

(Translation)

February 17, 2026  
Kyushu Railway Company

Main Questions and Answers from the Financial Results Web Conference Third Quarter, FY2026/3

- Q. Railway transportation revenues appear to be progressing more favorably than expected. Could you provide more detail on the contributing factors? Also, should we expect a similar pace of increase going forward into next fiscal year and beyond?
- A. The main factors behind increases and decreases from the first half to the second half are as shown in the presentation materials. We believe there was a certain level of demand deviation following the fare revision, which we are currently analyzing in detail. In the first half, while there was an impact from heavy rainfall, we also saw positive effects from the Osaka / Kansai Expo and various marketing initiatives. In addition, we believe that the favorable trends seen in leisure and tourism demand in the first half have continued into the second half, and we recognize that events also contributed to increases in the third quarter. Regarding the plan for the next fiscal year, we would like to present it after carefully examining the Q4 figures.
- Q. Railway transportation revenues are outperforming your expectations. Is it possible that additional expenses will be recognized in the fourth quarter?
- A. As in prior years, repair expenses for the railway business tend to be higher in the fourth quarter. In addition, we are beginning to see some aging in railway facilities, and we believe it is necessary to address this proactively. For that reason, at the time of the second quarter earnings announcement we indicated that repair expenses were likely to exceed initial expectations. We are currently examining the scale and timing of measures to address aging facilities in the next fiscal year and beyond. Taking into account this year's trends and future measures, we expect repair expenses to trend upward, although we will present specific figures at a later stage.
- Q. Personnel expenses through the third quarter appear somewhat higher than initially expected. While we understand that base pay increases are contributing to this, revenue may also exceed plan, so is it fair to assume that this is not a major concern? Also, should we expect personnel cost growth to continue at roughly the current level?
- A. Under the Medium-Term Business Plan, we had assumed annual wage increases of approximately 4.3%. However, in the current fiscal year, we have already implemented a 7.1% increase, representing a significant raise in the first year. The future level of personnel expenses is one of the major themes we are currently examining. Moreover, this fiscal year's outlook already exceeds the numerical targets of the Medium-Term Business Plan. At the same time,

rising prices are affecting not only personnel expenses but also repair costs and other items, and we are currently reviewing levels for next fiscal year and the following year. Taking these factors into account, we are carefully reviewing projections for next fiscal year and the year after. While next fiscal year may see some temporary decline due to higher repair expenses and other factors, we are examining plans to ensure that the final year of the Medium-Term Business Plan exceeds this fiscal year's results.

- Q. With regard to inbound demand, you mentioned that customer numbers from China have declined since December due to the Chinese government's travel advisory. What was the impact in the third quarter? Also, how do you view the potential impact in the fourth quarter, which includes the Lunar New Year holiday?
- A. Inbound demand accounts for slightly less than 5% of overall railway transportation revenues, and we estimate that customers from China account for approximately 30% of sales of the JR KYUSHU RAIL PASS. Although there has been a decline in JR KYUSHU RAIL PASS usage since December, and while we will need to monitor the impact during the February Lunar New Year period, we do not expect a significant impact on full-year results. In the hotel business as well, inbound customers are driving performance. However, our hotels have a relatively lower proportion of Chinese customers, and many are individual travelers. Even when cancellations occur, they are often offset by demand from other countries. As a result, we believe the impact on ADR and occupancy has been limited, and current booking conditions remain favorable.
- Q. Could you comment on the contribution of Nintendo FUKUOKA in terms of customer traffic and earnings?
- A. As the store has only recently opened, it is difficult to present specific quantitative effects at this stage. However, we have welcomed a very large number of customers, and we believe it is having a positive impact on surrounding tenants as well. It is attractive content, and we expect spillover effects for the entire station building.
- Q. Other railway companies are also implementing initiatives using IP to attract customers. How does your company view the utilization of IP, and what are your future plans?
- A. We believe IP initiatives are highly effective. In terms of railway revenue, we believe that measures utilizing IP have contributed positively. Having Nintendo FUKUOKA as a tenant also helps stimulate customer traffic overall. We would like to continue working jointly with partners to promote increased railway usage and higher station building revenues.

Q. Regarding shareholder returns, I would like to reconfirm your thinking on flexible share repurchases.

A. With respect to flexible share repurchases, our policy was presented in the Medium-Term Business Plan. In light of factors such as the presence or absence of future growth investments, the status of returns to employees, cash flow conditions, and the accumulation of capital, we consider share repurchases to be one of the available options for shareholder returns.

<A Cautionary Note>

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