

(Translation)

July 31, 2020

West Japan Railway Company

**FY 3/21 1Q Financial Results Briefing**  
**Summary of Question and Answer Session**

**Q1**

What were the transportation revenues for the Sanyo Shinkansen and the Hokuriku Shinkansen?

**A1**

For the three-month period, revenues on the Sanyo Shinkansen decreased by ¥83.6 billion, to ¥21.0 billion, while revenues on the Hokuriku Shinkansen were down by ¥8.8 billion, to ¥1.5 billion. Looking at major factors for the decrease on the Sanyo Shinkansen, the decline in domestic passengers due to the influence of the coronavirus had a negative effect of ¥76.2 billion, inbound had a negative effect of ¥4.1 billion, and a rebound from the 10-day Golden Week holiday period had a negative effect of ¥3.0 billion. Looking at major factors for the decrease on the Hokuriku Shinkansen, the decline in domestic passengers due to the influence of the coronavirus had a negative effect of ¥8.0 billion, inbound had a negative effect of ¥0.4 billion, and a rebound from the 10-day Golden Week holiday period had a negative effect of ¥0.3 billion.

**Q2**

Would you discuss the current status of fund-raising and the Company's approach to fund-raising in the future?

**A2**

In regard to fund-raising, first, we will raise large amounts of funds at an early stage, fundamentally long-term funds. In regard to long-term funds, in the first quarter, we issued ¥190.0 billion in bonds, and in addition in July we registered a ¥300.0 billion bond issuance framework. In regard to short-term funds, we issued commercial paper, and in addition we added ¥300.0 billion to our commitment line financing framework. At this point, we believe that we have secured sufficient funds, and going forward will act flexibly in line with funding demand.

### Q3

Would you discuss the Company's approach to setting fares by time slot, and the status of the Company's consideration of these types of initiatives?

### A3

In regard to fares, approval to change the upper limit is necessary under the price-cap method under the total-cost method. Accordingly, with the current framework, raising or lowering fares is not something that is simple to do. Going forward, we will consider a variety of factors, while consulting with other companies, etc., in regard to what type of framework would facilitate raising or lowering fares. In considering these factors, we will study not only time slots but also other issues, including, for example, the best approach to fares in busy periods, such as the Bon holidays in the summer and the year-end/New Year's period, as well as the off season.

### Q4

In regard to cost reductions during this year and over the medium to long term, would you discuss the scale, details, and scheduling?

### A4

In the first quarter, we reduced costs by ¥10.0 billion on a consolidated basis. In FY2021.3, for non-urgent expenses for on a non-consolidated basis and for Group companies, such as miscellaneous costs and maintenance costs not related to safety, we will implement expense reductions of ¥30.0 billion on a non-consolidated basis and ¥20.0 billion for Group companies. Moving forward, we will strive to further increase the amount of these reductions. On the other hand, in regard to reductions of fixed expenses over the medium to long term, the details and timing are varied. For example, moving the last train to an earlier time, which are aiming to implement from next spring, will lead to efficient operational administration, and we want to produce results from this measure as rapidly as possible. However, there are also initiatives that will require a medium to long term time frame. In addition, from the perspective of increasing productivity, which we are aiming to implement on a full-scale from the current medium-term management plan, we are already advancing initiatives. For example, these include introduction of "Plus" green ticket vending machines and transitioning to one-person operation of trains. Moving forward, we will continue to steadily disclose the details of initiatives that will lead to reductions in fixed expenses.

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