FY2024.3 Third Quarter Financial Results Explanatory Materials

January 31, 2024
East Japan Railway Company

- I am Ms. Ito, Managing Director of JR East.
- First of all, we would like to express our heartfelt sympathy to the victims of the Noto Peninsula earthquake that occurred on January 1.
- Our company will also cooperate with reconstruction efforts through the exchange of people and goods by preparing free tickets for volunteers to use and through the opening of the Hokuriku Shinkansen from Kanazawa to Tsuruga.
- And we apologize for the inconvenience caused to many customers by the Shinkansen transportation disruption between Tokyo and Omiya that occurred on the morning of January 23.
- We have conducted emergency inspections of the weight-type balance tensioner, which caused the disruption, at 490 locations and found no abnormalities. However, we will install equipment to reinforce them by the end of July.
- We will also consider moving up our plans for replacement with a spring-type balance tensioner.

Highlights of FY2024.3 Third Quarter Financial Results

(¥ billion)	'22.4-'22.12 Results	'23.4-'23.12 Results	'23.4-'23.12 /'22.4-'22.12		'22.4-'23.3 Results	'23.4-'24.3 Plans(upward revision)			'23.4-'24.3 /'22.4-'23.3	
			Increase /Decrease	%		'23.4 Plans	'24.1 Plans	Increase /Decrease	Increase /Decrease	%
Operating revenues	1,727.0	2,001.0	+273.9	115.9	2,405.5	2,696.0	2,712.0	+16.0	+306.4	112.7
Operating income	112.0	298.5	+186.5	266.5	140.6	270.0	310.0	+40.0	+169.3	220.4
Ordinary income	87.4	259.6	+172.1	296.8	110.9	211.0	252.0	+41.0	+141.0	227.2
Profit attributable to owners of parent	72.5	185.2	+112.6	255.2	99.2	137.0	165.0	+28.0	+65.7	166.3

Consolidated results

Both revenues and income increased

- Operating revenues increased for the third year in a row as demand recovered in the railway, EKINAKA (stores inside railway stations), hotel, and shopping center businesses.
- Income increased at all levels as a result of increase in revenues.

Segment

All segments achieved increased revenues and income

- Transportation business achieved **increases in revenues and income** mainly due to an increase in passenger revenues (particularly in non-commuter passes revenues).
- Retail & Services business achieved **increases in revenues and income** mainly due to an increase in the sales of EKINAKA stores.
- Real Estate & Hotels business achieved **increases in revenues and income** mainly due to an increase in the sales of hotels and condominiums.
- Other business achieved **increases in revenues and income** mainly due to an increase in the sales related to the IC card business.

○Financial forecasts for FY 2024.3
The previous financial forecasts announced on April 27, 2023 have been revised in view of the FY2024.3 third quarter financial results, resulting in an upward revision of all of operating revenues, operating income, ordinary income, and profit attributable to owners of parent (or profit on a non-consolidated basis).

○Shareholder returns (dividend)
In view of the revision to forecasts of business results, year-end dividend payment has been revised as follows:
FY 2024.3 Interim dividend per share: 55 yen Year-end dividend per share: (forecasts) 70 yen (previous forecast: 55 yen)

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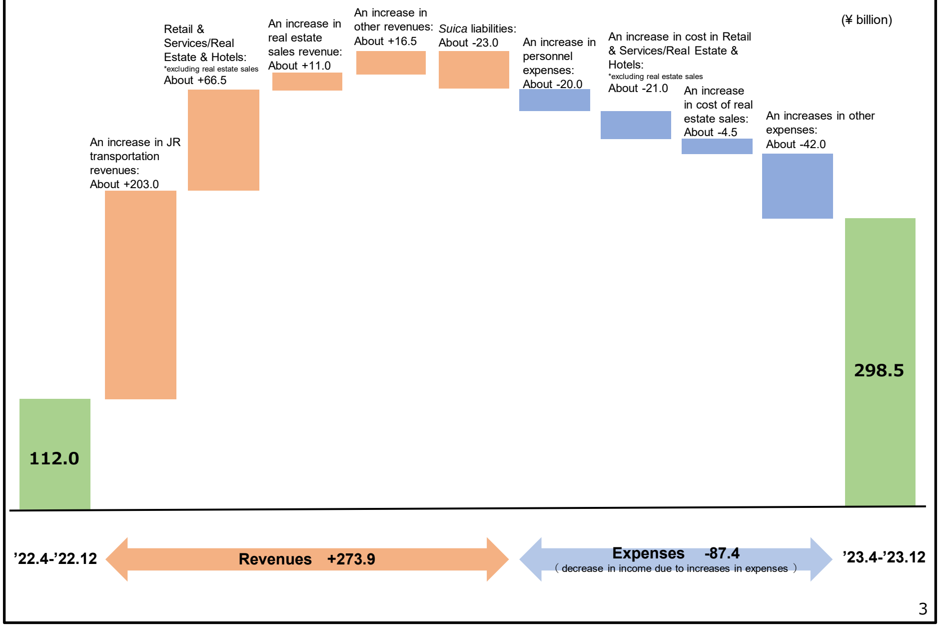
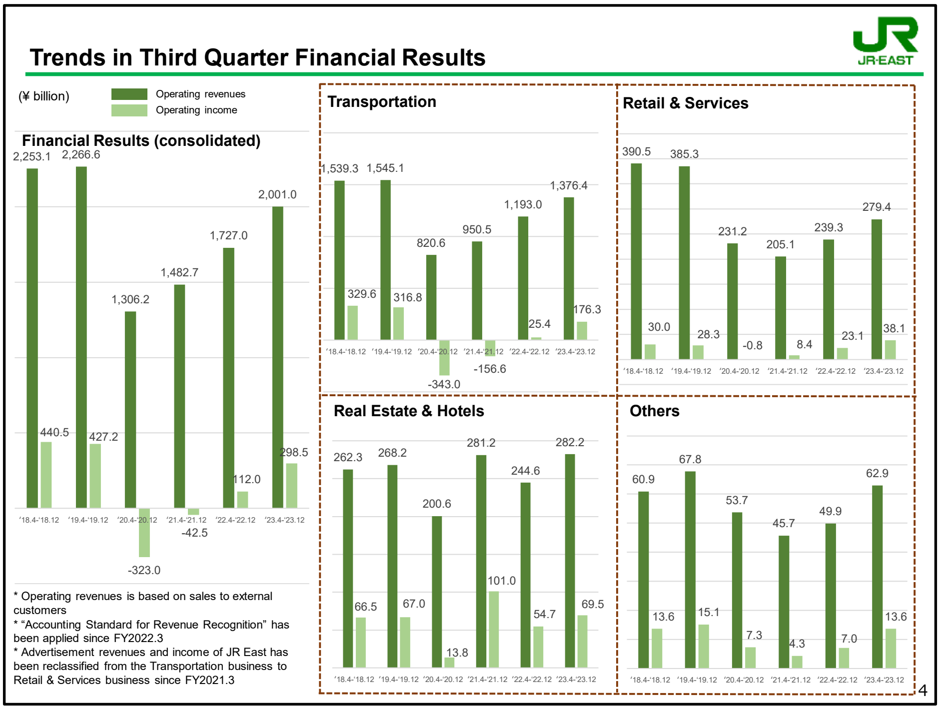
- I will now explain the financial results for the third quarter of the fiscal year ending March 31, 2024.
- Overall group sales and income increased. Demand returned favorably in each segment, resulting in increased sales and profits.
- Based on these results, we have revised upward our forecasts for operating revenue by 16 billion yen, operating income by 40 billion yen, and net income by 28 billion yen.
- For "Move Up" 2027, we are targeting a dividend payout ratio of 30%, so our year-end dividend forecast is 70 yen, up 15 yen from the previous forecast of 55 yen, for a full-year dividend forecast of 125 yen.
- Compared to net income of 165.0 billion yen, the dividend payout ratio has not reached our target of 30%, but we will work to steadily increase dividends for the next fiscal year.

