January 29, 2021
East Japan Railway Company

# Summary of Telephone Interviews about Financial Results in the Third Quarter of Fiscal 2021

## ［Revision of the Performance Outlook］

Q. With passenger revenues surpassing the plan by approximately ¥20.0 billion as of the third quarter, what are your expectations for passenger revenues in the fourth quarter?

A. We believe that the effect of the state of emergency declaration will continue in January and February. Compared with pre-COVID-19 levels, we anticipate levels of approximately 35% for Shinkansen, approximately 55% for the Kanto area network of conventional lines, and approximately 80% for commuter passes (seasonal tickets) at the end of the fiscal year. Further, the plan announced in September anticipated a recovery to levels of approximately 55% for Shinkansen, approximately 80% for the Kanto area network of conventional lines, and approximately 85% for commuter passes at the end of the fiscal year.

## ［Cost Reduction］

Q. What are the points of difference in the latest cost reduction plan?

A. Under the plan announced in September, we set out cost reductions of approximately ¥62.0 billion on a non-consolidated basis and approximately ¥30.0 billion at Group companies. However, we have set out further cost reductions of approximately ¥34.5 billion on a non-consolidated basis and approximately ¥5.0 billion at Group companies. Together with operating expenses and capital expenditures, we plan cost reductions of ¥195.5 billion.

Q. Why will operating income in the fourth quarter deteriorate even in comparison with that of the first quarter, when the state of emergency declaration was issued?

A. Partly due to numerous contracts under which construction is to be completed end of the fiscal year, the Company will recognize higher expenses in the fourth quarter than in the first quarter. As a result, operating income in the fourth quarter will deteriorate in comparison with that of the first quarter. Further, with respect to expense items, we are not particularly expecting any significant special factors.

Q. As the operating revenues and operating income of the Transportation segment in the fiscal year ended March 31, 2020, and in the fiscal year ending March 31, 2026, when compared seem to be at approximately the same levels, cost reductions do not appear to progress. What is your approach to cost reductions?

A. Over the next five years, we expect increases in taxes and depreciation due to an increase in capital expenditures. Further, although the reduction of employee numbers through a large amount of retirement will be completed, we do not expect a significant increase in personnel expenses. Also, we will keep maintenance expenses at the level of about ¥285.0 billion. As for other non-personnel expenses, although an increase in revenue-related expenses will accompany the recovery in revenues, we will curb overall expenses by controlling such expenses as advertising expenses.