

December 9, 2021
East Japan Railway Company

Condensed Transcript from Q&A Session of Small Meetings

1. Summary of Implementation

Dates: December 8 and 9, 2021
Attendees: Yuji Fukasawa, President and CEO
Kiwamu Sakai, Executive Director
Takashi Takaoka, Executive Officer and General Manager
of Management Planning Department

2. Condensed Transcript from Q&A Session

* Please note that the following is not a verbatim transcript of the question and answer session but a concise summary prepared at the discretion of the Company.

[Approach to Revision of Fares and Surcharges]

Q. What is the status of discussions on the introduction of off-peak commuter passes?

A. At this point, a specific time for introducing off-peak commuter passes has yet to be determined, but we are continuing discussions with the Ministry of Land, Infrastructure, Transport and Tourism. The *Off-Peak Point Service* was established in spring this year, and currently about 5.0% of *Suica* commuter pass users have changed their time of use.

Q. Public comments are being made concerning a new fare system for barrier-free facilities. To what extent will this increase revenue?

A. Accurately calculating the amount of revenue to be collected will be difficult until the details are finalized. However, we want to make use of the system. We will examine this matter in light of such considerations as the

plan to install automatic platform gates in the Tokyo metropolitan area, which has already been announced.

Q. What is the Company's stance on the revision of fares?

A. At this stage, we are not planning to raise fares based on the current rules. Our basic stance is that we want the fare revision system itself to be changed to make it more flexible. We are also aware of the problem of the complicated fare system inherited from the Japanese National Railways era. First of all, however, we will give priority to realizing off-peak commuter passes.

[Cost Reduction]

Q How much progress has been made in reducing structural cost?

A. We have already announced driver-only operation in the Tokyo metropolitan area and a reform of the number of "Midori no Madoguchi" ticket offices, and we will seek efficient management of the railway business by innovating maintenance through the advancement of condition-based maintenance (CBM) and by shifting peak periods. We are also revising our investments, and we will give priority to the implementation of investments that lead to cost reductions.

[Regional Local Line Segments]

Q. What is the status of discussions on local line segments?

A. We are explaining to the municipal authorities of line-side areas about the severity of usage conditions, our business situation, and future changes in social conditions. We will streamline facilities and simplify our operation formats. At the same time, we will carefully discuss railway lines with so few passengers that the railway lines are unsuitable for the railway transportation mode, including discussions on the possibility of changing transportation modes.

[Asset Liquidation]

Q What is your approach with respect to the properties to be liquidated, and what will the approximate scale be going forward ?

A. We have in mind properties that are located in front of railway stations or a little distance from railway stations. As for the scale of asset liquidation, we believe that ¥100.0 billion is likely to be realized in a three-year period, and we will continue our efforts beyond this period. Currently, we are forming and managing private placement funds, and we will consider forming private placement real estate investment trusts (REITs) in the future.

[COVID-19 Impact and Medium- to Long-Term Business Strategy]

Q. Faced with the COVID-19 pandemic, are there any matters that you feel you should have prepared for in advance?

A. Fares, timetables, and other basic matters related to the railway business remained unchanged for a long time, and although we were aware of issues, we were unable to take any steps in the past. The COVID-19 pandemic was an opportunity for us to take steps in relation to such matters. The high level of fixed costs was also an issue, but as a result of the pandemic, we are now in the process of gradually making costs more flexible.

Q In light of the impact of the COVID-19 pandemic, what ratio of transportation to non-transportation will you seek going forward?

A. We believe base passenger revenues will return to about 90.0% of their pre-pandemic level. We aim to increase the ratio of transportation to non-transportation to 5:5 by expanding life-style services, IT & *Suica* services , and other businesses. We have developed non-railway businesses with a focus on railway stations. Therefore, these businesses have been greatly affected by the decline in railway usage. In the future, while leveraging synergies among the three business, we will also grow businesses that do not depend on railways, such as real estate businesses and e-commerce.

[Fundraising]

Q. What is your stance on fundraising?

A. Currently, we are able to raise the required funds through bonds and borrowings. We have sufficient shareholders' equity, so we are not considering an increase in capital or other forms of equity-related fundraising. In September, we issued foreign bonds, and we plan to issue sustainability bonds in January next year. We will continue to diversify our fundraising.