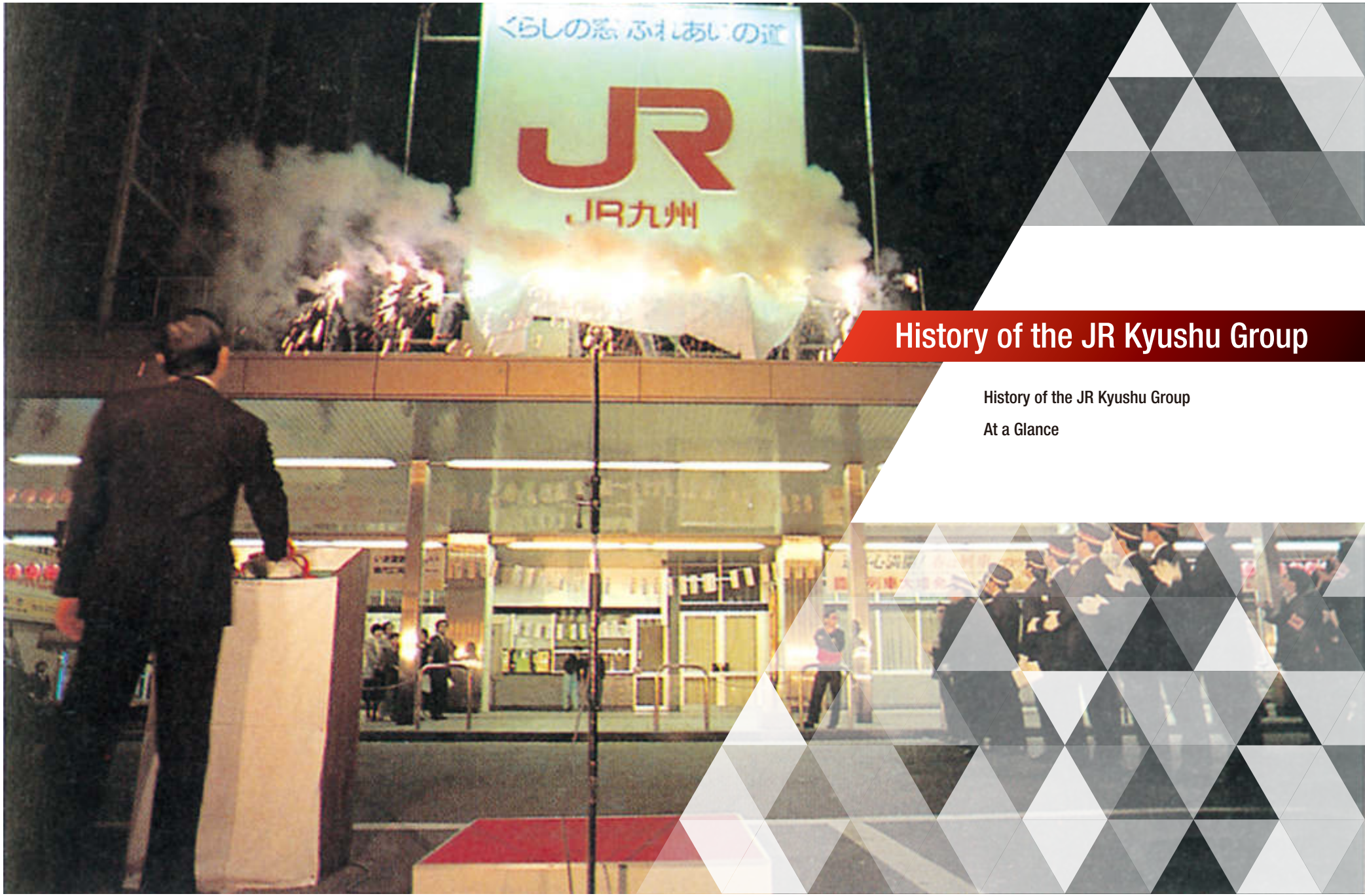
Pushing forward with purpose for Kyushu

We have recently received blunt questions and feedback from many of our stakeholders, including investors in Japan and overseas, about how JR Kyushu will contribute to building a sustainable society. We will redouble our measures against global warming and use the additional revenue from our revised fares to address the increasingly severe natural disasters that have occurred in recent years and replace our rolling stock with next-generation versions that are significantly more environmentally friendly. Through these measures, we will seek to further improve safety, peace of mind and environmental efficiency. We are also actively working on sustainable city-building to increase Kyushu’s appeal.

We are carrying out corporate ESG to create corporate and social value to tackle these issues and contribute to achieving the SDGs.



The growth story of JR Kyushu as a company was temporarily halted by the impacts of the pandemic, but we have recovered and are back in motion. The road ahead may be treacherous due to the declining population and natural disasters caused by climate change, but we will think positive and roll out medium to long term business activities to invigorate Kyushu, and achieve decisive growth as a company.



History of the JR Kyushu Group

History of the JR Kyushu Group

At a Glance

History of the JR Kyushu Group

The JR Kyushu Group's Corporate DNA

JR Kyushu was established following the breakup and privatization of Japanese National Railways in 1987. At the time of privatization, railway operations were around ¥30 billion in the red. We took steps to improve income and expenditure, but were also aware that we could not rely on our railway operations alone. We took up the challenge of various other businesses as well and aimed for growth.




JR Kyushu Walking event

- Held first JR Kyushu Walking event
- Opened the Railway Memorial Hall


International passenger ship route service Beetle 2


Shato Hanten, a luxury Chinese restaurant


Huis Ten Bosch JR ANA Hotel


Station Hotel Kokura


Umaya

Daring Challenge to Diversify Business

- Began selling MJR Sasaoka, our first condominium complex
- Established JR Kyushu Fast Foods Inc.
- International passenger ship route service Beetle 2 began sailing from Fukuoka to Busan
- Opened Shato Hanten, a luxury Chinese restaurant
- Opened JR Uchino Country Club
- Opened Hotel Blossom Fukuoka
- Opened Huis Ten Bosch JR ANA Hotel (Hotel Okura JR Huis Ten Bosch)
- Established JR Kyushu Retail, Inc.
- Established JR Kyushu Food Service Inc.
- Opened Station Hotel Kokura
- Opened Shin-Kokura Station building (Amu Plaza)
- Opened Amu Plaza Nagasaki and JR Kyushu Hotel Nagasaki
- Opened Umaya in Akasaka, Tokyo
  Opened JR Kyushu Hotel Kagoshima
- Established JR Kyushu Jet Ferry Inc.
- Opened Amu Plaza Kagoshima

Independence from incidental railway business


Amu Plaza Nagasaki


Amu Plaza Kagoshima

Related businesses

Railway business

1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005

Diverse and steady business development

Established Kyushu Railway Company (JR Kyushu)

1987



- First revision of timetable
- Began operating Yufuin no Mori express
- Commenced electric service on the Omura Line (Haiki to Huis Ten Bosch)
- Launched Stationmaster's Recommended Hot Springs, a new travel product (Ekicho Osusume no Yu)
- First fare revision
- Opened Miyazaki Airport Line
- Commenced electric service on Hohi Main Line (between Kumamoto and Higo-Ōzu)
- Completed the general operations system JACROS
- Released new 2-ride and 4-ride concession tickets for limited express trains
- Commenced electric services on Sasaguri Line and Chikuho Main Line (Fukuhoku Yutaka Line) (all of the Sasaguri Line and between Orio and Keisen on the Chikuho Main Line)
- Opened Kyushu Shinkansen line (between Shin-Yatsushiro and Kagoshima-Chuo)
- Began operating Hayato no Kaze, and Isaburo / Shinpei special rapid services


Yufuin no Mori express


Kyushu Shinkansen


Isaburo / Shinpei

History of the JR Kyushu Group

Challenging new areas of contribution after the COVID-19 pandemic

- Opened Safety Creation Center


Opened Safety Creation Center

- Listed in the First Section of the Tokyo Stock Exchange and in the Fukuoka Stock Exchange


Listed in the First Section of the Tokyo Stock Exchange

- Transition to Prime Market


SJR Betsuin


JR HAKATA CITY


Hot spring inn Hana Beppu


JR Oita City


Okuhita Onsen UMEHIBIKI


Amu Plaza Kumamoto


ABURAYAMA FUKUOKA
JR Kyushu Regional Design Co., Ltd.

Real Estate and Hotels

- 2007: Acquired stock in Drug Eleven Holdings Co., Ltd.
- 2010: Established JR Kyushu Farm Co., Ltd., an agricultural production company
- 2010: Opened JR Hakata City
- 2011: Entered poultry farming industry and established JR Kyushu Tamago Farm, Co., Ltd.
- 2011: Opened JR Kyushu Hotel Miyazaki
- 2015: Opened JR Oita City and JR Kyushu Hotel Blossom Oita
- 2016: Opened the JRJP Hakata building
- 2018: Opened THE BLOSSOM HIBIYA and THE BLOSSOM HAKATA Premier
- 2018: Acquired stocks in the restaurant Manbou Co., Ltd
- 2019: Established JR Kyushu Asset Management Co.,Ltd
- 2019: Opened Amu Plaza Kumamoto
- 2019: Established Nurubon Co., Ltd
- 2019: Opened THE BLOSSOM KUMAMOTO
- 2022: Established JR Kyushu Insurance Consulting Co., Ltd.
- 2022: Transfer of all shares in Drug Eleven Holdings Co., Ltd.
- 2022: Acquired stock in Fujibambi Co., Ltd.
- 2022: Established JR Kyushu Construction Group Holdings Co., Ltd
- 2022: Opened Ureshino Yadoya

Retail and Restaurant

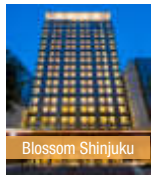
Construction

- 2009: Began signing up members for JQ CARD, the JR Kyushu Group's credit card
- 2012: Opened the hot spring inn Hana Beppu
- 2014: Opened JR Kyushu Hotel Blossom Shinjuku
- 2017: Opened Ropponmatsu 421
- 2017: Acquired all stock in Caterpillar Kyushu Co., Ltd
- 2017: Opened Okuhita Onsen UMEHIBIKI
- 2017: Opened JR Kyushu Hotel Blossom Naha
- 2018: Entered hotel industry in Thailand
- 2020: Opened Amu Plaza Miyazaki
- 2021: Opened THE BLOSSOM KYOTO
- 2021: Established JR Kyushu Regional Design Co., Ltd.
- 2021: Established JR Kyushu Hotel Management Co., Ltd.
- 2023: Start of LOGI STATION Fukuoka Ogori construction
- 2023: Opened Nagasaki Marriott Hotel

Business Services

- 2006: Opened private nursing home SJR Betsuin

Initiated community development in cooperation with local communities


Blossom Shinjuku

Business development outside Kyushu

Transportation


Launched SUGOCA service

- 2008: Launched IC card ticketing service SUGOCA
- 2010: Fully opened Kyushu Shinkansen line
- 2010: Began operating Ibusuki no Tamatebako limited express service
- 2015: Began operating JR KYUSHU SWEET TRAIN Aru Ressha
- 2020: Began operating 36+3 (Sanju-Roku plus San) express
- 2024: Began operating Kanpachi Ichiroku limited express
- 2009: Began operating SL Hitoyoshi service
- 2009: Began operating Umisachi-Yamasachi limited express service
- 2011: Began operating Aso Boy! and Let's Take the A-Train limited express services
- 2013: Began operating the cruise train Seven Stars in Kyushu
- 2016: Began operating DENCHA wire type battery-powered train
- 2016: Began operating Kawasemi Yamasemi limited express service
- 2022: Opened the Nishi-Kyushu Shinkansen line
- 2022: Began operating TWO STARS 4047 limited express


SL Hitoyoshi


Cruise train Seven Stars in Kyushu


JR KYUSHU SWEET TRAIN Aru Ressha


Kawasemi Yamasemi


36+3 (Sanju-Roku plus San) express service


Nishi-Kyushu Shinkansen

At a Glance

	Business Overview	Operating Revenue by Segment* (to outside customers)	Operating Revenue	EBITDA / Operating Income or Loss
Transportation	Our Transportation business comprises businesses such as our railway business, bus business, and passenger ship business. We operate a total of 23 lines (2 Shinkansen lines, 8 main lines, and 13 regional lines), covering 2,342.6km across all seven prefectures of Kyushu (as of March 31, 2024). Our bus business consists of local bus, express bus, and charter bus services.	37.8%	(billions of yen) Operating Revenue / Operating revenue (external sales): '19/3 181.8 (176.6), '20/3 173.7 (166.2), '21/3 95.2 (88.6), '22/3 108.9 (102.0) — Former Segments; '22/3 104.2 (99.5), '23/3 138.3 (133.5), '24/3 163.7 (158.9) — Current Segments	(billions of yen) EBITDA / Operating Income: '19/3 34.3 (27.4), '20/3 29.5 (19.8), '21/3 △26.5 (△37.6), '22/3 △13.6 (△22.2) — Former Segments; '22/3 △14.1 (△22.7), '23/3 13.1 (2.5), '24/3 22.3 (0.3) — Current Segments
Real Estate and Hotels	The Real Estate & Hotel Group engages in businesses including real estate leasing (Commercial facilities, offices, condominiums, etc.), real estate sales (condominiums, etc.), and hotel businesses. In the real estate leasing business, the Company manages and operates station buildings, etc. owned by the Company mainly in major cities in Kyushu. In the real estate sales business, the Company sells condominiums under the "MJR " brand.	30.5%	(billions of yen) Operating Revenue / Operating revenue (external sales): '19/3 90.0 (85.7), '20/3 90.7 (86.4), '21/3 80.1 (76.6), '22/3 110.5 (106.7) — Former Segments; '22/3 113.7 (109.7), '23/3 123.1 (118.7), '24/3 133.1 (128.2) — Current Segments	(billions of yen) EBITDA / Operating Income: '19/3 35.6 (25.4), '20/3 30.5 (19.1), '21/3 22.2 (9.9), '22/3 31.8 (17.9) — Former Segments; '22/3 31.9 (18.0), '23/3 36.2 (22.1), '24/3 40.8 (24.8) — Current Segments
Retail and Restaurant	The Retail & Restaurant Group operates specialty souvenir shops such as "Meihingura" and convenience stores such as "FamilyMart" in the retail business,and fast-food restaurants in the restaurant business.	14.6%	(billions of yen) Operating Revenue / Operating revenue (external sales): '19/3 104.0 (103.7), '20/3 104.6 (104.3), '21/3 51.4 (51.3), '22/3 43.6 (43.4) — Former Segments; '22/3 43.6 (43.4), '23/3 54.7 (54.4), '24/3 61.7 (61.4) — Current Segments	(billions of yen) EBITDA / Operating Income: '19/3 5.0 (3.4), '20/3 4.4 (2.8), '21/3 △1.1 (△2.5), '22/3 0 (△1.2) — Former Segments; '22/3 0 (△1.2), '23/3 2.7 (1.4), '24/3 4.5 (3.2) — Current Segments
Construction	The Construction Group is engaged in the construction industry, the vehicle machinery and equipment construction industry, and the electrical engineering business. In the construction industry, the main business is civil engineering, track and construction work related to railways, and maintenance by utilizing our expertise in railways. In civil engineering and construction work, we also engage in public and private construction.	7.9%	(billions of yen) Operating Revenue / Operating revenue (external sales): '19/3 93.8 (33.7), '20/3 99.3 (37.5), '21/3 96.5 (42.3), '22/3 95.7 (42.5) — Former Segments; '22/3 92.9 (40.1), '23/3 88.3 (36.0), '24/3 90.0 (33.0) — Current Segments	(billions of yen) EBITDA / Operating Income: '19/3 7.2 (6.2), '20/3 7.6 (6.5), '21/3 8.0 (6.9), '22/3 8.0 (7.0) — Former Segments; '22/3 8.0 (7.0), '23/3 6.5 (5.4), '24/3 7.0 (5.9) — Current Segments
Business Services	Our Business Services Group is engaged in sales and rental of construction machinery, advertising, and system-related businesses. Our business for sales and rental of construction machinery deals with machinery such as construction machines, diesel engines, and generators, with activities including sales, rental, maintenance, and training.	9.2%	(billions of yen) Operating Revenue / Operating revenue (external sales): '19/3 72.6 (40.4), '20/3 72.1 (37.9), '21/3 63.6 (34.9), '22/3 60.0 (34.7) — Former Segments; '22/3 69.5 (36.6), '23/3 73.4 (40.3), '24/3 77.9 (38.7) — Current Segments	(billions of yen) EBITDA / Operating Income: '19/3 4.1 (2.2), '20/3 4.3 (2.2), '21/3 3.7 (1.7), '22/3 5.2 (2.8) — Former Segments; '22/3 5.7 (3.3), '23/3 6.2 (3.4), '24/3 6.8 (3.8) — Current Segments











* Breakdowns for each segment are calculated according to the current segment structure.



JR Kyushu Group Medium-Term Business Plan

Overview of JR Kyushu Group Medium-Term Business Plan
Progress on JR Kyushu Group Medium-Term Business Plan
Key Strategies ① Completion of Business Structural Reform
Key Strategies ③ Business Development in New Contribution Areas
Building the Foundation for the Medium-Term Business Plan
Message from the CFO
Fare Revision

Overview of JR Kyushu Group Medium-Term Business Plan

2030 Long-Term Vision

The JR Kyushu Group's 2030 Long-Term Vision is "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." This vision was established in order to accomplish "What we aim to be": "A corporate group that invigorates Kyushu, Japan, and Greater Asia with safety and service as its foundation".

The business environment surrounding the JR Kyushu Group has been changed dramatically by COVID-19, further increasing the uncertainty of what business conditions we can expect in future. When we established the 2030 Long-Term Vision, we focused on major changes in the external environment that are anticipated in the period up to 2030 and how values regarding the concept of well-being will change among the people who will be impacted by those changes, as well as considering future scenarios in anticipation of extreme changes, so that we can achieve the 2030 Long-Term Vision despite these conditions.

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.

Policies for the realization of the 2030 Long-Term Vision

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

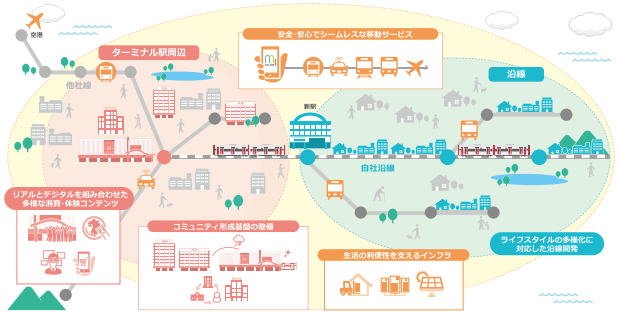
Policies for the realization of the 2030 Long-Term Vision

Policy ① Implementing city-building initiatives for the realization of well-being, with consideration for changes in values

We will progress beyond conventional city-building and to move forward by "implementing city-building initiatives for the realization of well-being, with consideration for changes in values." We will divide Kyushu into two major areas for the advancement of enhanced city-building.

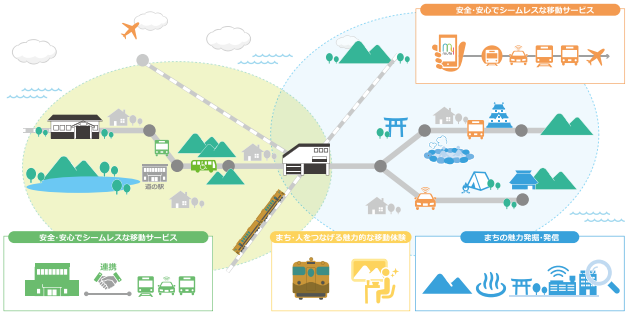
City-building initiatives in areas around our terminal stations and railway lines

We will provide comprehensive value with a focus on well-being, centered on terminal stations and areas around railway lines, and build cities where people want to live, work, and visit.



City-building initiatives in local regions

We will work in cooperation with local governments and other modes of transportation to build and introduce sustainable transportation infrastructure. In addition, we will rediscover and make effective use of regional resources. In these ways, we will aim to expand the non-resident population.

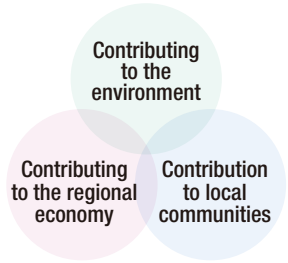


Policy ② Expanding areas we work in that contribute to the sustainable development of Kyushu

With consideration for the strengths that the Group has cultivated through its existing businesses, we will expand areas we work in that contribute to the sustainable development of Kyushu, which is our principal business region.

The Group's strengths

Brand strength, credit-worthiness	● Ongoing commitment to regional development ● Providing safety and security, our mission as an infrastructure company ● Providing highly original designs / services, such as the cruise train Seven Stars in Kyushu and Design & Story trains
Customer base	● Base of customers from mobility services ● Points of contact with customers through station building tenants with sales in excess of ¥200.0 billion
Railway network / network	● Network of railway lines and bases that extends throughout Kyushu ● Connections with government / local communities
Human resources (technical capabilities, administrative capabilities)	● Planning and implementation capabilities for building attractive cities ● Technical capabilities / customization capabilities cultivated through the railway business ● Management capabilities in diverse businesses ● Operations capabilities cultivated in multiple front-line settings
Assets	● Idle assets, such as space under elevated railway tracks ● Real estate, buildings such as station buildings, etc.
Financial base	● Sound financial base that makes it possible to implement aggressive growth investment



- ● Revitalizing business in Kyushu
- ● Implementing initiatives for the realization of a de-carbonized society
- ● Re-improving strong social infrastructure
- ● Government / local government support

JR Kyushu Group Medium-Term Business Plan 2022-2024

Commencing in the fiscal year ended March 2023, the JR Kyushu Group Medium-Term Business Plan 2022-2024 designates these three years as an important stage for the JR Kyushu Group to return to a growth track quickly. We will continue to carry out our three key strategies: “Completing business structural reforms”, “Creating a model for building cities that promote well-being” and “Developing businesses in new areas in which we can contribute”, along with two initiatives to aid in the execution of those strategies: “Developing human resources for the implementation and realization of strategies” and “Building foundations for advancing strategies on a Group-wide basis”.

Key Strategies ①

Completing business structural reforms

P.20

- In the railway business, we will aim to realize a sustainable, stably profitable structure through the completion of BPR*1 and the implementation of further cost reductions.
- In other businesses, we will advance initiatives targeting a rapid recovery from the influence of COVID-19.

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

*1 Business Process Re-engineering

Key strategies for the realization of the long-term vision

Key Strategies ②

Creating a model for building cities that promote well-being

P.34

- The company will also work to expand MaaS services to the entire Kyushu area and build a model for sustainable mobility services.
- We are also working on rolling out MaaS services throughout Kyushu and building models for sustainable mobility services.

Key Strategies ③

Developing businesses in new areas in which we can contribute

P.24

- For the sustainable development of Kyushu, after reorganizing our structure by revising our business segments, we will work to strengthen B-to-B businesses and B-to-G businesses. In this way, we will aim to expand the scope of our contribution and to enhance sustainability.

Developing human resources for the implementation and realization of strategies

Advancing personnel strategy

P.71

- Aiming to achieve growth for the Group by maximizing the individual capabilities of employees, we will advance reforms in the formulation and application of our personnel strategy (hiring and placement, development, evaluation)

Building foundations for advancing strategies on a Groupwide basis

Strengthening management base

P.26

- Enhancing establishment of strategy implementation systems and frameworks for management of customer information / business portfolio management
- Building a digital technology promotion system, developing human resources, and establishing digital technology foundations

Principles of our Medium-Term Business Plan

Changes in the external environment by 2030

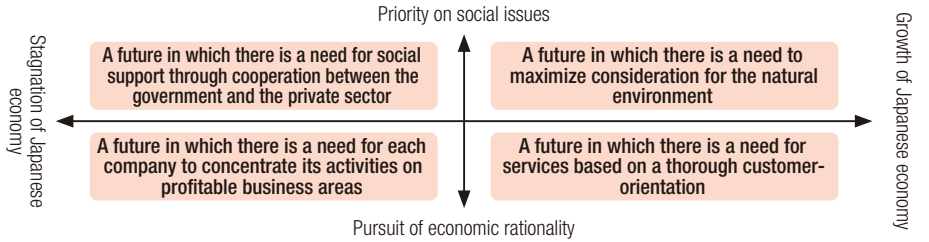
- Identification of factors in changes in our external environment that may occur by 2030 from the perspective of PEST (politics, economy, society, technology)

Changes in people’s values regarding the concept of well-being

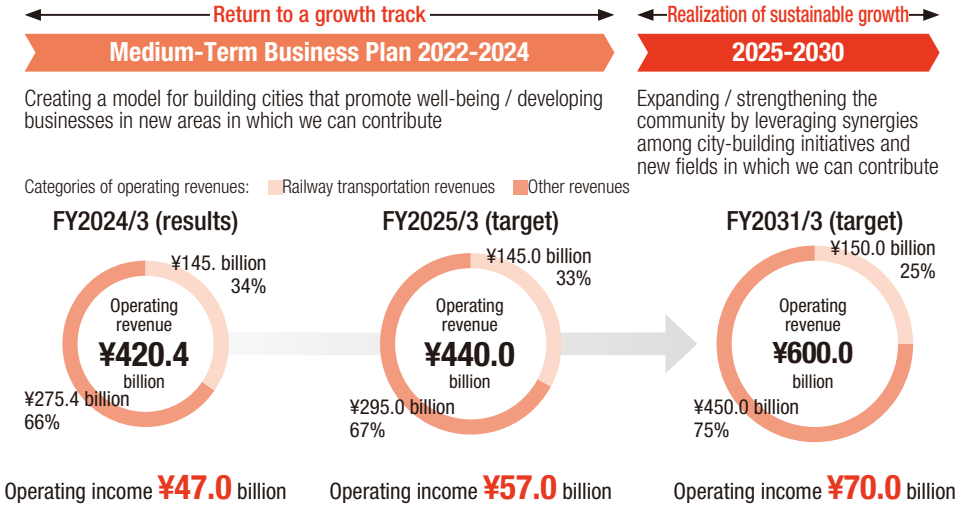
- We focused on changes in people’s values regarding the concept of well-being which have been influenced by changes in the external environment
- Consideration from the perspectives of mind, body and society / environment

Consideration of multiple future scenarios through scenario planning

- We considered future scenarios focusing on changes in values regarding the concept of well-being with an assumption that the external environment will have an influence that exceeds expectations by 2030



Steps toward the realization of the long-term vision



* The figures for the fiscal year ending March 31, 2025 (target) are the figures at the time this medium-term management plan was formulated.

Progress on JR Kyushu Group Medium-Term Business Plan

Numerical management targets and shareholder return policy

We expect to achieve the numerical targets of this plan, which are operating revenue of 440 billion yen, operating income of 57 billion yen, and EBITDA of 94 billion yen, in the full-year forecast for the fiscal year ending March 31, 2025.

Numerical targets

(billions of yen)

	'25/3 (forecast)	'25/3 (target)
Operating Revenue	441.1	440.0
Operating Income	57.3	57.0
EBITDA	94.0	94.0
[Reference] ROE	9.5%	More than 8%

Numerical targets by segment

(billions of yen)

Segment name	Operating Revenue		Operating Income	
	'25/3 (forecast)	'25/3 (target)	'25/3 (forecast)	'25/3 (target)
Transportation	166.6	163.0	14.9	17.0
Real Estate and Hotels	138.2	133.0	28.4	27.0
Retail and Restaurant	65.2	65.0	3.6	3.0
Construction	95.0	95.0	6.6	7.0
Business Services	81.8	80.0	4.7	4.0
Total	441.1	440.0	57.3	57.0

Shareholder return policy

JR Kyushu places importance on the stable provision of returns to shareholders over the long term. Over the period to FY2025/3, 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.

* For details on our non-financial KPIs and our progress on these, see "Material Issues" in "Value Creation Story".

P.7 Material Issues

Investment plan

Over the period of this plan, we will accelerate growth investment, principally utilizing our debt capacity, while maintaining financial soundness. In addition, we will work to secure safety and to advance efficient maintenance and upgrade investment.

Capital investment plan

(billions of yen)

	'23/3 (results)	'24/3 (results)	Total for plan period	Consumption rate
Growth investment A	65.8	94.5	225.0 (Including M&A)	71.3%
Maintenance and upgrade investment B	34.3	32.0	115.0	57.8%
Safety Investment	14.1	18.0	58.0	55.5%
Total	100.2	126.6	340.0	66.7%

Major investment projects during the period of the plan

Growth investment A

Real estate / hotel related
- JR Nagasaki Station building
- Kagoshima-Chuo Station west entrance development
- URESHINO YADOYA (development of the Ureshino Japanese-style inn)
- Project for utilizing the space above the tracks at Hakata Station
- THE BLOSSOM KYOTO
- Toranomon 2-chome office development

M&A initiatives targeting the development of businesses in new business areas in which we can contribute

Maintenance and upgrade investment B

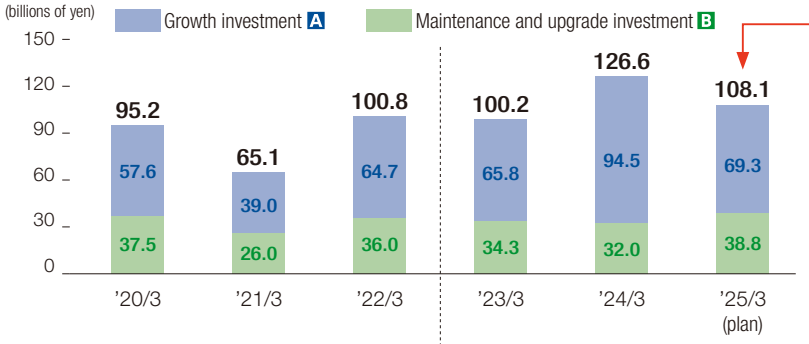
Railway business related
① Projects related to the Nishi-Kyushu Shinkansen
- New production of Shinkansen rolling stock

② Operations / maintenance reform

③ Safety investment
- Updating 811 series main circuit
- New production of the DD200 locomotives
- New production of YC1 series rolling stock.
- Self-driving related

Investments that contribute to increases in environmental value (included in the above-mentioned growth investment and maintenance and upgrade investment): approximately ¥60.0 billion

* Based on projects that are eligible for the Green Bond framework, etc.



EBITDA	750	46	307	638	800	940
Annual dividend	146	146	146	146	146	146

Financial soundness indicators

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

Main capital investment projects in FY2025/3

Growth investment A
- LOGI STATION Fukuoka Ogori
- Toranomon 2-chome office development
- Project for utilizing the space above the tracks at Hakata Station

Maintenance and upgrade investment B
- Change of tracks for project for utilizing the space above the elevated railway tracks at Hakata Station
- New production of YC1 series rolling stock.
- Renewal of Series 811

Key Strategies ① Completion of Business Structural Reform

Business Structural Reform in the Railway Business

As an effort to reduce costs in the railway business, which was most affected by the COVID-19 pandemic, we worked to reduce fixed costs through Business Process Re-engineering (BPR).

The targeted reduction of 14 billion yen was achieved in the fiscal year ended March 2023, contributing to the railway business becoming profitable.

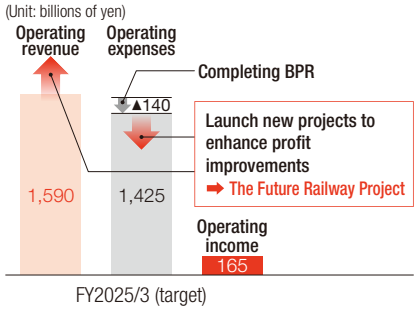
Toward Further Business Structure Reform

In the fiscal year ended March 2023, we launched the Future Railway Project to deepen our business structure reform. While BPR focused on reducing fixed costs without investment, the Future Railway Project aims to reduce fixed costs and secure further revenues through the promotion of digital transformation and technological innovation.

Starting with the lean railway business cultivated through BPR, which we have been engaged in for a long time, we will work to advance mobility and strengthen management capabilities to create the Future Railway, which will drive Kyushu's urban development. JR In anticipation of the fiscal year ended March 2025 (First Stage 2024) of the Kyushu Group Medium-Term Management Plan 2022-2024 and the subsequent fiscal year ended March 2031 (Second Stage 2030), we are working to deepen our earnings and expenditure improvement. To achieve the goals of the Medium-Term Management Plan, we will work to capture profit opportunities by leveraging the strengths and assets of railways and create innovation by utilizing technological development and new technologies.

* BPR (BusinessProcessRe-engineering)
Completed a ¥14 billion reduction in fixed costs for the railway business through BPR initiated in the wake of the COVID-19 pandemic

● Relationship between the medium-term business plan and the Future Railway Project



* This is the figure at the time of formulation of the medium-term management plan.

Future Railway's Goal

A virtuous cycle of railway value improvement and growth



[Differences between BPR and Future Railway Project]

BPR	Future Railway Project
Study by system	Discussed by cross-functional team
Short-term Completion in approximately 2.5 years	Medium to long-term 2025 - BR January-March and March 2031
Focus on cost reduction	Earnings and expenditures improvement accompanied by income acquisition and investment

● Future Railway Project Promotion System

The Future Railway Project has formed nine cross-functional teams to promote cross-organizational discussions. Currently, five cross-functional teams are working to improve railway value with new perspectives and ideas.

[Team Organization]

Cross-functional teams

Future Maintenance | How to Earn Money in the Future | Facilities of the Future | Future Back Office | Transport Systems of the Future

Implemented teams are managed by each department, checked, and moved to the main operation phase

Future Earnings (Railway Area) | In the Future Group Companies | Future Balance Management (Income and Expenditure) | Local Lines of the Future

[Meeting Structure and Frequency]

President's report meeting (once a month)
President's Executive Officer, General Manager of General Planning Division, General Manager of Railway Business Division, Deputy General Manager of Railway Business Division, General Manager of General Affairs Department, General Manager of Human Resources Department, General Manager of Finance Department, General Manager of Corporate Planning Department, General Manager of Regional Strategy Department, General Manager of Digital Transformation Promotion Department, General Manager of Safety Creation Department, General Manager of Business Administration Department, Deputy General Manager of Business Administration Department, General Manager of Shinkansen, General Manager of Sales Department, General Manager of Transportation Department, General Manager of Engineering Department , Deputy General Manager of Engineering Department

Progress meeting (once a month)
General Manager, Railway Business Division Deputy General Manager, Railway Business Division General Manager, Business Planning Department

Secretariat Meeting (once a month)

Initiatives for the fiscal year ending March 2025

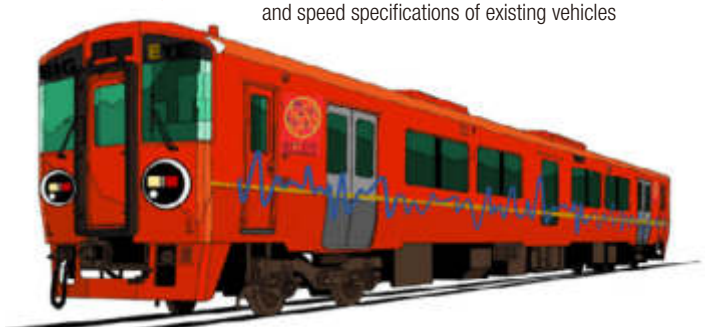
- Continued promotion of studies by cross-functional teams
- Aiming to explore new measures and accelerate implementation of planned measures by activating technological development and open innovation
- In the fiscal year ending March 2025, earnings are expected to improve through measures to increase revenue for individuals outside of Japan, as well as improvements in Internet reservation and app functions

Example of Efforts Future Maintenance Multifunctional Inspection Vehicle "BIG EYE"

Because track facilities deteriorate daily due to the load of trains, it is important to accurately assess their condition and repair them at the appropriate time. In order to achieve safer and more efficient maintenance by shifting from time-based maintenance (TBM) to condition-based maintenance (CBM) through frequent inspection, we have been developing new inspection vehicles to replace the aging high-speed track inspection vehicles.

Point 1 Realization of labor-saving inspection work through renovation of installed equipment

- Installation of three equipment: track inspection equipment, component inspection support camera equipment, and building limit measurement equipment
- All of them flexibly respond to conditions such as available space and speed specifications of existing vehicles



Point 2 Utilizing Existing Vehicles to Achieve Self-Driving and Cost Reduction

- July 2020 Refurbished track inspection vehicles using vehicles damaged by heavy rain.
- Conventional high-speed track inspection vehicles had to be towed by a locomotive, but the BIG EYE diesel vehicle is self-propelled.

Effects of Equipment Installed in BIG EYE

	Track Inspection Equipment	Underfloor camera device (Member inspection support camera device)	Building limit measuring device
Before	• TBM (Time-based maintenance)	• Inspection by walking • Visual inspection	• Visual inspection and management
After	Conversion to CBM (Condition Based Maintenance) • Frequent deterioration prediction • Timely repair according to the condition	• Automatic extraction of defective parts • Automatic judgment by AI	• Management and judgment based on point cloud data acquired by measuring sensor

High-frequency monitoring of track conditions

Conventional equipment inspections were often performed visually, which required a lot of time and labor. In order to maintain the safety level and quality of inspections even if the working population decreases in the future, it is essential to establish a system for sustainable business execution. Therefore, it was a technical issue to develop equipment to replace visual inspections and to improve the efficiency of equipment inspections.

The newly developed BIG EYE can monitor track conditions at a high frequency based on various kinds of big data acquired from cameras and sensors installed in vehicles. In the future, we plan to use this data as a substitute for human eyes and to introduce AI that automatically detects abnormal conditions, in order to realize maintenance that improves both safety and productivity.

We also plan to use it as a substitute for human eyes and to introduce AI that automatically detects abnormal conditions.



Maintenance Section, Engineering Department
Kosuke Sano

Start of GOA2.5 Automated Operation

Amid the declining birthrate and aging society and declining population, MMC is working to maintain its transportation network over the long term and improve operational efficiency while maintaining and improving safety. MMC is also promoting automation and mechanization of operations in order to secure the necessary human resources in the face of a declining workforce in the future. As part of the operational reforms listed in "Strengthening the Management Foundation" of the "JR Kyushu Group Medium-Term Management Plan 2022 -2024," MMC is working on "automated operation of rolling stock."

On March 16, 2024, MMC began the operation of GOA 2.5 * automated operation on the Kashii Line with automated driving crews *. This is the first time MMC has operated trains in compliance with this standard. In addition, on the Kagoshima Main Line, demonstration operations of the automated train operation support system (GOA2.0) began on commercial trains on the same day.

* Automated driving crews: GOA2.5 crews (crews other than the driver at the front)
* GOA : Grade of Automation

Automation level (Defined by IEC (JIS) *)	Image of the type of crew (Main tasks performed by the crew in brackets)	Introduction in Japan
GOA0 Visual Operation TOS	Drivers (and conductors)	Streetcars
GOA1 Non-Autonomous Operation NTO		General routes with railway crossings
GOA2 Semi-automatic operation STO	Driver (train activation, emergency stop operation, Evacuation guidance, etc.) etc.	Some subways
GOA2.5 (Automatic operation with an attendant performing emergency stop operation, etc.) ➡ Not defined in IEC and JIS	An attendant at the front of the train [Emergency stop operation, evacuation guidance, etc.]	None
GOA3 Automatic operation with attendant DTO	Staff on the train [Evacuation guidance, etc.]	Some monorails
GOA4 Autonomous operation UTO	No attendant	Some new traffic

* IEC 62267 (JIS E 3802): Automated operation defined by urban tramway passenger transport system Study Group on Automated Operation Technology for Railways September 13, 2022 Prepared based on PDF
GOA:Grade of Automation / TOS:On Sight Train Operation / NTO:Non-automated Train Operation / STO:Semi-automated Train Operation / DTO:Driverless Train Operation / UTO:Unattended Train Operation

Progress to date and future targets

December 2020	Demonstration operation started (Saitozaki Station - Kashii Station)
March 2022	Expansion of demonstration operation section and trains (all lines of the Kashii Line) Additional functions (Number of train cars, snowfall response, economical operation)
March 2023	Increase the number of trains covered (from 46% to 67%)
March 2024	Realization of GOA2.5 automated operation and start of demonstration operation of automated train operation support equipment
End of March 2026 (target)	Introduction of automated train operation support equipment

Comments from outside experts — Hoping to truly contribute to the sustainable development of mobility

1. Recognizing the Challenges to Realizing GOA2.5

GOA2.5 is a half-baked concept that has no definition in international standards, and some experts question its significance critically. A few years ago, I had the same perception. However, through practical discussions with the government's study committee and JR Kyushu officials, I came to realize that it could be a mechanism that truly contributes to the sustainable development of mobility in Japan and other Asian countries, as an automation mechanism that allows people to work with pride and at a more relaxed pace for a longer period of time. We have come to realize that it can be a mechanism that truly contributes to the sustainable development of mobility.

2. JR Kyushu's Initiatives

Creating a GOA2.5 mechanism to establish safe operations while maintaining economic efficiency through interaction with people was more difficult than fully automating operations. On the Kashii Line. We believe that the success of the world's first practical application, while gaining the understanding of the original people and government, will be an important milestone in Japan's 150 year history of railway technology.

3. Expectations for JR Kyushu

We expect that the Kashii Line will continue to operate safely as a commercial line, disseminate technical knowledge and experience widely, and contribute to the spread of this useful system in Japan and overseas.



Graduate School, The University of Tokyo
Professor, Department of Electrical Engineering, Graduate School of Engineering
Takafumi Koseki

Demonstration operation started after overcoming two hurdles. Beyond

We had to challenge the two hurdles of realizing GOA2.5 autonomous operation on an ATS basis, which had never been done before, both in terms of system and technology. We were not alone in sorting out the need for a pilot's license and the system. We held a third-party committee, which was organized by us, and the coordination of the Study Group on Autonomous Operation Technology for Railways, which was held by the Ministry of Land, Infrastructure, Transport and Tourism, provided great support.

In the demonstration operation, we also took measures to prevent gliding based on the data of the entire trip, to suppress events that required the dispatch of operators, and to improve transportation stability. We are grateful that we were able to achieve this technology thanks to the cooperation of Japan Signal and the support of the Railway Research Institute, with which we have been developing this technology.

GOA2.5 will continue to be manned by autonomous driving crews, so it is unlikely that the red-letter route will return to the black. However, we aim to contribute to the maintenance of the transportation network by contributing to the reduction of the working population and the shortage of drivers, which is a concern in the future. We aim to expand GOA2.5 and fully introduce GOA2.0 (Automated Train Driving Assist System).



Safety Creation Department
Deputy Manager, Autonomous Driving Project
Takahiko Aoyagi

Reorganization of Hotel Operating Companies

On October 1, 2024, JR Kyushu Hotel Management Co., Ltd., JR Kyushu Hotels Co., Ltd., JR Kyushu Huis Ten Bosch Hotel Co., Ltd., and JR Kyushu Station Hotel Kokura Co., Ltd.

will be reorganized through the merger of the four group companies that operate hotels.

JR Kyushu Hotel Management Co., Ltd., will be the surviving company. The company will operate 17 hotel facilities, including lodging-oriented hotels, full-service hotels, and inns, and will have around 1,000 employees. In conjunction with the reorganization, JR Kyushu Hotels plans to review its personnel and wage systems and strengthen its management base and facility management capabilities by mobilizing the resources and know-how of each company.

JR Kyushu Hotels will continue to develop attractive facilities while remaining rooted in the local community, aiming to become a “Hotels selected by employees, customers and external partners.”

Initiatives and Objectives

Review personnel and wage systems,
Become a company committed to employee satisfaction and ease of working

- Raise wage levels
- Provide diverse career paths (e.g., establish a new job structure to secure highly specialized personnel)
- Introduce a role-grading system and a highly transparent personnel evaluation system based on contributions

Strengthen operational capabilities by promoting strategies utilizing economies of scale

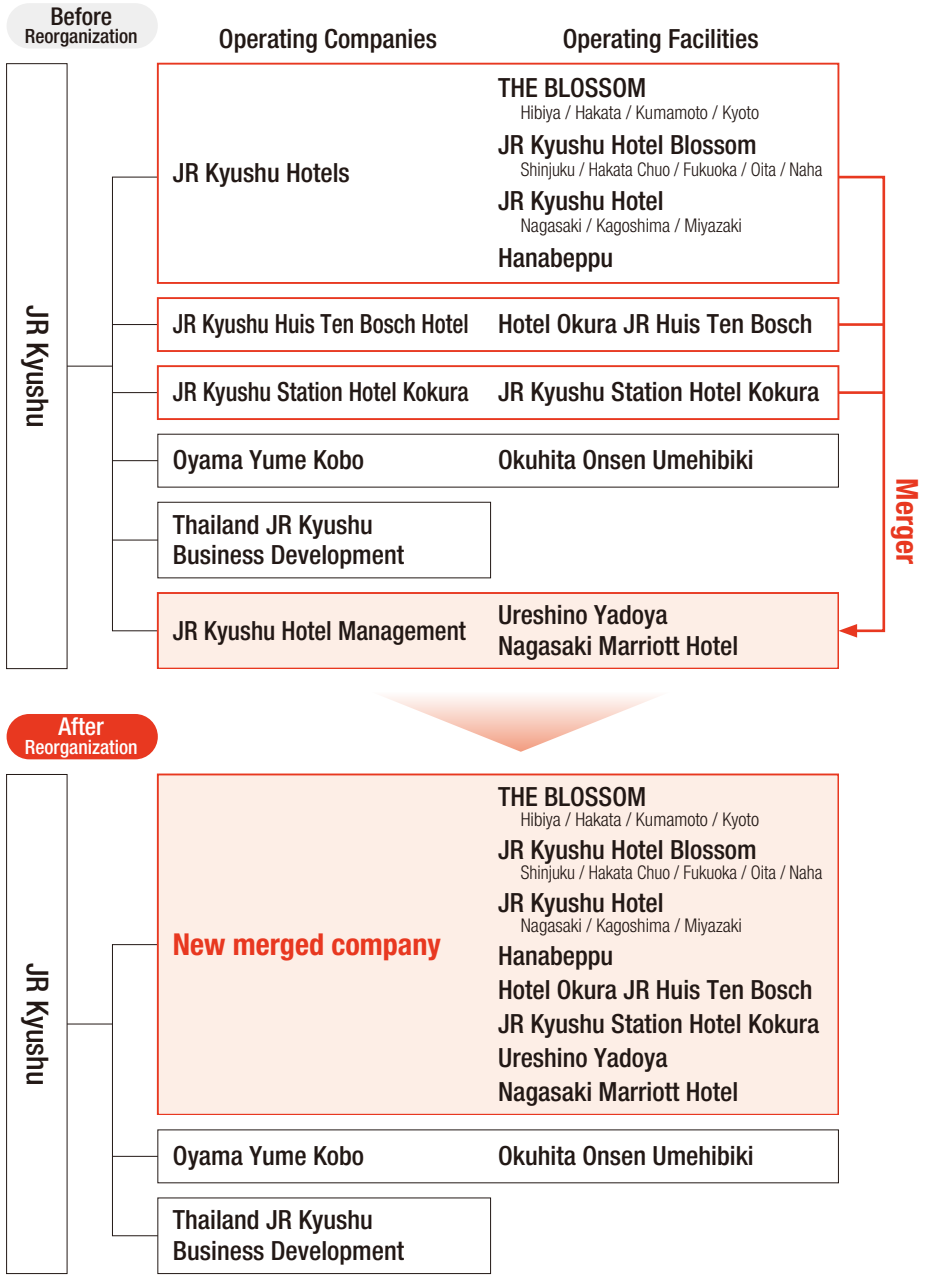
- Strengthen human resource management through collective hiring and the establishment of a systematic training system
- Promote bulk procurement of materials and foodstuffs
- Enhance efficiency and sophistication by consolidating other common operations

Become a growing hotel operator with comprehensive property management capabilities

- Expansion of profit share of external projects (leasing and operation from outside the group) by strengthening entry into non-asset business (management and consignment) to increase its profit share





Key Strategies ③ Business Development in New Contribution Areas

Start of Grid Storage Business to Promote and Expand Renewable Energy

We are conscious that this Medium-Term Business Plan presents an opportunity to grow our business by transitioning to a de-carbonized society. We are discussing proactive initiatives to create new value, and in April 2023 we established Battery Station Kyushu LLC, a joint venture with the Sumitomo Corporation Group that operates a grid-based storage battery business.

Name	Battery Station Kyushu LLC
Established	April 2023
Investors	Kyushu Railway Company BS Holdings Co., Ltd.* Sumitomo Corporation Kyushu Co., Ltd.

* Wholly owned subsidiary of Sumitomo Corporation that owns and manages energy storage assets

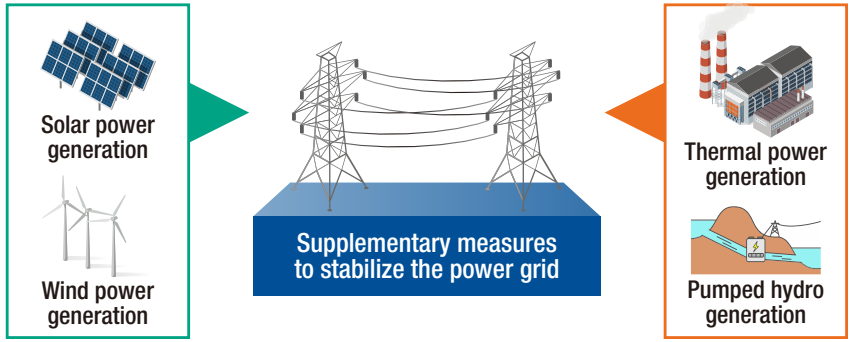
JR Kyushu
- Unused land alongside tracks
- Qualified personnel (chief electricians)

Sumitomo Corporation Group
- Business expertise
- Storage battery supply chain

Large-scale adoption of renewable energy will be essential in order to achieve carbon neutrality by 2050, but this will create new issues concerning stability of power supplies as there is significant fluctuation in the generation of these forms of energy depending on natural conditions such as sunlight and wind. Solving this issue is particularly imperative in Kyushu, which has seen particular progress in the adoption of renewable energy compared to the rest of Japan. This business has installed storage battery systems to make effective use of the areas around railway lines and other vacant land on our railway network. Operation of this system is scheduled to commence from FY2024.



Image of storage battery facilities to be installed in Kumamoto City



Conclusion of Partnership Agreement to Realize Carbon Neutrality

In February 2024, the Company concluded a “Partnership Agreement to Realize Carbon Neutrality” with Kumamoto City, Sumitomo Corporation, and Sumitomo Corporation Kyushu. The Company concluded this Agreement because the grid storage business contributes to the expansion of renewable energy and Project 1 also contributes to the realization of “carbon neutrality by 2050 ” in the Kumamoto City area.

The purpose of this agreement is to contribute to the realization of “carbon neutrality by 2050 ” and to strengthen regional resilience by effectively and continuously promoting facilities for local decarbonization, such as the expansion of renewable energy, in collaboration and cooperation with each other.



First storage facility in Kumamoto City completed and starts trial operation

Following the establishment of Battery Station Kyushu LLC last year, we completed construction of the first storage facility in Kumamoto City in March 2024, thanks to the cooperation of many stakeholders inside and outside the company. We are currently conducting various operational tests and will start full-scale operation within this fiscal year.

While the spread of renewable energy is essential for realizing a decarbonized society, it also creates the problem of unstable supply and demand balance in the power system. As a company that uses a large amount of electricity for various businesses, including railways and commercial facilities, we hope to contribute to solving problems in the Kyushu area through the operation and expansion of this business.



Future Energy PJ, Corporate Planning Department
Shintaro Hirakawa

Efforts to Accelerate Growth in the Construction segment

— Demonstrating Comprehensive Segment Strength under the Holdings Structure —

In July 2023, we established an intermediate holding company, JR Kyushu Construction Group Holdings Co., Ltd., to control our 5 construction subsidiaries. With this company at the center of our efforts, we are working to strengthen inter-company business partnerships in the construction segment and to overcome common issues such as human resource shortages.

Segment Business Areas	General Construction, Vehicle Machinery & Equipment, Electrical Engineering, Construction Consultancy
Number of Companies	5 (excluding intermediate holding companies and subsidiaries)
Segment Sales	¥90 billion (FY2023)
Employees	2,854

Target image for the Construction segment

From planning and planning to design to maintenance,
through the provision of consistent services and added value through group collaboration,

- Contribute to local communities and solve social issues in a wide range of fields and domains
- Make long-term, deep connections with clients and properties to meet their needs
- Leverage and work across a wide range of business domains to create new products and domains

九鉄工業株式会社 × 三軌建設株式会社
Civil engineering and architecture

JR九州エンジニアリング株式会社 × KDS JR九州電気システム
Facilities

JQ JR九州コンサルタンツ株式会社
Construction consulting and design

Strengths of the JR Kyushu Group	Local governments, railway, city-building initiatives
Sources of growth	Total services through technological capabilities and know-how, a solid human resource base, and inter-company collaboration

Construction of Green Buildings through Group Collaboration and Acquisition of "ZEB" Certification

P.57

JR Kyushu Engineering opened Fukuoka Manufacturing Plant in November 2023 as a base for technological development and manufacturing. The plant is equipped with a photovoltaic power generation system (estimated power generation: 233.875kWh/year), which reduces annual primary energy consumption by approximately 53%, and has acquired "ZEB" certification in the Building Energy Efficiency Labeling System.

Group companies such as Kyutetsu Kogyo, JR Kyushu Electric System, and Metalstar participated in the construction of Fukuoka Manufacturing Plant, combining their technologies and know-how.

We will continue to promote such high-value-added initiatives through group collaboration.



Efforts to Secure Human Resources and Improve Workability

Addressing the shortage of human resources in the construction industry is an issue shared by all companies. Recruiters from each company are working together to create a sense of unity by leveraging the strength of the JR Kyushu Group brand and to quickly develop new systems such as scholarship repayment support. To ensure the retention of human resources, we are working to reduce the workload by establishing specialized organizations to support field engineers and introducing construction DX. We are also working on speedy operational reforms by mutually utilizing the know-how acquired by each company.

- For recruitment branding, scholarship repayment support system, etc.
  Introduction of new systems, improvement of workplace environment
- Reform of field engineer operations (Establishment of specialized support organization, construction DX, etc.)



Listening to the voices of field engineering

At the time of the establishment of Kyutetsu Holdings, I was seconded from Kyutetsu Kogyo to the company and took charge of promoting business reforms for the entire group. I am currently working on the transfer of field operations to reduce the burden on field engineers and the introduction of construction DX, which is necessary for non-engineers to undertake these operations. When I go to work sites, I am reminded that even at the peak period of construction, I am still working with great care and pride on each job. "They will entrust us with operations as important as their children." I believe that gaining the trust of field engineers with this attitude is the first step in business reform.



