

December 9, 2024

East Japan Railway Company

Summary of Web Interviews about Application for Fare Revision

* 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.

Q: How much of the increased revenue from the fare revision will remain as income? Will the fare revision result in higher capital expenditures and operating expenses than assumed in the current mid-term management plan?

A: The impact on operating income is undetermined at this time. On the revenue side, in addition to this fare revision, we will strive to increase revenue through various initiatives. At the same time, the Company will make the necessary capital expenditures and maintenance as a railway operator.

The current numerical targets for FY2028.3 do not incorporate this fare revision. Upon approval, we would like to update our mid-term management plan with a complete review of future projections for both revenues and costs. Regarding capital expenditure, we would like to present an overall picture of investment, including Lifestyle Solutions, in our medium-term management plan, while basing our railway business on the plan described in this disclosure material.

Q: How are the actual and future estimates of revenues and costs consistent with the previous disclosures?

A: The actual and future estimates of revenues and costs shown in this disclosure material are only figures calculated based on the Revenue Cost Calculation Guidelines, and do not correspond to the accounting figures we have disclosed in the past.

Q: What is the breakdown of the increase in revenue?

A: We assume that the increase in revenue will be 88.1 billion yen/year, of which 55.1 billion yen will come from non-commuter passes, 35.4 billion yen from commuter passes, 1.7 billion yen from school commuter passes, and -4.3 billion yen from lost charges due to fare revision.

Q: How did the revision of the Revenue Cost Calculation Guidelines in April 2024 lead to this application for fare revision?

A: The ability to specifically take into account the impact of rapid price hikes such as those seen in recent years has contributed significantly, and we estimate that the revision of the price hike rate had an impact of about 55 billion yen/year. In addition, we estimate an extraordinary loss due to the disaster of about 14 billion yen/year, a review of the operational return of about 10 billion yen/year, and an acceleration of depreciation of about 4.5 billion yen/year.

Q: Do you expect to obtain approval from the Ministry of Land, Infrastructure, Transport and Tourism by the announcement of the year-end financial results?

A: The timing of approval is not clear at this time, as it depends on the Ministry's schedule, but we will work to obtain approval as soon as possible. There is no change in the target to implement the fare revision in March 2026.

Q: If costs continue to increase in the future, is there a possibility of applying for another fare revision?

A: It depends on inflation and other conditions, but if conditions are met, we would like to apply again in the future.