

# **FY24.3**

## **Annual Investors Meeting**

---

May 10, 2024

**KYUSHU RAILWAY COMPANY**

- I am Yoji Furumiya, the president of JR Kyushu. I would like to thank everyone for taking the time to join us.
- Today, I will discuss our financial results and year-end dividend for the fiscal year ended March 31, 2024, our full-year performance forecasts and dividend forecasts for the fiscal year ending March 31, 2025, the status of segments, and progress on the medium-term business plan.
- First, I will discuss our financial results and year-end dividend for the fiscal year ended March 31, 2024. Please turn to slide 5.

# Contents

---

I	Financial Results and Year-end Dividend for FY24.3	4
II	Full-Year Performance Forecasts and Dividend Forecasts for FY25.3	10
III	Status of Segments	16
IV	Progress on the Medium-Term Business Plan	27
	Appendix	40

# Highlights

## Financial results and year-end dividend for FY24.3

- Owing to a recovery of demand in each segment, consolidated operating revenues, operating income, ordinary income, and net income attributable to owners of the parent all increased year on year.
- The Company booked an extraordinary loss due to provision for loss on disaster, etc., related to reconstruction of the Hisatsu Line.
- We plan to award a year-end dividend of ¥93 per share.

## Full-year performance forecasts and dividend forecasts for FY25.3

- Consolidated operating revenues, operating income, ordinary income, and net income attributable to owners of the parent are expected to be all up year on year, despite higher personnel expenses stemming from improved employee compensation, owing to a rise in railway transportation revenues, contribution of newly opened properties in the previous fiscal year, decrease in maintenance costs and costs related to openings, and other items.
- We expect to reach our numerical consolidated management targets for the final year of the medium-term business plan.
- We forecast annual dividends of ¥93 per share (and expect to reinstitute an interim dividend).
- Railway transportation revenues reached 95.8% of FY19.3 levels in FY24.3. In FY25.3, we expect to reach 97.6%.
- In the hotel business in FY25.3, we expect ADR of around ¥21,000 and an occupancy rate of approximately 80%.
- From FY25.3, sub-subsidiaries in the Construction Segment and Business Services Segment will be consolidated.

## Status of segments

## Progress on the medium-term business plan

- We launched GOA 2.5 self-driving trains in March 2024, which are operating in tandem with verification testing of GOA 2.0 self-driving trains.
- With the opening of the Nagasaki Marriott Hotel, we have concluded a cycle of city-building in the western Kyushu area.
- We have begun independently developing a logistics facility for the first time.

# **I Financial Results and Year-end Dividend for FY24.3**

---



# Consolidated Financial Highlights for FY24.3

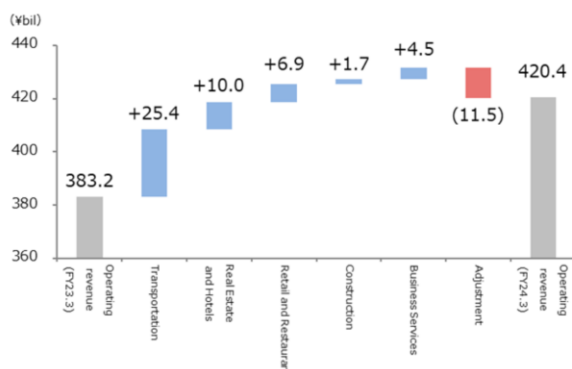
	Results FY23.3	Results FY24.3	YoY	(¥bil)
Operating revenue	383.2	420.4	37.1	109.7%
Operating income	34.3	47.0	12.7	137.2%
Ordinary income	35.7	48.9	13.2	137.1%
Extraordinary gains and losses	4.5	(0.5)	(5.1)	-
Net income attributable to owners of the parent	31.1	38.4	7.2	123.4%
EBITDA <sup>※</sup>	63.8	80.0	16.2	125.4%

※ Note: EBITDA = operating income + depreciation expense (excluding depreciation of leased assets held for subleasing purposes). The same applies hereafter

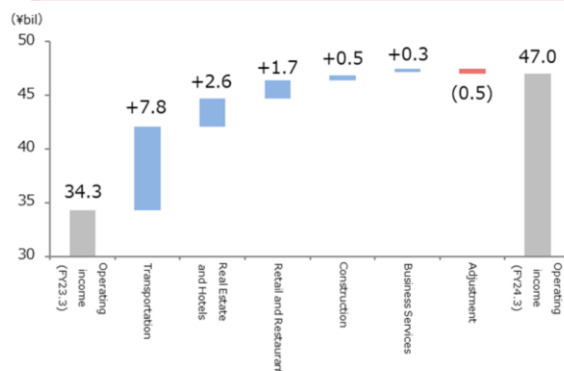
## Key points

- With the further normalization of socioeconomic activity, demand recovered in the railway and other businesses, pushing up revenue and operating income year on year.
- We recorded a gain on the transfer of Drug Eleven shares as an extraordinary gain. We also posted a provision for loss on disaster due to reconstruction of the Hisatsu Line and disaster-damage losses owing to the torrential rains in June 2023 as extraordinary losses.
- We expect to pay a year-end dividend of ¥93 per share.

## Change in operating revenue by segment



## Change in operating income by segment



- Operating revenue rose ¥37.1 billion year on year, to ¥420.4 billion. With the further normalization of socioeconomic activity, demand recovered in the railway and other businesses.
- Operating income expanded ¥12.7 billion, to ¥47.0 billion, bolstered by higher operating revenue. EBITDA also expanded ¥16.2 billion year on year, to ¥80.0 billion.
- Net income attributed to owners of the parent grew ¥7.2 billion, to ¥38.4 billion. We recorded a gain on the transfer of Drug Eleven shares as an extraordinary gain. We also posted a provision for loss on disaster due to reconstruction of the Hisatsu Line and disaster-damage losses owing to the torrential rains in June 2023 as extraordinary losses.
- We expect to pay a year-end dividend of ¥93 per share.
- Next, with regard to the recording of extraordinary losses, I will discuss our policy for restoring the Hisatsu Line. Please turn to the next slide.

# Basic Agreement on Restoration of the Hisatsu Line and Recording of Extraordinary Losses

- The Company and Kumamoto Prefecture signed a basic agreement on the restoration of the Hisatsu Line (Yatsushiro to Yoshimatsu) between Yatsushiro and Hitoyoshi, where service has been suspended due to heavy rains in July 2020.
- We are engaging in further discussions with Kumamoto Prefecture toward a "final agreement," scheduled for the end of FY2024.

## Background to the agreement

- Based on the Company's responsibility to "maintain the transportation network," a restoration policy for the Hisatsu Line was discussed at the "JR Hisatsu Line Review Conference," consisting of the national government, Kumamoto Prefecture, and the Company.
- In the case of restoration of the railway, two major issues were restoration costs and sustainability. However, the following information became clear, leading to this basic agreement.
  - (1) Restoration costs could be significantly reduced by coordinating with river and road projects and applying Railway Track Improvement Act assistance.
  - (2) A commitment to the separation of infrastructure and operation, with the prefecture, municipality, or other party, as the category three railway operator, and concrete measures to create tourism demand and daily use were presented, establishing a certain level of sustainability going forward.

[Reference] Conceptual image for reducing restoration expenses



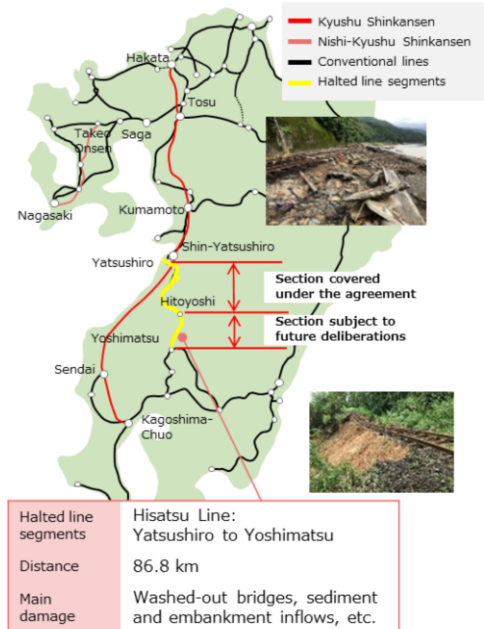
Note: The restoration amounts indicated here are calculated under specific conditions; amounts may vary depending on circumstances.

[Reference] Conceptual image of improved revenue and expenditure by separating of infrastructure and operation  
Note: Based on FY20.3 results

Income and expenditure on the section between Yatsushiro and Hitoyoshi:  
Approximately minus ¥0.6 billion/year

Improvement due to the separation of infrastructure and operation

Note: Calculations are based on FY20.3, before the disaster.  
Note: Calculations assume that land and facilities are transferred to category three railway operators.



## Recording of extraordinary losses in the FY24.3 results

- As a reasonable estimate of restoration expenses, etc., to restore the railway to its former condition, we have recorded a ¥2,530 million provision for loss on disaster and ¥1,055 million in disaster-damage losses as extraordinary.

- At the JR Hisatsu Line Review Conference, consisting of the national government, Kumamoto Prefecture, and the Company, we discussed restoration policies with regard to the Hisatsu Line, on which service has been suspended due to heavy rains in July 2020, in light of the Company's responsibility to "maintain the transportation network."
- In the case of restoration of the railway, two major issues were restoration costs and sustainability. However, it became clear that restoration costs could be significantly reduced by coordinating with river and road projects and applying Railway Track Improvement Act assistance. In addition, a commitment to the separation of infrastructure and operation, with the prefecture, municipality, or other party, as the category three railway operator, and concrete measures to create tourism demand and daily use were presented, establishing a certain level of sustainability going forward. Accordingly, we were able to conclude a basic agreement with Kumamoto Prefecture.
- In line with this agreement, as a reasonable estimate of restoration expenses, etc., to restore the railway to its former condition, we have recorded a ¥2.5 billion provision for loss on disaster and ¥1.0 billion in disaster-damage losses as extraordinary losses.
- We will step up our consideration toward the restoration of the Hisatsu Line between Yatsushiro and Hitoyoshi, so that the railway can continue to play an essential role in the region, as we work toward a "final agreement," which is scheduled for the end of FY2024.
- Please turn to the next slide.

## Consolidated Balance Sheet and Cash Flow Statement

(¥bil)

	Results FY23.3	Results FY24.3	YoY	Major factors
<b>Assets</b>	996.6	1,089.1	92.4	
<b>Current assets</b>	197.1	221.5	24.3	Increase in accounts receivable and others
<b>Non-current assets</b>	799.5	867.6	68.0	Increase in property, plant and equipment (JR Nagasaki Station Building, etc.)
<b>Fixed assets for railway business</b>	138.6	149.8	11.1	
<b>Liabilities</b>	589.8	646.8	57.0	
<b>Current liabilities</b>	195.4	224.2	28.8	Increase in commercial papers
<b>Non-current liabilities</b>	394.4	422.6	28.1	Increase in corporate bonds
<b>Net assets</b>	406.8	442.2	35.4	
<b>Interest-bearing debt</b>	351.6	400.3	48.6	
<b>ROE</b>	7.8%	9.1%		
<b>D/EBITDA</b>	5.50	5.00		
<b>Equity ratio</b>	40.7%	40.5%		

(¥bil)

	Results FY23.3	Results FY24.3	YoY	Major factors
<b>Cash flows from operating activities</b>	62.0	89.0	26.9	Increase in income before income taxes
<b>Depreciation expense</b>	31.8	34.9	3.1	
<b>Cash flows from investing activities</b>	(97.5)	(111.8)	(14.3)	Increase in purchases of fixed assets
<b>Free cash flow</b>	(35.4)	(22.8)	12.6	
<b>Cash flows from financing activities</b>	8.9	32.2	23.2	Increase in proceeds from issuance of bonds
<b>Cash and cash equivalents</b>	52.2	61.9	9.6	

- Next, I will discuss the consolidated balance sheet and cash flow statement.
- In the fiscal year ended March 31, 2024, a recovery in demand in each of our businesses led to an increase in cash flows from operating activities. Meanwhile, cash flows from investing activities also increased, as we invested toward growth in such projects as development of the New Nagasaki Station Building. Free cash flows were negative as a result. We raised cash through interest-bearing debt, including the issuance of bonds.
- As indicators of financial soundness, our D/EBITDA ratio was around five times, and our equity ratio was approximately 40%. While drawing on our borrowing ability, we are maintaining our solid financial position.
- Also, ROE was 9.1%, increasing from the previous year as profit has recovered.
- Next, I will discuss our full-year performance forecasts and dividend forecasts for the fiscal year ending March 31, 2025. Please turn to slide 11.

