

JR KYUSHU IR DAY 2023

Opening Remarks for JR KYUSHU IR DAY 2023

November 28, 2023

KYUSHU RAILWAY COMPANY

Representative Director, President & CEO

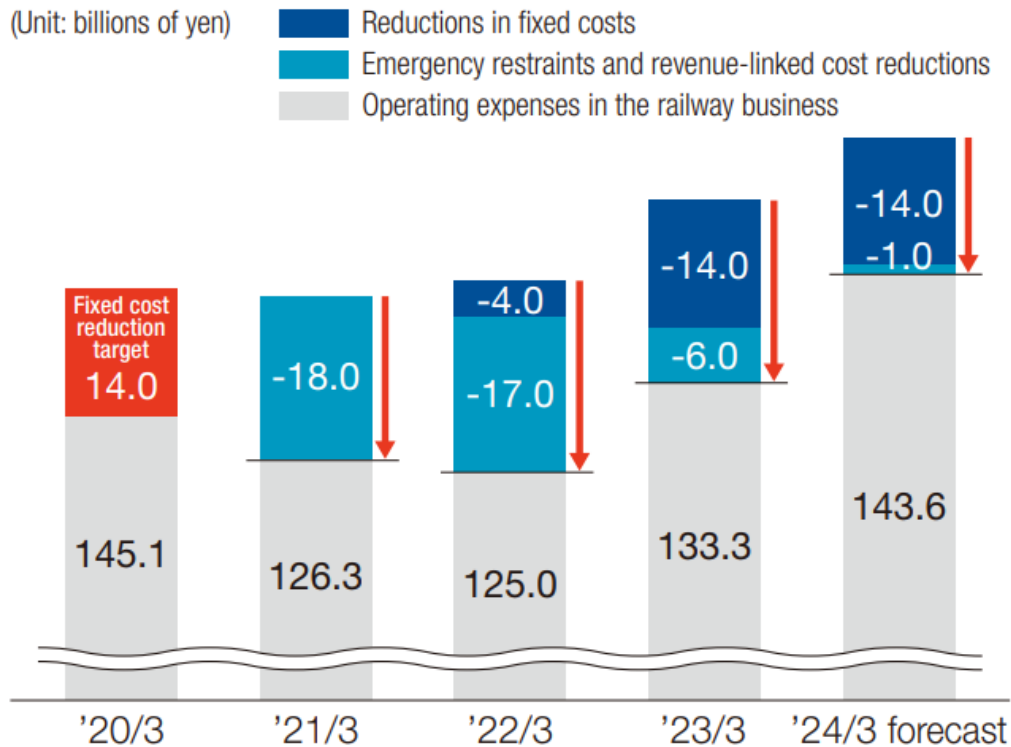
Yoji Furumiya

Progress of the Medium-Term Business Plan 2022-2024:

Key strategy① Completing business structural reforms

- The ¥14.0 billion reduction in fixed costs in the railway business was completed in FY23.3

Completion of BPR



Principal initiatives

- By utilizing DX and other initiatives, realize employee-free stations, discontinue ticket-sales counters, and reduce operating hours



JR Kyushu app



Internet reservations



Chat-bot



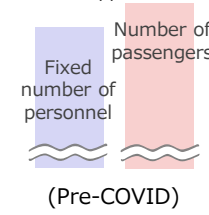
Remote support

- Revise the operating system to match passenger usage

【Fall 2022 timetable revisions】

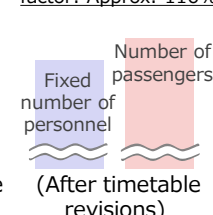
Train-kilometers	Rolling stock owned
(2.3)%	(7)%

Average passenger load factor: Approx. 122%



Adjust transportation capacity

Average passenger load factor: Approx. 116%



Note: The average passenger load factor is at Hakata Station during morning commuting hours (7:15–8:45).

- Renovate rolling stock to increase boarding efficiency



Introducing long seats

- Increase efficiency of inspection, and revise replacement standards by enhancing inspection accuracy.

Progress of the Medium-Term Business Plan 2022-2024:

Key strategy① Completing business structural reforms

- Launched the “Future Railway Project” to improve the medium- to long-term income and expenditure of the railway business

Launch of the “Future Railway Project”

Create the “future of railways” to drive urban development in Kyushu.

