

(Translation)

August 1, 2023

West Japan Railway Company

FY 3/24 1Q Financial Results Briefing, Summary of Question and Answer Session

Inbound

Q1

I understand that inbound revenue is exceeding expectations. Can you elaborate on the state of inbound demand in each segment? Furthermore, is the anticipated revenue increase from the price hike for the Japan Rail Pass factored into the full-year forecast?

A1

Transportation revenue from inbound tourists was ¥8.3 billion. Sales to inbound tourists in hotels, department stores, etc., amounted to about ¥5 billion, or approximately ¥13 billion in total for the Group. Both the hotel and department store businesses are seeing usage return to pre-pandemic levels. We forecast annual transportation revenue from inbound tourists will be around ¥20 billion, including an expected increase from the price hikes associated with changes to the Japan Rail Pass as a product. Current usage by inbound tourists is surpassing our expectations, and we will work to achieve even higher growth in revenue than we initially projected.

Mobility Business

Q2

The transportation revenue reported in the financial filings is higher than the monthly disclosed revenue for comparisons to pre-pandemic levels. What is the reason for this?

A2

The monthly disclosed revenue is a preliminary announcement of ticket sales made within our jurisdiction. In contrast, the transportation revenue shown in the financial filings includes sales of tickets at other companies. Given that departures and arrivals in the Tokyo metropolitan area are higher than those in outlying regions, sales of tickets for use within our jurisdiction in the Tokyo metropolitan area have contributed to pushing up the transportation revenue reported in the financial filings.

Q3

How do you perceive current trends in transportation revenue, differentiating between business and leisure travel?

A3

Shinkansen revenue has remained brisk as tourist demand recovers with weekend usage still higher than weekdays when compared to pre-pandemic levels. However, weekday usage is also back on the rise, narrowing the gap. In the Kansai urban area, while commuter ticket sales are just below 90% of the pre-pandemic level, travel demand is recovering overall, with total usage in the Kansai urban area slightly exceeding 90% of the pre-pandemic level.

Q4

What progress has been made on parent operating expenses?

A4

While personnel costs appear higher due to an increase in bonuses and investments in human capital, we expect these expenses to settle back down to levels in our earnings estimates, owing in part to changes in personnel. Energy costs have increased due to higher resource prices than in the first quarter of the previous fiscal year, but such costs have stabilized around a lower level than expected. Maintenance costs and miscellaneous costs might seem on the low side, but since such expenses tend to concentrate in the second half of the fiscal year, we see them in line with the full-year plan.

Travel and Regional Solutions Business

Q5

The travel and regional solutions business is steadily recovering. How are tourism and solutions doing? Although JR-West seems to be trending above full-year targets, is it enough to warrant revisions to earnings guidance?

A5

The first quarter for the travel and regional solutions business covers January to March, during which we continued to secure orders for vaccine administration-related businesses. While the majority of operating income in this segment comes from the solutions business, we are seeing a gradual recovery in the tourism business as well. The stronger-than-expected uptake in tourism contributed to overall

profit growth. We have not changed our full-year forecasts for the Group, partly because the outlook is unclear due to changes in vaccination-related business conditions as a result of the reclassification of COVID-19.

End