## Consolidated Results for FY24.3 (by Segment)

	Results FY23.3	Results FY24.3	YoY		Major factors
Operating revenue	383.2	420.4	37.1	109.7%	
Transportation	138.3	163.7	25.4	118.4%	
Railway Business (non-consolidated)	136.5	160.4	23.9	117.6%	Increase due to moderate recovery in demand
Real Estate and Hotels	123.1	133.1	10.0	108.2%	
Real Estate Lease	62.6	70.7	8.1	113.0%	Increase in revenues from leases due to recovery in demand
Real Estate Sales	43.5	37.1	(6.4)	85.2%	Decrease in the sale of properties
Hotel Business	16.9	25.2	8.3	149.4%	Increase due to recovery in demand
Retail and Restaurant	54.7	61.7	6.9	112.7%	Increase due to recovery in demand
Construction	88.3	90.0	1.7	101.9%	
Business Services	73.4	77.9	4.5	106.1%	
Operating income	34.3	47.0	12.7	137.2%	
Transportation	2.5	10.3	7.8	412.1%	
Railway Business (non-consolidated)	3.1	10.5	7.4	335.4%	
Real Estate and Hotels	22.1	24.8	2.6	112.2%	
Real Estate Lease	14.8	15.8	0.9	106.6%	
Real Estate Sales	6.2	5.2	(1.0)	83.8%	
Hotel Business	0.9	3.6	2.7	382.7%	
Retail and Restaurant	1.4	3.2	1.7	227.3%	
Construction	5.4	5.9	0.5	109.7%	
Business Services	3.4	3.8	0.3	111.2%	
EBITDA	63.8	80.0	16.2	125.4%	
Transportation	13.1	22.3	9.2	170.1%	
Railway Business (non-consolidated)	13.5	22.1	8.6	163.6%	
Real Estate and Hotels	36.2	40.8	4.5	112.5%	
Real Estate Lease	26.7	29.0	2.3	108.8%	
Real Estate Sales	6.2	5.2	(1.0)	83.9%	
Hotel Business	3.2	6.4	3.1	197.1%	
Retail and Restaurant	2.7	4.5	1.7	165.8%	
Construction	6.5	7.0	0.5	108.1%	
Business Services	6.2	6.8	0.6	110.4%	

## Non-consolidated Results for FY24.3

(¥bil)

	Results FY23.3	Results FY24.3	YoY		Major Factors
Operating revenue	211.6	234.3	22.7	110.7%	
Railway transportation revenues	121.4	145.0	23.6	119.5%	Increase due to moderate recovery in demand
Shinkansen	44.0	57.5	13.5	130.7%	
Conventional Lines	77.4	87.5	10.1	113.1%	
Other revenue	90.1	89.2	(0.9)	99.0%	
Operating expense	188.7	204.4	15.6	108.3%	
Personnel expense	40.3	45.1	4.7	111.9%	Increase in bonuses and lump-sum payments
Non-personnel expense	118.9	126.3	7.4	106.3%	
Energy cost	10.7	10.1	(0.5)	94.5%	
Maintenance cost	30.4	36.6	6.2	120.4%	Increase due to lifting of emergency restraints
Other	77.6	79.4	1.8	102.3%	
Taxes	11.5	12.4	0.9	108.1%	
Depreciation cost	17.9	20.4	2.4	113.9%	
Operating income	22.8	29.8	7.0	131.0%	
Non-operating income and expense	4.3	7.2	2.9	167.4%	
Ordinary income	27.1	37.1	10.0	136.9%	
Extraordinary gain and losses	3.8	1.0	(2.7)	26.4%	Increase due to a gain on the transfer of Drug Eleven shares Decrease due to provision for loss on disaster related to restoration of the Hisatsu Line Decrease due to loss on disaster related to the torrential rains in June 2023
Net income	25.4	32.9	7.5	129.6%	

Results by business (non-consolidated) (included in above table)

(¥bil)

		Results FY23.3	Results FY24.3	YoY	
Railway business	Operating revenue	136.5	160.4	23.9	117.6%
	Operating income	3.1	10.5	7.4	335.4%
Related businesses	Operating revenue	75.0	73.8	(1.2)	98.3%
	Operating income	19.6	19.3	(0.3)	98.3%

## **II Full-Year Performance Forecasts and Dividend Forecasts for FY25.3**

---

## Consolidated Financial Forecast Highlights for FY25.3

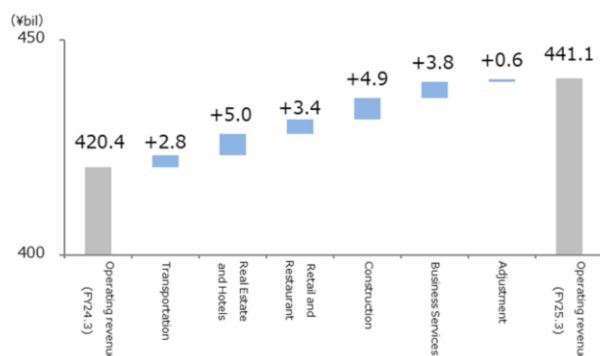
	Results FY24.3	Forecasts FY25.3	YoY	
Operating revenue	420.4	441.1	20.6	104.9%
Operating income	47.0	57.3	10.2	121.7%
Ordinary income	48.9	56.7	7.7	115.9%
Net income attributable to owners of the parent	38.4	42.2	3.7	109.8%
EBITDA	80.0	94.0	13.9	117.4%

	Medium-Term Business Plan targets	Vs. targets	
Operating revenue	440.0	1.1	100.3%
Operating income	57.0	0.3	100.5%
Ordinary income	—	—	—
Net income attributable to owners of the parent	—	—	—
EBITDA	94.0	—	100.0%

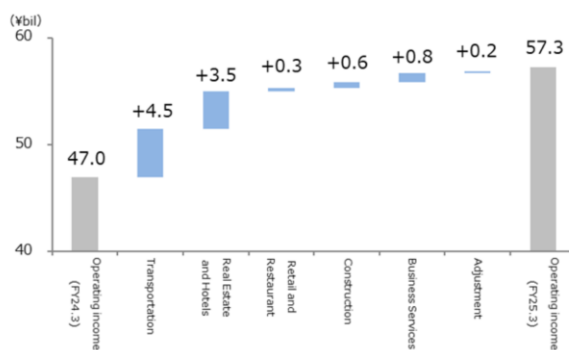
### Key points

- Although personnel expenses will rise due to improved employee compensation, we expect higher railway transportation revenue and a decline in maintenance costs. These factors, plus contribution of newly opened properties in the previous fiscal year and a falloff in costs related to openings, should lead to higher operating income.
- We will make changes to the scope of consolidation, and some sub-subsidiaries in the Construction Segment and Business Services Segment will be consolidated.
- We expect to meet the targets for operating revenues, operating income, and EBITDA, as outlined in the medium-term business plan.

### Change in operating revenue by segment



### Change in operating income by segment



- These are our financial forecast highlights for the upcoming year. We expect operating revenue to increase ¥20.6 billion year on year, to ¥441.1 billion, owing to such factors as higher railway transportation revenue plus contribution of newly opened properties in the previous fiscal year.
- We forecast operating income of ¥57.3 billion, up ¥10.2 billion year on year. Although personnel expenses will rise due to improved employee compensation, we anticipate higher operating revenue, a decline in maintenance costs in the railway business, and a falloff in costs related to openings.
- For these reasons, we expect to meet the various numerical targets outlined in the medium-term business plan.
- Please turn to slide 14.

## Consolidated Financial Forecasts for FY25.3 (by Segment)

	Results FY24.3	Forecasts FY25.3	YoY	Major factors	(¥billion)		
					Medium-Term Business Plan targets	Vs. targets	
Operating revenue	420.4	441.1	20.6	104.9%	440.0	1.1	100.3%
Transportation	163.7	166.6	2.8	101.7% Increase due to moderate recovery in demand	163.0	3.6	102.2%
Railway Business (non-consolidated)	160.4	162.8	2.3	101.4%	159.0	3.8	102.4%
Real Estate and Hotels	133.1	138.2	5.0	103.8%	133.0	5.2	103.9%
Real Estate Lease	70.7	76.3	5.5	107.8% Increase due to properties opened in the previous fiscal year	—	—	—
Real Estate Sales	37.1	33.5	(3.6)	90.2% Decrease in sales of properties and increase in sales of condominiums	—	—	—
Hotel Business	25.2	28.4	3.1	112.4% Increase due to properties opened in the previous fiscal year	—	—	—
Retail and Restaurant	61.7	65.2	3.4	105.6%	65.0	0.2	100.3%
Construction	90.0	95.0	4.9	105.4% Increase due to consolidation of sub-subsidiaries	95.0	0.0	100.0%
Business Services	77.9	81.8	3.8	104.9% Increase due to consolidation of sub-subsidiaries	80.0	1.8	102.3%
Operating income	47.0	57.3	10.2	121.7%	57.0	0.3	100.5%
Transportation	10.3	14.9	4.5	143.3%	17.0	(2.1)	87.6%
Railway Business (non-consolidated)	10.5	15.1	4.5	143.1%	16.5	(1.4)	91.5%
Real Estate and Hotels	24.8	28.4	3.5	114.5%	27.0	1.4	105.2%
Real Estate Lease	15.8	17.3	1.4	108.9%	—	—	—
Real Estate Sales	5.2	5.7	0.4	108.8%	—	—	—
Hotel Business	3.6	5.4	1.7	146.7%	—	—	—
Retail and Restaurant	3.2	3.6	0.3	112.3%	3.0	0.6	120.0%
Construction	5.9	6.6	0.6	110.5%	7.0	(0.4)	94.3%
Business Services	3.8	4.7	0.8	121.3%	4.0	0.7	117.5%
EBITDA	80.0	94.0	13.9	117.4%	94.0	—	100.0%
Transportation	22.3	28.1	5.7	125.7%	—	—	—
Railway Business (non-consolidated)	22.1	27.8	5.6	125.6%	—	—	—
Real Estate and Hotels	40.8	46.3	5.4	113.4%	—	—	—
Real Estate Lease	29.0	31.8	2.7	109.3%	—	—	—
Real Estate Sales	5.2	5.8	0.5	110.2%	—	—	—
Hotel Business	6.4	8.7	2.2	134.1%	—	—	—
Retail and Restaurant	4.5	5.0	0.4	110.7%	—	—	—
Construction	7.0	7.9	0.8	112.3%	—	—	—
Business Services	6.8	7.7	0.8	111.7%	—	—	—



## Non-consolidated Financial Forecasts for FY25.3

(¥bil)

	Results FY24.3	Forecasts FY25.3	YoY		Major factors
Operating revenue	234.3	234.1	(0.2)	99.9%	
Railway transportation revenues	145.0	147.7	2.6	101.8%	Increase due to moderate recovery in demand
Shinkansen	57.5	58.7	1.1	102.0%	
Conventional Lines	87.5	89.0	1.4	101.7%	
Other revenue	89.2	86.4	(2.8)	96.8%	Decrease in sales of properties and increase in sales of condominiums
Operating expense	204.4	199.1	(5.3)	97.4%	
Personnel expense	45.1	47.5	2.3	105.2%	Increase due to the launch of new personnel and wage system and decrease of lump sum payment
Non-personnel expense	126.3	114.6	(11.7)	90.7%	
Energy cost	10.1	11.8	1.6	115.9%	Increase in electricity unit cost due to increase in renewable energy surcharge
Maintenance cost	36.6	29.4	(7.2)	80.2%	Decrease due to additional execution in the previous fiscal year
Other	79.4	73.4	(6.0)	92.3%	
Taxes	12.4	13.7	1.2	109.9%	
Depreciation cost	20.4	23.3	2.8	113.7%	
Operating income	29.8	35.0	5.1	117.1%	
Non-operating income and expense	7.2	1.4	(5.8)	19.3%	
Ordinary income	37.1	36.4	(0.7)	98.0%	
Extraordinary gain and losses	1.0	-	(1.0)	-	
Net income	32.9	29.3	(3.6)	89.0%	

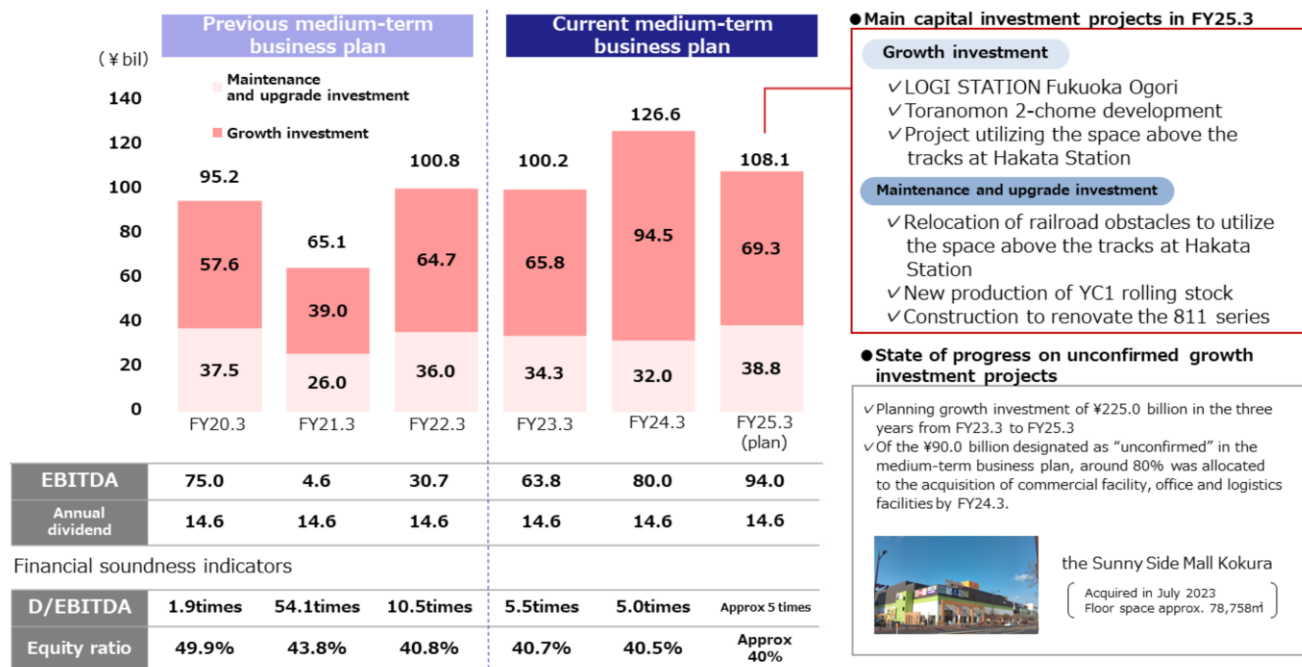
Forecasts by business (non-consolidated) (included in above table)

(¥bil)

		Results FY24.3	Forecasts FY25.3	YoY		Medium-Term Business Plan Targets	Vs. targets	
Railway business	Operating revenue	160.4	162.8	2.3	101.4%	159.0	3.8	102.4%
	Operating income	10.5	15.1	4.5	143.1%	16.5	(1.4)	91.5%
Related businesses	Operating revenue	73.8	71.3	(2.5)	96.6%	-	-	-
	Operating income	19.3	19.9	0.5	102.9%	-	-	-

# Capital Investment Plan

- We are making steady progress according to the capital investment plan indicated in the medium-term business plan.
- In FY25.3, we will utilize our borrowing capacity. We plan growth investments, including in the development of logistics facilities and in growth investment projects that have not yet been confirmed.

