

FY25.3 Third Quarter Investors Meeting

February 5, 2025

KYUSHU RAILWAY COMPANY

- I am Takuma Matsushita, the CFO of JR Kyushu. I would like to thank everyone for taking the time to join us.
- Today, I will discuss our financial results for the first nine months of the fiscal year ending March 31, 2025, our full-year performance forecast and dividend forecast for the fiscal year ending March 31, 2025, the status of segments, progress on the medium-term business plan, and the withdrawal of JR Kyushu Jet Ferry Inc. from the vessel operation business.
- First, I will discuss our financial results for the first nine months of the fiscal year ending March 31, 2025. Please turn to slide 5.

Contents

I	Financial Results for the First Nine-Months of FY25.3	4
II	Full-Year Performance Forecasts and Dividend Forecasts for FY25.3	8
III	Status of Segments	13
IV	Progress on the Medium-Term Business Plan	22
V	Regarding JR Kyushu Jet Ferry Inc. to Withdraw from the Vessel Operation Business	28

Overview

Financial results for the first nine months of FY25.3

- Owing to demand recovery in each segment, consolidated operating revenues, operating income, and ordinary income all increased year on year.
- Net income attributable to owners of the parent decreased year on year, owing to a decrease in the gain on the transfer of Drug Eleven shares.

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

- In Q3, we made steady progress toward our full-year financial forecasts.
- Our consolidated financial forecast remains unchanged from our announcement on November 6.
- Our dividend forecast remains unchanged, at an annual dividend of ¥93.0 per share (reintroducing interim dividends).

Status of segments

- Railway transportation revenues were firm, in both commuter and non-commuter revenues.
- In the hotel business, ADR was at the ¥26,000 level, and occupancy rates were above 85%.
- In the retail and restaurant business, store sales remained robust.

Progress on the medium-term business plan

- We continued to promote maintenance initiatives that combine safety and productivity.
- The number of passengers who use the Nishi-Kyushu Shinkansen continues to grow, and short-distance revenues and the number of commuter pass are both firm.
- We are working with the local government in the area around the Hohi Main Line to consider a vision for the future.

Withdrawal of JR Kyushu Jet Ferry Inc. from the Vessel Operation Business

- A decision to withdraw from this business was reached at a Board of Directors meeting in December 2024.
- We have established measures to reinforce governance in the JR Kyushu Group.

I Financial Results for the First Nine-Months of FY25.3

Consolidated Financial Highlights for the Nine-Month Period Ended December 31, 2024

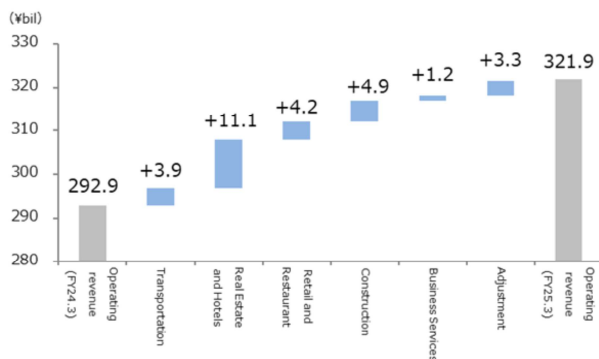
	9 months ended December, 31 2023	9 months ended December, 31 2024	YoY	(¥bil)
Operating revenue	292.9	321.9	28.9	109.9%
Operating income	43.1	49.6	6.5	115.1%
Ordinary income	44.8	49.9	5.1	111.5%
Extraordinary gains and losses	6.7	0.4	(6.2)	6.4%
Net income attributable to owners of the parent	40.7	37.3	(3.3)	91.8%
EBITDA [※]	67.1	77.0	9.9	114.8%

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

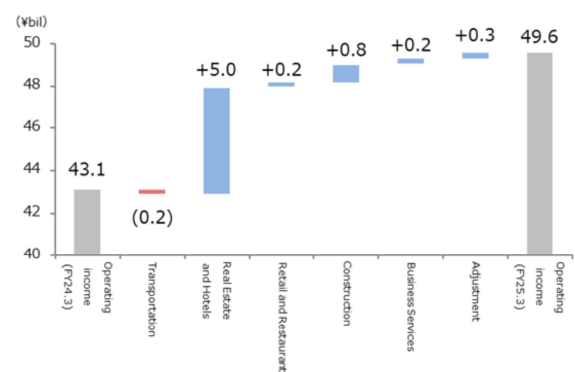
Key points

- The sale of properties decreased, but railway transportation revenues rebounded, performance at existing facilities was favorable, and properties opened in the previous fiscal year normalized. Owing to these and other factors, operating revenues and operating income were up year on year.
- Net income attributable to owners of the parent declined year on year, owing to such factors as a decrease in the gain on the transfer of Drug Eleven shares.

Change in operating revenue by segment



Change in operating income by segment



5

- Operating revenue rose ¥28.9 billion year on year, to ¥321.9 billion, owing to such factors as a recovery in demand in the railway business and other sectors.
- Operating income grew ¥6.5 billion, to ¥49.6 billion, bolstered by higher operating revenue. EBITDA also expanded ¥9.9 billion year on year, to ¥77.0 billion.
- Net income attributable to owners of the parent fell ¥3.3 billion year on year, to ¥37.3 billion. This decrease reflect the recording of a gain on the transfer of Drug Eleven shares in the previous year.
- Next, I will discuss our full-year performance forecasts. Please turn to slide 9.

Consolidated Results for the First Nine Months of FY25.3 (by Segment)

	9 months ended December, 31 2023	9 months ended December, 31 2024	YoY		Major factors
Operating revenue	292.9	321.9	28.9	109.9%	
Transportation	122.2	126.2	3.9	103.2%	
Railway Business (non-consolidated)	120.0	124.6	4.5	103.8%	Increase due to moderate recovery in demand
Real Estate and Hotels	83.2	94.4	11.1	113.4%	
Real Estate Lease	51.2	57.2	6.0	111.8%	Increase in revenues from leases due to recovery in demand
Real Estate Sales	13.7	12.8	(0.8)	93.7%	Decrease in the sale of properties
Hotel Business	18.2	24.2	5.9	132.7%	Increase due to recovery in demand
Retail and Restaurant	45.8	50.1	4.2	109.3%	Increase due to recovery in demand
Construction	56.8	61.7	4.9	108.7%	
Business Services	53.1	54.3	1.2	102.4%	
Operating income	43.1	49.6	6.5	115.1%	
Transportation	19.1	18.9	(0.2)	98.9%	
Railway Business (non-consolidated)	19.5	20.0	0.5	102.9%	
Real Estate and Hotels	17.6	22.6	5.0	128.4%	
Real Estate Lease	12.7	14.3	1.6	112.7%	
Real Estate Sales	1.5	2.5	1.0	166.8%	
Hotel Business	3.4	5.8	2.3	169.7%	
Retail and Restaurant	2.8	3.0	0.2	107.4%	
Construction	1.2	2.0	0.8	170.7%	
Business Services	2.6	2.8	0.2	109.8%	
EBITDA	67.1	77.0	9.9	114.8%	
Transportation	27.9	28.7	0.7	102.8%	
Railway Business (non-consolidated)	28.0	29.5	1.5	105.4%	
Real Estate and Hotels	29.1	36.1	6.9	123.8%	
Real Estate Lease	22.3	25.2	2.9	113.1%	
Real Estate Sales	1.5	2.5	1.0	165.8%	
Hotel Business	5.3	8.3	3.0	156.6%	
Retail and Restaurant	3.7	4.1	0.3	109.2%	
Construction	1.9	2.9	1.0	152.7%	
Business Services	4.8	5.3	0.4	109.5%	