FY2024.3 Third Quarter Financial Results(consolidated): Changes in Operating Income



➢ Operating income was 298.5 billion yen this fiscal year, up from 112.0 billion yen last year. This page is a breakdown of the increase.



- Here are the financial results to date for the third quarter.

Statements of Income (consolidated)

(¥ billion)	'22.4-'22.12 Results	'23.4-'23.12 Results	Changes Increase /Decrease	%	Main factors behind changes
Operating revenues	1,727.0	2,001.0	+273.9	115.9	
Transportation	1,193.0	1,376.4	+183.3	115.4	An increase in passenger revenues
Retail & Services	239.3	279.4	+40.0	116.7	An increase in the sales of EKINAKA stores
Real Estate & Hotels	244.6	282.2	+37.5	115.3	An increase in the sales of hotels and condominiums
Others	49.9	62.9	+12.9	126.0	An increase in the sales related to IC card business
Operating income	112.0	298.5	+186.5	266.5	
Transportation	25.4	176.3	+150.9	694.0	
Retail & Services	23.1	38.1	+15.0	164.9	
Real Estate & Hotels	54.7	69.5	+14.7	127.0	
Others	7.0	13.6	+6.5	192.4	
Adjustment	1.6	0.8	-0.7	54.7	
Non-operating income or expenses	-24.5	-38.8	-14.3	158.5	
Non-operating income	28.2	18.6	-9.6	65.8	A decrease in equity in net income of affiliated companies
Non-operating expenses	52.7	57.4	+4.6	108.9	An increase in interest expense
Ordinary income	87.4	259.6	+172.1	296.8	
Extraordinary gains or losses	9.7	1.3	-8.4	13.7	
Extraordinary gains	36.7	17.0	-19.7	46.3	A decrease in compensation income A decrease in construction grants received
Extraordinary losses	26.9	15.6	-11.3	58.1	A decrease in losses on reduction entry for construction grants
Profit attributable to owners of parent	72.5	185.2	+112.6	255.2	

* The segment breakdown of operating revenues: operating revenues from outside customers

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- Consolidated statement of income.
- The reasons for the increase or decrease in each segment will be explained individually later.
- Non-operating income decreased by 9.6 billion yen due to a decrease in equity in net income of affiliated companies.
- This is due to the negative goodwill generated in the last fiscal year when we increased our investment in five track-related affiliates, including TOTETSU KOGYO CO., LTD., to make them equity method affiliates, and a reactionary decrease in the current fiscal year.
- Excluding this, equity in net income of affiliates increased compared to the previous year.

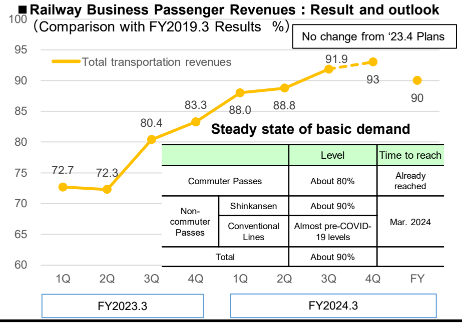
Transportation

(¥ billion)	'22.4-'22.12 Results	'23.4-'23.12 Results	'23.4-'23.12/'22.4-'22.12 Increase /Decrease	'23.4-'23.12/'22.4-'22.12 %	'22.4-'23.3 Results	'23.4-'24.3 Plans	'23.4-'24.3/'22.4-'23.3 Increase /Decrease	'23.4-'24.3/'22.4-'23.3 %
Operating revenues	1,193.0	1,376.4	+183.3	115.4	1,618.5	1,849.0	+230.4	114.2
Operating income	25.4	176.3	+150.9	694.0	-24.0	130.0	+154.0	–

'23.4-'23.12 Operating revenues (external)	
JR East (Transportation)	+186.8
JR EAST VIEW TOURISM AND SALES	+2.3
TOKYO MONORAIL	+1.9
Japan Transport Engineering Company	-10.6

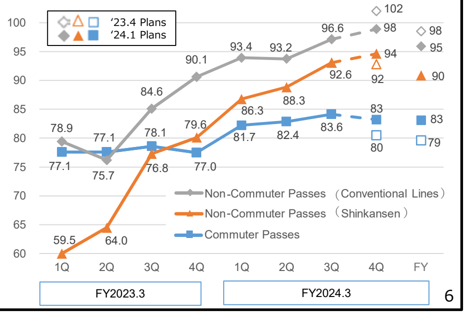
Railway business	Revenue increased year on year due to the recovery in railway transportation. Passenger revenues remain at about 90% of pre-COVID-19 levels.
Railcar manufacturing business	Revenue decreased year on year due to a decrease in sales of railcars to non-JR railway companies.
Bus business	Revenue increased year on year due to the recovery in express bus transportation. Express bus revenues remain at about 65% of pre-COVID-19 levels.
Monorail business	Revenue increased year on year due to the recovery in use. Fare revenues remain at about 75% of pre-COVID-19 levels.