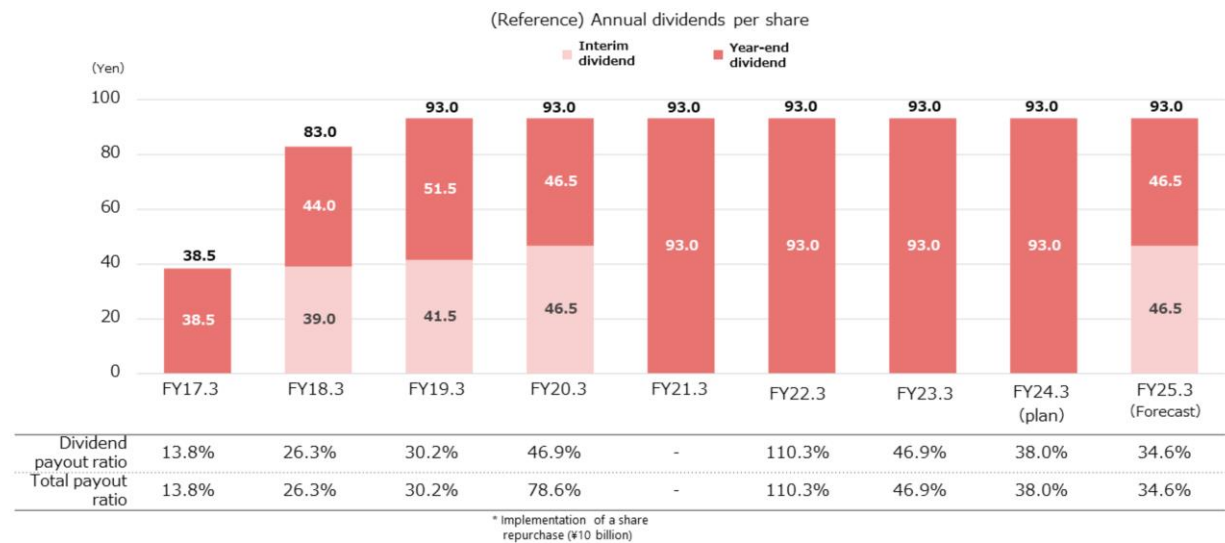


- Here, I will discuss our capital investment plan.
- Capital investment peaked in the previous fiscal year, due to the accumulation of such projects as development of the New Nagasaki Station Building. That said, this year we are planning a total of ¥108.1 billion in capital investments, as we plan to make proactive growth investments, including in the development of logistics facilities.
- The medium-term business plan sets aside ¥90.0 billion for growth investment projects that have not yet been confirmed. Up through the previous fiscal year, around 80% of such investment went toward the acquisition of offices, logistics facilities, and commercial facilities.
- Please turn to the next slide.

# FY25.3 Dividend Forecasts

## Shareholder return policy

- JR Kyushu places importance on the stable provision of return to shareholders over the long term. Over the period to FY25.3, we will **aim for a consolidated dividend payout ratio of 35%, with a minimum dividend per share of ¥93.0**. We will **flexibly implement share repurchases as necessary**.
- Taking the above-mentioned policy into consideration, **we forecast a FY25.3 dividend of ¥93.0 per share**.
- We plan to reinstate interim dividends in FY25.3.



- Next, I will discuss our dividend forecasts for the current fiscal year.
- JR Kyushu places importance on the stable provision of return to shareholders over the long term. Over the period through the fiscal year ending March 31, 2025, we will aim for a consolidated dividend payout ratio of 35%, with a minimum dividend per share of ¥93. We will flexibly implement share repurchases as necessary.
- Taking this policy into consideration, we forecast a dividend of ¥93 per share for the current fiscal year. Also, this fiscal year we plan to reinstate interim dividends.
- Next, I will discuss the status of the individual segments. Please turn to slide 17.

### **III Status of Segments**

---

# Transportation Segment

- In Q4 FY24.3, railway transportation revenues were on a par with Q3. In FY25.3, we expect these revenues to remain at the same level as in 2H FY24.3.
- Maintenance costs rose in FY24.3, owing to the lifting of emergency restraints during COVID-19, but we expect these costs to fall in FY25.3.

[Results]

	Results FY23.3	Results FY24.3	YoY	(¥bil)
Operating revenue	138.3	163.7	25.4	118.4%
Railway Business (non-consolidated)	136.5	160.4	23.9	117.6%
Railway transportation revenues	121.4	145.0	23.6	119.5%
Operating income	2.5	10.3	7.8	412.1%
Railway Business (non-consolidated)	3.1	10.5	7.4	335.4%
EBITDA	13.1	22.3	9.2	170.1%
Railway Business (non-consolidated)	13.5	22.1	8.6	163.6%

[Forecast]

	FY24.3 Results	FY25.3 Forecasts	YoY	(¥bil)
Operating revenue	163.7	166.6	2.8	101.7%
Railway Business (non-consolidated)	160.4	162.8	2.3	101.4%
Railway transportation revenues	145.0	147.7	2.6	101.8%
Operating income	10.3	14.9	4.5	143.3%
Railway Business (non-consolidated)	10.5	15.1	4.5	143.1%
EBITDA	22.3	28.1	5.7	125.7%
Railway Business (non-consolidated)	22.1	27.8	5.6	125.6%

## Main business conditions and assumptions for earnings forecasts

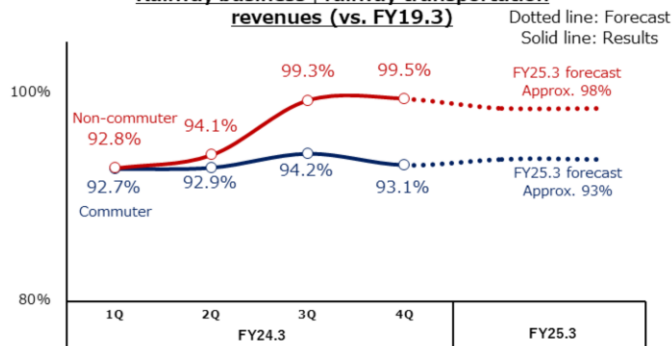
- In Q4, railway transportation revenues remained at Q3 levels, both for commuter revenues and non-commuter revenues. We anticipate the same levels in FY25.3.

[Railway transportation revenues (vs. FY19.3)]  
95.8% in FY24.3 97.6% expected in FY25.3

- Maintenance costs rose in FY24.3, as we saw a resurgence in costs for maintenance that had been subject to emergency restraints or brought forward due to COVID-19. We expect these costs to decrease in FY25.3.

- In FY25.3, we expect energy costs to outpace FY24.3 levels, owing to such factors as an increase in the renewable energy power promotion surcharge.

## Railway business | railway transportation revenues (vs. FY19.3)

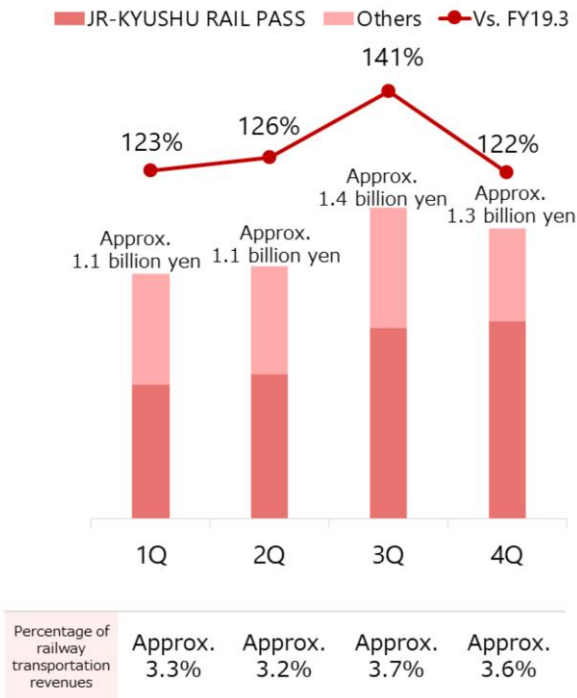


- In the Transportation Segment, in the previous year Q4 railway transportation revenues were on a par with Q3. This fiscal year, we expect these revenues to remain at the same level as in the second half of the previous fiscal year.
- Since last May, when COVID-19 was reclassified as a category 5 infectious disease, inbound demand have been rising. Owing to price revisions, including on the JR-KYUSHU RAIL PASS, revenues recovered in the previous fiscal year. However, we believe it will be difficult for revenues to recover fully to pre-pandemic levels. Accordingly, for the current fiscal year we expect non-commuter revenues of around 98%, and commuter revenues of approximately 93%.
- With regard to expenses in the railway business, in the previous fiscal year maintenance expenses rose in the fourth quarter, reflecting a resurgence in maintenance that had been subject to emergency restraints or brought forward due to COVID-19. We expect these costs to decrease in the current fiscal year. However, in the current fiscal year we expect energy costs to outpace levels in the previous fiscal year, owing to such factors as an increase in the renewable energy power promotion surcharge.
- Please turn to the next slide.

## Status of Inbound Measures in the Railway Business

- The number of tickets sold remained robust, even after prices were revised on the JR-KYUSHU RAIL PASS, and inbound revenue in Q4 FY24.3 remained at Q3 levels.

### Inbound revenues (approximate)

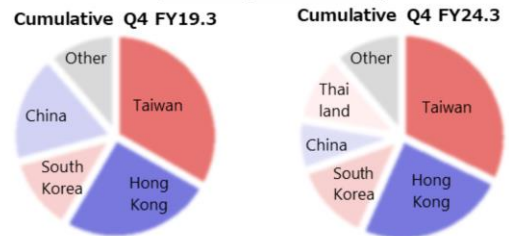


### Demand for JR-KYUSHU RAIL PASS

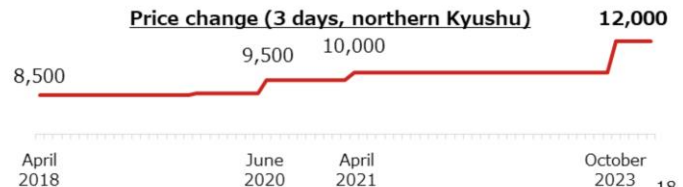
	FY19.3 Cumulative Q4	FY24.3 Cumulative Q4	
	Results	Results	Vs. FY19.3
Number of tickets sold	251,000	260,000	104%
Sales	¥2.39 billion	¥3.35 billion	140%
(Reference) Unit price*	¥8,500	~9,30 ¥10,000 10.1~ ¥12,000	118% 141%

\*Price for northern Kyushu (3 days)

### Sales by nationality



### Price change (3 days, northern Kyushu)



- Next, I will discuss the status of inbound measures in the railway business.
- Inbound revenues were high in the previous fiscal year, at 128% compared with the fiscal year ended March 31, 2019.
- The JR-KYUSHU RAIL PASS accounts for the majority of inbound revenues. Last October 1, we introduced price revisions on that pass, but the number of tickets sold has not fallen off since the price revision. In the fourth quarter, ticket sales were at approximately the same level as in the third quarter. This fiscal year, we expect to sell around the same number of JR-KYUSHU RAIL PASS tickets as in the previous fiscal year.
- There was no major change from the third quarter in the composition of ticket sales by nationality.
- Please turn to the next slide.



# Sales Measures in the Railway Business

## ● Promotion of measures to capture and further stimulate the growing demand for mobility after the COVID-19 pandemic

### Start of operations of the "KANPACHI/ICHIROKU," a new D&S train



Start of operations	April 26, 2024			
Number of cars and passengers	Three cars (cars 1 and 3 are for passengers; car 2 is a lounge) Maximum occupancy of 60 people (all seats are first class, "green")			
Services area and frequency	One-way service once per day between Hakata and Beppu			
Travel time	Approximately 5 hours			
Price* *All seats sold as travel products	Seat types	Class	Maximum seating	Fare Note: Per adult
	Sofa seats	First class ("green")	15 people	¥18,000
	Box seats		33 people	
	Private tatami room		12 people	

- The train uses the refurbished "ISABURO/SHINPEI," a D&S train that was retired in October 2023.
- Based on the concept of "a train that samples the climate of the Yufu-Kogen Line," a different meal is served each day of the week, using ingredients from Fukuoka and Oita.



### Trial of dynamic pricing

- We began dynamic pricing verification testing of "KYUSHU NET HAYATOKU 7" (regular fare ¥3,800), an Internet-only discount ticket between Hakata and Kumamoto, at different prices (¥3,400 to ¥4,200) for each train based on past passenger load factors and reservation status.



### Event planning to generate travel demand and create a lively atmosphere

- Tie-up events with the popular game "Splatoon 3" were held at Hakata, Nagasaki, Oita and Kagoshima-Chuo stations. Attractions using snowballs and original goods were sold.



- To commemorate the 20th anniversary of the Kyushu Shinkansen's partial opening, events to enjoy local shochu (Japanese liquor) were held at Shin-Yatsushiro, Shin-Minamata, Izumi, Sendai, and Kagoshima-Chuo stations.



- Next, I will discuss sales measures in the railway business.
- First of all, in April we started operating the "KANPACHI/ICHIROKU," a new D&S train. This train uses the refurbished "ISABURO/SHINPEI," a D&S train that was retired, and is based on the concept of "a train that samples the climate of the Yufu-Kogen Line." During its passage of approximately five hours from Hakata to Beppu, a different meal is served each day of the week, using ingredients from Fukuoka and Oita.
- Meanwhile, we began dynamic pricing verification testing on some discount tickets on the Kyushu Shinkansen for trips in March. We are testing the possibility of adjusting prices on a train-by-train basis to spread out usage.
- We are working to further invigorate station and create travel demand by setting up our own events that generate energy, such as tie-up events with popular video games.
- Please turn to slide 21.

