

Fiscal 2020 Financial Results (Japanese GAAP) (Unaudited)

Fiscal 2020 (Year ended March 31, 2020)

All financial information has been prepared in accordance with accounting principles generally accepted in Japan.

"JR East" refers to East Japan Railway Company on a consolidated basis, or if the context so requires, on a non-consolidated basis.

English translation from the original Japanese-language document.

April 28, 2020

East Japan Railway Company

Stock Exchange Listing

Securities Code

URL

Representative

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June 23, 2020

June 24, 2020

June 23, 2020

No

Yes

Scheduled Date of Ordinary General Meeting of Shareholders

Scheduled Date of Dividend Payment Commencement

Scheduled Date for Release of Annual Securities Report

Preparation of Supplementary Explanations of Financial Results:

Financial Results Presentation to Be Held:

1. Consolidated Results for Fiscal 2020 (Year Ended March 31, 2020)

(Amounts less than one million yen, except for per share amounts, are omitted.)

(1) Consolidated financial results

(Percentages represent percentage changes as compared with the previous fiscal year.)

| | Operating revenues | | Operating income | | Ordinary income | | Profit attributable to owners of parent | |
|--------------------|--------------------|--------------|------------------|---------------|-----------------|---------------|---|---------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal 2020 | 2,946,639 | (1.8) | 380,841 | (21.5) | 339,525 | (23.4) | 198,428 | (32.8) |
| Fiscal 2019 | 3,002,043 | 1.8 | 484,860 | 0.7 | 443,267 | 0.7 | 295,216 | 2.2 |

Note: Comprehensive income – Fiscal 2020: 173,329 million yen (a decrease of 41.4%), Fiscal 2019: 295,928 million yen (a decrease of 1.6%)

| | Earnings per share—Basic | Earnings per share—Diluted | Return on average equity | Ratio of ordinary income to average assets | Ratio of operating income to operating revenues |
|--------------------|--------------------------|----------------------------|--------------------------|--|---|
| | Yen | Yen | % | % | % |
| Fiscal 2020 | 524.91 | — | 6.4 | 4.0 | 12.9 |
| Fiscal 2019 | 773.26 | — | 10.0 | 5.4 | 16.2 |

Reference: Equity in net income (losses) of affiliated companies – Fiscal 2020: 5,614 million yen, Fiscal 2019: 5,870 million yen

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Shareholders' equity per share |
|--------------------|------------------|------------------|--------------|--------------------------------|
| | Millions of yen | Millions of yen | % | Yen |
| Fiscal 2020 | 8,537,059 | 3,173,427 | 36.9 | 8,340.01 |
| Fiscal 2019 | 8,359,676 | 3,094,378 | 36.7 | 8,046.93 |

Reference: Shareholders' equity – Fiscal 2020: 3,146,196 million yen, Fiscal 2019: 3,067,173 million yen

(3) Consolidated cash flows

| | Net cash provided by operating activities | Net cash used in investing activities | Net cash used in financing activities | Cash and cash equivalents at end of year |
|--------------------|---|---------------------------------------|---------------------------------------|--|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Fiscal 2020 | 548,692 | (701,601) | 43,409 | 153,794 |
| Fiscal 2019 | 663,801 | (594,425) | (120,693) | 263,739 |

2. Dividends (Year Ended March 31, 2019 and 2020 and Year Ending March 31, 2021)

| (Record date) | Dividends per share | | | | | Total dividends (annual) | Dividend ratio (consolidated) | Ratio of dividends to shareholders' equity (consolidated) |
|------------------------|---------------------|-----------------|-----------------|--------------|---------------|--------------------------|-------------------------------|---|
| | 1st quarter end | 2nd quarter end | 3rd quarter end | Year end | Total annual | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| Fiscal 2019 | — | 75.00 | — | 75.00 | 150.00 | 57,224 | 19.4 | 1.9 |
| Fiscal 2020 | — | 82.50 | — | 82.50 | 165.00 | 62,304 | 31.4 | 2.0 |
| (Forecast) Fiscal 2021 | — | — | — | — | — | — | — | — |

Note: Dividend forecasts for the year ending March 31, 2021 have yet to be determined at this time for the reason stated in “3. Forecasts for Fiscal 2021 (Year Ending March 31, 2021)” below.

3. Forecasts for Fiscal 2021 (Year Ending March 31, 2021)

Consolidated forecasts for the year ending March 31, 2021 have yet to be determined at this time, because the outlook for JR East's revenue trends and other factors have become extremely uncertain as a result of COVID-19. These forecasts will be announced promptly as soon as they can be determined.

※ Notes

(1) Changes to principal subsidiaries during the period (status changes of specified subsidiaries due to changes in the scope of consolidation): No

Newly consolidated — excluded —

(2) Changes in accounting policies, changes in accounting estimates, and restatement of revisions

- i Changes in accounting policies with revision of accounting standards : No
- ii Changes in accounting policies other than the above : No
- iii Changes in accounting estimates : No
- iv Restatement of revisions : No

(3) Number of issued shares (common stock)

- i Issued shares at period-end (including treasury stock) Fiscal 2020 377,932,400 shares Fiscal 2019 381,822,200 shares
- ii Treasury stock at period-end Fiscal 2020 691,228 shares Fiscal 2019 661,645 shares
- iii Average number of shares during period Fiscal 2020 378,026,258 shares Fiscal 2019 381,779,554 shares

(Reference) Overview of the Non-consolidated Financial Results

1. Non-consolidated Results for Fiscal 2020 (Year Ended March 31, 2020)

(Amounts less than one million yen, except for per share amounts, are omitted.)

(1) Non-consolidated financial results

(Percentages represent percentage changes as compared with the previous fiscal year.)

| | Operating revenues | | Operating income | | Ordinary income | | Profit | |
|--------------------|--------------------|--------------|------------------|---------------|-----------------|---------------|-----------------|---------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal 2020 | 2,061,078 | (2.5) | 294,077 | (25.0) | 260,136 | (26.7) | 159,053 | (36.7) |
| Fiscal 2019 | 2,113,362 | 1.0 | 391,877 | (0.8) | 354,852 | (1.1) | 251,165 | 1.7 |

| | Earnings per share—Basic | Earnings per share—Diluted |
|--------------------|--------------------------|----------------------------|
| | Yen | Yen |
| Fiscal 2020 | 420.35 | — |
| Fiscal 2019 | 657.31 | — |

(2) Non-consolidated financial position

| | Total assets | Net assets | Equity ratio | Shareholders' equity per share |
|--------------------|------------------|------------------|--------------|--------------------------------|
| | Millions of yen | Millions of yen | % | Yen |
| Fiscal 2020 | 7,840,416 | 2,551,346 | 32.5 | 6,756.71 |
| Fiscal 2019 | 7,688,566 | 2,513,699 | 32.7 | 6,589.10 |

Reference: Shareholders' equity – Fiscal 2020: 2,551,346 million yen, Fiscal 2019: 2,513,699 million yen

2. Forecasts for Fiscal 2021 (Year Ending March 31, 2021)

Non-consolidated forecasts for the year ending March 31, 2021 have yet to be determined at this time, because the outlook for JR East's revenue trends and other factors have become extremely uncertain as a result of COVID-19. These forecasts will be announced promptly as soon as they can be determined.

※ Financial results are not subject to auditing.

※ Explanation of appropriate use of forecasts of business results; other important items

The forecasts of business results and other forward-looking statements in this document are based on information available as of the date of this document and on certain assumptions that JR East viewed as reasonable as of the date of this document. Actual results may differ from such forward-looking statements for a variety of reasons. Regarding the forecasts of business results, please refer to "Outlook for the Year Ending March 31, 2021" on page 10 of this document.

JR East is scheduled to hold an analysts' conference on April 30, 2020, to present its operating results for Fiscal 2020. JR East plans to upload the presentation materials distributed at such conference to its website upon its conclusion.

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1. Operating Results and Financial Position

(Unless otherwise stated, all comparisons are between the fiscal year under review and the previous fiscal year.)

(1) Analysis of Operating Results

(i) Summary of the Fiscal Year Ended March 31, 2020

Overview

In the year ended March 31, 2020, the Japanese economy continued on an overall trend of gradual recovery from the start of the year. During the year, the JR East Group fully embraced various challenges under its management vision “Move Up” 2027.

Meanwhile, due to the impact of Typhoon No. 19 (Hagibis), which landed on October 12, 2019, the JR East Group suffered significant damage. However, the Group made concerted efforts to ensure operations on the Hokuriku Shinkansen and restore transportation on each damaged line segment.

Moreover, as COVID-19 has spread since February 2020, the number of customers using our railways has significantly declined. At the same time, with respect to the life-style service business, there have been across-the-board declines in the use of stores and restaurants within railway stations and station buildings as well as the use of hotels. In light of this situation, the Group has made every effort to place our utmost priority on preventing the spread of COVID-19 to our customers and employees and ensuring the safety and reliability of transportation and the quality of our services.

As a result, during the fiscal year under review, operating revenues declined 1.8%, to ¥2,946.6 billion, due in part to a decline in transportation revenues stemming from the impact of the spread of COVID-19 and Typhoon No. 19 (Hagibis). Additionally, as operating expenses increased following the rise in the Company's non-personnel and other expenses, operating income decreased 21.5%, to ¥380.8 billion, and ordinary income decreased 23.4%, to ¥339.5 billion. Furthermore, the recording of extraordinary losses pertaining to Typhoon No. 19 (Hagibis) and other factors caused profit attributable to owners of parent to decrease 32.8%, to ¥198.4 billion.

Deepening Trust

【Pursuing ultimate safety levels】

Based on the “Group Safety Plan 2023,” the JR East Group united as one toward the enhancement and innovation of “safety conduct” and “safety management” by each employee as well as the installation of safety equipment that actively leverages new technologies.

(Specific measures)

- Promotion of efforts to improve the safety level of our Shinkansen services, including enhancing risk response capability and cultivating expert personnel, centered on the Shinkansen General Management Department established in April 2019
- Completed installation of training simulators using actual video for the train crew at all workplaces as of March 31, 2020
- Additional seismic reinforcement covering more areas and facilities to be prepared for a major earthquake, such as an earthquake directly beneath the Tokyo metropolitan area
- Installation of automatic platform gates completed at 48 railway stations (57 railway stations on a line-by-line basis) as of March 31, 2020
- Implementation of repair work, etc., to add a feature that monitors door handles as a measure to address the open-door incident while a Shinkansen was running between Sendai and Shiroishizao stations on the Tohoku Shinkansen Line (occurred in August 2019)
- Collaboration with verification tests at Tokyo Station that utilized detection dogs with the aim of enhancing security levels (December 2019)
- Commencement of consideration for measures concerning flood mitigation to critical facilities and equipment and evacuation from railcars in light of the damage caused by flooding rivers and other hazards brought about by Typhoon No. 19 (Hagibis)

【Service quality reforms】

Based on the “Medium-term Vision for Service Quality Reforms 2020,” the JR East Group accelerated various initiatives, including to prevent transportation service disruptions and spread of their impact on passengers. Through these initiatives, the Group worked to realize its aim of becoming No.1 for customer satisfaction in the Japanese railway industry.

(Specific measures)

- Improvement of electrical equipment on conventional lines in the Tokyo metropolitan area with the aim of reducing transportation disruptions
- Replacement of railcar components to address the railcar damage at Fukushima Station on the Tohoku Shinkansen Line and updates to the control unit program to address the substation issue on the Joetsu Shinkansen Line that occurred during Golden Week (extended Japanese holiday from late April to early May) in 2019
- Commencement of operations at JR East Service Creation Co., Ltd., which provides pleasant, comfortable services to improve the value of traveling space, in July 2019
- Prompt provision of relevant information in the event of a planned suspension of operations when a typhoon approaches, and strengthening of safety confirmation structure in order to swiftly restart operations
- Commencement of distribution of train operation information via Twitter in English in December 2019

- Implementation of “Assistance and support campaign”, which encourages our personnel to proactively ask customers whether they require assistance, year-round
- Advancement of efforts to provide a more accessible environment for customers using wheelchairs, etc., such as installing rubber to reduce the gap between railcars and platforms and concluding the replacement of railcars on the Yamanote Line
- Commencement of information communication via smartphone app between railway station staffs along the Nambu Line in March 2020 to ensure that customers needing assistance can smoothly board trains

【Implementing ESG management】

From the environment, social and governance perspectives, the JR East Group implemented ESG management and made efforts to contribute to the sustainable development of local communities by solving social issues through its businesses. At the same time, the Group promoted efforts geared toward achieving Sustainable Development Goals (SDGs).

(Specific measures)

- Development of Nobeyama Station (which began operations in January 2020) on the Koumi Line and Maebashi Station (which began operations in March 2020) on the Ryomo Line as “ecoste” model stations
- Introduction of eco-friendly technologies such as roof membranes, which help reduce energy consumption for lighting, solar panels, and wind turbine power generators at Takanawa Gateway Station. Additionally, making progress in preparing for the establishment of a hydrogen station at the Company’s site in front of Takanawa Gateway Station
- Commencement of the use of “CO₂-free energy,” which leverages the JR Akita Shimohama Wind Power Station, at Oga Station on the Oga Line in July 2019
- Preparations for launch of test hybrid railcars based on hydrogen energy and start of verification tests by the end of fiscal 2022
- Promotion of the replacement of plastic bags and straws used inside ticket gate areas and at hotels and other locations with those made of substitute materials by September 30, 2020, with the aim of reducing plastic
- Operation of *SDGs Wrapping Trains* on the Yamanote Line, with the aim of promoting an understanding of SDGs and introducing the Group’s efforts toward achieving SDGs, from October 2019 to January 31, 2020
- Development of child-rearing support facilities (cumulative total of 139 child-rearing-support facilities as of March 31, 2020)
- Acceptance of interns from Vietnam and Myanmar railways with the aim of cultivating international railway personnel
- Issuance of Sustainability Bonds for projects that contribute to solving environmental and social issues, in January 2020

Realizing affluent lives for “everyone”

【Reforming transportation service quality】

In addition to improving the quality of its transportation services, the JR East Group implemented tourism promotion efforts and strategies to attract inbound tourists to further expand opportunities for interaction.

