

FY24.3 Financial Results Overview, Third Quarter

February 6, 2024

KYUSHU RAILWAY COMPANY

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Highlights

Financial results for the first nine months of FY24.3

- Owing to a recovery of demand in each segment, consolidated operating revenues, operating income, ordinary income, and net income attributable to owners of the parent all increased year on year.

Full-year performance forecasts and dividend forecasts for FY24.3

- In Q3, we made steady progress toward our full-year financial forecasts.
- Our consolidated financial forecast remains unchanged from our announcement on November 7.
- Our dividend forecast remains unchanged, at an annual dividend of ¥93.0 per share (year-end dividend only).

Status of segments

- The rate of recovery in railway business revenues increased from Q2.
- In the hotel business, ADR and occupancy rates rose from Q2.
- In the retail and restaurant business, store sales remain favorable.

Progress on the medium-term business plan

- We plan to introduce Japan's first GOA 2.5 self-driving trains in March 2024.
- In the railway business, we have decided to launch a ticketless services using QR codes.
- URESHINO YADOYA opened on October 1, followed by the New Nagasaki Station Building on November 10. We are also promoting developments in the Fukuoka area.

I Financial Results for the First Nine-Months of FY24.3

Consolidated Financial Highlights for the Nine-Month Period Ended December 31, 2023

	9 months ended December, 31 2022	9 months ended December, 31 2023	YoY	
Operating revenue	261.2	292.9	31.6	112.1%
Operating income	22.5	43.1	20.6	191.7%
Ordinary income	23.5	44.8	21.2	190.5%
Extraordinary gains and losses	2.7	6.7	3.9	246.7%
Net income attributable to owners of the parent	21.5	40.7	19.1	189.1%
EBITDA [※]	44.2	67.1	22.8	151.7%

(¥bil)

Operating revenue · income

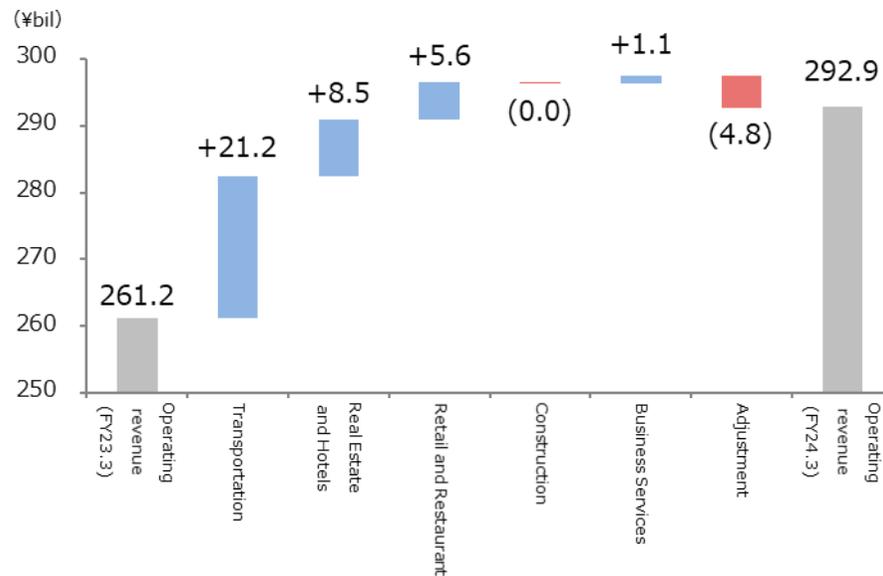
The sale of properties decreased, but revenues and profit increased due to such factors as demand recovery in each business.

Extraordinary gains and losses

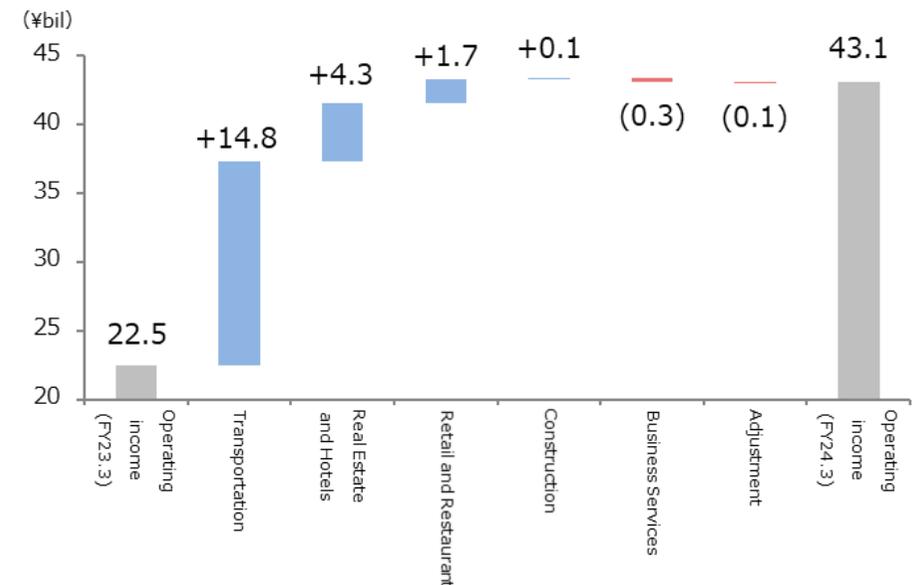
Increased due to a gain on sale of Drug Eleven shares, as well as other factors

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

Change in operating revenue by segment



Change in operating income by segment



Consolidated Results for the First Nine Months of FY24.3 (by Segment)

(¥bil)

	9 months ended December, 31 2022	9 months ended December, 31 2023	YoY		Major factors
Operating revenue	261.2	292.9	31.6	112.1%	
Transportation	100.9	122.2	21.2	121.1%	
Railway Business (non-consolidated)	99.9	120.0	20.1	120.1%	Increase due to moderate recovery in demand
Real Estate and Hotels	74.7	83.2	8.5	111.4%	
Real Estate Lease	46.2	51.2	4.9	110.7%	Increase in revenues from leases due to recovery in demand
Real Estate Sales	16.4	13.7	(2.7)	83.3%	Decrease in the sale of properties
Hotel Business	11.9	18.2	6.3	152.9%	Increase due to recovery in demand
Retail and Restaurant	40.2	45.8	5.6	113.9%	Increase due to recovery in demand
Construction	56.8	56.8	(0.0)	99.9%	
Business Services	51.9	53.1	1.1	102.1%	
Operating income	22.5	43.1	20.6	191.7%	
Transportation	4.3	19.1	14.8	438.2%	
Railway Business (non-consolidated)	5.0	19.5	14.4	387.8%	
Real Estate and Hotels	13.2	17.6	4.3	133.1%	
Real Estate Lease	11.6	12.7	1.0	109.2%	
Real Estate Sales	0.9	1.5	0.5	158.8%	
Hotel Business	0.6	3.4	2.7	515.9%	
Retail and Restaurant	1.0	2.8	1.7	266.3%	
Construction	1.0	1.2	0.1	115.6%	
Business Services	2.9	2.6	(0.3)	89.0%	
EBITDA	44.2	67.1	22.8	151.7%	
Transportation	12.2	27.9	15.7	229.0%	
Railway Business (non-consolidated)	12.6	28.0	15.3	220.9%	
Real Estate and Hotels	23.7	29.1	5.4	122.8%	
Real Estate Lease	20.4	22.3	1.9	109.4%	
Real Estate Sales	0.9	1.5	0.5	158.0%	
Hotel Business	2.3	5.3	2.9	223.8%	
Retail and Restaurant	2.0	3.7	1.7	186.6%	
Construction	1.8	1.9	0.1	106.9%	
Business Services	4.8	4.8	0.0	100.2%	

