

# JR Kyushu Group Medium-Term Business Plan 2025–2027

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- I would like to thank everyone for taking the time to attend our presentation. Today, I will outline the JR Kyushu Group's new management philosophy and the Group's medium-term business plan, which begins next fiscal year.
- Please turn to the next slide.

## Contents

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### **1. Background to the Formulation of the Plan**

- 1-1. Review of the Previous Medium-Term Business Plan
- 1-2. Noteworthy Changes in the External Environment
- 1-3. Toward the Formulation of This Plan

### **2. Aiming for Sustainable Value Creation**

- 2-1. New Management Philosophy
- 2-2. Materiality
- 2-3. The JR Kyushu Group's City-Building Aims
- 2-4. Value Creation Story

### **3. Medium-Term Business Plan 2025-2027**

- 3-1. Key Strategies of the Plan
- 3-2. Key Strategy (1): Realize Sustainable Mobility Services
- 3-3. Key Strategy (2): City Building through Enhanced Collaboration among Businesses
- 3-4. Key Strategy (3): Plant Seeds for the Future
- 3-5. Reinforcing the Management Base

### **4. Financial Strategies and Targets**

- 4-1. Cash Allocation
- 4-2. Balance Sheet
- 4-3. Financial Targets and Shareholder Return Policy
- 4-4. Non-Financial KPIs

- The structure of this plan is as follows:
- To begin, I will explain the background considerations that led to the formulation of this plan. Then, I will discuss the fundamental concepts underpinning JR Kyushu Group's sustainable value creation, including the intent behind the establishment of our new management philosophy.
- Finally, I will outline the specific management strategies, financial strategies, and financial targets that we will implement over the next three years.
- Please turn to slide 4.

## Contents

---

### **1. Background to the Formulation of the Plan**

- 1-1. Review of the Previous Medium-Term Business Plan
- 1-2. Noteworthy Changes in the External Environment
- 1-3. Toward the Formulation of This Plan

### **2. Aiming for Sustainable Value Creation**

- 2-1. New Management Philosophy
- 2-2. Materiality
- 2-3. The JR Kyushu Group's City-Building Aims
- 2-4. Value Creation Story

### **3. Medium-Term Business Plan 2025–2027**

- 3-1. Key Strategies of the Plan
- 3-2. Key Strategy (1): Realize Sustainable Mobility Services
- 3-3. Key Strategy (2): City Building through Enhanced Collaboration among Businesses
- 3-4. Key Strategy (3): Plant Seeds for the Future
- 3-5. Reinforcing the Management Base

### **4. Financial Strategies and Targets**

- 4-1. Cash Allocation
- 4-2. Balance Sheet
- 4-3. Financial Targets and Shareholder Return Policy
- 4-4. Non-Financial KPIs

## 1-1. Review of the Previous Medium-Term Business Plan

- We positioned this period as a time to return to a growth track after the COVID-19 pandemic, and we implemented various strategies, including business structural reforms.
- We expect to mostly achieve our financial targets and non-financial KPIs for FY2025.3.

Strategies	Progress and Key Achievements
(1) Completing business structural reforms	<ul style="list-style-type: none"> <li>• In the railway business, we successfully completed business process reengineering (BPR) and reduced fixed costs by approximately 10%. We also initiated the Future Railway Project*.</li> <li>• In the hotel business, we integrated operating companies to strengthen our management base.</li> </ul>
(2) Creating a model for building cities that promote well-being	<ul style="list-style-type: none"> <li>• In the western Kyushu area, we engaged in development projects such as station buildings and hotels in response to the opening of the Nishi-Kyushu Shinkansen.</li> <li>• In the Fukuoka area, we opened offices, logistics facilities, and outdoor experience-type complex facilities, as well as others.</li> <li>• We established a sustainable local line model in the region (BRT Hikoboshi Line).</li> </ul>
(3) Developing businesses in new areas in which we can contribute	<ul style="list-style-type: none"> <li>• We established an intermediate holding company to accelerate the growth of the construction segment as a whole.</li> <li>• We steadily expanded our business through M&amp;A and other means.</li> <li>• We accelerated our new business initiatives, such as in grid-scale energy storage.</li> </ul>
Advancing personnel strategy	<ul style="list-style-type: none"> <li>• We formulated a personnel strategy and introduced a new personnel and wage system.</li> <li>• We promoted investment in our employees, including improved education and training programs.</li> </ul>
Strengthening management base	<ul style="list-style-type: none"> <li>• We changed our segment classifications and reviewed performance management methods for Group companies.</li> <li>• We promoted digital transformation (DX) initiatives in collaboration with Group companies and fostered DX talent.</li> <li>• We strove to expand business synergy and improve the customer experience by implementing CRM strategies.</li> </ul>

### Realization of Economic Value

- We expect to achieve all of our financial targets.

	Forecasts	Targets
Operating revenue	¥441.1 billion	¥440.0 billion
Operating income	¥57.3 billion	¥57.0 billion
EBITDA	¥94.0 billion	¥94.0 billion
ROE(reference)	9.5%	8% or higher

### Realization of Social Value

- We expect to mostly achieve our non-financial KPIs.

Realization of a decarbonized society	<ul style="list-style-type: none"> <li>• Reduction of CO2 emissions</li> <li>• Calculation of Scope 1-3 emissions, etc.</li> </ul>
Safety and service, the foundation for all of our businesses	<ul style="list-style-type: none"> <li>• Number of fatalities and injuries in the railway business</li> <li>• Service rankings, etc.</li> </ul>
Sustainable city-building	<ul style="list-style-type: none"> <li>• Monitoring of resident population in development areas, etc.</li> </ul>
Development of human resources, the source of value creation	<ul style="list-style-type: none"> <li>• Employee awareness survey results, etc.</li> </ul>
Sound corporate management	<ul style="list-style-type: none"> <li>• Conducting large meetings with outside directors, etc.</li> </ul>

\* The project is a cross-functional initiative involving all employees, aimed at enhancing the value of railways with the goal of creating the "railway of the future" that will drive City Building in Kyushu.

4

- Reflecting on the previous medium-term business plan, which began in fiscal 2022, our first priority was to address the urgent challenges posed by the COVID-19 pandemic. First, we engaged in business structural reforms, notably achieving approximately a 10% reduction in fixed costs for the railway business, among other successes.
- We also worked to create a model for building cities that promotes well-being, using the opening of the Nishi-Kyushu Shinkansen as a catalyst to promote development in surrounding areas and diversify urban development initiatives in the Fukuoka area.
- Moreover, we proactively sought new areas of contribution by establishing an intermediate holding company within the construction segment. While absorbing increased labor costs associated with the introduction of a new human resources system—an initiative not initially incorporated into our previous plan—we remain on track to achieve all our financial targets.
- On the other hand, while we made some progress in new business creation, including through M&A activities, we recognize that the past three years left unresolved the challenge of establishing a new pillar of growth for JR Kyushu Group.
- Please turn to the next slide.



## 1-2. Noteworthy Changes in the External Environment

- The JR Kyushu Group recognizes the need to accurately grasp the current situation amid a rapidly changing business environment influenced by global social and economic trends, and to proactively manage the Company with a broad perspective towards future changes.

### Recent Movements and Medium- to Long-Term Trends

Society	<ul style="list-style-type: none"> <li>Ongoing population decline, falling childbirths and an aging population, an accelerating labor shortage and rising labor costs</li> <li>Growing awareness of environmental considerations</li> <li>Changing and diversifying perceptions of people's well-being</li> <li>Progression of social infrastructure aging and surging maintenance costs</li> </ul>
Economy	<ul style="list-style-type: none"> <li>Rapid inflation and rising interest rates</li> <li>Unstable political and economic situations worldwide</li> <li>Growing interest in return on capital</li> <li>New business opportunities in Kyushu (establishment of semiconductor factories, expansion of logistics bases, runway extension, etc.)</li> </ul>
Technology	<ul style="list-style-type: none"> <li>Advancement of digital technologies (AI, machine learning, XR*, etc.)</li> <li>Diversification of mobility (autonomous driving, "flying cars", etc.)</li> <li>Acceleration of digital consumption</li> </ul>

### Changes the JR Kyushu Group is Focusing on

Changes in the Labor Market 	<ul style="list-style-type: none"> <li>Difficulty in stably securing talent</li> <li>Responding to improved compensation based on inflation</li> <li>Increased focus on job satisfaction and ease of work</li> </ul>
Changes in the Competitive Environment 	<ul style="list-style-type: none"> <li>Flexible and strategic price adaptation to cost increases</li> <li>Management with increased emphasis on capital efficiency</li> <li>Enhancement of sustainable corporate value in harmony with society</li> <li>Increased globalization within the Kyushu region such as participation of foreign capital</li> </ul>
Changes in Perspective Related to "Mobility" 	<ul style="list-style-type: none"> <li>Diversified mobility needs</li> <li>Decrease in mobility demand due to digitalization</li> <li>Increased awareness of environmentally friendly mobility</li> </ul>

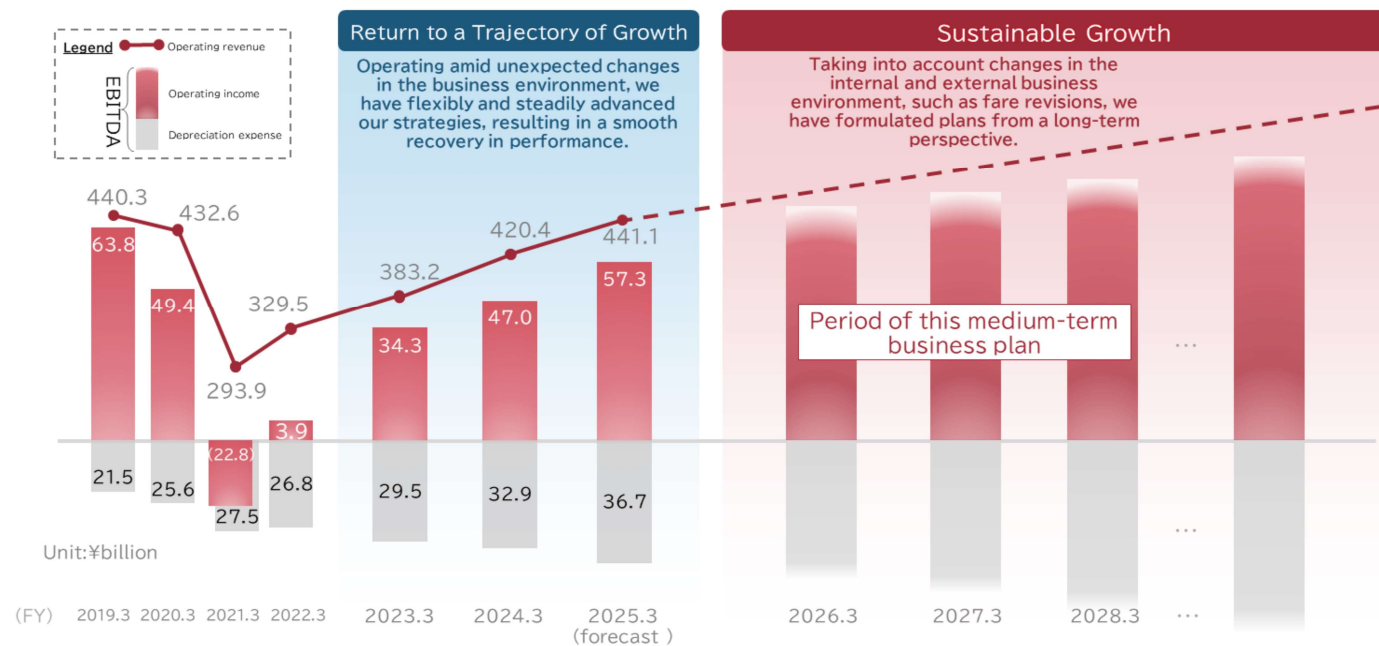
\* Technologies that combine the real world and the virtual world, enabling the perception of things that do not exist in reality (such as "VR (Virtual Reality)," "AR (Augmented Reality)," and "MR (Mixed Reality)").

