

## Management's Discussion and Analysis of Consolidated Financial Conditions and Results of Operations for FY2024.3 (MD&A)

(Summary of business results in FY2024.3)

The JR Central Group (the "Group") placed the highest priority on ensuring safe and reliable transportation in the railroad operations, which is the core of our business, and worked to further enhance our services, improve employees' ability to perform their duties, and upgrade our facilities. In addition, in light of the major changes in the environment surrounding JR Central, such as the acceleration of changes in work styles after the COVID-19 pandemic and the decline in the working population, we worked on "Reinforcement of Earning Power" based on two pillars: "Reform of Business Operations" to build an efficient business execution system by utilizing the latest technologies such as ICT and "Revenue Expansion" through new ideas.

For the Tokaido Shinkansen, we flexibly adjusted the transportation capacity that we provide based on passenger volume by utilizing the "12 Nozomi Timetable". In addition, the Group introduced the N700S rolling stock and pushed forward with the remodeling work on the existing N700A rolling stock to add some of the functions of the N700S to it, while continuing to promote large-scale renovation for the Tokaido Shinkansen and earthquake countermeasures, including measures to prevent derailment and deviation.

For the conventional lines, we flexibly increased the number of cars and trains for limited express trains, such as Shinano and Hida, as necessary based on demand. The Series HC85, a new hybrid model for limited express trains, was introduced to the commercial operation of Nanki following its introduction to the commercial operation of Hida in 2022, completing the introduction of the new model to all trains. In addition, we systematically promoted earthquake countermeasures, such as reconstruction of the inspection and repair workshop building of the Nagoya rolling stock area and earthquake-proofing of elevated track columns, as well as rainfall countermeasures, rockfall preventive measures, and improvement of railroad-crossing security equipment.

As part of sales measures, in order to promote greater use of the "Express Reservation" and "smartEX" services, which are our online reservation and ticketless boarding services for the Tokaido, Sanyo and Kyushu Shinkansen, we started such services as "EX Shinkansen Travel Packages," a travel product that allows customers to change their Shinkansen train anytime through the day of boarding; "EX Hotels and Activities," which provides recommended information on sightseeing plans and hotels based on the details of the Shinkansen reservation and allows customers to complete reservations and payments on the EX Service website; "EX Points," which rewards customers with points according to the section of the Tokaido Shinkansen used; and a service to offer up to one-year advance reservations. In order to increase the use of our railway services, we sold attractive travel products, such as the "Chartered Shinkansen Package," which customers can charter a car or cars of a Tokaido Shinkansen train to hold an event of their own in the car. We also conducted a campaign for "Oshi Travel," which proposes upgraded "Oshi Travel," in which people pursue their own favorites, in cooperation with various business operators. Other campaigns that we conducted include the "Kyoto Campaign", which marked its 30th anniversary last year since launch; the "Nara Campaign", which highlights Nara; and the "Let's Go Meet" campaign, which is designed to encourage business users to use trains for business trips. In addition, we engaged in a joint demonstration project with ENEOS Corporation for an electric vehicle car sharing service for corporate customers in the parking lot in front of Toyohashi Station with the aim of securing secondary transportation at intermediate stations on the Shinkansen line and reducing the burden on the global environment by reducing CO<sub>2</sub> emissions.

Regarding the Chuo Shinkansen project using the Superconducting Maglev System, we proceeded with land acquisition between Shinagawa and Nagoya, for which section we received approval for the construction implementation plan. As for construction, in the Higashiyurigaoka Section of the First Tokyo Metropolitan Area Tunnel, where tunnel excavation using shield machines is underway deep underground, we completed survey tunneling for on-site verification of safety and security measures. We also proceeded vigorously with construction work along railway lines. For example, construction work started for station structures at Kanagawa Prefecture Station (tentative name), and the main shaft of the Minamikoma Tunnel No. 1 in Yamanashi Prefecture passed through for the first time except for the Yamanashi Maglev Line. In December 2023, we applied for construction and installation work for stations and rail yards and rolling stock as the Construction Implementation Plan (Part 3) with the Minister of Land, Infrastructure, Transport and Tourism, in accordance with Article 9 of the National Shinkansen Railway Development Act, and also applied to change the construction budget and the scheduled completion date for the previously approved items, based on deeper design consideration and surveys, discussions, and the progress of construction work. Subsequently, we received approval. With the approval of the Construction Implementation Plan (Part 3), all items required for construction between Shinagawa and Nagoya have been approved. We will continue to focus on construction safety, environmental protection, and coordination with local communities, and we will vigorously proceed with the various types of construction while thoroughly and carefully examining costs.

