

Management's Discussion and Analysis of Consolidated Financial Conditions and Results of Operations for FY2025.3 (MD&A)

(Summary of business results in FY2025.3)

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. Furthermore, in light of significant changes in the business environment surrounding the Company, such as diversifying needs due to changes in lifestyles and working styles and the need for business transformation amid a declining labor force, we focused on reinforcement of earning power. This effort was built upon two key pillars: "Reform of Business Operations" to establish an efficient business execution system using the latest ICT technologies, including rapidly evolving AI, and "Revenue Expansion" through innovative ideas.

For the Tokaido Shinkansen, we flexibly adjusted the transportation capacity that we provide based on passenger volume by utilizing the "12 Nozomi Timetable." We also continued the introduction of N700S trains and completed modification work to add some functions of N700S to the existing N700A type. Moreover, we advanced earthquake countermeasures, such as derailment and deviation countermeasures, as well as large-scale renovation work. In addition, we implemented initiatives to optimize operation regulation during heavy rain.

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. We also promoted earthquake countermeasures, such as the rebuilding of the Nagoya rolling stock repair and inspection depot and the seismic reinforcement of elevated track columns, along with rainfall countermeasures, rockfall prevention measures, and improvements to safety devices at railway crossings.

Regarding sales and marketing initiatives, we sought to expand usage of the "EX Service," an online reservation and ticketless boarding service for the Tokaido, Sanyo, and Kyushu Shinkansen lines, by leveraging the "EX Shinkansen Travel Packages" and "EX Hotels and Activities," both launched two years ago, as well as a service allowing reserved seat bookings up to one year in advance. In addition, in collaboration with various business operators and local governments along our lines, we launched the "Oshi Travel" campaign, which proposes an enhanced "Oshi Travel" experience, where customers go to see their own recommendations. We also sold the "Chartered Shinkansen Package," a service that allows customers to charter a whole car of the Tokaido Shinkansen to, for example, hold an event of their own. Furthermore, we ran promotional campaigns such as the Kyoto Campaign, the Nara Campaign, and the "Let's Go Meet" campaign and implemented commemorative projects to mark the 60th anniversary of the opening of the Tokaido Shinkansen.

For the Chuo Shinkansen, which will be run by the Superconducting Maglev system, we proceeded with land acquisition for the Shinagawa-Nagoya section, for which the construction implementation plan has been approved, and began construction on the Kanto Rolling Stock Depot (tentative name). We also began full-scale excavation in the Kajigaya section of Tokyo Metropolitan Area Tunnel No. 1, where deep underground excavation is carried out by a shield machine, and in the Higashi-yurigaoka section. Construction work progressed in various areas along the line. We will continue to advance construction work vigorously, placing importance on construction safety, environmental conservation, and cooperation with local communities while thoroughly examining and managing 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. Under these circumstances, we have engaged in repeated dialogue with Shizuoka Prefecture and other parties regarding the impact on the water resources of the Oi River and environmental conservation in the Southern Alps, based on the report of the Ministry of Land, Infrastructure, Transport and Tourism's (MLIT) "Linear Chuo Shinkansen Shizuoka Construction Area Council of Experts." We have also reported on the status of these dialogues to the MLIT's "Monitoring Conference on the Linear Chuo Shinkansen Shizuoka Construction Section." In November last year, high-speed and long-range pre-excavation exploratory drilling, which had been progressing from the Yamanashi side to assess geological and spring water conditions in advance, crossed the prefectural border into Shizuoka Prefecture. Furthermore, following a meeting in June last year, the President met with the Governor of Shizuoka Prefecture again in January, where both parties shared the understanding that dialogue should proceed both courteously and with a sense of speed. In addition, in November last year, we held an opinion exchange meeting with the mayors of eight cities and two towns in the Oi River basin, and in March, we began briefing sessions regarding initiatives to protect the water of the Oi River. Moving forward, we will continue to make sincere efforts toward the early commencement of tunnel excavation work in the Shizuoka section, valuing two-way communication and striving to gain the understanding and cooperation of local communities.