■Railway Business Passenger Revenues : Result and outlook
(Comparison with FY2019.3 Results %)



Steady state of basic demand

		Level	Time to reach
Commuter Passes		About 80%	Already reached
Non-commuter Passes	Shinkansen	About 90%	Mar. 2024
	Conventional Lines	Almost pre-COVID-19 levels	
Total		About 90%	



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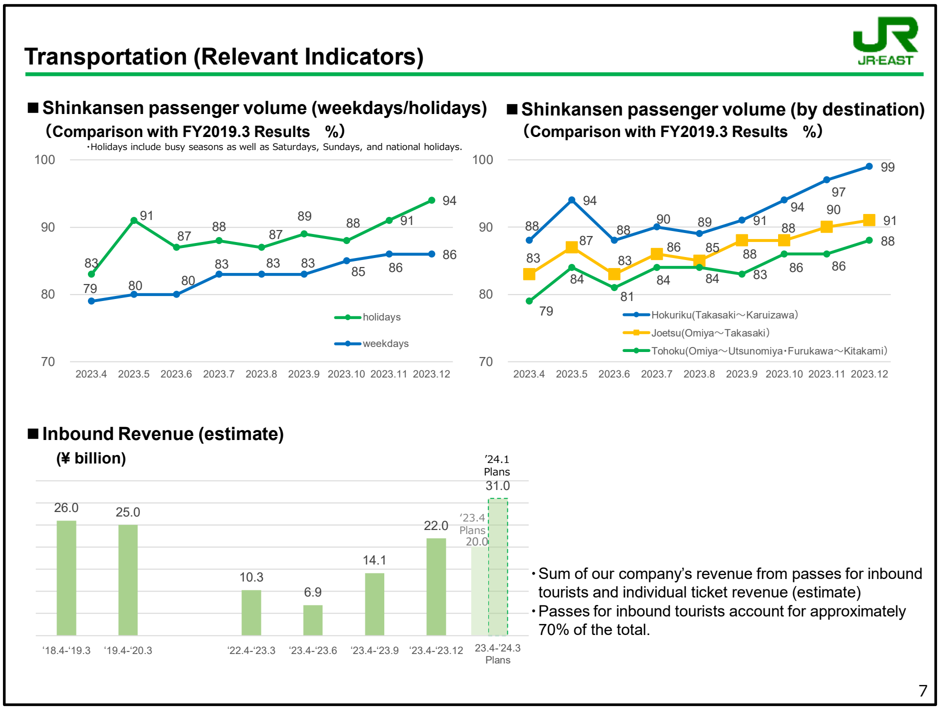
- This is about the transportation business.
- Transportation revenues for the third quarter are approximately 91.9% compared to pre-COVID-19.
- Regarding the steady state of underlying demand, we assumed that regular demand had already reached 80% as of the second quarter, since it had already exceeded 80%.
- We have not changed our assumption that steady-state conditions of non-commuter passes will return to about 90% of the Shinkansen and almost to the pre-COVID-19 level for conventional lines, but we have changed our assumption that the arrival period will be at the end of the fiscal year instead of in December.
- The line graph on the right shows the plan for the full year, with the commuter passes slightly higher, the non-commuter passes Shinkansen line unchanged for the full year, and the non-commuter passes conventional lines dropped from the assumption by about 3%.
- As for the situation by company, Japan Transport Engineering Company decreased from the previous year due to a decrease in orders from public and private railways.



- This is a relevant indicator for the transportation business.
- The difference between weekdays and holidays is still higher on holidays, indicating that tourism demand is recovering further.
- In terms of Shinkansen passenger volume by destination, Tohoku has been the slowest to recover among the three destination, but has been recovering steadily compared to the first two quarters.
- Tohoku is a route that accounts for a large proportion of our revenues, so we will work to steadily increase revenues in the next fiscal year.
- We had planned inbound revenues of 20 billion yen for the full year, but since the third quarter results were 22 billion yen, we revised the full-year forecast upward to 31 billion yen.
- The first and second quarters were approximately 7 billion yen. It will increase to approximately 8 billion yen in the third quarter, and further increase to approximately 9 billion yen in the fourth quarter.
- The impact of the Japan Rail Pass unit price increase has not been noticeable at this time, but we assume that it will begin to appear from the fourth quarter.

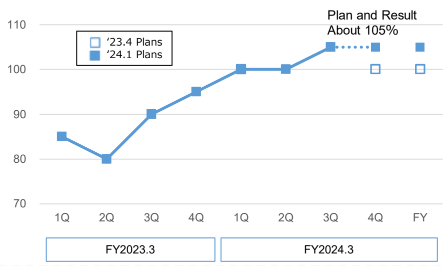
Retail & Services

(¥ billion)	'22.4-'22.12 Results	'23.4-'23.12 Results	'23.4-'23.12/'22.4-'22.12 Increase /Decrease	'23.4-'23.12/'22.4-'22.12 %	'22.4-'23.3 Results	'23.4-'24.3 Plans	'23.4-'24.3/'22.4-'23.3 Increase /Decrease	'23.4-'24.3/'22.4-'23.3 %
Operating revenues	239.3	279.4	+40.0	116.7	327.8	375.0	+47.1	114.4
Operating income	23.1	38.1	+15.0	164.9	35.2	60.0	+24.7	170.1

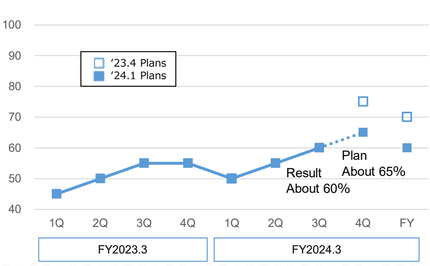
'23.4-'23.12 Operating revenues (external)	
JR East Cross Station	+28.2
JR East Marketing & Communications	+3.5
JR East TOHOKU SOUGOU SERVICE	+1.7

EKINAKA business	Revenue increased year on year due to an increase in the sales of EKINAKA stores on the back of the recovery in the use of railways.
Advertisement business	Revenue increased year on year. Traffic advertisement revenue is about 55% of pre-COVID-19 levels.

■ EKINAKA : Revenue Trends
(Comparison with FY2019.3 Results %)



■ Advertisement : Revenue Trends< Traffic Ads >
(Comparison with FY2019.3 Results %)



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- In the Retail and Services business, there is no major change in trend from the second quarter.
- EKINAKA is performing very well. Although advertisement is growing compared to last year, but transportation advertising is struggling, and we have lowered our full-year plan slightly.

Real Estate & Hotels

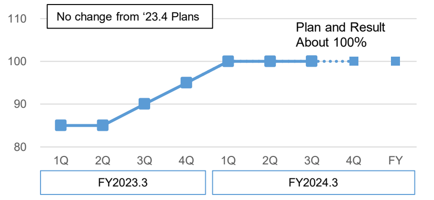
JR-EAST

(¥ billion)	'22.4-'22.12 Results	'23.4-'23.12 Results	'23.4-'23.12/'22.4-'22.12 Increase /Decrease	'23.4-'23.12/'22.4-'22.12 %	'22.4-'23.3 Results	'23.4-'24.3 Plans	'23.4-'24.3/'22.4-'23.3 Increase /Decrease	'23.4-'24.3/'22.4-'23.3 %
Operating revenues ( ) excluding real estate sales	244.6 (241.7)	282.2 (268.1)	+37.5 (+26.4)	115.3 (110.9)	382.2 (324.8)	397.0 (353.4)	+14.7 (+28.6)	103.9 (108.8)
Operating income ( ) excluding real estate sales	54.7 (53.6)	69.5 (61.9)	+14.7 (+8.2)	127.0 (115.3)	111.5 (66.7)	100.0 (87.4)	-11.5 (+20.6)	89.6 (131.0)

'23.4-'23.12 Operating revenues (external)	
JR East Urban Development	+12.9
Nippon Hotel	+11.7
LUMINE	+3.8
Sendai Terminal Building	+1.9

Shopping center business	Revenue increased year on year as sales of station buildings increased.
Office business	Rental income remained at the same level as the previous year.
Hotel business	Revenue increased year on year due to an increase in the use of hotels.
Real estate sales business	Revenue increased year on year as sales of condominiums increased.