5

- Recent changes in the external environment have had a significant impact, not only on the JR Kyushu Group but also on companies across Japan, prompting a reassessment of their future business directions.
- Among these changes, we consider the following particularly significant given the JR Kyushu Group's business characteristics: domestic inflation driven by shifts in global socio-economic conditions, and the need to improve employee compensation in response to inflation, labor shortages, and changing worker values. With growing attention on capital efficiency, these changes require particularly careful attention.
- Please turn to the next slide.

### 1-3. Toward the Formulation of This Plan

- We have formulated this plan to set a period for achieving sustainable growth surpassing the targets set in the previous medium-term business plan for FY2031.3 (operating revenue of ¥600 billion and operating income of ¥70 billion), while maintaining a long-term perspective.



- Under the previous medium-term business plan, we generally returned to a trajectory of growth following COVID-19. During the period of this plan, we recognize the need to shift our focus toward the long term, ensuring that JR Kyushu Group achieves sustainable growth while adapting to changes in the environment within and outside the Group.
- Taking also into consideration such factors as the fare revisions set to take effect from next fiscal year, we will aim to achieve our fiscal 2030 targets, such as ¥70 billion in operating income, as soon as possible.
- Please turn to the next slide.

## Contents

---

### 1. Background to the Formulation of the Plan

- 1-1. Review of the Previous Medium-Term Business Plan
- 1-2. Noteworthy Changes in the External Environment
- 1-3. Toward the Formulation of This Plan

### 2. Aiming for Sustainable Value Creation

- 2-1. New Management Philosophy
- 2-2. Materiality
- 2-3. The JR Kyushu Group's City-Building Aims
- 2-4. Value Creation Story

### 3. Medium-Term Business Plan 2025–2027

- 3-1. Key Strategies of the Plan
- 3-2. Key Strategy (1): Realize Sustainable Mobility Services
- 3-3. Key Strategy (2): City Building through Enhanced Collaboration among Businesses
- 3-4. Key Strategy (3): Plant Seeds for the Future
- 3-5. Reinforcing the Management Base

### 4. Financial Strategies and Targets

- 4-1. Cash Allocation
- 4-2. Balance Sheet
- 4-3. Financial Targets and Shareholder Return Policy
- 4-4. Non-Financial KPIs

- Next, I will discuss such topics as our revised management philosophy and the materiality we have redefined to support sustainable value creation.
- Please turn to the next slide.

## 2-1. New Management Philosophy

### Our Way

## Bringing the energy of Kyushu to the world

Through fascinating city building, we aim to make Kyushu more lively and more exciting. We strive to bring energy to the people living in Kyushu, those who visit Kyushu, and people all over the world who utilize the JR Kyushu Group's service.

### Our Mission

**Prioritizing safety, we put our customers first and create stable daily life, as well as exciting moments.**

### Our Conduct

#### Sincerity

We consistently uphold sincerity and take pride in our work, both in ourselves and in society.

#### Co-creation

We co-create value that connects the future with people, communities, and diverse colleagues.

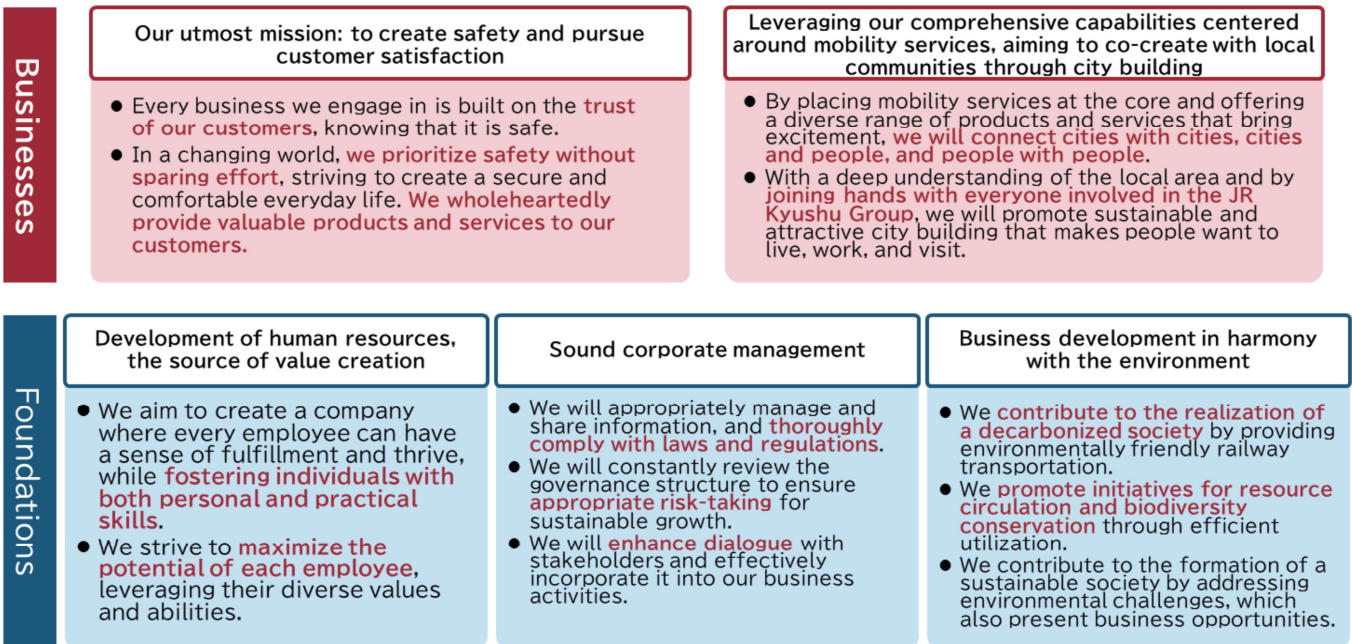
#### Challenge

With flexible thinking, we continuously embrace challenges for growth.

- In formulating our new management philosophy, we prioritized acknowledging the evolving values of society and clearly articulating our role and purpose within this societal context in an easily understandable manner.
- Changing a philosophy system that has been upheld for many years requires courage. However, after extensive discussions, including input from young employees, we determined that redefining our foundation was essential for the JR Kyushu Group's ongoing sustainable value creation.
- Here, we will provide a brief introduction. Moving forward, we will work on embedding these principles throughout the Group.
- Let us look first at "our way." The JR Kyushu Group now serves not only the people of Kyushu but also customers from around the world. We aim to energize Kyushu in a way that captivates a global audience while expanding our business outside Kyushu to contribute to an even greater number of people.
- Next, about "our mission." This defines what we must do daily to achieve our dreams. Prioritizing safety, we will always put our customers first and work to provide security, comfort, and inspiring moments in both everyday and extraordinary experiences.
- Lastly, "our conduct" describe the action guidelines that each employee must uphold on a daily basis to fulfill "our conduct" and realize "our way." By acting with sincerity, co-creating with diverse colleagues, and embracing challenges, we will ensure the sustainable growth of our Group.
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## 2-2. Materiality: Issues the JR Kyushu Group Should Always Keep in Mind

- We have organized our materialities into "businesses," which create economic and social value, and "foundations," which support these activities.

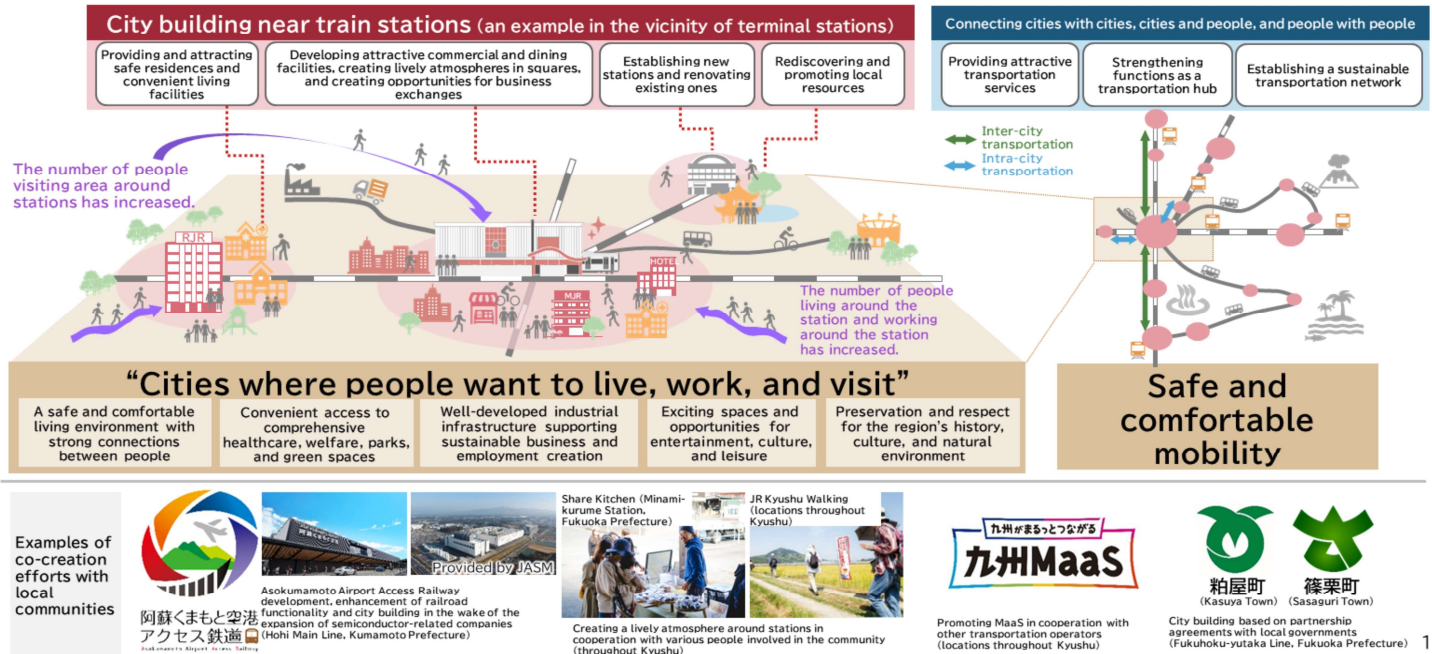


- Based on our new management philosophy and other considerations, we revised the materialities, the fundamental issues we must consistently consider.
- Looking at the JR Kyushu Group's development from a business perspective, "our mission" states that "prioritizing safety, we put our customers first," and "our dream" espouses "captivating city-building." Accordingly, we have defined "our utmost mission: to create safety and pursue customer satisfaction" and "leveraging our comprehensive capabilities centered around mobility services, aiming to co-create with local communities through city building."
- From the perspective of the foundation for supporting our business, we believe the "development of human resources, the source of value creation" and "sound corporate management" are essential for realizing "our dream." In addition, we have established "business development in harmony with the environment" as a materiality item toward the realization of a decarbonized, circular, and nature-friendly society."
- Next, I will provide specific business examples related to these materiality themes.
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## 2-3. The JR Kyushu Group's City-Building Aims

