

Effect and react for the Covid-19

12/9/2021

East Japan Railway Company

Senior Executive Officer

Director General of International Affairs HQ

Hitoshi Saimyo

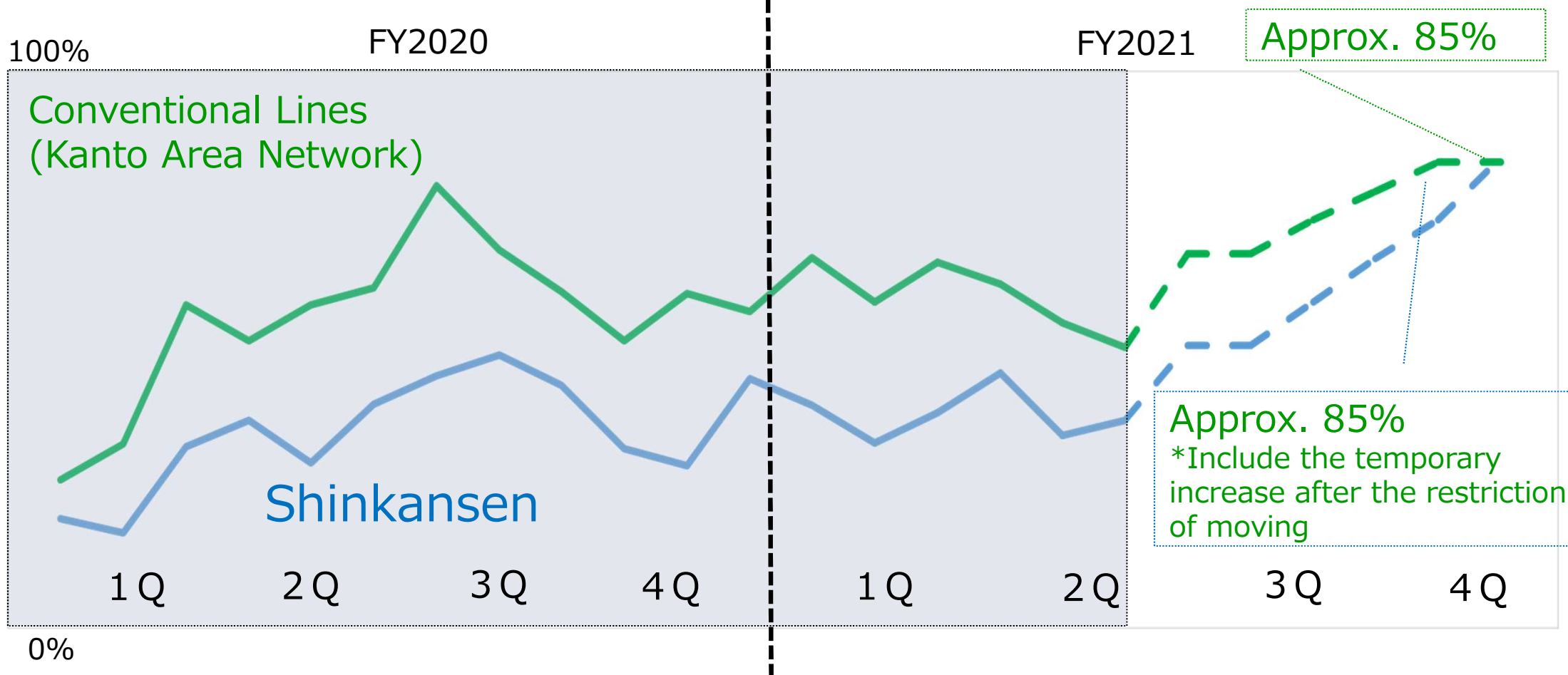
Corporate Data



- Number of Lines
69 (as of Apr 1, 2021)
- Number of Stations
1,676 (as of Apr 1, 2021)
- Average Number of Trains Per Day
12,256 (as of Mar 13, 2021)
- Average Number of Passengers Per Day
Approx. 17.8 million (as of Apr 1, 2020)
Approx. 12.4 million (as of Apr 1, 2021)

Passenger Revenues - FY2021 Results and FY2022 Outlook

■ Non-commuter passes : Compared with pre-covid-19 (excludes special factors)

