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Establishing the Nishitetsu Group 17th Medium-term Management Plan

Nishi-Nippon Railroad Co., Ltd. hereby announces that its Board of Directors, at a meeting held today, has established the “Nishitetsu Group 17th Medium-term Management Plan” (the “Plan”), covering the three-year period from FY2026 to FY2028, as detailed in the attachment.

The Plan is the second step towards realizing its long-term vision, “NNR Group CYD Vision 2035,” announced in November 2022.

In developing the Plan, we have also updated the quantitative and qualitative targets that we aim to achieve in 2035 under our long-term vision, based on the results achieved under the 16th Medium-term Management Plan and changes in the business environment, and have made additional revisions, including a review of our business strategy to capture the growth opportunities necessary to achieve these targets.

By completing the Plan and making steady progress toward the realization of our long-term vision, we will meet the expectations of all stakeholders through sustainable enhancement of corporate value.

Entering a New Stage of Growth through “Business Model Transformation” and “Leveraging Our Strengths to Capture Growth Opportunities”

In November 2022, the Nishitetsu Group formulated its long-term vision, “NNR Group CYD Vision 2035,” using a backcasting approach to define its aspirations for 2035, set quantitative and qualitative targets, and outline how they will be achieved.

The core of the business strategies for our major segments under this long-term vision is a strategic narrative of business model transformation. This narrative focuses on expanding our solutions business, leveraging group synergies, co-creating with partners, and promoting AX and other initiatives to enhance our competitive advantage by improving customer experience value through user-friendly services. At the same time, we aim to enter growth markets while enhancing human capital and optimizing our organizational structure. Based on this, we have been implementing the 16th Medium-term Management Plan as the first step towards realizing our long-term vision since FY2023, steadily accumulating results over the past three years.

The 17th Medium-term Management Plan is a three-year action plan starting in FY2026. Based on the results of the 16th Medium-term Management Plan and changes in the business environment, it updates the quantitative and qualitative targets to be achieved by 2035 under the long-term vision. We have also reviewed our business strategies from the perspective of acquiring the growth opportunities necessary to achieve these targets.

Specifically, we will leverage what we recognize as the Nishitetsu Group’s strengths: customer touchpoints across a wide range of businesses in areas along railway lines and bus routes, our track record and expertise in public transportation operations and community development, and the trusted brand strength built upon these. We have positioned three strategic narratives for acquiring growth opportunities as core elements of the business strategies under the long-term vision, alongside the strategic narrative of business model transformation. These are “**promoting and deepening community development along our routes,**” “**expanding community development solutions outside our region,**” and “**expanding business in the industrial support sector.**” This plan has been formulated based on these elements.

The 17th Medium-term Management Plan is the second step towards realizing the long-term vision “NNR Group CYD Vision 2035.” By leveraging our talent, expertise, and brand, we aim to successfully execute this plan, enter a new stage of growth, achieve sustainable growth in corporate value, and meet the expectations of our stakeholders.



Business strategies for the “CYD Vision 2035”

Theme for the 17th Medium-term Management Plan

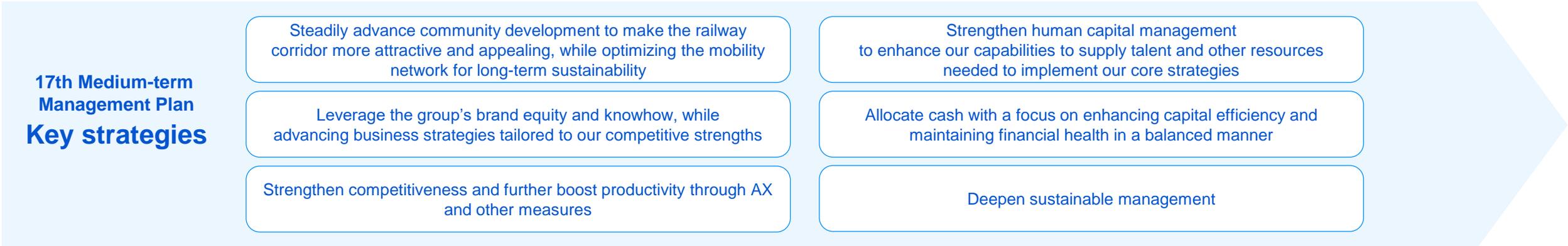
Narrative for business model transformation