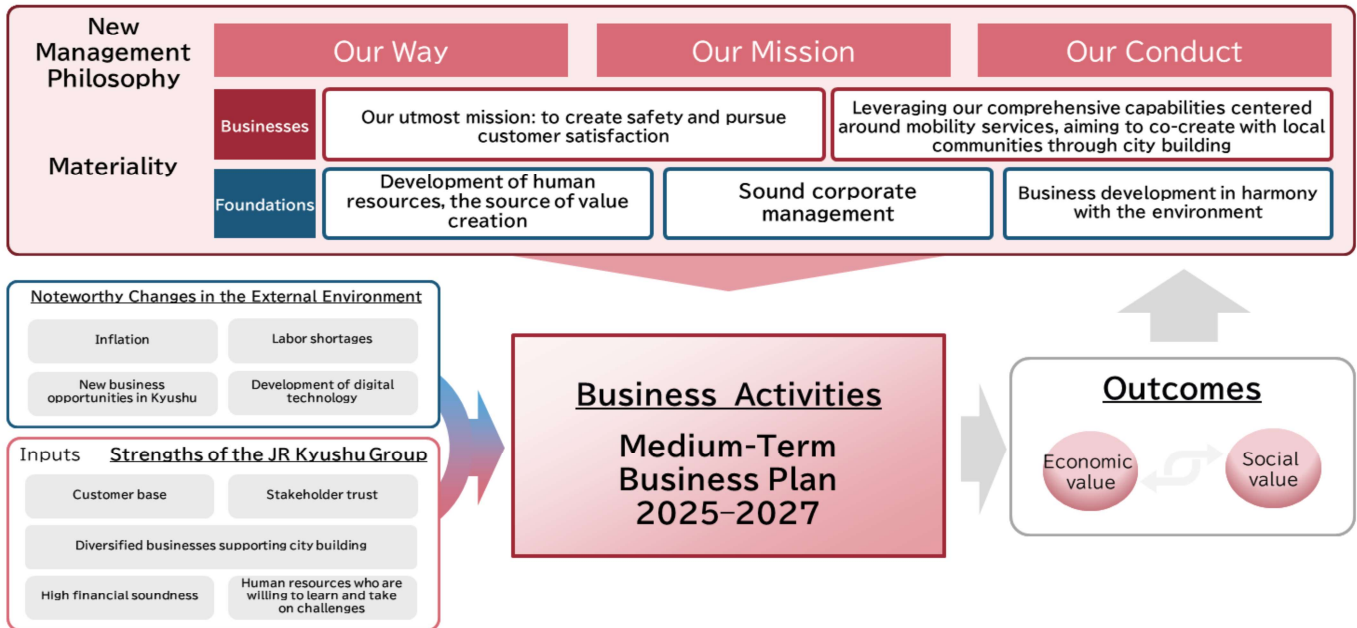
- We are committed to enhancing the attractiveness of station areas, which serve as social infrastructure, together with the local community. Through the provision of safe and comfortable mobility services, we aim to contribute to sustainable city building by cultivating the local population and promoting interaction around the stations.



- In Japan, as the trends of declining birthrates, aging population, and overall population decline continue, we foresee that in the not-so-distant future, maintaining our current social systems, including infrastructure development, will become increasingly difficult.
- Within this context, as a public transportation provider, JR Kyushu Group recognizes its role in ensuring the sustainability of cities and society by focusing on "city-building near train stations" and "connecting cities with cities, cities with people, and people with people." Through these efforts, we aim to cultivate the local population and promote interaction around the stations.
- Of course, the ideal urban landscape varies from region to region, and simply constructing station buildings in all areas is not a one-size-fits-all solution.
- To create a vibrant Kyushu and extend that energy to the world, we will engage in discussions with local communities, collaborate with various stakeholders, and take a long-term perspective in implementing sustainable city-building initiatives tailored to each area. Through these efforts, we will work toward creating both economic and social value.
- Now, I will explain the key strategic priorities that will guide our business over the next three years as part of our medium-term business plan.
- Please turn to slide 13.

## 2-4. Value Creation Story

- To realize our management philosophy and materiality, we will create economic and social value through business activities that leverage the strengths of the JR Kyushu Group in light of the external environment.





## Contents

---

### 1. Background to the Formulation of the Plan

- 1-1. Review of the Previous Medium-Term Business Plan
- 1-2. Noteworthy Changes in the External Environment
- 1-3. Toward the Formulation of This Plan

### 2. Aiming for Sustainable Value Creation

- 2-1. New Management Philosophy
- 2-2. Materiality
- 2-3. The JR Kyushu Group's City-Building Aims
- 2-4. Value Creation Story

### 3. Medium-Term Business Plan 2025–2027

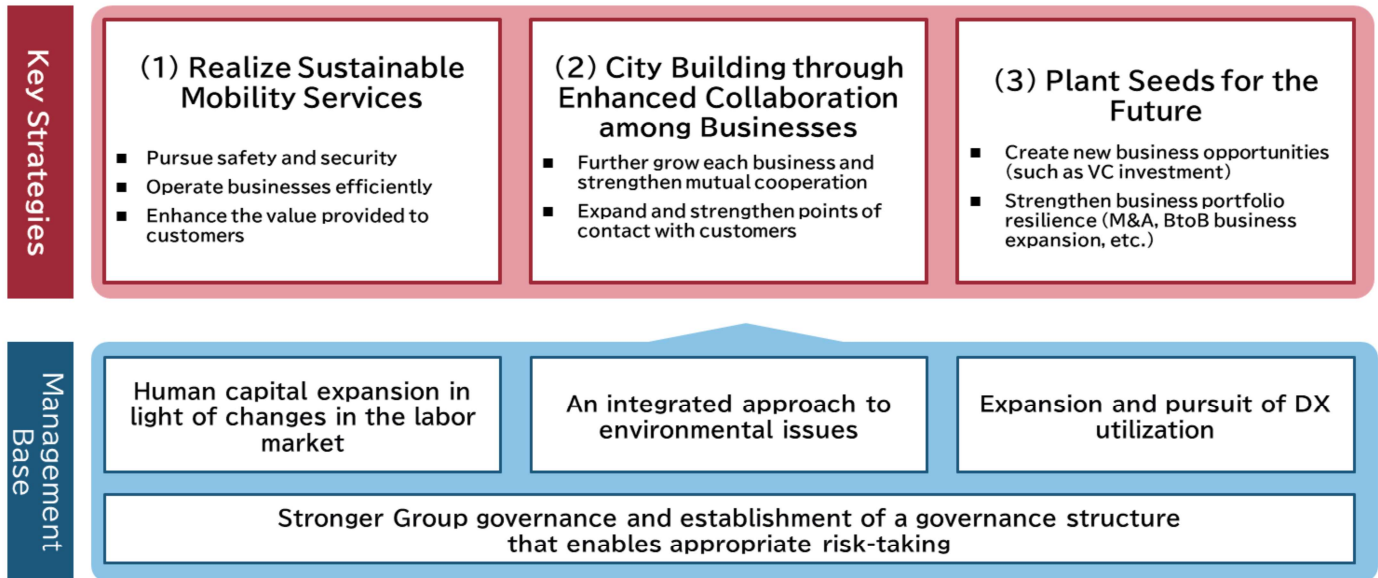
- 3-1. Key Strategies of the Plan
- 3-2. Key Strategy (1): Realize Sustainable Mobility Services
- 3-3. Key Strategy (2): City Building through Enhanced Collaboration among Businesses
- 3-4. Key Strategy (3): Plant Seeds for the Future
- 3-5. Reinforcing the Management Base

### 4. Financial Strategies and Targets

- 4-1. Cash Allocation
- 4-2. Balance Sheet
- 4-3. Financial Targets and Shareholder Return Policy
- 4-4. Non-Financial KPIs

### 3-1. Key Strategies of the Plan

- In this plan, we will prioritize safety and drive the transformation and growth of existing businesses, while also focusing on enhanced collaboration among businesses. We will strengthen and accelerate our efforts under the initiative to "plant seeds for the future," which aims for sustainable growth.
- To support our strategy, we will continuously approach our initiatives with flexibility while monitoring the changing social landscape and other factors.

