JR KYUSHU IR DAY 2025

The Future Railway Project

November 26, 2025

KYUSHU RAILWAY COMPANY

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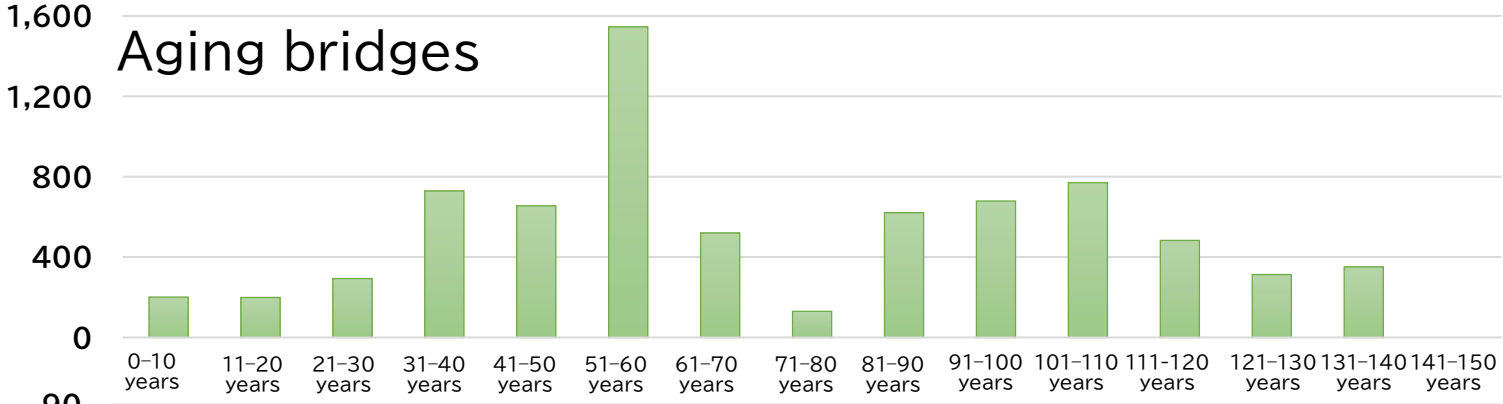
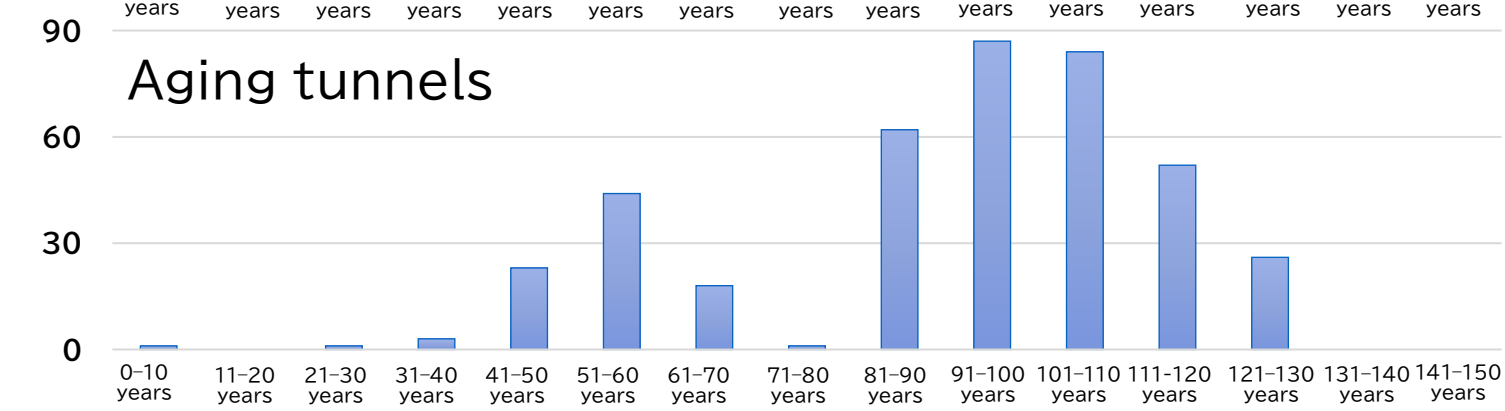
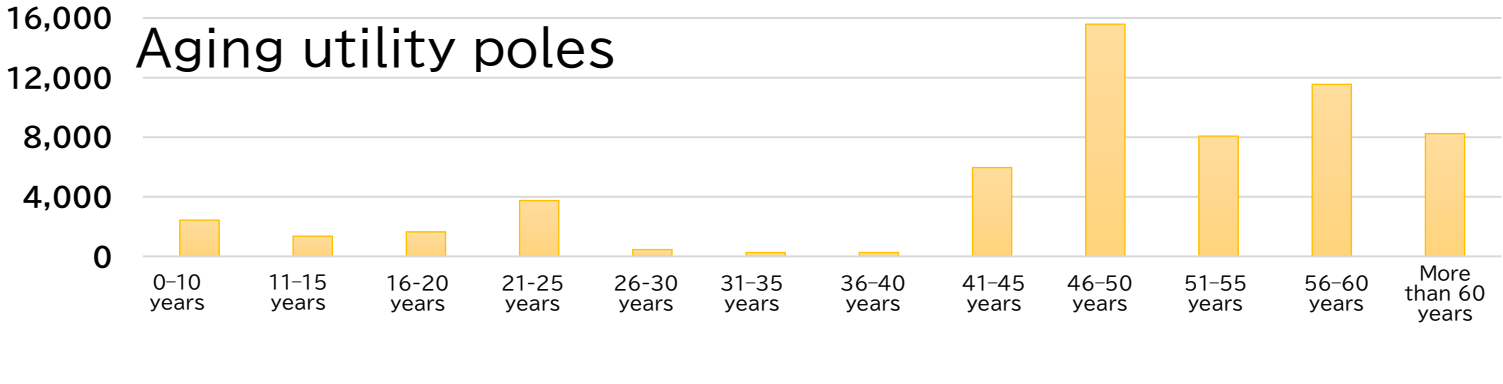
Ⅰ Need for the Future Railway Project