# Railway Business (Transportation Data)

## Railway transportation revenues

	Results FY23.3	Results FY24.3	YoY		Major Factors
Total	121.4	145.0	23.6	119.5%	
Commuter pass	29.0	30.2	1.1	104.0%	
Non-commuter pass	92.3	114.8	22.4	124.3%	
Cargo	0.0	0.0	0.0	133.5%	
Shinkansen	44.0	57.5	13.5	130.7%	Gradual recovery in demand, opening of the Nishi-Kyushu Shinkansen
Commuter pass	2.7	2.9	0.2	109.4%	
Non-commuter pass	41.3	54.5	13.2	132.1%	
Conventional Lines	77.4	87.5	10.1	113.1%	Gradual recovery in demand
Commuter pass	26.3	27.2	0.9	103.5%	
Non-commuter pass	51.0	60.2	9.2	118.1%	

## Passenger-kilometers

	Results FY23.3	Results FY24.3	YoY		(Millions of passenger-kilometer)
Total	7,423	8,354	930	112.5%	
Commuter pass	3,756	3,876	119	103.2%	
Non-commuter pass	3,667	4,478	810	122.1%	
Shinkansen	1,552	1,941	389	125.1%	
Commuter pass	199	218	18	109.5%	
Non-commuter pass	1,352	1,722	370	127.4%	
Conventional Lines	5,871	6,412	541	109.2%	
Commuter pass	3,556	3,657	100	102.8%	
Non-commuter pass	2,315	2,755	440	119.0%	



## Real Estate and Hotels Segment: Real Estate Leasing Business

- In FY24.3, JR Hakata City drove existing station building tenant sales above pre-pandemic levels.
- In FY25.3, Amu Plaza Nagasaki annex, which opened in November 2023, will contribute to performance for the entire year.

[Results]

(¥bil)

	FY23.3 Results	FY24.3 Results	YoY	
Operating revenue	62.6	70.7	8.1	113.0%
Operating income	14.8	15.8	0.9	106.6%
EBITDA	26.7	29.0	2.3	108.8%

[Forecast]

(¥bil)

	FY24.3 Results	FY25.3 Forecasts	YoY	
	70.7	76.3	5.5	107.8%
	15.8	17.3	1.4	108.9%
	29.0	31.8	2.7	109.3%

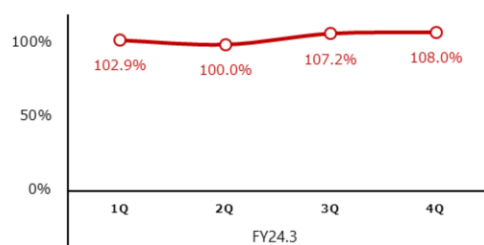
### Status of key businesses

- Mainly thanks to JR Hakata City, existing station building tenant sales exceeded 100% of FY19.3 levels in each quarter.
- Leasing of office buildings was generally steady, including of those that opened in FY24.3.

### Assumptions behind performance forecasts

- In FY25.3, we expect station building tenant sales to reach 105% of the previous year's levels, helped by a full year's contribution of Amu Plaza Nagasaki annex, which opened in FY24.3.
- We expect performance at office buildings and rental apartments to remain firm, as in FY24.3.

Tenant sales at key existing station buildings\*  
(vs. FY19.3)



\*Hakata, Kokura, Nagasaki (excluding new station building), Oita, Kagoshima

- Next, I will discuss the Real Estate and Hotels Segment.
- First, in the real estate leasing business, JR Hakata City drove existing station building tenant sales above pre-pandemic levels.
- Leasing of office buildings was generally steady, including of properties that opened in the previous fiscal year, and vacancy rates remained largely unchanged.
- In the current fiscal year, we expect station building tenant sales to reach 105% of the previous year's levels, helped by a full year's contribution of Amu Plaza Nagasaki annex, which opened in November 2023.
- Please turn to the next slide.

# Real Estate and Hotels Segment | Real Estate Sales Business

- The sale of Company properties in FY24.3 was down from FY23.3 levels, causing revenue to decline.
- In FY25.3, we expect condominium sales to be above FY24.3 levels, but we anticipate lower sales of Company properties.

	[Results]				[Forecast]			
	FY23.3 Results		FY24.3 Results		FY24.3 Results		FY25.3 Forecasts	
					YoY		YoY	
Operating revenue	43.5		37.1		(6.4)	85.2%	37.1	
Operating income	6.2		5.2		(1.0)	83.8%	5.2	
EBITDA	6.2		5.2		(1.0)	83.9%	5.2	

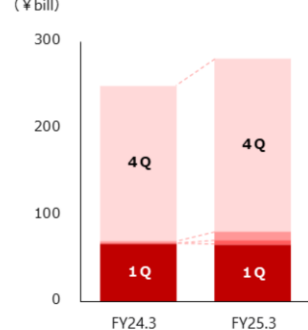
## Status of key businesses

- Operating revenues from condominium sales were up slightly vs. FY23.3.
- In March 2024, we began to deliver MJR Fukagawa Sumiyoshi, the Company's first condominium in Tokyo.
- With regard to the sale of Company properties, we generated annual operating revenues of approximately ¥10.0 billion from the sale of properties such as RJR Precia Shin-Yokohama and RJR Precia Hakataeki-Minami. (FY23.3 results: Around ¥17.0 billion)

## Assumptions behind performance forecasts

- We expect operating revenues from condominium sales to increase.
- We anticipate annual operating revenues of around ¥2.5 billion from the sale of Company properties, which is lower than FY24.3 levels.

Expected condominium sales (operating revenues)



- Next, I will discuss the real estate sales business.
- In the previous fiscal year, revenues from condominium sales were up slightly, but the sale of Company properties was down, causing overall revenue to decline.
- In the current fiscal year, we anticipate a rise in condominium sales from the previous fiscal year, but we expect the sale of Company properties to decrease from the previous fiscal year.
- Please turn to the next slide.

# Real Estate and Hotels Segment | Hotel Business

- ADR increased in FY24.3, centering on THE BLOSSOM, rising above ¥20,000 in 2H.
- In FY25.3, we expect occupancy rates and ADR to be around 2H FY24.3 levels.

[Results]

(¥bil)

	FY23.3 Results	FY24.3 Results	YoY	
Operating revenue	16.9	25.2	8.3	149.4%
Operating income	0.9	3.6	2.7	382.7%
EBITDA	3.2	6.4	3.1	197.1%

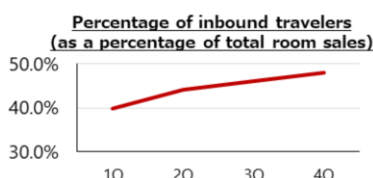
[Forecast]

(¥bil)

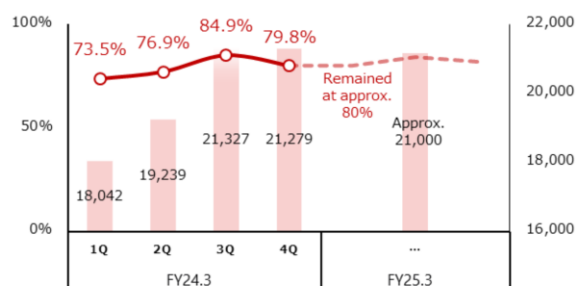
	FY24.3 Results	FY25.3 Forecasts	YoY	
	25.2	28.4	3.1	112.4%
	3.6	5.4	1.7	146.7%
	6.4	8.7	2.2	134.1%

## Status of key businesses

- The percentage of inbound travelers was up during the year. The increase in ADR centered on THE BLOSSOM-branded facilities, which receive a particularly high percentage of inbound travelers.
- Occupancy rates were up overall, accounting for around 70% to 80% of the total.



## Occupancy rates and ADR



## Assumptions behind performance forecasts

- We assume occupancy rates at all hotels in Japan at around 80%, with ADR of approximately ¥21,000.
- URESHINO YADOYA and Nagasaki Marriott Hotel, which opened in FY24.3, will contribute to performance for the entire year.

- Next, I will discuss the hotel business.
- In the previous fiscal year, ADR rose, centering on facilities that receive a particularly high percentage of inbound travelers. In the second half, ADR rose above ¥20,000.
- In the current fiscal year, we expect occupancy rates and ADR to remain at approximately the same levels as in the second half.
- Also, in the current fiscal year URESHINO YADOYA and Nagasaki Marriott Hotel will contribute to performance for the entire year.
- Please turn to the next slide.

## Retail and Restaurant Segment

- In FY24.3, a resurgence in footfall led to positive performance at retail stores and restaurants.
- In FY25.3, we look forward to higher revenues, due to increased sales at existing stores, as well as sales from new stores.

[Results]

	(\$bil)			
	FY23.3 Results	FY24.3 Results	YoY	
Operating revenue	54.7	61.7	6.9	112.7%
Operating income	1.4	3.2	1.7	227.3%
EBITDA	2.7	4.5	1.7	165.8%

[Forecast]

	(\$bil)			
	FY24.3 Results	FY25.3 Forecasts	YoY	
	61.7	65.2	3.4	105.6%
	3.2	3.6	0.3	112.3%
	4.5	5.0	0.4	110.7%

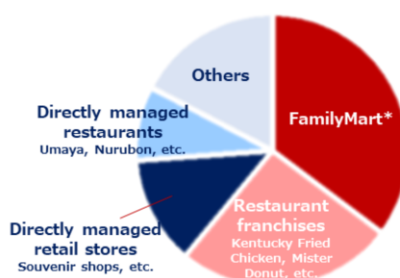
### Status of key businesses

- A recovery in travel demand and footfall led to a year-on-year increase in sales at existing retail stores and restaurants, centered on major subsidiaries.

### Assumptions behind performance forecasts

- Sales at existing convenience stores and specialty stores both exceeded 100% of the previous year's levels.
- We plan to open new stores at franchise chains, which accounted for around 60% of operating revenues In FY24.3.

**Approximate breakdown of operating revenues in the Retail and Restaurant Segment**



Note: FamilyMart consists of directly managed stores and stores operated as a franchisee.

24

- In the Retail and Restaurant Segment, a resurgence in footfall led to positive performance at retail stores and restaurants, pushing up revenue and profits.
- In the current fiscal year, we anticipate higher revenues, due to a continued increase in sales at existing stores, as well as sales from new stores. In particular, we anticipate revenue from new stores at franchise chains, which account for around 60% of operating revenues.
- Please turn to the next slide.

## Construction Segment

- In FY24.3, revenues and income were up year on year, owing to construction related to the New Nagasaki Station Building, Hokuriku Shinkansen, Hokkaido Shinkansen, and other projects.
- In FY25.3, we will consolidate our sub-subsidiaries, as the businesses have become more important to our medium- to long-term management strategy.

[Results]

	FY23.3 Results	FY24.3 Results	YoY	
Operating revenue	88.3	90.0	1.7	101.9%
Operating income	5.4	5.9	0.5	109.7%
EBITDA	6.5	7.0	0.5	108.1%

(¥bil)

[Forecast]

	FY24.3 Results	FY25.3 Forecasts	YoY	
	90.0	95.0	4.9	105.4%
	5.9	6.6	0.6	110.5%
	7.0	7.9	0.8	112.3%

(¥bil)

### Status of key businesses

- In FY24.3, revenues and income increased owing to construction projects related to the New Nagasaki Station Building, which opened in November 2023, as well as the Hokuriku Shinkansen, the Hokkaido Shinkansen, and a development project utilizing the space above the tracks at Hakata Station, among others.

### Assumptions behind performance forecasts

- One management strategy in our medium-term business plan is to “strengthen our BtoB and BtoG businesses.” Accordingly, we will consolidate the sub-subsidiaries shown at right, owing to their increased importance to our management strategy over the medium to long term.

### Sub-subsidiaries to be consolidated

Company name	Parent company	Business details	Notes
Kyutetsu Built Co., Ltd.	KYUTETSU CORPORATION	General Construction	—
Metalstar Kyushu, Ltd.	JR Kyushu Engineering, Ltd.	Manufacturing and installation of architectural hardware	Acquired in April 2022
Arima Electric Facilities Co., Ltd	JR Kyushu Electric System Company	Installation of electrical equipment	Acquired in December 2019
Nishiden Co., Ltd	Same as above	Production and installation of various signs, switchboards, etc.	Acquired in November 2020

25

- In the Construction segment, revenues and income were up year on year, owing to construction related to the New Nagasaki Station Building, Hokuriku Shinkansen, Hokkaido Shinkansen, and other projects.
- In the current fiscal year, we will consolidate the sub-subsidiaries indicated here.
- These companies relate to the management strategy in our medium-term business plan to “strengthen our BtoB and BtoG businesses.” Most of them have entered the Group through M&A activities, and we plan to bring them into the scope of consolidation, owing to their increased importance to our management strategy over the medium to long term.
- Please turn to the next slide.

## Business Services Segment

- In FY24.3, revenues and income were up due to increased material deliveries, advertising placements, etc.
- In FY25.3, we will consolidate sub-subsidiaries in this business due to their increased importance to our management strategy over the medium to long term.

[Results]

	FY23.3 Results	FY24.3 Results	YoY	
Operating revenue	73.4	77.9	4.5	106.1%
Operating income	3.4	3.8	0.3	111.2%
EBITDA	6.2	6.8	0.6	110.4%

[Forecast]

	FY24.3 Results	FY25.3 Forecasts	YoY	
Operating revenue	77.9	81.8	3.8	104.9%
Operating income	3.8	4.7	0.8	121.3%
EBITDA	6.8	7.7	0.8	111.7%

### Status of key businesses

- Revenues and income increased year on year due to increased deliveries of railroad and construction materials and advertising placements.
- In the construction equipment sales business, sales of new equipment struggled, but used equipment sales made up for this situation.

### Assumptions behind performance forecasts

- One management strategy in our medium-term business plan is to “strengthen our BtoB and BtoG businesses.” Accordingly, we will consolidate the sub-subsidiaries shown at right, owing to their increased importance to our management strategy over the medium to long term.