JR Kyushu Construction Group Holdings, Inc.
Manager, Sales Strategy Department
Asuka Hori

Laying the Foundation for the Medium-Term Management Plan — Steadily Promoting the DX Strategy —

Fundamental approach

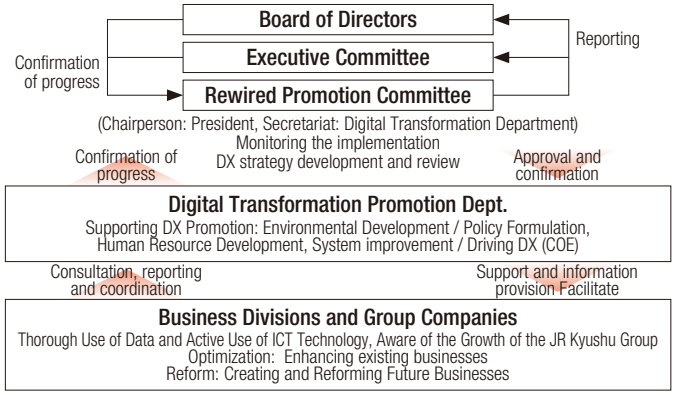
We believe that DX promotion is one of the most important approaches as we consider how to strengthen our management base to support the key strategies in the JR Kyushu Group Medium-Term Business Plan 2022-2024. During this Medium-Term Business Plan period, we will build technology promotion frameworks and digital platforms for the implementation of various measures utilizing digital technologies.

JR Kyushu Group DX Strategy 2022-2024

We have established the JR Kyushu Group DX Strategy 2022-2024 to provide more details on the initiatives to promote DX that are described in this Medium-Term Business Plan.

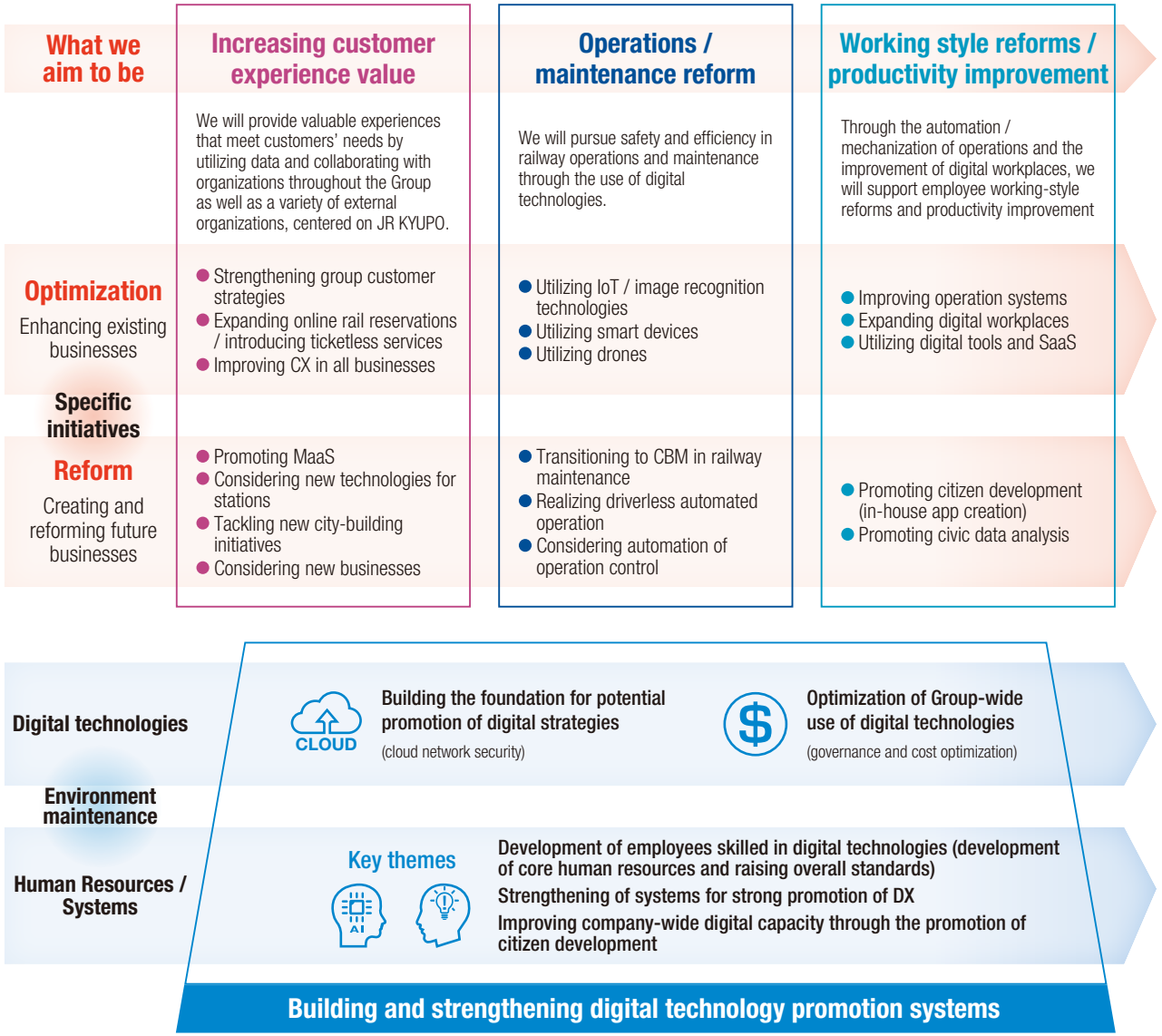
This DX strategy aims to increase customer experience value, reform operations and maintenance, and reform working style and improve productivity. To achieve this, we will use digital technology to promote optimization and reforms. To accomplish this, we have designated "Developing human resources skilled in digital technologies" and "Strengthening digital technology promotion systems" as particularly important themes, and are working to set up technical environments and build frameworks for the promotion of digital technologies through measures such as developing human resources skilled in digital technologies.

Promotion System



Digital Transformation Certification

Based on guidelines formulated by the national government, a system to certify, upon application, business operators with excellent DX initiatives. Certified in March 2022; updated in March 2024



Building digital technology promotion systems (development of personnel)

Current progress and future initiatives

As "Developing human resources skilled in digital technologies" is a key theme of our DX strategies, we have established a digital CoE as a control tower for the promotion of digital technologies throughout the Group, and we are driving operational reforms through the development of applications for our operations and the analysis of data using programming language such as Python. We have also appointed digital promotion managers with specialist training in key departments. These managers work together to lead transitions to digital technologies in each department and develop core personnel. In future, we will dedicate ourselves to the development of personnel in each division and group company and take measures such as advanced development, training support and the building of platforms to strengthen our frameworks for employees to develop their own applications and our initiatives for the use of data, with the aim of strengthening the framework of our digitalization initiatives and improving our overall digital capabilities.

Employees skilled in digital technologies are well poised to drive improvements in operational efficiency and increases in sales through the use of digital technologies. We are actively working to develop such employees, and by the fiscal year ended March 2024, we trained a total of 563 of the 500 employees we plan to train to be skilled in digital technologies throughout the execution period of our DX strategies.

Digital Hero Certification System to Accelerate Digital Challenges

What is the Digital Challenge?

- Development of applications by non-IT employees
- PowerPlatform (application development tool) and other important digital tools Development at each workplace is recommended
- A job that makes working easier by "solving workplace issues cheaply, quickly, and by ourselves" Fostering a workplace
- Improving overall digital capabilities through human resource development

Effect (app development) ➡ **Reduced working hours by 24,090 hours from FY2022 to FY2023**

What is the Digital Hero Certification System?

- Utilized digital tools for non-IT developers to achieve clear results We have established a system to certify digital heroes as human resources who have created Digital heroes in fiscal 2023
- Digital heroes are defined as people who acquire digital skills and can proactively and boldly implement business reforms in the workplace, and this system certifies employees who have engaged in application development and RPA.
- There are 3 levels of "Challenger Leader Hero" and "Hero" according to development results. By the end of fiscal 2023, 71 employees, including 7 heroes, certified.
- The Digital Hero Certification System will accelerate digital challenges and continue to improve the digital capabilities of all employees.

DX Workplace Award

Introduction	● From the fiscal year ended March 2024
Purpose	● To establish and accelerate the Digital Hero Certification System
Award Criteria	● Percentage of Digital Heroes Certified ● Status of DX Activities and Human Resource Development Initiatives
Achievements	● The Sendai Shinkansen Engineering Office was awarded in the first year 15 persons certified as digital heroes (21% of the 71 employees in the entire company)



Study session

Awarded Examples of Workplace Initiatives

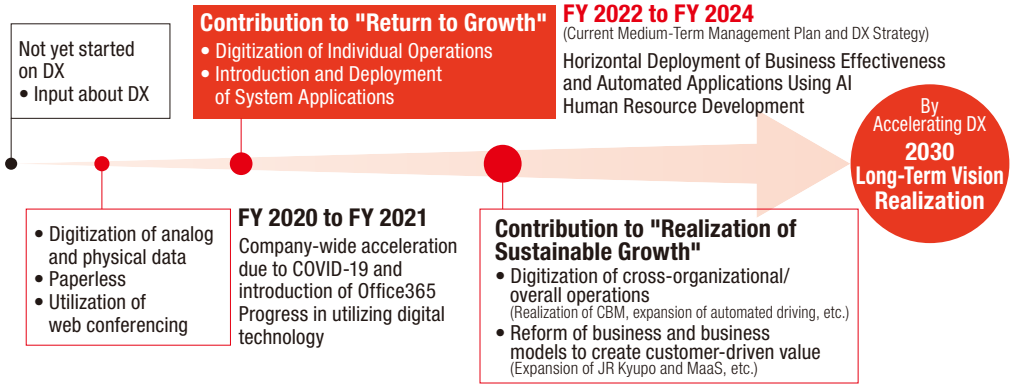
DX Promotion Committee (once a month)	● Sharing App Development Progress ● Participation in various training and study sessions
Study sessions by Digital Heroes Certified	● Accelerate development progress for beginners and intermediates
Create application development management tables	● Visualize development time, development status, etc. ● Establish relationships to teach each other by categorizing development projects

DX Issues and the Future

The progress of the DX strategy under the current Medium-Term Management Plan is generally progressing smoothly and steadily. In the fiscal year ending March 2025, the final year of the DX strategy, we will steadily promote each measure and focus on our most important theme, human resource development. We believe that true DX involves not only introducing and utilizing digital technologies, but also reviewing and rewiring our entire business model, but we have not yet reached that stage.

Going forward, we will continue to strongly promote and accelerate DX across the entire Group, including improving the digital capabilities of each and every employee.

This will lead to the realization of our 2030 Long-Term Vision.



Strengthening Group Customer Strategy with JR Kyupo

By connecting with customers through the "JR Kyupo" point service and utilizing the acquired marketing data, we propose services that are suitable for each customer.

Aiming to Improve Customer Experience Value

By centrally managing the membership data and purchasing data of customers who use the Group's various services, such as railways, station buildings, hotels, and restaurants, we are developing a customer base so that we can propose services that best meet the needs and preferences of each customer.

JR Kyupo

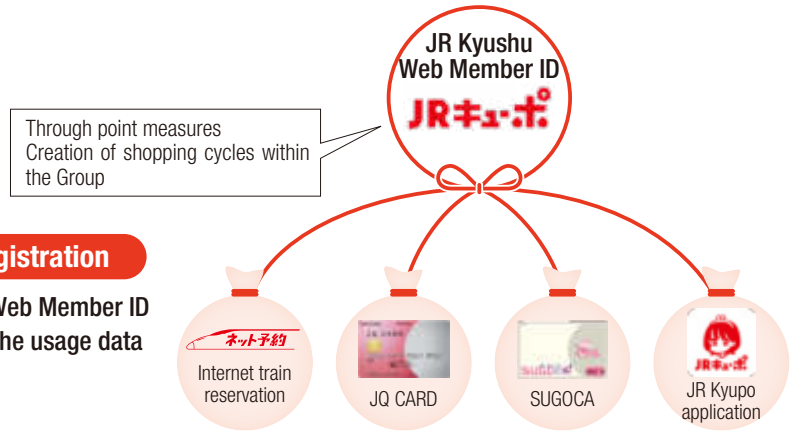
This is a point service that can be accumulated and used when using the Group's services, such as the Internet train reservation service, the Group's credit card JQ CARD, and the transportation IC card SUGOCA. We also provide the JR Kyupo App, an application that allows customers to accumulate JR Kyupo points by simply holding up their membership card at a member store. Customers can use points in units of 1 yen, and we issue coupons that can be used at member stores of the app.

Group Common ID "JR Kyushu Web Member ID" and "Bulk Registration"

"JR Kyushu Web Member ID" is a member ID when using services such as the Internet train reservation service and the JR Kyupo App. By registering a JQ CARD or SUGOCA in this member information, you can use JR Kyupo points accumulated from each service.

This is called "Bulk registration." Bulk registration enables us to keep track of the usage status of multiple services associated with a single ID.

This enables us to provide more personalized services and promotions.



Renovation of Customer Management Foundation

In the past, we operated customer management functions in our own on-premises environment. However, due to the long processing time and the problem with flexibility of data processing, we collaborated with an external partner company. In June 2023, we moved to a new environment on the cloud. In this new environment, we realized significant improvements in data processing time and flexible use of data, making it possible to develop marketing measures that make more effective use of customer data.

Accumulating and using Expanding services

We are also working to expand the number of services eligible for points so that customers can experience JR Kyupo services. In October 2023, the JR Kyupo application was made available to the station building group, and in November 2023, we added the Kyushu Hometown Tax donation program, which is operated by the JR Kyupo group, as a service to accumulate points. We are also working to improve the convenience of points for railway use.

きゅうふる 九州ふるさと納税 by JR九州

Although there were a considerable number of customers who had points, they were not able to use them until they had accumulated a certain amount of points. This resulted in points lapsing and many customers were not actively using their points. The introduction of the JR Kyupo application at the station building improved this by making it possible to use JR Kyupo points from 1 yen per point.

We are also working to encourage railway customers to shop around within the group, such as using station buildings. With the enhancement of point services, the amount of purchase data acquired has increased, and we intend to focus on promoting one-to-one marketing using this data in the future.



General Planning Division
Digital Transformation Promotion Department
Ryosuke Yamasaki

Message from the CFO



Director, Managing Corporate Officer
Chief Financial Officer
Director General of Corporate Planning Headquarters
In charge of Public Relations Department and Finance & Accounting Department

Takuma Matsushita

Reflecting feedback from our shareholders and investors in corporate ESG combining non-financial and financial initiatives

The JR Kyushu Group's mission is to invigorate the communities at the heart of our business. Communities are inextricably connected to our growth, and we must facilitate sustainable growth of those communities through our business practices.

Put differently, we must create economic value through solutions to social issues that provide social value and, in doing so, achieve sustainable growth of the JR Kyushu Group. To accomplish this, we will build and execute a sustainable business model to create medium to long term value. Corporate ESG is truly essential for the growth of the Company.

I feel strongly that corporate ESG is also becoming increasingly important in our dialog with domestic and overseas shareholders and investors. At times we receive strong criticisms, but I think it is important to reflect this feedback in our management and constantly improve our business activities.

We have the opportunity to explain matters such as our financial situation in venues such as press releases about our business results, so here I will focus on the Group's mindset and initiatives concerning corporate ESG.

Initiatives for the environmental aspect of ESG

Ascertaining and disclosing Scope 3 emissions too

The JR Kyushu Group's ESG initiatives are nonfinancial KPIs in the JR Kyushu Group Medium-Term Business Plan 2022-2024, and are overall being carried out as planned.

In terms of environmental initiatives, the E of ESG, we are making CO_2 emissions disclosures in order to realize a decarbonized society. We are ascertaining and disclosing Group-wide emissions in Scopes 1, 2 and 3. We initially aimed to ascertain Group-wide emissions in Scopes 1 and 2 and begin calculating Scope 3 emissions during the period of this Plan, but we have already disclosed Group-wide Scope 3 emissions too.

We are aware that initiatives throughout our supply chain will be needed going forward, and I think that our past awareness and the aggressive action we have taken thus far are paying off.

We have also expanded the scope of our scenario analysis according to TCFD (Task Force on Climate-Related Financial Disclosures) recommendations to include our Real Estate and Hotels and Retail and Restaurant segments in addition to our railway. The scope of our business operations to be included was chosen with consideration for the environmental burden and impact on climate change created by our business activities. The combined CO_2 emissions of these segments account for 98% of the Group's total CO_2 emissions (as of the fiscal year ended March 2024), the overwhelming majority. We also set a target to reduce non-consolidated emissions for JR Kyushu by half from the fiscal year ended March 2014 by the fiscal year ending March 2031. As of the fiscal year ended March 2023, we have reduced emissions by more than our target of 50%. The figure will fluctuate as the emission coefficient used by electric utility companies changes, but I think the direction being taken is clear.

P.49 Changes in TCFD disclosures

Our proactive environmental investments are also seeing results

Our initiatives to realize a decarbonized society include defensive initiatives and proactive developments as a business. Our proactive initiatives include the introduction of a grid-based storage battery business through the establishment of Battery Station Kyushu LLC. The amount of renewable energy that can be generated varies significantly depending on factors such as weather, and demand adjustment through equipment such as power storage is essential in order to utilize these energy sources to the greatest extent possible and provide reliable electricity supplies. Our storage battery business utilizing vacant land is a good example of how we have been able to increase profits by solving a social issue. We have already installed five facilities locally consumed solar power using an onsite PPA model utilizing our railroad assets. The energy generated there will be used at our own facilities.

In our real estate business, we are promoting the acquisition of green building certification for energy saving measures, and have already acquired certification for four buildings. We believe that companies that are environmentally conscious and carrying out environmental measures will increasingly prioritize buildings with this certification. Going forward, we are expecting that Kyushu will see an influx of overseas corporations and the like that are highly environmentally conscious, and with this in mind, I want to develop our real estate business with a high degree of added value.



It has also become important to take a full complement of environmental measures, encompassing not only decarbonization but also a circular economy, responsible use of water resources, and biodiversity. We are already working on initiatives such as horizontal recycling of PET bottles that are discarded in our stations and station buildings.

P.55 Realization of a decarbonized society

* A system in which power companies fund the installation of solar power facilities on customers' land and own, maintain and manage the facilities and supply electricity generated by the facilities to the customer.

Formulation of a Group-wide environmental vision

We are currently working to formulate an environmental vision and roadmap for the whole of the JR Kyushu Group. As the operation of our railway business requires a lot of energy, we are focusing on initiatives to transition to a decarbonized society, but since we are developing a variety of businesses, we also need to set our sights on environmental issues such as resource recycling and biodiversity. I want to utilize the collective capabilities of the Group to demonstrate an ability to solve environmental issues.

With regard to our decarbonization initiatives, we have set Group-wide interim targets for Scopes 1 and 2 and are deliberating on policies for a Group-wide response for Scope 3. We will clarify the vision that the Group will work toward, set the necessary KPIs and then create an economically viable and effective roadmap. We will continue working to create business opportunities that will improve our economic value to ensure the future of our business.

Initiatives for the social aspect of ESG

Feedback from employees and customers supports safety and service

Safety and service are the foundation of the JR Kyushu Group's businesses. The JR Kyushu Group has already been continuously improving safety with the mindset that safety requires initiative. In terms of service, we have considered it important to consistently consider things from our customers' perspective. We are currently carrying out initiatives with the mindset of "be kind to everyone".

Feedback from each of our site employees supports our safety and service. Specifically, our frontline employees share "unsafe incident experiences," safety issues they have observed, as well as passing on feedback they receive from customers and observations and suggestions based on their interactions with customers. We receive over 13,000 views shared by employees about safety and over 12,000 feedback messages from customers every year.

With regard to unsafe incident experiences, there are probably things that employees are reluctant to share, but they do not hide these things; they actively report them in order to make improvements. I want us all to do what we can to strengthen that corporate culture.

P.67 Safety and Service, the Foundation for All of Our Businesses — Service —

Vitalization measures and discussions about the future for areas around railway lines with declining customer numbers

We are carrying out initiatives such as city-building initiatives in the greater Fukuoka area and the western Kyushu area to invigorate Kyushu through city-building, but at the same time, it is important to think together with members of local communities about how to handle railway operations

in areas around our railway lines where customer numbers are declining. We promptly disclose the financial situation of areas around our railway lines where customer numbers are declining. In some areas, we have established a Committee on Utilization of Areas Around Railway Lines with members of the areas' local governments to work on vitalizing these areas.

Last year, the Act on Revitalization and Rehabilitation of Local Public Transportation Systems was amended, sparking increased public concern about local lines. Going forward, we need to deliberate together with communities about what sustainable transport networks will look like in each area of our lines, with or without the railway, based on the role of each area of our lines. We are already planning to begin discussions on communities south of Ibusuki on the Ibusuki Makurazaki Line. We aim to conduct discussions in areas around other lines, drawing on examples like the BRT system launched on the Hitahikosan Line last year as a new model for community transport.

Each of our employees will play a central role in realizing sustainable management. To increase employee engagement in the Group, we began holding opinion exchange meetings with all of our employees in the fiscal year ended March 2023.

In April 2024, we launched a new wage system, and have increased wages by 11.8% compared to the fiscal year ended March 2023. As a result of these initiatives, our score for satisfaction increased by around 0.09 points in our employee awareness survey for the fiscal year ended March 2024, reaching the highest score since we first began conducting the survey. We will strive to achieve an even greater effect going forward, with the mindset that "we are never done." We will constantly consider appropriate allocation and work ceaselessly to thoroughly reward our employees and improve engagement.

P.71 Development of Human Resources, the Source of Value Creation — Personnel strategy —

The state of diversity, equity and inclusion is an issue

While we have achieved most of our nonfinancial KPIs, our diversity targets have not yet been accomplished. We aimed to increase the ratio of female employees among new employees to 30% or greater, but it remains at 15.5% . Moreover, while we planned to increase the ratio of female managers to 10% or greater by the fiscal year ending March 2031, it is currently 6.4%.

This is a historic issue; there were almost no female employees at JNR, the Group's predecessor. However, we will not treat this as an excuse. We will consider how JR Kyushu should look in future and work to achieve the figures we are aiming for.

For example, we will enhance our facilities so that they are easier for women to work in and introduce a system for mentoring by our female outside senior managers to support women in developing their careers. I believe that we also need to further enhance our work formats to support employees at each stage of their lives so that both our female employees and our male employees are able to raise children.

Promoting women's participation and advancement in the workplace, along with a wide range of other DE&I (diversity, equity and inclusion) initiatives, is essential for the sustainable growth of the Group. We are expanding our hiring of mid-career employees to incorporate a diverse range of backgrounds and experience. The interaction of diverse values through differing opinions and perspectives is also needed in order to create new value. We will also promote DX and relax our rules on job descriptions and qualifications to create an environment where more people are able to work. Creating a company where everyone can thrive and maximizing the skills of a diverse range of employees to create new value will result in the growth of the Group.

Enhancing our human rights due diligence framework to increase its effectiveness

We are also focusing on human rights measures. In the previous fiscal year, we established the JR Kyushu Group Human Rights and Corporate Ethics Committee, which has been performing human rights due diligence. We also established a whistleblowing desk to allow all employees, customers, and members of the community to consult about issues such as human rights. Information is managed stringently so that whistleblowers cannot be identified. The facts are checked and remedial measures are taken if it is judged that an issue is occurring. Consultations have increased since the desk was established, which we consider proof of its effectiveness.

P.87 Advancement of Efforts that Respect Human Rights

Initiatives for the governance aspect of ESG

Creating a Board of Directors with a high degree of independence, transparency and effectiveness

With regards to the governance (G) element, eight of the 15 members of our Board of Directors are Outside Directors. Five of the 11 Directors who are not members of the Audit and Supervisory Committee and three of the four Directors in our Audit and Supervisory Committee are Outside Directors. I believe that this increases the effectiveness of our supervision and ensures transparency in our management.

Additionally, five of our Directors are female, a ratio of over 30%. Some of them have been with us for their whole careers. We also have two female corporate officers.

Last year, we revised our Directors' skill sets to enable each Director to utilize their expert knowledge and experience and get more out of the functions of the Board of Directors. This has led to more in-depth discussion among the Board of Directors based on the diverse experience and expertise of our Outside Directors, who are knowledgeable about various fields.

These initiatives are carried out according to our yearly verifications of the effectiveness of the Board of Directors. We will continue to check on the outcomes of these initiatives and carry out further verifications and improvements to increase the effectiveness of our Board of Directors even more in future.

P.90 Sound Corporate Management

Awareness of cost of capital and share prices in our management activities

Consistent revisions of our portfolio, including withdrawals

Last March, we received a request from the Tokyo Stock Exchange for awareness of cost of capital and share prices in our management. I will restate the Company's stance on this.

We are conscious that being constantly aware of equity costs and increasing return on capital and market value is a critical issue for our management. We have already been consistently revising our business portfolio, including withdrawing from some business areas when necessary. ROE (equity ratio) is a benchmark we use for return on capital.

The figure for the previous fiscal year was 9.1%, higher than our current target of 8%. I want to carry out in-depth deliberation on the level to aim for in future, incorporating constructive dialog with our investors in the capital market, and reflect your thoughts in our next Medium-Term Business Plan.

	Share price (JPY)	PBR (times)	ROE (%)	PER (times)
FYE March 2021	2,574	1.0	-4.7	—
FYE March 2022	2,507	1.0	3.4	29.7
FYE March 2023	2,949	1.1	7.8	14.9
FYE March 2024	3,543	1.3	9.1	14.5
FYE March 2025 (forecast)	—	—	9.5	—

Increasing the granularity of disclosures of information

Communication with our shareholders and investors is very important. We provide over 200 venues a year for dialog with our institutional investors, analysts and individual investors, and our President and CEO and I as CFO take a central position in those dialogs. The feedback we receive is relayed to our Board of Directors and utilized to improve our management measures.

For example, our revision of our Board of Directors' skill sets was made in response to investors' feedback. We have also received a lot of feedback about our ESG initiatives, and our proof-of-concept testing for biodiesel fuel with the aim of reducing our Scope 1 emissions was the result of feedback from an investor in Europe.

In light of this, it is important to enhance our disclosures of information. We are also increasingly being asked how our nonfinancial value will translate into financial value. We think that it is important for us to disclose information that is more granular and easier to understand, and are considering methods to do this.

P.107 Enhancing communication with stakeholders

Response to external environment and future direction

Opportunities to increase our top line

In terms of our immediate economic situation, the age of full-scale inflation has arrived and chronic labor shortages are expected to continue in future. Looking at the Group's businesses, we are seeing continuous increases in construction costs, material costs, and labor costs. At the same time, interest rates are also increasing, albeit gradually.

Obviously, we need to be aware of trends in costs, but we also need to provide products and services that customers will be satisfied with for suitable prices, so we can consider this an opportunity to improve our top line.

With regard to our railway network, the Ministry of Land, Infrastructure, Transport and Tourism revised its guidelines for revenue cost calculations this April. We believe that this has enabled us to make some changes to our fares and prices in line with our business situation. Upon calculating revenue and costs according to the revised guidelines, we found that we were able to revise our fares, so this July we submitted a request to increase our maximum fares and prices.

Our request is currently being reviewed by the Japanese government, but if it is approved, we plan to revise our fares in April 2025. The improved cash flow expected from this fare revision will be utilized to drive sustainable growth of the Company through measures such as strengthening our foundations for safety and improving customer service.

Increasing populations in areas around our railway lines despite the declining population

In terms of medium to long term social change, population decline is continuing throughout Japan. This is even more pronounced in Kyushu, but Fukuoka City, where our head office is located, is considered "Japan's most invigorated city." It has the greatest population growth and the greatest ratio of young people in Japan, urban redevelopment is taking place, and many businesses are being started. It is a driving force for the whole of Kyushu.

Looking at Kyushu as a whole, the major cities in each prefecture are a moderate distance apart. In future, the transition to compact cities is expected to progress and populations are expected to become concentrated in urban areas around stations. This will be an opportunity to increase populations around our railway lines through city-building projects to make Kyushu a place where people will want to live, work, and visit, centering on the Group's vision for our transportation network.

Kyushu is also seeing an increase in inbound tourists and investment from overseas. Inbound tourist numbers are already greater than before the pandemic. The revision of our Kyusyu Rail Pass prices last year have not slowed their sales. Future plans are also underway, including the addition of a new runway at Fukuoka Airport, marking a major tailwind for increases in inbound tourism.

Kyushu is also close to greater Asia, has low electricity costs compared to Japan as a whole. These factors have the potential to attract manufacturing businesses like TSMC from Taiwan, which expanded into Kumamoto Prefecture. Fukuoka City was also designated as a Special Zone for Financial and Asset Management Businesses, and we can expect to see overseas financial institutions expanding here as a result.

Keeping abreast of changes

It is important for the Group to keep abreast of changes like the progression of inflation and city-building and influxes of visitors and investments from overseas. We will set suitable prices to increase our top line and improve our cash flow. We will carry out measures such as city-building to increase Kyushu's appeal. And we will thoroughly reward our employees and deliver steady returns to our shareholders. I think that this will all lead to growth of the Group.

We will create exciting visions for our communities and then realize those visions. To accomplish this, our employees will work together to proactively and boldly take on a variety of challenges to invigorate communities.



Fare Revision

Outline of the revision

- **Scheduled date of implementation : April 1, 2025**
- **Application : Regular passenger fare, regular passenger fare (for commuters and students), Shinkansen limited express fare**
- **Revision rate : 15.0% (Sales growth rate after runaway is 11.4%)**
- **Background and Purpose :**

For the 28 years from January 1996 to the present, the Company has not revised fares, except for those due to the consumption tax increase. The fares have been maintained. However, transportation demand is not expected to return to pre-pandemic levels due to the development of the expressway network and the population decline and aging in the Kyushu region, which exceeds the national average, and due to a further decrease in passengers accompanying the establishment of new lifestyles.

In addition, even before the pandemic, we had been striving to reduce fixed costs and improve productivity. However, due to the recent rise in electricity rates and prices, which has led to an increase in expenses, we are expected to continue to face difficult business conditions. Under these circumstances, it has become difficult to secure the funds necessary for maintaining and improving safety and services, updating and extending the service life of aging vehicles and equipment, and capital investment and repairs in response to intensifying disasters and carbon neutrality. In addition, in order to secure a stable supply of workers, there is an urgent need to improve working conditions and work environments. Based on the premise that we will make further management efforts, we have applied for a revision in order to ask customers to bear part of the shortfall in costs in order to steadily implement measures necessary for business continuity.

Examination Standards for Upper Limit Fares / Charges

The upper limit fares and charges for the railway business are examined by the Minister of Land, Infrastructure, Transport and Tourism to determine whether or not they exceed the total cost, which is the sum of reasonable costs (operating expenses, etc.) and reasonable profits (business remuneration) under efficient management, and approved by the Minister of Land, Infrastructure, Transport and Tourism.

On April 1, 2024, from the viewpoint of ensuring the stable and sustainable operation of the railway business, the Ministry of Land, Infrastructure, Transport and Tourism revised the “Cost of Income Calculation Manual,” which defines the calculation method of “Total cost” that serve as the basis for calculating railway fare levels. In response, we calculated its revenues and costs and applied for the revision.

Main Points of Revision of the Cost of Income Calculation Manual	• Treatment of impairment loss • Treatment of repair costs related to disasters • Calculation method of personnel expenses • Calculation method of depreciation, etc.

Room for revision

- There is room for revision if [total cost > income] in the next three years
- There is room for revision due to the revision of the Cost of Income Calculation Manual

		Expenses	Revenues
Total cost	Operational return	Dividends, etc.	Increased revenues from revised fares
		Interest expense	
	Operating costs, etc	Taxes, depreciation, etc.	Revenues from current fares
		Personnel expenses, overhead, etc. (Optimal cost calculated by “Yard-stick formula”)	Revenues from express charges
			Miscellaneous income of transportation

Medium- and Long-Term Issues in the Railway Business and Future Initiatives

Medium- and Long-Term Issues

Aging of Facilities

The aging of facilities and vehicles at a rolling stock plant that was built more than 100 years ago necessitates capital investment and repairs in order to maintain and improve safety and services, reduce environmental impact, and respond to increasingly severe disasters.

Securing Human Resources

Amid the increasing number of retirees, particularly young people, it is urgent to improve the working environment and the treatment of employees in order to secure a stable supply of workers.

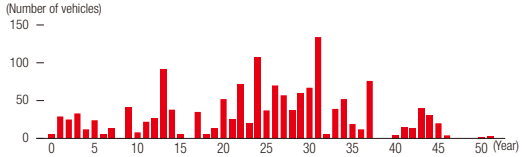
Recent Inflation

Power and other expenses are increasing due to rising electricity rates and prices

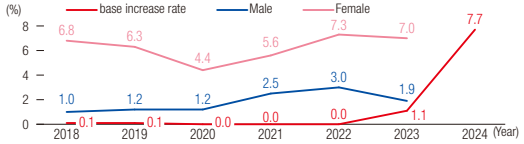
Future Initiatives

We have been striving to provide safe and secure transportation services, and will continue to implement various initiatives to improve safety, such as upgrading aging railway facilities, extending the service life, and taking measures against disasters. In addition, We will implement barrier-free measures to further improve its services, improve station facilities such as renovating restrooms for more comfortable use, and expand its ticketless services. In addition, We will work to reduce its environmental impact by updating and renewing rolling stock.

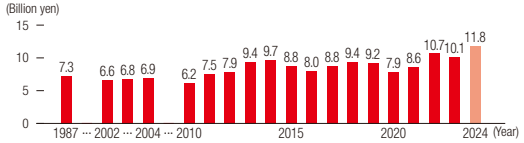
Number of rolling stocks in use by age (as of March 31, 2024)



Trends in turnover rate and base increase rate



Power Costs



Main Projects

Extending the Service Life of Railway Facilities FY2024 to FY2027

Because the bridges, electric circuits, and railway facilities inherited from JNR are extremely old, some of which are more than 100 years old, intensive measures were implemented to extend their service lives.

New Production of Next-Generation Vehicles FY2024 to FY2030

Although the service lives of aging vehicles have been extended through life-extension work, maintenance requires labor and repair costs, so new vehicles will be built one after another.

Remodeling of Existing Vehicles FY2024 to FY2030

Main circuit equipment will be replaced with more energy-efficient equipment in electric trains more than 20 years old to reduce environmental impact and prevent malfunctions

Development of Next-Generation Vehicle Inspection Facilities FY2024 to FY2031

Considering that inspection and repair facilities for conventional railway cars have been remarkably dilapidated for 100 years since they were built, consideration should be given to improving them into facilities with superior earthquake resistance.

Introduction and expansion of ticketless service FY2024 to FY2027

QR as a new boarding service for JR Kyushu Internet train reservations Introduction and expansion of ticketless service using codes

Key strategy ②

Creating a model for building cities that promote well-being

Feature

Local Community Invigoration

We approach our business with a strong sense of purpose as a corporate group that is invigorating Kyushu.



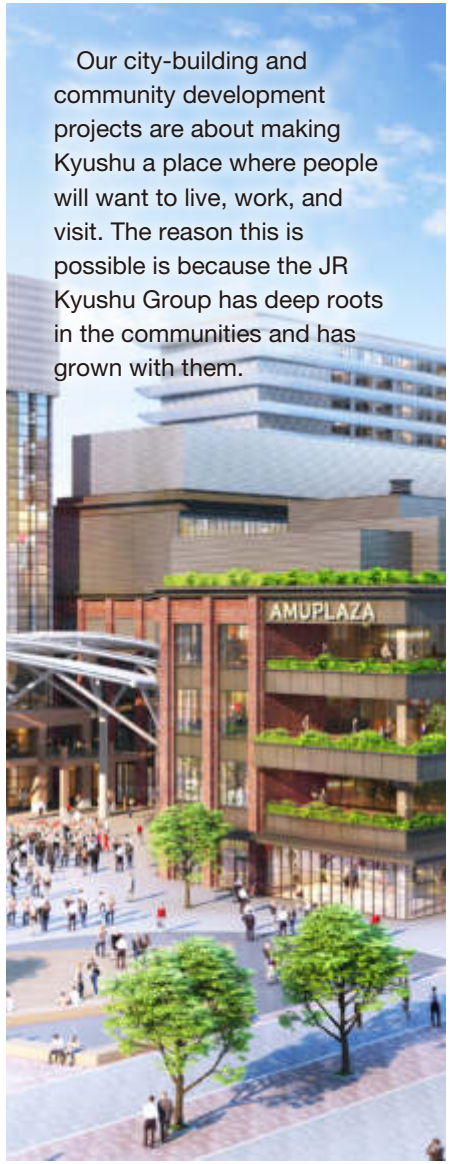
Even if our business environment has dramatically changed, this mindset remains unchanged.



Ever since we were first established, we have worked steadily to build a resilient railway and drawn on the comprehensive strengths of the JR Kyushu Group in proactive city-building and community development projects involving various facets of our business to create thriving communities with plenty of employment opportunities.



Our city-building and community development projects are about making Kyushu a place where people will want to live, work, and visit. The reason this is possible is because the JR Kyushu Group has deep roots in the communities and has grown with them.

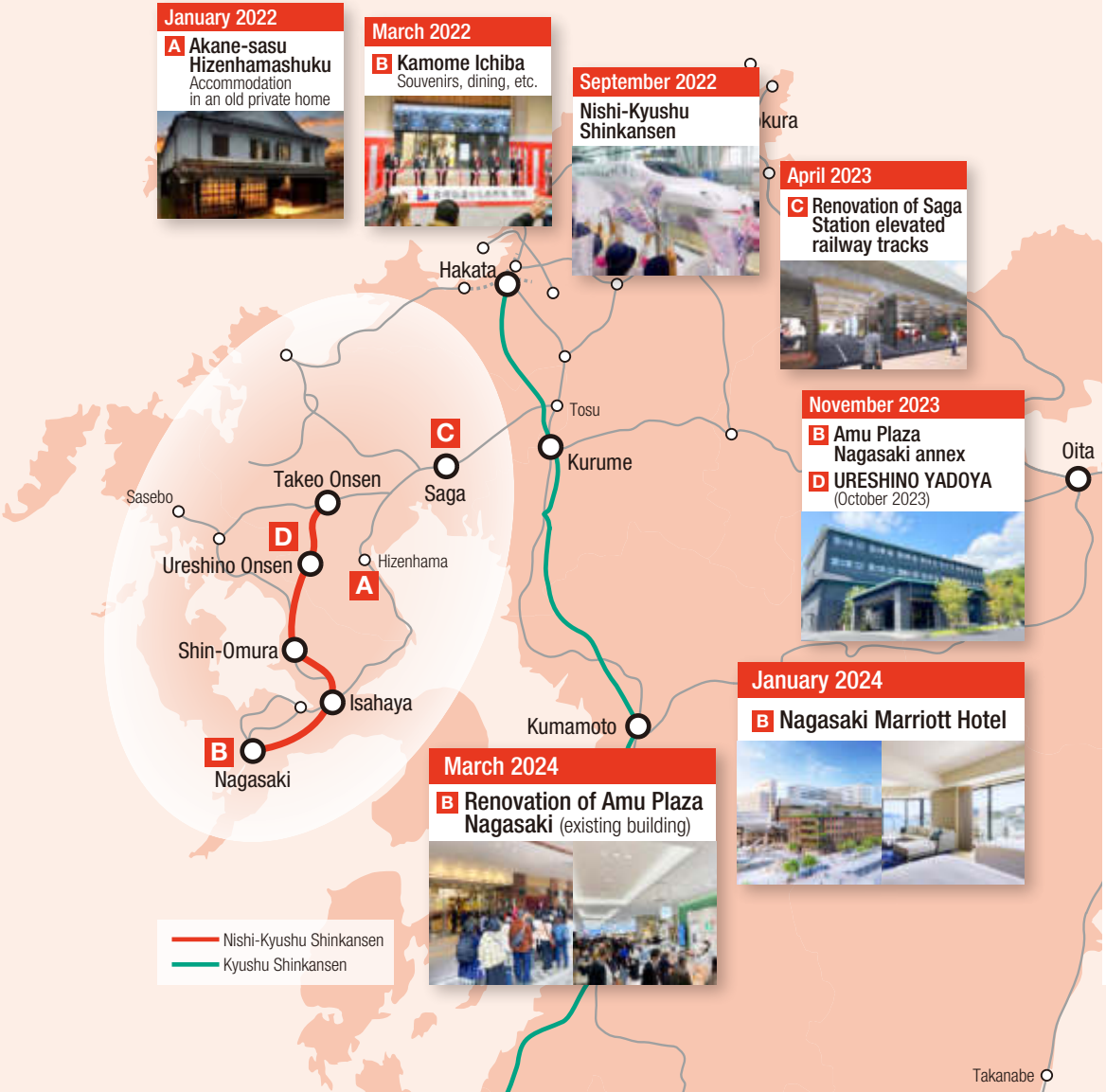


When communities are invigorated, the JR Kyushu Group is invigorated too. Sustainable development of communities leads to sustainable growth of our group.



Feature City-building initiatives in the western Kyushu area

In the western Kyushu area, the Nishi-Kyushu Shinkansen line serves as a catalyst for urban development. The Nagasaki Marriott Hotel opened in January 2024, and Amu Plaza Nagasaki Main Building underwent a large-scale renovation in March. Although the series of area developments has run its course, the number of daily users in the second year of operation exceeded that in the first year of operation on a daily average basis, as a result of tapping demand for daily use through events such as the first anniversary of operation.



— The day when western Kyushu becomes red —

"GO WEST" Nishi-Kyushu Shinkansen First Anniversary Project

One year after the opening of the Nishi-Kyushu Shinkansen line, the town has changed and the flow of people has changed greatly. In this project, we held events to commemorate the first anniversary of the opening of the Kamome and to create a lively atmosphere in western Kyushu. The project we carried out was GO WEST. As the name suggests, this project celebrates the first anniversary in Nishi-Kyushu on September 23. In particular, many people enjoyed GO MARU-ARAI, a Kamome cleaning event, GO OMATSURI, a festival event at five stations on the Nishi-Kyushu Shinkansen line, and GO NORI-HODAI T-Shirt ticket, an all-you-can-ride ticket in the shape of a T-shirt that can be purchased at five stations on this day.

Through these activities, we are strengthening our ties with the local community and expanding the use of the Nishi-Kyushu Shinkansen to include daily business, commuting, and shopping. We will continue to work together with the local community to revitalize the western Kyushu area.

「GO MARU-ARAI」





「GO NORI-HODAI」



「GO OMATSURI」



Number of passengers on the Nishi-Kyushu Shinkansen

First year of operation (September 23, 2022 - September 22, 2023)	Approx. **6,600** passengers/day	
Second year of operation (September 23, 2023 - March 22, 2024)	Approx. **7,100** passengers/day	↘

Feature Logistics Real Estate Business

Challenging new business areas that do not depend on the stream of people

The Group has achieved growth in the real estate leasing business by creating synergies by promoting projects related to railway business, including station buildings.

However, due to the spread of the novel coronavirus (COVID-19), the stream of people has decreased significantly, and the real estate business of railway-related businesses has been hit hard.

Amid such severe conditions, the logistics real estate market has been growing significantly along with the expansion of the e-commerce market. In response to these circumstances, we have newly entered the logistics real estate business as a challenge to enter a new area that does not rely on the stream of people.

Our First Logistics Real Estate Development Project "LOGI STATION Fukuoka Ogori

On March 27, 2024, we announced a development plan for a large-scale logistics facility with a total floor area of approximately 26,000 tsubo(a unit of measurement equivalent to 3.3m^2) in Ogori City, Fukuoka Prefecture, and are currently promoting the project with the aim of opening in July 2025. In line with this plan, we have chosen "LOGI STATION" as the brand name for our logistics real estate. The name "LOGI STATION" is intended to express our hope that our facilities will become important logistics hubs, just like railroad stations that serve as regional hubs.

Future Logistics Real Estate Business

Since its entry into the market in 2021, the Company has acquired 4 logistics real estate properties and started development of 2.

By taking on the challenge of this new business domain, in addition to its existing railway-related real estate business, the Company will actively engage in the logistics real estate market, aiming for sustainable growth and development.

"Challenges for Kyushu and the Tokyo and Kansai Regions"

In response to the year 2024 problem and the growing demand for semiconductor-related products, logistics bases in the Kyushu area have expanded from previous accumulation areas such as the Fukuoka Interchange to Kumamoto, Kitakyushu and other regions. Taking advantage of our pipeline as a local company, we have flexibly acquired and developed logistics facilities according to the times and needs of our tenants. In the future, we will continue to promote acquisition and development in Kyushu and, while considering profitability, we will actively take on the challenge of expanding into the Tokyo metropolitan area and Kansai area with a view to accumulating know-how and strengthening relationships with external partners.



Logistics Facility Development Unit, Planning & Development Department of Business Development Headquarters
Assistant Manager
Tomoko Watanabe



Acquisition Sue No.1 Logistics Center

Acquisition Period : 2023
Completion : 2013
Surface area : 20,872 square meters
Extended bed area : 12,452 square meters
*Quasi-co-ownership



Acquisition Fukuoka North Logistics Center

Acquisition : 2023
Completion : 2023
Surface area : 12,084 square meters
Extended bed area : 11,683 square meters



Acquisition Hakozaki Wharf Logistics Facility

Acquisition Period : 2023
Completion : 1992
Surface area : 19,007 square meters
Extended bed area : 25,657 square meters



Acquisition New Moji Logistics Facility

Acquisition Date : 2024
Completion : 1993/1996/2001
Surface area : 15,501 square meters
Total floor area : 14,333 square meters



LOGI STATION FUKUOKA OGORI

Development LOGI STATION Fukuoka Ogori

Completion : 2025 (Completion)
Surface area : 77,031 square meters
Extended bed area : 85,870 square meters

Development Kanda Logistics Center (tentative name)

Completion : End of FY2025
Surface area : 28,076 square meters



Feature JR Kyushu's sightseeing train with design and story

In the JR Kyushu Group, sightseeing trains are called "D&S trains" (Design & Story trains). The "D" refers to the special "Design" and the "S" refers to the "Story" of the history and legends of the areas along the train line, which means "a train with a design and a story".



Begins operation on April 26, 2024
As a train running on the Kyudai Main Line (nickname: Yufu-Kogen Line),
One train per day, one-way between Hakata and Yufuin, Oita, and Beppu.

NEW

Kanpachi・Ichiroku

Hakata — Yufuin, Oita, Beppu

With the concept of "a train that tastes the natural features of the Yufu Kogen Line," we will weave a new design and story of the Yufu Kogen Line together with various partners in design, food, art, and other field



limited express **TWO STARS 4047**
Takeo Onsen – Nagasaki

limited express **Let's Take the A-Train**
Kumamoto – Misumi

express **36+3** (Sanju-Roku plus San)
Seven prefectures in Kyushu

limited express **Ibusuki no Tamatebako**
Kagoshima Chuo – Ibusuki

JR KYUSHU SWEET TRAIN Aru Ressha
Hakata – Yufuin

express **Yufuin no Mori**
Hakata – Yufuin・Beppu

limited express **Aso Boy !**
Kumamoto – Aso – Oita – Beppu

limited express service **Umisachi-Yamasachi**
Miyazaki – Nango

limited express **Kawasemi Yamasemi**
Kumamoto – Aso – Miyaji

The food on the train uses seasonal ingredients that allow you to feel the natural features and the four seasons along the line, and the 3 restaurants in Fukuoka and 3 restaurants in Oita take charge of each day of the week to express their colors, so you can enjoy a meal filled with the charm of Fukuoka and Oita prefectures.

The comfortable and sophisticated train was designed by I IFOO, a design company based in Kagoshima with a reputation for renovating old houses.

The unique interior art by artists from Fukuoka and Oita will add color to your trip.

designed by IFOO

D&S trains and community connections

Each D&S train has a clear concept based on the train line and destination, and is designed to enhance regional brand value by implementing initiatives that take advantage of the unique characteristics of the train line, such as hospitality at stops and specialty products from the areas along the line.









Feature Hitahikosan Line BRT Hikoboshi Line

BRT Hikoboshi Line to Open in August 2023

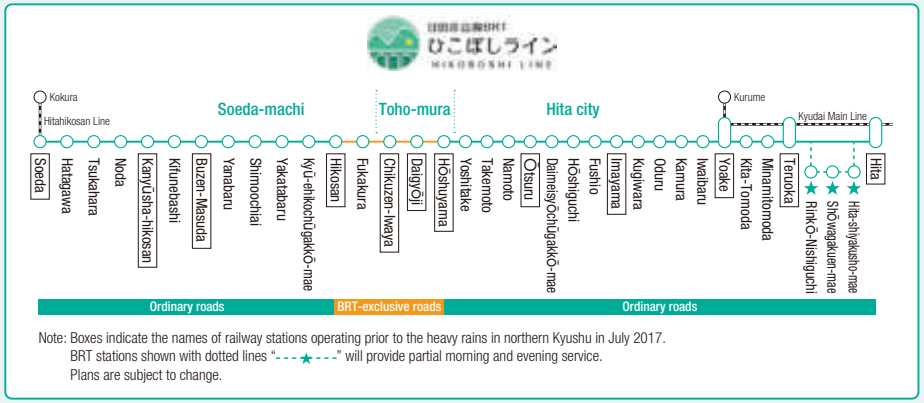
On August 28, 2023, the Hitahikosan Line between Soeda and Yoake and Hita, which had been suspended due to heavy rain in northern Kyushu in July 2017, was opened as the Hitahikosan Line BRT Hikoboshi Line. Named the BRT Hikoboshi Line in the hope of becoming the star of the Hitahikosan Line, the Company's first BRT (bus rapid transit system) was developed under the concept of "Friendly to people, communities and people" with the aim of significantly improving convenience as a customer-friendly and accessible means of transportation.





Outline of the BRT Hikoboshi Line

The BRT Hikoboshi Line has a total length of approximately 40 km, and the route between Hikosan and Hoshuyama (14.1 km) has been developed and passed through the BRT exclusive road by utilizing the old track site. The BRT Hikoboshi Line has also been improved by driving on the ordinary road between Soeda and Hikosan and between Hoshuyama and Hita, which is close to residents' living areas.



Note: Boxes indicate the names of railway stations operating prior to the heavy rains in northern Kyushu in July 2017.
BRT stations shown with dotted lines "- - - ★ - - -" will provide partial morning and evening service.
Plans are subject to change.

Aiming for Future-Friendly Transportation

At the BRT Hikoboshi Line, we are working to introduce environmentally friendly advanced technologies to local transportation, including the introduction of eco-friendly EV buses and the demonstration operation of fuel cell buses using hydrogen. In addition, our employees designed the buses and BRT stations based on local attractions and scenery. Buses in different colors run through the lush greenery along the line. Since its opening, the BRT Hikoboshi Line has been used by many customers. As a "Friendly to people, communities and people"BRT, we will strive to continue to be loved by many people and shine.





Usage

As of the end of May 2024, the number of passengers using the BRT Hikoboshi Line exceeded 80,000. We now have an average of 300 passengers per day, surpassing the average number of passengers in the railway era and the days when the BRT was operating as a substitute bus. In April 2024, we introduced an additional vehicle to enhance transportation capacity. We will continue to work with local governments along the line to promote the use of the BRT Hikoboshi Line.

❶ Convenient timetable and service route



The BRT service route was determined based on a survey of local residents and interviews with high school students. New stations were built near hospitals, high schools and commercial facilities. The number of stations is 3 times as many as in the railway era, the number of services is approximately 1.5 times as many as in the railway era, and flexible service routes that pass around high schools depending on the time of day have been established. This has led to positive comments from customers, who say that commuting to and from school has become more convenient, and that going out has become easier.

❷ Demonstration Operation of Hydrogen Fuel Cell Bus

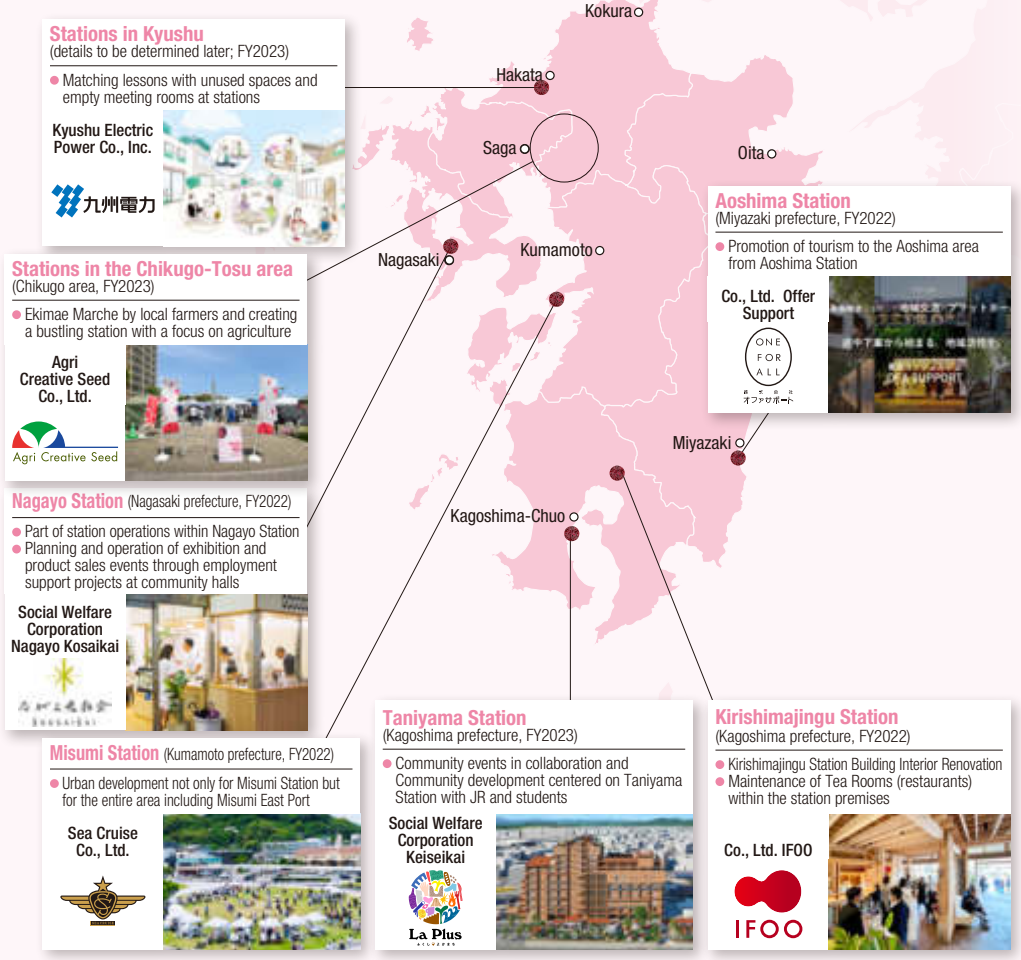


JR Kyushu, together with Fukuoka Prefecture and Commercial Japan Partnership Technologies Co., Ltd., is conducting demonstration operation of hydrogen fuel cell buses on the BRT Hikoboshi Line. The future potential of introducing hydrogen mobility to local transportation is being examined by having actual passengers ride in the vehicle.