Need for the Future Railway Project

- Internal environment: aging of railway infrastructure

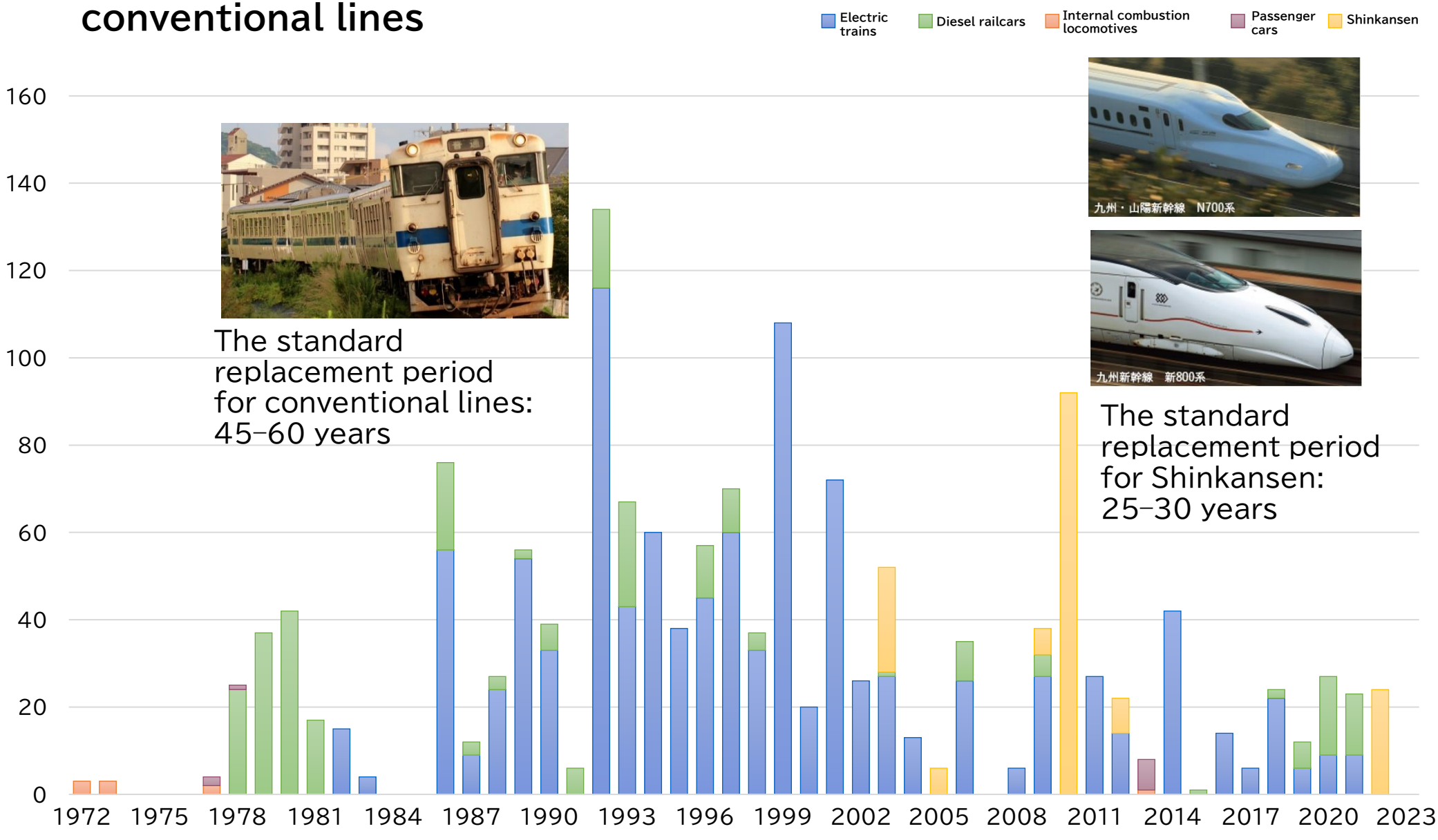






Need for the Future Railway Project

- Internal environment: rolling stock renovation on Shinkansen and conventional lines



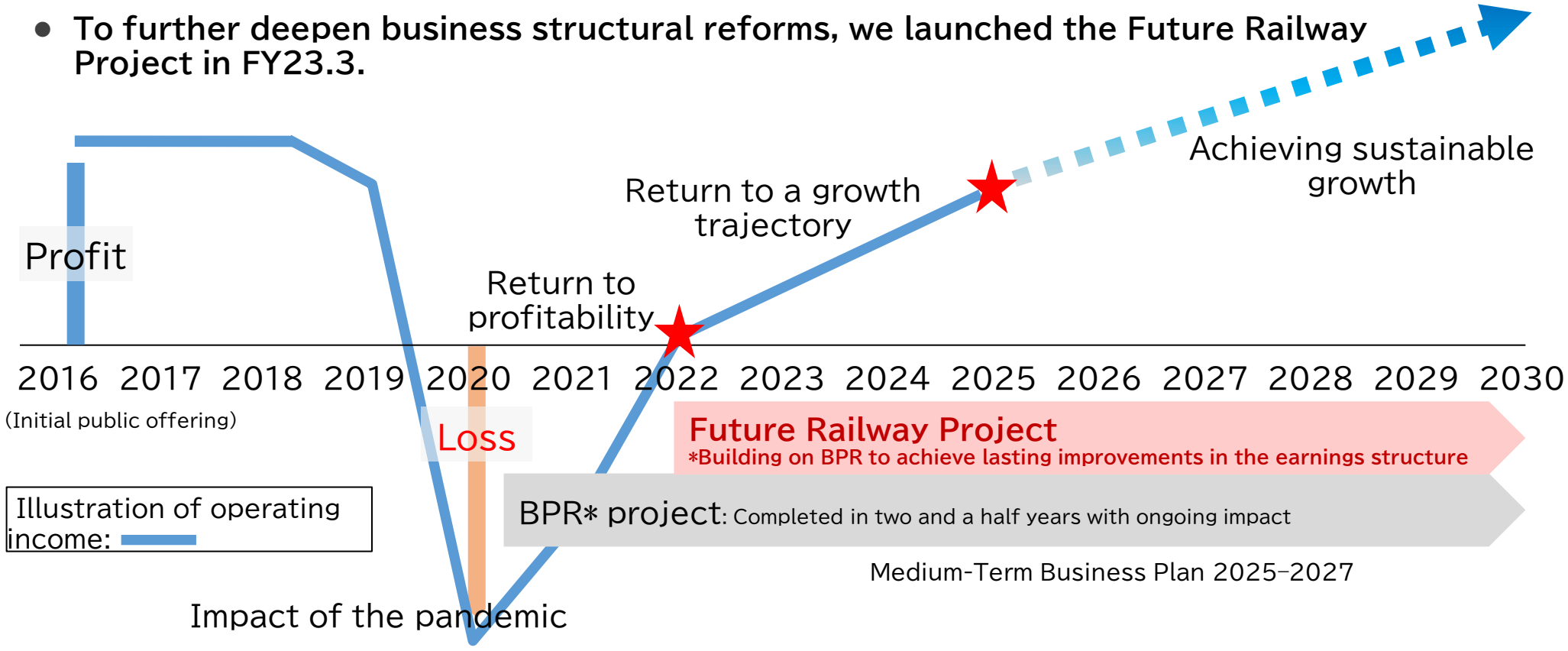
Ⅱ The Future Railway Project in Review

The Future Railway Project in Review

- **Business structural reforms in the railway business, the segment most impacted by the COVID-19 pandemic**

Impact of the pandemic and project initiatives

- **As part of cost reduction efforts in the railway business, we achieved a ¥14.0 billion reduction in fixed costs through BPR.**
- **To further deepen business structural reforms, we launched the Future Railway Project in FY23.3.**



* We conducted business process re-engineering (BPR) in a short timeframe and successfully achieved a ¥14.0 billion reduction in fixed costs in FY23.3.

