

FY2025.3, 1Q Financial Results Presentation, Summary of Main Questions and Answers

Results and Full year forecasts

- Q. The mobility business has underperformed against the plan in terms of revenues, but the retail business performed favorably, and the real estate lease and sales business seems to be trending favorably by looking at the rate of progress for profits. What are the evaluations on each segment? What is the evaluation of the progress of consolidated performance?
- A. In the mobility business, leisure demand was low due to the usage of the Sanyo Shinkansen being below expectations during the holidays, and movement from the Kansai and Chukyo areas to Hokuriku was slightly below expectations from the effect of the Noto Peninsula Earthquake. In the retail business, the souvenir business performed favorably in association with using Sanyo Shinkansen. In the current consumption trend of using when it's needed and saving when it's not needed, souvenirs are of the prior, and inbound needs are also a tailwind. In the real estate lease and sales business, revenue and profit have increased due to increased sales to investors and sales of leased properties in which we had invested, resulting in a high profit progress rate for the first quarter. However, it is expected to progress in line with the plan for the full year. Due to the large proportion of the Mobility business, the consolidated first-quarter results are slightly below the plan. However, there is an expectation of leisure demand recovery in the second half of the fiscal year, and the usage of the Sanyo Shinkansen may improve as real wages rise. We aim to achieve the consolidated performance estimates by engaging in each initiative to create sightseeing demand and from the backing of the favorable retail and SC businesses.

Effects of the Opening of Hokuriku Shinkansen Tsuruga Extension

- Q. Regarding the effects of the opening of Hokuriku Shinkansen extension from Kanazawa to Tsuruga, transportation revenue in the first quarter results seems to be low compared to the estimated net increase of ¥18 billion in revenue from the extension of Shinkansen lines and transition of parallel conventional lines. The Tokyo side section was said to be as estimated by other JR companies but what is your current evaluation?
- A. Usage from the metropolitan area is as expected, but usage from the Kansai and Chukyo areas was slightly weak. The largest contributing factor is the Noto Peninsula Earthquake. The Noto Peninsula has a high value as a sightseeing centering on Wakura Hot Springs, but the current state of recovery does not provide a completely reliable means of attracting visitors. In order to contribute to the recovery of Noto, we will advance various initiatives and measures. Although

the first quarter showed weak performance, we aim to increase revenue through the opening effect of the Hokuriku Shinkansen extension.

Outlook for the Hotel Business considering the Opening of the Osaka Station Hotel

- Q. In the hotel business, as the current ADR has increased by 30% compared to the pre-pandemic level and eating/drinking and banquet demands are on the recovery trend, how much would the profit level of the hotel business rise if the Osaka Station Hotel operates stably?
- A. The Osaka Station Hotel that opened on July 31 will be the flagship of our hotel group, but we expect it would take two to three years until stable operation can be achieved. This hotel is a 4.5-star establishment, and based on its performance, we aim to elevate the services of our hotel group centered around Granvia. By enhancing the brand and prestige, we also intend to raise the overall profit levels of our hotel business.

Unification of Train Equipment and Parts

- Q. To what extent does the unification of train equipment and parts consider the lack of compatibility in signaling equipment and the differences in the service life of vehicles, and how deeply does this initiative involve collaboration with other companies?
- A. As this initiative has just started, specific actions are yet to be in motion. Taking into account characteristics like the number of doors on trains specific to each company full standardization across all aspects is currently difficult. However, there are areas where parts and components can be standardized. Unifying parts with identical functions among different railway companies is crucial for improving design work efficiency and maintaining and developing the supply chain, especially in an environment with a declining labor force. Although the frequency of parts replacement and service life currently differ between the companies, we aim to share our knowledge in the future, further advance maintenance methods such as Condition-Based Maintenance (CBM) and pursue unification as much as possible.

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