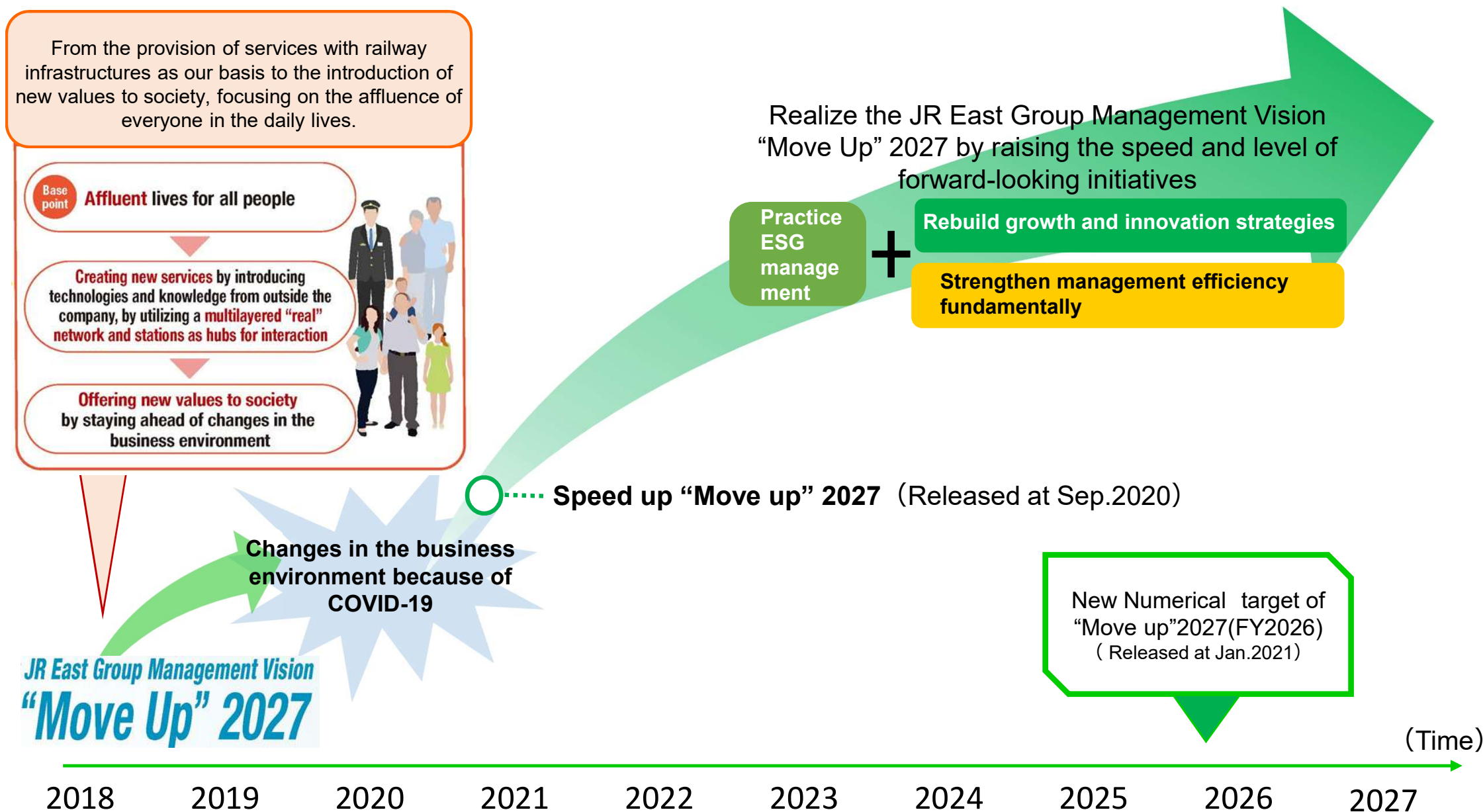


■ Commuter passes revenues (Seasonal tickets)

:Compared with pre-covid-19, reach approximately 80% at the end of fiscal 2022 and trend at the same level thereafter.

:We estimate that about 3-4% will shift to Conventional Lines throughout the year.
(Reference) Approximately 75% at the end of September 2021.

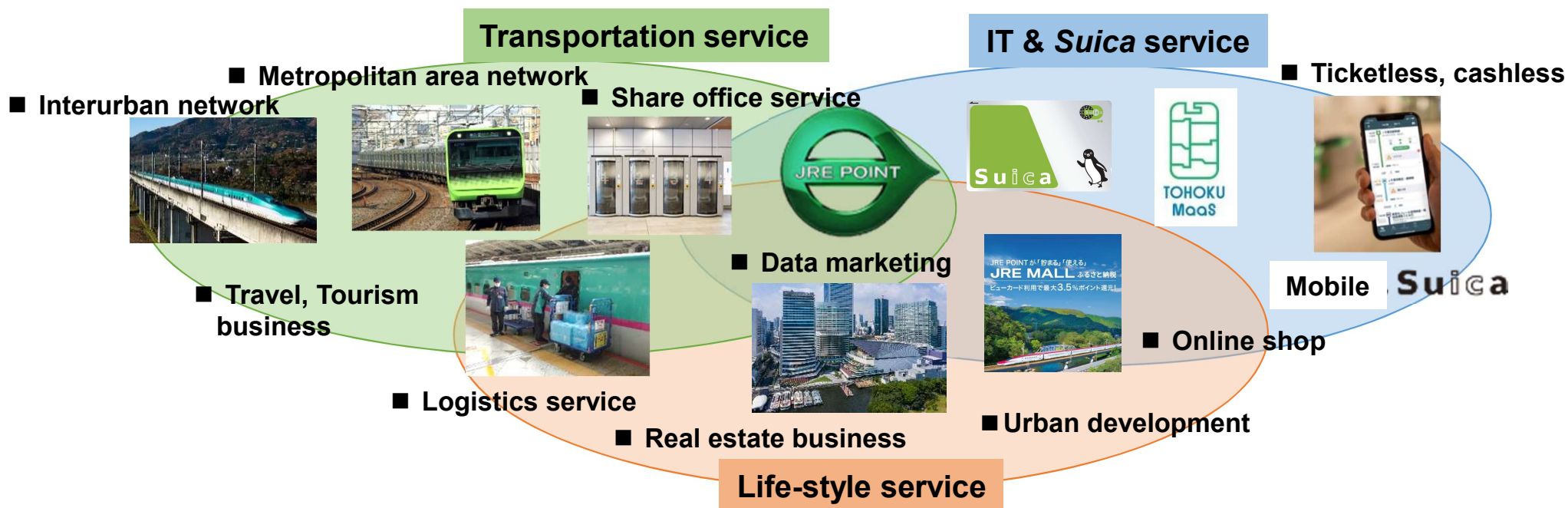
Changes in the business environment and our management



