

FY25.3 First Quarter Investors Meeting

August 6, 2024

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 three months of the fiscal year ending March 31, 2025, our full-year performance forecasts and dividend forecasts for the fiscal year ending March 31, 2025, the status of segments, and progress on the medium-term business plan. I will also explain the application to revise rail fares and charges that we recently submitted to the Minister of the Ministry of Land, Infrastructure, Transport and Tourism.
- I will begin by explaining our financial results for the first three months of the fiscal year ending March 31, 2025. Please turn to slide 5.

Contents

I	Financial Results for the First Three 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	About the Application to Revise Rail Fares and Charges	28

Highlights

Financial results for the first three 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 a gain on the transfer of Drug Eleven shares.

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

- In Q1, we made steady progress toward our full-year financial forecasts.
- Our consolidated financial forecast remains unchanged from our announcement on May 9.
- Our dividend forecast remains unchanged, at an annual dividend of ¥93.0 per share (and expect to reinstitute an interim dividend).

Status of segments

- Railway transportation revenues were at 97.6% of FY19.3 levels and 105.2% of FY24.3 levels.
- In the hotel business, ADR and occupancy rates are on track to reach the ¥22,000 level and more than 80% in FY25.3.

Progress on the medium-term business plan

- We updated the JR Kyushu app, reduced costs through the use of new technologies, etc.
- Even after a round of city-building in the western Kyushu area, usage of Nishi-Kyushu Shinkansen remains robust.
- We signed comprehensive cooperation agreements with neighboring municipalities along the line, aiming to further increase the number of railroad users through an increase in the resident and the non-resident population.

Application to revise rail fares and charges

- On July 19, we applied for a revision rate of 15% and a rate of increase of 11.4%.

I. Financial Results for the First Three Months of FY25.3

Consolidated Financial Highlights for the Three-Month Period Ended June 30, 2024

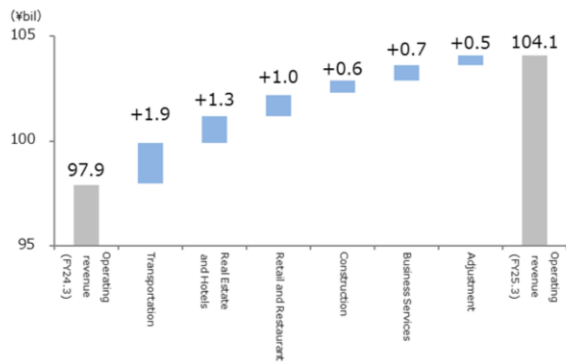
	(¥bil)			
	3 months ended June 30, 2023	3 months ended June 30, 2024	YoY	
Operating revenue	97.9	104.1	6.2	106.4%
Operating income	13.4	14.7	1.2	109.0%
Ordinary income	13.7	15.1	1.4	110.4%
Extraordinary gains and losses	8.4	0.1	(8.2)	1.8%
Net income attributable to owners of the parent	17.7	11.4	(6.3)	64.2%
EBITDA [※]	21.1	23.6	2.4	111.8%

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

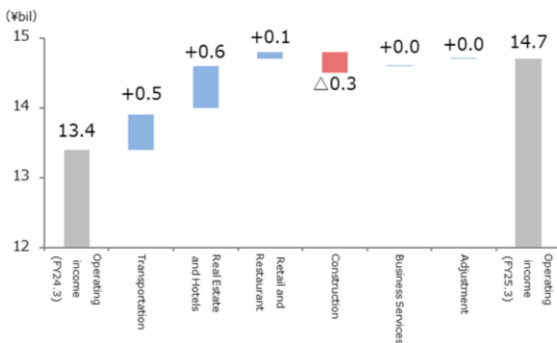
Key points

- The sale of properties decreased, but railway transportation revenue 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 a gain on the transfer of Drug Eleven shares.

Change in operating revenue by segment



Change in operating income by segment



- Operating revenue increased ¥6.2 billion year on year, to ¥104.1 billion, owing to a recovery in demand in each business, starting with the railway business.
- Buoyed by higher operating revenue, operating income grew ¥1.2 billion year on year, to ¥14.7 billion. EBITDA also rose ¥2.4 billion year on year, to ¥23.6 billion.
- Net income attributable to owners of the parent fell ¥6.3 billion year on year, to ¥11.4 billion, owing to a decrease in a gain on the transfer to Drug Eleven shares.
- Next, I will explain our full-year performance forecasts. Please turn to slide 9.

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

	3 months ended June 30, 2023	3 months ended June 30, 2024	YoY		Major factors
Operating revenue	97.9	104.1	6.2	106.4%	
Transportation	38.5	40.4	1.9	105.0%	
Railway Business (non-consolidated)	37.9	39.7	1.8	104.9%	Increase due to moderate recovery in demand
Real Estate and Hotels	31.7	33.0	1.3	104.1%	
Real Estate Lease	16.2	18.3	2.0	112.6%	Increase in revenues from leases due to recovery in demand
Real Estate Sales	10.1	7.1	(3.0)	70.4%	Decrease in the sale of properties
Hotel Business	5.3	7.5	2.2	142.5%	Increase due to recovery in demand
Retail and Restaurant	14.4	15.4	1.0	107.2%	Increase due to recovery in demand
Construction	15.3	15.9	0.6	104.3%	
Business Services	17.7	18.4	0.7	104.0%	
Operating income	13.4	14.7	1.2	109.0%	
Transportation	5.8	6.4	0.5	109.8%	
Railway Business (non-consolidated)	5.9	6.6	0.7	112.0%	
Real Estate and Hotels	6.6	7.3	0.6	109.8%	
Real Estate Lease	4.0	4.5	0.4	110.5%	
Real Estate Sales	1.7	1.1	(0.6)	63.1%	
Hotel Business	0.8	1.7	0.8	204.7%	
Retail and Restaurant	0.6	0.7	0.1	123.7%	
Construction	(0.5)	(0.9)	(0.3)	-	
Business Services	0.9	1.0	0.0	105.2%	
EBITDA	21.1	23.6	2.4	111.8%	
Transportation	8.7	9.6	0.9	110.4%	
Railway Business (non-consolidated)	8.7	9.7	0.9	111.4%	
Real Estate and Hotels	10.3	11.8	1.4	113.9%	
Real Estate Lease	7.1	8.1	0.9	113.6%	
Real Estate Sales	1.7	1.1	(0.6)	63.2%	
Hotel Business	1.4	2.5	1.1	178.1%	
Retail and Restaurant	0.9	1.1	0.1	121.5%	
Construction	(0.3)	(0.6)	(0.2)	-	
Business Services	1.6	1.7	0.1	106.6%	