Feature Kyushu DREAM STATION

Kyushu DREAM STATION encourages general business operators to utilize JR Kyushu stations and lines, and through the challenge of new businesses and the expansion of existing businesses, Kyushu DREAM STATION collaborates with JR Kyushu to promote initiatives to create bustle that encompasses stations and surrounding areas. Through the flexible ideas and ideas of "bustle partners" selected from general applications, Kyushu DREAM STATION is implementing projects to "energize the local community" from stations.

In the fiscal year ended March 2023, 4 companies were certified as "bustle partners," and together they have worked hard to organize local events and improve station convenience. In the fiscal year ended March 2024, 3 companies were certified, and discussions are ongoing to create bustle.



JR Kyushu Walking Recommended by Station Managers

JR Kyushu Walking Recommended by Station Managers is an event where station managers (organizers, etc.) walk original walking courses created together with local residents to experience and rediscover the charm of the area. Started in 1999, this year marks 25 years. In the fiscal year ended March 2022, the total number of participants exceeded 2 million.

The participation fee is free, and there is no need to apply in advance (Some courses require a fee or advance application). Currently, the spring and autumn editions are held twice a year. (Spring Edition: Approx. 65 Courses, Autumn Edition: Approx. 75 Courses)

In order to set up the courses, station managers (organizers, etc.) visit local municipalities, nearby companies, schools, etc. and create unique courses based on the themes of local nature, places of interest, food, festivals, etc. Each season, the No. 1 satisfaction course is determined based on the feedback of the participants.

Main Satisfaction Grand Prize Course

"Kawara! Miyahara Cosmos" Walking

Fall 2022 edition Start at Kawara Station



Tulip of Nogata Viewing Walking

Spring 2023 edition Start at Nogata Station



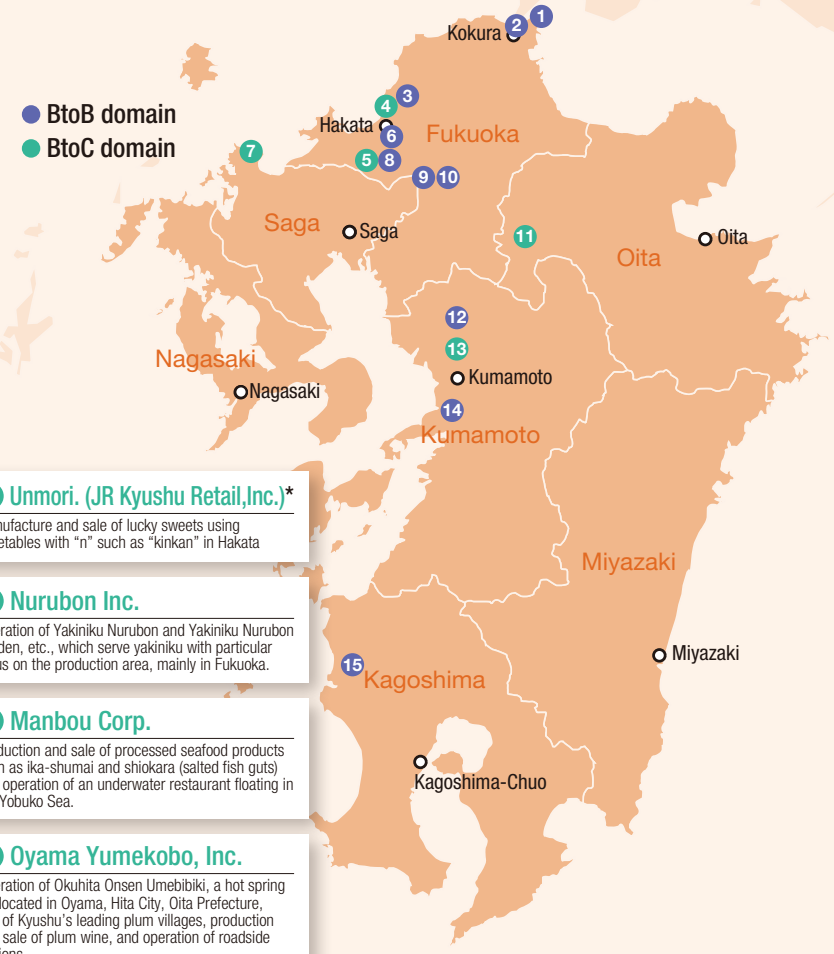
Enjoy with your family! Autumn Leaves Walk to enjoy Daikozenji Temple and the bounty of Kiyama

Autumn 2023 Edition Start at Kiyama Station



Feature Contributing to the Region and Enhancing the Value of Regional Brands through M & As

Aiming to capture profit opportunities and expand its business domains, the JR Kyushu Group has pursued M & As that will maximize synergies with existing businesses, promote tourism in Kyushu, and stimulate demand for railways. In April 2021, JR Kyushu Corporate Investment LLC, a regionally-focused fund, was established. JR Kyushu Corporate Investment LLC, invests in companies that have a business base in Kyushu and provide products and services rooted in the region to support the business continuity and further growth of investee companies. Through this initiative, we aim to maintain and improve employment and brand value in the region, and contribute to the sustainable development of Kyushu.



1 Nishiden Co., Ltd

Design, manufacture, installation, and maintenance of JR and other transportation signs, displays, switchboards, distribution boards, etc.

2 BSS Co, Ltd.

Development of web systems and business applications, mainly in the manufacturing and service industries

3 Showa Tecs Co., Ltd

As an expert in railway signal engineering and track circuits, manufacturing of signal safety supplies and rail bonds, etc.

6 With-Unity Co., Ltd.

Software development, sales, introduction and maintenance, including medical systems such as electronic medical records

9 Caterpillar Kyushu Ltd.
10 CK Rental Ltd.

A distributor of Caterpillar Japan LLC in the Kyushu area. Sales, rental and maintenance of construction machinery, road machinery, marine and industrial engines, etc.

12 Metalstar Kyushu, Ltd.

Design, manufacture and construction of metal products such as construction hardware and handrails, interior and exterior of buildings, etc.

15 Arima Electric Facilities Co., Ltd

Construction of public works in Kagoshima Prefecture, Satsumasendai City, etc., and electrical facilities at power stations and factories, etc.

4 Unmori. (JR Kyushu Retail,Inc.)*

Manufacture and sale of lucky sweets using vegetables with “n” such as “kinkan” in Hakata

5 Nurubon Inc.

Operation of Yakiniku Nurubon and Yakiniku Nurubon Garden, etc., which serve yakiniku with particular focus on the production area, mainly in Fukuoka.

7 Manbou Corp.

Production and sale of processed seafood products such as ika-shumai and shiokara (salted fish guts) and operation of an underwater restaurant floating in the Yobuko Sea.

11 Oyama Yumekobo, Inc.

Operation of Okuhita Onsen Umebibiki, a hot spring inn located in Oyama, Hita City, Oita Prefecture, one of Kyushu’s leading plum villages, production and sale of plum wine, and operation of roadside stations.

* Operated by JR Kyushu Retail Co., Ltd.

13 FUJIBAMBI Co., Ltd.

Manufacture and sale of brown sugar doughnut sticks and other confectioneries




8 Premium Logix Ltd.

Transportation of heavy goods, mainly large musical instruments such as pianos, precision machines such as multifunctional machines and medical equipment, etc.



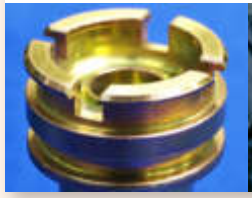

14 Meijikensetsu Co., Ltd.

Construction of public works, mainly in the Ministry of Land, Infrastructure, Transport and Tourism, Kumamoto Prefecture, Kumamoto City, etc.




16 Taniguchi Manufacturing Plant Ltd

Manufacturing of machine parts using cutting technology (Manufacture of parts for automatic transport equipment, agricultural machinery, and medical equipment for rolling stock and semiconductor manufacturing plants, etc.)




Feature Connection with Local Communities

In addition to providing transportation services and promoting community development, the JR Kyushu Group deepens its ties with local residents through various experiences and events related to the JR Kyushu Group.

We also provide opportunities for local children to experience railway work in person, and implement initiatives that contribute to learning and growth.

For the JR Kyushu Group, continuing to grow together with local communities is its mission and raison d'etre. As a partner in building a sustainable society, we will continue to promote various initiatives in cooperation with local residents.

Railway Children Association's Efforts

The purpose of the Railway Children Association's Efforts is to teach children basic railway knowledge and skills and to foster their curiosity and independence. They also provide opportunities to deepen their ties with society by participating in local events and experiencing history and culture.

Many children are exposed to the charms of railways and contribute to the development of future railway engineers and fans of railways.



Major Activities in Fiscal 2024

- Tour of Kokura Plant Railroad Land
- Special Cleaning of Vehicles in the Minami Fukuoka Rolling Stock Depot

Conducting Work Experience Tours

By experiencing railway work firsthand, you can get a real sense of the appeal of railways and the joy of work. By visiting facilities and areas that are not normally accessible, you can deepen your understanding of the job and use it as a reference for future career choices.

By enriching the content that families with children can enjoy, we support creating memories not only for children but also for families.



Example of Tour Contents

- Experience of ticket gates and ticket counters at stations
- Driving simulator experience
- Riding on maintenance vehicles and working at heights
- Fixing railway rails, divider switching, rail lifting experience

Programming Classroom

JR Kyushu System Solutions operates eight robot programming classes in the Fukuoka and Saga areas. "Prograbo" is a program run by eight schools.

Through robot programming education, Prograbo fosters the "energy to realize dreams" of children who will lead the future.

The program aims to cultivate curiosity, inquisitiveness, and logical thinking skills by allowing children to build robots with their own hands, program them, and move them. It also aims to develop problem-solving skills and the ability to persevere through trial and error after many failures.



Hakata Town Planning

As the secretariat of the Hakata Town Planning Promotion Council, the Hakata Town Planning Promotion Council works with local companies and the Hakata Ward to promote town planning in cooperation with industry, government, academia and the general public so that Hakata can become an attractive and prestigious area.

Hakata Ekimae Dontaku Street

The Hakata Town Planning Promotion Council holds the Hakata Ekimae Dontaku Street, a major event of the Hakata Dontaku Port Festival, to create activity in the Hakata Station area and revitalize the entire central Fukuoka area.

Hakata Town Planning Promotion Council :
193 members (as of May 2024), including businesses, organizations, the Hakata Station neighborhood council, academic experts, and Fukuoka City.



JR Kyushu OENTAI

OENTAI is an official JR Kyushu Yosakoi team established in 2011. The name OENTAI comes from the Sakura and Tsubame of Kyushu Shinkansen, which opened in the same year. We formed this team to support the local community through various events.

The team consists of employees from various backgrounds, including station staff, conductors, drivers, and cabin attendants. They perform brisk and spirited performances that are typical of railway employees, and work to bring energy and excitement to everyone.



Feature Aburayama Renewal Project

Aiming for Symbiosis between People, Cities and Nature

Aburayama Farm are located in the southern part of Fukuoka City (30 minutes by car from the city center) and have long been familiar to citizens as places where they can get in touch with nature.

Ltd. and other companies, was selected by Fukuoka City as the project sponsor for the "Aburayama Citizens' Forest Renewal Project" and the new "ABURAYAMA FUKUOKA" was born in April 2023, followed by its grand opening in April this year.

Fukuoka City aims to realize a "recycling-oriented environmental city Fukuoka" that combines the rich nature and culture required of a city in the age of the SDGs.

This project is positioned as the leading project of "Fukuoka Green Next". In cooperation with Fukuoka City and its member companies, we manage and operate accommodation facilities, camp fields, co-working spaces, etc. under the project vision of "Harmonious coexistence of people, city and nature".


Forest Adventures


Camping Field

Snow Peak YAKEI SUITE ABURAYAMA FUKUOKA Opening April 2024

Snow Peak YAKEI SUITE ABURAYAMA FUKUOKA, a luxurious outdoor accommodation facility where you can spend time with the glittering night view below, newly opened in the Ranch area on April 18, 2024.

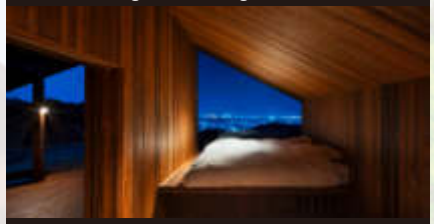
"TAKIBI Lounge" for hotel guests only


Toast with selected drinks from all over Kyushu against the backdrop of a panoramic view

1 villa for rent


A moment to forget about time in a private space

Cottage with large windows


The night view from the bedroom's large window is dreamy even before you fall asleep.

Attractive points !!

- A panoramic night view overlooking Fukuoka City
- Chef Hiroki Yoshitake of Restaurant Sola, a Michelin-starred restaurant in Paris, France, offers exquisite French cuisine in your room.
- Rooms are seamlessly connected to the natural surroundings by architect Makoto Tanijiri.
- Villa Cottage with private sauna overlooking the night view and all-inclusive accommodation

The project is based on the three pillars of "Challenging New Town Development," "Sustainable and Attractive Regional Revitalization Project," and "Symbiosis of People, Cities, and Nature," and aims to lead to a new urban branding for Fukuoka and the development of Kyushu for the next generation. In order to realize these goals, please look forward to the future of ABURAYAMA FUKUOKA, a mixed-experience outdoor facility with a campfield and accommodation facility YAKEI SUITE, as well as cafes, restaurants, activities, and coworking spaces.


JR Kyushu Regional Design Co.
Representative Director
Akifumi Imai



Implementing Corporate ESG

The JR Kyushu Group's Corporate ESG

The JR Kyushu Group's Corporate ESG

Principles of our corporate ESG

The JR Kyushu Group aims to be a corporate group that will invigorate Kyushu and transmit Kyushu vitality to the rest of Japan and Asia. Our vision of what we aim to be is a guideline for our mission to contribute to a sustainable society by pursuing long-term, sustainable value.

The JR Kyushu Group uses the Japanese word okonai for its three pillars. This word means "conduct" or "actions", and it refers to what we must do as a corporate group. Our three okonai are "Integrity", "Growth and Evolution," and "Local Community Invigoration". These are standards that every employee must follow in order to achieve what we aim to be, and all of our employees take these very seriously. We bring the okonai that have served us for all these years to our initiatives to solve material issues.

We disclose information from the four perspectives of our information disclosure framework based on TCFD recommendations: governance, strategies, risk management, and metrics and targets.

Governance	Strategies	Risk management	Metrics and targets
● Establishment of ESG Strategy Committee ● Reporting to Board of Directors	● Identifying material issues ● Identifying the risks and opportunities of our material issues	● Planning, formulation and progress management of measures by ESG Strategy Committee chaired by President	● Establishment of non-financial KPIs

Governance

In 2019, we opened our specialist ESG Promotion Office and established our ESG Strategy Committee, led by our president, to strengthen and further implement initiatives in various areas of ESG. Our ESG Strategy Committee positions corporate ESG as a company-wide issue and decides on how to strengthen and further implement initiatives related to each environmental, social, and governance element. Matters determined by the committee are reported to the Board of Directors when necessary.

At ESG Strategy Committee meeting for the fiscal year ending March 2024, discussions took place on the production policy of the Integrated Report 2024, the expansion of the scope of information disclosure based on the TCFD recommendations, and the policy of setting new targets for reducing CO_2 emissions.

To further promote corporate ESG, an Outside Director who is knowledgeable about ESG attends ESG Strategy Committee meetings as an observer.

Items on the agenda of the 4 meetings of the Board of Directors (as of the end of 2024.3)

April 2023	Editorial Policy of the JR Kyushu Group Integrated Report 2023
May 2023	Disclosure of Sustainability Information in Securities Reports
August 2023	Disclosure of the JR Kyushu Group Integrated Report 2023
November 2023	Opinions from institutional investors regarding the disclosure of the JR Kyushu Group Integrated Report 2023

Framework for implementing corporate ESG



Organization	Chairperson	Number of meetings held (As of the fiscal year ended March 31, 2024)
ESG Strategy Committee	President and CEO	3

Members

Committee Members : Director General of Corporate Planning Headquarters, Director General of Railway Operations Headquarters, Deputy Director General of Railway Operations Headquarters, Director General of Business Development Headquarters, Deputy Director General of Business Development Headquarters, Corporate Officer in charge of Public Relations Dept., Corporate Officer in charge of Administration Dept., Corporate Officer in charge of Human Resources Dept., Corporate Officer in charge of Finance & Accounting Dept., Regional Office Managers, General Manager of Strategy Management Dept, General Manager of Engineering Dept., General Manager of Transportation Dept., General Manager of Finance & Accounting Dept.

Observer : Outside Director

Office : ESG Promotion Office

Agenda (Fiscal Year Ending March 2024)

The 11 Conference of ESG Strategy Committee (June 26, 2023)	The 12 Conference of ESG Strategy Committee (November 27, 2023)	The 13 Conference of ESG Strategy Committee (March 25, 2024)
Report on the status of environment-related measures 1 Energy management 2 Environmental pollutant management 3 Resource recycling 4 Promotion of decarbonization 5 Report on efforts to promote decarbonization 6 Summary of actions taken after achieving the FY2030 CO_2 reduction target 7 Matters to be reported • Obtain third-party assurance of CO_2 emissions • Bottle-to-Bottle Initiatives to Realize a Recycling-Oriented Society	1 Direction of JR Kyushu Group Integrated Report 2024 • Investor feedback on JR Kyushu Group Integrated Report 2023 • Progress on non-financial KPIs 2 Expanded scope of information disclosure based on TCFD recommendations 3 Policy for setting new targets for reducing CO_2 emissions 4 Revision of ESG Strategy Committee rules 5 Status of ESG Finance 6 Matters to be reported • "Bottle-to-Bottle " Projects • Results of ESG Rating Agencies	1 JR Kyushu Group Integrated Report 2024 • Discuss production policy for Integrated Report 2024 2 Report on internal penetration of ESG management 3 Expansion of scope of information disclosure based on TCFD recommendations 4 Environmental initiatives • Group-wide Scope3 disclosure • Formulation of JR Kyushu Group Environmental Vision and Roadmap • Participation in GX League 5 Matters to be reported • Start of Power Storage Business for Power Systems

Strategies — Identifying material issues, risks and opportunities —

We defined material issues as points that the JR Kyushu Group must focus on at all times.

In the formulation of the JR Kyushu Group Medium-Term Business Plan 2022-2024, based on the specific policies for the realization of the 2030 Long-Term Vision, we re-established our material issues and established non-financial KPIs associated with the material issues.

Based on the establishment of our material issues, we identified the risks and opportunities of each material issue. We believe that it is important to accurately identify the risks and opportunities of these material issues and reflect these in our management.

Refer to our Data Section for details on risk factors.

P.114 Details on risk factors

Process for establishment of Medium-Term Business Plan and revision of material issues

STEP1 Establishment of project	STEP2 Analysis of external environment and consideration of future scenarios	STEP3 Definition of policies for the realization of the Long-Term Vision	STEP4 Establishment of Medium-Term Business Plan
● Creation of plan from a long-term perspective ● Assembly of a workshop team composed primarily of young managers	● Analysis of changes in the external environment by 2030 ● Focus on changes in people's values regarding the concept of wellbeing ● Consideration of multiple future scenarios through scenario planning	● Definition of policies for the realization of the 2030 Long-Term Vision based on the considerations in step 2	● Establishment of this plan period as a time to return to a growth track ● Setting of key strategies for this plan period ● Revising material issues and establishing non-financial KPIs

See our website for details. https://www.jrkyushu.co.jp/company/esg/management/

Revision of material issues

Material issues up to the fiscal year ended March 31, 2022	Current material issues
Addressing environmental issues (climate change and resource conservation)	E Realization of a de-carbonized society
Contribution to local communities	S Safety and service, the foundation for all of our businesses
Safety	S Sustainable citybuilding
Service	S Development of human resources, the source of value creation
Development of human resources (Effective use of employees and making work fulfilling)	G Sound corporate management
Ensuring transparent and fair management	
Strengthening risk management, rigorous compliance	
Extensive communication with stakeholders	

Risk management

Our ESG Strategy Committee, chaired by the President and CEO of the Group, checks the current state of initiatives to address our material issues and the progress on our non-financial KPIs, and discusses matters such as ESG trends and issues. Matters are reported to the Board of Directors when necessary.

Metrics and targets

To realize the 2030 Long-Term Vision, we have set non-financial KPIs. Refer to "Material issues" in "Value Creation Story" for details on our non-financial KPIs and current progress.

P.7 Material issues

Main opinions from our directors about material issues and non-financial KPIs



- It is commendable that the integrated report has been prepared based on discussions by management at ESG Strategy Committee and the Human Resources Strategy Committee.
- The description of the human resources strategy should be enhanced and elements leading to new hires should be added.
- Regarding the newly required disclosure, it is necessary to consider the disclosure of not only the Company but also the Group companies in the future.
- The integrated report should be distributed to managers and briefings should be held in order to deepen employees' understanding of the message that the integrated report conveys to the outside world, and the perspective of investors should be communicated from an internal perspective.
- The content of the integrated report has been improved year by year, and it is only because we continue to meet with investors that we receive further suggestions, and a loop for improvement has been established. In the future, disclosure of growth potential is important, and improvement of profitability, cooperation between finance and non-finance, and disclosure of the social impact of community development provided by the Group should continue to be considered because there are elements that can be improved.

Efforts to Infiltrate ESG Management

Since the fiscal year ended March 2024, we have held ESG study sessions to inculcate ESG management within the company. The sessions were held face-to-face and online, and a total of 917 participants attended. The study sessions explain the JR Kyushu Group's approach to ESG management and how to use the integrated report, as well as the relationship between non-financial capital and the price-to-book ratio (PBR). Through these study sessions, we aim to help people understand the importance of creating economic and social value through our business activities.



Environment

For Building a Sustainable Society

Realization of a De-carbonized Society

JR Kyushu Group is working toward Realization of a de-carbonized society.

2024 ESG FINANCE AWARDS JAPAN SUSTAINABLE

GX League

Switch! SUSTAINABLE TRAIN

ZEB LEADING OWNER ZEB2019L-00016-P

CASBEE

For Building a Sustainable Society

The Kyushu region is characterized by a warm climate and is blessed with many mountains, such as Mt. Aso, which has one of the world's largest calderas, and one of the largest forested areas in Japan. The region is also blessed with tourism resources due to the rich natural environment in which diverse species live. On the other hand, the region is also prone to natural disasters such as river flooding and landslides due to the frequent occurrence of torrential rains and the approach of many typhoons during the rainy season.

The frequency and severity of natural disasters, which are considered to be the effects of global warming, are having a significant impact on our business activities. In order to address these issues, the Group has adopted "Realization of a de-carbonized society" as one of material issues. In addition, the Group endorses the TCFD recommendations and promotes analysis and initiatives to address climate change-related risks and opportunities, aiming to realize a sustainable society.

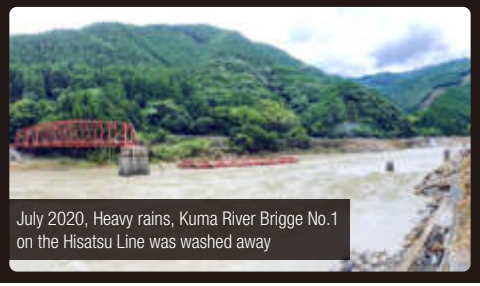




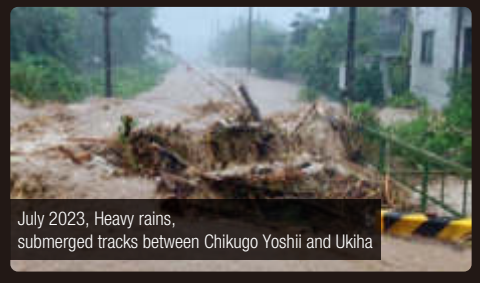
July 2012,Heavy rains in northern Kyushu,
Large-scale collapse of the Hohi Main Line embankment



September 2017, Typhoon No.18,
sediment inflow into the Himi Tunnel of the Nippo Main Line



July 2020, Heavy rains, Kuma River Brigge No.1
on the Hisatsu Line was washed away



July 2023, Heavy rains,
submerged tracks between Chikugo Yoshii and Ukiha



Good environmental stewardship is essential for ensuring sustainable growth of the JR Kyushu Group. The JR Kyushu Group has established the following Basic Principle and Basic Policies for initiatives to tackle interlinked environmental issues, including climate change adaptation (reduction of CO_2 emissions, etc.), resource recycling (effective use of energy and resources, etc.), and maintaining biodiversity.

Basic Principle

The JR Kyushu Group will implement initiatives for environmental conservation and stewardship in all of its businesses and thereby contribute to the creation of a sustainable society.

Basic Policies

- **To realize a de-carbonized society, we will take further measures against climate change, such as efficient energy use and the adoption of new technologies, and strive to maintain biodiversity.**
- **We will take thorough measures to use limited resources such as water effectively and reduce waste, and endeavor to build a circular society.**
- **We will endeavor to prevent pollution through measures such as appropriate management and treatment of environmental pollutants.**

Information Disclosure Aligned with TCFD Recommendations

Support for TCFD

Following the adoption of the Paris Agreement, activities targeting progress toward a decarbonized society have been rolled out around the world. The frequency and severity of natural disasters has increased in recent years, and this trend is thought to be related to climate change. The Group's business activities have been significantly affected.

With this in mind, the Group announced its agreement with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations set by the Financial Stability Board (FSB) in February 2021.

In the scenario analysis that is central to disclosures according to TCFD recommendations, we have started with our railway business, which generates the most CO_2 emissions of the Company's businesses and operates alongside increasingly frequent and severe natural disasters. We have now expanded the scope of our analysis to include our Real Estate and Hotels Group and Retail and Restaurant Group, and are disclosing the impact that climate change will have. Now that the analysis has been expanded to include these two groups, 98%* of CO_2 emissions generated by the JR Kyushu Group as a whole are covered.

Going forward, we will continue to be conscious of the connections between the four perspectives of the TCFD recommendations—Governance, Strategies, Risk Management, and Metrics and Targets—and carry out initiatives incorporating action toward risks and opportunities associated with climate change into our management to contribute to building a sustainable society.

* Results for FY2023/3

Connected information
aligned with TCFD recommendations



Governance

"Realization of a decarbonized society" is one of the Group's material issues. An ESG Strategy Committee chaired by the President and CEO was established to strengthen and promote corporate ESG (typically, the committee meets three times a year, in June, November, and March). To address climate change and other environmental issues, the ESG Strategy Committee carries out measures such as checking whether business activities are conducted according to the Company's Basic Principle and Basic Policies, setting autonomous targets to solve the issue of climate change and checking the progress, and managing risks associated with climate change. Details on matters discussed by the ESG Strategy Committee are provided on the next page.

A supervisory framework is in place so that when necessary, the Board of Directors receives reports about important matters that have been discussed at the ESG Strategy Committee and provides instructions. Measures such as agreeing with TCFD recommendations in February 2021, aiming for net-zero CO_2 emissions throughout the JR Kyushu Group by 2050 and establishing interim targets for 2030 toward the goal of net-zero CO_2 emissions by 2050 were discussed by the ESG Strategy Committee before being approved by the Board of Directors. Going forward, the Board of Directors will discuss matters such as the direction of initiatives and disclosures related to climate change, the establishment of various targets, and our Environmental Management System, and will strengthen corporate ESG with the aim of realizing a decarbonized society.

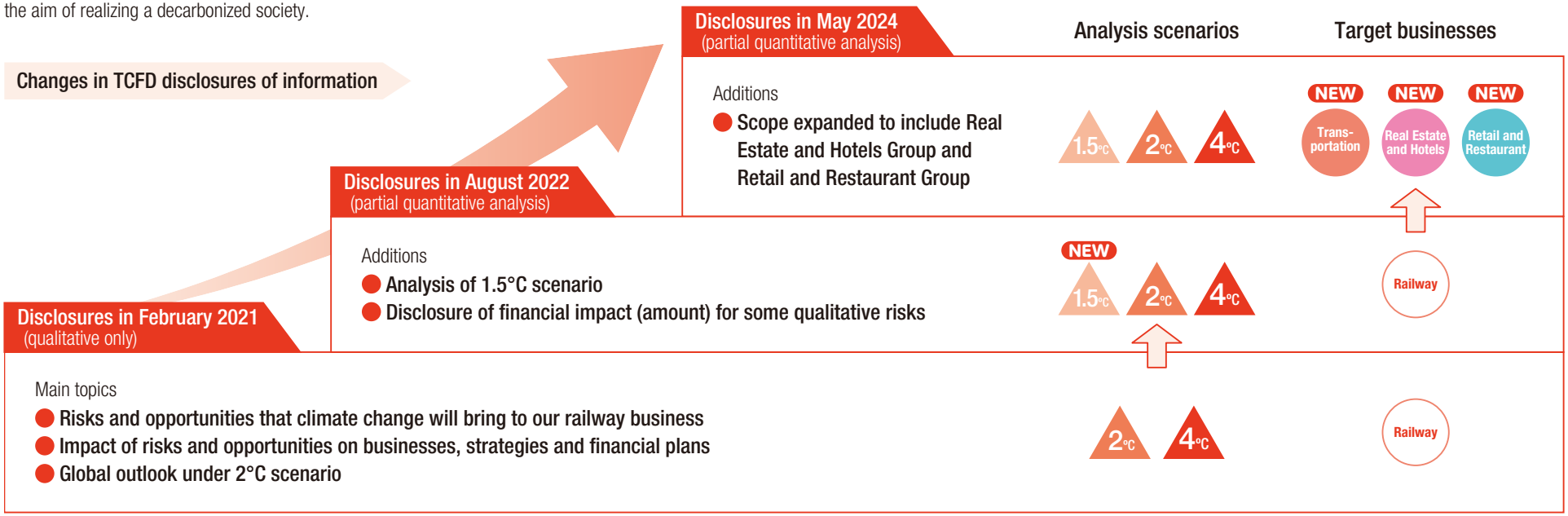
Strategies

1 Risks and opportunities associated with climate change

The risks that climate change brings can be divided into risks associated with the transition to a low-carbon society (transition risks) and physical impact (physical risks). We conducted an analysis for our Transportation Group, Real Estate and Hotels Group, and Retail and Restaurant Group, considering how the risks and opportunities associated with climate change will affect the businesses, strategies and financial plans of our organizations.

Our scope of disclosure was expanded to the Real Estate and Hotels Group and Retail and Restaurant Group as these areas of the Group create a heavy environmental burden through their business activities and are expected to be significantly impacted by climate change. With this in mind, we are conducting impact analysis with consideration for each business area's share of the Group's operating revenue and CO_2 emissions.

Changes in TCFD disclosures of information



Impacts of climate risks and opportunities on the organization's business, strategies and financial plans.

Type	Subcategory	Drivers	Nature of risks	Time frame	Business category		
					Trans-portation	Real Estate and Hotels	Retail and Restaurant
Transition risks 1.5℃ ~ 2℃ scenario	Policy/ regulation	Increase in carbon tax (increase in carbon price)	Decrease in sales due to increases in energy costs which are passed on to customers	Medium to long term	Large	Moderate	Moderate
			Introduction of carbon pricing in supply chain (energy, raw materials, etc.) which are reflected in procurement prices	Medium to long term	Large	Moderate	Moderate
		Regulations related to carbon emissions and the use of fossil fuels	Increase in railway car development and production costs due to need to replace diesel trains, as well as response to regulations	Medium to long term	Moderate		
		Transition to green building according to government targets	Increase in development work costs due to transition to green building	Medium to long term		Large	
			Aging properties will need to be rebuilt or renovated (conversion to energy-saving structure, etc.) and construction and renovation costs will increase	Medium to long term		Large	
	Market	Change in customer behavior	If we cannot meet customers' and tenants' needs for green buildings, this will affect fare revenue and vacancy rates	Medium to long term		Large	
		Change in energy mix Change in energy prices	Decrease in sales due to increases in energy procurement costs which are passed on to customers	Medium to long term	Large	Small	Small
	Technologies	Adoption of next-generation technologies	Popularization of electric vehicles, autonomously driven vehicles, etc. will reduce railways' environmental superiority, leading to decreases in sales	Medium to long term	Large		
			Increase in construction costs due to introduction of new energy-saving technologies	Medium to long term		Large	
	Reputation	Change in customer preferences	If railways lose their environmental superiority, increasingly environmentally conscious customers will seek out alternative transport, and this shift will cause a decrease in sales	Short to medium term	Large		
			We may be deemed to be taking insufficient action to address environmental issues (transitioning to buildings, housing, etc. with high environmental performance, strengthening of disaster response capabilities, etc.), causing a decrease in asset values and brand value	Medium to long term		Large	
		Change in reputation among investors	If we are not considered to be actively tackling environmental issues, our reputation among investors will suffer	Medium to long term	Small	Large	Large
Physical risks 4℃ scenario	Acute	Change in rainfall patterns, extreme volatility in weather patterns	Increase in disaster recovery costs due to more severe, longer rainfall and strong winds and decrease in sales as a result of suspension of business activities due to supply chain disruptions, etc.	Short, medium and long term	Large	Small	Small
			Decrease in asset values in areas with a high disaster risk	Short, medium and long term	Large	Small	Small
	Chronic	Rise in average atmospheric temperature	Increase in costs of measures against rising temperatures (air conditioning costs, etc.) and decrease in sales due to people going out less	Short, medium and long term	Large	Large	Moderate

Type	Subcategory	Drivers	Nature of risks	Time frame	Business category		
					Trans-portation	Real Estate and Hotels	Retail and Restaurant
Opportunities	Policy/ regulation	Increase in carbon tax (increase in carbon price)	Reduction of environmental burden and costs through early action on energy saving and decarbonization	Medium to long term	Large	Moderate	Moderate
		Regulations related to carbon emissions and the use of fossil fuels	Through early action on decarbonization, railways could retain their environmental superiority and increase sales	Medium to long term	Large		
		Transition to green building according to government targets	Increase in sales and decrease in construction unit prices due to growing call / expansion of needs and increase in demand for environmentally friendly structures (green buildings, etc.)	Medium to long term		Large	
	Market	Change in energy mix Change in energy prices	Improvement in solar energy generation and storage battery technologies, resulting in adoption and expansion of renewable energy businesses and, as a result, decreases in costs and increases in sales	Medium to long term	Large	Small	Small
		Change in customer behavior	Increase in sales due to expansion of needs for green buildings among customers and tenants	Medium to long term		Large	
			Reduction of food waste resulting in a decrease in costs for material procurement and waste processing	Short, medium and long term			Moderate
	Technologies	Adoption of next-generation technologies	Popularization of autonomous driving technology for railways, resulting in decrease in costs	Short to medium term	Large		
			More efficient inspections due to more advanced weather forecasts, decrease in maintenance costs due to greater efficiency through adoption of next-generation train cars	Medium to long term	Large		
			Expansion of MaaS resulting in increased use of public transport and increase in visiting populations, increasing demand	Medium to long term	Large	Moderate	Large
			Popularization of new technologies resulting in decrease in prices of energy-saving facilities and renewable energy materials, decreasing construction costs	Medium to long term		Large	
			Decrease in store operation costs such as electricity and fuel costs due to introduction of new technologies such as AI	Medium to long term		Moderate	Moderate
	Reputation	Change in customer preferences	Increase in environmental consciousness among customers leading to shift to railways and growth in demand for high-performance environmentally friendly buildings, increasing sales	Short, medium and long term	Large	Large	
	Acute	Increased frequency / severity of natural disasters	Disaster-resilient business operations minimizing risk and increasing competitive edge as demand for disaster resilience occurs	Short, medium and long term	Large	Large	
			Improvement of Company's reputation through contribution to communities, e.g. acting as an evacuation facility during disasters	Short, medium and long term		Moderate	

Time frames Short term : 3 years or less
Medium term : 3-10 years
Long term : More than 10 years

Degree of impact Large : Severe impact in the long term or likely financial impact of 500 million yen or more
Moderate : Severe impact temporarily or likely financial impact of 100 million yen or more
Small : Minor impact or likely financial impact of less than 100 million yen

2 Definition of scenarios

Impacts of climate change on the Company's Transportation Group, Real Estate and Hotels Group and Retail and Restaurant Group were analyzed according to the 1.5°C, 2°C, and 4°C scenarios created by expert institutions such as IPCC (Intergovernmental Panel on Climate Change) and IEA (International Energy Agency).

Financial impact was also calculated for some items.

● Major scenarios used in scenario analysis

Used primarily to analyze transition risks	IEA : NZE, SDS, STEPS, DRS
Used primarily to analyze physical risks	IPCC : RCP1.9, RCP2.6, RCP8.5

● Parameters for future predictions of transition risks and physical risks in each scenario*1

Risk		Parameter	Unit	Parameters for future predictions (2050)			
				Now	1.5℃	2℃	4℃
Transition	Increase in carbon tax (increase in carbon price)	Emission coefficient*2	g-CO_2/kWh	460	-4	36	131
		Carbon price*2	$/t-$CO_2$	—	250	200	—
	Transition to green building according to government targets	Ratio of new buildings with energy saving performance compliant with green building standards*3	%	—	100	100	1
		Increase in green building expenses*4	%	—	10	10	10
Physical	Increased frequency / severity of natural disasters*5	Rate of occurrence of slope collapses*6	%	10		12	12
		Frequency of occurrence of flooding*7	Times	1		2	4

* 1 Some of the figures for these parameters are predictions
* 2 Refer to World Energy Outlook 2022 and World Energy Outlook 2023 (IEA)
* 3 Refer to MLIT National Environmental Action Plan: Overview of Inspections in FY2021/3 (Ministry of Land, Infrastructure, Transport and Tourism) and 6th Strategic Energy Plan (Agency of Natural Resources and Energy)
* 4 Refer to Buildings Entering the Zero-Energy Age (Ministry of the Environment)
* 5 Parameters for the 2°C scenario are used as there are insufficient parameters for future predictions for the 1.5°C scenario
* 6 Refer to Climate Change Adaptation Information Platform (A-PLAT)
* 7 Refer to Policy Recommendations on Flood Control Planning Under Climate Change (Technical Advisory Committee for Flood Control Planning Under Climate Change)

● Calculation of increase in financial impact associated with risks, etc.

We have calculated the financial impacts in 2050 of some of the qualitative risks that are expected to have the biggest impact and for which we have parameters for future predictions.

Transition risks were calculated by estimating emissions in 2050 using predicted emission coefficients for each scenario and multiplying the volumes of emissions by carbon prices. Construction costs associated with the transition to green buildings were also calculated based on tightening of energy saving regulations for buildings.

Physical risks were estimated for our Transportation Group, Real Estate and Hotels Group and Retail and Restaurant Group by referring to the Ministry of Land, Infrastructure, Transport and Tourism's hazard map and setting risk levels for each site (stations, areas between stations, etc.), and estimating disaster costs for each risk level from past records of disasters. Increases in costs likely to be incurred by damage to facilities in future were also calculated according to the likelihood of disasters occurring in each scenario.

Our Real Estate and Hotels Group is taking measures in anticipation of increased frequency and severity of natural disasters, including enhancing BCP measures and selecting sites based on the hazard map in the development and planning stage. The analysis of physical risks indicated that the risk to our Real Estate and Hotels Group and Retail and Restaurant Group from increased frequency and severity of natural disasters is limited.

Risk		Expectations	Scenario	Increase in financial impact (billions of yen/year)		
				Transportation	Real Estate and Hotels	Retail and Restaurant
Transition	Increase in carbon tax (increase in carbon price)	Costs due to introduction of carbon tax based on decrease in emission coefficient	1.5℃	Approx. 1.0	Approx. 0.36	Approx. 0.14
			2℃	Approx. 1.5	Approx. 0.39	Approx. 0.16
	Transition to green building according to government targets	Construction costs associated with the transition to green buildings are anticipated based on tightening of energy saving regulations for buildings	2℃	—	Approx. 2.5	—
Physical	Increased frequency / severity of natural disasters	Costs incurred by damage to facilities due to increase in natural disasters	2℃	Approx. 7.5	Approx. 0.03	
			4℃	Approx. 15.0	Approx. 0.06	

3 Results of scenario analysis and future policies and initiatives for each business area

● Business environment and future measures for JR Kyushu Group businesses under the 1.5°C-2°C and 4°C scenarios

Target businesses	Transportation	Real Estate and Hotels	Retail and Restaurant
Business environment under the 1.5℃ ~ 2℃ scenario	● Decarbonization scenario in which various environmental regulations are introduced to meet 1.5ºC target. ● Tightening of CO_2 emissions regulations will **increase carbon prices, which will have a knock-on effect on iron prices**, which will increase procurement costs for materials (rails, etc.) ● As conversion to renewable energy will take place, solar energy generation and storage battery technologies will improve, resulting in **adoption and expansion of renewable energy businesses**. ● Increased environmental awareness among customers will see them **shift to railways from other forms of transport**, but the **popularization of electric vehicles** may also cause railway customers to **abandon railways in favor of personal vehicles**.	● Decarbonization scenario in which various environmental regulations are introduced to meet 1.5ºC target. ● Tightening of environmental regulations for measures such as CO_2 emissions reduction will mean tighter regulations concerning **our obligations to save energy** in various buildings. ● The spread of building performance labeling systems is likely to **increase demand for green buildings**.	● Decarbonization scenario in which various environmental regulations are introduced to meet 1.5ºC target. ● Tightening of environmental regulations for measures such as CO_2 emissions reduction will lead to advances in **energy saving measures in stores** and **transition to electric delivery vehicles**. ● As consumers' interest in **sustainable products** grows and demand increases, **consciousness about food waste** will also grow further.
Business environment under the 4℃ scenario	● If CO_2 emissions regulations are not tightened and global warming progresses, there will be an **increase in disasters** such as typhoons and floods caused by climate change. ● This will cause damage to railway assets, which will not only **increase repair costs**, but also cause a **decrease in sales due to issues such as suspension of services**. Additionally, the gradual rise in average atmospheric temperatures will lead to an **increase in costs for measures such as air conditioning**.	● If CO_2 emissions regulations are not tightened and global warming progresses, there will be an **increase in natural disasters** such as typhoons and floods caused by climate change. This will impact our business activities, and there will be **increased impact** from the rise in average atmospheric temperature. ● **With more advanced measures against natural disasters, our competitive edge will increase**, and demand for buildings with sufficient measures will increase.	● Scenario in which environmental regulations for measures such as CO_2 emissions reduction are not made and temperatures increase. ● Natural disasters will become more frequent and severe. These disasters are likely to have impacts such as **damage to stores and products, loss of sales due to closures, and recovery costs**. ● The rise in average atmospheric temperature will lead to **increases in electricity usage for air conditioning**, particularly in summer.
Measures to address future business risks	**Transition risks** ● Introduction of **company solar energy generation** through an onsite PPA ● **Development of solar energy generation** using other vacant land ● **Demand response** using power storage facilities ● Commencement of proof-of-concept testing for the **adoption of biodiesel fuel** ● **Energy saving for electricity used in train operations** ● Active promotion and communication about environmental measures such as the adoption of renewable energy sources and energy saving **Physical risks** ● **Training on evacuation from trains** in a flood scenario ● **Elevation of areas such as rooms with electrical equipment** at each facility, installation of **water gate barriers**, installation of **concrete walls around facilities** ● **Reinforcement of slopes** ● **Upgrading of rain gauges**, including lightning-proofing ● **Introduction of planned suspensions of services** based on weather forecasts	**Transition risks** ● **Acquiring green building certification** for real estate assets ● **Advancing the introduction of energy-saving facilities** such as adjustment of the brightness of ceiling lights in stores and LED lighting and energy-efficient equipment in stores ● Introduction of **AI-based technology for optimal control of energy** ● **Conversion to low-carbon buildings** (promotion of use of wood, etc.) and greening of rooftops and walls (including condominium complexes) ● Active promotion and communication about environmental measures such as the adoption of renewable energy sources and energy saving **Physical risks** ● Enhancement of **BCP measures** (disaster equipment, installation of BCP power sources, etc.) ● Installation of cubicles on the top floors of buildings ● Advancement of installation of **water gate barriers and vertical damp proof barriers** ● **Selection of sites based on hazard map** ● **Registration as a community evacuation facility and shelter for stranded persons** (discuss and deliberate with authorities as necessary)	**Transition risks** ● Adjustment of the brightness of ceiling lights in stores, introduction of LED lighting and LED signs in stores, **implementing energy saving** for lighting in parking areas ● Introduction of **environmentally friendly rolling stock**, installation of **charging stations for electric vehicles** ● Initiatives to **reduce food waste**, such as introducing a reservation system and discount stickers ● **Recycling of food scraps as fertilizer, animal feed and fuel** ● Active promotion and communication about environmental measures such as the adoption of renewable energy sources and energy saving **Physical risks** ● **Anticipating of flood damage when formulating strategies for new stores** and developing stores (expansion of installation of water gate barriers and guard pipes to prevent damage from water incursion) ● **Building and operation of emergency communication system** (emergency status emails, disaster portal sites, etc.)
Target businesses:			
Operating revenue*1	163,785 million yen (share: 39%)	133,159 million yen (share: 32%)	61,755 million yen (share: 15%)
CO_2 emissions*1	305,578t (share: 74%)	71,568t (share: 17%)	26,649t (share: 6%)

*1 Results for FY2024/3

Future policies and initiatives

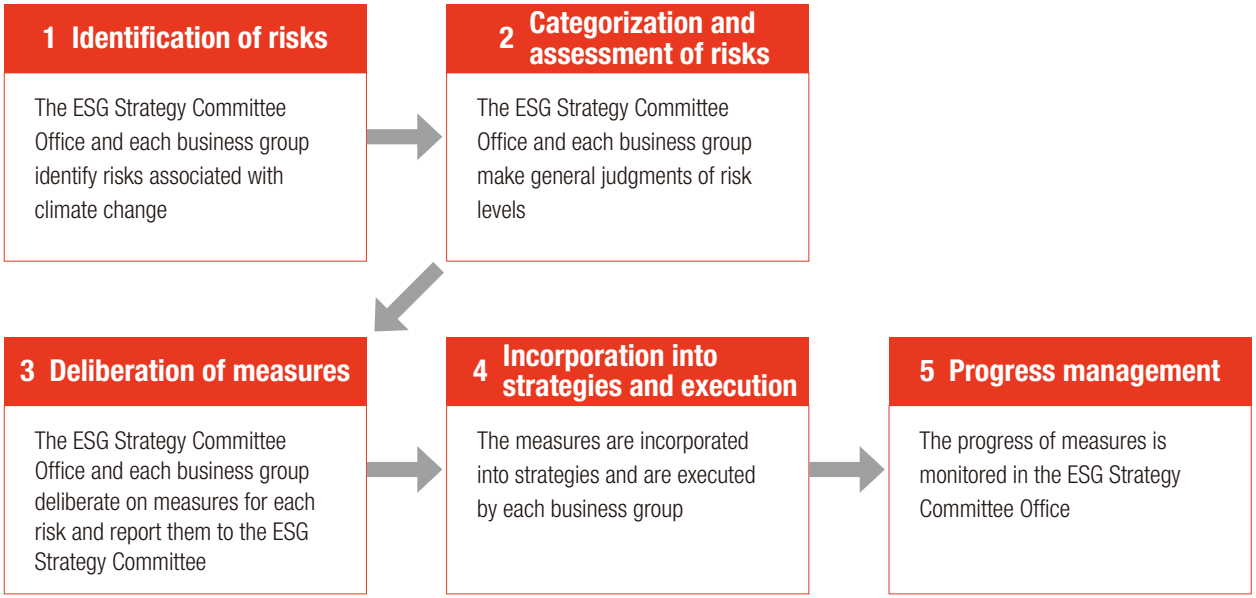
Based on our transition risks and physical risks, we have established a roadmap toward a decarbonized society in the JR Kyushu Group Medium-Term Business Plan 2022-2024 (announced March 2022). In addition to reducing energy usage and introducing and utilizing renewable energy, we are actively working on measures to alleviate our environmental burden, including conducting proof-of-concept testing for the adoption of biodiesel fuel, introducing other new technologies for this purpose, and acquiring green building certification for real estate assets, taking measures to handle rainfall such as elevating rooms containing electrical equipment at each facility and installing water gate barriers, and taking other adaptive measures such as enhancing our BCP measures and anticipating water damage when formulating strategies for new stores.

Risk management

The JR Kyushu Group's railway network connects Kyushu's major cities. We are also developing businesses centered around Kyushu in fields that are highly compatible with the railway business, including our real estate (station building commercial facilities, condominiums, hotels, etc.), and retail and restaurant businesses. We are treating risks associated with climate change as key risks in our current business and financial situation that may have a significant impact on the judgment of investors.

Our ESG Strategy Committee, chaired by the President and CEO, analyzes risks and opportunities associated with climate change as part of our TCFD measures in order to categorize and assess risks to the Group's businesses. The ESG Strategy Committee's role in the system for managing these risks is primarily managing the planning, drafting and progress of measures to reduce CO_2 emissions. Categorization, evaluation and management of risks associated with climate change is reported within the ESG Strategy Committee at least once a year, and is also reported to the Board of Directors when necessary.

Risk assessment and management process



Realization of a De-carbonized Society

Toward the realization of a de-carbonized society

The realization of a de-carbonized society was set as a material issue for the Group in the JR Kyushu Group Medium-Term Business Plan 2022-2024. We will contribute to the de-carbonization of society as a whole by providing and promoting the usage of seamless mobility, centered on the railway business.

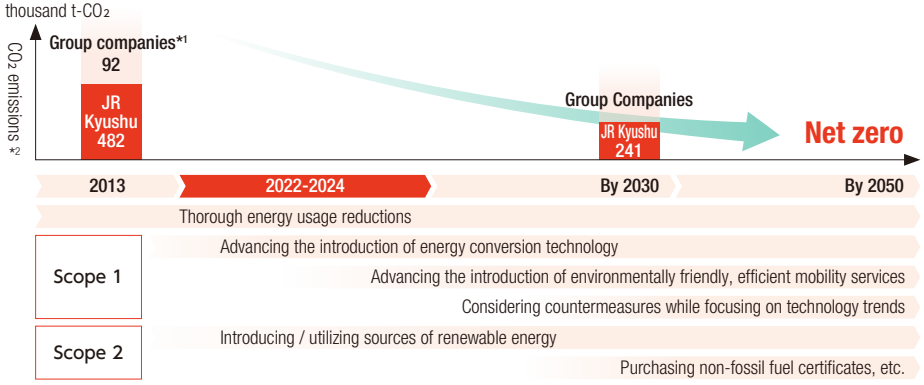
Fundamental approach

Toward the realization of a de-carbonized society, we will work not only from a defensive perspective of simply reducing CO_2 emissions but also from a proactive perspective of positioning the transition to a de-carbonized society as an opportunity for business growth and creating new value. While collaborating with other companies, we will strive to achieve both business growth and enhancement of environmental value.

Defensive	CO_2 emissions reductions	Mutually complementary	Proactive	New value creation
● Implementing initiatives to reduce energy usage in anticipation of future energy cost increases ● Purchasing CO_2-free electricity and non-fossil fuel certificates, etc			● Recognizing the transition to a de-carbonized society as an opportunity for business growth ● Creating environmental value through cooperation with other companies, and utilizing that value in-house or to record a gain in sales	

Roadmap toward the realization of a decarbonized society

The JR Kyushu Group has established a road map toward a de-carbonized society in the JR Kyushu Group Medium-Term Business Plan 2022-2024. We will continue to set appropriate milestones and revise our roadmap where necessary, taking into account future trends in technology and economic feasibility.



*1 Aggregate value from periodic reporting stipulated in the Act on Rationalizing Energy Use
*2 Scope 1 and 2 emissions

Major initiatives during the period of the Medium-Term Business Plan

Proactive

Entry into grid-based storage battery business P.24

Utilizing power storage facilities

Introducing / utilizing sources of renewable energy

Introduction of locally owned, locally consumed solar power through an onsite PPA model



Development of solar power generation on other vacant land



Acquiring green building certification for real estate assets

Acquiring CASBEE certification for JR Kagoshima-Chuo building



Acquiring CASBEE certification for Nagasaki Station building



Acquiring ZEB certification for Fukuoka Manufacturing Plant of JR Kyushu Engineering, Ltd. P.57

Acquiring ZEB Ready certification for JR Kyushu Construction Department Office P.57

Considerations for the adoption of energy conversion technology

Verification testing for the use of 100% biodiesel



Energy saving for electricity used in train operations P.56

Adoption of 821 Series
Renovation of 811 Series



Defensive

More-efficient, streamlined facilities

Initiatives to introduce sources of renewable energy and save energy

JR Kyushu's CO_2 emissions created by electric power account for 80% of our total emissions, so we are working on decarbonization of electricity and energy saving for net-zero CO_2 emissions by 2050.

● Introduction of solar energy through an onsite PPA

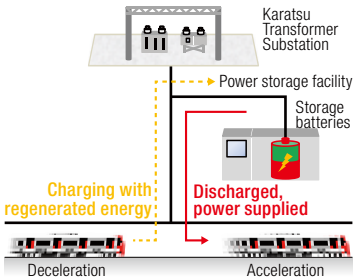
Thus far, we have installed facilities for locally owned, locally consumed solar power through an onsite PPA*1 at five sites (Nagasaki Engineering Works, Sasebo Rolling Stock Center, Shingu-Chuo Station rooftop, Kamegawa Station rooftop, Fukkodai-mae Station rooftop) and introduced renewable energy for some of the electricity used by our facilities, which has reduced our CO_2 emissions. We will continue to introduce more facilities for locally owned, locally consumed solar power to further reduce our CO_2 emissions.

