

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

1. Background to the Formulation of the Plan

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

2. Aiming for Sustainable Value Creation

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

3. Medium-Term Business Plan 2025–2027

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

4. Financial Strategies and Targets

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

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

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

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

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

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

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



1-2. Noteworthy Changes in the External Environment

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

Recent Movements and Medium- to Long-Term Trends

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

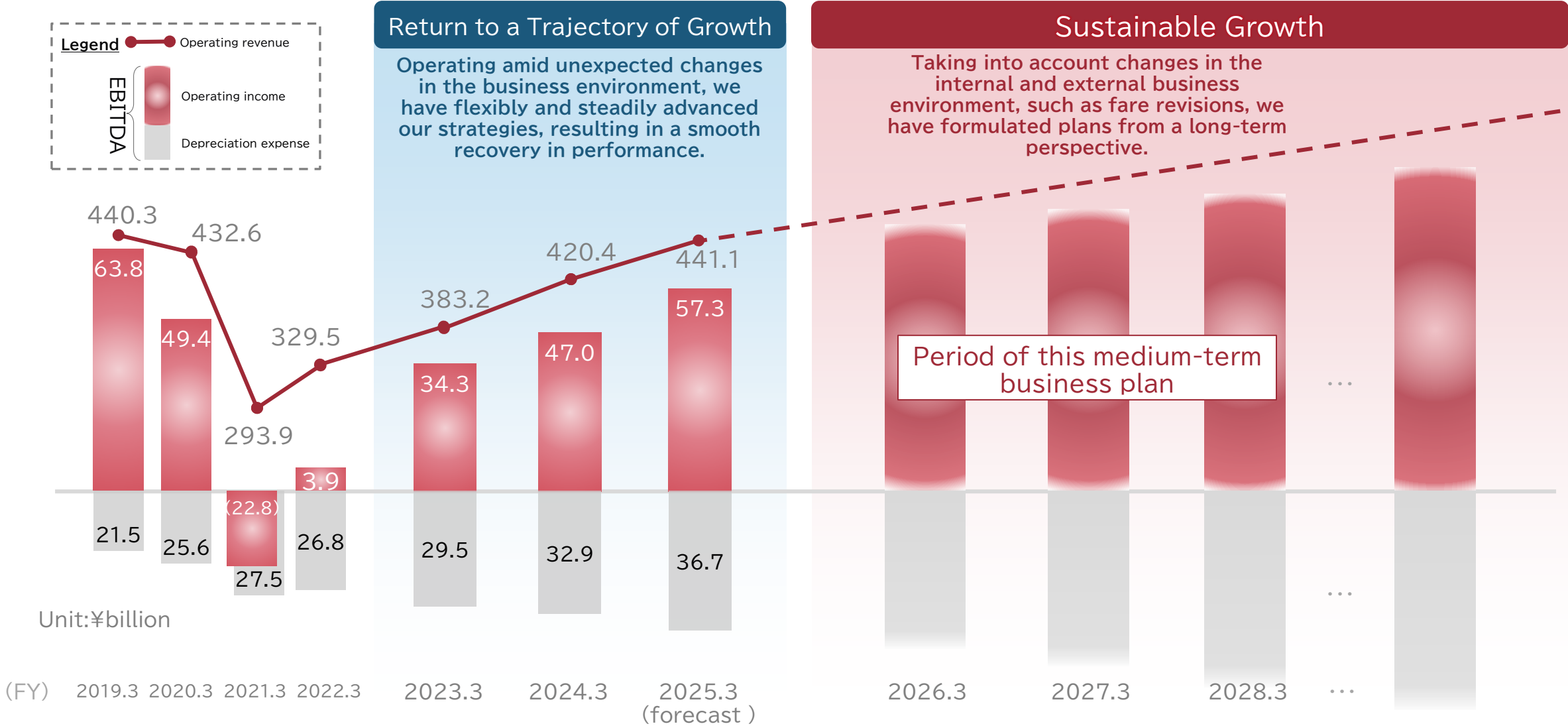
Changes the JR Kyushu Group is Focusing on

Changes in the Labor Market 	<ul style="list-style-type: none">Difficulty in stably securing talentResponding to improved compensation based on inflationIncreased focus on job satisfaction and ease of work
Changes in the Competitive Environment 	<ul style="list-style-type: none">Flexible and strategic price adaptation to cost increasesManagement with increased emphasis on capital efficiencyEnhancement of sustainable corporate value in harmony with societyIncreased globalization within the Kyushu region such as participation of foreign capital
Changes in Perspective Related to "Mobility" 	<ul style="list-style-type: none">Diversified mobility needsDecrease in mobility demand due to digitalizationIncreased awareness of environmentally friendly mobility

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

1-3. Toward the Formulation of This Plan

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



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Our Way

Bringing the energy of Kyushu to the world

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

Our Mission

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

Our Conduct

Sincerity

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

Co-creation

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

Challenge

With flexible thinking, we continuously embrace challenges for growth.

2-2. Materiality: Issues the JR Kyushu Group Should Always Keep in Mind

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

Businesses

Our utmost mission: to create safety and pursue customer satisfaction

- Every business we engage in is built on the **trust of our customers**, knowing that it is safe.
- In a changing world, **we prioritize safety without sparing effort**, striving to create a secure and comfortable everyday life. **We wholeheartedly provide valuable products and services to our customers.**

Leveraging our comprehensive capabilities centered around mobility services, aiming to co-create with local communities through city building

- By placing mobility services at the core and offering a diverse range of products and services that bring excitement, **we will connect cities with cities, cities and people, and people with people.**
- With a deep understanding of the local area and by **joining hands with everyone involved in the JR Kyushu Group**, we will promote sustainable and attractive city building that makes people want to live, work, and visit.

Foundations

Development of human resources, the source of value creation

- We aim to create a company where every employee can have a sense of fulfillment and thrive, while **fostering individuals with both personal and practical skills.**
- We strive to **maximize the potential of each employee**, leveraging their diverse values and abilities.

