

Condensed Transcript from Q&A Session of Financial Results Presentation for the Second Quarter of  
Fiscal 2023.3

\* Please note that this document is not a word-for-word transcript of the actual Q&A session, but a condensed transcript prepared by the Company by summarizing the actual interactions as appropriate.

[Railway fare and fee systems]

Q: At the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), a subcommittee is being held related to the ideal state for railway fare and fee systems. Explain the ideas and assertions being advocated by JR East? Has a schedule for future discussions been finalized?

A: Rather than substantially raising fares and fees, it is our opinion that fares should be set so that we receive the appropriate compensation for the services we are providing. In accordance with the committee's interim report, implementation of the cost accounting method in the current system does not suit present railway business management in certain areas. In light of this, it is our recognition that consideration will be given to an appropriate calculation method. We are also requesting that discussions be carried out related to improving the flexibility of the fare and fee systems. We anticipate this will take time. We will continue to advocate for a proper calculation method and flexible fare and fee systems.

[Off-peak commuter passes]

Q: I think you are making preparations to introduce off-peak commuter passes. By combining a 1.4% price hike with a 10% price reduction, do you believe JR East can realize the reduction of peak-hour's passenger demand? Will this contribute to an actual cost reduction?

A: Thus far, we have implemented various campaigns, including those that granted points. We believe that a fare reduction of around 10% is a sizeable incentive. Based on the fare hike and fare reduction range we are planning, we forecast a shift rate to off-peak time zones of around 5%. At present, we are adjusting the number of trains in operation in tandem with a decline in use due to COVID-19. Accordingly, this has made it possible to conduct operations with a fewer number of coaches per train as compared with before COVID-19. This will encourage a peak shift when usage recovers going forward. This will make it possible to conduct business operations with the equivalent number of coaches as currently in operation. This will facilitate a reduction in cost, including when train cars are updated further down the road.

[Takanawa Gateway City]

Q: In addition to the current harsh environment for the office market, an abundant supply of offices is expected in 2025. Reflecting this, what is the stance of JR East on leasing space at the Takanawa Gateway City? Will emphasis be on rent or a high occupancy rate?

A: In our real estate business, we have good-quality buildings in prime locations close to train stations. We believe these properties are highly competitive and will be chosen by customers. Given this, our emphasis is on rent.

[Capital investment]

Q: What level of capital investment do you plan for in and after fiscal 2024?

A: Going forward we plan to continue curb investment needed for the continuous operation of business while maintaining our premise of investing to secure safety, and actively implementing growth investment. In and after fiscal 2024, we anticipate a high level of investment given investment in Takanawa Gateway City will be getting into full swing.

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