The Future Railway Project in Review

- Creating the “railway of the future” to drive city-building in Kyushu

Overview of the Future Railway Project

- The Future Railway Project builds on the lean railway business established through BPR and aims to strengthen both mobility innovation and financial resilience.
- Cross-functional teams are working to harness the railway’s strengths and assets to create new revenue opportunities and drive innovation through technological development and adoption of new technologies.

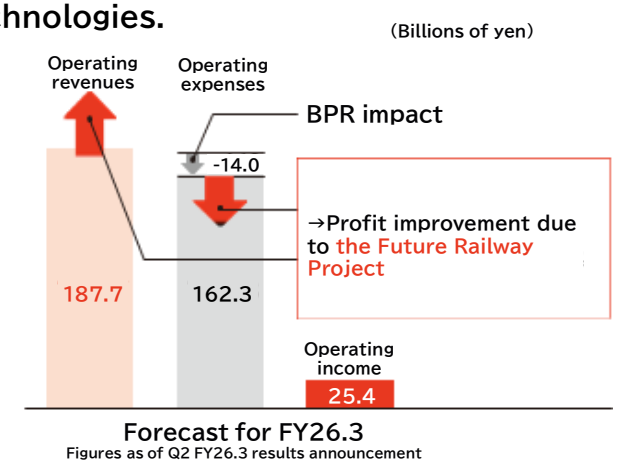
Goals of the Future Railway Project

Quantitative goal

- Through DX promotion and technological innovation, the project aims to further reduce fixed costs and increase revenues, targeting an improvement of over ¥14.0 billion in operating profit by FY31.3.

Qualitative goal

- The project is driven by a foundation of safety, security, and a customer-first mindset, with the goal of enhancing the value of railways and creating a virtuous cycle of growth.



Note: The ¥14.0 billion improvement target is measured from FY2022 earnings, after the COVID-19 pandemic.

The Future Railway Project in Review

- Improving revenue and expenditures through revenue acquisition and investment, and creating the future beyond organizational boundaries.

Purpose of the Future Railway Project

- With rising depreciation costs, it is essential to build a resilient management foundation for the future—both defensively and offensively.

Defensive efforts at future-oriented reinforcement	Proactive efforts at future-oriented reinforcement
Build unwavering management resilience to fulfill the mission of rail and mobility even amid unforeseen challenges.	Prioritize safety while evolving into a management structure capable of bold investments in new technologies and services.
Population decline, inflation, climate change (increasingly severe disasters)	Large-scale renovation of rolling stock and infrastructure ahead, as well as investment aligned with evolving customer needs

Rise in depreciation cost

Differences between BPR and the Future Railway Project

BPR Project	Future Railway Project
Considered by individual organizations	Considered by cross-functional teams
Short term (completion to take approximately two and a half years)	Medium to long term (sights set on FY2031.3)
Focus on cutting costs	Improve provides by earning revenues and investing

The Future Railway Project in Review

Promotion system and Decision-Making Framework for Reliable Project Execution

Future Railway Project Promotion Framework

- Originally launched with nine cross-functional teams; currently progressing across five cross-functional teams spanning multiple divisions

Cross-functional teams

- Future maintenance
- Future earning methods
- Future facilities
- Future back office
- Future transportation systems

The teams that implemented the initiatives have now transitioned to the full operation phase, where each department or relevant unit is responsible for ongoing management and verification.

- Future earning methods (railway-adjacent areas)
- Future Group companies
- Future income/expense management (visualization of income and expenses)
- Future local lines

Project discussions and frequency

- To ensure achievement of the ¥14.0 billion income improvement target for the Future Railway Project, each initiative is monitored, tracked, and risk-assessed.

Working-level meetings for each team
→ [Secretariat meeting] Frequency: Once per month
→ [Progress meeting] Frequency: Once per month
Participants: Railway business division heads and others
→ [President's briefing] Frequency: Once per month
Participants: President, executive officers, and others

Ⅲ Outcomes of and Progress on the Future Railway Project

Outcomes of and Progress on the Future Railway Project (Future Transportatioon Systems)

■ Building a Safe, Customer-Centric, and Environmentally Sustainable Railway

Creating a Rewarding and Comfortable Workplace through Expanded Roles

- **Expanded autonomous driving section**
  - Promote automation and mechanization of tasks to ensure long-term maintenance of transportation infrastructure amid declining labor population.

Automated Operation GOA2.5: Automated operation with on-board certified operators (internal qualification). In emergencies, operators perform emergency stop and guide evacuation.

Automated Operation GOA2.0: Automated operation with licensed drivers (national qualification). In emergencies, drivers perform emergency stop and guide evacuation.