On the other hand, we have been unable to begin tunnel excavation in the Southern Alps Tunnel (Shizuoka Section) because we haven't gained the full understanding of Shizuoka Prefecture. In such circumstances, with regard to impacts on water

resources of the Oi River, based on the “Interim Report on Oi River Water Resource Issues” prepared by the “Linear Chuo Shinkansen Shizuoka Construction Area Council of Experts” of MLIT, we strive to provide easy-to-understand explanations to the local community, to implement specific risk responses and monitoring, and to implement measures to send water back to the Oi River in the amount equivalent to water that leaks inside the tunnels and exceptionally flows outside the prefecture for a specified period. In December 2023, we concluded a basic agreement with the power generation company on how to reduce water withdrawal for power generation and return it to the Oi River. In terms of environmental conservation in the Southern Alps, discussions were held at the expert conference, culminating in the “Report on the Linear Chuo Shinkansen Shizuoka Section of the Construction Site (2023 Report) - Environmental Conservation Considerations -” in December 2023. Furthermore, following on from September 2023, a meeting was held in February to exchange opinions with the leaders of the cities and towns in the Oi River basin. After that, the Ministry of Land, Infrastructure, Transport and Tourism established the Monitoring Conference on the Linear Chuo Shinkansen Shizuoka Section in February for the purpose of continuously monitoring from scientific and objective perspectives the status of measures regarding water resources and environmental conservation recommended by the Expert Conference in their report. At its second meeting held in March, we showed the construction plan for the Shizuoka Section and explained that opening in 2027 is infeasible because the delay in the Shizuoka Section, for which six years and four months have already passed since the construction contract was signed, has directly caused the delay in the opening of sections between Shinagawa and Nagoya. In order to realize early commencement of tunnel excavation work in the Shizuoka Section, we will remain committed to take measures in a sincere manner to win understanding and cooperation of local communities while placing importance on two-way communication.

Meanwhile, we worked to further improve the Superconducting Maglev System technology while further reducing its cost by performing running tests on the Yamanashi Maglev Line and verification tests at the Komaki Laboratory, on the premise that high-temperature superconducting magnets will be introduced to commercial lines, and by proceeding with development, verification tests, etc., toward the realization of an efficient operation system that utilizes the latest technologies, such as ICT. In order to raise expectations toward the opening of the Chuo Shinkansen, in addition to trial rides on the Superconducting Maglev System that we have already been offering, we held for the first time an event in which we offer trial rides and exhibitions exclusively to customers with children and an event in which customers can experience new space inside the train, which is created by projections, during trial rides.

As for overseas high-speed railway project initiatives, we worked steadily on the High Speed Rail Project in the U.S. We also provided technical consulting on the Taiwan High Speed Rail to its operator Taiwan High Speed Rail Corporation while concluding a memorandum of understanding on cooperation with the company for further reinforcement of the relationship of cooperation between us. In addition, we promoted efforts to make the Japanese high-speed railway system an international standard.

Regarding businesses other than railways, we worked to increase revenues through the integrated operations of JR Central Towers and JR Gate Tower. We also worked to develop convenient and attractive stores. As part of this effort, we established JR Central Retailing Plus Co., Ltd. through a merger between our two consolidated subsidiaries Tokai Kiosk Company and JR-Central Passengers Co., Ltd. in October 2023 to offer station kiosks where customers can purchase souvenirs, lunch boxes, and other items in one stop. We also worked to strengthen our competitiveness and sales power by renovating station commercial facilities, such as Asty Shizuoka, Cubic Plaza Shin-yokohama, and Asty Kyoto, and promoting the development of spaces under elevated tracks. In addition, “TOKAI STATION POINT,” the JR Central Group’s common point service, was launched.

As a result, the total transportation result (passenger kilometers) in the fiscal year ended March 2024 increased by 21.9% year on year to 61,151 million. Operating revenues increased by 22.1% year on year to 1,710.4 billion yen, ordinary income increased by 77.9% year on year to 546.9 billion yen, and net income attributable to owners of the parent increased by 75.2% year on year to 384.4 billion yen.