Meanwhile, with regard to Superconducting Maglev technology, we advanced running tests on the Yamanashi Maglev Test Line and verification at the Komaki Research Center, with a view to introducing high-temperature superconducting magnets into commercial trains. At the same time, as part of development efforts aimed at realizing an efficient operating system using the latest ICT, we worked to further reduce costs and refine technologies by improving and validating systems that analyze images and big data through AI and other technologies. In addition, to foster public anticipation toward the opening of the Chuo

Shinkansen, we conducted Superconducting Maglev test rides while using SNS-based campaigns. We also held, for the first time, an event combining workshops, quiz rallies, and test rides, mainly aimed at elementary school students.

Regarding the overseas expansion of the high-speed railway system, we steadily worked on high-speed railway system projects in the U.S. We also provided technical consulting services for Taiwan's high-speed railway system and entered into a new technical consulting agreement with Taiwan High Speed Rail Corporation, the operator of Taiwan's high-speed railway system, concerning the procurement of new high-speed railcars based on the N700S series. Furthermore, we continued our efforts to establish the Japanese-style high-speed railway system as a global standard.

In our non-railway businesses, we operated JR Central Towers and JR Gate Tower in an integrated manner to expand revenue. To mark the 25th anniversary of the opening of JR Central Towers, we implemented commemorative campaigns to express our gratitude for our customers' longstanding patronage. We also worked to strengthen our competitiveness and sales capabilities by expanding and renovating station commercial facilities at Mishima, Shin-Yokohama, Gifu, and Nagoya Stations and by proceeding with development under the elevated tracks near Shizuoka Station. Furthermore, we enhanced the convenience of "TOKAI STATION POINT," our Group's common point program, by adding station kiosks and other stores to the list of eligible facilities. In addition, we launched the "Tokaido Mach Service," a luggage transportation service using the operation rooms of Tokaido Shinkansen "Kodama" trains.

As a result of the above, overall transportation results (passenger-kilometers) for the current fiscal year increased by 4.4% year-on-year to 63.852 billion passenger-kilometers. Operating revenues rose by 7.1% year on year to 1,831.8 billion yen, ordinary income increased by 18.7% year on year to 649.2 billion yen, and net income attributable to owners of the parent increased by 19.3% year on year to 458.4 billion yen.

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

Transportation

For the Tokaido Shinkansen, we applied the "12 Nozomi Timetable" to set flexible train services according to demand fluctuations. We also changed Car No. 3 of all Nozomi trains from non-reserved to reserved seating to ensure that more passengers could secure seats in advance and enjoy safer travel. We also promoted the introduction of the N700S and completed modification work to add some functions of N700S to the existing N700A type. Furthermore, we promoted earthquake countermeasures across the entire Tokaido Shinkansen line, including the installation of derailment prevention guards and other measures to prevent derailment and deviation. At the same time, to maintain and enhance the soundness of civil engineering structures, we carried out large-scale renovation work while continuously pursuing cost reductions and completed construction work on tunnels and steel bridges. In addition, based on hazard maps and other data, we advanced flood prevention measures for railway facilities and completed all planned countermeasures. To enable optimal operation regulation during heavy rainfall, we also conducted monitoring in some sections of embankments on commercial lines to precisely understand the distribution of water in the soil during actual rainfall. Moreover, we completed measures to address level differences and gaps between trains and platforms at Shin-Osaka Station, among other efforts to ensure safe and stable transportation and 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." We also promoted the introduction of the commuter train Series 315, expanding their deployment to the Shizuoka area in addition to the Nagoya area, where they had already been introduced. Furthermore, we expanded the service area of TOICA by introducing it at 15 stations on two additional lines. In addition, we promoted earthquake countermeasures, such as the rebuilding of the Nagoya rolling stock repair and inspection depot and the seismic reinforcement of elevated track columns, along with rainfall countermeasures, rockfall prevention measures, and improvements to safety devices at railway crossings. We also advanced the installation of on-board security cameras on 313 series trains operating to and from Nagoya Station. Moreover, we proceeded with the installation of movable platform fences on the Tokaido Main Line outbound and Chuo Main Line platforms at Nagoya Station. We also carried out work to widen platforms and install movable platform fences at Kariya Station. At Nagoya Station, following the commencement of movable platform fence operation on Platform 6 in the previous fiscal year, we began their use on Platform 5 of the outbound Tokaido Main Line. These efforts ensured safe and stable transportation and further enhanced our transportation services.