Sound corporate management

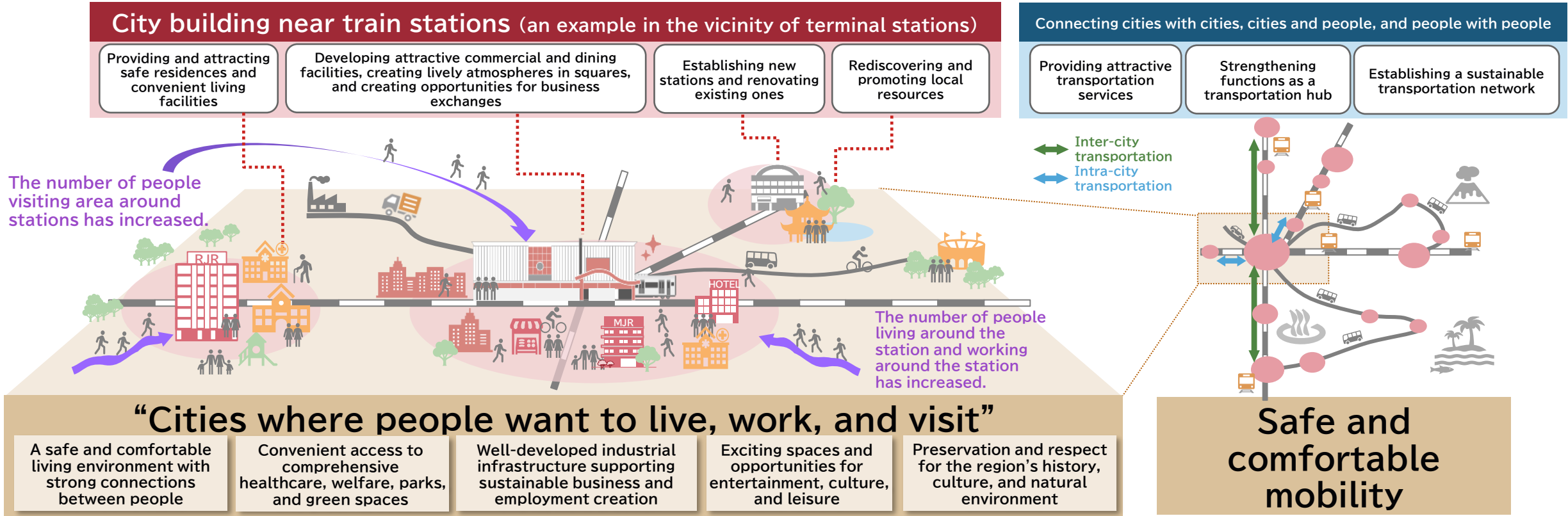
- We will appropriately manage and share information, and **thoroughly comply with laws and regulations.**
- We will constantly review the governance structure to ensure **appropriate risk-taking** for sustainable growth.
- We will **enhance dialogue** with stakeholders and effectively incorporate it into our business activities.

Business development in harmony with the environment

- We **contribute to the realization of a decarbonized society** by providing environmentally friendly railway transportation.
- We **promote initiatives for resource circulation and biodiversity conservation** through efficient utilization.
- We contribute to the formation of a sustainable society by addressing environmental challenges, which also present business opportunities.

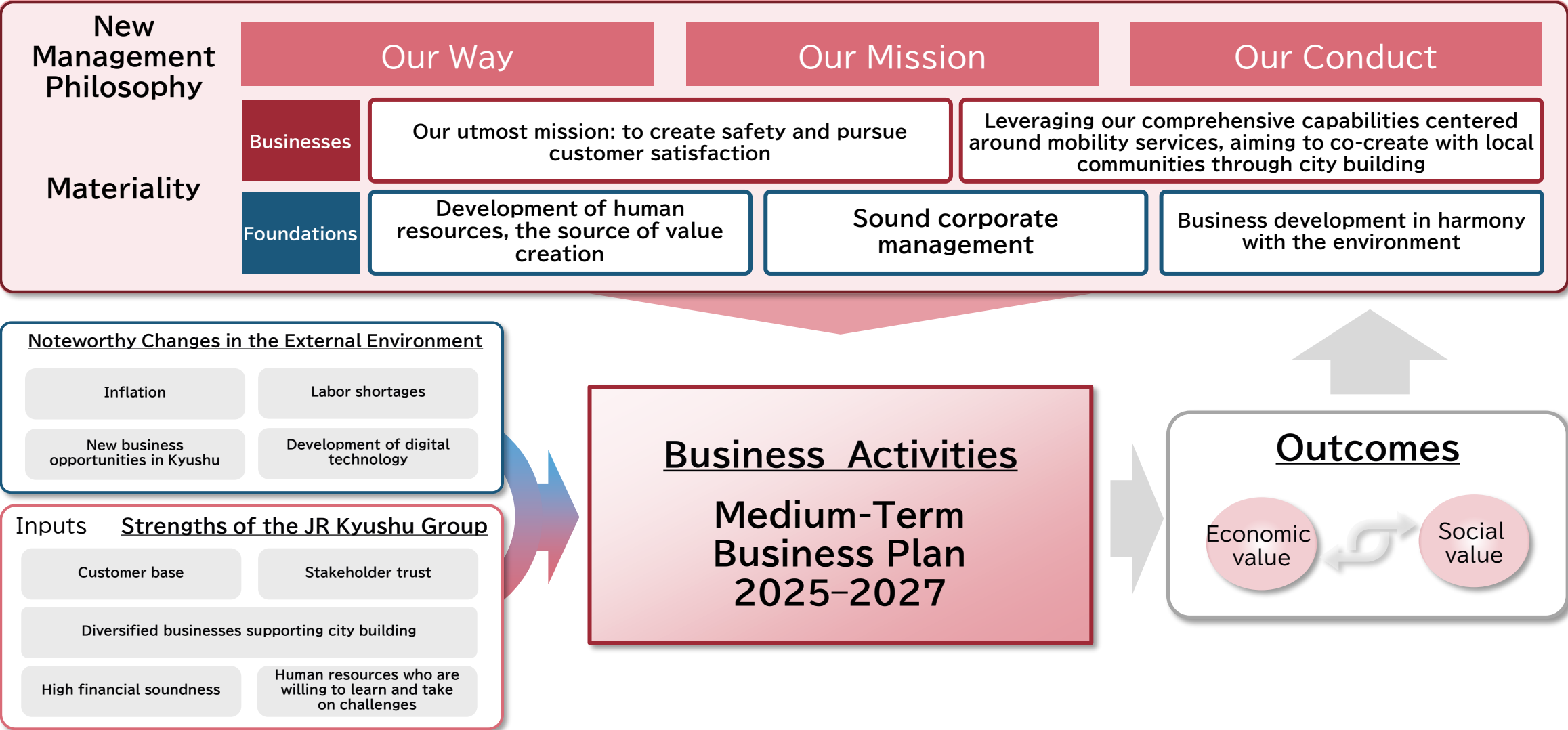
2-3. The JR Kyushu Group's City-Building Aims

