

May 15, 2026

Press Release

Name of company: Kintetsu Group Holdings Co.,Ltd.
Representative: Takashi Wakai,
Representative Director and President
Code No.: 9041
Listing exchange: Tokyo Stock Exchange (Prime Market)
Contact: Kazuhiro Nose, General Manager of
Corporate Strategy Div. - Corporate
Strategy and Planning Headquarters
Telephone: +81-6-6775-3478

Updates to Kintetsu Group Medium-Term Management Plan 2028

Kintetsu Group Holdings Co.,Ltd. (the “Company”) hereby announces that it has partially revised the Kintetsu Group Medium-Term Management Plan 2028, which was disclosed on March 25, 2025, and that at the Board of Directors meeting held today, these revisions as the “Updates to the Kintetsu Group Medium-Term Management Plan 2028” were resolved.

1. Background to and reasons for the updates

Due to the emergence of a variety of risk factors, the future business environment surrounding the Kintetsu Group is expected to remain uncertain. Furthermore, there are concerns around business constraints resulting from developments such as Japan’s declining population, a declining birthrate and an aging population, labor shortages, and further rising prices and interest rates.

To appropriately respond to such a business environment and maintain our status as a trusted and chosen corporate group by a broad range of stakeholders now and into the future, the Kintetsu Group set out the target direction to which we aspire, based on which we framed our ideal vision for next 10 years in the Long-Term Vision 2035. In March 2025, we developed the Medium-Term Management Plan 2028, defining goals and initiatives using a back-casting approach.

The Medium-Term Management Plan 2028 includes six priority strategies that we are committed to pursuing. These include strengthening the brand value of Ise-Shima area and expanding the incorporation of inbound demand. The plan also incorporates five initiatives to strengthen infrastructure shared across the Group, such as human capital. This approach aims to deepen and revitalize value along railway lines, as well as to deepen and expand business away from railway lines and globally. Additionally, by introducing return on invested capital (ROIC) as a management indicator, we manage operations with a much stronger focus on cost of capital. Through these initiatives, we have established a policy of

achieving both business growth and financial soundness while practicing “building a new foundation” and “steady growth.”

We achieved our initial profit targets in FY2025, the first year of the plan. However, the ROIC–WACC spread has narrowed, due primarily to a temporary increase in interest-bearing debt, resulting mainly from the construction of railway/general rolling stock for replacement and the acquisition of rental properties in the Tokyo metropolitan area, as well as a rise in the weighted average cost of capital (WACC) caused by higher-than-expected interest rates. The ROIC–WACC spread is one of the factors that affect stock prices. Partly due to the above, the Company’s stock price has remained relatively low compared to the overall market and the railway industry, and is not being adequately valued by the capital markets.

We have reaffirmed that our strengths and earning power stem from the Kintetsu Group’s businesses collaborating organically, both along and away from railway lines, and generating conglomerate premiums that exceed the sum of their individual businesses. We have also concluded that, in order to sustainably leverage the Group’s strengths, it is essential to properly allocate management resources while focusing on cost of capital.

With these insights in mind, we have revised (updated) the Group’s Medium-Term Management Plan 2028. We will further accelerate the selection and concentration of our businesses and assets, actively pursue reforms to our invested capital (balance sheet), and more clearly demonstrate our commitment to optimizing our business portfolio, thereby aiming to improve the ROIC-WACC spread while further strengthening our core earning power and enhancing corporate value.

In addition, we will work to strengthen our corporate governance system, which is a crucial foundation of management. As part of this initiative, the Company plans to transition to a company with an Audit and Supervisory Committee, subject to approval at the 115th Ordinary General Meeting of Shareholders scheduled for June 19, 2026. Through this, we will strengthen the supervisory functions of the Board of Directors and ensure swift and responsive execution of operations, thereby driving sustainable value creation and further growth.

2. Main details of the Updates to the Kintetsu Group Medium-Term Management Plan 2028
 - (1) Revising the model for Group management, practicing selection and concentration, and enhancing the effectiveness of ROIC management
 - 1) Again, we revise the model for Group management to increase the effectiveness of the return on invested capital (ROIC) – cost of capital (WACC) approach
 - Strive to redirect the consolidated Group management model as we reiterate our awareness of the shift to an inflationary, higher-interest-rate business environment after many years of deflation and low interest rates
 - Shift from profit (P/L-based) management to balance sheet (B/S-focused) management
 - 2) Strengthen holding company functions, reform invested capital (B/S) by selection and concentration
 - Swiftly recover invested capital through invested capital (B/S) reform with a sense of urgency