(Specific measures)

- Launch of *ALFA-X*, a test railcar geared toward realizing the next generation Shinkansen, in May 2019 and start of test runs
- Start of environmental assessments of plans for the Haneda Airport Access Line (provisional name)
- Start of construction aimed at noise reduction and measurement of ground based equipment in May 2019 to reduce travel time along the Joetsu Shinkansen Line between Omiya and Niigata stations
- Commencement of operations of *KAIRI*, a new sightseeing train, in conjunction with the *Niigata Prefecture and Shonai Area Destination Campaign*, in October 2019
- Opening of the Sotetsu-JR direct line, which allow direct travel to Shinjuku Station from the Sotetsu Line via the JR Line, in November 2019
- Commencement of operations of *SAPHIR ODORIKO*, a limited express service for tourists, in March 2020, which promotes the “real charm” of the Izu area
- Implementation of a promotion to encourage travel to Tohoku, following up on the expansion of sales area for products aimed at overseas visitors, based on the strategic partnership with the Trip.com Group Limited, one of the largest online travel agencies in China
- Expansion of coverage area for the use of *Suica* to include certain sections along the Joban Line, in conjunction with the restoration of operations between Tomioka and Namie stations in March 2020
- Introduction of *Suica* at all stations along the Kashima Line in March 2020
- Reduction of travel time through extension of dedicated bus rapid transit (BRT) routes along the Kesennuma and Ofunato lines. Additionally, opening of five new bus stations in March 2020 in light of requests from local governments along the lines

【Lifestyle development (town development)】

In addition to promoting the development of terminal stations, the JR East Group engaged in initiatives with local communities to make regional areas more affluent, such as urban development around regional core stations and the promotion of *sextic industrialization*.

(Specific measures)

- Urban planning for the Shinagawa Development Project (Phase 1) finalized in April 2019 and its realization under way for its opening in around 2024
- Opening of Takanawa Gateway Station in March 2020 and introduction of station service equipment on a trial basis leveraging the latest technologies, including guidance robots that utilize AI
- Establishment of Co., Ltd. TOUCH TO GO by the subsidiary JR East startup Co., Ltd., together with Signpost Corporation, in July 2019, with the aim of commercializing unmanned stores with AI-enabled payment systems. In addition, opening of a permanent unmanned store at Takanawa Gateway Station in March 2020
- Gradual commencement of verification tests for 21 proposals adopted under the *JR EAST STARTUP PROGRAM* 2019, a program held to further promote open innovation
- Expansion of shared office business *STATION WORK* to five stations in the Tokyo metropolitan area
- Promotion of urban development centered on Akita Station and beginning of use of the sports facility *Akita Northern Gate Square* in December 2019
- Establishment of a real estate fund in February 2020 with the aim of strengthening our real estate business
- Preparations under way for the launch of a large-scale tourist orchard at the end of fiscal 2021 in an area of Sendai City affected by the Great East Japan Earthquake
- Implementation of logistics operations on trial basis in collaboration with JAPAN POST Co., Ltd., involving the delivery of fresh fruit harvested in Nagano Prefecture and Akita Prefecture to Tokyo metropolitan stations. In addition, making progress to prepare for the integration of post office and station counter operations at Emi Station on the Uchibo Line in August 2020
- Commencement of *To Locca* coin locker reservation service on dedicated website in March 2020
- Promotion of preparations to merge the subsidiaries Nippon Restaurant Enterprise Co., Ltd. and JR EAST FOOD BUSINESS CO., LTD. to create JR East Foods Co., Ltd. in April 2020 with the aim of maximizing station value
- The following projects, which will increase the overall appeal and value of local towns together with local communities, are currently under construction:
 - WATERS takeshiba* (tower building and parking lot building) (Tokyo), scheduled for opening in April 2020
 - JR Yokohama Tower* (Kanagawa), scheduled for opening in May 2020
 - JR Yokohama Tsuruyacho Building* (Kanagawa), scheduled for opening in June 2020
 - HIBIYA OKUROJI* (Tokyo), scheduled for opening in June 2020
 - WATERS takeshiba* (theater building) (Tokyo), scheduled for opening in July 2020
 - KAWASAKI DELTA* (Kanagawa), scheduled for opening in spring 2021
- Construction under way for the hotels in Kamakura, Takeshiba, Kawasaki, Yokohama, Sakuragicho and other areas to establish a hotel chain with more than 10,000 guest rooms

【Making *Suica* a shared infrastructure and promoting MaaS】

The JR East Group has promoted efforts to enable *Suica* to be used in various day-to-day activities by enhancing the appeal of *JRE POINT*, the JR EAST Group's integrated point system, and actively establishing partnerships with other companies. As a result, as of March 31, 2020, the number of *Suica* cards issued was 82.73 million, and the number of *JRE POINT* members was 12.05 million. The Group will also launch JR EAST's MaaS, which provides search, reservation, and payment functions all in one, and promote other efforts.

(Specific measures: Making *Suica* a shared infrastructure)

- Launch of a service in October 2019 to allow users to accumulate *JRE POINT* by using JR East railways with a *Suica* card
- Participation in "a cashless, consumer-returns business" launched in October 2019. Also, implementation of a unique campaign carried out in conjunction with this business aimed at increasing the percentage of *JRE POINT* earned when making cashless payments at railway stations and inside ticket gate areas
- Launch of *Shinkansen e-ticket Service*, which enables ticketless usage of Shinkansen lines through online reservation services, in March 2020
- Launch of *Welcome Suica*, a new IC card for overseas visitors to Japan, in September 2019
- Commencement of verification tests in December 2019 with Mizuho Bank, Ltd. for charging digital currency onto the *Suica* app
- Preparations under way for the spring 2020 launch of a collaborative service with Rakuten Payment, Inc. to enable issuing *Suica* through the Rakuten Pay app
- Preparations ongoing to introduce *Multi-function Card for Regional Transit*, which combines the functions of *Suica* with those of the IC public transportation cards of regional transportation systems toward increased use of *Suica* in regional areas, in the Utsunomiya and Iwate areas from spring 2021

(Specific measures: Promoting MaaS)

- Establishment of the MaaS Strategy Design & Management Department in April 2019 to promote the integrated planning and design of MaaS business strategies and implement measures in a timely manner
- Complete renewal of the design and services offered through the *JR EAST app* in April 2019, as well as the strengthening of the app's route-searching features in September 2019
- Implementation of verification tests in the Izu area for the *Izuko* service, which realize *tourism-oriented MaaS*, in collaboration with TOKYU CORPORATION and other companies, as well as commencement of the second round of verification tests
- Conclusion of agreement with All Nippon Airways Co., Ltd. in August 2019 for collaboration in the establishment and expansion of MaaS

- Commencement of the *Niigata MaaS Trial*, a verification test for *tourism-oriented MaaS* test centered on Niigata City, from October to December 2019 in conjunction with the *Niigata Prefecture and Shonai Area Destination Campaign*
- Participation in the MaaS Alliance, an international public-private partnership that is building a shared foundation for MaaS construction, in November 2019, as the first Japanese railway operator
- Launch of *Ringo Pass*, a smartphone app that enables the use of taxis and bike shares, in January 2020
- Implementation of *TOHOKU MaaS Sendai Trial*, a verification test for *tourism-oriented MaaS* in collaboration with Miyagi Prefecture and Sendai City, in February 2020

【Tokyo 2020 Olympic and Paralympic Games】

The Tokyo 2020 Olympic and Paralympic Games have been postponed. However, guided by its communication slogan “TICKET TO TOMORROW,” the JR East Group will raise the quality of its services in all of its business domains and pass down its “legacy” to everyone in the Group and society during and after the Tokyo 2020 Olympic and Paralympic Games as an Official Passenger Rail Transportation Services Partner of the Tokyo 2020 Olympic and Paralympic Games.

(Specific measures)

- Upgrade of railway stations near stadiums to be completed in around spring 2020
- Implementation of efforts to ease congestion on early-morning trains, including increasing the number of trains during morning commute hours and promoting “Smooth Biz” in collaboration with the Tokyo metropolitan government and other organizations. Also, trial implementation of efforts to take precaution against heat in collaboration with medical institutions
- Discussions under way for extending services into late-night hours and increasing services during the daytime
- Provision of protective materials to stations and trains to heighten security through employees and monitoring through the use of networks and increased installation of security cameras to strengthen security measures for railways
- Promotion of the use of translation apps and other language-related tools to provide guidance in multiple languages under extraordinary circumstances
- Enhancement of transportation capacity during Rugby World Cup Japan 2019 in conjunction with the holding of games, as well as the enhancement of foreign-language guidance in collaboration with SANO EDUCATIONAL FOUNDATION (KANDA GAIGO GROUP), the reinforcement of our guidance structure around stations near stadiums, and other initiatives
- Implementation of hands-on prosthetic leg experiences and other activities at various events in collaboration with TETSUDOKOSAIKAI FOUNDATION Prosthetics and Orthotics Support Center, with a view to realizing a society of coexistence
- Making progress in preparing the Company’s employees from areas outside of the event location to provide guidance at stations near stadiums and major Tokyo terminal stations with the aim of fortifying our guidance structure at stations during the period of the Olympic and Paralympic Games
- Progress with preparations to sell the *JR EAST Welcome Rail Pass 2020*, which aims to encourage travel from the Tokyo metropolitan area to Tohoku, Shinetsu and other areas

【Developing businesses for the world】

The JR East Group developed transportation services and life-style services overseas to meet the needs of each country and offer more affluent lifestyles.

(Specific measures)

- Opening of *JW360°*, a store featuring restaurants, retail outlets, and other establishments, within Singapore’s Jewel Changi Airport, in April 2019 by a local subsidiary of JR East in collaboration with a local subsidiary of MITSUI & CO., LTD.
- Start of trial operation of vending machines in July 2019 at West Midlands Railway stations in the United Kingdom
- Opening of *One&Co*, an interactive platform for Japanese companies with locations in Singapore’s central business district, in August 2019
- Acquisition of commercial rights inside ticket gate areas of the Thomson-East Coast Line by local subsidiary and other local companies in Singapore in August 2019
- Submission of proposals on better railcar cleaning methods to ScotRail, a railway company based in United Kingdom, in conjunction with subsidiaries JR East Transportation Service Co., Ltd. and JR East TESSEI Co., Ltd
- Progress with preparations to open *Hotel Metropolitan Premier Taipei*, the JR East Group’s first overseas hotel, by early 2021

Happiness of employees and their families

The JR East Group made efforts to promote operational and working style reforms, strengthen its corporate structure, and realize the happiness of its employees and their families with the goal of creating a sense of fulfillment in work for its employees, who represent the foundation for the sustainable growth “Move Up” 2027 aims to achieve.

(Specific measures)

- Establishment of Shinkansen General Management Department, which integrates operations in a centralized, specialized manner, in April 2019 with the aim of providing safer, higher-quality services on the Shinkansen
- Formulation of “Medium-term Vision for Health and Productivity Management 2023” in April 2019 to improve the

- health and energy of each employee
- Promotion of support for the active role of female employees and balancing work with child-rearing, including establishing facilities for women in all workplaces and improving the convenience of in-house childcare facilities, based on the new General Employer Action Plan formulated in April 2019
- Preparations for the implementation of a new job rotation system starting in April 2020 that aims to flexibly respond to the diverse ambitions of employees and promote an even more active role and further growth of each employee in a broad range of fields
- Making progress with efforts to renew uniforms for station and railcar attendants in May 2020 as a symbol for taking on challenges with a new sense of enthusiasm under the aim of realizing "Move Up" 2027
- Further enhancement of paid leave systems, including child-rearing, nursing-care leave and other leaves. In addition, promotion of preparations to revise paid-leave systems in fiscal 2021, including the introduction of flextime at certain on-site work locations, in order to achieve work fulfillment through working style reforms
- Promotion of a *cross-organizational project* in which employees at onsite work locations go beyond the framework of their position to create opportunities to leverage their creativity more closely to customers
- Implementation of flexible policies including with respect to holidays and allowing employees to be on call at home, if their absence from work does not hinder business operations, in order to establish an environment where employees can work with a peace of mind in consideration of the impact of COVID-19

Segment Information

Transportation

In the Transportation segment, JR East made efforts that gave priority to increasing the safety and reliability of transportation. At the same time, JR East advanced measures centered on railways to promote the use of its transportation networks and thereby achieve reliable revenues. Specifically, we conducted the *Shizuoka Destination Campaign*, the *Niigata Prefecture and Shonai Area Destination Campaign* and various other campaigns with the aim of expanding opportunities for interaction. We also began operations of J-Village Station, a new railway station along the Joban Line, in April 2019. Further, we worked to capture the high demand during the 10-day Golden Week period, the Obon holiday, and the year-end and New Year holidays in such ways as temporarily increasing the number of trains and designing products to spur demand. In addition, when we revised train fares in response to the consumption tax hike in October 2019, we revamped our systems and provided easy-to-understand guidance to our customers, among other measures. Furthermore, in regard to the Hokuriku Shinkansen, which was significantly damaged by Typhoon No. 19 (Hagibis), we strived to ensure our transportation capacity through such means as the flexible operation of Shinkansen railcars, and, in March 2020, our regular train service was restored to the same operating capacity as that prior to the typhoon. Additionally, we conducted the *Tabi o Chikara ni Campaign* and took other initiatives, which aimed to restore tourism demand that had declined due to the damages caused by the large-scale typhoon.