Non-consolidated Results for the First Nine Months of FY25.3

	9 months ended December, 31 2023	9 months ended December, 31 2024	YoY		Major Factors
Operating revenue	161.1	168.7	7.5	104.7%	
Railway transportation revenues	108.5	112.9	4.3	104.0%	Increase due to moderate recovery in demand
Shinkansen	43.2	45.4	2.1	105.0%	
Conventional Lines	65.2	67.4	2.1	103.3%	
Other revenue	52.5	55.8	3.2	106.2%	
Operating expense	128.4	132.3	3.8	103.0%	
Personnel expense	31.7	35.4	3.6	111.6%	Increase with the Implementation of new personnel and wage system
Non-personnel expense	72.4	69.6	(2.7)	96.2%	
Energy cost	7.9	8.0	0.1	101.3%	
Maintenance cost	18.5	18.3	(0.1)	99.1%	
Other	45.9	43.2	(2.7)	94.1%	Decrease in cost of sales due to the sale of properties
Taxes	9.3	10.0	0.7	107.8%	
Depreciation cost	14.9	17.1	2.2	114.9%	
Operating income	32.6	36.3	3.7	111.3%	
Non-operating income and expense	6.5	0.7	(5.8)	10.9%	
Ordinary income	39.2	37.0	(2.1)	94.6%	
Extraordinary gain and losses	6.9	0.3	(6.5)	5.4%	Decrease due to a gain on the transfer of Drug Eleven shares
Net income	38.2	28.7	(9.5)	75.0%	

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

		9 months ended December, 31 2023	9 months ended December, 31 2024	YoY	
Railway business	Operating revenue	120.0	124.6	4.5	103.8%
	Operating income	19.5	20.0	0.5	102.9%
Related businesses	Operating revenue	41.0	44.0	3.0	107.4%
	Operating income	13.1	16.2	3.1	123.9%

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

Consolidated Financial Forecast Highlights for FY25.3

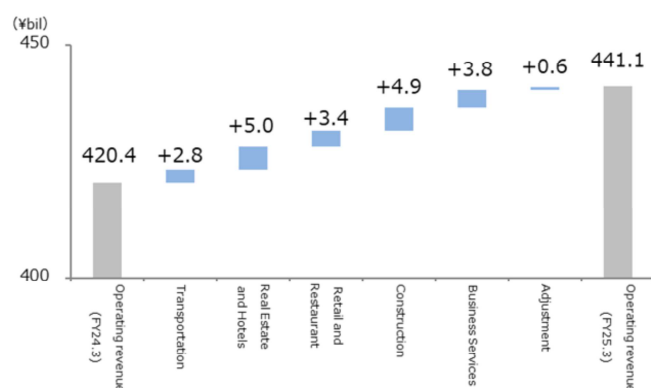
Key points

- 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.

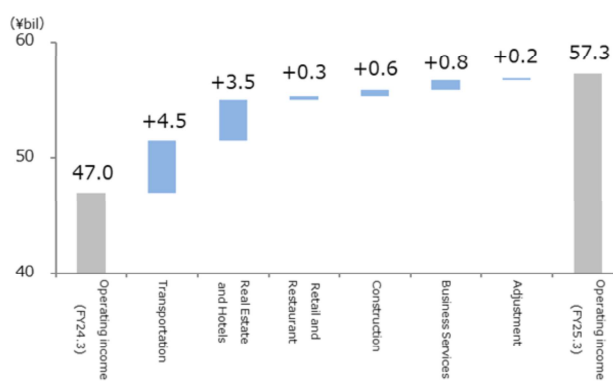
	Results FY24.3	Forecasts FY25.3	YoY	
Operating revenue	420.4	441.1	20.6	104.9%
Operating income	47.0	57.3	10.2	121.7%
Ordinary income	48.9	56.7	7.7	115.9%
Net income attributable to owners of the parent	38.4	42.2	3.7	109.8%
EBITDA	80.0	94.0	13.9	117.4%

Medium-Term Business Plan targets	(¥bil)	Vs. targets
440.0	1.1	100.3%
57.0	0.3	100.5%
—	—	—
—	—	—
94.0	—	100.0%

Change in operating revenue by segment



Change in operating income by segment



- Our full-year performance forecasts and dividend forecasts are unchanged from the figures disclosed on November 6.
- We will continue to monitor trends in revenues and expenses in each segment and promote various measures to achieve the numerical targets of this fiscal year's earnings forecast and medium-term business plan.
-
- Next, I will discuss the status of segments. Please turn to slide 14.

Consolidated Financial Forecasts for FY25.3 (by Segment)

	Results FY24.3	Forecasts FY25.3	YoY	Major factors	(¥bil)		
					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%	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%	—	—	—
Real Estate Sales	37.1	33.5	(3.6)	90.2%	—	—	—
Hotel Business	25.2	28.4	3.1	112.4%	—	—	—
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%	95.0	0.0	100.0%
Business Services	77.9	81.8	3.8	104.9%	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%	-	-	-

