

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

FY2026.3 Performance Forecast

Q. What is the reason for the upward revision to the profit plan in FY2026.3?

A. Despite the weak transportation revenue in the first half of FY2025.3 due to disasters, climate, and other factors, profit exceeded the plan in the full year, owing to the recovery of inbound and domestic demands in the second half of the fiscal year.

We set a goal of ¥190 billion in consolidated operating income for FY2026.3, taking in to account the effects of the Expo, but achieving this without the Expo is challenging. We have been enhancing the structural cost reductions in response to the cost pressure, which has been increasing since we formulated the Mid-term Management Plan, but costs have increased to a level that cannot be offset. Despite being under such an environment, we are working as a Group to achieve consolidated operating income of ¥190 billion in the final year of the Mid-term Management Plan.

Q. The factors for exceeding ¥5 billion against the profit plan for FY2026.3 were included in the explanation, but what are the details of each contributing factor? In addition, are there any factors that will continue to have an effect in FY2027.3 and beyond?

A. Contributing factors include the effects of the Expo of ¥15 billion. Negative factors are approximately the same for each factor. In terms of the Noto Earthquake, local Japanese inns have steadily reopened, but we expect the impact to linger for the next three years. For digital and new businesses, digital strategy is preceded by costs due to expanding the new payment service Wesmo! but the results are gradually becoming visible. Meanwhile, as new businesses are expected to take more time, we plan to reduce the time required through investments and other means. Human resources factor is significantly impacted by the increase in personnel costs throughout the supply chain.

Outlook for FY2026.3 and Beyond

Q. There will be a decline of ¥15 billion without the effects of the Expo, but is there anything to replace it?

A. For FY2028.3, we would like to discuss about it in the next Mid-term Management Plan. There are many structurally challenging factors, especially in the railway business, but we are considering fares and other issues.

Q. What are the discussions related to FY2028.3 targets?

A. For FY2028.3, we would like to discuss about it in the next Mid-term Management Plan. We believe ways to increase revenue and profits of the life design field, including the digital strategy, will be an important theme in the next Mid-term Management Plan.

Impact of Osaka/Kansai Expo

Q. What is the policy for calculating the effects of the Expo?

A. The ¥20 billion is based on the estimated number of visitors to the Expo of 28.2 million visitors. As 10% of the visitors are from overseas, we expect ¥2 billion of the ¥20 billion in transportation revenue from the effects of the Expo to be from inbound. We simulate based on a set of premises for both the domestic and overseas visitors and are expecting ¥20 billion, of which ¥15 billion is from Shinkansen and ¥2.7 billion is from conventional lines.

Q. What is the trajectory of the effects of the Expo of ¥20 billion?

A. The number of Expo visitors has tended to concentrate in the latter half of the Expo period in the past. As such, it is difficult to evaluate at an early stage. There will be a spike in visitors during the Golden Week followed by a slight decline. We expect the visitors to rise from the summer holiday season.

Inbound

Q. What is the forecast for the inbound revenue?

A. Based on statistical information, we expect inbound across Japan to increase by approximately 10% year-on-year. Considering the above, we expect inbound revenue to grow by approximately 15% year-on-year due to the effect of the Expo and the increase in service flights of the Kansai International Airport. We are promoting initiatives targeting visitors to the Expo from overseas to travel to areas in the western Japan area through Plus-One-Trip to urge them to revisit and recommend visiting to their friends via SNS and other means.

Real Estate and City Development

Q. Is there room for profit from real estate to grow? What are the effects of city development projects?

A. For FY2026.3, we expect profits to improve by ¥5 billion in the real estate segment due to the reaction to the costs related to the openings of Osaka and Hiroshima projects. Although we expect it would take a little more time to contribute to the profits due to the large amount of depreciation costs.

Tariff Risks

Q. What is the impact of tariff risks?

A. Domestic demand will decline in the case of economic stagnation. We expect an impact of about ¥2 billion from the fundamental trend in the latter half of the fiscal year. There are industries that have more conservative views, but we do not expect such a large amount at the moment. We will continue to monitor the situation.

Share Buybacks

Q. What is the policy toward share buybacks?

A. At the time of updating the current Medium-Term Management Plan last fiscal year, we

announced a share buyback of ¥100 billion within the financial discipline, taking into account the progress of the current Medium-Term Management Plan. We conducted a share buyback of ¥50 billion in FY2025.3. As the measures such as Osaka and Hiroshima projects described in the Mid-term Management are currently progressing steadily, we have decided to conduct the acquisition of the remaining ¥50 billion share buybacks in FY2026.3 for the purpose of recovering EPS, a index we have been focusing on since public stock offerings, to the post-COVID-19 level and improving ROE.

We have presented ROIC per business as our new initiatives, but we will continue striving to build a resilient management foundation by evolving the business portfolio management by being aware of the cost of capital.

Change of President

Q. What are the results and issues during the term of President Hasegawa?

A. In our relationship with the capital market, we take seriously the fact that we were compelled to request large-scale public stock offerings during the COVID-19 pandemic. Recovering EPS, dividends, and the underlying cash flow to pre-COVID-19 levels is considered a top priority. We have been promoting management reforms with strong determination to reciprocate the support provided. We believe we have managed to make some recovery through our dividend policies and other efforts for FY2025.3. We are deeply grateful for the tremendous support of our shareholders and investors, which has brought us this far.

We recognize that the sustainable development of the JR West Japan Group is challenging in the drastically changing socio-economic environment both in and outside Japan. We hope for your continued support as we work towards the ongoing development and enhancement of the corporate value of the JR West Japan Group under the new management system.