Nonetheless, in the Transportation segment, operating revenues decreased 2.0%, to ¥2,081.1 billion, and operating income decreased 26.7%, to ¥250.5 billion, as a result of fewer passengers compared with the previous year in railway operations stemming from the impact of COVID-19 and Typhoon No. 19 (Hagibis) as well as a rise in non-personnel and other expenses.

Retail & Services

In the Retail & Services segment, JR East made efforts toward lifestyle development (town development) and enhanced the value of existing businesses. Specifically, we opened new stores and renewed existing stores in *GranSta* (Tokyo) in April and July 2019. In June 2019, we also conducted verification tests on delivering fresh seafood from the Tohoku and Niigata regions on the Shinkansen and selling at seafood shops inside *ecute Shinagawa* (Tokyo). Further, we partnered with JAPAN POST Co., Ltd. and other companies to launch *JJ+T*, which provides one-stop solutions for lifestyle development, inside *ecute Tachikawa* (Tokyo) in May 2019. Additionally, at Musashi-Sakai Station, we opened a *NewDays* convenience store in July 2019 for the first time that only utilizes self-checkouts. Moreover, we opened *ecute EDITION Shibuya* (Tokyo), a new form of the in-station commercial facility *ecute*, and *Gourmand Market KINOKUNIYA SHIBUYA SCRAMBLE SQUARE Store* (Tokyo), a new form of *KINOKUNIYA* stores, inside Phase 1 (East Bldg.) of *SHIBUYA SCRAMBLE SQUARE*, which opened in November 2019. We also renovated *ecute Omiya* (Saitama) during November and December 2019. In addition, in March 2020 we opened the nation's first *JAPAN RAIL CAFÉ* inside Tokyo Station, to communicate the appeal of Japan's various regions.

However, due in part to the impact of self-isolation and shorter operating hours stemming from COVID-19, operating revenues in the Retail & Services segment decreased 3.4%, to ¥573.6 billion, and operating income decreased 12.3%, to ¥34.3 billion.

Real Estate & Hotels

In the Real Estate & Hotels segment, JR East proceeded with development projects that reflected an awareness of lifestyle development (town development) in line-side areas and surrounding areas, including large-scale terminal stations in the Tokyo metropolitan area, to increase the overall appeal and value of local towns together with local communities. Specifically, we moved ahead with construction for the remodeling of the Tsuchiura Station Building toward the renewed opening of the restaurant area, retail stores, hotels and other establishments at *PLAYatre TSUCHIURA* (Ibaraki), one of the Japan's largest resorts for cyclists. We also underwent renewal and began operations of the Ekichika Kitchen area inside *S-PAL Senda's* main building (Miyagi) in April 2019. Additionally, we opened *Lieto-garden MITAKA* (Tokyo) in July 2019 as a residential project that renovates and utilizes former company buildings and dormitories, which was followed by the start of tenancy at *R-Lieto Musashi-Sakai* (Tokyo) in March 2020. Moreover, we opened Phase 1 (East Bldg.) of

SHIBUYA SCRAMBLE SQUARE in November 2019. We also opened *JR-EAST HOTEL METS AKIHABARA* (Tokyo) in October 2019, *JR-EAST HOTEL METS TOKYO BAY SHINKIBA* (Tokyo) in November 2019 and *JR-EAST HOTEL METS GOTANDA* (Tokyo) in March 2020. In addition, in March 2020 we commenced operations of *wanoi KAKUNODATE* (Akita), a hotel transformed out of old Japanese-style houses and historic buildings.

As a result, despite the effects of opening Phase 1 (East Bldg.) of *SHIBUYA SCRAMBLE SQUARE*, operating revenues in the Real Estate & Hotels segment decreased 0.1%, to ¥369.3 billion, due in part to the impact of self-isolation and shorter operating hours stemming from COVID-19. Similarly, operating income decreased 8.4%, to ¥74.6 billion.

Others

In *Suica* shopping services (electronic money), JR East continued efforts to expand the number of compatible stores by enabling *Suica* use in taxis, at restaurants and at post offices. Also, we implemented a campaign that aimed to increase the number of *JRE POINT* members while at the same time actively expanding advertising and engaging in efforts to encourage the use of electronic money. As a result, in December 2019 monthly transactions for *Suica* and other public transportation electronic money reached a record high of 252.61 million transactions.

With respect to participation in overseas railway projects, through the subsidiary Japan International Consultants for Transportation Co., Ltd., JR East provided consultation services for the “Detailed Design Study on the High Speed Railway Construction Project in India” and supervised the construction of a training center for National High Speed Rail Corporation Limited (NHSRCL) in India.

In addition, revenues from IC cards operations and credit card operations increased. As the result operating revenues from Others increased 6.0%, to ¥274.6 billion and operating income increased 0.3%, to ¥23.8 billion.

Note: JR East applies the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (Accounting Standards Board of Japan Statement No.17, June 30, 2010) and the Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (Accounting Standards Board of Japan Guidance No.20, March 21, 2008). The operating income of each segment of JR East corresponds to the segment income under the said Accounting Standard and Guidance.

(ii) Outlook for the Year Ending March 31, 2021

In terms of the Japanese economy, the JR East Group believes it will face an unprecedented difficult operating environment as transportation demand will continue to drastically decline due to the issuance of the nationwide state of emergency declaration following the spread of COVID-19. In addition, over the medium to long term, Japan’s population is expected to further decline and age, with the country’s population concentrating in the Tokyo metropolitan area. At the same time, significant changes to the business environment are expected, including automated driving and other technological innovations as well as changes in globalization.

Further, as more than 30 years have passed since its establishment, the JR East Group faces various changes, including changes to railway systems and the rapid transition to the next generation of employees.

Given this challenging environment, the Group will continue to provide appropriate transportation and other services while placing the utmost priority on preventing the spread of COVID-19 to its customers and employees. While doing so, the Group will organize campaigns and other promotions aimed at revitalizing the East Japan region in the aftermath of COVID-19. In addition, the Group will further enhance the speed and sophistication of the various initiatives adopted under the Group’s management vision, “Move Up” 2027, by anticipating the rapid change that is likely to occur in the business environment. In doing so, we will aim for sustainable growth.

As a result, we are unable to determine our consolidated performance forecasts for the fiscal year ending March 31, 2021 because the revenue and other trends are extremely uncertain due to the impact of COVID-19 and reasonable projections are difficult at this time. We will announce our forecasts promptly as soon as they can be determined.

(2) Analysis of Financial Position

In the fiscal year ended March 31, 2020, operating activities provided net cash of ¥548.6 billion, ¥115.1 billion less than in the previous fiscal year. This result was mainly due to decline in income before taxes.

Investing activities used net cash of ¥701.6 billion, ¥107.1 billion more than in the previous fiscal year. This result was mainly due to an increase in payments for the acquisition of property, plant and equipment and intangible assets.

Financing activities provided net cash of ¥43.4 billion, ¥164.1 billion swing from net cash used in the previous fiscal year of ¥120.6 billion. This result was due in part to the increase in commercial paper.

Consequently, cash and cash equivalents as of March 31, 2020, were ¥153.7 billion, a decrease of ¥109.9 billion from March 31, 2019.

In addition, net interest-bearing debt was ¥3,158.5 billion as of March 31, 2020. Please note that net interest-bearing

debt represents the balance of consolidated interest-bearing debt minus the balance of consolidated cash and cash equivalents at the fiscal year-end.

Cash flow indicators of JR East are presented in the table below:

| | Fiscal 2018 | Fiscal 2019 | Fiscal 2020 |
|---|-------------|-------------|-------------|
| Equity ratio (%) | 35.1 | 36.7 | 36.9 |
| Equity ratio on market-value basis (%) | 46.6 | 48.7 | 36.1 |
| Interest-bearing debt / net cash provided by operating activities (times) | 4.5 | 4.8 | 6.0 |
| Interest coverage ratio (times) | 10.9 | 10.5 | 9.0 |

Notes: Equity ratio: Shareholders' equity / Total assets

Equity ratio on market-value basis: Market capitalization / Total assets

Interest coverage ratio: Net cash provided by operating activities / Payments of interest

1. Indicators are derived from the consolidated financial statements.

2. Market capitalization is calculated by multiplying the closing share price at the fiscal year-end by the total number of shares issued (less treasury shares).

(3) Basic Dividend Policy and Dividends for Fiscal 2020 and Fiscal 2021

JR East's basic approach to capital policy is to keep shareholders' equity at the level required to maintain and grow operational foundations in a sustainable way while paying stable cash dividends and implementing share repurchases flexibly in light of performance to steadily increase returns to shareholders.

With respect to shareholder returns, JR East will implement share repurchases in a flexible manner, in addition to achieving stable increases in dividends, with the aim of realizing a total return ratio of 40% and dividend payout ratio of 30% over the medium to long term in accordance with its management vision "Move Up" 2027. As a basic policy, the repurchased shares will be canceled.

(Reference) Calculation of total return ratio

$$\text{Total return ratio in a FY (\%)} = \frac{\text{(total amount of dividend paid in such FY)} + \text{(total repurchase price of repurchased shares in the next FY)}}{\text{profit attributable to owners of parent in such FY}} \times 100$$

Based on this policy, JR East plans to pay (payment scheduled to begin on June 24, 2020) year-end cash dividends of ¥82.50 per share, which are in addition to the interim cash dividends of ¥82.50 per share, for full-year cash dividends of ¥165 per share.

At the moment, the Group has not decided on its dividend payments for the fiscal year ending March 31, 2021, as the impact of the spread of COVID-19 on the Group's business performance has yet to be determined. We will announce our forecasts promptly as soon as they can be determined.

2. Status of the Group

The JR East Group consists of East Japan Railway Company, 71 consolidated subsidiaries, and 6 equity-method affiliated companies (as of March 31, 2020). The JR East Group has four business segments: Transportation, Retail & Services, Real Estate & Hotels, and Others. The relationship of East Japan Railway Company and other related companies to each business segment are as shown below.

The classification below is the same as the business segment classification presented in “5. Consolidated Financial Statements and Main Notes, (5) Notes to Consolidated Financial Statements (Segment Information)”.

(i) Transportation

The Transportation segment includes passenger transportation operations centered on railway operations, as well as travel agency services, cleaning services, station operations, facilities maintenance operations, railcar manufacturing operations, and railcar maintenance operations. With a service area mainly covering Tokyo and the combined 16 prefectures of the Kanto and Tohoku regions, JR East's railway operations comprise 1,657 railway stations, 6,207.5 operating kilometers of conventional lines, and 1,194.2 kilometers of Shinkansen lines, spanning a total of 7,401.7 kilometers.

Main related companies: East Japan Railway Company (passenger transportation operations, etc.)

(Bus services and railway passenger transport services)

JR Bus Kanto Co., Ltd.*

Tokyo Monorail Co., Ltd.*

(Travel agency services)

JR East View Travel Service Co., Ltd.*

JTB Corp.**

(Cleaning services)

JR East Environment Access Co., Ltd. *

(Station operations)

JR East Station Service Co., Ltd.*

(Facilities maintenance operations)

JR East Facility Management Co., Ltd. *

NIPPON DENSETSU KOGYO CO., LTD. **

NIPPON RIETEC CO., LTD. **

Total Electric Management Service Co., Ltd. **

(Railcar manufacturing operations)

Japan Transport Engineering Company*

(Railcar maintenance operations)

JR East Rail Car Technology & Maintenance Co., LTD.*

(ii) Retail & Services

This segment consists of the part of JR East's life-style service business that includes retail sales and restaurant operations, a wholesale business, a truck transportation business, and advertising and publicity.

Main related companies: East Japan Railway Company (creation of new commercial spaces within railway stations, etc.)

(Retail and restaurant operations)

JR East Retail Net Co., Ltd.*

Nippon Restaurant Enterprise Co., Ltd.*

JR EAST TOUHOKU SOUGOU SERVICE COMPANY*

(Wholesale business)

EAST JAPAN RAILWAY TRADING CO., LTD. *

(Truck transportation business)

JR East Logistics Co., Ltd. *

(Advertising and publicity)

East Japan Marketing & Communications, Inc.*

(iii) Real Estate & Hotels

This segment consists of the part of JR East's life-style service business that includes shopping center operations, leasing of office buildings and other properties, and hotel operations.