March 2024: GOA 2.5 automated operation launched on the Kashii Line; GOA 2.0 trial operation started on Kagoshima Main Line (Orio–Futsukaichi).Future plans: Further expansion of automated operation sections.(GOA: Grade of Automation)

Flexible Transportation Capacity to Meet Demand

- **Exploring Optimal Transportation Capacity and Improved Convenience through New Turnback Facilities**

Developing an Eco-Friendly Railway

- **Deployment of Energy-Efficient Driving (Eco Driving)**
  - Conventional Lines: Display eco marks on timetables and designate priority sections for energy-efficient driving.
  - Shinkansen: Standardize buffer times between stations and set priority periods for energy-efficient driving.

Short-Term (by 2027)	Medium-Term (by 2035)
Expand energy-efficient driving to all areas (mainly local trains).	Full-area implementation; reduce traction power by 5%.

Indicate buffer times between stations with eco (leaf) marks.

- 1 leaf mark : 15 seconds
- 2 leaf mark : 30 seconds
- 3 leaf mark : 45seconds or more

Promote efficient driving by moderating maximum speed to reduce traction power and CO_2 emissions.

FY2025 Initiatives

Outcomes of and Progress on the Future Railway Project (Future Maintenance)

▪ Driving the Future of Railways with Advanced, Creative Maintenance

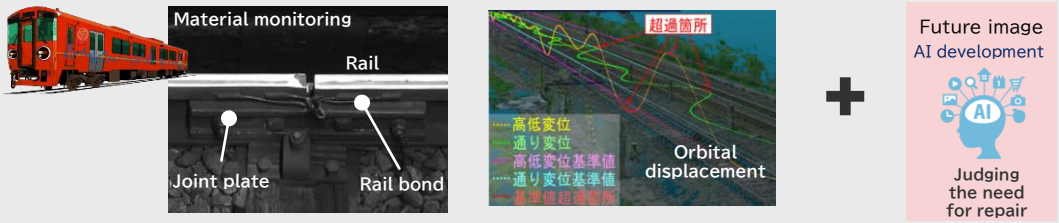
Target Cycle Mechanizing, robotizing, and leveraging AI to streamline the entire maintenance cycle—from inspection and analysis to repair.

Minimizing Lifecycle Costs through Condition-Based Maintenance

● Deployment and Full-Scale Operation of Multi-Functional Inspection Vehicle “BIGEYE”

徒歩巡視

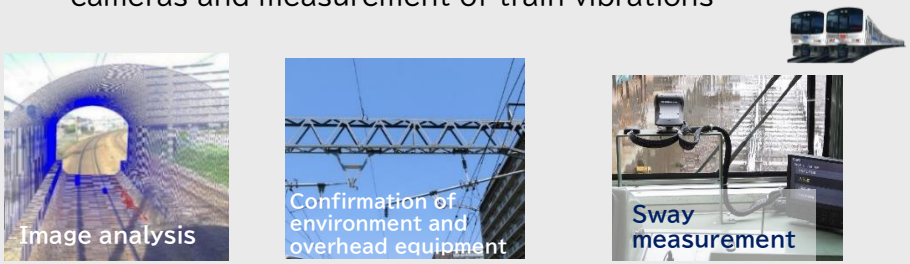
- Replacing traditional on-foot patrols with the multi-functional inspection vehicle “BIGEYE” enables material monitoring, displacement measurement, and point cloud data conversion for comprehensive condition monitoring.
- Our ultimate goal is to eliminate on-foot patrols entirely by introducing AI-driven decision-making for maintenance necessity.



● Introduction and Development of REDEYE and Smart REDEYE

列車巡視

- In addition to replacing train patrols with “REDEYE,” we are developing a portable version, Smart REDEYE.
- These systems enable image analysis via onboard cameras and measurement of train vibrations

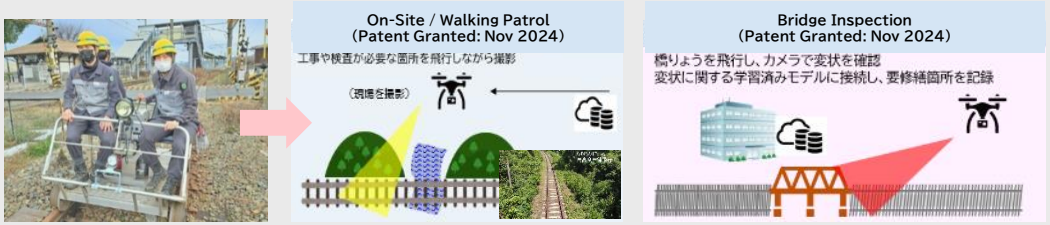


Enhancing Productivity and Safety through Mechanization and Workforce Optimization

● Autonomous Drone Security

雨点検警備

- Conducting surveillance and inspection of structures and track surroundings through low-altitude, remote autonomous flight.Reducing human patrols to enhance safety and efficiency.
- Future goal: Full automation of structural inspections.