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



2-4. Value Creation Story

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



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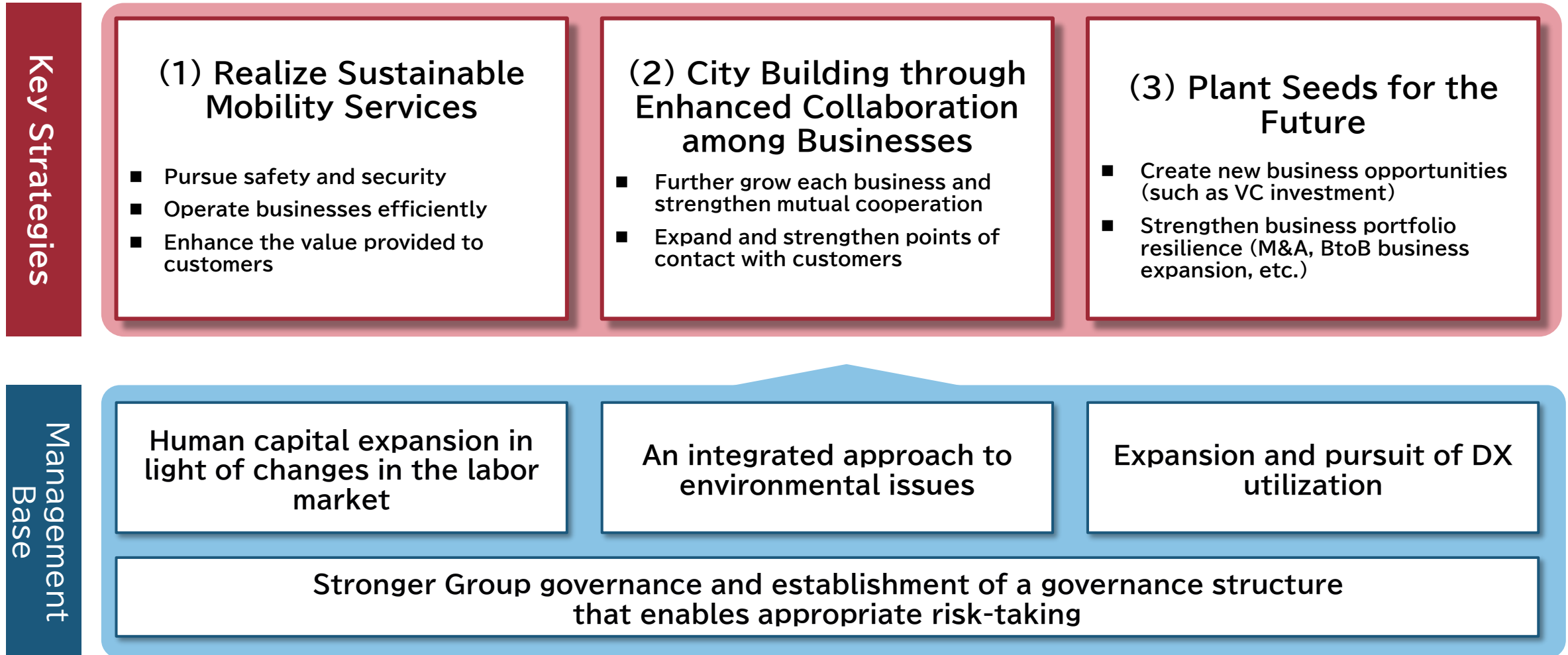
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3-1. Key Strategies of the Plan

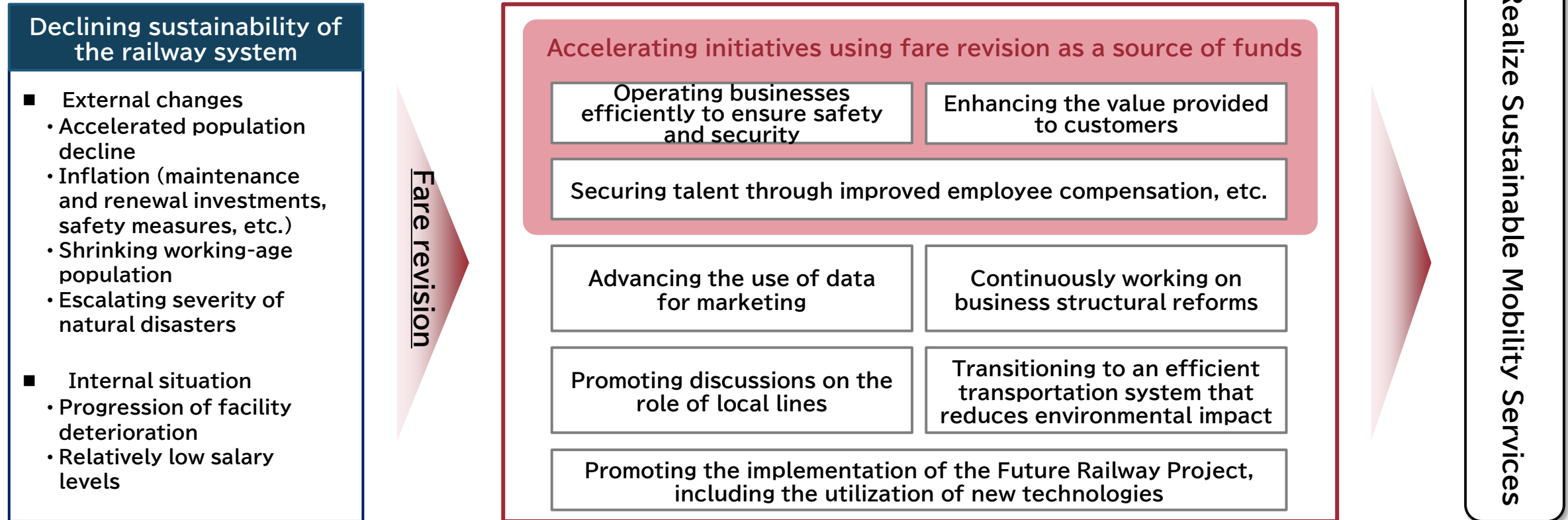
- In this plan, we will prioritize safety and drive the transformation and growth of existing businesses, while also focusing on enhanced collaboration among businesses. We will strengthen and accelerate our efforts under the initiative to "plant seeds for the future," which aims for sustainable growth.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



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

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

Focus Initiatives During the Period of the Plan



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

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

Pursue Safety and Security

Reinforce mechanisms for ensuring safety and enhancing overall employee capabilities