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

	3 months ended June 30, 2023	3 months ended June 30, 2024	YoY		Major Factors
Operating revenue	56.6	57.3	0.6	101.1%	
Railway transportation revenues	34.2	35.9	1.7	105.2%	Increase due to moderate recovery in demand
Shinkansen	13.1	13.9	0.8	106.6%	
Conventional Lines	21.1	22.0	0.9	104.3%	
Other revenue	22.4	21.3	(1.1)	95.0%	Decrease in the sale of properties, etc.
Operating expense	45.3	45.0	(0.3)	99.3%	
Personnel expense	10.3	11.9	1.5	115.3%	Increase with the implementation of new personnel and wage system
Non-personnel expense	27.0	24.0	(2.9)	89.2%	
Energy cost	2.8	2.4	(0.3)	87.5%	
Maintenance cost	5.0	5.0	(0.0)	99.3%	
Other	19.1	16.5	(2.5)	86.7%	Decrease in cost of sales due to the sale of properties, etc.
Taxes	3.1	3.3	0.1	105.9%	
Depreciation cost	4.8	5.6	0.8	117.1%	
Operating income	11.3	12.2	0.9	108.6%	
Non-operating income and expense	4.7	0.4	(4.3)	10.2%	
Ordinary income	16.1	12.7	(3.3)	79.3%	
Extraordinary gain and losses	8.2	0.1	(8.0)	2.4%	Decrease due to a gain on the transfer of Drug Eleven shares
Net income	20.5	9.6	(10.9)	46.9%	

(再掲) 単体事業別

		3 months ended June 30, 2023	3 months ended June 30, 2024	YoY	
Railway business	Operating revenue	37.9	39.7	1.8	104.9%
	Operating income	5.9	6.6	0.7	112.0%
Related businesses	Operating revenue	18.7	17.5	(1.2)	93.5%
	Operating income	5.3	5.6	0.2	104.9%

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

Consolidated Financial Forecast Highlights for FY25.3

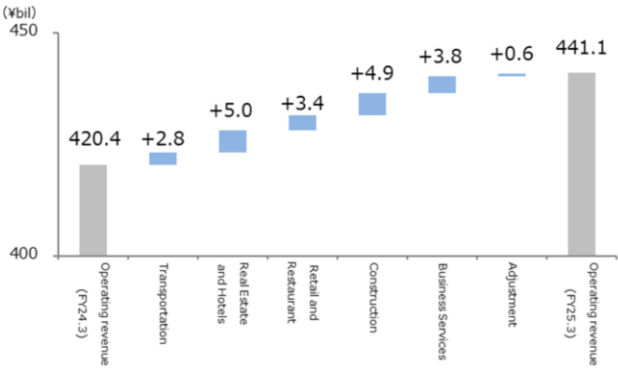
	Results FY24.3	Forecasts FY25.3	YoY	
Operating revenue	420.4	441.1	20.6	104.9%
Operating income	47.0	57.3	10.2	121.7%
Ordinary income	48.9	56.7	7.7	115.9%
Net income attributable to owners of the parent	38.4	42.2	3.7	109.8%
EBITDA	80.0	94.0	13.9	117.4%

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

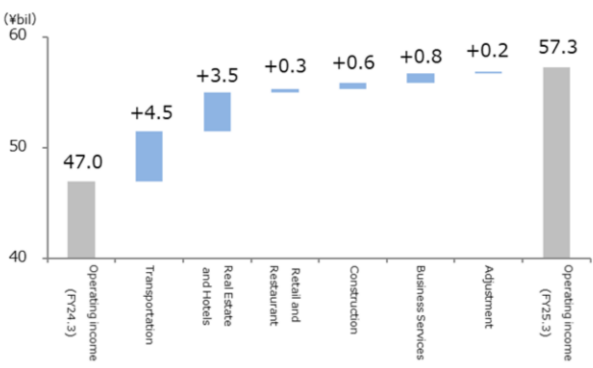
Key points

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

Change in operating revenue by segment



Change in operating income by segment



- Our full-year performance forecasts and dividend forecasts are unchanged from the figures announced on May 9.
- We will continue to monitor revenue and expenses in each segment. Along the way, we will promote various measures to meet this year's performance targets and the numerical management targets in our medium-term business plan.
- Next, I will discuss the status of our segments. Please turn to slide 14.