### Sub-subsidiaries to be consolidated

Company name	Parent company	Business details	Notes
CK Rental Ltd.	Caterpillar Kyushu Ltd.	Construction equipment rental and maintenance	Acquired in August 2019
Premium Logix Ltd.	JR Kyushu Trading Co., Ltd.	Transportation of heavy items such as precision equipment and pianos	Acquired in October 2022
BSS Co, Ltd.	JR Kyushu System Solutions Inc.	IT solution business, business planning, etc.	Acquired in September 2019
With-Unity Co., Ltd.	Same as above	Contracted development and maintenance of medical and business systems	Acquired in June 2022

26

- In the business services segment, revenues and income were up due to increased material deliveries, advertising placements, etc.
- In this segment, as well, in the current fiscal year we plan to consolidate the sub-subsidiaries shown here that joined the Group through M&A activities.
- Next, I will discuss our progress on the medium-term business plan.
- Please turn to slide 28.

## **IV Progress of the Medium-Term Business Plan**

---



# JR Kyushu Group Medium-Term Business Plan 2022-2024

## Three key strategies of the medium-term business plan

Robustly promoting three key strategies during the stage for returning the Company to a growth track

### Completing business structural reforms

#### Key strategy ①

Railway business	Stabilizing profitability
Hotel business	Increasing competitiveness of existing hotels
Retail and Restaurant business	Increasing the competitiveness of brands and of stores/restaurants
Construction business	Implementing transition in primary focus from inside the Group to outside

### Key strategies for the realization of the long-term vision

#### Key strategy ②

Creating a model for building cities that promote well-being

#### Key strategy ③

Developing businesses in new areas in which we can contribute

Developing human resources for the implementation and realization of strategies

Building foundations for advancing strategies on a Groupwide basis

## 2030 Long-Term Vision

We will contribute to the sustainable development of Kyushu through city-building initiatives that leverage the distinctive characteristics of local communities, centered on safe and secure mobility services.

### Policy ①

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

### Policy ②

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

FY31.3 (numerical targets)



## Numerical targets, etc. (FY25.3)

### [Consolidated]

Operating revenue **¥440 billion**    Operating income **¥57 billion**  
EBITDA **¥94 billion**    ROE [reference] **More than 8%**

### [By segment\*]

(¥bil)

Segment name	Operating revenue	Operating income
Transportation	163	17
Real Estate and Hotels	133	27
Retail and Restaurant	65	3
Construction	95	7
Business Services	80	4

\* Segment operating revenues and operating income are prior to elimination of inter-segment transactions.

### [Cumulative investment planned for 2022-2024]

¥340 billion

¥225 billion

(including items that have not been confirmed)

¥115 billion

¥58 billion

Investment plan

Bonds, borrowings, etc.

Consolidated operating cash flow  
¥230 billion

(Reference) Fund-raising (plan)

### Financial soundness indicators (end-FY25.3)

D/EBITDA Approx. **5 times**

Capital adequacy ratio Approx. **40%**

Legend: Growth investment (including M&A) (pink), Maintenance and upgrade investment (light pink), Safety investment (hatched)

### Shareholder return policy

JR Kyushu places importance on the stable provision of return to shareholders over the long term. Over the period to FY25.3, we will aim for a consolidated dividend payout ratio of 35%, with a minimum dividend per share of ¥93.0. We will flexibly implement share repurchases as necessary.

- With a view to the 2030 Long-Term Vision, our three-year medium-term business plan through fiscal 2024 was positioned as the stage for returning the Company to a growth track. We promoted three key strategies under this plan, which concludes in the current fiscal year.
- Please turn to the next slide.



## State of Progress of the Medium-Term Business Plan

		To FY24.3	FY25.3
Key strategies	(1) <b>Completing business structural reforms</b>	<ul style="list-style-type: none"> <li>● Achieving ¥14.0 billion reduction in fixed costs in the railway business</li> <li>● Launch the Future Railway Project</li> </ul>	<ul style="list-style-type: none"> <li>● <b>Steadily implement the Future Railway Project</b></li> <li>● <b>Restructure hotel subsidiaries</b></li> </ul>
	(2) <b>Creating a model for building cities that promote well-being</b>	<ul style="list-style-type: none"> <li>● <b>Open the Nishi-Kyushu Shinkansen</b></li> <li>● <b>Open the JR Nagasaki Station Building</b></li> </ul>	<ul style="list-style-type: none"> <li>● <b>Conduct city-building in the Fukuoka area</b></li> <li>● <b>Promote the development of logistics real estate</b></li> </ul>
	(3) <b>Developing businesses in new areas in which we can contribute</b>	<ul style="list-style-type: none"> <li>● Establish an intermediate holding company in the construction segment</li> </ul>	<ul style="list-style-type: none"> <li>● Enter the grid-based storage battery business</li> </ul>
ESG	<b>Environmental (E)</b>	<ul style="list-style-type: none"> <li>● Acquire green building certification</li> </ul>	<ul style="list-style-type: none"> <li>● Plan to start disclosing Groupwide Scope 3 emissions</li> </ul>
	<b>Social (S)</b>	<ul style="list-style-type: none"> <li>● Formulate a personnel strategy</li> </ul>	<ul style="list-style-type: none"> <li>● Launch a new personnel and wage system</li> </ul>
	<b>Governance (G)</b>	<ul style="list-style-type: none"> <li>● Begin linking non-financial KPIs and executive compensation</li> <li>● Revise the Board of Directors skillset</li> </ul>	

29

- This slide provides an overview of our initiatives to date under the medium-term business plan, as well as initiatives we plan to undertake in the current fiscal year. I will focus my discussion on the items indicated in bold.
- Please turn to the next slide.

# Key Strategy ① Completing Business Structural Reforms | Railway Business (Future Railway Project)



- We introduced Japan's first GOA\* 2.5 self-driving trains in March, and we have commenced verification testing of GOA 2.0 self-driving trains.
- One year after its launch, the "future management of income and expenses" program has led to changes in employees' awareness of income and expenses.

## Expanding and going deeper on self-driving trains

- In March 2024, we commenced operation of GOA 2.5\* self-driving trains throughout the Kashii Line (25.4 km, between Saitozaki and Umi stations).

\*GOA = Grade of Automation



— Area covered by GOA 2.5 self-driving trains  
— Area covered by GOA 2.0 self-driving trains



GOA2.5

Operation in which **crew members of self-driving trains (staff with in-house qualifications other than the driver)** are on board at the front of the train to perform emergency stop operations, etc.

GOA2.0

Operation in which **drivers** are on board at the front of the train to **perform manual interventions and other operations depending on the situation**

- In March 2024, we began verification testing of GOA 2.0 self-driving trains on part of the Kagoshima Main Line (between Orio and Futsukaichi)

\*The section on which GOA 2.0 self-driving trains can operate is between Mojiko and Arao (151.6km)

- We will feed back the results of verification testing into GOA 2.5 self-driving trains, to reduce their high burden of installation.

Objective

Automation of speed control will further improve safety and enable the driver to focus on responding to abnormal conditions.

Characteristics

- (1) Manual intervention by the driver possible
- (2) No need for additional ground facilities, simplified onboard facilities
- (3) Realization of ideal automatic operation through accumulation of driving records in a database

## Examples of changes after the introduction of "future management of income and expenses"

- One year has passed since the introduction of "future management of income and expenses," a customized version of "amoeba management" for railroads, and we have fostered awareness of income and expenditures in each workplace.

### Specific example

The department that manages train operations is allocated revenue based on the number of passenger-kilometers transported, so the department sets a target for the number of hours of delay and works to minimize that number, thereby minimizing customer losses due to train delays and reducing overtime work by employees.



30

- First, with regard to business structural reforms in the railway business, I will discuss two topics centered on the Future Railway Project.
- The first point is that we introduced Japan's first GOA 2.5 self-driving trains in March, and at the same time we have commenced verification testing of GOA 2.0 self-driving trains.
- GOA sets the standard for the grade of automation in railway operations. GOA 2.5 describes operation in which crew members of self-driving trains (staff with in-house qualifications other than the driver) are on board at the front of the train to perform emergency stop operations, etc. With GOA 2.0, drivers are on board the train to perform manual interventions and other operations depending on the situation.
- The second point is that one year has passed since we introduced management accounting using "amoeba management," that is customized to the railway business and introduces the "future management of income and expenses." As a result, we are beginning to see the development of a balance-of-payments awareness in each of our workplaces.
- For example, the department that manages train operations is allocated revenue based on the number of passenger-kilometers transported, so the department sets a target for the number of hours of delay and works to minimize that number, thereby minimizing customer losses due to train delays and reducing overtime work by employees.
- Please turn to the next slide.

## Key Strategy ① Completing Business Structural Reforms | Restructure Hotel-Operating Companies

- We plan to increase the resilience of our management base and strengthen overall facility management capabilities through a merger.
- We will review the personnel and wage systems in conjunction with the reorganization. We aim to realize a more rewarding and comfortable work environment and to become the hotel of choice for employees, customers, and external partners.

### A merger of four hotel-operating companies



### Directions to be pursued through the reorganization

Comprehensive facility operations	<ul style="list-style-type: none"> <li>• Strengthen property management capabilities as a hotel operator by combining know-how in the operation of all types of lodging facilities</li> <li>• <b>Aim for 50% share of profits from external projects (Operation through building lease and management contract)</b></li> </ul>
Creating a company that is easy to work for	<ul style="list-style-type: none"> <li>• Implement batch hiring and systematic training</li> <li>• <b>Raise wage levels, introduce a transparent evaluation system, and conduct personnel operations across facilities</b></li> </ul>
Strengthening the management base	<ul style="list-style-type: none"> <li>• <b>Improve organizational mobility, enabling the promotion of proactive and consistent strategies and measures</b></li> <li>• Increase efficiency and level of operations by consolidating common operations</li> <li>• Promote the joint procurement of materials, foodstuffs, etc.</li> </ul>

\* Oyama Yumekobo, Inc. was not included in the restructuring because it was not a wholly owned subsidiary at the stage of consideration. JR Kyushu Business Development (Thailand) Co., Ltd. is also not included in the restructuring, because it is based overseas and it is hard to imagine how this company would benefit from the reorganization. The name of the new merged company has not yet been decided.

31

- Next, I will discuss the restructuring of hotel-operating companies.
- In October 2024, we will consolidate four hotel-operating companies, with JR Kyushu Hotel Management being the surviving company.
- Through this merger, we plan to increase the resilience of our management base. At the same time, with an eye on acquiring external projects, we will combine our expertise in the operation of all types of lodging facilities and strengthen our facility management capabilities as a hotel operator.
- We are reviewing various personnel and wage systems in conjunction with the merger in an effort to create a hotel-operating company that offers a comfortable working environment.
- Please turn to the next slide.



## Key Strategy ② Creating a Model for Building Cities That Promote Well-Being | City-Building in the Western Kyushu Area

- We have opened the “Amu Plaza Nagasaki annex” and the “Nagasaki Marriott Hotel” and renovated existing station buildings. Development of the western Kyushu area and area around Nagasaki Station has been completed.



Number of people using the Nishi-Kyushu Shinkansen in its second year since opening (September 23, 2023 to March 22, 2024)

Approx. 7,100 people/day

Note: Approx. 6,600 people/day used the Shinkansen in its first year of opening.

Number of people using the Nishi-Kyushu Shinkansen, compared with FY19.3



Notes: Results are for the section between Takeo Onsen and Nagasaki. In the first year of opening, the number of people is for the period from September 23, 2022 and September 22, 2023. The comparison with 2018 levels is for the Kamome limited express on the section between Isahaya and Nagasaki.

### B Opening of the Nagasaki Marriott Hotel

- Opening on January 16, 2024
- 207 guest rooms (including 28 suites)



### B Renovation of the existing station buildings

- Renovated on March 1, 2024
- Contains 28 stores, with one of the largest “food floors” in Nagasaki



January 2022

March 2022

September 2022

April 2023

November 2023

New

January 2024

New

March 2024

**A Akane-sasu Hizenhamashuku**  
Accommodation in an old private home



**B Kamome Ichiba**  
Souvenirs, dining, etc.



**C Nishi-Kyushu Shinkansen**



**C Under the elevated tracks at Saga Station Renovation**



**B Amu Plaza Nagasaki annex**  
**D URESHINO YADOYA**



**B Nagasaki Marriott Hotel**



**B Renovation of the existing station buildings**

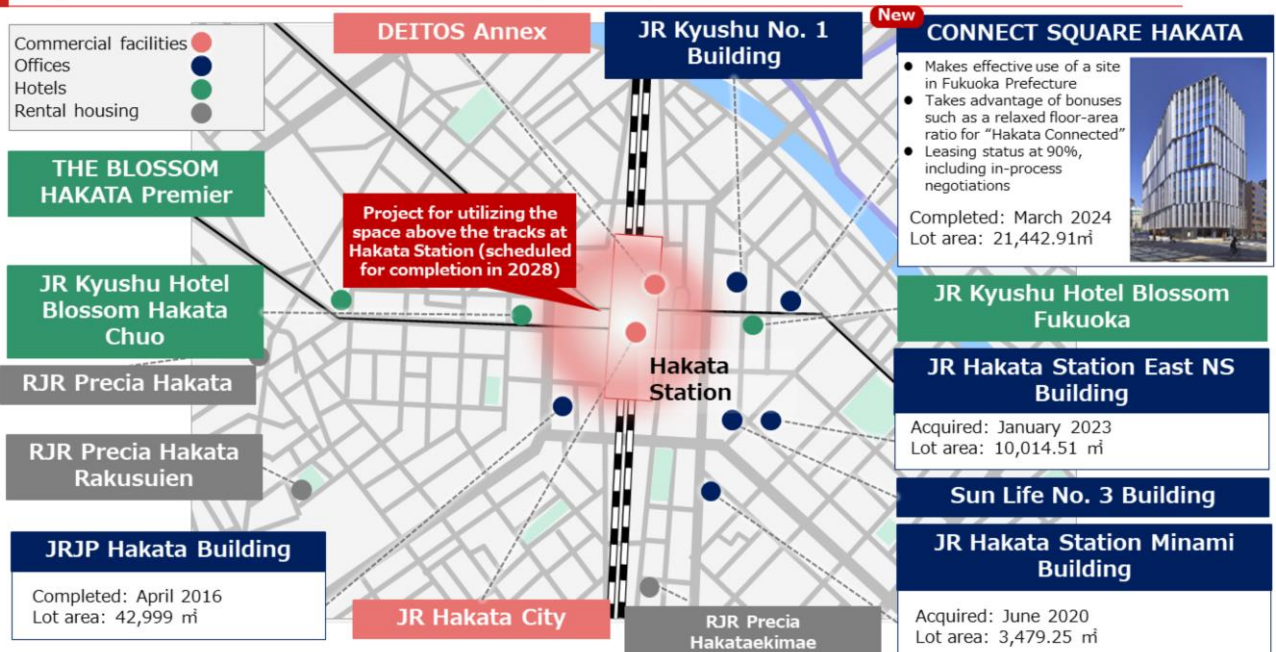


- Next, I will discuss city-building in the Western Kyushu area.
- The Nagasaki Marriott Hotel opened this January, and in March a large-scale renovation was carried out at the Amu Plaza Nagasaki main building.
- With these projects, our developments in the western Kyushu area are mostly complete. As the number of people using the Nish-Kyushu Shinkansen each day in its second year since opening is higher than in the first year, we are seeing continued use by numerous customers.
- We will continue to attract customers from a wide area, including inbound travelers, through events and other means to create a lively atmosphere around the station and maximize Shinkansen revenues.
- Please turn to the next slide.