Main related companies: East Japan Railway Company (development of shopping centers and office buildings, etc., hotel operations)

(Shopping center operations)

LUMINE Co., Ltd.*

atré Co., Ltd.*

JR East Urban Development Corporation*

(Leasing of office buildings)

JR East Building Co., Ltd.*

(Hotel operations)

NIPPON HOTEL Co., Ltd. *
Sendai Terminal Building Co., Ltd. *

(iv) Others

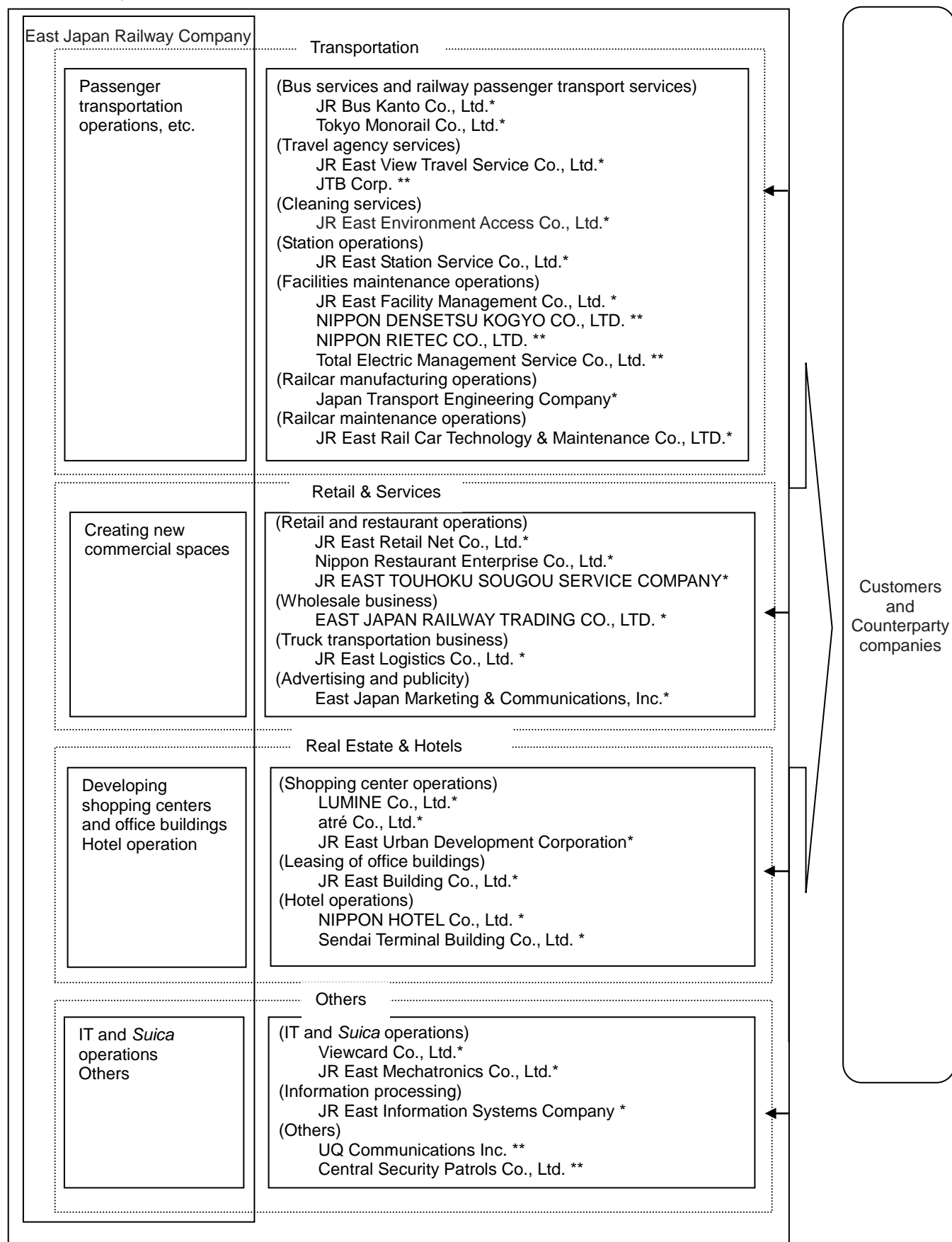
JR East conducts IT and *Suica* businesses, which include credit card operations, and information processing, among others.

Main related companies: East Japan Railway Company (IT and *Suica* operations, others)
(IT and *Suica* operations)
Viewcard Co., Ltd.*
JR East Mechatronics Co., Ltd.*
(Information processing)
JR East Information Systems Company*
(Others)
UQ Communications Inc.**
Central Security Patrols Co., Ltd.**

Notes: 1. * indicates a consolidated subsidiary, ** indicates an equity-method affiliated company. In addition, company names are listed in the business in which they are mainly involved.

2. On April 1, 2020, Nippon Restaurant Enterprise Co., Ltd. was renamed JR East Foods Co., Ltd.

The following is a schematic of JR East's business network.



Notes: 1. * indicates a consolidated subsidiary, ** indicates an equity-method affiliated company. In addition, company names are listed in the business in which they are mainly involved.

2. Arrows show the flow of main transactions and offering of services.

3. On April 1, 2020, Nippon Restaurant Enterprise Co., Ltd. was renamed JR East Foods Co., Ltd.

3. Management Policies

(1) Basic Management Policies

We will earn the trust of our customers as a whole group by aiming for ultimate safety levels as our top priority.

We will strengthen our network capabilities focusing on technologies and information, and we are committed to helping our customers and people in communities to realize affluent lives.

(2) Medium- to Long-Term Management Strategies and Issues to Be Addressed

In Japan, we anticipate significant changes to the business environment characterized by the continuance of population decline and aging and of the nation's population concentrating in the Tokyo metropolitan area over the medium to long term, as well as technological innovations such as automated driving and changes in globalization.

Further, as more than 30 years have passed since its establishment, the JR East Group faces various changes, including the advancement of the next generation of employees and improvements to the railway network.

In addition, the JR East Group believes it will confront an unprecedented difficult operating environment as transportation demand will continue to decline due to the spread of COVID-19.

① Medium- to Long-Term Management Strategies

In line with "Move Up" 2027 formulated in July 2018, the Group will shift its "stories to create values" from "the provision of services with railway infrastructure as the basis" to "the introduction of new values to society, focusing on the affluence of everyone in their daily lives." Along with improving, evolving and developing the quality of its railway and other transportation services, the Group will concentrate its management resources on life-style services and IT & Suica services, which will become its growth drivers going forward. Through these efforts, the Group will aim to increase its consolidated operating revenues while raising the amount of total revenues accounted for by life-style services and IT & Suica services to 40% by March 31, 2028. The Group will continue "pursuing ultimate safety levels," "improving service quality" and "implementing ESG management," and these efforts will lead to greater trust from customers and everyone in society. Moreover, the Group will drive forward in creating the values of "trust" and "affluence" by creating a fusion of transportation services, life-style services and IT & Suica services.

Further, to "move up" as a corporate group in the next 10 years, the Group will actively focus its operating cash flow on capital expenditures and efficiently utilize its assets with the aim of maximizing profits.

While anticipating even greater challenges to its operating environment due to the spread of COVID-19, guided by management vision "Move Up" 2027, the Group will meet customer needs to an even greater extent. At the same time, we will strive to further pursue challenges and strengthen our management practice by anticipating the rapid change in the business environment. In these ways, we will achieve sustainable growth as a corporate group that contributes to the development of regional society.

② Management benchmarks

With respect to the numerical targets of "Move Up" 2027, the JR East Group has set targets for the fiscal year ending March 31, 2023, the midway point in the period covered by "Move Up" 2027. In the fiscal year ended March 31, 2020, the second year under "Move Up" 2027, while we were unable to reach our targets due to the impact of COVID-19 and Typhoon No. 19 (Hagibis), our projects, progressed largely according to plan.

| | | Targets for Fiscal 2023 | Plans for Fiscal 2020 (as of April 2019) | Actual Fiscal 2020 | Actual/Plan Fiscal 2020 |
|------------|----------------------------------|--------------------------------------|--|-----------------------|----------------------------|
| | Consolidated operating revenues | ¥3,295.0 billion | ¥3,070.0 billion | ¥2,946.6 billion | 96.0% |
| By segment | Transportation | ¥2,100.0 billion | ¥2,080.0 billion | ¥1,994.5 billion | 95.9% |
| | Retail & Services | ¥660.0 billion | ¥524.0 billion | ¥502.0 billion | 95.8% |
| | Real Estate & Hotels | ¥440.0 billion | ¥362.0 billion | ¥348.5 billion | 96.3% |
| | Others | ¥95.0 billion | ¥104.0 billion | ¥101.5 billion | 97.6% |
| | Consolidated operating income | ¥520.0 billion | ¥488.0 billion | ¥380.8 billion | 78.0% |
| By segment | Transportation | ¥330.0 billion | ¥342.0 billion | ¥250.5 billion | 73.3% |
| | Retail & Services | ¥56.0 billion | ¥40.0 billion | ¥34.3 billion | 86.0% |
| | Real Estate & Hotels | ¥109.0 billion | ¥83.0 billion | ¥74.6 billion | 89.9% |
| | Others | ¥26.0 billion | ¥25.0 billion | ¥23.8 billion | 95.5% |
| | Consolidated operating cash flow | ¥3,720.0 billion five-year total* | - | ¥548.6 billion | (progress) 32.6% |
| | Consolidated ROA | 6.0% | - | 4.5% | - |

Note: *The total amounts from fiscal 2019 to fiscal 2023 are listed.

③ Issues to Address

With the aim of realizing its management vision “Move Up” 2027, the Group will place emphasis on the following issues in line with its three perspectives of “deepening trust,” “realizing affluent lives,” and “realizing happiness of employees and their families.”

◇Deepening trust

○Pursuing ultimate safety levels

Guided by “Group Safety Plan 2023,” the Group will work toward the enhancement and innovation of “safety conduct” and “safety management” by each employee as well as the installation of safety equipment that leverages new technologies. Given the increasing severity of natural disasters in recent years, we will also devote our attention to reducing disaster-related risks. Through these efforts, the Group will minimize the risk of major accidents, and achieve zero accidents involving passenger injuries or fatalities and zero accidents involving employee fatalities.

○Improving service quality

In line with “Medium-term Vision for Service Quality Reforms 2020”, the Group will concentrate the Groupwide capabilities of its employees on preventing transportation service disruptions and providing a comfortable environment for its passengers to use our service. Through this initiative and its dedication to the five pillars, the Group will continue its aim of becoming No.1 for customer satisfaction in the Japanese railway industry.

○Implementing ESG management

Viewing the environment, society, and governance as matters of significant importance to management, the Group will implement ESG management to contribute to the development of local communities by helping to resolve social issues through its business activities and realize the SDGs. In so doing, the Group will gain greater trust from its customers and all members of local communities and translate this into the realization of sustainable growth.

◇Realizing affluent lives

○Reforming transportation service quality

The Group will propose reasons for travel and promote strategies to attract inbound tourists to further expand opportunities for interaction. In addition, the Group will improve the quality of its transportation services by developing driverless operations and the next-generation Shinkansen, and moving ahead with preparations for the Haneda Airport Access Line (provisional name).

○Offering new lifestyles and creating cities

The Group will engage in the creation of new cities such as *Global Gateway Shinagawa* and promote the development of terminal stations and enhancement of hotels with the aim of boosting profitability. Moreover, the Group will broaden the scope of its business with unprecedented ideas by continuing to evolve its shared office business and collaborating with start-ups.

○Making *Suica* a shared infrastructure and promoting MaaS

The Group will expand the range of *Suica*'s services within the transportation sector and enhance its convenience as a function of electronic payments, as well as extending its affiliation with external organizations to enable the use of *Suica* in various day-to-day activities.

In addition, the Group will steer the proliferation of MaaS in Japan through the establishment of a MaaS platform and the provision of various urban-type and tourism-oriented services.

The Group will also set its sights on increasing the membership and expanding the service lineup of *JRE POINT*, as well as engaging in marketing initiatives that leverage this data and rolling out customer-based strategies across the entire Group.

○Initiatives for the Tokyo 2020 Olympic and Paralympic Games

While the Tokyo 2020 Olympic and Paralympic Games have been postponed, as an Official Passenger and Rail Transportation Services Partner, the Group will do its part to ensure the success of the event by continuing to make preparations toward the provision of high-quality services in all business sectors.

The experience and the growth of each and every Group employee attained as a result will be passed down as the Group's “legacy” upon the completion of the event.

○Establishing business models for overseas businesses

The Group will combine its expertise and know-how and move ahead with business development with a view to establishing business models for overseas businesses, particularly in Asia. The Group will also strengthen the development of its human resources overseas by providing greater opportunities to excel as well as various training programs.

◇Realizing happiness of employees and their families

○Promotion of the three reforms

In addition to steadily implementing its growth strategies, the Group will proceed with its three reforms—promote operational reforms, work style reforms, and workplace reforms—and expand the scope of opportunities for its employees.

With the aim of enabling each and every employee to create and realize their own “Move Up Story,” the Group will accelerate their participation and growth cycle toward simultaneously achieving the growth of the Group and that of its employees.

○Strengthening of management structure

With a view to realizing greater profitability as well as promote operational reforms, work style reforms, and workplace reforms, the Group will carry out investments in a strategic and meaningful manner and strive to further enhance

productivity, promote digital transformation, and reinforce its alliance with external parties through open innovation.

④ Our Approach toward COVID-19

Since the spread of COVID-19 became serious, we have seen significantly fewer passengers on trains, customers at stores and restaurants inside railway stations and station buildings, and guests at hotels. (In terms of the Group's consolidated performance during the period under review, approximately ¥94.0 billion in operating revenue declines were attributable to the spread of COVID-19.)

We anticipate that this decline in the number of passengers and challenging business environment will continue for some time. The Group will devote its full attention to cooperating with government efforts to prevent the spread of COVID-19 and to ensure that it is not transmitted to our passengers and employees, while continuing to provide our customers with the necessary transportation and other services. Also, JR East's directly managed hospitals (Tokyo and Sendai) are offering medical examinations and hospitalizing patients who are suspected of COVID-19 infection, and we are preparing to provide our Group hotels for patients with mild symptoms in response to requests from the government. Moreover, in light of the local governments' request to people to stay home, we have either closed or shortened the operating hours of our station buildings. Meanwhile, with the drastic decline in our revenues caused by COVID-19, we will implement various cost-reduction measures and procure the necessary funds as appropriate. We are also organizing campaigns toward revitalizing the East Japan region and recovering transportation demand in order to regain our profitability in the aftermath of COVID-19.

4. Basic Policy for Selection of Accounting Standards

As of now, the JR East Group's plan is to continue using Japanese GAAP. However, in light of developments in the Group's overseas businesses and general trends in Japan and overseas in the selection of accounting standards, it will consider the adoption of International Financial Reporting Standards (IFRS).

5. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

Millions of Yen

| | Fiscal 2019 | Fiscal 2020 |
|--|-------------|-------------|
| ASSETS | | |
| Current Assets | ¥ 978,775 | ¥ 857,624 |
| Cash and time deposits | 173,908 | 153,967 |
| Notes and accounts receivable-trade | 533,453 | 516,388 |
| Fares receivable | 55,518 | 59,267 |
| Securities | 90,010 | — |
| Real estate for sale | 1,393 | 1,875 |
| Inventories | 60,253 | 69,652 |
| Other | 66,257 | 58,410 |
| Allowance for doubtful accounts | (2,019) | (1,936) |
| Fixed Assets | 7,380,364 | 7,679,435 |
| Property, plant and equipment, net of accumulated depreciation | 6,692,223 | 6,962,034 |
| Buildings and fixtures (net) | 3,427,567 | 3,592,627 |
| Machinery, rolling stock and vehicles (net) | 740,570 | 753,979 |
| Land | 2,064,590 | 2,121,843 |
| Construction in progress | 385,348 | 412,753 |
| Other (net) | 74,146 | 80,830 |
| Intangible assets | 109,757 | 124,280 |
| Investments and other assets | 578,383 | 593,120 |
| Investments in securities | 298,796 | 295,469 |
| Long-term loans receivable | 1,471 | 1,478 |
| Deferred tax assets | 209,049 | 217,781 |
| Net defined benefit assets | 298 | 225 |
| Other | 69,736 | 78,913 |
| Allowance for doubtful accounts | (968) | (747) |
| Deferred Assets | 536 | — |
| Total Assets | ¥8,359,676 | ¥8,537,059 |

Note: Amounts less than one million yen are omitted.

Millions of Yen

| | Fiscal 2019 | Fiscal 2020 |
|---|-------------|-------------|
| LIABILITIES | | |
| Current Liabilities | ¥1,438,975 | ¥1,549,236 |
| Notes and accounts payable-trade | 64,610 | 47,981 |
| Short-term loans and current portion of long-term loans | 110,453 | 115,293 |
| Current portion of bonds | 125,000 | 120,000 |
| Current portion of long-term liabilities | | |
| incurred for purchase of railway facilities | 4,199 | 4,307 |
| Payables | 516,309 | 551,696 |
| Accrued consumption taxes | 22,532 | 6,832 |
| Accrued income taxes | 58,882 | 32,251 |
| Fare deposits received with regard to railway connecting services | 29,672 | 24,665 |
| Prepaid railway fares received | 105,214 | 96,780 |
| Allowance for bonuses to employees | 76,376 | 75,869 |
| Allowance for disaster-damage losses | 9,133 | 10,837 |
| Other | 316,591 | 462,720 |
| Long-Term Liabilities | 3,826,322 | 3,814,395 |
| Bonds | 1,605,192 | 1,590,249 |
| Long-term loans | 996,685 | 1,010,492 |
| Long-term liabilities incurred for purchase of railway facilities | 327,926 | 323,404 |
| Deferred tax liabilities | 3,703 | 4,830 |
| Provision for large-scale renovation | | |
| of Shinkansen infrastructure | 72,000 | 96,000 |
| Allowance for disaster-damage losses | — | 3,811 |
| Allowance for partial transfer costs of railway operation | 2,417 | 1,759 |
| Net defined benefit liabilities | 554,236 | 512,063 |
| Other | 264,159 | 271,784 |
| Total Liabilities | ¥5,265,297 | ¥5,363,632 |
| NET ASSETS | | |
| Shareholders' Equity | ¥2,996,473 | ¥3,100,618 |
| Common stock | 200,000 | 200,000 |
| Capital surplus | 96,796 | 96,796 |
| Retained earnings | 2,705,184 | 2,809,369 |
| Treasury stock, at cost | (5,507) | (5,546) |
| Accumulated Other Comprehensive Income | 70,700 | 45,577 |
| Net unrealized holding gains (losses) on securities | 58,965 | 32,975 |
| Net deferred gains (losses) on derivatives under | | |
| hedge accounting | 1,584 | 2,405 |
| Revaluation reserve for land | (418) | (418) |
| Foreign currency translation adjustments | (5) | (15) |
| Remeasurements of defined benefit plans | 10,574 | 10,629 |
| Non-Controlling Interests | 27,204 | 27,231 |
| Total Net Assets | 3,094,378 | 3,173,427 |
| Total Liabilities and Net Assets | ¥8,359,676 | ¥8,537,059 |

Note: Amounts less than one million yen are omitted.

(2) Consolidated Statements of Income and Comprehensive Income (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

(i) Consolidated Statements of Income

| | Millions of Yen | |
|---|------------------|-------------------|
| | Fiscal 2019 | Fiscal 2020 |
| Operating Revenues | ¥3,002,043 | ¥2,946,639 |
| Operating Expenses | 2,517,182 | 2,565,797 |
| Transportation, other services and cost of sales | 1,921,527 | 1,933,703 |
| Selling, general and administrative expenses | 595,655 | 632,094 |
| Operating Income | 484,860 | 380,841 |
| Non-Operating Income | 25,712 | 23,911 |
| Interest income | 53 | 47 |
| Dividend income | 5,350 | 6,103 |
| Gains on sales of equipment | 1,166 | 1,247 |
| Insurance proceeds and dividends | 8,423 | 6,892 |
| Equity in net income of affiliated companies | 5,870 | 5,614 |
| Other | 4,848 | 4,006 |
| Non-Operating Expenses | 67,305 | 65,227 |
| Interest expense | 62,545 | 60,785 |
| Losses on sales of equipment | 229 | 195 |
| Other | 4,531 | 4,246 |
| Ordinary Income | 443,267 | 339,525 |
| Extraordinary Gains | 74,715 | 64,286 |
| Gains on sales of fixed assets | 2,675 | 7,295 |
| Construction grants received | 59,846 | 45,659 |
| Other | 12,193 | 11,330 |
| Extraordinary Losses | 89,363 | 119,636 |
| Losses on sales of fixed assets | 279 | 1,451 |
| Losses from disposition of fixed assets | 3,330 | 3,468 |
| Losses on reduction entry for construction grants | 59,401 | 39,771 |
| Impairment losses on fixed assets | 2,275 | 7,577 |
| Disaster-damage losses | — | 19,323 |
| Provision for allowance for disaster-damage losses | — | 12,458 |
| Other | 24,076 | 35,585 |
| Income before Income Taxes | 428,619 | 284,174 |
| Income Taxes | 131,294 | 85,686 |
| Current | 110,110 | 83,721 |
| Deferred | 21,184 | 1,964 |
| Profit | 297,324 | 198,488 |
| Profit Attributable to Non-Controlling Interests | 2,108 | 59 |
| Profit Attributable to Owners of Parent | ¥ 295,216 | ¥ 198,428 |

Note: Amounts less than one million yen are omitted.

(ii) Consolidated Statements of Comprehensive Income

| | Millions of Yen | |
|--|-----------------|-------------|
| | Fiscal 2019 | Fiscal 2020 |
| Profit | ¥ 297,324 | ¥ 198,488 |
| Other Comprehensive Income | (1,396) | (25,159) |
| Net unrealized holding gains (losses) on securities..... | (4,414) | (23,561) |
| Net deferred gains (losses) on derivatives under hedge accounting | 586 | 815 |
| Foreign currency translation adjustments..... | (5) | (9) |
| Remeasurements of defined benefit plans | 1,324 | (457) |
| Share of other comprehensive income of associates accounted for using equity method | 1,112 | (1,945) |
| Comprehensive Income | ¥ 295,928 | ¥ 173,329 |
| Comprehensive Income attributable to | | |
| Comprehensive income attributable to owners of the parent | ¥ 293,878 | ¥ 173,302 |
| Comprehensive income attributable to non-controlling interests..... | ¥ 2,049 | ¥ 26 |

Note: Amounts less than one million yen are omitted.

(3) Consolidated Statements of Changes in Net Assets (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

Fiscal 2019

Millions of Yen

| | Shareholders' Equity | | | | |
|---|----------------------|-----------------|-------------------|----------------------------|-------------------------------|
| | Common Stock | Capital Surplus | Retained Earnings | Treasury Stock, at Cost | Total Shareholders' Equity |
| Balance at the fiscal year start | 200,000 | 96,729 | 2,496,074 | (5,457) | 2,787,347 |
| Changes of items during the fiscal year | | | | | |
| Cash dividends | | | (55,585) | | (55,585) |
| Profit attributable to owners of parent | | | 295,216 | | 295,216 |
| Increase/decrease due to merger | | | (139) | | (139) |
| Purchase of treasury stock | | | | (41,020) | (41,020) |
| Disposal of treasury stock | | | (0) | 3 | 3 |
| Retirement of treasury stock | | | (40,967) | 40,967 | — |
| Increase/decrease in treasury stock arising from change in equity in entities accounted for using equity method | | | | | — |
| Change in scope of equity method | | | | | — |
| Purchase of shares of consolidated subsidiaries | | 66 | | | 66 |
| Increase/decrease caused by organization restructuring of companies to which the equity method is applicable | | | 10,640 | | 10,640 |
| Reversal of revaluation reserve for land | | | (55) | | (55) |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during the fiscal year | — | 66 | 209,109 | (50) | 209,126 |
| Balance at the fiscal year end | 200,000 | 96,796 | 2,705,184 | (5,507) | 2,996,473 |

| | Accumulated Other Comprehensive Income | | | | | | Non- Controlling Interests | Total Net Assets |
|---|--|--|------------------------------------|---|---|--|----------------------------------|---------------------|
| | Net Unrealized Holding Gains (Losses) on Securities | Net Deferred Gains (Losses) on Derivatives under Hedge Accounting | Revaluation Reserve for Land | Foreign currency translation adjustments | Remeasure- ments of Defined Benefit Plans | Total Accumulated Other Comprehensive Income | | |
| Balance at the fiscal year start | 63,338 | 730 | (473) | — | 8,387 | 71,983 | 25,222 | 2,884,552 |
| Changes of items during the fiscal year | | | | | | | | |
| Cash dividends | | | | | | | | (55,585) |
| Profit attributable to owners of parent | | | | | | | | 295,216 |
| Increase/decrease due to merger | | | | | | | | (139) |
| Purchase of treasury stock | | | | | | | | (41,020) |
| Disposal of treasury stock | | | | | | | | 3 |
| Retirement of treasury stock | | | | | | | | — |
| Increase/decrease in treasury stock arising from change in equity in entities accounted for using equity method | | | | | | | | — |
| Change in scope of equity method | | | | | | | | — |
| Purchase of shares of consolidated subsidiaries | | | | | | | | 66 |
| Increase/decrease caused by organization restructuring of companies to which the equity method is applicable | | | | | | | | 10,640 |
| Reversal of revaluation reserve for land | | | | | | | | (55) |
| Net changes of items other than shareholders' equity | (4,373) | 853 | 55 | (5) | 2,187 | (1,282) | 1,982 | 700 |
| Total changes of items during the fiscal year | (4,373) | 853 | 55 | (5) | 2,187 | (1,282) | 1,982 | 209,826 |
| Balance at the fiscal year end | 58,965 | 1,584 | (418) | (5) | 10,574 | 70,700 | 27,204 | 3,094,378 |

Fiscal 2020

Millions of Yen

| | Shareholders' Equity | | | | |
|---|----------------------|-----------------|-------------------|----------------------------|-------------------------------|
| | Common Stock | Capital Surplus | Retained Earnings | Treasury Stock, at Cost | Total Shareholders' Equity |
| Balance at the fiscal year start | 200,000 | 96,796 | 2,705,184 | (5,507) | 2,996,473 |
| Changes of items during the fiscal year | | | | | |
| Cash dividends | | | (59,764) | | (59,764) |
| Profit attributable to owners of parent | | | 198,428 | | 198,428 |
| Increase/decrease due to merger | | | | | — |
| Purchase of treasury stock | | | | (40,018) | (40,018) |
| Disposal of treasury stock | | | (0) | 0 | 0 |
| Retirement of treasury stock | | | (40,121) | 40,121 | — |
| Increase/decrease in treasury stock arising from change in equity in entities accounted for using equity method | | | | (142) | (142) |
| Change in scope of equity method | | | 5,641 | | 5,641 |
| Purchase of shares of consolidated subsidiaries | | (0) | | | (0) |
| Increase/decrease caused by organization restructuring of companies to which the equity method is applicable | | | | | — |
| Reversal of revaluation reserve for land | | | | | — |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during the fiscal year | — | (0) | 104,184 | (39) | 104,145 |
| Balance at the fiscal year end | 200,000 | 96,796 | 2,809,369 | (5,546) | 3,100,618 |

| | Accumulated Other Comprehensive Income | | | | | | Non- Controlling Interests | Total Net Assets |
|---|--|--|------------------------------------|---|---|--|----------------------------------|---------------------|
| | Net Unrealized Holding Gains (Losses) on Securities | Net Deferred Gains (Losses) on Derivatives under Hedge Accounting | Revaluation Reserve for Land | Foreign currency translation adjustments | Remeasure- ments of Defined Benefit Plans | Total Accumulated Other Comprehensive Income | | |
| Balance at the fiscal year start | 58,965 | 1,584 | (418) | (5) | 10,574 | 70,700 | 27,204 | 3,094,378 |
| Changes of items during the fiscal year | | | | | | | | |
| Cash dividends | | | | | | | | (59,764) |
| Profit attributable to owners of parent | | | | | | | | 198,428 |
| Increase/decrease due to merger | | | | | | | | — |
| Purchase of treasury stock | | | | | | | | (40,018) |
| Disposal of treasury stock | | | | | | | | 0 |
| Retirement of treasury stock | | | | | | | | — |
| Increase/decrease in treasury stock arising from change in equity in entities accounted for using equity method | | | | | | | | (142) |
| Change in scope of equity method | | | | | | | | 5,641 |
| Purchase of shares of consolidated subsidiaries | | | | | | | | (0) |
| Increase/decrease caused by organization restructuring of companies to which the equity method is applicable | | | | | | | | — |
| Reversal of revaluation reserve for land | | | | | | | | — |
| Net changes of items other than shareholders' equity | (25,989) | 820 | — | (9) | 55 | (25,123) | 26 | (25,096) |
| Total changes of items during the fiscal year | (25,989) | 820 | — | (9) | 55 | (25,123) | 26 | 79,048 |
| Balance at the fiscal year end | 32,975 | 2,405 | (418) | (15) | 10,629 | 45,577 | 27,231 | 3,173,427 |