● Development of solar energy facilities using vacant land

We are working together with West Holdings Corp. and Osaka Gas Co., Ltd. to make effective use of vacant land by developing new non-FIT solar energy stations. Thus far, we have developed four areas in this way. The electricity and environmental value that are generated will be purchased by West Holdings and Osaka Gas in the long term, while we purchase a range of renewable energy provided by Osaka Gas, including new non-FIT power sources. This is enabling us to decarbonize facilities such as our stations.

● Utilizing power storage facilities

The Company is also utilizing energy effectively at power facilities. Energy regenerated during the deceleration of trains is stored in power storage facilities at Karatsu Transformer Substation on the Chikuhi Line and used during acceleration to reduce the energy used during driving. The stored energy can also be used to supply power to trains in the event of blackouts caused by situations such as natural disasters.



*1 A system in which an energy company installs solar energy facilities on the roof of the customer's building (or on their land). The energy company owns, maintains and manages the facilities and supplies the generated energy to the customer.

Acquiring green building certification for real estate assets and Company facilities

● JR Kagoshima-Chuo building and JR Nagasaki Station building

Opened in 2023, the JR Kagoshima-Chuo building and JR Nagasaki Station building are complexes with commercial facilities, hotels, offices, and parking. CASBEE-A ranked certification has been acquired for both in recognition of our initiatives to alleviate environmental burden by introducing highly efficient facilities and using natural energy, as well as improving convenience and comfort for customers and considering the surrounding environment and landscape.

● New Employee Training Center building wins Energy Conservation Grand Prize

As our first zero-energy building with user-participating systems for some facilities, our Employee Training Center (completed March 2022) is a building where everyone can see the energy-saving activities that are in place. The activities can be horizontally expanded to school facilities, and it is this contribution to education on energy conservation in particular that won this building the Energy Conservation Grand Prize for FY2022. The building, including its non-user-participating facilities, uses around 57% less energy than the standard primary energy usage, earning it ZEB Ready certification.



* Energy consumed by the entirety of a house or building during usage, converted to a thermal value

Considerations for the adoption of energy conversion technology

Some of our rolling stock run on diesel. We have already adopted alternatives such as the BEC819 DENCHA, a battery-powered train, and the YC1 Series of diesel-electric rolling stock equipped with a storage battery.

In an additional measure to reduce our environmental burden, we began deliberating in the fiscal year ended March 2023 on replacing the diesel used in this rolling stock with 100% biodiesel fuel (BDF). Verification through unit testing and running testing was completed for an engine using BDF refined from waste oil from facilities such as restaurants in JR Hakata City, and proof-of-concept testing began on commercial trains on the Chikuho Main Line and Gotoji Line in October 2023.





Energy saving for electricity used in train operations

We have adopted many energy-saving trains to save energy used in the operation of our electric trains, and as of the fiscal year ended March 2024, these account for 85% of our electric trains. We will continue adopting energy-saving trains and renovating our trains in future. The remodeling of our 811 Series included an upgrade of the driving motors and control devices, a switch to a VVVF control mechanism using energy-efficient SiC hybrid modules, the adoption of regeneration brakes, and a switch to LED lighting in the cabins to reduce our environmental impact.



Pick up 1 Acquisition of green building certification for Company facilities

The JR Kyushu Group is actively working on acquiring green building certification in the development of Company facilities and real estate assets.

Fukuoka Manufacturing Plant of JR Kyushu Engineering, Ltd.

JR Kyushu Engineering, Ltd. opened a Fukuoka Factory on November 1, 2023 to serve as a center for strengthening and centralizing technical infrastructure and resources, conducting more effective technology development, and increasing its construction capabilities. The facility was built in collaboration with companies from JR Kyushu Construction Group Holdings Inc., such as Kyutetsu Corporation Co., Ltd., JR Kyushu Electric System Company and METAL STAR KYUSHU, K.K. In the office building of the factory, we took measures such as improving the thermal insulation of the outer walls, adopting highly efficient equipment and LED lighting, and using various sensors, as well as solar panels across a 1,370m2 area with 283.95kW (expected to produce around 230,000kWh per year). This has reduced standard primary energy consumption* by 53%, and the total reduction achieved by these measures plus our adoption of renewable energy is 106%. As a result, the building received zero-energy building certification under the Building-Housing Energy-efficiency Labeling System.



* Energy consumed by the entirety of a house or building during usage, converted to a thermal value

JR Kyushu Construction Department Office

The office of our Construction Department received ZEB Ready certification after an upgrade of its air conditioning equipment. Usage of our equipment was measured and all of our ventilation equipment was upgraded to total heat exchangers to optimize the performance of the upgraded air conditioning equipment, and high-efficiency air conditioners were selected to reduce energy consumption. This reduced our standard primary energy consumption by 56%, earning the building ZEB Ready certification.

To reduce running costs, we introduced central monitoring equipment to run the equipment according to a schedule, monitor running, and perform eight-level demand control.



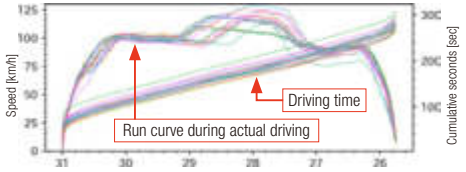


Pick up 2 Energy saving for electricity used in train operations

The Company is working on improving driving methods and timetables to save the electricity used in train operations. We will continue working to reduce our environmental burden while providing safe and comfortable train services.

Conventional lines

The Company visualizes driving data and works together with drivers at each site to improve driving operations on selected sections of lines where energy saving can be expected. The results of simulations of driving operations before and after the improvements, along with rolling stock data and records from facilities such as our transformer substations are used to verify the effect of those improvements in reducing electricity consumed during acceleration. Going forward, we will introduce a visualization tool to provide each driver with an opportunity to objectively assess their driving methods, and will provide drivers with education to improve their driving skills to save more energy.





Shinkansen

The Company works together with depots to research and establish driving methods that will contribute to energy saving during driving. Rolling stock data and records from facilities such as transformer substations are used to confirm the difference between energy consumed through the new methods compared to the conventional method and verify that the new methods are effective. We are also adjusting the driving time between stations for some trains to create schedules that do not require more acceleration and deceleration than necessary to ensure promptness and comfort while reducing our environmental burden.



Pick up 3 Scope3 calculation method

The JR Kyushu Group is aiming to achieve net-zero CO_2 emissions by 2050. For Scopes 1 and 2, tracking emissions was a KPI for this Medium-Term Business Plan period and we disclosed them in August 2023. For Scope 3, commencing calculations was a KPI for this Medium-Term Business Plan period, but we were able to reach the disclosure stage. Going forward, we will continue tracking CO_2 emissions and working to reduce them throughout our supply chain to contribute to the realization of a decarbonized society.

(thousand t-CO_2)

Category	JR Kyushu	Group companies	Entire Group	Metrics of activities	Units	Calculation method
1 Products / services purchased	217	99	317	Expenses of products / services purchased (settlement amount per expense item)	Emission unit based on input-output tables	Expenses of products / services purchased x emission unit based on input-output tables
2 Capital goods	393	87	481	Purchase price of capital goods (amount invested by each company)	Emission unit according to price of capital goods	Expenses for purchasing of capital goods x emission unit according to price of capital goods
3 Fuel- and energy-related activities not included in Scopes 1 and 2	46	23	70	Amount of electricity, fuel, etc. used	Emission unit according to amount of electricity or heat used	Amount of each type of energy used x emission unit according to amount of electricity or heat used
4 Transportation, delivery (upstream)	—	—	—	—	—	Not included in calculations as its impact was judged to be extremely small due to the characteristics of the Group's businesses.
5 Waste generated by businesses	1	9	11	Weight of waste materials by type	Emission unit according to type of waste	Amount of waste x emission unit according to type of waste
6 Business travel	0	1	1	Number of employees	Emission unit per employee	Number of employees x Emission unit per employee
7 Employee commutes	0	3	3	Transportation expenses paid Number of employees in each city zone	(1) Emission unit according to transportation expenses paid (2) Emission unit according to number of employees and number of days worked	(1) Transportation expenses paid in each transportation category x emission unit according to transportation expenses paid (2) Unit for each city zone where workplaces (head offices) of each company are located x emission unit according to number of employees and number of days worked
8 Upstream leased assets	—	Included in Scopes 1 and 2	Included in Scopes 1 and 2	—	—	Not included as it is included in the Scope 1 and 2 calculations
9 Transportation, delivery (downstream)	—	—	—	—	—	Not included in calculations as its impact was judged to be extremely small due to the characteristics of the Group's businesses.
10 Processing of sold products	—	—	—	—	—	Not included in calculations as its impact was judged to be extremely small due to the characteristics of the Group's businesses.
11 Use of sold products	68	42*1	110	Number of free-standing houses and condominiums sold by type Number of heavy construction machines sold	(1) GHG emissions per year from general households (recorded) (2) GHG emissions for each piece of heavy machinery (recorded)	(1) Annual sales results x GHG emissions per year from general households x legal estimated usable period (2) Number of heavy construction machines sold x GHG emissions for each machine (recorded) x legal estimated usable period
12 Disposal of sold products	0	3*1	4	Number of free-standing houses and condominiums sold by type Number of heavy construction machines sold	(1) Emission unit related to wooden residential building waste (2) Emission unit related to heavy construction machinery waste	(1) Number of residential units sold x emission unit related to wooden residential building waste (2) Number of heavy construction machines sold x emission unit related to construction machinery waste
13 Downstream leased assets	7	46*2	54	GHG emissions (amount of energy used) or total floor area for each tenant / lease property Distance traveled by rental cars owned Leasing results for heavy construction machinery	(1) GHG emissions by tenants / lease properties (recorded) (2) Emission unit according to purpose of building / unit area (3) Fuel expenses for each vehicle (recorded) (4) Emission unit related to use of heavy construction machinery(recorded)	(1) Calculation of amount of energy used (GHG emissions) by tenants / lease properties (2) Unit area for each purpose x emission unit according to purpose of building / unit area (3) Results for rental cars owned (average distance traveled per year) x fuel efficiency details for each car (4) Leasing results for heavy construction machinery x Emission unit related to use of heavy construction machinery (recorded)
14 Franchises	—	Included in Scopes 1 and 2	Included in Scopes 1 and 2	—	—	Not included as it is included in the Scope 1 and 2 calculations
15 Investment	—	—	—	—	—	Not included in calculations as the Company does not hold investment management shares
Total	737	317	1,055			

*1 JR Kyushu Housing Company Co., Ltd., Caterpillar Kyushu Ltd.
*2 JR Hakata City Co., Ltd., Kokura City Inc. JR Nagasaki City Inc. JR Oita City, Inc., JR Kumamoto City Co., Ltd., JR Kagoshima City Inc., JR Miyazaki City Co., Ltd., JR Kyushu Building Management Co., Ltd., JR Kyushu-Rent-A-Car & Parking Co., Ltd., JR Kyushu Senior Life Support, Inc., Caterpillar Kyushu Ltd.
All other categories apply to all Group companies

(note 1) Calculated according to Basic Guidelines for Calculation of Greenhouse Gas Emissions Throughout Supply Chains (Ministry of the Environment, Ministry of Economy, Trade and Industry)
(note 2) "-" means not relevant or not calculated
(note 3) "0" means less than 1,000t-CO_2

Investments that contribute to increasing environmental value

Over the period of this plan, we are planning environment-related investment of approximately 60 billion yen. These will be invested in projects / criteria that are eligible for the Green Bond framework that was established in April 2021, energy-saving train cars, and real estate for which we intend to obtain green building certification. We will also consider other investments, such as a renewable energy business.

Green Bond Framework	Eligible project / criteria	Example of project covered by eligible project / criteria
Clean transportation	Investments related to building, modification, and upgrades of electric and hybrid rolling stock	● N700S train cars ● Remodeling of 811 series train cars ● YC1 series diesel-electric rolling stock equipped with storage battery
Green building	Investments related to the building of real estate around stations and facilities for JR Kyushu for which we intend to obtain green building certification	● Nagasaki Station building,hotel

Expansion of ESG financing

The JR Kyushu Group is carrying out initiatives to expand ESG financing to solve social issues such as climate change through our business and further accelerate efforts to build a sustainable society.

Initiatives for the fiscal year ended March 2024 included procurement of capital from Japanese financial institutions according to the sustainability-linked loan framework established in September 2022 (third-party assessment by Japan Credit Rating Agency) and the issuing of 30 billion yen in green bonds in July and December 2023 according to the Green Bond Framework (third-party assessment by Sustainalytics and the Rating and Investment Information Center). As a result, ESG financing accounted for around 30% of our long-term interest-bearing debt as of the end of March 2024. Additionally, with regards to our sustainability-linked loans, we reported on matters such as our progress toward our sustainability performance targets (SPT; 50% reduction of Scope1 and 2 CO_2 emissions by FY2031/3 (compared to baseline year: FY2014/3)). With regards to our green bonds, we reported on the use of our funds and the effects in improving the environment. We also actively disseminated financial information and engaged in dialog with bond investors on our progress toward the nonfinancial KPIs in our Medium-Term Business Plan.

Going forward, we will continue expanding our ESG finance to provide strong support for the Group's ESG management and promote the realization of a decarbonized society, one of our material issues, as we work to achieve our 2030 Long-Term Vision.

2023 ESG FINANCE AWARDS JAPAN BRONZE

Biodiversity initiatives

The climate and biodiversity are interrelated. We are working on initiatives to preserve biodiversity in addition to our measures against climate change.

Tree planting

In addition to tree planting and forest development activities to provide habitats and rearing environments, we are contributing to waterway improvement, improvement of disaster-proofing functions and preservation of landscapes.



JR Kyushu Kumamoto Branch	Took part in a tree planting activity on Mt. Kimpo (Kumamoto City) run by NPO21 Kumamoto Kimpo-Ariake Environmental Council
JR Kyushu Trading Co., Ltd.	Formed JR Kyushu Trading Mori Yunomae forestry agreement with the municipal government of Yunomae Town in Kumamoto Prefecture, along with local companies and other organizations, from the fiscal year ended March 2020
Caterpillar Kyushu Ltd.	Formed the Caterpillar Forest agreement for forestry creation and maintenance with the Nichinan City government as part of the Miyazaki prefectural government's company forest system
JR Kyushu Resort Development Co., Ltd	Working on projects led by the Greenery by Golf Group such as greening and environmental conservation in spaces such as public facilities and national parks

Reduction of plastic waste

JR Kyushu Hotels Inc., JR Kyushu Station Hotel Kokura Inc., and JR Kyushu Huis Ten Bosch Hotel Co., Ltd. are introducing amenities made from lightweight materials and biomass materials.

Management of chemical substances

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

Measures against CFCs

As CFCs are greenhouse gases, we register any CFCs used at each of our locations and appropriately manage filling and collection volumes when using or disposing of CFCs.

Management of PCB waste

PCBs (polychlorinated biphenyls) were previously used as insulating oils for our rolling stock and electrical facilities, but we have now switched to non-PCB oils by phasing out or redesigning older trains and facilities. Waste from used PCBs is managed according to the relevant laws and regulations. We now use mineral oil as our insulating oil. As equipment without zero PCB certification may contain traces of PCBs in its insulating oil, we are analyzing PCB in the oil, storing the oil appropriately, and successively disposing of it.

Initiatives under the PRTR Act

Chemical substances used in each area of our business, including asbestos and volatile organic compounds (VOCs) such as toluene and xylene, are appropriately treated and managed according to the PRTR Act (Act concerning Pollutant Release and Transfer Register).

Resource recycling initiatives

The JR Kyushu Group is helping to build a circular society by implementing measures to make effective use of resources through the three Rs: reduce, reuse, recycle.

Use of water resources

Rolling stock centers such as the Kumamoto Rolling Stock Center for our Shinkansen trains and the Kokura General Rolling Stock Center for our conventional trains use large quantities of water for purposes such as washing rolling stock and parts. We are taking measures such as filtering the wastewater at a treatment plant to enable it to be reused as treated wastewater or gray water. Station building companies such as JR Hakata City Co., Ltd. and JR Nagasaki City Inc. are also reusing rainwater and making effective use of water resources.

Company social media page for giving and receiving unwanted items

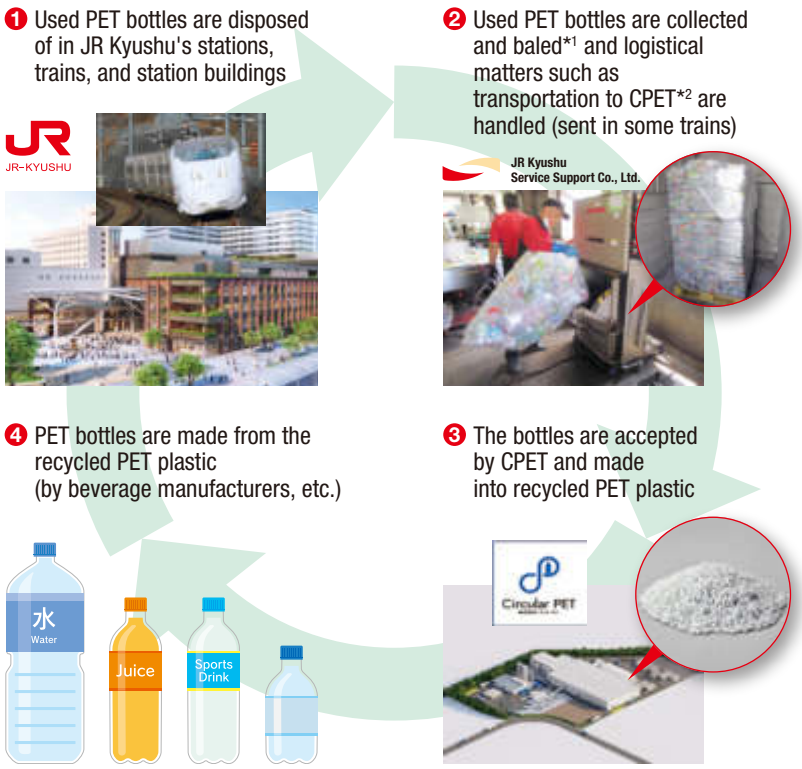
In the fiscal year ended March 2023, we set up a community social media page for giving and receiving unwanted items. We share information on surplus and unneeded items within the company to reduce costs and make effective use of resources. Around 66 items were listed in the fiscal year ended March 2024, around 40 of which have been put to good use.

Reuse and recycling of uniforms

JR Kyushu began reusing some of its uniforms In the fiscal year ended March 2023. We have also recycled around 2,830kg of worn out uniforms to create new resources.

Bottle to Bottle Project

Economic and social activities based on mass production and mass consumption generate a large volume of waste. To realize a sustainable society, the world is seeking to transition from these one-way economic and social activities to a circular economy where resources are used sustainably. Ocean pollution caused by plastic is a particularly urgent issue, and the JR Kyushu Group is addressing it by recycling used PET bottles from its business activities (in stations and trains, station buildings, and distribution) to make new PET bottles. Through this initiative, we will contribute to the realization of a circular society and address the issues of climate change, resource depletion, and ocean pollution.



*1 Waste PET bottles are sorted, collected, compressed, and packed.

*2 Circular PET Co., Ltd. This company carries out activities to popularize recycled PET beverage bottles, such as recycling used PET bottles to make new ones.



Social

Safety and Service, the Foundation for All of Our Businesses

Safety
Service

Development of Human Resources, the Source of Value Creation

Personnel strategy

Advancement of Efforts that Respect Human Rights

Safety and Service, the Foundation for All of Our Businesses — Safety —

Fundamental approach

Our unchanging mindset is that safety requires initiative. Every employee approaches our safety improvement initiatives with the fundamental approach of "Safety is the greatest thing we owe to our customers" indicated in our safety principles.

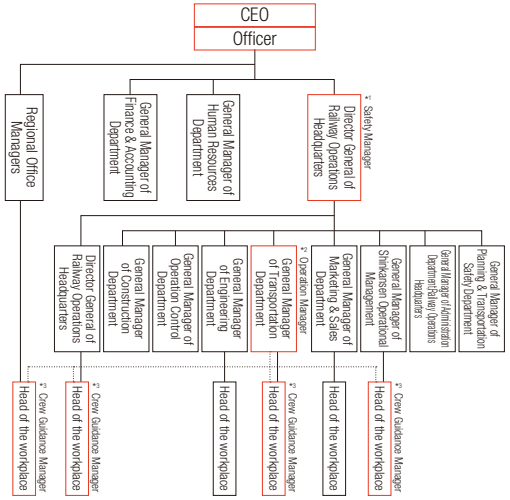
Safety principles

Safety is the greatest thing we owe to our customers.

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

Safety control structure

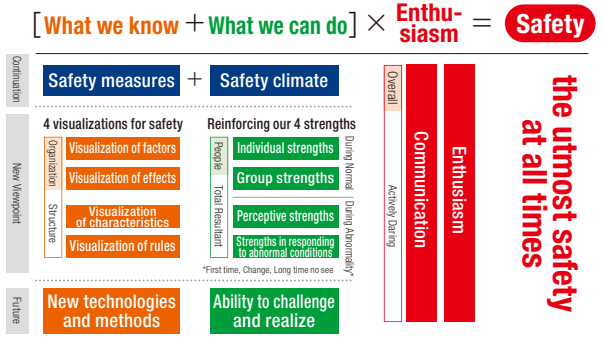
With the proactive involvement of top management, we have established safety control structure, which is led by the General Safety Manager, Operation Managers, etc., and have established safety management regulations to maintain and improve transportation safety. We will work to ensure transportation safety and improve our ability to respond to natural disasters by establishing basic safety policies, developing safety initiatives, confirming the effectiveness of initiatives through safety audits and safety inspections, and making the PDCA cycle of improvements work well.



Top Management (CEO)	• Decide on important matters related to ensuring transport safety. • Respect the opinions of the General Safety Manager in performing his / her duties and take necessary measures.
*1 Safety Manager (Director General of Railway Operations Headquarters)	• oversee handling of train operation, rolling stock, railway facilities, and other divisions that ensure transportation safety • Efforts shall be made to improve safety awareness, ensure compliance with relevant laws and regulations, and ensure the implementation of basic safety policies.
*2 Operation Manager (General Manager of Transportation Department)	• It prepares and revises the operation plan of the train giving priority to the safety of transportation, and develops and maintains the quality of the crew and the operation crew of the rolling stock. • It requests necessary reports from the manager concerned and gives instructions on the work related to train operation.
*3 Train Crew Guidance Manager	• Efforts are made to maintain and manage the qualities of train crews belonging to the workplace and reports to Operation Manager.

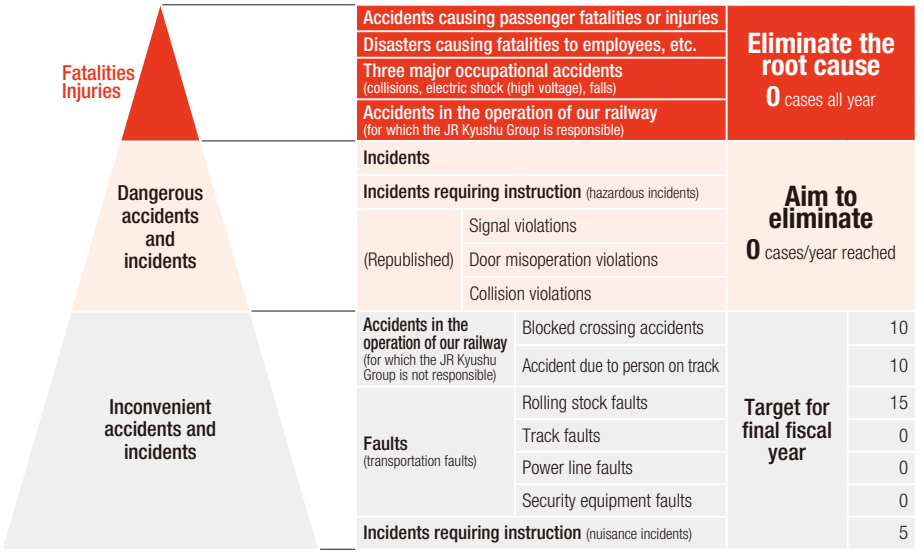
Systems to improve safety

The JR Kyushu Group is working on a three-year Medium-Term Safety Plan (2023-2025) to implement measures that ensure the utmost safety at all times. In this plan, we have established a principle called our "safety formula": "Safety takes more than knowledge and technologies. If there's zero enthusiasm, there's zero safety. If there's double the enthusiasm, there's double the safety !" Under this principle, we work to achieve the utmost safety at all times. We are also striving to realize the "the utmost safety at all times" by focusing our efforts on the four points of "visualization of safety" and the strengthening of the four points of "power."



Setting targets

We place the highest priority on eliminating accidents that result in the death or injury of customers and employees, and have set specific goals and concepts for realizing the utmost safety at all times based on the following concepts.



Safety promotion committee

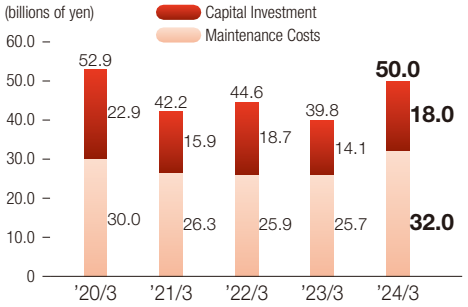
Meetings of our Corporate Safety Promotion Committee, led by our president, are held monthly to share safety information and discuss how to prevent railway accidents, hindrances to transportation, and occupational disasters and how to prevent reoccurrence of any incidents that do occur. Matters such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

Safety status reports and strengthening of safety control structure in our railway

Quarterly reports are made at Board of Directors meetings about issues such as operational accidents, transportation faults and occupational accidents in our railway business. The appropriateness of safety initiatives and measures to prevent reoccurrance is confirmed, and feedback shared at the meeting is reflected to strengthen the Group's safety control structure.

Capital investment related to safety

Expenditures related to safety are systematically implemented every year. In fiscal 2023, we spent a total of 50 billion yen, including 18 billion yen for the replacement of old equipment, safety and disaster prevention measures, stable transportation measures, and investments related to rolling stock, and 32 billion yen for the maintenance and maintenance of railway facilities and rolling stock.



Main safety investments Subject

Replacement of aging equipment	• Replacement of electric train track equipment • Replacement of signal equipment
safety and disaster-damage prevention measures	• Restoration of the BRT Hitahikosan Line • Shinkansen Shin-Yatsushiro southward disaster prevention measures
Stable transportation measures	• Track section improvement measures, use of wooden sleepers TPC
Rolling stock related	• Renovation of Series 811, purchase of spare wheel axles for Shinkansen

Initiatives to accomplish our objectives

Collective efforts to achieve the utmost safety at all times

Top priorities

Initiatives to eliminate signal violations, door handling violations and collision violations

- Further enhancement of systems to improve safety
- Improvement of the overall skills of employees, etc. in ensuring safety
- Prevention of railway accidents, etc.
- Flexible and strong measures to handle dramatic changes in our business environment
- Prevention of accidents involving trains and facilities

Efforts to achieve greater safety through new technologies, etc.



Automated analysis and detection by AI and sensors



Labor saving and improvement of precision through the utilization of video analysis and drones



Status monitoring and CBM by systems



Promotion of the development of support equipment using apps

New focuses for initiatives

Safety formula

What we know + What we can do × Enthusiasm = Safety

4 visualizations for safety

Visualization of factors
- Adoption of methods to analyze causes, factors, etc.
- Trend assessment and countermeasures for potential risks

Visualization of effects
- Quantification of effects of countermeasures
- Systems for evaluating the effects of countermeasures

Visualization of characteristics
- Quantitative evaluation of characteristics of individuals and workplaces

Visualization of rules
- Creation of regulations and manuals for administrative communication, etc.
- Re-evaluation and optimization of rules

Reinforcing our 4 strengths

Individual strengths
- Training tailored to characteristics; fostering good judgment
- Hands-on and empathy-based education to recognize hazards

Group strengths
- Joint education and training with related organizations
- Horizontal expansion of information on training and workshops

Perceptive strengths
- Identification of potential risks through management of changes in metrics
- Communication to detect physical functions and changes and alert others

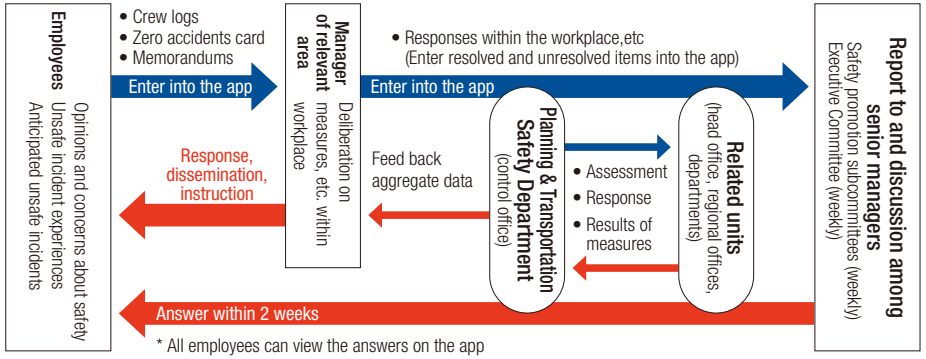
Strengths in responding to abnormal conditions
- Creation of timelines and manuals
- Education and training with a focus on the 3 Gs*

*Gemba (the real place), Gembutsu (the real tools), Genjitsu (the real facts)

Views shared by employees about safety

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

Process for views shared by employees about safety



Examples of improvements as a result of views shared by employees about safety

In the fiscal year ended March 2024, we received 12,835 messages with feedback, observations, or details about unsafe incident experiences. 311 of these required measures to be taken, and we have addressed these and / or established policies about measures to be taken.

Examples of improvements

View

We judged it to be dangerous when we saw passengers taking pictures beyond the restricted area at the end of the platform in the fence of Nagasaki Station.



Measure

Safety was ensured by attaching a warning sheet at Nagasaki Station and installing a pole to warn people.



Development of personnel to support safety

Training at the safety creation center


The rebuilt Safety Creation Center

Our Safety Creation Center was opened in January 2011 to keep past accidents and other incidents fresh in our memory, impart a strong understanding of basic operations and safety measures, and give our employees the training they need to ensure the safety of our customers and employees, referencing past accidents and covering various themes.

It is now conducting a sixth round of training that seeks to foster understanding about why our rules are important and equip employees with the ability to put that understanding into practice by thinking for themselves about what they need to do to follow our rules.


Directors undergoing training (sixth round of training)

In March 2021, a new Safety Creation Center was opened with the rebuilding of our employee training center. The new Safety Creation Center has additional features, including a mock-up crossing, platform, tunnel and rolling stock and facilities for learning about occupational accidents, providing more comprehensive facilities for learning through sensations and hands-on activities.

As of the fiscal year ended March 2024, a total of 63,489 employees, including employees of Group companies, have attended training at the Safety Creation Center since it was first opened.

Training Lines for Education



Training lines have been set up at the Employee Training Center and Higashi-Kokura to provide education and training focusing on the 3Gs(Gemba (the real place), Gembutsu (the real tools), Genjitsu (the real facts)), which improve knowledge, skills and emergency response capabilities. Instructors at the Employee Training Center and specialized instructors from Group companies provide training that is more in line with practice.

Ongagawa Facility Training Center

The Ongagawa Facility Training Center was established jointly with KYUTETSU Co., Ltd. to improve the inspection and work skills of employees related to facilities, including group companies. At the Ongagawa Facility Training Center, training is conducted using full-scale tunnels, platforms, turnouts, and vehicle rooftop equipment inspection tables.


tunnels


platforms


turnouts


vehicle rooftop equipment inspection tables

Training for responding to earthquakes and tsunamis

Training for simulating large-scale earthquakes

Based on the lessons learned from the March 20, 2005 earthquake off the western coast of Fukuoka Prefecture, we conduct training every year to guide customers to evacuate and to quickly communicate information when a large-scale earthquake occurs. In the training held in September 2023, we conducted simulating training according to the situation, such as gathering information and drawing up recovery plans between the disaster response headquarters and relevant locations, while changing the situation, such as immediately after a large-scale earthquake or the day after the earthquake.



Response headquarters at the head office



Hakata Control Center





Training for assistance (Nagasaki Branch)



Countermeasure meeting held at a branch office (Oita Branch)



First-aid training (Kumamoto Branch)



Countermeasure meeting held at a branch office (Kagoshima Branch)

Large Tsunami Evacuation Guidance Drill

In the Oita and Miyazaki regions, we are conducting evacuation guidance drills jointly with local residents, police and fire departments, and local governments as an effort to promote prompt evacuation and guidance and disaster prevention and mitigation measures in the event of a tsunami warning, including the Nankai Trough Earthquake.



Evacuation using stairs installed for evacuation



Evacuation using ramps

Comprehensive Derailment Recovery Training

In October 2023, a comprehensive derailment recovery training was conducted at the Kokura General Rolling Stock Center, the 36th such training within the jurisdiction of the head office. Based on the assumption that a train collided with a passenger car at a railroad crossing, derailed, and caused the overhead wires to break due to the collision, a fire broke out, each system cooperated with police and fire departments to conduct fire-fighting drills, rescue and rescue operations for passengers, and restoration work for rolling stock and various railway facilities, in order to improve emergency response capabilities.



Overhead wire restoration work



Return the train to the track using a crane



Railway crossing restoration work



Track restoration work

Flexible and resilient response to a rapidly changing environment

In the fiscal year ended March 2024, we carried out slope countermeasures at 17 locations on conventional lines in order to improve the strength of disaster prevention against torrential rains and typhoons, and to prevent falling rocks and landslides due to aging.



Before countermeasure construction



After countermeasure construction

Safety award systems

We have various systems to reward workplaces and employees who are actively carrying out safety initiatives such as safety promotion campaigns and soliciting views from employees about safety, and have significantly contributed to preventing accidents and other incidents and ensuring safe and reliable transportation throughout the year.

These award systems foster motivation and initiative among employees, developing personnel who act autonomously to ensure safety.



Safety Creation Grand Prize — Workplace Category —

(Sasebo Engineering Office, Nagasaki Engineering Works)

We noticed that some details were not reflected in the system for workers to grasp information on special trains. As a result, we improved the system and helped to prevent accidents caused by workers touching cars on the tracks.

Comment from award-winning workplace

At our workplace, we are aware of two things. The first is that all employees work with a high level of awareness and enthusiasm to ensure that accidents never occur. By maintaining a high level of awareness and enthusiasm at all times, we are able to develop the ability to recognize small dangers that we would not have noticed if we had just carried out our work. The second is that we register and share any dangerous content that we notice in the "Voices of Employees on Safety." By registering as such, we believe that the content will be shared not only with our own workplaces but also with JR Kyushu as a whole, leading to an improvement in the safety of JR Kyushu as a whole.

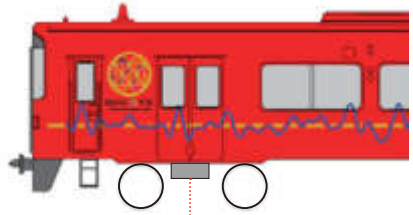
Introduction of Multifunctional Inspection Vehicle

The new "BIG EYE" multifunctional inspection vehicle replaces the aging high-speed track inspection vehicle, enabling high-frequency and high-precision data measurement. As a result, the company will fundamentally review the visual inspection and inspection operations that employees have performed in the past, aiming for safer and more effective facility repairs.

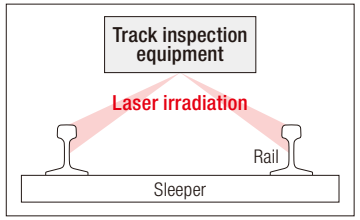


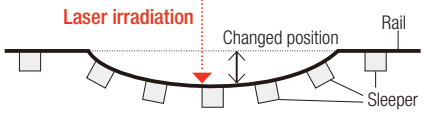
1 Track inspection equipment

Measuring distortion of track by irradiating rail with laser



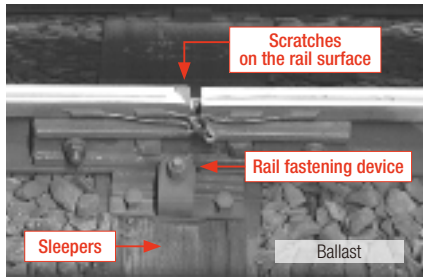
Viewpoint from the forward direction





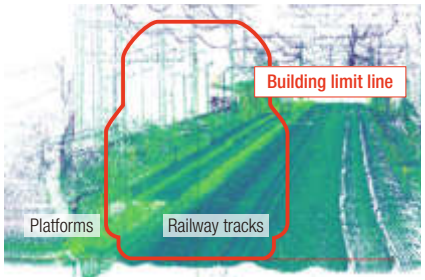
2 Camera device for supporting inspection of members

Using nine line sensor cameras, images of scratches on the rail surface and various members with high accuracy



3 Building limit measuring device

Using 3D point cloud data to measure distances from platforms, tunnels, utility poles, etc. to railway tracks



Safety and Service, the Foundation for All of Our Businesses — Service —

Fundamental approach

Since 1991, JR Kyushu has worked to enhance service through a variety of measures. In 2003, we formulated the Service Charter, which employees recite each day and always keep in mind. Since the fiscal year ended March 2008, we have accelerated our initiatives to further promote a corporate culture founded on service. Themes are set for each year's activities for further implementation. From the fiscal year ending March 2024, we will change the themes we have set thus far into pledges. From the fiscal year ended March 2025, we established the service declaration as "We aim for JR Kyushu to be kind to all people." and are focusing on further improvement of services to become even more "kinder JR Kyushu."

Service Charter

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

Listening to customer feedback

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

Initiatives to address customer feedback

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

In addition to messages received directly from customers, we seek feedback through various avenues such as online and by phone. In the fiscal year ended March 2024, we received around 12,000 items of customer feedback, including praise, feedback messages and requests. We strive to report feedback to senior managers, deliberate, and provide a response to the customer within two weeks, and to rapidly share and analyze the feedback within the company and apply it to specific improvement measures.

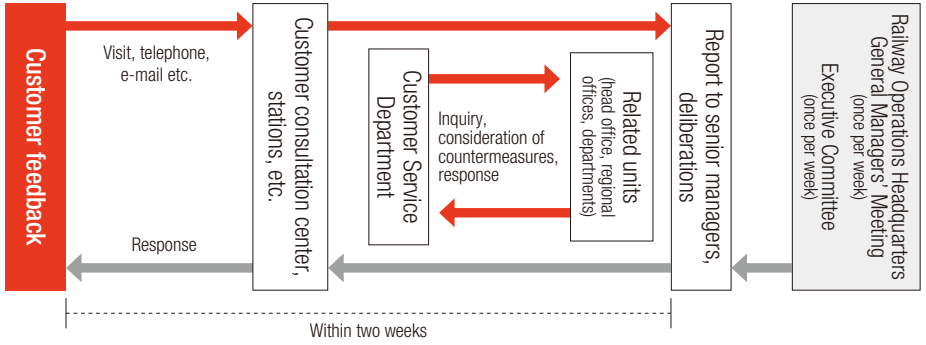
In the event that it is difficult to make improvements immediately, future measures are considered by the Committee to Enhance Our Corporate Culture Founded on Service, which has the president and other related officers as members. In these ways, we are working to enhance service quality.

Thoughts on Improving Service

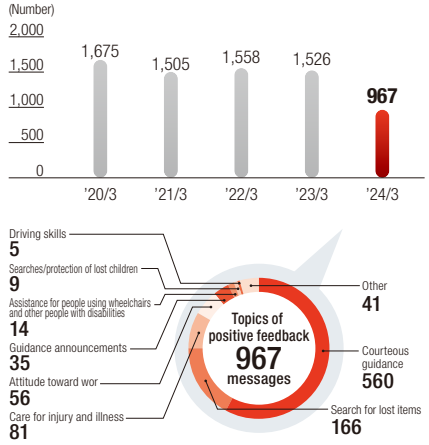
Since the Company's establishment in 1987, the external environment has been severe due to the declining birthrate and aging of the population, as well as competition from other forms of transportation. Under these circumstances, the Company has implemented various initiatives to improve its services in order to have as many customers continuously think that "I want to stay again."

We still receive a large number of opinions and requests from customers. In the Service Ranking conducted in the fiscal year ended March 2024, the results exceeded those of the previous fiscal year, and the Company has made some progress in improving its services. However, in order to remain selected, the Company will continue to strive to improve its service levels.

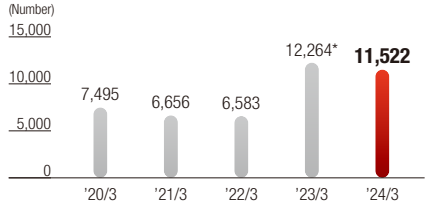
Flow of customer feedback



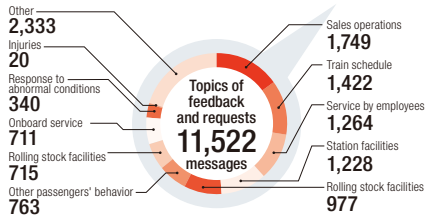
Number of compliments



Number of feedback messages and requests

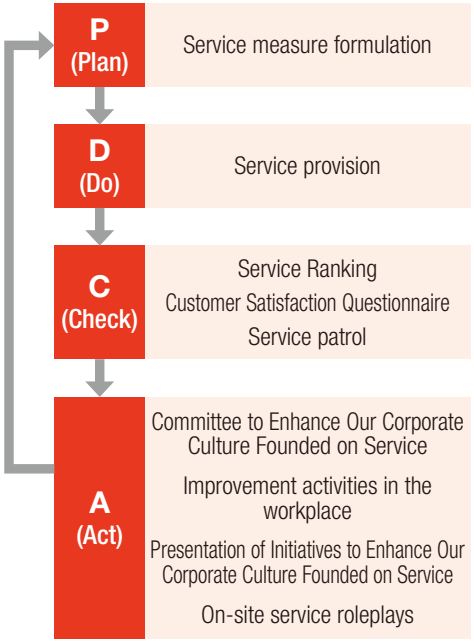


* There was a significant increase in feedback messages in response to the timetable changes in September 2022 and the opening event for the Nishi-Kyushu Shinkansen.



Initiatives to enhance service quality

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



Committee to enhance our corporate culture founded on service

To comprehensively consider items related to service at JR Kyushu, we implement improvement activities based on the formulation of service strategies, and advance the establishment of a foundation for the enhancement of service quality, a committee chaired by the president and including general managers and regional office manager among its members meets once per month. Praise and feedback from customers are analyzed and information on initiatives to improve service in each area is shared.

Service ranking

In our station and conductor units, we ask an external surveying organization to conduct a thirdparty evaluation of our service level once each year.

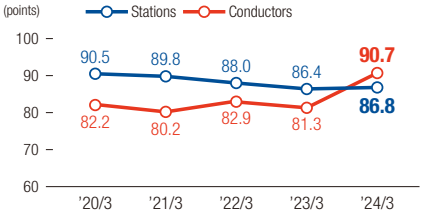
We then identify issues from the results and carry out initiatives to improve service, or relay the results to sites where there are issues and ask them to make improvements urgently. Excellent practices are rolled out at other sites. We are also quantifying and ranking the results of the surveys. Through this initiative, we are working to enhance awareness of customer reception at each work site and promote active improvement of service. From the fiscal year ended March 2022, we have been providing training based on reflection on service rankings to strengthen weak areas that were identified in the survey results and raise our minimum level of service.

One of the material issues in the JR Kyushu Group Medium-Term Business Plan 2022-2024 is “Safety and service, the foundation for all of our businesses”. “Implementing initiatives to enhance our corporate culture founded on service” is one of our non-financial KPIs: our target is a service ranking of 90 points or higher, and we are striving to further improve service.

In the survey for the fiscal year ended March 2024, the survey items related to greetings and facial expressions in customer encounters improved from the previous fiscal year.

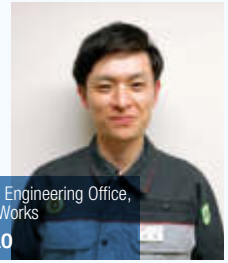
Efforts aimed at making JR Kyushu “Kind to all people” with the establishment of the “Service Declaration” have produced certain results. In the fiscal year ended March 2025, we continued the “Service Declaration” and set “More Accurate,” “Easier to Understand,” and “More Comfortable” as priority items to improve our customer service skills.

Trends in service rankings



From the Customer’s Perspective

Karatsu Engineering Office, where I work, is in charge of the maintenance and construction of railway signal communication facilities, overseeing the entire Chikuhi and Karatsu lines. This includes inspections of signal communication facilities, replacement of equipment, meetings and attendance of construction work with affiliated companies, and logging work along the line. At our workplace, where we are in charge of the maintenance and construction of facilities, we try to review the equipment configuration from the customer’s perspective so that customers can enjoy more comfortable use of facilities such as stations and railroad crossings. We are aware that customers are always watching us when we work along railway lines, and we pay particular attention to our clothing and behavior. We also try to respond promptly to direct requests from local residents living along railway lines. Because Karatsu Engineering Office has a large maintenance area, we actively utilize thank-you cards system to improve service through cooperative play among employees. In response to the opinions and requests we receive from our customers, we will do our best to respond to them Integrity one by one, with the aim of becoming a kind JR Kyushu.



Director of Karatsu Engineering Office, Saga Engineering Works
Soichiro Iwao

Fostering awareness of service

Developing employees who provide excellent service

We are rolling out roleplay-based training for all station and onboard employees based on likely scenarios such as service at the ticket gates and on board trains, as well as situations such as passengers who need to be accompanied and assistance for blind passengers using a cane. A Customer Company Championship is also held for our station and onboard staff, with regional and company-wide competitions. Employees compete to improve customer satisfaction, working on elements such as speech and demeanor. We invite elderly passengers and passengers with disabilities to attend customer support training about the best ways for station and onboard staff to assist passengers who may need help.

In the fiscal year ended March 2020, we began awarding qualifications as Service Care-Fitters*1. Over 170 employees hold this qualification. To ensure a safe, reliable and comfortable experience for customers in future, we will carry out various initiatives from the fiscal year ending March 2023, including training to improve the service mindset of all employees, OJT-specific initiatives so that customer support trainees can be involved in instruction in various workplaces, and a significant expansion of Service Care-Fitter qualifications that employees can obtain.

*1 Service Care-Fitters is a qualification to become a person who can do what is necessary in a way that suits the person and the place so that everyone can participate in society regardless of age or disability in a society where various people such as the elderly and the disabled live. (Source: Website of The Nippon Care-Fit Education Institute.)

Examples of training in FY2023/3

Name of training	Number of participants	Overview
Training in Enhance Our Corporate Culture Founded on Service	Approx. 5,500 people	Lectures and role-playing sessions on Enhance Our Corporate Culture Founded on Service 2024 are held for all employees to raise awareness of services.
Customer Support training	Approx. 80 people	To enable customers with physical disabilities and elderly customers to use stations and trains with peace of mind, this training aims to have employees on the front lines (station employees, train crew members, etc.) learn about new accessibility laws and regulations and acquire knowledge and skills related to appropriate support, and then apply this training in each workplace.
E-learning	All employees	This training aims to deepen understanding of “Toward a Corporate Culture Founded on Service 2023”.
Training for the Service Care-Fitters qualification	Approx. 170 people	Employees seek to qualify through learning the techniques and hospitality necessary to make train travel stress-free for elderly passengers and passengers with disabilities.

Initiatives to enhance a culture of mutual praise

We believe that through praise we can draw out the motivation and independence of employees, recognize each other’s contributions, and, in doing so, further enhance service based on the added value created by each employee. We are implementing a range of activities on that basis. Specifically, we have established a variety of recognition systems for employees who have received compliments from customers.

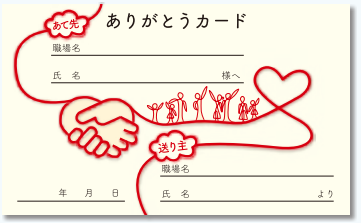
We will use the excellent initiatives of award winners as a reference in ongoing work to share information to facilitate the provision of services that are aligned with the sentiments of customers.

Examples of initiatives to create a culture of mutual praise

- Thank-you cards are used as a way for employees to express gratitude to each other
- Employees who have provided outstanding service and received messages of gratitude from customers and colleagues are recognized each month with awards
- All employees are told about particularly outstanding praise and thank-you cards that employees have received
- A Service Round-Table Discussion is held twice a year, where employees who have received awards exchange opinions with the President and the general manager of the Customer Service Department
- We recognize employees who have provided especially superior service through the Service of the Year Awards

Our thank-you cards

Our thank-you cards are a tool for employees to praise a colleague whom they saw providing excellent service to a customer, who took a measure or lent a hand to improve service, or who helped to handle an unusual situation, etc. We believe that praising each other encourages employees to recognize each other’s contributions and makes employees’ work more fulfilling. Around 73,000 thank-you cards were sent in the fiscal year ended March 2024.





Service of the Year Awards

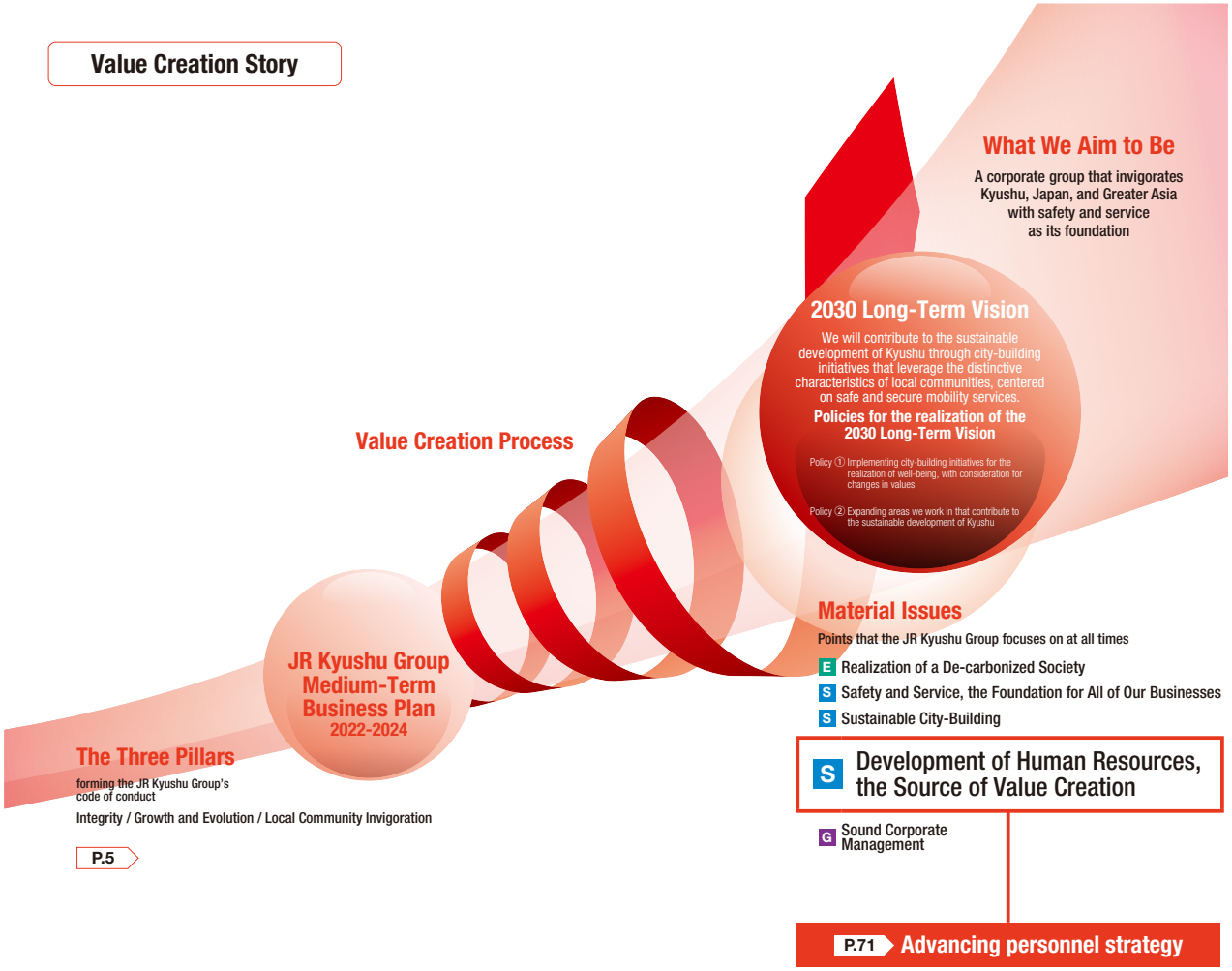
Development of Human Resources, the Source of Value Creation

Fundamental approach

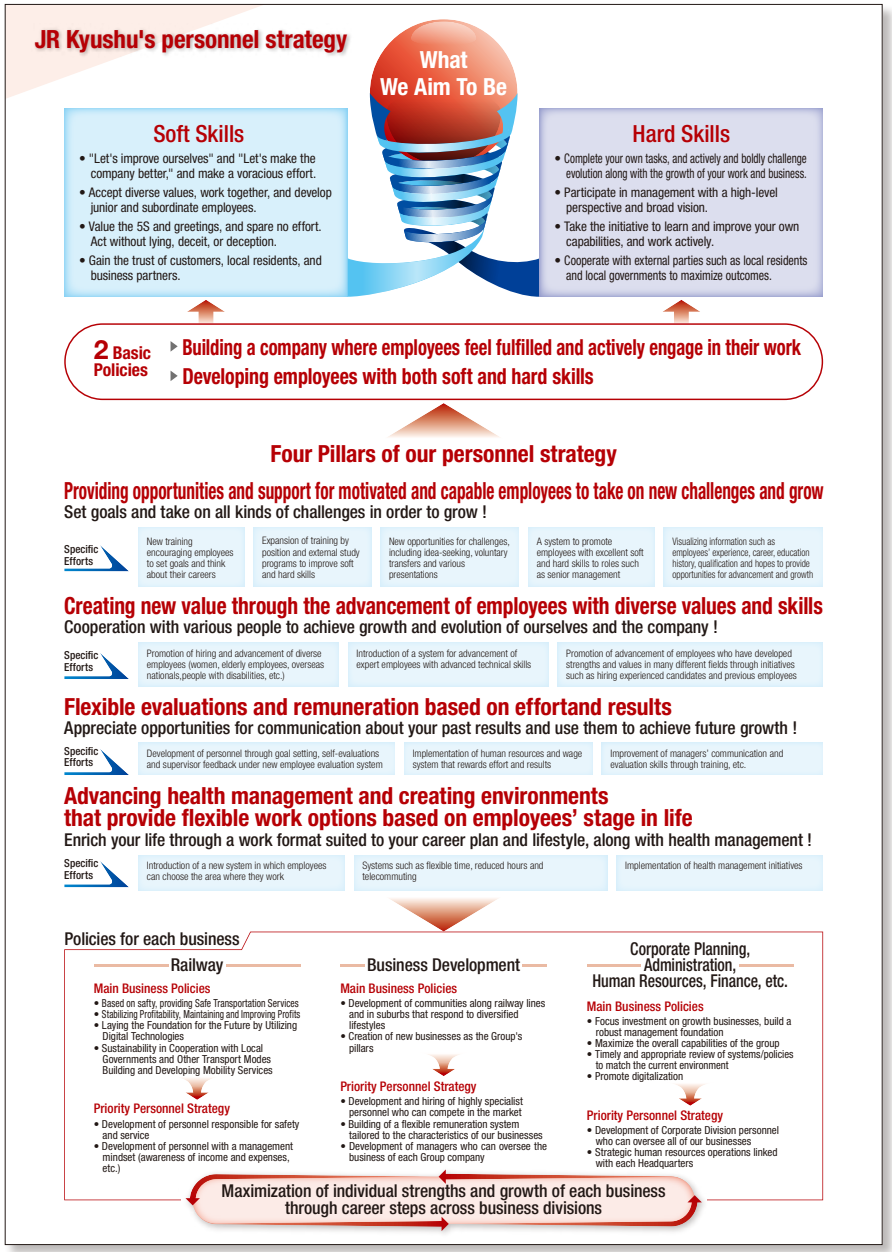
It is our personnel who create the value of the JR Kyushu Group. In addition to efforts to develop personnel who take the initiative to learn and take on new challenges, we are working to make JR Kyushu a company that is easy and satisfying to work in. Creating an environment where diverse personnel can thrive will further increase the value of the JR Kyushu Group as a company and lead to sustainable growth.