As initiatives common to both the Shinkansen and conventional lines, we promoted earthquake countermeasures, including measures to prevent the falling of suspended ceilings at stations and seismic reinforcement work for platform sheds. In addition, to respond appropriately to various situations that may arise during abnormal conditions such as natural disasters or unforeseen incidents, we repeatedly conducted practical training exercises.

Regarding sales and marketing initiatives, we sought to expand usage of the "EX Service" by leveraging the "EX Shinkansen Travel Packages" and "EX Hotels and Activities," both launched two years ago, as well as a service allowing reserved seat

bookings up to one year in advance. We also rolled out the “Oshi Travel” campaign in collaboration with various business operators and local governments along our lines and sold the “Chartered Shinkansen Package,” which was used in a variety of ways, including for corporate incentive trips. Furthermore, we implemented various campaigns using tourist resources in areas such as Kyoto, Nara, Tokyo, and Hida, alongside the “Let’s Go Meet” campaign. On the occasion of the 60th anniversary of the opening of the Tokaido Shinkansen, we expressed our gratitude for our customers’ longstanding patronage through various events. At the same time, we worked to build expectations for the future evolution of high-speed railways, including the Chuo Shinkansen. In addition, through the implementation of collaborative projects with other companies, we sought to expand revenue in cooperation with Group companies. Similarly, to mark the 90th anniversary of the full opening of the Takayama Main Line and the 90th anniversary of the Gotemba Line, we implemented commemorative projects in cooperation with local governments along these lines. Furthermore, in partnership with Tokyu Corporation, we operated the cruise train “THE ROYAL EXPRESS – SHIZUOKA / FUJI CRUISE TRAIN” with the aim of promoting tourism and regional revitalization in Shizuoka Prefecture. We also operated the “Wonderful Dreams Shinkansen,” a special trainset on the Tokaido Shinkansen, in collaboration with Oriental Land Co., Ltd. For foreign visitors to Japan, we strengthened our sales and marketing initiatives by analyzing passenger trends and product usage by country and region to develop more effective advertising. Furthermore, by strengthening collaboration with travel agencies, we expanded travel products and broadened sales channels to coincide with the 60th anniversary of the opening of the Tokaido Shinkansen. In addition, we completed the full-scale introduction of private “Business Booths” onboard the Tokaido Shinkansen. We also expanded the number of corporate members of the “Express Reservation” service adopting “GreenEX,” a service that effectively achieves net-zero CO₂ emissions for travel on the Tokaido, Sanyo, and Kyushu Shinkansen lines.

Transportation results (passenger-kilometers) for the current period were 55.21 billion passenger-kilometers for the Tokaido Shinkansen, up 4.7% year on year, and 8.642 billion passenger-kilometers for conventional lines, up 2.9% year on year.

As for the bus business, we made efforts to secure revenue by offering products that accurately reflect customer needs while placing top priority on safety.

As a result of the above, operating revenues for the current period increased by 6.7% year on year to 1,502.2 billion yen, and operating income rose by 16.1% year on year to 649.7 billion yen.