Management Policies amid Speed up “Move up”

Raising the level and speed of forward-looking initiatives to realize “Move Up” 2027

- **Proposing new lifestyles and taking on the challenge of new fields** by combining JR East's strengths in real networks and digital technologies
- Tackling **structural reforms** while working to restore the profitability of transportation services
- Accelerating the growth of life-style services and IT & *Suica* services to achieve a 6:4 ratio between the operating revenue of the Transportation segment and that of other segments by FY2026.3 while aiming to **achieve a 5:5 ratio as soon as possible**



Create new values through Group's strength

Numerical Targets of “Move Up” 2027 (FY2026)

	Consolidated operating revenues *1	Consolidated operating income
Transportation	1,970.0 billion yen [1,980.0 billion yen]	252.0 billion yen
Retail & Services	550.0 billion yen [709.0 billion yen]	57.0 billion yen
Real Estate & Hotels	480.0 billion yen [535.0 billion yen]	113.0 billion yen
Others	90.0 billion yen [101.0 billion yen]	30.0 billion yen
Total	3,090.0 billion yen [3,325.0 billion yen]	450.0 billion yen
Consolidated operating cash flow	3,693.0 billion yen *2	
Consolidated ROA	Around 4.5%	
Net interest-bearing debt/EBITDA *3	5 times or less	

*1 Numbers in brackets for consolidated operating revenues and by segment are reference values excluding an effect of application of “Accounting Standards for Revenue Recognition” and other standards.

*2 Total amount covering five years from the fiscal year ending March 31, 2022 to the fiscal year ending March 31, 2026

*3 Net interest-bearing debt means Balance of consolidated interest-bearing debt *minus* Balance of consolidated cash and cash equivalents. EBITDA means Consolidated operating income *plus* Consolidated depreciation expense.

Initiatives since Announcing Speed up “Move up”

Expanded *STATION WORK*



FY2026.3 target
Establish shared offices at
1,200 locations in total

- Established a network of **134 locations nationwide** from Hokkaido to Okinawa as of the end of FY2021.3
- Established Japan's first **shared office on a platform**

Expanded *JRE MALL*

Enabled donations through **JRE POINT**

- Taking on the challenge of OMO
Planning to open a **new-format, OMO-compatible BELLE MAISON store** in Tokyo Station this spring

FY2026.3 target
JRE MALL transactions of
¥130.0 billion

OMO...Online Merges with Offline



Further Rollout of Logistics Services That Utilize Trains

- Extend logistics services developed for Ekinaka sales (inside railway stations) to **areas outside railway stations**
- In cooperation with JR East Logistics and JR Hokkaido, **began regular logistics services** using the Hokkaido and Tohoku Shinkansen **on April 15**

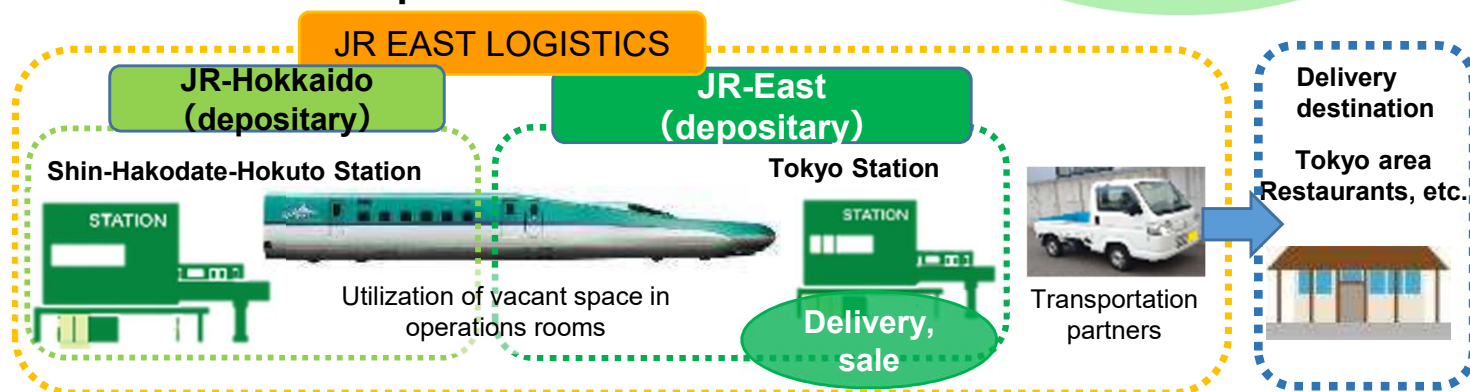
Future direction
Deepen cooperation with other companies
Aim to expand services