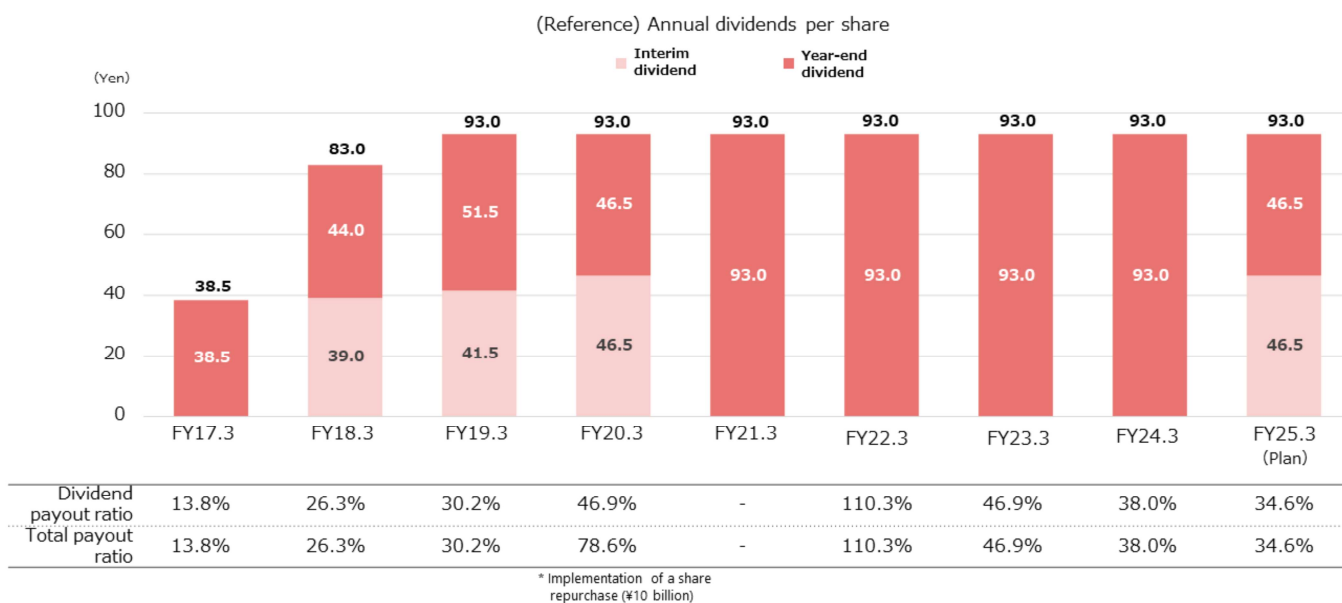
FY25.3 Dividend Forecasts

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**.

FY25.3 dividend forecasts

- Taking the above-mentioned policy into consideration, **we forecast a FY25.3 dividend of ¥93.0 per share**.
- We reinstated interim dividends in FY25.3.



III Status of Segments

Transportation Segment

- In Q3 FY25.3, railway transportation revenues were robust, with commuter revenues and non-commuter revenues both outpacing expectations.

[Results]

[Forecasts]

	(¥bil)			
	9 months ended December, 31 2023	9 months ended December, 31 2024	YoY	
Operating revenue	122.2	126.2	3.9	103.2%
Railway Business (non-consolidated)	120.0	124.6	4.5	103.8%
Railway transportation revenues	108.5	112.9	4.3	104.0%
Operating income	19.1	18.9	(0.2)	98.9%
Railway Business (non-consolidated)	19.5	20.0	0.5	102.9%
EBITDA	27.9	28.7	0.7	102.8%
Railway Business (non-consolidated)	28.0	29.5	1.5	105.4%

(\$bil)				
FY24.3 Results	FY25.3 Forecasts	YoY		
163.7	166.6	2.8	101.7%	
160.4	162.8	2.3	101.4%	
145.0	147.7	2.6	101.8%	
10.3	14.9	4.5	143.3%	
10.5	15.1	4.5	143.1%	
22.3	28.1	5.7	125.7%	
22.1	27.8	5.6	125.6%	

Status of Key Businesses and Assumptions behind Forecasts

- In Q3 railway transportation revenues, non-commuter revenues and commuter revenues both exceeded expectations.

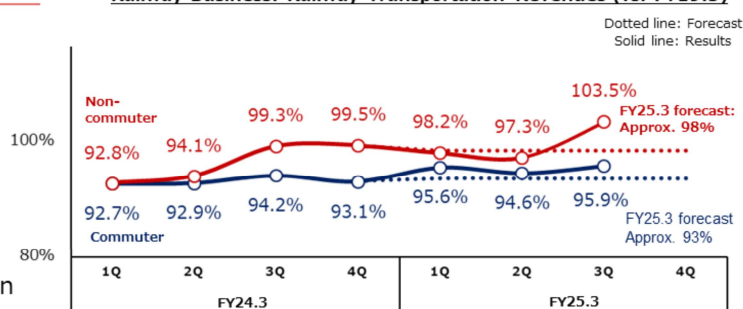
[Railway transportation revenues (vs. FY19.3)]

Cumulative Q3 results: 98.8%

FY25.3 forecast : 97.6%

- In railway business expenses, energy costs were lower than expected. Due to slight progress delays in maintenance costs, the expenses are expected to shift into Q4.

Railway Business: Railway Transportation Revenues (vs. FY19.3)



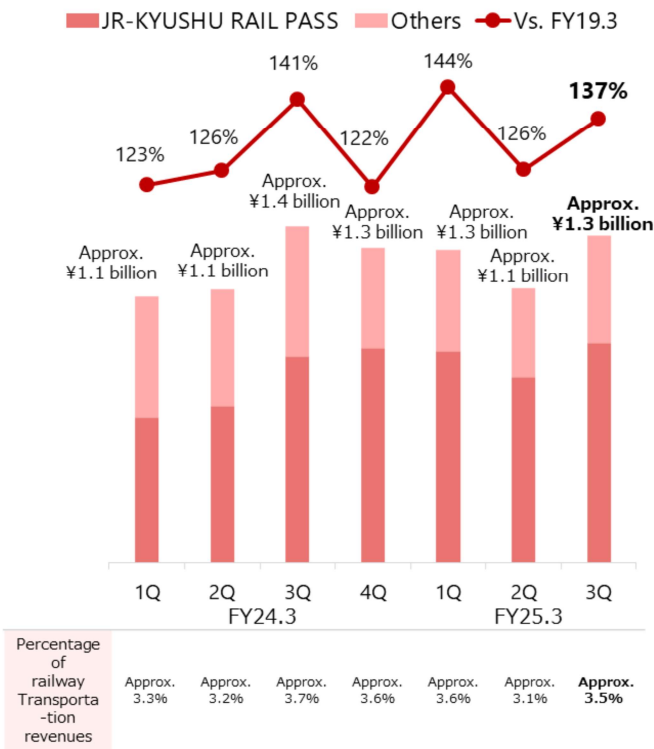
14

- In the Transportation Segment, railway transportation revenues were stronger than expected.
- A closer look at the breakdown shows that non-commuter revenues in particular were better than expected, suggesting that we have recovered from the impact of natural disasters that occurred in August.
- As for railway business expenses, labor expenses increased from the previous year due to the introduction of the new personnel and wage system, but overall were essentially in line with expectations.
- Going forward, we will work to control costs as we continue to monitor the top line situation closely.
- As of the end of the third quarter, we expect an approximately ¥0.7 billion impact on operating income at JR Kyushu Jet Ferry Inc., which had been suspended from August 2024 and decided to withdraw from business in December 2024.
- Please turn to the next slide.

Status of Inbound Measures in the Railway Business

- In Q3 FY25.3, inbound revenue was essentially flat year on year.
- In April 2025, we expect to implement revised prices on JR-KYUSHU RAIL PASS.