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



Utmost safety



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

Make facilities and vehicles safer



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

Enhance the adaptability to increasingly severe disasters

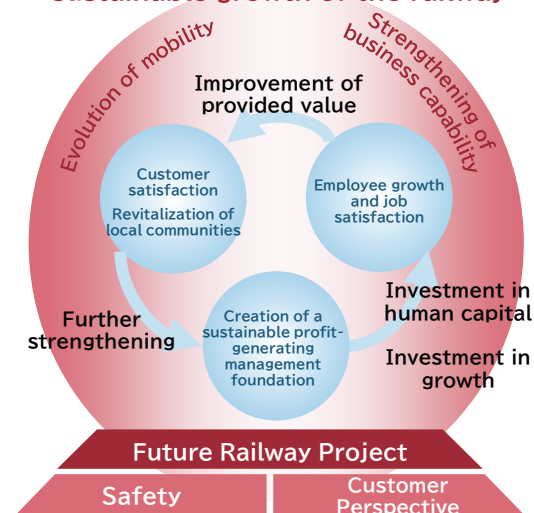
Operate businesses efficiently

Promote the Future Railway Project

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

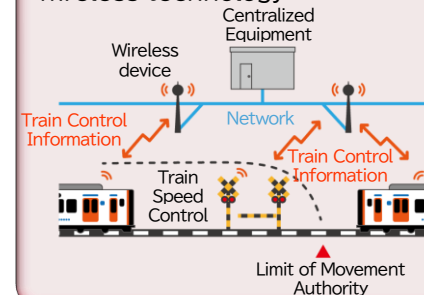
[Future Railway Goals]

Enhance value and ensure sustainable growth of the railway



Streamline facilities

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



Reduce qualification requirements

For example, expand on GOA 2.5 automatic train coverage area



Co-create with local communities to achieve sustainable mobility services

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

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

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

Increase in value provided to customers

Virtuous Cycle

Enhanced corporate value

Improve the comfort of the user environment

■ Create welcoming stations for customers

- Comfortable uses of space
- Timely and detailed information provision
- Highly convenient facilities
- Employees with strong customer service skills



Toilet renovation



Expansion of information on train operations



Diversification of payment methods

■ Improve rolling stock performance

- Comfortable interior space
- Alleviation of congestion
- Reduction of GHG emissions
- Decreased rolling stock maintenance costs



Introduction of next-generation rolling stock



Conversion to long seats

Expansion of digital services

- Introduction of mobile IC services
- Expansion of ticketless services (online reservations, products for inbound travelers, etc.)



※Note: This image is for illustrative purposes.

- Improvement of customer convenience (comfort, point programs, etc.)
- Alleviation of congestion at station windows

- New customer acquisition
- Advanced marketing
- Reduction of equipment maintenance costs
- Lower burdens at counters

Development of tourism infrastructure and promotion integrated with the local community

- Operation of Design & Story trains that leverage the uniqueness of the region
- Establishment of a system to accommodate inbound travelers
- Promotion of the region's attractiveness through train logistics, etc.



- Exciting experiences
- Vibrancy of the region
- Promotion of travel demand
- Building trust with the local community

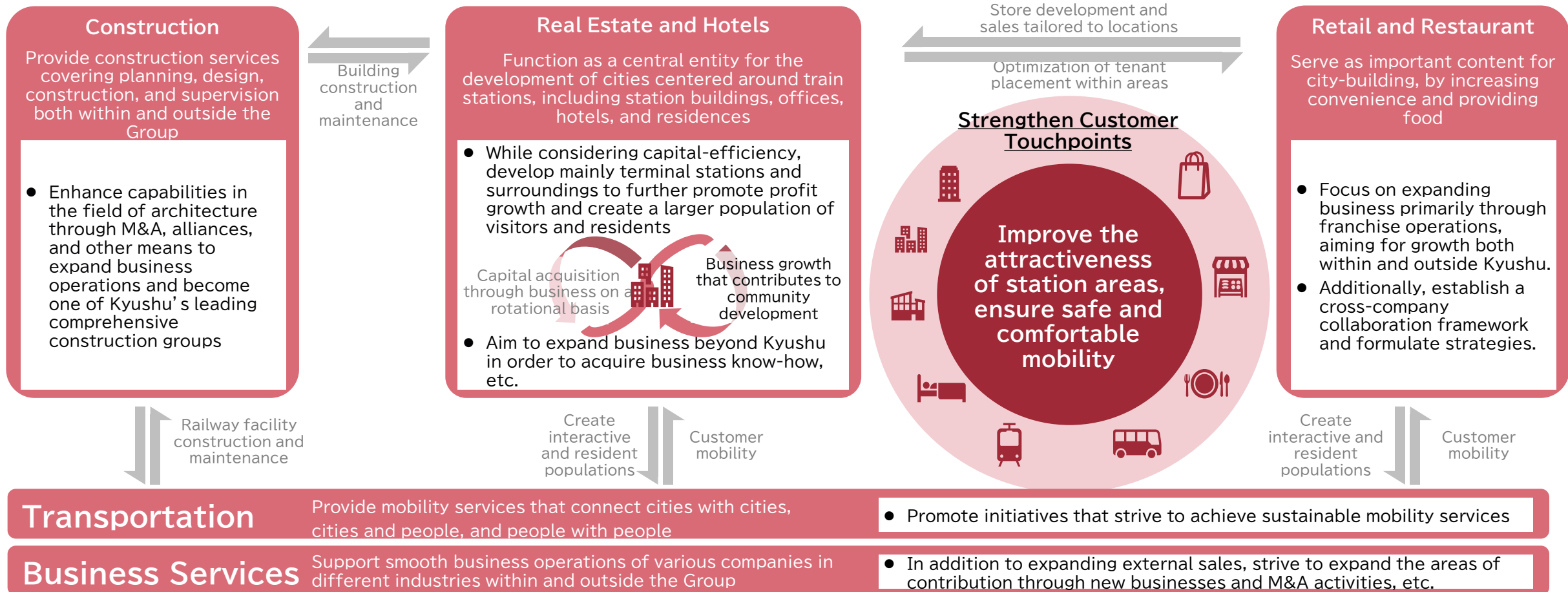


3-3. Key Strategy (2): City Building through Enhanced Collaboration among Businesses

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

Growth Strategy for Each Business

● Segment growth strategy



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

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

Within Kyushu

- Continue to promote development in areas around terminal stations (offices, commercial, residences)
- Strengthen and expand assets in growth areas, including logistics facilities and urban residences
- Enhance attractiveness through renovation of existing properties (commercial, hotel)
- Actively participate in public redevelopment projects
- Promote asset-light expansion through external projects (leasing and operation partnerships outside the group) (hotel)

Outside Kyushu

- Expand business through collaboration with external partners, such as through JVs*1
- Conduct independent development utilizing business expertise gained within Kyushu

- Development funds
- Networks with external partners
- Business expertise

Major development pipelines*2 *3

■ Developments near stations



- Project utilizing the space above the tracks at Hakata Station
- MJR Kagoshima Chuo Station
- MJR Kumamoto Gate Tower
- RJR Orio South
- Others

