

(Translation)

January 31, 2024

West Japan Railway Company

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

Results and Earnings Forecasts

Q1

Growth in transportation revenue is stronger than growth in railway usage. Does this mean that fare hikes have taken hold, including revisions to various discounts?

A1

Growth in transportation revenue has outpaced that in passenger kilometers, thanks to contributions from initiatives aimed at raising unit prices. Specifically, for the Sanyo Shinkansen, such initiatives include revising the reserved seat charges for the Nozomi and Mizuho express trains, as well as changing EX product prices to align with services improvements. Although the Japan Rail Pass underwent a price revision in October, we believe a certain amount of usage was at the former price for the Japan Rail Pass during the third quarter. With the price increase, there is a possibility that customers will use regular tickets instead of the Japan Rail Pass, and we intend to thoroughly analyze this in the fourth quarter before presenting our findings.

Q2

The outlook for the fourth quarter seems conservative in light of third quarter results. Do the revisions take into account the impact from the Noto Peninsula earthquake?

A2

Recent usage has been partially affected by the Noto Peninsula Earthquake, staying around 80% of the pre-pandemic level on the Hokuriku Shinkansen and about 70% on the Thunderbird and Shirasagi express trains, lower than in December. The Sanyo Shinkansen has also shown a weakening trend in usage since January. The revisions to our earnings forecasts reflect the overshoot in transportation revenue in the third quarter, and also assume recent usage will persist in the fourth quarter.

Other than the mobility segment, sales of goods and food services and the shopping center business were strong. We expect this trend to continue. For the fourth quarter, our forecasts take into

account the impact from the Noto Peninsula Earthquake, costs to secure human resources, and expenses associated with preparations to open THE OSAKA STATION HOTEL in the hotel business.

Numerical Targets in Medium-Term Management Plan 2025

Q3

Does the target need to be revised for ¥150 billion in operating income in the final fiscal year (fiscal 2025) of the medium-term management plan, considering factors that are affecting revenue and expenses? Will this target be revised when fourth quarter results are announced?

A3

We are committed to maintaining the strategies outlined in the Medium-Term Management Plan 2025. Regarding numerical targets, we will examine the need for changing them and will make an announcement at an appropriate time.

Tsuruga Extension of Hokuriku Shinkansen

Q4

Regarding the Hokuriku Shinkansen, what is the forecast for profit next fiscal year, considering the impact from fares for the Tsuruga extension, a positive factor for revenue, and growth in rent payments, a negative factor?

A4

Although fares and charges for the Kanazawa-Tsuruga extension have been decided, rent payments are still undecided at this point, making it challenging to provide a reasonable forecast for profit next fiscal year. Rental payments are set so that the service will break even in total over the 30 years since opening. Since next fiscal year will be the first fiscal year for opening the Tsuruga extension, we aim to maximize the impact of its opening through various campaigns.

Q5

In terms of transportation revenue, is basic idea of rent payments to attain a breakeven balance within the scope of benefits? How will the JR-West Group benefit from the opening of the Tsuruga extension, including areas outside railway services, such as hotels and travel?

A5

That is correct. We will take steps so that the entire Group is positioned to benefit from the opening of the Tsuruga extension.

End