## Key Strategy ② Creating a Model for Building Cities That Promote Well-Being | City-Building in the Fukuoka Area

- We are promoting city-building, including collaboration with outside entities such as the “Hakata Connected” project in Fukuoka City
- We will continue to aggressively prepare and enhance the value of the area around Hakata station through city-building

### Major real estate development and acquisition projects in the Hakata Station area\*



Note: RJR Precia Hakata, RJR Precia Hakata Rakusuien and RJR Precia Hakataekimae are owned by JR Kyushu Private Reit, Inc.  
 JRJP Hakata Building and CONNECT SQUARE HAKATA are jointly owned with another company.  
 JR Kyushu Hotel Blossom Hakata Chuo is operated under a building lease.

33

- Next, I will discuss city-building in the Fukuoka area.
- First, as part of our efforts surrounding city-building around the terminal station, this March we completed CONNECT SQUARE HAKATA, which is one aspect of Hakata Connected, public-private partnership project in the city of Fukuoka. This project, which we are developing as part of a corporate group that also includes FUKUOKA JISHO and ASO CORPORATION, makes effective use of a site in Fukuoka Prefecture.
- To date, we have been engaged in a wide range of city-building activities in the Hakata Station area, including commercial, office, hotel, and rental housing.
- Going forward, we will continue to actively add to the Hakata Station area in every possible way, including collaboration with other companies, to enhance the value of the area around the station.
- Please turn to the next slide.



## Key Strategy ② Creating a Model for Building Cities That Promote Well-Being | City-Building along Our Railway Lines

- We responded to the “Kyushu University Hakozaki Campus Site Area Land Use Business Application” and were selected as the preferred bidder for providing multiple types of value through urban development along our railway lines.



### HAKOZAKI Green Innovation Campus concept

#### Creation of green spaces

- Create parks and street squares that connect to the community.

#### Creation and growth of new industries

- Create a research base for the IOWN next-generation communication technology concept and an innovation center where various players gather to create a new industry.

#### Realization of “Manabimachi” where Kyushu’s learning is concentrated.

- Develop an international school and other facilities. Pass on Kyushu University’s 100-year legacy and provide educational functions.

#### Creation of new lifestyles

- Implement services such as biometric authentication to complete various service authentication and payment, such as store payments, home keys, etc.



#### Area for transfer

Approx. 28.5ha

#### Corporate groups that are preferred negotiators

Sumitomo Corporation (representative company),  
**Kyushu Railway Company**  
Saibu Gas, Shimizu Corporation, Daiwa House Industry  
Tokyu Land Corporation, The Nishinippon Shimbun,  
Nishi-Nippon Railroad

#### Other

Determination of the land use operator through preferential negotiation is expected around the second half of fiscal 2025.

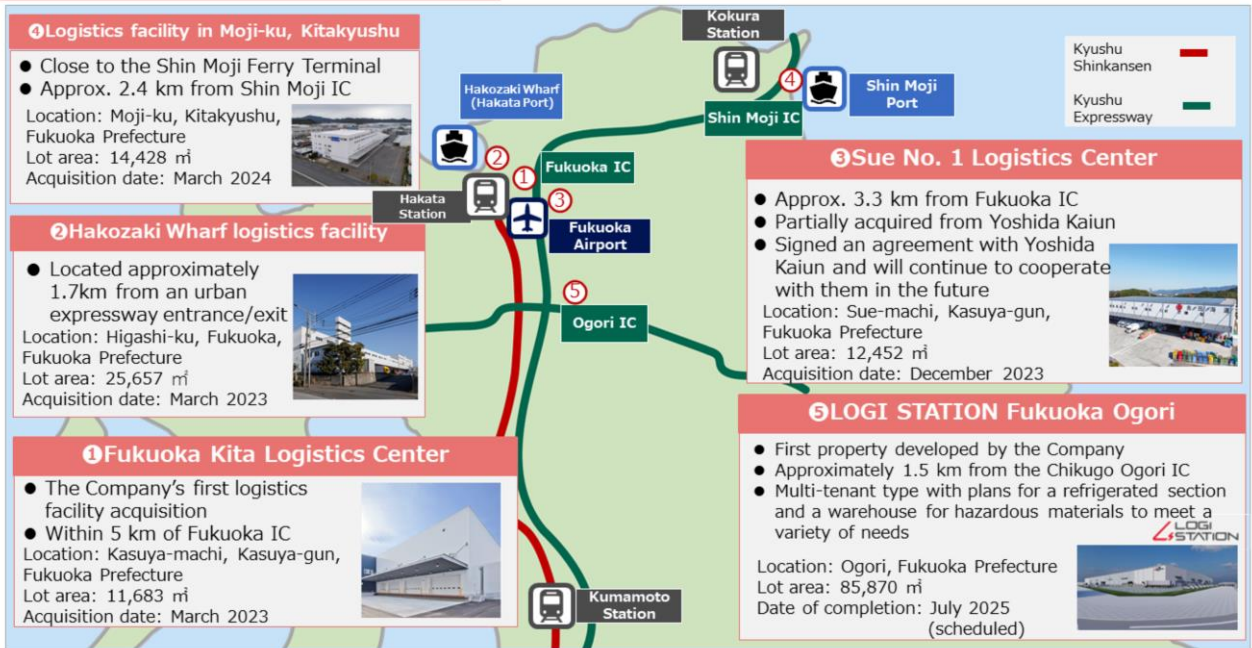
34

- Next, as to city-building along our railway lines, I will discuss a development we are handling about four kilometers from Hakata Station, at the former site of Kyushu University Hakozaki Campus.
- As a corporate group, we were selected as the preferred bidder based on our proposal to enhance the quality of people's lives through a "city-building of the future" with multiple functions, including lifestyle support, education, and residential functions using smart services.
- We plan to be uniquely involved in the project by opening a new station at an adjacent location, scheduled for 2027.
- We work on large-scale projects, including public tenders such as these, to provide multiple values to the community through city-building along our railway lines.
- Please turn to the next slide.

## Key Strategy ② Creating a Model for Building Cities That Promote Well-Being | Promoting Logistics Real Estate Development

- We are entering the logistics facilities business, and we have already begun on our first development project.
- We will actively promote both acquisition and development, while leveraging alliances with other companies.

### Main developments and acquisitions



35

- Next, I will discuss a new model for city-building.
- We have entered the logistics real estate business. This is a new portfolio business that does not rely on the flow of people.
- In March 2023, we acquired the Fukuoka Kita Logistics Center. From this start, we have been aggressively acquiring and developing facilities in Kyushu, mainly in areas where there is a concentration of logistics bases.
- In July 2025, we plan to complete construction of our first property to be developed in-house under the "LOGI STATION" brand, and we will continue to expand our logistics real estate business both in collaboration with other companies and through in-house development.
- Please turn to the next slide.



## Key Strategy ② Create a Model for Building Cities That Promote Well-Being | Rediscover and Utilizing Regional Resources

- We are discovering people who are contributing to the attraction and liveliness of the region through the "Kyushu DREAM STATION" and the "Kyushu Tourism Urban Development Award."
- Collaboration with both initiatives helped in the realization of the new D&S train.

### Kyushu DREAM STATION



- In an aim to further invigorate the station and surrounding area together with the local residents, we are searching for "Nigiwai Partners" who can work together with us. Continued from FY2021.
- We received numerous applications again in fiscal 2023, and we selected three business entities as "Nigiwai Partners."



- IFOO Co., Ltd. was in charge of renovating the Kirishima-Jingu Station interior. Upon being selected as a "Nigiwai Partner," IFOO designed the new D&S train, the "KANPACHI/ICHIROKU"



### New D&S train, "KANPACHI/ICHIROKU"

Train design by IFOO



Art direction inside the train by BEPPU PROJECT



### Kyushu Tourism Urban Development Award



- The Nishi-Kyushu Tourism Urban Development Award, which was launched in FY2022, recognizes the presence of people committed to attractive city-building. In FY2023, this award was expanded to encompass all of Kyushu, and the award will continue in FY2024.
- In addition to the grand prize, there are four Gold Prizes in the categories of "food," "manufacturing," "invigoration" and "lodging (hospitality)." Awards are given to those who contribute to the creation of local attractions in their respective fields.
- BEPPU PROJECT, a non-profit organization that contributes to the revitalization of entire regions through art, won the grand prize in FY2023. After winning the grand prize, BEPPU PROJECT took charge of art direction for the interior of the new D&S train, "KANPACHI/ICHIROKU."



- Next, I will discuss city-building that rediscovers and makes effective use of regional resources.
- Aiming to create even more activity at stations and in surrounding areas, we continue working to discover people who are active in the community through the "Kyushu DREAM STATION." We strive to find "Nigiwai Partners" who can work together with us. The "Kyushu Tourism Urban Development Award" recognizes the presence of people who committed to attractive city-building.
- In addition, some of the people we have had the opportunity to work with through these initiatives have helped us with train design and interior art direction for the new D&S train, "KANPACHI/ICHIROKU."
- We will continue to value our connections with the community and work together to on city-building and creating a thriving community.
- Please turn to the next slide.



# State of Progress on Non-Financial KPIs

	Materiality	Objectives/Indicators		Progress (FY24.3)
E	Realization of a de-carbonized society	<ul style="list-style-type: none"> <li>CO<sub>2</sub> emissions</li> <li>Disclosure of environment-related information</li> <li>Green building</li> </ul>	<ul style="list-style-type: none"> <li>JR Kyushu non-consolidated emissions in FY31.3</li> <li>Groupwide Scope 1 and 2 emissions</li> <li>Groupwide Scope 3 emissions</li> <li>Acquisition of green building certification</li> </ul>	50% reduction compared to FY14.3 Tracking emissions Starting to calculate One or more cases
				Reduced by 54.0% (FY23.3 result) 308 thousand t-CO <sub>2</sub> JR Kyushu alone 596 thousand t-CO <sub>2</sub> Groupwide basis Expect to disclose by FY25.3 4 cases
S	Safety and service, the foundation for all of our businesses	<ul style="list-style-type: none"> <li>Safety</li> <li>Service</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>Score of service ranking</li> </ul>	0 cases 0 cases 90 or more points
				2 case (2 customers injured) 0 cases Stations 86.8 points Crew 90.7 points
S	Sustainable city-building	<ul style="list-style-type: none"> <li>Resident population in regions around development areas</li> <li>Creating employment through new development projects</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring indicators</li> <li>Monitoring indicators</li> </ul>	— —
		<ul style="list-style-type: none"> <li>Employee engagement</li> </ul>	<ul style="list-style-type: none"> <li>Results of employee attitude survey</li> <li>Exchanges of opinions between executives and employees</li> </ul>	Continued YoY improvement 40 times per year or more
		<ul style="list-style-type: none"> <li>Diversity (promoting women's participation and advancement in the workplace)</li> <li>Comfortable environments that are easy and satisfying to work in</li> <li>Health management</li> <li>Re-skilling support</li> </ul>	<ul style="list-style-type: none"> <li>Ratio of female employees among new employees</li> <li>Ratio of female managers (End of FY31.3)</li> <li>Ratio of male employees who take childcare leave</li> <li>Ratio of special health guidance given to relevant employees</li> <li>Development of employees skilled in digital technologies</li> <li>Participation in external distance learning</li> </ul>	30% or more 10% or more 50% or more 80% or more 500 people or more 500 people or more per year
G	Sound corporate management	<ul style="list-style-type: none"> <li>Institutional investors</li> <li>Individual investors</li> <li>Customers</li> <li>Local communities</li> </ul>	<ul style="list-style-type: none"> <li>Continuing to hold financial results presentations, etc.; sharing of investors' opinions at meetings of the Board of Directors</li> <li>Large meetings (IR Day events) offering opportunity to talk with outside directors</li> <li>Offering opportunities for exchange, such as presentations, tours, etc.</li> <li>Discussions with customers</li> <li>Building sustainable relationships with local communities</li> </ul>	— 1 or more events per year 5 or more times per year 10 or more times per year
				1 time 10 times 17 times
				—

37

- Now, I will discuss our progress on non-financial KPIs, which occupy a significant position in terms of enhancing the Group's corporate value.
- I believe our progress on KPIs for materiality corresponding E, S, and G is generally favorable.
- Notably, the results of an employee attitude survey show a 0.09-point improvement. We believe this shows that the exchange of opinions between management and employees aimed at improving engagement have had some success. We will continue to hold opinion-exchange meetings with the aim of increasing employee satisfaction.
- On the other hand, we recognize that the ratio of new hires who are female and the ratio of female managers are below target, and we recognize this as a challenge. We will use a wide range of methods to make it known that we are developing a comfortable working environment where everyone can play an active role by utilizing DX and other means to lighten workloads and qualifications, and we will work to resolve these issues.
- We will continue stepping up our efforts to reach our goals and realize the 2030 Long-Term Vision.
- Please turn to the next slide.

