

Condensed Transcript from Q&A Session of Presentation
for FY2024.3 Financial Results and Management Strategy

* 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.

[Shinkansen]

Q: Until now, the recovery of Shinkansen demand has been slower than that of other JR companies, but why do you expect Shinkansen transportation revenues to be strong in FY2025.3?

A: Before COVID-19, Shinkansen demand consisted of half business and half leisure. After COVID-19, the challenge is how far to recover through leisure while business demand is falling. In FY2025.3, we expect further revenue growth by strengthening product design to stimulate leisure demand and increasing inbound demand. In addition, the company expects approximately 8.0 billion yen in increased revenues from the extension of the Hokuriku Shinkansen line to Tsuruga, which began service in March.

Q: You mentioned that the increase in revenue from the opening of the Tsuruga extension of the Hokuriku Shinkansen line is approximately 8.0 billion yen, but how do you analyze the change in passenger flow at this point, one month after the opening?

A: Passengers from the Tokyo metropolitan area to Hokuriku area have increased by approximately 20% due to transitions from other modes of transportation and new demand. The strategy for the Shinkansen business in FY2025.3 is to continue the demand, not to end with opening fever.

[Rotational business (Income-making real estate sales)]

Q: The Company has large fair value of rental property, and its PBR, taking into account fair value, is less than 1x. Are you considering accelerating the sale of fixed assets with an eye to asset efficiency, as the major real estate companies are doing?

A: Until now, we have been collecting development profits as quickly as possible by incorporating developed properties into the fund. We intend to continue to liquidate high-yielding properties and other assets by incorporating them into our rotational business.

Q: Regarding the scale of the rotational business, you have indicated a level of 20.0 to 30.0 billion yen per year, but do you have any plans to raise this level? For example, is there any possibility that it could temporarily be as large as 50.0 billion yen in one year?

A: About 20.0-30.0 billion yen per year is a rough estimate, and it may be larger than this depending on the business environment.

[ROE]

Q: ROE has been declining after COVID-19, what ROE level do you aim to achieve in the future? Is there a possibility that the company will adopt strategies such as effective use or sale of assets in order to improve ROE?

A: We have several major investment projects such as TAKANAWA GATEWAY CITY coming up in the future, and we believe that ROE will steadily improve once we are able to capture these revenues. Although the Company has not disclosed specific target figures, the company aims to improve ROE by steadily advancing its business plan.

[Fare revision]

Q: You mentioned that it takes 1.5 to 2 years to build a system for fare revision, but other companies have achieved fare revision in a shorter period of time. Why does it take so long to build a system for fare revision at your company?

A: This is because the scale of modification is very large and time-consuming for systems like Suica and PASMO that interoperate over a wide area. We, too, may be able to build a system in a relatively short period of time if the revision is only for the release of tickets, such as off-peak commuter passes, but if the system modification is a full-scale, such as fare revision, it will take 1.5 to 2 years to prepare the system.