The above operating results by business segment are shown as follows.

#### Transportation

For the Tokaido Shinkansen, we flexibly adjusted the transportation capacity that we provide based on passenger volume by utilizing the “12 Nozomi Timetable”. In addition, we have steadily proceeded with large-scale renovations while constantly reducing costs, with the aim of maintaining and improving the soundness of civil engineering structures. As for earthquake countermeasures, we worked on the prevention of derailment and deviation for all Tokaido Shinkansen lines, such as laying derailment prevention guards. We also took measures against flooding to protect railway facilities based on hazard maps, etc. In addition, we continued to introduce N700S rolling stock while conducting enhancement work to add certain functions of the N700S rolling stock to the existing N700A rolling stock. We also started to offer seats with space for extra-large luggage, “Tokaido Shinkansen Mobile Order Service” for Green Car users, and “Tokaido Shinkansen Support Call Service.” In order to

provide customers with more convenient and peaceful travel, we decided to operate Nozomi trains as all-reserved seats during the three major peak periods of Golden Week, Obon, and the New Year holidays, with approximately 30% more reserved seats in regular cars per train, and this operation started from the New Year holidays this fiscal year. In addition, we increased the number of seats with space that can accommodate wheelchairs, which can be reserved through “Express Reservation” and “smartEX,” to ensure safe and reliable transportation and to further enhance our transportation services.

For conventional lines, we flexibly increased the number of cars per train or the frequency of services to absorb the demand fluctuations for limited express trains such as “Shinano” and “Hida.” The Series HC85, a new hybrid model for limited express trains, was introduced to the commercial operation of Nanki following its introduction to the commercial operation of Hida in 2022, completing the introduction of the new model to all trains. We continued to introduce Series 315 rolling stock for commuter trains, and all rapid and local trains between Nagoya Station and Nakatsugawa Station on the Chuo Line have been switched to Series 315 rolling stock, increasing the maximum speed to 130 km/h and shortening travel times. We have also introduced cars that have installed car-side cameras to commercial trains to conduct verification toward the establishment of image recognition technology that can detect approaching passengers. In addition, we systematically promoted earthquake countermeasures, such as reconstruction of the inspection and repair workshop building of the Nagoya rolling stock area and earthquake-proofing of elevated track columns, as well as rainfall countermeasures, rockfall preventive measures, and improvement of railroad-crossing security equipment. We endeavored to ensure safe and stable transportation and further enhance transportation services. For example, construction work is in progress to widen the outbound platform at Kariya Station and to install platform doors on the outbound platforms of the Tokaido Line at Nagoya Station, and the use of platform doors has started on platform 6. We also introduced “Customer support service” between Nagoya Station and Maibara Station on the Tokaido Line and to Kachigawa Station on the Chuo Line.

As an initiative common to both Shinkansen and conventional lines, we carried out practical training, etc. to respond to various situations that are expected in the event of an abnormality, such as a natural disaster, or an unforeseen situation. Furthermore, as an earthquake countermeasure, we took measures to prevent the suspended ceilings of stations from falling down, and implemented seismic retrofitting work for storage sheds on station platforms.

As part of sales measures, we started such services as “EX Shinkansen Travel Packages,” “EX Hotels and Activities,” “EX Points,” and one-year advance reservations in order to promote greater use of “Express Reservation” and “smartEX” services. In order to increase the use of our railway services, we sold the “Chartered Shinkansen Package,” which was used in various ways, such as for corporate incentive travels. We also distributed other attractive travel products in collaboration with municipalities along the lines and various business operators while advertising the “Oshi Travel” campaign through special websites and X (formerly Twitter) accounts. We also conducted various campaigns utilizing tourism destinations, such as Kyoto, Nara, Tokyo, and Hida. Furthermore, we worked to improve the business environment in the train by, for example, introducing “S Work P Seats” that offer wider personal space for customers to work more comfortably and introducing business booths in steps on a permanent basis in a private room format, to be used on an ad hoc basis for meetings and web conferences. In addition, we conducted the “Let’s Go Meet” campaign as an initiative to encourage business users to use trains for business trips and changed the chimes on Shinkansen trains to an arrangement of music written specifically for the campaign. We also started preparation for the launch of a service that makes CO<sub>2</sub> emissions virtually zero on the Tokaido and Sanyo Shinkansen for corporate members of “Express Reservation.” For foreign travelers visiting Japan, we enhanced the product features of the “Japan Rail Pass,” which offers convenient travel around Japan by train, and revised its prices.