Consolidated Financial Forecasts for FY25.3 (by Segment)

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

Non-consolidated Financial Forecasts for FY25.3

(¥bil)

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

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

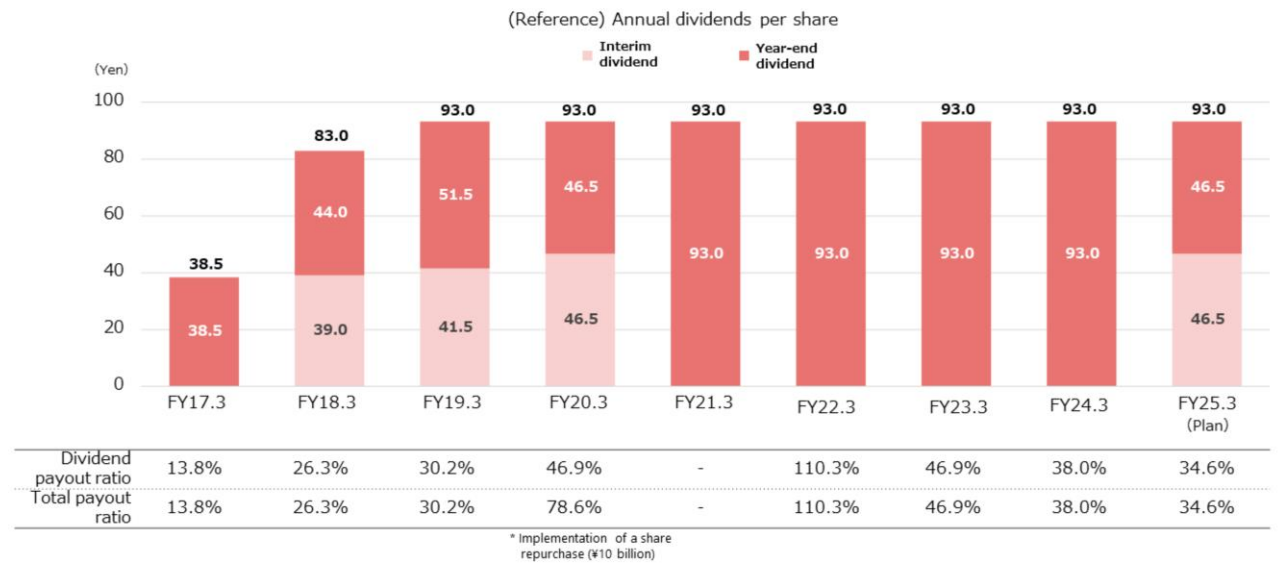
(¥bil)

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

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 plan to reinstate interim dividends in FY25.3.



III Status of Segments

Transportation Segment

- In Q1 FY25.3, railway transportation revenues were essentially at anticipated levels.
- Railway business expenses were also largely in line with expectations.

【Results】

	3 months ended June 30, 2023	3 months ended June 30, 2024	YoY	
Operating revenue	38.5	40.4	1.9	105.0%
Railway Business (non-consolidated)	37.9	39.7	1.8	104.9%
Railway transportation revenues	34.2	35.9	1.7	105.2%
Operating income	5.8	6.4	0.5	109.8%
Railway Business (non-consolidated)	5.9	6.6	0.7	112.0%
EBITDA	8.7	9.6	0.9	110.4%
Railway Business (non-consolidated)	8.7	9.7	0.9	111.4%

【Forecasts】

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

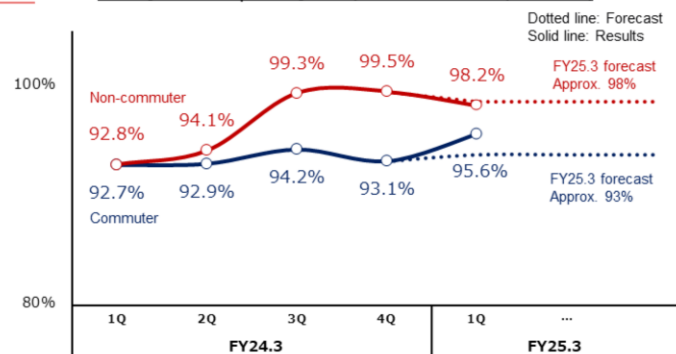
Status of Key Businesses and Assumptions behind Forecasts

- Railway revenues were largely in line with forecasts in Q1, with non-commuter revenues slightly below expectations, and commuter revenues slightly above.

〔Railway transportation revenues (vs. FY19.3)〕
Q1 results: 97.6% Full year expectation: 97.6%

- Railway business expenses were largely in line with expectations.

Railway Business | Railway transportation revenues (vs. FY19.3)

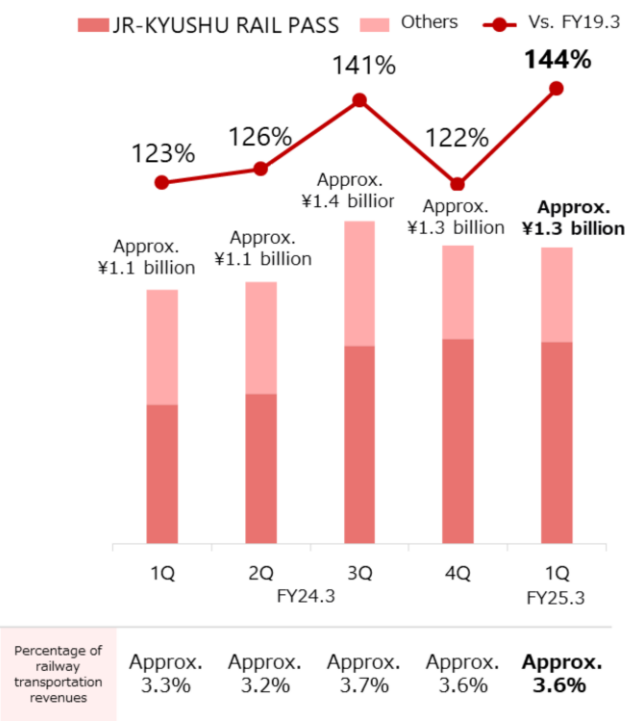


- In the transportation segment, railway transportation revenues were essentially at anticipated levels.
- Looking at the breakdown, railway revenues were largely in line with forecasts, with non-commuter revenues slightly below expectations, and commuter revenues slightly above.
- Personnel costs rose as we commenced a new personnel and wage system, but railway business expenses including these personnel costs were largely in line with expectations.
- Please turn to the next slide.