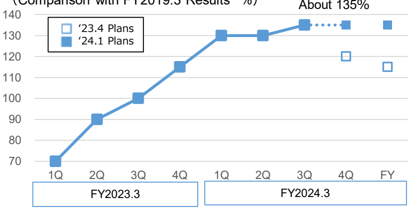
■Shopping center business : Revenue Trends
(Comparison with FY2019.3 Results %)



■Office business : Revenue Trends
(Comparison with FY2019.3 Results)

Expected to be at about 125% of pre-COVID-19 levels on a full-year basis. The third quarter results were largely in line with the plan.

■Hotel business : Revenue Trends
(Comparison with FY2019.3 Results %)



Hotel business revenue and profit

Operating revenues 56.2 billion yen Operating income 6.5 billion yen

* Simple aggregation of the hotel businesses of each company

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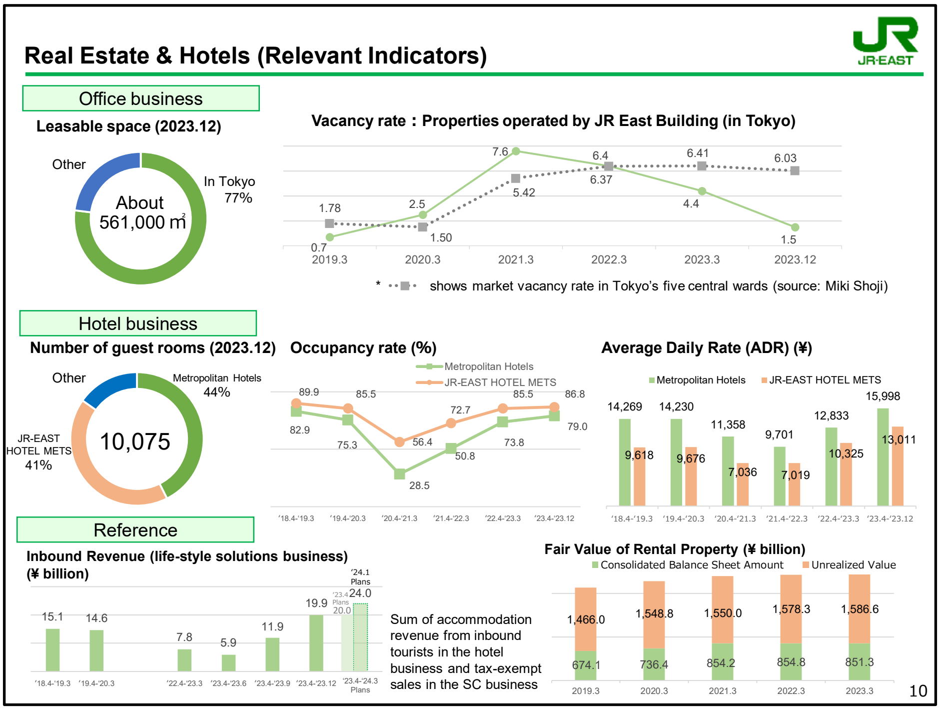
- Real Estate and Hotels business.
- Operating revenue from JR East Urban Development increased by 12.9 billion yen, which was due to sales revenue from Meguro MARC. Meguro MARC also contributed to operating income.
- The outlook for revenue trends in the shopping center business has not changed, and office business has also remained strong.
- The hotel business is further improving its profitability.



- This is an indicator related to the Real Estate and Hotels business.
- The vacancy rate for office space in the five central wards of Tokyo is 6.03%, while the vacancy rate for properties managed by JR East Building is 1.5%. This means that the building is almost fully occupied.
- There is tenant turnover, but we have negotiated enough to keep rents the same or even increase them.
- A good vacancy rate means that competitiveness is being maintained well.
- As for hotels, Metropolitan Haneda opened in the fall and had 10,075 rooms at the end of December. Room rates have remained well above pre-COVID-19 levels.
- Inbound revenues for the Life-style Solutions business were assumed to be 20 billion yen for the full year, but were revised upward to 24 billion yen. The cumulative total for the third quarter was 19.9 billion yen, half of which was hotel revenues and half of which was tax free transactions at shopping centers.
- Combined with the inbound revenues from the transportation business mentioned earlier, our annual inbound target for this fiscal year is 55 billion yen.

Others

JR-EAST

(¥ billion)	'22.4-'22.12 Results	'23.4-'23.12 Results	'23.4-'23.12/'22.4-'22.12		'22.4-'23.3 Results	'23.4-'24.3 Plans	'23.4-'24.3/'22.4-'23.3	
			Increase /Decrease	%			Increase /Decrease	%
Operating revenues	49.9	62.9	+12.9	126.0	76.9	91.0	+14.0	118.3
Operating income	7.0	13.6	+6.5	192.4	17.2	22.0	+4.7	127.7

'23.4-'23.12 Operating revenues (external)	
JR East Mechatronics	+5.3
Viewcard	+2.6
JR East Energy Development	+2.2

IT & *Suica* business

Credit: Commission income from member shops increased year on year due to an increase in card transaction volume.

E-money: Commission income from member shops increased year on year due to an increase in the number of payments by e-money.

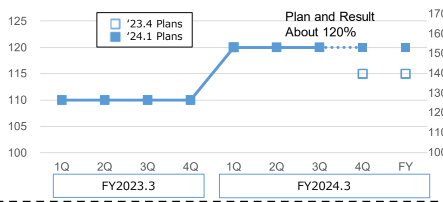
IC cards: Revenue increased year on year due to an increase in the sales of IC cards and related systems.

(Reference) IT & *Suica* business results（'23.4-'23.12）

(¥ billion)	'22.4-'22.12 Results	'23.4-'23.12 Results	'23.4-'23.12/'22.4-'22.12	
			Increase/Decrease	%
Operating revenues	35.8	45.4	+9.6	126.9
Operating income	8.1	11.4	+3.3	141.2

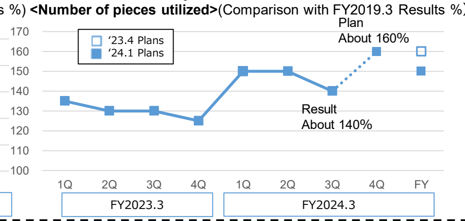
■Credit card business : revenues trends

<Card transaction volume>（Comparison with FY2019.3 Results %)



■Use of *Suica* e-money : revenues trends

<Number of pieces utilized>(Comparison with FY2019.3 Results %)



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- In the Other segment, sales of new payment terminals to stores and other customers were strong, especially at JR East Mechatronics.
- Although the number of electronic money transactions appears to have slightly declined in performance, the unit price has risen, contributing to operating revenue and operating income.

