

April 28, 2020

East Japan Railway Company

Summary of Telephone Interviews about Financial Results for Fiscal 2020

[Consolidated Financial Results]

Q. What caused the revenue and income of the Real Estate & Hotels segment to decrease in the fourth quarter (January–March)?

A. This reflected such factors as decreases in the rental revenue of Lumine Co., Ltd., and atré Co., Ltd., which were due to COVID-19 and other factors, and such factors as a decrease in the accommodation and banquet services revenue of Nippon Hotel Co., Ltd.

Q. Why did the Others segment record an increase in revenue and a decrease in income in the fourth quarter (January–March)?

A. Revenue increased due to such factors as an increase in sales of IC related equipment at JR East Mechatronics Co., Ltd., and an increase in the *Suica* electronic money revenue of JR East (non-consolidated). Meanwhile, income decreased due to such factors as the recognition of expenses arising from the “Detailed Design Study on the High Speed Railway Construction Project in India” of Japan International Consultants for Transportation Co., Ltd.

[Non-consolidated Financial Results]

Q. In the fiscal year ending March 31, 2021, what approach will be taken to cost, and what cost reductions will be considered?

A. In the fiscal year ending March 31, 2021, such factors as depreciation will increase operating expenses. Reform of approximately 10% of investment required for the continuous operation of business based on the results of the fiscal year ended March 31, 2020, is being considered. Although operating expenses are trending upward, we also want to consider cost reductions in this regard going forward. We want to keep maintenance expenses at approximately ¥300 billion through cost

control. As for other non-personnel expenses, we want to advance mechanization and systemization and carefully analyze the unit costs and amounts of existing expenses. Further, in the fiscal year ending March 31, 2021, although there will be factors that reduce costs, such as revenue-related expenses and security expenses, there will be factors that increase costs, such as Takanawa Gateway Fest, the changeover to new uniforms, non-life insurance premiums, *JRE POINT* measures, and business consignment for railway station operations.

[Returns to Shareholders]

Q. Will there be purchase of treasury stock?

A. There will not be purchase of treasury stock as the effect of COVID-19 on business results has yet to be determined.

[Fund-Raising]

Q. What is the approach to fund-raising?

A. The basic approach is to conduct fund-raising that is early, abundant, and long-term. In March and April, commercial paper of ¥240 billion and bonds of ¥125 billion were issued. While giving due consideration to the risk of deterioration in the fund-raising environment, we want to use a variety of methods to secure adequate liquidity going forward, including procurement from the market and borrowing from financial institutions.