Status of Inbound Measures in the Railway Business

- In Q1 FY25.3, inbound revenue remained essentially at FY24.3 2H levels.

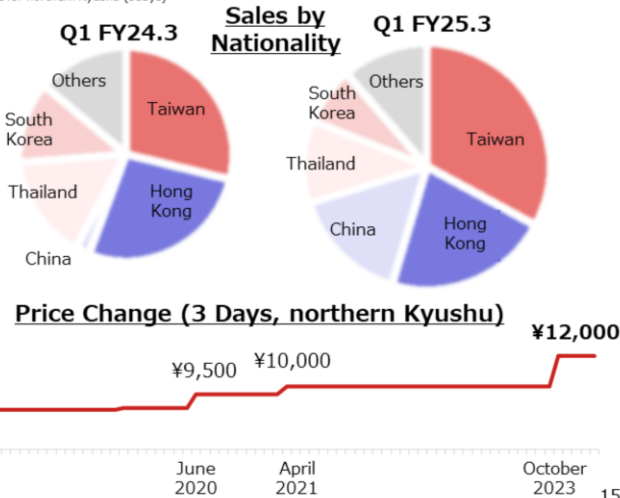
Inbound Revenue (approximate)



Demand for JR-KYUSHU RAIL PASS

	FY19.3 1Q	FY24.3 1Q	FY25.3 1Q		
	Results	Results	Results	Vs. FY19.3	Vs. FY24.3
Number of tickets sold	57,000	55,000	71,000	126%	128%
Sales	¥0.51 billion	¥0.61 billion	¥0.89 billion	176%	145%
(Reference) Unit price*	¥ 8,500	¥ 10,000	¥ 12,000	141%	120%

*Price for northern Kyushu (3days)



- Next, I will discuss the status of inbound measures in the railway business.
- In the first quarter, inbound revenue remained essentially at the same levels as in the third and fourth quarters of the previous fiscal year.
- The number of the JR-KYUSHU RAIL PASS sold, which accounts for the majority of inbound revenue, were up more than 20% year on year.
- Looking at sales by nationality, the recovery in usage by customers from China was apparent, with usage rising above pre-pandemic levels.
- Please turn to slide 17.

Railway Business (Transportation Data)

Railway transportation revenues

	3 months ended June 30, 2023	3 months ended June 30, 2024	YoY		Major Factors
Total	34.2	35.9	1.7	105.2%	
Commuter pass	7.7	8.0	0.2	103.1%	
Non-commuter pass	26.4	27.9	1.5	105.8%	
Cargo	0.0	0.0	0.0	129.5%	
Shinkansen	13.1	13.9	0.8	106.6%	
Commuter pass	0.7	0.8	0.0	107.3%	Gradual recovery in demand
Non-commuter pass	12.3	13.1	0.8	106.6%	
Conventional Lines	21.1	22.0	0.9	104.3%	
Commuter pass	7.0	7.2	0.1	102.7%	Gradual recovery in demand
Non-commuter pass	14.0	14.8	0.7	105.1%	

Passenger-kilometers

	3 months ended June 30, 2023	3 months ended June 30, 2024	YoY		(Millions of passenger-kilometer)
Total	2,070	2,105	34	101.7%	
Commuter pass	1,047	1,062	14	101.4%	
Non-commuter pass	1,022	1,042	20	102.0%	
Shinkansen	453	451	△ 1	99.6%	
Commuter pass	56	60	3	105.9%	
Non-commuter pass	396	391	△ 5	98.7%	
Conventional Lines	1,617	1,653	36	102.3%	
Commuter pass	991	1,002	11	101.1%	
Non-commuter pass	626	651	25	104.1%	

Real Estate and Hotels Segment: Real Estate Leasing Business

- Station building tenant sales in FY25.3 Q1 are exceeding expectations, driven by JR Hakata City.
- In May 2024, we acquired a site in Fukuoka Prefecture to develop what will become our sixth logistics facility.

【Results】

(¥bil)

	3 months ended June 30, 2023	3 months ended June 30, 2024	YoY	
Operating revenue	16.2	18.3	2.0	112.6%
Operating income	4.0	4.5	0.4	110.5%
EBITDA	7.1	8.1	0.9	113.6%

【Forecasts】

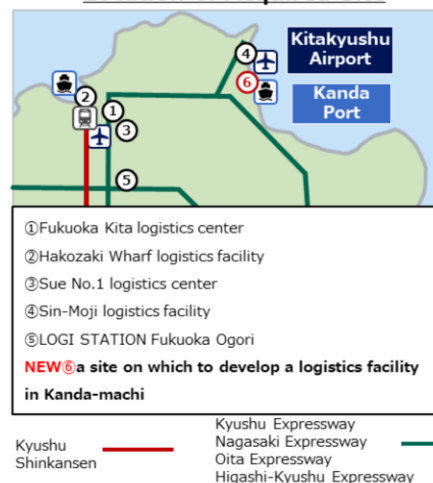
(¥bil)

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

Status of Key Businesses

- In Q1, overall station building tenant sales were up by over 10% year on year, driven by JR Hakata City.
- In FY24.3 Q1, performance at JR Nagasaki City (Amu Plaza Nagasaki, Annex and Kamome Ichiba) was almost as expected.
- Leasing of office buildings is generally steady, including at CONNECT SQUARE HAKATA, which was completed in March 2024.
- We acquired a site on which to develop a logistics facility (May 2024)
 - Location: Kanda-machi, Miyako-gun, Fukuoka
 - Lot area: 28,076m²
 - Completion: Scheduled for end-FY26.3
 - Use: Presumed use is primarily as a warehouse for the automotive industry

Location of Acquired Site



17

- Next, I will discuss the real estate and hotels segment.
- First, in the real estate leasing business, overall station building tenant sales were up by more than 10% year on year, buoyed in particular by JR Hakata City. Also, Amu Plaza Nagasaki annex, which opened last November, will contribute this year to performance for the entire fiscal year.
- Meanwhile, the status of leasing on office buildings, including properties that opened in the previous fiscal year, are generally firm.
- In May 2024, we acquired a site in Fukuoka Prefecture to develop a logistics facility in collaboration with another company. We are moving forward with development with the goal of completing construction by the end of fiscal 2025.
- Please turn to the next slide.

