

Summary of Web Interviews about Financial Results in the Second Quarter of Fiscal 2024.3

* 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.

[Passenger revenues]

Q: What will be the impact of the price revision of Japan Rail Pass?

A: As the effective period of Japan Rail Pass is three months, customers who have purchased the pass by September will be the main users for a while. As such, the impact of the price revision will surface in and after the fourth quarter. Given the effect of the weaker yen, we do not expect that higher prices of passes will deter purchases.

Q: What is the reason for the underperformance below plan of non-commuter passes revenues from both conventional lines and Shinkansen?

A: For conventional lines, the deviation from the plan widened in the second quarter. We understand that this was because people were reluctant to go out due to the typhoon in mid-August and intense heat. Shinkansen fell short of the plan because business use on weekdays has not returned mainly due to the widespread use of web conferencing. We will promote mobility on weekdays by, for example, using the webpage dedicated to travels on weekdays, which we have opened today.

[Outlook for second half]

Q: Why are expenses expected to be higher in the second half of the year than in the first half?

If energy expenses and non-personnel expenses - other remain below the plan on a full-year basis, will income exceed the full-year plan?

A: By nature, maintenance and certain other expenses tend to arise in the second half of the year. Given that it is more difficult to secure profit in the second half than in the first half of the year, we forecast, at this point, that actual income will not deviate significantly from the full-year plan.

Individual expense items may end up above or below the plan. For example, energy expenses are expected to be lower than the plan by approximately 15 billion yen due to decrease in unit cost. Non-personnel expenses - other are also expected to be lower than the plan due to decrease in utility bills (electricity bills). On the other hand, personnel expenses are expected to exceed the plan due to, among other factors, an increase in the number of months for which summer bonuses are paid.