Balance Sheets (consolidated)

JR-EAST

(¥ billion)		As of '23.3 Results	As of '23.12 Results	Changes		Main factors behind changes
				Increase /Decrease	%	
Assets		9,351.8	9,604.7	+252.8	102.7	
	Current assets	1,052.7	1,311.7	+258.9	124.6	An increase in cash and time deposits
	Fixed assets	8,299.1	8,293.0	-6.0	99.9	
Liabilities		6,854.1	6,932.2	+78.0	101.1	
	Current liabilities	1,532.2	1,433.4	-98.8	93.5	A decrease in payables
	Long-term liabilities	5,321.9	5,498.8	+176.9	103.3	An increase in bonds
Total Net Assets		2,497.7	2,672.5	+174.8	107.0	
Total Liabilities and Net Assets		9,351.8	9,604.7	+252.8	102.7	

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- Consolidated Balance Sheet.
- As for current assets, cash and deposits increased at the end of the third quarter due to the issuance of about 200 billion yen of foreign bonds ahead of schedule.
- We are about to make effective use of cash for investment in growth, etc.

Interest-bearing debt (consolidated), Capital Expenditures (consolidated)

Interest-bearing debt (consolidated)

(¥ billion)	As of '23.3 Results	As of '23.12 Results	Changes		Average interest rate (Comparison with 2023.3 Results)	
			Increase /Decrease	%		
Interest-bearing debt balance	4,774.8	4,905.5	+130.6	102.7	1.47%	(+0.07%)
Bonds	2,975.8	3,114.9	+139.0	104.7	1.25%	(+0.12%)
Long-term loans	1,483.9	1,477.2	-6.7	99.5	0.86%	(+0.02%)
Long-term liabilities incurred for purchase of railway facilities	315.0	313.0	-2.0	99.4	6.55%	(+0.00%)
Other interest-bearing debt	–	0.3	+0.3	–	2.06%	(+2.06%)
Net interest-bearing debt balance	4,559.8	4,525.2	-34.5	99.2		

Capital Expenditures (consolidated)

(¥ billion)	Segment	'22.4-'22.12 Results	'23.4-'23.12 Results	Changes		'23.4-'24.3 Plans	'23.4-'24.3/'22.4-'23.3	
				Increase /Decrease	%		Increase /Decrease	%
Mobility	Transportation	177.2	211.0	+33.7	119.0	458.0	+84.9	122.8
Life-style Solutions	Retail & Services Real Estate & Hotels Others	82.7	105.7	+23.0	127.9	278.0	+96.3	153.0
Total		260.0	316.8	+56.8	121.9	736.0	+181.2	132.7

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- Consolidated interest-bearing debt and consolidated capital expenditures.
- Net interest-bearing debt was 4,525.2 billion yen, with a slight increase in corporate bond interest rates.
- The average interest rate for all interest-bearing liabilities also increased by 0.07% from the end of the period to 1.47%.
- Consolidated capital expenditures are planned at 736.0 billion yen for the full year, but in the third quarter they are 316.8 billion yen.
- With regard to mobility, investments are being made in rolling stock, particularly for the E5 Series Shinkansen.
- With regard to life-style solutions, the main investment is the development of Takanawa Gateway City.

Statements of Income (consolidated) - FY2024.3 Plans

(¥ billion)	'22.4-'23.3 Results	'23.4-'24.3 Plans			Changes		Main factors behind changes
		'23.4 Plans	'24.1 Plans	Increase /Decrease	Increase /Decrease	%	
Operating revenues	2,405.5	2,696.0	2,712.0	+16.0	+306.4	112.7	
Transportation	1,618.5	1,840.0	1,849.0	+9.0	+230.4	114.2	[+] Passenger revenues
Retail & Services	327.8	375.0	375.0	–	+47.1	114.4	[+] Advertisement business, [+] EKINAKA business
Real Estate & Hotels	382.2	397.0	397.0	–	+14.7	103.9	[+] Hotel business, [-] Real estate sales business
Others	76.9	84.0	91.0	+7.0	+14.0	118.3	[+] Credit card business, [+] *Suica* e-money revenues
Operating income	140.6	270.0	310.0	+40.0	+169.3	220.4	
Transportation	-24.0	94.0	130.0	+36.0	+154.0	–	
Retail & Services	35.2	60.0	60.0	–	+24.7	170.1	
Real Estate & Hotels	111.5	100.0	100.0	–	-11.5	89.6	[-] Real estate sales business
Others	17.2	18.0	22.0	+4.0	+4.7	127.7	
Non-operating income or expenses	-29.7	-59.0	-58.0	+1.0	-28.2	195.2	
Non-operating income	42.0						
Non-operating expenses	71.8						
Ordinary income	110.9	211.0	252.0	+41.0	+141.0	227.2	
Extraordinary gains or losses	17.4	-13.0	-18.0	-5.0	-35.4	–	
Extraordinary gains	93.2						
Extraordinary losses	75.7						
Profit attributable to owners of parent	99.2	137.0	165.0	+28.0	+65.7	166.3	

* The segment breakdown of operating revenues: operating revenues from outside customers

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- The new consolidated full-year plan and the old plan announced in April.
- Operating revenues increased by 9.0 billion yen in the transportation business. Transportation revenues are largely in line with plans. Other revenues are due to an increase in Japan Rail Pass transactions and travel-related revenues such as View Tourism and Sales.
- Other business increased due to higher revenues from IC card-related businesses.
- Operating income increased by 40 billion yen, which is a larger increase than operating revenue.
- This was mainly due to the fact that energy and depreciation expenses for JR East on a non-consolidated basis were lower than planned, and were therefore restated to the actual level.
- Net income is revised upward by 28.0 billion yen to 165.0 billion yen.