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

| Category | | | Unit | FY2024.3 (April 1, 2023 to March 31, 2024) | | | FY2025.3 (April 1, 2024 to March 31, 2025) | | |
|---|-----------------|---------------|------------------------------------|--|-----------------------------|-----------|--|-----------------------------|-----------|
| | | | | Shinkansen | Conventional lines | Total | Shinkansen | Conventional lines | Total |
| Number of business days | | | days | 366 | 366 | 366 | 365 | 365 | 365 |
| Operating kilometers | | | kilometers | 552.6 | 1,418.2 | 1,970.8 | 552.6 | 1,418.2 | 1,970.8 |
| Rolling stock kilometers | | | thousand kilometers | 1,022,423 | 228,322 | 1,250,745 | 1,050,605 | 223,994 | 1,274,599 |
| Passenger ridership | Commuter pass | | thousand | 12,140 | 245,092 | 255,232 | 12,653 | 249,171 | 259,732 |
| | Other | | thousand | 146,066 | 129,858 | 266,002 | 155,202 | 135,160 | 279,958 |
| | Total | | thousand | 158,206 | 374,949 | 521,234 | 167,855 | 384,331 | 539,690 |
| Passenger kilometers | | | million passenger kilometers | 52,751 | 8,400 | 61,151 | 55,210 | 8,642 | 63,852 |
| Transportation revenues | Passenger fares | Commuter pass | million yen | 13,957 | 31,275 | 45,233 | 14,649 | 32,028 | 46,677 |
| | | Other | million yen | 1,234,010 | 63,583 | 1,297,594 | 1,316,580 | 69,269 | 1,385,849 |
| | | Total | million yen | 1,247,968 | 94,858 | 1,342,827 | 1,331,230 | 101,297 | 1,432,527 |
| | Parcel carriage | | million yen | — | 1 | 1 | — | 1 | 1 |
| | Total | | million yen | 1,247,968 | 94,860 | 1,342,829 | 1,331,230 | 101,298 | 1,432,528 |
| Railtrack’s access charges | | | million yen | — | — | 3,809 | — | — | 3,793 |
| Miscellaneous incomes of transportation | | | million yen | — | — | 53,608 | — | — | 57,456 |
| Total revenue | | | million yen | — | — | 1,400,247 | — | — | 1,493,778 |
| Transport efficiency | | | % | Seat utilization rate 62.6 | Boarding efficiency 28.2 | — | Seat utilization rate 63.8 | Boarding efficiency 29.7 | — |

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 | FY2024.3 (%) | FY2025.3 (%) |
|----------------------------|--------------|--------------|
| East Japan Railway Company | 19.7 | 17.1 |
| West Japan Railway Company | 15.3 | 14.5 |

Merchandise and other

We worked to strengthen our profitability by completing the largest renovation of Takashimaya Gate Tower Mall since its opening. We also consolidated and enlarged station kiosks and other stores to allow customers to purchase souvenirs, boxed lunches, and other items in a one-stop manner while also offering a diverse range of products to meet various customer needs, thereby creating convenient and attractive stores. Furthermore, on the JR Central MARKET, a shopping site with a variety of online shops offering popular items of stations and hotels as well as original railway-related goods, we sold commemorative products for the 60th anniversary of the opening of the Tokaido Shinkansen. To mark the third anniversary of the site's launch, we also enhanced our product lineup with a special feature marking the retirement of the 923-0 series Shinkansen electric and tramway comprehensive test car (Doctor Yellow; T-4 formation).

As a result of the above, operating revenues for the current period increased by 6.7% year on year to 171.4 billion yen, and operating income increased by 13.1% year on year to 15.6 billion yen.

Real estate

We worked to strengthen our competitiveness and sales capabilities by advancing the expansion and renovation of station commercial facilities at Mishima, Shin-Yokohama, Gifu, and Nagoya Stations, as well as developing areas under the elevated tracks near Shizuoka Station. Regarding the development of former company housing sites, we proceeded with the sale of residential lots in "Central Garden Stage Inazawa Ekimae II" in Inazawa City and the leasing of "Avance G Nodate," a rental housing complex with private garages in Nagoya City. Furthermore, we expanded our "EXPRESS WORK" workspaces located within station premises and buildings directly connected to stations.

As a result of the above, operating revenues for the current period increased by 4.1% year on year to 86.6 billion yen, and operating income increased by 12.9% year on year to 22.8 billion yen.

Other

In the hotel business, we strove to provide high-quality services and implemented initiatives to stimulate demand, such as offering special commemorative rooms at Hotel Associa Shin-Yokohama in celebration of the 60th anniversary of the opening of the Tokaido Shinkansen.

In the travel business, in addition to offering attractive travel products to destinations such as Kyoto, Nara, Tokyo, and Hida, we launched new travel products related to the "Oshi Travel" campaign and also marketed the "Chartered Shinkansen Package."