The total transportation result (passenger kilometers) in the fiscal year ended March 2024 increased by 24.4% year on year to 52,751 million for the Tokaido Shinkansen and increased by 8.2% year on year to 8,400 million for conventional lines.

In the bus business, our efforts were focused on securing profits by developing products in light of customer needs with top priority placed on safety.

As a result, operating revenue for the fiscal year ended March 2024 increased by 24.2% year on year to 1,408.3 billion yen, and operating income increased by 65.3% year on year to 559.6 billion yen.

The operating results of our railway business, which accounts for the majority of the transportation business, are as follows:

Category	Unit	FY2023.3 (April 1, 2022 to March 31, 2023)			FY2024.3 (April 1, 2023 to March 31, 2024)				
		Shinkansen	Conventional lines	Total	Shinkansen	Conventional lines	Total		
Number of business days	days	365	365	365	366	366	366		
Operating kilometers	kilometers	552.6	1,418.2	1,970.8	552.6	1,418.2	1,970.8		
Rolling stock kilometers	thousand kilometers	970,018	227,590	1,197,608	1,022,423	228,322	1,250,745		
Passenger ridership	Commuter pass	thousand	11,275	236,132	245,535	12,140	245,092	255,232	
	Other	thousand	120,060	115,003	226,858	146,066	129,858	266,002	
	Total	thousand	131,335	351,135	472,393	158,206	374,949	521,234	
Passenger kilometers	million passenger kilometers	42,418	7,765	50,183	52,751	8,400	61,151		
Transportation revenues	Passenger fares	Commuter pass	million yen	12,909	30,183	43,092	13,957	31,275	45,233
		Other	million yen	973,264	53,621	1,026,885	1,234,010	63,583	1,297,594
		Total	million yen	986,173	83,805	1,069,978	1,247,968	94,858	1,342,827
	Parcel carriage	million yen	—	2	2	—	1	1	
	Total	million yen	986,173	83,807	1,069,980	1,247,968	94,860	1,342,829	
Railtrack's access charges	million yen	—	—	3,798	—	—	3,809		
Miscellaneous incomes of transportation	million yen	—	—	52,944	—	—	53,608		
Total revenue	million yen	—	—	1,126,724	—	—	1,400,247		
Transport efficiency	%	Seat utilization rate 52.9	Boarding efficiency 26.2	—	Seat utilization rate 62.6	Boarding efficiency 28.2	—		

Note: 1. The figures of Shinkansen and conventional lines in transportation revenues are categorized by passenger count. The total passenger ridership excludes overlapping passengers for Shinkansen and conventional lines.

2. Transport efficiency is calculated using the following formula.

$$\text{Seat utilization rate for Shinkansen} = \frac{\text{Passenger kilometers}}{\text{Available seat kilometers (train kilometers by composition} \times \text{number of seats)}} \times 100$$

$$\text{Boarding efficiency of conventional lines} = \frac{\text{Passenger kilometers}}{\text{Rolling stock kilometers} \times \text{average capacity}} \times 100$$

3. The composition rate of ticket sales by other major JR companies (including travel agencies of the relevant companies) out of transportation revenues is as follows:

Name of company	FY2023.3 (%)	FY2024.3 (%)
East Japan Railway Company	19.7	19.7
West Japan Railway Company	15.6	15.3

### Merchandise and other

In the merchandise and other business, as part of efforts to strengthen our revenue generating capabilities, we completed a major renovation of the luxury zone in JR Nagoya Takashimaya and are undertaking the largest renovation of Takashimaya Gate Tower Mall since its opening. We also worked to develop convenient and attractive stores. As part of this effort, we established JR Central Retailing Plus Co., Ltd. through a merger between our two consolidated subsidiaries, Tokai Kiosk Company and JR-Central Passengers Co., Ltd., in October 2023 to offer station kiosks where customers can purchase souvenirs, lunch boxes, and other items in one stop while expanding the selection of items to meet diverse needs. In order to enhance the lineup of our products offered through our online shopping website, JR Central Market, where a wide range of online stores offer popular products of stations and hotels and exclusive railway-related articles, we sold products made of “Shinkansen recycled aluminum,” which was extracted from retired Shinkansen rolling stock. In addition, jointly with Mizuno Corporation, we developed metal baseball bats for kids made of Tokaido Shinkansen recycled aluminum.