Goods transported	Volume	Frequency of transportation
Fish	60 cases	Approx. 250 days/year (days market open)
Box lunches	4 cases (approx. 80 meals)	Every day

Shipper



Carry in



Structural Reform

(Drastic Strengthening of Management Structure) (1)

- Reduce railway business *Operating Costs** by **¥100.0 billion in FY2028.3 compared to FY2020.3**
- Aim for a flexible cost structure reflecting usage changes in post-COVID-19 society and future population decline

*Operating expenses, except of depreciation and taxes

Cost Reductions in FY2021.3

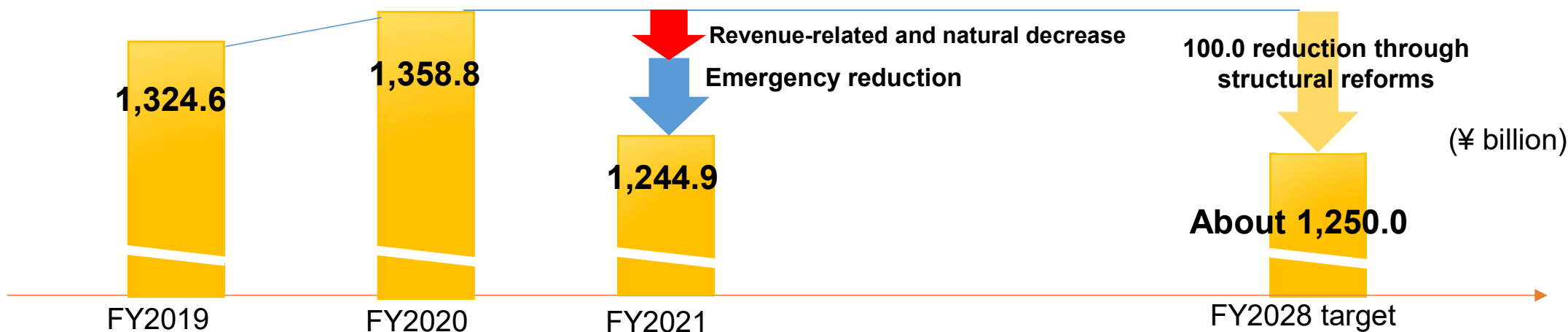
Personnel expenses		Reduction of bonuses
Non-personnel expenses	Maintenance (railcars)	Rigorously analyze the timing of parts and materials replacement
	Maintenance (general)	Postpone or cancel certain items
	Outsourcing and other	Curb security consignment expenses, publicity and advertising expenses, and goods expenses, etc.

Advance structural reform measures

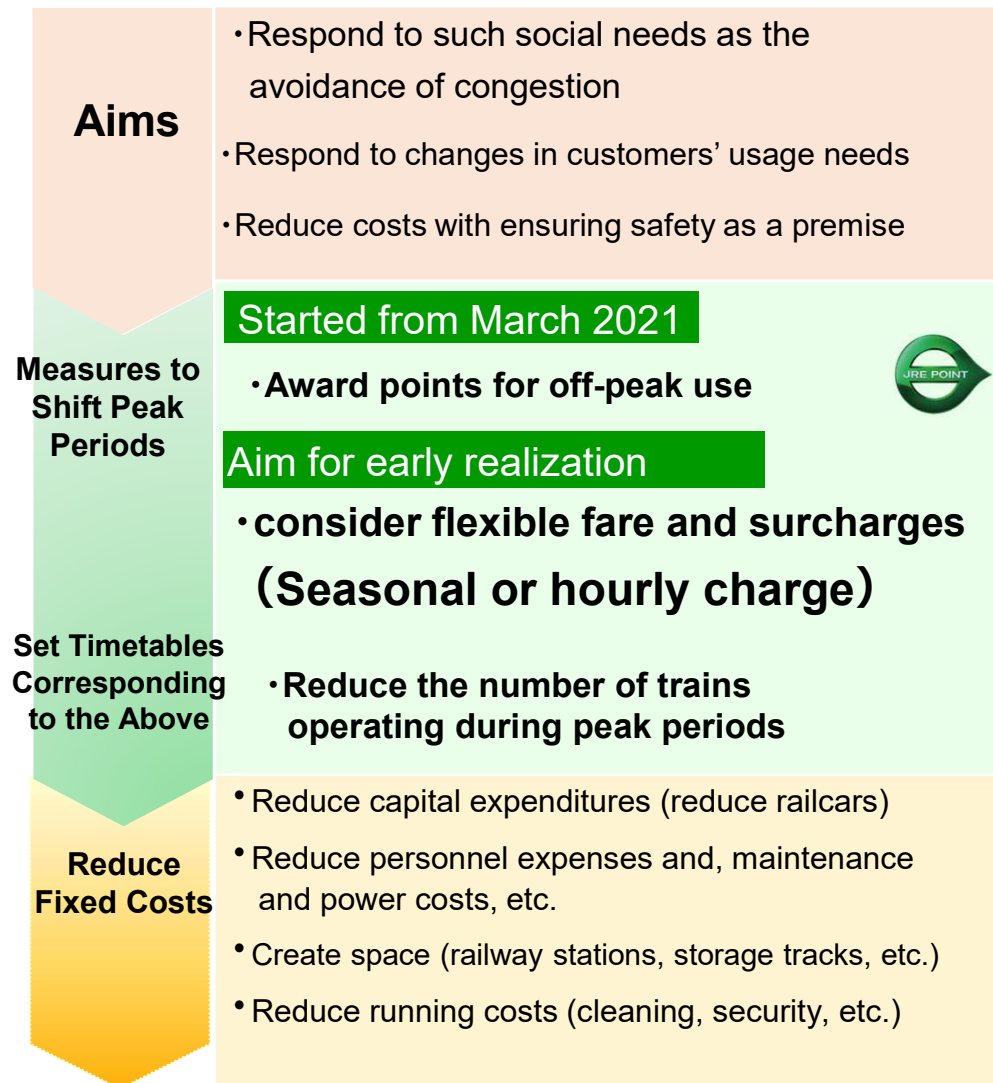
Main Structural Reforms under “Move Up” 2027measures