Hakata Eki-Higashi 2-chome Office Project

■ Logistics facilities ■ Urban residences



LOGI STATION Fukuoka Ogori
(Scheduled for completion in July 2025)



MJR Akasaka Gate Tower
(Scheduled for completion in July 2027)

■ City-building development



Development of the former site of Kyushu University Hakozaki Campus



Kagoshima City Kajiya-cho Redevelopment



Kikuyo Town, Kumamoto Prefecture
(project study partner)

Major development pipelines *2 *3

■ Office JV development



Toranomon Alcea Tower
(Completed in February 2025)

■ Logistics JV development



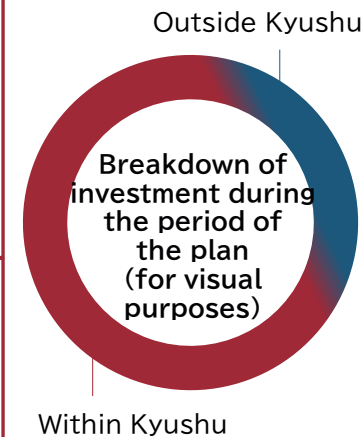
Logicross Misato
(Scheduled for completion in August 2026)

■ Independent development of rental condominiums



RJR Precia Higashi Jujo Garden
(Completed in February 2025)

- RJR Saitama Kawaguchi
- RJR Nishi-Kamata
- RJR Oji-Kamiya
- Others



*1 Joint ventures

*2 Including joint projects with other companies.

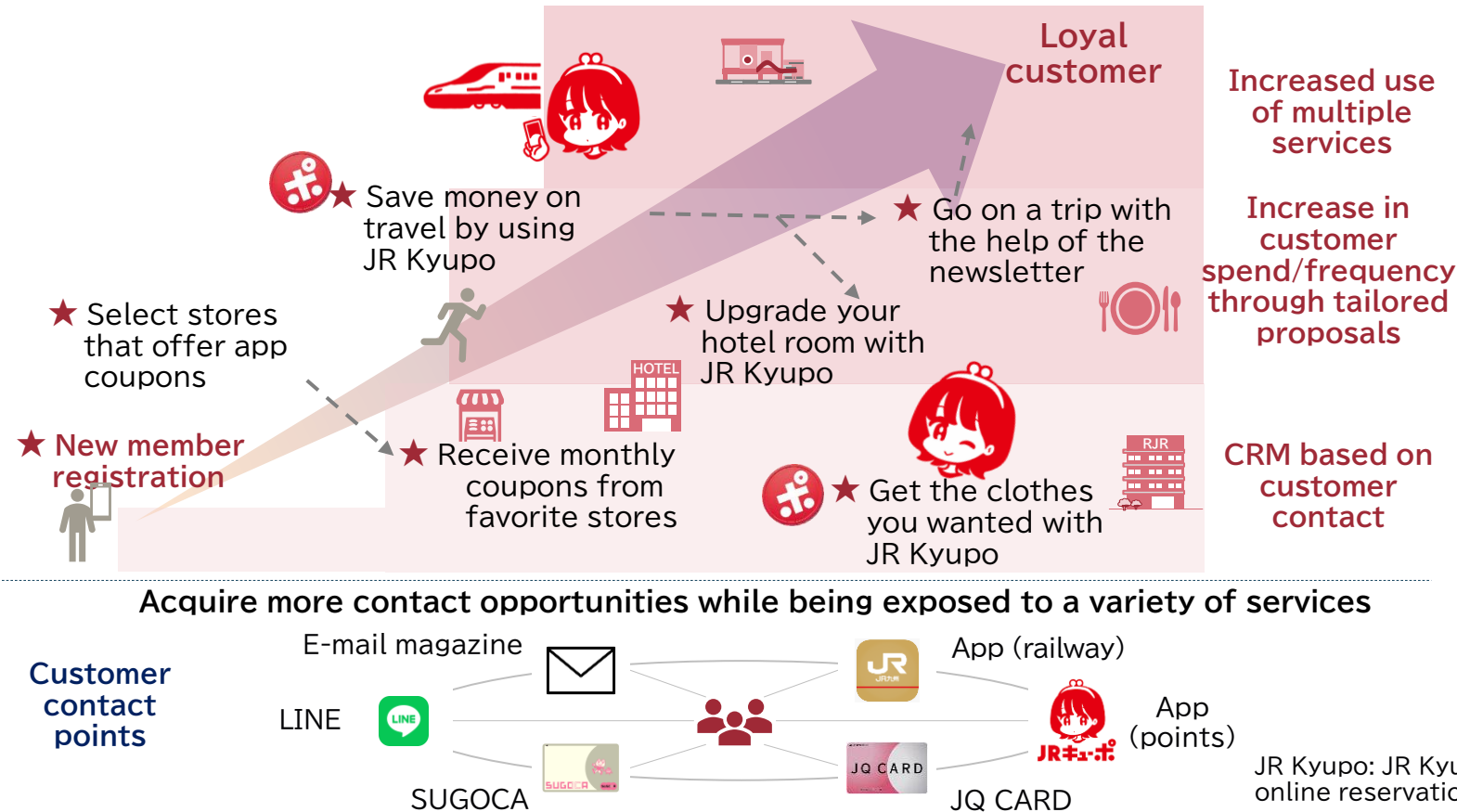
*3 Some property names are provisional.

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

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

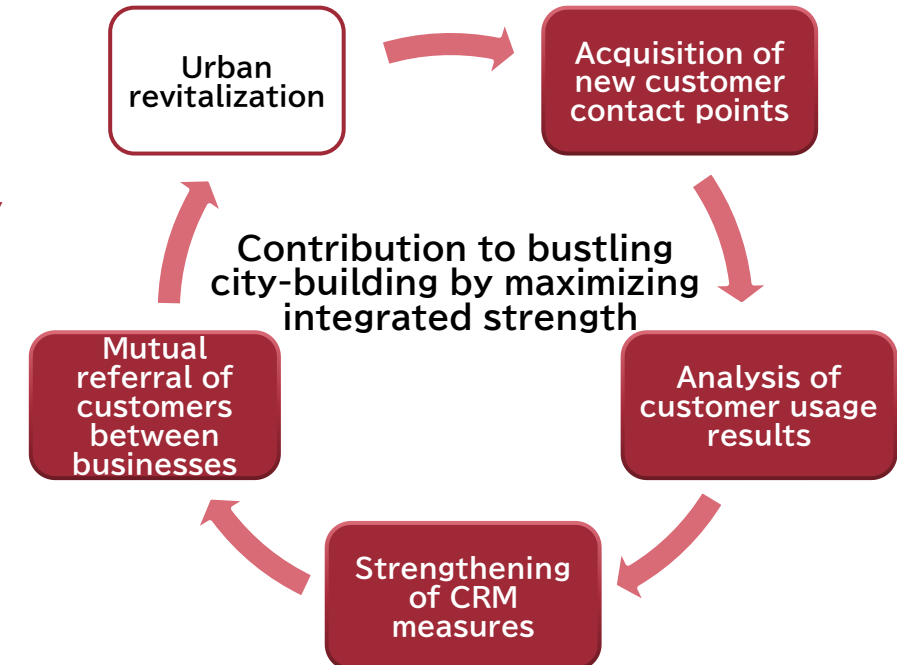
Increased customer satisfaction through enhanced collaboration among businesses (for visual purposes)

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



Efforts to enhance collaboration among businesses

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



JR Kyupo: JR Kyushu Group points that can be accumulated and redeemed through online reservations, JQ CARD, SUGOCA, and use at app member stores, etc.