● One-person operation of the track checking vehicles (Kyushu Shinkansen)

TAI TOKYO ARTISAN INTELLIGENCE

- Equipped with AI-powered cameras to automatically detect obstacles within the clearance envelope. Drivers monitor via onboard display.
  Note:AI Forward Monitoring System jointly developed with Tokyo Artisan Intelligence Co., Ltd..
- AI utilization reduces workforce requirements for track confirmation tasks.

Outcomes of and Progress on the Future Railway Project (Future Facilities)

▪ Optimization of railway assets using new technologies according to transportation systems

Enhancing Safety and Convenience through Train Control Using General-Purpose Wireless Communication

- **Development of Wireless Train Control System**

- Introduce train control systems utilizing general-purpose wireless communication to streamline equipment and improve safety through in-cab signal display.
- In the future, aim to enhance convenience by enabling flexible timetable management.

Streamlining Expected Equipment

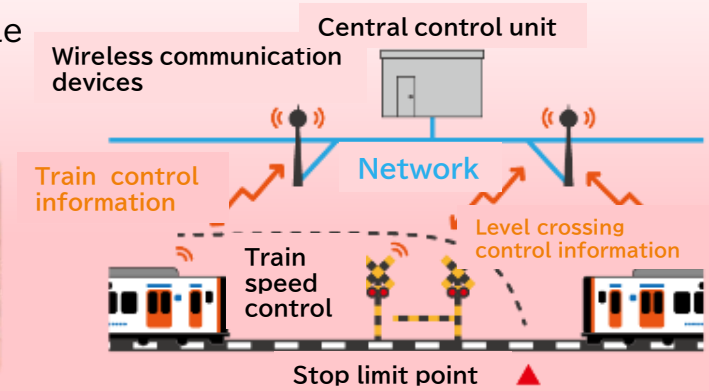

Signal equipment


Cables


Level crossing controllers

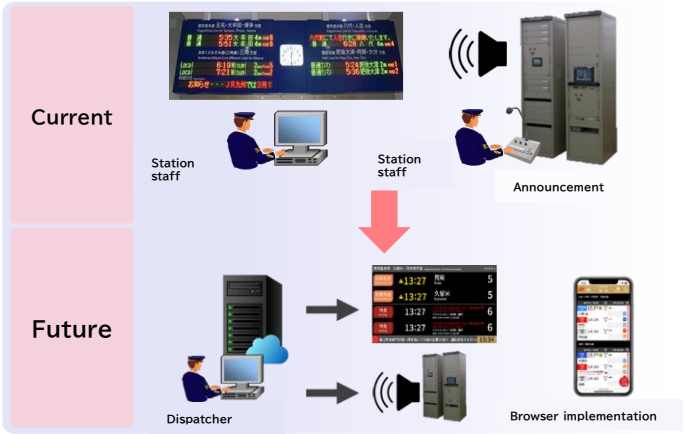

Activation circuits

Wireless Train Control System (Concept)



Expansion of train operation information services

- **Introduction of Next-Generation Information System**
  - Implement large LCD panels for departure indicators to improve convenience.
  - Considering services that allow passengers to check real-time train operation and location information anytime, anywhere via PC or smartphone.
  - Aim to streamline station facilities and operations while enhancing customer service.



Outcomes of and Progress on the Future Railway Project (Future earning methods for Railways)

▪ Expanding New Customers and Repeat Users, Driving Demand for Travel, and Maximizing LTV

Development of products and initiatives that encourage people to ride and travel

Revenue Growth

Rail transportation revenue = Number of Passengers (New customers + Repeat users) × Average Spend "Maximize Customer Lifetime Value (LTV)"

- **Challenge: Acquire and expand new customers**
  - Secure inbound demand effectively
- **Ensure fair value capture from customers**
  - Advance yield management sophistication
- **Repeat Users: Build highly loyal fans for long-term relationships**
  - Develop products that nurture core enthusiasts and enhance apps and loyalty programs
- **Creating events (developing purposes to generate travel demand)**
  - Implement themed trains and initiatives that leverage fan engagement to drive traffic