Non-consolidated Results for the First Nine Months of FY24.3

(¥bil)

	9 months ended December, 31 2022	9 months ended December, 31 2023	YoY		Major Factors
Operating revenue	140.1	161.1	21.0	115.0%	
Railway transportation revenues	88.7	108.5	19.8	122.3%	Moderate recovery in demand
Shinkansen	31.6	43.2	11.6	136.7%	
Conventional Lines	57.0	65.2	8.1	114.3%	
Other revenue	51.3	52.5	1.1	102.3%	
Operating expense	123.6	128.4	4.8	103.9%	
Personnel expense	30.1	31.7	1.5	105.3%	Increase in bonus
Non-personnel expense	71.0	72.4	1.3	102.0%	
Energy cost	7.8	7.9	0.1	101.7%	
Maintenance cost	18.2	18.5	0.3	101.8%	
Other	44.9	45.9	0.9	102.1%	
Taxes	9.1	9.3	0.1	102.1%	
Depreciation cost	13.2	14.9	1.6	112.4%	
Operating income	16.5	32.6	16.1	198.0%	
Non-operating income and expense	3.8	6.5	2.6	167.9%	
Ordinary income	20.3	39.2	18.8	192.3%	
Extraordinary gain and losses	2.8	6.9	4.1	245.9%	Increase due to a gain on the sale of Drug Eleven shares
Net income	20.7	38.2	17.5	184.8%	

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

(¥bil)

		9 months ended December, 31 2022	9 months ended December, 31 2023	YoY	
Railway business	Operating revenue	99.9	120.0	20.1	120.1%
	Operating income	5.0	19.5	14.4	387.8%
Related businesses	Operating revenue	40.1	41.0	0.8	102.2%
	Operating income	11.4	13.1	1.6	114.7%

II Full-Year Performance Forecasts and Dividend Forecasts for FY24.3

Consolidated Financial Forecast Highlights for FY24.3

(¥bil)

	Results FY23.3	Forecasts FY24.3	YoY	
Operating revenue	383.2	417.0	33.7	108.8%
Operating income	34.3	45.7	11.3	133.1%
Ordinary income	35.7	45.9	10.1	128.6%
Net income attributable to owners of the parent	31.1	40.7	9.5	130.6%
EBITDA	63.8	78.3	14.4	122.6%

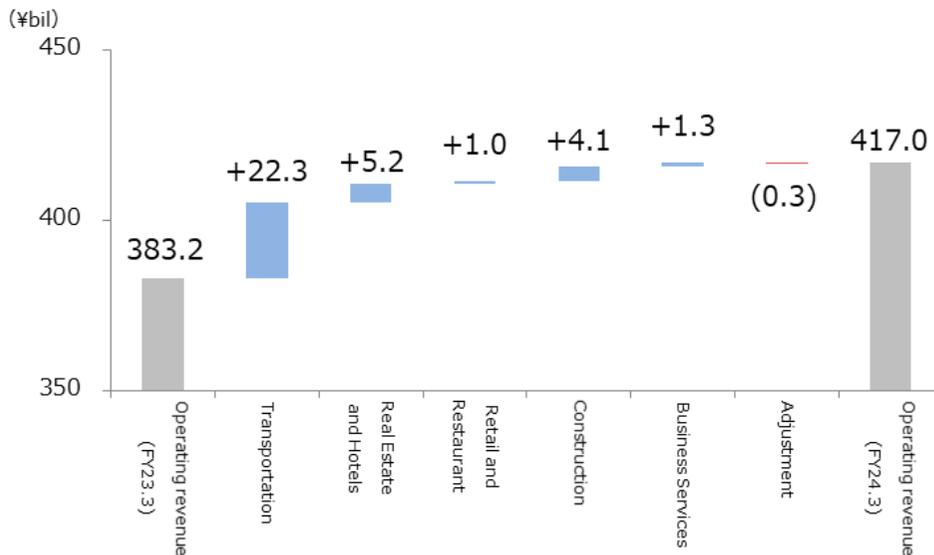
Operating revenue

Even though we expect a decrease in the sale of properties, we anticipate a rise in revenues owing to such factors as the gradual recovery of demand in each segment and the opening of the Nagasaki Station area development.

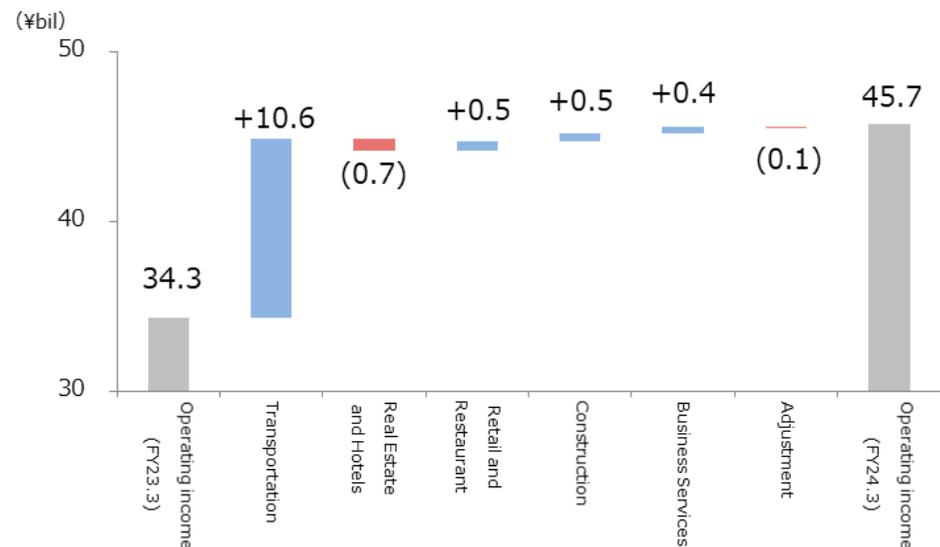
Operating income

We anticipate higher income, owing to increased operating revenues, despite rising energy costs in the railway business, expenses related to the opening of the Nagasaki Station area development, and other expenses.

Change in operating revenue by segment



Change in operating income by segment



Consolidated Financial Forecasts for FY24.3 (by Segment)

(¥bil)

	Results FY23.3	Forecasts FY24.3	YoY		Major factors
Operating revenue	383.2	417.0	33.7	108.8%	
Transportation	138.3	160.7	22.3	116.2%	Increase due to moderate recovery in demand
Railway Business (non-consolidated)	136.5	156.9	20.3	114.9%	
Real Estate and Hotels	123.1	128.4	5.2	104.3%	
Real Estate Lease	62.6	68.7	6.0	109.7%	Increase in revenues from leases due to moderate recovery in demand and opening of the New Nagasaki Station Building and other facilities
Real Estate Sales	43.5	38.7	(4.8)	88.8%	Decrease in the sale of properties
Hotel Business	16.9	21.0	4.0	124.2%	Increase due to moderate recovery in demand
Retail and Restaurant	54.7	55.8	1.0	101.9%	
Construction	88.3	92.5	4.1	104.7%	
Business Services	73.4	74.8	1.3	101.8%	
Operating income	34.3	45.7	11.3	133.1%	
Transportation	2.5	13.2	10.6	523.2%	
Railway Business (non-consolidated)	3.1	13.3	10.1	422.7%	
Real Estate and Hotels	22.1	21.4	(0.7)	96.8%	
Real Estate Lease	14.8	15.3	0.4	102.7%	
Real Estate Sales	6.2	5.1	(1.1)	81.6%	
Hotel Business	0.9	1.0	0.0	104.0%	
Retail and Restaurant	1.4	2.0	0.5	141.7%	
Construction	5.4	6.0	0.5	110.2%	
Business Services	3.4	3.9	0.4	111.9%	
EBITDA	63.8	78.3	14.4	122.6%	
Transportation	13.1	25.4	12.2	193.3%	
Railway Business (non-consolidated)	13.5	25.2	11.6	186.4%	
Real Estate and Hotels	36.2	37.4	1.1	103.1%	
Real Estate Lease	26.7	28.6	1.8	107.0%	
Real Estate Sales	6.2	5.1	(1.1)	81.3%	
Hotel Business	3.2	3.7	0.4	112.4%	
Retail and Restaurant	2.7	3.3	0.5	121.1%	
Construction	6.5	7.1	0.5	109.1%	
Business Services	6.2	6.3	0.0	100.9%	