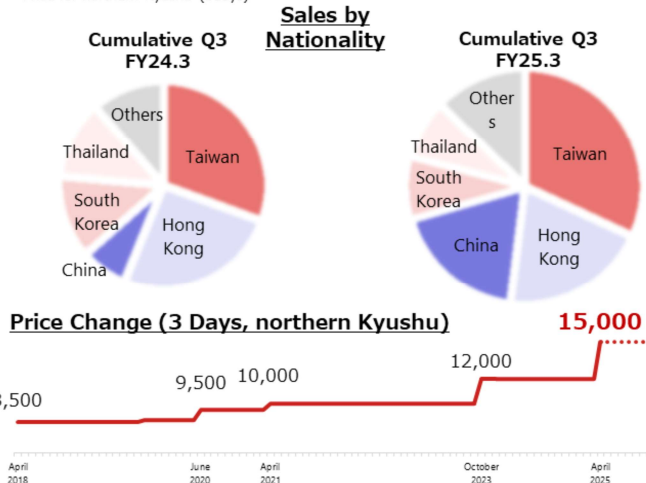
Inbound Revenue (approximate)



Demand for JR-KYUSHU RAIL PASS

	Cumulative Q3 FY19.3	Cumulative Q3 FY24.3	Cumulative Q3 FY25.3		
	Results	Results	Results	Vs. FY19.3	Vs. FY24.3
Number of tickets sold	177,000	188,000	205,000	116%	110%
Sales	¥1.69 billion	¥2.35 billion	¥2.84 billion	168%	121%
(Reference) Unit price*	¥8,500	~9,300 ¥10,000 10.1~ ¥12,000	¥12,000	141%	~9,300 120 ~ 10.1~ 100 ~

*Price for northern Kyushu (3days)



- Next, I will explain the inbound situation in the railway business.
- In the third quarter, inbound revenue was essentially at the same level as in the same period of the previous fiscal year.
- Unit sales of the JR-KYUSHU RAIL PASS, which accounts for the majority of inbound revenue, was strong, at 10% above the level in the same period of the previous fiscal year.
- Looking at sales by nationality, usage by customers from China continues to recover.
- Meanwhile, we plan to revise prices on the JR-KYUSHU RAIL PASS in line with revisions to rail fares and charges from this April. Most of the increase in revenue due to this price revision is included in the rise in revenue from fare revisions of approximately ¥16.0 billion.
- Please turn to slide 17.

Railway Business (Transportation Data)

Railway transportation revenues

(¥bil)

	9 months ended December, 31 2023	9 months ended December, 31 2024	YoY		Major Factors
Total	108.5	112.9	4.3	104.0%	
Commuter pass	23.1	23.7	0.5	102.3%	
Non-commuter pass	85.3	89.2	3.8	104.5%	
Cargo	0.0	0.0	0.0	123.2%	
Shinkansen	43.2	45.4	2.1	105.0%	
Commuter pass	2.2	2.4	0.1	106.4%	Gradual recovery in demand
Non-commuter pass	41.0	43.0	2.0	104.9%	
Conventional Lines	65.2	67.4	2.1	103.3%	
Commuter pass	20.9	21.2	0.3	101.8%	Gradual recovery in demand
Non-commuter pass	44.3	46.1	1.8	104.1%	

Passenger-kilometers

(Millions of passenger-kilometer)

	9 months ended December, 31 2023	9 months ended December, 31 2024	YoY	
Total	6,373	6,471	98	101.5%
Commuter pass	3,011	3,045	33	101.1%
Non-commuter pass	3,361	3,426	64	101.9%
Shinkansen	1,473	1,490	16	101.2%
Commuter pass	166	175	9	105.5%
Non-commuter pass	1,306	1,314	7	100.6%
Conventional Lines	4,900	4,981	81	101.7%
Commuter pass	2,845	2,869	24	100.9%
Non-commuter pass	2,054	2,111	56	102.8%

Real Estate and Hotels Segment: Real Estate Leasing Business

- In Q3 FY25.3, station building tenant sales outpaced expectations.

【 Results 】

	9 months ended December, 31 2023	9 months ended December, 31 2024	YoY	
				(¥bil)
Operating revenue	51.2	57.2	6.0	111.8%
Operating income	12.7	14.3	1.6	112.7%
EBITDA	22.3	25.2	2.9	113.1%

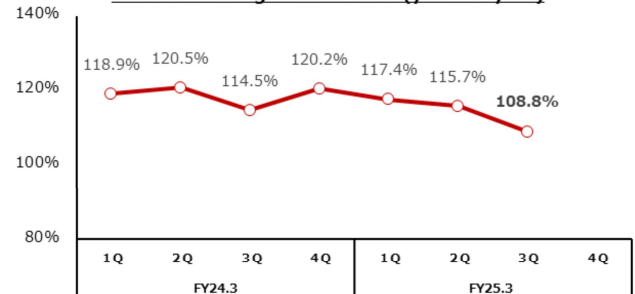
【 Forecasts 】

	FY24.3 Results	FY25.3 Forecasts	YoY	
				(¥bil)
	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

- Driven by performance at JR Hakata City, station building tenant sales in Q3 were outpacing expectations.
- Tenant sales were essentially in line with expectations at JR Nagasaki City (Amu Plaza Nagasaki Honkan, Annex, and Kamome Ichiba).
- Occupancy rates were generally firm at office buildings and rental apartments.

Station building tenant sales (year on year)



- Next, I will discuss the Real Estate and Hotels Segment.
- First, performance was solid in the real estate leasing business, as JR Hakata City continued to drive station building tenant sales.
- Tenancy rates for office buildings and rental apartments remained generally firm.
- Please turn to the next slide.

Real Estate and Hotels Segment: Real Estate Sales Business

- In Q3 FY25.3, condominium sales were increased year on year.
- Although we sold a rental apartment to a third party in Q3 FY25.3, Property sales were down, reflecting the sale of rental apartments to third parties in FY24.3.

【Results】

	9 months ended December, 31 2023	9 months ended December, 31 2024	(¥bil)	
			YoY	
Operating revenue	13.7	12.8	(0.8)	93.7%
Operating income	1.5	2.5	1.0	166.8%
EBITDA	1.5	2.5	1.0	165.8%

【Forecasts】

	FY24.3 Results	FY25.3 Forecasts	(¥bil)	
			YoY	
	37.1	33.5	(3.6)	90.2%
	5.2	5.7	0.4	108.8%
	5.2	5.8	0.5	110.2%

Status of key businesses

- In March 2024, we began delivering “MJR Fukagawa Sumiyoshi,” our first development property in Tokyo. In the current terms, we plan to begin delivering “MJR Hakata The Residence,” “MJR Chihaya Mid-Square,” and other properties.
- In Q3 we sold a Company property, “RJR Precia Chiyokenchoguchi Ekimae,” to a third party.