## Key Issues for Management Going Forward

<b>Our understanding of the current situation</b>	<ul style="list-style-type: none"><li>● Various measures are generally in line with plans, and we expect to achieve our numerical targets, so we are on the way to “returning the Company to a growth track.”</li><li>● Going forward, we will enter the phase of “realizing sustainable growth” as we work to achieve our long-term vision.</li></ul>	
<b>New changes in the external environment that require monitoring</b>	[Socioeconomic]	Arrival of an inflationary era, accelerating population decline, growing inbound consumption, and rising expectations for management to be aware of cost of capital and stock prices
	[Kyushu]	Increase in semiconductor-related investment in Kyushu
	[Railway]	Revision of cost-of-income calculation procedures, increased public interest in local lines
<b>Key issues for management going forward</b> <ul style="list-style-type: none"><li>● The Company's position and ideal management philosophy from a medium- to long-term perspective</li><li>● Capital allocation and business portfolio based on capital efficiency and other factors (investment strategy, return policy, financial strategy)</li><li>● Target KPIs (financial, non-financial)</li><li>● Business strategies for our mainstay railway and real estate businesses</li><li>● Creation and expansion of a third pillar of business to follow the railway and real estate businesses</li></ul>		

38

- In closing, I will discuss some key issues for management going forward.
- Our current medium-term business plan ends this fiscal year, and we are currently deliberating on future management policies.
- The current fiscal year is the final year of our period for “returning the Company to a growth track.” From there, we will move toward the next phase toward realizing our long-term vision, “realizing sustainable growth.”
- The external environment is changing at astonishing speed, including such factors as the arrival of inflation and increased semiconductor-related investment in Kyushu. Against this backdrop and taking into account feedback from the stock market and various other stakeholders, we will move forward with discussions on the five key points indicated here.
- Please turn to the next slide.

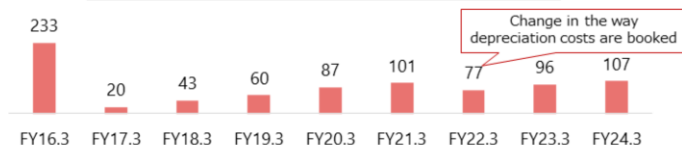
## Medium- to Long-Term Issues in the Railway Business and Fare Revisions

- As one measure for addressing the medium- to long-term challenges we face in the railway business, we are preparing to apply for fare revisions in response to revised cost-of-income calculation procedures.

### Our understanding of key issues

(1) Depreciation costs and the book value of assets in the railway business decreased due to impairment losses on fixed assets held in the railway business at the end of FY16.3, but depreciation costs are now increasing due to subsequent investment in maintenance, renovation and others.

Depreciation costs in the railway business (millions of yen)



(2) As facilities and rolling stocks age, including rolling stock plants that are more than 100 years old, we need to invest in and repair facilities to maintain and improve safety and service levels, as well as to respond to increasingly severe disasters and reduce the burden on the environment.

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



(3) We need to continuously improve the treatment of employees and other aspects of the Company's operations to ensure a stable supply of the human resources needed to continue to provide transportation services.

### [Reference] Key revisions in cost-of-income calculation procedures

- Specification of the treatment of impairment losses based on impairment accounting**  
The depreciation of impaired fixed assets in the railway business is recorded at cost, taking into account individual circumstances, such as using the amount reported on tax returns.
- Improvement of calculation method of depreciation and amortization, etc.**  
To promote capital investment that contributes to sustainable rail transportation services, record depreciation and other expenses considered for periods longer than three years and accelerate depreciation for capital investment that is highly necessary from a policy standpoint.
- Improved handling of maintenance expenses related to disasters**  
Maintenance expenses for railway facilities recorded as extraordinary losses, which have increased due to more severe and more frequent disasters, are also recorded in cost.
- Improvements in the method of calculating personnel expenses**  
From the viewpoint of securing the human resources necessary for the future, the rate of increase in personnel expenses for railway operators (actual figures) and the "growth rate" based on the Basic Survey on Wage Structure, etc., are reflected so that wage increases can be reflected appropriately.

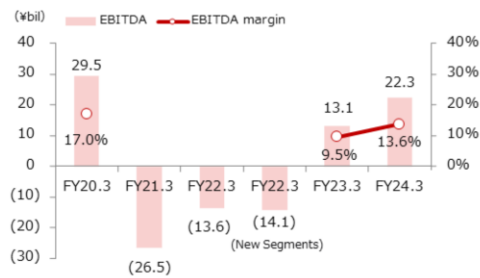
- I would like to discuss one of the issues our management will face: the medium- to long-term issues of the railway business.
- Depreciation costs and the book value of assets in the railway business decreased due to impairment losses on fixed assets held in the railway business at the end of the fiscal year ended March 31, 2016, but depreciation costs are now increasing due to subsequent investment in maintenance and renovation.
- Meanwhile, in the railway business, as facilities and rolling stock age, we need to invest in and repair facilities to maintain and improve safety and service levels, as well as to respond to increasingly severe disasters and reduce the burden on the environment.
- Furthermore, we need to continuously improve the treatment of employees and other aspects of the Company's operations to ensure a stable supply of the human resources needed to continue to provide transportation services.
- To address these issues, we are working to improve the medium- to long-term profitability and sustainability of our railway business through the Future Railway Project. In addition, we are striving to improve employee compensation through personnel and wage system reforms, and we are preparing for fare revisions.
- Having received revised revenue cost calculation guidelines, we will proceed with cost-of-income calculations, and we intend to submit our application as soon as possible.
- This concludes my presentation. Thank you for your attention.

# APPENDIX

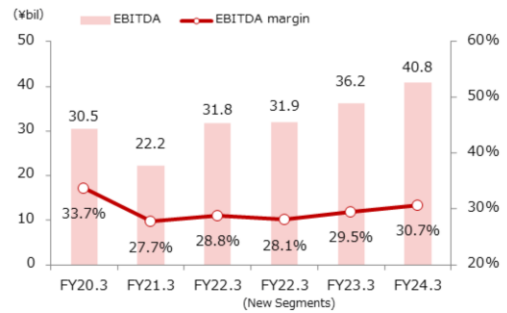
---

# EBITDA by Segment

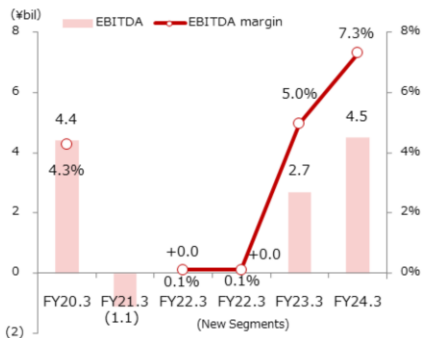
## Transportation



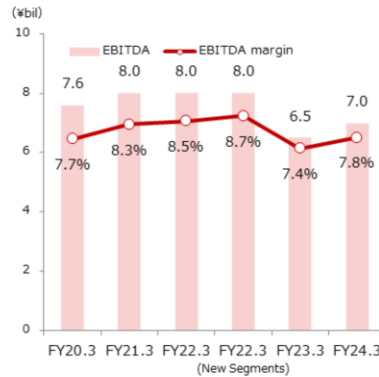
## Real Estate and Hotels



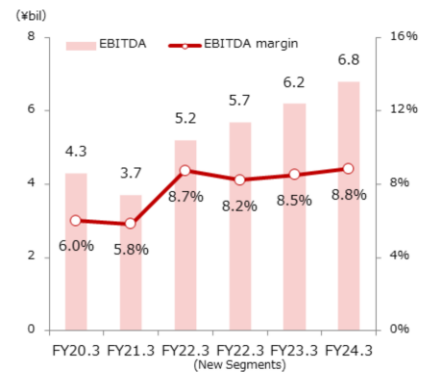
## Retail and Restaurant



## Construction



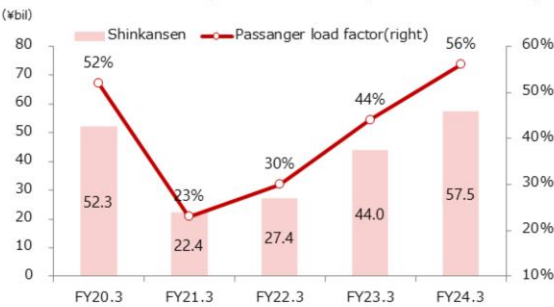
## Business Services



\* Figures by segment are prior to eliminating intersegment transactions.

# Trends in the Railway Business

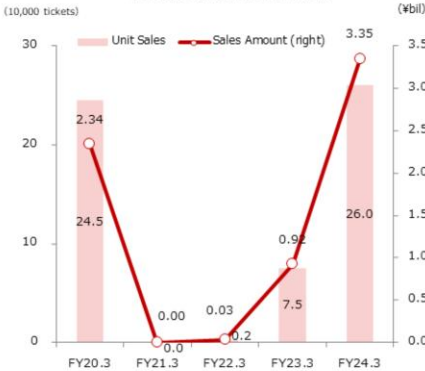
**Railway transportation revenues (Shinkansen), passenger load factor on the Kyushu Shinkansen (Hakata-Kumamoto)**



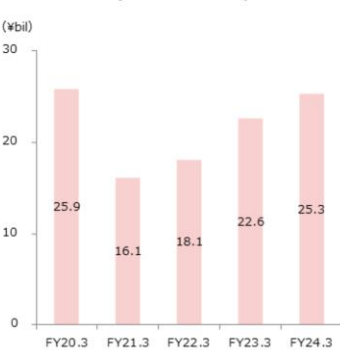
**Internet train reservation services: Number of reservations, sales**



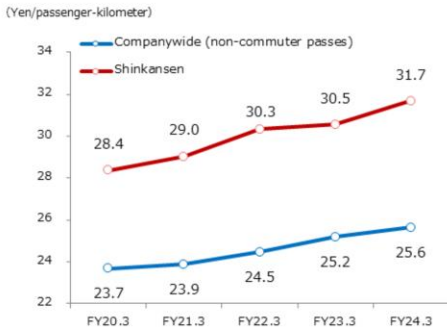
**Sales Amount and Unit Sales of JR-KYUSHU RAIL PASS**



**Railway transportation revenues (short distance)**

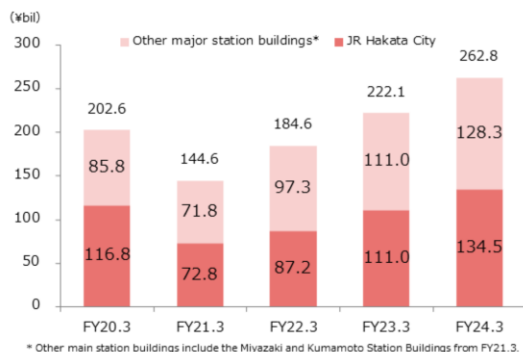


**Yield (Companywide (non-commuter passes), Shinkansen)**

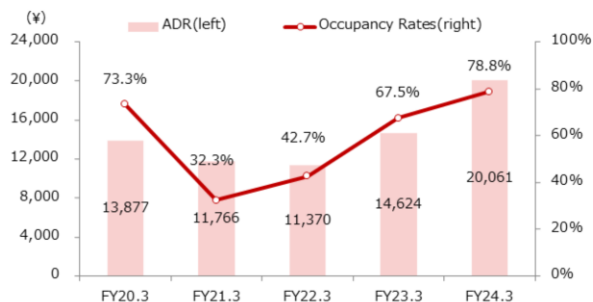


# Trends in the Real Estate and Hotel Businesses

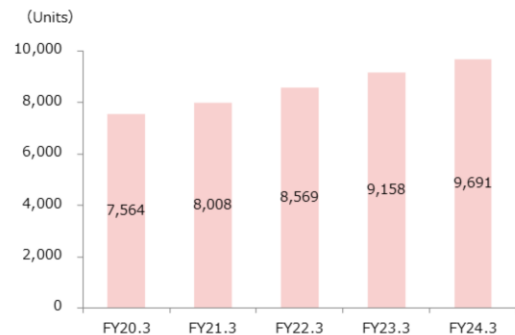
## Station building tenant sales



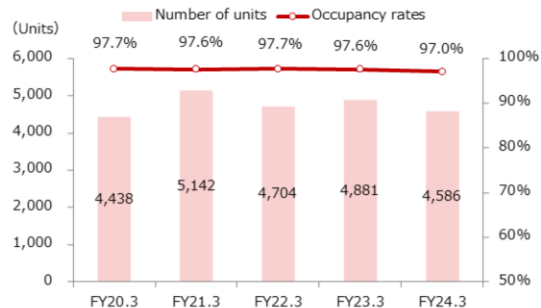
## Hotel occupancy rates and average unit prices



## Unit sales of condominiums (cumulative)



## Rental apartment numbers (cumulative) and occupancy rate



\* Numbers of rooms are as of the end of each fiscal year (excluding the sale of properties to a private REIT, etc.)  
\* Occupancy rates are averages of the figures at the end of each month (excluding the year of opening for newly opened properties; excluding newly acquired properties)