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

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

Objectives

- Effective use of changes in the external environment, including developments in digital technology
- Injecting new vitality into existing businesses in addition to new areas

Initiatives

- New co-creation through venture capital (VC) investments
- Strengthening dedicated teams

Create new
business
opportunities



Enhanced
resilience

Objectives

- Increase capital efficiency
- Improve business portfolio that rely on flows of people
- Leverage extensive contacts with customers

Initiatives

- Expand business areas that are independent of flows of people (such as utilization of M&A)
- Advance PMI, develop and promote management personnel

Resolve social issues

Search for businesses that can both solve social issues and be economically viable, such as environmental businesses



Grid energy storage business (Denki no Eki)

Utilize new technologies

Adaptation to diversifying mobility needs and creation of new mobility demand



Flying cars

Cultivate the BtoB and BtoG market

Actively participate in markets where we can leverage our existing business expertise, particularly in railroad construction.



Comprehensive maintenance of overpass bridges

3-5. Reinforcing the Management Base: HR Strategy

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

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

JR Kyushu's personnel strategy

Five pillars	Particular focus initiatives of this plan
Establish an organizational culture that prioritizes safety and nurtures employees who think from the perspective of customers	<ul style="list-style-type: none">• Further establishment of a safety culture through communication and training• Transition to training based on customer perspectives and values
Provide and support opportunities for motivated and capable employees to take on challenges and grow	<ul style="list-style-type: none">• Expansion of external training and promotion of self-development through career training• Activation of internal job postings and strengthening of business proposal systems
Create a culture and system that allows individuals to utilize their values and abilities	<ul style="list-style-type: none">• Promotion of dialogue between management and employees, as well as among employees• Full-scale implementation of DE&I initiatives• Recruitment, development, and appropriate placement of diverse talent
Implement a performance assessment and compensation system that provides a balance between effort and results	<ul style="list-style-type: none">• Thorough implementation of fair evaluation and feedback to enhance satisfaction• Training for evaluators and interviewers to improve their skills
Create an environment that enables flexible work styles tailored to individual life plans and promotes health management	<ul style="list-style-type: none">• Support for balancing childcare, caregiving, treatment, and work• Improvement of workplace environment through training for mental health and stress checks• Promotion of smoking cessation and lifestyle improvement for physical health
Areas of special focus for the business strategy implementation	Marketing, real estate and hotels, new businesses, management personnel, PMI, DX

HR KPIs (targets for FY2028.3)	
Safety education participation rate	100% per year
Exchanges of opinions between executives and employees	40 or more times per year
DE&I indicators*1	Continued YoY improvement
Percentage of new female employees	30% or more per year
Proportion of managerial positions held by employees with 15 years or more of tenure*2 Female proportion not lower than male proportion	Percentage of women not below that of men
Female retention rate	Monitoring annual trends
Male uptake of childcare leave and other family-related leave	50% or more taking one month or more
Number of DX personnel cultivated	Cumulative total of 1,000 or more
Number of participants in management-related education	100 or more per year

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

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

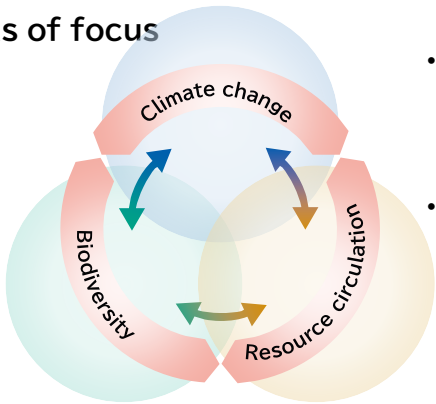
3-5. Reinforcing the Management Base: Environmental Strategy

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

JR Kyushu Group Environmental Vision 2050※2

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

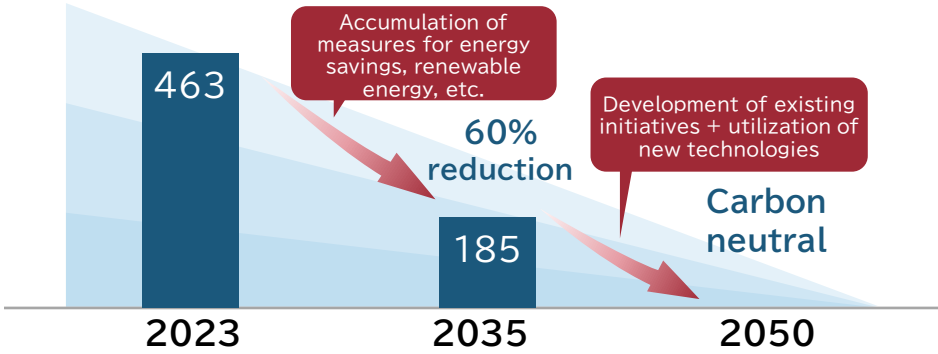
Areas of focus



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

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

[Reference] Roadmap to realizing a decarbonized society
Groupwide GHG emissions (thousand t-CO₂)



2025-2027

Directions for measures during the period of the plan

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

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

Approximately ¥40.0billion

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

※2 https://www.jrkyushu.co.jp/company/ir_eng/esg/pdf/Environmental_Vision_en.pdf

3-5. Reinforcing the Management Base: DX

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

Evolution of the customer experience and the creation of new areas

We provide the services and experiences customers seek based on a deep and accurate understanding of their needs.
We aim to create new value through mutual collaboration among diverse services, co-creation with external parties, and by taking on new challenges

Utilizing JR Kyupo and other platforms to promote CRM and foster collaboration between businesses



Enhancing the value of customer experience in various services

Creating new areas by leveraging technology and expertise within and outside the Group



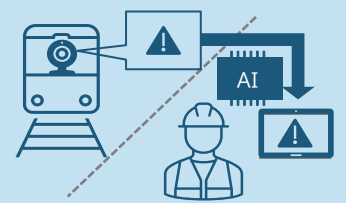
Empowering cities, customers, and employees through the power of digital technology

Transforming operations

We are working to achieve efficient business operations that both ensure safety and reduce labor shortages.