MJR Hakata The Residence

Location: Hakata-ku, Fukuoka
Structure: 14 floors above ground
Delivery date: March 2025 (scheduled)
Units: 262
Sales status: Sold out

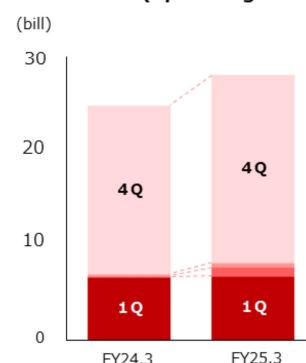


RJR Precia Chiyokenchoguchi Ekimae

Acquisition date : February 2018
Location: Hakata-ku, Fukuoka
Structure: 13 floors above ground
Construction date : February 2018
Units: 132



Actual and forecast sales of condominiums (operating revenue)



- Next, I will explain the real estate sales business.
- Condominium sales were steady and up year on year, in line with expectations, including “MJR Fukagawa Sumiyoshi,” our first development property in Tokyo.
- Looking at sales of rental apartments, in the current fiscal year we sold one rental apartment building to a third party, compared with the sale of two rental apartment properties by Q3 of the previous fiscal year. Accordingly, sales were down year on year, although in line with expectations.
- Please turn to the next slide.

Real Estate and Hotels Segment: Hotel Business

- In Q3 FY25.3, hotels with a high ratio of inbound guests continued to be a driving force, pushing up occupancy rates and ADR.

【Results】

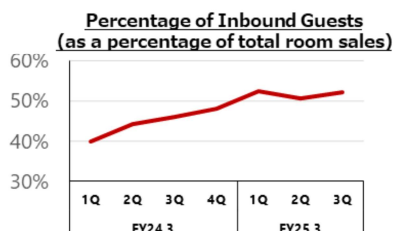
	9 months ended December, 31 2023	9 months ended December, 31 2024	YoY	(¥bil)
Operating revenue	18.2	24.2	5.9	132.7%
Operating income	3.4	5.8	2.3	169.7%
EBITDA	5.3	8.3	3.0	156.6%

【Forecasts】

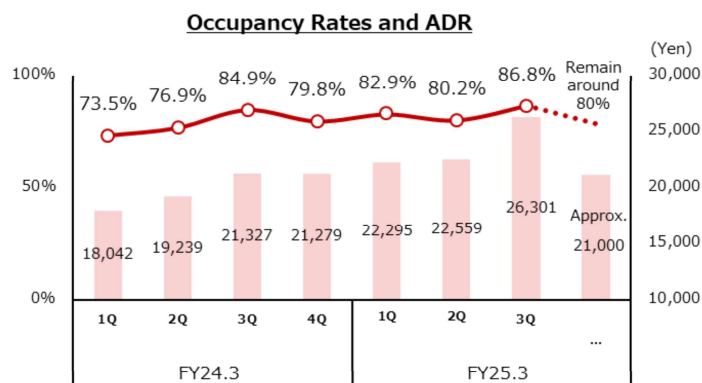
	FY24.3 Results	FY25.3 Forecasts	YoY	(¥bil)
Operating revenue	25.2	28.4	3.1	112.4%
Operating income	3.6	5.4	1.7	146.7%
EBITDA	6.4	8.7	2.2	134.1%

Status of Key Businesses

- The ratio of inbound guests exceeded 50% overall, driven in particular by THE BLOSSOM brand locations.



- In Q3, occupancy rates and ADR were around 87% and approximately ¥26,000, respectively, rising from 1H FY25.3 levels.



- Next, I will discuss the hotel business.
- ADR and occupancy rates both outpaced our expectations. Hotels with a high ratio of inbound guests continued to be a driving force, with growth accelerating further from the first half of this fiscal year.
- Going forward, we will further strengthen our management foundation and enhance our facility management capabilities by consolidating the resources and expertise of each subsidiary through the restructuring of our hotel operating subsidiary, which was carried out in October 2024.
- Please turn to the next slide.

Retail and Restaurant Segment

- In Q3 FY25.3, performance at existing retail stores and restaurants remained favorable.

【Results】

	9 months ended December, 31 2023	9 months ended December, 31 2024	YoY	
Operating revenue	45.8	50.1	4.2	109.3%
Operating income	2.8	3.0	0.2	107.4%
EBITDA	3.7	4.1	0.3	109.2%

【Forecasts】

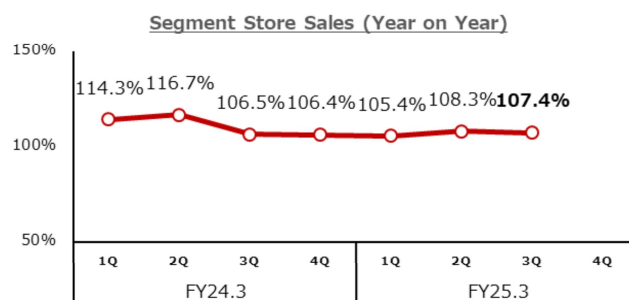
	FY24.3 Results	FY25.3 Forecasts	YoY	
	61.7	65.2	3.4	105.6%
	3.2	3.6	0.3	112.3%
	4.5	5.0	0.4	110.7%

Status of Key Businesses

- In retail stores, such as convenience stores, souvenir shops and others, performance was favorable, and at restaurants, the franchise stores boosted performance. As a result, revenue at existing stores in both categories is above 100% of the previous year's levels.
- Overall, new store openings progressed steadily.

Assumptions behind Performance Forecasts

- We assume sales will exceed the previous year's levels, both at existing convenience stores and specialty stores.
- We plan to open new franchise stores, which accounted for around 60% of operating revenues in FY24.3.



- In Retail and Restaurant Segment, performance was favorable at both existing retail stores and restaurants. Sector revenue and income both increased, mainly due to the steady performance of stores opened in the previous fiscal year.
- Performance was particularly positive at existing stores in areas surrounding stations and at suburban stores, and customer spend was also up slightly year on year.
- Next, I will discuss progress on the medium-term business plan. Please turn to slide 23.

Construction Segment, Business Services Segment

Construction Segment

[Results]

(¥bil)

	9 months ended December, 31 2023	9 months ended December, 31 2024	YoY	
Operating revenue	56.8	61.7	4.9	108.7%
Operating income	1.2	2.0	0.8	170.7%
EBITDA	1.9	2.9	1.0	152.7%

[Forecasts]

(¥bil)

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%

Business Services Segment

[Results]

(¥bil)

	9 months ended December, 31 2023	9 months ended December, 31 2024	YoY	
Operating revenue	53.1	54.3	1.2	102.4%
Operating income	2.6	2.8	0.2	109.8%
EBITDA	4.8	5.3	0.4	109.5%

[Forecasts]

(¥bil)

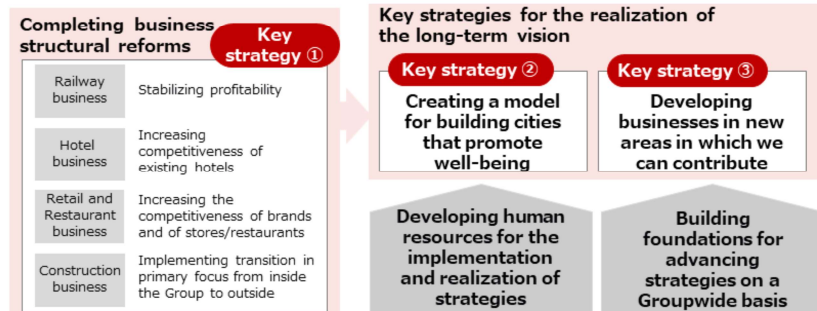
FY24.3 Results	FY25.3 Forecasts	YoY	
77.9	81.8	3.8	104.9%
3.8	4.7	0.8	121.3%
6.8	7.7	0.8	111.7%

IV Progress on the Medium-Term Business Plan

JR Kyushu Group Medium-Term Business Plan 2022-2024

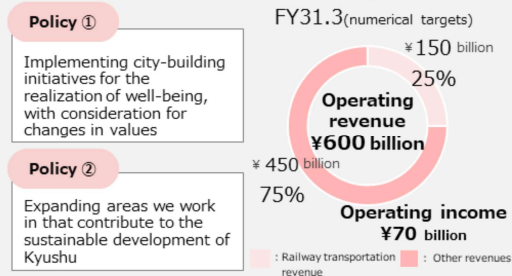
Three key strategies of the medium-term business plan

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



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.



