August 5, 2026
West Japan Railway Company

FY2027.3, 1Q Financial Results Presentation
Summary of Main Questions and Answers

[Results and Earnings Forecasts]

Q. What factors are driving the continued strength in transportation revenues despite the absence of the previous fiscal year's Osaka-Kansai Expo effect?

A. In the second half of the previous fiscal year, demand remained strong even after the Expo ended, and we believe that this trend has continued into the current fiscal year. We are still analyzing the factors behind this strength, but rail may have become more price competitive relative to air travel due to factors including flight reductions on the Haneda–Komatsu and Nagoya–Hakata routes implemented in the previous fiscal year, as well as the fact that we have not revised our fares and charges. Rail use may also be expanding among customer segments that previously traveled less frequently, such as students. Even as rising prices lead consumers to economize on daily necessities, demand for leisure travel and activities related to supporting favorite artists and characters is increasing. We believe this is one reason domestic demand has remained stronger than anticipated.

Q. For non-consolidated expenses in 1Q, personnel costs, miscellaneous costs, and other expenses have reached high percentages of the full-year forecasts. What is the outlook for the full year?

A. Overall, expenses are progressing in line with the full-year forecast. Personnel costs have increased due to base pay increases and other factors, while there has been a year-on-year decrease resulting from the absence of the ¥3.9 billion lump-sum bonus paid in the previous fiscal year. Excluding this factor, personnel costs are progressing generally as planned. The high progress rate for miscellaneous costs reflects the concentration of certain expenditures in 1Q, and we do not expect them to continue increasing at the same pace.

Q. Given that transportation revenues are exceeding the forecast, are you considering incurring additional expenses?

A. We may bring forward some repairs and other work, but we do not currently anticipate any specific additional expenditures.

[Impact of the Situation in the Middle East]

Q. Regarding the projected ¥13.0 billion negative impact on consolidated operating income due to the situation in the Middle East, have any effects materialized in 1Q?

A. Fluctuations in crude oil prices affect energy costs with a lag of approximately three months. Therefore, looking solely at 1Q, there was no impact from the situation in the Middle East on energy costs; in fact, energy costs were lower than in the previous year. We had originally anticipated that the impact would emerge from 2Q onward, although the amount will vary depending on future crude oil price trends. Current crude oil prices remain below the level assumed at the beginning of the fiscal year, and the decline in inbound travel has not had a significant impact to date. However, as uncertainty remains regarding the outlook, we have kept our full-year forecast unchanged, including the assumed impact of the situation in the Middle East.

[Fare Revision]

Q. Given the continued strength in transportation revenues, has your position on revising fares changed? Also, will initiatives to enhance Green Car services, such as the introduction of private compartments in Green Cars, affect the application for a fare revision?

A. While transportation revenues remain strong, the impact of wage increases and higher prices is significant, and profit continues to decline. As we expect costs to continue rising, in line with our existing policy, we intend to submit an application as early as possible during the Mid-Term Management Plan 2030 period. Regardless of the schedule for the service enhancement initiatives, our policy is to apply for a fare revision under the total-cost method when necessary.

[Projected Shinkansen Lines]

Q. As the operator, what is your view on the route for the Hokuriku Shinkansen extension?

A. As the company responsible for operations, we view this selection as a step toward the full opening of the Hokuriku Shinkansen to Shin-Osaka as soon as possible, and we will strive to build a safe and convenient railway network that will satisfy even more customers.
If the route via Katsuragawa Station is adopted, we recognize that developing the area around the station as a new gateway, including a station plaza to be developed by the local government, will be important. We would also like to contribute in our capacity as a railway operator.

Q. What is your view regarding lease fees for the Projected Shinkansen Lines from the 31st year onward? Do the other JR companies share the same basic understanding?

A. Regarding the arrangements from the 31st year onward, we would like to see a framework that avoids imposing an excessive burden on private-sector companies, reflects management efforts, allows us to fulfill our accountability to shareholders, and ensures the autonomy and sound management of private-sector companies. We recognize that, insofar as we lease the facilities, we need to pay lease fees commensurate with the benefits received. At the same time, we understand that the other JR companies share our basic view that a framework is needed to ensure sound management.