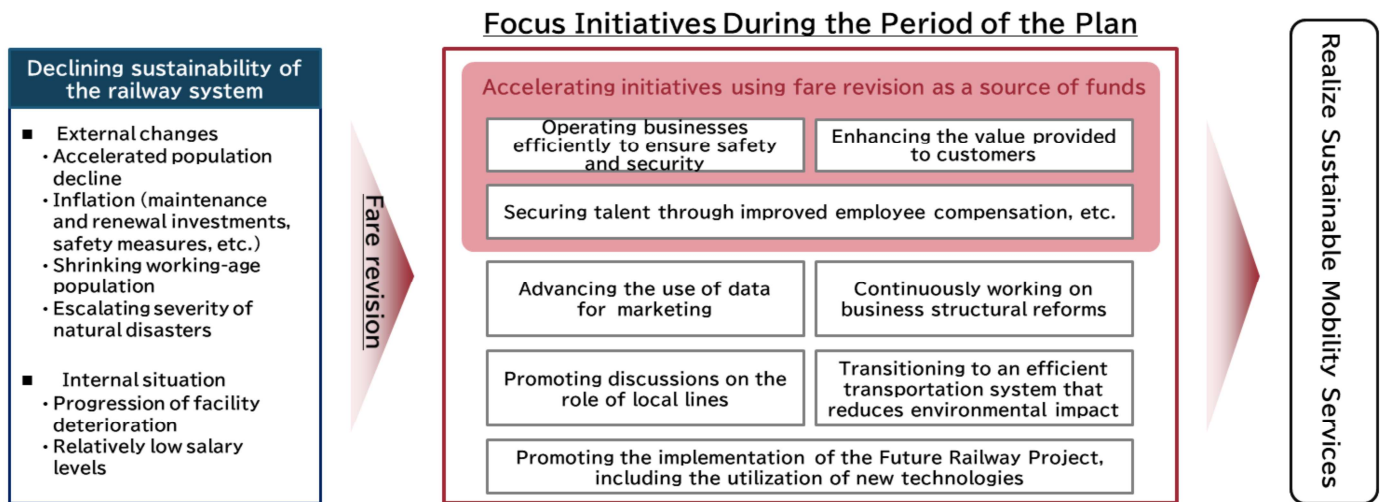


13

- In this plan, we promote three key strategies and four initiatives to support these by strengthening the management base.
- Our first key strategy is to realize sustainable mobility services. In our flagship railway business, we will pursue safety and security, strive to operate businesses efficiently, and continue working to enhance the value provided to customers.
- The second is to further grow each business and strengthen mutual cooperation. In addition to fostering the growth of each business segment, we will strive to step up mutual collaboration in order to enhance synergies between businesses. In addition, we will expand and strengthen points of contact with customers.
- The third key strategy is to plant seeds for the future as we work toward sustainable growth. We will implement strategies to strengthen portfolio resilience, such as creating new business opportunities through appropriate risk-taking and expanding BtoB business.
- In addition, as to the management base supporting these three key strategies, we will flexibly promote initiatives in the areas of human resources, the environment, DX, and governance, while keeping a close eye on social conditions and other factors.
- Please turn to the next slide.

## 3-2. Key Strategy (1): Realize Sustainable Mobility Services

- We recognize the fare revision planned for April 2025 as a significant turning point for the railway business, which has a high fixed cost ratio, as it will increase the flexibility of topline revenue to address anticipated inflation and improve compensation to help secure talent.
- By further promoting initiatives such as enhancing safety and service, we aim to realize sustainable mobility services, which contributes to the overall sustainable growth of the Group.



14

- Let us start by looking at the first key strategy, to realize sustainable mobility services.
- We recognize the fare revisions scheduled for April 2025 as a significant turning point for the railway business. Though we have maintained the same fares for 29 years, as the economic environment changes from deflation to inflation, we believe the upcoming fare revisions will enable us to respond more appropriately to rising costs, such as price hikes and improved compensation to secure human resources.
- We will use this opportunity to further improve safety and customer satisfaction, and accelerate various initiatives to realize sustainable mobility services, leading to sustainable growth for the entire Group.
- Please turn to the next slide.

## 3-2. Key Strategy (1): Realize Sustainable Mobility Services

- In addition to maintaining and enhancing our safety management framework and realizing utmost safety through the safety promotion campaigns, we aim to further establish a system for operating businesses efficiently to ensure safety and security by promoting the Future Railway Project.

### Pursue Safety and Security

#### Reinforce mechanisms for ensuring safety and enhancing overall employee capabilities

- Establish a safety management system
- Maintain and improve the PDCA cycle
- Create a culture of safety through safety promotion campaigns
- Expand practical safety education and training
- Enhance the ability to gather information on transport disruptions and provide passenger guidance



Utmost safety



- Improve platform safety using image analysis technology
- Introduce high-functioning level crossing obstacle detection devices

Make facilities and vehicles safer



- Promote infrastructure measures (Measures to address sloping surfaces, etc.)
- Improve response capabilities in times of disasters
- Strengthen security measures (counterterrorism, etc.)

Enhance the adaptability to increasingly severe disasters

### Operate businesses efficiently

#### Promote the Future Railway Project

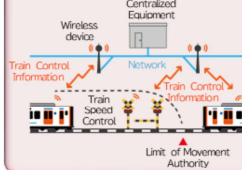
- Starting by the streamlined railway business, we aim to improve the profitability by more than ¥14.0 billion by FY2031.3 through the promotion of DX and technological innovations, focusing on additional cost reduction and securing revenue.

**[Future Railway Goals]**  
Enhance value and ensure sustainable growth of the railway



#### Streamline facilities

For example, promote online delivery of train information and train control utilizing wireless technology



#### Reduce qualification requirements

For example, expand on GOA 2.5 automatic train coverage area



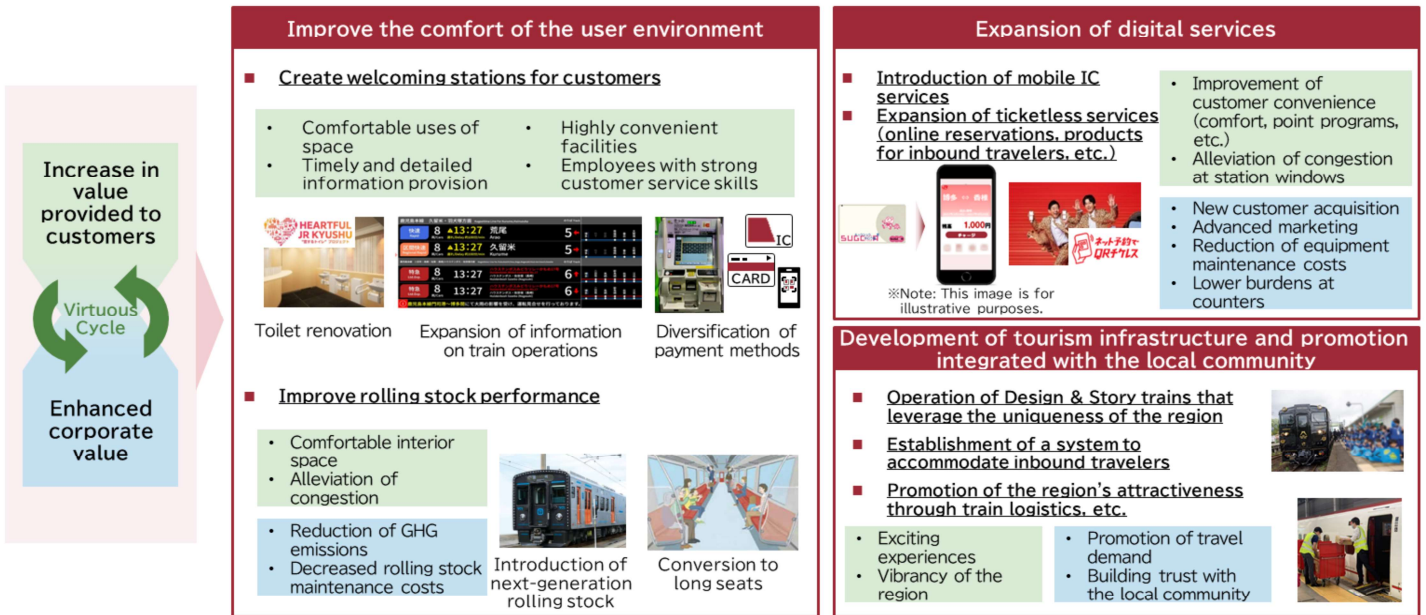
#### Co-create with local communities to achieve sustainable mobility services

- Promote discussion on the future of regional transportation mainly on local lines (Ibusuki-makurazaki Line (between Ibusuki and Makurazaki), Nichinan line (between Aburatsu and Shibushi), etc.)

- As initiatives of particular focus during the period of the plan, we pursue safety and security.
- As mentioned in the first part of our materialities, we recognize that all of our businesses are based on the trust of our customers in our safety, and we will work to create utmost safety as our top priority in the railway business as well.
- We will also work on efficient business operations with an awareness of capital efficiency. Through the Future Railway Project, we aim to improve railway transportation revenue by more than ¥14 billion yen by fiscal 2030 by not only reducing fixed costs but also improving income through the promotion of DX and technological innovation.
- At the same time, we will promote discussion on the future of regional transportation, mainly on local lines.
- Please turn to the next slide.

## 3-2. Key Strategy (1): Realize Sustainable Mobility Services

- We strive to improve the customer experience from the customer's perspective and aim to enhance the value provided to customers through advanced marketing, with the goal of improving the top line.



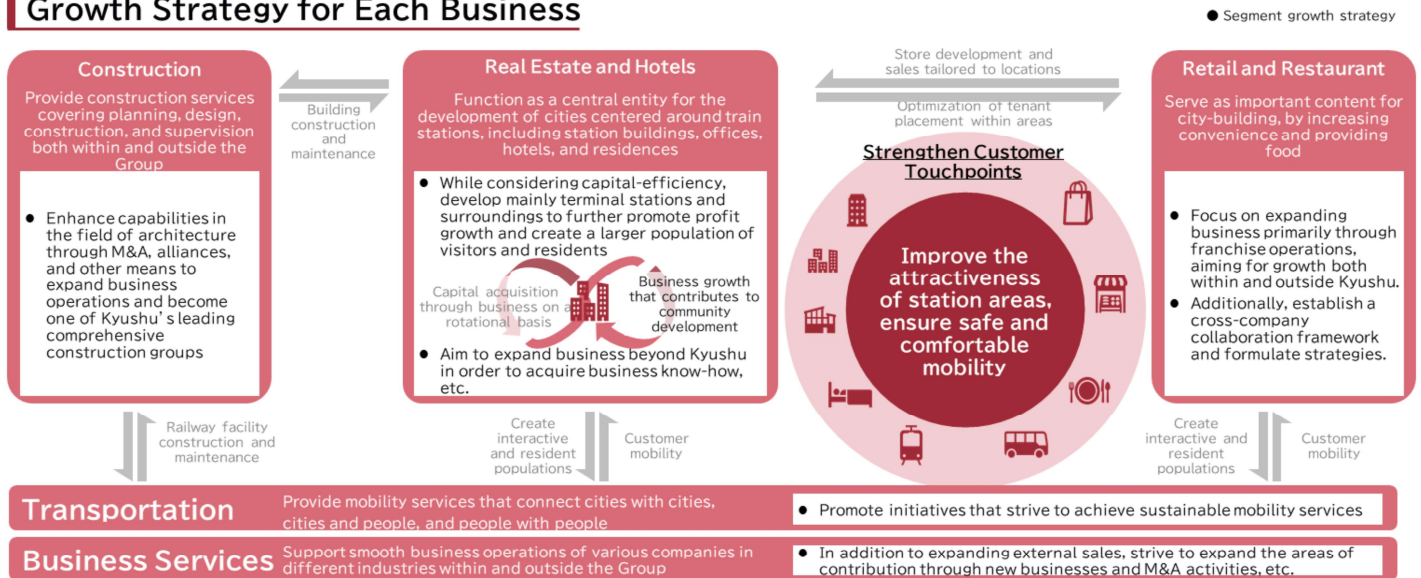
- Another focus measure is to enhance the value provided to customers.
- We will use the increased railway transportation revenue from fare revisions to improve the comfort of the user environment by concentrating on stations and rolling stock, and further expand highly convenient digital services to enhance customer satisfaction to encourage more usage.
- These efforts will not only improve the top line, but also lead to reductions in costs and environmental impact, creating a virtuous cycle of higher value provided to customers and higher corporate value.
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### 3-3. Key Strategy (2): City Building through Enhanced Collaboration among Businesses

- We will maximize the Group's overall strength by enhancing mutual collaboration, in addition to fostering the growth of each business segment, working toward the development of station-centered urban communities.
- We will further increase customer touchpoints to drive improvements in profitability and corporate value.




