(4) Consolidated Statements of Cash Flows (Unaudited)

EAST JAPAN RAILWAY COMPANY AND SUBSIDIARIES

Millions of Yen

| | Fiscal 2019 | Fiscal 2020 |
|---|------------------|------------------|
| Cash Flows from Operating Activities | | |
| Income before income taxes | ¥428,619 | ¥284,174 |
| Depreciation | 368,722 | 374,742 |
| Impairment losses on fixed assets | 2,275 | 7,577 |
| Amortization of long-term prepaid expense | 8,758 | 10,088 |
| Net change in provision for large-scale renovation of Shinkansen infrastructure | 24,000 | 24,000 |
| Net change in net defined benefit liabilities | (45,131) | (42,862) |
| Interest and dividend income | (5,403) | (6,151) |
| Interest expense | 62,545 | 60,785 |
| Construction grants received | (59,846) | (45,659) |
| Losses from disposition of fixed assets | 37,601 | 34,891 |
| Losses from provision for cost reduction of fixed assets | 59,401 | 39,771 |
| Disaster-damage losses | — | 19,323 |
| Provision for allowance for disaster-damage losses | — | 12,458 |
| Net change in major receivables | (66,286) | 20,120 |
| Net change in major payables | 48,266 | (42,262) |
| Other | (16,962) | (31,106) |
| Sub-total | 846,559 | 719,890 |
| Proceeds from interest and dividends | 6,090 | 8,157 |
| Payments of interest | (62,943) | (60,883) |
| Payments of disaster-damage losses | (3,145) | (4,831) |
| Payments of partial transfer costs of railway operation | (6,847) | (4,520) |
| Payments of income taxes | (115,912) | (109,119) |
| Net cash provided by operating activities | 663,801 | 548,692 |
| Cash Flows from Investing Activities | | |
| Payments for purchases of fixed assets | (649,037) | (703,908) |
| Proceeds from sales of fixed assets | 4,814 | 13,776 |
| Proceeds from construction grants | 65,196 | 40,797 |
| Payments for purchases of investments in securities | (7,756) | (29,540) |
| Proceeds from sales of investments in securities | 3,020 | 1,522 |
| Other | (10,663) | (24,248) |
| Net cash used in investing activities | (594,425) | (701,601) |
| Cash Flows from Financing Activities | | |
| Net change in commercial papers | — | 150,000 |
| Proceeds from long-term loans | 143,000 | 129,100 |
| Payments of long-term loans | (119,707) | (110,453) |
| Proceeds from issuance of bonds | 125,000 | 105,000 |
| Payments for redemption of bonds | (165,000) | (125,000) |
| Payments of liabilities incurred for purchase of railway facilities | (4,419) | (4,414) |
| Payments of acquisition of treasury stock | (41,020) | (40,018) |
| Cash dividends paid | (55,585) | (59,764) |
| Other | (2,961) | (1,039) |
| Net cash used in financing activities | (120,693) | 43,409 |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents | (56) | (97) |
| Net Change in Cash and Cash Equivalents | (51,374) | (109,595) |
| Cash and Cash Equivalents at Beginning of the Year | 314,934 | 263,739 |
| Increase in Cash and Cash Equivalents from Newly Consolidated Subsidiary | 98 | — |
| Increase in Cash and Cash Equivalents due to Merger | 81 | — |
| Decrease in Cash and Cash Equivalents due to Corporate Division | — | (350) |
| Cash and Cash Equivalents at End of the Year | ¥263,739 | ¥153,794 |

Note: Amounts less than one million yen are omitted.

(5) Notes to Consolidated Financial Statements (Unaudited)

(Notes on Going Concern Assumption (Unaudited))

None

(Segment Information (Unaudited))

(i) Segment Information

i) General information about reportable segments

Transportation, Retail & Services, and Real Estate & Hotels comprise JR East's three reportable segments. Each reportable segment is in turn comprised of business units within the Group with respect to which separate financial information is obtainable. These reportable segments are reviewed periodically by JR East's Board of Directors and form the basis on which to evaluate business performance and decide on how to allocate management resources of the Company.

The Transportation segment includes passenger transportation operations centered on railway operations, as well as travel agency services, cleaning services, station operations, facilities maintenance operations, railcar manufacturing operations, and railcar maintenance operations. The Retail & Services segment consists of the part of JR East's life-style service business that includes retail sales and restaurant operations, a wholesale business, a truck transportation business, and advertising and publicity. The Real Estate & Hotels segment consists of the part of JR East's life-style service business that includes shopping center operations, leasing of office buildings and other properties, and hotel operations.

ii) Basis of measurement about reportable segment operating revenues, segment income or loss, segment assets, and other material items

The accounting treatment for each reportable segment is largely the same as that set forth in the "Important Items that Form the Basis for Preparing Consolidated Financial Statements" in the recent Annual Securities Report released on June 21, 2019. Moreover, intersegment transactions are between consolidated subsidiaries and based on market prices and other fair values.

iii) Information about reportable segment operating revenues, segment income or loss, segment assets, and other material items

| Fiscal 2019 (Year ended March 31, 2019) | Millions of Yen | | | | | | Consolidated (Note 3) |
|--|-----------------|----------------------|-------------------------|--------------------|------------|------------------------|--------------------------|
| | Transportation | Retail & Services | Real Estate & Hotels | Others (Note 1) | Total | Adjustment (Note 2) | |
| Operating Revenues | | | | | | | |
| Outside customers..... | ¥2,038,195 | ¥521,877 | ¥ 349,013 | ¥ 92,956 | ¥3,002,043 | ¥ — | ¥3,002,043 |
| Inside group | 84,815 | 71,859 | 20,489 | 166,285 | 343,449 | (343,449) | — |
| Total | 2,123,010 | 593,736 | 369,502 | 259,242 | 3,345,492 | (343,449) | 3,002,043 |
| Segment Income | ¥ 341,945 | ¥ 39,230 | ¥ 81,420 | ¥ 23,808 | ¥ 486,405 | ¥ (1,544) | ¥ 484,860 |
| Segment Assets..... | ¥6,565,067 | ¥375,101 | ¥1,405,069 | ¥1,068,626 | ¥9,413,866 | ¥(1,054,189) | ¥8,359,676 |
| Depreciation | 284,104 | 12,984 | 42,155 | 29,478 | 368,722 | — | 368,722 |
| Increase in fixed assets (Note 5) | 456,864 | 23,182 | 143,712 | 30,706 | 654,466 | — | 654,466 |

- Notes: 1. "Others" represents categories of business that are not included in reportable segments and includes IT & *Suica* business including credit card business, information processing and certain other businesses.
2. The ¥(1,544) million downward adjustment to segment income includes a ¥(1,123) million elimination of unrealized holding gains (losses) on fixed assets and inventory assets and a ¥(421) million elimination for intersegment transactions. Moreover, the ¥(1,054,189) million downward adjustment to segment assets includes a ¥(1,417,062) million elimination of intersegment claims and obligations, offset by ¥362,872 million in corporate assets not allocated to each reporting segment.
3. Segment income is adjusted to ensure consistency with the operating income set forth in the consolidated statements of income.
4. Segment information on liabilities was omitted from record, as it is not a metric used in deciding the allocation of management resources or evaluating earnings performance.
5. Increase in fixed assets includes a portion contributed mainly by national and local governments.

| Fiscal 2020 (Year ended March 31, 2020) | Millions of Yen | | | | | | Consolidated (Note 3) |
|--|-----------------|-------------------|----------------------|--------------------|------------|------------------------|--------------------------|
| | Transportation | Retail & Services | Real Estate & Hotels | Others (Note 1) | Total | Adjustment (Note 2) | |
| Operating Revenues | | | | | | | |
| Outside customers | ¥1,994,522 | ¥502,074 | ¥ 348,521 | ¥ 101,519 | ¥2,946,639 | ¥ — | ¥2,946,639 |
| Inside group | 86,613 | 71,609 | 20,796 | 173,165 | 352,185 | (352,185) | — |
| Total | 2,081,136 | 573,684 | 369,318 | 274,685 | 3,298,824 | (352,185) | 2,946,639 |
| Segment Income | ¥ 250,575 | ¥ 34,387 | ¥ 74,602 | ¥ 23,877 | ¥ 383,443 | ¥ (2,602) | ¥ 380,841 |
| Segment Assets | ¥6,662,415 | ¥365,990 | ¥1,572,312 | ¥1,043,538 | ¥9,644,257 | ¥(1,107,197) | ¥8,537,059 |
| Depreciation | 287,334 | 15,090 | 44,921 | 27,395 | 374,742 | — | 374,742 |
| Increase in fixed assets (Note 5) | 484,663 | 18,284 | 211,677 | 39,936 | 754,561 | — | 754,561 |

- Notes: 1. "Others" represents categories of business that are not included in reportable segments and includes IT & *Suica* business including credit card business, information processing and certain other businesses.
2. The ¥(2,602) million downward adjustment to segment income includes a ¥(1,948) million elimination of unrealized holding gains (losses) on fixed assets and inventory assets and a ¥(654) million elimination for intersegment transactions. Moreover, the ¥(1,107,197) million downward adjustment to segment assets includes a ¥(1,372,169) million elimination of intersegment claims and obligations, offset by ¥264,972 million in corporate assets not allocated to each reporting segment.
3. Segment income is adjusted to ensure consistency with the operating income set forth in the consolidated statements of income.
4. Segment information on liabilities was omitted from record, as it is not a metric used in deciding the allocation of management resources or evaluating earnings performance.
5. Increase in fixed assets includes a portion contributed mainly by national and local governments.

(ii) Relevant Information

i) Information about products and services

Information about products and services is omitted as JR East classifies such segments in the same way as it does its reportable segments.

ii) Information about geographic areas

a. Operating Revenues

Information about geographic areas is omitted as operating revenues attributable to outside customers in Japan exceed 90% of the operating revenues reported in the Consolidated Statements of Income.

b. Property, plant and equipment

Information about geographic areas is omitted as property, plant and equipment in Japan exceed 90% of the property, plant and equipment reported in the Consolidated Balance Sheets.

iii) Information about major customers

Information about major customers is omitted as no single outside customer contributes 10% or more to operating revenues in the Consolidated Statements of Income.

(iii) Information about Impairment Loss on Fixed Assets in Reportable Segments

| Fiscal 2019 (Year ended March 31, 2019) | Millions of Yen | | | | |
|---|-----------------|-------------------|----------------------|------------------|-------|
| | Transportation | Retail & Services | Real Estate & Hotels | Others (Note) | Total |
| Impairment losses on fixed assets | 374 | 484 | 1,415 | 0 | 2,275 |

Note: The amount under "Others" represents amounts from business segments and other units excluded from the reportable segments

| Fiscal 2020 (Year ended March 31, 2020) | Millions of Yen | | | | |
|---|-----------------|-------------------|----------------------|------------------|-------|
| | Transportation | Retail & Services | Real Estate & Hotels | Others (Note) | Total |
| Impairment losses on fixed assets | 1,446 | 942 | 5,189 | 0 | 7,577 |

Note: The amount under "Others" represents amounts from business segments and other units excluded from the reportable segments

(iv) Information about Amortized Amount of Goodwill and Unamortized Balance of Goodwill by Reportable Segments

None

(v) Information about Gain on Negative Goodwill by Reportable Segments

None

(Per Share Information (Unaudited))

| | Fiscal 2019 | Fiscal 2020 |
|--------------------------------|---|---|
| Shareholders' equity per share | ¥8,046.93 | ¥8,340.01 |
| Earnings per share—basic | ¥773.26 | ¥524.91 |
| Earnings per share—diluted | Not shown because there are no convertible securities | Not shown because there are no convertible securities |

Note: The basis of calculation of earnings per share is as shown below.

| | Fiscal 2019 | Fiscal 2020 |
|---|--------------------|--------------------|
| Profit attributable to owners of parent | ¥295,216 million | ¥198,428 million |
| Amount not attributable to common stockholders | — | — |
| Profit attributable to owners of parent related to common stock | ¥295,216 million | ¥198,428 million |
| Average number of common shares | 381,779,554 | 378,026,258 |

(Subsequent Events (Unaudited))**(i) Issuance of Bonds**

JR East issued the following straight bonds.

1. Unsecured straight bonds, 146th issue, East Japan Railway Company

- (1) Issue date: April 22, 2020
- (2) Amount: ¥50,000 million
- (3) Issue price: ¥100 per ¥100
- (4) Coupon rate: 0.150% per annum
- (5) Maturity date: April 21, 2023
- (6) Use of proceeds: the repayment of interest-bearing debt etc.

2. Unsecured straight bonds, 147th issue, East Japan Railway Company

- (1) Issue date: April 22, 2020
- (2) Amount: ¥20,000 million
- (3) Issue price: ¥100 per ¥100
- (4) Coupon rate: 0.265% per annum
- (5) Maturity date: April 22, 2030
- (6) Use of proceeds: the repayment of interest-bearing debt etc.

3. Unsecured straight bonds, 148th issue, East Japan Railway Company

- (1) Issue date: April 22, 2020
- (2) Amount: ¥10,000 million
- (3) Issue price: ¥100 per ¥100
- (4) Coupon rate: 0.569% per annum
- (5) Maturity date: April 20, 2040
- (6) Use of proceeds: the repayment of interest-bearing debt etc.