	Reduction Amount (¥ billion)
Streamline operation systems, Establish an efficient sales system, etc.	-10.0
Smart maintenance (CBM, Mechanization, etc.) System changes (Use new technologies, etc.) Streamline operation systems (Revise timetables for last-train, etc.) Streamline facilities (Reduce ticket vending machines and automatic ticket gates)	-20.0
Establish an efficient sales system (ticketless, mobile shift, etc.) Structural reform of Group companies (multi-tasking, insourcing, etc.)	-20.0
Additional reduction of <i>Operating Costs</i> (+α)	-50.0

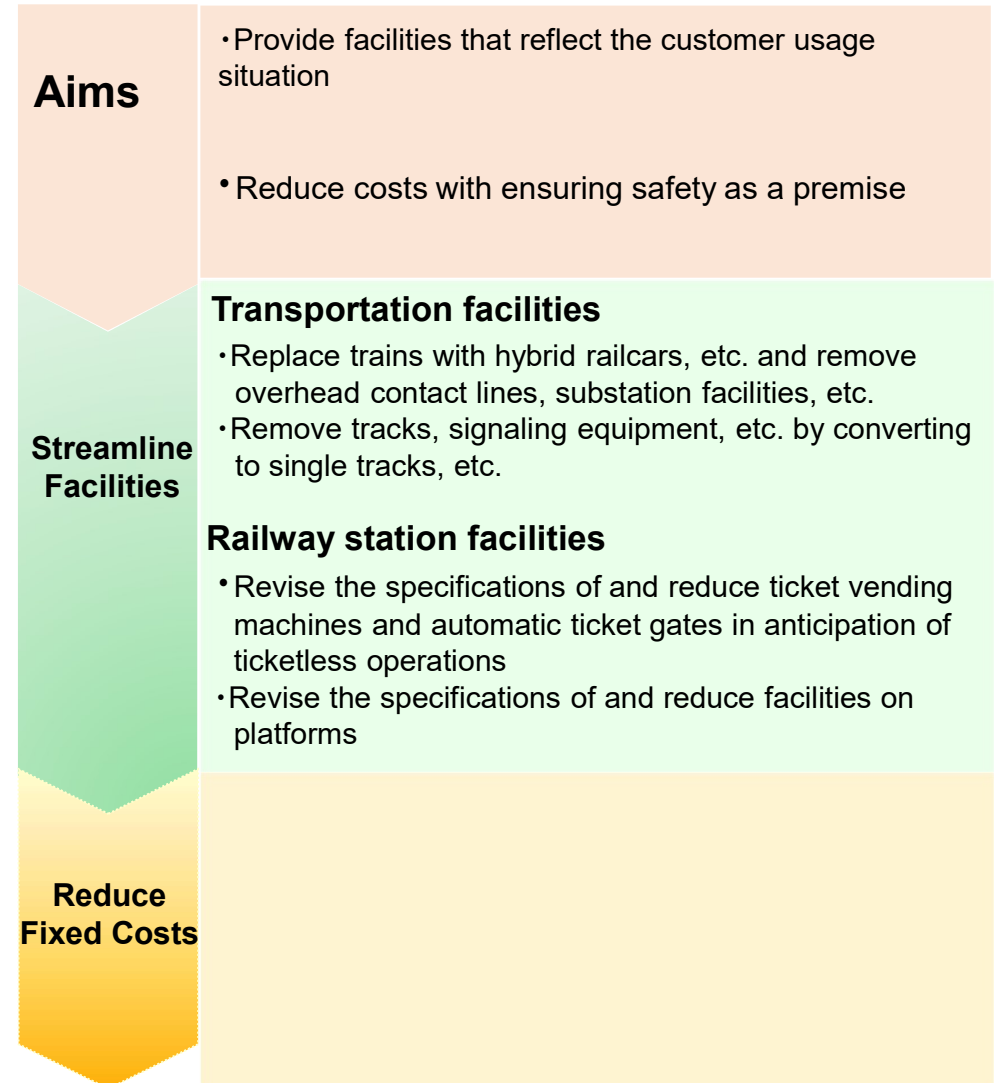
Actual and Projected *Operation Costs*



Peak shift



Streamline facilities



Building a Sustainable Railway Business

Before

Capital investments to ease overcrowds

Continue to make investments to improve the operation mode and increase the number of fleets, and maximize the capacity mainly during peak hours.