**Enhancing mobility
Strengthening management base**

Second stage - 2030

- Intelligent railways
- Achieving sustainable transport networks

First stage - 2024

- Improvement of income and expenditure throughout the Group
- Building sustainable transport systems
- Technological innovation to lay the foundations for the second stage

Cost reduction

Investment in growth

Cost reduction through technological innovation

Securing revenue

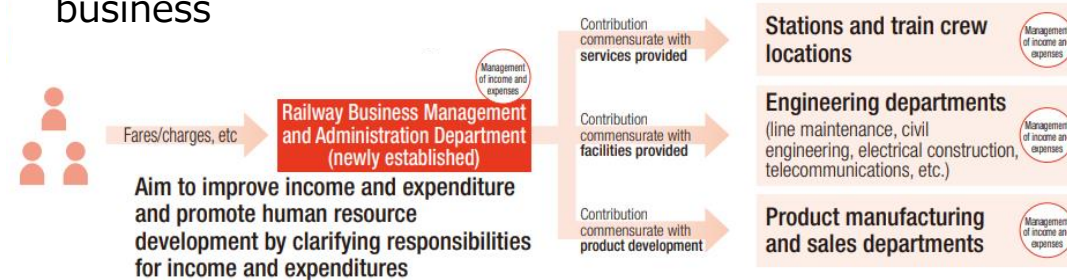
Revision of management of income and expenditure

BPR

Cost reduction: reduction of ¥14.0 billion (ongoing)

Principal initiatives

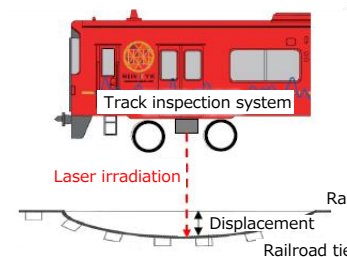
- Implementing management accounting using “amoeba management” that is customized for the railway business



- Development of multifunctional inspection vehicle (BIG EYE)



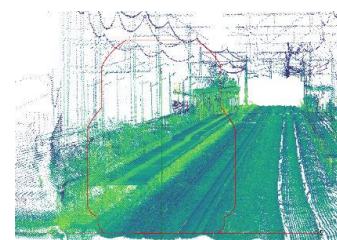
Track inspection system



Component inspection support camera system



Building limit measuring equipment



Progress of the Medium-Term Business Plan 2022-2024:

Key strategy② Creating a model for building cities that promote well-being

- The Nishi-Kyushu Shinkansen and the JR Nagasaki Station Building, which form the core of city-building in the Western Kyushu area, opened.
- The BRT Hikoboshi Line on the Hitahikosan Line, which can serve as a model for future regional transportation, opened.

Opening of the Nishi-Kyushu Shinkansen and JR Nagasaki Station Building



Number of people using the Nishi-Kyushu Shinkansen in October

Approx.
7,100/day
109% of FY22.3 levels
108% of FY19.3 levels

Notes: Results on the section between Takeo Onsen and Nagasaki
The comparison with FY19.3 levels is on the same day, for the Kamome limited express on the section between Isahaya and Nagasaki.



Number of people visiting JR Nagasaki Station Building for the first three days of operation

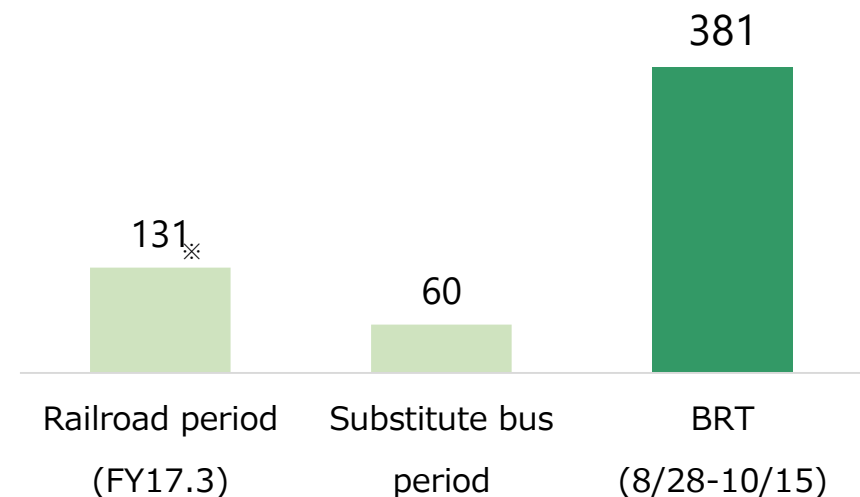
Approx.
420,000

<Reference> Population of Nagasaki city: 393,414 (as of 11/1)

Opening of BRT Hikoboshi Line on the Hitahikosan Line



Comparison of average number of passengers boarding per day



※ Average number of passengers passing through Soeda-Yoake

Progress of the Medium-Term Business Plan 2022-2024:

Key strategy③ Developing businesses in new areas in which we can contribute

- To accelerate growth by promoting stronger business collaboration within the Construction segment, we established an intermediate holding company.

Establishment of an intermediate holding company in the Construction segment

Name	JR Kyushu Construction Group Holdings Inc.
Establishment	July 3, 2023
Objective for establishment	We aim to accelerate the growth of the Construction segment as a whole by establishing an organization to support revenue expansion, that strengthens external sales, conducts M&A, develops a system for coordinating personnel and information between companies, and strengthens back-office functions (common infrastructure) .