As a result, operating revenue for the fiscal year ended March 2024 increased by 15.8% year on year to 160.6 billion yen, and operating income increased by 66.1% year on year to 13.8 billion yen.

### Real estate

In the real estate business, we worked to strengthen our competitiveness and sales power by renovating station commercial facilities, such as Asty Shizuoka, Cubic Plaza Shin-yokohama, and Asty Kyoto, and promoting the development of spaces under elevated tracks. In the development of former company housing sites, we promoted sales of residential land for sale in “Central Garden Stage, Kasugai Tegawacho” in Kasugai City and leasing of a rental apartment “Avancé Kano” in Gifu City. In addition, we further expanded “EXPRESS WORK,” a workspace service provided inside stations and buildings directly connected to stations. We also opened “FUN+TECH LABO,” an innovation creation promotion base, near Kanagawa Prefecture Station (tentative name) on the Chuo Shinkansen.

As a result, operating revenue for the fiscal year ended March 2024 increased by 7.5% year on year to 83.2 billion yen, and operating income increased by 16.7% year on year to 20.2 billion yen.

### Other

In the hotel business, we endeavored to provide high-quality services while working to stimulate demand by, for example, fully renovating the suite rooms of Nagoya Marriott Associa Hotel.

In the travel business, we distributed attractive travel products bound for Kyoto, Nara, Tokyo, Hida, and other areas as well as new travel products related to the “Chartered Shinkansen Package” and the “Oshi Travel” campaign.

In the rolling stock manufacturing business, we endeavored to receive orders for and manufacture rolling stock and construction machinery.

As a result, operating revenue for the fiscal year ended March 2024 increased by 2.3% year on year to 255.2 billion yen, and operating income increased by 54.0% year on year to 15.4 billion yen.

(Analysis of financial position, operating results, and cash flows status)

The forward-looking statements in the text represent the Group's judgment as of the end of the consolidated fiscal year under review.

### (1) Operating results

#### (i) Operating revenues

Operating revenues increased by 310.1 billion yen (22.1%) year on year to 1,710.4 billion yen.

In the transportation business, our transportation revenues increased by 272.8 billion yen (25.5%) year on year to 1,342.8 billion yen. As for the Tokaido Shinkansen, transportation revenues increased by 26.5% year on year to 1,247.9 billion yen due to a year-on-year increase of 24.4% in the transportation result (passenger kilometers). As for the conventional lines, transportation revenues increased by 13.2% year on year to 94.8 billion yen due to a year-on-year increase of 8.2% in the transportation result (passenger kilometers).

In businesses other than the transportation business, the merchandise and other business, the real estate business, and the other business recorded increases in revenues of 15.8%, 7.5%, and 2.3%, respectively, on a year-on-year basis. As a result, all business segments achieved revenue growth.

#### (ii) Operating expenses

Operating expenses increased by 77.2 billion yen (7.5%) year on year to 1,103.0 billion yen.

#### (iii) Operating income

Operating income increased by 232.8 billion yen (62.2%) year on year to 607.3 billion yen.

#### (iv) Non-operating income and expenses

Non-operating income and expenses improved by 6.5 billion yen compared to the previous fiscal year.

#### (v) Ordinary income (loss)

Ordinary income increased by 239.4 billion yen, or 77.9%, year on year to 546.9 billion yen.

#### (vi) Net income (loss) attributable to owners of the parent

As a result of adding or subtracting income taxes, etc., net income attributable to owners of the parent increased by 164.9 billion yen, or 75.2%, year on year to 384.4 billion yen.