Now

Encourage customers to shift commuting peaks under the pandemic

Recommendation for off-peak commuting from Japanese Government.

Introduce **Point service** corresponding to the various commuting style.

Future

Studying on dynamic pricing

Progress of vaccination will help the recovery in use of transportation.

Customers will be more than ever oriented toward avoiding crowded trains.

Studying on dynamic pricing and reduce congestion

Congestion Rate of the Tokyo Metropolitan Area

Congestion Rate of the Tokyo Metropolitan Area **before/after** pandemic

Main Lines	Congestion Rate (per hour)			
	FY2010	FY2015	FY2019	FY2020
Yamanote Line 〔Ueno→Okachimachi〕	201%	163%	149%	▲56pt → 93%
Chuo Line(Rapid) 〔Nakano→Shinjuku〕	194%	188%	184%	▲68pt → 116%
Saikyo Line 〔Itabashi→Ikebukuro〕	200%	183%	185%	▲58pt → 127%
Tokaido Line 〔Kawasaki→Shinagawa〕	188%	182%	193%	▲90pt → 103%
Musashino Line 〔Higashiurawa →Minamiurawa〕	189%	175%	166%	▲32pt → 134%
Yokohama Line 〔Kodukue →Shin-Yokohama〕	183%	170%	163%	▲55pt → 108%

※In FY2022, We estimate that user will recover to almost 85% of “before pandemic”
(Commuter Passes)

Off-Peak Point Service

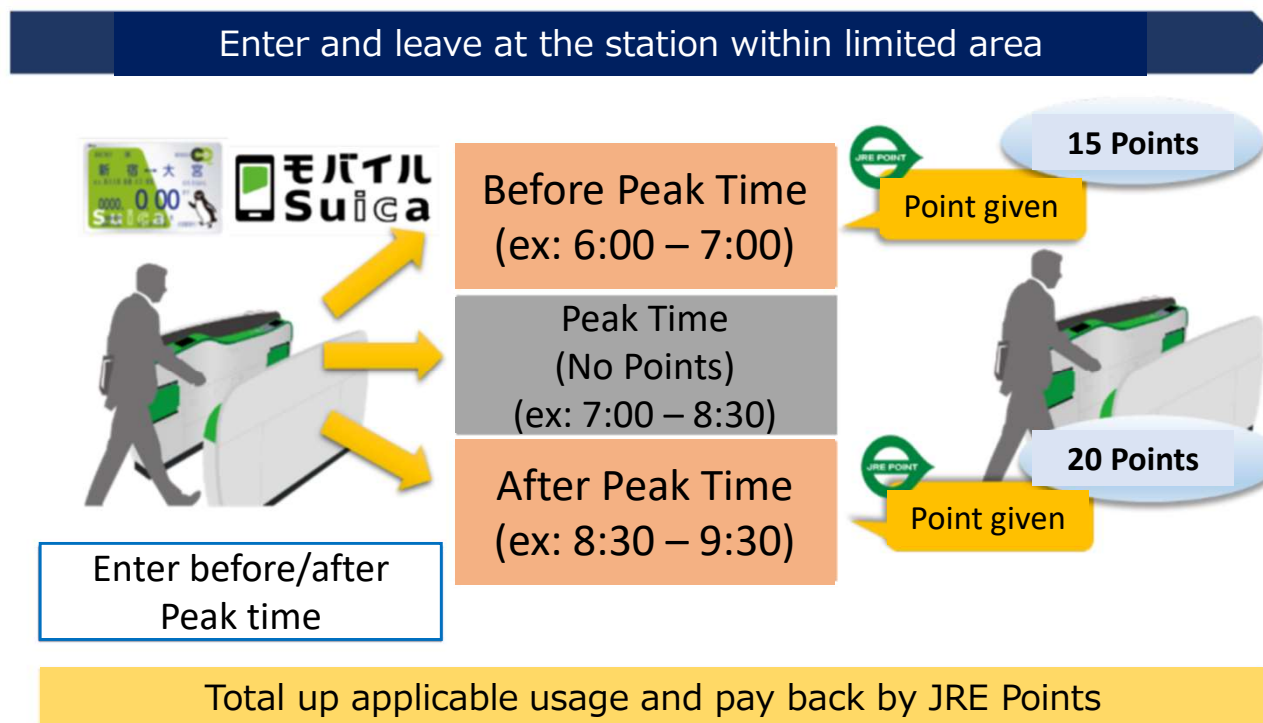
Point Service for off-peak commuting

- A point service which aim at the commuters using Suica commuter passes on weekday mornings. JRE Points will be given at the station when you enter and leave at the station within limited area during fixed period of time.

