

Condensed Transcript from Q&A Session of Financial Results Presentation for Fiscal 2022

* Please note that this document is not a word-for-word transcript of the actual Q&A session, but a condensed transcript prepared by the Company by summarizing the actual interactions as appropriate.

[Management policies]

Q. Although the business is on a recovery trend, the railway business continues to face a challenging environment. How do you plan to manage each business segment for sustainable business operations?

A. For transportation services, we are carrying out a drastic structural reform based on the assumption that the business environment will not return to pre-COVID-19 conditions. We need to deepen our analysis of, for example, how to create a more flexible management structure and how to operate local lines in the future. In lifestyle services, we plan to generate future cash flows through aggressive investments. While the plan for Takanawa Gateway City (tentative name) has been announced, a specific plan will be formulated for the development project in the Shinjuku Station Southwest Exit area. In proceeding with these projects, we will make sure that they will be profitable. As for existing businesses, while the *ekinaka* business is struggling due to COVID-19, the shopping center business has recovered considerably. IT & *Suica* services have a considerable way to go to achieve the numerical revenue and profit targets for fiscal 2026. Nevertheless, we will work hard toward these targets through various measures, including collaboration with other companies.

[Fare policy]

Q. The Ministry of Land, Infrastructure, Transport and Tourism (MLIT) is leading discussions on fare systems. What will your fare policy be like going forward?

A. In response to COVID-19, we need a fare system that meets new customer needs, such as congestion mitigation. Therefore, we are requesting that MLIT create a framework to realize off-peak commuter passes as soon as possible. As for the overall fare system, we have been requesting, for some time, a reform to allow a flexible fare system. Another problem is that our current fare system is very complex. We will seek to simplify the fare system as much as possible for ease of understanding for customers and to reduce system investment.

[Timetable flexibility]

Q. There was an explanation about timetable revisions, which will reduce the number of trains operated for Shinkansen and conventional lines. If demand increases more than expected, can you flexibly revise the timetable? And if demand is lower than expected, can you respond flexibly by implementing additional timetable revisions?

A. As demand fluctuates significantly due to COVID-19, we will reduce the number of regular trains operated to some extent, and if demand increases more than expected, we will respond by operating

extra trains. During the Golden Week holidays, we have increased the number of extra trains flexibly depending on the reservation status. The underlying levels of regular trains will be determined in accordance with the overall demand. If there is considerable deviation from the demand forecast, we will need to consider additional timetable revisions. However, we do not currently plan to revise the timetable again and again in one year.

[Capital investment]

Q. Capital investment for fiscal 2022 was considerably suppressed. Have you changed the total amount of capital investment for the period from fiscal 2022 to fiscal 2026?

A. Given the significant decrease in use of our services, we suppressed capital investment significantly in fiscal 2022. However, we have not significantly changed the five-year capital investment plan through fiscal 2026. Major investment projects for the current fiscal year include the manufacture of Shinkansen railcars, the installation of platform doors, and the introduction of Green Cars to the Chuo Rapid Line in transportation services and Takanawa Gateway City (tentative name) in lifestyle services. We will respond flexibly in accordance with the revenue and other trends, while working on further cost reduction going forward.

[How the local transportation network should be]

Q. What timeline do you use in examining how the local transportation network should be?

A. Discussions are currently ongoing in an MLIT task force and elsewhere. We plan to proceed with specific discussions once the Ministry has put in place a framework for discussions with local governments. We need to discuss this on an individual basis as the use trend differs from one line segment/section to another. We are ready to propose various options and would like to proceed with such discussions as soon as possible, but we also want to respect the intention of each local government.