4. Unsecured straight bonds, 149th issue, East Japan Railway Company

- (1) Issue date: April 22, 2020
- (2) Amount: ¥10,000 million
- (3) Issue price: ¥100 per ¥100
- (4) Coupon rate: 0.697% per annum
- (5) Maturity date: April 22, 2050
- (6) Use of proceeds: the repayment of interest-bearing debt etc.

5. Unsecured straight bonds, 150th issue, East Japan Railway Company

- (1) Issue date: April 22, 2020
- (2) Amount: ¥15,000 million
- (3) Issue price: ¥100 per ¥100
- (4) Coupon rate: 0.832% per annum
- (5) Maturity date: April 22, 2060
- (6) Use of proceeds: the repayment of long-term debt etc.

6. Unsecured straight bonds, 151st issue, East Japan Railway Company

- (1) Issue date: April 22, 2020
- (2) Amount: ¥20,000 million
- (3) Issue price: ¥100 per ¥100
- (4) Coupon rate: 0.992% per annum
- (5) Maturity date: April 22, 2070
- (6) Use of proceeds: the repayment of long-term debt etc.

(ii) Other Procurement of Significant Funds

JR East conducted the following fund-raising with the aim of securing funds in anticipation for the impact of COVID-19.

Issuance of commercial paper

- (1) Issue date: April 16, 2020
- (2) Amount: ¥90,000 million
- (3) Coupon rate: 0.120-0.155% per annum
- (4) Maturity dates: July 10, 2020, and October 16, 2020
- (5) Existence of collateral, etc.: unsecured, unguaranteed

(Additional Information (Unaudited))

(i) Damage from Typhoon No. 15 and Typhoon No. 19 in 2019

The JR East Group suffered significant damage from Typhoon No. 15 (Faxai) and Typhoon No. 19 (Hagibis), which landed on September 9, 2019, and October 12, 2019, respectively, centered on Shinkansen railcars on the Hokuriku Shinkansen Line and railway facilities on some conventional lines.

On the consolidated statements of income, the Group recorded a decrease of operating revenues due to the suspension of operations on the Hokuriku Shinkansen and other lines and the decrease in the number of trains in operation, as well as such factors as suspended operations at certain stores inside railway stations and station buildings managed by the Group. In addition, the Group recorded two extraordinary losses: "Disaster-damage losses," which comprise repair and other expenses, and "Provision for allowance for disaster-damage losses," which consists of estimates for repair and other expenses.

"Disaster-damage losses" and "Provision for allowance for disaster-damage losses" include not only expenses needed to repair railway facilities, excluding the Nagano Shinkansen Rolling Stock Center, but also expenses required to decommission eight train units of E7 Series Shinkansen railcars that were damaged due to flooding. Some of these expenses are expected to be covered by insurance.

Additionally, in regard to the Nagano Shinkansen Rolling Stock Center, which suffered significant damage to its facilities due to such factors as having its grounds being submerged underwater, the Group is currently deliberating the restoration policy together with the Japan Railway Construction, Transport and Technology Agency, an incorporated administrative agency and owner of the facility. Accordingly, estimates for restoration expenses of the Nagano Shinkansen Rolling Stock Center are not included in the "Provision for allowance for disaster-damage losses."

(ii) Impact of the spread of COVID-19

In light of the spread of COVID-19, operating revenues for the fiscal year ended March 31, 2020 declined due in part to decreased railway transportation volume resulting from people staying home, and reduced sales at stores in railway stations and station buildings.

Additionally, due to the state of emergency declaration by the Japanese government on April 7, 2020, based on the Act on Special Measures for Pandemic Influenza and New Infectious Diseases Preparedness and Response, railway transportation volume is further decreasing, and the Group has been expanding the closure or reducing the operating hours of stores in railway stations and station buildings. These factors all have the potential to significantly impact our operating revenue starting with the fiscal year ending March 31, 2021.

6. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets (Unaudited)

EAST JAPAN RAILWAY COMPANY

Millions of Yen

| | Fiscal 2019 | Fiscal 2020 |
|---|-------------|-------------|
| ASSETS | | |
| Current Assets | ¥ 753,360 | ¥ 641,296 |
| Cash and time deposits | 123,474 | 123,858 |
| Fares receivable | 300,898 | 297,027 |
| Accounts receivable-trade | 103,614 | 97,006 |
| Short-term loans to affiliated companies receivable | 101,962 | 81,901 |
| Securities | 90,000 | — |
| Real estate for sale | 419 | 264 |
| Inventories | 19,948 | 24,972 |
| Prepaid expenses | 5,397 | 6,662 |
| Other | 7,743 | 9,657 |
| Allowance for doubtful accounts | (100) | (54) |
| Fixed Assets | 6,935,206 | 7,199,119 |
| Fixed assets for railway operations | 4,941,235 | 5,053,214 |
| Property, plant and equipment | 11,279,615 | 11,506,609 |
| Accumulated depreciation | (6,378,967) | (6,497,009) |
| Intangible assets | 40,587 | 43,614 |
| Fixed assets for other operations | 621,788 | 756,141 |
| Property, plant and equipment | 824,008 | 973,219 |
| Accumulated depreciation | (203,068) | (218,074) |
| Intangible assets | 849 | 995 |
| Fixed assets relating to both operations | 290,144 | 296,765 |
| Property, plant and equipment | 823,979 | 837,681 |
| Accumulated depreciation | (541,158) | (550,987) |
| Intangible assets | 7,323 | 10,071 |
| Construction in progress | 365,229 | 366,948 |
| Railway operations | 255,627 | 235,310 |
| Other operations | 93,226 | 99,124 |
| Relating to both operations | 16,376 | 32,513 |
| Investments and other assets | 716,807 | 726,048 |
| Investments in securities | 201,784 | 181,384 |
| Stocks of subsidiaries and affiliated companies | 206,835 | 212,317 |
| Long-term loans to affiliated companies receivable | 92,938 | 105,695 |
| Long-term prepaid expenses | 36,463 | 41,174 |
| Deferred tax assets | 168,716 | 172,797 |
| Other investment and other assets | 10,226 | 12,837 |
| Allowance for doubtful accounts | (157) | (159) |
| Total Assets | ¥ 7,688,566 | ¥ 7,840,416 |

Note: Amounts less than one million yen are omitted.

Millions of Yen

| | Fiscal 2019 | Fiscal 2020 |
|---|-------------|-------------|
| LIABILITIES | | |
| Current Liabilities | ¥1,475,032 | ¥1,617,511 |
| Short-term loans from affiliated companies | 269,700 | 258,920 |
| Current portion of bonds..... | 125,000 | 120,000 |
| Current portion of long-term loans..... | 110,423 | 115,263 |
| Current portion of long-term liabilities | | |
| incurred for purchase of railway facilities | 4,109 | 4,217 |
| Lease obligation..... | 13,541 | 13,411 |
| Payables..... | 484,928 | 528,287 |
| Accrued expenses..... | 31,300 | 32,810 |
| Accrued consumption taxes | 14,064 | — |
| Accrued income taxes | 39,479 | 15,240 |
| Fare deposits received with regard to railway connecting services | 29,982 | 25,053 |
| Deposits received | 28,514 | 28,081 |
| Prepaid railway fares received..... | 104,667 | 96,307 |
| Advances received..... | 99,449 | 107,654 |
| Prepaid contribution for construction | 7,715 | 6,451 |
| Allowance for bonuses to employees | 58,428 | 57,370 |
| Allowance for disaster-damage losses | 9,133 | 10,837 |
| Allowance for environmental conservation costs..... | 855 | 825 |
| Allowance for point card certificates | 24,752 | 32,056 |
| Asset retirement obligations | 1,774 | 834 |
| Other | 17,210 | 163,889 |
| Long-Term Liabilities | 3,699,834 | 3,671,558 |
| Bonds..... | 1,605,192 | 1,590,249 |
| Long-term loans..... | 996,553 | 1,010,390 |
| Long-term loans from affiliated companies | 47,417 | 41,498 |
| Long-term liabilities incurred for purchase of railway facilities..... | 327,343 | 322,911 |
| Lease obligation..... | 26,836 | 28,152 |
| Long-term deferred contribution for construction..... | 64,989 | 57,921 |
| Provision for large-scale renovation | | |
| of Shinkansen infrastructure..... | 72,000 | 96,000 |
| Employees' severance and retirement benefits | 516,934 | 472,088 |
| Allowance for disaster-damage losses | — | 3,811 |
| Allowance for environmental conservation costs..... | 3,977 | 13,801 |
| Allowance for partial transfer costs of railway operation | 2,417 | 1,759 |
| Asset retirement obligations | 8,285 | 8,456 |
| Other | 27,887 | 24,517 |
| Total Liabilities | ¥5,174,867 | ¥5,289,070 |

Note: Amounts less than one million yen are omitted.

Millions of Yen

| | Fiscal 2019 | Fiscal 2020 |
|---|-------------|-------------|
| NET ASSETS | | |
| Shareholders' Equity | ¥2,462,384 | ¥2,521,656 |
| Common stock..... | 200,000 | 200,000 |
| Capital surplus..... | 96,600 | 96,600 |
| Additional paid-in capital..... | 96,600 | 96,600 |
| Retained earnings..... | 2,169,297 | 2,228,465 |
| Legal reserve..... | 22,173 | 22,173 |
| Other retained earnings | | |
| Reserve for special depreciation..... | 1,462 | 1,427 |
| Reserve for investment losses on developing new business..... | 76 | 83 |
| Reserve for deferred gain of fixed assets..... | 57,115 | 57,982 |
| General reserve..... | 1,720,000 | 1,720,000 |
| Retained earnings carried forward..... | 368,469 | 426,797 |
| Treasury stock, at cost..... | (3,512) | (3,409) |
| Valuation and Translation Adjustment | 51,314 | 29,689 |
| Net unrealized holding gains (losses) on securities..... | 49,732 | 27,292 |
| Net deferred gains (losses) on derivatives under hedge accounting ... | 1,582 | 2,397 |
| Total Net Assets | 2,513,699 | 2,551,346 |
| Total Liabilities and Net Assets | ¥7,688,566 | ¥7,840,416 |

Note: Amounts less than one million yen are omitted.

(2) Non-consolidated Statements of Income (Unaudited)
EAST JAPAN RAILWAY COMPANY

Millions of Yen

| | Fiscal 2019 | Fiscal 2020 |
|---|-------------|-------------|
| Railway Operations | | |
| Operating Revenues | ¥2,028,485 | ¥1,969,273 |
| Passenger transportation | 1,856,767 | 1,792,849 |
| Trackage revenue | 6,381 | 6,686 |
| Miscellaneous income of transportation | 165,336 | 169,737 |
| Operating Expenses | 1,676,053 | 1,715,178 |
| Transportation expenses | 1,065,886 | 1,072,607 |
| General and administrative expenses | 237,695 | 262,109 |
| Taxes | 88,810 | 90,395 |
| Depreciation..... | 283,661 | 290,066 |
| Operating Income from Railway Operations | 352,432 | 254,095 |
| Other Operations | | |
| Operating Revenues | 84,876 | 91,804 |
| Revenue from real estate lease | 73,119 | 78,012 |
| Miscellaneous revenue | 11,757 | 13,791 |
| Operating Expenses | 45,431 | 51,822 |
| Cost of sales..... | 1,259 | 1,373 |
| Selling, general and administrative expenses..... | 19,894 | 22,849 |
| Taxes | 8,712 | 10,248 |
| Depreciation | 15,564 | 17,351 |
| Operating Income from Other Operations | 39,444 | 39,981 |
| Total Operating Income | 391,877 | 294,077 |
| Non-Operating Income | 30,498 | 31,635 |
| Interest income | 805 | 728 |
| Dividend income | 17,327 | 21,022 |
| Gains on sales of equipment | 1,149 | 1,215 |
| Insurance proceeds and dividends | 8,129 | 6,449 |
| Other..... | 3,087 | 2,220 |
| Non-Operating Expenses | 67,522 | 65,576 |
| Interest expense | 35,126 | 34,665 |
| Interest on bonds | 28,977 | 27,658 |
| Cost of issuance of bonds | 681 | 536 |
| Losses on sales of equipment | 207 | 191 |
| Other..... | 2,529 | 2,525 |
| Ordinary Income | 354,852 | 260,136 |

Note: Amounts less than one million yen are omitted.

| | Millions of Yen | |
|---|------------------|------------------|
| | Fiscal 2019 | Fiscal 2020 |
| Extraordinary Gains | 76,131 | 60,827 |
| Gains on sales of fixed assets | 5,288 | 4,816 |
| Construction grants received | 59,564 | 45,235 |
| Other | 11,279 | 10,776 |
| Extraordinary Losses | 77,501 | 103,532 |
| Losses on sales of fixed assets | 177 | 1,187 |
| Losses on reduction entry for construction grants | 59,157 | 39,471 |
| Impairment losses on fixed assets | 1,057 | 1,227 |
| Environmental conservation costs | 561 | 11,191 |
| Disaster-damage losses | — | 19,304 |
| Provision for allowance for disaster-damage losses | — | 12,458 |
| Provision for allowance for point card certificates | 6,092 | — |
| Other | 10,454 | 18,691 |
| Income before Income Taxes | 353,482 | 217,431 |
| Income Taxes | 102,316 | 58,378 |
| Current | 79,787 | 53,624 |
| Deferred | 22,529 | 4,753 |
| Profit | ¥ 251,165 | ¥ 159,053 |

Note: Amounts less than one million yen are omitted.