Appendix

Statements of Income (non-consolidated) - FY2024.3 Third Quarter Results

(¥ billion)	'22.4-'22.12 Results	'23.4-'23.12 Results	Changes Increase /Decrease	Changes %	Main factors behind changes
Operating revenues	1,264.0	1,457.6	+193.6	115.3	
Passenger revenues	1.058.1	1,261.0	+202.8	119.2	
Others	205.8	196.5	-9.2	95.5	Reactionary fall from the one-time increase due to the change in the timing of recognition of *Suica* liabilities as revenue
Operating expenses	1,181.7	1,227.8	+46.1	103.9	
Personnel expenses	296.1	304.2	+8.1	102.7	An increase pertaining to bonuses
Non-personnel expenses	500.7	536.5	+35.7	107.1	
Energy	61.5	61.2	-0.2	99.6	
Maintenance	160.4	174.6	+14.1	108.8	
Other	278.7	300.6	+21.8	107.8	An increase in outsourcing expenses
Usage fees to JRTT, etc	63.2	62.9	-0.3	99.5	
Taxes	81.6	86.6	+4.9	106.1	
Depreciation	239.9	237.5	-2.4	99.0	
Operating income	82.2	229.7	+147.4	279.3	
Non-operating income or expenses	-32.8	-39.8	-7.0	121.5	A decrease in dividend income
Ordinary income	49.4	189.8	+140.4	384.1	
Extraordinary gains or losses	11.8	7.3	-4.4	62.2	A decrease in compensation income
Profit	48.3	139.1	+90.8	288.1	

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- For non-consolidated information, please refer to the reference material.

(Continued on page 21)

Appendix

Balance Sheets (non-consolidated)

(¥ billion)		As of '23.3 Results	As of '23.12 Results	Changes: Increase /Decrease	Changes: %	Main factors behind changes
Assets		8,527.3	8,695.8	+168.4	102.0	
	Current assets	777.7	983.5	+205.8	126.5	An increase in cash and time deposits
	Fixed assets	7,749.6	7,712.3	-37.3	99.5	
Liabilities		6,646.9	6,689.6	+42.6	100.6	
	Current liabilities	1,481.2	1,346.9	-134.2	90.9	A decrease in payables
	Long-term liabilities	5,165.6	5,342.6	+176.9	103.4	An increase in bonds
Total Net Assets		1,880.4	2,006.2	+125.8	106.7	
Total Liabilities and Net Assets		8,527.3	8,695.8	+168.4	102.0	

Appendix

Traffic Volume and Passenger Revenues - FY2024.3 Third Quarter Results

	Traffic Volume (million passenger kilometers)			Passenger Revenues (¥ billion)				
	'22.4-'22.12 Results	'23.4-'23.12 Results	Changes %	'22.4-'22.12 Results	'23.4-'23.12 Results	Changes Increase /Decrease	Changes %	Main factors behind changes
Shinkansen	11,939	15,753	131.9	306.1	403.3	+97.2	131.8	
Commuter Passes	1,187	1,266	106.7	16.0	17.0	+1.0	106.4	
Non-commuter Passes	10,752	14,486	134.7	290.1	386.3	+96.1	133.2	• Recovery from the impact of COVID-19: +83.0 • Inbound tourism: +8.0 • Rebound from natural disasters: +5.0
Conventional Lines	68,774	74,659	108.6	751.9	857.6	+105.6	114.1	
Commuter Passes	44,008	46,006	104.5	281.1	299.8	+18.6	106.7	
Non-commuter Passes	24,766	28,652	115.7	470.8	557.8	+86.9	118.5	
Breakdown of Conventional Lines Kanto Area Network(Reproduced)	65,218	70,765	108.5	711.7	811.0	+99.2	113.9	
Commuter Passes	41,901	43,854	104.7	268.6	287.0	+18.4	106.9	
Non-commuter Passes	23,316	26,911	115.4	443.1	523.9	+80.7	118.2	• Recovery from the impact of COVID-19: +62.0 • Barrier-free charges: +12.5 • Inbound tourism: +9.0 • In reaction to the impact of a natural disaster: -1.5 • Direct Sotetsu-Tokyu line: -1.0
Breakdown of Conventional Lines Other Network(Reproduced)	3,556	3,893	109.5	40.1	46.6	+6.4	116.1	
Commuter Passes	2,106	2,152	102.2	12.4	12.7	+0.2	102.3	
Non-commuter Passes	1,450	1,741	120.1	27.7	33.9	+6.1	122.3	• Recovery from the impact of COVID-19: +5.5 • Inbound tourism: +0.5
Total	80,714	90,412	112.0	1,058.1	1,261.0	+202.8	119.2	
Commuter Passes	45,195	47,273	104.6	297.1	316.8	+19.7	106.6	• Recovery from the impact of COVID-19: +14.5 • Barrier-free charges: +5.0
Non-commuter Passes	35,519	43,139	121.5	761.0	944.2	+183.1	124.1	

* Kanto Area Network refers to the sections covered by JR East's Tokyo Metropolitan Area Headquarters, Yokohama Branch Office, Hachioji Branch Office, Omiya Branch Office, Takasaki Branch Office, Mito Branch Office, and Chiba Branch Office.

Appendix

Statements of Income (non-consolidated) - FY2024.3 Plans

(¥ billion)	'22.4-'23.3 Results	'23.4-'24.3 Plans			Changes		Main factors behind changes
		'23.4 Plans	'24.1 Plans	Increase /Decrease	Increase /Decrease	%	
Operating revenues	1,765.5	1,969.0	1,978.0	+9.0	+212.4	112.0	
Passenger revenues	1,431.7	1,677.0	1,677.0	–	+245.2	117.1	
Others	333.7	292.0	301.0	+9.0	-32.7	90.2	[-] Real estate sales revenue
Operating expenses	1,674.5	1,792.0	1,760.0	-32.0	+85.4	105.1	
Personnel expenses	394.6	394.0	410.0	+16.0	+15.3	103.9	[+] Bonus related
Non-personnel expenses	769.1	870.0	835.0	-35.0	+65.8	108.6	
Energy	91.3	109.0	87.0	-22.0	-4.3	95.2	[-] Decrease in unit fuel price
Maintenance	256.3	278.0	279.0	+1.0	+22.6	108.8	[+] Increase in general maintenance expenses [+] Increase in railcar maintenance expenses
Other	421.3	483.0	469.0	-14.0	+47.6	111.3	[+] Increase in revenue-linked expenses [+] Increase in real estate cost of sales
Usage fees to JRTT, etc	84.3	85.0	85.0	–	+0.6	100.8	
Taxes	104.4	109.0	110.0	+1.0	+5.5	105.4	[+] Increase in property tax
Depreciation	322.0	334.0	320.0	-14.0	-2.0	99.4	
Operating income	90.9	177.0	218.0	+41.0	+127.0	239.7	
Non-operating income or expenses	-44.9	-58.0	-57.0	+1.0	-12.0	126.9	
Ordinary income	46.0	119.0	161.0	+42.0	+114.9	350.0	
Extraordinary gains or losses	25.1	-1.0	–	+1.0	-25.1	–	
Profit	52.4	83.0	112.0	+29.0	+59.5	213.6	

