

October 31, 2025

Central Japan Railway Company

## Main Q&A of the Semi-Annual Investor Meeting for FY2026.3

(Timing of reviewing construction costs)

Q. With regard to the increase in the total construction costs for the Shinagawa-Nagoya section of the Chuo Shinkansen, why was the review made at this timing, and what are the circumstances behind the decision?

A. Although we have recognized for the last several years how prices have been soaring across the board, we have worked to reduce costs through technological development and various other efforts. On the other hand, due to an increase in construction work requiring additional measures as construction progresses, we have decided to assess the expected increase in construction costs, including the impact of soaring prices, as well as check whether we can secure construction funds and maintain sound management. As a result, we determined that overall construction costs will increase to 11 trillion yen. This is why we decided to announce this at this timing.

(Risk of further increase in construction costs)

Q. In order to address the risk of a further increase in construction costs, I assume that the new total construction cost estimate incorporates various factors. How much future inflation risk do you expect? Also, what are the possible scenarios for a further increase in construction costs?

A. Although it is difficult to accurately predict future inflation and construction cost increases, we have recorded an amount of 1.0 trillion yen as a provision for potential future increase in construction costs, including the risk of further rises in labor costs and general price inflation. When we announced the outlook for the total construction costs of 7.04 trillion yen in April 2021, we were unable to fully account for the risk of future cost increases because little progress had been made on some of the construction work. However, as construction has progressed, we have incorporated all reasonably foreseeable cost increases at this stage.

(Cost sharing upon increase in construction costs)

Q. I believe many sections of the Chuo Shinkansen construction contract have already been signed, but how will costs be shared with the contractor if construction costs increase after the contract is signed?

A. Since the Chuo Shinkansen construction contract is long-term, we additionally pay the difference between the initial contract amount and the actual amount each year, in accordance with the construction contract, after discussing it with the contractor. When we estimated the construction costs this time, we incorporated these measures, as well as a certain amount of risk of future surges in construction costs, including price and labor costs.

(Construction costs west of Nagoya)

Q. I assume that the total construction cost for the Shinagawa-Nagoya section has almost doubled since the initial estimate. If you are to begin construction of the section west of Nagoya immediately after its opening, do you have the sufficient financial capacity to proceed with it?

A. We currently have no cost estimates for the section west of Nagoya, since environmental assessment procedures have not yet begun and the route has not been determined. In general, a large amount of construction work does not begin immediately after construction starts. Instead, construction usually progresses gradually based on sound management and stable dividends.

(Profit level after the Chuo Shinkansen opens)

Q. You have estimated the ordinary income for FY2036, after the Chuo Shinkansen opens, to be 65 billion yen. How many years should we expect it to take for ordinary income to recover to its current level from this level?

A. After the Chuo Shinkansen opens, depreciation and amortization expenses will be substantial. Therefore, when considering the project, we focus more on cash flows than on simply comparing profit and loss statements before and after the opening.

For this calculation, we set the price for the Shinagawa and Nagoya section of the Chuo Shinkansen at 700 yen above the reserved seat fare for the Tokaido Shinkansen “Nozomi”. We estimate our operating cash flow at approximately 600 billion yen for the year following the opening of Nagoya, which is the same level as the current operating cash flow. The additional 700 yen was tentatively provided for the calculation. By setting fares for the Chuo Shinkansen at a level commensurate with its unmatched speed and service quality, we will work to increase operating cash flows further.

(Funding)

- Q. Why is the interest rate for funding set at 3%? Do you intend to use fiscal investment and loans further in the future?
- A. Although we acknowledge that interest rates have been rising in recent years, we have set the rate at 3% as a reasonable level at this stage. We do not intend to borrow using further fiscal investment and loans in the future.

(Outlook of start of construction of the Shizuoka section)

- Q. What is the timeline for the discussions with Shizuoka Prefecture? What is your outlook until the start of construction?
- A. Since the matter involves other parties, it is difficult to indicate a specific schedule. However, we have been continuing our discussions with Shizuoka Prefecture and the municipalities in the Oi River basin. In June, the expert council concluded its discussions on water resources, and we are now focusing on matters concerning environmental conservation and the handling of soils containing naturally occurring heavy metals. In addition to the expert council’s discussions, the understanding of the local communities will also be needed. We will maintain thorough communication as we proceed.