Automate operations, reduce manpower, and improve efficiency

Upgrade operations using IoT and AI



Enhancing job satisfaction and productivity

We are working to engage and motivate employees and boost productivity through the power of digital tools.

Optimized talent strategy and enhanced engagement through data utilization

Bolster productivity by leveraging digital tools



Foundation

Foundation	Systems and infrastructure	Create an environment to utilize data and AI	Establish and utilize cloud infrastructure	Enhance information security
	People and culture	Promote level-based human resource development	Cultivate and support people through practice	Foster the Company culture and raise literacy

3-5. Reinforcing the Management Base: Governance

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

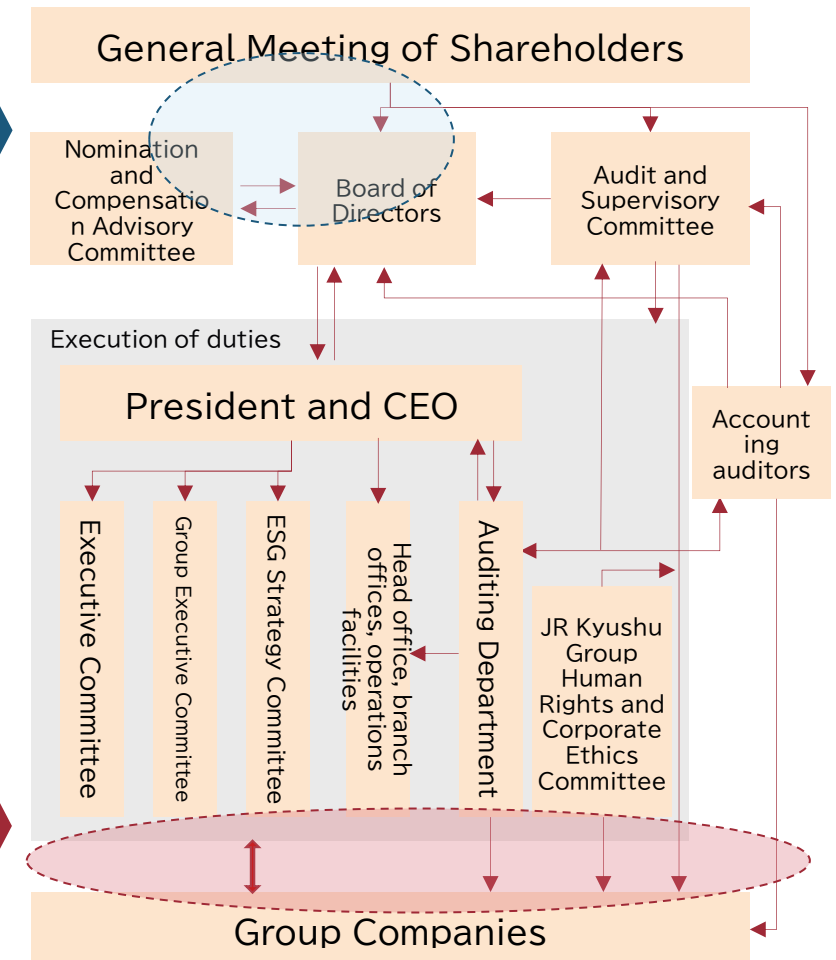
Promote appropriate risk-taking

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

Reinforce Group governance

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

Corporate Governance Structure



1. Background to the Formulation of the Plan

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

2. Aiming for Sustainable Value Creation

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

3. Medium-Term Business Plan 2025–2027

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

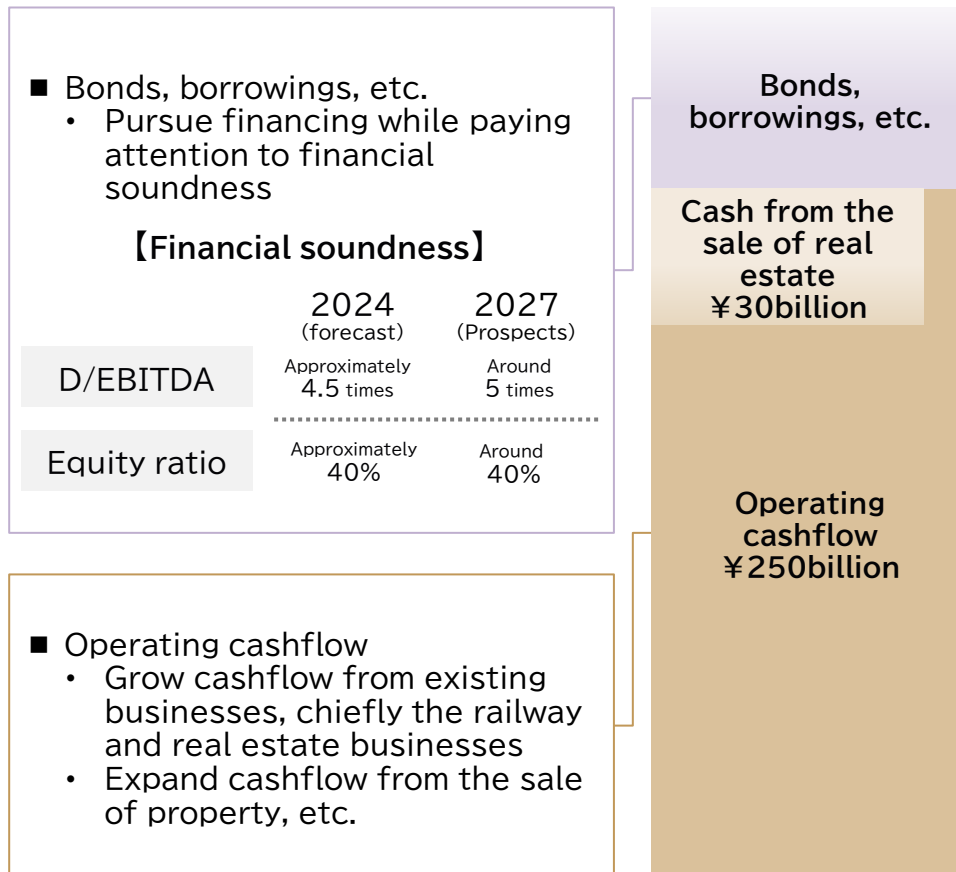
4. Financial Strategies and Targets

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

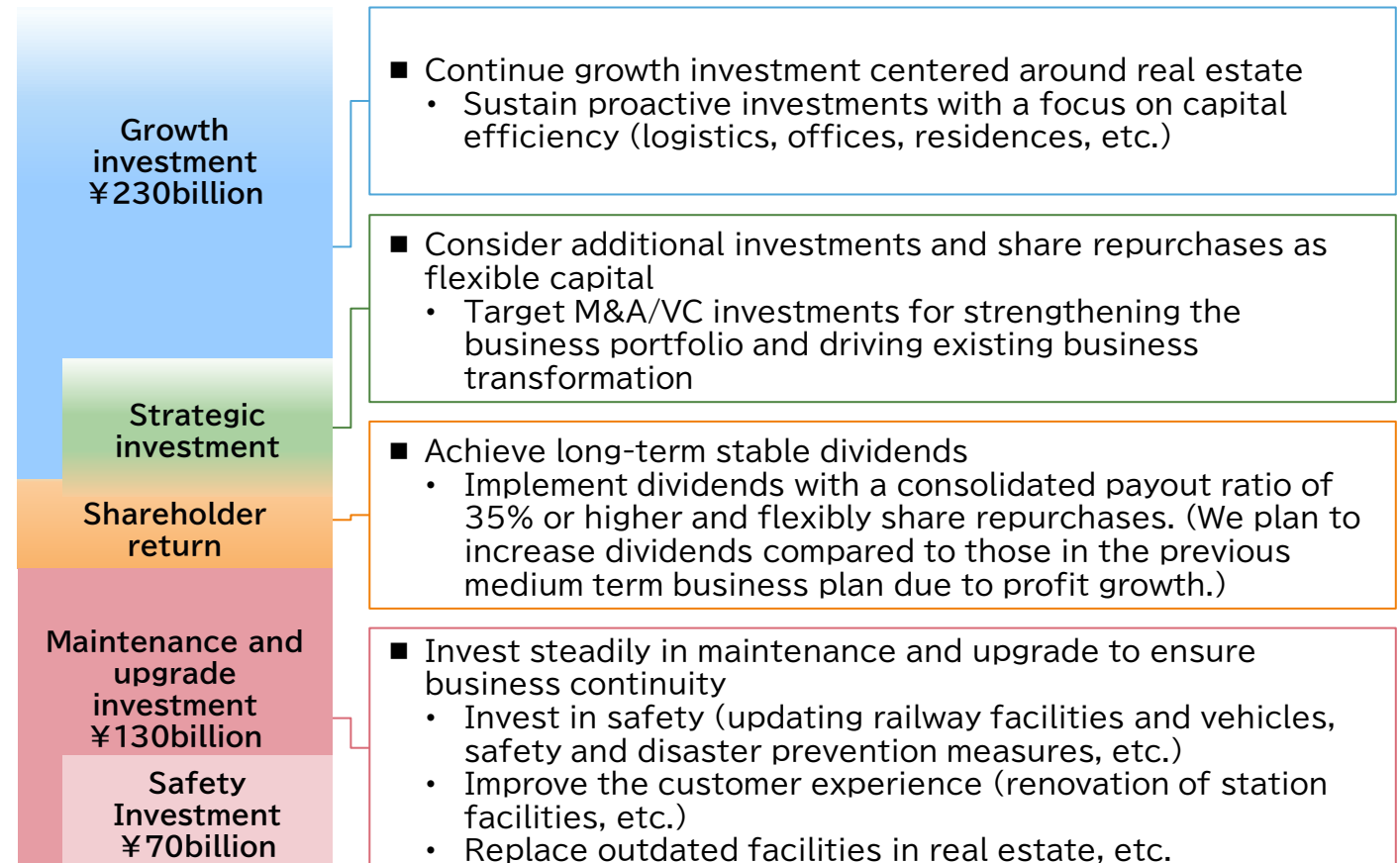
4-1. Cash Allocation

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

Cash in



Cash out



Note: All figures are approximate

4-2. Balance Sheet

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

Business Strategies

Grow and improve the efficiency of existing businesses

- | Business | Strategies |
|------------------------|--|
| Railway Business | <ul style="list-style-type: none">Improve the top lineStreamline facilities, and continue to reduce costsReduce labor and energy requirements through the introduction of new technologies, etc. |
| Real Estate and Hotels | <ul style="list-style-type: none">Expand growth areas such as logistics and urban-style residential propertiesIncrease development earnings and management income through steady asset turnover |

Conduct timely and appropriate reviews of businesses, etc.

- Review the business portfolio as needed
 - «Examples of past reviews»
 - [Exits] Drugstore, leasing, bakery