Specific Achievements and Progress

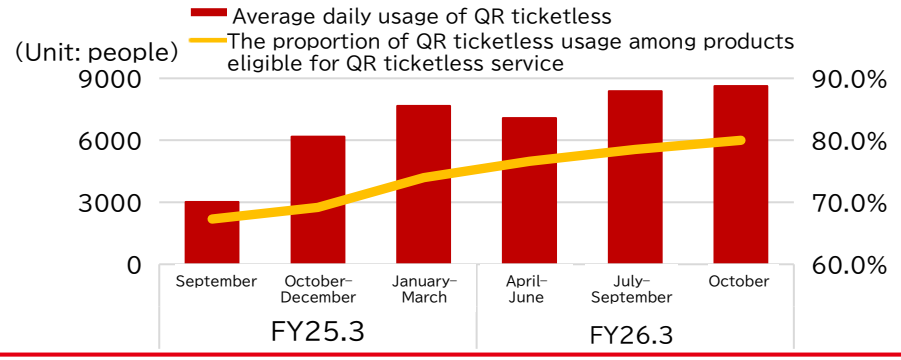
- **Development of Target-Specific Product Initiatives**

【Driver's License Return Going Out Ticket】

- Area-limited pass for customers aged 65 and above who have returned their driver's license

Sales Performance: Over 1,000 passes sold since July 2024

- **Expansion of QR ticketless services**
  - Since the launch of this service in September 26, last year, usage has been on the rise. The service contributes to reduced workload at station counters and helps ease congestion.
  - Starting in July 8, we will expand coverage from the northern Kyushu area to all conventional lines limited express and D&S trains.
    (Note: Does not apply to 36+3, KANPACHI/ICHIROKU, and ARU RESSHA.)



Outcomes of and Progress on the Future Railway Project (Open Innovation)

未来鉄道 MIRAI TETSUDOU

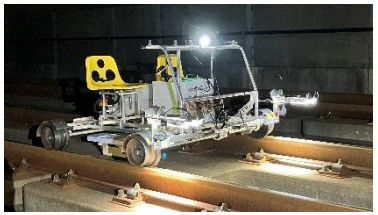
▪ Leveraging open innovation to explore knowledge and co-create new value

Capital and business alliance with Tokyo Artisan Intelligence Co., Ltd.

TokyoArtisan Intelligence

- **Background and objective of the capital and business alliance**
  - We have been collaborating under the Future Railway Project since 2022, to jointly pursue technology development.
  - The alliance aims to further strengthen the development of AI products that contribute to labor-saving and workforce reduction under the Future Railway Project.

- **Future outlook**
  - We aim to strengthen collaboration through initiatives such as promoting joint development, expanding external sales, and fostering talent—including through secondments.



Shinkansen track monitoring device

AI-based obstacle detection system

Partnership agreement with Plug and Play Japan Inc.

JR九州 PLUG AND PLAY JAPAN NEW PARTNER

- **Objective in forming the partnership**
  - To gain opportunities for co-creation with numerous global startups, and drive business transformation through fresh ideas and cutting-edge technologies beyond the scope of existing frameworks, JR Kyushu entered into a partnership agreement.
  - With Plug and Play Japan serving as a catalyst, the company aims to accelerate the Future Railway Project by combining its existing technologies and management resources with those of startups to co-create new mobility value.

- **Future outlook**
  - Through collaboration, JR Kyushu will strengthen efforts toward accelerated implementation, creation of new businesses, and the exploration of next-generation products. These initiatives aim to lead to tangible, measurable results.

Demonstration test of “SPACECOOL,” a radiative cooling material

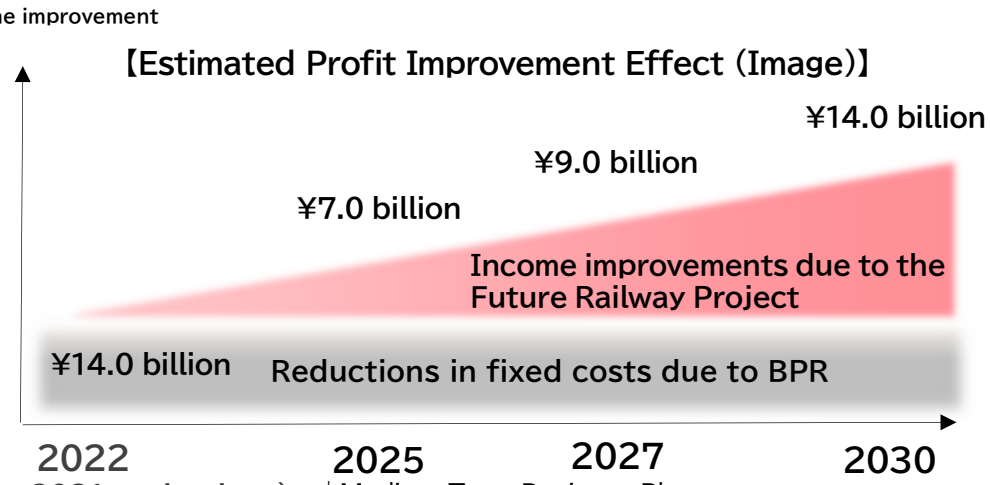
Ⅳ Impact of the Future Railway Project on the Medium-Term Business Plan