(Approach to share repurchases)

- Q. You increased your share repurchase limit this time, but is it correct to assume that a portion was allocated to shareholder returns, given the increase in ordinary income and net income compared to the plan? Also, regarding the point that if your actual performance exceeds the initial estimates and surplus funds become available, you will consider enhancing shareholder returns, is it correct to assume that you will consider how to respond on a case-by-case basis based on the responses taken this year?
- A. During the financial results briefing in May, we noted that various options for shareholder returns would be considered and implemented depending on the circumstances, including share repurchases. This time, we have revised our full-year earnings guidance upward based on our second-quarter results. At the same time, the total construction cost estimate for the Chuo Shinkansen has also increased. Please view our additional share repurchases as a sign that we continue to be committed to our shareholders, even as we promote the Chuo Shinkansen plan steadily despite rising construction costs.
- We will continue to consider various options in line with changing circumstances.

(Balance between future shareholders' equity and liabilities)

- Q. Your estimate indicates long-term liabilities of up to 7.1 trillion yen. What level of balance between future shareholders' equity and liabilities do you think is appropriate?
- A. Rather than focusing on the balance between shareholders' equity and liabilities, we manage the project by taking into account the level of long-term liabilities that the company can prudently bear. Our basic approach to constructing the Chuo Shinkansen is to use operating cash flows and to supplement any shortfalls with funding commensurate with our financial strength. We plan to use corporate bonds and borrowings as the funding methods. As you can see in the capital allocation conceptual diagram, we will work to ensure continued capital expenditures for our existing businesses, investments in the Chuo Shinkansen, and shareholder returns.

(Additional growth investments)

Q. What kind of additional growth investments are you considering?

A. In addition to introducing premium class seats and other initiatives to make the Tokaido Shinkansen more competitive, we will make further efforts in our non-railway business. Since the Tokaido Shinkansen is our main source of revenue, we will work on non-railway businesses that can generate synergies with the Shinkansen.

For instance, we opened the Courtyard by Marriott Kyoto Shijo-Karasuma in August of this year. In addition to the hotel's profitability, we anticipate synergies with the Tokaido Shinkansen.

(Changes in the railway fare/fee system)

Q. What is the situation, feasibility, and timeline for introducing a system that would allow for the pricing of Shinkansen non-reserved seat limited express fees by notification, as well as flexible fare and fee adjustments to reflect inflation-related cost increases?

A. Regarding the introduction of a system that allows for flexible fare adjustments to reflect inflation-related cost increases, we are continuing discussions with the relevant parties persistently. Among the relevant parties, we have gained the understanding of experts, including transportation economists. We intend to continue our efforts.

Furthermore, the Shinkansen faces competition from airlines, the internet, and others. We believe it is reasonable to allow flexible pricing for Shinkansen non-reserved seat limited express fees. We will continue to tenaciously negotiate the matter.

(Pricing of Shinkansen's non-reserved seat limited express fees by notification)

Q. If the pricing of non-reserved seat limited express fees on the Shinkansen is permitted by notification, what kind of pricing strategy will you implement? How much will transportation revenues increase?

A. The Shinkansen's non-reserved seat limited express fees are classified as non-reserved, reserved, or Green Car. If pricing by notification is permitted, we will be able to price more flexibly. This is important for broadening management liberties and maximizing revenues.

(Scale of revenue growth from premium class seats)

Q. To what degree will transportation revenues increase by introducing premium class seats (private compartment type)? What unit price strategy will you implement?

A. The price of the seats has not yet been determined, but they will be priced in a way that contributes positively to revenue. We plan to add two private compartments to each train. While this initiative alone will not generate significant revenue growth, our strategy is to increase average customer spend across the entire premium class, including Green Cars, with the introduction of semi-private compartments in FY2027.

(Transportation trends after the closing of the Expo)

Q. What is your outlook for transportation demand after the closing of the Expo? I believe that business and inbound tourism demand are robust. What additional demand stimuli are you considering for the future?

A. We believe that we were able to have many visitors heading to the Expo use the Shinkansen. For the approximately two weeks after the Expo closed, the Tokyo gate passenger volume for the Shinkansen was around 103–104% of FY2024 levels. Although this data is only for a short period of time and should be considered for reference, as it is for a short period of time, we believe that demand is robust considering that demand in the second half of FY2024 was strong. In terms of initiatives to increase revenue, our basic policy on business, tourism, and inbound tourism is as we mentioned at the beginning of the presentation. Regarding inbound tourism, we are considering launching promotional campaigns targeting customers from other Asian countries and China, as well as those from Europe, the United States, and Australia.