With the formulation of JR Kyushu Group Medium-Term Business Plan 2022-2024, we defined policies for the realization of the 2030 Long-Term Vision using a scenario planning method based on changes in our external environment. We recognize that developing human resources for the implementation and realization of strategies will be important in order to realize our Long-Term Vision, and so we have set “Development of Human Resources, the Source of Value Creation” as one of our material issues.

Major changes are taking place not only in our management strategies and business model but in the labor market and environment surrounding our personnel, and we need to formulate and execute a personnel strategy suited to these new conditions. With that said, our three pillars are concepts that each and every employee of the JR Kyushu Group should keep in mind and use as a touchstone in all of our business operations. They are practices that the JR Kyushu Group will always need to take seriously, and they embody our corporate culture.



Development of Human Resources, the Source of Value Creation — Personnel strategy —



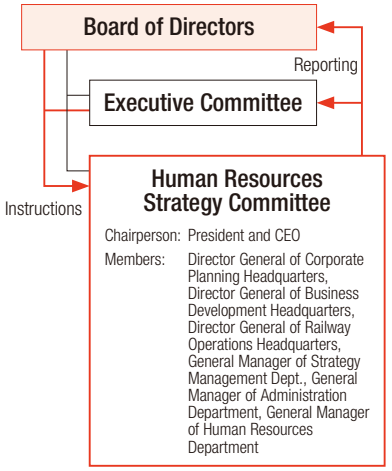
Advancing personnel strategy

We recognize that developing human resources for the implementation and realization of strategies will be important in order to realize our 2030 Long-Term Vision, and so we have set "Development of Human Resources, the Source of Value Creation" as one of our material issues. We will steadily promote our personnel strategy, which was formulated in March 2023, and use PDCA cycles to increase its effectiveness in order to achieve "What we aim to be".

Governance

In April 2023, the Company established a Human Resources Strategy Committee, chaired by the President and CEO, to continuously deliberate on human resources strategies from the perspective of strengthening governance. During the one-year period from April 2023 to March 2024, the Human Resources Strategy Committee met 11 times and discussed a total of 34 topics, including the formulation of various human resources plans and the progress of initiatives.

Several of these topics were reported and discussed at Board of Directors meetings, including the results of employee awareness surveys and issues that were indicated, as well as key initiatives for future personnel strategies, including the introduction of a talent management system and the selection and development of management personnel.



Comments from the Board of Directors

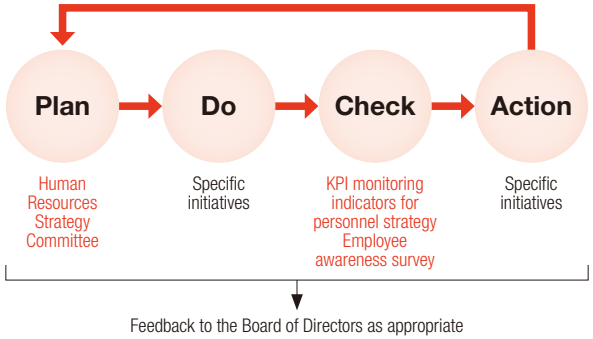
- While the scores of the employee awareness survey are important, the scores should be analyzed by gender and by job category, to get a broad picture of whether there are problems in work environments, while conducting PDCA cycles.
- Site managers should ensure that they understand the results of the employee awareness survey and use them to develop their own action plans so that they can apply the results to their own workplaces.

Risk management

Our Human Resources Strategy Committee, chaired by our President and CEO, will formulate various human resources plans and check the progress on KPIs. It will also take action to increase the effectiveness of our personnel strategy through flexible responses such as revising specific measures based on factors such as changes in the Company's environment and the awareness and progress of various measures. Matters that are discussed by the Human Resources Strategy Committee are also reported to the Board of Directors when necessary.

Strategy

Based on the four pillars formulated for our personnel strategy, specific initiatives are planned (P) and done (D) by the Human Resources Strategy Committee. The results of the employee awareness survey and the progress of KPIs related to human resources are confirmed, and the Human Resources Strategy Committee checks (C) the results of those initiatives, identifies issues, and acts (A) on the next steps. In this way, we aim to create a company where employees feel fulfilled and actively engage in their work, and to develop employees with both hard and soft skills.



Main topics covered by the Human Resources Strategy Committee

- Results of the employee awareness survey, issues, and future initiatives
- Progress on human resources KPIs and future initiatives
- Introduction and utilization of Talent Management System
- How to select and develop management personnel
- Direction and approach of DE&I for JR Kyushu
- Initiatives to recruit, retain, and empower diverse human resources
- Revisions and specific operations of human resources and wage systems
- Priority initiatives for the next fiscal year for our personnel strategy

Personnel strategy linked to our management strategies

Management strategies and awareness of changes in environment → **Issues in the implementation of our management strategies and handling of changes in environment** → **The Two Basic Policies and Four Pillars of our personnel strategy**

Management strategies

Policies for the realization of the 2030 Long-Term Vision

- 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

Medium-Term Business Plan 2022–2024

- 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
- Key strategy ① Completing business structural reforms
  - Developing human resources for the implementation and realization of strategies
  - Building foundations for advancing strategies on a Groupwide basis

Changes in the environment around employees

- Shrinking of job market due to declining birthrate
- Increase and change in career awareness
- Increase in job-hopping as employees no longer expect to spend their career at the same company
- Changes in business accompanied by increase in expertise and speed required
- Desire for flexible work formats

Issues in the implementation of our management strategies

Railway business

- Development of personnel responsible for safety and service
- Development of personnel with a management mindset (awareness of income and expenses, etc.)

Related businesses

- Development and hiring of highly specialist personnel who can compete in the market
- Building of a flexible remuneration system tailored to the characteristics of our businesses
- Development of managers who can oversee the business of each Group company

Corporate Division

- Development of Corporate Division personnel who can oversee all of our businesses
- Strategic human resources operations linked with each Headquarters

Handling of changes in environment

- A society that enables the hiring and advancement of diverse personnel
- The ability to understand and implement DX
- Promotion of sustainability
- Network-building and joint businesses in new areas
- Calls to solve community and social issues

2 Basic Policies

- **Building a company where employees feel fulfilled and actively engage in their work**
- **Developing employees with both soft and hard skills**

4 Pillars

- **Providing opportunities and support for motivated and capable employees to take on new challenges and grow**
- **Creating new value through the advancement of employees with diverse values and skills**
- **Flexible evaluations and remuneration based on effort and results**
- **Advancing health management and creating environments that provide flexible work options based on employees' stage in life**

Process for establishing priority initiatives for the fiscal year ending March 2025

To determine priority initiatives for our personnel strategy for the fiscal year ending March 2025, we identified issues based on a review of the progress on KPIs related to human resources, the results of our employee awareness survey for the fiscal year ended March 2024, the effects of various training programs, and employee feedback obtained at opinion exchange meetings for all employees. Discussions were held by the Human Resources Strategy Committee and priority initiatives were formulated based on the four pillars of our personnel strategy.

In addition, in our railway business, related businesses, and Corporate Division, we conducted further discussions on the human resources needed to realize each business policy, and determined the specific hard and soft skills required for each. Based on the human resources we want to develop and the current situation, we considered specific initiatives and reflected them in our priority initiatives for the fiscal year ending March 2025.

Human resources development based on business policies

Each Headquarters is carrying out its own human resources development initiatives.

In our railway business, we continue to provide safety-related education, including training at the Safety Creation Center and practical training, and are strengthening efforts to acquire Service Care-Fitters qualifications. We also utilize management accounting (visualization of income and expenditure), which is a customized version of amoeba management, to visualize income and expenditure at each workplace and, in doing so, clarify income and expenditure responsibilities, and to cultivate an awareness of income and expenditure, and to develop human resources with management sense.

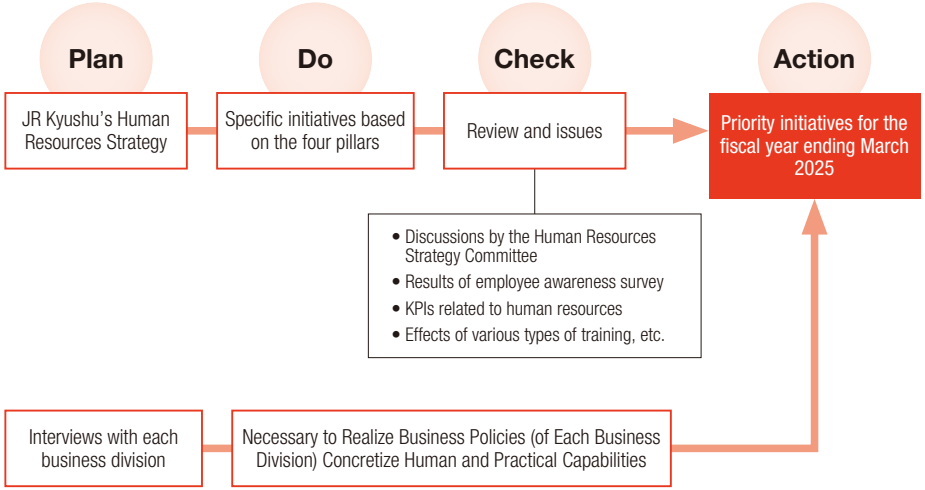
P.64 Development of human resources responsible for safety
P.69 Development of human resources responsible for service

In related businesses, training is provided to improve basic skills, specialized skills, and motivation. In addition, employees are seconded to companies outside the Group with the aim of acquiring know-how and skills in real estate and other businesses to develop highly competitive specialist personnel and future management personnel, including for Group companies.

In our Corporate Division, we have established a Digital CoE (Center of Excellence) and are developing human resources by assigning digital promotion personnel with specialized training to key divisions. In addition, we have introduced a Digital Hero Certification System to accelerate digital challenges (development of applications by employees who do not specialize in IT) and are working to improve the digital capabilities of all employees. In addition, we are promoting initiatives led by our Finance Department and Corporate Planning Department, such as support for acquisition of specialized knowledge and certification.

P.27 Building a Digital Promotion System (Human Resource Development)

Process for formulating priority initiatives



Examples of training in related businesses

Type	Training items	Target audience	Purpose	Timing of implementation
Base skills	Logical thinking	Grade E, Grade M, Managers	Acquisition of logical thinking skills necessary for problem solving and decision making	FY2023/3 onward
	Debate	Grade M	Acquisition of thinking, communication, and listening skills necessary for consensus building	FY2024/3
Specialized skills	Accounting / finance	Person in charge of practical operations	Acquisition of skills necessary for business judgments and evaluation from the perspective of financial statements and finance	FY2024/3
	Training for residential construction	Persons in charge of practical operations and applicants	Acquisition of general real estate knowledge through support for acquisition of Real Estate Broker qualifications	FY2007/3 onward
Motivation	Training for seconded employees	Seconded employees aged 35 and under	Follow-up with and promotion of exchange between young seconded employees	FY2023/3 onward
	Career training	Age 45 and above	Promotion of autonomous career development through career inventorying and goal setting	FY2024/3

Employee awareness survey

The Company conducts an employee awareness survey on a regular basis. The purpose of this survey is to analyze employees' awareness of their jobs and workplaces and the factors affecting employees in each organization and age group, and to utilize the results in future organizational revitalization measures to increase employee satisfaction.

	Survey results (main issues, etc.)	Initiatives based on the survey results
FY2023/3	● We are continuing to see issues in the areas of "Attractiveness to employees", "Development in market" and "Loyalty to company" ● Among items related to human resources measures, figures for "Satisfaction with evaluations and terms of employment" are low ● Satisfaction on sites remains lower than that in other workplaces, and the gap has widened since the last survey	● Continuing to hold exchanges of opinions between executives and employees ● Promoting understanding of personnel strategy and revisions to personnel and wage systems ● Providing evaluator training for all managers to increase satisfaction with evaluations and terms of employment ● Revitalizing organizations by providing support to site managers who connects senior management and the employees at each site
FY2024/3	● Overall satisfaction is at an all-time high ● Satisfaction with workplaces and supervisors is high, improving from the previous year ● "Attractiveness to employees", "Market development" and "Loyalty to the company" improved from the previous year, but the figures themselves are not high. ● Regarding items related to human resources measures, "Satisfaction with transfers and evaluations" figures remain low.	● Continued discussions between management and employees ● Conduct training for managers to revitalize organizations ● Communicate the content and reasons of personnel evaluations to employees, to provide a sense of satisfaction with evaluations and terms of employment ● Promote the discovery of human resources using the "Human Resources Visualization System" ● Active implementation of voluntary transfers

Numerical Targets (KPIs)

We have set KPIs to improve employee engagement.

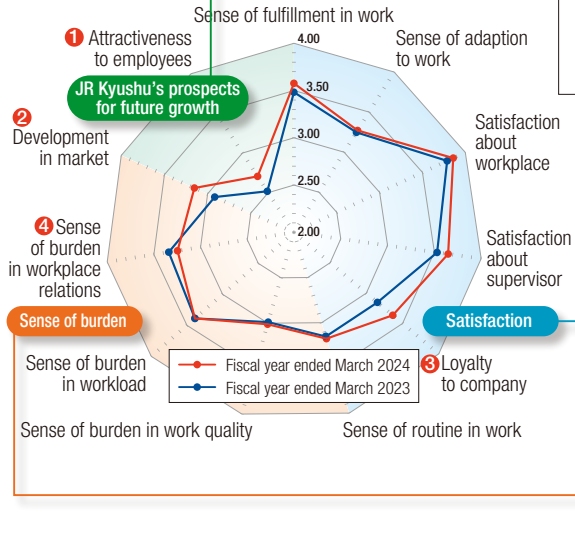
❶ Continued increase in overall satisfaction

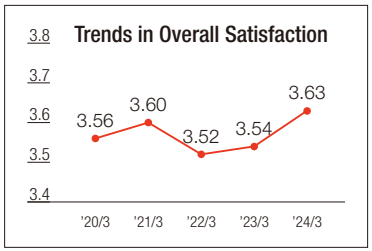
The score for this metric increased by 0.09 points from 3.54 in the fiscal year ended March 2023 to 3.63 in the fiscal year ended March 2024, reaching a record high since the survey began. We will continue to strive to improve satisfaction.

❷ A score of 3.5 or more each year for the metric of employees' sense of fulfillment in their current work

The score for this metric increased 0.13 points from 3.37 in the fiscal year ended March 2023 to 3.50 in the fiscal year ended March 2024, achieving our target. We will not be satisfied with these figures, and will steadily promote the above initiatives to further improve the job satisfaction of our employees.

Compared with the fiscal year ended March 2023, "❶ Attractiveness to employees" increased by 0.17 points and "❷ Market development" increased by 0.22 points.
The recovery of business performance, the holding of opinion exchange meetings between management and employees and the prompt implementation of related measures, as well as efforts to revise personnel and wage systems, have had a positive impact.





"❸ Loyalty to the Company" increased by 0.18 points from the fiscal year ended March 2023. Messages from management and revisions to personnel and wage systems appear to be working positively.

Compared to the fiscal year ended March 2023, the ratio of "❹ Sense of burden in workplace relations" decreased by 0.08 points. This is thought to be due to being busy at work due to the recovery from the COVID-19 pandemic.

Initiatives in each division

Starting this year, the results of the employee awareness survey will be calculated for each workplace and training for managers will be conducted based on the results. Managers will address the results for their own workplaces, identify their strengths and areas for improvement, and work on ways to improve their organization. Going forward, we aim to improve overall engagement by promoting specific measures that reflect the characteristics of each workplace, in addition to company-wide initiatives.

P.81 Revitalizing the Organization Using the Employee Awareness Survey

Expansion throughout the JR Kyushu Group

Starting this year, we conducted an employee awareness survey not only at JR Kyushu but also at each JR Kyushu Group company. By assessing the current situation at each JR Kyushu Group company and implementing measures to solve their respective issues, we aim to improve the engagement throughout the entire JR Kyushu Group.

Meeting for all employees

After the difficult conditions of the COVID-19 pandemic, employee satisfaction has declined due to concerns and dissatisfaction with pay and bonuses in particular, as well as weakening communication. The number of employees leaving the company has increased, particularly young employees, and the number of applicants for employment has decreased. In addition, while our BPR project has produced results such as reduced fixed costs, we are also aware that there is a gap between what employees are currently doing and what they really want to do.

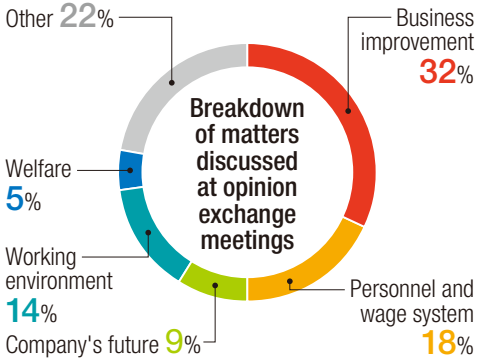
In light of the current situation, we have been holding a meeting for all employees since the fiscal year ended March 2023, in addition to existing meetings for exchanging opinions. The purpose is to improve the relationship between employees and the company. At the meeting, management explains the principles of the company's policies and the future of the company, in order to further spread our corporate philosophy. Additionally, opinions received from employees are shared as issues throughout the company and efforts are made to resolve them. In the fiscal year ended March 2024, a meeting for exchanging opinions was held mainly for employees in our railway business.

Outline of meetings

	Target	Number of meetings	Number of participants
Opinion exchange meeting for employees in the railway business	General employees	222	4,053 employees
	Managerial employees	11	183 employees
Opinion exchange meeting for seconded employees	General employees	8	135 employees

* Organizers of meetings to exchange opinions
President and CEO, Executive Vice Presidents, Corporate Officers, General Managers

Content of opinions (Percentage by item)

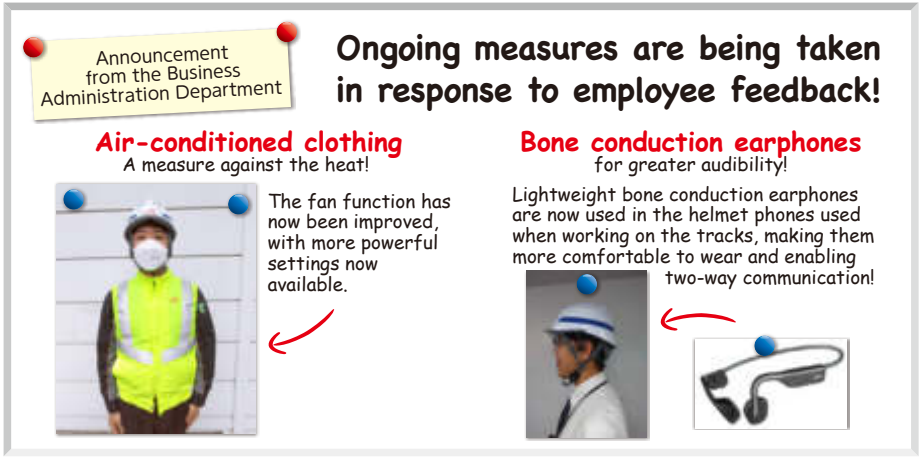


Main opinions

- Mitigating business issues such as customer congestion, tree felling and fare evasion
- Matters related to personnel and wage systems
- Matters related to working conditions, such as taking annual and childcare leave and work schedules
- Matters related to future prospects, such as concerns about employees' future work and measures to reduce resignations
- Matters related to welfare, such as uniforms and childcare leave periods

Main initiatives reflecting employee opinions

- Introduction of polo shirts for work, upgrading of protective equipment, introduction of air-conditioned suits and electric heat vests
- Introduction of new registers at all manned stations, purchase of bone conduction earphones, etc.
- Renovation of break rooms for employees, office spaces, restrooms, etc.



Dissemination of initiatives that reflect employee opinions through a company-wide bulletin board

Comment by General Manager, Railway Business Division

I am convinced that the source of the Group's vitality lies in communication among employees, between supervisors and their teams, and between management and employees. However, during the three years of the COVID-19 pandemic, we were subjected to significant restrictions, which I believe is one of the reasons for the decline in employee satisfaction. I would like to revive the source of our vitality through opinion exchange meetings with all employees. Employees can speak freely. At the opinion exchange meetings we have held so far, various opinions were raised, including questions and suggestions about company measures and requests for improvements in work environments.

Various opinions were expressed, including requests for improvement. Some candidly questioned the significance of the opinion exchange meeting itself, but I think it is meaningful that we were given the chance to hear such opinions, communicate the company's views, and apply that feedback in future. Going forward, General Manager, Railway Business Division we will work to revitalize our organizations and motivate employees through exchanges of opinions.



4 pillars

- Providing opportunities and support for motivated and capable employees to take on new challenges and grow
- Creating new value through the advancement of employees with diverse values and skills
- Flexible evaluations and remuneration based on effort and results
- Advancing health management and creating environments that provide flexible work options based on employees' stage in life

Providing opportunities and support for motivated and capable employees to take on new challenges and grow
— Set goals and take on all kinds of challenges in order to grow! —

Major Initiatives Implemented in the Fiscal Year Ended March 2024

P → D → C → A

Upgrade of the Future Creation Program "HIRAMEKI"

Future Creation Program "HIRAMEKI", which solicits suggestions for new businesses and other ideas from employees, has been running since the fiscal year ended March 2019. Any employee of the Company can submit proposals for system, regardless of years of employment or experience. The most distinctive feature of the program is that once a proposal is made and accepted, the person who submitted it is actually assigned to the business or project. This system has created new businesses such as the co-working space "Q."

For the sixth year of the program, we made various improvements. To increase the number of employees participating, we now hold applications and presentations twice a year, have improved the speed from the proposal stage to the screening stage, and now allow two employees to submit an application together. We have also redesigned the program so that other employees are more involved. The screening process is now public so that the details of the proposals can be seen by as many employees as possible, and employees vote for proposals they like during the preliminary selection stage.

HIRAMEKI
日常にヒラメキを。



Final presentation for the first half of the "HIRAMEKI" Future Creation Program for the fiscal year ended March 2024

Career Design Training

Since September 2023, we have held new career design training courses for approximately 5,000 general employees.

These courses refresh our employees' understanding of our businesses' significance in society, give them a clearer understanding of the significance and value of their own work, and enable them to map out their future career, increasing job satisfaction. The instructors are two in-house trainers who are selected through our system in which employees can apply for transfers. As of the fiscal year ended March 2024, 882 employees have taken the course, and all employees are scheduled to take the course by the fiscal year ending March 2025.



Career Design Training



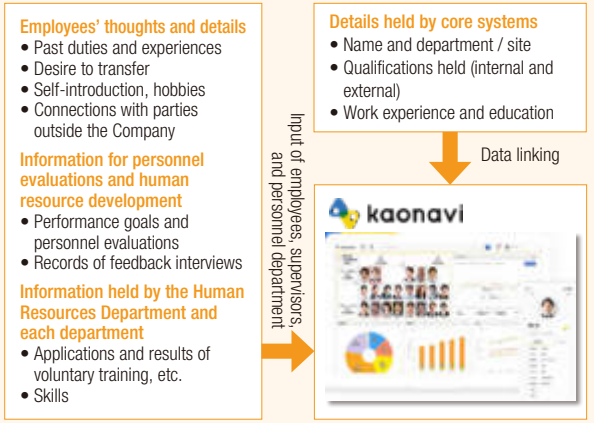
In-House Trainers

Comments from Participants

- My image of my own work has changed.
- As AI, mechanization, and automation continue to advance, I want to engage in my work as something only a person (me) can do.
- Just as I aspired to be a driver when I was a child, I will engage in my work so that my children in the future will also aspire to be like me.

Introduction of Visualization of Human Resources Talent Management System

A talent management system called Visualization of Human Resources was introduced for all 7,000 employees in February 2024. In addition to visualizing employees' past endeavours and challenges they have taken on, such as applications for voluntary training and the results of exams, this system makes it easier for employees to make their career aspirations known by enabling them to share details like what they have worked on in the past, qualifications they hold, and transfers they hope to receive. By transferring employees based on this information, we aim to improve their job satisfaction and productivity.



New Project Leader System

We established a new project leader system to assign motivated and capable employees to positions of responsibility at an early stage. We promoted one employee to senior management and appointed that employee as the project leader of the Project to Build a Cheerful and Fun Company, which was launched in April 2024.

P.81 Launch of Project to Build a Cheerful and Fun Company

Opening of JR Kyushu Academy

In June 2023, we opened JR Kyushu Academy as a Company college. Employees who used the training videos we launched in June 2022 mentioned that it was difficult to stay motivated and that they wanted to share their learning. In response to their requests, we are now using resources such as Schoo for Business (Schoo Inc.), allowing employees to select courses based on their concerns, interests and learning style and study together with colleagues. A total of 2,044 employees studied with JR Kyushu Academy in the fiscal year ended March 2024, compared to 607 employees using the training videos in the fiscal year ended March 2023, showing an increase in employees engaging in autonomous study on soft skills and hard skills.



JR Kyushu Academy

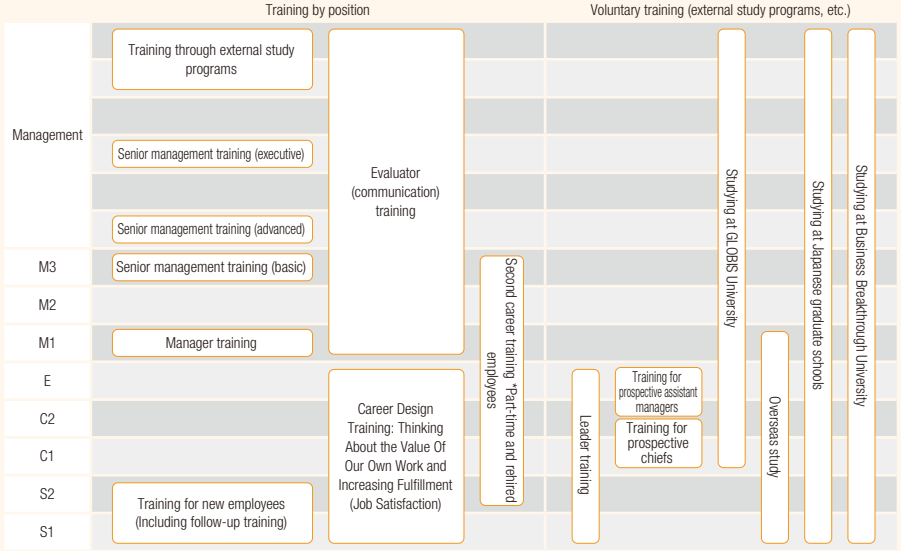
Expansion of training by position and training through external study programs

In training by position, we provide training tailored to the growth stage of each employee at each level, including new employee training, management training, and executive management training. Through training by position, employees learn skills like communication skills management methods. Our new executive management training refreshes trainees' knowledge of elements such as the macro environment, strategies, marketing and DX to develop a medium- to long-term view. Assessments such as 360-degree evaluations and GMAP tests on GLOBIS are conducted so that trainees can take stock of their capabilities and continue with self-study accordingly.

A variety of programs are also provided to enable each employee to set goals for further learning, including training through external study programs such as studying at GLOBIS University, overseas study, and studying at Japanese graduate schools and universities. Since the fiscal year ended March 2024, we have been working to improve the skills of as many employees as possible by offering external study programs to a larger number of employees at a wider range of levels.

In the fiscal year ended March 2024, 6 employees received the Learning Grand Prize, which commends employees who actively engaged in learning to acquire qualifications throughout the year.

Framework for training by position and voluntary training (external study programs, etc.)



New Training for Site Managers

In the fiscal year ended March 2024, we began providing training for the site managers who interact with our frontline employees, based on the results of the employee awareness survey in the fiscal year ended March 2023. Our training for site managers enables them to formulate a vision for themselves and teaches them the communication skills needed in their role connecting senior management with site employees, which revitalizes organizations and improves the motivation of their teams.

JRK Activities

JRK activities are small group activities that we have been engaged in since the company's inception. These activities cover a wide range of topics such as improving work procedures, reducing costs, increasing revenue, improving services, energizing the community, and improving health. All of these themes are determined through discussions among the members of the workplace on what issues are around them.

Every February, we hold a company-wide presentation meeting including group companies. Groups that have won the selection process present the details of their efforts for the year. The aim is to horizontally deploy the initiatives at each workplace as well as to develop human resources.

At the company-wide presentation meeting held in February 2024, a total of 18 groups, including 4 group companies, made presentations: 4 teams focused on building fans by approaching customers and children; 6 teams on improving operations through digitization, review of operations, and multi-skilling; 6 teams on improving safety and service; 1 team was working on fare-related initiatives, and one team was working on employee motivation.

In addition, in the planning and operation of the presentation, employees mobilized their strengths, and publicly recruited staff members promoted the event via internal social networking services, staged the event on the day of the event, and distributed it LIVE, etc. In addition, stage events, which had been scaled back due to COVID-19, were also revived.



Company-wide presentation of JRK activities (February 2024)

	Award-winning workplace	Improvements
Grand Prize	Kokura Electric Power District	Workplace-wide work style reforms
Award of Excellence	Shin-Tosu Shinkansen Engineering Office	Improvement of work efficiency through promotion of multi-skills
Award of Excellence	JR Kyushu Service Support Co.,Ltd.	Efficient railcar cleaning
Award of Excellence	Kokura Station	Efforts to ensure correct fare payment
Special Award for Venue and Web Screening	Sendai Shinkansen Engineering Office	Achievement of operational efficiency and DX human resource development

Grand Prize
(Kokura Electric Power District)

Points for receiving the Grand Prize

- Focusing on job satisfaction and ease of work, the team took on the challenge of thinking for itself and doing what it could do.
- The entire site, led by young employees in their third year with the team, recognized the issues and implemented drastic measures to address them.
- The team has been able to improve the work-life balance by reducing working hours and working on weekends as a result of the measures taken.
- The measures taken by the team have resulted in improved work-life balance, such as reduced working hours and weekend work.

Comments from award-winning workplaces

We feel that JRK activities are a very meaningful tool that allows each and every employee to raise their voice and enjoy solving problems and improving operations. By bringing the entire workplace together through these activities, they have led to active communication and increased employee engagement. We will continue to solve problems and improve operations through JRK activities to achieve further growth and evolution!

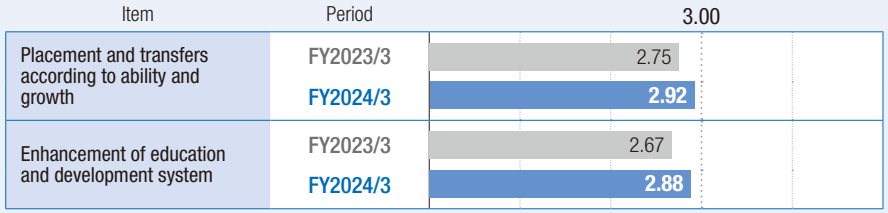


Review and Issues for the Fiscal Year Ended March 2024

P→D→C→A

Results of Employee Awareness Survey

* We recognize items lower than 3.00 as issues



➡ **Insufficient provision of opportunities for employees to utilize their qualifications and aspirations**

KPIs related to human resources

Indicators		Targets, etc.	FY2024/3
New challenges	Number of proposals submitted for various programs (Ideas, cost reduction, business improvement, etc.)	At least 2.5 registrations per employee each year	3.35 registrations
Reskilling support	Number of employees participating in external study each year	500 or more employees each year	2,516 employees

➡ **The number of employees engaged in self-development is increasing**

Qualitative assessment

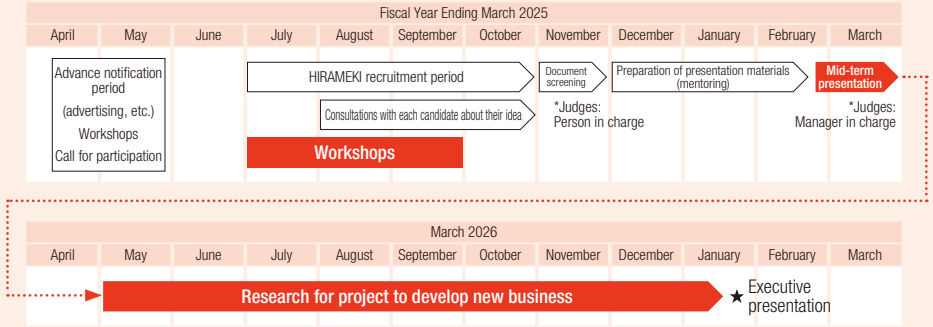
- Voluntary training is not being conducted continuously
- Few proposals are leading to creation of new businesses in Future Creation Program HIRAMEKI
- Managers have insufficient knowledge about management strategy and marketing
- There is some training to develop candidates for management, but there is not much

Major Initiatives for the Fiscal Year Ending March 2025

P→D→C→A

Strengthening Future Creation Program “HIRAMEKI”

The execution method of Future Creation Program “HIRAMEKI” will be changed and improved to create more new businesses from employee suggestions and, in doing so, establish more management positions, as well as equipping employees with the skills needed to start a business. Through workshops, opportunities will be created to encourage each employee to create new businesses. In addition, the period from the call for new businesses to final selection will be significantly extended to approximately one year and seven months, and training to acquire skills in corporate reforms and business creation will be incorporated into the program to create new businesses and develop employees.



New Training for Management Candidates

We will establish new training for management candidates to develop future management. Recruitment will be conducted and the management candidates who selected will receive training. In addition to learning the knowledge that is needed for management, the candidates will develop the foundations of their leadership through venues such as discussions with managers both inside and outside the Company. After completing the training, they will be transferred to a position where they can gain management experience and build on their skills. Follow-up interviews and monitoring by the Human Resources Strategy Committee will then be conducted to systematically develop future management candidates.

We will also utilize Visualization of Human Resources to redouble our efforts to find strong candidates and facilitate rotation of personnel. In addition, we will enhance career support for employees by facilitating greater use of our voluntary transfer system, establishing a career counseling office, and strengthening the follow-up system for seconded employees. We will also strengthen the content on management strategies and marketing in our management-level training to ensure greater development of personnel in these areas.

4 pillars
- Providing opportunities and support for motivated and capable employees to take on new challenges and grow
- **Creating new value through the advancement of employees with diverse values and skills**
- Flexible evaluations and remuneration based on effort and results
- Advancing health management and creating environments that provide flexible work options based on employees' stage in life

Creating new value through the advancement of employees with diverse values and skills
— Cooperation with various people to achieve growth and evolution of ourselves and the company! —

Major Initiatives Implemented in the Fiscal Year Ended March 2024

P → D → C → A

Promoting the recruitment and advancement of women

To attract women in our hiring of employees for 2025, we have held Company presentations for women, updated our hiring website to include more articles about women working at JR Kyushu, and streamed round-table meetings among women to show women the specifics of working at JR Kyushu.



A round-table discussion among female employees
https://www.jrkyushu.co.jp/recruit/people/talk02.html

The Company has formulated an action plan to promote the advancement of women based on the Act on the Promotion of Women's Participation and Advancement, and has set a target to raise the ratio of women in managerial positions to 7.5% or more by April 1, 2025. Women are also actively promoted to positions such as site managers and executives of Group companies to acquire the knowledge and skills necessary for management. However, there are still few female managers who can serve as role models. Therefore, in the fiscal year ended March 2024, the Company introduced a system for mentoring with female managers outside the Company on a trial basis.

For the first time, we were ranked in the June 2024 issue of Nikkei WOMAN as one of the top 100 companies for the advancement of women. We will work to support further career advancement for women, create an environment where women can work continuously, and create a system where they can play an active role in the Company.

Hiring and Promoting the Advancement of People with Disabilities

In terms of hiring of people with disabilities, we had previously been recruiting for a limited range of roles and areas of work. From January 2024, we began recruiting employees with disabilities under the same terms as general employees. We are working to provide a variety of opportunities for people with disabilities and improve their working conditions.

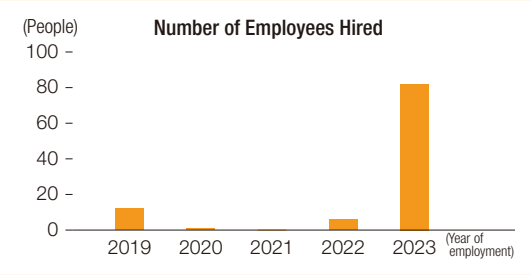
JR Kyushu Palette Work Co., Ltd., a special subsidiary, opened a new office in Moji in the fiscal year ended March 2024 to expand employment. In addition to cleaning and changing sheets at crew accommodation and providing office support services for JR Kyushu, the scope of operations was expanded to include business card printing and café services for group companies. We will continue to create new employment opportunities and create workplaces that get the most out of each employee's unique qualities.



JR Kyushu Pallet Work Co., Ltd.

Promoting the Recruitment and Active Participation of Mid-Career Employees

We began full-scale recruitment of mid-career employees in the fiscal year ended March 2024. During the one-year period from April 2023 to March 2024, 82 mid-career employees joined the company. In October 2023, we upgraded our system for rehiring previous employees and launched the "Happy Turn Hiring" program to expand the number of rehired employees. We established a hiring desk for previous employees who wish to bring their skills to the Company again, and ten such employees joined the Company in April 2024.



In addition, we have established a follow-up system that includes training at the time of employment, a mentor system, regular meetings with workplaces and management departments, and meetings to exchange opinions with personnel managers and management departments to support retention and advancement of employees.

Earned Eruboshi Certification as a Company in Which Women Are Empowered

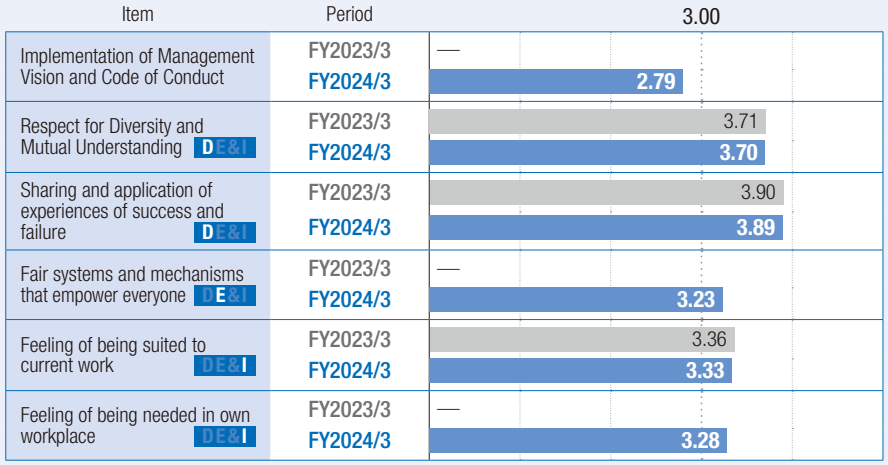
On November 11, 2019, the Company received Eruboshi Grade 2 certification from the Ministry of Health, Labour and Welfare, recognizing the Company as one that is performing strongly in areas such as initiatives pursuant to the Act on Promotion of Women's Participation and Advancement in the Workplace. The Company is actively working on initiatives to promote women's advancement with the aim of creating employment environments where women can continue to thrive and, in doing so, being a company where all of our employees have something to aim for and a workplace that brings them fulfillment.

Review and Issues for the Fiscal Year Ended March 2024

P→D→C→A

Results of Employee Awareness Survey

* We recognize items lower than 3.00 as issues



➡ **DE&I Lower scores for E (equity) and I (inclusion) than for D (diversity); DE&I needs to be implemented**

KPIs related to human resources

Indicators		Targets, etc.	FY2024/3
Diversity	Ratio of female employees among new employees	30% or more	15.5%
	Ratio of female managers in FYE March 2031	10% or more	6.4%
	Ratio of female employees selected for training	30% or more annually	24.3%
	Ratio of experienced candidates among new hires	15% or more annually	36.2%

➡ **Insufficient promotion of hiring and advancement of diverse human resources**

Qualitative Assessment

- Although the number of young retirees has begun to decrease, it is still higher than before the pandemic
- In some workplaces, harassment impacted employees' mental health

Major Initiatives for the Fiscal Year Ending March 2025

P→D→C→A

Launch of Project to Build a Cheerful and Fun Company

In April 2024, we launched the Project to Build a Cheerful and Fun Company, which aims to make JR Kyushu a company where our employees are proud of their work and everyone can thrive. Through two activities—Implementing Dialogue with Internal Branding in Mind and Promoting Diversity, Equity and Inclusion—this project seeks to motivate employees, improve employees' soft skills and hard skills to grow our existing businesses and create new ones, and in doing so, facilitate growth in both our employees and the Company to achieve "What we aim to be".

The Company's Vision

A company where employees take pride in their work and where everyone is empowered

Two Activities

- **Implementing Dialogue with Internal Branding in Mind**

Internal branding is an activity in which the Company's management philosophy and its underlying philosophy is shared with employees to foster motivation and pride in their work. In the fiscal year ending March 2025, we will hold dialogues enabling employees to reflect on "What we aim to be" and recognize that JR Kyushu is continuously providing value to society and that they themselves belong to such a company. By encouraging each employee to think for themselves and talk with us about the future and what kind of company they want JR Kyushu to be, we will inspire passion for creating future value.

- **Promoting Diversity, Equity and Inclusion (DE&I)**

In the fiscal year ending March 2025, we will hold DE&I workshops for the President and other executives and the presidents of JR Kyushu Group companies. We will also hold seminars for managers in which they can learn and experience the fact that recognizing biases and acknowledging diverse values through dialogue is necessary in order to foster mutual understanding. We will also hold dialogue sessions at each workplace to encourage everyone to consider what they can do to create a workplace that empowers everyone.

Using employee awareness surveys to revitalize our organizations

The results of the employee awareness survey for the fiscal year ended March 2024 will be summarized for each workplace and reported to the heads of each workplace. The heads of each workplace will receive training to learn how to interpret the survey results as well as learning about management matters such as psychological safety. They will then learn skills such as coaching to improve the management skills needed to revise our organizations.

DE&I at JR Kyushu

JR Kyushu aims to create the mental shifts needed for employees to acknowledge each other and learn from each other (diversity), provide everyone with equal opportunities to contribute and advance (equity) and create a company where everyone can thrive (inclusion). We aim to be a company where people can speak freely and exchange opinions actively to come up with new ideas.

When people feel that their opinions have been helpful or that their abilities have been useful, they feel motivated. They also feel that they are needed. We therefore create an environment where everyone can express their opinions and demonstrate their abilities.

Each person's values, ideas, and thoughts differ depending on their position, knowledge, experience, attributes, and environment. In order to make the most of each person's abilities, it is important to understand each other's values through thorough dialogue, rather than measuring others by one's own standards.

And in order for everyone to have opportunities to contribute, it is important not to provide the same things and opportunities regardless of differences between individuals (equality), but to provide things and opportunities that suit each person (equity).

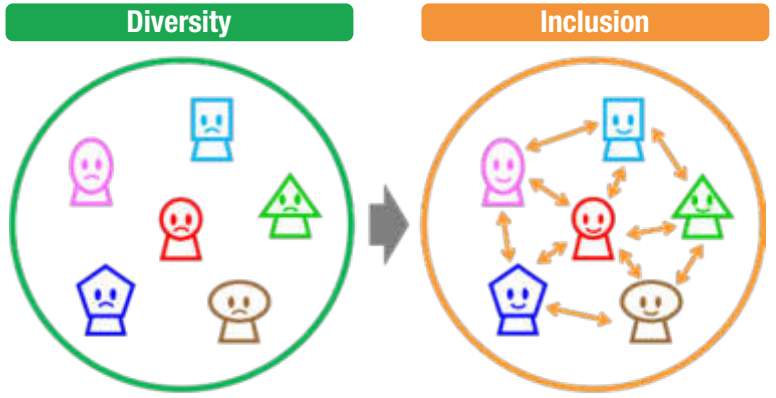
In this way, when everyone is able to express their opinions and demonstrate their abilities, they learn new things about each other, sparking new ideas and thoughts that lead to new initiatives and businesses.

What employees must do

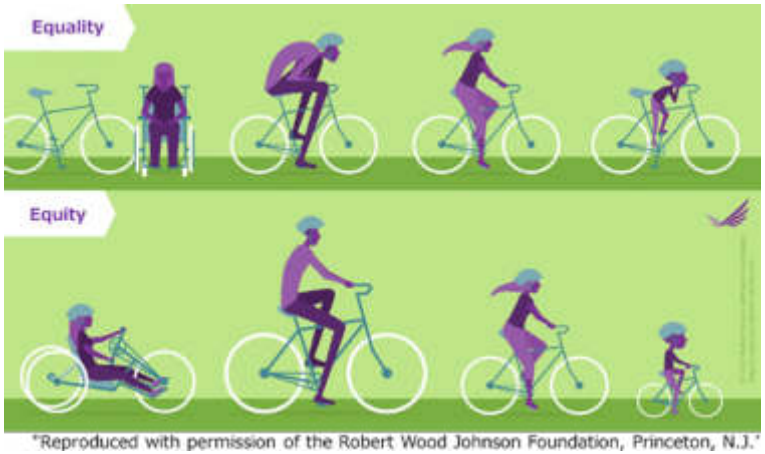
Use dialogue to get to know, acknowledge and learn from each other. Think about and do what they need to do in order to make their workplace, and the Company as a whole, a place where everyone can thrive.

What the Company must do

Design systems, facilities, education and hiring to provide equal opportunities for everyone to thrive.



Instead of everyone being given the same bike, each person is given a bike suited to them, so that everyone can give their best performance



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4 pillars
- Providing opportunities and support for motivated and capable employees to take on new challenges and grow
- Creating new value through the advancement of employees with diverse values and skills
- **Flexible evaluations and remuneration based on effort and results**
- Advancing health management and creating environments that provide flexible work options based on employees' stage in life

Flexible evaluations and remuneration based on effort and results

— Appreciate opportunities for communication about your past results and use them to achieve future growth ! —

Major Initiatives Implemented in the Fiscal Year Ended March 2024

Under our new personnel and wage system, which was revised in April 2024, we will review wage levels, provide support for employees raising children, and enable diverse working styles. We will also expand opportunities for feedback on evaluations and ensure transparency in evaluations, making it easier for employees to reflect on their achievements as they work toward their next growth. In addition, we will promote active participation of motivated and capable employees through early selection of human resources and by providing tailored pay raises and bonuses.

Major Changes to the Personnel and Wage Systems

- Revised wage levels to attract and retain personnel

[Increase in Base Salary]
- Increase by ¥20,000 to ¥30,000 depending on age (partially implemented in advance)

- Promoted active participation of motivated and capable employees through early selection of human resources and tailored pay raises and bonuses

[Utilization of personnel regardless of hiring category]
- Elimination of hiring categories (career-track and professional)
- Providing opportunities for advancement based on ability and motivation, regardless of educational background or hiring category

[Tailored pay raises and bonuses]
- Variance of pay raises and bonuses based on employee evaluations increased from maximum + 10% to maximum + 50%

New Evaluator Training

In August 2023, new evaluator (communication) training commenced for managers. Managers improved their management skills by learning about the importance of employee evaluations in management, the psychological safety that is needed for employee evaluations, key points for goal setting, and how to guide team members to accomplish goals. In the fiscal year ended March 2024, 1,322 employees participated in the training. In order to continuously improve management skills, the target employees will participate in the training on a regular basis.

Briefings on the New Personnel and Wage System

Briefings on the New Personnel and Wage System were held for all employees from October 2023 to January 2024. We explained our new systems, such as our evaluation system, revised wage systems, and the limited work area system, as well as the ideas behind these systems, to entrench these systems throughout the Group.

Review and Issues for the Fiscal Year Ended March 2024

Results of Employee Awareness Survey

* We recognize items lower than 3.00 as issues

Item	Period	3.00
Satisfaction with promotions and pay raises	FY2023/3	2.88
	FY2024/3	2.91
Satisfaction with employee evaluations	FY2023/3	2.79
	FY2024/3	2.89
Satisfaction with compensation structure	FY2023/3	2.34
	FY2024/3	2.78

➡ **Many employees are not satisfied with evaluations and working conditions**

Qualitative evaluation

- Not able to provide feedback to employees who fail qualification examinations
- The skills of interviewers for qualification examinations are left up to each individual; it is necessary to devise methods to ensure fair evaluations

Major Initiatives for the Fiscal Year Ending March 2025

Ensuring sufficient communication about evaluations

We will review our feedback interview methods and communicate the content of the evaluation and the reasons to evaluees to drive human resource development. Likewise, when we notify employees of work pay raises and bonuses, we will communicate the reason to give them an understanding of the evaluation and compensation they are receiving and improve job satisfaction.

	Before Review	After Review
Timing of the Feedback Interview	After Self-Evaluation by the Employee	After self-evaluation by the employee and employee evaluation by the primary evaluator * The Planning Department will also conduct reviews on progress toward targets
Points Communicated in Feedback Interview Contents	• Especially good points • Top priority issues for the future	• Especially good points • Top priority issues for the future • Content of the evaluation and reasons

In addition, employees sitting exams for promotions will be given feedback in an interview-based evaluation. Both those who pass and those who fail will be told about areas for improvement and points deserving of praise. Training will also be conducted for interviewers to improve their evaluation skills.

4 pillars

- Providing opportunities and support for motivated and capable employees to take on new challenges and grow
- Creating new value through the advancement of employees with diverse values and skills
- Flexible evaluations and remuneration based on effort and results
- Advancing health management and creating environments that provide flexible work options based on employees' stage in life

Advancing health management and creating environments that provide flexible work options based on employees' stage in life

— Enrich your life through a work format suited to your career plan and lifestyle, along with health management! —

Major Initiatives Implemented in the Fiscal Year Ended March 2024 (P→D→C→A)

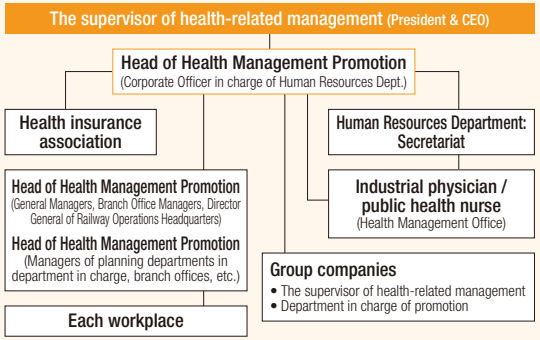
Promotion of Health Management

The JR Kyushu Group has been promoting health management on a group-wide basis under the JR Kyushu Group Health Declaration. Under the slogan, "Your health is everyone's happiness," we have been working to encourage each and every employee to take specific actions to promote health.

In the fiscal year ended March 2024, we appointed a new Health Management Promotion Officer, established an internal system, and set priority items for employees to address first. To further promote health management throughout the company, we are increasing opportunities to report each workplace's results for priority items in venues such as management meetings.

In particular, with regard to specific health guidance, in addition to changing interview times to working hours, discussions were conducted at workplaces where the implementation rate was particularly low to clarify issues.

In March 2024, we were recognized as "Health and Productivity Management: Outstanding Organization" for the fourth year in a row as a result of our initiatives in health-related management thus far.



Fiscal year ended March 2024

Slogan	Your health is everyone's happiness				
Purpose of Health Promotion	• If you are healthy, your life will be fulfilling and you and the people around you will be happy. Your health is the foundation for working well, so your efforts toward good health lead to growth of the JR Kyushu Group. • In order for our employees to remain engaged in their work and for the JR Kyushu Group to grow sustainably, we consider health promotion from a managerial perspective and promote strategic implementation of health management.				
Pillars of Initiatives	Establishment of PDCA cycles	Education on Health Promotion	Awareness of one's own health situation	Lifestyle improvement	Creating a comfortable workplace
Priority items	Specific health guidance	Full medical checkups	Exercise habits (walking initiatives, etc.)	Smoking cessation (reducing smoking)	

Establishing a system for limited working areas

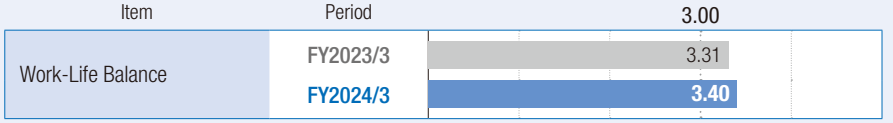
As part of our initiatives to build work environments with flexible work formats to suit employees' life plans, we established a new system to limit the areas employees work in to accommodate stages of life such as childcare and caring for family members. The system was launched in April 2024. If an employee wishes to do so and the company approves it, the company will limit their work area on a yearly basis. Areas are Fukuoka and Saga, Nagasaki, Oita, Kumamoto, Kagoshima, Miyazaki and Tokyo *.

* Tokyo was added in October 2024.