Impact of the Future Railway Project on the Medium-Term Business Plan

- Impact of the Future Railway Project on the Medium-Term Business Plan (Visualization of cost-specific effects, capital investment, and profit improvement impact)

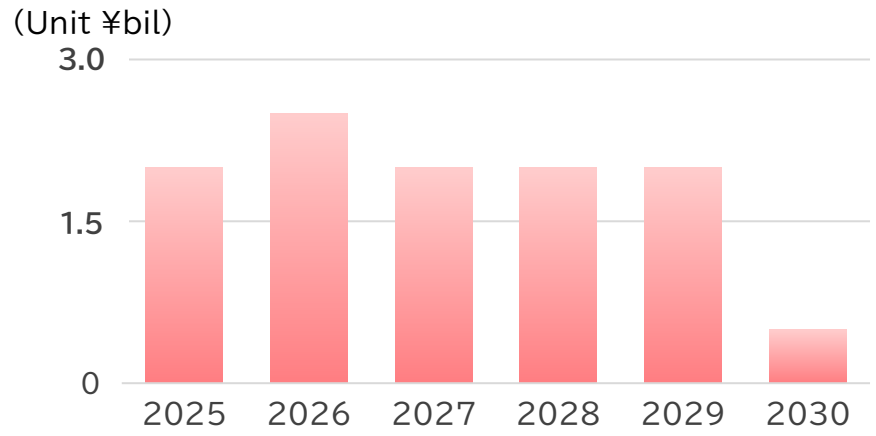
Current Planned Cost-Specific Profit Improvement and Capital Investment(Target Image for 2030)

【Estimated Profit Improvement Effect (Image)】

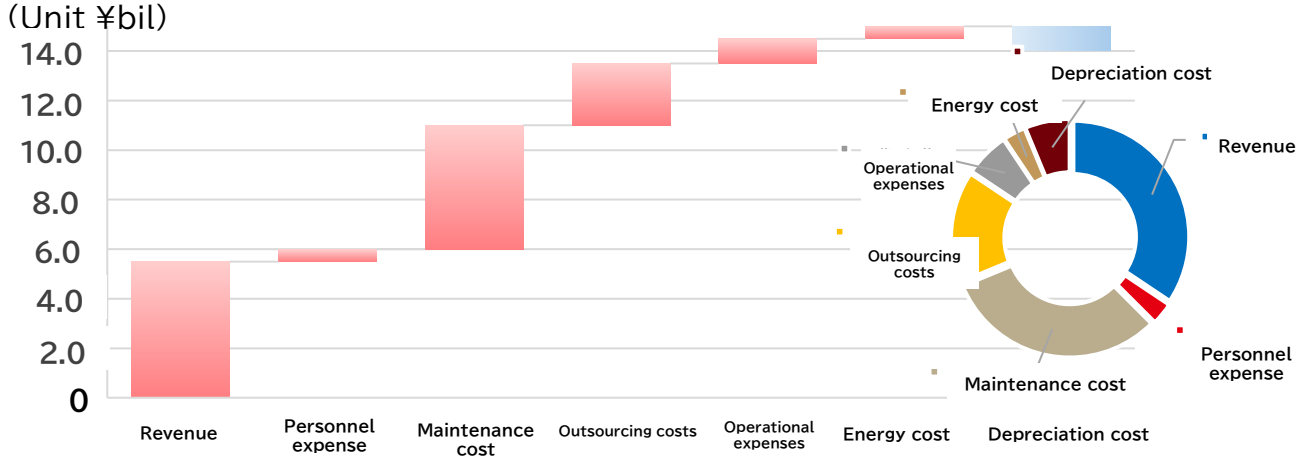


*The profit improvement target of ¥14 billion represents the improvement from FY2022 post-COVID profit levels.

【Capital Investment Plan for the Future Railway Project】



【Breakdown of Cost-Specific Effects (Image)】



【Structure of Profit Improvement Effects】

Evolution of mobility
Strengthening of operational resilience

Revenue generation

Reduction in costs via technological innovation

Investment in growth

BPR

Forward-Looking Statements

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

These statements are judgments made by the Company based on information, projections, and assumptions available at the time of the materials' creation.

Accordingly, please be advised that actual operating results could greatly differ from the contents of the materials due to the economic situation inside and outside Japan and the economic situation in Kyushu; real estate market conditions; the progress of respective projects; changes in laws and regulations; and a wide range of other risk factors.

IR materials can be viewed on our corporate website:

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