Appendix

JR-EAST

Traffic Volume and Passenger Revenues - FY2024.3 Plans

	Traffic Volume (million passenger kilometers)			Passenger Revenues (¥ billion)				
	'22.4-'23.3 Results	'23.4-'24.3 Plans	Changes %	'22.4-'23.3 Results	'23.4-'24.3 Plans	Changes Increase /Decrease	Changes %	Main factors behind changes
Shinkansen	16,494	21,059	127.7	421.9	539.6	+117.6	127.9	
Commuter Passes	1,563	1,677	107.3	21.2	22.4	+1.2	106.1	
Non-commuter Passes	14,931	19,381	129.8	400.7	517.1	+116.3	129.0	• Recovery from the impact of COVID-19: +103.0 • Inbound tourism: +9.5 • Natural disasters: +2.5 • Leap-year: +1.0
Conventional Lines	90,983	98,791	108.6	1,009.8	1,137.4	+127.6	112.6	
Commuter Passes	57,464	60,707	105.6	370.3	395.5	+25.2	106.8	
Non-commuter Passes	33,519	38,083	113.6	639.5	741.9	+102.4	116.0	
Breakdown of Conventional Lines Kanto Area Network(Reproduced)	86,356	93,683	108.5	956.3	1,076.1	+119.8	112.5	
Commuter Passes	54,766	57,877	105.7	354.1	378.7	+24.6	107.0	
Non-commuter Passes	31,590	35,086	113.3	602.1	697.3	+95.2	115.8	• Recovery from the impact of COVID-19: +69.0 • Barrier-free charges: +16.5 • Inbound tourism: +10.5 • Leap-year: +2.0 • Natural disasters: -1.5 • Direct Sotetsu-Tokyu line: -1.5
Breakdown of Conventional Lines Other Network(Reproduced)	4,626	5,107	110.4	53.5	61.3	+7.7	114.6	
Commuter Passes	2,697	2,830	104.9	16.1	16.7	+0.6	103.7	
Non-commuter Passes	1,929	2,277	118.1	37.3	44.5	+7.1	119.2	• Recovery from the impact of COVID-19: +6.5 • Inbound tourism: +0.5
Total	107,477	119,850	111.5	1,431.7	1,677.0	+245.2	117.1	
Commuter Passes	59,027	62,385	105.7	391.5	418.0	+26.4	106.8	• Recovery from the impact of COVID-19: +19.5 • Barrier-free charges: +7.0
Non-commuter Passes	48,450	57,465	118.6	1,040.2	1,259.0	+218.7	121.0	

* Kanto Area Network refers to the sections covered by JR East's Tokyo Metropolitan Area Headquarters, Yokohama Branch Office, Hachioji Branch Office, Omiya Branch Office, Takasaki Branch Office, Mito Branch Office, and Chiba Branch Office.

Appendix

Numerical Targets of FY2028.3

(¥ billion)			'22.4-'23.3 Results	'23.4-'24.3 Plans	'27.4-'28.3 Targets	'27.4-'28.3/'22.4-'23.3 Increase /Decrease	'27.4-'28.3/'22.4-'23.3 %
Operating Revenues			2,405.5	2,712.0	3,276.0	+870.4	136.2
	Mobility	Transportation	1,618.5	1,849.0	2,019.0	+400.4	124.7
	Life-style Solutions	Retail & Services	327.8	375.0	654.0	+326.1	199.5
		Real Estate & Hotels	382.2	397.0	507.0	+124.7	132.6
		Others	76.9	91.0	96.0	+19.0	124.8
Operating Income			140.6	310.0	410.0	+269.3	291.5
	Mobility	Transportation	-24.0	130.0	178.0	+202.0	–
	Life-style Solutions	Retail & Services	35.2	60.0	80.0	+44.7	226.7
		Real Estate & Hotels	111.5	100.0	124.0	+12.4	111.1
		Others	17.2	22.0	30.0	+12.7	174.2
	Adjustment		0.6	-2.0	-2.0	-2.6	–

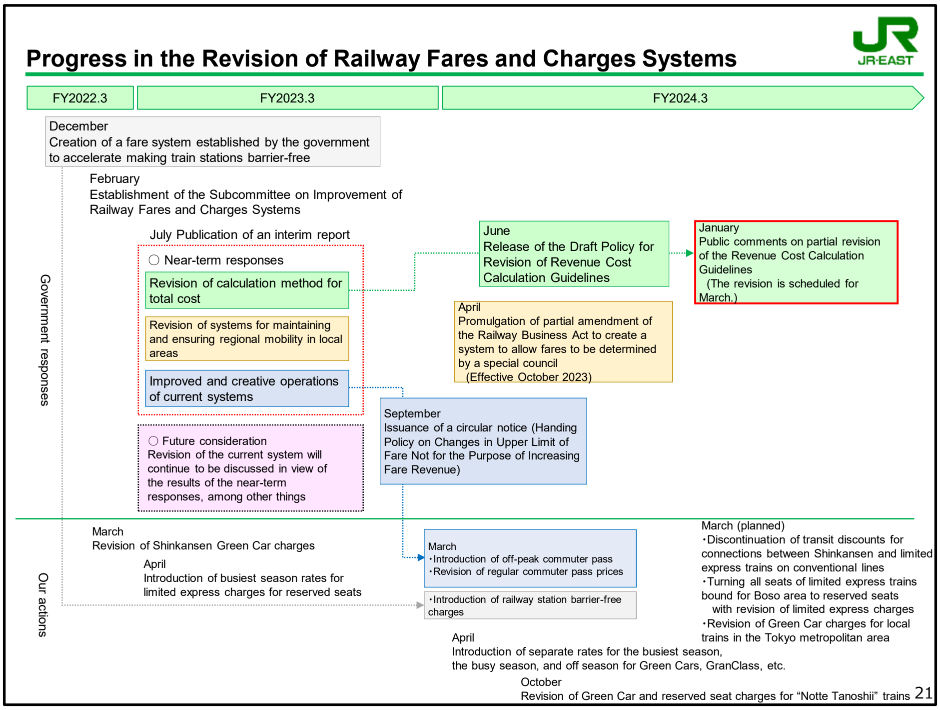
* The segment breakdown of operating revenues: operating revenues from outside customers

	'22.4-'23.3 Results	'28.3 Targets
Consolidated operating cash flow	581.7 billion yen	Total amount for 5 years（'23.4-'28.3） 3,800.0 billion yen
Consolidated ROA	1.5%	4.0% approx.
Net interest-bearing debt / EBITDA	8.6 times	About 5.0 times in the medium term About 3.5 times in the long term

■ **Appendix** (Breakdown of Consolidated operating cash flow and Capital Expenditures (consolidated))

The breakdown of Consolidated operating cash flow into Mobility and Life-style Solutions is calculated based on certain assumptions.

