July 31, 2025

East Japan Railway Company

Condensed Transcript from Q&A Session of Presentation
for the Financial Results in the First Quarter of FY2026.3

* 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.

[Transportation]

Q: What was the factor behind the non-commuter passes revenue of the Shinkansen significantly exceeding the plan?

A: Usage of the Shinkansen on various destinations continues to be strong. In particular, the Hokuriku Shinkansen has strong tourist demand, and there has also been an effect from the Nagano area being the setting for an animated film. From now on, our group will actively work to independently create destinations and attract customers.

Furthermore, in addition to the recovery of business trip demand, the full-fledged activation of business events such as MICE may also be contributing to the increase in demand for the Shinkansen. There is strong demand for MICE at TAKANAWA GATEWAY CITY as well, and we will continue to analyze the trends.

[The Revision of Railway Fares and Charges Systems]

Q: It is taking longer time to receive approval for the fare revision compared to other companies, will this affect the implementation schedule?

A: We recognize that the necessary processes for approval are steadily progressing, and there will be no impact on the implementation schedule. "To the Next Stage" 2034 also incorporates the implementation of fare revisions from March 2026 as a numerical target.

Q: What is the timeline for discussions regarding the introduction of notification of express charges for Shinkansen?

A: We have continuously engaged with each company regarding the review of the total cost method itself and have collaborated with the JR companies on the notification of express charges for Shinkansen, while urging the Ministry of Land, Infrastructure, Transport and Tourism, aiming to realize it as soon as possible. In particular, we will continue to request the notification of express charges for Shinkansen because it is an issue of deregulation.

[Real Estate & Hotels]

Q: Is the decrease in operating profit for the Real Estate & Hotels business excluding real estate sales compared to the previous year due to the impact of TAKANAWA GATEWAY CITY? Also, what is the projected financial outlook for TAKANAWA GATEWAY CITY going forward?

A: In FY 2026.3, operating profit of TAKANAWA GATEWAY CITY for the full year is expected to be approximately negative 15 billion yen, due to the full-year depreciation expenses for THE LINKPILLAR 1 in TAKANAWA GATEWAY CITY, as well as anticipated opening costs and real estate acquisition taxes for THE LINKPILLAR 2 and other facilities planned for spring 2026. On the other hand, from FY 2027.3 onwards, it is expected that operations will be in full swing, and revenue will increase, leading to a surplus in the balance of payments.

Q: What are the prospects for real estate sales from the second quarter onward and the "asset management scale in real estate fund business"?

A: Although the first quarter saw a year-on-year revenue decrease due to the nature of the properties sold, the full year plan projects operating revenue of about 67 billion yen and operating profit of about 45 billion yen, significantly exceeding FY 2025.3. Regarding the properties scheduled for sale in FY2026.3, they were reclassified as inventory (real estate for sale) at the end of FY 2025.3, and sales will be advanced from the second quarter onward while monitoring the timing. Concerning the real estate fund business, we aim to expand the asset management scale to 420 billion yen in FY 2026.3, 550 billion yen in FY 2028.3, and 1 trillion yen in FY 2032.3.

[Operating Income / Operating Expenses]

Q: Regarding the operating profit in each segment, what is the analysis compared to the plan?

A: In the Transportation business, railway transportation revenue exceeded the plan, operating expenses were generally in line with the plan, and operating profit exceeded the plan. Operating profits for Retail & Service, Real Estate & Hotel, and others were as planned.

Q: What were the factors behind the transportation business's increase in revenue but decrease in profit?

A: For FY 2026.3, we anticipate increases in personnel expenses due to rising wages, as well as increased non-personnel expenses for other and maintenance, driven by soaring prices and higher labor rates. Additionally, regarding maintenance expenses, while the first quarter of FY 2025.3 was at a low level, the first quarter of FY 2026.3 saw an approximately 6 billion yen increase compared to the previous year due to efforts to stabilize the scheduling of maintenance work.

[Extraordinary Gains / Extraordinary Losses]

Q: What kind of securities were sold as investment securities? Also, what is the nature of the impairment loss?

A: The sale of investment securities is part of the effort to reduce cross-shareholding as indicated in "To the Next Stage" 2034

The impairment loss is recorded for assets that will no longer be used in the future due to the mode change of the Tsugaru Line.

[Share repurchase]

Q: Among the purposes of share repurchase, what does "to enable the implementation of a flexible and agile capital policy" mean?

A: We have been promoting the full consolidation of group companies as 100% subsidiaries. In some cases, this was carried out through share exchange, and this measure anticipates continuing to use the same approach moving forward.