Non-consolidated Financial Forecasts for FY24.3

(¥bil)

	Results FY23.3	Forecasts FY24.3	YoY		Major factors
Operating revenue	211.6	228.6	16.9	108.0%	
Railway transportation revenues	121.4	142.8	21.3	117.6%	Increase due to moderate recovery in demand
Shinkansen	44.0	53.9	9.8	122.4%	
Conventional Lines	77.4	88.9	11.4	114.9%	
Other revenue	90.1	85.8	(4.3)	95.2%	Decrease in the sale of properties
Operating expense	188.7	197.1	8.3	104.4%	
Personnel expense	40.3	41.0	0.6	101.6%	
Non-personnel expense	118.9	122.6	3.6	103.1%	
Energy cost	10.7	12.4	1.6	115.0%	Unit price increase due to soaring resource prices
Maintenance cost	30.4	32.5	2.0	106.7%	Increase due to lifting of emergency restraints
Other	77.6	77.7	0.0	100.0%	
Taxes	11.5	12.5	0.9	108.3%	
Depreciation cost	17.9	21.0	3.0	116.7%	
Operating income	22.8	31.5	8.6	138.1%	
Non-operating income and expense	4.3	5.4	1.0	124.5%	
Ordinary income	27.1	36.9	9.7	135.9%	
Extraordinary gain and losses	3.8	7.0	3.1	184.1%	Increase due to a gain on the transfer of Drug Eleven shares
Net income	25.4	36.8	11.3	144.8%	

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

(¥bil)

		Results FY23.3	Forecasts FY24.3	YoY	
Railway business	Operating revenue	136.5	156.9	20.3	114.9%
	Operating income	3.1	13.3	10.1	422.7%
Related businesses	Operating revenue	75.0	71.7	(3.3)	95.5%
	Operating income	19.6	18.2	(1.4)	92.5%

FY24.3 Dividend Forecasts

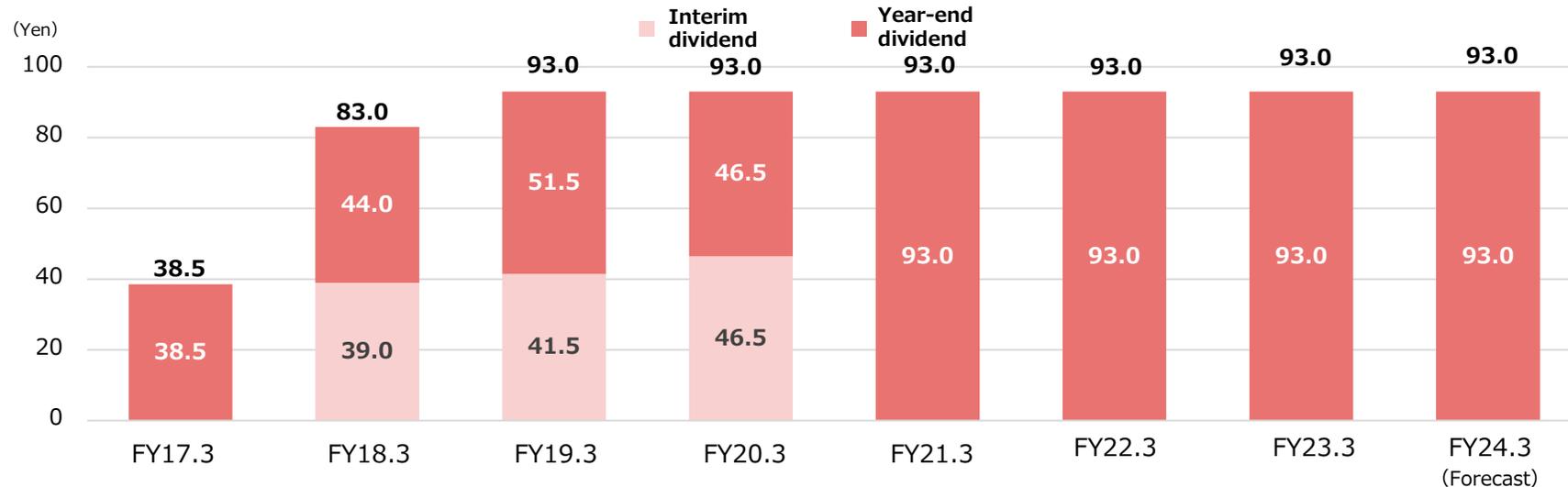
Shareholder return policy

- 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**.

FY24.3 dividend forecasts

- Taking the above-mentioned policy into consideration, **we forecast a FY24.3 dividend of ¥93.0 per share**.
- As in FY23.3, in FY24.3 we plan to award a single dividend at year-end (no interim dividend).

(Reference) Annual dividends per share



Dividend payout ratio	13.8%	26.3%	30.2%	46.9%	-	110.3%	46.9%	35.9%
Total payout ratio	13.8%	26.3%	30.2%	78.6%	-	110.3%	46.9%	35.9%

* Implementation of a share repurchase (¥10 billion)

III Status of Segments

Transportation Segment

- Overall, railway transportation revenues were at anticipated levels.

【Results】

	9 months ended		YoY	
	December, 31 2022	December, 31 2023		(¥bil)
Operating revenue	100.9	122.2	21.2	121.1%
Railway Business (non-consolidated)	99.9	120.0	20.1	120.1%
Railway transportation revenues	88.7	108.5	19.8	122.3%
Operating income	4.3	19.1	14.8	438.2%
Railway Business (non-consolidated)	5.0	19.5	14.4	387.8%
EBITDA	12.2	27.9	15.7	229.0%
Railway Business (non-consolidated)	12.6	28.0	15.3	220.9%