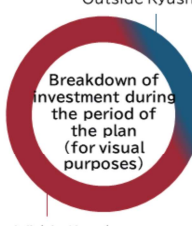
#### Growth Strategy for Each Business



- Looking next at our second key strategy, I will discuss city building through enhanced collaboration among businesses.
- As a prerequisite for inter-business collaboration toward community development centered on stations, each business that contributes to community development with its various roles, each needs to grow.
- The key to this process is to strengthen customer contact points. Though later slides will provide more details, focusing on three segments—transportation, real estate and hotels, and retail and restaurant—by enhancing the attractiveness of station areas and offering safe and comfortable mobility services, we will further increase customer touchpoints and work to derive improvements in profitability and corporate value.
- Please turn to the next slide.

### 3-3. Key Strategy (2): City Building through Enhanced Collaboration among Businesses

- In the Real Estate and Hotels business, we will continue to invest in rotational businesses and sustainable growth, taking into account areas and other factors, utilizing private REITs and other means.

Within Kyushu	Outside Kyushu										
<ul style="list-style-type: none"> <li>Continue to promote development in areas around terminal stations (offices, commercial, residences)</li> <li>Strengthen and expand assets in growth areas, including logistics facilities and urban residences</li> <li>Enhance attractiveness through renovation of existing properties (commercial, hotel)</li> <li>Actively participate in public redevelopment projects</li> <li>Promote asset-light expansion through external projects (leasing and operation partnerships outside the group) (hotel)</li> </ul>	<ul style="list-style-type: none"> <li>Expand business through collaboration with external partners, such as through JVs<sup>1</sup></li> <li>Conduct independent development utilizing business expertise gained within Kyushu</li> </ul>										
<p><b>Major development pipelines*2 *3</b></p> <table border="1"> <tr> <td> <p>■ Developments near stations</p>  <ul style="list-style-type: none"> <li>Project utilizing the space above the tracks at Hakata Station</li> <li>MJR Kagoshima Chuo Station</li> <li>MJR Kumamoto Gate Tower</li> <li>RJR Orio South</li> <li>Others</li> </ul> <p>Hakata Eki-Higashi 2-chome Office Project</p> </td> <td> <p>■ Logistics facilities</p>  <p>LOGI STATION Fukuoka Ogori (Scheduled for completion in July 2025)</p> </td> <td> <p>■ Urban residences</p>  <p>MJR Akasaka Gate Tower (Scheduled for completion in July 2027)</p> </td> </tr> <tr> <td colspan="3"> <p>■ City-building development</p>  <p>Development of the former site of Kyushu University Hakozaki Campus</p>  <p>Kagoshima City Kaiya-cho Redevelopment</p>  <p>Kikuyo Town, Kumamoto Prefecture (project study partner)</p> </td> </tr> </table>	<p>■ Developments near stations</p>  <ul style="list-style-type: none"> <li>Project utilizing the space above the tracks at Hakata Station</li> <li>MJR Kagoshima Chuo Station</li> <li>MJR Kumamoto Gate Tower</li> <li>RJR Orio South</li> <li>Others</li> </ul> <p>Hakata Eki-Higashi 2-chome Office Project</p>	<p>■ Logistics facilities</p>  <p>LOGI STATION Fukuoka Ogori (Scheduled for completion in July 2025)</p>	<p>■ Urban residences</p>  <p>MJR Akasaka Gate Tower (Scheduled for completion in July 2027)</p>	<p>■ City-building development</p>  <p>Development of the former site of Kyushu University Hakozaki Campus</p>  <p>Kagoshima City Kaiya-cho Redevelopment</p>  <p>Kikuyo Town, Kumamoto Prefecture (project study partner)</p>			<p><b>Major development pipelines *2 *3</b></p> <table border="1"> <tr> <td> <p>■ Office JV development</p>  <p>Toranomon Alcea Tower (Completed in February 2025)</p> </td> <td> <p>■ Logistics JV development</p>  <p>Logicross Misato (Scheduled for completion in August 2026)</p> </td> </tr> <tr> <td colspan="2"> <p>■ Independent development of rental condominiums</p>  <p>RJR Precia Higashi Jujo Garden (Completed in February 2025)</p> <ul style="list-style-type: none"> <li>RJR Saitama Kawaguchi</li> <li>RJR Nishi-Kamata</li> <li>RJR Oji-Kamiya</li> <li>Others</li> </ul> </td> </tr> </table>	<p>■ Office JV development</p>  <p>Toranomon Alcea Tower (Completed in February 2025)</p>	<p>■ Logistics JV development</p>  <p>Logicross Misato (Scheduled for completion in August 2026)</p>	<p>■ Independent development of rental condominiums</p>  <p>RJR Precia Higashi Jujo Garden (Completed in February 2025)</p> <ul style="list-style-type: none"> <li>RJR Saitama Kawaguchi</li> <li>RJR Nishi-Kamata</li> <li>RJR Oji-Kamiya</li> <li>Others</li> </ul>	
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<p>Breakdown of investment during the period of the plan (for visual purposes)</p>  <p>Outside Kyushu</p> <p>Within Kyushu</p>											
<p>*1 Joint ventures      *2 Including joint projects with other companies.      *3 Some property names are provisional.</p>											

- Next, on the topic of growth in each business, I will focus the discussion on growth strategies for real estate and hotels, which form the core of our city-building.
- We will continue to direct a large portion of our growth investment to the real estate and hotels business, but rather than simply accumulating investments, we will pursue a growth strategy that takes into consideration areas and asset types, and that is conscious of capital return through a revolving business that utilizes private REITs.
- Within Kyushu, we will continue with development around terminal buildings that takes city-building into account. We will also strengthen and expand assets in growth areas, including logistics facilities and urban residences.
- Outside the Kyushu region, we will expand business through collaboration with external partners, striving to attract business expertise and development resources.
- Please turn to the next slide.



### 3-3. Key Strategy (2): City Building through Enhanced Collaboration among Businesses

- We will contribute to top-line growth by attracting new people who become loyal customers, thereby increasing average spending and frequency of visiting.
- To foster vibrant city-building, we will promote cross-business customer referrals through enhanced CRM initiatives.

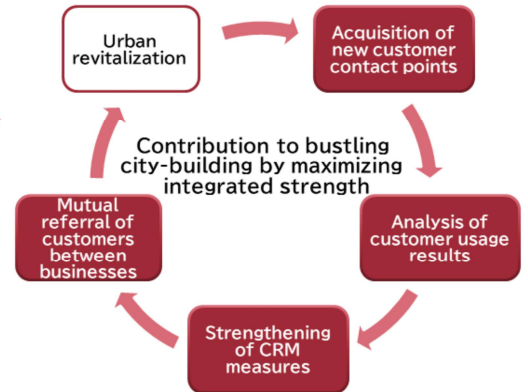
#### Increased customer satisfaction through enhanced collaboration among businesses (for visual purposes)

- We will use data-driven communication to build strong relationships with customers and aim to foster customer referrals between all businesses.



#### Efforts to enhance collaboration among businesses

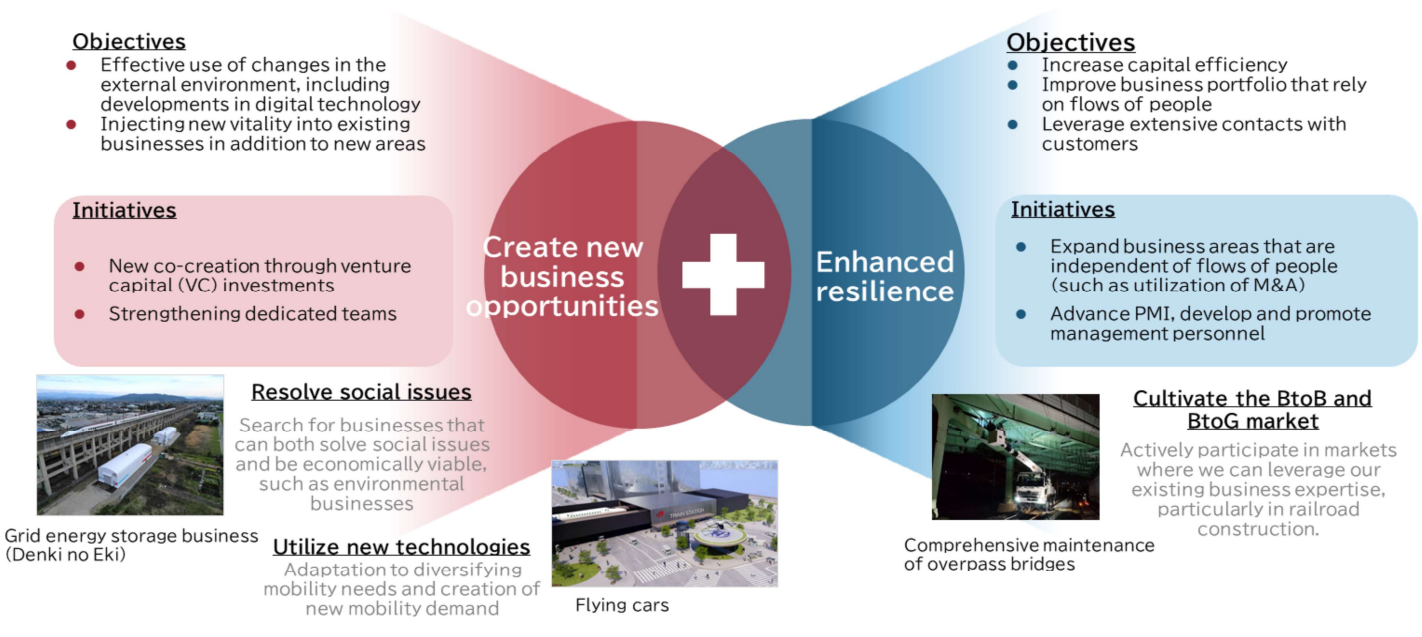
- Conduct an integrated analysis of customer usage data, and expand and strengthen customer contact points by promoting CRM measures
- Achieve reciprocal customer referrals among Group businesses over the medium to long term



- I will conclude my explanation of the second key strategy by talking about our focus on strengthening customer contact points.
- In addition to acquiring new customers, as well as stepping up the JR Kyupo initiatives we have promoted to date, we will work to augment customer spend and visiting frequency through increased use of multiple services, such as through customer-tailored proposals and by offering special benefits.
- Furthermore, we will establish a new department dedicated to the integrated analysis of customer usage data and cultivation of the potential market in order to promote stronger CRM measures than ever before. By gradually expanding this circle, we will increase the mutual referral of customers between businesses over the medium to long term, fostering vibrant city-building.
- Please turn to the next slide.