Review and Issues for the Fiscal Year Ended March 2024 (P→D→C→A)

Results of Employee Awareness Survey

* We recognize items lower than 3.00 as issues



➡ **Further consideration needs to be given to providing opportunities according to life stage, family situation, etc.**

KPIs related to human resources

Indicators		Targets, etc.	FY2024/3
Health management	Implementation rate of specific health guidance	80% or higher	75.2% (October 2022 to September 2023)

➡ **Need to further raise awareness of health**

Qualitative assessment

- Smoking rate is higher than the national average
- The percentage of employees who do not take a secondary examination during regular health checkups is over 40%

Major Initiatives for the Fiscal Year Ending March 2025

P→D→C→A

Expanding Support for Balancing Work and Child Care

As part of our initiatives to build work environments with flexible work formats to suit employees' life plans, we will expand our support for employees balancing work and childcare in the fiscal year ending March 2025. Specifically, we will expand the number of employees who are eligible to work shorter hours and exempt from working late hours due to raising children. In addition, we will establish a new subsidy for infertility treatment and review our allowance for childbirth and allowance for dependents to support child-raising.

Expansion of the number of employees who are eligible to work shorter hours and exempt from working late hours to raise children

Eligible employees	Before September 2024	From October 2024
Shorter working hours (Working 6 hours per day)	Employees taking care of children under 3 years of age	Employees taking care of children up to third grade in elementary school
Exemption from late night work	Employees taking care of children up to third grade in elementary school or until graduation from a special needs school, etc.	Employees taking care of children up to sixth grade in elementary school or until graduation from a special needs school, etc.

Review of childbirth allowance

Eligible employees	Before March 2024	From April 2024
On birth of first child	10,000 yen	300,000 yen
On birth of second child	10,000 yen	400,000 yen
On birth of third and subsequent children	10,000 yen	500,000 yen

Review of allowance for dependents

Eligible persons	Before March 2024	After April 2024
Children under 24 years old	4,500 yen	10,000 yen
Spouse	15,000 yen	10,000 yen

Acquisition of Platinum Kurumin Next-Generation Special Certification Mark

On December 13, 2021, the Company received Platinum Kurumin, certification from the Ministry of Health, Labour and Welfare that recognizes exemplary initiatives for the next generation, pursuant Article 15-2 of the Act on Advancement of Measures to Support Raising Next-Generation Children (Law No. 120, 2003). We will continue to proactively work on measures to support the development of the next generation based on our basic policies of "enabling employees to balance work and child-raising" and "creating a comfortable workplace for all employees."



New Fertility Treatment Support Fund

From April 2024, we are providing fertility treatment support of ¥40,000 per month to employees who take voluntary leave forfertility treatment.

In addition, we will conduct more comprehensive meetings with employees returning to work from childcare leave. In addition to dispelling concerns about returning to work, we will also support employees in balancing work and child-raising by allowing a work format that suits both the employee and the company, taking into account their wishes and support system.

Improvement of the Rate of Secondary Examinations in Regular Health Checkups

In the past, after a regular health checkup, employees who were judged to be in need of a detailed examination or treatment underwent a secondary examination conducted by the company before going to a medical institution. However, we have now eliminated the secondary test and are instead subsidizing the cost of visits to medical institutions to improve the rate of medical examinations received and facilitate early treatment for employees who need it.

In addition, as our smoking rate is higher than the national average and is failing to decrease, as a different measure to promote smoking cessation, a new company subsidy system will be established to cover out-of-pocket expenses under the Smoking Cessation Support Program developed by the JR Group Health Insurance Union.

We will also involve each business division in strengthening our health management promotion system and implement health measures centering on priority items such as specified health guidance, secondary examinations in regular health checkups, full medical checkups, exercise habits (walking initiatives, etc.), and smoking cessation (smoking reduction).

KPIs for human resources strategies to promote management strategies

Based on the two basic policies of the human resources strategies, "Building a company where employees feel fulfilled and actively engage in their work" and "Developing employees with both soft and hard skills", we have added new indicators to the non-financial KPIs established in the "JR Kyushu Group Mid-term Management Plan 2022-2024" for the fiscal year ending March 2024.

The Human Resources Strategy Committee checks the status and progress of initiatives and makes improvements on specific measures based on the situation. Matters are also reported to the Board of Directors when necessary to improve the effectiveness of human resources strategies.

Numerical Targets for Human Resources KPIs

Metric		Period	Targets, etc.	Fiscal year ending March 2024
Safety and service	• Attendance of safety education and training (training at the Safety Creation Center, etc.)	Up to fiscal year ending March 2031	100% every year * 100% attendance of training at the Safety Creation Center throughout designated training period	100%
	• Acquisition of Service Care-Fitters qualifications	FY2026/3 (2023 - 2025)	All managers in the railway business	109 / 526 people
Employee engagement	• Results of employee attitude survey	Up to fiscal year ending March 2025	Continued YoY improvement	YoY +0.09
		Up to fiscal year ending March 2025	A score of 3.5 or more each year for the metric of employees' sense of fulfillment in their current work	3.50
	• Exchanges of opinions between executives and employees	Up to fiscal year ending March 2025	40 times per year or more	82 times
New challenges	• Registration in various proposal systems (Ideas, cost reduction, operational improvements, etc.)	Up to fiscal year ending March 2031	2.5 or more registrations per employee each year	3.35
Diversity	• Ratio of female employees among new employees	FY2025/3	30% or more	15.5%
	• Ratio of female managers (end of FY2031/3)	FY2031/3	10% or more	6.4%
	• Ratio of female employees selected for training	Up to fiscal year ending March 2031	More than 30% every year	24.3%
	• Ratio of experienced candidates among new hires	Up to fiscal year ending March 2031	More than 15% every year	36.1%
Comfortable environments that are easy and satisfying to work in	• Ratio of male employees who take childcare leave	FY2025/3	50% or more	132.4%
	• Employee retention	Up to fiscal year ending March 2031	Monitoring of annual figures (must not fall below 97%)	97.0%
Health management	• Ratio of special health guidance given to relevant employees	FY2025/3	80% or more	75.2% (October 2022 - September 2023)
Re-skilling support	• Development of employees skilled in digital technologies	FY2025/3	500 people or more	547 people
	• Participation in external distance learning	Up to fiscal year ending March 2025	500 people or more per year	2,516 people
Investment in human resources		Up to fiscal year ending March 2031	Monitoring of annual figures	370 million yen

Advancement of Efforts that Respect Human Rights

The JR Kyushu Group supports and respects the United Nations' Guiding Principles on Business and Human Rights (UNGPs), other international guidelines and domestic laws and ordinances on human rights, and the National Action Plan on Business and Human Rights. In recognition of our corporate social responsibility, we are carrying out initiatives to uphold the human rights of our stakeholders and eliminate discrimination in all of our businesses.

JR Kyushu Group Human Rights and Corporate Ethics Framework

P.105 Corporate Ethics Initiatives in the JR Kyushu Group

Stakeholder engagement

* Processes for reflecting the views of our stakeholders in our governance and decision-making

Formulation of the JR Kyushu Group Basic Policy on Human Rights (UNGP16)

Aiming to realize "What we aim to be: corporate group that invigorates Kyushu, Japan, and Greater Asia with safety and service as its foundation", the JR Kyushu Group carries out initiatives based on the JR Kyushu Group Basic Policy on Human Rights to uphold the human rights of our stakeholders.

Building Remedial Action Mechanisms (UNGP22)

The JR Kyushu Group has established desks for all employees of the Group and its business partners, as well as customers and members of the community, to report and consult about issues such as human rights.

(JR Kyushu Group Customer Consultation Center, JR Kyushu Group Corporate Ethics Hotline, etc.)

Human Rights Due Diligence Efforts (UNGP17)

The JR Kyushu Group carries out human rights due diligence based on the JR Kyushu Group Basic Policy on Human Rights.

P Identification of Human Rights Risks* (UNGP18)

- Harassment incidents (abuse of power, sexual harassment, pregnancy discrimination, etc.)
- Excessive work hours
- Privacy rights violations
- Gender inequality, etc.
- Discrimination due to lack of understanding or consideration (DOWA problem, LGBTQIA+, people with disabilities, cultural differences due to nationality or identity)
- Threats to safety
- Lack of knowledge of the employee consultation office
- Improper operation of the international technical training system

D Prevention and Mitigation Initiatives (UNGP19)

- E-learning and various training
  → training by position / harassment seminars Training, etc. for Group companies
- Information dissemination, including human rights promotion handbooks, internal information, etc.
- Efforts that utilize the feedback of both employees and customers

C Surveys on the Results of Efforts (UNGP20)

- Implementation of surveys
  → Conducting surveys to determine the level of proficiency after e-learning or training
- Implementation of interviews
  → Monitoring overtime to prevent excessive work hours Interviews with Group companies that employ international technical trainees

A Disclosure of Information (UNGP21)

- Disclosure of information on the JR Kyushu website, etc.

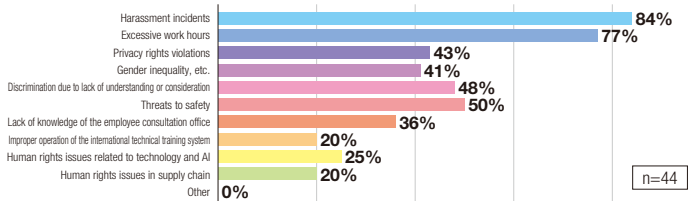
*Human rights risks are identified through discussions by the JR Kyushu Group Human Rights and Corporate Ethics Committee.

The JR Kyushu Group Human Rights Promotion Efforts (FY2024/3)

P Identification of Human Rights Risks

- Identification and assessment from the perspectives of impact and risk level based on surveys of JR Kyushu employees, Group companies and business partners
- Exchanges of opinions with Outside Directors and outside experts for formulation of policies on initiatives to promote human rights, including identification of human rights risks
- Identification of human rights risks for the next fiscal year on discussion by the JR Kyushu Group Human Rights and Corporate Ethics Committee (held January 22, 2024)
- Reporting on matters discussed by the Committee to the Board of Directors as necessary

Results of survey for Group companies (related to human rights risks)



A Disclosure of Information

- Disclosure of information on the JR Kyushu website, etc.
  https://www.jrkyushu.co.jp/company/ir_eng/esg/human_rights_en/
  Respect for Human Rights

Winner of Fukuoka Prefecture's Governor's Award for Business Achieving Excellence in Fair Hiring and Human Rights Awareness

Fukuoka Prefecture presents awards to businesses that have appointed personnel to promote fair hiring and human rights awareness, actively worked on creative and effective measures such as training on human rights and the DOWA problem, and worked to create comfortable environments that are easy and satisfying to work in, along with personnel working on such measures.

JR Kyushu was chosen as the FY2023 winner of Fukuoka Prefecture's Governor's Award for Business Achieving Excellence in Fair Hiring and Human Rights Awareness.



D Prevention and Mitigation Initiatives

E-learning and various training

Attendance in training

	JR Kyushu	Group companies
E-learning	5,844 employees	829 employees
Training by position	763 employees	8,314 employees
Harassment seminars	1,061 employees	1,281 employees
External distance learning	250 employees	302 employees
Training for Group companies	—	12 companies

Creation and utilization of short video for training (New)

- Created video on how to handle graffiti (around 5 minutes) and used it in training, etc.

Explanation of human rights initiatives to business partners (New)

- Explained the JR Kyushu Group Basic Policy on Human Rights to 95 material suppliers at the Kyushu Business Society Regular General Meeting (July 2023)
- Will also explain the Policy to business partners in the Construction Segment in FYE March 2025



Information dissemination, including human rights promotion handbooks, internal information, etc.

Creation of JR Kyushu Group Human Rights and Corporate Ethics Handbook

- Combined our existing Human Rights Handbook and Corporate Ethics Handbook and revised the contents to integrate our corporate ethics and human rights initiatives
- Distributed to all employees in the Group (excluding part time workers, etc.)



Efforts that utilize the feedback of both employees and customers

C Surveys on the Results of Efforts

Implementation of surveys

JR Kyushu employee survey (main questions)

- Human rights risks likely to occur in their workplace
- Who to consult in the event that their human rights are violated, etc.

Group Company employee survey (main questions)

- Status of human rights risk prevention and mitigation initiatives
- Status of communication about reporting and consultation desks
- Status of measures under the Act for Eliminating Discrimination Against Persons with Disabilities (requirement to provide reasonable accommodations)
- Human rights risks that their company may cause to a business partner
- Human rights risks that may be caused by the Group, etc.

Business partner survey (main questions)

- Human rights violations by the Group that are known to them
- Human rights risks that may be caused by the Group
- Understanding and support for human rights initiatives by the Group, etc.

Implementation of interviews

Interviews with international technical trainees and overseas workers

Persons interviewed

11 employees of JR Kyushu Farm Co., Ltd., 2 employees of JR Kyushu Service Support, Ltd., 2 employees of JR Kyushu Retail, Inc.

Topics covered in interviews

- Points of dissatisfaction and concern about their work environment
- Concerns in their personal lives, etc.





Governance

Sound Corporate Management

- Our Officers
- Messages from Outside Directors
- Corporate governance
- Risk management, compliance
- Enhancing communication with stakeholders

Issue occurred at Group companies

- Information on a serious safety issue at JR Kyushu Jet Ferry Inc.

Sound Corporate Management — Our Officers —

Structure of the Board of Directors

*As of June 21, 2024



Representative Director and Chairperson

Toshihiko Aoyagi

Chairperson of the Board of Directors

Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2024: 12/12 (100%)
Number of shares in JR Kyushu owned: 16,624 shares

Profile

Apr. 1977 Joined Japanese National Railways
Apr. 1987 Joined Kyushu Railway Company
Jun. 1998 General Manager of Transportation Department of Technology and Operations Headquarters, Kyushu Railway Company
Apr. 2001 General Manager of Transportation Department of Railway Operations Headquarters, Kyushu Railway Company
Jun. 2004 General Manager of Kagoshima Regional Office, Kyushu Railway Company
Jun. 2005 Director, General Manager of Kagoshima Regional Office, Kyushu Railway Company
May 2006 Director, Deputy Director General of Railway Operations Headquarters, General Manager of Planning Department of Railway Operations Headquarters and General Manager of Transportation Safety Department of Railway Operations Headquarters, Kyushu Railway Company
Jun. 2008 Director, Director General of Railway Operations Headquarters and General Manager of Planning Department of Railway Operations Headquarters, Kyushu Railway Company
Jun. 2008 Managing Director, Director General of Railway Operations Headquarters and General Manager of Planning Department of Railway Operations Headquarters, Kyushu Railway Company
Jun. 2010 Managing Director, Director General of Railway Operations Headquarters, General Manager of Planning Department of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company
Aug. 2010 Managing Director, Director General of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company
Jun. 2012 Senior Managing Director, Director General of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company
Jun. 2013 Senior Managing Director and Representative Director, Director General of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company
Jun. 2014 Representative Director and President, Kyushu Railway Company
Jun. 2018 Representative Director, President and Corporate Officer, Kyushu Railway Company
Jun. 2019 Representative Director, President and Corporate Officer and Chief Executive Officer, Kyushu Railway Company
Apr. 2022 Representative Director and Chairperson, Corporate Officer, Kyushu Railway Company
Jun. 2023 Representative Director and Chairperson, Kyushu Railway Company (current)
May 2024 Outside Director, AEON KYUSHU Co., Ltd. (current)

Important information on concurrent posts:
Incorporated Chair of Fukuoka Association of Corporate Executives
Outside Director, AEON KYUSHU Co., Ltd.



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

Yoji Furumiya

Chief Executive Officer
In charge of Auditing Department

Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2024: 12/12 (100%)
Number of shares in JR Kyushu owned: 15,020 shares

Profile

Apr. 1985 Joined Japanese National Railways
Apr. 1987 Joined Kyushu Railway Company
May 2005 General Manager of Planning Department of Railway Operations Headquarters, Kyushu Railway Company
May 2006 General Manager of Transportation Department of Railway Operations Headquarters, Kyushu Railway Company
Jun. 2010 General Manager of Marketing & Sales Department of Railway Operations Headquarters, Kyushu Railway Company
Jun. 2011 General Manager of Customer Service Department of Railway Operations Headquarters and General Manager of Marketing & Sales Department of Railway Operations Headquarters, Kyushu Railway Company
Jun. 2012 General Manager of Administration Department, Kyushu Railway Company
Jun. 2012 Director and General Manager of Administration Department, Kyushu Railway Company
Sep. 2012 Director, General Manager of Cruise Train Division of Railway Operations Headquarters and General Manager of Administration Department, Kyushu Railway Company
Jun. 2013 Director, General Manager of Administration Department, Kyushu Railway Company
Jun. 2016 Managing Director, Director General of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company
Jun. 2018 Director and Managing Corporate Officer, Director General of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company
Jun. 2019 Director and Senior Managing Corporate Officer, Director General of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company
Jun. 2020 Director and Senior Managing Corporate Officer, Director General of Corporate Planning Headquarters, Kyushu Railway Company
Apr. 2022 Representative Director, President and Corporate Officer and Chief Executive Officer, Kyushu Railway Company (current)

Important information on concurrent posts:
None



Director and Senior Managing Corporate Officer

Toshihiro Mori

Director General of Business Development Headquarters

Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2024: 12/12 (100%)
Number of shares in JR Kyushu owned: 3,486 shares

Profile

Apr. 1991 Joined Kyushu Railway Company
May 2007 Director, Drug Eleven Holdings Co., Ltd.
Jun. 2009 President, Drug Eleven Holdings Co., Ltd.
May 2011 General Manager of Fund Management Department, Kyushu Railway Company
Jun. 2013 General Manager of Finance & Accounting Department, Kyushu Railway Company
Jun. 2014 General Manager of Marketing & Sales Department of Railway Operations Headquarters, Kyushu Railway Company
Jun. 2015 General Manager of Customer Service Department of Railway Operations Headquarters and General Manager of Marketing & Sales Department of Railway Operations Headquarters, Kyushu Railway Company
Jun. 2017 Director, General Manager of Travel Services Headquarters, Kyushu Railway Company
Apr. 2018 Director, Deputy Director General of Corporate Planning Headquarters and General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company
Jun. 2018 Senior Corporate Officer, Deputy Director General of Corporate Planning Headquarters and General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company
Jun. 2019 Director, Managing Corporate Officer, Chief Financial Officer, Deputy Director General of Corporate Planning Headquarters and General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company
Apr. 2022 Director and Managing Corporate Officer, Director General of Business Development Headquarters, Kyushu Railway Company
Jun. 2023 Director and Senior Managing Corporate Officer, Director General of Business Development Headquarters, Kyushu Railway Company (current)

Important information on concurrent posts:
None



Director and Senior Managing Corporate Officer

Hiroyuki Fukunaga

Director General of Railway Operations Headquarters, General Manager of Northern Kyushu Regional Head Office

Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2024: 12/12 (100%)
Number of shares in JR Kyushu owned: 3,656 shares

Profile

Apr. 1990 Joined Kyushu Railway Company
Jun. 2013 General Manager of Shinkansen Operational Management Department of Railway Operations Headquarters, Kyushu Railway Company
Jun. 2015 General Manager of Cruise Train Division of Railway Operations Headquarters and General Manager of Transportation Department of Railway Operations Headquarters, Kyushu Railway Company
Jun. 2016 Director, Deputy Director General of Railway Operations Headquarters, General Manager of Cruise Train Division of Railway Operations Headquarters and General Manager of Transportation Department of Railway Operations Headquarters, Kyushu Railway Company
Jun. 2018 Senior Corporate Officer, Deputy Director General of Railway Operations Headquarters, General Manager of Cruise Train Division of Railway Operations Headquarters and General Manager of Transportation Department of Railway Operations Headquarters, Kyushu Railway Company
Jun. 2020 Director and Managing Corporate Officer, Director General of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company
Jun. 2024 Director and Senior Managing Corporate Officer, Director General of Railway Operations Headquarters and General Manager of Northern Kyushu Regional Head Office, Kyushu Railway Company (current)

Important information on concurrent posts:
None



Director, Managing Corporate Officer and Chief Financial Officer

Takuma Matsushita

Chief Financial Officer
Director General of Corporate Planning Headquarters
In charge of Public Relations Department and Finance & Accounting Department

Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2024: 11/12 (91.7%)
Number of shares in JR Kyushu owned: 3,072 shares

Profile

Apr. 1991 Joined Kyushu Railway Company
May 2011 Deputy General Manager of Administration Department, Kyushu Railway Company
Jun. 2011 General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company
May 2014 President of JR KYUSHU DRUG ELEVEN CO., LTD.
Jun. 2017 Director, Deputy Director General of Business Development Headquarters and General Manager of Planning & Development Department of Business Development Headquarters, Kyushu Railway Company
Jun. 2018 Senior Corporate Officer, Deputy Director General of Business Development Headquarters and General Manager of Planning & Development Department of Business Development Headquarters, Kyushu Railway Company
Jun. 2019 Managing Corporate Officer, Deputy Director General of Business Development Headquarters and General Manager of Planning & Development Department of Business Development Headquarters, Kyushu Railway Company
Apr. 2022 Managing Corporate Officer, Chief Financial Officer, Director General of Corporate Planning Headquarters, Kyushu Railway Company
Jun. 2022 Director, Managing Corporate Officer, Chief Financial Officer, Director General of Corporate Planning Headquarters (current)

Important information on concurrent posts:
None



Director and Managing Corporate Officer

Yumi Akagi

Deputy Director General of Corporate Planning Headquarters
General Manager of Strategy Management Department of Corporate Planning Headquarters
In charge of Digital Transformation Promotion Department

Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2024: 10/10 (100%)
Number of shares in JR Kyushu owned: 1,827 shares

Profile

Apr. 1991 Joined Kyushu Railway Company
Mar. 2012 Deputy General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company
Jun. 2012 Representative Director and President, JR Kyushu Fast Foods Inc.
Jun. 2014 Deputy General Manager of Administration Department, Kyushu Railway Company
Jul. 2015 General Manager of Human Resources Department, Kyushu Railway Company
Jun. 2017 General Manager of Customer Service Department of Railway Operations Headquarters and General Manager of Marketing & Sales Department of Railway Operations Headquarters, Kyushu Railway Company
Jun. 2018 Corporate Officer, General Manager of Customer Service Department of Railway Operations Headquarters and General Manager of Marketing & Sales Department of Railway Operations Headquarters, Kyushu Railway Company
Jun. 2019 Corporate Officer, General Manager of Kumamoto Regional Office, Kyushu Railway Company
Apr. 2022 Senior Corporate Officer, Deputy Director General of Corporate Planning Headquarters and General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company
Jun. 2023 Director and Managing Corporate Officer, Deputy Director General of Corporate Planning Headquarters and General Manager of Strategy Management Department of Corporate Planning Headquarters, Kyushu Railway Company (current)
Jun. 2024 Outside Director, Krosaki Harima CO.,Ltd (current)

Important information on concurrent posts:
Outside Director, Krosaki Harima CO.,Ltd



Director

Hitomi Yamamoto O I

Part-time member

Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2024: 12/12 (100%)
Number of shares in JR Kyushu owned: 1,541 shares
Tenure as outside director of the Company: 2 year

Profile

Apr. 1981 Joined ALL NIPPON AIRWAYS CO., LTD.
Apr. 2011 General Manager of Inflight Service Crew Department II, Inflight Services Division, ALL NIPPON AIRWAYS CO., LTD.
Nov. 2012 Deputy General Manager of OSC Quality Promotion Office, ALL NIPPON AIRWAYS CO., LTD.
Apr. 2013 Leave of absence under Human Resources Department, ALL NIPPON AIRWAYS CO., LTD. (seconded to ALL NIPPON AIRWAYS TRADING CO., LTD.)
Apr. 2015 Executive Vice President, Deputy Manager in charge of Operations Division, and General Manager of Inflight Services Center, ALL NIPPON AIRWAYS CO., LTD.
Apr. 2016 Executive Vice President, Manager in charge of ANA Brand Inflight Services Division, Deputy Manager in charge of Operations Division, and General Manager of Inflight Services Center, ALL NIPPON AIRWAYS CO., LTD.
Apr. 2017 Member of the Board, Executive Vice President, Manager in charge of Promotion of Advancement of Women in the Group, Manager in charge of ANA Brand Inflight Services Division, Deputy Manager in charge of Operations Division, General Manager of Inflight Services Center, and Deputy General Manager of Tokyo Olympic and Paralympic Games Promotion Division, ALL NIPPON AIRWAYS CO., LTD.
Apr. 2019 Member of the Board, Managing Executive Vice President, Manager in charge of Promotion of Advancement of Women in the Group, Manager in charge of ANA Brand Inflight Services Division, Deputy Manager in charge of Operations Division, General Manager of Inflight Services Center, and Deputy General Manager of Tokyo Olympic and Paralympic Games Promotion Division, ALL NIPPON AIRWAYS CO., LTD.
Apr. 2020 Member of the Board, Managing Executive Vice President, in charge of Group D&I Promotion Department, ANA Blue Base Integrated Training Center, and Office for Government Aircraft Operations, ALL NIPPON AIRWAYS CO., LTD. (retired March 2021)
Apr. 2021 Director and Vice President, ANA Strategic Research Institute Co., Ltd. (current)
Jun. 2022 Director, Kyushu Railway Company (current)
Jun. 2022 Outside Audit and Supervisory Board Member, West Nippon Expressway Company Limited (current)

Important information on concurrent posts:
Director and Vice President, ANA Strategic Research Institute Co., Ltd.
Outside Director, Audit & Supervisory Board Member, West Nippon Expressway Company Limited



Director

Takashi Tanaka O I

Part-time member

Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2024: 10/10 (100%)
Number of shares in JR Kyushu owned: 488 shares
Tenure as outside director of the Company: 1 year

Profile

Apr. 1975 Joined Daiwa Bank, Ltd. (now Resona Bank, Limited)
Oct. 2003 Executive Officer, General Manager of System Planning Department, Resona Holdings, Inc.
Oct. 2003 Director, THE NARA BANK, LTD.
Jun. 2006 President and Representative Director, Resona Trust & Banking Co., Ltd. (now Resona Bank, Limited) (retired April 2009)
Jun. 2009 Representative Director and Vice President, TOYO TEC CO., Ltd.
Jun. 2011 Representative Director and President, TOYO TEC CO., Ltd.
Jun. 2020 Representative Director and Chairman, TOYO TEC CO., Ltd.
Apr. 2021 Representative Director and Chairman, TOYO TEC CO., Ltd.; Director and Chairman, Tec Building Service Co., Ltd. (now Toyo Tec Building Service Co., Ltd.) (current)
Jun. 2023 Director, Kyushu Railway Company (current)

Important information on concurrent posts:
Representative Director and Chairman,TOYO TEC CO., Ltd.
Director and Chairman, Toyo Tec Building Service Co.,Ltd.

O Outside director I Independent director

Sound Corporate Management — Our Officers —



Director

Hiroshi Ogasawara O I

Part-time member

Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2024: 10/10 (100%)
Number of shares in JR Kyushu owned: 244 shares
Tenure as outside director of the Company: 1 year

Profile

Mar. 1979 Joined YASKAWA Electric Mfg. Co., Ltd. (now YASKAWA Electric Corporation)
Jun. 2006 Director; Deputy General Manager, Motion Control Division, YASKAWA Electric Corporation
Mar. 2007 Director; General Manager, Drives Division, YASKAWA Electric Corporation
Mar. 2011 Director; General Manager, Motion Control Division, YASKAWA Electric Corporation
Jun. 2012 Managing Executive Officer; General Manager, Motion Control Division, YASKAWA Electric Corporation
Jun. 2013 Director; Managing Executive Officer; General Manager, Motion Control Division, YASKAWA Electric Corporation
Mar. 2014 Director; Managing Executive Officer; General Manager, Corporate Technology Division, YASKAWA Electric Corporation
Mar. 2015 Representative Director; Senior Managing Executive Officer; General Manager, Corporate Technology Division, YASKAWA Electric Corporation
Mar. 2016 Representative Director, President; General Manager, Corporate Technology Division, YASKAWA Electric Corporation
Mar. 2017 Representative Director, President; Manager, Diversity Management Division, YASKAWA Electric Corporation
Mar. 2018 Representative Director, President; Manager, ICT Strategy Division, YASKAWA Electric Corporation
Mar. 2022 Representative Director, Chairman of the Board; President, YASKAWA Electric Corporation
Mar. 2023 Representative Director, Chairman of the Board (current) , YASKAWA Electric Corporation
Jun. 2023 Director, Kyushu Railway Company (current)
Jun. 2024 Outside Director,Tokyo Century Corporation (current)

Important information on concurrent posts:
Representative Director and Chairman of the Board, YASKAWA Electric Corporation Chair, Fukuoka Association of Corporate Executives
Outside Director,Tokyo Century Corporation



Director

Kiyotaka Fujibayashi O I

Part-time member

Number of shares in JR Kyushu owned: —
Tenure as outside director of the Company: —

Profile

Apr. 1981 Joined Mitsui Fudosan Co., Ltd.
Apr. 2012 Senior Corporate Officer, Mitsui Fudosan Co., Ltd.
Representative Director and President, President and Executive Officer, Mitsui Fudosan Residential Co., Ltd. (retired March 2021)
Apr. 2013 Executive Managing Officer, Mitsui Fudosan Co., Ltd.
Jun. 2013 Director, Managing Corporate Officer, Mitsui Fudosan Co., Ltd.
Apr. 2017 Director and Senior Executive Managing Officer, Chief Operating Officer of Homes and Lifestyle Promotion Division, Mitsui Fudosan Co., Ltd.
Apr. 2020 Director, Executive Vice President, Chief Operating Officer of Homes and Lifestyle Promotion Division, Mitsui Fudosan Co., Ltd.
Apr. 2021 Director, Vice President Corporate Officer, General Manager of Home-Life Connection Division, Mitsui Fudosan Co., Ltd.
Chairman of the Board, Mitsui Fudosan Residential Co., Ltd. (retired March 2023)
Apr. 2022 Representative Director, Executive Vice President, Chief Operating Officer of Homes and Lifestyle Promotion Division, Mitsui Fudosan Co., Ltd.
Apr. 2023 Director, Mitsui Fudosan Co., Ltd.
Jun. 2023 Special Advisor, Mitsui Fudosan Co., Ltd. (current)
Jun. 2024 Director, Kyushu Railway Company (current)

Important information on concurrent posts:
Special Advisor, Mitsui Fudosan Co., Ltd.



Director

Hiroko Ozawa O I

Part-time member

Number of shares in JR Kyushu owned: —
Tenure as outside director of the Company: —

Profile

Apr. 1985 Joined Sony Corporation (now Sony Group Corporation)
Aug. 1991 Personal Audio Product Manager, Sony Germany
Jul. 2001 Sony Pictures Entertainment (Japan) Inc.
Sep. 2007 Director, Vice President and General Manager, AXN Co., Ltd.
Oct. 2008 Director, Vice President and General Manager, AXN Co., Ltd.
Director, Vice President and General Manager, Mystery Channel Co., Ltd.
Oct. 2015 Representative Director and Vice President, STAR CHANNEL, INC.
Nov. 2018 Vice President, SONY PICTURES ENTERTAINMENT (JAPAN) INC. (retired March 2020)
Jun. 2021 Outside Director, Nojima Corporation (retired June 2022)
May 2022 Outside Director, PR TIMES, Inc. (current)
Jun. 2022 Outside Director, Cecile Co., Ltd. (retired June 2023)
Mar. 2023 Outside Director, OUTSOURCING Inc. (retired June 2024)
Jun. 2023 Outside Director, SUNCALL CORPORATION (current)
Jun. 2024 Director, Kyushu Railway Company (current)

Important information on concurrent posts:
Outside Director, PR TIMES, Inc.
Outside Director, SUNCALL CORPORATION



Director, Audit and Supervisory Committee member

Koji Otabe O I

Full-time member
Chairperson of Audit and Supervisory Committee

Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2024: 12/12 (100%)
Number of shares in JR Kyushu owned: 194 shares
Tenure as outside director of the Company: 2 years

Profile

Apr. 1987 Joined National Police Agency
Aug. 2015 Director-General of Gunma Prefectural Police
Apr. 2017 Deputy Director-General of Policy Evaluation, Commissioner-General's Secretariat, and Deputy Director-General of Commissioner-General's Secretariat, National Police Agency (in charge of Community Safety Bureau)
Apr. 2018 Deputy Director-General of Commissioner-General's Secretariat, National Police Agency (in charge of Community Safety Bureau)
Aug. 2019 Vice President of National Police Academy and Deputy Director-General of Commissioner-General's Secretariat, National Police Agency (in charge of Community Safety Bureau)
Jan. 2020 Director-General of Community Safety Bureau, National Police Agency
Sep. 2021 Retired from National Police Agency
Feb. 2022 Advisor, Nippon Life Insurance Company (retired June 2022)
Jun. 2022 Director, Audit and Supervisory Committee member, Kyushu Railway Company (current)

Important information on concurrent posts:
None



Director, Audit and Supervisory Committee member

Koji Higashi

Full-time member
Audit & Supervisory Committee Member

Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2024: 10/10 (100%)
Number of shares in JR Kyushu owned: 1,216 shares

Profile

Apr. 1990 Joined Kyushu Railway Company
Mar. 2009 Deputy General Manager of Administration Department, Kyushu Railway Company
Jun. 2009 Representative Director and President, Inc Train D'or
Jun. 2013 General Manager of Fund Management Department, Kyushu Railway Company
Jun. 2014 General Manager of Finance & Accounting Department, Kyushu Railway Company
Jun. 2017 General Manager of Kumamoto Regional Office, Kyushu Railway Company
Jun. 2018 Corporate Officer, General Manager of Kumamoto Regional Office, Kyushu Railway Company
Jun. 2019 Senior Corporate Officer, General Manager of Administration Department, Kyushu Railway Company
Apr. 2022 Managing Corporate Officer, General Manager of Administration Department, Kyushu Railway Company
Jun. 2022 Director, Audit and Supervisory Committee member, Kyushu Railway Company (current)

Important information on concurrent posts:
None



Director, Audit and Supervisory Committee member

Hiromi Fujita O I

Part-time member
Audit & Supervisory Committee Member

Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2024: 12/12 (100%)
Number of shares in JR Kyushu owned: 566 shares
Tenure as outside director of the Company: 3 years

Profile

Apr. 1980 Joined Nissho Iwai Corporation
Sep. 1985 Retired from Nissho Iwai Corporation
Jan. 1996 Part-time Lecturer, Daiei Educational System Inc.
Jun. 1997 Joined Shiraishi Accounting Firm
Jun. 2000 Retired from Shiraishi Accounting Firm
Sep. 2000 Established Hiromi Fujita Tax Accountant Office
Oct. 2014 Yuwa Partners Tax Accountants' Corporation
Oct. 2015 Representative Partner, Sakura Yuwa Partners Tax Accountants' Corporation (current)
Jan. 2020 Outside Director, Audit and Supervisory Committee Member, IKK Inc. (now IKK Holdings Inc.)
Jun. 2021 Director, Audit and Supervisory Committee member, Kyushu Railway Company (current)
Nov. 2021 Outside Director, Audit and Supervisory Committee Member, IKK Holdings Inc. (retired Jan 2024)

Important information on concurrent posts:
Representative Partner, Sakura Yuwa Partners Tax Accountants' Corporation



Director, Audit and Supervisory Committee member

Tomoko Ohgami O I

Part-time member
Audit & Supervisory Committee Member

Number of shares in JR Kyushu owned: —
Tenure as outside director of the Company: —

Profile

Apr. 1995 Registered as an attorney at law
Joined Kunitake Law Firm (now Kunitake Comprehensive Law Firm)
Jan. 2002 Partner, Kunitake Law Firm (now Kunitake Comprehensive Law Firm) (current)
Mar. 2013 Outside Director, Audit and Supervisory Committee Member, COCA - COLA WEST COMPANY, LIMITED (retired March 2017)
Jun. 2024 Director, Audit and Supervisory Committee member, Kyushu Railway Company (current)

Important information on concurrent posts:
Attorney at law, Kunitake Comprehensive Law Firm

Policy and procedures for nominating Directors

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

O Outside director I Independent director

Skillsets in the Board of Directors

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

The Company has defined the knowledge and experience (skillsets) required for the Board of Directors as follows: "Railway / Mobility Services" "Real estate & city-building" "Sustainability" "Corporate management" "Legal affairs / risk management / governance" "Finance / M&A" "human resources strategies" and "IT / DX". These are deliberated at Nomination and Compensation Advisory Committee and decided by the Board of Directors, while taking into consideration the proposals submitted to the Board of Directors, the results of the Board of Directors effectiveness evaluation and the opinions of stakeholders, in order to further implement 2030 Long-Term Vision and other management strategies and to further enhance the supervisory function.

Revised skillset	Definition	Reasons for selection
Railways / mobility services	Knowledge and experience necessary to provide mobile services centered on railway business in a safe, secure and sustainable manner	The railway business is the source of revenues and brands of the Group, and safe, secure and sustainable mobility services centered on the railway business are the foundation to promote city-building initiatives that leverage the distinctive characteristics of local communities.
Real estate / city-building	Knowledge and experience regarding real estate necessary to promote city-building initiatives that leverage the distinctive characteristics of local communities	The real estate business is the center of the promotion of city-building initiatives that leverage the distinctive characteristics of local communities. In order for the Group to contribute to the sustainable development of Kyushu, further growth and evolution of city-building initiatives centered on the real estate business are necessary in both software and hardware.
Sustainability	Knowledge and experience that contribute to the creation of non-financial value	The efforts to create non-financial value through proactive involvement in sustainability in consistency with management strategy will lead to improvements in sustainable corporate value over the medium to long term.
Corporate management	Wide range of viewpoints and experience as a top management executive	Various skills, including organizational management mindsets that are not based on expertise, are necessary in order to make big-picture judgments.
Legal affairs / risk management / governance	Knowledge and experience regarding compliance, including corporate legal affairs, appropriate risk management and corporate governance	Knowledge and experience regarding corporate governance, etc. that contribute to improvements in the efficiency of management supervision are the foundation of sustainable improvements in corporate value.
Finance / M&A	Knowledge and experience regarding corporate finance, including capital policy	Good knowledge and experience regarding corporate finance are necessary in order to formulate financial strategies to realize the promotion of M&As and growth investments, appropriate shareholder returns, and maintenance of financial soundness for improving sustainable corporate value.
Human resources strategies	Knowledge and experience that contribute to the formulation of human resources strategies / development plan and the promotion of diversity	In pursuit of the realization of the 2030 Long-Term Vision, knowledge and experience regarding the development of employees, the actual players who implement the strategies, the improvement of employee engagement, and the management of diverse human resources are necessary.
IT / DX	Knowledge and experience to promote and supervise DX	Enhancing cyber security, improving productivity through the promotion of DX, and creating value provided to customers will lead to improvements in sustainable corporate value over the medium to long term.

Areas of expertise that are particularly expected from each director

Name	gender	Current positions, etc.	Areas of expertise that are particularly expected from each director							
			Railways / mobility services	Real estate / city-building	Sustainability	Corporate management	Legal affairs / risk management / governance	Finance / M&A	Human resources strategies	IT / DX
Toshihiko Aoyagi	Male	Chairperson, Chairperson of the Board of Directors	●		●	●	●			
Yoji Furumiya	Male	President Corporate Officer CEO, in charge of Auditing Department	●		●	●	●		●	
Toshihiro Mori	Male	Senior Managing Corporate Officer Director General of Business Development Headquarters		●	●	●		●		
Hiroyuki Fukunaga	Male	Senior Managing Corporate Officer Director General of Railway Operations Headquarters, General Manager of Northern Kyushu Regional Head Office	●				●			●
Takuma Matsushita	Male	Managing Corporate Officer CFO, Director General of Corporate Planning Headquarters, in charge of Public Relations Department and Finance & Accounting Department		●	●	●		●	●	
Yumi Akagi	Female	Managing Corporate Officer Deputy Director General of Corporate Planning Headquarters, General Manager of Strategy Management, Department of Corporate Planning Headquarters, in charge of Digital Transformation Promotion Department	●		●	●			●	●
Hitomi Yamamoto O I	Female	Director and Vice President, ANA Strategic Research Institute Co., Ltd.	●		●				●	
Takashi Tanaka O I	Male	Representative Director and Chairperson, TOYO TEC CO., Ltd.		●	●	●		●		●
Hiroshi Ogasawara O I	Male	Representative Director and Chairman of the Board, YASKAWA Electric Corporation			●	●			●	●
Kiyotaka Fujibayashi O I	Male	Special Advisor, Mitsui Fudosan Co., Ltd.		●		●	●			
Hiroko Ozawa O I	Female	Former Vice President, Sony Pictures Entertainment (Japan) Inc.			●	●	●		●	
Koji Otabe A O I	Male	Chairperson of Audit and Supervisory Committee					●			●
Koji Higashi A	Male					●	●	●	●	
Hiromi Fujita A O I	Female	Senior Partner Tax Accountant, Sakura Yuwa Partners Tax Accountant Corporation			●			●		
Tomoko Ohgami A O I	Female	Attorney at law, Kunitake Comprehensive Law Firm					●		●	

O Outside　I Independent Director　A Audit and Supervisory Committee member

※2024年6月21日時点

Messages from Outside Director



Outside Director
Hitomi Yamamoto

It has been two years since I was appointed, and my impression of the JR Kyushu Group in that time has been that the management value their employees. After the General Meeting of Shareholders in my first year, the President pledged to conduct dialogs with all of the employees, and he has now spoken with almost all of them. The President himself went to workplaces around Kyushu, heard what the employees have to say and gave them clear explanations of management policies. The way he invited such frank exchanges of opinions made it clear that he values his employees.

With that said, because of the nature of railways as a transportation business, I feel that it is easy to confine ourselves to old values. With so many changes in our environment, it is important that we think in a new way and that both our management and each of our employees respond flexibly and choose new strategies.

I was in charge of the cabin crew management department for a long time, and their principles of safety and service apply greatly to the JR Kyushu Group too, so I think that I can utilize the knowledge I have acquired. I also feel that there are many areas where I can advise JR Kyushu about building its brand not only among people in Japan but among inbound tourists. At present, I am involved in industry-academia collaborations and community-building in my work, so I think that I am also able to contribute to the invigoration of local communities.

When I receive status reports about safety, I always find out about investigations of safety matter and give advice about it. It is particularly important to check for Hurry-Up Syndrome, where personnel are too pushed for time, causing them to become unfocused or stressed. If there tend to be deviations from basic procedures, it is important to treat this as an organizational issue and come up with measures to ensure safety. The cause of the incident is the issue that needs to be fixed in order to ensure safety, and it's not necessarily the result of human error. If there are issues in your work environment, it is important to invest in fixing them. This is the perspective that a company's supervisory function works from when it comes to safety.

With respect to human resources strategies, from the time I was appointed two years ago, I exchanged opinions with the Human Resources Department and advised them about the need to turn individual initiatives into a cohesive system. In the previous fiscal year, we started a new human resources system, and I think it is praiseworthy. When executing human resources strategies, it is important for every employee to change the way they think and act. I think that when the management respects a diverse range of values and gets the best out of each employee, that's when we accomplish DE&I and build a strong organization.



Outside Director
Takashi Tanaka

The JR Kyushu Group has set "What we aim to be" as its vision. My impression is that the employees understand the Group's clear vision and mission well and apply it in their work, working cohesively toward the goal of providing members of communities with mobility services centering on the Company's railway. Before I became an Outside Director of the Group, I knew that it used to be a nationally owned railway, so I thought it must be a rigid organization, but it's not at all. There's a culture of boldly taking on new challenges in the Company.

On the other hand, there are also difficulties that come with being a private-sector company whose businesses have a high degree of public interest. JR Kyushu has been the "legs" of communities since its days as JNR, and that means the Company often encounters situations where difficult judgments need to be made. The matter of how to act from this standpoint while ensuring that the Company remains profitable is something that I think will remain an issue in future.

When proposals for systemic changes are made at Board of Directors' meetings, I ask questions and give advice from the perspective of whether the plan is executable, whether the budget is suitable, and whether the necessary framework exists. It is also important to assess costs associated with that system that will be incurred by the Company, the percentage of overall expenses that those costs account for, and the return that is expected. And no matter what kind of project you're undertaking, you can never be sure that everything will be fine. Any change in your external environment changes the level of risk, so you need to survey your risks properly to assess the level of risk. I am conscious that my role is to supervise projects from the perspective of whether the requirements are met on the executive side.

As advances in AI lead to labor saving and enable more sophisticated operations, I think it's good that that initiatives to implement DX in the Group are not only being handled by the department in charge of this work; IT literacy is being improved throughout the Company. The way each site employee thinks for themselves about how to optimize their work, ideas are coming from site employees, and there are systems for sharing information is leading to greater efficiency throughout the Group's organizations. I am confident that through initiatives like these, the Group will remain resilient to changes, continue to grow as an organization, and further increase its competitive edge in future.

The JR Kyushu Group has exciting initiatives taking place, like its Future Railway Project, and I have high hopes for the Group. I hope that these initiatives will inspire more and more employees in this organization to engage in their work with enthusiasm. For this reason as much as others, I will work to fulfill my role as Outside Director and contribute to sustainable development of the JR Kyushu Group.

Outside Director
Hiroshi Ogasawara



Ever since I was first appointed, I have thought that it is important to always be aware of the differences in nature between BtoB and BtoC businesses when giving advice. So far I've been involved in BtoB, where the principles of competition apply and you can't ignore geopolitical risks and acquisition risks since there's global competition happening. The JR Kyushu Group, on the other hand, centers on Kyushu and its primary organization is a railway, so its business environment differs in various ways. I think that by being aware of differences like those and working on giving advice from my background, reflecting things like my specialist knowledge and experience, I can help to add some diversity to the Board of Directors. Additionally, I want to handle decisions on the executive side not simply by considering the details of individual businesses but by confirming the process by which plans have been made and how benchmarks and the Company's position relative to other companies have been considered when establishing those plans. I think my supervisory role as an Outside Director is to confirm these points and give advice about that.

In terms of human resources strategies, I tell about the importance of developing the Company in a way that reduces employees' stress and makes their work fulfilling. At Yaskawa Electric, we found that when we established a system for mental health measures, we had fewer employees taking a leave of absence. Experiences like this really taught me that reducing stress and making work fulfilling is important for employees and this enhances productivity. I want to utilize my knowledge in my advice on human resources strategies too.

With respect to our current Medium-Term Business Plan, I think the fact that we are expecting to meet our targets in the final fiscal year is thanks to people throwing themselves into challenges and seizing opportunities. On the other hand, while I would say that we have returned to our pre-COVID levels and are back on an upward trajectory, I have sterner things to say about some points in terms of operating income and employee pay. Additionally, in order to meet our target for 600 billion yen in 2030 according to our Long-Term Vision, we need to continually achieve a CAGR (compound annual growth rate) of 6% or higher.

This target is quite difficult to accomplish with the growth that has taken place thus far. The advice I have given is that the Group needs to consider multiple companies collectively in each segment and decide what kind of companies will be the benchmark, and that the executive side needs to sufficiently deepen its discussion on how to determine who the Group's competitors when it comes to business in Kyushu.

While the railway business is the main axis of the JR Kyushu Group's business, the Group has aggressively expanded its management in various directions. It is important to utilize this unique strength to create ongoing value. I, too, will do everything I can as an Outside Director to meet the expectations of all of our stakeholders.

Messages from new Outside Directors

Outside Director
Kiyotaka Fujibayashi



As far as I can see, a characteristic of the JR Kyushu Group is the fact that it is a commercial enterprise that acts in the public's interest by providing transportation infrastructure for Kyushu but is also seeking growth. The way the invigoration and development of the Kyushu area correlates positively with the growth of the Group is extremely unique. The Group's roots in the community place limitations on its management, but at the same time, its status as "the company that knows Kyushu best" is its greatest strength in developing businesses. I am conscious that it is important to figure out how to wield this strength—how to read the market and what direction to approach it from—and build processes involving various stakeholders in Kyushu, greater Japan and overseas, including individuals, companies, local governments and universities.

As an Outside Director, I hope to make my mark by contributing to the formulation and execution of strategies in the real estate business, one of the Group's core businesses, and to contribute to the Group's growth through measures such as strengthening governance and developing JR Kyushu's company culture.

Outside Director
Hiroko Ozawa



As revising business portfolios becomes a pressing issue for many companies amid changes in the market, the JR Kyushu Group has been actively diversifying from an early stage, and I feel that this is leading to continuous growth. Furthermore, in the railway business, the Group has succeeded in creating services that provide new added value beyond transporting people and cargo.

The diversification of the Group's businesses and services has brought with it just as many issues that were not present before. I think it is becoming increasingly important to resolve issues like governance of Group companies across all those different industries, branding that ties the Group companies together, and, among the most pressing issues, securing and developing personnel with a wide range of knowledge and creating an environment where diverse personnel can thrive.

As an Outside Director, I will contribute to improving the Group's corporate value by utilizing my experience in management of a corporate group that began as an electric devices manufacturer and expanded its business domain, my experience in brand management, and my experience in development of personnel gained through activities to promote diversity in industry organizations and the like.

Sound Corporate Management — Corporate governance —

Fundamental approach

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

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

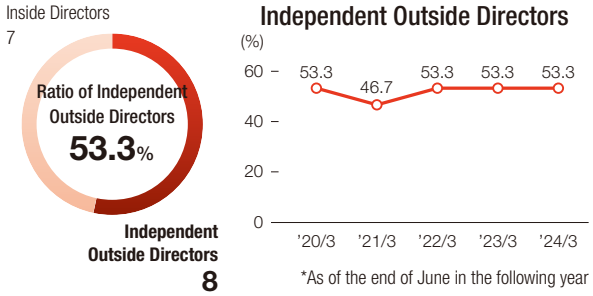
Strengthening our corporate governance framework based on communication with investors and third-party evaluations

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

The current composition of the Board of Directors includes five Independent Outside Directors out of eleven Directors who are not Audit and Supervisory Committee members, and three Independent Outside Directors out of four Directors who are Audit and Supervisory Committee members, ensuring the effectiveness of management oversight by having eight Independent Outside Directors out of fifteen Directors. Furthermore, based on the diverse experience and expertise of Outside Directors with knowledge in each field, we held even deeper discussions at meetings of the Board of Directors.

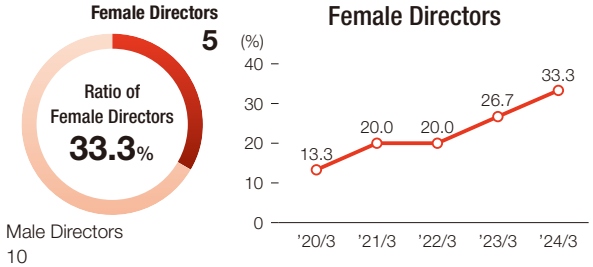
Additionally, we have established a Nomination and Compensation Advisory Committee with an extremely high level of independence, composed of five Independent Outside Directors and one Inside Director and chaired by an Independent Outside Director. Furthermore, as part of our efforts to improve governance, we held exchanges of opinions among analysts, institutional investors, and Independent Outside Directors, working to improve the transparency of the Board of Directors. This issues awareness and these initiatives are based on evaluations and discussions at the Board of Directors effectiveness evaluation implemented every year. We confirm the effects of initiatives in the Board of Directors effectiveness evaluation and are holding discussions at meetings of the Board of Directors to further improve effectiveness.

Ratio of Independent Outside Directors



*As of the end of June in the following year

Ratio of female Directors



*As of the end of June in the following year

Governance transition

		FY2019/3	FY2020/3	FY2021/3	FY2022/3	FY2023/3	FY2024/3	FY2025/3
Governance	Organization	Shifted to a company with an Audit Committee						
	Committee	Established the Nomination and Compensation Advisory Committee (Assigned an outside director as Chairperson 9 members in total: 8 external and 1 internal)		Nomination and Compensation Advisory Committee (Total number of members streamlined to 6, 5 external and 1 internal)				
	Initiatives to Strengthen Governance	Introduced Corporate Officer system						
					Developed a succession plan			
Board of Directors	Number of Directors	13	15 Clarified the position of CFO					
	Independent Outside Directors (# of Directors / %)	6 / 46.2%	8 / 53.3%		7 / 46.7%	8 / 53.3%		
	Female Directors (# of Directors / %)	2 / 15.4%	1 / 6.7%	2 / 13.3%	3 / 20.0%		4 / 26.7%	5 / 33.3%
Compensation			Performance-based compensation plan Introduced "Board Benefit Trust"			Added monetary remuneration to performance-based remuneration Set non-financial KPIs as criteria for share-based remuneration		
Board Effectiveness Evaluation		Introduced board effectiveness evaluations by a third-party organization			Implemented in-house		Effectiveness evaluation by thirdparty evaluation institutions	Implemented in-house (TBD)

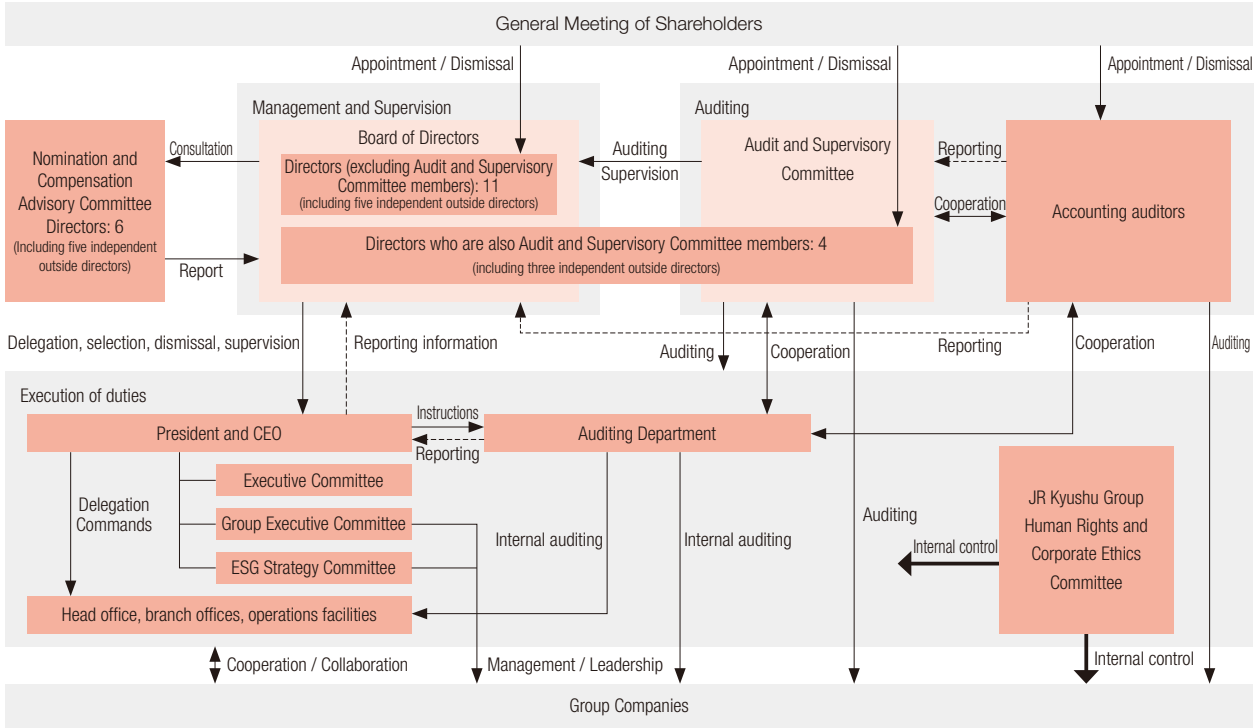
Board of Directors

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

Directors are appointed based on a report by the Nomination and Compensation Advisory Committee. The Board of Directors includes Audit and Supervisory Committee members who have voting rights to strengthen our auditing and supervision.