(¥ billion)	Consolidated operating cash flow		Capital Expenditures (consolidated)	
	'22.4-'23.3 Results	Total amount for 5 years（'23.4-'28.3）	'22.4-'23.3 Results	Total amount for 5 years（'23.4-'28.3）
Mobility	334.2	2,290.0	373.0	2,360.0
Life-style Solutions	247.4	1,510.0	181.6	1,530.0
Total	581.7	3,800.0	554.7	3,890.0



- We have prepared these two pages regarding the progress in the revision of railway fares and charges systems.
- In July of last year, the Ministry of Land, Infrastructure, Transport and Tourism's subcommittee released an interim report that included a review of the calculation method for total cost as an near-term responses.
- Regarding the revision of calculation method for total cost, the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) recently issued a proposal for partial revision of the revenue cost calculation guidelines, which is open for public comment for about a month from January 26 to February 24, 2024.
- JR East has had many discussions with the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) and has expressed many opinions, but some of them have not been incorporated.
- We intend to submit our comment on this point through the public comments.

- Specifics are shown on the following pages.
- Regarding the revenue cost calculation guidelines, there is a section on how costs are calculated.
- The red text means that our opinion has been incorporated or is expected to be incorporated in part.
- On the other hand, the blue text means that we have offered our opinions but have not yet reached consensus.
- We intend to submit our opinion on these matters through the public comments.

Progress in the Revision of Railway Fares and Charges Systems

JR-EAST

○ **Outline of the proposed partial revision of the Revenue Cost Calculation Guidelines**

(prepared by JR East based on public comment materials)

Item	Current	Proposed revision
Depreciation	○ Depreciation accounted for in accordance with the Regulation on Accounting in the Railway Industry	○ In addition to the current calculation method, any of the following methods are acceptable: (1) Annual average amount over up to six years, including regular years (2) Addition of accelerated depreciation of the undepreciated balance of existing facilities over regular years under certain assumptions (★) ※ Subject to prior and after-the-fact checks by the MLIT on planned and actual amounts of capital investment, the amount that can be accelerated, etc.
Research and development expenses	○ Determined by the <u>yardstick method</u> Method of determining cost based on standard cost calculated by comparing six JR companies	○ Not determined by the yardstick method (★) ※ Subject to prior and after-the-fact checks by the MLIT on planned and actual amounts, etc.
Personnel and other expenses	○ Nationwide uniform assessment ○ Inflation rate is determined by the weighted average of the actual rate of increase in personnel expenses of railway operators and consumer price index.	○ With adjustments for regional differences ○ Inflation rate is determined by the weighted average of the Basic Survey on Wage Structure (by industry / by region) or the actual rate of increase in personnel expenses of railway operators and consumer price index (excluding fresh food and energy, by region). ※ 10-year simple average (▲) is used for the index.
Energy expenses	○ No document rule on inflation rate	○ Inflation rate is determined by consumer price index (electricity: electric bill, nationwide; engine: gasoline, by region). ※ 10-year simple average (▲) is used for the index.
Extraordinary losses	○ Extraordinary gains and losses are excluded from cost.	○ Extraordinary losses arising from large-scale disasters can be recognized (★). * Excluding insurance claim income and certain other items, average over the last 10 years (▲)
Impairment losses	○ No document rule on the treatment of impairment losses at the time of application of impairment accounting	○ When impairment accounting is applied, depreciation as per tax declaration can be recognized (★). * Subject to review of individual circumstances
Business return (Shareholder's equity)	○ Simple average of bond subscription yields, all-industry average return on equity, and required rate of dividend (11%)	○ In accordance with the <u>calculation method adopted in the electricity and gas sectors</u> Calculated by reflecting market sensitivity in bond subscription yields and the industry's average return on equity

★: Our requests have been (partially) reflected.
▲: It is questionable whether current trends (inflation, intensification of disasters) can be properly reflected.

○ **Our plan**

- We will closely examine revenues and costs based on the revised Revenue Cost Calculation Guidelines and, <u>if possible, will promptly submit an application for fare revision</u>.
- We <u>will continue to submit requests to the government</u> toward <u>revision of regulated fares and charges</u> and the <u>realization of a simple and flexible system</u>.

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- Regarding specific items, first is depreciation.
- The Ministry of Land, Infrastructure, Transport and Tourism (MLIT) is also requesting various capital expenditures to ensure safe use of railroads, such as seismic reinforcement, barrier-free access, and installation of security cameras from a risk management perspective.
- We are also promoting such investments, but a certain amount of cash is required for capital expenditures.
- Therefore, we have suggested that the depreciation to be recorded in future could be added forward to a normal year, with certain assumptions.
- In this regard, although there are some issues such as the need for detailed tracing, we believe that it is generally expected to be incorporated.

- Research and development expenses.
- Various costs are defined by the yardstick method, a method that establishes standard costs based on a comparison of six JR companies.
- The degree of R&D depends on the strength of the company. JR East is focusing on automated driving and R&D expenditures.
- Therefore, we have expressed our opinion that if the cost is calculated using the average standard cost of the yardstick, it should not be subject to the yardstick because it suffers in relation to the actual situation.
- We believe that this is also expected to be incorporated to a certain extent.

These materials of the presentation can be viewed
at the JR East's Website.

JR East Website, IR (Investor Relations)
https://www.jreast.co.jp/e/investor/index.html

Forward-Looking Statements
Statements contained in this report with respect to JR East's plans, strategies and beliefs that are not historical facts are forward-looking statements about the future performance of JR East, which are based on management's assumptions and beliefs in light of the information currently available to it. These forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause JR East's actual results, performance or achievements to differ materially from the expectations expressed herein. These factors include, without limitation, (i) JR East's ability to successfully maintain or increase current passenger levels on railway services, (ii) JR East's ability to improve the profitability of railway and other operations, (iii) JR East's ability to expand non-transportation operations, and (iv) general changes in economic conditions and laws, regulations and government policies in Japan.

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- Personnel, energy and other expenses.
- Personnel and other expenses are expected to be incorporated, in part, on the basis of certain indexes with respect to the rate of price increases. But it is proposed that the period of these indexes be a 10-year simple average to avoid rapid fare increases.
- However, it has only been in the last couple of years that labor Personnel expenses have been raised, and energy-related costs have also risen sharply in the last two years or so due to global conditions.
- If these are calculated as a 10-year average, the increase would be considerably diluted, so we intend to express our opinion, using data in the public comments, as to whether it would be possible to use a span of 3 years or something similar.

- Also, our opinions that extraordinary losses due to major disasters, etc. and impairment losses should be recorded will be incorporated.

- Finally, our plan.
- Since the revenue cost calculation guidelines are expected to be finalized by the end of the fiscal year. We will closely examine revenues and costs and, if possible, will promptly submit an application for fare revision.
- In addition to this, we would like to express our opinions to the Ministry of Land, Infrastructure, Transport and Tourism regarding a review of the current system itself, which is said to be under consideration for the future. For examples, changing the free seat express fare for the Shinkansen from approval to notification, and the realization of a simple fare structure.

(Continued on next page)

- At the same time, we also disclosed that we will conduct a stock split on April 1, 2024.
- Although the shares will be split in three shares, there will be no impact on the dividend for the current fiscal year, as the dividend will be based on the current number of shares.
- Along with the stock split, please check the announcement regarding the digitization of shareholder services.