### 3-4. Key Strategy (3): Plant Seeds for the Future

- To plant seeds for the future, we will actively work to create new businesses and further strengthen resilience through appropriate risk-taking.



- Our third key strategy is to plant seeds for the future.
- This strategy breaks down broadly into two initiatives.
- The first is to create new business opportunities. To maintain the JR Kyushu Group's competitiveness amid changes in the external environment and an uncertain future, it is essential to take on new business challenges. In this plan, we aim to secure new revenue sources, and transform and revitalize existing businesses by accelerating collaboration with startups and gathering information through investments in venture capital.
- The second is enhanced resilience. While maintaining a focus on increasing capital efficiency, we will work on improving our business portfolio to reduce reliance on flows of people and invest in businesses that leverage the JR Kyushu Group's strength—our contacts with customers.
- Please turn to the next slide.

### 3-5. Reinforcing the Management Base: HR Strategy

- We will promote HR strategies with the goal of achieving HR KPIs aligned with the business strategy of this plan.
- During the period of this plan, we intend to accelerate investment in human resources (improved compensation, cultivation of talent), recognizing people as the source of value creation.

<b>Target image</b>	<b>Maximize the potential of individual employees to drive growth of the Group</b>	<b>Human resources development policy</b>	<ul style="list-style-type: none"> <li>• Evolve into a company where every employee finds fulfillment and can actively contribute</li> <li>• Cultivate employees with both personal and practical skills</li> </ul>	<b>Group-wide KPIs (targets for FY2028.3)</b>
				<b>Employee attitude survey Results</b> Achieve an overall satisfaction level higher than the previous fiscal year

#### JR Kyushu's personnel strategy

Five pillars	Particular focus initiatives of this plan	HR KPIs (targets for FY2028.3)
Establish an organizational culture that prioritizes safety and nurtures employees who think from the perspective of customers	<ul style="list-style-type: none"> <li>• Further establishment of a safety culture through communication and training</li> <li>• Transition to training based on customer perspectives and values</li> </ul>	Safety education participation rate: 100% per year
Provide and support opportunities for motivated and capable employees to take on challenges and grow	<ul style="list-style-type: none"> <li>• Expansion of external training and promotion of self-development through career training</li> <li>• Activation of internal job postings and strengthening of business proposal systems</li> </ul>	Exchanges of opinions between executives and employees: 40 or more times per year
Create a culture and system that allows individuals to utilize their values and abilities	<ul style="list-style-type: none"> <li>• Promotion of dialogue between management and employees, as well as among employees</li> <li>• Full-scale implementation of DE&amp;I initiatives</li> <li>• Recruitment, development, and appropriate placement of diverse talent</li> </ul>	DE&I indicators <sup>*1</sup> : Continued YoY improvement
Implement a performance assessment and compensation system that provides a balance between effort and results	<ul style="list-style-type: none"> <li>• Thorough implementation of fair evaluation and feedback to enhance satisfaction</li> <li>• Training for evaluators and interviewers to improve their skills</li> </ul>	Percentage of new female employees: 30% or more per year
Create an environment that enables flexible work styles tailored to individual life plans and promotes health management	<ul style="list-style-type: none"> <li>• Support for balancing childcare, caregiving, treatment, and work</li> <li>• Improvement of workplace environment through training for mental health and stress checks</li> <li>• Promotion of smoking cessation and lifestyle improvement for physical health</li> </ul>	Proportion of managerial positions held by employees with 15 years or more of tenure <sup>*2</sup> : Female proportion not lower than male proportion
<b>Areas of special focus for the business strategy implementation</b>	Marketing, real estate and hotels, new businesses, management personnel, PMI, DX	Female retention rate: Monitoring annual trends
		Male uptake of childcare leave and other family-related leave: 50% or more taking one month or more
		Number of DX personnel cultivated: Cumulative total of 1,000 or more
		Number of participants in management-related education: 100 or more per year

\*1 Our own index, taking an average score of items related to inclusion in the employee attitude survey

\*2 Including those who reach 15 years of tenure if they do not retire

- Up to this point, I have outlined our three key strategies. Now, I will discuss the four elements of the base that underpins these keys strategies.
- Our first step will be to invest in human capital to execute our business strategies.
- During the period of this plan, in light of the rapidly changing labor market conditions, we will expand investments aimed at improving compensation and working conditions to ensure the long-term sustainability and growth of our business.
- Additionally, we will enhance various training programs in alignment with our materiality themes and business strategies, fostering the development of human resources that support sustainable growth.
- Furthermore, we will establish detailed KPIs corresponding to the initiatives of this plan and systematically assess whether the intended outcomes are being achieved, adjusting allocations appropriately as needed.
- Please turn to the next slide.

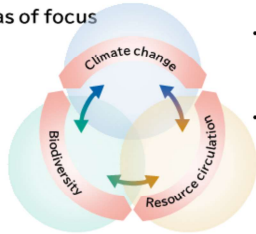
### 3-5. Reinforcing the Management Base: Environmental Strategy

- We formulated the “JR Kyushu Group Environmental Vision 2050” to work toward the realization of a decarbonized, circular, and nature-friendly society.
- We are promoting various initiatives to achieve this vision, including the reduction of GHG\*1 emissions and other measures.

#### JR Kyushu Group Environmental Vision 2050<sup>※2</sup>

Creating a future in harmony with nature through co-creation with local communities, customers, and business partners

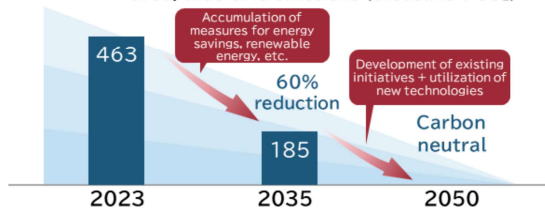
#### Areas of focus



- In addition to climate change, we are promoting initiatives targeting resource circulation and biodiversity.
- We are taking an integrated approach, connecting and coordinating activities across these areas.

Based on this vision, we are considering initiatives for the next three years.

[Reference] Roadmap to realizing a decarbonized society  
Groupwide GHG emissions (thousand t-CO<sub>2</sub>)



\*1 GHG (Greenhouse Gas) : Collective term for greenhouse gases such as carbon dioxide and methane

#### 2025-2027

Directions for measures during the period of the plan

Climate change	Realization of a decarbonized society
<ul style="list-style-type: none"> <li>• Reduce GHGs by 60% by 2035 (vs. 2023)</li> <li>• Set Scope 3 reduction targets</li> </ul>	
Resource circulation	Realization of a circular economy
<ul style="list-style-type: none"> <li>• Reduce waste and increase recycling rates in each business</li> <li>• Use water resources effectively</li> <li>• Resource circulation-based business model</li> </ul>	
Biodiversity	Realization of a nature-friendly society
<ul style="list-style-type: none"> <li>• Mount initiatives targeting community collaboration and efforts to protect ecosystems both within and outside of business</li> <li>• Promote ecotourism</li> </ul>	
Key initiatives	<ul style="list-style-type: none"> <li>• Upgrade to energy-saving rolling stock and continue to test biodiesel fuels</li> <li>• Conserve energy by procuring renewable energy and through in-house facilities</li> <li>• Consider commercialization of solar panel recycling</li> <li>• Conduct disclosure based on TNFD recommendations</li> </ul>

Investment during the period of the plan that contributes to the enhancement of environmental value

Approximately ¥40.0billion

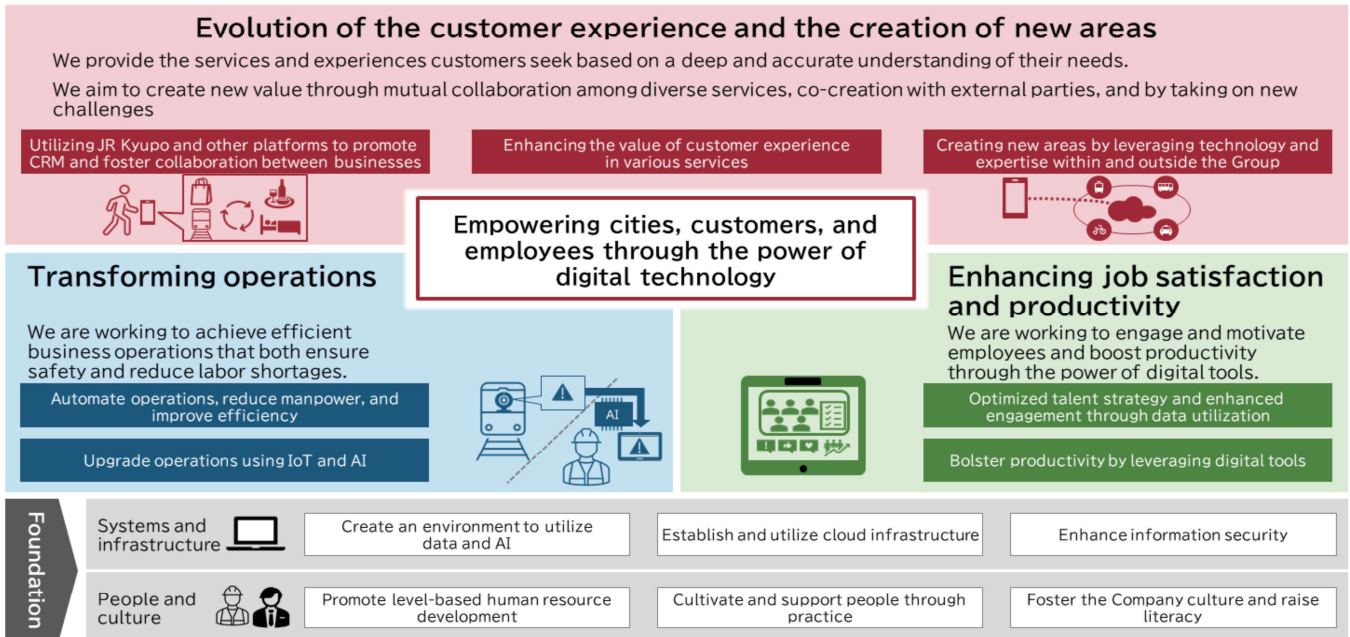
※2 [https://www.jrkyushu.co.jp/company/ir/eng/esg/pdf/Environmental\\_Vision\\_en.pdf](https://www.jrkyushu.co.jp/company/ir/eng/esg/pdf/Environmental_Vision_en.pdf)

- Our second theme for strengthening the management base is to take an integrated approach to environmental issues.
- In addition to the issue of climate change, which we have been addressing for some time, we have formulated the “JR Kyushu Group Environmental Vision 2050,” which aims for a future that attains harmony with the environment by taking an integrated approach that includes the circular economy and biodiversity.
- In order to become carbon neutral by 2050, we have set the ambitious target of achieving a 60% reduction from the fiscal 2023 level by 2035, and we will continue to ambitiously promote initiatives that contribute to corporate value over the long term in each of these areas.
- Please turn to the next slide.