Advance our management and drive productivity innovation by promoting solutions, leveraging group synergies, co-creating with partners, and transforming business models through AX, etc.

Narrative for securing growth opportunities

1. To revitalize local communities and enhance sustainability, cultivate demand from residents, tourists, and inbound visitors along the railway corridor by promoting and deepening community development efforts
2. Roll out railway corridor development solutions both domestically and internationally, and reinvest the resulting revenue and new expertise back into development initiatives and industry support
3. Leverage brand equity to promote industrial cluster development along the railway corridor/across Kyushu and expand business in the industrial support sector; tailor approaches to each business segment’s characteristics and competitive strengths, and roll out operations nationwide and abroad

A new stage of growth opened up through people, knowhow, and brand equity



FY2028 Financial indicators

Profitability	Consolidated business profit	40.0 bn yen
	Consolidated EBITDA	70.0 bn yen
Capital efficiency	ROE	Approx. 9%
Financial health	Net interest-bearing debt to EBITDA ratio	Approx. 6x
	D/E ratio	Approx. 1.4 times

Shareholder return policy (FY2026–FY2028)

Consolidated dividend payout ratio
30% or higher
 Distribute dividends in line with profit growth and carry out share buybacks flexibly with an emphasis on stable shareholder returns

01 Steadily advance community development to make the railway corridor more attractive and appealing, while optimizing the mobility network for long-term sustainability

Maximize the investment return of ONE FUKUOKA BLDG. as a “creation junction” and promote community development by mobilizing all available business resources for major projects in downtown and east Fukuoka

Translate the cultural appeal and experiential value of the areas along the bus and railway corridors into tourism spending, and promote local community development

Continue implementing various sustainability measures, including the construction of next-generation mobility networks

02 Leverage the group’s brand equity and knowhow, while advancing business strategies tailored to our competitive strengths

Leverage our brand equity, deepen group business revenue opportunities centered on Fukuoka and Kyushu, and strengthen industrial cluster development services

Deploy mobility, community development, and other business solutions focused on profitability and capital efficiency outside our service areas

Expand the operations of the international logistics and other businesses with a strong presence in their respective industries (through M&A, etc.)

03 Strengthen competitiveness and further boost productivity through AX and other measures

Maximize customer value by actively utilizing state-of-the-art technologies, including generative AI and robotics, for commercial purposes

Optimize administrative costs (SG&A expenses)

Boost operational efficiency by promptly verifying and implementing measures through active experimentation, etc.

04 Strengthen human capital management to enhance our capabilities to supply talent and other resources needed to implement our core strategies

Advance succession planning for group senior management (development plans for successors)

Strategically allocate human resources in line with business portfolio management

Maximize employee and organizational performance to ensure business sustainability while creating value beyond traditional frameworks

05 Allocate cash with a focus on enhancing capital efficiency and maintaining financial health in a balanced manner

Further enhance profitability and optimize invested capital to improve capital efficiency

Appropriately allocate funds generated through advancing business portfolio management, disciplined balance sheet management, and similar management toward capital investments, strategic investments, and shareholder returns

Distribute dividends in line with profit growth and deliver stable shareholder returns through flexible share buybacks

06 Deepen sustainable management

Pursue safety and security

Strengthen carbon neutrality initiatives (promote energy-saving, switch fuels, utilize renewable energy, etc.)

Enhance disclosure of non-financial information, establish appropriate non-financial metrics, and promote initiatives in line with material issues