【Area】 JR East Conventional Lines Tokyo Metropolitan Area

【Qualified Customer】 People who have Suica commuter passes and registered with JRE POINT

【Term】 3/15/2021 – 3/31/2022 (Limited)



Off-Peak Point Service (Effective time and Usage)

Eligible time for JRE Points

- Before / After Peak Time (1.5h)
⇒ Eligible for JRE Points
- Before Peak Time
⇒ 15 Points paid back
- After Peak Time
⇒ 20 Points paid back

Accumulable points for using
Suica regular pass

- Applicant for Point Service ※10/17

Approx. 540 thousands

- Percentage of regular users who changed the usage time zone from the peak after the service started (Sep 2021)

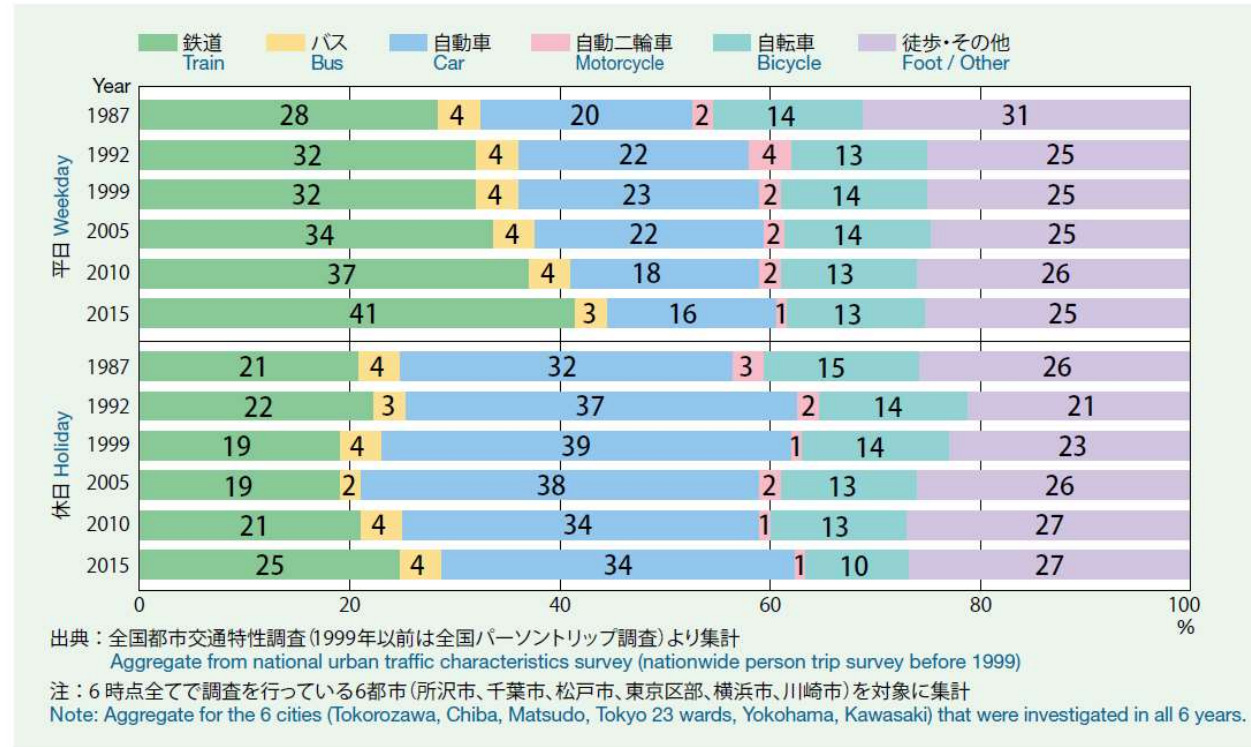
4.4%

(Ex) Joban Rapid

	Tsuchiura St	Arakawaoki St	Hita Ushiku St	Ushiku St	Ryugasaki St	Fujishiro St	Toride St	Tennodai St	Abiko St	Kashiwa St	Matsudo St	Kitasenju St	Minasenju St	Mikashima St	Nippori St	Ueno St
Before Peak T 15 point	5:25 ~ 6:25	5:30 ~ 6:30	5:35 ~ 6:35			5:40 ~ 6:40			5:45 ~ 6:45	5:50 ~ 6:50	6:05 ~ 7:05	6:10 ~ 7:10	6:20 ~ 7:20		6:25 ~ 7:25	6:20 ~ 7:20
Peak Time	∩	∩	∩			∩			∩	∩	∩	∩	∩		∩	∩
After Peak T 20 point	7:55 ~ 8:55	8:00 ~ 9:00	8:05 ~ 9:05			8:10 ~ 9:10			8:15 ~ 9:15	8:20 ~ 9:20	8:35 ~ 9:35	8:40 ~ 9:40	8:50 ~ 9:50		8:55 ~ 9:55	8:50 ~ 9:50