In addition, JR Kyushu has established the Executive Committee, which in principle meets once a week. In accordance with the stipulations in the Articles of Incorporation, the committee deliberates items determined by the Board of Directors regarding the delegation of authority as well as important items pertaining to JR Kyushu's operation. Furthermore, JR Kyushu has set up the Group Executive Committee, which deliberates management strategies such as the JR Kyushu Group's management vision and the allocation of management resources as well as important items related to individual companies in the JR Kyushu Group. By overseeing the management of group companies, the Group Executive Committee works to enhance the JR Kyushu Group's comprehensive strengths.

Corporate Governance Structure (as of July 1, 2024)



Audit and Supervisory Committee

The Audit and Supervisory Committee receives reports on important matters related to audits, holds discussions, and passes resolutions. The Audit and Supervisory Committee meets once a month, as a general rule, and holds extraordinary meetings when necessary. Our Audit and Supervisory Committee comprises four members (three of whom are Independent Outside Directors), who perform duties such as auditing Directors' work.

Nomination and Compensation Advisory Committee

JR Kyushu has established the Nomination and Compensation Advisory Committee, which serves as an advisory body to the Board of Directors. The committee comprises five independent outside directors and one inside director, and is chaired by an independent outside director. In regard to the appointment and dismissal of directors and the compensation of corporate directors, decisions are made by the Board of Directors with consideration for reports from the Nomination and Compensation Advisory Committee. At this fiscal year's meetings of the Nomination and Compensation Advisory Committee, members discussed the appointment of Directors and Senior Executive Officers, as well as executive officer compensation and skill sets.

The main activities of outside directors during the fiscal year under review are as follows.

Positions	Name	Meetings attended		
		Board of Directors	Audit and Supervisory Committee	Nomination and Compensation Advisory Committee
Directors	Toshihide Ichikawa	12/12	—	8/8
	Kuniko Muramatsu	12/12	—	8/8
	Hitomi Yamamoto	12/12	—	8/8
	Takashi Tanaka	10/10	—	6/6
	Hiroshi Ogasawara	10/10	—	6/6
Directors (Audit and Supervisory Committee members)	Koji Otabe	12/12	13/13	—
	Yasunori Eto	12/12	13/13	—
	Hiromi Fujita	12/12	13/13	—

Takashi Tanaka and Hiroshi Ogasawara were newly appointed at the 36 th Annual General Meeting of Shareholders on June 23, 2023, the number of Board of Directors meetings and Nomination and Compensation Advisory Committee meetings held differs from other Directors.

Message from the Chairpersons of the Board of Directors, Audit and Supervisory Committee and Nomination and Compensation Advisory Committee

Chairperson of the Board of Directors Representative Director and Chairperson
Toshihiko Aoyagi



The Company's Board of Directors comprises Inside Directors who are well versed in the Company's operations and multiple Outside Directors with a wide range of experience and knowledge. These directors bring diverse opinions to each discussion. Independent Outside Directors make up the majority of the Board of Directors, who provide effective monitoring and supervision from an independent position.

Each year, the Board of Directors assesses its effectiveness. In the previous fiscal year, this was done by a third-party institution, which conducted a questionnaire, one-on-one interviews and observations of Board of Directors' meetings. Overall, the Board of Directors was found to be functioning effectively. As a new initiative, some time was set aside at the Board of Directors' meeting to discuss issues that were detected in the effectiveness evaluation and initiatives for the next fiscal year. Details are provided in this Integrated Report, so please review them.

P.101 Effectiveness of the Board of Directors

I myself will consciously encourage free discussion at Board of Directors' meetings and endeavor to invigorate Board of Directors' meetings through in-depth discussion from both a short term perspective and a medium to long term perspective. As Chairperson, I will lead the invigoration of the Board of Directors and carry out ongoing PDCA cycles for initiatives to address issues found in the effectiveness evaluation and, in doing so, improve our corporate value.

Chairperson of Audit and Supervisory Committee Director, Audit and Supervisory Committee member
Koji Otabe



Audits for the fiscal year ended March 2024 focused on elements such as the Medium-Term Business Plan and Group governance initiatives. Working closely with the internal Auditing Department, Group companies' auditors and accounting auditors, I conducted site visits, interviews and exchanges of opinions with the Representative Directors and Outside Directors, endeavoring to uncover issues and risks in the Group's management from various perspectives, such as whether moves like the implementation of company strategies or expansion of the Group have created new risks, and gave advice and the like.

As an Outside Director, I strive to give advice that reflects the knowledge I have developed so far in areas like legal affairs, risk management and cybersecurity measures. The Company has a culture that enables me to state my opinions without holding back.

I also place importance on free discussion in Audit and Supervisory Committee meetings.

We're in what has been called the era of VUCA, and now more than ever, we need to keep a sharp eye on changes and take measures before risks materialize. I want to do all I can to conduct audits that help to increase our risk sensitivity and improve our corporate value.

Chairperson of Nomination and Compensation Advisory Committee Outside Director
Toshihide Ichikawa



From the time I was appointed as Chairperson of the Nomination and Compensation Advisory Committee in June 2021, the committee members and I have actively exchanged opinions on the appointment of directors and other executives and the level and format of their compensation, paying attention to trends in society.

In terms of appointment of officers, the changing of our Representative Director and President was a major turning point. Other major topics of discussion were our ongoing effort to appoint women as officers and the ratio of Inside and Outside Directors.

We actively disclosed our officers' skill matrixes, as we have done before, and the committee extensively discussed the knowledge that future officers need to possess in order to carry out the work that will be needed, and relayed this to the Board of Directors. In terms of compensation, we discussed suitable levels of compensation based on the size of the Group, the weight of the Group's social responsibility, and industry trends. We encouraged the implementation of a performance-based compensation system and then realized this system.

In future, I think that we will need to be more conscious of elements such as ESG and transition to a compensation system that will be suitable for the next Medium-Term Business Plan starting in the fiscal year ending March 2026.

Note: Outside Director Ichikawa resigned upon the conclusion of the 37th Annual General Meeting of Shareholders held on June 21, 2024.

Remuneration for Directors

Policy, etc. concerning decisions on the details of remuneration, etc. for officers, etc.

The Board of Directors of the Group resolved the decision policy regarding the details of remuneration, etc. for individual officers at the meeting held on May 10, 2022. Upon the said resolution by the Board of Directors, the Board had consulted the Nomination and Compensation Advisory Committee regarding the content of the resolution and received the report of the latter's findings.

Basic policy concerning the determination of remuneration and the Company's view on remuneration level

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

Remuneration system for Directors (except Outside Directors and Directors who are Audit and Supervisory Committee members)

			Structure of system	Notes
Remuneration structure (annual short-term remuneration)			Basic remuneration: remuneration linked to business performance (monetary remuneration + share-based remuneration) = 8:2	Monetary remuneration is given to incentivize ongoing accomplishment of numerical targets for each business year
Linked to business performance				
Monetary remuneration	Performance-linked KPIs (short-term incentives)		Annual consolidated operating income	Evaluation index of 0.0-2.0 based on accomplishment (standard score 1.0, maximum 10% of basic remuneration)
	Time of payment		Paid monthly for duration of role	—
Share-based remuneration	Fixed remuneration		Paid according to position (no change)	Fixed share-based remuneration also needed in order to share profits and losses with shareholders
	Performance-linked KPIs	Short-term incentives	Annual consolidated operating income (no change)	Multiplied by evaluation index of 0.0-2.0 based on accomplishment (standard score 1.0)
		Long-term incentives	TSR for the period of the Medium-Term Business Plan (relative to industry competitors)	Multiplied by evaluation index of 0.0-2.0 based on ranking among competitors (standard score 1.0)
		Non-financial (long-term incentives)	Results of employee awareness survey during the period of the Medium-Term Business Plan	Maximum of 5% of the above long-term incentives added
	Time of payment		On leaving role as director (no change)	—

Composition of remuneration

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

Remuneration for directors comprises basic remuneration at the fixed amount and performance-linked remuneration. Performance-linked remuneration consists of monetary remuneration that fluctuates according to corporate performance, etc. and share-based remuneration. Performance-linked remuneration functions as a short-term and long-term incentive for improving business performance and corporate value. For Directors (except Outside Directors and Directors who are Audit and Supervisory Committee members), performance-linked remuneration does not exceed roughly 20% of the total remuneration.

(i) Performance-linked remuneration (monetary remuneration)

Consolidated operating income for each fiscal year shall be set as a key performance indicator (KPI) for steadily improving results toward the goal of achieving targets set for each fiscal year.

(ii) Performance-linked remuneration (share-based remuneration)

Consolidated operating income for each fiscal year shall be set as a KPI for performance-linked remuneration (share-based) in the short term. In the medium to long term, an index based on a rank shall be set for share-based remuneration, comparing the Company's total shareholder return (TSR) with TSR of competitors in the period of the Medium-Term Business Plan (three fiscal years).

By further clarifying the way in which remuneration for corporate directors is linked to business performance and the value of Company shares, the objective is to ensure that both the benefits of higher share prices and the risks of falling share prices are shared with shareholders, thereby further strengthening the motivation for directors to contribute to improvements in business performance and corporate value over the medium to long term.

Furthermore, incentives adopting employee awareness survey findings as evaluation items shall be set to quantitatively assess the degree of personnel strategy realization.

Basic remuneration and performance-linked remuneration (monetary remuneration) are paid monthly during a director's term of office. Performance-linked remuneration (share-based remuneration) is paid when a director retires.

Outside Directors and Directors who are Audit and Supervisory Committee Members

In consideration of their responsibilities, the remuneration of Outside Directors and Directors who are Audit and Supervisory Committee Members consists of basic remuneration only.

Methods of calculating performance-linked remuneration

Method of calculating performance-linked remuneration (monetary remuneration)

Remuneration shall be provided with 10% of basic remuneration at the fixed amount as the upper limit by varying the amount of remuneration by the index of 0.0 to 2.0 (1.0 set as a standard) according to the degree to which the consolidated operating income target for each fiscal year is achieved.

Method of calculating performance-linked remuneration (share-based remuneration)

Short-term incentives in share-based remuneration are calculated with the use of a coefficient ranging from 0.0 to 2.0 (1.0 set as a standard) that corresponds to the degree to which the consolidated operating income target for each fiscal year is achieved. Long-term incentives are calculated with the use of an index ranging from 0.0 to 2.0 (1.0 set as a standard) that corresponds to a rank obtained by comparing the Company's TSR with TSR of competitors in the period of the Medium-Term Business Plan (three fiscal years).

Points up to 5% of the long-term incentives explained above are added, taking into consideration improvements in employee awareness survey findings in the three fiscal years from April 2022 to March 2025 (linked to the period of the Medium-Term Business Plan). Points will not be added or subtracted if no improvement is made.

The number of Company shares to be provided to each director is calculated by multiplying the number of points granted to a director by 1.0.

Limits on officers' remuneration

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

In addition, with regard to performance-linked share-based remuneration plan "Board Benefit Trust," it was resolved at the 35th Annual General Meeting of Shareholders held on June 23, 2022 that the Company contribute funds to the trust up to ¥600 million (¥390 million of which is for directors), apart from the above amount of remuneration, over three fiscal years as funds for the acquisition of shares to be provided in the future. As of the closing of the 35th Annual General Meeting of Shareholders on June 23, 2022, there are six Directors.

The Company shall grant directors (excluding outside directors and directors who are Audit and Supervisory Committee members) a specified number points determined upon having given consideration to factors relating to respective fiscal years such as their positions based on the Rules on Provision of Shares to Officers, and the extent to which business performance has achieved the targets stipulated by the Medium-term Business Plan. Each point granted to the directors shall be converted into one common share of the Company at the time of the provision of the Company's Shares, etc. (in cases where the Company's shares become the subject of a share split, allotment of shares without contribution, or consolidation of shares, etc., the maximum number of points, accumulated number of points granted or the conversion rate shall be adjusted in a reasonable manner in proportion to the relevant ratio, etc.). The total number of points granted to directors in each fiscal year shall be up to 43,000.

Procedure for determining remuneration

When deciding remuneration for Directors (excluding Directors who are Audit and Supervisory Committee members), the Nomination and Compensation Advisory Committee, a committee chaired by an Independent Outside Director and comprising five Independent Outside Directors and one internal Director, reports to the Board of Directors and remuneration within the scope of the total amount decided at the General Meeting of Shareholders is decided by the President and CEO with approval from the Board of Directors. Authority is delegated to the President because the President is deemed the most suitable for evaluating each Director while taking a broad overview of the Company's business performance as a whole.

Remuneration for Directors who are Audit and Supervisory Committee members is determined through discussion among directors who are Audit and Supervisory Committee members, within the total value limits imposed by the resolution of the General Meeting of Shareholders.

The Nomination and Compensation Advisory Committee is chaired by an Outside Director, and at least half of its members are Outside Directors. The Committee engages in discussions with respect to policies on determining the specifics of remuneration for Directors, etc., and the remuneration specifics for individual Directors, etc., and accordingly plays a role in enhancing fairness and objectivity with respect to remuneration.

Total remuneration for directors, etc. (FY2024/3)

(millions of yen)

Category	Number of directors paid (Number of people)	Total amount of remuneration	Total amount of remuneration, etc., by type		
			Basic remuneration	Performance-linked remuneration (monetary remuneration)	Performance-linked remuneration (share-based remuneration)
Directors (excluding Audit & Supervisory Committee members) (Outside Directors)	14 (7)	360 (36)	301 (36)	13	44
Directors (Audit & Supervisory Committee Members) (Outside Directors)	4 (3)	79 (46)	79 (46)	—	—
Total	18 (10)	439 (82)	381 (82)	13	44

1. The above amounts include compensation paid during the term of office of three directors who resigned at the conclusion of the 36th Annual General Meeting of Shareholders held on June 23, 2023.
2. The Company abolished the retirement bonus program for officers at the conclusion of the 29th Annual General Meeting of Shareholders held on June 21, 2016. For the Directors and corporate auditors who remained in office after the conclusion of the said Annual General Meeting of Shareholders, it was decided that payments of retirement benefits corresponding to their respective periods in office up to the abolishment of the retirement benefits payment system are to be made when the respective individual retires.

Effectiveness of the Board of Directors

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

Between October and December 2023, we asked a third-party institution to conduct a survey consisting of a questionnaire for all directors to complete, individual interviews, and observations of Board of Directors' meetings. Thereafter, we analyzed and evaluated the effectiveness of the Board of Directors at a meeting of the Board of Directors and discussed issues identified in the effectiveness evaluation.

Overview of results

(1) Conclusion

The overall evaluation was that the Board of Directors is functioning effectively.

(2) Evaluation process

(i) Persons evaluated: All directors

(ii) Evaluation method: Survey conducted through anonymous questionnaire administered by a third-party institution, individual interviews, observations of Board of Directors' meetings

(iii) Evaluation items: The major categories of the questionnaire were as follows.

- I Composition and management of the Board of Directors
- II Management and business strategies
- III Corporate ethics and risk management
- IV Monitoring of results and evaluation and remuneration of management
- V Dialog with shareholders, etc.

(3) Progress, etc. in relation to issues recognized in the FY2023/3 effectiveness evaluation

Evaluation items	FY2023/3 issues P	FY2024/3 initiatives D	Evaluation C	Future initiatives A
I Composition and management of the Board of Directors	Consider reviewing the requirements for agenda items for the Board of Directors.	Hold discussions on agenda items for the Board of Directors so that items to be discussed are appropriately included in the agenda.	Requirements were revised to ensure that matters that need to be discussed at Board of Directors' meetings are suitably included in the agenda, e.g. revising the investment amount that requires discussion by the Board of Directors.	Assess points such as whether the Board of Directors' revisions of the requirements were suitable and revise the requirements in a timely and appropriate manner.
II Management and business strategies	Reporting on progress on the Medium-Term Business Plan.	Report to the Board of Directors on the progress of the Medium-Term Business Plan in a timely and appropriate manner.	The Board of Directors ascertained progress on key strategies and financial and nonfinancial KPIs in the Medium-Term Business Plan and discussed how to achieve the targets.	Report to the Board of Directors on the progress of the Medium-Term Business Plan.
	Further enhancement of reporting on initiatives to improve corporate value through DX.	Report to the Board of Directors on the progress of the JR Kyushu Group DX Strategy 2022-2024 and other matters regarding DX promotion in a timely and appropriate manner.	The JR Kyushu Group DX Strategy 2022-2024 was reported on in a timely and appropriate manner and matters such as the progress on DX strategies and development of personnel were discussed.	Report on initiatives to improve corporate value through DX in a timely and appropriate manner.
IV Evaluation and remuneration of management	Further enhancement of reporting on matters such as decisions made by the Nomination and Compensation Advisory Committee.	Report to the Board of Directors on the agenda, etc. of the Nomination and Compensation Advisory Committee in a timely and appropriate manner.	The Nomination and Compensation Advisory Committee's topics of discussion, etc. were reported at Board of Directors' meetings in a timely and appropriate manner.	Report to the Board of Directors on the agenda, etc. of the Nomination and Compensation Advisory Committee in a timely and appropriate manner.

*As shown in the table above, the Company will strive to improve corporate value by repeating the PDCA cycle every year.

(4) Major issues recognized in the FY2024/3 effectiveness evaluation and initiatives for FY2025/3

Evaluation items	FY2024/3 issues P	FY2025/3 initiatives D
III Corporate ethics and risk management	More in-depth governance of Group companies is needed.	Interviews by Directors with companies, etc. that have recently joined the Group to improve corporate value.
IV Monitoring of results and evaluation and remuneration of management	Supervision of the execution of the CEO succession plan is needed.	Report to the Board of Directors in a timely and appropriate manner about the status of execution of the CEO succession plan, e.g. ongoing discussions by the Nomination and Compensation Advisory Committee.
	Supervision of development of management personnel is needed.	Report to the Board of Directors as and when necessary about progress on human resources strategies, e.g. development of management personnel.

Auditing

Auditing by the Audit and Supervisory Committee

Our Audit and Supervisory Committee has four members, three of whom are outside directors. In addition to members with legal expertise, we appoint members with sufficient expertise on finance and accounting. Below are details on the attendance of each member of the Audit and Supervisory Committee in the fiscal year ended March 2024.

	Name	Attendance rate (attendance / total number of meetings)
Full-time member	Koji Otabe (outside)	13/13(100%)
	Koji Higashi	13/13(100%)
Parttime member	Yasunori Eto (outside)	13/13(100%)
	Hiromi Fujita (outside)	13/13(100%)

Our Audit and Supervisory Committee meetings are used for purposes such as formulating audit plans, creating audit reports, inquiring about the progress of directors' work, and facilitating discussion with the President and outside directors. The key elements of the audit for the fiscal year ended March 2024 were the Company's initiatives for business policy in the fiscal year ended March 2024, its Safety / Service initiatives and its Status of Group Governance.

Our Audit and Supervisory Committee implemented 11 resolutions and 25 reports during the fiscal year under review. Decisions were on matters such as audit plans, audit reports and the reappointment of accounting auditors. Reports were on matters such as the results of audits by the Audit and Supervisory Committee, plans and results for internal audits, and reports on activities by full-time members of the Audit and Supervisory Committee.

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

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

The key assessment matters (KAM) for our audits were discussed with our account auditors, who reported on the status of the audits and provided explanations where necessary.

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

Internal auditing

JR Kyushu has established an Auditing Department at its head office to serve as an institution for conducting internal audits. The department consists of 11 members. Internal audits are carried out for the purpose of gaining an accurate understanding of the management activities of JR Kyushu and its group companies as well as for improving operational efficiency through appropriate advice and recommendations and contributing to sound business development. Specifically, the Auditing Department carries out audits of the head office, branch offices, on-site operations, and group companies based on auditing plans for each fiscal year. The results are reported to the President and CEO and twice a year (every 6 months) the results are compiled and reported to the Board of Directors by the President and CEO, as the Director in charge, and to the Audit and Supervisory Committee by the head of the Auditing Department.

Three meetings were held between the Audit and Supervisory Committee, internal auditors, and account auditors in the fiscal year ended March 2024 to facilitate a strong working relationship between the three parties and share information on audit plans, methods, and results. Additional communication also takes place as necessary between the Audit and Supervisory Committee and the accounting auditor and between the Audit and Supervisory Committee and the internal auditing department to share the necessary information and discuss various matters, enabling more in-depth auditing by all parties involved.

Status of shareholding

Standards and principles for classification of investment shares

Investment shares held for the purpose of pure investment are those held in order to receive gains from fluctuations in the value of the shares and dividends associated with the shares. Other shares are classified as investment shares held for purposes other than pure investment (cross-shareholdings policy). These are held according to the following shareholding policy.

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

Given its long-term vision of taking on challenges involving new mobility services (MaaS), the Company believes that the notion of achieving sustainable growth of the Group, beginning with the railway business, requires partner companies with which it is possible to maintain cooperative relationships in the long run without being susceptible to factors such as shortterm economic developments. Based on this approach, in

cases where it is judged that they contribute to increases in corporate value over the medium to long term from such perspectives as ongoing business operations, or the expansion of earnings through the strengthening of business alliances and relationships, the Company engages in cross-shareholdings,but works to reduce cross-shareholdings for which the rationale for holding is no longer sufficient.

On an annual basis, the Board of Directors assesses whether or not to hold individual cross-shareholdings,examining factors such as whether the purpose of maintaining the holdings is appropriate in terms of achieving the long-term vision, and also whether gains

associated with the holdings cover the Company's cost of capital, or otherwise whether there are prospects for future improvement. As a result,transferee selection and specific consultation, etc. to prepare for sale will take place with regards to unnecessary cross-held shares.

Furthermore , during the fiscal year under review , at a meeting held in August 2023,the Board of Directors conducted assessments of whether to hold individual cross-shareholdings based on the above policy and decided to engage in initiatives to reduce those for which the rationale for continued holding is no longer sufficient.

With respect to exercising voting rights of its crossshareholdings, the Company casts opposing votes when there are concerns regarding corporate governance, and otherwise exercises its voting rights upon giving consideration as to whether or not a proposal will contribute to enabling growth of the entity concerned, improving its corporate value, or otherwise.

Where a partner company holding the Company's shares as cross-shareholdings expresses a desire to sell those shares, the Company will not allow prevention of the sale of those shares, such as by implying that it will reduce trading with the partner company.

Investment shares held for purposes other than pure investment

	Number of issues	Total amounts in balance sheet (millions of yen)
Unlisted shares	25	1,713
Shares other than unlisted shares	13	27,163

(Reference) Ratio of net assets for the whole JR Kyushu Group: 6.53%

Issues for which the number of shares increased in FY2024/3

	Number of issues	Total acquisition cost related to the increase in the number of shares (millions of yen)	Reasons for the increase in the number of shares
Unlisted shares	—	—	—
Shares other than unlisted shares	—	—	—

Issues for which the number of shares decreased in FY2024/3

	Number of issues	Total sale value related to the decrease in the number of shares (millions of yen)
Unlisted shares	3	527
Shares other than unlisted shares	—	—

Number of shares per specified investment stock issue, total amounts in balance sheet, etc.

Issue	Fiscal year ended March 2024	Fiscal year ended March 2023
	Number of shares	Number of shares
	Total amounts in balance sheet (millions of yen)	Total amounts in balance sheet (millions of yen)
Central Japan Railway Company	1,691,000	338,200
	6,300	5,346
East Japan Railway Company	707,800	707,800
	6,198	5,191
KYUDENKO CORPORATION	887,800	887,800
	5,654	2,987
West Japan Railway Company	810,400	810,400
	5,084	4,422
Nishi-Nippon Railroad Co., Ltd.	813,300	813,300
	2,048	1,945
ANA HOLDINGS INC.	246,600	246,600
	791	709
Kyushu Electric Power Company, Incorporated	418,700	418,700
	576	316
T&D Holdings, Inc.	59,950	59,950
	155	98
SAIBU GAS HOLDINGS CO., LTD.	72,400	72,400
	139	125
Fukuoka Financial Group, Inc.	23,650	23,650
	95	60
Mizuho Financial Group, Inc.	21,200	21,200
	64	39
Dai-ichi Life Holdings, Inc.	9,700	9,700
	37	23
Nishi-Nippon Financial Holdings, Inc.	8,493	8,493
	16	9

Sound Corporate Management — Risk management, compliance —

Initiatives to improve information security

We are conscious of the importance of addressing information security risks, and are taking various measures to address internal and external threats that are anticipated. For our Group companies, we are building a common security platform to integrate ICT infrastructure such as networks and servers, and are taking measures to address various security risks, including in our supply chain. We are also continuously providing education and training, including security education and training on targeted emails for our Group companies, to improve employees' awareness of information security.

Specific initiatives

- Blocking, detection and handling of suspicious communication from outside sources
- Safety checks of incoming emails
- Measures against vulnerabilities in IT devices such as computers and servers
- Collection of information through cooperations with external institutions, etc.

Handling of ransomware

Damage from unauthorized access by ransomware spiked around the world in the fiscal year ended March 2024. Because systems are often infected by ransomware via 1) e-mail, 2) VPN (Virtual Private Network) devices, or 3) sites disclosed to the public, we strive to improve our level of security and educate our employees so that unauthorized access can be prevented before it occurs.

❶ Emails

Since 2023, we have been discontinuing the use of password-encrypted email attachments (PPAP). We also held multiple training sessions about targeted emails for all employees in the JR Kyushu Group to raise awareness about security among employees and ensure that they will not open suspicious emails.

❷ VPN devices

We conduct vulnerability diagnoses and on-site inspections, and take measures for vulnerabilities discovered. Furthermore,we enhance our operation in terms of vulnerability response by applying security patches upon conducting a risk evaluation.

❸ Sites disclosed to the public

We also periodically conduct vulnerability analyses on sites disclosed to the public and formulate guidelines for building public sites, which clarify the required security measures and ensure that the approval process is followed when publishing the sites.

In order to improve the ability to respond to incidents when they occur, we conducted incident drills assuming ransomware damage. We will further enhance our security measures to enable the early detection of risks and rapid response to incidents, so that we can respond to the threat of more sophisticated cyberattacks.



Reports on completion of vulnerability diagnostics

Building of an information security framework

To strengthen security measures throughout the JR Kyushu Group, we set up a CSIRT in March 2019 to carry out systematic pre-emptive initiatives for information security incidents. Information is gathered and shared and training is conducted during normal operations so that our employees can respond quickly in the event of an incident.

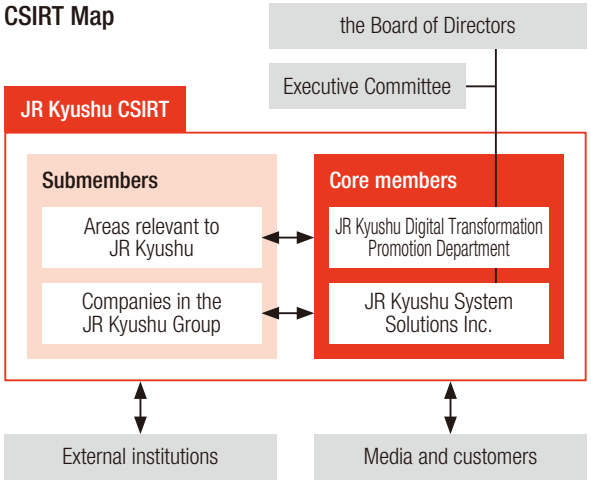
In addition, the status of implementation of information security measures, etc. is reported to Executive Committee and the Board of Directors.

Overview of CSIRT

CSIRT (Computer Security Incident Response Team)

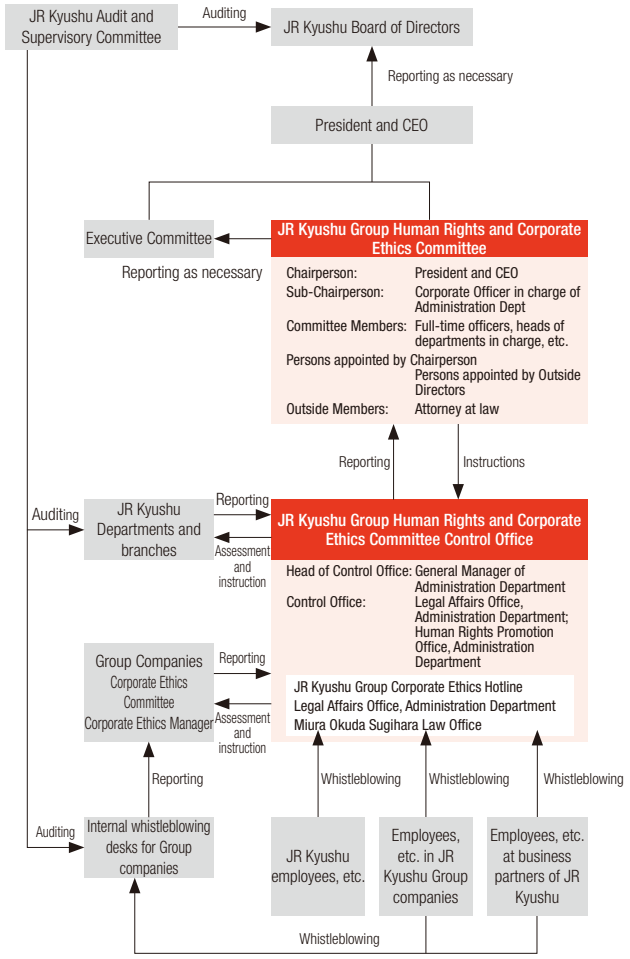
Name	JR Kyushu CSIRT (JRQ-CSIRT)
Scope	JR Kyushu and other companies in the JR Kyushu Group
Role	● Clear communication about incident report desk to ensure early notification of incidents ● Rapid response and support in the event of an incident ● Information gathering, timely warnings, and security training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

CSIRT Map



Corporate ethics initiatives

Human Rights and Corporate Ethics Framework Map
(as of April 1, 2024)



JR Kyushu Group Human Rights Corporate Ethics Committee

The JR Kyushu Group Corporate Ethics Committee, chaired by the President of JR Kyushu, was formed in 2004 to establish the corporate ethics of the JR Kyushu Group and adjudicate on matters necessary to ensure full compliance with laws and regulations. We have had outside directors with a high level of knowledge on corporate ethics participate as observers.

Additionally, with consciousness of human rights and corporate ethics growing among consumers and investors, we established the JR Kyushu Group Human Rights and Corporate Ethics Committee on April 1, 2023 to facilitate Group-wide measures, consultations, education, instruction, policies and improvements with regard to human rights and corporate ethics. Matters reported to the JR Kyushu Group Corporate Ethics Hotline will be reported to the JR Kyushu Group Human Rights and Corporate Ethics Committee within a scope that does not violate legal confidentiality requirements.

Internal Whistleblowing System

We have established the JR Kyushu Group Corporate Ethics Hotline in both JR Kyushu and an external law office to handle consultations in the Group according to the Whistleblower Protection Act. The hotline can be used by anyone in the JR Kyushu Group or its business partners to report any concerns about business operations or an individual's actions from a corporate ethics or legal perspective. Information provided by whistleblowers will be kept in strict confidence. Whistleblowers will not be treated unfairly on the basis of requesting a consultation.

Consultations have increased in recent years. These are handled appropriately by the consultation desk. Many consultations tend to be about harassment and labor issues.

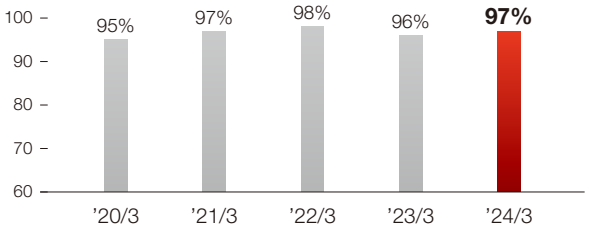
Number of reports through the hotline by year

Fiscal year	'20/3	'21/3	'22/3	'23/3	'24/3
Number of reports	56 cases	65 cases	73 cases	74 cases	95 cases

Results of corporate ethics awareness survey

The results of the awareness survey given to JR Kyushu employees in the fiscal year ended March 2024 showed that 97% of all JR Kyushu employees were aware of the JR Kyushu Group Corporate Ethics Hotline. There continues to be a high level of awareness about the JR Kyushu Group Corporate Ethics Hotline, but awareness has decreased in some age groups and departments. More thorough education and communication is taking place.

Ratio of employees who said that they knew about the JR Kyushu Group Corporate Ethics Hotline



Declaration on Prevention of Corruption

Under the JR Kyushu Group Code of Ethics, we recognize the prohibition of bribery and other corruption as an element of fair business activities, and are working to prevent such activities.

In light of the expansion of the JR Kyushu Group's business domain, we established the JR Kyushu Group Declaration on Prevention of Corruption in the fiscal year ended March 2024 and published it on our website to reflect the sincere efforts of the JR Kyushu Group's officers and employees to meet the expectations of our customers, business partners, and wider society.

Education and training on corporate ethics

JR Kyushu Group Human Rights and Corporate Ethics Handbook

In the fiscal year ended March 2024, we created the JR Kyushu Group Human Rights and Corporate Ethics Handbook, which integrates our previous handbooks on human rights and corporate ethics, to ensure consistency between our previously discrete initiatives on human rights and corporate ethics.

This handbook states the basic principles of each item of the JR Kyushu Group Code of Ethics, including a declaration on creating workplaces that prevent harassment, a caution against cartels and collusion, and a declaration on prevention of corruption. Around 25,000 copies of the JR Kyushu Group Human Rights and Corporate Ethics Handbook were made and distributed to all employees, including those at Group companies.



The Group utilizes this handbook in all training and other measures related to corporate ethics, and is working to improve employees' understanding of corporate ethics.

A month for strengthening corporate ethics

Since the fiscal year ended March 2019, the JR Kyushu Group has designated October as a month for strengthening corporate ethics. The following initiatives are carried out.

- Dissemination of messages from the President
- Seminars by guest speakers for officers and employees
- E-learning for all employees
- Interviews with Group companies on compliance risks

Seminar on compliance for directors

In October 2023, we conducted training for executives of the Company and representative directors of Group companies. A guest speaker (an attorney) who is versed in matters such as corporate crisis management cases spoke on how to increase sensitivity to compliance risks.

Main topics

- Compliance risks in the Group's management from the perspective of the Medium-Term Business Plan
- Increasing sensitivity to compliance risks in the Group's management

Training for all employees

All employees receive annual training on corporate ethics through methods such as e-learning based on the JR Kyushu Group Code of Ethics to ensure legal compliance by every employee. In the fiscal year ended March 2024, all employees received training on the following themes.

Themes

- Corporate ethics (social media, leaks of personal information, rules for posting, etc.)
- Harassment (case studies on abuse of power, how to handle it, etc.)

Abuse of power prevention seminars

We hold seminars for all managers of the Company and Group companies about prevention of abuse of power in response to recent factors such as a revision in the Act on the Comprehensive Promotion of Labour Policies and the recent increase in inquiries about these matters to the JR Kyushu Group Corporate Ethics Hotline. A consulting attorney of the Company gave the seminars as a guest speaker, citing specific cases to provide education centering on topics such as how to address abuses of power. In the fiscal year ended March 2024, 1,061 managers from the Company attended (64% of all managers). Including Group company managers, a total of 2,342 managers attended. We will continue to hold these seminars in the fiscal year ending March 2025 so that all managers can attend. In doing so, we aim to eliminate abuses of power.

Training and seminars held in the fiscal year ended March 2024

Seminars by guest speakers (including consulting attorney)	● Seminar for new directors ● JR Kyushu Group Seminar on Compliance for Directors ● Abuse of power prevention seminars
Seminars and workshops by Legal Affairs Office, Administration Dept.	● Corporate ethics training during training by position ● Corporate ethics training for Group companies ● Information Security Managers' meetings on personal information ● Training by e-learning (corporate ethics, harassment)



A seminar on compliance for directors

Sound Corporate Management — Enhancing Communication with Stakeholders —

Discussions with customers

We hold discussions with customers to find out their thoughts on the JR Kyushu Group. We hold two local meetings in eight regions around Kyushu, where customer advocates who are appointed for a year at a time share a variety of opinions. We also hold one central Discussion with Customers, where representatives from each region talk with our management.

In the fiscal year ended March 2024, in addition to meetings in our conference room, we offered visits such as trips on our Shinkansen and D&S Trains (tourist trains) and tours of our station buildings. These activities allow us to gather valuable feedback that we can use to improve the JR Kyushu Group's services and products, as well as allowing us to give customers a more in-depth understanding of the JR Kyushu Group.



Number of discussions with customers **17**

Exchanges of opinions between executives and employees

Number of feedback sessions **82**

See P.75 for details

Dialog with business partners

Our basic policies on procurement are published on our website to ensure that our trading partners understand and cooperate with them.

In the fiscal year ended March 2024, we held presentations to report the results of our ESG survey and explain human rights initiatives in the JR Kyushu Group to provide an in-depth understanding of our policies and make renewed requests for cooperation in fair business practices.

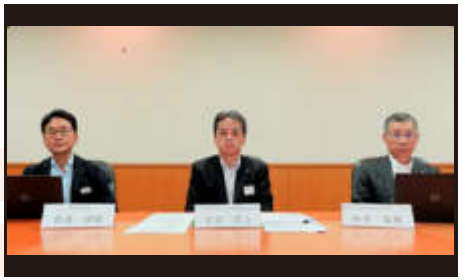
We are actively pursuing communication with our business partners via measures such as direct visits to business partners for interviews about quality control and ESG.



Dialog with shareholders and investors

JR Kyushu actively creates opportunities for dialog with shareholders and investors through venues such as the General Meeting of Shareholders, presentations of financial results, individual meetings between management and institutional investors, facility tours, and presentations for individual investors.

As COVID-19 was reclassified as a Class 5 infectious disease under the Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Diseases, presentations of financial results and presentations for individual investors took the form of both face-to-face meetings and online meetings in the fiscal year ended March 2024. In doing so, we were able to facilitate mutual communication by answering questions from shareholders and investors. These activities allow us to provide information on the JR Kyushu Group's businesses and growth strategies and hear various feedback. The feedback we receive is shared at meetings of our management team and Board of Directors and used to improve our management.



Number of discussions between management and institutional investors **66**

Number of discussions with institutional investors (total) **171**

Issue occurred at Group companies — Information on a serious safety issue at JR Kyushu Jet Ferry Inc. —

Please be aware that this information is correct as of September 3, 2024, and some details may change for reasons such as new facts coming to light through channels such as future investigations.

On August 9, 2024, we disclosed the occurrence of a serious safety issue at JR Kyushu Jet Ferry Inc., which operates the Queen Beetle.

In February 2024, an incursion of water into the vessel had been discovered but the company failed to report the matter to the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), nor did it record the issue in records such as the daily logbook for recording abnormalities or the maintenance log. Instead, the company created a separate management book for water incursions. Additionally, it was found that the position of an alarm sensor was moved in May 2024.

With regard to the details of these incidents, MLIT's audit is still in progress as of September 3, 2024, but we are aware that this is a serious incident that damages the public's trust in us. To uncover the truth about the incident and regain the public's trust, we have established a third-party committee containing only independent outside experts to conduct an objective and meticulous investigation and provide advice on how to prevent such an incident from reoccurring.

We would like to extend our sincere apologies to our customers and other stakeholders for the serious trouble and concerns this has caused.

* The third-party committee consists of three members, including an attorneys with expertise in maritime affairs and governance, and an expert in overall vessel safety and operation.

The JR Kyushu Group's response thus far

- Fact-finding interviews with JR Kyushu Jet Ferry Inc. to understand the cause of the problem, by JR Kyushu
- Decision to suspend Queen Beetle service for the time being starting August 13, 2024
- Emergency Group Presidents' meeting
- Group-wide message issued by President
- Replacement of Representative Director and President of JR Kyushu Jet Ferry Inc.
- Explanation of course of events at press conference
- Establishment of a third-party committee

Response going forward (TBD)

● Measures related to JR Kyushu Jet Ferry Inc.

Establishment of a project team by JR Kyushu and JR Kyushu Jet Ferry Inc. to establish a safety management system and implement permanent hardware measures for the hull.

● Measures related to the governance of the JR Kyushu Group

We will consider the ideal form of group governance in the future and make necessary improvements. The main measures envisaged as of September 3, 2024 are as follows.

- Establishment of safety officers and regular safety-related meetings at Group companies
- Changing the Group's auditing theme to "Safety" for the Auditing Department's audits in the second half of the fiscal year
- Re-Dissemination of whistle-blowing system (compliance training for all employees)
- Training for Group senior management (risks, duty of care of a good manager, etc.)
- Improvement of skills of auditors of group companies
- Providing guidance to companies with issues and creating a checking system

Detailed timeline

* Including information learned from interviews with JR Kyushu Jet Ferry Inc. as of September 3, 2024

2023	
February 11	The water incursion alarm in the bow section activated and water incursion was found in that section.
February 12	A crack was found in a diver's check. After taking short-term measures, JR Kyushu Jet Ferry Inc. continued to operate the ferry without reporting the matter to the Kyushu District Transport Bureau or JR Kyushu.
February 14	Upon visiting the Kyushu District Transport Bureau to explain the docking arrangements and repair plan, JR Kyushu Jet Ferry Inc. was ordered to receive an emergency inspection and cease operation of the ferry until the inspection was completed. This information was reported to JR Kyushu at the same time.
February 15	The matter was reported to the Japan Coast Guard.
February 15	The Ministry of Land, Infrastructure, Transport and Tourism audited JR Kyushu Jet Ferry Inc. (February 15-17)
February 23	The ferry was docked for emergency repairs.
March 1	The special inspection was completed.
March 3	A report on an analysis of the cause of the incident and future measures to be taken was submitted to the Director-General of MLIT's Maritime Bureau. MLIT approved resumption of operation of the ferry as JR Kyushu Jet Ferry Inc. had demonstrated a policy for short-term improvement.
March 5	Operation of the ferry resumed.
June 9	The ferry was docked for permanent repairs.
June 20	The permanent repairs were completed.
June 21	Operation of the ferry resumed.
June 23	JR Kyushu Jet Ferry Inc. received an order to ensure safe transportation from the Minister of Land, Infrastructure, Transport and Tourism.
July 20	JR Kyushu Jet Ferry Inc. submitted a report on improvements ("4 Pillars" of its Basic Policy for Ensuring Safety) to the Minister of Land, Infrastructure, Transport and Tourism.

2024	
January 4	Water incursion was found but no crack was found. JR Kyushu Jet Ferry Inc. reported the matter to the Kyushu District Transport Bureau and monitored the situation.
January 12	As the situation was not found to have improved, the Kyushu District Transport Bureau ordered JR Kyushu Jet Ferry Inc. to stop operating the ferry and receive a special inspection.
January 13	JR Kyushu Jet Ferry Inc. stopped operating the ferry and docked it (the ferry was docked from January 17.)
January 22	The special inspection was completed.
January 25	Operation of the ferry resumed.
February 12	A small water incursion was found but JR Kyushu Jet Ferry Inc. did not report it to the Kyushu District Transport Bureau.
February 12	JR Kyushu Jet Ferry Inc. created a management book for water incursions and filled it the volume of each water incursion that occurred subsequently, but wrote in records such as the daily logbook for recording abnormalities or the maintenance log that there were no abnormalities.
February 20	In a shell plating check by boat, a suspicious area was found above the waterline.
April 3	JR Kyushu Jet Ferry Inc. decided to dock the ferry from July 16 to carry out emergency measures at the dock.
May 27	In a check on arrival at Hakata Port, it was found that the water incursion had grown larger.
May 28	JR Kyushu Jet Ferry Inc. moved the alarm sensor upward so that the water incursion alarm would not activate. JR Kyushu Jet Ferry Inc. began arranging to move the docking date forward to early June.
May 30	The water incursion grew even larger and the water incursion alarm activated. JR Kyushu Jet Ferry Inc. reported the matter to the Kyushu District Transport Bureau.
May 30	JR Kyushu Jet Ferry Inc. stopped operating the ferry and docked it.
July 4	The special inspection was completed.
July 11	Operation of the ferry resumed.
August 6	MLIT audited JR Kyushu Jet Ferry Inc. After fact-finding interviews with crew, MLIT learned that the water incursion had not been reported to the Kyushu District Transport Bureau.
August 7	MLIT interviewed the President and Directors of JR Kyushu Jet Ferry Inc. JR Kyushu Jet Ferry Inc. reported the matter of the incident to JR Kyushu.

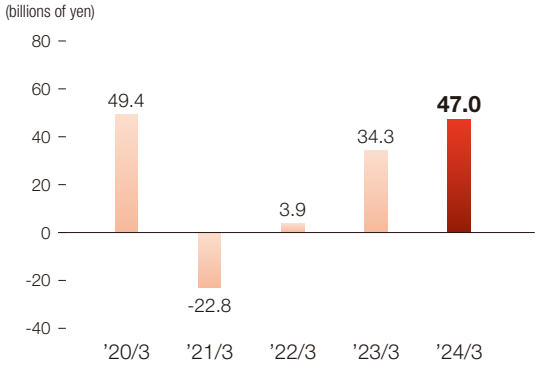


Data Section

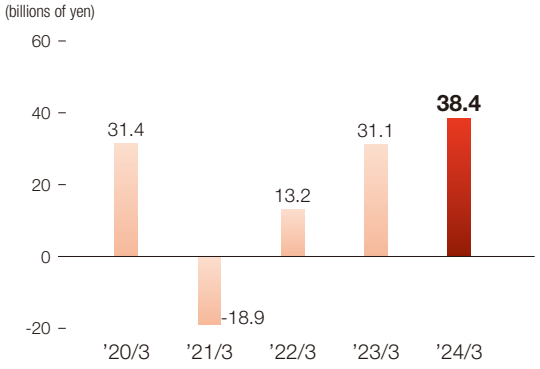
Financial Highlights
Non-financial Highlights
Financial Information
Segment Information
Investor Information
Consolidated Subsidiary Information

Financial Highlights

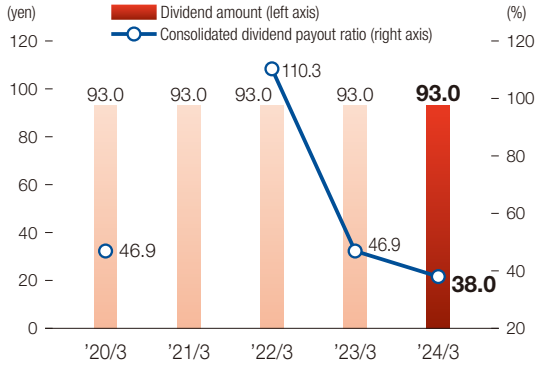
Operating Income Consolidated



Net Income (Loss) Attributable to Owners of the Parent Consolidated

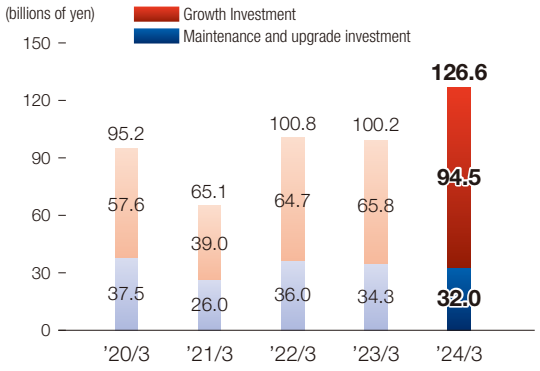


Dividends per Share / Consolidated Dividend Payout Ratio Consolidated

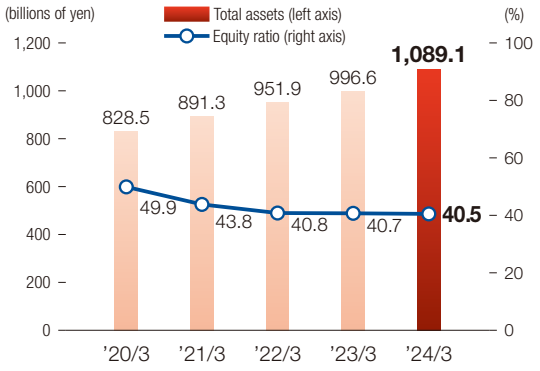


* In FY '20/3, shares in JR Kyushu (total of 2,698,400 shares with a total value of ¥9.9 billion) were acquired and canceled.

Capital Investment Amounts Consolidated



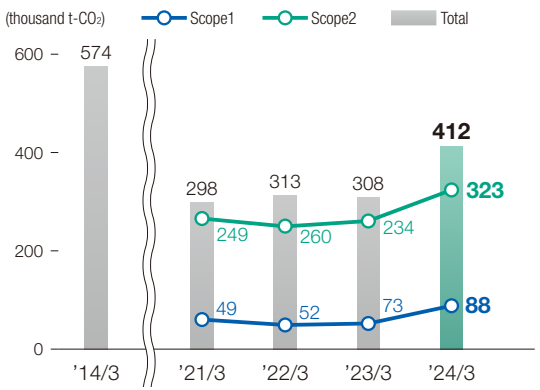
Total Assets / Equity Ratio Consolidated



Non-financial Highlights

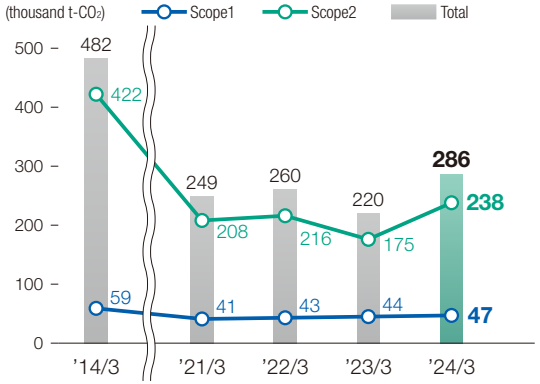
CO_2 Emissions

Consolidated



* The figures for '14/3 are the total CO_2 emissions
* In '23/3, the scope has been expanded to include all Japanese entities in the Group
* From '24/3, the scope has been expanded to include all in the Group

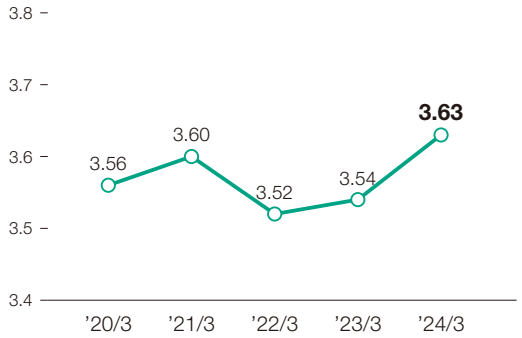
Non-Consolidated



* Independent third-party verified by SOCOTEC Certification Japan from '23/3.