 - [Acquisitions] Caterpillar Kyushu (construction machinery), Oyama Yumekobo (Japanese inn), FUJIBAMBI (confectionery), Taniguchi Manufacturing (machine parts manufacturing)
- Considering a reduction in policy shareholdings

Target balance sheet (end-FY2028.3)

Assets

Railway Business

Expand, mainly in railroads, real estate and hotels, but aim to keep assets under control over the long term through asset turnover

Real Estate and Hotels

Liabilities

- Borrowings, corporate bonds

Equity Ratio
Around 40%

Net assets

- Equity

Financial Strategies

Utilize liabilities

- Growth investment that outpaces operating cashflows
- Meanwhile, monitor credit rating, with an eye to interest rates

Control capital

- Keep leverage to an appropriate level, remaining aware of sustainability
- Aim of increasing dividends as earnings grow
- Flexibly engage in share repurchases

Management from a long-term perspective, based on the premise of ensuring safety and with a focus on sustainability as a corporate group responsible for transportation infrastructure

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

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

Operating Revenue	
¥441.1billion (FY2025.3)	➡ ¥530billion (FY2028.3)
EBITDA	
¥94.0billion (FY2025.3)	➡ ¥115billion (FY2028.3)

Operating Income	
¥57.3billion (FY2025.3)	➡ ¥71.0billion (FY2028.3)
ROE	
Maintain current level	

Unit:¥billion

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

Shareholder return policy

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

*1 Figures of FY2025.3 is based on the latest earnings forecast(announced in 2025.2.4).

*3 Figures in parentheses represent the change compared to FY2025.3.

*2 Operating revenue and operating income by segment are before inter-segment eliminations.

*4 Figure in total is after inter-segment adjustments.

4-4. Non-Financial KPIs

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

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

*1 Comprehensive score of survey on hospitality, facilities, schedules, etc.

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

*5 Sales-to-water usage ratio: Water usage per unit of revenue (thousand cubic meters per ¥100 million)

*2 All figures represent non-consolidated indicators except "Results of employee attitude survey (overall level of satisfaction)"

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



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