### (2) Financial position

The balance of total assets as of the end of the fiscal year ended March 2024 increased by 427.4 billion yen from the end of the previous fiscal year to 9,941.8 billion yen. The balance of assets by business segment is as follows: in the transportation business, it increased by 208.5 billion yen from the end of the previous fiscal year to 8,767.8 billion yen; in the merchandise and other business, it increased by 12.9 billion yen from the end of the previous fiscal year to 149.3 billion yen; in the real estate business, it increased by 9.8 billion yen from the end of the previous fiscal year to 376.4 billion yen; and in the other business, it increased by 46.0 billion yen from the end of the previous fiscal year to 466.4 billion yen.

The balance of total liabilities as of the end of the fiscal year ended March 2024 increased by 10.9 billion yen from the end of the previous fiscal year to 5,718.2 billion yen. The balance of long-term debt as of the end of the fiscal year ended March 2024 stood at 4,846.1 billion yen. Of this amount, the balance of long-term debt, excluding long-term debt for the construction of the Chuo Shinkansen, stood at 1,846.1 billion yen, a decrease of 103.6 billion yen compared to the end of the previous fiscal year.

The balance of net assets at the end of the fiscal year ended March 2024 increased by 416.5 billion yen from the end of the previous fiscal year to 4,223.6 billion yen, pushing up the equity ratio to 41.9% as of the end of the fiscal year ended March 2024, compared to 39.5% at the end of the previous fiscal year.

### (3) Source of capital and liquidity of funds

#### (i) Status of cash flows

Cash and cash equivalents (hereinafter, "funds") as of the end of the fiscal year ended March 2024 increased by 111.1 billion yen from a year earlier to 821.7 billion yen, and we judge that the liquidity of funds is secured.

Cash flows from operating activities were positive 672.8 billion yen. Net cash provided by operating activities increased by 186.1 billion yen, mainly due to an increase in our transportation revenues compared to an increase of 486.7 billion yen in the previous fiscal year.

Cash flows from investing activities were negative 436.5 billion yen. Net cash provided by investing activities decreased by 261.5 billion yen, mainly due to a decrease in proceeds from redemption of investment compared to a decrease of 175.0 billion yen in the previous fiscal year.

Cash flows from financing activities were negative 125.1 billion yen. Net cash provided by financing activities increased by 95.4 billion yen, mainly due to a decrease in redemption of short-term bonds compared to a decrease of 220.6 billion yen

in the previous fiscal year.

(ii) Significant capital expenditure plans and the source of the funds

As stated in “Item 3 Equipment and Facilities 3 Plan for the construction, retirement, etc., of equipment and facilities

(1) Construction, etc. of significant equipment and facilities.”

(iii) Shareholder returns

As stated in “Item 4 Company Information 3 Dividend policy.”

(iv) Fund procurement

Regarding fund procurement, it is our basic principle to secure the necessary funds on a stable, agile basis at a low interest rate, taking into consideration capital investment plans for the Chuo Shinkansen and debt redemption plans, in light of economic conditions and financial market trends.

During the fiscal year ended March 2024, we issued 20 billion yen in domestic straight bonds (green bonds) and raised 69.9 billion yen through long-term debts in order to fund the redemption of debt, capital investment, etc.

Regarding the construction of the Chuo Shinkansen, we have secured the funds necessary for the time being through long-term loans using the fiscal investment and loan program.

For smooth fund procurement, we received an A2 rating from Moody’s Japan K.K., an AA rating from Rating and Investment Information, Inc., an A+ rating from S&P Global Ratings Japan Inc., and an AAA rating from Japan Credit Rating Agency, Ltd.

Furthermore, we had established a commitment line of 100 billion yen as of the end of the fiscal year under review for the purpose of securing short-term liquidity.

(4) Significant accounting estimates and the assumptions used for such estimates

The Company’s consolidated financial statements are prepared in accordance with the generally accepted accounting principles in Japan. In preparing these consolidated financial statements, our estimates and judgments were made based on various factors that we deem reasonable in the light of past results and situations. However, the actual results may differ from these estimates due to uncertainties inherent to the estimates.

Of the estimates in the Group, the discount rate and long-term expected rate of return on investments and other assumptions for liability for retirement benefits and retirement benefit expenses are indicated in “Section 5 FINANCIAL RESULTS, 1. Consolidated financial statements, etc., Notes (Retirement benefits accounting).” It should be noted that in the event where any changes occur in the discount rate and long-term expected rate of return on investments, there will be an increase or a decrease in liability for retirement benefits and retirement benefit expenses due to the changes in retirement benefit liabilities.