- Establish and execute investment discipline focused on cost of capital and viability evaluation of Group companies from the shareholders' perspective
- 3) Improving the effectiveness of ROIC management
- Use returns on businesses and assets to thoroughly evaluate viability, and promote rotation and allocation of businesses and assets
 - Manage B/S through cash generation via development using external capital, swiftly recovering invested capital, etc.
 - Investment decisions based on cost of capital and thorough use of monitoring to manage projects
 - With nothing off-limits, consider revising business portfolio, liquidating assets, etc.
 - In each segment, promote business management focused on business-specific cost of capital, and create profits/EBITDA and execute investments (strengthen earning power)
 - Implementing ROIC management will expand the ROIC–WACC spread throughout the Group
- (2) Invested capital (B/S) reform and capital allocation
- 1) Through the consideration and execution of selection and concentration to revise the business portfolio and liquidate assets, with nothing off-limits, to improve capital efficiency and generate cash inflows
- Revise the projections of cash inflows generated from the balance sheet during the medium-term management plan period (FY2025–FY2028) from “approximately 140.0 billion yen” to “280.0 billion yen or more”
- 2) Accelerate reduction of interest-bearing debt in response to the rapid rise in interest rates
- Revise the planned net interest-bearing debt balance for FY2028 (the final fiscal year of the medium-term management plan) from “Curbed to levels below 1 trillion yen” to “Curbed to approx. 900.0 billion yen”
 - Revise the planned shareholder returns in the medium-term management plan from “60.0–70.0 billion yen” to “80.0 billion yen or more”
- (3) New management indicators and shareholder return targets under the Medium-Term Management Plan 2028
- 1) Qualitatively improve B/S and generate cash flows in each business to accelerate the reduction of interest-bearing debt and make progress on reducing financial risks as a priority issue
- 2) Recall the rising cost of capital and accelerate the plan for FY2028 ROIC by changing the target of “WACC +1% or more” from an FY2035 target to an FY2028 plan
- 3) Basic policy for shareholder return
- Raise the minimum dividend on equity (DOE) from 2.0% to 2.5%, introduce a progressive dividend policy for stable dividends, and return profits to shareholders in line with medium- and long-term growth, not limited to single-year fluctuations in profit

- In terms of distributing dividends, take the dividend payout ratio into account and diversify shareholder returns while ensuring the achievement of the medium-term management plan.

4) New target management indicators

Consolidated indicators		FY2025 results	FY2028 plan (disclosed in March 2025)	FY2028 plan (updated)
Operating profit		89.4 billion yen	100.0 billion yen or more	100.0 billion yen or more
Net interest-bearing debt		1.0758 trillion yen	Curbed to levels below 1 trillion yen	Curbed to approx. 900.0 billion yen
ROE		9.3%	Further improvement	Maintain at least 8%
ROIC		4.2%	4.5% or more	WACC +1% or more
Equity ratio		23.6%	25% or more	Approx. 30%
Net interest-bearing debt/EBITDA ratio		6.8 times	Approx. 6.0 times	Approx. 6.0 times
Shareholder return	DOE	(Note) 2.6%	See 3) above	See 3) above
	Dividend payout ratio	(Note) 21.2%		
External rating		(R&I) BBB+ (positive) (JCR) A- (Stable)		(Target) A or higher

Notes: The value assuming the dividend of surplus (30 yen per common share) is approved at the General Meeting of Shareholders scheduled for June 2026

- * Net interest-bearing debt = Interest-bearing debt (Borrowings + Bonds payable) + Lease obligations (excluding amount recorded under IFRS 16) - Cash and deposits
- * ROE = Profit attributable to owners of parent / Equity
- * ROIC = Operating profit after tax (Operating profit × (1 - Effective tax rate)) / (Net interest-bearing debt + Shareholders' equity)
- * EBITDA = Operating profit + Depreciation (excluding amount recorded under IFRS 16) + Amortization of goodwill
- * The values for each indicator exclude the impact of the new lease accounting standards that should go into effect from FY2027

3. Other

There have been no changes to the “Target Direction of the Kintetsu Group” and the “Kintetsu Group Long-Term Vision 2035 (Ideal Vision for 10 Years Hence),” which were announced in March 2025.

The forward-looking statements regarding business plans and other matters contained in this material are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual results may differ materially from these statements due to various factors. If the Company determines that changes in external conditions will have a material impact on its business plans or other matters, it will promptly make a public announcement.

End

(Reference)

Please see below for the presentation materials regarding the “Updates to Kintetsu Group Medium-Term Management Plan 2028.”

(URL) <https://www.kintetsu-g-hd.co.jp/ir/plan/> (in Japanese)