Real Estate and Hotels Segment: Real estate Sales business

- Condominium sales were up slightly year on year in FY25.3 1Q.
- Property sales were decrease in revenue due to reflection to the sales in FY24.3 1Q.

[Results]

	3 months ended June 30, 2023	3 months ended June 30, 2024	YoY	(¥bil)
Operating revenue	10.1	7.1	(3.0)	70.4%
Operating income	1.7	1.1	(0.6)	63.1%
EBITDA	1.7	1.1	(0.6)	63.2%

[Forecasts]

	FY24.3 Results	FY25.3 Forecasts	YoY	(¥bil)
Operating revenue	37.1	33.5	(3.6)	90.2%
Operating income	5.2	5.7	0.4	108.8%
EBITDA	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.

MJR Fukagawa Sumiyoshi

Location: Koto-ku, Tokyo
Structure: 14 floors above ground
Delivery date: Since March 2024
Units: 165
Sales status: All sold



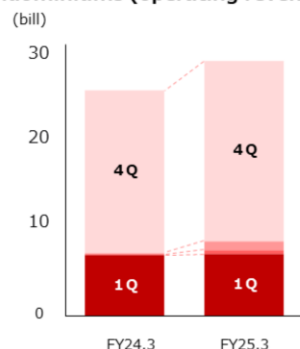
MJR Hakata The Residence

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



- Property sales were down, compared with results in FY24.3 1Q. In full-year FY25.3, operating revenue is expected to be approximately ¥2.5 billion, which is lower than FY24.3 levels.

Actual and forecast sales of condominiums (operating revenue)



*Figures for 1Q are results.

- Next, I will discuss the real estate sales business.
- Condominium sales, including MJR Fukagawa Sumiyoshi, our first property developed in Tokyo, were slightly higher than the previous year, in line with our expectations.
- Overall, revenue in the real estate sales business was down year on year, reflecting the sale of rental apartments in the first quarter of the preceding fiscal year.
- Please turn to the next slide.

Real Estate and Hotels Segment: Hotel Business

- As in the previous fiscal year, in FY25.3 Q1, hotels with a high ratio of inbound guests continued to be a driving force, with ADR outpacing expectations and overall occupancy rates as a whole essentially in line with the forecast.

[Results]

[Forecasts]

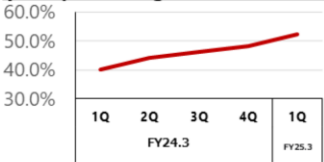
	3 months ended June 30, 2023	3 months ended June 30, 2024	YoY	
				(¥bil)
Operating revenue	5.3	7.5	2.2	142.5%
Operating income	0.8	1.7	0.8	204.7%
EBITDA	1.4	2.5	1.1	178.1%

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

Status of Key Businesses

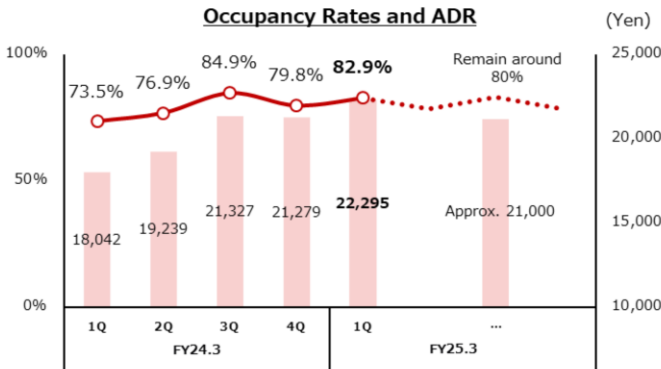
- The ratio of inbound guests exceeded 50% overall, driven in particular by THE BLOSSOM brand.

Percentage of Inbound Guests
(as a percentage of total room sales)



- In Q1, occupancy rates and ADR were around 83% and approximately ¥22,000, respectively, above FY24.3 Q4 levels.
- URESHINO YADOYA and the Nagasaki Marriott Hotel will contribute to performance for all of FY25.3

Occupancy Rates and ADR



- Next, I will discuss the hotel business.
- ADR outpaced expectations, driven by hotels with a high ratio of inbound guests. ADR was particularly high at hotels in Tokyo and Kyoto, where inbound guests account for more than 90% of the total. This is a factor that contributes to the high ADR.
- Occupancy rates are slightly higher than in the fourth quarter of the previous fiscal year, and generally in line with forecasts.
- Please turn to the next slide.

Retail and Restaurant Segment

- In FY25.3 Q1, performance at existing retail stores and restaurants was favorable, leading to higher revenue and income.

[Results]

(¥bil)

	3 months ended June 30, 2023	3 months ended June 30, 2024	YoY	
Operating revenue	14.4	15.4	1.0	107.2%
Operating income	0.6	0.7	0.1	123.7%
EBITDA	0.9	1.1	0.1	121.5%

[Forecasts]

(¥bil)

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

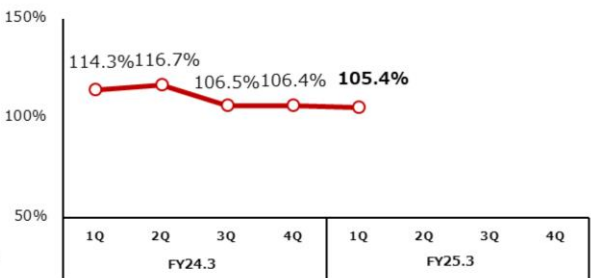
Status of Key Businesses

- Owing to a recovery in travel demand and footfall, revenue at existing retail stores and restaurants exceeded the previous year's level, centered on key subsidiaries.
- Performance at new stores was broadly in line with expectations.