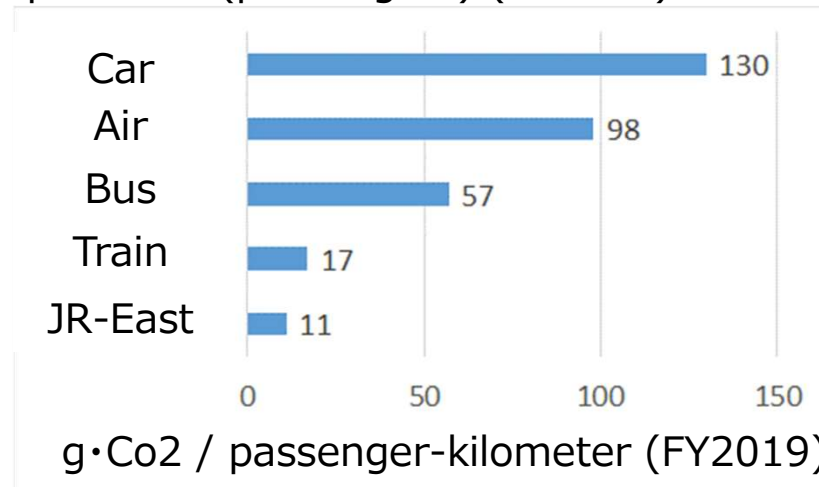
(Ref.)The change of the usage of Public Transportation before / after the pandemic

Proportion of Transport Carried by Different Means of Transport in Tokyo Urban Area



CO2 emissions per transportation (passengers) (FY2019)

Source : MLIT Website



■ Train as local infrastructure
= Before the pandemic, the proportion of Train user have been continuously increased

■ Carbon dioxide emission of Train is low compared to other mode
= Fit for decarbonized society

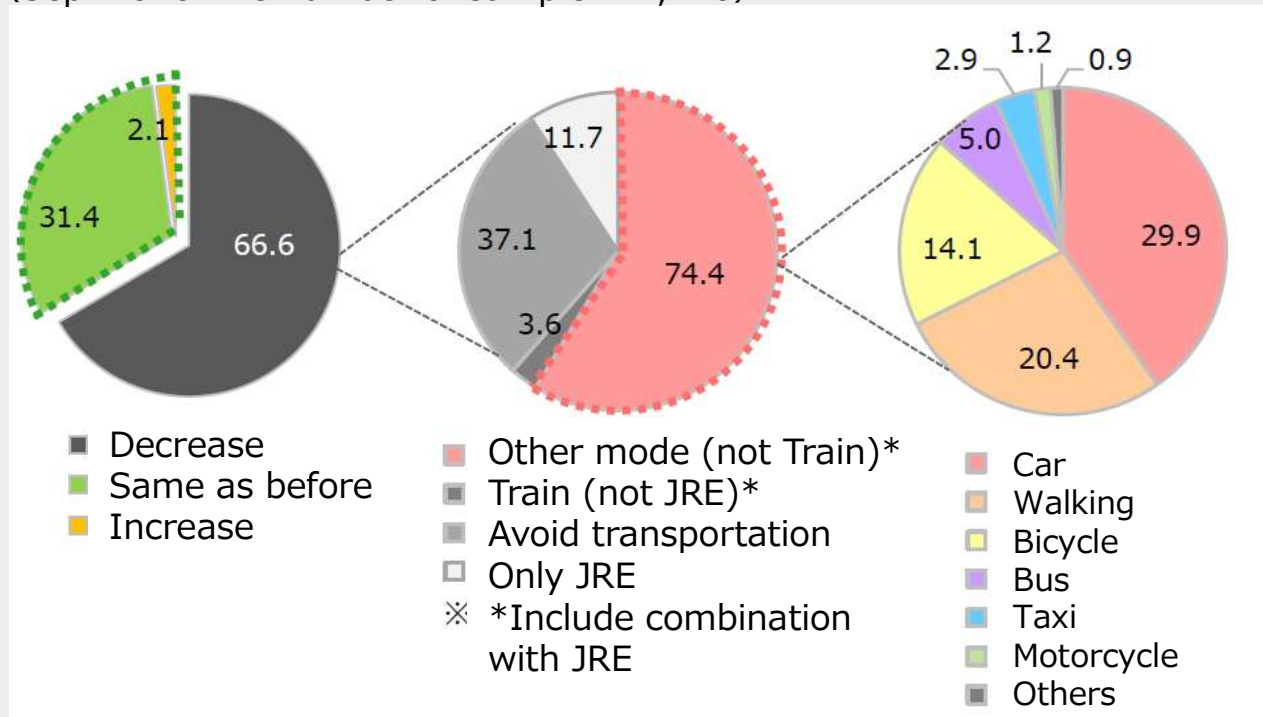
(Ref.)The change of the usage of Public Transportation before / after the pandemic

■ After the pandemic, the proportion of public transportation user decreased and shift to bicycle.

= If this trend become normal, the merit of “Convenient Public Transportation” may be lost.

The usage of JR-East in pandemic and alternative of the transportation mode

source : JR-East (Sep. 2020 The number of sample: 11,126)



Promotion of the use of public transportation avoiding "denseness" is a social issue.
(Relieve Congestion, Achievement of Decarbonized Society etc.)