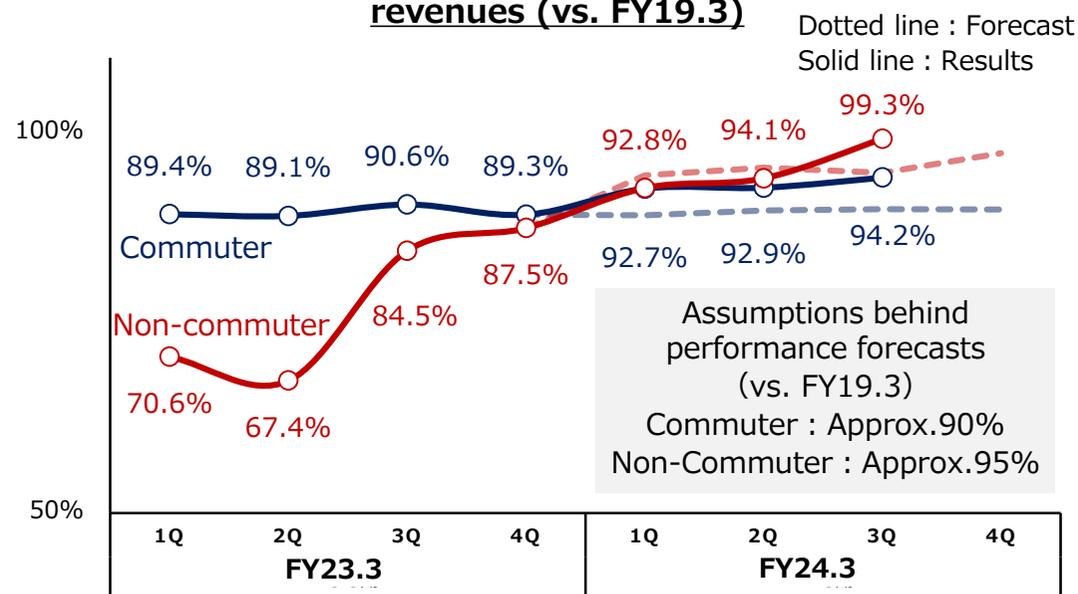
【Forecast】

	YoY			
	FY23.3 Results	FY24.3 Forecasts		
Operating revenue	138.3	160.7	22.3	116.2%
Railway Business (non-consolidated)	136.5	156.9	20.3	114.9%
Railway transportation revenues	121.4	142.8	21.3	117.6%
Operating income	2.5	13.2	10.6	523.2%
Railway Business (non-consolidated)	3.1	13.3	10.1	422.7%
EBITDA	13.1	25.4	12.2	193.3%
Railway Business (non-consolidated)	13.5	25.2	11.6	186.4%

Status of key businesses

- Railway transportation revenues were in line with overall expectations, with the rate of recovery rising for both commuter and non-commuter revenues.
 [Railway transportation revenues (vs. FY19.3)]
 Cumulative Q3 results: 95.0%
 Vs. full year expectations: 94.3%
- With regard to expenses in the railway business, energy costs were lower than expected. Maintenance costs were somewhat delayed, being shifted to Q4.
- In Q4, we expect maintenance costs to increase more than we assumed as we resume repairs that were postponed in the face of COVID-era emergency restraints. In addition, we expect to incur costs for operational improvements based on the content of the opinion exchange events between management and employees.

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

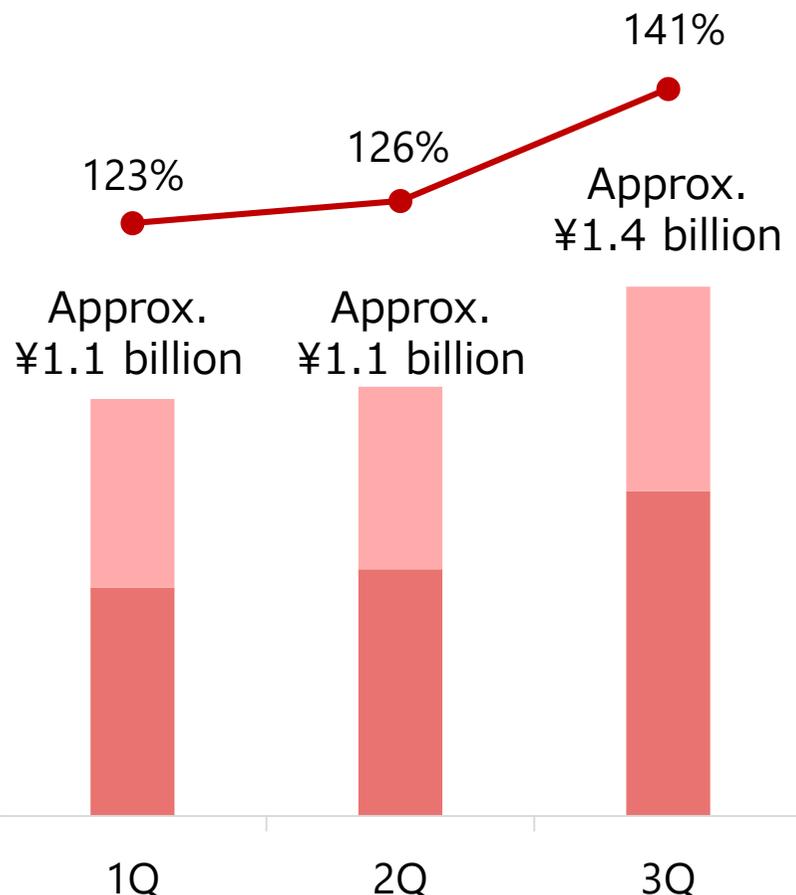


Status of Inbound Measures in the Railway Business

- In Q3, inbound revenue was higher than in Q2, partly owing to the effect of revised prices on JR-KYUSHU RAIL PASS.

Inbound revenue (approximate)

■ JR-KYUSHU RAIL PASS ■ Others ● Vs. FY19.3



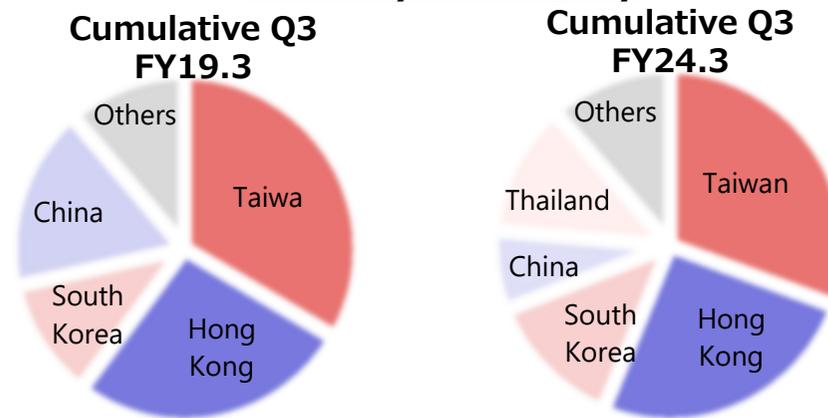
Percentage of railway transportation revenues	1Q	2Q	3Q
	Approx. 3.3%	Approx. 3.2%	Approx. 3.7%

Demand for JR-KYUSHU RAIL PASS

	Cumulative Q3 FY19.3	Cumulative Q3 FY24.3	
	Results	Results	Vs. FY19.3
Number of tickets sold	177,000	188,000	106%
Sales	¥1.69 billion	¥2.35 billion	139%
(Reference) Unit price*	¥8,500	~9.30 ¥10,000 10.1~ ¥12,000	118% 141%

*Amount for northern Kyushu (3 days)

Sales by nationality



Price change (3 days, northern Kyushu)



Railway Business (Transportation Data)

Railway transportation revenues

(¥bil)

	9 months ended December, 31 2022	9 months ended December, 31 2023	YoY		Major Factors
Total	88.7	108.5	19.8	122.3%	
Commuter pass	22.2	23.1	0.8	104.0%	
Non-commuter pass	66.4	85.3	18.9	128.5%	
Cargo	0.0	0.0	0.0	121.6%	
Shinkansen	31.6	43.2	11.6	136.7%	Gradual recovery in demand, opening of the Nishi-Kyushu Shinkansen
Commuter pass	2.0	2.2	0.2	110.3%	
Non-commuter pass	29.6	41.0	11.4	138.5%	
Conventional Lines	57.0	65.2	8.1	114.3%	Gradual recovery in demand
Commuter pass	20.2	20.9	0.6	103.3%	
Non-commuter pass	36.8	44.3	7.5	120.4%	

Passenger-kilometers

(Millions of passenger-kilometer)

	9 months ended December, 31 2022	9 months ended December, 31 2023	YoY	
Total	5,582	6,373	790	114.2%
Commuter pass	2,931	3,011	80	102.7%
Non-commuter pass	2,651	3,361	710	126.8%
Shinkansen	1,121	1,473	351	131.3%
Commuter pass	151	166	14	109.6%
Non-commuter pass	970	1,306	336	134.7%
Conventional Lines	4,460	4,900	439	109.8%
Commuter pass	2,779	2,845	65	102.4%
Non-commuter pass	1,681	2,054	373	122.2%

Real Estate and Hotels Segment: Real Estate Leasing Business

- Station building tenant sales were robust, buoyed mainly by JR Hakata City.
- The JR Nagasaki Station Building opened on November 10, 2023.