General satisfaction in employee awareness survey

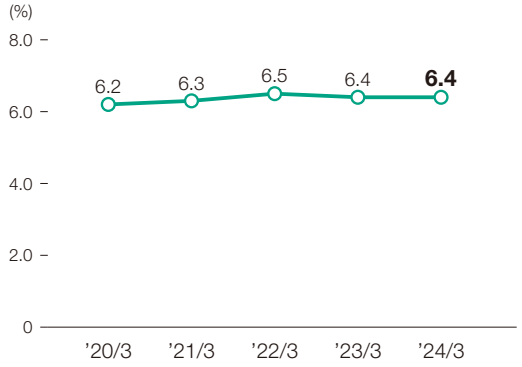
Non-Consolidated



* The upper limit of general satisfaction is set at 5.00

Ratio of Female Managers

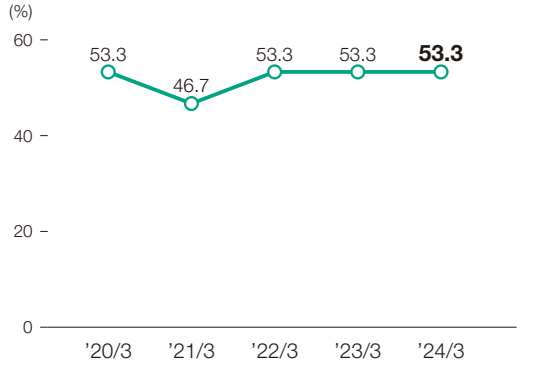
Non-Consolidated



* As of April 1st in the following fiscal year

Ratio of Independent Outside Directors

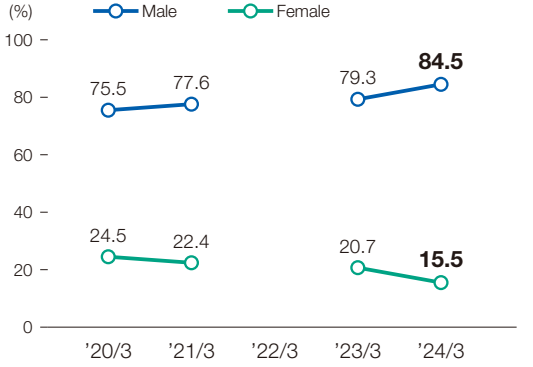
Non-Consolidated



* As of the end of June in the following fiscal year

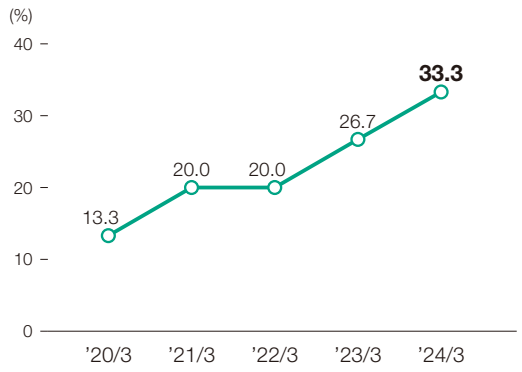
Ratio of new hires

Non-Consolidated



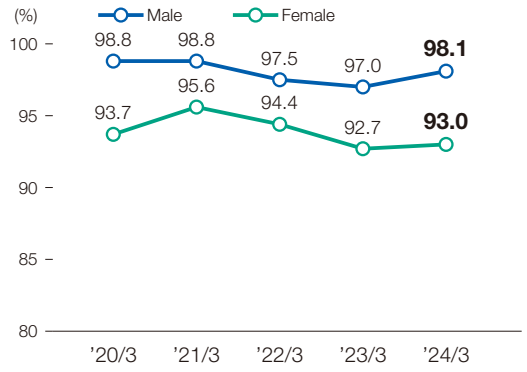
* None hired as new employees in the fiscal year ending March 2022

Ratio of Female Directors Non-Consolidated



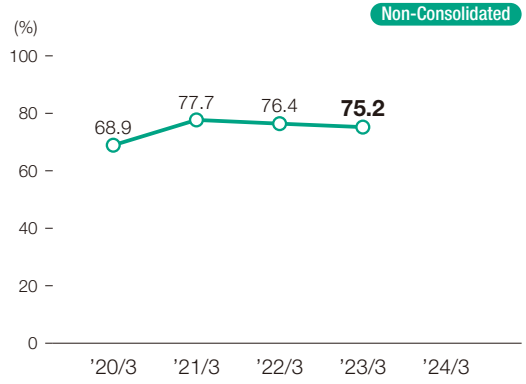
* As of the end of June in the following fiscal year

Employees retention rate Non-Consolidated



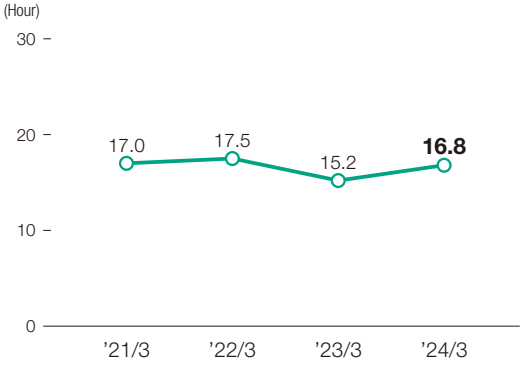
Employees retention rate = 1 - (Employees turnover rate)

Percentage of specified health counseling implemented Non-Consolidated

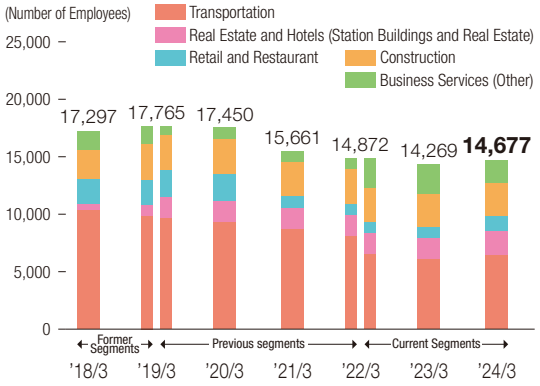


* Aggregation period : every year between October of one year to September of the following year

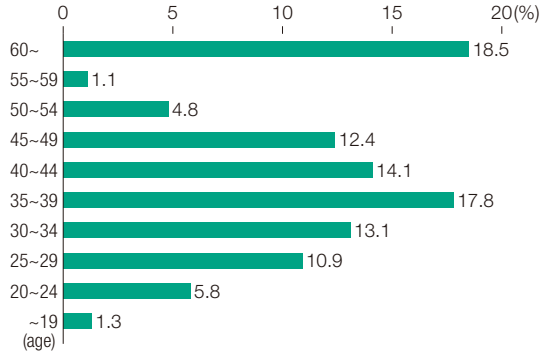
Hours of training per employee Non-Consolidated



Number of Employees Consolidated



Age Distribution of Employees Non-Consolidated



* As of April 1, 2024

Financial Information

CONSOLIDATED SUMMARY

(billions of yen)

	Former Segments			Current Segments		
	FY2020/3	FY2021/3	FY2022/3	FY2022/3	FY2023/3	FY2024/3
OPERATING REVENUES	432.6	293.9	329.5	329.5	383.2	**420.4**
Transportation Segment	173.7	95.2	108.9	104.2	138.3	**163.7**
Real Estate and Hotels Segment	90.7	80.1	110.5	113.7	123.1	**133.1**
Retail and Restaurant Segment	104.6	51.4	43.6	43.6	54.7	**61.7**
Construction Segment	99.3	96.5	95.7	92.9	88.3	**90.0**
Business Services Segment	72.1	63.6	60.0	69.5	73.4	**77.9**
OPERATING INCOME (LOSS)	49.4	(22.8)	3.9	3.9	34.3	**47.0**
Transportation Segment	19.8	(37.6)	(22.2)	(22.7)	2.5	**10.3**
Real Estate and Hotels Segment	19.1	9.9	17.9	18.0	22.1	**24.8**
Real estate lease	16.7	12.0	14.7	14.7	14.8	**15.8**
Real estate sale	1.5	2.6	6.1	6.2	6.2	**5.2**
Hotel	0.7	(4.7)	(2.9)	(2.9)	0.9	**3.6**
Retail and Restaurant Segment	2.8	(2.5)	(1.2)	(1.2)	1.4	**3.2**
Construction Segment	6.5	6.9	7.0	7.0	5.4	**5.9**
Business Services Segment	2.2	1.7	2.8	3.3	3.4	**3.8**
EBITDA	75.0	4.6	30.7	30.7	63.8	**80.0**
Transportation Segment	29.5	(26.5)	(13.6)	(14.1)	13.1	**22.3**
Real Estate and Hotels Segment	30.5	22.2	31.8	31.9	36.2	**40.8**
Retail and Restaurant Segment	4.4	(1.1)	0	0	2.7	**4.5**
Construction Segment	7.6	8.0	8.0	8.0	6.5	**7.0**
Business Services Segment	4.3	3.7	5.2	5.7	6.2	**6.8**
NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT	31.4	(18.9)	13.2		31.1	**38.4**
NET CASH PROVIDED BY OPERATING ACTIVITIES	60.4	(10.3)	56.4		62.0	**89.0**
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(76.9)	(53.9)	(95.7)		(97.5)	**(111.8)**
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	3.3	105.8	52.5		8.9	**32.2**
TOTAL ASSETS	828.5	891.3	951.9		996.6	**1,089.1**
TOTAL LIABILITIES	410.2	495.9	562.9		589.8	**646.8**
TOTAL EQUITY	418.2	395.4	389.0		406.8	**442.2**
PER SHARE FIGURES (YEN)						
Net Income (Loss)	198.16	(120.83)	84.34		198.36	**244.68**
Net Assets	2,630.51	2,483.43	2,471.60		2,584.35	**2,809.41**
Dividends	93.00	93.00	93.00		93.00	**93.00**
Stock Price (End of Period)	3,100	2,574	2,507		2,949	**3,543**
FINANCIAL RATIO (%)						
Equity Ratio	49.9	43.8	40.8		40.7	**40.5**
Operating Income to Operating Revenues	11.4	(7.8)	1.2		9.0	**11.2**
Payout Ratio	46.9	—	110.3		46.9	**38.0**
ROE	7.6	(4.7)	3.4		7.8	**9.1**
ROA	3.9	(2.2)	1.4		3.2	**3.7**
EBITDA margin	17.4	1.6	9.3		16.7	**19.1**
EBITDA Interest Bearing Debt Ratio	1.89	54.09	10.50		5.50	**5.00**
OTHERS						
Number of Passengers (Million)	337	251	267		296	**318**
Number of Employees	17,450	15,661	14,872		14,269	**14,677**
Number of Shares Outstanding (Thousand)	157,301	157,301	157,301		157,301	**157,301**

*1 Operating revenues, operating income or losses, and EBITDA for each segment are before cancellation of transactions between segments.

*2 EBITDA for each segment consists of operating income plus depreciation costs (prior to elimination of intersegment transactions, excluding depreciation costs associated with assets leased for the purpose of subleasing).

*3 Our Board Benefit Trust (BBT) was introduced from the fiscal year ended March 2020. When calculating the net assets per share from the fiscal year ended March 2020, common shares in JR Kyushu that were held in trust and recorded as treasury stock are included in the treasury stock deducted from the total issued shares at the end of the fiscal year. When calculating the net income or loss per share from the fiscal year ended March 2020, common shares in JR Kyushu that were held in trust and recorded as treasury stock are included in the treasury stock deducted from the average number of shares throughout the fiscal year.

*4 A dividend payout ratio is not indicated for the fiscal year ended March 2021, as there was a net loss that year.

*5 Standards such as our Accounting Standards for Revenue Recognition (Company Accounting Standard 29, March 31, 2020) were enacted from the beginning of the fiscal year ended March 2022. These accounting standards have been applied to key management indexes for the fiscal year ended March 2022 and beyond.

For consolidated financial summary data prior to the fiscal year ended March 2019, please refer to the following.

https://www.jrkyushu.co.jp/company/ir/file/Consolidated.xlsx

For non-consolidated financial summary data, please refer to the following.

https://www.jrkyushu.co.jp/company/ir/file/Non-Consolidated.xlsx

Financial status analysis

Total assets as of the end of the fiscal year ended March 2024 increased 9.3% compared to the previous fiscal yearend, to ¥1,089,170 million. Current assets were up 12.4% to ¥221,523 million due to factors such as an increase in accounts receivable.

Non-current assets increased 8.5% to ¥867,646 million due to factors such as increases in tangible fixed assets. Meanwhile, total liabilities increased 9.7% compared to the previous fiscal year-end, to ¥646,882 million. Current liabilities were up 14.8% to ¥224,266 million as a result of factors such as an increase in commercial paper. Non-current liabilities were up 7.1% to ¥422,616 million due to factors such as an increase in corporate bonds.

Furthermore, total net assets increased 8.7% compared to the previous fiscal year-end, to ¥442,287 million. This is due to factors such as increases in retained earnings.

Cash flows

Cash and cash equivalents at the end of the fiscal year ended March 2024 increased by ¥9.623 billion year-on-year to ¥61.907 billion.

Net cash provided in operating activities before income taxes increased by ¥26.947 billion year-on-year to ¥89.031 billion due to factors such as the increase of income before income taxes.

Net cash used in investment activities was ¥111.893 billion, up ¥14.312 billion year-on-year, due to an increase in spending on fixed assets and other factors.

Net cash provided by financing activities came to ¥32.252 billion, up ¥23.288 billion year-on-year as a result of factors such as an increase in commercial paper.

Dividend policy

We consider the return of profits to shareholders to be an important component of our business, and we place importance on the provision of stable shareholder returns over the long term. Over the period to the fiscal year ending March 2025, we are aiming for a consolidated dividend payout ratio of 35%, with a minimum dividend per share of ¥93.0. In addition, we are implementing treasury stock repurchases as the situation requires in order to increase capital efficiency.

The year-end dividend for the fiscal year under review was ¥93 per share based on a comprehensive assessment of business performance and other factors.

In addition, the Articles of Incorporation state that JR Kyushu may, by resolution of the Board of Directors, distribute interim dividends with a record date of September 30 of each year.

The decision-making bodies for the payment of dividends from retained earnings is the Board of Directors for interim dividends and the General Meeting of Shareholders for yearend dividends.

With regard to internal reserve, 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, by investing in maintenance, upgrades and growth of our railway and other facilities.

For the fiscal year under review , we chose to pay one dividend at the end of the fiscal year instead of including an interim dividend based on overall deliberations about our business results and financial situation, which are on the way to recovery.

Risk factors

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

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

However, it should be noted that this is not a comprehensive list of all risks related to JR Kyushu Group and its contents are based on the assessment of the JR Kyushu Group as of the end of the fiscal year ended March 2024.

Risk factors

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

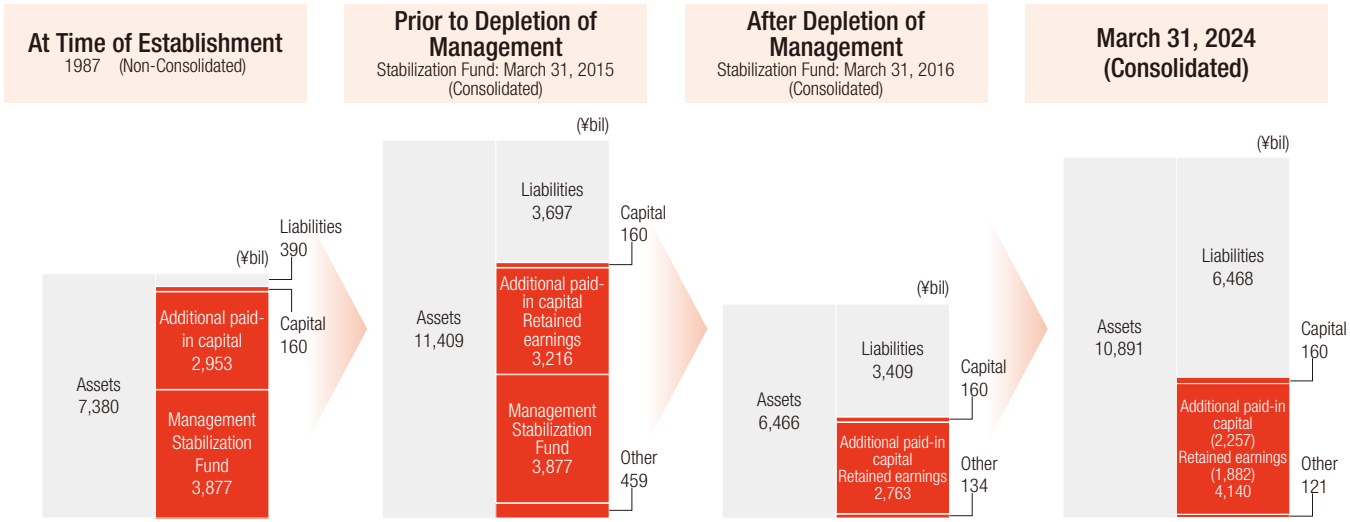
https://www.jrkyushu.co.jp/company/ir_eng/library/integrated_report/

Changes in Capital Structure

- Capital calculated as difference between assets and liabilities at time of privatization of Japanese National Railways in 1987
- JR Kyushu established with excessive levels of capital (additional paid-in capital) due to low levels of liabilities

  Note: The three JR companies on the Japanese mainland had limited capital due to inheriting liabilities from Japanese National Railways.
- Transfer of Shinkansen lease payments (prepaid expenses) and other expenses due to the reversal of the Management Stabilization Fund (¥387.7 billion) in March 2016
- Impairment of railroad business fixed assets due to reversal of the Management Stabilization Fund (Impairment loss of approx. 520 billion yen)

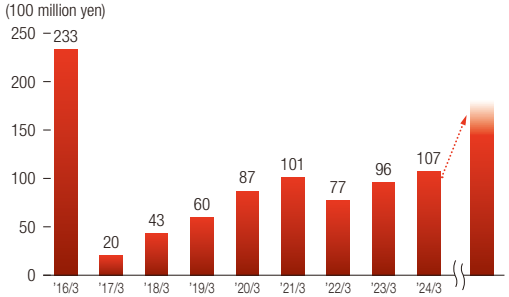
  ➡ Capital still higher than peers, despite decrease, as a result of circumstances surrounding establishment



Changes in Cost Structure

Depreciation Costs of the Railway Business

- 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 (excluding rolling stocks) after impairment losses
- Gradual increase in depreciation costs going forward due to continuation of current trends (risk for upturns stemming from rolling stock upgrades)
- In line with usage conditions, changing the depreciation method and depreciation period for railway business fixed assets from April 1, 2021



Change in depreciation method for railway business fixed assets

Items	Affected Assets	Details
Change in depreciation method	All Assets	Declining-balance method ⬇ Straight-line method
Change in depreciation period	Rolling stock	Legal useful life mainly 13 years ⬇ Economic useful life 20 years

Outline of Fares and Charges in the Railway Business

Procedures for Establishing and Adjusting Fares / Charges

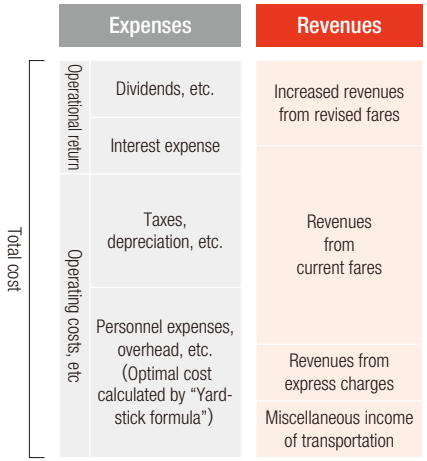
- Establishing / adjusting the upper limit for fares and Shinkansen express charges requires theapproval from the Minister of the Ministry of Land, Infrastructure, Transport and Tourism(MLIT).
- Establishing / adjusting fares and Shinkansen express charges within the scope of the upper limit and establishing / 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 upperl imit 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)

Calculation Method of Total Cost

- Total cost = Operating costs, etc. + Operational return
- Operating costs, etc. = Personnel expenses, overhead, etc. (Optimal cost calculated by"Yard-stick formula") + Taxes, depreciation, etc.



CONSOLIDATED BALANCE SHEETS

Kyushu Railway Company and Consolidated Subsidiaries

(millions of yen)

	FY2023/3	FY2024/3
ASSETS		
Current assets		
Cash and time deposits	37,283	**33,939**
Notes and accounts receivable–trade, and contract assets	49,960	**59,221**
Fares receivable	2,761	**4,150**
Securities	15,022	**28,324**
Merchandise and finished goods	17,723	**19,980**
Work in process	38,136	**39,164**
Raw materials and supplies	9,274	**9,335**
Other	27,047	**27,498**
Allowance for doubtful accounts	(63)	**(91)**
Total current assets	197,145	**221,523**
Non-current assets		
Property, plant and equipment		
Buildings and fixtures (net)	324,158	**387,728**
Machinery, rolling stock and vehicles (net)	66,416	**71,924**
Land	165,060	**183,025**
Leased assets (net)	20,787	**20,028**
Construction in progress	48,111	**30,797**
Other (net)	7,671	**11,346**
Total property, plant and equipment	632,205	**704,851**
Intangible assets	6,203	**6,143**
Investments and other assets		
Investment securities	50,381	**55,518**
Deferred tax assets	55,512	**43,520**
Net defined benefit assets	967	**1,259**
Other	55,476	**58,436**
Allowance for doubtful accounts	(1,192)	**(2,083)**
Total investments and other assets	161,145	**156,651**
Total non-current assets	799,554	**867,646**
Total assets	996,699	**1,089,170**

(millions of yen)

	FY2023/3	FY2024/3
LIABILITIES AND NET ASSETS		
Current liabilities		
Notes and accounts payable trade	27,292	**28,940**
Short-term loans	1,996	**4,403**
Commercial papers	20,000	**40,000**
Current portion of bonds	20,000	**10,225**
Current portion of long-term debt	18,392	**28,198**
Payables	50,234	**53,615**
Accrued income taxes	1,224	**1,919**
Fare deposits received with regard to railway connecting services	2,275	**2,785**
Railway fares received in advance	5,410	**6,103**
Accrued bonuses	8,107	**9,428**
Other	40,484	**38,645**
Total current liabilities	195,418	**224,266**
Non-current liabilities		
Bonds	125,000	**145,000**
Long-term debt	166,225	**172,473**
Allowance for safety and environmental measures	230	**646**
Provision for loss on disaster	809	**3,302**
Liability for retirement benefits	46,729	**40,945**
Asset retirement obligations	1,828	**2,622**
Other	53,607	**57,626**
Total noncurrent liabilities	394,431	**422,616**
Total liabilities	589,849	**646,882**
NET ASSETS		
Shareholders'equity		
Common stock	16,000	**16,000**
Capital surplus	225,814	**225,797**
Retained earnings (Deficit)	164,479	**188,295**
Treasury stock	(584)	**(568)**
Total common stock	405,709	**429,524**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,562	**11,651**
Foreign currency translation adjustments	(201)	**(97)**
Defined retirement benefit plans	(4,017)	**348**
Total accumulated other comprehensive income	343	**11,903**
Non-controlling interests	797	**859**
Total net assets	406,850	**442,287**
TOTAL LIABILITIES AND NET ASSETS	996,699	**1,089,170**

CONSOLIDATED STATEMENTS OF INCOME

Kyushu Railway Company and Consolidated Subsidiaries

(millions of yen)

	FY2023/3	FY2024/3
OPERATING REVENUES	383,242	**420,402**
OPERATING EXPENSES		
Transportation, other services and cost of sales	245,253	**255,103**
Selling, general and administrative expenses	103,665	**118,204**
Total operating expenses	348,918	**373,307**
OPERATING INCOME	34,323	**47,094**
NON-OPERATING INCOME		
Interest income	96	**105**
Dividend income	633	**779**
Gain on assets held in trust	1,632	**1,620**
Gain on foreign exchange	515	**665**
Gain on investment securities	603	**548**
Equity in earnings of affiliates	—	**546**
Other	744	**577**
Total non-operating income	4,226	**4,843**
NON-OPERATING EXPENSES		
Interest expense	1,685	**2,197**
Loss on valuation of derivatives	385	**526**
Other	778	**278**
Total non-operating expenses	2,849	**3,002**
ORDINARY INCOME	35,700	**48,936**
EXTRAORDINARY GAINS		
Construction grants received	13,579	**4,324**
Gain from exchange of noncurrent assets	91	**4,389**
Gain on sale of shares of subsidiaries and affiliates	—	**7,425**
Other	4,408	**2,226**
Total extraordinary gains	18,079	**18,365**
EXTRAORDINARY LOSSES		
Loss on reduction of noncurrent assets	8,314	**8,046**
Loss on sales of noncurrent assets	30	**2,102**
Provision for loss on disaster	—	**3,068**
Disaster-damage losses	—	**1,635**
Impairment loss	3,322	**1,073**
Other	1,814	**2,998**
Total extraordinary losses	13,481	**18,924**
INCOME (LOSS) BEFORE INCOME TAXES	40,298	**48,377**
INCOME TAXES Current	1,655	**1,868**
Deferred	7,367	**8,032**
TOTAL INCOME TAXES	9,022	**9,901**
NET INCOME (LOSS)	31,275	**38,476**
NET INCOME (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	108	**30**
NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT	31,166	**38,445**

Consolidated Comprehensive Income Statements

(millions of yen)

	FY2023/3	FY2024/3
NET INCOME	31,275	**38,476**
OTHER COMPREHENSIVE INCOME		
Unrealized gain on available-for-sale securities	(222)	**7,084**
Foreign currency translation adjustments	239	**104**
Defined retirement benefit plans	1,189	**4,366**
Share of other comprehensive income of entities accounted for using equity method	—	**0**
Total other comprehensive income	1,205	**11,556**
COMPREHENSIVE INCOME	32,480	**50,032**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent	32,376	**50,004**
Non-controlling interests	104	**27**

CONSOLIDATED STATEMENTS OF CASH FLOWS

Kyushu Railway Company and Consolidated Subsidiaries

(millions of yen)

	FY2023/3	FY2024/3
NET CASH PROVIDED BY OPERATING ACTIVITIES		
Income (loss) before income taxes	40,298	**48,377**
Depreciation costs	31,836	**34,974**
Losses from provision for cost reduction of fixed assets	8,314	**8,046**
Impairment loss	3,322	**1,073**
Increase in provision for loss on disaster	—	**3,068**
Loss on disaster	—	**1,635**
Increase (decrease) in allowance for doubtful accounts	146	**916**
Increase (decrease) in liability for retirement benefits	(392)	**268**
Increase (decrease) in allowance for safety and environmental measures	(623)	**415**
Interest and dividends income	(730)	**(885)**
Interest expense	1,685	**2,197**
Foreign exchange losses (gains)	(515)	**(665)**
Losses (Gains) on valuation of derivatives	385	**526**
Construction grants received	(13,579)	**(4,324)**
Gain from exchange of noncurrent assets	(91)	**(4,389)**
Gains on assets held in trust	(1,632)	**(1,620)**
Gain on investment securities	(603)	**(548)**
(Increase) Decrease in trade receivables	(4,957)	**(10,317)**
(Increase) Decrease in inventories	(8,235)	**5,163**
Increase (Decrease) in trade payables	(455)	**2,655**
Equity in earnings of affiliates	—	**(546)**
Gain on sale of shares of subsidiaries and affiliates	—	**(7,425)**
Loss on sales of noncurrent assets	30	**2,102**
Other	7,900	**8,772**
Subtotal	62,101	**89,472**
Interest and dividends income received	681	**821**
Interest expense paid	(1,570)	**(1,938)**
Gain on assets held in trust received	1,646	**1,620**
Loss on disaster paid	(1,165)	**(1,211)**
Income taxes refunded	391	**266**
Net cash provided by operating activities	62,084	**89,031**

(millions of yen)

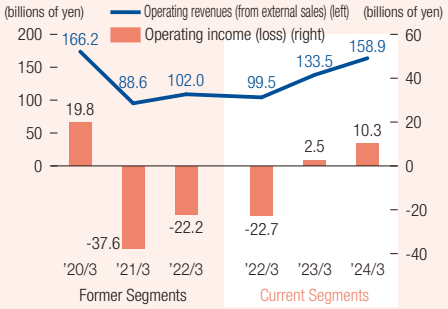
	FY2023/3	FY2024/3
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment, and intangible assets	(104,795)	**(133,655)**
Proceeds from sales of property, plant and equipment, and intangible assets	3,460	**9,029**
Purchases of investment securities	(5,212)	**(3,608)**
Proceeds from sales of investment securities	2,933	**624**
Proceeds from construction grants	5,498	**3,614**
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	**(941)**
Purchase of shares of subsidiaries and affiliates	—	**(794)**
Proceeds from sales of shares of subsidiaries and affiliates	—	**11,768**
Other	534	**2,069**
Net cash provided by (used in) investing activities	(97,581)	**(111,893)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase (decrease) in short-term loans payable	(4,613)	**2,159**
Net increase (decrease) in commercial papers	(15,000)	**20,000**
Proceeds from long-term loans payable	30,401	**33,643**
Repayment of long-term loans payable	(8,698)	**(18,826)**
Payments for long-term accounts payable	(264)	**(270)**
Proceeds from issuance of bonds	25,000	**30,225**
Payments for redemption of bonds	—	**(20,000)**
Proceeds from lease and guarantee deposits received	3,188	**3,676**
Repayments of lease and guarantee deposits received	(3,587)	**(1,230)**
Cash dividends paid	(14,629)	**(14,629)**
Payments from changes in ownership interests in subsidiariesthat do not result in change in scope of consolidation	(33)	**(16)**
Other	(2,798)	**(2,479)**
Net cash used in financing activities	8,963	**32,252**
EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS	106	**107**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(26,426)	**9,498**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	78,709	**52,283**
Increase in cash and cash equivalents due to merger with non-consolidated subsidiary	—	**125**
CASH AND CASH EQUIVALENTS, END OF YEAR	52,283	**61,907**

Segment Information

Transportation Segment — Overview and Current Status



Operating Revenue and Operating Income (loss)



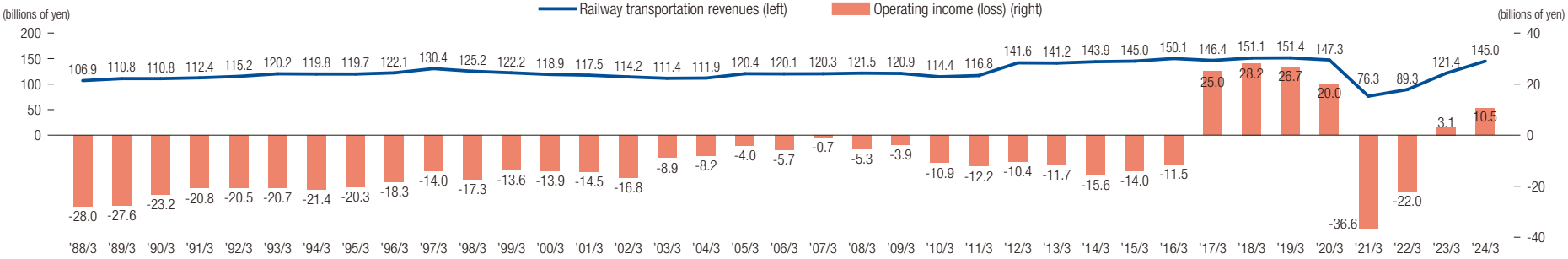
Railway Services

Route Summary (as of March 31, 2024)

	Number of train lines	Operating Kilometers	No. of Stations	Electrification Ratio(%)
Shinkansen	2	358.5	5(16)	100
Trunk Lines	8	1,042.9	297	89
Local Lines	13	941.2	269	7
Total	23	2,342.6	571	58

* Number of stations in parentheses represent the number of stations including stations served by both Shinkansen and conventional lines.

Revenues from Railway Transportation and Operating Income in the Railway Business



Bus Services

Number of Services by Route (as of March 31, 2024)

Route name		No. of services	
		Total	(restated) JR Kyushu Bus
Local bus	Nogata	121	121
	Ureshino	51	51
	Hokusatsu	52	52
	Hitahikosan Line BRT	32	32
	Subtotal	256	256
Expressway bus	Fukuoka – Miyazaki	42	6
	Fukuoka – Kagoshima	26	2
	Fukuoka – Hiroshima (daytime)	8	2
	Fukuoka – Hiroshima (overnight)	2	1*
	Fukuoka – Izumo (overnight)	2	1
	Shin-Yatsushiro – Miyazaki	30	14
	Subtotal	110	26
Total		366	282

note : Number of buses on weekdays
* Operation limited to days of the week

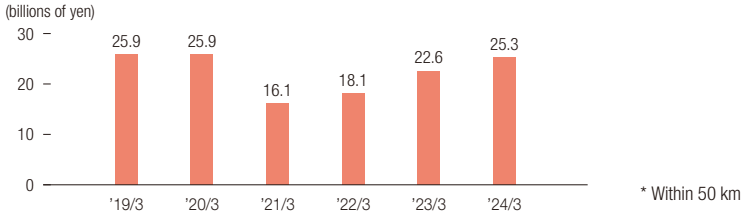
Current Status of Railway Business

Railway Transportation Revenues

(billions of yen)

		'15/3	'16/3	'17/3	'18/3	'19/3	'20/3	'21/3	'22/3	'23/3	'24/3
Shinkansen	Passes	2.5	2.6	2.6	2.6	2.7	2.8	2.4	2.4	2.7	2.9
	Other	46.7	49.0	47.4	51.4	52.2	49.5	20.0	24.9	41.3	54.5
	Subtotal	49.3	51.6	50.1	54.1	54.9	52.3	22.4	27.4	44.0	57.5
Conventional Lines	Passes	29.3	29.5	29.4	29.6	29.7	29.7	23.8	25.4	26.3	27.2
	Other	66.3	68.8	66.8	67.3	66.8	65.2	30.0	36.4	51.0	60.2
	Subtotal	95.7	98.4	96.3	97.0	96.5	95.0	53.8	61.9	77.4	87.5
Total	Passes	31.9	32.2	32.1	32.3	32.4	32.5	26.2	27.9	29.0	30.2
	Other	113.1	117.9	114.3	118.8	119.0	114.7	50.0	61.4	92.3	114.8
	Subtotal	145.0	150.1	146.4	151.1	151.4	147.3	76.3	89.3	121.4	145.0
Index (FY1988/3=100)		136	140	137	141	142	138	71	84	114	136

Railway Transportation Revenues (Short Distance*)



* Within 50 km

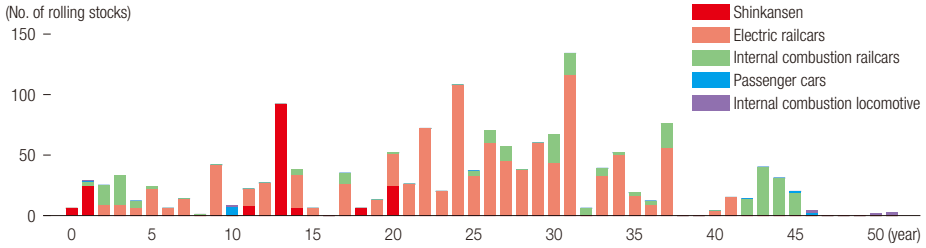
Number of Rolling Stocks

Number of Rolling Stocks by Type (as of March 31, 2024)

(cars)

Type	Steam locomotive	Electric locomotive	Internal combustion locomotive	Shinkansen	Electric railcars	Internal combustion railcars	Passenger cars Type Other	Other	Total
No. of rolling stocks	1	0	10	166	1,124	287	10	28	1,626

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



Transportation Data

Passenger-kilometers

(Million passenger-km)

		'15/3	'16/3	'17/3	'18/3	'19/3	'20/3	'21/3	'22/3	'23/3	'24/3
Shinkansen	Passes	188	194	196	195	199	204	177	178	199	218
	Other	1,674	1,735	1,655	1,809	1,832	1,745	690	824	1,352	1,722
	Subtotal	1,863	1,929	1,852	2,004	2,032	1,950	868	1,002	1,552	1,941
Conventional Lines	Passes	3,946	4,026	4,018	4,011	4,015	4,006	3,288	3,442	3,556	3,657
	Other	3,329	3,421	3,320	3,319	3,237	3,102	1,407	1,687	2,315	2,755
	Subtotal	7,275	7,448	7,339	7,331	7,252	7,108	4,696	5,130	5,871	6,412
Total	Passes	4,134	4,221	4,214	4,207	4,214	4,211	3,466	3,620	3,756	3,876
	Other	5,003	5,156	4,976	5,129	5,070	4,847	2,098	2,511	3,667	4,478
	Subtotal	9,138	9,378	9,191	9,336	9,285	9,059	5,564	6,132	7,423	8,354

Number of Passengers

(Million)

		'15/3	'16/3	'17/3	'18/3	'19/3	'20/3	'21/3	'22/3	'23/3	'24/3
Total	Passes	206	212	213	215	217	218	183	190	196	205
	Other	113	118	118	121	121	118	67	77	99	113
	Subtotal	319	330	331	337	338	337	251	267	296	318
Shinkansen	Passes	2	2	2	2	2	2	2	2	2	3
	Other	10	10	10	11	11	11	4	5	9	12
	Subtotal	12	12	12	13	13	13	7	7	12	16

Train-kilometers, Car-kilometers

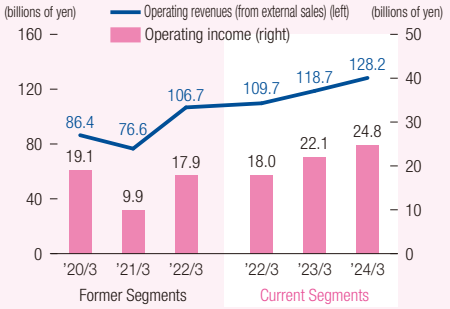
(Million-km)

		'15/3	'16/3	'17/3	'18/3	'19/3	'20/3	'21/3	'22/3	'23/3	'24/3
Train-kilometers	Shinkansen	10	10	9	9	9	9	8	8	9	10
	Conventional Lines	61	61	60	60	56	56	53	53	52	51
	Total	71	71	71	69	65	65	62	61	62	62
Car-kilometers	Shinkansen	71	71	64	70	68	68	62	61	66	72
	Conventional Lines	250	250	247	243	230	231	216	215	209	203
	Total	322	322	311	314	299	299	278	277	275	275

Real Estate and Hotels Segment — Overview and Current Status



Operating Revenue and Operating Income



Station Buildings

Business area: Kyushu

Major Station Buildings

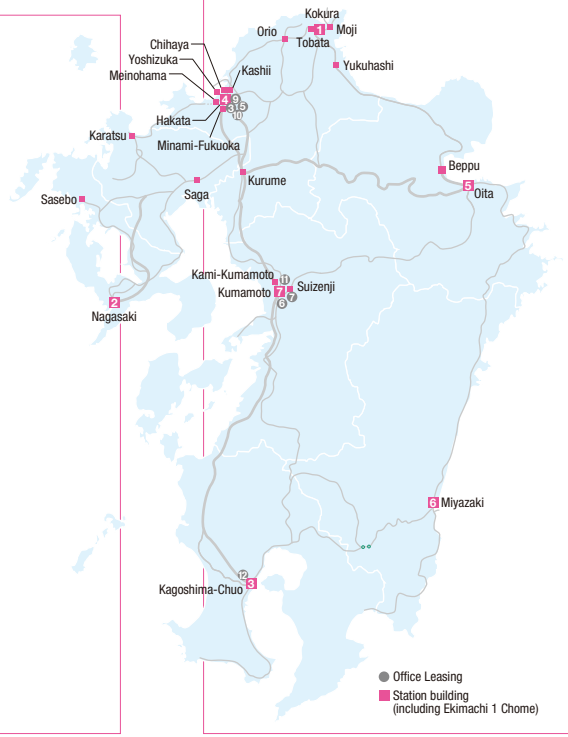
Building name	Date opened	Floor area (m2)	No. of visitors (10,000) FY2024/3	Tenant sales (100 million yen) FY2024/3
1 Amu Plaza Kokura	March 14, 1998	50,000	1,468	146
2 Amu Plaza Nagasaki	September 21, 2000	160,100	1,777	249
3 Amu Plaza Kagoshima	September 17, 2004	110,900	2,391	293
4 JR Hakata City	March 3, 2011	240,000 *incl. Hakata Hankyu	6,918	1,345
5 JR Oita City	April 16, 2015	144,500	2,165	241
6 Amu Plaza Miyazaki	November 20, 2020	37,700	1,156	78
7 Amu Plaza Kumamoto	April 23, 2021	110,000	1,707	277

Office Leasing

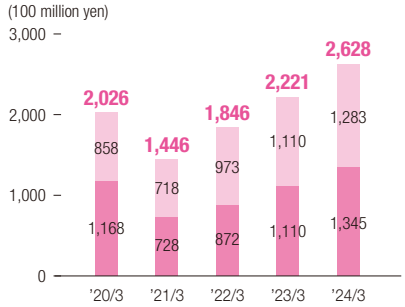
Business area: Kyushu, extended to Tokyo metropolitan area

Overview of Office Leasing

Name	Acquired	Floor area (m²)
1 Akasaka Sanno Center Building	March 2011	5,000
2 Kojimachi Nibancho Center Building	March 2014	44,000
3 JRJP Hakata Building	April 2016	44,000
4 Hirakawacho Center Building	September 2016	8,000
5 JR Hakataekiminami Building	June 2020	3,500
6 JR Kumamoto Shirakawa Building	December 2020	17,000
7 JR Kumamoto Kasugaminami Building	December 2020	3,600
8 Yodoyabashi Kitahama Center Building	March 2022	6,600
9 i-PRO Building	September 2022	12,200
10 JR Hakataekihigashi NS Building	January 2023	11,300
11 JR Kumamoto Kasugakita Building	March 2023	5,100
12 JR Kagoshima Chuo Building	March 2023	31,600
13 Sun Life No.3 Building	October 2023	8,200
14 CONNECT SQUARE HAKATA	April 2024	21,400
15 COI NAHA Building	April 2024	4,100



Station Building Tenant Sales



JR Hakata City
Amu Plaza Kokura / Nagasaki / Kagoshima, JR Oita City, Amu Plaza Miyazaki / Kumamoto

* Figures from FY2021/3 show results of Amu Plaza Miyazaki and Kumamoto.

Real Estate and Hotels Segment — Overview and Current Status

Residential Buildings

Business overview: Apartment leasing, condominium sales
Business area: Centered on Kyushu, also extended to major urban areas in Japan
Brands: RJR (apartment leasing), MJR (condominiums)

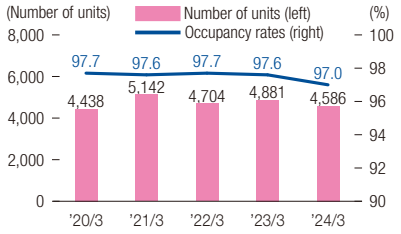
Major recent apartment properties

Name	Location	No. of total units	Fiscal year of completion (acquisition)
RJR Precia Esakaekimae	Suita City, Osaka Prefecture	120	2023/3
RJR Precia KyudaimaeⅡ	Fukuoka City, Fukuoka Prefecture	83	2023/3
RJR Precia Urakamiekiminami	Nagasaki City, Nagasaki Prefecture	130	2023/3
RJR Precia Korimoto Square	Kagoshima City, Kagoshima Prefecture	210	2023/3
RJR Nisshin	Saitama City, Saitama prefecture	20	2023/3
RJR Precia Chidori	Ota-ku, Tokyo	111	2024/3
RJR Precia Takasago	Fukuoka City, Fukuoka Prefecture	65	2024/3
RIGLAND Tateishi	Katsushika-ku, Tokyo	62	2024/3
BRANSIESTA Chihaya	Fukuoka City, Fukuoka Prefecture	210	2024/3

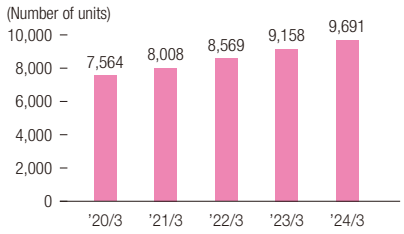
Major recent condominium properties

Name	Location	No. of total units	Fiscal year of delivery
MJR The Garden Kashii	Fukuoka City, Fukuoka Prefecture	420	2022/3
MJR Kumamoto The Tower	Kumamoto City, Kumamoto Prefecture	230	2023/3
MJR Takatori The Residence	Fukuoka City, Fukuoka Prefecture	54	2023/3
MJR Oita Branchera	Oita City, Oita Prefecture	173	2023/3
MJR Kumamoto Gardencourt	Kumamoto City, Kumamoto Prefecture	58	2023/3
MJR Fukagawa Sumiyoshi	Koto-ku, Tokyo	165	2024/3
Laurel Tower SAKAISUJI HOMMACHI	Osaka City, Osaka Prefecture	511	2024/3
MJR Kagoshimaekimae PARK FRONT	Kagoshima City, Kagoshima Prefecture	155	2024/3
MJR Kumamotoekiminami	Kumamoto City, Kumamoto Prefecture	84	2024/3
MJR Oyodo RIVERSIDE	Miyazaki City, Miyazaki Prefecture	52	2024/3
MJR Shin-Kawasaki	Kawasaki City, Kanagawa Prefecture	92	2024/3

Apartment Leasing — Rental apartment numbers (cumulative) and occupancy rate



Condominium Sales — Unit sales of condominiums (cumulative)



* 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)

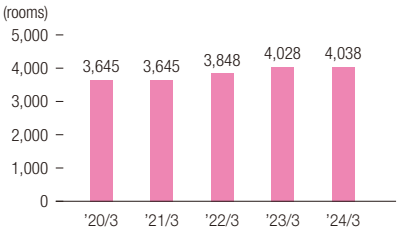
Hotels

Business area: Centered on Kyushu, also extended to Tokyo metropolitan area and Thailand

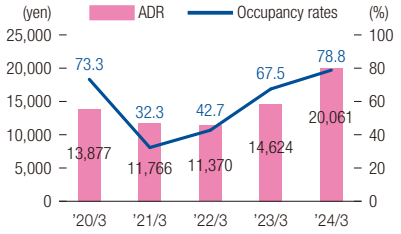
Number of Guest Rooms / Opening (as of April 1, 2024)

	Hotel name	Location	Number of rooms	Year of Opening
1	JR Kyushu Hotel Blossom Fukuoka	Fukuoka City, Fukuoka Prefecture	90	December 1992 (Rebranded and reopened on July 2011)
2	Hotel Okura JR Huis Ten Bosch	Sasebo City, Nagasaki Prefecture	320	June 1995 (Rebranded and reopened on April 2012)
3	Station Hotel Kokura	Kitakyushu City, Fukuoka Prefecture	294	April 1998
4	JR Kyushu Hotel Nagasaki	Nagasaki City, Nagasaki Prefecture	144	September 2000
5	JR Kyushu Hotel Kagoshima	Kagoshima City, Kagoshima Prefecture	247	South wing: Aug 2001/ North wing: Mar 2010
6	Okuhita Onsen Umehibiki	Hita City, Oita Prefecture	32	November 2002 (Rebranded and reopened on Nov 2017)
7	Hana Beppu Ryokan	Beppu City, Oita Prefecture	30	September 2003 (Rebranded and reopened on April 2012)
8	JR Kyushu Hotel Miyazaki	Miyazaki City, Miyazaki Prefecture	141	November 2011
9	JR Kyushu Hotel Blossom Hakata Chuo	Fukuoka City, Fukuoka Prefecture	247	April 2013
10	JR Kyushu Hotel Blossom Shinjuku	Shibuya-ku, Tokyo	239	August 2014
11	JR Kyushu Hotel Blossom Oita	Oita City, Oita Prefecture	190	April 2015
12	JR Kyushu Hotel Blossom Naha	Naha City, Okinawa Prefecture	218	June 2017
13	Shama Lakeview Asoke Bangkok	Bangkok, Thailand	429	1999 (Rebranded and reopened on April 2018)
14	Aloft Bangkok Sukhumvit 11	Bangkok, Thailand	298	2011
15	THE BLOSSOM HIBIYA	Minato-ku, Tokyo	255	August 2019
16	THE BLOSSOM HAKATA Premier	Fukuoka City, Fukuoka Prefecture	238	September 2019
17	THE BLOSSOM KUMAMOTO	Kumamoto City, Kumamoto Prefecture	203	April 2021
18	THE BLOSSOM KYOTO	Kyoto City, Kyoto Prefecture	180	August 2022
19	URESHINO YADOYA	Ureshino City, Saga Prefecture	36	October 2023
20	Nagasaki Marriott Hotel	Nagasaki City, Nagasaki Prefecture	207	January 2024

Number of Guest Rooms at JR Kyushu Group Hotels (Cumulative)

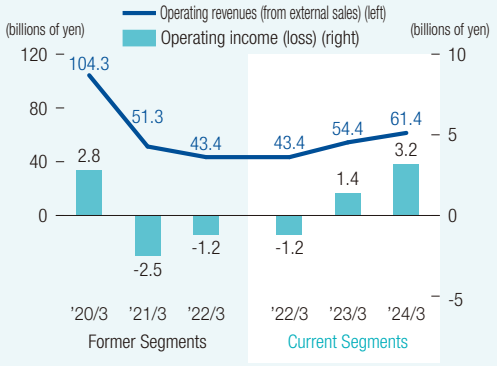


Hotel occupancy rates and average units prices



Retail and Restaurant Segment

Operating Revenue and Operating Income (loss)

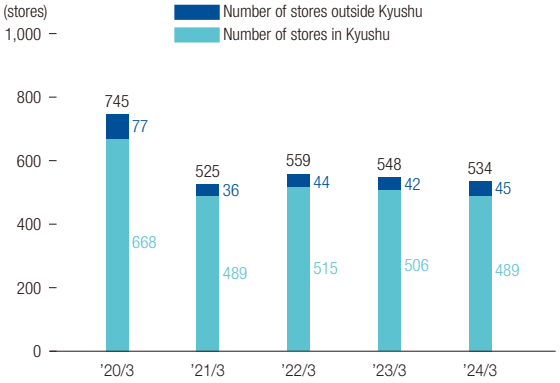


* Results of Drug Eleven Co.,Ltd. included in figure for FY2021/3 are only for its first quarter due to its transfer of a portion of holdings of the shares to TSURUHA Holdings in May 2020

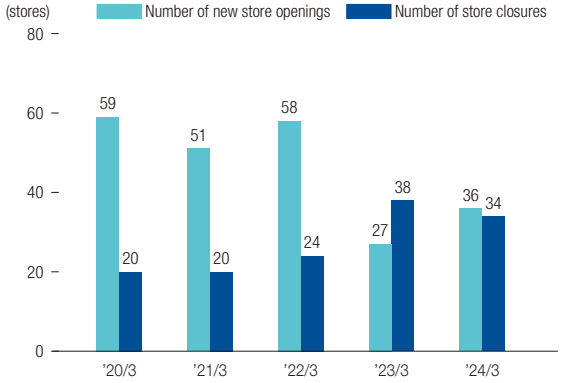
Major Stores (as of April 1, 2024)

Retail	FamilyMart (212 stores) Yaoya Kyuchan greengrocer store (4 stores)
Food and beverage	Umaya (15 stores, of which 3 stores outside Kyushu) Kentucky Fried Chicken (66 stores, of which 9 stores outside Kyushu) Seattle's Best Coffee (62 stores, of which 21 stores outside Kyushu)

Number of Stores in the Retail and Restaurant Segment

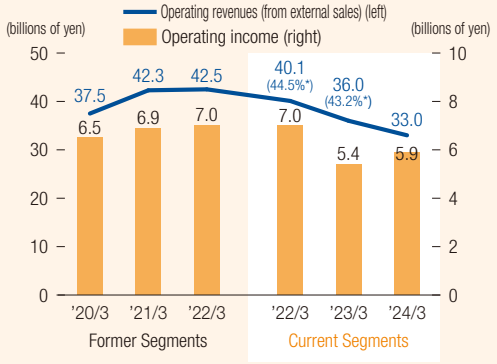


Number of Store Openings and Closures in the Retail and Restaurant Segment



Construction Segment

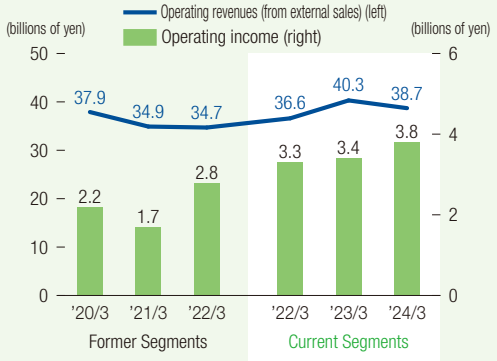
Operating Revenue and Operating Income



* Revenues from external customers as a percentage of operating revenues

Business Services Segment

Operating Revenue and Operating Income



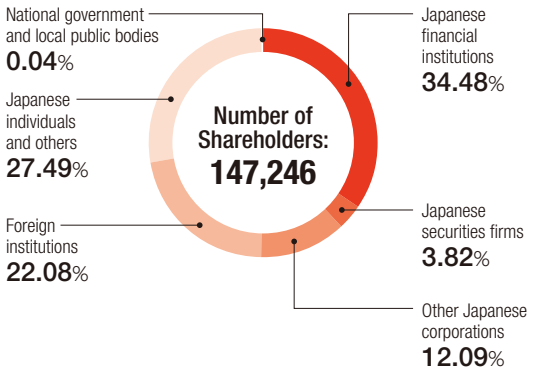
Investor Information

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

(as of March 31, 2024)

Distribution of Share Ownership by Type of Shareholder

(as of March 31, 2024)



Major Shareholders (as of March 31, 2024)	Shares held	% Voting rights
The Master Trust Bank of Japan, Ltd. (Trust Account)	22,280,100	14.16
Custody Bank of Japan, Ltd. (Trust Account)	8,428,500	5.36
RAILWAY HOLDINGS, L.L.C.	3,223,100	2.05
TAIYO LIFE INSURANCE COMPANY	3,200,000	2.03
Nippon Life Insurance Company	3,128,000	1.99
Meiji Yasuda Life Insurance Company	2,296,000	1.46
JPMorgan Securities Japan Co., Ltd.	2,251,163	1.43
Central Japan Railway Company	2,077,900	1.32
JP MORGAN CHASE BANK 385781	2,028,390	1.29
East Japan Railway Company	1,974,100	1.25

1. Shareholding ratio is calculated by deducting treasury stock (87 shares).
2. Treasury stock does not include 176,600 shares of the Company's stock owned by the Trust Account of the Board Benefit Trust.

Consolidated Subsidiary Information

Transportation Group
JR Kyushu Bus Company
JR Kyushu Jet Ferry Inc.
Holding Company for Houhi Main Line*1

Real Estate and Hotels Group
JR Kyushu Ekibiru Holdings Inc.
JR Hakata City Co., Ltd.
JR Kokura City Inc.
JR Nagasaki City Inc.
JR Oita City, Inc.
JR Kumamoto City Co., Ltd.
JR Kagoshima City Inc.
JR Miyazaki City Co., Ltd.
JR Kyushu Building Management Co., Ltd.
JR Kyushu Housing Company
JR Kyushu-Rent-A-Car & Parking Co., Ltd.
JR Kyushu Senior Life Support, Inc.
JR Kyushu Resort Development Co., Ltd.
JR Kyushu Asset Management Co.,Ltd
JR Kyushu Capital Management (Thailand) Co., Ltd.*1
JR Kyushu Regional Design Co., Ltd.
JR Kyushu Hotels Inc.
JR Kyushu Huis Ten Bosch Hotel Co., Ltd.
JR Kyushu Station Hotel Kokura Inc.
Oyama Yumekobo, Inc.
JR Kyushu Business Development (Thailand) Co., Ltd.
JR Kyushu Hotel Management Co., Ltd.
AHJ Ekkamai Company Limited*2
AJ Charoen Nakhon Company Limited*2
Hakata Station Building Co., Ltd.*2
Ogori hikata kaihatsu TMK

Retail and Restaurant Group
JR Kyushu Retail, Inc.
JR Kyushu Fast Foods Inc.
JR Kyushu Food Service Inc.
JR Kyushu Farm Co., Ltd.*1
Manbou Corp.
Nurubon Inc.
FUJIBAMBI Co., Ltd.

Construction Group
JR Kyushu Construction Group Holdings inc.
KYUTETSU CORPORATION
JR Kyushu Engineering, Ltd.
Sanki Construction Co., Ltd.
JR Kyushu Electric System Company
JR Kyushu Consultants Company
KYUTETSU BUILT CO.,LTD.
Arima Electric Facilities Co., Ltd
Nishiden Co., Ltd
Metalstar Kyushu, Ltd.

Business Services Group
Caterpillar Kyushu Ltd.
JR Kyushu Trading Co., Ltd.
JR Kyushu Service Support Co., Ltd.
JR Kyushu Agency Co., Ltd.
JR Kyushu System Solutions Inc.
JR Kyushu Secom Inc.*2
JR Kyushu Linen Co., Ltd.
JR Kyushu Business Partners Company
JR Kyushu Life Service Co., Ltd.
JR Kyushu Insurance Consulting Co., Ltd.
JR Kyushu Corporate Investment LLC
Battery Station Kyushu LLC*2
CK Rental Ltd.
BSS Co, Ltd.
With-Unity Co., Ltd.
Premium Logix Ltd.

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

(as of June 30, 2024)

JR-KYUSHU

For More Information

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