Numerical targets, etc. (FY25.3)

[Consolidated]

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

[By segment*]

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.

Key Strategy ① Completing Business Structural Reforms: Railway Business through the Future Railway Project



- We are working to promote mechanization and implement labor-saving measures through “Future Maintenance,” which aims to achieve both safety and productivity in maintenance (CBM).

“Future Maintenance”

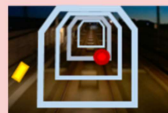
Improved efficiency of track checking operations on Kyushu Shinkansen line

Operations on Kyushu Shinkansen line



- Nighttime construction work (maintenance work on tracks, electric cable, etc.) is carried out on almost all sections every day except Saturdays, Sundays, national holidays, and during peak season.
- After the construction is completed and before the first train departs, the track checking vehicle checks for obstructions.
- Two people, a driver and a checker, ride on the car.

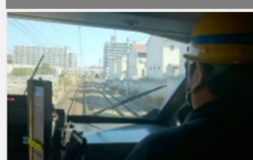
One-person operation of checking vehicles



- a device that automatically detects obstructions on tracks and determines risk by AI technology. Eliminates the need for a checker employee.
- Developed in collaboration with Tokyo Aristan Intelligence.
- Scheduled for introduction in the first half of next fiscal year.

More efficient on-board track patrols on conventional lines

On-board track patrols



- Employees for track patrols go along trains on service regularly (e.g. weekly).
- They visually assess conditions along the track, such as whether obstructions are present or trains are rocking.

RED EYE



- Operating trains with cameras installed. There is no need for employees for the patrols.
- Obstructions and the like can be automatically determined from captured images.
- We have already installed these trains on some lines since 2020.

Development of Smart RED EYE



- We developed a RED EYE system that can be installed on trains.
- No train modifications are required, so the system can be installed at less cost on all lines.
- We have already operated the system on some lines this fiscal year, and are gradually introducing it on other lines next fiscal year.

- With regard to business structural reforms in the railway business, I would like to introduce two topics related to the Future Railway Project, in the category of “Future Maintenance.”
- First, we are working on streamlining track inspection operations for the Kyushu Shinkansen. Currently, after the completion of nighttime construction work and before the start of service, track inspections are conducted using track inspection vehicles for safety confirmation. These vehicles are operated by a driver and an inspector, but we are jointly developing a device with TAI (Tokyo Artisan Intelligence Co., Ltd.) that replaces the inspector with a camera and utilizes AI to automatically detect obstacles and assess risks on the tracks. We are currently conducting verification testing and plan to introduce this system in the first half of fiscal 2025.
- Next, I would like to discuss the streamlining of train inspections on conventional lines. We have been conducting train inspections by having staff members accompany operating trains and observe the conditions along the railway lines. Since 2020, this was done through a modified operating train called RED EYE on selected sections. Now, we have successfully developed a detachable version with RED EYE's functions. Operations using this system have already started on some sections, and we plan to gradually introduce it from fiscal 2025. As a result, this system will handle train inspection tasks on almost all sections of conventional lines, reducing our reliance on personnel.
- We will promote initiatives aimed at achieving maintenance that combines safety and productivity by using machines and AI to handle tasks that were previously performed by people.
- Please turn to the next slide.

Key Strategy ② Creating a Model for Building Cities That Promote Well-Being: Initiatives Related to Local Lines

- Since opening in August 2023, usage of the Hitahikosan Line BRT Hikoboshi Line has continued to outpace traffic during the railway era.
- We have announced our intentions to begin discussing the future of regional transportation with respect to the Nichinan Line.



Hitahikosan Line BRT Hikoboshi Line



- Daily use of the buses, such as for commuting to school and going to the hospital, continues to exceed that of the railroads.
- New initiatives such as MaaS and a demonstration test of a small fuel cell bus using hydrogen are also being implemented.

Hisatsu Line (Yatsushiro – Hitoyoshi)

- Due to the impact of heavy rains in July 2020, operations were suspended on the Hisatsu Line. On that line between Yatsushiro and Hitoyoshi, we have received a firm commitment regarding the separation of infrastructure and operation, specifically identifying measures for the creation of tourism demand and daily use.
- Based on the above and other factors, the Company agreed on the direction of restoration by railroad and concluded a basic agreement with Kumamoto Prefecture.

Nichinan Line (Aburatsu–Shibushi) ※Announced in November 2024

- We announced our intention to discuss the future of regional transportation with respect to the Nichinan Line (Aburatsu–Shibushi) with the people in this region.

Ibusuki Makurazaki Line (Ibusuki – Makurazaki)

- With regard to the Ibusuki Makurazaki Line (Ibusuki – Makurazaki), the “Conference on the Future of the Ibusuki Makurazaki Line” was established in August.

25

- Next, I will discuss our initiatives involving local lines.
- The Hitahikosan Line BRT Hikoboshi Line has been in service more than a year, since August 2023. Currently, the number of passengers using the service is higher than in the days when the route was served by a railroad.
- Additionally, on November 28, 2024, we announced our intention to hold discussions with the local community regarding the future of public transportation in the Aburatsu–Shibushi section of the Nichinan Line, located in Miyazaki and Kagoshima Prefecture.
- We will continue to engage in discussions for the future regarding not only the Nichinan Line, but also other sections beyond the Ibusuki Makurazaki Line, where a study group has already been established.
- Please turn to the next slide.

Key Strategy ② Creating a Model for Building Cities That Promote Well-Being: Maximizing the Effect of Opening Nishi-Kyushu Shinkansen

- Usage trends on the Nishi-Kyushu Shinkansen continued to outpace that of the Kyushu Shinkansen.
- Short-distance revenues at Nagasaki Station and commuter numbers are steady. We are working to further continue and expand the effects of the opening.