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.

Segment Store Sales (Year on Year)



- In the retail and restaurant segment, performance at existing retail stores and restaurants was favorable. In addition, stores opened in the previous fiscal year performed steadily, leading to higher revenue and income.
- Notably among existing stores, station-front and suburban stores performed favorably, with customer spend slightly outpacing the previous year's level.
- 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)			
	3 months ended June 30, 2023	3 months ended June 30, 2024	YoY	
Operating revenue	15.3	15.9	0.6	104.3%
Operating income	(0.5)	(0.9)	(0.3)	-
EBITDA	(0.3)	(0.6)	(0.2)	-

【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)			
	3 months ended June 30, 2023	3 months ended June 30, 2024	YoY	
Operating revenue	17.7	18.4	0.7	104.0%
Operating income	0.9	1.0	0.0	105.2%
EBITDA	1.6	1.7	0.1	106.6%

【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

Completing business structural reforms

Key strategy ①

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

Key strategies for the realization of the long-term vision

Key strategy ②

Creating a model for building cities that promote well-being

Key strategy ③

Developing businesses in new areas in which we can contribute

Developing human resources for the implementation and realization of strategies

Building foundations for advancing strategies on a Groupwide basis

2030 Long-Term Vision

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

Policy ①

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

Policy ②

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

FY31.3(numerical targets)



Numerical targets, etc. (FY25.3)

[Consolidated]

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

[By segment*]

Segment name	Operating revenue (¥bil)	Operating income (¥bil)
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%**

■ : Growth investment (including M&A)
■ : Maintenance and upgrade investment
■ : Safety investment

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 (Future Railway Project)



- On May 29, the JR Kyushu app has undergone its first major update. Introduce a new measure to attract new app users.
- Use new technology to manufacture railroad parts, helping to reduce maintenance costs.

Update of the JR Kyushu app

- The JR Kyushu app has undergone its first major update at the end of May. The same discount tickets can now be purchased on the website and the app, and operability has been improved.
- "Kyushu App Lottery Ticket," which determines travel destinations by drawing lots within the app, was released on a limited basis for the first 10,000 pairs of customers. We are working to attract new app users and expand the customer base.

Implementing new technology to efficiently repair railroad components

- The technology will enable repairs at minimal cost by using resin and metal printing technology to manufacture discontinued items.

Example of Repair Flow

Generator gear



Additive manufacturing
Laminated molding
Finish machining

Resin parts



- Table stopper for express trains
- Lampshades for D&S trains, etc.

Metal parts

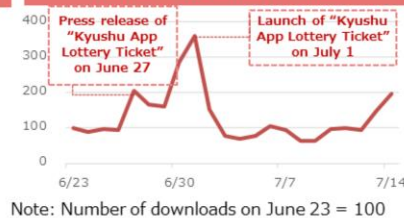


- Table arms for express trains, etc.

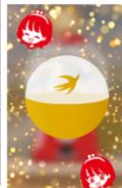
Cumulative Downloads

Approx. 2.33 million
*As of July 14, 2024
(Reference) Population of Fukuoka Prefecture
Approx. 12.6 million
*As of October 1, 2023
Source: "Population Estimates" (MIC Statistics Bureau)

Number of Downloads Following the Launch of the Lottery Tickets



Name of ticket	Price	Set segments	Winning Pairs
Kyushu App Lottery Ticket	¥5,000	Unlimited travel on JR Kyushu lines for 3 days	300
		Fukuoka city zone to Kagoshima-chuo*	500
		Hakata ~ Kumamoto *	2,500
		Hakata ~ Nagasaki *	2,500
		Hakata ~ Oita *	4,200



* Round-trip reserved seats

- First, with regard to business structural reforms in the railway business, I will discuss two topics centered on the Future Railway Project.
- First, at the end of May we conducted our first significant revamp of the JR Kyushu app. This upgrade enabled the purchase via the JR Kyushu app of discount tickets, which previously could only be purchased on the website, and the app's operability has been improved.
- In conjunction with the renewal, we also launched the Kyushu App Lottery Ticket, which allows users to draw lots within the app to determine their travel destinations. This ticket offers an opportunity to attract many new app users and expand our customer base.
- Second, we are implementing new technology to efficiently repair railroad components. The technology will enable repairs by using resin and metal printing technology.
- In the past, we had to maintain stocks of railroad parts once we learned that production had been discontinued. This technology allows us to manufacture only the required number of parts as needed and at a lower cost than ever before.
- We will continue to deepen our discussions on ways of making repairs efficiently.
- Please turn to the next slide.

Key Strategy ❶ Completing Business Structural Reforms | Relocating to a New Environmentally Friendly Railway

- We will relocate from an aging railyard, which is more than 100 years old, to a new environmentally friendly railyard.

Background and Objectives

- Kokura Railcar Center, our only rolling stock factory for conventional lines, is more than 100 years old. We need to address the aging of facilities and equipment.



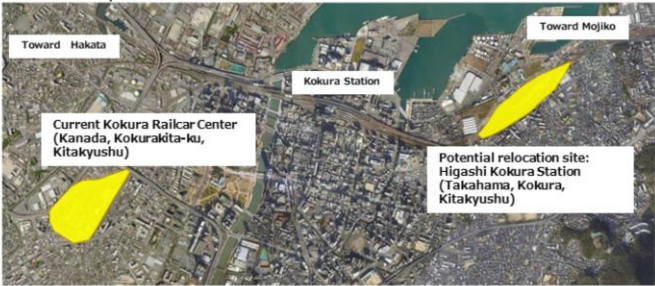
Relocating to the New Railyard

- We will build a new environmentally friendly railyard to achieve sustainable vehicle inspections and relocate functions.

