July 30, 2021
East Japan Railway Company

Summary of Telephone Interviews about Financial Results in the First Quarter of Fiscal 2022

［Performance versus Plans］

Q. How much did operating income deviate from plans on both a non-consolidated and consolidated basis in the first quarter?

A. In the Transportation segment, non-consolidated passenger revenues were approximately ¥20.0 billion below the plan, while operating expenses were approximately ¥9.0 billion lower than the plan due to a reduction in summer bonuses. Going forward, we will implement additional cost reductions for such expenses as non-personnel expenses, excluding energy expenses and maintenance expenses. Although the Retail & Services segment has been affected by the downturn in railway usage, the results of the Real Estate & Hotels segment and the Others segment were generally close to plans. JR East will continue efforts to secure profits in each segment.

［Cost Reduction］

Q. What progress was made in the first quarter with the cost reduction plans for the current fiscal year?

A. The plan is for non-consolidated cost reductions of ¥59.0 billion in the full fiscal year, and the result in the first quarter was approximately ¥22.0 billion. This figure includes an unplanned reduction of approximately ¥9.0 billion in bonuses. With respect to a plan for cost reductions of ¥11.0 billion in the full fiscal year, Group companies made progress of approximately ¥4.0 billion yen in the first quarter. JR East will advance cost reduction measures even further.

［Office Buildings］

Q. With respect to the Real Estate & Hotels segment, market conditions are characterized by increasing vacancy rates. Excluding newly opened buildings in Kawasaki and Yokohama, what are the changes in the profitability of existing buildings?

A. Revenues from office buildings overall increased 10.5% year on year, and revenues from existing office buildings increased 7.5% year on year. The general downward pressure on rents is evident, but the Company's properties have advantages in terms of location and other factors. Therefore, the pressure to lower rents is not that high. Conversely, for rents that are lower than the market rate, we are currently conducting negotiations to raise rents. In some cases, we have actually raised rents.