【Results】

	(¥bil)			
	9 months ended December, 31 2022	9 months ended December, 31 2023	YoY	
Operating revenue	46.2	51.2	4.9	110.7%
Operating income	11.6	12.7	1.0	109.2%
EBITDA	20.4	22.3	1.9	109.4%

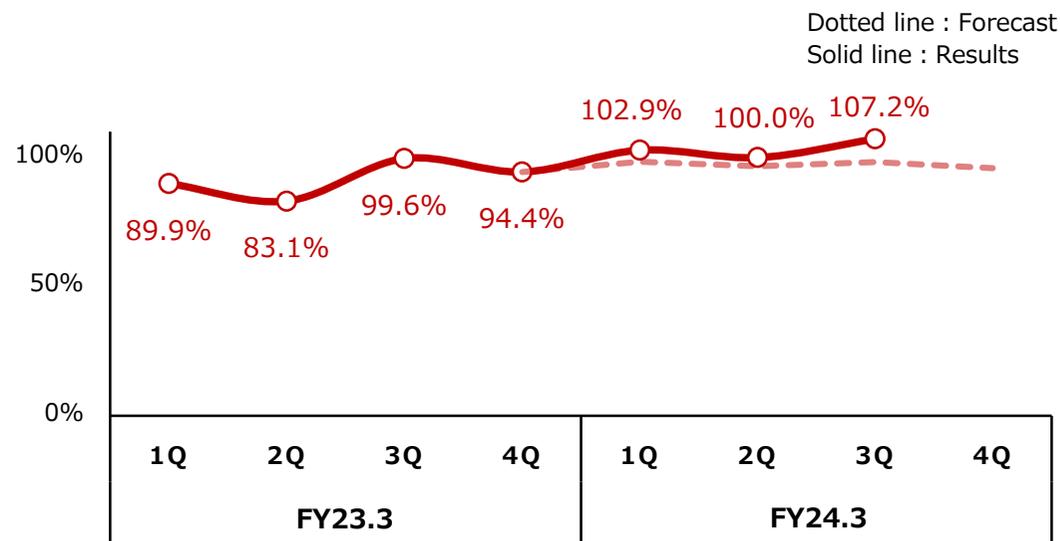
【Forecast】

	(¥bil)			
	FY23.3 Results	FY24.3 Forecasts	YoY	
	62.6	68.7	6.0	109.7%
	14.8	15.3	0.4	102.7%
	26.7	28.6	1.8	107.0%

Status of key businesses

- Station building tenant sales sustained a recovery trend, driven mainly by JR Hakata City.
- Vacancy rates for office buildings and rental apartments remained firm, with no major changes.
- Leasing of office buildings that have already opened or are scheduled to open this fiscal year is generally steady.
- JR Nagasaki Station Building opened on November 10, 2023, incurring opening costs in Q3.

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



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

Real Estate and Hotels Segment: Real Estate Sales Business

- Condominium sales were up year on year.
- Although we sold rental apartments to third parties in Q1 and Q3, sales of company properties were down, reflecting the sale of an office building to a third party in FY23.3.

【Results】

	(¥bil)			
	9 months ended December, 31 2022	9 months ended December, 31 2023	YoY	
Operating revenue	16.4	13.7	(2.7)	83.3%
Operating income	0.9	1.5	0.5	158.8%
EBITDA	0.9	1.5	0.5	158.0%

【Forecast】

	(¥bil)			
	FY23.3 Results	FY24.3 Forecasts	YoY	
Operating revenue	43.5	38.7	(4.8)	88.8%
Operating income	6.2	5.1	(1.1)	81.6%
EBITDA	6.2	5.1	(1.1)	81.3%

Status of key businesses

- We expect operating revenue from condominiums to rise slightly from FY23.3 levels. In 3Q, we plan to deliver the Company's first development property in Tokyo.
- With regard to the sale of company properties to third parties, we sold RJR Precia Shin-Yokohama in Q1 and RJR Precia Hakataeki-Minami in Q3. We expect to generate annual operating revenues of approximately ¥10.0 billion from the sales of properties to a private REIT and third parties. (FY23.3 result: Approx. ¥17.0 billion)



RJR Precia Shin-Yokohama

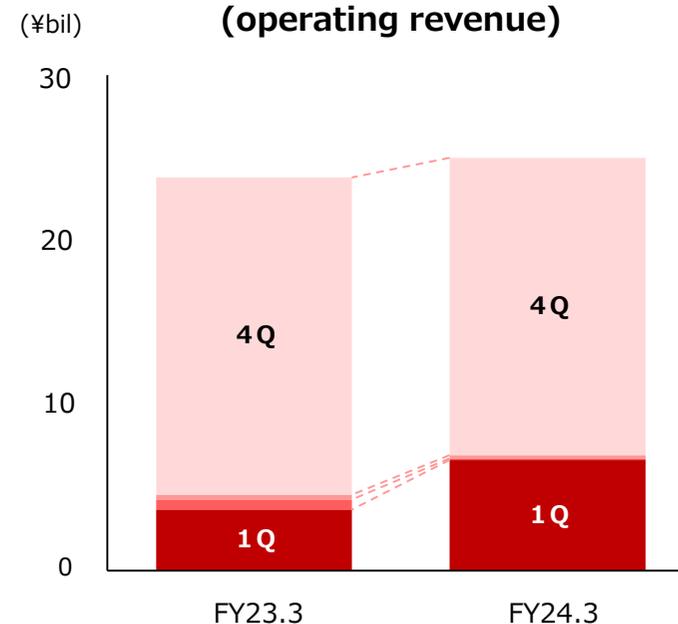
Acquisition date: October 2018
Location: Kohoku-ku, Yokohama
Structure: 10 floors above ground, one below
Construction date: May 2009
Units: 110



RJR Precia Hakataeki-Minami

Acquisition date: February 2019
Location: Hakata-ku, Fukuoka
Structure: 14 floors above ground
Construction date: February 2019
Units: 139

Condominium sales forecast (operating revenue)



Real Estate and Hotels Segment: Hotel Business

- Due to a further increase in accommodation demand, ADR reached the ¥20,000 level, and the occupancy rate rose from Q2.
- The percentage of inbound travelers rose from Q2 as a percentage of total room sales.