### 3-5. Reinforcing the Management Base: DX

- We have updated a DX strategy based on our management philosophy and the key strategies of this plan.
- By harnessing the power of digitalization, we will strengthen our existing businesses and strive to create new value and opportunities.



- Next, I will discuss the expansion and pursuit of DX utilization.
- During the period of this plan, based on an updated DX strategy, we will promote various initiatives under the banner of “empowering cities, customers, and employees through the power of digital technology.” In addition, we will develop systems and infrastructure, educate employees at all levels, foster human resource development, and cultivate a corporate culture of DX.
- Please turn to the next slide.

### 3-5. Reinforcing the Management Base: Governance

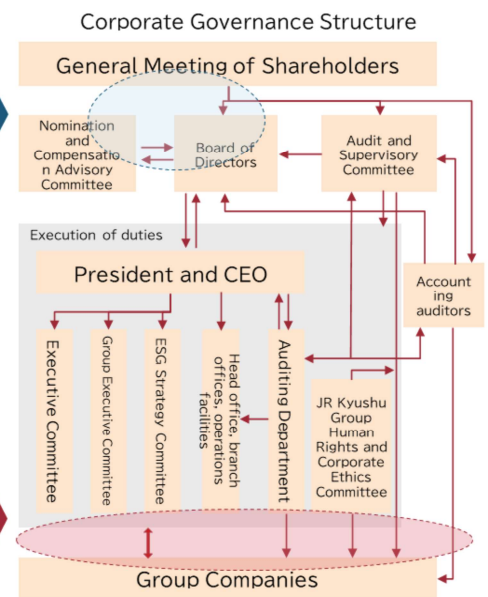
- We will strengthen and promote governance measures for Group companies, which have increased due to business expansion.
- By reinforcing system design, we will encourage appropriate risk-taking in the aim of enhancing sustainable corporate value.

#### Promote appropriate risk-taking

Ensure the independence of the Board of Directors	<ul style="list-style-type: none"> <li>• The Board of Directors has resolved that, in principle, the ratio of independent outside directors shall be at least half of the total number of directors, and this has been specified in the Kyushu Railway Company Basic Corporate Governance Policy.</li> </ul>
Review executive salaries	<ul style="list-style-type: none"> <li>• Nomination and Compensation Advisory Committee to review executive salaries with a view to strengthening incentives to improve performance and corporate value.</li> </ul>

#### Reinforce Group governance

New initiatives	<ul style="list-style-type: none"> <li>• Identify safety-related risks and clarify countermeasures</li> <li>• Add safety-related items to Group-wide performance evaluations</li> <li>• Reinforce the Group audit system and appoint safety officers throughout the Group</li> <li>• Hold regular safety-related meetings at all Group companies</li> <li>• Monitor Group companies that have experienced events with significant social impact</li> </ul>
Initiatives to continue and reinforce	<ul style="list-style-type: none"> <li>• Ensure compliance with legal regulations and guidelines</li> <li>• Hold "JR Kyushu Group Safety Promotion Conference"</li> <li>• Strengthen compliance training for top management of all Group companies</li> <li>• Provide management training for newly appointed directors, etc.</li> <li>• Enhance awareness of the internal whistleblowing system to cover the entire Group</li> </ul>



- The fourth and final theme for strengthening the management base is stronger Group governance and the promotion of appropriate risk-taking.
- First, we will focus on strengthening group governance in light of the problems that emerged in 2024 in the vessel operation business. We have already launched new initiatives, and we will further strengthen the governance of the entire group by steadily implementing them in conjunction with our existing initiatives.
- We will design a system to promote appropriate risk-taking, such as securing the independence of the Board of Directors and reviewing executive salaries.
- Please turn to page 26.

## Contents

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### 1. Background to the Formulation of the Plan

- 1-1. Review of the Previous Medium-Term Business Plan
- 1-2. Noteworthy Changes in the External Environment
- 1-3. Toward the Formulation of This Plan

### 2. Aiming for Sustainable Value Creation

- 2-1. New Management Philosophy
- 2-2. Materiality
- 2-3. The JR Kyushu Group's City-Building Aims
- 2-4. Value Creation Story

### 3. Medium-Term Business Plan 2025–2027

- 3-1. Key Strategies of the Plan
- 3-2. Key Strategy (1): Realize Sustainable Mobility Services
- 3-3. Key Strategy (2): City Building through Enhanced Collaboration among Businesses
- 3-4. Key Strategy (3): Plant Seeds for the Future
- 3-5. Reinforcing the Management Base

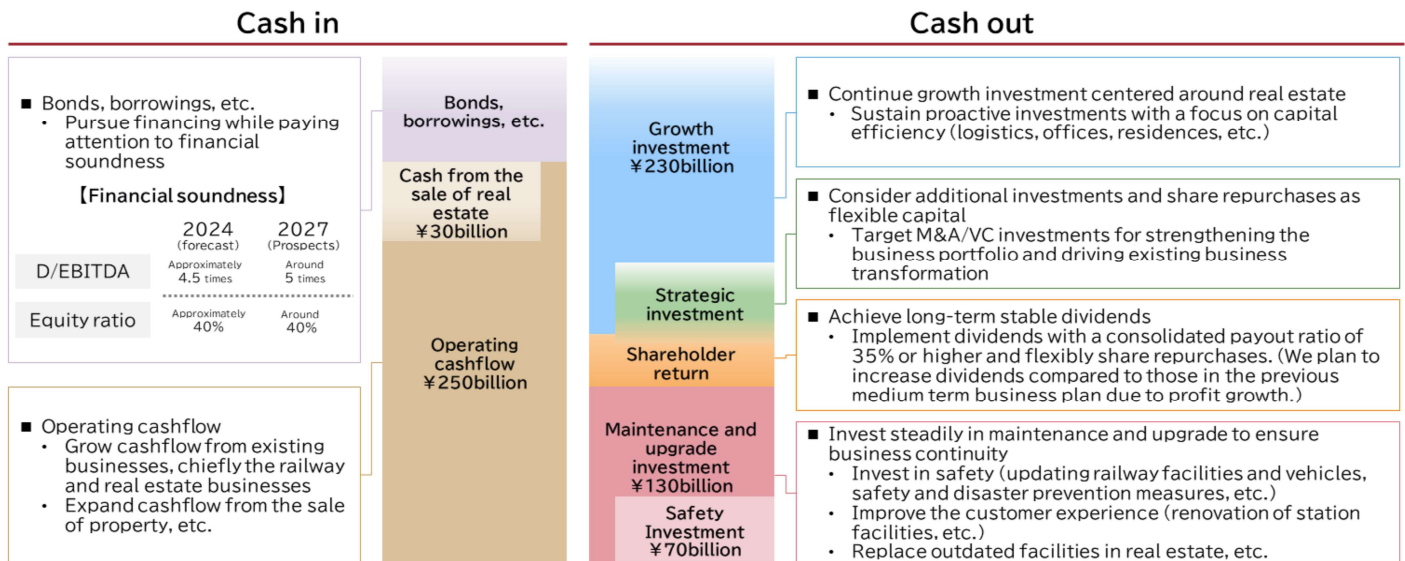
### 4. Financial Strategies and Targets

- 4-1. Cash Allocation
- 4-2. Balance Sheet
- 4-3. Financial Targets and Shareholder Return Policy
- 4-4. Non-Financial KPIs



## 4-1. Cash Allocation

- We will use operating cash flow for investment in maintenance and upgrade (including safety investments) and to implement long-term, stable shareholder returns.
- In addition to operating cash flow, we will continue to invest in growth including M&A, funded by borrowings based on a high level of financial soundness and from the proceeds from real estate property sales.