# Overview of Major Development Pipelines

Name	Location	Schedule	Floor space/Lot area/Units/Rooms	Notes (Uses, etc.)
Kagoshima-Chuo Station West Entrance Development	Kagoshima City, Kagoshima Prefecture	Autumn 2021: Start of construction April 2023: Phase I development opening From FY2025: Phase II development opening	Lot area: Approx. 9,500㎡ Floor space: Approx. 25,400㎡ (Phase I development)	<ul style="list-style-type: none"><li>Phase I: commercial facilities, offices, multi-story parking garage; Phase II: multi-faceted development, including residences, etc.</li><li>Considering infection countermeasures, environment burden reduction measures, use of ICT</li></ul>
Toranomon 2-chome category 1 urban redevelopment project * Joint development by six companies, with NIPPON STEEL KOWA REAL ESTATE CO., LTD., as the Group representative for the acquisition of reserved floor area.	Minato-ku, Tokyo	Winter 2020: Start of construction Spring 2025: Planned completion	Lot area: Approx. 22,500㎡ Floor space: Approx. 180,700㎡	Office buildings (partly commercial stores)
Project utilizing the space above the tracks at Hakata Station	Hakata-ku, Fukuoka City	End 2028: Planned completion	Lot area: Approx. 5,200㎡ Floor space: Approx. 50,000㎡	Offices, hotels, and commercial operations, and plazas, etc.
Kajiya-cho No. 1 Urban Area Redevelopment Project	Kagoshima City, Kagoshima Prefecture	Fiscal 2024: Urban planning decision Fiscal 2025: Business plan approval	Lot area: Approx. 5,500㎡	<ul style="list-style-type: none"><li>Plan for a complex of condominiums and commercial facilities</li><li>Street stores will be located along the train street to create a bustling atmosphere.</li><li>Establish a plaza for events, etc.</li></ul>
Former site of Kyushu University Hakozaki Campus	Higashi-ku, Fukuoka City	April 2024: Acquisition of preferential negotiating rights 2H Fiscal 2025: Project launch expected	Lot area: Approx. 28.5ha	<ul style="list-style-type: none"><li>Sumitomo Corporation will be the representative company, and eight companies including us will participate in the project.</li><li>Specific business plans are to be developed through preferential negotiation with the offeror.</li></ul>

Note: Schedules are subject to change



# Railway Business—Outline of Fares/Charges and Depreciation costs

## Outline of Fares/Charges

### ■ Breakdown of fares/charges

Charges	→ Compensation for the use of facilities, the provision of additional services, and the provision of services, which are other than transportation
Fares	→ Compensation for the transportation of people or goods

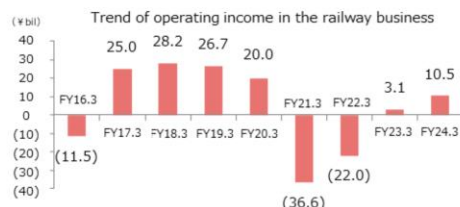
### ■ Procedures for establishing and adjusting fares/charges

- Establishing/adjusting the upper limit for fares and Shinkansen express charges requires the approval from the Minister of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT).
- Establishing/adjusting fares and Shinkansen express charges within the scope of the upper limit and establishing/adjusting conventional line express charges, etc., can be handled by notification to the Minister of the MLIT.

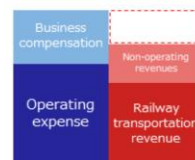
### ■ Examination standards for upper limit fares/charges

- Prior to giving approval for establishing/adjusting the upper limit on fares, the Minister of the MLIT must confirm that the new upper limit does not exceed "total cost," which is the sum of the proper operating costs if it were to carry out efficient management and the proper profit calculated pursuant to specified methods.

(The Company implemented a substantial fare revision, other than consumption tax revision, in 1996)



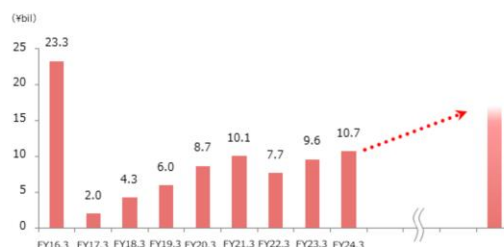
If examination standards are met (illustration)



Expense > Revenue  
(Reference) MLIT web site

## Gradual increase in depreciation costs

- Decrease in depreciation costs in conjunction with impairment losses on fixed assets held in the railway business (approximately ¥520.0 billion) recorded on March 31, 2016
- Capital investment of between ¥25.0 billion and ¥30.0 billion a year conducted in railway business after impairment losses
- Gradual increase of ¥1.0–2.0 billion per year in depreciation costs going forward due to continuation of current trends



# Our Routes and Position in Relation to Airport Access Railway and TSMC's Kumamoto Plant

- With the entry of TSMC and the construction of airport access railway, the Kumamoto area is expected to see an increase in interaction and population along the rail line.
- We plan to build a new station between Sanrigi Station and Haramizu Station on the Houhi Main Line in the spring of 2027.

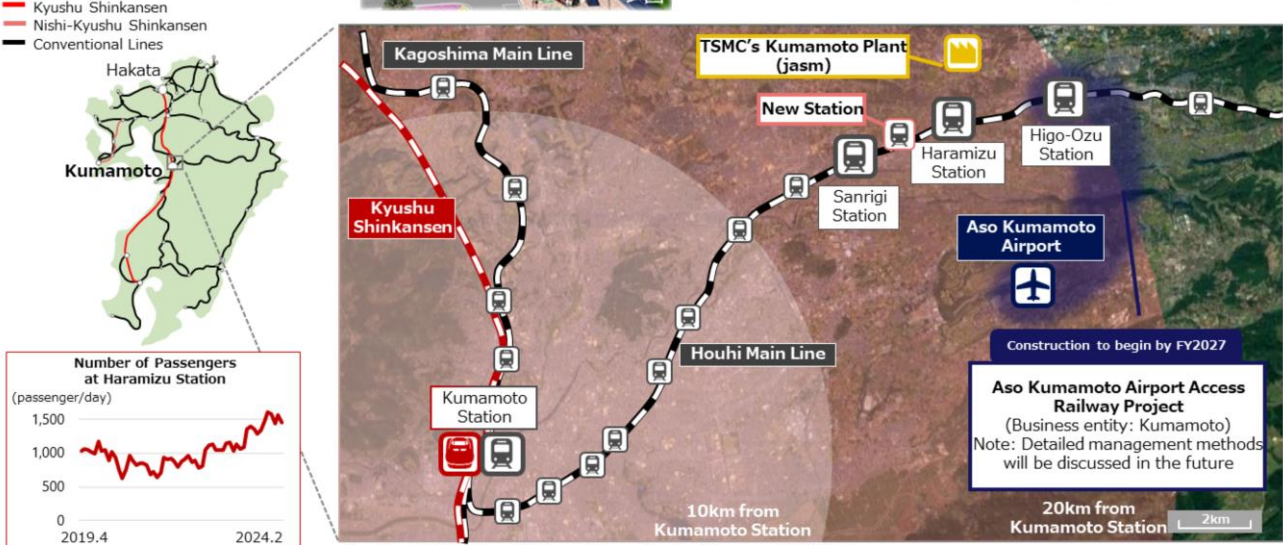
## New Station on the Houhi Main Line

Location : Houhi Main Line  
Sanrigi - Haramizu (3.2km)  
Target date to open : Spring 2027  
Status : Concluded a memorandum of understanding with Kikuyo Town, Kumamoto Prefecture in December 2023



## TSMC's Kumamoto Plant (The First Plant)

Location: Kikuyo Town, Kumamoto Prefecture  
Start of operation: Planned on December 2024  
Notes: The second plant is scheduled to be constructed in the vicinity of the first plant with the goal of operating from the end of 2027.

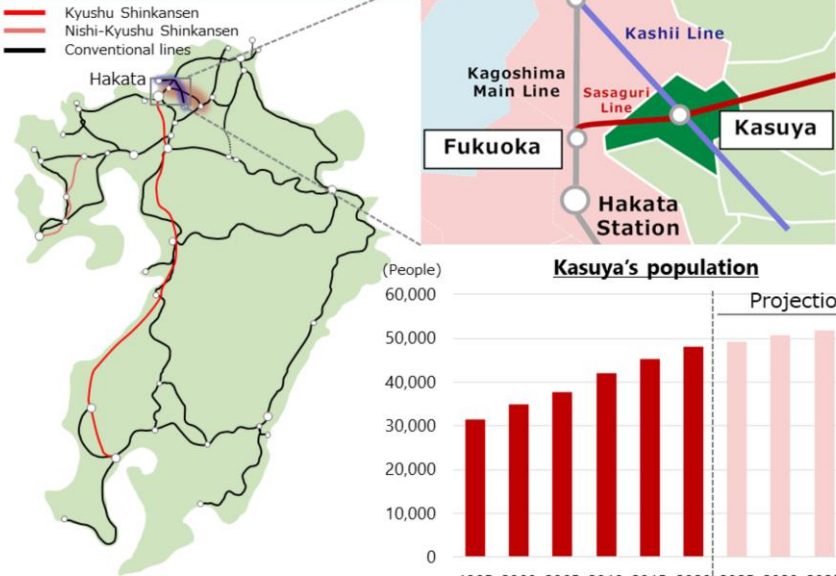


Graphics ©2024 TerraMetrics, Airbus, Google, Map data ©2024 Google

# Comprehensive Collaborative Agreement with the Kasuya Town

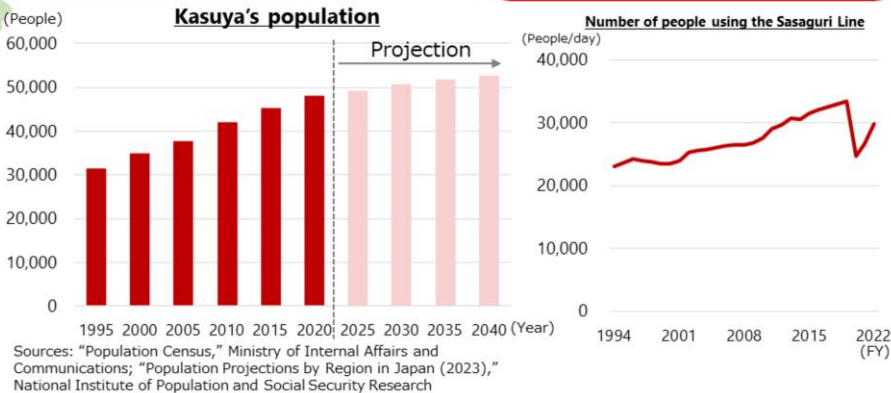
- The number of passengers on the Sasaguri Line, which connects to Hakata Station, is on the rise.
- On May 7, 2024, we signed a comprehensive cooperation agreement with the Kasuya Town, a municipality along the line, aiming to further revitalize the Sasaguri and Kashii lines and realize Kasuya's vision of being "a town where people want to continue living" by improving the convenience of public transportation and the attractiveness of the town.

## Overview of Kasuya and the Sasaguri and Kashii lines



## Related items

1. City-building that is friendly to children and the elderly
2. City-building for compactness and networking
3. City-building for wellbeing
4. Environment-friendly city-building
5. Disaster-resistant city-building



## Initiatives and Policies for Improving Our Return on Capital and Market Valuation

### Recognition of the current situation

- We recognize improving return on capital and market valuation as an important management issue.
- We plan to meet the numerical management targets for fiscal 2024 indicated in our current medium-term business plan.
- In realizing the path toward achieving our 2030 Long-Term Vision, we recognize that improving return on capital and enhancing market valuation are important issues for increasing corporate value, while remaining conscious of the cost of capital.

### Fiscal 2023 initiatives

- **Railway**
  - Initiatives to increase the top line, implementation of Future Railway, continue to realize effects of BPR
- **Real estate, hotels**
  - Promoting efforts to increase yields across the business portfolio

### Shareholder returns

- **Shareholder return policy**
  - Stable provision of return over the long term
  - Implement share repurchases flexibly, as necessary

### Policy

- **We will continue to promote management with an awareness of cost of capital and profitability through reviews of the business portfolio and sincere efforts to engage in constructive dialogue with the capital markets.**

	Share prices (¥)	PBR (times)	ROE (%)	PER (times)
FY21.3	2,574	1.0	-4.7	-
FY22.3	2,507	1.0	3.4	29.7
FY23.3	2,949	1.1	7.8	14.9
FY24.3	3,543	1.3	9.1	14.5
FY25.3 (forecast)	-	-	9.5	-



# Dialogue with Shareholders and Investors in FY24.3

## Details of communications

### Targeting institutional investors and analysts:

Financial results briefings, IR Day, small meetings, facility tours, one-on-one meetings

### Targeting individual investors:

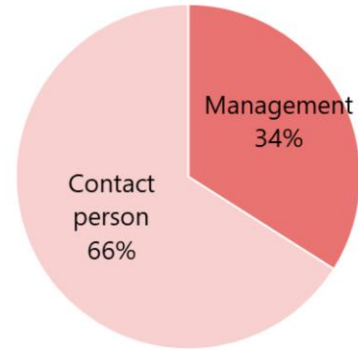
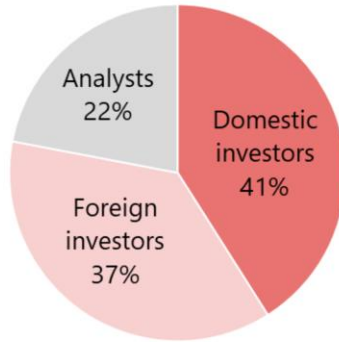
Company information sessions, shareholder events, shareholder e-newsletters, shareholder questionnaires

## Dialogues conducted

**Respondents:** President, CFO, outside directors, director and managing corporate officer, senior corporate officer, head of the IR section

Number of meetings for institutional investors and analysts: **218**

Opportunities for exchange with individual investors: **10**



## Feedback to the Board of Directors

**Number of reports to the Board of Directors:** Six

### Main measures implemented based on feedback:

- Conducted demonstration test of biodiesel fuel to reduce Scope 1 emissions
- Expanded the number of projects covered under the TCFD
- Accelerated Groupwide disclosure of Scope 3 emissions
- Developed a new personnel strategy
- Revised the skillset of the Board of Directors
- Enhanced integrated reporting

## 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:  
[https://www.jrkyushu.co.jp/company/ir\\_eng/library/earnings/](https://www.jrkyushu.co.jp/company/ir_eng/library/earnings/)