【Results】

	9 months ended		YoY	
	December, 31 2022	December, 31 2023		
Operating revenue	11.9	18.2	6.3	152.9%
Operating income	0.6	3.4	2.7	515.9%
EBITDA	2.3	5.3	2.9	223.8%

(¥bil)

【Forecast】

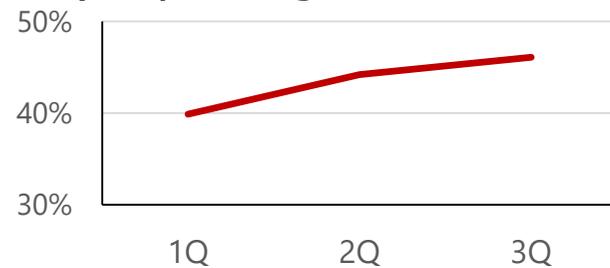
	FY24.3		YoY	
	FY23.3 Results	FY24.3 Forecasts		
Operating revenue	16.9	21.0	4.0	124.2%
Operating income	0.9	1.0	0.0	104.0%
EBITDA	3.2	3.7	0.4	112.4%

(¥bil)

Status of key businesses

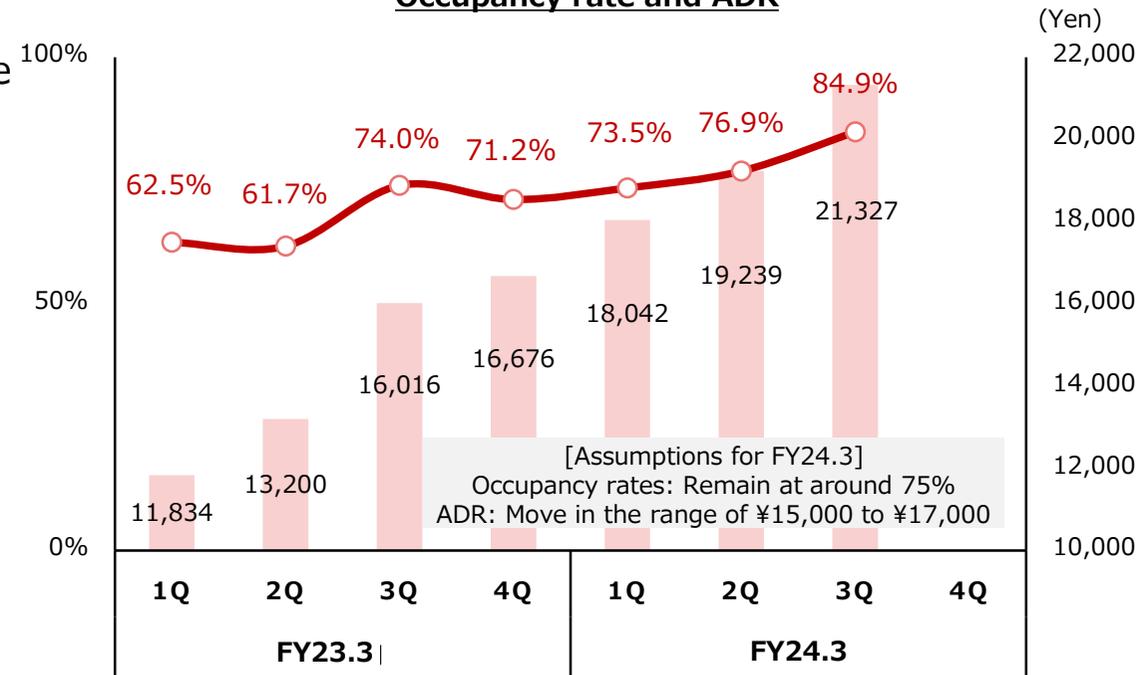
- Facilities with a high percentage of inbound travelers, centered on Tokyo and Fukuoka, drove up ADR. On the other hand, occupancy rates rose overall, including facilities with a high percentage of domestic travelers.

**Percentage of inbound travelers
(as a percentage of total room sales)**



- URESHINO YADOYA opened on October 1, 2023, and the Nagasaki Marriott Hotel opened on January 16, 2024, so we forecast opening expenses in Q3 and Q4.

Occupancy rate and ADR



Retail and Restaurant Segment

- Owing to a recovery in foot traffic, performance was favorable, both at retail stores and at food and beverage establishments.

【Results】

	9 months ended		YoY	
	December, 31 2022	December, 31 2023		
Operating revenue	40.2	45.8	5.6	113.9%
Operating income	1.0	2.8	1.7	266.3%
EBITDA	2.0	3.7	1.7	186.6%

(¥bil)

【Forecast】

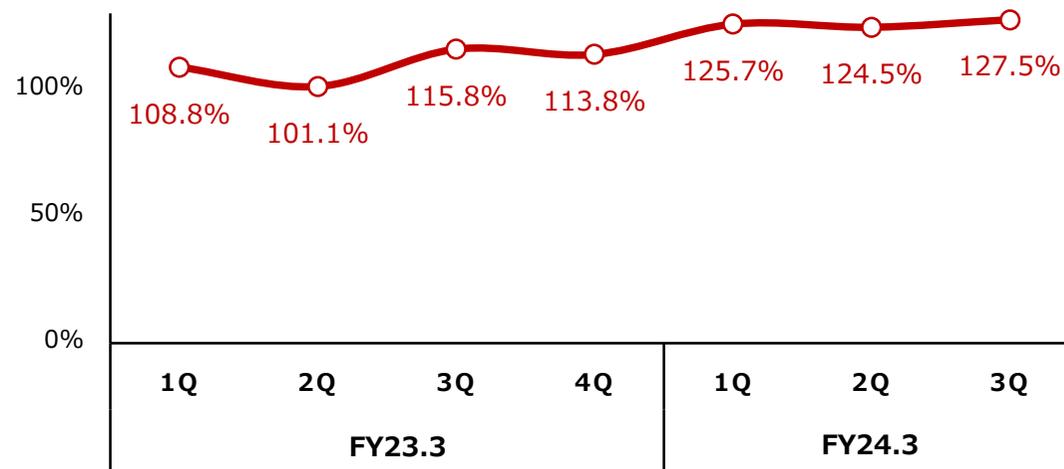
	FY24.3		YoY	
	FY23.3 Results	FY24.3 Forecasts		
Operating revenue	54.7	55.8	1.0	101.9%
Operating income	1.4	2.0	0.5	141.7%
EBITDA	2.7	3.3	0.5	121.1%

(¥bil)

Status of key businesses

- Existing store sales exceeded the previous year's levels, centered on major subsidiaries.
- Revenue increases in convenience stores and Japanese-style pubs owed mainly to an increase in the customer numbers, while those in fast food restaurants owed mainly to a rise in the average spend per customer.

Segment store sales (vs. FY19.3)



Note: Excludes DRUG ELEVEN (all shares held transferred in May 2023) and Train D'or (held shares transferred in May 2023); includes Manbou (made a subsidiary in December 2019) and Nurubon (business transferred in October 2021).

Construction Segment, Business Services Segment

Construction Segment

- The order backlog is building up, and we aim to win more orders and steadily progress on construction projects.

【Results】

	(¥bil)			
	9 months ended December, 31 2022	9 months ended December, 31 2023	YoY	
Operating revenue	56.8	56.8	(0.0)	99.9%
Operating income	1.0	1.2	0.1	115.6%
EBITDA	1.8	1.9	0.1	106.9%

【Forecast】

	(¥bil)			
	FY23.3 Results	FY24.3 Forecasts	YoY	
	88.3	92.5	4.1	104.7%
	5.4	6.0	0.5	110.2%
	6.5	7.1	0.5	109.1%

Business Services Segment

- Revenue rose due to increased deliveries of construction materials, but income fell due to lower sales of construction equipment.