Compactness	Make the railyard compact by introducing new technologies and building efficient inspection lines
Efficient vehicle inspections	Make vehicle inspections efficient by reducing days for inspection days and reducing labor requirements
Contribution to the global environment	Use solar energy and achieve ZEB

Proposed Relocation Site and Completion Date

- Discussions are underway to acquire Higashi-Kokura Station (a freight station owned by Japan Freight Railway Company) as a potential relocation site. We aim to acquire the site by the end of this fiscal year.



- By introducing new technology and through other means, we aim to achieve a railyard that is compact—approximately half the size of the current location.

Current location	Kokura Railcar Center	Approx. 158,000 m ²
Proposed relocation site	Higashi Kokura Station (freight station)	Approx. 78,000 m ²

- We plan to complete construction by the end of fiscal 2031. We expect total investment to reach about ¥48.0 billion.

- Next, I would like to talk about building and relocating to a new railyard.
- Our current railyard that we use for rolling stock maintenance on conventional lines was built more than 100 years ago, and the facility is deteriorating.
- We are planning to build a new railyard at the new location to better address the risk of disasters and allow us to perform maintenance more safely and efficiently.
- We aim for the new railyard to be a compact and efficient vehicle inspection facility. It will also be environmentally friendly due to the use of solar energy and achievement of ZEB.
- We plan to relocate around the end of fiscal 2031.
- The use of the current railyard site after relocation is a topic for further consideration.
- 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

- September 2024 will mark the second anniversary of the opening of Nishi-Kyushu Shinkansen, and performance has been steady.
- The number of commuter pass users is increasing, our understanding is that the impact of opening the Nishi-Kyushu Shinkansen continues to materialize.

Usage of the Nishi-Kyushu Shinkansen

Usage of the Nishi-Kyushu Shinkansen in its second year since opening (September 23, 2023 to June 22, 2024)

Approx. 7,000 people/day

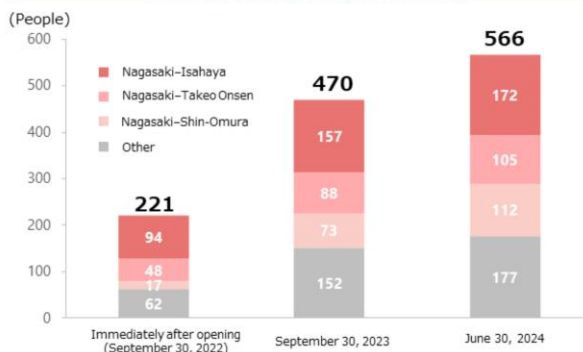
Note: Number of people using the line in its first year
Approx. 6,600 people/day

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



Note: Number of people using Nishi-Kyushu Shinkansen in its first year are results of traffic between Takeo Onsen and Nagasaki. In the first year of opening, the number of people is for the period from September 22, 2022 and September 22, 2023. Note: Figures for FY2018 are comparisons with usage number on the Kamome express between Isahaya and Nagasaki.

Number of Commuters Using the Nishi-Kyushu Shinkansen



Status of Operations at JR Nagasaki Station Building

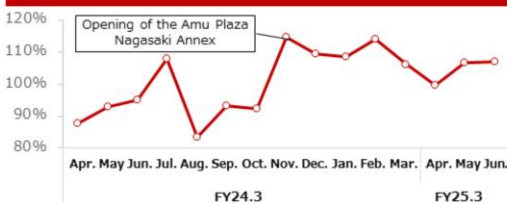


Number of Visitors in the Six Months Since the Annex Opened

Approx. 13.24 million
Of which, approx. 5.06 million to the Annex

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

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



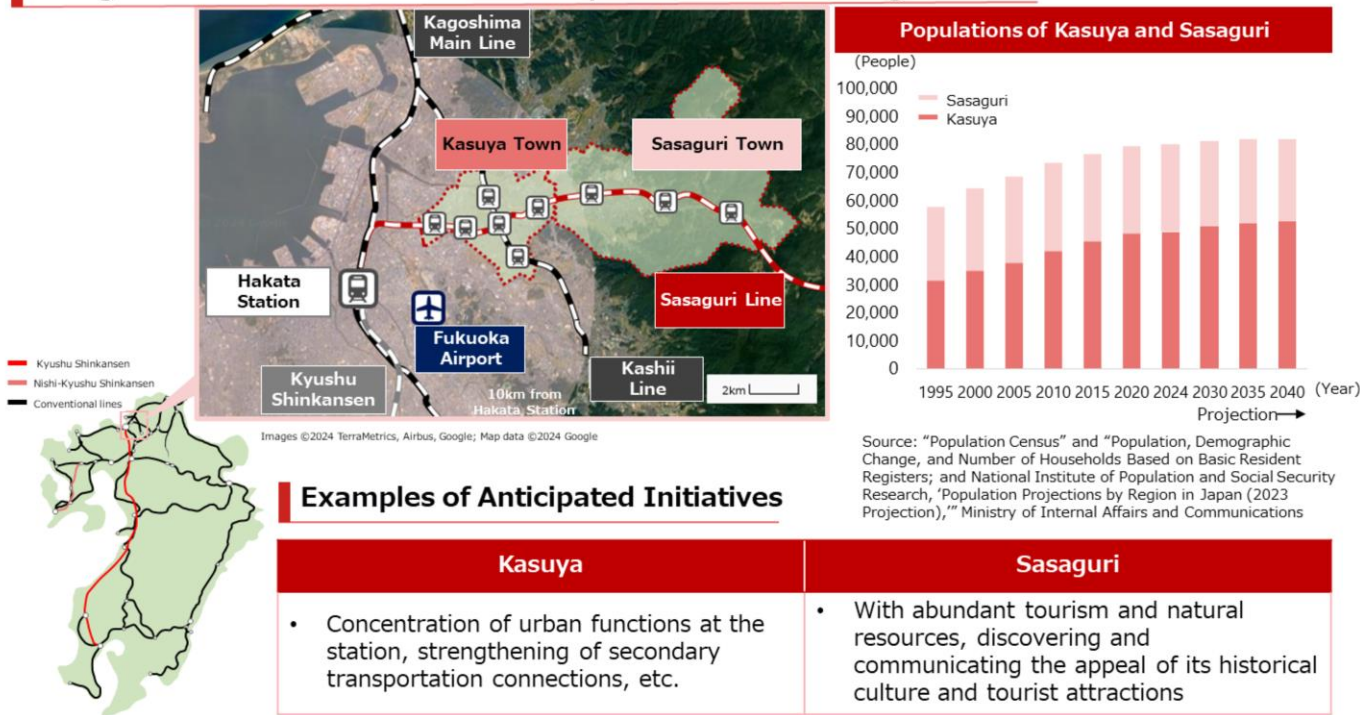
- Next, I will talk about maximizing the impact of opening the Nishi-Kyushu Shinkansen.
- In the second year since opening the Nishi-Kyushu Shinkansen, daily passenger numbers are higher than in the first year. The number of commuter pass users has been steadily increasing since the opening, as more people recognize the convenience of the Shinkansen.
- Amu Plaza Nagasaki annex opened last November in the JR Nagasaki Station Building, and the renovation of the existing station building this March attracted numerous customers, contributing to an increase in short-distance revenues.
- Construction of the station plaza, which is being led by the city of Nagasaki, is scheduled for completion in 2025. We will continue working to maximize the Nishi-Kyushu Shinkansen's impact by creating a bustling area around the station.
- Please turn to the next slide.