In the rolling stock manufacturing business, we worked to secure orders for and manufacture railcars and construction machinery

As a result of the above, operating revenues for the current period increased by 6.8% year on year to 272.6 billion yen, and operating income increased by 0.7% year on year to 15.5 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 121.4 billion yen (7.1%) year on year to 1,831.8 billion yen.

In the transportation business, our transportation revenues increased by 89.6 billion yen (6.7%) year on year to 1,432.5 billion yen. As for the Tokaido Shinkansen, transportation revenues increased by 6.7% year on year to 1,331.2 billion yen due to a year-on-year increase of 4.7% in the transportation result (passenger kilometers). As for the conventional lines, transportation revenues increased by 6.8% year on year to 101.2 billion yen due to a year-on-year increase of 2.9% 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 6.7%, 4.1%, and 6.8%, respectively, on a year-on-year basis. As a result, all business segments achieved revenue growth.

(ii) Operating expenses

Operating expenses increased by 26.0 billion yen (2.4%) year on year to 1,129.0 billion yen.

(iii) Operating income

Operating income increased by 95.4 billion yen (15.7%) year on year to 702.7 billion yen.

(iv) Non-operating income and expenses

Non-operating income and expenses improved by 6.9 billion yen compared to the previous fiscal year.

(v) Ordinary income (loss)

Ordinary income increased by 102.3 billion yen, or 18.7%, year on year to 649.2 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 74.0 billion yen, or 19.3%, year on year to 458.4 billion yen.

(2) Financial position

The balance of total assets as of the end of the fiscal year ended March 2025 increased by 381.4 billion yen from the end of the previous fiscal year to 10,323.3 billion yen. The balance of assets by business segment is as follows: in the transportation business, it increased by 788.6 billion yen from the end of the previous fiscal year to 9,556.4 billion yen; in the merchandise and other business, it increased by 14.5 billion yen from the end of the previous fiscal year to 163.9 billion yen; in the real estate business, it increased by 25.7 billion yen from the end of the previous fiscal year to 402.1 billion yen; and in the other business, it increased by 51.5 billion yen from the end of the previous fiscal year to 517.9 billion yen.

The balance of total liabilities as of the end of the fiscal year ended March 2025 decreased by 53.4 billion yen from the end of the previous fiscal year to 5,664.7 billion yen. The balance of long-term debt as of the end of the fiscal year ended March 2025 stood at 4,778.6 billion yen. Of this amount, the balance of long-term debt, excluding long-term debt for the construction of the Chuo Shinkansen, stood at 1,778.6 billion yen, a decrease of 67.5 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 2025 increased by 434.8 billion yen from the end of the previous fiscal year to 4,658.5 billion yen, pushing up the equity ratio to 44.6% as of the end of the fiscal year ended March 2025, compared to 41.9% 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 2025 increased by 427.0 billion yen from a year earlier to 394.7 billion yen, and we judge that the liquidity of funds is secured.

Cash flows from operating activities were positive 624.5 billion yen. Net cash provided by operating activities decreased by 48.3 billion yen, compared to an increase of 672.8 billion yen in the previous fiscal year. This is mainly due to an increase of corporate tax payments even though our transportation revenues increased.

Cash flows from investing activities were negative 956.0 billion yen. Net cash provided by investing activities decreased by 519.4 billion yen, mainly due to a decrease in proceeds from redemption of investment compared to a decrease of 436.5 billion yen in the previous fiscal year.

Cash flows from financing activities were negative 95.5 billion yen. Net cash provided by financing activities increased by 29.5 billion yen, mainly due to a decrease in redemption of short-term bonds compared to a decrease of 125.1 billion yen in

the previous fiscal year.

(ii) Results of Production, Orders Received, and Sales

Since many of the business activities of the Group do not involve made-to-order production, production and order volumes are not presented in monetary or quantitative terms by segment. Accordingly, the results of production, orders received, and sales are presented in connection with the segment performance described in “4. Management’s Analysis of Financial Condition, Results of Operations, and Cash Flows” under “II. Business Overview.”

(iii) 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.”

(iv) Shareholder returns

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

(v) 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 2025, we issued 20 billion yen in domestic straight bonds (green bonds) and raised 36.5 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.