【Results】

	(¥bil)			
	9 months ended December, 31 2022	9 months ended December, 31 2023	YoY	
Operating revenue	51.9	53.1	1.1	102.1%
Operating income	2.9	2.6	(0.3)	89.0%
EBITDA	4.8	4.8	0.0	100.2%

【Forecast】

	(¥bil)			
	FY23.3 Results	FY24.3 Forecasts	YoY	
	73.4	74.8	1.3	101.8%
	3.4	3.9	0.4	111.9%
	6.2	6.3	0.0	100.9%

IV Progress of the Medium-Term Business Plan

JR Kyushu Group Medium-Term Business Plan 2022-2024

Three key strategies of the medium-term business plan

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

Completing business structural reforms

Key strategy ①

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

Key strategies for the realization of the long-term vision

Key strategy ②

Creating a model for building cities that promote well-being

Key strategy ③

Developing businesses in new areas in which we can contribute

Developing human resources for the implementation and realization of strategies

Building foundations for advancing strategies on a Groupwide basis

2030 Long-Term Vision

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

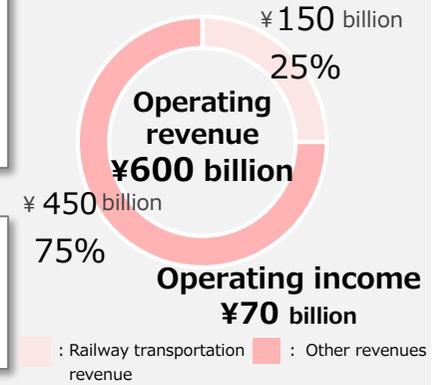
Policy ①

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

Policy ②

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

FY31.3 (numerical targets)



Numerical targets, etc. (FY25.3)

[Consolidated]

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

[By segment*]

(¥bil)

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

[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), ■ : 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.

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

Key Strategy ① Completing Business Structural Reforms : Railway Business Through The Future Railway Project

- Promoting operational efficiency by automating tasks and seamless mobile services.



Japan's first GOA2.5 self-driving trains

- We plan to commence operation of GOA 2.5 self-driving trains* on the Kashii Line in March 2024.

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

Note: GOA = Grade of Automation

- The system will be introduced on the Kashii Line between Saitozaki Station and Umi Station (25.4 km), and all trains operating on this section will be self-driving trains (including driver-operated trains).

[(Expected) results of deployment]

- Easing of driver shortages
- Reduction of crew training costs



Ticketless service using QR codes

- Of those tickets purchased online for travel within Kyushu, this service will be available for travel on major limited express trains departing from and arriving at Hakata Station and the Nishi-Kyushu Shinkansen service section.
- Service is scheduled to begin in the fall of 2024. (The service area will be expanded in fiscal 2025 and beyond).

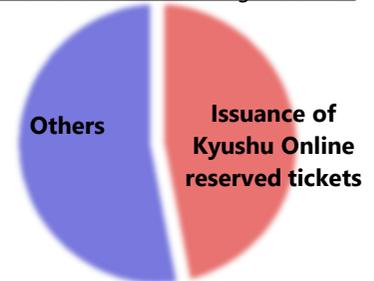
[(Expected) results of deployment]

- Increased customer convenience
- An easing of congestion at station ticket windows and reserved-seat ticket vending machines

(reducing the number of users of reserved-seat ticket vending machines by 25–30% at Hakata station)

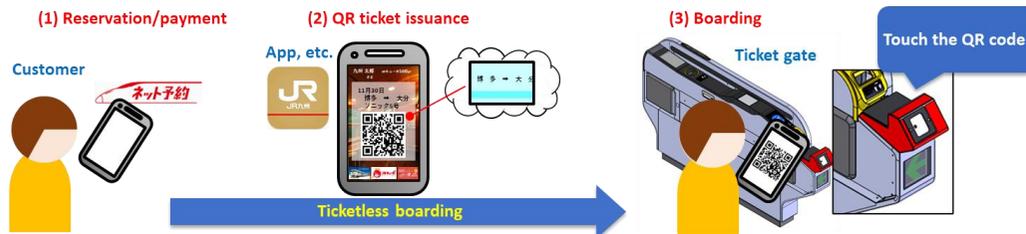
Note: When the ticketless service is launched, it will apply to about half of Internet-only tickets.

Usage purpose of Hakata Station reserved seat ticket vending machines



Note: Study conducted in July 2023

Service image



Key Strategy ② Creating a model for building cities that promote well-being : City-Building in the Western Kyushu Area

- The opening of the JR Nagasaki Station Building, a core of city-building in the Western Kyushu area is contributing to an increase in rail service.
- Usage of the Nishi-Kyushu Shinkansen continues to surpass the recovery trend of the Kyushu Shinkansen.

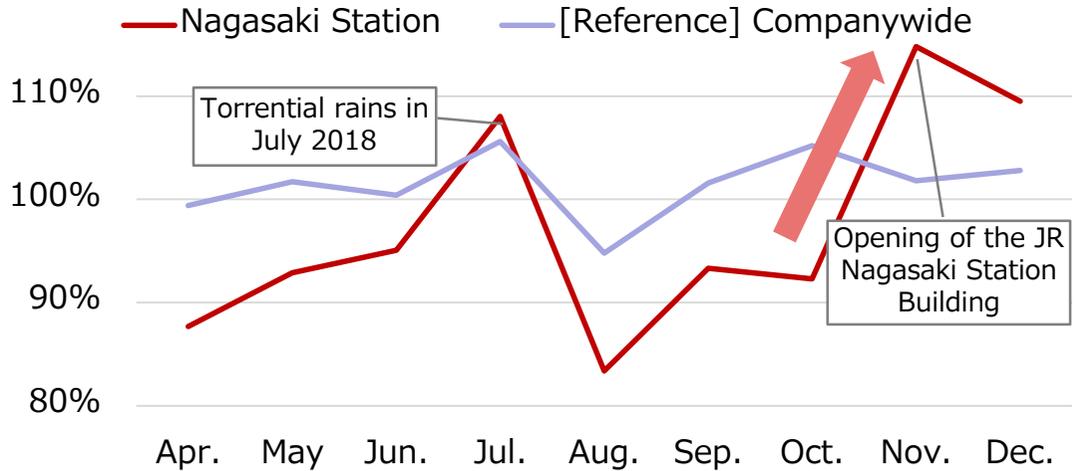
Opening of the JR Nagasaki Station Building



[Overview of increased area]

- Opening date: November 10, 2023
- Note: The Nagasaki Marriott Hotel opened on January 16, 2024.
- Floor space: Approx. 102,000m²
 - Commercial: Approx. 41,000m²
 - Office: Approx. 9,000m²
 - Hotel: Approx. 20,000m², 207 rooms
 - Parking lot: 900 vehicles

Short distance revenues generated in the Nagasaki Station vs. FY19.3*



Note: As Shinkansen revenues are aggregated as medium- to long-distance revenues regardless of distance, short-distance revenues at Nagasaki Station since the opening of the Nishi-Kyushu Shinkansen have tended to be lower vs. FY19.3 levels.

