

FY2026.3 3Q Financial Results Presentation Summary of Main Questions and Answers

Current Fiscal Year Results and Full-Year Forecast

- Q. What have been the factors behind the strong trend in leisure demand after the closing of the Osaka-Kansai Expo?
- A. Although demand for the use of the Sanyo Shinkansen for business travel is strong, we see that demand for leisure is even stronger as usage is particularly high on weekends and holidays. One reason for this strong leisure demand is that some events in the Kansai region may have been pushed back to autumn since the Osaka-Kansai Expo was held in the first half of this fiscal year. In addition, we believe the Osaka-Kansai Expo reminded people of how enjoyable it is to travel and go places and that this improved consumer sentiment has continued to exist even after the Expo.
- Q. Will flight reductions and changes in fare structures by airlines lead to an increase in Shinkansen users over the medium to long term?
- A. Shinkansen usage has increased on routes where the number of flights have been reduced. At this point, if domestic airfares rise, we believe the Shinkansen, whose fares remain comparatively stable, will gain competitive strength.

Next Medium-term Management Plan

- Q. What is the aim of transforming the business portfolio? Also, in which areas do you plan to expand investment going forward?
- A. As presented in the current Medium-term Management Plan, we are working to expand businesses outside the Mobility services field by increasing growth investments in the Life Design field.
- Q. Will ROIC increase through business portfolio transformation? How will you raise ROIC while investing in asset-heavy areas?
- A. The fundamental premise is to generate an ROIC that exceeds WACC. First, we aim to improve ROIC for each business within each segment. Because the Railway and Real Estate businesses are both asset-heavy and can be expected to have significant spillover effects across the Group, we are approaching this from the perspective of how to raise ROIC for the Group as a whole.

Fare Revision

- Q. Do you intend to revise fares during the period covered by the next Mid-term Management Plan?
- A. Given that cost increases due to inflation and human capital investments will continue, and that the need for additional investments to enhance the safety of the railway business is rising, we would like to pursue an early fare revision within the framework of the current total-cost method.
- Q. Please tell us the status of internal discussions on fare revision.
- A. On the premise that costs related to the railway business—such as inflation, rising interest rates, human capital investments, and maintenance of equipment to improve safety—will continue to increase, we think a fare revision will come into view during the next Mid-term Management Plan period. However, because fare revisions under the current system require approval by the Minister of Land, Infrastructure, Transport and Tourism, we are at the stage of organizing the requirements needed for a fare revision, including future investment plans.

- Q. How will you factor in the effects of a fare revision in the next Mid-term Management Plan and what is the schedule?
- A. We will share that information when we reach the stage where we can disclose it.
- Q. What are your thoughts on reviewing the fare system itself?
- A. We have requested the Ministry of Land, Infrastructure, Transport and Tourism to enable more flexible operations, such as measures to address inflation, allowing non-reserved Shinkansen limited express surcharges to be filed rather than approved, and allowing commuter pass fares to be filed. We intend to continue requesting a fare system that allows flexible operations in response to changes in the business environment.

Inbound

- Q. It appears that the impact of the Chinese government's advisory to refrain from travel has been apparent since December. Do you expect the impact to worsen further?
- A. During past downturns in Japan–China relations, there was a period when travelers from China fell by about 50%. At present, we do not expect the impact to be that severe, but we will continue to monitor the situation.

Osaka Project

- Q. What is the current status of the project and your outlook from next fiscal year onward?
- A. The Osaka Project consists of commercial facilities and hotels, as well as offices. We are advancing office leasing in stages, and expect it to contribute to profits from the next fiscal year onward.

Impact of Rising Interest Rates

- Q. What is the medium-term impact of rising interest rates on earnings?
- A. We are closely watching the increase in interest expense as a matter of importance. Interest rates at present are up 0.12 percentage points from the end of the previous fiscal year. If the recent rise in rates persists, we expect an annual financial burden of about 2 billion yen, which cannot be taken lightly.
- Q. How will the increase in WACC due to rising interest rates affect decision-making?
- A. If WACC rises, we believe we will have no choice but to raise the hurdle rate used for investment decisions. We will continue to monitor the impact.