October 31, 2022

East Japan Railway Company

Summary of Telephone Interviews about Financial Results in 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.

[Main factors for reiterating the full fiscal-year earnings forecast]

Q: Why are you reiterating your earnings forecast given you underperformed plans in the first half of the fiscal year under review?

A: Recently, revenues are improving substantially. In addition to this, in the second half we plan to compensate for the shortfall in the first half, owing in part to expectations of a boost from nationwide travel assistance subsidy program and an ease up on border control measures. In the cost front as well, costs planned for the first half will likely be posted in the second half. Also, we estimate energy expenses will continue to rise underpinned by impact from soaring fuel expense. We plan to offset this by reducing maintenance, real estate and other expenses.

[Recent passenger revenues]

Q: To what degree have recent passenger revenues improved?

A: In October, passenger revenues are recovering to a level that is close to plan. On a preliminary results basis, revenues from medium to long-haul routes have rebounded to the upper 70% and revenues from short-distance routes are back up to close to 90%. In addition, reservations in November are at the upper 80% level in comparison with fiscal 2018.

[Recovery in commuter passes revenues]

Q: What are the factors supporting the brisker-than-planned commuter passes revenues?

A: In comparison with plans, the contribution to revenues from school commuter passes is larger than from work commuter passes. Based on our analysis, we believe this is the result of better-than-expected progress in the resumption of in-person classes.

[Segments outside of Transportation]

Q: In segments other than Transportation, what progress are you making in comparison with the full fiscal-year plan?

A: In the advertisement business, we underperformed plans. In light of this, in the Retail and Services segment progress was at a low level in comparison with plans. Owing in part to a murky outlook triggered by soaring commodity prices and the current state of affairs in the Ukraine, there is also impact from companies tightening their advertising budgets. Given the nature of this business, revenues and profits tend to weigh heavier in the second half. In light of this, we aim to make a comeback in the second half. Meanwhile, in Real Estate & Hotels, and Others, earnings are basically trending in line with plans.