Visitors in the first month since opening

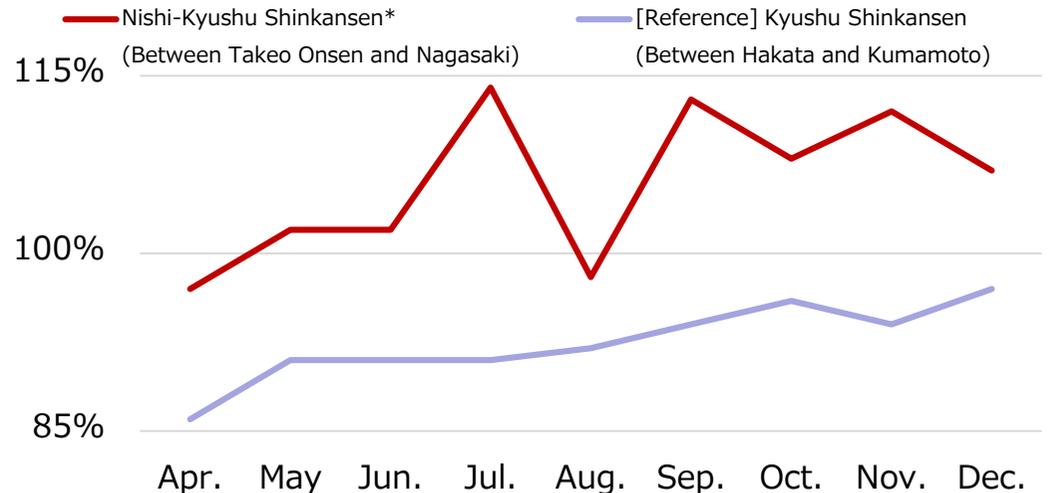
Approx. 2.56 million people
234% year on year

Office leasing status

Offers on approximately 90%



Number of people using the Nishi-Kyushu Shinkansen vs. FY19.3

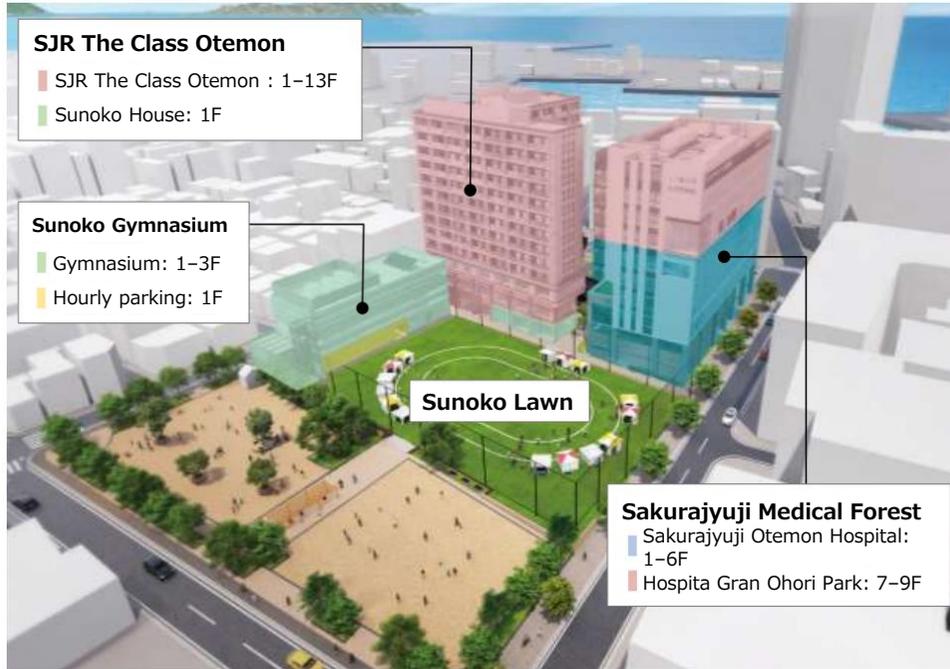


Note: Usage is in comparison with the Kamome express between Isahaya and Nagasaki on the same days.

Key Strategy ② Creating a model for building cities that promote well-being : City-Building in the Fukuoka Area

- In the Fukuoka area, we are promoting city-building in wide-ranging domains through the development and operation of residential fee-based nursing homes and outdoor experience-type complex facilities.

Project to utilize the former site of Sunoko elementary school (Risunoko Square)



Aburayama Shimin no Mori and other renewal projects



Scheme

Fukuoka City

Lease of entire land

Sakurajyuji Group
(Development and operation of Sakurajyuji Medical Forest)

Partial sublease of land

JR Kyushu Group
(Development and operation of SJR The Class Otemon)

[SJR The Class Otemon]

Type of facility: residential fee-based nursing home
Start of move-in: January 2024
Configuration: 13 floors above ground
Total rooms: 168



Scheme

Fukuoka City

- Partial lease of land and buildings
- Designated management of administrative facilities

JR Kyushu Group

- Designated management of administrative facilities
- Development and operation of facilities for private use (Basically, business entities including franchisees, some tenants)

Phase 1	[Opened in spring 2023] Store, restaurant, camping field, cafe, BBQ, shared farm
Phase 2	[Opened in fall/winter 2023] Shared office Forest adventure, botanical cafe
Phase 3	[Scheduled to open in spring 2024] Glamping facilities

Damage to the Hisatsu Line due to Heavy Rains in July 2020

- We participated in the JR Hisatsu Line Review Conference held by the Ministry of Land, Infrastructure, Transport and Tourism and Kumamoto Prefecture concerning policy for restoring the Hisatsu Line. The policy on restoration is being discussed carefully from various perspectives, including sustainability (factors such as recovery and maintenance costs, and forecasts for the usage of the line once service is restored).

JR Hisatsu Line review conference

- Purpose of the conference: To consider how to restore the Hisatsu Line, which was damaged by heavy rains, including the possibility of linking the line restoration with rivers, roads, and other public works, and what the Hisatsu Line should look like after restoration
- Attendees: Personnel from the Ministry of Land, Infrastructure, Transport and Tourism (MLIT); Kumamoto Prefecture; the Kyushu District Transport Bureau; the Kyushu Regional

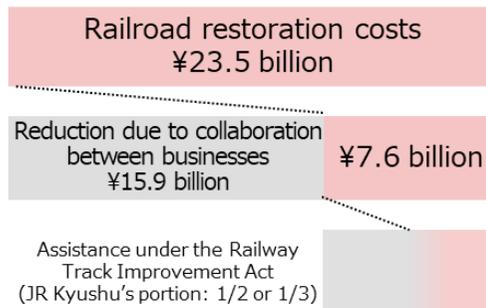
Development Bureau; and JR Kyushu

Main issues for discussion

Main Issues for Discussion

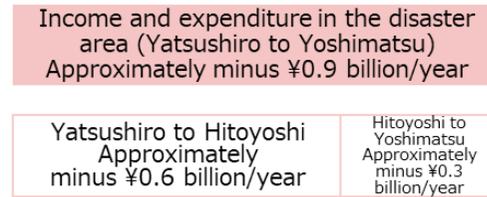
- (1) Restoration method: Undecided (Kumamoto Prefecture prefers to restore by rail based on the assumption of a separate in-out system)
- (2) Restoration cost: Total of ¥23.5 billion

(1) Restoration costs



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

(2) Post-restoration sustainability



Note: Income and expenditure are as of FY20.3, before the disaster



Halted line segments	Hisatsu Line: Yatsushiro to Yoshimatsu
Distance	86.8 km
Main damage	Washed-out bridges, sediment and embankment inflows, etc.
Restoration period	Undetermined

Kumamoto Prefecture's draft reconstruction policy for the JR Hisatsu Line (December 2023)

- The basic policy for the section of the JR Hisatsu Line between Yatsushiro and Hitoyoshi, if it is to be restored by rail.
- The Hisatsu Line is positioned as an important sightseeing route, and measures for its utilization with a focus on the promotion of sightseeing are summarized.

Forward-Looking Statements

These materials contain forward-looking statements concerning business forecasts, targets, etc. of the JR Kyushu Group.

These statements are judgments made by the Company based on information, projections, and assumptions available at the time of the materials' creation. Accordingly, please be advised that actual operating results could greatly differ from the contents of the materials due to the influence of COVID-19; changes in people's values and lifestyles; the economic situation inside and outside Japan and the economic situation in Kyushu; real estate market conditions; the progress of respective projects; changes in laws and regulations; and a wide range of other risk factors.

IR materials can be viewed on our corporate website:

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