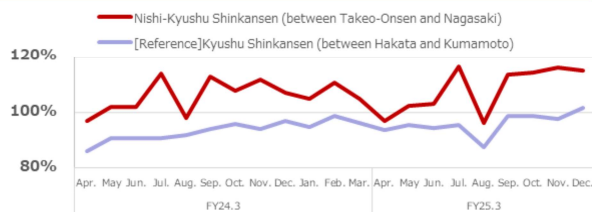
Usage of the Nishi-Kyushu Shinkansen

In its second year since opening
Approx. 6,900 people/day

In its third year since opening
Approx. 7,400 people/day

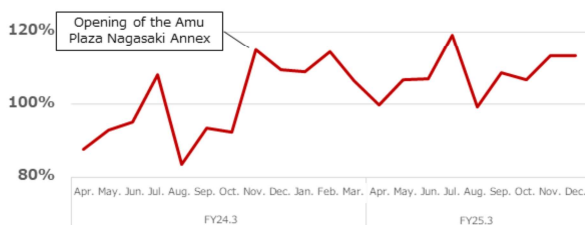
Note: Number of people
using the line in its first year
Approx. 6,600 people/day

Number of People Using the Nishi-Kyushu Shinkansen vs. FY19.3



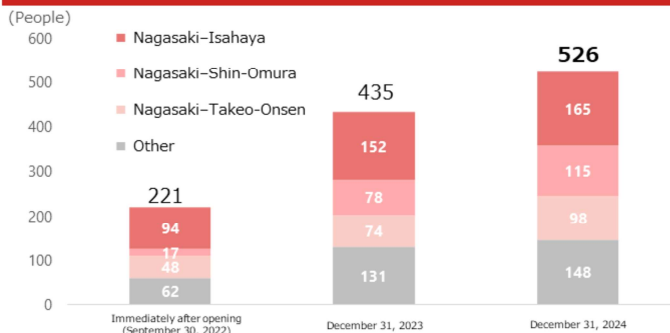
Note: The number of people using the line in its third year since opening is for the period from September 23, 2024 to December 22, 2024.
Note: The number of people using the Nishi-Kyushu Shinkansen is for the section between Takeo-Onsen and Nagasaki. The number of people using the Kyushu Shinkansen is for the section between Hakata and Kumamoto.
Note: Figures for FY2018 are comparisons with usage number on the Kamome express between Isahaya and Nagasaki.

Nagasaki Station: Short-Distance Revenues vs. FY19.3



Note: The high figure in comparison with July of FY19.3 is attributable to heavy flooding, which affected revenue in July 2018.

Number of Commuters Using the Nishi-Kyushu Shinkansen

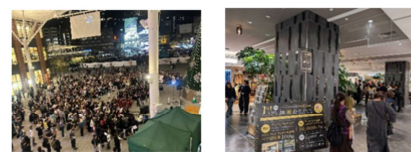


Situation at Amu Plaza Nagasaki

Number of visitors in the first year after the Annex opening

Approx. 25.8 million
Of which, approximately 9.7 million visited the Annex

(Reference) Population of Nagasaki Prefecture Approx. 1.26 million
*As of October 1, 2023
Source: "Population Estimates" (MIC Statistics Bureau)



- Amu Plaza Nagasaki Annex held an event in November to celebrate its first anniversary of opening.
- Discount tickets with shopping coupons for Amu Plaza Nagasaki and NAGASAKI STADIUM CITY are available from January 2025.

- Next, I will discuss city-building in the Western Kyushu area.
- Passenger numbers on the Nishi-Kyushu Shinkansen continue to exceed those on the Kyushu Shinkansen.
- We have also seen strong passenger numbers for short-distance travel from Nagasaki Station. Since the opening of Amu Plaza Nagasaki Annex, with the exception of August 2024, which was affected by a typhoon, usage has continued to surpass pre-pandemic levels. We have also seen a year-on-year increase in the number of commuters.
- In October 2024, nearby commercial facilities also opened. We will continue our efforts to further enhance the vibrancy around Nagasaki Station and the Western Kyushu area.
- Please turn to the next slide.

Key Strategy ② Creating a Model for Building Cities That Promote Well-Being: Overview around the Hoho Main Line

- Owing to a grouping of semiconductor companies, we expect to see an increase in interaction and population along the rail line. The first plant of TSMC commenced operations in December.
- We are involved in a city planning project for the area between Haramizu Station and a new station, which is scheduled to open after spring 2029.

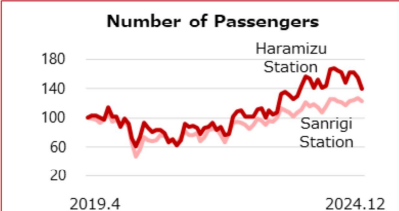
Tentative name:

Haramizu Station Area Land Readjustment Project

- The consortium we are belong to (representative: Mitsui Fudosan Co., Ltd.) was selected as a project study partner in charge of organizing requirements up to project approval. We are studying the path toward realization of the future vision envisioned by Kikuyo town.



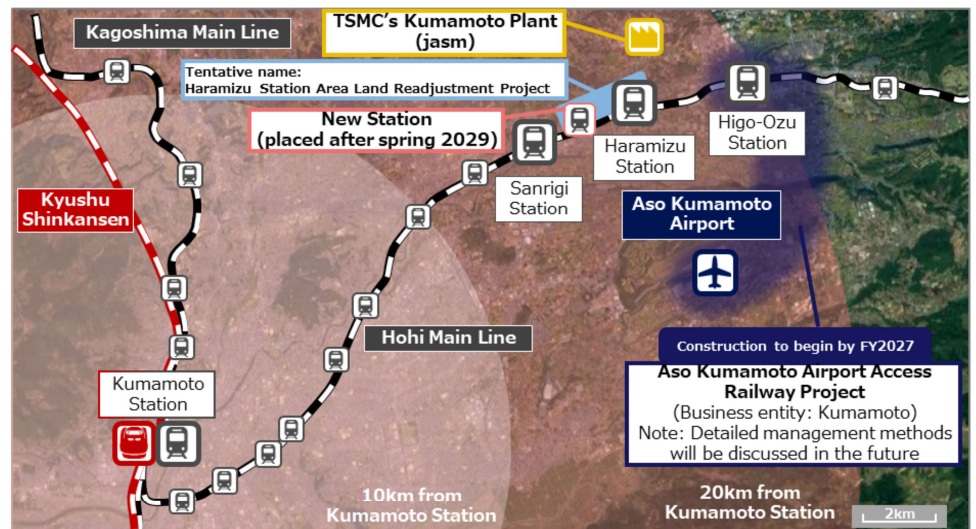
Consignment period	Until March 31, 2026
Target area	Approx. 70ha between the new station and Haramizu Station
Other	Public solicitation will be issued for a project promotion partner who will be in charge of land development, etc. after the project is approved (timing to be determined).



Notes: The number of passengers in April 2019 is indexed to 100

TSMC's Kumamoto Plant (First Plant)

Location : Kikuyo town, Kumamoto Prefecture
 Operational : From December 2024
 Other : Construction of a second plant, in the vicinity of the first plant, is scheduled to start by March 2025. The end of 2027 is the target start date for this plant.