(3) Non-consolidated Statements of Changes in Net Assets (Unaudited)

Fiscal 2019

Millions of Yen

| | Shareholders' Equity | | |
|---|----------------------|----------------------------|-----------------------|
| | Common Stock | Capital Surplus | |
| | | Additional Paid-in Capital | Total Capital Surplus |
| Balance at the fiscal year start | 200,000 | 96,600 | 96,600 |
| Changes of items during the fiscal year | | | |
| Provision of reserve for special depreciation | | | |
| Reversal of reserve for special depreciation | | | |
| Provision of reserve for investment losses on developing new business | | | |
| Reversal of reserve for investment losses on developing new business | | | |
| Provision of reserve for deferred gain of fixed assets | | | |
| Reversal of reserve for deferred gain of fixed assets | | | |
| Provision of reserve for general reserve | | | |
| Dividends | | | |
| Profit | | | |
| Purchase of treasury stock | | | |
| Disposal of treasury stock | | | |
| Retirement of treasury stock | | | |
| Net changes of items other than shareholders' equity | | | |
| Total changes of items during the fiscal year | — | — | — |
| Balance at the fiscal year end | 200,000 | 96,600 | 96,600 |

| | Shareholders' Equity | | | | | | |
|---|----------------------|----------------------------------|--|---|-----------------|-----------------------------------|-------------------------|
| | Retained Earnings | | | | | | |
| | Legal Reserve | Other Retained Earnings | | | | | Total Retained Earnings |
| | | Reserve for Special Depreciation | Reserve for Investment Losses on Developing New Business | Reserve for Deferred Gain of Fixed Assets | General Reserve | Retained Earnings Carried Forward | |
| Balance at the fiscal year start | 22,173 | 1,908 | 57 | 58,225 | 1,660,000 | 272,319 | 2,014,684 |
| Changes of items during the fiscal year | | | | | | | |
| Provision of reserve for special depreciation | | | | | | | |
| Reversal of reserve for special depreciation | | (445) | | | | 445 | — |
| Provision of reserve for investment losses on developing new business | | | 76 | | | (76) | — |
| Reversal of reserve for investment losses on developing new business | | | (57) | | | 57 | — |
| Provision of reserve for deferred gain of fixed assets | | | | 848 | | (848) | — |
| Reversal of reserve for deferred gain of fixed assets | | | | (1,958) | | 1,958 | — |
| Provision of reserve for general reserve | | | | | 60,000 | (60,000) | — |
| Dividends | | | | | | (55,585) | (55,585) |
| Profit | | | | | | 251,165 | 251,165 |
| Purchase of treasury stock | | | | | | | |
| Disposal of treasury stock | | | | | | (0) | (0) |
| Retirement of treasury stock | | | | | | (40,967) | (40,967) |
| Net changes of items other than shareholders' equity | | | | | | | |
| Total changes of items during the fiscal year | — | (445) | 18 | (1,109) | 60,000 | 96,149 | 154,613 |
| Balance at the fiscal year end | 22,173 | 1,462 | 76 | 57,115 | 1,720,000 | 368,469 | 2,169,297 |

| | Shareholders' Equity | | Valuation and Translation Adjustments | | | Total Net Assets |
|--|----------------------------|----------------------------------|--|---|---|------------------|
| | Treasury Stock, at Cost | Total Shareholders' Equity | Net Unrealized Holding Gains (Losses) on Securities | Net Deferred Gains (Losses) on Derivatives under Hedge Accounting | Total Valuation and Translation Adjustments | |
| Balance at the fiscal year start | (3,462) | 2,307,821 | 54,165 | 995 | 55,161 | 2,362,982 |
| Changes of items during the fiscal year | | | | | | |
| Provision of reserve for special depreciation | | — | | | | — |
| Reversal of reserve for special depreciation | | — | | | | — |
| Provision of reserve for investment losses on developing new business | | — | | | | — |
| Reversal of reserve for investment losses on developing new business | | — | | | | — |
| Provision of reserve for deferred gain of fixed assets | | — | | | | — |
| Reversal of reserve for deferred gain of fixed assets | | — | | | | — |
| Provision of reserve for general reserve | | — | | | | — |
| Dividends | | (55,585) | | | | (55,585) |
| Profit | | 251,165 | | | | 251,165 |
| Purchase of treasury stock | (41,020) | (41,020) | | | | (41,020) |
| Disposal of treasury stock | 3 | 3 | | | | 3 |
| Retirement of treasury stock | 40,967 | — | | | | — |
| Net changes of items other than shareholders' equity | | | (4,433) | 586 | (3,846) | (3,846) |
| Total changes of items during the fiscal year | (50) | 154,563 | (4,433) | 586 | (3,846) | 150,716 |
| Balance at the fiscal year end | (3,512) | 2,462,384 | 49,732 | 1,582 | 51,314 | 2,513,699 |

Fiscal 2020

Millions of Yen

| | Shareholders' Equity | | |
|---|----------------------|----------------------------|-----------------------|
| | Common Stock | Capital Surplus | |
| | | Additional Paid-in Capital | Total Capital Surplus |
| Balance at the fiscal year start | 200,000 | 96,600 | 96,600 |
| Changes of items during the fiscal year | | | |
| Provision of reserve for special depreciation | | | |
| Reversal of reserve for special depreciation | | | |
| Provision of reserve for investment losses on developing new business | | | |
| Reversal of reserve for investment losses on developing new business | | | |
| Provision of reserve for deferred gain of fixed assets | | | |
| Reversal of reserve for deferred gain of fixed assets | | | |
| Provision of reserve for general reserve | | | |
| Dividends | | | |
| Profit | | | |
| Purchase of treasury stock | | | |
| Disposal of treasury stock | | | |
| Retirement of treasury stock | | | |
| Net changes of items other than shareholders' equity | | | |
| Total changes of items during the fiscal year | — | — | — |
| Balance at the fiscal year end | 200,000 | 96,600 | 96,600 |

| | Shareholders' Equity | | | | | | |
|---|----------------------|----------------------------------|--|---|-----------------|-----------------------------------|-------------------------|
| | Retained Earnings | | | | | | |
| | Legal Reserve | Other Retained Earnings | | | | | Total Retained Earnings |
| | | Reserve for Special Depreciation | Reserve for Investment Losses on Developing New Business | Reserve for Deferred Gain of Fixed Assets | General Reserve | Retained Earnings Carried Forward | |
| Balance at the fiscal year start | 22,173 | 1,462 | 76 | 57,115 | 1,720,000 | 368,469 | 2,169,297 |
| Changes of items during the fiscal year | | | | | | | |
| Provision of reserve for special depreciation | | 306 | | | | (306) | — |
| Reversal of reserve for special depreciation | | (341) | | | | 341 | — |
| Provision of reserve for investment losses on developing new business | | | 83 | | | (83) | — |
| Reversal of reserve for investment losses on developing new business | | | (76) | | | 76 | — |
| Provision of reserve for deferred gain of fixed assets | | | | 2,519 | | (2,519) | — |
| Reversal of reserve for deferred gain of fixed assets | | | | (1,652) | | 1,652 | — |
| Provision of reserve for general reserve | | | | | | | |
| Dividends | | | | | | (59,764) | (59,764) |
| Profit | | | | | | 159,053 | 159,053 |
| Purchase of treasury stock | | | | | | | |
| Disposal of treasury stock | | | | | | (0) | (0) |
| Retirement of treasury stock | | | | | | (40,121) | (40,121) |
| Net changes of items other than shareholders' equity | | | | | | | |
| Total changes of items during the fiscal year | — | (35) | 7 | 867 | — | 58,328 | 59,168 |
| Balance at the fiscal year end | 22,173 | 1,427 | 83 | 57,982 | 1,720,000 | 426,797 | 2,228,465 |

| | Shareholders' Equity | | Valuation and Translation Adjustments | | | Total Net Assets |
|--|----------------------------|----------------------------------|--|---|---|------------------|
| | Treasury Stock, at Cost | Total Shareholders' Equity | Net Unrealized Holding Gains (Losses) on Securities | Net Deferred Gains (Losses) on Derivatives under Hedge Accounting | Total Valuation and Translation Adjustments | |
| Balance at the fiscal year start | (3,512) | 2,462,384 | 49,732 | 1,582 | 51,314 | 2,513,699 |
| Changes of items during the fiscal year | | | | | | |
| Provision of reserve for special depreciation | | — | | | | — |
| Reversal of reserve for special depreciation | | — | | | | — |
| Provision of reserve for investment losses on developing new business | | — | | | | — |
| Reversal of reserve for investment losses on developing new business | | — | | | | — |
| Provision of reserve for deferred gain of fixed assets | | — | | | | — |
| Reversal of reserve for deferred gain of fixed assets | | — | | | | — |
| Provision of reserve for general reserve | | — | | | | — |
| Dividends | | (59,764) | | | | (59,764) |
| Profit | | 159,053 | | | | 159,053 |
| Purchase of treasury stock | (40,018) | (40,018) | | | | (40,018) |
| Disposal of treasury stock | 0 | 0 | | | | 0 |
| Retirement of treasury stock | 40,121 | — | | | | — |
| Net changes of items other than shareholders' equity | | | (22,439) | 815 | (21,624) | (21,624) |
| Total changes of items during the fiscal year | 103 | 59,271 | (22,439) | 815 | (21,624) | 37,646 |
| Balance at the fiscal year end | (3,409) | 2,521,656 | 27,292 | 2,397 | 29,689 | 2,551,346 |

(Additional Information Regarding Operating Results (Unaudited))

Consolidated Principal Indicators

| | Fiscal 2019 (A) | Fiscal 2020 (B) | Increase (Decrease) (B)–(A) |
|--|--------------------|--------------------|-----------------------------------|
| Cash flows from operating activities (billions of yen) | 663.8 | 548.6 | (115.1) |
| Ratio of operating income to average assets (ROA) (%)..... | 5.9 | 4.5 | (1.4) |
| Return on average equity (ROE) (%)..... | 10.0 | 6.4 | (3.6) |

Consolidated Capital Expenditures

| | | Billions of Yen | | | |
|---|---|-----------------------|-----------------------|-----------------------------------|------------------|
| | | Actual Fiscal 2019 | Actual Fiscal 2020 | Change | |
| | | (A) | (B) | Increase (Decrease) (B)–(A) | % (B)/(A)x100 |
| Capital expenditures | | 629.9 | 740.6 | 110.7 | 117.6 |
| Segment | | | | | |
| Transportation Services | Transportation | 432.3 | 470.7 | 38.4 | 108.9 |
| Life-style Services, IT & Suica Services | Retail & Services Real Estate & Hotels Others | 197.6 | 269.8 | 72.2 | 136.6 |

Note: Due to the impact of COVID-19, we have yet to determine and are currently in the process of formulating our consolidated capital investment plan for fiscal 2021.

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.

Passenger Kilometers and Passenger Revenues of Parent Company

| | Passenger Kilometers | | | | Revenues from Passenger Tickets | | | |
|---------------------------|----------------------|----------------|-----------------------------------|-------------|---------------------------------|----------------|-----------------------------------|-------------|
| | Millions | | % | | Billions of yen | | % | |
| | Fiscal 2019 | Fiscal 2020 | Change | | Fiscal 2019 | Fiscal 2020 | Change | |
| | (A) | (B) | Increase (Decrease) (B)–(A) | (B)/(A)x100 | (C) | (D) | Increase (Decrease) (D)–(C) | (D)/(C)x100 |
| Shinkansen Network | | | | | | | | |
| Commuter Passes..... | 1,813 | 1,909 | 95 | 105.3 | 24.6 | 25.8 | 1.1 | 104.8 |
| Other..... | 21,929 | 20,615 | (1,313) | 94.0 | 572.5 | 539.7 | (32.7) | 94.3 |
| Total..... | 23,742 | 22,524 | (1,217) | 94.9 | 597.1 | 565.5 | (31.5) | 94.7 |
| Conventional Lines | | | | | | | | |
| <i>Kanto Area Network</i> | | | | | | | | |
| Commuter Passes..... | 71,215 | 71,720 | 505 | 100.7 | 463.3 | 465.2 | 1.9 | 100.4 |
| Other..... | 37,036 | 35,620 | (1,416) | 96.2 | 726.9 | 694.8 | (32.1) | 95.6 |
| Total..... | 108,252 | 107,341 | (911) | 99.2 | 1,190.2 | 1,160.1 | (30.1) | 97.5 |
| <i>Other Network</i> | | | | | | | | |
| Commuter Passes..... | 3,063 | 3,045 | (17) | 99.4 | 18.4 | 18.2 | (0.1) | 99.4 |
| Other..... | 2,540 | 2,473 | (66) | 97.4 | 50.8 | 48.8 | (2.0) | 96.0 |
| Total..... | 5,603 | 5,519 | (84) | 98.5 | 69.2 | 67.0 | (2.1) | 96.9 |
| <i>Total</i> | | | | | | | | |
| Commuter Passes..... | 74,278 | 74,766 | 487 | 100.7 | 481.7 | 483.5 | 1.8 | 100.4 |
| Other..... | 39,577 | 38,094 | (1,482) | 96.3 | 777.8 | 743.6 | (34.1) | 95.6 |
| Total..... | 113,856 | 112,861 | (995) | 99.1 | 1,259.5 | 1,227.2 | (32.3) | 97.4 |
| Total | | | | | | | | |
| Commuter Passes..... | 76,092 | 76,675 | 583 | 100.8 | 506.3 | 509.4 | 3.0 | 100.6 |
| Other..... | 61,506 | 58,710 | (2,796) | 95.5 | 1,350.3 | 1,283.3 | (66.9) | 95.0 |
| Total..... | 137,598 | 135,385 | (2,212) | 98.4 | 1,856.7 | 1,792.8 | (63.9) | 96.6 |

Notes:1. Amounts less than one million passenger kilometers and 100 million yen are omitted.

2. The Kanto Area Network includes the areas covered by Tokyo Branch Office, Yokohama Branch Office, Hachioji Branch Office, Omiya Branch Office, Takasaki Branch Office, Mito Branch Office, and Chiba Branch Office.