Key Strategy ②

Creating a Model for Building Cities That Promote Well-Being | Comprehensive Collaboration Agreements with Local Governments along the line

- We have signed comprehensive collaboration agreements with the Kasuya Town and the Sasaguri Town, which are located in the Fukuoka metropolitan area, and rail usage is on the rise.
- By working with municipalities along the line, we aim to increase the resident and the non-resident population and the number of rail users.

Sasaguri Line and Locations of the Kasuya Town and the Sasaguri Town



- Next, I will discuss comprehensive collaboration agreements with local governments in locations along our train lines.
- The number of people using the Sasaguri Line, which connects to Hakata Station, is on the rise. This May and July, we signed comprehensive collaboration agreements with the towns of Kasuya and Sasaguri, two municipalities along this line.
- Kasuya is expected to see its population grow, while Sasaguri is a town with rich tourism and natural resources.
- We will continue to explore possibilities for future community development beyond the terminal station by further strengthening cooperation with local governments and deepening consideration of initiatives that match the characteristics of the region. At the same time, we will work to increase the resident and the non-resident population along the rail line and to build a sustainable railway business.
- In conclusion, I would like to discuss our application to revise rail fares and charges. Please turn to slide 29.

V. About the Application to Revise Rail Fares and Charges

About the Application to Revise Rail Fares and Charges

- On July 19, we filed an application for approval of a change in the maximum rail fares and charges for our railway business.
- We determined that the application of revise is necessary to resolve issues for continuation of our railway business.

Background and Objectives of Application

- Transportation demand is not expected to return to pre-COVID-19 levels due to the development of the expressway network, population decline and aging in the Kyushu area that surpasses the national average, and a further decrease in usage due to the lifestyle changes.
- We have been working to reduce fixed costs and improve productivity since before the pandemic, we expect to continue to face difficult business conditions due in part to increased expenses resulting from the recent sharp rise in electricity rates and the prices of goods.
- It has become difficult to secure stable funds for capital investments and repairs necessary to maintain and improve safety and service, renew and extend the service life of aging rolling stock and equipment, and respond to increasingly severe disasters and the demand for carbon neutrality. Furthermore, We face an urgent need to improve compensation and the workplace environment in order to secure a stable workforce.

Overview of Application

Scheduled date of implementation	April 1, 2025 (the first revision in 29 years, since January 1996)
Increased revenues	¥16.9 billion (Rate of increase:11.4%)
Percentage revision	Overall on fares and charges : 15.0% revision • Regular Rail Fares : average 14.6% revision • Commuter Rail Fares work commuter passes : average 30.3% revision school commuter passes : average 16.0% revision ※We will not revise the discount rate for school commuter passes. • Shinkansen Express Charges : average 12.4% revision ※The express charges applicable to the use of non-reserved seats between some adjacent stations, etc., and the express charges on the Nishi-Kyushu Shinkansen will remain unchanged

Future Initiatives

Main subjects of Capital Investment Plan	Investment amount
Extending the service life of railway facilities (FY2024~FY2027)	Around ¥7.5 billion
Bringing in next-generation rolling stock (FY2024~FY2030)	Around ¥12.5 billion
Modification existing rolling stock: (FY2024~FY2030)	Around ¥11.0 billion
Developing next-generation rolling stock inspection facilities (FY2024~FY2031)	Around ¥48.0 billion
Introducing and expanding ticketless services (FY2024~FY2027)	Around ¥3.0 billion

- I will explain our application for permission to revise rail fares and charges.
- This April, we received revised cost-of-income calculation procedures. After taking the time needed to estimate revenues and costs, we applied for permission to revise rail fares and charges on July 19. We applied for a revision rate of 15% for overall fares and charges.
- Owing to changes in the external environment, we do not expect transportation demand to return to pre-pandemic levels. We made the application for this reason and because we have determined that we need to respond to recent price increases, aging facilities, and the need to secure human resources.
- If we receive permission, the revised rates will go into effect on April 1, 2025.
- We have continued working to implement a lean business operation structure, achieve labor savings through mechanization, and conduct efficient inspections and repairs to ensure business continuity based on safety and service. We will continue these efforts to further improve safety and productivity.
- 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/