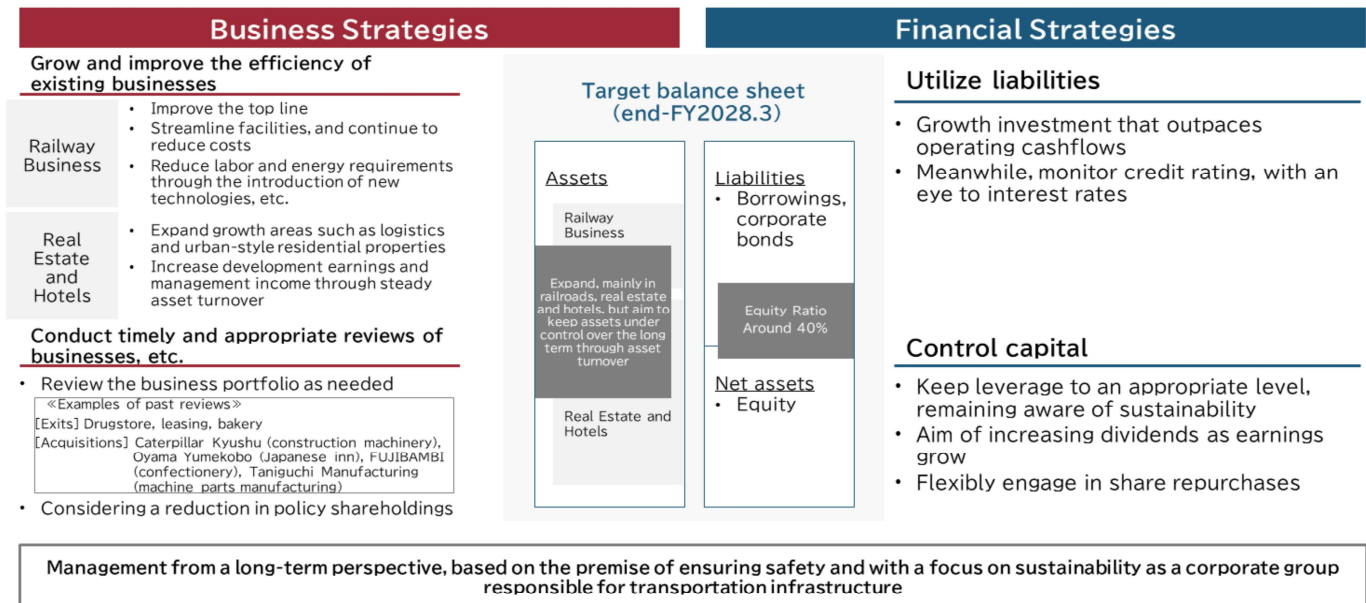
Note: All figures are approximate

26

- In closing, I would like to explain our numerical targets and the underlying approach established based on the key strategies of this plan. First, I will discuss our cash allocation approach. During the period of this plan, we will maintain financial soundness and use operating cash flow to invest in safety and maintenance upgrades, as well as to provide stable, long-term shareholder returns. Of our investment in maintenance and renovation, we plan to make safety investments of approximately ¥70 billion.
- For long-term investments, in addition to using operating cash flow we will tap into such sources as borrowings and proceeds from the sale of real estate.
- We have also earmarked a portion for strategic investment. While closely monitoring interest rate trends, we will leverage our strong financial soundness to allocate flexible capital toward investments that contribute to future growth. These may include strengthening our business portfolio through M&A, transforming existing businesses, and other initiatives aimed at long-term development. At the same time, in the absence of promising investment opportunities, we are also considering the option of allocating funds for share repurchases.
- Regarding financing, in addition to the projected ¥250 billion in operating cash flow, we plan to utilize corporate bonds and borrowings. Although the scale of cash outlays is expected to grow compared to the previous plan period, we believe that we can maintain a certain level of financial stability.
- Furthermore, the cash allocation is based on the current forecast. With the establishment of the strategic investment line this time, we intend to conduct flexible and agile business operations while keeping an eye on the rapidly changing situation.
- Please turn to the next slide.

## 4-2. Balance Sheet

- We will further align our business and financial strategies, and work to build a balance sheet with an awareness of capital efficiency and cost of capital.



27

- Next, I will discuss our perspective on the balance sheet.
- Taking into account requests from the Tokyo Stock Exchange and other factors, during the period of this plan we will work to build a balance sheet with an awareness of capital efficiency and the cost of capital. In addition to promoting growth and efficiency improvements for existing businesses, we will continue to review our business portfolio on an ongoing basis, including potential withdrawals from certain operations. Furthermore, we will persist in considering the sale of low-efficiency assets, such as the reduction of policy shareholdings.
- As with our approach to strategic investments, we will aim to utilize the generated cash flexibly.
- With safety as our top priority, we will adopt a long-term perspective in our management approach, ensuring the sustainability of our operations as a corporate group responsible for transportation infrastructure and construct the balance sheet that makes this possible.
- Please turn to the next slide.

## 4-3. Financial Targets\*1 and Shareholder Return Policy

- We will steadily improve the profitability of our existing businesses and actively sow the seeds for the future. By doing so, by the end of the plan, we aim to reach generate operating revenues of ¥530 billion, operating income of ¥71 billion, EBITDA of ¥115 billion, and maintain the same level of ROE as at present.

<b>Operating Revenue</b>		<b>Operating Income</b>	
¥441.1billion (FY2025.3)	➔	¥530billion (FY2028.3)	
<b>EBITDA</b>		<b>ROE</b>	
¥94.0billion (FY2025.3)	➔	¥115billion (FY2028.3)	Maintain current level

Segment name	Operating Revenue*2			Operating Income*2			Main reasons for changes
	FY2025.3	FY2028.3*3	(Change)	FY2025.3	FY2028.3*3	(Change)	
Transportation	166.6	189.0	(+22.4)	14.9	20.5	(+5.6)	Improvement of profitability through fare revisions, more sophisticated marketing, and the Future Railway Project
Of which, railway transportation revenues	147.7	171.0	(+23.3)	—	—	—	—
Real Estate and Hotels	138.2	167.0	(+28.8)	28.4	34.0	(+5.6)	Enhancement of existing businesses and acquisition of development profit through sale of properties, etc.
Retail and Restaurant	65.2	80.0	(+14.8)	3.6	4.0	(+0.4)	New store openings and expansion of franchise business
Construction	95.0	110.0	(+15.0)	6.6	8.0	(+1.4)	Growth through M&A, alliances, etc., centered on strengthening the architecture field
Business Services	81.8	88.0	(+6.2)	4.7	5.5	(+0.8)	Expansion of external sales
Total*4	441.1	530.0	(+88.9)	57.3	71.0	(+13.7)	

Unit:¥billion

### Shareholder return policy

JR Kyushu places importance on the stable provision of return to shareholders over the long term. Over the period up to FY2028.3, we will aim for a consolidated dividend payout ratio of 35% or higher and flexibly implement share repurchases. (We plan to increase dividends compared to those in the previous medium term business plan.)

\*1 Figures of FY2025.3 is based on the latest earnings forecast (announced in 2025.2.4).  
\*3 Figures in parentheses represent the change compared to FY2025.3.

\*2 Operating revenue and operating income by segment are before inter-segment eliminations.  
\*4 Figure in total is after inter-segment adjustments.

28

- We will now explain our numerical targets and shareholder return policy based on the above.
- We have set our financial targets for the final year of this plan, fiscal 2027, of ¥530 billion in operating revenue, ¥71 billion in operating income, and ¥115 billion in EBITDA. We will aim to maintain ROE at the current level although there are increases in depreciation expenses for railway business and investments in human resources. At the same time, we will strive to reduce the cost of capital and enhance corporate value.
- We consider long-term, stable shareholder returns to be crucial. Accordingly, through fiscal 2027, we intend to maintain a consolidated dividend payout ratio of 35% or higher, while also adopting a flexible approach to share repurchases. Additionally, we expect profit levels to rise compared to the period of the previous medium-term business plan, owing to fare revisions. As we maintain the current dividend payout ratio, we expect dividends per share to increase.
- Please turn to the next slide.

## 4-4. Non-Financial KPIs

- We strive to improve sustainability and corporate value by creating both economic and social value.

Materiality	Major strategies/initiatives	Major KPIs	
		Indicators	Targets (FY2028.3)
Our utmost mission: to create safety and pursue customer satisfaction	<ul style="list-style-type: none"> <li>Medium-term safety plan</li> <li>CS-improvement strategy</li> </ul>	<ul style="list-style-type: none"> <li>Accidents in the railway business that result in fatalities among customers</li> <li>Occupational accidents that result in fatalities among employees, etc.</li> <li>Level of customer satisfaction<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>0 cases</li> <li>0 cases</li> <li>75.0 points or higher</li> </ul>
Leveraging our comprehensive capabilities centered around mobility services, aiming to co-create with local communities through city building	<ul style="list-style-type: none"> <li>Business strategy</li> </ul>	<ul style="list-style-type: none"> <li>Population along train lines</li> <li>Promote alliances outside the Group</li> </ul>	<ul style="list-style-type: none"> <li>Rate of population decline lower than for Kyushu as a whole</li> <li>No quantitative target</li> </ul>
Development of human resources, the source of value creation	<ul style="list-style-type: none"> <li>Human resource strategy<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>Results of employee attitude survey (overall level of satisfaction)</li> <li>Exchanges of opinions between executives and employees</li> <li>Ratio of female employees among new employees</li> <li>Percentage of management positions held by employees with at least 15 years of service</li> <li>Retention of female employees</li> <li>DE&amp;I index<sup>3</sup></li> <li>Ratio of male employees who take childcare leave</li> </ul>	<ul style="list-style-type: none"> <li>Continued YoY improvement</li> <li>40 times or more per year</li> <li>30% or more per year</li> <li>Percentage of women not below that of men</li> <li>Monitoring annual trends</li> <li>Continued YoY improvement</li> <li>50% or more taking one month or more</li> </ul>
Sound corporate management	<ul style="list-style-type: none"> <li>IR (institutional investors)</li> <li>IR (individual investors)</li> <li>Promotion of mutual understanding</li> <li>Risk management</li> </ul>	<ul style="list-style-type: none"> <li>Continued holding of financial results briefings and the sharing and utilizing of investor opinions at board meetings</li> <li>Holding of large meetings with outside directors</li> <li>Briefings, tours, and other opportunities to interact with individual investors</li> <li>Customer roundtable meetings</li> <li>Reinforcement of group governance</li> </ul>	<ul style="list-style-type: none"> <li>5 time or more per year</li> <li>1 time or more per year</li> <li>10 times or more per year</li> <li>10 times or more per year</li> <li>Monitor status ever six months</li> </ul>
Business development in harmony with the environment	<ul style="list-style-type: none"> <li>Decarbonized society</li> <li>Circular economy</li> <li>Biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>Reduce greenhouse gas emissions by 60% by FY2035 (vs. FY2023)</li> <li>Tackle Scope 3</li> <li>Efficient use of water resources</li> <li>Biodiversity initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Confirm progress</li> <li>Set reduction targets</li> <li>Reduce water consumption<sup>5</sup> each fiscal year</li> <li>Disclosure based on TNFD recommendations</li> </ul>

<sup>1</sup> Comprehensive score of survey on hospitality, facilities, schedules, etc.

<sup>2</sup> Including those who reach 15 years of tenure if they do not retire

<sup>3</sup> Sales-to-water usage ratio: Water usage per unit of revenue (thousand cubic meters per ¥100 million)

<sup>4</sup> All figures represent non-consolidated indicators except "Results of employee attitude survey (overall level of satisfaction)"

<sup>5</sup> Our own index, taking an average score of items related to inclusion in the employee attitude survey

- Finally, I will discuss our materiality-related, non-financial KPIs.
- We have also added some items. In the category of “leveraging our comprehensive capabilities centered around mobility services, aiming to co-create with local communities through city building,” we have added “population along train lines.” In the category of “development of human resources, the source of value creation,” we added DE&I-related indicators. In “sound corporate management,” we added “reinforcement of Group governance.” Under “business development in harmony with the environment,” we added “GHG targets,” “tackle Scope 3,” “make efficient use of water resources,” and “undertake biodiversity initiatives.”
- In line with its review of materiality themes, the JR Kyushu Group will fulfill its social responsibility and create a sustainable future together with all stakeholders by clarifying its initiatives and setting corresponding KPIs.
- This concludes my presentation. Thank you for your attention.



This document 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 document's creation.

Accordingly, please be advised that actual operating results could greatly differ from the contents of this document 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.

In addition, the purpose of this document is only to provide information. Its purpose is not to solicit transactions.