Target image for the Construction segment

We will demonstrate our comprehensive capabilities with consistent functions from upstream planning and design to construction and maintenance as indicated below.

- ✓ Contribute to local communities and solve social issues in a wide range of fields and domain
- ✓ 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



[Strengths of the JR Kyushu Group]
Local governments, railways, city-building

[Sources of growth]
Technical capabilities and know-how, a strong human resource base, and total service based on inter-company collaboration

ESG Initiatives



Realization of a
de-carbonized
society

- Because the 2030 interim CO₂ emissions target is generally expected to be achieved, new interim targets and a roadmap to achieve them are being considered



Company solar
energy
generation
through onsite
PPA models



Demonstration
experiment
for the
introduction of
biodiesel fuel



Acquisition
of green
building
certification



Development of
human resources,
the source of value
creation

- Formulated a new personnel strategy and implemented reforms to the personnel and wage system
- Held an “opinion exchange event for all employees” with the management team



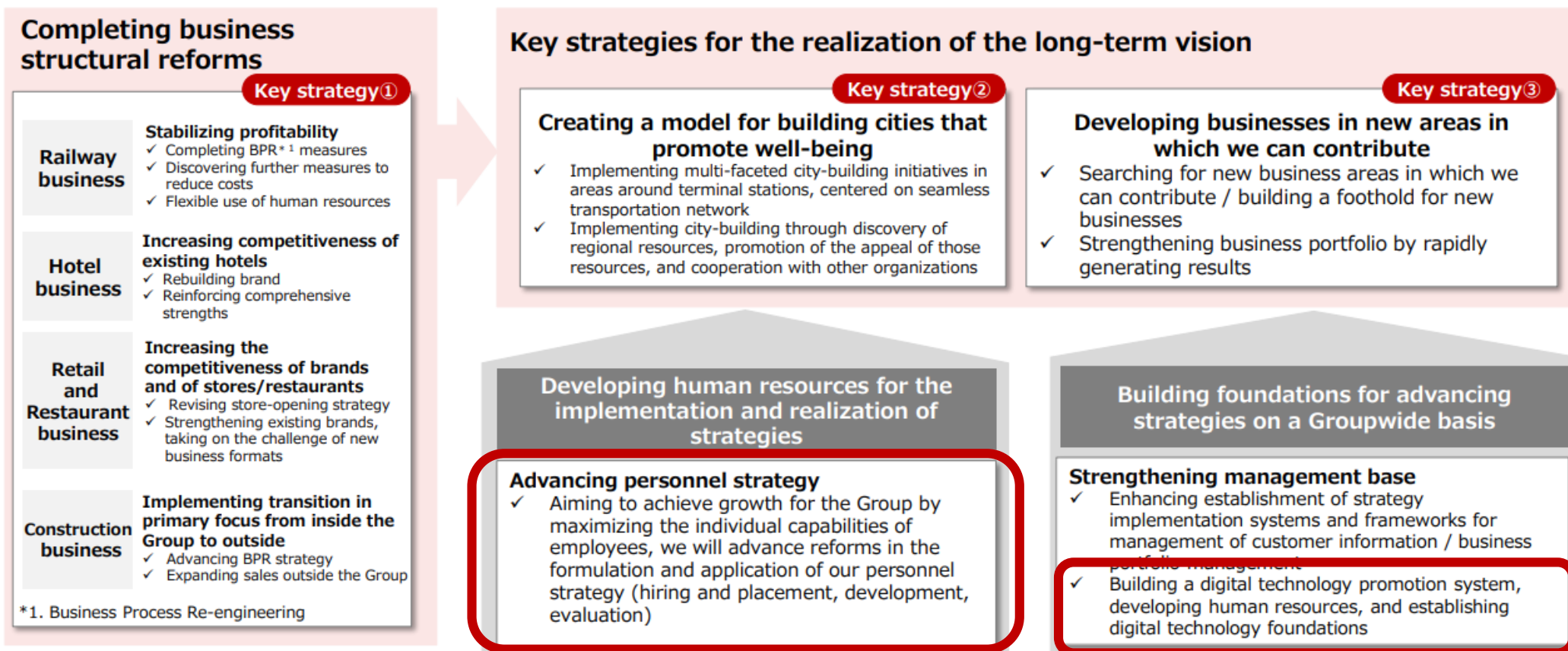
Sound corporate
management

- Linked directors' compensation to the non-financial KPI
- Revised the skillset necessary for the Company's Board of Directors

Today's Contents

- Describe the personnel strategy and DX strategy that support the execution of key strategies in the Medium-Term Business Plan
- Set up meetings to exchange views with outside directors who have expertise in personnel strategy

Medium-Term Business Plan 2022-2024



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 influence of COVID-19; 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.

IR materials can be viewed on our corporate website:

https://www.jrkyushu.co.jp/company/ir_eng/library/earnings/