

January 30, 2020

East Japan Railway Company

Summary of Telephone Interviews about Financial Results
in the Third Quarter of Fiscal 2020

[Revision of the Performance Outlook]

Q. With respect to passenger revenues, what is the outlook for Shinkansen (non-commuter passes (ordinary tickets)) in the fourth quarter?

A. The outlook is for the basic trend to be approximately the same year on year. Regarding the decrease in revenues in the fourth quarter due to the effect on the Hokuriku Shinkansen of weather-related disasters, an approximately ¥1.0 billion decrease is expected due to the reduction of the number of train services operating. The (year-on-year) traffic volume of the Hokuriku Shinkansen as a specific section was 71% in October, 90% in November, and 96% in December and is trending toward recovery. We will carefully monitor the trend going forward.

Q. Why was inbound revenue (revenue from visitors to Japan) ¥2.0 billion less than ¥30.0 billion (April plan)?

A. In the third quarter, inbound revenue was ¥20.0 billion (up ¥1.0 billion year on year, ¥2.0 billion less than the plan). Although we do not have a breakdown of results by country, there were fewer visitors to Japan from South Korea from July onward, and the effect on the sales of certain discount railway tickets has been emerging.

Q. In non-consolidated operating expenses, why were other non-personnel expenses ¥9.0 billion more than ¥455.0 billion (April plan)?

A. This was due to the new addition to the plan of items that were not foreseen in the April plan, such as measures related to *JRE POINT* (increase of ¥3.0 billion)—which included awarding points for the use of *Suica* for railway services and increasing the percentage of points earned for cashless payments—and increases in the non-life insurance premiums of civil engineering completed risks insurance (increase of ¥3.0 billion).

[Non-consolidated]

Q. To what extent have test expenses for the ALFA-X next-generation Shinkansen been recognized?

A. In the fourth quarter, it is planned to recognize the majority of the ¥12.0 billion that is earmarked for the current fiscal year.

[Others]

Q. What has been the effect of the series measures in relation to *JRE POINT* that were begun in October?

A. Membership has increased by 1.5 million people since September. It reached 11.7 million people at the end of December. At this point, it cannot be said that this is leading to a significant increase in revenues. However, we will carefully monitor the trend going forward.