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

27

- Next, I will provide an overview of the Hoho Main Line area.
- The Haramizu Station area land readjustment project is being conducted by Kikuyo town, where semiconductor companies are gathering. In November 2024, a consortium that includes JR Kyushu was selected to partner with the project in the aim of helping to realize its "vision for the future."
- Along with this land readjustment project, a new station that was initially planned to commence operations in spring 2027 is now scheduled to go into operation after spring 2029.
- As railway usage is increasing in this area, we will continue to work on initiatives for future community development in collaboration with the local community.
- In closing, I will discuss the withdrawal of JR Kyushu Jet Ferry Inc. from the vessel operation business. Please turn to slide 29.

V Regarding JR Kyushu Jet Ferry Inc. to Withdraw from the Vessel Operation Business

Withdrawal of JR Kyushu Jet Ferry Inc. from the Vessel Operation Business

- On December 23, 2024, JR Kyushu's Board of Directors reached the decision to withdraw from the business.
 - Notification regarding withdrawal from the business to be submitted on February 28, 2025.
- JR Kyushu Jet Ferry Inc. will be liquidated as soon as the investigation is completed.

Reasons for the Business Withdrawal

- Regarding measures for hull integrity, a hull repair plan was completed, and after consulting with experts again, we were advised that "revising the welding structure could significantly reduce the risk of hull flooding" but that "due to the navigation area and characteristics of the vessel, it is impossible to completely avoid crack formation due to metal fatigue in welded parts."
 - As a passenger transportation entity, we believe it is necessary to have sufficient confidence in safety. However, as we were unable to completely eliminate the risk of crack formation in the hull and ensure reliable safety for resuming operations, we have decided to abandon the plan to resume operations.
 - Even if operations were to resume, a stricter review of operating conditions would be necessary to ensure safety. In this case, the utilization rate would decrease significantly, leading to a rise in unplanned suspensions and causing further inconvenience to our customers. Considering a weekly regular suspension and scheduled dockings, the annual number of operating days would be approximately 70% of the 365 days, leading to a decline in the role as a regular route.
- ⇒Even after resuming operations, operating losses were expected to continue, hampering the case for business continuity.

29

- We deeply apologize for any concerns or inconveniences we have caused since the issue that occurred in August 2024.
- Regarding this matter, at a Board of Directors meeting on December 23, 2024, we made the decision to withdraw from the business.
- This decision was made due to our inability to guarantee reliable safety even with the enactment of additional physical measures, the need for a review of operational conditions if operations were resumed, and the inability to fulfill our role as a transportation provider on a regular route, which would inconvenience our customers. As a result, we determined that the continuity of the business could not be ensured.
- We plan to submit a notification of our withdrawal from the vessel operation business to the Kyushu District Transportation Bureau on February 28, 2025. Additionally, once all necessary investigations and responses are completed, JR Kyushu Jet Ferry Inc. is scheduled for liquidation.
- Please turn to the next slide.

Withdrawal of JR Kyushu Jet Ferry Inc. from the Vessel Operation Business

Comments by Outside Directors at Board of Directors Meetings from August 2024 (Excerpted)

- Discussions on this matter were held at several Board of Directors meetings until the meeting on December 23, 2024 (decision to withdraw from the business). The outside directors noted the following points.
 - We should foster a culture of safety awareness throughout the entire Group and create an environment where issues are not concealed.
 - The fact that certain issues were not raised through internal reporting is a problem. We need to identify the causes and implement appropriate measures.
 - It is crucial to ensure that the definition of safety is widely understood and embraced by employees.
 - It is necessary to thoroughly educate and raise the awareness of the president, as well as conduct third-party checks.
 - The parent company should have verified the implementation status of previous improvement measures.
 - We need to cultivate an open culture where it is easy for opinions to be communicated and accurate information reaches the top management.
 - It is important to reconsider what it means to create a culture of safety within each company.
 - A separate discussion is needed regarding the continuation of the high-speed ferry business.
 - Is it possible that the hull itself was defective?
 - We need to create a culture where employees prioritize safety and feel comfortable expressing their opinions to anyone.
 - The reporting flow during abnormal incidents should include reporting to JR Kyushu in addition to reporting to the management.
 - We ask that you be mindful not to burden employees with increased workload for improvement measures to ensure they can be implemented.
 - It is difficult to achieve perfection in terms of hardware.
 - The competitive environment has changed due to the emergence of low-cost carriers and other factors since the purchase of Queen Beetle, making withdrawal inevitable.
 - Regarding the business withdrawal, we request that employees be provided with generous support.
 - Can the shipbuilding company be held accountable for any defects?
 - We should also provide adequate external explanations of our Group governance efforts.

30

- Since the incident in August 2024, the Company's outside directors have voiced their opinions at Board of Directors meetings based on their respective areas of expertise.
- Based on these and other comments, we will formulate and work on measures to improve the governance of the Group.
- Please turn to the next slide.

Withdrawal of JR Kyushu Jet Ferry Inc. from the Vessel Operation Business

- **Formulated measures to strengthen the governance of JR Kyushu Group based on discussions at the Board of Directors, reports on the results of investigations by the third-party committee, and discussions with shareholders.**

Measures to Reinforce Governance at JR Kyushu Group Companies

- (1) Appoint officers responsible for safety at each Group company and hold regular safety meetings.
 - Appoint officers responsible for safety and conduct monthly regular safety meetings to enhance safety awareness throughout the group companies.
 - Confirm compliance with safety-related laws and regulations to promote a culture of legal compliance.
- (2) Strengthen the management system.
 - Conduct monitoring for the group companies that caused matters with significant social impact, etc. by relevant departments.
 - Understand risks at Group companies.
 - Increase the emphasis on safety in performance evaluations.
 - Strengthen audits by auditors at Group companies.
 - Conduct Group audits from the internal audit department of JR Kyushu.
 - Enhance communication with on-site personnel through site visits and interactions with non-executive directors.
- (3) Enhance awareness and skills of officers.
 - Hold the JR Kyushu Group-wide safety promotion meetings.
 - Improve compliance awareness among Group company officers.
 - Enhance the skills of Group company auditors.
- (4) Promote awareness for the internal reporting system and establish external contact points.
 - Reinforce against awareness of our internal reporting system among Group companies again through training, e-learning, and other means.
 - Establish external contact points for the internal reporting system to create an environment where employees feel comfortable seeking advice and reporting concerns throughout the Group companies.
- (5) Submit a summary report on the status of the above implementation status to the JR Kyushu Board of Directors every six months.

31

- Taking into account Board of Directors discussions, the findings from the third-party committee investigation, and discussions with our shareholders, we will strengthen our governance by appointing safety officers at each Group company and enhancing our management structure. Additionally, we will continue our efforts to improve the psychological safety of our employees.
- The Board of Directors will continue to discuss and implement any additional measures to reinforce governance as necessary.
- This concludes my presentation. Thank you for your attention.

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/